

MEETING – AGENDA –

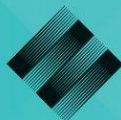
Ngā Take



COUNCIL

Te Kaunihera

C21-11
Thursday, 23 September 2021
Council Chambers
Barkes Corner, Tauranga
9.30am



***Western Bay of Plenty
District Council***

Council

Membership

Chairperson	Mayor Garry Webber
Deputy Chairperson	Deputy Mayor John Scrimgeour
Members	Cr Grant Dally Cr Mark Dean Cr James Denyer Cr Murray Grainger Cr Monique Gray Cr Anne Henry Cr Kevin Marsh Cr Margaret Murray-Benge Cr Allan Sole Cr Don Thwaites
Quorum	6
Frequency	Six weekly

Role:

To ensure the effective and efficient governance and leadership of the District.

Power to Act:

- To exercise all non-delegable functions and powers of the Council including, but not limited to:
 - The power to make a rate;
 - The power to make a bylaw;
 - The power to borrow money, purchase, or dispose of assets, other than in accordance with the Long Term Plan;
 - The power to adopt a Long Term Plan, Annual Plan or Annual Report;
 - The power to appoint a chief executive;
 - The power to adopt policies required to be adopted and consulted on under the Local Government Act 2002 in association with the long-term plan or developed for the purpose of the local governance statement;
 - The power to adopt a remuneration and employment policy;
 - The power to approve a proposed policy statement or plan under clause 17 of Schedule 1 of the Resource Management Act 1991;
 - The power to make a final decision on a recommendation from the Ombudsman where it is proposed that Council not accept the recommendation.
- To exercise all functions, powers and duties of the Council that have not been delegated, including the power to compulsorily acquire land under the Public Works Act 1981.
- To make decisions which are required by legislation to be made by resolution of the local authority.
- To authorise all expenditure not delegated to officers, Committees or other subordinate decision-making bodies of Council, or included in Council's Long Term Plan or Annual Plan.
- To make appointments of members to Council Controlled Organisation Boards of Directors/Trustees and representatives of Council to external organisations;
- To consider and make decisions regarding any matters relating to Council Controlled Organisations, including recommendations for modifications to CCO or other entities' accountability documents (i.e. Letter of Expectation, Statement of Intent) recommended by the Policy Committee or any matters referred from the Performance and Monitoring Committee.

- To approve joint agreements and contractual arrangements between Western Bay of Plenty District Council and Tauranga City Council or any other entity.
- To consider applications to the Community Matching Fund (including accumulated Ecological Financial Contributions).
- To consider applications to the Facilities in the Community Grant Fund.

Procedural matters:

- Approval of elected member training/conference attendance.

Mayor's Delegation:

Should there be insufficient time for Council to consider approval of elected member training/conference attendance, the Mayor (or Deputy Mayor in the Mayor's absence) is delegated authority to grant approval and report the decision back to the next scheduled meeting of Council.

Should there be insufficient time for Council to consider approval of a final submission to an external body, the Mayor (or Deputy Mayor in the Mayor's absence) is delegated authority to sign the submission on behalf of Council, provided the final submission is reported to the next scheduled meeting of Council or relevant Committee.

Power to sub-delegate:

Council may delegate any of its functions, duties or powers to a subcommittee, working group or other subordinate decision-making body, subject to the restrictions on its delegations and any limitation imposed by Council.

Notice is hereby given that a Meeting of Council will be held in the Council Chambers, Barks Corner, Tauranga on:
Thursday, 23 September 2021 at 9.30am

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- 1 PRESENT**
- 2 IN ATTENDANCE**
- 3 APOLOGIES**
- 4 CONSIDERATION OF LATE ITEMS**
- 5 DECLARATIONS OF INTEREST**
- 6 PUBLIC EXCLUDED ITEMS**
- 7 PUBLIC FORUM**

8 COMMUNITY BOARD MINUTES FOR RECEIPT**8.1 MINUTES OF THE WAIHĪ BEACH COMMUNITY BOARD MEETING HELD ON 9 AUGUST 2021****File Number: A4310942****Author: Pernille Osborne, Senior Governance Advisor - Community Boards****Authoriser: Barbara Whitton, Customer Services and Governance Manager****RECOMMENDATION**

That the Minutes of the Waihi Beach Community Board Meeting held on 9 August 2021, be received.

ATTACHMENTS

- 1. Minutes of the Waihi Beach Community Board Meeting held on 9 August 2021**

**MINUTES OF WESTERN BAY OF PLENTY DISTRICT COUNCIL
WAIHĪ BEACH COMMUNITY BOARD MEETING NO. WB21-4
HELD IN THE WAIHĪ BEACH COMMUNITY CENTRE
ON MONDAY, 9 AUGUST 2021 AT 6.30PM**

1 PRESENT

Member R Goudie (Chairperson), Member M Roberts, Member B Hulme, Member D Ryan, Cr J Denyer and Cr A Henry

2 IN ATTENDANCE

G Allis (Deputy CEO/Group Manager Infrastructure Services), A Hall (Roading Engineer West), S Parker (Reserves and Facilities Projects and Assets Manager) and P Osborne (Senior Governance Advisor)

24 Members of the public, including Councillor Allan Sole

3 APOLOGIES

Nil

4 CONSIDERATION OF LATE ITEMS

Nil

5 DECLARATIONS OF INTEREST

Nil

6 PUBLIC EXCLUDED ITEMS

Nil

7 PUBLIC FORUM

The Chairperson outlined the protocols relating to the Public Forum section of the meeting as set out in the Standing Orders for the Waihi Beach Community Board. Attending members of the public were invited to take part in the public forum.

PUBLIC FORUM ADJOURN MEETING**RESOLUTION WB21-4.1**

Moved: Cr A Henry

Seconded: Member M Roberts

That the meeting adjourn for the purpose of holding a public forum.

CARRIED

Peter Brown – Three Waters Reform

Mr Brown was in attendance to share his concern regarding, what he felt was, a lack of understanding within the community around the Three Waters Reform. Mr Brown was advised that there was a lot of information regarding the reform on the Department of Internal Affairs website, and that when the consultation period started, Council would be providing further information.

Brian Baynes – Waihi Beach MenzShed

Mr Baynes was in attendance on behalf of the Waihi Beach MenzShed, to provide the Board with the below updates (in addition to the letter attached within the Chairpersons Report):

- Excavation works were due to commence on Monday 16 August 2021, followed by the laying of the floor on Monday 23 August 2021;
- Both Waihi Beach School and 'A Friends Place' had been provided with updates relating to this project; and
- There was an estimated completion date of October 2021.

Mr Baynes thanked those who had been involved, for the continued support and patience with this project, noting that the Waihi Beach MenzShed was very excited for the coming months.

Peter Morten – Athenree Homestead

Mr Morten was in attendance, on behalf of Athenree Homestead, to provide the Board with the below updates:

- Mr Morten was now the Chairperson of the Athenree Homestead.
- He thanked the Community Board for their contribution of funds towards the completion of the Athenree Homestead refurbishment.
- He noted that final touches had commenced, which could allow the homestead to apply for final consent.
- The opening of the Athenree Homestead took place on Sunday 25 April.
- The next project for the Athenree Homestead was to replace the plastic blinds.

Mr Morten advised the Board that there was discussion around the possibility of moving the Emergency Response Unit to Athenree Homestead.

Mr Morten also noted that the refurbishment of the tennis court on the Adela Stewart Drive Reserve was great, however the tennis court net itself needed replacing. The Reserves and Facilities Projects and Assets Manager noted that he would look into this.

Kelly Moselen – Athenree Crossing and Roading

Ms Moselen was in attendance to speak to the Board regarding the below topics:

1. Members of the community believed that the work undertaken on the road around the Athenree intersection had been completed to a worse standard than it was beforehand.
2. Ms Moselen thanked the Board, on behalf of the Connectors Group, for including the Athenree Crossing Feasibility Report on the Agenda.
3. The Board was reminded that the Waihi Beach Community Plan identified the need for connecting the community, without having to rely on vehicles, providing the example of kids having the ability to safely their bikes to school.

Graeme McGregor – Friends of Athenree

Mr McGregor thanked the Reserves and Facilities Projects and Assets Manager for the discussions that had taken place prior to the meeting. Mr McGregor noted that, after reading the feasibility report, they understood the depth of work needed to be undertaken in order to produce the thorough findings contained in the report. This gave clarity to the time in which it took to present the report to the public and Board.

Mr McGregor also advised the Board that they agreed with the proposal for pre-engagement of the project to take place over the school/Christmas holiday period.

Andrew Cochran – Waihi Beach Surf Lifesaving Inc.

Mr Cochran was in attendance to provide the Board with an update relating to the funding granted by the Board to the Waihi Beach Surf Lifesaving Inc, for the purchase of a Rescue Watercraft (RWC) trailer.

Mr Cochran also advised the Board that they were looking at creating another base, to allow the Surf Lifesavers to also patrol out of Bowentown during peak season. Waihi Beach Surf Lifesaving Inc. was in discussions with Council about possible locations, as well as continuing to source funding.

Jim Cowern – Waihi Beach Coast Care

Mr Cowern was in attendance to seek updates from the Board relating to Coast Care, and the log at Bowentown that was blocking the entrance to the beach.

Member Ryan noted that, following the recent weather events at Waihi Beach, a meeting was held to identify how the community could work closer with Council in order to react quickly in emergency events.

Councillor Henry noted that the third Waihi Beach dune planting day would take place on Sunday 22 August 2021 at Seaforth Reserve from 10am-12pm.

Mike Hickey – Various Items

Mr Hickey was in attendance to speak to the Board on the below items:

- Police Detectives from Hamilton were concerned about the amount of burglaries that had been taking place in Waihi Beach, noting a couple of things for community members to be aware of:
 - Burglars were lifting the blue water toby lids and monitoring the houses to see whether these get fixed, in order to determine if anyone was home; and
 - Burglars were also switching off meters that were placed on the outside of the house, as this would stop any security lights from working.
- Thanked Councillor Henry and Councillor Sole again, on behalf of the Waihi Beach Surf Club, for their presence and support cleaning up damage caused by the recent high tides.
- Mr Hickey advised the Board that he had made a submission into the Long Term Plan (LTP), which included having the Local Police Station 'manned'.

Keith Hay – Katikati-Waihi Beach Residents and Ratepayers Association

Mr Hay was in attendance to speak to the Board on behalf of the Katikati-Waihi Beach Residents and Ratepayers Association, in regards to Two-Mile Creek. It was noted that at the Performance and Monitoring meeting held 8 June 2021, the Committee accepted the general direction of:

- Not proceeding with the concrete wall option; and
- Proceeding with the alteration to the consent for the rock armouring option.

Mr Hay believed that the concrete wall option was not going to be proceeded with, due to the cost. He believed it was an important project, and the best and most efficient option was the one that Council should proceed with.

PUBLIC FORUM MEETING RECONVENED

RESOLUTION WB21-4.2

Moved: Member D Ryan

Seconded: Cr J Denyer

That the meeting reconvene in formal session at 7.02pm.

CARRIED

8 MINUTES FOR CONFIRMATION**8.1 MINUTES OF THE WAIHI BEACH COMMUNITY BOARD MEETING HELD ON 14 JUNE 2021**

RESOLUTION WB21-4.3

Moved: Cr J Denyer

Seconded: Cr A Henry

That the Minutes of the Waihi Beach Community Board Meeting held on 14 June 2021, as circulated with the agenda, be confirmed as a true and accurate record.

CARRIED

9 REPORTS**9.1 ATHENREE TO WAIHI BEACH CROSSING - FEASIBILITY REPORT**

The Board considered a report from the Reserves and Facilities Manager.

The Reserves and Facilities Projects and Assets Manager was in attendance to provide the Board, and those in attendance, with an overview of the report. It was noted that the process of collating this report had taken time, due to the components that needed to be considered. Both the Board and members of the public were encouraged to read through the full report to help achieve an in depth understanding of both the advantages and disadvantages of all options presented.

The Board was also advised that consultation and engagement on the feasibility report would be held around both Labour weekend, and the Christmas period. In addition to the community consultation, the need for stakeholder consultation was acknowledged, and would also take place.

The Reserves and Facilities Projects and Assets Manager responded to questions as noted below:

- The recommendation for the Board to allocate funds from the Waihi Beach Community Board Roading Account was correct, and that the allocation from the Council walking/cycling budget had already been approved.
 - The resource consent process for this project, would be determined by the feedback during the consultation period. The normal process of a resource consent would allow for a hearing to take place, however if there was overwhelming support from the community, there was a chance that the resource consent would not require a hearing, which would have a positive effect on the overall timeline of the project.
 - The Board was advised that, when applying for a resource consent, Council had to show they had considered a wide range of options; which included a 'pontoon structure'.
 - The Pohutakawa Drive cul-de-sac was not considered as an option for the crossing, due to terrain and potential archaeological issues.
-

The Board wanted to make sure it was clear that this project was the number one priority out of the walking and cycling projects in Waihi Beach.

Member of the public, Kelly Moselen, advised the Board and Council staff that the Sunday markets would be the perfect place for Council to have a booth and engage with the community.

In regards to the proposed walking and cycling projects in Waihi Beach, the Deputy Chief Executive advised the Board that Council was no longer looking at the Waihi connection. It was noted that the trail which goes through the Water Reservoir would be a loop, and Council was now looking at alternative options to create a connection to Waihi. This provided an example to the Board around the prioritisation of funding, and Councils aim to maximise the investment.

The Board thanked the Reserves and Facilities Projects and Assets Manager for his work on this project, acknowledging his efforts to address questions and concerns raised by both the Community Board and members of the public.

RESOLUTION WB21-4.4

Moved: Cr J Denyer

Seconded: Cr A Henry

1. That the Reserves and Facilities Manager's report dated 9 August 2021, titled 'Athenree to Waihi Beach Crossing - Feasibility Report', be received.
2. That the Waihi Beach Community Board accepts the Tonkin & Taylor Waihi Beach to Athenree Shared Pathway Connection Preliminary Feasibility Report and notes that crossing 4 is the preferred option.

And

3. That the Waihi Beach Community Board approves funding of \$75,000 over 2 years to advance the Athenree to Waihi Beach shared pathway / connection project planning stage, from the Waihi Beach Community Board roading account.

Funding source	2021/2022	2022/2023
Council (Walking & Cycling activity budgets)	\$37,500	\$37,500
Waihi Beach Community Board (Roading Current Account)	\$37,500	\$37,500
TOTAL		\$150,000

CARRIED

9.2 WAIHĪ BEACH COMMUNITY BOARD CHAIRPERSONS REPORT - AUGUST 2021

The Board considered a report from the Chairperson. The report was taken as read, with further discussion on the below items:

Community Board Afternoon Tea for volunteers

The Board noted that the afternoon tea for volunteers would now take place on Monday 23 August 2021 from 1.30pm-3.00pm. The recommendation was updated accordingly.

Waihi Beach Historical Trail Information Project

Member Roberts provided the Board with an update relating to this project, noting that Athenree Homestead had asked for a bollard and sign to be added outside of the Homestead. This would allow visitors to scan and receive information about the Homestead when it was closed. The Board supported this additional sign.

Welcome to Waihi Beach Entranceway Project

The Board was advised that the Roothing Engineer (West) had received the project proposal for review. It was requested that the Board, and those involved, discuss preferred options at the next Community Board workshop, prior to public consultation.

Village Planting

The Board was advised that there were two design options for this project, one which was presented in the agenda, and one which was tabled. The Roothing Engineer (West) was awaiting response from a consultant, which included feedback around the use of Nīkau palms.

A contractor had been tasked with completing the rail fencing in the garden, noting this would be completed in the coming weeks.

CCTV

Member Hulme met with an advisor from Focus Digital who was helpful in providing information around equipment that could be used for CCTV cameras in Waihi Beach.

Member Hulme was encouraged to send all information gathered to Councils Strategic Property Manager.

The Board was advised that the application process for CCTV would open before Christmas 2021.

Coast Care

The joint position statement was presented as a tabled item.

RESOLUTION WB21-4.5

Moved: Member R Goudie
Seconded: Cr A Henry

1. That the Chairperson's report dated 9 August 2021, titled 'Waihi Beach Community Board Chairpersons Report – August 2021' be received.

CARRIED

RESOLUTION WB21-4.6

Moved: Member M Roberts
Seconded: Member D Ryan

2. That the Waihi Beach Community Board fund up to \$750 from the Waihi Beach Community Board Contingency Account for costs relating to the 'thank you' afternoon tea, to be held Monday 23 August 2021, 1.30pm-3.00pm.

CARRIED

RESOLUTION WB21-4.7

Moved: Member R Goudie
Seconded: Member M Roberts

3. That the Waihi Beach Community Board approve the final instalment of \$10,000 to be funded to the Waihi Beach Community Development Trust – Waihi Beach MenzShed from the Waihi Beach Community Board Reserve Account (initial resolution WB20-6.11).

CARRIED

9.3 WAIHI BEACH COMMUNITY BOARD COUNCILLOR'S REPORT - AUGUST 2021

The Board considered a report from Councillor Henry. The report was taken as read. Councillor Henry reiterated that the third Waihi Beach dune planting day would take place on Sunday 22 August 2021 at Seaforth Reserve from 10am-12pm.

The Board was advised that, in regards to Coast Care, the Surf Club working directly with Councils Reserves and Facilities Officer West was an appropriate avenue at this stage.

RESOLUTION WB21-4.8

Moved: Cr A Henry
Seconded: Member B Hulme

That the Councillor's report dated 9 August 2021, titled 'Waihi Beach Community Board Councillor's Report – August 2021', be received.

CARRIED

9.4 INFRASTRUCTURE SERVICES REPORT WAIHĪ BEACH COMMUNITY BOARD AUGUST 2021

The Board considered a report from the Deputy Chief Executive. The report was taken as read with further discussion on the below items:

Pio Shores & Bowentown Lighting Column Concerns

The Board was advised that the decorative poles, which were scheduled to replace the lighting column at a number of locations through Bowentown and Pio Shores, would take place in the coming year. This is due to significant import delays.

The Board was assured that the government funding received was spent, to ensure Council received the full funding subsidy.

Waihi Beach Cycle Path Signs and Markings Review

The Roding Engineer (West) noted that he was happy with the list provided and would 'fine tune' this, prior to site visits with Beach Contractors.

The Board was advised that, following feedback from the Contractor Safety Engineer, sharrows would not be installed on Waihi Beach Road, due to the lack of width.

The Board would progress with all 'obvious' sign locations, however it was noted that they would discuss other options at an upcoming workshop.

Beach Road Pedestrian Refuge

The Board was advised that the Beach Road Pedestrian Refuge would be similar to the pedestrian refuge installed on Seaforth Road.

The Board requested the Roding Engineer (West) check that the Tuna Avenue pedestrian refuge was completed as initially agreed.

Cycle Racks

In regards to Tuna Avenue, the bus company had been contacted and stated they were happy to change their route slightly, relating to what side they picked the school children up from. This would allow the children to use the existing shelters and the new bike racks.

At this stage Council would not be considering further shelter options on Tuna Avenue, as they believed the existing options were sufficient.

The new cycle racks outside the Athenree Bus Shelter was also progressing as part of this project.

Waihi Beach Community Board Roding Account

The Board noted that the calculations in the table were out by \$100,000. Council staff would follow this up, and amend as necessary.

Two Mile Creek Bridge

The Roding Engineer (West) noted that he would look at possible pedestrian bridge options, and report back to the Board.

Western Solid Waste – Kerbside Collection

The Deputy Chief Executive advised the Board that, as expected, there were teething issues during the rollout of the new Kerbside service, however these had been identified and were being addressed. There had also been an encouraging amount of positive feedback regarding the new service.

The Board was encouraged to raise a Service Request (CCR) regarding any issues, as this would get fed back directly to the contractors.

Waihi Beach Island View – Playground

The Boards Health and Safety concerns raised at the previous meeting were being discussed with Councils Reserves and Facilities Team.

40km/h Signs

The Board thanked the Roothing Engineer (West) and WestLink for getting the 40km/h signs installed on Wilson Road.

RESOLUTION WB21-4.9

Moved: Cr A Henry

Seconded: Member D Ryan

That the Deputy Chief Executive's Report dated 9 August 2021, and titled 'Infrastructure Services Report Waihi Beach Community Board August 2021', be received.

CARRIED

9.5 FINANCIAL REPORT WAIHI BEACH - JUNE 2021

The Board considered a report from the Management Accountant. The report was taken as read.

The Board noted that the resolution in the financial report relating to the Historical Trails Project was still incorrect. The Senior Governance Advisor would follow this up.

The Board asked for Council staff to follow up with Waihi Beach Events and Promotions, in relation to the ANZAC Bay Picnic event. The Board noted that they supported this event being held on Labour Weekend, but sought clarification around the hold up.

RESOLUTION WB21-4.10

Moved: Cr A Henry

Seconded: Cr J Denyer

That the Management Accountant's report dated 9 August 2021 and titled "Financial Report Waihi Beach – June 2021" be received.

CARRIED

9.6 COUNCIL, STANDING COMMITTEES AND COMMUNITY BOARD MEETINGS

The Board was advised that the Katikati-Waihi Beach Ward Forum would be held on Tuesday 31 August at The Centre. Pātuki Manawa in Katikati.

RESOLUTION WB21-4.11

Moved: Member M Roberts

Seconded: Cr A Henry

That the draft schedule of meetings for August, September and October 2021, be received.

CARRIED

The Meeting closed at 8.24pm.

The minutes of this meeting were confirmed at the Waihi Beach Community Board held on 4 October 2021.

.....
Member R Goudie
CHAIRPERSON

9 COUNCIL AND COMMITTEE MINUTES FOR CONFIRMATION

9.1 MINUTES OF THE POLICY COMMITTEE MEETING HELD ON 27 JULY 2021

File Number: A4302196

Author: Horowai Wi Repa, Governance Technical Support

Authoriser: Barbara Whitton, Customer Services and Governance Manager

RECOMMENDATION

That the Minutes of the Policy Committee Meeting held on 27 July 2021 be confirmed as a true and correct record and the recommendations therein be adopted.

ATTACHMENTS

- 1. Minutes of the Policy Committee Meeting held on 27 July 2021**

**MINUTES OF WESTERN BAY OF PLENTY DISTRICT COUNCIL
POLICY COMMITTEE MEETING NO. PP21-4
HELD IN THE COUNCIL CHAMBERS, BARKES CORNER, TAURANGA
ON TUESDAY, 27 JULY 2021 AT 9.30AM**

1 PRESENT

Mayor G Webber (Chairperson), Cr G Dally, Cr M Dean, Cr J Denyer, Cr M Grainger, Cr M Gray, Cr A Henry, Cr M Murray-Benge, Deputy Mayor J Scrimgeour, Cr A Sole and Cr D Thwaites

2 IN ATTENDANCE

J Holyoake (Chief Executive Officer), G Allis (Deputy CEO/Group Manager Infrastructure Services), R Davie (Group Manager Policy Planning and Regulatory Services), P Watson (Reserves and Facilities Manager), P Martelli (Resource Management Manager), E Watton (Policy and Planning Manager), K McGinity (Senior Recreation Planner), M Leighton (Senior Policy Analyst), N Rutland (Project Manager District Plan Review), G Payne (Strategic Advisor), and B Clarke (Senior Governance Advisor)

COMMUNITY BOARDS

S Beech (Chairperson, Maketu Community Board), and R Crawford (Chairperson, Te Puke Community Board)

OTHERS

A member of the media (BOP Times)

3 APOLOGIES

APOLOGY

RESOLUTION PP21-4.1

Moved: Cr D Thwaites

Seconded: Cr M Dean

That the apology for absence from Cr K Marsh be accepted.

CARRIED

4 CONSIDERATION OF LATE ITEMS

Nil.

5 DECLARATIONS OF INTEREST

Nil.

6 PUBLIC EXCLUDED ITEMS

Nil.

7 PUBLIC FORUM

Nil.

8 PRESENTATIONS

Nil.

9 REPORTS

9.1 ADOPTION OF 83 FORD ROAD, MAKETU CONCEPT PLAN

The Senior Recreation Planner introduced the report, noting that it could be taken as read.

In response to a question she advised that, during the formal consultation process, Council had received strong support for the continued use of the Marae building by the Maketu Coastguard, (which the plan reflected). The Coastguard's use of the site would continue, with formal arrangements being finalised in due course.

The Chairperson advised that the recommendation would be dealt with **in parts** and he put the following motions:

9.1.1 RECEIPT OF FEEDBACK FROM CONSULTATIVE PROCEDURE

RESOLUTION PP21-4.2 – PART 1 OF REPORT RECOMMENDATION

Moved: Cr G Dally

Seconded: Cr M Murray-Benge

1. That the Senior Recreation Planner's report dated 27 July 2021 titled 'Adoption of 83 Ford Road, Maketu Concept Plan' be received.
2. That the report relates to an issue that is considered to be of medium significance in terms of Council's Significance and Engagement Policy.
3. That the Policy Committee receives all written and verbal feedback from the special consultative procedure 12 April to 12 May 2021, as set out in the document titled "Draft 83 Ford Road, Maketu Concept Plan Submission Pack" (Attachment A of the agenda report).

CARRIED

9.1.2 ISSUE 1 - ADOPTION OF FINAL CONCEPT PLAN

RESOLUTION PP21-4.3 – PART 2 OF REPORT RECOMMENDATION

Moved: Cr M Dean

Seconded: Cr G Dally

4. That in relation to Issue 1 the Policy Committee adopts the recommended final 83 Ford Road, Maketu Concept Plan, (Attachment B of the agenda report), being consistent with the level of service for recreation and open space facilities provided by the Council, subject to formal leases being entered into with user groups for the use of the site.

CARRIED

9.1.3 ISSUE 2 - NAMING OF RESERVE

Staff provided clarification in relation to the proposed reserve name of Otaiparia, noting that the marae was Tukotahi Marae.

RESOLUTION PP21-4.4 – PART 3 OF REPORT RECOMMENDATION

Moved: Cr M Gray

Seconded: Cr A Henry

5. That in relation to Issue 2, the Policy Committee approves the proposed name **Otaiparia Reserve**, and directs staff to initiate the formal name change process in accordance with Council's Reserve Management Plan P8 Naming Policy.

CARRIED

9.1.4 ISSUE 3 - WORKING WITH PARTNERS TO MANAGE ENVIRONMENTAL IMPACTS

RESOLUTION PP21-4.5 – PART 4 OF REPORT RECOMMENDATION

Moved: Cr A Sole

Seconded: Cr M Grainger

6. That in relation to Issue 3, the Policy Committee approves that Council continues to work with partners, including Tangata Whenua, Bay of Plenty Regional Council, and community groups, to manage any environmental impact of development at the site and refer concerns raised about the pump station to Bay of Plenty Regional Council.

CARRIED

9.1.5 ISSUE 4 - WORKING WITH POWERCO

RESOLUTION PP21-4.6 – PART 5 OF REPORT RECOMMENDATION

Moved: Cr M Gray

Seconded: Cr A Henry

7. That in relation to Issue 4, the Policy Committee approves that Council continue to work with Powerco to have the lower power lines in front of the proposed Coastguard building either relocated from the site, or put underground, subject to funding.

CARRIED

9.1.6 ISSUE 5 - PROVISION FOR FREEDOM CAMPING

RESOLUTION PP21-4.7 – PART 6 OF REPORT RECOMMENDATION

Moved: Cr A Henry

Seconded: Cr M Murray-Benge

8. That in relation to Issue 5, the Policy Committee approves that Council consider the provision for freedom camping at the site through the next Freedom Camping Bylaw review.

CARRIED

9.1.7 ISSUE 6 - PUMP STATION LOCATION AND CONCEPT PLAN UPDATE

RESOLUTION PP21-4.8 – PART 7 OF REPORT RECOMMENDATION

Moved: Cr G Dally

Seconded: Cr M Grainger

9. That in relation to Issue 6, the Policy Committee approves that Council continue working with Bay of Plenty Regional Council, to determine the location of the pump station and update the concept plan, as required.

CARRIED

9.1.8 ISSUE 7 - BOAT RAMP

RESOLUTION PP21-4.9 – PART 8 OF REPORT RECOMMENDATION

Moved: Cr M Dean

Seconded: Cr G Dally

10. That in relation to Issue 7, the Policy Committee approves that Council considers improvements to the boat ramp, through the Coastal Marine Programme, in order to facilitate better use of this asset.

CARRIED

9.1.9 INDICATIVE COSTS - IMPLEMENTATION OF CONCEPT PLAN

RESOLUTION PP21-4.10 – PART 9 OF REPORT RECOMMENDATION

Moved: Cr J Denyer

Seconded: Deputy Mayor J Scrimgeour

11. That the indicative costs for implementation of the Concept Plan be noted, as already included in the Long Term Plan 2021-2031, adopted by Council on 29 June 2021 (Attachment C of the agenda report).

CARRIED

9.1.10 DECISION STORY

RESOLUTION PP21-4.11 – PART 10 OF REPORT RECOMMENDATION

Moved: Cr M Gray

Seconded: Cr M Murray-Benge

12. That the Policy Committee approves the Decision Story for dissemination to those that provided feedback, as the response to their feedback, and to be published on the Council's website, (Attachment D of the agenda report).

CARRIED

9.2 SUBMISSION ON BEHALF OF COUNCIL

The Committee considered a report from the Senior Governance Advisor.

The Senior Policy Analyst introduced the report, noting that it provided the Mayor's submission on behalf of Council to Te Waihangā / New Zealand Infrastructure Commission, on community infrastructure. He noted that the report could be taken as read.

The Mayor provided a brief overview of Council's position in relation to delivering on spatial plans.

RESOLUTION PP21-4.12

Moved: Cr M Grainger

Seconded: Cr M Dean

1. That the Senior Governance Advisor's report dated 27 July 2021 titled 'Submission on Behalf of Council' be received.
2. That the following submission, (Attachment 1 of the agenda report), is received by the Policy Committee and the information is noted:
 - He Tuāpapa ki te Ora – Infrastructure for a Better Future, dated 1 July 2021.

CARRIED

10 INFORMATION FOR RECEIPT

Nil.

The meeting was declared closed at 9.39am.

Confirmed as a true and correct record by Council on 12 August 2021.

UNCONFIRMED

9.2 MINUTES OF THE COUNCIL MEETING HELD ON 12 AUGUST 2021

File Number: A4321887

Author: Horowai Wi Repa, Governance Technical Support

Authoriser: Barbara Whitton, Customer Services and Governance Manager

RECOMMENDATION

That the Minutes of the Council Meeting held on 12 August 2021 be confirmed as a true and correct record and the recommendations therein be adopted.

ATTACHMENTS

- 1. Minutes of the Council Meeting held on 12 August 2021**

**MINUTES OF WESTERN BAY OF PLENTY DISTRICT COUNCIL
COUNCIL MEETING NO. C21-10
HELD IN THE COUNCIL CHAMBERS, BARKES CORNER, TAURANGA
ON THURSDAY, 12 AUGUST 2021 AT 9.30AM**

1 PRESENT

Mayor G Webber (Chairperson), Deputy Mayor J Scrimgeour, Cr G Dally, Cr M Dean, Cr J Denyer, Cr M Grainger, Cr M Gray, Cr A Henry, Cr K Marsh, Cr M Murray-Benge, Cr A Sole and Cr D Thwaites.

2 IN ATTENDANCE

J Holyoake (Chief Executive Officer), G Allis (Deputy CEO/Group Manager Infrastructure Services), R Davie (Group Manager Policy Planning and Regulatory Services), J Pedersen (Group Manager People and Customer Services), K Perumal (Group Manager Finance and Technology Services), G Payne (Strategic Advisor), C Nepia (Māori Relationships and Engagement Advisor), D Jensen (Finance Manager), D Pearce (Community Manager), L Balvert (Communications Manager), L Mills (Senior Communications Specialist), P Osborne (Senior Governance Advisor – Community Boards), H Wi Repa (Governance Technical Support), J Osborne (Governance Support Administrator), and C Irvin (Senior Governance Advisor).

OTHER ATTENDEES

Media

K Gillespie

KARAKIA

The meeting was opened with a Karakia led by the Māori Relationships and Engagement Advisor.

3 APOLOGIES

Nil

4 CONSIDERATION OF LATE ITEMS

Nil

5 DECLARATIONS OF INTEREST

Members were advised that if they have an interest (actual, potential, perceived, pecuniary or non-pecuniary interest) in any item on the agenda, then they must declare this interest and refrain from discussing or voting on that item, and they were advised to withdraw from the meeting table for the item [As per the Local Authorities (Members' Interest) Act 1968].

- Councillor Gray advised that she had a declaration of interest regarding report number 10.2 of the open Agenda, 'Tourism Bay of Plenty Statement of Intent 2021/2022 to 2023/2024'.
- Councillor Dally advised that he had a declaration of interest regarding report number 10.3 of the open Agenda, '2021 Community Matching Fund'.

6 PUBLIC EXCLUDED ITEMS

Nil

7 PUBLIC FORUM

PUBLIC FORUM ADJOURN MEETING

RESOLUTION C21-10.1

Moved: Cr K Marsh

Seconded: Cr M Grainger

That the meeting adjourn for the purpose of holding a public forum.

CARRIED

A. Christina Humphreys, Ted Mead, and Alison Badger - Katikati Waihi Beach Residents and Ratepayers Association

- Christina Humphreys and Ted Mead addressed the Committee saying that they had concerns around the proposed Three Waters Reform. They did not want the 'Three Waters' to be put into the hands of another entity, and felt that the reforms could result in another rates rise.

B. Bev Cain - Te Puna Residents

- Bev Cain addressed the Committee on behalf of Te Puna residents. She requested consideration be given for a rubbish pick-up along Te Puna Station Road, that the cycleway be looked at regarding improvements and safety, and for a public consultation/public meeting to take place to talk about different issues in the Te Puna community.

C. Tony Wihapi (Ngati Moko) and Manu Pene (Ngati Whakaue) - Te Arawa Kaumatua

- Tony Wihapi addressed the Committee, firstly in Te Reo Māori, and then in English. He said this was a significant day for Te Arawa that established a sacred relationship between the Hapū, Iwi and Whānau, and Western Bay of Plenty District Council. He wished to express his appreciation to the Elected Members who attended the Hui at the Marae the previous week.
- Manu Pene addressed the Committee saying that he had just come to just listen, and show his appreciation on behalf of the Hapū.

PUBLIC FORUM MEETING RECONVENED

RESOLUTION C21-10.2

Moved: Cr M Grainger

Seconded: Cr M Dean

That the meeting reconvene in formal session.

CARRIED

CHANGE TO ORDER OF BUSINESS

The Chairperson requested that the next item of business be open agenda item 10.5: 'Te Arawa Kawenata' in order for guest speakers to be released from the meeting.

RESOLUTION C21-10.3

Moved: Deputy Mayor J Scrimgeour

Seconded: Cr A Henry

That open agenda item number 10.5: Te Arawa Kawenata, be the next item of business on the agenda in order for guest speakers to be released from the meeting.

CARRIED

8 REPORTS

8.1 TE ARAWA KAWENATA

The Committee considered a report dated 12 August 2021 from the Māori Relationships and Engagement Advisor. The report was taken as read, with the Group Manager Policy Planning and Regulatory Services noting the following:

- It was pleasing that the majority of Elected Members attended the Hui at the Marae where the foundation for the document was established.

Staff responded to a question as follows:

- It was important to remember that there were still details in the document to be tidied up and finalised. Recommendation four allowed for this.

RESOLUTION C21-10.4

Moved: Cr M Gray

Seconded: Cr M Dean

1. That the Māori Relationships and Engagement Advisor's report dated 12 August 2021 titled 'Te Arawa Kawenata' be received.
2. That the report relates to an issue that is considered to be of low significance in terms of Council's Significance and Engagement Policy.
3. That Council resolve to adopt the Te Arawa Kawenata, in principle, as the basis of its relationship with the Iwi and Hapū of Te Arawa ki Tai as outlined in the Te Arawa Kawenata, collectively known as 'Te Ihu o te Waka'.
4. That Council staff continue to work with representatives of Te Arawa ki Tai to address any operational issues arising from the Te Arawa Kawenata, including confirming an approach to ensure the correct iwi/hapū/marae delegates are engaged with by Council at the right time and in the right way for the particular kaupapa (matter) at hand.

CARRIED

9 COMMUNITY BOARD MINUTES FOR RECEIPT

9.1 MINUTES OF THE KATIKATI COMMUNITY BOARD MEETING HELD ON 21 JULY 2021

RESOLUTION C21-10.5

Moved: Cr D Thwaites

Seconded: Cr K Marsh

That the Minutes of the Katikati Community Board Meeting held on 21 July 2021 be received.

CARRIED

9.2 MINUTES OF THE MAKETU COMMUNITY BOARD MEETING HELD ON 27 JULY 2021

RESOLUTION C21-10.6

Moved: Cr D Thwaites

Seconded: Cr K Marsh

That the Minutes of the Maketu Community Board Meeting held on 27 July 2021 be received.

CARRIED

9.3 MINUTES OF THE TE PUKE COMMUNITY BOARD MEETING HELD ON 29 JULY 2021

RESOLUTION C21-10.7

Moved: Cr D Thwaites

Seconded: Cr K Marsh

That the Minutes of the Te Puke Community Board Meeting held on 29 July 2021 be received.

CARRIED

9.4 MINUTES OF THE ŌMOKOROA COMMUNITY BOARD MEETING HELD ON 3 AUGUST 2021

RESOLUTION C21-10.8

Moved: Cr D Thwaites

Seconded: Cr K Marsh

That the Minutes of the Ōmokoroa Community Board Meeting held on 3 August 2021 be received.

CARRIED

10 COUNCIL AND COMMITTEE MINUTES FOR CONFIRMATION

10.1 MINUTES OF THE KATIKATI - WAIHĪ BEACH WARD FORUM MEETING HELD ON 22 JUNE 2021

RESOLUTION C21-10.9

Moved: Cr J Denyer

Seconded: Cr A Henry

That the Minutes of the Katikati - Waihi Beach Ward Forum Meeting held on 22 June 2021 be confirmed as a true and correct record and the recommendations therein be adopted.

CARRIED

10.2 MINUTES OF THE COUNCIL MEETING HELD ON 29 JUNE 2021

RESOLUTION C21-10.10

Moved: Deputy Mayor J Scrimgeour

Seconded: Mayor G Webber

That the Minutes of the Council Meeting held on 29 June 2021 be confirmed as a true and correct record and the recommendations therein be adopted.

CARRIED

10.3 MINUTES OF THE KAIMAI WARD FORUM MEETING HELD ON 1 JULY 2021

RESOLUTION C21-10.11

Moved: Cr M Dean

Seconded: Cr M Murray-Benge

That the Minutes of the Kaimai Ward Forum Meeting held on 1 July 2021 be confirmed as a true and correct record and the recommendations therein be adopted.

CARRIED

10.4 MINUTES OF THE MAKETU - TE PUKE WARD FORUM MEETING HELD ON 5 JULY 2021

RESOLUTION C21-10.12

Moved: Cr K Marsh

Seconded: Cr G Dally

That the Minutes of the Maketu - Te Puke Ward Forum Meeting held on 5 July 2021 be confirmed as a true and correct record and the recommendations therein be adopted.

CARRIED

10.5 MINUTES OF THE POLICY COMMITTEE MEETING HELD ON 6 JULY 2021

RESOLUTION C21-10.13

Moved: Cr M Gray

Seconded: Cr A Henry

That the Minutes of the Policy Committee Meeting held on 6 July 2021 be confirmed as a true and correct record and the recommendations therein be adopted.

CARRIED

10.6 MINUTES OF THE DISTRICT PLAN COMMITTEE MEETING HELD ON 6 JULY 2021

RESOLUTION C21-10.14

Moved: Deputy Mayor J Scrimgeour

Seconded: Cr A Henry

That the Minutes of the District Plan Committee Meeting held on 6 July 2021 be confirmed as a true and correct record and the recommendations therein be adopted.

CARRIED

10.7 MINUTES OF THE PERFORMANCE AND MONITORING COMMITTEE MEETING HELD ON 20 JULY 2021

RESOLUTION C21-10.15

Moved: Cr D Thwaites

Seconded: Cr M Grainger

That the Minutes of the Performance and Monitoring Committee Meeting held on 20 July 2021 be confirmed as a true and correct record and the recommendations therein be adopted.

CARRIED

11 REPORTS**11.1 RECOMMENDATORY REPORT FROM TE PUKE COMMUNITY BOARD -
EXPRESSION OF INTEREST SOUGHT FOR A NEW LESSEE OF THE OLD GIRL
GUIDES HALL ON TE PUKE DOMAIN**

The Committee considered a report dated 12 August 2021 from the Senior Governance Advisor – Community Boards. The report was taken as read.

RESOLUTION C21-10.16

Moved: Cr G Dally

Seconded: Cr M Gray

1. That the Expression of Interest from The Te Puke MenzShed Trust for a new lessee of the old Girl Guides Hall on Te Puke Domain be accepted;
And
2. That Council exercise the powers conferred on it as the administering body of the Te Puke Domain Reserve by delegation from the Minister of Conservation under the Reserves Act 1977, and grant The Te Puke MenzShed Trust the right to lease up to 5 years, with provision for further rights of renewal, the 154m² building situated on Part Section 50 SO 51580, to allow for the operation of a MenzShed.

CARRIED

11.2 TOURISM BAY OF PLENTY STATEMENT OF INTENT 2021/2022 TO 2023/2024

The Committee considered a report dated 12 August 2021 from the Community Manager. The report was taken as read.

RESOLUTION C21-10.17

Moved: Cr A Sole

Seconded: Cr M Murray-Benge

1. That the report from the Community Manager dated 12 August 2021 titled 'Tourism Bay of Plenty Statement of Intent 2021/2022 to 2023/2024' be received.
2. That the report relates to an issue that is considered to be of low significance in terms of Council's Significance and Engagement Policy.
3. That Council receives and approves the Tourism Bay of Plenty Statement of Intent 2021/2022 to 2023/2024 report.
4. That Council notes that, as joint shareholder of Tourism Bay of Plenty, Tauranga City Council will be asked to approve the Statement of Intent at their 2 August 2021 Council meeting.

CARRIED

11.3 2021 COMMUNITY MATCHING FUND

The Committee considered a report dated 12 August 2021 from the Community Manager. The report was taken as read.

- Cr Dally advised that he had omitted to declare a potential conflict of interest regarding Te Puke Memorial Hall at the beginning of the meeting.

Staff responded to a question as follows:

- The Community Manager advised that he would be happy to provide Elected Members with more information regarding the 2021 Community Matching Fund allocations.

RESOLUTION C21-10.18

Moved: Cr M Grainger

Seconded: Cr M Dean

1. That the Community Manager's report dated 12 August 2021 titled '2021 Community Matching Fund' be received.
2. That the report relates to an issue that is considered to be of low significance in terms of Council's Significance and Engagement Policy.
3. That the 2021 Community Matching Fund allocations be received as follows:

Environmental Applications

Waihi Beach Environmental Society Dot Watch Project	\$4,620.00
Kotukutuku Gully Care Group	\$6,000.00
Maketu Ongatoro Wetland Society	\$8,700.00
New Zealand Landcare Trust	\$2,153.00
Wai Kokopu	\$9,734.00

Te Maru o Kaituna River Authority	\$8,700.00
Total	\$39,907.00

General Applications

Pacific Island Community Tauranga Trust	\$5,500.00
Waihi Beach Community Events and Promotions	\$5,000.00
Graeme Dingle Foundation	\$5,000.00
Waihi Beach Community Centre Society Incorporated	\$5,000.00
Pukehina Residents and Ratepayers Association	\$1,500.00
Loved 4 Life	\$1,000.00
The Old Library Ōmokoroa	\$2,000.00
The Te Puke Community MenzShed Trust	\$3,500.00
Te Puke Knit and Natter Group	\$500.00
People First NZ Inc	\$3,500.00
Katikati Community Centre	\$1,816.00
The Oropi Settlers Incorporated	\$3,780.00
Waihi Beach Primary School	\$5,000.00
Pukehina Community Charitable Trust	\$1,895.00
Te Puke Gymsport	\$2,455.00
Lions Club of Bethlehem / Te Puna	\$2,500.00
Te Puke War Memorial Hall Society Inc	\$1,500.00
Te Puna School Parent Teachers Association	\$5,000.00
Complex Chronic Illness Support Inc	\$2,000.00
Katikati Open Air Art	\$3,000.00
Te Ranga School / Te Ranga Public Hall	\$5,500.00
Western Bay Heritage Trust - Western Bay Museum	\$5,000.00
Ohauiti Settlers Association Incorporated	\$3,744.00
The Tauranga Community Trust	\$5,000.00
Ōmokoroa Football Club	\$3,900.00
Friends of the Memorial Pool	\$3,000.00
Ōmokoroa Bowling Club Inc	\$5,000.00
The Te Puke Branch of the New Zealand's Genealogists Society	\$2,000.00
Katikati Horticultural Innovative Trust	\$5,500.00
	\$100,090.00
Total	

CARRIED

11.4 RESOURCE MANAGEMENT ACT 1991 DELEGATIONS

The Committee considered a report dated 12 August 2021 from the Legal Investigations Advisor. The report was taken as read.

Group Manager Policy, Planning and Regulatory Services responded to a question as follows:

- The recruitment of the new Chief Executive Officer and staff changes had provided an opportunity to review Resource Management Act delegations to roles within the Western Bay of Plenty District Council.

RESOLUTION C21-10.19

Moved: Cr M Grainger

Seconded: Cr M Dean

1. That the Legal Investigations Advisor's report dated 12 August 2021 titled 'Resource Management Act 1991 Delegations' be received.
2. That the report relates to an issue that is considered to be of low significance in terms of Council's Significance and Engagement Policy.
3. That, pursuant to section 34A of the Resource Management Act 1991 and clause 32 of Schedule 7 of the Local Government Act 2002, Council delegates those of its functions, powers and duties under the Resource Management Act 1991 to the positions ('Delegates') specified in **Attachment 1**.

CARRIED

11.5 CHIEF EXECUTIVE OFFICER'S EXTRAORDINARY REPORT

The Committee considered a report dated 12 August 2021 from the Executive Assistant Mayor/CEO. The report was taken as read.

RESOLUTION C21-10.20

Moved: Cr A Henry

Seconded: Cr A Sole

That the Executive Assistant Mayor/CEO's report dated 12 August 2021 titled 'Chief Executive Officer's Extraordinary Report' be received.

CARRIED

11.6 MAYOR'S REPORT TO COUNCIL - 12 AUGUST 2021

The Committee considered a report dated 12 August 2021 from the Executive Assistant Mayor/CEO. The Mayor spoke to the report noting the following:

Three Waters Reform

- Mayor Webber reiterated that this was a Central Government initiative about moving the management and administration of the 'Three Waters' (drinking water, wastewater, and storm water) away from Local Government to separate entities.
 - There was still a lot of work to be done around the reform. It was a very complex issue with a lot of consultation and explanation still needed, going forward.
 - The Government was also looking into reforms around the Resource Management Act, Fresh Water and the Environment.
-

SmartGrowth

- The application for the 'Infrastructure Accessibility Fund' had been agreed between Western Bay of Plenty District Council and Tauranga City Council, at SmartGrowth level.
- Te Papa intensification was number one on the list, with Ōmokoroa interchange and the enabling of more housing at Ōmokoroa, number two on the list.
- Council would be submitting their proposal through the established process, but this could take a while to come through.
- It was recognised that the Ōmokoroa interchange was critical. The Transportation Minister would be attending the next Regional Land Transport Committee meeting where this would be discussed.

RESOLUTION C21-10.21

Moved: Mayor G Webber

Seconded: Cr J Denyer

That the Executive Assistant – Mayor/CEO's report dated 12 August 2021 titled 'Mayor's Report to Council – 12 August 2021' be received.

CARRIED

12 INFORMATION FOR RECEIPT

Nil

13 RESOLUTION TO EXCLUDE THE PUBLIC**RESOLUTION C21-10.22**

Moved: Cr M Dean

Seconded: Cr M Grainger

That the public be excluded from the following parts of the proceedings of this meeting.

The general subject matter 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 of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
12.1 - Confidential Minutes of the Council Meeting held on 29 June 2021	<p>s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons</p> <p>s7(2)(b)(i) - the withholding of the information is necessary to protect information where the making available of the information would disclose a trade secret</p> <p>s7(2)(b)(ii) - the withholding of the information is necessary to protect information where the making available of the</p>	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7

	<p>information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information</p> <p>s7(2)(c)(ii) - the withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest</p> <p>s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities</p> <p>s7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</p>	
12.2 - Confidential Minutes of the Performance and Monitoring Committee Meeting held on 20 July 2021	<p>s7(2)(b)(ii) - the withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information</p> <p>s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities</p>	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
12.3 - Chief Executive Officer's Report - Request For Execution of Documents Under Seal of Council	<p>s7(2)(b)(ii) - the withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information</p> <p>s7(2)(c)(ii) - the withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person</p>	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7

	has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest	
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CARRIED

The Meeting closed at 10:30am.

The minutes of this meeting were confirmed at the Council Meeting held on 23 September 2021.

.....
Mayor G Webber
CHAIRPERSON / MAYOR

9.3 MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING HELD ON 12 AUGUST 2021

File Number: A4321912

Author: Horowai Wi Repa, Governance Technical Support

Authoriser: Barbara Whitton, Customer Services and Governance Manager

RECOMMENDATION

That the Minutes of the Audit and Risk Committee Meeting held on 12 August 2021 be confirmed as a true and correct record and the recommendations therein be adopted.

ATTACHMENTS

- 1. Minutes of the Audit and Risk Committee Meeting held on 12 August 2021**

**MINUTES OF WESTERN BAY OF PLENTY DISTRICT COUNCIL
AUDIT AND RISK COMMITTEE MEETING NO. AR21-3
HELD IN THE COUNCIL CHAMBERS, BARKES CORNER, TAURANGA
ON THURSDAY, 12 AUGUST 2021 AT 1.30PM**

1 PRESENT

Cr J Denyer (Chairperson), Mayor G Webber, Cr G Dally, Cr M Dean, Cr M Grainger, Cr K Marsh, Cr M Murray-Benge, Deputy Mayor J Scrimgeour, Cr A Sole and Independent Member M Maloney.

2 IN ATTENDANCE

J Holyoake (Chief Executive Officer), G Allis (Deputy CEO/Group Manager Infrastructure Services), R Davie (Group Manager Policy Planning and Regulatory Services), J Pedersen (Group Manager People and Customer Services), K Perumal (Group Manager Finance and Technology Services), D Jensen (Finance Manager), G Payne (Strategic Advisor), S Bedford (Financial Controller), O McVicker (Manager Corporate Services and Business Improvement), L Balneaves (Executive Assistant Finance and Technology Services), B Marynowski (Finance and Corporate Services Administrator) and C Irvin (Senior Governance Advisor).

OTHERS IN ATTENDANCE

Audit New Zealand

Clarence Susan (Director)

Pricewaterhouse Coopers

Phil Fisher (Partner)

K David (Senior Associate)

3 APOLOGIES

APOLOGIES

RESOLUTION AR21-3.1

Moved: Cr M Grainger

Seconded: Mayor G Webber

That the apologies for absence from Cr Gray, Cr Henry and Cr Thwaites be accepted.

CARRIED

4 CONSIDERATION OF LATE ITEMS

Nil

5 DECLARATIONS OF INTEREST

Nil

6 PUBLIC EXCLUDED ITEMS

7 PUBLIC FORUM

Nil

8 PRESENTATIONS

Nil

9 REPORTS

CHANGE TO ORDER OF BUSINESS

The Chairperson requested that the next item of business be open agenda item 9.4: 'Summary of Audit and Risk Agenda Topics August 2021' in order to provide Elected Members with an overview of the Audit and Risk Agenda reports.

RESOLUTION AR21-3.2

Moved: Cr J Denyer

Seconded: Cr M Grainger

That open agenda item 9.4: 'Summary of Audit and Risk Agenda Topics August 2021' be the next item of business in order to provide Elected Members with an overview of the Audit and Risk Agenda reports.

CARRIED

9.1 SUMMARY OF AUDIT AND RISK AGENDA TOPICS AUGUST 2021

The Committee considered a report dated 12 August 2021 from the Group Manager Finance and Technology Services. The report was taken as read.

RESOLUTION AR21-3.3

Moved: Cr M Murray-Benge

Seconded: Cr A Sole

That the Group Manager Finance and Technology Services report dated 12 August 2021 titled 'Summary of Audit and Risk Agenda Topics August 2021' be received.

CARRIED

9.2 REPORT TO COUNCIL ON THE AUDIT OF WESTERN BAY OF PLENTY DISTRICT COUNCIL'S LONG TERM PLAN (LTP) - FOR THE PERIOD 1 JULY 2021 - 30 JUNE 2031

The Committee considered a report dated 12 August 2021 from the Finance Manager, who introduced Clarence Susan. Clarence Susan provided a brief overview, with the report being taken as read.

Clarence Susan responded to questions as follows:

- An unqualified opinion was given as there were two or three 'emphasis of matter' items, one of which was the Three Waters Reform, which could have a substantial impact on Council's Long Term Plan.

- Clarence Susan advised that Council should perhaps focus its future efforts on delivering on the increased level of capital expenditure. It was important to monitor pressure on funding mechanisms and the level of debt that Council has set in its financial strategy.

RESOLUTION AR21-3.4

Moved: Cr M Murray-Benge

Seconded: Deputy Mayor J Scrimgeour

That the Finance Manager's report dated 12 August 2021 titled 'Report to Council on the Audit of Western Bay of Plenty District Council's Long Term Plan (LTP) - For the Period 1 July 2021 – 30 June 2031' be received.

CARRIED

9.3 TAX GOVERNANCE FRAMEWORK

The Committee considered a report dated 12 August 2021 from the Finance Manager, who introduced Phil Fisher from Pricewaterhouse Coopers.

Phil Fisher spoke to the report, noting the following:

- He described the way in which Councils and their Council Controlled Organisations (CCO's) could currently use dividends, donations and imputation credits to lower their effective tax bill, and how Inland Revenue was moving towards introducing legislation to remove that ability going forward.

Staff responded to questions as follows:

- Tax non-compliance regarding PAYE, employee payroll systems, section 23 payments, and personal grievances were all becoming major topics. A particularly complex area, where extra care is required for transactions with complex tax implications such property transactions as an example.
- It was an opportune time to have Inland Revenue perform a tax audit for Western Bay of Plenty District Council (WBOPDC).

RESOLUTION AR21-3.5

Moved: Mayor G Webber

Seconded: Cr M Grainger

1. That the Finance Manager's report dated 12 August 2021 titled 'Tax Governance Framework' be received.
2. That the Committee receives the Chief Executive Officer's decision to adopt the Tax Governance Framework and that the work programme will commence in early 2021/22, with results reported to this Committee as outlined in the Framework.

CARRIED

9.4 HEALTH AND SAFETY REPORT

The Committee considered a report dated 12 August 2021 from the Group Manager People and Customer Services. The report was taken as read.

Staff responded to questions as follows:

- There had been a couple of 'teething issues' regarding the new 'Lone Worker' initiative. The more isolated areas needed additional technology to activate the device that detected when

- a worker had not moved for an extended period, and in a horizontal position. When this device was activated, a signal was sent back to the provider who then escalated the process.
- WBOPDC had joined with the District Health Boards (DHB) 'Work Well Programme'. This provided a structure with various programmes that worked towards accreditation. WBOPDC had received a Bronze accreditation to date.
 - The number of 'near miss' incidents reported by contractors was a good thing. It showed, and built on, an awareness of health and safety, which the contractors were already well versed in.
 - Council was reviewing the Health and Safety of volunteer groups in the Western Bay following the Te Puna quarry incident.

RESOLUTION AR21-3.6

Moved: Cr M Dean

Seconded: Cr A Sole

That the Group Manager People and Customer Services' report dated 12 August titled 'Health and Safety Report' be received.

CARRIED

9.5 TREASURY UPDATE REPORT

The Committee considered a report dated 12 August 2021 from the Finance Manager. The report was taken as read, with the following two new developments being noted:

- As part of the Long Term Plan (LTP), Council had adopted a new treasury policy which provided a 'floor and a ceiling' for the amount of debt it should have at fixed and floating rates. Council was holding a fixed position (policy minimums). Interest rates were starting to rise and the Finance Team had been working with its treasury advisors on where they should best be placed to deal with the rising interest rates, proposing to work within Council's policy to have a higher level of fixed debt, compared to what they had in the past.
- There was an emerging funding risk around Council's relationship with Waka Kotahi. There was a significant transport programme in the LTP, which relied on funding from Waka Kotahi. Experience from previous LTPs showed that this funding was not always guaranteed. Council could have to choose to do less if it received less funding, or perhaps look for an alternative funding source.

Staff responded to questions as follows:

- Council received the first notice from Waka Kotahi regarding reduced funding, after the LTP had been adopted.
 - Inflation was harder to measure than interest rates. The Finance Team would have to monitor this very carefully.
 - It was important to have a 'fit for purpose' policy that provided Council with the ability to change as the world changed. A more adaptable and agile policy allowed for the changing dynamics of the world economy.
 - The Finance Team had regular meetings with Bancorp New Zealand Limited (Investment Banking). At a very recent meeting, Council's debt profile had been approved for the LTP.
-

RESOLUTION AR21-3.7

Moved: Cr M Grainger
Seconded: Mayor G Webber

That the Finance Manager's report dated 12 August 2021 titled 'Treasury Update Report' be received.

CARRIED

9.6 UPDATE ON OUTSTANDING AUDIT ITEMS (INTERNAL/EXTERNAL) AUGUST 2021

The Committee considered a report dated 12 August 2021 from the Group Manager Finance and Technology Services. The report was taken as read.

Staff responded to questions as follows:

- None of the risks presented were considered significant. There were some ongoing matters which were considered low risk .
 - Independent Committee Member, Mark Maloney, offered the Audit and Risk Committee an additional reporting format for the outstanding audit items to be presented, that would provide more clarity on certain items.
-

RESOLUTION AR21-3.8

Moved: Cr M Dean
Seconded: Cr M Murray-Benge

That the Group Manager Finance and Technology Services' report dated 12 August 2021 titled 'Update on Outstanding Audit Items (Internal/External) August 2021' be received.

CARRIED

9.7 REVIEW OF ACCOUNTING POLICIES, KEY ACCOUNTING ESTIMATES AND ASSET REVALUATION UPDATE

The Committee considered a report dated 12 August 2021 from the Finance Manager. The report was taken as read, with the Finance Manager providing the following comment:

- Every three years Council was required to make a valuation of its assets. This was Council's third year and there were some significant jumps in some asset classes, such as coastal marine, due to significant increases in the construction costs of putting these things in place. There would be significant cost involved if Council had to replace these marine assets. There was also a significant increase in stormwater and wastewater assets. This was because previous methodology had not included ponds, which were now included, as well as a slight change in methodology and an update in unit rates.

Staff responded to questions as follows:

- It was possible to add some additional information to the Annual Report regarding revaluations to help the public understand why 'anomalies' appeared every three years, as opposed to every year.
 - The level of 'granularity' (the scale or level of detail in a set of data) from the Valuers was quite high and in accordance with accounting standards.
-

RESOLUTION AR21-3.9

Moved: Cr G Dally

Seconded: Deputy Mayor J Scrimgeour

That the Finance Manager's report dated 12 August 2021 titled 'Review of Accounting Policies, Key Accounting Estimates and Asset Revaluation Update' be received.

CARRIED

9.8 QUARTERLY REVIEW OF RISK PROFILE

The Committee considered a report dated 12 August 2021 from the Manager Corporate Services and Business Improvement. The report was taken as read.

Staff responded to questions as follows:

- Cr Denyer suggested risk number 7 on the heat map, 'Project Delivery Management', should be moved into the 'likely' category and that perhaps the risks outlined on page 70 of the report should include supply chain demand.
 - The Deputy CEO advised that this was correct. Supply chain issues were a definite risk given the world situation that included factories shutting down in Europe, which had a follow on affect on New Zealand. This created risk around project delivery, putting pressure on the contracting market and materials. The year ahead was expected to be a challenging one due to this.
 - AC (asbestos) pipes were being replaced as they failed. They were not considered a risk because they were underground.
 - It was important to make sure risks were not 'undercooked'.
 - There would be risks around new standards that would come about with the Three Waters Reform.
-

RESOLUTION AR21-3.10

Moved: Cr J Denyer

Seconded: Cr M Grainger

1. That the Manager Corporate Services and Business Improvement's report dated 12 August 2021 titled 'Quarterly Review of Risk Profile' be received.
2. That the report relates to an issue that is considered to be of low significance in terms of Council's Significance and Engagement Policy.
3. That the Committee reviews each of the top eleven risks identified below.
4. That the Committee agrees which existing risks should be retained and reported on a quarterly basis.
5. That the Committee considers whether to add any new risks either as main topics or as individual risks under existing risk areas.
6. That Staff consider the proposed changes to the risk heat map for reporting at the next meeting.

CARRIED

10 INFORMATION FOR RECEIPT

Nil

11 RESOLUTION TO EXCLUDE THE PUBLIC**RESOLUTION AR21-3.11**

Moved: Cr M Dean

Seconded: Cr M Murray-Benge

That the public be excluded from the following parts of the proceedings of this meeting.

The general subject matter 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 of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
11.1 - Litigation Updates	s7(2)(b)(ii) - the withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7

CARRIED

The Meeting closed at 3:11pm.

Confirmed as a true and correct record by Council on 23 September 2021.

9.4 MINUTES OF THE PERFORMANCE AND MONITORING COMMITTEE MEETING HELD ON 31 AUGUST 2021

File Number: A4325355

Author: Carolyn Irvin, Senior Governance Advisor

Authoriser: Barbara Whitton, Customer Services and Governance Manager

RECOMMENDATION

That the Minutes of the Performance and Monitoring Committee Meeting held on 31 August 2021 be confirmed as a true and correct record and the recommendations therein be adopted.

ATTACHMENTS

- 1. Minutes of the Performance and Monitoring Committee Meeting held on 31 August 2021**

**MINUTES OF WESTERN BAY OF PLENTY DISTRICT COUNCIL
PERFORMANCE AND MONITORING MEETING NO. PM21-6
HELD VIA ZOOM (AUDIO / VISUAL LINK) UNDER COVID-19 LEVEL 3 LOCKDOWN
ON TUESDAY, 31 AUGUST 2021 AT 9.30AM**

1 PRESENT VIA ZOOM

Cr D Thwaites, Mayor G Webber, Cr G Dally, Cr M Dean, Cr J Denyer, Cr M Grainger, Cr M Gray, Cr A Henry, Cr K Marsh, Cr M Murray-Benge, Cr A Sole and Deputy Mayor J Scrimgeour.

2 IN ATTENDANCE VIA ZOOM

J Holyoake (Chief Executive Officer), G Allis (Deputy CEO/Group Manager Infrastructure Services), R Davie (Group Manager Policy Planning and Regulatory Services), J Pedersen (Group Manager People and Customer Services), K Perumal (Group Manager Finance and Technology Services), G Payne (Strategic Advisor), D Jensen (Finance Manager), L Balvert (Communications Manager), K Little (Operations Manager), C Nepia (Strategic Kaupapa Māori Manager), I Kruis (Resource Recovery and Waste Team Leader), P Watson (Reserves and Facilities Manager), J Paterson (Transportation Manager), C Ertel (Asset and Capital Manager), B Williams (Strategic Property Manager), C McLean (Senior Transportation Engineer), E Wentzel (Utilities Operations Manager), H Wi Repa (Governance Technical Support), J Osborne (Governance Support Administrator) and C Irvin (Senior Governance Advisor).

OTHER ATTENDEES VIA ZOOM

Media
K Gillespie

3 APOLOGIES

Nil

4 CONSIDERATION OF LATE ITEMS

Nil

5 DECLARATIONS OF INTEREST

Nil

6 PUBLIC EXCLUDED ITEMS

Nil

7 PUBLIC FORUM

Nil

8 PRESENTATIONS

Nil

9 REPORTS

9.1 GROUP MANAGER FINANCE AND TECHNOLOGY SERVICES' REPORT

The Committee considered a report dated 31 August 2021 from the Group Manager Finance and Technology Services. The report was taken as read.

- Council met with Standard and Poors last week who were very complimentary in terms of Council's liquidity position. Council remained in a strong financial position.

Staff responded to questions as follows:

- The CEO reported that he had caught up with support people/groups who were working closely with local communities. They reported that processes in place were stronger and more effective compared to the April 2020 Lockdown, resulting in overall improved community resilience.
- A trial was being conducted in the stormwater space around using IOT and technology for monitoring, helping to reduce risks associated with these systems.
- Regarding IT security for the treatment plants, staff advised that there were 'layers of separation' between treatment plants, pump stations and Council's IT systems, which aided the reduction of IT risks. A security review/update of this was high on Council's agenda.

RESOLUTION PM21-6.1

Moved: Mayor G Webber

Seconded: Cr M Grainger

That the Group Manager Finance and Technology Services' report dated 31 August 2021 titled 'Group Manager Finance and Technology Services' Report' be received.

CARRIED

9.2 SCHEDULE OF PAYMENTS FOR THE MONTHS OF JUNE AND JULY 2021

The Committee considered a report dated 31 August 2021 from the Group Manager Finance and Technology Services. The report was taken as read.

RESOLUTION PM21-6.2

Moved: Cr M Gray

Seconded: Cr J Denyer

That the Financial Controller's report dated 31 August 2021 titled 'Schedule of Payments for the Months of June and July 2021' be received.

CARRIED

9.3 ESTABLISHMENT OF CCTV WORKING PARTY AND DELEGATIONS

The Committee considered a report dated 31 August 2021 from the Strategic Property Manager. The report was taken as read.

Staff responded to questions as follows:

- Cr Thwaites nominated the following Councillors for the working parties: Cr Sole for Katikati – Waihi Beach, Cr Murray-Benge for Kaimai and Cr Gray for Maketu-Te Puke. This was agreed.
- Anyone not successful in receiving annual funding would be notified. The Community Boards could consider requests or determine CCTV requirements, however they could only recommend the expenditure of Community Board funds to Council.
- It was confirmed that the Working Party had the delegated authority to make decisions on funding allocations. Councillors on the Working Party represented the community in their decision making.

RESOLUTION PM21-6.3

Moved: Deputy Mayor J Scrimgeour

Seconded: Cr M Dean

1. That the Strategic Property Manager's report dated 31 August 2021 titled 'Establishment of CCTV Working Party and Delegations' be received.
2. That the report relates to an issue that is considered to be of low significance in terms of Council's Significance and Engagement Policy.
3. That it be recommended to Council:
 - a) That a CCTV Working Party be established comprising:
 - Katikati – Waihi Beach Ward 1 Councillor
 - Kaimai Ward 1 Councillor
 - Maketu – Te Puke Ward 1 Councillor
 - Strategic Property Manager 1 Staff Member
 - New Zealand Police 1 Representative
 - b) That the CCTV Working Party be Delegated Authority to:
 - Advertise for applications to install CCTV cameras
 - To evaluate the applications against the CCTV Management Plan Criteria
 - To allocate the annual funding.

And

- c) That the following Councillors be appointed to the CCTV Working Party:
 - Katikati – Waihi Beach Ward Cr Sole
 - Kaimai Ward Cr Murray-Benge
 - Maketu – Te Puke Ward Cr Gray

CARRIED

9.4 CIVIL DEFENCE EMERGENCY MANAGEMENT UPDATE

The Committee considered a report dated 31 August 2021 from the Operations Manager who spoke to the report noting the following:

- The Community Resilience Advisor had established strong relationships with community response teams and local Iwi, supporting and monitoring progress. There was a lot of great work being done in all communities.

In response to questions, the following matters were noted:

- The Senior Policy Analyst - Resource Management, informed the public as soon as new knowledge/information regarding flooding and coastal erosion was available.
- Mayor Webber recognised and thanked the Infrastructure team, in particular the Emergency Management Team, for stepping in, and up, during these difficult times. The support had been amazing.
- Cr Gray commented that emergency responses had been faster, and better coordinated than the 2020 Lockdown. There was a greater focus around food this time.
- The Community Resilience Advisor noted that the provision and delivery of food was the priority at the moment. Some communities were doing remarkably well, particularly the eastern end of the district, but also across the entire district. This was due to good planning and a clear view of outcomes.
- The Reserves and Facilities Manager advised that opening a public facility, such as toilets/showers, for homeless people to use exposed a lot of risks around privacy and social issues.

RESOLUTION PM21-6.4

Moved: Cr A Sole

Seconded: Cr M Murray-Benge

That the Operations Manager's report dated 31 August 2021 titled 'Civil Defence Emergency Management Update' be received.

CARRIED

9.5 OPERATIONAL RISK REPORT AUGUST 2021

The Committee considered a report from the Executive Assistant, Infrastructure Services.

The Deputy CEO advised that the Waka Kotahi Board would be deciding and approving the 2021-24 National Land Transport Program (NLTP) today, which set Waka Kotahi funding for the next 3 years. This would be notified next week. Council would then know exactly what funding would be available for the next three years. There was no indication on 'low risk, low cost' capital works funding, but it was hoped that the Government would allocate extra funds to the NLTP.

The Senior Transportation Engineer spoke to the following items:

- Ōmokoroa to Tauranga Cycle Way; and
- Te Puke – Maketu Cycleway.

The Deputy CEO spoke to the following items:

- Ōmokoroa to Pahoia Cycle Trail;
- Athenree Crossing;
- Ōmokoroa Domain Playground;
- Te Puke Stormwater and Pond;
- State Highway One Pongakawa – Trunk Water Main Renewal;
- ESZ Groundwater Exploration;
- CIP Projects; and
- CIP Feedback from Department of Internal Affairs.

Staff responded to a questions as follows:

- Where practical, cycle ways would be built through stormwater areas, unless there was a hazard in that area that could not be mitigated.
-

- The depth of the bores being drilled could vary depending on how successful the drilling was. Council typically drilled between 160m to 250m below ground level. The 'test bore' drilled, that was shown to be the most successful, was at a depth of about 200m.

The Operations Manager spoke to the following items:

Kerbside Collection:

- Telephone calls since 1 July 2020;
- Service requests since 1 July 2020;
- Tonnage through to week four;
- Kerbside connections;
- Current issues and responses; and
- Increase in glass recycling.

and

- Cameras and Lights at McLaren Falls Road.

RESOLUTION PM21-6.5

Moved: Mayor G Webber

Seconded: Cr A Henry

That the Executive Assistant Infrastructure Service's report dated 31 August 2021 titled 'Operational Risk Report August 2021' be received.

CARRIED

10 INFORMATION FOR RECEIPT

Nil

11 RESOLUTION TO EXCLUDE THE PUBLIC

RESOLUTION PM21-6.6

Moved: Mayor G Webber

Seconded: Cr A Henry

That the public be excluded from the following parts of the proceedings of this meeting.

The general subject matter 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 of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
11.1 - Council Contracts Awarded or Renegotiated for the months of June and July 2021	s7(2)(b)(ii) - the withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7

	s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities	
11.2 - Operational Risk Report August 2021 Confidential	s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7

CARRIED

The Meeting closed at 11.15am.

Confirmed as a true and correct record by Council on 23 September 2021.

9.5 MINUTES OF THE POLICY COMMITTEE MEETING HELD ON 7 SEPTEMBER 2021

File Number: A4324260

Author: Horowai Wi Repa, Governance Technical Support

Authoriser: Barbara Whitton, Customer Services and Governance Manager

RECOMMENDATION

That the Minutes of the Policy Committee Meeting held on 7 September 2021 be confirmed as a true and correct record and the recommendations therein be adopted.

ATTACHMENTS

- 1. Minutes of the Policy Committee Meeting held on 7 September 2021**

**MINUTES OF WESTERN BAY OF PLENTY DISTRICT COUNCIL
POLICY COMMITTEE MEETING NO. PP21-5
HELD VIA ZOOM (AUDIO / VISUAL LINK) UNDER COVID-19 LEVEL 3 LOCKDOWN
ON TUESDAY, 7 SEPTEMBER 2021 AT 9.30AM**

1 PRESENT VIA ZOOM

Mayor G Webber (Chairperson), Cr G Dally, Cr M Dean, Cr J Denyer, Cr M Grainger, Cr M Gray, Cr Henry, Cr M Murray-Benge, Deputy Mayor J Scrimgeour, Cr A Sole and Cr D Thwaites

2 IN ATTENDANCE VIA ZOOM

J Holyoake (Chief Executive Officer), R Davie (Group Manager Policy, Planning and Regulatory Services), J Pedersen (Group Manager People and Customer Services), P Martelli (Resource Management Manager), E Watton (Policy and Planning Manager), B Williams (Strategic Property Manager), M Leighton (Senior Policy Analyst), J Rickard (Senior Policy Analyst), N Rutland (Project Manager District Plan Review), L Balvert (Communications Manager), R Booyesen (Digital Communications Specialist), H Wi Repa (Governance Technical Support), J Osborne (Governance Support Administrator), and B Clarke (Senior Governance Advisor)

3 APOLOGY

APOLOGY

RESOLUTION PP21-5.1

Moved: Cr A Henry

Seconded: Cr J Denyer

That the apology for absence from Cr K Marsh be accepted.

CARRIED

4 CONSIDERATION OF LATE ITEMS

Nil.

5 DECLARATIONS OF INTEREST

Nil.

6 PUBLIC EXCLUDED ITEMS

Nil.

7 PUBLIC FORUM

Nil.

8 PRESENTATIONS

Nil.

9 REPORTS

9.1 ELDER HOUSING OPERATIONAL POLICY ADOPTION

The Committee considered a report from the Senior Policy Analyst. The report was taken as read.

Staff responded to questions as follows:

- Council had an historic agreement with Tauranga Community Housing Trust, in terms of making tenancies available to the Trust, in certain circumstances. Council maintains a strong working relation with the Trust, in Te Puke in particular, with the objective of working together, as needed, to help the right people into accommodation.
- Council's eligibility criteria required tenants to be able to live independently. Generally, when a person stopped being able to do so, it was due to mental incapacity, as opposed to physical incapacity. In such cases, Council worked with the Bay of Plenty District Health Board (BOPDHB) to manage the situation, to arrange whatever was required; and to transition the person into a retirement home or special care facility, as needed. The eligibility criteria enabled Council to do that. Council had no obligation to house people who were beyond the ability to live independently.

RESOLUTION PP21-5.2

Moved: Cr A Henry

Seconded: Cr M Murray-Benge

1. That the Senior Policy Analyst's report dated 7 September 2021, titled 'Elder Housing Operational Policy Adoption', be received.
2. That the report relates to an issue that is considered to be of low significance in terms of Council's Significance and Engagement Policy.
3. That the Elder Housing Operational Policy, (Attachment 1 to the agenda report), dated 7 September 2021, be adopted.
4. That, in adopting the Elder Housing Operational Policy dated 7 September 2021, all previous decisions relating to tenant eligibility criteria and rent setting are superseded.
5. That, in order to implement the Elder Housing Operational Policy, the Policy Committee recommends to Council the following delegations to the Chief Executive:

Application Criteria guidelines for Elder Housing, including:

- the ability to suspend some of the eligibility criteria where an individual's circumstances may warrant it;
- The ability to negotiate tenancies with community housing providers, where an individual's circumstances may warrant it;
- The ability to negotiate rental increases with individual tenants, where an individual's circumstances may warrant it.

CARRIED

9.2 APPROVAL TO COMMENCE A REVIEW OF THE WESTERN BAY OF PLENTY OPERATIVE DISTRICT PLAN

The Committee considered a report from the Project Manager District Plan Review. The report was taken as read.

Staff responded to questions as follows:

- Council was required, by the Resource Management Act 1991 (RMA), to review its District Plan every 10 years.
- There was no requirement to await further legislation. However, Council proposed, with this District Plan review, to take a “short-plan horizon of ‘six-month steps’ at a time”, in order to keep alignment with the RMA reform that was proposed. Regardless, at this time, the legislation still required Council to undertake a standard District Plan review.
- This did not preclude Council from making Plan Changes when it considered it needed to.

RESOLUTION PP21-5.3

Moved: Cr M Grainger

Seconded: Deputy Mayor J Scrimgeour

1. That the Project Manager District Plan Review’s report, dated 7 September 2021, titled ‘Approval to Commence a Review of the Western Bay of Plenty Operative District Plan’, be received.
2. That the report relates to an issue that is considered to be of medium significance in terms of Council’s Significance and Engagement Policy.
3. That, pursuant to section 79(1) of the Resource Management Act 1991, Council accepts the commencement of a District Plan Review process.

CARRIED

9.3 SUBMISSION ON BEHALF OF COUNCIL - PROPOSED CHANGE 5 (KAITUNA) TO THE REGIONAL POLICY STATEMENT

The Committee considered a report from the Senior Policy Analyst. The report and submission was taken as read.

RESOLUTION PP21-5.4

Moved: Mayor G Webber

Seconded: Deputy Mayor J Scrimgeour

1. That the Senior Policy Analyst’s report dated 7 September 2021, titled ‘Submission on behalf of Council - Proposed Change 5 (Kaituna) to the Regional Policy Statement’ be received.
2. That the following submission, shown as Attachment 1 of the agenda report, is received by the Policy Committee and the information is noted:
 - Western Bay of Plenty District Council submission to Proposed Change 5 (Kaituna River) to the Bay of Plenty Regional Council Regional Policy Statement, dated 10 August 2021.

CARRIED

10 INFORMATION FOR RECEIPT

Nil.

The meeting was declared closed at 9.40am.

Minutes were confirmed as a true and correct record by Council on 23 September 2021.

UNCONFIRMED

10 REPORTS

10.1 RECOMMENDATORY REPORT FROM POLICY COMMITTEE - DELEGATIONS TO CEO TO IMPLEMENT ELDER HOUSING OPERATIONAL POLICY

File Number: A4323409

Author: Barbara Clarke, Senior Governance Advisor

Authoriser: Barbara Whitton, Customer Services and Governance Manager

EXECUTIVE SUMMARY

Following receipt of a report from the Senior Policy Analyst at the Policy Committee meeting held on 7 September 2021, the Committee resolved to recommend to Council that it consider specific delegations to the Chief Executive Officer in relation to the Application Criteria guidelines for Elder Housing, in order to implement the Elder Housing Operational Policy.

RECOMMENDATION

That, in order to implement the Elder Housing Operational Policy, Council delegates Application Criteria guidelines for Elder Housing to the Chief Executive Officer, including:

- a) The ability to suspend some of the eligibility criteria where an individual's circumstances may warrant it;
- b) The ability to negotiate tenancies with community housing providers, where an individual's circumstances may warrant it;
- and
- c) The ability to negotiate rental increases with individual tenants, where an individual's circumstances may warrant it.

RECOMMENDATION FROM THE POLICY COMMITTEE HELD 7 SEPTEMBER 2021

9.1 ELDER HOUSING OPERATIONAL POLICY ADOPTION

The Committee considered a report from the Senior Policy Analyst. The report was taken as read.

Staff responded to questions as follows:

- Council had an historic agreement with Tauranga Community Housing Trust, in terms of making tenancies available to the Trust, in certain circumstances. Council maintains a strong working relationship with the Trust, in Te Puke in particular, with the objective of working together, as needed, to help the right people into accommodation.
- Council's eligibility criteria required tenants to be able to live independently. Generally, when a person stopped being able to do so, it was due to mental incapacity, as opposed to physical incapacity. In such cases, Council worked with the Bay of Plenty District Health Board (BOPDHB) to manage the situation, to arrange whatever was required; and to transition the person into a retirement home or special care facility, as needed. The eligibility criteria enabled Council to do that. Council had no obligation to house people who were beyond the ability to live independently.

RESOLUTION PP21-5.1

Moved: Cr A Henry

Seconded: Cr M Murray-Benge

1. That the Senior Policy Analyst's report dated 7 September 2021, titled 'Elder Housing Operational Policy Adoption', be received.
2. That the report relates to an issue that is considered to be of low significance in terms of Council's Significance and Engagement Policy.
3. That the Elder Housing Operational Policy, (Attachment 1 to the agenda report), dated 7 September 2021, be adopted.
4. That, in adopting the Elder Housing Operational Policy dated 7 September 2021, all previous decisions relating to tenant eligibility criteria and rent setting are superseded.
5. That, in order to implement the Elder Housing Operational Policy, the Policy Committee recommends to Council the following delegations to the Chief Executive:

Application Criteria guidelines for Elder Housing, including:

- the ability to suspend some of the eligibility criteria where an individual's circumstances may warrant it;
- The ability to negotiate tenancies with community housing providers, where an individual's circumstances may warrant it;
- The ability to negotiate rental increases with individual tenants, where an individual's circumstances may warrant it.

CARRIED

BACKGROUND**Decision to develop Elder Housing Operational Policy**

The development of this operational policy is an outcome of the Section 17A review of Council's elder housing activity, and Council's decision through the Long Term Plan 2021-31 to continue to operate elder housing as an activity of Council.

The review recommended that an operational policy be developed that sets out eligibility criteria and tenancing guidelines, as well as the policy and process for the setting of rents.

Council resolved to develop an operational policy for its elder housing through its decisions on the Long Term Plan 2021-31. (For reference purposes, the resolution number is APLTP21-3.12 dated 31 May 2021).

Council does not currently have an elder housing policy. However, previous decisions have been made on the level rent will be set at, and eligibility criteria is in place.

The development of this policy:

- Updates Council's current practices;
- Updates and confirms the eligibility criteria for elder housing; and
- Updates and confirms the process for setting rents.

Contents of the Elder Housing Operational PolicyRent Setting

The key direction of the Policy is to set out how Council will set rents for elder housing.

Council gave direction through the Long Term Plan 2021-31 (LTP) that the elder housing activity should be a 'ring fenced' activity of Council, meaning its revenue covers the full cost of

providing the activity. This is reflected in Council's Revenue and Financing Policy (included in the LTP).

The recommendation from the Section 17A review was that rents should be no more than 35% of nett New Zealand Superannuation, plus the Accommodation Supplement.

This is considered to create a good balance between keeping rentals affordable for tenants, and ensuring the revenue generated from rents covers all operational and redevelopment costs.

An example is set out below (note this example is also included in the Draft Policy):

- Council sets rent at \$220 a week.
- At \$220 a week, the accommodation supplement is currently \$77.70
- Effective rent is \$142.30 (rent minus accommodation supplement).
- NZ super is \$436.94 a week (nett).

The *Effective Rent* as a percentage of NZ super is 32.6%.

Note that the calculation of the rate of New Zealand superannuation does not account for the winter energy payment.

It is also worth noting that Council pays water rates directly. These costs are not passed on to tenants.

Eligibility Criteria for tenants

The Elder Housing Operational Policy also includes the eligibility criteria for tenants.

Council currently uses criteria for tenant selection, primarily being that the tenants are over 65 years and have assets worth \$20,000 or less (or \$25,000 for a couple).

In the Policy this criteria has been updated. The main change is that the assets can now be worth \$40,000 or less for a single person, and \$50,000 or less for a couple. This change makes the option of elder housing available to a wider group of people who are of limited financial means.

Council also currently includes a criteria that tenants can only earn up to \$100 before tax each week. This criteria has been removed, as tenants may choose to work for some period of the year (e.g. doing seasonal work) and this criteria limits their ability to do that.

Delegations to the Chief Executive

The Chief Executive is currently delegated the application of the eligibility criteria for tenants. It is recommended these delegations enable flexibility in applying both the eligibility criteria and negotiation of rent increases. This is to recognise that new and existing tenants may have different situations or challenges they are facing, and Council want to be able to respond to in a way that best meets the tenant's needs.

STAFF COMMENTS – SENIOR POLICY ANALYST

Staff support the recommendation in accordance with the report titled 'Elder Housing Operational Policy Adoption', as considered by the Policy Committee on 7 September 2021.

ATTACHMENTS

1. Elder Housing Operational Policy 2021  

Attachment 1

Elder Housing Operational Policy

1. Relevant Legislation

Local Government Act 2002
Residential Tenancies Amendment Act 2020

2. General Approach

- 2.1 Western Bay of Plenty District Council owns four housing villages in Te Puke, Katikati and Waihi Beach. The villages are for the purposes of providing affordable housing for *older people* living in the District.
- 2.2 Council's general approach to this activity is:
- Council employs staff to carry out property and tenancy management functions, in accordance with relevant legislation.
 - The activity is self-funding. That is, revenue generated (primarily rental income) covers all capital and operational expenditure, without rates input.

3. Policy Objectives

- 3.1 To provide guidelines for tenant eligibility for people wanting to live in Council-owned elder housing units.
- 3.2 To provide guidelines for the setting of rents, in accordance with the general approach set out in Clause 2.
- 3.3 To ensure Council meets its statutory obligations with respect to tenancies.

4. Definitions

Older People are those who are eligible for NZ Superannuation. This is currently people aged 65 years and over.

Accommodation Supplement is the subsidy provided by the Ministry of Social Development to support people to meet their housing costs.

Live Independently means to have the ability to manage living on one's own, either with or without support, as certified by a medical doctor.

Effective Rent means the level of rent set by Council, minus the *Accommodation Supplement*.

5. Policy Eligibility Criteria

- 5.1 Applicants must be *Older People* who are New Zealand residents.
- 5.2 Applicants must be able to demonstrate their total assets are worth \$40,000 or less for a single person, and \$50,000 or less for a couple.

Total assets include cash, investments, dividends, bonds, shares, trust of any kind, house and other property, car, caravan or boat.

- 5.3 It does not include furniture or personal effects. Applicants must be able to demonstrate that they are able to *Live Independently*.
- 5.4 Applicants must have two written references, or provide the details of two people willing to provide verbal references. Referees must not be relatives of the applicants.

If there is a waiting list for units, consideration will be given to the following criteria:

- Whether applicants either reside, or have a history of residency within the Western Bay of Plenty District, or
- Whether applicants have close family either residing in the District, or with a history of residency in the Western Bay of Plenty.

6. Ongoing Eligibility

- 6.1 Tenants are obligated to inform their tenancy manager of any changes to their circumstances.
- 6.2 At any time, Council's tenancy managers can request evidence of a tenant's eligibility to remain in their units.

7. Tenancy Agreements

- 7.1 Council will ensure its tenancy agreements comply with the requirements of the Residential Tenancies Act 1986 at all times.

8. Rent Setting

- 8.1 Council will set the *Effective Rent* at a level that amounts to no more than 35% of the nett weekly rate of NZ superannuation.

Two examples are set out below:

Example 1: Single person receiving NZ superannuation

- Council sets rent at \$220 a week.
- At \$220 a week, the accommodation supplement is currently \$77.70
- *Effective rent* is \$142.30 (rent minus accommodation supplement).
- NZ super is \$436.94 a week (nett).

The *Effective Rent* as a percentage of NZ super is 32.6%.

Example 2: married couple receiving NZ superannuation

- Council sets rent at \$280 a week.
- The accommodation supplement is \$78.40
- Effective accommodation cost is \$201.60
- NZ super is \$672.22 a week (nett).

The *Effective Rent* as a percentage of NZ super is 29.9%.

- 8.2 Tenants are not required to be eligible for the *Accommodation Supplement*. For tenants that are not eligible for the *Accommodation supplement*, the rent they pay may be higher than 35% of their income.
- 8.3 Rents will be reviewed annually through Council's fees and charges schedule.

9. Water Rates

- 9.1 Council will continue to cover the costs of water rates, as the units are not on individual meters. This policy may be reviewed if units are redeveloped, and individual meters are installed.

10.2 GREATER TAURANGA TRAVEL PLEDGE

File Number: A4278555

Author: Megan Wakefield, Sustainability and Energy Specialist

Authoriser: Olive McVicker, Manager Corporate Services and Business Improvement

EXECUTIVE SUMMARY

The purpose of this report is to provide Council with background information regarding the 'Greater Tauranga Travel Pledge' to which Western Bay of Plenty District Council is invited to become a signatory organisation.

RECOMMENDATION

1. That the Sustainability and Energy Specialist's report dated 23 September 2021 titled 'Greater Tauranga Travel Pledge' be received.
2. That the report relates to an issue that is considered to be of low significance in terms of Council's Significance and Engagement Policy.
3. That Council become a signatory to the Greater Tauranga Travel Pledge.

BACKGROUND

The concept of a Greater Tauranga Travel Pledge (Travel Pledge) first arose from a meeting between Trustpower, the Sustainable Bay of Plenty Trust, and the Bay of Plenty District Health Board in 2020. The pledge is intended to function as a foundation document to bring together organisations looking for carbon reduction opportunities relating to staff travel to and from work, and align travel related initiatives in order to achieve greater impact.

Current signatories to the pledge are:

- Bay of Plenty District Health Board;
- Bay of Plenty Regional Council;
- Fulton Hogan;
- Waka Kotahi (NZTA);
- Priority One;
- Sustainability Options;
- Tauranga City Council;
- Trustpower; and
- Zespri.

The pledge wording was developed with input from the above signatories, along with representatives of several other large organisations, including Beca, Ballance, and Council's Sustainability and Energy Specialist.

The Travel Pledge group is being used as a forum for work-shopping and accelerating wide scale shifts in the transport landscape of the greater Tauranga region. Initiatives associated with the Travel Pledge include:

- The Wednesday Challenge: an initiative that aims to facilitate a step change in car dependency in Tauranga and the Western Bay of Plenty.
- The Flexible Working Collective: a working group style initiative to share learnings from, and support the adoption of, flexible working patterns.

- The development of a standardised survey for the collection of robust staff travel data for emissions, calculation and identification of common barriers to active modes.

Future focus areas for the Travel Pledge working group include strategic, region-wide deployment, of electric vehicle charging infrastructure, car-share agreements, and facilitating increased uptake of carpooling or ride sharing.

SIGNIFICANCE AND ENGAGEMENT

The Local Government Act 2002 requires a formal assessment of the significance of matters and decision in this report against Council's Significance and Engagement Policy. In making this formal assessment there is no intention to assess the importance of this item to individuals, groups, or agencies within the community and it is acknowledged that all reports have a high degree of importance to those affected by Council decisions.

The Policy requires Council and its communities to identify the degree of significance attached to particular issues, proposals, assets, decisions, and activities.

In terms of the Significance and Engagement Policy this decision is considered to be of low significance because the impacted group is Council staff and staff of the other, mostly Tauranga City based, signatory organisations.

ENGAGEMENT, CONSULTATION AND COMMUNICATION

No engagement plan is required if Council chooses to become a signatory to the Travel Pledge. Communications, for the purpose of informing the community, may be undertaken to supplement those produced by the Travel Pledge.

Interested/Affected Parties	Completed/Planned Engagement/Consultation/Communication		
Staff and Senior Management	Report provided to Senior Management. Regular communications and awareness campaign of existing initiatives	Planned	Completed
Tangata Whenua	New signatories are welcomed via a post on the Travel Pledge Facebook page.		
General Public	New signatories are welcomed via a post on the Travel Pledge Facebook page. The general public could be informed of the Travel Pledge via an article on the Council website similar to that published by Priority One.		

ISSUES AND OPTIONS ASSESSMENT

Signing up to the Travel Pledge will align Council's existing transport related actions with a common set of shared goals, demonstrating how what we are currently doing can result in positive impacts for the wider community.

Existing actions include:

- Flexible working policy;

- A standard bicycle available to staff for short trips and two e-bikes to be added to the bookable system;
- Introducing electric vehicles to the fleet; and
- The Workwell and Move More, Sit Less initiatives headed by the Health and Safety Team.

Option A Council signs on to the Travel Pledge	
Assessment of advantages and disadvantages including impact on each of the four well-beings <ul style="list-style-type: none"> • Economic • Social • Cultural • Environmental 	<p>Normalising the use of different travel modes, and associated increases in demand for transport options, would result in positive social impacts, such as better public transport connection between amenities and communities, and positive mental health benefits associated with making positive change to combat climate change.</p> <p>Economic advantages can be expected to arise over time from reduced cost of public transport and reduced congestion, as the appeal of travel modes, other than single occupancy vehicles, increases.</p> <p>Increased demand for public transport and active modes should also, over time, translate into improved connectivity to sites of cultural importance for youth and other groups who cannot otherwise drive themselves.</p> <p>Environmental impacts on noise, air, water, biodiversity, human health, and climate would be reduced by decreasing reliance on private vehicle transport.</p> <p>Economic disadvantages include, in many cases, the higher time and financial cost of the existing public transport network compared to driving, and the onus on staff to purchase new assets such as bikes.</p>
Costs (including present and future costs, direct, indirect and contingent costs).	<p>No costs will be incurred as a direct result of signing the Travel Pledge, as Council is already progressing transport related actions, which align to the intention of the pledge.</p> <p>Future costs associated with travel improvement opportunities would continue to be undertaken at Council's discretion.</p>
Other implications and any assumptions that relate to this option (Optional – if you want to include any information not covered above).	<p>A formal collaboration such as the Travel Pledge may warrant a higher weighting in central government considerations and strengthen the case for strategic funding opportunities, such as to support the transition to electric vehicles.</p> <p>Framing transport related considerations in the context of the pledge will also ensure decision making and messaging around travel is inclusive, consistent, and transparent in dealing with impacts on the four well-beings.</p>

Option B Council does not sign on to the Travel Pledge	
Assessment of advantages and disadvantages including impact on each of the four well-beings <ul style="list-style-type: none"> • Economic • Social • Cultural • Environmental 	Disadvantages of declining to sign on to the pledge include missed opportunities to: <p>Collaborate on travel projects that would improve the accessibility and appeal of Council facilities and enhance public perception.</p> <p>Contribute to actions that address transport accessibility inequity in the Western Bay.</p> <p>Accelerate the progress of elements of the Climate Change action plan and other associated environmental benefits that a large-scale travel mode shift can bring.</p>
Costs (including present and future costs, direct, indirect and contingent costs).	None
Other implications and any assumptions that relate to this option (Optional – if you want to include any information not covered above).	Declining to sign onto the pledge will not prevent Council representatives from continuing to engage with the wider group but may result in less consideration of Council's views and needs around mode shift.

STATUTORY COMPLIANCE

There are no relevant legislative or legal requirements.

The Travel Pledge and subsequent initiatives align with the transport related Climate Change Action Plan activities already being worked on by Council to mitigate emissions in the Western Bay and support the following key objectives in the Demonstrating Sustainability Pillar of the Corporate Plan:

- 'Our decision-making processes transparently consider trade-offs between competing goals and well-beings';
- 'We have quality data and advice on which to base our decisions'; and
- 'We collaborate with similar organisations to improve our sustainable practices'.

In June of this year, the Climate Change Commission released its final advice to Government, 'Ināia Tonu Nei: a low emissions future for Aotearoa', which outlined recommendations for the first three recommended greenhouse gas emissions budgets to 2035 and direction for the national emissions reduction plan to 2025. The New Zealand Government has until 31 December 2021 to formally confirm the first three budgets and release the inaugural national emissions reduction plan and the policies which shall be enacted to drive systemic change. The report concluded that 'action to reduce [transport emissions] is critical if Aotearoa is going to reach its climate targets', and included a number of transport related recommendations, including the key recommendations below that align closely with the objectives of the Travel Pledge:

- Work with local authorities to set targets and implement plans to substantially increase mode shift to walking, cycling, public transport and shared transport.
- Providing local government with greater support to reduce communities' reliance on cars, including through legislation, removing regulatory barriers and providing increased funding dedicated to active and public transport infrastructure.

As transport makes up almost 33% of total long-lived gas emissions in Aotearoa, it is very likely that these, or similar approaches to changing the way New Zealanders travel, will be adopted in the final reduction plan.

FUNDING/BUDGET IMPLICATIONS

The establishment of a distinct budget or funding pool is not required to progress the objectives of the Travel Pledge, as existing and future activities align with existing plans and work streams, such as the Climate Change Action Plan.

Budget Funding Information	Relevant Detail
Nil	The Travel Pledge incurs no cost. Future initiatives will be covered by existing operating budgets.

ATTACHMENTS

1. **Greater Tauranga Travel Pledge** [!\[\]\(4e333a6106fc298d0ae6dff272a736ef_img.jpg\)](#) 

Greater Tauranga Travel Pledge

Background:

Tauranga City holds the record for the highest use of private cars in Australasia, and traffic flows are increasing by 8 percent each year. The 2015/2016 Tauranga City Community Carbon Footprint found Transport makes up 61% of the City's carbon footprint, 97% of which comes from road transport. Modelling completed in 2018 suggests that if Tauranga was to achieve a similar mode share to Wellington, there would be around 50 fewer premature deaths per year associated with changes in air quality, road safety and levels of physical activity. Further to carbon and environmental footprint and public health implications, traffic congestion is a significant concern to residents and business owners alike.

To work towards solutions for travel and transport related concerns, a group of greater Tauranga organisations have come together to pledge for change.

Travel Pledge Aims:

- Reducing environmental/carbon footprint created by our travel choices
- Enhancing accessibility by making it easier to move around the greater Tauranga area
- Improving public health and wellbeing by choosing active and low emission modes of transport

Pledge:

We the undersigned organisations aim to understand and manage our current approach to travel and transport, to enable us to deliver the commitments required to address the climate emergency and meet the aims of this pledge.

We commit to:

- Investigate and implement flexible working arrangements where practicable for our organisation
- Support and enable active forms of transport for both our staff commute and work-related travel
- Investigate and implement other opportunities to reduce our environmental / carbon footprint relating to how we travel for and to work

Organisation	
Approver Name	
Approver Role	
Approver Signature	
Date	

10.3 THE SALE OF MIDDLEBROOK DRIVE LAND TO KĀINGA ORA

File Number: A4325398

Author: Blaise Williams, Strategic Property Manager

Authoriser: Gary Allis, Deputy Chief Executive & Group Manager Infrastructure Services

EXECUTIVE SUMMARY

Council purchased Lot 2 DP 390751 comprising 1.6hectares, known as 24 Middlebrook Drive in 2018 for \$2.5M for the purpose of extending Moore Park playing fields. The playing fields have been extended, and there is a residual amount of land of approximately 6068m². (**Attachment 1**).

It is proposed, as part of the implementation of Council's Housing Strategy, to on-sell this land to Kāinga Ora for the purposes of affordable housing. Kāinga Ora have received a registered valuation for the land in the amount of \$1.75M plus GST if any, which is considered reasonable. The Kāinga Ora valuation is from a reputable valuer, and has taken into account recent sales of similar land. It is considered that this is a fair market value.

Kāinga Ora have offered to purchase the residual land from Council for \$1.75M plus GST if any.

RECOMMENDATION

1. That the Strategic Property Manager's report dated 23 September 2021 titled 'The Sale of Middlebrook Drive land to Kāinga Ora' be received.
2. That the report relates to an issue that is considered to be of low significance in terms of Council's Significance and Engagement Policy.
3. That Council notes the process of selling land to Kāinga Ora does not follow its usual process of offering land for sale on a contestable basis for the following reasons:
 - (a) A registered valuation has been received from the purchaser, and the purchaser has offered the amount of the valuation.
 - (b) The sale facilitates implementation of Council's Housing Action Plan.
4. That Council proceed to survey the recreational portion of the property off the parent lot and amalgamate this with Moore Park Reserve.

And
5. That Council approve the sale of 6068m² more or less of Lot 2 DP 390751 for \$1.750 million plus GST if any, subject to survey, to Kāinga Ora.

And
6. That Council staff approve the look and feel of the development from an aesthetic perspective. Such approval is not to be unreasonably withheld.

And
7. That the Purchase and Sale Agreement include a clause wherein Council is offered back the land if the development of affordable housing does not proceed within 2 years from date of the Agreement.

BACKGROUND

Council purchased the land in 2018 with a view to acquiring land for a structure plan road, and also for the extension of Moore Park Reserve.

Work on the extension of the reserve is complete and a full sized cricket oval can be accommodated on the reserve. There is a piece of residual land left that is not required for either road or reserve

and it has been informally discussed with Council that this land be set aside for sale or development as affordable housing.

There have been discussions with Kāinga Ora, Ministry of Housing & Urban Development (MHUD) and other interested parties over a considerable period of time to facilitate Council's desire to construct affordable housing in this area. Proximity to the reserve and zoning make this a suitable location for some reasonably intensive development.

Usually Council puts sales of land out to a contestable process. The process followed in this proposal does not follow the contestable process, given we have received a registered valuation supporting Kāinga Ora's offer, and also because the sale facilitates implementation of Councils Housing Action Plan, with regard to construction of affordable housing.

SIGNIFICANCE AND ENGAGEMENT

In terms of the Significance and Engagement Policy, this decision is considered to be of low significance because the land is zoned industrially and construction of a residential development is a permitted activity.

Interested/Affected Parties	Completed/Planned Engagement/Consultation/Communication		
Name of interested parties/groups	Kāinga Ora and Council Elected Members	Planned Nil	Completed Nil
Tangata Whenua	No		
General Public	Yes		

ISSUES AND OPTIONS ASSESSMENT

It is considered that there are two options available; to retain the land in Councils ownership, or sell the land.

Given that Council has informally directed that the land be sold to Kāinga Ora, only this option is to be considered.

Option A
<p>That Council notes the process of selling land to Kāinga Ora does not follow its usual process of offering land for sale on a contestable basis for the following reasons:</p> <p>(a) A registered valuation has been received from the purchaser, and the purchaser has offered the amount of the valuation.</p> <p>(b) The sale facilitates implementation of Councils Housing Action Plan.</p> <p>That Council proceed to survey the recreational portion of the property off the parent lot and amalgamate this with Moore Park Reserve.</p> <p>And</p> <p>That Council approve the sale of 6068m² more or less of Lot 2 DP 390751 for \$1.750 million plus GST if any, subject to survey, to Kāinga Ora.</p> <p>And</p> <p>That Council staff approve the look and feel of the development from an aesthetic perspective. Such approval is not to be unreasonably withheld.</p> <p>And</p> <p>That the Purchase and Sale Agreement include a clause wherein Council is offered back the land if the development of affordable housing does not proceed within 2 years from date of the Agreement.</p>

Assessment of advantages and disadvantages including impact on each of the four well-beings <ul style="list-style-type: none"> • Economic • Social • Cultural • Environmental 	<p>Council will receive \$1.75M for the land.</p> <p>Provides additional housing in Katikati for both the general public and tangata whenua.</p> <p>Implementation of Councils Housing Action Plan.</p> <p>Does not comply with Councils usual process of selling land on a competitive basis.</p>
Costs (including present and future costs, direct, indirect and contingent costs).	<p>Minor operational costs for legal and survey.</p>
Other implications and any assumptions that relate to this option (Optional – if you want to include any information not covered above).	<p>The development will allow increased financial contributions and rates to be paid to Council moving forward.</p>
<p style="text-align: center;">Option B</p> <p>That does not sell the residual land to Kāinga Ora, or chooses to sell the residual land through a public contestable process</p>	
Assessment of advantages and disadvantages including impact on each of the four well-beings <ul style="list-style-type: none"> • Economic • Social • Cultural • Environmental 	<p>Disadvantages</p> <p>A contestable process would delay the sale of the land for housing.</p> <p>Kāinga Ora have been lobbied long and hard to get them to offer to purchase. Delays or a decision not to sell may cause them to question whether to deal with Council in the future.</p> <p>Kāinga Ora have offered a good price for the land which may not be met if Council go through a contestable process or decline to sell the land.</p> <p>Advantages</p> <p>Council get more money for the land through a contestable process, noting if Kāinga Ora didn't enter the process the sale price may be less.</p> <p>Council could consider alternative uses for the land.</p>
Costs (including present and future costs, direct, indirect and contingent costs).	<p>No additional costs would be incurred if Council did not sell to Kāinga Ora.</p> <p>There would be additional clerical and legal costs in following a contestable process</p> <p>Financial Contributions and additional rate income could be lost if the land is not sold for development, or delayed if a contestable process followed.</p>

STATUTORY COMPLIANCE

This sale of land meets Council's Housing Action Plan requirements and will meet the required legal tests for the sale and purchase agreement.

Budget & Funding Information	Relevant Detail
	There will be survey and legal costs associated with the sale of the property. The sale will return \$1.75M to Council.

ATTACHMENTS

1. Moore Park Development 2018 [↓](#) 
2. Moore Park Pitch [↓](#) 



Email: gis@westernbay.govt.nz
 Date: 24/10/2018
 Operator: ad
 Map: E:\Shape\Reserve\Map_mud\moore_dev_2018/1.mxd

Produced using ArcMap by the Western Bay of Plenty District Council GIS Team.
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 Location of services is indicative only. Council accepts no liability for any error.
 Archaeological data supplied by NZ Archaeology & Assoc Dept. of Conservation.



Moore Park Development 2018

Western Bay of Plenty
 District Council



10.4 PAENGAROA DOMAIN - NEW LAND LEASE FOR EASTERN DISTRICTS RUGBY CLUB 2021

File Number: A4281045

Author: Peter Watson, Reserves and Facilities Manager

Authoriser: Gary Allis, Deputy Chief Executive & Group Manager Infrastructure Services

EXECUTIVE SUMMARY

The purpose of this report is to consider any public submissions or objections received in response to the Performance and Monitoring Committee's Resolution, dated 8 June 2021 - PM21-4.6, of its approval, in principle, to grant Eastern Districts Rugby Club (EDRC) a right to lease for up to 33 years 940m² of land being part of Lot 2 DPS 51736 and Section 101 SO 51273, to allow for sport clubrooms situated on Paengaroa Domain, pursuant to section 54 of the Reserves Act 1977.

RECOMMENDATION

1. That the Reserves and Facilities Manager's report dated 23 September 2021 titled 'Paengaroa Domain – New Land Lease for Eastern Districts Rugby Club 2021' be received.
 2. That the report relates to an issue that is considered to be of low significance in terms of Council's Significance and Engagement Policy.
 3. That Council exercise its powers conferred on it as the administering body of the reserve by delegation from the Minister of Conservation under the Reserves Act 1977 and grant Eastern Districts Rugby Club the right to lease for up to 33 years 940m² of land being part of Lot 2 DPS 51736 and Section 101 SO 51273 to allow for sport clubrooms situated on Paengaroa Domain.
- OR
4. A new lease is not entered into and the building is transferred to Council's ownership (as per the provisions in the lease).

BACKGROUND

The 42-year (21 plus 21) land lease at Paengaroa Domain with the EDRC ended in March 2021 with no provision for a right of renewal. The original lease area was 490m². EDRC wish to continue their tenure of the reserve and wish to enter into a new lease with Western Bay of Plenty District Council (WBOPDC) for 940m² more or less. **Attachment 1** is an aerial plan of proposed lease area.

At the Performance and Monitoring Committee meeting on 8 June 2021, the following was resolved:

9.6 PROPOSAL TO LEASE - PAENGAROA DOMAIN - EASTERN DISTRICTS RUGBY AND SPORTS CLUB

The Committee considered a report dated 8 June 2021 from the Reserves and Facilities Manager. The report was taken as read.

Staff responded to a question as follows:

The report sought to rectify issues of non-compliance regarding the club extending their footprint on the reserve.

RESOLUTION PM21-4.6

Moved: Cr K Marsh

Seconded: Deputy Mayor J Scrimgeour

1. *That the Reserves and Facilities Manager's report dated 8 June 2021 titled 'Proposal to Lease - Paengaroa Domain - Eastern Districts Rugby and Sports Club' be received.*
2. *That the report relates to an issue that is considered to be of low significance in terms of Council's Significance and Engagement Policy.*
3. *That the Performance and Monitoring Committee approves in principle to enter into a new lease to continue the tenure of Paengaroa Domain by the Eastern Districts Rugby and Sports Club Incorporated to lease an area of approximately 940m².*
4. *If approval in principle is given, that staff be directed to publicly notify the proposal in terms of Section 119 of the Reserves Act 1977. Subsequent to public notification, Council will give due consideration to any submissions or objections prior to finalising their decision.*

CARRIED

Prior to a lease being granted, Council are required to consult with the public as per Sections 119 and 120 of the Reserves Act 1977.

A public notice was placed in the newspaper on 24 June 2021 (**Attachment 2**).

Public consultation was required under Section 119 of the Reserves Act 1977, and this closed on 26 July 2021. There were no objections received from the public.

Tapuika, Ngati Whakahemo, Ngati Pikiao and Ngati Rangatihi were contacted. Ngati Pikiao responded and are in favour of the proposal (**Attachment 3**).

The term of the proposed lease has yet to be negotiated, however in order to give security to the club's investment into it's current building and proposed extensions, it is intended the lease term will be 16 years with a further renewal period of 17 years.

The Reserves Act 1977 permits a lease of up to 33 years.

SIGNIFICANCE AND ENGAGEMENT

In terms of the Significance and Engagement Policy, this decision is considered to be of low significance because the lease has already been consulted on as part of the Paengaroa Domain Management and Concept Plan 2013. The Reserve Management Plan records that a lease is in place and the reserve program detailed development of a further sports playing field (now completed).

ENGAGEMENT, CONSULTATION AND COMMUNICATION

Interested/Affected Parties	Completed/Planned Engagement/Consultation/Communication	
Tangata Whenua	Tapuika Iwi, Ngati Whakahemo, Ngati Pikiao and Ngati Rangatihi were contacted. Ngati Pikiao responded and are in favour of the proposal	Completed
General Public	No submissions were received from the public	

ISSUES AND OPTIONS ASSESSMENT

Option A	
That Council exercise its powers conferred on it as the administering body of the reserve by delegation from the Minister of Conservation under the Reserves Act 1977 and grant Eastern Districts Rugby Club the right to lease for up to 33 years for 940m ² of land being part of Lot 2 DPS 51736 and Section 101 SO 51273 to allow for sport clubrooms situated on Paengaroa Domain.	
Assessment of advantages and disadvantages including impact on each of the four well-beings: <ul style="list-style-type: none"> • Economic • Social • Cultural • Environmental 	<p>Investment is made by the club and funding agencies into the facility and any future expansion (Women's Rugby).</p> <p>The Club has its own facility and is not subject to commercial lease arrangement and high rental costs</p> <p>The Club is able to continue to expand membership with confidence of providing facilities and recreational programmes.</p>
Costs (including present and future costs, direct, indirect and contingent costs).	Council receives a rental income from the club as per the Setting Land Rentals for the Club Buildings Policy.
Option B	
A new lease is not entered into and the building is transferred to Council's ownership (as per the provisions in the lease).	
Assessment of advantages and disadvantages including impact on each of the four well-beings: <ul style="list-style-type: none"> • Economic • Social • Cultural • Environmental 	<p>The Club would have no facility as the lease has expired</p> <p>The Club would be unable to continue to cater for senior and junior rugby, senior netball, and golden oldies.</p> <p>The Council would inherit the building</p>
Costs (including present and future costs, direct, indirect and contingent costs).	Council would need to make arrangements to find a new lessee for the site and building.

STATUTORY COMPLIANCE

The land status of Paengaroa Domain is a recreation reserve in terms of the Reserves Act 1977. Section 54 of the Reserves Act 1977 applies. This allows the Council to lease all or part of a reserve to any voluntary organisation for use of the reserve for recreational activities.

The lease cannot be for more than a term of 33 years and would require that it be used for the purposes that are specified in the lease.

FUNDING/BUDGET IMPLICATIONS

Budget Funding Information	Relevant Detail
	Council receives a rental income from the club as per the Setting Land Rentals for the Club Buildings Policy.

	The Lessee is responsible for the cost of the building upkeep and outgoings such as water. There are no sewerage pan charges as the building is on septic tank managed by the club.
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ATTACHMENTS

1. Aerial plan of proposed lease area [↓](#) 
2. Public Advertisement Te Puke Times 24 June 2021 [↓](#) 
3. Response from Ngati Pikiao [↓](#) 



From: Raewyn Bennett <raewynbennett@actrix.co.nz>
Sent: Thursday, 17 June 2021 3:20 PM
To: Joanne Hin <Joanne.Hin@westernbay.govt.nz>
Cc: Joe Tahana <joey.tahana@gmail.com>; Piki Thomas <pikithomas@gmail.com>
Subject: RE: Proposal for lease at Paengaroa Domain - Iwi comments sought

Kia ora Joanne. Thank you for notifying me on behalf of Ngati Pikiao. In principle, Ngati Pikiao has no issues with renewing the lease. We would ask that should there be any earthworks in conjunction with a greater occupation area, that an archaeological assessment report by an archaeologist approved by Ngati Pikiao be required and Ngati Pikiao be supplied with a copy of the report prior to any earthworks. We wish the club all the best for the future. Naku Raewyn Bennett

10.5 UTILITY SERVICE EASEMENTS OVER PART OF ŌMOKOROA BEACH GROVE RESERVE IN FAVOUR OF 59A ŌMOKOROA ROAD

File Number: A4318351

Author: Peter Watson, Reserves and Facilities Manager

Authoriser: Gary Allis, Deputy Chief Executive & Group Manager Infrastructure Services

EXECUTIVE SUMMARY

The purpose of this report is to seek Council's consent under its delegated authority in respect of the granting of rights of easements in accordance with Section 48(1) of the Reserves Act 1977, for storm water/water/electricity/telecommunications and a potential wastewater easement over part of Ōmokoroa Beach Grove Reserve (Section 1 SO 330241) in favour of 59a Ōmokoroa Road, being Lot 1 DPS 25830.

RECOMMENDATION

1. That the Reserves and Facilities Manager's report dated 23 September 2021 titled 'Utility Service Easements Over Part of Ōmokoroa Beach Grove Reserve in Favour of 59a Ōmokoroa Road' be received.
2. That the report relates to an issue that is considered to be of low significance in terms of Council's Significance and Engagement Policy.
3. That pursuant to the authority delegated by the Minister of Conservation to the Western Bay of Plenty District Council, and the provisions of Section 48 of the Reserves Act 1977, Council hereby consents to the creation of a storm water/water/electricity/telecommunications and wastewater easements as shown on the attached plan (Attachment 1) on favour of 59a Ōmokoroa Road (Lot 1 DPS 25830) over Section 1 SO 330241.

BACKGROUND

The landowner of Lot 1 DPS 56909 (59a Ōmokoroa Road, Ōmokoroa) is proposing to build a residential house on the property and requires to construct utility infrastructure within Ōmokoroa Beach Grove Reserve to service their property. Additional approval is sought to convey power and telecommunications and potentially drain sewage, all to connect to existing Council infrastructure lines. In order to proceed with the connections, an easement is required over the adjacent esplanade reserve, as shown in **Attachment 1**. The easement areas are as follows:

Drain Stormwater: Easement Area's A, B and C. Discharge storm water, from the site via an approved outlet over Ōmokoroa Beach Grove Reserve to the Tauranga Harbour.

Convey Water: Easement Area A.

Electricity and Telecommunications: Easement Area A.

Drain Sewage: Easement Area's A and B. Permission for this easement has been sought but may not be required if a connection into the existing system is possible.

To note is that Council granted Lot 1 DPS 56909 a ROW easement, which was to be contained within Easement Area A on the attached plan, as per Council resolution dated 11 April 2011 (**Attachment 2**). In the report, 59a Ōmokoroa Road was then referred to as '58 The Esplanade'. Since that report the property has been correctly readdressed to 59a Ōmokoroa Road, as this is the property's legal road access point. At that time, the then landowner did not progress this easement and has since sold the property. The conditions imposed as per the 2011 resolution will still apply.

A survey plan will need to be created to detail the proposed easements locations.

The land over which the easements areas are to be created over is part of the Ōmokoroa Beach Grove Reserve. Being an 'esplanade reserve', it is subject to the provisions of the Reserves Act 1977.

It is proposed that the all of the utility services will be directly drilled and situated underground on a small portion of Ōmokoroa Beach Grove Reserve, thereby not affecting the public's rights to access across the Reserve, in particular the Ōmokoroa to Tauranga cycleway that crosses through the reserve.

The easement document ensures the protection of the Ōmokoroa Beach Grove Reserve and provides the necessary legal right for the adjoining landowner to install the aforementioned utility infrastructure across the esplanade reserve.

The Department of Conservation requires that, in terms of the delegation of the Minister's powers under the Reserves Act 1977, this decision is to be made by Council and recorded as such.

Staff consider that option A below, which recommends the granting of the easements, is the most pragmatic solution for the applicant and Council.

SIGNIFICANCE AND ENGAGEMENT

The Local Government Act 2002 requires a formal assessment of the significance of matters and decision in this report against Council's Significance and Engagement Policy. In making this formal assessment there is no intention to assess the importance of this item to individuals, groups, or agencies within the community and it is acknowledged that all reports have a high degree of importance to those affected by Council decisions.

The Policy requires Council and its communities to identify the degree of significance attached to issues, proposals, assets, decisions, and activities.

In terms of the Significance and Engagement Policy, this decision is considered to be of low significance because it has little impact on the community and has low financial implications.

ISSUES AND OPTIONS ASSESSMENT

Option A	
That pursuant to the authority delegated by the Minister of Conservation to the Western Bay of Plenty District Council, and the provisions of Section 48 of the Reserves Act 1977, Council hereby consents to the creation of a storm water/water/electricity/telecommunications and wastewater easements as shown on the attached plan (Attachment 1) on favour of 59a Ōmokoroa Road (Lot 1 DPS 25830) over Section 1 SO 330241.	
Assessment of advantages and disadvantages including impact on each of the four well-beings <ul style="list-style-type: none"> • Economic • Social • Cultural • Environmental 	<p>The landowner to be able to effectively lay utility services to their house.</p> <p>The property will connect into Council's existing services infrastructure that goes through the reserve.</p>
Costs (including present and future costs, direct, indirect and contingent costs).	<p>Costs for the creation of the easement are borne by the landowner.</p> <p>The easement instrument protects Council from further maintenance or replacement costs of the easement facility and provides legal rights to the adjoining landowner.</p>

Other implications and any assumptions that relate to this option (Optional – if you want to include any information not covered above).	N/A
Option B	
Status Quo (easements not in place)	
Assessment of advantages and disadvantages including impact on each of the four well-beings <ul style="list-style-type: none"> • Economic • Social • Cultural • Environmental 	<p>Council approved the right of way easement (ROW) back in 2011. The land owner at the time did not proceed with the building of a dwelling and subsequently sold the land.</p> <p>The current owner wishes to proceed with building a dwelling and requires the additional easements to the ROW, in order to connect to Council's utility services infrastructure which is the most pragmatic solution.</p> <p>Not approving the additional easements will mean the dwelling cannot proceed.</p>
Costs (including present and future costs, direct, indirect and contingent costs).	
Other implications and any assumptions that relate to this option (Optional – if you want to include any information not covered above).	

STATUTORY COMPLIANCE

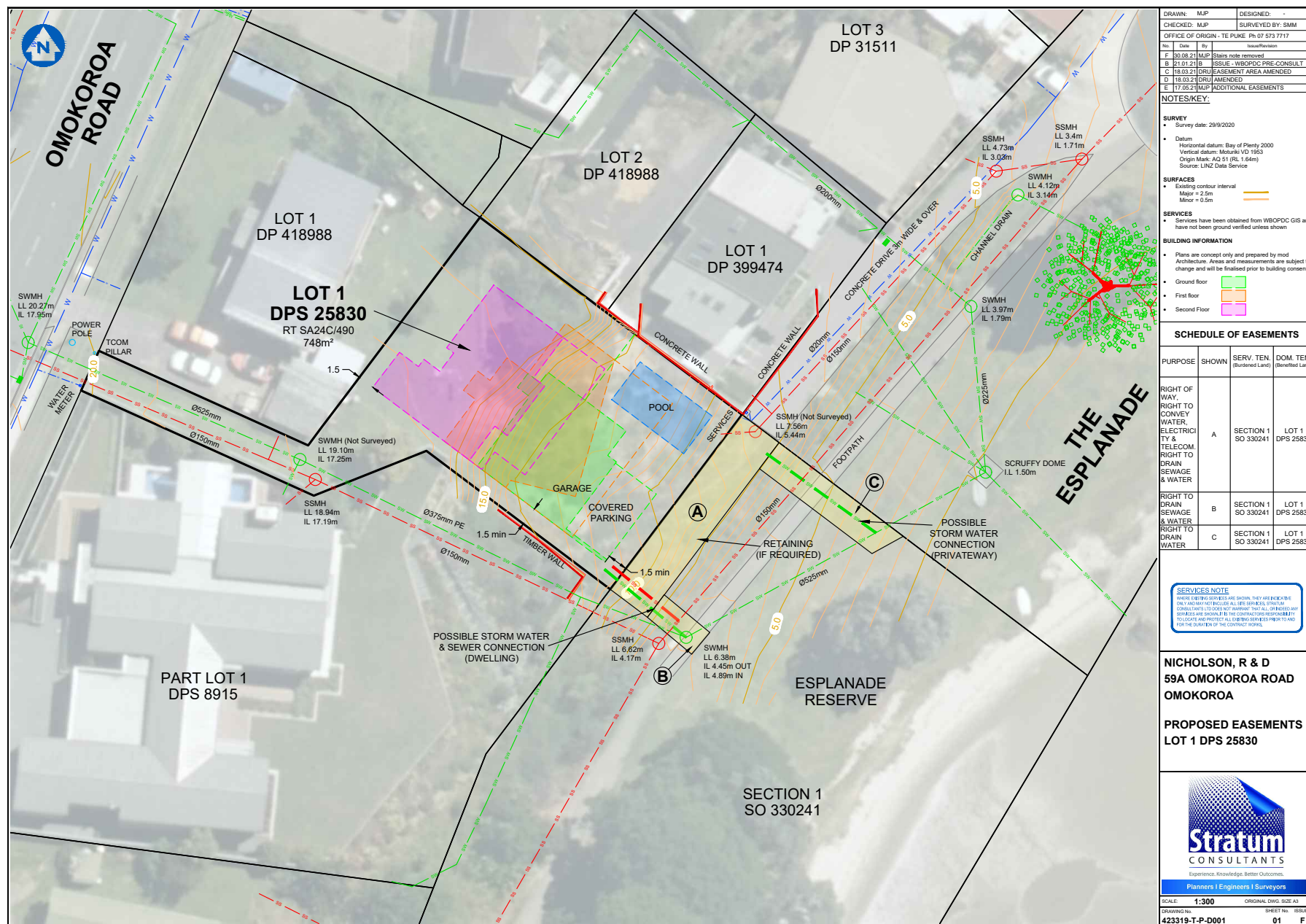
Section 48 (1) of the Reserves Act 1977 provides Council with the Statutory authority to grant easements over reserves.

FUNDING/BUDGET IMPLICATIONS

Budget Funding Information	Relevant Detail
No funding required	<p>An application fee of \$307 is required from the applicant to allow the processing of the consent. No further costs will be sort from the applicant for the benefit of the easement as Council is encouraging connection into approved storm water, water and sewage lines.</p> <p>The easement instrument protects Council from further maintenance or replacement costs of the easement facility.</p> <p>Costs associated with installing the services and reinstatement of the site are to be borne by the applicant.</p>

ATTACHMENTS

1. Easement Areas [!\[\]\(e492b5d52ab457a7a3c2826c4091dfee_img.jpg\)](#) 
2. Council resolution OS3 2011 [!\[\]\(6be2e1cb461308cfbb51376f893366b1_img.jpg\)](#) 



Operational Services Committee Meeting 14 April 2011

OS3.11 58 The Esplanade, Omokoroa – Easement Application

The Committee considered a report from the Reserves and Facilities Manager dated 17 March 2011.

Ms Maureen MacKay (Applicant) and Mr David Small (Legal Counsel for the Applicant), and Mr Robin King (structural engineer) were in attendance.

Mr Brent Slater (Submitter in Opposition) was in attendance.

The Applicant

Mr David Small, legal Counsel for the Applicant tabled item (2) and addressed the Committee.

Mr Robin King then presented a video which showed the subject site in detail.

Messrs Small and King responded to questions as follows:

- The Applicant had owned this land since 2007.
- There was an alternative access at the top of the property, and access was available at the bottom of the property, although the lower access was illegal. The lower access had been created in 1980, and had been an arrangement between two cooperating neighbours.
- The esplanade was formerly a road reserve.

The Legal Property Officer Reserves and Facilities responded to questions as follows:

- Outside Mr Slater's property there was a legal road. Therefore he had access on to the legal road.
- The road ended at the boundary so there is a small piece of reserve.
- At the time the esplanade was created in 2005, there was public notice and a letter sent to all the landowners. The owner was sent a letter, but unfortunately this person was living elsewhere and did not receive the letter.

Submitter in Opposition

Mr Brent Slater, Submitter in Opposition, tabled item (3) and read it in full.

12.30pm

Councillor Burgess withdrew from the meeting.

Mr Slater responded to questions as follows:

- He had submitted plans to council for approval on their driveway.
- At the end of his building period he would come back and build the exposed aggregate surface driveway.
- He was a qualified valuer, his company was Slater Ryan Ltd.
- The Environment Court would take precedence into account and the right to rely upon the District and Council Plans.
- He had spoken to Council staff and had taken out a LIM when he purchased. At that time he was told that the Application could only be granted under exceptional circumstances.

Mr Small addressed the Committee with his summation as follows:

- This was a public road not a right of way.
- The esplanade reserve still existed and the Applicant was not seeking removal of the esplanade reserve. They were seeking right of way over that reserve.

1.00pm

The meeting adjourned for lunch.

1.30pm

The meeting reconvened.

Mr Brent Slater, Submitter in Opposition advised the Committee that he now accepted that there were exceptional circumstances and that he hereby withdrew his opposition.

The Chairperson thanked the Applicant and Mr Slater for their attendance and resolution of the matter.

Staff advised that there was one other Objector.

Resolved: Murray-Benge/Webber

1. *THAT the Reserves and Facilities Manager's report dated 17 March 2011, titled "58 The Esplanade, Omokoroa – Easement Application" be received.*
2. *THAT the Committee notes that the submission in opposition to the proposed easement from Slater Ryan Ltd of 56 The Esplanade had been withdrawn.*
3. *THAT the submissions from the adjoining property owners B and S Glover – 54 The Esplanade be declined.*

Reasons

Fourteen years ago the adjoining land was legal road therefore access to no's 56 and 58 existed at that point in time. No's 56 and 58 still exist on Council records as the addresses for these properties.

The use of the unformed road area for recreation purposes is noted, however, due to the graded separation between this area and the proposed easement Council is of the opinion that the granting of an easement will not have an impact on the recreation activities in this area.

The applicant will be required to provide Council with designs and construction details of a retaining wall designed by a qualified engineer that meets Building Act requirements and Council's Development Code. Council would therefore be indemnified from any liabilities and maintenance of a retaining wall through appropriate conditions contained in the easement documentation.

4. *THAT Council considers the approval of an Easement over the Esplanade Reserve to 58 The Esplanade is due to exceptional circumstances and with the exceptional circumstances being that the Esplanade was a legal road until 2005 and until that time the property had legal access in this location.*
5. *THAT staff initiate the statutory process pursuant to Section 48 of the Reserves Act 1977, to formalise a right of way easement.*
6. *THAT having considered the provisions of Section 48 (3) of the Reserves Act 1977, Council, in its capacity as administering authority, does not require public notification of its intention to grant a right-of-way easement for the reasons contained in Section 4 of the report.*
7. *THAT the Chief Executive Officer be delegated authority to negotiate an Easement fee with the applicant to the satisfaction of both parties.*

8. *THAT the Easement agreement includes conditions that protects Council against future maintenance and Geotechnical liabilities.*
9. *THAT the costs associated with the granting of an Easement are borne by the applicant.*

Councillors Gilmer and Matthews requested that their vote **against** be recorded.

10.6 THREE WATERS REFORM: FEEDBACK FROM WESTERN BAY OF PLENTY DISTRICT COUNCIL TO GOVERNMENT ON REFORM DIRECTION

File Number: A4323880

Author: Gillian Payne, Strategic Advisor

Authoriser: Kumaren Perumal, Group Manager Finance and Technology Services

EXECUTIVE SUMMARY

1. The purpose of this report is to:
 - Brief Council on the Government's Three Waters Reform and its potential implications; and
 - Agree on feedback to the Government on the direction of its proposals, which is due by 30 September 2021.
2. This report does not consider whether to opt in or out of the reform. Under current legislation, Council is prohibited from making a decision to divest their ownership or interest in a water service except to another local government organisation or council controlled organisation.
3. Background information is provided on the Government's drivers and case for change, and recent information received. Draft feedback to Government, for approval through this meeting, is in **Attachment 2**.

RECOMMENDATION

1. That the Strategic Advisor's report dated 23 September 2021 titled 'Three Waters Reform: Feedback from Western Bay of Plenty District Council to Government on Reform Direction' be received.
2. That the report relates to an issue that is considered to be of medium significance in terms of Council's Significance and Engagement Policy.
3. That Council approves the feedback generally as drafted in **Attachment 2** (or as amended in this meeting) for submission to Department of Internal Affairs by 30 September 2021.
4. That the Chief Executive Officer be delegated power to make editorial changes to Attachment 2 and incorporate any late additions that may result from collaboration with other local authorities in Entity B and Mana Whenua.

BACKGROUND

Drivers for Reform and the Case for Change

4. Following the serious campylobacter outbreak in 2016 and the Government's enquiry into Havelock North Drinking Water, central and local government have been considering the issues and opportunities for regulating and managing the three waters activities (drinking water, wastewater, and stormwater).
5. The focus has been on how to ensure drinking water is consistently safe, improve the environmental performance and transparency of wastewater and stormwater networks and deal with funding and affordability challenges, particularly for communities with small rating bases or high-growth areas that have reached their prudential borrowing limits.
6. The Government's stated direction of travel has been for publicly-owned multi-regional models, with a preference for local authority ownership. The Department of Internal Affairs (DIA), in partnership with the Three Waters Steering Committee (which includes elected members and staff from local government) commissioned specialist economic, financial, regulatory and

technical expertise to support the Three Waters Reform Programme and inform policy advice to ministers.

7. The initial stage (Tranche 1 – MOU, Funding Agreement, Delivery Plan and RFI process) was an opt in, non-binding approach. It did not require councils to commit to future phases of the reform programme, to transfer their assets and/or liabilities, or establish new water entities.
8. Council completed the RFI process over Christmas and New Year 2020/21 and the Government has used this information, evidence, and modelling to make preliminary decisions on the next stages of reform and has concluded that the case for change has been made (**Attachment 1**).

Government's June and July 2021 Announcements and Information Releases

9. In June 2021, a suite of information was released by Government that covered estimated potential investment requirements for New Zealand, scope for efficiency gains from transformation of the three waters service and the potential economic (efficiency) impacts of various aggregation scenarios¹.
10. In summary the modelling indicated a likely range for future investment requirements at a national level in the order of \$120 billion to \$185 billion, an average household cost for most councils on a standalone basis to be between \$1,910 and \$8,690 by 2051². It also estimated these average household costs could be reduced to between \$800 and \$1640 per household and efficiencies in the range of 45% over 15-30 years if the reform process went ahead. An additional 5,800 to 9,300 jobs and an increase in GDP of between \$14billion to \$23billion in (Nett Present Value, NPV terms) over 30 years were also forecast.
11. As a result of this modelling, the Government has decided to:
 - Establish four statutory, publicly-owned water services entities that own and operate three waters infrastructure on behalf of local authorities;
 - Establish independent, competency-based boards to govern;
 - Set a clear national policy direction for the three waters sector, including integration with any new spatial / resource management planning processes;
 - Establish an economic regulation regime; and
 - Develop an industry transformation strategy.
12. The proposed safeguards against privatisation can be found on page 26 of the DIA's summary of the case for change (**Attachment 1**)³
13. Both DIA and Local Government New Zealand (LGNZ) have produced two page national overviews, available on the DIA website ⁴ and LGNZ websites⁵, respectively.
14. We have been placed in Water Services Entity B (Hamilton, Hauraki, Kawerau, Matamata-Piako, New Plymouth, Opotiki, Otorohanga, Rangitikei, Rotorua Lakes, Ruapehu, South Taranaki, South Waikato, Stratford, Taupo, Tauranga, Thames-Coromandel, Waikato, Waipa, Waitomo, Western Bay of Plenty, Whakatane, Whanganui), although the precise boundaries are still up for discussion.

¹ This information, including peer reviews and the Minister's briefing can be accessed at: <https://www.dia.govt.nz/Three-Waters-Reform-Programme> and [release-of-second-stage-evidence-base-released-june-2021](https://www.dia.govt.nz/Three-Waters-Reform-Programme).

² This is not necessarily the price a household would pay; it is an estimate of the average cost to deliver services to each household.

³ Transforming the system for delivering three waters services (dia.govt.nz); [https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/\\$file/transforming-the-system-for-delivering-three-waters-services-the-case-for-change-and-summary-of-proposals-30-june-2021.pdf](https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/$file/transforming-the-system-for-delivering-three-waters-services-the-case-for-change-and-summary-of-proposals-30-june-2021.pdf)

⁴ 2872-DIA-A3-A New Water with-without reform Map 20210526 v2.7

⁵ Three-Waters-101-Infographic.pdf (lgnz.co.nz)

15. On 15 July, in partnership with LGNZ under a Heads of Agreement, the Government announced a package of \$2.5 billion to support councils to transition to the new water entities and to invest in community wellbeing. This funding is made up of:
 - A 'better off' element of \$2 billion (the investment funded \$1 billion from the Crown and \$1 billion from the new Water Services Entities, \$500 million will be available from 1 July 2022) and
 - 'No council worse off' element of \$500 million (available from July 2024 and funded by the Water Services Entities).
16. The 'better off' funding can be used to support the delivery of local wellbeing outcomes associated with climate change and resilience, housing and local place-making, and there is an expectation that councils will engage with Iwi/Māori in determining how to use their funding allocation.
17. Council's 'better off' funding allocation is \$21.4 million. Conditions associated with the package of funding have yet to be worked through.
18. In addition to the funding announcements, the Government has committed to further discussions with local government and Iwi/Māori over the next eight weeks on:
 - The boundaries of the Water Service Entities;
 - How local authorities can continue to have influence on service outcomes and other issues of particular importance to their communities;
 - Ensuring there is appropriate integration between the needs, planning and priorities of local authorities and those of the Water Service Entities; and
 - How to strengthen the accountability of the Water Service Entities to the communities that they serve, for example through a water ombudsman.

Next Steps for Government Decision-Making

19. Next steps are expected to be announced after 30 September 2021, which would include the timeframes and responsibilities for any community or public consultation. Government has not ruled out legislating for an 'all-in' approach to reform to realise the national interest benefits of the reform.
20. On the assumption that the reform goes ahead, it is anticipated that councils will continue to deliver water services until at least early 2024 and council involvement in transition will be required throughout.

SIGNIFICANCE AND ENGAGEMENT

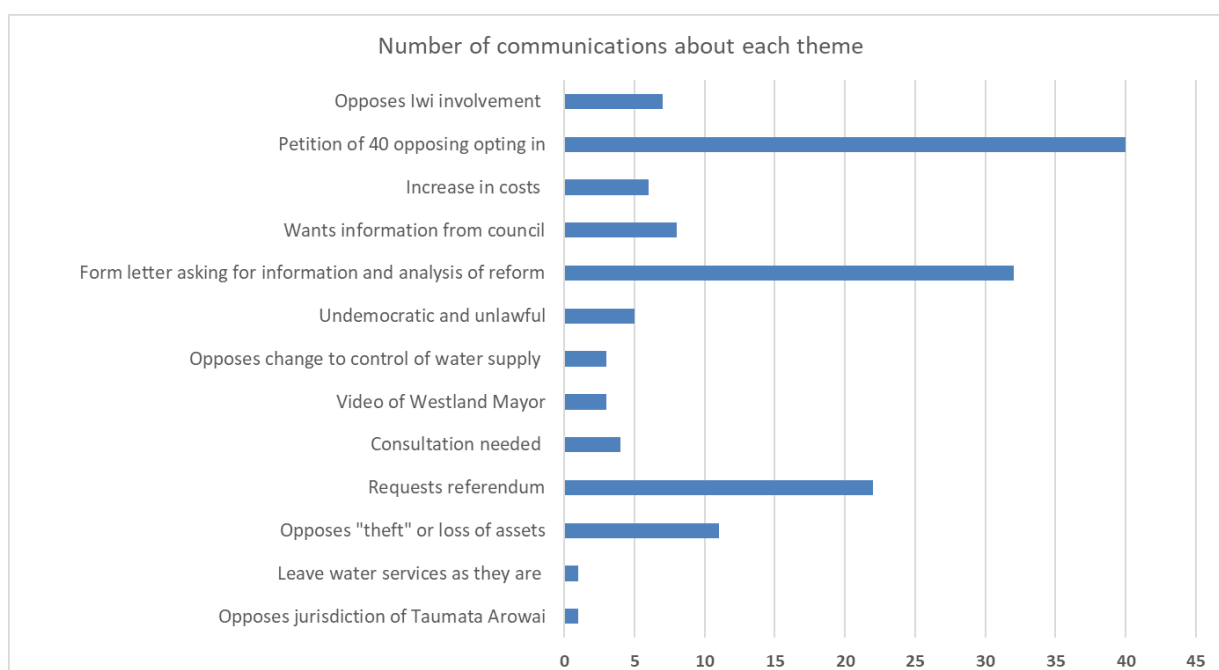
21. The Local Government Act 2002 requires a formal assessment of the significance of matters and decision in this report against Council's Significance and Engagement Policy. In making this formal assessment there is no intention to assess the importance of this item to individuals, groups, or agencies within the community and it is acknowledged that all reports have a high degree of importance to those affected by Council decisions.
22. The Policy requires Council and its communities to identify the degree of significance attached to particular issues, proposals, assets, decisions, and activities.
23. In terms of the Significance and Engagement Policy the decisions currently presented are considered to be of medium significance. However, it is noted that the reform itself (if Government proceeds) would be of high significance.
24. Council has heard from some in the community that there is concern about the potential for Council to lose control of its Three Waters assets, and the implications of the reform for iwi and Hapu are significant, should it go ahead. However the decision being taken today is about feedback on Government's direction, not a decision to opt in or out of the reforms or otherwise alter the way Three Waters services are delivered.

25. Under current legislation, Council is prohibited from making a decision to divest its ownership or interest in a water service except to another local government organisation or council controlled organisation⁶. Also, Government has not yet made final decisions on a number of important matters it is seeking feedback on, so such a decision would be premature even if it were legally possible.

ENGAGEMENT, CONSULTATION AND COMMUNICATION

Feedback Already Received

26. Unsolicited feedback about the potential reforms has recently been received by Council through several phone calls, many emails and a delegation that came to speak to Council in public forum.
27. The themes of the email correspondence have been analysed and summarised in the graph below. The graph shows analysis of the 70 emails received by 9 September 2021 (including one that was a petition of 40 people). Updated analysis will be tabled at the Council meeting.



Future Consultation

28. Unless reform is made mandatory, Council will need to consult with the community before making a decision on whether to opt in or out of the reform.
29. To ensure sufficient information is available to meet the moral and legal requirements of Council decision-making, staff would analyse the practicable options (based on further information from the Government, advice on next steps, and regional discussions) prior to Council decision making and consultation on future water services delivery.
30. Whether this is ultimately required will be dependent on Government's direction for the reform process and the decisions it makes after 30 September 2021.

ISSUES AND OPTIONS ASSESSMENT

31. Council's decision in this meeting is whether to approve the draft feedback (**Attachment 2**) or to amend it through this meeting, prior to approval.

⁶ Local Government Act 2002 section 130

32. A Policy Committee workshop was held on 23 August 2021 to elicit feedback from elected members.
33. The draft feedback attached is based on the discussion at the Policy Committee workshop on 23 August 2021. Feedback from workshops of Te Kahui Mana Whenua o Tauranga Moana and Te Iho o Te Waka o Te Arawa have also been included, as requested at those workshops; Mana Whenua also intend to provide feedback to central Government directly.

Table 2

That Council approves the feedback generally as drafted in Attachment 2 (or as amended in this meeting) for submission to Department of Internal Affairs before 30 September 2021.	
Reasons why no options are available Section 79 (2) (c) and (3) Local Government Act 2002	Legislative or other reference
Options are limited to approving the feedback as drafted, or amending the feedback through this meeting, prior to approval.	

Process to Develop Feedback

34. To facilitate discussion, staff used a tool developed by consultants engaged by a consortium of the Bay of Plenty and Waikato Councils. A similar approach has been used by other councils in the consortium.
35. The tool, known as the 'balanced scorecard' impact assessment framework, provided a structure through which to consider a range of factors which may impact on Three Waters reform decision-making.
36. The assessment was divided into four perspectives, each with a range of criteria to assess impacts on Council and the community under three scenarios, being:
 - (a) Council's current three waters position (SQ);
 - (b) Council's projected position in 2031 if the Long Term Plan (LTP) work is implemented, without reform (LTP); and
 - (c) The position in 2031 if the reform proposal is implemented (RF)
37. The four perspectives considered were:
 - (a) Service
 - (b) Finance and Funding
 - (c) Workforce, delivery and capability
 - (d) Social, community and economic well-being
38. A Red, Amber, Yellow, Green assessment scale was used, with Yellow denoting a neutral status.
39. Prior to the workshop, staff worked with the consultants that designed the tool to populate the assessments. Areas that showed a less beneficial outcome or a greater risk under the reform scenario compared to the LTP 2031 scenario, were identified. The staff assessment presented at the workshop is attached (**Attachment 3**).
40. During the workshop staff provided an explanation of their assessment and facilitated discussion among elected members. The discussion focussed on areas that elected members were concerned about and wished to raise in their feedback to central government, for example by seeking change, assurance or clarity from central government.

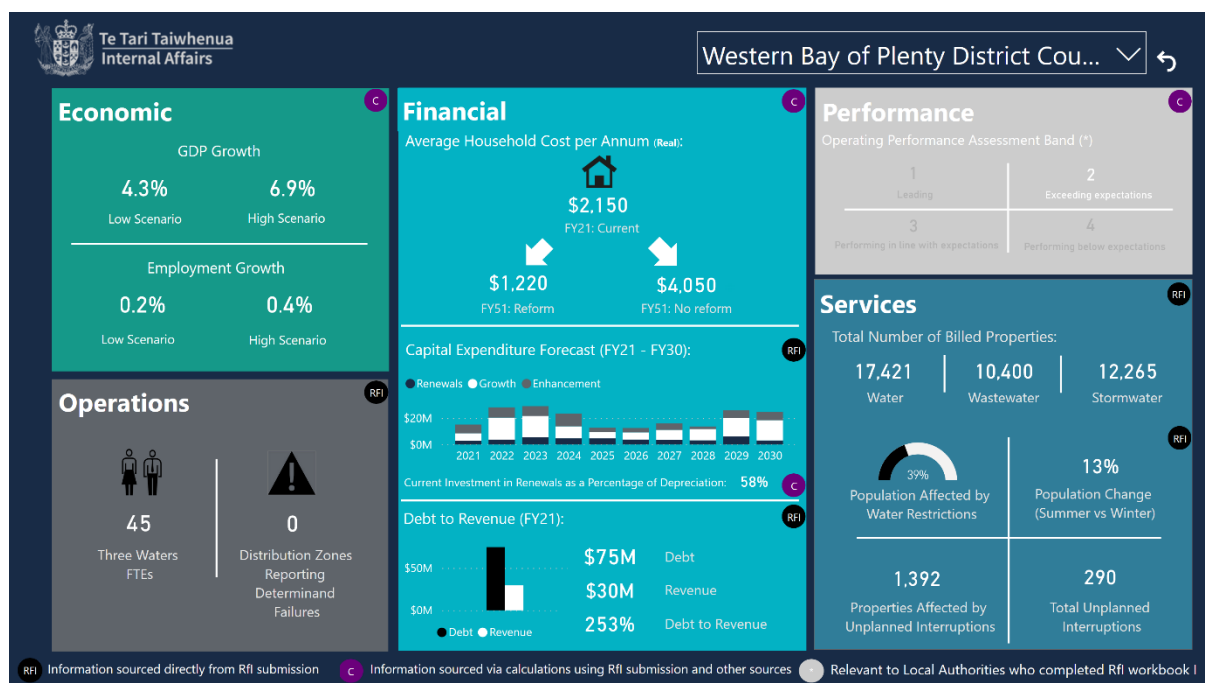
Other considerations

41. Councils do not have a national interest test for their decision making. Councils are required to act in the interests of their communities, and the community's wellbeing (now and into the

future), provide opportunities for Māori to contribute to their decision-making processes, ensure prudent stewardship and the efficient and effective use of its resources in the interests of the district or region (including planning effectively for the future management of its assets) and take a sustainable development approach.

Council Specific Information and Analysis to Inform the Assessments

42. Council currently delivers three waters as a mix of in-house and contracted out services. The operational contract with Downer is a joint contract with Tauranga City Council. Council owns the assets used to deliver Three Waters services.
43. Based on the information provided by councils to DIA at Christmas /New year 2020/21 (refer paragraph 7) dashboards have been developed for each council. The information in the dashboards is derived from analysis undertaken by DIA's consultants, Water Industry Commission for Scotland (WICS).
44. Our dashboard is shown below. Together with the dashboards of other councils, it can be accessed on this site:
<https://app.powerbi.com/view?r=eyJrJoiOGE1OTJlYWUtZDZkNy00YWZjLTgzN2EtOTY1MzQxNGM5NzJmliwidCI6ImY2NTljYTJlZWZjNDctNGU5Ni1iMjRkLTE0Yzk1ZGYxM2FjYiJ9>



45. The key aspects to note are detailed below.
46. The Request for Further Information (RFI) submission was based on the financial forecasts in December 2020, prior to the finalisation of the 2021-2031 LTP. The differences between the draft LTP and the final are not considered material, with the waters capital expenditure increasing by \$20m over the ten years of the plan. Three waters-related rate revenue per year remained similar each year of the LTP.

Differences in Assumptions Used

47. DIA's output from the RFI showing expected future costs are based on several assumptions, some of which are significantly different to those Council has used to develop the Infrastructure Strategy in the LTP 2021-31. The assumptions are based on WICS international experience of managing Three Waters services, informed by advice they received from local consultants.
48. While WICS uses the LTP assumptions for growth in the waters networks, they use significantly different assumptions for investment required over the 30 years of the Infrastructure Strategy,

and different assumptions about how much debt Council could raise to finance investment if it remained a standalone service supplier (i.e. no reform scenario).

49. Differences in Capital Expenditure Forecasts:

- Regarding renewals, the assumptions are broadly similar, but with respect to level of service improvements required over the 30 years, the assumptions diverge. Based on WICS experience from other jurisdictions and their expectations about the future regulatory framework, WICS expectations are much higher.
- WICS assumes Council would need to invest \$1,121 million (uninflated) in capital expenditure over the period to 2051.
- Council's infrastructure strategy assumes we would need \$361 million over the same period.
- The majority of the difference between WICS's and Council's forecasts occurs outside the ten years of the 2021-31 Long Term Plan. While WICS assumes capital investment of \$374 million between 2021 – 2031 (LTP: \$212 million), they assume a further \$747 million between 2032 – 2051 (LTP: \$149 million).

50. Debt Capacity for Council as a Stand-Alone Provider:

- Council's overall capacity to borrow is based on 250% of its total revenue but WICS has limited the borrowing capacity to 250% of Three Waters revenue only when modelling Council as a stand-alone provider in future.

51. Efficiency Assumptions:

- DIA have assumed operating efficiency assumptions of 45% over the 30 years modelled of the reform scenario. WICS believes this is achievable, based on their experience; it is around 1.5% efficiency each year.
- No efficiency assumptions have been included in WICS' estimates of the no-reform scenario.

52. These key assumptions lead to significant differences between Council's forecasts and those of DIA.

53. Average cost per household (which is not the same as the rates charged per connection or rating unit):

- DIA (based on several assumptions) states it is \$2,150 currently; Council's figure, based on the 2021/22 Plan and using the same methodology as DIA, is \$2,426.
- DIA's reform (Entity B) projects average cost per household of \$1,220 by 2051 compared to \$4,050 for WBOPDC without reform by 2051.

Basis of the Different Assumptions

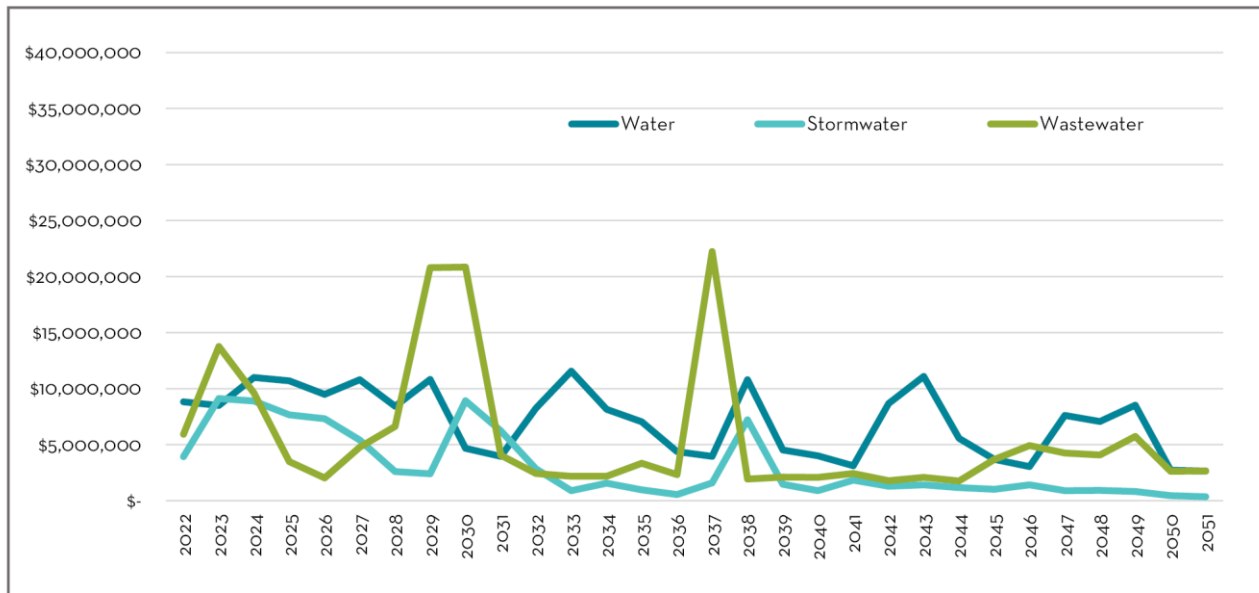
54. By their nature, there are uncertainties in Council's 30 year infrastructure forecasts, just as there are in WICS' forecasts.

55. While prepared at the national level, WICS' modelling has been peer reviewed by Farrierswier and Beca to ensure that both the modelling and underlying assumptions are reasonable in the New Zealand context. The peer reviews conclude that the WICS modelling provides a reasonable indication of the direction and 'order of magnitude'⁷ of the gains that can be delivered through the new system and the level of future investment Council is likely to need to make over the next 30 years.

⁷ Page iv, 2021, Farrierswier, Three Waters Reform, Review of methodology and assumptions underpinning economic analysis of aggregation available at [https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/\\$file/farrierswier-three-waters-reform-programme-review-of-wics-methodology-and-assumptions-underpinning-economic-analysis-of-aggregation-released-june-2021.pdf](https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/$file/farrierswier-three-waters-reform-programme-review-of-wics-methodology-and-assumptions-underpinning-economic-analysis-of-aggregation-released-june-2021.pdf).

56. Our own information demonstrates that there is significant investment required over the next 10 years of our Long Term Plan and out across 30 years in our Infrastructure Strategy, underpinned by assumptions that regulatory standards will tighten and that there will be more monitoring and enforcement in the future. Some of the assumptions used in our forecasts are more certain than others.

Figure 4: Projected Capital Expenditure by Activity 2021/22 - 2050/51



57. While the expenditure peaks put pressure on Council expenditure at times, they are considered manageable within Council's planned debt management approach.

Details Underpinning Council's Forecast Capital Expenditure

58. Some of the key projects planned for by Council include:
- The Katikati 'Ocean Outfall Renewal' in 2037 (\$14 million) is the most significant peak in expenditure. Council will need to explore a range of options for wastewater disposal due to changing consent requirements.
 - Katikati wastewater treatment plant requires a major upgrade to meet future growth requirements; funding may need to be brought forward in the LTP due to the accelerated level of growth experienced in the District.
 - The Te Puke wastewater treatment plant requires major infrastructure upgrades expected to cost \$42 million. This is budgeted during 2021-30, to provide capacity and to meet new resource consent conditions.
 - Security, resilience and increased compliance for water supply is identified as a significant issue. Additional bores are required in the Central Supply Zone to service growth. This is planned to occur in 2043.
 - Due to the age of assets in the water supply activity, there are a number of renewal projects around 2040 for replacement of the Maketū reservoir and water reticulation improvements in the Western Supply Zone.
 - New water sources are being sought for the Central and Eastern Supply zones to meet growth demands. Councils Infrastructure Strategy identifies all future water source requirements for the District.
 - Comprehensive Stormwater Consents (CSC) are in place for all Council's urban catchments. Work is underway to review and update the Catchment Management Plans

(CMP) which will help guide future infrastructure investment for both quality and quantity management.

59. Council considers its Three Waters networks perform to acceptable standards as determined by levels of service and key performance indicators. Performance issues include rare instances of low pressure, pipe bursts and occasional sewage overflows due to blockages and or inflow/infiltration. There is an ongoing programme of improvements in place to address these issues.
60. The stormwater level of service seeks to minimise the impact of flooding events on the number of habitable floors affected, reducing as much as possible the impact on the liveable areas of people's houses. The known issue of undersized stormwater pipes is managed by prioritising replacement for stormwater areas most at risk of flooding habitable floors.
61. It is expected that improvements in stormwater quality will be required within Council's urban areas. A monitoring program is in place for stormwater quality and some allowance has been made for the installation of stormwater treatment devices.
62. It is expected that with the water reforms and the water regulator (Taumata Arowai) that Council will need to introduce a two barrier treatment method to its water supplies through UV treatment. Provision has been made for this for the first few years of the LTP. Continued compliance costs are expected across the 30 years.
63. Our maintenance budgets are considered suitable for the next 10 years with high-level assumptions made for the next 30 years.
64. Regarding carbon emissions, work is beginning to address this issue and the first assessment is not completed. It is difficult to say whether current Three Waters funding will be sufficient to address our short, medium and long term responsibilities, including New Zealand Emissions Trading requirements.
65. Climate change has been incorporated into our infrastructure planning. Adapting to climate change is becoming a more prominent feature of the Council's work programme, as we increase our knowledge on the impact it has on infrastructure. While planning for the potential impacts of climate change is part of business as usual, we need to better understand the implications of climate change for specific assets to inform future management and investment decisions we make on our infrastructure.
66. Council has funding in place to investigate impacts of climate change on infrastructure, however no funding has been included for improved resilience to the network in the longer term. It is anticipated that as a result of climate change, stormwater and wastewater networks will require increased expenditure on operational responses and repairs due to damage from storms.
67. There is also the potential for Council to have to work with, and potentially take over, private water supplies if they are unable to meet quality standards and regulatory requirements in future. Council's knowledge of the extent of such supplies, their asset condition and reliability of safe supply is poor. No provision has been made for such costs.

What do these Differences Mean for the Feedback we are sending to Government?

68. At this stage it is not possible to fully test the projections as the standards for Aotearoa/New Zealand out to 2051 are not known. However, it is reasonable to assume that there will be greater community and Mana Whenua expectations around environmental performance and quality, tougher standards to meet for water quality (drinking and receiving environment) and that monitoring, compliance and enforcement will be greater than it is now.
69. This affects both operational and capital expenditure (costs will go up), including the number of staff (or contractors) that council will need to ensure that Council outcomes for water, community and legal requirements are met.
70. There is always a level of uncertainty, and therefore risk, around assumptions and forecasts, whether prepared by us for our LTPs, or by others such as Government, to facilitate policy decisions, such as the current Three Waters Reform process. Staff consider that it would not

be a good use of Council's limited resources to spend time and money on a detailed review of the assumptions and modelling, at this stage.

71. Staff have however, done a simple sensitivity analysis of WICS' assumptions for capital expenditure and debt capacity, as mentioned in paragraphs 51 and 52 above.
72. By reducing aspects of WICS' assumed capital expenditure over the 30 years to 2051 (to \$691 million rather than \$1,121 million), and increasing the debt capacity limit to current settings, the expected average household cost for Western Bay's Three Waters services, with no reform, changes from \$4,050 to \$2,751 in 2051.
73. Council staff have used the above dashboard and additional information in this report, and Council's LTP activity plans and Financial and Infrastructure Strategies to assess the status quo, and LTP scenarios in **Attachment 3**.
74. To assess whether the proposed 'better off' (\$21.4 million) and 'no worse off funding' (not yet determined) to Council is sufficient, Council needs further information on the conditions that will be associated with that funding. For the assessment in Attachment 3, staff assumed that this funding would provide Council with an opportunity to address a range of issues and opportunities to improve community wellbeing in partnership with Mana Whenua and the communities Council serves.

Draft Feedback for Approval

75. Based on the notes taken at the workshop, staff have collated the workshop discussion into feedback for consideration and approval in this meeting (**Attachment 2**).
76. On behalf of Entity B as a whole, feedback is also being collated by a working group of Mayors and Chief Executives; Mayor Webber is a member of this group.

STATUTORY COMPLIANCE

77. The recommendations in this report are confined to noting information provided and approving feedback. As such, they meet Legislative requirements, are not in conflict with current Council plans or policies, or regional or national policies or plans.

FUNDING/BUDGET IMPLICATIONS

78. There are no funding or budget implications associated with the decision recommended in this report.

ATTACHMENTS

1. **DIA - Transforming the System For Delivering Three Waters Services, the Case for Change and Summary of Proposals 30 June 2021** [!\[\]\(b6d55d0b173caf9b2505126db01e6158_img.jpg\)](#) [!\[\]\(12811766810e4126d2bed4d8c0808e60_img.jpg\)](#)
2. **Draft Feedback to Minister Mahuta on Three Waters Reform Matters** [!\[\]\(ef4c06c861a77cbd8cff5c2a4ca34233_img.jpg\)](#) [!\[\]\(80b05c8a80151a7cedd31bb12aa6add6_img.jpg\)](#)
3. **Council Impact Assessment (Workshop Material)** [!\[\]\(7159d23aaf4c2a795c449ae2a2607801_img.jpg\)](#) [!\[\]\(bca776874962dc22f2fd9e528c97c830_img.jpg\)](#)

Transforming the system for delivering three waters services

The case for change and summary of proposals

June 2021



**Te Tari Taiwhenua
Internal Affairs**

New Zealand Government

Introduction

In July 2020, the Government launched the Three Waters Reform Programme – a three-year programme to reform local government three waters service delivery arrangements in a way that improves health and wellbeing outcomes to benefit all communities in New Zealand. The Government's objectives from this programme are to:

- improve the safety, quality, and environmental performance of water services;
- ensure all New Zealanders have access to affordable three waters services;
- move the supply of three waters services to a more financially sustainable footing, and address the affordability and capability challenges that currently exist in the sector;
- improve transparency about, and accountability for, the delivery and costs of three waters services;
- improve the coordination of resources and unlock opportunities to consider New Zealand's water infrastructure needs at a larger scale and alongside wider infrastructure and development needs;
- increase the resilience of three waters service provision to both short and long-term risks and events, particularly climate change and natural hazards;
- provide mechanisms for enabling iwi/Māori rights and interests.

The last 12 months have involved an intense phase of policy advice, commercial, legal and analytical work, engagement with local government and iwi/Māori. This work has been progressed through a constructive partnership-based approach with the local government sector, under the oversight of a joint central-local government steering committee.

An integrated and extensive package of reform

The Government has decided, based on the substantial work undertaken over the past year, to pursue an integrated and extensive package of reform to the current system for delivering three waters services and infrastructure. The package comprises the following core components:

- establish four statutory, publicly-owned water services entities to provide safe, reliable and efficient water services
- enable the water services entities to own and operate three waters infrastructure on behalf of local authorities, including transferring ownership of three waters assets and access to cost-effective borrowing from capital markets to make the required investments
- establish independent, competency-based boards to govern each water services entity
- set a clear national policy direction for the three waters sector, including expectations relating to the contribution by water services entities to any new spatial / resource management planning processes
- establish an economic regulation regime, to ensure efficient service delivery and to drive the achievement of efficiency gains, and consumer protection mechanisms

- develop an industry transformation strategy to support and enable the wider three waters industry to gear up for the new water services delivery system.

Continuing to work in partnership with the three waters sector to support a smooth transition

The Government will continue to work closely with its local government and treaty partners on some of the details to give the reforms the best chance of success, to ensure the new water service entities can efficiently and effectively commence operations by no later than 1 July 2024.

Further details on the proposed approach to transition will be made available in the coming weeks, including a three waters reform support package for councils and their communities.

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Case for change

This document has been prepared to summarise the case for reforming service delivery arrangements and explain the key features of the Government's proposed system for water services delivery.

A successful New Zealand needs a thriving three waters system

The three waters system is critical for the health and wellbeing of New Zealand. It is significant for upholding te mana o te wai, the functioning of society, the health of the environment, and the performance of the economy.

With \$54.6 billion in assets and 4,900 council staff, supporting the delivery of services to 4.3 million customers, our three waters sector is easily one of the country's most significant infrastructure sectors, with activity that touches on every corner of the economy.

The majority (85%) of New Zealanders receive their three waters services from their council (local or unitary authorities). A significant number of mostly smaller private and community-based suppliers also supply drinking water to small and rural populations, including on marae.

The three waters infrastructure network consists of infrastructure and processes used to collect, store, transmit through reticulation, treat, and discharge three waters. The infrastructure is complex and expensive, and much of it is underground.

The three waters sector is facing a significant crisis and will continue to suffer from a series of challenges without necessary action

It has become clear that New Zealand's three waters sector is facing a significant crisis, and will continue to do so without major, transformational reform.

While there are pockets of good performance, in many parts of the country communities cannot be confident that their drinking water is safe, that the three waters sector is achieving good environmental outcomes, that it can accommodate population and housing growth, that the rights and interests of iwi/Māori are being upheld, and that climate change and natural hazard risks are being successfully managed.

The challenges the three waters sector faces in delivering health, customer and environmental outcomes and the sheer size of the infrastructure deficit that has developed, are symptomatic of a wider systemic failure underpinning the way three waters services are currently delivered.

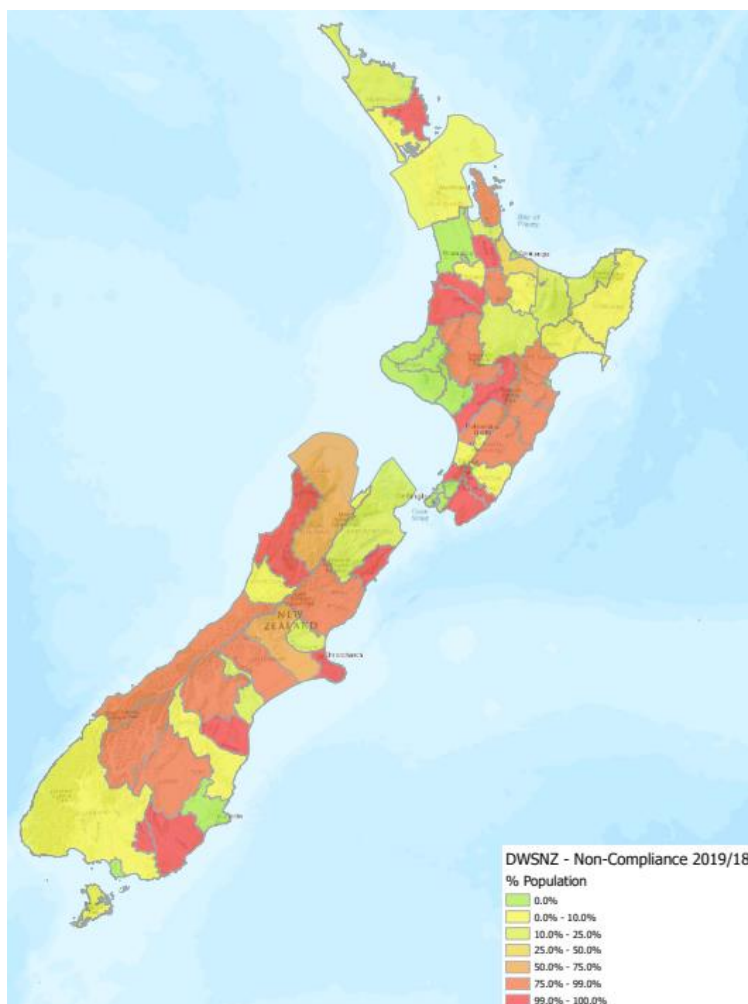
Significant investment is needed across the country to address the issues. Without a national, co-ordinated approach, the costs to householders will be high.

Poor compliance with drinking water standards

Access to safe drinking water and sanitation is considered a basic human right. However, many New Zealanders cannot be confident that their drinking water is safe.

Water suppliers' compliance with drinking water standards varies significantly across the country. The map below outlines the percentage of the population within each local authority area that is served by supplies that are non-compliant with the drinking water standards, as reported by the Ministry of Health.¹

Figure 1: Map of compliance with Drinking Water Standards New Zealand



Source: Beca, using data from the Ministry of Health Annual Report on Drinking Water Quality 2018-2019

The Ministry of Health also reports that there were 22 permanent and 18 temporary boil water notices in place for the whole of the reporting period (2018-2019), affecting roughly 40,000 people.

¹ Ministry of Health (2020). Annual Report on Drinking-water Quality. Available at <https://www.health.govt.nz/system/files/documents/publications/annual-report-drinking-water-quality-2018-2019-25june2020.pdf>

Poor health outcomes

One in five New Zealanders are supplied with drinking water that is not guaranteed to be safe from bacterial contamination, according to the Ministry of Health². A study in 2010 estimated that around 35,000 cases of acute gastrointestinal illness were contracted from reticulated drinking water each year.³ These numbers are likely to be an underestimation of the true incidence of illness due to the large number of visitors in small, non-compliant townships and/or the under-reporting of waterborne illnesses.

The health impacts of a failing three waters system has significant flow-on impacts from an economic perspective:

- Cases of water-borne gastrointestinal illnesses have been calculated to have cost New Zealanders \$496.1 million over 40 years, principally in terms of health care and lost productivity⁴
- In 2006, the Ministry for the Environment estimated that water-borne disease cost New Zealand \$25 million a year⁵
- The economic cost of the Havelock North outbreak to the country was calculated to be \$21 million.⁶

Specific cases of water contamination in recent years have also dented public confidence in the system for delivering three waters services and exposed the systemic issues facing the sector. The Havelock North tragedy was the largest recorded outbreak of waterborne disease in the country, killing four people and causing illness in 5,500 of the town's 14,000 residents. Recent infrastructure failures in Wellington and the discovery of elevated levels of lead in the water supply in Dunedin are more recent and tangible examples of the potential challenges we will continue to face across the country under the current system for delivering three waters services.

A large, accumulated infrastructure deficit

The Office of the Auditor General (OAG) reported in 2017 that local authorities are not investing enough in three waters assets, indicating that assets could be deteriorating to an extent that they are unable to meet the levels of service that their communities expect.⁷

² Ministry of Health (2020). Annual Report on Drinking-water Quality. Available at <https://www.health.govt.nz/system/files/documents/publications/annual-report-drinking-water-quality-2018-2019-25june2020.pdf>

³ Moore, et al., Cost Benefit Analysis of Raising the Quality of New Zealand Networked Drinking Water (LECG, 2010), 6. <http://srgexpert.com/wp-content/uploads/2018/02/cba-raising-quality-of-networked-drinking-water-jun20101.pdf>

⁴ Moore, et al., Cost Benefit Analysis of Raising the Quality of New Zealand Networked Drinking Water (LECG, 2010), 159. <http://srgexpert.com/wp-content/uploads/2018/02/cba-raising-quality-of-networked-drinking-water-jun20101.pdf>

⁵ Ministry for the Environment, Proposed National Environmental Standard for Sources of Human Drinking-Water: Resource Management Act Section 32: Analysis of the Costs and Benefits (Ministry for the Environment, March 2007), <https://www.mfe.govt.nz/sites/default/files/nes-drinking-water-section-32-mar07.pdf>

⁶ Government Inquiry into Havelock North Drinking Water, Report of the Havelock North Drinking Water Inquiry: Stage 2 (Department of Internal Affairs, December 2017), 33. [https://www.dia.govt.nz/diawebsite.nsf/Files/Report-Havelock-North-Water-Inquiry-Stage-2/\\$file/Report-Havelock-North-Water-Inquiry-Stage-2.pdf](https://www.dia.govt.nz/diawebsite.nsf/Files/Report-Havelock-North-Water-Inquiry-Stage-2/$file/Report-Havelock-North-Water-Inquiry-Stage-2.pdf)

⁷ Controller and Auditor -General. Introducing our work programme - Water management. October 2017 ISBN 978-0-478-44275-5. paras 2.9 -2.11. Available at <https://oag.parliament.nz/2017/water-management/docs/water-management.pdf>

More recent analysis by the Water Industry Commission for Scotland (WICS), based on information provided by local authorities through the Request for Information process undertaken in late 2020, suggests that there has been systematic under-funding of economic depreciation by local authorities in New Zealand. This is shown in Table 1 below:

Table 1: Economic depreciation spent on three waters infrastructure by local authority groups.

Local authority group	Average annual spend per connected resident (based on Annual Reports from 2015 onwards)	WICS assessed economic depreciation per connected resident	% of economic depreciation
Metro	NZ\$124	NZ\$267	46%
Provincial	NZ\$128	NZ\$254	50%
Rural	NZ\$158	NZ\$253	63%
Larger rural (>10,000 residents)	NZ\$153	NZ\$237	65%
Smaller rural	NZ\$163	NZ\$266	61%

Source: Water Industry Commission for Scotland, 2021.

WICS estimates that between **\$120 billion to \$185 billion** of investment will be needed over the next 30 years to address this renewals backlog (i.e., replace and refurbish existing infrastructure), upgrade three waters assets to meet drinking water and environmental standards, and provide for future population growth.⁸ WICS reports that these figures are likely to underestimate the real cost of lifting the performance of our three waters infrastructure.

Box 1: Independent review of WICS assumptions underpinning investment estimates⁹

Beca has reviewed the standards and practices that apply in Scotland and their relevance for New Zealand. The analysis confirms that WICS' estimates are likely to be conservative as these do not include certain factors unique to New Zealand such as giving effect to iwi / Māori aspirations and building seismic resilience.

Poor customer outcomes

There is no globally consistent set of performance measures for evaluating the performance of three waters delivery systems.¹⁰ In New Zealand, this problem is compounded by the lack of high-quality information generally about the state and performance of three waters networks, which in itself reflects the challenges facing the sector.

⁸ Water Industry Commission for Scotland (2021). Economic analysis of water services aggregation: Final report. Available at [https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/\\$file/wics-final-report-economic-analysis-of-water-services-aggregation.pdf](https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/$file/wics-final-report-economic-analysis-of-water-services-aggregation.pdf)

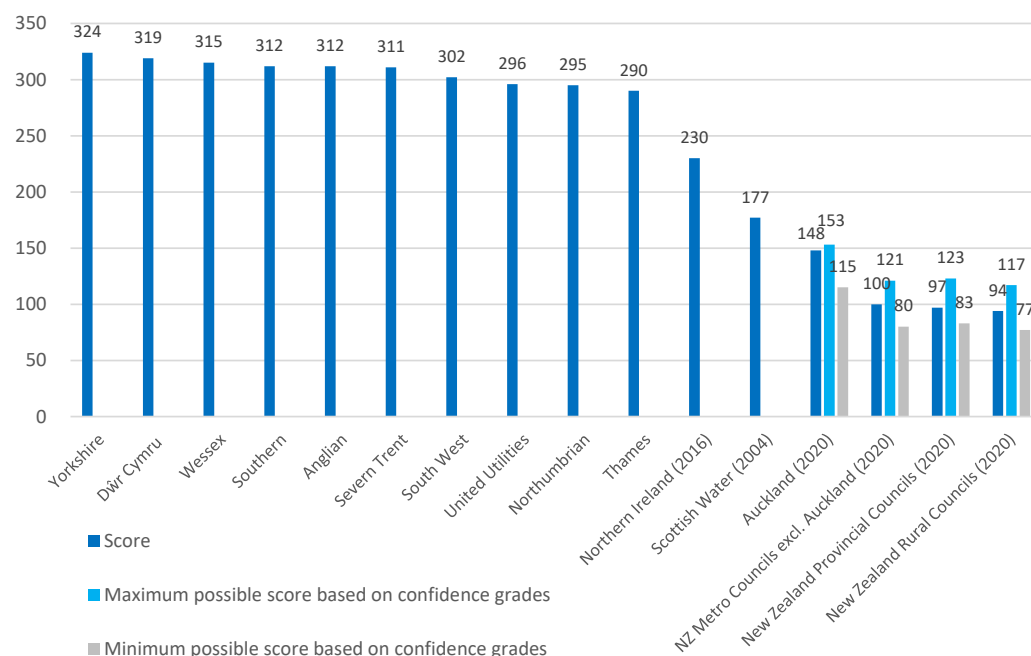
⁹ Beca (2021). Review of assumptions between Scotland and New Zealand three waters systems. Available at [https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/\\$file/becca-report-dia-three-waters-reform-wics-modelling-phase-2.pdf](https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/$file/becca-report-dia-three-waters-reform-wics-modelling-phase-2.pdf)

¹⁰ The closest measures used in New Zealand would be those used in the Water New Zealand National Performance Review, which helps to provide a basis for comparisons between different parts of the country.

WICS has used a performance measurement tool (the Overall Performance Assessment) developed by the water regulator in England and Wales (Ofwat) to measure the performance of water utilities on areas significant to customers (e.g. service disruptions, response to complaints). Based on WICS' comparison¹¹ of New Zealand local authorities at an aggregate level with regulated water utilities in the United Kingdom (see Figure 2), it is clear that:

- New Zealand has a long way to go, to catch up with the performance of more mature systems overseas
- We are at a starting position similar to Scottish Water, before the Scottish reforms. In the last two decades, Scottish Water has been able to close the performance gap and is now among the top-performing water services providers in the United Kingdom.

Figure 2: Comparison of New Zealand local authorities' Overall Performance Assessment scores with those of UK water utilities



Source: Water Industry Commission for Scotland, 2021

Poor environmental outcomes

Wastewater discharge

Discharges from wastewater treatment plants are harming the environment in many parts of New Zealand, particularly where multiple plants are scattered across a catchment or are operating poorly.

¹¹ The WICS assessment is indicative only as, like the Water New Zealand survey, it is based on the submissions of only a subset of local authorities in response to the Department's request for information (albeit a large subset representing over 80% of the population), and the assessment also relies on council's self-reporting. Unlike the Water New Zealand survey, there was no audit process for the RfI.

Resource consents are required for the discharge of treated wastewater from treatment plants in all regions. A report in 2019¹² found that nearly a quarter of wastewater treatment plants are currently operating on expired consents. Moreover, there is a bow wave of treatment plants that will require reconsenting in the next decade, with almost 35% of all treatment plants (comprising 110 plants) currently going through or expected to go through a resource consenting process in the next 10 years.

These discharges can also cause health problems if they contain bacterial pathogens such as *E. coli* or *Campylobacter*, or protozoan pathogens such as *Cryptosporidium* or *giardia*.

Stormwater overflows

In urban areas, stormwater overflows are the main contributor to poor water quality, as a result of the greater proportion of impervious surfaces that increase the volume and speed of contaminant run-off. While there is a growing recognition and effort towards managing stormwater quality, this is not yet widespread. Of the 41 stormwater service providers contributing to the 2020/2021 National Performance Review, 26 (63%) had stormwater catchment management plans, and 23 (56%) were monitoring stormwater quality.¹³

As with treatment plants, formal actions in response to stormwater consent breaches are rare, but they are gradually increasing over time. One important difference from wastewater treatment discharges is that stormwater discharges are not always consented.

Other challenges facing stormwater systems are maintenance, resilience, and climate change. There is currently a lack of consistent information about the condition of stormwater infrastructure, and also about the impact of climate change and other natural hazards, to which stormwater systems are particularly susceptible.

Lack of resilience

New Zealand is facing threats to our water security. Climate change is bringing greater variation and extremes in our climate. Rural and urban areas across the country are experiencing more flooding and droughts. Water shortages disproportionately affect small, rural, and/or vulnerable communities, iwi/Māori, and households that depend on rainwater tanks.

Although estimates of water loss for water supplies without universal metering have a wider margin for error, it is estimated that 21% of water supplied to networks is lost on the way to its end use. This is more than the combined volume of water supplied by Christchurch City and Wellington Water. Opportunities for reducing water loss exist in at least 83% of serviced districts.¹⁴

The amount of water lost through networks is increasing. The median annual real water loss per property has increased by 44% in the last five years.

¹² GHD-Boffa Miskell (2019). National Stocktake of Municipal Wastewater Treatment Plants. Available at [https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-documents/\\$file/Report-1-National-Stocktake-of-Municipal-WWTps.pdf](https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-documents/$file/Report-1-National-Stocktake-of-Municipal-WWTps.pdf)

¹³ Water New Zealand (2021). National Performance Review 2019-20. Available at <https://www.waternz.org.nz/NationalPerformanceReview>

¹⁴ Water New Zealand (2021). National Performance Review 2019-20. Available at <https://www.waternz.org.nz/NationalPerformanceReview>

Water leakages and losses can contribute to water shortages, especially in dry years, and potentially can lead to water restrictions and disruption of supply. Because of leakages and losses, water takes, and water storage must also be greater than they would otherwise need to be.

Poor outcomes for iwi/Māori

Māori express a relationship with water as kaitiaki. Māori do not distinguish their rights and interests in freshwater from the three waters; they are viewed as a connection to the water environs and its systems. This holistic approach highlights the important connection between the review of three waters service delivery arrangements and other work programmes underway across government, particularly those that relate to resource management and freshwater allocation.

Water can be a taonga of particular significance and importance to Māori, and the Crown has a duty to protect iwi/Māori rights and interests under the Treaty of Waitangi / Te Tiriti o Waitangi (the Treaty / Te Tiriti), and existing and subsequent Treaty settlements. The Crown has responsibilities under the principles of Te Tiriti to protect such a relationship and allow for an appropriate exercise of tino rangatiratanga alongside kāwanatanga. The Crown also has broad responsibilities to protect taonga, the exercise of tino rangatiratanga and kāwanatanga, and the principles of Te Tiriti.

A clear concern from iwi/Māori is that the system for delivering three waters needs to uphold, align and integrate with Te Tiriti and Te Mana o te Wai.

In addition, iwi/Māori have roles within the current three waters service delivery system that will need to be acknowledged. They are suppliers and/or recipients of water services (particularly to rural marae, papakāinga, and rural communities), and are often members of communities that are underserved by the existing three waters service delivery system, and who receive poor quality three waters services or none at all.

The causes of New Zealand's three waters challenges are rooted in the way the system is currently designed

As the challenges and issues noted above show, many of New Zealand's communities are dealing with unacceptable outcomes from their three waters services. The Government has identified and is seeking to address four root causes that contribute to these persistent and systemic problems.

Limited opportunities to achieve benefits from scale

Most local authorities in New Zealand currently serve 100,000 or fewer connected ratepayers, and this creates significant inefficiencies within the system for delivering three waters, including:

- a lack of strategic and co-ordinated asset planning at a regional or greater level
- limited opportunities to consider catchment-level outcomes
- a lack of funding and pipeline certainty to create competitive pressures in the supply chain
- the lack of capacity and capability that tends to be associated with larger-scale entities
- a lack of innovation

- a lack of career pathways and opportunities for the workforce to specialise; and
- wide variation in water charges, particularly for vulnerable communities.

Achieving our ambitions for reform requires entities to have a sufficient asset and customer base to be financially sustainable, operate at an economically efficient scale, and enable prices to be affordable and levels of service to be broadly comparable.

We have drawn on international expertise and available empirical evidence¹⁵ to analyse the benefits of aggregation, including considering the scope for efficiency gains. This analysis took account of the potential for efficiency gains across financing costs, operating expenditure and capital expenditure.

International evidence indicates each entity would need to serve a connected population of at least **600,000 to 800,000** to achieve the desired level of efficiency. Below this point, water services providers may find it difficult to fully realise the efficiency benefits that have been shown to be possible in other jurisdictions.

The main benefits of scale relate to:

- improved access to capital markets and borrowing at a greater level than local authorities can achieve – as a result of having stronger balance sheets, and independent professional governance and management
- shifting the provision of water services onto a more financially sustainable footing – by leveraging scale to strategically plan, procure and manage three waters infrastructure and service delivery, delivering operating efficiencies, and adopting more flexible funding and pricing mechanisms to address geographical, climate risk and intergenerational equity considerations
- improving sector capacity – by providing sufficient scale to encourage strategic workforce planning, and provide the required depth of governance, management and specialist technical skills and experience

¹⁵ See for instance:

- Klien (2017). Global study on the aggregation of Water Supply and Sanitation Utilities. <https://openknowledge.worldbank.org/bitstream/handle/10986/27981/119098-WP-P159188-PUBLIC-ADD-SERIES-50p-stat-analysis-24-8-2017-13-34-31-W.pdf?sequence=1&isAllowed=y>
- Ferro, Lentini, and Mercadier (2011). Economies of Scale in the water sector: a survey of the empirical literature. <https://iwaponline.com/washdev/article-abstract/1/3/179/28777/Economies-of-scale-in-the-water-sector-a-survey-of?redirectedFrom=fulltext>
- González-Gómez and García-Rubio (2008). Efficiency in the management of urban water services. What we have learned after four decades of research. https://www.researchgate.net/publication/23565871_Efficiency_in_the_management_of_urban_water_services_What_have_we_learned_after_four_decades_of_research
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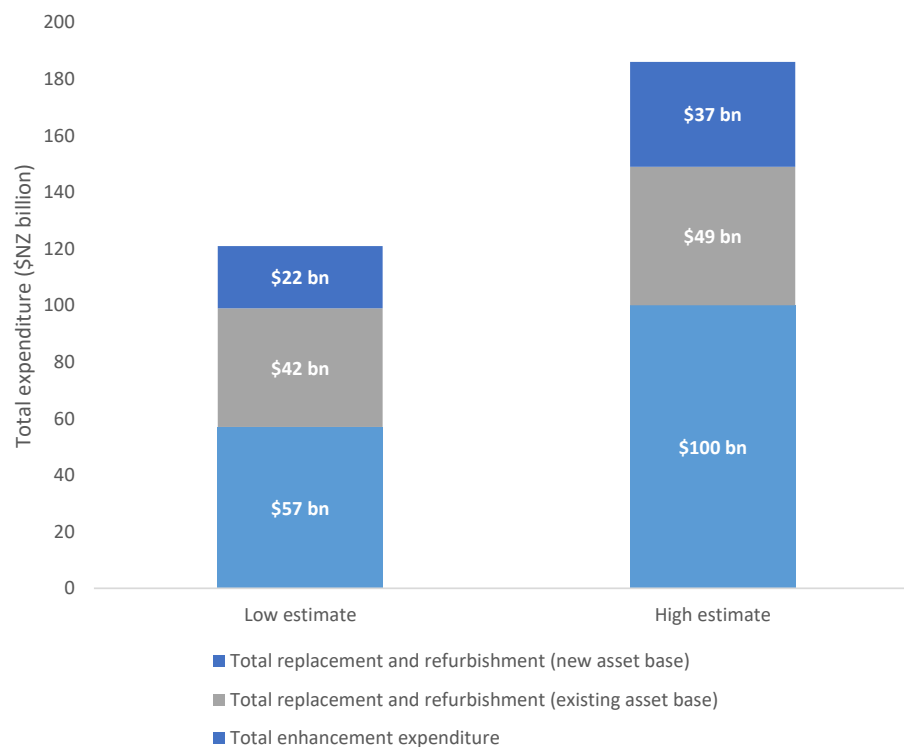
- regulatory burden and benchmarking performance of providers – including the ability to adequately benchmark performance across a smaller number of providers without imposing significant costs (relative to the costs associated with benchmarking the performance of a large number of entities with insufficient scale).

A further benefit of scale relates to the potential to spread costs over a larger population base, assisting in ensuring an acceptable level of service can be delivered affordably in smaller, rural communities.

A significant affordability challenge

As already noted, WICS analysis using information collected from local authorities on their assets, finances, and connected properties, indicates a likely range for future investment requirements in three waters at a national level in the order of \$120 billion to \$185 billion (see Figure 3 for a breakdown).

Figure 3: Estimated future capital investment requirement for three waters infrastructure



Source: Water Industry Commission for Scotland, 2021

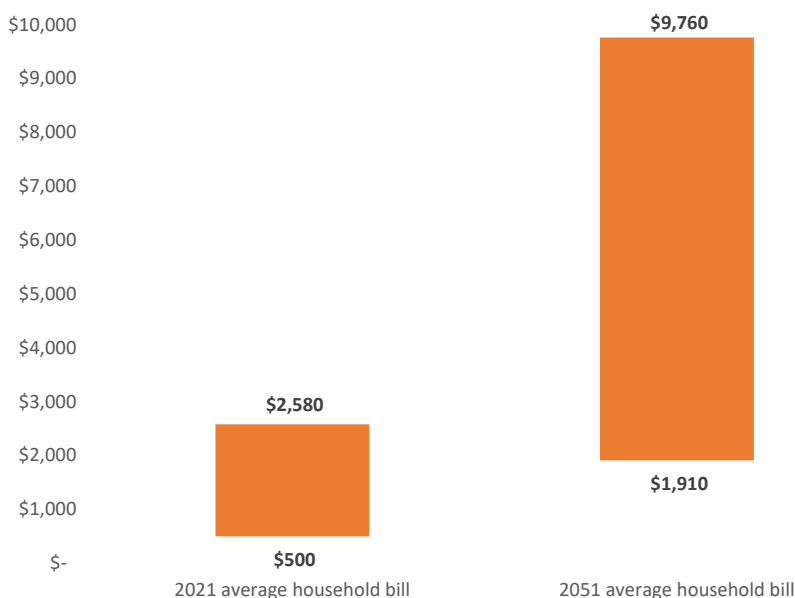
As illustrated in Figure 4 overleaf, meeting these costs will be challenging for most local authorities, with average household bills needing to increase significantly.¹⁶ Without reform, the real cost increases to households of meeting the required investment would be significant, and likely unaffordable for many smaller communities and low-income customers.

¹⁶ The average household cost figures for 2051 are charted up to the 75th percentile to account for large variances in the data collected from local authorities.

For rural local authorities, average household costs in 2019 ranged from less than \$500¹⁷ per annum to \$2,600 per annum, with a median of \$1,300. To meet the investment required, average household costs would need to increase by between three and 13 times in real terms. For some small, rural local authorities, average household costs in 2050 could reach as high as \$9,000 in today's dollars and would be unaffordable for many households.

The situation is not much better for larger provincial and metropolitan local authorities. Average household bills (in 2019) for provincial local authorities ranged from around \$600 to \$2,550, with a median of \$1,120. By 2050, these bills would need to increase by between two and eight times to meet the required investment. Similarly, average household bills across metropolitan local authorities would need to increase by between 1.5 and seven times. In some metropolitan areas, bills could reach between \$1,700 and \$3,500 per annum in today's dollars.

Figure 4: Average household bills in 2021 compared with 2051 without reform



Source: Water Industry Commission for Scotland, 2021

These findings are consistent with analysis undertaken independently by the following local authorities:

- **Otago/Southland.** Potential future average charges for three waters services across the region is estimated to more than double over the next 10 years from \$1,300 to almost \$3,000¹⁸
- **Hawkes' Bay.** Average three water rates could increase to over \$3,500 and \$4,000 for households in Central Hawke's Bay and Wairoa respectively.

¹⁷ Current costs are not necessarily a good reflection of the true economic costs of service delivery, as evidence suggests many councils do not fully cover economic depreciation through current charges.

¹⁸ Morrison Low (2021). Otago Southland Three Waters: Issues and principles. Available at (pages 39 to 68) <https://www.goredc.govt.nz/assets/documents/meetings/2021/20210309-Council-agenda.pdf>

The expected increases do not only impact on rural and provincial areas. In Auckland, recent announcements have signalled water charges will increase by 7 per cent in 2022, followed by a 9.5 per cent increase each year up to 2029.¹⁹

Clearly, the costs of accessing safe, clean and environmentally friendly three waters services are projected to increase significantly and would have an impact on the cost of living for New Zealanders, especially lower income households.

Misaligned incentives for critical water infrastructure decisions

Local authority service providers operate in a political environment, in which investment decisions are made by elected representatives who have a duty to consider broader community interests (for example, other investment priorities and affordability of rates increases) and a constrained financial environment, in which the main funding and financing mechanisms are via ratepayers and council borrowing.

These factors combine to limit the level of three waters investment, for example due to:

- covenants imposed by lenders which limit the debt to revenue ratios that councils can maintain while achieving a good credit rating and cost-effective financing
- varying attitudes to debt and rates increases across communities
- financially constrained households (such as ratepayers on low incomes), especially in areas with higher levels of deprivation
- misaligned incentives, and a lack of management focus, connected with an operating environment in which three waters is just one aspect of the broader responsibilities that councils have and services that communities require.

Recent reviews into the delivery of three waters infrastructure in Wellington,²⁰ the West Coast,²¹ Hawkes' Bay²² have arrived at similar conclusions regarding the challenges associated with three waters service delivery and infrastructure provision in the current local government operating environment.

Lack of effective oversight and stewardship for the three waters sector

New Zealand has 67 local authority (or council-controlled organisation) suppliers, 20 district health boards (noting the Government's recent announcements of major reform in this area, including to create one national health organisation with four regional divisions), 16 regional councils, and seven government ministries that have a role in relation to the supply of safe drinking water.²³

¹⁹ Watercare (2021). Water and wastewater prices to increase from 1 July 2021 Available at <https://www.watercare.co.nz/About-us/News-media/Water-and-wastewater-prices-to-increase-from-1-Jul>

²⁰ Wellington City Council (2020). Mayoral Taskforce on the Three Waters report Available at <https://wellington.govt.nz/-/media/environment-and-sustainability/water/files/2020/mayoral-taskforce-three-waters-taskforce-report.pdf?la=en&hash=3B3EC07C7DFBC70020C610AB8372E37FEB2C537E>

²¹ Tonkin & Taylor (2020). Three Waters Service Delivery Review.

²² Morrison Low (2020). Hawkes' Bay Three Waters: Business case of three waters service delivery options. Available at <https://www.hb3waters.nz/assets/Uploads/HB-3-Waters-Delivery-Detailed-Analysis-29.07.20-Full-Report.pdf>

²³ Department of Internal Affairs (2017). Report of the Havelock North Drinking Water Inquiry, Stage 2. Available at [https://www.dia.govt.nz/diawebsite.nsf/Files/Report-Havelock-North-Water-Inquiry-Stage-2/\\$file/Report-Havelock-North-Water-Inquiry-Stage-2.pdf](https://www.dia.govt.nz/diawebsite.nsf/Files/Report-Havelock-North-Water-Inquiry-Stage-2/$file/Report-Havelock-North-Water-Inquiry-Stage-2.pdf)

The dispersed nature of the roles and responsibilities within the system, being spread across many agencies, means no one is responsible for monitoring or overseeing the performance of the whole system.

While the Government is already taking steps to strengthen the regulatory environment – through the creation of Taumata Arowai and the introduction of the Water Services Bill – this is focusing on improving the quality of the three waters, and other gaps remain around how the performance of the system and its outcomes for customers are regulated.

In addition, existing water service providers are not subject to even a basic form of economic regulation, such as information disclosure. This has hampered the quality of information about, and an understanding of, the condition of three waters assets and the performance of water networks.

The lack of effective oversight and stewardship arrangements, and weaknesses in the regulatory environment, only serve to compound the challenges noted above with how the system is currently designed.

Without good quality information, there is a lack of transparency about fundamental elements of the three waters system – such as the costs and performance of services, asset condition, and required investment – that makes it difficult for customers and communities to hold water services providers to account for performance.

A changing regulatory context will help, but the operating environment for many local authorities will continue to be challenging

The policy landscape will change significantly with the establishment of Taumata Arowai and the introduction of a new water services regulatory framework. It will take some time to implement the new regulatory regime, but it can be expected to provide much greater assurance that drinking water is safe and that drinking water standards are being complied with. Key features of the new regulatory framework include:²⁴

- all drinking water suppliers, except domestic self-suppliers, will have a duty to consistently provide safe drinking water
- stronger requirements on water suppliers to manage risks to drinking water safety
- strong compliance, monitoring and enforcement actions for Taumata Arowai
- new national environmental standards for wastewater discharges and overflows, with new obligations on network operators to manage risks to people, property and the environment
- new requirements for reporting on the performance of wastewater and stormwater networks.

These regulatory changes will increase the pressure on local authorities to raise current levels of investment in three waters infrastructure and services. Shifting public perceptions around access to safe drinking water and environmentally friendly wastewater and stormwater practices and tougher resource management consent requirements will only serve to amplify the regulatory pressure, and will be key drivers of investment.

²⁴ These features are contained in the current draft of the Water Services Bill being considered by the Health Select Committee and are subject to change when reported back to the House later this year.

Without reform, local authorities will need to make increasingly difficult decisions about how they meet this challenge, including through future rates rises, higher levels of borrowing, and scaling back or delaying other investment priorities.

Local authority responsibilities under provisions in the Water Services Bill

Local authorities (and other water suppliers) will face significant duties and obligations for drinking water when the Water Services Bill and associated regulations are enacted. A summary of these obligations is outlined in Table 2 below.

Under the proposed service delivery reforms, these responsibilities and obligations would transfer to the new water services entities, meaning local authorities (and their officers, employees and agents) would cease to face these obligations.

Table 2: Local authority responsibilities under provisions in the Water Services Bill

Local authorities as suppliers of water services	General obligations of local authorities
<ul style="list-style-type: none"> • Duty to provide safe drinking water and meet drinking water standards, and clear obligations to act when water is not safe or fails to meet standards • Key provisions include: <ul style="list-style-type: none"> ○ Suppliers need to register with Taumata Arowai ○ Local authority suppliers will need a drinking water safety plan and a source water risk management plan ○ Water suppliers must give effect to Te Mana o te Wai • Taumata Arowai will have significant compliance and enforcement powers, including powers to direct suppliers and enter into enforceable undertakings with suppliers • Officers, employees and agents of suppliers will have a duty to exercise professional due diligence • Complying with these new requirements is expected to require significant capital and operating expenditure by local authorities (including paying levies to Taumata Arowai for operation of the regulatory system) 	<ul style="list-style-type: none"> • Local authorities will have a duty to ensure communities have access to drinking water if existing suppliers face significant problems in complying with drinking water standards including: <ul style="list-style-type: none"> ○ Requirements to work with suppliers and consumers to identify solutions ○ Intervention responsibilities if a supplier is unable to meet standards, including potentially taking over management and operations of private or community supplies • In rural communities, this could represent a significant risk (contingent liability) for local authorities • Local authorities will be required to make assessments of drinking water, wastewater and sanitary services to ensure communities have access to safe drinking water • Local authorities will need to assess drinking water services available to communities at least once every three years, including private and community supplies (excluding domestic self-supplies)

It will be challenging for many suppliers to comply with these new obligations, particularly those suppliers that are being brought into the regulatory system for the first time. The WICS estimate of future investment requirement already presented in this paper signals the likely scale of the challenge facing water suppliers. Local authorities will also face an added burden given they will have a duty to intervene on behalf of those suppliers that are unable to meet their obligations under the new regulatory environment.

Transformative change is required, not piecemeal solutions

The nature and extent of the challenges facing the system, and the root causes of these problems, mean we cannot expect the current system of service delivery to respond to meet these challenges – particularly in the comprehensive, widespread and sustained manner that is required. Most councils and communities will not have the funding, or the operational capacity, to eliminate the infrastructure deficit and meet future growth requirements.

Experience over the past 30 years also indicates that widespread improvements, particularly through voluntary change and collaboration, are unlikely.

The Government has developed a package of reform interventions that collectively seeks to address the root causes of our three waters crisis.

The following are the key components of the Government's reform package:

- Three waters services are aggregated into four large-scale, multi-regional entities
- Water services entities, governed by competency-based, independent, professional boards, that will assume ownership of three waters assets and have greater capacity to finance investment
- Clear national policy direction is provided for the three waters sector
- Economic regulation to provide greater transparency about the costs and performance of three waters services and infrastructure, and to strengthen accountability for performance
- Development of an industry transformation and workforce transformation strategy to support and enable the wider three waters industry to 'gear up' and play its part in the reformed service delivery system
- The introduction of mechanisms that protect and promote the rights and interests of iwi/Māori in the new three waters service delivery system.

Further detail on each of these components of the reform package are provided below. A brief summary of some of the alternative options considered is provided in Appendix 1.

Aggregation of water services delivery

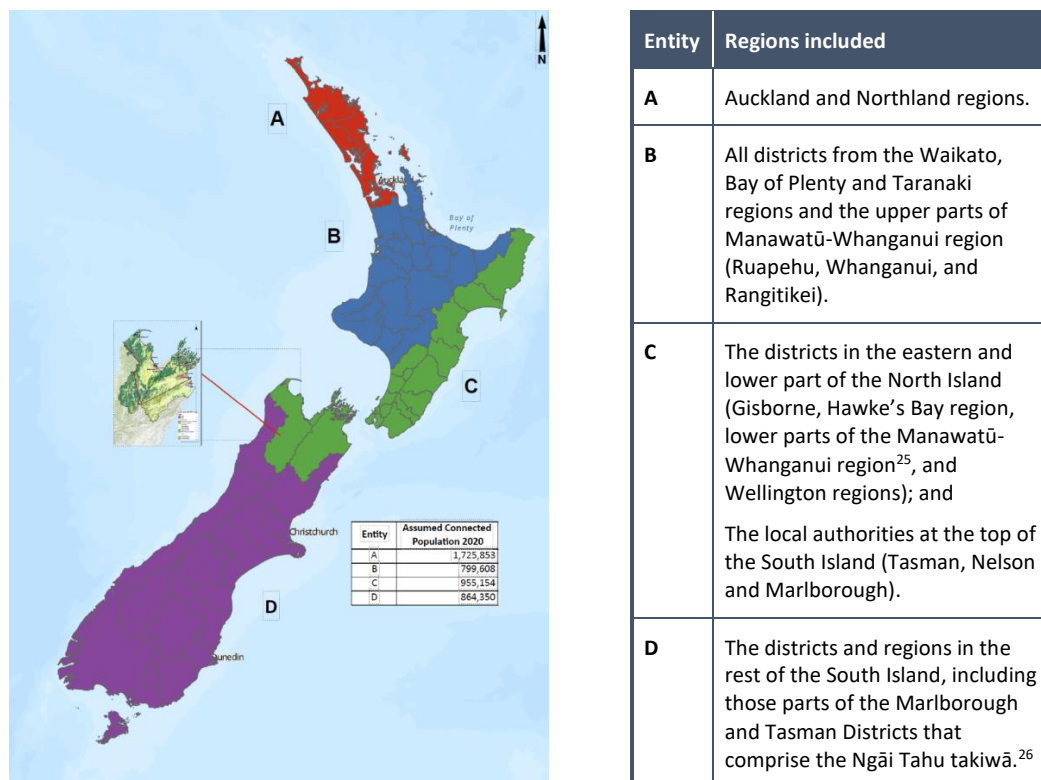
The Government has considered a range of factors to determine how many entities into which it should aggregate water services delivery, and their boundaries. The key considerations have been to establish entities that:

- have a sufficient asset and customer base to be financially sustainable, operate at an economically efficient scale, and deliver water services at an affordable price

- operate effectively in relation to water catchments and achieve desired environmental outcomes, which is dependent on containing entire catchments within the boundaries of entities. This will enable effective catchment planning and management of associated infrastructure
- engage meaningfully with iwi/Māori to inform understanding of Treaty rights and interests. This includes, but is not limited to understanding of of rohe/takiwā boundaries and the importance of considering a Te Ao Māori expression of kaitiakitanga through ki uta ki tai – the passage of water from the mountains and great inland lakes, down the rivers to hāpua/lagoons, wahapū/estuaries, and to the sea
- understand and reflect relevant community interests, particularly where there are existing economic or functional relationships or a shared identity between neighbouring communities
- have access to a skilled local workforce.

The Government considers that the option comprising of four entities, with the configuration as presented in Figure 5, achieves an optimal balance of the factors described above.

Figure 5: Proposed boundary configuration for new water services entities



Entity	Regions included
A	Auckland and Northland regions.
B	All districts from the Waikato, Bay of Plenty and Taranaki regions and the upper parts of Manawātū-Whanganui region (Ruapehu, Whanganui, and Rangitikei).
C	The districts in the eastern and lower part of the North Island (Gisborne, Hawke's Bay region, lower parts of the Manawātū-Whanganui region ²⁵ , and Wellington regions); and The local authorities at the top of the South Island (Tasman, Nelson and Marlborough).
D	The districts and regions in the rest of the South Island, including those parts of the Marlborough and Tasman Districts that comprise the Ngāi Tahu takiwā. ²⁶

²⁵ This includes Horowhenua, Manawatu, Palmerston North and Taranaki.

²⁶ Adjustments will be made to this boundary to correspond to the Ngāi Tahu takiwā rather than conforming to local authority boundaries.

This configuration has several advantages, including that it:

- results in broadly even populations served outside of the 'northern entity', enabling each entity to realise the opportunities associated with scale
- combines all districts in the Waikato and Bay of Plenty into a single entity, recognising the significant relationships that exist between these councils and leveraging work undertaken to date towards reform
- aligns catchments in the central North Island, in particular from the Taupō district through the Waikato region
- recognises whakapapa linkages between the North and South Islands, including iwi boundaries that span the two islands.

Under this configuration, the Hauraki Gulf marine area spans the boundaries of the two upper North Island entities and will require them to collaborate with the relevant regional councils on an integrated catchment management approach to the Hauraki Gulf.

The Government intends to continue discussions with those local authorities and iwi/Māori that are most affected by the proposed boundaries, to inform final decisions on the boundaries of the new entities. These decisions will be considered by Cabinet in September 2021.

Design of the new water services entities

The new entities will need to be set up for success with a clear purpose and objectives, and the appropriate functions, operating principles, governance and accountability arrangements to support the achievement of these. The new water services entities would be statutory entities, established in legislation.

Purpose, objectives and operating principles

The purpose of the new water services entities is to provide safe, reliable and efficient water services.

The water services entities would have objectives that flow from this purpose, relating to:

- delivering water services, and related infrastructure, in an efficient and financially sustainable manner
- operating in accordance with best commercial and business practices
- acting in the best interests of consumers and communities, in the present and for the future
- giving effect to Te Mana o te Wai (to the extent that Te Mana o te Wai applies to the duties and functions of the entities)
- delivering and managing water services in a sustainable and resilient manner, which seeks to address climate risks and mitigate the negative effects of natural hazards
- protecting and promoting public health and the environment
- supporting and enabling housing and urban development.

To guide and inform how the water services entities deliver their objectives and functions, entities would be required to adhere to operating principles that relate to:

- developing and sharing capability and technical expertise – both internally, and across the wider three waters, development control, and land-use planning sectors
- being innovative in the design and delivery of water services and infrastructure
- being open and transparent – including in relation to the calculation and setting of prices, determining levels of service, and reporting on performance
- partnering and engaging early and meaningfully with Māori, local government and communities
- cooperating with, and supporting, other water services entities and infrastructure providers, local authorities, and the transport sector – including in relation to infrastructure planning, and development control and land-use planning processes
- understanding, supporting and enabling matauranga Māori and tikanga Māori and kaitiakitanga to be exercised –both within the entities and when engaging with iwi/Māori.

Scope of services – two or three waters

The reforms are an opportunity to achieve a step change in the performance of the stormwater system, by:

- bringing together the delivery of drinking water, wastewater and stormwater to enable the new water services entities to adopt an integrated and holistic approach managing catchments, particularly in urban areas
- leveraging the scale and financial capacity of the new entities to address the growing challenges associated with the stormwater system as a result of the continuing expansion of urban areas, increasing frequency of high-intensity rainfall events, and a growing awareness of the environmental impact of stormwater run-off on fresh and coastal water bodies
- allowing an increase in investment, capability and capacity to lift the performance of stormwater systems, ensure they are resilient, reduce impacts on water quality, enable delivery of large scale housing projects and adapt to long-term challenges like climate change
- providing the opportunity to co-ordinate and align stormwater management functions across the current system to enable a shift from the current reactive approach to management of the stormwater system.

Further detailed work is required to ensure that the transfer of stormwater responsibilities recognises the complicated array of legislative provisions and assets, and the policy and planning framework. These reforms are an opportunity to develop a much clearer legislative, policy and operational framework, to ensure accountabilities are clear, and there are robust arrangements in place for the maintenance, operation, and funding of stormwater system in the future. This work will be informed by advice from a 'stormwater technical working group' – comprising experts from central and local government, iwi/Māori, and the water sector, and with an independent chair.

While the issues are complex, the inclusion of stormwater within the scope of water services entities is not without precedent. Similar approaches have been followed in other jurisdictions; for example, Melbourne Water manages bulk stormwater infrastructure.

Ownership, accountability and charging arrangements

The ownership and accountability arrangements for the new entities are set out in Table 3 below. This design will create entities with the right oversight, governance, management and controls, that are best placed to provide the level of focus and independence required to deliver the objectives of reform. It will also enable local authorities and iwi/Māori who have an interest in the outcomes from the three waters system to have appropriate roles and influence within the three waters system. The structure of the new water services entities is illustrated in Figure 6.

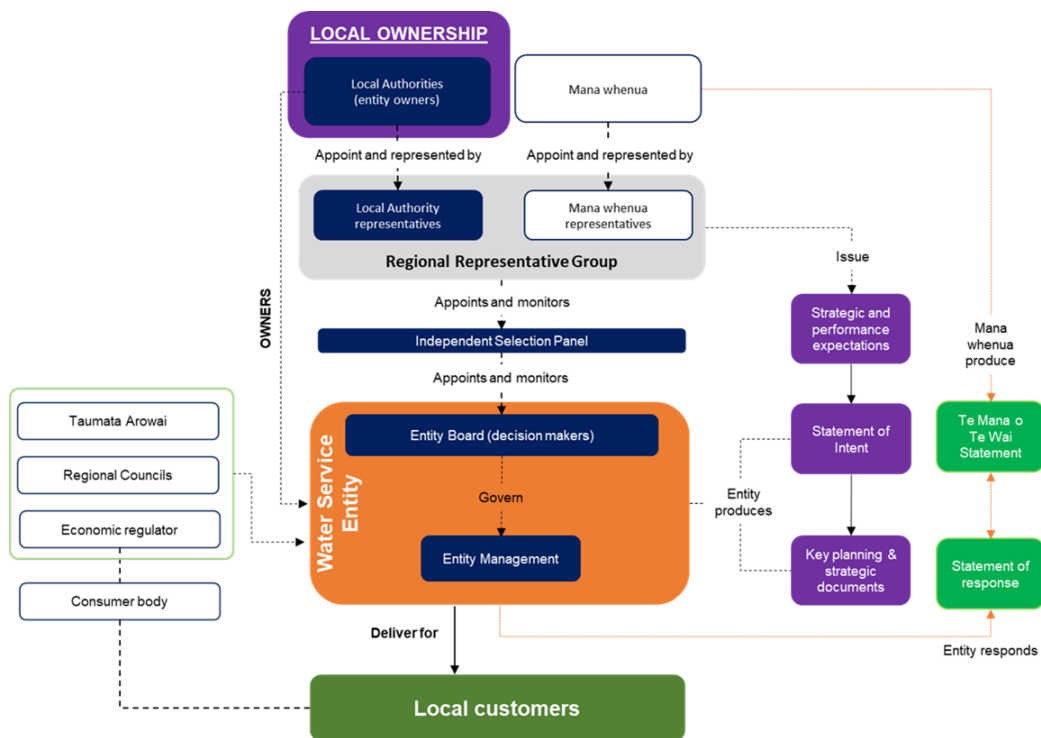
Table 3: Key design features of the new water service entities

Theme	Design features	Contribution to objectives
Ownership of the entities	<ul style="list-style-type: none"> • Local authorities are the ‘owners’ of the entity, on behalf of their communities • Mana whenua have a joint oversight role • Protections in legislation against privatisation 	<ul style="list-style-type: none"> • Local authorities and mana whenua have ability to influence key decisions that affect them • Three waters assets and service delivery remains in public ownership
Governance of the entities	<ul style="list-style-type: none"> • Entities will be governed by independent boards, with the relevant competencies in delivering and managing three waters or similar network infrastructure and other appropriate skills • Each entity will have a Regional Representative Group²⁷ that provides for representation of the local authority ‘owners’ of the entity and of mana whenua, with mana whenua and local authorities represented on a 50:50 basis • The regional Representative Group will issue a Statement of Strategic and Performance Expectations to inform the entity’s direction 	<ul style="list-style-type: none"> • Entities are independently and professionally run • Ability for local authorities and mana whenua to influence decisions

²⁷ Regional Representatives would be elected members (or a relevant and appropriately qualified senior council officer) and iwi/Māori representatives.

Theme	Design features	Contribution to objectives
Appointing board members	<ul style="list-style-type: none"> An independent selection panel will appoint board members The Regional Representative Group will appoint members to the Independent Selection Panel 	<ul style="list-style-type: none"> Entities are operationally and financially independent from local authorities
Ownership of three waters infrastructure	<ul style="list-style-type: none"> Entities will assume ownership of three waters infrastructure and service delivery arrangements, as well associated debt and revenue Entities must be able to borrow in their own right, independent of local authorities 	<ul style="list-style-type: none"> Entities have financial capacity to meet the infrastructure deficit and future investment needs Balance sheet separation
Consumer and community influence	<ul style="list-style-type: none"> Entities will be required to engage with consumers and communities on key strategies and plans that affect them Entities will be required to establish a consumer forum 	<ul style="list-style-type: none"> System for delivering three waters services is responsive and accountable to consumers and communities
Charging	<ul style="list-style-type: none"> Each entity will be required to be transparent in how they calculate and set prices, and must engage with consumers and communities on proposed prices and charges Entities will be enabled to use a range of charging instruments, many of which are already used by local authorities currently, including fixed and, volumetric charges During the transition to the new delivery arrangements, it is anticipated that consumers would continue to be charged on a similar basis to their existing arrangements, at least in the initial years of the entities' operations 	<ul style="list-style-type: none"> Entities are operationally and financially independent from local authorities Entities have financial capacity to meet the infrastructure deficit and future investment needs

Figure 6: Water services entity structure



Protections against privatisation

The Government has been clear that continued public ownership of water services and infrastructure is a bottom line. The reform package includes a series of proposals that together help safeguard against future privatisation, making it more difficult to privatise than under the current arrangements. Key protections include:

- requiring that any proposal for privatisation be (1) endorsed by the Regional Representative Group by at least a 75 per cent majority (including by mana whenua representatives) and (2) put to a referendum so that the public can have its say on whether this should occur. The referendum would require 75 per cent or more votes in favour of the proposal for it to proceed, at which point it would go through the legislative and select committee processes, which would provide a further democratic protection.
- legislative provisions specifying that local authorities that constitute each water services entity would be the owners of the entity;
- no provision for financial recognition of ownership, including no shareholdings and a prohibition on dividends (these features would make divestment difficult without significant reconstitution of the entities and legislative change);
- mana whenua involvement in oversight and representing 50 per cent of Regional Representative Group;

- statutory restrictions on sale or transfer of material, strategic water assets, similar to the current approach in the Local Government Act 2002, which prevents local authorities from selling or disposing of strategic assets or the infrastructure necessary for providing water services; and
- a robust regulatory environment that includes Taumata Arowai, regional councils, an economic regulator, and likely consumer forum. These regulatory mechanisms would not be appropriate in the private sphere and likely to be unattractive.

More broadly, reform provides an opportunity to improve the level of service for more remote communities, within which Māori are overrepresented. The flow-on improvements to the natural environment will directly affect iwi/Māori as it will improve the mauri of waterways and the wider environment, and this will improve the wairua of mana whenua.

Relationship to resource management reform

Three waters service delivery reforms are part of a wider, interconnected programme of reforms. In addition to the implementation of the three waters regulatory reforms and establishment of Taumata Arowai, there are proposed changes to the resource management system.

In the new system for delivering three waters services, local government will continue to have primary accountability for urban and land-use planning.

The water services entities will be required to identify and make provision for infrastructure to support growth and development identified in relevant plans. This will enable them to service demand for new strategic capacity, including meeting the three waters needs of all new housing development, and commercial and industrial customers.

When providing new infrastructure, the entities will need to work with urban and land use planning authorities, and other infrastructure providers, to ensure that the delivery of infrastructure is sequenced and supports committed development, to minimise the likelihood of redundant assets.

In parallel with the resource management reforms, it is likely that the water services entities will have a statutory obligation to support an integrated planning approach. These obligations would ensure that urban planning authorities, the new water services entities, and other infrastructure providers, coordinate the planning and delivery of the right infrastructure, at the right time, in accordance with commitments in agreed urban growth strategies, and spatial and implementation plans (including those provided for under the new resource management system).

Protecting and promoting iwi/Māori rights and interests in the new three waters service delivery model

Reform of the system for delivering three waters, and the introduction of new legislative, governance and management arrangements to deliver water services, provides an opportunity to include mechanisms for the recognition of iwi/Māori rights and interests in the new three waters system. The reform package includes the following mechanisms for protecting and promoting iwi/Māori rights and interests in the new three waters service delivery model:

Table 4: Mechanisms to protect and promote iwi/Māori rights and interests

Mechanisms	Impacts
Statutory recognition of the Treaty of Waitangi and Te Mana o te Wai in legislation	Requiring that the conduct of the entities and other participants in the system for delivering three waters, upholds the principles of Te Tiriti, including through building the capacity of iwi/Māori to participate in the system
A mana whenua representative group at the strategic level of the new water services entities exercising greater tino rangatiratanga than the current system allows, which has equal rights to local authorities, and a kaupapa Māori selection method for this group	Iwi/Māori play a role in providing strategic influence and oversight for the new water services entities
Te Mana o te Wai statements, which would be issued to the entity by mana whenua, and to which the entity board would be required to respond	Enable mana whenua to express kaitiakitanga in the new system, with the onus of response sitting with the water services entity
Requirements that the board of each entity, collectively, has competence relating to the Treaty of Waitangi, mātauranga Māori, tikanga Māori, and te ao Māori	The water services entities have the competency to embed Te Mana o te Wai as an objective of the entity and to uphold the principles of Te Tiriti across all its activities
Requirements that the board of each entity includes members with specific expertise in supporting and enabling the exercise of mātauranga Māori and tikanga Māori and kaitiakitanga with respect to the delivery of water services	The water services entities have the competency to embed Te Mana o te Wai as an objective of the entity and to uphold the principles of Te Tiriti across all its activities
Requirements that the entities fund and support capability and capacity of mana whenua to participate in relation to three waters service delivery	Ensuring that iwi, hapū and Māori are provided with reasonable financial and non-financial support to participate fully and meaningfully in the system for delivering three waters and to undertake the roles envisaged for them

Clear national policy direction and stewardship

The Inquiry into Havelock North Drinking Water²⁸ did not only identify challenges with the way local authorities are currently set up to deliver three waters services. It also identified inadequacies in national policy and stewardship of the sector as contributing factors to the Havelock North tragedy.

These stewardship challenges need to be addressed, to ensure the benefits of reform are fully realised and sustained over time, and that the new system can adapt, and remain fit for purpose.

Government policy statement

As part of its stewardship of the three waters system, the Government will introduce a Government Policy Statement (GPS) as an enduring and transparent mechanism for:

- providing high-level strategic direction to the new water services entities
- informing and guiding the decisions and actions of water services entities in fulfilling their statutory purpose and objectives
- conveying any Government expectations in relation to Māori interests, partnering with Māori, and protections for Māori interests
- providing certainty to everyone operating in the three waters system and receiving services from the entities about the outcomes the new entities are expected to deliver.

When an entity makes decisions on three waters investment, they will be required to give effect to the strategic priorities set out in the GPS.

Stewardship of the new service delivery system

Over the transition phase, the Department of Internal Affairs will continue to support the Minister for Local Government and the group of Three Waters Ministers on the significant policy and legislative design choices to come. The Department will also undertake some stewardship functions during the transition phase, including monitoring progress towards establishment.

The Department will also lead further work, across the Government agencies with an interest in the three waters system, to develop an approach to organising stewardship arrangements for the system over the longer-term. A range of options would be explored through this work, including formal mechanisms for collaboration, coordination, and accountability across the many policy and regulatory agencies that have a role in the system.

Establishment of an economic regulation regime and mechanisms for consumer protection

Economic regulation and consumer protection are a critical part of the overall reform package, but detailed proposals will be developed over a slightly longer timeframe.

²⁸ Government Inquiry into Havelock North Drinking Water, Report of the Havelock North Drinking Water Inquiry: Stage 2 (Department of Internal Affairs, December 2017), 33.
[https://www.dia.govt.nz/diawebsite.nsf/Files/Report-Havelock-North-Water-Inquiry-Stage-2/\\$file/Report-Havelock-North-Water-Inquiry-Stage-2.pdf](https://www.dia.govt.nz/diawebsite.nsf/Files/Report-Havelock-North-Water-Inquiry-Stage-2/$file/Report-Havelock-North-Water-Inquiry-Stage-2.pdf)

Evidence from overseas jurisdictions, and other utility sectors in New Zealand shows that economic regulation can be effective in protecting and enhancing the long-term interests of consumers. Economic regulation will also help to address the current information constraints within the sector, making performance information available so consumers, communities and other stakeholders can hold suppliers to account for the quality of their services and the prices they charge.

The Government has agreed, in-principle, to the introduction of an economic regulation regime in a reformed New Zealand three waters sector. At the minimum, this will include an information disclosure regime that publishes information relating to the performance of the new water services entities.

The Ministry of Business, Employment and Innovation are undertaking further work to develop an appropriate economic regulation regime. explore and consult on the options for an appropriate economic regulation and consumer protection regime. This work will also include the development of advice and proposals relating to consumer protection mechanisms for the new three waters system, including for example disputes resolution, protections for vulnerable consumers and transparency around price-setting.

The Ministry of Business, Employment and Innovation intends to consult publicly on options for economic regulation and consumer protection mechanisms in **October 2021**, with a view to informing decisions in time for the new economic regulatory regime to 'go live' at the same time as the new water services entities are established and commence operations.

Development of an industry and workforce transformation strategy

An industry transformation strategy is required to support and enable the wider three waters industry to 'gear up' and play its part in the reformed service delivery system.

There are significant additional challenges facing the three waters sector that will not be addressed solely through the service delivery reforms. These include matters such as workforce availability, supply chain logistics, and construction sector capacity.

The purpose of the industry transformation strategy is to:

- provide a holistic assessment of the existing constraints, challenges, and opportunities involved in delivering the reform objectives
- identify practicable solutions to the constraints, challenges, and opportunities, and a system for prioritising the delivery of these solutions
- successfully address the infrastructure funding 'deficit' and unlock increased productivity in the sector.

Reform can provide significant health, environmental, economic and other wellbeing benefits

Analysis commissioned by the Department, in partnership with the Steering Committee, and information from overseas jurisdictions that have undertaken reform²⁹, indicates that a number of significant benefits can be realised through reform. The main benefits are as follows:

²⁹ For example, Victoria and Tasmania in Australia; England, Wales and Scotland.

Improving health and environmental outcomes

Reform is expected to facilitate a material improvement in health and environmental outcomes. This conclusion is informed by international evidence that suggests that water service entities are likely to be in a stronger position to meet new drinking water and environmental standards because of the reforms. The combination of a stronger regulatory framework and structural and governance reform has been shown to both strengthen the incentives on water service providers to improve service standards and strengthen the capacity of those providers to deliver improvements.³⁰

A further benefit of reform, particularly for urban water outcomes, is the improved ability for water service entities to address contamination of urban streams through sewer overflows and other unauthorised discharges and stormwater run-off. Improved management and investment, as well as the ability to plan on a catchment level, will enable water service entities to better manage contamination and erosion, with flow-on benefits for receiving urban water environments.

Delivering economic benefits to all corners of the economy

Analysis by Deloitte shows that reform will impact every corner of the economy, and could see GDP expand by \$14 billion to \$23 billion over the next 30 years.³¹ This represents a 4.4% to 7.1% increase in the size of the New Zealand economy and an average increase in GDP per annum of between 0.3% to 0.5%.

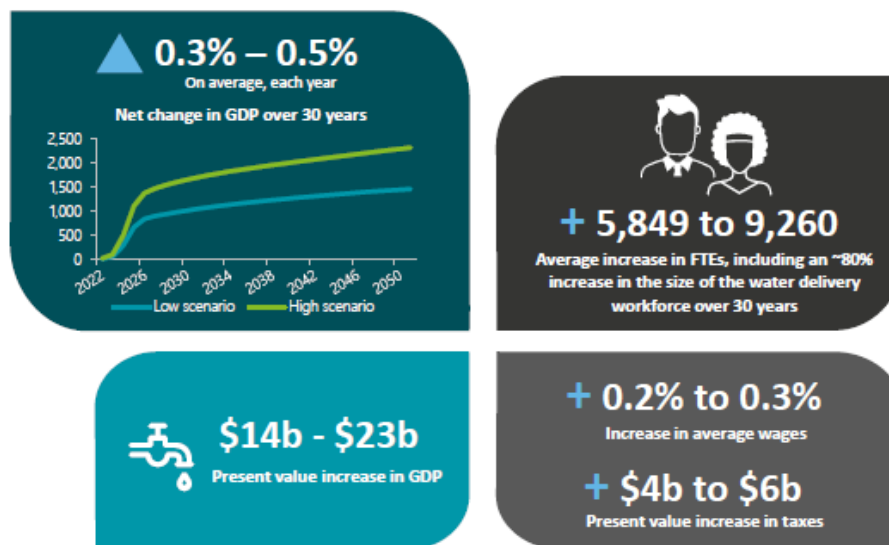
Reform is also expected to unlock an additional 5,800 to 9,300 jobs, with the water sector workforce expected to grow by 80% over the next 30 years. Deloitte anticipate that reform will change the composition of jobs in the water sector, with the likelihood of some jobs being replaced over time. However, the reform provides significant opportunities for career advancement, including greater levels of specialisation and a lift in average wages.

The widespread nature of the economic impacts underline the critical role that the water sector plays in the national and regional economy, as it cuts across many sectors. A lift in investment in the water sector therefore has multiple flow-on benefits for other parts of the economy.

³⁰ Frontier Economics (2019). Review of experience with aggregation in the water sector. Available at [https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-documents/\\$file/Frontier-Economics-review-of-experience-with-aggregation-in-the-water-sector.pdf](https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-documents/$file/Frontier-Economics-review-of-experience-with-aggregation-in-the-water-sector.pdf)

³¹ Deloitte Access Economics (2021). Industry Development Study and Economic Impact Assessment. Available at [https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/\\$file/deloitte-report-industry-development-study-&-economic-impact-assessment.pdf](https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/$file/deloitte-report-industry-development-study-&-economic-impact-assessment.pdf)

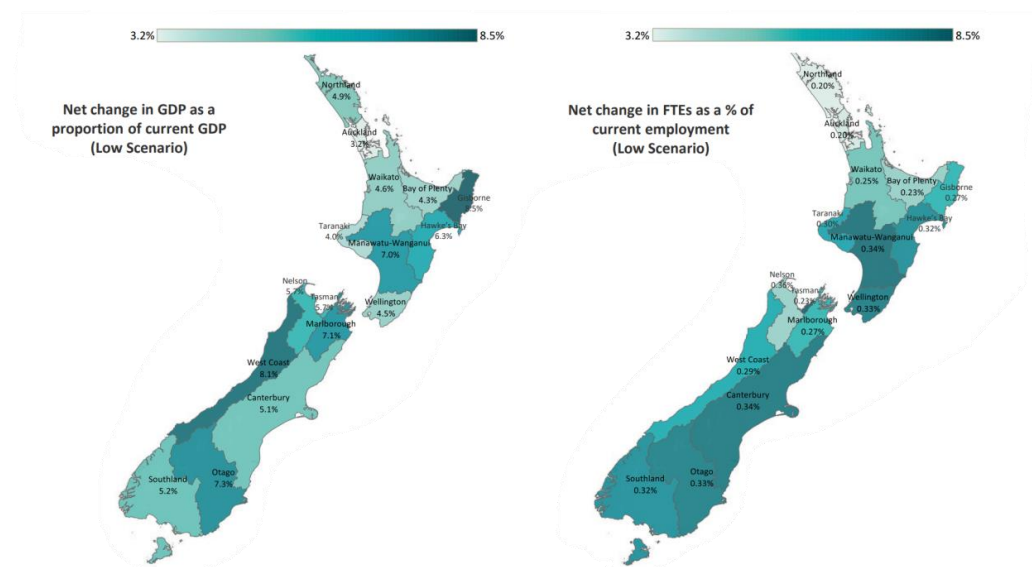
Figure 7: Summary of the potential economic benefits of reform



Source: Deloitte Access Economics, 2021

Every region in New Zealand will be positively impacted by reform but not all will be affected equally (see Figure 8). Most rural and provincial regions are estimated to benefit more than the national average through reform, experiencing larger increases in economic activity in relative terms. Metropolitan regions are also forecast to experience large increases in GDP and employment in absolute terms, particularly Auckland.

Figure 8: Regional impacts of reform on GDP and employment



Source: Deloitte Access Economics, 2021

Enabling efficiencies and lower operating costs, by consolidating administration and overhead costs, and improving organisational capabilities.

Consolidating administration and overhead costs, and improving organisational and technical capability, can enable more efficient delivery and lower the operating costs of providing water services. While some of those cost savings would be balanced against increases in capital expenditure to address the likely backlog of under investments, the cost savings attributable to those financial efficiencies could result in lower water charges, relative to what they would otherwise have been.

Significant improvements in efficiency have been achieved in overseas jurisdictions that have pursued reform of a similar nature to that proposed in New Zealand.

- In Australia, the Productivity Commission found that service delivery reform has helped to improve efficiency and deliver significant benefits for water users and communities³²
- Frontier Economics, in its review of the experience with water services aggregation in Australia, Great Britain, Ireland and New Zealand (Auckland and Wellington) finds that there is “strong and consistent evidence” that reforms have led to significant improvements in productivity and efficiency³³
- Farrierswier, in its review of WICS methodology, comments on the potential that exists for efficiency gains from amalgamating water services in New Zealand and notes significant improvements are possible through aggregation and associated reforms, including improving the ability to attract and retain skilled management and staff, more effective procurement functions, asset level optimisation and reduction in corporate overheads and duplicative functions³⁴
- WICS reports that Scottish Water has been able to reduce its operating costs by over 50% since reform, while improving levels of service to customers and absorbing the new operating costs associated with its investment programme³⁵
- A report for the United Kingdom water trade association found that reform of the water industry in England resulted in annual productivity growth of 2.1% or 64% over 24 years when adjusted for service quality improvements.³⁶

³² Productivity Commission (2021). National Water Reform 2020: Productivity Commission Draft Report. Available at <https://www.pc.gov.au/inquiries/completed/water-reform-2020/draft/water-reform-2020-draft.pdf>

³³ Frontier Economics (2019). Review of experience with aggregation in the water sector. Available at [https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-documents/\\$file/Frontier-Economics-review-of-experience-with-aggregation-in-the-water-sector.pdf](https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-documents/$file/Frontier-Economics-review-of-experience-with-aggregation-in-the-water-sector.pdf)

³⁴ Farrierswier (2021). Review of methodology and assumptions underpinning economic analysis of aggregation. Available at [https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/\\$file/farrierswier-three-waters-reform-programme-review-of-wics-methodology-and-assumptions-underpinning-economic-analysis-of-aggregation-released-june-2021.pdf](https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/$file/farrierswier-three-waters-reform-programme-review-of-wics-methodology-and-assumptions-underpinning-economic-analysis-of-aggregation-released-june-2021.pdf)

³⁵ Water Industry Commission for Scotland (2021). Supporting Materials Part 2: Scope for Efficiency. Available at [https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/\\$file/wics-supporting-material-2-scope-for-efficiency.pdf](https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/$file/wics-supporting-material-2-scope-for-efficiency.pdf)

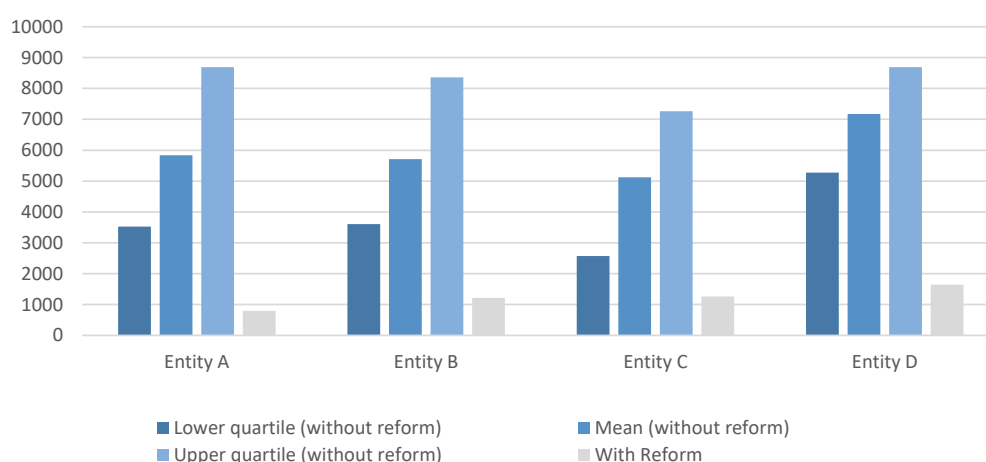
³⁶ Frontier Economics (2017). Productivity improvement in the water and sewerage industry in England since privatization. Available at <https://www.water.org.uk/wp-content/uploads/2018/11/Water-UK-Frontier-Productivity.pdf>

Delivering cost savings from households and communities

WICS analysis indicates that, with reform, the net present cost of serving each connected citizen is likely to reduce by between \$500 to \$1,000 depending on the entity (in relative terms this equates to a reduction of between 45% to 49%).³⁷

Figure 9 below summarises the impacts reform could have on the average costs of providing three waters services per household in 2051. The distributions of costs without reform demonstrate a significant variance across neighbouring councils, with smaller rural and provincial councils in particular likely to face significantly high costs on a per-household basis. Notably the potential costs under reform demonstrate that ALL councils stand to benefit from reform.

Figure 9: Comparison of average costs per household in 2051 without and with reform



Box 2: Independent review of WICS methodology³⁸

Farrierswier reviewed the methodology and assumptions underpinning WICS analysis to ensure this represented a reasonable basis for informing policy advice to ministers. They concluded that the overall approach adopted by WICS should give reasonable estimates in terms of direction and order of magnitude of the potential impacts of reform. This means we can have confidence that the WICS results are representative of the likely scale of benefits reform could provide.

The Farrierswier review notes several limitations associated with the kind of analysis WICS has undertaken but also concludes that these limitations are inherent and to be expected when projecting economic outcomes over a 30-year period based.

³⁷ Water Industry Commission for Scotland (2021). Supporting Materials Part 3: Costs and Benefits of Reform. Available at [https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/\\$file/wics-supporting-material-3-costs-and-benefits-of-reform.pdf](https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/$file/wics-supporting-material-3-costs-and-benefits-of-reform.pdf)

³⁸ Farrierswier (2021). Review of methodology and assumptions underpinning economic analysis of aggregation. Available at [https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/\\$file/farrierswier-three-waters-reform-programme-review-of-wics-methodology-and-assumptions-underpinning-economic-analysis-of-aggregation-released-june-2021.pdf](https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/$file/farrierswier-three-waters-reform-programme-review-of-wics-methodology-and-assumptions-underpinning-economic-analysis-of-aggregation-released-june-2021.pdf)

Farrierswier also considered the potential that exists for efficiency gains or losses in New Zealand and the ways in which these could be realised. They agree with WICS that a package of reform – which includes structural aggregation, strengthened governance, effective compliance and enforcement with water quality and environmental regulation and the introduction of economic regulation – should provide significant opportunities for efficiency gains.

Farrierswier also explored the relevant literature to test whether any concerns arise that amalgamation might lead to water entities becoming large enough that diseconomies of scale may emerge. Their view is that the amalgamation scenarios that the Government has considered – with entity sizes that do not exceed two million connected citizens – do not include entities of a size that give rise to concerns about diseconomies of scale.

Enabling more consistent water charges, with the ability to harmonise tariffs across much larger areas.

A common feature of many water service reforms has been a move to harmonise tariffs across the new service areas. In Scotland, which has one national provider, there is agreement that similar properties should pay the same amount for water services. In Auckland, when Watercare was established, all water charges were harmonised so that each community paid the same \$1.30 per unit for water services across Auckland. This process meant tariff reductions ranging from 0.6 per cent in Manukau City to 62.9 per cent in the rural Rodney District.

WICS analysis of current average costs for households indicates a variance of over 1200% (between a \$210 to \$2,580 average cost per household). Over time, this is estimated to reduce to a variance of around 200% with reform (between an \$800 to \$1,640 cost per household in 2051).³⁹

While aggregation overseas has sometimes been associated with an increase in average customer bills, this has been accompanied by improvements in service standards. In particular, more remote areas have benefited from access to a broader funding base and investment that may not otherwise have been possible.

Increased financial capacity and capability, with stronger, more flexible and resilient balance sheets, greater access to capital, and a more reliable investment pipeline.

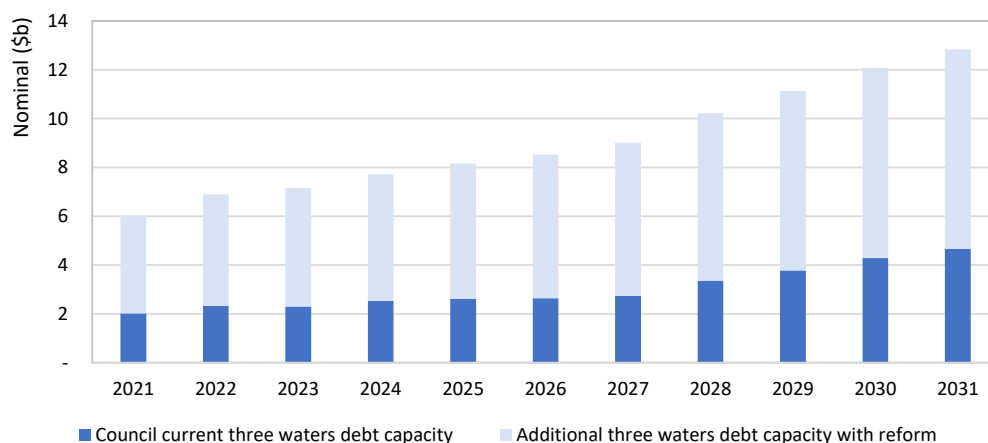
More customers, a larger revenue catchment, balance sheet separation and economic regulation will provide water service providers with stronger balance sheets and greater flexibility to direct significant investment to where it is needed. A stronger balance sheet means greater investment can be made in all communities throughout New Zealand. This would improve the resilience of new water service providers, enabling them to finance the required catch-up investment, and respond to short-term shocks like earthquakes, and long-term challenges like climate change.

³⁹ Water Industry Commission for Scotland (2021). Supporting Materials Part 3: Costs and Benefits of Reform. Available at [https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/\\$file/wics-supporting-material-3-costs-and-benefits-of-reform.pdf](https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/$file/wics-supporting-material-3-costs-and-benefits-of-reform.pdf)

Engagement with credit rating agency Standard & Poor's has confirmed that under the new system and entity design arrangements, the water services entities would be deemed as financially and operationally separate from local authorities, ensuring their ability to borrow on similar terms to other utilities and operate on a financially sustainable basis over time. The rating of the water entities will reflect a variety of factors but are expected to achieve issuer ratings similar to that of councils.⁴⁰

Initial analysis shows that with balance sheet separation and appropriate credit worthiness, water entities can achieve higher leverage ratios than councils, creating additional debt capacity following reform of between \$4b-\$8b over the 2021 to 2031 period (see **Error! Reference source not found.**). We note that the conservative assumptions utilised means this may be understating the additional debt capacity for water investment following reform. International experience demonstrates that regulated water utilities are able to leverage up to 8 times water revenue while retaining an issuer rating similar to that of councils.

Figure 10: Comparison of current council three waters debt capacity and additional debt capacity for new water services entities following reform



Assumptions:

- Council three waters debt capacity assumes debt limit of 4x
 - Water services entity debt capacity assumes debt limit of 6x
 - Additional debt capacity is then water services entity debt capacity less council debt capacity
- Source: DIA analysis based on Rfl data and Draft 2021-2031 Long Term Plans

Initial feedback from capital markets participants has indicated that the credit profile of the water services entities would make them an attractive proposition to capital markets investors (i.e. issuers of debt, bonds etc). The water entities would join a suite of large, highly rated New Zealand borrowers (NZDMO, Kāinga Ora, LGFA and Auckland Council) who access the capital markets in volume and would increase New Zealand's presence in international capital markets providing a wider benefit to New Zealand borrowers.

⁴⁰ The final credit rating of the entities will reflect a variety of factors including fiscal and economic performance, and the effectiveness of the government's institutions.

Strong balance sheets and economic regulation means investment pipelines can be established with more confidence for a longer horizon and supports the development of programmes of work. Certain investment pipelines and programmes of work will give the sector the certainty needed to invest, supporting greater sector capacity and efficiencies over time.

Creating large scale providers with strong balance sheets would also contribute positively to the supply of housing by enabling water infrastructure to be provided to new developments, which has been a big constraint for debt-limited councils in high-growth areas.

Opportunities to take a strategic and coordinated approach, to consider infrastructure needs at a larger scale and in the context of wider catchment outcomes.

Currently within any catchment there could be several district and city councils, all making individual decisions to fund and upgrade water infrastructure. In the context of the significant wastewater investment programme required over the next 10 years, increases in scale create an opportunity to consider the best investment across boundaries. This could also enable new water services entities to rationalise existing water infrastructure and invest in new infrastructure where it can make the most impact.

Larger service providers can also unlock strategic opportunities to take a more coordinated approach, and consider our infrastructure needs at a larger scale. This has been the case in Auckland, where Watercare is building the \$1.2 billion Central Interceptor to improve the quality of Auckland waterways. It is unlikely this would have been possible under the previous seven Auckland councils.

Building technical capabilities, with access to a larger, more specialist workforce, and the ability to innovate and make use of new technology.

Increasing the size and scale of water service providers would enable the industry to build technical capability and attract talent. Watercare and Wellington Water demonstrate the lift in capability that is possible with larger providers. Larger providers can attract and retain specialist staff, such as microbiologists, water engineers, data specialists, and dedicated community engagement staff, and provide career pathways for people entering the water industry.

As noted above water entities will support more certain investment pipelines and greater use of programmes of work. Watercare has demonstrated some of the benefits associated with these elements, however, there are still improvements that can be driven through greater certainty of investment. International precedent suggests this could have substantial benefits for sector capacity and efficiency generation.

Reform would improve financial flexibility for the local government sector, freeing up significant borrowing capacity for non-water investment

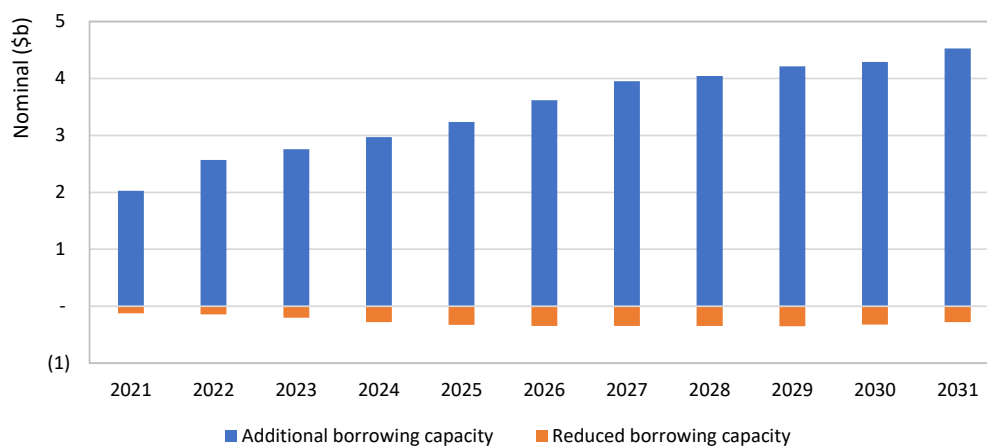
Engagement with credit rating agency Standard & Poor's has indicated that it is unlikely that any local authority will suffer a credit rating downgrade as a result of the transfer of water services to water entities. The engagement also suggests that for some local authorities the transfer may support a credit rating upgrade immediately following the transfer.

As a general observation three waters assets are more highly leveraged than other council assets, and a transfer of three waters assets and liabilities would tend to improve a local authority's debt to revenue ratio.

DIA have estimated that cumulatively, the additional borrowing capacity associated with non-water investment for all local authorities could represent approximately \$2.5 billion by FY24 and \$4.0 billion by FY31 (see Figure 11). This reflects information provided in the RfI and current draft long-term plans.

Additional borrowing capacity could either be utilised by councils to support additional investment that improves the wellbeing of their communities or improving the credit rating and reducing the council cost of capital with a commensurate reduction in rates.

Figure 11: Impact on council borrowing capacity for non-water investment following the transfer of water assets



The additional borrowing capacity for each council can only be determined following a detailed financial audit of council three water services to identify the associated debt and revenue.

As the graph shows, there are a small number of councils that could experience a slight reduction in non-water related borrowing capacity following the transfer of water assets. The Government is committed to working with all councils during the transition period to ensure that councils are "no worse off" as a result of the transfer.

Transition process and areas for further work

Implementing these reforms will be a highly complex and challenging process, involving a range of transition activities and tasks, and the management of a number of significant risks. The key activities relate to:

- establishing the new entities, including setting up governance and organisational structures;
- managing staff transfer and recruitment processes

- ensuring the components of the reforms that recognise iwi/Māori rights and interests are implemented effectively – including in relation to the proposed role of the mana whenua representative group
- ensuring local authorities are continuing to deliver water services (and to invest in those services and infrastructure) until the new entities become operational
- managing the transfer of assets and liabilities between local authorities and the new entities – including identifying the assets and liabilities to be transferred
- managing local authority transition activities that contribute to the establishment and operation
- establishing technical structures, policies and procedures, which ensure there is no disruption to water services through transition (this includes policies relating to asset management/planning, operations management, regulatory functions and delivery/procurement)
- preparing the new entities to undertake communications, customer services and community engagement
- preparing the new entities to have the necessary functions relating to financial and treasury, charging and pricing, legal, risk, insurance, data, digital and information technology systems and processes, to successfully deliver water services.

There are no examples in New Zealand of an amalgamation of this scale and complexity, although a number of New Zealand amalgamations, and overseas water reforms, were reviewed, as were other significant reform processes, such as the current health reform process. The New Zealand amalgamations include that of Auckland Council, Fire and Emergency New Zealand and Te Pūkenga/New Zealand Institute of Technology. We have also considered water reform in Tasmania and Scotland and New Zealand electricity reform.

The success of the reforms will be dependent on having a highly collaborative, partnership-based approach with local authorities and iwi/Māori. Local authorities and iwi/Māori participation in the transition process will be critical to ensuring all interests are recognised in decision making, important knowledge and expertise is well-utilised, and the water services entities are set up for success.

Appendix 1: Selection of alternative options that have been considered

Sector-led reform

While some regions have undertaken investigations of local service delivery reform options (e.g. the Hawke's Bay, Otago/Southland, Manawatū-Whanganui), limited progress has been made, and there are statutory barriers to aggregation of service delivery that are likely to limit the potential benefits of sector-led reform.

Continuing with a sector-led approach would require a significant, coordinated approach to reform, of a scale and extent not previously seen. There are no guarantees that reforms would be delivered consistently across the country, or the new service delivery models would meet the Government's objectives and achieve similar benefits to the large-scale, asset-owning entities that feature in the proposed approach.

It is also not clear if sector-led reform under existing legislation would deliver the kind of transformation required to address the root causes of the challenges the sector is facing. It is likely that councils would need to establish multi-regional providers as council-controlled organisations (CCOs) as provided for through the Local Government Act 2002. This approach would have some limitations, including that:

- current provisions in the Local Government Act are not fit for this purpose, and present barriers to reform. It is likely to take as long to redesign and amend the existing legislative provisions, as it would to create bespoke provisions in new legislation (including some form of economic regulation)
- establishing CCOs requires the agreement of all councils, each of which would need to undertake public consultation. This would take time and creates uncertainty about the outcome
- if the new entities were CCOs, this is likely to have implications for financing arrangements. They may not be sufficiently separate from local government to borrow at similar rates as other utilities, for example.

National three waters fund

Officials have considered the option of establishing a national three waters fund, similar to the National Land Transport Fund⁴¹ that the New Zealand Transport Agency administers. This could have the potential to provide a new dedicated fund for three waters improvements, while also incentivising some voluntary service delivery improvements.

However, there are fundamental challenges with establishing a national three waters fund, and this approach would not deliver the broader benefits associated with creating larger scale water service providers.

⁴¹ The National Land Transport Fund collects levies and charges applied to users of the transport system and distributes this to councils on the basis of a funding allocation formula that is decided by the New Zealand Transport Agency. Councils bid for funding from the national fund by preparing regional transport plans that need to reflect government policy priorities and are required to meet some of the costs through locally raised revenue (through rates, development contributions etc).

The main challenges relate to the sources and administration of funding. The National Land Transport Fund is sourced from road users through various charges, with local government contributing co-investment in addition to this (sourced largely from rates). However, water services are delivered locally and subject to different rating policies. There is no consistent user charge regime in place that would be amenable to a centralised collection of revenue. There are several theoretical revenue collection mechanisms that could be explored, for instance implementing a national or local levy, although all options have significant operational inefficiencies.

A newly created national fund would also require machinery to administer it, either through the creation of a separate function within an existing entity or a completely new entity altogether. This adds to the costs and complexity associated with the fund.

More importantly, even if the operational and administrative challenges noted above were addressed, a national fund would fail to address the other root causes we have identified, and any lift in investment levels would occur within a system that will continue to struggle from a lack of scale, accountability and operational independence.

Regulatory reform only

Officials have also examined the extent to which outcomes, objectives, and ‘strategic shifts’ can be achieved through regulatory reform alone.

This would require a coordinated change in the regulatory system to strengthen the consideration of environmental impacts alongside the increased focus on public health that Taumata Arowai would bring. It would also require the introduction of economic regulation of local authority service provision, including much more stringent performance measurement, information disclosure, and protections for consumers than is currently the case.

This approach, on its own, is unlikely to incentivise service delivery reforms or enable scale benefits to be achieved. In particular, it is unlikely to encourage widespread transfer of asset ownership into standalone three waters providers, which is one of the key contributing factors to the benefits associated with reform.

Asset-owning entities have greater flexibility to borrow against their balance sheets, greater access to capital, and long-term funding certainty, and can use this certainty to develop a reliable infrastructure pipeline that builds supplier capability and capacity. Shared service models, which do not involve asset ownership, have a number of shortcomings in comparison. Wellington Water, for example, is still subject to decisions of council owners who retain asset ownership and have different views on relative priorities and charging which limit Wellington Water’s ability to plan and invest strategically in its network.

While regulatory reform alone would not be sufficient to achieve the outcomes Ministers are seeking, it will form an important part of the overall reform pathway. Examples of successful international reforms indicate that a combination of quality and economic regulation, better governance models, and aggregation is a common approach, which is likely to lead to the best outcomes. As noted above, it is anticipated that a system of economic regulation will be developed, in addition to the creation of Taumata Arowai (the drinking water quality regulator).



Three Waters Reform - Feedback to Minister of Local Government September 2021

Context of this feedback

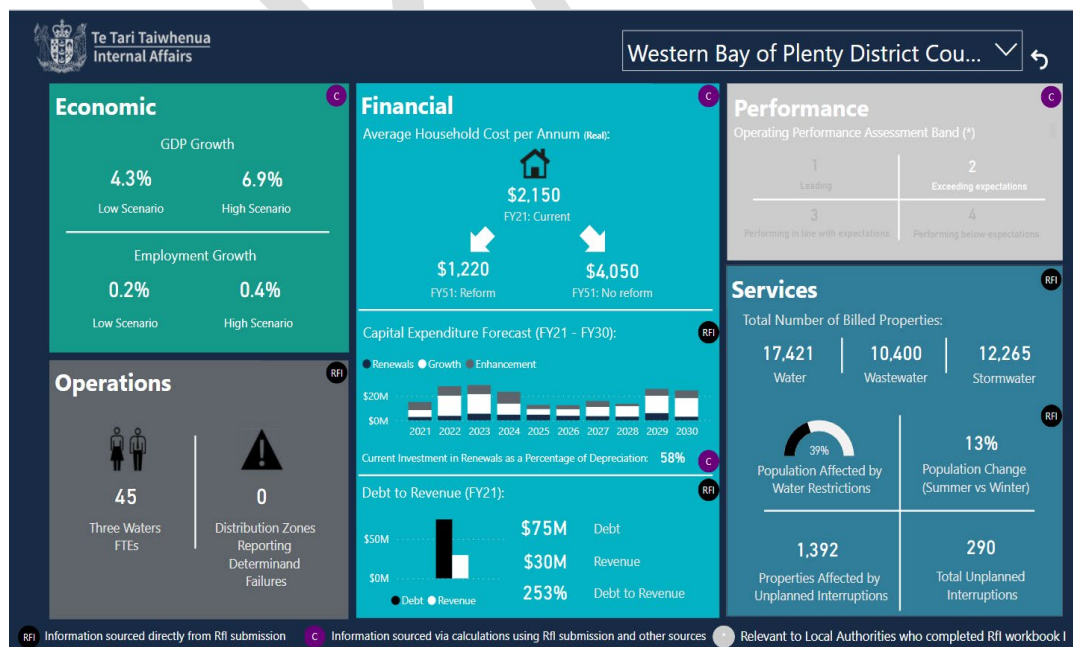
Western Bay of Plenty District Council (WBOPDC) appreciates the eight-week window of opportunity provided to Councils and mana whenua to influence decisions that your Government has not yet made with regard to your Three Waters Reforms.

In providing this feedback WBOPDC neither endorses nor rejects the direction of the Three Waters Reform to date. Our motivation for providing the feedback is to influence any proposal your Government may make, so that any potential changes to Three Waters services are well-designed to achieve the Government's stated aim – to provide safe, reliable and affordable water services that support good health and sustainable environmental outcomes.

The comments regarding implications for Mana Whenua are provided based on workshops held with our two representative roopu representing the iwi and hapū of Tauranga Moana and Te Arawa ki Tai.

WBOPDC's Three Waters context

The analysis of the information provided by WBOPDC through the RFI process last summer confirms that WBOPDC is performing above average in this service. The dashboard for our Council, based on information supplied in January 2021, is shown below:





This “exceeding expectations” performance has been possible because Council has taken hard decisions in the past to charge appropriately for cost of providing the Three Waters networks. To manage demand and improve environmental outcomes, the water supplies to almost all connected properties are metered.

Council’s Long Term Plan 2021-2031 (LTP) contains \$212 million (uninflated) capital expenditure funding commitment to further invest in Three Waters networks over the next 10 years. This is to service expected growth of 3,700 dwellings and meet higher performance standards for Three Waters, particularly in the wastewater and stormwater services. WBOPDC’s current and future level of service and funding commitment is based on 100% compliance with the Drinking Water Standards NZ.

Feedback on the Government’s policy direction

In recent weeks, Council has undertaken an assessment of two future scenarios in 2031:

- no reform and Council delivers the services alone, investing as indicated in the LTP
- reform occurs and Council’s assets transfer to Entity B as modelled in August 2021, with 800,000 connected population.

In completing the assessment, Council identified a number of areas where we have concerns or where clarity is sought. These are outlined overleaf, together with solutions or suggestions for mitigation.

Before we are expected to make a decision to opt in or out of any reform proposals, we would like these matters addressed.



Matters of concern or requests for information

Topic	Details	Potential solution or mitigation
Public participation in decision-making about the reform proposals		
– about opting in or out	WBOPDC has not sought public input during this eight-week window, however staff addressed public meetings in July to outline the direction of the reform as then understood. In recent weeks we have heard from several members of the public about their concerns regarding the perceived lack of opportunity to influence the significant decisions being taken by Government which will affect assets the community has paid for. Some are demanding a referendum on the matter, others want to influence in the decision-making in a more general way. Many are concerned about the governance arrangements and are questioning the reliability of the case for reform.	Communication by central government to the public about the drivers for reform and the important issues and trade-offs has been poorly conceived. The transparency of decision-making and wealth of information on the DIA Three Waters Reform website is commendable, but the public has been let down by government's efforts to bridge the gap between this information and what the public needs to know about the reasons for the reform proposal. It would be beneficial for Government to focus its efforts on addressing this gap as part of the next steps in the reform process.
– about the new entity's governance framework	Some members of the community are concerned about mana whenua having an undue influence over the decisions of the representative group (being six council representatives and six mana whenua representatives).	Given that equal representation by mana whenua and local authorities is one of Government's key principles for the new entity's governance ¹ , WBOPDC does not offer feedback on this matter. Other suggestions regarding the governance structure are included below.

¹ (Cabinet minute 11 on 14 June 2021 CAB-21-MIN -0227) at [https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/\\$file/cabinet-paper-two-and-minute-designing-the-new-three-waters-service-delivery-entities-30-june-2021.002.pdf](https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/$file/cabinet-paper-two-and-minute-designing-the-new-three-waters-service-delivery-entities-30-june-2021.002.pdf)

Topic	Details	Potential solution or mitigation
Community's ability (directly or through their Council) to influence decisions of the Representative Group and decisions of the Board of Entity B, post-reform		
– Local priorities for enabling growth	WBOPDC knows the frustration and community harm that results from partners in infrastructure not being able to deliver on their commitments in a timely and coordinated way. Council has already experienced this with Waka Kotahi shifting priorities and its inability to fully commit to projects with a medium term lead-time. WBOPDC fears that with another large entity to deal with, the difficulties of aligning priorities and holding to them will multiply. Given the proposed governance structure, and that in Entity B, 22 local authorities will have six representatives, there is concern that without legislative obligations, individual councils will not have enough influence over the Entity Board to ensure that spatial planning commitments made with the Entity are met.	Even without Three Waters Reform there is an urgent need for urban planning frameworks to be linked to funding decisions. This is ensure that where planning takes place in good faith, commitments for funding the implementation should be mandatory to ensure all planning partners live up to their commitments. We understand that the Strategic Planning Act will recognise the new Water Services Entities, but mechanisms should be put in place to ensure their funding decisions reflect their participation in planning decisions. Investment decisions made by Entity B should be objective, free of political influence, supported by robust business cases and implemented using fully hypothecated funding.
– Integrated planning for stormwater and urban design	WBOPDC is concerned that integrated spatial planning will be more difficult when stormwater and urban design are being done in different organisations. The result could mean compromised environmental and amenity outcomes or slower urban development while conflicts are resolved.	RMA and spatial planning reform needs to be carefully coordinated with Three Waters Reform to ensure that the resulting framework is coherent and effective. This will be critical during transition of both legislative frameworks because it coincides with a period of rapid urban growth driven by the shortage of housing exacerbated by shortage of skills in both the public and private sectors.
– Local opportunities for combined	Many Three Waters assets (particularly stormwater) are used for amenity and recreation as well as their primary Three Waters purpose. Often the recreation function develops in response to a community initiative and may be managed by a community group.	Good working relationships and coordination of asset management and service delivery between Councils and the new Entity will be needed at grass roots level. This should be mandated in the governance framework.

use of public assets	<p>There is concern that close working relationships between the community and the managers of Three Waters assets will no longer exist. This would inhibit full use of the assets for community well-being.</p> <p>In the governance framework proposed by Government, the only direct relationship between communities and the Entity Board appears to be through "consultation requirements for entities when developing documents on strategic direction, investment plans and proposed prices and charges". There does not appear to be an obligation on the entity to respond to grass roots community initiatives that would not be part of the Strategic and Performance Expectations document that the Regional Representative Group would produce.</p>	
<p>– Pricing and revenue decisions, both transition pricing and on-going cross-subsidisation</p>	<p>WBOPDC has relatively high charges for three waters services, not due to inefficiency, but because we have invested in the network to improve standards and keep the assets in good condition. Without reform, we would expect other provincial councils' pricing to increase to levels similar to ours in the near future, as tighter regulation of standards takes effect.</p> <p>We understand that part of the purpose of the reform is to enable areas that benefit from economies of scale due to urban density to cross-subsidise less densely populated areas. In that case, fairness suggests that from day one of the new entity, the prices paid by each customer for services they receive should be the same irrespective of the prices paid in the past. We have not heard any proposals for how pricing would be determined other than there would be an economic regulator.</p> <p>While it is reasonable to argue that a period of transition in pricing is necessary, while the new entity understands the true cost of its services, any transition pricing should not continue to reward the communities that have underinvested in their assets and charged less than the cost of service.</p>	<p>DIA has consistently talked of the projected "average household cost" in making the case for reform, stressing that the amount is different to the expected price.</p> <p>It would be helpful if pricing principles (both for transition and the longer term) could be made public as soon as possible. Consideration could be given to mandating pricing changes in the lead-up to 1 July 2024 to shorten any period of transition.</p>

Topic	Details	Potential solution or mitigation
Risk of loss of skilled staff		
<p>- Transition risks and long term employer relations</p>	<p>One of WBOPDC's priorities is to ensure staff affected by the reforms are no worse off. For many staff the new entities will provide different opportunities for career development to the ones they currently enjoy. Younger staff will particularly benefit from the new opportunities.</p> <p>Government has announced that all staff mainly involved in Three Waters services will be guaranteed employment in the new entity at the same salary, position and location as they currently have. This is helpful, but without a commitment for how long that will last, the guarantee only provides greater certainty for the period up to 1 July 2024. Obviously the new entity will be required by law to be a good employer, but there is a risk that highly skilled younger staff could be motivated to sit out the period of uncertainty elsewhere, including the private sector, particularly once international borders open.</p> <p>The uncertainty of the workplace location for senior Three Waters staff is also another concern.</p> <p>During the transition period, young up and coming staff may want to position themselves in larger, more visible councils to gain a reputation that could help them in the bigger entities. It may become difficult for smaller councils to hold onto their key staff in the interim, and in extreme cases services could be put at risk.</p>	<p>We suggest the DIA transition team consider early strategies (including retention incentives) to secure the forward commitment of skilled staff, while maintaining continuity of services at smaller councils.</p> <p>Longer term, there is a risk that the sheer size of the new entities and the small pool of decision-makers could create a monopoly employer situation in some parts of the country with limited opportunities for individual negotiation. This should be recognised and mitigating processes put in place when the entities are established.</p>

Topic	Details	Potential solution or mitigation
How mana whenua can effectively influence decisions of the Representative Group and decisions of the Board of Entity B		
– Te Mana o Te Wai statements	<p>Mana whenua representatives have told us they need to better understand the role and power of the Te Mana o Te Wai Statement in influencing the decisions of the Board of Entity B, and how hapu can effectively influence the content of the Te Mana o Te Wai Statement itself.</p> <p>There is concern that their voices will not be heard, particularly given the size of Entity B and the complex mana whenua relationships within the entity's jurisdiction.</p>	DIA should urgently engage with hapu representatives in the Western Bay of Plenty District and put in place channels of communication that reach the grass roots.
– Local issues and priorities	<p>Mana whenua representatives have told us they are concerned that their local priorities will not be given due consideration and their priorities may be overshadowed by issues concerning larger districts and iwi groups.</p> <p>We have heard that proposing four entities is challenging for mana whenua and that seven entities would better reflect the extent of their traditional responsibilities and influence over water resources.</p>	DIA should engage with hapu at grass roots level to explain the structures and tools they can use to influence local priorities and bottom lines relating to the delivery of Three Waters services. If DIA believes it has engaged adequately with mana whenua leaders in the Western Bay of Plenty District, then support and capacity is needed to ensure the advice and information is filtering down to the people on the ground.
– Resourcing to build capacity to respond to the opportunities and obligations in this framework	<p>Mana whenua of this area need assistance to enable their immediate participation in the reform discussions and longer term capacity building so they can play an effective part in the reforms, the transition, and post 1 July 2024. This is essential for the success of Entity B, assuming the reform goes ahead.</p>	DIA should provide mana whenua of the Western Bay of Plenty with information about how to access support to build their capacity to participate in the reform discussions and to play an effective part in the transition and launch of Entity B.

Topic	Details	Potential solution or mitigation
Clarity sought on financial matters		
– financial contributions and developer agreements	<p>For growth councils, development contributions (or in WBOPDC's case, financial contributions) are a significant source of funding to extend Three Waters networks to new or more intense developments.</p> <p>It is not clear how similar arrangements are intended to work during transition, or as an ongoing funding principle for the new Entities. WBOPDC believes it is important that developers pay their fair share of the cost of extending services to the land they are developing.</p> <p>We have heard from DIA staff that we can expect the new entities to assume the responsibilities and obligations of Council in development agreements, as far as they relate to Three Waters assets and liabilities.</p> <p>We are concerned that a one-size-fits-all approach to managing transition with developers may overlook the implications for councils that use less well-known tools for funding.</p>	Start an early conversation with councils so that we can help manage developers' expectations, put in processes that capture the right records, and avoid entering into agreements that may be difficult to administer later.
– Treasury, internal debt allocations and transition	For councils that run Treasury management portfolios rather than dedicated external loans for Three Waters financing, more clarity is needed about how these will be treated. Similarly, clarity is sought as to how hedging arrangements such as interest rate swaps intended to cover the underlying Council borrowing would be treated. This would help staff to understand and plan for their transition obligations and identify the impact on their borrowing activities during the transition period.	Early discussions with DIA in this regard would be helpful. While 1 July 2024 is a fair way off, the treatment of treasury portfolios may have an impact on the remaining operations of council and councils need to understand what this could be.

<p>– Assumptions underpinning the WICS' forecasts for capital expenditure over 30 years and borrowing capacity of stand-alone councils for Three Waters investments</p>	<p>If participating in the reforms remain voluntary, Council will have to consult with its community about whether to opt in or out. To do this councils will need to make a positive decision on a proposal one way or the other, which they need to be able to explain and justify.</p> <p>For WBOPDC, the WICS forecasts are significantly different to forecasts made in our 30 year Infrastructure Strategy (part of the 2021-31 LTP). While we acknowledge WICS international experience and respect their understanding of the journey other jurisdictions have taken toward meeting higher water standards, we cannot say whether we believe their forecasts for Western Bay of Plenty District are reasonable, or not. This is largely because the drivers for the capital expenditure they assume to be required are not transparent.</p> <p>While WICS' methodology and macro-level assumptions have been peer reviewed by Beca and Farrierswier, we do not believe the peer review was designed to address whether the forecasts at a council level were reasonable as to direction or scale.</p>	<p>If participation remains voluntary, councils have a moral obligation to consult with their communities on such a significant decision.</p> <p>To do so, greater transparency and assessment of WICS assumptions will be needed. Resourcing for smaller councils to enable some degree of reconciliation between council's current 30 year forecasts and WICS' assumptions would be required.</p> <p>Ideally this would be done for each council by an independent party, using similar methodology and funded by DIA as part of the "no worse off" package.</p>
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Yours sincerely

Garry Webber

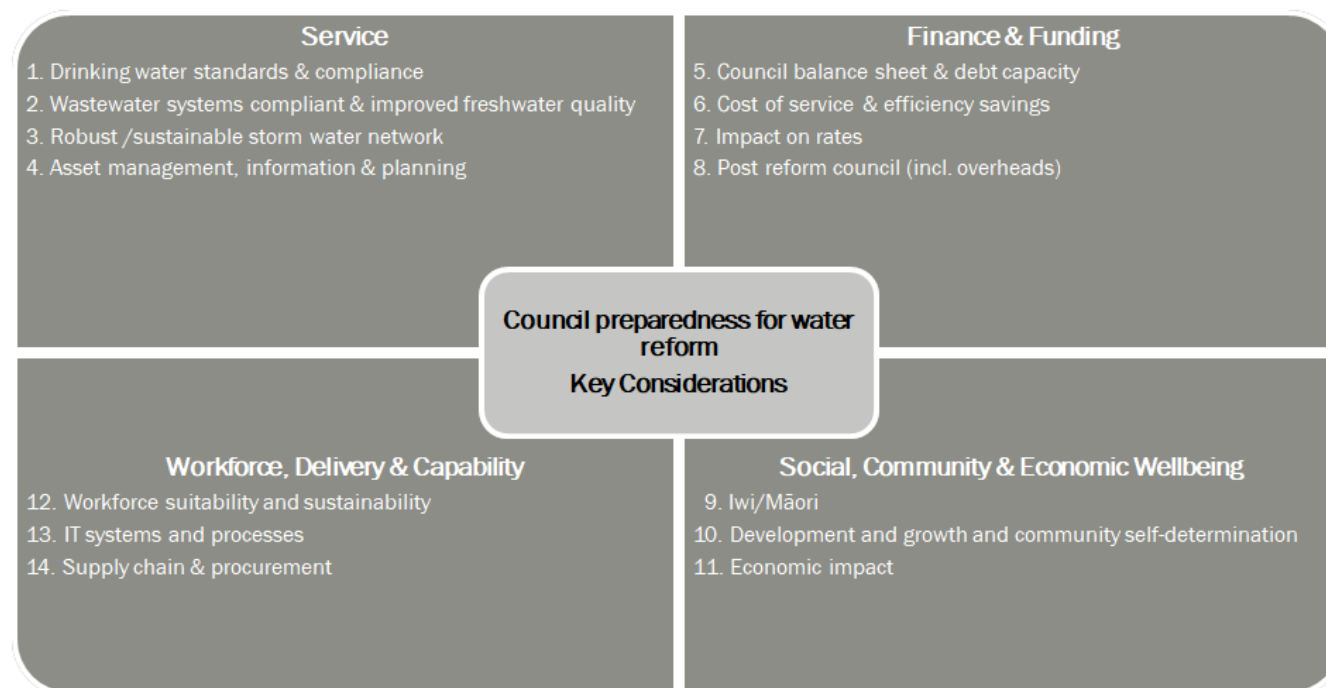
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Three Waters Reform – Council Impact Assessment

Scope of assessment



Scenarios assessed

- **SQ** - Council's current three waters position
- **LTP** - Council's projected position in 2031 if the LTP work is implemented, without reform
- **RF** - The position in 2031 if the reform proposal is implemented (RF)

Assessment key

Red (score 0), Amber (score 1), Green (score 2 or 3) assessment has been completed for each criteria. A Yellow indicator (score 1.5) denotes a neutral status.

1. Drinking Water Standards and Compliance						
Rationale	The Drinking Water Standards for New Zealand (DWSNZ) set and provide the compliance criteria to be met by all public water supplies (including for small community schemes and private suppliers). Compliance with the DWSNZ requires appropriately built and installed infrastructure (capex) and operational (opex) activities with management oversight and compliance reporting and review, including appropriately qualified and competent operators. Achievement per supply with the DWSNZ, demonstrates a responsible attitude by the Supplier to public health, along with significantly reduced risk for consumers.					
Reform assumptions	<ul style="list-style-type: none">It is presumed where a Council has achieved DWSNZ compliance for a particular supply then they will continue to maintain that compliance.This makes no allowance for the changing nature of the Standards.It is assumed that some (if not all) private supplies/schemes will default to local councils once the supplier(s) recognise the burden of future compliance.A 2018 national report by Beca identified the national cost to upgrade all known and registered water supplies for DWSNZ compliance, which can be used to estimate upgrade costs per scheme on a population (per person supplied) basis					
Criteria:	RAG Classification					
	Green	Amber	Red	SQ	LTP	RF
1(a) 2020 Level of compliance with DWSNZ (per 2019/20 published results)	All municipal supplies in District (100%)	All major supplies (towns and communities >5,000 population)	<75% compliance per supplied population of District	1.5	3	3
1(b) Intended level of compliance with DWSNZ (per Infrastructure Strategy)	All supplies in District (with relevant capex and opex funding)	All municipal supplies (with funding identified and allocated)	<75% compliance per supplied population of District	3	3	3
1(c) Water Safety Plans (WSP) are a required feature per scheme for DWSNZ compliance (and a means of identifying and managing operational risk)	WSP in place and reviewed for all municipal supplies	WSP drafted or lodged with Drinking Water Assessor (DWA) for approval - some or all yet to be approved	WSP yet to be completed for all municipal supplies	1	3	3
1(d) Compliance risk of future liability for non-council supplies (as at 2020)	No private or non-council supplies in District (e.g. jurisdiction covers a complete city area) or all private schemes registered	Registered private or non-council supplies are already DWSNZ compliant; balance to be registered likely to be few in number and low risk	No private or non-council supplies DWSNZ compliant, and/or no others registered where it is presumed, they do exist in numbers (largely unknown position)	0	1	1.5
Other considerations:						
Current non-compliance is minor in nature		<ul style="list-style-type: none">Taumata Arowai is set to become the regulator for Drinking Water in NZ from late 2021.Marae water supplies are in many cases to be identified and prioritised for upgrade and compliance – the Crown has allocated a \$30M capex fund for a pilotGrowth impacts to be separately considered				
Council Assumptions – (1) Drinking Water Standards and Compliance						
1(a) Current non-compliance is minor in nature. Upgrades for improvement in compliance is budgeted in LTP.						
1(b) WBOPDC LOS and infrastructure strategy is based on 100% compliance with DWSNZ.						
1(c) Water safety plans in place. Updated water safety plans currently in draft ready to be reviewed by Drinking Water Authority.						
1(d) Consider this under reform scenario as a regulatory risk to council. Council has little to no understanding of private supplies in the District.						

2. Wastewater systems compliance, and improved freshwater quality						
Rationale	Upgrading wastewater treatment plants (wwtp) & discharges to meet current and future standards is a major investment challenge. Major components of this challenge are that the Resource Management Act (RMA) reforms and subsequent consenting regimes, the implementation of the National Policy Statement for Freshwater Management (NPS-FM) by Regional and District Councils, and the elevation of Te Mana O Te Wai. This creates uncertainty around acceptable future discharge characteristics, from which appropriate treatment processes, and the necessary capex investment and operating practices, may be determined. To mitigate this uncertainty, responsible water entities will anticipate these challenges at a pan region level, then work with their communities, stakeholders, industry and service providers to appropriately consent their wastewater discharges. They will also look for shared opportunities. <u>Note:</u> The NPS-FM applies to freshwater bodies, i.e. all inland rivers, lakes and waterways.					
Assumptions	<ul style="list-style-type: none"> Regional Councils to have National Policy Statement – Freshwater Management (NPS-FM) provisions in place by 2025 – to inform future consent discharge limits – this will apply to all discharges to inland waterways. Marine (Sea) discharges by ocean outfall are likely to come under greater scrutiny/more stringent limits and conditions on discharges Resource Management (RM) consenting regime set to change within next few years – expected to result in more stringent environmental conditions All of the above is expected to add input costs over and above the current settings Opportunities and optioneering for combined plants and discharges pan-region are unlikely to have been explored or costed in any detail 					
Criteria	RAG Classification			SQ	LTP	RF
	Green	Amber	Red			
2(a) System performance – consent compliance (per DIA Mandatory measures reporting) - for most recent reporting year – across all council schemes	No non-compliant discharges, consent condition breaches resulting in environmental condition exceedances, abatement notices, prosecution	Some minor non-compliance in discharges; no consent condition breaches resulting in environmental condition exceedances, abatement notices, prosecution	Non-compliant discharges, and/or consent condition breaches resulting in environmental condition exceedances, abatement notices, prosecution	1	2	2
2(b) System performance – whole network - no of overflows reported (past year, dry weather and wet-weather overflows)	No reported dry weather overflows, wet weather overflows within stated target	Few dry weather overflows, future targets for wet weather overflows in place	Dry weather overflows, and wet weather overflows exceedances	1.5	2	2
2(c) Freshwater management – future discharge conditions affected by NPS-FM. Do you have wwtp discharges to inland waterways as receiving waters as this presents a significant future risk?	All wwtp discharge to sea and/or to land based discharge	Some discharge to inland waterways	All wwtp discharge to inland waterways	1	1.5	1.5
2(d) Consent expiry - Are your wastewater treatment plants operating on expired consents? Will any consents expire within the next 5 years?	All with current consents and expiry date >5 yrs away	All with current consents but with expiry date for some or all <5 yrs away	Some or all operating on expired consents	3	3	3
2(e) Are the financial implications fully recognised in your long-term plan? Per options included in Infrastructure Strategy (IS)	Costs (capex and opex) all fully estimated and provisioned in 2021-31 LTP per preferred option in IS	Capex estimates included in LTP; opex allowance included	Some capex included; opex not allowed for (unknown). Options yet to be fully explored and estimated	3	3	3

<i>Other considerations</i>
<ul style="list-style-type: none">• In future Taumata Arowai expected to also have a role in oversight of wastewater system performance and compliance (over and above the existing regional council role). To this end Taumata Arowai have indicated that they will seek to institute some form of national performance standard pertaining to wastewater infrastructure for expectations on discharge quality• Growth impacts to be separately considered
Council Assumptions : (2) Wastewater systems compliance, and improved freshwater quality 2(a) Non-compliance are minor. Funding and mitigation strategies in place to address non-compliance. 2(b) Council does not have a significant overflow issue. Dry weather overflows largely related to grinder pumps blocking. Generally minor in nature with little impact on environment and/or risk to public health. 2(c) Te Puke WWTP only however discharge quality will improve. Assumption discharge will be the same under reform. 2(d) Long term (10yr+) has not been funded 2(e) Cost for compliances budgeted for in LTP.

3. Robust, sustainable stormwater network						
Rationale	<ul style="list-style-type: none"> Stormwater is emerging as a significant future investment challenge, driven primarily by growth and environmental quality improvement requirements. Are you confident you have sufficient investment in your long-term plan and are fully funding costs, including depreciation? The reform generates stormwater benefits that reduce statutory and regulatory complexity, address funding constraints, increase existing and future capacity and capability, enable urban growth, improve water quality, and respond to climate change. There is a growing trend towards stormwater quality management. The number of service providers with stormwater quality management plans has increased by 43% in the last three years (Water NZ NPR) 					
Criteria	RAG Classification			SQ	LTP	RF
	Green	Amber	Red			
3(a) Stormwater asset valuation using Optimised Replacement Cost (ORC) where soft assets are defined as land attenuation, swales, ponds, wetlands etc	Revalued with ORC including all hard and soft assets and/or Confidence rating in completeness and accuracy of asset data at A (high confidence)	ORC does not include soft assets and/or Confidence rating in completeness and accuracy of asset data at B or C (medium confidence)	ORC does not include all hard assets and no soft assets and/or Confidence rating in completeness and accuracy of asset data at D (low confidence)	1	2	3
3(b) Economic depreciation and renewals funding (per 10-year period of LTP 2021-31)	Long run renewals <u>funded</u> budget matches accrued depreciation for stormwater	Long run renewals <u>funded</u> budget <100%>50% accrued depreciation for stormwater	Long run renewals <u>funded</u> budget <50% accrued depreciation for stormwater	3	3	3
3(c) Climate change impacts on Levels of Service (LoS)	Future LoS determined taking into account changed rainfall patterns, and sea level rise impacts quantified	Future LoS unchanged from current LoS (which do incorporate some impacts of climate change)	Current LoS don't take into account climate change impacts	1.5	2	2
3(d) Service providers with stormwater quality and catchment management plans	Catchment management plans in place, implemented with active stormwater quality monitoring	Most or some catchment management plans in place, and some or no quality monitoring	No catchment management plans in place, and no quality monitoring	2	3	3
3(e) Discharge water quality – means to manage and improve discharge quality e.g. incorporation of Sensitive Urban Design (SUD) and Low Impact Design (LID) standards in design and operation of networks	Have discharge standards and practices to remove contaminants (may be tailored to sensitivity of receiving catchment)	Some discharge standards and practices to remove contaminants, but not applied across whole network	No discharge standards and practices to remove contaminants	1.5	2	1
Other considerations						
<ul style="list-style-type: none"> Yet to incorporate Iwi and Hapu views, and community and Regional Councils aspirations as to the quality of local water bodies (per the NPS-FM framework) Growth impacts to be separately considered 						
Council Assumptions : (3) Robust, sustainable stormwater network 3(a) Improvement to asset data information is resource (people) heavy. Assumption that there will be sufficient staff to undertake field surveys. 3(b) Variable but in total fully funded across LTP 3(c) Impact of climate change on SW asset been allowed for in future design. Long term management on SW and impact of climate change will be a difficult challenge. 3(d) All comprehensive consents in place. Draft CMP in place and currently being reviewed. Monitoring program in place. 3(e) Comprehensive consents, WSUD principals, integrated land use planning a challenge under WSE. Risk of lack of integration going forward under reform.						

4. Asset Management and Infrastructure Planning						
Rationale	<ul style="list-style-type: none"> Things might look alright now but what are the implications for the future? Some councils have invested heavily recently in upgrading 3 waters assets, where for others this will be required in the next 10-30 years. Where are your assets in their lifecycle? The expected increased level of service will require a step change in standardised and enhanced asset information and operating systems. Are you confident that your Council with its current systems could deliver this? 					
Criteria	RAG Classification			SQ	LTP	RF
	Green	Amber	Red			
4(a) Asset Management Maturity index (for organisation) (per International Infrastructure Management Manual [IIMM])	D or E average rating across all facets (Intermediate to Advanced)	C average rating across all facets (Core)	A – B average or some facets rated A or B (Aware - Basic)	2	2	2
4(b) Asset meta-data quality (based on relevant assessment tool, i.e. BIP & RATA etc)	Assessment score >80%	Assessment score <80%>50%	Assessment <50% or not undertaken	1	2	2
4(c) Knowledge about assets – completeness and condition rating. Quantum of 3 waters assets that have been condition-rated (and may be triaged based on criticality)	>50% (by length) of all pipe networks and >50% of above ground assets condition rated	<50% >20% of all pipe networks and <50% of above ground assets condition rated	<20% of all pipe networks and/or none of above ground assets condition rated	1	2	2
4(d) Systems – integration. Asset Management Systems (AMS) are central to enterprise planning and operational management This may include analytical operational and planning tools such as hydraulic models – working in real time, and sensors inputs from smart meters	AMS are integrated with corporate finance, billing, CRM and GIS systems in real time or regularly automated	AMS partly integrated with other enterprise systems e.g. occasional data transfer for alignment	AMS is stand-alone i.e. no integration with other enterprise systems and/or transfer of data is manual	1.5	3	3
Other considerations						
<ul style="list-style-type: none"> There are many factors essential to good practice Asset Management, as covered in the IIMM, which should be treated as a primary reference for NZ context Good practice, which has transformed utilities elsewhere, includes integration of such tools as working hydraulic models, overlaid with asset criticality, SCADA and Programmable Logic Control (PLCs) etc. for full analytical capability and future progression to artificial (programmed) intelligence in automating operational decision-making. 						
Council Assumptions : (4) Asset Management and Infrastructure Planning 4(a) All AMPs at intermediate level. Little gains in improving to advanced at this stage. 4(b) Will be improved with new Watercare system 4(c) Improvement programs in place. 4(d) New Watercare system will improve. Assumption that water supply authority will pick up Watercare system.						

5. Council balance sheets and debt capacity						
Rationale	Debt is prudent way for Councils to finance asset investment. This especially true of 3 Waters assets because they have very long lives over several generations. Users of asset then fund the asset through mechanisms such as development contributions where the investment is for growth; or by rates where the investment is to upgrade existing assets or service – with users paying as they receive the benefit of the investment over generations. But many Councils are reaching their maximum debt capacity. This has or will in future, put significant limitations on the ability for Councils to borrow to fund the required improvement in service levels in 3 waters activities and/or the investment required to respond to growth. In many cases the levels of borrowing attributable to 3 waters (reflected through a debt-to-income ratio) is significantly higher than that for the balance of Council activities. Separating the assets and debt relating to 3 waters activities (balance sheet separation) and consolidating this into a combined water entity with increased borrowing capacity than that afforded to Councils will increase the capacity for 3 waters investment, and lower the debt-to-income ratio of the residual Council entities, enabling greater borrowing capacity for other Council activities.					
Reform Assumptions	<ul style="list-style-type: none"> The ability to incur debt is a critical enabler to the environmental and social outcomes desired through 3 waters reform The new 3 waters entities will acquire the 3 waters assets of each Council (excluding land?) and assume responsibility for these assets and service levels (some specific exceptions re Storm-water assets) The outstanding balance of external debt incurred by Councils investing in improvement to 3 waters infrastructure will transfer to the new Water Entity. Outstanding debt balances arising from asset investment, for which repayment provisions are incorporated in a Council Development Contributions Policy will also transfer. While, not yet confirmed it is assumed that where a Council has zero 3 waters debt, any cash/investment reserves held by Councils will either not transfer to the new WSE, or alternatively if transferred an equivalent reimbursement be made to the Council. The level of council debt that is transferred to the new WSE, will, when combined with future investment requirements must be sustainable i.e. will enable the entity to meet both its credit and economic regulation obligations. 					
Criteria	RAG Classification			SQ	LTP	RF
	Green	Amber	Red			
5(a) 2020 Debt to Income ratio for 3 waters activities 2020	Debt to Income <100%	Debt to Income ratio 100%-250%	Debt to Income ratio >250%	0	1.5	1.5
5(b) 2031 Debt to Income ratio forecast for 3 waters activities	Debt to Income <100%	Debt to Income ratio 100%-250%	Debt to Income ratio >250%	1.5	0	1.5
5(c) Debt to income ratio for 3 waters divided by debt-to-income ratio for balance of Council	A variance ratio of greater than positive 100%	A variance ratio between 0% and positive 100%	A negative variance ratio	0	0	3
5(d) Development Contributions are used as an external funding source to offset rates burden. There is a challenge in how this will be managed by WSE due to the complexities associated with managing and forecasting growth. Proportion of 2021 3 waters debt balances, currently forecast to be repayable via Development Contributions reflecting that less reliance on DC's represents less risk to Council.	Less than 10%	10% - 30%	More than 30%	1.5	1.5	3
5(e) The removal of debt from Council balance sheet will generate additional headroom for borrowing in the future. Is the creation of additional Council debt capacity for non-three waters debt viewed by your Council positively or a negatively considering it will result in potentially higher operating cost/ funding requirements but improved levels of service?	Viewed positively	Neutral	Viewed negatively	1.5	1.5	2

Other considerations

- Some Councils have low debt levels. This may relate to the lower level of investment made in recent years. Councils should consider not only their current position but what debt requirements maybe over the next 30 years. Councils with lower debt levels, may be likely to incur significant costs to upgrade 3 waters infrastructure in the future. With asset and balance separation this investment and borrowing that goes with it would become the responsibility of the new entity.
- Decision makers will need to ensure that under the new entity structure, there is a mechanism that ensures that investment prioritisation is given to meeting compliance with service level standards and that the relative needs of a smaller geographical areas are prioritised equally with larger ones.
- The Councils with highest debt are generally Councils that have experienced the highest population growth in recent years. This debt reflects a portion of the investment needed to meet the necessary infrastructure requirement.
- To ensure a continuation of investment Government could consider setting the level of 'Base' borrowing to be transferred as at 1 July 2022 and then require Councils to gain approval from the 'Interim Entity' for subsequent 3 waters capex projects to be funded by debt, up until formal debt transfer on 30 June 2024.
- Three waters balance sheet separation will increase investment capacity for the remaining activities of Councils. While generally viewed as a positive some may consider that the effective resetting of Council debt caps will encumber Council and their ratepayers. Is there a risk it may also shift investment from longer life (i.e., 3 waters infrastructure) towards shorter life assets with higher depreciation rates and proportionally higher funding requirements.

Council Assumptions : (5) Council balance sheets and debt capacity

5(a) While Council's debt to revenue ratio is not currently a constraint, it gets better should reform occur.

5(b) The capital programme erodes some of our debt headroom, reflected in scoring.

5(c) Should reform not occur, there are no additional benefits to Council. Should reform occur, Council will gain significant debt headroom.

5(d) High risk for the new entity, WBOP considers the removal of financial contributions and associated debt can be isolated and handed over to WSE.

5(e) Debt is not currently a constraint for WBOPDC. Should reform occur, additional headroom will be unlocked however.

6. Cost of service and efficiency savings						
Rationale	The current cost of service varies significantly between councils, both regionally and nationally. This is caused by a range of factors including variable level of service, concentration of population & scale and physical /environmental factors. Increases in service levels requirements resulting in increased capital investment and operating costs are expected to place significant upward and potentially unsustainable upward pressure on 3 waters costs unless significant efficiencies can be achieved. For many Councils obtaining cost efficiency is limited by scale and having a small, generalist workforce. For capital projects pricing efficiency can also be limited by the one-off nature of projects and the lack of a delivery pipeline for contractors. For some Councils efficiency limitations extend to being able to access the right labour resources at the right time to meet work demands.					
Reform Assumptions	<ul style="list-style-type: none"> Evidence from UK and Scotland (see WICS reports) indicates significant efficiencies can be achieved through agglomeration of water service provision into larger entities. WICS suggest that efficiency potential can only be maximised within water service organisations serving in excess of 800,000 people. WICS identify a range of other factors that enable efficiencies to be achieved, including 'clarity of policy priority', 'robust water quality and environmental regulation' and 'excellence in management'. It is assumed these are all achieved under the reform scenario. WICS modelling assumes costs are scaled up to account for existing service level gaps and then discounted by an efficiency factor, with greater comparative efficiencies assumed achievable in a consolidated entity for those Councils currently serving smaller populations. While there is no certainty that 40% - 50% efficiencies are achievable in the New Zealand context, it is realistic to expect significant gains by taking advantage of economies of scale and shared expertise, improving procurement co-ordination & pipeline, standardising operating environments, and utilising technology advancement. 					
Criteria	RAG Classification			SQ	LTP	RF
	Green	Amber	Red			
6(a) WICS modelling assumes significantly greater opportunity for efficiency savings with scale. What population will be served with and without reform.	Greater than 800,000	60,000 – 800,000	Less than 60,000	0	1	3
6(b) Many Councils will find it difficult to manage future cost pressures. WICS modelling forecasts that reform will create efficiencies that significantly reduce the impact of increasing costs. What change in forecast operating costs per household (incl. Depreciation & in real terms) is expected over the next 10 years based on your 2021-2031 LTP.	Less than 50% increase in costs per household (i.e., less than 5% average year on year increase)	50%-100 %increase in costs per household (i.e., between 5% and 9% average year on year increase)	Greater than 100% increase in cost per household (i.e., greater than 9% year of year average increase)	1	1	1.5
6(c) Responding to the infrastructure requirements to support /population & housing growth has been a significant challenge for some Councils. Do your 2021-2031 LTP forecasts fully cover your growth expectations for your city/district?	Fully cover growth related capex expectations.	Not sure or within 10% - 20%	Likely significantly short of fully meeting forecast growth requirements.	3	3	2
6(d) Councils with low current renewal requirements may face a bow-wave of expenditure in future. What proportion of depreciation expense funding is built into current revenue forecasts?	More than 120% i.e. The Council or WSE is securing sufficient revenue to address the decline in service potential of its three waters asset base and account for any underestimation of asset values	80% to 120% i.e. The Council or WSE is securing sufficient funding to address decline in service potential, but risks shortfalls if asset s are under-valued or asset lives are shorter than expected.	Less than 80% i.e. Council is not making sufficient provision to address the decline in service potential or undervaluation of assets.	2	2	3
Other considerations						

Council Assumptions : (6) Cost of service & efficiency savings

6(a) This uses the WICS efficiency gain assumptions. Our population grows above a threshold mark at end of LTP however entity B population provides additional efficiencies.

6(b) Status quo to be the same as 10yr to avoid skewing status quo

6(c) Status quo to be the same as 10yr to avoid skewing status quo. Concern that the WSE will not respond to growth in the same way WBOPDC do now.

6(d) Renewals variable = 92% of depreciation over 10 years

7. Impact on rates / charges for 3 Waters						
Rationale	<p>There are some significant differences between Councils both regionally and nationally in:</p> <ul style="list-style-type: none"> - the level of rates currently levied to pay for 3 waters services - the degree to which costs are targeted to those that benefit specifically (targeted rates, water metered etc) - how rates balances & reserves are recorded and managed <p>We can also not presume that because three waters rates are currently low relative to other Councils, that they will be so in future. Current rates levels can be heavily influenced by service levels and the degree to which the cost of these waters services is fully funded.</p>					
Reform assumptions	<ul style="list-style-type: none"> • It is assumed that water charges will be harmonised across a 'Water Services Entity' (WSE) region over a period of 5 – 10 years from 1 July 2024. • It is assumed a mechanism will be identified and implemented to address differences in funding contributions (i.e. for capital investment) made between ratepayers within a particular targeted rating scheme. • The new entities will temporarily use debt to manage transition costs (i.e. to fund some operating costs until efficiencies are realised), but that after 5 years receivers of 3 waters services will be fully funding the cos of service, including economic depreciation. 					
Criteria	RAG Classification			SQ	LTP	RF
	Green	Amber	Red			
7(a) Compared to other Councils in the proposed Water Services Entity area current average residential rates for your council are:	About the same or lower so there is likely to be a perception that ratepayers are paying less than others in the region.	Slightly higher so there may be a perception that ratepayers are paying more than others in the region.	Significantly higher (>20% higher than average) so there may be a perception that ratepayers are paying much more than others in the region.	0	1.5	2
7(b) Some Councils do not currently fully fund the cost of 3 waters services (e.g. depreciation). It is expected that under the economic regulator will require WSE's will address this issue. Annual Report Funding Impact Statements (FIS), provide an indication of the level of under-funding to be addressed. The last 5 years 3 waters FIS's show the combined 'surplus/deficit' of operating funding for 3 waters activities is:	Equal to or greater than 3 waters annual depreciation, indicating there is little or no funding gap to be addressed by reform.	80% to 100% of three waters annual depreciation, indicating there some funding gap that will need to be addressed.	Less than 80% of three waters annual depreciation, indicating a potentially significant funding gap to be addressed.	3	1	3

7(c) As reform aims to secure water services for the next 30 years and beyond, future rating impacts are an important consideration. Under reform these impacts will be reduced by both efficiency and rates harmonisation across the region, Council LTP forecasts show rate increasing over the next 10 years: (note: include the impact of fully funding depreciation)	Increasing by less than 50%, so not a lot of benefit will be achieved through rates harmonisation, based on LTP forecasts	Increasing between 50% and 150% so medium benefit achieved by harmonisation.	Increasing by more than 150% so significant benefit to gained through reform efficiency and rates harmonisation.	1	1	2
7(d) The analysis completed by WICS & incorporated in the DIA dashboard shows an estimated relative 30-year (i.e. 2051 forecast) cost per household for 3 waters services under the status quo vs a reform scenario. What does this indicate for your Council?	Council costs without reform are forecast to be lower that cost with reform	Council costs without reform are forecast to be 0-100% higher that cost with reform	Council costs without reform are forecast to be >100% higher that cost with reform	0	0	2
Other considerations:						
<ul style="list-style-type: none"> Note that the quality of information in criteria (b) will be limited by the accuracy of asset value data i.e. if assets are undervalued, depreciation will be under-estimated and the under=lying funding gap may be greater than indicated. The application of rating differentials varies considerably between Councils. Some Councils have higher relative rates requirements on their business sector. It is important that the impact on businesses from reform and rates harmonisation is also considered. The WICS modelling assumes 70% of funding will come from households. More work is required to assess the accuracy and impact of this assumption in each proposed water service entity area. 						
Council Assumptions : (7) Impact on rates / charges for 3 Waters 7(a) Our water rates are higher than neighbouring Councils, however it is likely they will catch up in through the LTP. Water reform indications propose some significant cost reductions for households. 7(b) 2021 = 110% 10 years average 87% 7(c) Status quo to be the same as 10yr to avoid skewing status quo 7(d) Status quo to be the same as 10yr to avoid skewing status quo						

8. Post reform council viability (including overheads)						
Rationale:	A key consideration for Councils is the impact of three waters reform and the separation of debt, asset, and service operations on the remaining Council during transition and post reform. Three waters activities make up between a quarter and third council costs, so most Councils allocate a significant proportion of their corporate overhead costs to three waters activities. Unless these costs can be removed, they risk becoming 'stranded' costs that ratepayers will still need to fund.					
Reform assumptions:	<ul style="list-style-type: none"> The report prepared for the government by WICS does not make specific provision for stranded overheads, preferring to assume that these costs will be managed out by Councils through resizing their organisations. Overhead costs that risk become stranded in post reform Councils include salaries & wages in Finance, HR, contracted services & asset ownership costs such in IT, some of which will still be needed to service the balance of the organisation post-reform. Some costs such as building space may be to be managed out over time, but this will be subject to lease commitments. It is reasonable to expect that Councils receive financial support from central government to cover a period of transition over which the organisation can be re-sized to manage stranded overheads. No consideration has yet been made of the Local Government Review considering the broader future form and function of local government. While it is possible that Local Government may acquire more functions as a result of this review, it is not possible to assess the degree to which stranded overheads may be reallocated to support new Council functions. 					
Criteria:	RAG Classification			SQ	LTP	RF
	Green	Amber	Red			
8(a) The level of overheads currently allocated to three waters activities divided by non- 3 waters operating income provides an indication of the maximum potential for stranded overhead	3W overhead allocation less than 3% of non-3waters operating income	3W overhead allocation between 3% and 6% of non-3waters operating income	3W overhead allocation more than 6% of non-3waters operating income	1.5	1.5	1
8(b) There is a risk that removing three waters creates diseconomies of scope for your council. Equally the pending local government review and RMA reform may see other changes to local government functions which could offset the separation of three waters.	3 waters opex than < 20% of total Council opex and Council opex > than \$100M	3 waters opex between 20% - 30% Council opex or total Council opex between \$50M - \$100M	3 waters opex more than 30% of total Council opex <u>or</u> total Council opex less than \$50M	1.5	1.5	1
8(c) The proportion of council spend on three waters and the overall size of your council are potential indicators of likely ability to be able to reallocate or absorb stranded overheads. Will your Council have the critical mass to manage through reform?	Our Council will easily adjust to the changes brought about by reform	Our Council will be moderately impacted by the changes brought about by reform	Our Council will have significant difficulty adjusting to the changes brought about by reform	1.5	1.5	1
Other considerations:						
A number of other factors impacting on the Council entities that will remain post-reform a covered under other consideration areas. These include: <ul style="list-style-type: none"> Debt capacity – covered under Balance Sheet & Debt capacity consideration Staff factors are covered under Workforce suitability & sustainability considerations Council Assumptions : (8) Post reform council viability (including overheads) <p>8(a) Council does not have significant overheads tied up in 3 water activities. There would be a cost to Council in terms of stranded overheads should reform occur.</p> <p>8(b) Council does not have significant overheads tied up in 3 water activities. There would be a cost to Council in terms of stranded overheads should reform occur.</p> <p>8(c) Council does not have significant overheads tied up in 3 water activities. There would be a cost to Council in terms of stranded overheads should reform occur.</p>						

9. Iwi/Māori						
Rationale	The Government has stated that a key outcome of water reform will be co-governance with iwi/Māori, as required by the Treaty of Waitangi. Implementing Te Mana o Te Wai, the national freshwater framework which incorporates tikanga Māori values, is also expected to be a key outcome of system reform. The Waikato and Bay of Plenty regions have an estimated 47 iwi and population of almost 200,000 Māori, being 25% of the region's population. Critical success factors for Māori include partners in decision making, developing management & governance capability, protection of rights & obligations, addressing inequality, protecting traditional boundaries and water catchment areas and structural longevity.					
Reform Assumptions	<ul style="list-style-type: none"> Iwi/ Māori timeframes are intergenerational which will bring longer term sustainability thinking to the fore Iwi/ Māori rights and interests are matters which central government will need to manage, not local government This process is not meant to 'put a price on water', however equity and allocation decisions are likely to raise economic value considerations Social procurement will be a feature of a new water entity, with consequent opportunities for iwi/ Māori 					
Criteria	RAG Classification					
	Green	Amber	Red	SQ	LTP	RF
9(a) Extent to which iwi co-governance is embedded in water delivery	Full co-governance arrangements and positive working relationship	Formalised governance arrangements (not full co-governance)	Informal relations and/or limited iwi engagement	0	0	2
9(b) Extent to which te ao Māori values, key outcomes, and close working relationships (as opposed to governance) are embedded within water delivery	Iwi/ Māori endorse that water KPIs appropriately recognise te ao Māori values and key outcomes	Some recognition of te ao Māori values and key outcomes in water KPIs, some working relationships exist	Limited/no recognition of te ao Māori values and key outcomes in water KPIs, limited working relationships	0	0	2
9(c) Iwi/ Māori access to training, employment and investment opportunities related to the water	At least 5% of all employment, investment & procurement options are with iwi/Māori #	2-5% of all employment, investment & procurement options are with iwi/Māori#	Less than 2% of all employment, investment & procurement options are with iwi/Māori#	0	0	3
9(d) Extent to which marae and papakainga have access to clean, compliant drinking water (wastewater hasn't been chosen – harder to measure)	All marae and papakainga are registered for DWS and are compliant	All marae and papakainga have registered for DWS but are not 100% compliant	Number of marae and papakainga in the area is unknown, or status of marae/papakainga compliance is unknown	0	0	3
Other considerations						
<ul style="list-style-type: none"> Governance representation mechanisms will need to bridge between '1 iwi, 1 vote' across 47 iwi and the traditional Institute of Directors approach where somewhere between 6-8 directors is considered best practise # New Government <u>social procurement guidance rules for iwi</u> (if this measure is unable to be calculated at present across all categories, assume 'Red') 						
Council Assumptions : (9) Iwi/Māori						
9(a) No assumption						
9(b) No assumption						
9(c) Based on the assumption that govt procurement policies are mandated						
9(d) This should be green under reform as identified that this will be a regulatory priority for WSE's						

10. Development, growth & community self-determination						
Rationale	<p>Councillors are responsible under the Local Government Act for delivering the wellbeing outcomes that matter most to their ratepayers. Councils (currently) and any future water service entity have to meet the requirements of the National Policy Statement on Urban Development, monitored through the Urban Development Dashboard. Water services touch the lives of all residents, and are a critical enabler of urban form, housing and business growth, jobs, environmental outcomes and many others. The proposed reform will remove the ability of councillors to directly control this element of wellbeing, raising concerns that the new larger entity will fail to appreciate, ignore or not deliver on local needs in the same manner as existing councils can.</p> <p>There are two criteria in this scenario 'reacting to' development and growth (arguably this is the state in many higher growth TLA's where there is an infrastructure deficit) and 'strategic planning' – a state where a TLA or new water body is able to plan and invest ahead of growth, reducing supply side constraints.</p>					
Reform assumptions	<ul style="list-style-type: none"> The cumulative effect of reform of the Resource Management Act, the Zero Carbon Act, DHB reform, and the Future of Local Government review will all impact on an individual council's ability to shape and respond to development & growth. Uncertainty due to the reforms listed above will also impact on Council's decision making around water reform Water infrastructure is not the sole driver of development & growth, but it is a critical enabler, and without it house prices generally increase faster than the rate of inflation and business growth is constrained below its full potential <p>Any new water entity will have more powers and funding tools to help in meeting NPS-UD requirements</p>					
Criteria	RAG Classification			SQ	LTP	RF
	Green	Amber	Red			
10(a) For Tier 1 & Tier 2 councils, use the Housing & Business Development Capacity Assessment recently provided to Ministry for Environment on compliance with NPS-UD. For other councils, qualitative assessment of development capacity & capability for housing & business land.	Sufficient housing and business land capacity exists (planned, and with funding allocated) for short, medium and long-term demand	Housing and business land capacity may not meet short, medium or long-term demand	Insufficient housing and business land capacity exists (planned, and with funding allocated) for short, medium and long-term demand	2	3	3
10(b) Representation and timely delivery of local community concerns in regard to three waters decision making	More representation and timely delivery	Same representation and delivery times	Reduced representation and timely delivery	3	3	0
10(c) Extent to which a council or water entity can strategically plan and invest in water infrastructure ahead of demand (giving effect to council spatial plans), thus lowering costs and improving certainty for households and businesses	On a 10-year (LTP) view, water entity is able to meet all future regulatory and consumer demands	On a 10-year (LTP) view, water entity is able to partially meet future regulatory and consumer demands	On a 10-year (LTP) view, water entity is unable to meet future regulatory and consumer demands	3	3	2
Other considerations						
<ul style="list-style-type: none"> Councillors and ratepayers will need to weigh up any loss of community representation and prospects of speedy delivery with the prospects of unlocking new investment from reform and the mechanisms proposed to ensure that focus on local issues, investment and outcomes is not lost in a larger scale entity Water investment is critical for unlocking infrastructure-serviced and, however water investment alone may not unlock land. Transport is the other primary investment consideration, with secondary focus on social infrastructure, telco and electricity investments. For some councils the level of growth included in the LTP may not be sufficient to meet the unconstrained needs of ratepayers 						

Council Assumptions : (10) Development, growth & community self-determination

10(a) The NPS-UD has a 30 year planning horizon. While the LTP gives certainty regarding our ability to comply with the NPS-UD over the next ten years, the longer term (10yr+) has not been funded

10(b) Concern that WSE will not prioritise funding toward growth areas

10(c) It is difficult, at this point, to understand how or if the WSE will participate in regional spatial planning through the Strategic Planning Act (which is mooted as part of the RMA Reform). Further, it is uncertain whether the existing legislative disconnect will prevail whereby spatial planning decisions are taken separately to funding and investment decisions. By way of example, although SmartGrowth sets the spatial planning context for the western Bay of Plenty sub-region, investment/funding decisions are taken by each individual Council through respective LTPs. There is a risk that if even the WSE participated in regional spatial planning processes it's investment decisions may be disconnected from spatial planning processes or misaligned.

11. Economic impact						
Rationale	Water is an input into every business and household, driving widely distributed economic impact. The Government, regional and local economies including ratepayers all benefit from both additional investment itself s and as a basis for improving standards of living. A core driver of reform is to obtain productivity gains (up to 45% drop in operating costs) which drive a substantial increase in ability to fund capex, which will drive additional GDP. Beyond the boost to GDP from additional investment, businesses and households should benefit from increased certainty of high-quality water supply and water investment ahead of demand.					
Reform assumptions	<ul style="list-style-type: none"> Provincial and rural councils will enjoy the highest economic impact relative to existing GDP, while metros will have the smallest relative gains nationally (but highest absolute gains). WBOP is modelled as a metro by Deloitte Deloitte models WAIBOP mid-point additional capex of \$15.4bn, GDP of +4.4%, 839 jobs, Removing or substantially mitigating constrained funding for water investment should have second order benefits (reduced cost/uncertainty) for businesses and households Organisational design of the new entity and a detailed transition plan will be required so councils can understand the distribution, timing and local impact of regional economic impacts 					
Criteria:	RAG Classification					
	Green	Amber	Red	SQ	LTP	RF
11(a) Waters infrastructure investment creates local benefits (GDP & direct jobs) from initial capex and opex, and second order multiplier effects from local indirect jobs, supply chain, local businesses and productivity effects.	Status quo: Impacts are known and controllable by council Reform: Regional benefits of reform (see assumptions) are known, allocation to local level is known, and allocation improves local economic impacts	Status quo: Impacts are controllable by council Reform: Regional benefits of reform (see assumptions) are known, allocation to local level is unknown	Status quo: N/A Reform: Regional benefits of reform (see assumptions) are known, allocation to local level is known, and allocation reduces local economic impacts	3	3	1
11(b) DIA has assessed the relative benefits of reform on the economy (Deloitte's) primarily driven by increased investment in 3 waters infrastructure. Can this level of investment and resulting economic benefit be achieved without reform?	Yes	Doubtful	No	1.5	1.5	3
11(c) Constraints on the ability to invest in three waters infrastructure impacts negatively on the local economy, jobs and GDP	Very little	Some	A lot	3	3	3
Other considerations:						
<ul style="list-style-type: none"> Increased GDP does not necessarily translate into more money directly available for local investment (e.g. water rates are not linked to GDP, they are a cost-recovery for local government today). Taxes on economic outputs will flow primarily to central government, but local areas will benefit through additional jobs and potentially investment There data available from central government focusses on households, but perhaps 30% of revenue is from businesses. There is little information on business rates, trade waste customers and impacts on these businesses of reform and rates standardisation 30% of NZers are small business owners, hence the economic impact on businesses may need further detail 						
Council Assumptions : (11) Economic impact						
11(a) No certainty of where the infrastructure investment under a WSE will occur and therefore where jobs are created.						
11(b) Query whether the quantified benefits are realistic for the district given the current age profile of asset base.						
11(c) Council is not constrained in funding 3W investment.						

12. Workforce suitability and sustainability						
Rationale	The 3 Waters workforce in WBOP has an average age of approximately 50, and a lot of critical information is held with older employees holding critical roles such as procurement and asset management. Staff are stretched delivering business as usual, so the potential stress of organisational change, maintaining business as usual standards and also delivering the new projects that additional capex will enable could be a 'perfect storm' for retaining key talent. Direct water employees may enjoy new and increased opportunities. However indirect / support staff may feel threatened by the change. Councils and any new water entities will need to have strong change management and innovation approaches to solving for the employee satisfaction, attraction, retention and training of staff for new ways of working, and potentially a new culture. In some areas, contractors are a critical extension to direct council staff, and are a key consideration					
Reform Assumptions	<ul style="list-style-type: none"> Existing staff terms and conditions will be protected Care will be taken to avoid triggering redundancy during the transition process The new entities will have more specialist workforce structure and defined career pathways providing staff with many opportunities for promotion and career advancement There will need to be a re-sizing of support services which will mean job reductions 					
Criteria	RAG Classification					
	Green	Amber	Red	SQ	LTP	RF
12(a) Direct water staff – perception of local job availability	More roles and opportunities	Same roles and opportunities	Less roles and opportunities	3	3	1.5
12(b) Direct water staff – perception of working conditions (ability to make decisions, specialist staff, team morale)	Improved	Same	Reduced	1.5	1.5	1
12(c) Well designed pathways for career development and training including graduate and apprenticeship programmes that are integrated with the sector supply chain	Opportunities are clear and integrated within business. Active participation with supply chain.	Limited career opportunities to progress and obtain a range of experience.	Little to no career development opportunities.	2	2	1.5
12(d) Indirect staff – perception of job availability	More roles and opportunities	Same roles and opportunities	Less roles and opportunities	3	3	1
12(e) Impact on contractors, consultants and local businesses in the supply chain	More contract value and employment for local businesses	Same contract value and employment for local businesses	Less contract value and employment for local businesses	2	2	1.5
Other considerations						
<ul style="list-style-type: none"> The timeframe for any transition and therefore impact on jobs is critical to give clarity to employees Technology and systems may be a critical way to mitigate knowledge loss, automate certain functions and improve employee experience Procurement (including social procurement policies) and partnering will be key to accessing long term capability outside the water entity – multi-year contracts may be required Leadership and cultural transformation programmes will be critical to unlock efficiencies and employee satisfaction. This includes diversity and inclusion that will drive more diverse workforce including leadership. 						
Council Assumptions : (12) Workforce suitability and sustainability						
12(a) Uncertainty around org structure/geographic location of senior roles etc makes this hard to score.						
12(b) Uncertainty around design of entity org structure and location for senior staff etc makes this hard to score. It may take considerable time to develop a new culture.						
12(c) Currently, we have a lot of competition for skilled staff. Scale and monopoly may result in unhealthy/less competitive employment market; including a single entity employment agreement/rem scale.						
12(d) Uncertainty around org structure/geographic location of senior roles etc makes this hard to score.						
12(e) Risk that local community will miss out due to large scale NZ wide contracts.						

13. Information & Communications Technology (ICT) Systems						
Rationale:	Internationally the ICT maturity levels for high performing water entities are much further advanced than in New Zealand. Even New Zealand's most advanced water utility operators are only beginning to develop the capabilities seen in the more advanced water operators. Technologies such as machine learning, data science, digital twins, data lakes and IOT deployment play a critical role in the future water entity capability. To achieve the step change efficiencies that are anticipated by reform these capabilities need to be developed and matured. A matured ICT system will enable optimised and prioritised decision making and create an immersive and holistic user experience. Cyber security threats are understood and the associated risks well managed.					
Reform assumptions:	The ICT capabilities post reform will be fully integrated from a data and asset management perspective enabling informed decision making and visibility for consumers. The scale associated with the new water entity will mean specialist capabilities can be secured to deliver the advanced system requirements.					
Criteria:	RAG Classification					
	Green	Amber	Red	SQ	LTP	RF
13(a) Do you have a modern underlying ICT platform that is scalable to deal with the challenges and opportunities of the future?	Has an advanced ICT roadmap that identifies optimal customer value, ensures reliable system operation and prioritises investment opportunity? Stage 1 maturity assessment rating 26-40	An ICT platform that is suitable for the scale of operation but is not scalable and basic ICT road map developed. Stage 1 maturity assessment rating 16-25	No roadmap and disjointed systems. Stage 1 maturity assessment rating 8-15	1	2	2
13(b) Do you have advanced technological capabilities to transform service delivery and achieve the efficiency savings?	Fully integrated in terms of data and asset management. Decision making is optimised and efficiency gains are being realised.	Has less than ideal integration but sufficient to carry out core requirements. The ICT platform lacks intelligence in decision making.	Little to no system integration. The tools and technology required to make informed and optimised decisions are not in place.	1.5	2	2
13(c) Does your ICT system provide a rich customer experience including access to all relevant information?	Includes access to all relevant information needed through interactive and up to date dashboard type interfaces. Human centred design is at the core of the experience.	A marginally improved experience but with limitations that create contention for the customer	diminish in the short to medium term as the customer currently has a high level of service.	1.5	2	2
Other considerations:						
ICT transition can take many years to fully integrate. The important considerations will be alignment & commonality during transition (to obtain efficiencies), the future state, and the roadmap time frames. International good practice has a clear separation ('demilitarised zone') between IT and OT to manage cyber security threats.						
Council Assumptions : (13) Information & Communications Technology (ICT) Systems						
13(a) The 3 Waters Collaboration Project in progress with Watercare and Tauranga City Council will provide a platform to future proof and standardise contract and asset management activities for 3 Waters. This will put council in a good position for transition and while it is not stated it is hoped that the current system can be continued.						
13(b) The 3 Waters Collaboration Project in progress with Watercare and Tauranga City Council provides integration between Council and its contractor including real-time reporting. It is expected to support the delivery of efficiencies in the maintenance contract and management of 3 waters assets.						
13(c) The work order notifications and visibility of response to customers is working well. There are additional toolsets such as Antenno to enhance the customer experience (notifications). In the future additional information such as dashboards showing water consumption could be made available on council's website for customers.						

14. Supply Chain and Procurement						
15.						
Rationale:	A strong supply chain is critical to mitigate the risk of inflation and to support a thriving economy. Further, local businesses are at the heart of many smaller rural economies and maintaining/ enhancing these through this significant supply chain transformation will be crucial in creating a sustainable economy long term. It is also important that the benefits of scale procurement can be achieved. To do this there is a need to leverage best practice, engage and inform the supply chain, and facilitate the upscaling of contracts where efficiency gains are able to be realised (i.e. O&M contracts, large scale CAPEX programmes etc). In addition to scale there is a need to support social procurement outcomes. This is achieved through implementing a Broader Outcomes framework and ensuring the opportunities are integrated to procurement and the market place is informed.					
Reform assumptions:	Broader Outcomes framework will be a foundation to the procurement strategy meaning that there will be a balance between efficiency buying and achieving wider social and community benefits. A full and complete pipeline will be developed as a priority and the platform for access is readily and freely available.					
Criteria:	RAG Classification					
	Green	Amber	Red	SQ	LTP	RF
14(a) World class procurement	Procurement prioritises more strategic partnering, utilises a range of commercial models to create optimal value and have dedicated specialist procurement staff. A healthy and competitive environment is facilitated.	Procurement undertakes limited strategic partnering and is limited to traditional contract models (NZS3910 etc).	Procurement is limited in scope and scale primarily due to the limited budgets available.	2	2	2
14(b) Supplier relationships – local flexibility and responsiveness	Prioritises buy local and proactively supports (including how to improve) local suppliers. Local suppliers are flexible and responsive to the needs of Council.	Local buying is important but is balanced with the need to purchase at scale and achieve efficiency benefits.	Local buying is not a priority due to either current buying trends (scale contracts etc) or insufficient capability in the local market.	3	3	1
14(c) Procurement approach to supply chain	We have regular engagement with the supply chain and they are well informed on the strategy and future pipeline of works.	We engage with the supply chain on an intermittent basis and communicate generally about the future pipeline of work.	The only engagement that occurs with our supply chain is during the formal LTP period or during tendering.	2	3	3
14(d) Implementing Broader Outcomes	Broader Outcomes framework embedded in procurement strategy and is being implemented successfully. The social and environmental outcomes that we can achieve in and for or local community are significant and measurable. Contributions to a circular economy are clear and measurable.	We aspire to integrate Broader Outcomes and Social Procurement into our policies but have yet to fully execute. There are some social and environmental outcomes with no foreseeable opportunity for improvement.	We do not have plans to delivery Broader Outcomes framework in our procurement function.	2	3	3
Other considerations:						
Utilities Act requires a 'do minimum' of annual presentation to the market of infrastructure pipeline.						
Council Assumptions : (14) Supply Chain and Procurement						
14(a) 3-Waters collaborative tender process with TCC (i.e. high focus on technical quality attributes to delivery best value) including Watercare component has resulted in a robust/solid arrangement. Expectation is Reform will provide the same, but no better.						
14(b) High engagement with local suppliers across Water industry (not just 3-Waters contract) with agility and responsiveness. Council encourages suppliers that demonstrate skilled resource continuity (e.g. apprenticeships) within BOP region. Concern Reform will adversely affect local supply chain resourcing.						
14(c) Good engagement with intention to improve over time. Expect same under Reform.						
14(d) Broader outcomes (required for contracts over \$5m) is part of 3-Waters with expectation this will be developed further over the contract. Expect same under Reform.						

10.7 MAYOR'S REPORT TO COUNCIL

File Number: A4328835

Author: Charlene Page, Executive Assistant Mayor/CEO

Authoriser: Garry Webber, Mayor

EXECUTIVE SUMMARY

The purpose of this report is for the Mayor to provide an update to Council on the below subjects.

RECOMMENDATION

1. That the Executive Assistant to Mayor/CEO's report dated 23 September 2021 titled 'Mayor's Report to Council' be received.
2. That Council ratify the Waiāri Kaitiaki Advisory Group Terms of Reference.
3. That Council approve the appointment of Shadrach Rolleston as Co-Chairperson for the Waiāri Kaitiaki Advisory Group.

BACKGROUND

1. Forestry letter to all Council's from Wairoa District Council and Tararua District Council (**Attachment 1**); and
2. Waiāri Kaitiaki Advisory Group – Updated Terms of Reference (**Attachment 2**).

ATTACHMENTS

1. Forestry Letter to all Councils [!\[\]\(05a3150ca7eafd44fce8deaa48838121_img.jpg\)](#) 
2. Waiari Kaitiaki Advisory Group - Terms of Reference [!\[\]\(9bc524f09d89ff34ea77fbf6b37ad4f3_img.jpg\)](#) 



2 September 2021

To Our Fellow Mayors

At the last Rural Provincial meeting a discussion was initiated by Tracey Collis, Mayor of the Taranaki District Council and Mayor of the Wairoa District Council, Craig Little around the increase of forestry planting throughout New Zealand and the impacts on communities.

This discussion resulted in a letter being sent by the two of us to Rural Provincial Councils regarding developing a collaborative approach to the impact of forestry plantings.

Please accept our apologies as this letter was not in fact sent out as advised.

As a result, a group of likeminded Councils committed to work collaboratively on the similar issues we are facing around increased planting of forestry and wanting to ensure future sustainable land use in their districts.

Following our initial discussion, more Councils have indicated they would like to be involved and it has become apparent there is a need to offer the opportunity to other likeminded Councils in New Zealand.

Councils are currently doing a lot of good work individually, but we need to work together for the greater good of future land use. Forming a collaborative group gives us a strong voice to present a high-level document that the Government can use moving forward.

We already have Councils that have committed to this approach, and the two of us recognised the need to begin the process and have made a financial commitment by engaging Lawrence Yule and Malcolm Alexander of Yule Alexander. By starting the necessary work now, we hope to have the study complete by the end of the year which will fit in with the timing of the Government's legislation. LGNZ has also committed funding to this project and will be a partner in this process.

Key points and topics we need to work on collaboratively are:

- That the National Environmental Standards for Plantation Forestry (NESPf) regulations override powers district councils have.
- The work promised by the government around NESPf (pre-election) regarding classes of land use has not been carried out
- The negative impact of forestry plantations on our rural communities



- The impact of forestry on the four wellbeing's – social, cultural, economic, and environmental
- We need to be able to compare our current rating models in relation to different land uses
- The effects of forestry on soil quality, especially after forestry rotations
- The short-sighted vision around planting land in trees with no long-term plan.
- The future of carbon farming, especially once the carbon has been absorbed - what will happen to the land and trees - who will be responsible for the payment of rates?
- The environmental damage caused by forestry blocks, eg: waterways and water quality, slash, silting and pollen, pest control, fire risk
- The damage caused to our roading network
- The fact the Overseas Investment Office streamlines processes which make it easy for overseas investors to buy land in New Zealand to plant in forestry
- Impacts to other industries
- Looking at Capital Valuation on Forestry, i.e. trees aren't included in capital valuation, where orchard's trees are part of their capital valuation

It is reassuring to know we can work collaboratively on these land use issues to lobby the government and hopefully make change.

The commencement of this work has already been started by Yule Alexander Consulting and is being presently funded through a contribution of \$5000 per Council paid by the Councils which have already committed to this collaborative approach.

The Wairoa District Council is collating the data base for Councils involved and will be responsible for the administration of this group. All Councils involved in this initiative will receive regular reporting on how the funds are being spent.

If you would like to be part of this work that is being carried out, please contact Makere Jones on 027 349 0861 or by return email with your details and we will issue an invoice.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Craig Little".

Craig Little
Mayor Wairoa District Council

A handwritten signature in black ink, appearing to read "Tracey Collis".

Tracey Collis
Mayor Tararua District Council

Terms of reference - Waiāri Kaitiaki Advisory Group

Membership

Co-chairs	Two members to be appointed as co-chairs. One Co-chair to be a consent holder representative and one Co-chair to be an iwi/hapū representative.
Tauranga City Council representatives (2)	Commissioner Shadrach Rolleston Commissioner Bill Wasley
Western Bay of Plenty District Council representatives (2)	Mayor Garry Webber Deputy Mayor John Scrimgeour
Iwi/ hapū representatives (4)	Jo'el Komene - Tapuika Iwi Authority Maru Tapsell – Te Kapu o Waitaha Darlene Dinsdale - Mokopuna o Tia me Hei Manu Pene - Ngāti Whakaue ki Maketu (Te Hononga)
Iwi/hapū representatives (alternates)	Tapuika Iwi Authority Te Kapu o Waitaha Mokopuna o Tia me Hei Ngāti Whakaue ki Maketu (Te Hononga)
Bay of Plenty Regional Council representative (non-voting)	Consents Manager
Quorum	Two representatives from the consent holders and two representatives from iwi/hapu, including one of the Co-chairs. However, where a major decision is required, the quorum will be one representative from each entity. The Bay of Plenty Regional Council representative is not counted towards quorum.
Decision making	By consensus where possible. If consensus cannot be reached, by majority vote. If there is an equal number of votes, the Co-chair who is chairing the meeting has a casting vote.
Meeting frequency	Four times a year or as required by the group. Meetings to alternate between week and weekend days if possible.
Meeting venue	To alternate between marae and council venues; or as appropriate to a meeting agenda and agreed by the Co-chairs.

Advisory staff

Tauranga City Council	Chief Executive General Manager: Infrastructure Director: City Waters Manager: Water Services Manager: Water Infrastructure Outcomes Manager: Strategic Māori Engagement
Western Bay of Plenty District Council	Chief Executive Group Manager: Engineering Utilities Manager
Bay of Plenty Regional Council	Compliance Officer with responsibility for Resource Consent #65637

Ko te wai te ora o ngā mea katoa

Background

- The Waiāri Kaitiaki Advisory Group (WKAG) was established by consent conditions to provide advice to Tauranga City Council (TCC) and Western Bay of Plenty District Council (WBOPDC) as the joint consent holders in relation to matters covered under Resource Consent #65637, which authorises the take and use of water from the Waiāri Stream for municipal supply.
- Resource Consent #65637 was granted in 2010; since then there has been significant consolidation of iwi interests in the region.
- Waitaha (2011) and Tapuika (2012) have signed historic Treaty Settlements and Ngāti Whakaue are still in negotiations.
- Tauranga City Council has active protocol agreements with Waitaha, Tapuika and Ngāti Whakaue ki Maketu including addendums that set out items and areas of significance to each entity.
- The treaty settlements, protocols, addendums and any subsequent plans submitted by Waitaha, Tapuika and Ngāti Whakaue ki Maketu shall be considered as background and context to the operations of the WKAG.
- Te Maru o Kaituna River Authority was established by the Tapuika Claims Settlement Act 2014 for the purpose of restoration, protection and enhancement of the environmental, cultural and spiritual health and wellbeing of the geographical area of the Kaituna River Catchment. It is a permanent joint committee under the Local Government Act 2002 and co-governance partnership between local authorities and iwi that share an interest in the Kaituna River. Recommendations will be made to Te Maru o Kaituna River Authority where required.

Role

- To exercise kaitiakitanga in relation to the Waiāri Stream to restore, protect and enhance the awa.
- To provide advice and recommendations to Tauranga City Council and Western Bay of Plenty District Council, as the joint consent holders, in relation to matters covered under Resource Consent #65637 which authorises the taking of water from the Waiāri Stream for municipal supply.

Scope

- Provide advice and recommendations to the consent holders relating to projects, action or research designed to restore, protect or enhance the health and well-being of the Waiāri Stream.
- Consider the monitoring requirements and outcomes under conditions 7.1 and 7.2 of the consent. Discuss the results of other monitoring undertaken by the group, which may include monitoring the adverse effects on environmental, heritage, cultural, economic and recreational aspects.
- Determine the actions to be taken in response to monitoring reports and make recommendations to the consent holders as appropriate.
- Provide advice and make recommendations to the consent holders and the Bay of Plenty Regional Council in relation to Part 2 and, in particular, to sections 6(e) and 7(a) of the Resource Management Act 1991, as they relate to this consent.
- Inform the Bay of Plenty Regional Council of the effects of the water take authorised under the consent on the mauri and mauriora of the Waiāri Stream.
- Review and provide feedback to Tauranga City Council and Western Bay of Plenty District Council on the Water Conservation Strategy required to be submitted as a condition of the consent.
- Discuss any other relevant matters that may be agreed by the group.
- Work together with the Kaitiaki Group established under Resource Consent RM16-0204-DC.04; which authorises the Western Bay of Plenty District Council to discharge treated wastewater from the Te Puke Wastewater Treatment Plant to the Waiāri Stream.
- Provide advice and recommendations to the consent holders on the future governance model of the Waiāri Stream.
- Provide recommendations to Te Maru o Kaituna River Authority where required.

Reporting

The Waiāri Kaitiaki Advisory Group will report to its member entities key discussion points, outcomes and actions following each formal meeting of the Advisory Group.

Co-chair selection process

- Co-chairs will be appointed every three years in alignment with the local government election cycle. The appointments will take place as soon as is reasonably practical following local government elections.
- The Co-chair representing the consent holder will be appointed by the Tauranga City Council and Western Bay District Councils.
- The Co-chair representing iwi/hapū will be appointed by the iwi/hapū representatives.

***NB:** Resource consent condition 10.2 defines the membership of the Waiāri Kaitiaki Advisory Group.*

Resource consent condition 10.7 notes that the Waiāri Kaitiaki Advisory Group shall cease if all members of the group agree the group is to be disbanded. In such case Tauranga City Council and Western Bay of Plenty District Council (as consent holders)¹ shall give written notice of this to the Chief Executive of the Bay of Plenty Regional Council.

Advice notes from Resource Consent #65637 include:

¹ Insertion made for clarity

(10) The Kaitiaki Advisory Group may make recommendations to the Regional Council to review conditions of this consent in accordance with condition 11 and s128 of the Resource Management Act 1991.

For the avoidance of doubt, the Advisory Group is informal in nature and is NOT established as a committee, subcommittee or other subordinate decision-making bodies of Council under clause 30(1) of Schedule 7 of the Local Government Act 2002 and does not have any delegated decision-making powers.

11 INFORMATION FOR RECEIPT**12 RESOLUTION TO EXCLUDE THE PUBLIC****RECOMMENDATION**

That the public be excluded from the following parts of the proceedings of this meeting.

The general subject matter 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 of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
12.1 - Confidential Minutes of the Council Meeting held on 12 August 2021	<p>s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons</p> <p>s7(2)(b)(i) - the withholding of the information is necessary to protect information where the making available of the information would disclose a trade secret</p> <p>s7(2)(b)(ii) - the withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information</p> <p>s7(2)(c)(ii) - the withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest</p> <p>s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities</p> <p>s7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations</p>	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7

	(including commercial and industrial negotiations)	
12.2 - Confidential Minutes of the Audit and Risk Committee Meeting held on 12 August 2021	s7(2)(b)(ii) - the withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
12.3 - Confidential Minutes of the Performance and Monitoring Committee Meeting held on 31 August 2021	s7(2)(b)(ii) - the withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
12.4 - Chief Executive Officer's Report - Request for Execution of Documents Under Seal of Council	s7(2)(b)(ii) - the withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information s7(2)(c)(ii) - the withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
12.5 - Proposed Purchase of Land at 304 Sharp Road Aongatete	s7(2)(b)(ii) - the withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information s7(2)(i) - the withholding of the information is necessary to	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7

	enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	
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