

Picton Regional Forum held at Picton Emergency Operations Centre, Memorial Park, Picton, on Monday 4 October 2021, at 1.30 pm

Present

Cir Nadine Taylor (Chairperson), David Oddie (Councillor), Barbara Faulls (Councillor).

Group Representatives

Tim Healey (Queen Charlotte Sounds Residents Association), Raewyn Buchanan (Karakā Point), Monyeen Wedge (Queen Charlotte Sounds Residents Association), Beryl Bowers (Picton Historical Society), Graham Gosling (Picton Business Group), Rose Prendeville (Port Marlborough), Steve Merito (Rata Foundation), Brian Henstock (Waikawa Bay Ratepayers & Residents Association), Tim Newsham (Bay of Many Coves), Bryan Strong (Tirimoana Anakiwa Residents Association), Margaret McHugh (Picton and Marlborough Sounds Tourism Inc.), John Reuhman (Picton, Marlborough Sounds Tourism), Mayor John Leggett.

Guest Speakers

Margot Ferrier (Department of Conservation), Gavin Beattie (Port Marlborough), Kate Cushing (Port Marlborough).

Absent

Diane Smith (Picton Historical Society), Bosun Huntley (Picton Historical Society), Linda Thompson (Envirohub Marlborough), Phil Black (Picton Police), Stuart Eyes (Bike Walk Picton), Yvonne Rigby (Picton Flower Ladies), Bruce Richards (Picton Bike Walk), Janette Howard (Greater Whatamango Bay Residents' Association), Graham Low (Waikawa Bay Ratepayers & Residents Association), Leith Manson (Tirimoana/Anakiwa Residents Association), Don Miller (Greater Whatamango Bay Residents Association).

Attending

Kirsty Baldwin (MDC Secretary)

Welcome to the Mayor.

1. Apologies

Ian Shapcott (Te Ātiawa Trust), Dean Heiford, Rebecca Woledge (Karakā Point & Environs Residents Inc).

2. Confirmation of previous meeting minutes

A motion was made to confirm the minutes of the meeting held on 5 July 2021.

3. Department of Conservation Update – Margot Ferrier

- Margot introduced herself and her background. She is the Senior Ranger Heritage and Visitors. Margot looks after the camps, tracks and huts for all of the Sounds and catchments into the Sounds.

- The whole Queen Charlotte Track was reopened last Friday after the storm event in July. There are slips still up on the ridgeline between Kenepuru Saddle and Torea Saddle but are all passable. They are passable for most Kiwis that would expect they may have to scramble across things. If you are a determined cyclist and willing to carry your bike you can get across. The track is fixed, but not in pristine condition. It is very muddy in places, especially near Anakiwa. People need to be aware they are having a winter adventure. A bridge is still out at Umungata/Davies Bay. It will be built this month and put in. There are lots of things slipping still; some parts of the track have to be repaired several times.
- The tracks in the immediate Picton area are reasonably okay at the moment.

Questions/Answers

- It was asked whether it will be a better experience by summer for the visitor than at present, due to drying out by then.

Yes, it will have dried out better by then.

- DOC was asked if they have a list of specific areas that could be vulnerable still?

No, as it's hard to say. There is no real guidance at present. DOC relies on reports from the public and their staff. In general it is okay.

- How's the state of other walkways and tracks? Are they not as bad as the Queen Charlotte Track?

Cullen Point Coastal Loop has got five or six quite large slips across it. Some of them have taken the whole track out. That will require quite a bit of repairing. DOC could have to re-route parts of that track. The Cullensville/Waikakaho Track has a reasonable number of slips and some creeks have become quite incised. Both tracks will be closed for some time. The camp and parts of the track at Oruawairua/Blumine Island also have some damage which won't be repaired until after Christmas. They are still usable.

Other tracks such as Nydia Track were cleared of windfalls. The Pelorus Track and other tracks in Pelorus Sound have windfalls on them at present. Expect unusual experiences. They are tramping tracks.

- The extra cost of repairing tracks will affect DOC's budget.
- Cllr Faulls thanked Margot and the team on behalf of the residents and tourism companies in the area for getting the tracks and accommodation options open and viable again to allow access.

Information has been handed out for people to take care out there on the tracks. Water taxi operators are also giving people information on the track conditions.

4. Storm Event Recovery Update – Barbara Faulls

- There was a massive storm on 16-17 July affecting many areas of Marlborough. The Awatere area had a lot of damage on the roading network. The farmers in that area couldn't get access in or out. Marlborough Roads and the construction teams opened up the road to one lane to enable access to allow movement of stock and feed, and to get residents access. There is restricted access for residents only.

There are still issues up the Waikakaho Valley, Northbank, and the Diversion, with a lot of work ahead. The Rivers and Roding teams are working very hard to get things back to how they were, if not better.

There have been a lot of slips in the Sounds in Native Forest and also Plantation Forest, and big over and under slips on the Kenepuru Road with trees ripped out in gullies and deposited on the roads. There are approximately 1200 key areas of concern on the roading network.

- A team from Stantec has been brought in and is working on the engineering of the roads and working on strategies of how to repair them, and to determine what the key access priorities are. Queen Charlotte Drive was a priority to fix as it is a significant arterial route between Picton and Havelock and through to Nelson. It also has four key communities with lots of permanent residents. It was a great day two weeks ago when the road to Havelock was opened.
- People in the Kenepuru area are landlocked at the moment, near Te Mahia and Portage. Council is aware of welfare issues in that area. Dean Heiford and Marianne Aitken are working on welfare assistance for those that require it.
- There is a meeting with all farmers down the Sounds. There are about 20,000 stock to be brought out; with no road access and that is an issue. Johnson's Barge Company in Havelock have been great at helping the farmers get food, fertilizer and tractors, etc, into the Sounds to enable them to carry out business as usual.

Questions/Answers

- Rivers were mentioned; the rail bridge has a lot of flotsam around its piles. On a site visit to rivers recently Geoff Dick mentioned the State Highway 1 and State Highway 6 bridges and negotiations are happening to see who will take responsibility to move the debris away.
- It was asked of DOC (Margot Ferrier) whether people without road access who have slips which have taken away a lot of the Sounds Foreshore Reserve in front of their properties have any access to assistance. A lot of flotsam has landed around people's jetties. Can Council look at the safety of these and have input? With ongoing climate change issues, do jetties need to be looked at for people who own the holiday homes? A lot of tracks that lead up to people's houses have been destroyed from the storm. A lot of new tracks will need to be put in. This may need to be looked at in full across the Sounds.
- Jetties have all been consented. Council as a regulatory controller has a process to go through. It could be something that will be looked at in future, but new rules will be required. It will be an ongoing situation. Different standards for access tracks from jetties to houses may be required. It can be seen as an increasing problem that may need to be investigated in future. DOC may have to be involved if it crosses their land.

The Moetapu Bay Residents Association has recently had a jetty application granted, with specific conditions of the height for tide changes for climate change.

- Are there any concerns from DOC point of view regarding the slumping and slipping on the Foreshore Reserve?

It was a natural event and it is quite hard to say whether peoples' tracks are creating any issues. There is so much Sounds Foreshore Reserve and there are only a small number of people who do the right thing and follow the rules. There is no way of controlling that. The Sounds Foreshore area cannot be moved due to banks collapsing; it is where it is, you can't change the boundaries.

- In relation to stock being brought in by barge this storm event has showed how fragile our roads are. Council may need to look at how stable the roads are and whether the heavy vehicles should be on these roads. The roads may not be able to handle it; they are slumping everywhere. Something needs to be done as ratepayers are funding it. Discussion is being had around this at the moment in roading meetings.

The whole issue of trucks needs to be discussed as there are trucks parking on the roads and footpath around Picton, causing damage to the grass areas and footpaths. The volume of trucks is quite large.

5. Representation Review Update – Nadine Taylor

- People will be aware there has been some media around this. Council is doing a representation review, which is required under statute every six years. That requires them to look at the population formula which they base their representation of councilors across the province. Are Wards the appropriate option or should they move to At Large?

The At Large system would be where every person across the province gets to vote for all councilors across the province, so no Wards. Other things include whether the Ward boundaries are in the right place? Have boundaries changed, regarding the Omaka Landings new subdivision, but they see themselves as part of Blenheim now. These questions are all open for review.

The population assessment for the Picton/Sounds area shows they are over-represented in terms of councilors per head of population for the province. The population growth has been in Blenheim and they now tend towards being under-represented per head of population for councilors. The assessment has recommended on the population basis they should only have two councilors in the Picton/Marlborough Sounds Ward. At present there are three.

Historically there was an ability for the community to petition Council to have an extra councilor appointed based on geography, in recognition of the needs of isolated communities. That has previously happened for the Picton/Marlborough Sounds Ward but it is an option that is still available but has been significantly tightened up by the Electoral Commission. It is not an option that Council, in their voting, can decide on. Council receives the submissions from the community and considers if the case has been made for an additional councilor based on the needs of isolated communities. The definition of isolated communities is strict but if Council believes the case has been made then the question must be referred to the Electoral Commission for a final decision.

- The proposition out for consultation at the moment closes on 22 October. It is proposed that Council retain a Ward system. Councilors felt that the Ward system suited the province and people understood it. The Wards remain the same in terms of naming and broad geographic areas. There is some tweaking for some of the urban communities in the Blenheim regions which are rural.
- The other thing is that there is a Māori Ward introduced, which is a separate vote, not part of this representation review.

Questions/Answers

- When Council speaks about populations what does it include? Is Council talking about ratepayer's population or residents, Bach owners? What does that encompass?

It is population, yes. So is a Wellington-based Bach owner in the Sounds considered population? No, it's not ratepayers, it's population base. It is census based.

Is it valid if some people live in Wellington and have houses down the Sounds?

Do non-Māori get to vote for the iwi representative on Council?

That is electoral roll based. Those that are on the Māori electoral roll get to vote on the Māori Ward candidate. For example, if people live in Picton and they are on the Māori electoral roll then they can vote for the Māori Ward Councilor but they cannot vote for the Picton Ward Councilor. You have to prove lineage if you are on the Māori roll. The Council is guided by statute.

From Picton's perspective there's a lot going on and a big future for Picton and the Sounds. To bring a new iwi person in and expect them to perform on Day 1 or first term would be difficult. Blenheim councilors do not have the same workload, out of general council meetings, that some of the Picton people have had.

- Council wants to hear from isolated Sounds people and their concerns. There is a misconception around where the Māori Ward councilor stands. The Māori Ward councilor stands independent and alone representing the Marlborough Māori Ward. They are not part of the existing Sounds Ward. The fact that Picton/Sounds are losing a councilor has nothing to do with the additional Māori Ward that has been created. Blenheim population has grown and so should gain another councilor based on population. Picton/Sounds are remaining basically the same population-wise, or shrunk. So Blenheim should achieve another councilor, based on population. The Māori Ward councilor is not to represent Picton. It is to represent that electorate.

The percentage of the Māori voters is it about the same? We are not sure what percentage of the Picton/Sounds Ward is on the Māori electoral roll, but we can only have two councilors.

- A lot of people are asking Tim Healey where their group stands on this. Do the councilors support it or are they going to fight it? It's a massive land area to cover. The councilors appreciate having three councilors to share that workload.

The same issue was discussed six years ago. It was stated that the community impact on matters happening in the area is going to be reduced.

The Picton/Sounds councilors have good support from their colleagues.

- What are the three Wards doing to encourage the local community to support the retention of three? Submissions are open at present and close on 22 October. At all the meetings the councilors are going to they are encouraging people to submit to it.
- Would it be good to put an advertisement up somewhere, say at the supermarket, for the general public to read? The Mayor may organize some public meetings to generate public interest about it.

There have been some articles discussing the review in the newspapers recently. There was a form sent out to Bach owners in the Sounds being registered to vote in these elections.

- The last 10 weeks while working in the Kenepuru area it has really shown councilors how large the geographical area is and how isolated those communities are. People in rural areas need to be represented in a fair and good way. If people don't feel their views are taken into account then they lose interest.

A comment was made from Council staff about modern communications have made having three councilors less important. Tim Healey disagrees as it's an aging population in the Sounds and many people don't know how to work computers, or do Zoom meetings, etc. They are getting marginalized. So it is important that the councilors are out there talking to people. There is not very good internet down the Sounds. They need more support from the councilors.

These are the sorts of things the councilors encourage local communities to submit.

- Where are the submissions heard?

They are to Council in the first instance. There will be a public hearing process if submitters request to speak to their submissions. There is a really good document on the Council website to refer to about Council Representation. It will take you to the consultation document which will give you good information about the definition of what a remote community is.

People who are not living here are using the services of our councilors and pay rates here. They are a vital part of that numbers game. They are people from Wellington, Canterbury, etc. There are criteria thresholds that must be met.

6. Three Waters Update – Nadine Taylor

- There is a lot of media around this at the moment. At the last council meeting, on 29 September, Council voted to send a letter to Minister Mahuta. All councils are doing it as the ministry had asked for feedback from all councils. That is the Council's position at this point in time. That letter will be available on the council website. Council is not at the point of decision making yet whether to opt in or out.

Council doesn't agree with the boundaries the Government has proposed for Marlborough. If Council does decide to opt in the boundary should be the same as the provincial boundary.

Council has requested that the Government should pause the reforms. There is insufficient information available to councils and communities to make a good decision at this point. More work needs to be done on the future of local government.

- There seems to be a lot of people misunderstanding who is driving this reform. It is not local government, but is central government. There is an LGNZ deed of partnership with central government. Some major costs are coming up and Council knows that, particularly with the disposal of wastewater. Council need to review from time to time about better ways to do things, particularly with funding.

Council has requested that the Government undertake extensive public education. The Three Waters proposal has a very convoluted governance structure.

Opting out of the Three Waters proposal is a very real possibility. Council policy requires that there is a process to go through for public consultation. The assets are worth in excess of \$700 million dollars. If Council passes these assets to another entity they could effectively lose the ability to control what they do about those assets in the future. That is the community voice in the reform. If Council opts out, it may come at a cost. There may be increases in many areas. There are some pluses going into this reform. Council doesn't agree on the figures, but would lose control.

The Department of Internal Affairs has taken onboard the boundary comments to make it the same as the Marlborough District Council boundary.

Questions/Answers

- What are the neighboring areas' opinions? There are about 10 councils who will be worse off with the reform.

Council may have to move quickly when they have a housing development going ahead. Council has a housing issue in Blenheim in particular. Will it be the bigger towns first? Where will Blenheim sit? Where will Picton sit in the way they will be prioritized? There has been no information that this will be dealt with in the new regime.

- How many jobs will we lose? They say it will increase jobs.

How do you attract young people to come to Marlborough to do a Three Waters Job at Marlborough District Council when there are more opportunities in bigger areas?

There is the issue around procurement of materials; if you opt out the big entities will grab all the materials.

- We hope our Council is trying to get government to give some full consideration to the significant number of people who supply their own sewerage, water, etc, at their own expense. Council has to pay to install a tank. Council has to pay to install pipes and water tanks. Is it appropriate to have the same standards and costs to those people who do self-maintenance and self-care? We don't think you can apply the same standards from Sounds residents to Auckland people or communities, for example.

The standard will be the same as it will be regulated by a new water regulator which the Government is setting up, called Taumata Arowai. Councils look after about 85% of New Zealanders as far as Councils are concerned.

If you look at the reform, what is the Governments' aim in doing this? It is to improve the quality of drinking water. It is also looking after some environmental issues with wastewater. It comes at a cost, whichever way you go. What is the long-term, most sustainable way to deal with these issues?

- People out in remote areas with their own infrastructure will not be involved. If you are a single household supply you are not classed as a supply. As soon as there are two on the same supply you are captured under the legislation.

If three houses are drawing water from the same stream?

It is not an issue unless they are drawing from the same system.

It will likely take a long time for the new water regulator to get to the smaller suppliers populated areas.

People are concerned with the lack of information and its happening pretty quickly with major effect. It needs to be worked through properly.

- A live Webinar was presented from the Chief Executive with staff answering questions about the Three Waters and is attached as an Appendix. There is a lot of information on the Council website if you can access it.

7. Wild Animal Control Operations Update – Tim Healey

- There's a big boom in goat numbers. A hunting season was missed through Covid so numbers have increased. There have been restrictions on hunting in recent years through access. Forestry companies have locked their gates.

Council gave a grant of \$4,000 and that was used to hire a company called Track and Trigger. They have the use of a helicopter with thermal sight. They can fly over and see the animals in thick bush and they can shoot through the canopy. That resulted in 29 deer being killed in the Blackwood Bay Peninsula. A group of landowners at Hita Bay and up to Whatamanga carried out one this week with the same company. It cost them \$40,000. It was all paid for as it was private land. That resulted in 150 goats killed on the first day. The next day another 100 were killed and ground teams were put in, with dogs, which got 60. It was a pretty good kill. They will now have a break.

The hills behind Picton are riddled with them. Tim is not sure if it was cost effective or not. It worked out at about \$7.50 a goat. There is a lot of work to be done yet. The helicopter was good, but was it best dollar for money, because the two ground teams got 60 goats after the helicopter had been through, so maybe that \$40,000 if it had been given to the ground teams could have got a better result.

It has opened up another can of worms. The New Zealand government is aiming for a Predator Free 2050. These thermal sights are a game changer. Hunting is important to the rural community. As Chairman of the Guardians of the Sounds and also Chairman of the Residents Association Tim does not support eradication. Hunting is important to the community, both culturally and as a source of food, so we don't want it wiped out completely.

There has been an Ungulate Report written by Tom Stein, who lives locally in Linkwater. The report will be forwarded to the Members.

- Tim Newsham endorses what has been said. A number of local resident associations have had the funds to do their private independent thing. If we need to get on top of this issue, which is Sounds-wide, we need a co-ordinated approach. Tim Newsham's group decided to spend their \$4,000 they were given on Tom Stein's report. They have not officially approved that report yet because it didn't capture all the things they wanted it to, including we needed to prove it didn't improve the situation.

Tim Newsham is wondering if he needs to get the Sounds Restoration Trust to take on the whole project and he has convinced Andrew McAlister to do that. So on the last day of applications they sent in an application for that. They have the experience and track record to take that on. They are the obvious vehicle to coordinate a Sounds-wide approach, and not just a few wealthy residents associations. You need to draw a line and say from Torea Saddle outwards is where you are going to concentrate in the physical sense. We need to concentrate on what funding we are going to apply for and whether we can get funding from the Predator Free 2050 or one of the private organisations.

Traditionally in this area there has never been a huge problem with game animals. Covid has changed the nature of it but we can get that back. The community can probably contain the problem. It could be diverting our attention from the real problem, which are rats and possums. Forty thousand dollars, or even four could have made a huge difference. We have a problem at the moment but we shouldn't lose our focus.

Questions/Answers

- The question was asked whether the goat was edible. Yes. Is it possible to have a goat shoot?

The problem with game animals is that they need to be inspected, so the whole carcass has to be carried out, so it is limited. People give them flack if they leave the carcass to rot. Tim Healey would urge holiday home people to contact them to get the hunters in to shoot them. They can take care of it. Tim was asked to create a contact list to give to the secretary for this.

- Does Steve from Rata Foundation link in with this Predator Free 2050 work?

No. He would support some of the organisations with separate agreements for funding, so directly, not through the Predator Free 2050. The funding is very targeted, but they may struggle having the power on. They support the Marlborough Sounds Restoration Trust. If there is a need, the Rata Foundation will support it. It's about having the conversation.

8. Waitohi Picton Ferry Precinct Redevelopment Update – Rose Prendeville (Port Marlborough), Gavin Beattie (Port Marlborough)

- Port Marlborough will be holding a spot for regular updates on the Ferry Precinct at the PRF meeting.

Gavin Beattie, Infrastructure Manager at Port Marlborough and PMNZ's project director for this project, gave members a preview of the work the project team has been doing over recent months, and an opportunity for discussion.

Since receiving resource consents for the project earlier in the year, the new ships have now been ordered and are due for delivery from 2025.

Steve Merito exited the meeting at 3.11 pm.

The project team has been working to review detailed project requirements, including how trains will be assembled in Picton. The objective has been to achieve the interisland rail and road transport requirements while minimizing the effects of the project on the community and environment, and ensuring that investment in the project is efficient and well directed.

A full update on the project will be available to the public shortly through a project newsletter, along with updated website material. A link will be circulated to the Forum members to share with your groups.

9. Actions from the previous meeting - None

10. Other Matters

- Complaints have been received about the public launching ramps becoming extremely unsafe at Picton Marina. They are very slippery and people were sliding while launching boats. Gavin Beattie will get them inspected to keep them safe.
- When would the Final Visitors Solution Feasibility Study be available?

Dean Heiford will follow up on this. Since the meeting was held it was discovered there is no Final Study available at present.

- Was the design of Shelley Beach planned? Why was it built like that?

Council is in the process of rectifying it before Christmas. Twenty car parks have been lost. The design came out of the Victoria Domain Plan. Some changes will be implemented. The rock wall was done as a solution to erosion and will remain in place. Some tables will be replaced for picnicking. An access way will be provided and planned for to access the sea. The green space will be reinstated and there will be more green space. A two-lane parking area will be provided, with additional parking to what there is. It would be a good idea if plans could be made available at the library for the public to view.

11. Actions from the meeting

Action	Person Responsible
1. Attach a Council letter sent to Minister Mahuta in September about the Three Waters Program. <i>Completed.</i>	Kirsty Baldwin/Nadine Taylor
2. Create a link to Council Three Waters Webinar. <i>Completed.</i>	Kirsty Baldwin/Nadine Taylor
3. Distribute a report by Tom Stein about Ungulates to the PRF Members. <i>Completed.</i>	Kirsty Baldwin/Barbara Faulls
4. Provide a contact list of Bach owners for shooting goats. <i>Completed.</i>	Kirsty Baldwin/Tim Healey
5. Create a link to Environment Protection Agency decision document.	Kirsty Baldwin/Nadine Taylor
6. Invite NZ Transport Agency/Waka Kotahi, to speak about the Broadway Street road closure. <i>Completed. He is not available.</i>	Kirsty Baldwin/Steve Murrin
7. Provide the Final Visitors Solution Study to the group. <i>Not available.</i>	Dean Heiford
8. Put in a link to the Air Quality Report. <i>Completed.</i>	Kirsty Baldwin

12. Future Speakers

- Dog Bylaw Review Update – Jane Robertson.
- Picton Air Quality Report – Sarah Brand.
- Picton Sewerage Update – Stephen Rooney.
- Regular Ferry Terminal Updates – Port Marlborough and Waka Kotahi (Roads).
- MDC – regarding Picton Water Supply:
 - Quality – Monitoring Program.
 - Quantity – now and after 2020 upgrade.
 - Usage – Residential/commercial.
 - Plans for conservation – roof water collection tanks, recycling systems in factories, fixing leaking pipes.
- Picton Police Update.

13. Proposed Meeting Dates for 2021

Picton Regional Forum
8 November 2021

Sounds Advisory Group
15 November 2021

14. Proposed Meeting Dates for 2022

7 March 2022

3 May 2022

4 July 2022

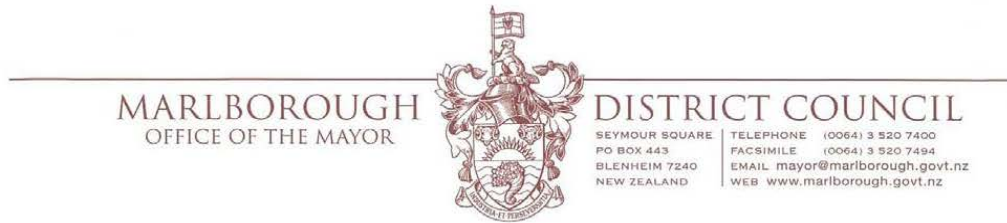
5 September 2022

7 November 2022

The meeting closed at 4.00 pm.

Appendix A

Three Waters letter to Minister Mahuta



27 September 2021

Hon Nanaia Mahuta
Minister of Local Government
Parliament Buildings
Wellington 6160
n.mahuta@ministers.govt.nz

Record No: 21202228
File Ref: D050-007-001-01
Ask For: Mayor Leggett

Tēnā koē Minister

Three Waters Feedback

Following the Local Government Conference in July, the announcement of the Government's Funding Package and the eight-week feedback period, the Marlborough District Council (Council) has worked hard to understand the Three Waters proposals in some detail. Our Councillors are well informed.

Council met on 16 September and considered an extensive report from our Chief Executive. The following recommendations were made:

1. That Council note the contents of this report and the Government's case for change in the delivery of Three Waters services.
2. That the Mayor writes to the Minister of Local Government proposing a pause in the Three Waters timeline to enable:
 - a. Consideration of the Future of Local Government Review in conjunction with the proposed Three Waters review recommendations.
 - b. More detailed work to quantify individual council's net benefit analysis from the Water Service entity proposals.
 - c. Greater clarity to be provided on the proposed Water Entities governance arrangements and in particular the influence that individual councils will have on capital programme prioritisation.
 - d. Government to undertake an extensive programme of public education in relation to the proposed reforms.
 - e. Resolution of other issues and questions (summarised below):
 - Protections from privatisation
 - Consultation proposed with mana whenua and communities
 - How will the community's voice be heard and what influence will local authorities have (and what can the community realistically expect the Council to influence particularly if it is not on the Regional Representation Group)?
 - Representation from and on behalf of mana whenua
 - Integration with other local government reform processes
 - Integration with spatial and local planning processes and growth

Three Waters Feedback

- Workforce and capability – Council struggles now to have enough of the right people to deliver Three Waters and we need to retain our people through the transition. We may well need to increase staffing through transition.
 - Does the Government bill confirm that new entities will take over all Council responsibilities required under the Water Services Bill?
 - Will the Government bill clarify local government's options and consultation requirements?
 - Conditions associated with the Government's package of funding for local government
 - Detail about the economic regulator and the confidence Council can have that pricing across Entity C will over time be standardised to achieve the savings forecast
3. That the Mayor formally advises the Minister that Council's preferred entity, should it opt in to a new water service entity is Entity C based on the future more favourable cost projections compared to Entity D with the boundary between Entities C and D to be Council's existing southern unitary authority boundary.
4. That the Council notes:
- a. That its policies and the Local Government Act 2002 require a special consultative process on a Long Term Plan variation proposal before any decision can be made to opt in/opt out of the Three Waters reform, so providing a community voice in these reforms, and
 - b. That a response from the Minister to the requests made in Recommendation 2 and the boundary decision proposed in Recommendation 3 should be considered before the special consultative process proceeds, and
 - c. Council reserves its position in relation to the opt in/opt out option."

The Three Waters reform process is one of the most significant local government reforms ever made. This Council has always had a strong focus on "core business" and Three Waters is certainly that. This reform is advancing rapidly at the same time as the resource management reform and the Future of Local Government review. Communities do not have a good understanding of these and misinformation is rife. In our community that misinformation has created what I perceive to be a massive opposition to the Three Waters reform and a view that this Council's proud and successful history as a Unitary Authority is at risk.

Unless the Government addresses the matters we propose above, our Council will be under huge pressure to opt out of the reform. That is the basis for our request for a pause. Please educate the public of New Zealand and provide a lot more clarity about the proposals before councils' consultative processes commence.

Council does appreciate the opportunity to forward our concerns and looks forward to ongoing involvement in the reforms. We do however believe this should be Central Government led and that there is a great deal more work to be done if successful reform is to occur.

Ngā mihi nui



JOHN LEGGETT
MAYOR, MARLBOROUGH DISTRICT COUNCIL

Three Waters Feedback

Copy to: ThreeWaters@dia.govt.nz

feedback@lgnz.co.nz

Marlborough District Council Councillors: Cirs Nadine Taylor, Barbara Faulls, Brian Dawson, Cynthia Brooks, David Croad, David Oddie, Francis Maher, Gerald Hope, Jamie Arbuckle, Jenny Andrews, Mark Peters, Michael Fitzpatrick, Thelma Sowman

Marlborough District Council Staff: Mark Wheeler, Martin Fletcher, Richard Coningham, Gina Ferguson, Stephen Rooney, Sean Nicholson, Amanda Smith

Appendix B

Three Waters Community Engagement Webinar

MARLBOROUGH DISTRICT COUNCIL

Community Engagement Webinar
September 2021

Three Waters Service Delivery Reform

Presented by: Mayor John Leggett
Chief Executive Mark Wheeler

Q & A Panel Responders: Deputy Mayor - Nadine Taylor
Chief Financial Officer - Martin Fletcher
Manager Assets and Services - Richard Coningham
Operations and Maintenance Engineer - Stephen Rooney
Consents and Compliance Manager - Gina Ferguson

Three Waters Service Delivery Reform

What are the “3 Waters” that new entities will deliver?

Drinking Water

- Supplies – **not** irrigation schemes or stock water unless also supplying drinking water as part of a council supply

Wastewater

- Sewage disposal
- Tradewaste disposal to council systems

Stormwater

- Definition still being clarified due to complexities.
- Expected to include urban stormwater collection and reticulation systems to the point of discharge
- **Not** rivers, rural drainage and flood protection systems

Three Waters Service Delivery Reform

Why water reforms?

Government is concerned about:

- **Drinking water quality** eg, Havelock North – 3 possible deaths, 5,500 ill, cost \$21 million; regular (smaller) issues around New Zealand eg, Blenheim, Awatere; widespread non-compliance with NZ Drinking Water Standards
- **Insufficient renewal, maintenance and growth investment** eg, Wellington sewer pipe collapses and overflow; Auckland and Wellington water supply capacity
- **Lack of resilience** especially to climate changes
- **Environmental standards** (discharges)

Three Waters Service Delivery Reform

Why water reforms?

Government is concerned about:

- **NZ council service performance poor** vs UK and others – response times; efficiency measures
- **Poor outcomes for Māori**
- **Major infrastructure spending shortfall** estimated at \$185 billion by 2051
- **Inability of councils/ratepayers to fund** future requirements



Picture: KEVIN STENT/STUFF

Three Waters Service Delivery Reform

What is government doing on 3 Waters Quality?

- New regulatory body (Taumata Arowai) underway
- Water Services Bill in final stage of Parliamentary process to provide the regulator's powers:
 - Stronger enforcement, penalties
 - Ability to prepare new standards and rules
 - Initial focus on medium/large drinking water supplies
 - Intention to address smaller private supplies medium term
 - Regional councils to enforce tougher discharge standards set by Taumata Arowai
 - Greater emphasis on Māori aspirations

Three Waters Service Delivery Reform

- The Water Services bill legislation will apply to all water suppliers whether council (opts out) or new entities (opt in).
- Water supplier includes everyone supplying drinking water **except** for a domestic self supply to a stand-alone dwelling



Three Waters Service Delivery Reform

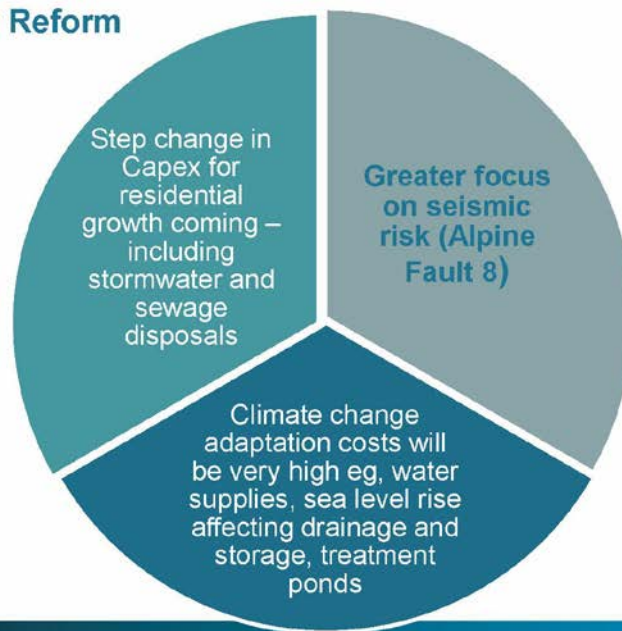
What about MDC?

MDC needs to:

- Upgrade water treatment plants (to timetable)
- Complete water safety plans for MDC supplies
- Wastewater and stormwater guidelines a few years off but expected to require much higher discharge standards
- Major upgrades to Blenheim, Havelock, Seddon; sewage treatment plants being planned
- Iwi discharge quality expectations are high
- Very large costs

Three Waters Service Delivery Reform

What about MDC?



Three Waters Service Delivery Reform

What about MDC?

- A large number of private and community, rural and small township drinking water supplies will require upgrading.
- Under the Water Services Bill if these requirements are unable to be met, responsibility defaults to MDC if opt out or Water Entity if opt in
- **Overall** In good shape but large funding challenges ahead well above current budget levels



"Ain't nothin' quite so refreshing as the sweet taste of cool, clear, pure water, eh, pard?"

Three Waters Service Delivery Reform

Evidence to support change to proposed Water Service Entities

- **Water Industry Commission of Scotland - independent review**
 - economic benefits of reform
 - assistance from Ernst Young



References:

- Farrierswiler review of WICS methodology and assumptions
- Frontier Economics reviews of Water Services aggregation in other countries
- Beca review of Standards and Practices UK vs NZDeloitte – economic impact assessments

NB: Detailed evidence is available on the DIA website:
<https://www.dia.govt.nz/Three-Waters-Reform-Programme#national-evidence-base>

Three Waters Service Delivery Reform

Evidence to support change

Farrierswier

“In our opinion the overall approach adopted by WICS..... should give reasonable estimates in terms of direction and order of magnitude”

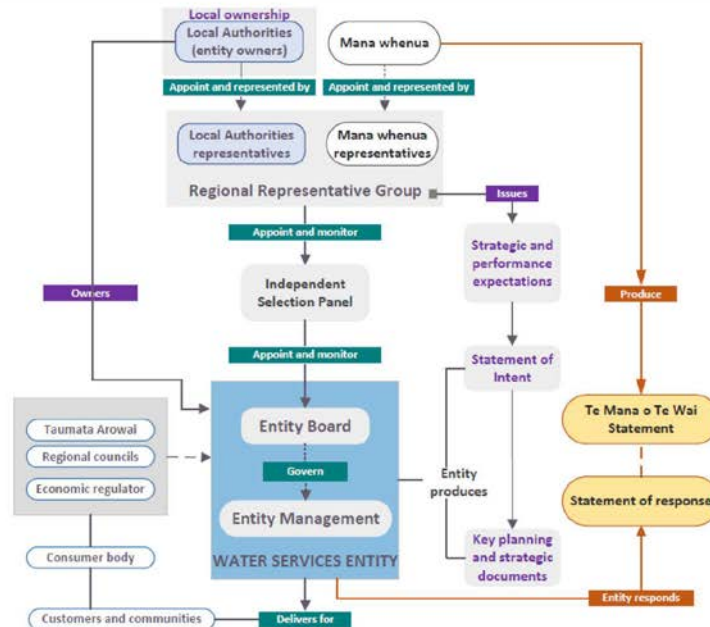
But... there are critics eg, Castalia criticism of WICS estimates for Whangarei District Council

- MDC has undertaken it's own high level analysis of WICS outcomes (more later)



Three Waters Service Delivery Reform

Governance



Three Waters Service Delivery Reform

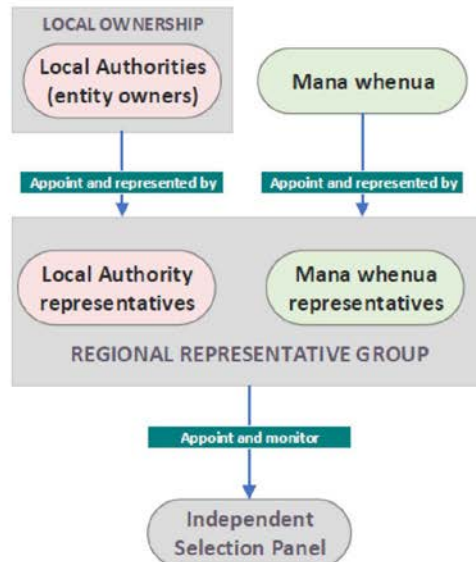
Governance

Key Design Features

- Maintaining local authority ownership of water services entities;
- Protecting against privatisation;
- Retaining influence of local authorities and mana whenua over strategic and performance expectations;
- Providing the necessary balance sheet separations from local authorities; and
- An integrated regulatory system.

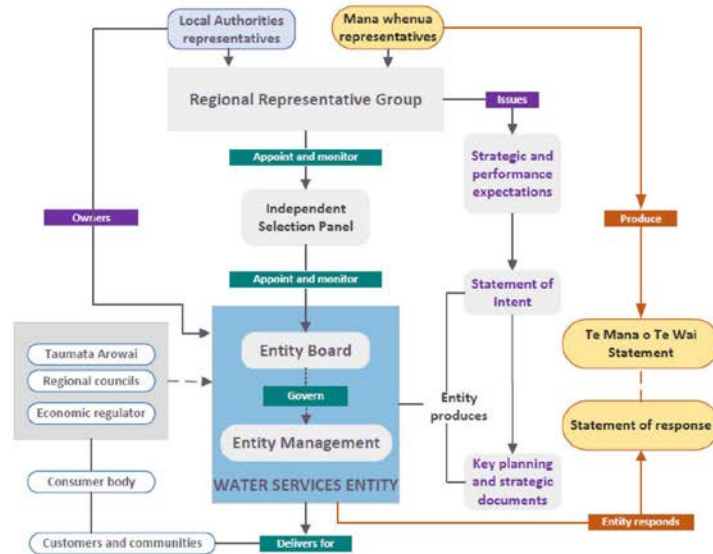
Three Waters Service Delivery Reform

Governance



Three Waters Service Delivery Reform

Governance



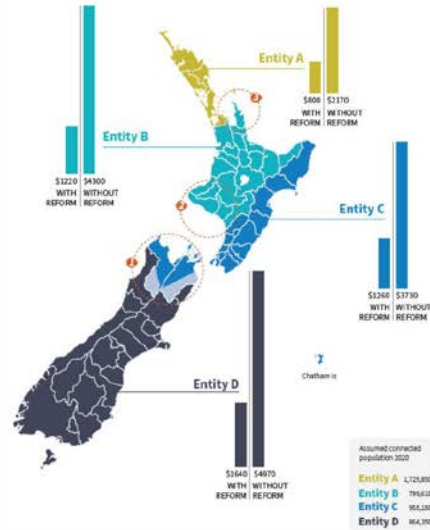
Three Waters Service Delivery Reform

Governance Issues

- A key concern around New Zealand is the reduced influence and control elected councillors will have on 3 Waters decisions
- The earlier diagram explains what influence is proposed
- However it is undoubtedly greatly reduced compared to our current system
- Marlborough may not win a council seat on the new Regional Representative Group
- MDC is participating in discussions with the Department of Internal Affairs, Local Government New Zealand and many other councils on this concern

Three Waters Service Delivery Reform Boundaries

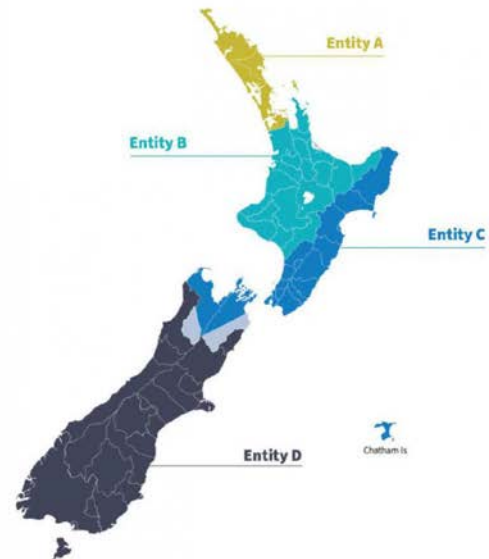
- Projected household costs 2051



The figures presented above for household bills with and without reform set out what an average household would be likely to pay for three waters services in 2051, in today's dollars, based on analysis by the Water Industry Commission for Scotland. A weighted average figure is presented for household bill estimates without reform, to account for the wide variance between council pricing policies. This weighted average figure reflects the proportion of the connected population that resides in each council area relative to neighbouring councils within the relevant water services entity.

Three Waters Service Delivery Reform Boundaries

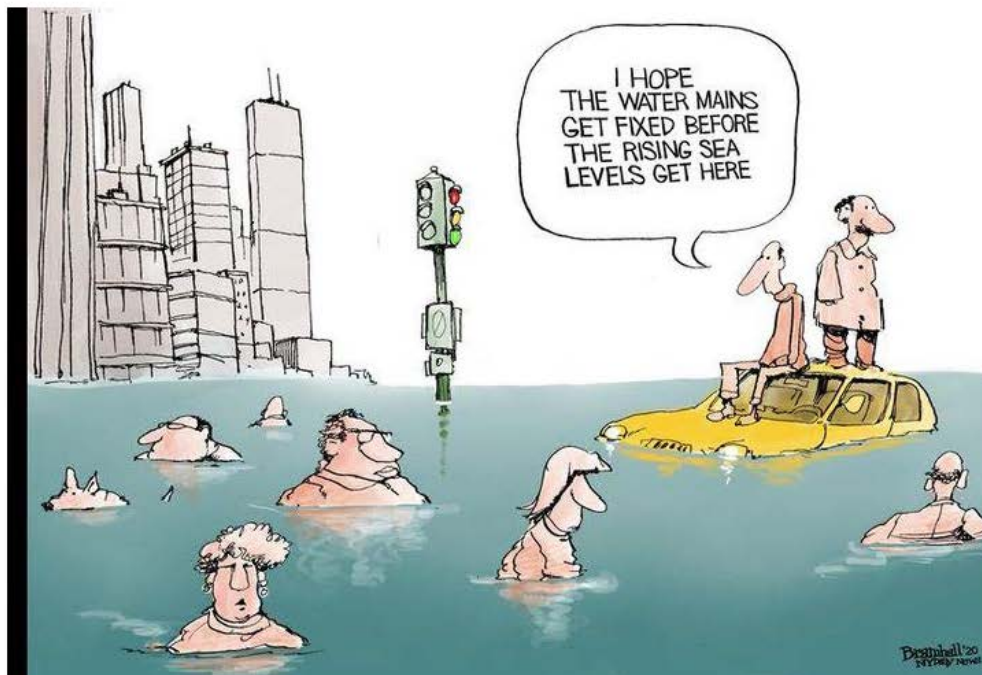
- The grey area includes South Marlborough land within Ngāi Tahu's "takiwā" (place)
- This "takiwā" line has been given statutory recognition. Other Te Tau Ihu iwi also believe they have significant interest south of this line
- Government has made it clear that the new entities will ensure Māori rights and interests are provided for
- This means that the Awatere and Seddon 3 Waters assets will be in Entity "D" (rest of the South Island)
- The balance of Marlborough would join Entity C
- Entity C has a lower projected cost per household than D
- Mayor, Deputy Mayor and I met with Minister Mahuta in July to express our concern at this split of Marlborough
- We are being updated by DIA later this week



Three Waters Service Delivery Reform

Why does Government believe that the proposed entities will deliver more, for less!?

- Government work to date says the new water entities will:
 - Make decisions based on communities' 3 Water infrastructure needs
 - Comply to Taumata Arowai increased standards
 - Be able to fund a higher level of capital investment by raising more debt
 - Size and scale will attract and develop professional staff and provide efficiency savings
 - Procurement can be done at scale
 - Design will be more affordable to smaller authorities
 - Provide a governance role to Māori



Three Waters Service Delivery Reform

Financial Analysis for MDC

- Water Industry Commission for Scotland (WICS) estimate a NZ 3 Waters “infrastructure deficit” of \$185 billion by 2051
- They then apply efficiency assumptions based on international experience of amalgamated 3 Waters networks (particularly in the UK)
- Beca reviewed growth assumptions
 - The deficit could be even higher
- Frontier Economics considered efficiencies from amalgamation
 - Bigger is better up to 800,000 connections



Three Waters Service Delivery Reform

Financial Analysis for MDC

WICS model for Marlborough produces the following comparison between opting in (Entity C) or opting out (status quo)



Three Waters Service Delivery Reform

Financial Analysis for MDC

- MDC has analysed the WICS model
- We have reduced WICS projections of:
 - Growth required/achievable – capital expenditure ↓ by 1/3
 - Capital cost efficiency ↓ 75%
 - Operating cost efficiency ↓ 75%
- We have re-run the model using several levels of these variables (a sensitivity analysis)
- The large gap (\$) between opting in and opting out reduces, but is still significant

Three Waters Service Delivery Reform

Financial Analysis for MDC

Stranded Overheads

- If MDC “opts in” to Entity C between \$2.2 and \$2.7 million of overhead costs become “stranded”
 - Eg. Information systems
 - Administration team
 - Finance team
 - Council building costs
- Government is providing an est. \$3 million in “no worse off” funding
 - Only approx 14 months
- Over time some reductions in overheads can be made but challenging
- Local Government reform may add some functions
- However

Three Waters Service Delivery Reform

Financial Analysis for MDC

- As stated earlier MDC has used the WICS model but lowered its growth and efficiency assumptions (only 25% of initial assumptions)
- We have also increased Entity C's costs to recover the cost of estimated "stranded overheads"
- We also reduced the forecast Capex requirement for MDC to \$1.5B from \$2.25B
- The outcome still favours "opting in" as shown here by \$1,550 per annum (per household)

Summary + Stranded Overheads

	Entity C - 25% Efficiency Gains	Entity C - 25% Efficiency Gains + Stranded Overheads	MDC Alone with \$1.5B Capex
Current Pricing	\$ 955.92	\$ 1,139.03	\$ 956.21
10 Year Pricing (inflation removed)	\$ 1,929.00	\$ 2,087.12	\$ 3,503.80
30 Year Pricing (inflation removed)	\$ 1,929.00	\$ 2,121.48	\$ 3,671.53

Allocating Stranded Overheads to Entity C's costs still yields a better result for the ratepayer



Three Waters Service Delivery Reform

MDC specific requests of Government before decisions can be properly made:

- Boundary decision
- More detail on net benefits of opting in
- Progress Future of Local Government Review in conjunction with the Three Waters Review recommendations
- Clarify governance arrangements and individual influence on prioritisation decisions
- Government must undertake an extensive public education programme

There are many other matters of detail the Government needs to provide to MDC before an informed public consultation can occur



Three Waters Service Delivery Reform

Privatisation

- This government is committed to continued public ownership of Three Waters assets
- They propose that any future request to privatise would require a 75% majority approval by the Regional Representative Group before going to a public referendum also requiring a 75% approval of the proposal before it could proceed
- Of course future governments could change this requirement



Three Waters Service Delivery Reform

Government Assistance Package (announced July)

- \$2.5B across New Zealand
 - Marlborough's share
 - "Better off" \$23M
climate change, resilience, housing, placemaking
 - "No worse off" \$3M
 - Stranded overheads, costs of transition
- \$250M still to be allocated by Government



Three Waters Service Delivery Reform

Assets transferred – no payment

- Associated Debt - repaid
- Impact on Marlborough?
 - No change to AA+ Standard and Poors credit rating
 - Balance equity ↓ \$ 716M (10 years)
but still \$1.822B
 - Some revenue streams can be diverted to non Three Waters expenditure
- New entities owned collectively by member local authorities



Three Waters Service Delivery Reform

Where to now

September	<ul style="list-style-type: none">• Letter to Minister and DIA• Engagement webinar, Q & A• Iwi• Community Groups
Mid to late October	Government responses and announcements on: <ul style="list-style-type: none">- Multiple public and local government concerns- Draft legislation- Consultation requirements
If Local Govt. Act consultation requirements remain as is	<ul style="list-style-type: none">• Council formal Long Term Plan Amendment and Special Consultation Process• Late 2021 – early 2022 – Council considers submissions and makes a decision to opt in or opt out

Three Waters Service Delivery Reform

Questions

Q & A (zoom)
or
3Waters@marlborough.govt.nz



Appendix C

Picton Air Quality Report.

Please find the link below to connect with the Picton Air Quality Report document.

https://www.marlborough.govt.nz/repository/libraries/id:1w1mps0ir17q9sqxanf9/hierarchy/Documents/Your%20Council/Meetings/2021/Environment%202021%20list/Item_7_-_07102021_-_Picton_Air_Quality_2019-2020_Report_NIWA_August_2021.pdf