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**MARLBOROUGH  
DISTRICT COUNCIL**



Only Marlborough

10 September 2021

Record No: 21193809  
File Ref: D050-001-02  
Ask For: Mike Porter

## **Notice of Council Meeting – Thursday, 16 September 2021**

Notice of the Council Meeting to be held in the Council Chambers, 15 Seymour Street, Blenheim on Thursday, 16 September 2021 to commence at 9.00 am.

### **BUSINESS**

As per Order Paper attached.

**MARK WHEELER  
CHIEF EXECUTIVE**





**Order Paper for the  
COUNCIL MEETING**  
**to be held in the Council Chambers, 15 Seymour Street, Blenheim**  
**on THURSDAY, 16 SEPTEMBER 2021 commencing at 9.00 am**

**Open Meeting**

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## Marlborough District Council

**Order Paper for the  
COUNCIL MEETING**  
to be held in the Council Chambers, 15 Seymour Street, Blenheim  
on THURSDAY, 16 SEPTEMBER 2021 commencing at 9.00 am

### 1. Karakia

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Tēnā koutou, tēnā koutou, tēnā koutou katoa  
E te Atua tō mātou Kai-hanga,  
ka tiāho te maramatanga me te ora, i āu kupu kōrero,  
ka tīmata āu mahi, ka mau te tika me te aroha;  
meatia kia ū tonu ki a mātou  
tōu aroha i roto i tēnei huihuinga.  
Whakakī a matou whakaaro ā mātou mahi katoa,  
e tōu Wairua Tapu.  
Āmine.

(God our Creator,  
when you speak there is light and life,  
when you act there is justice and love;  
grant that your love may be present in our meeting.  
So that what we say and what we do may be filled with your Holy Spirit.  
Amen.)

### 2. Apologies

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### 3. Declaration of Interests

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

## **4. Minutes**

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- 4.1 Confirmation of the Minutes of the Council Meeting held on 5 August 2021  
(Minute Nos. Cncl-0821-23 to Cncl-0821-31)

**Minutes of a Meeting of the  
Marlborough District Council  
held in the Council Chambers, 15 Seymour Street, Blenheim  
on THURSDAY 5 AUGUST 2021 commencing at 9.00 am**

**Present**

The Mayor J C Leggett (in the Chair), Cllrs J L Andrews, J A Arbuckle, J D N Croad, B G Dawson, B A Faulls, M J Fitzpatrick, G A Hope, F D Maher, D D Oddie, M A Peters, T P Sowman and N P Taylor.

**Present via Zoom**

Clr C J Brooks.

**In Attendance**

Messrs M S Wheeler (Chief Executive) and M J Porter (Democratic Services Manager).

**Karakia**

The meeting opened with a karakia.

**Cncl-0821-23 Declaration of Interests -**

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

A number of declarations were noted in the agenda:

1. The various interests as declared under Minute Nos. Cncl-0621-415;
2. The interests as declared by Clr Faulls at the meeting under Minute No. Cncl-0821-29 (Item No. 6 – Link Pathway - Funding Re-allocation for Storm Repairs) and Minute No. Cncl-0821-30 (Item No. 7 – Review of the Responsible Camping Control Bylaw 2020).

**Cncl-0821-24 Confirmation of Minutes -**

**The Mayor/Clr Taylor:**

**That the Minutes of the Council Meeting held on 24 June 2021 (Minute Nos. Cncl-0621-415 to Cncl-0621-427) be taken as read and confirmed.**

**Carried**

**Cncl-0821-25 Confirmation of Minutes -**

**The Mayor/Clr Taylor:**

**That the Minutes of the Extraordinary Council Meeting held on 30 June 2021 (Minute Nos. Cncl-0621-428 to Cncl-0621-431) be taken as read and confirmed.**

**Carried**

**Cncl-0821-26 Confirmation of Minutes -**

**The Mayor/Clr Taylor:**

**That the Minutes of the Extraordinary Council Meeting held on 8 July 2021 (Minute Nos. Cncl-0721-7 to Cncl-0721-8) be taken as read and confirmed.**

**Carried**

## Committee Reports

### **Cncl-0821-27      Assets & Services Committee**      -

**Clrs Taylor/Fitzpatrick:**

**That the Committee report contained within Minute Nos. A&S-0721-1 to A&S-0721-6 be received and the recommendations adopted.**

**Carried**

### **Cncl-0821-28      Planning, Finance & Community Committee**      -

Clr Hope expressed appreciation to those involved in the submission to the Natural and Built Environments Bill – Exposure Draft.

**Clrs Peters/Croad:**

**That the Committee report contained within Minute Nos. PF&C-0721-9 to PF&C-0721-22 be received and the recommendations adopted.**

**Carried**

### **Cncl-0821-29      Link Pathway – Funding Re-allocation for Storm Repairs**      **R510-012-004-02**

Members noted that the purpose of the report was to seek approval to reallocate funding approved in the 2020-21 Annual Plan for the Link Pathway Trust to develop the last section of the Link Pathway and that the funding be used to support repairs of the pathway significantly affected by the July 2021 storm.

Staff reported that the Link Pathway Trust were seeking approval to re-allocate 2020-21 Annual Plan funding of \$169,565 secured for path construction, to be directed to repair sections of the path after significant storm damage in the 17 July 2021 weather event.

**Clrs Peters/Brooks:**

**That Council approve the re-allocation of \$169,565 being unspent 2020/21 Annual Plan funds for planned new path construction, to be used for path storm damage repairs to the existing path.**

**Carried**

NB: Clr Faulls declared an interest in the above and did not take part in discussions nor vote on the matter.

### **Cncl-0821-30      Review of the Responsible Camping Control Bylaw 2020**      **R510-005-15-02**

Members noted that the purpose of the report was to seek approval to undertake further consultation on the Responsible Camping Control Bylaw 2020 (Bylaw) to address procedural concerns regarding compliance with the Freedom Camping Act 2011 and Local Government Act 2002.

Staff reported that following the adoption of the new Bylaw in November 2020, a draft statement of claim for judicial review (Claim) from the New Zealand Motor Caravan Association (NZMCA) in relation to the Bylaw was received (April 2021). The key points of the Claim are that submitters were not given the chance to make submissions on the prohibition on freedom camping in all except five sites (NZMCA believe this was a breach of s82(1)(a) and (b) of the Local Government Act 2002), and Council did not undertake a s11 Freedom Camping Act 2011 (FCA) assessment of all areas in the district (other than for the five sites) by applying the criteria set out in s11(2) FCA for each area in breach of the purpose and intent of the FCA (to allow freedom camping except where prohibited).

It was further reported that Council does not fully accept the claims but has decided to undertake further consultation on the Bylaw to address the key points noted above. Council will also use the further consultation to review the effect of the Bylaw during the recent responsible camping season from November



2020 to April 2021, which was managed under the Bylaw. Coincidentally, central government is reviewing the Freedom Camping Act 2011. A series of roadshows and forums with Councils and the public were held including in Marlborough. Council attended a meeting in May 2021 led by staff from the Ministry of Business, Innovation and Employment and a well-attended public meeting was also held in Picton.

The Responsible Camping Panel, which will review submissions and manage the hearing, will consist of two independent commissioners and one Councillor to ensure transparency of process. It is expected that this panel will be confirmed by 15 November 2021.

Council will commence the public notification process on 17 September 2021 with the six-week notification period closing on 28 October 2021. In the subsequent period, a robust analysis of the submissions will be done with public hearings scheduled for 1-3 February 2022. Following the hearings in February 2022, along with the analysis of the submissions received a new Bylaw will be adopted, or the current Bylaw will be reconfirmed. It is anticipated that the Bylaw, once adopted by Council, will come into effect from 1 May 2022.

A full timetable was included in the agenda report.

**Cllrs Oddie/Taylor:**

**That Council approve further consultation on the Responsible Camping Control Bylaw 2020.**

**Carried**

NB: Cllr Faulks declared an interest in the above and did not take part in discussions nor vote on the matter.

## **Cncl-0821-31 Decision to Conduct Business with the Public Excluded**

**The Mayor/Cllr Taylor:**

**That the public be excluded from the following parts of the proceedings of this meeting, namely:**

- Confirmation of Public Excluded Minutes
- Committee Reports (Public Excluded Sections)

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

<b>General Subject of each matter to be considered</b>	<b>Reason for passing this resolution in relation to each matter</b>	<b>Ground(s) under Section 48(1) for the passing of this resolution</b>
<b>Minutes and Committee Reports</b>	<b>As set out in the Minutes</b>	<b>That 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 exists under Section 7 of the Local Government Official Information and Meetings Act 1987.</b>

**Carried**

The meeting closed at 9.10 am.

Confirmed this 16<sup>th</sup> day of September 2021

**J C LEGGETT  
MAYOR**

Record No. 21175627

## **4. Minutes**

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- 4.2 Confirmation of the Minutes of the Extraordinary Council Meeting held on 30 August 2021  
(Minute Nos. Cncl-0821-62 to Cncl-0821-63)

**Minutes of the  
EXTRAORDINARY MEETING of the MARLBOROUGH DISTRICT COUNCIL  
held in the Committee Room and via Zoom, 15 Seymour Street, Blenheim  
on MONDAY 30 AUGUST 2021 commencing at 9.00 am**

### **Present in the Committee Room**

The Mayor J C Leggett (in the Chair).

### **Present via Zoom**

Cllrs J L Andrews, J A Arbuckle, J D N Croad, B G Dawson, B A Fauls, M J Fitzpatrick, G A Hope, F D Maher, D D Oddie, M A Peters, T P Sowman and N P Taylor.

### **In Attendance in the Committee Room**

Mr D G Heiford (Manager Economic, Community & Support Services), Ms N J Chauval (Support Services Administrator) and Mr M J Porter (Democratic Services Manager).

### **In Attendance via Zoom**

Mr M S Wheeler (Chief Executive), Mr M F Fletcher (Chief Financial Officer), Mr D G Walters (Communications Manager), Mr R Foitzik (General Counsel) and Ms S J Boswell (Communication Advisor).

### **Karakia**

The meeting opened with a karakia.

The Mayor welcomed all to the meeting, whether present in the Committee Room or via Audio Visual link (Zoom) as per Standing Orders and the *COVID-19 Response (Urgent Management Measures) Legislation Act 2020*. The Mayor also advised the meeting was being recorded and that a link to the recording would be loaded to Council's website as soon as practicable following the meeting in accordance with the *COVID-19 Response (Urgent Management Measures) Legislation Act 2020*.

### **Apology**

**The Mayor/Cllr Peters:**

**That the apology for absence from Cllr C J Brooks be received and sustained.**

**Carried**

## **Cncl-0821-62 Declaration of Interests**

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

## **Cncl-0821-63 Method of Election and Review of Representation**

**D050-004-022-11**

Members noted that the purpose of the report was to resolve Council's initial proposal for representation arrangements for the 2022 and 2025 elections (and that the initial proposal be distributed for public consultation).

Staff reported that Council was required to adopt an initial proposal for public consultation on its representation arrangements for the 2022 and 2025 elections. The Local Electoral Act 2001 (LEA) requires local authorities to carry out a review of their representation arrangements at least once every six years. Council's last review was prior to the 2016 triennial election. The review is set by a statutory timeline and process. The Council must give notice of its initial proposal no later than 8 September 2021.

Staff further reported that Council was required to adopt a set of representation options as an initial proposal, consult with the public and consider submissions, and adopt a final proposal for public notification. Included within the scope of the Representation Review was the number of councillors to be elected to the Council, whether councillors are elected by wards or by the district as a whole (or a mixture of both systems), if elected by wards, the number, boundaries and names of these wards and the number of councillors that will represent them; and whether to have Community Boards, and if so how many, their boundaries and membership.

Staff also reported that Council engaged an independent consultant from electionz.com to assist Council to follow best practice for defining communities of interest, effective representation for identified communities of interest, and fairness of representation for electors. Council also appointed Cllrs Taylor, Hope and Croad, and the Mayor, to undertake the community consultation for the representation review, to be assisted by the independent consultant from electionz.com and Council staff. This group have met and discussed the representation review in detail.

Members noted that all elements of the Council's representation proposal (excepting the Maori Ward), including whether to have community board(s) or not, are subject to rights of appeal and/or objection to the Local Government Commission (the Commission). The working group has fully considered the options available. The working group also considered that the process carried out was robust and that it results in a decision that can be supported by reasons that provide a defensible outcome.

Members agreed to the proposal that the Omaka Landing and Rose Manor subdivisions which are currently in the Wairau-Awatere Ward should be transferred to the Blenheim Ward as their communities of interest lie with the urban ward.

The working group proposed that Option One be the preferred option and Council after discussing all options in the report agreed. This option is a 'modified status quo' option with little change to the existing arrangements. Under this option, all wards comply with the plus or minus 10% population formula required under the legislation.

Members noted that the main change proposed under Option One sees a reduction in the number of Marlborough Sounds' members from three to two. Members agreed that the current three-councillor representation of the Marlborough Sounds Ward population is far greater than the formula allows under sections 19 V(2) and (3) the Local Electoral Act.

Members noted that in the past Council has argued to the Local Government Commission that the Marlborough Sounds needed another councillor due to its remote and isolated communities. Council agreed that with the improvements in communications technology in recent years that argument was now harder to sustain. Also, all members can represent Sounds' residents and ratepayers.

Members noted that staff will be preparing a communications strategy involving public meetings (whether face-to-face or by webinar type, depending on the current COVID-19 Alert Level). A consultation document will also be available.

**The Mayor/Cllr Taylor:**

**1. That Council adopts the following initial representation proposal (Option 1):**

- (a) That Marlborough District Council consist of a Mayor and 13 councillors; and**
- (b) That a Ward structure of voting is the most appropriate for Marlborough;**
- (c) That the make-up of that ward structure be:**
  - Blenheim Ward (7 members);**
  - Wairau-Awatere Ward (3 members);**
  - Marlborough Sounds Ward (2 members); and**
  - Marlborough Māori Ward (1 member) [noting that the Māori Ward decision cannot be appealed to the Local Government Commission];**
- (d) That no Community Boards be established.**

**2. That meshblocks 4013645, 4013646, 4013647, 4013650 and 4013651 (Omaka Landing); and 4013655, 4013657, 4013658, 4013659 and 4013660 (Rose Manor) be transferred from the Wairau-Awatere Ward to the Blenheim Ward.**

3. That Council agrees that public notification of the initial proposal and opportunity to submit on the proposal will be undertaken in line with the statutory requirements of section 19M of the Local Electoral Act 2001.

**Carried**

The meeting closed at 9.36 am.

Confirmed this 16<sup>th</sup> day of September 2021

J C LEGGETT  
**MAYOR**

Record No. 21187466

## **5. Committee Reports**

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### **5.1 Assets & Services Committee**

Assets & Services Committee Meeting held on 19 August 2021  
(Minute Nos. A&S-0821-32 to A&S-0821-41)



**Report and Minutes of a Meeting of the  
ASSETS & SERVICES COMMITTEE  
held in the Committee Room and on Zoom (due to COVID-19 Level 4 requirements),  
15 Seymour Street, Blenheim on THURSDAY, 19 August 2021 commencing at 9.00 am**

**Present in the Room**

Cirs N P Taylor (Chairperson) and Mayor J C Leggett

**Present via Zoom**

Cirs M J Fitzpatrick (Deputy), J L Andrews, C J Brooks, M A Peters and B G Dawson

**Also Present via Zoom**

Cirs J A Arbuckle, J D N Croad, B A Faulls, D D Oddie and T P Sowman

**Attendance in the Room**

Nicole Chauval (Committee Secretary) and Mike Porter (Democratic Services Manager/Zoom Management)

**Attendance via the Zoom**

Mr Richard Coningham (Manager – Assets & Services Department) and Jamie Lyall (Manager – Property and Community Facilities)

**Apologies**

Cirs Taylor/Andrews:

**That the apology for absence from Clr F D Maher be received and sustained.**

Carried

**A&S-0821-32 Declaration of Interests** -

No interests with items on the agenda were declared.

ATTENDANCE: Luke van Velthooven, Chair of the Marlborough Kaikoura Trail Trust (The Whale Trail), Katherine Hume, Anna Houkamau and Vicki Nalder, Team Members of the Marlborough Kaikoura Trail Trust (The Whale Trail), were present via Zoom for the following item.

**A&S-0821-33 Marlborough Kaikoura Trail Trust (The Whale Trail) C230-001-C02**

The Marlborough Kaikoura Trail Trust's Chair, Mr Luke van Velthooven provided members with a Whale Trail project update. To support the report a powerpoint presentation was shown (CM Record No. 21178638)

During the presentation Luke van Velthooven noted that Regular e-bulletins were produced. Clr Brooks requested that she be included on the e-bulletin mailing list.

In response to a query regarding business opportunities along the route. Mr van Velthooven advised that a business case had been developed for the Trust's application which identified potential business and job opportunities resulting from the Whale Trail development. KiwiRail and other established businesses are also investigating options of linking into the Whale Trail.

Members were advised that a map of the route is currently being developed ensuring it is presented in the right scale with sufficient information. On completion the map will be published in the e-bulletin.

**Cirs Taylor/Brooks:**  
**That the information be received.**

**Carried**

ATTENDANCE: Members of the Marlborough Kaikoura Trail Trust (The Whale Trail) withdrew from the meeting at 9.44 am at the conclusion of the above item.

ATTENDANCE: Jane Tito, Council's Manager Parks and Open Spaces, and Robert Hutchinson, Council's Parks and Open Spaces Officer, were present via Zoom for the following item.

**A&S-0821-34      Tree Removal Request - Harling Park**  
**R510-009-H02-03**

The report to the Committee sought approval to remove a Eucalyptus tree on Harling Park bordering a residential property located in Solway Drive, Blenheim.

Members were advised that a resident whose property backs onto Harling Park has requested the removal of a gum tree due to issues with detritus, root intrusion and shading. The tree is approximately 30 years old, 10 metres tall and located within 4 metres of the north-western boundary of the property.

It was noted that an arboricultural assessment has been completed on the tree and the report was attached to the agenda for members' information.

Members queried the recommendation to remove the tree, noting the arborist's recommendation that the tree be monitored for general health, branch and limb failure in the normal course of park maintenance activities. Council staff advised that a tree root from the tree located on the resident's property had been removed and this would likely compromise the integrity and stability of the tree and therefore poses a risk to the public.

It was noted that replacement plantings would be made and these would be standard natives suitable for the conditions at the park. Residents have advised Council staff that they would water new plants during dry periods ensuring their survival.

Clr Arbuckle discussed his concerns regarding the removal of large trees and noted Council does have a Tree Policy. A number of questions were posed and answered on tree maintenance and costs. Clr Arbuckle indicated that he may take some advice from the Landscape Group and speak further on the request at the September Council meeting.

Clr Taylor put the motion to the meeting and asked for a show hands.

**Cirs Brooks/Andrews:**  
**That the Committee approve the removal of the Eucalyptus tree located in Harling Park in front of 28A Solway Drive, Blenheim.**

**Carried** on a show of hands 4 to 2

ATTENDANCE: Brian Paton, Council's Emergency Services Manager, was present via Zoom for the following item.

**A&S-0821-35      Marlborough Emergency Management Workplan**  
**Approval** **E200-001-003-03**

The purpose of the report was to seek approval and support from the Committee for the Marlborough Emergency Management Workplan. The Workplan was attached to the agenda for members' information.

It was noted that every five years Groups are required to submit an Emergency Management Plan (EMP) for its region. Marlborough's current Plan has a time frame of 2018 and will need to be reviewed in 2023. The



Plan is available on Council's website <https://www.marlborough.govt.nz/civil-defence-emergency-management/about-us/cdem-plans-and-publications>

The Emergency Management Plan includes Action Plans for the cornerstones of emergency management namely Reduction, Readiness, Response, Recovery and Governance. The 2021-22 Workplan is consistent with the objectives of the EMP.

Members were advised that much of the next 12 months will involve establishing working relationships and co-creating work with the newly expanded National Emergency Management Agency (NEMA). The co-creating work includes a complete re-write of the CDEM Act, developing an Emergency Management Strategy between Groups and NEMA, and joint significant hazard planning for tsunami and earthquake events, particularly AF8 and Hikurangi scenarios for Marlborough.

Mr Paton advised that the workplan, as submitted, assumed 12 months without any significant events, however, the July storm event has already had an impact as the Group Office assists with the recovery from that emergency. The workplan as submitted will form the basis for reporting to the Joint Committee and CEG (Coordinating Executive Group) on progress throughout the year.

**Clr Taylor/The Mayor:**

**That the Joint Committee approve and support the delivery of the Marlborough Emergency Management Group Workplan as submitted.**

**Carried**

ATTENDANCE: David Craig, Council's Finance and Information Supervisor, was present via Zoom for the following item.

**A&S-0821-36      2020/2021 Budget Carryovers      F275-001-02**

The purpose of the report was to present the 2020/21 departmental carryovers for approval. It was noted that a number of works scheduled for completion in 2020/21 had been delayed or were not yet completed. Details of these works were attached to the agenda for members' information. Funding for these works were determined in the 2020/21 Annual Plan and it is now necessary to amend the 2021/22 budgets to reflect these 'carry-overs'.

Mr Craig noted that there is no subsidised roading carryover in the request. This is due to the 2021 year being the end of the three year National Land Transport programme period. It was advised that loading carryovers can be done within each three year programme but not between programmes.

It was reported that there is no rating impact arising from the carryover action.

**Clrs Peters/Dawson:**

**That the 2021/22 budgets be amended to incorporate the 2020/21 carryovers.**

**Carried**

ATTENDANCE: Alec McNeil, Council's Solid Waste Manager, was present via Zoom for the following four items.

**A&S-0821-37      Waste Disposal Levy Spending      W300-006-008-12**

The purpose of the report was to seek approval for the adoption of a set of waste disposal levy spending allocations in accordance with section 32 of the Waste Minimisation Act 2008.

It was noted that the waste disposal levy increased from \$10 to \$20 (GST exclusive) per tonne in July 2021. Further increases have been signalled from Government resulting in the levy increasing to \$60 per tonne by 2024. A series of waste disposal spending allocations in support of the current waste management and minimisation plan 2021-27 (WMMP) were detailed in the agenda item.

The proposal does provide alignment with the WMMP 2021-27 and satisfies the requirements of Section 32 of the Waste Minimisation Act 2008 which sets out how the territorial authority waste disposal levy money can be spent.

It was noted that increasing the cost is giving a clear indication that landfill is no longer a cheap option for waste disposal and that consideration of other options like reduction and reuse to extend a product's life is being encouraged.

It was noted that it will require additional administrative and project management time.

**Cllrs Fitzpatrick/Dawson:**

- 1. That Council approve the following waste disposal levy spending allocations for 2021-22: reduction projects 20%, reuse projects 15%, recovery projects 50%, and recycling projects 15% based on a projected total annual income of \$330k.**
- 2. That the current waste management and minimisation plan 2021-27 section 6.3 be updated accordingly to reflect the 2021-22 waste disposal levy spending allocations.**
- 3. That staff continue to report to Council and the Ministry for the Environment annually on the waste disposal levy spending outcomes and future spending allocations.**

**Carried**

**A&S-0821-38 Kerbside Recycling Crate Liner Trial W300-007-01**

The report to the Committee sought approval for the trial of a recycling crate disposable bag liner as a solution for litter mitigation.

It was noted that the current recycling crate collection system does not provide a containment system for litter mitigation. Supporters of an alternative collection system think that wheelie bins will mitigate the potential for litter production. Observation of, and discussion with, other councils has shown that this assumption is not accurate and that wheelie bins are still susceptible to toppling in the winds. The trial of a recycling crate disposable liner will provide evidence as to whether this alternative liner solution will prove effective. An example of the recycling crate and the bin liner was shown to members.

Members were advised that the trial would cover 25 households on each recycling route totalling 125 and would run from October to November. This is to ensure that a variety of weather conditions are experienced. The trial is estimated to cost \$17k and would be covered from existing budgets. The results of the trial would be reported back to Council as part of the 2022-23 Annual Plan process.

In response to a query on the cost of the trial, Mr McNeil advised that the bags are proportionally more expensive due to the small numbers ordered. The cost would reduce if the liner was approved and bulk orders could be made. Also covered in the costs are data gathering and report writing by a third party.

There was considerable discussion on the proposal with a number of members expressing their concern at introducing another form of plastic into the waste stream, and whether the amount of litter being blown out of the bins warranted the introduction of the crate liner.

It was noted that the bag is likely to be consumed during each crate empty, recovered separately and where possible sent for processing as a soft plastic.

Other members considered that the trial would be an opportunity to provide tangible data and evidence on whether the initiative is a suitable solution for litter mitigation and assist with future planning decisions.

It was noted that the recycling crates do not have a lid system that is available from the manufacturers as a retro fit. Other councils have trialled cargo nets that fit onto the crate which has resulted in mixed success and has now been discontinued. Mr McNeil noted that some manufacturers have responded to recent media coverage indicating there may be alternatives identified from the trial.

At the conclusion of discussion on the issue the following motion was put to the vote.

Cllrs Brooks/Andrews:

1. That Council approve the trial of a recycling crate disposable liner across 125 properties in October/November 2021 for a cost estimate of \$17k exclusive of GST which will be covered from existing budgets.
2. That the results of the trial are reported back to Council as part of the 2022-23 Annual Plan process.

Cllr Taylor put the motion to the meeting and asked for a show hands. On a show of hands the vote was tied 3 to 3.

The Chair refrained from using her casting vote advising that the item will lie on the table for further discussion by all Councillors at a Full Council meeting.

## **A&S-0821-39      Solid Waste Services – Section 17A Service Delivery Review      W300-007-01**

The report to the Committee sought to review the cost-effectiveness of current solid waste service delivery arrangements for meeting the needs of communities within the district for good-quality local infrastructure, local public services, and performance of regulatory functions.

The report provided a high-level Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis for the method of delivery for solid waste service provision across Marlborough. The report is prepared in anticipation of the potential for service level changes during the next two-year period as various contracts are retendered.

Members were advised that having completed the section 17A review no changes are recommended for Governance or Funding arrangements. In terms of the method of service delivery, it is acknowledged that some changes to the structure of the tender documents can be considered to facilitate both social and commercial procurement. The key is to stimulate interest in the tender to get vibrant competition providing a range of ideas.

Mr McNeil responded to a query regarding contractors supporting Council's environmental goals noting that the contract will have KPIs written into it to capture Council's requirements and that the Contractor is then measured on these.

Cllrs Fitzpatrick/Peters:

1. **That Council retain the current outsourcing service delivery methods for the various solid waste function contracts.**
2. **That Council modify its solid waste function tender frameworks to allow for social and commercial procurement.**

Carried

## **A&S-0821-40      Wither Road Depot Site Review      W300-007-01**

The purpose of the report was to seek approval to reset the area occupied by the WorksOps team at the Wither Road Depot and lease the remaining site area and buildings to interested parties.

It was noted the Wither Road Depot was purchased by Council in 2012. The site was subsequently subdivided between the Council WorksOps team and a private tenant. The private tenant is now in the process of vacating the site. Before inviting requests from interested parties the site usage has been reviewed.

The Council WorksOps main depot is based at the Wither Road site with an ancillary location located adjacent to the One World School on George Conroy Drive. In order to provide the WorksOps team with more operational space and to eventually allow them to withdraw from the site on George Conroy Drive it is proposed to reset the subdivision boundary within the Wither Road site.

Members discussed the proposal and noted that this would provide the WorksOps team with additional operational space and through time allow them to withdraw from the George Conroy Drive storage facility. The remaining portion of the site will be leased to interested parties that have an existing contractual association with Council.

It was reported that in order to facilitate the exit from the George Conroy Drive storage facility additional bunker storage will be required at the Wither Road site. The capex estimate for this bunker storage is estimated in the region of \$50k to \$75k excluding GST dependent on size, layout and specification. These costs would require a budget variation and approval through the 2022-23 Annual Plan process.

**Cirs Fitzpatrick/Peters:**

1. **That Council approve the extension of the land area occupied by the WorksOps team at the Wither Road location.**
2. **That the remaining portion of the site is leased to interested parties that have an existing contractual association with Council.**

**Carried**

## **A&S-0821-41 Information Package** -

Council's Emergency Services Manager, Brian Paton, provided members with an update on the current COVID-19 situation in Marlborough.

Clr Fitzpatrick noted the following correction to page 17 of the Information Package ... replace the second occurrence of 'Renwick' in the sixth paragraph with ... 'Havelock'.

An update is to be provided to the next Assets & Services Committee meeting on river gravel extraction management.

Jamie Lyall is to provide information to Clr Andrews on protecting the Ballinger sign from future flooding.

*Postscript:*

The report on the Lansdowne Park pitch was circulated to Councillors following the meeting.

**Cirs Taylor/Andrews:**

**That the Assets and Services Information Package dated be received and noted.**

**Carried**

The meeting closed at 11.33 am.

Record No. 21179620

## **5. Committee Reports**

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### **5.2 Environment Committee**

Environment Committee Meeting held on 26 August 2021  
(Minute Nos. Env-0821-42 to Env-0821-61)



**Minutes of a Meeting of the  
ENVIRONMENT COMMITTEE**  
held in the Committee Room and via Zoom, 15 Seymour Street, Blenheim  
on THURSDAY, 26 AUGUST 2021 commencing at 9.00 am

### **Present in the Room**

Mayor J C Leggett (Chairperson)

### **Present via Zoom**

Councillors D D Oddie (Deputy), G A Hope (Deputy), J A Arbuckle, J L Andrews, C J Brooks, J D N Croad, B G Dawson, B A Faulls, M A Peters, T P Sowman, N P Taylor and Mr E R Beech (Rural representative)

### **In Attendance in the Room**

Messrs H R Versteegh (Environmental Science and Policy Group Manager), M Porter (Democratic Services Manager/Zoom Management) and N Chauval (Committee Secretary)

### **In Attendance via Zoom**

Ms G Ferguson (Consents and Compliance Group Manager), all presenters and additional Council staff were present via Zoom as noted in the minutes.

### **Apologies**

**No apologies were received.**

### **Carried**

## **Env-0821-42 Declaration of Interests** -

No interests with items on the agenda were declared.

ATTENDANCE: Sophie Hocart, Council's Environmental Protection Officer and Marcelo Wibmer (Sustainable Dairying Manager, Fonterra) and Jane Mitchell (Sustainable Dairy Advisory) were present via Zoom for the following item.

## **Env-0821-43 Dairy Shed Effluent and Stream Crossing Survey 2020/2021 E330-001-004, E330-001-005**

The purpose of this report is to inform the Council of the Compliance Group's monitoring of dairy shed effluent and stream crossings during the 2020/21 dairy season. To highlight this report a powerpoint presentation was shown (presentation filed in CM Record No. 21184121 and 21184128).

Members were advised that 31 out of 46 dairy farms were inspected between December 2020 and January 2021. The percentage of these 31 farms that were rated as compliant was 90% (28 farms) after the follow up inspections. This is a 1% increase from last year. There were no significant non-compliance farms within the region.

All 31 farms were monitored against the MSRMP or resource consent conditions. It was noted that 22 farms operate under permitted activity status in the MSRMP and 9 operate under resource consent. The percentage of farms that were rated as compliant with the PMEP was 96% (24 farms). This is a 2% increase from the previous year.

Stream crossing elimination is continuing to progress with just two farms with stream crossings remaining.

As part of the presentation it was noted that from 1 July 2021 there is a cap of 190kg N/ha/year on the use of synthetic nitrogen fertiliser for all land in pastoral land use. PMP also has rules around N inputs - total cumulative nitrogen loading on the land to not exceed 200kg N/ha/year. All farms will be reported against the PMP starting from next season. The PNS average for Marlborough (2019/20) was 109kgN/ha.

It was reported that all farms must have a lined storage system within 24 months from the PMP becoming operative. To date a total of 32 farms have a lined storage system and 14 farms do not have lined systems. Three of these farms hold a resource consent for the unlined pond and three more of these farms have advised of their plans to install a lined system.

Liaison with Fonterra and the local farmers is on-going to assist with the implementation and ongoing reporting of the NES-F.

Farm Environment Plans have been developed for 37 farms in Marlborough and Fonterra is working with farmers to achieve good farming practices.

**Cirs Hope/Croad:**  
**That the information be received.**

**Carried**

ATTENDANCE: Peter Davidson, Council's Groundwater Scientist and Neil Thomas, Groundwater Scientist, PDP, were present via Zoom for the following item.

## **Env-0821-44      Rarangi Shallow Aquifer Saline Intrusion Risk Assessment Report      E345-007-001**

The external report entitled - Rarangi Shallow Aquifer Saline Intrusion Risk Assessment was presented to the Committee. The report was available on Council's website for members' information. It was noted that the intention had been to present the report to the Rarangi Residents Association following this meeting but due to the country being at Alert Level 4 this is not currently possible and has been rescheduled. (To highlight this report a powerpoint presentation was shown (presentation filed in CM Record No. 21184112).

Members were advised that there is currently no sign of seawater intrusion affecting the Rarangi Shallow Aquifer (RSA). This is based on continuous automated observations of conductivity and groundwater level made at the MDC Cloudy Bay coastal sentinel well sites since the network was established in 2000.

The forecast inland migration of the seawater interface along the main ocean beach varies depending on location at Rarangi. A maximum of around 50 metres was predicted for the southern area between the Diversion channel and Rarangi Road (Blue Gums Corner), and a maximum of 20 metres in the northern area opposite the golf course/fire station.

It was noted that all privately owned coastal domestic water supply wells along the Rarangi beachfront mapped in the MDC Wells & Geology database are located further inland than the predicted future migration of the seawater interface.

Low lying areas such as the Pipitea Wetland and banks of the Wairau Diversion flood channel were identified as being potentially at risk also from seawater penetrating further inland into relatively low-lying areas. This may have implications for groundwater supply and the health of plants, animals and fish in these areas.

Members were advised that the impact of natural storm surge on the position of the seawater interface wasn't assessed but the report described it as occurring for short periods during south-easterly storms with seawater waves breaking over the upper beach and infiltrating to the water table. The implication is that contamination would be a short-lived process and be flushed out subsequently by groundwater flowing to the coast.

**Cirs Oddie/Sowman:**  
**That the information be received.**

**Carried**

ATTENDANCE: Cllr Dawson withdrew from the meeting at 9.54 am during the following item.

ATTENDANCE: Oliver Wade, Council's Environmental Scientist – Coastal was present via Zoom for the following two items and Dr Marta Ribó (University of Auckland) was present via Zoom for the following item.

## **Env-0821-45      Microplastics Contamination in Queen Charlotte Sound/Tōtaranui Marine Sediments      E325-002-007**

The purpose of the report was to provide information to the Committee on the findings of a report describing initial results on the extent of microplastic contamination in the sediments of Queen Charlotte Sound/Tōtaranui. The report was available on Council's website for members' information. To highlight this report a powerpoint presentation was shown (presentation filed in CM Record No. 21184108).

It was noted that the Marlborough District Council was successful in gaining funding from the 2020 Envirolink fund for University of Auckland and NIWA researchers to investigate the distribution of microplastics in sediment cores collected from the seafloor of Queen Charlotte Sound/Tōtaranui.

It was noted that unlike marine litter, microplastic particles (< 5mm) are not readily visible to the naked eye. Microplastics were found in both cores analysed and appear in greater concentrations in the sediments of the inner Sound rather than the outer areas.

Members were advised that it was not possible to correlate the deposition of microplastics with sediment accumulation rates since microplastics were found throughout the cores suggesting that the sediment layers have been disturbed and mixed by physical forces.

It was reported that microplastics originate from a variety of sources, and identifying the type of particles is important to reveal their origin. Further analyses on the plastic particles using Fourier-transform infrared spectrometry (FTIR) are needed to establish the microplastic types and potential origin of the plastic particles detected in the sediment samples collected.

It was noted that the next steps will be to identify areas which are most affected by plastic pollution and what activities on land and on sea that are potential sources of plastic pollution. Work will be done to integrate Māori principles and perspectives in responses to environmental change related to human activities.

**Cllrs Oddie/Sowman:**  
**That the report be received.**

**Carried**

## **Env-0821-46      Marine Litter in Marlborough: 2019-2021      E325-002-007**

The report to the Committee provided information on the findings of a report describing the types of marine litter found on Marlborough's coastline. The report was attached to the agenda for members' information. To highlight this report a powerpoint presentation was shown (presentation filed in CM Record No. 21184102).

It was noted that the report characterised the marine litter collected during beach cleans around the Marlborough Coastline. Beach cleans were organised by various community groups and schools as part of the 'Litter Intelligence' project. Compared to other regions, a similar number of marine litter items were found on our beaches.

Plastic items make up the majority of marine litter collected at the survey areas. The other common items are categorised as glass, ceramics and metals.

It was noted that the report relies entirely on data collected by members of the community and the amount of litter found at most locations is typical for NZ beaches in general. However, the sources are not typical, at some sites there is a far higher proportion of marine derived litter.



The types and proportions of litter recovered appear to be related to activities close to the survey area. It was noted that the Marine Farming Association (MFA) do undertake beach clean-ups and continue to look at ways of improving their practices.

Members were advised that MDC staff will continue to support communities and industries to address issues and organise litter surveys. Introduce SOE monitoring using same methodology at selected locations to improve coverage and focus on hotspots and areas of community concern.

**Cirs Oddie/Fauls:**  
**That the report be received.**

**Carried**

ATTENDANCE: Peter Hamill, Council's Land and Water Team Leader, was present via Zoom for the following item.

## **Env-0821-47      Recreational Water Quality - Summer 2020/2021** **E370-007-001**

The 2020/21 Recreational Water Quality State of the Environment Report was presented to the Committee. A copy of the report is available on Council's website for members' information [https://www.marlborough.govt.nz/your-council/meetings/Recreational Water Quality - Summer 2020-21](https://www.marlborough.govt.nz/your-council/meetings/Recreational%20Water%20Quality%20-%20Summer%202020-21).

Ten coastal beaches and eight river sites were sampled on a weekly basis between November 2020 and March 2021. The samples were analysed for faecal indicator bacteria, E. coli for river samples and Enterococci for coastal samples. These bacteria are an indicator for faecal contamination and are assessed according to national guidelines.

Most sites were graded as 'Fair', which means that water quality is generally suitable for recreational activities, but swimming should be avoided during and after rainfall. The Marlborough District Council and the District Health Board generally recommend not swimming in rivers and coastal waters for at least 48 hours after rainfall.

Members were advised for the later part of the year there were no exceedances in the Taylor River which is a positive sign of the success of the Taylor River Improvement Project and the extensive repairs of earthquake damaged sewerage infrastructure.

**Cirs Hope/Croad:**  
**That the report be received.**

**Carried**

ATTENDANCE: Rachel Russell, Council's Catchment Care Officer, was present via Zoom for the following item.

## **Env-0821-48      Catchment Condition Surveys** **E355-021-02, E355-021-04**

The purpose of the report was to provide an update to the Committee on the Catchment Condition Surveys (CCS) as part of the Catchment Care programme and Te Hoiere Restoration Project. To highlight this report a powerpoint presentation was shown (presentation filed in CM Record No. 21184100).

Members were advised that the Catchment Condition Surveys are used to help identify and prioritise mitigation work across catchments in the Te Hoiere/Pelorus Restoration Project and Catchment Care Programme.

Catchment Condition Surveys (CCS) have been completed over 10,924ha in two Catchment Care catchments and seven Te Hoiere catchments. It was noted surveys for Flaxbourne and Tuamarina are still to be completed. It is anticipated that Tuamarina will be completed this year and a community meeting with residents will be held prior to commencement.

It was reported that individual landowner meetings are being planned to discuss the results of the CCS and to look at what each individual landowner has planned for their property once COVID Alert Levels allow. Use of CCS data is also a useful tool for those landowners that need to develop freshwater farm plans.

Members were advised that the fencing target for 2021/22 is 34 km with 4.57 km proposed, 3.58 km agreed and 3km completed.

Members were advised that there has been really good engagement from the majority of landowners. The tools that have been developed to date by Council and Geolnsight have made it simple and easy to provide information back to the landowners.

It was noted that to improve water quality, we will be assisting landowners with fencing, planting and the introduction of dung beetles. Over the next year the goal will be to complete 40km of fencing and plant 9,700 riparian plants. To date landowners have agreed to build 6.9km of fences over the next six months. Ten dung beetle packs have been ordered, with first releases scheduled for late 2021.

**Clr Hope/Mr Beech:**  
**That the information be received.**

**Carried**

ATTENDANCE: Mike Aviss, Council's Biodiversity Coordinator, was present via Zoom for the following item.

**Env-0821-49      Significant Natural Areas Programme Annual  
Report 2020/2021      E310-006-001**

The purpose of the report was to provide an update to the Committee on the results of the Significant Natural Areas (SNA) Programme for 2020/2021. To highlight this report a powerpoint presentation was shown (presentation filed in CM Record No. 21184097).

Members were advised that there are 758 SNA sites mapped and in the database and the survey programme of SNAs is ongoing as landowners agree to provide access to their land. 45 new SNA sites on seven properties have been identified, documented and mapped during 2020/21. MDC has invested over \$215K into improving condition of SNAs in 2021 and this has helped leverage another \$260K from landowners and others.

It was reported that nine new covenants in Waihopai and Branch forestry blocks protect nine existing SNAs. Ten of the 27 projects funded in 2020/21 were legally protected, with \$73,346 spent by Council to help manage threats. 15 new Covenanted SNAs giving a total of 89 and DOC's Conservation Covenant database has added another 40 covenants into the system, 16 of which overlap with SNAs.

Members were advised that the SNA monitoring programme was affected by the unavailability of Geoff Walls, Ecologist which resulted in a reduction of field monitoring occurring for the year. Despite this eight sites were visited, most of which were un-managed. As expected, managed sites were in better condition and trend than un-managed sites, the overall condition and trend of all sites was very good.

Members were advised that modification of the coast by the 2016 earthquake uplift and the subsequent increased access by vehicles into the coastal environment is an ongoing issue effecting indigenous ecosystems and species. Restoration of indigenous biodiversity along the coast has become an important focus. Council has a separate process underway consulting with the community to address access issues.

It was noted that the East Coast beaches are a critical corridor for migratory and resident shore birds, and other, often threatened, plants and animals. 65% of this 80km coast is SNA (29 sites). There are 16 SNAs along the coast between Marfell's Beach and the Waima/Ure River. Council is guiding a long term restoration project there with local volunteers and landowners; killing pests and weeds and planting indigenous species.

Council is continuing to engage with landowners in relation to having SNAs and managing the threats on them with four large SNAs surveyed in Upper Awatere in 2021. The team is working closely with three Awatere properties to help manage threats to their SNAs.

It was noted that the Landowner Assistance Programme provides assistance to landowners to help protect and restore SNA sites. There are currently 27 projects active, with \$215,247 of Council funding spent on managing sites during this reporting period.

In response to a query on possible numbers of unmapped sites Mr Aviss advised that we are possibly three quarters of the way there but there is still a lot to be done on private land. It was noted that wetlands have come into the system in a way that they weren't there before and are forming a big part of the programme.

**Cirs Hope/Arbuckle:**  
**That the information be received.**

**Carried**

ATTENDANCE: Meeting adjourned at 11.20 am and resumed at 11.30 am.

ATTENDANCE: Clr Brooks withdrew from the meeting at 11.25 am during the following item.

ATTENDANCE: Bev Doole, MLG Coordinator, was present via Zoom for the following item.

## **Env-0821-50      Marlborough Landscape Group      C230-001-M05**

The purpose of the report was to provide an update on the Marlborough Landscape Group's 2021-22 Work Plan. To highlight this report a powerpoint presentation was shown (presentation filed in CM Record No. 21184091).

It was reported that the Marlborough Landscape Group (MLG) acts as a conduit between Council, industry and community to provide comment and guidance on landscape issues and policy. Volunteer members bring expertise and community connections to help Council enhance the look and ecology of the region. Major MLG projects have included the plantings along the Taylor River Reserve, a co-funding scheme to increase native biodiversity on vineyards, and advocating for a Wairau River Regional Park.

The Marlborough Landscape Group's work plan for 2021-22 was attached to the agenda for members' information.

**Clr Arbuckle/The Mayor:**  
**That the information be received.**

**Carried**

ATTENDANCE: Jono Underwood, Council's Biosecurity Manager was present via Zoom for the following three items and Sian Reynolds (Boffa Miskell Ltd) was present via Zoom for the following item.

## **Env-0821-51      Wilding Conifer Management in Marlborough – Update      E315-003-023-01**

The report to the Committee provided an update on the range of projects and initiatives targeting the management of wilding conifers in Marlborough and an insight into the various project structures and the role Council plays. (To highlight this report two powerpoint presentations were shown (one presentation filed in CM Record No. 21184081 the presentation from Sian Reynolds was extra large and is not currently saved on the system).

Members were advised that the increased Crown investment in wilding conifer management has seen a significant increase in activity in Marlborough. Management programmes have gone from small, piecemeal projects less than five years ago to large and cohesive programmes making real progress. Tremendous community support has also been built thanks to active and engaged organisations such as the Marlborough Sounds Restoration Trust (MSRT) and the South Marlborough Landscape Restoration Trust (SMLRT).

Council has played a role of facilitator and enabler as programmes have grown in scale. This has also extended to 'contract principle' to manage some of the complexities and liabilities associated with the larger programmes and funding involved.

In 2020, in conjunction with stakeholders, Council took on a more centralised role of both 'fund holder' and contract principle for the larger wilding programmes in the Waihopai and Molesworth areas. This involved Council directly engaging dedicated project management expertise and the on-ground contracting resource utilising the pooled 'fund-holder' resources. This has allowed for a shorter and cleaner contracting chain between the NWCCP funding and the on-ground works.

The 2020/2021 season was the first use of this approach and the Molesworth and Waihopai management units were hugely successful in terms of what was planned.

The presentation by Sian Reynolds covered the Molesworth wilding conifer ten year strategy. It was noted that the strategy is to achieve a landscape free of wilding exotic trees allowing indigenous biodiversity and pastoral values to flourish. Covered in the presentation were control methods undertaken and how they were able to target only wilding conifers.

It was noted that the management of wildings conifers is very much a long term game. There are still intractable seed source infestations in south Marlborough that affect many active management programmes and still large areas of the Marlborough Sounds that are in need of both initial control and return maintenance.

Members were advised that this long term protection and maintenance of areas either cleared or currently clear of wildings is the fundamental principle behind the recent proposal to amend the Regional Pest Management Plan (RPMP). It was noted that while Council decided to amend the RPMP in July 2020, an appeal to this decision is still under action through the Environment Court.

The recent investment by the NWCCP has enabled significant gains to be made. However, there remains to be many more years of investment required to both progress and maintain efforts made. The single biggest risk in this respect is a lack of continuity of funding.

**Clr Croad/Mr Beech:**  
**That the information be received.**

**Carried**

ATTENDANCE: Rupert Wilson, Chair Rangitoto ki te Tonga/D'Urville Island Stoat Eradication Project, was present via Zoom for the following item.

**Env-0821-52      Rangitoto ki te Tonga/D'Urville Island Stoat  
Eradication Project      E315-018-002**

The purpose of the report was to report back to the Committee on the Rangitoto ki te Tonga/D'Urville Island Stoat Eradication Project and the planning the D'Urville Island Stoat Eradication Charitable Trust (DISECT) the project has undertaken as a result of land access issues that arose during 2020/21 and to recommend a way forward in relation to Council's financial support committed during the Annual Plan process in 2020.

By way of background it was noted that the Rangitoto ki te Tonga/D'Urville Island Stoat Eradication Project was ready to commence with the originally planned full scale eradication project in the first half of 2020. This was after securing significant financial support from Predator Free NZ Limited, the Rata Foundation and during Annual Plan 2020, Marlborough District Council. Over the course of 2020/21, a combination of issues hit the project which resulted in significant delays and the project going on pause to resolve them. DISECT were given until 31 July 2021 to come back to Council with a plan to take the project forward.

A new project plan was provided to Council on 26 July 2021 whereby DISECT wished to shift to a phased eradication attempt starting at the southern end of the island (+ mainland) initially then moving north on the island over two subsequent phases. It is intended that this will provide DISECT with the time envisaged to resolve the land access matter. The project will in effect be suppression to eradication over time, rather than eradication from the outset.

Members were advised that the Rata Foundation has since resolved to terminate their funding agreement with DISECT given the existing agreement was based on a singular eradication project from the outset and a

way forward was not clear at that time. DISECT have remained in contact with Rata in relation to a potential pathway for re-entry support at a future stage.

It was noted that this phased eradication will add time and arguably cost to the project but will enable the project to commence on the mainland and southern portion of the island and progressively move north.

The options provided in the report were outlined and following discussion members indicated their continued support of DISECT. It was noted that this would mean a variation to the existing funding agreement to continue the commitment of Council funding now commencing in the 2021/22 financial year.

It was noted that the variation would also include updated project milestones which would align with any made by PFNZ.

**Clr Faulls/Mr Beech:**  
**That Council:**

1. **Continues to provide support to the phased Rangitoto ki te Tonga/D'Urville Island Stoat Eradication project.**
2. **Vary the existing Grant Agreement to shift the six year project funding forward by one year to commence 1 July 2021 [back-dated] and condense project milestones to align with that of the Predator Free NZ Limited agreement.**

**Carried**

## **Env-0821-53      Biosecurity - Operational Plan Report 2020/2021** **E315-002-005-10, E315-002-005-11**

The Biosecurity Operational Plan Report for 2020/2021 was presented to the Committee for approval. The report and previous Operational Plan reports are available on Council's website via the following link [https://www.marlborough.govt.nz/RPMP Operation Plan Reports](https://www.marlborough.govt.nz/RPMP/Operation%20Plan%20Reports).

It was noted that a final report has been prepared on the Biosecurity Operational Plan at the completion of the 2020/2021 financial year, covering the activities of Council's Biosecurity Section. A review of the Biosecurity Operational Plan 2018-2028 was also carried out by Biosecurity staff with proposed amendments contained within Part Four of the report.

Members were advised that it has been a successful year for the Biosecurity Section with almost all of the operational targets set achieved. In particular, there continues to be no establishment of all of the pests under exclusion programmes within the Regional Pest Management Plan.

Members noted that the Regional Pest Management Plan is really starting to show its worth in the achievements it's made since its inception.

It was noted that the emphasis being placed on good data collection continues to help shape up both long term trends and also clearly showing how the strategic specie-led programmes are progressing. The benefit of this is that it can assist in decisions needed around resourcing or even operational techniques to respond to any trends observed.

**Clr Croad/Mr Beech:**

1. **That the report be received.**
2. **That the annual report on the Biosecurity Operational Plan for the 2020/2021 financial year be approved by the Council in accordance with section 100B(2) of the Biosecurity Act 1993.**
3. **That the amendments proposed within Part Four of the 2020/2021 Biosecurity Operational Plan Report, as a result of the annual review of the Operational Plan, be approved by the Council in accordance with section 100B(1)(b) and (c) of the Biosecurity Act 1993.**

**Carried**

**Env-0821-54      2020/2021 Regulatory Budget Carryovers**  
**R450-002-G01, F275-001-02**

A request for Regulatory 2020/2021 Budget Carryovers to be incorporated into the 2021/2022 budget was put forward for consideration by the Committee. A list of the carryovers were attached to the agenda item for members' information.

It was noted that a number of works scheduled for completion in 2020/21 did not proceed or were not completed for a variety of reasons. There is no rating impact arising from the carryover action.

**The Mayor/Clr Sowman:**

**That the 2021/2022 budget be amended to incorporate the Regulatory Department 2020/2021 carryovers.**

**Carried**

ATTENDANCE: Karen Winter, Council's Team Leader Environmental Health, was present via Zoom for the following item.

**Env-0821-55      Noise Contract Update      E350-007-009-02**

The report to the Committee provided an update on the performance of the Noise Control Contractor from 1 July 2020 to 30 June 2021 and explained how they perform their function. Due to a technical issue the scheduled powerpoint was not shown.

It was reported that there were 1110 complaints received regarding excessive noise from 1 July 2020 to 30 June 2021. This is an increase of 286 from the previous year. 69 Excessive Noise Directions were issued, no equipment was seized. There were no Noise Abatement Notices issued during this period.

Members were advised that the Noise Control Contractor has continued to provide the required service to ensure any noise complaints are dealt with professionally and promptly.

It was noted that Armourguard trains their Officers on how to respond to noise complaints. This training is supported by the Environmental Health Team when required. Monthly meetings are held with the local Armourguard manager to discuss any developing issues or concerns.

Information brochures are available to inform people on the process involved when a noise complaint is received and their rights if they have noise equipment seized.

**Clr Faulls/The Mayor:**

**That the information be received.**

**Carried**

ATTENDANCE: Georgia Murrin and Margy White, Council's Environmental Health Technicians, were present via Zoom for the following item.

**Env-0821-56      Environmental Health: Chopping Board Hygiene**  
**E350-004-009-02**

The report to the Committee provided information on the work the Environmental Health Team has undertaken alongside food businesses within Marlborough to verify cleaning practices within premises are achieving hygienic chopping boards. (To highlight this report a powerpoint presentation was shown (presentation filed in CM Record No. 21184063).

Members were advised that the study involved sampling food businesses heavily used chopping boards to understand effectiveness of cleaning practices used within the business. Fifteen businesses participated in the study and a total of 27 samples were collected and analysed, resulting in 89% of samples achieving a

“fair” or better result. Businesses were individually engaged with regarding their result and advice provided. Feedback from the businesses that participated indicated that the project was very well received.

It was noted that due to the small sample size no definite conclusions could be made but it did highlight areas for future studies, such as different materials used and business type.

It was reported that the results of the study will be communicated in the ‘Food News’ which is sent out seasonally. A poster/brochure for all food businesses highlighting key messages including cleaning regimes, how often to replace and separation of use for chopping boards will be developed.

**Clrs Faulls/Oddie:**  
**That the information be received.**

**Carried**

## **Env-0821-57                      Appeals Update    R450-004-22**

It was noted that the purpose of report was to provide an update as to the current Appeals/Judicial Review caseload in Regulatory Services as at 3 August 2021.

Members were advised that Council is engaged in eight appeals either as intervener or respondent - four relate to resource consent decisions; one relates to policy case law; one relates to building compliance; and two relate to RMA compliance (abatement notices).

**Clrs Oddie/Arbuckle:**  
**That the information be received.**

**Carried**

ATTENDANCE: Jane Robertson, Council's Contract Manager (Animal Control), was present via Zoom for the following item.

## **Env-0821-58                      Dog Control Policy and Practices Annual Report    E305-003-003-01** **2020/2021**

The Annual Dog Control Policy and Practices Report was presented to the Committee. The report focused on the dog control activities for the 2020/21 financial year which is the period 1 July 2020 to 30 June 2021. (To highlight this report a powerpoint presentation was shown (presentation filed in CM Record No. 21184059).

Members were advised that there are currently 10,687 dogs registered in Marlborough. Of those 760 dogs (552 owners) are not registered. Animal Control do follow these up and late fees apply at the start of August.

A total of 2,650 complaints were received in the 2020/21 year. The majority of complaints received related to roaming, found or lost dogs or dog nuisance barking.

It was noted that dog safety education sessions are available free of charge to primary school and pre-school aged children. The purpose of these sessions are to promote safety around dogs and responsible dog ownership and care. There were 30 such presentations provided during the year. Animal Control also provided sessions to 703 primary school children from 15 schools at the Clued Up Kids programme at Brayshaw Park.

The report also notes the Dog Control Policy and Bylaw Review which was undertaken and the progress made with improving compliance with microchipping requirements. The new policy and bylaw came into effect on 1 August 2021. The Council website, forms and signage will be updated.

It was reported that Council engages Maataa Waka as the contractor to provide Animal Control Services in Marlborough. The contract commenced on 1 April 2015 and expires on 31 March 2022. A request for tender will be going out in September to provide animal control services.

Members were advised that Animal Control is an essential service and continues to operate, although the office is closed. In level 4 officers respond to urgent calls and assist with reuniting lost and found dogs. Animal Control continue to care for any impounded dogs and arrange contactless return of dogs.

**Clr Arbuckle/The Mayor:**  
That the report be received.

**Carried**

ATTENDANCE: Clr Oddie withdrew from the meeting at 1.00 pm during the following item.

**Env-0821-59      Animal Control Sub-Committee      D050-001-A04**

The minutes of the Animal Control Sub-Committee were presented for ratification by the Committee.

Members were advised of the discussion at the meeting regarding the establishment of a Pet Remembrance Park and a Blenheim Dog Park on the same site. The Sub-Committee is working with the Property and Community Facilities Department on the proposed site being George Conroy Drive (behind the Brethren Church).

It was requested that if members require further information or would like to provide comments please contact Clr Arbuckle or Jane Robertson on the proposal.

**Clrs Arbuckle/Fauls:**  
That the minutes of the Animal Control Sub-Committee meeting held on 2 August 2021 be ratified.

**Carried**

**Env-0821-60      Information Package      -**

**The Mayor/Clr Croad:**  
That the Regulatory Department Information Package dated be received and noted.

**Carried**

**Env-0821-61      Decision to Conduct Business with the Public Excluded      -**

**The Mayor/Clr Croad:**  
That the public be excluded from the following parts of the proceedings of this meeting, namely:

- Confirmation of Sub-Committee Minutes (Public Excluded Section)

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution 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(1) for the passing of this resolution
Minutes	As set out in the Minutes and Reports	That 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 exists under Section 7 of the Local Government Official Information and Meetings Act 1987.

**Carried**

The meeting closed at 1.07 pm.

Record No: 21185511



## **5. Committee Reports**

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### **5.3 Planning, Finance & Community Committee**

Planning, Finance & Community Committee Meeting held on 2 September 2021  
(Minute Nos. PF&C-0921-64 to PF&C-0921-72)



**Minutes of a Meeting of the  
PLANNING, FINANCE & COMMUNITY COMMITTEE  
held in the Committee Room and via Zoom, 15 Seymour Street, Blenheim  
on THURSDAY, commencing at 9.00 am**

**Present in the Room**

Clr M A Peters (Chairperson) and Mayor J C Leggett

**Present via Zoom**

Clrs J D N Croad, J L Andrews, J A Arbuckle, B G Dawson (from 9.11 am), B A Faulls, M J Fitzpatrick, G A Hope, F D Maher, D D Oddie, T P Sowman and N P Taylor

**In Attendance in the Room**

Messrs M F Fletcher (Chief Financial Officer), J Lyall (Manager – Property and Community Facilities) and M J Porter (Democratic Services Manager/Zoom Management) and N Chauval (Committee Secretary)

**In Attendance via Zoom**

Mark Wheeler (CEO) and D G Heiford (Manager, Economic, Community & Support Services)

**Apologies**

Clrs Peters/Arbuckle:

**That the apology for absence from Clr C J Brooks be received and sustained.**

Carried

**PF&C-0921-64 Declaration of Interests** -

No interests with items on the agenda were declared.

ATTENDANCE: Jodie Griffiths, Council's Community Partnerships Advisor, was present via Zoom for the following item.

**PF&C-0921-65 Future of Work Conference Report 2021**

**C150-002-018-06**

The report to the Committee provided an update on the Future of Work Conference and sought consideration of the recommendation for future support for this initiative.

Members were advised that the Conference was a huge success. The evaluations from participants were attached to the agenda item for members' information.

It was noted that 350 students and young people took part from across Marlborough. The conference was spread across the entire ASB Theatre, Clubs of Marlborough Main Hall and Marlborough Events Centre. Over 80 Marlborough businesses participated with representation from every key industry.

It was noted that the conference was considerably larger than the initial 2019 event which meant greater resources for planning and preparation were required. Members were advised that additional funding will be needed to deliver future conferences on the scale of 2021.

Members were thanked for taking the time to visit the event and were alerted to the video link contained in the agenda which provides an insight into the day.

It was noted the conference is an opportunity to showcase to our young people the incredible opportunities that exist on our doorstep. A commitment from Council to continue the partnership with Graeme Dingle Foundation and grow this area of work would be considered an investment in the region's future.

Clr Croad raised whether there should be consideration given to the development of a Marlborough Youth Strategy that could bring together youth initiatives/activities and set broad long-term aims and goals for youth development across the district. It was noted that this is something that could be considered in the future.

**The Mayor/Clr Croad:**

**That Council continue to fund up to \$10,000 per annum from the Youth Funding budget for Future of Work activities with a focus on engaging young people in local employment opportunities in partnership with Graeme Dingle Foundation.**

**Carried**

ATTENDANCE: Samantha Young, Council's Regional Events Advisor, was present via Zoom for the following item.

**PF&C-0921-66      Regional Events Update      E100-002-011-01**

The purpose of this report was to provide an update on the activities of Council's Regional Events Advisor and Marlborough's events sector.

Members were advised that as result of New Zealand entering COVID Alert Level 4 a large number of smaller events have been cancelled or postponed. To date the only large event that has been cancelled is the Yealands Classic Fighters Airshow scheduled for 3 to 5 September 2021. It was noted that TEAM had underwritten the event for \$50k and Council is currently waiting to hear if funding is required.

A number of other events are taking a wait and see approach and in the meantime are putting together different scenarios and dates to accommodate any possible eventualities. It was noted that upcoming events were reporting excellent ticket sales/entries, some at record levels prior to the latest Covid outbreak.

It was reported that the Marina to Marina Half Marathon is able to continue as the damage to the Link Pathway, as a consequence of the July flood event, between Momorangi and Picton has been repaired sufficiently ensuring the event can go ahead. The organisers are very grateful and will continue to monitor the situation for those who had planned to drive to Anakiwa as Queen Charlotte Drive is currently only open to residents.

It was noted that Marlborough Roads have confirmed that the Traffic Management Plan is sufficient for the event to go ahead. This event can only proceed at Alert Level 1.

Members were advised that for some events it is not necessarily just a case of what alert level we are at, some organisers are also considering other factors like where the majority of participants may be coming from eg Auckland to determine whether events will continue.

It was noted that the sold out National School MTB Championship event scheduled for October 2021 is currently in a wait and see stage. Schools Sports NZ and Cycling NZ will determine whether the event will go ahead in due course.

The South Island Masters Games is in ongoing discussions with participants with organisers confirming the event will be able to proceed at Alert Level 2 for the majority of sports. If the event runs under Alert Level 2 the social events are the only things that will have to be cancelled. It was noted the organisers are incredibly positive that the event will go ahead.

Members were advised that applications are open for the Commercial Events fund. It was noted that it is likely there will be less applications as there is huge interest in the Te Taihū Regional Events Fund. This is likely due to the ability to apply for multi-year funding.

Members were advised that the Marlborough Spring Events Guide has been printed. Once alert levels allow they will be distributed. In the meantime an electronic version is being created and will be circulated locally and nationally.

It was reported that the New Zealand Events Association (NZEА) has had been considering the establishment of an events insurance scheme for events that have been affected by COVID. This would provide event organisers with greater peace of mind in eliminating risk associated with alert levels.

Members were advised that there has been concern from the events sector in regards to the mandatory contact tracing regulations. There is no question that it is a good idea for ticketed events or indoor events but is not practical for outside, unticketed community events. There has been a decision made that non-ticketed outside events eg; markets, Christmas Festivals will be exempt.

Council's Manager, Economic, Community & Support Services, Dean Heiford, advised that he and Sam Young are working closely with the ASB Theatre and Events Centre during the recent alert levels. There have been a number of events that have had to be cancelled and the team are currently rearranging events scheduled for November and December. The team are also working really hard with the event organisers to ensure they can go ahead. It was noted there may be an opportunity to undertake repairs and maintenance while the facilities aren't being used.

**Cllrs Croad/Fitzpatrick:**  
**That the information be received.**

**Carried**

## **PF&C-0921-67      Small Townships Programme Sub-Committee** **D050-001-S03**

The Minutes of the Small Townships Programme Sub-Committee meeting held on 12 August 2021 were attached for ratification by the Committee.

It was raised whether further consideration needed to be given to recommendation 2(d) 'Consider non-public space projects for funding' under the Review – Small Townships Programme noting that Council's normal focus is on public space projects.

It was noted that the recommendation is only signalling that the Sub-Committee would consider a possible policy for non-public space projects.

Following discussion it was suggested that the recommendation be clarified at the next STP Sub-Committee meeting.

**Cllrs Arbuckle/Fauls:**  
**That the Minutes of the Small Townships Programme Sub-Committee meeting held on 12 August 2021 be ratified.**

**Carried**

## **PF&C-0921-68      2024-2034 Long Term Plan** **F230-L24-09-05**

The report to Committee sought consideration for the standing up of the Long Term Plan Working Group to prepare for the 2024-34 Long Term Plan.

It was noted that experience has shown that the use of a Working Group to facilitate the development of key policy aspects has worked well in the past. The Working Group allows for a more in-depth examination and free and frank discussion on the merits of particular proposals before a recommendation is made to the Planning, Finance and Community Committee.

It was noted that the key elements for ensuring the continued success of the Working Group is that items for discussion which are sometimes very detailed are not in competition with the agenda items of a normal Committee meeting. All papers prepared for the Working Group are copied to all Councillors; all Councillors are welcome to attend Working Group meetings; and the Working Group's minutes are reported to the Planning, Finance and Community Committee. This approach permits Councillors to be fully aware of the Working Group's activities.

Members were advised on the topics that would form the initial focus for the group and that these form part of the recommendation.

**Cllrs Peters/Arbuckle:  
That Council:**

1. **Agree to reappoint a Working Group comprising Councillors:**
  - **Mark Peters (Chair)**
  - **Nadine Taylor (Deputy Mayor)**
  - **Jamie Arbuckle**
  - **David Croad**
  - **Francis Maher**
  - **John Leggett (Mayor)**
2. **Note the composition of the Working Group may need to be refined as members make their intentions known as to whether or not they intend to stand at the next election.**
3. **Agree that the Working Group will adopt the following operating protocols:**
  - **All papers prepared for the Working Group be copied to all Councillors;**
  - **All Councillors are welcome to attend Working Group meetings; and that**
  - **The minutes of the Working Group meetings be reported to the Planning, Finance and Community Committee.**
4. **Agree that the Working Group should initially focus on:**
  - **Finalising the Rates Remission Policy for Heritage Buildings;**
  - **Reviewing the interest rate assumption for Council borrowings;**
  - **Reviewing the Community Outcomes to identify how Council wants the District to develop;**
  - **Identifying the topic areas that the Working Group wants to focus on, noting that the positions adopted on many topics have remained unchanged for many years, e.g. Land Value v Capital Value Rating.**
5. **Note that Levels of Service presentations for each Activity will be made to full Council.**

**Carried**

## **PF&C-0921-69      2020/21 Budget Carryovers**

**F225-007-01**

It was noted that a number of works scheduled for completion in 2020/21 did not proceed or were not completed. Details of these works were attached to the agenda for member's information. There is no rating impact arising from the carryover action.

**Cllrs Peters /Croad:**

**That Council agree that the 2021/22 budgets be amended to incorporate the 2020/21 carryovers.**

**Carried**

ATTENDANCE: Sean Nicholson, Council's Assistant Financial Accountant, was present for the following item.

## **PF&C-0921-70      Financial Report for Council- Period Ended 30 June 2021**

**F275-002-20**

Mr Fletcher presented Council's interim year-end results for the 2020-21 financial year.

It was noted that interim figures show an operating surplus of \$5.5M against budget of \$2.5M; income is favourable by \$8.8M; expenditure has a deficit of \$5.8M. Capital Expenditure is forecast to be \$73.8M, which is a record result for Council by approximately \$10M.

Members were advised that changes to the interim financial results noted in the agenda will occur as preparation of the Annual Report is finalised. As a result of these changes it's likely that the surplus would increase to close to \$20M as the adjustments for:

- “Revenue that is non-cash, tied to a Reserve or to fund Capex” e.g. the grant funding received for the Library, Shovel Ready Projects, 3 Waters funding and River protection; and
- Expenditure which is non-cash or Reserve funded”;

were brought back into the financial statements.

Comments were provided in the report on variances greater than \$100,000.

Members were also advised that the Audit report for Marlborough Airport has been completed and that the audit for Port Marlborough was well underway.

**Cirs Peters/Croad:**

**That Council receive the Financial Report for the period ending 30 June 2021.**

**Carried**

## **PF&C-0921-71 Information Package** -

**Cirs Taylor/Fauls:**

**That the Planning, Finance & Community Information Package dated be received and noted.**

**Carried**

## **PF&C-0921-72 Decision to Conduct Business with the Public Excluded** -

**Cirs Andrews/Oddie:**

**That the public be excluded from the following parts of the proceedings of this meeting, namely:**

- Land Lease
- Building Lease

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution 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(1) for the passing of this resolution
Land Lease Building Lease	To enable the Council, as holder of the information, to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) provided for under Section 7(2)(i)	That 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 exists under Section 7 of the Local Government Official Information and Meetings Act 1987.

**Carried**

The meeting closed at 9.56 am.

Record No: 21186974

## 6. Three Waters Reform

(Mayor Leggett) (Report prepared by Mark Wheeler)

D050-007-001-01, W400-011-01

### Purpose of Report

This report updates Council on:

1. The Government's 30 June and 15 July 2021 Three Waters Reform announcements;
2. The specific data and modelling Council has received to date;
3. The implications of the revised Three Waters Reform Proposal for Council; and
4. Next steps, including uncertainties.

### Executive Summary

5. Over the past four years the Government has been considering the issues and opportunities facing the system for regulating and managing the Three Waters - drinking water, wastewater and stormwater. The background is provided in **Attachment 1** including information on Taumata Arowai, which became a new Crown Entity in March 2021 and will become the dedicated water services regulator later this year.
6. The Government has concluded that the case for change<sup>1</sup> to the three waters service delivery system has been made (please see **Attachment 2** for further information) and during June and July 2021 it released information and made announcements on:
  - The direction and form of Three Waters Reform, including proposed new Water Service Entities and their indicative boundaries, their governance arrangements and public ownership.
  - Individual Council projections based on the information supplied under a request for information process and used by the Water Industry Commission for Scotland (WICS) to model different entity combinations and options to make those projections.
  - A package of investment (\$2.5 billion) for councils to invest in the future for local government, urban development, and the wellbeing of communities with the aim of ensuring no council is worse off as a result of the reforms, and funding support for transition to the new entities.
  - An eight-week process for councils to understand the implications of the reform announcements, ask questions and propose solutions, and for Government to work with councils and mana whenua on key aspects of the reform (including governance, integrated planning and the community's voice).
7. Part of Marlborough District Council's area (north and west of the Ngāi Tahu takiwā boundary) has been placed in Entity C and the south eastern remainder is being considered for placement in Entity D (part of Ngāi Tahu's takiwā). We await the Government's final decision on this uncertain southern area.

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1. <sup>1</sup> [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)

8. While the Government considers that the national case for change has been made, each council will ultimately need to make a decision based on its local context if the process to join one of the proposed entities remains voluntary.
9. This report provides Council with our staff's analysis of the information provided and assesses the Government's proposal. In preparing it, officers have used the Local Government New Zealand, Taituarā and Te Tari Taiwhenua Internal Affairs guidance<sup>2</sup> to assist Council to understand the information that has been provided to date, and enable Council to prepare for future decisions, consultation and engagement with communities.
10. Our Council-specific information has been assessed by staff who have applied lower productivity, capital growth and efficiency assumptions to the WICS assessment model. We have then adjusted the resulting Three Waters delivery cost forecast for "opting in" to a new entity to make allowance for the recovery of stranded overheads.
11. **Option A - Government proposal:** The greater financial capability, efficiency, affordability and community/water benefits (as published by Government) of delivering Three Waters to the community by the proposed new water services entities are forecast to be of significant value if they can be realised. Our estimate is that a "worst case" Three Waters 2051 cost per household for Entity C will provide a \$1,551 per connection saving per annum.
12. Our analysis suggests there should be reduced risks to Council such as non-compliance with required standards and processes and lower costs for delivery and procurement. Climate change, residential growth demands and seismic upgrades will be added pressures. Council would also not be responsible if a non-Council supplier (e.g. small rural supplies or a Sounds' community scheme) couldn't meet standards.
13. There are risks that need to be mitigated including integration with growth, spatial and local planning, transparent prioritisation between contributing Council areas, households' ability to pay as the new entities address the upgrade challenges prior to full benefits from efficiencies being realised, and Council's financial sustainability. There are several risks associated with transition to this model, many of which are outside of Council's control and are noted in the transition section of the report.
14. **Option B – Continued delivery of Three Water services by Council:** The potential benefits of this option include greater Council control and more certainty over local infrastructure integration (planning and delivery) with land use plans and Council objectives. Council however faces significant risks over the medium and longer term, including potentially high costs in meeting the new water standards, seismic risks, climate change impacts, faster growth than planned, environmental requirements and competition in recruiting specialist Three Waters staff. The ability of non-Council water supplies to meet standards and requirements from Taumata Arowai and so to default to Council for delivery also poses a risk to Council and the community.
15. The causes of most of these risks are outside Council's control. This makes mitigation difficult, and many potential mitigation options (such as greater investment, larger costs than currently planned, lower levels of service and compliance risk) may not be palatable to Council or the community.
16. **Option C - Delivery of Three Water services by Council at a higher level of service and investment** is realistic but difficult to assess within the eight week timeframe. The issues and opportunities associated with this option are much greater than Council delivering Three Waters at the service levels forecast in the LTP 2021-31. There is likely better integration with Council outcomes, objectives and plans under this option, but even if Council can predict the investment required to meet the new water standards and environmental and compliance requirements in the short term, the costs of service provision and levels of service may change significantly over the next 30 years, causing affordability issues for households, lower levels of service and compliance risks.

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<sup>2</sup> <https://www.lgnz.co.nz/assets/Three-Waters-Guidance-for-councils-over-the-next-eight-weeks-FINAL.pdf>



17. **Option D - Regional aggregation of Three Waters services in a Council Controlled Organisation (asset owning):** While councils would still need to be satisfied that the changing regulatory environment was adequately provided for, including ensuring there was sufficient funding to meet legal and regulatory obligations, due to scale, this option would increase the likelihood that the size of investment required to meet new standards and community expectations is more achievable by individual councils.

- It enables an organisation to focus on the group's three water challenges and prioritise investment decisions across the region, which should lead to better environmental and community outcomes;
- it provides for greater strategic, management and operational capacity and capability, workforce development and planning;
- it enables efficiencies (in planning, programming, procurement and delivery); and
- should as a result reduce household costs and increase affordability.

There are however integration risks with growth, spatial and local planning and uncertainties around the future costs to households. The model requires separate Council board representatives to agree on governance decisions.

The Government's WICS and Frontier Economics work considered that between 600,000 and 800,000 connections provided optimal efficiency. Depending on which councils "opt in" to the new entities, groups of that scale might be difficult to find.

18. **Option E – Delivery of Three Waters services by a Council Controlled Organisation (non-asset owning) under contract:** An example of this is the Wellington Water model which Council is familiar with. Some of the benefits of Option E include efficiencies in planning, procurement and service delivery, greater strategic management and operational capacity and capability, workforce development and planning. This model will not greatly assist the funding challenges as a result of Taumata Arowai and the Water Services Act requirements, the infrastructure deficit WICS have identified, climate change and faster growth. The model may be hard to develop depending on the number and location of councils which decide to opt in to the new water supply entities.

### Comments and Options

19. Under all options except the Government proposal, Council bears the risk of meeting the new water standards, environmental requirements and achieving compliance. There are also implications and challenges for non-Council supplies to meet water quality requirements, with the risk that these supplies might default to Council in the future.
20. Other Government reforms including the review of the Resource Management Act and Future of Local Government, pose opportunities and challenges for each option.
21. If Council opts in, managing transition risks may pose a greater challenge for Council (and others in its grouping). If the Government's proposal were to proceed, effective management of the transition by Council, Government and partners will be critical.
22. The law as it stands prohibits councils deciding to opt-in to the current proposal (given section 130 of the Local Government Act 2002 and what we know about this option at present). Current Marlborough District Council decision-making requirements, including the need to take account of community views and the strategic nature of the assets involved, would also preclude Council deciding to opt-in at this time, without undertaking consultation.
23. Similar requirements apply if the Council wishes to consider alternative arrangements that involve asset transfers, divestment, change in ownership and/or the setting up of a Council Controlled Organisation (CCO) with asset ownership to deliver water services in the future. Contracting with a

Council Controlled Organisation (such as Wellington Water) could be achieved with appropriate consultation and decision making processes.

24. There are a number of issues, concerns and uncertainties for the Government and councils to work through before a robust Council decision (and decision-making process) can be produced, including whether legislative change will enable or require the Water Services Entity or CCO approach to be adopted. Therefore, there is no expectation that councils will make a decision to opt-in (or out) or commence community engagement or consultation at this time.
25. Councils have been specifically asked by Government to provide feedback on three issues which are of concern to local government:
  - i) Ensuring all communities have both a voice in the system and influence over local decisions
  - ii) Effective representation on the new water service entities' oversight boards, including preventing future privatisation
  - iii) Ensuring integration between growth planning and water services planning.
26. Government decisions on entity boundaries, governance, transition and implementation arrangements will occur after 30 September 2021.
27. There are many other details about the reform which the Government needs to confirm before Council will be able to make a fully informed decision. These are discussed later in this paper.
28. 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.

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## RECOMMENDATIONS

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 the issues identified in 40.1**
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.
- 

## Background

1. For many years and more particularly following the serious campylobacter outbreak of 2016 in Havelock North followed by the Government's Inquiry, central and local government have been considering the issues and opportunities facing the system for regulating and managing the Three Waters (drinking water, wastewater, and stormwater).
2. The focus has been on how to ensure safe drinking water, improve the environmental performance 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.
3. The Government's stated preference 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. Two of Council's senior staff have been involved in reference groups informing the Steering Committee – Stephen Rooney (Water Infrastructure Technical Reference Group) and Martin Fletcher (Systems Design Group).
4. The initial stage provided Three Waters Project funding to councils and 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, but did require us to provide comprehensive data for financial modelling purposes. The 2020 indicative reform programme and the anticipated next steps at that stage can be found in **Attachment 1**. In return for that participation significant government funding was provided.
5. Council completed the Request for Information (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 2**).

## Government's June and July 2021 announcements and information releases

6. 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 scenarios.<sup>3</sup>
7. 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, and an average household cost for most councils on a standalone basis to be between \$1,910 and \$8,690 by 2051. It also estimated these average household costs could be reduced to between \$800 and \$1,640 per household and efficiencies in the range of 45% over 15 to 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 terms) over 30 years were also forecast.

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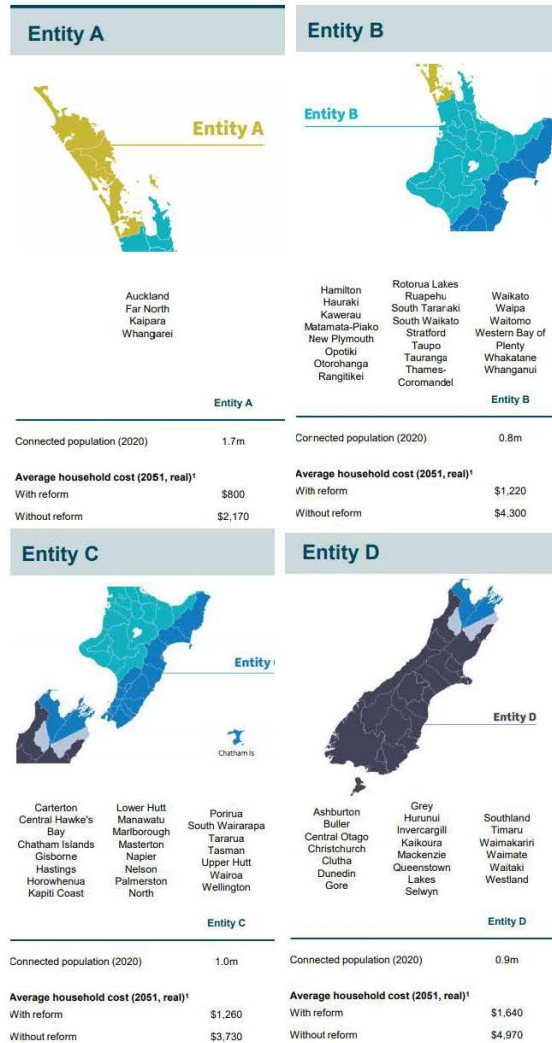
<sup>3</sup> This information, including peer reviews and the Minister's briefing can be accessed at: <https://www.dia.govt.nz/Three-Waters-Reform-Programme-and-release-of-second-stage-evidence-base-released-june-2021>.

8. Marlborough District Council's summary "dashboard" is discussed later in the report.
9. 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 the new entities**
  - set a clear national policy direction for the three waters sector, including integration with any new spatial/resource management planning processes
  - establish a new water regulator, Taumata Arowai, and an **economic regulation regime**
  - develop an industry transformation strategy
10. The proposed safeguards against privatisation can be found on page 26 of the DIA's [summary of the case for change](#).
11. Both DIA and LGNZ have produced two page national overviews, available on the DIA website<sup>4</sup> and LGNZ websites<sup>5</sup> respectively. **Attachment 2** contains more detail on the national context and **Attachment 3** provides the DIA/LGNZ overviews.
12. Marlborough's water entity boundaries have not been confirmed. The Minister of Local Government is discussing the use of the Ngāi Tahu takiwā boundary with Ngāi Tahu and Te Tau Ihu iwi. If the decision is made to use the takiwā boundary, south eastern Marlborough would be placed in Entity D and the majority of Marlborough in Entity C. The following map shows the "grey" area of Marlborough and Tasman that would move into Entity D.

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

<sup>5</sup> Three-Waters-101-Infographic.pdf (lgnz.co.nz)



13. Ngāi Tahu believe their takiwā boundary should be used but feedback from Marlborough community members following the announcement indicated a strong preference for Marlborough to remain undivided for Three Waters service delivery purposes. Entity C is forecast to have lower future Three Waters costs. However there is arguably a clearer community of interest for Marlborough to join with the south. Entity D is also preferred by Te Tau Ihu iwi chairs. Following a meeting with Minister Mahuta immediately prior to the Local Government New Zealand Conference the Minister committed to following up with iwi about our Council's concerns on the split. A final decision has not yet been received.
14. On 15 July 2021, in partnership with LGNZ under a Heads of Agreement<sup>6</sup>, 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** and **“no council worse off” element of \$500 million**. The **“better off”** funding can be used to support the delivery of local wellbeing outcomes associated with climate change and resilience, housing and local placemaking, and there is an expectation that councils will engage with iwi/Māori in determining how to use their funding allocation. **“No worse off”** funding is to ensure no council is worse off from the reform, for example from stranded overheads. The Government is funding \$1 billion and the new entities \$1.5 billion.

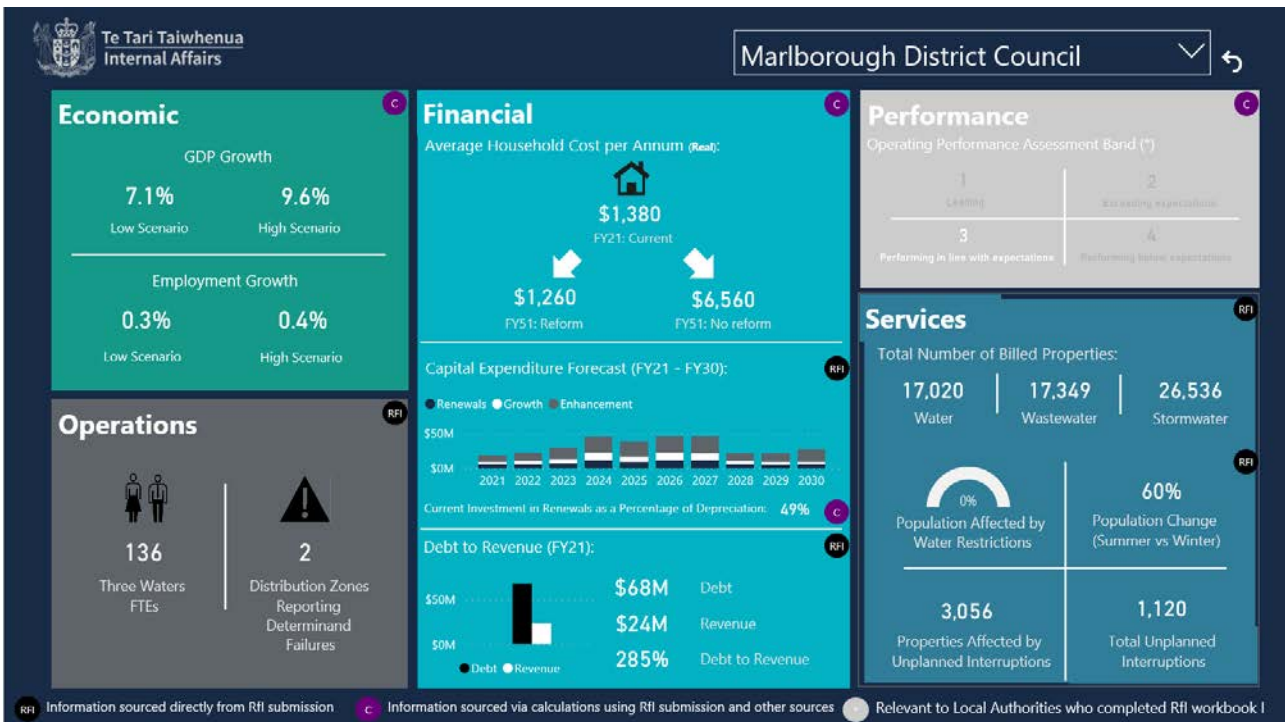
<sup>6</sup> [https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/\\$file/heads-of-agreement-partnering-commitment-to-support-three-waters-service-delivery-reform.pdf](https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/$file/heads-of-agreement-partnering-commitment-to-support-three-waters-service-delivery-reform.pdf)

15. **Council’s “better off” funding allocation is \$23,048,482.** The detail of the funding (including expectations around the use of reserves) and the full list of allocations can be found in **Attachment 4**. Conditions associated with the package of funding have yet to be worked through.
16. Councils “**no worse off**” funding is expected to compensate for just over a year of “stranded overheads” (i.e. overhead costs previously allocated to Three Waters operational and capital expenditure). Staff estimate this to be in the order of \$2.5 million per annum.
17. In addition to the funding announcements, the Government has committed to further discussions with local government and iwi/Māori on:
  - The boundaries of the Water Service Entities (including Marlborough)
  - How local authorities can continue to have influence on service outcomes and other issues of importance to their communities through governance arrangements
  - Ensuring there is appropriate integration between the needs, planning and priorities of local authorities and those of the Water Service Entities
  - How to strengthen the accountability of the Water Service Entities to the communities that they serve, for example through a Water Ombudsman
18. Next steps are expected to be announced after 30 September 2021, which would include the timeframes and responsibilities for any community or public consultation.
19. It is also important to note that the Government has not ruled out legislating for an “all-in” approach to realise the national interest benefits.
20. In the interim the DIA continues to engage with council staff on transition matters on a “**no regrets basis**” should the reform proceed. These discussions do not pre-empt any decisions about whether to progress the reforms or whether any individual council will transition. Council staff are participating in transition discussions.
21. 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.

#### **Council specific information and analysis**

22. While the Government and LGNZ consider that a national case for change has been made, each council will ultimately need to make a decision based on its local context.
23. 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.
24. Council currently delivers Three Waters on a standalone basis using a mix of in-house staff, consultants and contractors.

25. The WICS dashboard for Marlborough is:



26. It and the dashboards of other councils can be accessed at this [site](#)<sup>7</sup>.

27. WICS have used forecast data provided by Council earlier this year. They have then applied various assumptions based on international experience and particularly that of Scotland and the UK where water reforms were undertaken some years ago. Marlborough District Council staff have checked these assumptions and have rerun the WICS model using much lower growth and efficiency assumptions.

28. This provides Council with a much more conservative forecast of 2051 Three Waters costs compared to the WICS estimates.

29. A summary of staff’s forecast compared to the WICS dashboard follows:

	WICS output with reform	MDC output with reform (incl stranded overheads)	WICS output without reform	MDC output without reform
Current Pricing	\$ 955.92	\$ 1,139.03	\$ 1,384.52	\$ 956.21
10 Year Pricing (inflation removed)	\$ 1,255.50	\$ 2,087.12	\$ 6,260.91	\$ 3,503.80
30 Year Pricing (inflation removed)	\$ 1,255.50	\$ 2,121.48	\$ 6,560.62	\$ 3,671.53

<sup>7</sup>

<https://app.powerbi.com/view?r=eyJrIjojOGE1OTJlYWUtdZDZkNy00YWZjLTgzN2EtOTY1MzQxNGM5NzJmIiwidCI6ImY2NTIjYTYvLWZjNDctNGU5Ni1iMjRkLTE0Yzk1ZGYxM2FjYiJ9>

In summary WICS “dashboard” forecast a 2051 Three Waters cost per household of \$6,560.62 if Council continues to provide water services independently - it “opts out”. It forecast that “opting in” to Entity C would achieve significant savings and Entity C households would have a cost of \$1,255.50 a saving of \$5,305.12 per annum compared to “opting out”.

Staff’s more conservative assumptions on growth, capital expenditure and efficiency and an amended starting point produce 2051 Three Waters ‘opt in” and “opt out” estimates of \$2,121.48 and \$3,671.53 a gap of \$1,550.05 with stranded overheads recovery included.

Even with this more conservative modelling undertaken by Council there is still a significant financial advantage projected per connection if Council opts in to the new water entity.

A staff presentation (Powerpoint slides) is attached. (**Attachment 5**),

### Capital Expenditure

30. WICS have forecast that there is huge investment required to lift New Zealand’s Three Waters infrastructure to higher standards from a quality, environmental and efficiency viewpoint. They have considered international standards particularly those in the UK and their own achievements in Scotland. Applying this to Marlborough they estimate a more than doubling of the forecast capital expenditure between now and 2051 (30 years). As mentioned previously staff have reduced this very high gap in our own modelling.
31. Council’s modelling is high level and it would take months of work to be able to test the theory with detailed capital programme reviews taking the higher standards into account over a 30 year period.
32. What we do know is that Marlborough will need to deal with significant capital cost challenges not yet reflected in our LTP or 30 year infrastructure strategy due to their uncertainty or due to the future increased delivery standards likely to be required by the new water regulator Taumata Arowai. Some of these are becoming more certain as a result of the water reform programme. These future challenges include:
  - Proposed lifting of New Zealand Drinking Water Standards;
  - Requirement of the Water Services Bill for local authorities to ensure non-council supplies are brought up to the higher standards. This will affect hundreds of community and small rural supplies and will be beyond this Council’s ability to resource currently;
  - Lift in stormwater and wastewater discharge standards.
  - These could incur very significant costs. An example is the forthcoming Blenheim Sewerage Treatment upgrade. The capital cost difference between different treatment technologies is large. An ocean outfall could cost \$90 million whereas Council’s current budget for added treatment without the expensive outfall upgrade is \$30 million. Land application would be up to \$200 million. Much will depend on Taumata Arowai standards and mana whenua views.
  - Droughts are expected more frequently. This will put pressure on drinking water supplies and supply constraints (metering and storage reservoirs) will become very important.
  - Climate change mitigation is requiring greater focus. NIWA’s recent report to the Environment Committee on 22 April 2021, predicts more frequent and heavier rainfall events which will present stormwater infrastructure capacity and sewage inundation and infiltration challenges.
  - Additionally our coastal sewage treatment plants, particularly Blenheim’s will need to address sea level rise in the longer term.
  - The upgrade costs to maintain current standards will be extremely high and even higher when Taumata Arowai impose higher discharge quality requirements.



- Improving seismic resilience.
- Residential growth in Marlborough has exceeded Statistics NZ projections over recent years. Blenheim zoned land supply is struggling to meet demand for residential housing mainly because landowners are not currently willing to sell to developers. New zoning is being investigated and is likely to be required. This will require a step change in infrastructure provision, mainly in Three Waters infrastructure, which are not currently budgeted in our Long Term Plan.

**33. Balance Sheet and operating costs if “opt in”**

33.1 Attached is our projected Balance Sheet at 2031 (Attachment 6) with Three Waters assets and debt removed. Key points are:

Three Waters assets removed total \$944,760,000

Associated debt to be taken over by the new entity is \$228,419,000

Reduction in equity \$716,342,000

When the operation and management of Three Waters assets is removed Council is left with many overhead costs previously recovered from Three Waters activities.

The nett impact of these “stranded overheads” less reduced interest and debt repayments is \$2.2 to 2.7 million per annum

33.2 Council is likely to receive government “no worse off” funding of \$3 million. “Stranded overheads” could be reduced by restructure or attrition. However that will put pressure on Council’s ability to provide services such as corporate support and finance to other areas of Council. The Local Government Review may see local authorities gain new activities from central government. These new activities could possibly utilise “stranded overheads”.

33.3 However if the “stranded overheads” are offset against the gains to be made from reduced Three Waters charges there is still a substantial benefit to “opt in”.

33.4 Initial discussions with Council’s credit rating agency indicate no change in Council’s credit rating if we “opt in”.

34. The WICS methodology has been peer reviewed by Farrierswier and Beca to ensure that both the modelling and underlying assumptions are reasonable in the New Zealand context. They advised that the work provides a reasonable indication of the “order of magnitude”<sup>8</sup> of the gains that can be delivered though the new system and the level of future investment Council is likely to need to make over the next 30 years. Beca believe the infrastructure deficit could be even larger than the \$185 billion WICS estimated.

35. At this stage it is not possible to fully test the projections as the standards for New Zealand out to 2051 are not known. 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. 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’s outcomes for water and community and legal requirements are met.

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<sup>8</sup> 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)

36. **Castalia advice on water reform to Whangarei District Council**

- 36.1 Castalia is a global strategic advisory firm. They have particular expertise in complex infrastructure covering the finance, economic and regulatory disciplines. Port Marlborough are using a Castalia consultant to advise them and Council's Governance Group of the iReX project commercial negotiations.
- 36.2 Castalia has advised DIA on aspects of the Three Waters reform but has recently been critical of the WICS methodology, assumptions and application in New Zealand. An article in LGNZ March 2021 magazine summarises that. Refer to **Attachment 7**.
- 36.3 Whangarei District Council (WDC) engaged Castalia to advise them on their possible "opt in" to Entity A which also includes Watercare Services Limited (Auckland), Kaipara and the Far North District councils. Castalia reported back to WDC last week and was extremely critical of aspects of the WICS methodology generally but in particular of its application to WDC.
- 36.4 Castalia does not agree with the WICS assumptions that the significant capital expenditure deficit predicted for New Zealand will apply to WDC. They also strongly dispute WICS assumptions about capital programme and operating cost efficiencies. Their view is that these findings are very implausible and that each council's WICS model projections need to be analysed in more detail specific to individual councils to validate potential new entity savings.
- 36.5 As previously outlined, Marlborough District Council staff have analysed the WICS data and modelling assumptions in part. Staff have reduced modelled growth, capital growth and operating cost efficiencies accordingly to greatly reduce the estimated "opt in" savings WICS projected. However the projected savings are still very significant.
- 36.6 Castalia are correct that a council by council net benefit analysis, using councils own budgets out to 2051 would be desirable to provide greater confidence about the forecast future Three Waters costs for each entity. However that must be balanced by the huge amount of work that would be required by our engineering and finance teams to achieve such accuracy.
- 36.7 The Castalia reports raise significant questions and suggests more detailed work is required by individual councils. That work requires a very large investment in consulting resource and needs many months to complete in order to be useful.

37. **Council's options if an "opt out" decision is made.**

37.1 Status Quo

If Council continues as is there will be significant challenges meeting future regulatory requirements expected from Taumata Arowai. These include:

- . Higher drinking water quality standards, including a requirement to upgrade smaller community and private supplies unable to achieve those requirements themselves;
- i. Expected increased wastewater and stormwater discharge quality requirements which are potentially extremely costly;
- ii. Economic regulator productivity expectations including standardised Three Waters pricing, reducing over time;
- iii. Possibly mandatory water metering.

Additionally Council faces increased capital expenditure pressures from climate change requirements, seismic risks and residential land infrastructure costs to cope with growth. These capital and operating cost increases are expected to be significant and the availability of debt finance could be challenging.

37.2 Shared Service Arrangements

- i. Council has held past discussions with Wellington Water who have provided seven Wellington councils with Three Waters asset management services for some years.
- ii. Wellington Water is owned by the participating councils who determine their own individual levels of service and therefore budgets.

- iii. Wellington Water does achieve economies of scale and provides staff with professional development opportunities.
- iv. It does not however negate the disadvantages of politically influenced deferment of important capital or maintenance works.
- v. Depending on who decides to “opt in” to the new entities there may not be a viable grouping of councils for a shared services arrangement.

37.3 Alternative Asset Owning Entities – Council Controlled Organisation

- i. Councils who “opt out” might look to form new asset owning entities which could be Council Controlled Organisations.
- ii. Governance structures and accountability requirements could be established which whilst similar to the proposed water services entities would provide greater council influence.
- iii. Disadvantages are similar to those of Shared Services Organisations i.e. politically influenced Three Waters investment and, depending on which councils “opt out”, a lack of viable council shareholding within reasonable proximity to Marlborough.

38. Transition

38.1 Managing transition risks to the Government's proposed model are likely to pose a significant challenge for Council and others in its grouping. If the Government's proposal were to proceed; effective management of the transition by Council, Government and partners will be critical.

Possible transition risks include:

<b>People</b>	<ul style="list-style-type: none"> <li>• Retention of staff</li> <li>• Loss of capability and capacity</li> <li>• Types of skills needed not currently being developed</li> <li>• Culture of the new organisation</li> </ul>
<b>Continuity</b>	<ul style="list-style-type: none"> <li>• Making sure there is continued Three Waters investment and progress</li> <li>• Losing focus on BAU operations</li> <li>• Impact on Council staffing</li> <li>• Impact of change in local and central government on timelines/objectives / approach</li> </ul>
<b>Operating Model</b>	<ul style="list-style-type: none"> <li>• Insufficient allowance for a localised voice in the governance structure</li> <li>• Acceptable allowance for mana whenua rights and interests</li> <li>• How private supplies are dealt with</li> <li>• Transition of existing contracts</li> </ul>
<b>Financial Model</b>	<ul style="list-style-type: none"> <li>• Can the new entity afford to make the level of investment needed?</li> <li>• Enabling growth across the sub-regions</li> <li>• Councils not left with too much debt and too little revenue</li> <li>• Transition debt decision making</li> </ul>
<b>Transition</b>	<ul style="list-style-type: none"> <li>• Poor change management</li> <li>• Making progress with differing localised objectives</li> </ul>

	<ul style="list-style-type: none"><li>• Uncertainty of scope</li><li>• Tight timeframes to implement - will it be done properly</li><li>• Systems migration</li></ul>
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38.2 Staff are already involved in LGNZ/Taituarā workshops with DIA which are considering transition. It will be a very resource intensive process. Council did manage Marlborough Roads establishment transition very effectively using cross TransitNZ and Council working groups.

38.3 Please refer to **Attachment 8** for further information on Transition.

39. **Council decision making and consultation**

39.1 Part 6 of the LGA, sections 76 to 90, provide the requirements for decision making and consultation, including the principles of consultation and information that needs to be provided including the reasons for the proposal and the reasonably practicable options.

39.2 In particular, section 76 requires that in making a significant decision, which a decision on the future management and or ownership of Three Waters assets will be, councils must comply with the decision-making provisions. This is a 'higher bar' than the "promote compliance with" that applies for ordinary decisions.

39.3 Section 77 states that councils must seek to identify all reasonably practicable options and then assess the advantages and disadvantages of each option.

39.4 Section 78 requires that in the course of making a decision a council must consider community views but section 78(3) explicitly says that consideration of community views does not require consultation, which is reinforced by case law.

39.5 Section 79 gives Council discretion to decide how the above Part 6 requirements are met including the extent of analysis done. Therefore, while a decision could be challenged, a judicial review is unlikely to be successful unless the decision made by Council was manifestly unreasonable, the process was flawed or the decision was beyond its powers (as given in law, i.e. Council did not act within the law).

39.6 However, despite section 79 of the LGA, a decision to transfer the ownership or control of a strategic asset from the Council (or to it) must explicitly be provided for in the Council's Long Term Plan (LTP) (and have been consulted on specifically in its consultation document).

39.7 Council's existing LTP and the consultation information and process used to develop it will not suffice to meet this test, as Council did not itself have adequate information on the options and the implications earlier this year when it consulted on the LTP. An LTP amendment and commensurate consultation process on the ownership and governance arrangements and asset transfers proposed would be necessary.

39.8 There are also provisions in the LGA that relate to unlawful decisions to sell or dispose of assets, which can be investigated by the Auditor-General.<sup>9</sup>

39.9 A decision to opt-out would also be affected by the consultation and decision-making requirements set out in this report, including the need to follow a robust process that could survive a judicial review, as well as make a final decision that was not manifestly unreasonable in the circumstances.

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<sup>9</sup> See sections 43 to 47 of the LGA

39.10 Given the Government's

- 8 week period of engagement with mana whenua and councils;
- commitment to explore issues such as council and community influence of service outcomes, integration with other reform proposals, spatial and local planning;
- request for councils to give feedback on the proposal, identify issues and solutions; and
- uncertainty around next steps, including whether the reform may become mandatory or legislative change will remove legal barriers to opting in

it would be premature to make a decision to opt out of the reform process and may expose the Council to litigation risk.

39.11 A Government bill to progress the reforms could address the issues raised above, for example removing the section 130 Local Government Act 2002 requirements for retaining and maintaining water services has explicitly been raised.

39.12 At this stage no decision is required on future delivery arrangements. Based on the analysis in this report, Council should wait until it has further information before consulting on and/or making a decision on the Government's proposal.

39.13 It is recommended that the Council therefore notes the options canvassed in this report, the high-level analysis of them and the information and decisions that are yet to be made.

39.14 If reform is not made mandatory, to ensure sufficient information is available to meet the moral and legal requirements of Council decision-making, staff will further develop the analysis of 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. Whether this is ultimately required will depend on where the Government gets to with the reform process and the decisions it makes after 30 September 2021.

40. **Information that the Council requires or potential solutions to outstanding issues that it would like to convey to Government and LGNZ**

40.1 There are still several issues that need to be resolved, including:

- The final boundaries
- Protections from privatisation
- Consultation 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
- Prioritisation of investment
- 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
- What will a Government bill cover and will the reform will be mandatory?

- Does the Government bill confirm that new entities will take over all Council responsibilities required under the Water Services Bill?
- 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
- Transition arrangements, including our own workforce challenges (without transition challenges on top) and due diligence for asset transfers, etc

40.2 Council is invited to discuss whether there are specific information needs, issues or solutions that the Council would like staff to convey to the DIA or LGNZ and has asked several questions of DIA which we have received responses to.

### **Recommended Actions**

That Council notes the contents of this report and the Government's case for change for the delivery of Three Waters services.

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 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 the issues identified earlier in 40.1.

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 future more favourable cost projections compared to Entity D, with the boundary between Entities C and D to be Council's own southern unitary authority boundary.

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 must be considered before the special consultative process proceeds, and
- c. Council reserves its position in relation to the opt in/opt out option.

### *Advantages of these actions:*

- Meets Council's legal obligations
- Does not commit Council to any option
- Provides time to get more detailed information on the reform from the Government

*Disadvantages*

- Doesn't provide certainty at this point

**What are the issues if Council made a decision now?**

*Advantages*

- Provides certainty

*Disadvantages*

- Ignores future Three Waters investment and delivery challenges and their funding
- Is considered unlawful because Council may not be properly considering a significant government proposal

**Next steps**

- Public engagement on the principles of and basis for the Government's proposals as outlined in the recommendations
- Further discussion with LGNZ and DIA on the details requiring clarification

**Presentation**

A short presentation will be given by Mark Wheeler (30 minutes).

**Attachments**

Attachment 1 - 2020 Background (including Taumata Arowai information and Indicative Reform Programme)	Page 52
Attachment 2 - The Government's conclusion that the case for change has been made	Page 55
Attachment 3 - DIA two-page summary	Page 57
Attachment 4 - Funding to invest in the future of local government and community wellbeing	Page 59
Attachment 5 - Staff financial analysis of WICS modelling	Page 61
Attachment 6 - Forecast Statement of Financial Position	Page 75
Attachment 7 - LGNZ Magazine – Risks and opportunities from amalgamation in our water sector	Page 76
Attachment 8 - Transition	Page 79

Author	Mark Wheeler, CE
Authoriser	Mayor Leggett

Attachment 1

2020 Background (including Taumata Arowai information and Indicative Reform Programme)

In July 2020, the Government launched the Three Waters Reform Programme to reform local government three waters service delivery arrangements, with the following objectives:

- 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 2020 indicative timetable for the full reform programme is provided below. It was always subject to change as the reforms progressed, future Government budget decisions and Councils were advised that any further tranches of funding would be at the discretion of the Government and may depend on progress against reform objectives.



Also in July 2020 the Government announced an initial funding package of \$761 million to provide a post COVID-19 stimulus to maintain and improve water three waters infrastructure, support a three-year programme of reform of local government water service delivery arrangements (reform programme), and support the establishment of Taumata Arowai, the new Waters Services Regulator.



Following initial reports (that used publicly available council information) from the Water Industry Commission for Scotland (WICS), between October 2020 and February 2021, (all) 67 councils participated in the Government's RfI on councils Three Waters assets, including future investment requirements. In return they received what was known as Tranche 1 stimulus funding (under a MoU and funding agreements with Government) for operating or capital expenditure that supported the reform objectives, economic recovery through job creation and maintaining, increasing and/or accelerating investment in core water infrastructure delivery, renewals and maintenance.

In line with Government policy, Taumata Arowai became a new Crown entity in March 2021 and will become the dedicated water services regulator when the Water Services Bill passes, expected to be in the second half of 2021 (the Select Committee is due to report back on 11 August 2021). They will oversee and administer, and enforce a new, expanded and strengthened drinking-water regulatory system, to ensure all New Zealand communities have access to safe drinking water. They will also provide oversight of the regulation, management, and environmental performance of wastewater and storm-water networks, including promoting public understanding of that performance.

An overview of local authority obligations under the Bill is provided below. The Bill provides for a range of compliance and enforcement tools including compliance orders, enforceable undertakings, infringement offences, and criminal proceedings, which can be taken against council officers (but not elected officials).

Taumata Arowai will have the authority to prepare standards and rules that water suppliers (such as councils) must comply with. Their [initial working drafts](#) are available online<sup>10</sup> and are currently being updated. Consultation will occur later this year. Guidance to support the operational compliance rules is also being developed and will be available when the rules are consulted on.

It is anticipated that monitoring, compliance and enforcement of standards will increase substantially on the status quo with the passing of the Water Services Bill and as Taumata Arowai begins to operate. It is also likely that the drinking water standards and their coverage (including non-Council water suppliers) and environmental standards will become more rigorous over time. This creates risks for council in meeting future standards and mana whenua and community aspirations (such as greater investment required than currently planned, risk of enforcement action).

### **Water Services Bill obligations of local authorities**

Table 2 from [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)

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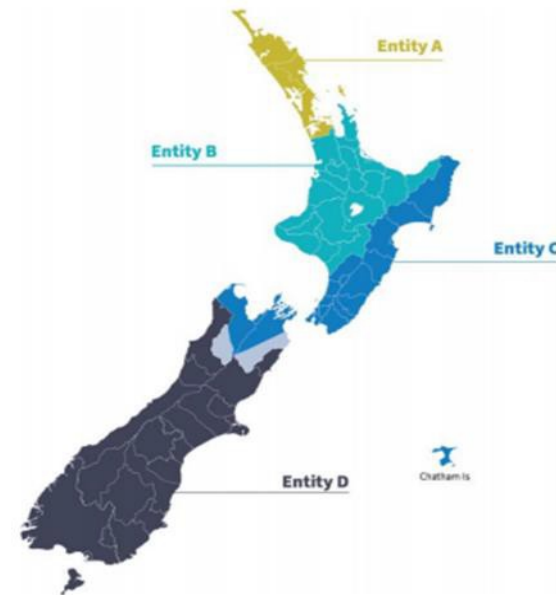
<sup>10</sup> [www.taumataarowai.govt.nz/for-water-suppliers/](http://www.taumataarowai.govt.nz/for-water-suppliers/)

Local authorities as suppliers of water services	General obligations of local authorities
<ul style="list-style-type: none"> <li>• 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</li> <li>• Key provisions include:               <ul style="list-style-type: none"> <li>○ Suppliers need to register with Taumata Arowai</li> <li>○ Local authority suppliers will need a drinking water safety plan and a source water risk management plan</li> <li>○ Water suppliers must give effect to Te Mana o te Wai</li> </ul> </li> <li>• Taumata Arowai will have significant compliance and enforcement powers, including powers to direct suppliers and enter into enforceable undertakings with suppliers</li> <li>• Officers, employees and agents of suppliers will have a duty to exercise professional due diligence</li> <li>• 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)</li> </ul>	<ul style="list-style-type: none"> <li>• 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"> <li>○ Requirements to work with suppliers and consumers to identify solutions</li> <li>○ Intervention responsibilities if a supplier is unable to meet standards, including potentially taking over management and operations of private or community supplies</li> </ul> </li> <li>• In rural communities, this could represent a significant risk (contingent liability) for local authorities</li> <li>• Local authorities will be required to make assessments of drinking water, wastewater and sanitary services to ensure communities have access to safe drinking water</li> <li>• 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)</li> </ul>

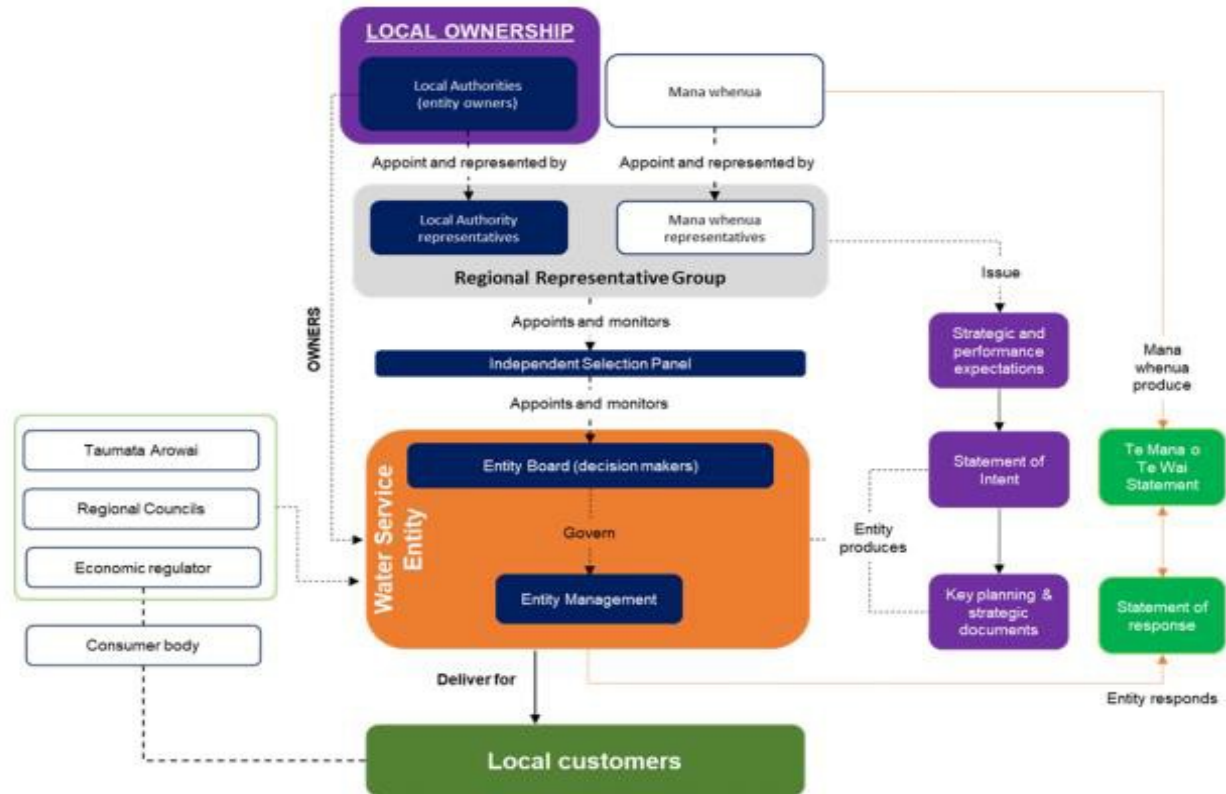
Attachment 2

*Government's conclusion that the case for change has been made (not necessarily by Council at this point)*

1. The modelling has 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 \$1910 and \$8690 by 2051.
2. It also estimated these average household costs could be reduced to between \$800 and \$1640 per household and efficiencies achieved in the range of 45% over 15-30 years if the reform process went ahead.
3. The efficiencies noted are underpinned by evidence across a range of countries based on joined up networks (the conclusion is that 600,000 to 800,000 connections achieve scale and efficiency), greater borrowing capability and improved access to markets, procurement efficiencies, smarter asset management and strategic planning for investment, a more predictable pipeline and strengthened benchmarked performance, governance and workforce capabilities.
4. The [briefing to the Minister](#) notes that this "investment is what WICS has estimated is necessary for New Zealand to meet current United Kingdom levels of compliance with EU standards over the next 30 years, which in its assessment (and confirmed by Beca) are broadly comparable with equivalent New Zealand standards."
5. However, this is caveated as a conservative estimate that does not take into account iwi goals and aspirations, higher environmental standards or performance standards that are anticipated in future legislation, uncertainties in asset lives, seismic and resilience risk, supply chain issues, and the current workload to manage and deliver improvements as well as address renewal backlogs.
6. For councils with non-council drinking water suppliers in their areas there is additional risk if they are unable to consistently provide safe drinking water to their consumers, including the potential for council to have to take on the water supply. Council operating on expired consents or with consent renewals in the next 15 years also face uncertainty over the standards they will need to meet in the future and therefore the level of investment that needs to occur.
7. Councils could also add to the above list of uncertainties and challenges their business as usual workload, the workload associated with delivering on stimulus packages and associated with responding to other government reform initiatives such as reform of the Resource Management Act, and general workforce retention and attraction issues, which are exacerbated by public sector competition for talent and skills.
8. The modelling indicated that between one and four water services entities would provide the most efficiencies and reduce costs to individual households.
9. When this is added to
  - a. known variations across the nation in water suppliers' compliance with drinking standards, including permanent and temporary boil water notices
  - b. evidence of poor health and environmental outcomes, including expired resource consents for wastewater treatment plants (and the need for 110 of these plants to go through the resource consenting process in the next 10 years)
  - c. stormwater overflows and other challenges
  - d. climate change
  - e. Te Tiriti obligations and the need to uphold Te Mana o te Wai
  - f. the size and scale of current service delivery units and workforce issues
  - g. the obligations and responsibilities that councils (and other water suppliers) will face when the Water Services Bill and associated regulations are enacted
  - h. the Government has concluded that the status quo is not sustainable and that the [case for change](#) has been made.
10. The four entities and their proposed boundaries (which may yet change) and the proposed structure for the system are as follows



	Entity A	Entity B	Entity C	Entity D
Connected population (2020)	1.7m	0.8m	1.0m	0.9m





Attachment 3

DIA two-page summary

A new system for three waters service delivery

DIAGRAM 1  
JUNE 2021

1. A CASE FOR CHANGE

This Government has ambitions to significantly improve the safety, quality, resilience, accessibility, and performance of three waters services, in a way that is efficient and affordable for New Zealanders. This is critical for:

- public health and wellbeing;
- environmental outcomes;
- economic growth and employment;
- housing and urban development;
- adapting to the impacts of climate change;
- mitigating the effects of natural hazards.

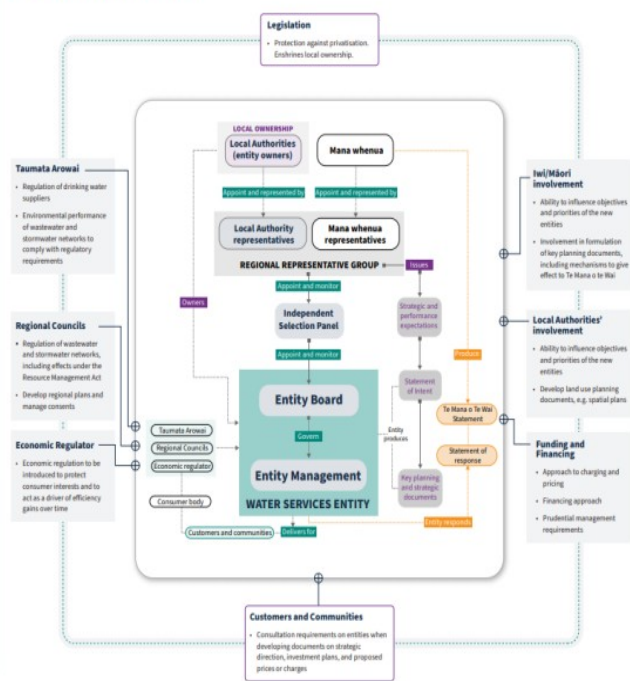
Government also wants to ensure it delivers on Treaty-related obligations, including by improving outcomes for iwi/Māori in relation to three waters service delivery.

Integral to this is effective infrastructure delivery, underpinned by an efficient, high-performing, financially-sustainable, and transparent three waters system.

2. 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.

3. A NEW WATER SERVICES SYSTEM



4. OBJECTIVES FOR THE CROWN/MĀORI RELATIONSHIP

Enabling greater strategic influence to exercise rangatiratanga over water services delivery.

- Integration of iwi/Māori rights and interests within a wider system.
- Reflection of a holistic te ao Māori perspective.
- Supporting clear account and ensure roles, responsibilities, and accountability for the relationship with the Treaty partner.
- Improving outcomes at a local level to enable a step change improvement in delivery of water services for iwi/Māori.

5. A PARTNERSHIP-BASED REFORM

Government will continue to work in partnership with iwi/Māori and local authorities.

A large scale communication effort is required to ensure local government support reform.

Further decisions are yet to be taken by Cabinet on the arrangement for transition to, and implementing, the new system.

A new system for three waters service delivery

The number and boundary of entities needs to balance scale with other factors

DIAGRAM 2  
JUNE 2021

1. FACTORS CONSIDERED TO DETERMINE NUMBER AND BOUNDARIES

- Potential to achieve cost benefits from a larger water service delivery entity in a broader population/customer base.
  - Alignment of geographical boundaries to encompass natural communities of interest, belonging and identity (including rohe/takiwaka).
  - Relationship with relevant regulatory boundaries including for enable water to be managed from source to the sea - āi-takiwaka.
- Applied economic analysis, informed by international evidence, provides further confidence that each entity would need to serve a committed population of at least 400,000 to 600,000 to achieve the desired level of scale.

The preferred approach is to create four new water services entities, and to enable all communities to benefit from reform.

2. PROPOSED BOUNDARIES

- Government has agreed to a preferred set of entity boundaries. However, the Government remains open to continuing discussion with local government and iwi/Māori about changes to the proposed boundary vision, in particular:
  - Manawatu region** - Which entity would include the Manawatu region, taking into account local iwi, whānau, communities, and economic geography/community of interests.
  - South Island entity** - Whether there should be a single entity covering the whole of the South Island, or instead take an approach that uses the Ngāi Tahu takiwaka.
  - Manawatu Gulf** - Whether to include other districts surrounding the Manawatu Gulf, enabling a more integrated approach to the management of the Manawatu Gulf business catchment.

The map highlights the recommended boundaries.

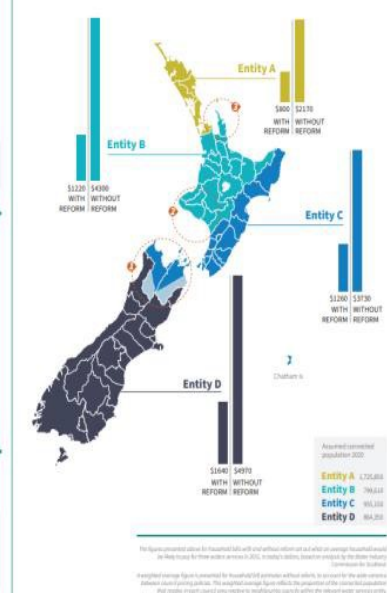
3. OUR INTENTION IS THAT ALL COMMUNITIES BENEFIT FROM REFORM

Latest estimates indicate that the amount of investment required to:

- provide for future population growth;
- replace and refresh existing infrastructure;
- upgrade three waters assets to meet drinking water and environmental standards.

is in the order of **\$120 billion to \$185 billion** over the next 30 to 40 years.

4. PROJECTED HOUSEHOLD COSTS 2051



5. POTENTIAL IMPACTS

**Difference in household costs**  
Average household costs for most councils on a standalone basis in 2051 are likely to range from between \$1,950 to \$6,400. The scale of investment required between now and 2051, would require average household costs to increase by between three to 13 times in real terms for rural councils, between two and eight times for provincial councils and between 1.5 and seven times for metropolitan councils.

**Current household costs**  
Currently there are a wide range of current (2019) average household costs.

	LOW	HIGH	MEDIAN	MEAN
Metro	\$500	\$1,900	\$1,050	\$1,120
Provincial	\$610	\$2,550	\$1,310	\$1,390
Rural	\$210	\$2,580	\$1,140	\$1,280

Current costs are not necessarily a good reflection of what funding is required to meet the full costs of economic depreciation (that is, to provide resources for asset maintenance and renewal).

**Potential economic impact of reform**  
The economic impact assessment estimates the impact of a material step up in investment in connection with reform, relative to the level of investment that might be expected in the absence of reform.

**Change relative to counter-factual, 2022-2051**

Net change in GDP p.a. over 30 years	▲ 0.3% to 0.5%
Present value increase in GDP	▲ \$14b to 23b
Average increase in FTES	▲ 5,850 to 9,260
Increase in average wages	▲ 0.2% to 0.3%
Present value increase in taxes	▲ \$4b to \$6b

LGNZ two-page summary

## THREE WATERS 101.

The Government is proposing major reform of New Zealand's drinking water, wastewater and stormwater system. Here LGNZ synthesises the issues, the opportunities and what it means for local government.

### 1. What's the problem?

Councils currently own and operate three waters services, which cover drinking water, wastewater and stormwater. More investment is needed in water infrastructure to meet the environmental and public health aspirations of our communities. The Government has estimated that dealing with 30 years of systemic failure will require an investment of more than \$195b over the next 30 years.

This scale of investment would be extremely challenging for councils to fund on their own. Climate change will only exacerbate this challenge.

- Significant investment needed in water infrastructure
- Councils can't carry future costs
- The current system lacks:
  - Economic regulation
  - Consistent data collection
  - Enforcement of standards

### 2. Government's proposed solution

The Government has told us it wants to deliver water services more cost effectively. It also wants to deliver them in an equitable and sustainable way. It proposes changing the whole system:

- A new water regulator called Taumata Arowai
- A smaller number of large, specialist water service entities
- Water services are delivered on a significantly larger scale
- Water entities remain publicly owned
- Water services providers meet standards or face significant penalties for non-compliance
- Entities have strong strategic links to councils and mana whenua

### 3. Impact on councils

The Government's proposal would mean significant change to the delivery of water services. For a start, councils would shift their focus from delivery to kaitiakitanga of water services. Requirements on local authorities to ensure safe drinking water for private and community supplies would transfer to new entities.

For most councils, removing water-related debt from their balance sheets would improve their financial position. It would potentially create more opportunity to focus on delivering wellbeing to their communities.

- Three waters kaitiakitanga focus
- Water-related debt removed from balance sheet
- Increased capacity to borrow to fund community services

## LOCAL GOVERNMENT CAN HELP SHAPE THREE WATERS REFORM.

### What's important to the sector in this reform?

- Everyone has access to safe drinking water and the same level of three waters service.
- Infrastructure and systems are resilient and well-funded.
- Three waters are delivered in partnership with iwi.
- Delivery is responsive to climate change.
- Catchments are managed from the mountain to the sea.
- Districts retain high-paying, skilled jobs.
- Any transition is well-managed and people are looked after.
- Local voices are heard and local priorities are responded to.

### What the sector needs from central government

- Transparency about the process and what's on the table.
- A robust transition plan that makes sure the benefits of reform are delivered.
- Government to support councils so they can keep delivering. This means makes sure councils are economically sustainable without water.
- A fair deal, including that councils are not financially worse off, and that communities are better off.
- To support and grow effective local democracy.
- That any new system reflects the relationship with mana whenua under Te Tiriti o Waitangi

### Find out more

We encourage you to stay informed and up to date of the reforms as they evolve. We'll be with you every step of the way. Here's where you can start.

Read what OIA has published: [www.oia.govt.nz/three-waters-review](http://www.oia.govt.nz/three-waters-review)

Check out the info on our website: [www.lgnz.co.nz](http://www.lgnz.co.nz)

Get in touch if you have questions: [feedback@lgnz.co.nz](mailto:feedback@lgnz.co.nz)

### LGNZ is working for councils

Our work on Three Waters is guided by the principle that we need to seize any opportunity to create the best possible outcome for local government.

We're using our influence to work with the Government on a model that better includes the perspective of our communities. Representatives from local government are helping to steer this work and pose the hard questions. We are also actively working with government on what a package to go with reforms might look like. We'll work to optimise this package before decisions are made.

We know there's not universal agreement on the case for change. But to meet councils' own RFI projections, spending across New Zealand as a whole would need to increase by 50 percent annually for the next 10 years. With strong regulatory enforcement, the picture would be very different for councils, creating difficult trade offs if large investments are required to meet water standards.

## Attachment 4

### *Funding to invest in the future of local government and community wellbeing*

1. On 15 July, in partnership with LGNZ under a [Heads of Agreement<sup>11</sup>](#), 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.
2. The **'better off' element**: an investment of **\$2 billion** into the future for local government and community wellbeing.
  - The investment is funded \$1 billion from the Crown and \$1 billion from the new Water Services Entities. \$500 million will be available from 1 July 2022. The funding has been allocated to territorial authorities (which includes unitary authorities)<sup>12</sup> on the basis of a nationally formula that takes into account population, relative deprivation and land area.
  - The funding can be used to support the delivery of local wellbeing outcomes associated with climate change and resilience, housing and local placemaking, and there is an expectation that councils will engage with iwi/Māori in determining how to use their funding allocation.
3. The **'no council worse off' element**: an allocation of up to around \$500 million to ensure that no local authority is in a materially worse position financially to continue to provide services to its community as a direct result of the reform.
  - This element is intended to ensure the financial sustainability of councils and address reasonable costs and financial impacts associated with the transfer of assets, liabilities and revenues to new water services entities.
  - Up to \$250 million is available to meet the unavoidable costs of stranded overheads and the remainder for other adverse impacts on financial sustainability of territorial authorities (including future borrowing capacity).
  - Of this \$250 up to \$50 million is allocated to Auckland, Christchurch and Wellington Water councils, the remainder is available to other councils.<sup>13</sup> This funding is not available until July 2024 and is funded by the Water Services Entities.
4. Council's funding allocation is \$23,048,782.
5. The package is in addition to the \$296 million announced in Budget 2021 to assist with the costs of transitioning to the new three waters arrangements. The Government will "meet the reasonable costs associated with the transfer of assets, liabilities and revenue to new water services entities, including staff involvement in working with the establishment entities and transition unit, and provision for reasonable legal, accounting and audit costs."<sup>14</sup>
6. The Government is also encouraging councils to use accumulated cash reserves associated with water infrastructure for this purpose. There are likely to be practical limitations on a council's ability to do this set by councils' own financial strategy and policies (including conditions on the use of the reserves ie, targeted reserve funds must be used for the purpose they were collected for in the first instance e.g. if collected for capital works).

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<sup>11</sup> [https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/\\$file/heads-of-agreement-partnering-commitment-to-support-three-waters-service-delivery-reform.pdf](https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/$file/heads-of-agreement-partnering-commitment-to-support-three-waters-service-delivery-reform.pdf)

<sup>12</sup> Please note that any allocation to Greater Wellington Regional Council (the only regional council affected by the proposed changes) is not clear at this stage.

<sup>13</sup> <sup>16</sup> Due to their size and in the case of Wellington Water and Auckland's WaterCare having already transferred water service responsibilities (to varying degrees)

<sup>14</sup> 15 July 2021 FAQ [https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/\\$file/three-waters-reform-programme-support-package-information-and-frequently-asked-questions.pdf](https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/$file/three-waters-reform-programme-support-package-information-and-frequently-asked-questions.pdf)

7. There are also political and/or community acceptance challenges with this approach - if the assets are transferred under a voluntary or mandatory process the reserve balances are expected to be used to invest those funds in the communities that paid for them, consistent with the conditions under which they were raised rather than pooling as a general fund. Councils and communities are unlikely to embrace using these funds instead to enable the transition.
8. The proposed national allocations are as follows:

Council	Allocation
Auckland	\$ 508,567,550
Ashburton	\$ 16,759,091
Buller	\$ 14,009,497
Carterton	\$ 6,797,415
Central Hawke's Bay	\$ 11,339,488
Central Otago	\$ 12,835,059
Chatham Islands	\$ 8,821,612
Christchurch	\$ 122,422,394
Clutha	\$ 13,091,148
Dunedin	\$ 46,171,585
Far North	\$ 35,175,304
Gisborne	\$ 28,829,538
Gore	\$ 9,153,141
Grey	\$ 11,939,228
Hamilton	\$ 58,605,366
Hastings	\$ 34,885,508
Hauraki	\$ 15,124,992
Horowhenua	\$ 19,945,132
Hurunui	\$ 10,682,254
Invercargill	\$ 23,112,322
Kaikoura	\$ 6,210,668
Kaipara	\$ 16,141,395
Kapiti Coast	\$ 21,051,824
Kawerau	\$ 17,270,505
Lower Hutt	\$ 38,718,543
Mackenzie	\$ 6,195,404
Manawatu	\$ 15,054,610
Marlborough	\$ 23,038,482
Masterton	\$ 15,528,465
Matamata-Piako	\$ 17,271,819
Napier	\$ 25,823,785
Nelson	\$ 20,715,034
New Plymouth	\$ 31,586,541
Opotiki	\$ 18,715,493
Otorohanga	\$ 10,647,671
Palmerston North	\$ 32,630,589
Porirua	\$ 25,048,405
Queenstown Lakes	\$ 16,125,708
Rangitikei	\$ 13,317,834
Rotorua Lakes	\$ 32,193,519
Ruapehu	\$ 16,463,190

Selwyn	\$ 22,353,728
South Taranaki	\$ 18,196,605
South Waikato	\$ 18,564,602
South Wairarapa	\$ 7,501,228
Southland	\$ 19,212,526
Stratford	\$ 10,269,524
Taranua	\$ 15,185,454
Tasman	\$ 22,542,967
Taupo	\$ 19,736,070
Tauranga	\$ 48,405,014
Thames-Coromandel	\$ 16,196,086
Timaru	\$ 19,899,379
Upper Hutt	\$ 18,054,621
Waikato	\$ 31,531,126
Waimakariri	\$ 22,178,799
Waimate	\$ 9,680,575
Waipa	\$ 20,975,278
Wairoa	\$ 18,624,910
Waitaki	\$ 14,837,062
Waitomo	\$ 14,181,798
Wellington	\$ 66,820,722
Western Bay of Plenty	\$ 21,377,135
Westland	\$ 11,150,183
Whakatane	\$ 22,657,555
Whanganui	\$ 23,921,616
Whangarei	\$ 37,928,327
<b>Total</b>	<b>\$ 2,000,000,000</b>





## 3 Waters Financial Model Analysis

## Background

- DIA has supplied a financial model prepared by WICS
- The model identifies the projected cost of supplying the 3 Waters under both “opt in” and “opt out” scenarios.
- The model assumes that these services will be delivered to the likely standards that will be set by Taumata Arowai, which are consistent with current European standards.
- The model has been peer reviewed by both BECA and Farrier Swier. Both model reviewers support the model’s output.
- The model forecast that by 2051, the cost of delivering the 3 Waters would be:
  - Entity C - Cost \$1,255
  - Forecast MDC Stand Alone - Cost \$6,561

## What we have done

- Reviewed the assumptions made for MDC as a stand alone entity (opts out) and updated them where required.
- Performed a sensitivity analysis on Entity C's efficiency assumptions.
- Compared the results for both the above.

## Assumptions – MDC Opts Out

Assumption	WICS	MDC Figures & Assumptions
Starting Connected Households	11,931	17,275
Growth Rate	3.20%	1.20%
Capital Expenditure per household	\$ 210,000	\$ 145,000

Capital Expenditure required over the next 30 years is \$2.25B which is almost the same as that forecast for Tasman, Gisborne and Hastings. Current Infrastructure Strategy is forecasting circa \$1B.

## Assumptions 2 – MDC Opts Out

Assumption	WICS	MDC Figures & Assumptions
Additional Operating Expenditure as a result of Capital Expenditure (as a % of capex)	3.00%	1.50%
Revenue figure used to calculate Debt to Revenue (Whole of Council) – LGFA Cap is 250% of total revenue	Starting at \$35.8M	Starting at \$90M
Slower increase in capital expenditure (to recognise capacity and to more closely mirror the ramp up in the entity)	\$75M per year	6.73% increase annually starting at \$25M

## Revised Cost – MDC Opts Out

	MDC Alone WICS Base Case	MDC Alone MDC Assumptions
Current Pricing	\$ 1,385.00	\$ 956.21
10 Year Pricing (inflation removed)	\$ 6,261.00	\$ 4,635.46
30 Year Pricing (inflation removed)	\$ 6,561.00	\$ 4,857.37

Reduction in current pricing due to the increased number of existing connections to 17,275



## Assumptions 3 (\$1.5B in Capex) – MDC Opts Out

Assumption		WICS	MDC Figures & Assumptions
Capital Expenditure per household		\$ 210,000	\$ 87,000
Slower increase in capital expenditure (to recognise capacity and to more closely mirror the ramp up in the entity)		\$75M per year from year 1.	4.425% increase annually starting at \$25M

## Revised Costs at \$1.5B Capex – MDC Opts Out

	MDC Alone WICS Base Case	MDC Alone MDC \$1.5B Capex
Current Pricing	\$ 1,385.00	\$ 956.21
10 Year Pricing (inflation removed)	\$ 6,261.00	\$ 3,504.00
30 Year Pricing (inflation removed)	\$ 6,561.00	\$ 3,672.00



## Assumptions 3 (\$1.9B in Capex) – MDC Opts Out

Assumption	WICS	MDC Figures & Assumptions
Capital Expenditure per household	\$ 210,000	\$ 110,000
Slower increase in capital expenditure (to recognise capacity and to more closely mirror the ramp up in the entity)	\$75M per year from year 1.	5.775% increase annually starting at \$25M

## Revised Costs at \$1.9B Capex – MDC Opts Out

	MDC Alone WICS Base Case	MDC Alone MDC \$1.9B Capex
Current Pricing	\$ 1,385.00	\$ 956.21
10 Year Pricing (inflation removed)	\$ 6,261.00	\$ 4,143.53
30 Year Pricing (inflation removed)	\$ 6,561.00	\$ 4,341.88

## Entity C Sensitivity Analysis

	WICS Efficiency Assumption	50% of Efficiency Gains	25% of efficiency gains
Total Factor Productivity for three waters (half NZ's factor)	-0.405%	-0.20%	-0.10%
Opex efficiency (per annum) years 5 and 10	-8.9%	-4.44%	-2.22%
Opex efficiency (per annum) years 10 and 15	-5.3%	-2.63%	-1.31%
Opex efficiency (per annum) years 15 and 20	-4.5%	-2.26%	-1.13%
Capex efficiency (per annum) years 5 and 10	-6.9%	-3.44%	-1.72%
Capex efficiency (per annum) years 10 and 15	-3.7%	-1.85%	-0.92%
Capex efficiency (per annum) years 15 and 20	-2.9%	-1.46%	-0.73%

## Results of Sensitivity Analysis for Entity C

	<b>WICS Base Case</b>	<b>50% of Efficiency gains</b>	<b>25% of Efficiency gains</b>
Current Pricing	\$ 955.92	\$ 955.92	\$ 955.92
10 Year Pricing (inflation removed)	\$ 1,255.50	\$ 1,638.79	\$ 1,929.00
30 Year Pricing (inflation removed)	\$ 1,255.50	\$ 1,638.79	\$ 1,929.00

## Summary

	Entity C Base Case	Entity C 50% of Efficiency Gains	Entity C 25% of Efficiency Gains	MDC Alone MDC Assumptions	MDC Alone with \$1.9B Capex	MDC Alone with \$1.5B Capex
Current Pricing	\$ 955.92	\$ 955.92	\$ 955.92	\$ 956.21	\$ 956.21	\$ 956.21
10 Year Pricing (inflation removed)	\$ 1,255.50	\$ 1,559.03	\$ 1,929.00	\$ 4,635.46	\$ 4,143.53	\$ 3,503.80
30 Year Pricing (inflation removed)	\$ 1,255.50	\$ 1,685.64	\$ 1,929.00	\$ 4,857.37	\$ 4,341.88	\$ 3,671.53

Taking Entity C's worst case and comparing that to MDC's best case the cost of "Opting Out" will be almost twice the cost of staying in at year 30. Also the Entity is still delivering **\$2.25B** of CAPEX



## 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

## Attachment 6

**Marlborough District Council**  
**Forecast Statement of Financial Position**

as at 30 June:	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
<b>Assets:</b>						+				
<b>Non-current assets:</b>										
Property, plant and equipment	1,824,360	1,923,619	2,013,583	2,104,705	2,212,435	2,308,178	2,412,640	2,521,475	2,620,008	2,720,125
<b>Less 3 Waters PPE</b>	<b>(453,458)</b>	<b>(495,636)</b>	<b>(555,823)</b>	<b>(609,323)</b>	<b>(674,424)</b>	<b>(741,672)</b>	<b>(789,397)</b>	<b>(838,392)</b>	<b>(891,056)</b>	<b>(944,760)</b>
Property, plant and equipment without 3 waters	1,370,902	1,427,983	1,457,760	1,495,382	1,538,011	1,566,506	1,623,243	1,683,083	1,728,952	1,775,365
Other Non-Current Assets	138,900	196,373	248,136	270,246	261,506	253,333	243,545	230,096	219,589	209,382
<b>Total non-current assets</b>	<b>1,509,802</b>	<b>1,624,356</b>	<b>1,705,896</b>	<b>1,765,628</b>	<b>1,799,517</b>	<b>1,819,839</b>	<b>1,866,788</b>	<b>1,913,179</b>	<b>1,948,541</b>	<b>1,984,747</b>
<b>Current assets</b>	<b>27,704</b>	<b>28,059</b>	<b>28,408</b>	<b>28,760</b>	<b>29,143</b>	<b>29,575</b>	<b>29,967</b>	<b>30,392</b>	<b>30,828</b>	<b>31,222</b>
<b>Total assets</b>	<b>1,537,506</b>	<b>1,652,415</b>	<b>1,734,304</b>	<b>1,794,388</b>	<b>1,828,660</b>	<b>1,849,414</b>	<b>1,896,756</b>	<b>1,943,571</b>	<b>1,979,369</b>	<b>2,015,969</b>
<b>Liabilities:</b>										
<b>Non-current liabilities:</b>										
Borrowings	173,936	269,265	352,120	396,269	415,623	419,479	421,150	418,606	403,262	386,197
<b>Less 3 Waters Debt</b>	<b>(38,612)</b>	<b>(52,811)</b>	<b>(91,569)</b>	<b>(147,804)</b>	<b>(187,795)</b>	<b>(209,743)</b>	<b>(230,242)</b>	<b>(242,646)</b>	<b>(236,649)</b>	<b>(228,419)</b>
<b>Total Debt without 3 Waters</b>	<b>135,324</b>	<b>216,454</b>	<b>260,551</b>	<b>248,465</b>	<b>227,829</b>	<b>209,736</b>	<b>190,909</b>	<b>175,960</b>	<b>166,613</b>	<b>157,779</b>
Other non-current Liabilities	9,903	9,965	10,018	10,072	10,128	10,185	10,244	10,305	10,366	10,431
<b>Total non-current liabilities</b>	<b>145,227</b>	<b>226,419</b>	<b>270,569</b>	<b>258,537</b>	<b>237,957</b>	<b>219,921</b>	<b>201,153</b>	<b>186,265</b>	<b>176,979</b>	<b>168,210</b>
<b>Current liabilities:</b>	<b>20,350</b>	<b>20,942</b>	<b>21,475</b>	<b>22,008</b>	<b>22,581</b>	<b>23,154</b>	<b>23,746</b>	<b>24,398</b>	<b>25,070</b>	<b>25,722</b>
<b>Total liabilities</b>	<b>165,577</b>	<b>247,361</b>	<b>292,044</b>	<b>280,545</b>	<b>260,538</b>	<b>243,075</b>	<b>224,899</b>	<b>210,663</b>	<b>202,049</b>	<b>193,932</b>
<b>Net assets</b>	<b>1,371,929</b>	<b>1,405,054</b>	<b>1,442,260</b>	<b>1,513,843</b>	<b>1,568,123</b>	<b>1,606,339</b>	<b>1,671,857</b>	<b>1,732,908</b>	<b>1,777,321</b>	<b>1,822,037</b>
<b>Current Equity</b>	<b>1,786,775</b>	<b>1,847,879</b>	<b>1,906,514</b>	<b>1,975,362</b>	<b>2,054,752</b>	<b>2,138,268</b>	<b>2,231,012</b>	<b>2,328,654</b>	<b>2,431,727</b>	<b>2,538,379</b>
<b>Adjustment to Equity</b>	<b>(414,846)</b>	<b>(442,825)</b>	<b>(464,254)</b>	<b>(461,519)</b>	<b>(486,629)</b>	<b>(531,929)</b>	<b>(559,155)</b>	<b>(595,746)</b>	<b>(654,406)</b>	<b>(716,342)</b>
<b>Total equity</b>	<b>1,371,929</b>	<b>1,405,054</b>	<b>1,442,260</b>	<b>1,513,843</b>	<b>1,568,123</b>	<b>1,606,339</b>	<b>1,671,857</b>	<b>1,732,908</b>	<b>1,777,321</b>	<b>1,822,037</b>

Attachment 7

*LGNZ Magazine – Risks and Opportunities from amalgamation in our water sector*

## Risks and opportunities from amalgamation in our water sector

by [Contrafed Publishing](#) March 24, 2021



**Andreas Heuser**, director, [Castalia](#) and president [Law and Economics Association of New Zealand](#).

### **THE GOVERNMENT IS PROPOSING TO REFORM LOCAL AUTHORITIES' THREE WATERS SERVICES INTO A SMALL NUMBER OF REGIONAL PUBLIC WATER CORPORATIONS (RWCS).**

These proposals are ambitious and come with risks and opportunities for local authorities. Robust early thinking about balance sheet and revenue/expenditure implications, as well as community interests, can help local authorities optimise outcomes for their local residents.

#### *Impact on individual authorities will be vastly different*

The latest Cabinet papers propose creating three to five RWCs, offering some grant funding for participation. Local authorities, under current proposals, may opt-out.

The Department of Internal Affairs is currently informing local authorities, Maori representational interest and other stakeholders about the proposed reforms via roadshows.

Clearly, there are serious, persistent problems with some of the country's drinking and wastewater services. The news headlines highlight historical underinvestment in some areas, management oversight failures, and an absence of regulatory enforcement.

The Government's plans are ambitious. The thinking is that larger RWCs can generate scale economies and improve management sophistication. While that rationale for change is questionable, the need for investment in some localities is clear.

There are significant differences in investment levels and performance across the country. Some local authorities have made appropriate investments and kept up maintenance over the years. Others have not.

The very reason for the reforms (differences in investment and management) is also the reason that the reforms will be very challenging for local authorities. For those authorities considering joining the amalgamation, the major challenge will be to determine where in the regional grouping that investment is needed, and who is going to pay for it.



**COMMUNITY (INCLUDING IWI/HAPU) INTERESTS ARE DIVERSE, AND LOCAL GOVERNMENT IS CLOSER TO THESE COMMUNITIES THAN CENTRAL GOVERNMENT**

*Community representation*

Local authorities have a lot of important issues to think through on behalf of their residents and ratepayers.

There are three key topics that local authorities need to work through as the amalgamation proposals are discussed and negotiated between regional neighbours and central government.

1. Drivers of individual local authorities' equity shares in the RWCs – asset values, debt levels and investment. 2. Sources of cross-subsidies – changes to water rates and tariffs. 3. Community representation – balancing regional boundaries with local community interests.

Assuming amalgamations are pursued, the best outcome is that local authorities and central government negotiate a “deal” to join RWCs (or go it alone) which is fair and in the best interests of water consumers in the long-term. Water services impact on well-being, and reforms deserve serious consideration by local authorities on their residents' behalf.

*Local authority RWC shareholding*

*Individual local authorities' equity shares in the RWCs will be driven by how assets, investment levels, and debt are treated for valuation purposes.*

Asset values and the corresponding water-related debt will determine the value of local authorities' shareholding in the new RWCs.

This will be a key point of negotiation and a key determinant of whether, and on what terms, a local authority should join the RWC.

The government has already reached its view on the appropriate number of RWCs, and the investment needed in assets by different local authorities, relying on a modelling exercise by the Scottish water regulator (Water Industry Commission for Scotland or WICS).

That modelling is based on very limited input information and questionable assumptions.

It produces implausible results on investment needs and cost savings. Unfortunately, the results could not be properly tested prior to cabinet decisions because WICS refused to share the model.

Local authorities will therefore need to ensure their asset values, and investment plans are appropriately understood and incorporated into any RWC valuation. Getting clarity at local authority level, and at the regional grouping level will be critical.

Debt levels will be a major point of discussion. The government has not yet considered the different levels of debt held by each local authority, nor the different approaches to financing water infrastructure.

Some local authorities use long-dated general-purpose borrowing, others use current income to fund investment. Determining the levels of debt that transfer to the new RWCs will be highly complex, and also subject to debate.

*Water rates and tariffs*

*Moving to regional water rates and tariffs will create winners and losers.*

A core focus of the government's RWC proposals, and underlying WICS modelling, is identifying how to equalise the differences in costs and service levels between geographic areas.

In practice, this could mean cross-subsidies from low-cost of service areas to high-cost of service areas. It will also mean that areas with appropriate investment levels and asset condition may support other areas with lesser investment levels.

There will be winners and losers between areas. The government has indicated that grant funding will likely be available to smooth out some of the differences. This may make up for the cross-subsidy effect.

However, the funding levels and allocation regime have not been disclosed. How will the government decide which areas require more, or less, grant funding support?

*Regional boundaries*

*Setting regional boundaries will make it harder to balance different community interests.*

Central government prefers the three to five RWC model. While this clarity of objective is welcome, a strict limit may end up overlooking local water services nuances that are well known to local government. Community (including iwi/hapu) interests are diverse, and local government is closer to these communities than central government.

There are differences in desired service levels and differences in ability to pay. For example, many Christchurch residents oppose chlorination, and many Motueka residents are happy without reticulated drinking water. Maori with mana whenua interests have often negotiated specific arrangements. Local authorities will need to ensure the RWC proposal will adequately reflect local needs.

Some local authorities may therefore wish to take the initiative together with their neighbours. There are opportunities to use the detailed knowledge developed during this reform process to co-design a regional water delivery model that is fit for local purposes, while also satisfying need to improve investment levels and management.

As late as 2019, the Government had committed funding for local authorities that wished to initiate joint regional model discussions themselves.

*Constructive engagement will achieve best outcome*

There are risks and opportunities for the local government sector in the reform process. Local authorities can forearm themselves by understanding the balance sheet, income, expenditure and community interest ramifications of amalgamation in their area at a detailed level.

They should also understand the position of other local authorities joining the grouping. Only then can local authorities develop a mutually beneficial strategy for the negotiation and decision-making process for joining, or opting out.

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## Attachment 8

### *Transition*

1. Consideration is being given to establishing a national transition unit and local establishment entities mirroring the boundaries of the (proposed) Water Services Entities and supporting, through a reprioritisation of stimulus funding if required, council staff costs related to reform and transition, enabling staff to participate in transition priority working groups, gathering and sharing data.
2. Current considerations, in addition to funding for backfilling and / preparing for change, are:
  - support for three waters workers – including:
    - if a staff members role is primarily three waters related, an automatic transfer to the new Water Services Entity in a similar role on the same salary at the same location with the same conditions
    - advice, including Employee Assistance Programmes, legal and union representation
  - the need to increase staffing levels to implement the transition, continue business as usual and deliver current and increased infrastructure investment
  - staff and contractor retention in a time of uncertainty (and competition for resources)
  - the speed of change and the risk of mistakes and service interruptions
  - stranded overheads and the no worse off element of the funding package
  - asset transfers and valuations
  - existing contracts and contractors and any residual liabilities
  - development and financial contributions
3. What isn't clear (but will be worked through) is:
  - where the bulk of managerial and support staff (eg communications, financial, asset management) will be located, although the presumption is that they will be (at least notionally in post COVID flexible working world) located in the regional headquarters of the Water Services Entities

what the principles and any threshold would be for a staff member that does some three waters related work (say 50% of their time) and whether it would be their choice to move to the Water Services Entity and the implications for their employment situation if all three water services are included and will transfer at the same time

## 7. Decision to Conduct Business with the Public Excluded

That the public be excluded from the following parts of the proceedings of this meeting, namely:

- Confirmation of Public Excluded Minutes
- Committee Reports (Public Excluded Sections)
- Land Exchange

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

<b>General subject of each matter to be considered</b>	<b>Reason for passing this resolution in relation to each matter</b>	<b>Ground(s) under Section 48(1) for the passing of this resolution</b>
<b>Minutes and Committee Reports</b>	<b>As set out in the Minutes and Reports</b>	<b>That 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 exists under Section 7 of the Local Government Official Information and Meetings Act 1987.</b>
<b>Land Exchange</b>	<b>To enable the Council, as holder of the information, to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) as provided for under Section 7(2)(i).</b>	<b>That 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 exists under Section 7 of the Local Government Official Information and Meetings Act 1987.</b>

## Additional Report – Refer Minute No. A&S-0821-38 (Kerbside Recycling Crate Liner Trial) (page 14) – Council Meeting 16 September 2021

### Kerbside Recycling Crate Liner Trial

(Clr Fitzpatrick) (Report prepared by A McNeil)

W300-007-01

#### Purpose of report

1. To provide additional information in support of the proposed kerbside recycling crate trial.

#### Executive Summary

2. At the August 2021 Assets and Services committee meeting elected members were divided on the merits of the proposed kerbside recycling crate plastic liner trial. This paper sets out some additional information in response to the matters raised at the committee meeting to ensure that elected members are in a position to make an informed, evidence-based decision.

#### RECOMMENDATION

That the additional information presented in this report be received and considered when assessing the merits of progressing the proposed kerbside recycling crate plastic liner trial.

#### Background/Context

3. During the August 2021 Assets and Services committee meeting a proposal to trial a plastic liner for the kerbside recycling crates was discussed. Elected members were split on whether to progress the trial.
4. The main discussion points at the meeting included: the need for such a solution in the first instance, the appropriateness of the plastic liner, the cost estimate for the trial, the role of education, awareness and personal responsibility for reducing litter, the fact that liner will allow people to overload their crates, and alternative options to the plastic liner. This paper sets out some reflections in response the matters raised.

#### Assessment/Analysis

5. At present Council is reliant on qualitative rather than quantitative data regarding litter. Qualitative data, where people share their experience through feedback, indicates that litter is an issue that is part associated with the current kerbside collection methodology. Qualitative data on litter has also been received via community consultation during the Marlborough Litter Project, the drafting of the current and previous waste management and minimisation plans and feedback into the annual and long-term plan processes.
6. The following table provides a pros and cons assessment of the matters raised at the August 2021 Assets and Services Committee meeting.

Matter Raised	Pros	Cons
Litter from kerbside recycling isn't an issue at a scale that justifies a significant methodology change to the collection system.	If a level of litter is tolerable then this prevents the need for any intervention.	Setting a tolerance for litter within the community signals an accepted level of behaviour.
The plastic bag liner is a disproportionate response to any perceived or actual litter	By placing the emphasis on the individual to manage the mitigation of litter from the	The kerbside system generates behaviours which in turn generate the potential for litter

generation attributed to the uncontained kerbside recycling collection system.	kerbside recycling collection system no intervention or system change is required.	production. Any change in behaviour at scale needs to be reflected in a systems change.
The plastic bag liner sends the wrong signal to the community in relation to overall reduction and recycling messaging.	Arbitrarily discounting any use of plastic aligns with current messaging that plastic is not a material of choice.	The discounting of a plastic liner on the grounds of the material type removes the possibility of a containment system that may, through a trial, prove to be effective at reducing the potential for litter production from the kerbside crates.
The cost estimate for the trial is prohibitive and unnecessary.	Reducing the cost of the trial would signal to the community that cost management is a key consideration in Council decision-making.	Trials generate evidence which in turn needs to be processed to inform understanding. The trial sample size also needs to provide an appropriate representation of the community.
Education, awareness and personal responsibility.	If communities self-manage their behaviour within a system this allows for less intervention from authorities and a reliance on messaging maintaining compliance.	If self-management does not occur then messaging is unlikely to amend behaviours and compliance therefore requires additional resourcing.
The plastic liner will allow people to load more material into their recycling crate.	Avoiding an increase in recycling crate volume will ensure that crates are not overloaded.	The trial liner has been designed to allow for some variation in how people pack their recycling and present their crate. It may result in a minimum increase in volume offset against a practical capacity that resonates with the majority of households.
Alternative options to a plastic liner should be considered, for example, lids, nets or tarps.	A solid lid or tarp would ensure the contents are protected from the elements.	A cargo net or solid cover would require a retro fit to ensure that it remained attached to the crate. A net would not protect the recycling from the elements.

7. On balance, the trial use of a plastic bag liner for the kerbside recycling system is still recommended as a possible response to mitigating the potential for litter production. In addition, the trial would gather data on the following:
  - 7.1. Appropriateness and suitability of the plastic liner from a householder perspective,
  - 7.2. Appropriateness and suitability of the plastic liner from a contractor perspective,
  - 7.3. Appropriateness and suitability of the plastic liner from a Council operational perspective including, funding, supply and stock control considerations,
8. The trial can also include for a cargo net and tarp equivalent if required.
9. Data gathering will primarily be through an online response form with questions developed to test the pros and cons of the plastic liner. Targeted follow up interviews by phone can also be considered, based on any matters arising from the initial online response and an indication that people are happy to be contacted direct.

**Option One (Recommended Option)**

- 10. That the additional information presented in this report be received and considered when assessing the merits of progressing the proposed kerbside recycling crate plastic liner trial.

*Advantages*

- 11. The additional information can be used to inform the decision-making process as the original Assets and Services meeting did not come to a conclusion on this matter.

*Disadvantages*

- 12. Nil

**Next steps**

- 13. Confirm whether the trial of a plastic liner for the kerbside recycling crate is to progress.
- 14. If the trial is approved confirm any amendments, for example, trialling nets and tarps.

Author	Alec McNeil, Solid Waste Manager
Authoriser	Stephen Rooney, Operations and Maintenance Engineer