



**Far North  
District Council**



**Te Kaunihera o Tai Tokerau ki te Raki**

# **AGENDA**

## **Ordinary Council Meeting**

**Tuesday, 25 August 2020**

**Time: 4.00 pm**

**Location: virtually via Microsoft TEAMS**

**Membership:**

Mayor John Carter - Chairperson  
Deputy Mayor Ann Court  
Cr David Clendon  
Cr Dave Collard  
Cr Felicity Foy  
Cr Mate Radich  
Cr Rachel Smith  
Cr Kelly Stratford  
Cr Moko Tepania  
Cr John Vujcich

**COUNCIL MEMBERS REGISTER OF INTERESTS**

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
Hon Mayor John Carter QSO	Board Member of the Local Government Protection Programme	Board Member of the Local Government Protection Program		
	Carter Family Trust			
Deputy Mayor Ann Court	Waipapa Business Association	Member		Case by case
	Warren Pattinson Limited	Shareholder	Building company. FNDC is a regulator and enforcer	Case by case
	Kerikeri Irrigation	Supplies my water		No
	Top Energy	Supplies my power		No other interest greater than the public's
	District Licensing	N/A	N/A	N/A
	Top Energy Consumer Trust	Trustee	Crossover in regulatory functions, consenting economic development and contracts such as street lighting.	Declare interest and abstain from voting.
	Ann Court Trust	Private	Private	N/A
	Waipapa Rotary	Honorary member	Potential community funding submitter	Declare interest and abstain from voting.
	Properties on Onekura Road, Waipapa	Owner Shareholder	Any proposed FNDC Capital works or policy change which may have a direct impact (positive/adverse)	Declare interest and abstain from voting.
	Property on Daroux Dr, Waipapa	Financial interest	Any proposed FNDC Capital works or policy change which may have a direct impact (positive/adverse)	Declare interest and abstain from voting.
	Flowers and gifts	Ratepayer 'Thankyou'	Bias/ Pre-determination?	Declare to Governance
Coffee and food	Ratepayers sometimes 'shout' food and beverage	Bias or pre-determination	Case by case	
Staff	N/A	Suggestion of not being impartial or pre-determined!	Be professional, due diligence, weigh the	

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
				evidence. Be thorough, thoughtful, considered impartial and balanced. Be fair.
	Warren Pattinson	My husband is a builder and may do work for Council staff		Case by case
<b>Ann Court - Partner</b>	Warren Pattinson Limited	Director	Building Company. FNDC is a regulator	Remain at arm's length
	Air NZ	Shareholder	None	None
	Warren Pattinson Limited	Builder	FNDC is the consent authority, regulator and enforcer.	Apply arm's length rules
	Property on Onekura Road, Waipapa	Owner	Any proposed FNDC capital work in the vicinity or rural plan change. Maybe a link to policy development.	Would not submit. Rest on a case by case basis.
<b>David Clendon</b>	Chairperson – He Waka Eke Noa Charitable Trust	None		Declare if any issue arises
	Member of Vision Kerikeri	None		Declare if any issue arises
	Joint owner of family home in Kerikeri	Hall Road, Kerikeri		
<b>David Clendon – Partner</b>	Resident Shareholder on Kerikeri Irrigation			
<b>David Collard</b>	Snapper Bonanza 2011 Limited	45% Shareholder and Director		
	Trustee of Te Ahu Charitable Trust	Council delegate to this board		
<b>Felicity Foy</b>	Director - Northland Planning & Development	I am the director of a planning and development consultancy that is based in the Far North and have two employees. Property owner of Commerce Street, Kaitaia		I will abstain from any debate and voting on proposed plan change items for the Far North District Plan.
				I will declare a conflict of interest with any planning matters that relate to resource

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
				consent processing, and the management of the resource consents planning team.
				I will not enter into any contracts with Council for over \$25,000 per year. I have previously contracted to Council to process resource consents as consultant planner.
	Flick Trustee Ltd	I am the director of this company that is the company trustee of Flick Family Trust that owns properties Seaview Road – Cable Bay, and Allen Bell Drive - Kaitaia.		
	Elbury Holdings Limited	This company is directed by my parents Fiona and Kevin King.	This company owns several dairy and beef farms, and also dwellings on these farms. The Farms and dwellings are located in the Far North at Kaimaumau, Bird Road/Sandhills Rd, Wireless Road/ Puckey Road/Bell Road, the Awanui Straight and Allen Bell Drive.	
	Foy Farms Partnership	Owner and partner in Foy Farms - a farm on Church Road, Kaingaroa		
	Foy Farms Rentals	Owner and rental manager of Foy Farms Rentals for 7 dwellings on Church Road, Kaingaroa and 2 dwellings on Allen Bell Drive, Kaitaia, and 1 property on North Road, Kaitaia, one title contains a cell phone tower.		

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
	King Family Trust	This trust owns several titles/properties at Cable Bay, Seaview Rd/State Highway 10 and Ahipara - Panorama Lane.	These trusts own properties in the Far North.	
	Previous employment at FNDC 2007-16	I consider the staff members at FNDC to be my friends		
	Shareholder of Coastal Plumbing NZ Limited			
<b>Felicity Foy - Partner</b>	Director of Coastal Plumbing NZ Limited			
	Friends with some FNDC employees			
<b>Mate Radich</b>	No form received			
<b>Rachel Smith</b>	Friends of Rolands Wood Charitable Trust	Trustee		
	Mid North Family Support	Trustee		
	Property Owner	Kerikeri		
	Friends who work at Far North District Council			
	Kerikeri Cruising Club	Subscription Member and Treasurer		
<b>Rachel Smith (Partner)</b>	Property Owner	Kerikeri		
	Friends who work at Far North District Council			
	Kerikeri Cruising Club	Subscription Member		
<b>Kelly Stratford</b>	KS Bookkeeping and Administration	Business Owner, provides book keeping, administration and development of environmental management plans	None perceived	Step aside from decisions that arise, that may have conflicts
	Waikare Marae Trustees	Trustee	Maybe perceived conflicts	Case by case basis
	Bay of Islands College	Parent Elected Trustee	None perceived	If there was a conflict, I will step aside from decision making
	Karetu School	Parent Elected Trustee	None perceived	If there was a conflict, I will step aside from decision making
	Māori title land – Moerewa and Waikare	Beneficiary and husband is a shareholder	None perceived	If there was a conflict, I will step aside from decision making

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
	Sister is employed by Far North District Council			Will not discuss work/governance matters that are confidential
	Gifts - food and beverages	Residents and ratepayers may 'shout' food and beverage	Perceived bias or predetermination	Case by case basis
<b>Kelly Stratford Partner</b>	Chef and Barista	Opua Store	None perceived	
	Māori title land – Moerewa	Shareholder	None perceived	If there was a conflict of interest I would step aside from decision making
<b>Moko Tepania</b>	Teacher	Te Kura Kaupapa Māori o Kaikohe.	Potential Council funding that will benefit my place of employment.	Declare a perceived conflict
	Chairperson	Te Reo o Te Tai Tokerau Trust.	Potential Council funding for events that this trust runs.	Declare a perceived conflict
	Tribal Member	Te Rūnanga o Te Rarawa	As a descendent of Te Rarawa I could have a perceived conflict of interest in Te Rarawa Council relations.	Declare a perceived conflict
	Tribal Member	Te Rūnanga o Whaingaroa	As a descendent of Te Rūnanga o Whaingaroa I could have a perceived conflict of interest in Te Rūnanga o Whaingaroa Council relations.	Declare a perceived conflict
	Tribal Member	Kahukuraariki Trust Board	As a descendent of Kahukuraariki Trust Board I could have a perceived conflict of interest in Kahukuraariki Trust Board Council relations.	Declare a perceived conflict
	Tribal Member	Te Rūnanga ā-Iwi o Ngāpuhi	As a descendent of Te Rūnanga ā-Iwi o Ngāpuhi I could have a perceived conflict of interest in Te Rūnanga ā-Iwi o Ngāpuhi Council relations.	Declare a perceived conflict
<b>John Vujcich</b>	Board Member	Pioneer Village	Matters relating to funding and assets	Declare interest and abstain

<b>Name</b>	<b>Responsibility (i.e. Chairperson etc)</b>	<b>Declaration of Interests</b>	<b>Nature of Potential Interest</b>	<b>Member's Proposed Management Plan</b>
	Director	Waitukupata Forest Ltd	Potential for council activity to directly affect its assets	Declare interest and abstain
	Director	Rural Service Solutions Ltd	Matters where council regulatory function impact of company services	Declare interest and abstain
	Director	Kaikohe (Rau Marama) Community Trust	Potential funder	Declare interest and abstain
	Partner	MJ & EMJ Vujcich	Matters where council regulatory function impacts on partnership owned assets	Declare interest and abstain
	Member	Kaikohe Rotary Club	Potential funder, or impact on Rotary projects	Declare interest and abstain
	Member	New Zealand Institute of Directors	Potential provider of training to Council	Declare a Conflict of Interest
	Member	Institute of IT Professionals	Unlikely, but possible provider of services to Council	Declare a Conflict of Interest
	Member	Kaikohe Business Association	Possible funding provider	Declare a Conflict of Interest





**Far North District Council  
Ordinary Council Meeting  
will be held in the virtually via Microsoft TEAMS on:  
Tuesday 25 August 2020 at 4.00 pm**

**Order Of Business**

<b>1</b>	<b>Karakia Timatanga – Opening Prayer.....</b>	<b>11</b>
<b>2</b>	<b>Apologies and Declarations of Interest.....</b>	<b>11</b>
<b>3</b>	<b>Deputation.....</b>	<b>11</b>
<b>4</b>	<b>Mayoral Announcements .....</b>	<b>11</b>
<b>5</b>	<b>Reports.....</b>	<b>12</b>
5.1	Approval of Unbudgeted Funds for Drought Resilience Work in 2020/2021 Financial Year .....	12
5.2	Three Waters MOU with the Crown for Tranche One Reforms and Access to Stimulus Funding .....	20
5.3	Tai Tokerau Worker Redeployment Package - Storm Response Funding Variation.....	70
<b>6</b>	<b>Karakia Whakamutunga – Closing Prayer.....</b>	<b>74</b>
<b>7</b>	<b>Meeting Close .....</b>	<b>74</b>



**1 KARAKIA TIMATANGA – OPENING PRAYER****2 APOLOGIES AND DECLARATIONS OF INTEREST**

Members need to stand aside from decision-making when a conflict arises between their role as a Member of the Council and any private or other external interest they might have. This note is provided as a reminder to Members to review the matters on the agenda and assess and identify where they may have a pecuniary or other conflict of interest, or where there may be a perception of a conflict of interest.

If a Member feels they do have a conflict of interest, they should publicly declare that at the start of the meeting or of the relevant item of business and refrain from participating in the discussion or voting on that item. If a Member thinks they may have a conflict of interest, they can seek advice from the Chief Executive Officer or the Team Leader Democracy Support (preferably before the meeting).

It is noted that while members can seek advice the final decision as to whether a conflict exists rests with the member.

**3 DEPUTATION**

4:15 PM KAWAKAWA HUNDERTWASSER PARK CHARITABLE TRUST - REGARDING THE  
KAWAKAWA HUNDERTWASSER TOILET FACILITY

**4 MAYORAL ANNOUNCEMENTS**

## 5 REPORTS

### 5.1 APPROVAL OF UNBUDGETED FUNDS FOR DROUGHT RESILIENCE WORK IN 2020/2021 FINANCIAL YEAR

**File Number:** A2922119

**Author:** Melissa Parlane, Team Leader - Infrastructure Planning

**Authoriser:** Andy Finch, General Manager - Infrastructure and Asset Management

#### PURPOSE OF THE REPORT

The purpose of this report is to seek approval of additional capital funds to support urgent drought resilience work to be completed in 2020/2021 financial year.

#### EXECUTIVE SUMMARY

- Despite the recent flooding events the MetService seasonal forecast for winter is predicting August and September to have below average rainfall. The forecast very clearly signals an extended and significant drier spell for Northland which is quantified as up to 30% rainfall deficient in August and September.
- The Northland region experienced a significant drought in the first half of 2020 and this event impacted on the Far North District Council's ability to maintain reticulated water supply in some of its communities.
- The experience highlighted a programme of work required to improve the resilience of water supply in the Far North. The programme covers urgent work recommended to be completed this financial year, as well as future work which will be incorporated into the Long Term Plan project prioritisation processes.
- The report provides a brief options analysis for a number of resilience opportunities recommended to proceed in addition to the 2020/2021 Annual Plan. The total funding sought for these resilience opportunities is \$2,119,000.

#### RECOMMENDATION

**That Council, subject to adequate funding from other sources being approved, approve**

- unbudgeted capital funding of \$1,184,000 for a new water supply bore in the deep aquifer at Monument Hill in Kaikohe.**
- unbudgeted capital funding of \$15,000 for pH treatment at the Opononi/Omapere water treatment plant.**
- unbudgeted capital funding of \$70,000 for amending the Kawakawa water take consent to remove the residual flow requirements.**
- unbudgeted capital funding of \$100,000 for a new self-cleaning screen at the intake for the Paihia water treatment plant.**
- unbudgeted capital funding of \$150,000 for the design, consenting and construction of a permanent weir at the Awanui River intake for the Kaitaia water treatment plant.**
- unbudgeted capital funding of \$500,000 for the design, installations and commission of new clarifiers at the Kerikeri water treatment plant.**
- unbudgeted capital funding of \$100,000 for the purchase of leak detection equipment to be use across the district on all water supplies.**

#### 1) BACKGROUND

An information report at the June 2020 Council meeting entitled "Learning from the 2020 Drought and Improving the Resilience of our Drinking Water Supplies" provides the background for this report.

## 2) DISCUSSION AND OPTIONS

An information report at the June 2020 Council meeting entitled “Learning from the 2020 Drought and Improving the Resilience of our Drinking Water Supplies” outlined a programme of work aimed at improving the overall resilience of our water supplies through drought. A number of the projects are planned for later years due to their complexity or significant funding requirements. There are a small number of projects which are urgent and straight forward to deliver which we are requesting that council to fund, in addition to the 2020/2021 Annual Plan. These issues and opportunities are discussed below:

Issue 1	Options	Implications
<p>The residual flows in the primary surface water source for <b>Kaikohe</b> are a fraction of the town’s demand and there is a high risk of the town running out of water in a drought.</p>	<p>Do nothing. Maintain the current sources and see an increase in risk of supply.</p>	<p>The Monument Hill aquifer has been relied on too heavily in recent years. The annual peak water level in the aquifer has been decreasing due to low rainfall and an unsustainable water take.  Water take from the existing Monument Hill aquifer will need to be reduced until water levels return to sustainable levels or we risk breaching the consent conditions.</p>
	<p>New bore into the deep aquifer at Monument Hill.</p>	<p>A new bore into the deeper fractured basalt layer of the Monument Hill aquifer will increase the water availability year-round but most importantly, during summer.  This is a relatively low-cost option because of the source’s proximity to existing infrastructure: the Water Treatment Plant (WTP) and power. The water quality has been tested recently and is of excellent quality.  The expected sustainable yield of the bore is 800m<sup>3</sup>/day; roughly 30% of Kaikohe’s daily demand.</p>
	<p>New surface water source with a much larger design minimum flow.</p>	<p>Desktop studies indicate that significant pipelines transferring water from rivers to the east or west, or spring water from the south are required to enable this option. Surface water is generally of poorer quality compared to aquifers.  Options of a similar cost to a new bore need to be within ~3km of Taraire Hills WTP or the existing Wairoro Stream intake. There are no large rivers in this radius.</p>

A new bore into the deep aquifer at Monument Hill is the recommended way forward. Emergency drought funding was used to locate an old test bore on Monument hill and test the water quality. Unbudgeted funding is required to progress this option into a long-term source before the next critical dry period.

Budget is required to fund the following aspect of the project:

Professional fees

- Bore design
- Reticulation design
- Electrical design

- Assessment of Environmental Effects
- Resource consent application

Bore construction and sustainable yield testing

Pump and headworks

Pipe reticulation

Electrical reticulation

Power source upgrades

Water treatment plant changes

Legal support and easements

Internal project management

Apart from the power source upgrade the above work is well scoped and understood. A power assessment has been undertaken and data collected is sitting with Top Energy. An upgrade to the power is necessary to run additional pumps in this area but the extent of this update is unclear.

The estimated to cost to construct and consent a new bore in the deep aquifer at Monument Hill is \$1,184,000 including a small contingency.

Issue 2	Options	Implications
<p><b>Opononi's</b> new bore at Smoothy Road has higher pH than anticipated and may not be able to meet the Drinking Water Standards</p>	<p>Do nothing.</p> <p>Continue to blend the water from Smoothy Road bore with supplementary sources available – Waitotemarama Stream and Waiarohia dam to manage pH.</p>	<p>This option minimises the practical use of the Smoothy Road Bore. We cannot use our allocated daily volume from the bore if we need to blend the water with another source.</p>
	<p>Install pH adjustment/treatment at the Opononi Water Treatment Plant</p>	<p>Install inline monitoring and adjustment equipment which automatically treats the water based on incoming pH with a product such as soda ash. This is common practice at some of our other WTP but the Waitotemarama and Waiarohia sources didn't require it so the WTP is not currently fitted with this equipment.</p>

Installation of pH treatment at the Opononi/Mapere water treatment plant is recommended to provide increased water resilience. The pH treatment will allow Council to fully utilise the consented water allocation from the bores when necessary.

The estimated cost of the pH treatment is \$15,000.

Issue 3	Options	Implications
<p>The resource consent to take water from the bores in <b>Kawakawa</b> requires a minimum residual flow rate in the Tirohanga Stream to be maintained.</p> <p>During drought all practical steps are taken to avoid breaching the consent. However, water treatment plant operators</p>	<p>Do nothing.</p> <p>Continue to operate under the existing conditions of consent.</p>	<p>Water restrictions on customers will continue to be imposed regularly.</p> <p>FNDC is likely to breach the consent in future drought conditions and we will apply to NRC to have temporary approval to take water below consented limits.</p>
	<p>Apply to have the consent conditions changed.</p>	<p>Create or interrogate a hydrogeological model to test the connection. May involve some testing on site.</p>



	Install a permanent weir structure in the stream bed.	The weir will need to be designed taking into account the Regional Plan requirements for structures in a stream bed including the design to support fish life, withstand flood and meet the requirements of our existing water take consent.
--	---	--

As part of the emergency drought response FNDC installed a temporary weir on the Awanui River using natural boulders found in the nearby riverbed. This work was washed out in the subsequent flooding as expected. A permanent structure which incorporates the required screen will provide improved environmental outcomes year-round and increased resilience in drought.

The estimated cost of a designing, consenting (if necessary) and constructing the weir is \$150,000.

Issue 6	Options	Implications
<p>The condition of the clarifier at the <b>Kerikeri</b> Water Treatment Plant is very poor and at risk of failure.</p> <p>Repair was scheduled and budgeted but the state of the tank was deemed beyond repair.</p> <p>The funds required to replace the clarifier are greater than the funds required to repair it.</p>	Do nothing.	Carry this increasing risk of failure until a new WTP is built in 5-10 years.
	Repair the clarifier.	Repair of the clarifier was scheduled. At the time of repair the asset was deemed “too far gone” to repair and in need of replacement. This is not a feasible option.
	Renew the clarifier	<p>Building a new clarifier on a small site in an operational setting is challenging.</p> <p>Reliable clarification is essential to meeting drinking water standards and this option reduces our risks to providing Kerikeri with drinking water.</p> <p>Significant asset purchase when we plan to replace the Kerikeri WTP in the next 10 years – we may not get the full value of these assets in useful life.</p>

Installing a new clarifier alongside the existing WTP is the recommended option. There are modular steel tank clarifiers available and suitable for this environment. These modular tanks would allow for the new clarifiers to be commissioned alongside the operating plant and minimise “down time” for the treatment process. Although FNDC may not get the full useful life from these tanks they may be able to be reused given their modular nature.

Existing budget for the clarifiers’ repair is \$150,000. Staff estimate an additional \$500,000 is required for the detailed design, installation and commissioning of these modular clarifier tanks.

Issue 7	Options	Implications
<p>Leakage <b>across all schemes</b> has room for improvement.</p>	Do nothing.	Reputation of Council as kaitiaki of this precious resource is compromised.
	Continue to find leaks reactively through RFS and high night flows.	Wait times for contractors has been up to two or three weeks in the past. Once the contractor is available then they are only available for that window and the scope of work is restricted.
	Contract leak detection companies to survey our reticulation areas.	
	Purchase leak detection equipment and deploy this equipment within Far North Waters.	Proactive leak detection can take place ad hoc.



	Reactive leak detection can be resolved quickly with the equipment deployed as and when needed.
--	---

Purchasing equipment to undertake leak detection in-house is recommended. This option will look to reduce leakage overall and provide increased responsiveness to acute leak events. This equipment, combined with a robust programme of pipe renewals, will see leakage rates decrease overtime.

The estimated cost of the equipment is not well understood but expected to be well below \$100,000.

**Reason for the recommendation**

The projects outlined above have been prioritised by their ability to reduce risk or increase resilience and are capable of being delivered alongside the 2020/2021 Annual Plan.

Further water resilience work will be updated or included in the 2021-2031 Long Term Plan 3 Waters Capital Programme.

**3) FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION**

This report is requesting unbudgeted capital funding to support the following projects to be delivered in 2020/2021:

Project	Cost	Capital rate impact per SUJP
1. Kaikohe: new bore in the deep aquifer at Monument Hill.	\$1,184,000	\$30.34
2. Opononi/Omapere: pH treatment at the WTP.	\$15,000	\$4.50
3. Kawakawa: amend the residual flow consent condition	\$70,000	\$4.03
4. Paihia: upgrade the intake screen to self-cleaning	\$100,000	\$3.60
5. Kaitaia: install a permanent weir on the Awanui riverbed.	\$150,000	\$3.22
6. Kerikeri: install new clarifiers at WTP	\$500,000	\$11.13
7. All schemes: leak detection equipment	\$100,000	
Total	\$2,119,000	

Once work is complete the assets will be capitalised, and rates will be struck in the following financial year to recover the value of the asset over its lifespan. Water rates are calculated scheme by scheme therefore the impacts could be expected to be as indicated in the table above. If it was found that the Kawakawa consent work could not be capitalised then it would result in a \$0.03 increase in the operational rate of water.

The leak detection equipment would be apportioned across all schemes as no one scheme benefits solely from the purchase of equipment.

**ATTACHMENTS**

Nil

**Compliance schedule:**

Full consideration has been given to the provisions of the Local Government Act 2002 S77 in relation to decision making, in particular:

1. A Local authority must, in the course of the decision-making process,
  - a) Seek to identify all reasonably practicable options for the achievement of the objective of a decision; and
  - b) Assess the options in terms of their advantages and disadvantages; and
  - c) If any of the options identified under paragraph (a) involves a significant decision in relation to land or a body of water, take into account the relationship of Māori and their culture and traditions with their ancestral land, water sites, waahi tapu, valued flora and fauna and other taonga.
2. This section is subject to Section 79 - Compliance with procedures in relation to decisions.

Compliance requirement	Staff assessment
<p>State the level of significance (high or low) of the issue or proposal as determined by the <a href="#">Council's Significance and Engagement Policy</a></p>	<p>The recommended work does not meet the threshold of any criteria in the Significance and Engagement Policy. Although the aim will be to improve the level of service provided through drought, we do not consider the proposal to be "major and long-term". These are relatively small tweaks which will lead to improved levels of service; particularly in drought conditions.</p>
<p>State the relevant Council policies (external or internal), legislation, and/or community outcomes (as stated in the LTP) that relate to this decision.</p>	<p>The recommendation will contribute to the community outcome "Connected and engaged communities prepared for the unexpected" by improving drought resilience in our drinking water supplies.</p> <p>The recommendation will contribute to the community outcome "Communities that are healthy, safe, connected and sustainable" by ensuring that safe drinking water is available at all times.</p>
<p>State whether this issue or proposal has a District wide relevance and, if not, the ways in which the appropriate Community Board's views have been sought.</p>	<p>The recommendation is for a programme of work which will impact on communities differently. The Community Board's views have not been sought.</p>
<p>State the possible implications for Māori and how Māori have been provided with an opportunity to contribute to decision making if this decision is significant and relates to land and/or any body of water.</p>	<p>Water is the lifeforce of Māori and the recommendation includes seeking a new source of water for Kaikohe. Waikotihe Trust are kaitiaki of the aquifer and springs around Monument Hill in Kaikohe. Their views have been sought on the proposal. It has been agreed that when further information on the potential impact this water take will have on local springs, we will consult further with the Waikotihe Trust. The requirement to consult is also included in the Resource Consent Application process.</p>
<p>Identify persons likely to be affected by or have an interest in the matter, and how you have given consideration to their views or preferences (for example</p>	<p>The right to clean drinking water is universal. In time of significant drought some persons are affected more greatly. It is more difficult to maintain a small business when Council restricts the use of water. The inconvenience or extra effort required to save water are</p>

<p>– youth, the aged and those with disabilities.</p>	<p>felt more by elderly and disabled persons. The importance of abundant clean water is critical to those on dialysis at home. A more resilient water supply will reduce the barriers faced by persons identified above.</p>
<p>State the financial implications and where budgetary provisions have been made to support this decision.</p>	<p>Financial implications are discussed in section 3 of the report and budgetary provisions are requested in the recommendation.</p>
<p>Chief Financial Officer review.</p>	<p>The Chief Financial Officer has reviewed this report</p>

## 5.2 THREE WATERS MOU WITH THE CROWN FOR TRANCHE ONE REFORMS AND ACCESS TO STIMULUS FUNDING

**File Number:** A2923885

**Author:** Melissa Parlane, Team Leader - Infrastructure Planning

**Authoriser:** Andy Finch, General Manager - Infrastructure and Asset Management

### PURPOSE OF THE REPORT

This report asks the Council to sign a Three Waters Service Review Memorandum of Understanding (MoU) with the Crown, agreeing to participate in the initial stage of a central/local government three waters service delivery reform programme (Attachment 1).

It also seeks authorisation for the Chief Executive to enter into the Funding Agreement, to accept a grant from the Crown to spend on operating and/or capital expenditure relating to three waters infrastructure and service delivery (Appendix B).

### EXECUTIVE SUMMARY

- In July 2020, the Government announced a \$761 million funding package to provide post COVID-19 stimulus to maintain, improve 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.
- A Joint Central/Local Government Three Waters Steering Committee has been established to provide oversight and guidance to support progress towards reform, and to assist in engaging with local government, iwi/Māori, and other water sector stakeholders on options and proposals.
- The reform programme is designed to support economic recovery, and address persistent systemic issues facing the three waters sector, through a combination of:
  - stimulating investment, to assist economic recovery through job creation, and maintain investment in water infrastructure renewals and maintenance; and
  - reforming current water service delivery, into larger scale providers, to realise significant economic, public health, environmental, and other benefits over the medium to long term.
- Initial funding from the stimulus package will be made available to those councils that agree to participate in the first stage of the reform programme, through a Memorandum of Understanding (MoU), Funding Agreement, and approved Delivery Plan. The MoU must be signed by the end of August 2020, with the Funding Agreement and Delivery Plan submitted and approved by the end of September 2020.

### RECOMMENDATION

**That Council:**

**a) Note that:**

- i) 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 networks infrastructure, and to support a three-year programme of reform of local government water services delivery arrangements; and**
- ii) initial funding will be made available to those councils that agree to participate in the initial stage of the reform programme, through a Memorandum of Understanding (MoU), Funding Agreement, and approved Delivery Plan.**

- iii) **this initial funding will be provided in two parts: a direct allocation to individual territorial authorities, and a regional allocation. The participating individual authorities in each region will need to agree an approach to distributing the regional allocation**
- iv) **the Steering Committee has recommended a preferred approach to the allocation of regional funding, being the same formula as was used to determine the direct allocations to territorial authorities**
- b) **Agree to sign the Three Waters Service Reform Memorandum of Understanding at Appendix A and Funding Agreement at Appendix B.**
- c) **Agree to nominate the Chief Executive as the primary point of communication for the purposes of the Three Waters Service Review Memorandum of Understanding (MoU) and reform programme – as referred to on page 6 of the MoU.**
- d) **Agree to delegate decisions about the allocation of regional funding to the Chief Executive, with the understanding that the minimum level of funding to the Council be based upon the formula used to calculate the direct council allocations, and noting that participation by two-thirds of territorial authorities within the Northland region is required to access the regional allocation**
- e) **Note that the Three Waters Service Reform Memorandum of Understanding and Funding Agreement cannot be amended or modified by either party, and doing so would void these documents.**
- f) **Note that participation in this initial stage of the Three Waters Service Reform is to be undertaken in good faith, but this is a non-binding approach, and the Council can opt out of the reform process at the end of the term of the agreement (as provided for on page 5 of the MoU).**
- g) **Note that the Council has been allocated \$5,900,000 of funding, which will be received as a grant as soon as practicable once the signed MoU and Funding Agreement are returned to the Department of Internal Affairs, and a Delivery Plan has been supplied and approved (as described on page 5 of the MoU).**
- h) **Note that the Northland Region has been allocated \$14,130,000 of funding. Our portion of which will be received as a grant as soon as practicable once the signed MoU and Funding Agreement, and notice of agreed Regional allocations as determined by 2/3 of Territorial Authorities in the region are returned to the Department of Internal Affairs, and a Delivery Plan has been supplied and approved (as described on page 5 of the MoU).**
- i) **Note that the Delivery Plan must show that the funding is to be applied to operating and/or capital expenditure relating to three waters infrastructure and service delivery, and which:**
  - i) **supports economic recovery through job creation; and**
  - ii) **maintains, increases, and/or accelerates investment in core water infrastructure renewal and maintenance.**
- j) **Direct the Chief Executive to produce a delivery plan of appropriate projects for Council approval by the end of September 2020.**

## 1) BACKGROUND

### *Issues facing the three waters system, and rationale for reform*

Over the past three years, 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).

The Government Inquiry into Havelock North Drinking Water – set up following the serious campylobacter outbreak in 2016 – identified widespread, systemic failure of suppliers to meet the

standards required for the safe supply of drinking water to the public. It made a number of urgent and longer-term recommendations to address these significant systemic and regulatory failures.

The Government's Three Waters Review highlighted that, in many parts of the country, communities cannot be confident that drinking water is safe, or that good environmental outcomes are being achieved. This work also raised concerns about the regulation, sustainability, capacity and capability of a system with a large number of localised providers, many of which are funded by relatively small populations.

The local government sector's own work has highlighted similar issues. For example, in 2014, LGNZ identified an information gap relating to three waters infrastructure. A 2015 position paper, argued for a refresh of the regulatory framework to ensure delivery of quality drinking water and wastewater services, and outlined what stronger performance in the three waters sector would look like.

Both central and local government acknowledge that there are many challenges facing the delivery of water services and infrastructure, and the communities that fund and rely on these services. These challenges include:

- Underinvestment in three waters infrastructure in parts of the country, and substantial infrastructure deficits. For example, it is estimated that between \$300 to \$570 million is required to upgrade networked drinking water treatment plants to meet drinking water standards; and up to \$4 billion is required to upgrade wastewater plants to meet new consent requirements. These deficits are likely to be underestimates, given the variable quality of asset management data.
- Persistent funding and affordability challenges, particularly for communities with small rating bases, or high-growth areas that have reached their prudential borrowing limits.
- Additional investment required to increase public confidence in the safety of drinking water, improve freshwater outcomes, and as a critical component of a collective response to climate change and increasing resilience of local communities.

COVID-19 has made the situation even more challenging. Prior to COVID-19, territorial authorities were planning on spending \$8.3 billion in capital over the next five years on water infrastructure. However, COVID-19 is likely to cause significant decreases in revenue in the short term. As a result, borrowing will be constrained due to lower debt limits that flow from lower revenues, and opportunities to raise revenue through rates, fees and charges will be limited.

### ***Progress with three waters regulatory reforms***

Good progress is already being made to address the regulatory issues that were raised by the Havelock North Inquiry and Three Waters Review. The Government is implementing a package of reforms to the three waters regulatory system, which are designed to:

- improve national-level leadership, oversight, and support relating to the three waters – through the creation of Taumata Arowai, a new, dedicated Water Services Regulator;
- significantly strengthen compliance, monitoring, and enforcement relating to drinking water regulation;
- manage risks to drinking water safety and ensure sources of drinking water are protected;
- improve the environmental performance and transparency of wastewater and stormwater networks.

Legislation to create Taumata Arowai had its third reading on 22 July 2020 and achieved royal assent on 6 August 2020. This new Crown entity is currently being built and will become responsible for drinking water regulation once a separate Water Services Bill is passed (anticipated mid 2021).

However, both central and local government acknowledge that regulatory reforms alone will not be sufficient to address many of the persistent issues facing the three waters system. Reforms to service delivery and funding arrangements also need to be explored.

### ***Overview of proposed approach to three waters investment and service delivery reform***

At the recent Central/Local Government Forum, central and local government leadership discussed the challenges facing New Zealand’s water service delivery and infrastructure and committed to working jointly on reform. A Joint Central/Local Government Three Waters Steering Committee has been established to provide oversight and guidance to support this work. Further details on the Joint Three Waters Steering Committee are provided in Appendix E.

Central and local government consider it is timely to apply targeted infrastructure stimulus investment to enable improvements to water service delivery, progress service delivery reform in partnership, and ensure the period of economic recovery following COVID-19 supports a transition to a productive, sustainable economy.

In July 2020, the Government announced an initial funding package of \$761 million to provide post COVID-19 stimulus, support a three-year programme of reform of local government water service delivery arrangements, and support the establishment and operation of Taumata Arowai.

The reform programme is designed to support economic recovery, and address persistent systemic issues facing the three waters sector, through a combination of:

- stimulating investment, to assist economic recovery through job creation, and maintain investment in water infrastructure renewals and maintenance; and
- reforming current water service delivery, into larger scale providers, to realise significant economic, public health, environmental, and other benefits over the medium to long term.

While the Government’s starting intention is for publicly-owned multi-regional models for water service delivery (with a preference for local authority ownership), final decisions on a service delivery model will be informed by discussion with the local government sector and the work of the Joint Steering Committee.

Further information on the reform objectives, and the core design features of any new service delivery model, are provided in pages 3 to 4 of the MoU at Appendix A.

**Reform process and indicative timetable**

As noted above, this is a three-year programme to reform three waters service delivery arrangements, which is being delivered in conjunction with an economic stimulus package of Crown investment in water infrastructure. The reform programme will be undertaken in stages.

The initial stage is an opt in, non-binding approach, which involves councils taking the actions and signing the documents described below (MoU, Funding Agreement, and Delivery Plan). Councils that agree to opt in by the end of August 2020 will receive a share of the initial funding package. Any further tranches of funding will be at the discretion of the Government and may depend on progress against reform objectives.

An indicative timetable for the full reform programme is provided below. While this is subject to change as the reforms progress, and subject to future Government budget decisions, it provides an overview of the longer-term reform pathway.

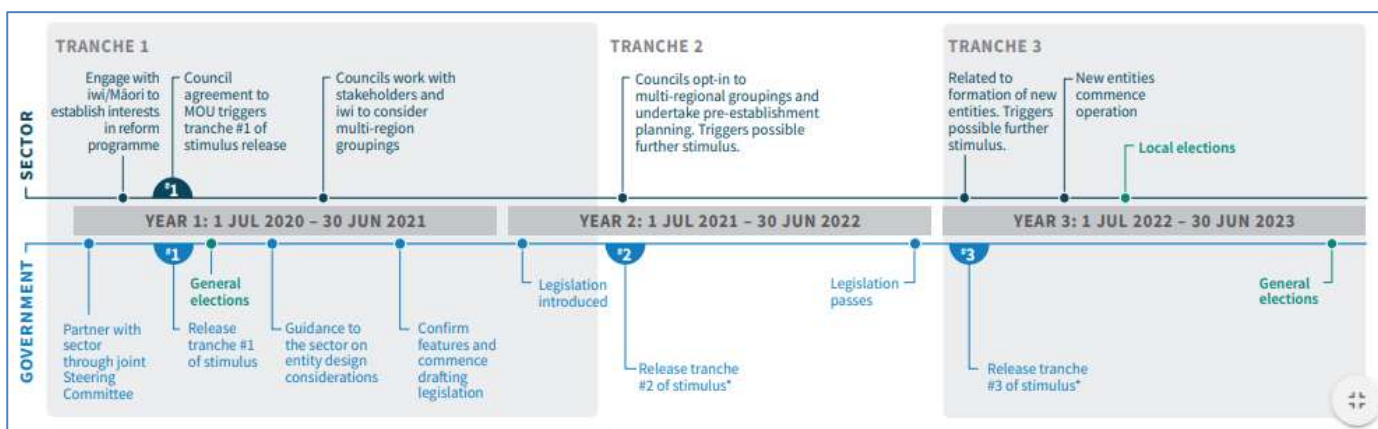


Figure 1 - Indicative Reform Pathway

***Allocation of the investment package***

The Government has determined a notional allocation framework based on a nationally-consistent formula.

The general approach to determining each authority's notional allocation is based on a formula that gives weight to two main factors:

- The population in the relevant council area, as a proxy for the number of water connections serviced by a territorial authority (75 per cent weighting)
- The land area covered by a local authority excluding national parks, as a proxy for the higher costs per connection of providing water services in areas with low population density (25 per cent weighting).

The investment package is structured into two components:

- A direct allocation to each territorial authority, comprising 50% of that territorial authority's notional allocation; and
- A regional allocation, comprising the sum of the remaining 50% of the notional allocations for each territorial authority in the relevant region

The relevant allocations for Far North District Council are:

- \$5,900,000 (excluding GST) direct allocation for Far North District Council.
- \$14,130,000 (excluding GST) regional allocation for Northland

The purpose of the Government's regional allocation is to establish collective participation by councils in the reform programme. Each regional group of councils has until 30 September to agree on how best to apportion the regional funds to the individual territorial authorities that make up the region. Appendix F includes a hypothetical example of how a regional allocation decision-making process could work

The Steering Committee has recommended a preferred approach to the allocation of regional funding, being the same formula that is used to determine the direct allocations to territorial authorities.

Officers recommend delegating decisions about the allocation of regional funding to the Chief Executive, with the understanding that the minimum level of funding to the Council be based upon the formula used to calculate the direct council allocations, and noting that participation by two-thirds of territorial authorities within the Northland region is required to access the regional allocation.

**2) DISCUSSION AND OPTIONS**

The initial stage of the reform programme involves three core elements:

- Memorandum of Understanding (Appendix A);
- Funding Agreement (Appendix B);
- Delivery Plan (Appendix C).

Initial funding will be made available to those councils that sign the MoU, and associated Funding Agreement, and provide a Delivery Plan.

This initial funding will be provided in two components: a direct allocation to individual councils, and a regional allocation. The participating councils in each region are required to agree an approach to distributing the regional allocation.

The MoU is the 'opt in' to the first stage of the reform and stimulus programme. The MoU needs to be signed and submitted by the end of August 2020. The Funding Agreement and Delivery Plan need to be submitted by the end of September 2020, to access the stimulus funding,



Councils that do not opt in by the end August 2020 deadline will not receive a share of the stimulus funding. Councils will still be able to opt into the reform programme at a later date, but will not have access to the initial funding package, retrospectively.

### ***Memorandum of Understanding***

A MoU has been developed by the Steering Group, for each council to enter into with the Crown. This is a standardised document, which cannot be amended or modified by either party.

Signing the MoU commits councils to:

- engage in the first stage of the reform programme – including a willingness to accept the reform objectives and the core design features set out in the MoU;
- the principles of working together with central government and the Steering Committee;
- work with neighbouring councils to consider the creation of multi-regional entities;
- share information and analysis on their three waters assets and service delivery arrangements.

At this point, this is a voluntary, non-binding commitment. It does not require councils to commit to future phases of the reform programme, to transfer their assets and/or liabilities, or establish new water entities.

The MoU is effective from the date of agreement until 30 June 2021, unless terminated by agreement or by replacement with another document relating to the reform programme.

A legal opinion by Simpson Grierson (Appendix D), commissioned by SOLGM on behalf of the Steering Committee, advises that the MoU does not contain any explicit triggers for consultation under the Local Government Act 2002.

### ***Funding Agreement***

This Council has been allocated \$5.90M by the Crown, if it opts into the reform programme. A further \$14.13M has been allocated to Northland to agree an appropriate distribution between participating Councils. This funding will be provided as a grant, which does not need to be repaid if the Council does not ultimately commit to reform at later stages of the process.

There are several options for how the regional funding could be allocated between councils. The joint central-local government Three Waters Steering Committee preferred approach is to apply the same formula used to calculate the direct allocations. Under this approach, the Council would receive an additional \$5.90M, contributing to a **total funding allocation of \$11.80M**.

It is recommended that the Council delegates authority to the Chief Executive to agree an appropriate allocation with other participating councils, with the understanding that the Council share of the regional allocation should be \$5.90M at a minimum, noting that participation by two thirds of territorial authorities within the region is to access the regional funding. The Funding Agreement is one of the mechanisms for accessing the funding package. Like the MoU, it is a standardised document, for agreement between each council and the Crown. It cannot be amended.

The Funding Agreement guides the release and use of funding. It sets out:

- the funding amount allocated to the Council;
- funding conditions;
- public accountability requirements, including the Public Finance Act;
- reporting milestones.

While there is some local flexibility around how the funding can be applied, the Government has indicated that this investment is intended to support economic recovery, enable improvements in water service delivery, and progress the service delivery reform programme.

The Funding Agreement will be supplemented by a Delivery Plan, which is the document that sets out how the grant funding is to be applied by the Council.

### **Delivery Plan**

The Delivery Plan is the other mechanism for accessing the funding package.

This Delivery Plan must show that the funding allocation is to be applied to operating and/or capital expenditure relating to three waters infrastructure and service delivery, and which:

- supports economic recovery through job creation; and
- maintains, increases, and/or accelerates investment in core water infrastructure renewal and maintenance.

The Delivery Plan is a short-form template, which sets out:

- a summary of the works to be funded, including location, estimated associated costs, and expected benefits/outcomes;
- the number of people to be employed in these works;
- an assessment of how the works support the reform objectives in the MoU;
- reporting obligations.

The Delivery Plan will be supplied to Crown Infrastructure Partners (and other organisations as agreed between the Council and Crown), for review and approval. Crown Infrastructure Partners will monitor progress against the Delivery Plan, to ensure spending has been undertaken with public sector financial management requirements.

### **Reason for the recommendation**

The funding made available through the Three Waters Service Reform is a significant sum of money which the Far North District Council can use to improve the resilience, reliability and affordability of its water, wastewater and stormwater services.

Signing the MoU sends a message to the joint local/central government 3 Waters Committee that FNDC is open to discussions around significant changes to the provision of water and wastewater services but it does not commit Council to a future decision.

Council has an opportunity to reduce the some of the risks associated with our water, wastewater and stormwater assets at minimal cost to ratepayers.

Officers recommend that Council opt in to this funding by signing the MoU.

### **3) FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION**

This funding is a grant and Council are not required to pay back the money under any reasonably foreseeable circumstances. The funding can be used to renew, replace or improve assets (capital) or it can be used for operational activities such as maintenance, training or development of best practice management plans.

Any spend that is capital in nature may impact on future rates of that scheme as the value of the assets in that scheme will likely increase as a result of the work and additional depreciation will need to be collected via rates. New assets may also increase future operating costs of the scheme.

Spending the grant on operational activities is unlikely to increase future rates. If we accelerate future planned or required operational work then it is possible that we can see a decrease in operational spending in the first few years of the 2021 LTP.

### **ATTACHMENTS**

1. **Three Waters Reform Memorandum of Understanding - A2937569** [↓](#)
2. **Three Waters Stimulus Funding Agreement - A2937562** [↓](#)
3. **Three Waters Stimulus Grant Delivery Plan Template - A2937563** [↓](#)
4. **Legal opinion provided by Simpson Grierson relating to consultation requirements - A2937561** [↓](#)
5. **Information on Joint Three Waters Steering Committee - A2937599** [↓](#)

**6. Hypothetical scenario for agreeing regional funding allocation - A2937600 [↓](#)**

**Compliance schedule:**

Full consideration has been given to the provisions of the Local Government Act 2002 S77 in relation to decision making, in particular:

1. A Local authority must, in the course of the decision-making process,
  - a) Seek to identify all reasonably practicable options for the achievement of the objective of a decision; and
  - b) Assess the options in terms of their advantages and disadvantages; and
  - c) If any of the options identified under paragraph (a) involves a significant decision in relation to land or a body of water, take into account the relationship of Māori and their culture and traditions with their ancestral land, water sites, waahi tapu, valued flora and fauna and other taonga.
2. This section is subject to Section 79 - Compliance with procedures in relation to decisions.

Compliance requirement	Staff assessment
State the level of significance (high or low) of the issue or proposal as determined by the <a href="#">Council's Significance and Engagement Policy</a>	Legal opinion sought by SOLGM from Simpson Grierson states that signing the MoU does not trigger the need to consult. Legal advice is attached as Appendix D.
State the relevant Council policies (external or internal), legislation, and/or community outcomes (as stated in the LTP) that relate to this decision.	<p>The recommendation will contribute to the community outcome “Connected and engaged communities prepared for the unexpected” by improving resilience in our 3 waters assets.</p> <p>The recommendation will contribute to the community outcome “Communities that are healthy, safe, connected and sustainable” by reducing risks relating to drinking water, wastewater and stormwater.</p>
State whether this issue or proposal has a District wide relevance and, if not, the ways in which the appropriate Community Board’s views have been sought.	The recommendation is for a programme of work which will impact on communities differently. The Community Board’s views have not been sought.
State the possible implications for Māori and how Māori have been provided with an opportunity to contribute to decision making if this decision is significant and relates to land and/or any body of water.	Iwi and hapu in the Far North District will have an interest in how the 3 waters reforms progress. FNDC recently missed a good opportunity to engage with Māori at the DIA workshop in Whangarei – we acknowledge that we missed the opportunity to invite our iwi/hapu partners along to that workshop with the DIA. Meaningful engagement with iwi and hapu on the District’s position on 3 Waters Reforms is absolutely necessary prior to Tranche Two of the reforms.
Identify persons likely to be affected by or have an interest in the matter, and how you have given consideration to their views or preferences (for example – youth, the aged and those with disabilities).	The decision to opt in to the funding will affect most persons equally but how the money is spent may impact some persons/groups/minorities differently. Consideration of how we can positively impact disadvantaged groups with this funding will be considered in the development of the delivery plan.

<p>State the financial implications and where budgetary provisions have been made to support this decision.</p>	<p>Financial implications are discussed in section 3 of the report. The recommendation is to accept up to \$11.80M in grant funding from the government and no budgets are required.</p>
<p>Chief Financial Officer review.</p>	<p>The Chief Financial Officer has reviewed this report</p>

# MODEL

## Memorandum of Understanding Three Waters Services Reform

Between the [Sovereign in right of New Zealand acting by and through the Minister of Local Government] and

[Territorial Authority]

Date

## PURPOSE

This Memorandum of Understanding (Memorandum) sets out the principles and objectives that the Parties agree will underpin their ongoing relationship to support the improvement in three waters service delivery for communities with the aim of realising significant public health, environmental, economic, and other benefits over the medium to long term. It describes, in general terms, the key features of the proposed reform programme and the Government funding arrangements that will support investment in three waters infrastructure as part of the COVID 19 economic recovery.

## BACKGROUND

Over the past three years central and local government have been considering solutions to challenges facing the regulation and delivery of three water services. This has seen the development of new legislation to create Taumata Arowai, the new Water Services Regulator, to oversee and enforce a new drinking water regulatory framework, with an additional oversight role for wastewater and stormwater networks.

While addressing the regulatory issues, both central and local government acknowledge that there are broader challenges facing the delivery of water services and infrastructure, and the communities that fund and rely on these services. There has been regulatory failure, underinvestment in three waters infrastructure in parts of the country, and persistent affordability challenges, and additional investment is required to increase public confidence in the safety of drinking water and to improve freshwater outcomes. Furthermore, investment in water service delivery infrastructure is a critical component of a collective response to climate change and increasing resilience of local communities.

The Parties to this Memorandum consider it is timely to apply targeted infrastructure stimulus investment to enable improvements to water service delivery, progress reform in partnership, and ensure the period of economic recovery following COVID-19 supports a transition to a productive, sustainable economy. Additional funding will be subject to Government decision-making and reliant on the Parties demonstrating substantive progress against the reform objectives. The quantum, timing, conditions, and any other information relating to future funding will be advised at the appropriate time but will likely comprise additional tranches of funding and more specific agreement to key reform milestones.

The reform process and stimulus funding, proposed by Government, is designed to support economic recovery post COVID-19 and address persistent systemic issues facing the three waters sector, through a combination of:

- stimulating investment, to assist economic recovery through job creation, and maintain investment in water infrastructure renewals and maintenance; and
- reforming current water service delivery, into larger scale providers, to realise significant economic, public health, environmental, and other benefits over the medium to long term.

There is a shared understanding that a partnership approach will best support the wider community and ensure that the transition to any eventual new arrangements is well managed and as smooth as possible. This requires undertaking the reform in a manner that enables local government to continue and, where possible, enhance delivery of its broad “wellbeing mandates” under the Local Government Act 2002, while recognising the potential impacts that changes to three waters service delivery may have on the role and functions of territorial authorities.

## PRINCIPLES FOR WORKING TOGETHER

The Parties shall promote a relationship in their dealings with each other, and other Parties related to the three waters services reform, based on:

- mutual trust and respect; and
- openness, promptness, consistency and fairness in all dealings and communication including through adopting a no-surprises approach to any matters or dealings related to the reform programme; and
- non-adversarial dealings and constructive problem-solving approaches; and
- working co-operatively and helpfully to facilitate the other Parties perform their roles; and
- openly sharing information and analysis undertaken to date on the state of the system for delivering three waters services and the quality of the asset base.

This Memorandum is intended to be non-binding in so far as it does not give rise to legally enforceable obligations between the Parties.

## REFORM OBJECTIVES AND CORE DESIGN FEATURES

By agreeing to this Memorandum, the Parties agree to work constructively together to support the objectives of the three waters service delivery reform programme.

The Parties agree that the following objectives will underpin the reform programme and inform the development of reform options/proposals:

- significantly improving the safety and quality of drinking water services, and the environmental performance of drinking water and wastewater systems (which are crucial to good public health and wellbeing, and achieving good environmental outcomes);
- ensuring all New Zealanders have equitable access to affordable three waters services;
- improving the coordination of resources, planning, and unlocking strategic opportunities to consider New Zealand's infrastructure and environmental needs at a larger scale;
- increasing the resilience of three waters service provision to both short- and long-term risks and events, particularly climate change and natural hazards;
- moving the supply of three waters services to a more financially sustainable footing, and addressing the affordability and capability challenges faced by small suppliers and councils;
- improving transparency about, and accountability for, the delivery and costs of three waters services, including the ability to benchmark the performance of service providers; and
- undertaking the reform in a manner that enables local government to further enhance the way in which it can deliver on its broader "wellbeing mandates" as set out in the Local Government Act 2002.

In addition to these objectives, the Parties recognise that any consideration of changes to, or new models for, water service delivery arrangements must include the following fundamental requirements and safeguards:

- mechanisms that provide for continued public ownership of water service delivery infrastructure, and protect against privatisation; and
- mechanisms that provide for the exercise of ownership rights in water services entities that consider the interests and wellbeing of local communities, and which provide for local service delivery.

The Parties also recognise the reform programme will give rise to rights and interests under the Treaty of Waitangi and both Parties acknowledge the role of the Treaty partner. This includes maintaining Treaty settlement obligations and other statutory rights including under the Resource Management Act 1991 and the Local Government Act 2002. The outcome of discussions with iwi/Māori will inform design of appropriate mechanisms to reflect Treaty interests. This will include clarity of roles and responsibilities.

The Parties agree to work together to identify an approach to service delivery reform that incorporates the objectives and safeguards noted above, and considers the following design features as a minimum:

- water service delivery entities, that are:
  - of significant scale (most likely multi-regional) to enable benefits from aggregation to be achieved over the medium to long-term;
  - asset owning entities, with balance sheet separation to support improved access to capital, alternative funding instruments and improved balance sheet strength; and
  - structured as statutory entities with appropriate and relevant commercial disciplines and competency-based boards;
- delivery of drinking water and wastewater services as a priority, with the ability to extend to stormwater service provision only where effective and efficient to do so; and
- publicly owned entities, with a preference for collective council ownership;
- mechanisms for enabling communities to provide input in relation to the new entities.

The Parties acknowledge that work will also be undertaken to develop a regulatory framework, including mechanisms to protect the interests of consumers.

## FUNDING ARRANGEMENTS

The Government has indicated its intention to provide funding to stimulate investment to enable improvements in water service delivery, support economic recovery and progress Three Waters Services Reform. The quantum of funding available for the Council (and each participating Council) will be notified by Government prior to signing this Memorandum.



Funding will be provided as soon as practicable following agreement to this Memorandum and the associated Funding Agreement and Delivery Plan. The Delivery Plan will need to show that the funding is to be applied to operating or capital expenditure on three waters service delivery (with the mix to be determined by the Council) that:

- supports economic recovery through job creation; and
- maintains, increases and/or accelerates investment in core water infrastructure renewals and maintenance.<sup>1</sup>

The Delivery Plan will be based on a simple template and will include a summary of projects, relevant milestones, costs, location of physical works, number of people employed in works, reporting milestones and an assessment of how it supports the reform objectives set out in this Memorandum.

The Delivery Plan will be supplied to Crown Infrastructure Partners, and other organisations as agreed between the Parties, who will monitor progress of application of funding against the Delivery Plan to ensure spending has been undertaken consistent with public sector financial management requirements.

Agreement to this Memorandum and associated Funding Agreement and Delivery Plan are required prior to the release of Government funding. The Council will have the right to choose whether or not they wish to continue to participate in the reform programme beyond the term of the Memorandum.

## FUTURE AGREEMENTS

The Parties may choose to enter other agreements that support the reform programme. These agreements will be expected to set out the terms on which the Council will partner with other councils to deliver on the reform objectives and core design features, and will include key reform milestones and detailed plans for transition to and establishment of new three waters service delivery entities.

## PROGRAMME MANAGEMENT

The Government will establish a programme management office and the Council will be able to access funding support to participate in the reform process.

The Government will provide further guidance on the approach to programme support, central and regional support functions and activities and criteria for determining eligibility for funding support. This guidance will also include the specifics of any information required to progress the reform that may be related to asset quality, asset value, costs, and funding arrangements.

## TERM

This Memorandum is effective from the date of agreement until 30 June 2021 unless terminated by agreement or by replacement with another agreement related to the reform programme.

---

<sup>1</sup> Maintains previously planned investment that may have otherwise deferred as a result of COVID-19.

### INTERACTIONS, MONITORING, INFORMATION AND RECORDS

The Parties nominate the following representatives to act as the primary point of communication for the purposes of this Memorandum and any other purpose related to the reform programme.

Government's representative	Council
[As delegated]	[Chief Executive of the Council]

It is the responsibility of these representatives to:

- work collaboratively to support the reform objectives;
- keep both Parties fully informed;
- act as a first point of reference between Parties and as liaison persons for external contacts; and
- communicate between Parties on matters that arise that may be of interest to either party.

If the contact person changes in either organisation, the other party's contact person must be informed of the new contact person immediately and there should be an efficient transition to ensure the momentum of the reform process is not undermined.

### CONFIDENTIALITY

Neither of the Parties is to disclose, directly or indirectly, any confidential information received from the other party to any third party without written consent from the other party, unless required by processes under the Official Information Act 1982 or the Local Government Official Information and Meetings Act 1987 (whichever applies), or under a Parliamentary process- such as following a Parliamentary question, in which case the relevant party is to inform the other party prior to disclosure. Protocols will be established to enable exchange information between Councils where that is consistent with progressing reform objectives.

### DISPUTE RESOLUTION

Any dispute concerning the subject matter of this document is to be settled by full and frank discussion and negotiation between the Parties.

.....  
SIGNED on behalf of the Crown  
by [insert name - DELETE TEXT]  
  
[Sovereign in right of New Zealand acting by  
and through the Minister of Local  
Government]:

.....  
SIGNED by [insert name of the Mayor of the  
Territorial Authority signing - DELETE TEXT] on  
behalf of [Territorial Authority]

.....  
SIGNED by [insert name of the Chief Executive  
of the Territorial Authority signing - DELETE  
TEXT] on behalf of [Territorial Authority]

.....  
Witness signature  
  
Witness name [insert name - DELETE TEXT]  
Witness occupation [insert occupation -  
DELETE TEXT]  
  
Witness address [insert address - DELETE  
TEXT]

.....  
Witness signature  
  
Witness name [insert name - DELETE TEXT]  
Witness occupation [insert occupation  
-DELETE TEXT]  
  
Witness address [insert address - DELETE  
TEXT]



# **FUNDING AGREEMENT**

**BETWEEN**

**DEPARTMENT OF INTERNAL AFFAIRS**

**AND**

**[NAME OF RECIPIENT]**

**FOR**

**THREE WATERS SERVICES REFORMS**

**AGREEMENT**

The parties (identified below in Part 1) agree to be bound by the terms and conditions of this Agreement, as set out below in Part 1 (Key Details), Part 2 (General Terms), Part 3 (Definitions and Construction) and the Schedule (Payment Request).

**PART 1: KEY DETAILS**

**1 Parties** The Sovereign in right of New Zealand, acting by and through the Chief Executive of the Department of Internal Affairs (**DIA**)  
[NAME OF RECIPIENT] (**Recipient**)

**2 Background** The New Zealand Government is undertaking a reform programme for “Three Waters” (drinking water, wastewater and stormwater) service delivery for communities (**Three Waters Reform Programme**). In conjunction with the Three Waters Reform Programme, the New Zealand Government is investing in water service delivery. The investment’s objectives are to:

- 1. improve the safety and quality of drinking water services, and the environmental performance of drinking water and wastewater systems, by maintaining, increasing or accelerating investment in core water infrastructure renewals and maintenance; and
- 2. support New Zealand’s economic recovery from the COVID-19 pandemic through job creation, by enabling investment to continue at a time when council revenues are uncertain and they face immediate cashflow challenges.

The New Zealand Government has mandated DIA to manage the provision of Government funding to local authorities to support investment in water infrastructure that supports its public health and environmental management objectives. Provision of such funding supports the objectives of the reform programme, by creating positive momentum toward reform of delivery arrangements for drinking water and wastewater services and infrastructure (with stormwater as a secondary priority).

The New Zealand Government has also mandated Crown Infrastructure Partners Limited (**CIP**) to assist in managing such funding by undertaking a monitoring role.

The Recipient is a territorial authority with statutory responsibility for delivering Three Waters services within its own district or city. The Recipient will work collaboratively with the New Zealand Government in connection with the Three Waters Reform Programme.

DIA has agreed to contribute funding to the Recipient on the terms and conditions of this Agreement (**Agreement**).

Key details of this Agreement are set out in this **Part 1**. The full terms and conditions are set out in **Part 2**. Defined terms and rules of interpretation are set out in **Part 3**.

**3 Conditions Precedent** No Funding is payable under this Agreement until DIA has confirmed to the Recipient in writing that it has received, and found, in its sole discretion, to be satisfactory to it in form and substance, the following documents and evidence:

- 1. This Agreement, duly executed by the Recipient by 30 September 2020.
- 2. The Memorandum of Understanding, duly executed by the Recipient

by 31 August 2020.

3. The final Delivery Plan prepared by the Recipient, in a form approved by DIA and duly executed by the Recipient by 31 October 2020.

A draft of the Delivery Plan must be submitted by no later than 30 September 2020 to [threewaters@dia.govt.nz](mailto:threewaters@dia.govt.nz) (copied to the Monitor) for review and comment by DIA (and/or the Monitor as its nominee).

Once DIA (or the Monitor) responds to the draft Delivery Plan, the Recipient must promptly engage with DIA (or the Monitor), seek to resolve such comments, and submit a final Delivery Plan for DIA's approval.

The Recipient is responsible for the content of the Delivery Plan and approval by DIA for the purposes of this Agreement shall not impose any obligations on DIA in respect of the Delivery Plan other than as expressly set out in this Agreement.

These conditions precedent must either be satisfied (in the opinion of DIA) or waived by DIA (at its sole discretion) by 31 October 2020, unless a later date is agreed otherwise in writing with DIA. In the event that they are not satisfied or waived within that time, DIA may notify the Recipient that this Agreement has not come into effect and is null and void.

- 4 **Expenditure Programme(s)** The Recipient may only use the Funding to complete the expenditure programme(s) described in the Delivery Plan (each an **Expenditure Programme**).
- 5 **Expenditure Programme Milestones and Completion Dates** The Recipient is to complete the Expenditure Programme Milestones set out in the Delivery Plan to the satisfaction of DIA by the Completion Dates dates set out therein.
- 6 **End Date** The End Date is 31 March 2022, or such later date determined by DIA in its discretion.
- 7 **Funding** The total Funding available under this Agreement is up to **NZ\$[INSERT HERE]** plus GST (if any). This is the Total Maximum Amount Payable.
- The first instalment of Funding under this Agreement is subject to satisfaction of the Conditions Precedent set out in Item 3 above and receipt of a duly completed Payment Request in accordance with clause 1 of Part 2.
- The balance of the Funding under this Agreement will be paid in instalments as specified in the Delivery Plan, subject to satisfaction of the conditions set out below and the other terms and conditions of this Agreement.
- Each instalment of Funding under this Agreement, following payment of the first instalment, is subject to:
- (a) Receipt of a duly completed Payment Request in accordance with clause 1 of Part 2.
  - (b) The Expenditure Programme(s) having commenced no later than 31 March 2021.
  - (c) DIA receiving and being satisfied with the quarterly reports specified in the Key Details, together with the other information required in this Agreement.
  - (d) No Termination Event, or event entitling DIA to suspend funding under this Agreement, subsisting.
  - (e) Any further conditions relating to that instalment of Funding as

specified in the Delivery Plan.

The first Payment Request may be submitted upon the Commencement Date occurring. Each subsequent Payment Request may only be submitted at the same time as submission of a quarterly report in accordance with item 8 (Reporting) of the Key Details, and no more than one such Payment Request may be submitted in any Quarter, except (in each case) to the extent agreed by DIA in its sole discretion.

## 8 Reporting

The Recipient will provide DIA (copied to the Monitor) with quarterly reports by the 10<sup>th</sup> Business Day following the end of each Quarter, with effect from the Commencement Date. Each quarterly report must include the information set out below, in the standard reporting form specified by DIA.

The Recipient will also provide DIA (copied to the Monitor) with a final report by the 10<sup>th</sup> Business Day following the date on which the Expenditure Programme(s) are completed. The final report must include the information set out below, in the standard reporting form specified by DIA.

Each report is to be in form and substance satisfactory to DIA in its sole discretion.

**Each quarterly report** must include the following information:

- (a) Description and analysis of actual progress of the Expenditure Programme(s) against planned progress for the relevant Quarter;
- (b) A summary of expenditure, actual against budgeted (including underspend and cash float), for the relevant Quarter;
- (c) Plans for the next Quarter;
- (d) Forecast cashflows and forecast of the costs to complete the Expenditure Programme(s);
- (e) Any major risks arising or expected to arise with the Expenditure Programme(s), costs or performance of this Agreement, together with actual or proposed mitigations for those risks (including, where the actual Expenditure Programme(s) costs are forecast to exceed budgeted costs, how the shortfall is to be funded);
- (f) A summary of the number of jobs created, actual against expected, through people employed in the Expenditure Programme(s);
- (g) Any specific reporting requirements set out in the Delivery Plan; and
- (h) Any other information that is notified by DIA in writing to the Recipient.

**The final report** must include the following information:

- (a) Description and analysis of completion of the Expenditure Programme(s) against the original programme;
- (b) A summary of expenditure, actual against budgeted (including underspend), for the full Expenditure Programme(s);
- (c) Detail of the Recipient's proposed next steps;
- (d) An update on media, marketing and communication activities for the Expenditure Programme(s);
- (e) A summary of the number of jobs created, actual against expected, through people employed in the Expenditure Programme(s);
- (f) Any specific reporting requirements set out in the Delivery Plan; and
- (g) Any other information that is notified by DIA in writing to the Recipient.

9 **Special Terms** [None] / [*Special terms to be added*]

10 **Recipient’s Bank Account** [xx-xxxx-xxxxxxxx-xxx]

11 **Representative** DIA’s Representative: Recipient’s Representative:  
Name: Allan Prangnell Name: [name]  
Email: [threewaters@dia.govt.nz](mailto:threewaters@dia.govt.nz) Email: [email]

12 **Address for Notices** To DIA: To the Recipient:  
Three Waters Reform [address]  
Level 7, 45 Pipitea Street Attention: [name]  
Wellington 6011 Email: [email]  
Attention: Allan Prangnell  
Email: [threewaters@dia.govt.nz](mailto:threewaters@dia.govt.nz), with  
a copy to [legalnotices@dia.govt.nz](mailto:legalnotices@dia.govt.nz)  
To the Monitor:  
Attention: Anthony Wilson  
Email:  
[3waters@crowinfrastucture.govt.nz](mailto:3waters@crowinfrastucture.govt.nz)

**SIGNATURES**

**SIGNED** by the **SOVEREIGN IN RIGHT OF NEW ZEALAND** acting by and through the Chief Executive of the Department of Internal Affairs or his or her authorised delegate:

**SIGNED** for and on behalf of [RECIPIENT NAME] by the person(s) named below, being a person(s) duly authorised to enter into obligations on behalf of the Recipient:

\_\_\_\_\_  
Name:  
Position:  
Date:

\_\_\_\_\_  
Name:  
Position:  
Date:

\_\_\_\_\_  
Name:  
Position:  
Date:

END OF PART 1



---

**PART 2: GENERAL TERMS**

---

**1 FUNDING**

- 1.1 DIA must pay the Funding (up to the "Total Maximum Amount Payable" specified in the Key Details) to the Recipient, subject to the terms of this Agreement. Unless stated otherwise in this Agreement, the Recipient may only claim the Funding to the extent necessary to cover Eligible Costs that have been or will be incurred by the Recipient, and the Recipient must use the Funding solely on Eligible Costs.
- 1.2 The Recipient must submit a Payment Request to [threewaters@dia.govt.nz](mailto:threewaters@dia.govt.nz) and copying in DIA's Representative and the Monitor on completion of one or more Expenditure Programme Milestones specified in the Delivery Plan. Such Payment Request must be submitted at the time specified in, and otherwise in accordance with, item 7 (Funding) in the Key Details.
- 1.3 Each Payment Request is to be signed by the Chief Executive and an authorised signatory of the Recipient and must be in the form set out in the Schedule and include the confirmations set out therein, and must include:
- (a) the amount of Funding requested, which must not exceed the aggregate maximum Funding instalment amounts set out in the Delivery Plan for the Expenditure Programme Milestone(s) to which that Payment Request relates; and
  - (b) contain any other information required by DIA.
- 1.4 Once DIA has reviewed the Payment Request and the information enclosed with it, it will request the Recipient to provide (and the Recipient will provide) a valid GST invoice complying with the Goods and Services Tax Act 1985.
- 1.5 DIA is not required to pay any Funding in respect of a Payment Request:
- (a) if any Expenditure Programme Milestone(s) have not been completed by the relevant "Completion Date" specified in the Delivery Plan;
  - (b) if any reports specified in the Key Details have not been provided or are not in form and substance satisfactory to DIA in its sole discretion;
  - (c) if the Conditions specified in Item 7 of the Key Details relating to that instalment have not been satisfied;
  - (d) if payment will result in the Funding exceeding the "Total Maximum Amount Payable" specified in the Key Details;
  - (e) if this Agreement has expired or been terminated; and/or
  - (f) while the Recipient is in breach of this Agreement.
- For the avoidance of doubt, DIA's obligation to make Funding available under this Agreement is strictly subject to clause 6.2.
- 1.6 Subject to the terms of this Agreement, DIA must pay each valid Payment Request by the 20th day of the month after the month the GST invoice referred to in clause 1.4 is dated, and if such day is not a Business Day, on the next Business Day. DIA will pay the Funding to the Bank Account of the Recipient specified in Item 10 of the Key Details.

- 1.7 The Funding made available under this Agreement comprises grant funding and does not comprise an equity investment or loan. It is only repayable in the specific circumstances set out in this Agreement.
- 1.8 DIA may, at its discretion, notify the Recipient in writing that it wishes to enter into a GST Offset Agreement in connection with the payment of GST on any Funding. The Recipient must, where applicable, take all such steps as are reasonably required to achieve that GST offset in accordance with the Goods and Services Tax Act 1985.

## 2 RECIPIENT'S RESPONSIBILITIES

### Standards and compliance with laws

- 2.1 The Recipient must comply with all applicable laws, regulations, rules and professional codes of conduct or practice.

### Expenditure Programme(s) and Contractors

- 2.2 The Recipient must not, without DIA's prior written consent, make any Material Variation to the Expenditure Programme(s) (including its description and scope) as set out in the Delivery Plan.
- 2.3 The Recipient must ensure that the Expenditure Programme(s) are carried out:
  - (a) promptly with due diligence, care and skill, and in a manner that meets or exceeds Best Industry Practice;
  - (b) by appropriately trained, qualified, experienced and supervised persons; and
  - (c) in accordance with any directions of DIA, notified by DIA in writing from time to time.
- 2.4 The Recipient must use reasonable endeavours to ensure that the Expenditure Programme Milestones are completed by the relevant "Completion Date" specified in the Delivery Plan.
- 2.5 The Recipient is responsible for the acts and omissions of any contractors and subcontractors.
- 2.6 The Recipient must ensure (and will procure that the head contractor when engaging with any other contractor ensures) that all agreements it enters into with any contractors or any other party in connection with the Expenditure Programme(s) are on an "arm's length" basis, provide value-for-money and do not give rise to any Conflict of Interest. The Recipient must provide DIA with reasonable evidence of compliance with this clause 2.6 in response to any request by DIA from time to time.

### Information Undertakings

- 2.7 The Recipient must provide DIA with the reports specified in the Key Details, in accordance with the timeframes and reporting requirements set out in the Key Details.
- 2.8 The Recipient must provide DIA with any other information about the Expenditure Programme(s) requested by DIA within the timeframe set out in the request.
- 2.9 The Recipient must promptly notify DIA if:

- (a) the Recipient (or any of its personnel or contractors) becomes aware of, or subject to, a Conflict of Interest; or
- (b) the Recipient becomes aware of any matter that could reasonably be expected to have an adverse effect on an Expenditure Programme and any related programme, or result in a Termination Event or a breach of any term of this Agreement by the Recipient,

and if requested by DIA must promptly provide DIA with its plan to mitigate and manage such Conflict of Interest or such matter.

- 2.10 The Recipient must not at any time do anything that could reasonably be expected to have an adverse effect on the reputation, good standing or goodwill of DIA or the New Zealand Government. The Recipient must keep DIA informed of any matter known to the Recipient which could reasonably be expected to have such an effect.
- 2.11 The parties acknowledge and agree that CIP (or any other Monitor) may, to the extent directed by DIA, undertake a reviewing and monitoring role under this Agreement, including by:
- (a) reviewing and confirming satisfaction with the Delivery Plan and with the reports specified in the Key Details;
  - (b) seeking, reviewing and confirming satisfaction with further information from the Recipient; and
  - (c) making recommendations to DIA and the New Zealand Government in respect of the Funding and the Agreement.

The Recipient agrees that all its communications and correspondence under this Agreement may be made with DIA or, to the extent directed by DIA, the Monitor.

#### **Funding, records and auditors**

- 2.12 The Recipient must receive and manage all Funding in accordance with good financial management and accounting practices and to a high standard that demonstrates appropriate use of public funds.
- 2.13 The Recipient must keep full and accurate records (including accounting records) of the Expenditure Programme(s) and retain them for at least 7 years after the last payment of Funding under this Agreement. The Recipient must permit DIA (or any auditor nominated by DIA) to inspect all records relating to the Expenditure Programme(s) and must allow DIA and/or the auditor access to the Recipient's premises, systems and personnel for the purposes of this inspection. DIA shall bear any third party costs arising from such inspection, unless the inspection reveals a breach of this Agreement, in which case the Recipient shall bear such costs.

#### **Reform**

- 2.14 The Recipient agrees to work constructively together with DIA and the New Zealand Government to support the objectives of the Three Waters Reform Programme pursuant to the Memorandum of Understanding. The parties acknowledge that the undertaking set out in this clause 2.14 is intended to be non-binding.

**3 INTELLECTUAL PROPERTY**

- 3.1 DIA acknowledges that the Recipient and its licensors own all pre-existing intellectual property which they contribute to the Expenditure Programme(s), and all new intellectual property which they create in the course of the Expenditure Programme(s).
- 3.2 The Recipient grants an irrevocable, perpetual, royalty-free, sub-licensable licence to DIA and the Monitor to use all reports, documents, information and other materials created or provided by the Recipient to DIA or the Monitor under or in connection with the Expenditure Programme(s) and this Agreement.
- 3.3 The Recipient warrants that it has obtained (or will obtain, prior to creation of each relevant work) all rights and permissions necessary to enable the grant and exercise of the licence in clause 3.2 without infringing the intellectual property rights of any third party.

**4 TERM AND TERMINATION**

- 4.1 This Agreement will be effective on and from the Commencement Date, which will be the latest to occur of:
- (a) the date this Agreement has been signed by both parties; and
  - (b) the date on which DIA has provided written notice to the Recipient that the Conditions Precedent specified in the Key Details have either been satisfied (in the opinion of DIA) or waived by DIA (at its sole discretion).
- 4.2 This Agreement will remain in force until the End Date, unless terminated in accordance with this Agreement.
- 4.3 DIA can terminate this Agreement with immediate effect, by giving notice to the Recipient, at any time:
- (a) while DIA reasonably considers that the Recipient has become or is likely to become insolvent;
  - (b) while the Recipient is subject to the appointment of a liquidator, receiver, manager or similar person in respect of any of its assets or a Crown Manager or Commission is appointed in respect of the Recipient under Part 10 of the Local Government Act 2002;
  - (c) if the Expenditure Programme(s) have not commenced by 31 March 2021; or
  - (d) while any one or more of the follow events or circumstances remains unremedied:
    - (i) the Recipient is materially in breach of any obligation, or a condition or warranty, under this Agreement;
    - (ii) the Recipient has provided DIA with information in connection with or under this Agreement that (whether intentionally or not) is materially incorrect or misleading, and/or omits material information;
    - (iii) DIA reasonably considers that this Agreement or an Expenditure Programme has caused, or may cause, DIA and/or the New Zealand Government to breach any legal obligations (including its international trade obligations);

- (iv) the Recipient abandons an Expenditure Programme;
  - (v) the Recipient is involved in any intentional or reckless conduct which, in the opinion of DIA, has damaged or could damage the reputation, good standing or goodwill of DIA or the New Zealand Government, or is involved in any material misrepresentation or any fraud;
  - (vi) the Recipient (or any of its personnel or contractors) is subject to a Conflict of Interest which cannot be managed to DIA's satisfaction; or
  - (vii) any change in law, regulations or other circumstances materially affects DIA's ability to perform its obligations under this Agreement.
- 4.4 However, where DIA considers that a Termination Event set out in clause 4.3(d) can be remedied, DIA must give notice to the Recipient requesting a remedy, and must not exercise its right of termination unless the relevant event remains unremedied for at least 14 days (or any longer period agreed with the Recipient) after that notice has been provided by DIA.
- 4.5 On expiry or termination of this Agreement, where the aggregate of (a) the total Funding paid under this Agreement and (b) any other money received or allocated by the Recipient, in each case to carry out an Expenditure Programme, exceeds the amount required to perform the Expenditure Programme, the Recipient must upon request refund to DIA the excess amount.
- 4.6 At any time DIA may recover the amount of any Funding that has been spent or used other than in accordance with this Agreement, or not applied to Eligible Costs by the End Date, together with interest on all such amounts calculated at 10% per annum from the date of the mispending to the date the money is repaid.
- 4.7 Clauses 1.5, 2.1, 2.12, 2.13, 3, 4, 5, 6, 7, 8, 9, 10 and 11 survive expiry or termination of this Agreement, along with any other parts of this Agreement necessary to give effect to those provisions. Expiry or termination of this Agreement does not affect any accrued rights, including any rights in respect of a breach of this Agreement or Termination Event that occurred before expiry or termination.

## 5 WARRANTIES AND UNDERTAKINGS

- 5.1 The Recipient warrants that, in the course of its activities in connection with the Expenditure Programme(s), it will not infringe any intellectual property or other rights of any contractor or any other third party.
- 5.2 The Recipient warrants that, as at the date of this Agreement:
- (a) It has full power and authority to enter into and perform its obligations under this Agreement which, when executed, will constitute binding obligations on it in accordance with this Agreement's terms, and it has complied with the Local Government Act 2002 in entering into this Agreement;
  - (b) the Recipient is solvent and is not subject to the appointment of a liquidator, receiver, manager or similar person in respect of any of its assets or to the appointment of a Crown Manager or Commission under Part 10 of the Local Government Act 2002;

- (c) all information and representations disclosed or made to DIA by the Recipient in connection with this Agreement are true and correct, do not omit any material matter, and are not likely to mislead or deceive DIA as to any material matter;
- (d) it has disclosed to DIA all matters known to the Recipient (relating to the Expenditure Programme(s), the Recipient or its personnel) that could reasonably be expected to have an adverse effect on the reputation, good standing or goodwill of DIA or the New Zealand Government; and
- (e) it is not aware of any material information that has not been disclosed to DIA which may, if disclosed, materially adversely affect the decision of DIA whether to provide the Funding.

5.3 The Recipient warrants that:

- (a) the Funding has been or will be applied solely to Eligible Costs; and
- (b) the Expenditure Programme(s) will take into account the parties' shared intention to:
  - (i) support economic recovery through job creation; and
  - (ii) maintain, increase and/or accelerate investment in core water infrastructure renewals and maintenance,

and such warranty will be deemed to be repeated continuously so long as this Agreement remains in effect by reference to the facts and circumstances then existing.

- 5.4 DIA warrants that, as at the date of this Agreement, it has full power and authority to enter into and perform its obligations under this Agreement which, when executed, will constitute binding obligations on it in accordance with this Agreement's terms.
- 5.5 The Recipient acknowledges that DIA has entered into this Agreement in reliance on these warranties and undertakings.
- 5.6 The Recipient acknowledges and agrees that DIA has made no warranty or representation that any funding or financial support is or will be available to the Recipient in respect of the Expenditure Programme(s), other than the Funding.

## 6 LIABILITY

- 6.1 The maximum liability of DIA under or in connection with this Agreement, whether arising in contract, tort (including negligence) or otherwise, is limited to the total amount of Funding paid or payable under this Agreement.
- 6.2 The Recipient undertakes to pay any and all cost overruns of the Expenditure Programme(s) and any funding shortfall, and DIA and the New Zealand Government have no obligations or responsibility whatsoever in respect of such cost overruns and funding shortfall and accept no financial risk in the Expenditure Programme(s).
- 6.3 DIA is not liable for any claim under or in connection with this Agreement or the Expenditure Programme(s), whether arising in contract, tort (including negligence) or otherwise, where such claim is or relates to any loss of profit, loss of revenue, loss of use, loss of reputation, loss of goodwill, loss of opportunity (in each case whether direct, indirect

or consequential) or any other indirect, consequential or incidental loss or damages of any kind whatsoever.

## 7 **CONFIDENTIALITY**

- 7.1 Subject to clause 7.2 and 7.3, each party must keep the other party's Confidential Information in confidence, and must use or disclose that Confidential Information only to the extent necessary to perform its obligations, and/or take the intended benefit of its rights, under this Agreement. However, this will not prohibit:
- (a) either party from using or disclosing any information with the written prior consent of the other party;
  - (b) use or disclosure of information that has become generally known to the public other than through a breach of this Agreement;
  - (c) either party from disclosing information to its personnel, contractors or advisors with a need to know, so long as the relevant personnel, contractors and advisors use the information solely to enable that party to perform its obligations and/or take the intended benefit of its rights under this Agreement, and so long as they are informed of the confidential nature of the information and, in the case of the Recipient, the Recipient receives an acknowledgement from its personnel, contractors or advisors that they acknowledge, and must comply with, the confidentiality obligations in this Agreement as if they were party to it;
  - (d) disclosure required by any law, or any compulsory order or requirement issued pursuant to any law; or
  - (e) DIA from using or disclosing to any party any documents, reports or information received in relation to this Agreement, provided that prior to any such disclosure DIA removes all information that is commercially sensitive to the Recipient from the relevant work.
- 7.2 The Recipient acknowledges and agrees that nothing in this Agreement restricts DIA's ability to:
- (a) discuss, and provide all information in respect of, any matters concerning the Recipient, the Expenditure Programme(s) or this Agreement with any Minister of the Crown, the Monitor, any other government agency or any of their respective advisors;
  - (b) meet its obligations under any constitutional or parliamentary convention (or other obligation at law) of or in relation to the New Zealand Parliament, the New Zealand House of Representatives or any of its Committees, any Minister of the Crown, or the New Zealand Auditor-General, including any obligations under the Cabinet Manual including the "no surprises" principle; and
  - (c) publicise and report on the awarding of the Funding, including the Recipient's and any of its contractor's names, the amount and duration of the Funding and a brief description of the Expenditure Programme(s), on websites; in media releases; general announcements and annual reports.
- 7.3 The Recipient acknowledges that:
- (a) the contents of this Agreement (including the Delivery Plan); and

- (b) information provided to DIA and the Monitor (including the reports specified in the Key Details),

may be official information in terms of the Official Information Act 1982 and, in line with the purpose and principles of the Official Information Act 1982, this Agreement and such information may be released to the public unless there is good reason under the Official Information Act 1982 to withhold it.

- 7.4 DIA acknowledges that the Recipient is subject to the Local Government Official Information and Meetings Act 1987 and that its confidentiality obligations under this clause 7 are subject to its compliance with that Act.

## 8 MEDIA AND COMMUNICATIONS

- 8.1 Before making any media statements or press releases (including social media posts) regarding this Agreement and/or DIA's involvement with the Expenditure Programme(s), the Recipient will consult with DIA, and will obtain DIA's prior approval to any such statements or releases.
- 8.2 The Recipient will refer any enquiries from the media or any other person about the terms or performance of this Agreement to DIA's Representative.
- 8.3 The Recipient will acknowledge the New Zealand Government as a source of funding in all publications (including any digital presence) and publicity regarding the Expenditure Programme(s) in accordance with funding acknowledgement guidelines agreed with DIA. The Recipient must obtain DIA's approval of the form and wording of the acknowledgement prior to including the acknowledgement in the publication or publicity (as the case may be).
- 8.4 The Recipient does not have the right to enter into any commitment, contract or agreement on behalf of DIA or any associated body, or to make any public statement or comment on behalf of DIA or the New Zealand Government.
- 8.5 All correspondence with DIA under this clause 8 must be directed to DIA's Representative and copied to [threewaters@dia.govt.nz](mailto:threewaters@dia.govt.nz) and the Monitor.

## 9 DISPUTES

- 9.1 In the event of any dispute, controversy or claim arising out of or in connection with this Agreement, or in relation to any question regarding its existence, breach, termination or invalidity (in each case, a **Dispute**), either party may give written notice to the other specifying the nature of the Dispute and requesting discussions under this clause 9 (**Dispute Notice**). As soon as reasonably practicable following receipt of a Dispute Notice, the parties must meet (in person, or by audio or video conference) and endeavour to resolve the Dispute by discussion, negotiation and agreement.
- 9.2 If the matter cannot be amicably settled within 20 Business Days after the date of the Dispute Notice then, at the request in writing of either party, the matter in respect of which the Dispute has arisen must be submitted, together with a report describing the nature of such matter, to the Representatives (or, if no such Representatives have been appointed, the respective Chief Executives of the parties) (together the **Dispute Representatives**).
- 9.3 Within 20 Business Days after the receipt of a request under clause 9.2, one individual (who does not act in his or her professional capacity as legal counsel for either party) selected by each of the Dispute Representatives, must make a presentation of no longer than 30 minutes to each of the Dispute Representatives (which may be by telephone or remotely),



who will then attempt in good faith to reach a common decision within a half-day. The decision of the Dispute Representatives is binding on the parties.

- 9.4 In the case of a Dispute, if the Dispute Representatives have not met within 20 Business Days of receiving a request in accordance with clause 9.2, or if they fail to reach a common decision within the stated time period, either party may by notice in writing to the other party refer the Dispute to be referred to mediation before a single mediator appointed by the parties. Each party will bear its own costs of mediation and the costs of the mediator will be divided evenly between the parties.
- 9.5 If the parties are unable to agree on the appointment of a mediator within 5 Business Days of the notice requiring the Dispute to be referred to mediation, a mediator may be appointed at the request of any party by the Arbitrators' and Mediators' Institute of New Zealand Inc.
- 9.6 If the Dispute is not resolved within 20 Business Days of referral to mediation, the parties may commence court proceedings without further participation in any mediation.
- 9.7 Nothing in this clause 9 will prevent either party from seeking urgent interim relief from a court (or other tribunal) of competent jurisdiction.

## 10 REPRESENTATIVES

- 10.1 All matters or enquiries regarding this Agreement must be directed to each party's Representative (set out in the Key Details).
- 10.2 Each party may from time to time change the person designated as its Representative on 10 Business Days' written notice to the other Party. Any such change will also take effect as a change of the relevant Representative for the purposes of the Memorandum of Understanding.

## 11 GENERAL

- 11.1 Each notice or other communication given under this Agreement (each a **notice**) must be in writing and delivered personally or sent by post or email to the address of the relevant party set out in the Key Details or to any other address from time to time designated for that purpose by at least 10 Business Days' prior written notice to the other party. A notice under this Agreement is deemed to be received if:

- (a) **Delivery:** delivered personally, when delivered;
- (b) **Post:** posted, 5 Business Days after posting or, in the case of international post, 7 Business Days after posting; and
- (c) **Email:** sent by email:
  - (i) If sent between the hours of 9am and 5pm (local time) on a Business Day, at the time of transmission; or
  - (ii) If subclause (i) does not apply, at 9am (local time) on the Business Day most immediately after the time of sending,

provided that an email is not deemed received unless (if receipt is disputed) the party giving notice produces a printed copy of the email which evidences that the email was sent to the email address of the party given notice.

- 11.2 The Recipient agrees to execute and deliver any documents and to do all things as may be required by DIA to obtain the full benefit of this Agreement according to its true intent.
- 11.3 No legal partnership, employer-employee, principal-agent or joint venture relationship is created or evidenced by this Agreement.
- 11.4 This Agreement constitutes the sole and entire understanding with respect to the subject matter hereof and supersedes all prior discussions, representations and understandings, written or oral.
- 11.5 No amendment to this Agreement will be effective unless agreed in writing and signed by both parties.
- 11.6 The Recipient may not assign or transfer any of its contractual rights or obligations under this Agreement, except with DIA's prior written approval.
- 11.7 DIA may assign or transfer any of its contractual rights or obligations under this Agreement without the Recipient's prior approval. DIA may at any time disclose to a proposed assignee or transferee any information which relates to, or was provided in connection with, the Recipient, the Expenditure Programme(s) or this Agreement.
- 11.8 No failure, delay or indulgence by any party in exercising any power or right conferred on that party by this Agreement shall operate as a waiver. A single exercise of any of those powers or rights does not preclude further exercises of those powers or rights or the exercise of any other powers or rights.
- 11.9 The exercise by a party of any express right set out in this Agreement is without prejudice to any other rights, powers or remedies available to a party in contract, at law or in equity, including any rights, powers or remedies which would be available if the express rights were not set out in this Agreement.
- 11.10 This Agreement is not intended to confer any benefit on or create any obligation enforceable at the suit of any person not a party to this Agreement.
- 11.11 Any provision of this Agreement that is invalid or unenforceable will be deemed deleted, and will not affect the other provisions of this Agreement, all of which remain in force to the extent permitted by law, subject to any modifications made necessary by the deletion of the invalid or unenforceable provision.
- 11.12 This Agreement is to be governed by the laws of New Zealand, and the parties submit to the non-exclusive jurisdiction of the courts of New Zealand.
- 11.13 This Agreement may be executed in any number of counterparts (including duly electronically signed, scanned and emailed copies). So long as each party has received a counterpart signed by each of the other parties, the counterparts together shall constitute a binding and enforceable agreement. This Agreement is intended to constitute a binding and enforceable agreement in accordance with its terms.

*END OF PART 2*

---

## Part 3: Definitions and Construction

---

### Defined terms

In this Agreement, unless the context requires otherwise, terms defined in the Agreement have the meaning set out therein and:

*Authorisation* means:

- (a) any consent, authorisation, registration, filing, lodgement, agreement, notarisation, certificate, permission, licence, approval, authority or exemption from, by or with a governmental agency or required by any law (including any consent under the Resource Management Act 1991); or
- (b) in relation to anything which will be fully or partly prohibited or restricted by law if a governmental agency intervenes or acts in any way within a specified period after lodgement, filing, registration or notification, the expiry of that period without intervention or action.

*Best Industry Practice* means that degree of skill, care and foresight and operating practice that would reasonably and ordinarily be expected of a skilled and competent supplier of services engaged in the same type of undertaking as that of the Recipient or any contractors (as applicable) under the same or similar circumstances as those contemplated by this Agreement.

*Business Day* means any day other than a Saturday, Sunday or public holiday within the meaning of section 44 of the Holidays Act 2003.

*Commencement Date* has the meaning given in clause 4.1 of Part 2.

*Completion Date* is the date that the relevant Expenditure Programme Milestone is to be completed by the Recipient, described in the Delivery Plan, and includes any amendment to the date which may be agreed in writing (including by email but only when DIA's Representative expressly confirms in writing that they have received approval of the change from the correct DIA delegation holder) between the parties from time to time.

*Conditions* means the conditions to the payment of a Funding instalment as specified in Item 7 of the Key Details.

*Confidential Information* of a party (Owner), means any information in the possession or control of another party (Holder) that:

- (a) was originally acquired by the Holder in connection with this Agreement through disclosures made by or at the request of the Owner; and/or
- (b) was originally acquired by the Holder in connection with this Agreement through any access to, or viewing, inspection or evaluation of, the premises, facilities, documents, systems or other assets owned or controlled by the Owner; and/or
- (c) is derived from information of a kind described in paragraph (a) or (b) above;

but excludes any information which the Holder can show:

- (d) was lawfully acquired by the Holder, entirely independently of its activities in connection with this Agreement, and is free of any other obligation of confidence owed to the Owner; and/or

- (e) has been independently developed by the Holder without reference to the Owner's Confidential Information, and without breaching any other obligation of confidence owed to the Owner.

Notwithstanding the foregoing, the terms of this Agreement (excluding the Delivery Plan) are not Confidential Information.

*Conflict of Interest* means any matter, circumstance, interest or activity of the Recipient, its personnel or contractors, or any other person with whom the Recipient has a relationship that:

- (a) conflicts with:
- (i) the obligations of the Recipient (or its personnel or contractors) to DIA under this Agreement; or
  - (ii) the interests of the Recipient in relation to this Agreement and/or the procuring of the Expenditure Programme(s); or
- (b) otherwise impairs or might appear to impair the ability of the Recipient (or any of its personnel or contractors) to diligently and independently carry out the Expenditure Programme(s) in accordance with this Agreement.

*Delivery Plan* means the delivery plan setting out the scope of the Expenditure Programme(s) to which Funding is to be applied, based on the template provided by and in the form approved by DIA and executed by DIA and the Recipient.

*Eligible Costs* means the actual costs that have been or will be reasonably incurred by the Recipient on or after the Commencement Date and no later than the End Date to deliver an Expenditure Programme in accordance with the Delivery Plan.

*Expenditure Programme Milestone* means, in respect of an Expenditure Programme, a milestone for that Expenditure Programme, as set out in the Delivery Plan.

*Funding* means the funding or any part of the funding (as the context requires) payable by DIA to the Recipient in accordance with the terms of this Agreement, as described in the Key Details.

*GST Offset Agreement* means a deed of assignment between DIA as Assignor and the Recipient as Assignee providing for the offset of the amount of GST in accordance with the Goods and Services Tax Act 1985.

*Key Details* means Part 1 of this Agreement.

*Memorandum of Understanding* means the memorandum of understanding relating to Three Waters Services Reform between DIA and the Recipient, in the form provided by DIA.

*Material Variation* means, in respect of an Expenditure Programme, any variation which on its own or together with any other variation or variations results in, or is likely to result in the budgeted expenditure (taking into account all variations) being exceeded or an Expenditure Programme being materially delayed, or any variation that materially amends the scope, specifications or function of an Expenditure Programme.

*Monitor* means CIP, or any other entity appointed by DIA in its sole discretion to assist in managing the Funding by undertaking a monitoring role.

*Payment Request* means a request submitted to DIA by the Recipient seeking payment of Funding substantially in the form set out in the Schedule to this Agreement.

*Quarter* means a financial quarter, being a three monthly period ending on 30 June, 30 September, 31 December or 31 March.

*Termination Event* means any one or more of the events or circumstances set out in clause 4.3.

### **Construction**

In the construction of this Agreement, unless the context requires otherwise:

*Currency*: a reference to any monetary amount is to New Zealand currency;

*Defined Terms*: words or phrases appearing in this Agreement with capitalised initial letters are defined terms and have the meanings given to them in this Agreement;

*Documents*: a reference to any document, including this Agreement, includes a reference to that document as amended or replaced from time to time;

*Inclusions*: a reference to “includes” is a reference to “includes without limitation”, and “include”, “included” and “including” have corresponding meanings;

*Joint and Several Liability*: any provision of this Agreement to be performed or observed by two or more persons binds those persons jointly and severally;

*Parties*: a reference to a party to this Agreement or any other document includes that party's personal representatives/successors and permitted assigns;

*Person*: a reference to a person includes a corporation sole and also a body of persons, whether corporate or unincorporate;

*Precedence* : if there is any conflict between the different parts of this Agreement, then unless specifically stated otherwise, the Key Details will prevail over Part 2, and Part 2 will prevail over the Delivery Plan;

*Precedence with Memorandum of Understanding*: if there is any conflict between this Agreement and the Memorandum of Understanding, then unless specifically stated otherwise, this Agreement will prevail;

*Related Terms*: where a word or expression is defined in this Agreement, other parts of speech and grammatical forms of that word or expression have corresponding meanings;

*Statutes and Regulations*: a reference to an enactment or any regulations is a reference to that enactment or those regulations as amended, or to any enactment or regulations substituted for that enactment or those regulations;

*Writing*: a reference to “written” or “in writing” includes email and any commonly used electronic document format such as .DOC or .PDF.

---

END OF PART 3

---

**SCHEDULE: PAYMENT REQUEST**

---

To: DEPARTMENT OF INTERNAL AFFAIRS

Dated: [•]

**PAYMENT REQUEST**

1. We refer to the Funding Agreement dated [•] 2020 between [•] as recipient (**Recipient**) and the Department of Internal Affairs (**DIA**) (the **Agreement**). Terms defined in the Agreement have the same meaning in this Payment Request.
2. This is a Payment Request for the purpose of clauses 1.2 and 1.3 of the Agreement.
3. Each of the Expenditure Programme Milestones that have been completed are:  
  
*[insert description of each of Expenditure Programme Milestones completed, including the date of completion]*
4. The amount of Funding requested is \$[•] plus GST if any.
5. The Funding requested in this Payment Request has been or will be required to meet the Eligible Costs.
6. We enclose with this Payment Request:
  - (a) a breakdown / total transaction listing of total Eligible Costs that have been or will be incurred to deliver the completed Expenditure Programme Milestone(s);
  - (b) the conditions to the applicable Expenditure Programme Milestone(s) as set out in the Funding Agreement and the Delivery Plan;
  - (c) a quarterly report; and *\*Note: (c) is not applicable for the first Payment Request, or where DIA has agreed under item 7 of the Key Terms that a Payment Request does not need to be provided alongside a quarterly report*
  - (d) any other reasonable information or evidence requested by DIA or the Monitor in relation to Eligible Costs that have been incurred or will be incurred.
7. We confirm that:
  - (a) no Termination Event is subsisting; and
  - (b) each of the warranties set out in the Agreement are correct as at the date of this Payment Request.

By and on behalf of the Recipient by

NAME OF RECIPIENT

---

Chief Executive

---

Authorised Officer

**THREE WATERS STIMULUS GRANT DELIVERY PLAN**

**Instructions for completion:** A single Delivery Plan is to be completed for the full Expenditure Programme. Territorial Authorities may elect to provide appendices providing further detail of specific elements of the proposed expenditure programme.

The draft Delivery Plan must be submitted by the Territorial Authority as soon as possible and in any event by no later than 30 September 2020 to [threewaters@dia.govt.nz](mailto:threewaters@dia.govt.nz), with a copy to [3waters@crowinfrastructure.govt.nz](mailto:3waters@crowinfrastructure.govt.nz). The Delivery Plan will be assessed by the Department of Internal Affairs and Crown Infrastructure Partners Limited, who may elect to provide feedback and require further detail, additions or alterations. A revised version of the Delivery Plan, incorporating all agreed changes, must be submitted for approval thereafter, with the final Delivery Plan to be in an approved form by 31 October 2020.

Where the Department of Internal Affairs requires additional reporting or other assurance based on a specific Delivery Plan, this will be included in section 17 below following the Department of Internal Affairs/Crown Infrastructure Partners Limited review. Section 17 will form part of the Delivery Plan. All figures in this Delivery Plan should be GST exclusive.

Capitalised terms in this Delivery Plan have the meaning given to them in the Funding Agreement, where applicable.

**Territorial Authority information**

1. Programme Title:

2. Territorial Authority:

3. Total Maximum Amount Payable (NZ\$M):  \$

4. Organisation Lead Contact:

Name:	<input style="width: 95%; height: 20px;" type="text"/>
Position:	<input style="width: 95%; height: 20px;" type="text"/>
Email:	<input style="width: 95%; height: 20px;" type="text"/>

**Expenditure Programme overview**

5. Please provide a brief description of the expenditure programme to be undertaken:

6. Location/address of the programme:  
(if this is a series of investments, please identify each location where relevant)

7. What is the **total** estimated cost of the programme (NZ\$M)?

\$

8. If the total estimated cost exceeds the Total Maximum Amount Payable, please specify the funding source(s) and amount(s):

Funding Source	Amount (NZ\$M)
	\$
	\$
<b>Total</b>	\$

9. Please provide a high-level breakdown of the expenditure programme including a cost schedule identifying estimated costs for each major component:

10. What is the expected number of people employed, and net jobs created through the expenditure programme? How has this been estimated?

**Expenditure Programme commencement**

11. Please describe the initial activity to be undertaken on expenditure programme commencement:

**Expenditure Programme completion**

12. Please outline below the high-level plan that will ensure the expenditure programme is completed by 31 March 2022 (these should largely mirror the milestones below):

**Expenditure Programme funding status**

13. Please indicate below the expenditure programme funding status:

Included in LTP	Y/N	Amounts NZ\$	Year
Included in Annual Plan 2020/21	Y/N	Amounts NZ\$	N/A



Not funded in any plan	Y/N	Amounts NZ\$	Year
Was funded but COVID-19 deferred	Y/N	Amounts NZ\$	Year
Is any Territorial Authority co-funding being contributed?	Y/N	Amounts NZ\$	Year

14. Please set out the key milestones of the expenditure programme to be undertaken, and for each milestone the planned completion date and budget:<sup>1</sup>

	Expenditure Programme Milestone (including a description of how the milestone is identified)	Completion Date	Maximum Funding instalment amount (NZ\$) <sup>2</sup>	Budgeted costs to complete the expenditure programme (NZ\$)	[DIA USE ONLY] Funding Conditions
1.	Commencement Date occurring under the Funding Agreement	31 October 2020 (or such date agreed otherwise in writing with DIA under the Funding Agreement)	NZ\$[INSERT HERE] [Note: this is to be 50% of the Total Maximum Amount Payable]	Nil	
2.	[Commencement of expenditure programme]	[date] [To be no later than 31 March 2021]	NZ\$[INSERT HERE]	NZ\$[INSERT HERE]	
3.	[milestone]	[date]	NZ\$[INSERT HERE]	NZ\$[INSERT HERE]	
4.	[milestone]	[date]	NZ\$[INSERT HERE]	NZ\$[INSERT HERE]	
5.	[milestone]	[date]	NZ\$[INSERT HERE]	NZ\$[INSERT HERE]	
6.	[milestone]	[date]	NZ\$[INSERT HERE]	NZ\$[INSERT HERE]	
7.	[Completion of expenditure programme]	[date] [To be no later than 31 March 2022]	NZ\$[INSERT HERE] <sup>3</sup>	NZ\$[INSERT HERE]	

<sup>1</sup> All figures should be GST exclusive.

<sup>2</sup> You may choose to determine each maximum Funding instalment amount for a milestone on the basis of seeking funds either for application towards costs incurred for that milestone, or for application towards costs to be incurred for the following milestone.

<sup>3</sup> The final Payment Request needs to be submitted with the quarterly report for the period ending 31 December 2021.

	<b>TOTAL</b>		<i>[Must be less or equal to Total Maximum Amount Payable]</i>	<i>[Must be equal to the total estimated cost of the expenditure programme]</i>	
--	--------------	--	--	---	--

15. Briefly outline the final expected outcomes/objectives of the expenditure programme:

16. Briefly outline an assessment of how the expenditure programme supports the reform objectives set out in the Memorandum of Understanding relating to Three Waters Services Reform between you and the Sovereign in Right of New Zealand acting by and through the Minister of Local Government:

**DIA USE ONLY**

17. Additional requirements in respect of the Funding Agreement (such as specific reporting requirements):

The parties acknowledge and agree that this is the agreed Delivery Plan.

**SIGNATURES**

**SIGNED** by the **SOVEREIGN IN RIGHT OF NEW ZEALAND** acting by and through the Chief Executive of the Department of Internal Affairs or his or her authorised delegate:

\_\_\_\_\_  
 Name:  
 Position:  
 Date:

**SIGNED** for and on behalf of

\_\_\_\_\_  
 by the person(s) named below, being a person(s) duly authorised to enter into obligations on behalf of that territorial authority:

\_\_\_\_\_  
 Name:  
 Position:  
 Date:

Name:

Position:

Date:



## Our advice

**Prepared for** SOLGM  
**Prepared by** Jonathan Salter and Lizzy Wiessing  
**Date** 31 July 2020

PRIVILEGED AND CONFIDENTIAL

### Three waters services reform MOU - no explicit triggers for consultation before territorial authorities sign

- |                   |   |
|-------------------|---|
| <b>Background</b> | <ol style="list-style-type: none"> <li>1. You have asked us to prepare advice to be circulated to territorial authorities with the draft memorandum of understanding for three water services reform (<b>MOU</b>).</li> <li>2. Our advice proceeds on the presumption that councils will enter into the MOU after their annual plan for 2020/21 has been adopted.</li> </ol>  |
| <b>Question</b>   | <ol style="list-style-type: none"> <li>3. Do territorial authorities need to consult their community before entering into the MOU?</li> </ol>   |
| <b>Answer</b>     | <ol style="list-style-type: none"> <li>4. Generally, no. There are no explicit triggers for consultation before entering into the MOU. The decision to enter into it is of course subject to the general requirements relating to decision-making in Part 6 of the Local Government Act 2002 (<b>LGA 02</b>). If councils consider they do not have a reasonable understanding of community views in relation to the commitments arising from the MOU then they could choose to consult their communities about the decision. We expect this will be the exception not the norm.</li> <li>5. Certain choices made subsequently as to what projects to advance or steps to take might trigger consultation requirements at that time.</li> </ol> |

Our reasons

	<b>Page</b>
<b>Summary</b>	
• The obligations assumed on upon entry into the MOU do not trigger any explicit requirements to consult in the LGA 02.	2
• The decision is subject to the general requirements relating to decision-making in Part 6 of the LGA 02, meaning local authorities may choose to consult.	3
• Subsequent decisions relating to either the reform or projects/funding aspects may trigger consultation requirements at that time.	3-4

**The obligations assumed upon entry into the MOU have no explicit consultation triggers**

6. The key commitment in the MOU is to working constructively together to support the objectives of the the three waters service delivery reform programme (page 3). The MOU contains objectives that will underpin the reform programme and inform the development of reform options/proposals and core reform design features (pages 3 and 4). We refer to this as the reform commitment.
7. It is fundamental to the reform commitment that there is acknowledgement by both parties to the MOU that there are challenges facing the delivery of water services and infrastructure and the communities that fund and rely on those services, that are in need of solutions. These challenges are set out in summary form in the Background section. This section also makes it clear that the reform process and stimulus funding proposed by government is designed to support economic recovery post COVID-19 and address persistent systemic issues facing the three waters sector through a combination of:
  - Stimulation investment, to assist economic recovery through job creation and maintain investment in water infrastructure renewals and maintenance; and
  - Reforming current water service delivery, into larger scale providers, to realise significant economic, public health, environmental, and other benefits over the medium to long term.
8. The Background refers to a shared understanding that a partnership approach will best support the wider community and ensure that the transition to any eventual new arrangements is well managed and as smooth as possible. This partnership approach is set out more fully in the section “Principles for Working Together” as a relationship based on mutual trust and respect, openness, non-adversarial dealings and constructive problem-solving, co-operation and information sharing. As principles to underpin dealings between local authorities and the Crown, these are uncontroversial.

- 
9. The reform objectives which “inform the development of reform options/proposals” are similarly self-evident with the possible exception of the objective of:

“Improving the co-ordination of resources, planning, and unlocking strategic opportunities to consider New Zealand’s infrastructure and environmental needs at a larger scale.”

10. This is offset to some extent by the objective of “undertaking the reform in a manner that enables local government to further enhance the way in which it can deliver on its broader “wellbeing mandates” as set out in the Local Government Act 2002.”
11. The parties to the MOU agree to consider minimum design features which include water service delivery entities of significant scale (most likely multi-regional) to enable benefits from aggregation to be achieved over the medium to long-term, structured as statutory entities.
12. Funding from central government to councils is available in three tranches. Tranche one funding will be provided following entry into the MOU and agreement to an associated funding agreement and delivery plan. The delivery plan will need to show that the funding is to be applied to opex or capex that supports economic recovery through job creation and maintains, increases or accelerates investment in core water infrastructure renewals and maintenance (page 5). The funding cannot be applied to projects already in a council’s annual plan. We refer to this as the projects commitment.
13. The MOU is effective from the date of signing until 30 June 2021, unless terminated earlier or extended.
14. Neither the reform commitment nor projects commitments bind councils to specific three waters projects. Rather, councils are committing to participate in a reform process looking at changes to three waters delivery and identify possible projects that are eligible for funding. The obligations are exploratory/investigative in nature.
15. The MOU cannot, and does not, supplant the planning, accountability and associated consultation obligations of local authorities in the LGA 02. These continue to apply when there is a relevant trigger.
16. Decisions on three waters projects are the likely outcome of the reform process and funding provided, after participation in the process, after entry into the MOU. The consultation can be undertaken at that time.

**The decision to enter the MOU is subject to the Part 6 LGA 02 decision-making obligations –**

- 
17. Whether or not to enter into the MOU will be at councils’ discretion. As a decision, the decision will be subject to the general decision-making obligations in Part 6 of the LGA 02.
18. The Part 6 LGA 02 obligations include the section 78 obligation to consider the views and preferences of interested and affected
-

these do not strongly indicate that consultation is required

persons when making this decision, and determine whether consultation is needed or appropriate in order to identify those views and preferences.

19. This determination as to extent of compliance with section 78 will be a judgement for each council to make under section 79, and will depend in part on the particular council's significance and engagement policy (**SEP**), and its 2020/21 annual plan and current LTP.
20. The availability of Crown funding for core water infrastructure (at an amount disclosed before the MOU is entered into) is a unique opportunity to relieve local funding pressures that councils might reasonably expect their communities to support. The associated commitment to cooperate in a consideration of structural water reform is a subject on which councils may have limited understanding of community views. However, the exploratory/investigative nature of the reform commitment and the express provision in the MOU that it does not give rise to legally enforceable obligations, suggest the ready application of section 79(2) as a justification for not undertaking specific community engagement at this time.
21. Councils should check out of an abundance of caution that their SEP does not indicate a need to consult before entering the MOU. We expect it to be very unlikely that many policies will indicate consultation is required, including because of the nature of the obligations assumed upon entry into the MOU and that the decision is not irrevocable. Also potentially relevant is that the timeframes imposed by central government do not permit sufficient time to consult.
22. If councils enter into the MOU, they may want to consult subsequently on whether to continue their support of reform. LTP consultation in 2021 would be the obvious opportunity, and would provide timely information about whether to participate in tranche two.

Consultation triggers for decisions on three waters reform (post entry into the MOU)

23. Some specific LGA 02 consultation triggers that may be relevant to decisions on three waters reform (after participation in the reform process in the MOU) are:
  - 23.1 **Section 56** – councils must consult before becoming a shareholder in a council controlled organisation (**CCO**). If the reformed service delivery approach leads to councils being shareholders in new multi-regional providers (which seem likely to be CCOs), then section 56 may be triggered.
  - 23.2 **Section 97(1)(b)** – if the reformed delivery approach amounts to a "decision to transfer the ownership or control of a strategic asset to or from the local authority", then it would be necessary to amend the council's LTP to explicitly provide for this decision, which requires consultation under section 93E. Water network assets are almost always listed as a strategic asset in SEPs.

**Consultation triggers for decisions on three waters projects (post entry into the MOU)**

---

23.3 **Section 137(3)(a)** – councils must consult before entering into a “joint arrangement”, which is an arrangement between a council and another party “for the purpose of providing water services or any aspect of a water service”. This trigger may be remote, particularly if central government in providing funding is not also seeking to provide any aspect of a water service.<sup>1</sup>

---

24. One specific consultation trigger that needs to be considered is section 97(1)(a) of the LGA 02. If the projects being funded would significantly alter levels of service for three waters activities, then it would be necessary to amend the council’s LTP to explicitly provide for this decision, which requires consultation under section 93E.
25. It will depend on particular councils’ LTPs, but this trigger can likely be avoided by councils selecting appropriate projects. (This was generally achieved by councils as they responded to the impacts of COVID-19 during the annual plan process for 2020/21).
26. Leaving aside section 97(1)(a), section 78 will still be relevant. It should be reasonably safe for councils to not consult to address section 78 where projects are brought forward from future work programmes and the combined effect of these projects is not a significant or material variation from the 2020/21 annual plan or LTP.
27. As to whether the combined effect of projects brought forward is a significant or material variation from the 2020/21 annual plan or LTP will depend on the degree to which the projects are already provided for in the annual plan or LTP and what, if any, financial impact there may be on the particular council. If projects are already provided for in the infrastructure strategy (in the LTP) and they can be entirely funded from central government (meaning no negative financial impact on the council), it seems very unlikely that there will be a significant or material variation from the annual plan or LTP of any consequence to the community. On this basis, consultation is unlikely to be indicated.
28. Strictly, the provision of central government funding could create a material change to revenue commitments (even if it is downward rather than upward) that reflect in a change to financial statements included in an annual plan, that, given the degree of change, could be expected to be consulted on before being adopted. Councils encountered similar issues in preparing their annual plans to respond to COVID-19 where different funding sources (for example borrowing or reserve funds) have had to be employed from what was anticipated. These decisions tended to be made without further consultation if the council assessed that it did not affect levels of service with reference to section 97 or was within the scope of rate change consulted on. In the current circumstances, we consider that the fact that the change is not detrimental lessens the risk of not consulting and (having occurred after the annual plan has been

---

<sup>1</sup> Section 17A requires periodic reviews of service delivery, but this section in itself does not contain a trigger for consultation.



---

adopted) makes it something that is duly reported on in the annual report and treated as an operating surplus.

29. We note that councils are not absolutely bound by their plans or policies (under sections 96 and 80), but this does not remove the need to assess whether consultation is appropriate when departing from them. Consistency with plans and policies is often a criterion for significance in SEPs. Where consultation does not occur, relevant statutory compliance will likely include disclosure in the annual report, and perhaps resolving in accordance with section 80 (where the departure from the annual plan is significant).
- 

**Please call or email to discuss any aspect of this advice**

**Jonathan Salter**  
Partner

+64 4 924 3419  
+64 21 480 955  
jonathan.salter@simpsongrierson.com

**Lizzy Wiessing**  
Senior Associate

+64 4 924 3414  
+64 21 918 309  
lizzy.wiessing@simpsongrierson.com

---

## Appendix E – Information on Joint Three Waters Steering Committee

- The Joint Three Waters Steering Committee has been established to provide oversight and guidance to support progress towards reform, and to assist in engaging with local government, iwi/Māori and other water sector stakeholders on options and proposals.
- The Steering Committee comprises independent chair Brian Hanna, local government mayors, chairs and chief executives, representatives of Local Government New Zealand (LGNZ) and the Society of Local Government Managers (SOLGM), and officials and advisors from the Department of Internal Affairs (DIA), Taumata Arowai, and the Treasury.
- The Steering Committee will ensure that the perspectives, interests and expertise of both central and local government, and of communities throughout New Zealand are considered, while the challenges facing water services and infrastructure are addressed. This will include periods of engagement, in the first instance with the local government sector. an overview is provided below.
- The Steering Committee is supported by a secretariat made up of advisors and officials from LGNZ, SOLGM, DIA and the Treasury. This secretariat is hosted by DIA.
- The terms of reference for the Steering Committee is available on the DIA Three Waters website.

## Appendix F – Hypothetical scenario for agreeing regional funding allocation

***The following is a hypothetical, worked example of how the funding allocation approach could work for a mythical Council and region***

This is for Monkchester City Council in the Bernicia Region of New Zealand. Monkchester is a small city with a population of 80,000 in a region of 140,000. The rest of the Region is made up by Bidchester with 30,000 residents and Smithchester with 30,000 residents.

The notional funding allocated for the Bernicia Region, based on the national formula, is set out in Table 1.

**Table 1 Funding Allocation for Bernicia Regional**

Area	Direct council allocations \$ Millions	Regional allocation \$ Millions
Monkchester	5	10 (to be allocated to territorial authorities by agreement through a regional process)
Bidchester	2.5	
Smithchester	2.5	
Bernicia Region	10	
Total direct and regional allocation	20	

Council officers looked at a range of projects as candidates for the stimulus funding:

- An unsuccessful bid for the 'Shovel Ready' programme
- Projects the Long-Term Plan
- Accelerating planned maintenance, renewals and renewals upgrades
- A new project.

Projects already fully-funded in the Annual Plan were excluded for obvious reasons.

A discussion was also held at regional level to agree how to allocate the regional element of funding. Three options were considered:

- Discuss regional priorities and then allocate the monies based on the formula the Government used, as recommended by the Steering Committee.
- Discuss regional priorities and allocate the money in three equal shares.
- Allocate all the regional money to a single project of regional importance.

After two meetings the Mayors and Chief Executives agreed two regional priorities for accelerating renewals and improving resilience for earthquakes. They decided against pursuing a new regional project because it required considerable preparatory work, design work, consents and a procurement programme. This would mean in practice a 4-year timescale and high risks and this would not meet the economic stimulus objective.

They also agreed to allocate the regional fund to territorial authorities using the Government’s formula. This means Monkchester’s overall allocation is \$10 Million.

The criteria used to identify the best use of the investment were – priority for water and wastewater services, speed of delivery, job creation in the City and the risk profile of the project. An analysis of the candidates is set out below in Table 2.

**Table 2 Analysis of the Project Options**

Project	Speed	Job Implications	Risk	Alignment with Regional Priorities	Overall Score
Shovel Ready project – new water treatment plant	Low as it requires resource and building consents and procurement. Overall a 3 year project.	Medium, creates 50 jobs directly	High, especially in an overheated construction market with extreme volatility	Low	4 out of 10
Upgrade of wastewater treatment plant from year 3 of LTP	Medium as it requires building consent and fresh procurement. Overall a 2-year project.	Medium, creates 50 jobs	Medium	High	6 out of 10

Renewal programme for the Central City's sewer network	High as no consents or procurement required. Overall an 18-month programme.	High with 100 jobs largely from the local area	Medium as the work is underground and we will find things we did not expect to so a sensible contingency will be needed.	High	8 out of 10
Completely new project - a new reservoir	Low as is requires community consultation, consents and a fresh procurement.	Low as will take a good 18 months to be shovel ready	High due to seismic issues	Medium because improves long-term reliance	3 out of 10

Accelerating investment in the renewals and renewal upgrade programme for the Central City's sewer network is the preferred project. It can be done speedily. No resource consent is required. No fresh procurement is required either as the City Council already has a 5-year renewals partnership with Downers. It creates 100 direct jobs for 18 months whilst the network is upgraded. Moreover, it will enable significant expansion of activity in the Northern quarter of the CBD which could lead to 20000 square meters of new development and 2000 jobs. Work will begin on the ground by February 2021. Finally, it is a low risk project being contracted to a trusted partner. An appropriate contingency budget has been established and this will be the subject to a confidential pre-committee briefing with the CFO.

Through the Mayoral Forum, councils also agreed to progress further discussions on three water service delivery reform opportunities within the region.

Mayors of participating councils wrote to the Minister to communicate their decision on the regional allocation and the steps they were proposing to take to advance the objectives of the reform programme.

### 5.3 TAI TOKERAU WORKER REDEPLOYMENT PACKAGE - STORM RESPONSE FUNDING VARIATION

**File Number:** A2942013

**Author:** Andy Finch, General Manager - Infrastructure and Asset Management

**Authoriser:** Andy Finch, General Manager - Infrastructure and Asset Management

#### PURPOSE OF THE REPORT

To seek approval of a variation to the existing funding agreement with Whangarei District Council (for the Far North District Council funding component of \$2.21m) associated with the master funding agreement between Whangarei District Council and the Ministry of Business, Innovation and Employment (MBIE) currently valued at \$9.32m, for an additional \$2 million allocation from the Worker Redeployment package to address flood damage in the Far North District.

#### EXECUTIVE SUMMARY

- On 16 March 2020 Cabinet approved a Worker Redeployment Package of \$100 million.
- A joint submission was made from all Northland Councils and NZTA to the Ministry of Business Innovation and Employment (MBIE) requesting funding for work having a total value of \$14.6m.
- A total of \$9.32m of funding was approved of which \$2.21m was allocated to FNDC
- Whangarei District Council (WDC) has entered into an agreement with MBIE on behalf of the joint applicants to access the funding.
- On 25 June 2020 Council approved entering into a back to back contractual agreement with Whangarei District Council in the sum of \$2.21m
- On 22 July 2020, Government allocated both Whangarei District Council and Far North District Council a further \$2 million each to support a response to storm damage
- Council is now required to approve a variation to the existing back to back contract with Whangarei District Council to gain access to this additional funding.

#### RECOMMENDATION

**That Council:**

- a) **note that approval is being sought from Whangarei District Council to vary the existing funding agreement with the Ministry of Business Innovation and Employment to receive an additional \$4m of funding for storm repair program acceleration and associated operational and capital expenditure to address flood damage in Northland (specifically \$2m funding in Far North and \$2m funding Whangarei Districts) related to roads, culverts, drains, parks, stormwater and other storm impacted Council Infrastructure**
- b) **approve the variation to the previously approved back to back contractual agreement with Whangarei District Council for an additional sum of \$2m, bringing the total Funding Contract value to \$4.32m, to ensure delivery of the FNDC projects included in the agreement in item a)**
- c) **delegate to the Chief Executive the authority to finalise the terms and conditions of the agreements in b).**

#### 1) BACKGROUND

In March 2020, Cabinet agreed to a COVID-19 economic support package which included \$100 million for worker redeployment support [CAB-20-MIN-0108]. On 18 May 2020, in response to the impact of the COVID-19 quarantine, a "Worker Redeployment Package – Next Phase" package was approved under Cabinet Paper and Cabinet Minute CVD-20-MIN-0231. Te Tai Tokerau received

\$9.32million (plus GST, if any) of this package and a Funding Agreement was executed with the Whangarei District Council, acting as the distributor of funds to other Councils within the region, with back to back Funding agreements subsequently executed between WDC and the other Northland funding recipients (FNDC, KDC, NRC and Waka Kotahi NZTA).

The purpose of the initial funding was to provide for urgent economic relief of the region's workforce to carry out the Project Elements approved by the Cabinet Committee and described in clause 4 of the Agreement.

Physical works commenced on several of the project elements in July 2020 and, as at 31st July 2020, 72 people were already engaged working with 46 of these being previously unemployed.

On 22 July 2020, Government allocated both Whangarei District Council and Far North District Council \$2 million each to help support "worker redeployment and associated capital expenditure to address flood damage in Northland related to roads, culverts and drains and associated infrastructure" (quote directly from minute of the Cabinet Economic Development Committee) after the floods/storm event in late July.

The Provincial Development Unit then proposed that, in lieu of drafting two new separate contracts, this funding be added, by way of Variation, to the "project elements" of the existing Te Tai Tokerau Worker Redeployment Contract.

## 2) DISCUSSION AND OPTIONS

This is seen as a great opportunity to inject further funding into the Northland Region to support that part of the community that has been impacted by the COVID-19 situation, while at the same time assisting Far North District Council's infrastructure assets repair and recovery from damage through the recent storm events.

The scope of this variation funding allocation has been negotiated with MBIE to be "Worker redeployment, storm repair program acceleration and associated operational and capital expenditure to address flood damage in Northland (specifically the Far North and Whangarei Districts) related to roads, culverts, drains, parks, stormwater and other storm impacted Council Infrastructure"

With the clarification of scope this allows for the use of the funding to:

- Cover costs associated with accelerating existing Storm Repair Programmes (i.e. possibility to look at funding Contractor Overtime payments / additional resource costs required to reduce repair timeframes)
- Include both Operational and Capital expenditure (was previously focussed on Capex)
- Include storm repairs for both Parks and Stormwater assets

Due to the scope, nature and immediacy of the works, MBIE have indicated agreement that, while creating employment remains as a desired outcome, the Social Procurement Targets contained within the main funding agreement are not required to be measured or reported on.

The scope of the funding is \$2M of discrete activity funding for Far North District Council to address flood damage, facilitated through a variation to the existing Te Tai Tokerau Worker Redeployment back-to-back funding agreement that is presently in place between Whangarei District Council and Far North District Council.

As this is a recent announcement by Government the specific work programs and funding splits across Far North District Council's storm damaged infrastructure assets will be confirmed by staff as the funding agreement is developed.

At the time of writing there remains some uncertainty around the providence of this additional funding from Government and whether it is "new" funding and what additional Ministerial approvals may be required. However, staff have been advised that the funding is focussed on recent flood damage, and therefore there is an expectation that the funding will be deployed expediently. According, whilst seeking approval to progress, staff will continue to monitor and respond to the direction of Government in this regard.

**Reason for the recommendation**

To provide access to a further \$2m of additional external funding to support Far North District Council's infrastructure assets repair and recovery from damage through the recent storm events.

**3) FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION**

There are no additional financial implications.

**ATTACHMENTS**

**Nil**



**Compliance schedule:**

Full consideration has been given to the provisions of the Local Government Act 2002 S77 in relation to decision making, in particular:

1. A Local authority must, in the course of the decision-making process,
  - a) Seek to identify all reasonably practicable options for the achievement of the objective of a decision; and
  - b) Assess the options in terms of their advantages and disadvantages; and
  - c) If any of the options identified under paragraph (a) involves a significant decision in relation to land or a body of water, take into account the relationship of Māori and their culture and traditions with their ancestral land, water sites, waahi tapu, valued flora and fauna and other taonga.
2. This section is subject to Section 79 - Compliance with procedures in relation to decisions.

Compliance requirement	Staff assessment
State the level of significance (high or low) of the issue or proposal as determined by the <a href="#">Council's Significance and Engagement Policy</a>	This report is of low significance.
State the relevant Council policies (external or internal), legislation, and/or community outcomes (as stated in the LTP) that relate to this decision.	Not applicable.
State whether this issue or proposal has a District wide relevance and, if not, the ways in which the appropriate Community Board's views have been sought.	District Wide
State the possible implications for Māori and how Māori have been provided with an opportunity to contribute to decision making if this decision is significant and relates to land and/or any body of water.	There are no implications to Māori specifically from this report.
Identify persons likely to be affected by or have an interest in the matter, and how you have given consideration to their views or preferences (for example – youth, the aged and those with disabilities).	Not applicable.
State the financial implications and where budgetary provisions have been made to support this decision.	None
Chief Financial Officer review.	Due to the short timescale to prepare this paper to meet the publication deadline for Council, this paper has not been reviewed by the CFO.

**6 KARAKIA WHAKAMUTUNGA – CLOSING PRAYER**

**7 MEETING CLOSE**