



AGENDA

RĀRANGI TAKE

NOTICE OF AN EXTRAORDINARY MEETING OF COUNCIL

to be held on **Thursday, 11th November 2021** commencing at **3.30pm** in the Council Chambers, 36 Weld Street, Hokitika and via Zoom

Chairperson: His Worship the Mayor

Members: Cr Carruthers (Deputy)

Cr Hart

Cr Kennedy

Cr Martin

Kw Tumahai

Cr Davidson

Cr Hartshorne

Cr Keogan

Cr Neale

Kw Madgwick



In accordance with clause 25B of Schedule 7 of the Local Government Act 2002, members may attend the meeting by audio or audio-visual link.

Council Vision:

We work with the people of Westland to grow and protect our communities, our economy and our unique natural environment.

Purpose:

The Council is required to give effect to the purpose of local government as prescribed by section 10 of the Local Government Act 2002. That purpose is:

- (a) To enable democratic local decision-making and action by, and on behalf of, communities; and
- (b) To promote the social, economic, environmental, and cultural well-being of communities in the present and for the future.

1. NGĀ WHAKAPAAHA APOLOGIES

2. WHAKAPUAKITANGA WHAIPĀNGA 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 or the Group Manager: Corporate Services (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. PŪRONGO KAIMAHI STAFF REPORT

- **Three Water Reform – Three Waters Campaign** (Pages 3 - 18)
Simon Bastion, Chief Executive, Westland District Council

**DATE OF ORDINARY COUNCIL MEETING – 25 NOVEMBER 2021
COUNCIL CHAMBERS, 36 WELD STREET, HOKITIKA AND VIA ZOOM**

Report to Council



DATE: 11 November 2021
TO: Mayor and Councillors
FROM: Chief Executive

THREE WATERS REFORM

1. Summary

- 1.1. The purpose of this report is for Council to consider the next steps regarding the Three Waters Reform program.
- 1.2. This issue arises from the announcement made by Minister Nanaia Mahuta, that Three Waters Reforms will be mandatory for councils.
- 1.3. Council seeks to meet its obligations under the Local Government Act 2002 and the achievement of the District Vision adopted by the Council in June 2021, which are set out in the Long Term Plan 2021 - 31. Refer page 2 of the agenda.
- 1.4. This report concludes by recommending that that Council resolves to become a Campaign Partner in the Three Waters Campaign and sign the memorandum of understanding (MOU), contributes \$10,000 towards the Three Waters Campaign program of works, and appoints his Worship the Mayor Smith as the Council representative of the Three Waters Campaign both as a Plenary member (with voting rights) and as a member of the Oversight Group.

2. Background

- 2.1. Currently about 85 percent of storm water, drinking water and wastewater is managed by Councils. Some smaller and rural populations, including marae, also get their water through private or community-based providers.
- 2.2. The proposed reforms would move the management of those water assets out of the hands of the country's 67 councils, to four large water entities, with the aim of providing better water services around the country at a lower cost. Those entities would have boards jointly elected by a group set up by councils and Māori, and have responsibilities to them, but would be run independently.
- 2.3. During August and September 2021 Council undertook an engagement process regarding the Three Waters Reforms with its community and received 371 submissions.

Option	Percentage
Opt Out	91.6%
Opt In	5.9%
Undecided	2.4%

**Percentage for each option based on all responses received. Note results only to one decimal place.*

The outcome of the reports was the following resolution:

*Moved Cr Martin, seconded His Worship the Mayor and **Resolved** that Council:*

- A) Receive the report from the Group Manager: District Assets regarding the Three Waters Statement of Proposal report from Chris Purchas at Tonkin and Taylor.*
- B) Receives the results of the Three Waters Reform community engagement and survey responses, noting that Council has taken the opportunity to survey its community, and this has resulted in a total of 370 responses of which 92% [rounded] of respondents indicated they want the Council to ‘opt-out’ of the proposed reforms.*
- C) Opposes the New Zealand Government’s proposed model to establish four large water entities and remove the three waters assets and services from local councils. To date the Council is not convinced that this proposal provides the best governance and financial outcomes for our District. As a result, based on the information available at present, Westland District Council would seek to opt-out of the reform should this decision be required. This position is backed by our Community and is reflected in the feedback collected during the community engagement that was undertaken.*
- D) Informs the Government that the Council will strongly and actively oppose the Government mandating the proposed entity-based model for water services delivery.*
- E) Request a pause in the Three Waters Reform.*
- F) Approves a letter being provided to the Minister of Local Government, with a copy sent to Local Government New Zealand and the Department of Internal Affairs by the Mayor and signed by each councillor, stating that **Westland District Council (WDC) opposes the New Zealand Government’s proposed model to establish four large water entities and remove the three waters assets and services from local councils, this decision was made based on the following reasons:***
 - Feedback from the Westland District Council Community Engagement process.*

- *Council has significant concerns about the current Government proposal, which it does not believe can be mitigated within the constraints of the proposed structural model.*
- *The loss of local decision-making is a major issue for our community, and cannot be compensated by 'fine-tuning' the proposal.*
- *The outcome of the Government proposed structure means that the Council loses all of the normal benefits of ownership of the assets.*
- *The accelerated timeframe, lack of true consultation, and lack of real alternative options has resulted in a flawed process.*
- *The lack of integration with other major Local Government reforms will lead to a sub-optimal outcome.*
- *The financial case in support of the proposal, taken from Scotland, is based on information that does not reflect the New Zealand situation.*
- *The supporting information greatly exaggerates the efficiency gains expected, given the advances already made as a district.*
- *The case for lower borrowing costs under the new entity is questionable; it relies on Government backing, and in fact the proposal may lead to increased averaged borrowing costs when both the councils and the water entities are considered in relation to each other.*
- *The proposal would be detrimental to the wellbeing of the Westland Community, with particular regard to the provision of three waters infrastructure and growth as an enabler of economic development.*
- *Council agrees that the Three Waters sector faces many challenges and the status quo in some areas may not be sustainable, but believes that changes should be aligned and integrated with other Local Government reforms (Future for Local Government & Resource Management Act Reform). Importantly with the establishment of Taumata Arowai and the economic regulator, this should be given time to become embedded before major reform as is proposed is undertaken.*
- *The options considered need to be assessed against the wider needs of Local Government reform, engagement with the sector needs to be considerably improved, and the process needs to allow for appropriate community consultation.*
- *Council has given consideration to Part 6 of the Local Government Act 2002 for the purpose of providing feedback to Government on the current model. The Council however is not able to support the current model on the basis that sufficient information and analysis that is proportionate to such a decision is not available.*
- *That Local Government is best-placed to engage with its community both through existing policies and procedures, and the requirements of the Local Government Act 2002.*

G) Advises Local Government New Zealand (LGNZ) that Council does not support the Heads of Agreement between LGNZ and the Crown signed in June 2021 and request

LGNZ rescind the agreement to better reflect the views of its diverse membership and this Council.

- H) Requests that the Chief Executive report back to Council once additional information and guidance from the Government, the Minister of Local Government, Department of Internal Affairs and LGNZ has been received on what the next steps will look like and how these should be managed.*

A letter was sent to Minister Mahuta (**see appendix 3**) and acknowledgement correspondence was received.

- 2.4. The outcomes of the feedback from other Councils highlighted that a vast majority of councils have expressed some opposition to the reforms and Councils' opposition ranged from concerns about the management model of the entities and calls for the reforms to be delayed, through to total opposition to the legislative changes.
- 2.5. Having considered the feedback, Minister Mahuta confirmed the reforms will be mandated to Councils, with all entities to be operational by 1 July 2024. Minister Mahuta: "This is an all-in approach that will require legislation and it will require every council to be a part of a quantum shift in the way that water services are delivered. The legislation is a mandated decision."

3. Current Situation

- 3.1. Council staff have evaluated the impacts of the Three Waters Reform and have completed pro-forma on the financial impacts, attached as **appendices 1 & 2**. The outcomes of the reform on our finances can be summarised as follows:

3.1.1. Balance Sheet reduced by 17%.

3.1.2. Net assets reduced by \$83,722,000.

3.1.3. Rates increase over the current LTP first year 2.4%, average of 9% thereafter.

- 3.2. Council staff have reviewed the latest information provided in regard to the potential new standards provided by Taumata Arowai relating to the drink water standards. A gap analysis is underway to determine any shortcomings from both an operational perspective but also any further capital enhancements required.

- 3.3. There is a significant amount of work involved with transition if the "Mandate" decision is upheld.

The Government will set up a number of small working groups to define the next level of information requirements, and develop clear and actionable guidance to Council staff across the following areas:

- Workforce and staff
- Assets
- Operations

- Customer
- Financial (including charging and pricing)
- Information systems and data
- Stakeholders including community, business and industry
- Iwi/Māori
- Transition preparation/planning

3.4. Many councils around New Zealand are not comfortable with the decision to “Mandate” and a group of them has formed to jointly find a way forward. Westland District Council has been invited to join this group based on Council’s current stance on the matter (see point 2.3). A Memorandum of Understanding for this group has been finalised (**see appendix 4**) and a financial contribution of \$10,000 to cover legal advice is requested.

4. Options

4.1. Option 1: Receive the report and resolve that Westland District Council joins other Councils from around New Zealand to challenge Government’s position on a mandated reform, the ‘Three Waters Campaign’.

4.2. Option 2: Receive the report but do not join the collective group opposing the mandated reform feedback to the Government.

5. Risk Analysis

5.1. Risk has been considered and the following risks have been identified:

- 5.1.1. The effort in trying to challenge the Government’s position will come with a lot of resource time and capacity. This may see their other commitments compromised.
- 5.1.2. The transition process for this significant change will be extremely complex and challenging – any delays in progressing this process will see the potential for additional expense and resources compromised.
- 5.1.3. Reputational risk – if the group of councils is linked to any other political movements or organisations that detract from its primary purpose the Government may not take them seriously.
- 5.1.4. Not challenging the mandated decision via Local Government NZ may see the LGNZ feeling undermined and further damaging LGNZ to achieve Council’s political goals particularly when further proposed changes are currently on us i.e. RMA and the model of Local Government.

6. Health and Safety

6.1. Health and Safety has been considered and no items have been identified.

7. Significance and Engagement

7.1. The level of significance has been assessed as being high. The three water assets are Strategic Assets under Council’s Significance and Engagement Policy. They are important to the community for continued community wellbeing and have been funded by rates.

7.2. The Council has engaged with the community through a series of structured on line sessions, notifications on the radio and articles in the local media. The purpose of the engagement was to understand the community's position on the three waters reform and it highlighted a significant majority against the reform.

The Government has decided to mandate without consulting with our communities or requesting a council undertake a special consultative process. Council has already formed a position following the previous engagement to opt out.

8. Assessment of Options (including Financial Considerations)

8.1. **Option 1** – Receive the report and resolve that Westland District Council joins the Three Waters Campaign.

8.1.1. The signatory councils (“Partner Councils”) to this Memorandum of Understanding (“MoU”) oppose the Government’s intention and have agreed to work cooperatively together to campaign to convince the Government to reconsider its position in favour of other options that better deliver a set of reform proposals that meet the needs of Communities, Councils and Government (“the Campaign”).

8.1.2. The basis of the group is highlighted in the MoU but the primary purpose is to convince the Government to alter its intention to proceed with legislation that will compel Councils to transfer their Three Waters assets into the ownership and/or operational control of another legal entity without the agreement of an affected Council to that transfer.

8.1.3. Westland District Council have a genuine difference of opinion with the Government on the structural solution of the Three Waters Reform. The group includes a broad range of political views and is not aligned to any political organisation.

8.1.4. Partner Mayors will front the campaign with their communities as the democratically elected leaders of those communities. They have a remit to do so and there is strong community support for our stance.

8.1.5. The group’s aim is to constructively debate the policy issue at hand and acknowledge where they have common ground and provide alternatives where they do not.

8.1.6. For Westland District Council the financial contribution equates to \$10,000 to be funded from the democracy budget.

8.2. **Option 2:** Receive the report but do not join the Three Waters Campaign.

8.2.1. Council has already sent a clear indication to the Government that it is not supportive of the current proposal as outlined in 2.3. The level of influence of a lone council trying change the Government’s decision on the reform has very little chance of success.

8.2.2. Based on this the only course of action as a standalone entity is to work with the proposed working groups to shape the Government’s decision before the final solution is legislated.

This in itself would require council staff to be heavily involved in the working groups – it is unlikely that we would be invited to be included due to the size of Westland’s water assets and level of impact on the overall scheme.

- 8.2.3. There would be costs Council will likely to incur through any transition process but these are yet to be defined and also have no clear guidance from Government whether Council will be compensated for costs.

9. Preferred Option(s) and Reasons

9.1. The preferred option is Option 1.

9.2. The reason that Option 1 has been identified as the preferred option as it aligns with Council’s stance on the Three waters reform. It also has a higher likelihood of success due to the greater number of Councils being involved provided better leverage.

10. Recommendation(s)

10.1. That the report be received.

10.2. That Council resolves to become a Campaign Partner in the Three Waters Campaign.

10.3. That Council resolves to sign the Three Waters Campaign Memorandum of Understanding.

10.4. That Council resolves to contribute \$10,000 towards the Three Waters Campaign program of works.

10.5. That Council resolves to appoint his Worship Mayor Smith as the representative of the Three Waters Campaign both as a Plenary member (with voting rights) and as a member of the Oversight Group.

Simon Bastion
Chief Executive

Appendix 1: LTP Statement of Financial Position ex 3W

Appendix 2: Statement of Comprehensive Revenue and Expense (Ex 3W) Comparison

Appendix 3: Mayor’s Letter to Minister of Local Government

Appendix 4: 3 Waters MoU between Partner Councils November 2021

PROSPECTIVE STATEMENT OF FINANCIAL POSITION														
	2021 All of Council Budget (000's)	2022 All of Council LTP Budget (000's)	2023 All of Council LTP Budget (000's)	2024 All of Council LTP Budget (000's)	2025 All of Council LTP Budget (000's)	Ex 3 waters 2025 All of Council LTP Budget (000's)	Year 1 Variance LTP vs Ex 3 waters	Ex 3 waters 2026 All of Council LTP Budget (000's)	Ex 3 waters 2027 All of Council LTP Budget (000's)	Ex 3 waters 2028 All of Council LTP Budget (000's)	Ex 3 waters 2029 All of Council LTP Budget (000's)	Ex 3 waters 2030 All of Council LTP Budget (000's)	Ex 3 waters 2031 All of Council LTP Budget (000's)	
Assets														
Current assets							+ / (-)							
Cash & cash equivalents	\$3,689	\$13,137	\$12,584	\$13,443	\$12,683	\$9,032	-\$3,651	\$10,098	\$11,179	\$12,236	\$13,330	\$14,459	\$15,316	
Debtors & other receivables	\$5,251	\$2,514	\$2,561	\$2,606	\$2,653	\$2,653	\$0	\$2,805	\$2,853	\$2,903	\$2,955	\$3,007	\$3,059	
Assets held for sale	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Other financial assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total Current Assets	\$8,941	\$15,652	\$15,145	\$16,049	\$15,336	\$11,685	-\$3,651	\$12,903	\$14,031	\$15,139	\$16,284	\$17,466	\$18,374	
Non-current assets														
Council Controlled Organisation	\$8,695	\$11,010	\$11,010	\$11,010	\$11,010	\$11,010	\$0	\$11,010	\$11,010	\$11,010	\$11,010	\$11,010	\$11,010	
Intangible assets	\$329	\$37	\$33	\$33	\$32	\$32	\$0	\$98	\$81	\$64	\$50	\$34	\$107	
Assets Under Construction	\$1,474	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Other Financial Assets	\$366	\$418	\$418	\$419	\$419	\$419	\$0	\$420	\$420	\$421	\$421	\$422	\$423	
Investment Property	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Property, Plant and Equipment	\$407,540	\$447,323	\$455,415	\$463,938	\$493,453	\$409,731	-\$83,722	\$409,211	\$411,726	\$433,613	\$431,976	\$435,199	\$461,347	
Derivative Financial Instruments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total Non-current assets	\$418,405	\$458,788	\$466,877	\$475,400	\$504,914	\$421,193	-\$83,721	\$420,740	\$423,238	\$445,109	\$443,458	\$446,665	\$472,887	
Total Assets	\$427,346	\$474,439	\$482,022	\$491,449	\$520,251	\$432,878	-\$87,373	\$433,643	\$437,269	\$460,248	\$459,742	\$464,130	\$491,261	
Liabilities														
Current liabilities														
Creditors & other payables	\$2,807	\$2,930	\$2,992	\$3,050	\$3,111	\$3,111	\$0	\$3,175	\$3,236	\$3,302	\$3,370	\$3,438	\$3,506	
Employee benefit liabilities	\$374	\$446	\$454	\$462	\$470	\$470	\$0	\$479	\$487	\$495	\$504	\$513	\$522	
Tax payable	\$3	\$3	\$3	\$3	\$3	\$3	\$0	\$3	\$3	\$3	\$3	\$3	\$3	
Borrowings	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Other	\$395	\$425	\$435	\$444	\$453	\$453	\$0	\$463	\$473	\$484	\$494	\$505	\$516	
Total Current Liabilities	\$3,579	\$3,804	\$3,884	\$3,959	\$4,039	\$4,039	\$0	\$4,120	\$4,199	\$4,285	\$4,371	\$4,460	\$4,547	
Non-current liabilities														
Deferred Tax	\$32	\$32	\$32	\$32	\$32	\$32	\$0	\$32	\$32	\$32	\$32	\$32	\$32	
Employee benefit liabilities	\$38	\$47	\$48	\$49	\$50	\$50	\$0	\$51	\$52	\$53	\$54	\$55	\$56	
Provisions	\$2,222	\$2,371	\$2,371	\$2,371	\$2,371	\$2,371	\$0	\$2,371	\$2,371	\$2,371	\$2,371	\$2,371	\$2,371	
Borrowings	\$25,626	\$33,809	\$40,085	\$43,633	\$43,990	\$30,707	-\$13,283	\$30,167	\$29,620	\$28,286	\$27,103	\$26,738	\$26,362	
Derivative financial instruments	\$673	\$583	\$433	\$283	\$173	\$173	\$0	\$134	\$95	\$55	\$16	-\$23	-\$62	
Total Non-Current Liabilities	\$28,591	\$36,842	\$42,968	\$46,368	\$46,615	\$33,333	-\$13,282	\$32,754	\$32,169	\$30,797	\$29,577	\$29,173	\$28,759	
Total Liabilities	\$32,170	\$40,646	\$46,853	\$50,326	\$50,654	\$37,371	-\$13,283	\$36,874	\$36,369	\$35,081	\$33,948	\$33,634	\$33,306	
Net Assets	11.11.21 Extraordinary Meeting of Council	\$395,175	\$433,793	\$435,169	\$441,123	\$469,597	\$395,507	-\$74,090	\$396,769	\$400,900	\$425,167	\$425,794	\$457,955	

Equity													
Retained Earnings	\$142,381	\$163,294	\$160,373	\$158,095	\$172,868	\$94,670	-\$78,198	\$93,003	\$91,655	\$89,528	\$87,370	\$86,191	\$85,029
Restricted Reserves	\$10,774	\$12,233	\$16,531	\$21,776	\$8,492	\$19,623	\$11,131	\$22,343	\$25,059	\$27,739	\$30,525	\$33,307	\$36,097
Revaluation reserves	\$241,956	\$258,202	\$258,202	\$261,188	\$288,174	\$281,151	-\$7,023	\$281,151	\$284,122	\$307,836	\$307,836	\$310,935	\$336,765
Other comprehensive revenue and expense reserve	\$64	\$64	\$64	\$64	\$64	\$64	\$0	\$64	\$64	\$64	\$64	\$64	\$64
Total Equity	\$395,175	\$433,793	\$435,169	\$441,123	\$469,597	\$395,507	-\$74,090	\$396,561	\$400,900	\$425,167	\$425,795	\$430,497	\$457,955

Forecast Statement of Comprehensive Revenue and														
	Annual Plan 2021 (000's)	2022 All of Council LTP Budget (000's)	2023 All of Council LTP Budget (000's)	2024 All of Council LTP Budget (000's)	2025 All of Council LTP Budget (000's)	Ex 3 Waters 2025 All of Council LTP Budget (000's)	Year 1 Variance LTP vs Ex 3 waters	Ex 3 waters 2026 All of Council LTP Budget (000's)	Ex 3 waters 2027 All of Council LTP Budget (000's)	Ex 3 waters 2028 All of Council LTP Budget (000's)	Ex 3 waters 2029 All of Council LTP Budget (000's)	Ex 3 waters 2030 All of Council LTP Budget (000's)	Ex 3 waters 2031 All of Council LTP Budget (000's)	
Revenue							+ / (-)							
Rates	\$15,907	\$18,030	\$20,213	\$22,445	\$23,296	\$16,892	-\$6,404	\$17,821	\$18,331	\$18,595	\$18,923	\$19,552	\$19,769	
Grants and subsidies	\$5,593	\$10,750	\$6,251	\$6,627	\$5,265	\$19,963	\$14,698	\$5,664	\$5,724	\$5,218	\$5,549	\$6,585	\$6,646	
Interest revenue	\$43	\$8	\$7	\$7	\$7	\$0	-\$7	\$0	\$0	\$0	\$0	\$0	\$0	
Fees and charges	\$1,947	\$1,801	\$1,844	\$1,924	\$1,997	\$1,882	-\$115	\$1,944	\$1,984	\$2,026	\$2,070	\$2,114	\$2,157	
Other revenue	\$1,209	\$1,009	\$1,168	\$1,182	\$1,153	\$1,143	-\$10	\$1,084	\$1,096	\$1,109	\$1,122	\$1,136	\$1,149	
Total operating revenue	\$24,700	\$31,598	\$29,483	\$32,185	\$31,718	\$39,880	\$8,162	\$26,513	\$27,136	\$26,948	\$27,664	\$29,387	\$29,722	
Expenditure														
Employee benefit expenses	\$4,236	\$5,474	\$5,977	\$6,049	\$6,185	\$6,018	-\$167	\$6,147	\$6,276	\$6,417	\$6,555	\$6,699	\$6,844	
Finance costs	\$867	\$904	\$1,098	\$1,421	\$1,650	\$1,241	-\$409	\$1,275	\$1,351	\$1,408	\$1,409	\$1,391	\$1,395	
Depreciation and amortisation	\$7,141	\$7,864	\$8,236	\$8,384	\$8,556	\$5,653	-\$2,903	\$5,963	\$5,994	\$6,035	\$6,332	\$6,331	\$6,360	
Other expenses	\$12,373	\$12,811	\$12,796	\$13,363	\$13,798	\$11,740	-\$2,058	\$11,970	\$12,355	\$12,535	\$12,740	\$13,361	\$13,495	
Total operating expenditure	\$24,616	\$27,053	\$28,107	\$29,218	\$30,189	\$24,652	-\$5,537	\$25,355	\$25,975	\$26,396	\$27,036	\$27,783	\$28,094	
Income tax expenses/(benefit)														
Income tax expenses/(benefit)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Income tax expenses/(benefit)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Operating Surplus/(Deficit)	\$84	\$4,545	\$1,376	\$2,968	\$1,529	\$15,228	\$13,699	\$1,157	\$1,160	\$552	\$628	\$1,604	\$1,628	
Other comprehensive revenue and expense														
Gain/(loss) financial assets	\$239,734	\$15,777	\$0	\$2,986	\$26,987	\$19,963	-\$7,024	\$0	\$2,971	\$23,714	\$0	\$3,099	\$25,830	
Other Comprehensive Revenue and Expenses Subtotal	\$239,734	\$15,777	\$0	\$2,986	\$26,987	\$19,963	-\$7,024	\$0	\$2,971	\$23,714	\$0	\$3,099	\$25,830	
Total comprehensive revenue and expense/(deficit) for the year attributable to Council	\$239,818	\$20,322	\$1,376	\$5,954	\$28,516	\$35,191	\$6,675	\$1,157	\$4,132	\$24,266	\$628	\$4,703	\$27,458	



OFFICE OF THE MAYOR

**His Worship the Mayor
Bruce Smith**

Westland District Council
36 Weld Street, Private Bag 704,
Hokitika 7842

P: 021 922 860

E: mayor.smith@westlanddc.govt.nz

FILE REF: CCL 7

30 September 2021

Hon Nanaia Mahuta
Minister of Local Government
Parliament Buildings
WELLINGTON

Via Email: n.mahuta@ministers.govt.nz

Tēnā koe e te Rangatira

PROPOSED THREE WATERS REFORM PROGRAMME

At our monthly meeting on Thursday the 30 September 2021, Westland District Council discussed the Three Waters Reform proposal and finalised the feedback the Council will be providing to the Government.

Westland District Council unanimously resolved that:

It opposes the New Zealand Government's proposed model to establish four large water entities and remove the three waters assets and services from local councils.

The Council is not convinced that the current model provides the best governance and financial outcomes for our District and New Zealand.

As a result, based on the information available at present, this Council would seek to opt-out of the reform should this decision be required.

This position is backed by our community and is reflected in the feedback collected during the community engagement undertaken.

In order to understand the views of the people we represent, the Council took the opportunity to engage with its community; this resulted in significant levels of feedback both written and verbal.

A total of 370 written responses were received over a three week period, a greater figure than even our LTP.

An overwhelming 92% of respondents requested that the Council 'opt-out' of the proposed reforms. Westland has a proud record of independence, and this record response rate shows the huge importance that our community places on the issues being considered. There is a clear message from residents that they do not support this reform proposal.

Residents are not happy about losing control over their assets and infrastructure; they value local say and management and they have a number of valid concerns that need to be listened to by the Government including the need for any local government reform to be driven by the people upwards and not imposed by government upon our people.

There has also been significant concern expressed about the disappointing and misleading nature of the Government's public advertising campaign, inaccuracies in the data the Government is reliant on, and core underlying assumptions that have been questioned by industry experts.

Our Council is not alone in expressing these concerns. Despite the feedback and assurances from DIA staff that the campaign would be reviewed, the advertising continues. The damage it inflicts on this government will be immeasurable which is unfortunate.

Of significance to Westland was the support received from the Chairman of Te Rūnanga o Ngāti Waewae and the Chairman of Te Rūnanga o Makaawhio in opting out. What has become very clear is that Iwi around the country have many different views with a minority in the North Island being very radical in nature.

Westland District Council, like all councils nationwide, went into this process in good faith and on the understanding that the reform was voluntary with the ability for councils to opt-out.

We would like to remind the Government of the good faith in which we entered this process and trust that similar good faith will be shown regarding the Council's ability to opt-out.

We advise you that should government mandate this three waters proposal we will stand with our community and push back.

Nāku noa, nā



Bruce Smith
Mayor



Deputy Mayor David Carruthers
Chair, Capital Projects and Tenders Committee
Hokitika Ward Councillor



Cr Latham Martin
Chair, Community Development and Planning
Committee
Hokitika Ward Councillor



Cr Jenny Keogan
Northern Ward Councillor



Cr Jane Neale
Northern Ward Councillor



Cr Anna Hart
Northern Ward Councillor



Cr Paul Davidson
Hokitika Ward Councillor



Cr Ryan Kennedy
Southern Ward Councillor



Cr Ian Hartshorne
Southern Ward Councillor



Kw Francois Tumahai
Chair, Te Rūnanga o Ngāti Waewae



Kw Paul Madgwick
Chair, Te Rūnanga o Makaawhio

Memorandum of Understanding
between
Partner Councils
In relation to their 3 Waters Campaign

Dated November 2021

1. Introduction

The Government of New Zealand has announced that it will be introducing a Bill into Parliament before Christmas 2021 for passage into law in 2022. That Bill will compel territorial and unitary authorities (“councils”) in New Zealand to transfer their rights and interests in: drinking water assets; wastewater assets; and stormwater assets (together known as “3 Waters assets”), to four new entities who will henceforth own and operate those assets. This transfer is likely to occur without fair compensation being paid to councils for the compelled transfer of those assets.

The signatory councils (“Partner Councils”) to this Memorandum of Understanding (“MoU”) oppose the Government’s intention and have agreed to work cooperatively together to campaign to convince the Government to reconsider its position in favour of other options that better deliver a set of reform proposals that meet the needs of communities, councils and Government (“the Campaign”).

2. Purpose

The purpose of this MoU is to:

1. Set the objective of the Campaign;
2. Specify the governance arrangements in respect of the Campaign’s management and operation;
3. Specify the basis on which Partner Councils agree to participate, and continue to participate, in the Campaign;
4. Specify the cost-sharing arrangements; and
5. Set the process by which councils other than the initial Partner Councils may sign-up to join these arrangements.

3. Campaign Objective

The purpose of the Campaign is to convince the Government to alter its intention to proceed with legislation that will compel councils to transfer their 3 Waters assets into the ownership and/or operational control of another legal entity without the agreement of an affected council to that transfer. Campaign Partners will engage with their communities and the Government to reach an agreement on a reform package that can appropriately meet all parties objectives.

In pursuit of that objective, the Campaign will develop an overall strategy which will include actions to be undertaken both nationally and locally.

In developing and executing the Campaign strategy, Campaign Partners agree that:

1. Message and policy discipline is important and that any proposed departure by an individual Partner Council from agreed messaging and/or agreed policy positions, should be discussed first amongst Partner Councils;
2. Appropriate reform of the 3 Waters sector is required to meet health and environmental regulatory standards, and that there needs to be an ongoing obligation on 3 Waters asset owners to develop proposals in their respective areas that can credibly meet those standards over time;
3. They support the creation of Taumata Arowai to incentivise improved performance by 3 Waters asset owners;
4. Structural reform of 3 Waters assets should respect community property rights in those assets; and
5. They will not disparage or defame any natural person.

4. Governance Arrangements

All Partner Councils are members of the governing Plenary. Each Partner Council has one vote.

Day to day governance of the campaign will be overseen by an Oversight Group made up of up to seven representatives of Partner Councils. The Oversight Group shall regularly report to the Plenary to ensure all Partner Councils are fully informed about the status of the Campaign.

The Oversight Group may appoint a Small Group of Partner Council chief executives and consultants to assist it, and Partner Councils, in strategy development and tactical execution of the Campaign strategy.

5. Basis of Participation

Partner Councils agree to adhere to, and execute, the agreed Campaign strategy.

If a Partner Council chooses not to adhere to the Campaign strategy it will first advise the Plenary of its intentions before proceeding with any action that is at odds with the Campaign strategy. On such advice, the Plenary shall meet to discuss the matter and the Plenary shall use its best endeavours to resolve any dispute.

In the event the Plenary is unable to resolve the dispute, it may by majority vote suspend the Partner Council from further participation in the Campaign. Cost obligations for a suspended Partner Council will cease from the date of the suspension but previously incurred cost obligations must be met by the Partner Council.

Any Partner Council may, at any time, cease its participation in the Campaign with the provision of one week's notice in writing to the Plenary. Cost obligations for a retiring Partner Council will cease from the date that the one week's notice in writing takes effect but previously incurred cost obligations must be met by the Partner Council.

6. Cost-sharing Arrangements

Each initial Partner Council agrees to pay into the Campaign fund the following amount:

1. If it is a Metropolitan Sector council - \$20,000;
2. If it is a Provincial Sector council – \$15,000;
3. If it is a Rural Sector council – \$10,000.

The Campaign fund will be held in trust and administered by Timaru District Council under the oversight and direction of the Plenary.

7. Additional Partner Councils

Councils that wish to become a Partner Council after the date that this MoU has been agreed may do so by application in writing to the Plenary.

Applications must include:

1. Evidence of a clear mandate to become a Partner Council; and
2. An acknowledgment that the applying council agrees to abide by the objectives and principles of the Campaign, including the governance and cost-sharing arrangements;

If the Plenary approves an application, then the additional council must pay into the Campaign fund an amount relevant to its Sector status, as specified in Clause 6, in order to activate its Partner Council status.

8. MoU Not Legally Binding

Partner Councils agree that it is not the intention for any of the provisions of this MoU to be legally binding.

Signed by the following mandated representatives of each Partner Council:

Signature:

Signature

Position:

Position:

Council:

Council:

Date:

Date: