



AGENDA

RĀRANGI TAKE

NOTICE OF AN ORDINARY MEETING OF

COUNCIL

to be held on **Thursday, 29th July 2021** commencing at **1.00pm** 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 audiovisual 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. KARAKIA TĪMATANGA OPENING KARAKIA

2. NGĀ WHAKAPAAHA APOLOGIES

- Cr Hart.

3. 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.

4. NGĀ TAKE WHAWHATI TATA KĀORE I TE RĀRANGI TAKE URGENT ITEMS NOT ON THE AGENDA

Section 46A of the Local Government Official Information and Meetings Act 1987 states:

- (7) An item that is not on the agenda for a meeting may be dealt with at the meeting if –
 - (a) the local authority by resolution so decides, and
 - (b) the presiding member explains at the meeting at a time when it is open to the public, –
 - (i) the reason why the item is not on the agenda; and
 - (ii) the reason why the discussion of the item cannot be delayed until a subsequent meeting.
- (7A) Where an item is not on the agenda for a meeting, –
 - (a) that item may be discussed at the meeting if –

- (i) that item is a minor matter relating to the general business of the local authority; and
- (ii) the presiding member explains at the beginning of the meeting, at a time when it is open to the public, that the item will be discussed at the meeting; but
- (b) No resolution, decision, or recommendation may be made in respect of that item except to refer that item to a subsequent meeting of the local authority for further discussion.

5. NGĀ MENETI O TE HUI KAUNIHERA MINUTES OF MEETINGS

Minutes circulated separately via Microsoft Teams.

- **Westland Wilderness Trust Meeting Minutes – 25 February 2021**
- **Parks, Reserves and Environment Subcommittee Meeting Minutes – 14 April 2021**
- **Economic Development Committee Meeting Minutes – 18 May 2021**
- **Ordinary Council Meeting Minutes – 24 June 2021**
- **Extraordinary Council Meeting minutes – 30 June 2021**

6. ACTION LIST

(Pages 7-11)

7. NGĀ TĀPAETANGA PRESENTATIONS

- **Website Update Project**
Lesley Crichton, Group Manager: Corporate Services, Westland District Council.

8. PŪRONGO KAIMAHI STAFF REPORTS

(Pages 12-53)

- **Chief Executive's Quarterly Report**
Simon Bastion, Chief Executive, Westland District Council

- **Projects and Carry Forwards to 2021-22**
Lesley Crichton, Group Manager: Corporate Services, Westland District Council

9. ADMINISTRATIVE RESOLUTIONS

Council is required to confirm its Seal being affixed to the following documents:

- **Warrant of Appointments**

Scott Graydon BAXENDALE	Warrant of Appointment - Group Manager: District Assets	To act in the Westland District as: <ul style="list-style-type: none"> - An Authorised Enforcement Officer pursuant to Sections 164, 168, 172, 174 & 177 of the Local Government Act 2002; and - an Enforcement Officer under the Westland District Council Bylaws; and - a Litter Control Officer under Sections 5, 7 of the Litter Act 1979; and - an Enforcement Officer under Sections 38, 332 & 333 (Including Powers of Entry and Search) of the Resource Management Act 1991; and - an Authorised Officer (General Powers) under Section 23 of the Health Act 1956; and
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		<ul style="list-style-type: none"> - an Authorised Officer (Inspections) under Section 222 of the Building Act 2004; - an Engineer under the Water Supplies Protection Regulations 1961; and - a Ranger under Sections 8, 10 of the Reserves Act 1977; and - an Authorised Person under Sections 110 & 111 of the Public Works Act 1981; - an Authorised Officer under Sections 355, 357 & 468 of the Local Government Act 1974; and - an Enforcement Officer under Section 76 of the Waste Minimisation Act 2008 - an Enforcement Officer under Section 7 of the Transport Act 1972
Victoria Jayne PRICE	Warrant of Appointment - Solid Waste / BSO	To act in the Westland District as: <ul style="list-style-type: none"> - An Authorised Enforcement Officer pursuant to Sections 164, 168, 172, 174 & 177 of the Local Government Act 2002; and - an Enforcement Officer under the Westland District Council Bylaws; and - a Litter Control Officer under Sections 5, 7 of the Litter Act 1979; and - an Enforcement Officer under Sections 38, 332 & 333 (Including Powers of Entry and Search) of the Resource Management Act 1991; and - an Authorised Officer (General Powers) under Section 23 of the Health Act 1956; and - an Authorised Person under Sections 110 & 111 of the Public Works Act 1981; - and - an Authorised Officer under Sections 355, 357 & 468 of the Local Government Act 1974; and - an Enforcement Officer under Section 76 of the Waste Minimisation Act 2008

- **ANZ Amendment to Master Mandate**
- Addition of Lynley May Truman as nominated signatory for Westland District Council.

10. ELECTED MEMBER INFORMATION

- **NZ Coastal Restoration Trust Annual Conference - March 2022**
Cr Jane Neale, Northern Ward Councillor

11. KA MATATAPU TE WHAKATAUNGA I TE TŪMATANUI RESOLUTION TO GO INTO PUBLIC EXCLUDED

(to consider and adopt confidential items)

Resolutions to exclude the public: Section 48, Local Government Official Information and Meetings Act 1987.

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

Item No.	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for the passing of this resolution
1.	Confidential Minutes: - Economic Development Committee Meeting 18 May 2021	Good reason to withhold exist under Section 7	That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists. Section 48(1)(a)
2.	Confidential Minutes: - Council Meeting 24 June 2021	Good reason to withhold exist under Section 7	That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists. Section 48(1)(a)
3.	Confidential Minutes: - Extraordinary Council Meeting 30 June 2021	Good reason to withhold exist under Section 7	That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists. Section 48(1)(a)
4.	Tender Award: Hokitika Swimming Pool Stage 1 Sub-Trades	Good reason to withhold exist under Section 7	That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists. Section 48(1)(a)

This resolution is made in reliance on sections 48(1)(a) and (d) of the Local Government Official Information and Meetings Act 1987 and the particular interests or interests protected by section 7 of that Act, which would be prejudiced by the holding of the relevant part of the proceedings of the meeting in public are as follows:

Item No.	Interest
2	Protect the privacy of natural persons, including that of deceased natural persons (Section 7(2)(a))
1, 2, 3, 4	Protect information where the making available of the information: (i) would disclose a trade secret; and (ii) would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information (Section 7(2)(b))

2	Enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities.	(Section 7 (2)(h))
1	Maintain legal professional privilege	(Section 7(2)(g))
1, 2, 3, 4	Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	(Section 7(2)(i))
2, 3, 4	Prevent the disclosure or use of official information for improper gain or improper advantage.	(Section 7(2)(j))

**DATE OF NEXT ORDINARY COUNCIL MEETING – 26 AUGUST 2021
COUNCIL CHAMBERS, 36 WELD STREET, HOKITIKA AND VIA ZOOM**

29.07.21 - Council Meeting - Action List

Item No.	Date of Meeting	COMPLETED IN PROGRESS OVERDUE	Item	Action	Completion Date/Target Date	Officer	Status
1	28.06.18		Kaniere School Students – Cycle trail 1. Crossing Progress 2. Crossing Placement 3. Site Visit (3 Actions merged 26.11.20 and updated)	Council staff to get back to the Kaniere School Students regarding the proposal.	Oct 2020	GMDA & CE	<p>The site for the crossing has been revised based on a site visit by Mayor, CE & GMDA.</p> <p>As part of the works planned at the crossing, additional footpaths are to be created and the road is to be realigned and changed to a T-intersection.</p> <p>Pricing has been received for the revised intersection design as well as the footpath and crossing. Staff are working with Westroads around the timing for construction as well as a further revision of the crossing to address parking requirements in the area. It is hoped that construction could begin within the next 3-4 weeks.</p>
2	28.11.19		Iwi representation around the Council table		In progress	Mayor & CE	Local Government review underway, this may be addressed as part of that process.
3	22.10.20		Hokitika Waste Water Treatment Plant Project Oversight Committee	Provide monthly updates to Council	Completed.	CE	3 Waters Stimulus Funding Delivery Plan conditionally approved for the Hokitika WWTP feasibility work. More detailed milestones and costs to be submitted for approval. Stantec has been appointed to prepare a cost proposal and commence with the stakeholder engagement process.

Item No.	Date of Meeting	COMPLETED IN PROGRESS OVERDUE	Item	Action	Completion Date/Target Date	Officer	Status
							<p>Inaugural meeting of the Hokitika Waste Water Oversight Committee planned for the 4 August 2021.</p> <p>All significant items will also be raised as standing items going forward for future reporting.</p>
4	10.12.20		Speed Limit Register Review – Stage 2	<p>Review of the speed limits on the below roads/areas:</p> <ul style="list-style-type: none"> • Kokatahi/Kowhitirangi Area • Old Christchurch Road • Kaniere Road • Lake Kaniere Road and surrounding areas (Hans Bay, Sunny Bight, Lake Kaniere) 	2021	GMDA	<p>This item is on hold awaiting Waka Kotahi NZ Transport Agency speed limit review.</p> <p>An information report will be brought to the August Council meeting outlining the nature of the review that is being undertaken by Waka Kotahi and potential impacts for Westland DC</p>
5	10.12.20		Ross Chinese Gardens – Flooding issues	Update to Council on progress	Feb 2021	CE	<p>Cr Keogan working on a Masterplan with the Ross Community.</p> <p>Lake level management – a meeting has been held, an engineering design will be completed, and an application for a resource consent will be submitted to the West Coast Regional Council.</p> <p>Lake Level Project – onsite meeting with Department of Conservation was held. The engineering design will be completed and application for resource consent will be submitted to the West Coast Regional Council, with an</p>

Item No.	Date of Meeting	COMPLETED IN PROGRESS OVERDUE	Item	Action	Completion Date/Target Date	Officer	Status
							endeavour to have this completed through the summer period.
6	25.03.21		Mark Davies, DOC to speak at an upcoming Council Meeting.	Invite Mark Davies to speak to Council as the Operations Director around the issues DOC are facing with the National Park Management Plan.	April 2021	CE	Mark Davies, Director Operations (Western South Island) has been invited to attend the August-September Council meeting.
7	25.03.21		Kumara Gardens	Update to Council at the next meeting.	On going	CE	A meeting with representatives of the Kumara Community Group will be held on the 13 August 2021.
8	27.05.21		National Bowel Screening Programme	Invite Manaia Cunningham, back to Council after the Programme has completed to update Council.	July – Aug 2022	CE	Project Manager for the programme will be invited to attend a future Council meeting – propose November 2021
9	27.05.21		Road Naming Policy	To be reviewed	July – Aug 2021	GMR&CS	Draft has been completed and reviewed by the ELT and has been reviewed by Westland DC Iwi representatives. Report coming to Council in August.
10	15.06.21		LTP Submissions	Replies to submitters to be actioned.	July 2021	GMCS	Draft response letter to submitters prepared. Finalising of responses to the 160 submitters in progress.
11	24.06.21		Westland Puanga-Matariki Festival		Completed	Cr Martin, Cr Keogan	The Westland Puanga-Matariki Festival is open to the public.

Item No.	Date of Meeting	COMPLETED IN PROGRESS OVERDUE	Item	Action	Completion Date/Target Date	Officer	Status
12	24.06.21		Destination Westland Ltd - Longer Term Structure Review	Council supported the option to establish a Transitional Independent Board for Destination Westland Limited at a cost of \$56,000 per annum, noting that this is a three year transition.	Completed	CE	Council resolved to the transition option.
13	24.06.21		Franz Josef Strategy, Carparking Requirements and Signage Requirements	Council resolved to incorporate the matters of the Franz Josef Strategy, Signage and Carparking into the Te Tai o Poutini Plan process.	Completed	CE/PM	Franz Josef Signage and carparking matters to be reported regularly to the Planning Committee.
14	24.06.21		Revell Street Trial – Stage 2	<p>The following items were agreed upon:</p> <p>A) The concept for Revell Street be workshopped with Councillors within a three week period, incorporating a breakdown of costings to date being provided to Councillors.</p> <p>B) The repainting of the traffic lines, traffic calming mechanisms and</p>		PM	Workshop with Councillors held on the 12 July 2021, and direction provided to staff on Stage 2 of the trial.

Item No.	Date of Meeting	COMPLETED IN PROGRESS OVERDUE	Item	Action	Completion Date/Target Date	Officer	Status
				<p>pedestrian crossing work to be paused and deferred to the workshop for discussion.</p> <p>C) The seating areas and elevated platforms (decking structure) be progressed with urgency.</p>			
15	24.06.21		LGNZ Remits	Update from the LGNZ Conference.	Completed	CE	Cr Martin voted according to the Council resolution.

Report



DATE: 29 July 2021

TO: Mayor and Councillors

FROM: Chief Executive

CHIEF EXECUTIVE'S QUARTERLY REPORT

1 SUMMARY

1.1 The purpose of this report is to:

1.1.1 Provide an update on the positive aspects that are happening in the Westland District.

1.1.2 Updates on any Matters of Significance & Priority.

1.2 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 - 2031. Refer page 2 of the agenda.

1.3 This report concludes by recommending that Council receive the Chief Executive's report dated 29 July 2021.

2 MATTERS OF SIGNIFICANCE & PRIORITY LIST

2.1 Three Waters Reform

Councillors are aware from previous reports the work being undertaken nationally to review three waters. Using data supplied by local Councils through RFIs the Government has produced an analysis of the investment required in three waters by local authority area. The data has been modelled using analysis from work undertaken in Scotland in the UK. This means that the figures reflect an internationally derived view of the required expenditure for local Councils New Zealand rather than necessarily what is in the Long Term Plans. The figures provided by Government outline the economics of transferring the delivery of 3 waters across New Zealand into 4 independent public bodies. In addition, the Government has put together an economic argument on how the local and national economies would benefit from the growth in investment. The documents provided by the Government show that the new entities would be able to leverage more funding and derive economies of scale in the delivery of major water infrastructure investment.

The impact for Westland DC of the decision that the Council chooses to make has significant implications for the Council, its communities and its staff. Opting for things to remain as they are would mean a slower rate of investment in water infrastructure within Westland and an increasing burden of debt for the Council. The new economic regulator will take the same approach to all providers and the expectation is that regulatory standards will increase leading to a greater requirement for water quality, services and further cost growth.

Electing to agree to the transfer of three waters to the new entities has very significant impacts for the Council. For a small Council with a large geography, like Westland, three waters is a significant part of the Council's activities. A transfer of undertakings has implications across staffing levels, spread of overhead and residual Council assets. It also has potential impacts on rates.

The Government has announced a package of financial support of \$2.5bn to support Councils. \$11,150,000 has been identified for Westland. The details of this package is within the supporting documents attached as appendix 1 and 2.

DIA and LGNZ have agreed for a two month analysis period whereby all councils can assess the impacts of the proposed reform which is meant to be completed by the end September. There is additional help being volunteered by LGNZ to councils to better understand the RFI and analysis numbers to ensure the case for change is quantified and that the councils and ratepayer can make a truly informed decision.

The West Coast council CE's are looking to exploit this opportunity to bring on Tonkin & Taylor to complete the analysis on the same basis across the three councils – in this way we are all on the same page in regards to the outcomes.

Once this is completed the analysis of the impacts of three waters will be reported back to Councillors in due course.

(Supporting Documents are attached as appendix 1 and 2)

2.2 Three waters Capital works programme

With the approval of the Delivery Plan and payment of the initial upfront portion of funding (\$3,942,200.00) in November the majority of the 43 Reform Projects are underway.

Some of the major projects in the Reform include

- Replacement of various water and wastewater mains throughout the District
- New Reservoirs (raw and treated) at three water treatment plant sites
- Feasibility study for the Hokitika WWTP options / upgrade
- Various improvements to WTP's, WWTP's and pump stations including installation of generators
- CCTV and Inflow and Infiltration (I&I) investigations of various wastewater and stormwater networks throughout the District.

With the exception of the Hokitika Waste Water Treatment plant all projects are delivering and spending to target. Hokitika Waste Water Treatment Plant will not be delivered within the agreed time frame. The first meeting of the steering committee will be held on the 4th August 2021 this allows a timetable for the completion of the feasibility study to the business case stage. This will not spend all the allocated money within the March 2022 deadline. The Council has identified alternative projects to meet the expenditure and is liaising with MBIE to obtain the necessary approvals.

2.3 Arahura Water Supply

Council awarded this contract at the Capital Projects & Tenders Committee to Process Flow Ltd on the 15th September 2020.

The pre-fabricated water treatment plant has been constructed and will be delivered to site in the week commencing 26th July 2021. The next stage is to connect the pipe work through to the reservoirs.

The project is expected to be completed by August 2021.

2.4 The Fox Glacier Water treatment plant upgrade.

This new installation has been tendered and components are being assembled at the contractor's facility (Marshal Projects Ltd).

Due to the nationwide extensive 3 waters reform projects there is a delay in physical works at this site getting underway until late 2021.

2.5 Provisional Development Unit Funding

The following projects have been approved and funding by the Provisional Development Unit of the Ministry Business, Innovation and Employment (MBIE):

2.5.1 Solid waste management: Fox Landfill Waste Removal and Butlers Landfill Cell - \$3.3M

2.5.1.1 Fox Glacier Landfill:

The old Fox landfill suffered serious river encroachment in the flood in March 2019.



After funding was sourced from Central Government a full remediation contract was let to mechanically remove the remaining landfill material. This included the river basin cleanup, which was undertaken by local operatives to help alleviate the affect that COVID 19 has had on the local economy.

Rosco Contracting Ltd excavated and removed 16,000 tons of material from the site up to Butler's landfill for disposal. This project is now complete and the site has been remediated inclusive of rock armoring to prevent river intrusion.



2.5.1.2 Butlers Landfill:

Due to the additional material brought up from Fox the Butlers landfill, Westland required a new waste cell so the region is not disadvantaged. After a period of design and consent submissions and tendering process, the physical works got underway in Late June.



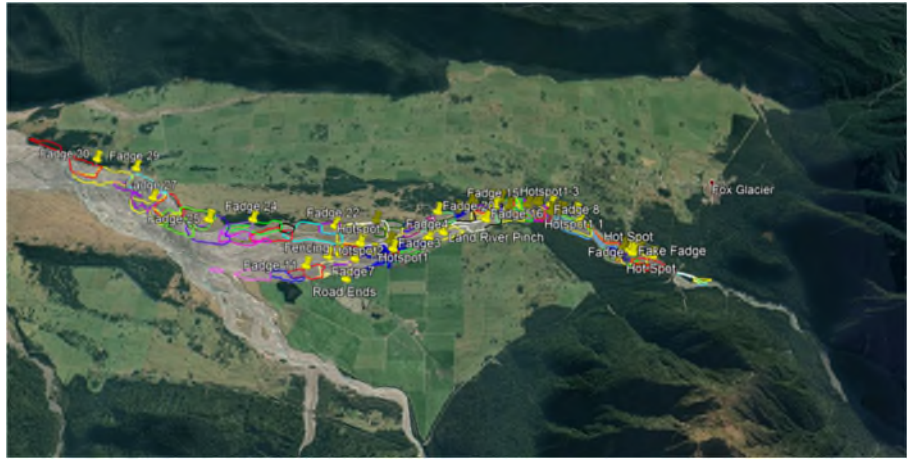


2.5.1.3 Fox River Remediation:

The Fox River Basin Clean-Up is now complete. This project has benefited the community by supporting the direct employment of an average of 16 ground staff, various support crew, helicopter logistics and accommodation suppliers. Service Cartage Ltd kindly donated fadges for waste collection and cartage. The packaged waste is required to be accurately weighed before being disposed of at the Butlers landfill.



One of the Fox River basin crews in action.



Geo-grid map of various clean up locations in the river.

2.5.2 Cron Street extension - \$1.19M / Cron Street footpath extension - \$269K

Cron Street Extension: The contractor has continued to make good progress on this project. Still scheduled for completion in November however progress has slowed recently due to the recent rough weather. Footpath works are mostly completed and the carpark extensions are well underway but there have been some issues around shallower than normal services that have created some challenges for construction. Northern end construction has progressed well with the majority of underground services now laid allowing the greater focus to move toward the roading construction.



2.5.3 Old Christchurch Road seal extension - \$3.2M

Good progress has been made on the construction of Old Christchurch Road. Works on this project has now largely ceased while the contractor waits for the sealing temperatures and sun angles to rise. The road is sealed to Van-Beek's farm with the remaining unsealed sections being maintained until the sealing season starts in September.

There is sufficient funding left to seal to Loopline Road but unfortunately not sufficient funding remaining to complete stage 3 of this project. Once stage 2 is fully completed a review of remaining funding will be carried out to determine

what improvements can be made to stage 3. Remembering that the proposal was to seal “up to” 12km.



2.5.4 Jackson Bay wharf - \$500K (additional to \$500k already approved)

Isaac Construction (former GT Liddell Contracting Ltd.) have been delivering the works to the Jackson Bay Wharf repairs project as a specialist contractor. The causeway and main wharf are in need of repairs. The first stage of the project has is nearly complete with significant replacements to timberwork on the main causeway now in situ.

A Structural Engineer has completed the final checks on repairs, including a diver inspection and loading of the structure. Works include the structural repair of some piles and drive new piles where they are not structurally able to be repaired and replacement or repairs of timber bearer beam and bracing. Council will recall the informative presentation given by G Liddell contracting limited recently outlining the works undertaken to the wharf. Additional funding has been approved to complete essential structural piling works. Work on the wharf/causeway itself has halted until tides improve in late August. Some off site work is progressing while the contractor prepares timbers for the next body of works.



2.5.5 Hokitika swimming pool renovation - \$3M

Stage one structural strengthening work has been awarded to Evan Jones Construction limited. This stage of work involves essential structural strengthening works to increase the main building's National Building standards (NBS) rating to above 67%. This work is required prior to the main body of refurbishment and new development works commencing. Start on site has commenced.

As part of this process of NBS compliance the services of the swimming pool are undergoing redevelopment. Tenders have now closed for the upgrades of the current services including electrical, fire protection, heating, ventilation, and emergency lighting. A recommendation to appoint contractors will be brought to the Capital Projects and Tenders Committee at next meeting. The Project Control Group has accelerated the compilation of the upgrade specifications ensuring that there would be a fluid transition between programs of work and the crucial structural strengthening program.

Design for the stage two refurbishment works is now 90% complete. Destination Westland, the operational managers of the facility, are concurrently working on their maintenance works which is normally programmed during this close down period.

2.6 Tourism Infrastructure Funding (TIF) applications

Council has been successful for another five projects through the Round 5 of the Tourism Infrastructure Funding:

Project	Details	Total cost	Council contribution
Upgrade of Franz Josef Car Parking Area	This project includes chip sealing, curbing and channelling as well as secure fencing & solar street lighting	\$200,000	\$63,000
Public Toilets at Paringa	A new three pan toilet block at Paringa Salmon Farm Café to replace the existing toilets at the facility. This is on the back of the success of the partnership with the owners and council in relation to responsible camping.	\$252,000	\$46,000
Cass Square Toilets	This projects involves building a new 4 pan toilet at Cass Square with extended shelter and bike racks and an E-Bike charging station	\$308,000	\$84,000
Jackson Bay Visitor Parking	This project relates to enhancing the beach front area and reducing the congested and uncontrolled boat trailer parking. This will be achieved by establishing a visitor car parking and boat trailer area on the land that council has leased next to the waterfront.	\$188,000	\$65,000
Hokitika Beachfront Infrastructure Development	Beach front access ramps extending from the seawall near Weld Lane using	\$461,000	\$136,000

	<p>interlocking concrete system produced in Westport.</p> <p>A campervan car-parking recreation area on the old fire brigade training ground near Sunset point.</p> <p>This will be with day parking for campervans.</p> <p>Bike stands and Wayfinders signage for the CBD.</p>		<p>Expect the access ramps to be funding through the WCRC seawall protection works project)</p>
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2.7 Carnegie Building

The contract for earth quake strengthening works at Carnegie building was awarded to Trademark Construction a New Zealand heritage building specialist. Trade mark recently completed seismic strengthening work for the Department of Conservation on the Awaroa/Godley Head coastal defence battery, which is ranked as one of the top ten New Zealand coastal defence heritage sites.

Trade mark has been on site for approximately two months and has completed the deconstruction of the interior of the building to facilitate strengthening works. The removal of the existing foundations and existing walls and ceiling work is currently underway. The installation of the new foundation concrete shear walls will proceed after the deconstruction work. Structural steel wall supports are to be installed in the coming weeks.

Investigation work has been conducted for the external brick and plaster work and the external decorative parapets require replacement. Offsite manufacturing of the specialist environmental control system is on target.



2.8 Council Headquarters

Detailed design work and intrusive investigations by Simco Consulting have resulted in a completed structural strengthening plan for the building. The strengthening plan covers all crucial structural works to ensure the National Building standards (NBS) rating can be raised to above 67% in a cost- efficient process. The Project control group are working through a construction program aligning detailed costings.

2.9 Pakiwaitara Building

Structural engineering requirements for the Pakiwaitara building are dependent on the proposed use of the building. The more loading placed on the building, particularly at first floor level, the greater structural works required and the greater cost to the Council.

An agreement has now been reached on the options for the use of the building and from that the Project Control Group have finalised a working brief. A report has now been completed on the required structural strengthening for the building, based on user requirements. Construction pricing is now under way and on target. Additional reports for the weather tightening component of works are being compiled. This includes evaluations of roofing, cladding options and identifying possible efficiencies in earth-quake structural strengthening works.

2.10 West Coast Wilderness Trail - Enhancements.

2.10.1 Kaniere Cycle Trail Stage 1.

After some delay in this project, due to construction and design problems this section of cycle trail is available for public use. Unfortunately it cannot be officially opened due to land usage negotiations at the Hau Hau intersection, but the site has been well utilised over the last week with many positive comments. It features a spiral bridge design at the eastern end along with many forest passages that make this trail one of the best in our region. Below are some of the highlight scenes on this trail, but it is well worth a visit by the councillors & their families.





3 OTHER ACTIVITIES

3.1 Footpath forward plan

The modelling of the data from the footpath inspections has been completed and a draft forward investment plan is near completion. This incorporates data from and validation from onsite visits including on a site visit with Samarra Wright following her LTP hearing presentation.

Follow-up inspections on the worst graded footpaths have been completed throughout the district. This verified the footpaths condition and identified required works to improve the usability and rating of the footpaths. Along with the footpath ratings, they have also been assigned priority factors for locations such as CBD, schools, pensioner housing and sporting facilities as these are considered to experience higher pedestrian volumes.

Once completed, this analysis will be packaged into volumes of work within each township the programme will be presented to the August Council meeting.

3.2 Corporate Services

3.2.1 Finance

The Long Term Plan has been a big project over the last 12 months which was adopted by Council on 30 June 2021.

The finance team will now be concentrating on the Annual Report for the financial year ended 30 June 2021 and preparing for the Annual Plan 2022-23.

The Annual Report is required to be audited and signed off by 31 October each year. However, due to COVID the Office of the Auditor General has announced that without overseas appointments to assist Audit NZ they will be unable to complete audits in time to sign off for the statutory deadline.

A bill has been passed at parliament to extend the statutory deadline to 31 December 2021.

OAG has prioritised audits and the Westland District Council audit has been pushed back to start sometime in Mid/late October, this will create undue pressure on the small finance team to provide support to the audit and progress the next Annual Plan.

Therefore, the Chair of the Audit and Risk Committee has written to the OAG with concerns around the delay in audit and the issues that this will create.

3.2.2 Strategy and Communications

The Strategy and Communications advisor was project lead for the production of the Long Term Plan, co-ordinating the information from the different Council teams, and working with Audit NZ to ensure that statutory deadlines were met.

At the same time, leading the project team to upgrade Council's website, reviewing all current content, and working with staff to provide updates to the website content.

This position is integral for Council to meet statutory deadlines and ensure Council legal compliance.

3.2.3 Information Technology

The IT team have been busy supporting staff and at the same time continuing to ensure that Council IT infrastructure is functioning.

With staff moves around the office, some wifi issues presented and IT have been replacing these units.

Due to COVID there are major delays in getting computer equipment with more than 3 months delay on getting some items. Therefore IT have ordered in some stock to hold for replacement of end of life items and for new employees.

The team have also been carrying out a review of IT security due to the increase in Cybercrime and will be taking a report to the August Audit and Risk Committee. As part of this review, all staff and Councillors have been given Phishing training and there is an ongoing programme in this area.

3.2.4 Information Management

The Information Management team are continuing to automate some Council processes and have been involved in the website upgrade to allow for automation of some workflows, once this has been implemented, there will be a programme to add more processes to the workflows.

The team are also continuing to inventory all physical files and apply the Archives NZ retentions and disposals policy to all documents. This means that some files

have now been destroyed as per policy allowing for extra room in the building, and also where documents are required to be permanently retained, are being sent for storage to a dedicated document storage warehouse in Christchurch.

3.2.5 Customer Service

Dog registration has been keeping the Customer Service team busy since the start of the new financial year.

The Customer Service Team Leader is reviewing all front desk processes looking for efficiencies while upskilling the team to be able to assist customers both internal and external with a view to being the first and last point of contact for nontechnical items.

4 STAFFING UPDATE

4.1 Staff Incoming and Outgoing (March – July 2021)

4.1.1 Outgoing Staff

- **Katharine Hartwig**, Accounts Officer - 31 March
- **Louis Sparks**, Group Manager: District Assets
- **Jannene Goodall**, Responsible Camping (Fixed Term) - 30 June
- **Hailey Miller**, Responsible Camping Enforcement Officer (fixed Term) 30 June.
- **Prabath Jayawardana**, Finance Manager – 2 July
- **Aimee Jorgensen**, Documentation, Compliance and Quality Assurance Officer – 14 July

4.1.2 Incoming Staff

- **Jenny Kirk, Customer Service Team leader**
Started 22 March

Jenny joins us from the Bay of Plenty and has brought a strong customer service background from her previous employment with the Inland Revenue Department, the banking sector and as an Office Administrator at her husband's building business.



- **Susan Gooch, Building Control /Quality Administration Officer – part-time**
Started 29 March

Susan joins Council from working as a designer, first in the industry, and then in her own business. Susan's part-time hours allows her to take care of her farm at Kaniere while enjoying the hectic pace of the Westland District Council Building Control team.



- **Shona McGahan, Accounts Officer**
Started 24 May

Shona and her partner join us from the Bay of Plenty and moved to Hokitika in May. Shona has settled into the Westland District Council and become a welcome addition to the Finance department.



- **Yislein Gomez, Business Support Officer – People and Capability Casual** Started 24 May

Yislein has joined the Westland District Council as a casual Business Support Officer and moved to Hokitika from Franz Josef where she worked as a Motel Manager. With a background in Human resources, and most recently management and customer services skills, Yislein provides added support to our People and Capability Department.



- **Hamish Webster, Project Manager**
Started 31 May

Hamish and his family have joined us from Waikaia, Southland. Hamish grew up in Reefton where he started his farming career as a young boy. He ended up managing farms and eventually becoming self-employed as a tenant farmer. Hamish contracted out his 13 years of farming experience to Dairy Conversion Projects and is now part of the Assets Management Team.



- **Scott Baxendale, Group Manager: District Assets**
Started 31 May

Scott comes with a wealth of experience in local government, property and asset management. During his career, he has held senior roles in local, regional and national organisations providing essential public services. He has been involved in significant developments and led large and varied teams, including asset management, property management, customer service, community engagement and business support. Scott has led teams on Health and Safety matters, with a particular emphasis on compliance and fire risk and led his company's response following the national UK tragedy of the Grenfell Tower fire in 2017, which impacted on all high rise residential accommodation in the UK. Scott enjoys exploring the local environs on two wheels, and participates in charitable motorcycle rallies when possible. We look forward to working with Scott in the Westland District Team, and District Assets in particular.



5. LGOIMA UPDATE

5.1 LGOIMA updates from 30 March to 1 July 2021.

LGOIMA totals and numbers received between 30 March to today 1 July 2021	
5 days and under	8
≥ 6 - 10 days	4
≥11 - 15 days	4
≥16 - 20 days	5
20 days and over	0
Withdrawn	0
Transferred	1
Pending	1
Totals	23

6. RECOMMENDATION

- A) **THAT** the Quarterly Report from the Chief Executive dated 29 July 2021 be received.

Simon Bastion
Chief Executive



HEADS OF AGREEMENT

BETWEEN

THE SOVEREIGN IN RIGHT OF NEW ZEALAND

AND

**NEW ZEALAND LOCAL GOVERNMENT ASSOCIATION
INCORPORATED TE KAHUI KAUNIHERA Ō
AOTEAROA**

FOR

**PARTNERING COMMITMENT TO SUPPORT
THREE WATERS SERVICE DELIVERY REFORM**

Parties

Name The Sovereign in right of New Zealand
Short name **Crown**

Name New Zealand Local Government Association Incorporated Te Kahui Kaunihera
 ō Aotearoa
Short name **LGNZ**

Background

- A The New Zealand Government (**Government**) is undertaking a programme to reform the delivery of three waters in New Zealand (**Three Waters Reform Programme**).
- B LGNZ is an incorporated society that represents the national interests of local government in New Zealand and leads best practice in the local government sector.
- C Since May 2020, the Crown and LGNZ have worked collaboratively to consider the interests of central and local government in relation to the Three Waters Reform Programme.
- D The Crown and LGNZ wish to continue their interests-based partnering relationship:
- (i) to enable LGNZ's ongoing role in assisting with the interface between the Crown and the local government sector in connection with the Three Waters Reform Programme (including supporting the Three Waters Reform Programme objectives and supporting the sector through its implementation and transition); and
 - (ii) to strengthen the important relationship central government has with local government to continue to work together in relation to the Three Waters Reform Programme, acknowledging local government's critical role in placemaking and achieving positive wellbeing outcomes for communities and the shared objective of a thriving, resilient and sustainable local government system that is fit for purpose and has the flexibility and incentives to adapt to the future needs of local communities.
- E The Crown and LGNZ now wish to set out the agreed process for, and the terms of, the continuation of their interests-based partnering relationship.
- F The Crown (through the Department of Internal Affairs (**DIA**)) and LGNZ have previously entered into a non-disclosure agreement (**NDA**) under which DIA and LGNZ provided certain undertakings to each other in respect of confidentiality, conflict management and use of information (amongst other key terms), which continues to apply.

Agreed Terms

1. Definitions

- 1.1 Defined terms and expressions used in this Heads of Agreement shall, unless inconsistent with the context, have the meaning set out in Schedule 1.

2. Mutual commitment to continuing the partnering approach for three waters reform

- 2.1 In May 2020, the Government (through DIA) and LGNZ committed to working together to explore options for national three waters services delivery reform in recognition of the significant challenges – presently but more so in the future – facing the delivery of water services and infrastructure and the communities that fund and rely on them.

- 2.2 The Crown and LGNZ each wish to continue:

- (a) an interests-based partnering relationship, including through the Joint Steering Committee, to support:
 - (i) the identification and resolution of matters of concern to the local government sector in a manner that is consistent with the shared objectives referred to in this Heads of Agreement; and
 - (ii) a smooth transition and successful implementation of the Three Waters Reform Programme, as further described in this Heads of Agreement; and
- (b) to strengthen the important relationship central government has with local government to continue to work together in the Three Waters Reform Programme, acknowledging the critical role local authorities play in local long-term planning, local placemaking and achieving positive wellbeing outcomes for their communities and the shared objective of a thriving, resilient and sustainable local government system that is fit for purpose and has the flexibility and incentives to adapt to the future needs of local communities.

- 2.3 The Crown acknowledges that:

- (a) although LGNZ has a mandate to consider the national interests of local government in New Zealand, the mandate of individual local authorities (as set out in the Local Government Act 2002) relates to the interests of their own local community; and
- (b) LGNZ's agreement to support and lead the sector in the manner described in this Heads of Agreement does not bind its members and individual local authorities may determine to adopt a position different to LGNZ's.

2.4 Ensuring recognition of rights and interests of iwi/Māori in three waters service delivery

The Crown and LGNZ recognise Te Tiriti o Waitangi/Treaty of Waitangi and the protection and promotion of iwi/Māori rights and interests in the delivery of three waters services, including through existing Treaty settlement mechanisms. Water can be a taonga of particular significance and importance to Māori and both parties recognise the importance of working in partnership, and acting reasonably and in good faith with the Treaty partner throughout the reform process. Both parties recognise the reform is a significant opportunity to improve outcomes for Māori in the delivery of three water services.

2.5 **Shared objectives for the Three Waters Reform Programme**

The Crown and LGNZ each acknowledge shared objectives which underpin the Three Waters Reform Programme. The principal objectives (including as they have been refined over the engagement process to date) are:

- (a) that there are safeguards (including legislative protection) against privatisation and mechanisms that provide for continued public ownership;
- (b) significantly improving the safety and quality of drinking water services, and the environmental performance of drinking water, wastewater and stormwater systems (which are crucial to good public health and wellbeing, and achieving good environmental outcomes);
- (c) ensuring all New Zealanders have equitable access to affordable three waters services and that the Water Services Entities will listen, and take account of, local community and consumer voices;
- (d) improving the coordination of resources and planning, and unlocking strategic opportunities to consider New Zealand's infrastructure and environmental needs at a larger scale;
- (e) ensuring the overall integration and coherence of the wider regulatory and institutional settings (including the economic regulation of water services and resource management and planning reforms) in which the local government sector and their communities must operate;
- (f) increasing the resilience of three waters service provision to both short-and long-term risks and events, particularly climate change and natural hazards;
- (g) 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 local authorities;
- (h) improving transparency about, and accountability for, the planning, delivery and costs of three waters services, including the ability to benchmark the performance of the new Water Services Entities; and
- (i) undertaking the reform in a manner that enables local government to continue delivering (in a sustainable manner) on its placemaking role and broader "wellbeing mandates" as set out in the Local Government Act 2002.

2.6 **Other shared objectives for three waters reform and beyond**

The Crown and LGNZ further acknowledge the following shared objectives of their interests-based partnering relationship in relation to the Three Waters Reform Programme:

- (a) supporting achievement of the shared three waters reform objectives described above;
- (b) ensuring that the Water Services Entities are set up for future success, including preserving their ability to borrow to accelerate investment and meet future investment demands;
- (c) maintaining good faith participation by central and local government in relation to other large reform programmes, including resource management reforms;
- (d) work in partnership to support the 'workforce transfer guidelines' so as to ensure that workers in local communities are treated fairly as part of the three waters reform process and with the least amount of disruption for staff and local authorities (including so that local

authorities can maintain their ongoing operations, including as they relate to three waters service delivery and investment for the duration of the transition period);

- (e) building on the success of the COVID-19 response and Joint Three Waters Steering Committee processes to demonstrate a new way of working that provides a platform for ongoing, constructive relationships between central and local government; and
- (f) supporting three waters service provision by the new Water Services Entities to be an enabler of a resilient, responsive and sustainable local government system, including as the roles and functions of local authorities may change and develop over time.

2.7 **Acknowledgement**

The Crown and LGNZ each further acknowledge that the Three Waters Reform Programme is a tested and robust package of reforms that will:

- (a) affordably and sustainably address the water services delivery objectives over the next 30 years; and
- (b) require all-in participation of local authorities to do so.

2.8 **Partnering principles – Three Waters Reform**

The Crown and LGNZ each wish to conduct their working relationship with the other party in relation to, and throughout the period of, the Three Waters Reform Programme in good faith and in accordance with the following objectives and principles:

- (a) *shared intention*: the shared intention of supporting the Three Waters Reform Programme, including ensuring a smooth transition and successful implementation of the Three Waters Reform Programme;
- (b) *mutual trust and respect*: build and foster working relationships and communication practices that are based on, and value, mutual respect and high trust, including so as to address any issues and concerns that might arise, early and constructively, to ensure that process expectations are clear and aligned and to act and respond in ways that reflect a fair assessment of the importance or materiality of the matters requiring an action or a response;
- (c) *constructive*: non-adversarial dealings between the parties, and constructive mutual steps to avoid differences and disputes and to identify solutions that advance the shared interests and objectives of both central and local government with respect to the communities they serve;
- (d) *open and fair*: open, prompt and fair notification and resolution of any differences or disputes which may arise and the identification of potential risks and/or issues (including potential causes of delay) that could adversely impact the timely completion of the activities within the timeframes specified in any agreed programme of activities; and
- (e) *no surprises*: adopt a 'no surprises' approach in respect of their respective communications to stakeholders and their public statements and to ensure they are consistent with the spirit and intent of this Heads of Agreement.

3. Support Commitments

3.1 The Crown and LGNZ each acknowledge that:

- (a) LGNZ will endorse and support such package and the need for all-in participation of local authorities to realise the full system benefits, to help build support for the reform across the sector, in the manner contemplated below; and
- (b) the key features of a Three Waters Reform financial support package are set out in clauses 5.1 to 5.3 below.

3.2 The Crown and LGNZ each agree:

- (a) to continue to carry out the discussions in relation to the Three Waters Reform Programme in good faith with a view to ensuring the reforms are achieved in a manner consistent with the shared objectives set out in clauses 2.4 to 2.6 above and Cabinet decisions in relation to the Three Waters Reform Programme;
- (b) that local authorities will be provided a reasonable period (expected to be around 8 weeks and commencing immediately after the annual LGNZ 2021 conference) to consider the impact of the reforms (including the financial support package) on them and their communities and an opportunity to provide feedback;
- (c) to discuss in good faith (including through the Joint Steering Committee) how the proposed model and design can best accommodate, in a manner consistent with the shared objectives, the following matters:
 - (i) how local authorities can continue to influence how the new water service delivery system as a result of Three Waters Reform will respond to issues of importance to their communities, and provide for localised solutions such as the aspiration for chlorine-free water;
 - (ii) ensuring appropriate integration between the needs, planning and priorities of local authorities (representing their local communities) and the planning and priorities of the Water Service Entities; and
 - (iii) how to strengthen the accountability of the WSEs to the communities that they serve, for example through a water ombudsman; and
- (d) to use all reasonable endeavours (in the case of LGNZ consistent with the resourcing, funding and activities reflected in the funding agreements referred to in clause 6) to achieve support for the Three Waters Reform Programme from the local government sector, including (in the case of LGNZ) as contemplated in clauses 4.2 and 4.3 below.

3.3 DIA and LGNZ have agreed a joint position statement (set out at Schedule 4 of this Heads of Agreement) with respect to the Three Waters Reform Programme. DIA and LGNZ will each ensure that statements made by them respectively in relation to the Three Waters Reform Programme, including statements or information made or provided to the local government sector in relation to the Three Waters Reform Programme (including through LGNZ) including at the annual LGNZ 2021 conference, shall be consistent with the joint position statement.

4. LGNZ support of Three Waters Reform

LGNZ considers:

- (a) the Three Waters Reform Programme is in the national interest of local government and the communities that it represents;

- (b) the partnering approach between the Crown (including DIA and Treasury) and LGNZ in relation to the Three Waters Reform Programme enhances and ensures a long-term commitment to partnership between central and local government in New Zealand; and
 - (c) the Three Waters Reform financial support package (as contemplated in this Heads of Agreement) is fair and reasonable at a national level.
- 4.2 Accordingly, LGNZ commits to supporting, endorsing and promoting the Three Waters Reform Programme.
- 4.3 LGNZ commits to:
 - (a) supporting the case for change by:
 - (i) publicly supporting the position that there is a sufficient and evidence-based national case for change, including that the current approach to three waters service delivery is not capable of delivering the outcomes required in an affordable and sustainable way into the future;
 - (ii) noting the analysis supporting the Crown's preferred approach to reform has been tested through the design process, and expressing the view that the proposed model design and approach to reform is sound, appropriate and beneficial when viewed as a whole at a national level; and
 - (iii) assisting LGNZ's members to understand the reform-related information being provided to them by or on behalf of the Crown, how the reform is intended to work and the impact it is likely to have on local authorities and the communities they serve, including throughout the transition period – and in respect of which the Crown (through DIA) commits to supporting LGNZ and the local government sector to actively engage in the transition process and to working through the remaining questions and further policy detail with LGNZ with a view to supporting a smooth transition to, and successful implementation of, the Three Waters Reform Programme;
 - (b) endorsing the Three Waters Reform financial support package announced by the Government (as contemplated in this Heads of Agreement);
 - (c) if, after the end of the period referred to in clause 3.2(b), the Government decides to adopt an "all in" legislated approach to the Three Waters Reform then LGNZ agrees that it will accept such a decision on the basis that:
 - (i) "all in" participation of local authorities is needed to realise the national interest benefits of the reform;
 - (ii) such acceptance does not imply that LGNZ supports such approach;
 - (iii) LGNZ will not actively oppose such approach; and
 - (iv) LGNZ may publicly express its disappointment that the Government has considered it necessary to adopt such approach.
 - (d) leading and supporting the local government sector through change arising from the Three Waters Reform Programme, in the interests of a constructive and orderly transition process.
- 4.4 The Crown (through DIA) and LGNZ will each use all reasonable endeavours to agree a timetable to support the reform (which is consistent with Cabinet decisions in relation to the Three Waters

Reform Programme) including the staged release of information and the process to develop individual local authority agreements.

5. Financial support package to local authorities

5.1 The Crown is proposing that a Three Waters Reform financial support package be provided to local authorities, comprising:

- (a) a “no worse off” package which will seek to ensure that financially, no local authority is in a materially worse off position to provide services to its community directly because of the Three Waters Reform Programme and associated transfer of responsibility for the provision of water services (including the transfer of assets and liabilities) to the Water Services Entities; and
- (b) a “better off” package of \$2 billion which supports the goals of the Three Waters Reform Programme by supporting local government to invest in the wellbeing of their communities in a manner that meets the priorities of both the central and local government, and is consistent with the agreed criteria for such investment set out in Schedule 3 of this Heads of Agreement,

and which will be given effect (including in relation to the process for the provision of funding by Water Services Entities) in agreements between each local authority and the Crown (through DIA). The key principles and process for development of such agreements will be a matter that is considered by the Joint Steering Committee.

5.2 LGNZ acknowledges that the quantum of the proposed Three Waters Reform financial support package set out in clause 5.1 is a fair and reasonable package and contribution to the local government sector having regard to the impacts of the Three Waters Reform Programme on the sector and to contribute to the future of local government in supporting the wellbeing of their communities.

5.3 The Crown and LGNZ have been discussing the proposed Three Waters Reform financial support package and record the agreed principles, as at the date of this Heads of Agreement:

- (a) in relation to the “no worse off” package, in Schedule 2 of this Heads of Agreement; and
- (b) in relation to the “better off” package, in Schedule 3 of this Heads of Agreement,

noting that in relation to those areas of the financial support package that remain to be finalised as contemplated in those schedules, the Crown intends to finalise the same with LGNZ consistent with the principles and partnering approach set out in this Heads of Agreement; and noting also that (as provided in the Public Finance Act 2010) no funding will be due or payable from the Crown until funding is appropriated.

5.4 For the avoidance of doubt, there are a range of other impacts for local authorities that may represent an adverse financial impact, which the support package contemplated in clauses 5.1 to 5.3 above does not take account of, and are intended to be addressed (through a process to be agreed between the Crown (through DIA) and LGNZ) by alternative mechanisms:

- (a) transaction costs associated with facilitating the transfer of assets, liabilities and revenue, including staff involvement in working with the establishment entities and transition unit, and legal, accounting and audit costs. There is an allocation within the \$296 million tagged contingency established as part of the 2021 Budget Package for the transition and implementation costs incurred by councils and DIA will work with LGNZ in developing the parameters of this funding pool, before it is agreed with Ministers and shared with the sector. The funding will look to ensure that councils are able to participate in the reform

programme without putting at risk council delivery of water services during the transition – noting that the funding pool will have a finite limit, needs to deliver the transition objectives, demonstrate value for money to Crown and meet the conditions around the tagged contingency; and

- (b) accumulated cash reserves that have been earmarked for future water infrastructure investment. Local authorities will be encouraged to use these reserves (subject to reserve conditions) prior to the “go live” date of 1 July 2024. It is intended that any material reserve balances remaining at that time will be transferred to new Water Services Entities with a commensurate commitment to invest those funds in the communities that paid for them, consistent with the conditions under which they were raised. Councils will be allowed to retain immaterial reserve balances upon transfer. The materiality threshold will be developed in discussion between DIA and LGNZ and agreed with Ministers before reflecting this in guidance for the sector; and
- (c) any payment to be made to a local authority by the relevant Water Services Entity associated with the transfer of water assets, debt and revenue - being the amount of water-related debt established through any applicable due diligence and/or audit when that Water Service Entity takes over the three waters-related infrastructure and service delivery responsibilities (including the transfer of water assets, debt and revenue) from the local authority to implement the Three Waters Reform Programme.

6. Crown support for LGNZ to lead and support the local government sector through change

The Crown is proposing to provide ongoing support to LGNZ, by way of separate funding agreement(s) with LGNZ (and subject to the conditions set out in such agreement(s)):

- (a) in the short term (expected to be through to mid-September 2021) to enable LGNZ to build support within the local government sector for the Three Waters Reform Programme; and
- (b) subsequently through the transition and implementation phases of the Three Waters Reform Programme (expected to be approximately two and half years), to enable LGNZ (including LGNZ engaging Taituarā as appropriate) to support the Crown and the local government sector through the transition and implementation of the Three Waters Reform Programme.

7. Joint Steering Committee

- 7.1 The Crown and LGNZ each acknowledge the benefit to both central and local government of the work carried out by the Joint Steering Committee, particularly in ensuring that the perspectives, interests and expertise of both central and local government, and of communities throughout New Zealand, have been accommodated in the development of the Three Waters Reform Programme to date.
- 7.2 The Crown and LGNZ each consider that there is considerable benefit in the Joint Steering Committee continuing to be convened to support the constructive partnering approach between central and local government, to continue to inform the detail that is yet to be developed as part of the Three Waters Reform Programme and to achieve the best outcomes for all New Zealanders through the Three Waters Reform Programme, including through transition and implementation.
- 7.3 The Crown and LGNZ each acknowledge that, in order to give effect to the Cabinet decisions in relation to the Three Waters Reform Programme in a manner that is consistent with the shared objectives set out in this Heads of Agreement, further policy detail remains to be worked through to ensure a smooth transition and successful implementation of the Three Waters Reform

Programme. The Crown (through DIA) and LGNZ agree to continue to work together, including through the Joint Steering Committee, with a view to agreeing an approach to such issues that reflect the priorities of both central and local government.

- 7.4 The Crown and LGNZ therefore agree that the Joint Steering Committee will continue to be convened (on terms to be agreed) to support the Three Waters Reform Programme including through transition and implementation.

8. Future for Local Government review and other major reform initiatives

The Crown acknowledges the opportunity to strengthen the important relationship central government has with local government through the Review. The Crown acknowledges, as set out in the terms of reference for the Review, local government's critical role in placemaking and achieving positive wellbeing outcomes for communities. The terms of reference also notes that:

- (a) the Review should be guided by the objectives of the Public Service Act 2020, in terms of building a unified, agile and collaborative public service, grounded in a commitment of service to the community;
- (b) the impact of reform programmes, including those related to the three waters sector and resource management system, are within the scope of the review;
- (c) consideration of the discharge of the functions of the Review should be characterised by a spirit of partnership including between the Review, local government, and iwi/Maori, while upholding the independence of the Review; and
- (d) the Review must identify options for a collaborative approach with the local government sector.

- 8.2 The Crown commits to working through its response to the Review in an open and transparent manner, consistent with the partnership principles set out in this Heads of Agreement including convening a joint steering committee comprising representatives of central and local government (or other appropriate mechanism) to consider issues arising with respect to the Review. This will include working closely on solutions to funding and financing challenges the sector may face, recognising the potential for reform to compromise the sustainability of some local authorities' current financial arrangements.

- 8.3 The Crown (through DIA) commits to working with other government agencies, and Ministers as appropriate, to seek to extend the partnership-based approach contemplated in this Heads of Agreement (including the partnering principles in clause 2.8) to other policy reforms that have the potential to significantly impact local government.

9. General

9.1 Other roles and functions

The involvement of the Crown (including DIA and Treasury) and LGNZ will not fetter or otherwise limit or compromise the Crown (including DIA and Treasury) or LGNZ respectively (or any other central or local government entity) in performing any regulatory role or function it may have (including as a territorial authority) including, for the avoidance of doubt, in the giving of free and frank policy advice including to Ministers, Cabinet or the Government.

9.2 Communications protocols

It is acknowledged that each of the Crown and LGNZ may at times have distinct obligations in terms of communications with respective stakeholders. However, as it works through the matters

contemplated by this Heads of Agreement, it is critical for the credibility and the integrity reflected in the partnership principles that the nature and manner of communications is agreed. A communications protocol will be agreed by DIA and LGNZ which will include how updates and messaging is provided to the local government sector and other stakeholders including the media. The communications protocol will reflect the partnership principles and principles of openness and transparency and confidentiality, and will address where there is a potential conflict in relation to the application of such principles.

Before making any media statements or press releases (including social media posts) or other public statement regarding this Heads of Agreement and/or the Crown's involvement (including through DIA and/or Treasury) with the Three Waters Reform Programme, LGNZ will consult with DIA.

9.3 No authority

LGNZ does not have the right to enter into any commitment, contract or agreement on behalf of the Crown or any associated body, or to make any public statement or comment on behalf of the Crown or the Government.

9.4 LGNZ Acknowledgement of disclosure

LGNZ acknowledges and agrees that nothing in this Heads of Agreement restricts the Crown's ability to:

- (a) discuss, and provide all information in respect of, any matters concerning LGNZ, this Heads of Agreement with any Minister of the Crown, any other government agency or any of their respective advisors, including for the avoidance of doubt for the purpose of giving free and frank advice;
- (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.

9.5 Some Information subject to Official Information Act 1982

LGNZ acknowledges that:

- (a) the contents of this Heads of Agreement; and
- (b) information provided to the Crown (including DIA and/or Treasury);

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 Heads of Agreement and such information may be released to the public unless there is good reason under the Official Information Act 1982 to withhold it.

Signing

Executed as an agreement:

SIGNATURES

SIGNED by the **SOVEREIGN IN RIGHT OF NEW ZEALAND** acting by and through Her Minister of Finance and Her Minister of Local Government:

Hon Grant Robertson, Minister of Finance



Hon Nanaia Mahuta, Minister of Local Government

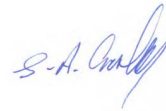


SIGNED for and on behalf of **NEW ZEALAND LOCAL GOVERNMENT ASSOCIATION INCORPORATED TE KAHUI KAUNIHERA Ō AOTEAROA** by the persons named below, being a persons duly authorised to enter into obligations on behalf of LGNZ:

Name: Stuart Crosby

Position: President, LGNZ National Council

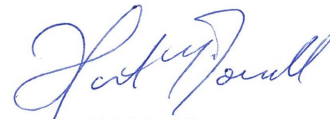
Date: 13 July 2021



Name: Hamish McDouall

Position: Vice-President, LGNZ National Council

Date: 13 July 2021



Schedule 1: Definitions and interpretation

1.1 Definitions:

Defined terms and expressions used in this Heads of Agreement shall, unless inconsistent with the context, have the meaning set out below:

Cabinet means the central decision making body of executive government in New Zealand

Crown means The Sovereign in right of New Zealand.

Joint Steering Committee means the Joint Steering Committee formed in May 2020 by, and comprising representatives from DIA, Treasury, LGNZ and Taituarā to work closely to support a programme of reform for the delivery of three waters.

Review means the Ministerial review into the Future for Local Government.

Taituarā means Local Government Professionals Aotearoa, the national organisation that supports and develops local government professionals in New Zealand (formerly known as the New Zealand Society of Local Government Managers).

Three Waters means drinking water, wastewater and stormwater.

Water Services Entity means the new water services entities to be established by legislation giving effect to the Three Waters Reform Programme.

1.2 Interpretation

In this Heads of Agreement:

- (a) headings are for convenience only and do not affect interpretation of this Heads of Agreement;
- (b) words importing:
 - (i) the singular include the plural and vice versa; and
 - (ii) any gender includes any other gender;
- (c) the term including means “including without limitation”;
- (d) the meaning of “or” will be that of the inclusive, being one, some or all of a number of possibilities.

Schedule 2: “No worse off” package key principles

The Crown and LGNZ acknowledge and agree that the key principles of the “no worse off” package are:

- that the “no worse off” package will seek to ensure that financially, no local authority is worse off as a direct result of the Three Waters Reform and associated transfer of responsibility for the provision of water services (including the transfer of assets, revenues and effective transfer of liabilities) to Water Services Entities (“**Water Transfer**”);
- it is intended that the “no worse off” package will be funded by the relevant Water Services Entity. This approach recognises that the impacts being addressed by this aspect of the support package are closely linked to the Water Transfer. It is also acknowledged that the proposed support arrangements between the Crown and the Water Services Entities, such as a liquidity support, is expected to reduce the borrowing costs and thereby increase the borrowing capacity of the Water Services Entities, supporting funding through this mechanism;
- that the “no worse off” package will acknowledge the costs and financial impacts on local authorities directly as a result of the Three Waters Reform in relation to:
 - o stranded costs, being organisational overheads previously allocated by the local authority to three waters services that are not able to be transferred or avoided in the short-term as part of the Three Waters Reform, and therefore remain with the local authority for a period and be required to be reallocated by the local authority to their remaining activities; and
 - o financial sustainability support, for the (expected small number of) local authorities in respect of which the Water Transfer will adversely and directly affect their financial ability to sustainably perform their non-water related roles and functions at the existing level of performance (noting that for most councils the impact of such transfers is expected to have a positive effect on their borrowing capacity). It is intended that this will be addressed through a one-off payment.
- it is intended that the “no worse off” package will recognise the above costs and financial impacts through:
 - o for stranded costs, up to \$250 million to be allocated to support councils to manage these costs. This represents a nationwide estimate of two years of unavoidable stranded costs for councils with two years considered to be a reasonable period for these costs to be managed. We are proposing a fixed amount as the actual stranded costs faced by any council is dependent on decisions made by the council and cannot be robustly and transparently assessed. The allocation will be spread based on:
 - \$150 million allocated to councils (excluding Auckland, Christchurch and councils involved in Wellington Water) based on a per capita rate that is adjusted recognising that smaller councils face disproportionately greater potential stranded costs than larger councils;¹
 - Up to \$50 million allocated for the councils excluded above based on a detailed assessment of 2 years of reasonable and unavoidable stranded costs directly resulting from the Water Transfer; and

¹ The adjustment is based on adjusting the proportional allocation implied by the squared inverse natural logarithm of population. This means smaller councils receive a greater proportional allocation than larger councils

- Up to \$50 million able to be allocated to councils that have demonstrable, unavoidable and materially greater stranded costs than provided for above (the process for determining this will be agreed and is subject to the agreement of LGNZ and the Crown (through DIA and Treasury));
 - o for financial sustainability, the Crown (through DIA) will work with LGNZ and Taituarā to develop agreed principles for how the assessment of financial sustainability support (described above) will be undertaken, the methodology for quantifying this support requirement, and the process for undertaking the associated due diligence process with councils. The methodology will need to protect the interests of Water Services Entities to ensure only necessary payments are made (up to a maximum of \$250 million), that it does not create poor incentives and ensures a robust and equitable process for New Zealand. Priority will be given to undertaking due diligence with those local authorities that are more likely to suffer adverse borrowing impacts. We note that the due diligence process to confirm three waters debt and revenue for each council will be required to be transparent and robust to ensure equitable treatment of local authorities;
- that the payment of funds under the ‘no worse off’ package to a local authority will be made at the point of the Water Transfer. This is the point at which most of the financial impacts for councils will crystallise.
- that the payment of funds under the “no worse off” package to a local authority will be subject to appropriate conditions to satisfy accountability and other requirements of the Crown. These conditions will include a positive obligation on councils to manage the transfer and reorganisation in a way that minimises the ‘no worse off’ funding required. This would avoid councils seeking greater ‘no worse off’ funding than anticipated on the basis of avoidable costs, and therefore reduces incentives for behaviour that might drive up ‘no worse off’ costs.
- it is acknowledged that certain aspects of the “no worse off” package need to be enabled through legislation including the establishment of the Water Services Entities.

Schedule 3: “Better off” package key principles

The Crown and LGNZ acknowledge and agree that the key principles of the “better off” package are:

- that the better off package is:
 - in recognition of the significance to the local government sector (and the communities they serve) of the transfer of responsibility for water service delivery; and
 - intended to demonstrate central government confidence in the future for local government by providing the sector additional funds to invest in local community wellbeing outcomes, in a way that aligns with the priorities of central government.
- that the better off package will comprise \$2 billion of investment, which will comprise:
 - \$1 billion of Crown funding, \$500 million of which (or such greater amount as may be agreed) is intended to be provided to local authorities from 1 July 2022 to enable early investment; and
 - the remaining \$1 billion to be funded by the new Water Services Entities.

It is intended that such funding (other than that portion of the Crown funding noted above to be provided to local authorities from 1 July 2022) will be provided from 1 July 2024.

- that the funding will be allocated using simple to understand factors for which there are available metrics applied in a way that recognises the relative needs of local communities, the unique challenges facing local authorities in meeting those needs and the relative differences across the country in the ability to pay for those needs. A combination of population, relative deprivation and land area are recognised as the most relevant measures to recognise those factors. The allocation framework will distribute funding on the basis of a 75% allocation based on population, a 20% allocation based on the deprivation index, and a 5% allocation based on land area.
- that the use of this funding supports the three waters service delivery reform objectives and other local wellbeing outcomes and aligns with the priorities of central and local government, through meeting some or all of the following criteria:
 - supporting communities to transition to a sustainable and low-emissions economy, including by building resilience to climate change and natural hazards;
 - delivery of infrastructure and/or services that:
 - enable housing development and growth, with a focus on brownfield and infill development opportunities where those are available,
 - support local place-making and improvements in community well-being.
- to recognise the role that iwi/Māori will play in the new delivery system as partners, local authorities will be expected to engage with iwi/Māori in determining how it will use its funding allocation.
- to ensure value for money, appropriate contractual mechanisms, similar to those used for the initial water infrastructure investment stimulus package, will be implemented. The Crown (through DIA) will develop these in consultation with LGNZ and will likely include funding conditions, wellbeing assessments, delivery milestones, disbursement profiles, monitoring and reporting arrangements. These mechanisms will seek to make funding easily available while maintaining a reasonable level of accountability.

- that any funding conditions will acknowledge that long-term plans are subject to change over time. Conditions may include, but are not limited to:
 - o conditions relating to the planned investment in three waters infrastructure for the duration of the transition period, including commitments made through respective 2021-31 long-term plans;
 - o working in partnership with central government to transition to the new water services delivery system, including working collaboratively with the establishment entities for the new Water Services Entities to support the smooth transfer of assets, liabilities, information and staff to the new entities;
 - o assisting in the preparation of initial asset management plans to ensure continuity of investment, and to provide certainty for local authorities regarding what investment will be prioritised by the new Water Services Entities once they assume responsibility for water services delivery;
 - o provisions to address the consequences of local authorities being in material breach of the associated conditions; and
 - o it is acknowledged that certain aspects of the “better off” package need to be enabled through legislation including the establishment of the Water Services Entities.

Schedule 4: Joint Position Statement

CENTRAL-LOCAL GOVERNMENT JOINT POSITION STATEMENT ON THREE WATERS REFORM

Acknowledging the challenge

Central and local government believe that three waters services are fundamental to the health and wellbeing of our communities and environment; and to our local, regional and national economies. The way they are delivered across New Zealand cannot address the challenges our communities will face in the future.

Analysis produced over the past 12 months shows that all communities will need to invest significantly over the next 30 years to maintain, replace and upgrade ageing assets and to provide for growth. This is reflected by increasing investment in councils' new long-term plans.

Consistently enforced compliance standards, a backlog of infrastructure renewals and external pressures such as climate change, workforce shortages, and economic regulation will create unsustainable pressure on the current system.

Building a new partnership

Three waters reform has created an opportunity for central and local government to work together differently.

In May 2020, the Government and Local Government New Zealand agreed to set up a Joint Steering Committee to provide feedback on the reform of three waters services delivery. This group co-designed delivery of the initial stimulus investment in three waters infrastructure and services, supported the Request for Information (RFI) process and fed back into the Government's policy development. It has interrogated the analysis behind the case for change, facilitated robust conversations, and seen policy shift towards more practicable and enduring solutions.

This model responded to the local government sector's call for a closer working relationship with government, and to the Government's desire to deliver in partnership with the sector. It builds on work undertaken together in response to COVID-19 and has opened the door to a fundamental reset between our two tiers of government, so that change is undertaken together for the benefit of all our communities.

A proposal for change

The Government has proposed creating four new water service delivery entities. The scale of these entities means they'll be able to borrow to fund the significant investment needed to benefit all New Zealanders, from our smallest communities to our largest cities.

As part of this proposal, the Government and LGNZ have developed a package that recognises the importance of local place-making and the critical role that local government plays in that. This package:

- supports local government to invest in the wellbeing of their communities, so that all councils and their communities are better off;
- ensures no council will be financially worse off after reform; and
- makes clear that the Government will cover reasonable transition costs.

The economic model shows that significant benefits are available for all communities and will work best if all councils participate. Each council needs more time to interrogate its own position and understand the implications for their communities and operations. There remain critical issues to work through over the next two months.

These issues include ensuring all communities have both a voice in the system and influence over local decisions. Councils want to be sure the water entities understand and act on communities' needs and wants, including responding to localised concerns like a desire for chlorine-free water.

They want to ensure effective representation on the new water entities' governing boards so that there is strong accountability to the communities they serve. They want to be confident the water entities will respond to their plans for growth. And they want effective assurance that entities, which remain owned by the community, cannot be privatised in future.

We believe continuing the partnership between local and central government is the best way to resolve the remaining questions and policy detail to give these critical reforms the best chance of success. To that end we're recommitting to an agreed set of shared objectives:

- significantly improving the safety and quality of drinking water services, and the environmental performance of drinking water, wastewater and stormwater systems
- ensuring robust safeguards against privatisation
- ensuring all New Zealanders have equitable access to affordable three waters services and that the water services entities will listen, and take account of, local community and consumer voices
- improving the coordination of resources, planning, and unlocking strategic opportunities
- ensuring the overall integration and coherence of the wider regulatory and institutional settings
- increasing the resilience of three waters service provision to climate change and natural hazards
- ensuring three waters service delivery has a more financially sustainable footing, and addressing the affordability and capability challenges faced by small suppliers and local authorities
- improving transparency about, and accountability for, the planning, delivery and costs of three waters services
- undertaking the reform in a manner that enables local government to continue delivering on its placemaking role and broader "wellbeing mandates".

Looking to the future

We are very aware that how we work together now sets the tone for other large-scale reform affecting the sector, especially the Future for Local Government review.

This review is a real opportunity for New Zealand to re-imagine the roles, responsibilities and resources of councils so that they can meet communities' expectations now and in the future. These expectations have evolved massively since the introduction of the current Local Government Act over 30 years ago. It's time for a genuine re-think about what's needed for local government to respond to communities' changing needs.

For this review to succeed, we need to be partners. Our three waters relationship has allowed robust, open discussions – and opened the door to a fundamental reset between our two tiers of government. Both central and local government are committed to a new way of working together, in tune with our diverse communities and our treaty partnership.

Three Waters Reforms Programme – Support package

Summary

The Government has developed, in close partnership with Local Government New Zealand, a package of \$2.5 billion to support the sector through the transition to the new water services delivery system, and to position the sector for the future. This package will ensure that local authorities are supported through the transition process, the financial impacts of reform are managed and importantly, all councils and communities will transition to the new system for delivering three waters services in a better position than where they are now.

There are two broad components to this support package:

- \$2 billion of funding to invest in the future of local government and community wellbeing, while also meeting priorities for government investment (the “better off” component)
- \$500 million to ensure that no local authority is financially worse off as a direct result of the reform (the “no worse off” component).

The better off component of the support package, which comprises \$1 billion Crown funding and \$1 billion from the new water services entities, is allocated to territorial authorities on the basis of a nationally consistent formula that takes into account population, relative deprivation and land area. This formula recognises the relative needs of local communities, the unique challenges facing local authorities in meeting those needs, and differences across the country in the ability to pay for those needs. Territorial authorities will be able to use this funding to support the delivery of local wellbeing outcomes associated with climate change and resilience, housing and local placemaking.

The no worse off component of the support package comprises an estimated \$500 million contribution from the new water services entities to ensure that no local authority is in a materially worse position financially to continue to provide services to its community as a direct result of the reform. This includes an up to \$250 million provision to support councils to meet the unavoidable costs of stranded overheads associated with the transfer of water assets, liabilities and revenues. The remainder of the no worse off component will be used to address adverse impacts on the financial sustainability of territorial authorities.

Initial analysis indicates that the vast majority of councils are likely to be financially better off through the reforms. Councils likely to suffer adverse financial impacts are primarily those with a low level of water debt to revenue and a high level of non-water debt to revenue. The Department will undertake further work with councils during the transition period to understand the potential financial impacts at a local level, including through undertaking the associated due diligence process.

In addition to the support package, the Government expects to meet the reasonable costs associated with the transfer of assets, liabilities and revenue to new water services entities, including staff involvement in working with the establishment entities and transition unit, and provision for reasonable legal, accounting and audit costs. There is an allocation for these costs within the \$296 million tagged contingency announced as part of the 2021 Budget Package for transition and implementation activities. This allocation is additional to the \$2.5 billion support package.

The Department of Internal Affairs is continuing to work with Local Government New Zealand to develop the process for accessing the various components of the support package outlined above, including conditions that would be attached to any funding. More information and guidance will be made available in the coming months.

Better off funding allocation

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

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

Frequently Asked Questions

What are the elements of the Government's support package?

The Government's three waters reform support package comprises two broad elements to position the sector for the future, and to support the sector through the transition to the new water services delivery system. This includes:

- an investment of \$2 billion into the future for local government and community wellbeing, consistent with the priorities of both central and local government; and
- an allocation of up to around \$500 million to ensure that no local authority is in a materially worse position financially to provide services to its community as a direct result of the reform.

This support package has been developed in partnership with Local Government New Zealand.

What does the better off component of the support package include?

The better off component of the support package comprises a \$2 billion fund that territorial authorities will be able to use to support the three waters service delivery reform objectives and other local wellbeing outcomes in a manner consistent with the priorities of central and local government. It is an investment by the Crown into the future for local government and community wellbeing.

Territorial authorities will be required to demonstrate that the use of this funding supports the three waters service delivery reform objectives and other local wellbeing outcomes and aligns with the priorities of central and local government, through meeting some or all of the following criteria:

- supporting communities to transition to a sustainable and low-emissions economy, including by building resilience to climate change and natural hazards;
- delivery of infrastructure and/or services that:
 - enable housing development and growth, with a focus on brownfield and infill development opportunities where those are available,
 - support local place-making and improvements in community well-being.

What does the no worse off component of the support package include?

The no worse off component of the support package is intended to address the costs and financial impacts on territorial authorities directly as a result of the three waters reform programme and associated transfer of assets, liabilities and revenues to new water services entities.

It includes an up to \$250 million allocation to support councils to meet unavoidable costs of stranded overheads, based on:

- \$150 million allocated to councils (excluding Auckland, Christchurch and councils involved in Wellington Water) based on a per capita rate that is adjusted recognising that smaller councils face disproportionately greater potential stranded costs than larger councils;
- Up to \$50 million allocated to the Auckland, Christchurch and Wellington Water councils excluded above based on a detailed assessment of 2 years of reasonable and unavoidable stranded costs directly resulting from the Water Transfer, as the nationally-consistent formula is likely to overstate the stranded costs for these councils due to their significantly greater scale and population. Stranded costs should be lower with respect to Watercare and Wellington Water as these Council Controlled Organisations have already undertaken a transfer of water services responsibilities, albeit to varying degrees.
- Up to \$50 million able to be allocated to councils that have demonstrable, unavoidable and materially greater stranded costs than provided for by the per capita rate (the process for determining this will be developed by the Department of Internal Affairs working closely with Local Government New Zealand).

The remainder of the no worse off component will be used to address adverse impacts on the financial sustainability of territorial authorities. The Department of Internal Affairs will work with Local Government New Zealand and Taituarā to develop agreed principles for how the assessment of financial sustainability support will be undertaken, the methodology for quantifying this support requirement, and the process for undertaking the associated due diligence process with councils.

Initial analysis indicates that for most councils, the impact of reform is expected to have a positive effect on their borrowing capacity. Priority will be given to undertaking due diligence with those local authorities that are more likely to suffer adverse borrowing impacts. As an example, this will include councils that have a low level of water debt to revenue and a high level of non-water debt to revenue.

What about other costs associated with reform?

The Government also expects to meet the reasonable costs associated with the transfer of assets, liabilities and revenue to new water services entities, including staff involvement in working with the establishment entities and transition unit, and provision for legal, accounting and audit costs. Provision for these costs has been made within the \$296 million tagged contingency announced as part of the 2021 Budget Package for transition and implementation activities.

Local authorities will be encouraged to use accumulated cash reserves that have been earmarked for future water infrastructure investment (subject to reserve conditions) prior to the “go live” date of 1 July 2024.

It is intended that any material reserve balances remaining at that time will be transferred to new water services entities with a commensurate commitment to invest those funds in the communities that paid for them, consistent with the conditions under which they were raised. Councils will be allowed to retain immaterial reserve balances upon transfer. The materiality threshold will be developed by the Government in discussion with Local Government New Zealand and will be reflected in guidance to the sector.

How has the allocation of the better off funding been determined?

The better off component of the support package will be allocated to territorial authorities using a nationally consistent formula based on:

- a 75% allocation based on population size
- a 20% allocation based on the New Zealand deprivation index
- a 5% allocation based on land area (excluding national parks)

The Government and Local Government New Zealand have agreed to this formula as it recognises the relative needs of local communities, the unique challenges facing local authorities in meeting those needs and the relative differences across the country in the ability to pay for those needs.

What is the deprivation index and why has it been introduced as part of this formula?

The New Zealand index of deprivation is an area-based measure of socioeconomic deprivation in New Zealand that combines nine variables from the Census, including income levels, educational qualifications, home ownership, employment, family structure, housing and access to transport and communications.

It has been introduced in the formula for allocating the better off component of the support package to recognise the relative distribution of need across the country. It enables a balanced distribution of funding across territorial authorities that complements the remaining two criteria that recognise needs associated with a larger population base and land area.

The New Zealand index of deprivation is used in other areas of local planning and investment, including in relation to health, transport and regional development. Notably, it is used by Waka Kōtahi as part of its funding assistance rate framework to determine the appropriate share of costs that territorial authorities should meet when investing in local land transport networks.

Is this funding contingent on reforms going ahead?

The Government's support package provides certainty for local authorities that, should the reforms proceed, they will be supported through the transition process, the financial impacts of reform will be managed and importantly, all councils and communities would transition to the new system for delivering three waters services in a better position than where they are now.

Territorial authorities should consider the support package alongside the case for change the Government has presented, and the substantial amount of evidence and data that has been released, which shows that reform will deliver significant benefits both nationally and locally. The Government is confident that as elected members, iwi/Māori, and council officers consider the reform proposals and support package, they will understand the compelling need for reform to improve health, environmental and affordability outcomes for local communities and we can move forward with greater confidence.

When will funding from the support package be made available?

The timing for when funding will be made available will depend on the purpose for which it is sought:

- Up to \$500 million of funding from the better off component of the support package will be made available for use by councils from 1 July 2022, with the remainder available from 1 July 2024 when the new water services entities are anticipated to be established. The process for release of this amount is being worked through and further details will be provided in the coming months.
- Funding to meet stranded costs and address adverse impacts on financial sustainability will be met at the time of or shortly after transfer of assets, liabilities and revenue to the new water services entities.

How will territorial authorities be able to access the funding?

The Department of Internal Affairs will work with Local Government New Zealand to finalise the process for accessing this funding, including any conditions that would be attached to the funding, and will provide further information on this in the coming months.

Who will provide the funding?

The support package will be met by both the Crown and the new water services entities.

The Crown will provide \$1 billion of funding towards the better off component of the package, as an investment into the future of local government and community wellbeing.

The Water Services entities will provide \$1.5 billion of funding, comprising:

- An estimated \$500 million towards the no worse off component of the package
- \$1 billion towards the better off component of the package.

It is appropriate for water services entities to bear some of the costs associated with the support package given that future water customers stand to benefit most from reform. From the perspective of future water customers, the size of this benefit is significantly greater than the cost associated with providing some of the funding for the support package. Moreover, given most future water customers are also ratepayers, they stand to benefit from the additional investment into community well-being.

We also note that the proposed support arrangements provided by the Crown to the water service entities (such as a liquidity support), are expected to reduce the borrowing costs. The net present value of the reduced borrowing capacity is expected to be greater than the \$1.5 billion of funding provided by water service entities through the support package.

What is the Crown doing to support local government through the reforms?

The Crown is providing support to local government in a number of tangible and practical ways.

Out of \$3.5 billion in total funding to support the three waters reform, around \$2 billion (just under 60%) represents a direct cash contribution by the Crown, which includes:

- provision of \$1 billion towards the better off component of the support package
- provision of \$296 million as part of the 2021 Budget Package to meet the reasonable costs associated with the transfer of assets, liabilities and revenue to new water services entities
- the \$700 million stimulus funding package the Crown made available for local authorities and rural supplies in August 2020.

The remaining \$1.5 billion to be contributed by the Water Services Entities is at effectively no net cost to customers, due to the proposed Crown support arrangements (such as a liquidity support) which reduce the borrowing costs of the water service entities.”

For most councils, reform will free up additional borrowing capacity to invest in other infrastructure and services.

Reform also provides the opportunity for Councils to transfer to the new water services entities the responsibility for meeting significant future investment requirements that will arise from the new water services regulatory regime and rising community expectations. For many councils and communities, these investment requirements are likely to be unaffordable without reform.

Finally, the Government is committed to undertaking further discussions with the sector (including through the Joint Steering Committee) on how the proposed model and design can best accommodate areas of priority at a local level, including:

- how local authorities can continue to have influence on service outcomes and other issues of importance to their communities (e.g. aspiration for chlorine-free water);
- ensuring there is appropriate integration between the needs, planning and priorities of local authorities (representing their local communities) and the planning and priorities of the Water Service Entities; and
- how to strengthen the accountability of the WSEs to the communities that they serve, for example through a water ombudsman.

Report to Council



DATE: 29 July 2021

TO: Mayor and Councillors

FROM: Group Manager, Corporate Services

PROJECTS AND CARRY FORWARDS TO 2021-22

1. Summary

- 1.1. The purpose of this report is to seek Council approval for the carry forward of funding of projects that were scheduled from previous financial years but were not completed by 30 June 2021.
- 1.2. This issue arises because Council is accountable for the application of its revenues and other funding sources to service levels and infrastructure in accordance with its Long Term Plan 2018-28.
- 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 Council approves the carry forward of funds for the projects itemised in **Appendix 1**, and approve the future allocation of funds for specific purposes.

2. Background

- 2.1. The reason the report has come before the Council is due to the Council approving its annual budget based on planned levels of service and capital works for the financial year.
- 2.2. It is common that certain undertakings will be partially complete, committed but not started or deferred as at the end of the financial year.
- 2.3. These items will appear as favourable variances in the financial year 2020-21 in which their funding was recognised as revenue, or where debt was planned to be drawn.
- 2.4. Council has an obligation to deliver on its commitments, but where projects and expenditure are carried forward, they will be reported as adverse variances against the budget for the financial year in which they are completed.
- 2.5. Typically, the types of items carried forward are:

- 2.5.1. Capital projects partially completed.
- 2.5.2. Projects funded by third parties.
- 2.5.3. Long-term operational projects.
- 2.5.4. Activities whose frequency is less than annual but for which funding is phased evenly over more than one financial year.

3. Current Situation

- 3.1. The Council is expecting to report a favourable variance in its external debt position for the year ended 30 June 2021. This in part relates to the non-completion of the items proposed for carry forward attached as **Appendix 1**.
- 3.2. Any variances against Council's operating budget will be addressed in the Annual Report for the year ending 30 June 2021. However, the funds proposed for future allocation will be included in these variances.
- 3.3. The amounts proposed to be carried forward are estimated by deducting expenditure to date from the original budget and adjusted by any known variations as advised by activity managers.
- 3.4. Where projects have been cancelled or superseded in the budget for 2020-21, they have been excluded from the carry forward schedule.
- 3.5. The proposed carry forward schedule has been drafted after consideration of these commitments alongside those included in the Long Term Plan 2021-31.
- 3.6. Progress on completion of these items will be communicated through Council's monthly financial reports and in more detail at the Capital Projects and Tenders Committee meetings.

4. Options

- 4.1. Option 1: Approve the carry forward of funds for the projects itemised in Appendix 1 to the financial year 2021-22, and the future allocation of funds for specific purposes.
- 4.2. Option 2: Approve amended schedule, adding or deleting items.
- 4.3. Option 3: Reject all carry forwards.

5. Risk Analysis

- 5.1. Risk has been considered and the following risks have been identified, reputational risk because of uncompleted projects carried forward for unrealistic commitments. Financial risk has also been considered where Council has already funded expenditure that has a rates element which if the project does not continue may require repayment of rates to ratepayers, there is also the risk of having to repay external funding.

6. Health and Safety

- 6.1. Health and Safety has been considered and there is potential for staff to become overwhelmed with the volume of commitments being undertaken. Council management have acknowledged this and will manage the wellbeing of staff.

7. Significance and Engagement

- 7.1. The level of significance has been assessed as being low significance insofar as it relates to existing circumstances that have been reported throughout the financial year.
- 7.2. No public consultation is considered necessary as all items were consulted on through the previous long term plan or annual plans, with some items that are funded through external funding that were not consulted on, however have been reported on through the normal channels throughout the year.

8. Assessment of Options (including Financial Considerations)

- 8.1. Option 1 – will generate adverse operating variances and additional debt requirements in the financial year, 2021-22. However, these are merely the inversion of favourable variances in 2020-21, and are therefore essentially timing differences. Option 1 is financially prudent because it ensures that Council's revenues and funding sources are applied to their intended purposes. It would also meet community expectations as Council will deliver on its commitments undertaken in the Long Term Plan 2018-28.
- 8.2. Option 2 – would invoke some departures from the Long Term Plan 2018-28 and subsequent Annual Plans and may cause some adverse community reaction. This may be appropriate if Council determines that alternative applications of these funds are more prudent or of higher priority, or that the requirements have substantially changed.
- 8.3. The financial implications of Option 2 would not be known until the extent of the changes that Council suggest are known, but there are likely to be some implications.
- 8.4. Option 3 – would mean that some commitments made by Council in adopting the Long Term Plan 2018-28 are not fulfilled. Repayment of funding for projects that were externally funded may also be required.
In addition to potential adverse community reaction, this would not be financially prudent, particularly because some of the expenditure associated with these items may have been included in the rates calculations.
However, if the carry overs were rejected, the adverse variances described above would be avoided.
- 8.5. The financial implications of this option could be significant if external funding has to be repaid and rates adjustments made.

9. Preferred Option(s) and Reasons

- 9.1. The preferred option is Option 1 – approve the carry forward of funds for the projects itemised in **Appendix 1** to the financial year 2021-22, and the future allocation of funds for specific purposes.
- 9.2. The reason that Option 1 has been identified as the preferred option is that this will demonstrate Council's resolve to deliver on its commitments and will ensure that revenues and other sources of funds are applied to their intended purposes.

10. Recommendation(s)

- 10.1. That the report be received.
- 10.2. That Council approve the carry forward of funds for the projects itemised in Appendix 1 to the financial year 2021-22.
- 10.3. That Council approve the future allocation of funds for specific purposes.

Lesley Crichton
Group Manager, Corporate Services

Appendix 1: Proposed carry forward schedule 2021-22.

WESTLAND DISTRICT COUNCIL Carry forward Schedule 2021-22							
		Total 2020/21 Budget	CY Expenditure	Carried Forward	Budget Managers Notes	Funding	FIS Type
Leadership							
Council refurbishment of visitor services area	2020-2021	80,000	-	80,000	Deferred pending design decision	Depreciation	to replace existing assets
Council HQ generator	2020-2021	60,000	-	60,000	In progress - funds committed	Loan Funding	to improve level of service
Council website update	2020-2021	60,000	48,175	11,825	In progress - funds committed - went live July 2021	Depreciation	to replace existing assets
Total Leadership		200,000	48,175	151,825			
Facilities & Leisure Services - Parks & Reserves							
Cass Square - Replacement of bark chips with rubber matting	2018-2021	61,460	-	61,460		Depreciation	to replace existing assets
Cass Square - New toilets	2020-2021	425,000	-	425,000	To be undertaken with 2021-22 plan, funding request in place	Loan Funding/Subsidy	to improve level of service
Cass Square - Upgrade of Playground equipment	2020-2021	160,000	-	160,000	for new toilets	Depreciation	to replace existing assets
Cass square goal posts	2020-2021	30,000	-	30,000		Depreciation	to replace existing assets
Ross playground equipment upgrades to meet standards	2020-2021	50,000	-	50,000	Inspected and assessed	Depreciation	to replace existing assets
Whataroa playground equipment upgrades to meet standards	2020-2021	70,000	-	70,000	In planning stage	Depreciation	to replace existing assets
Reserves - Marks Road Reserve	2016-2017	10,000	-	10,000	To progress 2021-22	Reserves	to replace existing assets
Reserves - Hokitika dog park	2019-2020	10,250	-	10,250	In planning stage	Reserves	to improve level of service
Reserves - Waterfront development	2016-2020	24,081	4,291	19,791	In progress	Reserves	to improve level of service
Total Facilities & Leisure Services - Park & Reserves		840,791	4,291	836,501	0		
Facilities & Leisure Services - Other							
Cemetery - Hokitika Improvements Ashes Berm	2020-2021	10,000	-	10,000	In progress	Depreciation	to replace existing assets
Cemetery - Ross Berm development	2020-2021	10,250	-	10,250	In progress	Depreciation	to meet additional demand
Cemetery – Hokitika Improvements	2020-2021	26,200	6,909	19,291	In progress	Depreciation	to replace existing assets
Cemetery – Hokitika tractor shed	2020-2021	90,000	43,472	46,528	In progress - funds committed	Depreciation	to replace existing assets
Elderly Housing - Glazing and insulation	2020-2021	20,960	-	20,960		Depreciation	to replace existing assets
Elderly Housing upgrades	2020-2021	40,300	-	40,300	Unspent/uncommitted funds to be transferred to Destination Westlands (DW)	Depreciation	to replace existing assets
Elderly Housing window replacement	2020-2021	51,200	-	51,200		Depreciation	to replace existing assets
Elderly Housing heating upgrades	2020-2021	18,000	7,776	10,224		Depreciation	to replace existing assets
Elderly Housing upgrades - Ross	2020-2021	26,773	-	26,773		Depreciation	to replace existing assets
Buildings - Fox house	2020-2021	26,200	-	26,200	Roofing to be completed by DW	Depreciation	to replace existing assets
Buildings – Haast Community hall	2020-2021	26,200	-	26,200	Standby genset required	Depreciation	to replace existing assets
Buildings - Hari Hari house	2019-2020	10,671	-	10,671	To be completed by DW	Depreciation	to replace existing assets
Buildings – Ross Memorial Hall	2020-2021	4,500	-	4,500	In progress	Depreciation	to replace existing assets
Museum – Museum complex roller doors – H&S improvements	2020-2021	2,000	-	2,000	Project on track following additional grant funding secured	Depreciation	to replace existing assets
Museum – Packaging material	2020-2021	7,600	-	7,600	Required - not completed current year due to transition back from DW	Depreciation	to replace existing assets
Museum – Mannequins	2020-2021	4,000	-	4,000		Depreciation	to improve level of service
Museum – Scissor lift H&S upgrades	2020-2021	1,300	-	1,300		Depreciation	to improve level of service
Swimming Pool Ross - EQ strengthening	2018-2019	10,000	-	10,000	In progress	Depreciation	to replace existing assets
Swimming Pool Hokitika – Roof repairs	2020-2021	30,700	-	30,700		Depreciation	to replace existing assets
Swimming Pool Hokitika - Windows	2020-2021	12,600	-	12,600	To be completed with major upgrade	Depreciation	to replace existing assets
Swimming Pool Hokitika - revitalisation	2020-2021	15,000	-	15,000		Depreciation	to replace existing assets
Building – Carnegies building	2019-2021	648,926	200,301	448,625	In progress - funds committed	Loan Funding	to replace existing assets
Civil Defence - Satellite Data & Voice	2020-2021	4,500	-	4,500	To progress 2021-22	Depreciation	to improve level of service
Civil Defence - Emergency Operations Centre	2019-2020	205,000	2,072	202,929	In concept stage with architects/engineers	Loan Funding	to improve level of service
Civil Defence – Emergency containers	2020-2021	159,800	144,609	15,191	In progress-funds committed for freight costs	Loan Funding	to improve level of service
Civil Defence – Emergency communications equipment	2020-2021	22,000	1,461	20,539	In progress	Loan Funding	to improve level of service
Heritage area lighting	2020-2021	45,000	-	45,000	In progress - funds committed	Loan Funding	to improve level of service
Hokitika revitalisation plan	2020-2021	100,000	48,843	51,157	Revell St one-way trial on-going	Loan Funding	to improve level of service
Franz Josef Urban Revitalisation Plan	2015-2016	100,000	-	100,000	Deferred to 2021-22 due to other commitments	Reserves	to improve level of service
Total Facilities & Leisure Services - Other		1,729,680	455,442	1,274,238			
Solid Waste							
Franz Josef - Landfill final capping	2014-2021	5,000	-	5,000	To progress 2021-22	Loan Funding	to replace existing assets
Haast Capping	2020-2021	32,400	9,300	23,100	In progress	Loan Funding	to replace existing assets
Develop Haast transfer station	2020-2021	70,000	-	70,000	To progress 2021-22	Loan Funding	to improve level of service
Hari Hari landfill protection	2020-2021	50,000	-	50,000	To progress 2021-22	Depreciation	to replace existing assets
Total Solid Waste		157,400	9,300	148,100			
Stormwater							
Hokitika - Pump upgrade (Tancred)	2019-2021	216,424	49,597	166,827	Pump completed, pipe upgrade Wharf St underway	Loan Funding	to improve level of service
Livingstone St Pump Upgrade	2019-2021	959,047	58,705	900,342	In progress, funding committed	Loan Funding	to improve level of service
Beach St SW realignment	2018-2021	380,000	5,133	374,867	In progress, with consultants currently	Loan Funding	to improve level of service
Jollie St Extension	2020-2021	323,405	61,294	262,111	In progress	Loan Funding	to improve level of service
Hokitika River Outfall Flap Gates	2020-2021	10,480	-	10,480	In progress	Loan Funding	to replace existing assets
Total Stormwater		1,889,356	174,729	1,714,627			

WESTLAND DISTRICT COUNCIL Carry forward Schedule 2021-22							
		Total 2020/21 Budget	CY Expenditure	Carried Forward	Budget Managers Notes	Funding	FIS Type
Fox Glacier WWTP – H&S upgrades	2020-2021	5,400	-	5,400	In progress - funds committed	Depreciation	to replace existing assets
Fox Glacier WWTP – H&S upgrades (Loan Funded)	2017-2020	172,390	18,727	153,663		Loan Funding	to improve level of service
General Replacement of Wastewater Treatment Plant Components	2020-2021	20,960	9,256	11,704	In progress	Depreciation	to replace existing assets
General Contribution towards new developments	2020-2022	10,480	-	10,480	In progress-in conjunction with 2021-22 project	Depreciation	to meet additional demand
Haast WWTP - H&S upgrades	2020-2021	5,400	-	5,400	In progress	Depreciation	to replace existing assets
Hokitika Outfall Structure	2020-2021	1,880,000	113	1,879,887	Project options to be determined-funding required	Loan Funding	to improve level of service
Hokitika WWTP Upgrade, including Telemetry	2019-2021	1,196,718	16,114	1,180,604	Stantec completing feasibility study (under 3W reform) which will determine options	Loan Funding	to improve level of service
Kaniere Road Catchment - I&I Investigation and Provisions for Overflows	2020-2021	50,000	-	50,000	In progress - funding required	Loan Funding	to improve level of service
Hokitika - Pump upgrade (Kaniere)	2018-2019	114,514	-	114,514	In progress, in conjunction with Kaniere Road Catchment	Depreciation	to replace existing assets
Total Wastewater		3,455,862	44,210	3,411,652			
Water Supply							
Upgrade Arahura Water Treatment Plant	2020-2021	493,508	395,090	98,418	In progress - to be completed	Loan Funding	to improve level of service
Arahura WTP and Reservoir upgrades	2020-2021	500	-	500		Depreciation	to improve level of service
Fox Glacier Plant Upgrade to DWSNZ	2020-2021	777,100	4,175	772,925	In progress - to be completed	\$468k subsidy (TIF),\$309,100 loan	to improve level of service
Fox Glacier WTP and Reservoir upgrades	2020-2021	500	-	500		Loan Funding	to improve level of service
Franz Josef WTP and Reservoir upgrades	2020-2021	13,800	3,517	10,283	In progress - to be completed	Depreciation	to replace existing assets
Franz Josef Standby Generator	2020-2021	70,000	-	70,000	In progress - funds comitted	Loan Funding	to improve level of service
Hari Hari WTP and Reservoir upgrades	2020-2021	10,100	1,882	8,218	In progress - to be completed	Depreciation	to replace existing assets
Hokitika Seismic Valve (main outlet)	2020-2021	61,500	-	61,500	In progress - funds comitted	Loan Funding	to improve level of service
Kumara Water Mains Replacement	2020-2021	26,200	-	26,200	In progress - funds comitted	Depreciation	to replace existing assets
Kumara Replace Existing Reservoirs	2020-2021	25,000	-	25,000	Deferred until 2023/24 in LTP - to align with other Kumara	Depreciation	to replace existing assets
Kumara Assessment reservoir	2019-2020	20,000	781	19,219	Reservoir work	Loan Funding	to improve level of service
Ross Alternative Water Source - new intake	2020-2021	75,000	5,130	69,870	In progress - funds committed	Depreciation	to replace existing assets
Ross WTP and Reservoir upgrades	2020-2021	10,100	-	10,100	Valve required	Depreciation	to replace existing assets
Seismic value at reservoir outlet	2020-2021	20,000	-	20,000	On hold until 21/22 (after new bore developed)-some funds committed	Loan Funding	to improve level of service
Kumara - Seismic valves	2016-2017	30,000	-	30,000	To be completed in conjunction with reservoir upgrade year 4 of LTP	Depreciation	to replace existing assets
SCADA / Telemetry at all WTP's	2020-2021	141,011	136,427	4,584	To be completed in conjunction wihth 2021-21 project	Loan Funding	to improve level of service
Ross - Mains upgrade programme	2019-2020	109,200	1,079	108,121	Underway	Depreciation	to replace existing assets
General - Treatment Components upgrade	2019-2020	15,319	981	14,338	In progress - funds committed	Depreciation	to replace existing assets
Hokitika - Mains upgrade programme	2019-2020	197,853	3,697	194,156	To be completed in conjunction with 2021-22 project	Depreciation	to replace existing assets
Hari Hari - Seismic valves	2019-2020	30,750	-	30,750	to be completed after new reservoir completed (Reform project)	Loan Funding	to improve level of service
Hari Hari - Mains upgrade programme	2019-2020	174,942	-	174,942	Project deferred due to other 3W commitments	Depreciation	to replace existing assets
Total Water Supply		2,302,384	552,760	1,749,624	0		
Total 2020-2021 Project Capital Expenditure to be carried forward		10,575,474	1,288,907	9,286,567			

WESTLAND DISTRICT COUNCIL UNBUDGETED CAPITAL EXPENDITURE 2020-2021							
			CY Expenditure	CY Forecast	Notes	Funding	FIS Type
WCWT Planning & Development of new North Bank route	2020-2021	100,000	50,000	50,000	Funded project	Grant funded	to meet additional demand
Jacksons Bay Wharf	2019-2020	1,030,000	512,659	517,341	PGF funded project \$1M-on track	Depreciation \$30k, PGF \$1M	to replace existing assets
Butlers New Cell Development		3,325,000	1,509,338	1,815,662	Funded project	PGF \$3.3M/Loan\$25k	to meet additional demand
Cron Street and Footpath Extensions		1,500,000	591,617	908,383	Funded project	PGF Grant	to meet additional demand
Old Christchurch Road		3,200,000	3,100,342	99,658	Funded project	PGF Grant	to improve level of service
Swimming Pool Hokitika - refurbishment		3,000,000	195,430	2,804,570	Funded project	CIP Funding	to improve level of service
Library furniture & equipment for new staff	2020-2021	21,578	8,963	12,615	Funded project	Grant funded	to improve level of service
3 Waters Reform Projects (Stimulus Package Funded):							
Ross Watermain Replacement		200,000	19,269	180,731		Stimulus Pkge Funding	to replace existing assets
Hari Hari Watermain Replacement		200,000	110,202	89,798		Stimulus Pkge Funding	to replace existing assets
Franz Josef Watermain Replacement		100,000	12,675	87,325		Stimulus Pkge Funding	to replace existing assets
Fox Glacier Watermain Replacement		250,000	6,814	243,186		Stimulus Pkge Funding	to replace existing assets
Fox - Kerr Rd Watermain Replacement		35,000	4,102	30,899		Stimulus Pkge Funding	to replace existing assets
Haast Watermain Replacement		80,000	10,152	69,848		Stimulus Pkge Funding	to replace existing assets
Haast Wastewater Mains Replacement		100,000	7,975	92,025		Stimulus Pkge Funding	to replace existing assets
Franz Josef WTP - Mains Upgrade		180,000	6,435	173,565		Stimulus Pkge Funding	to replace existing assets
Fox Glacier Wastewater Mains Replacement		500,000	7,645	492,355		Stimulus Pkge Funding	to replace existing assets

WESTLAND DISTRICT COUNCIL Carry forward Schedule 2021-22						
	Total 2020/21					
	Budget	CY Expenditure	Carried Forward	Budget Managers Notes	Funding	FIS Type
Hari Hari New Reservoir	250,000	54,008	195,992		Stimulus Pkge Funding	to meet additional demand
Hokitika WWTP Feasibility Study/Design	1,400,000	15,158	1,384,842		Stimulus Pkge Funding	to meet additional demand
Blue Spur New 1500m2 Reservoir	610,000	119,517	490,483		Stimulus Pkge Funding	to meet additional demand
Ross - WTP - Membrane Replacement	427,140	131,900	295,240		Stimulus Pkge Funding	to meet additional demand
Whataroa - New Bore	40,000	17,088	22,912		Stimulus Pkge Funding	to replace existing assets
Franz Josef WTP - New Raw Water Reservoir/s	200,000	39,512	160,488		Stimulus Pkge Funding	to meet additional demand
Fox WWTP - Power to Site	50,000	-	50,000		Stimulus Pkge Funding	to improve level of service
Haast WWTP - Aerator	45,000	42,500	2,500		Stimulus Pkge Funding	to replace existing assets
Fitzherbert St WW Pump Station Upgrade with Generator	250,000	95,519	154,481		Stimulus Pkge Funding	to improve level of service
Blue Spur Reconfigure Reservoirs	30,000	21,693	8,307		Stimulus Pkge Funding	to meet additional demand
Ross WTP Renewals	25,000	13,717	11,283		Stimulus Pkge Funding	to meet additional demand
Blue Spur WTP renewals	20,000	13,082	6,918		Stimulus Pkge Funding	to meet additional demand
Haast WTP In/Out Flow Meters	15,000	12,552	2,448		Stimulus Pkge Funding	to meet additional demand
Haast Wastewater Pump Station Upgrade	100,000	-	100,000		Stimulus Pkge Funding	to improve level of service
Ross WTP - Generator	80,000	18,475	61,525	This is a two-year project funded through the 3-Waters Reform Stimulus package	Stimulus Pkge Funding	to meet additional demand
Whataroa WTP New Generator	80,000	18,475	61,525		Stimulus Pkge Funding	to meet additional demand
Franz WTP - Generator	80,000	18,475	61,525		Stimulus Pkge Funding	to meet additional demand
Haast WTP - Generator	80,000	17,983	62,017		Stimulus Pkge Funding	to meet additional demand
Blue Spur RTU - External Logging etc. for Compliance	20,000	11,816	8,184		Stimulus Pkge Funding	to improve level of service
Haast WTP RTU - External Logging for Compliance	15,000	15,000	-		Stimulus Pkge Funding	to meet additional demand
Haast WWTP - Telemetry	10,000	-	10,000		Stimulus Pkge Funding	to improve level of service
Fox WWTP Security Camera	10,000	-	10,000		Stimulus Pkge Funding	to improve level of service
Haast WTP Security Camera	10,000	-	10,000		Stimulus Pkge Funding	to meet additional demand
Haast WWTP security camera	10,000	-	10,000		Stimulus Pkge Funding	to improve level of service
Franz Josef Stormwater Retic I&I	250,000	13,722	236,278		Stimulus Pkge Funding	to improve level of service
Franz Josef Wastewater Retic I&I	250,000	23,049	203,265		Stimulus Pkge Funding	to improve level of service
Franz Josef Wastewater CCTV		23,687			Stimulus Pkge Funding	to improve level of service
Hokitika Stormwater Retic I&I		468			Stimulus Pkge Funding	to improve level of service
Hokitika Wastewater Retic I&I	500,000	15,483	474,425		Stimulus Pkge Funding	to improve level of service
Hokitika Wastewater Retic CCTV		9,625			Stimulus Pkge Funding	to improve level of service
Franz Stormwater CCTV (Asset ID & Ownership)	75,000	6,270	68,730		Stimulus Pkge Funding	to replace existing assets
Hokitika Stormwater Retic CCTV	200,000	10,175	189,825		Stimulus Pkge Funding	to replace existing assets
Fox Wastewater CCTV	50,000	35,245	14,755		Stimulus Pkge Funding	to improve level of service
Haast Wastewater CCTV	50,000	20,508	29,492		Stimulus Pkge Funding	to improve level of service
Fox WWTP - New Septage Receiving Area	114,585	-	114,585		Stimulus Pkge Funding	to meet additional demand
Haast WWTP - New Septage Receiving Area	114,583	-	114,583		Stimulus Pkge Funding	to meet additional demand
Total Unbudgeted Capital Expenditure to be carried forward	19,282,886	6,988,317	12,294,569			
Total Capital Expenditure 2020-2021 to be carried forward	29,858,360	8,277,224	21,581,136			

Funding by type	
Depreciation	1,753,309
Loan Funding	6,462,793
Stimulus Pkge Funding	6,086,339
Subsidy	676,325
Grant	6,462,330
Reserves	140,041
	21,581,136

Not completed - not carried forward				Unspent		
Cass Square - Building improvements Pavilion	2018-2019	17,447	-	17,447	On hold-tied to master plan for Cass Square and racecourse	Loan Funding
i-Site - Website development	2020-2021	10,000	-	10,000	Destination Westland to organise	Depreciation
Butlers - Intermediate capping	2020-2021	53,600	26,071	27,529	Project postponed due to PGF Fox Landfill project	Loan Funding
Fox Glacier land fill armouring	2020-2021	50,000	-	50,000	Project cancelled-PGF funded	Loan Funding Split
Haast Landfill -new cell dig out and old cell cover	2015-2016	10,093	-	10,093	Project on hold	Loan Funding
Hokitika - Pump upgrade (Rolleston)	2019-2020	327,500	-	327,500	Not required	Loan Funding
Hokitika - Pump upgrade (Hokitika)	2019-2020	767,500	-	767,500	Not required	Loan Funding
Fox Glacier Wastewater Mains Replacement	2020-2021	33,536	-	33,536	To be completed in conjunction with other work	Depreciation
Franz Josef Wastewater Mains Replacement	2020-2021	56,000	-	56,000	Not required	Depreciation

WESTLAND DISTRICT COUNCIL
Carry forward Schedule 2021-22

		Total 2020/21		Carried Forward	Budget Managers Notes	Funding	FIS Type
		Budget	CY Expenditure				
General - Disinfection upgrades	2019-2020	71,244	-	71,244	Project deferred	Loan Funding	to improve level of service
Kumara Water Treatment Plant Upgrade	2019-2020	-	53,104		No budget for this project	Loan Funding	to replace existing assets
		1,396,920	79,175	1,370,849			
Projects in WIP from 2019 - not carried forward							
General - WW Network Growth	2019/2020	10,252	14,262		No further expenditure expected	Depreciation	to meet additional demand
Franz Josef Waste - Mains upgrade programme	2019-2020	28,700	-		No further expenditure expected	Depreciation	to replace existing assets
Franz Josef Water - Mains upgrade programme	2018-2019	88,593	-		No further expenditure expected	Depreciation	to replace existing assets
Hokitika Water - Reservoir Replacement	2019-2020	20,500	-		No further expenditure expected	Depreciation	to replace existing assets
Haast Waste - Mains upgrade programme	2019-2020	15,375	-		No further expenditure expected	Depreciation	to replace existing assets
		163,420	14,262	-			
