



AGENDA

RĀRANGI TAKE

NOTICE OF AN ORDINARY MEETING OF

COUNCIL

to be held on **Thursday 28 July 2022** commencing at **1:00 pm** in the Council Chambers,
36 Weld Street, Hokitika and via Zoom

Chairperson: Cr Carruthers (Acting Mayor)

Members: His Worship the Mayor

Cr Hart

Cr Keogan

Cr Neale

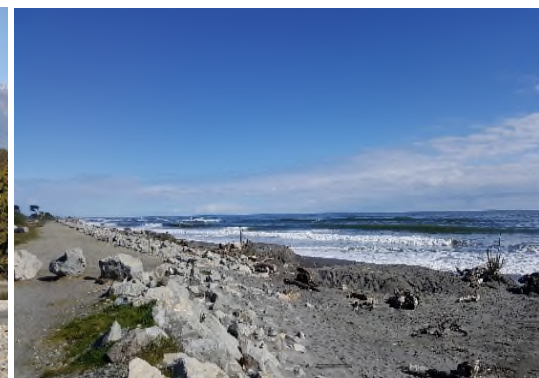
Kw Madgwick

Cr Davidson

Cr Hartshorne

Cr Martin

Kw Tumahai



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

Council Vision

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

Purpose

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

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

1. **KARAKIA TĪMATANGA** **OPENING KARAKIA**

2. **NGĀ WHAKAPAAHA** **APOLOGIES**

His Worship the Mayor
Cr Keogan

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.

- Ordinary Council Meeting Minutes – 23 June 2022
- Extraordinary Council Meeting Minutes – 30 June 2022

Committee Minutes to be Received:

- Planning Committee Meeting Minutes – 29 March 2022
- Capital Projects & Tenders Committee Meeting Minutes – 11 May 2022
- Community Development Committee Meeting – 13 June 2022

6. **ACTION LIST**

(Pages 6-8)

Group Manager, District Assets: Scott Baxendale

7. **NGĀ TĀPAETANGA** **PRESENTATIONS**

(Presentations circulated separately)

- **Westland Industrial Heritage Park Strategic Plan**
Jackie Gurden & Beryl Agnew from Westland Industrial Heritage Park
- **Information Management & Information Technology Update**
Information Manager, Richard Morris & Information Technology Manager, Peter Oliver
- **Transportation Update – (Including Footpath Presentation)**
Karl Jackson – Transportation Manager

8. **PŪRONGO KAIMAHI** **STAFF REPORTS**

- **Carryover Report 2022 / 2023** (Pages 9-16)
Finance Manager, Lynley Truman
- **Community Funding Policy** (Pages 17-26)
Group Manager, Corporate Services, Lesley Crichton

- **Better off Package Funding**
Group Manager, District Assets, Scott Baxendale
- **Glenfern Villas Water Supply Pipeline**
Operations Manager, Erle Bencich

(Pages 27-59)

(Pages 60-62)

9. 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 23 June 2022	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 Planning Committee Meeting 29 March 2022. Confidential Minutes Capital Projects & Tenders Committee Meeting 11 May 2022.	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.	Audit & Risk Committee – Report back to Council	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.	Infrastructure Acceleration Fund – Joseph & Associates	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
1, 2	Protect the privacy of natural persons, including that of deceased natural persons (Section 7(2)(a))
1, 2,4	Protect information where the making available of the information: <ul style="list-style-type: none"> (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))
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))
3	Maintain legal professional privilege (Section 7(2)(g))

**DATE OF NEXT ORDINARY COUNCIL MEETING – 25 AUGUST 2022
COUNCIL CHAMBERS, 36 WELD STREET, HOKITIKA AND VIA ZOOM**

28.07.22 - Council Meeting - Action List

Item No.	Date of Meeting	COMPLETED IN PROGRESS OVERDUE	Item	Action	Completion Date/Target Date	Officer	Status
1	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/Kowhiti rangi Area • Old Christchurch Road • Kaniere Road • Lake Kaniere Road and surrounding areas (Hans Bay, Sunny Bight, Lake Kaniere) 	Sep 2022	GMDA, Transportation Manager & CE	<p>This item is on hold awaiting Waka Kotahi NZ Transport Agency speed limit review.</p> <p>A review was presented to Council on the 30/09/21. Stage 2 to be reviewed & presented to Council in Feb 22 to begin public consultation with the intended implementation scheduled for April/May. This is in line with Waka Kotahi’s review period.</p> <p>Waka Kotahi has advised okay to start having conversations and consulting with public in the lead-up to rule changes being finalized toward mid-2022. Changes should not be made until new rules set.</p> <p>Council resolved in Feb to request feedback on other roads within WDC that wish the speed limits reviewed.</p> <p>This process has been deferred to after Annual Plan consultation.</p> <p>In the meantime, CE is happy to take any requests directly (email) and can be part of the submissions gathered.</p> <p>Some of this is covered in the Transportation Update being provided by the Transportation Manager in the July Meeting. Additionally, the consultation pack is being revised to reflect August Dates for the Consultation Period.</p>
2	10.12.20		Ross Chinese Gardens – Flooding issues	Update to Council on progress	Feb 2021	CE	<p>Lake level management – a meeting has been held, an engineering design will be completed, and an application for a resource consent has been submitted to the WCRC.</p> <p>Lake Level Project – onsite meeting with DoC was held. The engineering design will be completed and application for resource consent will be submitted to the WCRC, with an endeavour to have this completed through the summer period.</p>

Item No.	Date of Meeting	COMPLETED IN PROGRESS OVERDUE	Item	Action	Completion Date/Target Date	Officer	Status
							<p>WDC resource consent application completed and approved. WDC staff working with the community group to complete the diversion.</p> <p>WDC to liaise with Ross Chinese Gardens Community Group to try put a program of works together and get a firm answer regarding timeline / ETA on completion.</p> <p>CE and Project Manager meet with community group on the progress – happy with progress to date and have agreed a completion date of 1 Sep 2022 as they are sourcing materials at no cost to ratepayers.</p> <p>The work at the lake at Ross is near completion and the outlet is now in place.</p>
3	26.08.21		Investigate costs to bring the WDC HQ & Pakiwaitara buildings up to 100% National Building standards	CE to discuss with Group Manager: District Assets	In progress	CE & GMDA	<p>Following preliminary structural surveys conducted by Simco, Josephs and Associates have been commissioned to arrange for the production of outline architectural drawings which will lead to the development of accurate costings.</p> <p>Council has requested a review of the strategic direction for both Council HQ & Pakiwaitara buildings to ensure the best-case scenario if progressed. CE expectations is that the options review will be presented back to council in the future as an options report.</p> <p>Concept plans shared and viewed at Council Workshop 29/3/22.</p> <p>Discussion to occur in a June workshop regarding the future of this project.</p> <p>At the determination of the Annual Plan in June, Council decided to defer proposals for the Pakiwaitara building. Further work on the Council HQ has also been postponed.</p>

Item No.	Date of Meeting	COMPLETED IN PROGRESS OVERDUE	Item	Action	Completion Date/Target Date	Officer	Status
4	26.08.21		Pakiwaitara Building Business Case Timeline	Business case and scope of work to be brought to Council after the structural elements of the work have been identified, costed and timelines finalized.	May 22	CE	<p>As above.</p> <p>Concept plans shared and viewed at Council Workshop 29/3/22.Refer to report in May confidential meeting.</p> <p>Discussion to occur in a June workshop regarding the future of this project.</p> <p>At the determination of the Annual Plan in June, Council decided to defer proposals for the Pakiwaitara building. Further work on the Council HQ has also been postponed.</p>
5	24.03.22		Racecourse Development Submission Bid	Council to be made aware of the outcome of the bid by end of April 2022	April Council Meeting	CE	<p>Confirmed WDC application to the Infrastructure Acceleration Fund (IAF) has been accepted conditional of negotiations. 11 June workshop with IAF to discuss negotiation points.</p> <p>Negotiations still underway. RSL workshop with key stakeholders held on the 21 June 2022.</p> <p>There is a report and presentation in the confidential section of the Council Agenda</p>
6	24.03.22		Gambling Policy	Council staff undertake social impact assessment and bring a report back to Council.	August Council Meeting	GMRCs	New impact assessment to be commissioned. Have moved the report to August council meeting as consultant has extended their timeline due to commitments.
7	28.04.22		Hokitika Beach sign	Investigate the Hokitika Beach sign as a permeant feature when installing the beach Access Ramps	Jul 2022	Scott	Stakeholder has been engaged and will be tied into beach access.

Report to Council



DATE: 28 July 2021
TO: Mayor and Councillors
FROM: Finance Manager

PROJECTS AND CARRY FORWARDS TO 2022-23

1. Summary

- 1.1. The purpose of this report is to seek Council approval for the carry forward of funding of projects and operating costs and revenues that were scheduled from previous financial years but were not completed by 30 June 2022.
- 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 2021-31.
- 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 and operational costs itemised in **Appendix 1 and 2** 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 2021-22 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 2022. 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 2022. 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 2022-23, 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 Annual Plan 2022-23.
- 3.6. Progress on completion of these items will be communicated through Council's monthly financial reports.

4. Options

- 4.1. Option 1: Approve the carry forward of funds for the projects and operational costs itemised in Appendix 1 and 2 to the financial year 2022-23, 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, 2022-23. However, these are merely the inversion of favourable variances in 2021-22 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 2021-31.

8.2. Option 2 – would invoke some departures from the Long-Term Plan 2021-31 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 2021-31 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 and operational costs itemised in **Appendix 1 and 2** to the financial year 2022-23, 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 and operational costs itemised in Appendix 1 and 2 to the financial year 2022-23.
- 10.3. That Council approve the future allocation of funds for specific purposes.

Lynley Truman
Finance Manager

Appendix 1: Proposed project carry forward schedule 2022-23.

Appendix 2: Proposed operational costs carry forward schedule 2022-23.

CAPITAL PROJECTS 2021/22 CARRIED FORWARDS

	Proposed Carry overs from 2021/22 per Annual Plan	Carry Overs	Variance	Carry Over to future years
Community				
Customs House Repile	6,404	3,210	-3,194	
Franz Heliport and carpark	175,000	188,051	13,051	
Franz Josef Urban Revitalisation Plan	200,000	200,000	0	
Hokitika Rubbish Bins	0	1,000	1,000	
Lighting and banners	45,598	72,825	27,227	
Community Total	427,002	465,085	38,083	0
Facilities & Leisure Services				
Archives ugrade	0	0	0	798,000
Museum – Museum complex roller doors – H&S improvements	0	2,000	2,000	
Museum – Packaging material	0	7,600	7,600	
Book replacements	19,536	9,396	-10,140	
Carnegie - Museum fitout	600,000	600,000	0	
Cass Square - new developments	70,000	90,168	20,168	
Cass Square - new pavilion	0	0	0	
Cass Square - Rubber matting	111,460	111,460	0	
Cass Square - Turf Improvements	0	0	0	
Cass Square - Upgrade of Playground equipment	410,000	408,548	-1,453	
Cass Square Skate Park	0	0	0	187,865
Cass Square toilets	25,635	23,697	-1,938	
Fox House insulation	0	0	0	
Fox House re-roof	26,200	26,200	0	
Gibson Quay Public Toilets upgrade	0	0	0	
Haast Community Hall	26,200	26,200	0	
Haast playground equipment upgrade/replacement	0	0	0	
Hari Hari house insulation	0	0	0	
Hari Hari House plumbing	15,671	8,689	-6,982	
Heritage lights	12,848	12,848	0	
Heritage Park Industrial Building 6	0	0	0	
Heritage Park Industrial Building 9	0	0	0	
Hokitika Cemetery - Development of ashes berm	20,000	20,000	0	
Hokitika Cemetery - Tractor Sheds	13,112	13,663	551	
Hokitika Cemetery upgrade & expansion	10,000	10,000	0	
i-Site equipment replacement	0	3,000	3,000	
Jacksons Bay trailer and boat park	186,700	188,180	1,480	
Jacksons Bay Wharf Upgrade	0	0	0	1,211,249
Kaniere Water race bridges	300,000	278,967	-21,033	
Kumara playground equipment upgrade/replacement	0	0	0	
Lake Kaniere Stage 1	41,303	41,303	0	
Larrikins Road	0	0	0	
Library Furniture & Equipment	8,860	8,860	0	
Mahinapua boardwalk & bridges	0	0	0	
Mahinapua viewing platform	38,000	38,000	0	
Minor infrastructure	36,000	36,000	0	
Pakiwaitara building EQ strengthening	450,000	450,000	0	447,177
Pakiwaitara fitout	0	0	0	593,760
Racecourse Dev-Event Zone	0	0	0	
Racecourse Dev-Master Plan	247,271	255,893	8,622	
Racecourse Dev-Stormwater	0	0	0	
Cemetery – Hokitika Improvements	0	11,354	11,354	
Ross Cemetery Berm Development	6,390	13,090	6,700	
Ross playground equipment	90,000	90,000	0	
Ross swimming pool	14,783	14,783	0	
Ross Swimming Pool - Earthquake Strengthening/Heating	10,000	10,000	0	
Safety Enhancements	30,000	30,000	0	
Scissor lift	1,300	1,300	0	
Swimming Pool Hokitika refurbishment	1,621,552	1,615,759	-5,793	
Wainihinihi wet weather route bridge plus	160,000	160,000	0	
Waterfront development	407,976	177,476	-230,500	
WCWT Milltown Shelter	17,843	67,398	49,555	
WCWT Northbank route	27,607	23,564	-4,043	
Whataroa Pavilion Upgrade	12,000	2,261	-9,739	
Whataroa playground equipment	0	54,934	54,934	
Facilities & Leisure Services Total	5,068,247	4,942,591	-125,656	3,238,051

	Proposed Carry overs from 2021/22 per Annual Plan	Carry Overs	Variance	Carry Over to future years
Land Transport (1st year of NZTA 3 year program)				
211 Unsealed Road Metalling	-84,132	-56,759	27,373	
212 Sealed Road Resurfacing	-109,090	-109,090	0	
213 Drainage Renewals	0	12,744	12,744	
213 SPR Drainage renewals	27,000	-33,828	-60,828	
212 SPR Sealed Road Resurfacing	150,000	150,000	0	
214 Sealed Road Pavement Rehabilitation	130,000	130,000	0	
214 SPR Sealed road pavement rehabilitation	79,393	79,393	0	
215 SPR Structures component replacements	75,000	123,436	48,436	
215 Structures Component Replacements	201,790	250,000	48,210	
216 Bridge & Structure Renewals	250,000	250,000	0	
216 SPR Bridge & Structure Renewals	70,000	0	-70,000	
222 SPR Traffic services renewals	0	-3,489	-3,489	
222 Traffic Services Renewals	11,386	-22,620	-34,006	
Footpath renewals - All Footpaths	-129,000	-142,020	-13,020	
Local Road Improvements - Low cost / Low risk improvements	185,000	185,000	0	
SPR Local Road Improvements - Low cost / Low risk improvements	1,563,300	1,584,475	21,175	
Land Transport Total	2,420,647	2,397,243	-23,404	0
Leadership				
Civil Defence - Satellite Data & Voice	4,500	4,500	0	
Civil Defence IT Kits	0	0	0	
Council HQ - i-SITE room fitouts	60,920	60,920	0	
Council HQ Earthquake strengthening & upgrade	0			997,883
Emergency communications	20,539	20,539	0	
Emergency Operations Centre	773,488	781,998	8,510	
Emergency equipment container	6,563	8,357	1,794	
Leadership Total	866,010	876,314	10,304	997,883
Planning				
Dog Park	20,250	20,250	0	
Planning	20,250	20,250	0	0
Solid Waste				
Butlers Intermediate Capping	50,000	82,081	32,081	
Butlers New Cell/Franz Josef waste management	199,603	217,383	17,780	
Franz Josef - Landfill final capping	50,001	2,407	-47,594	
Glass Crusher - Hokitika (Waste minimisation equipment)	100,000	100,000	0	
Haast Landfill Capping	15,000	48,280	33,280	
Haast Transfer Station Development	100,000	100,000	0	
Hokitika - Refuse shed 1 doors & iron replacement	50,002	13,656	-36,346	
Misc Plant & Equipment for Waste Minimisation	0	29,048	29,048	
Solid Waste	564,606	592,855	28,249	0
Stormwater				
Beach St SW realignment	300,000	370,631	70,631	
Hokitika - Pump upgrade (Tancred)	0	112,810	112,810	
Hokitika Stormwater Mains Replacement	0	66,929	66,929	
Jollie St Extension	100,000	252,573	152,573	
Livingstone St Pump Upgrade	950,331	1,262,812	312,481	
Sewell St Pump Upgrade	100,000	100,000	0	
Stormwater	1,450,331	2,165,755	715,424	0
Wastewater				
Hokitika - Pump upgrade (Kaniere)	0	55,627	55,627	
Kaniere Road Catchment - I&I Investigation (in conjunction Pump upgrade)	0	50,000	50,000	
Hokitika Outfall Structure	1,879,887	1,879,887	0	
Hokitika Wastewater Z-Line Replacement	102,381	0	-102,381	
Hokitika WWTP Upgrade, including Telemetry	1,130,604	1,158,600	27,996	
Hokitika -Z-line section replacement	0	102,381	102,381	
WWTP Improvements at Fox Glacier	64,253	66,473	2,220	
Wastewater	3,177,125	3,312,968	135,843	0

	Proposed Carry overs from 2021/22 per Annual Plan	Carry Overs	Variance	Carry Over to future years
Water				
Arahura Water Treatment Plant upgrade	0	123,884	123,884	
Fox Glacier Plant Upgrade to DWSNZ	750,000	1,068,851	318,851	
Hokitika Seismic Valve (main outlet)	0	49,345	49,345	
Kumara - WTP remedial work	0	48,710	48,710	
Hari Hari Water mains replacement	174,942	174,942	0	
Hokitika Water Mains Replacement	0	309,724	309,724	
Kumara Existing Reservoirs Replacement	0	25,000	25,000	
Kumara reservoir assessment	0	19,219	19,219	
Kumara Seismic Valve (main outlet)	0	27,315	27,315	
Kumara Water Mains Replacement	148,675	146,751	-1,924	
SCADA / Telemetry at WTP's	70,125	21,415	-48,710	
Water	1,143,742	2,015,156	871,414	0
Other Funded Projects				
3 Waters funded projects (100% funded)	0	171,294	171,294	
Paringa Conveniences (70% funded)	0	239,561	239,561	
Cron Street and Footpath Extensions (100% funded)	0	40,003	40,003	
Old Christchurch Road (100% funded)	0	83,918	83,918	
	0	534,776	534,776	0
TOTAL	15,137,960	17,322,993	2,185,033	4,235,933

OPERATIONAL COSTS - CARRIED FORWARDS FROM 2021/22

Description	Expensed	Budget	C/FWD	Details	
Accommodation & Meals					
BUICON - Accommodation & Meals	2,559	8,000	5,441	2022/23 Annual Plan reduced to allow for est. carry forwards	
LIQUOR - Accommodation & Meals	-	500	500		
CPLAN - Accommodation & Meals	-	1,200	1,200		
DOGCON - Accommodation & Meals	398	1,500	1,102		
RESMAN - Accommodation & Meals	2,284	3,000	716		
CIVDEF - Accommodation & Meals	2,416	2,500	84		
COMSER - Accommodation & Meals	970	1,500	530		
LIBRAR - Accommodation & Meals	2,442	3,500	1,058		
CORSER - Accommodation & Meals	1,591	4,635	3,044		
			<u>13,675</u>		
Course & Conference Fees					
DEMADM - Course & Conference Fees	3,064	5,180	2,116		2022/23 Annual Plan reduced to allow for est. carry forwards
LIQUOR - Course & Conference Fees	-	500	500		
INFSER - Course & Conference Fees	-	575	575		
RECSER - Course & Conference Fees	-	1,000	1,000		
BUICON - Course & Conference Fees	6,905	21,000	14,095		
ENVHTH - Course & conference fees	296	800	504		
DOGCON - Course & Conference Fees	760	2,000	1,240		
RESMAN - Course & Conference Fees	2,283	9,000	6,717		
INFMAN - Course & Conference Fees	450	1,000	550		
LIBRAR - Course & Conference Fees	4,244	6,500	2,256		
MUSEUM - Course & Conference Fees	602	2,000	1,398		
CPLAN - Course & Conference Fees	250	750	500		
CHIE XU - Course & Conference Fees	715	3,400	2,685		
HRSERV - Course & Conference fees	5,416	9,183	3,767		
			<u>37,903</u>		
Travel					
LIQUOR - Travel	-	250	250	2022/23 Annual Plan reduced to allow for est. carry forwards	
ENVHTH - Travel	-	500	500		
STOIMP - Travel	-	2,000	2,000		
CPLAN - Travel	-	400	400		
BUICON - Travel	1,005	6,000	4,995		
RESMAN - Travel	389	3,000	2,611		
CIVDEF - Travel	-	1,121	1,121		
INFSER - Travel	719	750	31		
INFMAN - Travel	266	1,000	734		
LIBRAR - Travel	1,206	3,500	2,294		
MUSEUM - Travel	10	1,000	990		
CORSER - Travel	1,494	3,000	1,506		
CHIE XU - Travel	1,239	1,560	321		
HRSERV - Travel	128	1,120	992		
RECSER - Travel	152	200	48		
			<u>18,793</u>		
Consultants Fees - Resource Management					
RESMAN - Consultants Fees	12,200	50,000	37,800	To carry forward additional underspend	
Less: included in Annual Plan 2022/23			<u>-25,000</u>		
			12,800		
Electoral Officer Costs					
DEMELE - Electoral Officer Costs	5,346	37,128	31,782	Annual Plan allowed for c/fwd from 2021/22	
			<u>31,782</u>		
Computer Operating					
INFSER - Computer Operating	50,069	92,737	42,668	To set up MagiQ online to align with new Govt invoicing protocols	
			<u>42,668</u>		
Community Events					
EVTSGN - Contractors	450	23,200	22,750	To fund WDC contribution to Welcoming Communities Project and to carry forward ANZAC Day costs	
			<u>22,750</u>		
Heritage Park					
HERPRK - Repairs and Maintenance	-	5,000	5,000	MOU in place for \$3,000pa	
Less not required:			<u>-2,000</u>		
			3,000		
Total operational c/fwds requested			<u>183,371</u>		

* In addition are any costs which are fully or partly funded by NZTA and form part their three year program (2021/22 was the first year)

Report to Council



DATE: 28 July 2022

TO: Mayor and Councillors

FROM: Group Manager, Corporate Services, Lesley Crichton

COMMUNITY FUNDING POLICY

1. Summary

- 1.1. The purpose of this report is to provide Council with a Draft Community Funding policy for consideration and adoption.
- 1.2. This issue arises from an absence of a Community Funding Policy to support the effective delivery of internal and external funding grants managed by Council via a formal allocation process.
- 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 receives the report and approves the Westland District Council Community Funding Policy attached as **Appendix 1**.

2. Background

- 2.1. The reason the report has come before the Council is due to the absence of a Community Funding Policy.
- 2.2. A Community Funding Policy would provide those delegated with administering funds managed by Council a formalised process for allocation, while also providing clarity, transparency, and consistency to applicants and funding bodies.

3. Current Situation

- 3.1. The current situation is that in the absence of a Community Funding Policy, those delegated with allocating internal and / or external funds to community groups, organisations, or where applicable, individuals, have no consistent framework to consider in relation to an application, assessment, and approval / refusal process.
- 3.2. In addition, there is no defined criteria for recipients of funding in relation to use of funds received, reporting, and seeking of amendments for use of funds, where the original intent of approved expenditure has changed.

4. Options

- 4.1. Option 1: Approve the Community Funding Policy
- 4.2. Option 2: Retain the status quo

5. Risk Analysis

- 5.1. Risk has been considered and the following risks have been identified.
- 5.2. The absence of a Community Funding Policy presents a risk to Council where successful and / or unsuccessful candidates may contest the outcome of grant / fund allocations. In the absence of a defined Policy framework, there is also the risk of failure to manage perceived and/or actual conflicts of interest where those delegated with the authority to determine funding applications, may have a direct / indirect vested interest.
- 5.3. The adoption and implementation of a Community Funding Policy would enable management of these and other risks.

6. Health and Safety

- 6.1. Health and Safety has been considered and no items have been identified as this report relates to a governance policy.

7. Significance and Engagement

- 7.1. The level of significance has been assessed as being low. Public consultation is not required for consideration and or approval of an internal governance policy.

8. Assessment of Options (including Financial Considerations)

- 8.1. Option 1 – Approve the Community Funding Policy
 - 8.1.1. A Community Funding Policy would provide those delegated with administering funds managed by Council a formalised process for allocation, while also providing clarity, transparency, and consistency to applicants and funding bodies.
 - 8.1.2. There are no financial implications to this option.
- 8.2. Option 2 – Retain the status quo
 - 8.2.1. There are no financial implications to this option.

9. Preferred Option(s) and Reasons

- 9.1. The preferred option is Option 1 – Approve the Community Funding Policy
- 9.2. The reason that Option 1 has been identified as the preferred option is that it provides a framework for decision-making when considering applications received, and the allocation of grants or funds managed by Council.

10. Recommendation(s)

- 10.1. That the report be received.
- 10.2. That Council approve the Westland District Council Community Funding Policy.

Lesley Crichton
Group Manager, Corporate Services

Appendix 1: Community Funding Policy

1. Purpose

The purpose of the Community Funding Policy is to guide the allocation and management of Council's community grants. This policy supports Council's intent to walk alongside the community to achieve its aspirations. It provides clear guidance about Council's intentions and priorities for funding, fair and equitable grants processes, and upfront information about groups and organisations obligations if they receive a grant.

The overall objective of the Community Funding Policy is to support effective delivery of the community funding programme to meet the needs of four groups of stakeholders being:

- **Groups and organisations seeking financial support**, who require clear guidance about Council's intentions and priorities for funding, fair and equitable grants processes, and upfront information about their obligations if they receive a grant.
- **Elected members**, who are responsible for deciding on the allocation of grants in a way that best meets the needs of the community, addresses the priorities they have collectively set, and delivers good value to ratepayers.
- **Council staff**, who need a clear framework within which to work to provide high quality service and advice, stewardship of grant funds, evaluation of their impact and benefit, and effectively deliver the community funding programme.
- **Westland residents**, who fund through rates the community support the council provides, and who receive the benefit of the activities Council fund on their behalf.

1.1 Scope

This policy relates to Council's community funding programme managed by the Community Services Department, which includes all contestable grants.

1.1.1 Other support

Out of scope is support provided via other council functions, including but not limited to:

- Rates, rebates, remissions, and postponements.
- Koha given in specific cultural situations and settings.
- Township Development Fund.
- Alternative funding programmes such as the Small Events Fund, and the Waste Minimisation Fund to support objectives in line with the Westland District Waste Management and Minimisation Plan.
- Community service grants and contributions to community groups undertaking activities such as mowing of grounds, roadside rubbish removal, and cleaning of public toilets.
- Third party support such as the Creative Communities Scheme that Council administers on behalf of Creative New Zealand, and the Rural Travel Fund administered on behalf of Sport New Zealand.
- Large, one-off grants towards the purchase, development or maintenance of key district infrastructure, usually approved through Annual Plan or Long Term Plan.
- Support provided to Council Controlled Organisations or other community organisations with which Council has a strategic relationship.
- Incentives and concessions relating to the lease of council-owned property.

Valuing Te Ao Māori and enabling Māori outcomes

Council is committed to upholding the Mana o Te Tiriti o Waitangi and to developing stronger relationships with tangata whenua.

In the context of this policy, this commitment means that:

- Council acknowledges the special role and significance of Māori as tangata whenua;

- Council recognises that support to eligible kaupapa Māori organisations is an important way to realise Māori aspirations;
- Council will engage effectively with Māori to promote funding opportunities available through council;
- Council will obtain a Te Ao Māori perspective from Council’s Iwi Representatives;
- Council’s support is appropriately recognised in funding decisions which demonstrate equitable funding support for tangata whenua.

1.2 Commencement

This policy comes into force on 28 July 2022

1.3 Definitions

Contestable	Where a fixed amount of money is available that applicants can compete for a portion of.
Grants	Financial support for specific community endeavours, made following a contestable process
Not for profit	Any society, association or organisation that is not carried on for the profit or gain of any individual member/s, and whose rules or objects state that any money earned or donated is used in pursuing the organisation’s objectives for community good.

2. Community Funding Policy

The Westland District Council recognises that the local community, through their diverse range of activities, make a major contribution to the social, environmental, cultural and economic well-being of the Westland District.

To better enable community groups, and organisations to contribute to the well-being of the Westland District Council provides a number of support mechanisms as outlined under this policy.

This policy provides the Westland District Council with a formalised process for the allocation of community funding. It also provides clarity, transparency and consistency in the Council’s community funding approach.

2.1 Approach

Community funding is delivered in accordance with Council’s Vision and detailed funding principles employing the concepts of:

- whanaungatanga (fostering relationships)
- manaakitanga (showing respect and care for others)
- kotahitanga (togetherness and collective action, and
- atawhaitanga (stewardship and trust)

Community funding principles

Council endeavours to apply these community funding principles in policy and in practice when delivering its community funding.

The principles are:

Effective	<p>Council is effective and responsive, providing support in a timely, effective and responsible manner enabling our communities to deliver their projects successfully for the benefit of the District.</p> <p>There are robust processes appropriate to the level of funding, and funding provides assistance and does not fund dependency. Council remains responsible for key district amenities and will support communities to maintain and enhance these where possible.</p>
Equitable	Council will provide an equitable division of support across our diverse communities of people, place and interest.
Consistent	Delivery of funding opportunities will be consistent and fair, including ensuring all eligible organisations can compete for the same support.
Transparent	Our approach, criteria, processes, consideration and decision-making is clear, open, and publicly available and can stand up to scrutiny.
Flexible	Council will be flexible, adaptable and able to be agile in order to support the community when, how and where it seeks our support.
Inclusive	<p>Council supports programmes, services, facilities and activities that are inclusive for all its communities of place, people and attribute, including, but not limited to:</p> <ul style="list-style-type: none"> • Māori, hapū and iwi • Pacific people and all our ethnic communities • Older people, youth and people with disabilities <p>The rainbow community</p>

2.2 Priorities

Council aims to support a balanced mix of social amenities and services that meet the needs of all our diverse communities that make up the Westland District.

Council supports activities coming from outside of the district that will enrich the experience of the people of Westland and address local needs.

An open, transparent and equitable process ensures Council puts available funds to good use in serving the Westland District.

Funding priorities

To support the four well-beings in the Local Government Act, and Council’s vision and community outcomes, community funding has four priority areas for funding.

Arts, Culture and Heritage	Celebrate the history, language, culture and art of our diverse communities.
Recreation and Sport	Deliver a variety of recreation and sporting opportunities for all ages, abilities and life stages.
Environment	Celebrate and protect our flora, our fauna and our special places for current and future generations to enjoy, with a focus on national environmental

	<p>policies. We particularly want to see applications that align with:</p> <ul style="list-style-type: none"> • Waste minimisation objectives • Climate change adaption or mitigation objectives • National objectives such as Predator Free 2050 • Enabling kaitiakitanga of the district’s taiao (natural environment)
<p>Community Well-being</p>	<p>Celebrate happy, healthy, connected communities and individuals. We particularly want to see applications that</p> <ul style="list-style-type: none"> • Support communities to help themselves • Promote community well-being and address disadvantage <p>Promote and celebrate community participation and identity</p>

2.3 Eligibility

Generally, eligible applicants for Council’s support are community organisations that are not-for-profit/charitable with a formal legal structure and founding documents, whose primary aim is to provide services and benefits to the community at large. Applications from individuals will be considered where a specific grant or fund may make provision for this, such as a Mayoral Relief Fund associated with impacts from Civil Defence events.

These organisations will have appropriate financial management practices for their size, and a bank account in the organisation’s name.

Community organisations that do not have a formal legal structure would need to nominate an ‘umbrella’ organisation which agrees to receive and administer the grant on their behalf and to be accountable to Council for the value of the grant should any issues with its use arises.

Ineligible applications

Community funding will not support:

- Debt servicing, gambling or prize money, travel costs, conference fees, costs related to fines or disputes
- Retrospective expenses incurred
- Activities or projects:
 - Where the primary purpose is to promote religious, political, or commercial activity
 - It considers are the core business of another organisation or service provider
 - It considers the responsibility of central government or other agencies
 - that start before funding decisions are made
 - that are self-funding or for fundraising purposes
- applicants it has significant concerns with, financial or otherwise
- who have not completed their obligations for prior funding received
- applicants that can fund the initiative themselves

Council reserves the right to support applications and organisations outside of these criteria where there is clear community benefit, while continuing to use ratepayer funds responsibly.

2.4 Funds available

Council’s current Community funding is available on Council’s website

Applicants' contact details may be added to a mailing list for the purposes of advising of upcoming funding opportunities.

2.5 Application, assessment and approval process

Support for applicants

Council staff will provide advice and support for applicants with language, literacy or other access needs to ensure equitable access to Council's support, whenever possible.

Council aims to balance 'funding for success' (supporting an application in full to enable the initiative to be a success) with the need to support a variety of initiatives within a limited budget.

Applying for funding

All requests for support from Council must be made on the appropriate application form or as otherwise stated for each Fund.

Supporting documents are required for most Funds. Applicants who have previously applied for Council's support, do not need to submit supporting documents that Council already has on record, unless otherwise stated.

Multiple or recurring grants

A project, activity or initiative can generally only receive funding once from community funding each financial year (1 July – 30 June). Applicants can seek funding for multiple projects, activities and initiatives in a financial year, however any funding already received will be considered and preference may be given to other applicants.

Any support Council provides is not an indication or guarantee of future support.

Community funding does not provide multi-year support, and a new application in full must be made for each request.

Assessment

Staff assess each application based on:

- eligibility and alignment with this policy;
- alignment with Council's vision, community outcomes, four well beings, and funding priorities;
- community impact and need;
- readiness of the applicant, risk, and ability to deliver;
- available budget and funding priority weightings;
- previous or practiced levels of support for the type of activity that funding is sought for; and
- professional insight.

As demand for Council's support typically exceeds the available budget, Council may apply further prioritisation to deliver consistent, fair and equitable outcomes. When required, preference may be given to:

- local applications and applicants.
- volunteer-run organisations.
- new applicants.
- essential needs such as health and safety and protection of community assets.

Decision-making

Decisions on funding allocations will be made by an appointed Committee of Council. The Council may delegate some functions to staff from time to time.

Funding decisions are final and cannot be contested, however applicants may apply again in a future funding round.

Funding decisions are generally advised within eight (8) weeks of a funding round closing.

Council may withhold the payment of grants allocated until evidence of meeting grant conditions is provided.

Declaring potential conflicts of interest

A conflict of interest may exist where any elected member, or council staff member, has any interest or involvement in the project or activity proposed for Council's support.

Any perceived conflict of interest must be declared by applicants on their application form, and by staff and elected members appointed to a committee where the request for funding will be discussed.

Council's Standing Orders (procedures for the conduct of meetings) outline how potential conflicts of interest will be managed.

2.6 Recipient responsibilities

Receiving funding

Recipients of funding must:

- use the funding as intended within 12 months of receiving the funding
- return any unspent funds
- seek approval for any changes that may affect the use of the funds as they were granted
- publically acknowledge Council's support in any marketing material, advertising and/or on social media
- provide a brief report on the use of the grant as specified for the Fund.

Grant reports

Reporting on the use and impact of funding received is required for most funding allocated.

Reports are required within two months of the funded activity being completed, or as otherwise indicated for each Fund.

Council may withhold future funding or request funding to be returned if reports are overdue, incomplete or indicate funds received were not used as intended.

In some instances, staff may waive the need for a full report, such as if the activity or event was attended by or sighted by Community Services Staff, or is of low financial value, or is otherwise not deemed necessary.

Reporting requirements will be outlined with each Fund and can include:

- Grant Report Form
- Receipts and photos of work or activity
- Progress reports and a full report when project completed
- Presentation to Council Committee

Terms and conditions

This policy outlines the terms in which Council will provide support through community funding and the obligations of those receiving that support. Council may impose additional terms and conditions if required.

The terms and conditions of receiving support from Council are deemed acceptable when a recipient presents and invoice to Council or otherwise accepts any payment made.

3. Reporting

The Community Development Advisor will provide a report to the Community Development Committee or other nominated committee.

Council’s Annual Report also includes performance measures for grant funding that must be reported on.

4. Related Documents and Acts

The following Westland District Council documents relate to this policy:

- Staff Handbook
- Community Funding Procedure
- Long Term Plan 2021 - 2031

The following Legislation relates to this policy:

- Local Government Act 2002

5. Policy Review

A review of this policy will take place in July 2025.

Created:	July 2022	Date for review:	July2025
Author:	Sarah Brown	Authorised by:	
Consulted on:	Group Manager: Planning, Regulatory and Community Service Strategy and Communications Advisor	Version	V1

Report to Council



DATE: 28 July 2022
TO: Mayor and Councillors
FROM: Chief Executive

BETTER OFF PACKAGE FUNDING

1. Summary

- 1.1. The purpose of this report is to provide an update for Council on the 3 Waters Reform “Better off Package Funding” and seek a resolution on the options put before Council.
- 1.2. This issue arises from the announcement by the Minister of Local Government that Councils can now put forward proposals for the first \$500 million of Crown funding from the Three Waters reform “Better Off Package Funding” support package. The funding is for local government to invest in local community wellbeing and may be applied to capital or operating initiatives.
- 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 adopt Option 1 and direct the CE to engage with the relevant parties to identify projects under each initiative, and that the CE reports back to council through a workshop in August to allocate the funding towards individual projects.

2. Background

- 2.1. As part of the 3 Waters Reform process Local Government New Zealand (LGNZ) brokered a deal with central government in conjunction with a head of agreement to offer a “better off” package of \$2 billion to local councils. The funding package requires local government to invest projects or operations that support the wellbeing of their communities in a manner that meets the priorities of both the central and local government.
- 2.2. The reason the report has come before the Council is due to the announcement from the Minister of Local Government requesting submissions of proposals for the first tranche of \$500 million of Crown funding from the Three Waters Reform “Better Off Package” from 1 April to 30 September 2022. The remaining \$1.5 billion is available from 1 July 2024.
- 2.3. Tranche 1 funding of \$2.79 million is available to Westland District Council.
- 2.4. Tranche 2 funding of \$8.36 million will be available to Council from 1 July 2024.

2.5. Elected members workshopped the “Better Off Package” Funding on the 22 June 2022 and potential projects that would fit the criteria were discussed. A copy of the outcome of workshopped items to this Report as **Appendix 1**.

3. Current Situation

3.1. The current situation is that:

The Better off Package is:

- An investment by the Crown into the future for local government and community wellbeing; and
- In recognition of the significance to the local government sector (and the communities they serve) of the transfer of responsibility for water service delivery.
- The use of the funding supports Council to transition to their new role post-reform through meeting some or all of the criteria as laid out in the Heads of Agreement:
 - 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.
 - Delivery of infrastructure and/or services that support local place-making and improvements in community wellbeing.

3.2. The Funding Proposal Submissions close on the 30 September 2022. Council can only submit one Funding Proposal to access Council’s share of the first \$500 million of the package, but it can cover more than one project or initiative.

3.3. Funding may cover projects for a period of up to five years in duration (through to 30 June 2027).

3.4. The spreadsheet of Option 1 is attached to the Report as **Appendix 1**.

3.5. Project Lead Officers have been appointed to each project/initiative and work has commenced on identifying suitable projects within the Westland District.

4. Options

4.1. **Option 1:** The allocation of funding is based on the workshop 22 June 2022.

4.2. The allocation of funding is conditional on the remaining budget for Stage 2 of the Hokitika Swimming pool project being funded from Kānoa (MBIE). If the funding is not forthcoming, then Council agrees to allocate the \$1.45M towards the pool project.

4.3. The following table indicates the split allocation of \$2.79M and is based on the workshop of Council on the 22nd June:

Table 1

Swimming Pool Stage 2 removed		Swimming Pool Stage 2 Included	
Project / Initiative	Tranche 1 \$2.79M (Apr- Sep 2022)	Project / Initiative	Tranche 1 \$2.79M (Apr- Sep 2022)
Community Halls - Stage 2	\$ 900,000	Community Halls - Stage 2	\$ 770,000
Community Preparedness Communications – i.e. zoom technology with community groups Back-up power generation for community halls/welfare centres Civil Defence Intelligence – river monitoring etc Container Project	\$ 200,000	Hokitika Swimming Pool – stage 2	\$ 1,450,000
Township Improvements o Disability projects o Footpaths o Cycleways o CBD improvements	\$ 690,000	Township Improvements o Disability projects o Footpaths o Cycleways o CBD improvements	\$ 350,000
Community Projects	\$ 500,000	Community Projects	\$ 100,000
Heritage Projects	\$ 500,000	Heritage Projects	\$ 120,000
Total Allocation	\$ 2,790,000	Total Allocation	\$ 2,790,000

4.4. **Option 2:** Review the proposed projects further and make amendments to the proposal.

4.5. **Options 3:** Defer any allocation and carry the funding over into Tranche 2.

5. Risk Analysis

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

5.1.1. Council has until the 30 September 2022 to lodge an application for funding. This will then be followed by 6 weeks of negotiation/clarification. There may be the possibility that DIA may not agree with our interpretation of the projects against the criteria which will see projects become ineligible.

5.1.2. The allocation of funds may see some community and heritage projects declined as there is limited funds. This may cause disgruntlement among the applicants.

5.1.3. Tranche 2 is not available until post the next general elections – a change of government may see the fund conditions change or removed altogether.

6. Health and Safety

6.1. Health and Safety has been considered and have identified that Health and Safety must be considered as part of any new project planning and execution to ensure the hazards are either eliminated and/or minimised.

7. Significance and Engagement

7.1. The level of significance has been assessed as being moderate.

7.1.1. Public engagement on determining projects is considered necessary and an important factor in determining projects and initiatives.

8. Assessment of Options (including Financial Considerations)

8.1. Option 1: The allocation of funding based on the workshop 22 June.

8.1.1. Table 1 above was generated as part of a council workshop on the 22 June 2022. There was a robust debate and multiple variations of the allocation where considered.

8.1.2. Elected members were clear that the funds should be shared across the community and not Hokitika centric.

8.1.3. The allocation of funding is conditional on the remaining budget for Stage 2 of the Hokitika Swimming pool project being funded from Kānoa (MBIE). If this funding is not forthcoming, then council agrees to allocate the \$1.45M towards the pool project.

8.1.4. The following financial implications have been identified:

8.2.1.1 The “Better Off Package Funding” of \$2.79M allotted to project is based on certain criteria that is set out in the Funding Agreement (see Appendix 2).

8.3 Option 2: Review the proposed projects further and make amendments to the proposal.

8.3.1 Council could determine to re-litigate the allocation of funding. No request for change has been received since the confirmation of the allocation made during the workshop on 22 June was sent to Elected Members on 27 June.

8.3.2 Based on this staff have been assigned to consider the projects that will evolve from each allocation.

8.3.3 The following financial implications have been identified.

8.3.3.1 The “Better Off Package Funding” of \$2.79M allotted to project is based on certain criteria and set out in the Funding Agreement (see appendix 2).

8.3.3.2 The allocation of funding Stage 2 of the Hokitika Swimming pool project must be included if not covered by Kānoa (MBIE).

8.3.3.3

8.4 Options 3: Defer any allocation and carry the funding over into Tranche 2.

8.4.1 This option is available if Council do not wish to allocate any funding and defer this duty to the new Council following October 2022 local body elections.

8.4.2 The following financial implications have been identified.

8.4.2.1 There may be a risk that Tranche 2 is not available until post the next general elections – a change of government may see the fund conditions change or removed altogether.

9. Preferred Option(s) and Reasons

9.1. The preferred option is **Option 1** - The allocation of funding based on the council workshop 22 June (as per table 1).

9.2. The allocation aligns with the “Better Off Package Funding” objective of “Delivery of infrastructure and/or services that support local place-making and improvements in community wellbeing.”:

9.2.1. The allocation is shared throughout the district.

9.2.2. Creates the ability to improve community assets and jump start some community and heritage projects.

9.2.3. Improves community resilience.

10. Recommendation(s)

10.1. That the report be received.

10.2. That Council endorses **Option 1** and directs the CE to engage with the relevant parties to identify projects under each initiative.

10.3. That the CE reports back to council through a workshop of the 15th August to allocate the funding towards individual projects.

Simon Bastion
Chief Executive

Appendix 1: Tranche 1 Funding Spreadsheet

Appendix 2: Better Off Package Funding Agreement April 2022

Swimming Pool Stage 2 removed

Project / Initiative	Comments	Tranche 1 \$2.79M (Apr- Sep 2022)
Community Halls - Stage 2	MBIE Funded for stage 1 - \$1,078,360 * Reduction in overall Community operational costs i.e. Heating, lighting, hot water, water usage etc * Upgrades	\$ 900,000
Community Preparedness Communications – i.e. zoom technology with community groups Back-up power generation for community halls/welfare centres Civil Defence Intelligence – river monitoring etc Container Project	A fund to focus on the tools needed for resilience for each community	\$ 200,000
Township Improvements o Disability projects o Footpaths o Cycleways o CBD improvements	To enhance townships in regards to low emissions travel, disability constraints and community wellbeing	\$ 690,000
Community Projects	A fund to be allocated to individual community projects - contestable	\$ 500,000
Heritage Projects	Seed money to support Heritage Projects for the betterment of community & visitor experience i.e. Heritage Hokitika, WIHP, Ross Visitor Centre etc	\$ 500,000
		\$ 2,790,000
	Total Allocation	\$ 2,790,000
	Unallocated	\$ -

Swimming Pool Stage 2 Included

Project / Initiative	Comments	Tranche 1 \$2.79M (Apr- Sep 2022)
Community Halls - Stage 2	MBIE Funded for stage 1 - \$1,078,360 * Reduction in overall Community operational costs i.e. Heating, lighting, hot water, water usage etc * Upgrades	\$ 770,000
Hokitika Swimming Pool – stage 2	Stage 1 has been completed - \$101K under budget; Prices have now been received for stage 2 of the project. A further \$1.45M is required to complete all of stage 2; Due to significant increase in building costs and shortcomings in shovel ready application (no contingency, project management and escalation costs considered) the cost has increased by \$1.4M over budget; Additional application made to Kānoa - Regional Economic Development & Investment Unit for the balance and confident this will come through. If funding is approved (expected mid August confirmation) the this fund could be reassigned in Tranche 1 or carried over to Tranche 2	\$ 1,450,000
Township Improvements o Disability projects o Footpaths o Cycleways o CBD improvements	To enhance townships in regards to low emissions travel, disability constraints and community wellbeing	\$ 350,000
Community Projects	A fund to focus on the tools needed for resilience for each community	\$ 100,000
Heritage Projects	Seed money to support Heritage Projects for the betterment of community & visitor experience i.e. WIHP, Ross Visitor Centre etc	\$ 120,000
		\$ 2,790,000
	Total Allocation	\$ 2,790,000
	Unallocated	\$ -

Swimming Pool Stage 2 removed

Project / Initiative	Tranche 1 \$2.79M (Apr- Sep 2022)
Community Halls - Stage 2	\$ 900,000
Community Preparedness Communications – i.e. zoom technology with community groups Back-up power generation for community halls/welfare centres Civil Defence Intelligence – river monitoring etc Container Project	\$ 200,000
Township Improvements o Disability projects o Footpaths o Cycleways o CBD improvements	\$ 690,000
Community Projects	\$ 500,000
Heritage Projects	\$ 500,000
Total Allocation	\$ 2,790,000

Swimming Pool Stage 2 Included

Project / Initiative	Tranche 1 \$2.79M (Apr- Sep 2022)
Community Halls - Stage 2	\$ 770,000
Hokitika Swimming Pool – stage 2	\$ 1,450,000
Township Improvements <ul style="list-style-type: none"> o Disability projects o Footpaths o Cycleways o CBD improvements 	\$ 350,000
Community Projects	\$ 100,000
Heritage Projects	\$ 120,000
Total Allocation	\$ 2,790,000

FUNDING AGREEMENT

BETWEEN

DEPARTMENT OF INTERNAL AFFAIRS

AND

[NAME OF RECIPIENT]

AND

**CROWN INFRASTRUCTURE PARTNERS
LIMITED (AS MONITOR)**

FOR

**THREE WATERS REFORM – BETTER OFF
PACKAGE (TRANCHE 1 FUNDING)**

AGREEMENT

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

PART 1: KEY DETAILS

1 Parties

The Sovereign in right of New Zealand, acting by and through the [Deputy Chief Executive] of the Department of Internal Affairs (**DIA**)

[NAME OF RECIPIENT] (**Recipient**)

Crown Infrastructure Partners Limited (**Monitor**)

2 Background

The New Zealand Government is undertaking a reform programme for “Three Waters” (drinking water, wastewater and stormwater) service delivery for communities (**Three Waters Reform Programme**).

The Crown entered into a Heads of Agreement with New Zealand Local Government Association Incorporated Te Kahui Kaunihera ō Aotearoa (**LGNZ**) under which, amongst other things, the Crown proposed that a Three Waters Reform financial support package be provided to local authorities, comprising:

1. 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
2. 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 the Heads of Agreement,

to be given effect in agreements between each local authority and the Crown (through DIA).

The better off package will comprise:

1. \$1 billion of Crown funding, \$500 million of which is intended to be provided to local authorities from 1 July 2022 to enable early investment (“**Tranche 1 Funding**”); and
2. the remaining \$1 billion to be funded by the new Water Services Entities.

This Agreement relates to the provision of funding to the Recipient from the Tranche 1 Funding of \$500 million.

The Crown’s objectives with the better off package are, acknowledging the Reform Objectives, to demonstrate central government confidence in the future for local government by providing the sector with additional funds to support local wellbeing outcomes in a way that aligns with the priorities of central and local government, including through meeting some or all of the following criteria:

1. supporting communities to transition to a sustainable and low-emissions economy, including by building resilience to climate change and natural hazards;

2. delivery of infrastructure and/or services that:
 - a. enable housing development and growth, with a focus on brownfield and infill development opportunities where those are available;
 - b. support local place-making and improvements in community well-being.

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

Crown Infrastructure Partners Limited is party to this Agreement to undertake a review and monitoring role on behalf of the DIA, as further described in this Agreement.

DIA has agreed to contribute funding to the Recipient on the terms and conditions of this Agreement (**Agreement**). This funding is being provided to enable the Recipient to undertake the activities described in Schedule 1.

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

3 Conditions Precedent

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

1. This Agreement, duly executed by the Recipient.
2. The final Funding Proposal prepared by the Recipient, in a form approved by DIA.

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

These conditions precedent must either be satisfied (in the opinion of DIA) or waived by DIA (at its sole discretion) by 30 September 2022. In the event that they are not satisfied or waived within that time, DIA may notify the Recipient that this Agreement has not come into effect and is null and void.

4 Permitted Funding Activities

The Recipient may only use the Funding:

1. for the purposes set out in Schedule 1; and
2. for any other purpose with DIA or the Monitor's prior written approval,

(each a **Permitted Funding Activity**).

5 Funding Proposal

The Recipient is to undertake the Permitted Funding Activities in accordance with the Funding Proposal approved by the DIA (or otherwise with DIA or the Monitor's prior written approval).

6 End Date

The End Date is [1 July 2027], or such later date determined by DIA in its discretion. **[Note: Recipients may propose an End Date having regard to the funding activities covered by this agreement, no later than 30 June 2027. DIA intend that the End Date is to be confirmed for each agreement]**

7 Funding

The total Funding available under this Agreement is up to **NZ\$[INSERT HERE]** plus GST (if any). This is the Total Maximum Amount Payable.

The first instalment of Funding under this Agreement is (NZ\$[insert] plus GST (if any)) subject to satisfaction of the Conditions Precedent set out in Item 3 above and receipt of a duly completed Payment Request in accordance with clause 1 of Part 2.

The Recipient may submit progress payment claims for the balance of the Funding under this Agreement, subject to satisfaction of the conditions set out below and the other terms and conditions of this Agreement.

Each instalment of Funding under this Agreement, following payment of the first instalment, is subject to:

- (a) Receipt of a duly completed Payment Request in accordance with clause 1 of Part 2.
- (b) DIA receiving and being satisfied with the six-monthly reports specified in the Key Details, together with the other information required in this Agreement.
- (c) DIA being satisfied that the Recipient is using reasonable endeavours to comply with the Transition Support Arrangements set out in Schedule 2.
- (d) DIA being satisfied that the Recipient is complying with the requirements of any Remedial Plan.
- (e) No Termination Event, or event entitling DIA to suspend funding under this Agreement, subsisting.

The first Payment Request may be submitted upon the Commencement Date occurring. Each subsequent Payment Request may be submitted at any time, but no more than one such Payment Request may be submitted in any month, except (in each case) to the extent agreed by DIA in its sole discretion.

8 Reporting

The Recipient will provide DIA via the DIA's Grant Management System portal with six-monthly reports by the 15th Business Day following the end of each six month period ending on 30 June and 31 December), with effect from the Commencement Date. Each six-monthly report must include the information set out below, in the standard reporting form specified by DIA.

If the frequency of reporting is changed to quarterly, as further described in clause 2.14, then the obligations described in this Agreement in respect of each six-monthly report will equally apply to the required quarterly reports (to be provided by the 15th Business Day following the end of each Quarter).

The Recipient will also provide DIA via the DIA's Grant Management System portal with a final report by the 15th Business Day following the End Date. The final report must include the information set out below, in the standard reporting form specified by DIA.

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

Each six-monthly report must include the following information:

- (a) Description of activities undertaken during the relevant six month period (including progress against relevant milestones);
- (b) A summary of expenditure for the relevant six month period (including any co-funding by the Recipient);
- (c) Plans for the next six month period (including a financial forecast for cashflow purposes);
- (d) Any major risks arising or expected to arise with the Permitted Funding Activities, costs or performance of this Agreement, together with actual or proposed mitigations for those risks (including, where the Permitted Funding Activities) costs are forecast to exceed budgeted

costs, how the shortfall is to be funded);

- (e) A summary of the outcomes achieved as a result of the Permitted Funding Activities; and
- (f) Any other information relevant to this Agreement and/or DIA's involvement in connection with the Permitted Funding Activities that is notified by DIA or the Monitor in writing to the Recipient.

The final report must include the following information:

- (a) Description of activities undertaken during the term of this Agreement;
- (b) A summary of expenditure on the Permitted Funding Activities (including any co-funding by the Recipient);
- (c) A summary of the outcomes achieved as a result of the Permitted Funding Activities;
- (d) Any specific reporting requirements set out in this Agreement; and
- (e) Any other information relevant to this Agreement and/or DIA's involvement in connection with the Permitted Funding Activities that is notified by DIA or the Monitor in writing to the Recipient.

9 Special Terms

During the term of this Agreement the Recipient shall use reasonable endeavours to comply with the Transition Support Arrangements, as set out in Schedule 2.

10 Representative

DIA's Representative:

Name: Michael Lovett

Email: threewaters@dia.govt.nz

Recipient's Representative:

Name: [name]

Email: [email]

Monitor's Representative:

Name: [name]

Email: [email]

11 Address for Notices

To DIA:

Three Waters Reform
Level 7, 45 Pipitea Street
Wellington 6011

Attention: Michael Lovett

Email: threewaters@dia.govt.nz, with a copy to legalnotices@dia.govt.nz

To the Recipient:

[address]

Attention: [name]

Email: [email]

To the Monitor:

[address]

Attention: [name]

Email: [email]

SIGNATURES

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

Name: Michael Lovett

Position: Deputy Chief Executive, Local Government

Date:

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

Name:

Position:

Date:

Name:

Position:

Date:

SIGNED for and on behalf of **CROWN
INFRASTRUCTURE PARTNERS LIMITED** by the
person(s) named below, being a person(s) duly
authorised to enter into obligations on behalf of
the Monitor:

Name:

Position:

Date:

Name:

Position:

Date:

END OF PART 1

PART 2: GENERAL TERMS

1 FUNDING

- 1.1 DIA must pay the Funding (up to the "Total Maximum Amount Payable" specified in the Key Details) to the Recipient, subject to the terms of this Agreement. Unless stated otherwise in this Agreement, the Recipient may only claim the Funding to the extent necessary to cover Eligible Costs that have been or will be incurred by the Recipient, and the Recipient must use the Funding solely on Eligible Costs.
- 1.2 The Recipient must submit for DIA's approval a Payment Request via the DIA's Grant Management System portal at the time specified in, and otherwise in accordance with, Item 7 in the Key Details.
- 1.3 Each Payment Request must include the amount of Funding requested, be authorised by the Chief Executive or an authorised representative of the Recipient, and be accompanied by the following supporting documentation:
- (a) a breakdown / total transaction listing of total Eligible Costs that have been or will be incurred to undertake the Permitted Funding Activities, substantiated by invoices and cost details;
 - (b) for the first Payment Request submitted following payment of the first instalment of Funding, a breakdown / total transaction listing of expenditure related to the first instalment, substantiated by invoices and cost details;
 - (c) a summary of the number of jobs created through people employed in the relation to the Permitted Funding Activities; and
 - (d) any other reasonable information or evidence requested by DIA or the Monitor in relation to summary project information or Eligible Costs that have been incurred or will be incurred.
- 1.4 DIA is not required to pay any Funding in respect of a Payment Request:
- (a) if any reports specified in the Key Details have not been provided or are not in form and substance satisfactory to DIA or the Monitor in its sole discretion;
 - (b) if the Conditions specified in Item 7 of the Key Details relating to that instalment have not been satisfied;
 - (c) if payment will result in the Funding exceeding the "Total Maximum Amount Payable" specified in the Key Details;
 - (d) if this Agreement has expired or been terminated; and/or
 - (e) while the Recipient is in material breach of this Agreement.
- For the avoidance of doubt, DIA's obligation to make Funding available under this Agreement is strictly subject to clause 6.2.
- 1.5 Subject to the terms of this Agreement, DIA must pay each valid Payment Request by the 20th day of the month after the month the relevant Payment Request is approved by the DIA, and if such day is not a Business Day, on the next Business Day. DIA will pay the Funding to the Recipient's nominated Bank Account.

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

2 RECIPIENT'S RESPONSIBILITIES

Standards and compliance with laws

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

Permitted Funding Activities

- 2.2 The Recipient must not, without DIA's or the Monitor's prior written consent, make any Material Variation to the Permitted Funding Activities (including their description and scope).
- 2.3 The Recipient must ensure that the Permitted Funding Activities are carried out:
- (a) promptly with due diligence, care and skill, and in a manner that is consistent with Best Industry Practice; and
 - (b) by appropriately trained, qualified, experienced and supervised persons; and in accordance with any directions of DIA or the Monitor, notified by DIA or the Monitor in writing from time to time.
- 2.4 The Recipient must use reasonable endeavours to ensure that the Permitted Funding Activities are completed by the End Date.
- 2.5 The Recipient is solely responsible for the activities and matters carried out as Permitted Funding Activities, including being solely responsible for the acts and omissions of any contractors and subcontractors in connection with the same.
- 2.6 The Recipient must ensure that all agreements it enters into with any contractors or any other party in connection with the Permitted Funding Activities are on an "arm's length" basis, provide value-for-money and do not give rise to any Conflict of Interest. The Recipient must provide DIA with reasonable evidence of compliance with this clause 2.6 in response to any request by DIA from time to time.

Information Undertakings

- 2.7 The Recipient must provide DIA and the Monitor with the reports specified in the Key Details, in accordance with the timeframes and reporting requirements set out in the Key Details.
- 2.8 The Recipient must provide DIA and the Monitor with any other information about the Permitted Funding Activities requested by DIA and/or the Monitor within the timeframe set out in the request.
- 2.9 The Recipient must promptly notify DIA and the Monitor if:

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

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

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

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

Funding, records and auditors

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

Monitoring

- 2.14 Without limiting anything in clause 2.15, at the request of the DIA (or the Monitor), the Recipient and the DIA and/or the Monitor shall meet by the 15th Business Day following the end of each six month period, to jointly discuss the Recipient's compliance with its obligations under this Agreement during the relevant six-month period (including its obligations under Items 5 and 9 of the Key Details). Where the DIA (or the Monitor)

considers (acting reasonably) that the Recipient has not complied with its obligations under this Agreement during the relevant six-month period:

- (a) DIA (or the Monitor) and the Recipient shall in good faith discuss:
 - (i) the identified areas of non-compliance and agree the steps that the Recipient will take to address such areas of non-compliance going forwards (**Remedial Plan**). If the parties are unable to agree a Remedial Plan by the 30th Business Day following the end of the relevant six month period, then DIA (or the Monitor) shall (acting reasonably and having regard to the matters raised by the Recipient in such discussions) provide the Recipient with a remedial plan which shall, for the purpose of this Agreement, be deemed to be the Remedial Plan. The Recipient shall comply with the requirements of any Remedial Plan;
 - (ii) acknowledging the commitment of resources (including staff) required by the Recipient to comply with its obligations under this Agreement (including the Transition Support Arrangements set out in Schedule 2), how the parties can work together to ensure such obligations are appropriately managed by all parties; and
- (b) DIA (or the Monitor) may increase the frequency of the reports required under Item 8 of the Key Details from six-monthly to quarterly.

2.15 At the request of the DIA (or the Monitor) at any time after the occurrence of a Relevant Event, the Recipient and the DIA and/or the Monitor shall meet promptly to jointly discuss the circumstances relating to that event. DIA (or the Monitor) and the Recipient shall in good faith discuss the steps that the Recipient will take to address that event (a **Response Plan**). If the parties are unable to agree a Response Plan within 20 Business Days following a request under this clause, then DIA (or the Monitor) shall (acting reasonably and having regard to the matters raised by the Recipient in such discussions) provide the Recipient with a response plan which shall, for the purpose of this Agreement, be deemed to be the Response Plan. The Recipient shall comply with the requirements of any Response Plan and non-compliance by the Recipient shall entitle DIA to suspend funding under this Agreement until such time as the non-compliance is remedied to DIA's satisfaction (acting reasonably).

3 **INTELLECTUAL PROPERTY**

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

4 TERM AND TERMINATION

- 4.1 This Agreement will be effective on and from the Commencement Date, which will be the latest to occur of:
- (a) the date this Agreement has been signed by all parties; and
 - (b) the date on which DIA has provided written notice to the Recipient that the Conditions Precedent specified in the Key Details have either been satisfied (in the opinion of DIA) or waived by DIA (at its sole discretion).
- 4.2 This Agreement will remain in force until the End Date, unless terminated in accordance with this Agreement.
- 4.3 DIA can terminate this Agreement with immediate effect, by giving notice to the Recipient, at any time:
- (a) while DIA reasonably considers that the Recipient has become or is likely to become insolvent;
 - (b) while the Recipient is subject to the appointment of a liquidator, receiver, manager or similar person in respect of any of its assets or a Crown Manager or Commission is appointed in respect of the Recipient under Part 10 of the Local Government Act 2002; or
 - (c) subject to clause 4.4, while any one or more of the following events or circumstances remains unremedied:
 - (i) the Recipient is materially in breach of any obligation, or a condition or warranty, under this Agreement;
 - (ii) the Recipient has provided DIA with information in connection with or under this Agreement that (whether intentionally or not) is materially incorrect or misleading, and/or omits material information;
 - (iii) DIA reasonably considers that this Agreement or a Permitted Funding Activity has caused, or may cause, DIA and/or the New Zealand Government to breach any legal obligations (including its international trade obligations);
 - (iv) the Recipient abandons a Permitted Funding Activity without the prior written consent of DIA (or the Monitor);
 - (v) the Recipient is involved in any intentional or reckless conduct which, in the opinion of DIA, has damaged or could damage the reputation, good standing or goodwill of DIA or the New Zealand Government, or is involved in any material misrepresentation or any fraud;
 - (vi) the Recipient (or any of its personnel or contractors) is subject to a Conflict of Interest which cannot be managed to DIA's satisfaction; or
 - (vii) any change in law, regulations or other circumstances materially affects DIA's ability to perform its obligations under this Agreement.

- 4.4 However, where DIA considers that a Termination Event set out in clause 4.3(c) can be remedied, DIA must give notice to the Recipient requesting a remedy, and must not exercise its right of termination unless the relevant event remains unremedied for at least 14 days (or any longer period agreed with the Recipient) after that notice has been provided by DIA.
- 4.5 On expiry or termination of this Agreement, where the aggregate of (a) the total Funding paid under this Agreement and (b) any other money received or allocated by the Recipient, in each case to carry out a Permitted Funding Activity, exceeds the amount required to perform the Permitted Funding Activity, the Recipient must upon request refund to DIA the excess amount.
- 4.6 At any time DIA may recover the amount of any Funding that has been spent or used other than in accordance with this Agreement, or not applied to Eligible Costs by the End Date, together with interest on all such amounts calculated at 10% per annum from the date of the misspending to the date the money is repaid.
- 4.7 Clauses 1.2, 1.4, 1.5, 2.1, 2.7, 2.12, 2.13, 3, 4, 5, 6, 7, 8, 9, 10 and 11 survive expiry or termination of this Agreement, along with any other parts of this Agreement necessary to give effect to those provisions. Expiry or termination of this Agreement does not affect any accrued rights, including any rights in respect of a breach of this Agreement or Termination Event that occurred before expiry or termination.

5 **WARRANTIES AND UNDERTAKINGS**

- 5.1 The Recipient warrants that, in the course of its activities in connection with the Permitted Funding Activities, it will not infringe any intellectual property or other rights of any contractor or any other third party.
- 5.2 The Recipient warrants that, as at the date of this Agreement:
- (a) It has full power and authority to enter into and perform its obligations under this Agreement which, when executed, will constitute binding obligations on it in accordance with this Agreement's terms, and it has complied with the Local Government Act 2002 in entering into this Agreement;
 - (b) the Recipient is solvent and is not subject to the appointment of a liquidator, receiver, manager or similar person in respect of any of its assets or to the appointment of a Crown Manager or Commission under Part 10 of the Local Government Act 2002;
 - (c) all information and representations disclosed or made to DIA by the Recipient in connection with this Agreement are true and correct, do not omit any material matter, and are not likely to mislead or deceive DIA as to any material matter;
 - (d) it has disclosed to DIA all matters known to the Recipient (relating to the Permitted Funding Activities, the Recipient or its personnel) that could reasonably be expected to have an adverse effect on the reputation, good standing or goodwill of DIA or the New Zealand Government; and
 - (e) it is not aware of any material information that has not been disclosed to DIA which may, if disclosed, materially adversely affect the decision of DIA whether to provide the Funding.
- 5.3 The Recipient warrants that the Funding has been or will be applied solely to Eligible Costs

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

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

6 LIABILITY

- 6.1 The maximum liability of DIA under or in connection with this Agreement, whether arising in contract, tort (including negligence) or otherwise, is limited to the total amount of Funding paid or payable under this Agreement.
- 6.2 The Recipient undertakes to pay any and all cost overruns of the Permitted Funding Activities and any funding shortfall, and DIA and the New Zealand Government have no obligations or responsibility whatsoever in respect of such cost overruns and funding shortfall and accept no financial risk in the Permitted Funding Activities.
- 6.3 DIA is not liable for any claim under or in connection with this Agreement or the Permitted Funding Activities, whether arising in contract, tort (including negligence) or otherwise, where such claim is or relates to any loss of profit, loss of revenue, loss of use, loss of reputation, loss of goodwill, loss of opportunity (in each case whether direct, indirect or consequential) or any other indirect, consequential or incidental loss or damages of any kind whatsoever.
- 6.4 The Monitor will not have any liability whatsoever under or in connection with this Agreement to DIA or the Recipient. The limitation of liability set out in this clause does not apply to the Monitor's liability for any fraudulent, malicious or criminal act or omission of the Monitor to the extent that such liability cannot be limited or excluded by law.

7 CONFIDENTIALITY

- 7.1 Subject to clause 7.2 and 7.3, each party must keep the other parties' Confidential Information in confidence, and must use or disclose that Confidential Information only to the extent necessary to perform its obligations, and/or take the intended benefit of its rights, under this Agreement. However, this will not prohibit:
 - (a) either party from using or disclosing any information with the written prior consent of the relevant other party;
 - (b) use or disclosure of information that has become generally known to the public other than through a breach of this Agreement;
 - (c) either party from disclosing information to its personnel, contractors or advisors with a need to know, so long as the relevant personnel, contractors and advisors use the information solely to enable that party to perform its obligations and/or take the intended benefit of its rights under this Agreement, and so long as they

are informed of the confidential nature of the information and, in the case of the Recipient, the Recipient receives an acknowledgement from its personnel, contractors or advisors that they acknowledge, and must comply with, the confidentiality obligations in this Agreement as if they were party to it;

- (d) disclosure required by any law, or any compulsory order or requirement issued pursuant to any law; or
- (e) DIA or the Monitor from using or disclosing to any party any documents, reports or information received in relation to this Agreement, provided that prior to any such disclosure DIA or the Monitor (as applicable) removes all information that is commercially sensitive to the Recipient from the relevant work.

7.2 The Recipient acknowledges and agrees that nothing in this Agreement restricts DIA and/or the Monitor's ability to:

- (a) discuss, and provide all information in respect of, any matters concerning the Recipient, the Permitted Funding Activities or this Agreement with any Minister of the Crown, the Monitor, any other government agency or any of their respective advisors;
- (b) meet its obligations under any constitutional or parliamentary convention (or other obligation at law) of or in relation to the New Zealand Parliament, the New Zealand House of Representatives or any of its Committees, any Minister of the Crown, or the New Zealand Auditor-General, including any obligations under the Cabinet Manual including the "no surprises" principle; and
- (c) publicise and report on the awarding of the Funding, including the Recipient's and any of its contractor's names, the amount and duration of the Funding and a brief description of the Permitted Funding Activities, on websites; in media releases; general announcements and annual reports.

7.3 The Recipient acknowledges that:

- (a) the contents of this Agreement; and
- (b) information provided to DIA and the Monitor (including the reports specified in the Key Details),

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

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

8 MEDIA AND COMMUNICATIONS

8.1 The Recipient will keep DIA informed on a "no surprises" basis in relation to any media statements or press releases (including social media posts) to be made by the Recipient regarding this Agreement and/or DIA's involvement in connection with the Permitted Funding Activities.

- 8.2 The Recipient will refer any enquiries from the media or any other person about the terms or performance of this Agreement to DIA's Representative.
- 8.3 The Recipient will acknowledge the New Zealand Government as a source of funding in all publications (including any digital presence) and publicity regarding the Permitted Funding Activities in accordance with funding acknowledgement guidelines agreed with DIA.
- 8.4 The Recipient does not have the right to enter into any commitment, contract or agreement on behalf of DIA or any associated body, or to make any public statement or comment on behalf of DIA or the New Zealand Government.
- 8.5 All correspondence with DIA under this clause 8 must be directed to DIA's Representative and copied to threewaters@dia.govt.nz and the Monitor.

9 **DISPUTES**

- 9.1 In the event of any dispute, controversy or claim arising out of or in connection with this Agreement, or in relation to any question regarding its existence, breach, termination or invalidity (in each case, a **Dispute**), either party may give written notice to the other parties specifying the nature of the Dispute and requesting discussions under this clause 9 (**Dispute Notice**). As soon as reasonably practicable following receipt of a Dispute Notice, the parties must meet (in person, or by audio or video conference) and endeavour to resolve the Dispute by discussion, negotiation and agreement.
- 9.2 If the matter cannot be amicably settled within 20 Business Days after the date of the Dispute Notice then, at the request in writing of either party, the matter in respect of which the Dispute has arisen must be submitted, together with a report describing the nature of such matter, to the Representatives (or, if no such Representatives have been appointed, the respective Chief Executives of the parties) (together the **Dispute Representatives**).
- 9.3 Within 20 Business Days after the receipt of a request under clause 9.2, one individual (who does not act in his or her professional capacity as legal counsel for either party) selected by each of the Dispute Representatives, must make a presentation of no longer than 30 minutes to each of the Dispute Representatives (which may be by telephone or remotely), who will then attempt in good faith to reach a common decision within a half-day. The decision of the Dispute Representatives is binding on the parties.
- 9.4 In the case of a Dispute, if the Dispute Representatives have not met within 20 Business Days of receiving a request in accordance with clause 9.2, or if they fail to reach a common decision within the stated time period, either party may by notice in writing to the other parties refer the Dispute to be referred to mediation before a single mediator appointed by the parties. Each party will bear its own costs of mediation and the costs of the mediator will be divided evenly between the parties to the dispute.
- 9.5 If the parties are unable to agree on the appointment of a mediator within 5 Business Days of the notice requiring the Dispute to be referred to mediation, a mediator may be appointed at the request of any party by the Arbitrators' and Mediators' Institute of New Zealand Inc.
- 9.6 If the Dispute is not resolved within 20 Business Days of referral to mediation, the parties may commence court proceedings without further participation in any mediation.
- 9.7 Nothing in this clause 9 will prevent either party from seeking urgent interim relief from a

court (or other tribunal) of competent jurisdiction.

10 REPRESENTATIVES

- 10.1 All matters or enquiries regarding this Agreement must be directed to each party's Representative (set out in the Key Details).
- 10.2 Each party may from time to time change the person designated as its Representative on 10 Business Days' written notice to the other parties.

11 GENERAL

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

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

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

- 11.2 The Recipient agrees to execute and deliver any documents and to do all things as may be required by DIA to obtain the full benefit of this Agreement according to its true intent.
- 11.3 No legal partnership, employer-employee, principal-agent or joint venture relationship is created or evidenced by this Agreement.
- 11.4 This Agreement constitutes the sole and entire understanding with respect to the subject matter hereof and supersedes all prior discussions, representations and understandings, written or oral.
- 11.5 No amendment to this Agreement will be effective unless agreed in writing by the parties, provided that the Monitor's agreement will not be required in respect of (and the Monitor will be deemed to have agreed to) any amendment to this Agreement that does not relate to the scope of the Monitor' review and monitoring role under this Agreement (including, for example, the Transition Support Arrangements).
- 11.6 Neither the Recipient nor the Monitor may assign or transfer any of their contractual rights or obligations under this Agreement, except with DIA's prior written approval.

- 11.7 DIA may assign or transfer any of its contractual rights or obligations under this Agreement without the other parties' prior approval. DIA may at any time disclose to a proposed assignee or transferee any information which relates to, or was provided in connection with, the Recipient, the Permitted Funding Activities or this Agreement.
- 11.8 No failure, delay or indulgence by any party in exercising any power or right conferred on that party by this Agreement shall operate as a waiver. A single exercise of any of those powers or rights does not preclude further exercises of those powers or rights or the exercise of any other powers or rights.
- 11.9 The exercise by a party of any express right set out in this Agreement is without prejudice to any other rights, powers or remedies available to a party in contract, at law or in equity, including any rights, powers or remedies which would be available if the express rights were not set out in this Agreement.
- 11.10 This Agreement is not intended to confer any benefit on or create any obligation enforceable at the suit of any person not a party to this Agreement.
- 11.11 Any provision of this Agreement that is invalid or unenforceable will be deemed deleted, and will not affect the other provisions of this Agreement, all of which remain in force to the extent permitted by law, subject to any modifications made necessary by the deletion of the invalid or unenforceable provision.
- 11.12 This Agreement is to be governed by the laws of New Zealand, and the parties submit to the non-exclusive jurisdiction of the courts of New Zealand.
- 11.13 This Agreement may be executed in any number of counterparts (including duly electronically signed, scanned and emailed copies). So long as each party has received a counterpart signed by each of the other parties, the counterparts together shall constitute a binding and enforceable agreement. This Agreement is intended to constitute a binding and enforceable agreement in accordance with its terms.

END OF PART 2

PART 3: DEFINITIONS AND CONSTRUCTION

Defined terms

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

Authorisation means:

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

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

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

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

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

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

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

but excludes any information which the Holder can show:

- (d) was lawfully acquired by the Holder, entirely independently of its activities in connection with this Agreement, and is free of any other obligation of confidence owed to the Owner; and/or
- (e) has been independently developed by the Holder without reference to the Owner's Confidential Information, and without breaching any other obligation of confidence owed to the Owner.

Notwithstanding the foregoing, the terms of this Agreement are not Confidential Information.

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

- (a) conflicts with:
 - (i) the obligations of the Recipient (or its personnel or contractors) to DIA or the Monitor under this Agreement; or
 - (ii) the interests of the Recipient in relation to this Agreement and/or the undertaking of the Permitted Funding Activities; or

- (b) otherwise impairs or might appear to impair the ability of the Recipient (or any of its personnel or contractors) to carry out the Permitted Funding Activities diligently and independently in accordance with this Agreement.

Eligible Costs means the actual costs that have been or will be reasonably incurred by the Recipient on or after the Commencement Date and no later than the End Date to undertake a Permitted Funding Activity in accordance with this Agreement, excluding overhead and management time that is not directly attributable to undertaking a Permitted Funding Activity.

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

Funding Proposal means the Funding Proposal setting out the scope of the Permitted Funding Activities(s) to which Funding is to be applied, in the form approved by DIA.

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

Key Details means Part 1 of this Agreement.

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

Monitor means Crown Infrastructure Partners Limited, appointed by the DIA to assist in managing the Funding by undertaking a review and monitoring role.

Payment Request means a request submitted to DIA by the Recipient seeking payment of Funding.

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

Relevant Event means actual or forecast failure to materially achieve an outcome(s) of the Funding Proposal (as determined by DIA or the Monitor acting reasonably), including where arising from unfunded cost overruns, material unapproved scope changes, material delay in achieving the delivery timeframes, or failure to meet the End Date for completion of the Permitted Funding Activities.

Reform Objectives means the following:

- (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, 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 further enhance the way in which it can deliver on its broader “wellbeing mandates” as set out in the Local Government Act 2002.

Remedial Plan has the meaning given in clause 2.14(a) of Part 2.

Response Plan has the meaning given in clause 2.15 of Part 2.

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

Transition Support Arrangements means the obligations set out in Schedule 2.

Water Services Entity means:

- (j) the new water services entities to be established by legislation giving effect to the Three Waters Reform Programme; and
- (k) the local establishment entities to be established by legislation in advance of the establishment of the new water services entities.

Construction

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

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

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

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

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

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

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

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

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

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

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

Writing: a reference to “written” or “in writing” includes email and any commonly

used electronic document format such as .DOC or .PDF.

END OF PART 3

SCHEDULE 1: PERMITTED FUNDING ACTIVITIES

[Note: Permitted activities on which the Recipient may spend the Funding on, as described in the Recipient's approved Funding Proposa will be inserted by DIA]

SCHEDULE 2: TRANSITION SUPPORT ARRANGEMENTS

The Recipient will collaborate and co-operate with the DIA (including through the DIA's National Transition Unit (**NTU**)) to provide for the implementation and carrying out of certain parts of the Three Waters Reform Programme, as further described below.

In making requests under these arrangements, DIA (including the NTU) will have regard to the Recipient's available resources and the competing demands on those resources. It is intended that such requests are made and considered by DIA, the NTU and the Recipient in a collaborative and co-operative manner with a view to achieving the Reform Objectives and ensuring the Recipient is able to continue to carry out its other functions and activities.

The Recipient agrees to provide the collaboration and co-operation requested. If a council controlled organisation (**CCO**) of the Recipient is involved in the delivery of water services then the Recipient agrees to ensure that its CCO does the same.

1. The Recipient will collaborate and co-operate with the DIA (including the NTU) to facilitate the Three Waters Reform Programme (to the extent the law permits).
2. Subject to the consent of any affected employee (and in compliance with the Recipient's employment law and health and safety obligations), the Recipient will:
 - (a) comply with any reasonable request by the Executive Director of the DIA's National Transition Unit (**NTU**) for employees of the Recipient to be seconded to, or otherwise facilitate the engagement of employees with, the DIA for the purpose of assisting the DIA with the Three Waters Reform Programme; and
 - (b) enable, and where necessary facilitate, the participation of the Recipient's staff in any process or engagement with the NTU that relates to their potential employment with a Water Services Entity, including (but not limited to) attending information sessions, accessing NTU channels such as the "People Platform", providing input into the Water Services Entity organisational design and role design, engaging in unions and professional body processes developed to engage and support staff through transition.
3. The Recipient will respond to and comply with any reasonable request by the Executive Director of the NTU for information that the Recipient holds for the purpose of assisting the DIA with the Three Waters Reform Programme.
4. The Recipient acknowledges and agrees that its obligation to provide information under paragraph 3:
 - (a) may include, subject to compliance with applicable laws including the Privacy Act 2020, a requirement to provide information in relation to the assets, liabilities, contracts, property, employees, customers, processes, pricing information relating to water services fees and associated costs, and any other matters that relate to water services delivery;
 - (b) includes a requirement to comply with any reasonable request to research and collate information; and
 - (c) includes a requirement to comply with any reasonable request to provide information in a particular format and within a particular timeframe.
5. The Recipient will notify, and respond to requests for information by, DIA of intended decisions:
 - (a) that relate to the provision of water services; or
 - (b) that may affect (other than in an immaterial way) the provision of water services.

The Recipient acknowledges that such decisions include a decision:

- (c) to adopt or amend a long-term plan or to adopt an annual plan, in each case as contemplated by the Local Government Act 2002;
 - (d) to adopt a policy required by the Local Government Act 2002;
 - (e) that is significantly inconsistent with, or is anticipated to have consequences that will be significantly inconsistent with, any policy or plan adopted by the Recipient under the Local Government Act 2002;
 - (f) to purchase or dispose of assets other than in accordance with its long-term plan;
 - (g) to purchase or dispose of an asset, if the purchase or disposal of the asset will have a material impact on the capacity to provide water services or on the financial well-being of the Recipient;
 - (h) to enter into any contract (other than an employment agreement) that imposes, or will continue to impose, any obligation in relation to the delivery of water services on the existing local authority after 30 June 2024 and the consideration for which is material in the context of the three water services or operations of the Recipient; or
 - (i) to borrow money for a period that extends beyond 30 June 2024.
6. The Recipient must not act inconsistently with its long-term plan and its annual plan as it relates to the provision of water services.
 7. The Recipient shall include estimated and indicative prices for water services on invoices to consumers on an information only basis, based on a water revenue discovery process undertaken by the DIA. This disclosure obligation will not apply until the DIA has completed this discovery process and notified the Recipient of the basis of disclosure.
 8. The Recipient must respond to and comply with any reasonable request by the Executive Director of the NTU to assist DIA and the NTU in the preparation of asset management plans and pricing plans for the Water Services Entities. The Recipient acknowledges that such requests may include:
 - (a) a request to compile certain categories of information as part of an information base to inform the preparation of such plans (including, for example, existing water services assets held by or on behalf of the Recipient, current sources of funding for water services and details of employee roles within the Recipient's region or district that are involved in providing water services); and
 - (b) a request to consider particular options or matters for the Recipient's region or district to inform the preparation of such plans.

Report to Council



DATE: 28 July 2022
TO: Mayor and Councillors
FROM: Erle Bencich, Operations Manager, District Assets

VESTING OF WATER SUPPLY PIPELINE TO WESTLAND DISTRICT COUNCIL BY GLENFERN PROPERTY LTD – FRANZ JOSEF GLACIER

1. Summary

- 1.1. The purpose of this report is to accept the proposal from Glenfern Property Ltd, transferring ownership of this pipeline to council for operation and maintenance purposes.
- 1.2. This issue arises from the necessity for the Glenfern Villas, which is located just north of the Tatara Bridge on State Highway 6 in Franz Josef, to have a reliable compliant water supply.
- 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 the Council accept the proposal by Glenfern Property Ltd which is to vest their water supply pipeline to the Council.

2. Background

- 2.1. The reason the report has come before Council relates to a significant water supply issue that Glenfern Villas were experiencing in 2020. Their raw water supply at this time was from a nearby spring which over time had become contaminated and essentially unsustainable. Council was approached and discussion was had regarding the feasibility of extending the Franz Josef Council water supply to Glenfern Villas.

The owners of Glenfern Villas engaged a local plumber to progress a solution with Council. As there was no immediate plan for Council to extend the water supply reticulation beyond the Tatara bridge, it was agreed in principle that Glenfern Villas would engage and fund a civil works contractor to install 610m of water pipeline along State Highway 6 to their property from the Franz Josef water supply pipeline. After a suitable defects and liability period of approximately 2 years, the pipeline and associated fittings could be vested to Council as an asset to operate and maintain as part of the Franz Josef water supply.

In September 2020 a civil works contractor installed the pipeline to an agreed Council standard at a cost of \$97,781 excluding GST. This included a Council request to upsize the proposed pipeline size from 100mm to 150mm which would allow for possible future growth in the area. Council contributed \$11,905 for this variation.

3. Current Situation

3.1. The current situation is that Glenfern Property Ltd now have a compliant and sustainable water supply. After 2 years of operation they would like to vest this pipeline extension and associated fittings to Council.

4. Options

4.1. Option 1: Council agree to take over this pipeline extension of 610m to the Franz Josef water supply to operate and maintain as a Council asset.

4.2. Option 2: Council does not take over this pipeline extension which would remain in private ownership.

5. Risk Analysis

5.1. Risk has been considered and no risks to Council have been identified.

6. Health and Safety

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

7. Significance and Engagement

7.1. The level of significance has been assessed as being low.

7.1.1.No public consultation is considered necessary.

8. Assessment of Options (including Financial Considerations)

8.1. Option 1. The advantage of this option is that it provides further infrastructure in the area to supply water and gain revenue from potential future customers. The financial implications include the ongoing operation and maintenance costs for the pipeline and associated fittings. These costs would be very minor as the pipeline and fittings are of long life material and have only been in service for 2 years.

8.2. Option 2. Were Council to proceed with option 2. There would be no initial impact on the existing situation. However, this would entail leaving a strategic asset under private ownership. Going forward Council would have to negotiate with the property owner to either provide further customer connections, as development needs arise or Council would install a new pipeline for this purpose. The financial implication of installing a Council reticulation extension in the future would be in excess of \$145,000 minimum.

9. Preferred Option(s) and Reasons

9.1. The preferred option is Option 1.

9.2. The reason that Option 1 has been identified as the preferred option is that this pipeline extension provides Council with further infrastructure for growth in the area at no initial cost. A water meter was fitted with a toby connection and Glenfern Property Ltd are now being charged for water usage.

10. Recommendation(s)

10.1. That the report be received.

10.2. That Council agree to the proposal from Glenfern Property Ltd and accept possession and ownership of the 610m of pipeline extension and associated fittings along State Highway 6.

Erle Bencich
Operations Manager – District Assets

Appendix 1: GIS map indicating the pipeline extension in red.

