WE ARE CARTERTON.
CARTERTON DISTRICT COUNCIL

20 October 2021

[redacted]

Dear [redacted]

LOCAL GOVERNMENT OFFICIAL INFORMATION AND MEETINGS ACT request 2021-103

Thank you for your letter of 27 September 2021 to the Carterton District Council requesting the following information:

> *"We note the Government's deadline in the coming days for your Council to indicate whether it will participate or 'opt out' of the Three Waters proposals. You will likely hear from many of our members and supporters as you finalise this decision this week.*
>
> *13. Once the decision is made, we would like to know your Council's response (ideally in the form required by the DIA/the Government). We request this under the Act.*
>
> *14. We also request the following information under the Act:*
>
> *(a) which elected officials indicated support, via a vote or other means, for and against your Council's*
>
> *participation in the programme (or a link to the relevant minutes);*
>
> *(b) whether your Council accepts as accurate the Government's claimed economic benefits (and if not, details of what you consider to be wrong). We understand, for example, some councils have commissioned independent reviews of the Government's claims relating to benefits for your community. We would like to see the conclusions and advice tendered to councillors on these peer reviews so that we may make it available to our supporters who live in your community;*
>
> *(c) how many staff would likely be made redundant if your water assets were transferred to one of the new proposed water entities; and*
>
> *(d) whether rates would be decreased as a result of the reforms and by how much (for average*

residential rates is ideal, but any advice or calculations you can provide would be appreciated).

15. If the answers to (b), (c), and (d) above are not available, please tell us what figures and information was provided to Councillors in coming to their decision on your council's participation in Three Waters or otherwise."

Your request has been considered under the Local Government Official Information and Meeting Act 1987 (the Act).

My response to your request is provided in the order of your questions below.

13. Once the decision is made, we would like to know your Council's response (ideally in the form required by the DIA/the Government). We request this under the Act.

Council has yet to make any formal decisions on the proposals, and was not asked to. We sent out feedback to DIA/Government on their proposals. A copy of this feedback is available at our website and attached as **Appendix 1.**

Please note, in its September 29 meeting, the council's Policy and Strategy Committee accepted the recommendation that it "Notes that Carterton District Council does not have enough information to evaluate the Three Waters Reform". Agenda, and Minutes of the September 29 meeting are attached as **PSC_20210929_AGN_2172_AT**, and **PSC_20210929_MIN_2172**. These are also available at our website: https://cdc.govt.nz/your-council/meetings/ .

14. We also request the following information under the Act:
(a) which elected officials indicated support, via a vote or other means, for and against your Council's participation in the programme (or a link to the relevant minutes);

Elected officials, marae representatives, and officers expressed their views on the proposals at a Policy and Strategy Meeting on September 29. As per the minutes, councillors voted unanimously on the recommendations presented, which were the Committee:

1. Receives the report.

2. Endorses the attached Chief Executives Three Waters reform response letter to the Department of Internal Affairs.

3. Notes that Carterton District Council does not have enough information to evaluate the Three Waters Reform.

(b) whether your Council accepts as accurate the Government's claimed economic benefits (and if not, details of what you consider to be wrong). We understand, for example, some councils have commissioned independent reviews of the Government's claims relating to benefits for your community. We would like to see the conclusions and advice tendered to councillors on these peer reviews so that we may make it available to our supporters who live in your community;

Council has advised Government of inaccuracies with the DIA Dashboard information for Carterton District Council. Council also highlighted the Governments economic analysis did not factor in climate change, the cost of emissions, higher regulatory standards or changing regulatory framework. Council believes these additional costs will diminish the claimed economic benefits.

(c) how many staff would likely be made redundant if your water assets were transferred to one of the new proposed water entities; and

DIA has stated the Government announced that council employees that primarily work on water services will be guaranteed a role with the new water service entities that retain key features of their current role, salary, location, leave and hours/days of work.

A more bespoke approach is required for senior executives and contractors. The Three Waters Reform team will work with councils, staff, and unions further on this through a transition period over the coming years, should the reforms proceed as proposed.

(d) whether rates would be decreased as a result of the reforms and by how much (for average residential rates is ideal, but any advice or calculations you can provide would be appreciated).

Given the inaccuracies in the DIA data; the lack of specific detail, and the short amount of time available, Council has not considered this question.

Thank you again for your letter. You have the right to ask an Ombudsman to review this decision. You can do this by writing to info@ombudsman.parliament.nz or Office of the Ombudsman, PO Box 10152, Wellington 6143.

Yours sincerely

Geoff Hamilton
Chief Executive
Carterton District Council

Appendix 1

From: Sheree Dewbery
To: LGOIMA Requests
Subject: FW: Carterton District Council - Feedback Letter Three Waters Reform to Department of Internal Affairs
Date: Monday, 18 October 2021 11:12:33 am
Attachments: Carterton Disitrct Council Feedback Letter to Department of Internal Affairs - Three Waters Reform.pdf
Importance: High

Letter to DIA – 3 Waters Feedback from CDC – emailed 29th September

Ngā mihi,

Sheree Dewbery
Kaiawhina Mātua | Executive Assistant to Mayor and Chief Executive
Te Kaunihera a rōhe o Taratahi | **Carterton District Council**
Phone: (06) 379 4034 | Email: sheree@cdc.govt.nz

From: Sheree Dewbery
Sent: Wednesday, 29 September 2021 1:20 pm
To: Three Waters <ThreeWaters@dia.govt.nz>; feedback@lgnz.co.nz
Cc: Geoff Hamilton <geoffh@cdc.govt.nz>; Elisa Brown <elisa@cdc.govt.nz>; Marcus Anselm <marcus@cdc.govt.nz>
Subject: Carterton District Council - Feedback Letter Three Waters Reform to Department of Internal Affairs
Importance: High

Tēnā koutou,

Please find attached Carterton District Council's official feedback letter to the Department of Internal Affairs regarding the Three Waters Reform.

Should you require anything else or have any questions about the feedback in the letter please contact Chief Executive, Geoff Hamilton by email: geoffh@cdc.govt.nz

Ngā mihi nui,

Sheree Dewbery
Kaiawhina Mātua | Executive Assistant to Mayor and Chief Executive
Te Kaunihera a rōhe o Taratahi | **Carterton District Council**
Phone: (06) 379 4034 | Email: sheree@cdc.govt.nz

29th September 2021

The Three Waters Team
Local Government Branch
Te Tari Taiwhenua | Department of Internal Affairs
via email: threewaters@dia.govt.nz
via email cc: feedback@lgnz.co.nz

Tēnā koutou,

Carterton District Council Response on Government Proposal for Three Waters Reform

Introduction

Carterton District Council (***Council***) covers 118,039 hectares from the Tararua Range in the west, through to Flat Point, Glenburn in the east. Our diverse area is reflected in our logo from the Mountains to the Sea. Council is responsible for providing a wide range of public services and facilities to deliver a quality lifestyle for almost 10,000 people living in the Carterton District.

Within our urban boundary are 2,800 properties connected to freshwater services and wastewater disposal. Stormwater is predominately disposed of on properties to ground via soak pits. Council also maintains stormwater reticulation in the urban area and roading catchment.

Council operates a 171.1km reticulated potable and wastewater network, predominately piped underground, delivering services to 5,790 urban residents.

Additionally, Council manages a rural water supply comprised of the two main networks the 'Taratahi' (271km) and the 'Carrington' (39km) water races. Both water race networks are a combination of natural and manmade channel formations built over 100 years ago for the distribution of water to industrial and rural properties across the Carterton District.

Council recognises the importance of the Treaty of Waitangi as the founding document of Aotearoa New Zealand, which created a partnership between Mana Whenua and the Crown. Through Local Government Act and Resource Management Act legislation, Council is devolved powers from the Crown for the whole community.

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The Mana Whenua status of Hurunui o Rangi Marae has been acknowledged since the inception of the Carterton District Council. Council acknowledges Hurunui o Rangi Marae as a Mana Whenua entity within its district, and values the role of the Marae and associated hapū and whānau in the social and cultural fabric of our community.

Council works with Hurunui o Rangi Marae on a range of initiatives. The Marae and the Council have strengthened this developing relationship for the good of our communities, through respectful engagement, and taking note of our respective aspirations and capacity. A Memorandum of Understanding has been established to formalise the relationships and incorporate our joint objectives including Marae participation in meetings of Council and its Committees and Advisory Groups.

During the 2020/2021 year, the Council also established a new relationship with Ngāti Kahukuraāwhitia, with particular engagement through the Daleton Wastewater Treatment Pond Upgrade Project. We look forward to strengthening this relationship with the hapū over the coming year.

Carterton District Council Councillors and Officers have participated in numerous leadership groups, discussion panels and workshops around the Three Waters Reform (***TWR***) proposals. This includes forums and webinars run by Department of Internal Affairs (***DIA***), Water Industry Commission for Scotland (***WICS***), Local Government NZ (***LGNZ***), key stakeholders for the proposed "Entity C", Mayoral and CEO Leadership Groups, as well as independently holding online a workshop with an Australian Water Entity who have been through a similar transition.

Council notes the sheer volume of data on the TWR proposals. We note the inaccuracies and inconsistencies in the financial models; the stream of commentary on the proposal; feedback from other Councils; input from external advisors; conflicting expert reports; and most importantly, feedback and questions from our community.

LGNZ and the DIA have agreed to provide an eight-week window of opportunity for Councils to better understand the Government TWR proposals; to ask questions; to provide suggestions and make recommendations for Cabinet to consider. Noting the volume of information Councillors and Officers have needed to read, understand, and respond to, our reply to Government is structured as follows:

1. Council Alignment with Government Intent;
2. Areas Where Further Work is Needed;
3. Areas Where There is No Alignment with Government proposals;
4. Questions; and,
5. Recommendations for Government.

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1. Council Alignment with Government Intent

Under s130 of the Local Government Act 2002, Council is required to manage, maintain, and grow community three waters infrastructure assets to deliver these outcomes for our communities. We demonstrate commitment to our ratepayers through the preparation, auditing, and implementation of the Ten Year Long Term Plans (***LTP***) and corresponding 30 year infrastructure strategy. Council uses these two transparent, robust, and tested methods to operate, plan for maintenance, improvements, and growth in our communities.

Council endorse the Government desire for continuous improvement in the quality, quantity, accessibility, and reliability of our three waters infrastructure, while we continue to strive to reduce the environmental impact of growing communities.

Council agree all those living in New Zealand should have access to clean potable water; that our environment is protected; and that the ever-increasing adverse effects of climate change are planned for, managed, and where possible mitigated.

Council agree the successful delivery of the three waters needs to be balanced against community affordability and service reliability.

Council agree the involvement of our Mana Whenua partners at all levels of decision making is critical to our success, and key to ensuring a balance with environmental, cultural, public health and economic considerations.

Council agree in principle the Government's 'case for change' may, on the face of data presented, be more compelling than the status quo.

These views are tempered with questions around the accuracy of the financial data; a lack of debate and alternative options; a lack of public consultation and the limited time for Councillors and Officers to review, debate, consider and engage with our communities on the Government Three Waters Reform proposals.

2. Areas Where Further Work is Needed

a) Future of Local Government

Council are concerned the face of local government will be unintentionally, but permanently changed as a result of the waters reforms proposal being implemented, without first considering the future impacts on smaller councils.

The Government TWR proposal is placing a great deal of pressure on the future of local government. Council is concerned that waters reforms are being progressed before the future of local government

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has been discussed, agreed, and mapped out. If these reforms proceed, it is entirely possible some local authorities viability may be at issue.

We suggest the best practice approach is for Government to work with local authorities in true partnership – understanding the changing nature of legislative requirements; the pressures that climate change and resilience bring; and the constraints and possibilities on financing these changes – to construct a roadmap of the future of local government. If, through that partnership, three waters infrastructure ownership, management and governance is best delivered outside of Council, then it should be at that time that reforms are proposed.

b) Significant Legislative Change

Government is undertaking a significant amount of legislative change which is seriously impacting Councillors and Officers. The changes that Council face include new (draft) drinking water standards from Taumata Arowai; National Policy Statement on Freshwater and, for the Wellington region the proposed Natural Resources Plan; Resource Management Act 1991 (***RMA***) reforms, and the proposed Future of Local Government reforms. Put together with the waters reform proposals, these legislative changes are creating a whirlwind of fundamental change for Councillors and Officers and the communities we serve.

The three waters reform proposals have come about without adequate interaction with local authorities; insufficient time for careful consideration; lacking any genuine ability for Council to discuss options and potential designs, and with no ability to consult with our communities on how this may impact them.

Overall, this process has undermined our confidence that Government is listening to Local Authorities.

c) Financial Impact of Climate Change & New Water Regulations

The Department of Internal Affairs / Water Industry Commission for Scotland (***DIA/WICS***) financial model compares forecast water rates from Council Long Term Plans against four new, theoretical, efficient Water Services Entities (***WSE***). Critically the financial analysis in the WICS model ignores the impact of climate change, and fails to consider potential mitigation measures, or future resilience work being undertaken by Councils. Local authorities are required to consider the effects of a changing climate on communities. Council is required to incorporate climate change into our Long Term Plans under s93 of the Local Government Act 2002, and into our existing frameworks, plans, projects, and standard decision-making procedures under the Resource Management Act 1991.

Council believe the DIA/WICS modelling should compare future costs on a like for like basis, and include all factors, such as climate change and new environmental regulations, as our LTP documents are required to, by law. Council submit these costs will reduce the efficiency claims assumed by the WICS model. Consequently Council believe the DIA/WICS forecast future savings for our community are overstated. Comparing the WICS costs to Council LTP's is not on a like for like basis, and can easily be misleading.

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Council believe the economic costs provided by DIA and WICS need further work, and at least to include climate change and resilience costs.

Council also believe any new Water Services Entity should be required to manage and mitigate climate impacts, and be liable for carbon emissions under the NZ Emissions Trading Scheme.

d) Planning Alignment Between Council and WSE's

Council are responsible for planning, drafting, consulting, and implementing District and Spatial Plans. Carterton District Council, Masterton District Council and South Wairarapa District Council are in the unique position of having a Combined District Plan effective across all three areas. All three Council Long Term and Infrastructure plans give effect to the Combined District Plan. This includes planning for population growth, economic and industrial growth, and community parks and services and critical infrastructure to meet demand.

Council believe the transfer of three waters assets to any other entity significantly undermines the potential to have effective and future focussed infrastructure development as anticipated in our District Plans. Over time, the investment priorities of the WSE's are likely to diverge from the individual priorities of various Councils, as well as from the local District and Spatial plans.

A core function of the Ombudsman Act 1975, and the Local Government Official Information and Meetings Act 1987, is an escalation path for dispute resolution with the Crown and public based entities. This function is provided to resolve complaints when Elected Members, Committees or Officers make decisions that may be viewed by others as incorrect. The Ombudsman acts as an independent adjudicator in these matters.

The proposed WSE's contain no escalation path when planning and investment decisions made by the WSE's do not align with the priorities of our communities. Council believe further work is needed in this area and strongly recommend that the WSE's planning, and investment priority decisions are subject to independent oversight to ensure accountability; give effect to local District and Spatial Plans; and provide a dispute resolution path for communities and interested stakeholders.

An extension of the Ombudsman Act 1975 to include all new Water Services Entities, with a particular focus on planning and investment prioritisation is recommended.

e) WSE Investment Prioritisation

Council is responsible for ensuring the delivery of new and replacement three waters infrastructure assets meet the demands of development and an expanding urban population. Critical to our community is the delivery of key three waters projects in our Long Term Plan, and beyond in our 30yr Infrastructure plan. The LTP is a key enabler of the District and Spatial Plans in our District.

For the foreseeable future, local authorities across New Zealand are forecasting population growth. This growth will create increased demand for the expansion and improvement of three waters infrastructure assets, as well put pressure on the resources available to deliver them.

The process for WSE's determining investment priorities in our local communities is yet to be determined. Council believe investment prioritisation is a complex decision making process, and must go beyond a simple measure of population density, economic returns, or a board directed list.

Council suggest the WSE's prioritisation of investment projects needs further work, and must incorporate the following factors:

- The process must be transparent, and public;
- Must give effect to relevant District and Spatial Plans;
- Must be able to weight factors that are important to the asset / area / district / community;
- Include community consultation;
- Contain an independent review / regulator process to manage conflicting planning priorities.

g) Local Employment

Carterton is fortunate in that it operates its own in-house operational team. Our operational team is local, and consequently highly responsive to the community it serves. Council care deeply about the welfare of our staff, the delivery of services to our community, and the benefit to the local economy in employing local.

To date Council has received no assurances the proposed WSE's will not centralise the workforce as part of the "efficiency savings" that have been incorporated into the WICS modelling. We are concerned centralisation may occur for a number of reasons, financial benefits, planning, and co-ordination, or through the creation of large depot yards two hours away in Wellington or Palmerston North.

Furthermore the existing operational workforce is extremely familiar with the existing waters infrastructure and Council seek surety that, should it be their choice to do so, staffing resources will remain within our District.

Council consider the continued employment, and creation of employment opportunities in our local area, not in the metro areas, as a critical success factor in any reform proposal.

3. Areas Where There is No Alignment

a) Comparison with LTP Documents

Council Long Term Planning is a well understood, transparent and fully audited process. Council ensure that all known costs are incorporated into our Long Term Plans including climate change and

the known impact of legislative change, where this can be accurately quantified. The WICS model supported by DIA ignores climate change and reflects Council in a poor light as also not incorporating the cost of legislative change from all known regulatory impost (National Policy Statement on Freshwater Management, and National Environmental Standards on Freshwater, Taumata Arowai etc.)

Council believe the comparison between an extrapolation of water rates taken from ten year LTP, and a new, theoretical, efficient, WSE water charge in 2050 is both misleading, and counter-productive to partnership principles.

Council prefer an engagement with Government which facilitates discussion, ideas, and joint agreement on the way three waters improvements are planned, and financed, in true partnership fashion.

b) Government Timeframes for Consideration

Council consider that an eight week timeframe to communicate, quantify, clarify, and understand the impact of moving three waters assets out of the Council control is too rushed. Elected Members and Officers need to understand the impact of these proposals at the detail level, to ensure they have informed dialogue with our communities, Mana Whenua and key stakeholders.

Council has received different levels of certainty with DIA data and information, making it difficult to gain confidence in the overall reform proposals. We remain unclear on the financial benefits for our communities (see comments below on the DIA Dashboard) while other areas of the reform proposals are yet to be determined, or have been modified over time, making the path forward and impacts on our ratepayers very uncertain.

If the proposed benefits of Three Waters Reform will not be achieved until 2050 years (the comparison period used by DIA/WICS), then the urgency and speed at which these reforms are being progressed is unnecessary. Council infrastructure plans forecast over a 30 year horizon, and are often subject to change. When the planning horizon is 2050 there is no urgency to accept and implement the first option presented. Government should allow more time to develop and consider other credible options and alternatives in genuine partnership with all stakeholders.

Additionally the TWR proposals contain a number of fundamental questions that remain unanswered including:

- Missing details on the transfer of debt including how this will be calculated, and the transfer of fixed interest rate loans;
- Whether Council stormwater assets are included or not. For Council, Stormwater assets encompass the many swales and open channels that run from rural areas in and urban areas;

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- Whether the districts 300km of rural water races will be incorporated into the WSE's. If so, how will these be managed from a service point of view for our people and if not, how do Council cost these services into its impact information?
- How (or even if) the Government will engage with the community, or provide an opportunity for Council to engage with the community on the TWR proposals.
- How the WSE governance model will provide for a local voice on areas of local concern.

c) Governance Model

The proposed governance structure appears complex, unwieldy, and not well considered. The governance model purports to give a local voice, but this is severely limited with a consolidation of seats available on the Representation Group. The Representation Group limits participation to just 6 Council / local members, from 22 councils and over 150 Councillors having a voice in the proposed WSE Entity C geographic area today.

The governance proposal seeks Iwi involvement, but again limits that involvement to just 6 positions across the entire East Coast of the North Island, and includes Iwi and hapū from Tasman Marlborough and the Chatham Islands. From our engagement with Mana Whenua we understand they do not feel engaged, informed, or able to make decisions on the Government TWR proposal, nor how the suggested governance model may affect them.

Council are also concerned local Iwi and Hapū who should be given a voice, have very little capacity to participate in these reform discussions.

Council also suggest members of the Representation Group are funded to ensure sufficient capacity, and future skills and capacity are available to fulfil their governance responsibilities.

Practically, the TWR proposal limits local voice to just 6 representatives from a population base of approximately 1,000,000. Under the Three Waters Reforms, rural communities, and local authorities such as Carterton District Council will most likely lose their three waters assets, as well as any voice on how these assets will be managed in the future.

d) Water Services Entity Board Oversight

Cabinet papers state the 12 member Representation Group (6 Council and 6 Iwi / hapū) will not actually govern the newly created WSE. The Cabinet paper states the Representation Group will only have powers to appoint a Board Selection Panel. The Board Selection Panel will in turn appoint the WSE Board of Directors, to govern and operate the newly created Water Services Entities. This further distances Council voice from the governance and management of the WSE's, and also means stakeholders not part of the formal Representation Group are at least two steps removed from participating in the activities of WSE's.

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Council can understand the proposed WSE's wish to have a manageable number of stakeholders at the table, but in doing so the proposal needs to recognise other ways smaller voices can be heard. In the current state, this proposal will see some local voices being effectively being silenced.

e) Entity C Geographical Area

The proposed "Entity C" WSE covers the eastern part of the North Island from the top of East Cape to Wellington, and incorporates both Tasman Marlborough and the Chatham Islands. DIA feedback is the maximum number of WSE's in New Zealand will be four.

Council agree the geographical area incorporating the East Coast makes logical sense to consolidate into a single WSE given DIA's stated maximum. However including Tasman / Marlborough and the Chatham Islands into Entity C makes no sense to Council, and the rationale has not been sufficiently explained, when questioned.

Council notes that wherever boundary lines are drawn, Councils, Iwi, and other stakeholders will need to work together and make compromises. We further understand that both Chatham Islands and Tasman / Marlborough local authorities would prefer to be part of Entity D, not Entity C. Council support these local authorities in their desire to be incorporated into Entity D (the South Island).

f) Media and Online Advertising Campaign

Government are running a media campaign, including television advertising and a DIA online dashboard, communicating complex water reforms in a 30 second television advertisement. The television advertising campaign in particular has caused a great deal of frustration for Council Elected Members and Officers, fielding questions on Government proposals, which we are often unable to answer.

Government's television advertising shows local authorities as delivering undrinkable freshwater, dirty bathwater, and destroying the natural environment. The visual and commentary reinforce a misleading narrative that Government Three Waters Reforms will fix all of this instantly, and with ease. Council disagree with the use of television advertising in this way. It is naïve, and deeply concerning that Government portray local authorities in this manner.

Council understand Local Government New Zealand have repeatedly asked the DIA to cease the television advertising campaign, but this request has been ignored.

Further the online DIA dashboard for Carterton District Council is incorrect. Council have advised DIA the online Dashboard for our Council is incorrect, but it remains online with no commentary to reflect Council concerns about the dashboard validity or the incorrect conclusions that might be drawn from the data.

g) Public Consultation

Council Significance and Engagement Policy requires us to consult with our communities on matters of importance. If Council were considering the transfer of three waters assets to any other entity it would trigger community consultation.

Council note Government have to date not provided any opportunity for community consultation. We consider a TV advertising campaign a poorly considered public information campaign and not of the standard of public consultation that our communities expect in matters of such importance.

Council disagree with Government that no community consultation is needed, and firmly believe the TWR process should include a balanced, unbiased public consultation on the proposed reforms, and the potential impacts on our local communities, our growth plans, and the provision of a local voice.

4. Questions

Council wish to seeks answers from Government on the following topics:

i. Does Government anticipate undertaking public consultation on the TWR proposals, and if so when and how?
ii. Will rural water races be included in the transfer of TWR assets to WSE's? If so, how will water races be overseen, regulated, managed, and water rights allocated?
iii. How will local District and Spatial Plan priorities be reflected in the WSE's investment priorities?
iv. Will WSE's be responsible for ensuring Climate Change is incorporated into all WSE activities?
v. Will WSE's be required to manage and mitigate emissions from their activities?
vi. Will the new WSE's exempted, or liable for emissions under the NZ Emissions Trading Scheme?
vii. How does the Government expect to add 2,500 full time employees into the water services industry in NZ when all Councils around NZ are struggling to find suitably qualified and capable staff?
viii. How does the Government propose to ensure Privatisation of WSE's does not occur in the future?

5. Recommendations for Government

Council recommend the Government:

i. Undertake a best practice approach towards three waters reform, engaging with local authorities in true partnership;
ii. Pause the TWR process to provide local authorities and our communities adequate time to consider all regulatory reforms affecting Local Government and how these may affect future services (TWR, RMA, Natural and Built Environment, Future of Local Government);
iii. Update the economic costs and WICS modelling to include climate change, new regulation and legislation impacts, and planned water resilience costs as reflected in Long Term Plans;

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iv. Undertake public consultation on the Three Waters Reforms as is expected by our communities;

v. Make changes to the Governance proposed model which:
   a. Protects the local voice of our communities;
   b. Ensures community participation is not ignored, or effectively silenced through consolidation;
   c. Ensures Mana Whenua voice is not ignored or silenced through consolidation;
   d. Significantly strengthens Representation Group participation, engagement and involvement in the strategy and delivery of the WSE activities;
   e. Provide for Mana Whenua capability development through the Representation Group or similar avenue;

vi. Incorporate an engagement process to ensure links between local District and Spatial Plans and WSE investment priorities;

vii. Ensure WSE's prioritisation of investment projects are:
   a. Public and transparent;
   b. Give effect to District and Spatial Plans;
   c. Provide a means to weight factors that are important to our communities;
   d. Include a process for community engagement and escalation.

viii. Extend the remit of the Ombudsman to deal with planning and investment priority conflicts between WSE's and key stakeholders;

ix. Move Tasman / Marlborough and Chatham Islands areas out of Entity C and into Entity D;

x. Cease the current television and media advertising campaign immediately;

6. Conclusion

In summary Council has not been asked to opt in, or opt out of the reforms, and therefore has not made any decision on participation, or otherwise. Council is concerned about the loss of local voice; the very high level of the proposals; the amount of legislation to be enacted; the purported financial benefits, and the speed at which the reform timetable is progressing.

Council do not have sufficient clarity or information about the proposed Water Services Entities to fully understand their effect on our ratepayers and community. Despite the large amount of time Councillors and Officers have invested in reviewing and considering the Government proposals, we are unable to determine if the Three Water Reforms will leave our communities better, or worse off.

If you have any questions, please do not hesitate to contact me.

Ngā manaakikanga,

Geoff Hamilton
Chief Executive
Carterton District Council

PSC_20210929_AGN_2172_AT

TE KAUNIHERA-Ā-ROHE O TARATAHI
CARTERTON
DISTRICT COUNCIL

AGENDA

Policy and Strategy Committee Meeting

Date: **Wednesday, 29 September 2021**

Time: **11.00am**

Location: **Carterton Events Centre**
50 Holloway Street
Carterton

Chair R Vergunst	Cr J Greathead
Deputy Chair R Cherry-Campbell	Cr R Keys
Mayor G Lang	Cr R Stockley
Cr S Cretney	Cr D Williams
Cr B Deller	Hurunui-o-Rangi Marae Representative R Clarke-Reiri

Notice is hereby given that a Policy and Strategy Committee Meeting of the Carterton District Council will be held in the Carterton Events Centre, 50 Holloway Street, Carterton on:

Wednesday, 29 September 2021 at 11.00am

Order Of Business

1 KARAKIA TIMATANGA

Mai i te pae maunga, raro ki te tai

Mai i te awa tonga, raro ki te awa raki

Tēnei te hapori awhi ai e Taratahi.

Whano whano, haramai te toki

Haumi ē, hui ē, tāiki ē!

2 APOLOGIES

3 CONFLICTS OF INTERESTS DECLARATION

4 PUBLIC FORUM

5 CONFIRMATION OF THE MINUTES

5.1 MINUTES OF THE POLICY AND STRATEGY COMMITTEE MEETING HELD ON 4 AUGUST 2021

1. RECOMMENDATION

That the Minutes of the Policy and Strategy Committee Meeting held on 4 August 2021 are true and correct.

File Number: **136279**

Author: **Serah Pettigrew, Democratic Services Coordinator**

Attachments: **1. Minutes of the Policy and Strategy Committee Meeting held on 4 August 2021**

MINUTES OF CARTERTON DISTRICT COUNCIL POLICY AND STRATEGY COMMITTEE MEETING HELD AT THE CARTERTON EVENTS CENTRE, 50 HOLLOWAY STREET, CARTERTON ON WEDNESDAY, 4 AUGUST 2021 AT 11:00AM

IN ATTENDANCE: Interim Chair Robyn Cherry-Campbell, Mayor Greg Lang, Interim Chief Executive Blair King Councillor Rebecca Vergunst, Councillor Steve Cretney, Councillor Brian Deller, Councillor Jill Greathead, Councillor Rob Stockley, Councillor Dale Williams, Marae Representative Rīhi Clarke-Reiri

STAFF PRESENT: Dave Gittings (Infrastructure, Planning and Regulatory Manager), Kelly Vatselias (Corporate Services Manager), Geri Brooking (People and Wellbeing Manager), Glenda Seville (Community Services and Facilities Manager), Elisa Brown (Senior Planner Solitaire Robertson, Communications and Engagement Advisor), Serah Pettigrew, (Democratic Services Officer) Sheree Dewbery (Executive Assistant to Mayor and Chief Executive)

GUEST: Jos Coolen, Urban Designer Boffa Miskell

1 KARAKIA TIMATANGA

One Minute Silence in recognition of the passing of prominent community member Mike Osborne.

The meeting was opened with a Karakia led by Interim Chair Robyn Cherry-Campbell

2 APOLOGIES

There was an apology for Cr Russell Keys' (absence)

CARRIED Cr Steve Cretney / Cr Rebecca Vergunst

3 CONFLICTS OF INTERESTS DECLARATION

Conflicts of interest Declaration by Cr Brian Deller

CARRIED Interim Chair Robyn Cherry-Campbell / Cr Dale Williams

4 PUBLIC FORUM

There was no public forum

5 CONFIRMATION OF THE MINUTES

5.1 MINUTES OF THE POLICY AND STRATEGY COMMITTEE MEETING HELD ON 2 JUNE 2021

COMMENT

Brief discussion under 6.1, regarding the Procurement Policy. Elected members recommend that it be reviewed in the next Policy and Strategy Meeting to be held on 29 September 2021.

MOVED

CARRIED Cr Rebecca Vergunst / Cr Jill Greathead

6 REPORTS

6.1 RESOURCE CONSENT UPDATE

PURPOSE

To update the Committee on the resource consents issued since the previous meeting.

Elected members requested more detailed identification of property locations.

- Action point: Street name of properties is to be included in the report e.g. Broadway or Hughes Line

Further discussions were around the relocation of dwellings and road conditions and consent.

MOVED

That the Committee:

Receives the report

CARRIED Cr Rob Stockley / Cr Brian Deller

6.2 EASTERN GROWTH UPDATE

PURPOSE

For the committee to receive updated plans as a result from the feedback from the Eastern Growth informal consultation undertaken.

Main points of discussion were around Stages 2, 3 & 4 of the report, the buffer zone, the lot sizes, and the effects on the Carterton water supply.

Flooding risk as a result of climate change was discussed. An increased buffer zone from the waterway is preferred to mitigate potential flood damage and can be used as a green area, spill zone, bird path.

Points raised to include the Eastern shared pathway indicated on the map.

- Action point, linkage to be added.

Discussion on how green space within stage 3 can be included.

- Action point to include green space.

Option 4 with the following modifications preferred:

1. Walkway from Moreton Road to connect with schools to be shown on any updated maps.
2. Provide for 1000m2 lots on the eastern side of Rutland road, provided that any development as a whole averages 1500m2

3. Provide for a 50m buffer along Booth Creek, this being made up of a 25m buffer either side of the centre line of the creek.

MOVED

1. Cr Steve Cretney / Cr Brian Deller
2. Interim Chair Robyn Cherry-Campbell / Cr Rob Stockley
3. Cr Rebecca Vergunst / Cr Brian Deller
4. Cr Rebecca Vergunst / Cr Steve Cretney

CARRIED

That the Council/Committee:

1. **Receives** the report
2. **Notes** the four different options.
3. **Adopts** option modify four as the Strategy and Policy's preferred option.
4. **Recommends** that council instructs officers to engage a suitable consultant to investigate water supply possibilities for growth as per modified option 4**.**

6.3 APPLICATION FOR REMISSION OF WATER CHARGES FROM LEAKS

PURPOSE

For this Committee to approve the attached form as Council's approved application for remission of water leak charges.

Main discussion was about the frequency of applications, and delegation limits.

- Action point – to add the website link into the paper on 'how to read your meter'.

MOVED

1. Cr Dale Williams / Mayor Greg Lang
2. Cr Rebecca Vergunst / Interim Chair Robyn Cherry-Campbell
3. Cr Rob Stockley / Cr Dale Williams

CARRIED

That the Committee:

1. **Receives** the report
2. **Recommends** the Committee adopts the APPLICATION FOR PERMISSION OF WATER CHARGES FROM LEAKS, as Councils Water Leaks Remission Policy
3. **Reviews** the implementation of the Policy in 12 months.

6.4 DUST SUPPRESSION POLICY

PURPOSE

For the committee to review a draft Council dust suppression policy

Discussion around dust levels on unsealed roads

- : Action point - Item 6 under Otta Seal, add in life expectancy.
- Action point - Item 7 under Residents Contribution, add in Council to part fund up to 75% of the balance following Waka Kotahi contributions.

MOVED

Cr Dale Williams / Cr Brian Deller

CARRIED

That the Committee:

1. **Receives** the report.
2. **Agrees** to acceptance of a Draft Suppression Policy with the amendments
3. **Notes** that the final Policy will be presented for adoption at the meeting 29 September 2021.

6.5 DEVELOPMENT OF A WAIRARAPA COMBINED SMOKE FREE POLICY

PURPOSE

For the committee to note the development of a three Council combined smoke free policy

Discussion on the inclusion of e-cigarettes / Vape cigarettes.

MOVED

Cr Rob Stockley / Interim Chair Robyn Cherry-Campbell

CARRIED

That the Council/Committee:

1. **Receives** the report
2. **Notes** that the Wairarapa Policy Working Group will be called upon to develop the policy
3. **Notes** that each Council will adopt the final policy separately

6.6 ELECTED MEMBERS EXPENSES AND REIMBURSEMENTS POLICY

PURPOSE

The purpose of this report is for the Committee to review the updated policy on elected members' allowances and expenses, based on the Local Government Members (2021/22) Determination 2021 (the Determination), and recommend adoption of the policy by Council.

No discussion raised.

MOVED

Marae Representative Rīhi Clarke-Reiri / Cr Steve Cretney

CARRIED

That the Committee:

1. **Receives** the report.
2. **Notes** the content of the report.
3. **Recommends** adopts the Policy on Elected Members' Allowances and Expenses 2021.

6.7 LAPSE OF RALLY BOND POLICY

PURPOSE

For the Committee to agree to the current Rally Bond Policy be lapsed.

No discussion raised

MOVED

Cr Dale Williams / Mayor Greg Lang

CARRIED

That the Council/Committee:

1. **Receives** the report
2. **Agrees** to lapsing of the current 'Bond for road events' policy

7 KARAKIA WHAKAMUTUNGA

The meeting was closed with a Karakia led by Marae Representative Rīhi Clarke-Reiri

The Meeting closed at 1:18 p.m.

Minutes confirmed: ……

Date: .....

6 REPORTS

6.1 DEPARTMENT OF INTERNAL AFFAIRS THREE WATERS RESPONSE

1. PURPOSE

For the committee to endorse the Chief Executives letter to the Department of Internal Affairs

2. SIGNIFICANCE

The matters for decision in this report are not considered to be of significance under the Significance and Engagement Policy.

3. BACKGROUND

The New Zealand Government has initiated a wide-ranging reform of the three waters sector which is ongoing in 2021 and intended for implementation 1 July 2024. Over the past two decades, there has been many Government and sector reports dealing with the wide range of issues surrounding the New Zealand three waters sector.

The current reform was triggered by the Havelock North water supply incident in 2016 where contaminated groundwater entered the water network and led to 5,000 people falling ill, 50 hospitalised and five consequential deaths.

The subsequent Government inquiry in 2017 observed that New Zealand had fallen well behind international best practice in the delivery of drinking water and made wide-ranging reform recommendations.

The Government received these recommendations and is acting on them in the current reform process.

In July 2020, the Government launched the Three Waters Reform Programme, a three-year programme to reform local government three waters service delivery arrangements.

At the same time, it announced a $761 million funding package to provide post COVID-19 stimulus to maintain, improve three waters infrastructure, support a three-year programme of reform of local government water service delivery arrangements (reform programme), and support the establishment of Taumata Arowai, the new Waters Services Regulator.

In September 2020, the Council approved the signing of a Memorandum of Understanding to remain engaged in the reform process. It was a non-binding commitment to receive initial funding for specific shovel-ready projects and continue to be involved in the reform process.

The Council consequently received funding of $1.84 million to be spent on approved water, wastewater and stormwater projects by March 2022.

The Council is on track to spend this funding.

4. WHAT COUNCIL HAS BEEN ASKED TO DO

Department of Internal Affairs have asked local authorities to review and consider the reform package and its implications for the communities they serve. Councils are asked to carry out analysis to understand the potential impact of the reform by taking these steps:

1. Understand the key features of the proposed model and how it is intended to work.

2. Apply the proposed model to Council circumstances (considering impacts on the community) for today and for the future (proposing a 30-year horizon).

Local authorities are encouraged to consider the impacts of the proposed reform holistically, in terms of service outcomes, economic development and growth, finance and funding, workforce capability and social, community and economic well-being. Local authorities are asked to provide feedback on outstanding issues identified by the Government.

Government is seeking feedback on, and solution refinements for, issues that councils have raised that aren't fully resolved and on which the Government has said there is room for flexibility to come up with solutions that meet local needs:

1. Ensuring all communities have both a voice in the system and influence over local decisions. This includes assurance that water service entities will understand and respond appropriately to communities' needs and wants, including responding to localised concerns.

2. Effective representation on the new water service entities' oversight boards so that there is strong strategic guidance from, and accountability to, the communities they serve, including iwi/mana whenua participation. This also covers effective assurance that entities, which will remain in public ownership, cannot be privatised in future.

The sections set out below are a high-level summary of the information Council has been asked to assess.

5. CABINET PAPERS

Government has produced a high number of papers to support Cabinet decisions thus far on the three waters reform programme dating back to 2017. The latest releases (30th June 2021) are most relevant to Council's task. Three cabinet papers titled, "A new system for three waters service delivery", "Designing the new three waters service delivery entities", "Protecting and promoting iwi Māori rights and interests" provided more detail on the proposed boundaries of the four water providers, further details on the proposed water services entities, including governance arrangements, the role of iwi, and how they would be regulated.

These papers can be found at: https://www.dia.govt.nz/Three-waters-review

6. WATER INDUSTRY COMMISSION FOR SCOTLAND

In December 2020, DIA released a report conducted by the Water Industry Commission for Scotland (WICS), commissioned as part of the programme.

This Phase 1 Report provided an early indicative view on the size of New Zealand's three waters infrastructure deficit and the potential benefits of reform. Local government representatives expressed concerns over the validity of parts of this

analysis, which led to a request for information from councils on their three waters assets and services.

In late December 2020, DIA issued a Request for Information (RFI) to all councils in the country. The RFI required the Council to provide specific data related to the three water activities. The data was submitted in early February 2020 and modelled and assessed by the WICS.

The subsequent report by WICS estimates that New Zealand will need to invest between $120 billion to $185 billion in our three waters infrastructure over the next 30 years to meet drinking water and environmental standards and provide for future population growth. WICS determined that without reform, these costs will be shared unevenly among New Zealand households.

For rural communities, this equates to an increase of up to 13 times present costs, eight times higher for provincial areas and up to seven times higher for many metropolitan households. With reform, the cost of providing these critical services to our communities is likely to reduce substantially by between 45% to 49%. Reform will also improve transparency about, and accountability for, the delivery and costs of these services and uphold the Crown's Treaty of Waitangi obligations to iwi/Māori.

The Crown has outlined the following features to guide the design of the reform programme and operating structure.

- Maintaining local authority ownership of water services entities.
- Providing the necessary balance sheet separations from local authorities.
- Protecting against privatisation.
- An integrated regulatory system.
- Retaining influence of local authorities and mana whenua over strategic and performance expectations.

The Crown is seeking to enable greater strategic influence to exercise rangatiratanga over water services delivery, ensuring;

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

The Crown has committed to ensuring no Council participating in water reform is in a materially worse position financially to continue to provide services to its community as a direct result of the reform.

7. DATA REVIEW

During the 8-week period allotted to Council one of the tasks was to explore and understand the WICS model. Three different entities have been employed by Central Government to undertake a review on the WICS analysis. Beca were engaged to reviewed the relevance of the Scottish modelling to the New Zealand environment, Deloitte analysed the effects of the proposed reform on the economy and Farrierswier reviewed the WICS methodology.

The documents in full can be found here: https://www.dia.govt.nz/three-waters-reform-programme-national-evidence-base

BECA REPORT

WICS has modelled different efficiency benefits that could be reasonably expected by a comparable regulatory regime for New Zealand and combined this in a range of amalgamation scenarios that provide further efficiency through scale by the formation of new statutory water services entities (WSEs).

In summary, Beca stated that New Zealand is facing a period of major changes in land, air, and water environmental legislation, and for regional and local government responsibilities. Taken as a whole, Beca conclude that it is very difficult at this time to predict impacts on the New Zealand three waters segment and on the timeframe and total costs (capital and operating) of subsequent changes in standards which apply to the proposed aggregated WSEs. WICS modelling is based on long-term plans from Councils which may well under-estimate the scale, nature and timeframes for upgrading the performance of three waters systems under new legislation.

New Zealand has no consistent nation-wide model for setting and maintaining levels of service for water supply or wastewater management to private residences, industrial and commercial premises. Each Council receives and acts on its own customers' complaints and there is no mechanism (or requirement) for these to be aggregated across New Zealand, and hence no way to establish common failures by Councils to meet any particular Level of Service, and to therefore establish industry-wide mechanisms for improvements.

On balance, the predictions from WICS modelling may well underestimate the necessary investment costs and could give overly optimistic timeframes for implementation due to supply chain limitations in New Zealand, and the pressures of managing and delivering improvement and asset renewals backlogs simultaneously.

DELOITTE REPORT

Deloitte found that reform is likely to deliver a significant economic benefit of between $14 -$23 billion over the next 30 years in real present value terms. This is equivalent to the New Zealand economy being on average 0.3% to 0.5% larger over the 30-year period, than it otherwise would have been without reform. It is further projected to increase employment throughout the New Zealand economy.

The positive impact is also projected to be distributed across sectors. Trade, Financial Services, Business Services, Construction and Other Services are expected to see the largest increases in GDP as a result of reform. Other Services includes Public Administration and Defence, Education, Human Health and Social Work activities, and Dwellings (i.e. housing).

These are large sectors, which all benefit from the GDP and output growth that reform facilitates. GDP in all sectors shows growth in absolute terms. While the water delivery sector also increases initially, modelling shows a decline from mid-2038 relative to the counterfactual, due to efficiency driven cost savings in this sector as a result of reform.

FARRIERSWEIR REPORT

The overall approach adopted by WICS to modelling the potential impact that amalgamation of water entities and associated reforms could have on projected expenditure, financing costs, revenue and prices of water service providers has been shown to give reasonable estimates in terms of direction and order of magnitude.

Farriersweir conclude that, given the nature of the analysis, there are invariably limitations with it, however Farriersweir do not consider that the modelling undertaken by WICS and the choices it has made over how to do this materially affect the direction (i.e. sign) of estimated benefits from amalgamation and associated reforms.

The order of magnitude of benefits estimated by WICS appears feasible, especially given the 30-year horizon being considered. Sensitivity analysis undertaken by WICS shows that the estimated benefits from amalgamation and associated reform – in terms of average household bills in 2051 – can vary materially if key assumptions are changed. Although this analysis shows that the direction of those benefits is in almost all cases positive, the order of magnitude of estimated benefits could vary noticeably if different assumptions were adopted.

8. TAUMATA AROWAI

In March 2021, the Government established Taumata Arowai, a new water services regulator to administer and enforce a new drinking water, wastewater and stormwater regulatory system.

Once Taumata Arowai is fully functional, it will oversee and administer an expanded and strengthened drinking water regulatory system, new drinking water standards and oversee the environmental performance of wastewater and stormwater networks. This is expected to improve the sector's performance, and to put greater focus on infrastructure performance.

It is also expected to increase compliance and monitoring requirements.

9. WATER SERVICE ENTITIES

On 30th June 2021 the Government announced its intention to shape the sector around four Water Service Entities (WSE). Carterton would belong to 'Entity C', along with 22 other Councils. The boundaries have been set with consideration of rohe/takiwā, water catchments, population, economic benefits and the needs and interests of local communities.

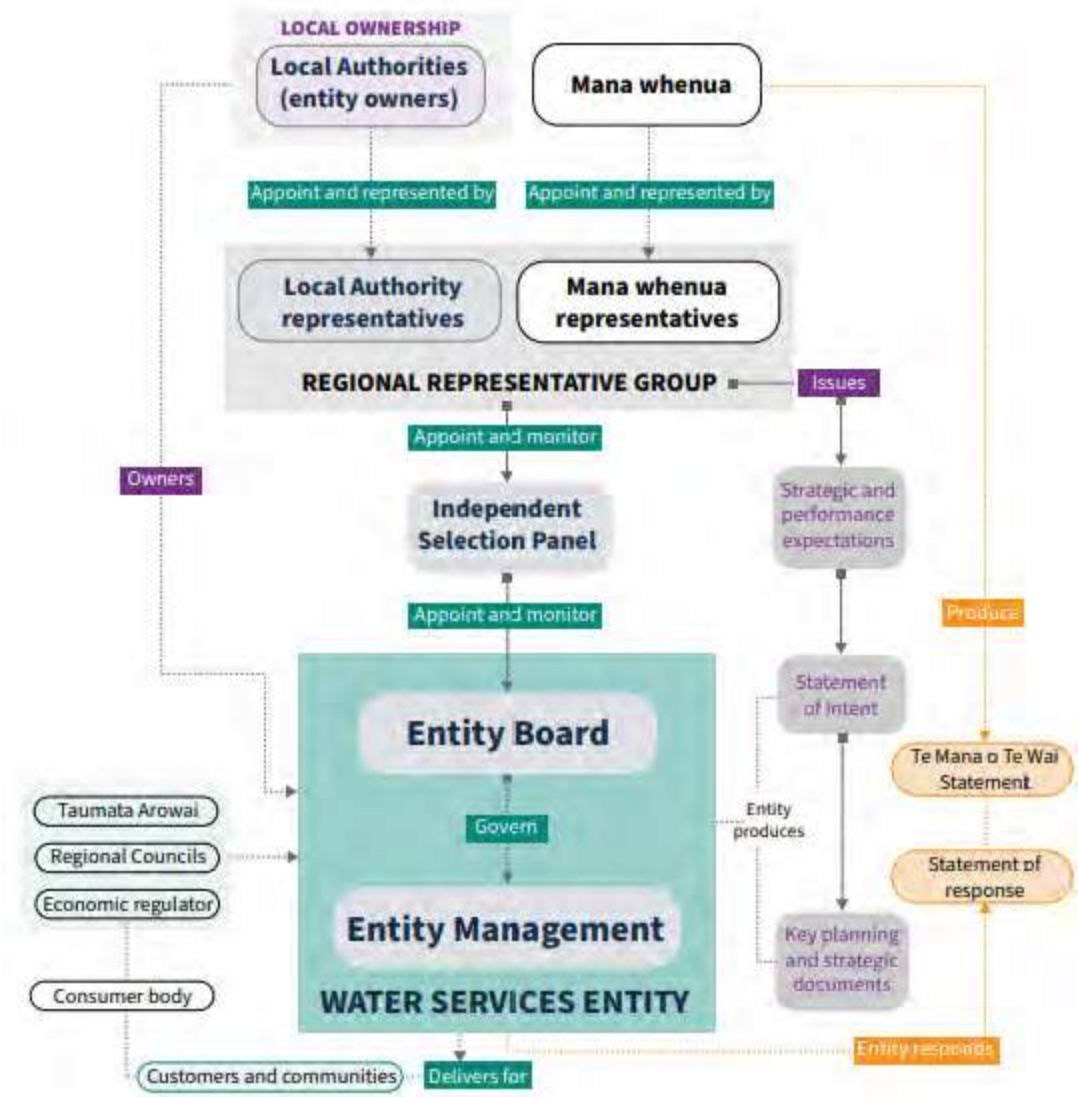
Under this model Councils would have no shareholding or financial interest. The WSE would be independent with a competency based Board of Directors. It is intended that the entities have the scale, capacity and capability to uplift the wider sector.

Under the existing model, where Council borrowing capacity is limited, the future rates increases required would be significant. The legislative changes that are currently underway signal a rise in compliance and monitoring and these costs alone will heavily impact rates without additional calculation of environmental betterment. The WSEs will have separate balance sheets to enable more substantial borrowing and lessen the burden on rates alone.

WICS has estimated efficiencies of 45% over a 30-year period, roughly 2% per annum achieved through improved and aggregated capability, procurement, governance, scale and economic regulation, ultimately delivering lower costs for communities.

10. GOVERNANCE OF THE ENTITIES

The Government also released proposed governance arrangements, as shown below.



Under this model, Councils will own (without shareholding or financial interest) the water entities on behalf of communities, and mana whenua will have a joint oversight role. The structure of entities and their establishing legislation will protect against future privatisation with assets remaining in the ownership of their local communities.

While Councils maintain ownership of the water entities, the type of entity, and the responsibilities associated with ownership are likely to be substantially different to traditional ownership models. The Government considers that Councils will be able to influence objectives and priorities of the new entities through this structure, and through land use planning mechanisms such as spatial plans. It is not yet clear how communities might directly influence strategy and resource prioritisation.

11. FUNDING SUPPORT

On 15 July 2021, the Government announced a financial support package of $2.5 billion to support the local government sector through the transition to the new water services delivery system and to position the sector for the future. There are two broad components to this support package

The “better off” component of the support package, which comprises $2 billion, is allocated to territorial authorities based on a nationally consistent formula that takes into account population, relative deprivation and land area. This formula recognises the relative needs of local communities, the unique challenges facing local authorities in meeting those needs and differences across the country in the ability to pay for those needs.

An indicative amount of $6,797,415 has been allocated from this “better off” funding should Carterton Council continue to be involved in the three waters reform programme. There are criteria on when and how this funding will be released.

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

- enable housing development and growth, with a focus on brownfield and infill development opportunities where those are available; and
- support local place-making and improvements in community well-being.

The “no worse off” component of the support package is intended to address the costs and financial impacts on territorial authorities directly because of the three waters reform programme and associated transfer of assets, liabilities and revenues to new water services entities. It includes an allocation of up to $250 million to support councils to meet unavoidable costs of stranded overheads, based on:

- One hundred and fifty million dollars allocated to councils (excluding Auckland, Christchurch and councils involved in Wellington Water) based on a per capita rate that is adjusted recognising that smaller councils face disproportionately greater potential stranded costs than larger councils
- Up to $50 million allocated to the Auckland, Christchurch and Wellington Water councils excluded above based on a detailed assessment of two years of reasonable and unavoidable stranded costs directly resulting from the Water Transfer.

- Up to $50 million able to be allocated to councils that have demonstrable, unavoidable and materially greater stranded costs than provided for by the per capita rate (the process for determining this will be developed by the Department of Internal Affairs working closely with Local Government New Zealand).

The remainder of the no worse off component will be used to address adverse impacts on the financial sustainability of territorial authorities. This will require a due diligence process that will need to be worked through in the coming months.

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

DIA is continuing to work with LGNZ and Taituarā (previously Society of Local Government Managers), including through the joint Steering Committee process, to develop the process for accessing the various components of the support package outlined above, including conditions that would be attached to any funding.

When announcing the second tranche of funding, the Government indicated that councils would have an opportunity to review the large amount of information, so that each council could provide feedback by 1 October 2021.

The Council is not expected to make any formal decisions regarding the reform through this engagement period. This is an opportunity for the sector to engage with, and provide feedback on, local impacts and possible variations to the proposed reform package outlined by the Government.

Following the engagement period, the Government will consider the feedback and suggestions provided by local authorities, in partnership with the joint steering committee. It will also consider the next steps, including the transition and implementation pathway and revised timing for decision-making, which could accommodate the time required for any community or public consultation.

LGNZ has confirmed that the Government will not be taking further decisions until after this engagement period.

The Government signalled earlier this year that council's 'opt-in' or 'opt-out' decision on the reforms would need to be made around November/December 2021. We understand this is still the intention. That being the case, unless there is a change to this timeline it is unlikely that councils will have the opportunity to consult with its communities. This is something that has been raised with the Government as a key issue.

In the coming months Council will need to reach a conclusion on 'opting in' or 'opting out', unless the government decides an all-in approach is to be applied.

Opting in would result in the transfer of all drinking water, wastewater and stormwater assets including all field operations from the Council to the new Water Service Entity 'C'. Indications are that any debt or financial reserves associated with the three waters will also be transferred. The details around how these are assessed and transferred is still to be determined.

12. CARTERTON IMPACT

There remains substantial uncertainty around the impacts of reform. Specifically, the Government has not yet provided a clear outline of the process for decision making, and how public consultation will fit into that process. There is also uncertainty as to how assets, debt and revenue will transfer to the new entity, and the impact this might have on the Council balance sheet.

Carterton Council's 30-year infrastructure strategy shows further investment requirements beyond 10-year long term plan which are likely to put additional pressure on three waters debt levels. CDCs current debt level is well situated to cope with the known requirements. Debt levels are very manageable with cash reserves meaning net debt to income is approximately 160%, which is well below the local government 250% indicative cap. This indicates that three waters debt levels are unlikely to constrain Council as a whole in the medium term, however the shifting of three waters debt and assets to a separate three waters entity would effectively eliminate Council debt and future investment risk.

The future investment risk is real and manifesting in the legislative changes such as the drinking water Regulator (Taumata Arowai), the Water Services Bill, the changes to the Drinking water standards and Environmental Regulation (Proposed Natural Resources Plan, National Policy Statement on Fresh Water Management, and the Natural and Built environment Act).

With the loss of three waters Councils will be left with a considerably high level of stranded overheads. Council would need to make a strong case for the 'no worse off' funding allocation during any transition to the new Water Services Entities.

13. COUNCILLOR ASSESSMENT PROCESS

The time period for evaluation set by DIA has been challenging. The financial analysis of potential impacts can only be undertaken at a reasonably high level given time and detailed information provisions.

The analysis has been explored with Councillors in workshop discussions with both scenarios modelled (opt in /opt out) involving balance sheet and debt capacity, rating impact, level of service and costs to maintain those levels.

Councillors have considered the proposed changes to the Drinking Water Standards and the impacts on higher levels of monitoring and compliance will have on operational activities. The National Policy Statement on Fresh Water Management has been considered along with Proposed Natural Resources Plan and the proposed changes to the RMA.

Stormwater compliance has yet to be crystallised but has been identified as a future concern.

Council's workforce sustainability across, not only operational staff, but financial management and HR, will be impacted if an opt out option is chosen, and the Entity C is progressed without Carterton.

Proposed Governance structures under the reform proposal and the inclusion of Iwi is has been identified as a major concern as has future planning for growth and development and prioritisation requirements within the entity structure.

Council have had an interactive Q&A session with South Gippsland Water to try and understand the impacts of an amalgamated water entity while acknowledging the limitations of being able to directly compare the entities.

These actions have led to the development of a letter (**attachment 1**) in response to the DIA request from Councils.

14. CONSIDERATIONS

14.1 Climate change

There is no impact on climate change for this report

14.2 Tāngata whenua

The proposed three waters reforms as a whole will attract considerable interest from Tāngata Whenua however, this report does not specifically impact Tāngata Whenua

14.3 Financial impact

As an informational report there is no impact on finances

14.4 Community Engagement requirements

There is no community engagement requirement stemming from this report

14.5 Risks

As an informational report there are no risks

15. RECOMMENDATION

That the Council/Committee:

1. **Receives** the report
2. **Endorses** the attached Chief Executives Three Waters reform response letter to the Department of Internal Affairs
3. **Notes** that Carterton District Council does not have enough information to evaluate the Three Waters Reform

File Number: **136259**

Author: **Dave Gittings, Infrastructure, Planning and Regulatory Manager**

Attachments:

1. **Final Draft - CDC Feedback Letter to Department of Internal Affairs Three Waters Reform** ⇩
2. **Final Draft - CDC Letter to Public Three Waters Reform** ⇩

WE ARE CARTERTON.
CARTERTON DISTRICT COUNCIL

24th September 2021

The Three Waters Team
Local Government Branch
Te Tari Taiwhenua | Department of Internal Affairs
via email: threewaters@dia.govt.nz
via email cc: feedback@lgnz.co.nz

Tēnā koe,

Carterton District Council Response on Government Proposal for Three Waters Reform

Introduction

Carterton District Council (***Council***) covers 118,039 hectares from the Tararua Range in the west, through to Flat Point, Glenburn in the east. Our diverse area is reflected in our logo from the Mountains to the Sea. Council is responsible for providing a wide range of public services and facilities to deliver a quality lifestyle for almost 10,000 people living in the Carterton District.

Within our urban boundary are 2,800 properties connected to freshwater services and wastewater disposal. Stormwater is predominately disposed of on properties to ground via soak pits. Council also maintains stormwater reticulation in the urban area and roading catchment.

Council operates a 171.1km reticulated potable and wastewater network, predominately piped underground, delivering services to 5,790 urban residents.

Additionally, Council manages a rural water supply comprised of the two main networks the 'Taratahi' (271km) and the 'Carrington' (39km) water races. Both water race networks are a combination of natural and manmade channel formations built over 100 years ago for the distribution of water to industrial and rural properties across the Carterton District.

Council recognises the importance of the Treaty of Waitangi as the founding document of Aotearoa New Zealand, which created a partnership between Mana Whenua and the Crown. Through Local Government Act and Resource Management Act legislation, Council is devolved powers from the Crown for the whole community.

TE KAUNIHERA-Ā-ROHE O TARATAHI
CARTERTON DISTRICT COUNCIL

28 Holloway Street | PO Box 9 | Carterton 5743
info@cdc.govt.nz | 06 379 4030 | www.cdc.govt.nz
136283

WE ARE CARTERTON.
CARTERTON DISTRICT COUNCIL

The Mana Whenua status of Hurunui o Rangi Marae has been acknowledged since the inception of the Carterton District Council. Council acknowledges Hurunui o Rangi Marae as a Mana Whenua entity within its district, and values the role of the Marae and associated hapū and whānau in the social and cultural fabric of our community.

Council works with Hurunui o Rangi Marae on a range of initiatives. The Marae and the Council have strengthened this developing relationship for the good of our communities, through respectful engagement, and taking note of our respective aspirations and capacity. A Memorandum of Understanding has been established to formalise the relationships and incorporate our joint objectives including Marae participation in meetings of Council and its Committees and Advisory Groups.

During the 2020/2021 year, the Council also established a new relationship with Ngāti Kahukuraāwhitia, with particular engagement through the Daleton Wastewater Treatment Pond Upgrade Project. We look forward to strengthening this relationship with the hapū over the coming year.

Carterton District Council Councillors and Officers have participated in numerous leadership groups, discussion panels and workshops around the Three Waters Reform (***TWR***) proposals. This includes forums and webinars run by Department of Internal Affairs (***DIA***), Water Industry Commission for Scotland (***WICS***), Local Government NZ (***LGNZ***), key stakeholders for the proposed "Entity C", Mayoral and CEO Leadership Groups, as well as independently holding online a workshop with an Australian Water Entity who have been through a similar transition.

Council notes the sheer volume of data on the TWR proposals. We note the inaccuracies and inconsistencies in the financial models; the stream of commentary on the proposal; feedback from other Councils; input from external advisors; conflicting expert reports; and most importantly, feedback and questions from our community.

LGNZ and the DIA have agreed to provide an eight-week window of opportunity for Councils to better understand the Government TWR proposals; to ask questions; to provide suggestions and make recommendations for Cabinet to consider. Noting the volume of information Councillors and Officers have needed to read, understand, and respond to, our reply to Government is structured as follows:

1. Council Alignment with Government Intent;
2. Areas Where Further Work is Needed;
3. Areas Where There is No Alignment with Government proposals;
4. Questions; and,
5. Recommendations for Government.

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1. Council Alignment with Government Intent

Under s130 of the Local Government Act 2002, Council is required to manage, maintain, and grow community three waters infrastructure assets to deliver these outcomes for our communities. We demonstrate commitment to our ratepayers through the preparation, auditing, and implementation of the Ten Year Long Term Plans (***LTP***) and corresponding 30 year infrastructure strategy. Council uses these two transparent, robust, and tested methods to operate, plan for maintenance, improvements, and growth in our communities.

Council endorse the Government desire for continuous improvement in the quality, quantity, accessibility, and reliability of our three waters infrastructure, while we continue to strive to reduce the environmental impact of growing communities.

Council agree all those living in New Zealand should have access to clean potable water; that our environment is protected; and that the ever-increasing adverse effects of climate change are planned for, managed, and where possible mitigated.

Council agree the successful delivery of the three waters needs to be balanced against community affordability and service reliability.

Council agree the involvement of our Mana Whenua partners at all levels of decision making is critical to our success, and key to ensuring a balance with environmental, cultural, public health and economic considerations.

Council agree in principle the Government's 'case for change' may, on the face of data presented, be more compelling than the status quo.

These views are tempered with questions around the accuracy of the financial data; a lack of debate and alternative options; a lack of public consultation and the limited time for Councillors and Officers to review, debate, consider and engage with our communities on the Government Three Waters Reform proposals.

2. Areas Where Further Work is Needed

a) Future of Local Government

Council are concerned the face of local government will be unintentionally, but permanently changed as a result of the waters reforms proposal being implemented, without first considering the future impacts on smaller councils.

The Government TWR proposal is placing a great deal of pressure on the future of local government. Council is concerned that waters reforms are being progressed before the future of local government

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has been discussed, agreed, and mapped out. If these reforms proceed, it is entirely possible some local authorities viability may be at issue.

We suggest the best practice approach is for Government to work with local authorities in true partnership – understanding the changing nature of legislative requirements; the pressures that climate change and resilience bring; and the constraints and possibilities on financing these changes – to construct a roadmap of the future of local government. If, through that partnership, three waters infrastructure ownership, management and governance is best delivered outside of Council, then it should be at that time that reforms are proposed.

b) Significant Legislative Change

Government is undertaking a significant amount of legislative change which is seriously impacting Councillors and Officers. The changes that Council face include new (draft) drinking water standards from Taumata Arowai; National Policy Statement on Freshwater and, for the Wellington region the proposed Natural Resources Plan; Resource Management Act 1991 (***RMA***) reforms, and the proposed Future of Local Government reforms. Put together with the waters reform proposals, these legislative changes are creating a whirlwind of fundamental change for Councillors and Officers and the communities we serve.

The three waters reform proposals have come about without adequate interaction with local authorities; insufficient time for careful consideration; lacking any genuine ability for Council to discuss options and potential designs, and with no ability to consult with our communities on how this may impact them.

Overall, this process has undermined our confidence that Government is listening to Local Authorities.

c) Financial Impact of Climate Change & New Water Regulations

The Department of Internal Affairs / Water Industry Commission for Scotland (***DIA/WICS***) financial model compares forecast water rates from Council Long Term Plans against four new, theoretical, efficient Water Services Entities (***WSE***). Critically the financial analysis in the WICS model ignores the impact of climate change, and fails to consider potential mitigation measures, or future resilience work being undertaken by Councils. Local authorities are required to consider the effects of a changing climate on communities. Council is required to incorporate climate change into our Long Term Plans under s93 of the Local Government Act 2002, and into our existing frameworks, plans, projects, and standard decision-making procedures under the Resource Management Act 1991.

Council believe the DIA/WICS modelling should compare future costs on a like for like basis, and include all factors, such as climate change and new environmental regulations, as our LTP documents are required to, by law. Council submit these costs will reduce the efficiency claims assumed by the WICS model. Consequently Council believe the DIA/WICS forecast future savings for our community are overstated. Comparing the WICS costs to Council LTP's is not on a like for like basis, and can easily be misleading.

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Council believe the economic costs provided by DIA and WICS need further work, and at least to include climate change and resilience costs.

Council also believe any new Water Services Entity should be required to manage and mitigate climate impacts, and be liable for carbon emissions under the NZ Emissions Trading Scheme.

d) Planning Alignment Between Council and WSE's

Council are responsible for planning, drafting, consulting, and implementing District and Spatial Plans. Carterton District Council, Masterton District Council and South Wairarapa District Council are in the unique position of having a Combined District Plan effective across all three areas. All three Council Long Term and Infrastructure plans give effect to the Combined District Plan. This includes planning for population growth, economic and industrial growth, and community parks and services and critical infrastructure to meet demand.

Council believe the transfer of three waters assets to any other entity significantly undermines the potential to have effective and future focussed infrastructure development as anticipated in our District Plans. Over time, the investment priorities of the WSE's are likely to diverge from the individual priorities of various Councils, as well as from the local District and Spatial plans.

A core function of the Ombudsman Act 1975, and the Local Government Official Information and Meetings Act 1987, is an escalation path for dispute resolution with the Crown and public based entities. This function is provided to resolve complaints when Elected Members, Committees or Officers make decisions that may be viewed by others as incorrect. The Ombudsman acts as an independent adjudicator in these matters.

The proposed WSE's contain no escalation path when planning and investment decisions made by the WSE's do not align with the priorities of our communities. Council believe further work is needed in this area and strongly recommend that the WSE's planning, and investment priority decisions are subject to independent oversight to ensure accountability; give effect to local District and Spatial Plans; and provide a dispute resolution path for communities and interested stakeholders.

An extension of the Ombudsman Act 1975 to include all new Water Services Entities, with a particular focus on planning and investment prioritisation is recommended.

e) WSE Investment Prioritisation

Council is responsible for ensuring the delivery of new and replacement three waters infrastructure assets meet the demands of development and an expanding urban population. Critical to our community is the delivery of key three waters projects in our Long Term Plan, and beyond in our 30yr Infrastructure plan. The LTP is a key enabler of the District and Spatial Plans in our District.

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For the foreseeable future, local authorities across New Zealand are forecasting population growth. This growth will create increased demand for the expansion and improvement of three waters infrastructure assets, as well put pressure on the resources available to deliver them.

The process for WSE's determining investment priorities in our local communities is yet to be determined. Council believe investment prioritisation is a complex decision making process, and must go beyond a simple measure of population density, economic returns, or a board directed list.

Council suggest the WSE's prioritisation of investment projects needs further work, and must incorporate the following factors:

- The process must be transparent, and public;
- Must give effect to relevant District and Spatial Plans;
- Must be able to weight factors that are important to the asset / area / district / community;
- Include community consultation;
- Contain an independent review / regulator process to manage conflicting planning priorities.

g) Local Employment

Carterton is fortunate in that it operates its own in-house operational team. Our operational team is local, and consequently highly responsive to the community it serves. Council care deeply about the welfare of our staff, the delivery of services to our community, and the benefit to the local economy in employing local.

To date Council has received no assurances the proposed WSE's will not centralise the workforce as part of the "efficiency savings" that have been incorporated into the WICS modelling. We are concerned centralisation may occur for a number of reasons, financial benefits, planning, and co-ordination, or through the creation of large depot yards two hours away in Wellington or Palmerston North.

Furthermore the existing operational workforce is extremely familiar with the existing waters infrastructure and Council seek surety that, should it be their choice to do so, staffing resources will remain within our District.

Council consider the continued employment, and creation of employment opportunities in our local area, not in the metro areas, as a critical success factor in any reform proposal.

3. Areas Where There is No Alignment

a) Comparison with LTP Documents

Council Long Term Planning is a well understood, transparent and fully audited process. Council ensure that all known costs are incorporated into our Long Term Plans including climate change and

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the known impact of legislative change, where this can be accurately quantified. The WICS model supported by DIA ignores climate change and reflects Council in a poor light as also not incorporating the cost of legislative change from all known regulatory impost (National Policy Statement on Freshwater Management, and National Environmental Standards on Freshwater, Taumata Arowai etc.)

Council believe the comparison between an extrapolation of water rates taken from ten year LTP, and a new, theoretical, efficient, WSE water charge in 2050 is both misleading, and counter-productive to partnership principles.

Council prefer an engagement with Government which facilitates discussion, ideas, and joint agreement on the way three waters improvements are planned, and financed, in true partnership fashion.

b) Government Timeframes for Consideration

Council consider that an eight week timeframe to communicate, quantify, clarify, and understand the impact of moving three waters assets out of the Council control is too rushed. Elected Members and Officers need to understand the impact of these proposals at the detail level, to ensure they have informed dialogue with our communities, Mana Whenua and key stakeholders.

Council has received different levels of certainty with DIA data and information, making it difficult to gain confidence in the overall reform proposals. We remain unclear on the financial benefits for our communities (see comments below on the DIA Dashboard) while other areas of the reform proposals are yet to be determined, or have been modified over time, making the path forward and impacts on our ratepayers very uncertain.

If the proposed benefits of Three Waters Reform will not be achieved until 2050 years (the comparison period used by DIA/WICS), then the urgency and speed at which these reforms are being progressed is unnecessary. Council infrastructure plans forecast over a 30 year horizon, and are often subject to change. When the planning horizon is 2050 there is no urgency to accept and implement the first option presented. Government should allow more time to develop and consider other credible options and alternatives in genuine partnership with all stakeholders.

Additionally the TWR proposals contain a number of fundamental questions that remain unanswered including:

- Missing details on the transfer of debt including how this will be calculated, and the transfer of fixed interest rate loans;
- Whether Council stormwater assets are included or not. For Council, Stormwater assets encompass the many swales and open channels that run from rural areas in and urban areas;

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- Whether the districts 300km of rural water races will be incorporated into the WSE's. If so, how will these be managed from a service point of view for our people and if not, how do Council cost these services into its impact information?
- How (or even if) the Government will engage with the community, or provide an opportunity for Council to engage with the community on the TWR proposals.
- How the WSE governance model will provide for a local voice on areas of local concern.

c) Governance Model

The proposed governance structure appears complex, unwieldy, and not well considered. The governance model purports to give a local voice, but this is severely limited with a consolidation of seats available on the Representation Group. The Representation Group limits participation to just 6 Council / local members, from 22 councils and over 150 Councillors having a voice in the proposed WSE Entity C geographic area today.

The governance proposal seeks Iwi involvement, but again limits that involvement to just 6 positions across the entire East Coast of the North Island, and includes Iwi and hapū from Tasman Marlborough and the Chatham Islands. From our engagement with Mana Whenua we understand they do not feel engaged, informed, or able to make decisions on the Government TWR proposal, nor how the suggested governance model may affect them.

Council are also concerned local Iwi and Hapū who should be given a voice, have very little capacity to participate in these reform discussions.

Council also suggest members of the Representation Group are funded to ensure sufficient capacity, and future skills and capacity are available to fulfil their governance responsibilities.

Practically, the TWR proposal limits local voice to just 6 representatives from a population base of approximately 1,000,000. Under the Three Waters Reforms, rural communities, and local authorities such as Carterton District Council will most likely lose their three waters assets, as well as any voice on how these assets will be managed in the future.

d) Water Services Entity Board Oversight

Cabinet papers state the 12 member Representation Group (6 Council and 6 Iwi / hapū) will not actually govern the newly created WSE. The Cabinet paper states the Representation Group will only have powers to appoint a Board Selection Panel. The Board Selection Panel will in turn appoint the WSE Board of Directors, to govern and operate the newly created Water Services Entities. This further distances Council voice from the governance and management of the WSE's, and also means stakeholders not part of the formal Representation Group are at least two steps removed from participating in the activities of WSE's.

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Council can understand the proposed WSE's wish to have a manageable number of stakeholders at the table, but in doing so the proposal needs to recognise other ways smaller voices can be heard. In the current state, this proposal will see some local voices being effectively being silenced.

e) Entity C Geographical Area

The proposed "Entity C" WSE covers the eastern part of the North Island from the top of East Cape to Wellington, and incorporates both Tasman Marlborough and the Chatham Islands. DIA feedback is the maximum number of WSE's in New Zealand will be four.

Council agree the geographical area incorporating the East Coast makes logical sense to consolidate into a single WSE given DIA's stated maximum. However including Tasman / Marlborough and the Chatham Islands into Entity C makes no sense to Council, and the rationale has not been sufficiently explained, when questioned.

Council notes that wherever boundary lines are drawn, Councils, Iwi, and other stakeholders will need to work together and make compromises. We further understand that both Chatham Islands and Tasman / Marlborough local authorities would prefer to be part of Entity D, not Entity C. Council support these local authorities in their desire to be incorporated into Entity D (the South Island).

f) Media and Online Advertising Campaign

Government are running a media campaign, including television advertising and a DIA online dashboard, communicating complex water reforms in a 30 second television advertisement. The television advertising campaign in particular has caused a great deal of frustration for Council Elected Members and Officers, fielding questions on Government proposals, which we are often unable to answer.

Government's television advertising shows local authorities as delivering undrinkable freshwater, dirty bathwater, and destroying the natural environment. The visual and commentary reinforce a misleading narrative that Government Three Waters Reforms will fix all of this instantly, and with ease. Council disagree with the use of television advertising in this way. It is naïve, and deeply concerning that Government portray local authorities in this manner.

Council understand Local Government New Zealand have repeatedly asked the DIA to cease the television advertising campaign, but this request has been ignored.

Further the online DIA dashboard for Carterton District Council is incorrect. Council have advised DIA the online Dashboard for our Council is incorrect, but it remains online with no commentary to reflect Council concerns about the dashboard validity or the incorrect conclusions that might be drawn from the data.

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g) Public Consultation

Council Significance and Engagement Policy requires us to consult with our communities on matters of importance. If Council were considering the transfer of three waters assets to any other entity it would trigger community consultation.

Council note Government have to date not provided any opportunity for community consultation. We consider a TV advertising campaign a poorly considered public information campaign and not of the standard of public consultation that our communities expect in matters of such importance.

Council disagree with Government that no community consultation is needed, and firmly believe the TWR process should include a balanced, unbiased public consultation on the proposed reforms, and the potential impacts on our local communities, our growth plans, and the provision of a local voice.

4. Questions

Council wish to seeks answers from Government on the following topics:

i. Does Government anticipate undertaking public consultation on the TWR proposals, and if so when and how?
ii. Will rural water races be included in the transfer of TWR assets to WSE's? If so, how will water races be overseen, regulated, managed, and water rights allocated?
iii. How will local District and Spatial Plan priorities be reflected in the WSE's investment priorities?
iv. Will WSE's be responsible for ensuring Climate Change is incorporated into all WSE activities?
v. Will WSE's be required to manage and mitigate emissions from their activities?
vi. Will the new WSE's exempted, or liable for emissions under the NZ Emissions Trading Scheme?
vii. How does the Government expect to add 2,500 full time employees into the water services industry in NZ when all Councils around NZ are struggling to find suitably qualified and capable staff?
viii. How does the Government propose to ensure Privatisation of WSE's does not occur in the future?

5. Recommendations for Government

Council recommend the Government:

i. Undertake a best practice approach towards three waters reform, engaging with local authorities in true partnership;
ii. Pause the TWR process to provide local authorities and our communities adequate time to consider all regulatory reforms affecting Local Government and how these may affect future services (TWR, RMA Planning and Built Environment, Future of Local Government);
iii. Update the economic costs and WICS modelling to include climate change, new regulation and legislation impacts, and planned water resilience costs as reflected in Long Term Plans;

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iv. Undertake public consultation on the Three Waters Reforms as is expected by our communities;
v. Make changes to the Governance proposed model which:
    a. Protects the local voice of our communities;
    b. Ensures community participation is not ignored, or effectively silenced through consolidation;
    c. Ensures Mana Whenua voice is not ignored or silenced through consolidation;
    d. Significantly strengthens Representation Group participation, engagement and involvement in the strategy and delivery of the WSE activities;
    e. Provide for Mana Whenua capability development through the Representation Group or similar avenue;
vi. Incorporate an engagement process to ensure links between local District and Spatial Plans and WSE investment priorities;
vii. Ensure WSE's prioritisation of investment projects are:
    a. Public and transparent;
    b. Give effect to District and Spatial Plans;
    c. Provide a means to weight factors that are important to our communities;
    d. Include a process for community engagement and escalation.
viii. Extend the remit of the Ombudsman to deal with planning and investment priority conflicts between WSE's and key stakeholders;
ix. Move Tasman / Marlborough and Chatham Islands areas out of Entity C and into Entity D;
x. Cease the current television and media advertising campaign immediately;

6. Conclusion

In summary Council has not been asked to opt in, or opt out of the reforms, and therefore has not made any decision on participation, or otherwise. Council is concerned about the loss of local voice; the very high level of the proposals; the amount of legislation to be enacted; the purported financial benefits, and the speed at which the reform timetable is progressing.

Council do not have sufficient clarity or information about the proposed Water Services Entities to fully understand their effect on our ratepayers and community. Despite the large amount of time Councillors and Officers have invested in reviewing and considering the Government proposals, we are unable to determine if the Three Water Reforms will leave our communities better, or worse off.

If you have any questions, please do not hesitate to contact me.

Ngā manaakikanga,

<<Insert signature>>

Geoff Hamilton
Chief Executive
Carterton District Council

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Our response to the Government's Three Waters Reform proposal

In July, Central Government asked Council to analyse and respond to its proposal on changes to drinking water, wastewater, and stormwater [the Three Waters Reforms] by 1st October.

The proposal advocates four new Water Service Entities [WSEs] assuming the operations, management, infrastructure planning, and ownership of the Three Waters assets from Councils.

Having analysed the proposal's potential impact on our community, we feel there are elements we agree with, some that need further work, and some that we do not agree with. Mostly, we feel the proposal is very high level and has a number of elements that are still to be decided. It is not clear if the proposed reforms will leave our ratepayers better, or worse off.

You can read our full response to the proposal on our website at **cdc.govt.nz/threewaters**

We agree that:

- there is a desire for continual improvement in the quality, quantity, accessibility, reliability, treatment, and environmental impacts of our water infrastructure;
- everyone in New Zealand should have access to clean potable water;
- our environment needs protection;
- the ever-increasing adverse effects of climate change are planned for, managed, and where possible mitigated;
- the successful delivery of water services needs to be balanced against community affordability and service reliability.

We feel further work is needed on:

- **Alternative Options.** If the reforms progress, the face of Local Government may be permanently changed. Without water infrastructure, some councils' viability may be at issue. We suggest a true partnership model takes time to consider options, alternatives, and listens to all views, before developing a preferred path forward. The speed of these reforms has limited the ability to consider any alternative options.
- **Legislation Change.** Local Government are facing a significant amount of change. Reforms such as Taumata Arowai, the National Policy Statement on Freshwater, the Wellington Regional Natural Resources Plan, the proposed changes to the Resource Management Act, and the Future for Local Government are all ongoing. Combined with the Three Waters Reform, the combined effect of these changes may result in significant, unintended consequences for Councils and the communities we serve.
- **Climate Change.** The Government Three Waters Reform financial model ignores our biggest challenge – climate change. Council is required by law to include climate change impacts in our Long-Term Plans [LTP]. The comparison between Council LTP and theoretical Government financial model should be like-for-like. It is not, and the forecasted benefits are likely overstated. We believe the comparison is misleading, and counterproductive.
- **Priority projects.** Our LTP informs and gives effect to our District and Spatial Plans. This investment prioritisation is a complex decision-making process. Over time we expect the proposed WSEs investment priorities may diverge from our District and Spatial Plans. We would like to ensure that projects our community view as high priority, are also given high priority by the new WSEs in a transparent and public way.
- **Disputes.** Currently, people can escalate Council decisions they feel are incorrect to the Ombudsman. The reform proposals do not contain any such escalation. We strongly

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recommend complaints are subject to independent oversight and review to ensure accountability and provide a framework for dispute resolution.

- **Local Employment.** Carterton is fortunate to have an in-house team. It is local, highly responsive to the community, and familiar with our infrastructure. Council cares deeply about the welfare of our staff, service delivery to our community, and the benefit to the local economy of employing local. Council seeks surety that staffing resources stay within our District.

We do not agree with:

- **No Public Consultation.** If Council were considering the transfer of three waters assets to any other entity it would trigger a community consultation process. To date Government have not indicated they will provide our communities an opportunity to be heard through public consultation. We consider the current TV advertising campaign a poorly considered public information campaign and not of the standard of public consultation that our communities expect.
- **An eight-week period to respond.** The three waters reform proposals are complex, and will have wide ranging and long term impacts on our communities and Council. The forecast benefits predicted in 2050 are a long way off, and are likely to change. Given the long timeframe for benefits, we think more time should be taken now to better understand the options, consider alternatives, consult with our communities and clarify the impacts these proposals will have. Especially as once the reforms are implemented, they are likely to be irreversible.
- **Involvement in Governance.** The Government has proposed four new WSEs. Carterton would be part of "Entity C". Governance of these WSEs will be through a Board of Directors. A group of 12 representatives - six Council and six Iwi - will appoint a Board Selection Panel, who in turn, will appoint a Board of Directors. This governance model distances communities from WSE strategy and decision making. Furthermore, it limits participation to just six Council members in the proposed Entity C, which has a population of nearly 1 million residents, currently served by 22 councils and over 150 Councillors. Given this consolidation, we feel some local voices will effectively be silenced. We are concerned about the loss of local voice with such a significant consolidation of representation.

We have set out our views, asked questions, and made recommendations for Cabinet to consider in a letter to the Department of Internal Affairs. Government has not asked Council to "opt in, or opt out" although some Councils around the country have already made their views clear. We feel there is too much uncertainty with the reform proposals to make any decisions at this time. It is not clear if the proposed reforms will leave our ratepayers better, or worse off.

The agenda for our Policy & Strategy meeting, which includes our letter to the DIA and other resources on the Three Waters Reforms can be found on our website at **cdc.govt.nz/threewaters**

We welcome your thoughts on this issue. Please feel free to contact our Mayor, Councillor or the Council with your comments.

X	X
Greg Lang Mayor	Geoff Hamilton Chief Executive, Carterton District Council

6.2 RESOURCE CONSENT UPDATE

1. PURPOSE

The purpose of this report is to update the Committee on the resource consents issued since the previous update which is generally presented to the Policy and Strategy Committee.

2. SIGNIFICANCE

The matters for decision in this report are not considered to be of significance under the Significance and Engagement Policy.

3. BACKGROUND

The Terms of Reference for the Policy and Strategy Committee include the oversight of the implementation of the Wairarapa Combined District Plan. Resource Consents issued for the period 27 July 2021 through to 20 September 2021 are included in **Attachment 1**.

4. CONSIDERATIONS

4.1 Climate change

N/A

4.2 Tāngata whenua

N/A

4.3 Financial impact

N/A

4.4 Community Engagement requirements

Not applicable as consultation requirements for resource consent are prescribed under section 95A-95B of the Resource Management Act 1991.

4.5 Risks

N/A

5. RECOMMENDATION

That the Committee:

1. **Receives** the report

File Number: **136297**

Author: **Solitaire Robertson, Senior Planner**

Attachments: **1. Consents 27/07/21-20/09/21** ⇩

Attachment 1: Resource Consent Decision summary for the period 27/07/2021 till 20/09/21

Land Use Consent Decisions

1. **210056 –Demolition of a brick wall in the character area and replace with timber. Date of decision 29/08/21**

   The applicant sought consent under The Wairarapa Combined District Plan which provides for in the Carterton Character Area that any construction, alteration or addition to building frontages, or demolition of building frontages (provided demolition is accompanied by construction of new frontages) as a controlled activity requiring a resource consent. This is to ensure that all new development occurring in this designated Character Area is in keeping with specific design requirements to ensure that the amenity values of the Carterton Area are preserved or enhanced.

   The proposal for the resource consent was the demolition of the street front concrete block wall, and it's replacement with a weatherboard clad timber framed wall of the same dimensions. Extensive internal alterations are also proposed as part of a separate building consent application. This work includes the change of use of the rear portion of the building to a studio apartment which requires a separate entrance to the front portion, which is to remain a commercial premises.

   The new entrance door to the new apartment is to be located in this section of new street front external wall. The cladding to the new section of wall is to be rusticated weatherboards to match those installed under the new glazing in the 2018 refurbishment, and the new door is to be of a similar style – timber framed and glazed.

   The site located at High St North is part of a small cluster of late 19th century buildings just north of the Park Road roundabout. The building is the former Carterton Senior Citizens club. The front part of the building was originally built in the 1880s, with an annex added along the northeastern boundary in 1964. A further addition at the rear of the building was added in 1977, and, most recently, the entire building underwent extensive refurbishment and seismic strengthening in 2018. The streetfront aspect of the dwelling is dominated by the original timber weatherboard parapet frontage & verandah, with timber framed glazing added in the 2018 refurbishment.

   Consent was granted in accordance with the application and proposed works.

2. **210057- Retrospective consent for the alteration of a building in the character area. 04/08/21**

   The application proposed some building refurbishment of the site located at High Street North in the Commercial Character Area of the Carterton District. A significant amount of building refurbishment works commenced on Watsons Building in July 2021 prior to any Council approvals (Resource Consent and Building Consents) being obtained. Works subsequently ceased pending the processing of the Councils approvals.

   The proposed work was as follows:

Verandah and Frontage - covering of existing hardies cladding on the western wall frontage with rusticated weatherboards - Removal of existing veranda with a reinstated verandah in accordance to Appendix 7 Part D while utilising the existing posts . The underside of the veranda will not be lined and the front face of the veranda will have vertical lattice work to allow borrowed light. Replacement of existing roof with roofing to match in corrugated iron Façade and Parapets - Are to remain the same and to be repainted using Heritage colours approved by Heritage New Zealand.

The Wairarapa Combined District Plan identifies Watsons Building as a building of significant heritage value, heritage listing Hc044 the Heritage Inventory (Appendix 1.7). Rule 21.1.2 permits minor repairs and maintenance of any heritage item identified in Appendix 7. The Rule explains the extent and nature of works to comply with the terms "Repair" and "maintenance" and states: (i) The work is confined to conservation, reassembly, reinstatement, repair or stabilisation of the original character, fabric or detailing of the heritage item; and (ii) The work is carried out to the same design, using original or similar materials to those originally used and does not detract from the form, character and appearance of the heritage item. Note: For the purpose of the above rule- "Maintenance" means the protective care of a place. A place of heritage value should be maintained regularly . "Repair means making good decayed or damaged material. Repair of material or of a site should be with original or similar materials.

Repair of a technically higher standard than the original workmanship or materials may be justified where the life expectancy of the site or material is increased, the new material is compatible with the old and any heritage value is not diminished. It was considered that consent was not triggered under rule 21.1.2 as the replacement of the verandah and frontage could be classified as repairs and maintenance.

Consent was granted with conditions.

3. **210061 –Relocate dwelling. Date of decision 14/009/21**

It was proposed to relocate a 1970's dwelling to the site in Norfolk Road . The proposed location of the dwelling complies with the requirements of the Wairarapa Combined District Plan. The builders report provided with the application indicates that the dwelling is suitable for relocation and work will be completed onsite to bring it up to a suitable standard.

Consent was granted with conditions.

4. **210065 – Relocate dwelling. Date of decision 14/09/21**

It was proposed to relocate a dwelling currently located in Masterton to the site at Chester Road . The proposed location of the dwelling has not been shown on the application however it will be required to comply with the requirements of the Wairarapa Combined District Plan at the building consent stage. The builders report provided with the application indicates that the dwelling is suitable for relocation and work will be completed onsite to bring it up to a suitable standard.

In this instance there was a timing matter for getting the house off the site in Masterton, the applicants have not yet decided exactly where on the property the house will be located, this will be confirmed when the building consent application is lodged with Council. It is permissible to relocate a dwelling onto a property without a building consent as no building work is being undertaken till such time as the building is anchored onto piles.

Subdivision Consent Decisions

1. **210053- Controlled Activity. 2 lot subdivision/boundary adjustment. Date of decision 18/08/21**

   The proposal was to rearrange the layout of two existing titles. Lot 1 will be 4ha with Lot 2 being 9.5ha. No additional titles are being created and the proposed lots would still easily meet the District Plan lot size standards. Lot 1 would be a back lot, gaining access via a right of way over Lot 1 and 2 DP 544983, and proposed Lot 2. The change in lot sizes was approximately 500m2 with one lot gaining this with the other losing the same amount.

   Lot 2 would be a front lot with direct access to Ponatahi Road. The proposed areas are rounded and subject to actual physical survey. There are a number of easements and a consent notice (specifying the standards for a right of way area) registered on this title. These will have no impact on the current subdivision proposal. The site is vacant. The Big Swamp Stream and another tributary of the Ruamahanga River cross the property. Trees are scattered along these streams and there are also a few more substantial areas of regenerating bush. The remainder of the site is paddock.

   No parties were deemed affected by this proposal, the application is for a controlled activity that meets minimum lot size requirements and as such is anticipated and encouraged within the planning framework.

   Consent was granted with conditions.

2. **210055-Discretionary Activity. Two lot rural subdivision including heritage item. Date of decision 22/08/21**

   The application sought to subdivide the existing certificate of title located on Gladstone Road into two lots that would meet the Controlled Activity lot size standards in the District Plan. Lot 2 would be 10.5 hectares in size, Lot 3 would be 1.06 hectares. The proposed areas are rounded and subject to actual physical survey.

   The subject site has an existing historic structure (Hc034) to be contained on Lot 2. The property is listed in the Plan as a site that has historic heritage. Appendix 1.7 of the Plan lists historic heritage and here it details the heritage items of interest as a dwelling and Pikes Buttery. Upon investigation, the dwelling is actually located within the property next door to the application site (394 Gladstone Road) which was originally part of the application site but subdivided off some years ago. Pikes Buttery is however located within the application site the location of it was marked with an 'X' on the scheme plan provided with the application.

Lot 2 would contain the active vineyard and associated sheds and structures and small cottage. The historic building (Pikes Buttery) listed in the Plan is wholly contained within this lot located near to the sheds that are detailed on the scheme plan – the

Lot 3 would contain the existing dwelling, accessory building and landscape surrounds.

There is a water race traversing the site north to south, the taking of water race is subject to; The Water Supply Act 1891, Water Race Bylaws 1987 and the Code of Practice – Water Races (draft 2018) that cover, restrictions, prohibitions and other requirements that may apply to the water races.

Consent was granted with conditions including a section 221 notice relating to the water race and owners responsibilities to be complying with in the future.

3. 210058- Discretionary Activity. Six lot industrial subdivision. Date of decision 02/09/21

The proposal was to subdivide the existing certificate of title into 6 fee simple Lots being Lot 1 of 1765m² , Lot 2 of 1504m², Lot 3 of 1504m² , Lot 4 of 1504m² , Lot 5 of 1504m² with the balance lot being 16.76ha. Lots 1-5 will access via new vehicle crossings located off Ahumahi Road/Pakihi Road. Lots 1-5 have been positioned so that roads can be constructed for the future development of Lot 6 being two 18.5m wide strips (to the north of Lot 1 and to the south of Lot 5).

The balance lot has existing structures on it an existing stream, the development of proposed Lots 1-5 is not considered to affect the identified QEII Wetlands, or any existing streams.

Should lot 6 be further developed in the future then compliance with the Waingawa Structure Plan will be required in terms of mitigation and the protection of natural assets, including the provision of planting and landscape measures.

The proposal complies with all controlled activity standards for an industrial subdivision. This District Plan however automatically elevates any subdivision that is consistent with the Waingawa Industrial Area to a Discretionary Activity.

Given that the higher activity status is due to the district plan elevation and that the proposal complies with all the controlled standards no persons were considered affected in a way that was more than minor.

Consent was granted with conditions.

210059- Controlled Activity. Three Lot Rural Subdivision. Date of decision 02/09/21

The application sought to subdivide the property into 3 lots. Lot 1 of 2.8ha, Lot 2 of 9.3ha and Lot 3 of 1.5ha.

The proposed vacant lots would easily accommodate a building area, along with garaging and outdoor living areas consistent with the surrounding rural amenity and character. Any future dwellings would be serviced to rural standard, with electricity and phone available at the lot

boundaries. Any stormwater would be managed onsite with soakpit design forming part of any future building consent application.

The subject site has an area of approximately 13.8 hectares, and is accessed directly from Longbush Road. The site contains a dwelling and 3 associated accessory buildings located within the greater area of the section. The wider site can be defined as a rural lifestyle block- consisting of grassed pasture used for grazing livestock and large trees bordering the South and Western boundaries of the property, the Western facing boundary runs adjacent to the Whangaehu stream. Given its controlled status, no parties were considered affected by the proposal.

Consent was granted with conditions.

4. **210060- Controlled Activity. Boundary adjustment. Date of decision 13/09/21**

The proposed boundary adjustment simply amends the boundary slightly to align with the newly constructed dwelling and fence line which had partially been built over the neighbouring boundary. All documentation provided to Council via the building consent process showed the correct compliance with the correct property boundaries.

The existing stormwater easement will also be extinguished and replaced as part of this application. The change in boundary will not create any additional development rights and both lots are well above the minimum lot size required under the District Plan.

The difference in size is 2m2 resulting in Lot 1 gaining 2m2 to become 572m2 with Lot 2 reducing by the same amount to become 520m2.

Consent was granted with conditions.

5. **210062- Controlled Activity. Four Lot Subdivision with the establishment of a ROW pursuant to section 348 of the Local Government Act. Date of decision 20/07/21**

The proposal was to subdivide the site into 4 residential lots and to provide a Right of Way and Services easement over Lot 21 DP 1570 also owned by the applicants. The lot configuration that was proposed is as follows:

Lot 1 of 436m2 , Lot 2 of 652m2 (+51m² access), Lot 3 of Lot 659m2 (+30m² access), and Lot 4 of 1842m². For proposed Lots 1-3 legal access is to be established from Wyndham Street via the proposed RoW.

The site currently accommodates an existing dwelling and accessory building to be contained on proposed Lot 4 which will utilise the existing access arrangement onto/off Wyndham Street. The proposed subdivision is surrounded by residential sites, and adjoins the Wairarapa Line in the back affecting all the proposed Lots. This will be managed via a consent notice issued pursuant to section 221 of the Resource Management Act.

While the site is not listed on the Selected Land Use Register, Council records show that there was a soil investigation undertaken in 2001 for a building consent. This testing related to proposed Lot 4, the 2001 report was due to non confirmed historical evidence that the site or part of may have been used as a landfill. The recommendation in that report is that any proposed building area should have topsoil stripped to 300mm depth and the exposed ground carefully examined for filling. Should any development occur on Lots 1-3 then additional testing will be required to ensure that the sites are suitable for habitable use and any remediation measures to be undertaken if required.

Consent was granted with conditions.

6. **210063- Restricted Discretionary Activity. Two Lot Residential Subdivision . Date of decision 14/09/21**

The proposal was to subdivide the existing certificate of title into two fee simple lots that would easily meet the District Plan lot size standards. Lot 1 would be 1004m², with Lot 2 being 410m2 plus a 55m2 access leg.

Lot 1 would contain the existing dwelling. Lot 2 would be the vacant rear lot. The existing dwelling is fully serviced but with the new lot boundaries will not be compliant with one setback standards and falls 400mm short of the required 1.5m, this minor non compliance was signed off by the applicant by way of this consent. The existing access and driveway will remain to service the dwelling.

Lot 2 will be the rear lot and a new vehicle crossing will need to be constructed for this Lot. Proposed Lot 2 will be served by the existing access leg over Lot 2 DP 426177. A 0.9 metres strip of Lot 2 will have a right of way easement, increasing the legal access width to 4.5m which is required for 4 to 6 dwellings.

Proposed Lot 2 would easily accommodate a 12mx15m building area, along with garaging and outdoor living areas consistent with the neighbouring amenity and character. Any future dwellings would connect to Council's reticulated service networks of sewage and water, with electricity and phone available at the lot boundaries. Any stormwater would be managed onsite with soakpit design forming part of any future building consent application.

The site is typical of a residential section as shown on the enclosed plan. The site lends itself to infill subdivision and the creation of one new allotment.

Consent was granted with conditions.

7. **210067 Controlled Activity. Three Lot Rural Subdivision. Date of decision 15/09/21**

The application sought to subdivide the property into 2 lots. Lot 1 of 2.3ha, Lot 2 of 2.2ha Lot 3 of 1.3 ha, and Lot 4 of 17.6 ha (being amalgamated). No parties were deemed affected by this proposal, the application is for a controlled activity that meets minimum lot size requirements and as such is anticipated and encouraged within the planning framework.

Consent was granted with conditions.

8. **210072- Restricted Discretionary Activity. Thirteen Lot Residential Subdivision. Date of 20/09/21**

The proposal was to subdivide the existing certificate of title located on Lincoln Road into thirteen fee simple lots to be undertaken in two stages that would easily meet the District Plan lot size standards. Stage one will consist of Lot 1 of 1333m² containing the existing dwelling and garage, with the balance lot being 8561² to be developed during stage 2.

Stage 2 consists of 12 Lots ranging in size from 475m ² to 1045² all being vacant lots intended for residential development. Proposed lots 2-13 will be accessed via a new vehicle crossing off Lincoln Road the applicants were requesting an 8m (legal width) right of way as opposed to NZS4404:2010 which requires a 9m legal width. Council in its decision has rejected this 8m application as there is no physical reason not to comply with the legal width, as such our condition requires compliance with NZS4404 with a 9m wide right of way.

The application noted that the water way through the property was an extension of the Taratahi water race, however this is incorrected as it is classified as the Waikakariki Stream.

The stream is administered by GWRC and landowners and any works in the vicinity of this stream on in the bed of the stream require approval and/or consent from the GWRC. Consent was granted with conditions, this has been reflected in the conditions of the consent.

The property also falls within the Mangatarere Flood Study Area, this study area holds no statutory weight however we do register consent notices on the tile requiring that at the building consent stage future owners will be required to survey the ground level, ascertain in conjunction with the Greater Wellington Regional Council minimum floor levels for dwellings. It is also conditioned that the recommendations from Greater Wellington Regional Council shall be adopted and this information is to be provided with the building consent application.

Other matters

Many of the easy subdivisions have already been undertaken, what we are finding is that more and more of the consents are difficult or problematic which require more consideration to ensure that the best planning outcomes are met for all parties.

The number of consents lodged at the time of writing this report is over 30 more than what was lodged in 2020 where we processed 40 consents in total, we have over 70 in the system at present.

Discussion around water races and resource consents was raised at the Water Race meeting on the 15th September 2021. Given that this report refers to a property that contains a water race it was considered timely to again provide some clarification on what occurs when a property is subdivided and a water race traverses the property. In all situations unless already registered we register a consent notice under section 221 of the Resource Management Act 1991 noting the following:

The developer or property owner shall obtain the written approval of the Water race Overseer for any of the following; and/or shall provide as appropriate;

- A gate (normally 3.6m wide) in all new fences adjacent to the water race (location to be confirmed) suitable for mechanical cleaning equipment,
- Constructing or altering any culverts,
- Constructing any water take off point,
- Any alteration to the location or alignment of the water race.

By having this registered on the title it becomes a legal encumbrance that is required to be complied with.

We also add the following as advice notes as a way of further explaining obligations, an example is shown below:

- Water Race rates will apply following subdivision.
- Water races are managed by the Carterton District Council.
- The taking of water race is subject to; The Water Supply Act 1891, Water Race Bylaws 1987 and the Code of Practice – Water Races (draft 2018) that cover, restrictions, prohibitions and other requirements that may apply to the water races.
- Property Owners are reminded that the water races primarily provide a dual function to supply a source of stock water and also a supply of non-potable domestic water (water that is not of drinking quality).
- Water Races provide a managed control of the stormwater run-off from the catchments directly above them.
- The quantity of flow in the water race is regulated by the Regional Councils consent allocation determined by the source river levels at any time and that a constant flow of water in the races is not guaranteed.
- The Property Owner or Occupier shall apply for approval of the Council's Operations Manager for any alterations to the race or its structures, access for maintenance, riparian planting, or abstraction of water.
- Access for cleaning of the race needs to be planned and catered for.

We do not require fencing of the water races on the same basis that we don't require fencing of boundaries. In terms of the water races appropriate fencing sits better in a non-regulatory framework where we can encourage and promote this via our Code of Practise and other tools.

8

6.3 ANIMAL FACILITY

1. PURPOSE

For the committee to consider the path forward for the Carterton's animal facility.

2. SIGNIFICANCE

The matters for decision in this report are not considered to be of significance under the Significance and Engagement Policy.

3. BACKGROUND

There has been an extensive history of attempting to have a Wairarapa joint animal facility. Following discussions in 2014, Council set aside funding for the project in the 2015/16 financial year. Discussions continued until February 2018 when Masterton District Council (MDC) advised CDC that they no longer wanted to progress the investigation into a joint animal facility located outside of the Masterton District.

Given the withdrawal of MDC, South Wairarapa District Council advised that they too would no longer pursue the joint facility investigation. Following these decisions, CDC undertook an animal facility location study (presented to Infrastructure and Services, July 2018) to establish the optimum location for an upgraded animal facility within Carterton.

Late in 2018 the potential for a combined pound with SWDC was explored and a combined animal facility location study was undertaken (presented to Infrastructure and Services, May 2019).

In late 2019, SWDC advised that they were considering alternative options for their own animal facility with the pressing need for SWDC to have a facility closer to their high use operational area (Featherston).

One of the major difficulties in a joint animal facility has been the different operational specification requirements each Council has for the facility. MDC offered an alternative approach to comparing joint facility options, by suggesting CDC use and access their new proposed animal facility in Masterton (essentially a rental agreement for space).

4. MDC PROPOSAL

MDC have progressed their revamped animal facility project with the choice of a lead architect been made in September 2020.

An offer has been made by MDC for shared use and access to the building once completed. Of note is that the offer is not an offer of a capital contribution (i.e. ownership) nor is it a shared service, although there is nothing precluding that in the future, regardless of facility location.

The numbers supplied in by MDC in May 2021 were based on a capex spend by MDC of up to $1.7m however, final design and configurations remain a work in progress therefore making the suggested CDC numbers below indicative.

The cost allocation model assumes the fixed costs of the facility will be shared between the three Councils. The CDC percentage, as per the shared service cost agreement, is 22.4% of the estimated $142,500 per annum. This translates to a share portion of $32,000.

In addition to the fixed costs, the operating costs of the new facility are projected to be $77,800 per annum with a suggested cost allocation of 17.4%, based on the estimated number of impounded dogs in a year (75) over the total for the Wairarapa (431). This amounts to $13,500 per annum or $180.50 per dog and would fluctuate year on year.

This would amount to a total rental of $45,500 per annum.

Carterton would have the existing operational expenditure for the animal management of dogs on top of this figure and we would lose a percentage of ability to meet the expected Level-of-Service given the travel time requirements.

5. CARTERTON'S ANIMAL FACILITY

CDC officers have progressed on a potential design and specification for the Dalefield Road site. The facility has a preliminary space to hold ten pens including whelping and isolation facilities with the ability for more capacity should it be required. The plans and specifications are ready for tender should that be the option chosen.

The budget for CDC is $350k and was approved during the 2019/20 annual plan process. Initial discussions with a potential provider have elevated officer confidence that the facility can be completed within the already specified budget. However, the current construction environment is seeing increasing costs and this is remains a risk for CDC until the procurement process has been completed.

6. OPTIONS

The final dollar figure of the MDC offer for access and use of the proposed facility is determined by two main factors. One is the final overall cost of the facility and the other is contingent on SWDC being part of the cost calculation.

Conversations with SWDC indicate acceptance of MDC's offer as highly unlikely. It is probable that the CDC share of costs stipulated above would increase should this be the case, but this has not been confirmed. Additionally the final cost of the MDC building is not yet finalised, but should be in the next few months.

The rental for building space in a building of the size and value with provisions of resources that MDC are proposing, is a fair cost. However, the need for these facilities from a CDC point of view, who do not have plans to house staff on-site, are more than what is required.

The alternative is for CDC to continue with the plans to build an animal facility within the specified budget.

A CDC facility will be built in accordance with the Building Act requiring the building to have a life of no less than 50 years. Recouping the cost of the building would be within a ten-year comparison of rental costs.

7. NEXT STEPS

Officer recommendation is to work through the procurement process with the design and specification for an animal facility at Dalefield Road.

8. CONSIDERATIONS

8.1 Climate change

Climate implications with additional travel time for the MDC space compared to construction emissions have not been calculated.

8.2 Tāngata whenua

N/A

8.3 Financial impact

Financial implications will depend on the decision outcome.

An access and use agreement with MDC will increase operational costs for animal management, which are not included in our current LTP budget. Continuing with a CDC animal facility is consistent with the LTP budgets.

8.4 Community Engagement requirements

N/A

8.5 Risks

Further decision delays will likely increase final building costs

9. RECOMMENDATION

That the Committee:

1. **Receives** the report
2. **Agrees** to progress the procurement process for a Carterton District Council animal facility

File Number: **136065**

Author: **Dave Gittings, Infrastructure, Planning and Regulatory Manager**

Attachments: **Nil**

TE KAUNIHERA-Ā-ROHE O TARATAHI
CARTERTON
DISTRICT COUNCIL

6.4 WAKA KOTAHI SPEED REVIEW SUBMISSION

1. PURPOSE

For the committee to be informed on the submission to Waka Kotahi's speed review

2. SIGNIFICANCE

The matters for decision in this report are not considered to be of significance under the Significance and Engagement Policy.

3. BACKGROUND

Waka Kotahi (New Zealand transport agency) have been formally consulting on proposed new speed limits for SH2 between Masterton and Featherston. For Carterton, Waka Kotahi's proposal is set out below:

Section	Location	Existing speed limit	New speed limit
3	240m southwest of Somerset Road to 205m southwest of Andersons Line	70	70
4	205m southwest of Andersons Line to 130m northeast of the SH2 / Belvedere Road / Park Road roundabout	50	50
5	130m northeast of the SH2 / Belvedere Road / Park Road roundabout to 10m south of Seddon Street	50	40
6	10m south of Seddon Street to 50m southwest of Portland Road (current 50/100 change point)	50	50
6a	40m north of Richmond Road to 70m northeast of Moreton Road	50 (40 School Zone)	50 (30 or 40 School Zone)
7	50m southwest of Portland Road to 550m north-east of Hupenui Road. Current passing lane becomes a slow vehicle lane with wide centreline.	100	80

Mayor Greg Lang has provided a response to the consultation (**attachment 1**) on behalf of Carterton District Council.

4. CONSIDERATIONS

4.1 Climate change

N/A

4.2 Tāngata whenua

N/A

4.3 Financial impact

N/A

4.4 Community Engagement requirements

N/A

4.5 Risks

N/A

5. RECOMMENDATION

That the Council/Committee:

1. **Receives** the report

File Number: **136175**

Author: **Dave Gittings, Infrastructure, Planning and Regulatory Manager**

Attachments: **1. Speed review submission** ⇩

WE ARE CARTERTON.
CARTERTON DISTRICT COUNCIL

17 September 2021

Waka Kotahi
via email: SH2Wairarapa@nzta.govt.nz

Speed review feedback

Thank you for the opportunity to provide feedback to Waka Kotahi's consultation on proposed speed changes within the Wairarapa. We would also like to take the opportunity to thank Waka Kotahi on the considerable work that has been undertaken on safety throughout the District.

Carterton District Council (CDC) is supportive of all safety improvements, especially within the District's ever-increasingly busy State Highway. In particular, CDC see the potential of a roundabout at the intersection of Norfolk Road and SH2 as imperative and the greatest area of safety gain for the District. Council would also like explore the possibility of an additional pedestrian crossing over SH2 toward the northern end of the residential section of the town (around Kent Street).

Council accept that greater speeds increase both the likelihood of crashes and the severity of crashes when they happen. Council also recognise that a small reduction in speed can make a big difference in life safety, especially when cyclists or pedestrians are involved. However, we consider that the focus on speed reductions should come after, or at least in conjunction with, physical safety improvements. Once physical safety improvements have been implemented, we would be in a better place to evaluate the effects those changes have had and what further changes may be needed.

Council is not against speed reductions and strongly endorse these changes around schools and town centres. Council would support a continuation of the 50Kmph speed controls heading north out of the town region up to Somerset Road and 70Kmph to the existing overtaking lane. However, the balance does need to be made within a predominant rural environment that has a heavy reliance on road transport for its economic survival. Council would like to see the safety improvements made for the intermediary parts of the state highway prior to any speed reduction in these parts.

Yours Sincerely,

Greg Lang
Mayor
Carterton District Council

CARTERTON DISTRICT COUNCIL
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6.5 DUST SUPPRESSION POLICY

1. PURPOSE

For the committee to review a draft Council dust suppression policy

2. SIGNIFICANCE

The matters for decision in this report are not considered to be of significance under the Significance and Engagement Policy.

3. POLICY UPDATE

On the 4th August 2021 The Policy and Strategy Committee reviewed the dust suppression policy and asked for two amendments be made and the policy returned to the Committee for approval. The two amendments were to the life cycle of the Otta seal and Council's contribution.

4. BACKGROUND

Carterton District has 158km of unsealed roads with many being no-exit or lengthy, winding roads, serving small numbers of houses and farms. However, some roads have been experiencing increased traffic in recent years, due to an increase in population in some localities but also increased logging activity, as pine plantations in the District reach maturity and need to be harvested.

Unsealed roads can cause problems for homeowners living along those roads, mainly due to the dust generated by vehicles that use the road. For this reason, Council is often approached by members of the community requesting that specific roads are sealed. However, sealing roads is expensive costing between $300,000 and $400,000 to seal just one kilometre of road, dependent on factors such as existing surface geometry, condition, width and drainage.

As an alternative to a seal extension policy this dust suppression policy provides a more affordable option.

Property owners with houses adjacent to metal roads may apply to Council for dust suppressant adjacent to their property for a maximum length of 100 metres (minimum 50m). Council will determine the need for dust suppression or sealing using the Waka Kotahi Site Dust Risk Factors and Scores Matrix (**Attachment 1**) to inform its decision as to whether or not to contribute financially to the works. Council will consider its own contribution to funding in light of the funds available, the criteria above being met and where external funding is available.

5. DETERMINING THE NEED FOR DUST SUPPRESSION

In 2016 the NZ transport agency released an 'impacts of dust from unsealed roads report. The report has provided the basis for a methodology to pragmatically assess the level of health risk associated with individual unsealed roads. Undertaking an

assessment using the framework produces a numerical output which can then be used to determine the relative risk of harm to human health from unsealed roads.

6. SITE DUST RISK FACTORS AND SCORES

Risk factors and scores are set out in Waka Kotahi General Circular Investment: Circular 16/04 which references vehicle movements, number of dwellings per kilometre, and sensitive locations. A total desk top risk factor score is derived from the listed factors ranging from 0 to 28 with associated recommended actions. The Total Risk category is reproduced below.

Total Dust Risk	**Dusk Risk category**	**Potential benefit**	**Actions to be taken**
0 to 9	Low	Little of no benefit	End of process
10 to 19	Medium	Some benefit	Repeat with Site specific information
20 to 29	High	Likely to be beneficial	Assess mitigation suitability

- If score is 9 and below: Council will not fund 100m of semi-permanent seal.
- If score is 10 - 19: Council will consider part funding 100m of semi-permanent seal.
- If score is 20 - 28: Council will consider part funding 100m of semi-permanent sealing subject to Annual Plan & LTP funding allocation and/or Waka Kotahi contributions
- Additional Dust Mitigation measures: Temporary lower speed limits may be enacted where CDC is aware of seasonal heavy vehicle traffic such as forestry harvesting, as a way of reducing dust and damage to metal roads.

7. OTTA SEAL

A 2004 trial of the Otta seal technique in various locations in New Zealand showed that it was a better option for dust minimisation and, based on life cycle costing, a lower-cost option when compared with traditional short-term dust palliatives.

The technique is called ‘Otta seal’ because it was first developed and trialed in the Otta Valley in Norway, in 1963, as an inexpensive seal-extension treatment. After its initial success in the Norwegian trial, the use of the treatment spread throughout developing countries in Asia and Africa.

The current Dust Suppression Policy limits options to an Otta seal where appropriate for the road. The cost for an Otta seal is approximately $15 per square meter and will depend upon what work needs to be undertaken prior to sealing (usually just grading) and road width. Based on this number, a 100-meter section of a 4-metre-wide road the cost would be approximately $6,000.

It is expected the Otta sealing would have a lifespan of nine to 11 years

8. RESIDENTS CONTRIBUTION

CDC will contribute to the dust suppression sealing subject to Long-term and Annual Plan funding and Waka Kotahi contributions.

The benefit of dust suppression along lengths of unsealed road will principally be with the dwelling occupant and as such there is an expectation that they contribute to their benefit. It is expected that the applicant will pay the following contribution to the Otta seal work.

- Scores 0 - 9 a resident can fully fund the cost
- Scores 10-19 Council will part fund up to 50% of costs
- Scores 20-29 Council will part fund up to 75% of costs of the balance following Waka Kotahi contributions

Requests will be prioritised based on highest scores, and the available budget in the year.

9. APPLICATIONS

An appropriate application form will be drafted requiring applicants to specify the road and road area that is being applied for as well as a permission from any affected parties.

Allocated costs will be agreed to and signed for by the applicant.

10. CONSIDERATIONS

10.1 Climate change

There are no climate implications for this report but with climate change the occurrence of dust nuisance may increase over time

10.2 Tāngata whenua

No specific implications for Tāngata whenua

10.3 Financial impact

The draft dust suppression policy has not been allowed for in the new three-year Waka Kotahi funding round

10.4 Community Engagement requirements

None for this report

10.5 Risks

There are potential risks in not being able to undertake the work within residents time expectations.

11. RECOMMENDATION

That the Committee:

1. **Receives** the report
2. **Adopts** the dust suppression Policy for Carterton District Council to take effect following the adoption of the 2022/23 Annual Plan

File Number: **136275**

Author: **Dave Gittings, Infrastructure, Planning and Regulatory Manager**

Attachments: **1. Dust Risk Factors and Scores Matrix ⇩**

NZ TRANSPORT AGENCY WAKA KOTAHI

General Circular Investment: No 16/04

Subject	**Release of an approved methodology for assessing the merits of undertaking dust mitigation and how this fits within the investment assessment process for the Road Maintenance Activity Classes.**
Circulation	Asset Managers (all Approved Organisations) NZTA (State Highways) Local Government New Zealand Office of the Auditor General
Circulated by	Bob Alkema – National Manager Investment
Date	5 August 2016

PURPOSE

To advise approved organisations and other stakeholders of an approved methodology for determining the merits of undertaking dust mitigation related maintenance activities and how this links to the investment assessment criteria for and funding within the Road Maintenance Activity Classes (Local Road and State Highway maintenance).

BACKGROUND

The recently released NZ Transport Agency research report 590, Impacts of exposure to dust from unsealed roads, (the Report) gave good grounds to review the Agency's investment assessment process to consider the preferred approach to investment in dust mitigation.

The Transport Agency acknowledges there may be a case for road controlling authorities (RCAs – approved organisations and the Transport Agency for State Highways) to consider investing in dust mitigation based on responsibilities under the Resource Management Act, 1991 and National Environmental Standards to mitigate the impact of dust caused by transport.

SITE DUST ASSESSMENT FACTORS

The Report has provided the basis for a methodology to pragmatically assess the level of health risk associated with individual unsealed roads. Undertaking an assessment using the framework produces a numerical output which can then be used to determine the relative level of risk of harm to human health from unsealed roads.

The methodology is to first assess whether there is a need to mitigate road dust for a particular section of road using Table 1. The site dust risk score is calculated by totalling the scores for each of the 11 individual factors.

The site dust risk score will fall into one of three dust risk categories detailed in Table 2. Table 2 provides a first order assessment on the potential benefits gained by mitigating that section of unsealed road and indicates what action (if any) is needed to complete the decision-making process.

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HOW DOES DUST MITIGATION FIT WITHIN THE INVESTMENT ASSESSMENT CRITERIA FOR MAINTENANCE?

Investment in dust mitigation measures is an eligible activity under the local road and state highway road maintenance activity classes to which this guidance pertains.

Proposals to invest in dust mitigation during the current NLTP that are identified in the "High" dust risk category will probably be eligible for funding while "Medium" identified assessments may possibly be funded. As with all road maintenance activities an RCA's decision to consider investing in dust mitigation should be based on a robust least cost whole of life net present value assessment. This will determine the optimal maintenance treatment, including application of dust suppression treatments or sealing.

HOW COULD DUST MITIGATION BE FUNDED IN THE NLTP?

RCAs will be responsible for determining the optimal balance of the scope, timing and expenditure within their approved road maintenance allocation. Please discuss any proposed dust mitigation within your current approved road maintenance allocation (2015 - 2018) and the impacts on your wider network maintenance programme with your Regional Planning and Investment staff.

Should an RCA determine there is merit in investing in dust mitigation but that it does not have the ability to fund this within the current approved maintenance allocation then a cost scope adjustment must be applied for in the usual way. As with all cost scope adjustments the ability of the Transport Agency to support the request for additional funding in part or full will be subject to there being a robust case (based on the attached methodology and NPV calculation) for investment and funding being available in the relevant activity classes.

Requests for funding assistance for dust mitigation in future NLTPs will be considered as part of the overall road maintenance negotiations with each RCA and will be subject to all the applicable funding criteria for the relevant NLTP.

Any investment through the NLTP in dust mitigation will be at the RCA's normal funding assistance rate.

ENQUIRIES

All enquiries relating to this circular should be directed to your local New Zealand Transport Agency, Planning and Investment Manager.

ATTACHMENTS

Attachment 1: Site dust risk factors and scores

Attachment 2: Dust risk category and action to be taken

Bob Alkema

National Manager Investment

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TABLE 1 (based on research report 590 table 7.1)

SITE DUST RISK FACTORS AND SCORES

Risk factor/score	0	1	2	3	4	5
Traffic						
5 day AADT of HCVs	0	1-5	6-10	11-25	26-50	More than 50
Speed limit of HCVs (km/h)	No HCVs	20 km/hr	50 km/h or greater			
5 day AADT of LDVs	Less than 100	101-300	More than 300			
Speed of LDVs (km/h)	Less than 50	50-70	Greater than 70			
Receptors (within 80m of roadway)						
Number of dwellings (houses/km)	0	1	2-4	5-7	8-10	More than 10
Other locations where people are likely to be exposed. (eg schools, marae, or hospitals) (sensitive locations/km)	None	1-2	3 or more			
Ecologically sensitive areas such as rare species habitats or wetlands (sensitive locations/km)	None	1-2	3 or more			
Horticultural sensitive areas such as fruit orchards (sensitive locations/km)	None	1-2	3 or more			
Site characteristics						
Location of roadway	Open plains or costal area	Some land features likely to slow winds	Inland enclosed valley			
Frequency of rain days (>5mm)	More than 2 events per week	0-1 events per week	Less than one event every two weeks			
Longevity of logging route use	Not a logging route	1-2 years	Longer than 3 years			

Notes to table: from research report 590

HCV heavy duty vehicle - vehicle with a gross vehicle mass of greater than 3,500kg (N.B the research report uses HDV; we have amended this to HCV to reflect more common terminology in the sector).

LDV light duty vehicle - vehicle with a gross vehicle mass of less than 3,500kg

The five-day (Monday to Friday) AADT for HCVs and LDVs is used as the traffic risk factor because this metric provides the strongest indicator of HCV activity.

Speed limit criterion of 20km/hr for HCVs were used as a threshold means of determining potential dust mitigation through reducing speed of HCVs and are a treatment option that should be considered in all cases.

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TABLE 2 (based on research report 590 Table 7.2)

DUST RISK CATEGORY AND ACTION TO BE TAKEN

Total dust risk score	Dust risk category	Potential benefit from dust mitigation	Action to be taken
0 to 9	Low	Little or no benefit from mitigation.	End of decision-making process.
10 to 19	Medium	There may some benefit from mitigation.	Return to and repeat the 'Site dust risk factors and scores' with refined site-specific information.
20 to 28	High	There is likely to be a benefit from mitigation.	Complete assessment of suitable mitigation options.

6.6 WAIRARAPA ECONOMIC DEVELOPMENT ARRANGEMENTS

1. PURPOSE

For the Committee to agree to proceed with Option 2 as the new economic development arrangements for Wairarapa.

2. SIGNIFICANCE

The matters for decision in this report are not considered to be of significance under the Significance and Engagement Policy.

3. BACKGROUND

In June 2020, a review was commissioned on behalf of the three Wairarapa Councils, to consider the arrangements for economic development in the Wairarapa and to consider the case for changing the current arrangements.

The review identified the status quo is no longer sufficient and that new arrangements are needed to respond to the economic implications of the significant changes that are now facing local government across New Zealand, including the three waters agenda, the reform of the RMA, the future of local government review and the replacement of the Provincial Growth Fund with a new Regional Strategic Partnership Fund.

In addition, there is also a need to consider the implications associated with the establishment of the new Wellington Regional Leadership Committee, the development of a new Wellington Regional Economic Strategy, and the appointment of a new independent chair for the Wairarapa Economic Development Strategy and Action Plan, as well as the ongoing impacts of the Covid-19 pandemic.

Together, these developments all reinforce the need of a pragmatic set of economic development arrangements that can deliver on current priorities and flexibly respond to anticipated changes, without ruling out the need for further refinements in the future.

4. ANALYSIS AND ADVISE

The final report, which was completed in September 2020, identified several alternative delivery arrangements for economic development and recommended that a new Wairarapa Economic Development Agency, incorporating both economic development and destination marketing activities, should be established as a joint CCO.

The report also identified a programme of work that would be required to implement this option including the need for upfront investment in the establishment and operation of the new CCO, as well as the need for further consultation with impacted organisations.

Upon consideration of the report and the recommendations, it was not possible to reach unanimous agreement across the Councils and the decision was taken not to pursue the establishment of a new CCO.

Further work was undertaken to explore the possibility of entering a Service Level Agreement or Contract for Services arrangement with WellingtonNZ, which would see integrated economic development and destination management activities provided across the Wairarapa through a local office. This proposal would cover economic development and tourism investment from the three Wairarapa District Councils, including the current investment into Destination Wairarapa, the WEDSAP and a proportion of Greater Wellington Regional Council's targeted rate for economic development which is used to fund WellingtonNZ's regional activities.

Under this proposal, WellingtonNZ would also continue to carry out its current regional activities, including those that relate to the Wairarapa (for example, international destination marketing) and would provide the back-office support associated with establishment of a local office in the Wairarapa. Key to the proposed arrangements are that Destination Wairarapa would retain its RTO status and that its brand would remain visible.

Advice on the proposal was provided to the Wairarapa District Councils by Martin Jenkins based on whether and how such an arrangement would be workable, identifying the risks, opportunities and benefits, as well as the implications of the arrangements for Destination Wairarapa and for the governance of council investment into economic development and tourism activities.

a result of the review, Council Chief Executives explored the possibility of entering a Service Level Agreement or Contract for Services arrangement with WellingtonNZ, which would see integrated economic development and destination management activities provided across the Wairarapa through a local office.

It was proposed that the service agreement would cover economic development and tourism investment from the three Wairarapa Councils, including the current investment into Destination Wairarapa, the Wairarapa Economic Development Strategy and Action Plan (WEDSAP) and a proportion of Greater Wellington Regional Council's targeted rate for economic development which is used to fund WellingtonNZ's regional activities.

WellingtonNZ would also continue to carry out its current regional activities, including those that relate to the Wairarapa (for example, international destination marketing) and would provide the back-office support associated with establishment of a local office in the Wairarapa. Key to the proposed arrangements are that Destination Wairarapa would retain its RTO status and that its brand would remain visible.

Advice on the proposal was provided to the Wairarapa councils by Martin Jenkins based on whether and how such an arrangement would be workable, identifying the risks, opportunities and benefits, as well as the implications of the arrangements for Destination Wairarapa and for the governance of council investment into economic development and tourism activities (**Attachment 1**).

5. OPTIONS

Two options have been identified for implementing the proposal through a service level agreement (SLA):

Option 1: Destination Wairarapa becomes a team within WellingtonNZ and WellingtonNZ is responsible for the delivery of all destination and economic development activities.

Option 2: Destination Wairarapa remains as a separate entity but WellingtonNZ establishes a presence in the Wairarapa and provides back-office support.

The advantages, disadvantages, and risks are outlined in (**Attachment 1**).

Option 2 is recommended. Under this option, the three Wairarapa District Councils would work with both entities under a Service Level Agreement arrangement that would involve:

- Destination Wairarapa to provide local marketing and promotion services.
- WellingtonNZ to provide economic development services and international marketing services for the Wairarapa, including a physical presence, and back-office services to underpin this and for Destination Wairarapa.

Under this model, Destination Wairarapa would continue as a separate RTO, as an incorporated society and with its own Board (noting that Destination Wairarapa is also a Council organisation).

The main differences to the status quo under this model would be that WellingtonNZ would provide additional economic development services and have staff in the Wairarapa, co-located with Destination Wairarapa, operating through a Service Level Agreement with the three Wairarapa District Councils. Currently WellingtonNZ delivers activities in the Wairarapa through the targeted regional rate and under its agreement with Greater Wellington Regional Council and Wellington City Council.

The main advantages of this option are that it is relatively straightforward to implement and limits the risk of a drop-off in destination funding. Destination Wairarapa can retain its existing membership base, sponsorship, expertise and identity. There is no need for or risk of a drawn-out consultation and disestablishment process.

This option has advantages in that it also draws on the existing resources, capability and processes of WellingtonNZ and expands their reach and services into the Wairarapa. The Service Level Agreement would enable Councils to be more specific about the economic development activities they want delivered in the region through WellingtonNZ. In addition, the Councils will maintain oversight and governance influence over DW given it retains its CO status.

There may be some efficiencies from WellingtonNZ taking over some back-office functions of Destination Wairarapa given that it has greater scale and has likely more efficient operational processes.

Current perceptions about WellingtonNZ support not being sufficiently tailored to the region may be mitigated under this option through there being both a physical presence and Destination Wairarapa being maintained as a separate entity.

6. NEXT STEPS

If all three Wairarapa District Councils agree on Option 2: Destination Wairarapa remains as a separate entity but WellingtonNZ establishes a presence in the Wairarapa and provides back-office support, next steps will involve:

- The development of a Service Level Agreement between the three Wairarapa District Councils and Destination Wairarapa;
- The development of a Service Level Agreement between the three Wairarapa District Councils and WellingtonNZ;
- Confirmation of cost share arrangements by the three Wairarapa District Councils including confirming the proportion of funding from the regional rate that would be allocated to support Wairarapa specific activities and the mechanism/s for this to occur.

7. CONSIDERATIONS

7.1 Climate change

The decision is not considered to have climate change impacts.

7.2 Tāngata whenua

While local iwi representatives did not comment on the proposal, there are existing relationships with councils and Destination Wairarapa, and recognised economic and cultural opportunities and benefits for mana whenua.

7.3 Financial impact

The three Wairarapa District Councils will need to confirm a cost share arrangement as part of the development of the new Service Level Agreements with both Destination Wairarapa and WellingtonNZ. This will include a review of the current funding arrangements with Destination Wairarapa and confirming the proportion of funding from the regional rate that would be allocated to support Wairarapa specific activities and the mechanism/s for this to occur.

7.4 Community Engagement requirements

Officers consider that the matters for decision in this report are not considered to be of significance under the Significance and Engagement Policy.

Iwi Chairs and key stakeholders, including Destination Wairarapa and WellingtonNZ have been either invited and/or participated in the review process.

7.5 Risks

As outlined in **Attachment 1**.

8. RECOMMENDATION

That the Committee:

1. **Receives** the report.
2. **Notes** that a review of the current economic development arrangements in the Wairarapa, commissioned by the three Wairarapa District Councils, is complete;
3. **Agrees** to proceed with Option 2: Destination Wairarapa remains as a separate entity but WellingtonNZ establishes a presence in the Wairarapa and provides back-office support;
4. **Notes** that joint agreement by the three Wairarapa District Councils is required to move forward with Option 2: Destination Wairarapa remains as a separate entity but WellingtonNZ establishes a presence in the Wairarapa and provides back-office support;
5. **Notes** that the above option will require the development of Service Level Agreements between the three Wairarapa District Councils and Destination Wairarapa, and the three Wairarapa District Councils and WellingtonNZ; and
6. **Notes** that that a new Service Level Agreement between the three Wairarapa District Councils and Destination Wairarapa will supersede the current Memorandum of Understanding between the three Wairarapa District Councils and Destination Wairarapa.

File Number: **136278**

Author: **Glenda Seville, Community Services Manager**

Attachments: **1. Wairarapa Economic Development Arrangements - MJ Review June 2021** ⇩

Wairarapa Economic Development Arrangements

Introduction

In June 2020, MartinJenkins was commissioned by Masterton District Council, on behalf of the three Wairarapa Councils, to review the arrangements for economic development in the Wairarapa and to consider the case for changing the current arrangements.

The final report, which was completed in September 2020, identified several alternative delivery arrangements for economic development and recommended that a new Wairarapa Economic Development Agency, incorporating both economic development and destination marketing activities, should be established as a joint CCO.

The report also identified a programme of work that would be required to implement this option including the need for upfront investment in the establishment and operation of the new CCO, as well as the need for further consultation with impacted organisations.

Upon consideration of the report and the recommended upon, it was not possible to reach unanimous agreement across the Councils and the decision was taken not to pursue the establishment of a new CCO. However, the key factors driving the original review have remained unchanged and there is still a recognition across the Councils that the status quo is no longer sufficient.

New arrangements will also need to respond to the economic implications of the significant changes that are now facing local government across New Zealand, including the three waters agenda, the reform of the RMA, the future of local government review and the replacement of the Provincial Growth Fund with a new Regional Strategic Partnership Fund.

In addition, there is also a need to consider the implications associated with the establishment of the new Wellington Regional Leadership Committee, the development of a new Wellington Regional Economic Strategy, and the appointment of a new independent chair for the Wairarapa Economic Development Strategy and Action Plan, as well as the ongoing impacts of the Covid-19 pandemic.

Together, these developments all reinforce the need of a pragmatic set of economic development arrangements that can deliver on current priorities and flexibly respond to anticipated changes, without ruling out the need for further refinements in the future.

Scope

Considering the above, the Council Chief Executives have been exploring the possibility of entering a Service Level Agreement or Contract for Services arrangement with WellingtonNZ, which would see integrated economic development and destination management activities provided across the Wairarapa through a local office.

This proposal would cover economic development and tourism investment from the three Wairarapa Councils, including the current investment into Destination Wairarapa, the Wairarapa Economic Development Strategy and Action Plan (WEDSAP) and a proportion of Greater Wellington Regional Council's targeted rate for economic development which is used to fund WellingtonNZ's regional activities.

Under the proposal, WellingtonNZ would also continue to carry out its current regional activities, including those that relate to the Wairarapa (for example, international destination marketing) and would provide the back-office support associated with establishment of a local office in the Wairarapa. Key to the proposed arrangements are that Destination Wairarapa would retain its RTO status and that its brand would remain visible.

MartinJenkins have been asked to review the proposal and to provide targeted advice to the Wairarapa councils based on whether and how such an arrangement would be workable, identifying the risks, opportunities and benefits, as well as the implications of the arrangements for Destination Wairarapa and for the governance of council investment into economic development and tourism activities. It is important to note that the scope of this review was focused on options for implementing the proposal set out above and that we are not revisiting the recommendations of our original review.

Process

In undertaking this review, we have:

- Reviewed the material provided to us by Masterton District Council that sets out the proposals developed by the Council CEOs to enter a Service Level Agreement with WellingtonNZ.
- Reviewed our previous report findings and recommendations and considered the changes to the operating context since the review was completed.
- Interviewed each of the Wairarapa Mayors, the independent chair of the WEDSAP, WellingtonNZ's General Manager, Regional Development Destination and Attraction, and the Chair and General Manager of Destination Wairarapa.

In addition, local iwi representatives were also contacted, and the offer of an interview made to discuss the proposals. However, these offers were not taken up at the time of preparing this report.

Assumptions

Recognising the targeted nature of this assessment, it is assumed that, as per our earlier report and recommendations, the three Wairarapa Councils want to support and oversee a range of current destination and economic development activities but also are seeking to support additional activities as shown in Table 1 below.

Table 1: Proposed economic development and destination activities in the Wairarapa

Current activities	New activities
Current WellingtonNZ activities delivered in the Wairarapa or that benefit the Wairarapa: • Support for WEDS programme management • Delivery of the Regional Business Partnership programme • Support for the Regional Trails framework and related events • International destination marketing activities (e.g., agent training, hosting famils, representing Wairarapa at trade events) • Hosting Wairarapa content on the regional destination website • Regional Film Office activities (promotion of area as a screen location) • International student attraction • Sector support programmes • Support for specific projects (e.g., on workforce development) Current DW activities: • Domestic Marketing (web content, media and social media campaigns, content for WellingtonNZ and Tourism NZ) • Product development support for local tourism operators • Host media, famils, trade teams • Work on specific WEDS deliverables: Destination Strategy, Food Tourism Event, Wairarapa Moana and Castlepoint developments • Provide an online Wairarapa events calendar • Represent the Wairarapa in the Business Events market • Represent the Wairarapa in the Inbound market • Host the Wairarapa economic information on Buy & Invest, Live & Work and Study on the website • Manage the i-SITEs (Masterton, Martinborough).	• Strategic advice/leadership • Augmented WEDSAP support • Industry development activities: – additional activities to support the delivery of the WEDSAP priorities, for example, on added value food & beverage and Dark Skies leverage • Investment attraction & facilitation activities: – additional activities to support the food and beverage investment plan and businesses cases for additional regional development funding from government in transformation projects. • More tailored local economic and business intelligence

In addition, recognising some of the changes that have occurred since the completion of our initial review, it is also assumed that:

- At the regional level, the new Wellington Regional Leadership Committee will play a key governance role in the overall arrangements for regional economic development across the Greater Wellington Region, including the allocation of the regional targeted rate for economic development.
- The Wairarapa Committee will be a key Council Committee for considering matters of strategic importance to the Wairarapa.
- WellingtonNZ's preparation of a new regional economic development plan will be informed by the WEDSAP (and its proposed refresh) and that these documents will both inform future regional and local economic development activities.

- Similarly, destination management activities will be informed by the forthcoming Destination Management Plans for the region and the Wairarapa.

Assessment of options involving a Service Level Agreement with WellingtonNZ

We have identified two practical organisational arrangements for implementing the proposal through a Service Level Agreement (SLA). These options differ in the extent of activity covered by the SLA and whether Destination Wairarapa retains its independence as a separate RTO, or whether it is fully integrated into WellingtonNZ, while retaining its RTO status. The following describes the options and provides our assessment of the advantages and disadvantages of each option.

Option 1: Destination Wairarapa becomes a team within WellingtonNZ and WellingtonNZ is responsible for the delivery of all destination and economic development activities

Under this option the three Councils would contract with WellingtonNZ to deliver a full range of economic development and destination management and promotion activities in the Wairarapa. Destination Wairarapa would wind down as an incorporated society but there would continue to be a separate Wairarapa destination brand and RTO identity, operating as a team within the local office. Wellington NZ would have a physical presence in the Wairarapa, building on the current Destination Wairarapa team.

For this model to work effectively, a proportion of the current economic development funding provided through rates from the three Wairarapa districts would need to be ring-fenced and attributed to WellingtonNZ's operations in the Wairarapa (noting that there are also some cross regional activities that are supported by the rate which would need to remain).[1]

Advantages

A key advantage of this option is that there would be a single arrangement and entity overseeing all economic development and destination services in the area, which will ensure alignment between the activities and enable a fuller range of expertise to be brought to bear on key local projects. For example, this office could provide a combination of marketing, product development and business case expertise in developing a programme of activity to leverage the Wairarapa's Dark Sky status.

This arrangement will also better ensure alignment between regional Wellington and local Wairarapa activities across all economic development and destination management & marketing activities.

Having an SLA will enable the three Councils to have improved oversight over economic development activities delivered in the Wairarapa, as local activities and associated funding would be specified through the Agreement. Currently it is not clear how the targeted rate funding specifically contributes to WellingtonNZ activities in the area.

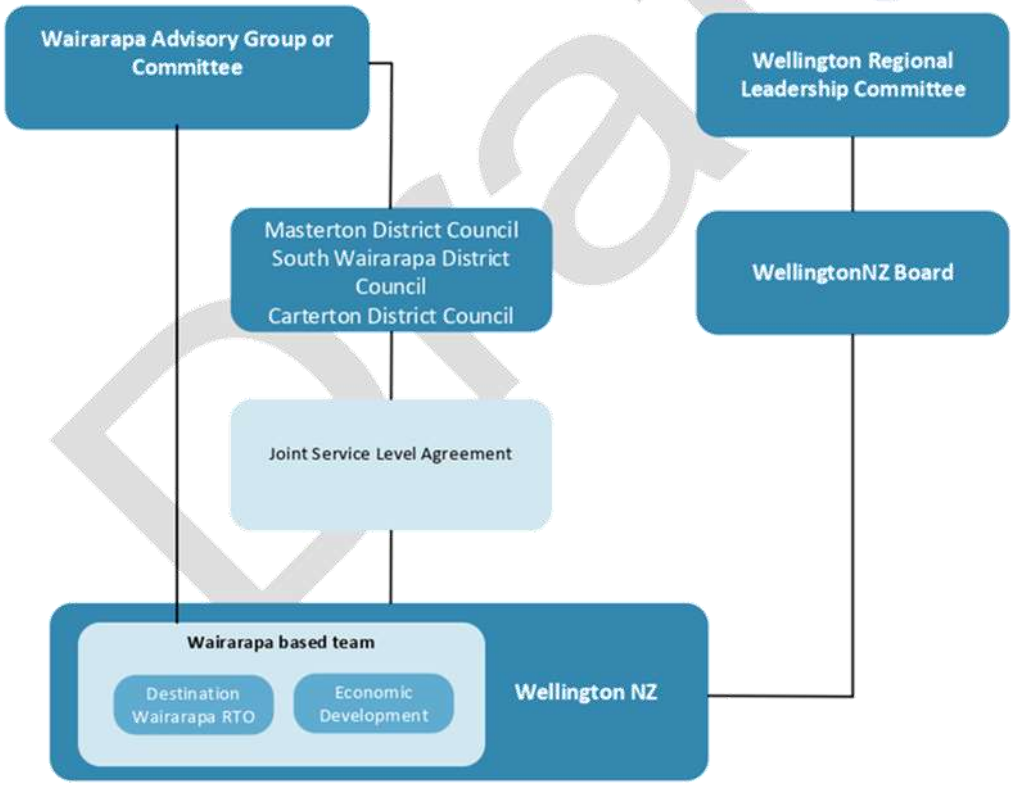
[1] Note that this option differs slightly to the current Great South arrangement that has taken over the Fiordland RTO and operates it as an "RTO within an RTO" as Great South is a joint CCO of all relevant Councils, unlike WellingtonNZ.

The retention of a local RTO status would mean that the Wairarapa would remain eligible for any future investment from the Strategic Tourism Assets Protection Programme (STAPP) or any future government investment into RTOs.

The single arrangement and SLA should keep administration costs relatively low, although it may be desirable to identify a lead local Council to oversee ongoing monitoring on behalf of the three Councils.

Governance and accountability arrangements under this option could be relatively simple. We would propose that the Wairarapa team report on its activities to a local Advisory Group or Committee, involving representatives from the three Councils, businesses and iwi. This could be the WEDS Governance Group with an extended mandate or an expanded Wairarapa Committee (the latter would require a change to the current TOR of the Committee and an expansion of its membership to include business representation). WellingtonNZ would still report to its Board and the Leadership Committee for its broader regional activities.

Figure 1. Potential accountability arrangements for Option 1



Finally, the arrangement ensures Councils have oversight but that there continues to be arms-length delivery, consistent with good principles for economic development activity (as discussed in our previous report).

Risks/disadvantages

There will be risks and costs associated with shifting functions from Destination Wairarapa as an incorporated society to WellingtonNZ and maintaining an internal RTO within WellingtonNZ.

This option would require Destination Wairarapa to wind down as an incorporated society and there may be a risk that members will not agree and hence the potential for negative publicity and a drawn out process (under its Constitution, dissolution of Destination Wairarapa requires agreement by at least two-thirds of financial members). This option would require close consultation with members and clear communication about the implications and benefits for local destination management and marketing activities. There are also likely to be some employment related costs and potential costs associated with a transfer of assets and the potential for a loss of capability within Destination Wairarapa.

In addition, the new arrangement may result in the loss of a proportion of existing funding and sponsorship due to the cessation of its membership and independence. In this regard, while the Wairarapa Council's provide most of the Destination Wairarapa's current funding, it does receive funding from members and from the Trust House - in 2020, membership funding was around $55,000 or close to 7 percent of total revenue and funding through the Trust House was $160,000 or close to 20 percent of total revenue. Membership funding could theoretically be retained, noting that WellingtonNZ also has a membership programme and that there are already some businesses from the Wairarapa who have taken this up, or replaced with partnership funding in marketing initiatives. However, the funding from the Trust House may be more at risk in that the Trust will explicitly only fund non-profit organisations under its Grants Policy (e.g., incorporated societies, charitable trusts and Councils) and given WellingtonNZ is structured as a company they may not be eligible. Should the Trust House see the benefit of continuing to invest in local destination promotion and related activities, there may well be ways to address this, but it is appropriate to raise this as a potential risk.

Another risk is that any existing beliefs about WellingtonNZ's performance in delivering economic development support in the Wairarapa by businesses and the broader public may continue in the short-term with this option. For example, there may be initial perceptions that the organisation will not be sufficiently focused on or representative of the Wairarapa, even with a Wairarapa office. In addition, it is likely that the WellingtonNZ culture will dominate the local office over the longer-term (which may be positive or negative).

In terms of accountability arrangements, WellingtonNZ already reports through to the WellingtonNZ Board and the Wellington Regional Leadership Committee. This option does entail additional administration costs on top of WellingtonNZ's existing arrangements as its Wairarapa team would be reporting separately through to the local advisory group or committee. However, this does not represent an increase in overall compliance costs given that Destination Wairarapa currently reports through to a separate Board.

This option also does not entail a fresh start and it may be harder to get the balance of destination marketing and other economic development activities right or the ability for Councils to tailor engagement, prioritisation and monitoring arrangements from the outset. Activities and arrangements would need to be developed on top of the preferences inherent in the existing WellingtonNZ.

The Councils will effectively only have contractual control. Although they would have greater oversight of the delivery of economic development activities in the Wairarapa through the SLA, they will have no major say in influencing the overall strategy of WellingtonNZ (other than through representation on the Wellington Regional Leadership Committee).

Option 2: Destination Wairarapa remains as a separate entity but WellingtonNZ establishes a presence in the Wairarapa and provides back-office support

Under this option, the three Councils would contract with both:

- Destination Wairarapa to provide local marketing and promotion services.
- WellingtonNZ to provide economic development services and international marketing services for the Wairarapa, including a physical presence, and back-office services to underpin this and for Destination Wairarapa.

Under this model, Destination Wairarapa would continue as a separate RTO, as an incorporated society and with its own Board (noting that Destination Wairarapa is also a Council organisation).

The main differences to the status quo under this model would be that WellingtonNZ would provide additional economic development services and have staff in the Wairarapa, co-located with Destination Wairarapa, operating through a SLA with the three Councils. Currently WellingtonNZ delivers activities in the Wairarapa through the targeted regional rate and under its agreement with GWRC and WCC.

As with Option 1, for this model to work effectively, a proportion of the current economic development rateable funding provided through the three Wairarapa districts for regional activity would need to be ring-fenced for the SLA with WellingtonNZ.

Advantages

The main advantages of this option are that it is relatively straightforward to implement and limits the risk of a drop-off in destination funding. Destination Wairarapa can retain its existing membership base, sponsorship, expertise and identity. There is no need for or risk of a drawn-out consultation and disestablishment process.

This option has several of the advantages of option 1 in that it also draws on the existing resources, capability and processes of WellingtonNZ and expands their reach and services into the Wairarapa. The SLA would enable Councils to be more specific about the economic development activities they want delivered in the region through WellingtonNZ. In addition, the Councils will maintain oversight and governance influence over DW given it retains its CO status.

There may be some efficiencies from WellingtonNZ taking over some back-office functions of Destination Wairarapa given that it has greater scale and has likely more efficient operational processes (for example, for HR and accounting). However, these will not be as large as would be the case under option 1.

Current perceptions about WellingtonNZ support not being sufficiently tailored to the region may be mitigated under this option through there being both a physical presence and Destination Wairarapa being maintained as a separate entity.

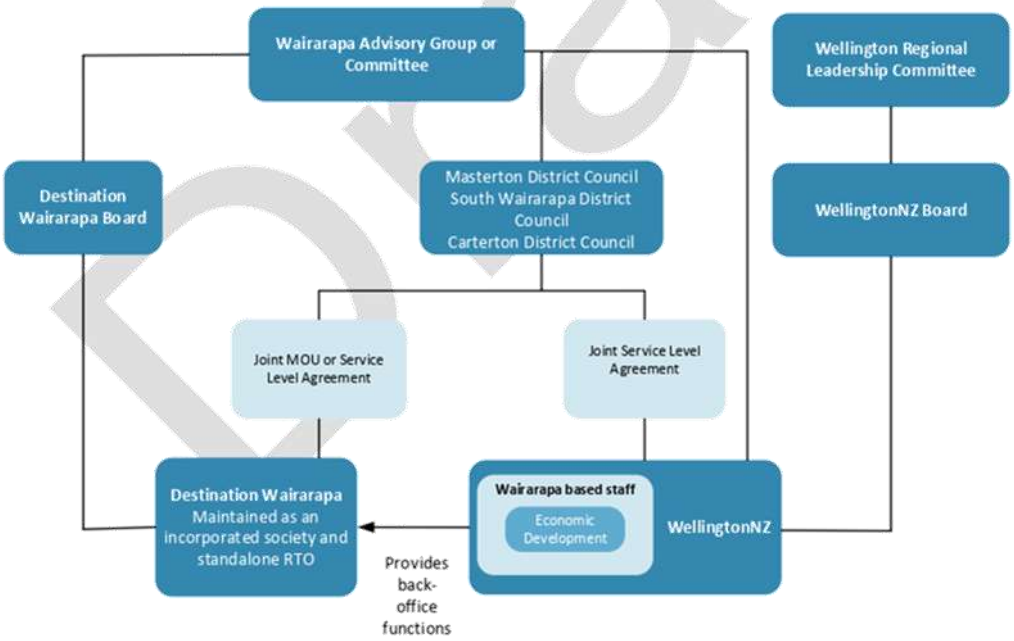
Although not as administratively simple as option 1, this option is still reasonably simple in that there would effectively be two SLAs.

Risks/disadvantages

The main potential disadvantage of this option is that there may continue to be difficulties in aligning economic development and destination activities and regional and local activities given that Destination Wairarapa retains a separate governance and management structure from WellingtonNZ. Although the Destination Wairarapa and WellingtonNZ teams would be co-located they will have different reporting and accountability lines. Whether effective coordination and alignment is achieved will come down to informal working relationships. In addition, the arrangement does not signal that the region has a coordinated economic development perspective and central government may be more reluctant to engage with two entities rather than one.

As noted, the Councils will have to develop, agree on and monitor two SLAs rather than one, so there will be some additional administration costs to the Councils. The accountability arrangements under this option are more complex than option 1. The combined Destination Wairarapa and WellingtonNZ office would effectively have three reporting lines – to the Destination Wairarapa Board, to the WellingtonNZ Board and to a local advisory group or Council Committee (as was discussed under option 1). Figure 2 provides an illustration of what the arrangements could entail under this option.

Figure 1. Potential accountability arrangements for Option 2



As with option 1, although the Councils will continue to have an ownership role with destination activities through Destination Wairarapa, the Councils would effectively only have contractual oversight over economic development activities. \

As set out above, each of the options, while based around an SLA model, has different advantages and disadvantages, as summarised in Table 2 below. Overall, option 2 is more practical and straightforward to implement in the short-term but may be less effective and more costly in the long-run.

Table 2: Summary of advantages and disadvantages

	Option 1 – Destination Wairarapa integrated into WellingtonNZ	Option 2 – Destination Wairarapa independent from WellingtonNZ
What are the major advantages of this option?	• Better able to align regional and local economic development efforts and economic and destination activities • Councils have improved oversight of local economic development activities • Relatively simple governance and accountability arrangements • Simpler arrangements for resourcing and staff management • Retains brand of Destination Wairarapa and separate RTO status	• Straightforward to implement • Destination Wairarapa retains its identity, membership and funding sources • Leverages capability and capacity of both WellingtonNZ and Destination Wairarapa • WellingtonNZ better able to tailor services through local presence • Enables Councils to specify economic development activities • Councils maintain CO oversight over local destination activities
What are the major disadvantages of this option?	• Will require agreement amongst existing Destination Wairarapa membership to change • Likely employment related costs and potential loss of destination capability • Potential risk to membership funding and Trust House funding to Destination Wairarapa • Potential for WellingtonNZ culture and preferences to dominate • Some disruption of existing services likely • May not be seen as locally representative • Councils only have contractual oversight over all activities	• More difficult to align economic development and destination activities and local and regional activities • Councils have to administer two service level agreements • Additional accountability and reporting costs • Does not signal coordinated view to central government • Councils only have contractual oversight over economic development activities

Implementation considerations

While there are some differences between each of the identified options there are some common implementation issues and risks that would need to be considered and managed. These issues are set out in Table 3.

Table 3: Implementation Issues

Issue	Description
Consultation	Either option will require future consultation with key stakeholders and/or impacted parties including: • Destination Wairarapa Board, Members and Staff • Trust House • WellingtonNZ Board • Greater Wellington Regional Council • WEDSAP Independent Chair
Funding	Confirmation of the total amount and division of funding for either option is required, including clarity of operational funding for the enhancements proposed under each option. There is also a need to confirm the proportion of funding from the regional rate that would be allocated to support Wairarapa specific activities and the mechanism for this to occur.
Membership	Under either option, consideration needs to be given to how membership is retained and enhanced to enable ongoing private sector investment in the activities associated with the new arrangements.
SLA Development	Development of SLA including working through in more detail the services (including administration services) being purchased and the funding from each Council.
Governance	Confirmation of governance arrangements associated with each option, which as a minimum should include: • Developing appropriate arrangements for accountability and reporting, considering – Relevant roles of Wellington Regional Leadership Committee, Wairarapa Committee, WellingtonNZ Board, WEDSAP Governance Group – Changes to relevant terms of reference as appropriate to reflect above

7 KARAKIA WHAKAMUTUNGA

MINUTES OF CARTERTON DISTRICT COUNCIL POLICY AND STRATEGY COMMITTEE MEETING HELD AT THE CARTERTON EVENTS CENTRE, 50 HOLLOWAY STREET, CARTERTON ON WEDNESDAY, 29 SEPTEMBER 2021 AT 11.00AM

PRESENT: Cr Robyn Cherry-Campbell (Acting Chair), Cr Rebecca Vergunst (Chair), Mayor Greg Lang, Cr Steve Cretney, Cr Brian Deller, Cr Jill Greathead, Cr Rob Stockley, Cr Dale Williams

IN ATTENDANCE – HURUNUI-O-RANGI MARAE REPRESENTATIVE

Rīhi Clarke-Reiri

IN ATTENDANCE: Geoff Hamilton (Chief Executive) Infrastructure, Dave Gittings (Planning and Regulatory Manager), Geri Brooking (People and Wellbeing Manager), Glenda Seville (Community Services and Facilities Manager), Tony Pritchard (Asset Engineer), Solitaire Robertson (Senior Planner), Elisa Brown (Communications and Engagement Advisor), Serah Pettigrew (Democratic Services Officer), and Robyn Blue (Democratic Services Officer)

1 KARAKIA TIMATANGA

The meeting was opened with a Karakia led by Cr Rob Stockley.

2 APOLOGIES

An apology was received from Cr Russell Keys.

MOVED

The apology be received

Cr Rob Stockley / Cr Dale Williams

CARRIED

3 CONFLICTS OF INTERESTS DECLARATION

There were no conflicts on interest.

4 PUBLIC FORUM

Nancy Blackman, Carterton resident, addressed the Policy and Strategy Committee meeting on the Three Waters Reforms and said she did not support it. She did not agree with the regional grouping for Wairarapa and said that smaller councils were better suited to deal with local issues.

Ron Shaw, Carterton resident addressed the Policy and Strategy Committee meeting on the Three Waters Reforms and said he did not support it. He said the proposal was flawed and was being rushed through, and that the community should be consulted.

5 CONFIRMATION OF THE MINUTES

5.1 MINUTES OF THE POLICY AND STRATEGY COMMITTEE MEETING HELD ON 4 AUGUST 2021

MOVED

That the minutes of the Policy and Strategy Committee Meeting held on 4 August 2021 are true and correct **subject to** correcting that the Council members were present, and not in attendance.

Cr Dale Williams / Cr Brian Deller

CARRIED

6 REPORTS

6.1 DEPARTMENT OF INTERNAL AFFAIRS THREE WATERS RESPONSE

PURPOSE

For the Committee to endorse the Chief Executive's letter to the Department of Internal Affairs.

MOVED

That the Council/Committee:

1. **Receives** the report.
2. **Endorsed** the attached Chief Executive's Three Waters reform response letter to the Department of Internal Affairs.
3. **Noted** that Carterton District Council does not have enough information to evaluate the Three Waters Reform.
4. **Agreed** to set up a meeting with MP Kieran McAnulty to discuss the Three Waters reforms.

Mayor Greg Lang / Jill Greathead

CARRIED

6.2 RESOURCE CONSENT UPDATE

PURPOSE

To update the Committee on the resource consents issued since the previous update which are generally presented to the Policy and Strategy Committee.

MOVED

That the Committee:

1. **Receives** the report.

Cr Brian Deller / Cr Steve Cretney

CARRIED

6.3 ANIMAL FACILITY

PURPOSE

For the Committee to consider the path forward for the Carterton's animal facility.

MOVED

That the Committee:

1. **Receives** the report.
2. **Noted** the Policy and Strategy Committee doesn't have the mandate to move any financial recommendations relating to the facility.
3. **Agreed** that the Chief Executive prepares business case options for decision at the full Council meeting on 20 October 2021.

Cr Rob Stockley / Cr Dale Williams

CARRIED

6.4 WAKA KOTAHI SPEED REVIEW SUBMISSION

PURPOSE

For the Committee to be informed on the submission to Waka Kotahi's speed review.

MOVED

That the Council/Committee:

1. **Receives** the report.

Cr Robyn Cherry-Campbell / Cr Rob Stockley

CARRIED

6.5 DUST SUPPRESSION POLICY

PURPOSE

For the Committee to review a draft Council dust suppression policy.

MOVED

That the Committee:

1. **Receives** the report.
2. **Noted** the Committee is not in a position to adopt the policy at this meeting.

   Defer adoption of the Dust Suppression Policy for Carterton District Council to the Policy and Strategy meeting on 24 November 2021.

Cr Steve Cretney / Cr Rob Stockley

CARRIED

6.6 WAIRARAPA ECONOMIC DEVELOPMENT ARRANGEMENTS

PURPOSE

For the Committee to agree to proceed with new economic development arrangements for Wairarapa.

MOVED

That the Committee:

1. **Receives** the report.
2. **Noted** that a review of the current economic development arrangements in the Wairarapa, commissioned by the three Wairarapa District Councils, is complete.
3. **Agreed** to proceed with Option 2: Destination Wairarapa remains as a separate entity, but WellingtonNZ establishes a presence in the Wairarapa and provides back-office support.
4. **Noted** that joint agreement by the three Wairarapa District Councils is required to move forward with Option 2: Destination Wairarapa remains as a separate entity but WellingtonNZ establishes a presence in the Wairarapa and provides back-office support.
5. **Noted** that the above option will require the development of Service Level Agreements between the three Wairarapa District Councils and Destination Wairarapa, and the three Wairarapa District Councils and WellingtonNZ.
6. **Noted** the Service Level Agreement and any future financial implications are adopted at a full Council meeting.
7. **Noted** that that a new Service Level Agreement between the three Wairarapa District Councils and Destination Wairarapa will supersede the current Memorandum of Understanding between the three Wairarapa District Councils and Destination Wairarapa.

Mayor Greg Lang / Cr Brian Deller

CARRIED

7 KARAKIA WHAKAMUTUNGA

The meeting was closed with a karakia led by Cr Rob Stockley.

The meeting closed at 12.30 pm

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Minutes confirmed: ……

Date: ……