



# AGENDA

## Ordinary Council Meeting Tuesday, 9 August 2022

**Date** Tuesday, 9 August 2022

**Time** 3pm

**Location** Council Chamber  
District Council Building  
King George Place  
Timaru

**File Reference** 1519117

## **Timaru District Council**

**Notice is hereby given that a meeting of the Ordinary Council will be held in the Council Chamber, District Council Building, King George Place, Timaru, on Tuesday 9 August 2022, at 3pm.**

### **Council Members**

Mayor Nigel Bowen (Chairperson), Cllrs Steve Wills, Allan Booth, Peter Burt, Barbara Gilchrist, Richard Lyon, Gavin Oliver, Paddy O'Reilly, Sally Parker and Stu Piddington

Quorum – no less than 5 members

### **Local Authorities (Members' Interests) Act 1968**

Councillors are reminded that if they have a pecuniary interest in any item on the agenda, then they must declare this interest and refrain from discussing or voting on this item and are advised to withdraw from the meeting table.

Bede Carran

**Chief Executive**

**Order Of Business**

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- 1 Opening Prayer and Waiata**
- 2 Apologies**
- 3 Public Forum**
- 4 Identification of Urgent Business**
- 5 Identification of Matters of a Minor Nature**
- 6 Declaration of Conflicts of Interest**

## **7 Confirmation of Minutes**

### **7.1 Minutes of the Council Meeting held on 28 June 2022**

**Author:** Andrew Feary, Governance Advisor

#### **Recommendation**

That the Minutes of the Council Meeting held on 28 June 2022 be confirmed as a true and correct record of that meeting and that the Chairperson's electronic signature be attached.

#### **Attachments**

- 1. Minutes of the Council Meeting held on 28 June 2022**



# MINUTES

## Ordinary Council Meeting Tuesday, 28 June 2022

Ref: 1519117

**Minutes of Timaru District Council  
Ordinary Council Meeting  
Held in the Council Chamber, District Council Building, King George Place, Timaru  
on Tuesday, 28 June 2022 at 3pm**

**Present:** Mayor Nigel Bowen (Chairperson), Cr Steve Wills, Cr Allan Booth, Cr Peter Burt, Cr Barbara Gilchrist, Cr Richard Lyon, Cr Gavin Oliver, Cr Paddy O'Reilly, Cr Stu Piddington

**In Attendance:** Bede Carran (Chief Executive), Andrew Dixon (Group Manager Infrastructure), Paul Cooper (Group Manager Environmental Services), Erik Barnes (Acting Group Manager Recreation & Cultural Services), Beth Stewart-Wright (Director User Experience & Community Engagement), Mark Low (Strategy & Corporate Planning Manager), Azoora Ali (Chief Financial Officer), Rosie Oliver (Development Manager), Jason Rivett (Acting Group Manager Commercial & Strategy), Nicole Timney (Manager of Property Services & Client Representative), Phil Driver (Climate Change Consultant),

## 1 Opening Prayer

*Tewera King of Te Rūnanga o Arowhenua conducted the opening prayer.*

*Cr Barbara Gilchrist led the Waiata.*

## 2 Apologies

### Resolution 2022/32

Moved: Cr Gavin Oliver

Seconded: Cr Barbara Gilchrist

That apologies from Cr Sally Parker be received and accepted.

**Carried**

## 3 Public Forum

### 3.1 Air Quality Briefing

Paul Hopwood, Mark Barossa, Angie Scott (via Zoom), Teresa Aberkane (via Zoom) from Environment Canterbury (ECan) spoke to the Council regarding the air quality of Timaru District in particular the Timaru, Washdyke and Geraldine urban areas. ECan monitor the air quality for PM10 (Particulate Matter 10 (<10 micrometres)) and PM2.5; generally originating from wood fire heating.

There have been some significant gains in addressing the PM10 over the last few years in particular with the implementation of the Canterbury Air Regional Plan.

ECan are seeking a collaborative approach with Timaru District Council in addressing future & ongoing air quality issues.

### Attachments

- 1 Timaru District Council - Air Quality in Timaru



### **3.2 Smokefree Aotearoa 2025**

Martin Witt of the Cancer Society of New Zealand spoke to the Council on the Smokefree Aotearoa 2025 Action Plan. All Councils in New Zealand have in some form implemented a smoke free policy. Further legislation is to come into effect from central Government with input from local authorities.

Due to the short length of time vaping has been socially prominent it is too early to identify the potential health risks to the community.

#### **Attachments**

- 1 Smokefree Aotearoa 2025
- 2 A Smoke Free Future

### **4 Identification of Urgent Business**

No items of urgent business were received

### **5 Identification of Matters of a Minor Nature**

#### **5.1 Update on the Climate Change vacant position**

Cr Steve Wills sought an update on the vacant Climate Change position.

#### **5.2 Town clock**

Cr Stu Piddington sought an update on the repairs to the town clock.

#### **5.3 Southern Trust Events Centre**

Cr Stu Piddington sought an update on the Southern Trust Events Centre development.

#### **5.4 Central Business District trial costs**

Cr Stu Piddington sought an update on recent funding considerations.

#### **5.5 Kellands Hill - Resource Management Act decision**

Cr Stu Piddington sought an update on the recent Notified Hearing under the Resource Management Act.

### **6 Declaration of Conflicts of Interest**

No conflicts of interest were declared.

**7 Confirmation of Minutes****7.1 Minutes of the Council Meeting held on 10 May 2022****Resolution 2022/33**

Moved: Cr Steve Wills

Seconded: Cr Barbara Gilchrist

That the Minutes of the Council Meeting held on 10 May 2022 be confirmed as a true and correct record of that meeting and that the Chairperson's electronic signature be attached.

**Carried**

**8 Schedules of Functions Attended****8.1 Schedule of Functions Attended by the Mayor, Deputy Mayor and Councillors****Resolution 2022/34**

Moved: Mayor Nigel Bowen

Seconded: Cr Stu Piddington

That the report be received and noted.

**Carried**

**8.2 Schedule of Functions Attended by the Chief Executive****Resolution 2022/35**

Moved: Cr Paddy O'Reilly

Seconded: Cr Barbara Gilchrist

That the report be received and noted.

**Carried**

**9 Reports****9.1 Affixing of the Common Seal****Resolution 2022/36**

Moved: Mayor Nigel Bowen

Seconded: Cr Gavin Oliver

That the affixing of the Common Seal to the following documents be noted:

6 May 2022 Approval of Warrants

23 May 2022 Approval of Warrants

**Carried**

## 9.2 Adoption of the 2022/23 Annual Plan

The Acting Group Manager Commercial & Strategy, Chief Financial Officer and Corporate & Strategy Planning Manager spoke to this report to adopt the Timaru District Council 2022/23 Annual Plan and set the fees and charges for 2022/23.

Minor changes have been undertaken since the last draft had been presented to Council in workshop; with an update Fees & Charges document tabled due to the deletion of an internal comment (attached).

Discussion from the Councillors included a request to fund \$20k for the Pareora area towards beautification, walkways and cycleways. The Group Manager Infrastructure confirmed the request can be absorbed from existing budgets, with the footpaths budget being the most appropriate.

There was discussion on the fund options for the Fraser Park development; Council sought a report from Officers outlining appropriate options for additional funding for the development.

### Resolution 2022/37

Moved: Cr Barbara Gilchrist

Seconded: Cr Peter Burt

1. That Council:

- (a) Receives the annual plan feedback and considers officer comments provided on the feedback
- (b) Authorises the Chief Executive and Acting Group Manager Commercial and Strategy to make any non-material changes to the Annual Plan 2022/23 prior to publication for example to improve readability.
- (c) Adopts the Timaru District Council Annual Plan 2022/23, in accordance with Section 95 of the Local Government Act (LGA).
- (d) Sets the Timaru District Council Fees and Charges 2022/23 as per the updated Fees & Charges presented at the meeting.
- (e) Officers are to report back to the Council in regard to funding options for Fraser Park.

**Carried**

### Attachments

- 1 Fees and Charges 2022/23 adopted by Council 28 June 2022

## 9.3 Resolution to Set Rates 2022/23

The Acting Group Manager Commercial & Strategy, Chief Financial Officer and Corporate & Strategy Planning Manager spoke to this report to set the rates, due dates and penalties regime for the 2022/23 financial year.

That as the Annual Plan 2022/23 has been adopted and in accordance with the Funding Impact Statement (FIS) and relevant provisions of the LTP 2021/31, Council sets the rates in the following resolution, to set the following rates under the Local Government (Rating) Act 2002, on rating units in the district for the financial year commencing 1 July 2022 and ending on 30 June 2023.

Such rates shall become due and payable by instalments on the dates prescribed in clause 11 of this resolution.

All rates and charges are inclusive of Goods and Services Tax (GST).

(a) **General Rate**

That pursuant to Section 13(2)(b) and Section 14 of the Local Government (Rating) Act 2002 a general rate set as a rate in the dollar on the land value of all rating units within the Timaru District, assessed on a differential basis as described as follows:

Timaru District - Accommodation	\$0.01346
Timaru District - Commercial Central	\$0.01346
Timaru District - Commercial Other	\$0.01346
Timaru District - Community Services	\$0.00310
Timaru District - Industrial	\$0.01346
Timaru District - Primary	\$0.00208
Timaru District - Recreational	\$0.00310
Timaru District - Residential General	\$0.00310
Timaru District - Residential Multi Unit	\$0.00597

Differential categories are defined in the Funding Impact Statement 2022/23.

(b) **Uniform Annual General Charge**

That pursuant to Section 15(1)(a) of the Local Government (Rating) Act 2002 a uniform annual general charge of \$925.00 per rating unit is set and assessed on every rating unit within the Timaru District.

(c) **Community Works and Services**

That pursuant to Section 16(3)(b) and (4)(a) of the Local Government (Rating) Act 2002 a targeted community works and services rates set and assessed as a rate in the dollar on the land value of all rating units within each of the following community areas:

Geraldine	\$0.00122
Rural	\$0.00004
Temuka	\$0.00122
Timaru	\$0.00094

Community areas are defined in the Funding Impact Statement 2022/23.

(d) **Community Board**

That pursuant to Section 16(3)(b) and (4)(a) of the Local Government (Rating) Act 2002 targeted uniform annual Community Board rates set and assessed per rating unit within each of the Temuka, Geraldine and Pleasant Point communities, as follows:

Geraldine	\$5.00
Pleasant Point	\$5.00
Temuka	\$3.50

(e) **Sewer**

That pursuant to Section 16(3)(b) and (4)(a) of the Local Government (Rating) Act 2002 a targeted uniform rate for sewage disposal set per water closet or urinal connected either directly or through a private drain to a public sewerage drain subject to the proviso that every rating unit used primarily as a residence of not more than one household shall be treated as having not more than one water closet or urinal, as follows:

Sewer	\$294.67
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(f) **Waste Management**

That pursuant to Section 16(3)(b) and 16(4)(a) of the Local Government (Rating) Act 2002 a targeted rate set and assessed on all rateable and non-rateable rating units based on the extent of the waste collection which is actually provided, as follows:

- (i) \$176.00 per standard size “four bins” provided to each rating unit;
- (ii) \$229.00 per large “four bins” provided to each rating unit;
- (iii) \$44.00 per additional small (140 litres) recycling bin provided to each rating unit; and
- (iv) \$50.00 per additional large (240 litres) recycling bin provided to each rating unit; and
- (v) \$69.00 per additional small (140 litres) compost bin provided to each rating unit; and
- (vi) \$80.00 per additional large (240 litres) compost bin provided to each rating unit; and
- (vii) \$85.00 per additional small (140 litres) rubbish bin provided to each rating unit;  
and
- (viii) \$120.00 per additional large (240 litres) rubbish bin provided to each rating unit,  
and
- (ix) \$44.00 per additional small (80 litres) glass bin provided to each rating unit; and
- (x) \$50.00 per additional large (240 litres) glass bin provided to each rating unit.

(g) **Water**

That pursuant to Section 16(3)(b), (4)(b) and section 19 of the Local Government (Rating) Act 2002 targeted rates for the supply of water in the following areas are as follows:

(i) **Urban Water**

A differential annual rate of \$451.00 set and assessed per separately used or inhabited part of a rating unit for all connected rating units (excluding those supplied through a meter) and \$225.20 set and assessed per rating unit for all serviceable rating units within the Geraldine, Pleasant Point, Peel Forest, Temuka, Timaru and Winchester urban supply areas.

Definitions of “connected” and “serviceable” and of differential categories are contained in the Funding Impact Statement 2022/23.

(ii) **Rural Water**

(a) **The Rangitata-Orari Water Supply District**

A targeted rate of \$16.80 set and assessed per hectare within the rating unit.

- (b) **The Te Moana Downs Water Supply District**
  - (i) A targeted rate of \$395.00 set and assessed for each unit of water supplied;
  - (ii) A targeted rate of \$826.00 set and assessed for each tank except where there is more than one tank to any rating unit as a technical requirement of the scheme, in which case only one charge will apply.
  
- (c) **The Orari Water Supply District**
  - (i) A targeted rate of \$349.90 set and assessed for each unit of water supplied.
  
- (d) **The Seadown Water Supply District**
  - (i) A targeted rate of \$28.80 set and assessed per hectare within the rating unit;
  - (ii) A targeted rate of \$720.00 set and assessed per separately used or inhabited part of a rating unit for each domestic supply;
  
- (e) **Beautiful Valley Water Supply District**
  - (i) A targeted rate of \$16.70 set and assessed per hectare within the rating unit
  
- (f) **Downlands Water Supply District**

On so much of the rating unit appearing on District Valuation Rolls number 24640, 24660, 24670, 24680, 24690, 24700, 24710, 24820, 24840, 24850, 24860, and part 25033, as is situated within the Downlands Water Supply District.

  - (i) A targeted rate of \$777.00 set and assessed for each separately used or inhabited part of a rating unit within the Pareora Township and for rating units used as halls within the scheme.
  - (ii) A targeted rate of \$1,332.00 set and assessed per rating unit for rating units used as schools within the Pareora Township.
  - (iii) In addition a targeted rate of \$555.00 set and assessed for each separate connection (excluding Pareora Township) to the water supply except where there is more than one connection to any rating unit as a technical requirement of the scheme, in which case only one charge will apply.
  - (iv) In addition to the charge assessed in (c) above, a targeted rate of \$222.00 set and assessed per unit of water or where water supplied in one half units a charge of \$111.00 set and assessed per half unit supplied.

Differential categories are defined in the Funding Impact Statement 2022/23.

- (iii) **Water by Meter**

Targeted rates for water supply, set under Section 19 of the Local Government (Rating) Act 2002 per cubic metre of water consumed to any rating unit situated in the following areas which has been fitted with a water meter:

Seadown	\$0.98
Urban	\$0.75

**(h) Community Centre**

That pursuant to Section 16(3)(b) and (4)(a) of the Local Government (Rating) Act 2002, the following uniform targeted rates are set and assessed in respect of each separately used or inhabited part of a rating unit situated in the following Community Centre Areas:

Claremont Community Centre	\$19.00
Fairview Community Centre	\$29.00
Kingsdown Community Centre	\$35.00
Otipua Community Centre	\$18.00
Seadown Community Centre	\$33.00

**(i) Instalment Dates**

The above rates and charges (except for metered water) are due and payable in four equal instalments on the following dates:

**All Ratepayers**

<b>Instalment</b>	<b>Due Date</b>
1	20 September 2022
2	20 December 2022
3	20 March 2023
4	20 June 2023

The due dates for metered water charges are as follows:

<b>Month invoice raised</b>	<b>Due Date</b>
July 2022	22 August 2022
August 2022	20 September 2022
September 2022	20 October 2022
October 2022	21 November 2022
November 2022	20 December 2022
December 2022	20 January 2023
January 2023	20 February 2023
February 2023	20 March 2023
March 2023	20 April 2023
April 2023	22 May 2023
May 2023	20 June 2023
June 2023	20 July 2023

**(j) Penalties**

That pursuant to Section 57 of the Local Government (Rating) Act 2002 the District Council prescribes the following penalties to be added to unpaid rates:-

**a) A Penalty**

A penalty under section 58(1)(a) of 10% of the amount of the instalment that remains unpaid after the due date of that instalment will be added on or after the following dates:

<b>Instalment</b>	<b>Penalty Date</b>
1	22 September 2022
2	22 December 2022
3	22 March 2023
4	22 June 2023

**b) Further Penalties**

A further penalty under section 58(1)(b) and 58(1) (c) of 10% of the amount of any rates from previous financial years remaining unpaid on 7 July 2022 will be added on 22 September 2022. Under section 58(1)(c), an additional penalty of 10% will be added to any unpaid rates from previous financial years that remain unpaid on 22 March 2023. This penalty will be added on 22 March 2023.

Penalties will not be applied to the metered water targeted rates.

**Resolution 2022/38**

Moved: Cr Allan Booth

Seconded: Cr Paddy O'Reilly

**Carried**

**9.4 Climate Change Governance**

The Group Manager Infrastructure, Development Manager and Climate Change Consultant spoke to this report for the Council to consider and adopt a governance statement on Climate Change to ensure that their actions on climate change align with the governance principles.

**Resolution 2022/39**

Moved: Cr Barbara Gilchrist

Seconded: Cr Steve Wills

That the following principles are endorsed for community comment that will guide Council's and our community's responses to Climate Change:

1. Be a climate-friendly council;  
We will adapt to Climate Change and reduce greenhouse gas emissions from Council's operations wherever feasible.
2. Lead and facilitate mitigation and adaptation projects with others;  
We will help enable, empower and inspire substantial climate change actions by many stakeholders in the district, including collaborations with our Tiriti partners.
3. Encourage others to learn and adapt;  
We will guide and encourage communities that are most vulnerable to climate change to learn and adapt, i.e. those who are; most:
  - exposed to climate change
  - badly impacted by climate change



- least resilient

In Favour: Mayor Nigel Bowen, Cr Steve Wills, Cr Peter Burt, Cr Barbara Gilchrist, Cr Richard Lyon, Cr Gavin Oliver, Cr Paddy O'Reilly and Cr Stu Piddington

Against: Cr Allan Booth

**Carried 8/1**

### **Attachments**

- 1 Timaru District Council Climate Change presentation

### **9.5 Presentation of Timaru District Holdings Limited Statement of Intent for 2022/23**

The General Manager and Chairman, Timaru District Holdings Limited spoke to this report to present the Statement of Intent (Sol) for Timaru District Holdings Limited (TDHL) for 2022/23.

#### **Resolution 2022/40**

Moved: Cr Allan Booth

Seconded: Cr Barbara Gilchrist

That Council receives and notes Timaru District Holdings Limited's Statement of Intent for 2022/23.

**Carried**

### **9.6 Presentation of Timaru District Holdings Limited Quarterly Report from 1 January 2022 to 31 March 2022**

The General Manager and Chairman, Timaru District Holdings Limited spoke to this report to present the Timaru District Holdings Limited Quarterly Report for the period 1 January - 31 March 2022.

Discussion from Councillors included possible direction to Alpine Energy on the increase of electrical infrastructure to cater for electric vehicle charging stations in the CBD; ongoing contract negotiations regarding the south end of Stafford Street area, an update is expected momentarily.

#### **Resolution 2022/41**

Moved: Mayor Nigel Bowen

Seconded: Cr Stu Piddington

That the Timaru District Holdings Limited report for the period 1 January - 31 March 2022 be received and noted.

**Carried**

### **9.7 Presentation of Timaru District Holdings Limited Annual Report 2020/21**

The General Manager and Chairman, Timaru District Holdings Limited spoke to this report to present the Timaru District Holdings Limited's (TDHL) audited annual report for the financial year 1 July 2020 – 30 June 2021 (FY 2020/21).

**Resolution 2022/42**

Moved: Mayor Nigel Bowen

Seconded: Cr Barbara Gilchrist

That Council receives and notes the audited Timaru District Holdings Limited Annual Report for 2020/21.

**Carried****9.8 Presentation of Venture Timaru Limited Quarterly Report from 1 January 2022 to 31 March 2022**

The Mayor, in the absence of the Chief Executive of Venture Timaru Limited spoke to the Council to present the Venture Timaru Limited Quarterly Report for the period 1 January - to 31 March 2022.

**Resolution 2022/43**

Moved: Mayor Nigel Bowen

Seconded: Deputy Mayor Steve Wills

That the Venture Timaru Quarterly Report for the period 1 January - 31 March 2022 be received and noted.

**Carried****9.9 Presentation of Venture Timaru Limited Statement of Intent for 2022/23**

The Mayor, in the absence of the Chief Executive of Venture Timaru spoke to the Council to present the Statement of Intent (Sol) for Venture Timaru Limited (VT) for 2022/23.

**Resolution 2022/44**

Moved: Mayor Nigel Bowen

Seconded: Cr Barbara Gilchrist

That Council receives and notes Venture Timaru Limited's Statement of Intent for 2022/23.

**Carried****9.10 Aorangi Stadium Trust Statement of Intent for 2022/23 - Timeframes**

The Acting Group Manager Commercial & Strategy spoke to the Council to seek Council agreement to extend the deadline for the receipt of the Aorangi Stadium Trust (Trust) Statement of Intent 2022/23 by one calendar month.

**Resolution 2022/45**

Moved: Mayor Nigel Bowen

Seconded: Deputy Mayor Steve Wills

That Council approves to extend the deadline for delivery of the Aorangi Stadium Trust Statement of Intent for 2022/23 from 30 June 2022 to 26 July 2022.

**Carried**

### **9.11 Presentation of Aorangi Stadium Trust Annual Report 2020/21**

The Acting Group Manager Commercial & Strategy spoke to this report to present the audited Aorangi Stadium Trust's audited annual report for the financial year 1 July 2020 – 30 June 2021 (FY 2020/21).

#### **Resolution 2022/46**

Moved: Cr Paddy O'Reilly

Seconded: Cr Richard Lyon

That Council receives and notes the audited Aorangi Stadium Trust Annual Report for 2020/21.

**Carried**

### **10 Consideration of Urgent Business Items**

No items of urgent business were received

### **11 Consideration of Minor Nature Matters**

#### **11.1 Update on the Climate Change vacant position**

Cr Steve Wills raised as a matter of minor nature the current vacancy of the Climate Change Advisor, this topic was addressed during item 9.4.

#### **11.2 Southern Events Trust Centre stadium update**

Cr Stu Piddington raised as a matter of minor nature an update to Council on the Southern Trust Events Centre development.

The Group Manager Infrastructure spoke to the Council on the Southern Trust Events Centre upgrade project in light of the building receiving an Earthquake Prone Building Notice. At the time of adopting the Long Term Plan, the building was deemed adequate. The Group Manager Infrastructure estimated a cost of \$5-10M to bring the building up to the required building standard.

Options to consider include a new build to meet the needs of the community which include not only sporting but cultural needs. To make an informed decision, the costs need to be identified.

Officers are awaiting on costs to be presented which is expected in several weeks' time.

#### **Attachments**

- 1 Timaru Event Centre - Brief Report to Council 28.6.22

### **11.3 Town clock repairs**

Cr Stu Piddington raised as a matter of minor nature an update to Council on the repairs to the town clock.

The Manager of Property Services spoke to the Council regarding the town clock. Repairs are ongoing however the parts required are not available in New Zealand; costing is being undertaken with suppliers in England. Other options being considered include replacing the arms of the clocks to lighten the load on the mechanisms.

### **11.4 Central Business District trial costs**

Cr Stu Piddington raised as a matter of minor nature an explanation of costs of the trials involving the CityHub / Timaru Citytown strategy.

The Development Manager & Group Manager Infrastructure spoke to the Council on the CBD trial cost; the budget allocated is \$185,906. The total spend on trials as at the end of May 2022 is \$80,206.80.

The purpose of the trials is to gauge community support for a project, and prepare the community for change.

### **11.5 Kellands Hill - Resource Management Act decision**

Cr Stu Piddington raised as a matter of minor nature an update to Council on the vesting of land to Council stemming from resource consents.

The Group Manager Environmental Services spoke to the Council regarding the RMA process of gifting land to Councils. Vesting of land is a reasonably common occurrence within RMA consents to offset the negative effects on the environment that that development may cause. Vesting of land under the RMA, where the decision has been made by an independent commissioner, without governance having an input; can be regarded as quite intentional to maintain the separation of the legislative, executive and operative branches of government.

At 5:27 pm, Cr Barbara Gilchrist left the meeting.

### **11.6 Project Steering Groups**

Mayor Nigel Bowen advised Council of his involvement with the Stadium Project Steering Group alongside Cr Piddington.

Mayor Nigel Bowen also advised of his request for Cr Lyon to participate in the Project Steering Governance Group for the Theatre Royal Heritage Centre Upgrade project.

## **12 Public Forum Items Requiring Consideration**

The public forum items requiring consideration.

## **13 Resolution to Exclude the Public**

### **Resolution 2022/47**

Moved: Mayor Nigel Bowen  
 Seconded: Deputy Mayor Steve Wills

That the public be excluded from the following parts of the proceedings of this meeting on the grounds under section 48 of the Local Government Official Information and Meetings Act 1987 as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Plain English Reason
13.1 - Public Excluded Minutes of the Council Meeting held on 10 May 2022	s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons	To protect a person’s privacy

**Carried**

At 5:30 pm, Cr Barbara Gilchrist returned to the meeting.

**14 Public Excluded Reports**

**13.1 Public Excluded Minutes of the Council Meeting held on 10 May 2022**

**15 Readmittance of the Public**

**Resolution 2022/48**

Moved: Cr Paddy O'Reilly  
 Seconded: Cr Stu Piddington

That the meeting moves out of Closed Meeting into Open Meeting.

**Carried**

**The meeting closed at 5.30pm.**

.....  
**Mayor Nigel Bowen**  
**Chairperson**

## 8 Schedules of Functions Attended

### 8.1 Schedule of Functions Attended by the Mayor, Deputy Mayor and Councillors

**Author:** Alesia Cahill, Executive Assistant to the Mayor

**Authoriser:** Jacky Clarke, Governance and Executive Support Manager

#### Recommendation

That the report be received and noted.

#### Functions Attended by the Mayor for the Period 12 June 2022 to 22 July 2022.

<i>12 June 2022</i>	Attended and spoke at CPlay Party event
<i>13 June 2022</i>	Attended meeting with South Canterbury District Health Board and local Mayors regarding COVID-19 pandemic Attended CPlay Steering Group meeting
<i>14 June 2022</i>	Chaired Tenders and Procurement Committee meeting Attended Standing Committee meetings Attended Community Feedback meeting on Annual Plan Attended Council workshops
<i>15 June 2022</i>	Attended National Party visit at Timaru Port Meet with National Party representatives at Council Attended Timaru CityTown Strategic Update
<i>17 June 2022</i>	Spoke to Age Concern group
<i>20 June 2022</i>	Attended & presented at Business Excellence Awards Gala Event Attended Business Excellence Awards evening function
<i>21 June 2022</i>	Attended CWMS Lower Waitaki and OTOP Combined Refresh Selection Panel meeting in Waimate
<i>22 June 2022</i>	Met with South Canterbury Chamber of Commerce representatives
<i>23 June 2022</i>	Attended Audit and Risk Committee meeting Attended Apprenticeship Scheme meeting
<i>28 June 2022</i>	Chaired People & Performance Committee meeting Chaired Tenders & Procurement Committee meeting Chaired Council meeting
<i>29 June 2022</i>	Attended Meeting at Peel Forest Outdoor Pursuits Centre
<i>30 June 2022</i>	Attended Canterbury Regional Leadership Group meeting Attended South Canterbury Jump Jam event

<i>1 July 2022</i>	Attended Rock Art Trust Planting day
<i>4 July 2022</i>	Attended South Canterbury Housing Forum Attended Temuka Community Board meeting
<i>5 July 2022</i>	Attended Pleasant Point Community Board meeting
<i>6 July 2022</i>	Attended Geraldine Community Board meeting
<i>8 July 2022</i>	Spoke to OJ on the Breeze for Mayoral Musings Attended Timaru District Holdings Ltd Property Update Met with the International President of Lions Club
<i>11 July 2022</i>	Attended Masters Games meeting Attended meeting with SCDHB and local Mayors regarding COVID-19 pandemic Attended CPlay Steering Group meeting
<i>14 July 2022</i>	Attended Canterbury Regional Leadership Group meeting Met with Peel Forrest OPC group

In addition to these duties I met with 29 members of the public on issues of concern to them.

**Functions Attended by the Deputy Mayor for the Period 12 June 2022 to 22 July 2022.**

<i>12 June 2022</i>	Attended CPlay Party event
<i>20 June 2022</i>	Attended Business Excellence Awards Gala Event
<i>20 July 2022</i>	Attended and spoke at the Tongan Prime Ministers visit functions
<i>21 July 2022</i>	Managed State of Emergency issue in Mayors absence

**Attachments**

**Nil**

**8.2 Schedule of Functions Attended by the Chief Executive****Author: Jacky Clarke, Governance and Executive Support Manager****Authoriser: Bede Carran, Chief Executive****Recommendation**

That the report be received and noted.

**Functions Attended by the Chief Executive for the Period 14 June 2022 and 29 July 2022.**

<i>14 June 2022</i>	Attended Tenders and Procurement Meeting Attended Standing Committee Meetings Attended Council Workshops including community feedback on the Draft Annual Plan
<i>15 June 2022</i>	Attended PwC Chief Executive Forum Meeting with representatives of Water Users New Zealand
<i>16 June 2022</i>	Meeting with Chief Executive Alpine Energy Limited
<i>17 June 2022</i>	Meeting with General Manager Arowhenua Marae
<i>20 June 2022</i>	Attended Canterbury Corporate Forum
<i>21 June 2022</i>	Meeting with General Manager Timaru District Holdings Limited
<i>22 June 2022</i>	Meeting with Chief Executive PrimePort Timaru Attended meeting with South Canterbury Chamber of Commerce
<i>23 June 2022</i>	Attended Audit and Risk Committee Meeting
<i>28 June 2022</i>	Meeting with Port of Tauranga Chair, PrimePort Director Attended People and Performance Committee Meeting Attended Tenders and Procurement Meeting Attended Council Meeting
<i>1 July 2022</i>	Meeting with South Canterbury General Manager Environment Canterbury
<i>4 July 2022</i>	Attended Temuka Community Board Meeting
<i>6 July 2022</i>	Attended Communities 4 Local Democracy Oversight Group meeting Meeting with representatives Ara Institute of Canterbury
<i>7 July 2022</i>	Meeting with General Manager Governance Environment Canterbury Attend and present at Elections 2022: Candidate Briefing
<i>11 July 2022</i>	Attended Communities 4 Local Democracy Governance Oversight Group meeting



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	Meeting with General Manager Timaru District Holdings Limited
<i>12 July 2022</i>	Meeting with economics advisor to Communities 4 Local Democracy
<i>13 July 2022</i>	Meeting with representatives from Environment Canterbury regarding manganese Opihi River
<i>14 July 2022</i>	Attended South Canterbury Chamber of Commerce Meet the Team – Primeport
<i>18 July 2022</i>	Meeting with representatives from Te Whatu Ora Health New Zealand South Canterbury
<i>19 July 2022</i>	Attended Streets for People Presentation with Waka Kotahi
<i>20 July 2022</i>	Attended Greypower Meeting
<i>26 July 2022</i>	Attended Tenders and Procurement Meeting Attended Standing Committee Meetings Attended Council Workshops
<i>27 July 2022</i>	Meeting with representatives from Venture Timaru Attended South Canterbury Museum Development Trust meeting
<i>28 July 2022</i>	Meeting with Chief Executive Venture Timaru
<i>29 July 2022</i>	Meeting with General Manager Arowhenua Marae Meeting with Chief Executive National Emergency Management Agency

Meetings were also held with various ratepayers, businesses and/or residents on a range of operational matters.

### **Attachments**

**Nil**

## 9 Reports

### 9.1 Affixing of the Common Seal

**Author:** Claire Copeland, Executive Assistant Environmental Services

**Authoriser:** Jacky Clarke, Governance and Executive Support Manager

#### Recommendation

That the affixing of the Common Seal to the following documents be noted:

28 June 2022 Approval of Warrants

30 June 2022 Approval of Warrants

4 July 2022 Approval of Warrants

8 July 2022 Approval of Warrants

#### Purpose

1. To report the affixing of the Common Seal to Warrant of Appointment.
2. Names have been redacted for the privacy of the employees / contractors.

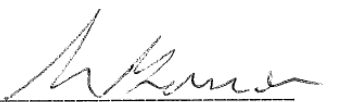
#### Attachments

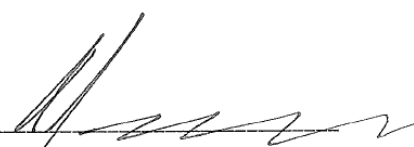
1. **Approval of Warrants - 28.06.22** [↓](#)
2. **Approval of Warrants - 30.06.22** [↓](#)
3. **Approval of Warrants - 04.07.22** [↓](#)
4. **Approval of Warrants - 08.07.22** [↓](#)



**Approval of warrants**

I, Bede Carran, Chief Executive of the Timaru District Council have delegated authority pursuant to clause 3.4 of the Timaru District Council delegations manual to appoint and authorise the Council Officers listed in the table below, and issue warrants to those Council Officers under the relevant legislation and the Council's bylaws, including delegating the exercise of powers under those warrants, and affixing the Council's common seal to warrants. I hereby approve the attached warrants.

  
 \_\_\_\_\_  
 Nigel Bowen

  
 \_\_\_\_\_  
 Bede Carran

28/6/2022  
 \_\_\_\_\_  
 Date



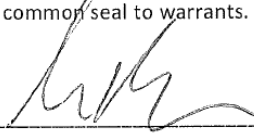
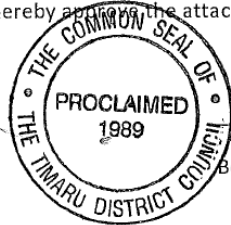
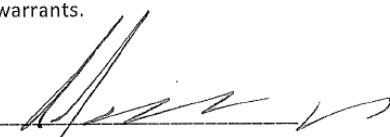
Name	Unit
[REDACTED]	Building Unit
[REDACTED]	Building Unit
[REDACTED]	Building Unit
[REDACTED]	Building Unit
[REDACTED]	Building Unit
[REDACTED]	Building Unit
[REDACTED]	Building Unit
[REDACTED]	Building Unit
[REDACTED]	Building Unit
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[REDACTED]	Building Unit
[REDACTED]	Building Unit
[REDACTED]	Building Unit

[REDACTED] #1437377



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Nigel Bowen Bede Carran

30/6/2022  
Date

- TDC requested that Envirowaste Brach Manager provide us the names of specific employees who they can vouch for in terms of the criminal checks, based on their own checks, due diligence, documentation and previously held warrants. See letter attached.
- TDC will (at the acceptance of the CE and Mayor) create Warrants of Appointments for those who have previously received a Warrant.
- These employees are listed in the below table.

Name	Unit
[REDACTED]	EnviroWaste Services – Contamination Inspector
	EnviroWaste Services - Driver
	EnviroWaste Services - Driver
	EnviroWaste Services - Driver
	EnviroWaste Services - Driver
	EnviroWaste Services – Community Business Advisor
	EnviroWaste Services – Community Business Advisor
	EnviroWaste Services – Bin Delivery/Maintenance Driver
	EnviroWaste Services – Eco Cart Collection Driver
	EnviroWaste Services – Operations Manager
	EnviroWaste Services - Driver
	EnviroWaste Services - Driver
	EnviroWaste Services – Driver
	EnviroWaste Services - Driver

#1437377



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 \_\_\_\_\_  
 Nigel Bowen


  
 \_\_\_\_\_  
 Bede Carran

30/6/2022  
 \_\_\_\_\_  
 Date

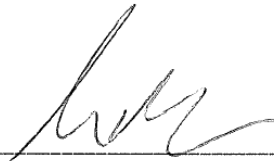
Name	Unit
[REDACTED]	FHS – Environmental Health Officer, Enforcement Officer and Licensing Inspector
[REDACTED]	FHS – Environmental Health Support Officer, Enforcement Officer and Licensing Inspector
[REDACTED]	FHS – Environmental Health Officer, Enforcement Officer and Licensing Inspector
[REDACTED]	FHS – Environmental Health Officer, Enforcement Officer and Licensing Inspector
[REDACTED]	FHS – Environmental Health Support Officer, Enforcement Officer and Licensing Inspector
[REDACTED]	Food Verifier


[REDACTED] #1437377




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 Nigel Bowen



  
 \_\_\_\_\_  
 Bede Carran

  
 \_\_\_\_\_  
 Date

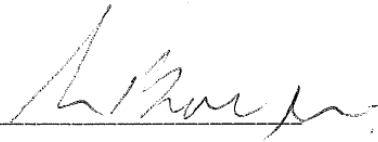
Name	Unit
	FHS – Environmental Health Officer, Enforcement Officer and Licensing Inspector

 #1437377

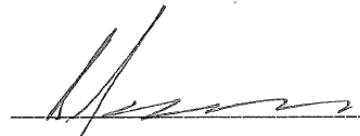


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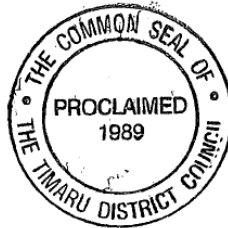
Nigel Bowen



Bede Carran

30/6/2022

Date



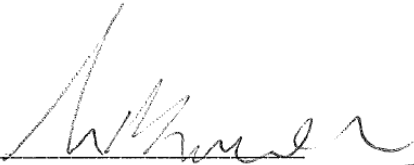
Name	Unit
[REDACTED]	Waste
[REDACTED]	Waste
[REDACTED]	Waste
[REDACTED]	Waste
[REDACTED]	Waste

[REDACTED] #1437377

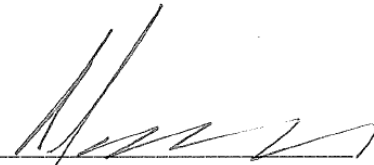


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Nigel Bowen



Bede Carran

30/6/2022

Date



Name	Unit
[REDACTED]	Environmental
[REDACTED]	Environmental
[REDACTED]	Environmental
[REDACTED]	Environmental
[REDACTED]	Environmental
[REDACTED]	Environmental
[REDACTED]	Environmental
[REDACTED]	Environmental
[REDACTED]	Environmental
[REDACTED]	Environmental
[REDACTED]	Environmental
[REDACTED]	Environmental
[REDACTED]	Environmental
[REDACTED]	Environmental
[REDACTED]	Environmental

[REDACTED] #1437377

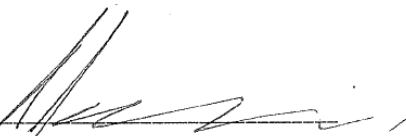




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Nigel Bowen Bede Carran

4/7/2022  
Date

- TDC requested that Citycare Brach Manager provide us the names of specific employees who they can vouch for in terms of the criminal checks, based on their own checks, due diligence, documentation and previously held warrants. See letter attached.
- TDC will (at the acceptance of the CE and Mayor) create Warrants of Appointments for those who have previously received a Warrant.
- These employees are listed in the below table.


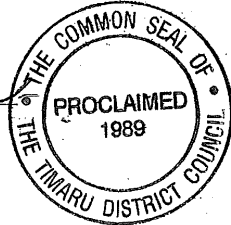
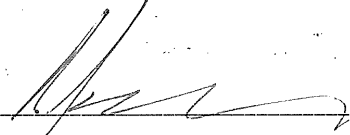
Name	Unit
[REDACTED]	Citycare – Operational Supervisor
[REDACTED]	Citycare – Operational Support
[REDACTED]	Citycare – Drainage and Water Serviceman
[REDACTED]	Citycare – Drainage and Water Serviceman
[REDACTED]	Citycare – Drainage and Water Serviceman
[REDACTED]	Citycare – CCTV Supervisor
[REDACTED]	Citycare - Drainage and Water Serviceman
[REDACTED]	Citycare – Operational Support
[REDACTED]	Citycare – Operational Support
[REDACTED]	Citycare - Drainage and Water Serviceman
[REDACTED]	Citycare – CCTV Operator
[REDACTED]	Citycare – Operational Support
[REDACTED]	Citycare – Drainage and Water Serviceman
[REDACTED]	Citycare – Drainage and Water Serviceman
[REDACTED]	Citycare – Branch Manager
[REDACTED]	Citycare – Drainage and Water Serviceman
[REDACTED]	Citycare – Operational Support
[REDACTED]	Citycare – Operational Support

#1437377



**Approval of warrants**

I, Bede Carran, Chief Executive of the Timaru District Council have delegated authority pursuant to clause 3.4 of the Timaru District Council delegations manual to appoint and authorise the Council Officers listed in the table below, and issue warrants to those Council Officers under the relevant legislation and the Council's bylaws, including delegating the exercise of powers under those warrants, and affixing the Council's common seal to warrants. I hereby approve the attached warrants.

Nigel Bowen

Bede Carran

8/7/2022

Date

Name	Unit
[REDACTED]	Drainage and Water
[REDACTED]	Drainage and Water

[REDACTED] #1437377

**9.2 Proposed Road Stopping - part of Hayman Street, Timaru**

**Author:** Susannah Ratahi, Land Transport Manager  
Selina Kunac, Transport Community Engagement Advisor

**Authoriser:** Andrew Dixon, Group Manager Infrastructure

**Recommendation**

That Council approves the initiation of the proposed road stopping process for a section of Hayman Street, Timaru between Fraser Street and Hayes Street in accordance with Schedule 10 of the Local Government Act 1974.

**Purpose of Report**

- 1 To present to Council a request to stop a section of Hayman Street and gain approval to undertake the road stopping process in accordance with legislation.

**Assessment of Significance**

- 2 This matter is considered to be low-medium significance in terms of the Council's Significance and Engagement Policy as the impact on the community and number of people affected is low, being a small area impacted.
- 3 There will be an opportunity for public consultation through the road stopping process, which is publically notified.

**Background**

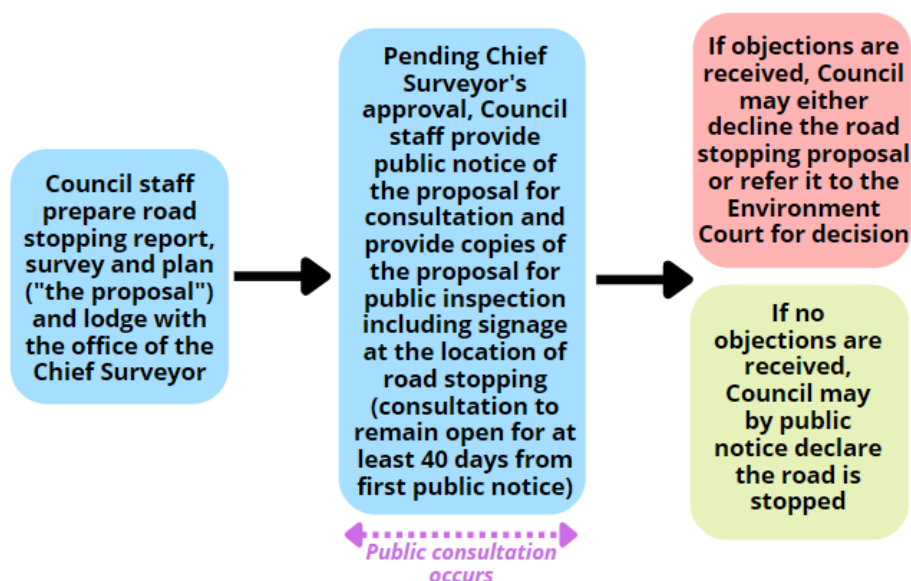
- 4 A request from Timaru District Holdings Limited (TDHL) has been received to stop an 80m long section of Hayman Street between Fraser Street and Hayes Street within the port industrial area. A detailed map, including key features of the surrounding area and the Port road network, is provided in Attachment 1.
- 5 As TDHL owns the land on either side of the proposed stopped portion, they intend to amalgamate the sites to create a larger development footprint to accommodate a higher-value new tenant. The applicant cites that this development would align with their strategic investment objectives, supporting local economic growth.
- 6 It is intended that should the road stopping be successful that TDHL be offered the purchase of the land as adjacent land owners at market valuation and subject to Council having first right of refusal of offer back should TDHL no longer require the land.

**Discussion**

- 7 An independent consultant, Abley Transportation Limited was engaged to assess the impact of stopping this portion of Hayman Street on the wider port area transport network. They concluded that there will be a margin impact on the neighbouring roads and, there is no reason why the stopping cannot proceed from a network efficiency perspective.
- 8 By using the road stopping process outlined in Schedule 10 of the Local Government Act 1974, public notification of the proposal including the call for submissions and objections is required,

as per diagram below. If there is an objection received, the proposed stopping can either be referred to the Environment Court for decision or it can be declined by Council.

**Summary of Schedule 10 process**



**Options and Preferred Option**

9 Option 1 is to proceed with the legislative process for the stopping the portion of Hayman Street. The proposal will be initiated and publically notified. If no objections are received the road will cease to be a public road and become freehold land in Council ownership. This land maybe sold to adjoining land owners. If there is an objection then this is referred to the Environment Court for decision on the road stopping. Option 1 is the preferred option.

Option 2 is maintain status quo. The request to initiate the road stopping process is declined and this road remains a legal public road.

**Consultation**

- 10 The applicant has undertaken early consultation with PrimePort Timaru and several of the large established commercial operators at the Port. They are supportive of the proposal.
- 11 The Land Transport Unit has undertaken early consultation with major transport operators and the Road Transport Association. There were no concerns received.
- 12 If Council were to approve the initiation of a legislative road stopping process, it is proposed public consultation would comprise the following:
  - i. Establishment of webpage containing the full road stopping proposal for public viewing and details of available feedback/submission channels
  - ii. Public notification of road stopping proposal and consultation in local media and social media, as per legislative requirements
  - iii. Distribution of full road stopping proposal for public viewing at Timaru Library and Timaru District Council Offices at 2 King George Place, Timaru, as per legislative requirements
  - iv. Installation of signage at the considered location, as per legislative requirements

- v. Email notification of road stopping proposal and consultation to Port operators and local transport operators, including Fire and Emergency New Zealand.

**Relevant Legislation, Council Policy and Plans**

- 13 Local Government Act 1974. Schedule 10 outlines the process for stopping public roads.

**Financial and Funding Implications**

- 14 All costs associated with process will be the applicants' responsibility. Therefore, there will be minimal cost to Council.
- 15 If the stopping is successful, the former reserve would be sold based on a market valuation.

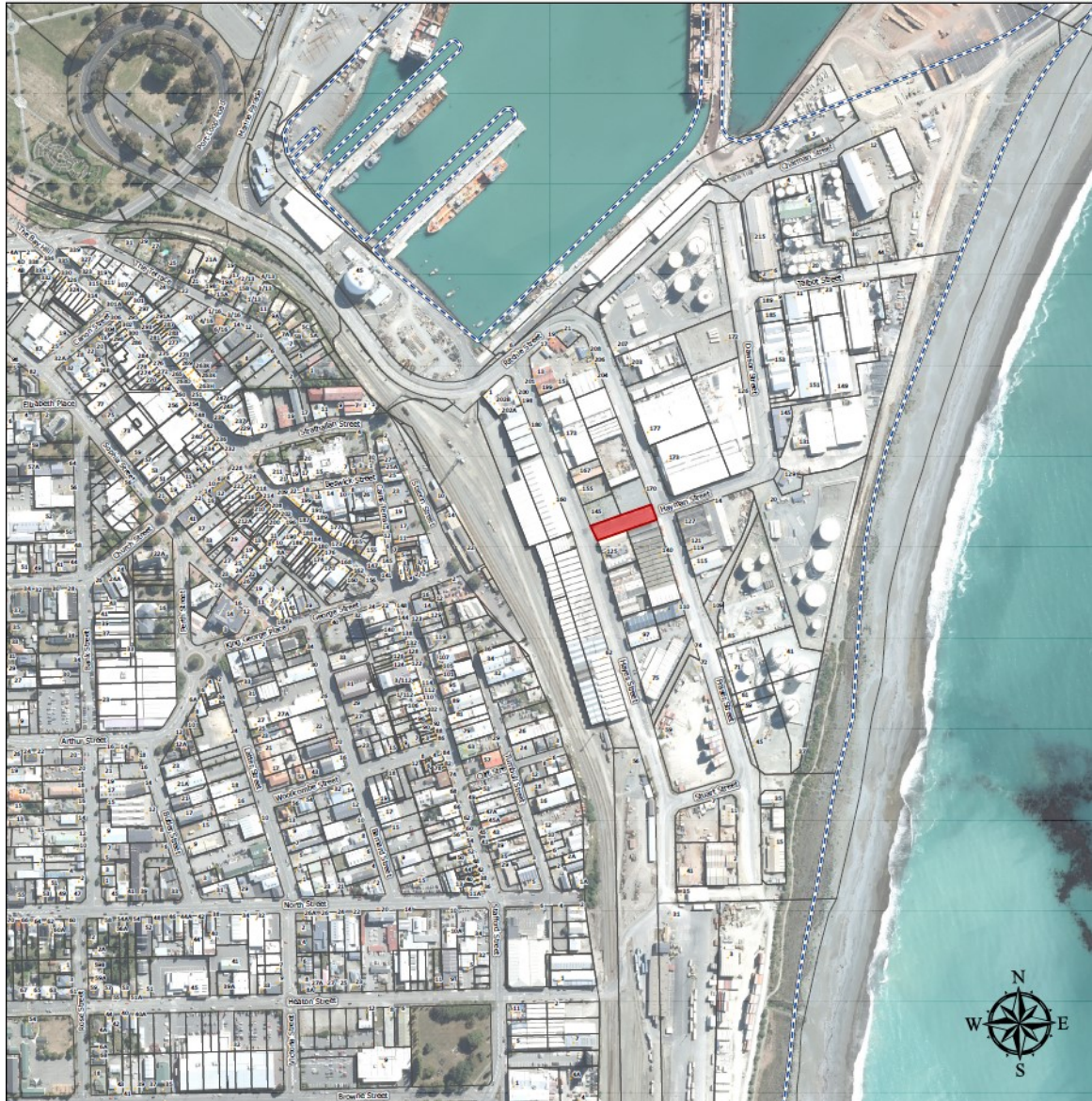
**Other Considerations**

- 16 There are some public underground services in the road corridor. These would need to be relocated if the road was stopped and the land ceases to be road corridor and public land. Some services may be able to be protected by easements. Relocation of services would be at the Developers cost.

**Attachments**

- 1. **Map of Proposed Road Stopping Hayman Street Timaru** [↓](#)

### Maps of Proposed Road Stopping – Hayman Street Timaru





**9.3 3Waters 'Better Off' Government Funding Package Offer**

**Author:** Ashley Harper, Three Waters Stimulus Advisor  
Beth Stewart-Wright, Director User Experience and Community Engagement

**Authoriser:** Andrew Dixon, Group Manager Infrastructure

**Recommendations**

That the Council:

1. Notes the Department of Internal Affairs clarification regarding acceptance of the Better Off Funding for those Councils who propose an alternative model for the three waters reform to that set out in the Water Services Entities Bill:  
*“The Funding Agreement for the better off package does not prevent or prohibit councils from doing this [i.e. opposing the Three Waters Reform]. For the avoidance of doubt, publicly criticising or expressing opinions on reform cannot reasonably be expected to have an adverse effect on the reputation, good standing or goodwill of the Department or the New Zealand Government, and would not represent a breach of the funding agreement.”*
2. Approves an application to the Three Waters Reform Better Off Support Package Tranche 1 Funding of up to \$4.97 million (GST excl) on the terms and conditions set out by the Department of Internal Affairs in the Three Waters Reform Better Off Package Tranche 1 Funding Agreement.
3. That Council delegates to the Chief Executive the authority to finalise the Funding Proposal and sign the Funding Agreement.
4. Agrees that the number of projects or programs to be submitted be 3 or less, and that Council identify a priority list of projects or programs for consideration.
5. That the Mayor, Deputy Mayor and Chairs of the Infrastructure and Environmental Services Committees be delegated authority to approve the final list of projects for submission.

**Purpose of Report**

- 1 The purpose of this report is to enable the Council to consider and determine whether or not to participate in the Government’s Three Water Reforms ‘Better Off’ Funding Package. If approval is given to participate the report has an additional purpose to consider which projects should be submitted for funding.

**Assessment of Significance**

- 2 This matter is considered to be of medium significance in terms of the Council Significance and Engagement Policy as it has the potential to materially impact a limited number of capital works projects or services over the next five years, may change levels of service to the community and some impact to Maori. It also has a final impact potential for Council with the receipt of extraordinary revenue of up to \$19.9m.
- 3 Whilst not a matter of high significance pursuant to the Council’s Significance and Engagement Policy, it should be noted that Council is involved in the Communities 4 Local Democracy (C4LD) campaign and High Court action to propose an alternative model for Three Waters



reform. This may lead to heightened interest in how Council balances its position of proposing an alternative model for reform and participates in a significant funding option.

- 4 Given the significance assessment and the high interest for some of members of our community there will be a requirement to engage with some sectors particularly Iwi on potential projects.

### **Background**

- 5 In July 2021 the Government and Local Government New Zealand negotiated a \$2.0 billion financial support package associated with the Government's proposed Three Waters reforms. The 'Better Off' package includes Tranche 1 funding of \$500 million for projects that are not in years 1-3 of the 2021-31 Long Term Plan (LTP) and Tranche 2 funding of \$1.5 billion from 1 July 2024 (see Attachment 1).
- 6 Notional funding allocations for each district have been determined through nationally consistent calculations used previously, based on:
  - (i) Population in the council area (75% weighting)
  - (ii) NZ Deprivation index (20% weighting)
  - (iii) Land area, excluding national parks (5% weighting).
- 7 The Timaru District Council's total share of the 'Better Off' funding package is \$19.90m. The funding is distributed in two tranches. Tranche 1, has a value of up to \$4.97m and applications close on 30 September 2022. The remainder of the funding via Tranche 2 will be available for work that commences from 1 July 2024. It is expected that the conditions relating to Tranche 2 funding will be similar to those pertaining to Tranche 1 funding, detailed later in this report.
- 8 Not all or any available Tranche 1 funds (\$4.97m) need be applied for by 30 September 2022. Funds not applied for in Tranche 1 will be made available in Tranche 2.
- 9 There is a risk in delaying application for the Tranche 2 only. For example, an election may trigger a change in government, in which case the guidelines and application process may be subject to change or repealed altogether and there is a risk that Tranche 2 may not be made available.
- 10 A well-considered funding application presents a unique opportunity to action new projects or initiatives that would otherwise require substantial injection of funds. Programs that focus on community wellbeing outcomes and driving place-making and economic development, as aligned with the Long Term Plan, allows for better collaboration between Council teams and units, and with Venture Timaru, Iwi, and community stakeholders.

### **Funding Criteria**

- 11 The Better Off Support Package is an investment by the Crown into the future for local government and community wellbeing; and is in recognition of the significance to the local government sector (and the communities they serve) of the proposed transfer of responsibility for water service delivery. The purpose of the funding is to support councils' transition to their new role post reform through meeting some or all of the following criteria, as laid out in the Heads of Agreement. The 'Better Off' funding can be used for projects or services across a wide spectrum of activities. There are three broad criteria for application of funding, which are:

- (i) 'Supporting communities to transition to a sustainable and low-emissions economy, including **by building resilience to climate change and natural hazards**.
- (ii) Delivery of infrastructure and/or services that **enable housing development and growth**, with a focus on brownfield and infill development opportunities where those are available.
- (iii) Delivery of infrastructure and/or services that **support local place-making and improvements in community well-being.**'

### Terms and Conditions

- 12 The funding application documentation requirements are at a level lower than a fully documented business case, but still requires a degree of certainty of the output of a project, including milestones and budgets.
- 13 Funding for projects under Tranche 1 will become available 6 weeks from the close of applications on 30 September 2022.
- 14 The funding is for new projects/initiatives and/or to accelerate, scale-up or enhance the quality of planned investment. This means that project costs must not have been included in years 1-3 of the LTP, however increases in scope/scale/quality for projects in years 1-3 of the LTP can be included in the tranche 1 application.
- 15 Projects in years 4-10 of the LTP can be included in Tranche 1, as can costs associated with accelerating any project.
- 16 The duration of the funded programme of expenditure is to be less than 5 years with funding being available until 30 June 2027. Project expenditure after this date will need to be funded by TDC.
- 17 The transition support arrangements relating to the proposed Funding Agreement between the Department of Internal Affairs and Council are detailed in Attachment 2. These require a high level of collaboration and cooperation during the transition phase of the three waters reforms. This requirement could prove to be challenging, given the Council and others High Court action. However, Taituara, Local Government Professional Aotearoa, has received legal advice that 'The Agreement does not generally restrict Councils from publically opposing or critiquing the Three Waters Reforms'.
- 18 Relevant to Timaru District Council on the matter of open expression of its view on the optimal reform model is Question 13 of the FAQ (Attachment 3) which asks 'If a Council participates, i.e. signs up and takes the money, will this still allow Council to be opposed to the Three Waters reform?'. In response the DIA clarifies that:

*The Funding Agreement for the better off package does not prevent or prohibit councils from doing this. For the avoidance of doubt, publicly criticising or expressing opinions on reform cannot reasonably be expected to have an adverse effect on the reputation, good standing or goodwill of the Department or the New Zealand Government, and would not represent a breach of the funding agreement.*

### Prioritisation Factors and Wellbeing Assessment

- 19 Each programme, project or initiative will need to go through a wellbeing assessment based on the Local Government Act 2002 well-beings (cultural, social, environmental, economic),

and a prioritisation process. Council can also leverage the Community Wellbeing Outcomes articulated in its LTP to demonstrate strategic alignment and positioning with respect to the proposed Local Government Reforms. Guidance is provided on how to prioritise the initiative or projects that would best fit the funding criteria. The prioritisation factors are shown in the table below.

Prioritisation Factors	
Value for Money	Do the identified wellbeing outcomes justify the cost?
Strategic Plans	Is there existing strategic planning documentation to support this initiative?
Iwi/Māori Support	Has the council engaged with iwi/Māori on the intended use of the funding?
Risk Analysis	Does your risk analysis show any undue concerns in completing the project - for example, are the resources required readily available?
Community Support	Does the initiative have rate-payer and local community support?

### Iwi/Maori Engagement and Partnership Requirements

- 20 Funding proposals for Tranche 1 are expected to demonstrate “genuine engagement” with Iwi/Maori. This means that, at a minimum, Council must identify and engage with Māori on proposed projects or initiatives; address any concerns that may arise as a result of the engagement; and take steps to resolve those concerns. For Tranche 2 projects must demonstrate partnership and collaboration, which means co-designing project solutions and supporting joint decision making.
- 21 The minimum expectations are that Council will be working towards a partnership model for Tranche 1 (Sept 2022) based on our current working model, and must be using a partnership model for Tranche 2 (2024) as set out in the dialogue boxes and table below:

		1 Current State			2 Future State	
		Inform	Consult	Collaborate	Partner	
<b>Tranche 1 Minimum Expectations (Current State):</b> <ul style="list-style-type: none"> <li>Identify Māori impacted by the kaupapa (purpose) of the work, with a focus on hapū, iwi, post-settlement government entities, other mana whenua</li> <li>Evidence of genuine engagement, extending beyond standing committees</li> <li>Identify issues/concerns arising from the engagement, and steps taken to accommodate and support these interests.</li> </ul>	Principles of Effective Engagement	Engage early	▶ Advise iwi/Māori of what is happening			
		Be inclusive	▶ Provide information to iwi/Māori	▶ Keep iwi/Māori informed ▶ Seek feedback from iwi/Māori	▶ Work together with iwi/Māori	▶ Pre-existing relationship with iwi/Māori
		Think broadly	▶ Listen to iwi/Māori ▶ Acknowledge iwi/Māori concerns & aspirations	▶ Determine issues/problems together	▶ Determine issues/problems together	
<b>Tranche 2 Minimum Expectations (Target State):</b> <ul style="list-style-type: none"> <li>Relationships built on trust and mutual respect</li> <li>Funding Proposals have been co-designed and co-complemented from inception</li> <li>Decision-making on initiatives to fund and prioritise have been made jointly.</li> </ul>	Principles of Partnership	Plan and co-design together		▶ Develop solutions together	▶ Develop the solution together	
		Share decision-making		▶ Involve iwi/Māori in the decision-making process	▶ Co-design the process	
		Relationship built on trust and respect				

### Discussion

- 22 There are a range of projects or initiatives that could potentially be submitted for consideration for funding by the ‘Better Off’ financial package. It is suggested that the number of projects selected be limited in number so as to facilitate an effective application process and to minimize the overhead costs of implementation and reporting.
- 23 Potential projects are as follows:

- i. Southern Trust Events Centre (STEC) particularly the opportunity to fund any changes in scope and scale that will enhance the facility to be a multi-purpose sporting and cultural centre.
  - ii. Art Gallery redevelopment acceleration or changes to scope and scale.
  - iii. Construction of new cycling and/or walking tracks that contribute to community wellbeing. These can improve active transport linkages and promote tourism and community development opportunities.
  - iv. Installation of solar electricity generation for Council facilities to contribute to sustainability initiatives and climate change mitigation.
  - v. Establishing a formal penguin sanctuary and viewing platform or eco-centre in Caroline Bay. This project could be pitched as a conservation exercise which also can be promoted as a tourism and community development opportunity.
  - vi. Developing the “sea-to-city” narrative along the coastal promenade. Projects may include the use of smart technology to tell local stories from iwi/Māori, early settlers, migration and development in the local area. Pay-for-hire scooters or e-bikes could be trialed over the summer period, supporting environmentally friendly transport over the tourist season.
  - vii. CPlay playground extension such as a splash pad that would be an additional feature and change of scope.
  - viii. Contribution to the CBD’s Revitalisation funding for years 4 to 7 as far as it relates to local place making and community wellbeing.
  - ix. Infrastructure to enable housing developments such as Broughs Gully, noting the private benefits that this could provide.
- 24 The Theatre and Heritage Centre project is unlikely to qualify as this project does not meet the criteria of not being funded in years 1 to 3 of the LTP and significant Government funding has already been allocated to this project.
- 25 Three waters projects have benefitted by \$6.86m from the Stimulus Package programme over the last 20 months and further there is a potential for these assets to transfer to the proposed water services entity. On this basis it is recommended that three waters projects are not included.

#### **Additional Points to Note**

- 26 A multiple number of projects can be proposed.
- 27 For Tranche 1 it is expected that the Funding Proposal demonstrates genuine engagement with Iwi and there is Iwi support.
- 28 For Tranche 2 projects, Iwi support is an integral part of any application. The decision making process must be developed in collaboration with Iwi/Maori and the project solutions must also be co-designed.
- 29 Crown Infrastructure Partners (CIP) will be administering the funding, agreements and reporting on behalf of the Department of Internal Affairs (DIA). In order to access the funding Council needs to submit a Funding Proposal which sets out the projects, programmes or initiatives to be funded along with prioritisation information, iwi/Māori engagement or partnership methods used, risk assessments, and wellbeing assessments. DIA has provided a

Pro-Forma Funding Proposal Template which is included as Attachment 4, although the actual application will be made online through the DIA Grants Management System.

- 30 The funding agreement template provided by DIA is included in Attachment 2. The funding agreement terms and conditions are mostly standard, however attention is drawn to Schedule 2: Transition Support Arrangements.

‘In signing the funding agreement Council would be agreeing under Schedule 2 to collaborate and cooperate with the DIA, including its National Transition Unit, to provide for the implementation and carrying out of certain parts of the Three Waters Reform Programme (to the extent the law permits), with a view to achieving the Reform Objectives. This would be done with regard to the Council’s available resources and competing demands, ensuring the Council is able to continue to carry out its other functions and activities.’

- 31 Participation in the reform programme may take the form of requests for information, requests for secondment or involvement of employees in reform activities, and enabling or facilitating affected staff to engage with the National Transition Unit in relation to their potential employment with a Water Services Entity.
- 32 Schedule 2 also requires Council to provide information on decisions that relate to, or may affect, the provision of water services. This includes adoption or amendment of LTPs or Annual Plans, policies, certain asset purchases or disposals, new contracts or borrowing arrangements that extend beyond 30 June 2024, that relate to water services. All of the Better Off funding is required to be spent within 5 years, no later than 30 June 2027, regardless of which Tranche it is allocated under. There is a greater risk of not being able to spend all the money within the 5-year timeframe if the maximum amount of funding available is not applied for in Tranche 1.
- 33 Since issuing the Better Off Support Package guidance document in April 2022 various matters have been clarified by the DIA, most recently through issuing the Better Off Council FAQ Responses document in May 2022 (as provided for in Attachment 2 and referred to above). Many questions relate to deadlines and rules applying between Tranches 1 and 2, and what can or cannot be funded.

#### **Communities 4 Local Democracy (C4LD)**

- 34 C4LD have been in communications with DIA regarding Three Waters Reforms and potential changes to the Better Off Funding Agreement terms and conditions. A letter was sent from DIA to C4LD on 14 June 2022 (Attachment 5A) which outlines the reasons why DIA does not believe a change to the terms and conditions is required. These reasons include the clarifications provided by DIA in the FAQ Responses document (Attachment 5B).

#### **Options and Preferred Option**

- 35 There are essentially two options for Council;
- i. Option 1 - To participate in the Governments Better Off funding package commencing with Tranche 1 with a value of up to \$4.97m, or
  - ii. Option 2 - Not participate in the Governments Better Off funding package Tranche 1 and revisit this participation opportunity via Tranche 2 in two years’ time assuming the option remains open.

- 36 Should Council decide to participate in Tranche 1 then a list of projects for consideration needs to be developed, noting the engagement obligations and that fully documented applications close on the 30<sup>th</sup> September 2022.

### **Consultation**

- 37 To date there has been no consultation on the acceptance or otherwise of the Better Off package.
- 38 Venture Timaru has been consulted on some of the potential services projects for this funding as listed in paragraph 21.

### **Relevant Legislation, Council Policy and Plans**

- 39 Timaru District Council Long Term Plan
- 40 Government Water Reforms
- 41 The Local Government Act 2002.

### **Financial and Funding Implications**

- 42 The \$19.9m available to Council via the 'Better Off' funding package is not insignificant. Should this funding be used for current projects which currently is budgeted to be funded with debt funding then Council will effectively reduce debt by the same amount. If new projects are introduced and fully funded by the 'Better Off' funding then there will only be operational costs to consider in the future.

### **Other Considerations**

- 43 There are three additional considerations that Council should consider.
- 44 First, is a consideration of risks of accepting the funding. There is little risk attached to accepting the Tranche 1 funding, given the reform process' current status and the ability for Council to maintain its current stance on Three Waters Reform.
- 45 Risks increase if the Tranche 1 funding is not applied for because expenditure would not start until 1 July 2024 meaning that it would be more difficult to spend all of the \$19.90 million Better Off Funding within the remaining 3 years. If the Council decides not to accept the Tranche 1 funding and Three Waters Reform subsequently stops, the \$4.97 million of funding may be lost together with the rest of the Better Off Funding.
- 46 Secondly, is consideration of the organisational capacity to deliver additional new projects over and above those included in the LTP. Should an application be made that includes new projects then further consideration will be required on how such projects can be delivered.
- 47 Thirdly, is consideration of how the funding can be best allocated to programs that can address criteria 1 and 2 (transition to a low-emissions economy and supporting place-making/identity), and that deliver best value for money. Large scale infrastructure projects may absorb the funds quickly with little tangible outcomes, however smaller scale community initiatives that support community identity and economic development may have greater impact for a smaller cost.
- 48 The fourth consideration is DIA have recently offered further funding (\$513,000) as part of the 3Waters Council Transition Support Package. The funding is for assisting Council to provide resourcing to meet information requested associated with the new water entities.

**Attachments**

1. **Attachment 1 - Three Waters Reform programme support package information and frequently asked questions** [↓](#)
2. **Attachment 2 - Better Off Package - Funding Agreement April 2022** [↓](#)
3. **Attachment 3 - Three Waters Better off Support Package - Guidance in Response to Councils' FAQ** [↓](#)
4. **Attachment 4 Pro-forma-Better-Off-Support-Package-Funding-Proposal-April-2022(2)** [↓](#)
5. **Attachment 5A Letter to DIA re Amendments to Funding Agreement 25 May 2022** [↓](#)
6. **Attachment 5B Correspondence from DIA 14 June 2022** [↓](#)

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## Three Waters Reforms Programme – Support package

### Summary

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

There are two broad components to this support package:

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

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

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

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

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

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

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**Better off funding allocation**

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

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

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## Frequently Asked Questions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### **What about other costs associated with reform?**

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

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

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

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

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

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

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

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

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

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

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

**Is this funding contingent on reforms going ahead?**

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

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

**When will funding from the support package be made available?**

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

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

**How will territorial authorities be able to access the funding?**

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

**Who will provide the funding?**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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# **FUNDING AGREEMENT**

**BETWEEN**

**DEPARTMENT OF INTERNAL AFFAIRS**

**AND**

**[NAME OF RECIPIENT]**

**AND**

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

**FOR**

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



**AGREEMENT**

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

**PART 1: KEY DETAILS**

- 1 **Parties** The Sovereign in right of New Zealand, acting by and through the [Deputy Chief Executive] of the Department of Internal Affairs (**DIA**)  
[NAME OF RECIPIENT] (**Recipient**)
- Crown Infrastructure Partners Limited (**Monitor**)
- 2 **Background** The New Zealand Government is undertaking a reform programme for “Three Waters” (drinking water, wastewater and stormwater) service delivery for communities (**Three Waters Reform Programme**).
- The Crown entered into a Heads of Agreement with New Zealand Local Government Association Incorporated Te Kahui Kaunihera o Aotearoa (**LGNZ**) under which, amongst other things, the Crown proposed that a Three Waters Reform financial support package be provided to local authorities, comprising:
1. a “no worse off” package which will seek to ensure that financially, no local authority is in a materially worse off position to provide services to its community directly because of the Three Waters Reform Programme and associated transfer of responsibility for the provision of water services (including the transfer of assets and liabilities) to the Water Services Entities; and
  2. a “better off” package of \$2 billion which supports the goals of the Three Waters Reform Programme by supporting local government to invest in the wellbeing of their communities in a manner that meets the priorities of both the central and local government, and is consistent with the agreed criteria for such investment set out in the Heads of Agreement,
- to be given effect in agreements between each local authority and the Crown (through DIA).
- The better off package will comprise:
1. \$1 billion of Crown funding, \$500 million of which is intended to be provided to local authorities from 1 July 2022 to enable early investment (“**Tranche 1 Funding**”); and
  2. the remaining \$1 billion to be funded by the new Water Services Entities.
- This Agreement relates to the provision of funding to the Recipient from the Tranche 1 Funding of \$500 million.
- The Crown’s objectives with the better off package are, acknowledging the Reform Objectives, to demonstrate central government confidence in the future for local government by providing the sector with additional funds to support local wellbeing outcomes in a way that aligns with the priorities of central and local government, including through meeting some or all of the following criteria:
1. supporting communities to transition to a sustainable and low-emissions economy, including by building resilience to climate change and natural hazards;

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

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

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

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

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

- |   |                                     |   |
|---|-------------------------------------|---|
| 3 | <b>Conditions Precedent</b>         | <p>No Funding is payable under this Agreement until DIA has confirmed to the Recipient in writing that it has received, and found, in its sole discretion, to be satisfactory to it in form and substance, the following documents and evidence:</p> <ol style="list-style-type: none"> <li>1. This Agreement, duly executed by the Recipient.</li> <li>2. The final Funding Proposal prepared by the Recipient, in a form approved by DIA.</li> </ol> <p>The Recipient is responsible for the content of the Funding Proposal and approval by DIA for the purposes of this Agreement shall not impose any obligations on DIA in respect of the Funding Proposal other than as expressly set out in this Agreement.</p> <p>These conditions precedent must either be satisfied (in the opinion of DIA) or waived by DIA (at its sole discretion) by 30 September 2022. In the event that they are not satisfied or waived within that time, DIA may notify the Recipient that this Agreement has not come into effect and is null and void.</p> |
| 4 | <b>Permitted Funding Activities</b> | <p>The Recipient may only use the Funding:</p> <ol style="list-style-type: none"> <li>1. for the purposes set out in Schedule 1; and</li> <li>2. for any other purpose with DIA or the Monitor’s prior written approval,</li> </ol> <p>(each a <b>Permitted Funding Activity</b>).</p>  |
| 5 | <b>Funding Proposal</b>             | <p>The Recipient is to undertake the Permitted Funding Activities in accordance with the Funding Proposal approved by the DIA (or otherwise with DIA or the Monitor’s prior written approval).</p>  |
| 6 | <b>End Date</b>                     | <p>The End Date is [1 July 2027], or such later date determined by DIA in its discretion. <b>[Note: Recipients may propose an End Date having regard to the funding activities covered by this agreement, no later than 30 June 2027. DIA intend that the End Date is to be confirmed for each agreement]</b></p>   |
| 7 | <b>Funding</b>                      | <p>The total Funding available under this Agreement is up to <b>NZ\$[INSERT HERE]</b> plus GST (if any). This is the Total Maximum Amount Payable.</p>  |

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

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

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

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

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

## 8 Reporting

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

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

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

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

**Each six-monthly report** must include the following information:

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

costs, how the shortfall is to be funded);

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

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

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

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

10 **Representative** DIA's Representative:  
 Name: Michael Lovett  
 Email: [threewaters@dia.govt.nz](mailto:threewaters@dia.govt.nz)

Recipient's Representative:  
 Name: [name]  
 Email: [email]

Monitor's Representative:  
 Name: [name]  
 Email: [email]

11 **Address for Notices** To DIA:  
 Three Waters Reform  
 Level 7, 45 Pipitea Street  
 Wellington 6011  
 Attention: Michael Lovett  
 Email: [threewaters@dia.govt.nz](mailto:threewaters@dia.govt.nz), with a copy to [legalnotices@dia.govt.nz](mailto:legalnotices@dia.govt.nz)

To the Recipient:

[address]

Attention: [name]

Email: [email]

To the Monitor:

[address]

Attention: [name]

Email: [email]

**SIGNATURES**

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

\_\_\_\_\_

Name: Michael Lovett

Position: Deputy Chief Executive, Local Government

Date:

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

\_\_\_\_\_

Name:

Position:

Date:

\_\_\_\_\_

Name:

Position:

Date:

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

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

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

*END OF PART 1*

**PART 2: GENERAL TERMS**

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**1 FUNDING**

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

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

## 2 RECIPIENT'S RESPONSIBILITIES

### Standards and compliance with laws

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

### Permitted Funding Activities

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

### Information Undertakings

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



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

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

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

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

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

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

#### **Monitoring**

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

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

- (a) DIA (or the Monitor) and the Recipient shall in good faith discuss:
    - (i) the identified areas of non-compliance and agree the steps that the Recipient will take to address such areas of non-compliance going forwards (**Remedial Plan**). If the parties are unable to agree a Remedial Plan by the 30<sup>th</sup> Business Day following the end of the relevant six month period, then DIA (or the Monitor) shall (acting reasonably and having regard to the matters raised by the Recipient in such discussions) provide the Recipient with a remedial plan which shall, for the purpose of this Agreement, be deemed to be the Remedial Plan. The Recipient shall comply with the requirements of any Remedial Plan;
    - (ii) acknowledging the commitment of resources (including staff) required by the Recipient to comply with its obligations under this Agreement (including the Transition Support Arrangements set out in Schedule 2), how the parties can work together to ensure such obligations are appropriately managed by all parties; and
  - (b) DIA (or the Monitor) may increase the frequency of the reports required under Item 8 of the Key Details from six-monthly to quarterly.
- 2.15 At the request of the DIA (or the Monitor) at any time after the occurrence of a Relevant Event, the Recipient and the DIA and/or the Monitor shall meet promptly to jointly discuss the circumstances relating to that event. DIA (or the Monitor) and the Recipient shall in good faith discuss the steps that the Recipient will take to address that event (a **Response Plan**). If the parties are unable to agree a Response Plan within 20 Business Days following a request under this clause, then DIA (or the Monitor) shall (acting reasonably and having regard to the matters raised by the Recipient in such discussions) provide the Recipient with a response plan which shall, for the purpose of this Agreement, be deemed to be the Response Plan. The Recipient shall comply with the requirements of any Response Plan and non-compliance by the Recipient shall entitle DIA to suspend funding under this Agreement until such time as the non-compliance is remedied to DIA's satisfaction (acting reasonably).

### 3 INTELLECTUAL PROPERTY

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

#### 4 TERM AND TERMINATION

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

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

## 5 WARRANTIES AND UNDERTAKINGS

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

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

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

## 6 **LIABILITY**

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

## 7 **CONFIDENTIALITY**

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

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

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

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

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

7.3 The Recipient acknowledges that:

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

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

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

## 8 MEDIA AND COMMUNICATIONS

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

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

## 9 DISPUTES

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

court (or other tribunal) of competent jurisdiction.

#### 10 REPRESENTATIVES

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

#### 11 GENERAL

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

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

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

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



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

*END OF PART 2*

**PART 3: DEFINITIONS AND CONSTRUCTION**

**Defined terms**

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

*Authorisation* means:

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

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

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

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

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

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

- (a) was originally acquired by the Holder in connection with this Agreement through disclosures made by or at the request of the Owner; and/or
- (b) was originally acquired by the Holder in connection with this Agreement through any access to, or viewing, inspection or evaluation of, the premises, facilities, documents, systems or other assets owned or controlled by the Owner; and/or
- (c) is derived from information of a kind described in paragraph (a) or (b) above; but excludes any information which the Holder can show:
- (d) was lawfully acquired by the Holder, entirely independently of its activities in connection with this Agreement, and is free of any other obligation of confidence owed to the Owner; and/or
- (e) has been independently developed by the Holder without reference to the Owner's Confidential Information, and without breaching any other obligation of confidence owed to the Owner.

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

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

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

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

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

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

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

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

*Key Details* means Part 1 of this Agreement.

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

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

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

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

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

*Reform Objectives* means the following:

- (a) that there are safeguards (including legislative protection) against privatisation and mechanisms that provide for continued public ownership;
- (b) significantly improving the safety and quality of drinking water services, and the environmental performance of drinking water, wastewater and stormwater systems (which are crucial to good public health and wellbeing, and achieving good environmental outcomes);
- (c) ensuring all New Zealanders have equitable access to affordable three waters services and that the Water Services Entities will listen, and take account of, local community and consumer voices;
- (d) improving the coordination of resources, planning, and unlocking strategic opportunities to consider New Zealand's infrastructure and environmental needs at a larger scale;
- (e) ensuring the overall integration and coherence of the wider regulatory and institutional settings (including the economic regulation of water services and resource management and planning reforms) in which the local

government sector and their communities must operate;

- (f) increasing the resilience of three waters service provision to both short- and long-term risks and events, particularly climate change and natural hazards;
- (g) moving the supply of three waters services to a more financially sustainable footing, and addressing the affordability and capability challenges faced by small suppliers and local authorities;
- (h) improving transparency about, and accountability for, the planning, delivery and costs of three waters services, including the ability to benchmark the performance of the new Water Services Entities; and
- (i) undertaking the reform in a manner that enables local government to further enhance the way in which it can deliver on its broader “wellbeing mandates” as set out in the Local Government Act 2002.

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

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

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

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

*Water Services Entity* means:

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

**Construction**

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

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

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

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

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

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

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

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

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

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

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

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

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

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*END OF PART 3*

**SCHEDULE 1: PERMITTED FUNDING ACTIVITIES**

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

**SCHEDULE 2: TRANSITION SUPPORT ARRANGEMENTS**

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

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

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

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

The Recipient acknowledges that such decisions include a decision:

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



# Three Waters Better Off Support Package

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Guidance in Response to Council's  
Frequently Asked Questions



## Better Off Support Package: Frequently Asked Questions (1 of 3)

FAQ#	Question	Response
1	Can DIA confirm that programmes / projects confirmed as part of Tranche 1 proposal can run through to 30 June 2027, and do not expire on 30 June 2024?	All funding must be used by 30 June 2027, which means projects must be completed before then as last cash out is before that date (ref "End Date" sect 6 of the Funding Agreement).
2	Can projects extend beyond 30 June 2027 providing specific provision is made in the Proposal for any unfinished portion to be funded by the council (similarly for Tranche 2 proposals)?	All Better Off funding from Tranche 1 must be expended by 30 Jun-27; a project could extend beyond 30 Jun-27 if supported by Council funding beyond that date. The intention is for Tranche 1 funding to be used by End Date but no restriction if ongoing investment beyond End Date funded by alternative sources (Funding Agreement Part 2 sects 2.4, 6.2). Tranche 2 funding could be applied to fund projects for expenditure beyond 30 June 2027 when it is available. This funding is available from 1 July 2024.
3	Confirm that tranche 1 proposals can be up to, but not exceeding, the amounts nominated by DIA (totalling \$500m) i.e. the proposal can be for a lesser amount.	The Better Off Funding Apr-22 guidance document (page 9 of 19) says: "Local authorities do not have to apply for the full Tranche 1 amount upfront, funds not applied for in Tranche 1 will be made available in Tranche 2. The second tranche will be subject to future guidance and application processes, however the same funding criteria and conditions are expected to apply."
4	Confirm that any eligible amount not included in an initial Tranche 1 proposal remains available for follow-up proposals.	Refer to #3 above
5	Confirm if there is a separate process for the follow-up proposal or this can only be included with the Tranche 2 proposal submission in 2024.	Refer to #3 above.  The Project Substitution process could be used to access funds up to the Tranche 1 maximum amount should the original Funding Proposal/Agreement be for less than the Tranche 1 maximum funding allowable.
6	The wording indicates that Tranche 1 proposals need to be either accepted, or a Waiver issued, by 30 September 2022. This presumably means that the proposal must be lodged prior to this to allow for assessment by DIA. Has this earlier date been defined?	If a proposal is received by 30 September but not approved within that timeframe, then DIA would consider issuing a Waiver, as no earlier date was specified in the guidance. Waivers are at the discretion of DIA and would need to be considered on a case-by-case basis. We encourage councils to engage early with CIP to get applications in well before 30 September to ensure a prompt response within the specified timelines.
7	There is mention of a 'Waiver' that can be requested where a council is not able, or willing, to submit a proposal by 30 September 2022. Can you define the criteria to be used, and the process for requesting a waiver? We are aware that a number of councils will need some time to assemble their proposals and the LG elections may also influence their processes.	Waivers are at the discretion of DIA and would need to be considered on a case-by-case basis. We encourage councils to engage early with CIP to allow agencies to identify and manage those councils wishing to seek a waiver.

## Better Off Support Package: Frequently Asked Questions (2 of 3)

FAQ#	Question	Response
8	If a Tranche 1 proposal has not been submitted by 30 September 2022, or a waiver issued, does the council lose its eligibility for the Tranche 1 funding? Does this impact on availability of the separately defined Tranche 2 funding?	Refer to Funding Agreement ... "These conditions precedent must either be satisfied (in the opinion of DIA) or waived by DIA (at its sole discretion) by 30 September 2022. In the event that they are not satisfied or waived within that time, DIA may notify the Recipient that this Agreement has not come into effect and is null and void."  If the conditions are not met by 30 Sep 22, then as above with unallocated Tranche 1 funding the LTA's tranche 1 funding would be added to their Tranche 2 funding and can be applied for in 2024.  Councils do not lose their tranche 1 funding - but they would not be able to access these funds until tranche 2 is available (1 Jul 24) if they do not participate in tranche 1.
9	We anticipate that some projects that could be considered may trigger the special consultation requirements of the LGA. If this becomes apparent and impacts on a council's ability to lodge a Proposal can an extension be granted in these circumstances?	If councils wish to consult, or if approval of a funding application is held up (e.g. as issues are worked through with mana whenua), then this could be grounds for a waiver. Waivers are at the discretion of DIA and would need to be considered on a case-by-case basis. We encourage councils to engage early with CIP and get applications in well before 30 September to ensure a prompt response within the specified timelines.
10	The Guide includes that the funding can be used to ' _ _ accelerate, scale-up and /or enhance _ _ 'an already planned investment. Can you confirm if the entire project is eligible for funding or only the additional cost associated with the enhancement?	The Better Off Funding Apr-22 guidance document (page 7 of 19) says  "Funding proposals must be for: <ul style="list-style-type: none"> <li>• new initiatives/projects; and/or</li> <li>• to accelerate, scale up and/or enhance the quality of planned investment"</li> </ul> Only the additional cost can receive Better Off funding unless a new (unfunded) initiative/project or exemption granted by DIA, however if funding is used to bring forward an entire project from years 4-10 of the LTP then the full amount is eligible.
11	At this time of rapidly increasing infrastructure construction costs we expect that councils will identify projects where the LTP budget no longer aligns with the actual expected construction costs.  Could a council apply for these additional costs even if the scope of the project is relatively unchanged?	Yes, the cost increase can be applied for Better Off Funding provided the project meets the Better Off funding criteria
12	Can the 10% upfront payment be used to provide rolling programme liquidity and each monthly claim be for all actual invoices paid in the previous period?	Yes, provided that the 10% working capital is fully itemised and allocated to projects before at a future point.

## Better Off Support Package: Frequently Asked Questions (3 of 3)

FAQ#	Question	Response
13	If a Council participates, i.e. sign up and takes the money, will this still allow Council to be opposed to the Three waters reform?	DIA acknowledges the importance of councils independently expressing their views of the reform programme. The Funding Agreement for the better off package does not prevent or prohibit councils from doing this. For the avoidance of doubt, publicly criticising or expressing opinions on reform cannot reasonably be expected to have an adverse effect on the reputation, good standing or goodwill of the Department or the New Zealand Government, and would not represent a breach of the funding agreement.
14	Transition Support Arrangements: The agreement requires the recipient to provide the collaboration and co-operation requested. There is then reference to CCOs involved in the delivery of water services. Does the obligation apply to both the council and the CCO if there is a CCO involved?	Yes, this obligation applies to both councils and CCOs.
15	It is noted that the Council election is scheduled for a week after the 30 September deadline for Tranche 1. If a council believes its decision-making process is compromised by the impending election can an extension be granted?	Waivers are at the discretion of DIA and would need to be considered on a case-by-case basis. Councils should engage early if there is a risk to achieving the 30 September timeframe.
16	Can you confirm if it is intended that projects must be wholly contained within each of the 2 tranches or if overlaps are permitted? This more specifically relates to projects that are partially completed in Tranche 1 and depend on Tranche 2 funding to achieve completion.	This would be permissible. DIA encourages councils to take an integrated approach, looking at opportunities that could be funded across both tranches where that makes sense.
17	We understand that projects that have ‘... previously been submitted and reviewed through another contestable funding source ... ‘can be included in the proposal.  We presume this could include the expansion or enhancement of projects that have been approved by the source or re-submission of projects that have been declined, in whole or in part.	Yes, provided they meet Better Off funding criteria.
18	Could we use part (say 1/3) of the Tranche 1 funding to subsidise our road maintenance contract? We have received tenders that are significantly above budget, and we have no other “potential” funding source.	BAU road maintenance would not meet Better Off criteria. The LTA would be better to use Better Off funding to fund projects within their plan that do meet the Better Off Fund criteria - like enhancing a local park or community facility - and then use that funding freed up for the roading maintenance.  Councils should work through issues like this with their appointed CIP Relationship Manager.



### THREE WATERS BETTER OFF GRANT FUNDING PROPOSAL: TRANCHE 1<sup>1</sup>

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#### Instructions to complete the Funding Proposal:

- The Funding Proposal is to be submitted through the DIA online Grant Management System. **To apply you will need access to this system.** Guidelines on accessing this system are provided in Appendix C of the guidance document "*Guide to better off package funding for local authorities*" found here: <https://www.dia.govt.nz/three-waters-reform-programme-reform-support-package>
- One Funding Proposal per Local Authority can be submitted for the total Tranche 1 Programme of Expenditure.
- Local Authorities do not have to apply for the full Tranche 1 notional amount upfront, funds not applied for in Tranche 1 will be available in the Tranche 2 application round.
- A Programme may consist of more than one Project or Initiative, and Local Authorities may elect to provide appendices with further details and breakdowns if that would assist in the approval process.
- The Programme may relate to expenditure over a period of up to 5 years.
- All figures in this Funding Proposal should be GST exclusive.
- A relationship manager will be available to support councils and can provide advice if the Local Authority has additional questions.
- Refer to the document "*Guide to better off package funding for local authorities*" which sets out the information needed for Local Authorities to engage with the Funding Agreements and the Funding Proposal template below.

The draft Funding Proposal can be submitted by the Local Authority any time between 4 April 2022 and 30 September 2022. The Funding Proposal will be assessed by the Department of Internal Affairs, who may provide feedback and require further detail, additions or alterations. The Funding Proposal is to be finalised, and Councils notified of the outcome within six weeks of receipt of the draft submission.

Where the Department of Internal Affairs requires any additional assurance or conditions for a specific Funding Proposal, this will be included in Question 17 below following the Department of Internal Affairs review. Question 17 will form part of the Funding Proposal.

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<sup>1</sup> The \$2 billion 'better off' package is available in two tranches. The first \$500 million is available from 1 July 2022 and the remaining \$1.5 billion is available after 1 July 2024.



**SECTION 1: General Information**

1. Programme Title:

2. Local Authority:

3. Organisation Lead Contact:

Name:	<input type="text"/>
Position:	<input type="text"/>
Email:	<input type="text"/>

**SECTION 2: Programme of Expenditure Overview**

4. Provide a brief description of the Programme of expenditure the funding will be applied to. If the Programme comprises more than one Project, or Initiative that you will be reporting on separately, please list (add more rows if required):

<i>[description of Programme]</i>
List of Projects/Initiatives under this Programme

5. Total Maximum Amount Payable as defined and stated in the Funding and Collaboration Agreement (NZD \$):

\$	<input type="text"/>
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6. Total estimated cost of the Programme (NZD \$)?

\$	<input type="text"/>
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7. Of the total estimated cost above, specify the amount (if any) that will be allocated to general management oversight and other administrative costs.

\$	<input type="text"/>
	<i>[description]</i>

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

Funding Source	Amount (NZ\$M)
<input type="text"/>	\$ <input type="text"/>
<input type="text"/>	\$ <input type="text"/>
<b>Total</b>	\$ <input type="text"/>

9. Please indicate below the expenditure programme funding status:

	Yes/No	Amounts in NZD \$	Year
Included in LTP	Choose an item.	\$	
Included in the latest Annual Plan	Choose an item.	\$	
Not funded in any plan	Choose an item.	\$	
Was funded but COVID-19 deferred	Choose an item.	\$	
Local Authority co-funding being contributed	Choose an item.	\$	

10. Has the programme been submitted and reviewed through another contestable funding source? (such as the Infrastructure Acceleration Fund)

If Yes, please state the funding source and the stage of the funding process you reached below.

Funding Source	Stage Reached

11. Describe the risks you have identified in completing the programme on time and on budget (eg: availability of and access to specialist skills) and any steps/actions you have taken to mitigate these risks.



**SECTION 3: Programme of expenditure details**

12. Please provide a high-level breakdown of the expenditure programme, including the programme commencement and completion dates, key delivery milestones, and for each milestone the planned completion date and estimated cost:<sup>2</sup>

*Milestones should reflect the progress of project delivery, and link to specific and measurable project outputs. Please refer to your relationship manager for guidance, and examples of output-based milestones.*  
*If the funding package is to be used to fund multiple projects/initiatives, duplicate the table below for each project. The total of all projects must equal the Total Maximum Amount Payable per the Funding Agreement.*

	<b>Expenditure Programme/Project Milestone</b> (including a description of how the milestone is identified)	<b>Estimated Completion Date</b>	<b>Estimated costs</b> (NZD \$)
1.	Commencement Date per the Funding Agreement	dd-mmm-yy	Nil
3.	[milestone 1]	dd-mmm-yy	\$
4.	[milestone 2]	dd-mmm-yy	\$
5.	[milestone 3]	dd-mmm-yy	\$
6.	[milestone 4]	dd-mmm-yy	\$
7.	[Completion of expenditure programme/project]	dd-mmm-yy <i>To be no later than 30 June 2027</i>	\$
	<b>TOTAL</b>		\$

<sup>2</sup> All figures should be GST exclusive.





**CHECKS**

Total maximum funding instalment amount per the Milestone Table(s) <sup>3</sup> is <b>less than or equal to</b> Total Maximum Amount Payable per question 6	Choose an item.
Total budgeted costs to complete the expenditure programme per the Milestone Table(s) <sup>4</sup> is <b>equal to</b> the total estimated cost of the expenditure programme per question 7	Choose an item.

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<sup>3</sup> If the Milestone Table was duplicated to reflect multiple projects/initiatives, please add the total amounts across all tables when performing the checks above.



**SECTION 4: Wellbeing Assessment**

*For this section, please refer to the document “Guide to better off package funding for local authorities” for guidance on conducting the wellbeing assesment.*

13. Please set out how the expenditure programme promotes one (or more) of the key criteria of the better off package and the well-being of communities (social, economic, environmental, and/or cultural) in the table below. Add lines where necessary.

*If the funding package is to be used on multiple project/initiatives, duplicate the table below in order to identify the wellbeing outcomes for each project.*

<b>Programme Title</b>				
<b>Project/Initiative</b> (if applicable)				
<b>Better Off funding criteria</b> (select as many that apply)	Criteria 1: Supporting communities to transition to a sustainable and low-emissions economy.	Criteria 2: Delivery of infrastructure and/or services that enable housing development and growth.	Criteria 3: Delivery of infrastructure that support improvements in community well-being.	
<b>Wellbeing Area</b> (select as many that apply)	Social wellbeing	Economic wellbeing	Environmental wellbeing	Cultural wellbeing
<b>Wellbeing Outcomes</b>				
<b>Outcome</b>	<b>How Outcome will be Measured</b>		<b>How Outcome will be Monitored/Reported</b>	



**SECTION 5: Iwi/Māori Engagement**

*For this section, please refer to the document "Guide to better off package funding for local authorities" for guidance on the Iwi/Māori engagement required to answer the following questions.*

- 14. Describe the process you used to identify relevant iwi/Māori parties in your region, and specify which Māori groups / entities / organisations (eg, iwi, hapū, post-settlement governance entities, etc) you engaged with.

- 15. Provide details of the engagement you undertook with iwi/Māori in determining the use of the funding allocation. Include details regarding the methods of engagement (e.g. hui, wānanga, consultation on material, subsequent feedback).

- 16. Provide details of the ideas, suggestions, issues or concerns raised by iwi/Māori during your engagement process, along with the steps taken to address these.

**SECTION 6: DIA USE ONLY**

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



26 May 2022

Mr Michael Lovett  
Deputy Chief Executive Local Government  
Department of Internal Affairs  
PO Box 805  
WELLINGTON 6140

BY EMAIL: michael.lovett@dia.govt.nz

Dear Mr Lovett

**Re: Draft Funding Agreement concerning Tranche 1 “Better Off” Package**

We write, with their agreement, on behalf of the Partner Councils of the **Communities 4 Local Democracy - He hapori mō te Manapori** campaign, to propose a number of amendments to the draft Funding Agreement provided to councils at the end of April 2022.

As you will be aware, Partner Councils have some concerns relating to the draft Funding Agreement most of which have found their way into media commentary and in respect of which the Government has responded positively to the concerns expressed. Partner Councils would like to see the Government’s reassurance on these matters reflected in the draft Funding Agreement. To this end we have commissioned legal advice that proposes a set of amendments that both reflects Partner Councils concerns and the Government’s assurances. We ask that these draft amendments be considered by you and then included in a revised draft Funding Agreement.

In the event that you do not agree to these amendments we ask that you either provide revised wording for Partner Councils to consider or provide an explanation as to why the draft clauses we are proposing are not acceptable given the Government’s commentary on these points.

Our proposed amendments are set out below.

***Draft clause – proposed to be added in clause 2 (under "Recipient's responsibilities")***

***Paramount clauses***

2.16 Notwithstanding anything to the contrary in this Agreement, the parties agree that:

- a) **C4LD membership and activities permitted:** *The Recipient's membership in Communities 4 Local Democracy (C4LD) is permitted by DIA and is not considered a breach an event or circumstance referred to in clause 4.3(c) or otherwise a breach of this Agreement. DIA may not terminate this Agreement under clause 4.3 by reason of the Recipient's membership in C4LD or as a result of any lawful activities carried out by the Recipient in connection with its membership of C4LD.*
- b) **Wider opposition permitted:** *Nothing in this Agreement, including the Recipient's receipt of Funding under and in accordance with this Agreement, will restrict, limit or interfere with the Recipient's ability or right to continue opposing, criticize, take positions, advocate or submit against, or otherwise challenge or oppose (in any direct or indirect manner) the Government's Three water reform proposals (publicly or otherwise), and no lawful act, omission, activity, communication, submission, notice or proceeding or any other act or thing done by the Recipient in relation to such opposition, criticism, submission or challenge will constitute a breach of any of the Recipient's obligations under this Agreement.*
- c) **Limit on support arrangements:** *The Recipient's obligation to collaborate and co-operate with the DIA under this Agreement shall not require the Recipient to take any action or provide any resources that the Recipient reasonably considers will interfere with its normal business operation or ability to carry out or complete any activities or obligations that are normally, or otherwise required to be, completed by the Recipient in the ordinary course of its business. If the Recipient reasonably considers that any collaboration or co-operation requested by the DIA (including any requested secondment, or other proposed engagement, of the Recipient's employees, any requested involvement of the Recipient's staff or any other matter referred to in Schedule 2 of this Agreement) will interfere with its normal business operations or otherwise cannot be complied with by the Recipient for any legitimate reason, the Recipient will:*
  - i. *promptly notify the DIA of this (within 5 working days of such request being made, where reasonably practicable);*
  - ii. *communicate with the DIA regarding whether any alternative collaboration or co-operation can be provided by the Recipient instead (in a manner that the Recipient considers would not interfere with its normal business operations or other obligations in the circumstances); and*
  - iii. *not be a breach of this Agreement for its failure to comply with the relevant request if it has complied with the above obligations.*
- d) **Independent Funding:** *The Funding is a separate and independent arrangement between the parties for the purposes set out in this Agreement and except where expressly stated otherwise in this Agreement does not affect any existing or future funding or other arrangement between the parties, or imply any obligation or commitment by the Recipient, in connection with the Three Waters assets or otherwise.*

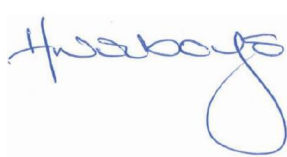
Proposed clauses 2.16(a) and (b) make clear that councils may continue to oppose the Government's Three Water reform proposals without triggering the "reputation" clause that the Government wishes to be retained in the draft Funding Agreement. The Minister has stated publicly that this is the case, so the clause merely reflects the Government's position and puts the point beyond doubt.

Proposed clause 2.16(c) addresses concerns in the sector that the work of the DIA Transition Unit and the obligations on councils in the draft Funding Agreement may have adverse impacts on business as usual requirements. It proposes a reasonable and even-handed process in the event that a concern arises. We understand that this reflects the commitment of the Transition Unit to work collaboratively with councils and would provide considerable reassurance to councils who are considering whether to sign up to the draft Funding Agreement.

Finally, proposed draft clause 2.16(d) makes clear that any funding provided pursuant to the draft Funding Agreement does not constitute compensation paid by the Crown for Three Waters assets. This is consistent with the Government’s position that councils will remain owners of the assets after the reforms proceed.

If you would like to discuss points arising from this letter, please do not hesitate to contact us.

Yours sincerely



Mayor Helen Worboys  
Chair  
Communities 4 Local Democracy



Mayor Dan Gordon  
Deputy Chair  
Communities 4 Local Democracy

**Te Tari Taiwhenua  
Internal Affairs**

45 Pipitea Street  
Wellington  
Phone 0800 25 78 87  
dia.govt.nz

14 June 2022

Mayor Helen Worboys  
Chair  
Communities 4 Local Democracy  
[helen.worboys@mdc.govt.nz](mailto:helen.worboys@mdc.govt.nz)

Tēnā koe Helen

Thank you for your further correspondence of 10 June 2022 regarding the Three Waters Reform Programme's Better Off funding agreement.

At this time we do not see any benefits in making further changes to the Better Off Funding Agreement. This is because:

- We have already issued clarifying guidance to the sector on the concerns raised regarding clause 2.10 in the Funding Agreement.
- The Department wrote to all chief executives on 20 May 2022 acknowledging the importance of councils being able to independently express their views of the reform programme, and that the Funding Agreement for the better off package does not preclude councils from doing this.
- Since we have provided this clarification the sector is responding favourably to the Better Off funding package.
- We are working very positively with Crown Infrastructure Partners who are making their expert staff readily available to councils to assist in developing proposals and in streamlining the application process.

With regard to the points above you will be interested to note that a number of councils have been in contact with Crown Infrastructure Partners who are managing the Better Off Funding Package for the government. More specifically to date:

- 49 councils have already contacted CIP seeking further information on the package.
- 22 councils have proposals in progress and/or initiatives are being developed.

This includes final proposals that have already been received from councils.

You will appreciate that it is vital we are measured in our approach and remain consistent with the original intent of the policy design behind the Better Off funding.

We welcome any further questions or clarifications you are seeking in order to best enable the sector to benefit from the Better Off funding package.

Nāku noa, nā

Hamiora Bowkett  
**Executive Director**  
**Three Waters Reform Programme**

Heather Shotter  
**Executive Director**  
**National Transition Unit**



**9.4 Grant of Funds Application for \$250,000 from Geraldine Endowment Land Fund****Author: Nicole Timney, Manager of Property Services and Client Representative****Authoriser: Jason Rivett, Acting Group Manager Commercial & Strategy****Recommendation**

That the Council resolve to:

1. Provide a grant of funds from the Geraldine Endowment Land Fund to the Peel Forest Outdoor Pursuits Centre in exchange for the following:
  - (a) A public walking track within the 22ha private site belonging to the Peel Forest Outdoor Pursuit Centre with a caveat on the title of land allowing public access in exchange for a grant of \$145,000 from the Geraldine Endowment Land Fund
  - (b) The purchase back of buildings from the Peel Forest Outdoor Pursuits Centre that reside on the Timaru District Council land area currently leased by the Centre for \$68,000 from the Geraldine Endowment Land Fund and a retirement of the outstanding loan for \$42,000.

**Purpose of Report**

- 1 The Peel Forest Outdoor Pursuits Centre seeks a grant of funds totalling \$213,000 from the Geraldine Endowment Land Fund and a retiring of an existing loan for \$42,000 with Timaru District Council to enable the future strategic goals of the centre and enable wider community engagement with the centre.

**Assessment of Significance**

- 2 In terms of the Council's Significance and Engagement Policy this matter is considered to be of low significance and low engagement.
- 3 The number of people affected and the financing and rating impact is considered low. The Geraldine Community Board have been informed and consulted with by way of a Geraldine Community Board Paper on the 25<sup>th</sup> May 2022 and are supportive of the application as per Resolution 2022/83.

**Background**

- 4 The Centre dates back to 1994 when the Peel Forest Outdoor Pursuits Charitable Trust was established to oversee skills training, outdoor education and recreation along with environmental education programmes at Peel Forest and throughout Canterbury.
- 5 The Centre has a long history in schooling in New Zealand and is generally understood to contribute to student's personal and social development.
- 6 The Centre is a not-for-profit organisation and is constantly walking the line that enables it to deliver low-cost/value driven programmes to a diverse demographic of schools whilst meeting the increasing cost of delivering a truly enduring and special experience for students.
- 7 The latest Strategic Review of the Centre and its operations, the Trust concluded that it needed to seek expressions of interest from like-minded organisations, businesses or partners

that would be interested in forming a strategic alliance to enable the expansion of the business and continue the journey of developing further offerings and experiences across a wider audience of people.

### Discussion

- 8 Discussions have been held with the Peel Forest Outdoor Pursuits Directors and staff members for over a year, with several visits to the centre and presentations and updates on the strategic vision for the Centre.
- 9 The Directors and staff have outlined the issues faced in progressing with the strategic vision and the requirement for likeminded organisations to partner with them to enable growth and inject cash for capital investment to develop more buildings and a new centre on the 22ha block owned by the Centre.
- 10 The Centre, through its current activities hosts close to 6,000 students in a summer season and is the single visitor contact in the Peel Forest Area and hosts 18 of the 28 schools from the Timaru District alone. There are also visits from the YMCA, Scouts, Girl Guides and Adventure Development as well as ad hoc offerings for competitors of the Speights Coast to Coast and other private outdoor adventure sports activities that require specialist training.
- 11 The Centre also hosts a further 85 schools and youth groups from Dunedin to North Canterbury per year and is considered the outdoor events specialist centre for schools and groups to attend in the South Island.
- 12 The financial impact and social impact of bringing nearly 6,000 students and visitors to the centre to the Peel Forest Area alone brings economic benefit for the local community and surrounding business entities that support the hosting of students via services and goods.
- 13 The activities of the Centre fit the criteria of Councils Well Being and Community aspirations as well as developing Timaru and the Peel Forest Area as a place to visit for recreational and leisure pursuits.

### Options and Preferred Option

- 14 Option 1 (preferred Option) – That Council supports the granting of \$213,000 from the Geraldine Endowment Land Fund and retires the outstanding loan of \$42,000 on condition that:
  - (i) A public walking track be created within the 22ha block owned by the Peel Forest Outdoor Pursuits Centre as a partnership between the Centre and Timaru District Council within six months of the granting of funds
  - (ii) That interest is lodged by Council by way of a caveat on the title of the 22ha block for the walking track noting that it must be available to the public
  - (iii) That in the event of the sale of the land to another party that the walking track remains on the title at exchange of ownership or the grant be paid back to Timaru District Council in full plus any costs incurred by Timaru District Council in partnering to create the walking track plus appropriate interest on the grant of no less than 2% per annum over the length of time of the grant
  - (iv) That Council takes back possession of the buildings currently under lease but owned by the Peel Forest Outdoor Pursuits Centre on Council reserve land

and leases the buildings back to the Centre for a period of time at a reasonable rental

- (v) That Council retires the outstanding loan for the purchase of the buildings on Council reserve land in Peel Forest between the Peel Forest Outdoor Pursuits and Timaru District Council of \$42,000

- 15 Option 2 – Do nothing, but support the Peel Forest Outdoor Pursuits Centre to find a suitable strategic partner for the growth aspirations of the Centre.

### Consultation

- 16 A paper was presented to the Geraldine Community Board on the 25<sup>th</sup> May 2022 and Directors and staff of Peel Forest Outdoor Pursuits Centre attended the meeting and presented their application for a grant of funds. It was noted in Resolution 2022/83 that the Geraldine Community Board strongly supported the application for a grant of funds from the Geraldine Endowment Land Fund for the district wide initiative.
- 17 The Centre has hosted some Councillors at Peel Forest and presented to Council via a workshop to put forward their strategic vision for the future of the centre and enquiring about partnering with the Timaru District Council to widen and develop the offerings of the Centre to a wider public audience.
- 18 The Directors and staff of the Peel Forest Outdoor Pursuits Centre have been working with the Rūnanga at Arowhenua Marae and continue to consult and develop their relationship with Iwi as this is a culturally important area to the Rūnanga.

### Relevant Legislation, Council Policy and Plans

- 19 The Community Development Loan Framework and policy, including the rules governing endowment fund grants held by Council.
- 20 Full independent legal advice will be sought when forming the contractual arrangement between parties.

### Financial and Funding Implications

- 21 That the terms and conditions, if any, of the Geraldine Endowment Land Fund be satisfied in all respects if used for the purpose of the grant to enable access to Peel Forest Outdoor Pursuits 22ha land area for the purposes of a public walking track.
- 22 That the terms and conditions, if any, of the loan agreement between Peel Forest Outdoor Pursuits Centre and Timaru District Council be satisfied in all respects in retiring the outstanding loan of \$42,000.
- 23 The fund as at July 2022 has a total of \$507,500 available for land and building purchase for community benefit and use.

### Attachments

1. **Peel Forest Outdoor Centre Letter of application to Mayor Bowen** [↓](#)
2. **Geraldine High School Support Letter** [↓](#)
3. **Timaru Boys High School Support Letter** [↓](#)



11<sup>th</sup> July 2022

Timaru District Council  
Att: Mayor Nigel Bowen  
Via email

Dear Nigel

Thank you for your and Nicole Timney's time to discuss the Peel Forest Outdoor Pursuits Charitable Trust's request for a grant from the Timaru District Council (TDC), and a proposal to sell back the buildings at 1222 Peel Forest Road which the Peel Forest Outdoor Centre (PFOC) purchased from the TDC in 2008.

**1. Executive Summary, including Criteria Fit for the grant of funds from the Geraldine Endowment Land Fund (enabling the purchase, development, and use of land for community use)**

- A. The Peel Forest Outdoor Pursuits Charitable Trust is seeking a grant of \$145k from the District's Land Fund (Geraldine Endowment Land Fund) to enable the Centre to attract strategic partners supporting new activities/programmes that are inclusive and localised (including the development of onsite activities, accommodation platforms and walking tracks within the grounds of the PFOC that accommodate all abilities and the wider community, encouraging wellness and activity). This is on the PFOC owned 22ha block, purchased in 2001, at 146 Rangitata Road (land adjacent to the Peel Forest Park Scenic Reserve.)

A right of way agreement/easement, to create a walking path within the 22ha, open to the public and supported in a partnership by Parks and Recreation in the future for upkeep. Educational story boards/platforms around the walking track informing of the environment, flora and fauna and activities of the centre are proposed with engagement/collaboration with Te Rūnanga o Arowhenua, DOC etc.

- B. The Peel Forest Outdoor Pursuits Charitable Trust is also proposing to sell the buildings at 1222 Peel Forest Road, back to the TDC for \$105k which is the amount the Trust purchased the buildings for in 2008. NB – the PFOC has a loan with the TDC which was established to enable the purchase back in 2008 of which approximately \$68,000 has been paid back to the TDC to date, with approximately \$42,000 remaining on the loan.

A lease back opportunity of the buildings until the new head office and buildings are erected on the 22ha. The TDC would look to a partnership arrangement between PFOC, Te Rūnanga o Arowhenua, DOC, Ecan for future use of the land and buildings

The PFOC has assets currently with a book value of circa \$1.15m (as per 20/21 financial accounts)

We recognize the need to ensure the safety/protection of ratepayer money so propose a caveat on the title with a condition which would see the grant repaid if the land use were to change or if the Trust were to sell the land. This would protect the public walking track.

This grant will greatly enhance lifestyle and strengthen equity for young people and the wider community and builds on the vision and values of the Centre, the Geraldine Endowment Fund and the Timaru District Council Long Term Plan which benefit Community Wellbeing...our people & community, the environment, the district's economy, and our future.

Being able to grow activities in the Peel Forest area and enable more of the community to experience the region would benefit the district and therefore the PFOC has an important role to play in supporting the delivery of the district's Long-Term Plan (LTP), the blueprint for the delivery of Council Services over the next 10 years.

Focus areas include:

- ▶ Connected Citizens...bringing groups together from within and outside of the district to engage in outdoor & environmental activities/learnings with professional instructors for personal growth and insightful enjoyment. The centre working alongside partners like DOC and Te Rūnanga o Arowhenua can take a role in advocacy and leadership in authentic, distinctive, and environmentally sustainable programmes.
- ▶ Enhanced Lifestyle...community wellbeing is enhanced by spending more time in the outdoors and access to native bush, flora, and fauna. Peel Forest has much to share with the wider district community.
- ▶ Sustainable Environment...encourage biodiversity, kaitiakitanga and a clean environment by supporting the centre to tell the eco story through various educational mediums, platforms, and partners to enhance the Peel Forest area.
- ▶ Diverse Economy...leveraging local strength and thriving together by partnering with the centre and other parties creating future possibilities/partnerships to continue the journey of the centre and the environment for the long-term future of the wider community, and
- ▶ Resilient Infrastructure...investment in the future by creating a partnership between parties e.g., PFOC, DOC, TDC, Te Rūnanga o Arowhenua, to enable future eco collaboration & development of the Peel Forest area for wider community participation.

## **2. Background of the Grant Request**

Outdoor education has a long history in schooling in New Zealand, and it is generally believed to contribute to students personal and social development. There is noticeable decline in its delivery due to the increased need for safety that has seen provision move away from schools to specialist providers. These providers have increasing standards of auditing, training, and equipment to ensure they meet the health and safety requirements needed for delivering activities. These increased standards come with increased costs and as a result there has been a continued decline of multi activity centres such as PFOC across New Zealand with no new centres having been opened.

As a not-for-profit organisation, PFOC is constantly walking the line that enables it to deliver low-cost/value driven programmes to the diverse demographic of schools it delivers whilst meeting the increasing expenditure that comes from the requirements listed above. Over the last two seasons it has proven that it has the capacity to be financially sustainable and cost effective.

Despite this, PFOC has previously struggled due to its initial growth having been significantly funded by the Government's Conservation Corp. programme that enable the purchase of 146 Rangitata Gorge Road for the delivery of its programme. When the funding ceased in 2005 the Centre then took on the overheads of its growth without the support of funding that has resulted in the requirements of debts to be serviced and land managed at the detriment of the Centres financial position and capacity.

## **3. Organisation Description & History**

The Centre has a history dating back to 1994 when the Peel Forest Outdoor Pursuits Charitable Trust, a registered Charitable Trust (CC23343) trading as the Peel Forest Outdoor Centre (PFOC) Trust was established to oversee skills training, outdoor education & recreation, and environmental education programmes at Peel Forest and throughout Canterbury.

PFOC delivers outdoor education to around 6,000 young people in the high season (September through to May) annually and is one of the largest, single visitor contacts (whether an attraction and/or accommodation) in the area.

The Centre works with schools and youth groups delivering a range of outdoor activities, environmental education and providing accommodation to meet the needs of clients. This delivery can be one off activities, multi-day camps, 7-day developmental programmes or continuous delivery of school's outdoor education programmes.

Other business includes the delivery of holiday programmes to children and families to support the local community during the holiday periods. We provide courses to the local community for those wishing to develop personal skills for adventure races and safety in the outdoors that include, river safety, kayaking and navigation. We also rent our accommodation to visitors to be able to enjoy Peel Forest during weekends and holidays.

The Centre has assets with a book value of circa \$1.15m

In 1997 the Trust obtained the lease of the disused Department of Conservation Visitors Centre in Peel Forest Village and has operated from this location ever since. This complex provides office facilities, classroom and facilitation space, storage and changing rooms.

The buildings were purchased by the Trust in 2008, with land leased from the Timaru District Council, for \$105,00

FYI – 01/09/2020 rateable value of \$560k (reserve land \$225k and improvements \$335k)

In 2001, the Trust also purchased 22 hectares of land (146 Rangitata Road) adjacent to the Peel Forest Park Scenic Reserve. Much of this land is a mix of native bush and sycamore trees and has been placed under a QEII Covenant.

Those 22 hectares of land at 146 Rangitata Gorge Road were purchased in 2001 for \$100,000 and now has a current rateable valuation of \$265,000. Of those 22 hectares, 18 hectares is protected with a QEII Covenant, with significant native bush.

There are four completed buildings on that piece of land that provide accommodation for education, recreation, environmental and youth training groups: an Ecolodge, a straw bale cabin, and 2 DOC style cabins providing accommodation for approximately 48 people.

These buildings have a current rateable valuation of \$555k

#### **4. Organisation Structure**

The centre has a professional staff that comprises: a full-time Centre Manager, a full-time Senior Instructor, a part-time admin officer and a part-time finance/funding officer. Supporting are a team of qualified instructors with NZ Rafting Association (NZRA) and NZ Outdoor Instructor Association (NZOIA) qualifications. These staff are employed on a full-time or contract basis to provide a quality outdoor experience, high on adventure, fun and education. All instructors are committed to providing outdoor environmental programmes that challenge and inspire people. Programmes are designed in consultation with clients to meet their needs.

As a Charitable Trust, the current volunteer Trustees include Nicky Donkers (Chair), Will Polson (Treasurer), Anna Coleman, Frances Mills, Sophie Newsham and Derek Holmes, with skills ranging from outdoor education, health & safety, through to business and finance.

#### **5. Key Clientele Community**

With close to 6,000 young people in the high season (September through to May) passing through the centre annually, PFOC is one of the largest, single visitor contact (whether an attraction and/or accommodation) in the area.

PFOC, like outdoor education historically, has focussed its delivery on youth due to its proven ability for personal and social development.

The Centre has worked with 18 out of 28 schools in the Timaru District as well as other youth groups within the district including the YMCA, Scouts, Girl Guides, Adventure Development etc.

In addition, PFOC has worked with 85 other school and youth groups that come from as far south as Dunedin and north as North Canterbury.

Clientele come from a broad range of socio-economic backgrounds with PFOC working closely with groups that support all abilities and those at most risk. These include YMCA, 180 degree's trust, Recreate NZ, and NZ Defence Force Youth Development to name a few, but all benefit from professionally and safely delivered outdoor and environmental education programmes.

#### **6. Community & Historical Contribution**

PFOC works closely with, and contributes significantly to, the community around it. The schools and youth are where it has focussed, but its wider impact includes:

- Since its inception in 1994 has generated turnover of \$15.1m. Much of this has been returned to the local economy by way of staff wages, local businesses providing sales and services that support the delivery of activities and programmes and ongoing costs of running the Centre e.g., ground and building maintenance, fuel and vehicle costs, food purchases etc.
- It has worked with and supported Peel Forest businesses including The Green Man, Rangitata Rafts and Hidden Valleys by passing on trade, sharing staff and hiring equipment and facilities.
- Worked alongside DOC, paying concessions for the use of the scenic reserve that contributes to its upkeep.
- Rented the reserve land from Timaru District Council it uses in Peel Forest that has little alternative use options.
- Employed people from the local community in a range of roles.
- Provided information and assisted tourists visiting the area in absence of an information centre in the village.
- Worked alongside and supported environmental groups including Project Peel, Orari River Protection Group, Rangitata Restoration Project, ECAN and DOC. Currently a trapping network is being drawn up with the site linking with Project Peel, DOC, and the Rangitata Restoration Project.

Its impact further afield includes:

- Providing training, work experiences and development opportunities to aspiring outdoor professionals, working with polytechnics and universities. Staff have gone on to work at Outward Bound or even started their own companies.
- Provide staffing and equipment for national events such as Spring Challenge, Summer Challenge, and the Coast 2 Coast.
- Purchased specialist equipment from NZ outdoor retailers.
- Contributed to the national professional outdoors and environmental education community (in which staff and instructors are active participants)

#### **7. Connection to District's Community Wellbeing Outcomes & DOC strategy**

The activities of the Centre and its teaching/education align with key community wellbeing outcomes of the Timaru District Council and therefore has an important role to play in supporting the delivery of the district's Long-Term Plan (LTP).

At the same time given the highlighted importance of environmental sustainability it is relevant to consider the principles and goals of the Dept of Conservation Heritage & Visitor Strategy. The Centre works closely with the Department of Conservation (DOC) including programmes such as predator trapping.

There are several trends that are affecting how outdoor education programmes in New Zealand are currently run:

- ▶ Sustainability is becoming more popular amongst schools and young people. Equipment manufacturers are going green, outdoor industries including clothing manufacturers are ramping up sustainability efforts,

- ▶ Population increases are placing pressures on our natural recreation and wilderness areas,
- ▶ Natural history – knowing how to identify trees, birds, flowers, is likely to re-emerge as being important. In addition, the concern for childhood obesity and wellbeing, will increase the importance of developing a love of the outdoors.
- ▶ We are in an era of student experiential learning. Environmental education provides skills and new ideas to address pollution, recycling, depletion of resources and changing climates.

While “environment and sustainability” are important issues for schools, in choosing their school camps there are other more important considerations – activities on offer, distance from school, costs and accommodation facilities.

PFOC is nationally respected and recognised for having been in the forefront of developing an environmental education ethos. It is one the few core sites that still has the infrastructure and staffing ability to offer exceptional (combined or otherwise) environmental and outdoor programmes.

PFOC's geographic position in Central South Island means it is well-located for easy regional access from rural and urban schools and other communities of demand.

Delivering land-based and river-based activities the centre acknowledges a deep sense of protection and management of the whenua. Global and local impacts such as climate change and water pollution can affect local habitats as well as how people perceive, relate to and care for them.

To look after both the landscape its stories, flora, and fauna for future generations we look forward to developing further our knowledge while working more closely with Te Rūnanga o Arowhenua. Having mana whenua of the area their voice is paramount. Currently a trapping network is being drawn up linking with the Rangitata Restoration project, Project Peel and DOC.

We continue to explore with Te Rūnanga o Arowhenua (in association with Venture Timaru) the cultural significance of the Peel Forest region as it relates to Ārai-te-uru waka and the journey of those passengers that came ashore and explored the land up to, in and around the Peel Forest region.

Āari-te-uru waka which capsized off Matakaea (shag point) on the Otakoa (Otago) coastline. Chief Tarahaoa alongside his wife Hua-te-kerekere were passengers on the waka. After the capsizing, many of the passengers went ashore to explore the land, including Tarahaoa and his wife Hua-te-kerekere. They were accompanied by their son and daughter, Kirikirikatata and Aroarokaehe. Their canoes destroyed, they wandered inland and lived the remainder of their lives where they could always see the sun go down. They prayed to their gods that on their death they should be transformed into mountains, many of the well-known landmarks of Te Waipounamu (the South Island). Tarahaoa and Huatakerekere transformed into mountains, inseparably linked to each other, now also known as Mount Peel and Little Mount Peel. They were survived by two children, Kirikirikatata and Aroarokaehe, whom the Gods turned into two giant trees in Peel Forest. These two children also had four children who also wanted to remain close to the land. They prayed to the gods and when they died were transformed into the Four Peaks, the mountain range adjoining Big Mount Peel and Little Mount Peel/Huatakerekere.

#### **8. Peel Forest Suitability for Service Delivery**

The PFOC is ideally suited for outdoor education groups. The Centre is based adjacent to the Peel Forest Park Scenic Reserve. This reserve is managed by the Department of Conservation and comprises 783 hectares around Little Mt Peel/Huatakerekere.

DOC also identified Peel Forest as a ‘Gateway Destination’ – one of 14 such settings in Canterbury. Other regional Gateways include Mt Cook and Arthur’s Pass. Gateways are targeted development areas which the Department considers have considerable potential to introduce New Zealanders to the outdoors and to encourage outdoor recreation participation generally.



The Centre is also adjacent to the Mt Peel Waikari Conservation Area, which includes Middle Mt Peel and the eastern catchment slopes down to Lynn Stream, as well as Coal Hill and the range to the south and east.

The Peel Forest region has a benign climate, relatively low annual rainfall (1000mm/annum) and very little wind. Snow falls on an average of four days per year, and because of its proximity to urban centres and generally flat roads, access is always possible except in extreme weather. (Making it more appealing as a location than Boyle River or Arthur's Pass)

#### **9. Strategic Review of PFOC**

The Trust conducts annual reviews of its Strategic Plan (see attached) and in its recent strategic review which included the Board and senior management of The Peel Forest Outdoor Pursuits Charitable Trust a conclusion was reached to seek Expressions of Interest (EOI) from like-minded organisations/businesses/partners that may be interested in forming a strategic alliance or agreement to manage, deliver and expand the current business model.

With limited resources and facing increased costs, especially around compliance, infrastructure upgrade, pest control and marketing, PFOC is actively seeking businesses, organisations, or partners interested in helping to build capacity and resilience into its operations. This Request for Expressions of Interest (REOI) is intended to create a short-list of interested parties leading to dialogue from which a new and more robust partnership, management agreement or other entity can be formed.

Discussions are in the early phase with potential parties however one interested party that discussions have taken place with is Mr Graham Carr, owner of Peel Forest Estate. Graham is a strong supporter of community wellbeing and is familiar with the activities of the Centre. A recently formed Trust of Graham's has strong social responsibility aspirations and he has a strong desire to see less fortunate young people experience outdoor and environmental activities. This sees him wanting to connect further with the Centre and its activities/programmes etc.

The success with this grant request would progress discussions of a future partnership between Graham Carr and the Peel Forest Outdoor Centre.

#### **In Summary**

The Board & Management of the Peel Forest Outdoor Pursuits Charitable Trust, hope that you recognise the importance of the role that the Peel Forest Outdoor Centre plays in the district and look favourably upon this request for a grant.

Thank you for taking the time to read and consider. Together we can thrive.

Your sincerely



Nicky Donkers  
Chair of the Trust



## Geraldine High School

RESPECT • RELATIONSHIPS • RESPONSIBILITY • ACHIEVEMENT

11<sup>th</sup> July 2022

To whom it may concern,

Geraldine High School has, for many years, used Peel Forest Outdoor Centre for instruction in collaboration with our Outdoor Education teachers who run Year 11,12 and 13 Outdoor Education courses.

We have a High Ropes course on our school grounds which we have partnered with the Peel Forest Outdoor Centre and this has been invaluable in the strong relationship we have with the Centre and the Instructors.

We have used Instructors for our Senior Outdoor and Junior school programmes covering kayaking, rafting, snow caving, rock climbing, and tramping both above and below the bush line. They have also supported us in our Expedition trips over a number of days in various locations in the south island for many years.

Our quality Outdoor Education programmes, which have now extended from Yr 9 to Yr 13 are reliant on the expertise of the Peel Forest Outdoor Centre Instructors. The Lodge facilities available have allowed our students to be based in Peel Forest for a range of activities from Leadership camps, to Learning Support Student experiences in the outdoors, through to Year level camps.

Peel Forest Outdoor Centre is a valuable and accessible resource for all schools for a wide range of programmes and I hope that this facility can develop further to give all students the experiences outside the classroom which are essential to personal growth and development in their futures.

I am available on the details below if further information is required.

Regards

**Simon Coleman**

Tumuaki | Principal



**Geraldine High School**

*Te Kura Tuarua o Raukapuka*

McKenzie St, Geraldine, New Zealand

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## TIMARU BOYS' HIGH SCHOOL

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10<sup>th</sup> May 2022

To whom it may concern,

Timaru Boys' High School has, for a number of years, used Peel Forest Outdoors for Outdoor and Environmental Education instruction. We have used instructors for our senior Outdoor programmes, covering ropes course, kayaking and tramping both above and below the bush line. As well as this we have operated our Year 10 *Rite Journey* Solo Outdoor Experience using the expertise and facilities of Peel Forest Outdoor Centre and specifically the Eco Lodge site.

In recent years we have expanded our senior programme and look to increase our use of PFOC. The opportunity for PFOC to gain funding to assist in development of the Eco Lodge site and provide new activities would be of great benefit to them, my students and students from other schools.

The students of Timaru Boys High School have benefitted from such activities and we are very thankful that we are able to access the skills, experience, and equipment within an hour of Timaru.

Regards,

Sam Richardson  
Head of Department Outdoor Education  
Timaru Boys' High School  
[richardsonsa@timaruboysschool.nz](mailto:richardsonsa@timaruboysschool.nz)  
03 687 7560  
0275416077

**10 Consideration of Urgent Business Items**

**11 Consideration of Minor Nature Matters**

**12 Public Forum Items Requiring Consideration**



**13 Exclusion of Public**

**13.1 Orari-Temuka-Opihi-Pareora Water Zone Committee Refresh Membership**

**Recommendation**

That the public be excluded from the following parts of the proceedings of this meeting on the grounds under section 48 of the Local Government Official Information and Meetings Act 1987 as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Plain English Reason
<p><b>13.1 - Orari-Temuka-Opihi-Pareora Water Zone Committee Refresh Membership</b></p>	<p>s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons</p>	<p>To protect a person’s privacy</p>