

KAIKŌURA DISTRICT COUNCIL MEETING

Date:	Wednesday 29 September 2021
Time	9.00am
Location	Totara, Council Chambers

AGENDA

1. Karakia
2. Apologies
3. Declarations of Interest
4. Public Forum
Public forums provide opportunity for members of the public to bring matters, not necessarily on the meeting's agenda, to the attention of the Council.

Please note that Council Meetings open to the public under level 2 are subject to the following:

The Public Forum will be limited to up to 8 people at a time to allow 2 metres social distancing for non-workplace people entering the Council Chambers.

Contact record rules apply to local authority buildings - please either scan or sign in.

Masks are legally required to be worn by everyone (staff, elected members and members of the public) in the public area of a local authority (unless you are exempt). See [covid19.govt.nz](https://www.covid19.govt.nz) for more information.

Please contact the Executive Officer to attend remotely via MS Teams should you prefer.

5. Formal Deputations
The purpose of a deputation is to enable a person, group or organisation to make a presentation to a meeting on a matter or matters covered by that meeting's Agenda.
6. Adjourn to Works & Services Committee meeting (9.30am)

Reconvene to Council Meeting
7. Minutes to be Confirmed:
 - 7.1 Council meeting minutes dated 01 September 2021 page 3
8. Matters Arising and Actions page 9
9. Matters of Importance to be raised as Urgent Business
10. Matters for Decision:
 - 10.1 Wakatu Quay Concept Design & Cost Envelope Approval Report page 10
 - 10.2 Water Reform Proposal – Information and Assessment page 26
 - 10.3 Waiau Toa / Clarence Valley Access page 92

11. Matters for Information:

11.1	Mayoral Verbal Update	
11.2	CEO Monthly Report	page 101
11.3	Youth Council Report	page 106
11.4	Community Services Update Report	page 110
11.5	Planning Update Report	page 121
11.6	Building and Regulatory Update Report	page 129

12. Council Public Excluded Session

Moved, seconded that the public be excluded from the following parts of the proceedings of this meeting, namely

- a) Chief Executive Officer Performance Appraisal

The general subject matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48(1) and 7 of the Local Government Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each to be considered	Reason for excluding the public	Grounds of the Act under which this resolution is made
To receive the outcome of the Chief Executive Performance appraisal for the year-end 30 June 2021.	The exclusion of the public from the whole or the relevant part of the proceedings of the meeting is necessary to enable the Local Authority to deliberate in private on its decision or recommendation.	Section (7)(2)(a) protect the privacy of natural persons, including that of deceased natural persons. Section 7(2)(i) enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).

MEETING RULES:

"Audio recordings will be made of this meeting for the purpose of assisting the minute taker to create accurate minutes. Audio recordings should not be taken of any confidential, public excluded or otherwise sensitive matters. The Chair of the meeting is responsible for indicating if/when recording should be stopped and restarted. While held, the audio recordings are subject to LGOIMA, they may be released in line with Councils LGOIMA processes and/or at the discretion of the meeting Chair. A copy of the guidelines and principals for the use of recordings is available on request"

* Public Forum – maximum of 10 minutes.

**MINUTES OF THE KAIKŌURA DISTRICT COUNCIL MEETING HELD ON
WEDNESDAY 01 SEPTEMBER 2021, 9.00AM,
BY MICROSOFT TEAMS**

PRESENT: Deputy Mayor J Howden (Chair), Mayor C Mackle, Councillor N Pablecheque, Councillor L Bond, Cr R Roche, Cr V Gulleford

IN ATTENDANCE: W Doughty (Chief Executive), M Dickson (Senior Manager Corporate Services), D Clibbery (Senior Manager Operations), B Makin (Executive Officer).

1. KARAKIA

2. APOLOGIES

RESOLUTION

Late apologies were received from Cr R Roche and Deputy Mayor J Howden.

Apologies were received from Cr D Millton and Cr T Blunt.

Moved: Mayor C Mackle

Seconded: Cr L Bond

CARRIED UNANIMOUSLY

Deputy Mayor J Howden joined the meeting at 9.05 am.

RESOLUTION

Deputy Mayor J Howden was elected Chairperson of the meeting.

Moved: Mayor C Mackle

Seconded: Cr N Pablecheque

CARRIED UNANIMOUSLY

3. DECLARATIONS OF INTEREST Nil

4. PUBLIC FORUM Nil

5. FORMAL DEPUTATIONS Nil

6. WORKS AND SERVICES COMMITTEE MEETING

The meeting adjourned to the Works and Services Committee meeting at 9.06 am.

The meeting reconvened at 9.17 am.

7. MINUTES TO BE CONFIRMED

7.1 Council meeting minutes dated 28 July 2021

RESOLUTION

THAT Council:

- *Confirms as a true and correct record, the circulated minutes of a Council Meeting held on 28 July 2021.*

Moved: Cr N Pablecheque

Seconded: Cr L Bond

CARRIED UNANIMOUSLY

8. MATTERS ARISING AND ACTIONS

The Matters Arising and Action list was reviewed and noted by Council.

- Kiwa Road: An update has been included in the CEO Report
- Te Whare Putea: Documentation has been signed. Council Staff will check the money has been received and will carrying out an on-site inspection with Te Whare Putea
- East Coast: Council staff will be arranging a meeting with Village Residents. The team is in the process of tendering the equipment for the proposed upgrade.
- LTP response letters: The CEO has reviewed the letters and they have been distributed. This action item has been completed.

9. MATTERS OF IMPORTANCE TO BE RAISED AS URGENT BUSINESS Nil

10. REPORT FROM CHAIR OF FINANCE, AUDIT & RISK (FAR) COMMITTEE

10.1 Finance Report to 30 June 2021

The FAR Committee had welcomed D Brandish as an Independent Member.

Cr R Roche joined the meeting at 9.29 am.

A query was raised why footpath renewals of \$55k were not progressing rather than being carried forward. It was noted that this is due to the end of a three-year cycle with Waka Kotahi (NZTA) funding, and it is anticipated that the Beach Road shared pathway will not go ahead.

RESOLUTION

That the Council receives the Finance Report to 30 June 2021.

Moved: Cr L Bond

Seconded: Mayor C Mackle

CARRIED UNANIMOUSLY

10.2 Quarterly Reports to 30 June 2021

The FAR Committee had discussed the classifications of investments and would like to explore different targets for the Liability Management Policy Compliance Report.

It was noted that the 'Compliant' columns in the Liability Management Policy Compliance Report should be ticks.

Harbour revenue is down as cruise ships are not operating. It was noted that the harbour is largely subsidised by rates and this is being reviewed by the CEO.

RESOLUTION

That the Council receives the Quarterly Reports to 30 June 2021.

Moved: Deputy Mayor J Howden

Seconded: Cr L Bond

CARRIED UNANIMOUSLY

Council Meeting

10.3 Risk Management Report

It was agreed to include Wakatu Quay on the risk register as it is a major Council project with complexities, and for Council staff to include in next update.

The uncertainty around the Three Waters Reform was noted as one of the Council's highest risks. Sam Broughton, Mayor of Selwyn District Council and LGNZ were both speaking to their submissions today on the RMA reforms.

RESOLUTION

That the Council receives the Risk Management report and note the contents of the risk register and had feedback to include Wakatu Quay as an additional risk.

Moved: Mayor C Mackle

Seconded: Cr V Gulleford

CARRIED UNANIMOUSLY

Four policies were reviewed by the FAR Committee and Council staff are reviewing what needs to be brought to Council for endorsement.

11. MATTERS FOR DECISION

11.1 Proposed Lease for Old Pool Site

The Council has delegated authority from the Minister of Conservation to grant a concession lease and is required to notify the community for consultation and hold a hearing on the proposed lease.

RESOLUTION

THAT the Council:

- (a) Receive this report;*
- (b) Accept that the application is complete, meets the information requirements in section 17S of the Conservation Act 1987, and does not need to be declined under section 17SB of that Act;*
- (c) Approves in principle the grant of a concession lease to Joseph and Associates, subject to compliance with statutory requirements and processes in accordance with the Conservation Act 1987 and (where relevant) the Local Government Act 2002;*
- (d) Agrees that the application be publicly notified in accordance with sections 17SC and 49 of the Conservation Act and that for public notification purposes the Council is satisfied that the concession would be of local or regional interest;*
- (e) Accordingly instructs the Chief Executive to proceed with public notification in the Christchurch Press, Kaikōura Star, and on the Council's website with submissions closing not less than one month after first public notification;*
- (f) Agrees that Council shall hear any person or organisation wishing to be heard in support of their objection or submission and that staff shall present a recommendation to the Council with a summary of all objections and comments received as to the extent to which they should be allowed or accepted;*
- (g) Sets Wednesday 13 October 2021 at 4.00pm as the date and time for the hearing referred to in (f) above;*

(h) Notes that the Council will then consider the recommendation and the contents of the summary of all submissions and comments received before deciding whether or not to proceed with the proposal having regard to the statutory matters in section 17U of the Conservation Act;

(i) Notes that if the Council decides to proceed with the proposal it delegates to the Chief Executive authority to approve the terms and conditions of the lease concession consistent with section 17X of the Conservation Act, with the key terms and conditions generally being in accordance with what was indicated in the Memorandum of Understanding between Joseph and Associates and Council.

Moved: Cr N Pablecheque

Seconded: Cr L Bond

CARRIED UNANIMOUSLY

11.2 Road Naming for Access to the New Pool

RESOLUTION

That Council:

- *Receives this report.*
- *Resolves that the legal road to the new Aquatic Centre be named Wā Kaukau Terrace*

Moved: Mayor C Mackle

Seconded: Cr L Bond

CARRIED UNANIMOUSLY

12. NOTICE OF MOTION: DEPUTY MAYOR J HOWDEN

RESOLUTION

That Kaikōura District Council will not agree to transfer any water, wastewater or storm water assets to any other entity without first undertaking a full consultative or referendum process with the Kaikōura community

Moved: Deputy Mayor J Howden

Seconded: Cr N Pablecheque

CARRIED UNANIMOUSLY

13. MATTERS FOR INFORMATION

13.1 Mayoral Verbal Update

Mayor C Mackle continues to enjoy the role and regularly visits those employed through the Mayor's Taskforce for Jobs.

The Māori Wardens were acknowledged for their volunteer work at Kaikōura Healthcare.

13.2 CEO Monthly Report

The report was taken as read but the CEO highlighted how well the team have responded to lockdown and working from home.

The level of good information being provided by all the information papers was noted by the elected members.

RESOLUTION

That Council receives the report.

Moved: Deputy Mayor J Howden

Seconded: Cr N Pablecheque

CARRIED UNANIMOUSLY

13.3 Community Services Update Report

The Emergency Management section of the report was written pre-lockdown. The Emergency Management Officer is attending daily meetings with the National Emergency Management Agency (NEMA). The Community Services Manager and Community Development Officer are also attending daily welfare meetings.

Good feedback has been received on Winter Festival and the ice-skating rink.

The Council acknowledged the Community Services Update Report and the Library team, who are assisting virtually with technology.

The Council staff's participation at Lip sync charity event was also acknowledged.

RESOLUTION

THAT the Council receives the report.

Moved: Cr N Pablecheque

Seconded: Cr V Gulleford

CARRIED UNANIMOUSLY

13.4 Planning Update Report

Council staff have not been able to access the offices in Level 4 to scan property files for LIMS and resource consent applications. The Council was disappointed that the Ombudsman has not extended timeframes for these during Level 4. Council staff have indicated some non-compliance with LIMS could be possible.

Sue Powell will be assisting to plan the initial stages for the District Plan review.

RESOLUTION

THAT the Council receives the report.

Moved: Deputy Mayor J Howden

Seconded: Cr V Gulleford

CARRIED UNANIMOUSLY

13.5 Building and Regulatory Update Report

Liam Brown, Building Control Cadet has recently been given competency for residential 1 and residential 2 buildings inspections. Management are looking into external support with dog control on call work to alleviate pressures of staff being on call 7 days a week.

A food premise has been trading illegally and Council staff are taking steps through our Food Safety Officer to address that.

RESOLUTION

THAT the Council receives the report.

Moved: Mayor C Mackle
Seconded: Cr L Bond

CARRIED UNANIMOUSLY

14. NEXT MEETING

There being no further business, the meeting was declared closed at 10.32 pm.

CONFIRMED _____ Chairperson
_____ Date

**COUNCIL ACTIONS AS AT 24 SEPTEMBER 2021
OPEN ACTION ITEMS**

	ACTION ITEM	ASSIGNED TO	DUE	STATUS
1	3 Waters reform – engagement with Te Rūnanga o Kaikōura	W Doughty	Ongoing	Engagement is ongoing. Initial community feedback included in Agenda
2	East Coast meeting to discuss future options	D Clibbery / W Doughty	Ongoing	Meeting date to be confirmed by Village Residents 30/09/2021
3	Quarterly progress reporting due from The Kaikōura Cycle Club, The Mayfair, Te Korowai, Destination Kaikōura and Sports Tasman	-	27 Oct 21 23 Feb 22 25 May 22 27 Jul 22	Raised at LTP deliberations. Organisations have been informed of the dates.
4	Shingle bed up Kowhai – address ownership / liability with ECAN and Water Zone Committee	To be assigned	-	Raised at LTP deliberations.
5	Bike Link Crossing (Mill Road Railway)	W Doughty	01 Sep 21	Verbal update to be provided.

Completed Items

	ACTION ITEM	ASSIGNED TO	DUE	STATUS
	Initiate Kiwa Road working group set up	C Mackle/ CEO	01 Sep 21	Completed – not going ahead, TIF money returned
	Contract with Te Whare Putea extended lease to 28 Feb 2023 as per Council Resolution 30 Sep 2020	M Dickson	28 Feb 21	Completed - documentation has been signed. Follow up actions have been assigned to the operational Executive Team action list
	Response letters to LTP submitters	W Doughty / K Finnerty	31 Aug 21	Completed – letters have been distributed
	Circulate invite for hearings to Hot Pool concession lease on 13/10/2021	W Doughty / B Makin	-	Completed
	Advise if there is a requirement for subdivisions to be a certain distance from rivers.	M Hoggard	01 Sep 21	Included in Planning Report 29/09/2021
	Council staff to review the traffic on Puhi Puhi Road	D Clibbery / S Murphy	01 Sep 21	Raised at LTP deliberations. Report on maintenance of river fords included in Agenda 29/09/2021

Report to:	Council	File #
Date:	29 September 2021	
Subject:	Wakatu Quay Concept Design & Cost Envelope Approval	
Prepared by:	Chris Sturgeon – Project Lead	
Input sought from:	KMDP Governance Group	
Authorised by:	Will Doughty	

1. SUMMARY

As outlined in attached document Wakatu Quay Concept Design occurred throughout August & early September and has been submitted to the KDMP Governance Group & subsequently Council for approval.

As approved by Council, 14th July 2021 the KMDP project stepped into Concept Design (CD) with Warren & Mahoney with the objective to refine costs and define scope of build ready for Council approval to proceed to next stage.

The output of Concept Design being a “Return Brief” was analysed by an external Quantity Surveyor for cost surety. A value engineering exercise has also been undertaken. This exercise has now been completed and is the outputs are presented to Council for approval following KMDP Governance Group endorsement.

Upon approval from Council the project will move to the next stage of the project process in issuing an expression of interest to the market seeking potential external investment.

2. RECOMMENDATION

It is recommendation that the Council:

- Receives this report.
- Notes that the KMDP Governance group have endorsed the concept design and associated cost envelope
- Approves the Concept Design & Associated Cost Envelope as presented (in attachment one).
- Approves the Communications Strategy (in attachment one).
- Agrees to delegate authority to the CEO to approve the EOI release to market following KDMP governance group endorsement of the documentation.

3. BACKGROUND

Refer to attachment one.

4. FINANCIAL IMPLICATIONS AND RISKS

As outlined in attachment one the project Cost Envelope \$20,354,135 including contingency.

5. COMMUNITY OUTCOMES SUPPORTED



Community

We communicate, engage and inform our community



Development

We promote and support the development of our economy



Environment

We value and protect our environment



Future

We work with our community and our partners to create a better place for future generations



Services

Our services and infrastructure are cost effective, efficient and fit-for-purpose

Attachment one: Concept design and cost envelope presentation

Kaikōura

New Zealand

WAKATU QUAY

Council approval request - Concept Design

Release Date: 21st September 2021
Page 12 of 134



Background & Purpose

Objective

- For KMDP to present
 - Approved Concept Design & Cost Envelope for Wakatu Quay
 - Unanimously Approved by Governance Group 23rd September 2021.
 - Presentation of Concept Design cost envelope including contingency after the completion full external Quantity Survey Analysis.

- For KMDP on behalf of the Governance Group request approval of:
 - Concept Design & Associated Cost Envelope
 - Communications Strategy & Priority Artifacts

Core building blocks

Why did we start on this journey & what was the intent?

Vision

“the creation of a **connected mixed use area, accessible** for all, where its **vibrancy** and **distinct sense of place**, establish it as an **enduring cultural, tourism and community asset** for now and into the future.”

PGF funding objectives:

- Aims to lift productivity potential in NZ provinces. To enhance economic development opportunities, create sustainable jobs and enable Maori to reach full potential, boost social inclusion and participation, building resilient communities.

For Kaikoura:

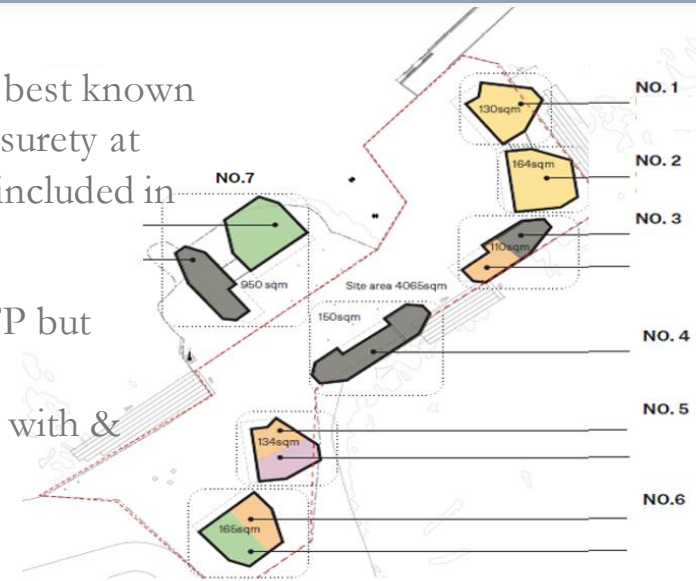
- WQ was identified as a priority area to provide an immediate lift in business confidence, increase the current tourism products, boost social inclusion and participation, create new jobs whilst generating an **exceptional visitor experience**.
- Improve **capability and expansion** of sectors such as retail, hospitality, and other services & activities.
- **Improve Kaikoura amenities** for both residents & visitors whilst the Council and residents will benefit from the **strengthening of the district's economy**. Create new direct and indirect jobs through the development.
- Combine and concentrate public & private investment in Kaikoura into important infrastructure to maximise the time and scale of benefits.

Process to date

Concept Design

- As approved, 14th July 2021 the KMDP project stepped into Concept Design (CD) with Warren & Mahoney with the objective to refine costs and define scope of build ready for Council approval to proceed to next stage
- Output of CD once approved is to offer this investment opportunity to Market seeking funding to complete the build.

- In July the project had confidence in costs that were identified as best known at the time recognizing that there is a higher level of risk on cost surety at this point in the project. Contingency ranging from 15-30% was included in the estimates
- Financial assessment was based on the refined costs post the RFP but prior to full market testing.
- Financials includes \$1.1mil of site environmental clean up along with & \$1mil of Off-Site works.

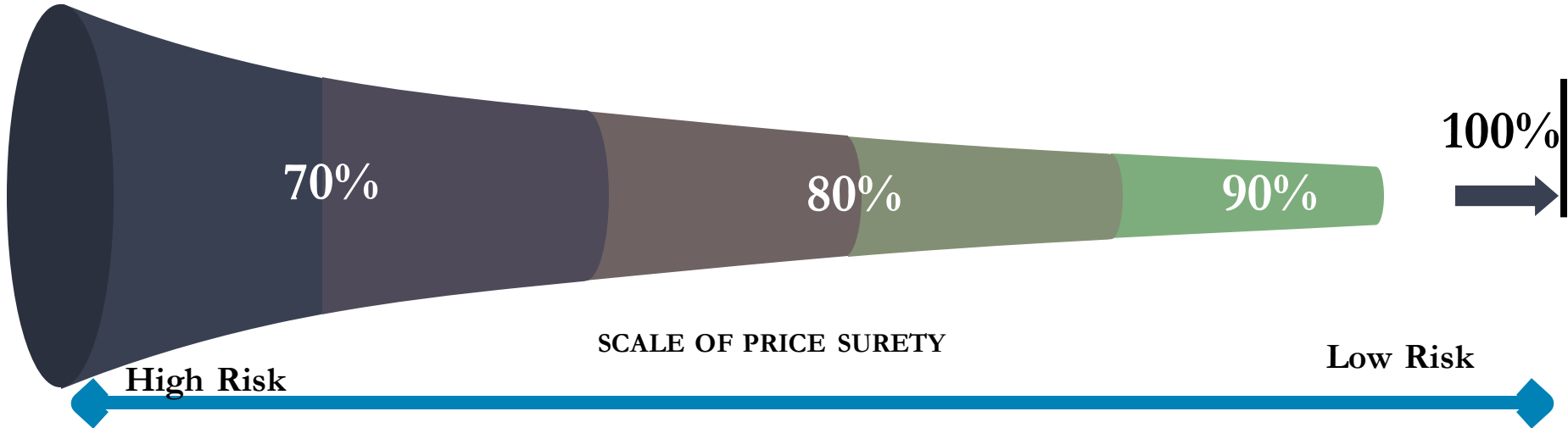
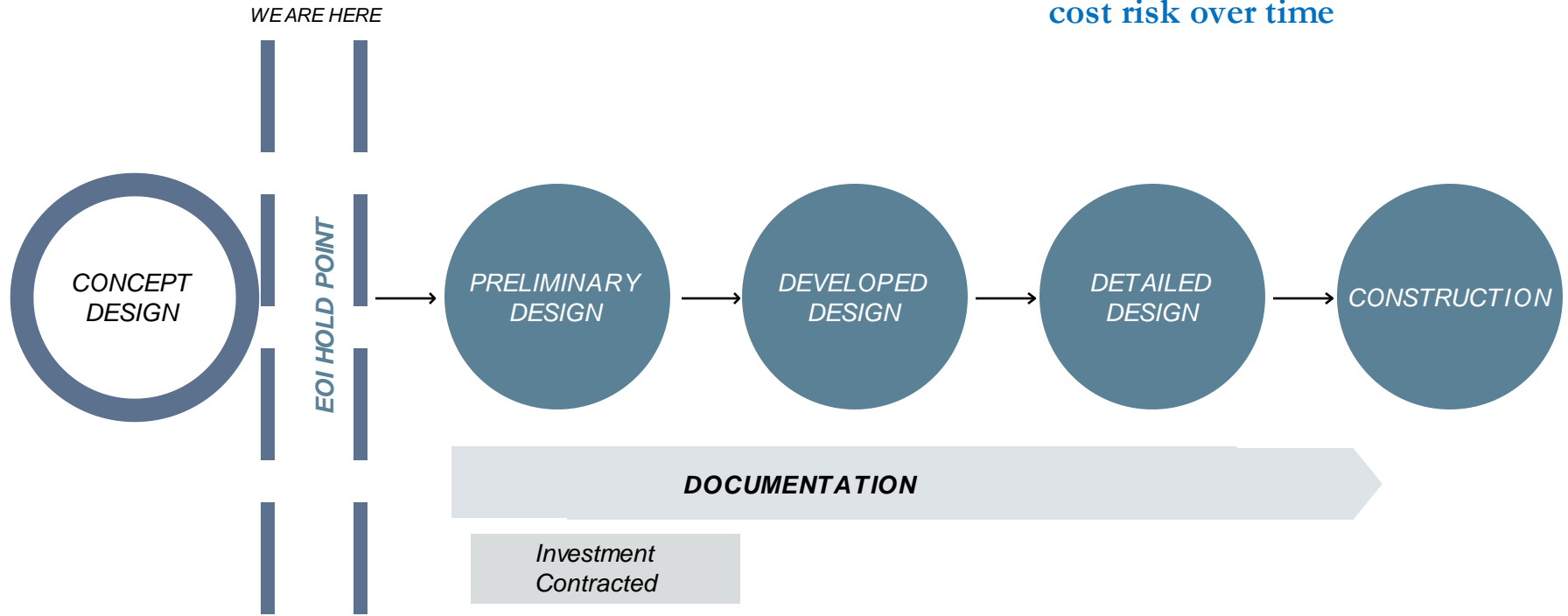


Seeking external investment

- As part of the KMDP intent and agreement with MBIE & the PGF funding the project will be seeking external investment to fund the full completion of the development.

Overall Design Process

Identifies that clarity of cost and reduction of cost risk over time

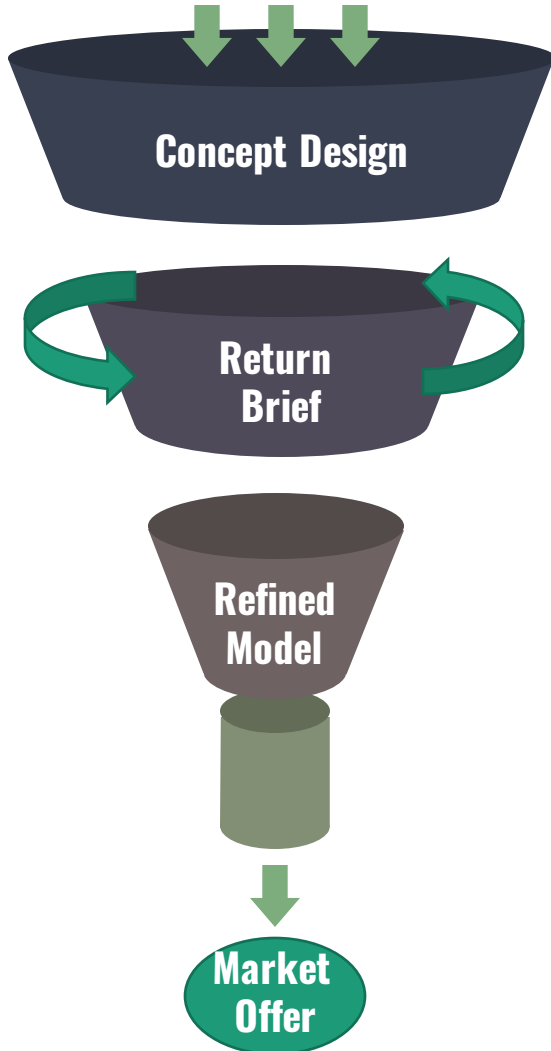


Concept Design Development

Objective

To refine Scope and Project costs to meet project brief and objectives on from RFP.

Process

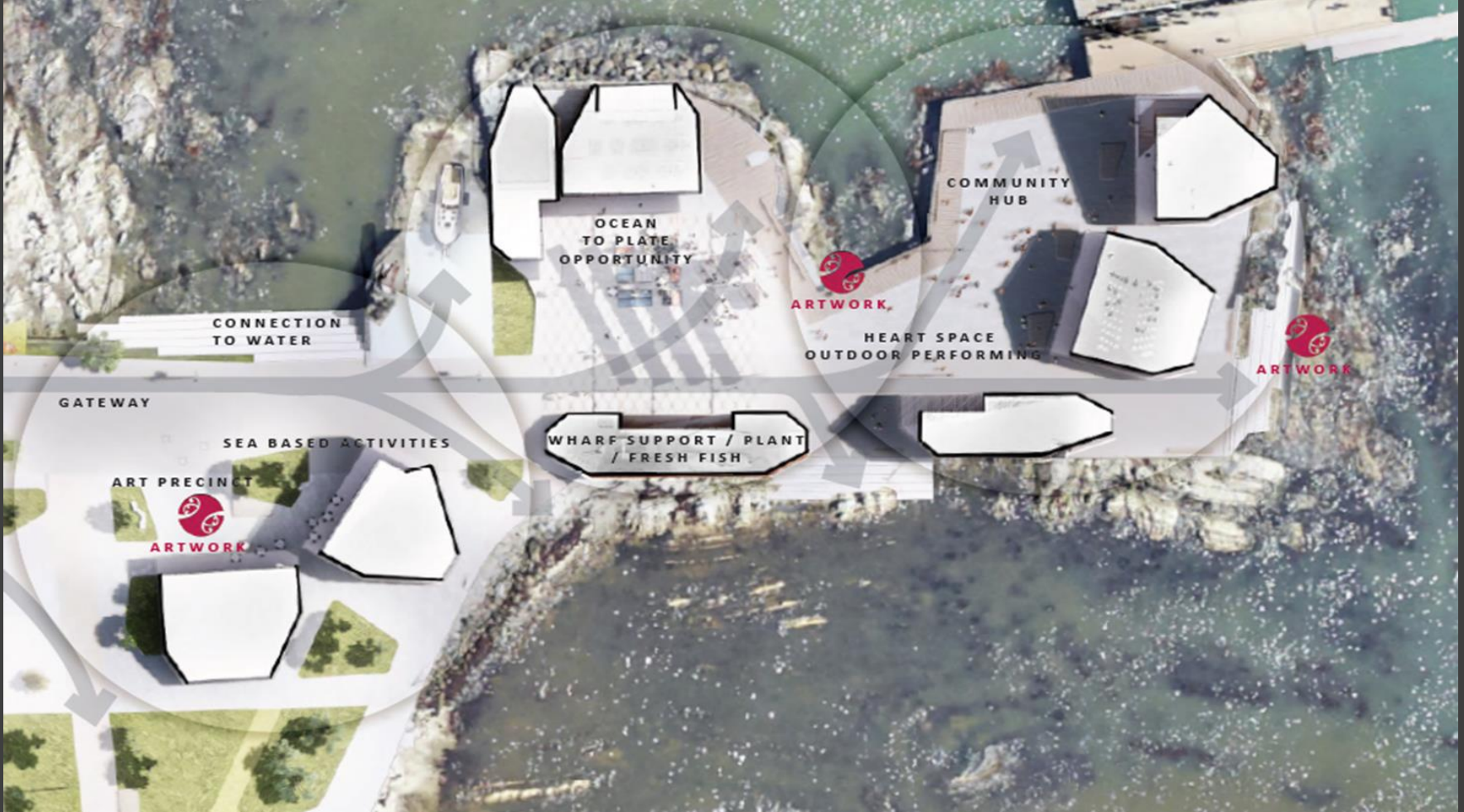


- The Design Team (Architects and Engineers) together with the KMDP team worked through the finer details of the scope, scale and inclusions to meet the project brief.
- Included “Test Fits” or trials of anticipated building uses, modifying design considering cost benefit expectations

- Submitted to appointed Quantity Surveyor to price the scope & scale.
- Amount of back & forth occurred including **Value Engineering** (Cost Review) to fit within budgeted envelope of affordability

- Project then refined the financial model to accommodate updated design, adjusted contingency as required
- Submits & Seeks approval from Governance Group & Council based on known parameters, contingency and cost surety to next stage & Market offer

Following pages identify some key updates from Concept Design & Points of note



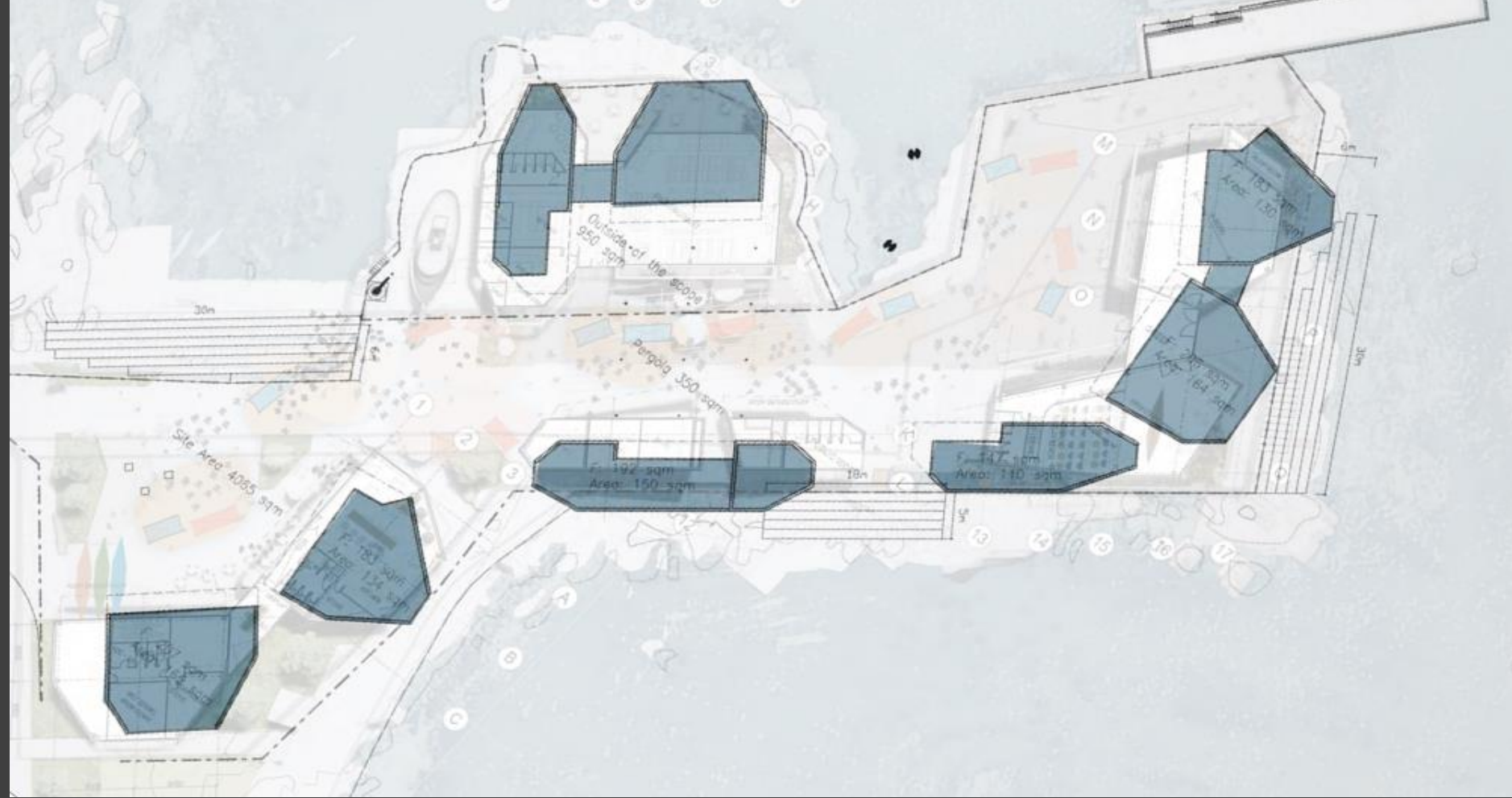
Base Concept From RFP early 2021

- Proposed buildings 7
- Gross Floor Area 1272m²
- Building Heights ~15m
- Exterior Cladding 2064m²



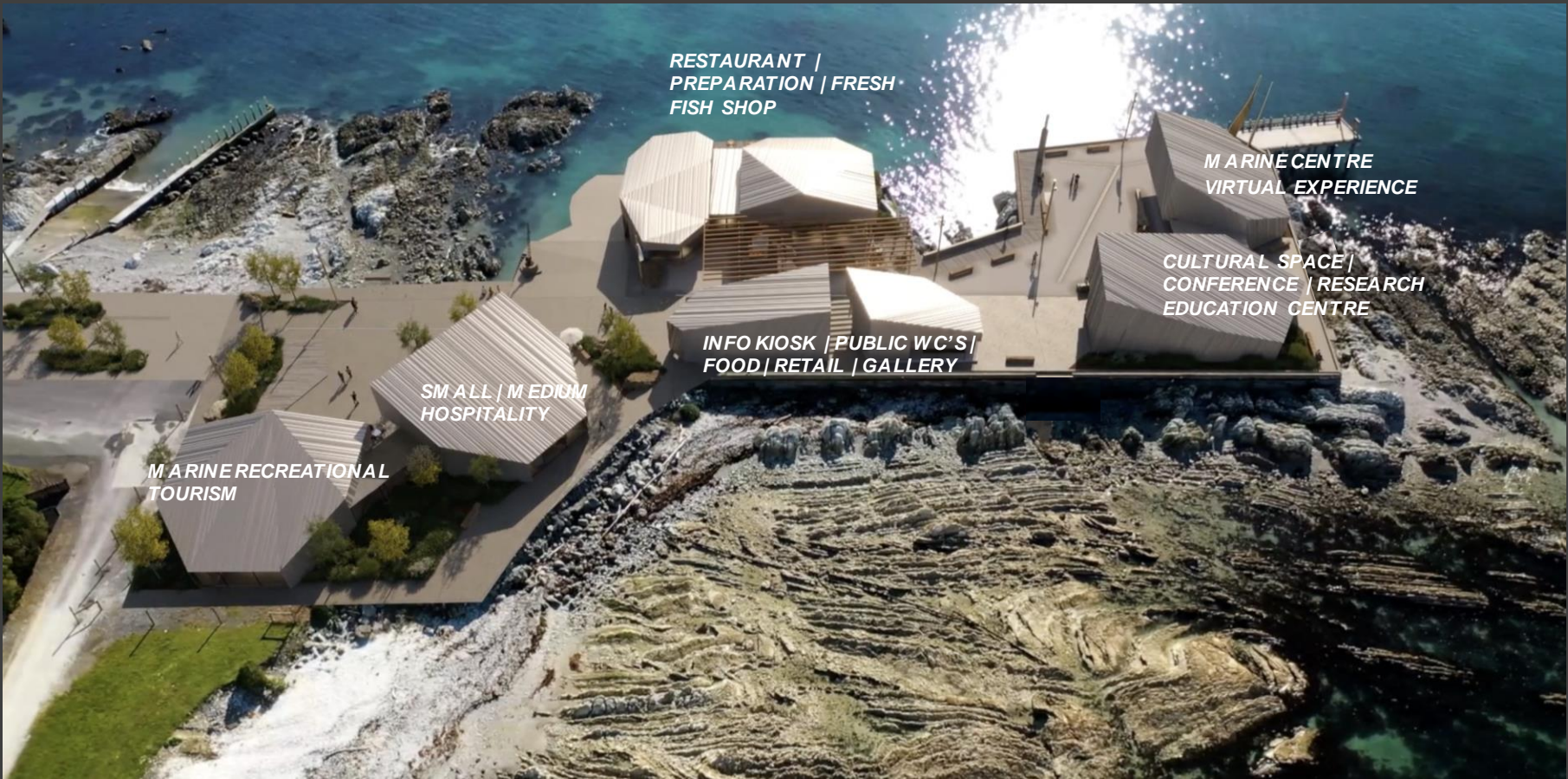
Concept Design Refinement

- Buildings 7 → 6 – Rationalised the build to optimize usage & set back from Seawall edge
- Gross Floor Area increased 1272m² to 1504m²
- Building Heights reduced 15m-10m
- Exterior Cladding reduced 2064m² to 1570m²
- Optimised usage based on Test Fits and Activity Modes including Dark Sky, Events & Festivals etc



Design Refinement Overlay

- Buildings 7 → 6
- GFA 1272m² to 1504m²
- Building Heights 15m-10m
- Removal of East & South facing water steps
- Exterior Cladding 2064m² to 1570m²



Return of Design Brief – Costing Analysis

- Design Brief submitted to WT Partnership – Leading Quantity Surveying Company
- All aspects of Return brief were scoped, market tested and priced.
- Returned QS report analyzed by Design & Project team for cost rationalization
- Value Engineering process occurred to eliminate high risk cost elements & identified items previously in scope

Anticipated Build Costs

- Post QS review total cost circa 23.5mil. Value engineering analysis undertaken by Design & Project rationalised areas of cost concern
- External advice received to prioritise additional areas that could be revised upon Investor identification and involvement.

	Sum of Estimate	
⊕ Project Overheads	\$	1,427,421
⊕ Feasibility & Site prep	\$	1,147,000
⊕ Off-site Works	\$	1,025,670
⊕ Civil Works	\$	315,503
⊕ External Works	\$	4,916,379
⊕ Design	\$	1,819,956
⊕ Buildings Construction	\$	9,702,207
Grand Total	\$	20,354,135

Costs reduced through Value Engineering

- VE identified multiple aspects including Soffit cladding, Aluminium reveals, lighting, highly spec heating systems, additional external works that could be removed from build that don't affect the core substance of the design
- Additional cost saving items were identified but remain in scope that can be adjusted as required.

Contingency allowance

- Project retains 15% contingency across all aspects of project with some areas i.e. seawall repairs set at 30%
- Offsite works at 17%, Design Costs, Consenting & Quantity Surveying at 20%

Communications Strategy

- The project has developed a communications strategy in the approval of Concept Design & Comms.

Communication Artifacts	Target Audience										Communication Channels				
	Resident Community members	Business Community	Potential Investors	Potential Tenants	KDC Councillors	KDC Staff	MBIE	Governance Group Members	KMDP	KDC Newsletter	KDC Website	KDC FB Page	Community Forum (DropIn)	The Star	Accounting Firms, Investor groups
Media Release	✓	✓	✓	✓	Approval required	✓	Approval required	Approval required	✓	✓	✓	✓	✓	✓	✓
Wa M Flythrough Video	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	Show at Events		
Trailer/Teaser powerpoint pdf document	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓				
FAQs for concept design	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓			✓	
Timeline	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓			✓	
Request for more info form		✓	✓	✓							✓				
<i>Following receipt of request for info form following documents become available</i>															
Prospectus			✓	✓							✓				
Confidentiality Agreement			✓	✓							✓				
Instructions - next steps			✓	✓							✓				
Timeline - EOI focus			✓	✓							✓				
<i>Following completion of confidentiality agreements</i>															
FAQs for EOI Investors			✓												
FAQs for EOI Tenants			✓	✓											
Financial modelling			✓												
Full concept design information and appendices			✓	✓											
PGF Application and contract agreements			✓	✓											
Insurance information			✓												
Quantity Survey information			✓												
Template for responding with an EOI for investing			✓												
Template for responding with an EOI for becoming a tenant				✓											

Priority

- Development of Comms for Community for Council Meeting 29th
- To manage market messaging: Propose to separate EOI Release from Community public Communication

Next steps

Warren & Mahoney Presentation to Governance Group	16th September	Completed
Recommendation Papers, Draft Comms plan, EOI to Governance COB Monday	20 th September	Completed
Preparation of Council Papers 17 th -22 nd	17 th -22 nd Sept	Completed
Council Workshop (Socialisation of detail, comms plan, Draft EOI)	22 nd September	Completed
Governance Meeting seeking approval of Concept Design	23 rd September	Completed
Papers to Council COB	COB 24 th Sept	Completed
Finalisation of EOI delivery plan and content, financials etc	24 th – 30 th Sept	
Council approval of Concept Design and Communication Plan	29 th September	
Concept Design Media Release to Community via KDC website	1 st October	
EOI Comms materials to GG, MBIE and Council for approval	6 – 13 October	
Issue EOI to market	14 October	
EOI Briefings dates and venues tbc	21-28 October	
Deadline for EOI Submissions	15 November	
EOI Submissions Review + Evaluation (Preferred partners Selection)	November	
Partnership Contract Development + Terms of Engagement	November tbc	
Commence Preliminary Design Warren & Mahoney	November tbc	

Conclusion

- Upon the completion of Concept Design there is now a greater level of cost surety at this stage of the project than was expected previously.
- Approval to accept Concept Design and move to release EOI to Market will confirm a viable development or not
- Project to seek workshop with Council to finalise market offer and EOI

Governance Group Approval

- KMDO presented full Concept Design & Costs to GG 23rd September 2021
- Unanimously approved by the group for submission to council

Approval Request

- The project to request approval of:
 - Concept Design & Associated Cost Envelope as outlined
 - Communications Strategy & Priority Artifacts
 - To Delegate authority to CEO to approve EOI release post workshop

Report to:	Council
Date:	29 September 2021
Subject:	Water Reform Proposal – Information and Assessment
Prepared by:	Dave Clibbery (Senior Manager Operations)
Input sought from:	
Authorised by:	Will Doughty

1. SUMMARY

This report updates Council on:

- the Government’s 30 June 2021 and 15 July 2021 Three Waters Reform announcements, which change the reform process previously outlined in 2020
- the specific data and modelling Council has received to date
- the implications of the revised Three Waters Reform proposal for Council and alternative service delivery options
- A summary of initial feedback received from the community
- next steps (including uncertainties).

2. RECOMMENDATIONS

That Council:

- 1) **notes** the Government’s 30 June and 15 July 2021 Three Waters Reform announcements
- 2) **notes** officer’s advice on the accuracy of the information provided to Council in June and July 2021 as a result of the RFI and WICS modelling processes
- 3) **notes** officer’s analysis of the impacts of the Government’s proposed three water service delivery model on the Kaikōura community and its wellbeing, including the impacts on the delivery of water services and water related outcomes, capability and capacity, and on Council’s sustainability and
- 4) **notes** that a decision to support the Government’s preferred three waters service delivery option is not lawful (would be ultra vires) at present due to section 130 of the Local Government Act 2002 (LGA), which prohibits Council from divesting its ownership or interest in a water service except to another local government organisation, and what we currently know (and don’t know) about the Government’s preferred option
- 5) **notes** that Council cannot make a formal decision on a regional option for three waters service delivery without doing a Long Term Plan (LTP) amendment and ensuring it meets section 130 of the LGA
- 6) **notes** that the Government intends to make further decisions about the three waters service delivery model after 30 September 2021
- 7) **notes** that the Council resolved on 1 September 2021 that it will not agree to transfer any water, wastewater or storm water assets to any other entity without first undertaking a full consultative or referendum process with the Kaikōura community
- 8) **requests** the CEO to seek guidance on and/or give feedback to the Government on the aspects identified in section 16 of this report and any others that Council considers necessary.
- 9) **notes** that the CEO will continue to engage with the various reforms forums and will report back further once they have received further information and guidance from Government, LGNZ and Taituarā on what the next steps look like and how these should be managed.
- 10) **notes** that it expects to face severe challenges in respect having a decision making process in relation to this matter that complies with the requirements of sections 76, 77, 78, and 79 of the Local Government Act 2002 because of a lack of reliable information and analysis that is proportionate to the decision being made.
- 11) **expresses the view** that Government has acted in a manner that is contrary to the principles of the Local Government Act 2002 if it requires local authorities to make a decision in circumstances where the requirements of section 79 of the Act cannot reasonably be met, as is believed to be in this case.

12) **expresses the view** that the information that has been presented by central government on the financial implications of the choice between reform or the counterfactual on the Kaikōura District are unreliable and potentially misleading and that this is likely to be counterproductive to consideration of other broader effects of the reforms.

3. INTRODUCTION

Following the serious campylobacter outbreak in 2016 and the Government's Inquiry into Havelock North Drinking Water, central and local government have been considering the issues and opportunities facing the system for regulating and managing the three waters (drinking water, wastewater, and stormwater).

The focus has been on how to ensure safe drinking water, improve the environmental performance and transparency of wastewater and stormwater networks and deal with funding and affordability challenges, particularly for communities with small rating bases or high-growth areas that have reached their prudential borrowing limits.

One result of this consideration has been the establishment of Taumata Arowai which became a new Crown entity in March 2021 and will become the dedicated water services regulator later this year, giving effect to the provisions of the Water Services Bill that is currently before parliament and likely to be enacted later this year.

Taumata Arowai will have the authority to prepare standards and rules that water suppliers (such as councils) must comply with. Initial working drafts of these are available online and are currently being updated. Consultation will occur later this year. Guidance to support the operational compliance rules is also being developed and will be available when the rules are consulted on. At this time there is however still no certainty regarding what the final form of the standards and rules will be.

It is anticipated that monitoring, compliance and enforcement of standards will increase substantially on the status quo with the passing of the Water Services Bill and as Taumata Arowai begins to operate. It is also likely that the drinking water standards and their coverage (including non-Council water suppliers) and environmental standards will become more rigorous over time. This creates risks for council in meeting future standards and mana whenua and community aspirations (such as greater investment required than currently planned, risk of enforcement action).

An overview of local authority obligations under the Bill is provided below. The Bill provides for a range of compliance and enforcement tools including compliance orders, enforceable undertakings, infringement offences, and criminal proceedings, which can be taken against council officers.

Local authorities as suppliers of water services	General obligations of local authorities
<ul style="list-style-type: none"> • Duty to provide safe drinking water and meet drinking water standards, and clear obligations to act when water is not safe or fails to meet standards • Key provisions include: <ul style="list-style-type: none"> ○ Suppliers need to register with Taumata Arowai ○ Local authority suppliers will need a drinking water safety plan and a source water risk management plan ○ Water suppliers must give effect to Te Mana o te Wai • Taumata Arowai will have significant compliance and enforcement powers, including powers to direct suppliers and enter into enforceable undertakings with suppliers • Officers, employees and agents of suppliers will have a duty to exercise professional due diligence • Complying with these new requirements is expected to require significant capital and operating expenditure by local authorities (including paying levies to Taumata Arowai for operation of the regulatory system) 	<ul style="list-style-type: none"> • Local authorities will have a duty to ensure communities have access to drinking water if existing suppliers face significant problems in complying with drinking water standards including: <ul style="list-style-type: none"> ○ Requirements to work with suppliers and consumers to identify solutions ○ Intervention responsibilities if a supplier is unable to meet standards, including potentially taking over management and operations of private or community supplies • In rural communities, this could represent a significant risk (contingent liability) for local authorities • Local authorities will be required to make assessments of drinking water, wastewater and sanitary services to ensure communities have access to safe drinking water • Local authorities will need to assess drinking water services available to communities at least once every three years, including private and community supplies (excluding domestic self-supplies)

The Government’s stated direction of travel in respect of water service delivery has been for publicly owned multi-regional models for (with a preference for local authority ownership).

The Department of Internal Affairs (DIA), in partnership with the Three Waters Steering Committee (which includes elected members and staff from local government) commissioned specialist economic, financial, regulatory and technical expertise (in particular the Water Industry Commission of Scotland, ‘WICS’) to support the Three Waters Reform Programme and inform policy advice to ministers.

The initial stage (Tranche 1 - MOU, Funding Agreement, Delivery Plan and Request for Information – ‘RFI’ process) of the exploration of service delivery options was an opt in, non-binding approach. It did not require councils to commit to future phases of the reform programme, to transfer their assets and/or liabilities, or establish new water entities. Kaikōura District Council received \$1.88m from central government on a no commitment basis for participating in this initial stage. A programme of work is currently well underway to implement water supply projects that will further assist our schemes in meeting drinking water standards.

Council completed its inputs to the RFI process over Christmas and New Year 2020/21 and the Government has used this information, evidence, and modelling to make preliminary decisions on the next stages of reform and has concluded that the case for change in respect of water services delivery had been made, and this view was also supported by Local Government New Zealand (LGNZ).

As a result of this modelling, the Government has proposed to:

- establish four statutory, publicly owned water services entities that own and operate three waters infrastructure on behalf of local authorities
- establish independent, competency-based boards to govern the entities
- set a clear national policy direction for the three waters sector, including integration with any new spatial / resource management planning processes
- establish an economic regulation regime
- develop an industry transformation strategy.

During June and July 2021 government released information and made announcements on:

- the direction and form of Three Waters Reform, including proposed new Water Service Entities (four and their indicative boundaries), their governance arrangements and public ownership
- individual (WICS) Council data based on the information supplied under the RFI process
- a package of investment (\$2.5b) for councils to invest in the future for local government, urban development, and the wellbeing of communities, ensuring no council is worse off as a result of the reforms, and funding support for transition
- an eight-week process for councils to understand the implications of the reform announcements, ask questions and propose solutions and for Government to work with councils and mana whenua on key aspects of the reform (including governance, integrated planning and community voice.

Government has committed to further discussions with local government and iwi/Māori over the next eight weeks on:

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

While the Government and LGNZ consider that the national case for change has been made, it has been understood that each council will ultimately need to make a decision based on its local context if the process to join one of the proposed entities remains voluntary. It is the government's assumption that all councils will wish to join in the reforms and therefore the decision will be one of opting out rather than to opt in.

It has been anticipated that if the reform goes ahead councils will continue to deliver water services until at least early 2024 and council involvement in transition will be required throughout.

Next steps are expected to be announced by government on 30 September 2021, which would include the timeframes and responsibilities for any community or public consultation.

It is also important to note that the Government has not ruled out legislating for an "all-in" approach to reform to realise the national interest benefits of the reform.

The primary purpose of this report is to help Council understand the implications (and associated uncertainties) regarding the proposed reform of water services delivery.

The intention is not to make any recommendation as to whether it is in the interests of the community to participate in the reform or not, but in considering the implications and uncertainties some comments must inevitably be made that may influence views on participation.

4. COMPLEXITY OF PROPOSAL

Central government through the DIA and with technical assistance from WICS has presented a proposal for a radical reform of the way in which 3 waters (water supply, wastewater and stormwater) services are provided to the community, moving away from the current delivery of those services by local authorities to a model where the services are provided by one of four new large multi-regional entities, each of which serves in the order of 1 million people. It is something that will potentially have substantial and long lasting impacts on communities, and if it proceeds would likely be the biggest change made to local government in a generation.

Such a reform proposal presents a challenge to local government that is extraordinary in a number of ways, and for which previous precedent provides little assistance to address.

One particular challenge is that the matter under discussion is so broad in scope, multifaceted and complex that to attempt to comprehensively address all the relevant aspects creates the risk of getting lost in the details and creating such confusion that the key issues become lost.

Even if there was greater clarity around individual aspects, the range of them would still make overall consideration challenging, but in this case the difficulty is further compounded by the fact that many aspects are shrouded in a haze of uncertainty. It is simply not possible at present to give reliable answers to the types questions of questions that many people are asking about the reforms based on the information that is available.

The objective underlying the reform proposal is to substantially improve the quality and sustainability of three waters services, to generate better health and environmental outcomes, but what exactly what this would mean in practice is not clear.

One expectation that does seem reasonable is that there will be greater community and mana whenua expectations around environmental performance and quality, tougher standards to meet for water quality (drinking and receiving environment) and that monitoring, compliance and enforcement will be greater than it is now (with or without the reforms).

This affects both operational and capital expenditure (they will go up), including the number of staff (or contractors) that will be needed to deliver this higher performance and achieve legal compliance. Quantifying such future cost increases is difficult, even at a national level, and the potential costs at a local level are even more poorly defined.

A very large amount of data on the current and predicted future states of 3 waters activities and assets of all NZ councils was gathered by WICS through an extensive Request for Information (RFI) process during 2020/2021. This information including future projections by individual councils is however based on current standards, and does not attempt to take account of regulatory changes that may occur in the future.

The RFI information has been used by WICS as one of the inputs in the creation a broad model of three waters assets, performance and future requirements at a national level, the results of which have then been extrapolated to back individual districts. In the process of consolidating and then deconstructing this data variations that occur between districts in respect of waters services have not been fully recognised in the future projections.

Through a probabilistic approach using Monte Carlo simulation WICS have attempted to extract some clarity from this haze, but it is difficult not to conclude that they have been unsuccessful, and this in turn raises a question regarding how realistic it will be for any party – let alone Kaikōura District Council – to do so.

A further layer of complexity exists in respect of the broader implications of the reforms in a potentially volatile local government environment that will be affected by new freshwater and biodiversity regulations, Resource Management Act reform and a looming review of the future for local government.

It is suggested that this raises another question for Council, which is whether or not it (Council) is in, - or could reasonably expect to become in – a position to be able to make a decision on the potential participation of the in the proposed reforms in a way that would comply with the requirements of the Local Government Act. The Canterbury Mayoral Forum (supported by Kaikōura District Council) has recently written to the Minister to request the pace of the three waters reform is slowed until there is greater clarity around certain aspects of the regulator and these other reforms.

5. COUNCIL DECISION MAKING AND CONSULTATION

Part 6 of the LGA, sections 76 to 90, provide the requirements for decision making and consultation, including the principles of consultation and information that needs to be provided including the reasons for the proposal and the reasonably practicable options. Relevant sections of those acts are attached, with key wording highlighted.

In particular, section 76 requires that in making a significant decision, which a decision on the future management and or ownership of three waters assets will be, councils must comply with the decision-making provisions. This is a 'higher bar' than the "promote compliance with" that applies for ordinary decisions.

Section 77 states that councils must seek to identify all reasonably practicable options and then assess the advantages and disadvantages of each option.

Section 78 requires that in the course of making a decision a Council must consider community views but section 78(3) explicitly says that consideration of community views does not require consultation, which is reinforced by case law.

Section 79 gives Council discretion to decide how the above Part 6 requirements are met including the extent of analysis done etc. Therefore, while a decision could be challenged, a judicial review is unlikely to be successful unless the decision made by council was manifestly unreasonable, the process was flawed or the decision was beyond its powers (as given in law, ie. the council did not act within the law).

However, despite section 79 of the LGA, a decision to transfer the ownership or control of a strategic asset from the council (or to it) must explicitly be provided for in the council's Long Term Plan (LTP) (and have been consulted on specifically in its consultation document).

Council's existing LTP and the consultation information and process used to develop it will not suffice to meet this test, as Council did not itself have adequate information on the options and the implications earlier this year when it consulted on the LTP. An LTP amendment and commensurate consultation process on the ownership and governance arrangements and asset transfers proposed would be necessary.

There are also provisions in the LGA that relate to unlawful decisions to sell or dispose of assets, which can be investigated by the Auditor-General.¹

A decision to opt-out would also be affected by the consultation and decision-making requirements set out in this report, including the need to follow a robust process that could survive a judicial review, as well as make a final decision that was not manifestly unreasonable in the circumstances.

Given the Government's

- 8-week period of engagement with mana whenua and councils

¹ See sections 43 to 47 of the LGA.

- commitment to explore issues such as council and community influence of service outcomes, integration with other reform proposals, spatial and local planning.
- request for councils to give feedback on the proposal, identify issues and solutions
- and uncertainty around next steps, including whether the reform may become mandatory or legislative change will remove legal barriers to opting in

It would be premature to make a decision to opt out of the reform process and may expose the Council to litigation risk.

A Government Bill to progress the reforms could address the issues raised above, for example removing the section 130 requirements has explicitly been raised.

At this stage no decision is required on future delivery arrangements. Based on the analysis in this report, Council should wait until it has further information before consulting on and/or making a decision on the Government's proposal.

It is recommended that the Council therefore notes the options canvassed in this report, the high level analysis of them and the information and decisions that are yet to be made.

If reform is not made mandatory, to ensure sufficient information is available to meet the moral and legal requirements of Council decision-making staff will further develop the analysis of options (based on further information from the Government, advice on next steps, and regional discussions) prior to Council decision making and consultation on future water services delivery. Whether this is ultimately required will be dependent on where the Government gets to with the reform process and the decisions it makes after 30 September 2021.

76 Decision-making

1) *Every decision made by a local authority must be made in accordance with such of the provisions of sections 77, 78, 80, 81, and 82 as are applicable.*

2) *Subsection (1) is subject, in relation to compliance with sections 77 and 78, to the judgments made by the local authority under section 79.*

3) *A local authority—*

(a) must ensure that, subject to subsection (2), its decision-making processes promote compliance with subsection (1); and

(b) in the case of a significant decision, must ensure, before the decision is made, that subsection (1) has been appropriately observed.

4) *For the avoidance of doubt, it is declared that, subject to subsection (2), subsection (1) applies to every decision made by or on behalf of a local authority, including a decision not to take any action.*

5) *Where a local authority is authorised or required to make a decision in the exercise of any power, authority, or jurisdiction given to it by this Act or any other enactment or by any bylaws, the provisions of subsections (1) to (4) and the provisions applied by those subsections, unless inconsistent with specific requirements of the Act, enactment, or bylaws under which the decision is to be made, apply in relation to the making of the decision.*

6) *This section and the sections applied by this section do not limit any duty or obligation imposed on a local authority by any other enactment.*

77 Requirements in relation to decisions

(1) A local authority must, in the course of the decision-making process,—

(a) seek to identify all reasonably practicable options for the achievement of the objective of a decision; and

(b) assess the options in terms of their advantages and disadvantages; and

(c) if any of the options identified under paragraph (a) involves a significant decision in relation to land or a body of water, take into account the relationship of Māori and their culture and traditions with their ancestral land, water, sites, waahi tapu, valued flora and fauna, and other taonga.

(2) This section is subject to section 79.

79 Compliance with procedures in relation to decisions

(1) It is the responsibility of a local authority to make, in its discretion, judgments—

(a) about how to achieve compliance with [sections 77 and 78](#) that is largely in proportion to the significance of the matters affected by the decision as determined in accordance with the policy under [section 76AA](#); and

(b) about, in particular, —

(i) the extent to which different options are to be identified and assessed; and

(ii) the degree to which benefits and costs are to be quantified; and

(iii) the extent and detail of the information to be considered; and

(iv) the extent and nature of any written record to be kept of the manner in which it has complied with those sections.

(2) In making judgments under subsection (1), a local authority must have regard to the significance of all relevant matters and, in addition, to—

(a) the principles set out in [section 14](#); and

(b) the extent of the local authority's resources; and

(c) the extent to which the nature of a decision, or the circumstances in which a decision is taken, allow the local authority scope and opportunity to consider a range of options or the views and preferences of other persons.

(3) The nature and circumstances of a decision referred to in subsection (2)(c) include the extent to which the requirements for such decision-making are prescribed in or under any other enactment (for example, the [Resource Management Act 1991](#)).

(4) Subsection (3) is for the avoidance of doubt.

Section 79 (1) is considered to be particularly relevant; Council is responsible for making judgements on the extent and quality of the information upon which decisions are to be based, with the expectation that the appropriate extent and quality would be reflective of the significance of the decision.

In most cases the making of such judgements is relatively straightforward since most matters have limited significance and it is not difficult for staff to gather or where necessary produce the information required by Council.

In this case the situation is different because whilst there is considered to be good understanding of the functioning and costs of KDC's water services in the current environment, that environment will change in an as yet unknown way under the new regulator, Taumata Arowai, and it appears extremely difficult to predict with confidence exactly what future services may look like.

This is considered to be a very fundamental problem, which any amount of analysis at the current time is unlikely to resolve.

As such it appears questionable whether it is possible for Council to be able to exercise the judgement required by section 79 (1) of the Local Government Act.

An intended purpose of this report is therefore to assist in answering this question through consideration of the uncertainties that exist and the potential significance of the consequences of those uncertainties.

6. THE CASE FOR CHANGE

In promoting reform of three waters services central government has identified the following objectives:

- improve the safety, quality, and environmental performance of water services;
- ensure all New Zealanders have access to affordable three waters services;
- move the supply of three waters services to a more financially sustainable footing, and address the affordability and capability challenges that currently exist in the sector;

- improve transparency about, and accountability for, the delivery and costs of three waters services;
- improve the coordination of resources and unlock opportunities to consider New Zealand's water infrastructure needs at a larger scale and alongside wider infrastructure and development needs;
- increase the resilience of three waters service provision to both short and long-term risks and events, particularly climate change and natural hazards;
- provide mechanisms for enabling iwi/Māori rights and interests.

These objectives have been based upon observations by, or beliefs of central government that include the following:

- Poor compliance with drinking water standards;** a number of local authorities (typically smaller Councils) have a significant proportion of customers receiving water that does not comply with the NZ Drinking Water Standards. 20% of New Zealanders are drinking water that is not considered safe from bacterial contamination.
- Poor public health outcomes;** government cites estimates of around 35,000 cases of illness associated with drinking water each year, with an associated health care and lost productivity costs in 2010 terms of between \$12 million and \$25 million per year, and notes that the cost of the Havelock North contamination incident in 2016 which affected over 5,000 people and killed four was calculated to be \$21 million.
- Large Accumulated Infrastructure Deficit;** Amongst the evidence cited to support this is that the Office of the Auditor General (OAG) reported in 2017 that local authorities are not investing enough in three waters assets, indicating that assets could be deteriorating to an extent that they are unable to meet the levels of service that their communities expect.

Reference is also made to analysis made by the Water Industry Commission for Scotland (WICS) that indicates systematic under-funding of depreciation by local authorities in NZ (an example of which is in Table 1 below) and which is supported by other analysis conducted by Beca.

Local authority group	Average annual spend per connected resident (based on Annual Reports from 2015 onwards)	WICS assessed economic depreciation per connected resident	% of economic depreciation
Metro	NZ\$124	NZ\$267	46%
Provincial	NZ\$128	NZ\$254	50%
Rural	NZ\$158	NZ\$253	63%
Larger rural (>10,000 residents)	NZ\$153	NZ\$237	65%
Smaller rural	NZ\$163	NZ\$266	61%

Source: Water Industry Commission for Scotland, 2021.

Table1: Economic Depreciation spent on three waters infrastructure by local authority groups

WICS estimates that between \$120 billion to \$185 billion of investment will be needed over the next 30 years to address this renewals backlog and upgrade three waters assets to meet drinking water and environmental standards and provide for future population growth.

- d) **Poor Customer Outcomes;** Government cites a relative assessment of water services in respect of aspects significant to customers such as service disruptions and responses to complaints which suggests that the performance of NZ councils is significantly poorer than what is achieved by water utilities companies in the UK.
- e) **Poor Environmental Outcomes;** Reference is made to poor environmental performance of both wastewater and stormwater services in NZ, noting that almost a quarter of wastewater treatment plants are operating on expired resource consents, and that 35% of treatment plants will need to renew their resource consents in the next 10 years.

It is also noted that as yet there is limited focus on stormwater quality, though it is recognised that this is increasing.

- f) **Lack of Resilience;** Issues raised include challenges posed by flooding and drought events resulting from climate change, and a suggested 44% increase in the median annual water loss per property due to network leakage.
- g) **Poor Outcomes for iwi/Māori;** Government believes that there is insufficient recognition that the relationship of Māori with water also extends to three waters services, and that the system for the delivery of three waters services needs to uphold, align and integrate the Treaty of Waitangi and Te Mana o te Wai.

At a systemic level many of these observations or beliefs are difficult or impossible to dispute – a, c and f certainly fall into this category, and also e to a significant degree (at least in respect of resource consent compliance)

Some others are however more subjective and are dependent upon the perspective taken and need to be considered in a broader context. For example the costs cited by government under b above as being associated with water related illness are compared with estimated costs for some other NZ activities in Table 2 below:

NZ Activity	Estimated Health/Social Cost per Year
Alcohol Misuse	\$7.85 billion (\$7,800 million)
Smoking	\$2.5 billion (\$2,500 million)
Vehicle Accidents	\$4.6 billion (\$4,600 million)
Water related illness	\$12 million to \$25 million

Table 2: Activity Health Costs

Whilst eliminating water related illness may be desirable, it seems reasonable that the cost of doing so should be balanced against the associated benefit.

Similar comment could also perhaps be made in respect of environmental outcomes, with the question asked regarding how much citizens are willing to pay for this. It is arguable that broader public discussion needs to be had regarding the general public’s willingness to pay for costs directly or indirectly associated with changes to health and environmental standards, but that it probably beyond the scope of discussion at this time.

7. PERCEIVED ROOT CAUSES OF CHALLENGES AND ISSUES

Government believes that the root causes of the aforementioned challenges and issues are:

- **Limited opportunities to achieve benefits from scale**
 Government cites international evidence that a connected population of at least 600,000 to 800,000 people is needed to achieve desirable levels of efficiency though organisational capacity and capability, scale of planning, procurement and management and improved pricing and funding mechanism including improved access to capital markets. WICS indicates that it believes that it would not be possible to extract greater levels of efficiency from any of the NZ Councils with populations of less than 60,000 people, and that even above that size the opportunities available with existing local authorities would be very limited.

- **Affordability challenges**
Many of the issues are considered to have arisen from challenges of affordability for Councils, and analysis conducted by WICS indicates that these affordability challenges will increase significantly in the future, particularly for smaller or rural councils.
- **Misaligned incentives for critical infrastructure decisions**
Government expresses a view that community attitudes towards debt and rates increases, variable financial status of ratepayers, the need of councils to manage expenditure across a broad range of activities and constraints imposed on debt to revenue ratios may all limit the level of investment in water services.
- **Lack of effective oversight and stewardship for the three waters sector**
Government believes that having relatively large numbers of local authorities, regional councils, district health boards and government departments involved in water services has diminished transparency about fundamental elements of the three waters system, such as costs, performance, asset condition and required investments, which has in turn adversely affected management of the services.

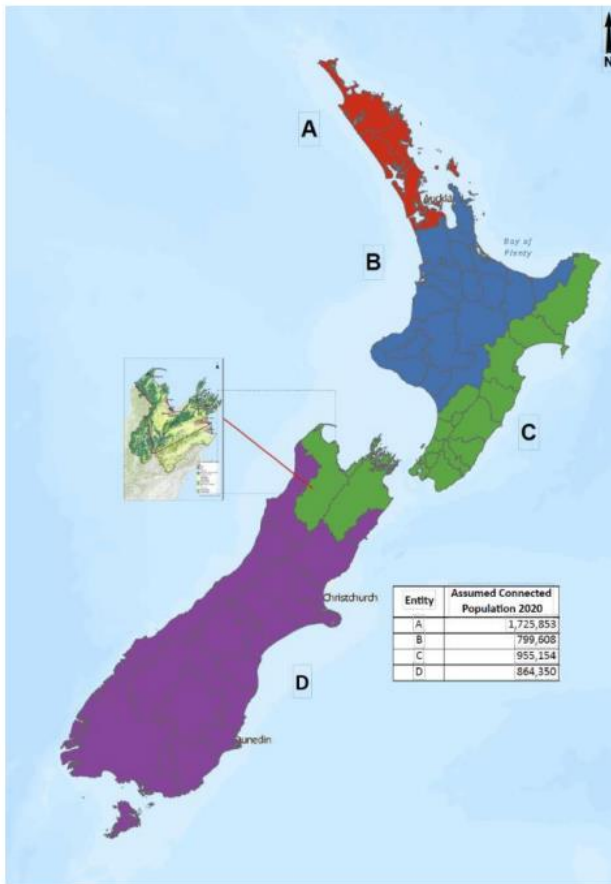
The establishment of Taumata Arowai is intended to address some of these issues but government does not believe that this alone would resolve other existing challenges.

8. PROPOSED REFORM OF SERVICE DELIVERY

Government does not consider that piecemeal solutions can adequately address the issues that it believes are present. It instead thinks that transformative change is required.

The following are the key components of the Government's reform package:

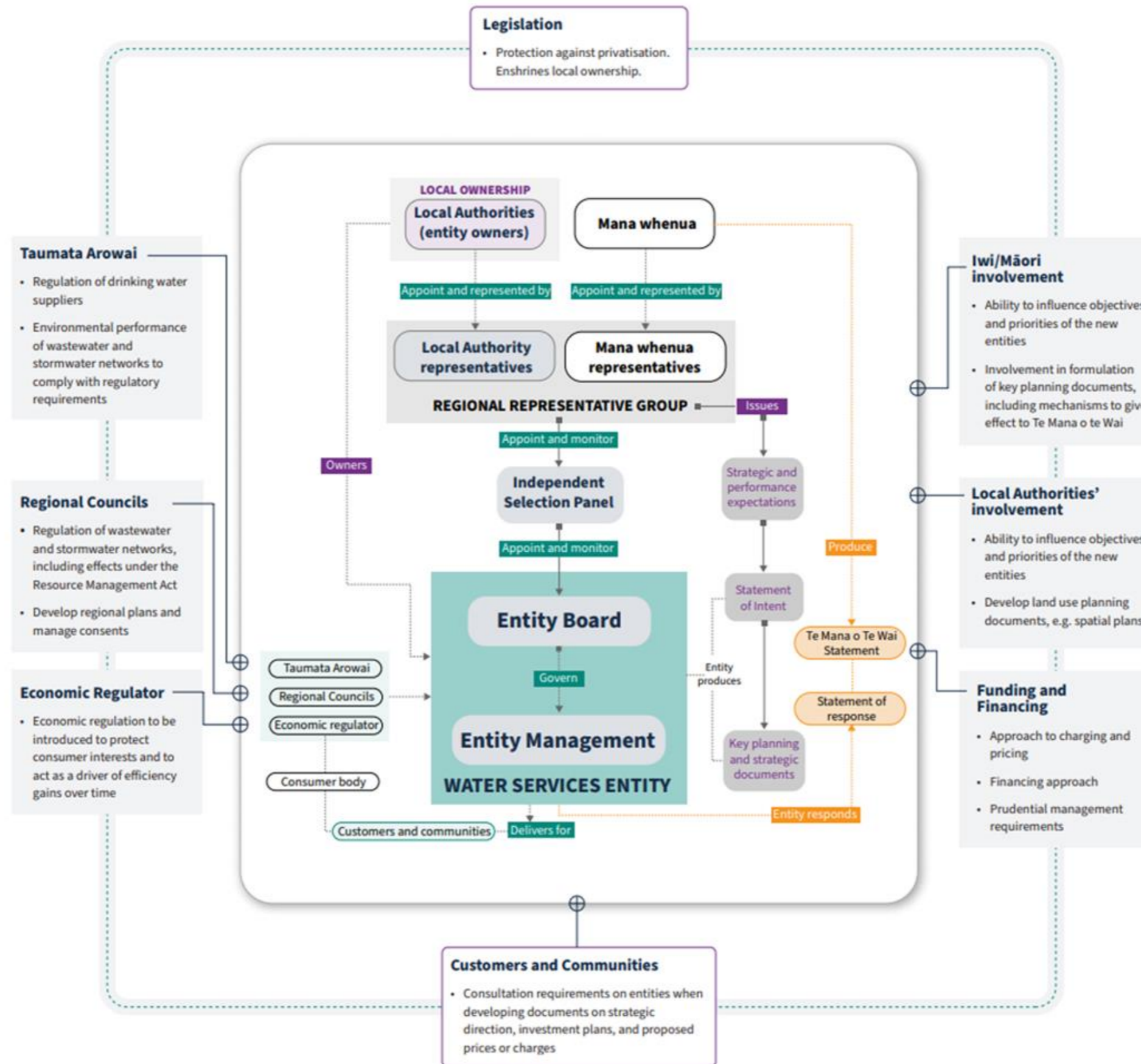
- Three waters services are aggregated into four large-scale, multi-regional entities, with boundaries as shown in Figure 1. The Kaikōura District would be part of Entity D
- Water services entities, governed by competency-based, independent, professional boards, that will assume ownership of three waters assets and have greater capacity to finance investment. The proposed governance structure is shown in Figure 2
- Clear national policy direction is provided for the three waters sector
- Economic regulation to provide greater transparency about the costs and performance of three waters services and infrastructure, and to strengthen accountability for performance
- Development of an industry transformation and workforce transformation strategy to support and enable the wider three waters industry to 'gear up' and play its part in the reformed service delivery system
- The introduction of mechanisms that protect and promote the rights and interests of iwi/Māori in the new three waters service delivery system.



Entity	Regions included
A	Auckland and Northland regions.
B	All districts from the Waikato, Bay of Plenty and Taranaki regions and the upper parts of Manawatū-Whanganui region (Ruapehu, Whanganui, and Rangitikei).
C	The districts in the eastern and lower part of the North Island (Gisborne, Hawke’s Bay region, lower parts of the Manawatū-Whanganui region ²⁵ , and Wellington regions); and The local authorities at the top of the South Island (Tasman, Nelson and Marlborough).
D	The districts and regions in the rest of the South Island, including those parts of the Marlborough and Tasman Districts that comprise the Ngāi Tahu takiwā. ²⁶

Figure 1 Proposed Boundary Configuration for new Entities

Figure 2: Proposed Entity Governance Structure



Central government states that in developing the reform proposal it has targeted the following key objectives:

- a) Maintaining local authority ownership of water services entities
- b) Protecting against privatisation
- c) Retaining influence of local authorities and mana whenua over strategic and performance expectations
- d) Provide the necessary balance sheet separations from local authorities; and
- e) An integrated regulatory system

It seems likely that the proposed governance model is only likely to guarantee delivery of objectives d and e.

Whilst councils would legally be the owners of the new entities to achieve the desired balance sheet separation there would be no financial recognition of that ownership, with councils not being shareholders, not receiving dividends or have any other well defined ownership role.

Similarly the proposed means to support ongoing local authority influence on the entity appear relatively weak. It is difficult to imagine how the Kaikōura community could realistically have any meaningful influence on the direction of an entity that served 900,000 people.

These arrangements potentially leave councils in a difficult position where because of their notional ownership the public perceive that they (councils) are responsible for an in control of the new entities when in practice individual councils would have little if any control.

Whilst there will be an equal mix of local authority and Mana Whenua representatives on the Regional Representative Group their inputs will be at a strategic level and it may be that the former group speak more effectively with 'one voice' than the latter, who might have different objectives associated with the diversity of local authorities.

It should also be noted that the 50% local government and Mana Whenua representation is at the Regional Representative Group level, not on the entity's Board, and that a further degree of separation is provided by having the Independent Selection Panel for the Board. As such it appears that some of the statements being made regarding the extent of Mana Whenua domination of the entities may overstate the reality.

In respect of privatisation a number of protections are proposed, including a 75% majority of Regional Representative Group members and a 75% majority in a public referendum. Parliament is however sovereign and there appears to be nothing that could not potentially be undone by a future government. Perhaps the greatest barrier to privatisation would be the need to somehow unpick the poorly defined council ownership model.

9. SUGGESTED FINANCIAL IMPLICATIONS OF REFORM

Analysis conducted by WICS has concluded that if the investments needed to address health, environmental, growth and sustainability (potentially requiring up to \$185 billion of expenditure over the next 30 years) are made under the current delivery model that household costs for these services in 2051 will be much higher than at present.

WICS have also concluded that if these same investments are delivered by the proposed larger entities that household costs at that time would be much lower. This is reflected in Figure 3.

These estimates were prepared at a national level and have been peer reviewed by Farrierswier and Beca consultants, who have indicated that both the modelling and underlying assumptions are reasonable indications in respect of the direction (increase or decrease) and order of magnitude of household costs.

Such indications are however well short of a resounding confirmation that these estimates are accurate and reliable. There is always a level of uncertainty and therefore risk around assumptions and forecasts, particularly when those forecasts incorporate extensive change and extend far into the future.

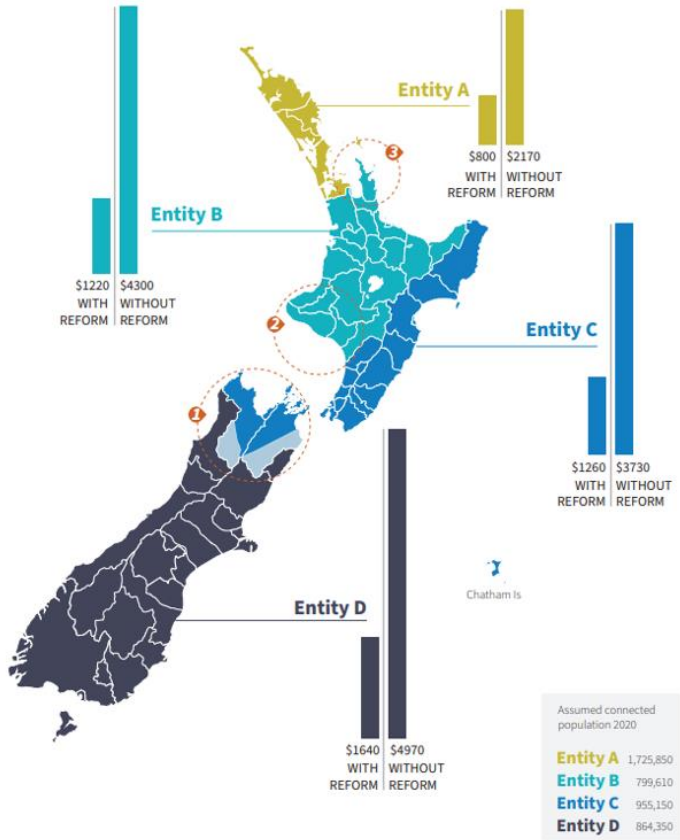


Figure 3: WICS indicated annual household 3 waters costs in 2051 with and without reform

A key factor in achieving these lower charges under the proposed reforms is that there are suggested to be large improvement in cost efficiency, reducing overall costs by 35% and 50%.

Another significant factor that contributes to the suggested lower future household costs is that the larger entities will be better able to access debt in terms of both volume and quality (interest rates). These suggested financial benefits of reform at a multi-regional regional level are also predicted to extend to all individual local authorities. Government has provided each Council with a ‘dashboard’ that compares some predicted outcomes (both financial and non-financial) for each District in 2051 under a reform or no reform ‘Counterfactual’ scenario. The ‘dashboard’ for Kaikōura District Council is presented as Figure 4.

The key driver of the extremely large increase in annual household cost for Kaikōura to more than \$8,690 by 2051 under the ‘no reform’ scenario is a large investment in infrastructure in the District. WICS initial assessment of the capital investment required for improving the quality or capacity of KDC’s 3 waters assets over the next 30 years (excluding renewal costs) was \$420 million. This was subsequently reduced to \$280 million through applying a fairly arbitrary ‘cap’ of \$70,000 per connected citizen to an assumed 4,000 connected citizens.

WICS suggests that under the proposed reform scenario similar improvement or growth works cost be conducted with the annual cost to households in 2051 being only \$1640. This appears to be a remarkable outcome, that is worthy of further discussion, which is presented in the following section.

WICS Modelling Assumptions

The financial modelling undertaken by WICS has been based on estimates of future parameters that include:

- Extent of capital investment for service enhancement and growth
- Cost efficiency improvements
- Asset renewal costs
- Operating costs and trends in these costs.

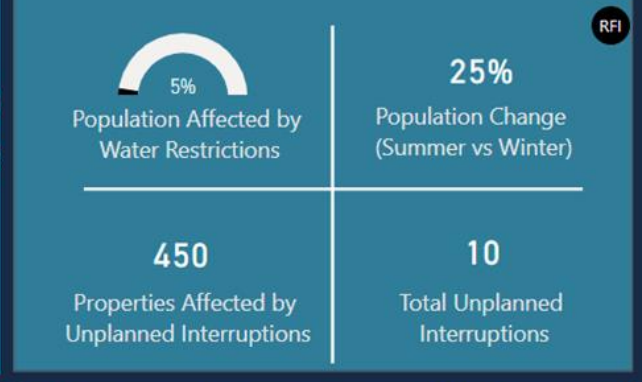
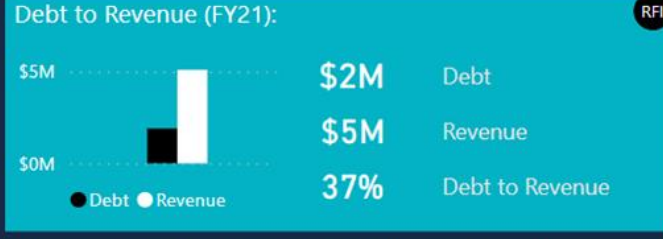
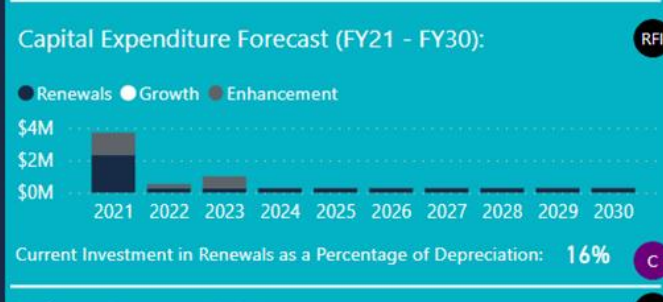
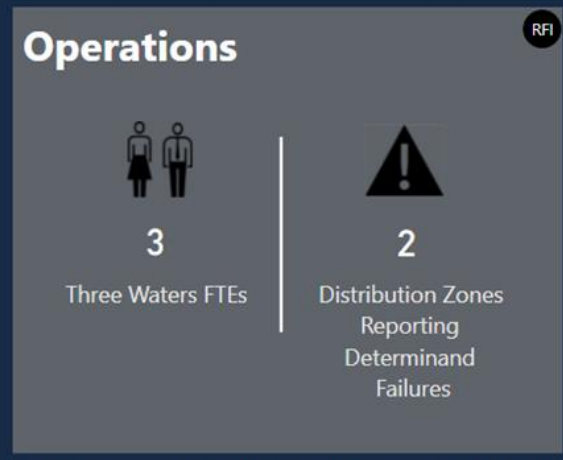
In making these estimates WICS has recognised that these parameters and the factors underpinning them are uncertain and has therefore taken a probabilistic modelling approach where multiple estimates are generated using a pseudo randomised set of values for the individual parameters.

These estimates then form a distribution, within which there will be a probable minimum and maximum values and a most likely value.

Many of the parameter values have been derived from a 'top down' approach based on information for the entire multi-regional entity being allocated across the constituent districts on a basis that takes some account of the basic characteristics of those districts (population, urban or rural).

This approach is a 'broad brush' one that does not take account of the detailed technical characteristics of the water services in each particular district.

The limitations of this modelling approach are very apparent in the data that has been produced for the Kaikōura District.



RFI Information sourced directly from RfI submission C Information sourced via calculations using RfI submission and other sources RFI Relevant to Local Authorities who completed RfI workbook I

Figure 4: 'Dashboard' for Kaikōura District – household costs are estimates for 2051

Capital Investments

WICS initial assessment of the capital investment required for improving the quality or capacity of KDC 3 waters assets over the next 30 years (excluding renewal costs) was \$420 million. This was subsequently reduced to \$280 million through applying a 'cap' of \$70,000 per connected citizen to an assumed 4,000 connected citizens.

These large numbers have apparently been derived from taking total costs estimated at a multi-regional level and apportioning them to districts without any particular regard to the technical details of each district.

It is recognised that it may be that at a multi-regional level some extremely large capital investments are required. Some communities may face very large challenges in respect of regulatory compliance or addressing deferred renewals. Kaikōura is however not one of these communities; our key waters assets and systems are currently either compliant with current regulations or relatively close to be able to comply and – largely thanks to the 2016 earthquake rebuild that replaced many older or substandard assets – we do not appear to face a major renewals challenge for the next 30 years at least.

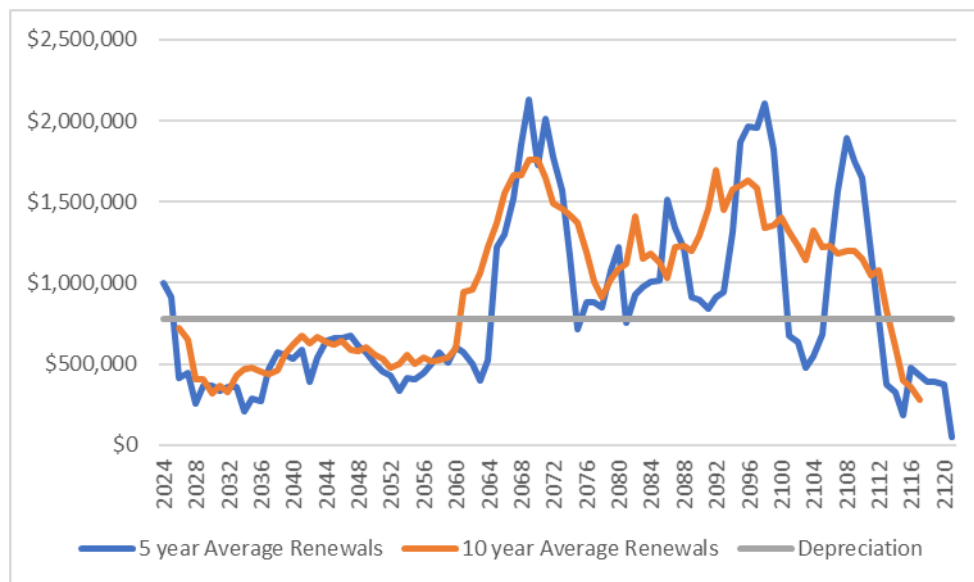


Figure5: KDC Projected 3-Waters Annual Renewal Cost

In this context the high level of capital investment indicated to be required in Kaikōura by WICS - which takes place at a rate of \$9.33 million per year for every year till 2051 – appears inconceivable given that the most recent valuation of all KDC’s 3 waters assets was \$56 million, and that KDC’s estimate of the total required capital investment over the next 30 years including depreciation was only \$27.2 million.

That the WICS indicated required investments are excessive is also supported by consultants Morrison Low who noted that whilst their estimate of the potential investment required in Kaikōura over the next 10 years was higher than the figures of KDC it was still only one-quarter of that indicated by WICS.

Efficiency Gain Assumptions

Substantial cost efficiency gains are a key element of the reform proposition. The modelling conducted by WICS has assumed that overall cost efficiency of services delivered by the new entity improves by between 35% and 50% relative to the current arrangements.

The assumption of these large improvement values is based on achievements made in Scotland since the formation of Scottish Water in 2002.

The suggestion that such large improvements can be made in NZ is a startling one. Previous considerations of establishing shared water services, such as that undertaken by Waikato Councils between 2013 and 2016, has indicated that potential efficiency gains would be much more modest – less than 10% - and that the main benefits would be in respect of enhancing organisational capability and resilience.

The suggestion by WICS of the potential for 35% to 50% efficiency gains seems even more remarkable given some of the details released by DIA regarding how a transition to the new entity would take place, which included the following:

- There will be no reduction of staff numbers (staff numbers are forecast to increase by 80% by 2051)
- Not changing locations of existing dedicated waters staff (though it is presumed that this might only be in the short term)
- Not decreasing waters staff pay
- Not expanding customer base (no plans to extend reach of services)
- Not reducing water consumption (though metering may result in that)

With these constraints in the place, the only remaining means by which cost efficiency can be improved appear to be the following:

- i. Economies of scale in procurement
- ii. Economies of scale in sourcing finance
- iii. Interconnection of services – for example connecting multiple communities from a common larger and more cost efficient treatment plant
- iv. Improved technology, particularly in respect of monitoring and control systems.

Considering each of these opportunities further:

Procurement at a larger scale can potentially offer lower unit costs, and it is recognised that prices for some materials in NZ are currently high by international standards. Whether this can be effectively addressed by changes on the demand side of the market is however disputable, and it may be that the primary challenges lay on the supply side because of the limited overall size of the NZ market (which won't be changed by consolidation of consumers) and the range of suppliers.

Finance (debt) sourcing efficiency is also dependent on scale, but in the case of NZ local government has already achieved considerable efficiencies through the establishment of the Local Government Funding Agency which currently lends almost \$13 billion to councils and it is difficult to imagine how the proposed new water entities would be more effective in this respect.

Interconnection of services is an attractive concept, but the realistic potential for this is limited by factors of geography, and much of NZ appears unsuitable in this respect, with large distances between communities.

Technology does perhaps offer the greatest potential for cost efficiencies, primarily in respect of monitoring and control systems. Investments in this area could reduce the extent to which personnel are required to attend treatment facilities and could contribute to more effective responses to other problems.

The savings that might be made in this area do however appear to be largely if not completely offset by the indication of WICS that under the reforms staff numbers will increase by 80%.

Reliability of Estimates

In conducting its analysis WICS has recognised that there is significant uncertainty in many respects, and as such has taken a probabilistic (Monte Carlo Simulation) approach to the estimation of future household charges in 2051 under both the Entity D and stand-alone council scenarios.

The output of such an analysis is a distribution of cost categories each or which has an associated probability. An example of such distributions is shown in Figure 6 below.

Comparing Kaikoura District Council (Stand-alone) with Scenario 2 and 3 Entity D...

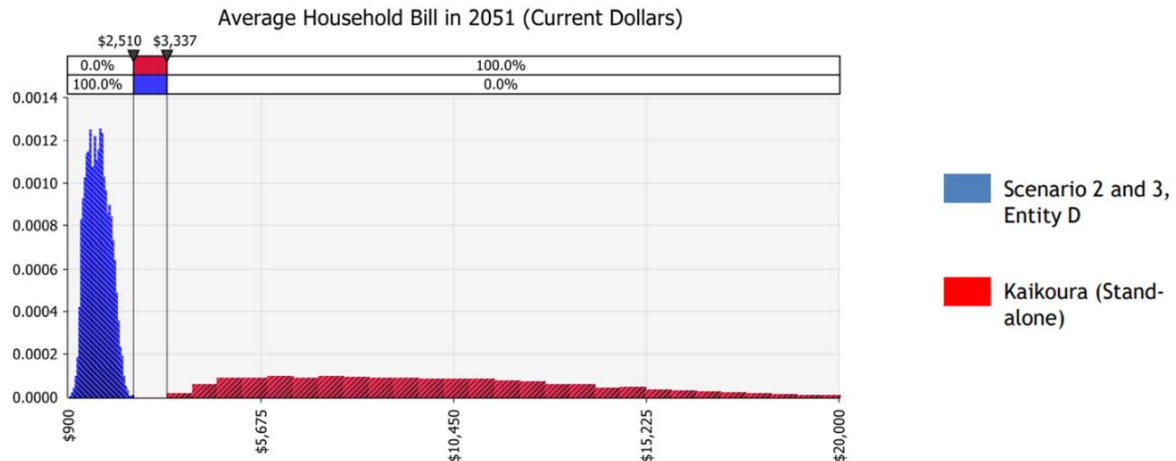


Figure 6: Projected Distribution of Household 3 Waters Costs for Kaikōura (base case)

Key features of the distributions above are:

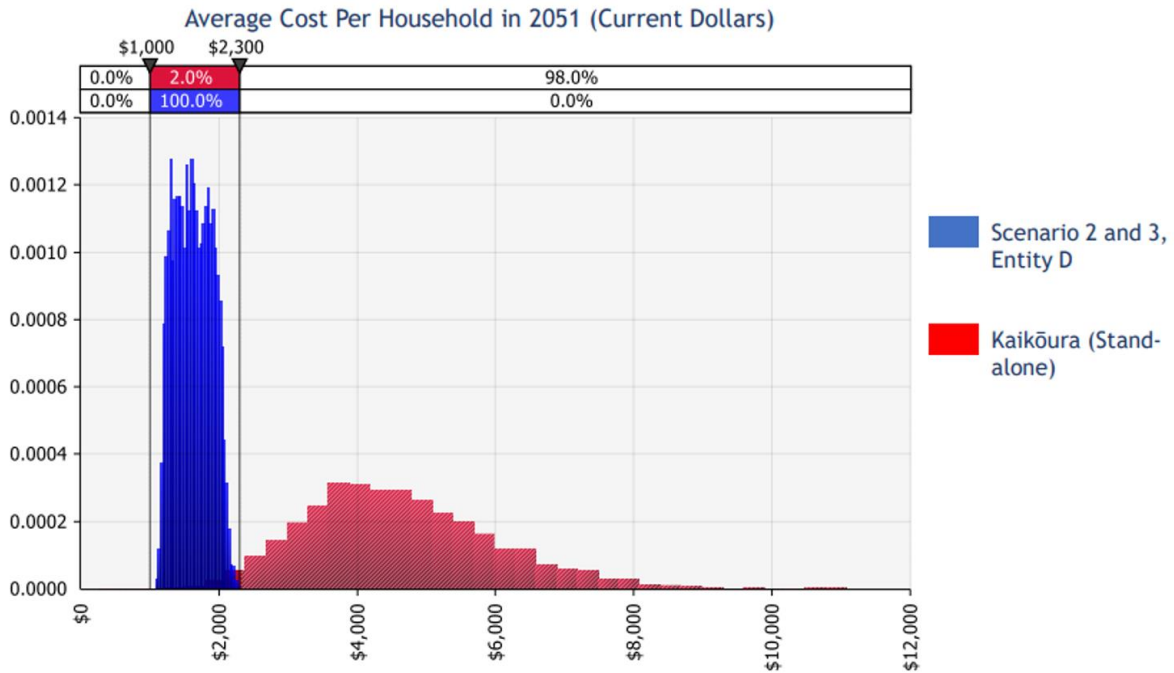
- Predicted cost to households under Entity D range from \$900 to \$2,510, most likely cost (middle of distribution) \$1,640.
- Predicted cost range to households under stand-alone council of \$3,337 to \$20,000, most likely cost (middle of distribution) \$8,690.

The forms of the two distributions are very different. That for Entity D has a relatively well defined ‘central tendency’ (peak) whilst that for the stand-alone council does not, with the probability of any household cost between around \$4,000 and \$12,000 being very similar.

The distribution for the standalone council provides very little confidence for any particular household cost. In the \$4,000 to \$12,000 range it is in effect random.

The financial modelling is heavily influenced by the assumed level of investment, and as stated previously the very large base figures assumed by WICS do not appear credible.

WICS have also recognised that these proposed investments may be too high and has also modelled a scenario where the local enhancement and growth investment by KDC is limited to 50% of the base figures, the result of which is shown in Figure 7 below.



*Investment for the amalgamated entity is unchanged in this comparison and is therefore much higher than for Kaikōura District as a stand-alone entity.

Figure 7: Projected Distribution of Household 3 Waters Costs for Kaikōura (50% base investment)

Even under this scenario the modelling indicates only a very low probability that the best (lowest) average cost per household under KDC as a standalone entity would be less than the worst possible outcome under Entity D.

Validity of Comparison with Scotland

Many of the assumptions made by WICS in their financial modelling are based on an assumption that the proposed new NZ water entities are operating in an environment that is comparable to that of Scotland.

The table and figures below do however suggest that the two environments are different.

Factor	South Island Entity	Scottish Water
Population served	864,350	5.517 million
Area served	142,000 km2 (approx.)	77,910km2
Average population density (people/km2)	6.09 (all of NZ is 18)	70.8 (England is 280)
Number of entities combining	25	3 (West, East and North of Scotland water authorities)
Type of parent entities	Multi functional local authorities	Specialist water services providers
National population	4.9 million in NZ	67 million in UK
Market population within 3000km	25 million (approx.)	>500 million in UK + EU alone



A particularly important difference is that of population density. That the population density of the South Island Entity B is only around 8% of that in Scotland substantially reduces the potential for efficiency gains through interconnection of services or having common teams of staff provide physical services to different communities.

The size of the markets available relatively nearby for goods, services and labour is also very different; Scotland is well placed to take advantage of the large and sophisticated European market whilst NZ will always be relatively isolated.

The difference in the populations served by the entities is considered to be very relevant, given that WICS have indicated that the potential for cost efficiencies is scale dependent, for example as shown in Figure 8, which was provided by WICS. The particular councils named are just examples of communities of particular scale.

WICS does not believe that any existing Councils with populations of less than 60,000 are likely to have significant potential to improve their cost efficiency, and that the potential for gains only occurs at a larger scale. WICS also refers to experience in the UK where achieved efficiency gains have been in proportion to scale of water companies, some of which have had more than 10 million customers. It is on this basis that WICS has recommended that the proposed NZ water entities serve at least 600,000 people.



Figure 8: WICS assessment of scope for cost efficiency gain of councils relative to population

Morrison Low consultants have however noted that the smaller water companies in the UK such as Bristol Water and South Staffordshire Water have achieved efficiency gains significantly below that suggested as being achievable in NZ, despite these companies appearing to operate in an environment where there is more potential for such improvements.

For example Bristol Water supplies 1.2 million people within an area of 2600 Km², whilst South Staffordshire supplies 1.6 million people in an area of 1500km². These areas are similar to that of the Kaikōura District (2048km²) but the respective population densities of 460 and 1070 people per km² are not comparable to the 6.1 people per km² in the proposed Entity D.

It is also noted that the improvements in efficiency made in Scotland appear to have largely been achieved since the establishment of Scottish Water in 2002, and that these gains cannot be simply attributed to an increase in scale since Scottish Water was formed by the merger of three existing relatively large regional water authorities, each of which provided services to more than 1 million people. From this it seems that the operation of the former companies had not been efficient despite having comparable scale to the proposed NZ entities.

Debt

A factors that contributes to the lower cost for households under the proposed reform is a greater use of debt. For the purpose of their financial analysis WICS assumed that the debt of local authorities would be limited to a maximum of 250% of annual revenue, whilst no limit was placed on the debt to revenue ratios of the new water entities.

The dashboard for Entity D indicates that the debt of that organisation continues to rise over the next 30 years and that by 2051 it is approaching 800% of revenue. This is by any standards considered a high level of debt, and its use will suppress household charges, but this will only be a temporary effect since ultimately it will have to be repaid.

Charging Mechanisms and Charge Harmonisation

The reform proposal lacks details of the how charges for three waters services would be allocated to users. Based on practices elsewhere it would however be expected that charges for water would be on a metered basis, and that there would be a high level of consistency in the setting of all charges over the entity area, with much of the existing variation between charges for services in different areas removed, though some variations for different levels of service such as on demand versus trickle feed might remain.

Such charge harmonisation would normally be expected to result in a mixture of areas that pay more for the service, and those that pay less. Under a service amalgamation this uneven spread of benefits may to some degree be smoothed if there is some degree of overall cost saving, but experience elsewhere suggests that the variations between existing charges in different districts are relatively large, often varying by a factor of 2 or more.

Larger urban centres typically have significantly lower charges than rural districts with widely spread small communities because of the economies of scale achievable in the more densely populated urban environment.

Because of these relatively large variations in current costs the quantum of potential overall cost efficiency gain previously believed to be achievable – perhaps in the order of 10% - will not prevent there being a mix of financial winners and losers amongst the participating communities. The normal expectation would be that under a charge equalised regime that customers in large centres would pay more, subsidising more rural districts.

An example of this, taken from an analysis previously conducted in another region where 9 local authorities (identified as A to I in interests of confidentiality) were considering establishment of a shared water entity serving around 350,000 people is shown in Figure 9 below.

In this case significant variations in existing current unit charges for water services in individual councils meant that if costs were socialised and charges standardised that even after some allowance had been made for reducing overall costs through economies of scale that some councils would face charge increases of 70% whilst others would have their charges reduced by a similar magnitude.

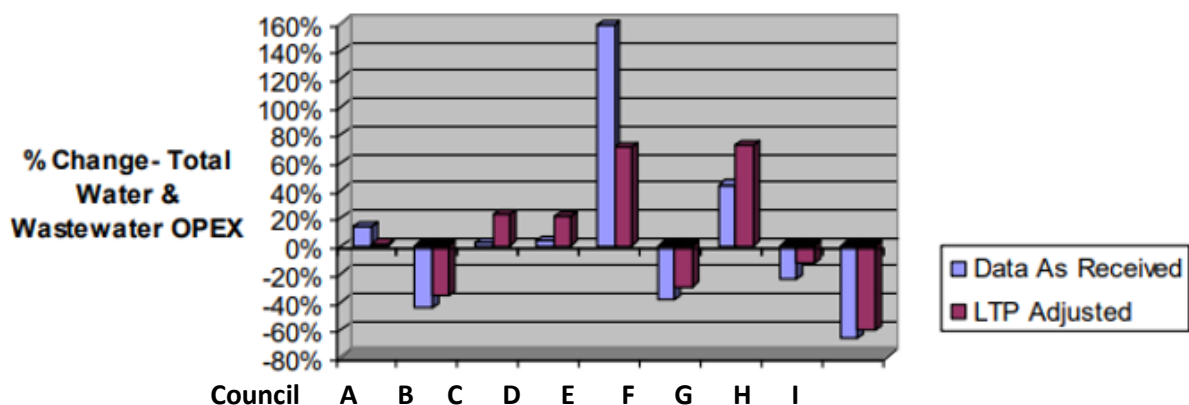


Figure 9: Estimated Relative Changes to Water & Waste Water Charges through charge equalisation (North Island shared service example)

Understandably some of those councils likely to be most adversely impacted were reluctant to participate and ultimately the shared service did not proceed.

A report for the Canterbury Mayoral Forum prepared in March 2021 by Price Waterhouse Coopers (PWC) attempted to assess a range of quantitative impacts on individual councils of a potential all of Canterbury water entity, that was equally owned by the participating councils. These impacts included those on shareholdings, balance sheets, charges, levels of service and liabilities.

Though this analysis does not reflect all of the proposed Entity D, it does highlight the diversity of councils and the variability of local impacts that is likely to exist.

For example Table 3 below reflects the likely impact of potential price harmonisation across the Canterbury region, without any assumed efficiency gains from the larger entity. The red shaded cells indicate the potential extent of local cost increases under harmonisation, whilst the blue cells indicate decreases.

Cost differential (FY31)	Water supply (opex)		Water supply (opex & renewals)		Wastewater (opex)		Wastewater (opex & renewals)	
	Cost per serviced property	Differential	Cost per serviced property	Differential	Cost per serviced property	Differential	Cost per serviced property	Differential
Ashburton District	341	13	529	110	251	133	349	336
Chatham Islands	3,679	(3,324)	3,679	(3,039)	2,622	(2,238)	2,622	(1,937)
Christchurch City	292	62	673	(34)	384	-	742	(57)
Hurunui District	1,081	(727)	1,091	(452)	350	34	359	326
Kaikōura District	336	18	391	248	389	(5)	431	254
Mackenzie District	377	(23)	396	243	254	130	254	432
Selwyn District	364	(10)	524	115	422	(38)	506	180
Timaru District	514	(160)	704	(64)	354	30	604	81
Waimakariri District	328	26	387	253	454	(71)	804	(118)
Waimate District	778	(424)	899	(261)	296	88	539	146
Waitaki District	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Weighted average	354		638		384		685	

Table 3: Potential effects of Canterbury Price Harmonisation

As expected there is a mixture of ‘winner and losers’. Christchurch is a significant overall winner since whilst their current costs across Opex and renewals are only slightly higher than the weighted averages across the region, they account for 60% of the region’s population.

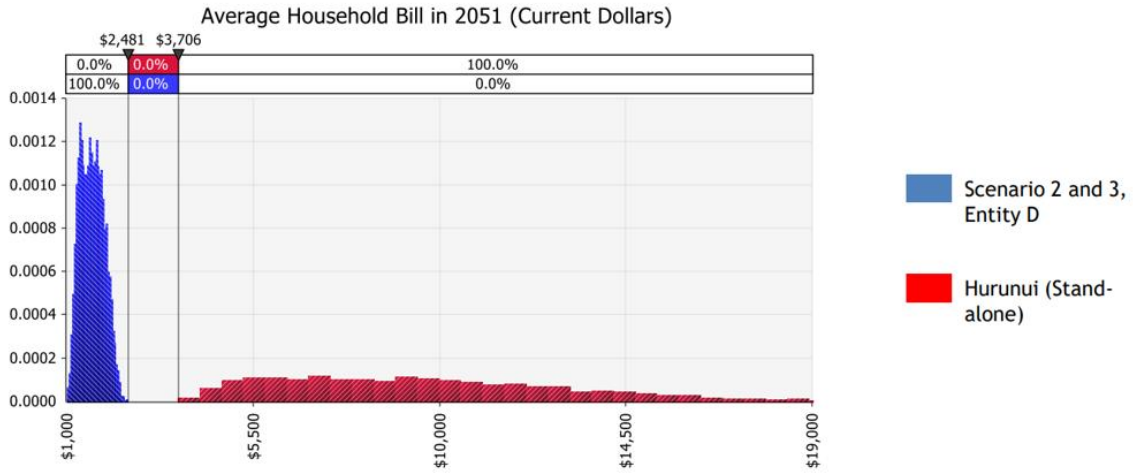
Kaikōura is indicted to currently be a likely loser in terms of Opex and renewals for both water and wastewater services unless remarkable improvements in efficiency are achieved.

In the case of the currently proposed reform it is however instead indicated that every participating district in Entity D would in future be likely to be paying significantly less under the new entity than they would as stand-alone councils. The cost distributions produced by WICS for our neighbouring councils and Christchurch, Dunedin and Queenstown are presented below as examples.

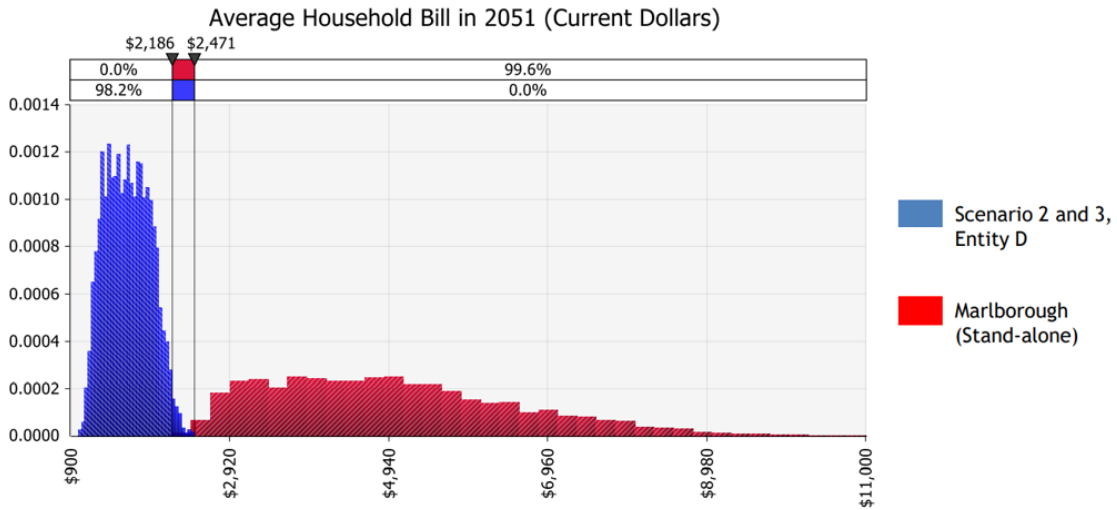
Only one district - the high-growth area of Selwyn – is indicted to even have a small possibility of achieving a financial result as good as that indicated for Entity D on a stand-alone basis. The WICS distributions for Selwyn is also shown.

That ‘everyone’s a winner’ under the WICS modelling is considered to be an outcome so remarkable that it stretches the bounds of credibility.

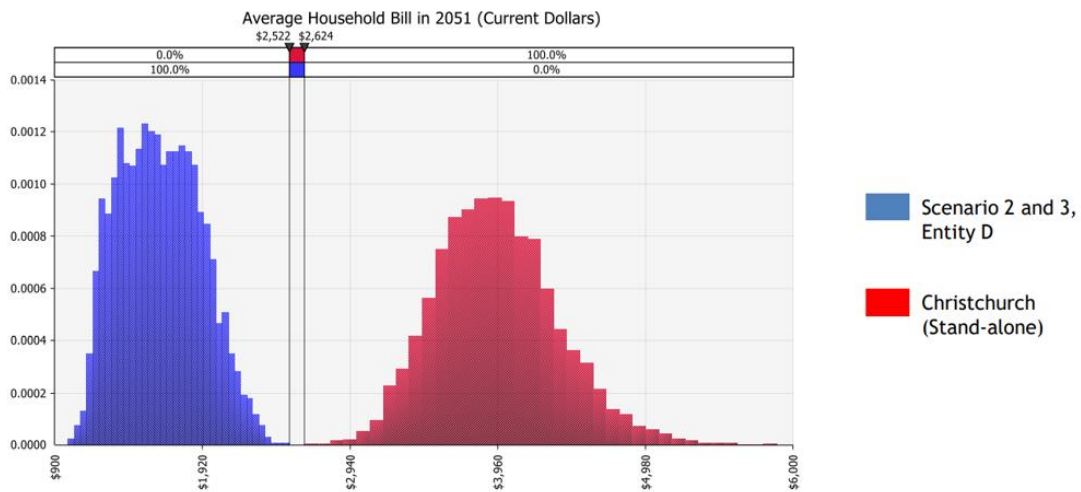
Comparing Hurunui District Council (Stand-alone) with Scenario 2 and 3 Entity D...

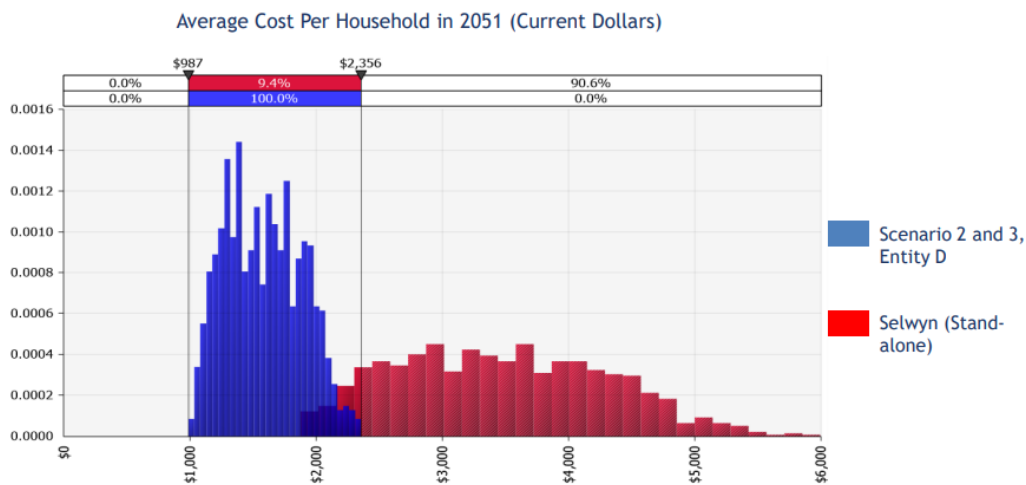
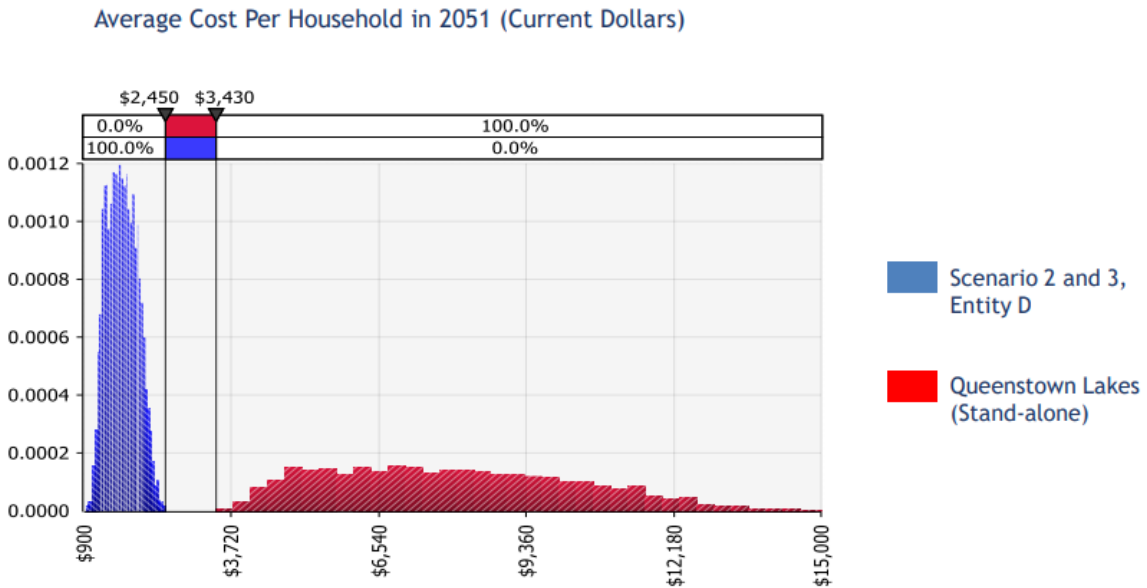
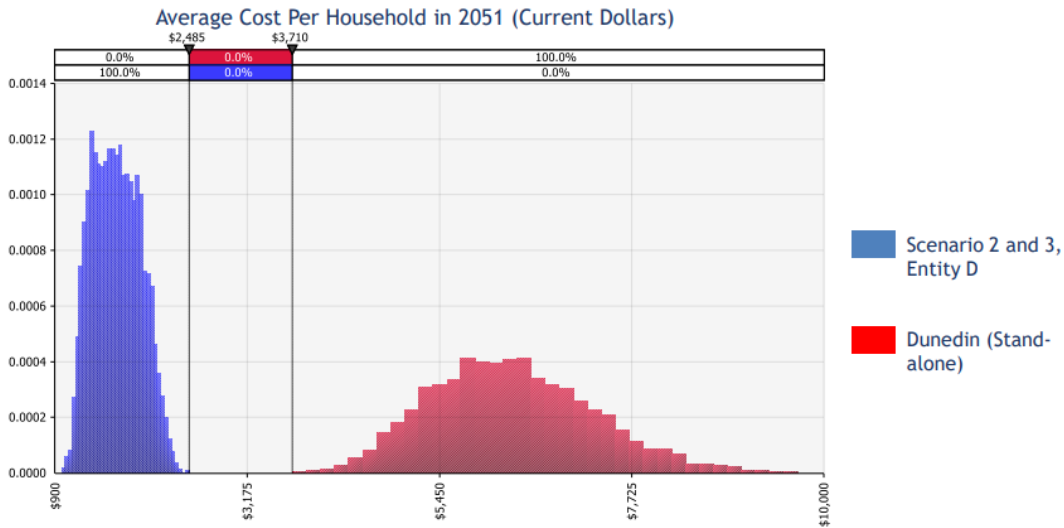


Comparing Marlborough District Council (Stand-alone) with Scenario 2 and 3 Entity D...



Comparing Christchurch City Council (Stand-alone) with Scenario 2 and 3 Entity D...





9. TRANSITION

The transition required for the implementation of the reforms would be a challenging exercise, for which there is no comparable precedent in NZ.

A broad range of issues would need to be effectively managed, potentially in an environment where councils are reluctant participants, reducing commitment.

At this stage however it does not however worthwhile to attempt to consider those issues in detail. However, a transition team has been already established within DIA that are progressing on a “no regrets basis” to engage with Councils around transition arrangements. It is anticipated that each entity will have a dedicated local government point of contact. At the time of writing that counterpart is not in place for Entity D.

10. TRANSITION FUNDING

On 15 July, in partnership with LGNZ under a Heads of Agreement the Government announced a package of \$2.5 billion to support councils to transition to the new water entities and to invest in community wellbeing, comprised as follows:

A ‘better off’ element: an investment of \$2 billion into the future for local government and community wellbeing.

- The investment is funded \$1 billion from the Crown and \$1 billion from the new Water Services Entities. \$500 million will be available from 1 July 2022. The funding has been allocated to territorial authorities (which includes unitary authorities) on the basis of a nationally formula that takes into account population, relative deprivation and land area.
- The funding can be used to support the delivery of local wellbeing outcomes associated with climate change and resilience, housing and local placemaking, and there is an expectation that councils will engage with iwi/Māori in determining how to use their funding allocation.

A ‘no council worse off’ element: an allocation of up to around \$500 million 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 element is intended to ensure the financial sustainability of councils and address reasonable costs and financial impacts associated with the transfer of assets, liabilities and revenues to new water services entities.
- Up to \$250 million is available to meet the unavoidable costs of stranded overheads and the remainder for other adverse impacts on financial sustainability of territorial authorities (including future borrowing capacity).
- Of this \$250 up to \$50 million is allocated to Auckland, Christchurch and Wellington Water councils, the remainder is available to other councils. This funding is not available until July 2024 and is funded by the Water Services Entities.

KDC’s funding allocation from the ‘better off’ component identified above would be \$6,210,668. The details of the ‘no council worse off’ element is yet to be determined for KDC. However, use of the latest financial model from DIA suggests that KDC’s financial disadvantage could be in the order of \$2 million. This package of funding is in addition to the \$296 million announced in Budget 2021 to assist with the costs of transitioning to the new three waters arrangements. The Government will “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.”

It is suggested that the transition funding should be considered to have very limited significance in respect of future decision making regarding potential participation in the reforms. Whilst it is seems reasonable that the provision of transition funding should fully compensate a council for any additional costs incurred during a transition, and thus not disincentivise reform, neither should it be an incentive for reform.

Though the \$6 million allocation for KDC is a substantial amount in the context of normal KDC operation, it is potentially very small in relation to the long term costs associated with the decision in relation to the proposed reforms.

11. OPTIONS AVAILABLE

Whilst there are potentially a significant number of water service options including the current government proposal, variations on the status quo, council shared services (either asset owning or not) or even privatised delivery, most are dependent upon factors that are outside of the control of KDC and are not sufficiently well defined to be realistically considered as practicable options at this time.

In practice only two options – the current government proposal or standalone delivery by KDC (a modified status quo) – are believed to be available at this time.

Whilst doing nothing option is often an option, Council will need to continue to deliver its water, wastewater and stormwater responsibilities in a regulatory environment that is about to change.

Unless government was to back away from these regulatory changes retaining the status quo without any amendment whatsoever is not considered a practicable option and is not therefore assessed further. Simply put, some degree of cost associated with meeting these changing regulations will apply whether KDC is part of Entity D or remains standalone.

Option A - Government Proposal

- Under this option, we are in entity D, a publicly owned water services entity that owns and operates three waters infrastructure on behalf of councils, mana whenua and communities.
- The ownership and governance model is a bespoke model, with councils listed in legislation as owners, without shareholdings or financial interests, but with an advocacy role on behalf of their communities.
- Iwi/Māori rights and interests are also recognised and representatives of local government and mana whenua will sit on the Regional Representative Group, issue a Statement of Strategic and Performance Expectations and receive a Statement of Intent from the Water Services Entity. Entities must also consult on their strategic direction, investment plans and prices / charges.
- The law currently prohibits Council deciding to opt-in to the current proposal (given section 130 of the LGA, which prevents councils from divesting their ownership or interest in a water service except to another local government organisation such as a Council Controlled Organisation) and what we know about this option at present.

Option B - Council as a standalone deliverer of three waters but at a higher level of service and investment [a modified status quo]

- Council currently delivers three waters services through a mixed model of in-house and contracted services.
- While the RFI information, dashboard and supporting information provided to Council by central government suggests that this might not be a sustainable future model for the country, it is considered to be a potentially suitable model for the Kaikōura District, recognising that some degree of change from the status quo is likely to be required to respond to a changing regulatory environment.
- The extent to which changes to the status quo will be required are not yet clear since uncertainty remains regarding the water quality and environment standards that will be set in the future. As such it is not possible to establish a reliable business case for this option.
- Council staff do however believe that the nature of three water services in the Kaikōura District is likely to limit the local impact of future changes to these standards more than in many other districts.

KDC's water services are of small scale, simple and either currently achieving or close to achieving compliance with current drinking water standards and resource consent conditions. Their nature of these activities also limits their potential environmental impact or sustainability risks; for example water is sourced in relatively small quantities from productive groundwater sources, whilst wastewater effluent is disposed of to land in a manner that has very little potential to affect surface water bodies.

12. COMPARISON OF OPTIONS

Option A - Government Proposal

As presented by government (and if achievable) the greater financial capability, efficiency, affordability and community/water benefits (published by Government) of delivering three waters to the community are likely to be of significant value. Considerable uncertainty does however appear to exist in respect of whether these advantages can be realised.

The government proposal represents a socialisation of costs across a relatively large area, with benefits and disbenefits being unevenly spread at any particular time. In the short term this balance of costs and benefits is considered unlikely to advantage the Kaikōura District, because it is believed that the condition and performance of our 3 waters infrastructure and services are currently good.

The condition and performance of KDCs water services has however not always been good, and has at times suffered from the type of underinvestment that central government has identified as being a systemic problem.

It should also be recognised that the current sound condition and performance of KDC's water services is not entirely due to effective previous management by Council and is instead in a large part due to a previous socialisation at a national level of costs associated with the rebuild following the 2016 earthquake which resulted in the replacement and/or improvement of many older or substandard assets.

Like many councils KDC not yet managed a major cyclic peak in asset renewal expenditure, and its ability to effectively do so is as yet unproven. The 2016 earthquake rebuild has deferred such a peak, and one is now not expected for perhaps 30 years, but that time will come and when it does socialisation of cost across a larger area would be beneficial.

The removal of responsibility for the delivery of three waters from Council would relieve Council of the risks specifically associated with that activity, but this would also be accompanied by a different set of risks related to the broader sustainability of Council.

The continuing ownership of the new entities by councils – regardless of how poorly defined and ineffectual that may be - may however also leave a perception in the mind of local residents that a degree of control and responsibility has been retained at a local level, and indeed central government is proposing that councils will continue to exercise an advocacy role in respect of these service.

Quite how KDC could effectively fulfil such an advocacy role within a 900,000 customer Entity D is however not clear.

Option B - Council continues to deliver three waters but at a higher level of service and investment [modified status quo]

In summary, the potential benefits of this option include greater Council control and more certainty over local infrastructure integration (planning and delivery) with land use plans and council objectives.

In the short or medium term at least it does also seem possible that continuing Council delivery of water services to customers could yield lower costs per household than participation in the new entity.

Council does however face significant risks, particularly in the longer term, associated with affordability and sustainability, including potentially high costs, in meeting the new water standards, environmental requirements and achieving compliance. In addition contractor availability is limited, the volume of forecast capital waters project at a national level is already substantial and inflationary pressures are growing, meaning costs are rising.

These factors may present affordability challenges for households in the future, exacerbating those already posed by our small population and rating base.

The Water Services Bill will introduce potentially severe penalties for water suppliers who fail to meet the required standards, in extreme cases fines of up to \$3 million and prison sentences of up to 5 years. These will create significant liabilities for councils and the staff within them, that will inevitably influence behaviours.

A particular concern would be if KDC chose to not participate in the new entity whilst other councils in the region did so, and the regulator placed administrative expectations on our Council that might be achievable for a large organisation, but which would be very difficult for a team as small and non-specialised as ours.

A very significant challenge already exists in respect of maintaining adequate technical waters management capability within Council. There is a severe national shortage of suitably skilled waters engineers and this would be expected to become even more acute as required waters standards rise with an associated need to further expand the sector workforce.

Kaikōura's very small size and relatively isolated location also exacerbates the challenges of professional recruitment and this is reflected in the current composition of Council's small engineering team, which whilst very experienced, also has a majority of staff that are over 60 years of age.

Many other councils also having high proportions of older (55 plus) staff, the retirement of which will put even greater pressure to the employment market in the future.

These factors together create a real possibility that when future vacancies arise in the engineering team at KDC – either through retirements or other factors – that suitable candidates could not be recruited.

It is recognised that there are unlikely to be any simple solutions to this issue. The engineering profession has been struggling with skills shortages for a long time and the creation of the proposed new water entities would not immediately resolve that; indeed in the short or medium term it may exacerbate the problem.

It is indicated that under the reforms the number of people employed in the three waters sector will substantially increase to achieve the governments objectives, increasing by around 80% (3,400 additional jobs) by 2051.

Whilst it is perhaps possible that in the longer term the new entities could provide a similar type of professional development pipeline to that successfully provided by the NZ Ministry of Works in the past, it is not clear how the shorter term human resource needs of the new entities would be met.

This option is likely to become less sustainable if those districts around us move to some form of aggregated model (which will adversely affect our ability to retain and attract workers, access technical, financial or construction support, and procure cost effective contracts to deliver services and capital works). In such a scenario it also seems likely that the regulatory authority might also pay more attention to KDC as a small outlier than it might otherwise do.

The causes of most of the risks associated with this option are not within Council's control. This makes mitigation difficult, and many potential mitigation options (such as greater investment, larger costs than currently planned, lower levels of service in areas other than 3 waters and compliance risk) may not be palatable to Council or the community.

Given the Government has rejected continuing council delivery as a sustainable solution for three waters services there should not be an expectation that the Government would be willing to financially support councils to meet the new regulations beyond existing Tranche 1 stimulus funding.

13. BROADER EFFECTS OF REFORM

The transfer of three waters activities from Kaikōura District Council would have a significant effect on the organisation, including the following:

- 28% reduction in value of total assets held
- 18% reduction in Council revenue
- \$742,000 per annum of stranded overheads, would need to be recovered through other remaining Council activities
- Loss of work approximating 4.0 full time equivalents. Whilst this may seem a relatively modest reduction to a total staff complement of 33 FTE it would be a very untidy one, entirely removing only one full-time role, but potentially taking away part of a role for up to 15 others. These role changes are likely to present an unattractive choice between losing staff capability or increasing rates.

The removal of water services from smaller councils has the potential to undermine their continued operation as standalone units of local government, and this could potentially be further compounded by possible future loss of RMA planning functions.

Suggestions of the Kaikōura District amalgamating with another are not new, but previous consideration has indicated that doing so may not be in the best interests of the community.

A proposal for an amalgamation of the Kaikōura District with the Hurunui District was considered by the Local Government Commission in 2008. Following receipt of submissions and consideration of information available the LGC decided that the proposal should not proceed further.

The summary the findings of the LGC were presented in section 183 of their report, which follows.

The full report can be found at

<http://www.lgc.govt.nz/assets/Uploads/KaikōuraHurunuiDetermination.pdf>

It is believed that the fundamental factors which caused the LGC to reject a proposed amalgamation are currently as strong, if not stronger than they were in 2008, and that residents of Kaikōura are not likely to benefit from an amalgamation, regardless of who it is with.

In particular the first factor mentioned in section 183 of the LGC report – the isolated location and its distinct community of interest – is something that makes Kaikōura unusual and less suited for amalgamation than most other small NZ councils, some of which are relatively close together both physically and economically.

Amalgamation is inevitably accompanied by a loss of local influence; efforts to maintain the identity and influence of small communities within a larger parent body through mechanism such as the establishment of community boards are seldom very effective.

In this context it would be considered unfortunate if an even further shrinkage of KDC, caused by removal of the 3 waters and potential changes to the delivery of RMA planning functions forced consideration of amalgamation when the other underlying factors are not supportive of it.

Summary findings of Local Government Commission on proposed Kaikōura/Hurunui amalgamation, May 2008

183. In summary we have found:

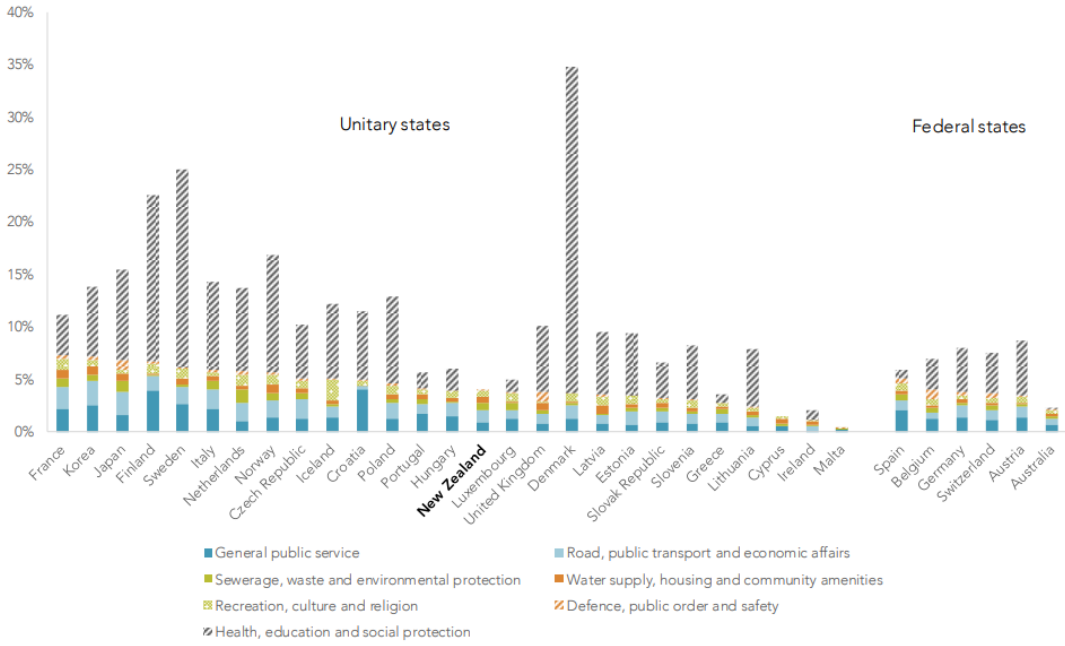
- (a) the nature of Kaikoura District's topography and location make it a distinct community of interest which would be no better recognised under the proposal than under the current local government structural arrangements;
- (b) any concerns about the effectiveness of representation of communities of interest in Kaikoura District can be addressed under existing legislative processes and the proposal would not result in any more effective representation;
- (c) the Kaikoura District Council has developed effective governance structures and processes, reflecting a sustainable development approach to enhancing community well-being, in response to the physical environment, location of the District and the interests and values of residents;
- (d) the Kaikoura District Council has undertaken effective long-term planning linking a community vision, desired outcomes, activities, priorities and funding with a view to enhancing community well-being;
- (e) the Kaikoura District Council delivers services in an efficient and effective manner bearing in mind the nature and size of the District, with good levels of resident satisfaction, and there is no evidence to suggest this would be enhanced by adopting the proposal;
- (f) the Kaikoura District Council is in a sound financial position bearing in mind the size of its District and there is no evidence to suggest that the proposal would enhance financial capacity to deliver higher levels of service in the area;
- (g) the Kaikoura District Council has adequate management and organisational capacity to meet the demands placed on it and there is no evidence to suggest that this capacity would be enhanced by the proposal.

It is recognised that the Future for Local Government Review that is currently underway could potentially lead a way towards some extension of the roles of local government that might compensate for the loss of functions such as 3 waters and planning.

To take such functions away and not expand the local government role in any way would even further exacerbate the current very weak performance of NZ in terms of localism.

Compared to other nations the role of local government in New Zealand is already very narrow. Figure 10 is taken from a 2019 working paper ‘Scope and funding of local government: an international comparison’ produced by the New Zealand Productivity Commission which again highlighted this, assessing sub-national government expenditure in NZ as comprising less than 5% of GDP, one of the lowest figures of any developed nation in the world. A removal of responsibility for delivery of 3 waters services would be expected to reduce this percentage to well below 4%.

Feedback recently received from the local community in relation to the water reforms that is presented in section 15 of this report suggests that there is a strong desire for the retention of local influence and it may be that the very centralised government in NZ is already not meeting community expectations in this regard.



Source: OECD & UCLG (2019b).

Figure 10: Local Government Spending by function as % of GDP, 2016

As can be seen from the figure in most countries a large part, if not the majority of local government spending is in the fields of health, education and social protection, but there is no such spending in NZ.

Even if such responsibilities were transferred to local government in NZ it would seem likely that a certain minimum scale of local authority units would be needed, and it is difficult to imagine that KDC could meet those criteria.

14. OVERALL RISK ASSESSMENT – OPTIONS A AND B

Though it is difficult to do so given the many uncertainties that exist an attempt has been made to assess the relative risks to the Kaikōura community of the two options in Table 3.

In the interests of simplicity only relatively long-term risks have been considered, excluding those of the transition stage, and the foregoing of potential opportunities have also been treated as risks.

It is stressed that the risks have been assessed in respect of how they directly affect the Kaikōura community. When a risk is significant but is transferred to the new entity (for example non-compliance with water standards, without an adverse effect on health) the risk to the Kaikōura Community is considered small.

The intended primary purpose of this assessment is to identify some of the key risks that exist, and the ratings that have been assigned to them are very subjective.

Despite these reservations it is considered to be worth noting that the total risks assessed for the two options are similar.

The most significant risks for stand-alone delivery are believed to be in respect of non-compliance with standards, and a range of procurement and cost efficiency issues associated with lack of scale.

In regard to participation in Entity D primary risks are around loss of local influence and decision making, both in respect of water services and more broadly.

In making these assessments the supposedly large advantage of the Entity D in respect of future costs to households in 2051 has generally not been considered because it is not thought of as credible. That the very large claimed financial advantage of the entity in 2051 is not achieved has been treated as an assumption rather than a risk.

Factor	Option A: Reform Proposal			Option B: Stand-alone delivery by KDC			Comment
	Impact	Likelihood	Risk	Impact	Likelihood	Risk	
Adverse health effects	4.5	0.5	2.25	4.5	1	4.5	Once currently planned upgrades of Fernleigh and East Coast are completed likelihood will be very low
Adverse Environmental Effects	2	0.5	1	2	1	2	Nature of services limits environmental impacts
Loss of local influence on water service delivery and investment	2.5	4.5	11.25	2.5	0	0	Includes potential loss of control of asset investments to support land use plans and growth
Waters services become unaffordable (in long term)	4	1.5	6	4	2.5	10	Socialised costs should reduce potential for local unaffordability
Failure to comply with water standards	1	1	1	4	2.5	10	Failure to comply has small health risk, larger regulatory risks, including enforcement penalties
Extension of responsibilities for oversight/management of non-council water supplies	2	1.5	3	3.5	1.5	5.25	Scale of KDC makes it much less equipped to take on additional responsibilities in future
Lack of engineering technical skills	1.5	2	3	3.5	3	10.5	Lack of back-up staff at KDC plus market challenges, which may worsen if competing with Entity
Prioritisation of investment away from waters	2.5	1	2.5	2.5	2.5	6.25	Broad range of pressures on Council
Prioritisation of waters investment not local	2.5	2	5	2.5	0	0	Likely greater entity focus on larger centres
Scale economies not realised	3	1	3	3	3.5	10.5	Lack of KDC scale could have adverse effect on procurement particularly if alongside new large entity
Inadequate availability of finance	3	0.5	1.5	3	1	3	Does not currently appear problematic
Loss of corporate knowledge (including asset data)	2.5	1.5	3.75	2.5	3	7.5	Small KDC team with significant turnover; systems unlikely to be as well developed as Entity
Inefficient Water Use	1	1	1	1	3.5	3.5	Metered charges more likely under entity
Diminished customer experience	2	3.5	7	2	0	0	Remote points of contact under reforms
Stranded overheads	1.5	4.5	6.75	1.5	0	0	Some government funding is available to support stranded overheads during transition, but this will on be temporary
Failure to incorporate cultural values	1.5	2.5	3.75	1.5	2.5	3.75	Maori role in entity governance balanced by more remote management
Loss of KDC as a stand-alone entity	4.5	3	13.5	4.5	1	4.5	Reform would decrease the size and revenue of Council and increases the likelihood of amalgamation and loss of localism

Total 75.25

Total 81.25

Table 3: Relative Risk Assessment for Options A and B. Impact and Likelihood ratings between 0 (none) and 5 (maximum)

15. CONCLUSION

It is difficult to dispute central government's contention that a case for change exist in respect of the delivery of 3 waters services. Some of the key elements of that case, such as extensive backlogs of asset renewals and widespread non-compliance with resource consent conditions and Drinking Water Standards (putting aside whether those standards are appropriate or justified) are clearly present at a systemic national level.

It is however also important to recognise that the extent to which these and other issues exist at a local level is very variable, and that addressing these issues through an approach that socialises costs is likely to result in a mixture of councils who are financial winners and losers relative to the status quo.

Addressing this disparity of benefits in transition to a socialised model is always going to be politically challenging. Councils are tasked with ensuring the wellbeing and best interests of their district, not the region or nation that they are in, making it difficult for them to agree to an arrangement in which they would in effect be subsidising other communities outside of their district.

The Kaikōura District's water services are currently in good order and do not at present face significant challenges in respect of those key elements of the government's case for change that are described above. As such it appears likely that if Kaikōura was to become part of Entity D under the proposed reform it would initially be financially supporting other districts that are not in such a strong position.

It is however considered important to recognise that the Kaikōura District has not achieved its current strong position entirely through its own efforts. The District has instead been greatly assisted by the substantial financial support provided by central government to rebuild infrastructure following the 2016 earthquake which resulted in the replacement of many waters assets that were approaching the end of their lives or otherwise deficient.

Prior to the earthquake Kaikōura had displayed many of the characteristics that have underpinned the government's belief that a case for change exists, including underinvestment in asset renewals and non-compliant water supplies. KDC has not yet successfully negotiated a major peak of renewal expenditure such as that now forecast to commence in perhaps 30 years time without substantial external assistance, and because of this it is suggested that Council should be cautious about rejecting the concept of socialising three waters costs.

Whilst there appears to be a case for change and socialising the delivery of 3 waters services, it is believed that the way in which the proposed reform response has been presented by government is extremely poor, unreliable and arguably disingenuous.

The information presented in support of the reform proposal paints a picture that despite the significant uncertainties present in future, the household costs of water services in every district in NZ would almost certainly be lower under the reform than it would be without it.

This remarkable proposition that 'everyone's a winner' is built upon an assumption that the cost of extremely large investments in infrastructure can be offset by a very large improvement in overall cost efficiency.

These assumptions, and their use to estimate local financial effects from a model derived at a multi-regional or national level, are considered to stretch the bounds of credibility.

For example the \$9.33 million per year of capital investment suggested to be required for service enhancement and growth in the Kaikōura District during each of the next 30 years seems inconceivable when the total value of all existing 3 waters assets is estimated to be \$57 million.

Similarly an assumption of Entity D improving cost efficiency by between 35% and 50% seems so far removed from previous estimates and apparent feasibility in the South Island environment as to make it virtually unbelievable. Much of NZ and the South Island in particular is characterised by small very broadly dispersed water services in an environment where economies of scale are generally difficult to achieve. That such gains have been achieved in the UK does not mean that similar results are possible here.

The proposal as presented conveniently circumvents the challenge of relative financial ‘winners and losers’ that would normally be expected under a socialisation, but it is believed that how this is being achieved in this case poses an even greater barrier to potential acceptance. It is difficult to agree to something that seems unbelievable.

This is perhaps unfortunate because the KDC does and will continue to face some significant risks in respect of its water services, the magnitude of which are likely to increase in future. If issues of potential charge equalisation are put aside there is reason to believe that new larger entities could deliver real benefits in respect of capability, capacity and resilience. Other similar jurisdictions, such as Tasmania, have established similar multi-regional water entities with apparent success.

Participation in the reform proposal is however also not without disadvantages or risks, which extend beyond whether the financial estimates prepared to support it are realistic and reliable. These include a loss of local influence on these services, potentially diminished customer experience, a need to absorb stranded overhead costs and – probably the most important of all – an associated threat to continuing broader local democracy.

KDC as NZ’s 2nd smallest Council is already likely to be subject to ongoing scrutiny regarding whether its scale makes it viable, and a loss of 3 waters services together with other potential future changes to local government could ultimately force an amalgamation with another local authority, which might not be to the benefit of the local community in terms of maintaining a local voice.

Because of the many uncertainties regarding both of the identified options it will be challenging for Council to effectively consult with the community or make a decision on potential participation in the reforms since the quality of information available to it arguably does not meet what is expected by the Local Government Act for a matter with this high level of significance.

That central government is seeking Councils to make decisions in these circumstances does itself appear to be contrary to the intent of that Act.

16. COMMUNITY FEEDBACK

Because of the complexity of the matter and a lack of reliable information available Council has previously been cautious about expressing opinions regarding the proposed reforms in case those opinions were interpreted as something more than that. Council simply cannot give reliable answers to many of the questions that people in the community may have.

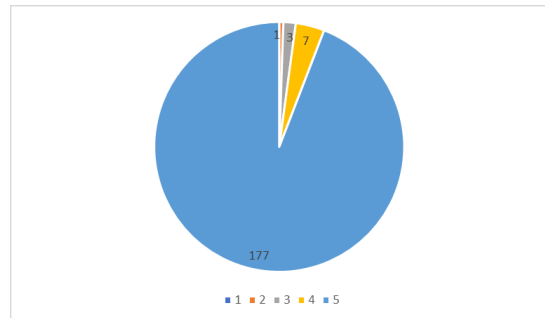
The information that has been provided to the public has instead been limited to a factual description of the proposal, some material generated by central government in support of it, and some questions that Council has regarding it.

Council also invited the community to provide any thoughts that they might have regarding the proposed reforms, and a substantial amount of feedback has already been received, with 202 responses at the time of preparing this report. The level and quality of feedback is an indicator itself of how important this issue is to our community.

The four general questions posed and the statistical responses to them are below.

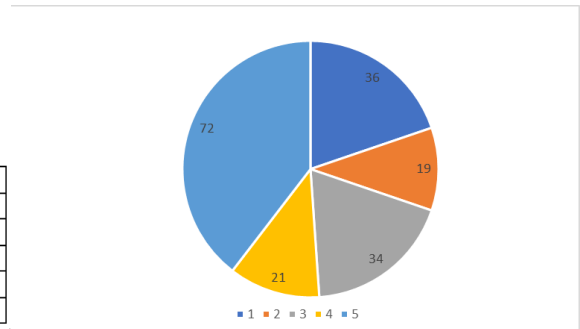
In general, how important is it for the community to be able to have a say in respect of how their local services are provided?
On a scale of 1 (not that important) to 5 (very important)

188 responses	
1 Not that important	0 responses
2	1 response
3	3 responses
4	7 responses
5 Very important	177 responses



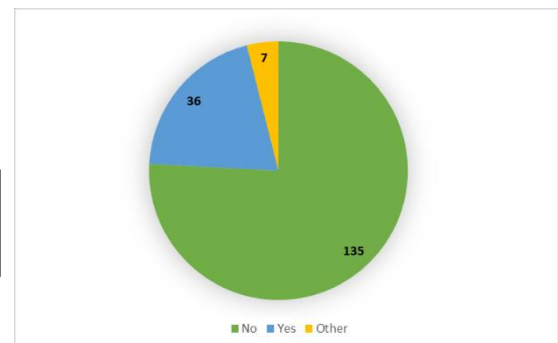
How important to you is the continued improvement of health and environmental standards in respect of Three Waters (drinking water, wastewater and stormwater services) relative to what is currently provided?
On a scale of 1 (not that important) to 5 (very important)

182 responses	
1 Not that important	36 responses
2	19 responses
3	34 responses
4	21 responses
5 Very important	72 responses



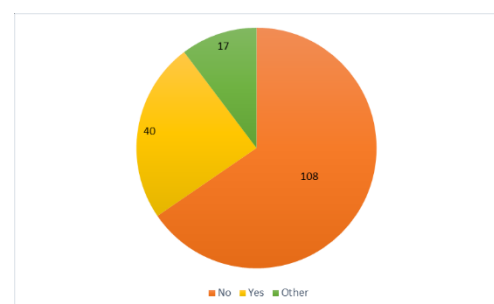
Are you comfortable with the possibility that by spreading costs for water services over a very large area that some communities may be substantially subsidising others?

178 responses	
No	135 responses
Yes	36 responses
Other (additional comments included below)	7 responses



Are you willing to pay more for any higher standards, either through rates or water charges?

165 responses	
No	108 responses
Yes	40 responses
Other (additional comments included below)	17 responses



The indicated desire for retaining local influence is clearly very strong but community views about the importance of improving health and environmental standards appear much more variable, and whilst around 50% of respondents believe that such improvements are relatively important, only about 25% are willing to pay more to achieve this.

If these expressed views are reasonably reflective of the broader community the potential for the reform proposal to be accepted appears small, since a loss of local influence would be a virtually inevitable consequence of it and similarly it is difficult to believe that delivery of higher standards would not be at some cost greater than currently, even if the new large entity did provide some economies of scale.

Many of the people who responded to Council’s invitation to provide thoughts on the reforms also provided comments, which are attached for completeness as an appendix to this report.

17. FURTHER INFORMATION SOUGHT

There are many aspects of the proposed reform on which further information is desirable, in particular more details of:

- Final rules and standards to be adopted under the Water Services Bill, and what the implications of those would be for KDC services, particularly with regard to required capital investments
- Entity approach to charging, in particular to what level are charges going to vary to reflect different levels of service, for example on-demand fully treated urban versus trickle feed rural schemes
- How charges will be recovered; will councils be involved in any way?
- How the proposed efficiency gains under the new entity are to be achieved
- How with the planning of the entity link with the differing growth aspirations of communities
- Recent suggestion that divestment of rural schemes from councils back to customers might be made more possible (even though this appears contrary to the objectives of the reforms).

It is recognised that much more work would be required by government to provide such information, and that this is unlikely to be forthcoming in the very near future. The request made by the Canterbury Mayoral Forum to slow the reform timetable would however provide an opportunity to do so.

It is also recognised that satisfactory answers are unlikely to be forthcoming to some other questions - such as how small communities like Kaikōura might retain influence over the activities of the entity – regardless of how much consideration is given to this. We would be deluding ourselves to imagine that a structure could be put in place to deliver services at a multi-regional level that did not compromise localism.

18. NEXT STEPS

Until the next government announcement on the reform model is made on 30 September it is difficult to reliably plan the way forward on this matter.

At the meeting of Council on 1 September 2021 a motion was passed that Council would not make any decision on the three waters reform without full consultation or a referendum with our community.

It is believed that this motion was very appropriate given the limited information available on the options, which made it difficult for any particular party to claim that they fully understand and can assess the implications of the available options.

In these circumstances where technical advice cannot reliably help identify a ‘best’ option it seems that an appropriate way forward may be for the decision to be made at the grass roots of local democracy.

Council officers and elected members will continue to remain actively involved in ongoing three waters discussions with central government and will provide updates to the community when available.

19. COMMUNITY OUTCOMES SUPPORTED



Community
We communicate, engage and inform our community



Environment
We value and protect our environment



Development

We promote and support the development of our economy



Future

We work with our community and our partners to create a better place for future generations

APPENDIX – COMMUNITY FEEDBACK

Are you comfortable with the possibility that by spreading costs for water services over a very large area that some communities may be substantially subsidising others?

Yes & no. Spread the cost but remember lessons of the past. The small community focused towns will be left in the dust in favour of the larger towns and cities.

Centralisation is wrong. There are ratepayer assets.

Loaded question. It comes down to fairness with the allocation of resources

Not happy subsidizing other communities that need help ie Havelock North, or Karitane/Waikouaiti. Rather than the proposed scheme government would be better to appoint inspection teams to advise and assist where deemed necessary. Combine with regional council who already, supposedly, police pollution.

The very idea of money is broken - automation has broken it. We need clean water, we need people to exercise freedom responsibly, we need diversity and redundancy in systems (not all the systems the same).

users should pay

We are very concerned about the proposed water. As we understand it, the Government is proposing to transfer our water assets owned by the ratepayers from our local council to one of four mega water authorities from Wellington? Drinking water, stormwater runoff, water reservoirs, treatment plants etc. Is this correct? If so we are absolutely opposed as we see it as losing local control of our water system. We do NOT want the control of our water assets taken out of local hands. These matters concern us.

This possibility is very probably and will have a detrimental effect on achieving an equitable outcome for small communities.

Alternatives such as private tank drinking water, stormwater and sewer management should be allowed for in rural areas. Local bodies can easily design for their expected population change provided competent employees are engaged. A fundamental truth is that large bureaucracies create economic turnover but not productivity (efficiency, innovation, effectiveness etc).

Budget properly and you won't need to!!!

From what we understand the Kaikoura systems are adequate as they are.

I am against central govt taking control of this, local councils have a role to speak up for their stakeholders, there is no way an unelected centralised body can act in the best interests of locals with local assets when they have zero connection with them. It is our councils role to protect our assets and they only way I believe they can do this is not allowing central govt to take control of assets which the local ratepayer has paid for decades.

I am aware of KDC situation with a good standard, upgraded system at present and I share a reluctance for a small council as we have, to be subsidising large growth areas.

I am very uncomfortable that any other body than our local people would have the power to take control of the local infrastructure and decision making processes about our 3 waters. If costly upgrades are required, then lets pay for those locally. I cannot see how it could be managed more effectively and cheaper by a large entity. In fact the opportunity for huge costs that we have no say over escalates when a large governing body takes over. The local infrastructure assets have probably been paid for locally over time. Probably out of our rates. So surely we own these and should not give that, or the decisions making about them up. If they have been paid for locally, will they be bought and paid for by the potential new bodies that are proposed to take them over? They are probably worth millions/billions of dollars. The local Council knows what is happening here, and listens to its people. There is no better structure to continue the job.

I don't believe that's the case. Water spans all communities. May - maybe not. What about now.

If people choose to live in an area where water supply is costly they should pay the costs.

It always seems that the larger communities will have more usage and therefore more say and that some smaller communities will 'lose out' and wouldn't get the proper attention however the costs are spread. And costs for Christchurch are likely to be more than for a smaller community, such as ours

Kaikoura is OK

Kaikoura may benefit from larger regions subsidizing further Kaikoura upgrade and/or we may have to contribute to other under resourced regions. at our ratepayer cost. The economic impact of the proposal needs to be assessed for Kaikoura.

Need more information on what the future costs and responsibilities will give smaller communities

No, we are not comfortable. Kaikoura would lose their voice and would lose all assets which would be centralised and maintained accordingly and unknowingly by a centralised voice. Our present population stats indicate that we have 690 in the 0 - 14yrs, 2,500 in the 15 - 64yrs and 950 in the 65yrs and over equalling \$4,210; indicating that we have a large number of low income to no income population to cover any of these costs for over-engineered upgrades that a centralised government would like to enforce.

Example would be "you have two cows - The state takes both and sells you some milk"

Rural connections would have no voice and would be expected to pay for those connections in townships.

Whereby now, Rural supplies do not have street lighting, rubbish collection, recycling collection and pay more to have their mail delivered and duly have to pay for all their septic tank and disposal and maintenance accordingly, does this change mean that someone will maintain our septic tank operation and empty it when required...!

Once again user pays should be the case. The true rural rate payers who provide their own facilities will get stung again.

Only if funds used locally.

Prefer to pay for local input

Surely this can be worked on per population percentages

The idea of cost made sense when most things were genuinely scarce. Now we have automation of most major systems, so it actually only takes about 2% of the total effort of humanity to create food and water, yet those things are getting more expensive. The incentives of markets and the needs of people are no longer well aligned - automation has broken the system. We need fundamental reform of the entire global economics system - and that is going to demand global cooperation between all classes, levels and instances of agents.

So we need to develop systems that do ensure everyone has high quality water. The old ways of creating and distributing money no longer work. Fundamental reform is required.

The three waters reforms is part of what is broken. The idea of a single, one size fits all system with rigid standards and systems is not going to work. H2O might be the same everywhere, but there are lots of other things naturally occurring in water, and those things make a difference to how it is most effectively treated - what systems work, how they are best maintained, etc.

The super city in Auckland was meant to spread and reduce costs to services by reducing bureaucracy this was not the case. State run enterprise has only failed the rate payer. I live on Waiheke and we have little say on how our rates are spent on local issues unless we join the growing Bureaucracy of Boards and minority political voices. Do you want to lead or be led?

This would be a disaster for Rural communities - it's moving it away from local communities and into centralised bodies.

Are you willing to pay more for any higher standards, either through rates or water charges?

Only if it stays local

Other funding.

Prefer not to but if needs to be to keep it local

The costs of our 3 water should stay totally in local control so cost can be managed by the people who already own their assets

To a degree though the rates are becoming increasingly high as it is

We dont need higher standards. What we have ,if maintained is adequate.

We have new sewer and town water systems, so this is not likely to be for a long time. No doubt when it is needed, we wont have a choice.

What a question! I would want to know what it's for. How much etc.

Other

As long as we also have a say as to what goes into our water - no fluoride for starters!

I already pay for my water to be part of an Agricultural water scheme - I pay an arm and a leg. I do not wish for this to increase.

I think this is a shallow question, as of course no-one ever wants to pay more, but no-one wants to get giardia or have blue baby syndrome either. You could ask these questions too.

I think we have to pay for higher standards but some communities might be held to higher standards than others.

If infrastructure requires upgrading, so be it

If necessary, but it shouldn't really be necessary.

Would prefer NZ Councils manage their water services.

No, we are not willing to pay more for any higher standards, either through rates or water charges , if it supports the separatist agenda of He Puapua

As a retiree concerned about increases in rates on a fixed income.

as long as it is not for profit

As we have our own water source and supply in Oaro . We certainly cannot contribute outside our area and therefore we should remain as is as this supply is paid for by the local residents.

Definitely not, this standard is legislated should already be operating.

The model used is Havelock North, which was lack of maintenance / stewardship and not only did this occur in 2016; but once before in 1998, the lesson was not learnt the first time.

We can even mention the Walkerton outbreak in 2000 which equally had fatalities and with the same common failures as Havelock North.

This is not a new scenario, more common ground with the inefficiencies within Council structures and transparency in what really happens. After all, as any risk management process and plan will show you that you must "Say what you do, Do what you say and prove it". This is clear in the KDC Water supplies Risk Management Plans - which are not followed and updated accordingly and very difficult to obtain from KDC, these are public documents and should always be available for concerned rate payers and interested parties.

Qualified and or skilled staff with proven records of ability that are transparent and actually care about their role and go the extra mile, are paramount, for any efficient process to move forward within Council structures, or those services that council contract out and thus then escape liability in the process, but should still take all practicable steps and follow due processes in any quality system with a penalty clause as in any contractual agreement

Depends how much more and for what benefit. Where is the economic analysis? Would pay more to get chlorination replaced with a better alternative for example.

For goodness sake!!! We pay SO much money to you already!!! You need to take courses in budgeting!!!

From what we observe the areas with problems are where there is an areas with high growth. Why should we subdivide these areas from each other, this should be on developers and government that should pay.

I am NOT prepared to pay for any "higher standards" UNTIL I am explained what these are and why we need them. I am happy with the quality of services as provided now.

I am prepared to pay a local body more for the cost to upgrade and maintain our 3 waters, but NOT a large external body or corporation.

I simply cannot see any argument in favour of the regional/national ownership and management being more cost efficient. History shows that small, locally owned and managed assets can be as efficient (and definitely more effective) than large corporations.

I do not want 3 waters to be our governing body for water. It's ridiculous that we are even considering this

I have ticked "No" because the investment detail and evidence is absent and a case has not been made for higher charges. Without knowing what those higher standards are and the incremental cost of applying them this is a difficult question to answer with a simple yes or no but I would not be willing to subscribe to the blanket proposal paying \$280m over thirty years at the rate of \$9.5m pa spread over <3000 ratepayers - hence "NO".

I think our quality is high enough.

I wouldn't want this to turn into a way for councils to increase (water) Costs if residents choose to keep water run locally

If the current standards provide safe and adequate water services, there is no need for unnecessary upgrades. It is important to ensure that the services are well maintained to prevent failure or contamination..

If we do have to pay more it should be for the real cost of improvements and be done through our own council. As the schemes are in very good shape at the moment there should not be much need for large injections of money for improvements in the near future. The total income taken currently in water rates/ units yearly if used correctly and future improvements are correctly budgeted for should mean that there should not be huge increases.

If you are using Question 5 to gather an overall picture of how the community is responding to 3 Waters Reform, I think it is a very biased way of soliciting a negative result. Of course people don't want to pay more, but they don't want to have a faecally, chemically and/or zoologically contaminated supply either. I think an overall government standard would be a good thing for all areas of New Zealand to adhere to.

I'm not willing to pay extra for a larger water control board which has local knowledge of our systems. It will end up being just other cost plus enterprise , which will just keep adding compliance costs . The Electricity reforms where going to save the users money , To date no saving to my Knowledge has occurred . The Generators of the electricity supply are only tax take for the Govt .

Improvements would have to be huge on what we have. We are on a limited income so an increase would creat problems for us

in kaikoura on a farm we pay huge rates, but receive no water supply, no wastewater or stormwater options, so paying more for nothing is unacceptable

Increase in quality and subsequent costs should be openly quantified including long term effects to the electorate for agreement

Kaikouras drinking water is fine.

Kaikouras water is fine as is

No cost of living is high enough now. There is nothing wrong with the quality of the water supplied now.

not at as a subsidy to others.

Not willing to pay for 'higher standards'

Not with 3 waters. If we want 3 waters our rates will be very expensive and nothing will change.

Only if it stays local do not trust any government entity outside of local to be incharge of our water supply sewer etc

Our water supply already reaches those standards

Own water supply - don't want chlorinated water.

Population growth can only come from immigration - NZ internal breeding is negative population growth. immigrants (other than refugees) should be required to bring with them sufficient funds to buy into the use of local infrastructure. Councils must increase rates for essential upgrades pertaining to their region. Users on flood plains should pay for protections - otherwise do not allow use of flood plains for commercial activity or homes. Privately supplied services should be given financial credit, even for single households.

See 5 above

See above.

See above. However, it must be obvious that as standards change there will be a need to meet those standards (and pay for them) eg building regs.

The drinking water in Kaikoura is perfectly fine as it is. Well done.

There will always be increases anyway.

This should be a shared cost throughout NZ as small communities have less population to share cost to our rates in Kaikoura.

This would depend who was charging and what service was being provided

To ensure the safety standard of water supply.

User pays water charges for all three waters. No need for yet another empire.

Water charges are included in our rates and is already of a high standard, thanks to the post quake rebuild

We are more than happy with our current service.

We get our water from a bore whereas Chch has their underground 'source' (which they feel they can sell to the highest bidder for water bottling etc). Dunedin and Central, say Tekapo or Clyde, will also have different needs and sources. It is difficult to standardize everything from such a range

We should be able to develop automated systems that keep the cost of water supply reasonable.

One size fits all is not an appropriate response.

What standard is water set at high can be unachievable and at what cost the way it is at moment is working and keeping up with new technology should keep it price stable

What standards will change? How? All very speculative at present, some solidly researched facts would be appreciated.

Who would be on the governess should we be compelled to comply , as I think we will be held to ransom by minorities

Are there other aspects of the proposal that are of concern to you and on which you would like further information to be provided?

- The current structure for the 3 waters reform seems very 'top heavy' how is so many agencies (groups) above local councils going to increase efficiency? Much of the forecast cost is surely going to be distributed to those agencies before any 'ground work' actually gets under way.
- Will there be a reduction in rates charges for 3 water services if it moves to a new entity or will the cost continue to be rated by local authorities?
- In general, management by bigger entities does not create a better service output. Smaller/more remote communities certainly might be down the list in favour of bigger communities. Some communities will have better infrastructure than others.

- 1) What is meant by the quality improvement of the drinking water?
- 2) Why the report on investments estimates has been worked out by the Water Industry Commission for Scotland? Wouldn't a local (national) body be more competent to work out such report?
- 3) How does the \$120-185 billion budget look like in detail?
- 4) Is the reform needed at all? Should an isolated incident as the one in Havelock be a reason for a nation-wide \$120-185 billion-reform?
- 5) Is it really cost effective to spend \$120-185 billions for a system that has been working well for most of NZ?
- 6) What is the major drive behind the reform? National urgency or urgency to implement the UN agenda? As national debt has been stretching drastically in recent months, is it sensible to spend such a budget for a system that works reasonably well?

1. Government advertising (the cartoon in particular) is without doubt, blatant propaganda, since it starts by showing green sludge coming out of a tap.
2. We will end up paying twice for clean water; rates over the years that we've been paying them, then through our taxes to pay for the same service yet again if the Government is allowed to "buy us off", probably with an increase in water rates as well.
3. I very much doubt if it would mean an increase in environmental standards in Kaikoura anyway, since our water is already drinkable from the tap (unlike the outrageous Government advertising!) and the infrastructure appears sound (unless I'm mistaken?).
4. There appears to be an ulterior motive to the Government's proposal as indicated by a number of journalists recently, in that this is a 'power grab' by a Government obsessed with 'centralisation' of power. There are also rumours that once they've achieved this, it'll be gifted to Iwi under the 'modern revisionist' Treaty of Waitangi.
5. "Big" is not necessarily better. More centralisation means the loss of local influence and 'say'.
6. Lastly, don't hold your breath, because even if we as a Region say "no" to this, the Government will force it upon us anyway.

1. this is undoubtedly a step which makes any future privatization infinitely easier than under the current system
2. there is no evidence this will be more cost efficient for smaller local communities
3. key concern is the planned increase in the overall costs - increase is HUGE, with insufficient explanation where it's coming from, what it's based on, how it's calculated etc. NO MEANINGFUL DECISION CAN BE MADE WITHOUT FIRST FULLY UNDERSTANDING THIS POINT.

1-The scaremongering component.

2-The fictitious increase in costs on the back of a study by a Scottish group(what's their credibility and what was their brief?) to meet unidentified standards

3-The transfer off assets paid for by all past and present ratepayers to central govt and iwi at a value deemed by them.

4-The transfer of control of assets to govt and iwi.

5-The fact that this issue has progressed to this stage without any public consultation or mandate

6-Lack of transparency and information from govt for this whole process.

As rate payers we feel strongly about this and whilst we support local government and its elected officers as representatives of the community, we would be unable to support any councillors in future should they vote to accept the three waters proposal

A 30 year timeframe based on questionable assumptions is not a good basis for irreversible legislative change in organisation and management of a basic resource for human survival, water.

A big question is the local health and economic consequences of centralised decision making and how the needs and views of all stakeholders would be woven into those centralised decisions. Currently every 3 years every citizen has an equal democratic right to vote for local politicians who have input to those local decisions on water as well as everything else. It is not clear how that right would be preserved with respect to water under the proposals.

Despite the catchy title "Three Waters Reform", even the wisdom of conflating together the needs, resources and management of drinking water, wastewater and stormwater services is questionable.

Each water system involves different parameters, technology, expertise and technical options. e.g. Where does the irrigation water that food and all CO2 absorbing plants use fit in? Where does domestic rainwater collection and use fit in? Local circumstances for each are also different so I do not see how a centralised bureaucracy would provide the savings suggested whilst still accounting for local needs.

A simple problem of overseeing water reporting from councils has been turn into a major take over of the assets which don't belong to the people who want control of our water supplies . the Govt may be offering money for compensation of the take over , Once control is lost by local communities , is never gain back when the costs start to sky rocket.

According to the Mayor of Buller , the council rates will reduce by approx \$ 500 per ratepayer , and increase on the water rates by approx \$1000 per ratepayer South Island wide.

and the government is offering pittance to what the True value is of our water scheme is. , giving away our water scheme to a central government , will increase costs to that water scheme by staff , travel and admin alone.

Am not happy 16 % of New Zealanders are having 50 % control.Am not happy where this Government is creating a division of society.

An explanation of why there is a huge discrepancy between govt. estimate (280m) and our LTP estimate (27.2m)

Not sure why the CEO says we align with Ngai Tahu Takiwa which of course takes in most of the South Island.

I am concerned how the system will treat Rural water schemes such as Kinkaid which supplies the bulk of water for live stock supply .

Another layer of bureaucracy, complete loss of local control, more cost, risk of privatization of water assets

As above

Can the govt show where this central control actually works.

Central Government having control over the nations water is the biggest issue.

Community communication please, for more discussion on pro's & cons.

Concerned that while this is a logical response from the Government for change to some problems related to particular regions and a wish to achieve uniformity in standards, the planning and buy-in from Councils appears some way to go. The track record of creating behemoths is that they risk ending up costing more and being less efficient than the the status quo to be replaced, particularly in the early years after formation when the new organisation will struggle to perform its role. For example, MBIEs difficulties became obvious soon after inception. However, after a few years it appears that the reasons for the change gets forgotten as acceptance of 'the new normal' becomes widespread. KDC will no doubt be carrying out its own due diligence and it would useful to see its cost benefit analysis of the proposal beyond the fact that the Government is offering a one-off financial incentive.

Considering our 3 waters, I think after the quake repairs, we are in good form, without the government's proposal, along as the money we pay in rates for water etc is kept aside for that and regular maintenance is done, kaikoura will be fine without the government, we have septic tank, and only have water from Oaro water reservoir, which we are completely happy with, I'm concerned about the price of water charges should we do government proposal, being totally unaffordable, please do not opt in, this is for us now and our children and grandchildren future

Crown purchasing resources for a fraction of their value then increasing our repayments to the resource. Ridiculous, almost illegal

Do not sell our ratepayer assets

Don't loose local control over water, we have invested too much to hand it over

Encroaching General Government removes the Local out of the Local Government. Local responsibility for water quality has locals investing in their own outcomes and understanding the responsibilities of living within your own means.

Extremely concerned about any cost or rates rise without any services. We currently receive no water supply, nor any stormwater or wastewater services despite paying rates.

Forced nationalisation and the consequent huge central bureaucracy never leads to a good outcome.This should remain under local control.

Frankly, I do not have confidence that Internal Affairs (probably read that as paid consultants), has the knowledge, expertise or ability to advise us on this matter. There is also an underlying suspicion that this reform has another goal in mind, ownership of our water by Ngai Tahu. There is no guarantee of continued public ownership, and water is privatised in other countries.

The high standards for our water which are being proposed will not be able to be met by many communities, which indicates to me that they are unrealistic for those communities. Ensuring councils meet their responsibilities in terms of water standards is really the key issue, and if we ensure we have mechanisms in place to make councils comply, this reform will not be necessary. Kaikoura being managed by a group comprising the whole South Island (almost), doesn't fill me with confidence. Little guys get the shitty end of the stick.

So what is the benefit as it stands? Will our rates reduce? Like hell. Will we get "better water"? How much better does it really need to be? Is there something else going on here? Oh yes!

Further information about governance and management would be appreciated. Concern about "ownership" of this resource in the longer term. Consultation opportunities must be undertaken prior to any changes.

Giving a small percentage of population 50 percent of voting not democratic. And not getting full compensation for what we as ratepayers have paid for. Happy with what council are doing. Who has decided water quality regarding drinking water is not good enough and where is evidence apart from the Havelock North and Karitane supply ?

Giving Maori veto rights over "our" water is undemocratic an unconstitutional. The whole plan sets a dangerous precedent, one I strongly oppose. Regions losing power over their assets they have built up through local rates via a "bribe" is totally wrong. Opting in will be a disaster long term, making good councils fund inept ones and handing over almost total power to 15% of the population. Team of 5 million my arse. Dont do it!

Happy with current services and standards.

Pie in the sky dollar being used against expansion of existing areas. Ethnic minorities being radicalised into believing they own what belongs to all NZers. Over represented by ethnic group (Maori) being pushed through onpolitical objective. Needs to have all Political Party support to avoid risk being overturned if it was to go ahead.

Having been involved in drinking water for 48 years both as a contractor providing wells pumps and headworks and as a consultant for municipal supplies less is more. having a national body will supply further layers of bureaucracy .

You already have more layers than is needed with the way 3 waters is structured now.

with little gain costing in the end more. Moving to yet more layers I cannot see how it will save ratepayers

how can a privert run system do it cheaper than local government? are the three private entity's going to require foreign investment? how come the government is not using the opt-in money supporting the areas that need the help and leaving areas like kaikoura?

How does this impact the rural sector? Currently we pay to be part of a water scheme for Agricultural purposes - this Government has no clue what this proposal does for small rural communities. This is an asset grab from the Government and I don't believe that centralising how we deliver water to New Zealand will benefit everyone fairly - how someone accesses their water in Central Auckland is very different to how they will use water on a farm. We need to keep this with our local council.

How in the opinion of KDC will the three waters bill benefit us as rate payers in the KD ?

How will any proposed changes affect rate payers that have their own supply or are on a system like the Kincade system that supplies my property.

What are future plans for water discharge costs? Will our water tanks be metered in future ?

How much would the local council get paid for the infrastructure that is proposed to be "handed over" to an external body?

What reporting would we get back about how the Financial Management of the 3 waters under the proposed new body, on both a local, regional and national level?

What accountability is there to us individually?

How do we get "heard" with our concerns?

How much are we going to have to pay for other regions where they have very poor infrastructure or quality of water?

What are the Financial forecasts locally, regionally and nationally and how readily accessible are they to the general public?

Who exactly gets to own these assets? How do they pay for them? Who appoints the people to their management positions? How do we continue to get a say over the management under a large external body?

I am against central govt taking control of this, local councils have a role to speak up for their stakeholders, there is no way an unelected centralised body can act in the best interests of locals with local assets when they have zero connection with them. It is our councils role to protect our assets and the only way I believe they can do this is not allowing central govt to take control of assets which the local ratepayer has paid for decades.

I am concerned that the assets owned by our local community will be swallowed up at a national level. How is this fair to communities right across New Zealand?

I also have serious concerns about the costs involved with a transition, and then also the ongoing costs with the new suggested structure.

I am opposed to the three waters reform in principal and believe that Kaikoura should retain its own assets. In saying this I would like to see some actual figures for how this proposal will affect us. What is the asset worth, how much is annually taken from water revenue, how that revenue is spent, future projected income and expenditure, what is the actual offer to Kaikoura.

I believe Iwi will have ultimate control over our water, if this is correct it needs to be publicised. I also believe our total services bill will increase by approx \$500 per annum. As above if true please publicise.

I do not agree with what is proposed under the three waters reform

I do not believe that putting 80% of the SI under one scheme is practical or useful.

I do not believe the proposal from the government should even be under consideration

I do not consider a bunch of Wellington bureaucrats will ever be able to provide an appropriate or adequate water service at a sensible cost for smaller communities, whose members are much more familiar with their environment and their needs.

I do not trust the Government to implement such a significant change to how we deal with water in this country, They have struggled to deliver anything of value so far.

I do not want the water infrastructure to be taken out of local hands and given to another controlling entity. Who is this entity? What right does this one group have to control something that belongs to all the people of Marlborough (and of the other councils)? Marlborough already has good water infrastructure and does not need to lose its independence and self governance to an unknown entity that might be more concerned with its own self interests rather than in sustaining good and fair water maintenance for all the people of Marlborough (and the other districts). Marlborough/Kaikoura does a good job with its water infrastructure. There is no need for another group to take it over. Smaller places like Marlborough could lose their independence and be ignored while the funds go to other areas. I do not trust the government's intentions with the three waters. There is no transparency about what they are trying to do by shifting control from local hands to unknown entities with their own agendas.

I don't believe I as a tax payer and future generations should be paying to buy an asset that I as a rate payer already own and previous generations have paid for! Keep it in the councils hands and do a referendum before any decisions are made.

I dont want central government control of 3 waters . In the future who knows what they will do. Maybe they could sell it off to private enterprise. Or the costs may well spiral due to their inefficiencies.

I feel there are too many questions and not enough answers. Anyone can put a spin on things to sound good but much more information is required. In my experience (coming from the UK) large organisations are usually top heavy and never enough people to do the jobs which need doing. Also the wages being laid to Top personnel need to be clear.

I like the idea that its kept local as it can be run according to the towns and meet local expectations etc., however I can also see how it could be a benefit to be run across a few providers/areas across NZ

I oppose the council selling an asset that is paid for by the community.

I support local community ownership of our major assets and local decision-making and voice and do not support a multi-national takeover of our assets or decision-making capability. As far as the Three Waters Reform goes, I say 'NO, NO and NO' - that's three 'NO's. I'm against paying more for a large multi-national entity that runs the risk of driving the country towards another sale of assets to foreign/corporate (which includes iwi) interests. I'm really glad that Kaikoura District Council is boldly taking a proactive stance on this matter. Thank you to Mayor Mackle on leading this and to Councillors for supporting it! We need to support Local - local voice and local decision making, even if we don't all agree! Water is life and once they take the water - they will take everything.

I think it would be a bad decision to move the management of Three Waters away from local Council and into central Government. I would like to see local councils remain in control of the water for their community.

I think Kaikoura District should absolutely reject any form of connection with the Three Waters reform. The central Government will likely poison all of us and then sell our water off to the highest bidder. It's a case of deja vu. Consistently over the years, all governments in NZ have done this and sold off what tax payers have paid for. Please do not have anything to do with their promises and money. Water is precious and belongs to humans and animals, not our government.

I think that you are just changing things for changing sake

I understand that the proposed changes give Iwi much more control over any decision making regarding our water. My question is will they have the power to override decisions or general consensus regarding the future of our water? I have read information to suggest that this could be the case.

I would like to know why we spent millions on building a new aeration pond post earthquake that does not work nor used? Considering we had a good one that worked up until the earthquake.

If I was to turn off my council water supply, would I be charged anyway..?

I'm concerned that control of our water supply may be privatized if communities hand over their rights to government.

Small communities like Kaikoura have diverse needs and problems which only locals understand fully and as a community we can work together to resolve these for the benefit of everyone. I'm concerned that if we lose control of these services to government local solutions will no longer happen.

It appears that the KDC are strongly opposed to the 3 Waters proposal, the way the information sheet is presented and the questions in the survey are weighted leads the responder to answer in the way the council wants to hear. Of course no one wants to pay more for services, perhaps you would have been better to ask "how much do you value your health?". As for sharing costs with other districts, Kaikoura would be a small partner, and would no doubt benefit as the larger population areas would be subsidising Kaikoura. So my question to you is why are you unsupportive of the proposal?

It bothers me that this centralized scheme might just add costs for no appreciable benefit. Local councils would lose assets and autonomy. And How can we predict any effectiveness or otherwise? Just another cumbersome and expensive layer of bureaucracy.

It is hard to accept that service can improve when managed from North Island from people who have no local connection.

Its all interesting but I feel many more knowledgeable people will give better answers and opinions!!

Lack of say or control over each council water supply

Local employment & knowledge retention in this 3 waters space.

Local ownership & control to continue. Central Government could run a campaign with no support. Waste of time and money.

Main concern is the general reluctance of councils to embrace the change, which is clearly needed and long overdue

Maori veto powers and co governance are unmandated and undemocratic.

Massive issues are raised with this proposal;

- 1) it's probably not legal
- 2) it's madness to privatize drinking water and or to make it political
- 3) less government meddling less changes - just get the current system working better
- 4) I would like to see zero introduced chemicals into our water

Money will head to big cities who generally have poor quality infrastructure and also cheaper rates

More factual information is needed to get the community on board I feel. How can a report from WCIS be in anyway relevant to our situation here in New Zealand?

Most govt run agencies are inefficient and run by IDIOTS that have little knowledge of the project.

Most New Zealanders do not drink tap water because of the chlorine taste. There are very few countries in the world that you would drink tap water. This is just another asset this Govt wants to handover to Maori.

My main concern that this government can not administer their responsibilities let alone administrate and manage water resources.

Need to look at pure waters supplies - NOT chlorination! Chlorination has detrimental health consequences. Look at alternatives eg silverion/colloid. See silverwaterglobal.com

Never in history has a government taken over running a service and it has improved. Government- both local and central are massively inefficient and terrible value for money. This is a terrible idea for our community- as post earthquake we have had infrastructure improved significantly.

No

no

No concern but would like our waters looked after better. the boil water for suburban area lasted way too long and when there is a boil water notice you only find out if you sit on Facebook which our house does not.

No return , No shareholding, no ownership for/of our assets, No KK guaranteed representation on the Proposed Water Authority . Iwi guaranteed 50% representation . A 12 member Board that requires 75% of vote to pass anything would then mean overal Maori control. Due He Pua Pua drive there is potential that this reform is designed and being quietly and quickly pushed to in time grant Iwi total ownership - could royalties then be the next step? Too many unanswered questions - There has not been enough open and honest disucssion about Three Waters.

not comfortable with question 2

Not convinced 3 Waters could do what is promised. Especially since managed from so far away. Also locals have knowledge of river rain and water patterns. Will be a monolith that can't deliver. Feels like a land grab. Poorly thought out and rushed through.

Not in favour of the 3 waters proposal. Large entities rarely deliver the cost savings & efficiency promised. Three waters could lead to the water supply issues that have developed in the UK & a number of European countries.

NZ needs to eliminate all car-washing at home and building cleaning etc. as the chemicals go through the ground and eventually hit our waterways.

OK the way we are. I suggest we stay in Kaikoura DC hands. Jacinda and her cronies will turn everything to custard in a big way. They have no respect for the people keeping this country afloat. They have no business capability between the whole pack.

One would lose control if central Govt. took over. They might sell it to some other group or enterprise or fail completely like all their other propositions & promises.

Potential for future privatisation; potential for urban environments taking priority over rural; NZ governance has a track record of amalgamation failing to provide the promised results.

Private enterprise (eg prisons and many other situations) can safely be presumed to be self interested and efficient only for themselves. Private enterprise should not own or manage the water systems. No cultural group has shown an ability to avoid self interest in management abilities therefore should be treated as private enterprise. Maori disadvantage at the hands of predecessors should be compensated for in education opportunities and assets ownership but management should be by integrated local people free of compensation issues or any other bias such as political or social prejudices or favoritism.

Economies of scale are exceedingly difficult to achieve in a political environment.

Councils are politically afraid and have consequently under-spent in some regions; this will not change in a bigger organisation.

The Resource Management Act (and regional councils politically) enables or encourages contamination of groundwater and streams. Legislation needs to change and contaminators required to pay for upgrades (maybe by low interest loan from central government by which mechanism the underlying value net value of a property will be quantified by its debt level). Regional councils are inherently (within the purpose of the Act and politically) biased/prejudiced to commercial or wealth activity rather than social or environmental protections.

Long term central government financing, even by quantitative easing, is a strategy worth implementing. Funds from central government at low interest spent on turnover and minimally on individual wealth enhancement will benefit the infrastructure and, significantly, the active economy.

Proposed ownership of infrastructure

Provided there are rigorous standards with independent watchdog oversight, I think this will be a good step forward over the current higglety-pigglety mish mash offered by Councils around the country.

Question 1 Will the government share the details behind their calculations for Revenue and Operating expenditure. That is how much are they going to charge each water user per year.

Question 2 Will the government (Internal Affairs) share the details behind their calculations for Operating expenditure. What does that expenditure include? How have they arrived at their numbers.

Question 3

Why are their 4 Water Services entities not just 1. Surely if there are benefits in consolidation why not consolidate?

Question 4

Why can't the Government borrow the money that they say is required for investment into infrastructure and on lend it to the Councils that require it. Shouldn't the government get a better borrowing rate than some newly formed water authorities. Also this would not incur the increased overheads resulting from the creation of 4 new bureaucracies which is going to result in more overheads.

Question 5

If consistent water standards are a problem then why not use an existing government agency expert in water already for testing water quality across the country. Maybe call that authority NIWA water testing services. Again leverage the existing agency and expertise without creating 4 more.

Question 5

What guarantee is there that the provision of water services is going to be better under some new regime. Are the councils really doing that bad?

Question 6

How does moving the cost for the provision of water services off the Council's balance sheet actually help the rate payers or tax payers. They still have to pay for the existing council infrastructure then pay for the water separately on top of that?

Question 7

Do we really want some mega entities borrowing more money on our behalf without us having any control over them unlike at least the control we have with our local council and councillors who form part of our community.

Re the 4 different named entities shown on the map, what is the small unnamed blue/grey area between Marlborough and the rest of the South Island?

Rising costs

Something has to be done as we are subsidising the free water farming, polluting industry

The assertion is that 4 large bureaucracies will make water services more affordable, safe and efficient. There is no evidence to support this rather touching belief, and experience at the local and national levels in a number of public policy areas would suggest the contrary.

The broad platitudes provided are woefully inadequate

It is essential that there is full disclosure of both the Council's and the Central government's projections - namely both qualitative and quantitative complete with all assumptions, financial, risk and audit methodology

To say that communities will still "own" the assets is facile

Ownership without control is meaningless

The Council should stay independent

The effect this reform would have on rural water schemes

The entire proposal is of concern.

the full picture needs to be made known!

No "trust us to make it work," therefore full details required before any decision can be made

The governments plan to give away or give to iwi

Should belong to all new Zealanders

The lack of information this government has provided as to just how this scheme will work under the ownership of Ngai Tahu and in particular what control they will have over our properties access and water/ water usage now and in the future.

We are not in favour of more regulations.

The ownership of our water and infrastructure. How much say would the community actually have. How much is it going to cost to upgrade Kaikoura's water, waste water and storm water. What about the rural community not living in town are they going to have to pay higher rates because of these reforms as well. A lot of farms have their own water systems in place how will this affect these. I do not agree with three waters. Feel like it is the government trying to give more control over to iwi. More dividing of the community. we are one!!!

The ownership of our water and infrastructure. It must stay in community ownership. How much is it going to cost to upgrade Kaikoura's drinking, waste and stormwater services? How does this affect people on farms who provide their own water which is already filtered and UV treated. Will the farming community not using town water have to pay higher rates as well?

The ownership of the water

The reorganisation will bring more layers of unnecessary bureaucracy which will cost even more. The lines of communication will be so long it will take ages to get anything urgent fixed up.

The Three Waters proposal is part of He Puapua - the transfer of NZ assets (education, housing, child welfare etc) to tribal control by 2040. The three Waters are also going to be subject to us paying royalties to Maori (along with paying royalties to them for the use of petroleum, minerals etc - natural resources), when I always thought that water was a basic human right under the Human Rights Act. Besides, these are our assets, paid by us - it seems unbelievable that they can just be taken.

This is owned by the rate payers not Ngai Tahu

This scheme is about Maori and dividing the water into Iwis and giving 17% of the population full say in our major resource ie water and I say NO NO NO to 3 waters

Totally oppose it. Manu whenua have no right to charge any consumer, it is a whole ownership, and I refuse to pay any extra, rates are expensive as it is.

Water Rates skyrocketing due to costs involved with a central government administration.

Selling our water infrastructure below cost and value, it belongs to all of us as ratepayers

We are a small community south of Kaikoura we have our own well which supplies this area. we are well served by the council water people and don't think improvements to our system are necessary. In the big scheme, I feel we would be overlooked.

We have already done a lot of upgrading here, we feel we will end up subsidising others that have not done any upgrading.

We need to stay the way it is.

We rate payers have already paid for the water scheme so why change. The system is working as it is so leave it as is. Our water is already up to scratch.

We would lose all control and Maoris will hold us ransom (those who control the water control life) proposed changes will incur horrendous costs and areas such as Kaikoura will not get priority on projects when urgently needed.

We feel that local council should retain control as it is the best suited for the situation to manage and administer the three waters with the team experience is relevant to Kaikoura.

Were and how did they get their costing at short notice did the council have to supply figures

What is required for security is cooperation and diversity.
We need people and systems that make the sharing of lessons easy.

One of the hard things for many people to appreciate is that most of the knowledge of people actually working with complex systems is subconscious. People don't generally know why or how they know something, but they can be often be very accurate about things in practice. What many fail to appreciate is the degree to which this applies to every scale of systems. The guys on the ground working with the pipes and machines know stuff that they don't consciously know that they know, but they use that subconscious knowledge in practice to do what they do well.

Pretending that systems and standards are a replacement for this level of human knowledge is a failure to understand the nature of the systems being dealt with.

When are you going to budget properly?

Who sets the standard stay locally owned assets paid for by past and current ratepayers a very slippery slope going with government re ownership of water

Why haven't you given us answers to the important questions which were stated in the KDC newsletter? How can you expect informed responses when there are no answers to these questions. The govt seems to be wanting us to rely on their modelling without providing justification for the predictions of outcomes.

Why is the South Island are so big? It needs to be completely seperated.

Why would we allow our assets to be stolen from us,then be charged to use them?

Would mean lots of people on big fat salaries making mountains out of molehills in terms of water supply.more layers of "managers managing even more managers . Just another gravy train . Go away!

yes but need to investigate more first

Yes the Maori Iwi will have total control of water and waste. They are 16%of NZ and yet they will have control. It is not right on Every level. No to 3 H2O

Yes, I am concerned that central government is proposing a change to the provision of the most critical infrastructure (the supply of water and removal of wastewater) where there is not a problem (or at least one they will be able to fix). They seem to be proposing to remove control of this critical resource and service out of the hands of local representatives who are both accountable and reliant on the proper provision of the service. The control will pass to some centralised body who knows where with no accountability to the Kaikoura community. It will add in another layer of highly paid bureaucracy which will probably not improve the service as they will no longer be accountable to the local Kaikoura community who rely on the water services. The cost will inevitably go up. No matter what the central government says. The cost will go up. The overall resilience of the system will go down. A distributed network is most resilient. What if all the central controls for all South Island water were in CHCH for example and there was an earthquake there (it can happen) knocking out the controls. The whole South Island including Kaikoura could suffer disruptions when if Kaikoura retained control of its own systems they may be unaffected. We don't know who will be running it, there is never a guarantee it will be any better. Governments are great at coming up with new ideas but almost never foresee the unintended consequences which inevitably occur. There are always extreme cost overruns. If the Government says something will cost \$1Bill it will probably cost \$3Bill-\$4Bill before it is finished. The model as roughly proposed could be a stepping stone to foreign ownership of Kaikoura water. They will say there will be safeguards but it is the thin edge of the wedge. Without even seeing Government further details (which they probably don't even know yet) I don't think it is a good idea. Imagine this, The Government says we will give everyone \$10000 and we will pick up all your cooking utensils and appliances and no longer supply energy for cooking. But don't worry we will deliver all your meals from now on so you don't need to worry about that. They will all be supplied from Wellington. You will not be totally depended on some central body for supplying your meals. This would not be a good idea and is similar to what they are proposing with the water. Do we want to lose that independence?

Yes, When I look at the graphs on the original proposal at <https://www.kaikoura.govt.nz/assets/Uploads/water-services-entities-overview-30-june-2022.pdf> I notice the forecast combined operating performance seems to show a significant operating surplus. This would suggest that the new water board is going to be gathering in a lot more money than it is spending. Is this a new tax? Why will the water board be charging significantly more for the provision of water services than it is spending. Does the council charge more for each service it delivers than it actually costs. I would like some further understanding around this. It looks like by 2050 the water board will be sitting on \$50Bill of water users money.

Yes.

1. I have read the collective voices of all the councils in NZ and through the pros and cons and there are many cons, most councils want more information, as I see KDC seeks. As council, I would be extremely cautious about committing to any 3 waters reform bill without knowing ALL the detail. KDC have raised a number of pertinent questions. The prospect of privatisation a real bother, but you wont/can't get an assurance about that. That's what governments can do.
2. I am bothered by the racial segregation present, but concealed, in the outline I have seen of the reforms. Mana whenua. Territorial rights? Authority? What does this mean in practical terms in the administration of the reforms? Water quality is something we ALL share and seek. Why is this another ethnic divide? I don't like it. If it means paid Ngai tahu rep bums on seats to deliberate over a resource EVERYONE has a common stake in, then I oppose it and would urge KDC to question it and not go along with this "too sensitive a topic to bring up" sentiment which is sadly feeding separatism in the nation.

Yes. This proposal puts 12 people in charge - a board made up of six representatives from the largest asset holding councils, and six Maori who will also have the veto over all decisions.....I really don't think this is the place for giving people positions based purely on their race. And to give them the veto on top of that, well, it makes the whole process a sham. Also, we pay about \$7000 a year towards our water assets through our personal Rates, and have paid these Rates for over twenty years.....these assets are the property of the ratepayers and NZ wide, they are valued at about \$120 billion.....why then is it that this government is saying they will make compensation of only \$2.1 billion? And not until after the next election, though it sounds like sweeteners are being offered already. It all sounds like a very bad idea for us and I am really bothered with the stipulation that half the board will be Maori (with veto).....what on earth has race got to do with our assets and infrastructure? It's the stipulation/structure I have a problem with, by the way, not the ethnic backgrounds of the board. Wouldn't it be better to have those twelve members being representatives of the council areas, who are best placed and experienced to actually preside over such an important asset - the entire water infrastructure for the whole population of New Zealand?

Email Feedback
This is to confirm that we are completely against the centralization of control over our local water. Centralization is by default inflexible, and every district has different needs. One size cannot fit all. Please stand your ground on this undemocratic move by this government.
We recently received the September KDC Newsletter. Thank you. I am writing on behalf of myself and my husband as we are very concerned about the proposed Three Waters Legislation. As we understand it, the Government is proposing to transfer our water assets owned by the ratepayers from our local council to one of four mega water authorities from Wellington? Drinking water, stormwater runoff, water reservoirs, treatment plants etc. Is this correct? If so we are absolutely opposed as we see it as losing local control of our water system. We do NOT want the control of our water assets taken out of local hands. These matters concern us.
I wish to vote not to trade our assets away. Keep ownership for the Kaikoura ratepayers.
I have experienced Rodney district losing its identity and becoming part of the Auckland Super City

At the time I was living in Matakana and was an active member of the Point Wells Community association, a small village of 300 odd people who put a lot of interest time and effort into “ community”

We had a hall on land that had been gifted to the community in perpetuity I might add that the community had a committee that ran it, improved it, rented it, enjoyed and felt ownership of it

The Rodney District council understood and respected this unique arrangement.

Under the new Super City it got sucked into Auckland Council, lost its funding, the ability for locals to book it to use it etc.

I know all those who used to be in Rodney District for many other reasons still would not have wanted to become a part of the Larger entity and loose its identity locally it was opposed at the time but we ended up with no say.

I feel very stronger that should the Three Waters end up in 4 controlling bodies rather than the 67 now the same will happen

Smaller places will loose any right to make decisions and control of whatever be it Three Waters or anything will be lost and the town and people will be at the mercy of an entity that does not care.

I am writing with reference to the Three Waters Reform Program. I do not support either the intention nor the proposal of centralising the delivery of water. We receive water from the East Coast Scheme for both livestock and household use. The majority of our usage is for livestock. This submission adopts the perspective of rural water delivery where the characteristics of quality are the reliable delivery of water that is able to be treated at point of use. The price of delivering all services is a key consideration as to their impact.

I echo the concerns raised by the Kaikoura District Council and would like to emphasis several points;

- ***Impact on Quality of Received Service***

The fitness for purpose of the utility within this case is based on the requirements for livestock. I am concerned that any changes will result in non-value-added delivery. This is a wasteful use of resources that could have more impact in other areas.

- ***Impact on Total Operating Expenses***

I am sceptical that the proposed changes will deliver any cost savings to the delivery of water. I also believe that in the absence of a competitive market that none of these savings will be passed on to the end consumer. Our current water charges also include council overheads which are in large part fixed or semi variable. It is foreseeable that any reduction in water costs will not be accompanied by a saving in council costs, consequentially rates will rise relative to the services provided. I foresee an overall increase in business operating expenses as a direct consequence of the proposal.

On balance I do not see the proposed changes to bring benefits, conversely the risk is for increasing charges with no tangible benefits. I oppose the changes particularly in light of the number of known unknowns.

In relation to your invitation for feedback on this issue.....

It is no....no.....no.

The water infrastructure of the Kaikoura District belongs to the Ratepayers of the District and should never be sold.

The information that has been supplied only paints part of the big picture, it is not a well timed or well delivered proposal and the general public have not received enough information.

Bit late with the form however I just wanted it noted that myself and my partner are appalled at the idea of the Three Waters.

Yes the community and communities around NZ need more say.

Of course we need our water to be maintained and improved to a high standard, always, but this must be determined with a solid plan and professional team that understands the region and infrastructure.

Spreading the costs over a large area, clearly, would not be a constructive strategy.

We are not interested in buying infrastructure three times which is already owned by the community.

I believe we need a referendum. Which will give people more information and time to learn more. I am personally currently against the Governments offer.

As a Kaikoura ratepayer and resident, I am totally against the Government proposals re their three water reform.

I do have governance experience as I was the Chairman of the Waiau Rural Water scheme under the Hurunui District Council. In the earthquake in 2017, our scheme was totally damaged. The Council under the then Mayor, Winton Dally immediately repaired all damage, with new pipes and pumps. This would never have happened under any Government controlled bureaucratic system.

1. Water services are an essential part of local council activities and control.

2. Water services are complicated and solutions can only be addressed by local management.

3. It is vital that the community always have a say in these services.

4. Re the drinking standards, The Health Department always raises the bar, and most schemes can not comply as they are too small.

5. If in the future these standards have to improve, then the Government can help Councils do so.

6. With regard to rural schemes, usage is approx 95% for stock, and the schemes are too small and to put in expensive filters is just too prohibitive.

7. Under these proposals a Central organisation will only fix large city schemes. Kaikoura would be lost in their systems.

8. Costs would certainly increase substantially. This proposal only adds another layer of management.

9. The Box structure map look like an expensive christmas tree, too many entities, cost increases, too many Wellington civil servant seat occupiers.

10. The same as above applies to sewer services.

11. Stormwater costs and rules would only be complicated. Take NZTA new structures, they are the planners and experts on new storm water facilities, and we should let them carry on, not have another layer of decision, planning and costs.

12. I understand the Kaikoura water and sewer facilities have been substantially ungraded since the earthquake. So lets keep it simple and in the rate payer and council hands.

13. Central government systems never work., and any proposed regional representative Group, would not represent Kaikoura or any other small communities.

14. Although the proposal says establishing legislation will protect against future privatisation, I do not trust this government. This system only sets up future water changes and other ownership other than the status quo.

Three Waters Reform Feedback – Emailed Letters

The main safety issue would seem to be with drinking water this could be easily solved, and most people already have done so with filters at their house. This would be far less cost than trying to get the likes of the Fernleigh water scheme up to drinking standard when the bulk of it is going to stock water. The main cost for Three waters will be wastewater and stormwater so would mainly apply in Cities and towns so a lot of this from Christchurch to Blenheim has been done as earthquake repairs. Yet entity D has the highest cost per house when a greater number of people are not connected to waste or stormwater or it has been repaired. How will this be charged for through Council or direct to Govt? IF it is Govt they are going to have to a lot of information to charge as a user pay rather than a set price per house.

The one good thing about this is I presume our rates will go down as there will be a lot less admin costs for KDC. Can KDC handle this big reduction in income? IT looks like a very complicated structure diagram full of a lot of overpaid managers and planners that will soak up a lot of money, look at NCTIR and the unbelievable wastage of money there, I would not be sure this setup is going to save money for KDC ratepayers.

I see no reason to include mana whenua to make it even more complicated from a management point of view, it involves all New Zealanders with out separate representation.

Will I be paid for my shares in the Fernleigh scheme when it is taken over?

In short I can see no advantage for KDC or the rate payers in this take over of our assets.

We are writing to express our concern and strong opposition to the Government's Three Waters Proposal.

We farm in the Cheviot Ward and our water comes from the Hurunui water scheme. We are very happy with the existing quality of the water and the present Council control works very well for us and must not change.

As major rate payers we feel strongly that we must not lose ownership or control of our water schemes. We feel that what the government plans risks that ownership and has been done with no consultation in a very deceptive way.

This sort of policy is causing major division amongst the population of New Zealand and is a serious concern for future generations.

It seems to me that pertinent questions have been suitably asked by the Council. Thank you. There are so many unknowns. Having such a large entity would undoubtedly diminish our individual say in any water matters. If individual expenses were to elevate I would likely need to sell up, this I am quite confident I have nothing more to throw into the mix.

We did not come to Kaikoura to live in a house. We came to be in a community – a community which has the fortitude to look after each other and pull together if things get tough. The stressful time experienced by many of our citizens at the time of the earthquake has undoubtedly eased significantly by the way in which those among us showing leadership and planning were able to arrange to make life bearable, both for those suffering serious damage and for the stranded visitors.

This could only happen because we have autonomy over the critical necessities of survival – specifically (in respect of the ill-considered government felon currently being pushed), our water.

Invested in by our predecessors here, and the current population, it is an amenity we absolutely should NOT be giving over to 'centralisation'.

Communities work in crisis, because they have an intimate knowledge of the structures around them that support life. Water is crucial in this instance, and quite apart from the absence of business sense that says we might sell our assets at a few cents in the dollar of its worth and then pay for it again at an inflated user-rate to help the government pay back its massive borrowing (!!), the 'Big Brother' shadow which attempts to reduce vibrant communities into dependent fools is surely not the direction we wish to take.

The attitude of the government in pushing this proposition by repeated screening inane, repetitive cartoon advertisements aimed apparently at the lowest possible IQ, and containing no relevant facts or information at all, makes any sane person seriously question the basis and groundwork from which this proposed change has arisen. It smacks of propaganda, not reasoned facts.

Please listen to the S.I. West Coast mayor's discourse on the matter – he makes a great deal of sense, and his area would find itself in a similar situation to Kaikoura should a natural disaster occur. They too, would need to be fully self-sufficient and have control over such necessities as water – and they know it. He also has an interesting and well-considered take on the finances involved long-term for his constituents should we let this happen. Please listen to him – listen to the other numerous voices out there with sensible, rational, thought-through comments to make. These are not knee-jerk reactions, but valid concerns.

Retain our ability to be independent over such an important issue as water. Do not be bullied or sucked in to a hastily-hatched, ill-conceived and poorly considered plan in which we will have not even representation! It is financial and communistic.

There are rational ways in which drinking water can be kept safe – individual filtration / purification systems at each home / business would obviate the need to pour chemicals into storage, most of which is used as irrigation, and therefore wasted.

I believe absolutely that this Council should stand firmly AGAINST this Government grab of our assets.

Report to:	Council	
Date:	29 September 2021	
Subject:	Waiau Toa / Clarence Valley Access	
Prepared by:	Dave Clibbery (Senior Manager Operations)	
Input sought from:		
Authorised by:	Will Doughty	

1. SUMMARY

An independent peer review has been conducted of the previous investigation of access options for the upper Waiau Toa / Clarence Valley following the loss of the Glen Alton bridge.

The conclusion of the review is supportive of the previous proposal to construct a new bridge at a short distance downstream , but with some suggested changes to associated works.

2. RECOMMENDATIONS

That Council:

- 1) Receives the report.
- 2) Confirms its support for construction of a new bridge across the Waiau Toa / Clarence River at a location approximately 500 metres downstream of the former Glen Alton bridge.
- 3) Authorises staff to resume processes to obtain required resource consents for the project and to take other steps towards execution.
- 4) Informs Waka Kotahi of its decision to continue progressing the project and obtains the views of that organisation in respect of the revised approaches (in particular in respect of the more reactive approach to erosion control, and procurement of a stockpile of rock for those purposes as part of the project) suggested by the peer reviewer.
- 5) Notes that council staff will continue discussions with partners and key stakeholders as the design advances.

3. DISCUSSION

The Glen Alton Bridge on the Waiau Toa Clarence River was destroyed in the 2016 earthquake, and since that time investigation has been conducted of options to re-establish access upstream.

In 2020 after extended investigation of available options and the completion of a preliminary design report by Beca consultants, Kaikōura District Council indicated its support for the construction of a new bridge approximately 500 metres downstream of the former Glen Alton Bridge, to be funded in partnership with Waka Kotahi, with that organisation meeting 95% of the cost.

Following this a process was commenced towards obtaining the resource consents required for the delivery of this project. At the end of 2020 it did however become apparent that local iwi had significant concerns regarding the potential cultural and environmental impacts of the proposed bridge and were uncomfortable with the project proceeding as proposed.

In response to these concerns and after some delay Waka Kotahi and KDC agreed that an independent peer review of the project should be undertaken, with representatives of Te Rūnanga o Kaikōura being involved and able to provide their perspectives.

The review was conducted by Mark Healey of WSP consultants. Mark is a river engineer who had been recommended by Waka Kotahi as being expert in the behaviour of dynamic rivers, being based on the West Coast of NZ and having extensive experience of powerful rivers in flooding events.

The scope of the review was primarily to assess the appropriateness of the access solution that has been proposed based on the work conducted by Beca, but Mark was also requested to give consideration to two other possible options that had been subject to much previous discussion, these being re-establishment of a bridge at the original site and further development of a route on the southern side.

In conducting the review Mark obtained the perspectives of Te Rūnanga o Kaikōura through an initial on-line discussion that was followed by visits to the site accompanied by members of the Rūnanga's Environmental Pou and Council staff.

Mark has now completed his review, and the associated review report has been shared with Councillors and Te Rūnanga o Kaikōura. The cover of that report (which shows an excellent aerial view of the previously proposed new bridge site) and the summary, conclusions and recommendations sections are attached.

In essence the finding of the review is supportive of the existing proposal to construct the new bridge at the site proposed by Beca (previously described as Option 2/2A, with the 2A variant being the use of a relocatable bailey bridge instead of a permanently anchored structure).

Mark considered re-establishing a bridge at the original site but concluded that provision of a connection between the Clarence Valley Road and the bridge site that negotiated Jacobs Hill and was suitable for heavy vehicles and resilient would be challenging and very expensive.

Mark also gave careful consideration to the potential of an improved Southern Access Route (SAR), and concluded that the primary challenge of such a route lay in improving the crossing the Wharekiri Stream, which is currently impassable when the level of the stream is significantly raised, which can persist for a number of days. Such extended closures have already occurred on two occasions this year. Whilst to a casual observer the Wharekiri may often appear to be a small easily manageable waterway this is misleading as it can be very dynamic in higher flows.

Mark and representatives of the rūnanga and KDC inspected the headwaters of this stream and saw the precipitous slopes that feed rock into the stream, which then travels downstream, causing significant variations in the bed level.

It is understood that since the 2016 earthquake the bed level of the Wharekiri at the SAR crossing has dropped by between 6 and 8 metres, and such dynamic behaviour means that similarly large opposite level changes or lateral movements of the channel could in future occur.

Mark's view was accordingly that improving the stream crossing would be very difficult. Whilst the level of the stream may currently be approaching a solid rock basement below which further erosion is unlikely, establishing an engineered ford or a bridge at the current level would have the risk that it could be lost through a future cycle of bed accretion that saw the bed level rise once more.

In addition to reviewing the original site and enhanced SAR options, Mark also gave consideration to another option that was outside of the range of options shortlisted by Beca. This other option was to bridge the Waiiau Toa at a potentially more stable site at Corner Hill, upstream of the Wharekiri Stream and then connecting upstream via either an upgrade of the existing SAR a new road along the bed of the former river channel. This option had a number of benefits, but also some significant disadvantages and Mark concluded that overall it was not worthy of further investigation.

Whilst the conclusion of the review is supportive of Option 2/2A it has however recommended two significant changes relative to what had previously been suggested by Beca:

- That a more reactive approach be taken to the protection of the Clarence Valley Road downstream of the new bridge. Rather than attempting to control the river channel by constructing heavy erosion protection structures downstream of the bridge at the time of bridge construction it is suggested that the river should be allowed to behave naturally with protection of the road only undertaken if and when it became necessary, doing as little as possible as late as possible.

This approach is based on a belief that the nature of the river is such that it probably cannot be trained in an extreme flood event, and that even relatively large investments made in bank protection could be lost or otherwise rendered ineffective.

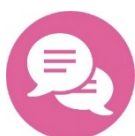
It is suggested that to support such a reactive approach it would be desirable to establish a sizeable stockpile of rock on site to be available for such reactive intervention, ideally procured as part of the project.

- That consideration is given to having the road cross the old river channel on a broad bund or embankment rather than via a ford as originally suggested. This would reduce the frequency at which the route is impassable. Automatic barrier gates with closure linked to river levels could be used to ensure safety.

With this independent review landing in much the same place as the work done by Beca it is considered that there is now a very clear technical basis on which to further advance the project, and that it would be desirable to do so with some urgency to avoid the risk that the generous financial support from Waka Kotahi is compromised.

It is accordingly proposed that Beca immediately resumes the work towards the acquisition of package of resource consents required for the delivery of an Option 2/2A solution that was put on hold at the end of 2021 and that work towards detailed project design and land acquisition also commences. It is however also considered highly desirable that this advancement of the project is conducted in a spirit of partnership with local iwi with ongoing discussions as the design advances.

4. COMMUNITY OUTCOMES SUPPORTED



Community
We communicate, engage and inform our community



Development
We promote and support the development of our economy



Environment
We value and protect our environment



Future
We work with our community and our partners to create a better place for future generations

Waiau Toa / Clarence Valley Access Project

9 August 2021

CONFIDENTIAL



River Engineering Review



Summary

This report presents a River Engineering Review related to proposed river crossings and associated protection works for the Waiau Toa / Clarence Valley Access project for Kaikoura District Council.

The work has included reviewing numerous documents, visiting the site four times, and discussion with representatives of Kaikoura District Council, Waka Kotahi, Beca and Te Rūnanga o Kaikōura.

Reinstating an appropriate level of access to the upper Waiau Toa / Clarence Valley is a complex and challenging problem brought about by a very rare and dramatic change in the Waiau Toa / Clarence River.

Very good work has been done on this project to date. A thorough and robust option development and assessment process appears to have been followed and the various crossing options have been well covered. Notwithstanding this, two additional access options have been presented for completeness. This includes a Corner Hill crossing of the Waiau Toa / Clarence River, which has been discounted, and a Wharekiri Stream to Glen Alton riverbed route, which may provide at least a partial solution.

Selection of Option 2/2A (New Downstream Crossing) as the solution chosen to progress to preliminary design is supported by this review. Risks associated with this option have been well assessed and are manageable. This option also provides good resilience of access, as the existing Southern Access Route (and potential Wharekiri Stream to Glen Alton riverbed route) provide alternative access if an outage were to occur.

A relatively small number of items have been suggested for consideration in further development of the Option 2/2A solution. These relate to improving level of service, further managing risk, and helping to ensure good economic and environmental outcomes. To improve the level of service and therefore value for money, it is recommended that further consideration be given to utilising a full height approach embankment across the old main river channel, instead of a ford. It is considered that this would not constitute a "large dam" and therefore not require prescribed specialist monitoring, however other measures have been recommended to manage residual risk.

An alternative strategy for management of erosion risk to Waiau Toa / Clarence Valley Road downstream of the proposed new bridge site has also been suggested. This involves stepping back from trying to control the river, allowing it room to behave naturally, and directly protecting the road with as little as possible as late as possible. This strategy likely has environmental and cost benefits but requires a good maintenance strategy and a suitable stockpile of rock on site, ideally procured as part of the capital project.

Selection of an appropriate bridge structure type for Option 2/2A should reflect environmental opportunities, the desires of stakeholders, the true net present value of each option over its economic life, as well as construction and ongoing management constraints. Preliminary consideration suggests that a Steel I Girder type structure may present a well-balanced solution. However, this option needs to be confirmed following additional specialist and stakeholder input.

The Wharekiri Stream to Glen Alton Riverbed Route appears to present an attractive option for at least interim improved forestry access, and possibly an alternative to the upper section of the Southern Access Route and/or to the Option 2/2A solution. However, a key element to this is safe access across Wharekiri Stream. Establishing a permanent crossing of Wharekiri Stream, either as a future addition to, or alternative to Option 2/2A needs to be preceded by a detailed analysis of new and existing survey and photographic information to assess the risk of future channel changes. Unless it is very clear that the risk of outflanking and/or inundation or excessive scour is low, a permanent structural crossing in this location should be avoided.

Specific recommendations are listed in Section 7 below.

6 Conclusions

6.1 General

Reinstating an appropriate level of access to the upper Waiau Toa / Clarence Valley is a complex and challenging problem brought about by a very rare and dramatic change in the Waiau Toa / Clarence River.

Very good work has been done on this project to date. A thorough and robust option development and assessment process appears to have been followed and the various crossing options have been well covered. A couple of additional access sub-options have been presented in this report for completeness.

Selection of Option 2/2A as the solution chosen to progress to preliminary design is supported by this review. Risks associated with this option have been well assessed and are manageable. This option also provides good resilience of access, as the existing Southern Access Route (and potential Wharekiri Stream to Glen Alton Riverbed Route) provide alternative access if an outage were to occur.

A relatively small number of items have been suggested for consideration in development of the Option 2/2A solution. These relate to improving level of service, further managing risk, and helping to ensure good economic and environmental outcomes. These items are listed under Recommendations (Section 7 below).

6.2 Opportunities

A suggestion to improve the level of service and therefore value for money of the new Option 2/2A crossing is to construct a bund or approach embankment in-lieu of a ford. Risk management options to support this are covered in Section 4.3.6 and under Recommendations (Section 7). The risk that this bund or approach embankment may be considered a "Large Dam" and have the associated prescribed specialist monitoring requirements should be reviewed.

Adopting a strategy of minimising constraint on, intervention in, and impact on the river from installation and maintenance of the road, bridge and erosion protection works represents a more sustainable approach. This supports adoption of the river protection and maintenance strategy presented in Sections 4.3.4 and 4.3.9. These strategies also seem to align well with desires expressed by Te Rūnanga o Kaikōura.

6.3 Option 2 Structure Type Selection

Other things being equal, the above River Engineering related strategies support a bridge with fewer piers for improved river user safety, reduced visual impact, reduced effect on water levels upstream, reduced riverbed scour and reduced effect on local river morphology (i.e. has a light footprint). Similarly, a bridge that has a lower maintenance requirement should be preferred.

Selection of an appropriate bridge structure type for Option 2 should reflect the environmental opportunities above, desires of stakeholders, the true net present value of each option over its economic life, as well as construction and ongoing management constraints. Preliminary consideration of these factors suggests that a Steel I Girder type structure may present a well-balanced solution, but that this needs to be confirmed following additional specialist and stakeholder inputs.

6.4 Interim, Future or Alternative Access via Wharekiri Stream

The Wharekiri Stream to Glen Alton Riverbed route appears to present an attractive option for at least interim improved forestry access. It is possible that this access could be required prior to implementation of the Option 2/2A solution. If this is the case, it may be desirable to construct and

incorporate the Glen Alton end of the Option 2/2A access road, including any bund or approach embankment, into the interim riverbed route to minimise ground disturbance, expenditure and improve flood risk management and the interim level of service.

Consideration of any future or alternative permanent Wharekiri Stream structural crossing option should include detailed analysis of new and existing survey and photographic information to assess the risk of likely future channel changes. Unless it is very clear that the risk of outflanking and/or inundation or excessive scour is low, this option be avoided.

If considered worth investigating, preliminary design and costing of the Wharekiri Stream to Glen Alton Riverbed Route could be undertaken for each of the following design standards:

- 1 That just for short-term forestry and similar heavy traffic access.
- 2 That for a higher standard permanent mixed traffic access.

7 Recommendations

As a result of the preceding work it is recommended that:

7.1 General

- Option 2/2A is confirmed as the preferred solution and progressed towards implementation (Section 6.1).
- Slope changes in the Waiau Toa / Clarence River and the reasons for them are considered and the implications incorporated in the design of road crossing and river protection works in their vicinity (Section 3.1).
- Recent scientific papers on the Papatea Fault are reviewed and/or discussion is held with GNS to check that current design assumptions about behaviour of the fault are correct (Section 3.3).

7.2 Option 2/2A – New Downstream Crossing

- Geotechnical inspection, or at least assessment made from any suitable existing data, at the new river bend / old main river channel entrance at Glen Alton, to confirm relative erosion risk (Section 4.3.1).
- Ongoing visual and/or survey monitoring at the new river bend / old main river channel entrance at Glen Alton is undertaken to ascertain any developing erosion (Section 4.3.1).
- Consideration be given to preventing stripping of armour boulders, gravel extraction, etc. from the surface of the old main river channel so that the risk of re-establishment of the river in this old channel is not increased (Section 4.3.1).
- Work together with Environment Canterbury to monitor bed level profiles, initially every 6 to 12 months and after any major high flow event, as follows (Section 4.3.2):
 - Immediately upstream of the river channel diversion (likely at the old bridge crossing / stage recorder site), for any changing risk of course change or possible future undermining of protection works.
 - At the proposed new crossing site for any changing aggradation or scour related risk to that structure.
- Due to the evolving river form, consideration be given during detailed design to reviewing scour estimates and associated protection embedment depths (Section 4.3.3).
- During detailed design, further consideration be given to rock protection batter slope, and consequently rock size and shape, and also the need for a filter layer, to maximise waterway area and rock protection durability (Section 4.3.4).
- A specific river protection maintenance strategy be developed for the new bridge site during the design phase to help ensure favourable cost, safety, and environmental outcomes (Section 4.3.5).
- Further consideration be given to utilising a low bund or full height approach embankment across the old main river channel, instead of a ford, to improve the level of service and value for money of the crossing (Section 4.3.6).
- Barrier gates together with trigger levels set against local and/or remote monitoring equipment be used to manage river crossing user risk (Section 4.3.6).
- Formal advice be sought from a professional surveyor and/or property specialist on restricting development activity on legal riverbed downstream of the bund / approach embankment to help manage the risk of failure. Similar input is sought for designating new road reserve at the new crossing point, and for the future status of the private land through which the river now flows across Priams Flat, and on which necessary river protection works will sit (Section 4.3.7).

- Consider locally lifting the proposed true left (east) road approach to better manage water and gravel outflows from the Priams Stream subfan and also river flooding in the 100 year event (Section 4.3.8).
- To improve river resilience and environmental outcomes, consider the new river management strategy and associated river protection works concept proposed adjacent to Priams Flat (Sections 4.3.4 and 4.3.9).
- Explore whether Waka Kotahi would extend the timeframe of the enhanced Financial Assistance Rate (FAR) for several years to cover the proposed deferred capital expenditure on river protection works. Alternatively, and preferably, as part of the capital project, purchase and stockpile nearby the capital rock likely required in the foreseeable future; enabling a more timely response to river changes (Section 4.3.9).
- The net present value of capital and maintenance (including inspection) costs over 40 years be calculated for each bridge structure sub option so that the true cost is known and this can be included in selection of the preferred one (Section 4.3.10).
- Selection of an appropriate bridge structure type for Option 2 reflect the opportunities and bridge features described in Sections 6.2 and 6.3, the desires of all stakeholders, the true net present value of each option over its economic life, as well as construction and ongoing management constraints (Section 6.3).

7.3 Interim and Future Access via Wharekiri Stream

- Consideration of any future or alternative permanent Wharekiri Stream structural crossing option begin with a detailed analysis of new and existing survey and photographic information to assess the risk of likely future channel changes (Section 4.4).
- As part of this, the effect of the new rock exposure on the lower fan be assessed (Section 3.3).
- Unless it is very clear that the risk of outflanking and/or inundation or excessive scour is low that a permanent structural crossing option be avoided (Section 4.4).
- If considered worth investigating, preliminary design and costing of the Wharekiri Stream to Glen Alton Riverbed Route is undertaken for each of the following design standards (Section 5.2):
 - That just for short-term forestry and similar heavy traffic access.
 - That for a higher standard permanent mixed traffic access.
- Consideration be given to incorporating the Glen Alton end of the Option 2/2A access road, including any bund or approach embankment, into the Wharekiri Stream to Glen Alton Riverbed Route (if adopted) to minimise ground disturbance, expenditure and improve flood risk management and the interim level of service. (Section 6.4):

Report to:	Council
Date:	29 September 2021
Subject:	CEO Update Report
Prepared by:	Will Doughty, CEO
Input sought from:	
Authorised by:	Will Doughty, CEO

1. PURPOSE

To provide the Council with an update on major work streams and other activities.

2. RECOMMENDATION

- That Council receives the report.

3. COUNCIL ACTIVITY – KEY FOCUS AREAS

Overview

It has been good to be back in the office following the move to Level 2 on Wednesday 8th September. The team has adapted seamlessly to the transition. The focus for capital delivery has been restarting physical activities that are possible under Level 2 and reviewing the delivery plans for all major projects. Although physical works have picked up one of the biggest ongoing risks in the current Covid19 climate remains the supply of materials and equipment. This has already impacted several projects such as the proposed refuse collected in the urban area has been delayed until 1st December from 1st October due to supply issues. This will be monitored closely on a project by project basis. Several key projects have dedicated papers on the agenda this month as they continue to progress forward.

During the lockdown it was fantastic to see the various community organisations collaborating and working together to support our community. Our health centre and Māori Wardens did a truly outstanding job and it was wonderful to see the wardens acknowledged nationally for their contribution. When times get tough it shows the power of a small community coming together.

There was some good news from Waka Kotahi earlier in the month. Following the indicative National Land Transport Programme (NLTP) funding allocation announced during the LTP process, Kaikōura District Council added our voice of concern to central government with regard to the reduced anticipated funding and the implications that may have. As a result the final funding allocation has seen an increase in the overall scope of the programme for the next three years funded by Waka Kotahi by \$500k (52% funded by Waka Kotahi). In approving the LTP Council had already committed to fund the proposed scope and funding shortfall. We are currently reviewing the overall programme to see how this additional level of support from Waka Kotahi can be best utilised for the rate payers.

There has also been a focus these last few weeks on completing the end of year performance review, development and wellbeing (PDW) reviews for every member of the team and establishing individual objectives for the year ahead. A staff training and development day has been rescheduled for October.

Our community engagement with regard to the three waters reform has seen a tremendous response. The quantity and quality of responses from close to 200 people in itself shows the importance of this issue to our community. A very comprehensive report on the current status of the three waters reforms including all of the comments provided in feedback is included on the agenda. Central government will be outlining the next steps of the reform process in October but it is fair to say that many councils are criticising the pace of reform and the lack of quality information to be able to make any evidence based decisions at this point.

August financial performance

With the Finance Audit and Risk Committee (FAR Committee) moving to quarterly meetings, brief end of month financial results will be included in my report in the interim months. A short financial summary for the month of August is therefore included in Appendix 1. There are no major issues identified with the August reporting. The team is continuing to focus on the annual report and supporting information.

Link pathway project

Initial project planning is underway. A focus has been on understanding any consenting and authority requirements and developing a community engagement strategy. Work is also underway to seek potential funding sources for a joint cultural artwork package aligning with the Wakatu Quay project. At this point it is still anticipated the project will take up to two years to deliver with the start of physical works planned for first quarter 2022.

Waiau Toa/ Clarence Valley Access

Following the completion of a technical peer review, a report is included in the agenda to proceed to the next stage of delivery for the preferred option continuing to work with our partners and key stakeholders. A status update has been provided to residents.

Other items

A business analyst (shared resource with Hurunui District Council) is now on board to assist us with some ongoing information management projects. The initial focus will be on helping to document some of our priority processes and procedures.

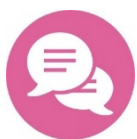
We are also looking to engage a shared resource with ECan for support to our regulatory team with regard to consent monitoring and compliance. This has been budgeted in the LTP for a 20% time commitment. It is anticipated this resource will be in place before Christmas.

Work is ongoing with regard to redeveloping the council website as the current website is no longer supported. Provision for this project was made in the LTP.

Focus areas for the next three months

- Draft annual report
- Three waters service delivery reforms – next steps
- Progress with regard to harbour contributions and ongoing management.
- Development of a project delivery plan for the District Plan review.
- Continuing to explore opportunities to improve ways for continuing to strengthen the partnership relationship with Te Rūnanga o Kaikōura and improve local Māori (mana whenua and tangata whenua/ those of non-local Māori descent) inclusion in decision making.

4. COMMUNITY OUTCOMES SUPPORTED



Community

We communicate, engage and inform our community



Development

We promote and support the development of our economy



Environment

We value and protect our environment



Future

We work with our community and our partners to create a better



Services

Our services and infrastructure are cost effective, efficient and fit-for-purpose

place for future generations

Appendix 1: Summarised Finance Report for the period to 31 August 2021

Appendix 1: Summarised Finance Report for the period to 31 August 2021

In summary there are no concerns with the financial position as at 31 August 2021. Note that year to date grants and subsidies are up on budget due primarily to funds from the PGF for Wakatu Quay and also the Mayors' Taskforce for Jobs (which was also paid out).

The Finance team are currently working through year-end adjustments and compilation of the Annual Report – Audit New Zealand have advised that their audit will be December, but no date has been given.

Summary Statement of Comprehensive Revenue & Expense			
	Budget YTD 31/08/21	Actual YTD 31/08/21	Variance 31/08/21
Grants & Subsidies	829,050	2,170,840	1,341,790
All other revenue	2,589,724	2,660,723	70,999
TOTAL REVENUE	3,418,774	4,831,563	1,412,789
Operating expenses – Other	1,937,130	1,985,538	(48,408)
Personnel	565,462	457,034	108,428
Grants Paid	61,916	350,230	(288,314)
TOTAL EXPENSES	2,564,508	2,792,802	(228,294)
Operating surplus/(deficit)	854,266	2,038,760	1,184,494

Revenue is up \$1.4M on budget as mentioned in the summary last month grants received are up on budget by \$1.3M – this is going to be a permanent difference going forward.

The first rates instalment went out in August with payment to be received in September.

Expenses overall are up \$228K on budget with the main variance relating to grants paid which was mentioned last month due to the Mayors Taskforce for Jobs project.

Summary Statement of Financial Position			
	Budget to Year End	Actual 31/08/21	Actual 31/08/20
Current assets	2,084,802	7,572,538	8,824,706
Non-current assets	218,544,479	207,823,024	205,061,210
Current liabilities	(1,723,138)	(5,115,421)	(6,913,790)
Non-current liabilities	(8,083,583)	(4,015,473)	(5,083,181)
TOTAL NET ASSETS	210,822,560	206,264,668	201,888,944
Public equity	134,273,566	112,131,291	109,766,946
Special funds & reserves	3,799,402	8,494,627	6,483,248
Asset revaluation reserve	72,749,592	85,638,750	85,638,750
TOTAL EQUITY	210,822,560	206,264,668	201,888,944

Cash is almost \$4M, accounts receivable is \$3.5M which includes the first rates instalment.

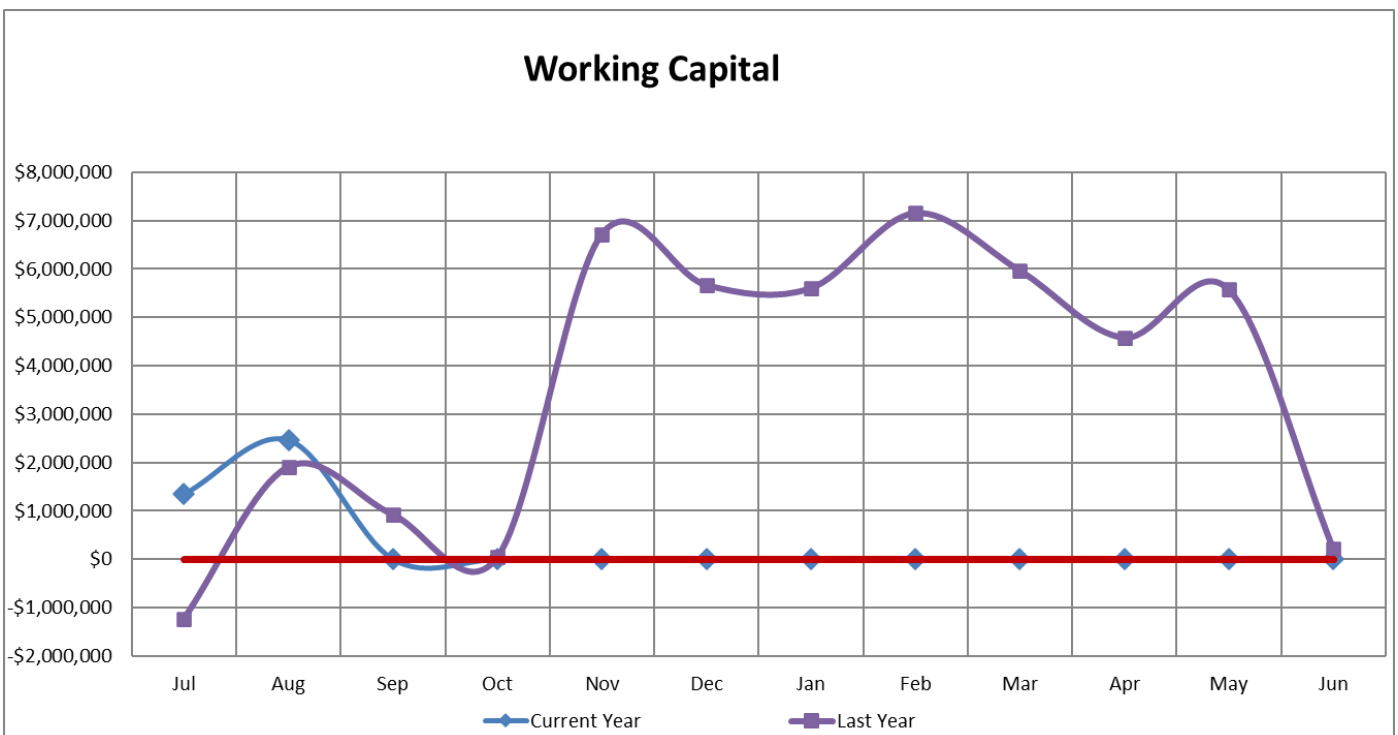
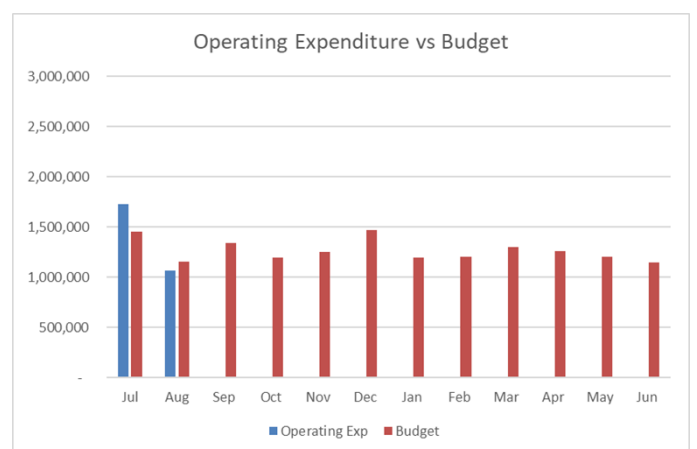
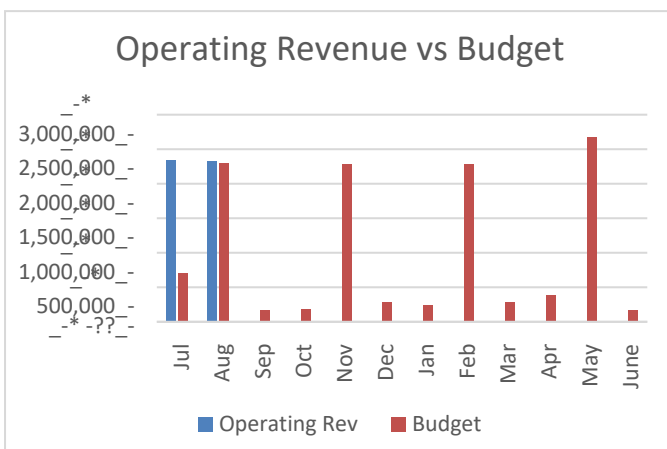
Borrowings are at \$5M with \$3M current and \$2M non-current. There are still a few end of year

adjustments to be completed which will impact the non-current assets i.e. revaluations of Roding and 3 Waters.

Capital Expenditure for the two months was \$582,017 compared to the budget \$796,714, the reduced expenditure has been impacted by the Delta lockdown, but there is no material impact on timelines.

As agreed with Council full financial reporting will occur in the months of the Finance, Audit and Risk committee meetings – with high level updates provided in the CEO Report in the intervening months – if any material concerns arise Council and the FAR Committee will be notified.

Financial Dashboard



Report to:	Council	File #
Date:	29 September 2021	
Subject:	Kaikōura Youth Council	
Prepared by:	Kaikōura Youth Council members	
Input sought from:	Sarah Beardmore	
Authorised by:	Will Doughty	

1. SUMMARY

Kaikōura Youth Awards date has changed due to covid – now Saturday 23rd October (as long as we are at Level 1).

KYC have held their AGM with a change to some officers roles. The governance training with KDC was very interesting and informative, thankyou for including us. We've included wider youth news in this report, and a report from our Chair Maia Kahu on the Aotearoa Youth Declaration event.

2. RECOMMENDATION

2.1 THAT the Council receives the report.

3. BACKGROUND

Kaikōura Youth Council (KYC) are a group of young people making a difference to the Kaikōura community. They have been active in Kaikōura since 1999 and meet regularly after school at Te Hā o Mātauranga – Learning in Kaikōura, to work on youth issues, organise events and bring Kaikōura's youth together.

KYC aim to help Council engage with the youth of Kaikōura by facilitating a pathway of communication and representing youth in Council matters. All their work is to improve the ways of wellbeing (social, environmental, cultural and economic) for the youth of Kaikōura.

KYC's vision statement is; Kaikōura youth are optimistic, confident and make valued contributions.

4. DISCUSSION

4.1 Youth Awards

The Kaikōura Youth Awards are coming soon and we are pumped. We have a new tentative date of 23 October, 7pm (we need to be at Level 1 to run this). This event is to celebrate and acknowledge the youth of Kaikōura and those who help youth. Our planning is well under way with sponsorship, venue, theme, supper and entertainment. We have two local bands that will be playing for us throughout the night and a thought provoking item from KYC members. We have had a great response to nominations - 44 so far!

4.2 AGM

KYC is an Incorporated Society. On the 10th of August we had our annual general meeting. We officially welcomed four new members to KYC. Some of our roles have changed:

Chair - Maia Kahu

Deputy chair - Jade Cullen

Secretary - Theo Rae

It was decided that we would continue to have only these positions, the role of treasurer not appointed but the finances are continued to be managed by two members and the coordinator, with members always being aware of financial transactions taking place due to the dual authentication requirements.

4.3 Governance Training

On the 5th August, Jade and Maia attended KDC governance training. They both learned lots and found it very interesting. Maia really enjoyed it, because they talked about how councils run, different kinds of councils, and the roles of each person within parliament and councils. It was interesting to hear about how old, inefficient systems shaped current systems. Jade thought it was great that the explanations were really inclusive when it came to describing the different concepts, making sure it could be understood by everyone. After attending this the youth council thinks it would be good to do something similar, but youth based. KYC is grateful for the opportunity for our members to attend.

4.4 Te Wiki o Te Reo Maori

We ran our normal event at High School, taking beautiful big bunches of balloons around and asking people to name the colours in Te Reo, giving out lollies when they got them correct.

4.5 Lockdown

We tried a couple of interactive stories on Instagram during lockdown but didn't have a lot of uptake. We think that there were more youth engaged in online learning than during the previous lockdown. Quite a few of our youth council members are Seniors this year and needed to keep up with our school work – our teachers ran one video call per class per week which was helpful.

4.6 Other Youth News

We want to share some other youth news in our report as we see Youth Council as the voice of many young people, not just KYC members. There is a lot that happens in our community for youth and these are some of the opportunities offered recently to the 11-15 age group. Some of our Youth Council current and previous members have been participants in these opportunities and have given really positive feedback about them.

Te Hā have been running a venture called FastFail - participants were given \$100 to have a go at a small business idea. They had to make a one page business plan, come to a session with Anton Matthews from FUSH, learn to do a profit/loss sheet and plan marketing. KYC saw this in progress as we shared space with them. Some of the projects included a young wahine making rings from sea-glass (coloured glass picked up from the beach), a group making soy melts and candles, another group inventing body scrubs, lip scrubs and body moisturizer, and more.

Elbie and Laila from Te Hā have started up their weekly games group at school post lockdown. They are focusing on getting the kids off their phones and joining into something fun, that builds teamwork and encourages the different groups to interact with each other.

Friday nights youth group "Lateral Youth" is a safe space for young people to go on Friday nights, hang out, games, kai etc and an opportunity to socialise out of school. Home-schooled youth also attend. The group used to meet at the Scout Hall and are really looking forward to having this space up and running again! At present they meet at various locations like Te Ha, the Memorial Hall, outdoors etc.

Youth Employability Programme – Rosie and Renee are running different groups of the YEP programme, with a group called ASAP (After School Aspiration Programme) for 12-14 year olds which includes writing CVs, practice interviews and learning about the soft skills needed for employment. Two of our KYC members have taken part this term.

4.7 Aotearoa Youth Declaration

Our Chair, Maia Kahu, attended this event run by United Nations Youth in May. The declaration document has just been released and highlights the priorities that rangatahi would like to see addressed in our country. The whole declaration can be found here <https://www.unyouth.org.nz/post/aotearoa-youth-declaration-2021>

During the hui Maia was placed in te Ropu (the group) Māori relations. The point of the hui was to research, debate, and look at solving issues facing Aotearoa. Maia reports:

In the first day as a ropu we decided on the three Māori relations issues that we saw within Aotearoa which were; the criminal justice system, Te Tiriti O Waitangi, and Te reo Māori in schools.

After sharing our opinion and much research it was clear to us that the justice system is racist and discriminates against Māori. For this we come up with three suggestions:

- The Ministry of Justice makes rangatahi courts 'opt out' rather than 'opt in'
- Increase funding for restorative justice and reintegration methods
- Review the criminal justice system with a focus on racism.

Our second issue we saw was with Te Tiriti o Waitangi. As Te Tiriti o Waitangi is the founding document of Aotearoa, the Waitangi Tribunal was established to address breaches of this agreement. We believe that the Waitangi Tribunal's power is too limited in redress and believe it should have the power to improve our nation. To fix this we came up with two suggestions:

- Recommends formalising a constitution that would include aspects of the Te Tiriti o Waitangi and the Principles of Waitangi, including giving the Waitangi Tribunal binding power.
- Recommends commissioning a report by the Waitangi Tribunal on how lawmakers could include the Te Tiriti o Waitangi in law.

Our last issue we saw was the lack of te reo Māori in schools. The current education system needs to be more proactive in keeping knowledge about Māori alive and concurrent. We believe that the revitalisation of te reo Māori will empower Māori and help re-indigenise Aotearoa. To learn about te reo Māori will inherently increase fluency in the culture. to fix this we came up with two suggestions:

- That te reo Māori becomes mandatory until year eleven at minimum, with resources to learn readily available at all levels of education.
- Incorporation of education about tikanga Māori particularly about tangata whenua and te iwi of the locality within the curricula.

Over the week Maia made many friends and found te hui very fun and educational.

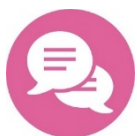
5. RELEVANT LEGISLATION

5.1 Wellbeings

The *Local Government (Community Wellbeing) Amendment Bill* has resulted in a change in the purpose of local government, which is to promote community well-being.

5.2 Community Outcomes Supported

The work is in support of all/the following community outcomes.



Community
We communicate, engage and inform our community



Development
We promote and support the development of our economy



Environment
We value and protect our environment



Future
We work with our community and our partners to create a better place for future generations



Services
Our services and infrastructure
are cost effective, efficient and fit-
for-purpose

6. COMMUNITY VIEWS

6.1 Groups and Organisations

Kaikōura Youth Council currently have 10 members attending meetings. These youth are aged 12 to 16 and attend Kaikōura High School. KYC survey all the Kaikōura High School students at least twice per year to obtain wider youth views. They also offer opportunities for youth feedback through informal consultation sessions.

Report to:	Council	File #
Date:	29 September 2021	
Subject:	Community Services Update	
Prepared by:	Susi Haberstock – Community Services Manager	
Input sought from:	Community Services Team	
Authorised by:	Murray Dickson – Senior Manager Corporate Services	

1. SUMMARY

The purpose of this report is to keep the Mayor and Councillors informed of the activities delivered by the Community Services Team.

The report this month includes the following activity updates:

1. Emergency Management COVID update
2. Community Services Committee – community trends post-lockdown
3. Community Development
 - a. Mayor’s Taskforce and Te Hā o Mātauranga update
 - b. The Mayfair Theatre collaboration
4. Library Dashboard (new)
5. Next 3 months (new)

2. RECOMMENDATION

THAT the Council receives this report.

3. ACTIVITY UPDATES FOR AUGUST/ SEPTEMBER

3.1 Emergency Management COVID update

KDC staff collected data and circulated daily situation reports to keep agencies and organisations connected during lockdown – one of the major learnings from the last lockdown. The statistics below are a combination of Te Whare Putea, Council and Te Hā o Mātauranga support provided during lockdown:

COVID-19 Delta Lockdown Statistics														
	20-Aug	21-Aug	24-Aug	25-Aug	26-Aug	27-Aug	30-Aug	31-Aug	1-Sep	2-Sep	3-Sep	6-Sep	7-Sep	TTL
Calls received	9	9	10	10	6	3	7	4	17	8	5	11	11	110
Admin emails	1	4	8	9	1	3	6	9	13	12	7	11	17	101
Accommodation	1				1									2
Shopping			1											1
Calls			100		25									125
Pharmacy			1											1
Laptops (Te Ha)			3											3
Firewood (VF)				1	1									2
Food (TWP)		2	3	4	1	1	1	1	1	1	1			16
Meals on wheels	19	20	18	19	17	20	19	20	18	20	19	20	19	248
Letters NW (TWP)				3	4	1								8
Food vouchers (TWP)						5								5
Petrol Voucher (TWP)						1								1
Wage support				1	2	1					3			7

Thanks to the combined experience gained from the first lockdown in 2020, building on local organisational structures and relationships throughout the community, Kaikōura functioned considerably better than some of our neighbours and larger Councils around Canterbury over this lockdown. A combination of new and seasoned staff at the Council contributed to a successful supporting function to Kaikōura Health, by providing meals on wheels, shop runs for community members that could not get out and organising emergency accommodation for those who needed it.

The EMO is extremely thankful for the efforts that the whole team has put in over this time. A stand-out was the close collaboration between Te Whare Putea and Council staff. The confidence, competence and cooperation shown in this situation is to be commended and has made the EMO's role in this circumstance considerably less stressful than it could have been.

Angela Blunt (Te Hā O Te Ora – Kaikōura Health manager) has summed up our collective collaboration very well in the report below (she has approved it being shared):

Kaikōura Health Te Ha O Te Ora appreciates the support provided by many agencies in the community during the pandemic, including Te Tai O Marokura, Kaikōura Māori Wardens and the Kaikōura District Council. In a small community such as ours, without the huge resources available in a large city, the whole of community team approach is highly valued and beneficial. We as the health team could not do this alone.

The relationship with the Council is a close and supportive one - during alert level 4 in 2020 they supported us with administrative support, staff to run Meals on Wheels as our usual drivers are mostly aged over 65 years. They also supported our Older Persons Support Worker to contact all our elderly in the community and to deliver groceries and prescriptions.

During this latest lockdown, we have continued to develop as a team (all agencies) working together to ensure that no one who is vulnerable misses out on support. We have had regular Zooms and then have maintained contact as needed. The Council team has provided a grocery pickup and delivery service as well as working with the local Pharmacy to collect and drop off medications to those more vulnerable in our communities, thanks Jo and her team.

The Council staff also took over the delivery of Meals on Wheels, again at our request, again thanks to Jo and her team. Our usual and absolutely fabulous Meals On Wheels teams include local NZ Red Cross, Lions Groups, Garden Club, Idea Services, to name but a few, and many of these drivers are aged 65 years plus, so we like to keep them safe by providing alternative drivers during lockdowns and the Council team all support us with this. The Council has also enabled their Communications person to provide support with the writing of Comms to be shared with the community and the sharing of messages we have needed to get out to the community, thanks Kate. The Council team maintain regular contact with the health team and when we needed to change the way we delivered COVID vaccinations in level 4, they supported us to get the necessary traffic safety measures in place, thanks Will and Sam. We also appreciate the phone calls made by senior leaders to check in on our team and how they are going. Thanks Murray, Will and Susi.

At Kaikōura Health we value the strong working relationship we have with the Kaikōura District Council, and we are grateful for their willingness to help us as required to ensure that we can keep our community safe and well during COVID lockdowns and also beyond these times. The Kaikōura District Council team are fantastic to work with, they think outside the box and step-up time and again to support their community however it is needed. We thank the whole team for their willingness to help out. They are really amazing!!

3.2 Community Services Committee

Funding for a Thematic Research Project was successful, and we have received an extension to deliver this report in December, due to the lockdown. There is a call for any further Strategic Plan additions, as we have only submitted 6 so far. Any local social services providers who wish to be part of this research project are welcome to submit their strategic plans to increase the breadth of the thematic research on where we were and where we are today to help guide us to where we want to be in the future.

Planning

- The revised Kaikōura Community Well-being & Development Strategy was discussed, and the committee went over the 5 identified priority areas and how we will engage with the community organisations that Council already has a relationship with:
 - Te Hā o Mātauranga
 - Te Hā o Te Ora - Kaikōura Health
 - Te Whare Putea
 - Sport Tasman
 - The Mayfair Theatre
- The Priority Workplan was presented and discussed in detail and agencies and organisations attending were happy with this format of reporting statistics against the 5 priority areas:
 - Engagement & Partnership
 - Community pride and belonging
 - Social Equity
 - Healthy and active communities
 - Safe and resilient communities

Going forward, all organisations will be asked to report on the following 3 things in the Priority Workplan:

- Who have we engaged and partnered with?
 - Description of service provided
 - Outcomes/ Data/ Recommendations
- Trends from the meeting in September:
 - The MSD housing process during lockdown was unwieldy and took too long. Local solutions during the previous lockdown were much easier.
 - Businesses continue to struggle as many are downsizing and staff are on reduced hours or let go.
 - Collaboration between MSD referrals to MTFJ is good, but difficult to engage those youth.
 - The positive outcomes of the Vines Free project has resulted in continued work in Cheviot – 10 - 12 youth employed every day with 23 on the books.
 - Most walk-ins through MTFJ are in the 40 plus age group. There is increased anxiety in this age group and research shows, the longer they are unemployed and on the benefit, the greater their issues such as a decline in mental health and other related health issues.
 - Many people are moving back to Kaikōura post-COVID, some looking for work.
 - A number of youths left school during lockdown and have not returned.
 - Most of the MTFJ training is on hold due to COVID Alert Levels, except First Aid which will run next week.

- Solutions:

Business support:

Te Hā o Te Ora – Kaikōura Health has received COVID well-being funding to employ a Well-being Coordinator (applications closed on the 16th September 2021). They are looking for a person with health or social services and coordination experience. The role is part of the response to support businesses and communities affected by the downturn in tourism brought about by the COVID-19 pandemic. It is a fixed-term role for two years. The aim of the role is to provide psychosocial support and build community resilience in Kaikōura, promoting and protecting community well-being due to the negative impact COVID-19 has had on the tourism industry.

As part of this role, the coordinator will coordinate events and activities which provide practical support and positive strategies to build resilience for the community. This work will often require

multi-level collaboration and/or partnered responses with a variety of support systems within local iwi, Kaikōura District Council, and community agencies.

The work will also include coordinating and facilitating the following:

- Mental health first aid training for business advisory services and other non-clinical points of contact for businesses and members of Kaikōura
- Well-being events in Kaikōura that support and meet community needs
- A collaborative, equitable partnership with the community, including local iwi, to identify what their needs/goals are and how this project can best benefit them.

Continued support through MTFJ:

- Youth training
- Youth support
- Employment outcomes
- Driver's License support
- Te Kura support
- Youth Employability Programme in collaboration with Kaikōura High School
- Continued agency/ organisation/ business collaboration – MSD, Council, businesses, runanga and others.

3.3 Community Development

a. The Mayor's Taskforce for Jobs (MTFJ) and Te Hā o Mātauranga update:

During lockdown, Sarah Beardmore (Te Hā o Mātauranga), Sean Madden (Employment Coordinator) and Susi Haberstock (Kaikōura District Council) participated in the Zoom grouping catch ups (organised by MTFJ and MSD) with other Councils to hear first-hand how the MTFJ partnership is benefiting our communities, businesses, and youth.

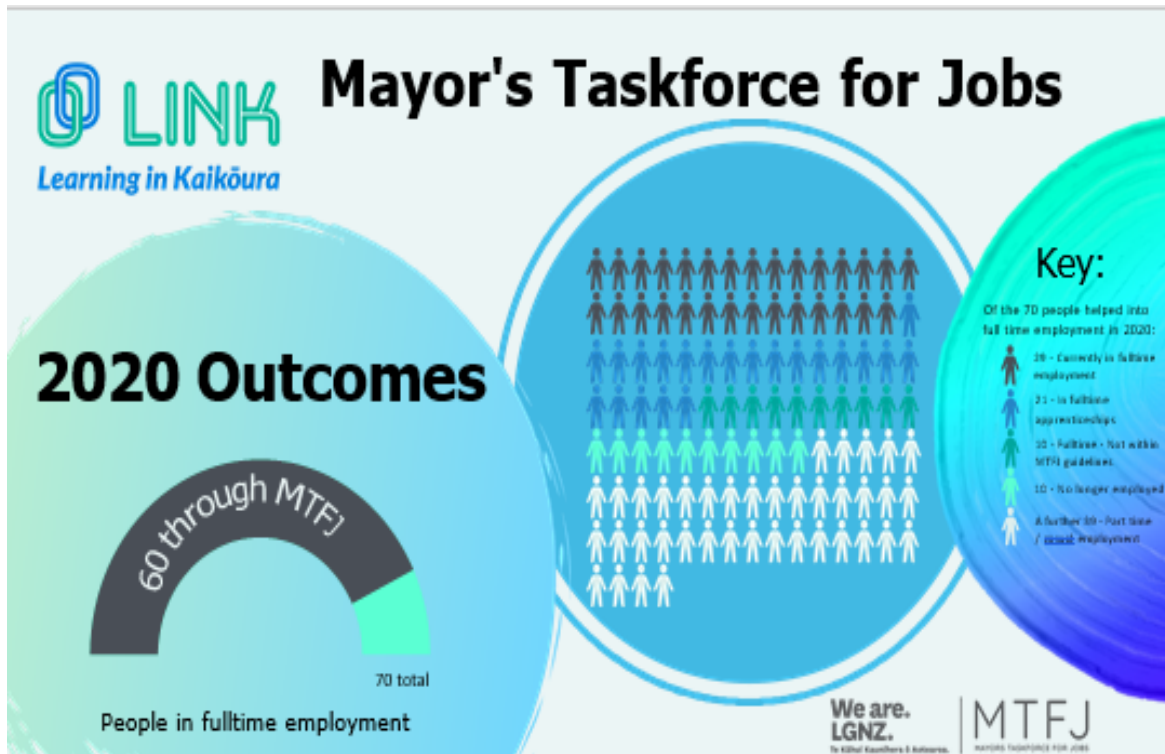
Over the last 12 months across the whole MTFJ partnership nationally, there were 1,336 sustainable employment outcomes for youth/NEETs (not in education, employment, or training) and COVID displaced workers. This is an incredible achievement and is 186 placements above their initial target with MSD of 1,150. Some more highlights include:

- **97 per cent** of the sustainable employment outcomes, were still engaged in sustainable employment at the time of the annual reporting.
- **21 per cent** of these outcomes were classed as apprenticeships.
- **495** 'other' employment outcomes were achieved, including part-time, casual, and seasonal roles.

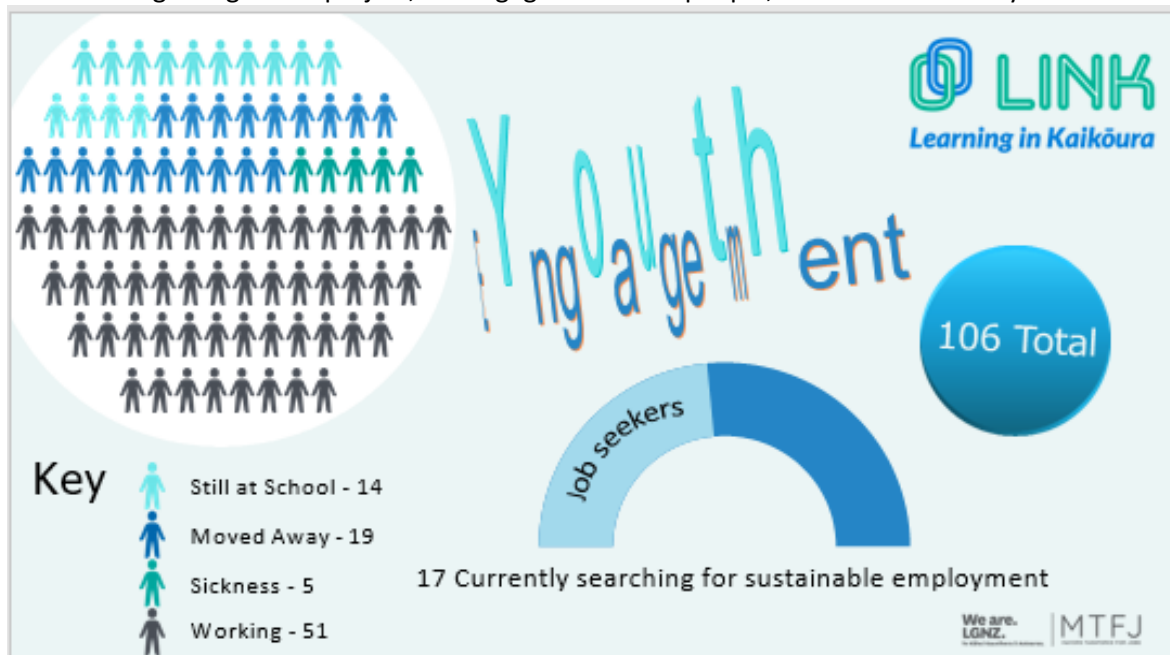
Following the Zooms, many councils were interested in having an online platform where they can all come together – to share resources, templates, good-news stories, and MTFJ has looked into a website called Loomio to enable this.

MTFJ Kaikōura Statistics:

2020 – 2021:



Since the beginning of the project, we engaged with 285 people, of which 106 were youth:

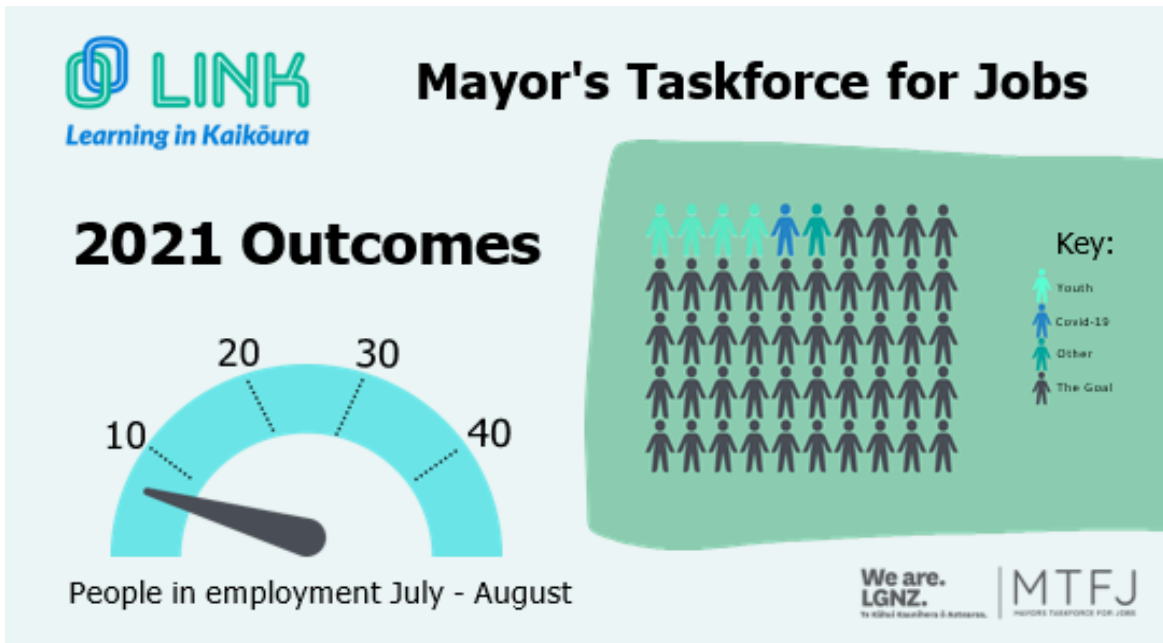


164 participated in training/ qualifications facilitated by Te Hā o Mātauranga:



MTFJ expenditure for this financial year 2021 – 2022:

Employer support (driver licencing, training, youth employability programme)	\$21,591.29
Staffing the Project	\$26,231.50
Total expenditure (YTD)	\$47,822.79



The statistics for the current reporting period are 8 in full-time employment. MTFJ has further supported those placed into employment by:

- Providing information on COVID, wage subsidy payments and self-isolation rules at home.
- Being an intermediary between employers and employees before disciplinary procedures or performance evaluation take place. Simple discussions around hygiene, non-attendance, keeping up with study if in apprenticeships, has proved to be valuable.
- Providing tools for people in employment that enable them to do their job and providing courses that are complementary to their skills.

- Being a sounding board for our youth who are having difficulties getting information from employers on when they will be back at work.
- Mediation between partners and seeking legal advice, assisting with housing, mental health and first aid.

This month was disrupted by a lockdown due to the COVID-19 Delta variant outbreak. The effects this will have on those placed into employment will not be known until businesses open again fully at Alert Level 1. The MYFJ team has been checking on all their rangatahi and giving support where needed, including the supply of computers, care packs and just someone to talk to.

Youth Employability Programme (YEP)

YEP has had a great start to the term, exposing rangatahi to the different businesses in Kaikōura. Rangatahi had the opportunity to visit Mt Lyford ski field. The boys had lessons in snowboarding, meeting the instructor and the owners of the ski field. Connecting with the boys via google hangouts has not worked well and the coordinator has used Facebook messenger.



Unfortunately, lockdown put an end to the engagement and, unfortunately, the YEP girls missed out on the ski trip due to lockdown.

The highlight of the lockdown was that 3 of the YEP-Kaikōura High School participants gained full-time employment during lockdown, and 2 additional rangatahi (not in the programme) who had left school, also gained employment.

YEP-ASAP - The second ASAP programme started on the 10th of August and 7 rangatahi engaged in programme. What has been covered:

- How our Values and Beliefs affect us in the workplace
- Basic rights and disciplinary process

- The power of teamwork and how to manage conflict

Unfortunately, only 3 participants are still engaging via online meetings since lockdown.

Vocational Education: Lockdown has been unkind to all the hard work that has gone into planning this and next term, also for the High School. With programmes on hold due to COVID, many may now not go ahead. The coordinator is determined to at least ensure that Inspiring Futures can be delivered in Kaikōura at the end of the school year.

Driving Coordination update

- Learners Licence x 1
- Restricted Licence x 1
- Mentoring sessions x 12
- Driver Lessons x 8
- HT Learners Licence x 1
- HT Class 2 passed x 9

Due to COVID, driving lessons and tests were deferred to Level 2.

August 2021

Driving Lessons are offered by our fully qualified and 'I' endorsed instructor - Robby Roche. The Mentoring Sessions are with Mike McCann, and are operating in partnership with Marlborough Police.

- Driving Lessons
- Mentoring Sessions
- Learners Licence
- Restricted Licence
- HT Learners Licence
- HT Class 2 Passed

To get in touch about driving, contact Renee Wood on 027 2017638 or email renee@kaikoura.link

b. The Mayfair Theatre collaboration:

Following on from the Winter Festival and our involvement with 'Willy Wonker', Kaikōura tamariki aged 5-12 got involved with a colouring competition. There were 104 entries and 7 happy winners of Wonka Bars. The winners were announced on the Mayfair Facebook page and the lovely pictures were displayed during the second weekend of August.

The Mayfair hosted a special screening by Ailsa Howard of her short film 'Nest 38' before lockdown on the 15th of August. Set in Kaikōura, a pair of banded dotterels defy the odds to raise their chicks on a hostile New Zealand beach, South Bay Kaikōura, as their self-appointed guardian Aisla watches on. It was the Winner of The Best Short Film Award for 2021 at the International Wildlife Film Festival. Ailsa gave a short presentation, and the film was followed by a sneak peek behind the scenes by Tegen Good, the award-winning filmmaker, on the making of the documentary.

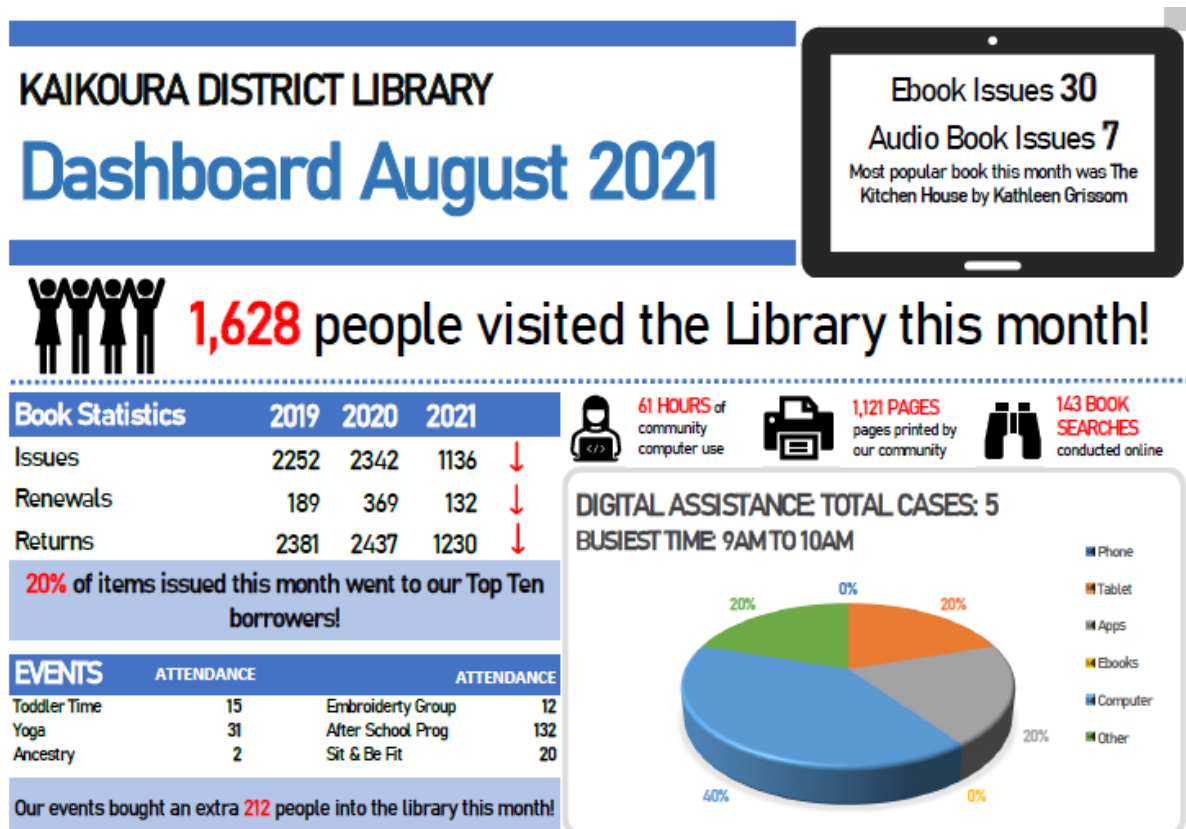
The Mayfair is currently closed at Alert Level 2 in line with other similar organisations across Aotearoa New Zealand. In addition, acquiring movies from the distributor is restricted while Auckland is at Alert Level 4.

However, the exhibition space can be used safely by limiting numbers with access to the viewing balcony. In fact, the exhibition space opens on October the 1st, presenting a solo exhibition by renowned Nelson artist Geoff Noble of new works that are inspired by and feature Kaikōura. This is a wonderful opportunity for the Kaikōura community to engage with these stunning and vibrant artworks.

3.4 Library Dashboard

As mentioned last month, Dannielle Solheim visited small North Island libraries to be inspired by what they do and how they report to their communities and Councils. Our library staff have been very busy adapting our data to a dashboard and we will be using this reporting tool going forward.

Our new door counter has recorded 1,628 visits to the library this month and that is with a two-week lockdown and no tourists! Please see further statistics below, including the most popular book of the month:



3.5 Next 3 months – well, at least SOME of our plans

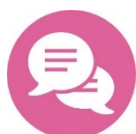
- Event planning up to Christmas to support post-lockdown well-being is in full-swing again:
 - Hop 24th Nov - KDC supporting with a quiz, poker run, traffic management, local business support, working with the Community Shed to build signs for displays around town for the event
 - NZ Brass Band South Island Tour - Nov 6th Memorial Hall
 - Ukulele Festival (waiting to hear on levels for that as 24th September)
 - Nov Beach Clean Up

- Kaikōura Races - supporting the trotting Club with an event toolkit, communication material and COVID information
 - Community Christmas – Santa’s Grotto, Community Fun Day including local food and a movie:
 - Also working on a Christmas Lights option for West End and Churchill Park that is affordable, secure, and sustainable
 - Christmas flags should be going up as last year
 - Fielding many enquiries for events for next year
 - We are working on WIFI connection at the Memorial Hall.
- Emergency management:
 - Fuel Plan sign off
 - Resurgence planning, including vaccination programme support at Te Hā O Te Ora – Kaikōura Health, with Council staff supporting if needed
 - Tsunami signage including the blue line/blue post project around the district to visualise the safe height to be, following either a long and strong local quake, or a longer distant quake to allow more time to react.
 - Development of some informal short videos for FB and the Website regarding household preparation (with comms support and direction). This will involve other members of Council staff.
 - Library events and New Zealand Libraries Partnership Fund (NZLPP):
 - Waiting for Alert Level 1 to kick-start library events and after school programmes
 - Complete the stocktake before Christmas
 - Continue to deliver the NZLPP:
 - Library leadership model to be developed
 - Library strategic partnerships identified and sustained
 - Library service targets have been developed and ensuring they are underpinned by demographic data
 - All 4 NZLPP Priority Areas are reported on within the given timeframes.
 - Community development:
 - Develop a relationship with the Ministry of Education to support education outcomes for our district.
 - Ensure the business database is up to date so all business can receive our updates and information, working collaboratively with Destination Kaikōura and Te Hā o Mātauranga to capture every business.
 - Kick-starting the Kaikōura Youth Collective with a clearly defined vision and mission and identified stakeholders, in collaboration with the Whānau Education Advocates and Te Hā o Mātauranga.

4. FINANCIAL IMPLICATIONS AND RISKS

None – expenditure remains within budgets

5. COMMUNITY OUTCOMES SUPPORTED



Community

We communicate, engage and inform our community



Environment

We value and protect our environment



Development

We promote and support the development of our economy



Services

Our services and infrastructure are cost effective, efficient and fit-for-purpose



Future

We work with our community and our partners to create a better place for future generations

Report to:	Council	File #
Date:	29 September 2021	
Subject:	Planning / Resource Consent Update	
Prepared by:	Matt Hoggard - Strategy Policy and District Plan Manager	
Input sought from:	Cheyenne Laugesen – LIMs & Administration Officer	
Authorised by:	Murray Dickson - Senior Manager Corporate Services	

1. SUMMARY

This report provides a general update of what is occurring in the Planning Department.

Key aspects to note are:

- LIMs numbers stable
- Planning team is still recruiting for the Planning Officer role
- Most Resource consents are being processed by external consultants
- Natural Hazards - Proposed Plan Change 3 is progressing
- District Plan review underway.

2. RECOMMENDATION

It is recommended that the Council:

- Receives this report.

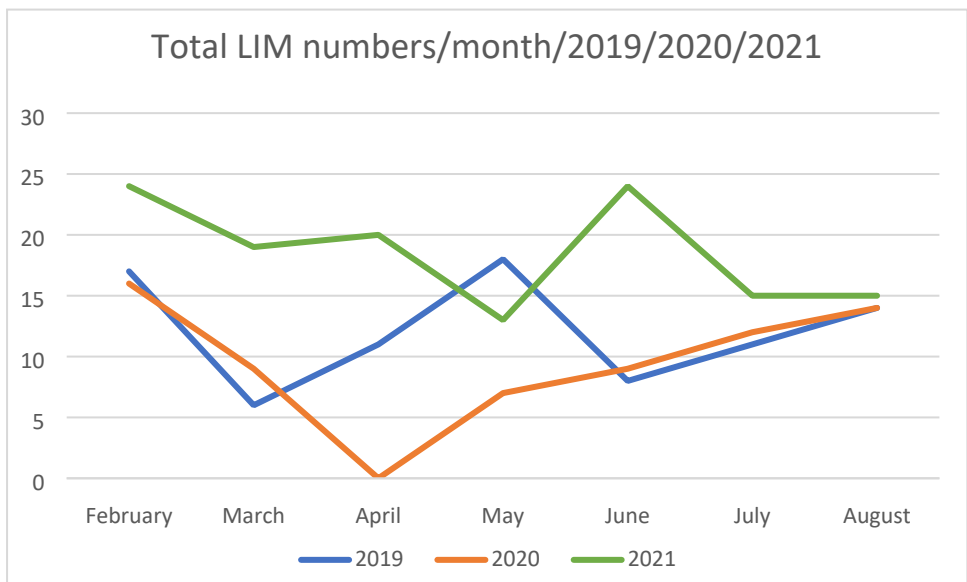
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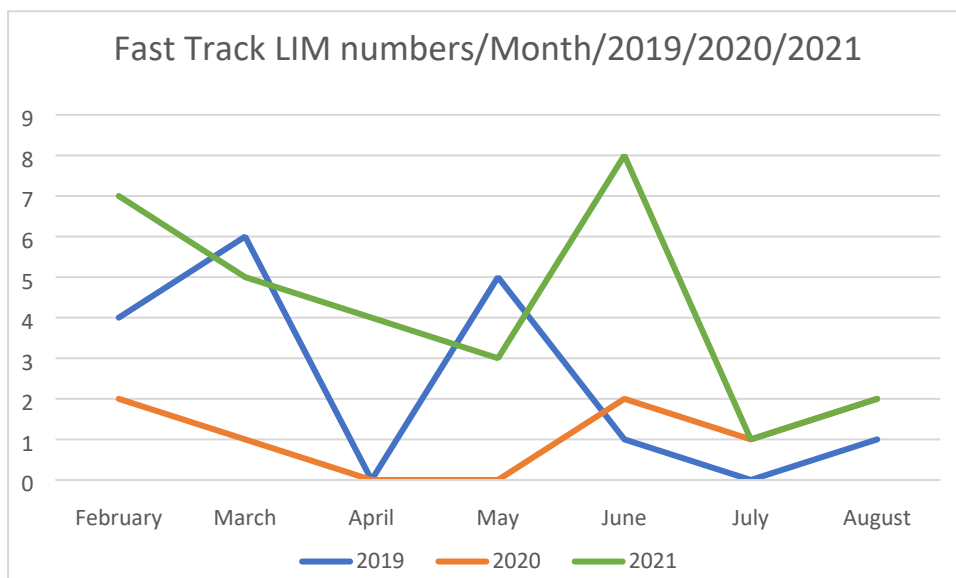
3.1 Resource Consents Status:

Appendix 1 includes a list of resource consents that are currently in progress or which have been issued since last month.

3.2 Land Information Memorandums (LIMs)

Total LIM numbers remains consistent with previous August and July. Fast track LIM numbers are also consistent with August 2021. The increase in fees for fast track may see a further reduction in fast track LIM numbers.





3.3 Replacement Planning Officer Recruitment

The position still remains vacant and efforts to recruit in an extremely tight national market continue. In the interim most consents are being processed externally by consultants. As noted in previous months this is not ideal for example it results in higher costs to applicants, and also increases risk – as processing occurs without local knowledge, and detailed knowledge of previous consents.

3.4 District Plan Review – Natural Hazards Chapter Update

Progress on the GNS Science work to allow risk to be applied to fans and debris flows has been delayed due to Covid. A completed report was expected by 7th September, however drafts are only now being received.

Prehearing meetings have been delayed due to Covid. The planning team is aiming to have this completed by end of September.

Kerry Andrews – Policy Planner, is preparing evidence to address submissions and documenting pre-hearing meetings.

The appointed Chair has requested that the hearing is pushed back 1 day to allow the hearing to start on Tuesday 9-10th November, with the 11th as an alternative if required.

3.5 Resource Management Reform - Natural and Built Environments draft Bill

The Mayoral Forum is looking to appoint a consultant to produce a joint submission for Canterbury, due to the stretched in house resource in all Councils.

3.6 District Plan Review

Initial work to engage an external firm with experience to assist in setting up the review has commenced. This phase of the work is intended to put in place a Project plan, including project structures, as well as planning and executing a procurement of the necessary external planning expertise for the initial stages of the review

3.7 Query regarding requirement of sub-divisions to be a certain distance from stopbank

In response to the action item raised at the July Council Meeting: The District Plan does not have a specific setback distance for subdivision. Any subdivision next to a mapped flood hazard area becomes discretionary which means council may approve or decline. The District Plan also has a

Council Meeting

building setback rule (8.8.1) which requires dwelling to be set back 100m from centre line of a stopbank. Building within 100m would be an unrestricted discretionary, meaning Council could approve or decline.

In addition to the KDC District Plan, Environment Canterbury has a number of rules which relate to setbacks from rivers and drains, the Flood protection and drainage bylaw. The bylaw can be found here: <https://www.ecan.govt.nz/your-region/your-environment/river-and-drain-management/flood-protection-and-drainage-bylaw/>

3.8 The next three months

The next 3 months priorities are the Hearings Panel for the Natural Hazards Chapter (and the work leading up to, and after that), the continued extra focus on maintaining the processing of LIMS and Consents with the key staff vacancy, and making progress on establishing the District Plan Review. We will continue to prioritise in these current circumstances, whilst keeping an active watch on staff well-being, including looking to have staff take annual leave.

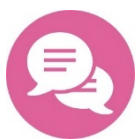
4. FINANCIAL IMPLICATIONS AND RISKS

Risks associated with the use of consultants has been discussed at previous meetings, and noted above.

5. RELEVANT LEGISLATION

Resource Management Act 1991

6. COMMUNITY OUTCOMES SUPPORTED



Community

We communicate, engage and inform our community



Development

We promote and support the development of our economy



Services

Our services and infrastructure are cost effective, efficient and fit-for-purpose



Environment

We value and protect our environment



Future

We work with our community and our partners to create a better place for future generations

APPENDIX 1: RESOURCE PLANNING

1. Active and deferred Resource Consent applications to 20th July 2021

“Deferred” applications are applications which have been placed on hold either on a request by the applicant or by Council requesting further information to better understand the effects of the proposed activity. Where applications are deferred the statutory processing clock (working days) is placed on hold.

No	RC ID	Applicant Name	RC Description	RC Location	Status / Notes
1	1561	McKeown Group Ltd	Establish a 24hr self-service fuel facility within a rural zone	92, SH 1	No change from June 2021 Council meeting. Deferred (s92). Waiting for further information (Lighting assessment & Neighbours approval) Request for information made 29 th November 2018. Site specific lighting plan was received on the 23 rd of March 2020. An Assessment of effects on Hutton’s Shearwater & neighbours’ approval is still required. Lorna Depp, Hutton’s Shearwater Trustee has agreed to undertake the assessment. (13 th /Nov/2020) A follow up email has been sent in July 2021.
2	1620	Peter Woods	Land Use (Visitor Accommodation)	65 Shearwater Drive	No change from May 2021 Council meeting. Deferred (s 92). Waiting for further information
3	1632	D & R NZ Ltd	Land Use (Mixed use building development)	26-36 West End	No change from May 2021 Council meeting. Deferred (s 92). Waiting for further information Neighbour’s approval was requested in September 2019 further information was requested in October 2019. A reminder was sent to applicant on the 20/07/2020. A follow up email has been sent in July 2021.
4	1634	Cezanne Lyons	Land Use (Homestay)	63 Kiwa road	No change from May 2021 Council meeting.

					Deferred. A follow up email sent in July 2021.
5	1660	Leanne Taylor	(Land Use) Visitor Accommodation	5 Kotuku Road	No change from May 2021 Council meeting. Deferred(s92). Further information (Neighbours approval) was requested on 8 th Sept 2020. Further communication has occurred on 2 nd October 2020. A follow up email has been sent in July 2021.
6	1675	Eysen Juan	Land Use Dwelling in Flood Zone	238C Mt Fyffe Rd	No change from May 2021 Council meeting. Deferred (s92) Further information) Further information was requested on the 15 th April 2020 seeking plans and elevations of what is proposed. Further communication occurred 15 th October. A follow up email has been sent in July 2021.
7	1434	Chiwis Café & Takeaway	Land use; Insufficient parking	114 Beach Road	No change from May 2021 Council meeting. Deferred. Amended neighbour's approval will be required. Request sent to applicant. 28 th August 2020. A follow up email has been sent in July 2021.
8	1698	Kennedy	Visitor Accommodation	149 South Bay	No change from May 2021 Council meeting. Deferred (s 92). Neighbours approval required. A follow up email has been sent in July 2021.
9	1732	Seaview (Marlborough Ltd)	Subdivision	80-82 Shearwater Drive,	Notified on a Limited basis. Submissions closed one submission in opposition, party does not wish to be heard. Applicant has been sent for external processing
10	1734	Stewart & Trudy McConchie	Subdivision	39 Waitane Road	Active. Application has high voltage powerlines passing over subdivision Mainpower approval has

					now been provided. Application being processed in house.
11	1735	Eniscote Farm Ltd	Subdivision	466-486 SH1	Granted. Processed in house
12	1746	Lipmo Ltd	Visitor Accommodation Up to 10 Guests	18 Puketa Rd	No change from May 2021 Council meeting. Deferred under s 92(1) More information is required. A follow up email has been sent in July 2021.
13	1755	Timothy & Killalea & Marion Alexandra	2 Lot Subdivision	298 Scarborough Street	Deferred under s 92(1), information requested includes need for additional geotechnical information. Being processed by RMG
14	1759	Bay Paddock LTD	Subdivision -2 Lots	117 Grange Road	Deferred under s 92(1), information requested includes need for additional geotechnical information. Being processed by RMG
15	1762	Voxterby Contracting Limited	Visitor Accommodation for 6 guests	24 Moa Road	Deferred under s 92(1), affected persons approval requested. Being processed by RMG
16	1765	Kaikōura Business Park Limited	Subdivision creating 21 allotments	69 Inland Road and 392 State Highway 1	Deferred under s 92(1), information requested. Being processed by RMG
17	1767	Fiona and Phillip Carr	Three apartments, two for visitors accommodation	3 Wakatu Quay	Active Being processed by RMG
18	1770	Richard Taylor	Boundary Encroachment - Build a shed to house a boat within 2m of boundary	135 South Bay Parade	Active – Limited notification Being processed in house

19	1771	Vodafone New Zealand Ltd	Upgrades to existing telecommunications facility	Maui Street	Active Being processed in house
20	1772	Rodger Heslop	2 lot subdivision	15 Brighton Street	Active Being processed by RMG
21	1773	Melanie Campbell	New dwelling in Flood hazard Zone	278 Mt Fyffe Road / Mill Road	Active Being processed in house
22	1774	Vodafone NZ	Telecommunication facility	69 and 69A Beach Road	Active Being processed by LMC
23	1775	Vivienne Battersby	Build a dwelling exceeding the site coverage due to deck over 1m of height	27 Miromiro Drive	Active Being processed in house
24	1776	Aaron and Melinda Skinner	Application for a minor dwelling extension in a flood zone	280 Postmans Road	Active Being processed by RMG
25	1777	John Drew	Relocation of building platform, boundary setbacks breached.	1481 D State Highway 1	Active Being processed by RMG
26	1778	Russell Burnett	Proposed 2 lot subdivision creation of one lot of 253ha and the other of 4ha	285-437 Blue Duck Valley Road	Active Being processed by LMC
27	1779	Dave Armstrong	5 Lot subdivision (replacement of lapsed subdivision)	13 South Bay Parade	Active Being processed in house
28	1780	Maraea Tanerau-King	Earthworks in Archaeological Site	Mangamaunu Marae State Highway 1	Active Being processed in house
29	1781	JAR developments	Variations to conditions of Stage 3 Consent – Seaview	Seaview Stage 3	Active

				Shareater Drive	Being processed by RMG
30	1782	Penny Betts	Subdivision - to create four residential allotments	42 Bay View Street Kaikoura	Active Being processed by LMC
31	1783	St Pauls Church	Signs Permit	West End	Active Being processed in house
32	1784	Matt Chambers	Minor internal boundary encroachment	192 to 194 Beach Road	Active Being processed in house

2. Notified consents

- (SU 1735) Eniscote Farm Ltd. Granted
- (SU 1732) Seaview Marlborough Ltd Subdivision. Notified on a limited basis. Submissions closed on the 18 May 2021, submissions received including a submission in opposition, application being processed by RMG.
- (LU 1770) R Taylor – Occupiers approval provided, unable to obtain a response from owner, limited notification letters sent.

3. Monitoring

Options for resources are being explored.

4. Road Stopping

Active road stoppings:

Syme – Cromer Street and Fountain Street (both off Ward Street) – Documents with LINZ.

Fookes – Hapuku Road – Sale and purchase agreement with purchaser.

5. General

- Project Information memorandum processing is ongoing
- Land Information Memorandum processing is ongoing

Report to:	Council	File #
Date:	29 September 2021	
Subject:	Building and Regulatory Update	
Prepared by:	Mark Mitchell and Mike Russell	
Input sought from:		
Authorised by:	Will Doughty	

1. SUMMARY

This is a routine report on recent activity in the BCA and regulatory areas of Council.

2. RECOMMENDATION

THAT the Council receives this report.

3. RECENT ACTIVITIES

Building Control

The following apply for the period from 9/08/2021-7/09/2021:

- 9 Building Consent applications received.
- 5 Building Consents issued
- 9 Code Compliance Certificate applications received.
 - Code Compliance Certificates granted and 1 out on request for further information
- 49 Building Inspections conducted

Fail rate per inspector

Liam Brown=46% (26 inspections undertaken, 12 failed)

Daniel Joyce=32% (22 inspections undertaken, 7 failed)

- Main source of inspection failures: Builder error not reading previous inspection records or following consented plans.
- Working from home during Covid lockdown saw BAU effectively delivered.
- Internal technical audits being undertaken by BCA against BCA Quality Assurance Manual. No major general non-compliances found and most require just a toolbox meeting with BCA staff as to reminders where these items have been identified.
- Teams end of year performance reviews completed and passed onto HR department.
- Mark developed some guidance for our customers regarding buildings without code compliance-refer Appendix.

Sale and Supply of Alcohol

For the month of May there have been: -

- 3 New Manager applications
- 3 Renewal Manager applications
- 2 Special License application
- 0 On-License renewal application
- 0 New On-License applications
- 0 Club License applications

The Licensing Inspectors:

- Tri-Agency meeting held. Various applications considered and discussed.

The alcohol administrator (Bonnie) received 8 applications and issued 6 licenses/certificates.

Food Act 2014

In respect of Food Act activities Covid-19 Lockdown and Level 3 always places the verifiers under a different thinking regime on the part of MPI. FHS verifiers are required to undergo training or refresher training to enable the verifications to be carried out remotely using technology. Government cites Food Act activities as essential services and pertinent to ensuring food is safe and suitable.

The registration and verification staff are also under some pressure to re-adjust and change the method of operation, e.g., postponing verifications and/or changing them to remote checks.

A social media survey was undertaken as part of a monitoring programme of KDC to determine if there were any food operations taking place illegally or outside of their scope of operations. Kaikōura was found to be compliant apart from one multi-site café who breached Covid-19 protocols and Food Act compliance.

The Food Act breaches regarding lack of registration and lack of verification are being actioned by the Council's Food Safety Officer in communication with the Will Doughty, CEO and the Council's Regulatory Manager. The Council's Food Safety Officer is the key person nominated by MPI to undertake any investigations of breaches of the Covid-19 safe practices legislation and must act only in an educative capacity until further or continuing breaches when a warning letter can be issued.

Water Safety

Routine water sampling as per KDC's approved Water Safety Plan.

Parking

- August Parking machine revenue was \$512.82 down from \$1,386.74 for the same period last year (Covid effect).
- Nil Parking infringements issued.

South Bay Ramp

- August Ramp fees \$210.00 down from \$1,351.74 for the same period last year (Covid effect).

Freedom Camping

- Nil issues reported.

Dog Control

For the month of August there have been:

- 0 x dogs impounded.
- 6 x roaming/ barking Dog complaints.
- Annual registrations were 1144 dogs, with \$60,731 of registration fees collected.

Other Animal Control

Investigations undertaken.

- Roaming stock x 2 complaints.

Noise Complaints

- Nil noise complaints received.

RMA Investigations / Monitoring

Non-Consented Building Work: – 1 investigation underway.

Building Warrants of Fitness: 9 BWOF's renewals.

Swimming Pool Audits: Nil due.

4. FOCUS AREA(S) FOR NEXT THREE MONTHS

- Scout Hall completion – 31 October 2021

5. COMMUNITY OUTCOMES SUPPORTED

The work is in support of all/the following community outcomes.



Community

We communicate, engage and inform our community



Development

We promote and support the development of our economy



Services

Our services and infrastructure are cost effective, efficient and fit-for-purpose



Environment

We value and protect our environment



Future

We work with our community and our partners to create a better place for future generations

Appendix

- [Code Compliance Certificates for Older Houses](#)

Introduction

The New Zealand appetite for selling and buying properties is as ever, very buoyant with no signs of slowing down anytime soon.

Are you about to buy or sell a property but are aware the house does not have a Code Compliance Certificate (CCC) either through the LIM process or by the Vendor/homeowner? Presumably you have sought legal advice.

The sale of the property is in a few days. You visit your local authority office seeking advice and assistance, more than likely through the Building Control Department (BCD). What are they going to do?

The following sets out some guidance and perhaps some realistic expectations of what can be done by the Council. This guidance is mainly steered towards properties of some age.

In some cases, the BCD may find in their system that a CCC was in fact issued. Great, that was easy a copy of this will be provided to you.

However, if there is no evidence a CCC was ever issued we have a bit of work to do, particularly for older properties.

What to do?

Don't panic!

Contact the Building Control Department at building@Kaikōura.govt.nz or phone 03 319 5026.

What will they do?

Respond within 48hrs. This may not be definitive response, however. There are several factors to be considered.

Like what?

The Building Control Department will check if any documentation is on file or on our computer system that would have indicated

- if a CCC was issued, or what documentation to support the building consent at completion was missing and required as part of an application for CCC.
- what inspections had been agreed to be undertaken as part of the consent. What in fact has been done, and if any inspections were missed because the Council had not been invited to undertake these at the time of the build.
- if any inspection has failed and how they were (if at all) addressed.

The BCD will advise you of their findings.

- [Frequently asked Questions](#)

The builder who did the work has moved abroad and I can't find any contact details for the electrician. What do I do?

Council needs to be satisfied that the work undertaken complies with the building consent.

- A Licensed Building Practitioner if willing, could undertake to provide a Building Report.

- An electrician could if willing, review the work undertaken, they may be prepared to provide sign-off for that work.

Council may then consider the merit of such a report or certification.

The age of any consented work that has been undertaken has a bearing on next steps for you.

Such as?

The Building Control Department may need to undertake a further inspection.

For example, you will be aware that Kaikōura went through several Earthquakes and let's say the building work was practically completed in 2004 and you are only today trying to get CCC, the BCD will need to be assured the property had not suffered any damage and the property at this present time is in good order as per the consented works.

They also need to have a general look to at the condition of the building, for example, if the building was built in 2002, what does it look like now from a durability point of view. The BCD may ask for an independent qualified person (such as a Registered Surveyor who is expert in weathertightness claims) to establish the conditions of claddings and substrate and provide a report.

I hear a lot about durability and waiver or modification. What's that about?

The Building Code B2-Durability ensures that a building will continue to satisfy the performance of the Building Code throughout its specified intended life.

When the Council issue a CCC one could consider that from that moment all product warranties are effective as the works were practically completed. In the case of a building completed say in 2002 and we are today applying for a CCC, to give the building a CCC now would effectively mean those elements which will already be outside of their warranty periods would be getting a second bite of the cherry.

The Council would not consider it appropriate to carry that liability and therefore may ask you to apply for a modification to B2 Durability. Our staff would advise you accordingly.

In some cases, to support the proposed modification, we will require a full report as to conditions of claddings and substrate. Typically, a builder's report in this instance would not suffice as this type of work should be completed a registered surveyor with weathertightness claims experience.

What's involved?

The application for a modification to B2 is taken as amendment to the consent. To do this, the owner must apply using Form 2 (application for Building Consent) <https://www.Kaikōura.govt.nz/ourservices/building-information-and-consents/application-forms-and-building-consent-fees/>

What next?

Firstly-

Apply for an amendment to the consent if required by Council.

<https://www.Kaikōura.govt.nz/our-services/building-information-and-consents/application-formsand-building-consent-fees/>

Complete an application for modification to B2 if required by Council which we will send you.

Provide any necessary paperwork requested. Please note in some cases, you may have to engage an independent qualified person who is expert of weathertight claims to establish conditions of claddings and substrate.

Secondly-

An application for CCC will need to be made. You will need to complete and provide an application for CCC

<https://www.Kaikōura.govt.nz/our-services/building-information-and-consents/application-formsand-building-consent-fees/>

You will need to provide any outstanding paperwork pertaining to the active building consent needed with an application for CCC.

Council will then contact you to discuss any additional requirements and if needed, arrange a further site inspection.

You will need to pay any outstanding fess prior to issue of a CCC.

So how long can the process take?

Depends entirely on how complex the project was and what supporting information we have or have been provided to support a call being made in issuing a CCC.

The Council have 20 statutory days to either issue or reject an accepted application for CCC.

In some case, we may not be able to issue a CCC as we may not be satisfied that the works undertaken complied with the consented documents.