



Notice of the ordinary meeting of

Nelson City Council

Te Kaunihera o Whakatū

Date:	Thursday 13 August 2020
Time:	9.00a.m.
Location:	Council Chamber Civic House 110 Trafalgar Street, Nelson

Agenda

Rārangi take

Mayor Her Worship the Mayor Rachel Reese

Deputy Mayor Cr Judene Edgar

Members

- Cr Yvonne Bowater
- Cr Trudie Brand
- Cr Mel Courtney
- Cr Kate Fulton
- Cr Matt Lawrey
- Cr Brian McGurk
- Cr Gaile Noonan
- Cr Rohan O'Neill-Stevens
- Cr Pete Rainey
- Cr Rachel Sanson
- Cr Tim Skinner

Quorum 7

Pat Dougherty
Chief Executive Officer

Nelson City Council Disclaimer

Please note that the contents of these Council and Committee agendas have yet to be considered by Council and officer recommendations may be altered or changed by the Council in the process of making the formal Council decision. For enquiries call (03) 5460436.

Council Values

Following are the values agreed during the 2016 – 2019 term:

- A. Whakautetanga: respect
- B. Kōrero Pono: integrity
- C. Māiatanga: courage
- D. Whakamanatanga: effectiveness
- E. Whakamōwaitanga: humility
- F. Kaitiakitanga: stewardship
- G. Manaakitanga: generosity of spirit

Karakia Timatanga**1. Apologies**

Nil

2. Confirmation of Order of Business**3. Interests**

3.1 Updates to the Interests Register

3.2 Identify any conflicts of interest in the agenda

4. Public Forum

4.1 Save the Maitai Campaign - proposed re-zoning of Kaka Valley to allow a residential subdivision

4.2 Hospitality New Zealand - Airbnb's

5. Confirmation of Minutes5.1 25 June 2020 **11 - 27**

Document number M10966

Recommendation

That the Council***1. Confirms the minutes of the meeting of the Council, held on 25 June 2020, as a true and correct record.***5.2 30 June 2020 **28 - 43**

Document number M11978

Recommendation

That the Council

- 1. Confirms the minutes of the meeting of the Council, held on 30 June 2020, as a true and correct record.***

5.3 Extraordinary Meeting - 9 July 2020

44 - 63

Document number M11997

Recommendation

That the Council

- 1. Confirms the minutes of the extraordinary meeting of the Council, held on 9 July 2020, as a true and correct record.***

6. Recommendations from Committees

6.1 Community Services Committee - 30 July 2020

6.1.1 Stoke Memorial Hall Strengthening

Recommendation to Council

That the Council

- 1. Approves the total allocation of \$1.2M in 2020/21 in capital expenditure for seismic strengthening the Stoke Memorial Hall to 67% of the New Building Standard (Importance Level 3), with the project to commence in 2020/21, subject to the success of the Provincial Growth Fund application, as set out in the table below;***

	Capex	Comment
2020/21	\$120,000	Existing
	\$458,000	Brought forward from 2024/25
	\$500,000	Potential Provincial Growth Fund (to be confirmed)
	\$120,000	Unbudgeted funding
	\$1.2M	Total 2020/21

and

2. ***Agrees that, if the Provincial Growth Fund application for strengthening the Stoke Memorial Hall is unsuccessful, Council will still proceed with the design work for the project, with physical works timing to be confirmed in the Long Term Plan 2021-31.***

7. Mayor's Report

64 - 110

Document number R18196

Recommendation

That the Council

1. ***Receives the report Mayor's Report (R18196) and its attachment (A2430907); and***
2. ***Provides guidance to the Mayor on Councillors' support for the proposed change to Local Government New Zealand Constitution rule F15 to limit the President's term of office to two terms.***
3. ***Provides guidance to the Mayor on Councillors' support for the proposed remits to the Local Government New Zealand Annual General Meeting 2020, as discussed.***

8. Council Emission Reduction Targets

111 - 123

Document number R17034

Recommendation

That the Council

1. ***Receives the report Council Emission Reduction Targets (R17034); and***
2. ***Agrees that Nelson City Council adopts targets for Council's own greenhouse gas emissions reductions that are in line with the Government targets (i.e., all GHGs other than biogenic methane achieve net zero emissions by 2050); and***

3. ***Agrees that work is undertaken to develop specific emission reduction projects for inclusion in the Long Term Plan 2021-31, along with development of a comprehensive Council "Emissions Reduction Action Plan" in line with timeframes to produce the upcoming Long Term Plan; and***
4. ***Notes that work to set targets and reduce emissions in the Nelson Tasman Regional Landfill Business Unit is critical to address Council's entire emissions profile and that substantial work is already underway in the Nelson Tasman Regional Landfill Business Unit to measure and reduce emissions.***

9. Three Waters Programme Investment Package 124 - 174

Document number R19214

Recommendation

That the Council

1. ***Receives the report Three Waters Programme Investment Package (R19214) and its attachments (A2436659, A2436658, A2436660, A2436656 and A2436662); and***
2. ***Authorises the Mayor and Chief Executive sign the Memorandum of Understanding at Attachment One (A2436659) and Funding Agreement at Attachment Two (A2436658); and***
3. ***Agrees to nominate the Mayor and Chief Executive as the primary point of communication for the purposes of the Memorandum of Understanding and reform programme – as referred to on page 6 of the Memorandum of Understanding (A2436659); and***
4. ***Agrees to delegate decisions about the allocation of regional funding to the Mayor, Chair of Infrastructure and the Chief Executive, with the understanding that the minimum level of funding to the Council be based upon the formula used to calculate the direct council allocations, and noting that participation by two-thirds of territorial authorities within the Nelson, Tasman, and Marlborough region is required to access the regional allocation; and***

5. ***Notes that the Memorandum of Understanding and Funding Agreement cannot be amended or modified by either party, and doing so would void these documents; and***
6. ***Notes that participation in this initial stage is to be undertaken in good faith, but this is a non-binding approach, and the Council can opt out of the reform process at the end of the term of the agreement (as provided for on page 5 of the Memorandum of Understanding); and***
7. ***Notes that the Council has been allocated \$2.86 million of funding, which will be received as a grant as soon as practicable once the signed Memorandum of Understanding and Funding Agreement are returned to the Department of Internal Affairs, and a Delivery Plan has been supplied and approved (as described on page 5 of the Memorandum of Understanding). An additional \$2.86 million will also be allocated to Nelson out of the Regional allocation if this is split in the way recommended by the Steering Committee; and***
8. ***Notes that the Delivery Plan must show that the funding is to be applied to operating and/or capital expenditure relating to three waters infrastructure and service delivery, and which:***
 - ***supports economic recovery through job creation; and***
 - ***maintains, increases, and/or accelerates investment in core water infrastructure renewal and maintenance.***

10. Electoral System - Review

175 - 184

Document number R18153

Recommendation

That the Council

- 1. Receives the report Electoral System - Review (R18153); and***
- 2. Decides to continue with the First Past the Post electoral system;***

OR

Decides to change to the Single Transferable Vote electoral system; and

- 3. Notes that Council will give public notice by 19 September 2020 of the right for Nelson Council electors to petition for a poll on a change to the electoral system.***

11. Dedication of Local Purpose (Road) Reserve as Legal Road - Ngati Rarua St

185 - 192

Document number R15924

Recommendation

That the Council

- 1. Receives this report Dedication of Local Purpose (Road) Reserve as Legal Road - Ngati Rarua Street (R15924) and its attachments (A2412824 and A2422463); and***
- 2. Resolves to dedicate the Local Purpose Reserve (Road) at Lot 26 DP 487679 (RT 698929), Ngati Rarua Street, Nelson as legal road pursuant to Section 111 of the Reserves Act 1977.***

CONFIDENTIAL BUSINESS

12. Exclusion of the Public

Recommendation

That the Council

- 1. Excludes the public from the following parts of the proceedings of this meeting.***

2. The general subject of each 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) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
1	Council Meeting - Confidential Minutes - 25 June 2020	Section 48(1)(a) The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7.	The withholding of the information is necessary: <ul style="list-style-type: none"> • Section 7(2)(h) To enable the local authority to carry out, without prejudice or disadvantage, commercial activities • Section 7(2)(i) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)
2	Recommendations from Committees Sports and Recreation Committee - 6 August 2020 Urgent Funding Request – Tasman Rugby Union	Section 48(1)(a) The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7	The withholding of the information is necessary: <ul style="list-style-type: none"> • Section 7(2)(b)(ii) To protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information
3	Mayor's Report - Nominations for Local Government New Zealand President and Vice-President	Section 48(1)(a) The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7	The withholding of the information is necessary: <ul style="list-style-type: none"> • Section 7(2)(a) To protect the privacy of natural persons, including that of a deceased person

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
4	Council Status Report - Confidential	<p>Section 48(1)(a)</p> <p>The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7</p>	<p>The withholding of the information is necessary:</p> <ul style="list-style-type: none"> • Section 7(2)(g) To maintain legal professional privilege • Section 7(2)(i) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)
5	Civic House Options	<p>Section 48(1)(a)</p> <p>The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7</p>	<p>The withholding of the information is necessary:</p> <ul style="list-style-type: none"> • Section 7(2)(i) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)

Note:

- **Youth Councillors Will Irvine and Helen Pointon will be in attendance at this meeting.**



Minutes of a meeting of the Nelson City Council

Held in the Council Chamber, Civic House, 110 Trafalgar Street, Nelson

On Thursday 25 June 2020, commencing at 9.08a.m.

Present: Her Worship the Mayor R Reese (Chairperson), Councillors Y Bowater, T Brand, M Courtney, J Edgar (Deputy Mayor), K Fulton, M Lawrey, R O'Neill-Stevens, B McGurk, G Noonan, P Rainey, R Sanson and T Skinner

In Attendance: Chief Executive (P Dougherty), Group Manager Infrastructure (A Louverdis), Group Manager Environmental Management (C Barton), Group Manager Community Services (R Ball), Group Manager Corporate Services (N Harrison), Group Manager Strategy and Communications (N McDonald), Team Leader Governance (R Byrne), Governance Adviser (E-J Ruthven), and Youth Councillors (H Potts and G Gutschlag)

Apologies : Nil

Karakia Timatanga

Kaihautū, Pania Lee, gave a karakia timatanga.

1. Apologies

Resolved CL/2020/072

That the Council

- 1. Receives and accepts the apologies from Councillor Rainey for lateness.***

McGurk/Her Worship the Mayor

Carried

2. Confirmation of Order of Business

Her Worship the Mayor noted that items would need to be taken in a different order to that on the agenda, in order to accommodate external participants joining the meeting for various items.

3. Interests

There were no updates to the Interests Register, and no interests with items on the agenda were declared at this point.

Councillor Noonan subsequently declared an interest in item 11, 46-48 Trafalgar Street Reserve Development Contributions.

Her Worship the Mayor subsequently declared an interest in item 6.1.1, Recommendations from Committees – Dog Control Policy and Bylaw Deliberations.

4. Public Forum

4.1 Mike Blowers – 46-48 Trafalgar Street Reserve Development Contributions

Mr Blowers spoke about his concerns with the proposed reduction in reserve development contributions payable with respect to the development at 46-48 Trafalgar Street. He noted that the provision of good quality reserves was important for the health and wellbeing of residents and for environmental reasons, and that reducing contributions in this case would create a precedent for other developers to also request reductions.

Mr Blowers outlined further his concerns regarding the development, including the amount of recreation space provided for each resident, potential flooding issues, and the impact of the development on neighbouring properties.

5. Confirmation of Minutes

5.1 23 April 2020

Document number M8823, agenda pages 14 - 27 refer.

Resolved CL/2020/073

That the Council

- 1. Confirms the minutes of the meeting of the Council, held on 23 April 2020, as a true and correct record.***

Courtney/McGurk

Carried

Her Worship the Mayor noted that the meeting would move to consider item 11, 46-48 Trafalgar Street Reserve Development Contributions.

6. 46-48 Trafalgar Street Reserve Development Contributions (Agenda Item 11)

Document number R15861, agenda pages 81 - 108 refer.

Attendance: Councillor Noonan declared an interest and left the meeting at 9.21a.m.

Team Leader City Development, Lisa Gibellini, presented the report. She answered questions regarding how the land value for this development had resulted in an unanticipated level of reserves contributions, how exceptional circumstances had been demonstrated in this case, whether reducing contributions was likely to set a precedent for other requests, intensification of brownfield sites in the City Centre Zone and surrounding urban area, and the calculation of development contributions.

Attendance: Councillor Rainey joined the meeting at 9.38a.m.

Ms Gibellini answered further questions regarding the calculation of reserves contributions for this development.

The meeting was adjourned from 9.45a.m. to 9.53a.m.

Councillor Courtney, seconded by Councillor Sanson, moved the recommendation in the officer report with changes to clause three:

3. *Approves the reduced reserves development contribution to be calculated based on 5.5% of the value of the additional lots, plus the general reserves fixed fee of \$1,160 per additional lot (all plus GST); and*

Councillors debated the motion.

Resolved CL/2020/074

That the Council

1. ***Receives the report 46-48 Trafalgar Street Reserve Development Contributions (R15861) and its attachments (A2405622 and A2404805); and***
2. ***Approves a partial exemption from payment of reserves development contribution for 46-48 Trafalgar Street based on the exceptional circumstance demonstrated; and***
3. ***Approves the reduced reserves development contribution to be calculated based on 5.5% of the value of the additional lots, plus the general reserves fixed fee of \$1,160 per additional lot (all plus GST); and***
4. ***Notes that the reduced reserves development contribution in resolution 3 above will be used as the note for the reserves development contribution in HASHAA consent SH185018.***

Courtney/Sanson

Carried

The meeting returned to item 6 on the agenda, Recommendations from Committees.

7. Recommendations from Committees (Agenda Item 6)

7.1 Environment Committee - 28 May 2020

7.1.1 Dog Control Policy and Bylaw Deliberations

Attendance: Councillor Noonan returned to the meeting at 10.07a.m.

Her Worship the Mayor declared an interest and, due to injury sat back from the table rather than leaving the room for the duration of this item. Councillor Edgar assumed the Chair at 10.07a.m.

Resolved CL/2020/075

That the Council

- 1. Retains the Railway Reserve (shown on Maps 2-5 in Attachment 4 A2395332) as an off-leash area in the Dog Control Bylaw; and***
- 2. Retains the existing half on-leash and half-off leash approach to Isel Park (shown on Map 3 in Attachment 4 A2395332) in the Dog Control Bylaw; and***
- 3. Amends the Dog Control Bylaw to require:***
 - i. dogs to be on-leash in the grazed area of the Grampians Reserve (Map 6 of A2395332);***
 - ii. dogs to be on-leash in the grazed area of Sir Stanley Whitehead Reserve (Map 7 of A2395332); and***
- 4. Retains as off-leash areas:***
 - i. the Maitai River Esplanade Reserve (Map 9 of attachment 4 A2395332);***
 - ii the Tantragee Reserve area (Map 8 in Attachment 4 A2395332); and***
- 5. Amends the Dog Control Bylaw to include Monaco Reserve as an off-leash neighbourhood park (listed in Schedule 3 and shown on Map 1 in Attachment 4 A2395332) excluding the playground which will continue to be a dog prohibited area; and***
- 6. Retains Titoki Reserve as an off-leash area in the Dog Control Bylaw; and***

7. **Amends the Dog Control Bylaw to change Whakatū Drive Foreshore Reserve (shown on Map 15 of Attachment 4 A2395332) to an on-leash area; and**
8. **Amends the Dog Control Bylaw to prohibit dogs in the fenced area of the foreshore and esplanade reserve at Paremata Flats, including the planted area of the Paremata Flats Reserve (shown on Map 10 of Attachment 4 A2395332), but excluding the walkway adjacent to the Wakapuaka River; and**
9. **Amends the Dog Control Bylaw to require dogs to be kept on a lead on the margins, islands, sand and mudflats of Delaware Estuary and the walkway adjacent to the Wakapuaka River from Paremata Flats (shown on Map 10 of Attachment 4 A2395332); and**
10. **Amends the Dog Control Bylaw provisions relating to the Boulder Bank in order to:**
 - i. **retain the dogs prohibited status for the 4km from the Cut towards Boulder Bank Drive (shown on Maps 11 and 12 of Attachment 4 A2395332) during the breeding season in Schedule One to be from 15 August to the last day in February (previously from October to February); and**
 - ii. **include the part of the Boulder Bank from Boulder Bank Drive to the Cut (shown on Maps 11, 12, and 13 of Attachment 4 A2395332) as an on-leash area in Schedule Two; and**
 - iii. **exclude the part of the Boulder Bank northwards from Boulder Bank Drive (shown on Maps 13 and 14 of Attachment 4 A2395332) in Schedule 2 (retaining this as an off-leash area); and**
 - iv. **change the status of the Glenduan Neighbourhood Park (refer Map 14 of Attachment 4 A2395332) to an off-leash area excluding the playground which will continue to be a dog prohibited area; and**
11. **Amends the Dog Control Bylaw by changing clause 10.2 of the Bylaw to: "If, in the opinion of a Dog Control Officer, any dog has become or is likely to become a nuisance to any person or injurious to the health of any person, the Dog Control Officer may, by notice in writing, require the dog owner or the owners or occupiers of the**

premises at which the dog is kept, within a time specified in such notice to do all or any of the following:

- a. reduce the number of dogs on the premises;***
- b. construct, alter, reconstruct or otherwise improve the kennels of other buildings or fences used to house or contain the dog;***
- c. tie up or otherwise confine the dog during specified periods;***
- d. take such other action as necessary to minimise or remove the likelihood of nuisance or injury to health.”; and***

- 12. Amends Schedule 3 to rename Emano East Reserve as Te Manu Reserve and remove reference to Emano West Reserve and Hanby Park; and***
- 13. Amends Schedule 1 item 15 of the Bylaw by replacing the phrase “foreshore and sea bed” with the term “common marine and coastal area” in both cases in which it is used twice within item 15; and***
- 14. Agrees the amendments do not give rise to any implications under the New Zealand Bill of Rights Act 1990 and the amended Dog Control Bylaw is the most appropriate form of Bylaw; and***
- 15. Adopts the Dog Control Bylaw (A2390190), subject to the key matters outlined above; and***
- 16. Determines that the amended Dog Control Bylaw will take effect from 27 July 2020.***

Fulton/McGurk

Carried

7.1.2 Minor amendment to the Navigation Safety Bylaw

Attendance: Her Worship the Mayor returned to the table at 10.12a.m. and resumed chairing the meeting.

Resolved CL/2020/076

That the Council

- 1. Makes a minor change to clause 3.21(b) of the Navigation Safety Bylaw, to state that the words “No person shall use any boat ramp for the launching of any trailer boat without having first paid any fees or charges which may be fixed by the Council from time to time in respect of such use, and displaying the***

appropriate ticket, label, sticker or other proof of such payment in a prominent and easily seen position on the trailer or in or on the towing vehicle" be replaced, from 29 June 2020 with the words "Any person who uses any boat ramp to launch a trailer boat must pay the fee or charge prescribed by Council. Non-casual users must display their permit in a prominent position on the trailer or towing vehicle."

Fulton/O'Neill-Stevens

Carried

7.2 Hearings Panel - Other - 10 June 2020

7.2.1 Te Manu Reserve Stormwater Easement - Deliberations Report

Resolved CL/2020/077

That the Council

- 1. Consents to the easement in gross in favour of Nelson City Council over the area shown in blue on the plan (A2329363) of Te Manu Reserve (Lot 1 DP 4341) under section 48(1) of the Reserves Act 1977, acting pursuant to a delegation from the Minister of Conservation.***

Noonan/Bowater

Carried

7.3 Sports and Recreation Committee - 18 June 2020

7.3.1 Tahunanui Modellers Pond - Alternative Option Following Iwi Engagement

Chief Executive, Pat Dougherty, answered questions regarding stormwater issues in relation to the Modeller's Pond, and the process leading to the Sports and Recreation Committee approving an alternative option for preliminary design.

The meeting was adjourned from 10.26a.m. to 10.28a.m.

Along with Principal Parks and Facilities Activities Planner, Andrew Petheram, Mr Dougherty answered further questions regarding the Sports and Recreation Committee's decision-making powers in relation to the Modeller's Pond, and the consultation process to be followed for the alternative option approved by the Sports and Recreation Committee.

Resolved CL/2020/078

That the Council

- 1. Alters, in accordance with Standing Order 22.6, the following parts of Council resolution # CL/2019/150 made on 8 August 2019:***

- 3. ~~Approves progressing Option 2 (with minor updates) of Report R10038 and any alternative option iwi consider appropriate to preliminary design at an additional unbudgeted cost of \$80,000; and~~**
- 4. ~~Requests Council officers bring a report back to the Sports and Recreation Committee detailing the findings from updated design for Option 2, of Report 10038 and any alternative option iwi consider appropriate before proceeding to public consultation.~~**

Skinner/Lawrey

Carried

The meeting was adjourned from 10.45a.m. until 11.03a.m.

Her Worship the Mayor advised the meeting would move to consider item 9, Nelson Future Access – Public Engagement.

8. Nelson Future Access - Public Engagement (Agenda Item 9)

Document number R13752, agenda pages 62 - 72 refer.

Group Manager Infrastructure, Alec Louverdis, presented the report, along with Waka Kotahi NZ Transport Agency representatives Jim Harland, Coral Aldridge and Rhys Palmer.

Mr Harland outlined the public engagement process for the Nelson Future Access project, and Mr Palmer gave a Power Point presentation (A2409511) and tabled a public engagement brochure (A2409579).

Mr Harland, Mr Palmer and Ms Aldridge answered questions regarding:

- How the Nelson Future Access project fit with the Regional Land Transport Programme, the National Land Transport Programme and the Government Policy Statement;
- Each of the long-term options contained in the public engagement brochure, noting that an amalgamation of various options may also be possible;
- The proposed short term options to optimise the transport network, noting that decisions on the long-term options would influence the range of short term options;
- The manner in which the long-term options were portrayed in the public engagement brochure;
- Methods of engagement and how these fed into the various decisions to be made going forward;

- Resilience considerations in relation to each of the proposed long-term options;
- Options for providing further information in the Frequently Asked Questions to ensure a balanced representation of each long-term option;
- Walking and cycling facilities in relation to each option, including the inclusion of Rocks Road Walking and Cycling facilities;
- Climate change considerations in relation to each of the proposed routes;
- Reasons for changing the name of the new-build option to the 'Inland Route' rather than the 'Southern Link';
- The impact on communities in the immediate vicinity of each proposed long-term option;
- Cost estimates for each proposed long-term option;
- Timeframes for implementing short-term measures;
- Parking issues in relation to the proposed short-term measures; and
- Links with other transport projects in the wider region.

Councillor Noonan, seconded by Councillor Edgar, moved the recommendation in the officer report.

Councillors debated the motion and views for and against were expressed.

Resolved CL/2020/079

That the Council

- 1. Receives the report Nelson Future Access - Public Engagement (R13752) and its attachment (A2403124); and***
- 2. Receives for information the Nelson Future Access packages as detailed in Attachment A2403124 of Report R13752 that will form part of the public engagement.***

Noonan/Edgar

Carried

The motion was put and a division was called:

For

Her Worship the Mayor (Chairperson)

Cr Bowater

Cr Brand

Cr Courtney

Against

Cr Lawrey

Cr Edgar
Cr Fulton
Cr O'Neill-Stevens
Cr McGurk
Cr Noonan
Cr Rainey
Cr Sanson
Cr Skinner

The motion was carried 12 - 1.

Attachments

- 1 A2409511 - Power Point presentation - Nelson Future Access packages
- 2 A2409579 - Tabled document - Nelson Future Access packages

The meeting was adjourned from 1.05p.m. to 1.56p.m., during which time Councillors Fulton and Skinner left the meeting.

Her Worship the Mayor advised the meeting would return to item 7, Mayor's Report.

9. Mayor's Report (Agenda Item 7)

Document number R16937, agenda pages 54 - 55 refer.

Her Worship the Mayor presented the report and answered questions regarding the opening of the Lemvig climatorium.

It was noted that Councillor Fulton increasing workload in relation to the Climate Forum had led her to step down from the Nelson Regional Landfill Business unit, and she was thanked for her contribution to the Nelson Regional Landfill Business Unit.

Resolved CL/2020/080

That the Council

- 1. Receives the report Mayor's Report (R16937); and***
- 2. Amends the membership of the Nelson Tasman Regional Landfill Business Unit by substituting Councillor Fulton with Councillor McGurk.***

Her Worship the Mayor/Edgar

Carried

Attendance: Councillor Lawrey left the meeting at 2.04p.m.

10. Saxton Field Committee - Update to Delegations

Document number R17035, agenda pages 73 - 80 refer.

Resolved CL/2020/081

That the Council

- 1. Receives the report Saxton Field Committee - Update to Delegations (R17035) and its attachments (A2389043 and A2389126); and***
- 2. Delegates the power to the Saxton Field Committee to approve the draft Saxton Field Reserve Management Plan for public consultation, to undertake the public consultation process and to be the Hearing Panel to hear and deliberate on the submissions for the draft Saxton Field Reserve Management Plan; and***
- 3. Notes that the Saxton Field Committee will recommend the final Saxton Field Reserve Management Plan to Tasman District and Nelson City Councils for adoption.***

Noonan/Bowater

Carried

Her Worship the Mayor advised the meeting would next consider item 12, Nelson Plan: Additional Funding.

11. Nelson Plan: Additional Funding (Agenda Item 12)

Document number R18069, agenda pages 109 - 114 refer.

Attendance: Councillor Skinner returned to the meeting at 2.06p.m. and Councillor Fulton returned to the meeting at 2.07p.m.

Group Manager Environmental Management, Clare Barton, and Manager Environmental Planning, Maxine Day, presented the report.

Resolved CL/2020/082

That the Council

- 1. Receives the report Nelson Plan: Additional Funding (R18069); and***
- 2. Approves unbudgeted expenditure of \$135,500 to progress the Draft Nelson Plan in 2019/2020.***

McGurk/Sanson

Carried

Her worship the Mayor noted the meeting would next consider item 8, New Zealand Local Government Funding Agency Amendments.

12. New Zealand Local Government Funding Agency Amendments (Agenda Item 8)

Document number R16983, agenda pages 56 - 61 refer.

Group Manager Corporate Services, Nikki Harrison presented the report, and Local Government Funding Agency Senior Manager, Credit and External Relationships, Andrew Michl, joined the meeting via audio-visual link.

Ms Harrison and Mr Michl answered questions regarding the proposed increase in Local Government Funding Agency borrowing notes, borrowing limits, examples of when Councils or Council-Controlled Organisations may take advantage of the changes, and the likelihood of whether calls could be made on the guarantees provided by Councils around the country.

The meeting was adjourned from 2.25p.m. to 2.28p.m.

It was noted that Mr John Peters, Chair, and Mr John Murray, external appointee, of the Audit and Risk Subcommittee supported the recommendation.

Resolved CL/2020/083

That the Council

- 1. Receives the report New Zealand Local Government Funding Agency Amendments (R16983); and***
- 2. Authorises the Council's entry into the documentation noted in this report.***
- 3. Authorises the Mayor and Deputy Mayor to execute the following deeds for the purposes of recommendation 2 above:***
 - (i) Amendment and Restatement Deed (Multi-issuer Deed);***
 - (ii) Amendment and Restatement Deed (Notes Subscription Agreements); and***
 - (iii) Amendment and Restatement Deed (Guarantee and Indemnity).***
- 4. Authorises the Chief Executive to execute the Chief Executive Certificate and such other documents and take such other steps on behalf of Council as the Chief Executive considers it is necessary to execute or take to give effect to recommendation 2 above.***

Sanson/Edgar

Carried

The meeting was adjourned from 2.34p.m. to 2.44p.m.

Extension of Meeting Time

Resolved CL/2020/084

That the Council

- 1. Extends the meeting time beyond six hours, pursuant to Standing Order 4.2.***

Bowater/Skinner

Carried

Her Worship the Mayor advised the meeting would next consider item 13, Deconstruction of 23 Halifax Street (Former Mediterranean Food Warehouse building).

13. Deconstruction of 23 Halifax Street (Former Mediterranean Food Warehouse building)

Document number R15885, agenda pages 115 - 125 refer.

Manager Parks and Facilities, Rosie Bartlett, and Parks and Facilities Activity Planner, Jane Loughnan, presented the report.

Ms Bartlett and Ms Loughnan answered questions regarding the potential risk posed by the building to pedestrians, the proposed timeframe for deconstruction work, potential re-use of materials within the building, and potential alternative uses for the site once deconstruction was complete.

Resolved CL/2020/085

That the Council

- 1. Receives the report Deconstruction of 23 Halifax Street (Former Mediterranean Food Warehouse building) (R15885); and***
- 2. Approves the deconstruction of the building at 23 Halifax Street (formerly known as the Mediterranean Food Warehouse); and***
- 3. Notes the inclusion in the Annual Plan of 2020/21 \$1,048,000 for the Elma Turner Library Redevelopment project, including work required to deconstruct the building at 23 Halifax Street.***

McGurk/Fulton

Carried

14. Elma Turner Library, Civic House and Climatorium

Document number R16984, agenda pages 126 - 135 refer.

Consultant, Chris Ward, presented the report. He answered questions regarding the City Spatial Plan and how this aligned with proposed decision-making for the Elma Turner Library, Civic House and the Climatorium, how the proposed stepped approach differed to an integrated approach to these projects, previous Council decisions regarding the riverside location for the library, and how to take account of climate change considerations in the library project.

Councillor Fulton, seconded by Councillor Noonan, moved the recommendation in the officer report.

The Chief Executive, Pat Dougherty, answered further questions regarding flooding risks on the Maitai River and design solutions for a riverside library taking flood modelling into account.

Councillors debated the motion and views for and against were expressed.

Resolved CL/2020/086

That the Council

1. ***Receives the report Elma Turner Library, Civic House and Climatorium (R16984); and***
2. ***Adopts a stepped approach as set out in R16984 towards decision making on the Elma Turner Library, Civic House and a Climatorium.***

Fulton/Noonan

Carried

The motion was put and a division was called:

For

Her Worship the Mayor (Chairperson)
Cr Bowater
Cr Brand
Cr Courtney
Cr Edgar
Cr Fulton
Cr McGurk
Cr Noonan
Cr Skinner

Against

Cr Lawrey
Cr O'Neill-Stevens
Cr Rainey
Cr Sanson

The motion was carried 9 - 4.

15. Exclusion of the Public

Resolved CL/2020/087

That the Council

- 1. *Excludes the public from the following parts of the proceedings of this meeting.***
- 2. *The general subject of each 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) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:***

Her Worship the Mayor/O'Neill-Stevens

Carried

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
2	<p>Recommendations from Committees</p> <p>Infrastructure Committee 07/05/20</p> <p>Wastney Terrace Stormwater Upgrade – Property Negotiations</p> <p>Joint Shareholders Committee 18/05/20</p> <p>Revised Port Nelson Ltd Constitution</p> <p>Sports & Recreation Committee 18/06/20</p> <p>Poorman Valley Stream Shared Path Construction – Main Road Stoke to Neale Avenue</p>	<p>Section 48(1)(a)</p> <p>The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7</p>	<p>The withholding of the information is necessary:</p> <ul style="list-style-type: none"> Section 7(2)(h) To enable the local authority to carry out, without prejudice or disadvantage, commercial activities Section 7(2)(i) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)
3	<p>Nelmac - Utilities Maintenance and Operations Contract - Recommendation</p>	<p>Section 48(1)(a)</p> <p>The public conduct of this matter would be likely to result in</p>	<p>The withholding of the information is necessary:</p> <ul style="list-style-type: none"> Section 7(2)(h) To enable the local authority to carry out,

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
	from Infrastructure Committee	disclosure of information for which good reason exists under section 7	without prejudice or disadvantage, commercial activities

The meeting went into public excluded session at 4.25p.m. and resumed in public session at 5.20p.m.

RESTATEMENTS

It was resolved while the public was excluded:

2	CONFIDENTIAL: Recommendations from Committees - Wastney Terrace Stormwater Upgrade - Property Negotiations
	<i>That the Council</i> 3. <u>Agrees</u> that the report, attachments and decision be excluded from public release at this time.

2	CONFIDENTIAL: Recommendations from Committees - Poorman Valley Stream Shared Path Construction - Main Road Stoke to Neale Avenue
	<i>That the Council</i> 4. <u>Agrees</u> that Report (R10308), Attachment (A2306138) and the decision be made publicly available once negotiations are concluded.

3	CONFIDENTIAL: Nelmac - Utilities Maintenance and Operations Contract - Recommendation from Infrastructure Committee
	<i>That the Council</i> 1. <u>Leaves</u> the item Nelmac – Utilities Maintenance and Operations Contract – Recommendation from Infrastructure Committee to lie until the Council meeting on 13 August 2020.

Karakia Whakamutunga

Elected members gave a karakia whakamutunga.

There being no further business the meeting ended at 5.21p.m.

Confirmed as a correct record of proceedings:

_____ Chairperson _____ Date



Minutes of a meeting of the Nelson City Council

Held in the Council Chamber, Civic House, 110 Trafalgar Street, Nelson

On Tuesday 30 June 2020, commencing at 10.07a.m.

Present: Her Worship the Mayor R Reese (Chairperson), Councillors Y Bowater, T Brand, M Courtney, J Edgar (Deputy Mayor), K Fulton, M Lawrey, R O'Neill-Stevens, B McGurk, G Noonan, P Rainey, R Sanson and T Skinner

In Attendance: Chief Executive (P Dougherty), Group Manager Infrastructure (A Louverdis), Group Manager Environmental Management (C Barton), Group Manager Community Services (R Ball), Group Manager Corporate Services (N Harrison), Group Manager Strategy and Communications (N McDonald), Governance Support (K McLean) and Governance Adviser (E Stephenson)

Apologies : Nil

Karakia Timatanga

There was an opening karakia.

1. Apologies

There were no apologies.

2. Confirmation of Order of Business

Her Worship the Mayor advised that the Adoption of the Annual Plan 2020/21 and the setting of the rates 2020/21 would be dealt with as the first report.

3. Interests

There were no updates to the Interests Register, and no interests with items on the agenda were declared.

4. Public Forum

There was no public forum.

5. Confirmation of Minutes

5.1 3 June 2020

Document number M10966, agenda pages 15 - 46 refer.

Resolved CL/2020/093

That the Council

- 1. Confirms the minutes of the meeting of the Council, held on 3 June 2020, and reconvened on 4 and 9 June 2020, as a true and correct record.***

Courtney/Brand

Carried

6. Mayor's Report

Her Worship the Mayor presented her report, together with a Project Kōkiri press release.

Resolved CL/2020/094

That the Council

- 1. Receives the Mayor's Report (R18123).***

Her Worship the Mayor/Edgar

Carried

Attachments

- 1 A2412249 - Mayor's Report 30 June 2020
- 2 A2412243 Project Kōkiri press release

7. Adoption of the Annual Plan 2020/21 and setting of the rates for 2020/21 (Agenda Item 9)

Document number R18078, agenda pages 77 - 210 refer.

Group Manager Corporate Services, Nikki Harrison, noted that there were some minor amendments to the recommendations to make them more legally robust and that there were no corrections to the report.

Ms Harrison answered questions regarding financial reserves estimates, the deficit in the Dog Control Reserve, the Housing Reserve and the Forestry Fund closed account. It was noted that use of Forestry Fund surplus to apply to rates was not in accordance with the current Finance

and Revenue Policy and that would be a discussion for the Long Term Plan (LTP).

A request was made to include the final average rate adjustment figures in the Annual Plan document.

It was confirmed that the Food Trial was being adopted as part of the Annual Plan.

Manager Strategy, Mark Tregurtha, answered questions regarding changes in assumptions and it was noted that there were still a number of uncertainties and ongoing negotiations.

In response to a question regarding whether capital projects were achievable, Group Manager Infrastructure, Alec Louverdis, said that this would be a tough year, but that with additional resources, officers would be doing their best.

Group Manager Community Services, Roger Ball, answered questions regarding the Stoke Youth Park Project and Ms Harrison answered questions regarding rates relief and previous borrowing to reduce rates rises.

Following debate, Her Worship the Mayor acknowledged and thanked all submitters, staff and Elected Members involved in the Annual Plan process.

The motion was taken in parts.

Resolved CL/2020/095

That the Council

- 1. Receives the report Adoption of the Annual Plan 2020/21 and setting of the rates for 2020/21 (R18078) and its attachment (A2409905).***

Her Worship the Mayor/Edgar

Carried

Resolutions CL/2020/096 and CL/2020/097 below were revoked at the 9 July 2020 Extraordinary Council meeting (resolution CL/2020/105)

Resolved CL/2020/096

That the Council

- 2. Adopts the Annual Plan 2020/21 (A2409905) pursuant to Section 95 of the Local Government Act 2002.***

The motion was put and a division was called:

<u>For</u>	<u>Against</u>	<u>Abstained/Interest</u>
Her Worship the Mayor Reese (Chairperson)	Nil	Nil

Cr Bowater
Cr Brand
Cr Courtney
Cr Edgar
Cr Fulton
Cr Lawrey
Cr O'Neill-Stevens
Cr McGurk
Cr Noonan
Cr Rainey
Cr Sanson
Cr Skinner

The motion was carried 13 - 0.

Her Worship the Mayor/Edgar

Carried unanimously

Resolved CL/2020/097

That the Council

- 3. Delegates the Mayor, Deputy Mayor and Chief Executive to make any necessary minor editorial amendments prior to the release of the Annual Plan 2020/21 to the public; and***
- 4. Sets the following rates under the Local Government (Rating) Act 2002, on rating units in the district for the financial year commencing on 1 July 2020 and ending on 30 June 2021.***

The revenue approved below will be raised by the rates and charges that follow.

Revenue approved:

<i>General Rate</i>	<i>\$41,032,974</i>
<i>Uniform Annual General Charge</i>	<i>\$9,128,635</i>
<i>Stormwater and Flood Protection Charge</i>	<i>\$6,228,870</i>
<i>Waste Water Charge</i>	<i>\$8,814,058</i>
<i>Water Annual Charge</i>	<i>\$3,721,307</i>
<i>Water Volumetric Charge</i>	<i>\$8,683,050</i>
<i>Clean Heat Warm Homes and Solar Saver</i>	<i>\$208,000</i>
<i>Rates and Charges (excluding GST)</i>	<i>\$77,816,894</i>

Goods and Services Tax (at the current rate)	\$11,672,534
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Total Rates and Charges	\$89,489,428
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The rates and charges below are GST inclusive.

(1) General Rate

A general rate set under section 13 of the Local Government (Rating) Act 2002, assessed on a differential land value basis as described below:

- **a rate of 0.51973 cents in the dollar of land value on every rating unit in the "residential – single unit" category.**
- **a rate of 0.51973 cents in the dollar of land value on every rating unit in the "residential empty section" category.**
- **a rate of 0.57170 cents in the dollar of land value on every rating unit in the "single residential unit forming part of a parent valuation, the remainder of which is non-rateable" category. This represents a plus 10% differential on land value.**
- **a rate of 0.57170 cents in the dollar of land value on every rating unit in the "multi residential" category. This represents a plus 10% differential on land value.**
- **a rate of 1.47642 cents in the dollar of land value on every rating unit in the "commercial – excluding inner city and Stoke commercial" subject to 100% commercial and industrial (occupied and empty) category. This represents a plus 184.075% differential on land value.**
- **a rate of 1.23748 cents in the dollar of land value on every rating unit in the "commercial – excluding inner city and Stoke commercial" subject to 25% residential and 75% commercial" category. This represents a plus 138.1% differential on land value.**
- **a rate of 0.99788 cents in the dollar of land value on every rating unit in the "commercial – excluding inner city and Stoke commercial" subject to 50% residential and 50% commercial" category. This represents a plus 92% differential on land value.**

- ***a rate of 0.75881 cents in the dollar of land value on every rating unit in the "commercial – excluding inner city and Stoke commercial" subject to 75% residential and 25% commercial" category. This represents a plus 46% differential on land value.***
- ***a rate of 1.57772 cents in the dollar of land value on every rating unit in the "commercial inner city" subject to 100% commercial and industrial (occupied and empty) category. This represents a plus 203.565% differential on land value.***
- ***a rate of 1.31336 cents in the dollar of land value on every rating unit in the "commercial inner city subject to 25% residential and 75% commercial" category. This represents a plus 152.7% differential on land value.***
- ***a rate of 1.04882 cents in the dollar of land value on every rating unit in the "commercial inner city subject to 50% residential and 50% commercial" category. This represents a plus 101.8% differential on land value.***
- ***a rate of 0.78427 cents in the dollar of land value on every rating unit in the "commercial inner city subject to 75% residential and 25% commercial" category. This represents a plus 50.9% differential on land value.***
- ***a rate of 1.51501 cents in the dollar of land value on every rating unit in the "Stoke commercial subject to 100% commercial and industrial (occupied and empty)" category. This represents a plus 191.5% differential on land value.***
- ***a rate of 1.26606 cents in the dollar of land value on every rating unit in the "Stoke commercial subject to 25% residential and 75% commercial" category. This represents a plus 143.6% differential on land value.***
- ***a rate of 1.01763 cents in the dollar of land value on every rating unit in the "Stoke commercial subject to 50% residential and 50% commercial" category. This represents a plus 95.8% differential on land value.***
- ***a rate of 0.76868 cents in the dollar of land value on every rating unit in the "Stoke commercial subject to 75% residential and 25% commercial" category.***

This represents a plus 47.9% differential on land value.

- a rate of 0.33782 cents in the dollar of land value on every rating unit in the "rural" category. This represents a minus 35% differential on land value.***
- a rate of 0.46776 cents in the dollar of land value on every rating unit in the "small holding" category. This represents a minus 10% differential on land value.***

(2) Uniform Annual General Charge

A uniform annual general charge under section 15 of the Local Government (Rating) Act 2002 of \$434.64 per separately used or inhabited part of a rating unit.

(3) Stormwater and Flood Protection Charge

A targeted rate under section 16 of the Local Government (Rating) Act 2002 of \$335.36 per rating unit, this rate is payable by all ratepayers excluding rural rating units, rating units east of the Gentle Annie saddle, Saxton's Island and Council's stormwater network.

(4) Waste Water Charge

A targeted rate for waste water disposal under section 16 of the Local Government (Rating) Act 2002 of:

- \$477.33 per separately used or inhabited part of a residential, multi residential, rural and small holding rating units that is connected either directly or through a private drain to a public waste water drain.***
- For commercial rating units, a waste water charge of \$119.33 per separately used or inhabited part of a rating unit that is connected either directly or through a private drain to a public waste water drain. Note: a "trade" waste charge will also be levied.***

(5) Water Annual Charge

A targeted rate for water supply under Section 16 of the Local Government (Rating) Act 2002, of:

<i>Water charge (per connection)</i>	<i>\$200.60</i>
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(6) Water Volumetric Rate

A targeted rate for water provided under Section 19 of the Local Government (Rating) Act 2002, of:

Price of water:

Usage up to 10,000 cu.m/year \$2.092 per m³

***Usage from 10,001 – 100,000 cu.m/year
\$2.006 per m³***

Usage over 100,000 cu.m/year \$1.584 per m³

Summer irrigation usage over

10,000 cu.m/year \$2.049 per m³

(7) Clean Heat Warm Homes

A targeted rate per separately used or inhabited part of a rating unit that has been provided with home insulation and/or a heater to replace a non-complying solid fuel burner under Section 16 of the Local Government (Rating) Act 2002 in accordance with agreement of the original ratepayer, of:

- For properties assessed the Clean Heat Warm Homes rate as a result of agreements entered into on or after 1 July 2011, the targeted rate for each year for 10 years will be the total cost of the installed works excluding GST, divided by 10, plus GST.***
- For properties assessed the Clean Heat Warm Homes rate as a result of agreements entered into prior to 1 July 2011 the targeted rate of:***

<i>Loan Assistance Range</i>	<i>Installation after 30 Sept 2010</i>	<i>Completed prior to 30 Sept 2010</i>
<i>\$1,400 to \$1,599</i>	<i>\$140.00</i>	<i>\$143.11</i>
<i>\$1,600 to \$1,799</i>	<i>\$160.00</i>	<i>\$163.56</i>
<i>\$1,800 to \$1,999</i>	<i>\$180.00</i>	<i>\$184.00</i>
<i>\$2,000 to \$2,199</i>	<i>\$200.00</i>	<i>\$204.44</i>

\$2,200 to \$2,399	\$220.00	\$224.89
\$2,400 to \$2,599	\$240.00	\$245.34
\$2,600 to \$2,799	\$260.00	\$265.78
\$2,800 to \$2,999	\$280.00	\$286.22
\$3,000 to \$3,199	\$300.00	\$306.67
\$3,200 to \$3,399	\$320.00	\$327.11
\$3,400 to \$3,599	\$340.00	\$347.56
\$3,600 to \$3,799	\$360.00	\$368.00
\$3,800 to \$3,999	\$380.00	\$388.44
\$4,000 to \$4,199	\$400.00	\$408.89
\$4,200 to \$4,399	\$420.00	\$429.34
\$4,400 to \$4,599	\$440.00	\$449.78
\$4,600 to \$4,799	\$460.00	\$470.22
\$4,800 to \$4,999	\$480.00	\$490.67

(8) Solar Hot Water Systems

A targeted rate for any separately used or inhabited parts of a rating unit that has been provided with financial assistance to install a solar hot water system under Section 16 of the Local Government (Rating) Act 2002 in accordance with agreement of the original ratepayer, of the following factors on the extent of provision of service (net cost of the work including GST after deducting EECA grant, plus funding cost):

- 0.14964 (including GST) for agreements entered into prior to 1 July 2011, multiplied by the Net Cost of the Work adjusted for any increased GST.***
- 0.13847 (including GST) for agreements entered into after 1 July 2011 multiplied by the Net Cost of the Work.***

Other Rating Information:

Due Dates for Payment of Rates

The above rates (excluding water volumetric rates) are payable at the Nelson City Council office, 110 Trafalgar Street, Nelson and shall be payable in four instalments on the following dates:

<i>Instalment Number</i>	<i>Instalment Due Date</i>	<i>Last Date for Payment</i>	<i>Penalty Date</i>
<i>Instalment 1</i>	<i>1 August 2020</i>	<i>20 August 2020</i>	<i>26 August 2020</i>
<i>Instalment 2</i>	<i>1 November 2020</i>	<i>20 November 2020</i>	<i>26 November 2020</i>
<i>Instalment 3</i>	<i>1 February 2021</i>	<i>20 February 2021</i>	<i>26 February 2021</i>
<i>Instalment 4</i>	<i>1 May 2021</i>	<i>20 May 2021</i>	<i>26 May 2021</i>

Rates instalments not paid on or by the Last Date for payment above will incur penalties as detailed in the section "Penalty on Rates".

Due Dates for Payment of Water Volumetric Rates

Residential water volumetric rates are payable at the Nelson City Council office, 110 Trafalgar Street, Nelson and shall be payable on the following dates:

<i>Billing Month</i>	<i>Last Date for Payment</i>	<i>Penalty Date</i>
<i>July 2020</i>	<i>21 September 2020</i>	<i>25 September 2020</i>
<i>August 2020</i>	<i>21 September 2020</i>	<i>25 September 2020</i>
<i>September 2020</i>	<i>20 October 2020</i>	<i>26 October 2020</i>
<i>October 2020</i>	<i>21 December 2020</i>	<i>11 January 2021</i>
<i>November 2020</i>	<i>21 December 2020</i>	<i>11 January 2021</i>
<i>December 2020</i>	<i>20 January 2021</i>	<i>26 January 2021</i>
<i>January 2021</i>	<i>22 March 2021</i>	<i>26 March 2021</i>
<i>February 2021</i>	<i>22 March 2021</i>	<i>26 March 2021</i>
<i>March 2021</i>	<i>20 April 2021</i>	<i>26 April 2021</i>
<i>April 2021</i>	<i>21 June 2021</i>	<i>25 June 2021</i>
<i>May 2021</i>	<i>21 June 2021</i>	<i>25 June 2021</i>

June 2021	20 July 2021	26 July 2021
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Special (final) water volumetric rates will be payable 14 days from the invoice date of the special (final) water reading as shown on the water invoice.

Commercial and Industrial water volumetric rates are payable at the Nelson City Council office, 110 Trafalgar Street, Nelson and shall be payable on the following dates:

<i>Billing Month</i>	<i>Last Date for Payment</i>	<i>Penalty Date</i>
<i>July 2020</i>	<i>20 August 2020</i>	<i>26 August 2020</i>
<i>August 2020</i>	<i>21 September 2020</i>	<i>25 September 2020</i>
<i>September 2020</i>	<i>20 October 2020</i>	<i>26 October 2020</i>
<i>October 2020</i>	<i>20 November 2020</i>	<i>26 November 2020</i>
<i>November 2020</i>	<i>21 December 2020</i>	<i>11 January 2021</i>
<i>December 2020</i>	<i>20 January 2021</i>	<i>26 January 2021</i>
<i>January 2021</i>	<i>22 February 2021</i>	<i>26 February 2021</i>
<i>February 2021</i>	<i>22 March 2021</i>	<i>26 March 2021</i>
<i>March 2021</i>	<i>20 April 2021</i>	<i>26 April 2021</i>
<i>April 2021</i>	<i>20 May 2021</i>	<i>26 May 2021</i>
<i>May 2021</i>	<i>21 June 2021</i>	<i>25 June 2021</i>
<i>June 2021</i>	<i>20 July 2021</i>	<i>26 July 2021</i>

Penalty on Rates

Pursuant to Sections 57 and 58 of the Local Government (Rating) Act 2002, the council authorises the following penalties on unpaid rates (excluding volumetric water rate accounts) and delegates authority to the Group Manager Corporate Services to apply them:

- a charge of 5% of the amount of each rate instalment remaining unpaid after the due date stated above, to be added on the penalty date as shown in the above table and also shown on each rate instalment notice.***

- ***a charge of 5% will be added on 8 July 2020 to any balance from a previous rating year (including penalties previously charged) remaining outstanding on 7 July 2020.***
- ***a further additional charge of 5% will be added on 8 January 2021 to any balance from a previous rating year (including penalties previously charged) to which a penalty has been added according to the bullet point above, remaining outstanding on 7 January 2021.***

Penalty on Water Volumetric Rates

Pursuant to Sections 57 and 58 of the Local Government (Rating) Act 2002, the council authorises the following penalties on unpaid volumetric water rates and delegates authority to the Group Manager Corporate Services to apply them:

- ***a charge of 5% of the amount of each volumetric water rate account remaining unpaid after the due date stated above, to be added on the penalty date as shown in the above table and also shown on each volumetric water rate account.***

Penalty Remission

In accordance with Council's rate remission policy, the Council will approve the remission of the penalty added on instalment one due to late payment provided the total annual rates are paid in full by 20 November 2020. If full payment of the annual rates is not paid by 20 November 2020 the penalties relating to the first instalment outlined above will apply.

The above penalties will not be charged where Council has agreed to a programme for payment of outstanding rates.

The Group Manager Corporate Services is given discretion to remit rates penalties either in whole or part in accordance with Council's approved rates remission policy, as may be amended from time to time.

Discount on Rates

Pursuant to Section 55 of the Local Government (Rating) Act 2002, the Council will allow a discount of 2.0 percent of the total rates (excluding volumetric water rates) where a ratepayer pays the year's rates in full on or before the Last Date for Payment for instalment one being 20 August 2020.

Payment of Rates

The rates shall be payable at the Council offices, Civic House, 110 Trafalgar Street, Nelson between the hours of 8.30am to 5.00pm Monday, Tuesday, Thursday and Friday and 9.00am to 5.00pm Wednesday.

Where any payment is made by a ratepayer that is less than the amount now payable, the Council will apply the payment firstly to any rates outstanding from previous rating years and then proportionately across all current year rates due.

Her Worship the Mayor/Edgar

Carried

Attachments

1 A2412831 Designed Annual Plan 2020/21

8. Contract for Services between Nelson City Council and Uniquely Nelson

Document number R10407, agenda pages 47 - 57 refer.

Chris Butler and Simon Duffy of Uniquely Nelson were present for this item. A supporting document was tabled (A2413003). In response to questions they confirmed that a contract would enable them to clarify objectives, outcomes and deliverables and to formulate a strategic business plan.

Group Manager Environmental Management, Clare Barton, answered questions regarding requests for information and LGOIMA.

Discussion took place regarding the percentage of funding from Council (80%) and it was noted that three yearly funding would give more security.

Resolved CL/2020/098

That the Council

- 1. Receives the report Contract for Services between Nelson City Council and Uniquely Nelson (R10407) and its attachments (A2181631 and A2247471); and***

2. **Agrees to a change to a contract for services for the contractual relationship between Council and Uniquely Nelson; and**
3. **Notes that the existing Memorandum of Understanding between Council and Uniquely Nelson will cease to apply from the date that the new contract is signed.**

Edgar/Bowater

Carried

Attachments

- 1 A2413003 Uniquely Nelson tabled document

The meeting was adjourned from 12.15p.m. until 12.30p.m.

9. Funding Request: Businesses for Climate Action

Document number R18096, agenda pages 58 - 76 refer.

Climate Change Champion, Chris Cameron, answered questions regarding the report.

Discussion took place regarding an amendment to clause 3 of the recommendation as the word 'contingent' was felt to be too strong and the motion was amended accordingly.

Resolved CL/2020/099

That the Council

1. **Receives the report Funding Request: Businesses for Climate Action (R18096) and its attachments (A2406802 and A2406803); and**
2. **Approves \$28,880 of Climate Change Reserve funding for Businesses for Climate Action to support Nelson businesses to measure and reduce their greenhouse gas emissions; and**
3. **Agrees that Businesses for Climate Action be encouraged to undertake further engagement with the Nelson Tasman Climate Forum.**

Noonan/Her Worship the Mayor

Carried

10. Exclusion of the Public

Resolved CL/2020/100

That the Council

- 1. Excludes the public from the following parts of the proceedings of this meeting.***
- 2. The general subject of each 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) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:***

Skinner/Brand

Carried

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
1	Confirmation of Minutes	Section 48(1)(a) The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7	The withholding of the information is necessary: <ul style="list-style-type: none"> • Section 7(2)(g) To maintain legal professional privilege • Section 7(2)(h) To enable the local authority to carry out, without prejudice or disadvantage, commercial activities • Section 7(2)(i) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)

The meeting went into confidential session at 12.50p.m., and resumed in public session at 12.51p.m.

The only business transacted in confidential session was to confirm the minutes. In accordance with the Local Government Official Information Meetings Act, no reason for withholding this information from the public exists therefore this business has been recorded in the open minutes.

11. Confirmation of Minutes

Document number R18090

Resolved CL/2020/101

That the Council

- 1. Confirms the minutes of the confidential session of the meeting of the Council, held on 3 June 2020, and reconvened on 4 and 9 June 2020, as a true and correct record.***

Skinner/O'Neill-Stevens

Carried

12. Re-admittance of the Public

Resolved CL/2020/102

That the Council

- 1. Re-admits the public to the meeting.***

Her Worship the Mayor/Edgar

Carried

There being no further business the meeting ended at 12.51p.m.

Confirmed as a correct record of proceedings:

_____ Chairperson _____ Date



Minutes of an extraordinary meeting of the Nelson City Council

Held in the Council Chamber, Civic House, 110 Trafalgar Street, Nelson

On Thursday 9 July 2020, commencing at 9.06a.m.

Present: Her Worship the Mayor R Reese (Chairperson), Councillors Y Bowater, T Brand, M Courtney, J Edgar (Deputy Mayor), K Fulton, M Lawrey, R O'Neill-Stevens, B McGurk, G Noonan and R Sanson

In Attendance: Chief Executive (P Dougherty), Group Manager Infrastructure (A Louverdis), Group Manager Environmental Management (C Barton), Group Manager Community Services (R Ball), Group Manager Corporate Services (N Harrison), Group Manager Strategy and Communications (N McDonald), Governance Advisers (E-J Ruthven and E Stephenson) and Youth Councillors T Wheatley and V van Heemswyck

Apology: Councillors Rainey and Skinner

Karakia Timatanga

There was an opening karakia.

1. Apologies

Resolved CL/2020/103

That the Council

- 1. Receives and accepts the apologies from Councillors P Rainey and T Skinner.***

Her Worship the Mayor/Courtney

Carried

2. Confirmation of Order of Business

There was no change to the order of business.

Attendance: Councillor Fulton entered the meeting at 9.06a.m.

3. Interests

There were no updates to the Interests Register, and no interests with items on the agenda were declared.

4. Public Forum

There was no public forum.

5. Mayor's Report

There was no Mayor's Report.

6. Balanced budget requirements for 2020/21 Financial Year

Document number R18131, agenda pages 24 - 48 refer.

Group Manager Corporate Services, Nikki Harrison and Group Manager Strategy and Communications, Nicky McDonald presented the report.

Ms Harrison advised that the adoption of the Annual Plan and rating resolutions on 30 June should have also included a resolution to not have a balanced budget, prior to the adoption of the Annual Plan and setting of rates. She answered questions regarding the legal review, the impact on rates assessments, and items that contributed to the unbalanced budget.

Ms McDonald confirmed that the Local Government Act 2002 required that the Annual Plan recommendations needed to be adopted in a set order, with the resolution to not have a balanced budget passed before the Annual Plan and setting of the rates resolutions. Accordingly, the officers' recommendation was for Council to revoke the previous resolutions, passed on 30 June 2020, and then pass all the resolutions, including the unbalanced budget resolution, in the correct order.

Officers advised that additional checks would be put in place for the Annual and Long Term Plans to prevent this error occurring in future.

The motion was taken in parts.

Resolved CL/2020/104

That the Council

1. Receives the report Balanced budget requirements for 2020/21 Financial Year (R18131).

Brand/Bowater

Carried

Resolved CL/2020/105

That the Council

2. Revokes the resolutions (CL/2020/096 and CL/2020/97) of 30 June 2020 below :

2. Adopts the Annual Plan 2020/21 (A2409905) pursuant to Section 95 of the Local Government Act 2002.

3. Delegates the Mayor, Deputy Mayor and Chief Executive to make any necessary minor editorial amendments prior to the release of the Annual Plan 2020/21 to the public; and

4. Sets the following rates under the Local Government (Rating) Act 2002, on rating units in the district for the financial year commencing on 1 July 2020 and ending on 30 June 2021.

The revenue approved below will be raised by the rates and charges that follow.

Revenue approved:

General Rate	\$41,032,974
Uniform Annual General Charge	\$9,128,635
Stormwater and Flood Protection Charge	\$6,228,870
Waste Water Charge	\$8,814,058
Water Annual Charge	\$3,721,307
Water Volumetric Charge	\$8,683,050
Clean Heat Warm Homes and Solar Saver	\$208,000
Rates and Charges (excluding GST)	\$77,816,894
Goods and Services Tax (at the current rate)	\$11,672,534
Total Rates and Charges	\$89,489,428

The rates and charges below are GST inclusive.

(1) General Rate

A general rate set under section 13 of the Local Government (Rating) Act 2002, assessed on a differential land value basis as described below:

- a rate of 0.51973 cents in the dollar of land value on every rating unit in the "residential – single unit" category.
- a rate of 0.51973 cents in the dollar of land value on every rating unit in the "residential empty section" category.

- *a rate of 0.57170 cents in the dollar of land value on every rating unit in the "single residential unit forming part of a parent valuation, the remainder of which is non-rateable" category. This represents a plus 10% differential on land value.*
- *a rate of 0.57170 cents in the dollar of land value on every rating unit in the "multi residential" category. This represents a plus 10% differential on land value.*
- *a rate of 1.47642 cents in the dollar of land value on every rating unit in the "commercial – excluding inner city and Stoke commercial" subject to 100% commercial and industrial (occupied and empty) category. This represents a plus 184.075% differential on land value.*
- *a rate of 1.23748 cents in the dollar of land value on every rating unit in the "commercial – excluding inner city and Stoke commercial" subject to 25% residential and 75% commercial" category. This represents a plus 138.1% differential on land value.*
- *a rate of 0.99788 cents in the dollar of land value on every rating unit in the "commercial – excluding inner city and Stoke commercial" subject to 50% residential and 50% commercial" category. This represents a plus 92% differential on land value.*
- *a rate of 0.75881 cents in the dollar of land value on every rating unit in the "commercial – excluding inner city and Stoke commercial" subject to 75% residential and 25% commercial" category. This represents a plus 46% differential on land value.*
- *a rate of 1.57772 cents in the dollar of land value on every rating unit in the "commercial inner city" subject to 100% commercial and industrial (occupied and empty) category. This represents a plus 203.565% differential on land value.*
- *a rate of 1.31336 cents in the dollar of land value on every rating unit in the "commercial inner city subject to 25% residential and 75% commercial" category. This represents a plus 152.7% differential on land value.*
- *a rate of 1.04882 cents in the dollar of land value on every rating unit in the "commercial inner city subject to 50% residential and 50% commercial" category. This represents a plus 101.8% differential on land value.*
- *a rate of 0.78427 cents in the dollar of land value on every rating unit in the "commercial inner city subject to 75% residential and 25% commercial" category. This represents a plus 50.9% differential on land value.*

- *a rate of 1.51501 cents in the dollar of land value on every rating unit in the "Stoke commercial subject to 100% commercial and industrial (occupied and empty)" category. This represents a plus 191.5% differential on land value.*
- *a rate of 1.26606 cents in the dollar of land value on every rating unit in the "Stoke commercial subject to 25% residential and 75% commercial" category. This represents a plus 143.6% differential on land value.*
- *a rate of 1.01763 cents in the dollar of land value on every rating unit in the "Stoke commercial subject to 50% residential and 50% commercial" category. This represents a plus 95.8% differential on land value.*
- *a rate of 0.76868 cents in the dollar of land value on every rating unit in the "Stoke commercial subject to 75% residential and 25% commercial" category. This represents a plus 47.9% differential on land value.*
- *a rate of 0.33782 cents in the dollar of land value on every rating unit in the "rural" category. This represents a minus 35% differential on land value.*
- *a rate of 0.46776 cents in the dollar of land value on every rating unit in the "small holding" category. This represents a minus 10% differential on land value.*

(2) Uniform Annual General Charge

A uniform annual general charge under section 15 of the Local Government (Rating) Act 2002 of \$434.64 per separately used or inhabited part of a rating unit.

(3) Stormwater and Flood Protection Charge

A targeted rate under section 16 of the Local Government (Rating) Act 2002 of \$335.36 per rating unit, this rate is payable by all ratepayers excluding rural rating units, rating units east of the Gentle Annie saddle, Saxton's Island and Council's stormwater network.

(4) Waste Water Charge

A targeted rate for waste water disposal under section 16 of the Local Government (Rating) Act 2002 of:

- *\$477.33 per separately used or inhabited part of a residential, multi residential, rural and small holding rating units that is connected either directly or through a private drain to a public waste water drain.*

- *For commercial rating units, a waste water charge of \$119.33 per separately used or inhabited part of a rating unit that is connected either directly or through a private drain to a public waste water drain. Note: a "trade" waste charge will also be levied.*

(5) Water Annual Charge

A targeted rate for water supply under Section 16 of the Local Government (Rating) Act 2002, of:

Water charge (per connection) \$200.60

(6) Water Volumetric Rate

A targeted rate for water provided under Section 19 of the Local Government (Rating) Act 2002, of:

Price of water:

Usage up to 10,000 cu.m/year \$2.092 per m³

Usage from 10,001 – 100,000 cu.m/year \$2.006 per m³

Usage over 100,000 cu.m/year \$1.584 per m³

Summer irrigation usage over 10,000 cu.m/year \$2.049 per m³

(7) Clean Heat Warm Homes

A targeted rate per separately used or inhabited part of a rating unit that has been provided with home insulation and/or a heater to replace a non-complying solid fuel burner under Section 16 of the Local Government (Rating) Act 2002 in accordance with agreement of the original ratepayer, of:

- *For properties assessed the Clean Heat Warm Homes rate as a result of agreements entered into on or after 1 July 2011, the targeted rate for each year for 10 years will be the total cost of the installed works excluding GST, divided by 10, plus GST.*
- *For properties assessed the Clean Heat Warm Homes rate as a result of agreements entered into prior to 1 July 2011 the targeted rate of:*

<i>Loan Assistance Range</i>	<i>Installation after 30 Sept 2010</i>	<i>Completed prior to 30 Sept 2010</i>
<i>\$1,400 to \$1,599</i>	<i>\$140.00</i>	<i>\$143.11</i>
<i>\$1,600 to \$1,799</i>	<i>\$160.00</i>	<i>\$163.56</i>
<i>\$1,800 to \$1,999</i>	<i>\$180.00</i>	<i>\$184.00</i>
<i>\$2,000 to \$2,199</i>	<i>\$200.00</i>	<i>\$204.44</i>
<i>\$2,200 to \$2,399</i>	<i>\$220.00</i>	<i>\$224.89</i>
<i>\$2,400 to \$2,599</i>	<i>\$240.00</i>	<i>\$245.34</i>
<i>\$2,600 to \$2,799</i>	<i>\$260.00</i>	<i>\$265.78</i>
<i>\$2,800 to \$2,999</i>	<i>\$280.00</i>	<i>\$286.22</i>
<i>\$3,000 to \$3,199</i>	<i>\$300.00</i>	<i>\$306.67</i>
<i>\$3,200 to \$3,399</i>	<i>\$320.00</i>	<i>\$327.11</i>
<i>\$3,400 to \$3,599</i>	<i>\$340.00</i>	<i>\$347.56</i>
<i>\$3,600 to \$3,799</i>	<i>\$360.00</i>	<i>\$368.00</i>
<i>\$3,800 to \$3,999</i>	<i>\$380.00</i>	<i>\$388.44</i>
<i>\$4,000 to \$4,199</i>	<i>\$400.00</i>	<i>\$408.89</i>
<i>\$4,200 to \$4,399</i>	<i>\$420.00</i>	<i>\$429.34</i>
<i>\$4,400 to \$4,599</i>	<i>\$440.00</i>	<i>\$449.78</i>
<i>\$4,600 to \$4,799</i>	<i>\$460.00</i>	<i>\$470.22</i>
<i>\$4,800 to \$4,999</i>	<i>\$480.00</i>	<i>\$490.67</i>

(8) Solar Hot Water Systems

A targeted rate for any separately used or inhabited parts of a rating unit that has been provided with financial assistance to install a solar hot water system under Section 16 of the Local Government (Rating) Act 2002 in accordance with agreement of the original ratepayer, of the following factors on the extent of provision of service (net cost of the work including GST after deducting EECA grant, plus funding cost):

- 0.14964 (including GST) for agreements entered into prior to 1 July 2011, multiplied by the Net Cost of the Work adjusted for any increased GST.*

- *0.13847 (including GST) for agreements entered into after 1 July 2011 multiplied by the Net Cost of the Work.*

Other Rating Information:

Due Dates for Payment of Rates

The above rates (excluding water volumetric rates) are payable at the Nelson City Council office, 110 Trafalgar Street, Nelson and shall be payable in four instalments on the following dates:

<i>Instalment Number</i>	<i>Instalment Due Date</i>	<i>Last Date for Payment</i>	<i>Penalty Date</i>
<i>Instalment 1</i>	<i>1 August 2020</i>	<i>20 August 2020</i>	<i>26 August 2020</i>
<i>Instalment 2</i>	<i>1 November 2020</i>	<i>20 November 2020</i>	<i>26 November 2020</i>
<i>Instalment 3</i>	<i>1 February 2021</i>	<i>20 February 2021</i>	<i>26 February 2021</i>
<i>Instalment 4</i>	<i>1 May 2021</i>	<i>20 May 2021</i>	<i>26 May 2021</i>

Rates instalments not paid on or by the Last Date for payment above will incur penalties as detailed in the section "Penalty on Rates".

Due Dates for Payment of Water Volumetric Rates

Residential water volumetric rates are payable at the Nelson City Council office, 110 Trafalgar Street, Nelson and shall be payable on the following dates:

<i>Billing Month</i>	<i>Last Date for Payment</i>	<i>Penalty Date</i>
<i>July 2020</i>	<i>21 September 2020</i>	<i>25 September 2020</i>
<i>August 2020</i>	<i>21 September 2020</i>	<i>25 September 2020</i>
<i>September 2020</i>	<i>20 October 2020</i>	<i>26 October 2020</i>
<i>October 2020</i>	<i>21 December 2020</i>	<i>11 January 2021</i>
<i>November 2020</i>	<i>21 December 2020</i>	<i>11 January 2021</i>
<i>December 2020</i>	<i>20 January 2021</i>	<i>26 January 2021</i>
<i>January 2021</i>	<i>22 March 2021</i>	<i>26 March 2021</i>
<i>February 2021</i>	<i>22 March 2021</i>	<i>26 March 2021</i>
<i>March 2021</i>	<i>20 April 2021</i>	<i>26 April 2021</i>

<i>April 2021</i>	<i>21 June 2021</i>	<i>25 June 2021</i>
<i>May 2021</i>	<i>21 June 2021</i>	<i>25 June 2021</i>
<i>June 2021</i>	<i>20 July 2021</i>	<i>26 July 2021</i>

Special (final) water volumetric rates will be payable 14 days from the invoice date of the special (final) water reading as shown on the water invoice.

Commercial and Industrial water volumetric rates are payable at the Nelson City Council office, 110 Trafalgar Street, Nelson and shall be payable on the following dates:

<i>Billing Month</i>	<i>Last Date for Payment</i>	<i>Penalty Date</i>
<i>July 2020</i>	<i>20 August 2020</i>	<i>26 August 2020</i>
<i>August 2020</i>	<i>21 September 2020</i>	<i>25 September 2020</i>
<i>September 2020</i>	<i>20 October 2020</i>	<i>26 October 2020</i>
<i>October 2020</i>	<i>20 November 2020</i>	<i>26 November 2020</i>
<i>November 2020</i>	<i>21 December 2020</i>	<i>11 January 2021</i>
<i>December 2020</i>	<i>20 January 2021</i>	<i>26 January 2021</i>
<i>January 2021</i>	<i>22 February 2021</i>	<i>26 February 2021</i>
<i>February 2021</i>	<i>22 March 2021</i>	<i>26 March 2021</i>
<i>March 2021</i>	<i>20 April 2021</i>	<i>26 April 2021</i>
<i>April 2021</i>	<i>20 May 2021</i>	<i>26 May 2021</i>
<i>May 2021</i>	<i>21 June 2021</i>	<i>25 June 2021</i>
<i>June 2021</i>	<i>20 July 2021</i>	<i>26 July 2021</i>

Penalty on Rates

Pursuant to Sections 57 and 58 of the Local Government (Rating) Act 2002, the council authorises the following penalties on unpaid rates (excluding volumetric water rate accounts) and delegates authority to the Group Manager Corporate Services to apply them:

- a charge of 5% of the amount of each rate instalment remaining unpaid after the due date stated above, to be added on the penalty date as shown in the above table and also shown on each rate instalment notice.*
- a charge of 5% will be added on 8 July 2020 to any balance from a previous rating year (including*

penalties previously charged) remaining outstanding on 7 July 2020.

- a further additional charge of 5% will be added on 8 January 2021 to any balance from a previous rating year (including penalties previously charged) to which a penalty has been added according to the bullet point above, remaining outstanding on 7 January 2021.*

Penalty on Water Volumetric Rates

Pursuant to Sections 57 and 58 of the Local Government (Rating) Act 2002, the council authorises the following penalties on unpaid volumetric water rates and delegates authority to the Group Manager Corporate Services to apply them:

- a charge of 5% of the amount of each volumetric water rate account remaining unpaid after the due date stated above, to be added on the penalty date as shown in the above table and also shown on each volumetric water rate account.*

Penalty Remission

In accordance with Council's rate remission policy, the Council will approve the remission of the penalty added on instalment one due to late payment provided the total annual rates are paid in full by 20 November 2020. If full payment of the annual rates is not paid by 20 November 2020 the penalties relating to the first instalment outlined above will apply.

The above penalties will not be charged where Council has agreed to a programme for payment of outstanding rates.

The Group Manager Corporate Services is given discretion to remit rates penalties either in whole or part in accordance with Council's approved rates remission policy, as may be amended from time to time.

Discount on Rates

Pursuant to Section 55 of the Local Government (Rating) Act 2002, the Council will allow a discount of 2.0 percent of the total rates (excluding volumetric water rates) where a ratepayer pays the year's rates in full on or before the Last Date for Payment for instalment one being 20 August 2020.

Payment of Rates

The rates shall be payable at the Council offices, Civic House, 110 Trafalgar Street, Nelson between the hours of 8.30am to 5.00pm Monday, Tuesday, Thursday and Friday and 9.00am to 5.00pm Wednesday.

Where any payment is made by a ratepayer that is less than the amount now payable, the Council will apply the payment firstly to any rates outstanding from previous rating years and then proportionately across all current year rates due."

O'Neill-Stevens/Courtney

Carried

Resolved CL/2020/106

That the Council

- 3. Resolves that the budget for the 2020/21 financial year is not a balanced budget because operating revenues are not at a level sufficient to meet 2020/21 operating expenses primarily due to the loan funding of the Waimea Dam grant and Nelson Plan costs signalled in the Consultation Document, and loan funding of the net zero percent rates increase; and***
- 4. Resolves that setting an unbalanced budget for 2020/21 is prudent in terms of section 101 of the Local Government Act 2002 given the current COVID-19 pandemic and its effects, both known and potential, on the local economy and its ratepayers, having had regard to the matters in section 100(2) of the Local Government Act 2002.***

Sanson/Fulton

Carried

Resolved CL/2020/107

That the Council

- 5. Adopts the Annual Plan 2020/21 (A2409905) pursuant to Section 95 of the Local Government Act 2002; and***
- 6. Delegates the Mayor, Deputy Mayor and Chief Executive to make any necessary minor editorial amendments prior to the release of the Annual Plan 2020/21 to the public.***

Brand/McGurk

Carried

Resolved CL/2020/108

That the Council

- 7. Sets the following rates under the Local Government (Rating) Act 2002, on rating units in the district for the financial year commencing on 1 July 2020 and ending on 30 June 2021.***

The revenue approved below will be raised by the rates and charges that follow.

Revenue approved:

General Rate	\$41,032,974
Uniform Annual General Charge	\$9,128,635
Stormwater and Flood Protection Charge	\$6,228,870
Waste Water Charge	\$8,814,058
Water Annual Charge	\$3,721,307
Water Volumetric Charge	\$8,683,050
Clean Heat Warm Homes and Solar Saver	\$208,000
Rates and Charges (excluding GST)	\$77,816,894
Goods and Services Tax (at the current rate)	\$11,672,534
Total Rates and Charges	\$89,489,428

The rates and charges below are GST inclusive.

(1) General Rate

A general rate set under section 13 of the Local Government (Rating) Act 2002, assessed on a differential land value basis as described below:

- **a rate of 0.51973 cents in the dollar of land value on every rating unit in the "residential – single unit" category.**
- **a rate of 0.51973 cents in the dollar of land value on every rating unit in the "residential empty section" category.**
- **a rate of 0.57170 cents in the dollar of land value on every rating unit in the "single residential unit forming part of a parent valuation, the remainder of which is non-rateable" category. This represents a plus 10% differential on land value.**
- **a rate of 0.57170 cents in the dollar of land value on every rating unit in the "multi residential" category. This represents a plus 10% differential on land value.**
- **a rate of 1.47642 cents in the dollar of land value on every rating unit in the "commercial – excluding inner city and Stoke commercial" subject to 100% commercial and industrial (occupied and empty) category. This represents a plus 184.075% differential on land value.**
- **a rate of 1.23748 cents in the dollar of land value on every rating unit in the "commercial – excluding inner city and**

Stoke commercial" subject to 25% residential and 75% commercial" category. This represents a plus 138.1% differential on land value.

- ***a rate of 0.99788 cents in the dollar of land value on every rating unit in the "commercial – excluding inner city and Stoke commercial" subject to 50% residential and 50% commercial" category. This represents a plus 92% differential on land value.***
- ***a rate of 0.75881 cents in the dollar of land value on every rating unit in the "commercial – excluding inner city and Stoke commercial" subject to 75% residential and 25% commercial" category. This represents a plus 46% differential on land value.***
- ***a rate of 1.57772 cents in the dollar of land value on every rating unit in the "commercial inner city" subject to 100% commercial and industrial (occupied and empty) category. This represents a plus 203.565% differential on land value.***
- ***a rate of 1.31336 cents in the dollar of land value on every rating unit in the "commercial inner city subject to 25% residential and 75% commercial" category. This represents a plus 152.7% differential on land value.***
- ***a rate of 1.04882 cents in the dollar of land value on every rating unit in the "commercial inner city subject to 50% residential and 50% commercial" category. This represents a plus 101.8% differential on land value.***
- ***a rate of 0.78427 cents in the dollar of land value on every rating unit in the "commercial inner city subject to 75% residential and 25% commercial" category. This represents a plus 50.9% differential on land value.***
- ***a rate of 1.51501 cents in the dollar of land value on every rating unit in the "Stoke commercial subject to 100% commercial and industrial (occupied and empty)" category. This represents a plus 191.5% differential on land value.***
- ***a rate of 1.26606 cents in the dollar of land value on every rating unit in the "Stoke commercial subject to 25% residential and 75% commercial" category. This represents a plus 143.6% differential on land value.***
- ***a rate of 1.01763 cents in the dollar of land value on every rating unit in the "Stoke commercial subject to 50% residential and 50% commercial" category. This represents a plus 95.8% differential on land value.***

- ***a rate of 0.76868 cents in the dollar of land value on every rating unit in the "Stoke commercial subject to 75% residential and 25% commercial" category. This represents a plus 47.9% differential on land value.***
- ***a rate of 0.33782 cents in the dollar of land value on every rating unit in the "rural" category. This represents a minus 35% differential on land value.***
- ***a rate of 0.46776 cents in the dollar of land value on every rating unit in the "small holding" category. This represents a minus 10% differential on land value.***

(2) Uniform Annual General Charge

A uniform annual general charge under section 15 of the Local Government (Rating) Act 2002 of \$434.64 per separately used or inhabited part of a rating unit.

(3) Stormwater and Flood Protection Charge

A targeted rate under section 16 of the Local Government (Rating) Act 2002 of \$335.36 per rating unit, this rate is payable by all ratepayers excluding rural rating units, rating units east of the Gentle Annie saddle, Saxton's Island and Council's stormwater network.

(4) Waste Water Charge

A targeted rate for waste water disposal under section 16 of the Local Government (Rating) Act 2002 of:

- ***\$477.33 per separately used or inhabited part of a residential, multi residential, rural and small holding rating units that is connected either directly or through a private drain to a public waste water drain.***
- ***For commercial rating units, a waste water charge of \$119.33 per separately used or inhabited part of a rating unit that is connected either directly or through a private drain to a public waste water drain. Note: a "trade" waste charge will also be levied.***

(5) Water Annual Charge

A targeted rate for water supply under Section 16 of the Local Government (Rating) Act 2002, of:

<i>Water charge (per connection)</i>	<i>\$200.60</i>
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(6) Water Volumetric Rate

A targeted rate for water provided under Section 19 of the Local Government (Rating) Act 2002, of:

Price of water:

Usage up to 10,000 cu.m/year \$2.092 per m³

***Usage from 10,001 – 100,000 cu.m/year
\$2.006 per m³***

Usage over 100,000 cu.m/year \$1.584 per m³

Summer irrigation usage over

10,000 cu.m/year \$2.049 per m³

(7) Clean Heat Warm Homes

A targeted rate per separately used or inhabited part of a rating unit that has been provided with home insulation and/or a heater to replace a non-complying solid fuel burner under Section 16 of the Local Government (Rating) Act 2002 in accordance with agreement of the original ratepayer, of:

- For properties assessed the Clean Heat Warm Homes rate as a result of agreements entered into on or after 1 July 2011, the targeted rate for each year for 10 years will be the total cost of the installed works excluding GST, divided by 10, plus GST.***
- For properties assessed the Clean Heat Warm Homes rate as a result of agreements entered into prior to 1 July 2011 the targeted rate of:***

<i>Loan Assistance Range</i>	<i>Installation after 30 Sept 2010</i>	<i>Completed prior to 30 Sept 2010</i>
<i>\$1,400 to \$1,599</i>	<i>\$140.00</i>	<i>\$143.11</i>
<i>\$1,600 to \$1,799</i>	<i>\$160.00</i>	<i>\$163.56</i>
<i>\$1,800 to \$1,999</i>	<i>\$180.00</i>	<i>\$184.00</i>
<i>\$2,000 to \$2,199</i>	<i>\$200.00</i>	<i>\$204.44</i>
<i>\$2,200 to \$2,399</i>	<i>\$220.00</i>	<i>\$224.89</i>
<i>\$2,400 to \$2,599</i>	<i>\$240.00</i>	<i>\$245.34</i>

\$2,600 to \$2,799	\$260.00	\$265.78
\$2,800 to \$2,999	\$280.00	\$286.22
\$3,000 to \$3,199	\$300.00	\$306.67
\$3,200 to \$3,399	\$320.00	\$327.11
\$3,400 to \$3,599	\$340.00	\$347.56
\$3,600 to \$3,799	\$360.00	\$368.00
\$3,800 to \$3,999	\$380.00	\$388.44
\$4,000 to \$4,199	\$400.00	\$408.89
\$4,200 to \$4,399	\$420.00	\$429.34
\$4,400 to \$4,599	\$440.00	\$449.78
\$4,600 to \$4,799	\$460.00	\$470.22
\$4,800 to \$4,999	\$480.00	\$490.67

(8) Solar Hot Water Systems

A targeted rate for any separately used or inhabited parts of a rating unit that has been provided with financial assistance to install a solar hot water system under Section 16 of the Local Government (Rating) Act 2002 in accordance with agreement of the original ratepayer, of the following factors on the extent of provision of service (net cost of the work including GST after deducting EECA grant, plus funding cost):

- 0.14964 (including GST) for agreements entered into prior to 1 July 2011, multiplied by the Net Cost of the Work adjusted for any increased GST.***
- 0.13847 (including GST) for agreements entered into after 1 July 2011 multiplied by the Net Cost of the Work.***

Other Rating Information:

Due Dates for Payment of Rates

The above rates (excluding water volumetric rates) are payable at the Nelson City Council office, 110 Trafalgar Street, Nelson and shall be payable in four instalments on the following dates:

<i>Instalment Number</i>	<i>Instalment Due Date</i>	<i>Last Date for Payment</i>	<i>Penalty Date</i>
<i>Instalment 1</i>	<i>1 August 2020</i>	<i>20 August 2020</i>	<i>26 August 2020</i>
<i>Instalment 2</i>	<i>1 November 2020</i>	<i>20 November 2020</i>	<i>26 November 2020</i>
<i>Instalment 3</i>	<i>1 February 2021</i>	<i>20 February 2021</i>	<i>26 February 2021</i>
<i>Instalment 4</i>	<i>1 May 2021</i>	<i>20 May 2021</i>	<i>26 May 2021</i>

Rates instalments not paid on or by the Last Date for payment above will incur penalties as detailed in the section "Penalty on Rates".

Due Dates for Payment of Water Volumetric Rates

Residential water volumetric rates are payable at the Nelson City Council office, 110 Trafalgar Street, Nelson and shall be payable on the following dates:

<i>Billing Month</i>	<i>Last Date for Payment</i>	<i>Penalty Date</i>
<i>July 2020</i>	<i>21 September 2020</i>	<i>25 September 2020</i>
<i>August 2020</i>	<i>21 September 2020</i>	<i>25 September 2020</i>
<i>September 2020</i>	<i>20 October 2020</i>	<i>26 October 2020</i>
<i>October 2020</i>	<i>21 December 2020</i>	<i>11 January 2021</i>
<i>November 2020</i>	<i>21 December 2020</i>	<i>11 January 2021</i>
<i>December 2020</i>	<i>20 January 2021</i>	<i>26 January 2021</i>
<i>January 2021</i>	<i>22 March 2021</i>	<i>26 March 2021</i>
<i>February 2021</i>	<i>22 March 2021</i>	<i>26 March 2021</i>
<i>March 2021</i>	<i>20 April 2021</i>	<i>26 April 2021</i>
<i>April 2021</i>	<i>21 June 2021</i>	<i>25 June 2021</i>
<i>May 2021</i>	<i>21 June 2021</i>	<i>25 June 2021</i>
<i>June 2021</i>	<i>20 July 2021</i>	<i>26 July 2021</i>

Special (final) water volumetric rates will be payable 14 days from the invoice date of the special (final) water reading as shown on the water invoice.

Commercial and Industrial water volumetric rates are payable at the Nelson City Council office, 110 Trafalgar Street, Nelson and shall be payable on the following dates:

<i>Billing Month</i>	<i>Last Date for Payment</i>	<i>Penalty Date</i>
<i>July 2020</i>	<i>20 August 2020</i>	<i>26 August 2020</i>
<i>August 2020</i>	<i>21 September 2020</i>	<i>25 September 2020</i>
<i>September 2020</i>	<i>20 October 2020</i>	<i>26 October 2020</i>
<i>October 2020</i>	<i>20 November 2020</i>	<i>26 November 2020</i>
<i>November 2020</i>	<i>21 December 2020</i>	<i>11 January 2021</i>
<i>December 2020</i>	<i>20 January 2021</i>	<i>26 January 2021</i>
<i>January 2021</i>	<i>22 February 2021</i>	<i>26 February 2021</i>
<i>February 2021</i>	<i>22 March 2021</i>	<i>26 March 2021</i>
<i>March 2021</i>	<i>20 April 2021</i>	<i>26 April 2021</i>
<i>April 2021</i>	<i>20 May 2021</i>	<i>26 May 2021</i>
<i>May 2021</i>	<i>21 June 2021</i>	<i>25 June 2021</i>
<i>June 2021</i>	<i>20 July 2021</i>	<i>26 July 2021</i>

Penalty on Rates

Pursuant to Sections 57 and 58 of the Local Government (Rating) Act 2002, the council authorises the following penalties on unpaid rates (excluding volumetric water rate accounts) and delegates authority to the Group Manager Corporate Services to apply them:

- a charge of 5% of the amount of each rate instalment remaining unpaid after the due date stated above, to be added on the penalty date as shown in the above table and also shown on each rate instalment notice.***
- a charge of 5% will be added on 8 July 2020 to any balance from a previous rating year (including penalties previously charged) remaining outstanding on 7 July 2020.***
- a further additional charge of 5% will be added on 8 January 2021 to any balance from a previous rating year (including penalties previously charged) to which a penalty has***

been added according to the bullet point above, remaining outstanding on 7 January 2021.

Penalty on Water Volumetric Rates

Pursuant to Sections 57 and 58 of the Local Government (Rating) Act 2002, the council authorises the following penalties on unpaid volumetric water rates and delegates authority to the Group Manager Corporate Services to apply them:

- a charge of 5% of the amount of each volumetric water rate account remaining unpaid after the due date stated above, to be added on the penalty date as shown in the above table and also shown on each volumetric water rate account.***

Penalty Remission

In accordance with Council's rate remission policy, the Council will approve the remission of the penalty added on instalment one due to late payment provided the total annual rates are paid in full by 20 November 2020. If full payment of the annual rates is not paid by 20 November 2020 the penalties relating to the first instalment outlined above will apply.

The above penalties will not be charged where Council has agreed to a programme for payment of outstanding rates.

The Group Manager Corporate Services is given discretion to remit rates penalties either in whole or part in accordance with Council's approved rates remission policy, as may be amended from time to time.

Discount on Rates

Pursuant to Section 55 of the Local Government (Rating) Act 2002, the Council will allow a discount of 2.0 percent of the total rates (excluding volumetric water rates) where a ratepayer pays the year's rates in full on or before the Last Date for Payment for instalment one being 20 August 2020.

Payment of Rates

The rates shall be payable at the Council offices, Civic House, 110 Trafalgar Street, Nelson between the hours of 8.30am to 5.00pm Monday, Tuesday, Thursday and Friday and 9.00am to 5.00pm Wednesday.

Where any payment is made by a ratepayer that is less than the amount now payable, the Council will apply the payment firstly

to any rates outstanding from previous rating years and then proportionately across all current year rates due.

Sanson/Courtney

Carried

Karakia Whakamutunga

There was a closing karakia.

There being no further business the meeting ended at 9.18a.m.

Confirmed as a correct record of proceedings:

_____ Chairperson _____ Date

Mayor's Report

1. Purpose of Report

- 1.1 To update Council on current matters

2. Recommendation

That the Council

- 1. Receives the report Mayor's Report (R18196) and its attachment (A2430907); and***
- 2. Provides guidance to the Mayor on Councillors' support for the proposed change to Local Government New Zealand Constitution rule F15 to limit the President's term of office to two terms.***
- 3. Provides guidance to the Mayor on Councillors' support for the proposed remits to the Local Government New Zealand Annual General Meeting 2020, as discussed.***

3. Local Government New Zealand (LGNZ) Annual General Meeting

Proposed Rule Change

- 3.1 At the National Council meeting in July a resolution was passed proposing a change to LGNZ rules for consideration by the members at the upcoming AGM on 21 August 2020. Rule K1 confers on the National Council the right to propose a rule change. Pursuant to Rule K4(b), a two-thirds majority of members voting at the AGM is required to pass a rule change proposal.

Item 7: Mayor's Report

The Proposal

- 3.2 The proposed rule change would reduce the term limit on the office of the President from three terms to two terms (nine years to six years).
- 3.3 The term limit was last altered at the Special General Meeting in early 2014 when the term was increased to three terms from two terms.
- 3.4 The proposed rule change and reads as follows:

Proposal – Change the maximum number of consecutive terms of office of the President from 3 to 2:

- 3.4.1 Rule F15: Delete the word “three” from the first sentence and replace with the word “two” so that Rule F15 then reads:
- 3.4.2 **“F15 No person may hold office as President for more than two consecutive terms, provided that any person who holds office as President by virtue of an appointment in accordance with Rules F27 to F32 is eligible for re-election at the end of the unexpired term of office of that person’s predecessor. For the avoidance of doubt, a term under this Rule does not include any period of office held by a President by virtue of an appointment in accordance with Rules F27 to F32.”**
- 3.5 Members are asked to provide guidance to the Mayor who will be voting at the AGM on Council’s behalf.

Remits 2020

- 3.6 The 2020 LGNZ Annual General Meeting (AGM) Remits are attached (A2430907). Remits are sent out as part of the AGM Business Papers prior to the AGM, however to allow time for members to review and discuss these remits they have been attached for reference.
- 3.7 A total of 13 Remits were considered by the Remit Screening Committee, 11 Remits are to be considered at the AGM. One Remit was referred to the National Council for consideration and one Remit was declined.
- 3.8 Remits for consideration are:
 - 1. Public transport support
 - 2. Housing affordability
 - 3. Returning GST on rates for councils to spend on infrastructure
 - 4. Natural hazards and climate change adaptation
 - 5. Annual regional balance transfers
 - 6. Local government electoral cycle

Item 7: Mayor's Report

7. Water bottling
 8. Quorum when attending local authority meetings
 9. Use of macrons for local authorities
 10. Rates rebate for low income property owners
 11. Local Government's CO2 emissions
- 3.9 Members are asked to consider the Remits in order to provide guidance to the Mayor who will be voting at the AGM on Council's behalf.

Author: Rachel Reese, Mayor of Nelson

Attachments

Attachment 1: A2430907 LGNZ 2020 AGM Remits [↓](#)

Who's
putting local
issues on
the national
agenda?

**We are.
LGNZ.**
Te Kāhui Kaunihera o Aotearoa.

2020 Annual General Meeting

Remits

A2430907

1

Public transport support

Remit:	<p>That LGNZ:</p> <ul style="list-style-type: none">• Acknowledges the Government for its recognition during COVID-19 of public transport as an essential service;• Acknowledges the strong financial support provided by the Government through Waka Kotahi NZTA during the COVID-19 Alert Levels, that enabled councils to continue to provide public transport for people providing essential services and transport for the public to receive essential services up to 30 June 2020;• Recognises that councils will continue to be under significant financial pressure to maintain the viability of public transport under current FAR rate settings for many months during the recovery phase from COVID-19; and• Calls on the Government to work with councils to maintain the financial viability of public transport during the recovery phase of COVID-19.
Proposed by:	Greater Wellington Regional Council
Supported by:	LGNZ Regional Sector

Background information and research

1. Nature of the issue

The Remit is important as an acknowledgement to the Government from the Local Government sector for the strong support for public transport during the response to the COVID-19 pandemic emergency, and to reinforce the need for ongoing support during recovery from COVID-19 to ensure the financial viability of public transport in councils across New Zealand.

The Remit meets the tests for acceptance of a proposed Remit to the LGNZ AGM in that it addresses a major strategic “issue of the moment”, and it has a national focus articulating a major interest and concern at the national political level.

2. Background to its being raised

This Remit gives deserved acknowledgement to the Government for its strong support of public transport during the response phase to the COVID-19 pandemic emergency. We know from experience in China that recovery of patronage on public transport has been slow following the passing of the worst of COVID-19. The recovery phase from COVID-19 in New Zealand may take many months, and even years, based on current projections.

The Government through Waka Kotahi NZ Transport Agency (NZTA) required and funded the delivery of public transport (as an essential service) throughout the Alert Levels.

NZTA has also funded:

- The shortfall in revenue for bus, ferry and train operations;
- The additional costs that resulted from COVID-19 such as cleaning, stickers and advertising collateral; and
- The Total Mobility Service receiving a full subsidy for a taxi service up to \$80 /trip until the end of June.

As at 11 June, we do not know what financial support will be available from the Government through NZTA for public transport beyond financial year 2020/2021. This Remit is calling for the Government to continue to work in partnership with councils to ensure the ongoing viability of public transport in the regions, cities, towns and communities across New Zealand.

3. New or confirming existing policy

This issue is not currently covered by existing LGNZ policy.

It is new policy, in so far as it relates to COVID-19 and the associated ongoing financial viability of public transport. One possible tool could be an increase in the appropriate Financial Assistance Rate (FAR) during the Recovery Phase from COVID-19.

4. How the issue relates to objectives in the current Work Programme

The issue directly relates to Issue "1. Infrastructure and Funding" of LGNZ's "The six big issues for New Zealand councils, Our work, Our policy priorities":

<https://www.lgnz.co.nz/our-work/ourpolicy-priorities/the-six-big-issues/>

This also indirectly relates to LGNZ's social priorities, as it is vital that public transport continues to be available to those in our communities who rely on it.

5. What work or action on the issue has been done and what was the outcome

Because of the speed by which the pandemic has become an issue, no work has been undertaken on this issue by either LGNZ or the proposer. Current government support has primarily been concerned with the need to sustain public transport through the immediate response or emergency phase. This Remit is concerned with the sustainability of public transport during the recovery and rebuild phase's post-COVID-19.

6. Any existing relevant legislation, policy or practice

- Land Transport Management Act 2003 , no 118 (as at 22 October 2019):
<http://www.legislation.govt.nz/act/public/2003/0118/77.0/DLM226230.html>
- Draft Government Policy Statement on Land Transport, 2021/22 – 30/31 including Outcome “Inclusive Access” (which includes “access to work, education and healthcare”), and Outcome “Resilience and security” (which includes “recovering effectively from disruptive events”):
<https://www.transport.govt.nz/multimodal/keystrategiesandplans/gpsonlandtransportfunding/gps-2021/>
- National Action Plan 3 “Unite Against COVID-19”, as of 23 April 2020, National Crisis Management Centre:
<https://uniteforrecovery.govt.nz/assets/resources/legislation-and-key-documents/COVID19-National-Action-Plan-3-as-of-22-April-extended.pdf>

7. Outcome of any prior discussion at a Zone or Sector meeting

Zone and Sector Meetings have not been held during COVID-19 Alert Levels.

8. Suggested course of action envisaged

That the President of LGNZ write to the Minister of Transport and the Minister of Local Government, to convey the Remit and seek a meeting with the Ministers to discuss a joint work programme between the Government and councils (through LGNZ) on policy to maintain the financial viability of public transport during the recovery phase of COVID-19.

2

Housing affordability

- Remit:** *That Local Government New Zealand (LGNZ):*
- Calls on the Government to introduce legislation that would fully enable councils to address housing affordability in their communities through a range of value uplift and capture tools, one such tool being 'inclusionary zoning';*
 - Seeks to establish a working group on affordable housing, comprising of relevant/affected councils, central government (MHUD, Kāinga Ora, MSD), iwi, and the community housing sector; and*
 - Advocates to central government for an affordable housing National Policy Statement to be developed.*
- Proposed by:** Hamilton City Council and Christchurch City Council
- Supported by:** Tauranga City Council; Tasman District Council; Waipa District Council; South Waikato District Council; and Waitomo District Council

Background information and research

1. Nature of the issue

Many towns and cities in New Zealand are grappling with how to provide more affordable housing – dwellings that are affordable to buy or rent for households on low to median incomes with secure tenure.

A more joined-up response is necessary. This remit therefore calls for:

- A working group on affordable housing be established, comprising of relevant/affected councils, LGNZ, central government (MHUD, Kāinga Ora, MSD), iwi and the community housing sector; and
- LGNZ to advocate to central government for an affordable housing National Policy Statement to be developed.

The remit also covers one specific proposal: inclusionary zoning.

Councils need more tools to enable them to respond to housing needs in their communities. One such tool is inclusionary zoning that seeks land or financial contributions from developers being vested to nominated housing land trusts.

While this is not commonplace in New Zealand currently, it is widespread in other major housing hotspots around the world including in parts of the United Kingdom, Australia and the United States.

The term inclusionary zoning refers to district plan rules that require a portion of new land development to be retained as affordable housing for people on low-to-moderate incomes. The theory of inclusionary zoning is that when land is up-zoned (for example, from rural to residential), it creates a significant uplift in value, and the community should share in the benefit of that uplift. This value uplift is enabled through council planning processes, including but not limited to private plan changes, granting of resource consents or council-initiated district plan rezoning under the Resource Management Act (RMA) process.

As an example of inclusionary zoning, a council's district plan could require that land developers provide 5 per cent of titled sections from up-zoned land or on a specific unit threshold of consented residential development, or the equivalent monetary value, to a community housing trust. This land would then be retained on behalf of the community in perpetuity and used for affordable housing.

It is critical that government reinstate the ability to secure financial contributions as one of the options for local government funding for securing and providing a basis for a monetary contribution. This remit supports the Resource Legislation Amendment Act 2017 (RLAA) and its proposal to repeal the current provisions which stop the ability to secure contributions after April 2022.

An early form of inclusionary zoning was central to the early success of the Queenstown Lakes Community Housing Trust (QLCHT), enabling it to grow its housing stock significantly since it was established in 2007. Inclusionary zoning was a key tool for the Queenstown Lakes District Council (QLDC), utilised primarily for the period from 2006 through to 2013, ensuring that the Council could negotiate the inclusion of affordable housing through the planning process.

Although QLDC's first inclusionary zoning plan change was settled in July 2013, Queenstown was subject to legal challenges in the Environment Court, High Court and Court of Appeal by some land developers during the period 2009-2013 on its plan change to add a set of objectives, policies and rules into its district plan. The settlement forced the Council to make its inclusionary zoning provisions a matter of assessment, rather than rule-based and mandatory, reducing the effectiveness of these provisions in addressing the District's severe housing affordability issues. Today these provisions represent an inclusionary zoning opportunity that was not completely realised, having achieved only piecemeal and limited further contributions, facilitated through non-mandatory schemes and with limited certainty going forward.

Because of continuing acute housing affordability issues, the QLDC intends notifying new inclusionary zoning provisions in the next stage of its district plan review and is anticipating the same legal challenges and likely lengthy and costly appeals process.

The housing affordability challenge is wide ranging and complex. Inclusionary zoning is not the sole answer. However, it is a vital tool in enabling councils to secure a longer-term supply of land or funds in partnership with registered housing trusts and that legislation is needed to ensure inclusionary zoning can be applied consistently across the regions and minimise the risk of legal challenge.

For the avoidance of doubt, this remit proposes that councils have the clear legal opportunity in legislation to pursue inclusionary zoning. It would not be mandatory.

2. Background to its being raised

The Queenstown Lakes Community Housing Trust

In 2007, QLDC recognised a serious lack of affordable housing in its district and acted by forming the QLCHT. The trust is an independent, not-for-profit, community-owned organisation that maintains a strong relationship with the Council, with a shared goal of creating decent, secure housing for the community. The consensus to establish the QLCHT and develop planning tools to deliver affordable housing were two of 34 action items set out in the 2005 'Housing Our People in our Environment' strategy, a significant milestone of council commitment to address its housing issues with local leadership, and central government participation and investment.

The Trust operates across the housing continuum. As at June 2019, it had assisted 130 households into their assisted ownership programmes, ten into rent-to-buy schemes and 34 into affordable rental properties. The Trust has over 600 households on its waiting list and has set the goal of providing 1,000 homes over the next ten years. This goal was reaffirmed through the October 2017 Mayoral Housing Affordability Task Force report.

QLDC negotiated its first inclusionary zoning agreement with a developer over 15 years ago. This resulted in a cash payment of over \$5 million, which enabled the trust to buy a large piece of land and build its first development in an affordable subdivision of Queenstown. Since then, subsequent agreements with developers have delivered residential land valued at over \$12 million to the Trust, with some further cash contributions.

This remit suggests that the approach taken by QLDC has been one of the few effective approaches in the country in capturing and retaining value uplift for delivery as affordable housing.

Proposed National Policy Statement on Urban Development 2019 (NPS-UD)

Although the proposed NPS-UD looks at providing for intensification and a range of housing typologies, density and variety to support housing capacity assessments, the policies are not generally focused on housing affordability, despite this being an essential part of providing for peoples wellbeing in the proposed Objective O2 of this NPS.

Establishment of the Waikato Community Lands Trust

A housing stocktake, carried out by the Waikato Regional Housing Initiative in 2018, found that Hamilton was the third least affordable house market in New Zealand, with a median house price of 6.8 times the average household income. Three times the median income is considered affordable.

In 2019, Hamilton City Council approved the establishment of the Waikato Community Lands Trust to help address housing affordability – a community owned trust with the purpose of holding land in perpetuity to provide access to affordable housing for the benefit of the community (like the QLCHT model). Hamilton City Council also committed an initial \$2 million to the Trust as a seed funding for purchasing land. However, for the trust to grow its capacity and build a sustainable, long-term model going forward, inclusionary zoning provisions will be needed.

Other councils

While we understand that other councils are interested in exploring the use of inclusionary zoning, few have the appetite for the risks of legal challenge through the Environment Court, High Court, and Court of Appeal that QLDC faced. However, if there were an acceptable pathway that councils could follow to enable their implementation of a local housing strategy, founded on a robust needs assessment, which allowed inclusionary zoning as one of their tools, many are likely to consider such a path. The lack of enablement to local government was raised as the primary barrier to wider uptake at the 25 February LGNZ Housing Symposium.

Challenges to implementing inclusionary zoning

At present, councils that introduce inclusionary zoning provisions into their district plan open themselves up to legal challenge. The risk of lengthy and expensive legal challenges is a key barrier to councils adopting inclusionary zoning as a housing affordability lever.

The risk of legal challenge can be seen from the Queenstown example. In 2010, the QLDC inclusionary zoning requirements were challenged in the Environment Court. The outcome of the initial legal challenge was favourable for the Council and housing trust. The Court decided that the inclusionary zoning provisions were allowed under the RMA because they were a way for the Council to 'mitigate' the impacts of its policy to protect the area's unique landscape by constraining land use (which is critical for tourism and economic development in the area but puts pressure on land prices).

Appeals to the High Court and Court of Appeal by a small set of developer appellants during the period 2009-2013 on its plan change to add a set of objectives, policies and rules into its district plan were focused only on whether affordable housing was an RMA matter. The successive rulings in council's favour affirmed that in the specific case of QLDC's tourism-based economy focused on protecting the outstanding natural landscapes of the district, housing affordability was in fact a matter within scope of resource management, and therefore, application of district plan provisions. However, the substantive case of whether the specific rules and implementation provisions were correct was never heard by any Court.

Therefore, a cloud remains as to whether the specific mandatory tools designed by QLDC for implementation through a local housing trust would comply with the RMA. The settlement forced the Council to make its inclusionary zoning provisions a matter of assessment, rather than rule-based and mandatory, reducing the effectiveness of these provisions in addressing the District's severe housing affordability issues.

QLDC is currently considering further provisions for delivery of affordable housing through its District Plan Review. Clear legal authority from central government to enable councils to address affordable housing would assist both QLDC, Hamilton City Council, and likely any Council around New Zealand which has the local mandate to develop and implement its local housing plan.

3. New or confirming existing policy

This is a new policy.

4. How the issue relates to objectives in the current Work Programme

Affordable and healthy housing are key ingredients to promoting wellbeing in local communities. LGNZ has recognised housing affordability as a key issue and its National Council agreed that housing should be a 2018 priority topic. As part of its Housing 2030 Project workstream, LGNZ currently has two separate working groups – the Supply Working Group and Social and Community Housing Working Group.

5. What work or action on the issue has been done and what was the outcome

Community Housing Aotearoa (CHA) has outlined in its submissions to central government on the Urban Development Bill the need for councils to have clear enabling authority to implement tools locally such as inclusionary zoning. The reason CHA supports this approach is that it supports local strategies between councils and community housing providers across the country to combine local land value uplift with investment through philanthropic channels, blended with central government investment (such as the Income Related Rent Subsidy for social housing or Progressive Homeownership fund) to deliver locally-relevant housing solutions. CHA will continue to work with councils and Local Government New Zealand on the enabling approach to see this tool work for councils that choose to utilise it.

6. Any existing relevant legislation, policy or practice

The RMA enables district plans to explore inclusionary zoning policies to a limited degree but only if councils retain the ability to seek and secure financial contributions. However, without a legislated mandate for affordable housing and in the absence of legislation like the Housing Accord and Special Housing Areas Act (2013) (HASHAA) which is now rescinded, this still comes with uncertainty and relies on individual councils making a strong demonstrable evidence-based case for its own housing need and has a risk of legal challenge.

7. Outcome of any prior discussion at a Zone/Sector meeting

Not possible in the revised timeframes.

8. Suggested course of action envisaged

We assume that, by August's LGNZ AGM, it will be too late to alter the proposed NPS-UD, although it may be possible to make changes at the time of any subsequent amendment. Instead, the remit calls for LGNZ to advocate for there to be a National Policy Statement specifically focused on affordable housing.

This remit also encourages a working group be formed, comprising of relevant/affected Councils, central Government (MHUD, Kāinga Ora, MSD), iwi, and the community housing sector. The group would work on the inclusionary zoning proposals set out in this remit, and work in partnership on other means of addressing the affordable housing challenge, leading to the delivery of the proposed National Policy Statement.

3

Returning GST on rates for councils to spend on infrastructure

Remit:	That Local Government New Zealand (LGNZ) request that the Government use the appropriate mechanisms to enable the 15 per cent Goods and Services Tax (GST) charged on rates be returned to councils to spend on local or regional infrastructure projects.
Proposed by:	Hamilton City Council and New Plymouth District Council
Supported by:	Auckland Council; Christchurch City Council; Tauranga City Council; Nelson City Council; Tasman District Council; Gisborne District Council; Waipa District Council; Waikato District Council; and South Waikato District Council

Background information and research

1. Nature of the issue

Whereas GST is not applied on the vast majority of other taxes, it is applied on rates. This causes hundreds of millions of dollars per year to leave the area in which they were generated and go to central government, whilst driving up rates.

One option, of course, would be not to levy this 'tax on a tax'. The option proposed in this remit is that LGNZ negotiate with central Government for this sum to be returned to councils for them to spend directly on local or regional infrastructure. This option has been proposed by – amongst others – respected economist Shamubeel Eaqub.

As well as, we believe, being a fairer and more rational system, this would provide much needed support to councils, whilst ensuring the money is ringfenced to be spent on infrastructure projects of local, regional and national benefit, thus helping to address New Zealand's longstanding infrastructure challenge.

2. Background to its being raised

In 2017, a remit from Gisborne District Council proposing that a proportion of all GST be returned to the region in which it was generated, for councils to use on servicing visitor infrastructure was supported at LGNZ's Annual Conference, although subsequent discussions with the Government did not prove fruitful.

Three years on, with pressure on local government greater than ever following the COVID-19 outbreak, we think the time is right to raise a similar issue. This remit has also been developed noting that the need for investment in New Zealand's infrastructure, particularly in its three waters infrastructure, is ever clearer.

3. New or confirming existing policy

The proposed remit would be consistent with LGNZ's position, as voted through at Annual Conference in 2017, that some GST should be returned to the local or regional level. However, the exact focus of this remit is different.

The issue around GST was also raised by LGNZ in its February 2015 Funding Review discussion paper, as well as in their submission to the New Zealand Productivity Commission's Local Government Funding and Financing Inquiry that commenced in July 2018.

Hamilton City Council also raised the issue of investigating use of various financing tools that are linked to the growth and development in a council's administrative area in its submission to the Productivity Commission's Local Government Funding and Financing Inquiry. The submission noted that "this could involve councils receiving a set portion of the Government's GST 'take' from their administrative area, or alternatively, a set amount of the total 'spend' in a council's administrative area that is captured as an additional levy to the current GST component, potentially in the form of an increase to the GST rate. Such funding streams should be dedicated to core infrastructure maintenance and enhancement".

4. How the issue relates to objectives in the current Work Programme

The remit is broadly consistent with existing LGNZ policy, but with a slightly different focus.

5. What work or action on the issue has been done and what was the outcome

No formal work undertaken.

6. Outcome of any prior discussion at a Zone or Sector meeting

Not possible in the revised timeframes.

4

Natural hazards and climate change adaptation

Remit:	That central government undertakes, in collaboration with all of local government, a comprehensive review of the current law relating to natural hazards and climate change adaptation along New Zealand's coastlines, and coordinates the development of a coastline strategy for the whole of New Zealand which would cover: the roles and responsibilities of territorial authorities, regional councils and central government; greater direction on an integrated approach; and development of principles for "who pays".
Proposed by:	Hauraki District Council
Supported by:	Hawke's Bay Regional Council, Thames-Coromandel District Council; Napier City Council; Hastings District Council; and Northland Regional Council.

Background information and research

1. Nature of the issue

Central government has provided guidance to local government on how to apply a risk-based adaptive approach to planning for climate change in coastal communities. Many councils are now following this guidance and working with their communities using adaptive planning approaches. As these councils look ahead to how adaptive approaches can be implemented, they are encountering limitations in existing legislation and a lack of guidance from central government on the legalities and practicalities of doing so.

Councils report difficulty in determining their respective roles (territorial and regional) and who should do what in the area of managing the risks of natural hazards arising from climate change. Furthermore, they note that there is a lack of direction over who pays for what and who owns/maintains/is liable for any assets that may be required.

Councils also have many unanswered questions around how a managed retreat option should be implemented. For example, where managed retreat is identified as a preferred adaptation option, how should this be undertaken, by who, where should costs fall, whether compensation is payable and if so by whom?

Furthermore, councils see difficulties in how adaptive approaches can be implemented through statutory documents such as District and Long Term Plans, especially as councils are being asked to plan at least 100 years into the future using adaptive approaches which may require rapid implementation (eg in response to a 'trigger' event). This combination of long timeframes, deep uncertainty, and potentially rapid action is not well provided for by these documents.

2. Background to its being raised

Beginning in 2014, Hawke's Bay councils (Napier City Council; Hastings District Council; and Hawke's Bay Regional Council) and tangata whenua partnered to develop a Coastal Hazards Strategy that was ultimately the first project of its type to follow the approaches set out in the Ministry for the Environment's coastal hazards guidance (the Guidance). The councils and tangata whenua are now working on the implementation phase of the strategy.

Hauraki District Council are working with Waikato Regional Council, Waikato District Council and Iwi to prepare a community plan (Wharekawa Coast 2120) for the western Firth of Thames area, using a similar approach to the Hawke's Bay Coastal Strategy, and following the Guidance. Hauraki District Council is aware of other work of this nature being undertaken in the Waikato region by Thames-Coromandel and Waikato District Councils, in the Wellington region, and scoping is underway for work in the Northland region.

All of these projects recognise the importance of regional and territorial authorities working collaboratively with their communities to respond to increasing natural hazard risks in coastal areas, due to climate change. These projects are at different stages of development, but eventually will all be facing the same implementation issues.

3. New or confirming existing policy

This remit is a new policy.

4. How the issue relates to objectives in the current Work Programme

This remit raises issues around how local government can practically implement approaches and responses to natural hazards risks in coastal areas developed under the Guidance. These issues are related to LGNZ's policy priorities: Climate Change and Environment (Natural Hazards). In particular, the topics of community resilience and climate future fit, as well as LGNZ's climate change project.

5. What work or action on the issue has been done and what was the outcome

The Ministry for the Environment recently published a case study on challenges with implementing the Hawke's Bay Coastal Strategy. This case study highlights many of the issues identified by this remit and provides more detailed analysis.

The Wharekawa Coast 2120 Joint Working Party (comprising elected members and iwi representatives) recently considered a paper on project implementation funding issues. Discussions regarding this information, and other papers reviewing Deep South Science Challenge research, prompted the preparation of this remit.

Also of relevance to the issues raised by this remit is the Productivity Commission's recent local government funding and financing inquiry.

6. Any existing relevant legislation, policy or practice

The following legislation is considered relevant to the remit: Resource Management Act 1991 and New Zealand Coastal Policy Statement 2010, Local Government Act 2002, Public Works Act 1981, and Building Act 2004.

7. Outcome of any prior discussion at a Zone/Sector meeting

This has not been discussed at zone or sector meetings to date.

8. Suggested course of action envisaged

LGNZ works with central government to prepare a nationwide coastal strategy that provides further direction on an integrated approach to climate change adaptation issues including:

- a. The roles and responsibilities of territorial and regional councils;
- b. How managed retreat should be implemented including funding arrangements and whether compensation is payable and if so by whom;
- c. A protocol for considering how costs for adaptation actions should be allocated both between local government itself (territorial and regional councils), between local and central government, and between public and private beneficiaries;
- d. How adaptive planning approaches should be implemented, for example by providing better linkages between LGA and RMA processes or by potentially new natural hazard risk management and climate change adaptation-specific legislation; and
- e. How councils could be supported to implement appropriate restrictive zoning behind defensive measures to respond to 'moral hazard' issues.

5

Annual regional balance of transfers

Remit:	That LGNZ work with Treasury, Statistics New Zealand and other government agencies to develop an annual regional balance of transfers to show how much each region contributes in taxes and how much each region receives in government funding.
Proposed by:	New Plymouth District Council
Supported by:	Thames-Coromandel District Council; South Taranaki District Council; Hastings District Council; Rangitikei District Council; and Rotorua Lakes Council.

Background information and research

1. Nature of the issue

Regional New Zealand often questions whether the government returns more or less to the region than it receives in tax and other revenue sources. This remit proposes that LGNZ work with relevant government agencies – particularly Treasury and Statistics New Zealand – to develop an annual publication of a regional balance of transfers outlining the inwards and outwards flow of money between the region and the government.

As with many regions, Taranaki has perceived that it has received low investment from government compared to the amount of tax paid by the region. Various attempts have been made to provide an estimate of the gap, however obtaining regional financial information from government agencies has proved difficult. Many agencies cannot provide breakdowns of expenditure and collection of revenue is difficult to obtain at a regional level.

A regional balance of transfers would provide transparency for all of New Zealand and promote more open democracy where inclusiveness and accountability is strengthened. It would enable better performance measurement and the assessment of outputs in a community against that of other regions and New Zealand.

2. Background to its being raised

Attempts to get a clear picture of a regional balance of transfers – identifying what is paid to and received from central government – have been unsuccessful. There is great inconsistency in reporting and data collection between government agencies and a general unwillingness to be open and transparent in what is spent in regions.

Official Information Act requests often generate responses such as “our information is not structured in such a way that would enable the questions to be answered”.

It is recognised that a full set of actual data may not be able to be provided and assumptions will need to be made in some situations, such as when making “overhead allocations” to the regions for national costs of government.

In recent years there has been a greater focus on measuring the performance of local authorities but not of the performance of central government. A regional balance of transfers would be one factor to help measure equity and the performance of government.

A balance of transfers would also go a long way to build trust in government through transparency and accountability of where public money is spent and where it has come from and in decision-making. This data would also be able to be used by government ministers to help monitor the performance and of their portfolios in an open and consistent manner.

According to Treasury, an objective of the Government “is to continually improve public confidence in the tax system and Inland Revenue. The system should help people meet their obligations, be fair, and inspire confidence. The Government is committed to raising revenue in ways that meet these objectives”. It is believed that the gathering and reporting of a regional balance of transfers would greatly assist government in this aim.

3. How the issue relates to objectives in the current Work Programme

This remit is related to the LGNZ and New Zealand Initiative work on localism whereby this data would help ensure that power and authority flows up from citizens and communities, not down from the government.

LGNZ has led the way in the assessment of council performance through the successful CouncilMARK™ programme that provides qualitative assessment of council performance across a wide range of facets. This remit would help LGNZ to do the same for our communities when considering central government performance and equity.

This remit would also contribute to LGNZs six big issues for New Zealand councils – particularly infrastructure and funding, social and economic.

4. What work or action on the issue has been done and what was the outcome

Attempts have been made to gather the required information from government agencies to create a regional balance of transfers. This has been unsuccessful as the data is apparently not gathered.

5. Any existing relevant legislation, policy or practice

The remit seeks LGNZ to work with Treasury, Statistics New Zealand and other government agencies to develop a regional balance of transfers to show how much each region contributes in taxes and how much each region receives in government funding. To be successful, this would require directives to all government agencies to gather data and give it to either Treasury or Statistics New Zealand to compile and report on.

6. Suggested course of action envisaged

This remit suggests that LGNZ work with Treasury, Statistics New Zealand and other government agencies to develop an annual regional balance of transfers that show how much each region contributes in taxes and how much each region receives in government funding. This is likely to require government Ministers to give such a directive.

6

Local Government electoral cycle

Remit:	That the local government electoral cycle be extended from three to four years.
Proposed by:	Northland Regional Council; Rotorua Lakes Council; Whanganui District Council; and Hamilton City Council.
Supported by:	Hastings District Council; Palmerston North City Council; Napier City Council; Manawātū District Council, South Taranaki District Council, Rangitīkei District Council

Background information and research

1. Nature of the issue

The election cycle, or term of office, refers to the number of years an elected representative serves between local government elections. In New Zealand, the length of the term of office of a local government elected representative is three years. At a meeting of Northland Regional Council on 18 February 2020, it was agreed to seek formal support for this remit from Zone One as a pre-requisite for proposing at the LGNZ 2020 AGM.

2. Background to its being raised

Northland Regional Council's remit background

Advocates for extending the election cycle to four years would say that a longer electoral term:

- Promotes longer term thinking and decision-making by councillors. An example of this would be a longer electoral cycle would encourage councillors to lengthen their investment horizon when making financial investment decisions;
- Allows for more time to implement a local government vision by extending the productive working time of a council and reducing councillor turnover;
- Gives more time for new councillors to learn and conduct their duties thereby increasing councils' overall productivity as councillors spend more time governing and less time campaigning;
- Reduces voter fatigue and in turn may result in increased voter turnout;
- Reduces the administration costs of setting up and inducting a new council thereby increasing operational efficiency – particularly of governance staff;

- Provides more opportunity to direct energy and provide certainty for longer term planning and more significant activities such as large capital projects;
- More stable decision-making framework for council through greater opportunity for long term planning;
- Enables implementation of longer term council policies within a single term of office;
- Less pressure on new councillors to get up to speed;
- Longer terms have the potential to be more conducive to stable governance; and
- Provides cost savings by reducing the number of elections. The cost of the last election was approximately \$180,000 – a four year cycle would save this complete amount each third electoral cycle.

Opponents would say that:

- A longer electoral term is a barrier to participation as potential councillors must make a longer commitment to their term in office;
- There is additional expense to educate the public of the change as New Zealanders are very accustomed to three year electoral cycles for both local and national government;
- The shorter term enforces more accountability on elected representatives who face getting voted out if they don't perform as expected;
- Elected representatives must engage more frequently with constituents as they seek to stay top of mind for the next election;
- A longer term may be seen by some as reducing accountability as the community must wait a year longer to judge their council's performance through the voting process; and
- A longer time between elections gives voters less opportunity to express their opinions on the performance of their elected officials.

Extending the local government electoral cycle from three to four years would result in local government and central government elections being held in the same year once every three years. If this was considered to be an issue, then the central government electoral cycle could also be extended to four years. Similar advantages and disadvantages to the change would apply.

Rotorua Lakes Council remit background

By international standards, New Zealand's three- year electoral cycle is short. Far more jurisdictions have a four-year term for central government and in most cases, the length of term of office of local government will be the same as that of their central government.

Madden (2013, July 16) notes that "New Zealand is the only liberal democratic country with a unicameral system and a three-year term. Other unicameral democracies with proportional electoral systems – such as Israel, Sweden, Norway, Denmark and Finland, have four year terms."

Boston et al. (2019) state "For decades, numerous politicians, civic leaders and academics have supported extending the term of Parliament to four years. It has been argued that a modest extension of this nature would enhance the capacity for governments to undertake thoroughgoing policy reforms in a more careful, considered, evidence-informed manner..."

The members of the Constitutional Advisory Panel (2013, November) found that while a reasonable proportion of people supported a longer term, others felt that "elections are the best means for voters to hold government to account and should not be made less frequent."

Those in favour of a four-year term provided the following reasons for their support:

- The ability to take more time to develop and implement policy could result in the public having better information about the intention of policy, to weigh the pros and cons and see results.
- The three-year term was seen as reducing certainty as policies are perceived to change every three years.
- Conversations regularly highlighted that any extension to the term of Parliament would need to be counter-balanced by mechanisms to improve law-making and accountability.

An Australian report (Bennett, 2000) promoting four-year terms for the House of Representatives provided a list of benefits that supporters for a four-year term claim.

Those of relevance to New Zealand Central and Local government include:

- Longer terms would encourage governments to introduce policies that were long-term rather than merely politically expedient.
- Longer terms would enhance business confidence.
- Over time money would be saved by having fewer elections.
- Australians dislike the frequency they are required to vote.
- Longer periods between elections would raise the standard of political debate.

Boston et al. (2019) note that any reforms to the electoral cycle would require public endorsement via a referendum and that the main political challenge would be convincing the public of the desirability of change. They also point to the two referenda held in New Zealand in 1967 and 1990 on increasing the parliamentary term, which were both heavily defeated. The Constitutional Advisory Panel (2013, November).

While achieving public support for change would be a challenge, another commentator (Singh, S., 2019) notes that the composition of New Zealand has changed dramatically since the two referenda. He points out that New Zealand's migrant population has significantly increased and that "to many...who have lived overseas and seen a five-year parliamentary term, the idea of a three-year cycle, is an intriguing deviation from an experience they have understood as normal."



While the case for changing the electoral cycle for central government may be stronger, discussion by elected members in local government in New Zealand supports a change to a four-year term for local government also. Their comment is included below.

- The new norm is that there is an expectation that central and local government will work together in partnership. The current three-year electoral cycle is unbalanced. In addition, generally seven out of every ten years is an election year for either local or central government. This is disruptive and short-term political decision-making results.
- In local government, a longer electoral cycle would enable new councillors to be better educated and informed on long term, infrastructure and financial planning. Currently the importance of the Long Term Plan window (ten years) is not well understood in the sector.
- Short-term political decision-making by local government results in uncertainty and a lack of investor confidence. This is also detrimental to the new partnership approach that councils are seeking to develop with their local investors and stakeholders.

Dr Mike Reid notes that for a four-year term for local government to be acceptable to New Zealand citizens, there must be an adequate accountability framework to protect communities. He notes that if local government was to move to a four-year term, there must be a way for citizens to call a new election should the governing body become inoperable. An accountability framework could include a recall provision which would, on the basis of a petition signed by a sufficient number of residents, force a new election, as argued for in the LGNZ manifesto in 2017.

7

Water bottling

Remit:	That LGNZ works with the Government to: <ol style="list-style-type: none"> 1. Place a moratorium on applications to take and/or use water for water bottling or bulk export; 2. Require and enable regional councils to review inactive water bottling consents, with a view to withdrawal of the consent and discourage consent 'banking'; 3. Undertake an holistic assessment of the potential effects of the current industry, its future growth and the legislative settings that enable Councils to effectively manage those effects; and 4. Initiate a comprehensive nationwide discussion on the issue of water bottling and implement any changes to legislation and policy settings as required.
Proposed by:	Queenstown-Lakes District Council
Supported by:	Greater Wellington Regional Council; Tauranga City Council; Thames-Coromandel District Council; Upper Hutt City Council; and Waitaki District Council.

Background information and research

1. Nature of the issue

The water-bottling industry in New Zealand is young and relatively unregulated. A comprehensive review of legislation and policy needs to be developed in order to fully understand and address its potential effects on community wellbeing and resilience.

The sustainability of water bottling and its associated implications for global plastic waste, local property rights and Māori freshwater rights need to be considered. The effects of climate change on groundwater systems are not yet well understood. Further research is required.

The implications of 'banking' water-bottling consents needs to be fully explored. The amount of water bottled reaches 157.8 million litres annually (as at January 2018), however there are consents available to extract 71.575 million litres of water per day for both bottled water and for mixed uses. The consequences of rapid uptake and growth in the industry are unknown, but could artificially raise land values and make access to water unaffordable.

Therefore, where water is unlikely to be bottled, consents should be available to be reviewed, or in the case of mixed-use consents, water bottling removed as a purpose of the water take.

It is timely to reconsider legislation and policy, given many catchments are nearing their allocation limits and the National Policy Statement for Freshwater Management is under development.

It is important to note that the intent of this remit is not to impact existing water-bottling operations, nor to make judgements on the merits or otherwise of the industry. The focus of this remit is on obtaining a comprehensive understanding of the industry, its potential for growth, the range of externalities such growth may cause and the policy and legislative settings required to address this.

2. Background to its being raised

The Industry

Large-scale water bottling is a relatively new industry in New Zealand. As a result, there is no clear policy governing the use of water for bottling, and the industry is not specifically regulated. Managing the effects of the industry requires the alignment of a range of interdependent policies and legislative tools that determine who can access water, for what purpose and under what conditions. A review is required to understand how best to co-ordinate these tools.

The value proposition of water bottling has resulted in the 'banking' and sale of water bottling consents, raising the value of land and effectively creating an unregulated market for water. This can lead to confusion between these outcomes and s122(1) RMA which states that a resource consent is neither real nor personal property. This issue is exacerbated by increasing demand for water, the fact that many catchments are at or approaching full allocation, and the extent to which some regional plans enable existing water consents to be varied to enable water bottling. As the future utilisation of water will become increasingly competed for, understanding what our communities' priorities for this resource are must be fully debated and understood.

Any review needs to also consider the value and reliance placed on consents by owners and operators, and the impact on established property rights, which will need to be addressed.

Overseas Interests

Since 2013, New Zealand Trade & Enterprise (NZTE) has invested in eight water bottling companies through its Focus 700 Group programme, to support the growth of water exports. Although NZTE no longer encourages the sale of NZ's water, it does facilitate the sale of land for the holders of water permits. It is worth noting that certain provisions of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) make it unclear whether NZ drinking water suppliers can be prioritised to ensure NZ communities will always have access to affordable clean drinking water.

Under the OIA foreign investment in NZ's water cannot be managed effectively as water is not defined as a 'sensitive' asset. Treasury has confirmed that our existing free trade agreements do not allow the creation of new classes of sensitive assets.

Therefore, foreign investment in water bottling can only be limited where the water is to be extracted from sensitive land and only if the 'good character' or 'benefit to NZ' tests are not met.

In 2018 Land Information New Zealand (LINZ) Minister Eugenie Sage was unable to decline Cresswell NZ's application to purchase of sensitive land for a water bottling plant. She stated that the provisions of the Overseas Investment Act prevented her declining the application. Subsequently, the government has proposed amendments to the OIA6 that (if enacted) will allow applications involving the extraction of water for bottling to be declined if they are likely to result in a negative impact on water quality or sustainability.

Community Sentiment and Maori Cultural Values

New Zealand has demonstrated community concern in relation to water bottling in recent years, presenting petitions and participating in protests on a number of occasions.

On the matter of water export and Maori cultural values, Ngati Awa has appealed the Environment Court Decision arguing that the application is "for too much water to be sold too far away" (at [35]). Their position is that in these circumstances te mauri o te wai and their tangata whenua right to act as kaitiaki of the water are lost.

Waste and Plastic

On the matter of plastic production, it is unclear under which vehicle this can be managed. In the Minority Judgement of the Environment Court against Cresswell NZ (10 December 2019), Commissioner David Kernohan found (at [346]) that "the pollution created from the production and specifically end use disposal of plastic water bottles does not meet the objectives and policies of the RMA". However, the Majority of the Court found that the end uses of the water which involved putting the water in plastic bottles were found to be "ancillary activities which are not controlled under the Regional Plan" and that there had been "no suggestion that control of such activities comes within the ambit of the functions of the regional council under s30RMA" (at[64]).

Impact on Local Government

The effects of the water bottling industry on local councils, as water suppliers and as the owners of transport networks, may be significant and there are a number of examples of this being the case. However, their ability to submit and appeal may be limited by notification provisions.

There are currently three appeals before the High Court. These challenge applications for consent in Belfast and Otakiri and deal with questions related to the allocation of water for water bottling including the ability to consider the effects of plastic bottle production as an end-use of water, the effects of water export on te mauri o te wai and kaitiaki rights under Te Tiriti and the correct process for changing the purpose of a water take.

A levy on water bottling is a response to perceived issues of fairness but this policy could itself have unintended consequences if implemented in isolation and without an assessment of the kind proposed by this remit.

QLDC is therefore proposing comprehensive policy and legislation based on consultation with councils and the community.

3. New or confirming existing policy

This Remit represents a new policy position for LGNZ and for central government.

4. How the issue relates to objectives in the current Work Programme

This remit could accelerate the debate on water allocation and highlight any issues within the RMA and/or the NPS-FM. This could significantly influence the existing LGNZ programme of work in relation to strategic and policy advice to Central Government.

The results may feed into Stage 2 of the reform of the RMA as well as LGNZ's Water 2050 project which could lead to changes that ensure communities are resilient in the face of climatic changes that will impact productive land and water bodies, including sources of drinking water.

The following matters may be raised in delivery of the current work programme in relation to this remit:

Resource Management Act

- Adding consideration of the effects of plastic production to the RMA as a Part 2 matter of national importance.
- Adding effects on Climate Change to the RMA as a Part 2 matter of national importance.
- Greater use of regional councils' powers under s30 RMA to allocate water amongst competing activities with a view to:
 - Zoning water and controlling its use in the same way land use is controlled.
 - Using water allocation as a tool to incentivise resilience and sustainable outcomes.
 - Protecting our deep, clean aquifer water for domestic and community supply.
- Reviewing the provisions governing the variation and transferability of water permits and the effects of those on consent holders' rights as well as the possibility for unregulated water markets.

National Policy Statement on Freshwater Management Development

- Redefining 'efficient allocation' in the draft NPS-FM and regional plans so that when councils are deciding "how to improve and maximise the efficient allocation of water" and identifying in "methods to encourage the efficient use of water"¹² within regional plans, it is clear they are seeking to not only maximise jobs and minimise 'waste', but also to maximise the wider economic, social, cultural, environmental and health benefits of water allocation.
- Re-wording Policy 4 of the draft NPS-FM and the policies for implementing integrated management of land and freshwater (at 3.4 (1) to (4))¹³. The proposed approach is one directional, considering only the effects of land use on fresh water. Rewording these policies may lead to more efficient and sustainable allocation of water.

5. What work or action on the issue has been done and what was the outcome

QLDC wrote to Minister Parker in February requesting a moratorium on new and existing water bottling consents. This was written in support of an initial proposal by Upper Hutt City Council.

6. Any existing relevant legislation, policy or practice

Existing legislation, policy and practice reflects a complex landscape where far greater alignment is required if effective regulation and understanding is to be achieved.

There is some concern that a levy implemented in isolation may not address the issues that communities and local councils will be faced with if the industry grows. Concerns have also been raised that a levy may incentivise or prioritise the grant of water bottling consents as a result of the revenue stream that would be created.

Section 30 RMA 14 provides regional councils with the power to add rules to their plans to allocate water amongst competing activities, in much the same way as district councils can zone land and prioritise, discourage, prohibit or otherwise control different land uses. This power has not been exercised to any great extent to date. Regional Councils have preferred to allocate water on a 'first complete application, first assessed' basis in line with case law, and to grant consent as long as the water 'take' is sustainable and the purpose reflects efficient use. However, in theory, regional councils could undertake a broader assessment of the effects of using water for bottling, and then either prioritise, discourage or prohibit water bottling (across whole catchments or for specified water bodies or depths).

Christchurch's ground water zones are by and large fully allocated and new applications to take water are prohibited. Consent holders have been applying to Environment Canterbury to vary existing industrial and irrigation consents to enable water bottling. There is no ability to use s127 due to the activity being outside the scope of the original applications.

The process being used to vary the consents involves the grant of a new 'use' consent. Whether this process is lawful under the RMA and the Canterbury Land and Water Regional Plan, will be determined by the Court. This highlights the difficulty for planners implementing resource management provisions that are unclear and inadequate in terms of managing the allocation of water in fully allocated catchments. Three consents have been varied in this way and a fourth is being processed.

Plan changes of this nature would come at significant cost to the ratepayer and could not be implemented quickly. Signalling such a plan change might trigger a wave of applications. Therefore, and given that this is an issue that will affect all councils (albeit in different ways), the best way forward is likely to be a moratorium on new consents followed by a review or discussion covering the matters set out below. Any significant policy changes could be required to be implemented via Schedule 1 and an amendment to the NPS-FM, but only if a clear problem is identified and only after consultation with LGNZ and Councils.

The Overseas Investment Amendment Bill (No 3) also references water bottling and this is now with the Select Committee Finance and Expenditure (submissions closing 31 August 2020). Currently the Amendment Bill reads that if overseas investment in sensitive land involves the extraction of water for bottling or other extraction in bulk for human consumption, then an additional factor of the benefit to NZ test would be whether the overseas investment is likely to result in a negative impact on water quality or sustainability. If enacted this would not apply to all investments in water bottling plants by overseas interests.

7. Outcome of any prior discussion at a Zone/Sector meeting

Not considered by a Zone or sector meeting.

8. Suggested course of action envisaged

That LGNZ works with the Government to:

- Place a moratorium on applications to take and/or use water for water bottling or bulk export;
- Require and enable regional councils to review inactive water bottling consents, with a view to withdrawal of the consent and discourage consent 'banking';
- Undertake a holistic assessment of the potential effects of the current industry, its future growth and the legislative settings that enable Councils to effectively manage those effects.
- Initiate a comprehensive nationwide discussion on the issue of water bottling and implement any changes to legislation and policy settings as required.

8

Quorum when attending local authority meetings

Remit:	That LGNZ requests central government amend legislation to enable elected or appointed members, connecting remotely to a public council meeting, be included in the quorum. This would provide an option for local authority meetings to be held completely remotely, if required.
Proposed by:	Waikato District Council
Supported by:	Hamilton City Council; Hauraki District Council; Thames-Coromandel District Council; Taupō District Council; Ōtorohanga District Council; South Waikato District Council; Waipa District Council; and Waitomo District Council.

Background information and research

1. Nature of the issue

Prior to the COVID-19 pandemic, legislation required that members had to be physically present at a meeting to be included in the quorum. Under the LGNZ template Standing Orders, members attending by audio or audio-visual means can participate and vote on matters presented at meetings.

To enable public meetings to continue during COVID-19, the COVID-19 Response (Urgent Management Measures) Legislation Act 2020 (the COVID-19 Act) amended sections of the Local Government Act 2002 (LGA) and Local Government Official Information and Meetings Act 1987.

These amendments included:

- Local authority or committee members who join a meeting by audio or audio-visual means were counted for the purpose of a quorum.
- Open public meetings to be livestreams, where reasonably practicable to do so.
- Provide either an audio or video recording, or written summary, of the open public meetings on the local authority's website as soon as practicable after the meeting.

For many councils, this has provided an opportunity to adopt an innovative approach to hold public meetings, resulting in benefits for local government democratic processes, financial and resource efficiencies and environmental improvements (detailed further below).

This remit requests that the legislative amendments introduced for COVID-19 are retained (beyond the term of the Epidemic Preparedness (COVID-19) Notice 2020) as an option for local authorities to adopt via their Standing Orders.

For clarity, the remit:

- Contemplates that:
 - Members attending meetings by audio or audio-visual link are still entitled to participate and vote on agenda items; and
 - Requests to attend a meeting by audio or audio visual link should still be made to the Chairperson, for his/her approval, prior to the meeting, as detailed in the LGNZ template Standing Orders;
- Does not propose that meetings where a quorum (or more) of members attends remotely become the only or dominant means to hold local authority meetings; simply that this is retained as an option for each council to consider using via its Standing Orders; and
- Supports the retention of the COVID-19 LGOIMA amendments to protect transparency and public access to local authority meetings.

2. Background to its being raised

The LGA was amended in 2014 to enable members to join a meeting by audio or audio-visual link, subject to certain procedural requirements being met and the local authority's Standing Orders permitting such remote attendance. However, only members physically present are to be counted toward the meeting's quorum. For council meetings, this requires:

- Half of the members to be physically present (if the number of members, including vacancies, is even); or
- A majority of members to be physically present if the number of members (including vacancies) is odd.

The COVID-19 Act was enacted in response to the restrictions imposed on the New Zealand population, including travel prohibition and social distancing. The COVID-19 Act's amendments to the LGA and LGOIMA (noted above) meant public meetings could be undertaken entirely by remote means (ie audio or audio-visual), subject to certain requirements to protect public access and transparency of local authority meetings. In particular, all members of a local authority or committee could attend remotely and be included in the quorum for a meeting (rather than having to be physically present at a specified meeting venue). These legislative amendments will be repealed on the expiry or revocation of the Epidemic Preparedness (COVID-19) Notice 20201.

The remit's proposal is made in a climate of uncertainty about the long-term impacts of the global pandemic, including financially for communities and councils alike, as well as the opportunities and flexibility that the legislative amendments have brought for local authorities and their respective communities in relation to public meetings.

3. New or confirming existing policy

This remit supports LGNZ's existing policy framework around local democracy and the environment, in particular. No new policy work is required.

4. How the issue relates to objectives in the current Work Programme

The remit supports some of LGNZ's key policy priorities:

Local democracy

- Remote meetings help with LGNZ's goals of reinvigorating local democracy and modernising local government legislation.
- Wider public access to local authority and committee meetings, with potential of a significant increase in members of the public able to view livestreamed coverage compared to travelling to attend a meeting. This is a particular benefit for local authorities with large geographic boundaries or that have a significant rural resident population.
- The wider reach of livestreamed meetings also enhances community engagement and understanding of local government, which may have a positive effect on voter participation at local authority elections.
- The public still being able to participate in open public meetings, if required, via audio-visual tools available.
- Supporting more diversity in representation as this would facilitate people who are unable to travel or be present in person because of workload, family commitments, disability or other factors.

Climate change

- Enabling members and communities to adapt towards a low carbon economy through reduction in travel.

5. What work or action on the issue has been done and what was the outcome

With the advance of COVID-19 Act changes, local authorities have been required to implement, and benefitted from, innovative ways to continue holding public meetings while maintaining the public's access to local government decision-making. This has been able to be achieved at minimal cost to local authorities, which may not otherwise be in a position to put in place more high-tech options for live-streaming of meetings from council offices. As a result, for some councils, returning to a requirement for a quorum to be physically present at all meetings will be a 'step backwards'.

In addition to the advantages already canvassed, providing an option for local authorities to have a quorum (or more) of members attending meetings remotely has resulted in:

- More efficient use of members' time (eg reduction in travel required) for their other roles and responsibilities; and
- Reduced operating costs associated with holding public meetings at council premises.

6. Any existing relevant legislation, policy or practice

The current, temporary legislative framework that has enabled greater utilisation of remote meetings has been noted above. The remit proposes that the legislative amendments to the LGA and LGOIMA are embedded permanently, with each council having the option of incorporating this framework in its Standing Orders (similar to that contemplated under clause 25A(1)(a), Schedule 7, LGA).

7. Outcome of any prior discussion at a Zone/Sector meeting

The issues in this remit have been discussed at the Waikato Mayoral Forum.

8. Suggested course of action envisaged

LGNZ is to:

- Work with central government and relevant stakeholders to advocate for legislative changes to the LGA and LGOIMA, enabling a quorum (or more) of members to attend a public local authority meeting remotely; and
- Update the Standing Orders template to reflect the proposed legislative changes, which each local authority can adopt as an alternative option to holding 'in person' meetings.

9

Use of macrons by local authorities

Remit: That LGNZ work with central government to put in place a simplified process for the addition of macrons to council names if requested by that council or its community.

Proposed by: Waipa District Council

Supported by: Zone Two

Background information and research

1. Nature of the issue

Waipā is proposing that LGNZ work with central government to address the issue of the use of macrons by local authorities through legislative or other reform. Local authorities are corporate bodies created by statute under the Local Government Act 2002 (LGA), the legal names are listed in Schedule 2 of the LGA which can only be changed through rather complex legislative processes. Councils are not able to have trading names in the way that companies do, but some councils use a 'trading name' for the name or brand that the council prefers to operate under, which is different from the legal name in the LGA.

This is not uncommon, for instance, Kapiti Coast District Council trades as the Kāpiti Coast District Council, the Rotorua District Council trades as the Rotorua Lakes Council and the Manawatū-Whanganui Regional Council trades as the Horizons Regional Council.

There are some particular situations where Council needs to use its legal names (eg legal proceedings, contracts, invoices, etc) but other than that, it can use a trading name, for example for branding and signage.

2. Background to its being raised

To date, changes to local authority names to include macrons have resulted from applications to the New Zealand Geographic Board, which can alter the name of a district if the local authority consents to (third parties can apply), or requests the alteration. There is no fee for the request but a council will incur costs in preparing an application by undertaking research and preparing evidence to support the application (such as evidence of consultation with local iwi).

Consideration of applications can take one to two years and involve the Geographic Board undertaking consultation on the matter. Any opposition is referred to the Minister for Land Information for decision. If the application is successful, then there will be a formal change in name for the district and the Government is obligated to instigate an Order in Council process to change the name in Schedule 2 of the LGA.

There are three councils which have gone through this process in the last two-three years. The Manawatū-Whanganui Regional Council applied to change its own name (to include the macron and adding an 'h' in to "Whanganui"). The two other changes for Ōpōtiki and Ōtorohanga District Councils resulted from applications by the Office of Treaty Settlements as part of settlement agreements with local iwi.

Other councils, including Waipā use macrons but for which there is no macron in the legal name, as follows:

- Kaikōura District Council;
- Kāpiti Coast District Council;
- Rangatīkei District Council;
- Taupō District Council; and
- Whakatāne District Council.

There are other councils which could include macrons but which do not currently use them and for which there is no macron in their legal name. For this reason, Waipā District Council considers that this matter has implications for the local government sector as a whole and that it would not be efficient or cost effective for councils to individually go through the legislative processes to change a name. Perhaps the use of a macron could be managed at a national level through a change for example to the LGA.

3. Suggested course of action envisaged

Based on legal advice from Simpson Grierson, there are five potential options for addressing this issue at a national level as follows:

- Option 1: New Zealand Geographic Board could proactively change the names of districts and regions.
- Option 2: The Minister of Local Government could recommend local authority name changes that involve the addition of the macron (no legislative reform required for either of these options).
- Option 3: Parliament could amend Schedule 2 of the LGA to change all local authority names that should include macrons.
- Option 4: Parliament could amend Schedule 2 of the LGA to change the names of self-elected local authorities who wish to include macrons in their names.
- Option 5: Parliament could insert a new section in the LGA to provide that use of a local authority name, or a district or region name, with the addition of a macron, is lawful and will not invalidate any action.

There are a number of advantages and disadvantages associated with each of these options. It is more appropriate that LGNZ assess the options and any other possible options and explore them further with central government. Waipā District Council passed the following resolution at its meeting on 31 March 2020 in relation to using a macron and in particular to a proposed LGNZ Remit:

That –

- a) The 'Use of Macron in Local Authorities Names' report (document number 10374311) of Jennie McFarlane, Legal Counsel be received;
- b) Council adopt a trading name of "Waipā District Council" incorporating the use of a macron to reflect correct pronunciation, which may be used in all circumstances other than when the legal name of Council under the Local Government Act 2002 and other local government legislation is required to be used;
- c) Council approve taking a remit to the next Annual General Meeting of Local Government New Zealand (LGNZ), whenever that is held, requesting that LGNZ work with central government to address the use of macrons and changes to the names of local authorities, through legislative or other reform, in the interests of the local government sector and the wider community, in accordance with the process required by LGNZ for remits;
- d) Council to approve seeking support at the next Zone Two meeting or directly, from other local authorities in New Zealand for the proposed remit as required by the LGNZ remit process; and
- e) Council undertake further consultation with Waikato Tainui.

10

Rates rebates for low income property owners

Remit:	That the Government lift the level of rates rebates available for low and fixed income property owners – with yearly increases taking into account the cost for inputs into local government services.
Proposed by:	Whanganui District Council
Supported by:	Palmerston North City Council; Napier City Council; Manawatū District Council; South Taranaki District Council; and Rangitikei District Council.

Background information and research

1. Nature of the issue

The following issues have been identified:

- (a) The level of rates rebates for low and fixed income property owners as a proportion of rates has gradually reduced for those on low and fixed incomes.
- (b) This level of support has not kept pace with the cost of living and provides significant financial hardship for some members of the community.
- (c) This level of support has not kept pace with the benchmark for council costs and provides significant financial hardship for some members of the community.

2. Background to its being raised

The rates rebate scheme is a partial refund for people who pay rates to their council, providing financial relief for low income residents who own their own home. This is funded by central government through the Department of Internal Affairs. A person who directly pays local authority rates, and meets the household income criteria, is currently eligible for a rates rebate of up to \$640.

In 2006 the rates rebate was significantly increased and over the last decade there have been incremental yearly adjustments, however, these have lagged behind CPI increases. A further small boost to the scheme was introduced in 2019 – lifting the rate from \$630 to \$640 and the income abatement threshold from \$25,180 to \$25,660.

As local authority costs have increased above that of inflation, this has resulted in local authorities either needing to increase rates or reduce existing levels of service. The effect of this is that, over time, the level of rates rebates as a proportion of the total local authority rates has significantly decreased.

This issue is of particular concern for low and fixed income property owners who may be experiencing housing stress, notwithstanding the fact that they may own their own family home mortgage-free (eg superannuitants).

As at 2 March 2020 the Department of Internal Affairs had approved payments for 103,367 applications – a total of \$60,201,285 (GST inclusive).¹

Table 1: Increase in rates rebate, CPI and local authority costs from 2010 to 2020

Year	Max Rebate	% Change	CPI (Stats NZ)	Difference between CPI and Max Rebate increases	Benchmark for local authority costs (Berl)	Difference between local authority costs and Max Rebate increases
2010/11	\$ 570	3.64%	5.35%	-1.72%	2.28%	1.36%
2011/12	\$ 580	1.75%	9.51%	-7.76%	3.05%	-1.30%
2012/13	\$ 590	1.72%	7.23%	-5.51%	1.94%	-0.21%
2013/14	\$ 595	0.85%	1.64%	-0.79%	1.68%	-0.83%
2014/15	\$ 605	1.68%	3.80%	-2.12%	2.09%	-0.41%
2015/16	\$ 610	0.83%	4.28%	-3.45%	1.29%	-0.47%
2016/17	\$ 610	0.00%	1.74%	-1.74%	1.49%	-1.49%
2017/18	\$ 620	1.64%	1.48%	0.16%	1.88%	-0.25%
2018/19	\$ 630	1.61%	1.67%	-0.05%	2.77%	-1.16%
2019/20	\$ 640	1.58%				

3. New or confirming existing policy

This remit would build on existing policy and would require the level of rates rebate to increase, with yearly adjustments taking into account the cost increases for inputs into local government services.

¹ <https://www.stuff.co.nz/national/119883361/productivity-commission-recommends-scrapping-rates-rebate-scheme>
 Retrieved 12 March 2020.

The Productivity Commission suggests that: “the rates rebate scheme is poorly targeted and unfair”. It recommends that it be replaced with a national rates postponement programme, or that the scheme at least shift to being online. Local Government Minister Nanaia Mahuta has indicated that the government is carefully considering the recommendations.

4. How the issue relates to objectives in the current Work Programme

‘Social’ is one of LGNZ’s five policy priorities. This focuses on disparity, housing issues and ageing communities:

“Social: Working alongside central government and iwi to address social issues and needs in our communities, including an aging population, disparity between social groups, housing (including social housing) supply and quality, and community safety.”

5. What work or action on the issue has been done and what was the outcome

This remit was originally prepared in 2018 and submitted for consideration. The LGNZ Remits Committee reviewed this and referred it instead to officials to raise with the Productivity Commission as part of the review of local government funding.

The Productivity Commission has since recommended that the government remove the rates rebate system and replace it with a national scheme for postponing rates. The Commission considered that central government is in the best position to tackle pressures on low-income households facing high housing pressures and the current scheme is inequitable, as well as administratively ‘cumbersome’ and modest in its approach (amounting to little over \$12 a week).

This has not found favour with many groups – particularly those who advocate for older New Zealanders. For example, the national president of Grey Power has stated that the organisation “absolutely disagreed” with abolishing the scheme. In addition, a local association (Tauranga and Western Bay of Plenty) submission to the Commission recommended a resetting of the maximum rebate to restore it to previous levels and to align this with cost of living increases. This suggested a maximum rebate of \$1,000 – indexed each year by the average rate increase across the country.

6. Any existing relevant legislation, policy or practice

Rates Rebate Act 1973

- Provides for a rates rebate on local council rates by a specified amount each year, dependant on income.
- Since 2008 the specified amount has been adjusted each year through Orders in Council.
- 2019/20 – Maximum rebate - \$640.

Accommodation Supplement

- Available for very low incomes.

7. Outcome of any prior discussion at a Zone/Sector meeting

With the relevant Zone meeting postponed, support was sought from councils directly. The following councils endorse this remit:

- Palmerston North City Council;
- Napier City Council;
- Manawātū District Council;
- South Taranaki District Council; and
- Rangitikei District Council.

8. Suggested course of action envisaged

That LGNZ pursue an increase in the rates rebate for low income property owners and that this should match ongoing cost increases for local government.

9. Discussion and conclusion

The affordability of rates is not just a question of the quantum of rates and charges but also the ratio of rates and charges relative to income. The rates rebate scheme was introduced in 1974 and was designed to provide assistance to low income residential ratepayers. Over the longer term the quantum of the rates rebate has generally matched CPI, however, this ignores the fact that local authority core inputs are rising well above those of core inflation. Furthermore, over time the Act has not kept pace with the changing nature of tenure or technology. It is requested that the Government lift the level of rates rebates available for low and fixed income property owners.

11

Local Government's CO2 emissions

Remit:	That the Government implement an independent scheme, based on the United Kingdom model operated by the Department of Business, Energy and Industrial Strategy, to measure and report on carbon emissions at a district level.
Proposed by:	Whanganui District Council
Supported by:	Palmerston North City Council; Napier City Council; South Taranaki District Council; Hastings City Council; and Horizons Regional Council.

Background information and research

1. Nature of the issue

The following issues with the current system have been identified:

- There is no national standard for reporting on carbon emissions at a district or regional level.
- The system lacks incentives, structures and information sharing mechanisms that would enable and encourage local government authorities, regional economic development agencies and individual businesses to:
 - Identify best practice in similar regions; and
 - Undertake targeted work that prioritises the reduction of their CO2 emissions.
- The proposal that large energy users publish Corporate Energy Transition plans as outlined in MBIE's Discussion Document: *Accelerating Renewable Energy and Energy Efficiency*, will only address these concerns to a limited degree.

2. Background to its being raised

New Zealand is committed to both domestic and international climate change progress. As a party to the United Nations Framework Convention on Climate Change (UNFCCC) and the Kyoto Protocol, progress towards meeting our commitments is documented in New Zealand's National Communication and Biennial Reports.

These summarise New Zealand's domestic greenhouse gas emissions profile, climate change policies and measures, our support for developing countries, and progress on implementing our obligations under the UNFCCC. At present, New Zealand is not meeting its international targets and further actions need to be taken.

A feature of our national psyche is the pride New Zealanders place on performing above our weight in the sporting arena. There is significant, untapped potential for the nation's competitive streak to be harnessed in pursuit of fulfilling our climate change mitigation ambitions. Developing and reporting on an externally administered measure of each district's progress in reducing its climate impact in terms of CO2 outputs is one such way of doing this.

3. New or confirming existing policy

The remit may require minor amendment to the Local Government Act to ensure that information that is needed for calculations to be made is required to be produced at specified intervals.

4. How the issue relates to objectives in the current Work Programme

This remit directly aligns with LGNZ's 'Environment' policy priority. In particular, it supports the Climate Change Project and is related to Outcome three: "A local government view on emission reduction targets for New Zealand, and how to achieve these."

It assists with the following project deliverable: "Support councils to take action to mitigate the impacts of climate change, and encourage greater action by their communities on contributing to the reduction of greenhouse gas emissions."

5. What work or action on the issue has been done and what was the outcome

No work has been undertaken specifically on this. However, the proposed model recommends use of the United Kingdom's approach, which is administered by the Department of Business, Energy and Industrial Strategy:

<https://www.gov.uk/government/statistics/uk-local-authority-and-regional-carbon-dioxide-emissions-national-statistics-2005-to-2017>

The United Kingdom Greenhouse Gas inventory (GHGI) is compiled annually and reported on an end-user basis using international best practice guidance, drawing on a variety of National Statistics and sector specific data sources.

This is a technically complex statistical analysis which individual local authorities would be unable to replicate, but provides consistent inventories and emissions projections of greenhouse gases and air quality pollutants.

The credibility of the report allows the results to be reported each year to the UNFCCC and the European Monitoring Mechanism Regulation (MMR). It is also used to assess compliance with the United Kingdom's domestic and international emissions.

The model has been used since 2005 and provides: "an important body of information [for] local authorities (LAs) and other relevant organisations to help identify high emitting sources of CO₂ and energy intensive sectors, monitor changes in CO₂ emissions over time and to help design carbon reduction strategies." (Local and Regional Carbon Dioxide Emissions Estimates for 2005–2017 for the UK Technical Report:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/812146/Local_authority_CO2_technical_report_2017.pdf)

Over the period for which this model has been used, and where figures are currently available (2005-17), emissions have decreased in all regions of, and for all 391 local authorities, in the United Kingdom. A scan of local authorities suggests that performing well on these measures is a key ambition that drives decision-making for many of these bodies.

6. Any existing relevant legislation, policy or practice

- Local Government Act 2002.
- Climate Change Response Act 2002.
- Climate Change Response (Zero Carbon) Amendment Act 2019.

7. Outcome of any prior discussion at a Zone/Sector meeting

With the relevant Zone meeting postponed, support was sought from councils directly. The following councils endorse this remit:

- Palmerston North City Council;
- Napier City Council;
- South Taranaki District Council;
- Hastings District Council; and
- Horizons Regional Council.

8. Suggested course of action envisaged

That a suitable government department be tasked with:

- (a) Analysing and publishing each district's carbon emissions, in order to provide the most reliable and consistent possible breakdown of CO2 emissions across the country; and
- (b) Publishing interactive local authority level emissions maps that allow users to zoom in to any district and see the emissions for the area, as well as identify the significant point sources. Such maps should be possible to filter by different sectors, to view how emissions have changed across the time series so that areas of best practice can be identified.

This system would provide incentives, structures and low cost information sharing mechanisms that would enable and encourage local government authorities, regional economic development agencies and individual businesses to identify best practice in similar regions or businesses. It would also encourage them to undertake targeted work to reduce their CO2 emissions.

9. Discussion and conclusion

This proposal aligns with New Zealand's international commitments, our national direction and LGNZ's work programme in terms of the mitigation of climate change. It is a system that has been shown to have positive benefits in the United Kingdom and leverages existing characteristics of New Zealanders to achieve these collective goals.

Remits not going to AGM

The Remit Screening Committee's role is to ensure that remits referred to the AGM are relevant, significant in nature and require agreement from the membership. In general, proposed remits that are already LGNZ policy, are already on the LGNZ work programme or technical in nature will be referred directly to the National Council for their action. Remits that fail to meet criteria will be declined.

1. Chief Executive remuneration

Remit:	That LGNZ works with central government to investigate the potential of a centralised and independent organisation (such as the State Services Commission or the Remuneration Authority) to establish recommended remuneration levels/packages of local government chief executives.
Proposed by:	Hamilton City Council
Supported by:	Tauranga City Council; Waipa District Council; Tasman District Council; and Napier City Council.
Recommendation:	That the remit is referred to the National Council for consideration.

2. Loans for low cost housing

Remit:	That the Government provide interest-free loans to support the delivery of new low cost housing by relevant agencies, including councils, and that central government consider any additional mechanisms that would support councils and other relevant community agencies to respond to the housing crisis.
Proposed by:	Whanganui District Council
Supported by:	Palmerston North City Council; Napier City Council; Manawātū District Council; South Taranaki District Council; and Hastings District Council.
Recommendation:	That the remit is declined on the basis that it is largely the same as the social housing remit adopted in 2019.

Council Emission Reduction Targets

1. Purpose of Report

- 1.1 To consider the adoption of a greenhouse gas emissions reduction target for Council activities. Several options for such a target are presented, together with the likely implications of each.

2. Summary

- 2.1 Recent introduction of national level greenhouse gas emission reduction targets has focussed the Council on the value of adopting its own target. Many New Zealand councils have committed to greenhouse gas emission reduction targets for both their own activities and for their communities as a whole.
- 2.2 Setting targets for Council emissions reductions is complicated by the fact that responsibility for around 90% of Council emissions sits with the Nelson Tasman Regional Landfill Business Unit. This is overseen by a joint committee with members from both Nelson City Council and Tasman District Council. Reduction targets for those emissions would be set by that Joint Committee. That leaves the approximately 10-15% of Council emissions for which Council alone can set a reduction target.
- 2.3 Adopting a target for **district-wide** emissions is not recommended at this time. A comprehensive and nationally consistent approach to measurement and reporting of regional emissions has been developed by government (Statistics NZ). That information will need to be assessed together with the development of any potential targets for regional emissions at a later date.

3. Recommendation

That the Council

- 1. Receives the report Council Emission Reduction Targets (R17034); and***
- 2. Agrees that Nelson City Council adopts targets for Council's own greenhouse gas emissions reductions that are in line with***

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the Government targets (i.e., all GHGs other than biogenic methane achieve net zero emissions by 2050); and

- 3. Agrees that work is undertaken to develop specific emission reduction projects for inclusion in the Long Term Plan 2021-31, along with development of a comprehensive Council "Emissions Reduction Action Plan" in line with timeframes to produce the upcoming Long Term Plan; and***
- 4. Notes that work to set targets and reduce emissions in the Nelson Tasman Regional Landfill Business Unit is critical to address Council's entire emissions profile and that substantial work is already underway in the Nelson Tasman Regional Landfill Business Unit to measure and reduce emissions.***

4. Background

- 4.1 The Council workshop held on 12 May 2020 outlined the intention to set targets for Council greenhouse gas (GHG) emissions. Council's commitment to the CEMARS (certified emissions measurement and reduction scheme – now renamed Toitū) has required the Council to adopt an interim emissions reduction target for Council's operational emissions (5% reduction over the five-year period from 2018-2023). This report provides additional detail and outlines a range of options for setting targets for reducing the Council's own GHG emissions.
- 4.2 No recommendation is made here for adopting targets for district-wide emissions reductions. Statistics NZ (Stats NZ) has now produced new GHG inventories for all regions/districts, which has been provided to elected members. In its reporting Stats NZ combines the Nelson and Tasman districts, but has indicated that it may be possible to separate these in future reports. Officers consider that any target-setting for Nelson-wide emissions should be based on a sound assessment of these regional emissions and their sources, together with a community-backed approach to achieving reductions in line with any proposed Council targets. Work in support of reducing GHG emissions in the wider community is being led by the Nelson Tasman Climate Forum.
- 4.3 Nelson City Council's own GHG emissions (based on the CEMARS/Toitū inventory report) equate to about 20,000 tonnes of CO₂ equivalent per annum (including the Council's 50% share of landfill emissions). This represents only a small proportion (about 5%) of total emissions for the Nelson region (based on a 2008 city-wide inventory).
- 4.4 Emissions from the York Valley Landfill (jointly owned by Nelson City Council and Tasman District Council) makes up a large proportion of the Council's total emissions (typically 85-90%). Because these landfill

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emissions are under the control of a separate business unit (the Nelson Tasman Regional Landfill Business Unit – NTRLBU) setting an emissions reduction target for those activities would require agreement from the NTRLBU Joint Committee. A similar situation exists for emissions from the Nelson Regional Sewerage Business Unit (NRSBU). This report deals only with emission reductions targets for the remaining 10-15% of Council's operational emissions.

- 4.5 Tasman District Council has already adopted the Government targets for its own emissions reductions. Consistency between the two councils will be an important platform for agreement on any landfill emissions reduction target that is proposed.
- 4.6 There are many reasons why Council should be making concerted efforts to reduce its own emissions:
 - 4.6.1 Council must do its part in contributing to the global issue of GHG emissions reduction, and thus help to avoid the negative impacts that high GHG concentrations will cause.
 - 4.6.2 In most cases reducing emissions will also result in cost savings, particularly important as increasing pressure comes on Council budgets during the recovery from the effects of COVID-19.
 - 4.6.3 Reducing emissions in Council activities is a key leadership activity, demonstrating commitment to responding effectively to the climate emergency and providing the tools and expertise to assist other organisations in the wider Nelson community with their reduction efforts.
- 4.7 It is also worth noting that Council previously approved the *Local Action Plan for Climate Protection* (October 2008) which incorporated emissions reductions for both Council activities and those of the community under the Communities for Climate Protection (CCP) Programme. For Council's own emissions the medium term (2012) target was to stabilise emissions at 2004 levels, while the long-term target (2020) was to reduce emissions to 40% below the 2004 levels.
- 4.8 The CCP programme was discontinued in New Zealand in 2009, so Nelson City Council (along with other councils) was unable to continue its involvement in the programme past that point.

5. Discussion

The National targets

- 5.1 In November 2019 the Government set two new domestic targets for GHG emissions reductions under the Climate Change Response (Zero Carbon) Amendment Act:
 - 5.1.1 *net zero emissions of all GHGs other than biogenic methane by 2050*

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- 5.1.2 *24 to 47 per cent reduction below 2017 biogenic methane emissions by 2050, including 10 per cent reduction below 2017 biogenic methane emissions by 2030.*
- 5.2 There are several important aspects of these domestic targets to consider:
- 5.2.1 **Several different targets:** Emissions of biogenic (i.e., produced through biological processes) methane have a lower target than for other GHGs. These emissions are mainly from farm animals, but also as a by-product of waste disposal and waste-water treatment (i.e., includes emissions from both our landfill and wastewater activities – though wastewater activities also emit nitrous oxide and carbon-dioxide). A separate target for biogenic methane is in recognition of the fact that it is currently extremely challenging to eradicate methane emissions from those sources, and particularly difficult for the agriculture sector. Methane emissions from livestock make up a large portion of New Zealand's total emissions (typically around 50%). In addition, there is an 'interim' target for biogenic methane (10% reduction by 2030), and a broad target range (24-47% by 2050) reflecting the uncertainty of achievement of these reductions for methane.
- 5.2.2 **Net and gross emissions:** Gross emissions are all of those that come from emitting activities, such as those generated by the burning of fossil fuels. Net emissions are the result of subtracting carbon-dioxide removed from the atmosphere by activities such as growing forests. The first target (5.1.1) is based on net emissions (i.e., it allows for forestry removals), while the second target (5.1.2) is based on gross (biological methane) emissions only.
- 5.2.3 **The use of a base year:** This is needed for the biological methane target because it is calculated as a percentage of that selected year's emissions. In setting its own target, Council could select an appropriate base year on which to base its reductions. Typically, the earlier the year selected for the base year, the lower the emissions compared with emissions now – making it more challenging to achieve than a more recent year. For other gases (excluding biogenic methane), no base year is required as the target is to achieve net zero emissions by that year.
- 5.3 In addition to these targets, the government also has international targets that were agreed under the auspices of the United Nations (2016 Paris agreement) and cover all categories of GHGs. These targets will require the New Zealand government to surrender emissions units via the United Nations if they are not met:
- 5.3.1 *5 per cent reduction below 1990 gross emissions for the period 2013-2020*

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5.3.2 *30 per cent reduction below 2005 (or 11 per cent below 1990) gross emissions for the period 2021-2030.*

Achieving the national targets

- 5.4 Indications are that New Zealand is not on track to directly meet its targets under the Paris Agreement. Emissions are expected to be 5-10% above the target, requiring the Government to pay for the shortfall. The Climate Change Response (Zero Carbon) Amendment Act does not introduce any policies to actually cut emissions but rather sets a national-level framework. It is not yet clear how the government will achieve its national targets, but there have been signals that there are likely to be differing expectations for different sectors. This is already apparent from the decision to have two national targets (i.e., more challenging targets for those burning fossil fuels, and less rigorous targets for the agriculture and waste sectors).
- 5.5 In addition it is likely that government will pursue the development of sector specific budgets (i.e. where there may be a limit on the total amount of emissions allowed for that sector's activities). Indications are that areas such as the three waters sector (and potentially other local government activity) could be subject to the development of their own emissions targets or budgets.
- 5.6 For New Zealand to successfully achieve the targeted emissions reduction there is likely to be the need for a range of national level policies (e.g., subsidies, regulation, incentives, etc.). Few such policies or instruments are in place yet, with the NZ Emissions Trading Scheme (NZETS) currently the primary mechanism to achieve reductions.
- 5.7 Additional initiatives that have been put in place at the national level include the "one billion trees" (by 2030) programme, and the New Zealand Green Investment Fund (\$100M to catalyse investment in low-emissions initiatives).
- 5.8 Other national emissions reduction policies are currently being considered, including vehicle emissions standards (i.e., allowing for import of vehicles meeting a set standard or payment of a fine for not meeting it), and incentives for people to switch to low-emission and electric vehicles, (i.e., the so-called "feebate scheme" where fees are charged for high emission vehicles, and passed on to those purchasing low emission vehicles).

The Emissions Trading Scheme and offsetting emissions

- 5.9 Part of the approach that other councils are taking to meet their emission reduction targets is to offset emissions that are unable to be effectively reduced. Indeed, this is the way that some councils intend to achieve their carbon zero targets and meet challenging and shorter time-frame reduction targets.

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- 5.10 For activities that occur under the umbrella of the New Zealand Emissions Trading Scheme (NZETS) there is a requirement to surrender NZ emissions units (NZUs) to the government equal to the 'carbon-equivalent' level of emissions. Figure 1 outlines the general approach to emissions trading under the NZETS.

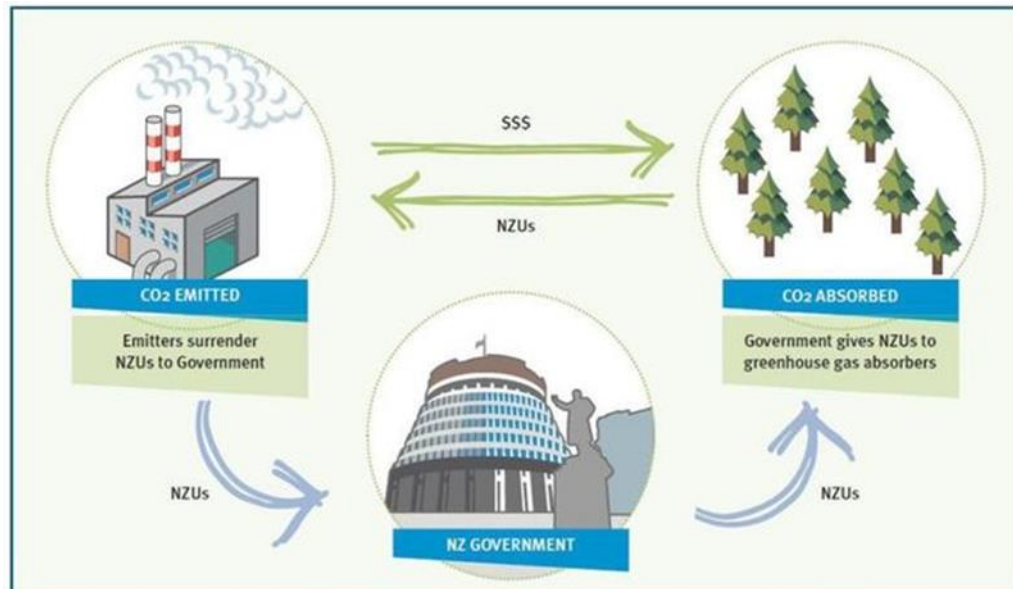


Figure 1: The basic concept of New Zealand's ETS (Ministry for the Environment)

- 5.11 For many councils (primarily territorial or unitary authorities) their obligations include emissions from landfill activities. However, the purchase and surrendering of NZUs under the NZETS **does not result** in offsetting of the emissions, because the surrendered units remain in circulation. It is only when such units are cancelled (removed from circulation by government) that an offset is deemed to occur.
- 5.12 Claiming a status of "carbon zero" is therefore challenging, in part because of the potential for double counting (i.e., counted both against a national target and as a voluntary offset).
- 5.13 The intent of the NZETS is to incentivise behaviour change by increasing the price of emissions intensive activities. Typically landfill operators will pass on the costs of their NZETS obligations to users.
- 5.14 Other emissions-intensive activities are also subject to surrendering units under the NZETS, this includes stationary energy, industrial processes, liquid fossil fuels and agriculture sectors. Forestry activities can also earn carbon credits. Work is currently underway to investigate Council's eligibility for earning carbon credits from its indigenous forestry land holdings.

The Nelson Tasman Regional Landfill Business Unit

- 5.15 The NTRLBU has established that regional landfill operations are more efficient (i.e., lower emissions) than the standard Ministry for the

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Environment default emissions factor. This is due to methane gas capture which is used for heating at Nelson hospital. Use of this “unique emissions factor” has led to NZETS cost savings for Nelson City Council of around \$500,000 per annum (i.e., our 50% share), achieved for the period since January 2019.

- 5.16 Nelson City Council’s 50% share of landfill emission obligations (via the NTRLBU) under the NZETS each year is recovered through landfill fees. The NTRLBU business plan for 2020/21 indicates that Council’s half share is expected to be \$722,000.
- 5.17 Offsetting obligations will increase as the projected carbon price increases (thus making further emissions reductions more attractive). Current changes to the NZETS legislation have the effect of increasing the fixed price of carbon from \$25 to \$35 per tonne. Prices are projected to reach at least \$50 per tonne by 2030 (with a high-end estimate of \$150 per tonne). With current levels of waste, the Council’s share of the NZETS obligation for the NTRLBU under such scenarios would be around \$1.4M (at \$50 per tonne) and around \$4.3M per annum (at \$150 per tonne).
- 5.18 Increasing costs under the NZETS, together with hikes in the Government’s Waste Levy provide strong incentives for waste reduction, diversion of organic waste, and methane capture. The NTRLBU and both of the Councils are focussed on a range of such activities and opportunities.
- 5.19 The Council is able to access funding via the Waste Management Fund, which can be used for activities such as analysis of waste content to establish the likely resulting GHG emissions. The bulk of the upcoming funding is likely to be directed toward an organic waste trial, critical to the success of addressing waste emissions. In addition, Council’s Climate Change Reserve has provided \$120,000 toward a trial to determine potential improvements in collection and treatment of food waste.
- 5.20 The wider national context is likely to lead to increasing opportunities for emissions reduction over time. For example the Government’s Waste Levy is set to increase from \$10 per tonne of waste to \$50-60 per tonne by 2023. In the meantime the costs of offsetting may be quite considerable (particularly if Council were to adopt an earlier carbon zero date) and present a liability for Council that would need to be accounted for. These costs would be additional to the NZETS commitments as discussed above.

Reducing Council emissions

- 5.21 The first step for Nelson City Council is to identify what level of emission reductions can be achieved for its own activities, over what time period, and at what cost.
- 5.22 Development of an Emissions Reduction Action Plan will be proposed as a project for the Long Term Plan 2021-31 (LTP). It will involve

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incorporating existing or proposed emissions reduction activities (e.g., those indicated within Activity Management Plans), including new initiatives to reduce emissions, and estimating the quantum of reductions that might be delivered through potential government initiatives. That work is expected to take 12-18 months to complete.

- 5.23 In the interim it is proposed that additional specific emission reduction projects are also identified for inclusion in the LTP, where they have a high cost-benefit ratio, or demonstrate a strong environmental management/leadership approach.
- 5.24 Some councils have adopted emissions reduction targets that go beyond the Government targets. A selection of council operational targets in New Zealand is shown in Table 1 below:

Council	Organisational Target(s)
Dunedin City Council	Net zero carbon emissions by 2030*
Christchurch City Council	Net zero emissions by 2030
Auckland City Council	40% reduction by 2040 (based on 1990 levels)
Wellington City Council	80% reduction before 2050 (based on 2014 levels)

Table 1: Selected council's organisational emissions reduction targets (* excludes methane)

- 5.25 One point to note from Table 1 is that other councils typically do not include separate targets for biogenic methane (as the national target does). Instead, their target is either only for the other GHGs (i.e., excluding biogenic methane emissions), or incorporate all GHGs.
- 5.26 The use of a single target for all GHGs suggests that those councils may be challenged to meet net zero emissions without considerable investment in offsetting, given the difficulty of achieving reductions in biogenic methane.
- 5.27 Some councils have in the past set ambitious targets that they have been unable to meet, suggesting that their targets were not sufficiently linked to relevant actions, and that better information is needed. It is also worth noting that some councils that previously adopted targets for achieving carbon zero status later removed such targets when they realised the cost implications and uncertainty in future carbon prices.
- 5.28 There are increasing moves to collaborate across councils in the area of climate change, including sharing resources and working toward consistency of approaches. This aims to address the fact that, despite efforts to improve collaboration, there is still a high level of duplication in work between councils.
- 5.29 A recent national-level initiative to encourage collaboration between councils on climate change work has involved funding from the regional sector, with additional funding being sought from territorial authorities, as well as the possibility of government funding being investigated.

6. Options

- 6.1 Because the vast majority of Council biogenic methane emissions are attributable to landfill activities (managed jointly with Tasman District Council), it is proposed that Council only adopt a single target (for all other GHGs) at this point. The Joint Committee of the NTRLBU is the body that would approve reduction targets for biogenic methane emissions from landfill. Similarly the Joint Committee of the NRSBU is the body that would approve reduction targets for all emissions (methane, nitrous oxide and carbon-dioxide) from wastewater activities.
- 6.2 Three options are explored here, with the preferred option being to agree to a target that is consistent with the Government target (i.e., reduce non-methane emissions to net zero by 2050). There is a compelling case for lining up Council's targets with both Tasman District Council and Government targets as much as possible, recognising the high level of partnership that will be required with both these parties in order to achieve meaningful emission reductions.
- 6.3 The second option is to not adopt a target at this point, which would allow for Council to assess proposed emission reductions activities (both its own and those proposed or introduced by Government) prior to reconsidering the adoption of a Council target at a later date. This option would suggest the need to revisit existing commitments to meeting emissions reductions for Council operations under the CEMARS (now Toitū) programme.
- 6.4 The third option is to adopt a challenging but still realistic target. It is suggested that such a target could be: *net zero emissions of all GHGs other than biogenic methane by 2045*. This provides for achievement of the government target five years ahead of their deadline, and is conceptually easier to understand than a percentage target that requires the use of a base year.

Option 1: Council sets an emissions reduction target (for all GHGs other than biogenic methane) in-line with the government target (achieving net zero emissions of all GHGs other than biogenic methane by 2050) RECOMMENDED	
Advantages	<ul style="list-style-type: none"> Provides consistency with the national level target Allows for review and taking on increased ambition at a later date Any emissions offsetting costs that may be required to reach net zero emissions are minimised.
Risks and Disadvantages	<ul style="list-style-type: none"> May be seen by some parts of the community as not sufficiently ambitious.

Item 8: Council Emission Reduction Targets

Option 2: Do not take on a target for Council operations at this time, but reconsider at a later date	
Advantages	<ul style="list-style-type: none"> Allows for setting a target at a later date when more information is available, including emissions reductions opportunities and evolving government policy Allows for a focus on the largest proportion of Council emissions – from landfill activities Does not commit the Council to potentially costly emissions offsetting.
Risks and Disadvantages	<ul style="list-style-type: none"> Council already has an 'internal' target under the CEMARS/Toitū programme, which would need to be reviewed if targets were not being adopted at this time May be viewed as not taking a strong and ambitious leadership position.
Option 3: Council sets an emissions reduction target (for all GHGs other than biogenic methane) for achieving net zero emissions by 2045	
Advantages	<ul style="list-style-type: none"> Taking on a challenging target provides an incentive for work to be accelerated to achieve the target.
Risks and Disadvantages	<ul style="list-style-type: none"> May not be achievable until a more supportive regulatory environment is in place Could commit Council to considerable liabilities to offset emissions Setting an aspirational target and failing to meet it or milestones towards it could result in lost credibility and community commitment.

7. Conclusion

- 7.1 This report has identified a range of considerations and complexities related to setting a Council emissions reduction target.
- 7.2 A core issue is that Council can only set a reduction target for emissions within its direct control, and these make up only 10-15% of total emissions. 85-90% of Council emissions come from landfill activities managed by the NTRLBU.
- 7.3 Until such time as clear pathways and cost implications for a range of emission reductions are identified, it is recommended that Council adopt targets that are consistent with government commitments.

Item 8: Council Emission Reduction Targets

Author: **Chris Cameron, Climate Change Champion**

Attachments

Nil

<p>Important considerations for decision making</p>
<p>1. Fit with Purpose of Local Government</p> <p>Consideration of emission reduction targets and activities to achieve reductions promotes the economic, environmental and social wellbeing of the community.</p>
<p>2. Consistency with Community Outcomes and Council Policy</p> <p>The funding proposed supports the following community outcomes:</p> <ul style="list-style-type: none"> - <i>Our Council provides leadership and fosters partnerships, a regional perspective, and community engagement.</i> - <i>Our unique natural environment is healthy and protected</i> - <i>Our communities are healthy, safe, inclusive and resilient</i> - <i>Our region is supported by an innovative and sustainable economy</i>
<p>3. Risk</p> <p>The recommended option provides for Council to make additional decisions at a later date based on a much broader assessment of what is achievable and affordable. A key risk relates to public perception, where the recommended target may be seen as insufficient by some sectors of the community. Clear messaging about the complexities and the basis for the decision would be an appropriate mitigating action. Setting a more ambitious target and then not achieving relevant milestones would introduce another set of risks around loss of credibility and the undermining of confidence within the community about Nelson's ability to make progress on tackling climate change.</p>
<p>4. Financial impact</p> <p>Adopting the government target will expose the Council to the cost of offsetting any remaining emissions in 2050. This is likely to become a mandatory requirement. Adopting a more ambitious target would expose the Council to higher costs that may not be warranted if funding can instead be spent on achieving further emissions reductions.</p>
<p>5. Degree of significance and level of engagement</p> <p>The recommended decision is of low significance as it is in line with government legislation and no engagement is proposed. Setting a more ambitious target would have more significant financial implications that could lead to an assessment of greater significance. Consultation on the financial implications of actions to achieve targets can be undertaken through future processes such as the Long Term Plan consultation.</p>

6. Climate Impact

Achieving tangible and sustained emissions reductions is essential if Nelson is to meet the government target of being carbon zero by 2050. Ideally, Council would be well ahead of the 2050 date in achieving zero carbon, but needs to better understand the costs and the level of reductions that are associated with such action.

7. Inclusion of Māori in the decision making process

No engagement with Māori has been undertaken in preparing this report.

8. Delegations

The Environment Committee has the following delegations to consider climate change:

Areas of Responsibility:

- *4.4.1 – Climate change resilience overview (adaptation and mitigation)*

Delegations:

- *5.4.2 – Developing, approving, monitoring and reviewing policies and plans, including activity management plans*

However, as the impact of emissions targets will affect all areas of Council operations, the matter is considered to cross Committee delegations and is referred to Council for consideration.

REPORT R19214

Three Waters Programme Investment Package

1. Purpose of Report

- 1.1 **To agree to** sign a Memorandum of Understanding (MoU) with the Crown, agreeing to participate in the initial stage of a central/local government three waters service delivery reform programme (**Attachment 1**); and
- 1.2 **To agree to** sign a Funding Agreement, to accept a grant from the Crown to spend on operating and/or capital expenditure relating to three waters infrastructure and service delivery (**Attachment 2**).

2. Summary

- 2.1 In July 2020, the Government announced a \$761 million funding package to provide post COVID-19 stimulus to maintain and improve three waters infrastructure, support a three-year programme of reform of local government water service delivery arrangements (reform programme), and support the establishment of Taumata Arowai, the new Waters Services Regulator.
- 2.2 A Joint Central/Local Government Three Waters Steering Committee has been established to provide oversight and guidance to support progress towards reform, and to assist in engaging with local government, iwi/Māori, and other water sector stakeholders on options and proposals.
- 2.3 The reform programme is designed to support economic recovery, and address persistent systemic issues facing the three waters sector, through a combination of:
 - 2.3.1 stimulating investment, to assist economic recovery through job creation, and maintain investment in water infrastructure renewals and maintenance; and
 - 2.3.2 reforming current water service delivery, into larger scale providers, to realise significant economic, public health, environmental, and other benefits over the medium to long term.
- 2.4 Initial funding from the stimulus package will be made available to those councils that agree to participate in the first stage of the reform programme, through a Memorandum of Understanding (MoU), Funding

Agreement, and approved Delivery Plan. The MoU must be signed by the end of August 2020, with the Funding Agreement and Delivery Plan submitted and approved by the end of September 2020.

3. Recommendation

That the Council

- 1. Receives the report Three Waters Programme Investment Package (R19214) and its attachments (A2436659, A2436658, A2436660, A2436656 and A2436662); and***
- 2. Authorises the Mayor and Chief Executive sign the Memorandum of Understanding at Attachment One (A2436659) and Funding Agreement at Attachment Two (A2436658); and***
- 3. Agrees to nominate the Mayor and Chief Executive as the primary point of communication for the purposes of the Memorandum of Understanding and reform programme – as referred to on page 6 of the Memorandum of Understanding (A2436659); and***
- 4. Agrees to delegate decisions about the allocation of regional funding to the Mayor, Chair of Infrastructure and the Chief Executive, with the understanding that the minimum level of funding to the Council be based upon the formula used to calculate the direct council allocations, and noting that participation by two-thirds of territorial authorities within the Nelson, Tasman, and Marlborough region is required to access the regional allocation; and***
- 5. Notes that the Memorandum of Understanding and Funding Agreement cannot be amended or modified by either party, and doing so would void these documents; and***
- 6. Notes that participation in this initial stage is to be undertaken in good faith, but this is a non-binding approach, and the Council can opt out of the reform process at the end of the term of the agreement (as provided for on page 5 of the Memorandum of Understanding); and***

7. ***Notes that the Council has been allocated \$2.86 million of funding, which will be received as a grant as soon as practicable once the signed Memorandum of Understanding and Funding Agreement are returned to the Department of Internal Affairs, and a Delivery Plan has been supplied and approved (as described on page 5 of the Memorandum of Understanding). An additional \$2.86 million will also be allocated to Nelson out of the Regional allocation if this is split in the way recommended by the Steering Committee; and***
8. ***Notes that the Delivery Plan must show that the funding is to be applied to operating and/or capital expenditure relating to three waters infrastructure and service delivery, and which:***
 - ***supports economic recovery through job creation; and***
 - ***maintains, increases, and/or accelerates investment in core water infrastructure renewal and maintenance.***

4. Background

Issues facing the three waters system and rationale for reform

- 4.1 Over the past three years, 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).
- 4.2 The Government Inquiry into Havelock North Drinking Water – set up following the serious campylobacter outbreak in 2016 – identified widespread, systemic failure of suppliers to meet the standards required for the safe supply of drinking water to the public. It made a number of urgent and longer-term recommendations to address these significant systemic and regulatory failures.
- 4.3 The Government’s Three Waters Review highlighted that, in many parts of the country, communities cannot be confident that drinking water is safe, or that good environmental outcomes are being achieved. This work also raised concerns about the regulation, sustainability, capacity and capability of a system with a large number of localised providers, many of which are funded by relatively small populations.

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- 4.4 The local government sector's own work has highlighted similar issues. For example, in 2014, LGNZ identified an information gap relating to three waters infrastructure. A 2015 position paper, argued for a refresh of the regulatory framework to ensure delivery of quality drinking water and wastewater services, and outlined what stronger performance in the three waters sector would look like.
- 4.5 Both central and local government acknowledge that there are many challenges facing the delivery of water services and infrastructure, and the communities that fund and rely on these services. These challenges include:
- 4.5.1 Underinvestment in three waters infrastructure in parts of the country, and substantial infrastructure deficits. For example, it is estimated that between \$300 and \$570 million is required to upgrade networked drinking water treatment plants to meet drinking water standards; and up to \$4 billion is required to upgrade wastewater plants to meet new consent requirements. These deficits are likely to be underestimates, given the variable quality of asset management data.
 - 4.5.2 Persistent funding and affordability challenges, particularly for communities with small rating bases, or high-growth areas that have reached their prudential borrowing limits.
 - 4.5.3 Additional investment required to increase public confidence in the safety of drinking water, improve freshwater outcomes, and as a critical component of a collective response to climate change and increasing resilience of local communities.
- 4.6 COVID-19 has made the situation even more challenging. Prior to COVID-19, territorial authorities were planning on spending \$8.3 billion in capital over the next five years on water infrastructure. However, COVID-19 is likely to cause significant decreases in revenue in the short term. As a result, borrowing will be constrained due to lower debt limits that flow from lower revenues, and opportunities to raise revenue through rates, fees and charges will be limited.

Progress with three waters regulatory reforms

- 4.7 Good progress is already being made to address the regulatory issues that were raised by the Havelock North Inquiry and Three Waters Review. The Government is implementing a package of reforms to the three waters regulatory system, which are designed to:
- 4.7.1 improve national-level leadership, oversight, and support relating to the three waters – through the creation of Taumata Arowai, a new, dedicated Water Services Regulator;
 - 4.7.2 significantly strengthen compliance, monitoring, and enforcement relating to drinking water regulation;

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- 4.7.3 manage risks to drinking water safety and ensure sources of drinking water are protected; and
- 4.7.4 improve the environmental performance and transparency of wastewater and stormwater networks.
- 4.8 Legislation to create Taumata Arowai had its third reading on 22 July 2020 and should be enacted shortly. This new Crown entity is currently being established, and will become responsible for drinking water regulation once a separate Water Services Bill is passed (anticipated mid 2021).
- 4.9 However, both central and local government acknowledge that regulatory reforms alone will not be sufficient to address many of the persistent issues facing the three waters system. Reforms to service delivery and funding arrangements also need to be explored.

5. Discussion

Proposal – central/local government three waters reform programme

Overview of proposed approach to three waters investment and service delivery reform

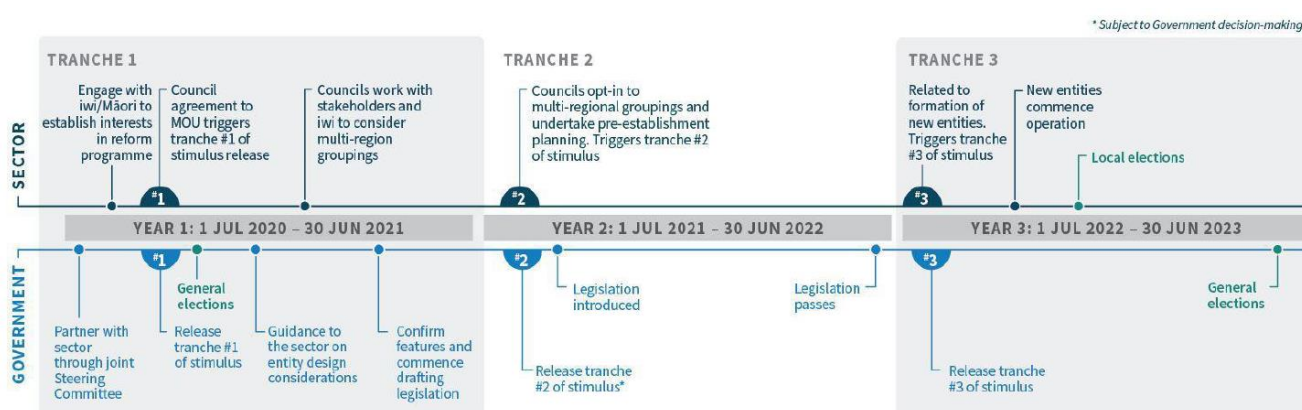
- 5.1 At the recent Central/Local Government Forum, central and local government leadership discussed the challenges facing New Zealand's water service delivery and infrastructure, and committed to working jointly on reform. A Joint Central/Local Government Three Waters Steering Committee has been established to provide oversight and guidance to support this work. Further details are provided in Attachment Five.
- 5.2 Central and local government consider it is timely to apply targeted infrastructure stimulus investment to enable improvements to water service delivery, progress service delivery reform in partnership, and ensure the period of economic recovery following COVID-19 supports a transition to a productive, sustainable economy.
- 5.3 In July 2020, the Government announced an initial funding package of \$761 million to provide post COVID-19 stimulus, support a three-year programme of reform of local government water service delivery arrangements, and support the establishment and operation of Taumata Arowai.
- 5.4 The reform programme is designed to support economic recovery, and address persistent systemic issues facing the three waters sector, through a combination of:
 - 5.4.1 stimulating investment, to assist economic recovery through job creation, and maintain investment in water infrastructure renewals and maintenance; and

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- 5.4.2 reforming current water service delivery, into larger scale providers, to realise significant economic, public health, environmental, and other benefits over the medium to long term.
- 5.5 While the Government's starting intention is for publicly-owned multi-regional models for water service delivery (with a preference for local authority ownership), final decisions on a service delivery model will be informed by discussion with the local government sector and the work of the Joint Steering Committee.
- 5.6 Further information on the reform objectives, and the core design features of any new service delivery model, are provided in pages 3 to 4 of the MoU at Attachment One.

Reform process and indicative timetable

- 5.7 As noted above, this is a three-year programme to reform three waters service delivery arrangements, which is being delivered in conjunction with an economic stimulus package of Crown investment in water infrastructure. The reform programme will be undertaken in stages.
- 5.8 The initial stage is an opt in, non-binding approach, which involves councils taking the actions and signing the documents described below (MoU, Funding Agreement, and Delivery Plan). Councils that agree to opt in by the end of August 2020 will receive a share of the initial funding package. Any further tranches of funding will be at the discretion of the Government and may depend on progress against reform objectives.
- 5.9 An indicative timetable for the full reform programme is provided below. While this is subject to change as the reforms progress, and subject to future Government budget decisions, it provides an overview of the longer-term reform pathway.



Allocation of the investment package

- 5.10 The Government has determined a notional allocation framework based on a nationally-consistent formula. The general approach to determining each authority's notional allocation is based on a formula that gives weight to two main factors:

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- 5.10.1 The population in the relevant council area, as a proxy for the number of water connections serviced by a territorial authority (75 per cent weighting)
- 5.10.2 The land area covered by a local authority excluding national parks, as a proxy for the higher costs per connection of providing water services in areas with low population density (25 per cent weighting).
- 5.11 The investment package is structured into two components:
- 5.11.1 A direct allocation to each territorial authority, comprising 50% of that territorial authority's notional allocation; and
- 5.11.2 A regional allocation, comprising the sum of the remaining 50% of the notional allocations for each territorial authority in the relevant region.
- 5.12 The relevant allocations for Nelson City are:

Region	Territorial Authority	TA allocation (\$m)	Regional allocation (\$m)	Total (\$m)
Te Taihu	Tasman District	4.89	14.01	28.02
	Nelson City	2.86		
	Marlborough District	6.26		

- 6.1 The purpose of the Government's regional allocation is to establish collective participation by councils in the reform programme. Each regional group of councils has until 30 September 2020 to agree on how best to apportion the regional funds to the individual territorial authorities that make up the region.
- 6.2 The Steering Committee has recommended a preferred approach to the allocation of regional funding, being the same formula that is used to determine the direct allocations to territorial authorities.
- 6.3 Officers recommend delegating decisions about the allocation of regional funding to the Mayor, Chair of Infrastructure and Chief Executive, with the understanding that the minimum level of funding to the Council be based upon the formula used to calculate the direct council allocations, and noting that participation by two-thirds of territorial authorities within the Nelson, Tasman, and Marlborough region is required to access the regional allocation.

What actions are the Council being asked to take at this point?

- 6.4 The initial stage of the reform programme involves three core elements:
 - 6.4.1 Memorandum of Understanding (Attachment One);
 - 6.4.2 Funding Agreement (Attachment Two);
 - 6.4.3 Delivery Plan (Attachment Three).
- 6.5 Initial funding will be made available to those councils that sign the MoU, and associated Funding Agreement, and provide a Delivery Plan. This initial funding will be provided in two components: a direct allocation to individual councils, and a regional allocation. The participating councils in each region are required to agree an approach to distributing the regional allocation. Each regional group must agree the funding allocation between local authorities within the region and send a joint letter from the Mayors to the Minister of Local Government.
- 6.6 The MoU is the 'opt in' to the first stage of the reform and stimulus programme. The MoU needs to be signed and submitted by the end of August 2020. The Funding Agreement and Delivery Plan need to be submitted by the end of September 2020, to access the stimulus funding.
- 6.7 Councils that do not opt in by the end August 2020 deadline will not receive a share of the stimulus funding. Councils will still be able to opt in to the reform programme at a later date, but will not have access to the initial funding package, retrospectively.

Memorandum of Understanding

- 6.8 A MoU has been developed by the Steering Group, for each council to enter into with the Crown. This is a standardised document, which cannot be amended or modified by either party. Signing the MoU commits councils to:
 - 6.8.1 engage in the first stage of the reform programme – including a willingness to accept the reform objectives and the core design features set out in the MoU;
 - 6.8.2 the principles of working together with central government and the Steering Committee;
 - 6.8.3 work with neighbouring councils to consider the creation of multi-regional entities;
 - 6.8.4 share information and analysis on their three waters assets and service delivery arrangements.

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- 6.9 At this point, this is a voluntary, non-binding commitment. It does not require councils to commit to future phases of the reform programme, to transfer their assets and/or liabilities, or establish new water entities. The MoU is effective from the date of agreement until 30 June 2021, unless terminated by agreement or by replacement with another document relating to the reform programme.
- 6.10 A legal opinion by Simpson Grierson, commissioned by SOLGM on behalf of the Steering Committee, advises that the MoU does not contain any explicit triggers for consultation under the Local Government Act 2002. (Refer to Attachment Four)

Funding Agreement

- 6.11 This Council has been allocated \$2.86 million by the Crown, if it opts in to the reform programme. A further \$14.01 million has been allocated to the Nelson, Tasman, and Marlborough region to agree an appropriate distribution between participating Councils. This funding will be provided as a grant, which does not need to be repaid if the Council does not ultimately commit to reform at later stages of the process.
- 6.12 There are several options for how the regional funding could be allocated between councils. The joint central-local government Three Waters Steering Committee preferred approach is to apply the same formula (applying a 75% weighting for population and a 25% weighting for land area, excluding national parks) as used to calculate the direct allocations. Under this approach, the Council would receive an additional \$2.86 million, contributing to a total funding allocation of \$5.72 million.
- 6.13 It is recommended that the Council delegates authority to the Mayor, Chair of Infrastructure and Chief Executive to agree an appropriate allocation with other participating councils, with the understanding that the Council share of the regional allocation should be \$2.86 million at a minimum, noting that participation by two thirds of territorial authorities within the region is to access the regional funding. The Funding Agreement is one of the mechanisms for accessing the funding package. Like the MoU, it is a standardised document, for agreement between each council and the Crown. It cannot be amended.
- 6.14 The Funding Agreement guides the release and use of funding. It sets out:
- 6.14.1 the funding amount allocated to the Council;
 - 6.14.2 funding conditions;
 - 6.14.3 public accountability requirements, including the Public Finance Act; and
 - 6.14.4 reporting milestones.

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- 6.15 While there is some local flexibility around how the funding can be applied, the Government has indicated that this investment is intended to support economic recovery, enable improvements in water service delivery, and progress the service delivery reform programme. The allocation can be utilised to support Council staff resources needed to implement projects funded under the stimulus package. The intention is that funding supports economic stimulus and therefore is additional to planned investment. As a general rule, activities funded in annual plans are not eligible. However, some expenditure that is included within already approved annual plans may be eligible for funding. For example, where a project was included in the annual plan on the basis of receiving shovel ready funding, but has not done so.
- 6.16 The Funding Agreement will be supplemented by a Delivery Plan, which is the document that sets out how the grant funding is to be applied by the Council.

Delivery Plan

- 6.17 The Delivery Plan is the other mechanism for accessing the funding package. This Delivery Plan must show that the funding allocation is to be applied to operating and/or capital expenditure relating to three waters infrastructure and service delivery, and which:
- 6.17.1 supports economic recovery through job creation; and
 - 6.17.2 maintains, increases, and/or accelerates investment in core water infrastructure renewal and maintenance.
- 6.18 The Delivery Plan is a short-form template, which sets out:
- 6.18.1 a summary of the works to be funded, including location, estimated associated costs, and expected benefits/outcomes;
 - 6.18.2 the number of people to be employed in these works;
 - 6.18.3 an assessment of how the works support the reform objectives in the MoU;
 - 6.18.4 reporting obligations.
- 6.19 The Delivery Plan will be supplied to Crown Infrastructure Partners (and other organisations as agreed between the Council and Crown), for review and approval. Crown Infrastructure Partners will monitor progress against the Delivery Plan, to ensure spending has been undertaken with public sector financial management requirements.
- 6.20 Initial disbursements of 50% of the total funding allocated to each local authority (including the regional allocation) will be released as soon as practicable following the agreement of the MOU, Funding Agreement and Delivery Plan. The remainder will be disbursed on a quarterly basis,

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subject to appropriate progress being made. Expenditure must commence before 31 March 2021 and be completed by 31 March 2022.

7. Options

Option 1: Agree to sign the MOU and Funding Agreement; Nominating the Mayor and Chief Executive as the primary point of communication for the purposes of the MoU and reform programme; and Agree to delegate decisions about the allocation of regional funding to the Mayor, Chair of Infrastructure and Chief Executive.	
Advantages	<ul style="list-style-type: none"> • Gain access to grant funding for at least \$5.72 million of funding for water infrastructure work. • Able to participate in central and local government partnership discussions on water service delivery reform. • Aligning ourselves to the recommendations of central government and local government organisations such as LGNZ and SOLGM. • Council retains the ability to investigate the value to Council and its community of the reform programme and at the same time can decide to withdraw before making a final commitment.
Risks and Disadvantages	<ul style="list-style-type: none"> • Will require additional staff resources to manage the process which is a particular challenge given current priorities of developing Activity Management Plans and the Long Term Plan 2021-2031. This extra cost can be funded from the grant funding.
Option 2: Agree not to sign the MOU and Funding Agreement	
Advantages	<ul style="list-style-type: none"> • Enable staff to focus on existing priorities. • Retain the ability to join the reform process at later phases.
Risks and Disadvantages	<ul style="list-style-type: none"> • Unable to access stimulus funding for water infrastructure projects. • Lose ability to shape the initial discussions on the development of any regional water reform proposals as they may apply to Nelson.

8. Conclusion

- 8.1 It is recommended that Council sign the MOU and associated Funding Agreement and Delivery Plan in order to access the grant funding available to support improvements to three waters infrastructure. This also ensures that Nelson City is at the table to participate in the water service delivery reform discussions and access any future funding available as part of this process.

9. Next Steps

- 9.1 If agreed by Council,
- 9.1.1 The Mayor and Chief Executive will progress with the signing of the MOU prior to the deadline of 31 August 2020.
 - 9.1.2 The Nelson, Tasman, and Marlborough, Mayors, Chairs and Chief Executives will meet to agree how the regional allocation will be split on the basis that it will be along the same lines as the territorial authority allocation. This will then be communicated to the Minister of Local Government.
 - 9.1.3 Projects will be identified that can be put forward in the Funding Agreement and Delivery Plan for Crown Infrastructure that meet the specifications and can be delivered within the timeframes.
 - 9.1.4 Project implementation will commence by March 2021.

Author: Jessica Bensemann, Nelson Tasman Economic Portfolio
Manager

Attachments

- Attachment 1: A2436659 - MOU Three Waters Services Reform [↓](#)
- Attachment 2: A2436658 - Three Waters Stimulus Funding Agreement [↓](#)
- Attachment 3: A2436660 - Three Waters Stimulus Delivery Plan [↓](#)
- Attachment 4: A2436656 - Simpson Grierson advice on the MOU [↓](#)
- Attachment 5: A2436662 - Information on the Three Waters Steering Committee [↓](#)

<p>Important considerations for decision making</p>
<p>1. Fit with Purpose of Local Government</p> <p>Central governments objectives of improvement to the provision of water services is aligned with the four aspects of wellbeing.</p>
<p>2. Consistency with Community Outcomes and Council Policy</p> <p>The proposed work programme supports the following community outcomes:</p> <ul style="list-style-type: none"> • Our unique natural environment is healthy and protected • Our urban and rural environments are people-friendly, well planned and sustainably managed • Our infrastructure is efficient, cost effective and meets current and future needs • Our Council provides leadership and fosters partnerships, a regional perspective, and community engagement • Our region is supported by an innovative and sustainable economy
<p>3. Risk</p> <p>There is some risks that Council will be unable to deliver the projects within the timeframes specified given that existing Annual Plan budgets are set for 2020/21. Staff resources are currently occupied with AMPs and LTP 2021-2031.</p>
<p>4. Financial impact</p> <p>Agreeing to the MOU will provide additional funding to bring forward potential renewals spending that would need to be allocated under the Long Term Plan 2021-2031. Therefore potential savings /increased investment of \$5.72 in water infrastructure can be made over the next two years.</p>
<p>5. Degree of significance and level of engagement</p> <p>This matter is of low significance in the short term. Any future decisions regarding the water services reform regarding new entities will need to be consulted with the community.</p>
<p>6. Climate Impact</p> <p>One of the reasons why central government is proposing changes to the way the three waters are regulated and monitored are the challenges that</p>

Item 9: Three Waters Programme Investment Package

climate change will present. As part of the reform process there will be improved information on risk, vulnerability, likely affected people and communities, implementation of the best options and engaging with experts, stakeholders and the Nelson and Tasman communities on the effects of, and adaption to, climate change.

7. Inclusion of Māori in the decision making process

No engagement with Māori has been undertaken in preparing this report. However, iwi/ Māori engagement will be an important part of this reform process.

Iwi Chairs and Chief Executives were invited to the workshop held in Nelson in July to discuss the potential reform of the three waters service delivery arrangements.

8. Delegations

Council has retained responsibility to approve unbudgeted expenditure relating to the areas of responsibility for committees which is not included in the Annual Plan.

Council has responsibility for agreeing to any Memorandum of Understanding.

MODEL

Memorandum of Understanding Three Waters Services Reform

Between the [Sovereign in right of New
Zealand acting by and through the Minister of
Local Government] and
[Territorial Authority]

Date

PURPOSE

This Memorandum of Understanding (Memorandum) sets out the principles and objectives that the Parties agree will underpin their ongoing relationship to support the improvement in three waters service delivery for communities with the aim of realising significant public health, environmental, economic, and other benefits over the medium to long term. It describes, in general terms, the key features of the proposed reform programme and the Government funding arrangements that will support investment in three waters infrastructure as part of the COVID 19 economic recovery.

BACKGROUND

Over the past three years central and local government have been considering solutions to challenges facing the regulation and delivery of three water services. This has seen the development of new legislation to create Taumata Arowai, the new Water Services Regulator, to oversee and enforce a new drinking water regulatory framework, with an additional oversight role for wastewater and stormwater networks.

While addressing the regulatory issues, both central and local government acknowledge that there are broader challenges facing the delivery of water services and infrastructure, and the communities that fund and rely on these services. There has been regulatory failure, underinvestment in three waters infrastructure in parts of the country, and persistent affordability challenges, and additional investment is required to increase public confidence in the safety of drinking water and to improve freshwater outcomes. Furthermore, investment in water service delivery infrastructure is a critical component of a collective response to climate change and increasing resilience of local communities.

The Parties to this Memorandum consider it is timely to apply targeted infrastructure stimulus investment to enable improvements to water service delivery, progress reform in partnership, and ensure the period of economic recovery following COVID-19 supports a transition to a productive, sustainable economy. Additional funding will be subject to Government decision-making and reliant on the Parties demonstrating substantive progress against the reform objectives. The quantum, timing, conditions, and any other information relating to future funding will be advised at the appropriate time but will likely comprise additional tranches of funding and more specific agreement to key reform milestones.

The reform process and stimulus funding, proposed by Government, is designed to support economic recovery post COVID-19 and address persistent systemic issues facing the three waters sector, through a combination of:

- stimulating investment, to assist economic recovery through job creation, and maintain investment in water infrastructure renewals and maintenance; and
- reforming current water service delivery, into larger scale providers, to realise significant economic, public health, environmental, and other benefits over the medium to long term.

There is a shared understanding that a partnership approach will best support the wider community and ensure that the transition to any eventual new arrangements is well managed and as smooth as possible. This requires undertaking the reform in a manner that enables local government to continue and, where possible, enhance delivery of its broad “wellbeing mandates” under the Local Government Act 2002, while recognising the potential impacts that changes to three waters service delivery may have on the role and functions of territorial authorities.

PRINCIPLES FOR WORKING TOGETHER

The Parties shall promote a relationship in their dealings with each other, and other Parties related to the three waters services reform, based on:

- mutual trust and respect; and
- openness, promptness, consistency and fairness in all dealings and communication including through adopting a no-surprises approach to any matters or dealings related to the reform programme; and
- non-adversarial dealings and constructive problem-solving approaches; and
- working co-operatively and helpfully to facilitate the other Parties perform their roles; and
- openly sharing information and analysis undertaken to date on the state of the system for delivering three waters services and the quality of the asset base.

This Memorandum is intended to be non-binding in so far as it does not give rise to legally enforceable obligations between the Parties.

REFORM OBJECTIVES AND CORE DESIGN FEATURES

By agreeing to this Memorandum, the Parties agree to work constructively together to support the objectives of the three waters service delivery reform programme.

The Parties agree that the following objectives will underpin the reform programme and inform the development of reform options/proposals:

- significantly improving the safety and quality of drinking water services, and the environmental performance of drinking water and wastewater systems (which are crucial to good public health and wellbeing, and achieving good environmental outcomes);
- ensuring all New Zealanders have equitable access to affordable three waters services;
- improving the coordination of resources, planning, and unlocking strategic opportunities to consider New Zealand's infrastructure and environmental needs at a larger scale;
- increasing the resilience of three waters service provision to both short- and long-term risks and events, particularly climate change and natural hazards;
- moving the supply of three waters services to a more financially sustainable footing, and addressing the affordability and capability challenges faced by small suppliers and councils;
- improving transparency about, and accountability for, the delivery and costs of three waters services, including the ability to benchmark the performance of service providers; and
- undertaking the reform in a manner that enables local government to further enhance the way in which it can deliver on its broader "wellbeing mandates" as set out in the Local Government Act 2002.

In addition to these objectives, the Parties recognise that any consideration of changes to, or new models for, water service delivery arrangements must include the following fundamental requirements and safeguards:

- mechanisms that provide for continued public ownership of water service delivery infrastructure, and protect against privatisation; and
- mechanisms that provide for the exercise of ownership rights in water services entities that consider the interests and wellbeing of local communities, and which provide for local service delivery.

The Parties also recognise the reform programme will give rise to rights and interests under the Treaty of Waitangi and both Parties acknowledge the role of the Treaty partner. This includes maintaining Treaty settlement obligations and other statutory rights including under the Resource Management Act 1991 and the Local Government Act 2002. The outcome of discussions with iwi/Māori will inform design of appropriate mechanisms to reflect Treaty interests. This will include clarity of roles and responsibilities.

The Parties agree to work together to identify an approach to service delivery reform that incorporates the objectives and safeguards noted above, and considers the following design features as a minimum:

- water service delivery entities, that are:
 - of significant scale (most likely multi-regional) to enable benefits from aggregation to be achieved over the medium to long-term;
 - asset owning entities, with balance sheet separation to support improved access to capital, alternative funding instruments and improved balance sheet strength; and
 - structured as statutory entities with appropriate and relevant commercial disciplines and competency-based boards;
- delivery of drinking water and wastewater services as a priority, with the ability to extend to stormwater service provision only where effective and efficient to do so; and
- publicly owned entities, with a preference for collective council ownership;
- mechanisms for enabling communities to provide input in relation to the new entities.

The Parties acknowledge that work will also be undertaken to develop a regulatory framework, including mechanisms to protect the interests of consumers.

FUNDING ARRANGEMENTS

The Government has indicated its intention to provide funding to stimulate investment to enable improvements in water service delivery, support economic recovery and progress Three Waters Services Reform. The quantum of funding available for the Council (and each participating Council) will be notified by Government prior to signing this Memorandum.

Funding will be provided as soon as practicable following agreement to this Memorandum and the associated Funding Agreement and Delivery Plan. The Delivery Plan will need to show that the funding is to be applied to operating or capital expenditure on three waters service delivery (with the mix to be determined by the Council) that:

- supports economic recovery through job creation; and
- maintains, increases and/or accelerates investment in core water infrastructure renewals and maintenance.¹

The Delivery Plan will be based on a simple template and will include a summary of projects, relevant milestones, costs, location of physical works, number of people employed in works, reporting milestones and an assessment of how it supports the reform objectives set out in this Memorandum.

The Delivery Plan will be supplied to Crown Infrastructure Partners, and other organisations as agreed between the Parties, who will monitor progress of application of funding against the Delivery Plan to ensure spending has been undertaken consistent with public sector financial management requirements.

Agreement to this Memorandum and associated Funding Agreement and Delivery Plan are required prior to the release of Government funding. The Council will have the right to choose whether or not they wish to continue to participate in the reform programme beyond the term of the Memorandum.

FUTURE AGREEMENTS

The Parties may choose to enter other agreements that support the reform programme. These agreements will be expected to set out the terms on which the Council will partner with other councils to deliver on the reform objectives and core design features, and will include key reform milestones and detailed plans for transition to and establishment of new three waters service delivery entities.

PROGRAMME MANAGEMENT

The Government will establish a programme management office and the Council will be able to access funding support to participate in the reform process.

The Government will provide further guidance on the approach to programme support, central and regional support functions and activities and criteria for determining eligibility for funding support. This guidance will also include the specifics of any information required to progress the reform that may be related to asset quality, asset value, costs, and funding arrangements.

TERM

This Memorandum is effective from the date of agreement until 30 June 2021 unless terminated by agreement or by replacement with another agreement related to the reform programme.

¹ Maintains previously planned investment that may have otherwise deferred as a result of COVID-19.

INTERACTIONS, MONITORING, INFORMATION AND RECORDS

The Parties nominate the following representatives to act as the primary point of communication for the purposes of this Memorandum and any other purpose related to the reform programme.

Government’s representative	Council
[As delegated]	[Chief Executive of the Council]

It is the responsibility of these representatives to:

- work collaboratively to support the reform objectives;
- keep both Parties fully informed;
- act as a first point of reference between Parties and as liaison persons for external contacts; and
- communicate between Parties on matters that arise that may be of interest to either party.

If the contact person changes in either organisation, the other party’s contact person must be informed of the new contact person immediately and there should be an efficient transition to ensure the momentum of the reform process is not undermined.

CONFIDENTIALITY

Neither of the Parties is to disclose, directly or indirectly, any confidential information received from the other party to any third party without written consent from the other party, unless required by processes under the Official Information Act 1982 or the Local Government Official Information and Meetings Act 1987 (whichever applies), or under a Parliamentary process- such as following a Parliamentary question, in which case the relevant party is to inform the other party prior to disclosure. Protocols will be established to enable exchange information between Councils where that is consistent with progressing reform objectives.

DISPUTE RESOLUTION

Any dispute concerning the subject matter of this document is to be settled by full and frank discussion and negotiation between the Parties.

.....
SIGNED on behalf of the Crown	SIGNED by [insert name of the Mayor of the
by [insert name - DELETE TEXT]	Territorial Authority signing - DELETE TEXT] on
	behalf of [Territorial Authority]
[Sovereign in right of New Zealand acting by	
and through the Minister of Local	
Government]:	

	SIGNED by [insert name of the Chief Executive
	of the Territorial Authority signing - DELETE
	TEXT] on behalf of [Territorial Authority]
.....
Witness signature	Witness signature
Witness name [insert name - DELETE TEXT]	Witness name [insert name - DELETE TEXT]
Witness occupation [insert occupation -	Witness occupation [insert occupation
DELETE TEXT]	-DELETE TEXT]
Witness address [insert address - DELETE	Witness address [insert address - DELETE
TEXT]	TEXT]



FUNDING AGREEMENT

BETWEEN

DEPARTMENT OF INTERNAL AFFAIRS

AND

[NAME OF RECIPIENT]

FOR

THREE WATERS SERVICES REFORMS

A2436658

AGREEMENT

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

PART 1: KEY DETAILS

- | | |
|-------------------------------|---|
| 1 Parties | <p>The Sovereign in right of New Zealand, acting by and through the Chief Executive of the Department of Internal Affairs (DIA)</p> <p>[NAME OF RECIPIENT] (Recipient)</p> |
| 2 Background | <p>The New Zealand Government is undertaking a reform programme for “Three Waters” (drinking water, wastewater and stormwater) service delivery for communities (Three Waters Reform Programme). In conjunction with the Three Waters Reform Programme, the New Zealand Government is investing in water service delivery. The investment’s objectives are to:</p> <ol style="list-style-type: none">1. improve the safety and quality of drinking water services, and the environmental performance of drinking water and wastewater systems, by maintaining, increasing or accelerating investment in core water infrastructure renewals and maintenance; and2. support New Zealand’s economic recovery from the COVID-19 pandemic through job creation, by enabling investment to continue at a time when council revenues are uncertain and they face immediate cashflow challenges. <p>The New Zealand Government has mandated DIA to manage the provision of Government funding to local authorities to support investment in water infrastructure that supports its public health and environmental management objectives. Provision of such funding supports the objectives of the reform programme, by creating positive momentum toward reform of delivery arrangements for drinking water and wastewater services and infrastructure (with stormwater as a secondary priority).</p> <p>The New Zealand Government has also mandated Crown Infrastructure Partners Limited (CIP) to assist in managing such funding by undertaking a monitoring role.</p> <p>The Recipient is a territorial authority with statutory responsibility for delivering Three Waters services within its own district or city. The Recipient will work collaboratively with the New Zealand Government in connection with the Three Waters Reform Programme.</p> <p>DIA has agreed to contribute funding to the Recipient on the terms and conditions of this Agreement (Agreement).</p> <p>Key details of this Agreement are set out in this Part 1. The full terms and conditions are set out in Part 2. Defined terms and rules of interpretation are set out in Part 3.</p> |
| 3 Conditions Precedent | <p>No Funding is payable under this Agreement until DIA has confirmed to the Recipient in writing that it has received, and found, in its sole discretion, to be satisfactory to it in form and substance, the following documents and evidence:</p> <ol style="list-style-type: none">1. This Agreement, duly executed by the Recipient by 30 September 2020.2. The Memorandum of Understanding, duly executed by the Recipient by 31 August 2020. |

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3. The final Delivery Plan prepared by the Recipient, in a form approved by DIA and duly executed by the Recipient by 31 October 2020.

A draft of the Delivery Plan must be submitted by no later than 30 September 2020 to threewaters@dia.govt.nz (copied to the Monitor) for review and comment by DIA (and/or the Monitor as its nominee).

Once DIA (or the Monitor) responds to the draft Delivery Plan, the Recipient must promptly engage with DIA (or the Monitor), seek to resolve such comments, and submit a final Delivery Plan for DIA's approval.

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

These conditions precedent must either be satisfied (in the opinion of DIA) or waived by DIA (at its sole discretion) by 31 October 2020, unless a later date is agreed otherwise in writing with DIA. In the event that they are not satisfied or waived within that time, DIA may notify the Recipient that this Agreement has not come into effect and is null and void.

- 4 **Expenditure Programme(s)** The Recipient may only use the Funding to complete the expenditure programme(s) described in the Delivery Plan (each an **Expenditure Programme**).
- 5 **Expenditure Programme Milestones and Completion Dates** The Recipient is to complete the Expenditure Programme Milestones set out in the Delivery Plan to the satisfaction of DIA by the Completion Dates dates set out therein.
- 6 **End Date** The End Date is 31 March 2022, or such later date determined by DIA in its discretion.
- 7 **Funding** The total Funding available under this Agreement is up to **NZ\$[INSERT HERE]** plus GST (if any). This is the Total Maximum Amount Payable.

The first instalment of Funding under this Agreement is subject to satisfaction of the Conditions Precedent set out in Item 3 above and receipt of a duly completed Payment Request in accordance with clause 1 of Part 2.

The balance of the Funding under this Agreement will be paid in instalments as specified in the Delivery Plan, subject to satisfaction of the conditions set out below and the other terms and conditions of this Agreement.

Each instalment of Funding under this Agreement, following payment of the first instalment, is subject to:
 - (a) Receipt of a duly completed Payment Request in accordance with clause 1 of Part 2.
 - (b) The Expenditure Programme(s) having commenced no later than 31 March 2021.
 - (c) DIA receiving and being satisfied with the quarterly reports specified in the Key Details, together with the other information required in this Agreement.
 - (d) No Termination Event, or event entitling DIA to suspend funding under this Agreement, subsisting.
 - (e) Any further conditions relating to that instalment of Funding as specified in the Delivery Plan.

The first Payment Request may be submitted upon the Commencement Date

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occurring. Each subsequent Payment Request may only be submitted at the same time as submission of a quarterly report in accordance with item 8 (Reporting) of the Key Details, and no more than one such Payment Request may be submitted in any Quarter, except (in each case) to the extent agreed by DIA in its sole discretion.

8 Reporting

The Recipient will provide DIA (copied to the Monitor) with quarterly reports by the 10th Business Day following the end of each Quarter, with effect from the Commencement Date. Each quarterly report must include the information set out below, in the standard reporting form specified by DIA.

The Recipient will also provide DIA (copied to the Monitor) with a final report by the 10th Business Day following the date on which the Expenditure Programme(s) are completed. The final report must include the information set out below, in the standard reporting form specified by DIA.

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

Each quarterly report must include the following information:

- (a) Description and analysis of actual progress of the Expenditure Programme(s) against planned progress for the relevant Quarter;
- (b) A summary of expenditure, actual against budgeted (including underspend and cash float), for the relevant Quarter;
- (c) Plans for the next Quarter;
- (d) Forecast cashflows and forecast of the costs to complete the Expenditure Programme(s);
- (e) Any major risks arising or expected to arise with the Expenditure Programme(s), costs or performance of this Agreement, together with actual or proposed mitigations for those risks (including, where the actual Expenditure Programme(s) costs are forecast to exceed budgeted costs, how the shortfall is to be funded);
- (f) A summary of the number of jobs created, actual against expected, through people employed in the Expenditure Programme(s);
- (g) Any specific reporting requirements set out in the Delivery Plan; and
- (h) Any other information that is notified by DIA in writing to the Recipient.

The final report must include the following information:

- (a) Description and analysis of completion of the Expenditure Programme(s) against the original programme;
- (b) A summary of expenditure, actual against budgeted (including underspend), for the full Expenditure Programme(s);
- (c) Detail of the Recipient's proposed next steps;
- (d) An update on media, marketing and communication activities for the Expenditure Programme(s);
- (e) A summary of the number of jobs created, actual against expected, through people employed in the Expenditure Programme(s);
- (f) Any specific reporting requirements set out in the Delivery Plan; and
- (g) Any other information that is notified by DIA in writing to the Recipient.

9 Special Terms

[None] / [*Special terms to be added*]

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10	Recipient's Bank Account	[xx-xxxx-xxxxxxxx-xxx]	
11	Representative	DIA's Representative: Name: Allan Prangnell Email: threewaters@dia.govt.nz	Recipient's Representative: Name: [name] Email: [email]
12	Address for Notices	To DIA: Three Waters Reform Level 7, 45 Pipitea Street Wellington 6011 Attention: Allan Prangnell Email: threewaters@dia.govt.nz , with a copy to legalnotices@dia.govt.nz To the Monitor: Attention: Anthony Wilson Email: 3waters@crowinfrrastructure.govt.nz	To the Recipient: [address] Attention: [name] Email: [email]
SIGNATURES		SIGNED by the SOVEREIGN IN RIGHT OF NEW ZEALAND acting by and through the Chief Executive of the Department of Internal Affairs or his or her authorised delegate: _____ Name: Position: Date:	SIGNED for and on behalf of [RECIPIENT NAME] by the person(s) named below, being a person(s) duly authorised to enter into obligations on behalf of the Recipient: _____ Name: Position: Date: _____ Name: Position: Date:

END OF PART 1

PART 2: GENERAL TERMS

1 FUNDING

- 1.1 DIA must pay the Funding (up to the "Total Maximum Amount Payable" specified in the Key Details) to the Recipient, subject to the terms of this Agreement. Unless stated otherwise in this Agreement, the Recipient may only claim the Funding to the extent necessary to cover Eligible Costs that have been or will be incurred by the Recipient, and the Recipient must use the Funding solely on Eligible Costs.
- 1.2 The Recipient must submit a Payment Request to threewaters@dia.govt.nz and copying in DIA's Representative and the Monitor on completion of one or more Expenditure Programme Milestones specified in the Delivery Plan. Such Payment Request must be submitted at the time specified in, and otherwise in accordance with, item 7 (Funding) in the Key Details.
- 1.3 Each Payment Request is to be signed by the Chief Executive and an authorised signatory of the Recipient and must be in the form set out in the Schedule and include the confirmations set out therein, and must include:
- (a) the amount of Funding requested, which must not exceed the aggregate maximum Funding instalment amounts set out in the Delivery Plan for the Expenditure Programme Milestone(s) to which that Payment Request relates; and
 - (b) contain any other information required by DIA.
- 1.4 Once DIA has reviewed the Payment Request and the information enclosed with it, it will request the Recipient to provide (and the Recipient will provide) a valid GST invoice complying with the Goods and Services Tax Act 1985.
- 1.5 DIA is not required to pay any Funding in respect of a Payment Request:
- (a) if any Expenditure Programme Milestone(s) have not been completed by the relevant "Completion Date" specified in the Delivery Plan;
 - (b) if any reports specified in the Key Details have not been provided or are not in form and substance satisfactory to DIA in its sole discretion;
 - (c) if the Conditions specified in Item 7 of the Key Details relating to that instalment have not been satisfied;
 - (d) if payment will result in the Funding exceeding the "Total Maximum Amount Payable" specified in the Key Details;
 - (e) if this Agreement has expired or been terminated; and/or
 - (f) while the Recipient is in breach of this Agreement.
- For the avoidance of doubt, DIA's obligation to make Funding available under this Agreement is strictly subject to clause 6.2.
- 1.6 Subject to the terms of this Agreement, DIA must pay each valid Payment Request by the 20th day of the month after the month the GST invoice referred to in clause 1.4 is dated, and if such day is not a Business Day, on the next Business Day. DIA will pay the Funding to the Bank Account of the Recipient specified in Item 10 of the Key Details.

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

2 RECIPIENT'S RESPONSIBILITIES

Standards and compliance with laws

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

Expenditure Programme(s) and Contractors

- 2.2 The Recipient must not, without DIA's prior written consent, make any Material Variation to the Expenditure Programme(s) (including its description and scope) as set out in the Delivery Plan.
- 2.3 The Recipient must ensure that the Expenditure Programme(s) are carried out:
- (a) promptly with due diligence, care and skill, and in a manner that meets or exceeds Best Industry Practice;
 - (b) by appropriately trained, qualified, experienced and supervised persons; and
 - (c) in accordance with any directions of DIA, notified by DIA in writing from time to time.
- 2.4 The Recipient must use reasonable endeavours to ensure that the Expenditure Programme Milestones are completed by the relevant "Completion Date" specified in the Delivery Plan.
- 2.5 The Recipient is responsible for the acts and omissions of any contractors and subcontractors.
- 2.6 The Recipient must ensure (and will procure that the head contractor when engaging with any other contractor ensures) that all agreements it enters into with any contractors or any other party in connection with the Expenditure Programme(s) are on an "arm's length" basis, provide value-for-money and do not give rise to any Conflict of Interest. The Recipient must provide DIA with reasonable evidence of compliance with this clause 2.6 in response to any request by DIA from time to time.

Information Undertakings

- 2.7 The Recipient must provide DIA with the reports specified in the Key Details, in accordance with the timeframes and reporting requirements set out in the Key Details.
- 2.8 The Recipient must provide DIA with any other information about the Expenditure Programme(s) requested by DIA within the timeframe set out in the request.
- 2.9 The Recipient must promptly notify DIA if:

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

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

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

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

Funding, records and auditors

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

Reform

- 2.14 The Recipient agrees to work constructively together with DIA and the New Zealand Government to support the objectives of the Three Waters Reform Programme pursuant to the Memorandum of Understanding. The parties acknowledge that the undertaking set out in this clause 2.14 is intended to be non-binding.

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3 INTELLECTUAL PROPERTY

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

4 TERM AND TERMINATION

- 4.1 This Agreement will be effective on and from the Commencement Date, which will be the latest to occur of:
- (a) the date this Agreement has been signed by both parties; and
 - (b) the date on which DIA has provided written notice to the Recipient that the Conditions Precedent specified in the Key Details have either been satisfied (in the opinion of DIA) or waived by DIA (at its sole discretion).
- 4.2 This Agreement will remain in force until the End Date, unless terminated in accordance with this Agreement.
- 4.3 DIA can terminate this Agreement with immediate effect, by giving notice to the Recipient, at any time:
- (a) while DIA reasonably considers that the Recipient has become or is likely to become insolvent;
 - (b) while the Recipient is subject to the appointment of a liquidator, receiver, manager or similar person in respect of any of its assets or a Crown Manager or Commission is appointed in respect of the Recipient under Part 10 of the Local Government Act 2002;
 - (c) if the Expenditure Programme(s) have not commenced by 31 March 2021; or
 - (d) while any one or more of the follow events or circumstances remains unremedied:
 - (i) the Recipient is materially in breach of any obligation, or a condition or warranty, under this Agreement;
 - (ii) the Recipient has provided DIA with information in connection with or under this Agreement that (whether intentionally or not) is materially incorrect or misleading, and/or omits material information;
 - (iii) DIA reasonably considers that this Agreement or an Expenditure Programme has caused, or may cause, DIA and/or the New Zealand Government to breach any legal obligations (including its international trade obligations);
 - (iv) the Recipient abandons an Expenditure Programme;

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- (v) the Recipient is involved in any intentional or reckless conduct which, in the opinion of DIA, has damaged or could damage the reputation, good standing or goodwill of DIA or the New Zealand Government, or is involved in any material misrepresentation or any fraud;
 - (vi) the Recipient (or any of its personnel or contractors) is subject to a Conflict of Interest which cannot be managed to DIA's satisfaction; or
 - (vii) any change in law, regulations or other circumstances materially affects DIA's ability to perform its obligations under this Agreement.
- 4.4 However, where DIA considers that a Termination Event set out in clause 4.3(d) can be remedied, DIA must give notice to the Recipient requesting a remedy, and must not exercise its right of termination unless the relevant event remains unremedied for at least 14 days (or any longer period agreed with the Recipient) after that notice has been provided by DIA.
- 4.5 On expiry or termination of this Agreement, where the aggregate of (a) the total Funding paid under this Agreement and (b) any other money received or allocated by the Recipient, in each case to carry out an Expenditure Programme, exceeds the amount required to perform the Expenditure Programme, the Recipient must upon request refund to DIA the excess amount.
- 4.6 At any time DIA may recover the amount of any Funding that has been spent or used other than in accordance with this Agreement, or not applied to Eligible Costs by the End Date, together with interest on all such amounts calculated at 10% per annum from the date of the mispending to the date the money is repaid.
- 4.7 Clauses 1.5, 2.1, 2.12, 2.13, 3, 4, 5, 6, 7, 8, 9, 10 and 11 survive expiry or termination of this Agreement, along with any other parts of this Agreement necessary to give effect to those provisions. Expiry or termination of this Agreement does not affect any accrued rights, including any rights in respect of a breach of this Agreement or Termination Event that occurred before expiry or termination.

5 WARRANTIES AND UNDERTAKINGS

- 5.1 The Recipient warrants that, in the course of its activities in connection with the Expenditure Programme(s), it will not infringe any intellectual property or other rights of any contractor or any other third party.
- 5.2 The Recipient warrants that, as at the date of this Agreement:
 - (a) It has full power and authority to enter into and perform its obligations under this Agreement which, when executed, will constitute binding obligations on it in accordance with this Agreement's terms, and it has complied with the Local Government Act 2002 in entering into this Agreement;
 - (b) the Recipient is solvent and is not subject to the appointment of a liquidator, receiver, manager or similar person in respect of any of its assets or to the appointment of a Crown Manager or Commission under Part 10 of the Local Government Act 2002;
 - (c) all information and representations disclosed or made to DIA by the Recipient in connection with this Agreement are true and correct, do not omit any material matter, and are not likely to mislead or deceive DIA as to any material matter;

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- (d) it has disclosed to DIA all matters known to the Recipient (relating to the Expenditure Programme(s), the Recipient or its personnel) that could reasonably be expected to have an adverse effect on the reputation, good standing or goodwill of DIA or the New Zealand Government; and
- (e) it is not aware of any material information that has not been disclosed to DIA which may, if disclosed, materially adversely affect the decision of DIA whether to provide the Funding.

5.3 The Recipient warrants that:

- (a) the Funding has been or will be applied solely to Eligible Costs; and
- (b) the Expenditure Programme(s) will take into account the parties' shared intention to:
 - (i) support economic recovery through job creation; and
 - (ii) maintain, increase and/or accelerate investment in core water infrastructure renewals and maintenance,

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

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

6 LIABILITY

- 6.1 The maximum liability of DIA under or in connection with this Agreement, whether arising in contract, tort (including negligence) or otherwise, is limited to the total amount of Funding paid or payable under this Agreement.
- 6.2 The Recipient undertakes to pay any and all cost overruns of the Expenditure Programme(s) and any funding shortfall, and DIA and the New Zealand Government have no obligations or responsibility whatsoever in respect of such cost overruns and funding shortfall and accept no financial risk in the Expenditure Programme(s).
- 6.3 DIA is not liable for any claim under or in connection with this Agreement or the Expenditure Programme(s), whether arising in contract, tort (including negligence) or otherwise, where such claim is or relates to any loss of profit, loss of revenue, loss of use, loss of reputation, loss of goodwill, loss of opportunity (in each case whether direct, indirect or consequential) or any other indirect, consequential or incidental loss or damages of any kind whatsoever.

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7 CONFIDENTIALITY

- 7.1 Subject to clause 7.2 and 7.3, each party must keep the other party's Confidential Information in confidence, and must use or disclose that Confidential Information only to the extent necessary to perform its obligations, and/or take the intended benefit of its rights, under this Agreement. However, this will not prohibit:
- (a) either party from using or disclosing any information with the written prior consent of the other party;
 - (b) use or disclosure of information that has become generally known to the public other than through a breach of this Agreement;
 - (c) either party from disclosing information to its personnel, contractors or advisors with a need to know, so long as the relevant personnel, contractors and advisors use the information solely to enable that party to perform its obligations and/or take the intended benefit of its rights under this Agreement, and so long as they are informed of the confidential nature of the information and, in the case of the Recipient, the Recipient receives an acknowledgement from its personnel, contractors or advisors that they acknowledge, and must comply with, the confidentiality obligations in this Agreement as if they were party to it;
 - (d) disclosure required by any law, or any compulsory order or requirement issued pursuant to any law; or
 - (e) DIA from using or disclosing to any party any documents, reports or information received in relation to this Agreement, provided that prior to any such disclosure DIA removes all information that is commercially sensitive to the Recipient from the relevant work.
- 7.2 The Recipient acknowledges and agrees that nothing in this Agreement restricts DIA's ability to:
- (a) discuss, and provide all information in respect of, any matters concerning the Recipient, the Expenditure Programme(s) or this Agreement with any Minister of the Crown, the Monitor, any other government agency or any of their respective advisors;
 - (b) meet its obligations under any constitutional or parliamentary convention (or other obligation at law) of or in relation to the New Zealand Parliament, the New Zealand House of Representatives or any of its Committees, any Minister of the Crown, or the New Zealand Auditor-General, including any obligations under the Cabinet Manual including the "no surprises" principle; and
 - (c) publicise and report on the awarding of the Funding, including the Recipient's and any of its contractor's names, the amount and duration of the Funding and a brief description of the Expenditure Programme(s), on websites; in media releases; general announcements and annual reports.
- 7.3 The Recipient acknowledges that:
- (a) the contents of this Agreement (including the Delivery Plan); and
 - (b) information provided to DIA and the Monitor (including the reports specified in the Key Details),

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

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

8 MEDIA AND COMMUNICATIONS

- 8.1 Before making any media statements or press releases (including social media posts) regarding this Agreement and/or DIA's involvement with the Expenditure Programme(s), the Recipient will consult with DIA, and will obtain DIA's prior approval to any such statements or releases.
- 8.2 The Recipient will refer any enquiries from the media or any other person about the terms or performance of this Agreement to DIA's Representative.
- 8.3 The Recipient will acknowledge the New Zealand Government as a source of funding in all publications (including any digital presence) and publicity regarding the Expenditure Programme(s) in accordance with funding acknowledgement guidelines agreed with DIA. The Recipient must obtain DIA's approval of the form and wording of the acknowledgement prior to including the acknowledgement in the publication or publicity (as the case may be).
- 8.4 The Recipient does not have the right to enter into any commitment, contract or agreement on behalf of DIA or any associated body, or to make any public statement or comment on behalf of DIA or the New Zealand Government.
- 8.5 All correspondence with DIA under this clause 8 must be directed to DIA's Representative and copied to threewaters@dia.govt.nz and the Monitor.

9 DISPUTES

- 9.1 In the event of any dispute, controversy or claim arising out of or in connection with this Agreement, or in relation to any question regarding its existence, breach, termination or invalidity (in each case, a **Dispute**), either party may give written notice to the other specifying the nature of the Dispute and requesting discussions under this clause 9 (**Dispute Notice**). As soon as reasonably practicable following receipt of a Dispute Notice, the parties must meet (in person, or by audio or video conference) and endeavour to resolve the Dispute by discussion, negotiation and agreement.
- 9.2 If the matter cannot be amicably settled within 20 Business Days after the date of the Dispute Notice then, at the request in writing of either party, the matter in respect of which the Dispute has arisen must be submitted, together with a report describing the nature of such matter, to the Representatives (or, if no such Representatives have been appointed, the respective Chief Executives of the parties) (together the **Dispute Representatives**).
- 9.3 Within 20 Business Days after the receipt of a request under clause 9.2, one individual (who does not act in his or her professional capacity as legal counsel for either party) selected by each of the Dispute Representatives, must make a presentation of no longer than 30 minutes to each of the Dispute Representatives (which may be by telephone or remotely), who will then attempt in good faith to reach a common decision within a half-day. The decision of the Dispute Representatives is binding on the parties.

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- 9.4 In the case of a Dispute, if the Dispute Representatives have not met within 20 Business Days of receiving a request in accordance with clause 9.2, or if they fail to reach a common decision within the stated time period, either party may by notice in writing to the other party refer the Dispute to be referred to mediation before a single mediator appointed by the parties. Each party will bear its own costs of mediation and the costs of the mediator will be divided evenly between the parties.
- 9.5 If the parties are unable to agree on the appointment of a mediator within 5 Business Days of the notice requiring the Dispute to be referred to mediation, a mediator may be appointed at the request of any party by the Arbitrators' and Mediators' Institute of New Zealand Inc.
- 9.6 If the Dispute is not resolved within 20 Business Days of referral to mediation, the parties may commence court proceedings without further participation in any mediation.
- 9.7 Nothing in this clause 9 will prevent either party from seeking urgent interim relief from a court (or other tribunal) of competent jurisdiction.

10 **REPRESENTATIVES**

- 10.1 All matters or enquiries regarding this Agreement must be directed to each party's Representative (set out in the Key Details).
- 10.2 Each party may from time to time change the person designated as its Representative on 10 Business Days' written notice to the other Party. Any such change will also take effect as a change of the relevant Representative for the purposes of the Memorandum of Understanding.

11 **GENERAL**

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

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

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

- 11.2 The Recipient agrees to execute and deliver any documents and to do all things as may be required by DIA to obtain the full benefit of this Agreement according to its true intent.

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- 11.3 No legal partnership, employer-employee, principal-agent or joint venture relationship is created or evidenced by this Agreement.
- 11.4 This Agreement constitutes the sole and entire understanding with respect to the subject matter hereof and supersedes all prior discussions, representations and understandings, written or oral.
- 11.5 No amendment to this Agreement will be effective unless agreed in writing and signed by both parties.
- 11.6 The Recipient may not assign or transfer any of its contractual rights or obligations under this Agreement, except with DIA's prior written approval.
- 11.7 DIA may assign or transfer any of its contractual rights or obligations under this Agreement without the Recipient's prior approval. DIA may at any time disclose to a proposed assignee or transferee any information which relates to, or was provided in connection with, the Recipient, the Expenditure Programme(s) or this Agreement.
- 11.8 No failure, delay or indulgence by any party in exercising any power or right conferred on that party by this Agreement shall operate as a waiver. A single exercise of any of those powers or rights does not preclude further exercises of those powers or rights or the exercise of any other powers or rights.
- 11.9 The exercise by a party of any express right set out in this Agreement is without prejudice to any other rights, powers or remedies available to a party in contract, at law or in equity, including any rights, powers or remedies which would be available if the express rights were not set out in this Agreement.
- 11.10 This Agreement is not intended to confer any benefit on or create any obligation enforceable at the suit of any person not a party to this Agreement.
- 11.11 Any provision of this Agreement that is invalid or unenforceable will be deemed deleted, and will not affect the other provisions of this Agreement, all of which remain in force to the extent permitted by law, subject to any modifications made necessary by the deletion of the invalid or unenforceable provision.
- 11.12 This Agreement is to be governed by the laws of New Zealand, and the parties submit to the non-exclusive jurisdiction of the courts of New Zealand.
- 11.13 This Agreement may be executed in any number of counterparts (including duly electronically signed, scanned and emailed copies). So long as each party has received a counterpart signed by each of the other parties, the counterparts together shall constitute a binding and enforceable agreement. This Agreement is intended to constitute a binding and enforceable agreement in accordance with its terms.

END OF PART 2

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PART 3: DEFINITIONS AND CONSTRUCTION

Defined terms

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

Authorisation means:

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

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

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

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

Completion Date is the date that the relevant Expenditure Programme Milestone is to be completed by the Recipient, described in the Delivery Plan, and includes any amendment to the date which may be agreed in writing (including by email but only when DIA's Representative expressly confirms in writing

that they have received approval of the change from the correct DIA delegation holder) between the parties from time to time.

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

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

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

Notwithstanding the foregoing, the terms of this Agreement (excluding the Delivery Plan) are not Confidential Information.

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

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- (a) conflicts with:
 - (i) the obligations of the Recipient (or its personnel or contractors) to DIA under this Agreement; or
 - (ii) the interests of the Recipient in relation to this Agreement and/or the procuring of the Expenditure Programme(s); or
- (b) otherwise impairs or might appear to impair the ability of the Recipient (or any of its personnel or contractors) to diligently and independently carry out the Expenditure Programme(s) in accordance with this Agreement.

Delivery Plan means the delivery plan setting out the scope of the Expenditure Programme(s) to which Funding is to be applied, based on the template provided by and in the form approved by DIA and executed by DIA and the Recipient.

Eligible Costs means the actual costs that have been or will be reasonably incurred by the Recipient on or after the Commencement Date and no later than the End Date to deliver an Expenditure Programme in accordance with the Delivery Plan.

Expenditure Programme Milestone means, in respect of an Expenditure Programme, a milestone for that Expenditure Programme, as set out in the Delivery Plan.

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

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

Key Details means Part 1 of this Agreement.

Memorandum of Understanding means the memorandum of understanding relating to Three Waters Services Reform between DIA

and the Recipient, in the form provided by DIA.

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

Monitor means CIP, or any other entity appointed by DIA in its sole discretion to assist in managing the Funding by undertaking a monitoring role.

Payment Request means a request submitted to DIA by the Recipient seeking payment of Funding substantially in the form set out in the Schedule to this Agreement.

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

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

Construction

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

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

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

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

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

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

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

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

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

Precedence with Memorandum of Understanding: if there is any conflict

between this Agreement and the Memorandum of Understanding, then unless specifically stated otherwise, this Agreement will prevail;

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

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

Writing: a reference to “written” or “in writing” includes email and any commonly used electronic document format such as .DOC or .PDF.

END OF PART 3

SCHEDULE: PAYMENT REQUEST

To: DEPARTMENT OF INTERNAL AFFAIRS

Dated: [•]

PAYMENT REQUEST

1. We refer to the Funding Agreement dated [•] 2020 between [•] as recipient (**Recipient**) and the Department of Internal Affairs (**DIA**) (the **Agreement**). Terms defined in the Agreement have the same meaning in this Payment Request.
2. This is a Payment Request for the purpose of clauses 1.2 and 1.3 of the Agreement.
3. Each of the Expenditure Programme Milestones that have been completed are:

[insert description of each of Expenditure Programme Milestones completed, including the date of completion]
4. The amount of Funding requested is \$[•] plus GST if any.
5. The Funding requested in this Payment Request has been or will be required to meet the Eligible Costs.
6. We enclose with this Payment Request:
 - (a) a breakdown / total transaction listing of total Eligible Costs that have been or will be incurred to deliver the completed Expenditure Programme Milestone(s);
 - (b) the conditions to the applicable Expenditure Programme Milestone(s) as set out in the Funding Agreement and the Delivery Plan;
 - (c) a quarterly report; and **Note: (c) is not applicable for the first Payment Request, or where DIA has agreed under item 7 of the Key Terms that a Payment Request does not need to be provided alongside a quarterly report*
 - (d) any other reasonable information or evidence requested by DIA or the Monitor in relation to Eligible Costs that have been incurred or will be incurred.
7. We confirm that:
 - (a) no Termination Event is subsisting; and
 - (b) each of the warranties set out in the Agreement are correct as at the date of this Payment Request.

By and on behalf of the Recipient by

NAME OF RECIPIENT

Chief Executive

Authorised Officer

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THREE WATERS STIMULUS GRANT DELIVERY PLAN

Instructions for completion: A single Delivery Plan is to be completed for the full Expenditure Programme. Territorial Authorities may elect to provide appendices providing further detail of specific elements of the proposed expenditure programme.

The draft Delivery Plan must be submitted by the Territorial Authority as soon as possible and in any event by no later than 30 September 2020 to threewaters@dia.govt.nz, with a copy to 3waters@crowinfrastructure.govt.nz. The Delivery Plan will be assessed by the Department of Internal Affairs and Crown Infrastructure Partners Limited, who may elect to provide feedback and require further detail, additions or alterations. A revised version of the Delivery Plan, incorporating all agreed changes, must be submitted for approval thereafter, with the final Delivery Plan to be in an approved form by 31 October 2020.

Where the Department of Internal Affairs requires additional reporting or other assurance based on a specific Delivery Plan, this will be included in section 17 below following the Department of Internal Affairs/Crown Infrastructure Partners Limited review. Section 17 will form part of the Delivery Plan. All figures in this Delivery Plan should be GST exclusive.

Capitalised terms in this Delivery Plan have the meaning given to them in the Funding Agreement, where applicable.

Territorial Authority information

1. Programme Title:	<input type="text"/>
2. Territorial Authority:	<input type="text"/>
3. Total Maximum Amount Payable (NZ\$M):	\$ <input type="text"/>
4. Organisation Lead Contact:	
Name:	<input type="text"/>
Position:	<input type="text"/>
Email:	<input type="text"/>

Expenditure Programme overview

5. Please provide a brief description of the expenditure programme to be undertaken:

6. Location/address of the programme:

(if this is a series of investments, please identify each location where relevant)

7. What is the **total** estimated cost of the programme (NZ\$M)?

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

Funding Source	Amount (NZ\$M)
	\$
	\$
Total	\$

9. Please provide a high-level breakdown of the expenditure programme including a cost schedule identifying estimated costs for each major component:

10. What is the expected number of people employed, and net jobs created through the expenditure programme? How has this been estimated?

Expenditure Programme commencement

11. Please describe the initial activity to be undertaken on expenditure programme commencement:

Expenditure Programme completion

12. Please outline below the high-level plan that will ensure the expenditure programme is completed by 31 March 2022 (these should largely mirror the milestones below):

Expenditure Programme funding status

13. Please indicate below the expenditure programme funding status:

Included in LTP	Y/N	Amounts NZ\$	Year
Included in Annual Plan 2020/21	Y/N	Amounts NZ\$	N/A
Not funded in any plan	Y/N	Amounts NZ\$	Year
Was funded but COVID-19 deferred	Y/N	Amounts NZ\$	Year
Is any Territorial Authority co-funding being contributed?	Y/N	Amounts NZ\$	Year

14. Please set out the key milestones of the expenditure programme to be undertaken, and for each milestone the planned completion date and budget:¹

	Expenditure Programme Milestone (including a description of how the milestone is identified)	Completion Date	Maximum Funding instalment amount (NZ\$) ²	Budgeted costs to complete the expenditure programme (NZ\$)	[DIA USE ONLY] Funding Conditions
1.	Commencement Date occurring under the Funding Agreement	31 October 2020 (or such date agreed otherwise in writing with DIA under the Funding Agreement)	NZ\$[INSERT HERE] [Note: this is to be 50% of the Total Maximum Amount Payable]	Nil	
2.	[Commencement of expenditure programme]	[date] [To be no later than 31 March 2021]	NZ\$[INSERT HERE]	NZ\$[INSERT HERE]	
3.	[milestone]	[date]	NZ\$[INSERT HERE]	NZ\$[INSERT HERE]	
4.	[milestone]	[date]	NZ\$[INSERT HERE]	NZ\$[INSERT HERE]	
5.	[milestone]	[date]	NZ\$[INSERT HERE]	NZ\$[INSERT HERE]	
6.	[milestone]	[date]	NZ\$[INSERT HERE]	NZ\$[INSERT HERE]	
7.	[Completion of expenditure programme]	[date] [To be no later than 31 March 2022]	NZ\$[INSERT HERE] ³	NZ\$[INSERT HERE]	
	TOTAL		[Must be less or equal to Total Maximum Amount Payable]	[Must be equal to the total estimated cost of the expenditure programme]	

¹ All figures should be GST exclusive.

² You may choose to determine each maximum Funding instalment amount for a milestone on the basis of seeking funds either for application towards costs incurred for that milestone, or for application towards costs to be incurred for the following milestone.

³ The final Payment Request needs to be submitted with the quarterly report for the period ending 31 December 2021.

15. Briefly outline the final expected outcomes/objectives of the expenditure programme:

16. Briefly outline an assessment of how the expenditure programme supports the reform objectives set out in the Memorandum of Understanding relating to Three Waters Services Reform between you and the Sovereign in Right of New Zealand acting by and through the Minister of Local Government:

DIA USE ONLY

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

The parties acknowledge and agree that this is the agreed Delivery Plan.

SIGNATURES

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

Name:
Position:
Date:

SIGNED for and on behalf of _____
by the person(s) named below, being a person(s) duly authorised to enter into obligations on behalf of that territorial authority:

Name:
Position:
Date:

Name:
Position:
Date:

Our advice

Prepared for SOLGM
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Date 31 July 2020

PRIVILEGED AND CONFIDENTIAL

Three waters services reform MOU - no explicit triggers for consultation before territorial authorities sign

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| Background | <ol style="list-style-type: none">1. You have asked us to prepare advice to be circulated to territorial authorities with the draft memorandum of understanding for three water services reform (MOU).2. Our advice proceeds on the presumption that councils will enter into the MOU after their annual plan for 2020/21 has been adopted. |
| Question | <ol style="list-style-type: none">3. Do territorial authorities need to consult their community before entering into the MOU? |
| Answer | <ol style="list-style-type: none">4. Generally, no. There are no explicit triggers for consultation before entering into the MOU. The decision to enter into it is of course subject to the general requirements relating to decision-making in Part 6 of the Local Government Act 2002 (LGA 02). If councils consider they do not have a reasonable understanding of community views in relation to the commitments arising from the MOU then they could choose to consult their communities about the decision. We expect this will be the exception not the norm.5. Certain choices made subsequently as to what projects to advance or steps to take might trigger consultation requirements at that time. |

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Our reasons

		Page
Summary	<ul style="list-style-type: none"> The obligations assumed on upon entry into the MOU do not trigger any explicit requirements to consult in the LGA 02. The decision is subject to the general requirements relating to decision-making in Part 6 of the LGA 02, meaning local authorities may choose to consult. Subsequent decisions relating to either the reform or projects/funding aspects may trigger consultation requirements at that time. 	2 3 3-4
The obligations assumed upon entry into the MOU have no explicit consultation triggers	<ol style="list-style-type: none"> The key commitment in the MOU is to working constructively together to support the objectives of the the three waters service delivery reform programme (page 3). The MOU contains objectives that will underpin the reform programme and inform the development of reform options/proposals and core reform design features (pages 3 and 4). We refer to this as the reform commitment. It is fundamental to the reform commitment that there is acknowledgement by both parties to the MOU that there are challenges facing the delivery of water services and infrastructure and the communities that fund and rely on those services, that are in need of solutions. These challenges are set out in summary form in the Background section. This section also makes it clear that the reform process and stimulus funding proposed by government is designed to support economic recovery post COVID-19 and address persistent systemic issues facing the three waters sector through a combination of: <ul style="list-style-type: none"> Stimulation investment, to assist economic recovery through job creation and maintain investment in water infrastructure renewals and maintenance; and Reforming current water service delivery, into larger scale providers, to realise significant economic, public health, environmental, and other benefits over the medium to long term. The Background refers to a shared understanding that a partnership approach will best support the wider community and ensure that the transition to any eventual new arrangements is well managed and as smooth as possible. This partnership approach is set out more fully in the section "Principles for Working Together" as a relationship based on mutual trust and respect, openness, non-adversarial dealings and constructive problem-solving, co-operation and information sharing. As principles to underpin dealings between local authorities and the Crown, these are uncontroversial. 	

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9. The reform objectives which “inform the development of reform options/proposals” are similarly self-evident with the possible exception of the objective of:

“Improving the co-ordination of resources, planning, and unlocking strategic opportunities to consider New Zealand’s infrastructure and environmental needs at a larger scale.”

10. This is offset to some extent by the objective of “undertaking the reform in a manner that enables local government to further enhance the way in which it can deliver on its broader “wellbeing mandates” as set out in the Local Government Act 2002.”
11. The parties to the MOU agree to consider minimum design features which include water service delivery entities of significant scale (most likely multi-regional) to enable benefits from aggregation to be achieved over the medium to long-term, structured as statutory entities.
12. Funding from central government to councils is available in three tranches. Tranche one funding will be provided following entry into the MOU and agreement to an associated funding agreement and delivery plan. The delivery plan will need to show that the funding is to be applied to opex or capex that supports economic recovery through job creation and maintains, increases or accelerates investment in core water infrastructure renewals and maintenance (page 5). The funding cannot be applied to projects already in a council’s annual plan. We refer to this as the projects commitment.
13. The MOU is effective from the date of signing until 30 June 2021, unless terminated earlier or extended.
14. Neither the reform commitment nor projects commitments bind councils to specific three waters projects. Rather, councils are committing to participate in a reform process looking at changes to three waters delivery and identify possible projects that are eligible for funding. The obligations are exploratory/investigative in nature.
15. The MOU cannot, and does not, supplant the planning, accountability and associated consultation obligations of local authorities in the LGA 02. These continue to apply when there is a relevant trigger.
16. Decisions on three waters projects are the likely outcome of the reform process and funding provided, after participation in the process, after entry into the MOU. The consultation can be undertaken at that time.

The decision to enter the MOU is subject to the Part 6 LGA 02 decision-making obligations –

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17. Whether or not to enter into the MOU will be at councils’ discretion. As a decision, the decision will be subject to the general decision-making obligations in Part 6 of the LGA 02.
18. The Part 6 LGA 02 obligations include the section 78 obligation to consider the views and preferences of interested and affected
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these do not strongly indicate that consultation is required

persons when making this decision, and determine whether consultation is needed or appropriate in order to identify those views and preferences.

19. This determination as to extent of compliance with section 78 will be a judgement for each council to make under section 79, and will depend in part on the particular council's significance and engagement policy (**SEP**), and its 2020/21 annual plan and current LTP.
20. The availability of Crown funding for core water infrastructure (at an amount disclosed before the MOU is entered into) is a unique opportunity to relieve local funding pressures that councils might reasonably expect their communities to support. The associated commitment to cooperate in a consideration of structural water reform is a subject on which councils may have limited understanding of community views. However, the exploratory/investigative nature of the reform commitment and the express provision in the MOU that it does not give rise to legally enforceable obligations, suggest the ready application of section 79(2) as a justification for not undertaking specific community engagement at this time.
21. Councils should check out of an abundance of caution that their SEP does not indicate a need to consult before entering the MOU. We expect it to be very unlikely that many policies will indicate consultation is required, including because of the nature of the obligations assumed upon entry into the MOU and that the decision is not irrevocable. Also potentially relevant is that the timeframes imposed by central government do not permit sufficient time to consult.
22. If councils enter into the MOU, they may want to consult subsequently on whether to continue their support of reform. LTP consultation in 2021 would be the obvious opportunity, and would provide timely information about whether to participate in tranche two.

Consultation triggers for decisions on three waters reform (post entry into the MOU)

23. Some specific LGA 02 consultation triggers that may be relevant to decisions on three waters reform (after participation in the reform process in the MOU) are:
 - 23.1 **Section 56** – councils must consult before becoming a shareholder in a council controlled organisation (**CCO**). If the reformed service delivery approach leads to councils being shareholders in new multi-regional providers (which seem likely to be CCOs), then section 56 may be triggered.
 - 23.2 **Section 97(1)(b)** – if the reformed delivery approach amounts to a “decision to transfer the ownership or control of a strategic asset to or from the local authority”, then it would be necessary to amend the council's LTP to explicitly provide for this decision, which requires consultation under section 93E. Water network assets are almost always listed as a strategic asset in SEPs.

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Consultation triggers for decisions on three waters projects (post entry into the MOU)

23.3 **Section 137(3)(a)** – councils must consult before entering into a “joint arrangement”, which is an arrangement between a council and another party “for the purpose of providing water services or any aspect of a water service”. This trigger may be remote, particularly if central government in providing funding is not also seeking to provide any aspect of a water service.¹

24. One specific consultation trigger that needs to be considered is section 97(1)(a) of the LGA 02. If the projects being funded would significantly alter levels of service for three waters activities, then it would be necessary to amend the council’s LTP to explicitly provide for this decision, which requires consultation under section 93E.
25. It will depend on particular councils’ LTPs, but this trigger can likely be avoided by councils selecting appropriate projects. (This was generally achieved by councils as they responded to the impacts of COVID-19 during the annual plan process for 2020/21).
26. Leaving aside section 97(1)(a), section 78 will still be relevant. It should be reasonably safe for councils to not consult to address section 78 where projects are brought forward from future work programmes and the combined effect of these projects is not a significant or material variation from the 2020/21 annual plan or LTP.
27. As to whether the combined effect of projects brought forward is a significant or material variation from the 2020/21 annual plan or LTP will depend on the degree to which the projects are already provided for in the annual plan or LTP and what, if any, financial impact there may be on the particular council. If projects are already provided for in the infrastructure strategy (in the LTP) and they can be entirely funded from central government (meaning no negative financial impact on the council), it seems very unlikely that there will be a significant or material variation from the annual plan or LTP of any consequence to the community. On this basis, consultation is unlikely to be indicated.
28. Strictly, the provision of central government funding could create a material change to revenue commitments (even if it is downward rather than upward) that reflect in a change to financial statements included in an annual plan, that, given the degree of change, could be expected to be consulted on before being adopted. Councils encountered similar issues in preparing their annual plans to respond to COVID-19 where different funding sources (for example borrowing or reserve funds) have had to be employed from what was anticipated. These decisions tended to be made without further consultation if the council assessed that it did not affect levels of service with reference to section 97 or was within the scope of rate change consulted on. In the current circumstances, we consider that the fact that the change is not detrimental lessens the risk of not consulting and (having occurred after the annual plan has been

¹ Section 17A requires periodic reviews of service delivery, but this section in itself does not contain a trigger for consultation.

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adopted) makes it something that is duly reported on in the annual report and treated as an operating surplus.

29. We note that councils are not absolutely bound by their plans or policies (under sections 96 and 80), but this does not remove the need to assess whether consultation is appropriate when departing from them. Consistency with plans and policies is often a criterion for significance in SEPs. Where consultation does not occur, relevant statutory compliance will likely include disclosure in the annual report, and perhaps resolving in accordance with section 80 (where the departure from the annual plan is significant).

**Please call or
email to discuss
any aspect of this
advice**

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Information on Joint Three Waters Steering Committee

The Joint Three Waters Steering Committee has been established to provide oversight and guidance to support progress towards reform, and to assist in engaging with local government, iwi/Māori and other water sector stakeholders on options and proposals.

The Steering Committee comprises independent chair Brian Hanna, local government mayors, chairs and chief executives, representatives of Local Government New Zealand (LGNZ) and the Society of Local Government Managers (SOLGM), and officials and advisors from the Department of Internal Affairs (DIA), Taumata Arowai, and the Treasury.

The Steering Committee will ensure that the perspectives, interests and expertise of both central and local government, and of communities throughout New Zealand are considered, while the challenges facing water services and infrastructure are addressed. This will include periods of engagement, in the first instance with the local government sector. an overview is provided below.

The Steering Committee is supported by a secretariat made up of advisors and officials from LGNZ, SOLGM, DIA and the Treasury. This secretariat is hosted by DIA.

The terms of reference for the Steering Committee is available on the DIA Three Waters website.

REPORT R18153

Electoral System - Review

1. Purpose of Report

- 1.1 To consider whether to change the electoral system for the 2022 and 2025 local government elections.

2. Summary

- 2.1 The Local Electoral Act 2001 provides for two electoral systems – First Past the Post (FPP) and Single Transferable Vote (STV). A local authority may resolve to change its electoral system if it does so prior to 12 September two years prior to a triennial election. A change takes effect for the next two triennial elections and then continues until it is changed again.
- 2.2 A local authority must also, by 19 September two years prior to a triennial general election, give public notice of the right of five percent of electors to petition for a poll on the electoral system, regardless of whether the system is changed by the local authority. The result of the poll is binding for the following two triennial elections and associated by-elections.

3. Recommendation

That the Council

- 1. Receives the report Electoral System - Review (R18153); and***
- 2. Decides to continue with the First Past the Post electoral system;***

OR

- Decides to change to the Single Transferable Vote electoral system; and***
- 3. Notes that Council will give public notice by 19 September 2020 of the right for Nelson Council electors to petition for a poll on a change to the electoral system.***

4. Background

- 4.1 Regulation 8 of the Local Electoral Regulations 2001, allows for one of two electoral systems to be used for local body elections. These two systems are defined in [Sections 5A and 5B of the Local Electoral Act 2001](#) (the Act) as follows:

5A General description of First Past the Post electoral system

For local electoral purposes, the First Past the Post electoral system,—

- (a) in the case of an election, has the following features:*
 - (i) voters may cast as many votes as there are positions to be filled:*
 - (ii) where a single position is to be filled, the candidate who receives the highest number of votes is elected:*
 - (iii) where more than 1 position is to be filled, the candidates equal to the number of positions who receive the highest number of votes are elected*

5B General description of Single Transferable Voting electoral system

For local electoral purposes, the Single Transferable Voting electoral system,

- (a) in the case of an election for multi-member vacancies, has the following features:*
 - (i) voters express a first preference for 1 candidate and may express second and further preferences for other candidates:*
 - (ii) a quota for election is calculated from the number of votes and positions to be filled:*
 - (iii) the first preferences are counted and any candidate whose first preference votes equal or exceed the quota is elected:*
 - (iv) if insufficient candidates are elected under subparagraph (iii), the proportion of an elected candidate's votes above the quota is redistributed according to voters' further preferences, and—*
 - (A) candidates who then reach the quota are elected; and*
 - (B) the candidate with the fewest votes is excluded:*
 - (v) the excluded candidate's votes are redistributed according to voters' further preferences:*

- (vi) *if insufficient candidates are elected under subparagraphs (iv) and (v), the steps described in subparagraphs (iv) and (v) are repeated until all positions are filled:*

- 4.2 Since the Act came into force, Nelson City Council has used FPP as its electoral system.

Previous Consideration

- 4.3 Council last considered this matter in August 2014, when it resolved that the 2016 and 2019 triennial local body elections in Nelson City would be conducted using the FPP electoral system.

Current Situation

- 4.4 The Council resolution of 28 August 2014, continues in effect until a subsequent resolution is passed or a poll is conducted.
- 4.5 Section 27 of the Act allows for Council to change its electoral system by resolution.
- 4.6 Section 27 also specifies that, where Council resolves to use a particular electoral system, it is to be used for the next two triennial elections, and then continues to be used, unless a subsequent resolution is passed or a poll is conducted.
- 4.7 Regardless of whether Council wishes to change the system or remain with the existing system, Section 28 of the Act requires that public notice must be given of the electoral system to be used and the right of the public to demand a poll to change that system. This notice must be given prior to 19 September two years before the next triennial election. In this case that is 19 September 2020.
- 4.8 A resolution to change from the current FPP system to the STV system would:
- need to be made by 12 September 2020 in order to apply to the 2022 elections;
 - apply to the next two triennial elections (2022 and 2025) and any by-elections held after these elections; and
 - be publicly notified and subject to a petition for a poll by five percent of electors.

Conducting a Poll

- 4.9 A local authority may itself also decide to conduct a poll.
- 4.10 Section 31 of the Local Electoral Act 2001 allows for Council to resolve that a poll be held on a proposal that a particular electoral system be used. Such a resolution must be passed prior to 28 February in the year before the next triennial election. In this case that is 28 February 2021.

- 4.11 Should a poll be conducted either by choice or by demand, the electoral system decided on must be used for two triennial elections, in accordance with Section 34 of the Act.

District Health Board Elections

- 4.12 The New Zealand Public Health and Disability Act 2002 (Schedule 2, clause 9A) requires that elections for District Health Boards (DHBs) be conducted using the STV electoral system.
- 4.13 The Local Body and District Health Board triennial elections are run concurrently (New Zealand Health and Disability Act 2002, Schedule 2, clause 9).
- 4.14 Nelson City Council manages the DHB election for Nelson electors on behalf of Nelson Marlborough District Health Board.

5. Discussion

- 5.1 It is widely accepted that there are advantages and disadvantages for both the FPP and the STV electoral systems.

Proportionality

- 5.2 Proportionality is a matter for discussion on the subject of electoral systems. Proportional representation systems are recognised as producing results that reflect the preferences of the broad community of voters. STV is considered to be proportional while FPP is not.
- 5.3 Proportional representation systems are accepted to lead to more equitable minority representation. However, this outcome is itself dependent on a diversity of candidates standing in an election. No representation system can alter the diversity of representatives elected unless there is a diverse pool of candidates standing for election.
- 5.4 STV as a proportional representation system may be helpful to Māori, since Māori statistically are a minority within the electorate. The issue of the preferred voting system has not been directly canvassed with Māori or the wider community.

Voter Confusion

- 5.5 Nelson has been using FPP for the local body elections and STV for Nelson Marlborough District Health Board Elections since 2004. Consequently, there are two electoral systems on each voting paper – FPP for the election of the Mayor and Councillors and STV for the DHB. This means that for the two council issues, voters are being asked to tick their preferred candidates, equal to the number of vacancies available. For the DHB issue, voters then consecutively rank their preferred candidates, with the opportunity to rank all candidates, rather than only the number of vacancies.

The statistics for percentages of informal (spoiled papers) for the Nelson Marlborough District Health Board region are:

Informal Votes

Issue	Mayor	Councillors	DHB
Nelson City Council (FPP)	52 0.26%	72 0.37%	824 4.11%
Tasman District Council (FPP)	25 0.13%	44 0.22%	485 2.42%
Marlborough District Council (STV)	18 0.12%	103 0.63%	166 1.00%

- 5.6 This shows that the number of informal papers for the DHB from the Marlborough District Council (the only council using STV) area is lower than that of both Nelson and Tasman. However, it is not possible to determine whether this is solely as a result of voter confusion over having to use two different systems on one paper.

Voting Systems used by Other Councils

- 5.7 The vast majority of councils use FPP.
- 5.8 In the local government elections in 2019, the only local government bodies that used STV were:
- Dunedin City Council
 - Kaipara District Council
 - Kapiti Coast District Council
 - Marlborough District Council
 - New Plymouth District Council (1st time)
 - Porirua City Council
 - Ruapehu District Council (1st time)
 - Tauranga City Council (1st time)
 - Wellington City Council
 - Greater Wellington Regional Council
 - Palmerston North City Council

Future of DHB Elections

- 5.9 Whilst there is merit in aligning the electoral systems for DHB and Nelson City in order to reduce possible confusion, the future of DHB elections is currently under consideration.
- 5.10 The future of DHB governance was considered as part of the [Health and Disability Review](#) (the Review) conducted by Heather Simpson. The final report was released in March 2020.
- 5.11 At the governance level, the Review concluded that the effectiveness of elected over appointed boards was not compelling. The Review recommended that all board members be appointed by the Minister of Health against a transparent set of competencies ranging from financial and governance experience through to tikanga Māori and specific health and disability sector knowledge.
- 5.12 If this recommendation is adopted, then there will not be a requirement to conduct DHB elections triennially in the future, as board members will be appointed by the Ministry of Health.
- 5.13 Notwithstanding this, it is anticipated that the DHB election will continue in its current format for 2022, as it is unlikely that a decision from Government on changes to the governance of DHBs will be made in time for this to be implemented.
- 5.14 Consequently, it is not considered appropriate to change the electoral system simply on the basis of alignment with the DHB election system, as the future of DHB elections remains uncertain in the long term.

Public Opinion

- 5.15 There have not been any requests from members of the public for changes to the electoral system.

Poll

- 5.16 Should Council choose to conduct a poll or should a poll be demanded by the public, there would be costs associated with this in the order of \$110,000. There is currently no budget to cover this cost.

What are the advantages and disadvantages of each system?

- 5.17 No electoral system is perfect and there are different views on what is the fairest system.

Advantages of retaining FPP

- 5.18 Some of the advantages of continuing to use the FPP electoral system are:
- Voters are used to this system for Nelson Local government elections;

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- It is a simple process;
- It is easier than STV to understand how votes are counted;
- Provisional results can be announced earlier, since STV requires all votes to be in and all iterations completed; and
- It is the most commonly used system currently used in New Zealand, so most familiar to voters.

Advantages of adopting STV Electoral System

5.19 Some of the advantages of moving to the STV system are:

- The electoral system for local government and DHBs would be the same for the 2022 election, leading to a less confusing voter experience; and
- STV is a proportional representation system which may provide an outcome that is more representative of the community and potentially a more equitable minority representation.

6. Options

6.1 Council has three options, as allowed for in the Local Electoral Act 2001:

- Option 1: Council can resolve to change the electoral system and give notice of that resolution and the public's right to demand a poll;
- Option 2: Council can resolve to hold a poll on one of the proposed electoral systems; or
- Option 3: Council can confirm that the status quo will be retained and give notice of the public's right to demand a poll.

Option 1: Change to STV electoral system	
Advantages	<ul style="list-style-type: none">• Same electoral system used for both local government and DHB systems in the 2022 elections• Reduced risk of confusion by electorate in the 2022 elections• As same system used, possible reduction of spoiled papers
Risks and Disadvantages	<ul style="list-style-type: none">• Perceived complexity of the STV system may lead to decreased voter turnout for local government elections• Delay in receipt of results

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Option 2: Hold a Poll to seek electorate's view on electoral system	
Advantages	<ul style="list-style-type: none">• Voters directly contribute to the decision
Risks and Disadvantages	<ul style="list-style-type: none">• Cost for poll is in excess of \$110,000
Option 3: Confirm that Nelson will continue to use FPP as the electoral system	
Advantages	<ul style="list-style-type: none">• Electorate understand simplicity of FPP• Familiar system• Results are received without delay
Risks and Disadvantages	<ul style="list-style-type: none">• Risk that voters are confused by having two voting systems on one voting document• Higher numbers of spoiled papers

Author: Mary Birch, Manager Governance and Support Services

Attachments

Nil

<p>Important considerations for decision making</p>
<p>1. Fit with Purpose of Local Government</p> <p>Considering the electoral system options enables democratic decision-making to continue as efficiently and effectively as possible.</p>
<p>2. Consistency with Community Outcomes and Council Policy</p> <p><i>"Our Council provides leadership and fosters partnerships, a regional perspective, and community engagement.</i></p> <p><i>Council leaders are strongly connected to our people and mindful of the full range of community views and of the generations that follow. Residents have the opportunity to participate in major decisions and information is easy to access."</i></p> <p>Considering the electoral systems, whilst giving the community an option to challenge this through a poll, provides our voters with an opportunity to participate in this important decision.</p>
<p>3. Risk</p> <p>This matter is of low risk. It relates to a decision whether to maintain the status quo of the FPP electoral system or change to the STV electoral system. Both options are allowed for in the Local Electoral Act 2001.</p>
<p>4. Financial impact</p> <p>There are no immediate costs associated with considering which electoral system to use.</p> <p>Additional unbudgeted costs would be incurred if council resolved or the public initiated a poll. These costs would be in the region of \$110,000.</p> <p>There would be additional costs incurred, if a decision was made to change the electoral system, to educate voters on the STV system. These would be incorporated into the costs of running the local government election.</p>
<p>5. Degree of significance and level of engagement</p> <p>This matter is of low significance.</p> <p>It relates to a decision whether to consider a change the electoral system.</p> <p>It is a requirement of the Local Electoral Act 2001 (sections 27 to 29) that public notice must be given of the right to demand a poll on the electoral system to be used. It is also required that public notice of any resolution to change the electoral system must be given, including the statement that a poll is required to countermand that decision.</p>

Therefore, the community will be informed of the outcome of Council's decision and will be given an opportunity to initiate a poll, which would be binding, should there be an appetite to take a different approach.

6. Climate Impact

This decision will have no impact on the ability of Council to proactively respond to the impacts of climate change now or in the future.

7. Inclusion of Māori in the decision making process

No engagement with Māori has been undertaken in preparing this report.

8. Delegations

This is a decision of Council.

REPORT R15924

Dedication of Local Purpose (Road) Reserve as Legal Road - Ngati Rarua St

1. Purpose of Report

- 1.1 To approve a decision to dedicate the Local Purpose Reserve (Road) at Lot 26 DP 487679 (Record of Title 698929), Ngati Rarua Street, Nelson as legal road pursuant to Section 111 of the Reserves Act 1977.

2. Summary

- 2.1 The dedication of Lot 26 DP 487679 (RT 698929) as legal road is an integral part of the Saxton Creek Upgrade Project and is required in order to connect a new road and bridge across Saxton Creek with the existing end of Ngati Rarua Street to allow access to existing properties and private development.

3. Recommendation

That the Council

- 1. Receives this report Dedication of Local Purpose (Road) Reserve as Legal Road - Ngati Rarua Street (R15924) and its attachments (A2412824 and A2422463); and***
- 2. Resolves to dedicate the Local Purpose Reserve (Road) at Lot 26 DP 487679 (RT 698929), Ngati Rarua Street, Nelson as legal road pursuant to Section 111 of the Reserves Act 1977.***

4. Background

- 4.1 The 639m² area at the north eastern end of Ngati Rarua Street (Lot 26 DP 487679, RT 698929), Nelson is not legal road. The land is classified as Local Purpose (Road) Reserve under the Reserves Act 1977 and owned by Nelson City Council. It adjoins Ngati Rarua Street. Refer to Attachment 1 (A2422463) - Site location layout.

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- 4.2 Historically, it was common practice to create an area of Local Purpose (Road) Reserve at the termination of a subdivision. This served to restrict access to the legal road at the end of the development, whilst providing for the future extension of the street, at which point the Local Purpose (Road) Reserve would then be dedicated as legal road under section 111 Reserves Act 1977. A Council resolution is required to dedicate the road reserve as road.
- 4.3 Lot 26 DP 487679, at the end of Ngati Rarua Street, is an example of this practice. Lot 26 was vested in the Council as Local Purpose (Road) Reserve as a result of the 2014 Waimeha Stage 3 subdivision. This subdivision, which provided for 25 residential allotments, described Lot 26 as a lot that may contain future road linkage to land to the north-east. This is shown in Attachment 2 (A2412824) - Vesting and Dedication Land Plan.
- 4.4 Attachment 2 shows the proposed access road through Lot 26 to the bridge over Saxton Creek (which is currently under construction). This road will provide access to not only the proposed developments on the east side of Saxton Creek, but also to the land (and potential future development) to the area on the west side of the creek as shown on Attachment 1.
- 4.5 The dedication of Lot 26 DP 487679 (RT 698929) as legal road is required for the extension of Ngati Rarua Street and construction of a new bridge across Saxton Creek. This work is incidental to the work being undertaken to upgrade the flood capacity of Saxton Creek from Champion Road to the sea. The land is required for road to link the existing end of Ngati Rarua Street with land the Council has agreed to acquire for drainage and road from private landowners. Work to construct the road over the land is currently being undertaken by Council's contractors.
- 4.6 The upgrade of Saxton Creek is part of a wider project to upgrade the channel from Champion Road to the sea following the devastation caused by the 2013 extreme rainfall event that hit Nelson. Negotiations with various land owners commenced in 2013. Council is committed to this project having already spent \$5.4M to date on stages 1 and 2 with work on Stage 3 (\$4.6M) now again underway following the lifting of the COVID-19 lockdown. Stage 4 (Main Road Stoke to the sea) is also underway with officers finalising negotiations and detailed design, with work expected to commence in 2021/22.
- 4.7 Resource consents have been granted for the construction of Stage 3 of the Saxton Creek Upgrade Works, which will be completed in three phases (being 3A, 3B and 3C) in recognition of the different land ownerships, to ensure access is maintained for residents and to ensure existing stormwater infrastructure is not compromised.
- 4.8 Stage 3A of the upgrade works includes the construction of a new bridge to provide access to 3A-D and 3F Hill Street, the extension of Ngati Rarua Street, and the acquisition under the Public Works Act 1981 (PWA) of part of the driveways to 3A-D and 3F Hill Street. Once constructed, the new bridge and the extension of Ngati Rarua Street will provide access to 3A-

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D and 3F Hill Street (inclusive of the subdivision under construction currently) from the existing end of Ngati Rarua Street.

5. Discussion

- 5.1 The dedication of Lot 26 DP 487679 (RT 698929) as legal road along with construction of the new road and a bridge is consistent with previously granted resource consents RM175439, RM175440, RM175441, RM195290 and RM195299 and the multiple interlocking agreements (contracts) that Council has with the relevant land owners.

Issues

- 5.2 No issues are anticipated as Lot 26 DP 487679 (RT 698929) is already vested in Council as Local Purpose Reserve (Road) subject to the Reserves Act 1977. This provides for the future extension of Ngati Rarua Street as a road if Council makes a resolution to dedicate the land as road. The proposed bridge construction has already been authorised by resource consent.

Financial Considerations

- 5.3 The cost to undertake this dedication is estimated at \$5,000 and will be charged to the Saxton Creek upgrade project.

Legal Considerations

- 5.4 The Council has the power to dedicate road reserve as legal road under the Reserves Act 1977, Section 111(1):

(1) Where any land is vested in the Crown or in any local authority for the purposes of a road reserve and the land is required for the purposes of a road, the land may be dedicated as a road by notice under the hand of the Minister or, as the case may be, by resolution of the local authority, and lodged with the Registrar-General of Land.

- 5.5 The Council has entered into agreements with 8 landowners to acquire land for drainage and road that is needed for Stage 3 of the Saxton Creek upgrade works between Saxton Field and Ngati Rarua Street. The works are being carried out to provide flood protection to southern Nelson. Negotiations with the landowners for the stages to allow all works to proceed commenced in 2013 and the agreements to acquire land went unconditional in January 2020.

- 5.6 Under some of the land acquisition agreements the Council is required to construct the extension of Ngati Rarua Street and a new bridge over Saxton Creek. In those agreements, the landowner is not required to transfer land to the Council for drainage and road unless the full extension of Ngati Rarua Street is classified legal road. If the Council does not dedicate the land as legal road it would delay the acquisition of land needed for the Saxton Creek upgrade works.

6. Options

- 6.1 The options are to either to dedicate the Local Purpose (Road) Reserve as legal road (preferred option) or to not dedicate the Local Purpose (Road) Reserve as legal road. The advantages and disadvantage of both options are summarised below.

Option 1: Dedicate the Local Purpose (Road) Reserve at Lot 26 DP 487679 (RT 698929) as legal road under Section 111 of the Reserves Act 1977.	
Advantages	<ul style="list-style-type: none"> The land is dedicated as road, consistent with its land use. Dedication as legal road enables the council to proceed with acquiring land required for the Saxton Creek Upgrade works under some of the land acquisition agreements. Residents and public will have legal access across Saxton Creek, using the extended road, as constructed. The area of land maintained through the road maintenance budget becomes road and is thus included as a roading asset for Waka Kotahi New Zealand Transport Agency funding purposes.
Risks and Disadvantages	<ul style="list-style-type: none"> Survey and legal costs to the Council in the order of \$5,000 but this can be catered for within existing budgets.
Option 2: Not dedicate the Local Purpose (Road) Reserve at Lot 26 DP 487679 (RT 698929) as legal road under Section 111 of the Reserves Act 1977.	
Advantages	<ul style="list-style-type: none"> None
Risks and Disadvantages	<ul style="list-style-type: none"> Council loses its right to enforce the mechanism in some of the land acquisition agreements to acquire land vital to the completion of the Saxton Creek Project. Delay to the Saxton Creek Project. Will not allow legal access from the existing end of Ngati Rarua Street across the Creek to proposed developments and will result in the potential delay of these projects. The newly constructed road would remain an anomalous piece of incorrectly classified road reserve, used as if it were legal road, but not formally classified as legal road.

7. Conclusion

- 7.1 Officers support Option One. This is best practice for the Council as it meets Council's intention to change the status of land from Road Reserve to Road as land development occurs.

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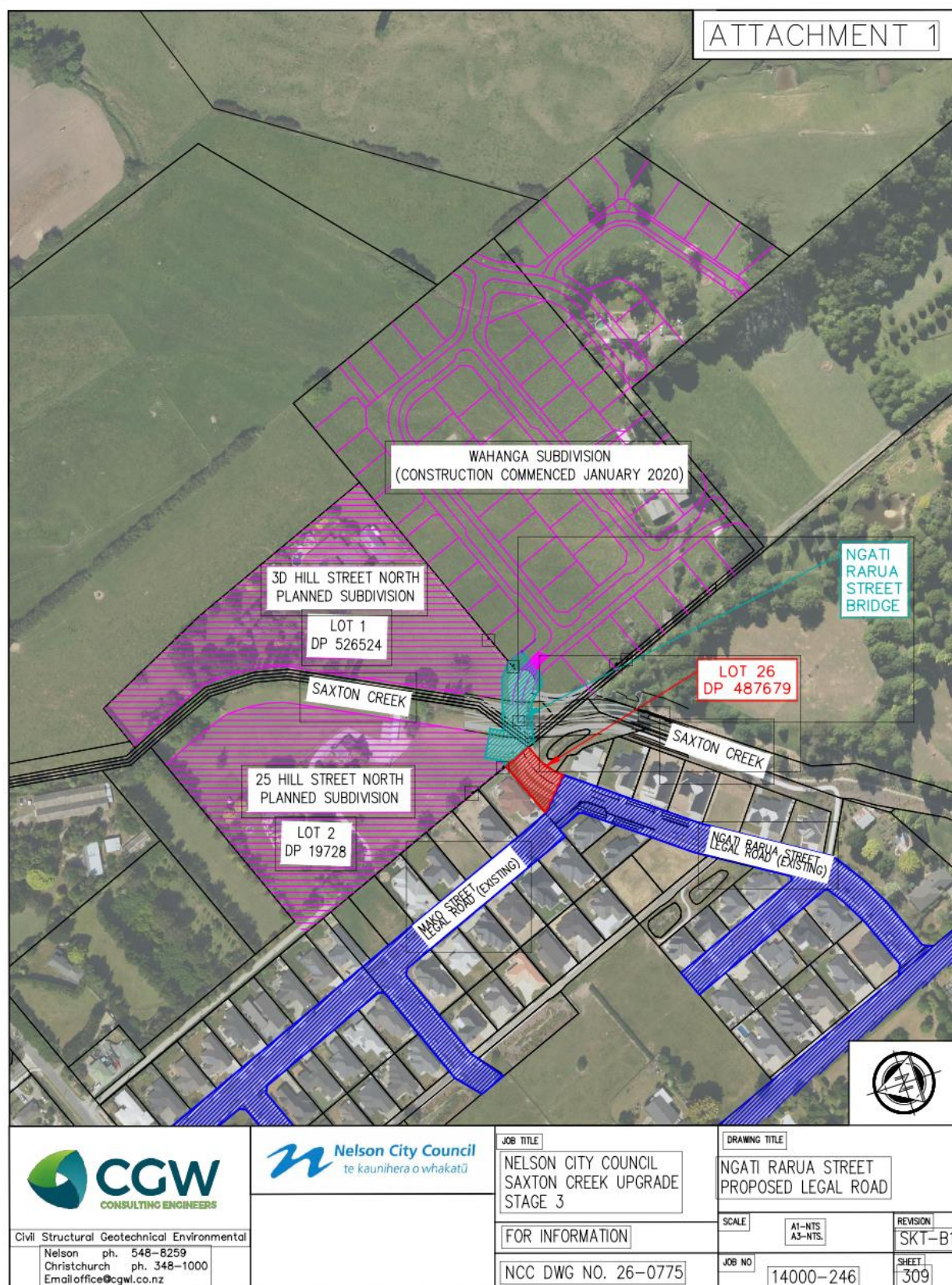
Attachments

Attachment 1: A2422463 - Site location layout plan [↓](#)

Attachment 2: A2412824 - Vesting and Dedication Land Plan [↓](#)

Important considerations for decision making	
1. Fit with Purpose of Local Government	The decision meets Council's intention to change the status of land from Road Reserve to Road as land development occurs and facilitates public access rights over the newly constructed works/bridge.
2. Consistency with Community Outcomes and Council Policy	The Decision supports the community outcome "Our infrastructure is efficient, cost effective and meets current and future needs."
3. Risk	The risk is very low risk as dedicating Road Reserve as Road is a standard practice (as provided for under Section 111 of the Reserves Act 1977).
4. Financial impact	Costs are minimal and within the Saxton Creek Upgrade Project budget.
5. Degree of significance and level of engagement	This matter is of low significance according to the Significance and Engagement Policy because it is a standard Local Body transaction, following the process set out under Section 111 of the Reserves Act 1977. Therefore, no engagement is necessary.
6. Climate Impact	Current and future climate change impacts have been considered in the preparation of this report. 3A-D and 3F Hill Street are currently accessed via Hill Street North and a long driveway adjacent to Saxton Creek. The proposed access via Ngati Rarua Street will be shorter and more direct and thus, reduce carbon emissions.
7. Inclusion of Māori in the decision making process	No engagement with Māori has been undertaken in preparing this report.
8. Delegations	Council has the power to resolve that road reserve be dedicated as legal road under Section 111 of the Reserves Act 1977.

Item 11: Dedication of Local Purpose (Road) Reserve as Legal Road - Ngati Rarua St:
Attachment 1



A2422463

Item 11: Dedication of Local Purpose (Road) Reserve as Legal Road - Ngati Rarua St:
Attachment 2

