

Council Public Agenda - 28 September 2021

Audio Visual Meeting

Chairperson

His Worship the Mayor JB Mylchreest



Members

EM Andree-Wiltens, EH Barnes, AW Brown, LE Brown, PTJ Coles, RDB Gordon, ML Gower, SC O'Regan, MJ Pettit, EM Stolwyk, CS St Pierre, BS Thomas, GRP Webber

Opening Prayer

28 September 2021 09:00 AM

Agenda Topic	Presenter	Time	Page
1. Apologies	Chairperson	09:00 AM-09:01 AM	3
2. Disclosure of Members' Interests	Chairperson	09:01 AM-09:02 AM	4
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6. Confirmation of Minutes - 31 August 2021	Chairperson	09:15 AM-09:17 AM	8
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7. Report on September 2021 Audit and Risk Committee Meeting	Genny Wilson	09:17 AM-09:35 AM	23
8. RMA Delegations	Diana Aquilina and Tony Quickfall	09:35 AM-09:45 AM	99
9. Report to Approve Annual Report on Dog Control Policy and Practice 2020/21	Karl Tutty	09:45 AM-10:00 AM	131
Morning Tea		10:00 AM-10:15 AM	
10. Feedback to Local Government NZ on Three Waters Service Delivery Reform Proposal	Dawn Inglis	10:15 AM-11:15 AM	144
11. Resolution to Exclude the Public	Chairperson	11:15 AM-11:17 AM	222

Closing Prayer

WORKSHOP: Timings are indicative only

12.30pm 2022/23 Annual Plan



APOLOGIES



DISCLOSURE OF MEMBERS' INTERESTS

Members are reminded to declare and stand aside from decision making when a conflict arises between their role as an elected member and any private or other external interest they may have.



LATE ITEMS

Items not on the agenda for the meeting require a resolution under section 46A of the Local Government Official Information and Meetings Act 1987 stating the reasons why the item was not on the agenda and why it cannot be dealt with at a subsequent meeting on the basis of a full agenda item. It is important to note that late items can only be dealt with when special circumstances exist and not as a means of avoiding or frustrating the requirements in the Act relating to notice, agendas, agenda format and content.



CONFIRMATION OF ORDER OF MEETING

Recommendation

That Council confirm the order of the meeting.



COUNCILLORS UPDATE ON ATTENDANCES

Councillors who have attended a conference, seminar or meeting on behalf of Waipā District Council may provide a verbal update.

COUNCIL REPORT



To: His Worship the Mayor and Councillors
From: Governance
Subject: **CONFIRMATION OF MINUTES**
Meeting Date: 28 September 2021

1 EXECUTIVE SUMMARY

To confirm the minutes of the Waipā District Council meeting held on 31 August 2021

2 RECOMMENDATION

That the open minutes of the Waipā District Council meeting held on 31 August 2021 having been circulated, be taken as read and confirmed as a true and correct record of that meeting.

3 ATTACHMENTS

Council Minutes – 31 August 2021



Time: 9.00am
Date: Tuesday, 31 August 2021
Meeting: Audio Visual

PRESENT

Chairperson

His Worship the Mayor JB Mylchreest

Members

EM Andree-Wiltens, EH Barnes, AW Brown, LE Brown, PTJ Coles, RDB Gordon, ML Gower, MJ Pettit, SC O'Regan, EM Stolwyk, CS St Pierre, BS Thomas

1 APOLOGIES

RESOLVED

1/21/45

That the apology for non-attendance from Councillor Webber due to connectivity issues be received.

Councillor L. Brown/ Councillor Andree-Wiltens

2 DISCLOSURE OF MEMBERS' INTERESTS

Councillor Stolwyk declared an interest in Item 17.

3 LATE ITEMS

Nil

4 CONFIRMATION OF ORDER OF MEETING

RESOLVED

1/21/46

That Council confirm the order of the meeting.

Councillor St Pierre/ Councillor Stolwyk



5 COUNCILLORS UPDATE ON ATTENDANCES

Councillors who have attended a conference, seminar or meeting on behalf of Waipā District Council provided a verbal update.

Councillor St Pierre attended several 3 Waters webinars.

Councillor Coles attended the National Local Government New Zealand Conference in Blenheim, the opening of the Cambridge Community Marae Vaccination centre and Senior Council meeting.

Councillor Thomas thanked Councillors and Council for extending a cordial welcome to Chris Smith from CommSafe at the June Council meeting.

Councillor L. Brown attended the Taupō Zone 2, a workshop on the Western Arterial Route and was attending daily Civil Defence meetings during the COVID-19 lockdown.

Councillor Gordon advised that he was attending virtual bi-weekly Wellness meetings with the Cambridge Chamber of Commerce and Community House members during the COVID-19 lockdown.

Councillor O'Regan attended the Urban Miners open day with MP Louise Upston and the opening of the Te Awamutu Vaccination centre.

Councillor Barnes attended a meeting with the Caravan Association and neighbours of the proposed site off Pirongia Road.

Councillor Stolwyk hosted Hon MP Stuart Nash and MP Jamie Strange on visits to the Te Awa cycleway and Perry Aquatic Centre respectively, attended the opening of the Cambridge Jockey Club's synthetic turf, the National Local Government New Zealand Conference in Blenheim, the Zone 2 meeting in Taupō, presented at the Grow Waikato forum in Hamilton on Waipā growth, opened the Cambridge Marae Vaccination centre and was attending bi-weekly Wellness meetings with the Cambridge Chamber of Commerce and Community House members during the COVID-19 lockdown.

Mayor Mylchreest attended a virtual meeting of the National Council.



6 CONFIRMATION OF MINUTES

RESOLVED

1/21/47

That the open minutes of the Waipā District Council meeting held on 29 June 2021, having been circulated, be taken as read and confirmed as a true and correct record of that meeting subject to minor typographical errors.

Councillor O'Regan / Councillor Coles

7 CONFIRMATION OF MINUTES

RESOLVED

1/21/48

That the open minutes of the Extraordinary Waipā District Council meeting held on 17 August 2021, having been circulated, be taken as read and confirmed as a true and correct record of that meeting.

Councillor Gordon/ Councillor Thomas

8 DOCUMENTS SIGNED UNDER COUNCIL SEAL

RESOLVED

1/21/49

That the following schedule of documents to which the Common Seal of the Waipā District Council has been applied under delegated authority be received:

- a) *27-14-51 CBD and Urban Street Cleaning – Increase to Approved Contract Sum*
- b) *27-14-52 Street Light Maintenance – Increase to Approved Contract Sum*
- c) *Fonterra Brands (NZ) Ltd – Deed of Variation of Lease*
- d) *Warrants as set out below:*

Position for Warrant	Name of Staff
<i>Enforcement Officer - Contractor</i>	<i>Tairoa Davis-Uerata</i>
<i>Enforcement Officer - Contractor</i>	<i>Shannon Taylor-Brown</i>
<i>Enforcement Officer - Contractor</i>	<i>Jesse Tane</i>

Councillor A. Brown/ Councillor Pettit



9 NGAHINAPOURI VILLAGE CONCEPT PLAN – ADOPTION

Justine Kennedy, Strategic Projects Driver, advised Council that in October 2018, Boffa Miskell and Tonkin & Taylor were contracted by Council to complete the Ngahinapouri Village Concept Plan.

Various technical reports, working closely with key stakeholders and taking on board public feedback had formed the basis of the draft Village Concept Plan.

In March and April this year, the community were asked for their feedback on the draft Ngahinapouri Village Concept Plan; specifically, which of the six intersection options they preferred. 47 pieces of feedback, were received with Option 6 (three-leg roundabout) emerging as the preferred option.

Adoption was sought for the updated draft Village Concept Plan.

RESOLVED

1/21/50

That

- a) *The report titled 'Ngahinapouri Village Concept Plan - Adoption' (document number 10582032) of Justine Kennedy, Strategic Projects Driver be received;*
- b) *Council **ADOPTS** the Final Draft Ngahinapouri Village Concept Plan (document number 10092139) attached to this report as APPENDIX 1.*

Councillor St Pierre/ Councillor Thomas

10 MAKING PLAN CHANGES OPERATIVE: PLAN CHANGES 12,15 AND 16

Hearings by RMA Accredited Commissioners had recently been completed on three plan changes, and decisions made. These plan changes were:

- Private Plan Change 12: Growth Cell T2 Rezoning (PPC12).
- Council Plan Change 15: Permeable surfaces (PC15).
- Council Plan Change 16: Technical Improvements (PC16).

These decisions were subject to appeal. The appeal periods had now passed and no



appeals had been received on any of the plan changes.

Approval was sought from Council under the relevant provisions of Schedule 1 to the Resource Management Act to make these three plan changes operative.

RESOLVED

1/21/51

That Council:

- a) **RECEIVE** the report 'Making Plan Changes Operative: Plan Changes 12, 15 and 16 (document number 10654252) of Tony Quickfall, Manager District Plan and Growth)
- b) **APPROVE** Private Plan Change 12 (ECM reference 10576857): Growth cell T2 rezoning to be made operative on 27 September 2021 under clauses 17 and 20 of Schedule 1 to the Resource Management Act
- c) **APPROVE** Council Plan Change 15 (ECM reference 10593871): Permeable surfaces to be made operative on 27 September 2021 under clauses 17 and 20 of Schedule 1 to the Resource Management Act.
- d) **APPROVE** Council Plan Change 16 (ECM reference 10589110): Technical improvements to be made operative on 27 September 2021 under clauses 17 and 20 of Schedule 1 to the Resource Management Act.

Councillor St Pierre/ Councillor Gordon

11 SUMMARY OF ANNUAL REPORT TO ALCOHOL REGULATORY AND LICENSING AUTHORITY

The Sale and Supply of Alcohol Act 2012 requires councils to report annually on their activities as District Licensing Committees to the Alcohol Regulatory and Licensing Authority (ARLA).

Manager Compliance Karl Tutty provided Councillors with a summary of licences issued including new and renewals and provided comment on changes and trends in the District Licensing Committees workload.



It was noted that there was a desire from the Community for a cap on the number of Off Licences and it was suggested that this was considered in the review of the Local Alcohol Policy due before June 2022.

RESOLVED

1/21/52

That Council

- a) **RECEIVE** the 'Summary of Annual Report to Alcohol Regulatory and Licensing Authority' (document number 10665752) report of Karl Tutty, District Licensing Committee Secretary, and supporting appendices; and
- b) **APPROVE** Appendix 1 of this report titled "Summary of Annual Report to the Alcohol Regulatory and Licensing Authority 2020/2021" (document number 10638248) to be submitted to the Alcohol Regulatory and Licensing Authority as Council's report for the 2020/21 year.

Councillor Pettit / Councillor St Pierre

12 HE MAHERE MOO MAUNGATAUTARI - MAUNGATAUTARI RESERVE MANAGEMENT PLAN MINISTERIAL APPROVAL

On 6 October 2020, Waipā District Council approved the He Mahere Moo Maungatautari - Maungatautari Reserve Management Plan (plan) and endorsed staff seeking Minister approval in accordance with section 41. This approval was sought in October 2020. In June 2021, the Department of Conservation notified staff that it would prefer Council to use its delegation to provide minister approval of the plan.

The purpose of the report presented by Anna McElrea, Senior Reserves Planner, was to seek Council approval as the 'delegate' of the Minister of Conservation, of the He Mahere Moo Maungatautari - Maungatautari Reserve Management Plan (plan) (Document number 10375978).

RESOLVED

1/21/53

That:

- a) *the He Mahere Moo Maungatautari - Maungatautari Reserve Management Plan Ministerial Approval report (document number 10646209) of Anna McElrea, Senior Reserves Planner be received,*



- b) *the Council under delegation from the Minister of Conservation provide the Minister's approval for the He Mahere Moo Maungatautari - Maungatautari Reserve Management Plan under section 41(1) of the Reserves Act 1977.*

Councillor Thomas/ Councillor Andree-Wiltens

13 IWI CONSULTATIVE COMMITTEE RESIGNATION AND APPOINTMENT

Under Section 31(1) and (3) of Schedule 7 of the Local Government Act 2002, a local authority may appoint or discharge any member of a committee or a subcommittee. That person does not have to be an elected member if, in the opinion of the local authority, that person has the skills, attributes, or knowledge that would assist the work of the committee.

At the 18 November 2019 meeting, Council approved the following membership for the Iwi Consultative Committee:

Membership: Mayor Mylchreest, Councillor Stolwyk, Councillor O'Regan, Councillor Brown, Councillor Webber, Councillor Gower, Waikato Tainui Trust Board – representative to be advised, Raukawa Settlement Trust – representative to be advised, Maniapoto Trust Board – Barney Manaia, Ngā Iwi Toopu o Waipā Chairperson – Gaylene Roberts, Kaumatua – Jim Keremeta, Wharepuhunga – Kataraina Hodge, Ngāti Haua – Chris Riki, Purekireki – Haupai Puke, Puniu – Harold Maniapoto, Kakepuku – Waitiahoaho Te Ruki, Kaniwhaniwha – Rangiua Riki, Maungatautari – Josephine Taute, Ngāti Ngawaero – Te Uira Reg Naera, Ngāti Hikairo – Hano Ormsby, Ngāti Apakura (Apakura Runanga Trust Board) – Bill Harris.

In April 2021, an email of resignation was received from Hano Ormsby, the representative for Ngāti Hikairo and in June 2021 and email of resignation was received from Te Uira Reg Naera, representative for Ngawaero. On 3 August 2021 a letter was received from Hazel Wander, Secretary, Ngā Iwi Toopu O Waipā confirming the resignation of Chris Riki, representative for Ngāti Hauā.

The purpose of this report was to accept the resignation of Hano Ormsby, Te Uira Reg Naera, and Chris Riki and discharge them from the Iwi Consultative Committee and appoint Kate Nancy Searancke as the new representative to the Iwi Consultative



Committee for Ngawaero. A representative was yet to be appointed for Ngāti Hikairo and Ngāti Hauā.

RESOLVED

1/21/54

That –

- a) *The 'Iwi Consultative Committee Resignations and Appointment' report (document ID 10675836), of Gary Knighton, Manager Strategic Partnerships, be received;*
- b) *Pursuant to section 31(1) of Schedule 7 of the Local Government Act 2002, Council **ACCEPT** the resignations of Te Uira Reg Naera (Ngawaero); Hano Ormsby (Ngāti Hikairo) and Chris Riki (Ngāti Hauā) and accordingly discharge them from the Iwi Consultative Committee; and*
- c) *Pursuant to section 31(1) and 31(3) of Schedule 7 of the Local Government Act 2002, Council **APPOINT** Kate Nancy Searancke (Ngawaero) to the Iwi Consultative Committee.*

Councillor Gower/ Councillor A. Brown

14 PIRONGIA WARD COMMITTEE APPOINTMENT

Under Section 31(1) and (3) of Schedule 7 of the Local Government Act 2002, a local authority may appoint any member to a committee and that person does not have to be an elected member if, in the opinion of the local authority, that person has the skills, attributes, or knowledge that would assist the work of the committee.

At the 18 November 2019 meeting, Council approved the following membership for the Pirongia Ward Committee:

Membership: Two Pirongia Ward Councillors – Councillor Thomas and Councillor St Pierre, John Wood (Pirongia Community Association), Alan Rawlings (Te Pahu Residents' and Ratepayers Association), G Orchard (Kaipaki Community), Haupai Puke (Purekireki Marae) and Janet Williams (Koromatua), C Gatenby (Ohaupo Community), plus a representative from Te Whakakitenga o Waikato.

John Wood resigned from the Pirongia Ward Committee as the Pirongia Community Association representative. Ruth Elizabeth Webb, President of the Pirongia Community



Association, has been appointed by the association to replace John Wood on the Pirongia Ward Committee.

The purpose of this report was to accept the resignation of John Wood and discharge him from the Pirongia Ward Committee and appoint Ruth Webb as the Pirongia Community Association representative to the Pirongia Ward Committee.

RESOLVED

1/21/55

That –

- a) The ‘Pirongia Ward Committee Appointment’ report (document 10673566), of Jo Gread, Manager Governance, be received;*
- b) Pursuant to section 31(1) of Schedule 7 of the Local Government Act 2002, Council accept the resignation of John Wood and accordingly discharge him from the Pirongia Ward Committee; and*
- c) Pursuant to section 31(1) and 31(3) of Schedule 7 of the Local Government Act 2002, Council appoint Ruth Elizabeth Webb as the Pirongia Community Association representative to the Pirongia Ward Committee.*

Councillor St Pierre/ Councillor L. Brown

15 INFOMETRICS ECONOMIC UPDATE FOR QUARTER ENDING JUNE 2021

Infometrics produce a Quarterly Economic Monitor report on the Waipā District economy, comparing the results to the wider national situation.

Mr Steve Tritt, Business Development Manger, advised that Mr Brad Olsen, Senior Economist and Director at Infometrics, would be presenting on the economy and provide commentary on the latest Level 4 lockdown following today’s Council meeting in an open workshop session.

RESOLVED

1/21/56



That the 'Infometrics Economic Update for Quarter Ending June 2021' report (document number 10677675) from Steve Tritt, Business Development Manager, be received.

Councillor Coles/ Councillor Pettit

16 ADOPTION OF WASTEWATER AND TRADE WASTE BYLAW 2021

On 3 August 2021, Council's Strategic Planning and Policy Committee heard and considered submissions on the draft Wastewater and Trade Waste Bylaw 2021 and recommended its adoption to Council.

The submissions had sought several amendments to the draft Bylaw, many of which had been incorporated into the draft for Committee's deliberations. These were accepted and no further amendments were requested.

Since the close of submissions on 5 July 2021, Council received comments from the Associate Minister of Health on the draft bylaw. These were in response to Council fulfilling its statutory obligation to forward a copy of the draft bylaw for trade waste to the Minister of Health. The comments were supportive of the draft Wastewater and Trade waste Bylaw and had not given rise to any further amendments.

RESOLVED

1/21/57

That Council:

- a) **RECEIVE** the report titled 'Adoption of Wastewater and Trade Waste Bylaw 2021' (document number 10674735) of Graham Pollard, Strategic Projects Driver; and
- b) **ADOPT** the draft Wastewater and Trade Waste Bylaw 2021 attached to this report as Appendix 1 (document number 10553518) to become effective from 1 October 2021 pursuant to the Local Government Act 2002.

Councillor O'Regan/ Councillor L. Brown

[Councillor Stolwyk had declared an Interest in Item 17 and took no part in discussions or deliberations]



17 MIGHTY RIVER DOMAIN TEMPORARY LIQUOR BANS FOR 2021/22 SEASON – RECOMMENDATION FOR FINANCE AND CORPORATE COMMITTEE

On 17 August 2021 Council’s Finance and Corporate Committee considered and supported the proposal that temporary liquor bans again be implemented on the Mighty River Domain, Lake Karāpiro (“the Domain”) during the 2021/22 events season, in a very similar manner to that of previous events seasons.

Temporary liquor bans had been utilised on the Mighty River Domain, Lake Karāpiro (“the Domain”) since 2011 to control alcohol consumption and related issues during organised events and Christmas/New Year busy periods. It was the opinion of site management, Council staff and local representatives of the New Zealand Police that the implementation of temporary liquor bans on the Domain during summer events had been a positive move.

It was noted that the proposed bans should exclude the 5 to 9pm period (to enable Domain campers to socialise informally at the end of each day’s activities), but that this exclusion be limited to the upper campground area. It was proposed that this exclusion did not apply to the Waka Ama social event (to be held on 22 January 2022, the last day of the 8 day event), and the hydroplane event (to be held on 10-13 February 2022).

Although this matter may be considered by a standing committee of Council, only Council has the authority to resolve the implementing of a temporary liquor ban, therefore the recommendation of the Finance and Corporate Committee was now made to Council.

RESOLVED

1/21/58

That –

- a) *The information from Bruce Nunns, Manager, Property Services, outlining the recommendation of the Finance and Corporate Committee, be received; and*
- b) *Council resolve to specify the Mighty River Domain, Lake Karāpiro (excluding any leased facilities and the Sir Don Rowlands Centre and any other area/s on the Mighty River Domain specifically licensed for the sale or service of alcohol) as subject to temporary liquor bans for certain events, dates and time periods, as listed*



in 'The Temporary Liquor Ban Calendar 2021/22, appendix 1' (document number 10676827), pursuant to the Waipā District Public Places Alcohol Control Bylaw 2015 and the Local Government Act 2002.

Councillor A. Brown/ Councillor Pettit

18 RESOLUTION TO EXCLUDE THE PUBLIC

RESOLVED

1/21/59

THAT the public be excluded from the following parts of the proceedings of this meeting.

The general subject of the 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:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
19. <i>Public Excluded Minutes – 29 June 2021</i> 20. <i>Extraordinary Public Excluded Minutes – 17 August 2021</i> 21. <i>Acquisition of land for Road Cambridge</i> 22. <i>Land Swap with Road Reserve</i> 23. <i>Acquisition of land on Western Arterial Designation</i> 24. <i>Acquisition of Land Te Awamutu</i>	<i>Good reason to withhold exists under section 7 Local Government Official Information and Meetings Act 1987</i>	<i>Section 48(1)(a)</i>



<p>25. Confirmation of Environmental Benefit Lots Allocation</p> <p>26. Recommendation from Chief Executive Performance Committee</p>		
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This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act, or Sections 6, 7 or 9 of the Official Information Act 1982, as the case may be, which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, are as follows:

Item No.	Section	Interest
19,20,24	Section 7(2)(i)	<i>To enable the Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</i>
26	7(2)(a)	<i>To protect the privacy of natural persons, including that of deceased natural persons</i>
21,22,23,25	Section 7(2)(b)(ii)	<i>To protect information which if public would unreasonably prejudice the commercial position of the person who supplied or who is the subject of the information.</i>

Councillor Coles/ Councillor Gordon

[Meeting adjourned at 10.11am and reconvened at 10.25am]

The meeting went into Public Exclusion at 10.25am.

There being no further business the meeting closed at 11.05am.

CONFIRMED AS A TRUE AND CORRECT RECORD



CHAIRPERSON: _____

DATE: _____

COUNCIL REPORT



To: His Worship the Mayor and Councillors
From: Business Resilience and Risk Advisor
Subject: **Report on the September 2021 Audit and Risk Committee meeting**
Meeting Date: 28 September 2021

1 EXECUTIVE SUMMARY

Council's Audit and Risk Committee (ARC) met on 20 September 2021.

This report provides a summary of the key matters discussed at the meeting.

The following appendices accompany this report:

- Appendix 1 – Minutes of ARC meeting 20 September 2021 (document number 10691910)
- Appendix 2 – Top Risks 2021/22 (document number 10649439)
- Appendix 3 – Risk Appetite Statement 2021/22 (document number 10665880)
- Appendix 4 – Quarterly Risk Management Report for the period June to August 2021 (document number 10681112)
- Appendix 5 – Framework for managing threats and aggressive customers (document number 10681111)
- Appendix 6 – The ARC Survey Results appendix (document number 10689115)

2 RECOMMENDATION

That the 'Report on the September 2021 Audit and Risk Committee meeting' (document number 10691200), of Genny Wilson, Business Resilience and Risk Advisor, be received.

3 STAFF COMMENT

Council's Audit and Risk Committee meets quarterly with the most recent meeting on 20 September 2021. The draft minutes of the open part of the meeting are included as Appendix 1 of this report and should be referred to for further detail of the matters discussed and the outcomes of the meeting.

In a more summarised form however, the following salient points are noted:

- A presentation from AON, Councils insurers, was provided that informed the Committee about the current insurance market and trends. This included endorsement of Council's approach to moving insurance from a transactional decision to a more strategic decision. This was provided in advance of the annual review and renewal of insurances for Council on 1 November.
- The Top Risks for 2021/22 (document number 10649439) and the updated Risk Appetite Statement for 2021/22 (document number 10665880) were approved. These were updated after the annual review workshop held prior to the June ARC meeting and further discussions with the Executive Team. They are key documents to inform risk management and decision making over the financial year and are attached as Appendices 2 and 3.
- A Risk Management update was provided which included the quarterly risk management report for the June 2021 to August 2021 quarter – this has been provided as Appendix 4 of this report. The quarter has been dominated by the latest COVID response with the change in alert levels being managed seamlessly. Staff wellbeing is an emphasis as we continue to work at Alert Level 2.
- The policy rationalisation project has progressed with the development of the organisational charter (based on our values) almost finalised. Further simplification of the first tranche of policies is being completed.
- A holistic framework for managing threats and aggressive customer behaviour has been developed and attached as Appendix 5. The collateral to support the framework is being developed and/or aligned to ensure consistency across Council.
- Other initiatives discussed included agreeing the scope of the project and programme practices internal audit, a report on a minor privacy breach and risk management training development. As a separate agenda item a more formalised approach to considering 'deep dive risks' and a schedule for the revised 'Top Risks' discussions was agreed.
- An update on Council's cybersecurity improvement program was provided. The update indicated Council is well positioned in relation to its peers. It also highlighted the impact of the recent staff cybersecurity training which has had significant positive impact on staff's awareness to assist in avoiding phishing and other online scams.
- An update on the Business Resilience Improvement Programme was provided as two key milestones have been achieved. The Summary Report of the Business Impact Analyses completed across Council informed the

Organisational Business Continuity Plan (BCP) – both have been approved by the Executive Team. The BCP uses a scenario-based approach and departmental BCP will now be developed outlining the specific details for each team.

- The Asset Management Improvement Programme provided a progress update with two key deliverables being provided; the Activity Management Framework and Proposed Work Programme. The work programme has factored in the proposed reforms to ensure the most effective use of current resources.
- The annual review of the performance and effectiveness of ARC was presented. The review utilised the results of what is now the seventh survey to be carried out seeking the perceptions of the various stakeholders of ARC focused on a number of matters associated with the role and function of the Committee and the part it plays in Council's governance structure. The results are attached as Appendix 6. Results have consolidated from previous years and whilst most feedback was positive there was discussion around how to better engage all of Council around the work of the Committee. The inclusion of key documents in this Council report was agreed as a key communication tool.
- Outstanding management report items, the audit fees for the 2020/21 and 2021/22 audits, and an end of financial year and 31 July 2021 capital programme update were considered. In a public excluded part of the meeting there was consideration of capital works risks, litigation matters, and the annual Declaration of Interests by Elected Members and the Leadership Team.
- During this session the Committee also heard from the Group Manager Business Support and the Chief Executive on the risks relating to that Group and the Organisation respectively.

Questions and comments are invited on any of the matters outlined above.



Genny Wilson
BUSINESS RESILIENCE AND RISK ADVISOR



Approved by Ken Morris
DEPUTY CHIEF EXECUTIVE / GROUP MANAGER BUSINESS SUPPORT

APPENDIX 1

Draft Minutes of the September 2021 Audit and Risk Committee meeting
(document number 10691910)

AUDIT AND RISK COMMITTEE MINUTES



Time: 10:00am
Date: 20 September 2021
Meeting: Audio Visual

PRESENT

Chairperson

Bruce Robertson

Members

His Worship the Mayor JB Mylchreest, Councillors AW Brown, RDB Gordon, SC O'Regan, CS St Pierre.

1 APOLOGIES

There were no apologies

2 DISCLOSURE OF MEMBERS' INTERESTS

There were no new disclosures.

3 LATE ITEMS

There were no late items.

4 CONFIRMATION OF ORDER OF MEETING

RESOLVED

14/21/26

That the order of the meeting be confirmed.

Chairperson Robertson / Councillor Gordon

AUDIT AND RISK COMMITTEE MINUTES



5 CONFIRMATION OF MINUTES

A committee member noted two minor typographical changes to the minutes.

RESOLVED

14/21/27

That the open minutes of the Audit and Risk Committee meeting held on 14 June 2021, having been circulated, be taken as read and confirmed as a true and correct record of that meeting subject to the correction of minor typographical errors.

Chairperson Robertson / Councillor St Pierre

6 INSURANCE RENEWAL AND INSURANCE UPDATE

Asset Accountant, Aimee Turner introduced the Insurance Renewal and Insurance Update report.

Matthew Wilson, Deanna Macdonald and Matt Bilderbeck from AON were in attendance and gave a presentation. Mr Wilson and others answered questions from the Committee Members, and were thanked for their input.

RESOLVED

14/21/28

That the information contained in the 'Insurance Renewal and Insurance Update' report (document number 10685151) of Aimee Turner, Asset Accountant, be received.

Chairperson Robertson / Councillor St Pierre

7 ANNUAL REFRESH OF TOP RISKS AND RISK APPETITE STATEMENT

Manager Business Improvement and Risk Management, Georgina Knapp advised that the annual refresh of the Top Risks for the 2021/22 year had been completed following the workshop held with the Audit and Risk Committee (ARC) and key staff prior to the June meeting of the Committee.

This year a risk network diagram that identifies 'emitter' and 'receiver' risks has been developed to better inform the inter-relationships between the Top Risks and the overall impact on the organisation.

The information from the workshop had been utilised to update both the Top Risks document and the annual Risk Appetite Statement.

AUDIT AND RISK COMMITTEE MINUTES



A discussion was had among the committee members to ascertain whether they were comfortable with the Top Risks document and the risk appetite ratings that had been selected with a focus on the 14 top risks.

Ms Knapp answered questions from the committee.

RESOLVED

14/21/29

That –

- a) *The 'Annual Refresh of Top Risks and Risk Appetite Statement' report (document number 10679119) of Genny Wilson, Business Resilience and Risk Advisor, be received;*
- b) *The Top Risks 2021/22' (document number 10649439) be approved; and*
- c) *The 'Risk Appetite Statement 2021/22' (document number 10665880) be approved.*

Chairperson Robertson / Councillor Gordon

8 RISK MANAGEMENT UPDATE

Manager Business Improvement and Risk Management, Georgina Knapp, highlighted key points of the report. She noted the COVID-19 Delta Variant response. Ms Knapp advised that there had been a smooth transition to staff working under level 4 alert level conditions due to staff planning and lessons learnt from last year.

Ms Knapp also noted the framework that had been developed for managing threats and aggressive customers.

Ms Knapp answered questions from the committee members.

RESOLVED

14/21/30

That the 'Risk Management Update' report (document number 10679130), including the Quarterly Risk Report for June to August 2021 (document number 10681112), of Genny Wilson, Business Resilience and Risk Advisor, be received.

Chairperson Robertson / Mayor Mylchreest

AUDIT AND RISK COMMITTEE MINUTES



9 MONITORING OF IMPROVEMENT PROGRAMME PROGRESS - BUSINESS RESILIENCE UPDATE

Ms Knapp advised that a summary business impact analysis had been completed across the full organisation resulting in the development of the Organisational Business Continuity Plan. It was a significant milestone that the Summary Report of the Business Impact Analysis and the Organisational Business Continuity Plan (BCP) had been completed and approved by the Executive Team.

Templates for the Business Unit BCPs and Quick Reference Guides (QRGs), along with other guidance material, had been completed with a three month target for completion of department specific BCPs.

Questions were opened up to the committee and answered by Ms Knapp.

The committee acknowledged and thanked Ms Knapp for the work done by the team.

RESOLVED

14/21/31

That the 'Monitoring of Improvement Programme progress - Business Resilience Update' report (document number 10679133), of Genny Wilson, Business Resilience and Risk Advisor, be received.

Chairperson Robertson / Councillor St Pierre

10 MONITORING OF IMPROVEMENT PROGRAMME PROGRESS – CYBER SECURITY

Manager Information Services, Richard Henderson provided a summary of the progress Council has made towards reducing Cybersecurity risk. Council has fortunately operated to date without a significant loss of service caused by a cybersecurity incident.

Mr Henderson was acknowledged for the initiative to work with other IT managers in Local Government.

A discussion was had on cybersecurity risk and Mr Henderson answered questions from the committee.

AUDIT AND RISK COMMITTEE MINUTES



RESOLVED

14/21/32

That the 'Monitoring of Improvement Programme Progress – Cyber Security' report (ECM document number 10686376) of Richard Henderson, Manager Information Services be received.

Chairperson Robertson / Mayor Mylchreest

11 ASSET MANAGEMENT PLANNING AUDIT IMPROVEMENT PROGRAMME

Group Manager Service Delivery, Dawn Inglis spoke to the report including the achievements of the team around the development and endorsement of the activity management framework and work programme.

Asset Management Planning Analyst, Neil Taylor, noted the resourcing limitations and answered question from the committee.

RESOLVED

14/21/33

That the report titled 'Asset Management Planning Audit Improvement Programme' (document number 10668173), of Dawn Inglis, Group Manager Service Delivery, be received.

Chairperson Robertson/ Councillor St Pierre

12 REVIEW OF PERFORMANCE AND EFFECTIVENESS OF THE AUDIT AND RISK COMMITTEE

[Item 12 taken after item 13]

Ken Morris, the Deputy Chief Executive and Group Manager Business Support spoke to his report.

A discussion was had regarding the wider understanding of the work of the Audit and Risk Committee by those councillors who are not members. In particular the lack of survey response from councillor's who were not members of the committee was noted.

There was a discussion on the importance of connecting the other Elected Members who were not on the committee with aspects of the work undertaken by the Audit and Risk Committee.

AUDIT AND RISK COMMITTEE MINUTES



RESOLVED

14/21/35

That the information in the 'Review of Performance and Effectiveness of the Audit and Risk Committee' report (document 10679150) of Ken Morris, Deputy Chief Executive / Group Manager Business Support, be received.

Chairperson Robertson / Councillor St Pierre

13 AUDIT FEES FOR 2020/21 AND 2021/22 AUDITS

[Item 13 taken before item 12]

Mr Morris advised the Committee that a letter had been received from Audit New Zealand proposing their fees for the audit of the Annual Report for the years ending 30 June 2021 and 2022.

He noted the proposal sought increases of close to 9 per cent in each of the next two years as demonstrated in the table below, while noting the reasons for that and the national moderation process required for fee proposals. He indicated that he was comfortable with the proposal given this context.

Audit	Fee	Increase on Prior Year
2019/20 – As set	\$138,596	n/a
2019/20 – Actual with over-run charge	\$150,579	n/a
2020/21 – Proposed	\$150,889	8.9% (on 2019/20 set fee)
2021/22 – Proposed	\$164,289	8.9% (on 2020/21 proposed fee)

Director of Audit New Zealand, Leon Pieterse and Liz Tomblason, Audit New Zealand had joined the meeting for this item. Mr Pieterse confirmed the summary as provided by Mr Morris.

There were no questions raised by the committee.

RESOLVED

14/21/34

That

- a) *The information contained in the 'Audit Fees for 2020/21 and 2021/22 Audits' report (document number 10689089), of Ken Morris, Deputy Chief Executive / Group Manager Business Support, be received; and*
- b) *The Audit and Risk Committee approve the proposed fees for the 2020/21 and*

AUDIT AND RISK COMMITTEE MINUTES



2021/22 audits, and advise His Worship The Mayor to sign the audit fee proposal letter from Audit New Zealand.

Councillor Brown / Chairperson Robertson

14 RISK DEEP DIVE APPROACH AND SCHEDULE

The report presented by Manager Business Improvement and Risk Management, Georgina Knapp, outlined a proposed revised deep dive approach and supporting schedule.

It was requested that Key Risk 8 have an early level of prominence with a separate report on this risk requested for the next meeting of the committee.

RESOLVED

14/21/36

That –

- a) The 'Risk Deep Dive Approach and Schedule' report (10684565), of Genny Wilson, Business Resilience and Risk Advisor, be received; and*
- b) The revised schedule included in section 3 of this report be approved.*

Chairperson Robertson / Councillor Gordon

15 OUTSTANDING MANAGEMENT REPORT MATTERS

Deputy Chief Executive / Group Manager Business Support, Ken Morris, spoke to the Outstanding Management Report Items report.

There were no questions.

RESOLVED

14/21/37

That the information contained in the 'Outstanding Management Report Items' report (document number 10687291), of Ken Morris, Group Manager Business Support, be received.

Chairperson Robertson / Mayor Mylchreest

AUDIT AND RISK COMMITTEE MINUTES



16 CAPITAL PROGRAMME UPDATE -END OF FINANCIAL YEAR REPORT 2021 AND UPDATE ON 2021/2022 CAPITAL PROGRAMME

The report presented by Peter Thomson, Manager Project Delivery, provided a summary of the Service Delivery and Strategy and Community Services capital programme for the 2020/21 financial year end as well as an update on the 2021/22 capital programme as at 31 July 2021.

Mr Thomson answered questions from the committee.

RESOLVED

14/21/38

That the report titled 'Capital Programme Update – End of Financial Year Report 2021 and Update on 2021/2022 Capital Programme' (document number 10668620), of Peter Thomson, Manager Project Delivery, be received.

Chairperson Robertson / Mayor Mylchreest

17 RESOLUTION TO EXCLUDE THE PUBLIC

(Section 48, Local Government Official Information and Meetings Act 1987)

RESOLVED

14/21/39

THAT the public be excluded from the following parts of the proceedings of this meeting.

The general subject of the 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:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
18. Confirmation of PE Minutes – 14 June 2021 19. Capital Programme Risks to 31 August 2021	Good reason to withhold exists under section 7 Local Government Official Information and Meetings Act 1987	Section 48(1)(a)

AUDIT AND RISK COMMITTEE MINUTES



<p>20. Declaration of Interests by Elected Members and the Leadership Team</p> <p>21. Litigation Update</p> <p>22. Risk Discussion with the Group Manager Business Support</p> <p>23. Organisational Risk Discussion with the Chief Executive</p>		
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This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act, or Sections 6, 7 or 9 of the Official Information Act 1982, as the case may be, which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, are as follows:

Item No.	Section	Interest
18,20,22,23	Section 7(2)(a) and Section 7 (2)(b)	To protect the privacy of natural persons, including that of deceased natural persons; and To protect the information which if public would; i. disclose a trade secret; or ii. unreasonably prejudice the commercial position of the person who supplied or who is the subject of the information.
18,21	Section 7(2)(g)	To maintain legal professional privilege
18,19	Section 7(2)(h)	To enable the council to carry out, without prejudice or disadvantage, commercial activities

Mayor Mylchreest / Councillor St Pierre

There being no further business the meeting closed at 2.02pm

CONFIRMED AS A TRUE AND CORRECT RECORD

CHAIRPERSON:

DATE:

APPENDIX 2

Top Risks for 2021/22 (Document number 10649439)

WAIPA DISTRICT COUNCIL 2021/22 YEAR TOP RISKS

September 2021



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- Appendix 1: Risk Assessment at Waipa.....19



SUMMARY OF TOP RISKS

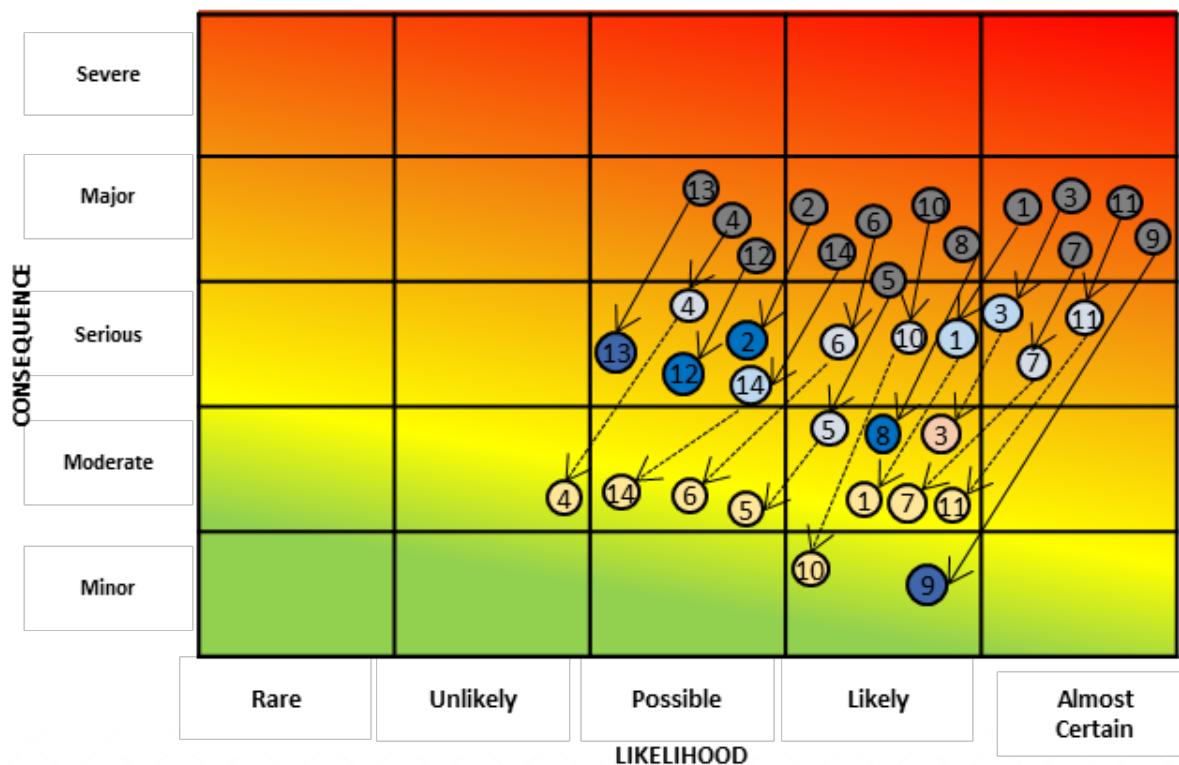
The following are the top risks to the achievement of Waipa District Council's 2021/22 strategic priorities.

Detail on each risk is set out on subsequent pages.

Monitoring and Review:

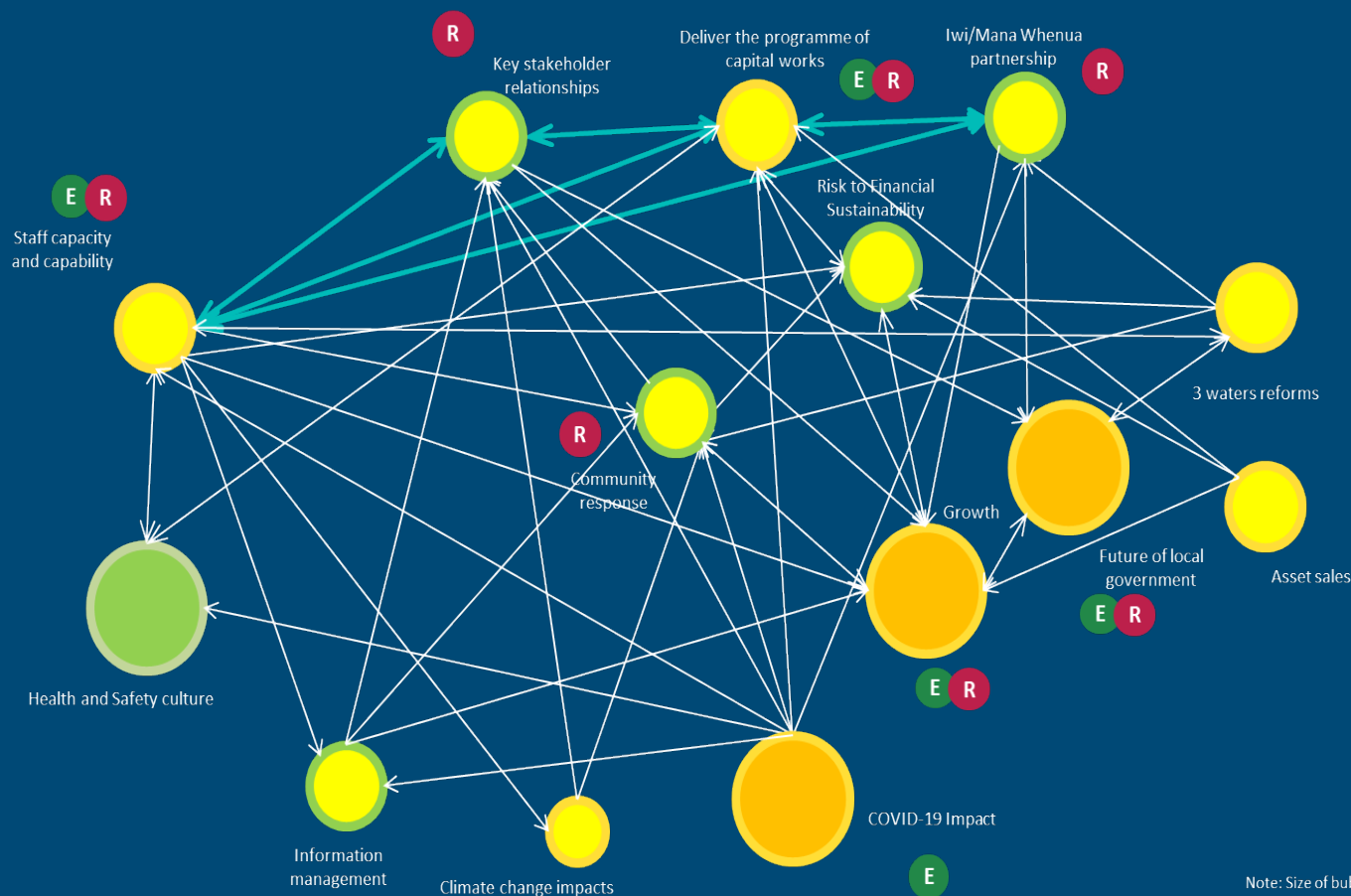
- Planned activity monitoring will occur through the existing business plan monitoring mechanism.
- Quarterly Executive Team and Audit and Risk Committee reporting on risk management.

Note: that the Target Risk Level for the majority of risks has been raised compared to last year's Top Risk profile to more accurately and realistically state Council's risk appetite rather than an aspirational target. This appetite is driven by the prudent management of funding as the costs to further lower the target risk can not be justified in the current economic environment.



#	Risk Area and Statement	Residual (current) level
1	Inadequate staffing capacity and capability to deliver Council's objectives: If Council is not adequately resourced, both in terms of capacity and capability, then this under resourcing may contribute to failure and/or significantly increased costs to deliver service levels and key projects.	Very High
2	Failure to deliver the programme of capital works: If Council fails to plan and deliver the proposed programme of capital works then this will impact the overall delivery of infrastructure to support growth, level of service improvements and asset replacement.	High
3	Failure to respond to COVID-19 Impact: If Council fails to adequately respond and recover from the ongoing impacts of COVID-19 then there will be a negative impact on both the organisation and District.	Very High
4	Failure to protect information management assets: If information management assets are compromised through actions of staff or other parties including cyber-security attacks, privacy breaches, data loss or corruption, or non-compliance of legislated obligations then Council's delivery of services and reputation will be negatively impacted.	High
5	Failure of relationships with key stakeholders: If Council has a breakdown in relationships with key stakeholders then Council's ability to operate and deliver services and projects effectively and within reasonable timeframes will be significantly impacted with negative flow on impacts to the community.	High
6	Failure of Iwi/Mana Whenua partnerships: If Council's partnerships with Iwi/Mana Whenua are not sustained and developed, including developing capacity and capability within Mana Whenua, then Council's ability to operate and deliver key projects will be significantly impacted and it may also fail to meet its post Treaty settlement obligations.	High
7	Risk to Financial Sustainability: If Council does not have sufficient liquidity and/or funding or debt levels are at limit, or if an unforeseen event such as a disaster requires funding then delivery of service levels and key projects may be significantly impacted.	Very High
8	Failure to manage the response of the Community to Council decisions: If Council does not effectively manage the response of customers and the community to Council decisions and they do not understand and trust the decisions made by Council then Council's reputation will be negatively impacted.	High
9	Failure to embed a Health and Safety culture: If Council does not have a strong Health and Safety culture and commitment to keeping staff, contractors and members of the public safe for Council controlled activities then there will be unacceptable injuries and potentially fatalities with legal consequences.	Medium
10	Failure to prepare for climate change impacts: If Council does not understand and/or adequately prepare for climate change impacts then the lack of knowledge and forward planning may have significant financial and reputational effects as well as adverse economic and social impacts on the community.	Very High
11	Failure to prepare for 3 waters reforms: If Council does not understand and/or adequately prepare for the proposed 3 waters changes from Central Government then there may be adverse financial and reputational impacts as well as the economic and social wellbeing of the community being negatively impacted.	Very High
12	Failure to forecast and manage growth: If Council fails to adequately forecast and manage medium term growth then there will be adverse impacts on finances and reputation and potential negative impacts on community wellbeing.	High
13	Failure to prepare for future of local government review and impacts: If Council fails to adequately understand and/or prepare for the impact of the future of local government review and reforms then there will be adverse impacts on the organisation, reputation and potential negative impacts on community wellbeing.	High
14	Failure to realise asset sales: If Council fails to effectively realise the planned asset sales then there will be underfunding and inability to deliver some projects in the LTP with negative impacts on reputation and community wellbeing.	High

Waipā's risk network



KEYS

E Emitter risk	R Receiver risk
- Covid-19	- Staff capacity and capability
- Staff capacity and capability	- Growth
- Deliver the programme of capital works	- Community response
- Growth	- Risk to Financial Sustainability
	- Iwi/Mana Whenua partnership
	- Key stakeholder relationships

Higher velocity Risk Pathways
Information management – Community response

Note: Size of bubbles indicate the individual risk impact and probability prior to considering the "domino" effect of the risk cluster.



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Supporting comments:

Risk networks assists with more holistic risk management by illuminating an additional dimension which shows the impact risks have on each other. Groups of strongly related risks are called risk "clusters. These are relevant because key failures are seldom the result of a single risk event but are more typically the consequence of a number of related risks materialising at the same time. Whilst individual risks may not be regarded as significant due to their assessed likelihood and impact, it may change when the risks are considered in combination considering clusters. Identifying and understanding these risk clusters drives the prioritisation and actions for risk mitigation measures to be implemented. Emitter risks are critical risks to be managed as these could trigger some of the other risks within a risk cluster. Therefore, adequate assurance should be obtained to ensure these risks are managed in an effective manner.



TOP RISK 1
Inadequate staffing capacity and capability to deliver Council's objectives

1 RISK DESCRIPTION

If Council is not adequately resourced, both in terms of capacity and capability, then this under resourcing may contribute to failure and/or significantly increased costs to deliver service levels and key projects.

2 KEY RISK DRIVER(S)

People

- Staff turnover
- Workload imbalances – perceptions of inequity
- Remuneration challenges for technical roles
- Uncertainty of 3 Waters/WLASS/LG reform
- Calibre and volume of applicants

Process

- Time taken to recruit, particularly to leadership positions
- Workflow and workload balancing
- Right sizing of workforce
- Recruitment options and mix of internal and external appointments e.g. fixed term contracts for specific projects
- Alternative benefits to attract and retain staff

External

- Establishment of new water agencies
- Volatile labour market
- Very low unemployment rate
- Movement between Councils in Waikato Region

3 IMPACT

- Staff wellbeing, health and safety
- Non delivery of services, and/or projects
- Decreased staff engagement levels
- Dependence on external contractor support
- Negative financial outcome
- Reputational damage

4 ENTERPRISE RISK OWNER

Manager Human Resources
 Document Set ID: 10649439
 Version: 21, Version Date: 15/09/2021

5 RISK APPETITE

WDC appreciates the challenge of attracting and retaining the right employees to Council, consequently it is willing to accept a **high** level of target residual risk. Retention is more important in the current environment. There are some specific roles that have been identified that have a lower appetite due to their significance to the organisation which are an exception.

Effort is currently underway to reinforce the existing alternative strategies to attract new staff and retain existing talent as part of Council's employee value proposition to mitigate this risk.

The risk appetite is driven by the potential for non-delivery and reputational damage of Council's objectives as well as the potential financial impacts.

6 RISK ASSESSMENT

Inherent Risk	Current Assessed Residual Risk	Council Target Residual Risk
Extreme	Very High	High

7 MITIGATIONS AND CONTROLS

Current Key Mitigations in place on an ongoing basis: TBC based on business plan

- Current business model takes an account management approach for HR; each business unit is allocated an HR advisor to support addressing capacity and capability challenges, including workforce planning considerations: impending retirements, exits, cadetships, interns, identifying successors/leaders, and development and/or career progression needs.
- Ongoing conversations focused on staffing through the regular Executive Team and Managers' meeting forums.
- The organisation ensures department redesigns are based on the most appropriate department structure to achieve respective workloads.
- Where required external resource is contracted in when internal resourcing is inadequate to deliver key outcomes.
- Alternative remuneration and benefits for employees as part of Council's employee value proposition.
- Values feeding into policy rationalisation for managing staff behaviours and decision making.
- Leadership team using PDR to identify personal development for staff.

Significant Planned Additional Mitigations TBC based on business plan

The following actions from the 2021/22 Business Plans will provide additional mitigation:

Action	Owner/s	Timing
Develop and implement an employee value proposition that reinforces our values-led culture, staff wellbeing, professional growth and recognition. Continue to embed values across all staff.	Mgr HR	Feb-2022
Advance flexible working arrangements.	Mgr HR	Jun-2022
Complete survey of managers to determine cause of staff leaving and develop strategy to respond	Mgr HR	Jan-2022
Continued evolution and implementation of Council's Leadership Development Program	Mgr HR	Jun 2022

8 KEY RISK INDICATORS

The Key Risk Indicators identified are trends in the following measures:

- Staff turnover: Turnover remains at or under target (13%).
- Percentage of recruitment internal appointments: 50% of recruitment reflects internal appointments made.
- Staff engagement level (69% baseline)



TOP RISK 2
Failure to deliver the programme of capital works.

1 RISK DESCRIPTION

If Council fails to plan and deliver the proposed programme of capital works then this will impact the overall delivery of infrastructure to support growth, level of service improvements and asset replacement.

2 KEY RISK DRIVER(S)

People

- Specialist role shortages
- Capacity gaps

Process

- Timing of projects
- Resourcing to deliver within planned timeframes
- Adequacy of planning
- Quality of business cases and application of project management framework
- Ambition vs quantum that can be delivered – capacity constraints

External

- Market constraints
- Growth of district – rate and quantum
- Development timing or failure resulting in unnecessary expenditure
- Limited pool of specialist resources due to border closures
- Supply chain impacts of COVID

3 IMPACT

- Non delivery of projects as planned
- Negative financial outcome
- Reputation damage
- Community outcomes not delivered

4 ENTERPRISE RISK OWNER

Group Manager Service Delivery

5 RISK APPETITE

WDC appreciates the challenge of delivering the aggressive capital works programme in the current Long Term Plan and is willing to accept a **high** level of risk. There are capacity and supply chain constraints that may impact the quantum that can be delivered versus the programme planned.

The level of uncertainty for delivery of projects in the current environment given the impacts of COVID on the economy, supply chain, labour market, and overall work programme also leads to an acceptance of a high level of residual risk. A number of risk drivers are out of Council’s direct control.

The risk appetite is driven by the potential for non-delivery and reputational damage.

6 RISK ASSESSMENT

Inherent Risk	Current Assessed Residual Risk	Council Target Residual Risk
Very High	High	High

7 MITIGATIONS AND CONTROLS

Current Key Mitigations in place on an ongoing basis:

- Clear key capital project programme governance structure and reporting has been implemented to support best practice project delivery.
- Planning across financial years to provide more certainty of resource requirements.
- Where required external resource is contracted in where internal resourcing is inadequate to deliver key outcomes.
- Monthly reporting to the Executive, and quarterly reporting to ARC, on capital project delivery including tracking of spend against the Annual Plan/LTP and approved reforecast.
- BI PCG established to provide governance of digital change projects.

Significant Planned Additional Mitigations TBC based on business plan

The following actions from the 2021/22 Business Plans will provide additional mitigation:

Action	Owner/s	Timing
Strategic Activity Management Planning and Activity Management Policy – adopted	GM SD	Jun-2022
Monitoring of the LTP assumptions and highlighting subsequent actions as required	GM BS	Jun-2022
Progress the development of the Community Plan, including best practice community consultation, to inform the development of the 2024-34 LTP.	Mgr Strategy	Jun-2022

8 KEY RISK INDICATORS

The Key Risk Indicators identified are trends in the following measures:

- Monitoring of assumptions used in preparing LTP as year progresses
- The 21/22 Plan is delivered within budget, capex projects targets (70%, 80%, 100%) and 75% of level of service measures reach target.



TOP RISK 3 Failure to respond to COVID-19 Impact

1 RISK DESCRIPTION

If Council fails to adequately respond and recover from the ongoing impacts of COVID-19 then there will be a negative impact on both the organisation and District.

2 KEY RISK DRIVER(S)

People

- Capacity and resilience within teams
- Ongoing resourcing of recovery programme
- Capability gaps
- Impact of an ongoing response on staff capacity
- Staff stress

Process

- Ability to respond to COVID events
- Must have work programmes
- Financial management
- Don't capitalise on things learned from COVID
- Governance environment

External

- COVID-19 risk continues for foreseeable future
- Further incident that compounds crisis and response required.
- Global economic factors
- Central Government recovery programme

3 IMPACT

- Non delivery of essential services and work programmes
- Reputation damage
- Negative financial outcome – organisation and District
- Social and economic wellbeing reduced for Community and other impacts
- Negative impact on staff culture and morale
- Governance effectiveness
- Staff stress

4 ENTERPRISE RISK OWNER

Chief Executive

5 RISK APPETITE

WDC has a strong and proven response model and has implemented an effective recovery programme to COVID through the Community Advisors.

WDC has a **high** appetite for the COVID-19 impact risk as control of the risk is largely externally driven. The ongoing impact on new variants globally confirms that the response and impact will be ongoing for the foreseeable future. It affects the organisation as a whole and the community.

The risk appetite is also driven by the uncertainty of the recovery programme and its long-term future. It does also provide opportunities for both Council and the District.

6 RISK ASSESSMENT

Inherent Risk	Current Assessed Residual Risk	Council Target Residual Risk
Extreme	Very High	High

7 MITIGATIONS AND CONTROLS

Current Key Mitigations in place on an ongoing basis:

- WDC has a recovery programme in place that will drive the response for the organisation and wider District
- Western Waikato Civil Defence Emergency Management arrangements secured and provide ongoing capability and management through their Business Plan.
- Supporting and monitoring the COVID-19 resurgence response through the Waikato Group Emergency Co-ordinating Centre (GECC) and a Western Waikato Control Point (ICP) with staff, mainly working remotely.
- Effective and proven Crisis Management model. CMT monitoring of COVID intel.
- Regular economic updates and commentary through Infometrics on trends and forecasts.
- Capacity and capability challenges being addressed as Top Risk 1

Significant Planned Additional Mitigations

The following actions from the 2021/22 Business Plans will provide additional mitigation:

Action	Owner/s	Timing
Progress the development of the Community Plan, including best practice community consultation, to inform the development of the 2024-34 LTP	Mgr Strategy	Jun-2022
Complete the review of the Economic Development Strategy and commence implementation	Mgr Strategy	Jun-2022
Community Advisors continue to build strategic alliances with key stakeholders and deliver projects to enhance community resilience and well-being.	GM S&CS	Ongoing
Report on Social Procurement outcomes from DIA Delivery Plan reported on by May 2022	GM SD	May 2022
Actively engage and respond to the call for submissions by the MfE in respect of the RMA reforms, DIA in respect of Water Reforms, the Future of Local Government Panel in respect of the FOL Inquiry, and the Productivity Commission in respect of Community Outcome with its Fair Deal for All Inquiry.	CE	Ongoing

8 KEY RISK INDICATORS

The Key Risk Indicators identified are trends in the following measures:

- Event funds have been strategically used to enable economic development opportunities in our district, as measured through visitor numbers and spend
- Negative trends and commentary in Infometrics supplied data



TOP RISK 4
Failure to protect information management assets

1 RISK DESCRIPTION

If information management assets are compromised through actions of staff or other parties including cyber-security attacks, privacy breaches, data loss or corruption, or non-compliance of legislated obligations then Council's delivery of services and reputation will be negatively impacted.

2 KEY RISK DRIVER(S)

People

- Human error or other actions of staff
- Privacy breach
- Non-compliance with process and policy

Process

- Insufficient controls
- Outdated controls

System

- Data loss or corruption
- Access compromised

External

- Third party
- Cyber security attacks

3 IMPACT

- Theft, ransom demands
- Loss of data or intellectual property
- Compromised service delivery
- Property Loss
- Legal repercussions
- Reputational damage

4 ENTERPRISE RISK OWNER

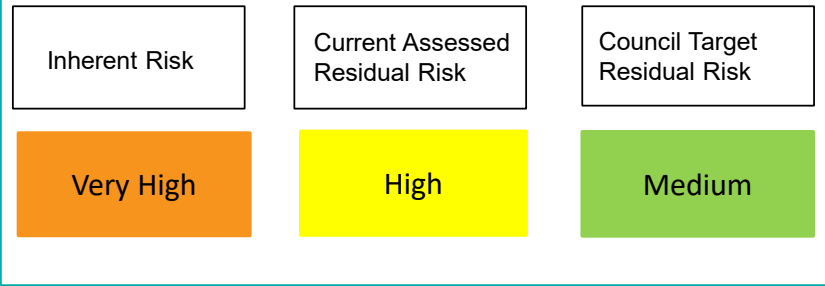
Group Manager Business Support

5 RISK APPETITE

WDC manages a range of information and data pertaining to its own activities and that of its stakeholders which is one of its most valuable assets. Investment in technology is ongoing and strategically driven by the digital roadmap. This investment is also a critical component of organisational resilience. Having secure and robust systems are critical to this.

Although it is deemed to be an unlikely target for information management breaches and cyber risk (compared to other organisations) Council has an aspirational low to medium appetite for cyber risks and compliance. However the level of investment required to drive this risk down further drives acceptance of this risk at a target residual risk of **medium**.

6 RISK ASSESSMENT



7 MITIGATIONS AND CONTROLS

Council actively mitigates against information management risk on an ongoing basis. These mitigants include:

- The implementation of up to date firewalls, anti-virus software and operating system patching
- Organisational internal and external policies aligned with best practice security controls
- Policy awareness and education campaigns
- Auditing and monitoring of systems and controls
- Regular hardware, software and network renewal programme reduces the risk of vulnerability to attack.
- Active testing programme in place with critical security vulnerabilities closed as identified
- Security consulting partner contract in place
- Cyber security improvement programme rolled out in conjunction with WLASS
- Privacy impact assessments completed as part of each digital project
- Training in Privacy and LGOIMA obligations with staff

Significant Planned Additional Mitigations

The following actions from the 2021/22 Business Plans will provide additional mitigation:

Action	Owner/s	Timing
Delivery of the Digital Roadmap and continued focus on improving existing systems	GM BS	Jun-2022
Progression of the cyber security improvement program	Mgr IS	June 2022
Progression of the initiative Everything In Its Place	Mgr IS	June 2022

8 KEY RISK INDICATORS

The Key Risk Indicators identified are trends in the following measures:

- Number of security incidents and corrective actions identified
- Trends in security risks and vulnerabilities as per quarterly compliance reporting (internal and external)
- Continue phishing training and testing



TOP RISK 5
Failure of relationships with key stakeholders

1 RISK DESCRIPTION
 If Council has a breakdown in relationships with key stakeholders then Council's ability to operate and deliver services and projects effectively and within reasonable timeframes will be significantly impacted with negative flow on impacts to the community.

- 2 KEY RISK DRIVER(S)**
- People**
- Lack of understanding of who key stakeholders and partners are
 - Capacity and capability of staff to respond
 - Availability of key stakeholders to engage
- Process**
- Time taken to build relationships
 - Lack of visibility of all interactions with key stakeholders across the organisation
 - Lack of engagement with key stakeholders across Council
 - Resourcing and affordability to collaborate
 - Lack of communication and engagement strategy
- External**
- Key stakeholders commitment to relationship

- 3 IMPACT**
- Delivery of projects and services that don't meet stakeholder expectations
 - Negative financial outcome
 - Reputation damaged
 - Decision making is inappropriate

4 ENTERPRISE RISK OWNER

Group Manager Strategy and Community Services

5 RISK APPETITE

Council's relationships are so critical WDC has an aspirational low appetite for the impacts of this risk.

However the time and cost of managing and sustaining these relationships mean that the target residual risk level is more realistically **medium**.

6 RISK ASSESSMENT

Inherent Risk	Current Assessed Residual Risk	Council Target Residual Risk
Very High	High	Medium

7 MITIGATIONS AND CONTROLS

Current Key Mitigations in place on an ongoing basis:

- Council has a dedicated role and staff focusing on building and maintaining effective relationships with key stakeholders and partners.
- Te Ara Wai Governance Committee has been established supported by an engagement programme (in abeyance until funding secured).
- At risk projects identified and planned for appropriately.
- Council's adopted Significance and Engagement policy guides Council as to the level of engagement required for different scenarios
- Input into WLASS services and performance, including invite to WLASS CE to visit Executive Team every six months to build relationship
- Business Development Manager role focused on building relationships for economic growth initiatives.
- Community Advisors have been recruited to develop deep, lasting community relationships

Significant Planned Additional Mitigations

The following actions from the 2021/22 Business Plans will provide additional mitigation:

Action	Owner/s	Timing
Development and implementation underway of a customer experience strategy.	GM S&CS	Jun-2022
External communication plan developed focused on Council's brand and reputation.	GM S&CS	Jun-2022
Community Advisors continue to build strategic alliances with key stakeholders and deliver projects to enhance community resilience and well-being.	GM S&CS	Ongoing
Representation review (post Māori Ward decision) completed.	GM BS	Jun 2022

- 8 KEY RISK INDICATORS**
- The Key Risk Indicators identified are trends in the following measures:
- Resident perception survey indicators.
 - Ad hoc sentiment.
 - Engagement plans for high risk projects identified and adopted.



TOP RISK 6
Failure of Iwi/Mana Whenua partnerships

1 RISK DESCRIPTION

If Council's partnerships with Iwi/Mana Whenua are not sustained and developed, including developing capacity and capability within Mana Whenua, then Council's ability to operate and deliver key projects will be significantly impacted and it may also fail to meet it's post Treaty settlement obligations.

2 KEY RISK DRIVER(S)

- People**
- Capacity and capability of staff to engage
 - Limited understanding by staff of Iwi/Mana Whenua
 - Resourcing and affordability to engage
 - Capacity and capability of Mana Whenua
- Process**
- Time taken to build relationships
 - Inclusion/Omission of Iwi/Mana Whenua in planning of projects
 - Resource consent requirements
- External**
- Treaty Settlements
 - 3 Waters reform
 - COVID-19 recovery disproportionately impacting Iwi

3 IMPACT

- Non delivery or delayed delivery of projects
- Reputation damage
- Judicial challenge

4 ENTERPRISE RISK OWNER

Group Manager Strategy and Community Services

5 RISK APPETITE

As Council's Iwi partnerships are so critical WDC has a low appetite for the impacts of this risk but acknowledges that this an aspirational target residual risk level that may not be obtained.

The mitigations are based on strengthening the relationships with Iwi within current resourcing/environment which will equate to a Council Target Residual Risk level of **medium** as being more realistically achievable.

Building capacity and capability within Mana Whenua is required for sustainable partnerships that also drive a medium target risk level.

6 RISK ASSESSMENT

Inherent Risk	Current Assessed Residual Risk	Council Target Residual Risk
Very High	High	Medium

7 MITIGATIONS AND CONTROLS

- Current Key Mitigations in place on an ongoing basis: TBC
- Council has a dedicated role and staff focusing on building and maintaining effective relationships with key partners including Iwi.
 - Council has established a number of partnership forums including NITOW and the Iwi Consultative Committee and also has ongoing involvement (as an interested party) with Treaty negotiations.
 - Engagement with Iwi incorporated into Council's communication plan for key projects where the project is of interest to Iwi.
 - Te Ara Wai Governance Committee representation (in abeyance until funding secured) .
 - At risk projects identified and planned for appropriately.
 - Council's adopted Significance and Engagement policy guides Council as to the level of engagement required for different scenarios.
 - Active partner in JMAs with Waikato Tainui, Raukawa and Maniapoto
 - Te Kanohi are appointed and participate in all major committees
 - Maori Ward representation from 2022

Significant Planned Additional Mitigations

The following actions from the 2021/22 Business Plans will provide additional mitigation:

Action	Owner/s	Timing
Tāngata Whenua partnership model progressed and capability building requirements identified.	GM S&CS	Jun-2022
Further roll out of the Tikanga training programme.	GM S&CS	Ongoing

8 KEY RISK INDICATORS

- The Key Risk Indicators identified are trends in the following measures:
- Resident perception survey indicators.
 - Ad hoc sentiment.
 - Targeted surveying.



TOP RISK 7
Risk to Financial Sustainability

1 RISK DESCRIPTION

. If Council does not have sufficient liquidity and/or funding or debt levels are at limit, or if an unforeseen event such as a disaster requires funding then delivery of service levels and key projects may be significantly impacted.

2 KEY RISK DRIVER(S)

People

- Capacity gaps
- Levels of stress
- Workload imbalances and overload

Process

- Rates remission levels
- Rates collection levels
- Debt levels
- Cash flow

External

- Economic and market factors
- Developer financial viability
- Growth of district – rate and quantum
- Development timing or failure resulting in unnecessary expenditure
- Unforeseen event

3 IMPACT

- Non delivery of projects
- Negative financial outcome
- Reputation damage
- Lowered levels of service
- Staffing reduced

4 ENTERPRISE RISK OWNER

Group Manager Business Support

5 RISK APPETITE

WDC appreciates the challenge of delivering services and projects in a time of growth but also in a time of uncertainty due to COVID.

As per the Long Term Plan Council’s debt levels are steadily increasing therefore there are less financial contingencies in place. There is limited control by Council of the financial impacts of COVID.

Council is willing to accept a **high** level of risk as reinforced by the financial parameters approved through the 2021-31 LTP. Focus is on ensuring council services are run prudently.

6 RISK ASSESSMENT

Inherent Risk	Current Assessed Residual Risk	Council Target Residual Risk
Extreme	Very High	High

7 MITIGATIONS AND CONTROLS

Current Key Mitigations in place on an ongoing basis:

- Robust discussion and assessment of the assumptions contained within the Annual and 10-Year plans.
- Monitoring and reporting of assumptions for LTP
- Financial policies adopted during LTP inform decision making
- Modular design for expansion of treatment plants
- Improved financial reporting through technology investments
- Monthly KRI reporting to the Finance and Corporate Committee

Significant Planned Additional Mitigations

The following actions from the 2021/22 Business Plans will provide additional mitigation:

Action	Owner/s	Timing
Monitoring of the LTP assumptions and highlighting subsequent actions as required	GM BS	Jun-2022
Internal audit programme completed as per the audit plan; and improvement plan / strategies implementation monitored and reported	GM BS	Jun-2022

8 KEY RISK INDICATORS

The Key Risk Indicators identified are trends in the following measures:

- Actual against debt benchmark
- Budget vs actual variance for operations and capex
- Expected Revenue drops by 15% or more to trigger activation of Business Continuity Plan – monitored through
 - number of building and resource consents
 - rates collection rates
 - development contributions actual vs budget variance
- Monitoring that 80% of growth cell is full before next cell opened



TOP RISK 8
Failure to manage the response of the Community to Council decisions

1 RISK DESCRIPTION

If Council does not effectively manage the response of customers and the community to Council decisions and they do not understand and trust the decisions made by Council then Council's reputation will be negatively impacted.

2 KEY RISK DRIVER(S)

People

- Customers' knowledge of and engagement with Council
- Staff response to customers – timeliness and quality of interaction
- Customer is not front of mind
- Capacity and capability of staff
- Bad behaviour by some customers

Process

- Inconsistent customer experience
- Transparency of decision making
- Communication channels and uptake of messaging

System

- Increased use of social media, including spread of misinformation

External

- Market constraints
- Vendor constraints for rolling out digital projects
- Changes by third parties blamed on Council e.g. removal of cheques

3 IMPACT

- Reputation damage and trust in the organisation
- Dissatisfied residents/customers

4 ENTERPRISE RISK OWNER

Group Manager Strategy and Community Services

5 RISK APPETITE

WDC recognises it needs to take a proactive approach to understand customer and community requirements and issues and include diverse views in decision making. Council also understands the importance of leadership and the need to assess the future impacts of decisions being made, even if unpopular.

Council recognises the challenge of effective community engagement including explaining what Council provides and being transparent with decision making. It accepts a **high** target residual level for this risk given the need to make strategic decisions sometimes in the absence of full agreement by the community.

6 RISK ASSESSMENT

Inherent Risk	Current Assessed Residual Risk	Council Target Residual Risk
Very High	High	High

7 MITIGATIONS AND CONTROLS

Current Key Mitigations in place on an ongoing basis:

- Ongoing resident satisfaction surveying.
- One-off customer surveying where further information is sought e.g. communication styles, post transaction surveying.
- Community vision, outcomes and external strategic priorities confirmed with community consultation
- Ongoing investment in Community engagement activity for key activities and decisions.
- Multiple avenues for the Community to engage with Council on an ongoing basis
- Community concept plans developed with communities.

Significant Planned Additional Mitigations

The following actions from the 2021/22 Business Plans will provide additional mitigation:

Action	Owner/s	Timing
Representation review (post Maori Ward decision) completed	GM BS	Oct 21/Apr 22
Managing Council's response to the proposed RMA reforms and understanding the impact on the organisation.	GM DG&R	Jun-2022
Development and implementation underway of a customer experience strategy.	GM S&CS	Jun-2022
External communication plan developed focused on Council's brand and reputation	GM S&CS	Jun-2022

8 KEY RISK INDICATORS

The Key Risk Indicators identified are trends in the following measures:

- Resident perception survey indicators.
- Number of views of streamed meetings



TOP RISK 9
Failure to embed a Health and Safety culture

1 RISK DESCRIPTION

If Council does not have a strong Health and Safety culture and commitment to keeping staff, contractors and members of the public safe for Council controlled activities then there will be unacceptable injuries and potentially fatalities with legal consequences.

2 KEY RISK DRIVER(S)

- People**
- Human error
 - Lack of training
 - Inadequate management/leadership
 - Ineffective H&S committee
- Process**
- Inconsistent or poor SoPs and documented processes
 - Inadequate H&S plans
 - Extensive number of customised risk registers per department/activity
 - Contractor pre-qualification process
- External**
- WorkSafe requirements
 - Contractors – inadequate safety protocols in place

3 IMPACT

- Reputational damage
- Prosecution if serious injury/fatality
- Social and economic consequence to injured

4 ENTERPRISE RISK OWNER

Manager Human Resources

5 RISK APPETITE

WDC has an objective to minimize the risk that may result in serious injury or harm any staff member or Council controlled activity.

Minimizing harm is part of Council’s culture, due to the impact of serious injury or a fatality the target residual risk is **medium**. Whilst Council supports a zero harm goal it recognises that the cost of driving the target risk to low is not sustainable.

Current strategies and efforts are implemented to embed and sustain a Health and Safety culture.

6 RISK ASSESSMENT

Inherent Risk	Current Assessed Residual Risk	Council Target Residual Risk
Extreme	Medium	Medium

7 MITIGATIONS AND CONTROLS

- Current Key Mitigations in place on an ongoing basis:
- Due Diligence Plan in place – monitoring through Executive Team meetings and reported on at Finance & Corporate Committee meetings
 - Two experienced H&S advisors; each aligned to respective business units
 - “Garry’s Health and Safety Commitment” and “H&S, it’s Vital” brand
 - Annual H&S Committee objectives; Committee meetings held on a quarterly basis with representation from across the organisation
 - H&S electronic reporting and recording system (TRAX)
 - Staff health monitoring programme in place
 - Formal H&S reporting to the Executive Team (monthly), Finance & Corporate Committee (four-month report)
 - Staff H&S pulse assessed through the annual staff engagement survey
 - H&S related policies, training and implementation
 - WLASS Health & Safety Management Framework adopted
 - Organisation-wide top health and safety risks identified; mitigation measures incorporated into H&S business plan
 - Updated internal audit shows improvement to overall rating

Significant Planned Additional Mitigations

The following actions from the 2021/22 Business Plans will provide additional mitigation:

Action	Owner/s	Timing
Wellbeing – WorkSafe developing flexible working at home document, incorporation into WDC guidelines.	Mgr HR	Dec 2021
Wellbeing Programme – plan programme initiatives for twelve months incorporating HFG Workplace Wellbeing Platform	Mgr HR	Mar 2022
Initiatives to raise the profile of VITAL	Mgr HR	June 2022

8 KEY RISK INDICATORS

The Key Risk Indicators identified are trends in the following measures:

- Lead and Lag indicators reported in Health and Safety report to Council
- KPMG SafePlus Recommendations – Actions progressed as per workplan and reported to Council



TOP RISK 10
Failure to prepare for climate change impacts

1 RISK DESCRIPTION
 If Council does not understand and/or adequately prepare for climate change impacts then the lack of knowledge and forward planning may have significant financial and reputational effects as well as adverse economic and social impacts on the community.

- 2 KEY RISK DRIVER(S)**
- People**
- Lack of understanding of impacts of climate change on the organisation and the district
 - Capacity and capability to analyse impacts of climate change when planning
- Process**
- Requires significant cross organisational collaboration
 - Assessing WDC carbon footprint
 - Legislative compliance with risk reporting
 - Financial pressures resulting from Covid-19 impact on ability to complete climate change projects
 - Clarity of governance
- External**
- Highlighted as an issue by the community – increasing expectations
 - Central Government response and requirements increasing
 - Peer Councils response and planning
 - Expert opinions and global knowledge of impacts
 - Projected growth and developments

- 3 IMPACT**
- Negative financial outcome
 - Reputation damage
 - Social and economic, cultural and environmental wellbeing reduced
 - Legislative non-compliance

4 ENTERPRISE RISK OWNER

5 RISK APPETITE

Climate change events could have a substantial effect on WDC and its community. With increasing expectations from central government and community the option of delaying preparations for climate change is no longer viable.

Council will include climate change in planning for infrastructure and the community and make some investment and resource to start lowering the appetite over the next year. This includes responding to reporting requirements.

The activity to mitigate against climate change is increasing within Council who has an aspirational target residual risk level of **medium**.



- 7 MITIGATIONS AND CONTROLS**
- Current Key Mitigations in place on an ongoing basis:
- Monitoring reputable available information and collaborating with other Councils and Local Government organisations to provide an informed response.
 - Assess impact of risk reporting requirements from the Climate Change Response (Zero Carbon) Amendment Act 2019 (CCRA)
 - Flood view finder released to allow residents to understand potential flooding impacts.
 - Carbon emission baselining and monitoring in place.
 - Carbon monitoring working group is in place and actively researching ideas for future implementation.
 - Workstreams established to progress workplans.

Significant Planned Additional Mitigations

The following actions from the 2021/22 Business Plans will provide additional mitigation:

Action	Owner/s	Timing
Review of the Environment Strategy is completed	Mgr Strategy	Jun-2022
Continue carbon monitoring and begin to develop plans targeting zero net emissions.	GM SD	Jun-2022
Food waste collection feasibility study completed by 30 June 2022	GM SD	Jun-2022
Flood hazard viewer available to the community by February 2022. Flood hazard letters sent to properties confirmed as at risk of flooding by February 2022	GM SD	Feb-2022

- 8 KEY RISK INDICATORS**
- The Key Risk Indicators identified are trends in the following measures:
- Changes in baseline carbon footprint
 - Projects delivering climate change response or future proofing
 - Climate change reporting requests from Ministry for Environment



TOP RISK 11
Failure to prepare for 3 waters reforms

1 RISK DESCRIPTION
 If Council does not understand and/or adequately prepare for the proposed 3 waters changes from Central Government then there may be adverse financial and reputational impacts as well as the economic and social wellbeing of the community being negatively impacted.

- 2 KEY RISK DRIVER(S)**
- People**
- Specialist role shortages
 - Capacity gaps
 - Uncertainty may affect staff
- Process**
- Roles and responsibilities not clear
 - Financial impacts not clear
 - Aggressive time frames for changes to be implemented
 - Lack of clarity over transfer of water assets
 - Larger programme of work to be delivered
- External**
- New Water Entity
 - New Water Regulator (Taumata Arowai)
 - Central Government policy
 - Other Local Government organisations
 - Diverse community expectations

- 3 IMPACT**
- Negative financial outcome
 - Reputation damage
 - Projects not delivered
 - Social and economic wellbeing reduced
 - External relationships affected

4 ENTERPRISE RISK OWNER

Group Manager Service Delivery

5 RISK APPETITE

The level of uncertainty around the 3 waters reforms is very high with limited information provided for effective decision making. Until further clarity is received from Central Government the risk appetite remains high.

Council will undertake ongoing monitoring of the situation and be proactive in planning for any changes.

Delivery of required infrastructure projects will be completed as planned as are necessary for the continued delivery of services which also contributes to the **high** risk appetite. This will be reviewed as further clarity of the reforms is received.

6 RISK ASSESSMENT

Inherent Risk	Current Assessed Residual Risk	Council Target Residual Risk
Extreme	Very High	High

- 7 MITIGATIONS AND CONTROLS**
- Current Key Mitigations in place on an ongoing basis:
- Council maintains a watching brief and will proactively monitor and analyse any changes proposed.
 - Key staff will also participate in any forums about the changes.
 - Advocacy with regional partners
 - Council committed to 'opt in' at August 2020 meeting and Council MOU signed.
 - Funding a sub-regional study for the provision of water and wastewater services across the Future Proof Council area.
 - Collaboration of Waikato and Bay of Plenty Council on stage 1 of the water reforms.

Significant Planned Additional Mitigations

The following actions from the 2021/22 Business Plans will provide additional mitigation:

Action	Owner/s	Timing
Managing Council's response to the proposed water reforms and understanding the impact on the organisation.	GM SD	Jun-2022
All DIA Delivery Plan projects completed by March 2022	GM SD	Mar 2022

- 8 KEY RISK INDICATORS**
- The Key Risk Indicators identified are trends in the following measures:
- Advocacy with peer Councils (proactive) – active participation by Waipā DC Staff
 - Delivery plan milestones are actively managed and reported to Service Delivery Committee



TOP RISK 12
Failure to forecast and manage growth

1 RISK DESCRIPTION

If Council fails to adequately forecast and manage medium term growth then there will be adverse impacts on finances and reputation and potential negative impacts on community wellbeing.

2 KEY RISK DRIVER(S)

People

- Lack of understanding of impacts of growth on the organisation and the district
- Capacity and capability to analyse impacts of growth when planning

Process

- Adequacy of assumptions and validations of assumptions
- Adequacy of Developer contribution agreements

System

- Quality of data and models for forecasting

External

- Third party data and inputs
- Reliance on external advice
- Developers' timing and projects largely outside of Council control

3 IMPACT

- Negative financial outcome
- Reputation damage
- Social and economic, cultural and environmental wellbeing reduced
- Lowered levels of service
- Overcapitalising

4 ENTERPRISE RISK OWNER

5 RISK APPETITE

WDC recognises the rate and quantum of growth can have a significant impact on the organisation and community. Whilst the drivers of the rate of growth are largely outside of Council's control it understands the importance of forecasting, planning for and managing medium term growth.

Council recognises the challenge of accurate and timely forecasting of growth within the District and the subsequent decisions to manage this growth. Council accepts a **high** target residual level for this risk.

6 RISK ASSESSMENT

Inherent Risk	Current Assessed Residual Risk	Council Target Residual Risk
Very High	High	High

7 MITIGATIONS AND CONTROLS

Current Key Mitigations in place on an ongoing basis:

- Robust discussion and assessment of the assumptions contained within the Annual and 10-Year plans.
- Monitoring and reporting of assumptions for LTP
- Regular economic updates and commentary through Infometrics on trends and forecasts.
- Planning across financial years to provide more certainty of resource requirements.
- Modular design for expansion of treatment plants
- Policy that 80% of growth cell is full before next cell opened

Significant Planned Additional Mitigations

The following actions from the 2021/22 Business Plans will provide additional mitigation:

Action	Owner/s	Timing
Progress the development of the Community Plan, including best practice community consultation, to inform the development of the 2024-34 LTP	Mgr Strategy	Jun-2022
Transport Strategy is formally adopted by December 2021	Mgr Strategy	Dec-2021
Progressing and enabling the urban development of the following growth cells: <ul style="list-style-type: none"> • Cambridge – CB Nth, C1,C2,C3,C8,C9, • Te Awamutu - T1,T2,T9,T11 • Kihikihi township - stormwater enabling works. 	GM DG&R	Jun-2022
Western Arterial designation review completed by February 2022	GM SD	Feb-22
Implement the Council approved work programme for the Waipā District Plan Changes	GM DG&R	Jun-2022

8 KEY RISK INDICATORS

The Key Risk Indicators identified are trends in the following measures:

- Monitoring of assumptions used in preparing LTP as year progresses
- Monitoring that 80% of growth cell is full before next cell opened



TOP RISK 13
Failure to prepare for future of local government review and impacts

1 RISK DESCRIPTION
 If Council fails to adequately understand and/or prepare for the impact of the future of local government review and reforms then there will be adverse impacts on the organisation, reputation and potential negative impacts on community wellbeing.

- 2 KEY RISK DRIVER(S)**
- People**
- Lack of understanding of impacts of local government review and proposed reforms on the organisation and the district
 - Capacity and capability to analyse impacts of review
 - Uncertainty for staff
- Process**
- Requires significant cross organisational collaboration
 - Uncertainty for strategy and plan development
- External**
- Increased emphasis on 4 well beings
 - Community expectations
 - Central Government response and requirements increasing
 - Peer Councils response and planning
 - Expert opinions and sector knowledge of impacts
 - Projected growth and developments

- 3 IMPACT**
- Negative financial outcome
 - Reputation damage
 - Community wellbeing reduced (4 well beings)
 - External relationships affected
 - Staff reduction or redeployment

4 ENTERPRISE RISK OWNER

Chief Executive

5 RISK APPETITE

The level of uncertainty around future of local government once 3-waters is removed is very high with the current review timed to take two years. WDC recognises the challenges facing the sector with these changes and will proactively manage what this means for the organisation and district..

Council will undertake ongoing monitoring of the situation and be proactive in planning for any changes.

Due to the level of uncertainty and that the changes are largely outside of Council’s control it will accept a **high** risk appetite. This will be reviewed as further clarity of the reforms is received.

6 RISK ASSESSMENT

Inherent Risk	Current Assessed Residual Risk	Council Target Residual Risk
Very High	High	High

- 7 MITIGATIONS AND CONTROLS**
- Current Key Mitigations in place on an ongoing basis:
- Agreement to be part of response unit to manage Council’s response to reforms and inform decision making
 - Stranded asset identification and response management with WLASS

Significant Planned Additional Mitigations

The following actions from the 2021/22 Business Plans will provide additional mitigation:

Action	Owner/s	Timing
Working with Council to develop a position on the future of Local Government and champion Waipā through the ‘Future of Local Government Review’	CE	Jun-2022

- 8 KEY RISK INDICATORS**
- The Key Risk Indicators identified are trends in the following measures:
- Monitoring of stranded asset progress with WLASS



TOP RISK 14
Failure to realise asset sales

1 RISK DESCRIPTION

If Council fails to effectively realise the planned asset sales then there will be underfunding and inability to deliver some projects in the LTP with negative impacts on reputation and community wellbeing.

2 KEY RISK DRIVER(S)

People

- Capacity and capability of staff to realise sales
- Availability of key stakeholders to engage

Process

- Lack of clear agreed strategy for which assets are being sold
- Timing of decision making for effective sales
- Budgeted value of assets may not be realised leaving underfunding of projects

External

- Market conditions
- Community expectations not met

3 IMPACT

- Negative financial outcome
- Reputation damage
- Social and economic, cultural and environmental wellbeing reduced
- Projects delayed or not delivered
- Dissatisfied communities

4 ENTERPRISE RISK OWNER

5 RISK APPETITE

WDC has an agreed 2021-2031 Long Term Plan that requires a significant level of planned asset sales to deliver on key community projects that improve the amenity for residents and ratepayers. Failure to deliver these projects would have significant negative effects on Council's reputation and the trust of the community.

Because of these potential impacts to reputation and trust Council has accepted a **medium** risk appetite. This is also driven by the ability of Council to manage and control this risk, particularly if the market drops off. Then sales may not realise necessary funds.

6 RISK ASSESSMENT

Inherent Risk	Current Assessed Residual Risk	Council Target Residual Risk
Very High	High	Medium

7 MITIGATIONS AND CONTROLS

Current Key Mitigations in place on an ongoing basis:

- Establishment of Manager Property Projects role, including oversight of the asset sales
- Ongoing review of resourcing requirements to effect aggressive sales programme and property strategy

Significant Planned Additional Mitigations

The following actions from the 2021/22 Business Plans will provide additional mitigation:

Action	Owner/s	Timing
Confirm accommodation strategy; the next 12 months and signalling the longer term direction	GM BS	Jun-2022
Property Strategy adopted which sets the course for realising asset sales revenue and ensuring the highest and best use and optimised returns from Council owned properties	GM BS	Aug-2021

8 KEY RISK INDICATORS

The Key Risk Indicators identified are trends in the following measures:

- Level of actual sales (volume and revenue) vs planned sales
- Resourcing needs

APPENDIX 1: RISK ASSESSMENT AT WAIPA

Likelihood Assessment

LIKELIHOOD RATING		LIKELIHOOD PERCENTAGE	STRATEGIC	OPERATIONAL	PROJECT
			Probability of the risk occurring	Probability of the risk occurring	Probability of the risk occurring
Almost certain	AC	>95%	It is almost certain to occur in most circumstances in the next three years.	It is almost certain to occur in most circumstances in the next year. In relation to Health and Safety risks, definite probability, very limited or no controls. Has happened in the past and no compensating controls were implemented. Without additional controls the event is expected to occur in most circumstances. Is expected to occur again within a short period of time (likely to occur at least once in the next 3 months).	It is almost certain to occur in most circumstances during the life of the project.
Likely	L	75% - 95%	The event will likely occur sometime in the next three years	The event will likely occur sometime in the next year. In relation to Health and Safety risks, event will probably occur in most circumstances. Weak controls e.g. be careful. No auditing carried out to provide assurances. With existing controls in place this event will probably still occur with some certainty.	The event will likely occur sometime during the life of the project.

LIKELIHOOD RATING		LIKELIHOOD PERCENTAGE	STRATEGIC	OPERATIONAL	PROJECT
			Probability of the risk occurring	Probability of the risk occurring	Probability of the risk occurring
Possible	P	25% - 75%	Possibly occur sometime in the next three years.	Possibly occur sometime in the next year. In relation to Health and Safety risks, event could occur in some circumstances. Minimal controls. Event has occurred in other Councils or industries with similar levels of controls in place. Is expected to occur within the next 1 - 2 years.	Possibly occur sometime during the life of the project.
Unlikely	U	5% - 25%	Unlikely to occur in the next three years	Unlikely to occur in the next year. In relation to Health and Safety risks, event could occur in some circumstances, however more likely through human error by not following the controls. Event has not occurred in the business, but could in some circumstances in the next 2 - 5 years.	Unlikely to occur during the life of the project.
Rare	R	0% – 5%	Would occur only in rare circumstances in the next three years	Would occur only in rare circumstances in the next year. In relation to Health and Safety risks, event may occur in some exceptional circumstances e.g. serious assault. Improbably: a very small chance of events occurring that may be caused by events not previously seen or certain conditions. Despite effective controls being used an external event or uncontrollable event could occur.	Would occur only in rare circumstances during the life of the project

Consequence Rating

SOURCE OF RISK	CONSEQUENCE RATING				
	Minor	Moderate	Serious	Major	Severe
	1	2	3	4	5
High level rating definitions	Manageable through routine procedures, unlikely to require specific application of resources	Event with consequences which can be readily absorbed, but which require management effort to minimise the impact	Significant event which can be managed under normal circumstances	Critical event which can be endured with proper management	Disaster with potential to lead to business failure
Health and Safety	First Aid injury. Injury not requiring medical treatment. Health - Infrequent contact with the hazard at low concentration.	Medical Treatment injury. Injury requiring short term medical treatment with some lost time. Health - Frequent (daily) contact with the hazard at low concentration.	Restricted duties injury. Injuries requiring extended treatment. Health - Moderate (weekly) contact with the hazard at moderate concentration.	Lost Time injury or illness. Health - Infrequent (monthly) contact with the hazard at very high concentration. Frequent contact with the hazard at moderate concentration.	Fatality or Permanent Disability. Health - Frequent (daily) contact with the hazard at very high concentration.
Governance, reputation, legislative compliance and control	No impact on public confidence or media attention	Minor impact on public confidence and media attention. May be some local coverage - not front page.	Some impact on public confidence, reflected by local media and community interest in the Council's performance	Major impact on public confidence resulting in some national media coverage	Critical impact on public confidence, resulting in significant national media and Central Government attention e.g. through an inquiry and/or appointment of a Commissioner
Environment	Little or no impact on the environment	Short-term or minor impact on the environment	Serious damage of local importance with possible regulatory intervention	Serious damage of regional importance with possible regulatory intervention	Permanent damage requiring ongoing remediation and monitoring with regulatory involvement
Planning and strategy	Negligible impact on outcomes and handled within normal operations	Temporary impact on long- term levels of service, with limited community interest and media attention	Noticeable impact on long- term levels of service, being consistently below expectations in one or more outcome categories. Some community interest and media attention.	Levels of service significantly below expectations in one or more outcome categories, bringing significant negative community and media attention	Levels of service in significant decline across all outcome categories. Widespread negative commentary attracts Central Government attention e.g. through an inquiry and/or appointment of a Commissioner.



SOURCE OF RISK	CONSEQUENCE RATING				
	Minor	Moderate	Serious	Major	Severe
	1	2	3	4	5
Financial Organisation	Loss or overrun of less than \$100k	Loss or overrun of between \$100-250k	Loss or overrun of between \$250-500k	Loss or overrun of between \$500k-\$1m	Loss or overrun of over \$1m
Projects	1% project budget overrun	2-5% project budget overrun	5-10% project budget overrun	>10% project budget overrun	>30% project budget overrun
Information management	Isolated equipment failure	Compromise of user password impacting the confidentiality and integrity of data	Exploitation of application security flaws compromising the confidentiality and integrity of data	Loss or theft of USB/laptop/other device compromising confidentiality. Loss of a core system for an extended period.	Loss of infrastructure for an extended period
Operations and service delivery	Temporary disruption in servicing a small number of customers	Disruption affecting some areas for less than a day	Disruption to a community for more than two hours or some areas for more than a day	Disruption to a community for more than a day or some areas for more than two weeks	Disruption to a community for more than a week
Property and assets	Insignificant incident that causes no disruption to services	Isolated damage not requiring relocation of services to an alternative site	Damage to property that requires the relocation of some services to an alternative site	Damage to property that requires the relocation of all services for a short period	Damage to property that requires the relocation of all services for an extended period



Risk Matrix and Risk Significance Levels

		CONSEQUENCE				
		Minor	Moderate	Serious	Major	Severe
LIKELIHOOD	Almost certain	High	High	Very High	Extreme	Extreme
	Likely	Medium	High	Very High	Very High	Extreme
	Possible	Low	Medium	High	Very High	Very High
	Unlikely	Low	Medium	Medium	High	Very High
	Rare	Low	Low	Low	Medium	High

APPENDIX 3

Risk Appetite Statement 2021/22 (document number 10665880)

Waipa District Council Year 2021/22 Risk Appetite Statement

July / 2021



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Issue	Reason for Issue	Author	Reviewer	Date
1	Draft for Review after refresh from ARC annual risk workshop	Genny Wilson	Georgina Knapp	28 July 2021
2	Draft for approval by Executive and ARC	Genny Wilson	Executive and ARC	2 September 2021

PART 1 - RISK APPETITE STATEMENT

1.1 Purpose

Risk appetite is the conscious decision about the amount and type of risk that Waipa District Council (WDC) is willing to take in pursuit of its organisational objectives. Its purpose is to define and communicate to the organisation expectations regarding various risk types, and where it is to be pursued and where it will be avoided.

Council's risk appetite reflects its:

- Business model
- Risk maturity
- Internal risk management capabilities
- Culture.

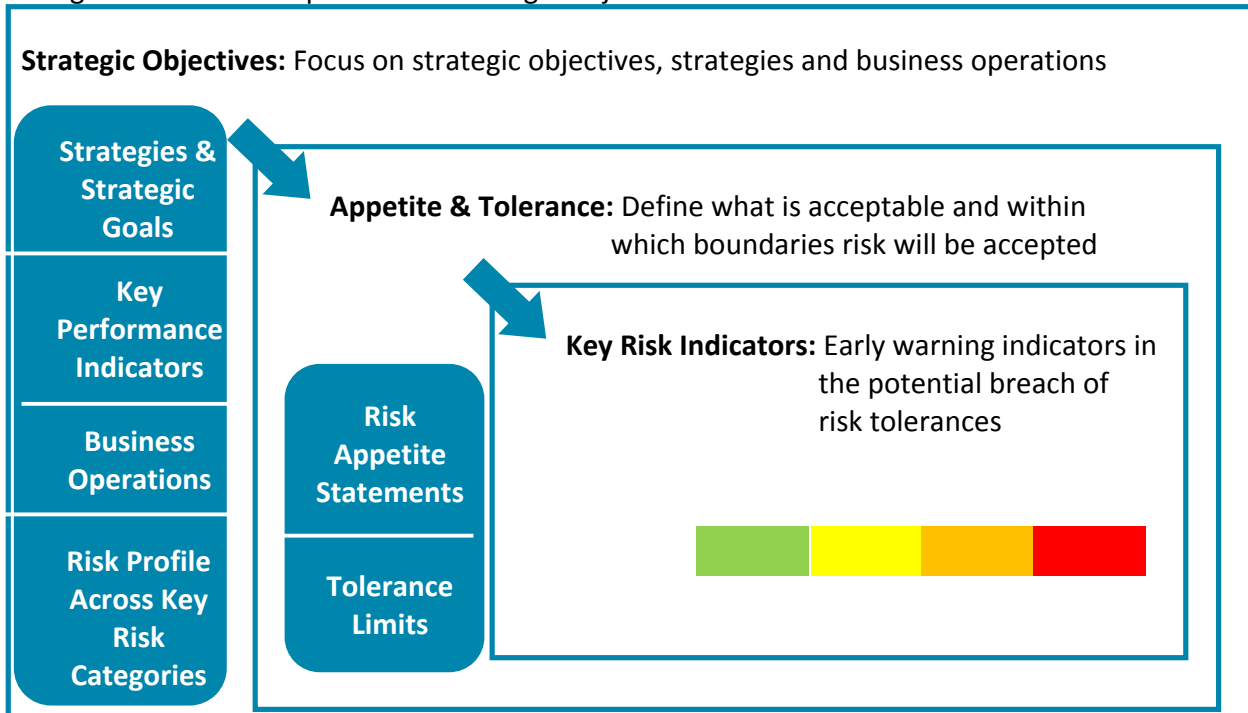
The appetite for risk is influenced by a number of factors including (but not limited to) the:

- Business environment
- People (employees)
- Community needs and wants
- Business systems
- Legislation and policies.

Having a clearly defined risk appetite gives clarity to the wider organisation about the nature and degree of risks that can be taken with our strategic, operational and project work. It is closely linked to defining the overall strategy of WDC therefore setting risk appetite is defined by the Executive Team and Council through the Audit and Risk Committee.

Appetite levels have been determined at the collective level of risk profile as opposed to the individual risk level. The portfolios are aligned with the WDC sources of risk as outlined in the Risk Management Policy. Where the level of appetite are different for different parts of the same portfolio e.g. people and health and safety the portfolio is split. Likewise where the risk portfolio covers more than one source of the risk but the appetite is aligned they are consolidated e.g. resilience.

Figure 1: Relationship between Strategic Objectives and Risk¹



1.2 Target Risk Level/Risk Appetite

WDC employs the concept of **target risk level**; to describe the level of risk (as defined by likelihood and consequence) that WDC intends to attain. This level of risk is analogous to the more widely practiced concept of **risk appetite**. Both measures provide an indication of the amount and type of risk WDC is willing to take in pursuit of organisational objectives.

Target risk levels will differ across risk types; in some instances being very low/conservative where risk is to be avoided (e.g. health and safety) and higher/more open where an organisation needs to take on risk (e.g. financial returns). Consequently the measure can be used in decision making, monitoring, and building risk culture across an organisation.

At present the target risk level is illustrated as a position on the organisation’s risk matrix/heat-map (relative to inherent and residual risk levels²), but as WDC’s risk management matures it is

¹ Diagram courtesy of Waikato District Council

² Refer to risk definitions in Appendix 1.

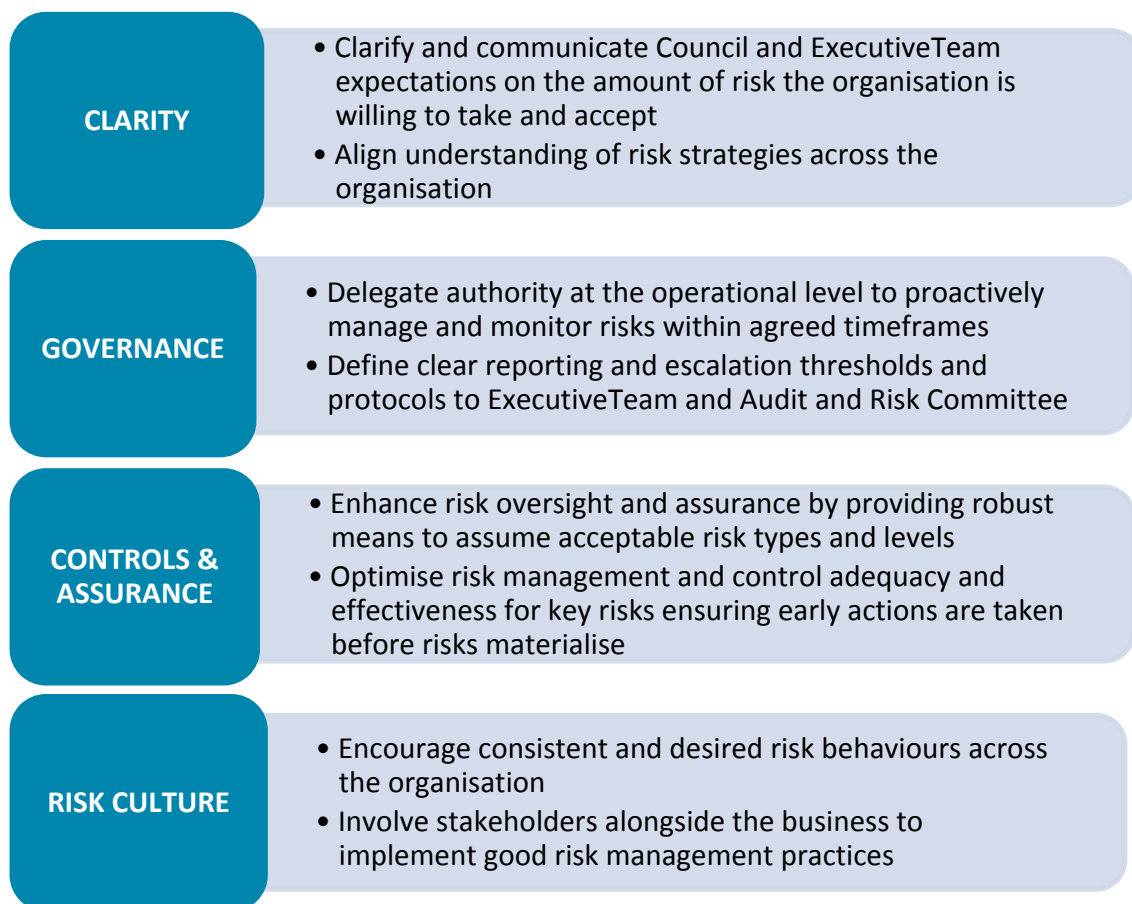
anticipated that it will be supported by this risk appetite statement; which provides an explanatory narrative to provide guidance to staff of where risk is to be avoided or pursued.

Therefore the risk appetite will also inform the targeted residual risk level for the Council's Top Risks.

1.3 Communicating Organisational Risk Appetite

The benefits of communicating the organisation's risk appetite are detailed in the diagram below.

Figure 3: Benefits of Communicating Risk Appetite³



Discrepancies between WDC's agreed risk appetite and residual risk level determine whether more controls are required to appropriately manage a risk or whether there is room to exploit more opportunities.

³ Diagram courtesy of Waikato District Council

Risk Appetite Statement 2021/22

1.4 Context

The WDC strategic framework is detailed in the diagram below.

Figure 3: Waipa District Council Strategic Framework



The revised Council vision and community outcomes were adopted as part of the 2021/31 Long Term Plan process.

The four community outcomes drive Council's Strategic Priorities:

- Socially resilient
- Cultural champions
- Environmental champions
- Economically Progressive

Risk appetite is the conscious decision about the amount and type of risk that Waipa District Council (WDC) is willing to take in pursuit of the Council's vision and Community Outcomes.

1.5 Overall Risk Statement

WDC accepts that it is willing to take well defined risks at a moderate to high level where it will result in the achievement of strategic objectives and provide opportunities. It also understands that the successful achievement of these objectives is significantly supported by its perceived reputation with its customers and stakeholders. Accordingly WDC is not willing to accept risks that would significantly adversely impact its reputation, nor where employee or customer wellbeing is compromised.

Where the adoption of strategies, initiatives or actions may exceed the stated risk appetite, the Executive Team and Council, through the Audit and Risk Committee, will be consulted prior to those activities commencing.





The risk statements in this document are for employees and elected officers of WDC and any partners, contractors or participating associates.


The risk appetite has been developed for the following risk portfolios that align with the risk sources within the risk management policy:

- People, including health and safety
- Governance, reputation, legislative compliance and control
- Environment
- Planning and Strategy
- Financial Organisation (including Projects)
- Information Management
- Resilience including Operations and service delivery and Property and assets
- Fraud



Further detail on risk portfolios are set out subsequently in this document.

The risk appetite tolerance range is defined as:



Range	Definition	Gauge
Low	Acceptable level is no risk to little residual risk. Controls in place to mitigate risks to as low as reasonably practicable.	
Moderate	Acceptable level of medium residual risk so that innovation and opportunities can be maximised to provide value and threats are reduced to a safe level appropriately and cost effectively.	
High	Acceptable level of residual risk is high as it is either outside Council's control, provides opportunities that will result in rewards and value higher than the overall risk, or the investment required to mitigate the risk further is not prudent.	
Extreme	Acceptable level of residual risk is at a maximum.	


Risk Portfolio	Risk Portfolio Description	Risk Appetite and Tolerance	Risk Appetite Statement	Potential Key Risk Indicator ⁴
<p>People and Culture</p>	<p>Risks associated with health and safety and wellbeing; or the capacity and capability of staff, elected members, contractors and partners; ability to attract and retain skilled staff; behavior and/or performance of leaders and staff. Behaviour being guided by the values of the organisation.</p> <p>People risks typically result from staff constraints (not being able to fill key positions with skilled staff); incompetence</p>	 <p>High</p>	<p>WDC accepts that there is significant competition for talent and resource shortages for key skills required to deliver our services. Council also accepts that strong leadership and investment in staff is necessary to achieve its strategic objectives.</p> <p>WDC appreciates the challenge of attracting and retaining the right employees and building capable leadership and strong governance. Overall WDC accepts an appetite risk level of high. By exception there are some specific roles that will be identified where there is a lower appetite.</p> <p>The risk appetite is driven by the</p>	


⁴ Please note that these are a work in progress

Risk Portfolio	Risk Portfolio Description	Risk Appetite and Tolerance	Risk Appetite Statement	Potential Key Risk Indicator ⁴
	(lack skills and knowledge to do job correctly); or a corporate culture that does not cultivate risk awareness (lack of health and safety culture and/or risk awareness).		potential for non-delivery of Council's objectives and reputational damage.	
People Health and Safety and Wellbeing		 Low	WDC has a low appetite for risk resulting in serious injury or death related to any Council controlled activity.	Lead and Lag indicators reported in Health and Safety report to Council
Governance, reputation, legislative compliance and control	Risks associated with significant adverse or damaging perception of the Council by the general public and Waipa residents. This risk portfolio also includes risks associated with relationships and the engagement and trust of key stakeholders,	 Moderate	Relationships with stakeholders including Council's Iwi / Mana Whenua partnerships are critical to WDC. This includes building capacity and capability within our partners. A significant component of Council operations is the obligation to comply with externally set regulations and statutory requirements. In addition staff are	Resident satisfaction survey results Number of non-compliances identified through audit programmes Instance of non-compliance raised by regulatory body


Risk Portfolio	Risk Portfolio Description	Risk Appetite and Tolerance	Risk Appetite Statement	Potential Key Risk Indicator ⁴
	<p>including Iwi/Mana Whenua, and community.</p> <p>Risks related to Council's exposure to liability and/or breaches of legislation and policy.</p>		<p>required to follow Council's internal policies and procedures.</p> <p>Non-compliance can introduce financial and reputational damage.</p> <p>In summary: A primary mandate of the WDC is to effectively serve its communities. WDC must comply with legislation. However due to the breadth of the risk a moderate level of risk will be tolerated. In some instances the consequence is low or realistically mitigating the risk lower is not economically feasible.</p> <p>Council has a moderate appetite for the risks associated with relationships with Iwi/Mana Whenua and other key stakeholders as it accepts that there</p>	


Risk Portfolio	Risk Portfolio Description	Risk Appetite and Tolerance	Risk Appetite Statement	Potential Key Risk Indicator ⁴
			are challenges in building and sustaining effective relationships and constraints with the capacity and capability of Iwi partners.	
Environment	Risks associated with significant adverse or damaging effects on the environment.	 <p>Low</p>	<p>Adverse impact made on the environment by Council operations, including non-compliance with resource consent conditions, may introduce financial and reputational damage.</p> <p>WDC has a low appetite for the impacts of this risk portfolio.</p>	Number of instances of reported non-compliance with resource consents held.
Planning and Strategy	Risks associated with strategic decisions made by Council; inability to deliver on vision; or the ability to deliver on strategic objectives.	 <p>Moderate to High</p>	<p>The risk appetite is driven by potential damage to reputation and the desire to ensure customers are receiving the best value services for money.</p> <p>Council recognises the challenge of</p>	<p>Resident satisfaction survey results</p> <p>Uptake of online channels as rolled out</p> <p>Levels of community engagement</p>


Risk Portfolio	Risk Portfolio Description	Risk Appetite and Tolerance	Risk Appetite Statement	Potential Key Risk Indicator ⁴
	<p>This portfolio also considers risks due to the political environment within and external to Council.</p> <p>This portfolio also considers the leadership shown by Council and the management of responses of the community to the decisions made.</p>		<p>effective community engagement including explaining what Council provides and being transparent with decision making.</p> <p>As a result WDC has a moderate to high appetite for this risk portfolio, given the need to make strategic decisions sometimes in the absence of full agreement by the community and the work required towards satisfying needs and expectations.</p>	
<p>Planning and Strategy Changes in central Government policy</p>	<p>This can include legislative and policy changes introduced by central government.</p>	<p>High</p> 	<p>The risk appetite is high as Council has very limited ability to control this risk and appreciates the high level of uncertainty and ambiguity for proposed 3 waters, planning reforms and the review of the future of local government.</p> <p>Council's proactive approach in staying</p>	<p>Number of changes of legislation proposed and impact analysed</p>


Risk Portfolio	Risk Portfolio Description	Risk Appetite and Tolerance	Risk Appetite Statement	Potential Key Risk Indicator ⁴
			<p>abreast of potential changes and participation in forums/submissions, with peer Councils, influences accepting this level of risk appetite.</p>	
<p>Financial Organisation (includes Projects)</p>	<p>Risks related to the financial management of the Council and ability to fund activities and operations now and in the future.</p> <p>It also includes risks related to the management of budgets (both opex and capex) through operations and projects. Liquidity management and debt levels are also factors.</p> <p>External economic factors and market</p>	 <p>High</p>	<p>As per the Long Term Plan Council's debt levels are steadily increasing therefore there are less financial contingencies in place. There is limited control by Council of the financial impacts of COVID.</p> <p>Financial sustainability of the 10-Year Plan assumes a level of growth which needs to be closely monitored. WDC recognises the rate and quantum of growth can have a significant impact on the organisation and community. Whilst the drivers of the rate of growth are largely outside of</p>	<p>Actual against debt ratio benchmark</p> <p>Budget vs actual variance for operations and capex</p> <p>Rates collection rates</p> <p>Number of consents issued</p>

Risk Portfolio	Risk Portfolio Description	Risk Appetite and Tolerance	Risk Appetite Statement	Potential Key Risk Indicator ⁴
	<p>conditions can also impact the financial capability of Council and are also sources of risk.</p> <p>The impact of COVID at all levels will continue to cause economic uncertainty over the short to medium term.</p>		<p>Council's control it understands the importance of forecasting, planning for and managing growth.</p> <p>The inability to effectively deliver due to financial consequences introduces both reputational and potential compliance risk to Council. Noting also that exceeding expenditure or not operating within financial policies may have an adverse impact on rate levels and/or audit outcomes</p> <p>Council is willing to accept a high level of risk as reinforced by the financial parameters approved though the 2021-31 LTP. Focus is on ensuring council services are run prudently.</p>	

Risk Portfolio	Risk Portfolio Description	Risk Appetite and Tolerance	Risk Appetite Statement	Potential Key Risk Indicator ⁴
<p>Information Management Cyber-security risk / data protection / data use and opportunities</p>	<p>The risks in this portfolio are associated with the failure or compromise of processes, systems and data. This includes non-compliance with legislated obligations.</p> <p>They also include failure to utilise data and/or make the best opportunity of the data sets Council holds.</p>	 <p>Moderate</p>	<p>WDC manages a range of data pertaining to its own activities and that of its stakeholders. Although deemed to be an unlikely target for cyber risk (compared to other organisations) it has a moderate appetite. It is also working to ensure that legislative obligations are met.</p> <p>Information is one of the largest assets of Council and the increasing reliance on technology to deliver services and meet customer expectations are key drivers of this appetite.</p> <p>The investment in technology is required to maintain risk levels within this appetite with any further lowering requiring unsustainable levels of funding.</p>	<p>Number of security incidents and corrective actions identified</p> <p>Trends in security risks and vulnerabilities as per quarterly compliance reporting</p> <p>Compliance with legislative obligations.</p>

Risk Portfolio	Risk Portfolio Description	Risk Appetite and Tolerance	Risk Appetite Statement	Potential Key Risk Indicator ⁴
			<p>The risk is driven by compromised cyber-security resulting in reputational damage and property loss.</p> <p>There is moderate appetite around the use of data and the opportunity to utilise data.</p>	
<p>Resilience (including Operations and Service Delivery and Property and Assets)</p>	<p>The risks in this portfolio are associated with business continuity; risks impacting the day to day business function and level of service delivery.</p> <p>It also covers risks associated with the immediate management and recovery of normal business operations after a disruptive event. These may be internal and/or</p>	 <p>Low to Moderate</p>	<p>The ability to provide essential services following a natural disaster or other unforeseen event is a core function of Council. WDC has a low to moderate appetite for emergency management, crisis management, and business continuity risk.</p> <p>The higher level of risk appetite is for less disruptive events that can be managed to minimize the impact on the Council and District through the established response mechanisms,</p>	<p>Internal audit results for business continuity/crisis management and emergency management compliance and preparedness</p> <p>Programme of testing and reporting of effectiveness of preparedness from simulated and actual incidents</p>

Risk Portfolio	Risk Portfolio Description	Risk Appetite and Tolerance	Risk Appetite Statement	Potential Key Risk Indicator ⁴
	external, and may impact only WDC or the District.		including the Crisis Management Team. This appetite is driven by potential failure for emergency management and core service delivery introducing significant financial and reputational risk to Council and significant social and economic risk to the District.	
Resilience (Climate Change)	It also includes risks associated with climate change as we build more resilience within Council and the Community.	 <p>Moderate</p>	Climate change events could have a substantial effect on WDC and its community. With increasing expectations from central government and community the option of delaying preparations for climate change is no longer viable. Council will include climate change in planning for infrastructure and the community, and make some investment and	Changes in baseline carbon footprint Projects delivering climate change response or future proofing. Climate change reporting requests from Ministry for Environment

Risk Portfolio	Risk Portfolio Description	Risk Appetite and Tolerance	Risk Appetite Statement	Potential Key Risk Indicator ⁴
			<p>resource to start lowering the appetite over the next year. This includes responding to reporting requirements.</p> <p>The activity to mitigate against climate change is increasing within Council who has an aspirational target residual risk level of moderate.</p>	
<p>Fraud, Bribery and Corruption</p>	<p>The risks in this portfolio are associated with fraud, bribery and corruption.</p> <p>People risks include dishonesty (theft or fraud).</p>	 <p>Low</p>	<p>Non-compliance can introduce financial and reputational damage; this includes the risks associated with fraud and theft and/or bribery and corruption or lack of probity. In regard to fraud, bribery and corruption risk tolerance is low.</p>	

PART 2 - GLOSSARY

TERM	DEFINITION
Council	Waipa District Council, elected members.
Strategic risks	Risks that could affect the achievement of our vision, purpose, strategic goals and objectives, and strategies.
Operational risks	Risk associated with day to day business operations of the organisation.
Project risks	Risk event which if it materialises could potentially have an impact on the project objectives, resources and timelines.
Risk/ risk event	The potential effect of a future event that, if it happens, is expected to affect the outcome or outputs of one or more business objectives in a positive or negative way.
Risk appetite	The amount and type of risk that the organisation is willing to take in pursuit of our organisational objectives
Risk culture	The behaviours, attitudes and practices associated with risk management, reflected by staff while performing the day to day business operations.
Risk management	The culture, processes, systems and activities that assist in making informed decisions, with regards to risks to be pursued and/or avoided, to achieve our business objectives.
Risk management process	Systematic application of management policies, procedures and practices to the activities of communicating and consulting; understanding and defining the scope, content and criteria for risk management; identifying and assessing risks; exploring potential options for risk treatment; monitoring and reviewing the risks and risk management processes; recording and reporting on risk management.
Risk profile	Identifying, assessing and rating the top risks based on the effectiveness and efficiency of related control measures and understanding the impact of such risks on the business objectives.
Risk tolerance	The Council's readiness to bear risk after the risk treatment in order to achieve objectives. Risk tolerances are based on the maximum level of acceptable risk and may be expressed in various ways depending on the nature of the risk.
Inherent Risk	The level of risk when there are no controls or treatment – i.e. if we were to do nothing
Residual Risk	The level of risk after controls are in place
Stakeholder	Person or organisation that can affect, be affected by, or perceive themselves to be affected by a decision or activity
Waipa DC / WDC	Waipa District Council, the organisation.



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APPENDIX 4

Quarterly Risk Management Report for the period June to August 2021
(document number 10681112)

KEY INSIGHTS

- The Top Risks and Risk Appetite Statement have been reviewed and included as a separate agenda item.
- The risk to Financial Sustainability is marked as trending stable. While the COVID resurgence has occurred the residual risk was increased in the top risk review due to the increased debt and lower reserve levels. At this stage there are not strong enough indicators to trend this upwards.
- Top Risk 3 Failure to respond to COVID-19 impact has been marked as trending upwards. Council's Crisis Management Team has been activated and is managing Council's internal response to the latest COVID-19 outbreak. The latest resurgence however creates uncertainty as to the economic and social impact on the Community.
- Note the emerging risk remains around customer behaviour. Response plans are in place, with additional response plans being developed based upon the developed response framework.
- Council continues to actively monitor and proactively respond to requests for information in regards to the multiple reforms underway.

TOP RISK MITIGATION ACTION MONITORING

The new mitigants for the 21/22 year are outlined in the separate agenda item in regards to the Top Risk and Risk Appetite Review report. The mitigants will be reported by exception from the December 2021 ARC meeting onwards.

EMERGING RISK

The following emerging risk remains this quarter, noting that the COVID resurgence will further impact Community tolerance levels and behaviours.

If the increasing episodes of bad behaviour, abuse and aggression from customers continue or escalate then staff and Council representatives' health, safety and wellbeing may be compromised and/or there may be a major incident impacting Council and the community.

DELETED RISKS

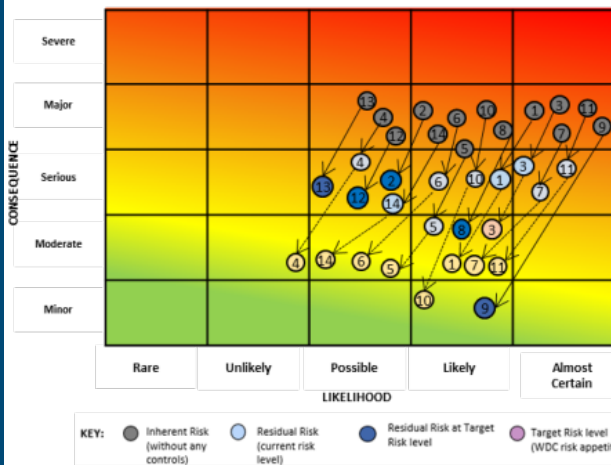
- Top Risk: Changes in Central Government policy or legislation
- Top Risk: Failure to respond to Customer Demand
- Top Risk: Failure to prioritise and develop future projects that meet community expectations

OPERATIONAL RISKS

Promapp Risk Management Module has been purchased and will be used to record and report operational risks once rolled out over the next quarter. Risk management training incorporating operational risk management is currently being developed.

QUARTERLY RISK MANAGEMENT REPORT FOR JUNE TO AUG 2021

TOP RISKS HEAT MAP – 14 TOP RISKS



- A total of 14 Top Risks identified and assessed for this financial year.
- The uncertainty created economically by COVID-19 remains a key driver. This is paralleled with the uncertainty created by the number of reforms currently underway.

ADDITIONAL RISK REPORTING (as per Risk Management Policy)

PROJECT DELIVERY RISKS (Capital Works)

Project Delivery Risks (Capital Works) will be discussed under Project Delivery Report agenda item (may be Public Excluded).

OTHER PROGRAMME AND PROJECT RISKS

Project	Description	Risk Reduction Measure & Treatment Type	Risk Priority
Digital programme	If there is a reprioritisation of priorities and in particular significant increase in BAU activity which takes pre-planned project resources away from projects then projects will be delayed.	Project planning including resource requirements completed for all projects. Conservative worst case scenario applied. Backfilling considered where significant resource is required.	Very High Risk
Digital programme	If the vendor lead time for booking resources continues to extend then there will be significant delays getting issues attended to in a reasonable timeframe	Monthly program discussions held between WDC and TechOne to plan well in advance. Early escalation of issues. Some elements of this outside of WDC	Very High Risk
Digital programme	If supply chain delays means it is difficult to get hardware in a timely manner, then projects which require new hardware will be delayed.	Project scoping used to indicate hardware requirements earlier to provide more time for acquiring equipment. Some elements outside of	Very High Risk

SUMMARY OF TOP RISKS

#	Risk Area and Statement	Residual (current) level	Trend
1	Inadequate staffing capacity and capability to deliver Council's objectives: If Council is not adequately resourced, both in terms of capacity and capability, then this under resourcing may contribute to failure and/or significantly increased costs to deliver service levels and key projects.	Very High	➔
2	Failure to deliver the programme of capital works: If Council fails to plan and deliver the proposed programme of capital works then this will impact the overall delivery of infrastructure to support growth, level of service improvements and asset replacement.	High	➔
3	Failure to respond to COVID-19 impact: If Council fails to adequately respond and recover from the ongoing impacts of COVID-19 then there will be a negative impact on both the organisation and District.	Very High	⬆
4	Failure to protect information management assets: If information management assets are compromised through actions of staff or other parties including cyber-security attacks, privacy breaches, data loss or corruption, or non-compliance of legislated obligations then Council's delivery of services and reputation will be negatively impacted.	High	➔
5	Failure of relationships with key stakeholders: If Council has a breakdown in relationships with key stakeholders then Council's ability to operate and deliver services and projects effectively and within reasonable timeframes will be significantly impacted with negative flow on impacts to the community.	High	➔
6	Failure of Iwi/Mana Whenua partnerships: If Council's partnerships with Iwi/Mana Whenua are not sustained and developed, including developing capacity and capability within Mana Whenua, then Council's ability to operate and deliver key projects will be significantly impacted and it may also fail to meet its post-Treaty settlement obligations.	High	➔
7	Risk to Financial Sustainability: If Council does not have sufficient liquidity and/or funding or debt levels are at limit, or if an unforeseen event such as a disaster requires funding then delivery of service levels and key projects may be significantly impacted.	Very High	➔
8	Failure to manage the response of the Community to Council decisions: If Council does not effectively manage the response of customers and the community to Council decisions and they do not understand and trust the decisions made by Council then Council's reputation will be negatively impacted.	High	➔
9	Failure to embed a Health and Safety culture: If Council does not have a strong Health and Safety culture and commitment to keeping staff, contractors and members of the public safe for Council controlled activities then there will be unacceptable injuries and potentially fatalities with legal consequences.	Medium	➔
10	Failure to prepare for climate change impacts: If Council does not understand and/or adequately prepare for climate change impacts then the lack of knowledge and forward planning may have significant financial and reputational effects as well as adverse economic and social impacts on the community.	Very High	➔
11	Failure to prepare for 3 waters reforms: If Council does not understand and/or adequately prepare for the proposed 3 waters changes from Central Government then there may be adverse financial and reputational impacts as well as the economic and social wellbeing of the community being negatively impacted.	Very High	➔
12	Failure to forecast and manage growth: If Council fails to adequately forecast and manage medium term growth then there will be adverse impacts on finances and reputation and potential negative impacts on community wellbeing.	High	➔
13	Failure to prepare for future of local government review and impacts: If Council fails to adequately understand and/or prepare for the impact of the future of local government review and reforms then there will be adverse impacts on the organisation, reputation and potential negative impacts on community wellbeing.	High	➔
14	Failure to realise asset sales: If Council fails to effectively realise the planned asset sales then there will be underfunding and inability to deliver some projects in the LTP with negative impacts on reputation and community wellbeing.	High	➔

KEYS

- E** Emitter risk
- R** Receiver risk
- Covid-19
- Staff capacity and capability
- Staff capacity and capability
- Growth
- Deliver the programme of capital works
- Community response
- Growth
- Risk to Financial Sustainability
- Iwi/Mana Whenua partnership
- Key stakeholder relationships
- Higher velocity Risk Pathways**
- Information management – Community response

COMPLIANCE REPORTING

INTERNAL AUDIT UPDATE

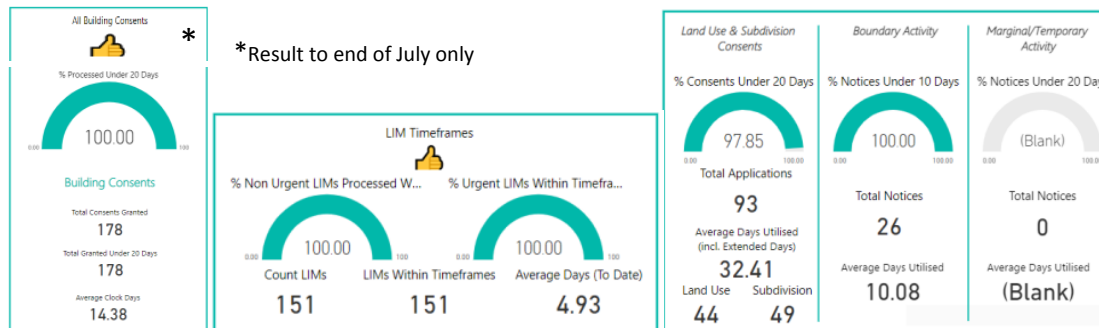
Audit	Type of Audit	FY audit completed	Expected programme completion	RAG status
Business Continuity Management Gap Analysis	Maturity	May-2017	Dec-2022	Follow up audit planned 21/22
Procure to Pay	Internal control	May-2017	Jun-2021	Follow up audit planned 21/22
Contract Management	Internal control	Mar-2018	Jun-2021	Follow up audit planned 21/22
Risk Management Maturity	Maturity	Jun-2018	Jun-2022	
Legislative Compliance Framework	Maturity	Mar-2019	Jun-2022	
Cyber Security Maturity Assessment (now aligned to ALGIM framework through WLASS)	Maturity	Feb-2019	Jun-2022	
Asset Management Planning Framework	Internal control	May-2020	Jun-2022	
Fraud Risk Management Gap Analysis	Internal control	Mar-2021	Jun-2023	
Project and Programme Management	Maturity	TBC		

- The internal audit improvement programmes are largely on track.
- Updates on the Business Resilience, Cybersecurity and Asset Management Planning Improvement Programmes are provided as separate agenda items.
- A follow up review of procure to pay, contract management and business continuity is planned for the 2021/22 year to confirm progress against the improvement plans.
- Improvement programs completed:
 - Payroll
 - Health and Safety
 - Capex procurement (PSP)

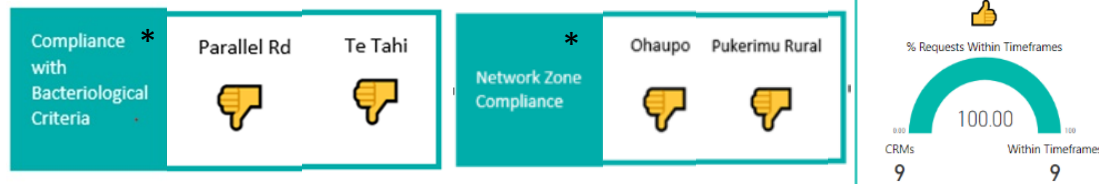
CYBER SECURITY

- The overall level of cybersecurity risk during the reporting period continues to see improvement since the previous report. There is no change to previous reports for external threat trends and social engineering attacks continue to be the most common type of attack.
- The Cybersecurity Incident Response Plan (CSIRP) that WDC has been developing with other WLASS councils is now complete. The staff phishing training has had a positive effect on cyber security awareness with the number of clicks by staff on suspicious e-mail attachments having significantly decreased. Further training is planned.
- A Cyber security improvement program update is included as a separate agenda item.

STATUTORY TIMEFRAME COMPLIANCE (YTD 1 July to 30 Aug 2021)



See commentary below for further explanation of figures



Commentary for those measures not meeting targets:

Land use consents: These are actually 100%. One consent is showing as over timeframe which was publicly notified, the application was heard by a Commissioner who adjourned the hearing by 16 days. This is not included within CI calculations but is captured in memos in CI for MFE reporting and calculation.

Drinking Water Compliance – Bacteria

Parallel Road water treatment plant and TeTahi is non-compliant, pending public health decision.

Drinking Water Compliance – Network Zone

E.coli detected in two zones during routine sampling. Council investigating with lab. Will be submitted to public health as extensive sampling supported contamination did not occur leaving plant or in the zone. Post sampling contamination occurred.

LEGAL COMPLIANCE

Privacy

- Council elected to report a minor privacy breach to the Privacy Commissioner in regards to releasing submitter details in error when the submitters requested anonymity.

Further detail is in the risk management update.

COMPLIANCE IMPROVEMENT PROGRAMME

The software ComplyWith has been purchased and planning for implementation is currently underway. The software will perform three functions:

- Provide access to staff of relevant legislation and the obligations they are required to meet in plain speak.
- Notify Legal Counsel of any changes in legislation to allow for dissemination of these changes to relevant staff.
- Enable a visible yearly attestation process for Managers to advise of levels of legislative compliance in their area.

APPENDIX 5

Framework for managing threats and aggressive customers (document number 10681111)



THREAT AND RESPONSE FRAMEWORK: AGGRESSION

TIMEFRAME

ACTION RESPONSES

RESOURCES

Pre-Incident

External Expectation of Customer Conduct ¹

Staff Recognition of Aggressive Behaviour ²

CS Frontline	Libraries	Museum	Animal Control	Field Staff	Call Centre	All Staff
--------------	-----------	--------	----------------	-------------	-------------	-----------

Escalation

Attempt to Diffuse ²						
Duress Process ³			Lone Worker ⁴	Make Safe ⁵	Script & End Call ⁶	Unreasonable Request ⁷
Lockdown Process ⁹						LGOIMA Comm Protocol ⁷
Reopen Process ¹⁰						Complaints process ⁸

Post-Incident

Warning Letter ¹¹

Trespass ¹¹

Log incident in TRAX ¹²

Support Services ¹³

Debrief ¹⁴

1. Website material (W)
2. Guide to Aggressive Behaviour
3. Activate and respond to duress alarm (P)
4. Respond to lone worker alarm (P)
5. Field staff response (P)
6. Activate and respond – script
7. Unreasonable Request process including LGOIMA (P)
8. Complaints process (W)
9. Lockdown Office (P)
10. Reopen office (P)
11. Warning letter and trespass (P&T)
12. Log incident into TRAX
13. Awareness and access to support services
14. Debrief process (P)

W - Website
 P - Promapp process
 T - Template

APPENDIX 6

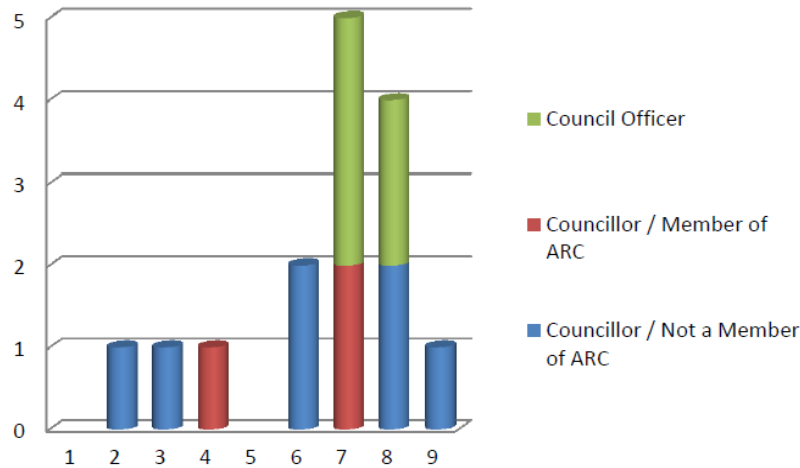
The ARC Survey Results appendix (document number 10689115)



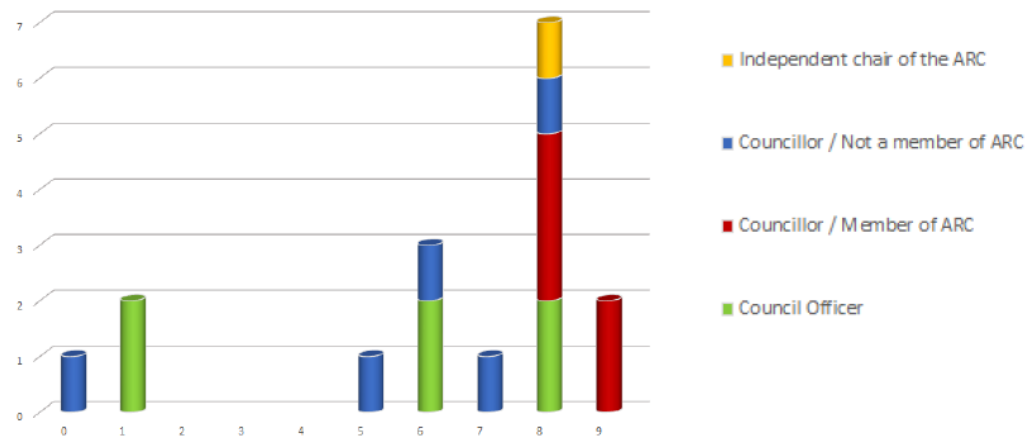
Audit and Risk Committee Evaluation Survey 2021

Please rate on the scale 1 (minimal) to 9 (substantial), what is your overall assessment of the added value the Audit and Risk Committee brings to Waipa District Council

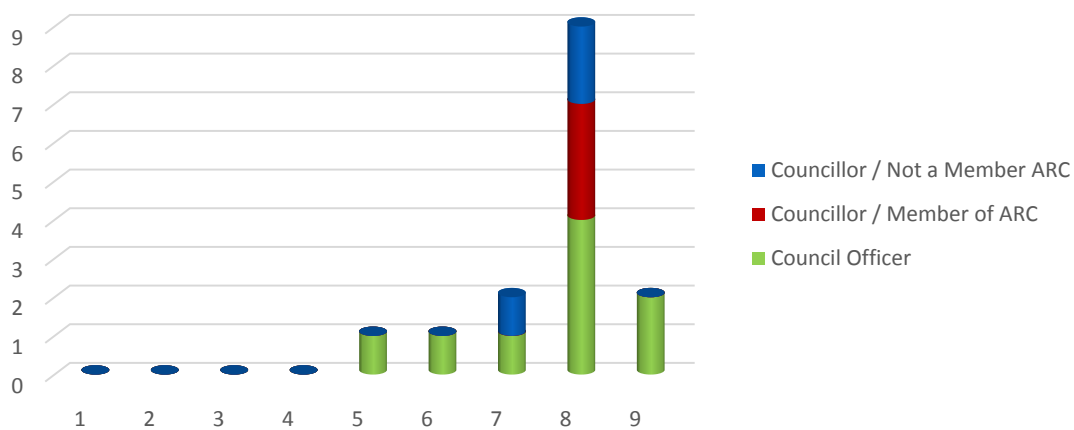
March 2016 results



August 2020 results



August 2021 result

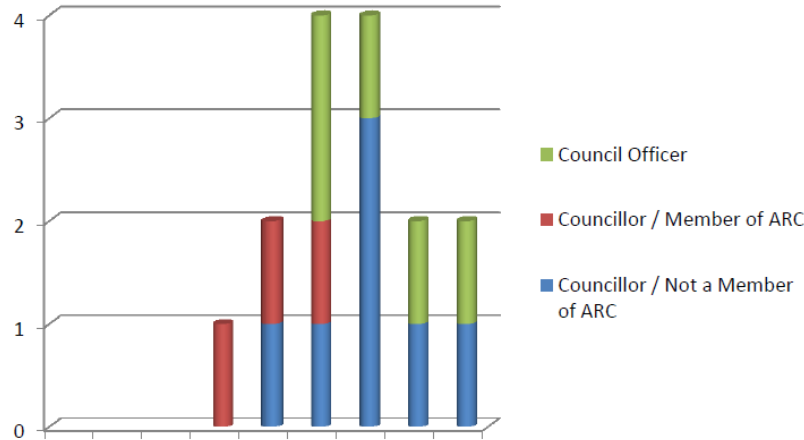




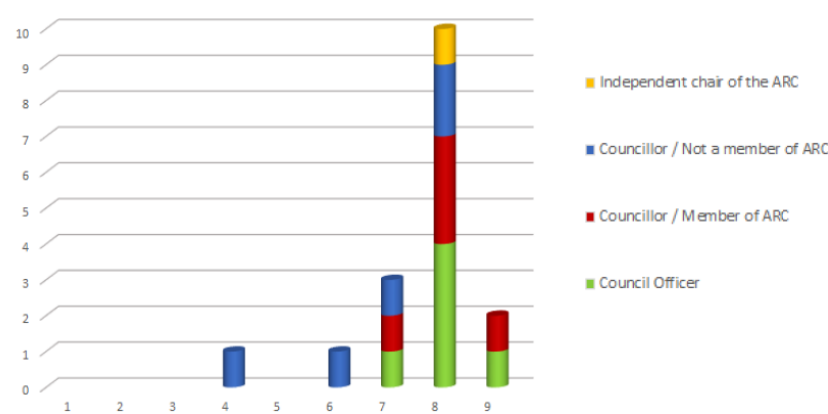
Audit and Risk Committee Evaluation Survey 2021

Please rate on the scale from 1 (very limited knowledge) to 9 (a comprehensive understanding), your appreciation of the risks facing Waipa District Council following nearly 6 years of the Audit and Risk Committee.

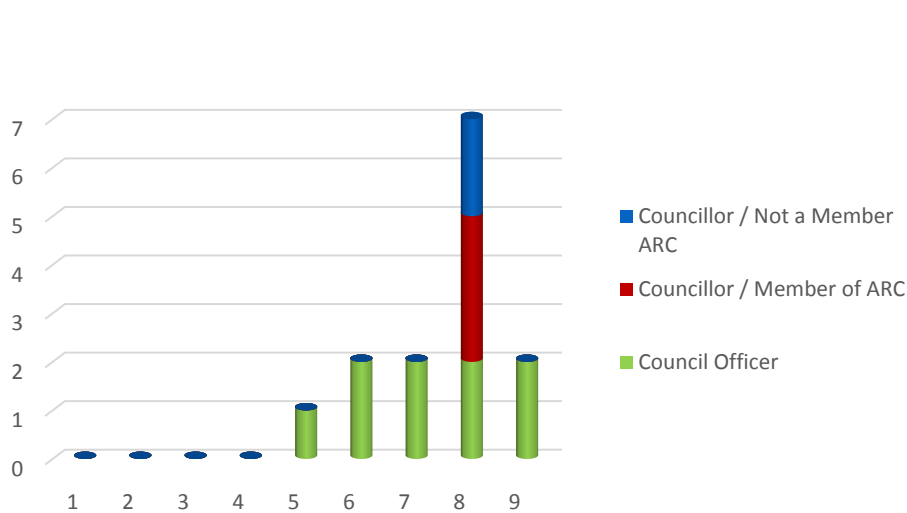
March 2016 results



August 2020 results



August 2021 results

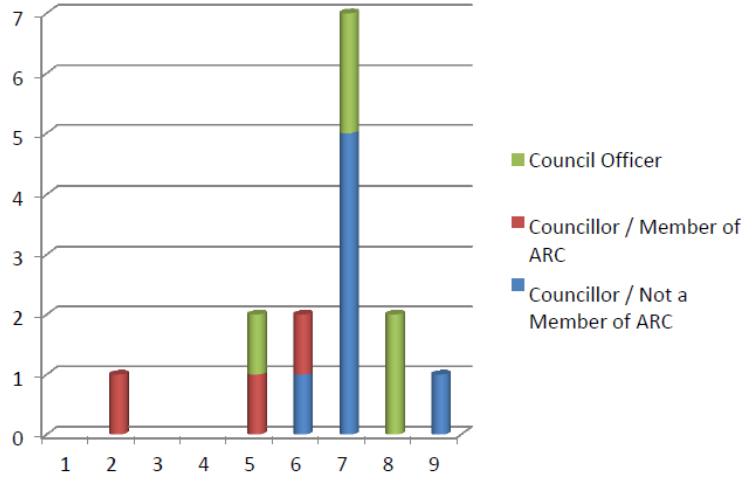




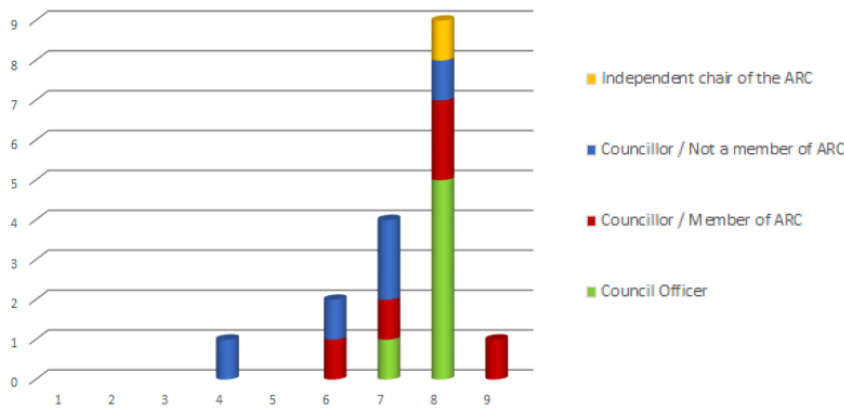
Audit and Risk Committee Evaluation Survey 2021

Please rate on the scale from 1 (not capable) to 9 (extremely capable), your capability to manage risk in your role for Waipa District Council following nearly 6 years of the Audit and Risk Committee.

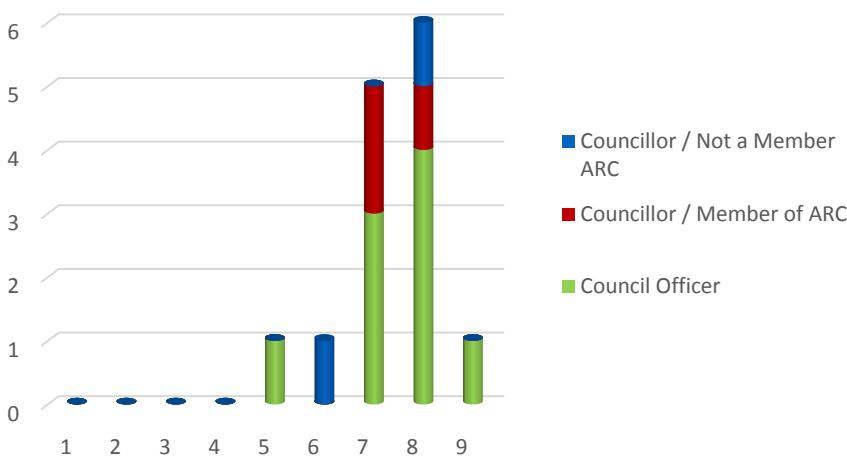
March 2016 results



August 2020 results



August 2021 results

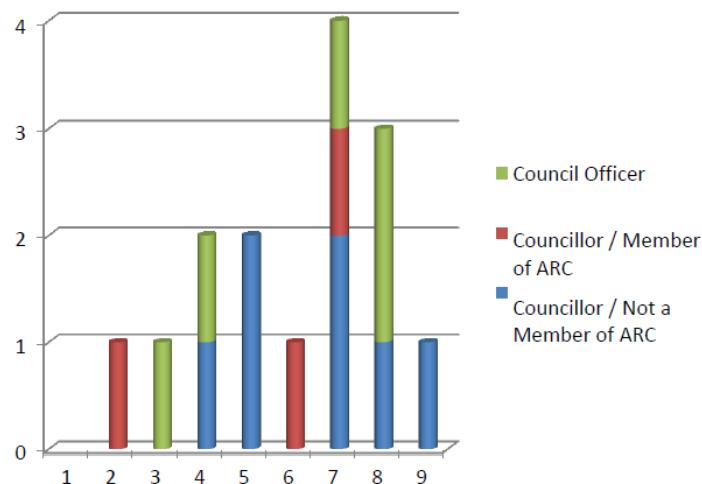




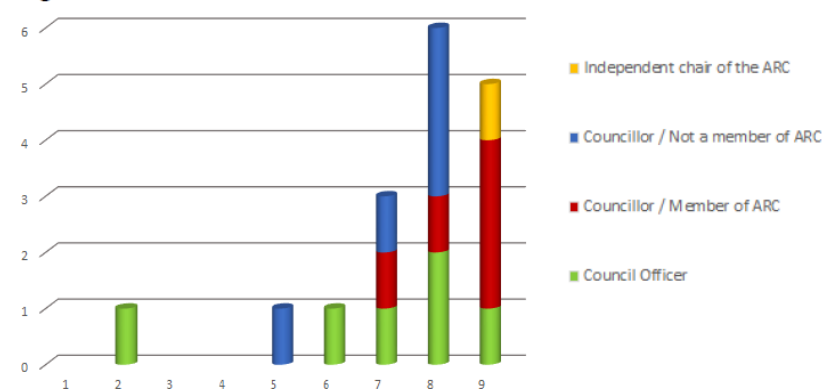
Audit and Risk Committee Evaluation Survey 2021

Please rate on the scale 1 (no support) to 9 (fully supported), the level of support you receive to manage risk in your role at Waipa District Council following nearly 6 years of the Audit and Risk Committee.

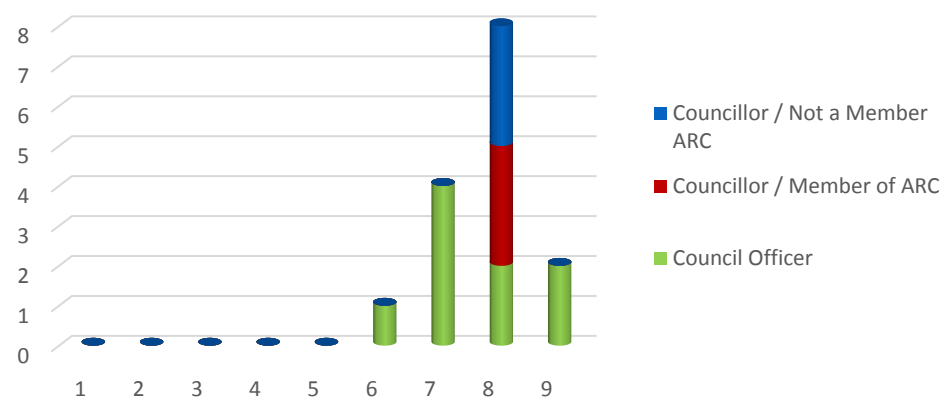
March 2016 results



August 2020 results



August 2021 results



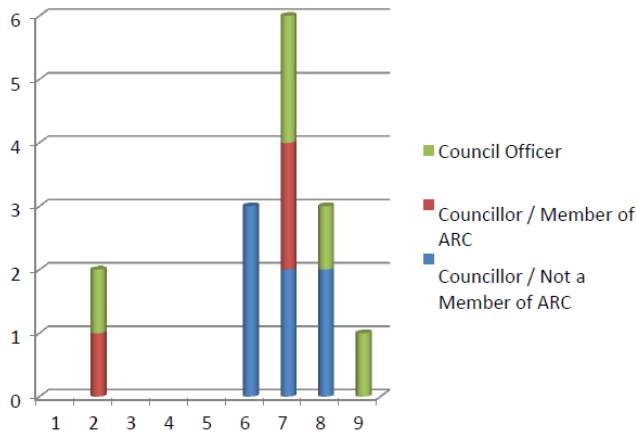


Audit and Risk Committee Evaluation Survey 2021

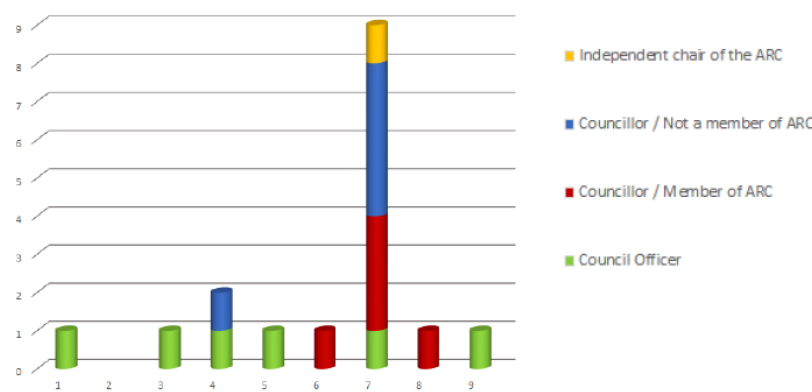
How do you rate on the scale of 1 (limited knowledge) to 9 (extremely knowledgeable), your knowledge of the following matters as they relate to Council:

Treasury management policy

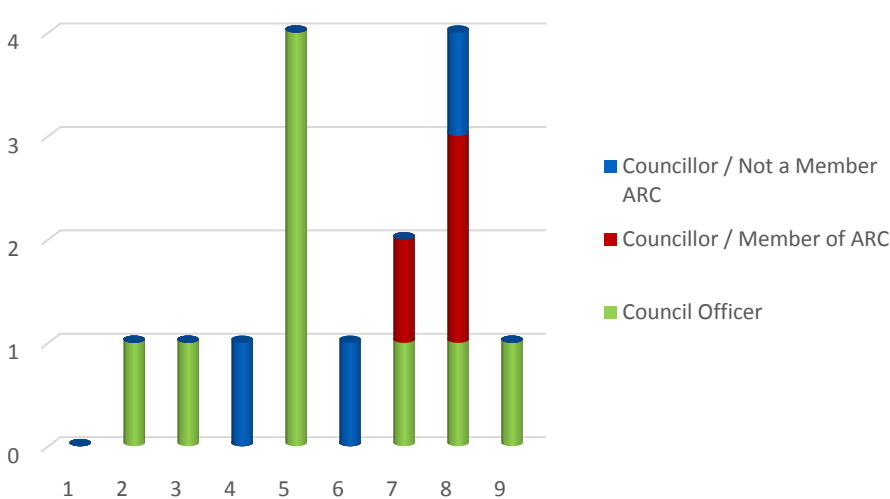
March 2016 results



August 2020 results



August 2021 results



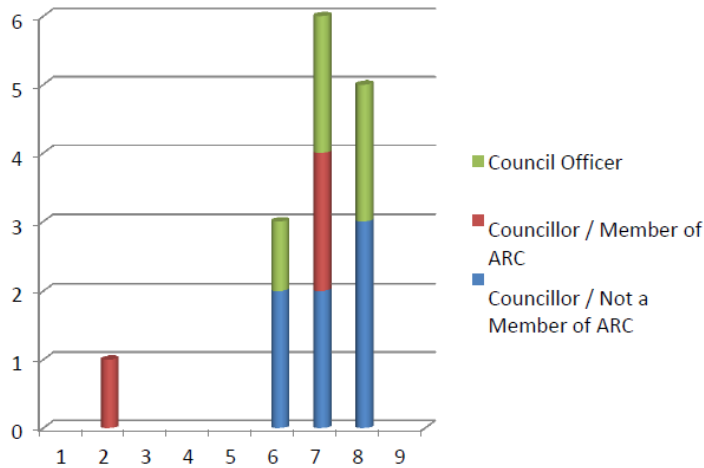


Audit and Risk Committee Evaluation Survey 2021

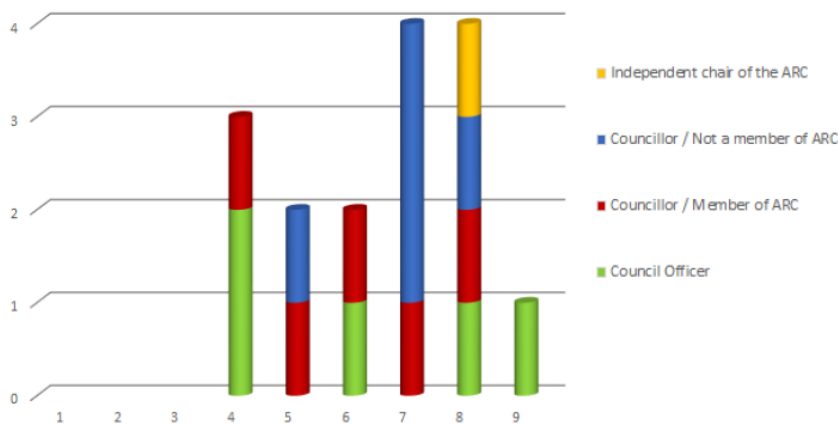
How do you rate on the scale of 1 (limited knowledge) to 9 (extremely knowledgeable), your knowledge of the following matters as they relate to Council:

Insurance arrangements

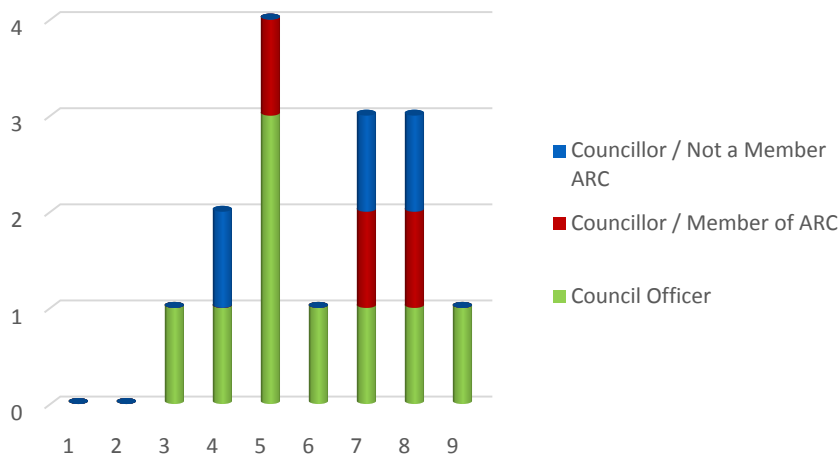
March 2016 results



August 2020 results



August 2021 results



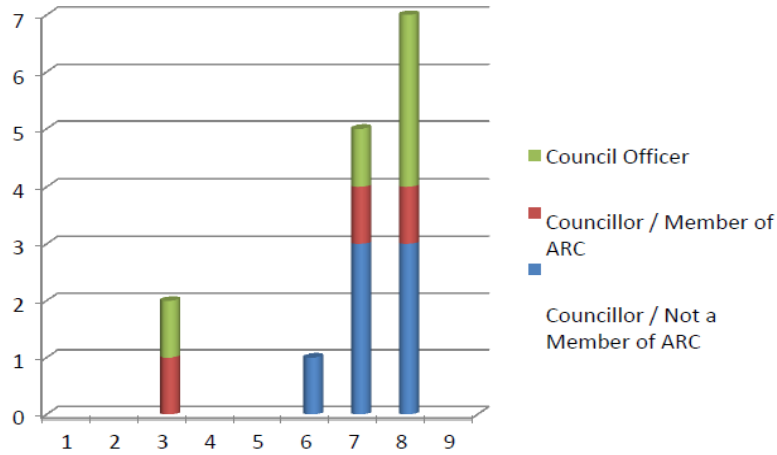


Audit and Risk Committee Evaluation Survey 2021

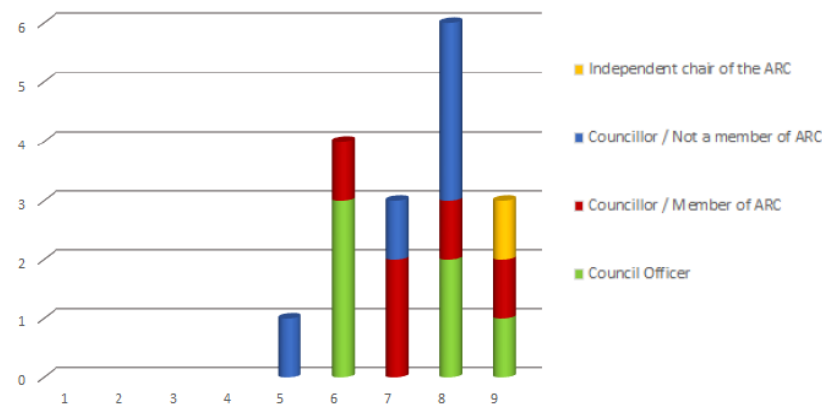
How do you rate on the scale of 1 (limited knowledge) to 9 (extremely knowledgeable), your knowledge of the following matters as they relate to Council:

Financial management polices

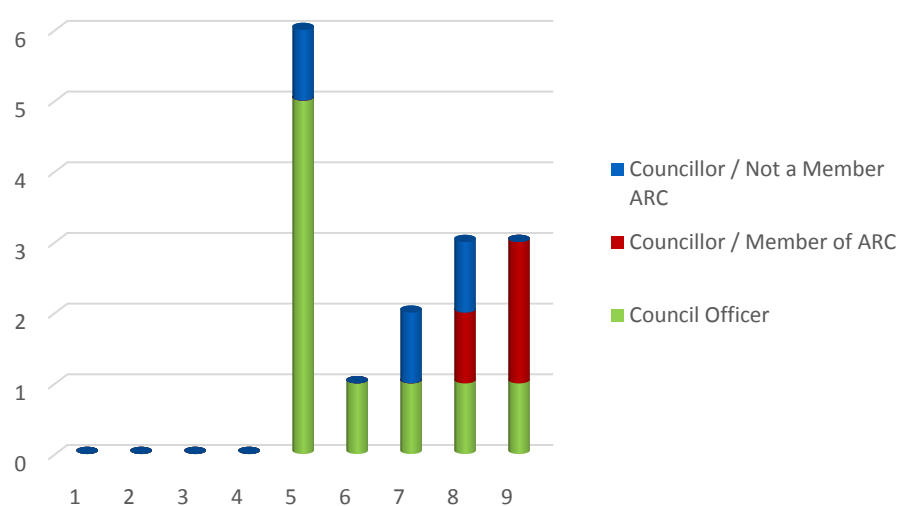
March 2016 results



August 2020 results



August 2021 results



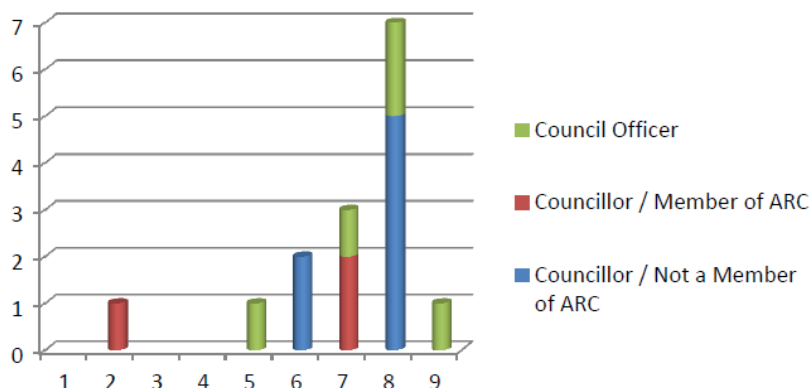


Audit and Risk Committee Evaluation Survey 2021

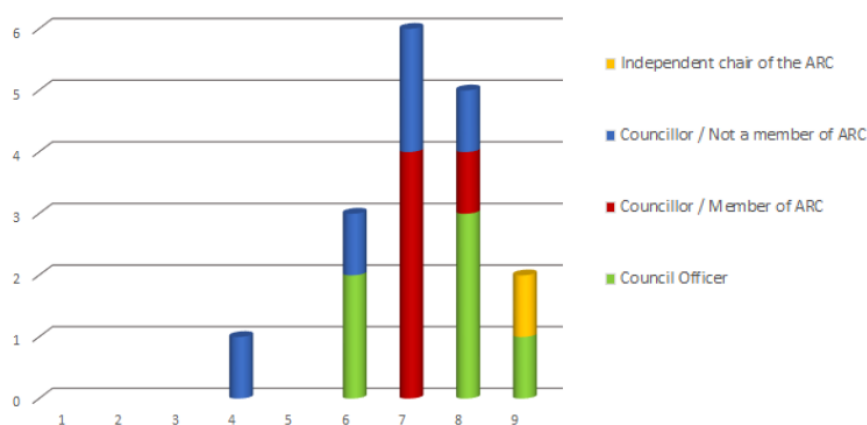
How do you rate on the scale of 1 (limited knowledge) to 9 (extremely knowledgeable), your knowledge of the following matters as they relate to Council:

External audit / external accountability

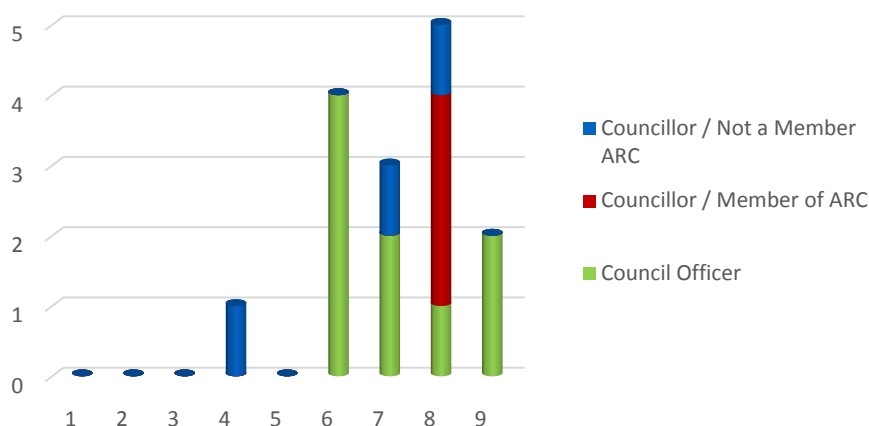
March 2016 results



August 2020 results



August 2021 results



Audit and Risk Committee Evaluation Survey 2021

What areas can you identify where the Audit and Risk Committee should focus more attention or where there is a need for more support?

- It depends on what the role of ARC is. For example, is it there to support staff and provide more focus, or is it there to provide oversight and accountability for risk management? I thought it was the latter, not the former. However, the questions suggest otherwise.
- None
- Councillor's outside Audit and Risk Committee to receive more support and information
- Better connection between ARC and other Councillors - increase in risk management capability across all Councillors.
- None
- The range of risk and measures put in place, accountability and visibility of risk appears to be well covered at Council.
- Growth activity - planning; property; legal
- The direction of central government reforms for local government
- I think the focus is fine as it is now.
- None, I like the diverse programme that has been set up.

What aspects of the work of the Audit and Risk Committee do you think has produced the most value to you in your role with Waipa District Council?

- n/a
- All aspects are valuable
- Made aware of current and future risks and liabilities
- Support of the work we are undertaking to increase the risk management maturity of Council in general. Strong engagement of ARC in the top risks from which to have these conversations across different Council areas. Greater visibility of WDC risk management practices to our external auditors.
- Managing organisational risks , liability risks and health and safety risks
- Valuable input from external chair
- Impact comes from discipline
- Internal audit reviews - keeping our eye on the ball in responding to these
- Internal audits
- The focus on risk through the annual Top Risk review with its focus on strategic risk identification and appetite; the deep dives; and the CE and GM risk discussions
- Comfort that risks are being managed pro-actively and competently
- In depth consideration of identified top risks. Identification of growth as a key risk. Also 'in committee' discussion with CEO and exec directors on their individual and personal opinions on concerns and risks.

Audit and Risk Committee Evaluation Survey 2021

We would like to hear of any negative consequences that you have noticed following the establishment of the Audit and Risk Committee. This feedback is treated anonymously. Please provide your comments here:

- n/a
- None
- Nil. I believe that the Committee is a positive innovation
- None
- Some duplication with also having to report similar material to the F&CC.
- None
- We focus on closing some audit feedback when to do so can put too much pressure on our Organisation!
- None, its good value for the time it takes.
- Nothing to note - the work of this committee is entirely positive in my view
- Not aware of any negatives

Any other comments would be welcome:

- Great there is an independent chair
- None thank you.
- Great work happening through this Committee - let's keep it going!
- Bruce Robertson as independent chair contributes a lot of value to the committee

COUNCIL REPORT



INFORMATION ONLY

To: His Worship the Mayor and Councillors
From: Legal Counsel
Subject: **RMA DELEGATIONS**
Meeting Date: 28 September 2021

1 EXECUTIVE SUMMARY

The purpose of this report is to recommend amendments to Council delegations under the Resource Management Act 1991 (RMA) following an in-depth review of Council's RMA delegations.

2 RECOMMENDATION

That –

- a) the information contained in the report titled 'RMA Delegations' (document number 10683839) of Diana Aquilina, Legal Counsel be received;*
- b) pursuant to section 34A of the Resource Management Act 1991, Council delegates its functions, powers and duties under that Act to specified roles as set out in Appendix 2 to this report; and*
- c) the Delegations Register be updated accordingly.*

3 COMMENT

Council staff have recently conducted an in depth review of the Council delegations to staff, planning consultants and hearing Commissioners. As a result, a number of revisions to the current delegations is recommended. These are set out in tracked-changes in Appendix 2 to this report.

The changes will ensure that functions are delegated to the appropriate roles to ensure the efficient allocation of staff time. The changes also ensure the scope of the delegated functions are more clearly described.

Financial status and Significance

There are no financial implications to consider in this matter. This matter is considered of low significance in terms of Council's Significance and Engagement Policy.



Diana Aquilina
LEGAL COUNSEL



Approved by Ken Morris
**DEPUTY CHIEF EXECUTIVE /
GROUP MANAGER BUSINESS SUPPORT**



Approved by Wayne Allan
**GROUP MANAGER DISTRICT GROWTH AND
REGULATORY SERVICES**

Appendix 1

S34A Delegation of powers and functions to employees and other persons

- (1) A local authority may delegate to an employee, or hearings commissioner appointed by the local authority (who may or may not be a member of the local authority), any functions, powers, or duties under this Act except the following:
- (a) the approval of a proposed policy statement or plan under clause [17](#) of Schedule 1:
 - (b) this power of delegation.
- (1A) If a local authority is considering appointing 1 or more hearings commissioners to exercise a delegated power to conduct a hearing under Part [1](#) or [5](#) of Schedule 1,—
- (a) the local authority must consult tangata whenua through relevant iwi authorities on whether it is appropriate to appoint a commissioner with an understanding of tikanga Māori and of the perspectives of local iwi or hapū; and
 - (b) if the local authority considers it appropriate, it must appoint at least 1 commissioner with an understanding of tikanga Māori and of the perspectives of local iwi or hapū, in consultation with relevant iwi authorities.
- (2) A local authority may delegate to any other person any functions, powers, or duties under this Act except the following:
- (a) the powers in subsection [\(1\)\(a\)](#) and [\(b\)](#):
 - (b) the decision on an application for a resource consent:
 - (c) the making of a recommendation on a requirement for a designation.
- (3) *Repealed.*
- (4) Section [34\(7\)](#), [\(8\)](#), [\(9\)](#), and [\(10\)](#) applies to a delegation under this section.
- (5) Subsection [\(1\)](#) or subsection [\(2\)](#) does not prevent a local authority delegating to any person the power to do anything before a final decision on a matter referred to in those subsections.

Appendix 2

REGULATORY COMMITTEE – updated 18 November 2019. Res no: 1/19/105, updated 26 May 2020. Res no: 1/20/22

Purpose:

To manage the regulatory aspects of Council’s business, in particular in relation to the Resource Management Act 1991.

Delegated authority to:

1. Exercise pursuant to Section 34(1) of the Resource Management Act 1991 Council’s functions, powers and duties under the Act (subject to the requirements in relation to accreditation).
2. Exercise Council’s functions, powers and duties under the Dog Control Act 1996, in particular:
 - 2.1 hearing and determining an objection to a probationary owner classification under section 22:
 - 2.2 terminating a probationary owner classification under section 23:
 - 2.3 hearing and determining an objection to a disqualified owner classification under section 26:
 - 2.4 hearing and determining an objection to a dangerous dog classification under section 31:
 - 2.5 determining an objection to a menacing dog classification under sections 33B or 33D:
 - 2.6 hearing and determining an objection to a barking dog notice under section 55:
3. Exercise, pursuant to Section 12 of the Fencing of Swimming Pools Act 1987, Council’s functions, powers and duties under Section 6 of the Act and clause 11 of the Schedule to the Act, in particular:
 - 3.1 granting exemptions under section 6; and
 - 3.2 making determinations under clause 11 of the Schedule.
4. Exercise Council’s functions, powers and duties under the Food Act 2014 and associated regulations (including to act as the registration authority).
5. The authority to hear any objection concerning any officer’s decision or other objection in relation to any regulatory function and in particular, but not exclusively, in relation to the Building Act 2004, Part II of the Health Act 1956, the Impounding Act 1955, the Land Drainage Act 1908, the Litter Act 1979 and the Local Government Act 2002.
- ~~6. The Chair of the Regulatory Committee has authority together with either the Group Manager District Growth and Regulatory Services or the Manager District Plan and Growth, to make appointments of up to five members to a panel for hearings under the Resource Management Act 1991 from either the accredited~~

~~members of Council's Regulatory Committee (acting as hearings commissioners) and/or a commissioner or commissioners from Council's panel of commissioners for Resource Management hearings (contained in document number 15103091), as required.~~

~~**Note:** the Chair of the Regulatory Committee now has authority together with either the Group Manager Planning and Community Relations or the Manager Planning and Regulatory, to make appointments of a commissioner or commissioners from Council's panel of commissioners for Resource Management hearings (contained in document number 15103091), as required.~~

~~(Note in the case of hearings under the Reserves Act 1977, if there is a need for an external commissioner or commissioners to be appointed then this will be through a specific Council resolution for that appointment and the powers and functions delegated as required at the time **Note:** The Chair of the Regulatory Committee has authority in relation to the appointment of Commissioners as further specified in Part C, sub-part 1 of this Delegations Register.~~

Part C – Statutory and Other Delegations to Officers etc

The Council delegates to the persons who hold the positions as set out below, the following responsibilities, duties, and powers as set out in the tables in this Part.

These powers may only be sub-delegated if it is expressly provided for in the tables in this Part.

All delegations are made severally unless specified otherwise (i.e. the delegation can be exercised by the officer acting alone).

1. Resource Management Act 1991

~~Delegations made under the authority of sections **34 and 34A** of the Resource Management Act **1991 (RMA)** ~~as the case may be.~~ *Hearings Panel and Commissioners*~~

Appointment of Commissioners

Authority is delegated to the Chair of the Regulatory Committee together with:

- i) the Group Manager District Growth & Regulatory Services; or
- ii) the Manager District Plan & Growth; or
- a) iii) if either a) or b) are unavailable, the Chief Executive,

To:

iv) ~~make appointments of up to five accredited hearing Commissioners to exercise in relation to the RMA matter(s) specified in the applicable appointment, the functions, powers and duties under the RMA members to a panel for hearings under the Resource Management Act 1991 as specified in the RMA delegations table below; and~~

v) ~~undertake consultation in accordance with section 34A(2) of the RMA prior to such appointment, if required by that provision.~~

PART C: Statutory and Other Delegations to Officers etc
Sub-Part 1 – Legislative Delegations

~~from:~~

~~the accredited members of Council's Regulatory Committee (acting as hearings commissioners); and/or
a commissioner or commissioners from Council's panel of commissioners for Resource Management hearings (contained in document number 15103091), as required.~~

Note:

Hearing Commissioners may be appointed from the accredited members of Council's Regulatory Committee (acting as hearings Commissioners); and/or
a Commissioner or Commissioners from Council's panel of Commissioners for Resource Management hearings (contained in document number 15103091), and/or
where an exemption is obtained, a Commissioner or Commissioners from outside the Council's panel

Planning Consultants

~~Authority is delegated to the Group Manager District Growth and Regulatory Services to maintain a list of approved consultants to undertake work for Council in relation to Resource Management applications in accordance with the approved Preferred Supplier Panel. Pursuant to s 34A(2) of the Resource Management Act 1991, the Planning Consultants approved as part of the Preferred Supplier Panel (with authority delegated to the Chief Executive and Group Manager District Growth & Regulatory Services to approve or remove at any time, Planning Consultants from the list, and the list to be updated accordingly).~~

PART C: Statutory and Other Delegations to Officers etc
Sub-Part 1 – Legislative Delegations

Delegate's position title	Abbreviation
RMA Hearings Panel	HP
Commissioner	C
Chief Executive	CE
Group Manager District Growth & Regulatory Services	GMDGR
Group Manager Service Delivery	GMSD
Manager Compliance	MC
Manager District Plan and Growth	MDPG
<u>Manager Strategic Partnerships</u>	<u>MSP</u>
Principal Policy Advisor	PPA
Consents Team Leader	CTL
Senior Planner	SP
Senior Policy Advisor	SPA
Project Planner	PRPL
Policy Planner	POP
Planner & Graduate Planner	PLAN
Planning Consultant*	PC
Planning Technical Officer & Duty Planner	PLTO / DPL
Planning Administration Officer	PAO
Environmental Health Team Leader	EHTL
Enforcement Team Leader	ETL

* Note: A planning consultant is a contractor appointed to this role via a contract for services with the Council, via an approved panel of suppliers or otherwise.

PART C: Statutory and Other Delegations to Officers etc
Sub-Part 1 – Legislative Delegations

RMA delegations table

Section	Delegation	HP	C	CE	GMSD	GMDGR	MDPG	MC	MSP	PPA	CTL	SP/SPA	PRPL	PC	POP	PLAN	PLTO/DP L	PAO	EHTL	ETL
10	Extension of existing use rights			✓		✓	✓			✓	✓									
10A	Authority to allow certain existing activities (now made unlawful/not permitted) to continue while application for resource consent is pending.			✓		✓	✓	✓		✓	✓									
10B	Authority to allow certain building work to continue where it has been subsequently made unlawful by a district plan			✓		✓	✓	✓		✓	✓									
32 and 32AA	Duty to meet requirements for preparing s 32/ 32AA reports and evaluations.			✓		✓	✓			✓	✓	✓	✓	✓	✓	✓				
36(3) 36(3A) 36(5)	Authority to make decisions about additional administrative charges			✓		✓	✓	✓		✓	✓									
36AAB(1)	Authority to remit the whole or any part of any change of a kind referred to in s36 of the RMA (administrative charges) that would otherwise be payable.			✓		✓	✓				✓									
37	Power to extend time periods, <u>or waive a failure to comply with the time or method for service of documents</u> , as provided in this section			✓		✓	✓			✓	✓	✓	✓	✗						
37A	Requirement to consider matters before extending a time limit <u>or waiving compliance with the time or method for service of documents</u> .			✓		✓	✓			✓	✓	✓	✓	✓	✓	✓				

PART C: Statutory and Other Delegations to Officers etc
Sub-Part 1 – Legislative Delegations

Section	Delegation	#	C	CE	GMSD	GMDGR	MIDPG	MC	MSP	PPA	CTL	SP/SPA	PRPL	PC	POP	PLAN	PLTO/DPL	PAO	EHTL	ETL
38	Power to authorise persons to be appointed and warrant enforcement officers under this section.			✓																
39AA	Direction to use remote access facilities for a hearings or part of a hearing		✓	✓		✓	✓	✓												
39B(3) and (4)	To determine if there are exceptional circumstances that warrant not all of the persons being accredited. Appointment of commissioner to hearings			✓		✓	✓													
40(2), (3)	Decision on excessive repetition at hearings & proceeding where a person fails to appear if parties wanting to be fail to appear. To exercise the powers under section 40(2) and 40(3) in relation to hearings.	✓	✓	✓		✓	✓	✓												
41A	Exercise of hearing powers		✓	✓		✓	✓	✓												
41B 41C 41D	Power to direct applicant to provide evidence before hearings; Various powers relating to hearing procedures to make directions about conduct of hearings Power to strike out submissions	✓	✓	✓		✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓		
41C	Powers for direction and requests before or at hearings		✓	✓		✓	✓	✓												
41D	Power to strike out submissions		✓	✓		✓	✓	✓												
42	Power to make an order in relation to the protection of make declare directions about hearings to protect sensitive information in relation to proceedings.	✓	✓	✓		✓	✓	✓												

PART C: Statutory and Other Delegations to Officers etc
Sub-Part 1 – Legislative Delegations

Section	Delegation	#	C	CE	GMSD	GMDGR	MIDPG	MC	MSP	PPA	CTL	SP/SPA	PRPL	PC	POP	PLAN	PLTO/DP L	PAO	EHTL	ETL
42A	Powers regarding the preparation, commissioning and provision of hearing planning reports	✓	✓	✓		✓	✓	✓		✓	✓	✓	✓	✓	✓	✓				
42A	To require the preparation of a report.		✓	✓		✓	✓	✓												
42A	To prepare reports for the purpose of this section.			✓		✓	✓	✓			✓	✓	✓	✓	✓	✓				
44A	Power to amend plans to address national environmental standards			✓		✓	✓			✓	✓	✓								
49	Power to make a submission to a Board of Inquiry on a national direction			✓	✓	✓	✓	✓		✓										
55(2)	Duty to amend plan, or proposed plan or variation if directed by national policy statement.			✓		✓	✓			✓	✓	✓								
58(2)	Duty to amend the plan, proposed plan, variation or change if directed by implement National environmental standards mandatory directions to change plans			✓		✓	✓			✓	✓	✓								
58(4)(d)	National environmental standards consequential amendments that can be undertaken without a schedule 1 process			✓		✓	✓													
73(4)	Power to amend the district plan to give effect to the Regional Policy Statement			✓		✓	✓			✓	✓	✓								
86D	Ability to apply to Environment Court for a rule to have legal effect.			✓		✓	✓													
87BA	Authority to a sign a Notice confirming that an activity is a permitted boundary activity or return an application for a boundary activity if it is not a permitted boundary activity. for a Deemed Permitted Boundary Activity		✓	✓		✓	✓	✓			✓	✓	✓							

PART C: Statutory and Other Delegations to Officers etc
Sub-Part 1 – Legislative Delegations

Section	Delegation	#	C	CE	GMSD	GMDGR	MIDPG	MC	MSP	PPA	CTL	SP/SPA	PRPL	PC	POP	PLAN	PLTO/DP L	PAO	EHTL	ETL
87BB	Authority to give notice that an activity is a permitted activity in accordance with that section. . sign a Notice for a Deemed Marginal or Temporary Activity		✓	✓		✓	✓	✓			✓	✓	✓							
87E 87F 87G 87H	Power to determine Council position on a request for direct referral, prepare reports and provide information to Environment Court.	✓	✓	✓		✓	✓			✓	✓	✓	✓	✓						
88	Authority to receive consent applications and determine whether the information meets the minimum requirements of the Act <u>in accordance with that section.</u>		✓	✓		✓	✓			✓	✓	✓	✓	✓	✓	✓				
91	Power to determine not to proceed with a resource consent application on certain grounds.	✓	✓	✓		✓	✓			✓	✓	✓	✓	✓	✓	✓				
91C, <u>91F</u>	Power to decide to return application or continue to process the application <u>after the completion of the suspended period.</u>		✓	✓		✓	✓			✓	✓	✓	✓	✓						
92 92A	Authority to request further information to be provided, or to commission a report			✓		✓	✓	✓		✓	✓	✓	✓	✓	✓	✓				
<u>92</u> <u>92A</u>	<u>Authority to commission a report</u>			✓		✓	✓	✓		✓	✓									

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95 95A 95B 95C 95D	<p>Authority to decide whether to give public or limited notification for a resource consent in accordance with those sections.</p> <p>Requirement to comply with time limit on notification.</p> <p>Authority to determine whether the adverse effects on the environment of an application will be minor. Authority for public Requirement for notification or limited notification of the application as where applicable.</p>		✓	✓		✓	✓			✓	✓	✓	✓	✓						
95E	Duty to determine which persons may be affected persons be adversely affected by an application and to serve notice of the application on them if required.		✓	✓		✓	✓	✓		✓	✓	✓	✓	✓	✓	✓				
97(4)	Power to decide to adopt an earlier submission closing date to limited notified applications where all affected persons have provided the Council with a submission, written approval or notice that they will not make a submission.			✓		✓	✓	✓		✓	✓	✓	✓							
99	<p>Power to call pre-hearing meetings and invite or require parties to attend and the duty to prepare a report for the meeting.</p> <p>Power to decline to process a person's application or consider a person's submission if they fail to attend the meeting if required.</p>		✓	✓		✓	✓	✓		✓	✓	✓	✓		✓	✓				

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99A	Power to refer parties who have made a resource consent application or submissions on the application to mediation	✓	✓	✓		✓	✓	✓		✓	✓									
100	Authority to determine whether a hearing should be held in respect of any application for a resource consent	✓	✓	✓		✓	✓			✓	✓									
101	Authority to decide when and where a hearing is to be held within the constraints of section 37		✓	✓		✓	✓			✓	✓	✓	✓		✓	✓	✓	✓		
102	Authority to determine that a joint hearing is unnecessary issues concerning joint considerations by two or more consent applications in relation to the same proposal. <u>Authority for joint hearings in accordance with that section.</u>	✓	✓	✓		✓	✓			✓	✓	✓	✓		✓	✓				
103	Authority to determine issues concerning two or more consent authorities.	✓	✓	✓		✓	✓			✓	✓	✓	✓		✓	✓				
104	Duty to take matters into consideration and to exclude other matters when considering an application		✓	✓		✓	✓			✓	✓	✓	✓	✓	✓	✓				
104A and 104C,	Power to determine resource consent applications for controlled activities and restricted discretionary activities and impose conditions for non-notified and notified applications (excluding non-complying activities) where there are providing no submissions received in opposition (controlled and restricted discretionary)		✓	✓		✓	✓			✓	✓	✓	✓							

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104B and 104D (non-complying)	Non-complying activities: Power to determine resource consent applications for non-complying activities and discretionary activities and impose conditions for non notified and notified applications where providing there are no submissions received in opposition (discretionary and non-complying)		✓	✓		✓	✓			✓	✓									
104A to 104D	Power to determine resource consent applications and impose conditions where there are submissions received in opposition	✓	✓	✓		✓	✓													
106	Power to decline subdivision consent or grant a subdivision consent subject to conditions on the grounds of natural hazards or insufficient provision for legal and physical access	✓	✓	✓		✓	✓			✓	✓									
108, 108AA	Power to impose conditions on resource consent.	✓	✓	✓		✓	✓			✓	✓	✓	✓							
108A	Power to impose a bond as one of the conditions.	✓	✓	✓		✓	✓			✓	✓									
109	Conditions relating to bonds; power to enter on to land to ensure work for which bond is given is being completed or to complete the work and recover the cost in accordance with that section.		✓	✓		✓	✓	✓		✓	✓	✓	✓		✓	✓				✓
110	Power to refund financial contribution to consent holder where consent has lapsed.			✓		✓	✓			✓	✓									
113	Recording reasons for decisions on resource consent applications in writing.	✓	✓	✓		✓	✓			✓	✓	✓	✓		✓	✓				

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114	Authority to serve consent applicant and submitters with notice of the decision on an application			✓		✓	✓			✓	✓	✓	✓		✓	✓	✓	✓		
116	Authority to consent to commencement of consent which is subject to Environment Court appeal	✓	✓	✓		✓	✓	✓		✓	✓	✓	✓		✓	✓				✓
120	Authority to lodge appeal on Council's behalf in Environment Court	✓	✓	✓		✓	✓													
124(2)	Power to allow a consent holder to continue to operate while applicant is seeking a new resource consent		✓	✓		✓	✓	✓		✓	✓									
125	Power to grant extension of period after which a consent will lapse		✓	✓		✓	✓			✓	✓									
126	Power to cancel a resource consent by written notice		✓	✓		✓	✓			✓	✓									
127	Power to change or cancel conditions imposed on a resource consent	✓	✓	✓		✓	✓			✓	✓									
128	Power to review a resource consent and to give notice of review.	✓	✓	✓		✓	✓			✓	✓									
129																				
132	Power to change the conditions of a resource consent on a review under s128, or to cancel resource consent	✓	✓	✓		✓	✓			✓	✓									
133A	Power to make minor changes or corrections to resource consent (within 20 working days of grant).		✓	✓		✓	✓			✓	✓	✓	✓		✓	✓				
136	Power to transfer a council-held water permit (or receive a transfer)			✓	✓															
137	Power to transfer a council-held discharge permit (or receive a transfer)			✓	✓															
138	Power to surrender a council-held consent			✓	✓															

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138	Authority to issue a notice of acceptance of surrender of consent		✓	✓		✓	✓			✓	✓									
139 139A	Authority to issue certificate of compliance, other powers and existing use certificates.		✓	✓		✓	✓			✓	✓	✓	✓							
149B	Duty of local authority to provide EPA with all related information to a matter (where the Minister has called in a matter and the local authority has been served with a direction under s 149A).			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		
149E	Power to make a submission on behalf of Council on matter of national importance	✓	✓	✓	✓	✓	✓													
149G	Duty to prepare a report commissioned by the EPA.			✓	✓	✓		✓	✓	✓	✓	✓	✓							
149Q	Authority to receive report from EPA and to make comments on it.			✓	✓	✓				✓	✓									
149T	Power to give notice on Council's behalf under s274 of matter referred directly to the Environment Court			✓		✓	✓													
149V	Power to lodge appeal to the High Court on question of law on Council's behalf			✓		✓														
149ZD	Power to recover costs incurred by the Council from the applicant			✓		✓	✓	✓			✓									
149W(2)(a) and (4)	Power to implement decision of Board or Court about proposed plan or change or variation.			✓		✓	✓													
149ZD	Power to recover costs incurred by the Council from the applicant			✓		✓	✓	✓			✓									
168, 168A	As the requiring authority, power to issue/lodge a notice of requirement on behalf of Council			✓	✓															

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168A	Authority to lodge notice of requirement on behalf of Council		✓	✓	✓	✓														
168A	Power to determine whether to publicly notify Council's notice of requirement for a designation		✓	✓		✓	✓			✓	✓									
168A	Power to make decision on Council's notice of requirement for a designation providing no submissions received in opposition		✓	✓		✓	✓			✓	✓									
168A	Power to make decision on Council's notice of requirement for a designation where there are submissions received in opposition	✓	✓	✓		✓	✓													
<u>169</u>	<u>Power as the requiring authority to respond to Council's processing of the Notice of Requirement</u>			✓	✓															
169	Power to request further information in relation to publicly notify notice of requirement for a designation		✓	✓		✓	✓			✓	✓	✓	✓	✓	✓	✓				
169	Power to determine whether to publicly notify notice of requirement for designation		✓	✓		✓	✓			✓	✓									
<u>169</u>	<u>Power to determine all decisions under sections 92 to 92B, and 96-103</u>		✓	✓		✓	✓													
<u>170</u>	<u>Power to include the notice of requirement in a proposed plan</u>			✓		✓	✓			✓	✓	✓	✓							
171	Power to consider and make recommendations on requirements for a designation providing no submissions received in opposition		✓	✓		✓	✓			✓	✓									

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171	Power to consider and make recommendations on requirements for a designation where there are submissions received in opposition	✓	✓	✓		✓	✓													
172	Power as the requiring authority to decide on Council's recommendation		✓	✓	✓															
173	Power to give notice of requiring authority's decision on designation			✓		✓	✓			✓	✓	✓	✓		✓	✓	✓	✓		
174	Power to appeal to Environment Court against requiring authority's decision on designation		✓	✓	✓	✓	✓													
175	Authority to include a designation in district plan			✓		✓	✓													
175 and 178	Power to give written consent <u>as requiring authority</u> in relation to land subject to Council designation			✓	✓	✓	✓													
176A	As the requiring authority, Power to submit an outline plan request changes and to waive requirement for an outline plan		✓	✓	✓	✓	✓			✓	✓									
176A	As the regulator, Power to request the requiring authority make changes, and to waive requirement for an outline plan and to appeal to the Environment Court if the requiring authority does not make the requested changes.		✓	✓		✓	✓			✓	✓									
177	As the requiring authority, power to grant or withhold consent			✓	✓															
180	As the requiring authority, duties in relation to procedures relating to transfer of designations			✓	✓															

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181	As the requiring authority: Power to give notice of an alteration to a designation			✓	✓															
181	Power to receive application for alterations to designations			✓		✓	✓			✓	✓	✓	✓		✓	✓	✓	✓		
181	Power to determine applications for alteration of designations providing no submissions received in opposition		✓	✓		✓	✓			✓	✓									
181	Power to determine applications for alteration of designations where there are submissions received in opposition	✓	✓	✓		✓	✓													
182	As the requiring authority, power to give notice to withdraw designations			✓	✓															
182	As the regulator: Power Authority Duty to receive withdrawals of designations from the requiring authority and to amend the District Plan accordingly		✓	✓		✓	✓			✓	✓	✓								
184	As the requiring authority, authority : Power to object to a decision relating to lapse date			✓	✓															
184	As the regulator: Power to extend or not extend a designation lapse date where the designation has which has not been given effect to		✓	✓		✓	✓			✓	✓									
186	As the requiring authority, power to apply to have land taken or acquired under the Public Works Act			✓	✓															
189	Duty to receive notice of requirement for heritage order			✓		✓	✓			✓	✓	✓	✓		✓	✓				
189	Authority to withdraw a notice of requirement for heritage order			✓		✓	✓													
189 and 189A	Authority to lodge notice of requirement for a heritage order on behalf of Council		✓	✓		✓	✓			✓	✓									

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189A	Power to determine whether to publicly notify Council's notice of requirement for a heritage order, <u>and make associated prehearing decisions under sections 99 to 103</u>		✓	✓		✓	✓			✓	✓									
189A	<u>Power to make a submission on a heritage order</u>			✓		✓	✓		✓	✓										
189A	Power to make decision on Council's notice of requirement for a heritage order	✓	✓	✓		✓	✓			✓	✓									
190	Power to request further information of notice of requirement for heritage order		✓	✓		✓	✓			✓	✓	✓	✓	✓	✓	✓				
190	Power to determine notification of notice of requirement for heritage order <u>and make associated prehearing decisions under sections 99 to 103</u>		✓	✓		✓	✓			✓	✓									
191	Power to make recommendations on notice of requirement for heritage order	✓	✓	✓		✓	✓			✓	✓	✓	✓							
193	Authority to give written consent in relation to land protected by Council's heritage order			✓		✓	✓			✓	✓									
193A	<u>As the heritage protection requiring authority, ÷ power to grant or withhold consent to do activities contrary to earlier undertake heritage order works on a designated site</u>			✓	✓															
195	Power to appeal to Environment Court against heritage protection authority's decisions under sections 193 or 194		✓	✓		✓														
195A	<u>Power to receive application for alterations to heritage order</u>		✓	✓		✓	✓			✓	✓	✓	✓		✓	✓	✓	✓		

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<u>195A(1) and (2)</u>	For an application by the Heritage Protection Authority to alter a heritage order, the same delegations that apply with respect to sections 189 to 195. (refer delegations for s189-195)																			
195A	Power to determine applications for alteration of heritage order providing no submissions received in opposition		✓	✓		✓	✓			✓	✓									
195A(3)	Power to determine <u>minor applications</u> for alterations of heritage order where <u>no opposition</u> there are submissions received in opposition	✓	✓	✓		✓	✓													
196	Power to receive withdrawals of heritage orders and to amend the District Plan accordingly			✓		✓	✓			✓	✓	✓								
198C	<u>Power to</u> make a decision <u>under section 198C</u> on a request for a direct referral of a notice of requirement for a designation or heritage order to the Environment Court	✓	✓	✓		✓	✓													
198D	<u>Power to</u> approve the content of a consent authority report on a requirement that has been directly referred to the Environment Court		✓	✓		✓	✓	✓		✓	✓									
<u>198J</u>	<u>Duty to prepare a report and provide assistance. Processing powers relating to notice of requirement</u>			✓		✓	✓			✓	✓									
220	Power to impose conditions on subdivision consents	✓	✓	✓		✓	✓			✓	✓	✓	✓		✓	✓				
220(1)(a) and (2)(b)	Authority to undertake registration of certificates as authorised officer			✓		✓	✓				✓	✓	✓							

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221(2)	Authority to issue and sign a consent notice			✓		✓	✓			✓	✓	✓	✓	✓						
221(3)	Authority to vary or cancel a condition specified in a consent notice		✓	✓		✓	✓			✓	✓	✓	✓							
222	Powers related to the issues of completion certificates enabling the deposit of survey plan, <u>and to extend the time period for completion.</u>			✓		✓	✓			✓	✓	✓	✓	✓						
223	Powers related to approval of survey plan as authorised officer <u>subject to office holder being an authorised user of Council's Territorial Authority e-certification licence with Landonline</u>			✓		✓	✓			✓	✓	✓	✓	✓		✓	✓			
224 (c), (f)	Authority to certify compliance of survey plan as authorised officer <u>subject to office holder being an authorised user of Council's Territorial Authority e-certification licence with Landonline</u>			✓		✓	✓			✓	✓	✓	✓	✓		✓	✓			
226(1)(ee)	Authority to certify any plans of subdivision or copy thereof, which has not had a previous statutory approval.			✓		✓	✓			✓	✓	✓	✓	✓						
232	Powers relating to esplanade strips			✓		✓	✓			✓	✓	✓	✓							
234	Power to vary or cancel esplanade strips on application <u>and lodge certificate for registration.</u>		✓	✓		✓	✓			✓	✓	✓	✓	✓						
235	Power to agree on Council's behalf to creation of esplanade strip			✓		✓	✓			✓	✓	✓	✓							
237	Power to approve a survey plan where esplanade reserves or strips are required			✓		✓	✓			✓	✓	✓	✓							
237B	Power to acquire an easement for access strip			✓		✓	✓			✓	✓	✓	✓							

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237C	Authority to close access strips and give notice of closure			✓		✓	✓			✓	✓	✓	✓							
237D	Authority to agree to transfer of access strip to Crown or regional council			✓		✓	✓			✓	✓									
237H	Authority to object to compensation valuation determination			✓		✓	✓													
237F, 237G	Payment of compensation to registered owner			✓		✓														
239	Authority to certify survey plans subject to specified interests and undertake online registration of certificates as authorised officer.			✓		✓	✓			✓	✓	✓	✓	✓						
240	Powers relating to covenants against transfer of allotments Authority to certify survey plans subject to covenants and undertake online registration of certificates as authorised officer			✓		✓	✓			✓	✓	✓	✓	✓						
241	Authority to deal with amalgamation conditions and undertake online registration of certificates as authorised officer.		✓	✓		✓	✓			✓	✓	✓	✓	✓						
243	Authority to deal with survey plans subject to grant or reservation of easements and undertake online registration of certificates as authorised officer		✓	✓		✓	✓			✓	✓	✓	✓	✓						
245	Authority to approve survey plan of reclamation			✓		✓	✓			✓	✓									
269 – 291	Authority to determine and direct Council involvement in Environment Court proceedings			✓		✓	✓													

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292	Authority to seek that Environment Court remedy defect in plan			✓		✓	✓													
294	Authority to seek that Environment Court review a decision or rehear proceedings			✓		✓	✓													
299 – 308	Authority to determine and direct Council involvement in High Court and Court of Appeal proceedings			✓		✓														
311 312	Authority to initiate declaration proceedings and take other necessary steps			✓		✓	✓													
314 – 321	Authority to initiate enforcement order and interim enforcement order proceedings and take other necessary steps			✓		✓													✓	
325	Authority to consent to a stay of abatement notice			✓		✓	✓	✓											✓	
325A	Power to cancel abatement notice			✓		✓	✓	✓											✓	
330	Power to take preventative or remedial action in emergency circumstances			✓		✓	✓	✓											✓	
330A, 330B	Notification to consent authority and application for resource consent in respect of emergency works As the requiring authority or consent applicant, or consent holder: powers relating to emergency works			✓	✓															
332, 333	Powers of entry for inspection, survey			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓			✓	✓
331	Power to seek reimbursement of Council's costs for emergency works			✓		✓	✓	✓											✓	
332, 333	To provide written authorisation to enforcement officers under these sections.			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓			✓	✓

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334	Power to issue warrant for entry and search			✓		✓	✓	✓	✓										✓	✓
336	Power to decide Duty to return seized property seized under warrant or otherwise dispose of property if not claimed			✓		✓	✓	✓											✓	
338	Authority to commence prosecution for breach of the Act			✓		✓														
343C	Power to issue infringement notices			✓		✓	✓	✓		✓	✓	✓	✓						✓	✓
357	As applicant or requiring authority: power to object to certain decisions			✓	✓															
357CA	Powers of hearing commissioners relating to objections		✓																	
357D	Power to consider and determine objections providing there is agreement between the parties.		✓	✓		✓	✓			✓	✓									
357D	Power to consider and determine objections where there is no agreement between the parties.	✓	✓	✓		✓	✓													

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Sch 1 CI 3, 3B	Duty to consult on proposed plan, including consultation with local iwi		✓	✓		✓	✓		✓	✓	✓	✓	✓		✓	✓				
Sch 1 CI 3C	Authority to determine whether consultation has already occurred under other enactments		✓	✓		✓	✓			✓	✓	✓	✓		✓	✓				
Sch 1 CI 4	Duty to invite requiring authorities by written request on designations in proposed plans.			✓		✓	✓			✓	✓	✓	✓		✓					
Sch 1 CI 4A	Duty to consult with iwi authorities			✓		✓	✓		✓	✓	✓	✓	✓		✓	✓				
Sch 1 CI 5	Authority to prepare s32 report						✓			✓	✓	✓	✓	✓	✓	✓				
Sch 1 CI 5	Authority to decide whether to public notify proposal or give limited notification			✓		✓	✓													
Sch 1 CI 5	Authority to publicly notify proposed plan			✓		✓	✓													
Sch 1 CI 5A	Authority to prepare and undertake limited notification of a proposed plan change or variation to the plan			✓		✓	✓													
Sch 1 CI 6	Authority to make submissions on Council's behalf			✓		✓	✓			✓	✓									
Sch 1 CI 7	Duty to give public notice of submissions on proposed plan			✓		✓	✓			✓	✓	✓	✓		✓		✓			
Sch 1 CI 8, 8A	Authority to make further submissions on Council's behalf			✓		✓	✓			✓	✓									
Sch 1 CI 8AA	Authority to invite submitters to meetings or refer matters to mediation			✓		✓	✓			✓	✓	✓	✓							
Sch 1 CI 8B	To hold a hearing		✓																	
Sch 1 CI 8B	Duty to give notice of hearings			✓		✓	✓	✓		✓	✓	✓	✓		✓		✓			
Sch 1 CI 8C	Authority to determine whether hearing is required		✓	✓		✓	✓	✓		✓	✓									

PART C: Statutory and Other Delegations to Officers etc
Sub-Part 1 – Legislative Delegations

Section	Delegation	HP	C	CE	GMSD	GMDGR	MDPG	MC	MSP	PPA	CTL	SP/SPA	PRPL	PC	POP	PLAN	PLTO/DPL	PAO	EHTL	ETL
Sch 1 Cl 8D	Authority to withdraw proposed plan		✓	✓		✓	✓													
Sch 1 Cl 9	Power to hear and make <u>and notify recommendations and make decisions in relation to notices of requirements. and decisions on requirements</u>	✓	✓	✓		✓	✓													
Sch 1 Cl 10	<u>Decisions on provisions and matters raised in submissions where there are no submissions in opposition and no hearing</u>		✓	✓		✓	✓													
Sch 1 Cl 10	<u>Decisions on provisions and matters raised in submissions where there are submissions in opposition and/or there is a hearing</u>		✓																	
Sch 1 Cl 10A	<u>Application to the Minister for extension of time to make a decision</u>			✓		✓	✓													
Sch 1 Cl 11	Duty to give notice of decisions			✓		✓	✓	✓		✓	✓	✓	✓		✓	✓	✓	✓		
Sch 1 Cl 13	<u>Decision of requiring authority or heritage protection authority</u>		✓	✓	✓															
Sch 1 Cl 13(3) and (4)	<u>Alter the proposed district plan to show the modification or deletion in accordance with notice and service of notice.</u>			✓		✓	✓			✓		✓			✓	✓	✓	✓		
Sch 1 Cl 14	Authority to lodge appeal with Environment Court			✓		✓														
Sch 1 Cl 16(1)	Duty to amend proposed plan if directed by Court			✓		✓	✓			✓		✓								
Sch 1 Cl 16(2)	Authority to amend proposed plan to correct minor errors			✓		✓	✓			✓	✓									
Sch 1 Cl 20	Duty to give notice of plan becoming operative			✓		✓	✓			✓		✓					✓	✓		
Sch 1 Cl 20A	Authority to amend operative plan to correct minor errors			✓		✓	✓			✓	✓									
Sch 1 Cl 21	Authority to request change to regional plan or regional policy statement			✓		✓	✓													

PART C: Statutory and Other Delegations to Officers etc
Sub-Part 1 – Legislative Delegations

Section	Delegation	HP	C	CE	GMSD	GMDGR	MDPG	MC	MSP	PPA	CTL	SP/SPA	PRPL	PC	POP	PLAN	PLTO/DPL	PAO	EHTL	ETL
Sch 1 Cl 23	Power to seek further information relating to private plan change requests			✓		✓	✓			✓	✓	✓	✓	✓	✓					
Sch 1 Cl 24	Power to modify plan change request			✓		✓	✓			✓	✗									
Sch 1 Cl 25	Power to adopt, accept, reject or deal with a determine how to proceed with plan change request <u>as set out in this section.</u> ; including power to reject request		✓	✓		✓	✓			✓	✗									
Sch 1 Cl 26	Authority to prepare <u>private</u> plan change request <u>for notification and notify</u>			✓		✓	✓			✓	✗	✓	✓	✓	✓					
Sch 1 Cl 26	Authority to notify plan change request			✗		✗	✗		✗	✗										
Sch 1 Cl 27	If Council has requested a plan change to a regional plan or regional policy statement, the power to appeal the decision of the regional council			✓		✓	✓													
Sch 1 Cl 28	Power to withdraw plan change request, including notification to person who made the request and public notification of the withdrawal.			✓		✓	✓			✓	✓									
Sch 1 Cl 29	Power to make a submission on a plan change plan change			✓	✓	✓	✓	✓	✓	✓										
Sch 1 Cl 29(2) and (5)	Duty to send submissions to person who made plan change request and serve copy of its decision			✓		✓	✓			✓	✓	✓	✓		✓	✓	✓	✓		
Sch 1 Cl 29(4)	Power to decide a private plan change where there are no submissions opposing and no hearing and give reasons		✓	✓		✓	✓													
Sch 1 Cl 29(4)	Power to decide a private plan change where there are submissions opposing and/or there is a hearing and give reasons		✓																	
Sch 1 Cl 29(6)	Power to appeal the decision on a plan change requested by the council			✓		✓	✓													

PART C: Statutory and Other Delegations to Officers etc
Sub-Part 1 – Legislative Delegations

Section	Delegation	HP	C	CE	GMSD	GMDGR	MDPG	MC	MSP	PPA	CTL	SP/SPA	PRPL	PC	POP	PLAN	PLTO/DPL	PAO	EHTL	ETL
Sch 1 CI 29(9)	Power to vary a plan change request		✓	✓		✓	✓													
Sch 1 CI 32	Authority to certify material incorporated by reference			✓		✓	✓													
Sch 1 CI 34	Duty to consult on incorporation of material by reference			✓		✓	✓			✓	✓	✓	✓		✓					
Sch 1 CI 35	Duty to make information available and give public notice regarding material incorporated by reference			✓		✓	✓			✓	✓	✓	✓		✓			✓		
Sch 1 CI 75	Authority to apply Application to the Minister to use streamlined planning process			✓		✓	✓													
Sch 1 CI 80(2)	Authority to r Request amendment to a M Minister direction			✓		✓	✓													
Sch 1 CI 81	Authority to r Request extended time limits			✓		✓	✓													
Sch 1 CI 82	Duty to c Comply with Minister Direction			✓		✓	✓			✓	✓	✓	✓		✓	✓	✓	✓		
Sch 1 CI 83	Duty to s Submit a proposed planning instrument, report on submissions and undertake a s32 evaluation			✓		✓	✓			✓	✓	✓	✓		✓	✓				
Sch 1 CI 86	Duty to a Actioning a propos ed referred back to the local authority			✓		✓	✓			✓	✓	✓	✓		✓	✓	✓	✓		
Sch 1 CI 88	Power to withdraw a streamlined planning process			✓		✓	✓													
Sch 1 CI 90	Duty to n otify a M Minister direction						✓			✓	✓	✓	✓		✓	✓	✓	✓		
Sch 1 CI 92	Power to lodge a Appeals to the Environment Court relating to requirements, designations and heritage orders			✓		✓	✓													
Sch 1 CI 93	Power to lodge a Appeals to the High Court on questions of law			✓		✓	✓													

PART C: Statutory and Other Delegations to Officers etc
Sub-Part 1 – Legislative Delegations

Section	Delegation	HP	C	CE	GMSD	GMDGR	MDPG	MC	MSP	PPA	CTL	SP/SPA	PRPL	PC	POP	PLAN	PLTO/DPL	PAO	EHTL	ETL
General	<u>Authority to</u> instruct <u>legal</u> counsel to represent the Council where the Council is a party in any proceedings before the Environment Court, as the case may be.			✓		✓	✓	✓												
General	<u>Power to</u> provide decisions to applicants on the number of Environmental Benefit Lot Entitlements (EBL's) up to a total of 5. (Note: Any EBL requests greater than 5 must be approved by the Regulatory Committee)			✓		✓	✓				✓									

PART C: Statutory and Other Delegations to Officers etc
Sub-Part 1 – Legislative Delegations

Resource Management Act 1991 – Additional staff delegations

~~Authority is delegated to the following staff pursuant to **section 108 (power to impose conditions on a resource consent)** and **section 223 (powers related to approval of a survey plan as an authorised officer)**:~~

- ~~▪ Manager Water Services~~
- ~~▪ Manager Transportation~~
- ~~▪ Development Engineering Team Leader~~
- ~~▪ Senior Development Engineer~~

~~Authority is delegated to the Chief Executive and to the Group Manager Service Delivery to accept on Council's behalf any transfer of a discharge permit pursuant to **section 137** of the Resource Management Act 1991~~

Authority is delegated to the following staff pursuant to **section 330 (power to undertake preventative or remedial action in emergency circumstances)**:

- Manager Water Services
- Technical Engineer
- Technical Officer
- Stormwater Engineer Officer
- Engineering Assistant (Water Services)
- Network Supervisor
- Strategic Planning and Asset Management Team Leader
- Senior Project and Contract Management Team Leader Engineer Utilities
- Project Engineer – waters Utilities
- Asset Planning Engineer Senior
- Manager Transportation
- Operations Team Leader – Transportation
- Programme Engineer Project Engineer – Transportation
- Transportation Safety Engineer
- ~~▪ Waste Minimisation Officer~~
- Asset Management Team Leader – Transportation
- Development Engineering Team Leader
- Senior Development Engineer
- Development Engineer

PART C: Statutory and Other Delegations to Officers etc
Sub-Part 1 – Legislative Delegations

- Development Engineering Graduate Engineer
- Transport Safety Officer
- Project Engineer (Major Capital Works)

COUNCIL REPORT



INFORMATION ONLY

To: His Worship the Mayor and Councillors
From: Karl Tutty, Manager Compliance
Subject: **REPORT TO APPROVE ANNUAL REPORT ON DOG CONTROL POLICY AND PRACTICE 2020/21**
Meeting Date: 28 September 2021

1 EXECUTIVE SUMMARY

Section 10A of the Dog Control Act 1996 (“the Act”) requires all territorial authorities to report annually to central government on their Dog Control Policy and Practices.

Attached is the draft of Waipa District Council’s report on Council’s Dog Control Policy and Practices for the period 1 July 2020 to 30 June 2021. (Document number 10664065)

2 RECOMMENDATION

That:

- a) *the information contained in the ‘Report to approve Annual Report on Dog Control Policy and Practice 2020/21’ (document number 10685657) of Karl Tutty, Manager Compliance be received; and,*
- b) *Council APPROVE the “Report on Waipa District Council Dog Control Policy and Practices 2020/21” (document number 10664065) for forwarding to the Department of Internal Affairs.*

3 STAFF COMMENTS

Attached is the draft report to the Department of Internal Affairs summarising Council’s activities in the Dog Control area over the past financial year. The report is a compulsory requirement under the Act, and the form of the report has been previously prescribed by the Department.

The report summarises much of the information Council would have seen through the Planning and Regulatory Quarterly reports, but provides a useful overview of this specific and busy area of Council operations.



Karl Tutty
MANAGER COMPLIANCE



Reviewed by Wayne Allan
GROUP MANAGER DISTRICT GROWTH PLANNING AND REGULATORY SERVICES

APPENDIX 1

Annual Report on Dog Control Policy and Practice 2020/21 (document number 10664065)

ANNUAL REPORT

DOG CONTROL POLICY AND PRACTICE

2020/21

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INTRODUCTION

This is Waipa District Council's report on Council's Dog Control Policy and Practices for the period 1 July 2020 to 30 June 2021, as required by section 10A Dog Control Act 1996.

SUMMARY

The Dog Control Act 1996 ("the Act") requires all territorial authorities to report annually to central government on their Dog Control Policy and Practices.

The format of the report follows that previously prescribed by the Secretary for Local Government, Department of Internal Affairs.

PART 1 – DOG CONTROL POLICY AND PRACTICES

1. Dog control in district

- 1.1. The total number of active dogs on Council's register at the end of the 2020/21 registration year peaked at 8983, up from 8719 in 2019/20 an increase of 264. This is a consistent level of growth over the past 5 years and is in keeping with levels of population growth across the district. Only 123 dogs were recorded as unregistered at the end of the year.
- 1.2. Council provides a twenty-four hour animal control service, with Council's Animal Control Officers covering business hours. Council awarded a new contract that combined after-hours animal control activities with noise control and general property security to Allied Security who started in September 2019, and this has been renewed.
- 1.3. An active Institute of Animal Management has been valuable, with Waipā District Council hosting a number of the meetings for the Waikato/BOP branch of the Institute. Good relationships have also been maintained with the Police and other agencies.
- 1.4. Council restructured the Animal Control Team in 2020 to form a dedicated Team Leader, plus 3 full-time animal control officers and one part-time. An additional fixed term Administrator was employed in 2018/19 (total of 1.75) due to the growth in dog numbers and internal organisational demands. Part-time assistance has been contracted during busy periods such as registration time. The Manager Compliance is responsible for the overall group (Animal Control, Health and Licensing, Enforcement and Building Compliance).
- 1.5. Council continues to operate two animal control pounds, one in Cambridge and one in Kihikihi with facilities for impounding dogs and stock. The latter is now considerably overdue for replacement. Council has approved a project in its Long Term Plan to replace one pound and upgrade the other.
- 1.6. Overall the number of complaints and subsequent enforcement action has fallen compared to the previous year. There have been 224 dogs impounded (291 last year), with 177 dogs claimed, 20 dogs euthanased, and 26 re-homed, with one dog stolen from the pound.

- 1.7. Dog owners claiming impounded dogs are required to pay an impounding fee, as well as registration fees if the dog is unregistered, plus micro-chipping fees if applicable (i.e. if unregistered). In addition, sustenance fees are charged for each additional day the dog is in the pound. However a dog impounded for the first time will often be released for free if already currently registered at the time of impounding. Council simplified its impounding fees for 2019/20 to a set rate per impounding rather than an increasing scale which has made administration easier.
- 1.8. The associated fleet consists of four dedicated vehicles. Two were upgraded in the 20/21 financial year. All are now GPS fitted .
- 1.9. Microchipping services continue to be offered to dog owners at weekly clinics, by appointment. Letters are sent to all owners that are legally required to chip their dogs, and who have not already produced a microchip certificate to Council. Legislation requires dogs being registered for the first time to be chipped within two months of registration (with herding dogs exempt from the requirement), and classified dangerous and menacing dogs are also required to be micro-chipped.
- 1.10. This process is followed by the issue of infringements to owners of all non-complying dogs, with a 28-day waiver opportunity. Owners are charged only \$27 to cover microchip costs and Animal Control Officers carry out the micro-chipping. Currently 90% of all dogs on the register are microchipped.
- 1.11. The continued focus on unregistered dogs has resulted in a re-registration rate exceeding 98%. 123 dogs were known to be unregistered as at 30 June, and most received infringement notices for that offence where it was confirmed that the dog was still in the District. Council has continued to start the annual renewal process early with notices posted out to dog owners in May, and has offered the chance to win free registration for the life of the dog and other prizes as an incentive for early registration.

2. Dog control enforcement practices

- 2.1. For the period to the end of June 2021 Council received 1575 dog-related complaints that required action and a further 1758 general enquiries. This does not include complaints about stock or other animals.
- 2.2. The first approach by animal control staff when following up complaints is generally one of using education. If a currently registered dog is picked up for a first wandering offence, the dog is usually returned to the owner free of charge with a verbal warning rather than impounding.
- 2.3. Complaints relating to wandering dogs numbered this year 695 (767 last year), and 369 complaints were received in relation to barking dogs (392 last year). These are also the most common complaints in other districts. In the case of wandering dogs, we generally ask the caller to contain the dog if at all possible until it can be collected. When this isn't possible animal control staff work with complainants to track and capture dogs, sometimes using Council-owned cage traps.
- 2.4. Most barking complaints are resolved swiftly once the owner is aware of the problem. In more persistent cases, the Animal Control Officer will ask the complainant(s) to keep a log of the barking and will survey other neighbours to establish if the barking is a problem. An Abatement Notice can then be served under the Act, with any objections heard by Council's Regulatory Committee. Staff have found this a useful tool and in recent years there haven't been any situations where an owner has had to remove the dog from the property permanently.

- 2.5. General aggression complaints also fell compared to last year, as did reported attacks. Council received 166 complaints related to attacks, rushing or aggressive dog incidents (168 last year). When attack incidents are investigated, a rating sheet is completed by staff to help ensure a consistent approach to enforcement as there is discretion in the Act as to what action can be taken, ranging from a verbal warning to prosecution. Cases are assessed on an individual basis.
- 2.6. Council submitted feedback to the Associate Minister for Local Government during 2016 that infringement notices could be made available for minor attacks to increase Council's enforcement options, but this did not eventuate. This has resulted in an increase in menacing classifications as few other options exist in many cases where an attack does not warrant prosecution and no infringement offence is committed.
- 2.7. To the end of June 2021, 119 infringement notices were issued (and not cancelled).
- 1 for breach section 18 wilful obstruction of officer
 - 16 for breach of section 20(5) breach of bylaw
 - 1 for breach of section 33EC(1) failure to comply with menacing classification
 - 3 for breach of section 36A failure to microchip
 - 71 for breach of Section 42 for non-registration
 - 1 for breach of Section 49 fail to notify transfer of dog
 - 1 for breach of Section 52(a) failure to confine
 - 24 for breach of Section 53(1) failure to control.
 - 1 for breach of section 72(2) unlawfully release dog from custody
- 2.8. Only 44 of these infringement notices have been paid to Council to date, with the majority being filed in court. This does not make them a particularly effective enforcement measure.
- 2.9. The relatively small number of infringements is due principally to the high registration rate and the focus on getting dogs registered rather than on enforcement action. However wilful offences such as obstruction and unlawfully releasing a dog from custody both feature, along with failing to control (either in a public place or on private property other than where the dog usually resides).
- 2.10. There were no prosecutions by Council in 2020/21.
- 2.11. Council impounded a dog for not complying with a menacing classification. This followed the owner being arrested on other matters. Council held the dog to investigate other complaints including an alleged attack. Police signalled a prosecution, but Council later opted to give the owner notice under section 33EC. The owner appealed Council's decision not to release the dog. This decision was upheld in the District Court and the dog eventually disposed of.

3. Dogs prohibited, leash only and dog exercise areas

- 3.1. In Waipa, Council's policy is for all dogs to be on a leash in public places and most dog owners adhere to this. There are also dog prohibited areas, such as sports grounds, children's playgrounds and schools. Signage is installed in exercise and prohibited areas to distinguish them.

- 3.2. There are 43 dog faeces receptacles across the District which are regularly emptied. They are located mainly at exercise areas. The dog exercise areas and dog faeces receptacles are well-used by dog owners.
- 3.3 Council has had a request from Te Kopoua Marae Trustees to restrict dog access to the entire Kakepuku Maunga, near Te Awamutu. Council's reserve abuts Department of Conservation land that is already prohibited to dogs, and Council is in discussion to confirm the Department's view on the matter. This may trigger a review of Council's Dog Control Policy which is not otherwise due until 2025.

4. Dog registration and other fees

- 4.1. The fees for the 18/19 year were held at the previous levels and essentially had not increased in over 5 years. The fees for 2019/20 increased by \$1 for urban dogs. In the 2020/21 year rural fees increased by \$2 per dog to \$52. No changes were made to fees for the 2021/22 period. The fees are low compared to many other locations
- 4.2. There are still discounts of \$15 and \$10 available to urban owners for fencing and neutering respectively. These can be regarded as good preventative measures to stop dogs wandering which account for the majority of complaints referred to Council. Rural dogs pay a lesser registration fee due to them generally having less access to Council services.
- 4.3. Council staff followed up on unregistered dogs as they do each year and, following a reminder letter and a follow-up phone call or property visit, issued infringement fines. If registration took place immediately the infringement fine was sometimes waived, except in the case of repeat offenders. There were also a small number of seizures of dogs that were held until the owner completed registration.
- 4.4. Dog owners are now able to pay online via Council's website and this method of payment is strongly encouraged as an alternative to bank payments, due to the significant levels of staff time spent managing bank payments. In previous years Council implemented a pre-payment arrangement where owners who struggle to pay registration were able to start paying in advance for the coming year's registration. A number of dog owners were invited, however there wasn't a large uptake. And some dog owners reneged on the arrangement. As a result we haven't continued with offering pre-payment options, but where there is a genuine desire to pay off dog registration fees, our admin team will work with dog owners to achieve this.
- 4.5. The levy share for Waipa District in the operation of the National Dog Database for the 2020/21 was \$5,327.

5. Dog education and dog obedience courses

- 5.1. An annual newsletter is sent to all dog owners, and each year Council either organises or attends a seminar or event to which owners/public are invited. This year staff held a series of educational evenings at local dog parks during late summer to encourage safe and responsible dog management. Animal Control Officers are available to visit schools, kindergartens and other groups on request.
- 5.2. Statistics show that most dog attacks on children occur in the home where the dog and/or child resides, and these attacks are not usually brought to the attention of animal control. This is where

pre-school education is important to teach children how to behave appropriately around known dogs, and not to approach unknown dogs.

- 5.3. All new dog owners in the district are issued with an “owner information and dog registration pack” which contains a variety of information of interest to dog owners (including dog training and obedience courses) and Council also has a number of information leaflets to assist owners with specific issues.
- 5.4. Council has continued with its Facebook page dedicated to Animal Control (Waipā Animal Control). The page is used to try and locate the owners of impounded dogs, to advise about events and topical information, and to advertise dogs needing homes. This is usually well received by the public, however the negative aspect of social media i.e. circulating mis-information and criticising Council has also continued to some extent.

6. Disqualified and probationary dog owners

- 6.1. There are currently 18 disqualified owners in the district, and we also have one classified probationary owner.

7. Menacing and dangerous dogs

- 7.1. At the end of June 2021, 135 dogs remained classified as menacing in the District out of a population of over 8,900 dogs and seven as dangerous.
- 7.2. Menacing dogs can be classified under two subsections of the Act (commonly referred to as “breed” or “deed”) i.e. 33A due to reported or observed menacing behaviour of the dog, and 33C due to the dog's breed or type being one listed in schedule 4 of the Dog Control Act - in most cases an American Pitbull Terrier type. Dangerous dogs are classified following receipt of a sworn statement from a complainant attesting the dog is a threat to any person or domestic animal, or following prosecution. Both menacing and dangerous dogs are required to be muzzled when in any public place.
- 7.3. The details of any dog classified as either menacing or dangerous are referred to Animal Control Officers for a compliance check after one month. Council’s Dog Control Policy requires classified menacing dogs to be neutered and most owners comply with this requirement without further enforcement. Animal Control Officers endeavour to assist owners with full compliance by providing low-cost micro-chipping.
- 7.4. The dangerous dog classification is a more useful tool, due to the legislative requirement for the dog to be kept within a fenced enclosure, in addition to being neutered. In some cases the owner has arranged for the dog to be destroyed following an attack rather than be classified.
- 7.5. Under the Act, owners may object within 14 days to classifications, which are usually heard by Council’s Regulatory Committee.
- 7.6. As outlined in the Enforcement section a dog was seized for failing to comply with a dangerous classification, and following an unsuccessful appeal by its owner to the District Court, was disposed of.
- 7.7. As discussed previously, the steady increase in menacing classifications is partly due to a gap in enforcement options when, following an attack, a decision is made not to prosecute. No infringement

offence exists for an attack. So unless the dog owner has committed another offence, classification is the only alternative. A high-value infringement for minor attacks would be a useful addition to the schedule. Monitoring compliance can be onerous and an increasing requirement, as new dogs are added to the list.

- 7.8. Council has continued with its policy that any American-Staffordshire terrier that does not have pedigree papers will be considered “predominantly American pit-bull type” where it exhibits those traits.

8. Other information

- 8.1. Council requires owners of more than five dogs on rural properties and owners of more than two dogs on any urban land to apply for a three-year permit from Council. As registration applications are received, owners are advised to apply for a permit.
- 8.2. Waipa District Council continues to have a high rehoming rate of unclaimed pound dogs. A local charity assists with most of the adoptions, but other charities have also taken in dogs on occasion while the remainder of adoptions are co-ordinated by the animal control team. Council continues to operate a very successful Facebook page (facebook.com/WaipAnimalControl) which has provided an additional avenue to promote rehoming, and to provide general information to dog owners. This works in conjunction with Council’s formal Facebook page (facebook.com/WaipDistrictCouncil).
- 8.3. Council is also working closely with its neighbours, including through shared training assisted by the Waikato/BOP branch of the New Zealand Institute of Animal Management. This has seen a range of networking and/or training opportunities for staff.
- 8.4. Council has also made a significant investment in dog agility related equipment in recent years with the aim of developing “destination dog parks” in Te Awamutu and Cambridge areas. A full set of agility equipment has been installed in two parks and has been well received.
- 8.5. With the recent movement of Council IT systems to “the cloud” staff will hopefully be able to complete a range of administration tasks in the field, using tablets in the near future.

PART 2 – STATISTICAL INFORMATION

Category		1 July 2017 – 30 June 2018	1 July 2018 – 30 June 2019	1 July 2019 – 30 June 2020	1 July 2020 – 30 June 2021
1	Total # active dogs	8229	8561	8714	8983
2	Total # probationary owners	0	1	1	1
3	Total # disqualified owners	7	15	12	18
4	Total # dangerous dogs (current at end of period)	6	8	5	7
	▪ Dangerous by owner conviction under s31(1)(a) – new	0	0		0
	▪ Dangerous by sworn evidence s31(1)(b) - new	3	3	4	4
	▪ Dangerous by owner admittance in writing s31(1)(c) – new	0	1	1	0
5	Total # menacing dogs (end of period)	113	118	126	135
	▪ Menacing under S33A(1)(b)(i) - i.e. by Behaviour – new	10	13	5	11
	▪ Menacing under s33A(1)(b)(ii)- by Breed Characteristics – new	0	1	0	0
	▪ Menacing under s33C(1) by Schedule 4 Breed – new	30	14	20	24
6	Total # infringement notices (excluding cancelled)	146	121	88	119
7	Total # complaints received (needing action)	2334	2133	1706	1575
	▪ Aggressive	53	64	47	52
	▪ Bins/signs	24	18	21	24
	▪ Bite/attack	85	75	84	71
	▪ Barking	546	476	392	369
	▪ Breach of Council bylaw or permits	34	14	22	23
	▪ Lost dog/other	354	360	247	202
	▪ Rushing in public place	38	47	37	43
	▪ Unregistered	57	48	40	39
	▪ Wandering	1,081	989	767	695
	▪ Worrying animals	13	5	9	6
	▪ No water, shelter, food or exercise	48	37	40	51
	8	Total # prosecutions taken	0	0	0

Prepared by

Approved by



Helen McLean
Animal Control Team Leader

Wayne Allan
Group Manager District Growth and Regulatory Services



To: His Worship the Mayor and Councillors
From: Group Manager Service Delivery
Subject: **FEEDBACK TO LOCAL GOVERNMENT NZ ON THREE WATERS SERVICE DELIVERY REFORM PROPOSAL**
Meeting Date: 28 September 2021
File Reference: 004.01

1 EXECUTIVE SUMMARY

This report provides an update to Elected Members on:

- the Government's 30 June 2021 and 15 July 2021 Three Waters Reform announcements, which change the reform process previously outlined in 2020
- the specific data and modelling Council has received to date, and the analysis of this
- the implications of the revised Three Waters Reform proposal for Council and alternative service delivery options
- an outline of feedback to be provided to Local Government NZ (LGNZ) on 30 September 2021.

It is noted that all local authorities have been requested to identify issues of local concern with respect to the Government led Water Reform Proposal, and provide feedback to LGNZ on what these are and suggestions for how the proposal could be strengthened. Council is not in a position to make a formal decision regarding the reform through this period. Instead, this is an opportunity for Council to provide feedback on local impacts and possible variations to the proposed reform package outlined by the Government.

The following appendices accompanies this report:

- *Appendix 1 – 2020 Background*
- *Appendix 2 – Government's Conclusion that the Case for Change has been made*
- *Appendix 3 – Three Waters Guidance for Councils over the next eight weeks*
- *Appendix 4 – LGNZ Three Waters 101*
- *Appendix 5 - Heads Of Agreement Between The Sovereign In Right Of New Zealand And New Zealand Local Government Association Incorporated (Te Kahui Kaunihera Ō Aotearoa)*

- *Appendix 6 – Funding to invest in the future of local government and community wellbeing*
- *Appendix 7 – Transition*
- *Appendix 8 – Submission to LGNZ*

2 RECOMMENDATION

That

- a) *The Feedback to Local Government New Zealand On Three Waters Service Delivery Reform Proposal report (document number 10673866) of Dawn Inglis, Group Manager Service Delivery, be received;*
- b) *Council notes the following:*
 - *the Government's 30 June and 15 July 2021 Three Waters Reform announcements;*
 - *Officers' advice on the accuracy of the information provided to Council in June and July 2021 as a result of the Request For Information (RFI) and the Water Industry Commission for Scotland (WICS) modelling processes;*
 - *that Council cannot make a formal decision on a regional option for three waters service delivery without doing a Long Term Plan (LTP) amendment and ensuring it meets section 130 of the LGA;*
 - *that the Government intends to make further decisions about the three waters service delivery model after 30 September 2021;*
 - *that it would be desirable to gain an understanding of the community's views once Council has further information from the Government on the next steps in the reform process;*
 - *that Officers will report back further once they have received further information and guidance from Government on what the next steps look like and how these should be managed;*
- c) *Council delegates authority to the Chief Executive to submit feedback on the Three Waters Reform to Local Government New Zealand, as detailed in Appendix 8, with any minor amendments as a result of discussion at the meeting.*

3 SUMMARY OF REFORMS TO DATE

Over the past four 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). The background is provided in Appendix 1, including information on Taumata Arowai (which became a new Crown entity in March 2021 and will become the dedicated water services regulator later this year) and the Water Services Bill (currently moving through Parliament’s select committee processes).

The Government has concluded that the [case for change](#)¹ to the three waters service delivery system has been made (refer to Appendix 2 for further information) and during June and July 2021 it released information and made announcements on:

- the direction and form of Three Waters Reform, including proposed new Water Service Entities (four and their indicative boundaries), their governance arrangements and public ownership
- individual (WICS) Council data based on the information supplied under the Request For Information (RFI) process led by the Department of Internal Affairs (DIA) in December 2020 and January 2021
- a package of investment (\$2.5b) for Councils to invest in the future for local government, urban development, and the wellbeing of communities, ensuring no Council is worse off as a result of the reforms, and funding support for the transition
- an eight week process for Councils to understand the implications of the reform announcements, ask questions and propose solutions, and for Government to work with Councils and mana whenua on key aspects of the reform (including governance, integrated planning and community voice).

Waipā District Council has been placed in Entity B (a nominated Water Services Entity Area covering 22 local authorities) and our “better off” funding allocation is \$20,975,278.

It is noted that, while the Government and LGNZ consider that a national case for change has been made, each Council will ultimately need to make a decision based on its local context, if the process to join one of the proposed entities remains voluntary.

This report provides Council with the staff analysis of the information provided and assesses the Government’s proposal and currently available service delivery options. In preparing it Officers have used the Local Government New Zealand, Taituarā, and Te Tari Taiwhenua Internal Affairs [guidance](#)² (Refer to Appendix 3) to assist Council to understand the information that has been provided to date, and enable Council to prepare for future decisions and consultation and engagement with communities.

¹ [Transforming the system for delivering three waters services \(dia.govt.nz\);
https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/\\$file/transforming-the-system-for-delivering-three-waters-services-the-case-for-change-and-summary-of-proposals-30-june-2021.pdf](https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/$file/transforming-the-system-for-delivering-three-waters-services-the-case-for-change-and-summary-of-proposals-30-june-2021.pdf)

² <https://www.lgnz.co.nz/assets/Three-Waters-Guidance-for-councils-over-the-next-eight-weeks-FINAL.pdf>

In summary:

- Our Council specific information looks broadly correct. Whilst errors of timing were identified in the information (where a forecast column was incorrectly identified as a separate funding year), the indicated quantum of impact on Waipā DC was correct.
- Given the peer reviews of the modelling and underlying assumptions (which always carry a degree of uncertainty) no further analysis of this work has been done, and staff have focused on the reasonably practicable options and their implications for Council and the community.
- The Government has been clear that doing nothing is not an option, as the cost impact of the Regulatory changes is too significant to be borne by our communities without the financial benefits that will accrue from efficiency gains - which is predicted to arise from procurement at scale, consistent asset management systems across multiple sites, and growing capacity and capability within the Waters Sector work force.

Option Consideration

It is noted that the law currently prohibits Councils deciding to opt-in to the current proposal (given section 130 of the Local Government Act 2002 and what we know about this option at present). Current decision-making requirements, including the need to take account of community views and the strategic nature of the assets involved, would also preclude Council deciding to opt-in at this time without consultation.

Similar requirements apply if the Council wishes to consider alternative arrangements that involve asset transfers, divestment, change in ownership and/or the setting up of a Council Controlled Organisation (CCO) or a Shared Waters Management Company (SWMC) to deliver water services in the future.

There are a number of issues, concerns and uncertainties for the Government and Councils to work through before a robust Council decision (and decision-making process) can be made, including whether legislative change will enable or require the Water Services Entity or CCO approach to be adopted. Therefore, it is noted that there is no expectation that a decision is made to opt-in (or out) or commence community engagement or consultation over the eight week period to 30 September.

Councils have been specifically asked to provide solutions to three outstanding issues during the next week feedback period:

- ensuring all communities have both a voice in the system and influence over local decisions
- effective representation on the new water service entities' oversight boards, including preventing future privatisation
- ensuring integration between growth planning and water services planning.

Waipā District Council's response to these matters is detailed in this report, with a draft submission document included as Appendix 8.

It is noted that the Government's decisions on entity boundaries, governance and transition and implementation arrangements will occur after the eight week process ends (30 September 2021).

If the Reforms are to proceed, it is anticipated that Councils will continue to deliver water services until at least early 2024, and Council involvement in the transition will be required throughout.

4 BACKGROUND & CONTEXT

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

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

The Government's stated direction of travel has been for publicly-owned multi-regional models (with a preference for local authority ownership). The Department of Internal Affairs (DIA), in partnership with the Three Waters Steering Committee (which includes elected members and staff from local government) commissioned specialist economic, financial, regulatory and technical expertise to support the Three Waters Reform Programme and inform policy advice to Ministers.

The initial stage (Tranche 1 - MOU, Funding Agreement, Delivery Plan and RFI process) was an opt-in, non-binding approach. It did not require Councils to commit to future phases of the reform programme, to transfer their assets and/or liabilities, or establish new water entities. The 2020 indicative reform programme and then anticipated next steps can be found in Appendix 1.

Council Officers completed the RFI process over Christmas and New Year 2020/21 and the Government has used this information, evidence, and modelling to make preliminary decisions on the next stages of reform, and has concluded that the case for change has been made (Appendix 2).

5 GOVERNMENT'S JUNE & JULY ANNOUNCEMENTS & INFORMATION RELEASES

In June 2021 a suite of information was released by Government that covered estimated potential investment requirements for New Zealand, scope for efficiency gains from transformation of the three waters service and the potential economic (efficiency) impacts of various aggregation scenarios.³

In summary, the modelling indicated a likely range for future investment requirements at a national level in the order of \$120 billion to \$185 billion, an average household cost for most Councils on a standalone basis to be between \$1,910 and \$8,690 by 2051. It also estimated these average household costs could be reduced to between \$800 and \$1,640 per household and efficiencies in the range of 45% over 15-30 years if the reform process went ahead. An additional 5,800 to 9,300 jobs and an increase in GDP of between \$14b to \$23b in Net Present Value (NPV) terms over 30 years were also forecast.

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

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

The proposed safeguards against privatisation can be found on page 26 of the DIA's [summary of the case for change, which is attached to this report as Appendix 2](#).

Both DIA and LGNZ have produced two page national overviews, available on the DIA [website](#)⁴ and [LGNZ websites](#)⁵ respectively. Appendix 2 contains more detail on the national context and Appendix 4 provides the DIA/LGNZ overviews.

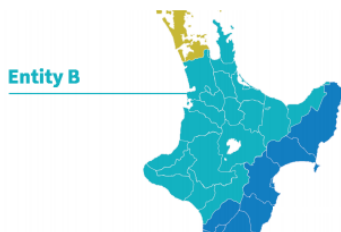
Waipā District Council has been placed in Water Services Entity B, although the precise boundaries are subject to this period of consultation for feedback.

³ This information, including peer reviews and the Minister's briefing can be accessed at: <https://www.dia.govt.nz/Three-Waters-Reform-Programme> and [release-of-second-stage-evidence-base-released-june-2021](#).

⁴ [2872-DIA-A3-A New Water with-without reform Map 20210526 v2.7](#)

⁵ [Three-Waters-101-Infographic.pdf \(lgnz.co.nz\)](#)

Entity B



Hamilton	Rotorua Lakes	Waikato
Hauraki	Ruapehu	Waipa
Kawerau	South Taranaki	Waitomo
Matamata-Piako	South Waikato	Western Bay of
New Plymouth	Stratford	Plenty
Opotiki	Taupo	Whakatane
Otorohanga	Tauranga	Whanganui
Rangitikei	Thames-	
	Coromandel	

Entity B

Connected population (2020)	0.8m
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Average household cost (2051, real)⁶

With reform	\$1,220
Without reform	\$4,300

On 15 July, in partnership with LGNZ under a [Heads of Agreement](#)⁶, (included as Appendix 5) the Government announced a package of \$2.5 billion to support Councils to transition to the new water entities and to invest in community wellbeing. This funding is made up of a **‘better off’ element** (\$500 million will be available from 1 July 2022 with the investment funded \$1 billion from the Crown and \$1 billion from the new Water Services Entities), and **‘no Council worse off’ element** (available from July 2024 and funded by the Water Services Entities). The **“better off”** funding can be used to support the delivery of local wellbeing outcomes associated with climate change and resilience, housing and local placemaking, and there is an expectation that Councils will engage with iwi/Māori in determining how to use their funding allocation.

Waipā District Council’s funding allocation is \$20,975,278 for the “better off” element. The detail of the funding (including expectations around the use of reserves) and the full list of allocations is found in Appendix 6. Conditions associated with the package of funding have yet to be worked through.

In addition to the funding announcements, the Government committed to further discussions with local government and iwi/Māori over the next eight weeks on:

- the boundaries of the Water Service Entities
- how local authorities can continue to have influence on service outcomes and other issues of importance to their communities
- ensuring there is appropriate integration between the needs, planning and priorities of local authorities and those of the Water Service Entities

⁶ [https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/\\$file/heads-of-agreement-partnering-commitment-to-support-three-waters-service-delivery-reform.pdf](https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/$file/heads-of-agreement-partnering-commitment-to-support-three-waters-service-delivery-reform.pdf)

- how to strengthen the accountability of the Water Service Entities to the communities that they serve, for example through a Water Services Ombudsman.

Next steps are expected to be announced after 30 September 2021, which would include the timeframes and responsibilities for any community or public consultation. It is also important to note that the Government has not ruled out legislating for an “all-in” approach to reform to realise the national interest benefits of the reform.

It is also noted that in the interim the DIA continues to engage with Council staff on transition matters on a “no-regrets” basis, irrespective of whether the reforms proceed. These discussions do not pre-empt any decisions about whether to progress the reforms or whether any individual Council will or will not transition.

6 COUNCIL SPECIFIC INFORMATION & ANALYSIS

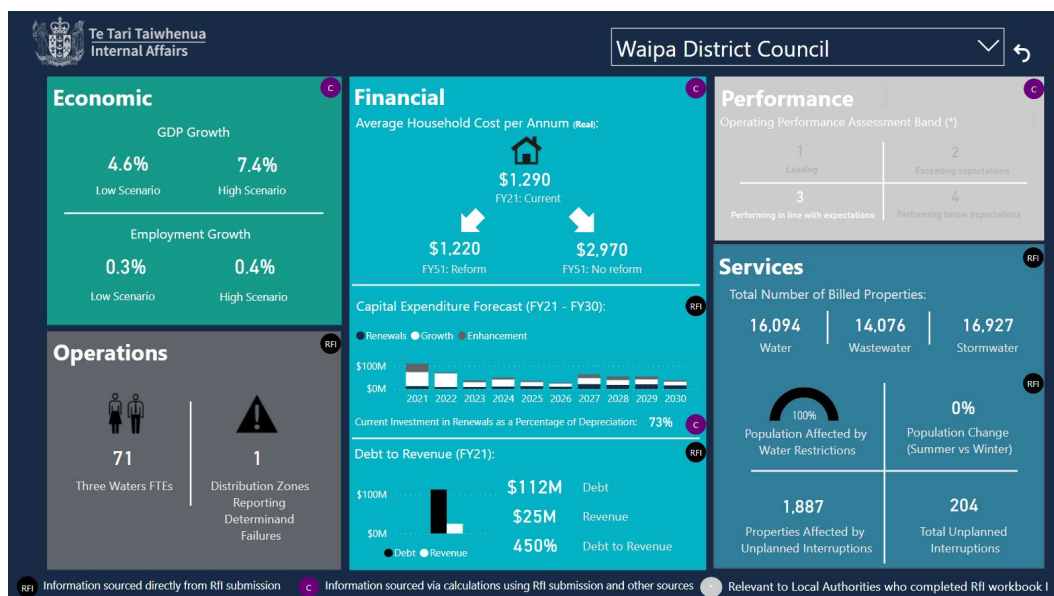
It is noted that while the Government and LGNZ consider that a national case for change has been made, it is currently signalled that each Council will ultimately need to make a decision based on its local context.

Councils do not have a national interest test for their decision making. Councils are required to act in the interests of their communities and the community’s wellbeing (now and into the future), provide opportunities for Māori to contribute to their decision-making processes, ensure prudent stewardship and the efficient and effective use of its resources in the interests of the district (including planning effectively for the future management of its assets) and take a sustainable development approach⁷.

Waipā District Council currently delivers three waters as a standalone entity, although it does participate in a shared service arrangement for Sampling and Analysis, Trade Waste, and Smart Water services via Waikato Local Authority Shared Services (WLASS).

The DIA produced a dashboard for each Council based on information provided through the Request for Information noted earlier. Waipā District Council’s dashboard is shown below:

⁷ See sections 5 and 14 of the LGA.



The key aspects Council should note are detailed below. The areas where Council is performing well are:

- Strong performer on wastewater, with high levels of compliance and commitment to meeting treatment standards
- Household 3 waters rates are below average when compared to the rest of Entity B
- Current and historic levels of investment for drinking water and wastewater are good
- There are good partnerships with iwi in place
- Waipā is a growth district and Council has been very active in planning and development – investing in growth and working well with the sub-region
- Strong in-house workforce with good morale and good job prospects.

Areas which are a challenge for Council are:

- Drinking water compliance for municipal schemes and private supplies – more rigorous regulation will bring higher costs
- Debt to income increasing to over 700% for 3 waters, with significant reliance on development contributions to repay growth debt
- Some risk of under investing for renewals as a result of affordability challenges (circa \$145m programme in Waters Master Plan with \$85m funded)
- Stormwater renewal and level of service improvements to meet future consent requirements is a particular challenge (along with the rest of Entity B)
- Contamination issues indicated as data reflects Hicks Road supply (now discontinued for municipal supply), but technical non-compliance issues around sampling errors are a concern.

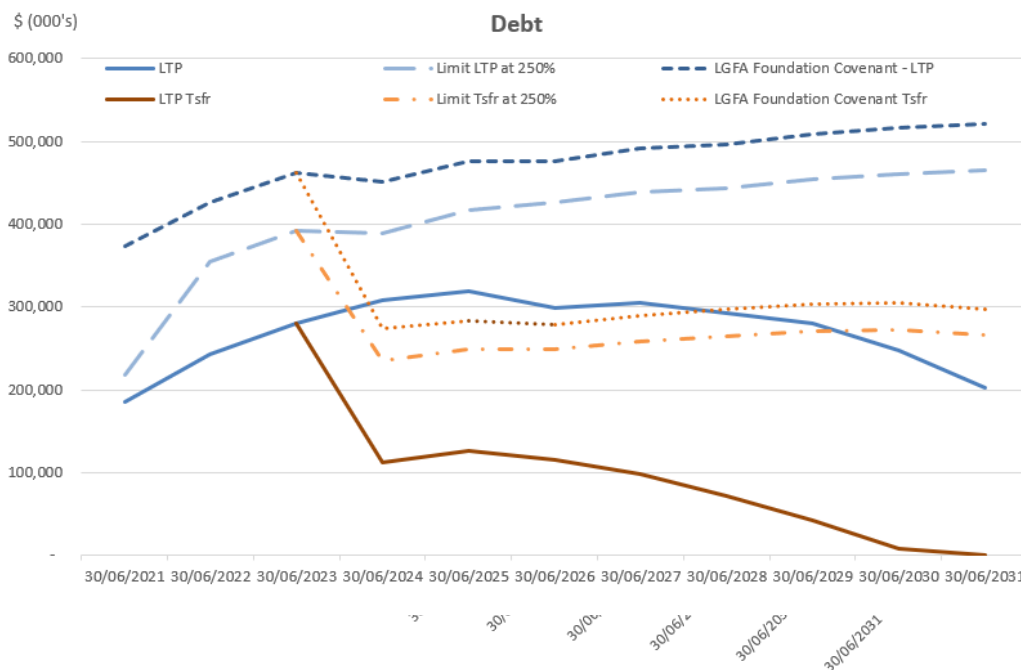
Average cost of per household:

- The DIA (based on several assumptions) states it is \$1,290; our Council based on the 2021/22 Plan (Year One of the 2021-2031 LTP) is \$1,290

- It is noted that the equivalent anticipated cost for Waters for the average Waipā DC connected household at the end of the current 2021-2031 period will be around \$2,150
- DIA’s reform modelling (for Entity B) projects this cost to be \$1,220 by 2051.

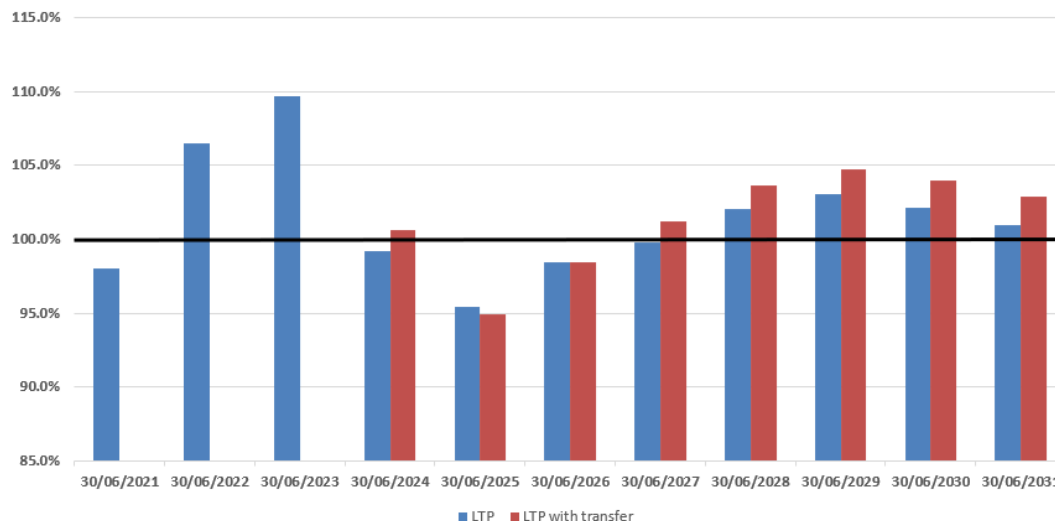
Council’s debt position with and without reform (based on the current 2021-2031 LTP) indicates that there is increased debt head room with reform as shown below:

LEVEL OF DEBT – WITH / WITHOUT REFORM



Assessment of Council’s capacity to deliver a balanced budget each year is indicated below (noting that during the consideration of the 2021-2031 LTP there was a decision made to use accumulated reserves in some years to reduce debt and rate increase impacts).

BALANCED BUDGET



Capital Expenditure Forecast

- During consideration of the 2021-31 Long Term Plan, Council decided to reduce funding for Waters Renewals from around \$140m to \$89m over the 10-year period as the increased sum was unaffordable for our community, and the risk of asset failure as a result of reduced funding was low. Funding for the new Cambridge Waste Water Treatment Plant (circa \$102m in Year 5 of the Plan) has been provided for in the LTP in response to Council’s commitment to addressing the conditions of the current short term consent. It is noted that historically Waipā has invested wisely, with a risk-based approach, in their three waters activity management.
- However there are known cost drivers that will impact on Waipā in the future which were not included in the LTP. These were:
 - Increased replacement costs associated with Waters’ above ground assets which are expected to increase depreciation costs
 - Stormwater management requirements to meet the conditions of the Waipā Stormwater Global Discharge Consent (expected in 2022).

Our asset condition levels (as detailed in the Waipā DC Activity Management Plans) currently are:

- water - low
- wastewater - medium
- stormwater - low

Our performance levels are:

- water – high
- wastewater – high
- stormwater - low

Our maintenance budgets are adequate for the next 10 years on the understanding that by reducing the three waters renewals budget by 30%, there is a high risk that the maintenance budgets will need to be reassessed each year.

There is also the potential for Council to have to work with, and potentially take over, some water supplies if they are unable to meet quality standards and regulatory requirements. These are not yet identified but could include schools, Marae, and larger farming business operations where drinking water is supplied to more than a single dwelling. The scale and scope impacts of these is not quantified at this stage. Against the above information, in general, the dashboard and underlying information for the next 10 years looks broadly accurate when compared with Council's own information and LTP 2021-31.

While the dashboards and various analysis has been prepared at the national level, it has been peer reviewed by [Farrierswier](#) and Beca to ensure that both the modelling and underlying assumptions are reasonable in the New Zealand context. It therefore provides a reasonable indication of the "order of magnitude"⁸ of the gains that can be delivered through the new system, and the level of future investment Council is likely to need to make over the next 30 years.

At this stage it is not possible to fully test the projections as the standards for Aotearoa New Zealand out to 2051 are not known, although it is reasonable to assume that there will be greater community and mana whenua expectations around environmental performance and quality, tougher standards to meet for water quality (drinking and receiving environment) and that monitoring, compliance and enforcement will be greater than it is now. This affects both operational and capital expenditure (costs will go up), including the number of staff (or contractors) that Council will need to ensure outcomes for water, community and legal requirements are met.

There is always a level of uncertainty and therefore risk around assumptions and forecasts, whether prepared by us for our LTPs or by others such as Government to facilitate policy decisions, such as the current Three Waters Reform process. Staff have considered that it would not be a good use of Council's limited resources to spend time and money on a detailed review of the assumptions and modelling.

7 OPTIONS AVAILABLE TO COUNCIL FOR THREE WATERS SERVICE DELIVERY

This section provides an overview of the options available to Council and is followed by an analysis of the Council's reasonably practicable options.

⁸ Page iv, 2021, Farrierswier, Three Waters Reform, Review of methodology and assumptions underpinning economic analysis of aggregation available at [https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/\\$file/farrierswier-three-waters-reform-programme-review-of-wics-methodology-and-assumptions-underpinning-economic-analysis-of-aggregation-released-june-2021.pdf](https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/$file/farrierswier-three-waters-reform-programme-review-of-wics-methodology-and-assumptions-underpinning-economic-analysis-of-aggregation-released-june-2021.pdf)

This analysis will provide some of the required information to enable Council to make a decision and consult on opting in or out of the reform process at the end of the eight week period (but not all, as there is further information to be developed and decisions to be made), although whether this is ultimately required will be dependent on where the Government gets to with the reform process, and the decisions it makes after 30 September 2021.

Staff have used the Local Government New Zealand, Taituarā, and Te Tari Taiwhenua Internal Affairs [guidance](#)⁹ (included as Appendix 3), and previous studies to understand the potential impact of reform and other practicable options (both today and in the future) in terms of service, finance and funding, economic development and growth, workforce, delivery and capability and social, cultural and environmental wellbeing.

Option A - Government Proposal

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

Option B - Council as a standalone deliverer of three waters

- Council currently delivers three waters as a standalone entity, although does participate in a shared service arrangement for Sampling and Analysis, Trade Waste, and Smart Water services via Waikato Local Authority Shared Services (WLASS).
- While the RFI information, dashboard and supporting information provided to Council suggests that this might not be a sustainable future model for the country, we have used the information in the Waipā LTP to analyse whether this is a viable option for Council and our communities.

⁹ <https://www.lgnz.co.nz/assets/Three-Waters-Guidance-for-councils-over-the-next-eight-weeks-FINAL.pdf>

- The potential benefits of this option include greater Council control and more certainty over local infrastructure integration (planning and delivery) with land use plans and Council objectives. Council however faces some risks over the medium to longer term, including potentially higher costs in meeting the new waters' standards, environmental requirements and achieving compliance. The ability of non-Council water supplies to meet standards and requirements also poses an unquantified (but anticipated as relatively low) risk to Council and the community if Council was requested to take over these responsibilities.
- The causes of most of these risks are not within Council's control. This makes mitigation difficult, and many potential mitigation options (such as greater investment, larger costs than currently planned, lower levels of service, and compliance risk) may not be palatable to Council or the community.

Option C - Delivery of three water services by Council at a higher level of service level and investment

- This option is a realistic but difficult to assess option within the eight week timeframe. The issues and opportunities associated with this option are broadly the same as for Council delivering three waters at the service levels forecast in the LTP 2021-31. There is likely better integration with Council outcomes, objectives and plans, but even if Council can predict the investment required to meet the new waters' standards, environmental requirements and compliance requirements in the short term, the costs of service provision and levels of service may change significantly over the next 30 years, causing affordability issues for households, lower levels of service and compliance risks for Council.

Option D – Asset owning CCO

- This option was explored extensively in 2015-2016 when a CCO was proposed between Waikato District, Hamilton City and Waipa District Council. In reviewing the material from this period it was clear that such an option:
 - enables an organisation to focus on the group's three water challenges and prioritise investment decisions across the region, which should lead to better environmental and community outcomes
 - provides for greater strategic, management and operational capacity and capability, workforce development and planning
 - enables efficiencies (in planning, programming, procurement and delivery) and therefore should as a result reduce household costs and increase affordability.
- There are however integration risks with spatial, growth and local planning and uncertainties around the future costs to households. The result of this assessment work in 2016 was a decision to not proceed with this option. It is also noted that the recent Government assessment of this option indicated that a connected population of between 800,000 and 1,000,000 customers is necessary to achieve the maximum benefits from aggregation of delivery of services.

Option E - Regional aggregation of three waters services in a Shared Waters Management Company (non-asset owning SWMC)

- This option was explored extensively in 2017 when a Managed Water Services Company was proposed between Hamilton City and Waipa District Council. The proposal for this was released for public consultation in late 2017. In reviewing the material from this period it was clear that such an option:
 - Offers substantial financial benefits to both Councils over the medium to long-term compared with the status quo
 - Provides regional benefits through collaboration and working together. The proposed SMWC is scalable and has lower barriers to entry for other local authorities than an asset owning CCO
 - Offers considerable non-financial benefits to both Councils. In particular it could improve the resilience of both Councils and provide an effective way of ensuring that both Councils have the specialised and expert staff that is required to meet the needs of our communities, and should as a result reduce household costs and increase affordability.
- The result of this assessment work in 2018 was a decision to not proceed with this option.

8 OPTIONS ANALYSIS

Officers undertook an evaluation of the reform option vs Option B (utilising Option B as at 1 July 2021 and 01 July 2031 after the investment planned in the current LTP) based on the LGNZ/Taituarā Scorecard covering four key quadrants and 14 criteria:



The result of that evaluation is below:

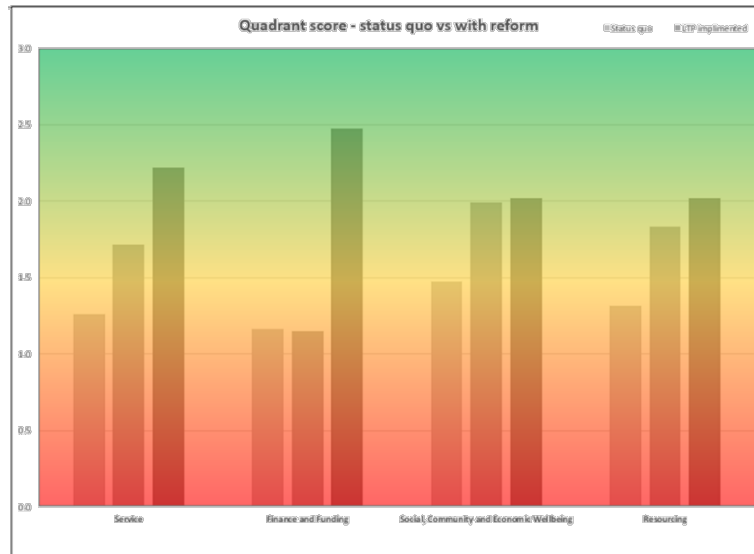
WAIPA DISTRICT COUNCIL - QUADRANT STATUS SUMMARY							
WITHOUT REFORM - STATUS QUO			WITHOUT REFORM - IN 10 YRS			WITH REFORM	
Service	Finance		Service	Finance		Service	Finance
Resourcing	Community		Resourcing	Community		Resourcing	Community

Key:

SUMMARY SCORING KEY			
Score	Colour	Quality	Risk
3	Dark green	Much better	Significant opportunity
2	Light green	Better	Opportunity
1.5	Yellow	Neutral	Neutral
1	Orange	Worse	Threat
0	Red	Much worse	Significant threat

*refer 'Considerations and Criteria for Council Impact Assessment' for detailed assessment criteria

This is also represented in the next graph with the left bar indicating current performance, the central bar expected performance at 1 July 2031, and the right bar indicating expected performance if the reform programme is successful in achieving its anticipated objectives.



Driver	Current	Reform
Service standards	Strong on wastewater, challenges on drinking water & stormwater	Regulation lifts the bar on all 3W and new entity invests accordingly
Adequate funding for asset lifecycle	Generally fully funding depreciation based on asset valuations (ORC)	Economic regulator will require 100%+ asset lifecycle funding, assisted by efficiencies
Ability to sustainably invest in community	High 3 W debt to income %, risks constraining investment - significant reliance on DCs	More investment in 3W by WSE. Remaining Council debt to income negligible - capacity to invest elsewhere
Integrated landuse and planning	Localised and integrated placemaking & good response to growth	Risk that the entity becomes a silo
Ability to control community wellbeing	High ability to integrate community outcomes, but some funding constraints	More investment but how responsive will the new entity be to community concerns?
Resourcing and cost	Below average costs now but limited capacity to deliver efficiencies	Increased investment requirements but significant opportunities for scale efficiencies



Option A - Government Proposal

In summary, the greater financial capability, efficiency, affordability and community/water benefits (published by Government) of delivering three waters to the community are likely to be of significant value *if they can be realised*. There are risks to Council in this proposal.

Our analysis suggests that key risk themes are:

- Growth delayed or impacted if WSE programmes not aligned to Council's
- Reputation damage if customer dissatisfaction
- Customers don't have an advocate to support any issues they may have
- In an emergency Council will have a reduced in-house resource to call upon
- Stranded overhead costs, Council's reduced ability to secure support staff
- If work not delivered locally, local businesses and suppliers may not be economically viable in the future
- Additional disruption in our communities with works completed ad-hoc
- High cost/low risk model adopted by WSE which is not sufficiently managed by the Economic Regulator
- No local voice in strategic oversight of delivery of services
- Council does not get insights into the significant impact of waters management on local community outcomes
- Council is unclear on who is responsible for which activities, for example, catchpits and leads, swales, wetland areas.

Other challenges considered include:

- Community is critical and continual delivery of placemaking outcomes is at risk
- Post reform will the Council have sufficient scale to provide effective emergency response and fulfil broader community obligations?

Option B - Council as a standalone deliverer of three waters

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

However, Council faces some risks over the medium to longer term including potentially high costs in meeting the new water standards, environmental requirements and achieving compliance. In addition, contractor availability is limited, the construction pipeline is already substantial and inflationary pressures are growing, meaning costs are rising.

The ability of non-Council water supplies to meet standards and requirements also poses an unquantified (but anticipated as relatively low) risk to Council and the community if Council was requested to take over these responsibilities. These present affordability challenges for households in the future, exacerbating our current affordability challenges.

Council is also experiencing workforce challenges to meet the current requirements of three waters service delivery, Government reforms and an enlarged investment programme created by stimulus funding. Whilst Council participates in shared services arrangements via WLASS, these do not address the growing challenge for retaining staff and growing our capacity and capability in the waters sector.

This option becomes also less sustainable if neighbouring Councils move to some form of aggregated model which will adversely affect our ability to retain and attract workers, access technical, financial or construction support, and procure cost effective contracts to deliver services and capital works.

This means that most of these risks are not within Council's control which makes mitigation difficult, and many potential mitigation options (such as greater investment, larger costs than currently planned, lower levels of service, compliance risk) may not be palatable to Council or the community.

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

There may also be broader implications for our relationship with Government, iwi/Māori and key stakeholders. Given the analysis to date, Council continuing to deliver the three waters as a standalone entity is not sustainable in the medium to long term.

Option C - Council continues to deliver three waters but at a higher level of service and investment

The issues and opportunities associated with this option are broadly the same as for Council delivering three waters at the service levels forecast in the LTP 2021-31.

There is likely better integration with Council outcomes, objectives and plans, but even if Council can predict the investment required to meet the new water standards, environmental requirements and compliance requirements in the short term, the costs of service provision and levels of service may change significantly over the next 30 years.

As in the case of the status quo:

- should one or more non-Council water supplies default to Council this would exacerbate Council's risk profile and financial position
- if Council's neighbours voluntarily joined a larger water services grouping or entity, we would likely experience negative impacts on our workforce capability and capacity, on our pipeline of construction and ability to deliver cost effectively and on our ability to get professional services, advice and support.

Again, there should not be an expectation that the Government would be willing to financially support Councils to meet the new regulations beyond existing Tranche 1 stimulus funding.

This presents affordability challenges for households in the future and there may also be broader implications for our relationship with Government, iwi/Māori and key stakeholders.

Option D – CCO asset owning

This option was explored extensively in 2015-2016 when a CCO was proposed between Waikato District, Hamilton City and Waipa District Council. In reviewing the material from this period it was clear that such an option:

- enables an organisation to focus on the group’s three water challenges and prioritise investment decisions across the region, which should lead to better environmental and community outcomes
- provides for greater strategic, management and operational capacity and capability, workforce development and planning
- enables efficiencies (in planning, programming, procurement and delivery); with this option the entity and Councils would still need to be satisfied that the changing regulatory environment was adequately provided for, including ensuring there was sufficient funding to meet legal and regulatory obligations.

However, due to scale if this option was expanded to a wider sub-region or regional approach, this option addresses the risk that the size of investment required to meet new standards and community expectations is greater than forecast by individual Councils:

- it enables an organisation to focus on the group’s three water challenges and prioritise investment decisions across the region, which should lead to better environmental and community outcomes
- it provides for greater strategic, management and operational capacity and capability, workforce development and planning
- it enables efficiencies (in planning, programming, procurement and delivery), and should as a result reduce household costs and increase affordability.

As with the above options, should one or more non-Council water supplies default to the CCO then this would need to be funded from the group or consumers, however the risk may be reduced.

There are some integration risks with spatial, growth and local planning and ensuring transparent prioritisation, the achievement of Council objectives and ensuring there is sufficient funding and that costs are affordable.

There is Council oversight and input. A Statement of Intent would be prepared by the CCO (and it would be best practice for the Councils to prepare a letter of expectation to guide this) and half yearly and annual reports would be prepared. Councils would need to monitor the performance of the CCO. Consideration would need to be given to governance arrangements, including the involvement of iwi/Māori in both decision making and governance, and how Council, community and mana whenua aspirations and needs will be met.

This option is still constrained in its ability to raise debt as the connection to Council balance sheets remains under the available funding models.

There would also need to be agreement from all Councils and each would need to undertake public consultation, which would take time and creates uncertainty about the outcome.

If a new CCO is to be set up it would require Councils to use the Special Consultative Procedure (section 83 of the LGA) and arrangements (and a policy) for the appointment of directors or trustees which would need to be made (as the Councils appoint the “board”), as well as transition arrangements (including workforce transition), prioritisation of investment and integration with planning at the regional and local level.

Councils would need to adequately resource the establishment or transition process (if they were changing to an asset owning arrangement).

The Government has stated that it is “not clear if sector-led reform under existing legislation would deliver the kind of transformation required to address the root causes of the challenges the sector is facing”, so there should not be an expectation that the Government would be willing to financially support Councils to transition to this model or change the law to enable a different funding setting. This would be very similar if Council looked to establish a Shared Waters Management Company (effectively a non-asset owning CCO similar to Wellington Water).

9 TRANSITION

Managing transition risks to the Government’s proposed model is likely to pose a greater challenge for Council and others in its grouping than the risks associated with the Government proposal. If the Government’s proposal were to proceed, effective management of the transition by Council, Government and partners will be critical.

These risks include:

- Staff/Contractor retention during transition
- Stranded overheads
- Loss of customer experience
- Resistance to change
- Lack of business confidence
- Transition team – would help but will require resourcing; staff workloads
- Limited benefit from transfer of water debt
- Development / financial contribution refunds - may affect Council’s charges linked to debt (including the possibility of refunds)
- Scope of agency service continuing, for example, stormwater
- Deferred decision making - development projects to stall
- Community uncertainty - owners continue to call Council causing delays in resolving faults

- Poor transition management - cause delays and confusion over responsibility exposing Council to liabilities and affecting continuity of service delivery
- Existing contract liabilities - Council may be liable for compensation if contractors take legal action
- Liability for environmental damage - lack of clarity for monitoring environmental impacts may expose Council to liabilities
- Ongoing liability for emissions from waters activities
- Impact on Waters bylaw provisions impacting other Council activities
- Lack of clarity on land holdings which will need to continue to be held by Waipā DC.

That said, transition away from the status quo to any other option carries inherent risks, with potential mitigations to reduce both impact and likelihood, and therefore residual risk and sticking with the status quo may not be sustainable in the short, medium or long term.

10 COUNCIL DECISION MAKING & CONSULTATION

Part 6 of the LGA, sections 76 to 90, provide the requirements for decision making and consultation, including the principles of consultation and information that needs to be provided, including the reasons for the proposal and the reasonably practicable options.

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

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

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

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

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

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

There are also provisions in the LGA that relate to unlawful decisions to sell or dispose of assets, which can be investigated by the Auditor-General.¹⁰

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

It would be premature to make a decision to opt-out of the reform process and may expose the Council to litigation risk, given the Government's:

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

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

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

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

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

¹⁰ See sections 43 to 47 of the LGA.

However, Council has provided an engagement opportunity for the Waipā community to submit comments on the reform proposal. The engagement opportunity opened on 8 September, and as at 16 September, there were 65 respondents concerning the 3 Water Reforms delivery model – 56 DISAGREED with the proposal, five AGREED, one questioned whether there would be a cost to those on septic tanks and three with no comment. However, two fully supported Taumata Arowai, the new drinking water regulator to enforce drinking water standards.

The following summary groups the comments into themes. Several themes/comments overlap.

- Waipa has a good system – leave it as it is
- The problems are not uniform across the country – one size does not fit all
- There are other options such as co-investment with government or regional collaboration
- Why should Waipā be burdened with extra costs for others who have not managed their assets well?
- The scale of benefits is unrealistic - how much did it end up costing the Auckland ratepayers and similar claims made about savings from the 90s power reforms?
- How will it manage to keep long term prices affordable?
- The NZ workforce is currently at capacity - where will the expertise come from?
- Centralisation could allow gifting assets to other parties - bigger is not always better
- Ratepayers will no longer own the assets they spent decades paying for
- Loss of local control and decisions over our water, sewer and stormwater assets
- Governance handed to bureaucrats and appointed governors who are unelected persons
- Why 50% ownership by iwi?
- Regulator will be a game-changer and a very important organisation going forward
- What happens when Councils fall short of the standards?
- Public not fully informed and without proper consultation with public - Act requires Councils to consult with their communities over any plans to transfer water services
- Local people should decide about their own assets they paid for, not central government
- Costs should be paid from taxes so whole country pays – not just landowners
- Appears there will be an unfair tax on private supplies
- Taxing rainwater is ridiculous
- Lack of accountability for safe public drinking water
- This will benefit the whole population and parochial considerations should now be put aside where not everybody has access to good supply of clean water and the aging infrastructure
- The case for change is compelling
- Reform is a positive as it will ensure waters assets and infrastructure is maintained to the best possible standard and ensures decisions are made by informed professionals and not rate payers or Councillors
- If don't support, we will not benefit from the economies of scale and expert advice and national guidance
- What cost impact on non-town supply services?

11 INFORMATION THAT COUNCIL REQUIRES OR POTENTIAL SOLUTIONS TO OUTSTANDING ISSUES THAT IT WOULD LIKE TO CONVEY TO GOVERNMENT & LGNZ

There are still many issues that need to be resolved, including:

- Consultation with mana whenua and communities
- How will community voice be heard and what influence will local authorities have (and what can the community realistically expect the Council to influence, particularly if it is not on the Regional Representation Group)?
- Integration with other local government reform processes
- Integration between any Water Services Entity and Council with respect to spatial and local planning processes and growth
- Prioritisation of investment by any Water Services Entity
- Workforce and capability – we don't have enough of the right people now to deliver three waters and we need to retain our people through the transition
- What will a Government Bill cover and whether the reform will be mandatory
- Conditions associated with the Government's package of funding for local government
- Transition arrangements, including our own workforce challenges (without transition challenges on top) and due diligence for asset transfers etc.

Council has been invited to provide feedback on whether there are specific information needs, issues or solutions that the Council would like staff to convey to the DIA or LGNZ. A copy of the proposed submission is included in Appendix 8.

12 CONCLUSION

While there is uncertainty about the future steps in the Government's reform proposal, and current legislative impediments to it, the current eight week period gives Council the opportunity to understand the information it has received (and will continue to receive) from the RFI and modelling processes.

It also provides an opportunity for Council to understand its potential options, including the financial, workforce and sustainability impacts for Council and the wider economic, social and cultural implications of each option, using the guidance that has been issued. It also provides an opportunity to engage in discussions with other Councils in its entity grouping, share information and ask questions and propose solutions to issues it sees to Government and LGNZ.

All of this information will be useful to inform future decision making by both Council and Government, and consultation with the Waipā community mana whenua.



Dawn Inglis
GROUP MANAGER SERVICE DELIVERY

Approved by:



Garry Dyet
CHIEF EXECUTIVE

SUPPORTING INFORMATION: ASSESSMENT OF PROPOSAL

1 Statutory and policy requirements

Legal and regulatory considerations

Significance

The future of water services delivery is a significant issue. This report however does not commit the Council to a decision relating to that reform. Instead it provides initial analysis of the reform proposals for Council's information and highlights the uncertainties around information and next steps. As such, the significance of this report is low.

Risks / Legal and Financial implications

Significant risks, legal responsibility and financial implications have been identified in analysing the reform proposals and completing an analysis of options for this report. However, there is no decision required, other than to note those issues and to request further information from Government if Council wishes to, to reduce the risks and implications to Council and its communities.

Te Tiriti/Treaty of Waitangi and involvement of Māori in Decision Making Considerations

The issues covered in this paper are important for Māori. The Crown is currently leading the engagement with iwi/Māori, mana whenua.

Climate Change / Environmental Impact

Climate considerations (both mitigation and adaptation), resilience and environmental impacts are drivers of the reform process. While there are no specific impacts arising from this report, the decisions that occur post September 2021 will have an impact on climate and environmental issues. Some of these impacts have been canvassed in this report as appropriate to the options analysis that can be done with currently available information.

Engagement and Consultation

Council is not required to consult at this time. Further advice regarding any future consultation requirements will be provided after September 2021.

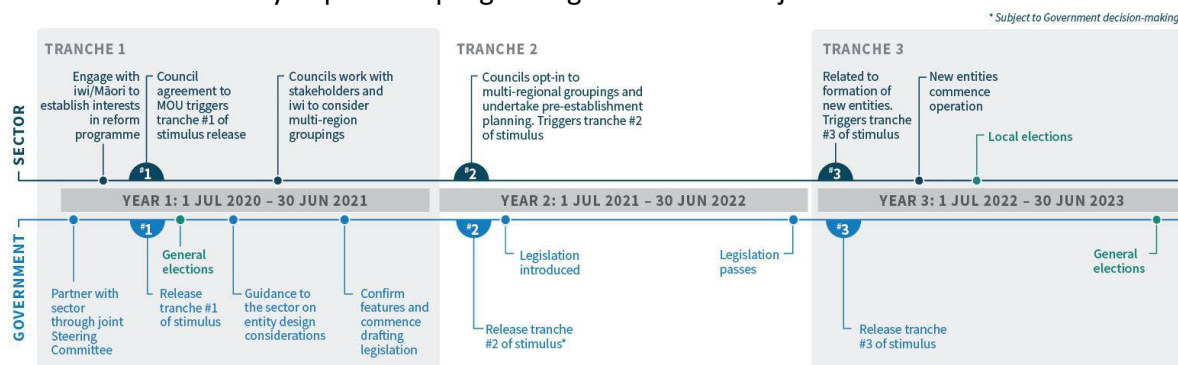
Appendix 1

2020 Background (including Taumata Arowai information and Indicative Reform Programme)

In July 2020, the Government launched the Three Waters Reform Programme to reform local government three waters service delivery arrangements, with the following objectives:

- improve the safety, quality, and environmental performance of water services
- ensure all New Zealanders have access to affordable three waters services
- move the supply of three waters services to a more financially sustainable footing, and address the affordability and capability challenges that currently exist in the sector
- improve transparency about, and accountability for, the delivery and costs of three waters services
- improve the coordination of resources and unlock opportunities to consider New Zealand's water infrastructure needs at a larger scale and alongside wider infrastructure and development needs
- increase the resilience of three waters service provision to both short and long-term risks and events, particularly climate change and natural hazards
- provide mechanisms for enabling iwi/Māori rights and interests.

The 2020 indicative timetable for the full reform programme is provided below. It was always subject to change as the reforms progressed, future Government budget decisions, and Councils were advised that any further tranches of funding would be at the discretion of the Government and may depend on progress against reform objectives.



Also in July 2020 the Government announced an initial funding package of \$761 million to provide a post COVID-19 stimulus to maintain and improve water 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.

Following initial reports (that used publicly available Council information) from the Water Industry Commission for Scotland (WICS), between October 2020 and February 2021, (all) 67 Councils participated in the Government's Request for Information (RfI) on Council's three waters assets, including future investment requirements. In return they received what was known as Tranche 1 stimulus funding (under a MoU and funding agreements with Government) for operating or capital expenditure that supported the reform objectives, economic recovery through job creation and maintaining, increasing and/or accelerating investment in core water infrastructure delivery, renewals and maintenance.

In line with Government policy, Taumata Arowai became a new Crown entity in March 2021 and will become the dedicated water services regulator when the Water Services Bill passes, expected to be in the second half of 2021 (the Select Committee is due to report back on 11 August 2021). They will oversee and administer, and enforce a new, expanded and strengthened drinking-water regulatory system, to ensure all New Zealand communities have access to safe drinking water. They will also provide oversight of the regulation, management, and environmental performance of wastewater and storm-water networks, including promoting public understanding of that performance.

An overview of local authority obligations under the Bill is provided below. The Bill provides for a range of compliance and enforcement tools including compliance orders, enforceable undertakings, infringement offences, and criminal proceedings, which can be taken against Council Officers (but not elected officials).

Taumata Arowai will have the authority to prepare standards and rules that water suppliers (such as Councils) must comply with. Consultation on these is expected to occur later this year. Guidance to support the operational compliance rules is also being developed and are expected to be available when the rules are consulted on.

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

Water Services Bill obligations of local authorities

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

Table 2 from [https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/\\$file/transforming-the-system-for-delivering-three-waters-services-the-case-for-change-and-summary-of-proposals-30-june-2021.pdf](https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/$file/transforming-the-system-for-delivering-three-waters-services-the-case-for-change-and-summary-of-proposals-30-june-2021.pdf)

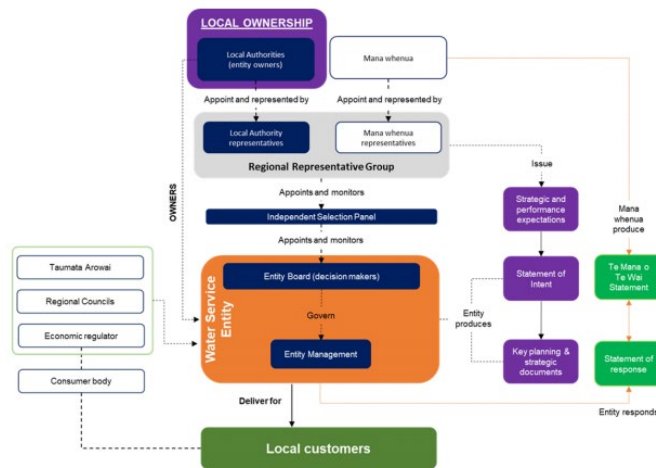
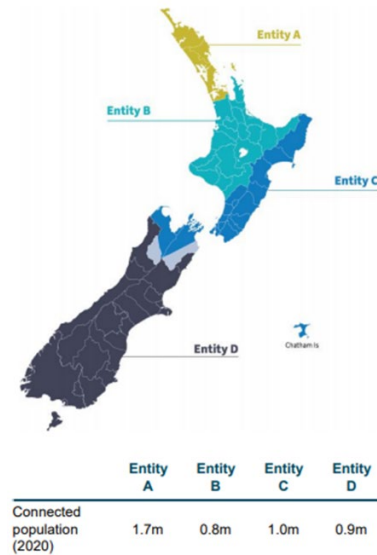
Appendix 2

Government's conclusion that the case for change has been made

1. The modelling has indicated a likely range for future investment requirements at a national level in the order of \$120 billion to \$185 billion, an average household cost for most Councils on a standalone basis to be between \$1910 and \$8690 by 2051.
2. It also estimated these average household costs could be reduced to between \$800 and \$1640 per household and efficiencies in the range of 45% over 15-30 years if the reform process went ahead.
3. The efficiencies noted are underpinned by evidence across a range of countries based on joined up networks (the conclusion is that 600,000 to 800,000 connections achieve scale and efficiency), greater borrowing capability and improved access to markets, procurement efficiencies, smarter asset management and strategic planning for investment, a more predictable pipeline and strengthened benchmarked performance, governance and workforce capabilities.
4. The [briefing to the Minister](#) notes that this "investment is what WICS has estimated is necessary for New Zealand to meet current United Kingdom levels of compliance with EU standards over the next 30 years, which in its assessment (and confirmed by Beca) are broadly comparable with equivalent New Zealand standards."
5. However, this is caveated as a conservative estimate that does not take into account iwi goals and aspirations, higher environmental standards or performance standards that are anticipated in future legislation, uncertainties in asset lives, seismic and resilience risk, supply chain issues, and the current workload to manage and deliver improvements as well as address renewal backlogs.
6. For Councils with non-Council drinking water suppliers in their areas there is additional risk if they are unable to consistently provide safe drinking water to their consumers, including the potential for Council to have to take on the water supply. Council operating on expired consents or with consent renewals in the next 15 years also face uncertainty over the standards they will need to meet in the future, and therefore the level of investment that needs to occur.
7. Councils could also add to the above list of uncertainties and challenges their business as usual workload, the workload associated with delivering on stimulus packages and associated with responding to other government reform initiatives such as reform of the Resource Management Act, and general workforce retention and attraction issues, which are exacerbated by public sector competition for talent and skills.
8. The modelling indicated that between one and four water services entities would provide the most efficiencies and reduce costs to individual households.
9. When this is added to:
 - a. known variations across the nation in water suppliers' compliance with drinking standards, including permanent and temporary boil water notices
 - b. evidence of poor health and environmental outcomes, including expired resource consents for wastewater treatment plants (and the need for 110 of these plants to go through the resource consenting process in the next 10 years)
 - c. stormwater overflows and other challenges
 - d. climate change
 - e. Te Tiriti obligations and the need to uphold Te Mana o te Wai

- f. the size and scale of current service delivery units and workforce issues
- g. the obligations and responsibilities that Councils (and other water suppliers) will face when the Water Services Bill and associated regulations are enacted
- h. the Government has concluded that the status quo is not sustainable and that the case for change has been made.

10. The four entities and their proposed boundaries (which may yet change) and the proposed structure for the system are as follows:



Appendix 3

Three Waters Guidance for Councils over the next eight weeks



Three Waters Guidance for councils over the next eight weeks

Local Government New Zealand, Taituarā, and Te Tari Taiwhenua Internal Affairs

30 July 2021

Context

The Government has recently announced an integrated and extensive package of reform proposals together with a comprehensive financial support package. These announcements build on an intensive 12-month period of policy, commercial, legal and analytical work that has been progressed through a constructive partnership-based approach with the local government sector, under the oversight of a joint central-local government steering committee. Throughout this period the government has also undertaken multiple periods of engagement with local government and iwi/Māori.

The sector, through LGNZ's National Council, Taituarā and the Joint Steering Committee, have been working with the Government on their preferred model to ensure the Government's policy proposal worked within the broader local government "operating" system. We have shared the sector's concerns with DIA and challenged and tested policy as it's been developed. This has significantly influenced the shape of the reform. We are confident that there is a sufficient and evidence-based national case for change, including that the current approach to three waters service delivery is not capable of delivering the outcomes required in an affordable and sustainable way into the future.

What's the Government's proposing?

The Government is proposing four new, large water service delivery entities. Their scale and balance sheet separation from councils means they will be able to borrow enough to fund the investment needed, a position that has been thoroughly tested with ratings agency Standard & Poors. The scale is also important to build and develop capability and capacity in the water services industry, as well as creating operating efficiencies and for effective quality and economic regulation. Without the new WSEs, councils will be directly responsible for all quality and economic regulatory obligations.

To support the sector through this massive change, LGNZ and the Crown (through DIA) jointly developed a [national-level package](#) to wrap around the reform proposals that addresses the sector's concerns and supports our communities now and into the future. The package is detailed in a [Heads of Agreement](#), signed in July, between LGNZ and the Government.

A summary of the proposed reform and support package can be found in [Appendix 1](#). [Appendix 2](#) provides an overview of the resources available to local authorities seeking further detail around the case for change and the decisions taken to date.

The Government and LGNZ have recommitted to working in partnership with the local government sector not just on these reforms, but on other challenges and opportunities. This is reflected in a [joint central/local government statement](#) released by the Government and LGNZ and underpinned by the Heads of Agreement.

Through the Heads of Agreement, the Government and LGNZ have agreed that local authorities will be provided a reasonable period from the end of the LGNZ conference through to 1 October to consider the impact of the reforms (including the financial support package) on them and their communities and an opportunity to provide feedback. The agreement and support package signal the Government's confidence in local government as a critical partner, both in this reform and in the future. We have heard strongly that Ministers want to work in partnership with our sector.

They have committed to doing so and LGNZ has made the same commitments. That is how we can be most effective and influential going forward.

No formal decisions are required between now and 1 October, but we are seeking feedback on the potential impacts of the proposed reform and how it could be improved.

The purpose of the next eight weeks

The purpose of this period is to provide time for all local authorities to:

- engage with and understand the large amount of information that has been released on the nature of the challenges facing the sector, the case for change, and the proposed package of reforms, including the recently announced support package;
- take advantage of the range of engagement opportunities to fully understand the proposal and how it affects your local authority and your community; and
- identify issues of local concern and provide feedback to LGNZ on what these are and suggestions for how the proposal could be strengthened.

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

This engagement period does not trigger the need for formal consultation.

We would encourage local authorities to share your feedback with us as it arises over this period – that way we can share insights and ideas on common issues across the sector and help each other benefit from each other's work.

Who's doing what over the next eight weeks

Over the next eight weeks:

- DIA and the Steering Group will continue to work on policy development so they can refine and enhance the model based on feedback from the sector.
- LGNZ and Taituarā will continue to support councils to understand their individual council data and the potential impacts the proposal will have on them and their communities.
- LGNZ will also facilitate workshops and council meetings to gather your feedback and provide clear guidance and ideas to DIA, the Steering Group and the Minister on the remaining unresolved areas of concern.
- The Steering Committee will maintain a role in informing ongoing policy issues, informing the implementation of the reform package, and providing oversight of and input into the transition processes.
- Councils can use this time to work through the proposal and information provided by DIA, including to test the 'no worse off'/'better off' proposition underpinning the financial support package.

Engagement with iwi/Māori

Over the next eight weeks, the Government will continue to lead engagement with iwi/Māori over the reform programme. You should be aware of this occurring but not let it stop you from maintaining your own constructive relationships. You should also be aware that as part of the [Heads of Agreement](#) and the funding allocation attached, it is proposed that to recognise the role that iwi/Māori will play in the new delivery system as partners, local authorities will be expected to engage with iwi/Māori in determining how it will use its funding allocation.

What happens next - decision making and consultation

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

The Government will not be taking further decisions until after this engagement period.

Engagement on boundaries

The Government is keen to engage with those most affected by boundary issues, with discussions already underway. This engagement will be ongoing and is not limited to the eight week period.

What councils need to do over the next eight weeks

This is an opportunity for the sector to engage with the model and the proposal, at the national level and very specifically as it relates to your district/city. In this period Chief Executives should provide advice, for noting, to their council on the implications for the district/city. (Taituarā will develop a report format for chief executives to use). A decision on the advice, apart from noting, is not required, but the advice could form the basis of consultation with the community at a later date if required.

We would encourage councils to share your feedback with us as it arises over this period – that way we can share insights and ideas on common issues across the sector and help each other to benefit from each other’s work.

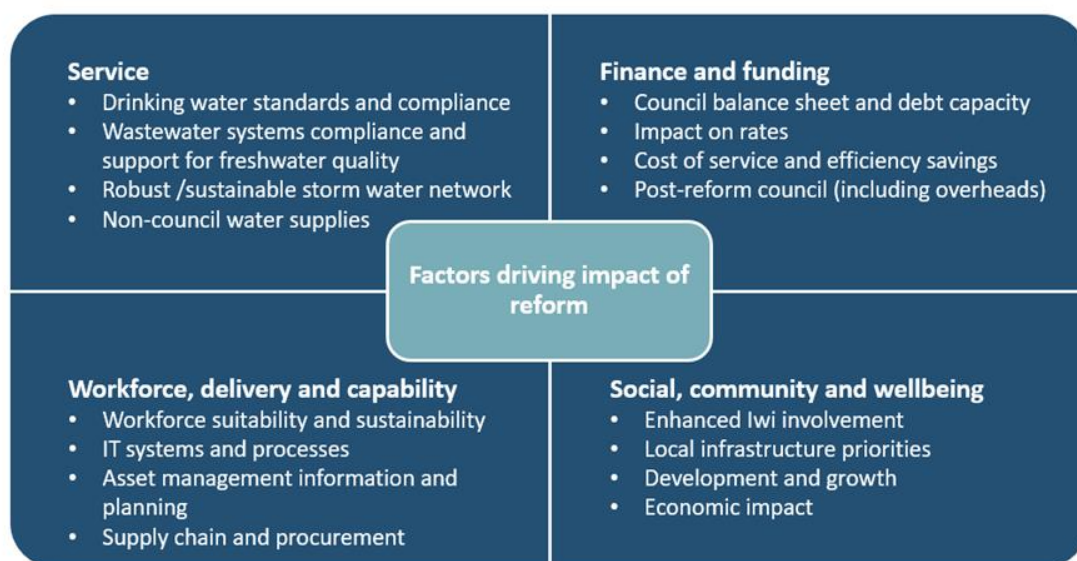
Local authorities are encouraged to review and consider the reform package and its implications for the communities they serve.

From now till 1 October, councils should carry out analysis to understand the potential impact of the reform by taking these steps:

1. Understand the key features of the proposed model and how it is intended to work (LGNZ will provide resources to help with this – see below).
2. Apply the proposed model to your circumstances (consider impacts on your community for today and for the future (we would propose a 30 year horizon).

3. Consider the model holistically – in terms of service, finance and funding, workforce, delivery and capability and social, cultural, environmental and economic well-being. LGNZ can help with this analysis.
4. Using the Taituarā pro forma report framework, chief executives should report the outcome of this analysis as advice to their councils, for noting. The pro forma report will specify all the parameters to be covered. Please provide a copy of the advice to LGNZ.

Local authorities are encouraged to consider the impacts of the proposed reform holistically, in terms of service outcomes, economic development and growth, finance and funding, workforce capability and social, community and economic well-being. The diagram below provides a helpful framework for thinking through these impacts. LGNZ can help with this analysis.



Local authorities are also encouraged to provide feedback or participate in targeted workshops to develop solutions on outstanding issues identified by LGNZ and the Government.

As part of the agreement between LGNZ and the Government, we are also looking for feedback on and solution refinements for issues that councils have raised that aren't fully resolved and on which the Government has said there is room for flexibility to come up with solutions that meet local needs:

1. Ensuring all communities have both a voice in the system and influence over local decisions. This includes assurance that water service entities will understand and respond appropriately to communities' needs and wants, including responding to localised concerns.
2. Effective representation on the new water service entities' oversight boards so that there is strong strategic guidance from, and accountability to, the communities they serve, including iwi/manua whenua participation. This also covers effective assurance that entities, which will remain in public ownership, cannot be privatised in future.

3. Making sure councils' plans for growth, as reflected in spatial plans, district plans or LTPs, are appropriately integrated with water services planning. This includes that planning and delivery of water infrastructure investment is integrated with transport and other related infrastructure.

You can either provide potential solutions and refinement ideas in writing to us or participate in targeted workshops. If you would like to be part of a workshop, please email feedback@lgnz.co.nz.

Appendix 1: Summary of reform proposal and support package

Government reform package

The Government has decided, based on the substantial work undertaken over the past year in partnership with the sector, to pursue an integrated and extensive package of reform to the current system for delivering three waters services and infrastructure. The package comprises the following core components:

- establish four statutory, publicly-owned water services entities to provide safe, reliable and efficient water services;
- enable the water services entities to own and operate three waters infrastructure on behalf of local authorities, including transferring ownership of three waters assets and access to cost-effective borrowing from capital markets to make the required investments;
- establish independent, competency-based boards to govern each water services entity;
- introduce mechanisms that protect and promote the rights and interests of iwi/Māori in the new three waters service delivery system;
- introduce a series of safeguards against future privatisation of the water services entities;
- set a clear national policy direction for the three waters sector, including expectations relating to the contribution by water services entities to any new spatial / resource management planning processes;
- establish an economic regulation regime, to ensure efficient service delivery and to drive the achievement of efficiency gains, and consumer protection mechanisms; and
- develop an industry transformation strategy to support and enable the wider three waters industry to gear up for the new water services delivery system.

Financial support package

The Government has developed, in close partnership with Local Government New Zealand, a package of \$2.5 billion to support the sector through the transition to the new water services delivery system, and to position the sector for the future. There are two broad components to this support package:

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

The better off component of the support package, which comprises \$1 billion Crown funding and \$1 billion from the new water services entities, is allocated to territorial authorities on the basis of a nationally consistent formula that takes into account population, relative deprivation and land area. This formula recognises the relative needs of local communities, the unique challenges facing local authorities in meeting those needs, and differences across the country in the ability to pay for those needs.

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

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

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

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

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

In addition to the support package, the Government expects to meet the reasonable costs associated with the transfer of assets, liabilities and revenue to new water services entities, including staff involvement in working with the establishment entities and transition unit, and

provision for reasonable legal, accounting and audit costs. There is an allocation for these costs within the \$296 million tagged contingency announced as part of the 2021 Budget Package for transition and implementation activities. This allocation is additional to the \$2.5 billion support package.

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

Better off funding allocation

Council	Allocation
Auckland	\$ 508,567,550
Ashburton	\$ 16,759,091
Buller	\$ 14,009,497
Carterton	\$ 6,797,415
Central Hawke's Bay	\$ 11,339,488
Central Otago	\$ 12,835,059
Chatham Islands	\$ 8,821,612
Christchurch	\$ 122,422,394
Clutha	\$ 13,091,148
Dunedin	\$ 46,171,585
Far North	\$ 35,175,304
Gisborne	\$ 28,829,538
Gore	\$ 9,153,141
Grey	\$ 11,939,228
Hamilton	\$ 58,605,366
Hastings	\$ 34,885,508
Hauraki	\$ 15,124,992
Horowhenua	\$ 19,945,132
Hurunui	\$ 10,682,254
Invercargill	\$ 23,112,322

Kaikoura	\$ 6,210,668
Kaipara	\$ 16,141,395
Kapiti Coast	\$ 21,051,824
Kawerau	\$ 17,270,505
Lower Hutt	\$ 38,718,543
Mackenzie	\$ 6,195,404
Manawatu	\$ 15,054,610
Marlborough	\$ 23,038,482
Masterton	\$ 15,528,465
Matamata-Piako	\$ 17,271,819
Napier	\$ 25,823,785
Nelson	\$ 20,715,034
New Plymouth	\$ 31,586,541
Opotiki	\$ 18,715,493
Otorohanga	\$ 10,647,671
Palmerston North	\$ 32,630,589
Porirua	\$ 25,048,405
Queenstown Lakes	\$ 16,125,708
Rangitikei	\$ 13,317,834
Rotorua Lakes	\$ 32,193,519
Ruapehu	\$ 16,463,190
Selwyn	\$ 22,353,728
South Taranaki	\$ 18,196,605
South Waikato	\$ 18,564,602
South Wairarapa	\$ 7,501,228
Southland	\$ 19,212,526
Stratford	\$ 10,269,524
Tararua	\$ 15,185,454

Tasman	\$ 22,542,967
Taupo	\$ 19,736,070
Tauranga	\$ 48,405,014
Thames-Coromandel	\$ 16,196,086
Timaru	\$ 19,899,379
Upper Hutt	\$ 18,054,621
Waikato	\$ 31,531,126
Waimakariri	\$ 22,178,799
Waimate	\$ 9,680,575
Waipa	\$ 20,975,278
Wairoa	\$ 18,624,910
Waitaki	\$ 14,837,062
Waitomo	\$ 14,181,798
Wellington	\$ 66,820,722
Western Bay of Plenty	\$ 21,377,135
Westland	\$ 11,150,183
Whakatane	\$ 22,657,555
Whanganui	\$ 23,921,616
Whangarei	\$ 37,928,327

Appendix 2: Three Waters Reform Programme key resources

The table below summarises the key resources that have been published in relation to the Government's recent announcements around the proposed three waters service delivery reform and financial support package.

Further information is available at the three waters reform programme webpage at:

<https://www.dia.govt.nz/Three-Waters-Reform-Programme>

Title	Description
Cabinet papers and decisions	
Cabinet paper one and minute – A new system for three waters service delivery	Paper summarising the case for change and seeking Cabinet agreement to the overall reform package.
Cabinet paper two and minute – Designing the new three waters service delivery entities	Paper seeking Cabinet agreement to the proposed structure of water services entities, associated oversight, governance and ownership arrangements and mechanisms that provide for communities and consumers to have a voice within the new structure.
Cabinet paper three and minute – Protecting and promoting iwi/Māori rights and interests	Paper summarising iwi/Māori rights and interests in the three waters service delivery reforms, and seeking agreement to a number of specific mechanisms for protecting and promoting rights and interests in the new service delivery model.
Summary of case for change and reform proposal	
Transforming the system for delivering three waters services - the case for change and summary of proposals	An overview of the case for change and the Government's proposed package of reform.
A3 Overview of the Three Waters Reform Programme	A3 summarising the case for change, proposed new delivery system.
Financial support package information and FAQs	Overview of the financial support package, allocations and responses to frequently asked questions.

Title	Description
Models, tools and dashboards	
Local Dashboard	Dashboard of the potential impacts on local authorities with and without reform.
Simplified financial models	Simplified versions of the financial models the Water Industry Commission for Scotland used in its analysis of the potential economic benefits of three waters reform. These models demonstrate the approach taken to calculate average household costs for each council and amalgamated entity. There are also slide packs setting out sensitivity analysis for each council and amalgamated entity to test the sensitivity of the modelling to key assumptions, including assumptions around levels of efficiency and future investment need.
Water Service Entities overview	A short overview of the estimated position of the Water Service Entities following reform.
Evidence base	
Regulatory Impact Assessment – Decision on the reform of three waters service delivery arrangements	Regulatory Impact Assessment (RIA) developed by the Department of Internal Affairs to inform the decision on whether and how to improve the system for delivering three waters services. Developed in two parts: <ul style="list-style-type: none"> • a strategic RIA assessing the rationale for reform; and • six detailed RIA chapters assessing each of the core design choices that make up the package of policy proposals.
Industry Development Study and Economic Impact Assessment (Deloitte) Summary A3 Full report	Analysis of the potential economic impact of the proposed reform package, and the opportunities and risks for industries affected by reform.

Title	Description
<p>Economic analysis of water services aggregation (Water Industry Commission for Scotland):</p> <p>Final report</p> <p>Supporting material part 1 - required investment</p> <p>Supporting material part 2 – scope for efficiency</p> <p>Supporting material part 3 – costs and benefits of reform</p> <p>Supporting material part 4 – modelling the effect of ranges for key parameters for Auckland Council</p> <p>Supporting material part 5 – Council outcomes under amalgamation</p>	<p>Second phase of analysis that builds on earlier work by making use of more up-to-date information collected through the Request for Information process and by making allowance for population growth and council-reported rates of connection. The analysis is done in three parts:</p> <ul style="list-style-type: none"> • Estimated investment requirement for New Zealand’s three waters infrastructure to meet quality standards; • Scope for efficiency gains from transformation of the three waters service delivery system, including those associated with scale; and • The potential economic (efficiency) impacts of various aggregation scenarios.
<p>Review of methodology and assumptions underpinning economic analysis of aggregation (Farrierswier)</p>	<p>Farrierswier, a regulatory economics consultancy in Victoria, Australia with deep understanding of the water services industry, reviewed the methodology and underpinning assumptions applied by the Water Industry Commission for Scotland in its analysis of the potential benefits of reform and the extent to which this is reasonable to inform policy advice.</p>
<p>Review of assumptions between Scotland and New Zealand Three Waters Systems (Beca)</p>	<p>Beca reviewed the standards and practices in the United Kingdom three waters industry and the relevance to New Zealand given WICS has used United Kingdom data and benchmarks as part of its analysis.</p>

Appendix 4

LGNZ Three Waters 101

THREE WATERS 101.


The Government is proposing major reform of New Zealand’s drinking water, wastewater and stormwater system. Here LGNZ synthesises the issues, the opportunities and what it means for local government.


1. What’s the problem?

Councils currently own and operate three waters services, which cover drinking water, wastewater and stormwater. More investment is needed in water infrastructure to meet the environmental and public health aspirations of our communities. The Government has estimated that dealing with 30 years of systemic failure will require an investment of more than \$185b over the next 30 years.

This scale of investment would be extremely challenging for councils to fund on their own. Climate change will only exacerbate this challenge.

 **Significant investment needed in water infrastructure**

 **Councils can’t carry future costs**

 **The current system lacks:**

- Economic regulation
- Consistent data collection
- Enforcement of standards

2. Government’s proposed solution

The Government has told us it wants to deliver water services more cost effectively. It also wants to deliver them in an equitable and sustainable way.

It proposes changing the whole system:

 **A new water regulator called Taumata Arowai**

 **A smaller number of large, specialist water service entities**

 **Water services are delivered on a significantly larger scale**

 **Water entities remain publicly owned**

 **Water services providers meet standards or face significant penalties for noncompliance**

 **Entities have strong strategic links to councils and mana whenua**

3. Impact on councils

The Government’s proposal would mean significant change to the delivery of water services. For a start, councils would shift their focus from delivery to kaitiakitanga of water services. Requirements on local authorities to ensure safe drinking water for private and community supplies would transfer to new entities.

For most councils, removing water-related debt from their balance sheets would improve their financial position. It would potentially create more opportunity to focus on delivering wellbeing to their communities.

 **Three waters kaitiakitanga focus**

 **Water-related debt removed from balance sheet**

 **Increased capacity to borrow to fund community services**

We know there’s not universal agreement on the case for change. But to meet councils’ own RFI projections, spending across New Zealand as a whole would need to increase by 50 percent annually for the next 10 years. With strong regulatory enforcement, the picture would be very different for councils, creating difficult trade offs if large investments are required to meet water standards.

LOCAL GOVERNMENT CAN HELP SHAPE THREE WATERS REFORM.

What's important to the sector in this reform?







-  Everyone has access to safe drinking water and the same level of three waters service.
-  Infrastructure and systems are resilient and well-funded.
-  Three waters are delivered in partnership with iwi.
-  Delivery is responsive to climate change.
-  Catchments are managed from the mountain to the sea.
-  Districts retain high-paying, skilled jobs.
-  Any transition is well-managed and people are looked after.
-  Local voices are heard and local priorities are responded to.

LGNZ is working for councils

Our work on Three Waters is guided by the principle that we need to seize any opportunity to create the best possible outcome for local government.

We're using our influence to work with the Government on a model that better includes the perspective of our communities. Representatives from local government are helping to steer this work and pose the hard questions. We are also actively working with government on what a package to go with reforms might look like. We'll work to optimise this package before decisions are made.

What the sector needs from central government

-  Transparency about the process and what's on the table.
-  A robust transition plan that makes sure the benefits of reform are delivered.
-  Government to support councils so they can keep delivering. This means makes sure councils are economically sustainable without water.
-  A fair deal, including that councils are not financially worse off, and that communities are better off.
-  To support and grow effective local democracy.
-  That any new system reflects the relationship with mana whenua under Te Tiriti o Waitangi

Find out more

We encourage you to stay informed and up to date of the reforms as they evolve. We'll be with you every step of the way. Here's where you can start:

Read what DIA has published: www.dia.govt.nz/Three-waters-review

Check out the info on our website: www.lgnz.co.nz
Get in touch if you have questions: feedback@lgnz.co.nz

SCAN OR CLICK
TO VISIT OUR FAQ



Appendix 5

Heads Of Agreement Between The Sovereign In Right Of New Zealand And New Zealand Local Government Association Incorporated (Te Kahui Kaunihera Ō Aotearoa)



HEADS OF AGREEMENT

BETWEEN

THE SOVEREIGN IN RIGHT OF NEW ZEALAND

AND

**NEW ZEALAND LOCAL GOVERNMENT ASSOCIATION
INCORPORATED TE KAHUI KAUNIHERA Ō
AOTEAROA**

FOR

**PARTNERING COMMITMENT TO SUPPORT
THREE WATERS SERVICE DELIVERY REFORM**

Parties

Name The Sovereign in right of New Zealand
Short name **Crown**

Name New Zealand Local Government Association Incorporated Te Kahui Kaunihera
ō Aotearoa
Short name **LGNZ**

Background

- A The New Zealand Government (**Government**) is undertaking a programme to reform the delivery of three waters in New Zealand (**Three Waters Reform Programme**).
- B LGNZ is an incorporated society that represents the national interests of local government in New Zealand and leads best practice in the local government sector.
- C Since May 2020, the Crown and LGNZ have worked collaboratively to consider the interests of central and local government in relation to the Three Waters Reform Programme.
- D The Crown and LGNZ wish to continue their interests-based partnering relationship:
- (i) to enable LGNZ's ongoing role in assisting with the interface between the Crown and the local government sector in connection with the Three Waters Reform Programme (including supporting the Three Waters Reform Programme objectives and supporting the sector through its implementation and transition); and
 - (ii) to strengthen the important relationship central government has with local government to continue to work together in relation to the Three Waters Reform Programme, acknowledging local government's critical role in placemaking and achieving positive wellbeing outcomes for communities and the shared objective of a thriving, resilient and sustainable local government system that is fit for purpose and has the flexibility and incentives to adapt to the future needs of local communities.
- E The Crown and LGNZ now wish to set out the agreed process for, and the terms of, the continuation of their interests-based partnering relationship.
- F The Crown (through the Department of Internal Affairs (**DIA**)) and LGNZ have previously entered into a non-disclosure agreement (**NDA**) under which DIA and LGNZ provided certain undertakings to each other in respect of confidentiality, conflict management and use of information (amongst other key terms), which continues to apply.

Agreed Terms

1. Definitions

- 1.1 Defined terms and expressions used in this Heads of Agreement shall, unless inconsistent with the context, have the meaning set out in Schedule 1.

2. Mutual commitment to continuing the partnering approach for three waters reform

- 2.1 In May 2020, the Government (through DIA) and LGNZ committed to working together to explore options for national three waters services delivery reform in recognition of the significant challenges – presently but more so in the future – facing the delivery of water services and infrastructure and the communities that fund and rely on them.

- 2.2 The Crown and LGNZ each wish to continue:

- (a) an interests-based partnering relationship, including through the Joint Steering Committee, to support:
 - (i) the identification and resolution of matters of concern to the local government sector in a manner that is consistent with the shared objectives referred to in this Heads of Agreement; and
 - (ii) a smooth transition and successful implementation of the Three Waters Reform Programme, as further described in this Heads of Agreement; and
- (b) to strengthen the important relationship central government has with local government to continue to work together in the Three Waters Reform Programme, acknowledging the critical role local authorities play in local long-term planning, local placemaking and achieving positive wellbeing outcomes for their communities and the shared objective of a thriving, resilient and sustainable local government system that is fit for purpose and has the flexibility and incentives to adapt to the future needs of local communities.

- 2.3 The Crown acknowledges that:

- (a) although LGNZ has a mandate to consider the national interests of local government in New Zealand, the mandate of individual local authorities (as set out in the Local Government Act 2002) relates to the interests of their own local community; and
- (b) LGNZ's agreement to support and lead the sector in the manner described in this Heads of Agreement does not bind its members and individual local authorities may determine to adopt a position different to LGNZ's.

2.4 Ensuring recognition of rights and interests of iwi/Māori in three waters service delivery

The Crown and LGNZ recognise Te Tiriti o Waitangi/Treaty of Waitangi and the protection and promotion of iwi/Māori rights and interests in the delivery of three waters services, including through existing Treaty settlement mechanisms. Water can be a taonga of particular significance and importance to Māori and both parties recognise the importance of working in partnership, and acting reasonably and in good faith with the Treaty partner throughout the reform process. Both parties recognise the reform is a significant opportunity to improve outcomes for Māori in the delivery of three water services.

2.5 **Shared objectives for the Three Waters Reform Programme**

The Crown and LGNZ each acknowledge shared objectives which underpin the Three Waters Reform Programme. The principal objectives (including as they have been refined over the engagement process to date) are:

- (a) that there are safeguards (including legislative protection) against privatisation and mechanisms that provide for continued public ownership;
- (b) significantly improving the safety and quality of drinking water services, and the environmental performance of drinking water, wastewater and stormwater systems (which are crucial to good public health and wellbeing, and achieving good environmental outcomes);
- (c) ensuring all New Zealanders have equitable access to affordable three waters services and that the Water Services Entities will listen, and take account of, local community and consumer voices;
- (d) improving the coordination of resources and planning, and unlocking strategic opportunities to consider New Zealand's infrastructure and environmental needs at a larger scale;
- (e) ensuring the overall integration and coherence of the wider regulatory and institutional settings (including the economic regulation of water services and resource management and planning reforms) in which the local government sector and their communities must operate;
- (f) increasing the resilience of three waters service provision to both short-and long-term risks and events, particularly climate change and natural hazards;
- (g) moving the supply of three waters services to a more financially sustainable footing, and addressing the affordability and capability challenges faced by small suppliers and local authorities;
- (h) improving transparency about, and accountability for, the planning, delivery and costs of three waters services, including the ability to benchmark the performance of the new Water Services Entities; and
- (i) undertaking the reform in a manner that enables local government to continue delivering (in a sustainable manner) on its placemaking role and broader "wellbeing mandates" as set out in the Local Government Act 2002.

2.6 **Other shared objectives for three waters reform and beyond**

The Crown and LGNZ further acknowledge the following shared objectives of their interests-based partnering relationship in relation to the Three Waters Reform Programme:

- (a) supporting achievement of the shared three waters reform objectives described above;
- (b) ensuring that the Water Services Entities are set up for future success, including preserving their ability to borrow to accelerate investment and meet future investment demands;
- (c) maintaining good faith participation by central and local government in relation to other large reform programmes, including resource management reforms;
- (d) work in partnership to support the 'workforce transfer guidelines' so as to ensure that workers in local communities are treated fairly as part of the three waters reform process and with the least amount of disruption for staff and local authorities (including so that local

authorities can maintain their ongoing operations, including as they relate to three waters service delivery and investment for the duration of the transition period);

- (e) building on the success of the COVID-19 response and Joint Three Waters Steering Committee processes to demonstrate a new way of working that provides a platform for ongoing, constructive relationships between central and local government; and
- (f) supporting three waters service provision by the new Water Services Entities to be an enabler of a resilient, responsive and sustainable local government system, including as the roles and functions of local authorities may change and develop over time.

2.7 Acknowledgement

The Crown and LGNZ each further acknowledge that the Three Waters Reform Programme is a tested and robust package of reforms that will:

- (a) affordably and sustainably address the water services delivery objectives over the next 30 years; and
- (b) require all-in participation of local authorities to do so.

2.8 Partnering principles – Three Waters Reform

The Crown and LGNZ each wish to conduct their working relationship with the other party in relation to, and throughout the period of, the Three Waters Reform Programme in good faith and in accordance with the following objectives and principles:

- (a) *shared intention*: the shared intention of supporting the Three Waters Reform Programme, including ensuring a smooth transition and successful implementation of the Three Waters Reform Programme;
- (b) *mutual trust and respect*: build and foster working relationships and communication practices that are based on, and value, mutual respect and high trust, including so as to address any issues and concerns that might arise, early and constructively, to ensure that process expectations are clear and aligned and to act and respond in ways that reflect a fair assessment of the importance or materiality of the matters requiring an action or a response;
- (c) *constructive*: non-adversarial dealings between the parties, and constructive mutual steps to avoid differences and disputes and to identify solutions that advance the shared interests and objectives of both central and local government with respect to the communities they serve;
- (d) *open and fair*: open, prompt and fair notification and resolution of any differences or disputes which may arise and the identification of potential risks and/or issues (including potential causes of delay) that could adversely impact the timely completion of the activities within the timeframes specified in any agreed programme of activities; and
- (e) *no surprises*: adopt a ‘no surprises’ approach in respect of their respective communications to stakeholders and their public statements and to ensure they are consistent with the spirit and intent of this Heads of Agreement.

3. **Support Commitments**

3.1 The Crown and LGNZ each acknowledge that:

- (a) LGNZ will endorse and support such package and the need for all-in participation of local authorities to realise the full system benefits, to help build support for the reform across the sector, in the manner contemplated below; and
- (b) the key features of a Three Waters Reform financial support package are set out in clauses 5.1 to 5.3 below.

3.2 The Crown and LGNZ each agree:

- (a) to continue to carry out the discussions in relation to the Three Waters Reform Programme in good faith with a view to ensuring the reforms are achieved in a manner consistent with the shared objectives set out in clauses 2.4 to 2.6 above and Cabinet decisions in relation to the Three Waters Reform Programme;
- (b) that local authorities will be provided a reasonable period (expected to be around 8 weeks and commencing immediately after the annual LGNZ 2021 conference) to consider the impact of the reforms (including the financial support package) on them and their communities and an opportunity to provide feedback;
- (c) to discuss in good faith (including through the Joint Steering Committee) how the proposed model and design can best accommodate, in a manner consistent with the shared objectives, the following matters:
 - (i) how local authorities can continue to influence how the new water service delivery system as a result of Three Waters Reform will respond to issues of importance to their communities, and provide for localised solutions such as the aspiration for chlorine-free water;
 - (ii) ensuring appropriate integration between the needs, planning and priorities of local authorities (representing their local communities) and the planning and priorities of the Water Service Entities; and
 - (iii) how to strengthen the accountability of the WSEs to the communities that they serve, for example through a water ombudsman; and
- (d) to use all reasonable endeavours (in the case of LGNZ consistent with the resourcing, funding and activities reflected in the funding agreements referred to in clause 6) to achieve support for the Three Waters Reform Programme from the local government sector, including (in the case of LGNZ) as contemplated in clauses 4.2 and 4.3 below.

3.3 DIA and LGNZ have agreed a joint position statement (set out at Schedule 4 of this Heads of Agreement) with respect to the Three Waters Reform Programme. DIA and LGNZ will each ensure that statements made by them respectively in relation to the Three Waters Reform Programme, including statements or information made or provided to the local government sector in relation to the Three Waters Reform Programme (including through LGNZ) including at the annual LGNZ 2021 conference, shall be consistent with the joint position statement.

4. **LGNZ support of Three Waters Reform**

LGNZ considers:

- (a) the Three Waters Reform Programme is in the national interest of local government and the communities that it represents;

- (b) the partnering approach between the Crown (including DIA and Treasury) and LGNZ in relation to the Three Waters Reform Programme enhances and ensures a long-term commitment to partnership between central and local government in New Zealand; and
 - (c) the Three Waters Reform financial support package (as contemplated in this Heads of Agreement) is fair and reasonable at a national level.
- 4.2 Accordingly, LGNZ commits to supporting, endorsing and promoting the Three Waters Reform Programme.
- 4.3 LGNZ commits to:
 - (a) supporting the case for change by:
 - (i) publicly supporting the position that there is a sufficient and evidence-based national case for change, including that the current approach to three waters service delivery is not capable of delivering the outcomes required in an affordable and sustainable way into the future;
 - (ii) noting the analysis supporting the Crown’s preferred approach to reform has been tested through the design process, and expressing the view that the proposed model design and approach to reform is sound, appropriate and beneficial when viewed as a whole at a national level; and
 - (iii) assisting LGNZ’s members to understand the reform-related information being provided to them by or on behalf of the Crown, how the reform is intended to work and the impact it is likely to have on local authorities and the communities they serve, including throughout the transition period – and in respect of which the Crown (through DIA) commits to supporting LGNZ and the local government sector to actively engage in the transition process and to working through the remaining questions and further policy detail with LGNZ with a view to supporting a smooth transition to, and successful implementation of, the Three Waters Reform Programme;
 - (b) endorsing the Three Waters Reform financial support package announced by the Government (as contemplated in this Heads of Agreement);
 - (c) if, after the end of the period referred to in clause 3.2(b), the Government decides to adopt an “all in” legislated approach to the Three Waters Reform then LGNZ agrees that it will accept such a decision on the basis that:
 - (i) “all in” participation of local authorities is needed to realise the national interest benefits of the reform;
 - (ii) such acceptance does not imply that LGNZ supports such approach;
 - (iii) LGNZ will not actively oppose such approach; and
 - (iv) LGNZ may publicly express its disappointment that the Government has considered it necessary to adopt such approach.
 - (d) leading and supporting the local government sector through change arising from the Three Waters Reform Programme, in the interests of a constructive and orderly transition process.
- 4.4 The Crown (through DIA) and LGNZ will each use all reasonable endeavours to agree a timetable to support the reform (which is consistent with Cabinet decisions in relation to the Three Waters

Reform Programme) including the staged release of information and the process to develop individual local authority agreements.

5. Financial support package to local authorities

5.1 The Crown is proposing that a Three Waters Reform financial support package be provided to local authorities, comprising:

- (a) a “no worse off” package which will seek to ensure that financially, no local authority is in a materially worse off position to provide services to its community directly because of the Three Waters Reform Programme and associated transfer of responsibility for the provision of water services (including the transfer of assets and liabilities) to the Water Services Entities; and
- (b) a “better off” package of \$2 billion which supports the goals of the Three Waters Reform Programme by supporting local government to invest in the wellbeing of their communities in a manner that meets the priorities of both the central and local government, and is consistent with the agreed criteria for such investment set out in Schedule 3 of this Heads of Agreement,

and which will be given effect (including in relation to the process for the provision of funding by Water Services Entities) in agreements between each local authority and the Crown (through DIA). The key principles and process for development of such agreements will be a matter that is considered by the Joint Steering Committee.

5.2 LGNZ acknowledges that the quantum of the proposed Three Waters Reform financial support package set out in clause 5.1 is a fair and reasonable package and contribution to the local government sector having regard to the impacts of the Three Waters Reform Programme on the sector and to contribute to the future of local government in supporting the wellbeing of their communities.

5.3 The Crown and LGNZ have been discussing the proposed Three Waters Reform financial support package and record the agreed principles, as at the date of this Heads of Agreement:

- (a) in relation to the “no worse off” package, in Schedule 2 of this Heads of Agreement; and
- (b) in relation to the “better off” package, in Schedule 3 of this Heads of Agreement,

noting that in relation to those areas of the financial support package that remain to be finalised as contemplated in those schedules, the Crown intends to finalise the same with LGNZ consistent with the principles and partnering approach set out in this Heads of Agreement; and noting also that (as provided in the Public Finance Act 2010) no funding will be due or payable from the Crown until funding is appropriated.

5.4 For the avoidance of doubt, there are a range of other impacts for local authorities that may represent an adverse financial impact, which the support package contemplated in clauses 5.1 to 5.3 above does not take account of, and are intended to be addressed (through a process to be agreed between the Crown (through DIA) and LGNZ) by alternative mechanisms:

- (a) transaction costs associated with facilitating the transfer of assets, liabilities and revenue, including staff involvement in working with the establishment entities and transition unit, and legal, accounting and audit costs. There is an allocation within the \$296 million tagged contingency established as part of the 2021 Budget Package for the transition and implementation costs incurred by councils and DIA will work with LGNZ in developing the parameters of this funding pool, before it is agreed with Ministers and shared with the sector. The funding will look to ensure that councils are able to participate in the reform

programme without putting at risk council delivery of water services during the transition – noting that the funding pool will have a finite limit, needs to deliver the transition objectives, demonstrate value for money to Crown and meet the conditions around the tagged contingency; and

- (b) accumulated cash reserves that have been earmarked for future water infrastructure investment. Local authorities will be encouraged to use these reserves (subject to reserve conditions) prior to the “go live” date of 1 July 2024. It is intended that any material reserve balances remaining at that time will be transferred to new Water Services Entities with a commensurate commitment to invest those funds in the communities that paid for them, consistent with the conditions under which they were raised. Councils will be allowed to retain immaterial reserve balances upon transfer. The materiality threshold will be developed in discussion between DIA and LGNZ and agreed with Ministers before reflecting this in guidance for the sector; and
- (c) any payment to be made to a local authority by the relevant Water Services Entity associated with the transfer of water assets, debt and revenue - being the amount of water-related debt established through any applicable due diligence and/or audit when that Water Service Entity takes over the three waters-related infrastructure and service delivery responsibilities (including the transfer of water assets, debt and revenue) from the local authority to implement the Three Waters Reform Programme.

6. Crown support for LGNZ to lead and support the local government sector through change

The Crown is proposing to provide ongoing support to LGNZ, by way of separate funding agreement(s) with LGNZ (and subject to the conditions set out in such agreement(s)):

- (a) in the short term (expected to be through to mid-September 2021) to enable LGNZ to build support within the local government sector for the Three Waters Reform Programme; and
- (b) subsequently through the transition and implementation phases of the Three Waters Reform Programme (expected to be approximately two and half years), to enable LGNZ (including LGNZ engaging Taituarā as appropriate) to support the Crown and the local government sector through the transition and implementation of the Three Waters Reform Programme.

7. Joint Steering Committee

- 7.1 The Crown and LGNZ each acknowledge the benefit to both central and local government of the work carried out by the Joint Steering Committee, particularly in ensuring that the perspectives, interests and expertise of both central and local government, and of communities throughout New Zealand, have been accommodated in the development of the Three Waters Reform Programme to date.
- 7.2 The Crown and LGNZ each consider that there is considerable benefit in the Joint Steering Committee continuing to be convened to support the constructive partnering approach between central and local government, to continue to inform the detail that is yet to be developed as part of the Three Waters Reform Programme and to achieve the best outcomes for all New Zealanders through the Three Waters Reform Programme, including through transition and implementation.
- 7.3 The Crown and LGNZ each acknowledge that, in order to give effect to the Cabinet decisions in relation to the Three Waters Reform Programme in a manner that is consistent with the shared objectives set out in this Heads of Agreement, further policy detail remains to be worked through to ensure a smooth transition and successful implementation of the Three Waters Reform

Programme. The Crown (through DIA) and LGNZ agree to continue to work together, including through the Joint Steering Committee, with a view to agreeing an approach to such issues that reflect the priorities of both central and local government.

- 7.4 The Crown and LGNZ therefore agree that the Joint Steering Committee will continue to be convened (on terms to be agreed) to support the Three Waters Reform Programme including through transition and implementation.

8. **Future for Local Government review and other major reform initiatives**

The Crown acknowledges the opportunity to strengthen the important relationship central government has with local government through the Review. The Crown acknowledges, as set out in the terms of reference for the Review, local government's critical role in placemaking and achieving positive wellbeing outcomes for communities. The terms of reference also notes that:

- (a) the Review should be guided by the objectives of the Public Service Act 2020, in terms of building a unified, agile and collaborative public service, grounded in a commitment of service to the community;
- (b) the impact of reform programmes, including those related to the three waters sector and resource management system, are within the scope of the review;
- (c) consideration of the discharge of the functions of the Review should be characterised by a spirit of partnership including between the Review, local government, and iwi/Maori, while upholding the independence of the Review; and
- (d) the Review must identify options for a collaborative approach with the local government sector.

- 8.2 The Crown commits to working through its response to the Review in an open and transparent manner, consistent with the partnership principles set out in this Heads of Agreement including convening a joint steering committee comprising representatives of central and local government (or other appropriate mechanism) to consider issues arising with respect to the Review. This will include working closely on solutions to funding and financing challenges the sector may face, recognising the potential for reform to compromise the sustainability of some local authorities' current financial arrangements.

- 8.3 The Crown (through DIA) commits to working with other government agencies, and Ministers as appropriate, to seek to extend the partnership-based approach contemplated in this Heads of Agreement (including the partnering principles in clause 2.8) to other policy reforms that have the potential to significantly impact local government.

9. **General**

9.1 **Other roles and functions**

The involvement of the Crown (including DIA and Treasury) and LGNZ will not fetter or otherwise limit or compromise the Crown (including DIA and Treasury) or LGNZ respectively (or any other central or local government entity) in performing any regulatory role or function it may have (including as a territorial authority) including, for the avoidance of doubt, in the giving of free and frank policy advice including to Ministers, Cabinet or the Government.

9.2 **Communications protocols**

It is acknowledged that each of the Crown and LGNZ may at times have distinct obligations in terms of communications with respective stakeholders. However, as it works through the matters

contemplated by this Heads of Agreement, it is critical for the credibility and the integrity reflected in the partnership principles that the nature and manner of communications is agreed. A communications protocol will be agreed by DIA and LGNZ which will include how updates and messaging is provided to the local government sector and other stakeholders including the media. The communications protocol will reflect the partnership principles and principles of openness and transparency and confidentiality, and will address where there is a potential conflict in relation to the application of such principles.

Before making any media statements or press releases (including social media posts) or other public statement regarding this Heads of Agreement and/or the Crown's involvement (including through DIA and/or Treasury) with the Three Waters Reform Programme, LGNZ will consult with DIA.

9.3 **No authority**

LGZ does not have the right to enter into any commitment, contract or agreement on behalf of the Crown or any associated body, or to make any public statement or comment on behalf of the Crown or the Government.

9.4 **LGZ Acknowledgement of disclosure**

LGZ acknowledges and agrees that nothing in this Heads of Agreement restricts the Crown's ability to:

- (a) discuss, and provide all information in respect of, any matters concerning LGZ, this Heads of Agreement with any Minister of the Crown, any other government agency or any of their respective advisors, including for the avoidance of doubt for the purpose of giving free and frank advice;
- (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.

9.5 **Some Information subject to Official Information Act 1982**

LGZ acknowledges that:

- (a) the contents of this Heads of Agreement; and
- (b) information provided to the Crown (including DIA and/or Treasury);

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 Heads of Agreement and such information may be released to the public unless there is good reason under the Official Information Act 1982 to withhold it.

Signing

Executed as an agreement:

SIGNATURES

SIGNED by the **SOVEREIGN IN RIGHT OF NEW ZEALAND** acting by and through Her Minister of Finance and Her Minister of Local Government:

SIGNED for and on behalf of **NEW ZEALAND LOCAL GOVERNMENT ASSOCIATION INCORPORATED TE KAHUI KAUNIHERA Ō AOTEAROA** by the persons named below, being a persons duly authorised to enter into obligations on behalf of LGNZ:

Hon Grant Robertson, Minister of Finance



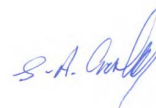
Hon Nanaia Mahuta, Minister of Local Government



Name: Stuart Crosby

Position: President, LGNZ National Council

Date: 13 July 2021



Name: Hamish McDouall

Position: Vice-President, LGNZ National Council

Date: 13 July 2021



Schedule 1: Definitions and interpretation

1.1 Definitions:

Defined terms and expressions used in this Heads of Agreement shall, unless inconsistent with the context, have the meaning set out below:

Cabinet means the central decision making body of executive government in New Zealand

Crown means The Sovereign in right of New Zealand.

Joint Steering Committee means the Joint Steering Committee formed in May 2020 by, and comprising representatives from DIA, Treasury, LGNZ and Taituarā to work closely to support a programme of reform for the delivery of three waters.

Review means the Ministerial review into the Future for Local Government.

Taituarā means Local Government Professionals Aotearoa, the national organisation that supports and develops local government professionals in New Zealand (formerly known as the New Zealand Society of Local Government Managers).

Three Waters means drinking water, wastewater and stormwater.

Water Services Entity means the new water services entities to be established by legislation giving effect to the Three Waters Reform Programme.

1.2 Interpretation

In this Heads of Agreement:

- (a) headings are for convenience only and do not affect interpretation of this Heads of Agreement;
- (b) words importing:
 - (i) the singular include the plural and vice versa; and
 - (ii) any gender includes any other gender;
- (c) the term including means “including without limitation”;
- (d) the meaning of “or” will be that of the inclusive, being one, some or all of a number of possibilities.

Schedule 2: “No worse off” package key principles

The Crown and LGNZ acknowledge and agree that the key principles of the “no worse off” package are:

- that the “no worse off” package will seek to ensure that financially, no local authority is worse off as a direct result of the Three Waters Reform and associated transfer of responsibility for the provision of water services (including the transfer of assets, revenues and effective transfer of liabilities) to Water Services Entities (“**Water Transfer**”);
- it is intended that the “no worse off” package will be funded by the relevant Water Services Entity. This approach recognises that the impacts being addressed by this aspect of the support package are closely linked to the Water Transfer. It is also acknowledged that the proposed support arrangements between the Crown and the Water Services Entities, such as a liquidity support, is expected to reduce the borrowing costs and thereby increase the borrowing capacity of the Water Services Entities, supporting funding through this mechanism;
- that the “no worse off” package will acknowledge the costs and financial impacts on local authorities directly as a result of the Three Waters Reform in relation to:
 - o stranded costs, being organisational overheads previously allocated by the local authority to three waters services that are not able to be transferred or avoided in the short-term as part of the Three Waters Reform, and therefore remain with the local authority for a period and be required to be reallocated by the local authority to their remaining activities; and
 - o financial sustainability support, for the (expected small number of) local authorities in respect of which the Water Transfer will adversely and directly affect their financial ability to sustainably perform their non-water related roles and functions at the existing level of performance (noting that for most councils the impact of such transfers is expected to have a positive effect on their borrowing capacity). It is intended that this will be addressed through a one-off payment.
- it is intended that the “no worse off” package will recognise the above costs and financial impacts through:
 - o for stranded costs, up to \$250 million to be allocated to support councils to manage these costs. This represents a nationwide estimate of two years of unavoidable stranded costs for councils with two years considered to be a reasonable period for these costs to be managed. We are proposing a fixed amount as the actual stranded costs faced by any council is dependent on decisions made by the council and cannot be robustly and transparently assessed. The allocation will be spread based on:
 - \$150 million allocated to councils (excluding Auckland, Christchurch and councils involved in Wellington Water) based on a per capita rate that is adjusted recognising that smaller councils face disproportionately greater potential stranded costs than larger councils;¹
 - Up to \$50 million allocated for the councils excluded above based on a detailed assessment of 2 years of reasonable and unavoidable stranded costs directly resulting from the Water Transfer; and

¹ The adjustment is based on adjusting the proportional allocation implied by the squared inverse natural logarithm of population. This means smaller councils receive a greater proportional allocation than larger councils

- Up to \$50 million able to be allocated to councils that have demonstrable, unavoidable and materially greater stranded costs than provided for above (the process for determining this will be agreed and is subject to the agreement of LGNZ and the Crown (through DIA and Treasury));
 - o for financial sustainability, the Crown (through DIA) will work with LGNZ and Taituarā to develop agreed principles for how the assessment of financial sustainability support (described above) will be undertaken, the methodology for quantifying this support requirement, and the process for undertaking the associated due diligence process with councils. The methodology will need to protect the interests of Water Services Entities to ensure only necessary payments are made (up to a maximum of \$250 million), that it does not create poor incentives and ensures a robust and equitable process for New Zealand. Priority will be given to undertaking due diligence with those local authorities that are more likely to suffer adverse borrowing impacts. We note that the due diligence process to confirm three waters debt and revenue for each council will be required to be transparent and robust to ensure equitable treatment of local authorities;
- that the payment of funds under the ‘no worse off’ package to a local authority will be made at the point of the Water Transfer. This is the point at which most of the financial impacts for councils will crystallise.
- that the payment of funds under the “no worse off” package to a local authority will be subject to appropriate conditions to satisfy accountability and other requirements of the Crown. These conditions will include a positive obligation on councils to manage the transfer and reorganisation in a way that minimises the ‘no worse off’ funding required. This would avoid councils seeking greater ‘no worse off’ funding than anticipated on the basis of avoidable costs, and therefore reduces incentives for behaviour that might drive up ‘no worse off’ costs.
- it is acknowledged that certain aspects of the “no worse off” package need to be enabled through legislation including the establishment of the Water Services Entities.

Schedule 3: “Better off” package key principles

The Crown and LGNZ acknowledge and agree that the key principles of the “better off” package are:

- that the better off package is:
 - in recognition of the significance to the local government sector (and the communities they serve) of the transfer of responsibility for water service delivery; and
 - intended to demonstrate central government confidence in the future for local government by providing the sector additional funds to invest in local community wellbeing outcomes, in a way that aligns with the priorities of central government.
- that the better off package will comprise \$2 billion of investment, which will comprise:
 - \$1 billion of Crown funding, \$500 million of which (or such greater amount as may be agreed) is intended to be provided to local authorities from 1 July 2022 to enable early investment; and
 - the remaining \$1 billion to be funded by the new Water Services Entities.

It is intended that such funding (other than that portion of the Crown funding noted above to be provided to local authorities from 1 July 2022) will be provided from 1 July 2024.
- that the funding will be allocated using simple to understand factors for which there are available metrics applied in a way that recognises the relative needs of local communities, the unique challenges facing local authorities in meeting those needs and the relative differences across the country in the ability to pay for those needs. A combination of population, relative deprivation and land area are recognised as the most relevant measures to recognise those factors. The allocation framework will distribute funding on the basis of a 75% allocation based on population, a 20% allocation based on the deprivation index, and a 5% allocation based on land area.
- that the use of this funding supports the three waters service delivery reform objectives and other local wellbeing outcomes and aligns with the priorities of central and local government, through meeting some or all of the following criteria:
 - supporting communities to transition to a sustainable and low-emissions economy, including by building resilience to climate change and natural hazards;
 - delivery of infrastructure and/or services that:
 - enable housing development and growth, with a focus on brownfield and infill development opportunities where those are available,
 - support local place-making and improvements in community well-being.
- to recognise the role that iwi/Māori will play in the new delivery system as partners, local authorities will be expected to engage with iwi/Māori in determining how it will use its funding allocation.
- to ensure value for money, appropriate contractual mechanisms, similar to those used for the initial water infrastructure investment stimulus package, will be implemented. The Crown (through DIA) will develop these in consultation with LGNZ and will likely include funding conditions, wellbeing assessments, delivery milestones, disbursement profiles, monitoring and reporting arrangements. These mechanisms will seek to make funding easily available while maintaining a reasonable level of accountability.

- that any funding conditions will acknowledge that long-term plans are subject to change over time. Conditions may include, but are not limited to:
 - o conditions relating to the planned investment in three waters infrastructure for the duration of the transition period, including commitments made through respective 2021-31 long-term plans;
 - o working in partnership with central government to transition to the new water services delivery system, including working collaboratively with the establishment entities for the new Water Services Entities to support the smooth transfer of assets, liabilities, information and staff to the new entities;
 - o assisting in the preparation of initial asset management plans to ensure continuity of investment, and to provide certainty for local authorities regarding what investment will be prioritised by the new Water Services Entities once they assume responsibility for water services delivery;
 - o provisions to address the consequences of local authorities being in material breach of the associated conditions; and
 - o it is acknowledged that certain aspects of the “better off” package need to be enabled through legislation including the establishment of the Water Services Entities.

Schedule 4: Joint Position Statement

CENTRAL-LOCAL GOVERNMENT JOINT POSITION STATEMENT ON THREE WATERS REFORM

Acknowledging the challenge

Central and local government believe that three waters services are fundamental to the health and wellbeing of our communities and environment; and to our local, regional and national economies. The way they are delivered across New Zealand cannot address the challenges our communities will face in the future.

Analysis produced over the past 12 months shows that all communities will need to invest significantly over the next 30 years to maintain, replace and upgrade ageing assets and to provide for growth. This is reflected by increasing investment in councils' new long-term plans.

Consistently enforced compliance standards, a backlog of infrastructure renewals and external pressures such as climate change, workforce shortages, and economic regulation will create unsustainable pressure on the current system.

Building a new partnership

Three waters reform has created an opportunity for central and local government to work together differently.

In May 2020, the Government and Local Government New Zealand agreed to set up a Joint Steering Committee to provide feedback on the reform of three waters services delivery. This group co-designed delivery of the initial stimulus investment in three waters infrastructure and services, supported the Request for Information (RFI) process and fed back into the Government's policy development. It has interrogated the analysis behind the case for change, facilitated robust conversations, and seen policy shift towards more practicable and enduring solutions.

This model responded to the local government sector's call for a closer working relationship with government, and to the Government's desire to deliver in partnership with the sector. It builds on work undertaken together in response to COVID-19 and has opened the door to a fundamental reset between our two tiers of government, so that change is undertaken together for the benefit of all our communities.

A proposal for change

The Government has proposed creating four new water service delivery entities. The scale of these entities means they'll be able to borrow to fund the significant investment needed to benefit all New Zealanders, from our smallest communities to our largest cities.

As part of this proposal, the Government and LGNZ have developed a package that recognises the importance of local place-making and the critical role that local government plays in that. This package:

- supports local government to invest in the wellbeing of their communities, so that all councils and their communities are better off;
- ensures no council will be financially worse off after reform; and
- makes clear that the Government will cover reasonable transition costs.

The economic model shows that significant benefits are available for all communities and will work best if all councils participate. Each council needs more time to interrogate its own position and understand the implications for their communities and operations. There remain critical issues to work through over the next two months.

These issues include ensuring all communities have both a voice in the system and influence over local decisions. Councils want to be sure the water entities understand and act on communities' needs and wants, including responding to localised concerns like a desire for chlorine-free water.

They want to ensure effective representation on the new water entities' governing boards so that there is strong accountability to the communities they serve. They want to be confident the water entities will respond to their plans for growth. And they want effective assurance that entities, which remain owned by the community, cannot be privatised in future.

We believe continuing the partnership between local and central government is the best way to resolve the remaining questions and policy detail to give these critical reforms the best chance of success. To that end we're recommitting to an agreed a set of shared objectives:

- significantly improving the safety and quality of drinking water services, and the environmental performance of drinking water, wastewater and stormwater systems
- ensuring robust safeguards against privatisation
- ensuring all New Zealanders have equitable access to affordable three waters services and that the water services entities will listen, and take account of, local community and consumer voices
- improving the coordination of resources, planning, and unlocking strategic opportunities
- ensuring the overall integration and coherence of the wider regulatory and institutional settings
- increasing the resilience of three waters service provision to climate change and natural hazards
- ensuring three waters service delivery has a more financially sustainable footing, and addressing the affordability and capability challenges faced by small suppliers and local authorities
- improving transparency about, and accountability for, the planning, delivery and costs of three waters services
- undertaking the reform in a matter that enables local government to continue delivering on its placemaking role and broader "wellbeing mandates".

Looking to the future

We are very aware that how we work together now sets the tone for other large-scale reform affecting the sector, especially the Future for Local Government review.

This review is a real opportunity for New Zealand to re-imagine the roles, responsibilities and resources of councils so that they can meet communities' expectations now and in the future. These expectations have evolved massively since the introduction of the current Local Government Act over 30 years ago. It's time for a genuine re-think about what's needed for local government to respond to communities' changing needs.

For this review to succeed, we need to be partners. Our three waters relationship has allowed robust, open discussions – and opened the door to a fundamental reset between our two tiers of government. Both central and local government are committed to a new way of working together, in tune with our diverse communities and our treaty partnership.

Appendix 6

Funding to invest in the future of local government and community wellbeing. Government's conclusion that the case for change has been made.

1. On 15 July, in partnership with LGNZ under a [Heads of Agreement](#)¹¹, the Government announced a package of \$2.5 billion to support Councils to transition to the new water entities and to invest in community wellbeing.
2. The **'better off' element**: an investment of **\$2 billion** into the future for local government and community wellbeing.
 - The investment is funded by \$1 billion from the Crown and \$1 billion from the new Water Services Entities. \$500 million will be available from 1 July 2022. The funding has been allocated to territorial authorities (which includes unitary authorities)¹² on the basis of a nationally formula that takes into account population, relative deprivation and land area.
 - The funding can be used to support the delivery of local wellbeing outcomes associated with climate change and resilience, housing and local placemaking, and there is an expectation that Councils will engage with iwi/Māori in determining how to use their funding allocation.
3. The **'no council worse off' element**: an allocation of up to around \$500 million to ensure that no local authority is in a materially worse position financially to continue to provide services to its community as a direct result of the reform.
 - This element is intended to ensure the financial sustainability of Councils and address reasonable costs and financial impacts associated with the transfer of assets, liabilities and revenues to new water services entities.
 - Up to \$250 million is available to meet the unavoidable costs of stranded overheads and the remainder for other adverse impacts on financial sustainability of territorial authorities (including future borrowing capacity).
 - Of this \$250 up to \$50 million is allocated to Auckland, Christchurch and Wellington Water councils, the remainder is available to other councils.¹³ This funding is not available until July 2024 and is funded by the Water Services Entities.
4. Council's funding allocation is \$20,975,278 from the "better off" element.

¹¹ [https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/\\$file/heads-of-agreement-partnering-commitment-to-support-three-waters-service-delivery-reform.pdf](https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/$file/heads-of-agreement-partnering-commitment-to-support-three-waters-service-delivery-reform.pdf)

¹² Please note that any allocation to Greater Wellington Regional Council (the only regional council affected by the proposed changes) is not clear at this stage.

¹³ Due to their size and in the case of Wellington Water and Auckland's WaterCare having already transferred water service responsibilities (to varying degrees)

5. The package is in addition to the \$296 million announced in Budget 2021 to assist with the costs of transitioning to the new three waters arrangements. The Government will “meet the reasonable costs associated with the transfer of assets, liabilities and revenue to new water services entities, including staff involvement in working with the establishment entities and transition unit, and provision for reasonable legal, accounting and audit costs.”¹⁴
6. The Government is also encouraging Councils to use accumulated cash reserves associated with water infrastructure for this purpose. There are likely to be practical limitations on a Council’s ability to do this set by councils’ own financial strategy and policies (including conditions on the use of the reserves, that is, targeted reserve funds must be used for the purpose they were collected for in the first instance e.g. if collected for capital works).
7. There are also political and / or community acceptance challenges with this approach - if the assets are transferred under a voluntary or mandatory process the reserve balances are expected to be used to invest those funds in the communities that paid for them, consistent with the conditions under which they were raised rather than pooling as a general fund. Councils and communities are unlikely to embrace using these funds instead to enable the transition.

¹⁴ 15 July 2021 FAQ [https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/\\$file/three-waters-reform-programme-support-package-information-and-frequently-asked-questions.pdf](https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/$file/three-waters-reform-programme-support-package-information-and-frequently-asked-questions.pdf)

Appendix 7

Transition

1. Consideration is being given to establishing a national transition unit and local establishment entities mirroring the boundaries of the (proposed) Water Services Entities and supporting, through a reprioritisation of stimulus funding if required, Council staff costs related to reform and transition, enabling staff to participate in transition priority working groups, gathering and sharing data.
2. Current considerations, in addition to funding for backfilling and / preparing for change, are:
 - support for three waters workers – including:
 - if a staff member’s role is primarily three waters related, an automatic transfer to the new Water Services Entity in a similar role on the same salary at the same location with the same conditions
 - advice, including Employee Assistance Programmes, legal and union representation
 - the need to increase staffing levels to implement the transition, continue business as usual and deliver current and increased infrastructure investment
 - staff and contractor retention in a time of uncertainty (and competition for resources)
 - the speed of change and the risk of mistakes and service interruptions
 - stranded overheads and the no worse off element of the funding package
 - asset transfers and valuations
 - existing contracts and contractors and any residual liabilities
 - development and financial contributions
3. What isn’t clear (but will be worked through) is:
 - where the bulk of managerial and support staff (eg: communications, financial, asset management) will be located, although the presumption is that they will be (at least notionally in post COVID flexible working world) located in the regional headquarters of the Water Services Entities
 - what the principles and any threshold would be for a staff member that does some three waters related work (say 50% of their time) and whether it would be their choice to move to the Water Services Entity and the implications for their employment situation
 - if all three water services are included and will transfer at the same time.

Appendix 8

Submission to LGNZ

Waipa DC has fully considered the proposal and, in summary, has the following concerns regarding the Government's Proposal as outlined in material released at the LGNZ Conference in July 2021.

With respect to the reform programme in total, Council is concerned that it will be asked to make a decision on whether or not to commit to the Central Government Three Waters Reform proposals in the absence of important information that will enable them to meet the key requirements for robust decision making; in that they have considered all relevant information and discounted all irrelevant information. These reforms will have significant impacts on the community's wellbeing, as defined by the Local Government Act 2002, for many generations and the community has a right to be consulted and their views given due consideration.

The purpose of local government is to enable democratic local decision-making and action by, and on behalf of, communities; and to promote the social, economic, environmental and cultural wellbeing of communities in the present and for the future. It is the role of local government to ensure that the current and future needs of our communities for good-quality local infrastructure, local public services, and effective regulatory functions are met in a way that is cost-effective for ratepayers, households and businesses. To enable us to fulfil our purpose (and the four well-beings), we require Three Waters infrastructure that is fit for our community's needs.

Local Government in general has accepted that in certain circumstances there needs to be an improvement of drinking water standards and environmental outcomes for fresh water and marine environments, and as such has universally accepted the need for a water regulator in the form of Taumata Arowai.

For Waipā DC, the proposal is to be a part of Entity B with 21 other Councils. Whilst this provides the number of connected households indicated to achieve optimal efficiency targets, it is considered too large an entity to have confidence that individual communities and areas will be as well served as they currently are. Local determination of levels of service for how Waters services are delivered, is a key part of understanding and achieving community wellbeing.

1. Governance

Waipa District Council has significant concerns with the Entity model as proposed, but in particular the governance model. The lack of Council representation in the Regional Representative Group (with only six Councils represented, and six mana whenua representatives), will not meet either Council's, or the Communities' served by our Council, expectations.

The transfer of ownership of community assets to the new entities is causing considerable debate from a constitutional and an equity perspective. Whilst “ownership” remains with a community, that community’s control of their assets in the proposed new structure is lost. With that loss goes accountability and the ability to control the direction and standard of growth in individual communities.

The proposed governance structure is convoluted and does not provide local communities the ability to influence their own destinies. The indicated efficiency gains do not take into account the loss of equity and financial costs to local communities on the other side of the equation.

We also note that a ‘Statement of Strategic and Performance Expectations’ is to be drafted. This places a requirement on the Board to report to the Representative Group. Will the Statement of Strategic and Performance Expectations include a provision which formalises a link between the local authorities (ideally individually) with the Water Services Entity? This is considered essential to meet community and Council aspirations.

2. Community Advocacy – the Local Voice

There is significant concern that each community will lose their ability to influence the delivery of services, and this concern is greater for smaller councils in particular. If a community chooses to fund a higher level of service for their area, how will these be managed by a large Water Services Entity (WSE)? It is indicated that a Consumer Advocacy Council is proposed as part of the Entity, but further information is needed on this role

For example, who would be in that group - and can it be the same people that are involved in any of the other layers of the system? Is the group elected or nominated? How does the group advocate for levels of service? Is there proposed to be one Consumer Advocacy Council per Water Service Entity, or will the Consumer Advocacy Council be national? Ideally there would be one per Entity as a minimum.

There is also concern that the WSE won’t be able to take on holistic environmental initiatives that make sense locally because it doesn’t fit with their larger “one size fits all” work plan. Also balancing needs for renewal and maintenance activities over such a large area, it is unclear how local priorities will be able to be relied upon. How will the Statement of Intent “contract” between the Regional Representative Group and the Entity Board be developed to recognise all individual Territorial Authority plans?

Waipā also believes that missing from the current representation/governance framework is an Ombudsman. This is a key role in other sectors and we believe it would be appropriate to have an Ombudsman as well. This is because:

- It is a model people are already familiar with – and it operates in other industries.
- It provides another tool for a consumer voice, and resolution of complaints.
- It provides a fair, independent and quick process.

3. Strategic Planning

Waipā is a partner within the FutureProof partnership model for the Waikato sub-region. Historically, FutureProof and Waipa have worked hard to develop robust sub-regional and local strategic plans for land use and infrastructure. If the reforms proceed, Waipa will require a Water Services Entity to work alongside Waipā DC (as Team Waipā) to give effect to the vision, community outcomes, statutory plans, and (currently under development) Waipā Community Spatial Plan. The Entity will need to have capability and capacity to work alongside Council in delivering on these outcomes.

In Waipā we have a very well established Development Contributions Policy which ensures the principle of 'growth pays for growth'. There is concern that this will not be continued as robustly under a new WSE, and that instead households will be expected to carry the burden for infrastructure to service new growth areas.

The integration of work plans between Waipā DC and the WSE will be critical but what will be the mechanism to challenge this if there is conflict? Will there be a right to object or appeal? If the right of appeal is a High Court process, it will be too expensive and too time consuming to bother with, leaving Council with no effective levers. No details have been given on how priorities and conflicting/competing needs of various communities will be worked out. This is covered in the Lisbon Charter and Waipā DC would like this model considered.

4. Funding for Three Waters Service Delivery

It is also acknowledged that for many years Local Government NZ has been requesting change in the delivery of three waters infrastructure, and in particular how these services are funded in small rural communities and in territorial areas where their funding capabilities are constrained by legislative debt to revenue ratios. There is very little detail in the proposed reform agenda on how the services are to be funded. Questions which continue to be posed by Waipā DC are whether the new water entities will be completely self-funded through unit charges or will central government re-introduce grants and subsidies for communities that cannot afford to comply with the new standards? Further, how will stormwater services be funded? Will it be necessary to provide the new entities with rating powers? Will Councils be expected to rate for stormwater services and simply pass on the revenue with no control or accountability over the expenditure?

It is assumed that there will be price harmonisation within the new entities from an equity perspective, but how are these equity issues going to be handled between the new entities? And how is account to be taken between territorial authorities, some of which have invested heavily in the three waters infrastructure and foregone other amenity services whilst others have not? As an example will territorial authorities that have installed water meters now be expected to cross subsidise those that have not, or will the standards be brought up to the same level before price harmonisation?

A means of resolving the different standards could be an equitable financial recognition of the standard of the current infrastructure and a payment made to Councils to balance the ledger. This is not being proposed with an insignificant payment being made to each community based on population, land area and socio economic deprivation. These measures bear no

resemblance to the state of the assets, nor the level of commitment the community may have made over many decades.

There is also concern that the definition of 'efficiency' used by WSEs will see gold plating and 'one size fits all solutions' which increase technical efficiency, but will also add to the cost of services. It is questioned as to whether an Economic Regulator has the ability to recognise and influence or control this?

Summary

In summary, Waipā DC has significant concerns regarding the Water Reform proposal. The timeline is very challenging, the staging of the various reforms underway, and the lack of appropriate engagement with the public is concerning. Waipā has undertaken an engagement survey of our community (via the Waipā DC website 'Have Your Say') and overwhelmingly our community has let us know that they do not want to move to a much larger Water Services Entity.

Waipā DC looks forward to further community engagement on the reforms to allow the people our Council represents and serves to meaningfully participate in this process.

COUNCIL REPORT



To: His Worship the Mayor and Councillors
From: Governance
Subject: **RESOLUTION TO EXCLUDE THE PUBLIC**
Meeting Date: 28 September 2021

1 RECOMMENDATION

THAT the public be excluded from the following parts of the proceedings of this meeting.

The general subject of the 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:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
12. Public Excluded Minutes – 31 August 2021 13. Development Agreement and Infrastructure Works Agreement for Large Cambridge Development 14. Acquisition of Land in Cambridge Growth Cell 15. Possible Land Acquisition Te Awamutu 16. Cambridge Sewer Bridge and Easements	<i>Good reason to withhold exists under section 7 Local Government Official Information and Meetings Act 1987</i>	<i>Section 48(1)(a)</i>

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act, or Sections 6, 7 or 9 of the Official Information Act 1982, as the case may be, which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, are as follows:

Item No.	Section	Interest
12,14,15	Section 7(2)(i)	<i>To enable the Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</i>
12	Section 7(2)(a)	<i>To protect the privacy of natural persons, including that of deceased natural persons.</i>
12,13,16	Section 7(2)(b)(ii)	<i>To protect information which if public would unreasonably prejudice the commercial position of the person who supplied or who is the subject of the information.</i>