



**The Ordinary Meeting of the
Kawerau District Council will be held
on Tuesday, 25 August 2020
in the Council Chamber commencing
at 9.00am**

AGENDA

GUIDELINES FOR PUBLIC FORUM AT MEETINGS

1. A period of thirty minutes is set aside for a public forum at the start of each Ordinary Council or Standing Committee meeting, which is open to the public. This period may be extended on by a vote by members.
2. Speakers may address meetings on any subject. However, issues raised must not include those subject to legal consideration, or be issues, which are confidential, personal, or the subject of a formal hearing.
3. Each speaker during the public forum is permitted to speak for a maximum of three minutes. However, the Chairperson has the discretion to extend the speaking time.
4. Standing Orders are suspended for the duration of the public forum.
5. Council and Committees, at the conclusion of the public forum, may decide to take appropriate action on any of the issues raised.
6. With the permission of the Chairperson, members may ask questions of speakers during the period reserved for public forum. Questions by members are to be confined to obtaining information or clarification on matters raised by the speaker.

**Minutes of an Ordinary Meeting of the Kawerau District Council
held on Tuesday, 28 July 2020
in the Council Chamber commencing at 9.00am**

Present: His Worship the Mayor M J Campbell
Councillor B J Julian
Councillor C J Ion
Councillor D Sparks
Councillor R G K Savage
Councillor S Kingi
Councillor W Godfery

In attendance: Chief Executive Officer (R George)
Manager, Planning, Compliance & Capability (C Jensen)
Manager, Operations & Services (H van der Merwe)
Manager, Finance & Corporate Services (P Christophers)
Communications Manager (T Humberstone)
Administration Officer (T Barnett)

Apologies

Nil

Leave of Absence

Deputy Mayor Tunui and Councillor Rangihika

Opening Prayer

Pastor Paul Heke opened the meeting with a prayer.

Public Forum

Anne Kubler

Inquired about the repair of the downpipe in the Promenade by Haven Real Estate. Manager, Operations and Services responded that this was going to be attended to soon.

Action Item

The Mayor has requested that the downpipe repair be brought forward.

Derek Spiers

Thanked Council for issues that have now been resolved.

Inquired if Council could promote the chlorine free water taps at River Road and New World car park in the Community Update newsletter.

Raewyn Geary

Inquired if the parks were all open during the winter months. Staff confirmed that they were.

Declarations of Conflict of Interest

No Conflict of Interest declared.

1 CONFIRMATION OF COUNCIL MINUTES

1.1 Ordinary Council – 30 June 2020

Councillors queried the following items:

- Page 1 - If the repairs to the Blue Bridge had commenced.
- Page 2 – Confirmation that the Decembers minutes had been forwarded to Bill Turnbull.

Resolved

Councillors Julian / Sparks

That the Minutes of the Council meeting held on 30 June 2020 are confirmed as a true and accurate record.

1.2 Extraordinary Council – 14 July 2020

Resolved

Mayor Campbell / Councillor Savage

That the Minutes of the Extraordinary Council meeting held on 14 July 2020 are confirmed as a true and accurate record.

2 RECEIPT OF COMMITTEE MINUTES

2.1 Regulatory and Services Committee – 14 July 2020

Councillors queried progress on the CCTV cameras.

Resolved

Councillors Ion / Julian

That the Minutes of the Regulatory and Services Committee meeting held on 14 July 2020 are confirmed as a true and accurate record.

2.2 Audit and Risk Committee – 21 July 2020

Resolved

Mayor Campbell / Councillor Julian

That the Minutes of the Audit and Risk Committee meeting held on 21 July 2020 are confirmed as a true and accurate record

3 Action Schedule (101120)

Councillors queried the following items:

- Page 16 – Second Item – An update on the negotiations in regards to the bridge repair work.
- Page 17 – Third Item – An update on the earthquake strengthening at the Marae
- Page 18 – Second Item – An update on the gymnastics equipment in the Rec Centre. It was agreed that the gymnastic equipment request be removed from the Action Schedule as the matter now sat with the requester.

The following corrections are made on the Action Schedule:

- Page 17 – Third Item – That the name of the Marae be included (Rautahi)
- Page 17 – Fourth Item – That Pinelands be removed and replaced with Parimahana Drive

Resolved

Councillors Kingi / Ion

That the updated Action Schedule of resolutions/actions requested by Council is received.

4 His Worship the Mayor's Report

The Mayor provided an update on the meeting regarding the Cycle Trail and the meeting with Noa Woolloff

Resolved

Mayor Campbell / Councillor Tunui

That His Worship the Mayor's report for the period Wednesday, 24 June to Tuesday, 21 July 2020 is received.

5 Council Statement – Drinking Water (Manager, Operations and Services) (404000)

Resolved

Councillor Ion / Kingi

1. *That the report "Council Statement – Drinking Water" is received.*
2. *That Council adopted the Statement – Drinking Water*

6 Balanced Budget Requirement (Manager Finance and Corporate Services (201100)

Council discussed the report concerning Councils Balanced Budget Requirement

Resolved

Councillors Julian / Sparks

1. *That the report "Balanced Budget Requirement" is received.*
2. *That Council confirms the decision made in 1998/1999 to continue the policy of not funding depreciation on non-critical and non-strategic assets for 2020/21.*
3. *That Council confirms the decision made in 1998/1999 to continue the policy of not funding depreciation on the portion of Roading and Storm water assets subject to New Zealand Transport Agency's subsidies for 2020/21.*

7 Responses to Submissions to Councils 2020/21 Annual Plan Consultation Document (Communications Manager)

Council discussed the report 'Responses Submissions to Councils 2020/21 Annual Plan Consultation'.

Resolved

Councillors Savage / Kingi

That the report "Reponses to Submissions to Councils 2020/21 Annual Plan Consultation Document" is received.

8 Adoption of 2020-21 Annual Plan and Fees and Charges (Manager, Finance and Corporate Services) (110400)

Council discussed the report 'Adoption of 2020-21 Annual Plan and Fees and Charges'

Resolved

Councillors Ion / /Savage

1. *That the report "Adoption of 2020-21 Annual Plan and Fees and Charges" is received.*
2. *That Council adopted the Fees and Charges for 2020/21 as listed.*
3. *That Council adopted the 2020/21 Annual Plan.*

9 Election Decisions – (Electoral Officer – Dale Ofsoske) (101200)

Council discussed the report from Councils Electoral Officer.

Resolved

Councillors Kingi / Ion

1. *That the report titled "Electoral Decisions" is received; and*
2. *That pursuant to section 27 of the Local Electoral Act 2001 Council resolves for the Kawerau District Council triennial elections to:*
 - *retain the First Past the Post electoral system;*
 - *That the public notice be given by 19 September 2020 of the decision and of the right of electors to demand a poll on the electoral system to be used: and*
3. *That pursuant to section 19ZA of the Local Electoral Act 2001, Council resolves not to introduce Maori wards for the Kawerau District Council for the 2022 and 2025 elections.*
4. *That pursuant to section 19H of the Local Electoral Act 2001, Council undertakes arrangements to review with an initial proposal required no earlier than 1 March 2021 and no later than 31 August 2021.*

10 Setting of Rates for the 2020/21 Financial Year (Chief Executive Officer) (209900)

Council discussed the recommendations of the 'Setting of Rates for the 2020/21 Financial Year'

Resolved

Councillors Julian / Godfery

Following the adoption of the 2020/21 Annual Plan, Council is required to set the rates for the 2020/21 financial year.

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

(a) Uniform Annual General Charge

A uniform annual general charge of \$600.00 (including GST) per separately used or inhabited part of a rating unit, set under section 15 of the Local Government (Rating) Act 2002 on every rateable rating unit within the district.

(b) General Rate

A General Rate set under section 13 of the Local Government (Rating) Act 2002 on every rating unit within the district, assessed on a differential basis as described below:

- *A rate of 0.5014 cents in the dollar (including GST) of capital value on every rateable rating unit zoned "residential", "rural lifestyle" and "reserve" in terms of Council's operative District Plan.*
- *A rate of 2.0885 cents in the dollar (including GST) of capital value for every rateable rating unit in all other land zones of Council's operative District Plan other than "residential", "rural lifestyle" and "reserve".*

(c) Water Supply Rate

A targeted rate for water supply, set under section 16 of the Local Government (Rating) Act 2002, of \$82.00 (including GST) per separately used or inhabited part of a rating unit to which water is supplied (excluding those properties that are supplied by water meter).

A targeted rate for water supply, set under section 19 of the Local Government (Rating) Act 2002, of \$0.213 (including GST) per cubic metre of water supplied to any rating unit on metered water supply.

(d) Wastewater Disposal Rate

A targeted rate for wastewater disposal, set under section 16 of the Local Government (Rating) Act 2002, of \$163.10 (including GST) per separately used or inhabited part of a rating unit that is connected to Council's wastewater disposal network.

(e) Refuse Collection Rate

Targeted rates for refuse collection set under section 16 of the Local Government (Rating) Act 2002 for rating units for which Council is prepared to remove refuse, assessed as described below:

- *A rate of \$178.50 (including GST) per 60 litre residual bin.*
- *A rate of \$238.50 (including GST) per 120 litre residual bin.*

DUE DATES FOR PAYMENT OF RATES

2. *That all rates (except metered water) will be payable in four equal instalments due on:*

<i>Instalment 1</i>	<i>4 September 2020</i>
<i>Instalment 2</i>	<i>20 November 2020</i>
<i>Instalment 3</i>	<i>26 February 2021</i>
<i>Instalment 4</i>	<i>21 May 2021</i>

The due dates for metered water are as follows:

	<u>Reading Date</u>	<u>Payment Due Date</u>
1.	25 September 2020	23 October 2020
2.	23 December 2020	22 January 2021
3.	26 March 2021	23 April 2021
4.	25 June 2021	23 July 2021

PENALTES

3. That Council, applies penalties to unpaid rates (apart from metered water) as follows:

(i) A penalty of 5 percent on the amount of any instalment assessed between 1 July 2020 and 30 June 2021 and which is unpaid after the due date for that instalment, to be added on the following dates:

Instalment 1 penalty added – 7 September 2020
Instalment 2 penalty added – 23 November 2020
Instalment 3 penalty added – 1 March 2021
Instalment 4 penalty added – 24 May 2021

(ii) A further penalty of 3 percent on any rates assessed before 1 July 2020 including previously applied penalties, which remain unpaid on 4 August 2020 to be added on 5 August 2020.

(iii) A further penalty of 3 percent on any rates to which a penalty has been added under (ii) above if the rates remain unpaid on 5 February 2021 to be added 9 February 2021.

and delegates authority to the Chief Executive Officer to impose the penalties.

PAYMENT OF RATES

4. That rates shall be payable at the Offices of the Kawerau District Council, Ranfurly Court, Kawerau between the hours of 8:00am and 5:00pm, Monday to Friday.

11 Exclusion of the Public

Resolved

Councillors Kingi / Julian

That the public is excluded from the following part of the proceedings of this meeting, namely:

Confirmation of Minutes of the Ordinary Council Meeting (Confidential) – 30 June 2020

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

General Subject of the 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
1. Confirmation of Minutes of the Ordinary Council Meeting (Confidential) – 30 June 2020	Maintain the effective conduct of public affairs through the free and frank expression of opinions.	That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists. Section 48 (1) (a) (i)

This resolution is made in reliance on Section 48(1) (a) of the Local Government Official Information & Meetings Act 1987 and the particular interest or interests protected by Section 7 (2) (b) (i) of that Act.

Following the resumption of open meeting

Meeting Closed 10.10am

M J Campbell

Mayor

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**Minutes of the Regulatory & Services Committee
held on Tuesday, 11 August 2020
in the Council Chamber commencing at 9.00am**

Present: Councillor C J Ion (Chairperson)
His Worship the Mayor M J Campbell
Deputy Mayor F K N Tunui
Councillor B Julian
Councillor S Kingi
Councillor W Godfery
Councillor A Rangihika
Councillor R G K Savage
Councillor D Sparks

In Attendance: Chief Executive Officer (R George)
Manager, Finance & Corporate Services (P Christophers)
Manager, Planning, Compliance & Capability (C Jensen)
Manager, Operations & Services (H van der Merwe)
Manager, Economic & Community Development (G Sutton)
Events and Venues Manager (L Barton)
Manager, Communications (T Humberstone)
Administration Officer (T Barnett)

Apologies

No apologies were received.

Public Forum

Anne Kubler

Thanked Council for issues that have now been resolved.

Declarations of Conflict of Interest

No conflict of interest were declared.

PART A – REGULATORY

1 Monthly Report - Regulatory & Planning Services (340000)

The Committee discussed a report from the Manager, Planning, Compliance & Capability covering activities for the month of July 2020.

Councillors queried the following items to which the Manager, Planning, Compliance and Capability responded:

- Page 1 – Item 1.1.2 – Dog Control – Ranging, Complaints and Incidents – Without clear identification of an offending animal, further action is unlikely.
- Page 2 – Item 1.2.1 – Noise and General Enforcement – In the instance that a vehicle owner can be identified, the owners will face further action.

Resolved

Councillors Kingi / Sparks

That the report from the Manager, Planning, Compliance & Capability on Regulatory and Planning Services activities for the month of July 2020 is received.

PART B – NON REGULATORY

2 Monthly Report - Finance & Corporate Services (211000)

The Committee discussed a report from the Manager, Finance & Corporate Services covering activities for the month of July 2020.

Councillors queried the following items:

- Page 20 – Item 3 – Payments – If the payment for Whakatane Fencing is a progress payment, which the Manager, Finance and Corporate Services confirmed.
- Page 20 – Item 4.2 – Creative Community Fund – Confirmation that the next meeting would be held in November 2020.
- Page 21 – Item 6 – Request for Service – Councillor Kingi asked if the flowchart of the Service Request process could be included in the next monthly report.

Resolved

Councillors Sparks / Savage

That the report from the Manager, Finance & Corporate Services for the month of July 2020 is received.

3 Monthly Report - Operations & Services (440000)

The Committee discussed a report from the Manager, Operations & Services covering activities for the month of July 2020.

Councillors queried the following items:

- Page 28 – last Paragraph – If the Dairy Factory was compliant with conditions of the resource consent. Manager, Operations and Services responded they were.
- Page 29 – Parks and Reserves – The tree's on Walter Nash Avenue that were deemed at risk to the public. Clarification to be given by Parks and Recreation Manager.
- Page 31 – Transport Management – Manager, Operations and Services, corrected that the repairs to the parking area were for the i-site, not the Marae parking area.

Resolved

Councillors Rangihika / Julian

That the report from the Manager, Operations and Services for the month of July 2020 is received.

4 Monthly Report - Economic and Community Development (309005)

The committee discussed a report from the Manager, Economic and Community Development covering activities for the month of July 2020.

Councillors queried the following items:

- Page 35 – Item 1 – KPID Updates – No date for the design and contracts from Kiwi Rail.

- Page 39 – Statistics for Toilet Facilities – The Committee asked for confirmation of the numbers for July.

Action Items

The Committee asked for an onsite meeting between Councillors and Kawerau Urban Food Forest to discuss options moving forward.

Provide an update in two weeks' time regarding Kiwi Rail's design and contracts.

Also requested that i-Site items for sale should be noted in the Community update.

Resolved

Councillors Julian / Kingi

That the report from the Economic and Community Development Manager for the month of July 2020 is received.

5 Monthly Report – Events and Community Activities (Events and Venues Manager) (340000)

The Committee discussed a report from the Events and Venues Manager covering events and community activities for the month of July 2020.

Resolved

Councillors Ion / Tunui

That the report from the Events and Venues Manager for the month of July 2020 be received.

6 Funding Applications for KOTM and CIP 2020 (Events and Venues Manager) (309305)

The Committee discussed a report requesting the approval for the funding application for the Kawerau KOTM and CIP 2020 events.

Resolved

Councillors Julian / Tunui

1. *That the report 'Funding Applications for KOTM and CIP 2020' is received.*
2. *That the Committee approves funding applications for the Kawerau KOTM and CIP 2020 be submitted to:*
 - *New Zealand Community Trust (NZCT) for \$90k.*
 - *Eastern Bay Energy Trust for \$5k per event (Total \$10k).*
 - *Lion Foundation for \$50k.*

The meeting closed at 9.49am

C J Ion

Chairperson

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Action Schedule

Meeting Date	Resolution / Action Requested	Action	Status	Comments	Estimated Completion Date
Council 26.06.18	<p>Eastern Bay Road Safety Committee</p> <p>Councillor Marjoribanks raised a concern about the poor quality of the railway crossing on SH34 and road dip Kawerau side of the SH34 at the overbridge. Councillor Julian mentioned the poor road quality of Tamarangi Drive (coming down the hill into Kawerau). The Manager, Operations & Services to raise with NZTA.</p> <p>Council Meeting – 28 August 2018</p> <p>The Mayor noted a complaint about the railway crossing and stated NZTA should be advised that this is an issue and get it done urgently.</p>	MOS	Pending	<p>Some remedial work was carried out on the rail crossing and Tamarangi Drive had a reseal in 2019.</p> <p>Issues are regularly raised at any meetings with NZTA and at the Regional Land Transport Committee.</p>	Dependent upon NZTA.
R&S 11.12.18	<p>Monthly Report - Operations & Services</p> <p>An update on the consent application for Holland Springs will be provided at the next meeting.</p>	MOS	In progress	<p>A report was included in the November Water workshop.</p> <p>A funding report was included in December.</p> <p>Physical works are being designed.</p> <p>New consent Application.</p>	<p>Completed</p> <p>Completed</p> <p>Sept 2020</p> <p>Nov 2020</p>
R&S 11.12.18	<p>Monthly Report - Operations & Services</p> <p>An update on the waste water treatment plant will be provided next year.</p>	MOS	In progress	<p>Three Waters Manager appointment made in December 2019.</p> <p>The waste water treatment plant is being evaluated in order to create a work plan for 10 year maintenance. Budget allocated in 2019/20 financial year.</p>	<p>Completed</p> <p>Completed</p>

Meeting Date	Resolution / Action Requested	Action	Status	Comments	Estimated Completion Date
R&S 12.02.19	Monthly Report - Finance & Corporate Services Advise Council whether insurance will be paid for the bridge repair work <u>26.05.20</u> Staff were asked to contact Council's lawyers and request arbitration.	MFCs	In progress	Significant decrease in chemical use and increased resilience. Significant long term structural work identified. A presentation will be made to the August Council meeting by the Three Waters Manager regarding future work.	August 2020
R&S 16.04.19	Public Forum Anne Kubler Raised concerns around the state of the footpaths and cobblestones in the town centre. The CEO advised that this work is included in the Council's long term plan along with other work being done around the town but will look at this as a separate issue. <u>16.07.19</u> Assess the cobblestones in the town centre as soon as possible as this is a safety hazard. <u>30.07.19</u> Present a report on the Town Centre cobblestones to Council as soon as possible.	MOS	In progress	Further information is being sought by Council's lawyers from consultant (Opus) regarding whether the bridge could have been repaired in situ or required removal. There has not been a response to date 18.08.2020 A workshop was presented to November R&S meeting. A report went to November Council. Work was Tendered. Ranfurly Court works are being carried out in July and August. Cobblestones were assessed in 2019. A report was presented to Elected Members in November 2019.	Ongoing Completed Completed August 2020 Completed. Completed.

Meeting Date	Resolution / Action Requested	Action	Status	Comments	Estimated Completion Date
Council 30.04.19	Action Schedule Councillor Kingi noted the poor lighting between the Rautahi Marae drive-way to the other side of the Cosmopolitan Club	MOS	In Progress	Investigation was completed in August. New Streetlights to be installed, NZTA funding applied.	Completed 2020/2021 Financial Year
R&S 16.07.19	Earthquake Prone Buildings The Committee expressed a desire to understand what was required for Rautahi Marae and then to discuss the issues with Trustees.	MOS	In Progress	A report is being prepared on the requirements and options for Council's consideration. A report on CDEM status will be provided to a Council workshop in September. Council can then determine next steps.	September Council workshop 2020
Council 30.07.19	Public Forum <u>Mike Burrell</u> Requested to lower the speed limit from the lights on Tamarangi Drive/State Highway 34 to the Kawerau Boundary due to an increase in heavy vehicles travelling along this road. <u>R&S Meeting – 10 September 2019</u> State of Tamarangi Drive. Drains next to cycle track are an issue and there is a hole by Tuwharetoa mai Kawerau ki te Tai building.	MOS	In Progress	SH34 falls under NZTA and issues are regularly raised at any meetings with NZTA and at the Regional Land Transport Committee. The section of road will be evaluated after completion of new works.	Dependent upon NZTA Following completion of Putauaki Industrial Development.
R&S 13.08.19	Monthly Report - Operations & Services Investigate the need of a speed hump in Tuwharetoa and Mawake Road.	MOS	In Progress	A report went to November Council to consider speed humps on Tuwharetoa and Mawake Road, Massey Street, River Road, Galway Street, and pedestrian crossings.	Completed

Meeting Date	Resolution / Action Requested	Action	Status	Comments	Estimated Completion Date
	<p><u>Council Meeting – 27 August 2019</u></p> <ul style="list-style-type: none"> Massey Street Speed hump. River Road, Tarawera High school speed hump. Pedestrian crossing on Galway Street outside Te Whata Tau o Putauaki <p><u>R&S Meeting – 10 September 2019</u></p> <p>Roading – Manager, Operations and Services to include for consideration a speed hump for Tuwharetoa Road as well as others previously identified.</p>			<p>Installations completed in February 2020. Further installation will be discussed and installed in the 2020/21 financial year.</p> <p>A report went to June Council to consider more speed humps. The next set of speed humps and pedestrian crossings will be discussed in September 2020.</p>	September 2020
R&S 10.09.19	<p>Public Forum</p> <ul style="list-style-type: none"> Roadside gutters, in Hall Street are in need of clearing of soil and grass. Hole on the corner of Bowen and Grey Streets is increasing in size. Kerbs and channels around town - the lips are 'huge' and not user friendly for wheelchair users. Raewyn Geary to arrange a time for further discussion with the Manager Operation and Services. People with pushchairs cannot access Stoneham Walk due to barriers/turn-styles at various entrances. Request gates be opened and more seating provided. 	MOS	<p>Complete</p> <p>Complete</p> <p>In Progress</p>	<p>Cleaning of gutters and cesspits are a continuous activity.</p> <p>Hole was fixed in November 2019.</p> <p>Met with Ms Geary following June R&S Meeting. Will have a formal meeting with Ms Geary later this year.</p> <p>Difficult to provide wheel chair access and exclude bikes.</p> <p>More seating is being considered for the next financial year.</p>	<p>Completed / ongoing</p> <p>Completed</p> <p>September 2020</p>
A&R 17.12.19	<p>Review of Revenue and Financing Policy</p> <p>Amend Council's Revenue and Financing Policy for 2021/22 so that it matches the practice adopted by Council.</p>	MFCS	In Progress	<p>Council will review the Revenue and Financing Policy as part of the preparation of the 2021 – 31 Long Term Plan</p>	During 2020/21

Meeting Date	Resolution / Action Requested	Action	Status	Comments	Estimated Completion Date
A&R 04.02.20	Council's Risk Maturity – Improvement Programme Arrange KPMG to review Council's Risk Management Maturity profile once the tasks in progress/underway are completed.	MFCFS	In Progress	There are still a couple of tasks remaining Following their completion, a further review will be undertaken.	August / September 2020
R&S 17.03.20	Public Forum Regarding the missing hose at the dump station at Prideaux Park, the Manager, Operations & Services is to look at options for the public to improve the facilities.	MOS	In Progress	Hose has been replaced. The facility will be reviewed in September 2020.	Completed September 2020
R&S 12.05.20	Monthly Report – Events and Community Activities Councillor Tunui requested that a meeting be held with the Class 4 Gambling Trust Liaison (Licensing) Committee and the two Funders: NZ Community Trust and Lion Foundation.	CEOS	In Progress	NZ Community Trust will be meeting with Council following the July Council meeting. Lion Foundation will be meeting with the Council following the September R&S Meeting.	July 2020 September 2020
A&R 15.05.20	Occupational Health and Safety Management System Status The Health & Safety Officer will organise for the Engineering Manager to provide an update to Councillors on the status of the Netball Pavilion and preference for reinstatement or demolition.	EM	In Progress	An update was provided to Elected Members. A workshop to discuss options for reinstatement or demolition will be held in October 2020.	Completed October 2020
Council 26.05.20	Results of 2020 NRB Survey Elected Members agreed to review the way in which Council engages community satisfaction.	CEO	Pending	The Leadership Team will review how to measure community satisfaction for 2022-2023 and report to Council.	March 2021

Meeting Date	Resolution / Action Requested	Action	Status	Comments	Estimated Completion Date
R&S 16.06.20	Monthly Report – Operations & Services Elected Members requested a report on the downstairs ladies toilets.	EM	In Progress	A report will be provided to Elected Members in November 2020.	November 2020
R&S 16.06.20	Maurie Kjar Memorial Pool Further discussion is needed and possible input from the community on the new hours.	PRM	In Progress	A workshop will be held with Elected Members in August 2020.	August 2020
R&S 16.06.20	KDC Traffic Calming Measures Elected Members requested a report to Council on the safety aspects of speed humps around Kawerau schools.	EM	In Progress	A report will be provided to Elected Members in October 2020.	October 2020
Council 30.06.20	Public Forum Manager, Operations & Services to investigate the areas from the list brought in by Jocelyn Coburn for maintenance.	MOS	In Progress	The list provided by Ms Coburn has been incorporated into the Engineering Team's task list.	November 2020
R&S 14.07.20	Monthly Report - Operations & Services Elected Members requested an update on the status of CCTV cameras, where vandalism had been occurring and a mobile camera be put in the carpark behind the Library.	MFCs	Ongoing	A verbal update was provided to Elected Members on the status of CCTV cameras and confirmed they were being checked at least every second day. A mobile camera is currently being sorted that will meet requirements.	August 2020
	Manager, Operations & Services to provide an update of complaints on the smell and taste of chlorine in the water.	MOS	In Progress	Complaints regarding smell and taste of water will be included in future R&S reports.	Completed

Meeting Date	Resolution / Action Requested	Action	Status	Comments	Estimated Completion Date
R&S 11.08.20	<u>Monthly Report - Economic and Community Development</u> The Committee requested an onsite meeting between Councillors and Kawerau Urban Food Forest to discuss options moving forward. Economic and Community Development Manager to provide an update in two weeks' time regarding Kiwi Rail's design and contracts. Councillor Julian requested that the i-Site items for sale be noted in the Community update.	ECDM ECDM ECDM	In Progress In Progress In Progress	A visit to KUFF will be organised with the General Manager of Life Konnect following Alert Level 2. David Turner (Director - KCT Co Ltd), will update Elected Members on progress with both the Container Terminal and Off Highway Road, following the August Council meeting. The i-Site items for sale will be advertised in the next available Newsletter.	 August 2020

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OC: Ordinary Council

A&R: Audit & Risk Committee

MPCC: Manager, Planning, Compliance & Capability

EC: Extraordinary Council

MOS: Manager, Operations & Services

ECDM: Economic & Community Development Manager

R&S: Regulatory & Services Committee

MFCS: Manager, Finance & Corporate Services

Completed Items

Meeting Date	Action	Comments
R&S 13.11.18	<p>Monthly Report - Operations & Services</p> <p>Investigate the problem regarding the water discolouration and low water pressure in Beattie Road and other surrounding streets and inform the Mayor and Councillors as soon as the cause of these problems is found.</p>	<p>A short term solution was presented to the Council workshop on 11 December 2018. A longer term solution was developed with a reticulation engineer.</p> <p>A workshop was held with Council in November 2019 on low water pressure.</p> <p>A programme is being developed for the replacement of pipes. Beattie Road to be upgraded during reticulation replacement.</p> <p>Beattie Road work has been Tendered and works carried out in August.</p>
R&S 17.03.20	<p>Naming of New Roads in Kawerau</p> <p>Elected Members to meet with Iwi/Tangata Whenua Historian Te Haukakawa (Boycie) Te Rire to discuss sharing the history of Porritt Glade (Piripiri Crescent) and Central Cove (Tiwhatiwha Crescent).</p>	<p>Te Haukakawa (Boycie) Te Rire shared the history of the name Piripiri Cres with Elected Members on Tuesday 14 July and the history of the name Tiwhatiwha Cres with Elected Members on Tuesday 11 August.</p>
Council 28.07.20	<p>Public Forum</p> <p>The Mayor requested that the downpipe repair on the Promenade by Haven Real Estate be brought forward.</p>	<p>New pipe installed in August.</p>

Meeting Council
Meeting Date: 25 August 2020
Subject: His Worship the Mayor's Report
File No. 101400

1 Purpose

The purpose of this report is to outline meetings, functions and events that I have hosted, attended and/or participated in from the period Wednesday, 22 July to Tuesday 18 August 2020.

July

- Meeting with Morris Mitchell re: Water Supply
- Meeting with Eastern Bay District Trust to discuss Te Teko Racecourse land
- Three Waters Workshops, Mt Maunganui
- Meeting with Kawerau Future Leader Catalysts
- Meeting with Karl Graydon and Ian Morton of Toi-EDA
- Monthly Council Meeting
- Meeting with David Broome of Infracom (NZ Infrastructure Commission)
- Guest Speaker at SeniorNet
- Monthly Catch-up with TUIA Rangatahi Rep, Tamihana Thompson
- PGF Announcement at Waiū Dairy by Deputy Prime Minister, Winston Peters
- Kawerau Amateur Swimming Club Prizegiving

August

- Meeting with Kawerau Friendship Club
- Meeting with Kawerau SPCA
- Meet and Greet with Lil Anderson of Caring for Communities
- Regional Transport Committee Meeting, Tauranga
- Regulatory & Services Committee Meeting
- Meeting with Kaumatua Te Haukakawa (Boycie) Te Rire re: History of Tiwhatiwha
- Meeting with Samuel Mikaere, CEO of Waiū Dairy
- Meeting with Noa Woolloff of MTFJ and Jamie Kissock of MSD re: Community Recovery Programme
- Council Workshop re: Tarawera Cycle Trail
- Meeting with Pamela Peters

2 RECOMMENDATION

That His Worship the Mayor's report for the period Wednesday, 22 July to Tuesday 18 August 2020 be received.



Malcolm Campbell, JP
Mayor

Meeting: Council
Meeting Date: 25 August 2020
Subject: Dog Control – Policy and Practices Report 2019/20
File No.: 307000

1 Background


Section 10A of the Dog Control Act 1996 requires territorial authorities to publicly report each financial year on:

- the administration of their dog control policy and their dog control practices (s10A(1)); and
- a variety of dog control related statistics

The report for the 2019/20 year has been completed and is attached for Council to formally adopt.

2 RECOMMENDATIONS

- 1 That the report "Dog Control – Policy and Practices Report 2019/20" be received.
- 2 That Council adopts and publicly notifies the Dog Control - Policy and Practices Report for the 2019/20 year and forwards a copy to the Secretary, Department of Internal Affairs.



Chris Jensen

Manager, Planning, Compliance & Capability

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KAWERAU DISTRICT COUNCIL
DOG CONTROL – POLICY AND PRACTICES REPORT
1 July 2019 – 30 June 2020

Section 10A of the Dog Control Act 1996 (DCA) requires territorial authorities to publicly report each financial year on:

- The administration of their dog control policy and their dog control practices (s10A(1)); and
- A variety of dog control related statistics

PART 1 – ADMINISTRATION OF POLICY AND DOG CONTROL PRACTICES

1) Dog Control in the District

The Kawerau District Council had 1502 dogs registered at 30 June 2020. Most of the dogs are urban pets with some hunting dogs. There were seven currently registered rural working dogs in the District; Kawerau is a compact, predominantly urban territory with only one substantial farm property flanking the north-west and south-west boundaries.

Council's dog control service provides 24/7 coverage to deal with dog attacks, roaming, barking and other complaints.

Council employs two dog rangers to monitor and enforce the provisions of the DCA and the Bylaw.

These two positions report to the Dog Control Officer (DCO).

All afterhours including weekends, patrol and fieldwork is undertaken by contract.

The aim is to maintain effective complaint/incident response, and high level of attention to systems and data management.

Council seeks to foster good working relationships with local veterinarians and the SPCA and networks as well as with other councils in the Bay of Plenty region and beyond. An excellent relationship has also been established with Ministry of Primary Industries in introducing processes for animal welfare management during emergency response.

2) Dog Control Enforcement Practices

All complaints are dealt with fairly, and in accordance with the DCA and Council's Dog Control Bylaw. Infringement notices are issued only where continued non-compliance occurs following a verbal warning and a written warning or where a serious offence e.g. rushing incident occurs.

3) Policy & Bylaw Updates

Both the Dog Control Policy and the Dog Control Bylaw 2019 were reviewed early 2019 and became effective from 1 March 2019.

4) Dogs Prohibited, Leash Only and Dog Exercise Areas

The District is fortunate in having a number of varied locations where owners may freely exercise their dogs (providing they be under control and not causing annoyance to others). The exercise areas are all sign-posted and are used daily by members of the public. Feedback from dog owners on the use of these areas continues to be positive.

The dog prohibited areas and dog exercise areas are monitored on a daily basis by both the in-house and contract dog rangers.

A notable change to the Bylaw is that within the town centre area, dogs are no longer prohibited so long as they are leashed.

The following places are designated by Council as dog exercise areas:

- All public reserves situated beside waterways and measuring at least one chain (20 metres) wide, including:
 - Keith McKenzie Park
 - Prideaux Park (except marked playing fields)
 - Stoneham Walk
 - Pat Baker Reserve
 - Roy Weston Walk
 - Tarawera Park (except marked playing fields)
 - Lyn Hartley Reserve
 - Firmin Field, and
 - Boyce Park.
- Monika Lanham Reserve
- Hilldale Reserve (except the children's playground)
- Stoneham Park
- Delamere Drive Reserve (the neighbourhood reserve between Delamere Drive, Valley Road and Ryder Place).

Where any organised activity is being undertaken on playing fields and reserves, including specified dog exercise areas, dogs must be restrained as if in a public place.

An annual audit of signage is undertaken each year in the designated dog exercise areas. At present “dog exercise area” and “Dogs must be controlled at all times” signs are installed.

5) Dog Registration and Other Fees

Council fees (inclusive of GST) for the 2019/2020 year were:

Registration Fees

Sterilised Dog	\$35.00
Non Sterilised Dog	\$70.00

Impounding Fees

First Impounding	\$80.00
Second Impounding	\$110.00
Third and subsequent	\$140.00
Sustenance Fee (per day or part thereof)	\$10.00
Seizure Fee	\$80.00



Dog owners who had registered their dog the previous year, but did not register their dog in the current year were issued an infringement notice with a 14-day diversion option, with the application of penalty (50%). The infringement notice was withdrawn if payment was made within the 14-day diversion period.

Where unregistered dogs are identified during daily patrols, incident responses or other notifications, these are generally seized and impounded and written notice given to the owner.

6) Dog Education

Public Displays

Throughout the year, DCO set up three educational displays in the main foyer:

- a) Dog attack prevention, which showed ways of keeping ourselves safe around dogs and the damage dogs, can do when they attack both humans and other animals.
- b) How to keep companion animals cool during the summer months.
- c) Advice & Welfare for keeping animals safe around fireworks (this also included stock).

Educational Information

Council provided as required by the DCA a Policy on Dogs brochure that was sent to every dog owner along with his or her registration notice.

Council also has a range of educational brochures available at all times from the Office:

- Territorial aggression you the victim
- Why dogs should not roam
- Avoid being the victim of a dog attack
- Barking as a result of boredom
- Information on KDC approved dog owner scheme

- Keeping our children safe around dogs – In English & Maori
- Avoiding dog aggression
- Better dog control = safer communities
- Neutering
- Kawerau District Council Policy on Dogs
- Kawerau District Council Control of Dogs Bylaw 2019

Permission to reproduce 'Avoiding Dog Aggression' booklet

Pat Oliver is the author of a booklet entitled "Avoiding Dog Aggression" and the manual "Practical tips for puppy/dog Owners". The information in these books is on how to understand why dogs behave aggressively and what the dog owner can do to prevent uncontrolled aggressive behaviour. They cover a range of everyday interaction scenarios from the puppy to the adult providing valuable information on how to treat a dog correctly.

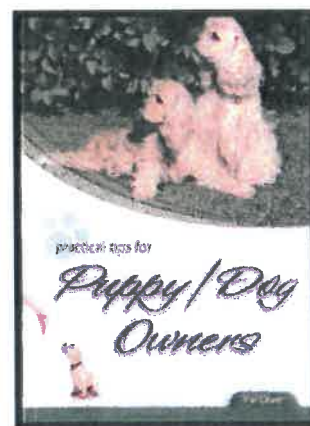
Written permission was given to Council from Pat Oliver to reproduce some of the chapters in her book to make into a public display in the office foyer. Chapters approved for reproduction were:

- Games to Avoid
- Toddlers & Children
- Meal Time & the Dog/Man Relationship

Information Manual for Dogs Classified As Dangerous

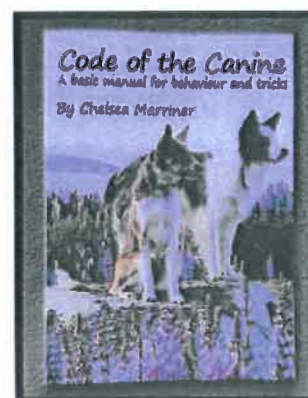
A copy of the author Pat Oliver's Manual entitled "Practical tips for puppy/dog Owners" is available to give to all dog owners which dogs are classified as dangerous.

Pat Oliver has more than 25 years' experience as a professional dog trainer; this book provides excellent basic training, obedience, nutrition and maintenance advice with easy to follow directions for dog training. Both owner and dog will benefit from the information Pat Oliver shares in this guidebook.



Information Manual for Dogs Classified As Menacing

A copy of the book "A Basic Manual for Behaviour and Tricks" by Chelsea Marriner is given to all dog owners whose dogs are classified as menacing e.g. American Pit Bull Terriers, Dogo Argentino.



Keeping our Children Safe around Dogs Booklets

All pre-schools and primary schools (new entrant classes) in the Kawerau District have been sent copies of the booklet "Keeping our Children Safe around Dogs", published by the University of Waikato.

The booklet has been printed in both English and Maori language and gives a basic understanding of dog behaviour and practical suggestions about how to create a safe and fun relationship between children and dogs.

The booklet is a result of statistics revealing most dogs, which bite, or attack children, are known to the child, so it is vitally important that they learn why dogs bite and how to behave safely around them.

It covers topics including types of aggression, socialising, dog language, and supervision, it is hoped that the booklet will significantly reduce the risk to children.



Pre-School	
Kawerau Pre-School Learning Centre	56 River Road
Poipoia te Mokopuna Playgroup	117 Onslow Street
Nga Ririki Early Learning Centre	40 Ballance Street
Nga Purapura Hou Kohanga Reo Te Kohanga	129 Valley Road
Putauaki Kindergarten	10 Marshall Street
Tamariki Play Centre	33 Galway Street
Te Akoranga Kindergarten	44 Grey Street
Te Manaaki Educational Pre-School Trust	22 Peter Lippa Drive
Tu Manako Kohanga Reo	119 River Road
Te Urunga mai o Te Ra Kohanga Reo	8 Ryder Place
Tu Whakaara o Tae Rautahi Kohanga Reo	36-40 Grey Street

School – New Entrants	
Kawerau Putauaki School	87-89 Fenton Mill Road
Kawerau South School	175-187 Onslow Street
Kura Kaupapa, Te Whata Tau O Putauaki	Galway Street

Dog Welfare Community Clinic


Animal Management staff are working with the Kawerau SPCA to place more emphasis on the importance of de-sexing, in efforts to stem the flow of dogs entering the shelters.

Planned activities include supporting Welfare group initiatives and enforcing the de-sexing of impounded dogs through its Dog Control Bylaw.

The Kawerau Branch SPCA, Vets 4 Pets and the Kawerau District Council held a free Dog Welfare Community Clinic on 1 February 2020.

Services offered:





- Free puppy and dog care advice.
- Free flea and worm treatment.
- Microchips inserted free of charge.
- Free dog bedding and treats.
- Free de-sexing if owners held a Community Services or Gold Card.



Dog Welfare Community Clinic

Saturday 1st February
10am - 12 noon
Ranfurlly Court, Kawerau.




Kawerau residents* (with a Community Services Card or Gold Card and their dogs are invited to our FREE Dog Welfare Community Clinic.

-  **FREE** flea and worm treatment (on site)
-  **FREE** dog or puppy de-sexing (at vet clinic)
Note: there are a limited number of free vouchers, but other assistance may be available.
-  **FREE** microchipping for your dog or puppy (on site)
-  **FREE** puppy and dog care advice (on site)

*Conditions apply:
Clinic is available to Kawerau residents only.
You must bring proof of address and a Community Services Card or Gold Card.
To qualify for a free de-sexing voucher, dogs must be present at the clinic and have no pre-existing health issues or skin disease.

All dogs and pups must remain on a lead.
Owners are responsible for keeping control and cleaning up after their pets.
No entry to site dogs on dogs heat.

This community clinic is proudly brought to you with assistance from:

Photos from the Dog Welfare Community Clinic:



7) Health & Safety

A Canine Parvo kit and processes have been set-up at the pound, where rangers can easily access and test all animals for parvo if they become unwell. This saves time and potentially the animal's life with early intervention.

Health and Safety of staff is still an ongoing top priority for Council. Staff were encouraged to report near misses and incidents, as well as developing better protocols for sharing knowledge of incidents and hazardous situations and people between Dog Control Staff and Contractors.

Animal Management will continuously review and improve health and safety procedures. A focus for this current year has been to review all personal safety equipment used by our staff.

8) Computer Technology

Staff are working towards the introduction of additional online tools, such as portable infringement devices, which will enable a more robust and standardised workflow as well as improving record keeping and information to customers. It is hoped this will be up and running by the end of the year.

9) COVID-19 Lockdown

During the COVID-19 Alert Level 3 & 4, Council reduced its Animal Control services to attend callouts for essential services only.

Staff developed a range of action plans:

- Health & Safety processes for impounding of animals during the lockdown.
- Emergency contact records.
- Educational advertisements through its Adopt-a-dog face book page on keeping dogs in their bubble when being exercised in public.
- Council held a database of 53 households that were willing to foster animals should their owners be unable to care for their pets during the lockdown (future availability).
- All dogs impounded at the beginning of and during lockdown were fostered.

10) Other Information

The DCO and contract rangers carried out regular daily patrols, during normal working hours and after hours, with specified targets for the number of patrols for the year.

During the year under review, 434 weekday and 363 after-hours (including specials) patrols (each of one hour's duration) were carried out which just fell short of meeting Council's minimum specified Annual Plan target of 460 weekday and 345 after hours patrols. The reason for this minor failure was that, during the Covid19 lockdown, only high priority complaints were attended e.g. attacks, and no monitoring patrols were undertaken by staff.

PART 2 – STATISTICAL INFORMATION

STREET PATROLS

Street Patrols (office/day hours)	434
Street Patrols (after hours & including Specials)	<u>363</u>
Total	<u>797</u>

REQUEST FOR SERVICES

Requests for Dog Control Services (Public)	1,013
a) DCO	296
b) In-House Statutory Incidents	388
c) Contractor – Afterhours Statutory Incidents	329

INFRINGEMENTS/HEARINGS/PROSECUTIONS

Infringements	133
Infringements Waived (primarily diversions)	67
Hearings	0
Prosecutions	1

STATUTORY INCIDENTS

Barking	196
Roaming	399
General	46
Fighting	3
Rush or Threaten	18
Attacks on Animals	14
Attack on Person (Physical Contact)	7
Contractor Instructions	29
Unaccounted for	5
<u>TOTAL</u>	<u>717</u>

UTILISATION OF DOG POUND FOR 2019/2020

Dogs Impounded (Including 35 relinquished)	
Claimed	114
Rehomed	37
Referred to SPCA	21
Destroyed	68
Dogs remaining in pound at 30/06/2020	2
<u>TOTAL</u>	<u>242</u>

OVERALL BREEDS INVOLVED IN INCIDENTS

(As confirmed by DCO/Ranger, if not confirmed then a "*" next to the breed description will be entered, this is in-line with the NZIACO national records)

Attack on person		Attacks on Animals		Fighting		Rush	
Dog Not Found, Unknown breed*	5	Dog Not Found, Unknown breed*	8	Breed Unknown * Dog not located	1	Breed Unknown * Not Found	6
Chihuahua*	1	Crossbreed	2	Staffordshire Bull Terrier x Cattle	2	Hound Stag cross	3
Crossbreed*	1	Stag Hound cross	1	Rottweiler	1	Staffordshire Bull Terrier	1
Stag Hound cross	1	Siberian Husky	1	Rottweiler x Greyhound	1	Shar pei x	1
Whippet x Greyhound	1	Bulldog	1	Australian Cattle	1	Mastiff x	2
Neo Mastiff	1	American Pit bull Terrier	*1	American Pit bull Terrier	1	Rottweiler	1
		Catahoula Leopard	1			Staffordshire Bull Terrier	1
		Australian Cattle	1			Labrador Retriever x	1
		American Pit Bull Terrier	1			Bull Mastiff x	2
						Crossbreed	1
						Jack Russell	1
						Labrador x Shar pei	1

Some incidents involved more than one dog

Microchipping:**Register Total 1041**

Menacing:**Register Total 78**

Menacing under s33C i.e. by Schedule 4 Breed	YTD 66
Menacing under s33A(1)(b)(i) i.e. by Behaviour	YTD 9
Menacing under s33A(1)(b)(ii) i.e. by Breed Characteristics	YTD 3

Dangerous:**Register Total 4**

Dangerous by Owner Conviction under s31(1)(a)	YTD 0
Dangerous by Sworn Evidence s31(1)(b)	YTD 4
Dangerous by owner Admittance in Writing s31(1)C	YTD 0

Disqualified Owner:**Register Total 0**

Disqualified under Section 25(1)(a) – (3x Inf)	YTD 0
Disqualified under Section 25(1)(b) – (Conviction)	YTD 0
Disqualified under Section 25(1)(c) – (Conviction) under Animal Welfare Act etc.	YTD 0

Probationary Owners:**Register Total 0**

Probationary under Section 21	YTD 0
Probationary under Section 21(1) Other Acts	YTD 0



Lisa Singfield
Team Leader – Animal Control & Compliance



Chris Jensen
Manager, Planning, Compliance & Capability
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KAWERAU DISTRICT COUNCIL, PRIVATE BAG 1004, KAWERAU 3169
TELEPHONE: (07) 306 9009 FACSIMILE (07) 323 8072
www.kaweraudc.govt.nz

Meeting: Council

Meeting Date: 25 August 2020

Subject: Annual Plan Performance for the twelve months ended 30 June 2020

File No.: 110400

1 **Purpose**

The purpose of this report is to review and compare Council's actual financial and non-financial performance with what is in the Annual Plan for 2019/20. The report provides details of the financial performance, capital renewals and performance targets. The annual report will include further amendments to these figures with the inclusion of final costs and revenues

Comments are provided where expenditure/revenue has varied from the budget and the performance target is not achieved for the year.

A summary of this report will also go to the Audit and Risk Committee – 14 September 2020.

2 **Financial Performance**

2.1 **Statement of Comprehensive Revenue and Expense**

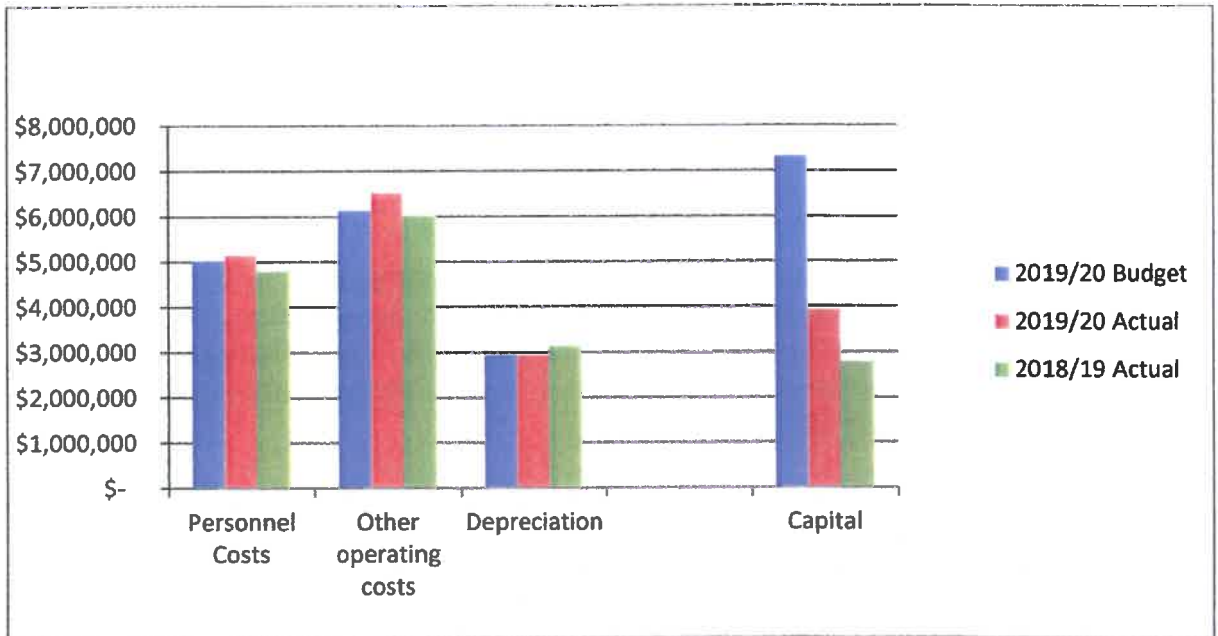
The following table shows Council's financial performance, the annual budget and the amended annual budget. The amended budgets include the carried forward figures as well as any budget amendments approved by Council.

There is an operating deficit for the year to date, and explanations are provided where there are significant variances from the budget.

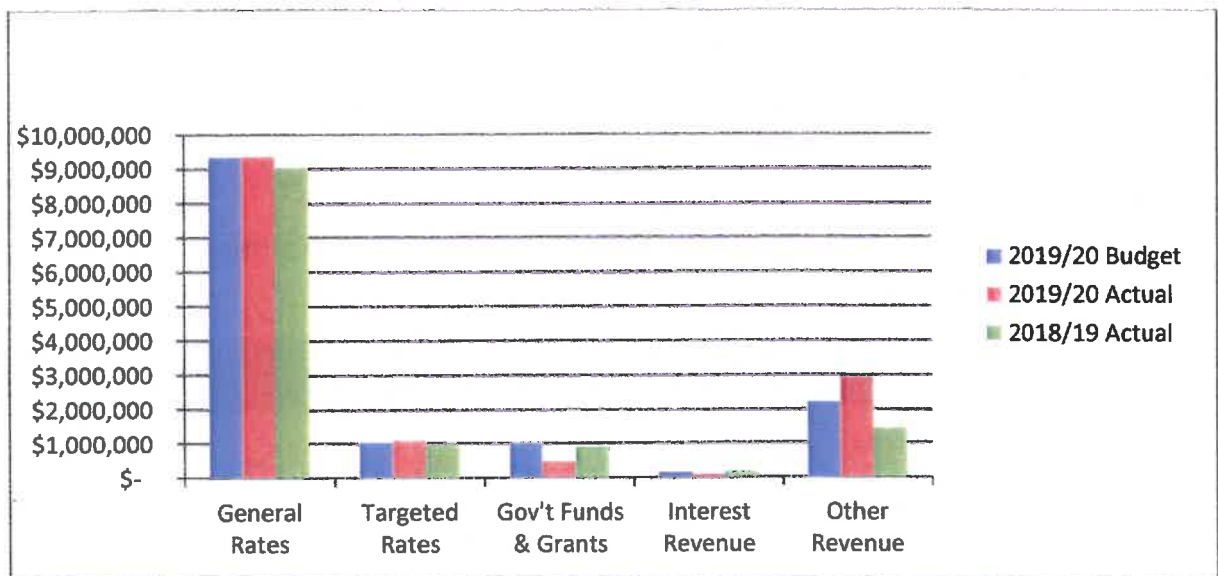
	Adopted Budget	Amended Budget	Actual	Comments
Revenue:				
Rates	10,393,760	10,393,760	10,421,125	
Subsidies and Grants	876,750	1,004,830	498,656	Renewals delayed due to COVID-19
Interest Revenue	152,500	152,500	91,094	Interest rates are lower & less funds to invest
Fees and Charges	2,115,660	2,266,070	2,927,468	Additional revenue for solid waste, KPTW and events
Other Revenue	66,000	66,000	62,999	Petrol Tax
Total Revenue	13,604,670	13,883,160	14,001,342	
Expenditure:				
Personnel Costs	5,053,200	5,053,200	5,145,305	On track
Depreciation	2,942,820	2,942,820	2,940,914	
Finance Costs	5,500	5,500	4,935	
Other Expenses	6,061,070	6,285,440	6,520,940	There was additional expenditure for refuse disposal, KPTW & events
Total Expenditure	14,062,590	14,286,960	14,612,094	
Surplus (Deficit)	(457,920)	(403,800)	(610,752)	

Council's expenditure and revenue for the year to 30 June 2020 are shown in the graphs below, compared to the budget and expenditure/revenue for 2018/19.

Expenditure to 30 June 2020



Revenue to 30 June 2020



2.2 Statement of Financial Position

The following shows Council's financial position at 30 June 2020 compared to the budget. The financial position does not include all the final accruals for receivables and payables, so the figures will change for the annual report.

	Budget @ 30/6/2020	Actual to 30 June 2020	Comments
Assets:			
Current assets:			
Cash & cash equivalents	\$4,046,595	\$3,793,541	
Receivables	\$1,247,370	\$1,333,782	
Inventories	\$1,290,920	\$149,434	Will include residential developments
Non-current assets:			
Property, plant and equipment	\$67,047,039	\$68,989,028	Revalued @ 30/6/2019
Intangible assets	\$85,100	\$72,175	
Other financial assets	\$36,250	\$36,252	
Total Assets	\$73,753,274	\$74,374,212	
Liabilities:			
Current liabilities:			
Payables, provisions & employee benefits	\$2,757,547	\$2,721,876	
Borrowing	\$21,000	\$20,952	
Non-current liabilities:			
Provisions & employee benefits	\$310,070	\$247,919	
Borrowing	\$19,400	\$39,970	
Total Liabilities	\$3,108,017	\$3,030,727	
Ratepayers Equity	\$70,645,257	\$71,343,495	
Total liabilities & ratepayers equity	\$73,753,274	\$74,374,212	

2.3 Statement of Cashflow

The cashflow statement shows a reduction of \$1,307k in Council's cash position up to 30 June 2020. Council had budgeted for a \$1,362.7k reduction in cash.

	Budget @ 30/6/20	Actual to 30 June 2020	Comments
Cashflow from operating activities:			
Rates	\$10,441,980	\$10,481,627	
Subsidies	\$876,750	\$852,923	
Fees & Charges	\$2,081,660	\$2,143,183	
Interest Received	\$152,500	\$124,385	
Payments to suppliers and employees	\$(11,157,970)	\$(11,382,740)	
Interest paid on debt	\$(5,500)	\$(4,935)	
Net cashflow from Operations	\$2,394,920	\$2,214,443	
Net cashflow from investing:			
Disposal of Assets	2,184,550	410,000	
Property, Plant & Equipment purchase (less asset disposals)	\$(5,922,520)	\$(3,936,252)	
Net cashflow from investing:	\$(3,737,970)	\$(3,526,252)	
Net cashflow from financing:			
Debt repayment	\$(19,600)	\$(4,848)	
Net cash inflow/(outflow)	\$(1,362,650)	\$(1,306,961)	
Opening balance (1/7)	\$5,409,245	\$5,100,502	Includes investments > 3 months
Closing cash balance	\$4,046,595	\$3,793,541	

3 Non-Financial Performance

The following is a summary of the non-financial targets performance to date:

Activity	2019/20 No. of Targets	Achieved	%	2018/19 Achievement Rate
Democracy	8	3	38%	60%
Economic & Community Development	9	6	67%	100%
Environmental Services (excludes N/As)	19	7	37%	72%
Roading (including Footpaths)	9	5	56%	43%
Stormwater	3	3	100%	100%
Water Supply	13	8	62%	75%
Wastewater	8	5	63%	86%
Solid Waste Management	8	5	63%	100%
Leisure and Recreation	30	12	40%	75%
TOTAL	107	54	50%	76%

There were 52 targets that were not achieved, however, 21 of these targets were as a direct result of the COVID-19 lockdown. Had these targets been achieved Council would have achieved 70% of the targets which is comparable with previous years.

4 Capital Expenditure

The following is Council's capital budget (including carry forwards and amendments) and expenditure for the year.

Activity	2019/20 Budget	Actual	Comments
Economic & Community Development	\$2,416,220	\$1,965,795	Residential developments – River Road
Environmental Services	\$710,000	\$64,123	Dog Pound building
Roading	\$1,655,180	\$815,846	Renewals delayed
Stormwater	\$38,700	\$24,278	
Water Supply	\$1,172,230	\$438,244	Renewals delayed
Wastewater	\$234,300	\$58,595	
Solid Waste	\$10,000	\$11,339	
Leisure & Recreation	\$700,700	\$367,231	
Plant, Depot and Office	\$388,200	\$187,066	New plant/vehicles, PCs & office building
Total	\$7,325,530	\$3,932,517	

5 Policy Development

The following policies and strategies have been adopted during the year to 30 June 2020:

Policy/Strategy	Adopted	Comments
Dangerous and Insanitary Building Policy	30 July 2019	Enables Council to perform its functions under the legislation
Pre-election Report	30 July 2019	Report required to be prepared prior to the council elections
Dog Control – Policy and Practices	27 August 2019	Required by Sec 10A of the Dog Control Act 1996
Freedom Camping Bylaw	24 September 2019	Enables Council to regulate and manage freedom campers in the district
Annual Report - to 30 June 2019	31 October 2019	Council's accountability report for the 2018/19 year
Community Awards –Policy Review	17 December 2019	Policy to recognise individuals that have made significant contributions to the community
Local Governance Statement	25 February 2020	Statement required to be adopted by Council within 6 months of the elections
Smoke-free in Public Places Policy	26 May 2020	The policy became effective 1 June 2020
2020/21 Annual Plan Consultation Document	26 May 2020	This document informed the community of the proposed work programme and costs for 2020/21
Drinking Water Statement	30 June 2020	Council's strategic objectives for the provision of drinking water for the community

6 **RECOMMENDATION**

That the report "Annual Plan Performance for the twelve months ended 30 June 2020" be received.



Peter Christophers, BBS, ACA
Manager, Finance & Corporate Services

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ACTIVITY GROUP 1: DEMOCRACY

Funding Impact Statement

	Budget	Actual
Operating funding – Rates & Charges (A)	\$627,843	\$563,234
Applications of operating funding – Staff & Suppliers (B)	\$608,070	\$686,867
Surplus (deficit) of operating funding (A - B)	\$19,773	\$(123,633)
Sources of capital funding (C)	\$0	\$0
Less (D):		
Renewals/capital	\$0	\$0
Increase/(decrease) in reserves	\$19,773	\$(123,633)
Surplus (deficit) of capital funding (C - D)	\$(19,773)	\$123,633
Funding balance ((A - B) + (C - D))	\$0	\$0

Statement of Service Provision

Levels of Service	Measures	Target	Status	Comment
Financial management is prudent, effective and efficient.	Percentage completion of the annual work programme.	>90%	Not achieved	There were 75/122 (61.5%) projects in the annual work programme completed by 30 June 2020.
Council provides quality democracy and representation to the Community.	Number of public meetings held (Committee and Ordinary Council).	11 Ordinary Council and 10 Committee meetings	Achieved	Every Council and committee meeting was publically notified.
Council informs the Community about key issues and activities.	Number of visits to Council's website.	At least 44,000	Achieved	There were 58,749 visits to the council website to 30 June 2020.
	Number of newsletters.	At least 11	Achieved	16 newsletters were published to 30 June 2020. (Additional were published during COVID-19 lockdown)
Council encourages the Community to contribute to Council decision-making.	Provision of a public forum at public Council and Committee meetings.	Every meeting	Not Achieved	The were 3 meetings during COVID-19 lockdown where public forums were not provided.
The community has confidence in the quality of democracy and representation provided by elected members	Community satisfaction with Mayor and councillors	>88%	Not achieved 83%	
Council encourages the Community to contribute to Council decision-making	Community satisfaction with council consultation	>69%	Not achieved 65%	NRB survey undertaken in January 2020
Financial management is prudent, effective and efficient.	Community satisfaction with the way rates are spent	>91%	Not achieved 89%	

ACTIVITY GROUP 2: ECONOMIC AND COMMUNITY DEVELOPMENT

Funding Impact Statement

	Budget	Actual	Comment
Operating funding – Rates & Charges (A)	\$2,056,714	\$2,566,521	Additional event & KPTW funding received, and \$682k sales from residential developments
Applications of operating funding – Staff & Suppliers (B)	\$2,273,950	\$2,910,714	Additional events, KPTW and development costs for Bowen and Te Ariki Place
Surplus (deficit) of operating funding (A - B)	\$(217,236)	\$(344,193)	
Sources of capital funding (C)	\$2,184,550	\$0	Proceeds from unit sales (4 deposits held)
Less (D):			
Renewals/capital	\$2,406,220	\$1,965,797	Development of retirement village
Increase/(decrease) in reserves	\$(438,906)	\$(2,309,990)	
Surplus (deficit) of capital funding (C - D)	\$217,236	\$344,193	
Funding balance ((A - B) + (C - D))	\$0	\$0	

Statement of Service Provision

Levels of Service	Measures	Target	Status	Comment
Economic Development				
Council is actively involved in the Eastern Bay of Plenty Regional Economic Development Agency.	Representation at Trustee Meetings.	Representation at 90% of Trustee meetings.	Not achieved	Toi EDA underwent a significant restructure and subsequently, held five meetings throughout the year to which only CEOs' were invited. Council's CEO attended three of these meetings (60%) but was unable to attend the other two. At least 1 representative from KDC has attended all trustee meetings to 31 March 2020.
Council is actively involved in the Industrial Symbiosis Project.	Allocation of resources to ISK.	0.5 FTE staff member allocated	Achieved.	ECD Manager manages ISK projects/programmes and the CEO is standing member of ISK Steering Group.
Council provides a local information centre.	Number of days open each year.	At least 360 days.	Not achieved	The i-SITE was open 308/366 days. (Closed 56 days during COVID-19)
	Community satisfaction with the information centre	>80%	Achieved 85%	NRB survey done January 2020
	User satisfaction with the information centre	>95%	Achieved 95%	
Council encourages positive perceptions of Kawerau by supporting local events.	At least 1 event ¹ held per month from February to December.	At least 1 event held per month from February to December.	Not achieved	There was at least 1 event held for each month of the year to 30 April 2020 but not for May & June due to COVID-19.

¹ An 'event' is a public gathering of people for a distinctly defined celebratory, educational, commemorative or exhibition purpose. It occurs for a limited time and may be repeated on a cyclical basis (e.g. annually) but is not regularly scheduled (e.g. regular organised Saturday sport, a series of regular meetings, or ongoing gallery or commercial art exhibitions). Conferences are also considered to be events.

Levels of Service	Measures	Target	Status	Comment
Council contributes to the continuation of successful events.	Council employs an Events Coordinator.	1 FTE Events Coordinator employed.	Achieved.	0.75 FTE Event Co-ordinator 1 FTE Events & Venues Manager Additional event support provided by Youth Projects Officer and Visitor Information Officers.
Council supports young people to develop skills and attitudes needed to take a positive part in society.	Youth Council in place.	Annual appointments made.	Achieved	Youth Council appointed March 2020 and sworn in.
	Satisfaction with youth council collaboration from collaborating groups	78% satisfaction	Achieved 89%	Survey of collaborating groups undertaken .

ACTIVITY GROUP 3: ENVIRONMENTAL SERVICES

Funding Impact Statement

Both revenue and expenditure are on target for these activities.

	Budget	Actual	Comment
Operating funding – Rates & Charges (A)	\$1,234,206	\$1,278,312	
Applications of operating funding – Staff & Suppliers (B)	\$1,191,880	\$1,122,153	District Plan review delayed – COVID-19
Surplus (deficit) of operating funding (A - B)	\$42,326	\$156,159	
Sources of capital funding (C)	\$0	\$0	
Less (D):			
Renewals/capital	\$710,000	\$64,123	New dog pound
Increase/(decrease) in reserves	\$(667,674)	\$92,036	
Surplus (deficit) of capital funding (C - D)	\$(42,326)	\$(156,159)	
Funding balance ((A - B) + (C - D))	\$0	\$0	

Statement of Service Provision

Levels of Service	Measures	Target	Status	Comment
Building Control				
Service users consider Council's Building Control Activity to be effective	Satisfaction survey of service users - building consents processes Satisfaction survey of service users - building inspection processes	>90% >90%	Achieved Not achieved	10/11 (90.9%) satisfaction with building consent processes. 8/9 (88.9%) satisfaction with building inspections.
Council provides in-house building consent, inspection and approval services	Bi-annual Building Consent Authority accreditation re-assessment	Accreditation and registration retained.	Achieved	IANZ routine assessment undertaken 26 – 29 November 2019. BCA accreditation has been retained
Relevant Kawerau buildings comply with Building Warrant of Fitness requirements.	Buildings audited for BWOF requirements	35%	Not achieved	7/79 (8.9%) buildings audited. Impacted by COVID-19

Levels of Service	Measures	Target	Status	Comment
Building Control (continued)				
Swimming pools comply with statutory requirements	Survey to identify swimming pools in the District.	Survey and all follow up action undertaken.	N/A	Survey discontinued.
	Inspection of fencing for compliance – existing registered swimming pools.	35%	Not achieved	10/46 (21.7%) inspected. Impacted by COVID-19
Environmental Health				
Customers consider Council's Environmental Health Activity to be effective.	Satisfaction of service users – Environmental health inspection processes	90%	N/A	No survey forms returned.
	Audit of food premises operating Food Control Plans	100% annually.	Not achieved.	20/29 (69.0%) Impacted by COVID-19
Registered premises comply with statutory requirements.	Inspection of registered premises for compliance with relevant standards.	100% annually.	Achieved	5/5 (100%)
	Inspection of licensed premises for compliance	100% annually.	Achieved	13/13 (100%)
Premises licenced under the Sale and Supply of Liquor Act 2012 comply with the license conditions.	Weekday litter patrols.	At least 480 weekday patrols.	Not achieved	There were 434 weekday patrols undertaken. Impacted by COVID-19

Levels of Service	Measures	Target	Status	Comment
Environmental Health (continued).				
Council responds to complaints and service requests for environmental health conditions (noise, nuisance and conditions/health risks) complaints.	Response to noise complaints.	80% within 20 minutes and 98% within 30 minutes.	Not Achieved	272/261 (75.4%) within 20 minutes 340/361 (94.2%) within 30 minutes. 21/361 (5.8%) longer than 30 minutes
	Response to other environmental health service requests/complaints.	100% within 1 working day.	Achieved	103/103 (100%) responses within 1 working day.
Dog Registration and Control				
The level of dog registration is maximised.	Frequency of dog patrols.	At least 480 weekday and 345 after hours dog patrols.	Not achieved	434 weekday patrols. 363 after hours patrols Impacted by COVID-19
	Annual District survey to detect unregistered dogs.	All residential properties surveyed and follow up action undertaken.	N/A	Survey discontinued.
	Number of dogs on Council's register of known dogs that are unregistered.	None as at 30 April ²	Not achieved	1,502/1,505 (99.8%) of known dogs registered at 30 April 2020. Impacted by COVID-19
	Adherence to complaint response process to respond, investigate and record the complaint and advise complainant of progress or the outcome within 24 hours.	80% within 20 minutes and 98% within 30 minutes.	Not achieved	608/718 (84.7%) responses within 20 minutes 700/718 (97.5%) responses within 30 minutes 18/718 (2.5%) responses exceeding 30 minutes
Maintains community satisfaction for the dog control service	Community satisfaction with the dog control service	>75%	81% - achieved	NRB survey undertaken in January 2020.

² Date chosen to coincide with beginning of cycle for the ensuing year's registration programme.

Civil Defence				
<p>Council plans and provides for civil defence emergency management as required by the Civil Defence Emergency Management Act.</p>	<p>Kawerau District Civil Defence Emergency Management Plans are current and reviewed every three years.</p>	<p>All plans reviewed within past 3 years.</p>	<p>Not achieved</p>	<p>4 plans had not been reviewed in the last 3 years</p>
	<p>Emergency Operating Centre (EOC) is equipped and operational within two hours of the controller activating.</p>	<p>Staff are identified, trained and exercised twice each year</p>	<p>Not achieved.</p>	<p>29/30 staff were identified and 81% trained. 1 exercise held.</p>
	<p>Council delivers 4 public engagement initiatives to promote Community awareness, preparedness and resilience.</p>	<p>Initiatives delivered.</p>	<p>Achieved</p>	<p>8 initiatives delivered.</p>
	<p>Level of household planning and preparedness for a civil defence emergency</p>	<p>>60%</p>	<p>Not achieved. 49% of residents have household emergency kit</p>	<p>NRB survey undertaken in January 2020.</p>

ACTIVITY GROUP 4: ROADING

Funding Impact Statement

	Budget	Actual	Comment
Operating funding – Rates & Charges (A)	\$1,280,119	\$959,179	
Applications of operating funding – Staff & Suppliers (B)	\$822,260	\$844,946	
Surplus (deficit) of operating funding (A - B)	\$457,859	\$114,232	
Sources of capital funding (C)	\$683,630	\$367,566	
Less (D):			
Renewals/capital	\$1,655,180	\$815,846	Work delayed due to COVID-19
Increase/(decrease) in reserves	\$(513,691)	\$(334,048)	
Surplus (deficit) of capital funding (C - D)	\$(457,859)	\$(114,232)	
Funding balance ((A - B) + (C - D))	\$0	\$0	

Capital Renewals

Item	Budget	Actual	Comment
Kerb replacement	\$91,500	\$85,811	
Street light renewals and upgrades	\$64,780	\$24,754	
Reseals	\$100,000	\$104,456	
Pavement treatment	\$35,000	\$34,857	
Minor safety improvements (speed humps)	\$35,000	\$35,112	
Stormwater upgrade	\$596,000	\$33,097	Project delayed
Footpath repairs	\$160,000	\$172,001	
Bins/seating/music system/lights	\$36,100	\$8,407	
Town centre video cameras	\$10,000	\$3,414	
Town centre - paving	\$210,000	\$165	Project delayed
Carparks and turnarounds	\$13,800	\$14,000	
Bunds - Farm	\$303,000	\$299,772	
Total	\$1,655,180	\$815,846	

Statement of Service Provision

Levels of Service	Measures	Target	Status	Comment
Roading				
Council provides a network of roads which facilitates the safe movement of people and vehicles around the District.	The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number.	Increase of zero or less.	Achieved	There have been no fatalities/serious injuries on the roads controlled by Council.
Road Quality.	The average quality of ride on a sealed local road network, measured by smooth travel exposure. ³	Not less than 95%.	Not Achieved	Road roughness survey not undertaken due to COVID-19 lockdown – to be completed 2020/2021 financial year
Road maintenance.	The percentage of the sealed local road network that is resurfaced.	Between 5 and 6.5 % per annum.	Achieved	Resealing completed in June 2020
Response to service requests. (Roads)	The percentage of customer service requests relating to roads to which Council responds within the time frame specified.	Potholes: 90% within 14 days and 100% within 28 days.	Not Achieved	9 Potholes reported. 7 repaired within 14 days, 1 within 28 days. 1 exceeded 28 days to repair
		Streetlights: 90% within 14 days and 100% within 28 days.	Not Achieved	52 Streetlight outages reported. 28 responded to within 14 days and 3 exceeded 28 days to repair. 5 still in progress
Council maintains community satisfaction levels for the roading activity.	Community satisfaction with roading assets	>91%	Achieved 95%	NRB survey undertaken in January 2020.

³ The percentage of Vehicle Kilometres Travelled in the District exposed to roads with roughness less than the threshold for urban roads set by the National State Highway Strategy

Levels of Service	Measures	Target	Status	Comment
Footpaths				
Footpath condition	Percentage of footpaths that fall within the level of service or service standard for the condition of footpaths set out in the Long Term Plan.	95%. ⁴	Achieved	Survey Completed May 2020
Response to service requests.	The percentage of customer service requests relating to footpaths to which Council responds within the time frame specified.	100% within 14 days.	Achieved	15 service requests received and all were attended to within 14 days.
Council provides an appropriate network of footpaths for pedestrian use	Community satisfaction with footpaths	>85%	Not Achieved 81%	NRB survey undertaken in January 2020.

⁴ Against a standard of no more than 20 lips in the 70 km of footpaths (each lip above 20 mm equates to three metres of footpath needing replacement).

ACTIVITY GROUP 5: STORMWATER

Funding Impact Statement

	Budget	Actual	Comment
Operating funding – Rates & Charges (A)	\$115,280	\$70,034	
Applications of operating funding – Staff & Suppliers (B)	\$62,400	\$12,697	
Surplus (deficit) of operating funding (A - B)	\$52,880	\$57,336	
Sources of capital funding (C)	\$29,030	\$18,209	
Less (D):			
Renewals/capital	\$38,700	\$24,278	
Increase/(decrease) in reserves	\$43,210	\$51,267	
Surplus (deficit) of capital funding (C - D)	\$(52,880)	\$(57,336)	
Funding balance ((A - B) + (C - D))	\$0	\$0	

Capital Renewals

Item	Budget	Actual	Comment
Stormwater pipes & flood prevention (Blundell Ave)	\$38,700	\$24,278	

Statement of Service Provision

Levels of Service	Measures	Target	Status	Comment
Council provides an effective stormwater network which removes stormwater to protect dwellings from flooding (System adequacy)	The number of flooding events that occur in the District. For each flooding event, the number of habitable floors affected.	No more than 0	Achieved	There were no flooding events
Council provides an effective stormwater network which removes stormwater to protect dwellings from flooding (Customer satisfaction)	The number of complaints received by Council about the performance of its stormwater system.		Not applicable. ⁵	
Response times	The median response time to attend a flooding event.	Less than one hour.	Achieved	There were no flooding events
Discharge compliance.	Compliance with Council's resource consents for discharge from its stormwater system, measured by the number of: <ul style="list-style-type: none"> • abatement notices • infringement notices • enforcement orders, and • convictions, received by Council in relation those resource consents.	No notices, orders or convictions	Achieved	Council has complied with all the conditions of its resource consent. Council did not receive any notices, orders or convictions.

⁵ The mandatory measure per 1,000 properties connected to Council's stormwater system is not applicable, because properties in Kawerau are not permitted by building consents to connect to the stormwater system.

⁶ The mandatory measure per 1,000 properties connected to Council's stormwater system is not applicable, because properties in Kawerau are not permitted by building consents to connect to the stormwater system.

ACTIVITY GROUP 6: WATER SUPPLY

Funding Impact Statement

Both revenue and expenditure are on target.

	Budget	Actual	Comment
Operating funding – Rates & Charges (A)	\$1,142,330	\$1,164,757	Additional w-b-m revenue
Applications of operating funding – Staff & Suppliers (B)	\$697,620	\$717,192	
Surplus (deficit) of operating funding (A - B)	\$444,710	\$447,565	
Sources of capital funding (C)	\$0	\$0	
Less (D):			
Renewals/capital	\$1,172,231	\$438,244	
Increase/(decrease) in reserves	\$(727,521)	\$9,321	
Surplus (deficit) of capital funding (C - D)	\$(444,710)	\$(447,565)	
Funding balance ((A - B) + (C - D))	\$0	\$0	

Capital Renewals

Item	Budget	Actual	Comment
Pipework replacement	\$616,000	\$10,998	Project delayed due to COVID-19
Toby replacement	\$12,000	\$4,002	
Valve refurbishment	\$20,000	\$11,554	
UV Tube Replacement	\$12,600	\$14,172	
Pump Refurbishment	\$29,100	\$86,204	
Hydrants & Headworks	\$0	\$212	
Reservoir Roof	\$133,530	\$133,046	
Water flow restrictor	\$49,000	\$0	
Tarawera Bores	\$300,000	\$178,056	Project in progress
Total	\$1,172,230	\$438,244	

Statement of Service Provision

Levels of Service	Measures	Target	Status	Comment
Customer satisfaction.	<p>The total number of complaints received about any of the following:</p> <ul style="list-style-type: none"> a) drinking water clarity b) drinking water taste c) drinking water odour d) drinking water pressure or flow e) continuity of supply, and f) Council's response to any of these issues expressed per 1,000 connections to the networked reticulation system. 	<ul style="list-style-type: none"> a) No more than 4 per 1,000 connections b) No more than 2 per 1,000 connections c) No more than 1 per 1,000 connections d) No more than 2 per 1,000 connections e) No more than 2 per 1,000 connections f) 0 per 1,000 connections 	Not achieved	<p>Council has 2,700 connections</p> <ul style="list-style-type: none"> a) 26 complaints about dirty water (9.6 per 1,000 connections) b) No complaints about taste c) No odour complaints d) 2 complaints about water pressure (0.74 per 1,000). e) No complaints regarding continuity of supply f) No complaints about responses to above issues
Safety of drinking water.	<p>The extent to which Council's drinking water supply complies with:</p> <ul style="list-style-type: none"> a) part 4 of the 2008 drinking-water standards (bacteria compliance criteria), and b) part 5 of the 2008 drinking-water standards (protozoal compliance criteria). 	<ul style="list-style-type: none"> a) No more than 1 instance of bacteria criteria non-compliance, and b) No instances of protozoal criteria non-compliance. 	<ul style="list-style-type: none"> a) Not Achieved b) Not Achieved 	<p>There was 1 instance of bacteria non-compliance</p> <p>There was at least 1 instance of protozoal non-compliance</p>

Levels of Service	Measures	Target	Status	Comment
Maintenance of the reticulation network.	The percentage of real water loss from the Council's networked reticulation system, measured using the minimum night flow (MNF) analysis method contained in the DIA Guidelines.	<200 litres per connection per day ⁷	Achieved	The analysis (Aug to June) found that 179 litres of water was lost per connection per day
Demand management.	The average consumption of drinking water per day per resident within the district.	< 0.6 m3	Achieved	The average daily consumption to 30 June was 0.58 m ³ per person.
	Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the median response times are:			
	a) attendance for urgent call-outs: from the time that Council receives notification to the time that service personnel reach the site, and	Less than two hours.	Achieved	There were 6 urgent call outs received and all were attended to in less than 2 hours
	b) resolution of urgent call-outs: from the time that Council receives notification to the time that service personnel confirm resolution of the fault or interruption.	Less than 8 hours.	Achieved	All urgent call outs (6) were resolved within 8 hours.
	c) attendance for non-urgent call-outs: from the time that Council receives notification to the time that service personnel reach the site.	24 hours.	Not achieved	56 non-urgent call outs and all but 1 were attended within 24 hours.
	d) resolution of non-urgent call-outs: from the time that Council receives notification to the time that service personnel confirm resolution of the fault or interruption	48 hours.	Not Achieved	55/56 non-urgent call outs were all resolved within 48 hours.
Fault response times.				

⁷ Measured using the minimum night flow (MNF) analysis method contained in the DIA Guidelines.

Levels of Service	Measures	Target	Status	Comment
The water supply is reliable and has minimal disruptions.	Number of unplanned shutdowns – reticulation.	No more than 12.	Achieved	6 unplanned shutdowns occurred.
	Number of unplanned shutdowns - pump stations.	None.	Achieved	No unplanned shutdowns of the pump stations.
	Number of water main breaks.	No more than 8.	Achieved	2 water main breaks occurred.
Water is sourced with minimal environmental effects.	Compliance with BOP Regional Council water supply resource consents as reported in Annual Consents and Compliance Field Sheet.	Compliance ⁸	Achieved	Complying with old consent.
Provision of quality water supply	Community satisfaction with water supply	>97%	Not achieved 73%	NRB survey undertaken in January 2020.

⁸ BOPRC inspection reports state either compliance or non-compliance.

ACTIVITY GROUP 7: WASTEWATER

Funding Impact Statement

	Budget	Actual	Comment
Operating funding – Rates & Charges (A)	\$1,558,464	\$1,728,926	Additional revenue for trade-waste
Applications of operating funding – Staff & Suppliers (B)	\$1,126,170	\$1,095,202	
Surplus (deficit) of operating funding (A - B)	\$432,294	\$633,724	
Sources of capital funding (C)	\$0	\$0	
Less (D):			
Renewals/capital	\$234,300	\$59,547	
Increase/(decrease) in reserves	\$197,994	\$574,177	
Surplus (deficit) of capital funding (C - D)	\$(432,294)	\$(633,724)	
Funding balance ((A - B) + (C - D))	\$0	\$0	

Capital Renewals

Item	Budget	Actual	Comment
Pipework replacement	\$18,500	\$1,500	
Pump refurbishment	\$38,000	\$31,517	
Milliscreen bearings	\$2,800	\$1,694	
Wastewater treatment plant & pump station	\$11,000	\$15,134	
Pumping Station	\$159,000	\$7,492	Project delayed
Fridge/Freezer & washing machine	\$0	\$2,210	
Total	\$234,300	\$59,547	

Statement of Service Provision

Levels of Service	Measures	Target	Status	Comment
Customer satisfaction.	<p>The total number of complaints received about any of the following:</p> <ul style="list-style-type: none"> a) sewage odour b) sewerage system faults c) sewerage system blockages, and d) Council's response to issues with its sewerage system, (expressed per 1,000 connections to the sewerage system). 	<ul style="list-style-type: none"> a) No more than 1 per 1,000 connections b) No more than 15 per 1,000 connections c) No more than 15 per 1,000 connections d) 0 per 1,000 connections 	Achieved	<p>Council has 2,700 connections</p> <ul style="list-style-type: none"> a) No odour issues b) 0 faults c) 12 blockages (4.4 per 1,000) d) No complaints about response to service.
System adequacy.	<p>The number of dry weather sewage overflows from Council's sewerage system, expressed per 1,000 connections to that sewerage system.</p>	0 per 1,000 connections to the sewerage system.	Achieved	No dry weather overflows.
Fault response times.	<p>Where Council attends to sewage overflows resulting from a blockage or other fault in its sewerage system, the median response times are:</p>			
	<ul style="list-style-type: none"> a) attendance time: from the time that Council receives notification to the time that service personnel reach the site, and 	Less than 1 hour.	Achieved	1 sewerage overflow that was attended to within 1 hour

Levels of Service	Measures	Target	Status	Comment
	b) resolution time: from the time that Council receives notification to the time that service personnel confirm resolution of the blockage or other fault.	Less than 8 hours.	Achieved	1 sewerage overflow that was resolved within 8 hours
Council provides a reliable domestic wastewater collection and disposal service.	Number of disruptions to wastewater collection service.	No more than 50.	Achieved	There have been no disruptions to the waste water collection service to date.
Discharge compliance.	Compliance with resource consents for discharge from Council's sewerage system measured by the number of: a) abatement notices b) infringement notices c) enforcement orders, and d) convictions, received in relation those resource consents.	No notices, orders or convictions.	Not achieved	Council has received 2 infringement notices, resulting from the trade-waste from the dairy factory
The wastewater treatment plant operates effectively.	Compliance with BOPRC wastewater treatment plant resource consents as reported in annual Consents and Compliance Field Sheet.	Compliance. ⁹	Not achieved	Council did not comply with all conditions of the resource consent due to volumes received from the dairy factory
Provision of domestic wastewater collection and primary treatment	Community satisfaction with wastewater disposal	>97%	Not achieved 95%	NRB survey undertaken in January 2020.

⁹ BOPRC inspection reports state either compliance or non-compliance.

ACTIVITY GROUP 8: SOLID WASTE

Funding Impact Statement

Both revenue and expenditure are likely to exceed the budget due to additional waste volumes and also costs have increased for waste disposal.

	Budget	Actual	Comment
Operating funding – Rates & Charges (A)	\$1,703,463	\$1,795,426	Additional waste volumes
Applications of operating funding – Staff & Suppliers (B)	\$1,671,120	\$1,706,760	
Surplus (deficit) of operating funding (A - B)	\$32,343	\$88,666	
Sources of capital funding (C)	\$0	\$0	
Less (D):			
Renewals/capital	\$10,000	\$10,386	Concrete apron
Increase/(decrease) in reserves	\$22,343	\$78,280	
Surplus (deficit) of capital funding (C - D)	\$(32,343)	\$(88,666)	
Funding balance ((A – B) + (C – D))	\$0	\$0	

Statement of Service Provision

Levels of Service	Measures	Target	Status	Comment
Refuse Collection and Disposal				
Council's refuse collection and disposal services meet the needs of the Kawerau Community and help maintain public health and a clean environment.	Frequency of residual refuse collection from residential properties.	52 weekly collections.	Achieved	Collection occurred every week. (52/52)
	Level of compliance with BOP Regional Council refuse disposal resource consents as reported in annual Consents and Compliance Field Sheet.	Compliance. ¹⁰	Achieved	No notices, abatement notices, enforcement orders or convictions.
	Community satisfaction with refuse collection	>90%	97% - achieved	NRB survey undertaken in January 2020.
Provision of a cost effective refuse collection and disposal service that will encourage a healthy, clean and tidy district	Community satisfaction with refuse disposal	>73%	78% - achieved	NRB survey undertaken in January 2020.
	User satisfaction with refuse disposal	>83%	85% - achieved	NRB survey undertaken in January 2020.
	Zero Waste (Recycling)			
Material that would otherwise go to landfill as household refuse is collected by the recycling collection service.	Average amount of recyclable material collected from each household.	No less than 178 kg per annum.	Not achieved	2,700 households 143.3 kg average per household – due to COVID-19
	Frequency of recycling collection from properties.	52 weekly collections.	Not achieved	Collection stopped during COVID-19 lockdown. (41/52 weekly collections)
Council's refuse collection and disposal services meet the needs of the Kawerau Community and help maintain public health and a clean environment.	Community satisfaction with recycling services	>92%	Not achieved 91%	NRB survey undertaken in January 2020.

¹⁰ BOPRC inspection reports state either compliance or non-compliance

ACTIVITY GROUP 9: LEISURE AND RECREATION

Funding Impact Statement

Costs and revenue are on track and it is expected to be the same at year end

	Original Budget	Actual	Comment
Operating funding – Rates & Charges (A)	\$4,159,609	\$4,147,269	
Applications of operating funding – Staff & Suppliers (B)	\$3,465,660	\$3,354,674	Lower staffing costs resulting from vacancies
Surplus (deficit) of operating funding (A - B)	\$693,949	\$792,595	
Sources of capital funding (C)	\$0	\$0	
Less (D):			
Renewals/capital	\$767,699	\$368,239	
Increase/(decrease) in reserves	\$(73,750)	\$424,356	
Surplus (deficit) of capital funding (C - D)	\$(693,949)	\$(792,595)	
Funding balance ((A - B) + (C - D))	\$0	\$0	

Capital Renewals

Item	Budget	Actual	Comment
Library:			
Collection renewals	\$69,490	\$63,988	Replacement books
Equipment, Fixtures and Fittings	\$29,989	\$21,928	
Building	\$93,000	\$42,940	
Swimming Pool:	\$274,000	\$68,032	Clubrooms delayed
Recreation Centre	\$14,900	\$5,600	
Town Hall	\$22,500	\$8,624	
Concert Chambers	\$13,800	\$1,422	
Public Toilets	\$29,990	\$29,990	Walkway canopy
Sports fields and amenity buildings	\$55,000	\$1,007	Tarawera Park – irrigation & toilet upgrade
Passive Reserves	\$111,200	\$85,978	Boundary fences, carparks and kayak course
Playgrounds	\$33,830	\$36,430	Playground and fence renewals
Cemeteries	\$20,000	\$2,300	New plots
Total	\$767,699	\$368,239	

Statement of Service Provision

Levels of Service	Measures	Target	Status	Comment
Library				
The library is accessible to the public.	Percentage of the population who are active members of the library. ¹¹	>25%	Not achieved	Currently 1,744 (24.5%) of the population are active members of the library.
	Number of visits to the library annually	>90,000	Not achieved	63,119 people visited the library during the year. Library was closed during most of the last ¼ due to COVID-19
	New items per 1,000 population added to the collection each year.	>500	Not achieved	2,926 new items (409 per 1,000 population) were added to the collection.
	Community satisfaction with the public library	>86%	Achieved 87%	NRB survey undertaken in January 2020.
Council provides public library services and resources which suit the community's needs	User satisfaction with the public library	>96%	Not achieved 93%	NRB survey undertaken in January 2020.
	Museum			
Council provides a museum service which reflects Community needs.	Number of exhibitions held.	6	Achieved	6 exhibitions were held.
	Number of historical articles produced. ¹²	10	Achieved	10 articles were produced.
	Number of objects accessioned to the museum collection per annum.	200	Not achieved	There were only 84 objects accessioned into the museum collection due to COVID-19 lockdown
	Community satisfaction with the museum	>64%	Not achieved 58%	NRB survey undertaken in January 2020.

¹¹ Those who have used library services in the past two years.

¹² Historical articles include a mix of oral histories, exhibition booklets and special event DVDs.

Levels of Service	Measures	Target	Status	Comment
Council provides a museum service which reflects Community needs	User satisfaction with the museum	>95%	Not achieved 82%	NRB survey undertaken in January 2020.
Swimming Pools				
Swimming pool water meets water quality standards.	Level of compliance with standards.	Full compliance in 95% of tests.	Achieved.	97% compliance of tests done.
Council provides a Swimming Pool Complex which is accessible to the Community.	Weeks open per year.	At least 48.	Not achieved	Pool has been open 44/52 weeks for the year to date. (Pool was closed for 2 weeks for annual shut, 3.5 days due to power outages and thunderstorms and 5 weeks for COVID-19)
Council provides a swimming pool complex which reflects community needs	Community satisfaction with public swimming pool	>93%	Not achieved 90%	NRB survey undertaken in January 2020.
	User satisfaction with public swimming pool	>97%	Not achieved 94%	NRB survey undertaken in January 2020.
Public Halls and Facilities				
Four Community halls are available for hire: Ron Hardie Recreation Centre, Town Hall, Concert Chambers and the Bert Hamilton Hall.	Number of weeks public halls available for hire	Each hall is available for 50 weeks. ¹³	Not achieved	All halls were open for 46/52 weeks for the year. Halls not available due to COVID lockdown.
Clean public toilets are provided in the central business district.	Council provides town centre public toilets.	Open at least 360 days.	Not achieved	The town centre public toilets were open 335/366 days due to COVID lockdown
Council provides public halls which reflect community needs	Community satisfaction with public halls	>82%	Not achieved 80%	NRB survey undertaken in January 2020.

¹³ Each hall is closed for scheduled maintenance for up to two weeks per year.

Levels of Service	Measures	Target	Status	Comment
	User satisfaction with public halls	>94%	Not achieved 92%	NRB survey undertaken in January 2020.
Council provides facilities which reflect community needs	Community satisfaction with public toilets	>66%	Achieved 80%	NRB survey undertaken in January 2020.
	User satisfaction with public toilets	>83%	Achieved 95%	NRB survey undertaken in January 2020.
Parks and Reserves				
Playing surfaces at sports fields are maintained to the requirements of the codes for which they are used.	Implementation of recommendations of NZ Sports Turf Institute advisory reports.	100%	Achieved	NZ Sports and Turf inspected the sports fields in October 2019 and made recommendations.
Council provides an adequate number of reserves for Community leisure and recreation.	Percentage of households situated within 500 metres of a reserve.	At least 95%.	Achieved	100% of properties are within 500 metres of a reserve.
Bedding displays are attractive and updated to suit the season.	Number of bedding displays.	2 (1 summer and 1 winter).	Achieved	Summer displays were planted in October and the winter displays planted in May.
Playground equipment is safe for children to use.	Monthly inspections of all playground equipment.	12 inspections conducted.	Not achieved	11 inspections have been undertaken. Less inspections undertaken due to COVID 19.
	Remediation of all identified ¹⁴ problems.	All repairs completed within 2 weeks.	Achieved	Minor defects identified by inspection and from the public via requests for service. All rectified within 2 weeks
	Community satisfaction with parks and reserves	>94%	Not achieved 93%	NRB survey undertaken in January 2020.

¹⁴ Problems can be identified by users, parents, community members or staff at any time.

Levels of Service	Measures	Target	Status	Comment
Council provides parks and reserves which meet community needs	Community satisfaction with community attractiveness and beautification	>99%	Not achieved 98%	NRB survey undertaken in January 2020.
Cemetery				
The Kawerau cemetery meets community interment needs in the present and the medium term	Number of burial plots available	Enough for at least 5 years	Achieved	There are currently enough plots for approximately a further 10 years.
The Kawerau cemetery meets community interment needs in the present and the medium term	Community satisfaction with the cemetery	>79%	Not achieved 76%	NRB survey undertaken in January 2020.
	Visitor satisfaction with the cemetery	>97%	Achieved 97%	NRB survey undertaken in January 2020.

SUNDRY (VANDALISM, PLANT AND ELIMINATIONS)

Funding Impact Statement

These activities include vandalism, plant and eliminations. Eliminations mostly include the rates charged to Council properties and any past years' surpluses that Council has resolved to use to reduce rates.

	Budget	Actual	Comment
Operating funding – Rates & Charges (A)	\$(969,110)	\$(920,362)	
Applications of operating funding – Staff & Suppliers (B)	\$(855,266)	\$(894,330)	
Surplus (deficit) of operating funding (A - B)	\$(113,844)	\$(26,032)	
Sources of capital funding (C)	\$0	\$0	
Less (D):			
Renewals/capital	\$189,100	\$114,547	Small plant & vehicles
Increase/(decrease) in reserves	\$(302,944)	\$(140,579)	
Surplus (deficit) of capital funding (C - D)	113,844	\$9,655	
Funding balance ((A - B) + (C - D))	0	0	

ACCOMMODATION AND CORPORATE OVERHEADS

Funding Impact Statement

These activities include the buildings costs as well as overheads (CEO's and Managers' cost centres). These costs are allocated and are included in the other activities costs, which is required for reporting purposes.

	Budget	Actual	Comment
Operating funding – Rates & Charges (A)	\$70,534	\$123,029	
Applications of operating funding – Staff & Suppliers (B)	\$3,093,120	\$2,389,984	
Less allocated to activities	\$(3,093,120)	\$(2,389,984)	
Surplus (deficit) of operating funding (A - B)	\$70,534	\$123,029	
Sources of capital funding (C)	\$0	\$0	
Less (D):			
Renewals/capital	\$132,100	\$48,547	IT and building renewals
Increase/(decrease) in reserves	\$(302,944)	\$74,482	
Surplus (deficit) of capital funding (C - D)	\$(70,534)	\$(123,029)	
Funding balance ((A - B) + (C - D))	\$0	\$0	

Meeting: Council

Meeting Date: 25 August 2020

Subject: 2020/21 Carry Forwards and Budget Approval

File No.: 201000

1 Background

The 2019/20 financial year included a significant number of capital and “must do” tasks. Some of these projects were not completed by 30 June 2020 mostly as a result of the COVID-19 lockdown.

For these projects to be completed and have a budget (revised), Council will need to approve to carry forward both the cost and funding for each item to the 2020/21 year.

2 Proposed carry forwards for 2020/21

2.1 Capital projects - carried forward

The following are capital projects that did not get completed during 2019/20 and staff request approval for them to be carried forward to 2020/21:

Project	Amount	Funding Source
Culvert Replacements	\$596,000	Depreciation Reserves
Town Centre Upgrade	\$210,000	
Water Supply – Tarawera Bores	\$120,000	
Water Supply – Restrictor Umukaraka Springs	\$49,000	
Wastewater – Pumping Station	\$73,000	
Sportsfield – Irrigation System	\$15,000	
Cemetery – New Fence	\$15,000	
Library – Book displays	\$12,700	
Library – APNK Wiring, Equipment & Furniture	\$7,800	
Library – Building Upgrade	\$37,000	
Dog Pound - New	\$700,000	
Depot – Renew Garage	\$20,000	
District Office – Toilet upgrade	\$25,000	
District Office – Flashing & Spouting	\$30,000	
Total	\$1,910,500	

2.2 Projects (non-capital) - carried forward

The following is a project which did not get completed during 2019/20 and staff are requesting that it be approved for inclusion in the 2020/21 budget:

Project	Amount	Funding Source
District Plan Review	\$70,000	Equity
Total	\$70,000	

2.3 Additional capital expenditure approval – Geothermal Steam Pipe (Pool)

The main pool at the Mauri Kjar Swimming Pool Complex has not been able to be heated to the usual temperature for this time of year. Staff have discovered that this is likely to be a result of the loss of steam due to holes in the steam pipe.

Therefore, it is requested that a budget of \$30,000 be approved so a new pipe can be installed from the bore (near the Recreation Centre) to the pool. The cost of the pipe will be funded from depreciation reserves.

3 Options Considered

Council can:

- a) Approve all of the requested carry forwards;
- b) Approve none of the carry forwards; or
- c) Approve some of the requested carry forwards.

By approving the carry forwards the tasks listed above will be undertaken and the funds allocated.

By not approving the carry forwards, the projects will not occur and the funding will be available for allocation to other projects or to offset future years' costs.

Approving some and not others would allow some tasks to progress and keep some funding for other projects.

4 Legal Considerations

There are no legal reasons that prevent Council from carrying forward the expenditure and undertaking the work in the 2020/21 year.

5 Significance and Engagement

The carrying forward of these projects is not considered to be significant in terms of Council's Significance and Engagement Policy. These projects were consulted on with the community as part of the 2019/20 Annual Plan and there is the expectation by the community that they will be done.

6 RECOMMENDATIONS

1. That the report "2020/21 Carry Forwards and Budget Approval" be received.
2. That the 2020/21 budget is amended to include the following carry forward costs and funding:

Project	Amount	Funding Source
Culvert Replacements	\$596,000	Depreciation Reserves
Town Centre Upgrade	\$210,000	
Water Supply – Tarawera Bores	\$120,000	
Water Supply – Restrictor Umukaraka Springs	\$49,000	
Wastewater – Pumping Station	\$73,000	
Sportsfield – Irrigation System	\$15,000	
Cemetery – New Fence	\$15,000	
Library – Book displays	\$12,700	
Library – APNK Wiring, Equipment & Furniture	\$7,800	
Library – Building Upgrade	\$37,000	
Dog Pound - New	\$700,000	
Depot – Renew Garage	\$20,000	
District Office – Toilet upgrade	\$25,000	
District Office – Flashing & Spouting	\$30,000	
Total	\$1,910,500	

Project	Amount	Funding Source
District Plan Review	\$70,000	Equity
Total	\$70,000	

Steam Pipe – Pool Complex

Project	Amount	Funding Source
Pool – Steam Pipe replacement	\$30,000	Depreciation Reserve
Total	\$30,000	



Peter Christophers BBS, ACA
Manager Finance and Corporate Services

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Meeting: Council

Meeting Date: 25 August 2020

Subject: Review of Council's Fraud Policy

File No: 201000

1 Purpose

The purpose of this report is to review and adopt Council's fraud policy. The policy was reviewed by the Audit and Risk Committee on 21 July 2020 and some minor changes were suggested.

2 Background

The Office of the Auditor-General requires every public entity to formally address the matter of fraud and formulate an appropriate policy on how to minimise it and if it occurs, how to deal with it.

Kawerau District Council needs to protect its revenue, property and information. The fraud policy has been established to facilitate the development of controls that will aid in the detection and prevention of fraud against the Council.

Council last adopted its fraud policy in 2017 and at that time incorporated the following changes to the policy:

- Included the statement that Council is committed to act fairly, honestly and in good faith when conducting fraud investigations
- Provided explanations of the difference between the organisation's fraud policy and other policies, such as the privacy policy, sensitive expenditure policy and code of conduct. While these policies overlap, fraud has elements of dishonesty
- Include information on fraud risks to assist employees to detect possible fraud and corruption

Also added were risks that increased the likelihood of fraud, which were:

- *Incentives/pressures:* Management, other staff or external parties are under pressure or there are incentives for them to commit fraud
- *Opportunities:* Circumstances or lack of controls allow employees to commit fraud or corruption. Also employees are able to get around or override ineffective controls (for example officers are able to approve their own sensitive expenditure)
- *Attitudes:* Employees are able to rationalise committing fraud (for example believing that everyone else is doing it, or that it was so easy for me)

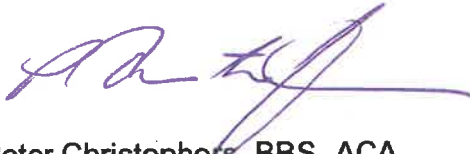
The Audit and Risk Committee at the meeting 21 July 2020, recommended the following changes are made to the policy:

- Clause 6.4 be amended to state that where fraud has occurred would be referred to the police
- Clause 9.4 is amended to state that where fraudulent activities have been substantiated, the evidence will be given to the police

The appendix to this report contains Council's Fraud Policy with those amendments included.

3 RECOMMENDATIONS

1. That the report "Review of Council's Fraud Policy" be received.
2. That Council adopts the Fraud Policy (with any further amendments).



Peter Christophers, BBS, ACA
Manager, Finance & Corporate Services

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SUBJECT: FRAUD POLICY

DATE: 21 July 2020

REVIEW: 2023

FILE REFERENCE: 201300

1. PURPOSE

- 1.1 Kawerau District Council ("Council") is committed to protecting its revenue, property, information and other assets from any attempt to gain financial or other benefits from it by deceit and to preventing the occurrence of fraud and corruption. This fraud policy has been established to facilitate the development of controls that will aid in the detection and prevention of fraud against the Council.
- 1.2 Fraud is defined as the use of deception with the intention of obtaining personal gain, an unlawful advantage, avoiding an obligation, or causing loss to another party.
- 1.3 It is the intent of Council to promote an anti-fraud culture by providing these guidelines and by assigning responsibility for the development of controls and conduct of investigations.
- 1.4 The Office of the Auditor-General requires every public entity to formally address the matter of fraud and formulate an appropriate policy on how to minimize it and if it occurs, how to deal with it.

2. SCOPE

- 2.1 This policy applies to any fraud, impropriety or dishonesty, suspected or actual and relates to all property, funds and services, as well as statutory responsibilities.
- 2.2 This policy applies to all employees of Council or Council appointees to other organisations as well as Elected Members, consultants, vendors, contractors or any other parties having a business relationship with Council.
- 2.3 This policy also covers allegations made by Council employees, appointees or Elected Members against other employees, appointees or Elected Members.
- 2.4 There may be particular risks that increase the likelihood of fraud occurring, which include:
 - *Incentives/pressures:* Management, other staff or external parties are under pressure or there are incentives for them to commit fraud

- *Opportunities:* Circumstances or lack of controls allow employees to commit fraud or corruption. Also employees are able to get around or override ineffective controls (for example officers are able to approve their own sensitive expenditure)
- *Attitudes:* Employees are able to rationalise committing fraud (for example believing that everyone else is doing it, or that it was so easy for me)

The policy will put in place processes to minimise these particular risks as much as practicable.

2.5 The Fraud Policy is a separate policy to other council policies, but will overlap with some policies. These include:

- *Sensitive Expenditure Policy:* This policy deals with staff/councillor sensitive expenditure which includes travel, accommodation, hospitality and gifts. The policy specifies the processes and procedures which are required when incurring sensitive expenditure. Fraud occurs when the sensitive expenditure is not followed and Council is deliberately charged an individual's private costs.
- *Code of Conduct:* This governs the behaviour of elected members and requires them to act with integrity, honesty and in the public interest. The behaviour and actions of elected members (as well as) should always be in the interests of the community and open to public scrutiny. If an elected member uses their position to obtain a financial benefit that may be to the cost/detriment of Council, then this will amount to fraud.

3. POLICY

- 3.1 Council personnel (defined as Council employees or appointees and Elected Members) must have, and be seen to have, the highest standards of honesty, propriety and integrity in the exercise of their duties.
- 3.2 Council will not tolerate fraud, impropriety or dishonesty and will investigate all instances of suspected fraud, impropriety or dishonesty by Council personnel or external parties.
- 3.3 Council personnel must not defraud the Council, or other personnel, clients or contractors of Council.
- 3.4 Council will take action – including dismissal and/or criminal prosecution against any member of personnel defrauding or attempting to defraud the Council, other personnel, clients or contractors of Council. In each case, the Council will make every effort to gather sufficient reliable evidence to support a prosecution.
- 3.5 Council will always seek to recover funds or goods (or the estimated value of the goods where they have been disposed of) lost through fraud

4. ACTIONS CONSTITUTING FRAUD

- 4.1 The terms fraud, impropriety and dishonesty refer to, but are not limited to:

- Any dishonest or fraudulent act.
- Misappropriation of funds, securities, supplies, or other assets.
- Impropriety in the handling or reporting of money or financial transactions.
- Profiteering as a result of insider knowledge of Council activities or the activities of organisations with a Council appointee.
- Disclosing confidential and proprietary information to outside parties.
- Disclosing to other persons, securities, activities engaged in, or contemplated by the Council or any organisation with a Council appointee.
- Seeking or accepting anything of material value from contractors, vendors, or persons providing services/materials to the Council or any organisation with a Council appointee. Gifts valued at less than \$100 per annum, or otherwise approved by the Chief Executive Officer, are exempt.
- Unauthorised use of council property including property leased by Council.
- Destruction, removal, or inappropriate use of records, furniture, fixtures, and equipment.
- Any similar or related irregularity.

If there is any question as to whether an action constitutes fraud, contact the Chief Executive Officer or Manager, Finance and Corporate Services for guidance.

5. MANAGEMENT RESPONSIBILITIES

- 5.1 Management is responsible for the detection and prevention of fraud, impropriety and dishonesty. Each member of the management team will be familiar with the types of improprieties that might occur within his or her area of responsibility and be alert for any indication of irregularity.
- 5.2 Management should be alert to the possibility that unusual events may be symptoms of fraud or attempted fraud and that fraud may be highlighted as a result of management checks, or be brought to management's attention by a third party. Management is responsible for:
- Being aware of fraud
 - Ensuring that an adequate system of internal controls exists within its area of responsibility and that those controls are operating effectively. These controls should include a system for undertaking regular reviews of transactions and activities that may be susceptible to fraud.

- 5.3 Any irregularity that is detected or suspected must be reported immediately to the Chief Executive Officer, who co-ordinates all investigations.
- 5.4 Management will promote ethical behaviour through Council's induction, training and performance development programmes.
- 5.5 Management will seek to minimise as much as possible the risks associated with:
- Incentives/pressures
 - Opportunities
 - Attitudes

This will be done by: making sure that the fraud policy is circulated regularly to all staff, undertaking regular reviews of the internal control systems, requiring all sensitive expenditure to be approved on a one-up basis, any reported incidences of potential fraud are investigated thoroughly and the policy is applied consistently to all council staff.

- 5.5 Employees may disclose fraud under the provisions of the Protected Disclosures Act 2000, and the disclosure will then be treated in accordance with the provisions of the Act.
- 5.6 Council is committed to its legal obligations to act fairly, honestly and in good faith when conducting fraud investigations

6. INVESTIGATION RESPONSIBILITIES

- 6.1 The Chief Executive Officer has the primary responsibility for the investigation of all suspected fraudulent acts as defined in the policy. This may require the formation of an Investigation Team comprised of suitably qualified persons, who may be staff or external parties as deemed appropriate. This responsibility will include full documentation of the facts and circumstances of the matter.
- 6.2 If the suspected fraud involves the Chief Executive Officer, the External Appointee to the Audit and Risk Committee will have the primary responsibility for conducting the investigation in consultation with the Mayor.
- 6.3 If the suspected fraud involves the Mayor or other elected member, the External Appointee to the Audit and Risk Committee will have the primary responsibility for conducting the investigation in consultation with the Chief Executive Officer.
- 6.4 Decisions to prosecute or refer the examination results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made in conjunction with legal counsel and senior management. Where fraud has been proven, the matter will be referred to the police.

7. CONFIDENTIALITY

The Chief Executive Officer will treat all information received confidentially. Any employee who suspects dishonest or fraudulent activity will notify the Chief Executive Officer immediately and should not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent act

(see **REPORTING PROCEDURES** section below).

8. AUTHORISATION FOR INVESTIGATING SUSPECTED FRAUD

Members of the Investigation Team as appointed by the Chief Executive Officer will have:

- Free and unrestricted access to all Council records and premises, whether owned or rented.
- The authority to examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities on the premises without prior knowledge or consent of any individual who might use or have custody of any such items or facilities when it is within the scope of the Team's investigation.

Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position/title or relationship to Council.

9. REPORTING PROCEDURES

9.1 Great care must be taken in the investigation of suspected improprieties or irregularities, to avoid mistaken accusations, or alerting suspected individuals and staff not involved in the investigation that an investigation is under way.

9.2 An employee who discovers or suspects fraudulent activity will notify the appropriate person immediately, as per the procedures laid down in the Council's Protected Disclosures Policy. The employee or other complainant may remain anonymous. All inquiries concerning the activity under investigation from the suspected individual, his or her attorney or representative, or any other inquirer should be directed to the Chief Executive Officer. No information concerning the status of an investigation will be divulged.

9.3 The reporting individual should be informed of the following:

- Do not contact the suspected individual in an effort to determine facts or demand restitution.
- Do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by the Chief Executive Officer or members of the Investigation Team.

- 9.4 If the investigation by the Chief Executive Officer, or members of the appointed Investigation Team, substantiates that fraudulent activities have occurred, all the evidence will be turned over to the Police.

10. TERMINATION

Investigations could result in the termination of employment. If an investigation results in a recommendation to terminate an individual's employment, the recommendation will be reviewed by the Manager, Planning, Compliance and Capability, and by legal counsel if necessary, before any such action is taken.

Decisions to prosecute or when to turn matters over to the Police are at the discretion of the Chief Executive Officer.

Council will not provide any formal reference to any individual that has been found to have committed fraud, nor should any council officer be a referee for that individual.

11. MANAGING THE PUBLIC RELATIONS REGARDING FRAUD

The Chief Executive Officer will report to Council and the Audit and Risk Committee on any fraud investigation when it has reached a stage that he/she considers appropriate.

The Chief Executive Officer will also advise Council's auditors at the same time.

Any questions from the media in relation to fraud will be dealt with by the Chief Executive Officer or the Mayor.

Meeting: Council

Meeting Date: 25 August 2020

Subject: Porritt Glade Retirement Village – Progress Report

File No: 206700

1 Purpose

The purpose of this report is to update members on the progress for this development, and determine whether further units need to be constructed immediately.

2 Background

Council had been asked by the Kawerau Social Services Trust to make available the land next to Mountain View Resthome for further housing for the aged. Council acquired the land (through a land swap) and had it designated local purpose reserve. Kawerau Social Services Trust subsequently informed Council (27 August 2017) that they could not proceed with their proposed development and therefore no longer wanted to lease the land. Council decided that it would develop 29 retirement units on the land and sell the units to retirees (as a licence to occupy).

Council decided to construct six units initially, with the first two being officially completed and handed over 15 July 2020. The next two units are due to be completed at the end of August and the final two units will be completed by the middle of September.

Council has received payment for units 1 & 2 which are now occupied. Deposits have been received for units 28 & 29 (held by the Statutory Supervisor) and the other two units are expected to sell shortly, although most interested parties have to sell their own property first.

A blessing and open day was held Saturday 18 July 2020 which was very well attended by the community.

Generation Homes was engaged to undertake the construction of these units.

The latest indicative costs for this development, now that most costs have been received, are:

	Retirement Village
Number of units	29
Development Cost - Land	\$1,740,000
Development Costs - buildings	\$250,500 per unit

3 Construction of more Retirement Units

Council decided it would construct 6 units and see what interest there was for these units. While initially over 60 people stated they were interested, only around 8 – 10 people asked for all the legal documents necessary to buy a unit.

Council had also stated that 6 units would be built and once these were occupied, others would be built when there was a demand.

Council has not really marketed the units as the sales have occurred prior to their completion. Also some people have indicated that they would be interested in a unit that would be built later on a specific site.

As the construction of the first six units is nearing completion and four units having been sold with significant interest in the remaining two units, Council will need to decide whether it will now construct more units. Staff currently have a list of 6 - 8 people who have indicated they are very interested but still have to arrange to sell their own property.

4 Options and Associated Risks

The main reasons that Council proceeded with the residential developments were:

- Meet the demand for additional housing in the community especially for retirees
- Increase the rating base so Council costs would be more affordable for residents
- Ensure that more housing was constructed instead of land being retained by speculators
- Maintain a level of control over the quality of housing being constructed in the town

The risks identified were mostly financial arising from the possibility that the units or the land did not sell or there was a delay from the time the properties were developed to when they were sold. This risk was partly mitigated by only building six units to start with and building more units as demand required. Also the interest rates on borrowed money is very low at the moment, so the finance cost of these projects is relatively low.

Future unit costs are likely to increase as additional features have been identified. Also the cost per unit was fixed for 12 months, and that period has elapsed.

The COVID-19 pandemic may impact on future sales of units and residential properties although there does not seem to be a lot change to the local property market yet.

The options are:

- Construct more units as soon as possible prior to there being any commitment from people to buy a unit
- Construct more units once people have signed an Occupation Right Agreement (ORA) and paid a deposit

The annual interest cost for each unit is approximately \$7,500.

The option of Council constructing the units prior to individuals signing an ORA increases the risk for Council of units remaining empty, but individuals thinking of purchasing a unit will probably prefer this option.

Other risks include:

- May be difficult to bring back builders on site if wait until ORAs are signed
- Costs could increase if only building one duplex unit at a time

- Interested parties may decide to buy elsewhere if they have to wait for construction to happen

5 Legal Considerations

The is no legal reason why Council cannot proceed with the construction of more units and Council consulted the community on this project as part of the 2018 – 28 Long Term Plan.

6 RECOMMENDATIONS

1. That the report “Porritt Glade Retirement Village – Progress Report” be received.
2. That Council determine whether to construct further units immediately or wait until Occupation Right Agreements are signed.



Peter Christophers, BBS ACA
Manager Finance and Corporate Services
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Meeting: Council

Meeting Date: 25 August 2020

Subject: Three Waters Service Delivery Reform/Stimulus Programme

File No.: 404960

1 Purpose

This report asks Council to:

- sign a Memorandum of Understanding (MoU) with the Crown, agreeing to participate in the initial stage of a central/local government three waters service delivery reform programme (Appendix A); and
- authorise the Chief Executive Officer to enter into the Funding Agreement, to accept a grant from the Crown to spend on operating and/or capital expenditure relating to three waters infrastructure and service delivery (Appendix B).

2 Background

2.1 Issues facing the three waters system, and rationale for reform

Over the past three years, central and local government have been considering the issues and opportunities facing the system for regulating and managing the three waters (drinking water, wastewater and stormwater).

The Government Inquiry into Havelock North Drinking Water – set up following the serious campylobacter outbreak in 2016 – identified widespread, systemic failure of suppliers to meet the standards required for the safe supply of drinking water to the public. It made a number of urgent and longer-term recommendations to address these significant systemic and regulatory failures.

The Government's Three Waters Review highlighted that, in many parts of the country, communities cannot be confident that drinking water is safe, or that good environmental outcomes are being achieved. This work also raised concerns about the regulation, sustainability, capacity and capability of a system with a large number of localised providers, many of which are funded by relatively small populations.

The local government sector's own work has highlighted similar issues. For example, in 2014, Local Government NZ identified an information gap relating to three waters infrastructure. A 2015 position paper argued for a refresh of the regulatory framework, to ensure delivery of quality drinking water and wastewater services. It also outlined what stronger performance in the three waters sector would look like.

Both central and local government acknowledge that there are many challenges facing the delivery of water services and infrastructure, and the communities that fund and rely on these services. These challenges include:

- Underinvestment in three waters infrastructure in parts of the country, and substantial infrastructure deficits. For example, it is estimated that between \$300 to \$570 million is required to upgrade networked drinking water treatment plants to meet drinking water standards and up to \$4 billion is required to upgrade wastewater plants to meet new consent requirements. These deficits are likely to be underestimates, given the variable quality of asset management data.
- Persistent funding and affordability challenges, particularly for communities with small rating bases, or high-growth areas that have reached their prudential borrowing limits.
- Additional investment required to increase public confidence in the safety of drinking water, improve freshwater outcomes, and as a critical component of a collective response to climate change and increasing resilience of local communities.

COVID-19 has made the situation even more challenging. Prior to COVID-19, territorial authorities were planning on spending \$8.3 billion in capital over the next five years on water infrastructure. However, COVID-19 is likely to cause significant decreases in revenue in the short term. As a result, borrowing will be constrained due to lower debt limits that flow from lower revenues, and opportunities to raise revenue through rates, fees and charges will be limited.

2.2 Progress with three waters regulatory reforms

Good progress is already being made to address the regulatory issues that were raised by the Havelock North Inquiry and Three Waters Review. The Government is implementing a package of reforms to the three waters regulatory system, which are designed to:

- improve national-level leadership, oversight, and support relating to the three waters – through the creation of Taumata Arowai, a new, dedicated Water Services Regulator;
- significantly strengthen compliance, monitoring, and enforcement relating to drinking water regulation;
- manage risks to drinking water safety and ensure sources of drinking water are protected;
- improve the environmental performance and transparency of wastewater and stormwater networks.

Legislation to create Taumata Arowai had its third reading on 22 July 2020 and should be enacted shortly. This new Crown entity is currently being built, and will become responsible for drinking water regulation once a separate Water Services Bill is passed (anticipated mid 2021).

However, both central and local government acknowledge that regulatory reforms alone will not be sufficient to address many of the persistent issues facing the three waters system. Reforms to service delivery and funding arrangements also need to be explored.

3 Proposal – Central/Local Government Three Waters Reform Programme

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

At the recent Central/Local Government Forum, central and local government leadership discussed the challenges facing New Zealand’s water service delivery and infrastructure, and committed to working jointly on reform. A Joint Central/Local Government Three Waters Steering Committee has been established to provide oversight and guidance to support this work. [Further details are provided in Appendix E.]

Central and local government consider it is timely to apply targeted infrastructure stimulus investment to enable improvements to water service delivery, progress service delivery reform in partnership, and ensure the period of economic recovery following COVID-19 supports a transition to a productive, sustainable economy.

In July 2020, the Government announced an initial funding package of \$761 million to provide post COVID-19 stimulus, support a three-year programme of reform of local government water service delivery arrangements, and support the establishment and operation of Taumata Arowai.

The reform programme is designed to support economic recovery, and address persistent systemic issues facing the three waters sector, through a combination of:

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

While the Government’s starting intention is for publicly-owned multi-regional models for water service delivery (with a preference for local authority ownership), final decisions on a service delivery model will be informed by discussion with the local government sector and the work of the Joint Steering Committee.

Further information on the reform objectives, and the core design features of any new service delivery model, are provided in pages 3 to 4 of the MoU in Appendix A.

3.2 Reform process and indicative timetable

As noted above, this is a three-year programme to reform three waters service delivery arrangements, which is being delivered in conjunction with an economic stimulus package of Crown investment in water infrastructure. The reform programme will be undertaken in stages.

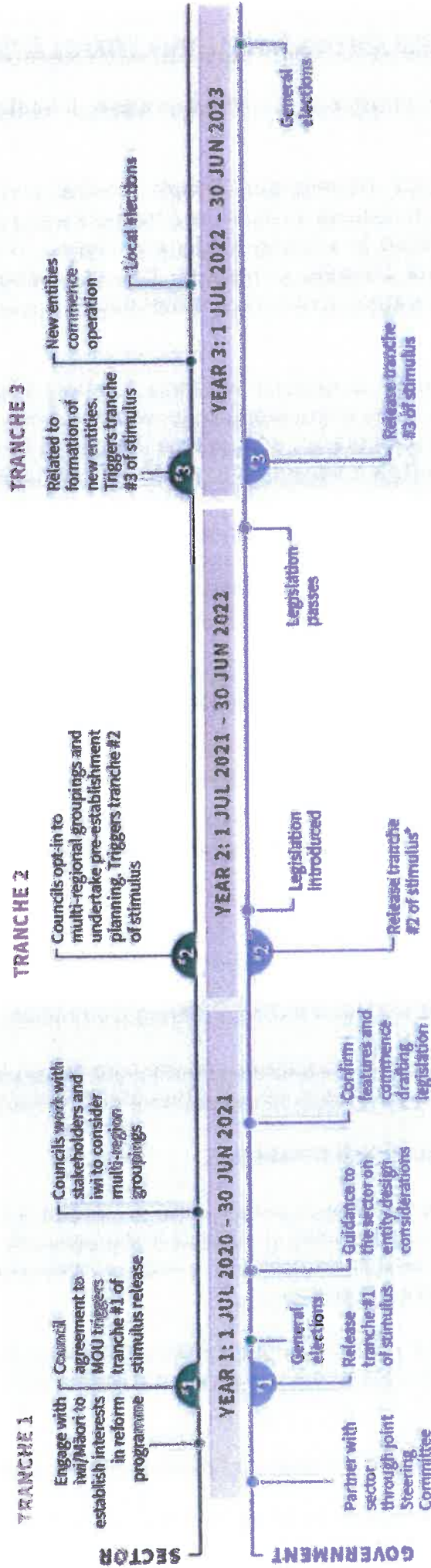
The initial stage is an opt in, non-binding approach, which involves councils taking the actions and signing the documents described below (MoU, Funding Agreement, and Delivery Plan).

Councils that agree to opt in by the end of August 2020 will receive a share of the initial funding package.

Any further tranches of funding will be at the discretion of the Government and may depend on progress against reform objectives.

An indicative timetable for the full reform programme is provided below. While this is subject to change as the reforms progress, and subject to future Government budget decisions, it provides an overview of the longer-term reform pathway.

* Subject to Government decision-making



3.3 Allocation of the investment package

The Government has determined a notional allocation framework based on a nationally-consistent formula.

The general approach to determining each authority's notional allocation is based on a formula that gives weight to two main factors:

- The population in the relevant council area, as a proxy for the number of water connections serviced by a territorial authority (75 per cent weighting)
- The land area covered by a local authority excluding national parks, as a proxy for the higher costs per connection of providing water services in areas with low population density (25 per cent weighting).

The investment package is structured into two components:

- 1 A direct allocation to each territorial authority, comprising 50% of that territorial authority's notional allocation; and
- 2 A regional allocation, comprising the sum of the remaining 50% of the notional allocations for each territorial authority in the relevant region.

The relevant allocations for Kawerau District Council are:

- \$390,000 (excluding GST) direct allocation for Kawerau District Council
- \$21,120,000 (excluding GST) regional allocation for the Bay of Plenty Region

The purpose of the Government's regional allocation is to establish collective participation by councils in the reform programme. Each regional group of councils has until 30 September to agree on how best to apportion the regional funds to the individual territorial authorities that make up the region. Appendix F includes a hypothetical example of how a regional allocation decision-making process could work.

The Steering Committee has recommended a preferred approach to the allocation of regional funding, being the same formula that is used to determine the direct allocations to territorial authorities.

Officers recommend delegating decisions about the allocation of regional funding to the Chief Executive Officer of the Council, with the understanding that the minimum level of funding to the Council be based upon the formula used to calculate the direct council allocations, and noting that participation by two-thirds of territorial authorities within the Bay of Plenty region is required to access the regional allocation.

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

The initial stage of the reform programme involves three core elements:

- 1 Memorandum of Understanding (Appendix A);
- 2 Funding Agreement (Appendix B);
- 3 Delivery Plan (Appendix C).

Initial funding will be made available to those councils that sign the MoU, and associated Funding Agreement, and provide a Delivery Plan.

This initial funding will be provided in two components: a direct allocation to individual councils, and a regional allocation. The participating councils in each region are required to agree an approach to distributing the regional allocation.

The MoU is the 'opt in' to the first stage of the reform and stimulus programme. The MoU needs to be signed and submitted by the end of August 2020. The Funding Agreement and Delivery Plan need to be submitted by the end of September 2020, to access the stimulus funding.

Councils that do not opt in by the end August 2020 deadline will not receive a share of the stimulus funding. Councils will still be able to opt in to the reform programme at a later date, but will not have access to the initial funding package, retrospectively.

3.5 Memorandum of Understanding

A MoU has been developed by the Steering Group, for each council to enter into with the Crown. This is a standardised document, which cannot be amended or modified by either party.

Signing the MoU commits councils to:

- engage in the first stage of the reform programme – including a willingness to accept the reform objectives and the core design features set out in the MoU;
- the principles of working together with central government and the Steering Committee;
- work with neighbouring councils to consider the creation of multi-regional entities;
- share information and analysis on their three waters assets and service delivery arrangements.

At this point, this is a voluntary, non-binding commitment. It does not require councils to commit to future phases of the reform programme, to transfer their assets and/or liabilities, or establish new water entities.

The MoU is effective from the date of agreement until 30 June 2021, unless terminated by agreement or by replacement with another document relating to the reform programme.

A legal opinion by Simpson Grierson, commissioned by SOLGM on behalf of the Steering Committee, advises that the MoU does not contain any explicit triggers for consultation under the Local Government Act 2002. (Appendix D)

3.6 Funding Agreement

This Council has been allocated \$390,000 by the Crown, if it opts in to the reform programme. A further \$21,120,000 has been allocated to the Bay of Plenty Region to agree an appropriate distribution between participating Councils. This funding will be provided as a grant, which does not need to be repaid if the Council does not ultimately commit to reform at later stages of the process.

There are several options for how the regional funding could be allocated between councils. The joint central-local government Three Waters Steering Committee preferred approach is to apply the same formula¹ used to calculate the direct allocations. Under this approach, the Council would receive an additional \$390,000, contributing to a total funding allocation of \$780,000.

It is recommended that the Council delegates authority to the Chief Executive Officer to agree an appropriate allocation with other participating councils, with the understanding that the Council's share of the regional allocation should be \$390,000 at a minimum, noting that participation by two thirds of territorial authorities within the region is to access the regional funding. The Funding Agreement is one of the mechanisms for accessing the funding package. Like the MoU, it is a standardised document, for agreement between each council and the Crown. It cannot be amended.

The Funding Agreement guides the release and use of funding. It sets out:

- the funding amount allocated to the Council;
- funding conditions;
- public accountability requirements, including the Public Finance Act;
- reporting milestones.

While there is some local flexibility around how the funding can be applied, the Government has indicated that this investment is intended to support economic recovery, enable improvements in water service delivery and progress the service delivery reform programme.

The Funding Agreement will be supplemented by a Delivery Plan, which is the document that sets out how the grant funding is to be applied by the Council.

3.7 Delivery Plan

The Delivery Plan is the other mechanism for accessing the funding package.

This Delivery Plan must show that the funding allocation is to be applied to operating and/or capital expenditure relating to three waters infrastructure and service delivery, and which:

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

The Delivery Plan is a short-form template, which sets out:

- a summary of the works to be funded, including location, estimated associated costs, and expected benefits/outcomes;
- the number of people to be employed in these works;
- an assessment of how the works support the reform objectives in the MoU;
- reporting obligations.

¹ Applying a 75% weighting for population and a 25% weighting for land area, excluding national parks.

The Delivery Plan will be supplied to Crown Infrastructure Partners (and other organisations as agreed between the Council and Crown), for review and approval. Crown Infrastructure Partners will monitor progress against the Delivery Plan, to ensure spending has been undertaken with public sector financial management requirements.

4 Policy and Plan Considerations

The recommendations in this report are not contrary to any of Council's Policies and Plans.

5 Legal Considerations

A legal opinion by Simpson Grierson, commissioned by SOLGM on behalf of the Steering Committee, advises that the MoU does not contain any explicit triggers for consultation under the Local Government Act 2002. (Appendix D)

6 Significance and Engagement

As above, a legal opinion by Simpson Grierson advises that the MoU does not contain any explicit triggers for consultation under the Local Government Act 2002. (Appendix D)

7 Financial Considerations

Under the proposal, Council receives a grant of \$390,000 (excluding GST) and access to a regional allocation for the Bay of Plenty Region of \$21,120,000 (excluding GST).

Council may incur unbudgeted costs to administer the grant.

8 Conclusion

In July 2020, the Government announced a \$761 million funding package to provide post COVID-19 stimulus to maintain, improve three waters infrastructure, support a three-year programme of reform of local government water service delivery arrangements (reform programme), and support the establishment of Taumata Arowai, the new Waters Services Regulator.

A Joint Central/Local Government Three Waters Steering Committee has been established to provide oversight and guidance to support progress towards reform, and to assist in engaging with local government, Iwi/Māori, and other water sector stakeholders on options and proposals.

The reform programme is designed to support economic recovery, and address persistent systemic issues facing the three waters sector, through a combination of:

- stimulating investment, to assist economic recovery through job creation, and maintain investment in water infrastructure renewals and maintenance; and

- reforming current water service delivery, into larger scale providers, to realise significant economic, public health, environmental, and other benefits over the medium to long term.

Initial funding from the stimulus package will be made available to those councils that agree to participate in the first stage of the reform programme, through a Memorandum of Understanding (MoU), Funding Agreement and approved Delivery Plan. The MoU must be signed by the end of August 2020 with the Funding Agreement and Delivery Plan submitted and approved by the end of September 2020.

9 RECOMMENDATIONS

1. That the report “Three Waters Service Delivery Reform/Stimulus Programme” be received.

That Council

2. Notes that:
 - a. 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 networks infrastructure, and to support a three-year programme of reform of local government water services delivery arrangements; and
 - b. initial funding will be made available to those councils that agree to participate in the initial stage of the reform programme, through a Memorandum of Understanding (MoU), Funding Agreement, and approved Delivery Plan.
 - c. this initial funding will be provided in two parts: a direct allocation to individual territorial authorities, and a regional allocation. The participating individual authorities in each region will need to agree an approach to distributing the regional allocation
 - d. the Steering Committee has recommended a preferred approach to the allocation of regional funding, being the same formula as was used to determine the direct allocations to territorial authorities
3. Agrees to sign the MoU at Appendix A and Funding Agreement at Appendix B.
4. Agrees to nominate the Chief Executive Officer as the primary point of communication for the purposes of the MoU and reform programme – as referred to on page 6 of the MoU.
5. Agrees to delegate decisions about the allocation of regional funding to the Chief Executive Officer of the Council, with the understanding that the minimum level of funding to the Council be based upon the formula used to calculate the direct council allocations, and noting that participation by two-thirds of territorial authorities within the Bay of Plenty region is required to access the regional allocation.
6. Notes that the MoU and Funding Agreement cannot be amended or modified by either party, and doing so would void these documents.

7. Notes that participation in this initial stage is to be undertaken in good faith, but this is a non-binding approach, and the Council can opt out of the reform process at the end of the term of the agreement (as provided for on page 5 of the MoU).
8. Notes that the Council has been allocated \$390,000 of funding, which will be received as a grant as soon as practicable once the signed MoU and Funding Agreement are returned to the Department of Internal Affairs, and a Delivery Plan has been supplied and approved (as described on page 5 of the MoU).
9. Notes that the Delivery Plan must show that the funding is to be applied to operating and/or capital expenditure relating to three waters infrastructure and service delivery, which:
 - a. supports economic recovery through job creation; and
 - b. maintains, increases, and/or accelerates investment in core water infrastructure renewal and maintenance.
10. Authorises the Chief Executive Officer to finalise the Delivery Plan.



Hanno van der Merwe, MSc(Eng), PhD
Manager, Operations and Services

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Attachments

- Appendix A: Memorandum of Understanding
- Appendix B: Funding Agreement
- Appendix C: Delivery Plan
- Appendix D: Legal opinion provided by Simpson Grierson relating to consultation requirements
- Appendix E: Information on Joint Three Waters Steering Committee

Memorandum of Understanding Three Waters Services Reform

Between the Sovereign in right of New Zealand acting by and through the Department of Internal Affairs and

PURPOSE

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

BACKGROUND

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

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

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

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

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

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

PRINCIPLES FOR WORKING TOGETHER

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

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

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

REFORM OBJECTIVES AND CORE DESIGN FEATURES

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

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

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

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

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

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

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

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

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

FUNDING ARRANGEMENTS

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

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

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

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

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

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

FUTURE AGREEMENTS

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

PROGRAMME MANAGEMENT

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

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

TERM

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

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

INTERACTIONS, MONITORING, INFORMATION AND RECORDS

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

Government's representative	Territorial Authority's representative
Allan Prangnell threewaters@dia.govt.nz CC. Chief Legal Advisor Legal.notices@dia.govt.nz	

It is the responsibility of these representatives to:

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

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

CONFIDENTIALITY

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

DISPUTE RESOLUTION

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

.....
SIGNED by The Sovereign in right of New Zealand
acting by and through the Chief Executive of the
Department of Internal Affairs

Date

.....
SIGNED by

on behalf of

Date

.....
SIGNED by

on behalf of

Date

Witness signature

.....
Witness name

Witness occupation

Witness address

Date



FUNDING AGREEMENT

BETWEEN

DEPARTMENT OF INTERNAL AFFAIRS

AND

[NAME OF RECIPIENT]

FOR

THREE WATERS SERVICES REFORMS

AGREEMENT

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

PART 1: KEY DETAILS

- 1 **Parties** The Sovereign in right of New Zealand, acting by and through the Chief Executive of the Department of Internal Affairs (**DIA**)
[NAME OF RECIPIENT] (**Recipient**)
- 2 **Background** The New Zealand Government is undertaking a reform programme for “Three Waters” (drinking water, wastewater and stormwater) service delivery for communities (**Three Waters Reform Programme**). In conjunction with the Three Waters Reform Programme, the New Zealand Government is investing in water service delivery. The investment’s objectives are to:
1. improve the safety and quality of drinking water services, and the environmental performance of drinking water and wastewater systems, by maintaining, increasing or accelerating investment in core water infrastructure renewals and maintenance; and
 2. support New Zealand’s economic recovery from the COVID-19 pandemic through job creation, by enabling investment to continue at a time when council revenues are uncertain and they face immediate cashflow challenges.
- The New Zealand Government has mandated DIA to manage the provision of Government funding to local authorities to support investment in water infrastructure that supports its public health and environmental management objectives. Provision of such funding supports the objectives of the reform programme, by creating positive momentum toward reform of delivery arrangements for drinking water and wastewater services and infrastructure (with stormwater as a secondary priority).
- The New Zealand Government has also mandated Crown Infrastructure Partners Limited (**CIP**) to assist in managing such funding by undertaking a monitoring role.
- The Recipient is a territorial authority with statutory responsibility for delivering Three Waters services within its own district or city. The Recipient will work collaboratively with the New Zealand Government in connection with the Three Waters Reform Programme.
- DIA has agreed to contribute funding to the Recipient on the terms and conditions of this Agreement (**Agreement**).
- Key details of this Agreement are set out in this **Part 1**. The full terms and conditions are set out in **Part 2**. Defined terms and rules of interpretation are set out in **Part 3**.
- 3 **Conditions Precedent** No Funding is payable under this Agreement until DIA has confirmed to the Recipient in writing that it has received, and found, in its sole discretion, to be satisfactory to it in form and substance, the following documents and evidence:
1. This Agreement, duly executed by the Recipient by 30 September 2020.
 2. The Memorandum of Understanding, duly executed by the Recipient by 31 August 2020.

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

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

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

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

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

- 4 **Expenditure Programme(s)**

The Recipient may only use the Funding to complete the expenditure programme(s) described in the Delivery Plan (each an **Expenditure Programme**).
- 5 **Expenditure Programme Milestones and Completion Dates**

The Recipient is to complete the Expenditure Programme Milestones set out in the Delivery Plan to the satisfaction of DIA by the Completion Dates set out therein.
- 6 **End Date**

The End Date is 31 March 2022, or such later date determined by DIA in its discretion.
- 7 **Funding**

The total Funding available under this Agreement is up to **NZ\$[INSERT HERE]** plus GST (if any). This is the Total Maximum Amount Payable.

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

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

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

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

The first Payment Request may be submitted upon the Commencement Date

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

8 Reporting

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

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

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

Each quarterly report must include the following information:

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

The final report must include the following information:

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

9 Special Terms

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

10 **Recipient's Bank Account** [xx-xxxx-xxxxxxxx-xxx]

11 **Representative** DIA's Representative:
Name: Allan Prangnell
Email: threewaters@dia.govt.nz

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

12 **Address for Notices** To DIA:
Three Waters Reform
Level 7, 45 Pipitea Street
Wellington 6011
Attention: Allan Prangnell
Email: threewaters@dia.govt.nz, with
a copy to legalnotices@dia.govt.nz
To the Monitor:
Attention: Anthony Wilson
Email:
3waters@crowinfrastucture.govt.nz

To the Recipient:
[address]
Attention: [name]
Email: [email]

SIGNATURES

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

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

Name:
Position:
Date:

Name:
Position:
Date:

Name:
Position:
Date:

END OF PART 1

PART 2: GENERAL TERMS

1 FUNDING

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

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

2 RECIPIENT'S RESPONSIBILITIES

Standards and compliance with laws

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

Expenditure Programme(s) and Contractors

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

Information Undertakings

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

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

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

2.10 The Recipient must not at any time do anything that could reasonably be expected to have an adverse effect on the reputation, good standing or goodwill of DIA or the New Zealand Government. The Recipient must keep DIA informed of any matter known to the Recipient which could reasonably be expected to have such an effect.

2.11 The parties acknowledge and agree that CIP (or any other Monitor) may, to the extent directed by DIA, undertake a reviewing and monitoring role under this Agreement, including by:

- (a) reviewing and confirming satisfaction with the Delivery Plan and with the reports specified in the Key Details;
- (b) seeking, reviewing and confirming satisfaction with further information from the Recipient; and
- (c) making recommendations to DIA and the New Zealand Government in respect of the Funding and the Agreement.

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

Funding, records and auditors

2.12 The Recipient must receive and manage all Funding in accordance with good financial management and accounting practices and to a high standard that demonstrates appropriate use of public funds.

2.13 The Recipient must keep full and accurate records (including accounting records) of the Expenditure Programme(s) and retain them for at least 7 years after the last payment of Funding under this Agreement. The Recipient must permit DIA (or any auditor nominated by DIA) to inspect all records relating to the Expenditure Programme(s) and must allow DIA and/or the auditor access to the Recipient's premises, systems and personnel for the purposes of this inspection. DIA shall bear any third party costs arising from such inspection, unless the inspection reveals a breach of this Agreement, in which case the Recipient shall bear such costs.

Reform

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

3 INTELLECTUAL PROPERTY

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

4 TERM AND TERMINATION

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

- (v) the Recipient is involved in any intentional or reckless conduct which, in the opinion of DIA, has damaged or could damage the reputation, good standing or goodwill of DIA or the New Zealand Government, or is involved in any material misrepresentation or any fraud;
- (vi) the Recipient (or any of its personnel or contractors) is subject to a Conflict of Interest which cannot be managed to DIA's satisfaction; or
- (vii) any change in law, regulations or other circumstances materially affects DIA's ability to perform its obligations under this Agreement.

4.4 However, where DIA considers that a Termination Event set out in clause 4.3(d) can be remedied, DIA must give notice to the Recipient requesting a remedy, and must not exercise its right of termination unless the relevant event remains unremedied for at least 14 days (or any longer period agreed with the Recipient) after that notice has been provided by DIA.

4.5 On expiry or termination of this Agreement, where the aggregate of (a) the total Funding paid under this Agreement and (b) any other money received or allocated by the Recipient, in each case to carry out an Expenditure Programme, exceeds the amount required to perform the Expenditure Programme, the Recipient must upon request refund to DIA the excess amount.

4.6 At any time DIA may recover the amount of any Funding that has been spent or used other than in accordance with this Agreement, or not applied to Eligible Costs by the End Date, together with interest on all such amounts calculated at 10% per annum from the date of the misspending to the date the money is repaid.

4.7 Clauses 1.5, 2.1, 2.12, 2.13, 3, 4, 5, 6, 7, 8, 9, 10 and 11 survive expiry or termination of this Agreement, along with any other parts of this Agreement necessary to give effect to those provisions. Expiry or termination of this Agreement does not affect any accrued rights, including any rights in respect of a breach of this Agreement or Termination Event that occurred before expiry or termination.

5 WARRANTIES AND UNDERTAKINGS

5.1 The Recipient warrants that, in the course of its activities in connection with the Expenditure Programme(s), it will not infringe any intellectual property or other rights of any contractor or any other third party.

5.2 The Recipient warrants that, as at the date of this Agreement:

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

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

5.3 The Recipient warrants that:

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

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

5.4 DIA warrants that, as at the date of this Agreement, it has full power and authority to enter into and perform its obligations under this Agreement which, when executed, will constitute binding obligations on it in accordance with this Agreement's terms.

5.5 The Recipient acknowledges that DIA has entered into this Agreement in reliance on these warranties and undertakings.

5.6 The Recipient acknowledges and agrees that DIA has made no warranty or representation that any funding or financial support is or will be available to the Recipient in respect of the Expenditure Programme(s), other than the Funding.

6 LIABILITY

6.1 The maximum liability of DIA under or in connection with this Agreement, whether arising in contract, tort (including negligence) or otherwise, is limited to the total amount of Funding paid or payable under this Agreement.

6.2 The Recipient undertakes to pay any and all cost overruns of the Expenditure Programme(s) and any funding shortfall, and DIA and the New Zealand Government have no obligations or responsibility whatsoever in respect of such cost overruns and funding shortfall and accept no financial risk in the Expenditure Programme(s).

6.3 DIA is not liable for any claim under or in connection with this Agreement or the Expenditure Programme(s), whether arising in contract, tort (including negligence) or otherwise, where such claim is or relates to any loss of profit, loss of revenue, loss of use, loss of reputation, loss of goodwill, loss of opportunity (in each case whether direct, indirect or consequential) or any other indirect, consequential or incidental loss or damages of any kind whatsoever.

7 CONFIDENTIALITY

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

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

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

8 MEDIA AND COMMUNICATIONS

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

9 DISPUTES

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

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

10 REPRESENTATIVES

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

11 GENERAL

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

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

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

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

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

END OF PART 2

PART 3: DEFINITIONS AND CONSTRUCTION

Defined terms

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

Authorisation means:

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

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

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

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

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

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

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

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

- (a) was originally acquired by the Holder in connection with this Agreement through disclosures made by or at the request of the Owner; and/or
- (b) was originally acquired by the Holder in connection with this Agreement through any access to, or viewing, inspection or evaluation of, the premises, facilities, documents, systems or other assets owned or controlled by the Owner; and/or
- (c) is derived from information of a kind described in paragraph (a) or (b) above;

but excludes any information which the Holder can show:

- (d) was lawfully acquired by the Holder, entirely independently of its activities in connection with this Agreement, and is free of any other obligation of confidence owed to the Owner; and/or
- (e) has been independently developed by the Holder without reference to the Owner's Confidential Information, and without breaching any other obligation of confidence owed to the Owner.

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

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

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

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

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

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

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

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

Key Details means Part 1 of this Agreement.

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

and the Recipient, in the form provided by DIA.

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

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

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

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

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

Construction

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

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

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

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

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

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

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

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

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

Precedence with Memorandum of Understanding: if there is any conflict

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

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

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

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

END OF PART 3

SCHEDULE: PAYMENT REQUEST

To: DEPARTMENT OF INTERNAL AFFAIRS

Dated: [•]

PAYMENT REQUEST

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

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

By and on behalf of the Recipient by

NAME OF RECIPIENT

Chief Executive

Authorised Officer

THREE WATERS STIMULUS GRANT DELIVERY PLAN

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

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

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

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

Territorial Authority information

1. Programme Title:

2. Territorial Authority:

3. Total Maximum Amount Payable (NZ\$M): \$

4. Organisation Lead Contact:

Name:	<input style="width: 95%;" type="text"/>
Position:	<input style="width: 95%;" type="text"/>
Email:	<input style="width: 95%;" type="text"/>

Expenditure Programme overview

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

6. Location/address of the programme:
(if this is a series of investments, please identify each location where relevant)

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

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

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

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

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

Expenditure Programme commencement

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

Expenditure Programme completion

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

Expenditure Programme funding status

13. Please indicate below the expenditure programme funding status:

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

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

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

¹ All figures should be GST exclusive.

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

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

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

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

DIA USE ONLY

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

The parties acknowledge and agree that this is the agreed Delivery Plan.

SIGNATURES

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

Name:
Position:
Date:

SIGNED for and on behalf of

by the person(s) named below, being a person(s) duly authorised to enter into obligations on behalf of that territorial authority:

Name:
Position:
Date:

Name:
Position:
Date:

Our advice

Prepared for SOLGM
Prepared by Jonathan Salter and Lizzy Wiessing
Date 31 July 2020

PRIVILEGED AND CONFIDENTIAL

Three waters services reform MOU - no explicit triggers for consultation before territorial authorities sign

- | | |
|-------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Background | <ol style="list-style-type: none"> 1. You have asked us to prepare advice to be circulated to territorial authorities with the draft memorandum of understanding for three water services reform (MOU). 2. Our advice proceeds on the presumption that councils will enter into the MOU after their annual plan for 2020/21 has been adopted. |
| Question | <ol style="list-style-type: none"> 3. Do territorial authorities need to consult their community before entering into the MOU? |
| Answer | <ol style="list-style-type: none"> 4. Generally, no. There are no explicit triggers for consultation before entering into the MOU. The decision to enter into it is of course subject to the general requirements relating to decision-making in Part 6 of the Local Government Act 2002 (LGA 02). If councils consider they do not have a reasonable understanding of community views in relation to the commitments arising from the MOU then they could choose to consult their communities about the decision. We expect this will be the exception not the norm. 5. Certain choices made subsequently as to what projects to advance or steps to take might trigger consultation requirements at that time. |

Our reasons

	Page
Summary	
<ul style="list-style-type: none">• The obligations assumed on upon entry into the MOU do not trigger any explicit requirements to consult in the LGA 02.	2
<ul style="list-style-type: none">• The decision is subject to the general requirements relating to decision-making in Part 6 of the LGA 02, meaning local authorities may choose to consult.	3
<ul style="list-style-type: none">• Subsequent decisions relating to either the reform or projects/funding aspects may trigger consultation requirements at that time.	3-4
The obligations assumed upon entry into the MOU have no explicit consultation triggers	
6. The key commitment in the MOU is to working constructively together to support the objectives of the the three waters service delivery reform programme (page 3). The MOU contains objectives that will underpin the reform programme and inform the development of reform options/proposals and core reform design features (pages 3 and 4). We refer to this as the reform commitment.	
7. It is fundamental to the reform commitment that there is acknowledgement by both parties to the MOU that there are challenges facing the delivery of water services and infrastructure and the communities that fund and rely on those services, that are in need of solutions. These challenges are set out in summary form in the Background section. This section also makes it clear that the reform process and stimulus funding proposed by government is designed to support economic recovery post COVID-19 and address persistent systemic issues facing the three waters sector through a combination of: <ul style="list-style-type: none">• Stimulation investment, to assist economic recovery through job creation and maintain investment in water infrastructure renewals and maintenance; and• Reforming current water service delivery, into larger scale providers, to realise significant economic, public health, environmental, and other benefits over the medium to long term.	
8. The Background refers to a shared understanding that a partnership approach will best support the wider community and ensure that the transition to any eventual new arrangements is well managed and as smooth as possible. This partnership approach is set out more fully in the section “Principles for Working Together” as a relationship based on mutual trust and respect, openness, non-adversarial dealings and constructive problem-solving, co-operation and information sharing. As principles to underpin dealings between local authorities and the Crown, these are uncontroversial.	

-
9. The reform objectives which “inform the development of reform options/proposals” are similarly self-evident with the possible exception of the objective of:

“Improving the co-ordination of resources, planning, and unlocking strategic opportunities to consider New Zealand’s infrastructure and environmental needs at a larger scale.”

10. This is offset to some extent by the objective of “undertaking the reform in a manner that enables local government to further enhance the way in which it can deliver on its broader “wellbeing mandates” as set out in the Local Government Act 2002.”
11. The parties to the MOU agree to consider minimum design features which include water service delivery entities of significant scale (most likely multi-regional) to enable benefits from aggregation to be achieved over the medium to long-term, structured as statutory entities.
12. Funding from central government to councils is available in three tranches. Tranche one funding will be provided following entry into the MOU and agreement to an associated funding agreement and delivery plan. The delivery plan will need to show that the funding is to be applied to opex or capex that supports economic recovery through job creation and maintains, increases or accelerates investment in core water infrastructure renewals and maintenance (page 5). The funding cannot be applied to projects already in a council’s annual plan. We refer to this as the projects commitment.
13. The MOU is effective from the date of signing until 30 June 2021, unless terminated earlier or extended.
14. Neither the reform commitment nor projects commitments bind councils to specific three waters projects. Rather, councils are committing to participate in a reform process looking at changes to three waters delivery and identify possible projects that are eligible for funding. The obligations are exploratory/investigative in nature.
15. The MOU cannot, and does not, supplant the planning, accountability and associated consultation obligations of local authorities in the LGA 02. These continue to apply when there is a relevant trigger.
16. Decisions on three waters projects are the likely outcome of the reform process and funding provided, after participation in the process, after entry into the MOU. The consultation can be undertaken at that time.

The decision to enter the MOU is subject to the Part 6 LGA 02 decision-making obligations –

-
17. Whether or not to enter into the MOU will be at councils’ discretion. As a decision, the decision will be subject to the general decision-making obligations in Part 6 of the LGA 02.
18. The Part 6 LGA 02 obligations include the section 78 obligation to consider the views and preferences of interested and affected
-

these do not strongly indicate that consultation is required

persons when making this decision, and determine whether consultation is needed or appropriate in order to identify those views and preferences.

19. This determination as to extent of compliance with section 78 will be a judgement for each council to make under section 79, and will depend in part on the particular council's significance and engagement policy (SEP), and its 2020/21 annual plan and current LTP.
20. The availability of Crown funding for core water infrastructure (at an amount disclosed before the MOU is entered into) is a unique opportunity to relieve local funding pressures that councils might reasonably expect their communities to support. The associated commitment to cooperate in a consideration of structural water reform is a subject on which councils may have limited understanding of community views. However, the exploratory/investigative nature of the reform commitment and the express provision in the MOU that it does not give rise to legally enforceable obligations, suggest the ready application of section 79(2) as a justification for not undertaking specific community engagement at this time.
21. Councils should check out of an abundance of caution that their SEP does not indicate a need to consult before entering the MOU. We expect it to be very unlikely that many policies will indicate consultation is required, including because of the nature of the obligations assumed upon entry into the MOU and that the decision is not irrevocable. Also potentially relevant is that the timeframes imposed by central government do not permit sufficient time to consult.
22. If councils enter into the MOU, they may want to consult subsequently on whether to continue their support of reform. LTP consultation in 2021 would be the obvious opportunity, and would provide timely information about whether to participate in tranche two.

Consultation triggers for decisions on three waters reform (post entry into the MOU)

-
23. Some specific LGA 02 consultation triggers that may be relevant to decisions on three waters reform (after participation in the reform process in the MOU) are:
 - 23.1 **Section 56** – councils must consult before becoming a shareholder in a council controlled organisation (CCO). If the reformed service delivery approach leads to councils being shareholders in new multi-regional providers (which seem likely to be CCOs), then section 56 may be triggered.
 - 23.2 **Section 97(1)(b)** – if the reformed delivery approach amounts to a "decision to transfer the ownership or control of a strategic asset to or from the local authority", then it would be necessary to amend the council's LTP to explicitly provide for this decision, which requires consultation under section 93E. Water network assets are almost always listed as a strategic asset in SEPs.
-

23.3 Section 137(3)(a) – councils must consult before entering into a “joint arrangement”, which is an arrangement between a council and another party “for the purpose of providing water services or any aspect of a water service”. This trigger may be remote, particularly if central government in providing funding is not also seeking to provide any aspect of a water service.¹

Consultation triggers for decisions on three waters projects (post entry into the MOU)

24. One specific consultation trigger that needs to be considered is section 97(1)(a) of the LGA 02. If the projects being funded would significantly alter levels of service for three waters activities, then it would be necessary to amend the council's LTP to explicitly provide for this decision, which requires consultation under section 93E.
25. It will depend on particular councils' LTPs, but this trigger can likely be avoided by councils selecting appropriate projects. (This was generally achieved by councils as they responded to the impacts of COVID-19 during the annual plan process for 2020/21).
26. Leaving aside section 97(1)(a), section 78 will still be relevant. It should be reasonably safe for councils to not consult to address section 78 where projects are brought forward from future work programmes and the combined effect of these projects is not a significant or material variation from the 2020/21 annual plan or LTP.
27. As to whether the combined effect of projects brought forward is a significant or material variation from the 2020/21 annual plan or LTP will depend on the degree to which the projects are already provided for in the annual plan or LTP and what, if any, financial impact there may be on the particular council. If projects are already provided for in the infrastructure strategy (in the LTP) and they can be entirely funded from central government (meaning no negative financial impact on the council), it seems very unlikely that there will be a significant or material variation from the annual plan or LTP of any consequence to the community. On this basis, consultation is unlikely to be indicated.
28. Strictly, the provision of central government funding could create a material change to revenue commitments (even if it is downward rather than upward) that reflect in a change to financial statements included in an annual plan, that, given the degree of change, could be expected to be consulted on before being adopted. Councils encountered similar issues in preparing their annual plans to respond to COVID-19 where different funding sources (for example borrowing or reserve funds) have had to be employed from what was anticipated. These decisions tended to be made without further consultation if the council assessed that it did not affect levels of service with reference to section 97 or was within the scope of rate change consulted on. In the current circumstances, we consider that the fact that the change is not detrimental lessens the risk of not consulting and (having occurred after the annual plan has been

¹ Section 17A requires periodic reviews of service delivery, but this section in itself does not contain a trigger for consultation.

adopted) makes it something that is duly reported on in the annual report and treated as an operating surplus.

29. We note that councils are not absolutely bound by their plans or policies (under sections 96 and 80), but this does not remove the need to assess whether consultation is appropriate when departing from them. Consistency with plans and policies is often a criterion for significance in SEPs. Where consultation does not occur, relevant statutory compliance will likely include disclosure in the annual report, and perhaps resolving in accordance with section 80 (where the departure from the annual plan is significant).

**Please call or
email to discuss
any aspect of this
advice**

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APPENDIX E: INFORMATION ON JOINT THREE WATERS STEERING COMMITTEE

The Joint Three Waters Steering Committee has been established to provide oversight and guidance to support progress towards reform and to assist in engaging with Local Government, Iwi/Māori and other water sector stakeholders on options and proposals.

The Steering Committee comprises Independent Chair Brian Hanna, Local Government Mayors, Chairs and Chief Executives, representatives of Local Government New Zealand (LGNZ) and the Society of Local Government Managers (SOLGM), and officials and advisors from the Department of Internal Affairs (DIA), Taumata Arowai, and the Treasury.

The Steering Committee will ensure that the perspectives, interests and expertise of both central and local government, and of communities throughout New Zealand are considered, while the challenges facing water services and infrastructure are addressed. This will include periods of engagement, in the first instance with the local government sector. An overview is provided below.

The Steering Committee is supported by a secretariat made up of advisors and officials from LGNZ, SOLGM, DIA and the Treasury. This secretariat is hosted by DIA.

The terms of reference for the Steering Committee is available on the DIA Three Waters website.

Membership

The Three Waters Steering Committee comprises the following members:

- Independent Chair: Brian Hanna Local Government
- Rachel Reese (Mayor, Nelson City Council)
- Alex Walker (Mayor, Central Hawke's Bay District Council)
- Stuart Crosby (Councillor, Bay of Plenty Regional Council)
- Bayden Barber (Councillor, Hastings District Council)
- Vaughan Payne (Chief Executive, Waikato Regional Council)
- Monique Davidson (Chief Executive, Central Hawke's Bay)
- Pat Dougherty (Chief Executive, Nelson City Council)
- Hamish Riach (Chief Executive - Ashburton District Council)
- Steve Ruru (Chief Executive Officer - Southland District Council)
- Miriam Taris (Chief Executive, Western Bay of Plenty District Council)
- Heather Shotter (Chief Executive Officer - Palmerston North City Council)
- Alastair Cameron (CCO Governance and External Partnerships, Auckland Council)
- Craig McIlroy (General Manager Healthy Waters - Auckland Council) SOLGM
- Karen Thomas (Chief Executive)
- Kevin Lavery LGNZ
- Jason Krupp (Deputy Chief Executive Advocacy)
- DIA officials and advisors:
 - Paul James (Chief Executive, DIA, Secretary for Local Government)
 - Allan Prangnell
 - Richard Ward
 - Michael Chatterley
 - Nick Davis
 - Natalie McClew
- Taumata Arowai:
 - Bill Bayfield (Establishment Chief Executive)
- Treasury
 - Morgan Dryburgh

**The Ordinary Meeting of the Kawerau District Council
will be held on Tuesday, 25 August 2020
in the Council Chamber commencing at 9.00am**

AGENDA

Apologies

Leave of Absence

Opening Prayer

Declarations of Conflict of Interest

Any member having a “conflict of interest” with an item on the Agenda should declare it, and when that item is being considered, abstain from any discussion or voting. The member may wish to remove himself or herself from the meeting while the item is being considered.

1 CONFIRMATION OF COUNCIL MINUTES

1.1 Ordinary Council – 28 July 2020

Pgs. 1 - 7

Recommendation

That the Minutes of the Ordinary Council meeting held on 28 July 2020 be confirmed as a true and accurate record.

2 RECEIPT OF COMMITTEE MINUTES

2.1 Regulatory & Services Committee – 11 August 2020

Pgs. 9 - 11

Recommendation

That the Minutes of the Regulatory & Services Committee meeting held on 11 August 2020 be confirmed as a true and accurate record.

3 Action Schedule (101120)

Pgs. 13 - 20

Recommendation

That the updated Action Schedule of resolutions/actions requested by Council be received.

4 His Worship the Mayor's Report (101400)

Pg. 21

Recommendation

That His Worship the Mayor's report for the period Wednesday 22 July to Tuesday 18 August 2020 be received.

5 Dog Control – Policy and Practices Report 2019/20 (Manager, Planning, Compliance and Capability) (307000)

Pgs. 23 - 34

Attached is a report that requests Council to adopt the Dog Control – Policy and Practices Report 2019/2020.

Recommendation

- 1 That the report "Dog Control – Policy and Practices Report 2019/20" be received.*
- 2 That Council adopts and publicly notifies the Dog Control - Policy and Practices Report for the 2019/20 year and forwards a copy to the Secretary, Department of Internal Affairs.*

6 Annual Plan Performance for the Twelve Months Ending 30 June 2020 (Manager, Finance and Corporate Services (110400)

Pgs. 35 - 70

Attached is the interim report of Councils Performance for the twelve months ending 30 June 2020

Recommendation

That the report "Annual Plan Performance for the twelve months ended 30 June 2020" be received.

7 2020/21 Carry Forwards Budget Approval (Manager, Finance and Corporate Services) (201000)

Pgs. 71 - 73

Attached is a report requesting members approve the carry forward items for the 2020/21 Budget.

Recommendation

- 1. That the report "2020/21 Carry Forwards and Budget Approval" be received.*
- 2. That the 2020/21 budget is amended to include the following carry forward costs and funding:*

Project	Amount	Funding Source
<i>Culvert Replacements</i>	<i>\$596,000</i>	<i>Depreciation Reserves</i>
<i>Town Centre Upgrade</i>	<i>\$210,000</i>	
<i>Water Supply – Tarawera Bores</i>	<i>\$120,000</i>	
<i>Water Supply – Restrictor Umukaraka Springs</i>	<i>\$49,000</i>	

Wastewater – Pumping Station	\$73,000	
Sports field – Irrigation System	\$15,000	
Cemetery – New Fence	\$15,000	
Library – Book displays	\$12,700	
Library – APNK Wiring, Equipment & Furniture	\$7,800	
Library – Building Upgrade	\$37,000	
Dog Pound - New	\$700,000	
Depot – Renew Garage	\$20,000	
District Office – Toilet upgrade	\$25,000	
District Office – Flashing & Spouting	\$30,000	
Total	\$1,910,500	

Project	Amount	Funding Source
District Plan Review	\$70,000	Equity
Total	\$70,000	

Steam Pipe – Pool Complex

Project	Amount	Funding Source
Pool – Steam Pipe replacement	\$30,000	Depreciation Reserve
Total	\$30,000	

8 Review of Councils Fraud Policy (Manager, Finance and Corporate Services) (201000)

Pgs. 75 - 82

Attached is a report requesting members to review and approve the Fraud Policy

Recommendation

1. That the report “Review of Council’s Fraud Policy” be received.
2. That Council adopts the Fraud Policy (with any further amendments).

9 Porritt Glade Retirement Village – Progress Report (Manager, Finance and Corporate Services) (206700)

Pgs. 83 - 85

Attached is a report updating members on the progress at Porritt Glade, and asking whether to construct more units.

Recommendation

1. That the report “Porritt Glade Retirement Village – Progress Report” be received.

2. *That Council determine whether to construct further units immediately or wait until Occupation Right Agreements are signed.*

10 **Three Waters Service Delivery Reform / Stimulus Programme (Manager, Operations and Services) (404960)**

Pgs. 87 - 135

Attached for consideration is a report on the Three Waters Service Delivery Reform and Stimulus Programme

Recommendation

1. *That the report "Three Waters Service Delivery Reform/Stimulus Programme" be received.*

That Council

2. *Notes that:*
 - a. *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 networks infrastructure, and to support a three-year programme of reform of local government water services delivery arrangements; and*
 - b. *initial funding will be made available to those councils that agree to participate in the initial stage of the reform programme, through a Memorandum of Understanding (MoU), Funding Agreement, and approved Delivery Plan.*
 - c. *this initial funding will be provided in two parts: a direct allocation to individual territorial authorities, and a regional allocation. The participating individual authorities in each region will need to agree an approach to distributing the regional allocation*
 - d. *the Steering Committee has recommended a preferred approach to the allocation of regional funding, being the same formula as was used to determine the direct allocations to territorial authorities*
3. *Agrees to sign the MoU at Appendix A and Funding Agreement at Appendix B.*
4. *Agrees to nominate the Chief Executive Officer as the primary point of communication for the purposes of the MoU and reform programme – as referred to on page 6 of the MoU.*
5. *Agrees to delegate decisions about the allocation of regional funding to the Chief Executive Officer of the Council, with the understanding that the minimum level of funding to the Council be based upon the formula used to calculate the direct council allocations, and noting that participation by two-thirds of territorial authorities within the Bay of Plenty region is required to access the regional allocation.*
6. *Notes that the MoU and Funding Agreement cannot be amended or modified by either party, and doing so would void these documents.
or inhabited part of a rating unit that is connected to Council's wastewater disposal network.*

7. *Notes that participation in this initial stage is to be undertaken in good faith, but this is a non-binding approach, and the Council can opt out of the reform process at the end of the term of the agreement (as provided for on page 5 of the MoU).*
8. *Notes that the Council has been allocated \$390,000 of funding, which will be received as a grant as soon as practicable once the signed MoU and Funding Agreement are returned to the Department of Internal Affairs, and a Delivery Plan has been supplied and approved (as described on page 5 of the MoU).*
9. *Notes that the Delivery Plan must show that the funding is to be applied to operating and/or capital expenditure relating to three waters infrastructure and service delivery, which:*
 - a. *supports economic recovery through job creation; and*
 - b. *maintains, increases, and/or accelerates investment in core water infrastructure renewal and maintenance.*
10. *Authorises the Chief Executive Officer to finalise the Delivery Plan.*

R B George

Chief Executive Officer

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