

# **ATTACHMENTS**

## **Ordinary Council Meeting**

**25 August 2020**

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Ordinary Council Meeting Minutes

28 July 2020

**TAUPŌ DISTRICT COUNCIL  
MINUTES OF THE ORDINARY COUNCIL MEETING  
HELD AT THE COUNCIL CHAMBER, 107 HEUHEU STREET, TAUPŌ  
ON TUESDAY, 28 JULY 2020 AT 1.00PM**

**PRESENT:** Mayor David Trewavas (in the Chair), Cr John Boddy, Cr Kathy Guy, Cr Tangonui Kingi, Cr Kylie Leonard, Cr John Mack, Cr Anna Park, Cr Christine Rankin, Cr Kevin Taylor, Cr Kirsty Trueman, Cr Yvonne Westerman, Cr John Williamson

**IN ATTENDANCE:** Chief Executive, Head of Finance and Strategy, Head of Operations, Head of Regulatory and Risk, Head of Economic Development and Business Transformation, Head of Community, Culture and Heritage, Head of Communications and Customer Relations, Head of Democracy, Governance and Venues, Business and Operations Manager, Economic Relationship Manager, Finance Manager, Group Accountant, Policy Manager, Policy Advisor, Team Leader Strategic Partnerships, Project Management Advisor, Democratic Services Officer

**MEDIA AND PUBLIC:** Five members of the public

His Worship the Mayor, David Trewavas opened the meeting and welcomed everyone. Cr Tangonui Kingi recited an opening karakia.

**1 APOLOGIES**

Nil

**2 CONFLICTS OF INTEREST**

Cr John Boddy advised that he would abstain from voting on one of the items on the agenda.

**3 CONFIRMATION OF MINUTES**

**3.1 EXTRAORDINARY COUNCIL MEETING - 17 JUNE 2020**

**TDC202007/01 RESOLUTION**

Moved: Cr Kylie Leonard  
Seconded: Cr John Williamson

That the minutes of the extraordinary Council meeting held on Wednesday 17 June 2020 (public and confidential portions) be confirmed as true and correct records.

**CARRIED**

**3.2 ORDINARY COUNCIL MEETING - 30 JUNE 2020**

**TDC202007/02 RESOLUTION**

Moved: Cr Yvonne Westerman  
Seconded: Cr Christine Rankin

That the minutes of the Council meeting held on Tuesday 30 June 2020 (public and confidential portions) be confirmed as true and correct records.

**CARRIED**

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28 July 2020

#### **4 POLICY AND DECISION MAKING**

##### **4.1 EXEMPTION OF DESTINATION LAKE TAUPŌ LIMITED AND DATA CAPTURE SYSTEMS LIMITED FROM BEING COUNCIL CONTROLLED ORGANISATIONS**

companies and determine whether the exemptions should be revoked, or whether they should continue.

##### **TDC202007/03 RESOLUTION**

Moved: Cr Christine Rankin

Seconded: Cr Kevin Taylor

1. That Council, as provided for by Section 7(3) of the Local Government Act 2002, reviews the Council-Controlled Organisations, and determines that these should be continued.
2. That these exemptions are backdated to February 2020 when the exemptions were due to be reviewed; and the next review is to be carried out prior to February 2023.

**CARRIED**

##### **4.2 CONTRACT TDC/1920/317 TONGARIRO DOMAIN PLAYGROUND UPGRADE**

The Project Management Advisor made a PowerPoint presentation detailing the process followed and key milestones of the Tongariro Domain playground upgrade project to date (A2734286). The final construction schedule figure was \$910k but \$950k was sought, allowing \$40k contingency.

Members decided to accept the tender, noting the source of the \$100k donation was 100% Great Lake

##### **TDC202007/04 RESOLUTION**

Moved: Cr Kevin Taylor

Seconded: Cr Kathy Guy

1. That Council accepts the Tender for Contract TDC/1920/317 for the upgrade of Tongariro Playground submitted by Bespoke/Fluhler for the sum of \$950,000 [excl. GST] \$850,000 of which is in the current Long-term Plan and a further \$100,000 donation from 100% Great Lake Charitable Trust, and authorises His Worship the Mayor and the Chief Executive to sign the Contract
2. That Council formally thanks 100% Great Lake Charitable Trust for the donations.

**CARRIED**

##### **4.3 SUBMISSION ON THE DRAFT NAVIGATION SAFETY BYLAW**

The Policy Manager introduced the report.

In response to a comment from a member, the Chief Executive agreed that the bylaw was only one mechanism to enhance safety in the Aratiatia Rapids area. He added that other parties had made similar

##### **TDC202007/05 RESOLUTION**

Moved: Cr John Williamson

Seconded: Cr Tangonui Kingi

That Council approves the submission (attached to the agenda Navigation Safety Bylaw.

**CARRIED**

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28 July 2020

#### 4.4 ADOPTING A DRAFT TRANSPORT STRATEGY FOR CONSULTATION

Draft Transport Strategy documents had been circulated under separate cover at the same time as the agenda (A2727756).

The Policy Advisor introduced the item and asked members if they were comfortable with changes made to the documents following recent workshops. The following points were noted:

- A member requested inclusion of a question about seeking responses from submitters in relation to how often they would use such a service, and on which days of the week.
- Speed limits around rural schools should be reduced as appropriate, as soon as possible.
- The Transport Strategy should recognise the importance of rural roads.
- It was suggested that the reference in part 5.2 to international flight schedules should be modified, as Council did not have the ability to influence those.

In answer to a question, the Policy Advisor confirmed that the draft Transport Strategy would be released for public consultation within two weeks.

#### TDC202007/06 RESOLUTION

Moved: Cr Kevin Taylor

Seconded: Cr Anna Park

That Council:

1. adopts the attached draft Issues Paper and draft Transport Strategy for the purpose of undertaking engagement and consultation with the community (subject to minor editing and improving of maps and legends)
2. notes the attached draft communications messages and draft engagement plan, which will be finalised prior to consultation commencing with any input received from Council.

**CARRIED**

#### 4.5 TURANGI TURTLE POOL - MEMBERSHIP FEES

The Business and Operations Manager summarised the report. Cr John Mack confirmed that the proposal to introduce membership fees for the Turangi Turtle Pool had been discussed by the Turangi/Tongariro Community Board and Board members had agreed that it was a good idea.

#### TDC202007/07 RESOLUTION

Moved: Cr John Mack

Seconded: Cr Tangonui Kingi

That Council approves the inclusion of Membership Fees for the Turangi Turtle pool for the 2020/21 financial year.

**CARRIED**

Ordinary Council Meeting Minutes

28 July 2020

**4.6 ESTABLISHMENT OF AD HOC CODE OF CONDUCT COMMITTEE****TDC202007/08 RESOLUTION**

Moved: Cr Tangonui Kingi

Seconded: Cr Yvonne Westerman

That Council:

1. Establishes an *ad hoc* Code of Conduct Committee for the purpose of considering an Councillor John Boddy at a Council meeting held on 30 June 2020.
2. Appoints Deputy Mayor Councillor Christine Rankin and Messrs Anthony Byett and Danny Loughlin to the *ad hoc* Committee.

**CARRIED****4.7 ELECTORAL SYSTEM FOR THE 2022 & 2025 TRIENNIAL ELECTIONS**

The Head of Democracy, Governance and Venues advised that the dates on page 54 of the agenda were incorrect and should read 28 February 2021 (deadline for a valid demand for a poll on a proposal to change the electoral system); and 21 May 2021 (deadline for a poll to be held).

Members agreed to continue with the First Past the Post system for the next two triennial general elections.

**TDC202007/09 RESOLUTION**

Moved: Cr Anna Park

Seconded: Cr Kathy Guy

1. That Council in accordance with Section 27 of the Local Electoral Act 2001, the next two triennial Community Board, viz 2022 and 2025 be held under the First Past the Post [FPP] and -Tongariro
2. That Council does not hold a poll.

**CARRIED****4.8 COUNCIL ENGAGEMENTS AUGUST 2020**

The Head of Democracy, Governance and Venues advised that one additional workshop had been scheduled to discuss the Class 4 Gambling Bylaw (10am-11am on Tuesday 18 August 2020).

**TDC202007/10 RESOLUTION**

Moved: Cr Yvonne Westerman

Seconded: Cr Kylie Leonard

That Council receives the information relating to engagements for August 2020.

**CARRIED****4.9 RECEIPT OF FINAL STATEMENTS OF INTENT**

The final Statements of Intent had been circulated under separate cover at the same time as the agenda (A2727756).

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**TDC202007/11 RESOLUTION**

Moved: Cr Kylie Leonard

Seconded: Cr Kathy Guy

That Council receives the following Final Statements of Intent for the 2020/21 financial year;

- a.
- b. Waikato Local Authority Shared Services;
- c. Bay of Plenty Local Authority Shared Services;
- d. Local Government Funding Agency Limited

**CARRIED**

**4.10 MEMBERS' REPORTS**

The following reports were received from members:

**Cr John Williamson** advised that he had attended the following meetings:

- July Turangi/Tongariro Community Board meeting.
- Kinloch Community Association meeting.

**Cr Anna Park** advised that she had attended the following:

- Economic development catch ups.

-

Cr Park added that Tech week was underway and she was looking forward to attending associated events.

**Cr Kevin Taylor** advised that he was continuing to work with the swim club and the Business and Operations Manager on future arrangements. A community safety meeting was in the process of being organised.

**Cr Kirsty Trueman** congratulated the organisers of the Mangakino Lake Hop, which was a phenomenal event with an amazing turnout.

**Cr Christine Rankin** advised that she had attended recent economic development catch ups. There were some exciting developments on the horizon, commercially sensitive but which would create jobs within the district.

**Cr John Mack** advised that the Turangi steering group was working on three exciting projects.

**Cr Kylie Leonard** reported on the inaugural Taup East Rural Group meeting which was attended by a good number of people. It was wonderful to host the Fonterra Chair-elect. She advised that the stock feed situation (cost and supply of feed) was continuing to cause issues for people in the rural ward.

**Cr Tangonui Kingi** confirmed that a community safety meeting would be held in the near future. He the Mangakino Lake Hop.

**Cr Kathy Guy** reported on her attendance at the following:

- Monthly meetings with Enterprise Great Lake Taup workstreams for the next three years. The focus was outward-looking, including liaison with New Zealand Trade and Enterprise. EGLT Board members were keen to engage with Council members.

- Kinloch Marina meeting.

- Business After 5 in Turangi.

-

Cr Guy added that the next Kinloch Representative Group meeting would be held on Thursday 30 July.

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28 July 2020

the successful application for CBD revitalisation project funding. His Worship the Mayor added thanks to Central Government for funding support of Council and other projects in the district.

**TDC202007/12 RESOLUTION**

Moved: Cr Tangonui Kingi

Seconded: Cr Kirsty Trueman

That Council receives the reports from members.

**CARRIED****5 CONFIDENTIAL BUSINESS****TDC202007/13 RESOLUTION**

Moved: Cr Anna Park

Seconded: Cr John Williamson

**RESOLUTION TO EXCLUDE THE PUBLIC**

I move that the public be excluded from the following parts of the proceedings of this meeting.

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for the passing of this resolution
<b>Agenda Item No: 5.1</b> Continuation of Trustee Appointments to Destination Great Lake Taupo Trust	Section 7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons	Section 48(1)(a)(i)- 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 would exist under section 7

**CARRIED**

The meeting closed at 1.40pm.

The minutes of this meeting were confirmed at the ordinary Council meeting held on 25 August 2020.

.....  
**CHAIRPERSON**

Confidential Council Meeting Minutes

28 July 2020

**TAUPŌ DISTRICT COUNCIL  
MINUTES OF THE CONFIDENTIAL COUNCIL MEETING  
HELD AT THE COUNCIL CHAMBER, 107 HEUHEU STREET, TAUPŌ  
ON TUESDAY, 28 JULY 2020 AT 1.00PM**

**PRESENT:** Mayor David Trewavas (in the Chair), Cr John Boddy, Cr Kathy Guy, Cr Tangonui Kingi, Cr Kylie Leonard, Cr John Mack, Cr Anna Park, Cr Christine Rankin, Cr Kevin Taylor, Cr Kirsty Trueman, Cr Yvonne Westerman, Cr John Williamson

**IN ATTENDANCE:** Chief Executive, Head of Finance and Strategy, Head of Regulatory and Risk, Head of Economic Development and Business Transformation, Head of Communications and Customer Relations, Head of Democracy, Governance and Venues, Economic Relationship Manager, Democratic Services Officer

**MEDIA AND PUBLIC:** Nil

**CONFIDENTIAL BUSINESS**

**5.1 CONTINUATION OF TRUSTEE APPOINTMENTS TO DESTINATION GREAT LAKE TAUPŌ TRUST**

The Economic Relationship Manager summarised the report. In answer to questions she advised that appointment of a Chair for the next 12 months would be an item on the Annual General Meeting (AGM) agenda. The AGM was due to take place in the last week of August.

Members decided to re-appoint the three Board members for a period of 7 months, rather than 6 months, in order to provide more time for the application process in early 2021.

**TDC202007/C01 RESOLUTION**

Moved: Cr Kathy Guy

Seconded: Cr Christine Rankin

1. That Council re-appoints Mr Salter, Mr Williams and Mr Cameron for a fixed term of 7 months from the AGM until March 2021.
2. That the above resolution be released from confidence once confirmed.

**CARRIED**

**The meeting closed with a karakia from Cr Tangonui Kingi at 1.40pm.**

**The minutes of this meeting were confirmed at the confidential Council meeting held on 25 August 2020.**

.....  
**CHAIRPERSON**

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**Waikato Regional Council**  
**Lake Taupo Protection Project Joint Committee**  
**OPEN MINUTES**

**Date:** 19 June, 2020, 10:30 am  
**Location:** Virtual Meeting Via Teams

**Members Present:** Cr K Hodge - Acting Chair (Waikato Regional Council) (until 10.40am)  
 Cr K White (Waikato Regional Council)  
 Cr K Leonard (Taupo District Council) (Chair from 10.40am)  
 Cr J Williamson (Taupo District Council) (from 10.35am)  
 M Nepia (Tuwharetoa Maori Trust Board)  
 M Workman (Crown Representative - Ministry for the Environment)

**Staff Present:** N Williams – Director Community & Services  
 T Wood – Policy Advisor – Taupo District Council  
 T Bennett - Ministry for the Environment  
 P Chantrill - Ministry Primary Industries  
 L Bartley - Democracy Advisor  
 A Adams – Democracy Advisor

The virtual meeting opened and members were welcomed. The Chair sought support from members for the meeting to be recorded so that members of the public would be able to view the recording after the meeting.

**LTJC20/15**

**Moved By** Cr K Hodge

**Seconded By** Cr K Leonard

**That the meeting be recorded and that the chat function within Teams be used only for indicating a request to speak on any item.**

**The motion was put and carried**

**1. Apologies**

**LTJC20/16**

**Moved By** Cr K Leonard

**Seconded By** Cr K White

**That the apologies of Tangonui Kingi and Laura-Kate Petersen (MPI) and Cr Williamson for lateness be received.**

**The motion was put and carried**

Doc # 16568468

Lake Taupo Protection Project Joint Committee – Open Minutes 19 June 2020

**2. Confirmation of Agenda**

LTJC20/17

**Moved By** Cr K Hodge

**Seconded By** Cr K Leonard

**THAT the agenda of the Lake Taupo Protection Project Joint Committee of 19 June 2020 as circulated be confirmed as the business for the meeting.**

**The motion was put and carried**

**3. Disclosures of Interest**

There were no disclosures noted.

**4. Confirmation of Minutes**

**4.1 Lake Taupo Protection Project Joint Committee - 24 April 2020**

LTJC20/18

**Moved By** Cr K Leonard

**Seconded By** Cr K White

**That the minutes of the Virtual Meeting of Lake Taupo Protection Project Joint Committee held on 24 April 2020 be received and confirmed as a true and correct record.**

**The motion was put and carried**

**5. Matters arising from previous meeting minutes**

**5.1 Election of Chairperson - 2019 - 2022 Triennium**

10.35 am - Cr Williamson Arrived.

The Acting Chair sought confirmation with regard to the item. Members were advised that this matter had been presented to the December meeting of the Joint Committee and that the Committee had resolved to leave the matter lying on the table. If any member wished to deliberate the matter, it was appropriate to do so.

**Moved By** Cr J Williamson

**Seconded By** M Nepia

**That Cr Kylie Leonard be nominated as Chairperson for the Lake Taupo Protection Project Joint Committee for the 2019-2022 Triennium.**

The Interim Chair asked if there were any other nominations. There being none, the nomination was put to the vote:

LTJC20/19

**Moved By** Cr J Williamson

**Seconded By** M Nepia

Lake Taupo Protection Project Joint Committee – Open Minutes 19 June 2020

**That Cr Kylie Leonard be elected as Chairperson for the Lake Taupo Protection Project Joint Committee for the 2019-2022 Triennium.**

**The motion was put and carried**

10.40 am Cr Kylie Leonard assumed the role of Chair for the meeting.

**6. Lake Taupo Protection Trust Reporting**

**6.1 Lake Taupo Protection Trust - Statement of Intent & Cashflow to y/e 30.6.2021**

The Lake Taupo Trust Chair, Mr Clayton Stent presented the report and responded to members questions:

Questions/Comments

Members noted that the operation costs showed a significant reduction which was pleasing to see. It was noted that costs of \$320,000 with a total of \$83,000 related to legal and auditing costs.

It was also noted that accommodation costs and meal allowances for Trustees, staff training and courses have been removed.

Mr Stent acknowledged that there were some refinements to the budget but it has been largely prepared on a business as usual for the coming year. The Trust have been working on further refinements for the 20/21 year and will bring this back to the Committee once they have clarification of the work the Trust is being asked to undertake.

The budget now separately identifies legal fees to give clarity of what that relates to. \$40,000 has been allocated to fees in relation to plan change 1 legal process.

Members queried the line in relation to forestry consultancy fees which is still the same as previous years, and whether this is something that is expected to be ongoing. Mr Stent noted that the provision has remained the same as the Trust is still undertaking some enforcement action at present and that involves forestry consultant reports on that matter. Going forward it may not be needed. The Trust feel it is prudent to make provision for an event that may arise however not that it may not be needed.

Members also noted that the office expenses seem to be heavily reduced. Mr Stent noted that the current tenancy agreement ends in early 2021 and the Trust are anticipating lower costs by moving to new premises.

**LTC20/20**

**Moved By M Nepia**

**Seconded By Cr J Williamson**

**1. That the report Statement of Intent and Financials YE 30 June 2021 and Cashflow be received; and**



Lake Taupo Protection Project Joint Committee – Open Minutes 19 June 2020

2. **The final version of the Statement of Intent for the year ending 30 June 2021 be received; and**
3. **The annual budget YE 30 June 2021 be received; and**
4. **The cash flow projection as at June 2020 be received.**

**The motion was put and carried**

**6.2 Lake Taupo Protection Trust - Trustee Remuneration - Financial Year Ending 30 June 2021**

The Lake Taupo Trust Chair, Mr Clayton Stent presented the report and responded to queries from members.

Members noted that the line item for Meals and accommodation had been removed from budget. Mr Stent noted that this is a traditional description from the Remuneration Authority however members had never claimed any accommodation costs. Travel relates to out of town travel and this has been trimmed back to 1 every 3 months. Since lockdown, the Trust has been using Zoom for virtual meetings and anticipates that all future meetings will be held virtually with the exception of the AGM which will be face to face.

Members noted that the total remuneration in the salary is \$60,000 however total salaries equals \$61,000. Mr Stent is to follow up on this minor error.

**LTC20/21**

**Moved By** M Nepia

**Seconded By** Cr J Williamson

1. **That the report Trustee Remuneration for year ending 30 June 2021 be received; and**
2. **That the Committee endorses Trustee remuneration for the incoming financial year ending 30 June 2021 at the following rates:**

**Chairman/trustee : \$22,000 base salary per annum plus reimbursement of actual and reasonable travel, meal and accommodation expenses for each meeting attended; and**

**Trustees: \$13,000 base salary per annum plus reimbursement of actual and reasonable travel, meal and accommodation expenses for each meeting attended.**

1. **Mileage Rate : Reimbursed at 0.79 km/per/km.**

**The motion was put and carried**

**7. General Business**

**7.1 Update on Draft Plan Change 2 - Taupo Overseer**

Lake Taupo Protection Project Joint Committee – Open Minutes 19 June 2020

Waikato Regional Council's Senior Project Manager R Abercrombie presented the report/slide.

He noted that a total of 9 submissions had been received to the proposed Plan Change 2 - Overseer. The submitters are a mix of forestry interests, iwi and territorial authorities.

Staff are currently working through submissions to give feedback to Ministry with regard to the submissions.

11.01 am - Cr Hodge left the meeting.

11.02 am - Cr Hodge re-entered the meeting.

All stakeholders that made submissions - no submissions were received from individuals only groups. All farmers were consulted with.

**LTJC20/22**

**Moved By** Cr K Hodge

**Seconded By** Cr K White

**That the presentation be received.**

**The motion was put and carried**

**7.2 Lake Taupo Protection Project Officials Working Party - Update on Project Timeline**

Director Community and Services N Williams presented report which was taken as read.

- Update on how the project is progressing in relation to the transition for 1 July 2021
- Officials working party drafting issues and options paper that will assist the funding model
- Parallel process in relation to assessment of cost and requirements should the Trust not be the vehicle for the NDR's moving forward.
- Noted that timeframes are now very tight.
- Now within critical path within project - no room for slippage - all deadlines must be met now.

**LTJC20/23**

**Moved By** Cr K Hodge

**Seconded By** M Nepia

**That the report Lake Taupō Protection Project Key Milestones 2018 to 2021– Update June 2020 (Lake Taupō Protection Project Joint Committee, 19 June 2020) be received.**

**The motion was put and carried**

Lake Taupo Protection Project Joint Committee – Open Minutes 19 June 2020

### **7.3 Feedback on Resolution of Waikato Regional Council**

Director Community & Services N Williams presented report and was taken as read.

A further report was presented to Waikato Regional Council to further deliberate the identified anomalies between resolutions. Ultimately Waikato Regional Council believes that the resolution of Lake Taupo Protection Project Joint Committee has been met. Waikato Regional Council have identified a preferred option but have retained the requirement that their contribution towards any future management option will be to a maximum of 50% consistent of the lowest cost consultation option. This will be presented as narrative in the Waikato Regional Council's long term plan consultation document.

Cr Williamson noted that he was concerned at this process. He doesn't agree that the preferred option is being consulted on. Lowest cost option totally contradicts the resolution of the LTPPJ. Believes the consultation process would be better place for community to decide - not by the resolution of Waikato Regional Council. He did agree that cost is important and further agreed that cost reductions are important but doesn't feel the Waikato Regional Council's resolution is in the best interest. Feel that the lower cost option stated by WRC will compromise the consultation process and all the work done over the last 18 months.

Mr Williams noted that Waikato Regional Council have arrived at position of 50% of lower cost option - if TDC wish to fund the difference that is up to them. Waikato Regional Council has put a cap on the funding contribution that they are willing to pay.

Cr White also noted that Waikato Regional Council want to see costs being capped but don't want to limit options if someone else wants to have an alternative - ie TDC picking up cost difference, philanthropy, grants?

The role of the Trust going forward as an independent body politically is the main issue. Taupo District Council members agree that costs need to reduce but believe that the integrity of the Trust is more important.

Cr White acknowledged the huge amount of good work done by the Trust and acknowledges the ongoing value of the Trust but believes there needs to be a discussion around the future of the Trust role and what they do. Need to have a discussion with the public but there also needs to be a conversation around ongoing role of Trust - perhaps beyond nitrogen monitoring and how it will be funded.

**LTJC20/24**

**Moved By** Cr J Williamson

**Seconded By** Cr K Hodge

**That the report updates on the resolution of the Waikato Regional Council for the ongoing governance and management of the Lake Taupō Protection Project (Doc#16479880) be received.**

**The motion was put and carried**

Lake Taupo Protection Project Joint Committee – Open Minutes 19 June 2020

LTJC20/25

**Moved By** Cr K White

**Seconded By** Cr K Hodge

**That the Lake Taupō Protection Project Joint Committee write to the Lake Taupō Protection Trust (the Trust) to formally advise them of Waikato Regional Council's resolution.**

**The motion was put and carried**

LTJC20/25

**Moved By** M Nepia

**Seconded By** Cr J Williamson

**That the Lake Taupō Protection Trust Joint Committee furthermore request that the Trust provide relevant information to the Waikato Regional Council that will assist with clarifying the indicative costs of winding up the Trust.**

**The motion was put and carried**

#### **7.4 Notification of the Proposal to Transfer of Some Water Monitoring Functions**

Director Community and Services N Williams presented the report and was taken as read.

Cr White provided clarification of questions that had been raised at the regional council's meeting with regard to whether the monitoring proposed would affect consent monitoring and was reassured that this is completely separate from consent monitoring. This is for state of the environment monitoring.

Martin Workman congratulated Waikato Regional Council and Tuwharetoa Maori Trust Board on the proposal and noted it was excellent to see this being progressed.

LTJC20/27

**Moved By** Cr J Williamson

**Seconded By** M Nepia

**That the report "Notification of the proposal to transfer some water quality monitoring functions to the Tūwharetoa Māori Trust Board" (Lake Taupo Protection Project Joint Committee 19 June 2020) be received.**

**The motion was put and carried**

#### **8. Resolution to Exclude the Public**

LTJC20/28

**Moved By** Cr K Hodge

**Seconded By** Cr J Williamson

Lake Taupo Protection Project Joint Committee – Open Minutes 19 June 2020

That the public be excluded from the following parts of the meeting set out below on the grounds that the public conduct of those parts of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 (the Act).

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

	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter
9.1	Confirmation of Public Excluded Minutes – Lake Taupo Protection Project Joint Committee – 5 December 2019	Good reason to withhold exists under Section 7 · Protect the privacy of natural persons, including that of deceased natural persons (Schedule 7(2)(a)). Prevent the disclosure or use of official information for improper gain or improper advantage (section 7(2)(j) of the Act
9.2	Update on Monitoring of LTPT Nitrogen Reduction Agreements	Good reason to withhold exists under Section 7.·- Protect the privacy of natural persons, including that of deceased natural persons (Schedule 7(2)(a))

**The motion was put and carried**

11.25 am The public were excluded and the meeting recording ceased.

11.40 am The meeting closed.

\_\_\_\_\_  
Chair



Dave Wakelin  
Glide Ltd  
36 Roberts Street  
Taupō  
027 203 6924  
dave@glowscooters.co.nz

Taupō District Council

4<sup>th</sup> August 2020

Glide Ltd has been operating Glow scooters for the past 9 months in Taupō under a trial permit. We believe the trial has been a success and would like to request a new permit to operate in Taupō.

Our plan is to continue to operate the scooters in the current operational area. With regards to operating hours, after the level 4 lockdown was lifted, we were granted permission by the council to leave the scooters out at night, the riding hours were still limited to 7am-9pm, outside of those times, the scooters were locked. We would like to continue to operate during those hours with the new permit. Additionally, we were granted permission to remove the enforced parking beacons, we would also like to continue operating without the beacons.

It is worth noting, that since leaving the scooters out and removing the beacons, we have had no complaints about where scooters have been parked, and we have not had any scooters stolen or dumped anywhere.

With regards to reporting and KPIs, we are happy to keep providing monthly reports but in the time since launch, Bird has updated the dashboard which changes some of the information we receive regarding rides so we may need to change how some of the data is presented – we would make ourselves available to work out what data is needed during the drafting of the permit.

Please contact me by phone or email if you need any further information.

Sincerely,

A handwritten signature in black ink, appearing to read "Dave Wakelin".

Dave Wakelin  
Glide Ltd



Report October 26<sup>th</sup> – 31<sup>st</sup> July

The following has been provided by Glide Ltd in response to reporting requirements in the permit.

Appendix D: Operation and Parking

Incorrectly Parked – 1 report (we never technically resolved this one, by time we got there – less than an hour after being reported, the scooter had been rehired)  
Outside defined area – 22 (3 unresolved as they have been stolen and had their GPS removed, 2 resolved outside of timeframe as they were taken to Napier and recovered by the police, 17 resolved within timeframe)

Appendix E: safety and Maintenance

Hazardously placed scooters – 1 report (someone stacked them on the Love Taupo sign and a photo was placed on Facebook, I was there within the hour of the photo being pasted and removed the scooters)  
Scooters reported damaged – 1075, all resolved within timeframe  
Scooters Inspected – 15121  
Incidents or injuries – 1 reported (a lady called in to the council to report that her husband had been hit by a child doubling another child on a scooter – she was then redirected to call me, husband was not badly hurt, just shaken up. The lady admitted that she couldn't be sure that it was a Glow scooter that was involved, but it was definitely an e-scooter and there were lots of Glow scooters around, so she thought it might have been. Based on the details given to us, we were able to potentially identify the rider account. The account belonged to an adult. We reached out to the account holder, explaining that someone reported that they had let a child ride the scooter and to please contact us regarding an incident. The account holder ignored us. Even though we are unable to conclusively identify the rider, the account holder has now been banned from the platform, no one has so far come forward to complain about being banned. I contacted the lady who complained and explained that we had banned the account holder and if she wished to take it further, we could provide all details to the police should she make a formal complaint. She has declined to make a complaint)  
Notifiable incidents – 0 reported

Appendix F: Reporting Information

Total number of rides – 27416  
Complaints received – 824 (based on app feedback stating the ride had issues – bulk of these from launch to pre-lockdown were due to not being able to park the scooters)  
Bad Feedback – 608 (These are 1 & 2 star rated rides where they there was no issue, just a bad ride)

Glide Ltd no longer have access to the heat maps, so information relating to start & end locations and ride distances is not available.

Additional information.

Once we entered level 2 again, we started putting the scooters out with two major changes. We removed the forced parking beacons, and re distributed the scooters primarily along the lakefront and left the scooters out overnight, still locking them at 9pm.

To date ( 21/2 months) we have not had any scooters stolen, or damaged beyond what happens during normal use, and apart from someone stacking some on the Love Taupo sign, we have had no issues with rider parking, nor complaints about scooters being parked inappropriately.





## PERMIT TO TRADE IN A PUBLIC PLACE

**OPERATOR NAME:** GLIDE LIMITED, a duly incorporated company (7509236) having its registered office at 77 Titirapunga Street, Taupo 3330 ("Operator")

Under the provisions of the Local Government Act 2002 and the Taupo District Council *Trading in Public Places Bylaw 2016*, Glide Limited:

- A. is licensed as an operator of shared public E-Scooters for the purpose of Trading in a Public Place, being the hiring and/or displaying of no more than 100 electrically assisted kick scooters; and
- B. must comply with the Conditions set out in Appendix A.

**ACTIVITY AREA:** Defined public places as set out in Appendix B

**HOURS OF OPERATION:** 7 days a week  
7.30am to 10.30pm between 24 Oct to 31 Nov;  
6am to 12am between 1 Dec 2019 to 28 Feb 2020; and  
7.30am to 10.30pm between 1 March to 24 June 2020.

**APPROVED BY:** CHIEF EXECUTIVE, TAUPŌ DISTRICT COUNCIL

**SIGNATURE:**

*A.J. Menhennet* Acting CEO

**DATE OF ISSUE:** 24 October 2019

**EXPIRY:** 8 months from Date of Issue

This Permit is issued to the Operator named hereon and is non-transferable.

## **APPENDIX A: TERMS AND CONDITIONS OF TRADING IN PUBLIC PLACES PERMIT**

### **Purpose and Intent**

The purpose and intent of these terms and conditions is to ensure the management of public places (including reserves) and to provide reasonable controls to protect health and safety, and the general public from nuisance, while meeting Glide's customer expectations and supporting the wider transport objectives for Taupo.

### **Permit Fee**

- 1 The Permit Fee of \$60 is payable upon the issue of the Permit.

### **Duration of the Permit**

- 2 This Permit shall commence on the Date of Issue and, unless terminated sooner in accordance with the terms of this Permit, shall continue until the Expiry Date.
- 3 Immediately following expiry or the earlier termination of this Permit, the Operator will remove all E-Scooters and any ancillary signage and equipment from land administered or managed by the Council.
- 4 As per clause 14 of the Taupo District Council *Trading in Public Places Bylaw 2016*, the Council may cancel, amend or review the Permit for breach of these terms and conditions or where necessary to, in the Council's sole judgement, protect the public from unsafe or hazardous practices, prevent an unreasonable nuisance, obstruction or damage and/or where the activity is likely to interfere with public works permitted under legislation.
- 5 If the Operator breaches any of the terms and conditions of this Permit and fails to remedy the breach within 5 working days after receipt of written notice requesting remedy of the breach, the Council may, in its sole discretion and by providing 48 hours written notice to the Operator, suspend or cancel the Permit, provided however if, in the Council's sole judgement, the breach relates to, or results in an unsafe or hazardous situation, the Council may immediately terminate the Permit by giving written notice to the Operator.
- 6 In the event of termination of the Permit by the Council prior to Expiry, the Council shall not be liable to the Operator for any losses, damages or expenses incurred by the Operator due to the early termination of the Permit or otherwise.

### **E-Scooter Numbers and Operational Area**

- 7 This permit is valid for a maximum of 100 E-Scooters at any one time during the Term of the Permit.
- 8 E-Scooters shall only be permitted within the area defined in Appendix B.

### **Location and placement of E-Scooters**

- 9 E-Scooters must only be parked within the identified Parking Areas as shown in Appendix C and must not be parked or allowed to remain on or in inappropriate locations including, without limitation:
  - a) On footpaths where they could pose a safety hazard;
  - b) Being left on their side, where they could interfere with pedestrian passage generally or inhibit access, pedestrian, vehicular or otherwise; or
  - c) Any other areas identified by a Council officer, in their discretion, to be an inappropriate location.
- 10 Mistreatment of E-Scooters through vandalism will not be considered as an inappropriate location (under clause 9 of this Permit) for the purposes of reporting under the Operation and Parking KPI's set out in Appendix D requirements. However, the Operator will address any

issues raised under this clause 10 by the Council within the required timeframes as set out in Appendix D and E.

- 11 To deliver on the expectations of the Council and to ensure the management of public places and the delivery of the expected support for the wider transport objectives for the Taupo District, the Operator will target the Operation and Parking KPI's set out in Appendix D. Any failure by the Operator to meet the relevant KPIs will constitute a breach of the conditions of this Permit for the purpose of clause 5.
- 12 The Operator must ensure E-Scooters are collected each night and effectively redistributed to avoid excessive build up during the day. After one month's operation, the Operator will provide Council with a specific retrieval, rebalancing, relocation and redistribution plan to demonstrate how the Operator intends achieving the Operation and Parking KPIs as set out in Appendix D.

#### **Use of E-Scooters**

- 13 The Operator will ensure that the app educates customers about safety checks, responsible riding (e.g. shared footpath protocols) and correct parking, including the impacts of poor E-Scooter placement on the general public.
- 14 The Operator will also make best efforts to inform riders that they can incur penalties for breaching any law, regulation, standard or applicable rule including, by way of example, unauthorised use of special vehicle lanes (e.g. cycle lanes) or operating a vehicle inconsiderately.
- 15 The Operator shall take all practicable steps to educate E-Scooter users on safe and considerate riding in relation to all other road and footpath users, including that:
  - a) When on the road, users must keep as close as possible to the edge of the roadway; and
  - b) When on the footpath, users must:
    - i) Not ride at speeds that put other footpath users at risk; and
    - ii) Always give way to pedestrians and drivers of mobility vehicles.

**Note:** The CBD area will have a reduced speed limit 12km/hr during the term of the Permit and is subject to review. The area is shown as orange in Appendix B.

#### **Safety and maintenance**

- 16 The Operator must ensure that:
  - a) Each E-Scooter meets the definition of a wheeled recreational device that is designed in the style of a traditional push scooter, with a footboard, two wheels not exceeding 355mm in a diameter, a long steering handle and an electric auxiliary propulsion motor with maximum power output not exceeding 300W; and
  - b) Each E-Scooter has:
    - i) A working bell;
    - ii) A steady or flashing rear-facing red light(s) that can be seen at night from a distance of 200 metres; and
    - iii) A white or yellow headlight(s) that can be seen from a distance of 200 metres;
  - c) The design, performance and assembly of each E-Scooter complies with ISO 9001:2015 and are certified to the highest level of U.S. and international safety standards including UL 2271/IEC 62133 (Battery Safety), UL 2272 (Personal Hovercraft Safety) and CE, ISO 12001 (Safety Risk Assessment); and
  - d) Each E-Scooter is regularly inspected and maintained to ensure it is compliant with the manufacturer's safe operating parameters (brakes, lights etc) and with the Maintenance Inspection Checklist as specified in the Health and Safety Management Plan.
- 17 The Operator must provide the ability for users as well as the general public to report safety and maintenance issues with the E-Scooters. This must include a publicly displayed New Zealand

contact phone number and email address on each E-Scooter which is to be monitored during the hours of operation.

- 18 The Operator must also provide Council with the contact number of an individual who can respond in case of emergencies or major incidents 24 hours a day.
- 19 The Operator commits to meeting the Safety and Maintenance KPIs set out in Appendix E. Any failure by the Operator to meet the relevant KPIs will constitute a breach of the conditions of this Permit for the purposes of clause 5.

#### **Reporting**

- 20 For the purposes of evaluating the trial and as specified in Appendix F, the Operator will provide raw non-identifiable information to the Council on a monthly basis subject to Council introducing measures agreeable to the Operator to protect its commercially sensitive information.

#### **Privacy**

- 21 All personal information must be collected, processed and stored in accordance with the requirements of the Privacy Act 1993.
- 22 All customer information and data must be kept in a secure environment, encrypted and protected by firewalls.
- 23 The Operator must not sell, lease, rent, loan or trade lists of its customers' data to a third party.
- 24 The Operator acknowledges that, under the Privacy Act 1993, individuals have a right of access to, and correction of their personal information.

#### **Insurance**

- 25 The Operator will hold and will maintain insurance that is sufficient in scope and value to cover all liability arising out of the use of E-Scooters, including but not limited to:
  - Public Liability / Products Liability Insurance for a sum of not less than \$1,000,000 any one occurrence; and
  - Professional Indemnity Insurance for a sum of not less than \$1,000,000 any one claim and in the aggregate.
- 26 Public Liability / Products Liability Insurance shall be held for the duration of the Permit.
- 27 Professional Indemnity Insurance shall be held for a minimum period of 7 years following the expiry or earlier termination of the Permit.
- 28 The Operator will fully indemnify the Council and keep the Council indemnified for all losses, damages and expenses of any nature incurred by the Council as a result of any event occurring and the Council being unable to mitigate such losses, damages and expenses as a result of such failure by the Operator to hold or maintain such insurance.
- 29 The insurance policies must be effected with reputable insurers and on usual market terms which provide cover in respect of, and respond to the Operator's liability under this agreement for the use of E-Scooters as authorised by this Permit. The Operator must provide, at the request of the Council, a Certificate of Insurance which is sufficient for the Council to be able satisfy itself that the Operator has complied and continues to comply with its obligations under this clause.
- 30 The Public Liability / Products Liability policy shall include the Council as an additional insured in respect of any liability it may have arising out of the activities authorised by this Permit, and shall include a clause to the effect that if more than one legal entity is insured under the Public Liability / Products Liability policy, each entity is covered in the same manner as though the insurer(s) had issued them with a separate policy. Further, if there is a claim against more

than one entity in respect of the same occurrence, only one excess and one limit of indemnity shall apply, regardless of the number of entities indemnified.

- 31 Any increase in the premium or costs in respect of an insurance policy does not mean that the insurance policy cannot be held and maintained, and the Operator shall bear all risk of an increase in any premium or cost.
- 32 The Operator shall provide the Council with full particulars of the Operator's Public Liability / Products Liability and Professional Indemnity policies as soon as they are available, and in any event on or prior to the Date of Issue of this Permit and annually thereafter.
- 33 Co-operation: The parties agree to co-operate with each other, as reasonably requested, in respect of any claim made under the policies noted above. No party will admit liability to any third party for any loss covered by the policies above without first consulting with the other. The Operator will apply any proceeds received under one or both of the policies noted above in accordance with this agreement or as directed by the Council. The Operator will take all reasonable steps to diligently pursue a valid claim under the insurance policy/ies referred to above, except to the extent that Council directs otherwise.

#### **Health and Safety**

- 34 The Operator acknowledges that health and safety is a priority for the Council and without limiting clause 35, shall as far as is reasonably practicable, consult, cooperate and coordinate with the Council in respect of health and safety matters.
- 35 The Operator shall meet the duties of a PCBU as prescribed by the Health and Safety at Work Act 2015, including but without limitation in relation to:
  - Primary duty of care – s 36;
  - Duty of PCBU who imports plant, substance or structures – s 41;
  - Duty of PCBU who supplies plant, substance or structures – s 42;
  - Duty to notify notifiable event – s 56;
  - Duty of officers – s 44
- 36 The Operator shall manage risks associated to the operation/plant and environment in accordance with the Health and Safety Management Plan which will include a comprehensive framework for risk mitigation.
- 37 The Operator shall report on health and safety performance in accordance with the KPIs in Appendix E-Safety and Maintenance.

#### **Environmental and Sustainability**

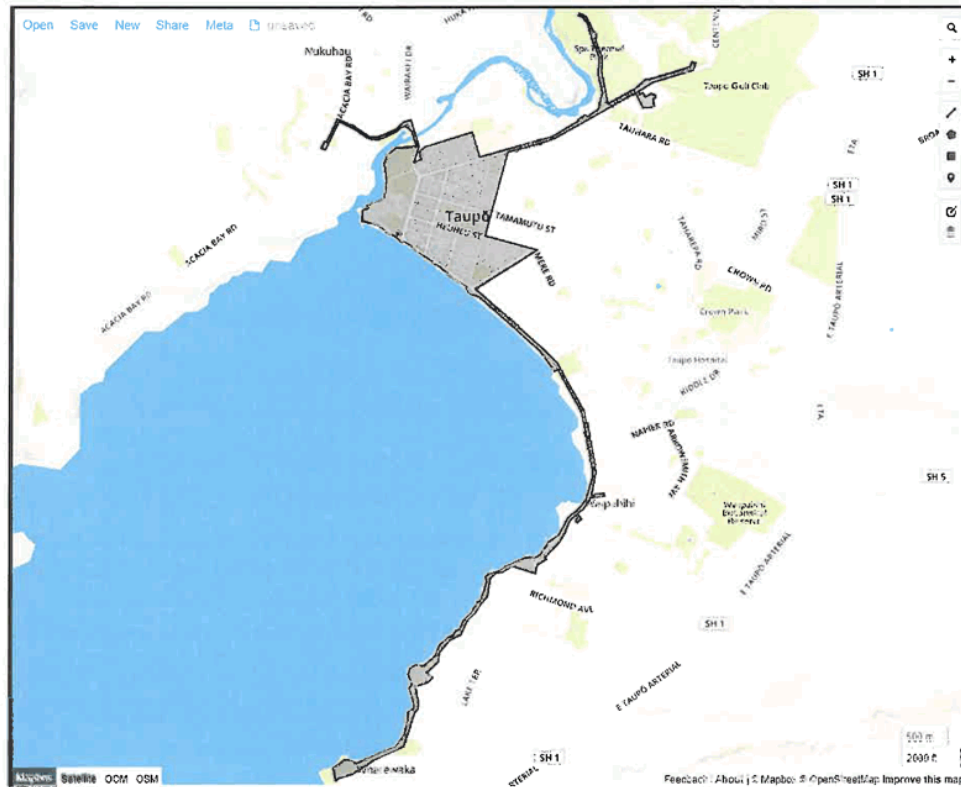
- 38 The Operator shall include a Disposal and Waste Minimisation Strategy in the Health and Safety Management Plan.

#### **Miscellaneous**

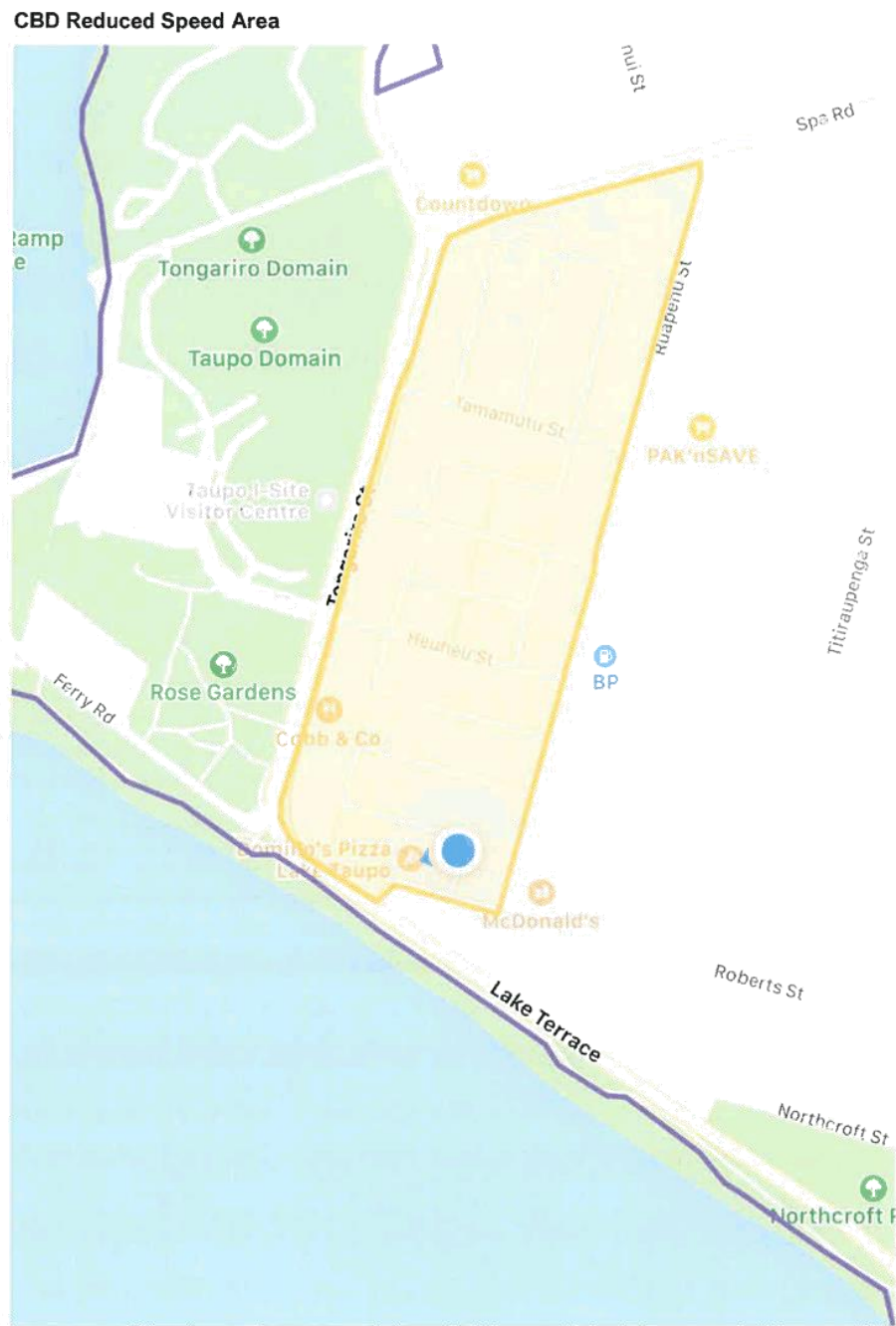
- 39 The Permit is non-transferable.
- 40 The Council reserves the right to add conditions to the Permit during the period of the trial which may extend, but are not limited to, introducing lower speed limits and altering geofenced operational areas to control access to identified locations.

## APPENDIX B: DEFINED OPERATIONAL AREA

### Geo-fenced Operational Area



Note that the defined Operational Area does not include any private land or land not administered or managed by Council, and excludes C75 Trust land being Waipahihi Reserves Block extending north from Kaiwaka Point on the shores of Lake Taupo to the Sea Scouts building.





# APPENDIX C: E-SCOOTER PARKING AREAS





**APPENDIX D: OPERATION AND PARKING KPIS**

<b>Condition</b>	<b>Minimum response</b>	<b>Reporting measure</b>	<b>Target</b>
Incorrectly parked or creating a nuisance (i.e. where an E-Scooter is parked in an inappropriate location, but where it is not causing an unreasonable hazard)	Resolved within 4 hours of being notified	Number of incorrect parking or nuisance issues reported per month	100% of all incidents resolved within timeframe
Outside defined activity area in Appendix B	Relocated within 24 hours of being notified	Number of E-Scooters parked outside of operational area	100% of all scooters relocated within agreed timeframe

**APPENDIX E: SAFETY AND MAINTENANCE KPIS**

<b>Condition</b>	<b>Minimum response</b>	<b>Reporting measure</b>	<b>Target</b>
Dangerous or hazardously placed E-Scooters (e.g. on a roadway)	Resolved within 2 hours of being notified	Number of reported hazardously or dangerously placed E-Scooters per month	100% of all incidents resolved within timeframe.
Unsafe E-Scooters (e.g. brake fault, broken chassis etc)	Deactivated immediately (upon verification) and recovered within 2 hours to be repaired	Number of reported unsafe E-Scooters per month	100% of all incidents responded to and resolved within timeframe
Faulty E-scooter (e.g. defective bell, light out)	Deactivated immediately (upon verification) and recovered within 24 hours	Number of reported faulty E-Scooters	100% of all incidents responded to and resolved within timeframe
Safety inspections	Must be inspected daily	Number of E-Scooters inspected per month	100% of fleet inspected daily
Incident /Injury Reporting	Incident Report to Council within 24 hours	Number of incidents reported per month with severity levels appropriate to risk matrix	100% of incidents reported
Notifiable Incidents	Serious harm or fatality reported to WorkSafe and Council with 2 hours	Number of notifiable incidents per month	100% reported within timeframe

**APPENDIX F: REPORTING INFORMATION**

<b>Reporting measure</b>	<b>Format</b>
Total number of rides per month	Monthly spreadsheet to be provided
Average time of trip	Monthly spreadsheet to be provided
Start and end of trip location data	Monthly spreadsheet to be provided
Overlay of deployment locations with demand "hot spots"	Monthly spreadsheet to be provided
Heat map of user e.g. routes	Monthly spreadsheet to be provided
Number of faults reported per month	Monthly spreadsheet to be provided
Number of complaints received per month	Monthly spreadsheet to be provided

**MEMORANDUM OF LEASE**

The Proprietors of Rangatira Point Block, a body incorporated under Part IV of the Maori Affairs Amendment Act 1967 and now under Part XIII of Te Ture Whenua Maori Act 1993 (hereinafter called "the lessor") being registered as the proprietor of an estate in fee simple, subject, however, to such encumbrances, liens and interests as are notified by memorandum underwritten or endorsed hereon, in all that piece of land situated in the Taupo District, containing 18.5700 hectares more or less being part of the Rangatira Point Block and being part of the land comprised and described in Certificate of Title, Volume 29C, folio 512 (South Auckland Registry) being the land defined in ML Plan 21392 and described in the plan attached hereto subject to the reservation of a public right of way in K.24595 (hereinafter called "the demised land")

**DOTH HEREBY LEASE to HER MAJESTY THE QUEEN** acting by and through the Minister of Conservation subject to section 12(1)(a) of the Reserves Act 1977 (hereinafter called "the lessee") as a tenant for the term of 5 years from the 1<sup>st</sup> day of February 2015 (the Commencement Date) for the purposes of a Local Purpose Public Access Reserve at the yearly rental of \$63,000.00 for each year of the said term plus goods and services tax thereon subject to the following covenants conditions and restrictions:

1. The lessee will from the Commencement Date of lease pay the rent set out above until the rent is varied on any relevant Rent Review Date (to be calculated as set out in clause 19 below) at which time the lessee will pay rent at the varied rate plus goods and services tax and will as and when the same shall become due and payable duly and punctually pay and discharge a calculated proportion (based on the percentage of the demised land in relation to the whole of the lessor's land contained in Certificate of Title, Volume 29C, folio 512) of all rates, taxes, charges and assessments during the said term as may be rated, tax levied, charged and assessed or made payable in respect of the demised land.
2. The lessee will not assign, sublet or part with possession of the demised land or any part thereof for the whole or any part of the said term.
3. The lessee shall consult with the lessor in the preparation of management plans or any amendments thereof for the demised land.
4. The Lessor shall not erect any buildings on the demised land other than buildings essential to the proper management of demised land and it is agreed that any building providing accommodation shall in this lease be deemed not essential for the proper management of the land.
5. The lessee will at all times during the said term repair and keep and maintain in good and substantial repair all buildings and other erections, fences, gates, culverts, dams, drains, crossings, pathways, cycle ways, fixtures now or hereafter standing on the demised land..
6. That the lessee will at her own cost and expense keep the demised land in a clean and tidy condition and free of weeds and all organisms specified as pests in a relevant pest management strategy.
7. The parties shall each pay their own solicitors' costs on preparing and finalising this lease or any renewal or variation of this lease.
8. The lessee shall be responsible for payment of all registration fees including agency charges imposed and all government tax duty or imposts at any time payable on this lease or any renewal or variation of this lease.
9. The lessee shall pay for all costs, charges and expense for which the lessor shall become liable in consequence of or in connection with any breach of default by the lessee in the performance or observance of any of the terms, covenants and conditions of the lease.

DOCCM 2534095

Page 1

10. The lessee will to the best of its ability ensure that any identified Maori burial grounds are not disturbed.
11. The lessee will not call upon or compel the lessor to contribute to the cost of erecting or repairing or maintaining any boundary fence which may now or hereafter be erected between the demised land and any land adjacent thereto of which the lessor is at law or in equity the owner **PROVIDED ALWAYS** that this covenant shall not enure for the benefit of any purchaser or lessee from the lessor of such adjacent lands so as to deprive the lessee of any rights which the lessee would have (but for this covenant) against the occupier (other than the lessor) of any such adjacent land.
12. That in lighting fires upon the demised land the lessee will in all respects comply with the provisions of the Forest and Rural Fires Act 1977 and will use every care and precaution to prevent fires from spreading to adjoining properties.
13. That the lessor may at all reasonable times during the continuance of the said term enter upon the demised land either personally or by an agent, officer or servant for the purpose of viewing the state and condition thereof and of the buildings and erections thereon.
14. That if the lessee shall at any time make default in the observance or performance of any one or more of the obligations on the part of the lessee herein expressed or implied it shall be lawful for the lessor (without prejudice to any right of re-entry or other right) to observe or perform any such obligation on behalf of the lessee (and if necessary for so doing to enter upon the demised land) and all moneys paid and expenses incurred in so doing and also costs incurred by the lessors in connection therewith shall be forthwith repaid to the lessor by the lessee and shall be recoverable as if the same were rent hereby reserved and in arrears and it shall be lawful for the lessor or the agent, officer or servant of the lessor at all times for the purposes aforesaid and for the purpose of viewing the demised land to enter upon the demised land with such workmen and other persons as the lessor or the agent, officer or servant of the lessor shall think fit and to remain there for such time and in the circumstances shall be reasonable and proper.
15. That the covenants, powers and conditions implied in leases by the Property Law Act 2007 shall be implied herein except insofar as the same and hereby modified or negated.
16. That on the determination (whether by breach, effluxion of time or howsoever) of this lease, no compensation shall be payable to the lessee by the lessor in respect of any improvements affected by the lessee upon the demised land during the said term **PROVIDED HOWEVER** that on such determination the lessee shall have the right to remove from the land at her own cost any buildings erected by her on the land during the said term.
17. All differences and disputes between the lessor and the lessee touching or concerning:
  - a) the subject matter of this lease
  - b) anything to be done, suffered or omitted in pursuance of it or
  - c) its construction or interpretation
  - d) the rental and/or CPI payable under this leaseshall be referred to mediation and the following provisions shall apply:

1. Such differences and/or disputes shall be defined by written notice from the party raising the issue to the other party and shall forthwith be discussed by the parties in good faith but on a without prejudice basis in an endeavour to resolve their differences amicably.
  2. If the discussions referred to above fail to resolve the relevant dispute or disputes, the parties shall submit the dispute or disputes for mediation by a single mediator to be agreed by the parties and, failing agreement, as appointed by the then President of the Waikato / Bay of Plenty District Law Society (or successor). The mediator will be deemed not to be acting as an expert or an arbitrator and will determine the procedure and timetable for mediation. The cost of mediation will be borne equally by the parties.
  3. The parties agree that neither party will institute Court proceedings to resolve any of the issues referred to in this clause until such time as those matters have been referred to mediation as provided in this clause and only in the event that mediation fails to achieve a resolution of the parties' dispute or disputes.
18. That any reference herein to any Act shall be deemed to include a reference to any other Act passed by way of amendment or in substitution thereof and shall also be deemed to include a reference to any regulations for the time being in force under any such Act.

#### 19. CPI Rent Review

19.1 The rental for the time being payable under this lease shall be determined annually commencing on the anniversary of the commencement of the lease for each subsequent year called the Rent Review Date in the following manner:

- (a) The lessor shall adjust the annual rent in line with the movement of the Consumer Price Index (All Groups) published by Statistics New Zealand or equivalent successor ("CPI") which for the avoidance of doubt may increase or decrease.
- (b) The new rental applicable from the Rent Review Date shall be calculated using the following formula:

$$A = B \times \frac{(C + D)}{100}$$

Where:

A= The reviewed rental

B= The Annual Rent payable immediately before the relevant Rent Review Date

C= CPI number for the quarter year ending immediately before the relevant Rent Review Date.

D= CPI number for the quarter year ended immediately before the preceding Rent Review Date.

- a) If the CPI is discontinued and not replaced, or if there is a material change to the basis of calculation of the CPI, or a resettling of the CPI, an appropriate index which reflects the change in the cost of living in New Zealand as agreed by the parties and failing agreement to be determined by an expert appointed by the president or vice president of the New Zealand Law Society will be used.
- b) If the relevant CPI is not published at the relevant CPI rent review date, as soon as the CPI is published an appropriate adjustment will be made to the rent (if necessary) with effect from the relevant CPI rent review date.

- c) Notwithstanding any other provision of this clause, the annual rent payable as from the relevant CPI rent review date shall not be less than the annual rent payable immediately preceding the CPI rent review date.

The new rent determined pursuant to the above clause shall be payable from the relevant CPI rent review date once it is determined by the lessor giving notice under that sub clause. Pending determination of the new rent, the lessee will pay the rent that applies prior to the CPI rent review date. On determination of the new rent, the lessee will immediately pay any shortfall to the lessor.

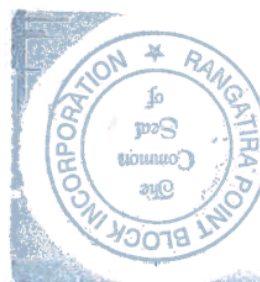
20 The lessee shall have the right of quiet enjoyment of the land.

I **Christeen Jane Mackenzie Deputy Director General Business Performance / Chief Financial Officer** HEREBY ACCEPT the lease of the above described land on behalf of the Minister of Conservation as tenant, and subject to the conditions, restrictions and covenants above set forth.

Dated this 3<sup>rd</sup> day of September 2015

The Common Seal of the Proprietors  
of Rangatira Point Block as Lessor was  
affixed in the presence of

*[Signature]*  
on behalf of  
M. Lomhai  
Michael Lomhai  
R. Ngamotu  
R. Ngamotu  
J. Management.



SIGNED by Christeen Jane Mackenzie  
Deputy Director General Business  
Performance/Chief Financial Officer pursuant to  
Written delegation dated 30 June 2015  
from the Director General of Conservation  
as Lessee in the presence of

*[Signature]*  
02/09/15

Joanne Hunaheo  
Wellington.  
Personal Assistant.



25 October 2015

To the Trustees of Rangitira Point Block Inc  
C/- DPA  
77 Titiraupenga Street,  
Taupo 3330  
PO Box 926, Taupo 3351

To the Trustees and Owners of Rangitira Point Block Inc,

On behalf of the Department of Conservation I would like to sincerely thank the trustees and owners of Rangitira Point Block Inc for continuing the relationship with the Department in respect of the Rangitira Point walking track.

For the past 30 years, the local community and visitors to Taupo District have enjoyed this lake edge walking track because of the partnership between Rangitira Point Block Inc and the Department of Conservation. The new lease agreement will allow the public to use and enjoy this lake edge track for a further 5 years.

Due to a number of cost pressures, the Department of Conservation is having to continuously review and make hard decisions about where it focuses its efforts and invests for conservation and recreation outcomes. This is the why the new lease for the Rangitira Point walking track is for a much shorter period than previously.

While Rangitira Point track is well used and valued by the local community, the Department of Conservation considers the long term future of the walking track is a discussion between the owners of Rangitira Point, the community, and potential new partners. While the Department is unlikely to invest in the Rangitira Point after 5 years, we would like to support these discussions when the time comes.

Once again, a sincere thank you for continuing your relationship with the Department and allowing public access to a part of your special place.

Nāku noa, nā

Natasha Hayward  
Partnership Manager – Taupo King Country

**Department of Conservation Te Papa Atawhai**  
Taupo Office  
PO Box 528, Taupo 3351,  
[www.doc.govt.nz](http://www.doc.govt.nz)





Approved by the Registrar General of Land, Wellington. No. AO38501

NEW ZEALAND

## MEMORANDUM OF LEASE

THE PROPRIETORS OF RANGATIRA POINT BLOCK, a body incorporated under Part IV of the Maori Affairs Amendment Act 1967 (hereinafter called "the lessor") being registered as the proprietor of an estate in fee simple, subject, however, to such encumbrances, liens, and interests as are notified by memorandum underwritten or endorsed hereon, in all that piece of land situated in the Taupo County, containing 113.1600 hectares more or less being Rangatira Point Block and being all of the land comprised and described in Certificate of Title, Volume 29C, folio 512 (South Auckland Land District) subject to the reservation of a public right of way in K.24595 (hereinafter called "the land") DOTH HEREBY LEASE to THE MINISTER OF LANDS for and on behalf of HER MAJESTY THE QUEEN (hereinafter called "the lessee") as a scenic reserve under the Reserves Act 1977 as a tenant for the space of 30 years from the 1st day of October 1983 at the yearly rental of \$36,000 for each of the first five years of the said term and thereafter for each successive period of five years at a rent to be calculated at the beginning of each such five yearly period on the basis of 6% of the current market value of the land as at the first day of each such five yearly "period" as fixed by the lessee at the lessee's expense such value being fixed in a similar manner and using the same criteria used in the valuation obtained by the lessee and annexed hereto whereby the initial rental of \$36,000 per annum was arrived at PROVIDED ALWAYS that for the purposes of such calculation there shall be deducted from the said current market value the value of all improvements made on or to the said land during the term hereof by the Lessee and subsisting at the date of valuation PROVIDED FURTHER THAT if the lessor does not agree with any such valuation so fixed by the lessee it may instruct a registered valuer to fix a valuation with a view to a rental being agreed to between the parties and failing agreement the provisions of clause 16 herein shall apply PROVIDED FURTHER THAT the yearly rental for any five yearly period shall not be less than the yearly rental for the previous five years, subject to the following covenants conditions and restrictions -

1. THE lessee will during the term of this lease pay the rent hereinbefore provided on the 1st day of October in each year of the term of the lease and will as and when the same shall become due and payable duly and punctually pay and discharge all rates taxes charges and assessments during the said term as may be rated tax levied charged and assessed or made payable in respect of the land.
2. THE lessee will not assign sublet or part with possession of the land or any part thereof for the whole or any part of the said term.
3. THE lessee shall consult with the lessor in the preparation of management plans or any amendments thereof pursuant to the Reserves Act 1977.
4. THE lessor shall not erect any buildings on the said land other than buildings essential to the proper management of a scenic reserve AND it is agreed that any building providing accommodation shall in this lease be deemed not essential for the proper management of a scenic reserve.
5. THE lessee will at all times during the said term repair and keep and maintain in good and substantial repair all buildings and other erections, fences gates culverts dams drains crossings fixtures now or hereafter standing on the land.
6. THAT the lessee will at her own cost and expense do all things necessary to comply with the provisions of the Agricultural Pests Destruction Act 1967 and to keep the land free and clear of rabbits and other agricultural pests and introduced animals and will indemnify the lessor and keep it safe harmless and indemnified against all contributions costs charges and expenses which the lessor may be called upon or compelled to pay under the said Act.

## SCHEDULE B

7. THAT the lessee will pay all costs and expenses incurred in the negotiations for preparation perusal stamping and completion of these presents and of any duplicate copy hereof and all costs and expenses incurred by the lessor in relation to any notice or any proceeding under the provisions of the Property Law Act 1952 relating to forfeiture and relief against forfeiture (notwithstanding that, and whatever the means by which, such forfeiture may be avoided).
8. THE lessee will to the best of its ability ensure that any identified Maori burial grounds are not disturbed and the provisions of section 19(2)(d) of the Reserves Act 1977 shall apply.
9. THAT the lessee will keep any native bush growing upon the land in good order and condition and will not without the prior written consent of the lessor cut down damage or destroy or permit to be cut down damaged or destroyed any of the said native bush and will use all proper and reasonable means to preserve and enhance the same (including planting) and will not remove nor permit to be removed from the land any timber.
10. THE lessee will not call upon or compel the lessor to contribute to the cost of erecting repairing or maintaining any boundary fence which may now or hereafter be erected between the land any land adjacent thereto of which the lessor is at law or in equity the owner PROVIDED ALWAYS that this covenant shall not enure for the benefit of any purchaser or lessee from the lessor of such adjacent lands so as to deprive the lessee of any rights which the lessee would have (but for this covenant) against the occupier (other than the lessor) of any such adjacent land.
11. THAT in lighting fires upon the land the lessee will in all respects comply with the provisions of the Forest and Rural Fires Act 1977 and will use every care and precaution to prevent fires from spreading to adjoining properties and will indemnify the lessor and keep it safe harmless and indemnified against all claims for damages caused by any fire lit by the lessee or the agents servants invitees and licensees of the lessee and so spreading aforesaid and against all contributions costs charges and expenses which the lessor may be compelled to pay pursuant to the provisions of the said Act or otherwise howsoever.
12. THAT the lessor may at all reasonable times during the continuance of the said term enter upon the land either personally or by an agent officer or servant for the purpose of viewing the state and condition thereof and of the buildings and erections thereon.
13. THAT if the lessee shall at any time make default in the observance or performance of any one or more of the obligations on the part of the lessee herein expressed or implied it shall be lawful for the lessor (without prejudice to any right of re-entry or other right) to observe or perform any such obligation on behalf of the lessee (and if necessary for so doing to enter upon the land) and all moneys paid and expenses incurred in so doing and also costs incurred by the lessors in connection therewith shall be forthwith repaid to the lessor by the lessee together with interest thereon at the rate of ten dollars per centum per annum and shall be recoverable as if the same were rent hereby reserved and in arrears and it shall be lawful for the lessor or the agent officer or servant of the lessor at all times for the purposes aforesaid and for the purpose of viewing the land to enter upon the land with such workmen and other persons as the lessor or the agent officer or servant of the lessor shall think fit and to remain there for such time as in the circumstances shall be reasonable and proper.
14. THAT the covenants powers and conditions implied in leases by the Property Law Act 1952 shall be implied herein except insofar as the same are hereby modified or negatived.

14.7 on the determination (whether by breach effluxion of time or howsoever) of this lease no compensation shall be payable to the lessee by the lessor in respect of any improvements affected by the lessee upon the land during the said term. PROVIDED HOWEVER that on such determination the lessee shall have the right to remove from the land at her own cost any buildings erected by her on the land during the said term.

16. ALL differences and disputes between the lessor and lessee touching or concerning:
- (a) the subject matter of this lease
  - (b) anything to be done suffered or omitted in pursuance of it or
  - (c) its construction or interpretation
  - (d) the rental payable under this lease (other than for the first five years of the term)
- shall be referred to arbitration in accordance with the Arbitration Act 1908. ✓
17. THAT any reference herein to any Act shall be deemed to include a reference to any other Act passed by way of amendment or in substitution therefore and shall also be deemed to include a reference to any Regulations for the time being in force under any such Act.
18. THE lessee shall bear all costs relating to the five yearly reviews of rental provided for in this lease PROVIDED HOWEVER that the lessor shall bear all costs of obtaining its own valuation for the purposes of negotiation of such reviews of rental.
19. THE lessee shall have the right of quiet enjoyment of the land and shall control and manage the land as a scenic reserve in accordance with the provisions of the Reserves Act 1977.

I COLIN STEWART CHRISTIE Commissioner of Crown Lands for the South Auckland Land District HEREBY ACCEPT the lease of the above described land on behalf of the Minister of Lands to be held by HER MAJESTY THE QUEEN as tenant, and subject to the conditions, restrictions and covenants above set forth.

DATED this 1<sup>st</sup> day of October 1983

( Common Seal of THE PROPRIETORS )  
 RANGATIRA POINT BLOCK as lessor )  
 was affixed in the presence of )

*St. Chase*  
*P. D. Seton* Chairman  
*L. H. Walker* Secretary  
*M. J. Lough* Committee Member

SIGNED by COLIN STEWART CHRISTIE )  
 Commissioner of Crown Lands for the )  
 South Auckland Land District for )  
 and on behalf of the Minister of )  
 of Lands in the presence of )

*[Signature]*

CRITERIA AS USED IN THE VALUATION

referred to in the within lease

Area valued as a block as follows:

19.9 hectares, between road and lake site: \$60,000 plus \$15,000 per hectare	\$ 358,500
14.6 hectares, between road and escarpment site: \$40,000 plus \$10,000 per hectare	186,000
12.0 hectares, escarpment	2,000
13.5 hectares, Waikato Valley Authority retirement proposal	500
53.0 hectares, terrace top, \$1,000 per hectare	53,000
<hr/> 113 hectares	<hr/> \$ 600,000

GROUND COVER/VEGETATION (at commencement of lease)

Between the road and the lake, cover is second growth bush. Inland from the road approximately half the area is in broom - regrowth following a fire. The balance of the area is in second growth bush.

A H MATTHEWS Dip.Ag., VPR.RV  
Senior Field Officer  
Department of Lands & Survey  
ROTORUA



Correct for the purposes of the Land Transfer Act

Solicitor for the Lessee

**MEMORANDUM OF LEASE**

Particulars entered in the Register at the date and at the time recorded below.

*Assistant Land Registrar  
of the District of South Auckland*

HINGSTON & CHADWICK  
SOLICITORS  
ROTORUA, N.Z.



THE CAXTON PRESS, CHRISTCHURCH

*John O'Connell*  
District Land Registrar  
Hamilton, N.Z.  
29/8/12  
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Land and Deeds 73

No. 29C, 512

# CERTIFICATE OF TITLE UNDER LAND TRANSFER ACT

Certificate dated the 21st day of April one thousand nine hundred and eighty three  
the seal of the District Land Registrar of the Land Registration District of SOUTH AUCKLAND being a Certificate in lieu  
ant, WITNESSETH that THE PROPRIETORS OF RANGATIRA POINT BLOCK

sed of an estate in fee-simple (subject to such reservations, restrictions, encumbrances, liens, and interests as are notified by  
rials underwritten or endorsed hereon) in the land hereinafter described, delineated with bold black lines on the plan hereon,  
e several admeasurements a little more or less, which said land was originally acquired by TIMI POPOKI m. a. and 158  
:re

on the 24th day of September one thousand <sup>eight</sup> hundred and eighty seven  
r The Native Land Amendment Act 1885  
s to say: All that parcel of land containing 113.1600 HECTARES more or less being Rangatira Point Block



*Mbamea*  
ASSISTANT LAND REGISTRAR

36 Mortgage (Covenanted) Adams  
duced 20.7.1909 at 30 s/c

71380

DISCHARGED  
23/10/1913

A.L.R.

45. Subject to the reservation of a  
lic right of way over a strip of land  
and the margin of Lake Taupo  
Section 11 Maori Purposes Act 1974

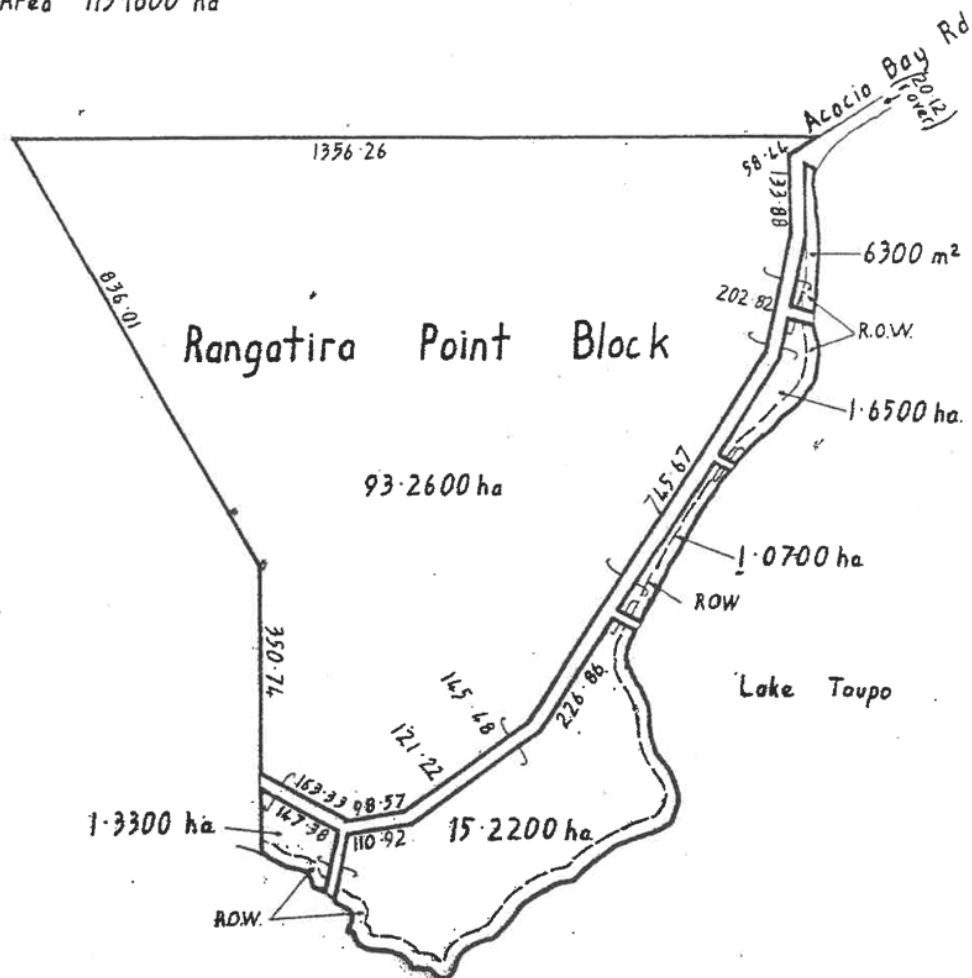
*Mbamea*  
A.L.R.

91887 Lease to Her Majesty the Queen  
the space of 30 years from 1.10.1983  
being covenant) produced 14.10.1983 at  
31 s/c

*Adams*  
for A.L.R.

# Blk. V Tauhara S.D.

Total Area 113.1600 ha



ML 21392



DH

HQ ~~7/6/77~~ RES 5/1/14/9  
DO 13/204/37

Minister of Lands

**APPROVAL TO LEASE LAND FOR RESERVE AND APPLICATION  
FOR FINANCIAL AUTHORITY**

**PROPOSAL**

To lease 113.16 hectares of Maori land as a reserve for a term of 30 years and to pay a commercial rental subject to 5 yearly reviews of rental.

**LAND**

Rangatira Point Block, Lake Taupo.

**BACKGROUND**

As early as 1967 proposals were being considered by various organisations for the utilisation of this and the adjoining Maori owned block. A meeting of the Taupo Basin Co-ordinating Committee Working Committee on 7 February 1969 identified the land as a reserve requirement.

Essentially since that time the Department has been endeavouring to achieve protection of this land although negotiations did not begin in earnest until 1974. In 1974 a Royal Commission was appointed to Inquire into and report upon the Future use of this and the adjoining block. The then Assistant Director-General (N S Coad) gave evidence to the Commission and stressed the desirability of acquiring at least the designated (for reserve) portions of the Rangatira Point Block.

The eventual findings of the Commission in regard to the reserve needs were emphatic that the owners should not be expected to unreasonably bear the cost of providing reserves for the nation. In fact it was questioned whether the "willing seller and willing buyer" basis of settlement would be proper compensation in view of the national (and local) importance of the area, "of which importance there was abundant evidence before the Commission." (sic)

Initially the method of acquisition favoured by the Department was an exchange of land using the Taupo peri-urban Crown land. The negotiations were on the basis of acquiring only those parts of the block which had been designated. A valuation of these areas was obtained in 1981 and totalled \$218,000. An exchange was proposed to the owners who to quote the notes taken at the time "scoffed at the figure and mention was made that \$4 million was nearer worth. Mention was made that Arab country connections would readily pay this."

As this attitude represented a complete stalemate nothing further occurred until the owners asked for a meeting in early 1982. This was the first occasion on which the question of leasing arose. Investigation then began into the possibilities of this option. In the meantime, the owners sought an uplifting of the reserve designation to enable conversion of the bulk of the block to pines.

In a compromise decision the Taupo County Council agreed that parts of the block could be planted (including some areas of designated land) but that the designation for reserve would not be uplifted. In effect the decision allowed a "specified departure" from the designation.

By this decision the owners have the right to commercially develop a significant part of the block and consequently the ability to lease such for commercial use and rental.

#### GENERAL SITUATION

Faced with the situation of approved commercial development the Department obtained valuations of (a) the whole block, and (b) specified parts.

On the basis of the valuations a conditional offer was made to the trustee for the owners. One option in this offer has been accepted in principle the trustees and will be recommended to the assembled owners on 28 May

#### DETAILS OF OFFER

Valuations by Senior Field Officer Matthews were obtained. The owner agreed to the Department using its own valuers in the interests of saving. Recent experience in using Valuation Department for such work shown unreasonable delays - 18 months in one case.

The values received were as at 4 February 1983:

		CV
113 ha (as a block)		\$600,000
113 ha (subdivided into 2/20 ha and 1/73 ha units)		\$747,000
113 ha (subdivided into land sanctioned for planting and not so sanctioned - refer plan ex Taupo County)		
(not sanctioned)	Area 2	\$458,000
	Area 5	\$ 24,000
		\$482,000
sanctioned	Area 3	\$186
	Area 4	\$ 1'
(VVA retirement)	Area 6	\$
		\$
	Total Value	

The valuer, commenting on the leasing option, said "In the likely to get a response at 7.5% of CV".

The offer made to the owners was:

- 1 6% of the "as a block" value of \$600,000 = \$36,000 per annum.
- 2 6% of the per hectare "as a block" value (ie \$600,000 for 113 ha = \$5,310 p/ha) reduced to the non sanctioned planting areas 67.1 ha a CV of \$356,301 and rental of \$21,378 pa.

The lack of approvals to this offer was stressed and a preference stated for option 1. The preference was stated in the knowledge that the owners do not want to subdivide and thereby lose land along the lake edge as esplanade reserve.

As mentioned earlier the trustees have accepted option 1 in principle.

#### **RATIONALE BEHIND OFFER**

The owners do not wish to quit title by sale or exchange.

The exchange option would be difficult anyway because the Land Settlement Board does not wish to lose any further Taupo peri-urban land to reserve exchanges.

The owners suggested a lease for 10-20 years and have now tentatively agreed to a 30 year lease.

The owners will get a commercial rental from a forestry concern and rightly expect the Crown to at least match such potential return.

The Forest Service advised that in such forestry leases the least it pays is 6% of CV.

The values used in the offer are the lowest in the range provided.

A successful negotiation here could herald the ability to successfully complete the Taupo Reserves Scheme.

The offer was made in the knowledge that at least in theory the Department has the ability to generate equivalent income to pay such rentals by leasing Crown land blocks currently held for reserve exchange. This matter is the subject of a separate approach to the Director-General and the Land Settlement Board (your files 22/1840, 36/2535, 36/2732, SET 3R/2/16A, RES 3/8/1/1/4, 22/697, SET 3R/2/32).

#### **COMMISSIONER'S COMMENTS**

I reiterate the preceding section and add that to have reached this stage in the Rangatira Point negotiations is in itself a major breakthrough. Successful completion could point the way to completing the 20 year old Taupo Reserves Scheme.

Comments made recently in support of the Essential Work declaration stress the alternative methods of completing the scheme and this is the first step along that path.

I do not dispute this is an expensive deal but as I have recommended earlier it can be achieved without added Government financing. Also the owners get equivalent returns from forestry concerns and the reserve values will be unreasonably compromised if the Crown does not conclude the deals.

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Res  
AHL

I equally believe that if the Crown is going to keep faith with the various owners and the supporters of the reserves scheme it must be prepared to offer the market rate either in purchase, exchange or lease deals. As the first two options become increasingly less available the costs of leasing must be accepted.

#### APPLICATION FOR FINANCE

To conclude the current negotiations without unreasonable delay a financial authority to pay a rental payment during the 1983/84 financial year is sought. Provided the leasing proposition of Crown land blocks proceeds there would be no need for future calls on Vote funds.

#### FINANCIAL PROVISION

Provision for the payment of the first year's rental has been budgeted for in this year's Reserves Acquisition Vote (yet to be approved). Provision in subsequent years is dependent of the outcome of the leasing proposals already mentioned.

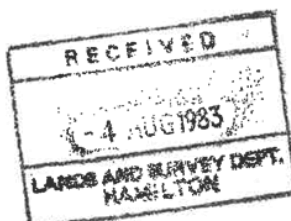
#### PLANS

Copy ML 21392, Taupo County Council Plan of planting proposals, locality plans.

#### RECOMMENDATION

That you approve:

- 1 Pursuant to Section 12, Reserves Act 1977 the leasing for scenic reserve of the Rangatira Point Block for a term of 30 years at an initial annual rental of \$36,000 subject to 5 yearly reviews of rental.
- 2 Financial authority of \$36,000 from the 1983/84 Reserves Trust Account.



Director-General  
83 1587

APPROVED

ON 1. 3. 83 BY  
MINISTER OF LANDS

H.O. Res 3/5/14/9 D.O. 13/204/37  
The Commissioner of Crown Lands

HAMILTON

For your information and action MA 83/1527 \$36,000  
from the Reserves Trust Account. We would like to see the  
draft lease D.B. Dwyer  
before you sign For Director-General  
the final document. 3/8/83  
This should also be sent for 3/8/83

1.97  
19.9.83



Taupo District Council



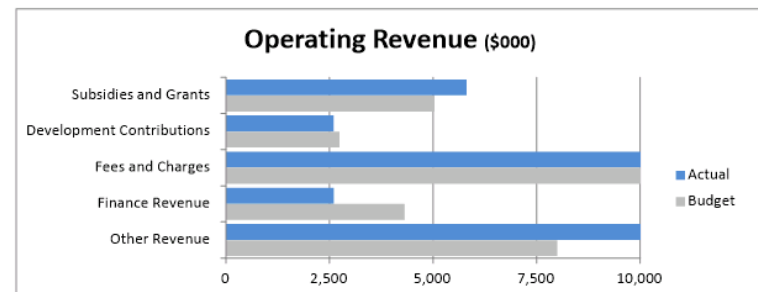
Taupo District Council



**Taupo District Council**  
**Statement of Comprehensive Revenue and Expense**  
For the period ending 30 June 2020

\$000	Year to Date			
	Actual	Budget	Variance	Variance %
<b>Revenue</b>				
Rates	70,336	69,801	535	1%
Subsidies and Grants	5,811	5,033	778	15%
Development Contributions	2,597	2,743	(146)	-5%
Fees and Charges	10,836	10,913	(78)	-1%
Finance Revenue	2,606	4,317	(1,711)	-40%
Other Revenue	10,987	8,003	2,984	37%
<b>Total Revenue</b>	<b>103,172</b>	<b>100,811</b>	<b>2,361</b>	<b>2%</b>
<b>Operating Expenditure</b>				
Personnel Costs	23,830	22,303	(1,527)	-7%
Depreciation	22,202	24,242	2,041	8%
Finance Costs	8,152	8,078	(74)	-1%
Other Expenses	38,891	36,633	(2,258)	-6%
<b>Total Operating Expenditure</b>	<b>93,075</b>	<b>91,257</b>	<b>(1,818)</b>	<b>-2%</b>
<b>Net Surplus/Deficit</b>	<b>10,098</b>	<b>9,554</b>	<b>544</b>	

<b>Group of Activities</b>				
Water	1,003	1,326	(322)	
Community Services	(227)	(350)	123	
Transport	(40)	2,125	(2,164)	
Community Facilities	680	972	(292)	
Solid Waste	(203)	0	(203)	
Stormwater	634	902	(268)	
Wastewater	1,660	1,678	(18)	
Economic Development	(67)	(0)	(67)	
Democracy and Planning	(147)	(511)	364	
Investments	6,806	3,412	3,394	
<b>Net Surplus/Deficit</b>	<b>10,098</b>	<b>9,554</b>	<b>544</b>	



**Explanation of variances to budget**

The Budget comparison for this report is based on the Approved Annual Plan plus any Council approved budgets subsequent to 30 June 2019.

<b>2019/20 LTP budgeted surplus</b>	<b>9,964</b>
Echo Cardiogram Donation TDC201907/10	(30)
Leaky home litigation TDC201907/C03	(30)
Business Continuity Programme TDC201908/05	(14)
Leaky Home Repair TDC201911/C03	(200)
Turangi-Tongariro By Election TDC201911/07	(16)
Environment court appeal TDC202001/C03	(120)
<b>Adjusted budgeted surplus</b>	<b>9,554</b>

• Full year surplus is \$544k ahead of adjusted annual plan.

• Subsidies and grants are ahead of plan due unbudgeted subsidy for redevelopment of the Taupo airport of \$1,000k

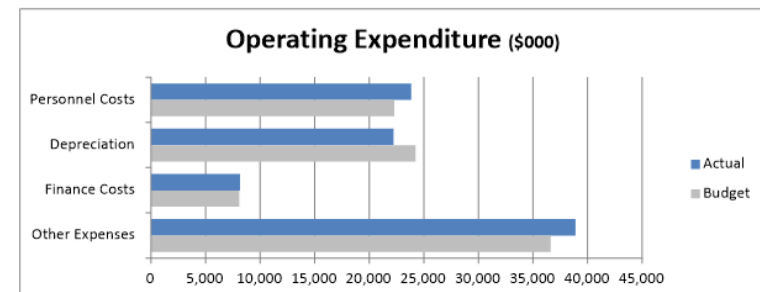
• Finance revenue has been significantly impacted by COVID-19. Interest rates are at historic lows and, our share portfolio has been impacted realising a loss for the year of \$565k. Furthermore, falling log prices have resulted in a revaluation loss on our investment forests of \$155k, \$797k less than annual plan.

• The favourable variance in other revenue is the net of a positive investment property revaluation of \$4,541 and, vested assets being \$1,638 less than plan.

• The negative variance in personnel costs is mainly a due to us not capitalising staff costs as expected, leave not being taken due to the COVID-19 lockdown and, building and resource consent costs due to higher activity earlier in the year.

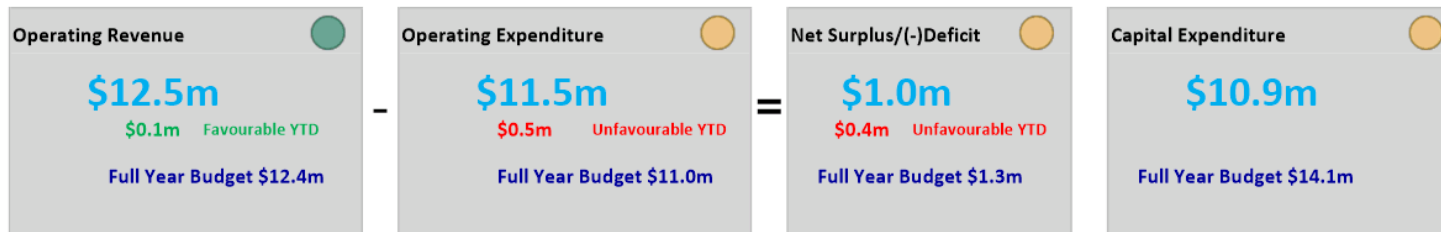
• The favourable variance in depreciation is the result of the buildings revaluation as at 30 June 2019 being lower than forecast.

• Other expenses are in excess of budget due to assets written off of \$2,531 and impaired assets of \$951.





## Water

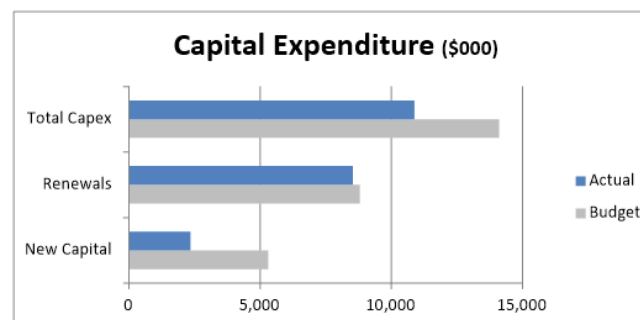
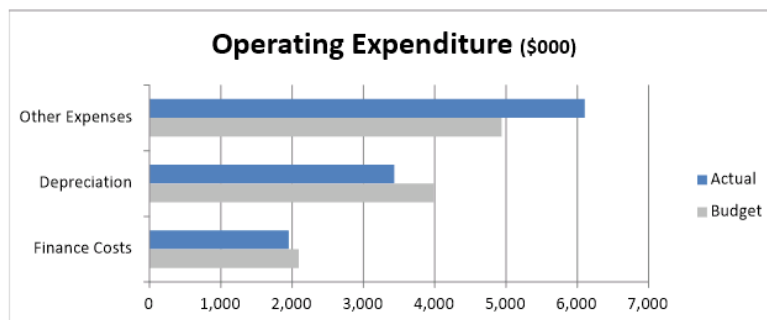


### Cost of Service Statement For the period ending 30 June 2020

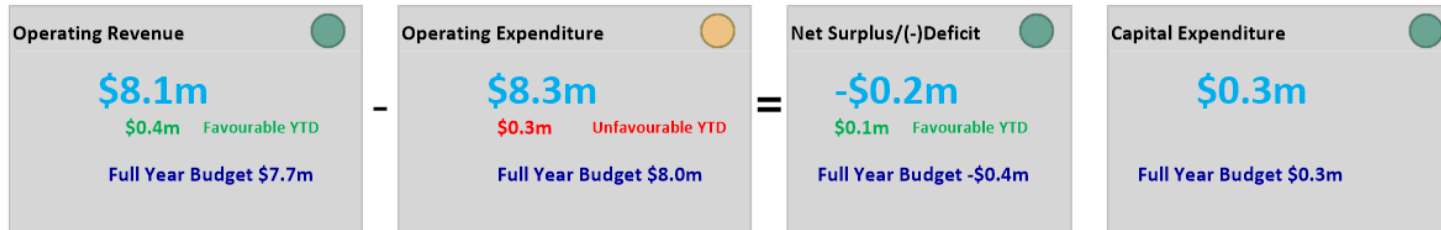
Full Year				
\$000	Actual	Budget	Variance	YTD Variance %
<b>Revenue</b>				
Rates	10,880	10,916	(36)	0%
Subsidies and Grants	0	0	0	0%
Development Contributions	400	733	(334)	-46%
Fees and Charges	29	111	(82)	-74%
Finance Revenue	0	0	0	0%
Other Revenue	1,185	592	593	100%
<b>Total Revenue</b>	<b>12,494</b>	<b>12,352</b>	<b>142</b>	<b>1%</b>
<b>Operating Expenditure</b>				
Other Expenses	6,105	4,939	(1,166)	-24%
Depreciation	3,435	3,991	557	14%
Finance Costs	1,951	2,096	145	7%
<b>Total Operating Expenditure</b>	<b>11,491</b>	<b>11,027</b>	<b>(464)</b>	<b>-4%</b>
<b>Net Surplus/Deficit</b>	<b>1,003</b>	<b>1,326</b>	<b>(322)</b>	

#### Explanation of variances to budget

- Development Contribution variance is due to timing of subdivisions. Income occurred in the 18/19 financial year.
- Other revenue is in excess of budget due to assets vested in council \$593k more than expected.
- Other expenses are in excess of budget due to assets written off of \$1,282k.
- The positive variance in depreciation is the result of the buildings revaluation as at 30 June 2019.



## Community Services

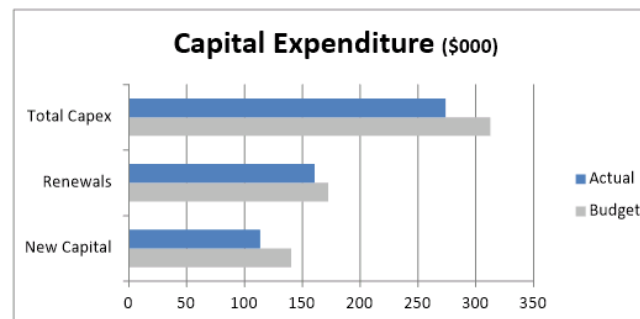
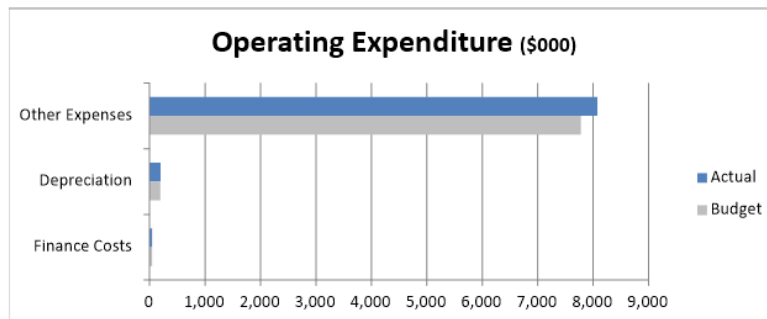


### Cost of Service Statement For the period ending 30 June 2020

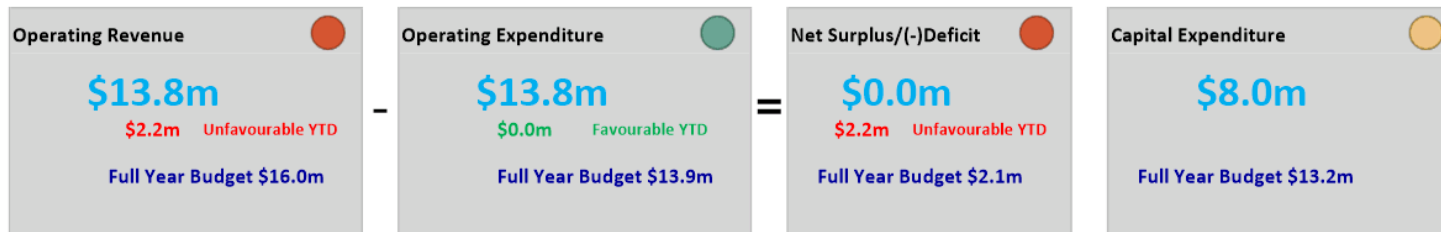
\$000	Full Year			
	Actual	Budget	Variance	YTD Variance %
<b>Revenue</b>				
Rates	4,524	4,509	15	0%
Subsidies and Grants	18	0	18	0%
Development Contributions	0	0	0	0%
Fees and Charges	3,067	2,731	336	12%
Finance Revenue	0	0	0	0%
Other Revenue	483	428	55	13%
<b>Total Revenue</b>	<b>8,092</b>	<b>7,667</b>	<b>425</b>	<b>6%</b>
<b>Operating Expenditure</b>				
Other Expenses	8,077	7,780	(298)	-4%
Depreciation	195	191	(4)	-2%
Finance Costs	47	46	(0)	-1%
<b>Total Operating Expenditure</b>	<b>8,319</b>	<b>8,017</b>	<b>(302)</b>	<b>-4%</b>
<b>Net Surplus/Deficit</b>	<b>(227)</b>	<b>(350)</b>	<b>123</b>	

#### Explanation of variances to budget

- Fees and charges are ahead of budget as a result of increased building consent activity and some recoveries resulting from the COVID-19 response.
- Other expenses are higher than budget as a result of increased building consent activity, and the COVID-19 response.



## Transport

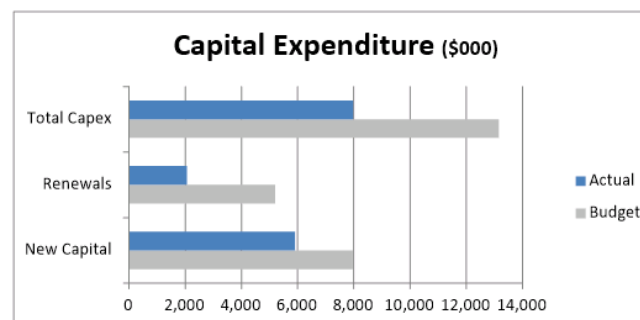
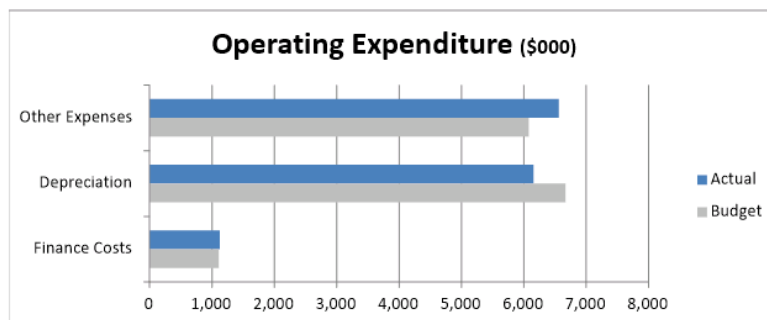


### Cost of Service Statement For the period ending 30 June 2020

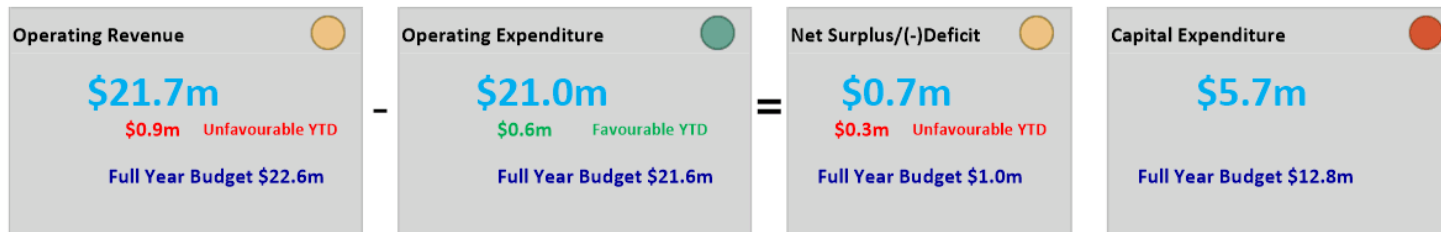
\$000	Full Year			
	Actual	Budget	Variance	YTD Variance %
<b>Revenue</b>				
Rates	6,945	6,945	0	0%
Subsidies and Grants	3,967	4,752	(785)	-17%
Development Contributions	720	685	35	5%
Fees and Charges	73	140	(67)	-48%
Finance Revenue	0	0	0	0%
Other Revenue	2,098	3,461	(1,364)	-39%
<b>Total Revenue</b>	<b>13,802</b>	<b>15,983</b>	<b>(2,181)</b>	<b>-14%</b>
<b>Operating Expenditure</b>				
Other Expenses	6,559	6,077	(481)	-8%
Depreciation	6,156	6,670	514	8%
Finance Costs	1,127	1,111	(16)	-1%
<b>Total Operating Expenditure</b>	<b>13,842</b>	<b>13,858</b>	<b>17</b>	<b>0%</b>
<b>Net Surplus/Deficit</b>	<b>(40)</b>	<b>2,125</b>	<b>(2,164)</b>	

#### Explanation of variances to budget

- Transit subsidy is lagging due to the impact of the COVID-19 lockdown with some subsidised programmes being delayed until next year.
- Other Revenue is below plan due to vested assets being \$1,506 lower than expected.
- Other expenses are above plan due to loss on disposal of assets of \$680k.
- Depreciation is below plan due to an error being found in the plan calculations. This has been corrected in the actuals.



## Community Facilities

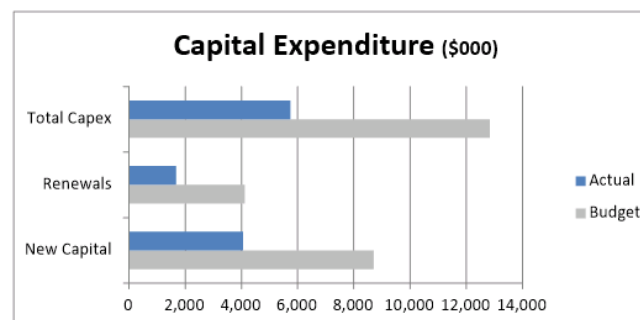
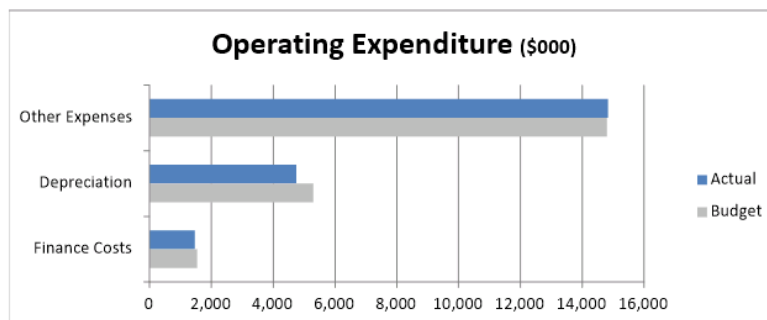


### Cost of Service Statement For the period ending 30 June 2020

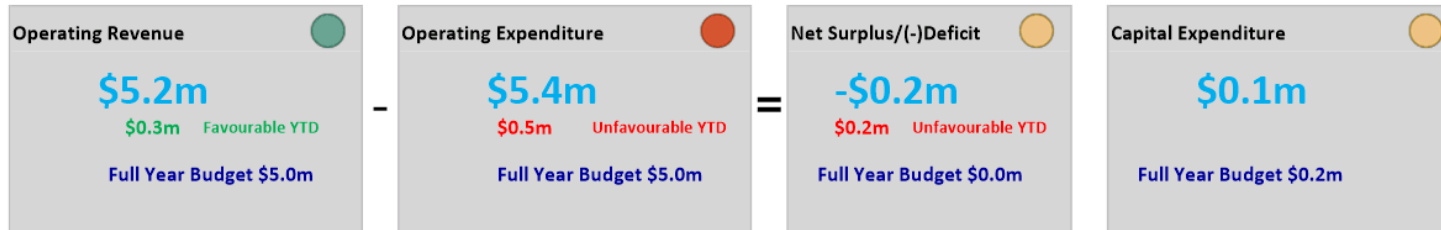
Full Year				
\$000	Actual	Budget	Variance	YTD Variance %
<b>Revenue</b>				
Rates	18,155	18,155	(0)	0%
Subsidies and Grants	692	152	541	357%
Development Contributions	147	314	(167)	-53%
Fees and Charges	2,483	3,207	(724)	-23%
Finance Revenue	0	0	0	0%
Other Revenue	250	778	(528)	-68%
<b>Total Revenue</b>	<b>21,727</b>	<b>22,605</b>	<b>(878)</b>	<b>-4%</b>
<b>Operating Expenditure</b>				
Other Expenses	14,839	14,802	(37)	0%
Depreciation	4,741	5,297	556	10%
Finance Costs	1,467	1,533	66	4%
<b>Total Operating Expenditure</b>	<b>21,047</b>	<b>21,633</b>	<b>586</b>	<b>3%</b>
<b>Net Surplus/Deficit</b>	<b>680</b>	<b>972</b>	<b>(292)</b>	

#### Explanation of variances to budget

- Subsidies and grants are ahead of budget due to grants received that were not budgeted. Responsible camping and Great Lake Walkway.
- Development Contribution variance is due to timing of subdivisions. Income occurred in the 18/19 financial year.
- Fees and charges have been significantly impacted by the closure of community facilities during the COVID-19 lockdown.
- Other revenue is below of plan due to vested assets \$596k in less than expectations.
- The favourable variance in depreciation is the result of the buildings revaluation as at 30 June 2019.



## Solid Waste

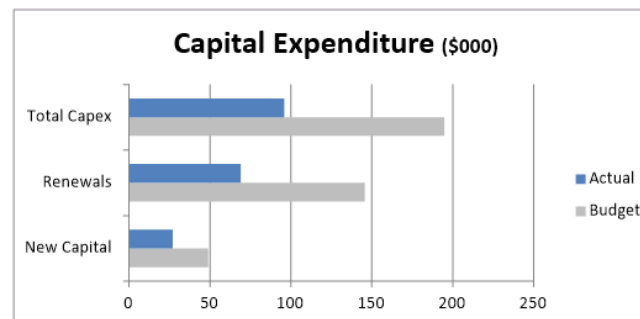
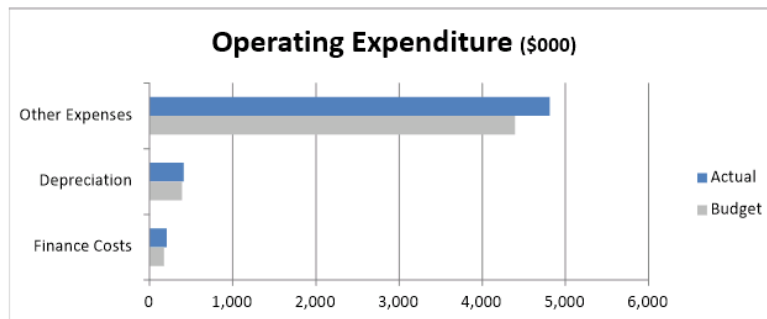


### Cost of Service Statement For the period ending 30 June 2020

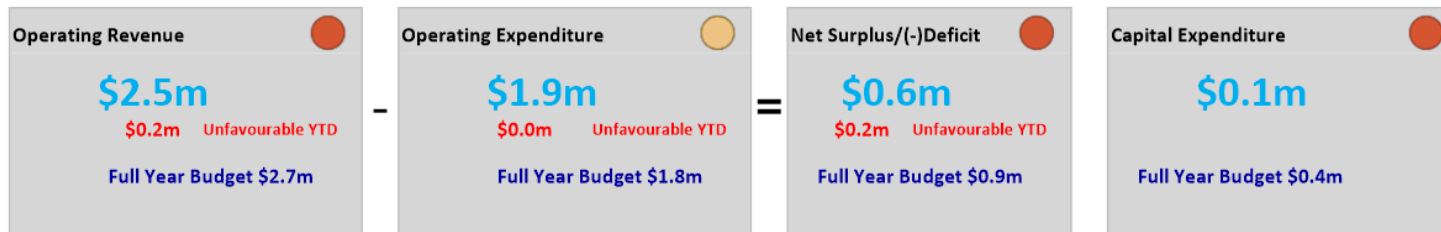
\$000	Full Year			
	Actual	Budget	Variance	YTD Variance %
<b>Revenue</b>				
Rates	1,862	1,855	7	0%
Subsidies and Grants	134	130	4	3%
Development Contributions	0	0	0	0%
Fees and Charges	3,202	2,976	226	8%
Finance Revenue	0	0	0	0%
Other Revenue	33	0	33	0%
<b>Total Revenue</b>	<b>5,230</b>	<b>4,960</b>	<b>270</b>	<b>5%</b>
<b>Operating Expenditure</b>				
Other Expenses	4,812	4,397	(415)	-9%
Depreciation	412	391	(21)	-5%
Finance Costs	209	173	(36)	-21%
<b>Total Operating Expenditure</b>	<b>5,433</b>	<b>4,960</b>	<b>(473)</b>	<b>-10%</b>
<b>Net Surplus/Deficit</b>	<b>(203)</b>	<b>0</b>	<b>(203)</b>	

#### Explanation of variances to budget

- Fees and charges are ahead of budget as a result of increased activity.
- Other expenses are ahead of budget as a result of increased activity and an increase in the cost of carbon credits that was implemented by central government. The cost of carbon credits was increased from \$25 to \$35 per tonne.



## Stormwater

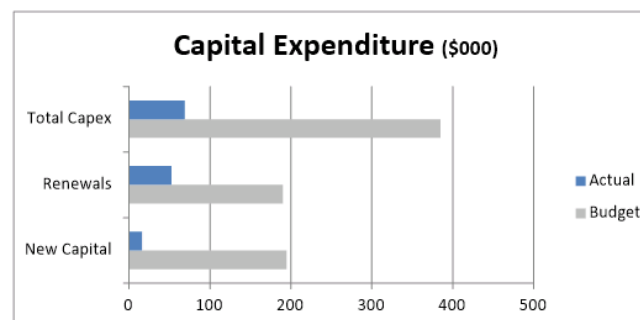
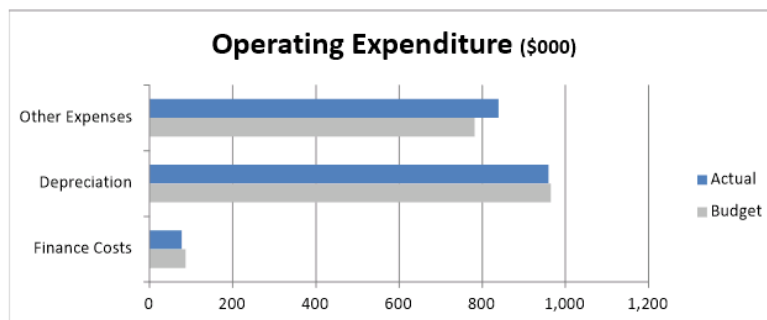


### Cost of Service Statement For the period ending 30 June 2020

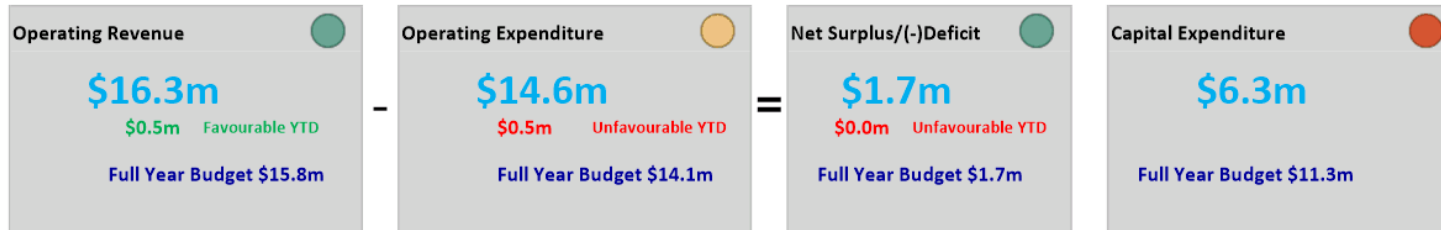
	Full Year			
	Actual	Budget	Variance	YTD Variance %
<b>\$000</b>				
<b>Revenue</b>				
Rates	1,833	1,833	0	0%
Subsidies and Grants	0	0	0	0%
Development Contributions	14	0	14	0%
Fees and Charges	0	0	0	0%
Finance Revenue	0	0	0	0%
Other Revenue	664	902	(237)	-26%
<b>Total Revenue</b>	<b>2,511</b>	<b>2,734</b>	<b>(224)</b>	<b>-8%</b>
<b>Operating Expenditure</b>				
Other Expenses	840	782	(58)	-7%
Depreciation	960	965	5	1%
Finance Costs	77	86	9	11%
<b>Total Operating Expenditure</b>	<b>1,876</b>	<b>1,833</b>	<b>(44)</b>	<b>-2%</b>
<b>Net Surplus/Deficit</b>	<b>634</b>	<b>902</b>	<b>(268)</b>	

#### Explanation of variances to budget

- The negative variance in other revenue is a result of vested assets being below plan.



## Wastewater

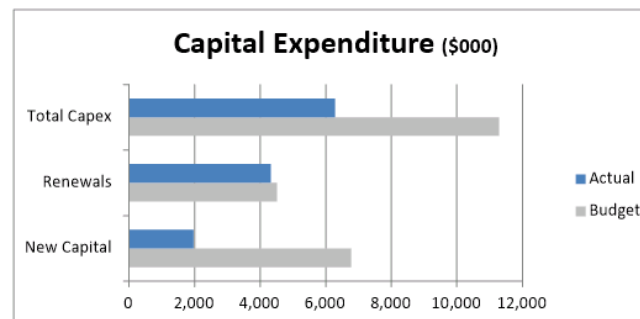
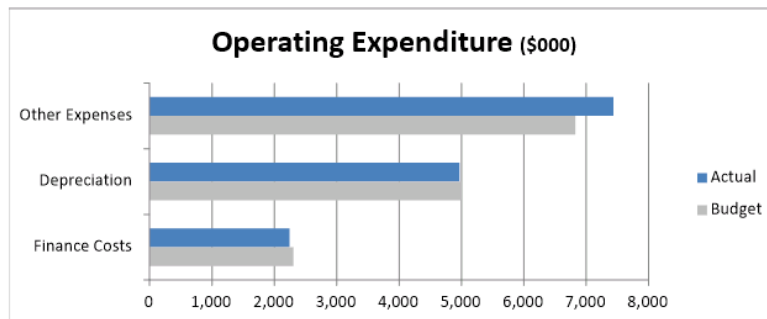


### Cost of Service Statement For the period ending 30 June 2020

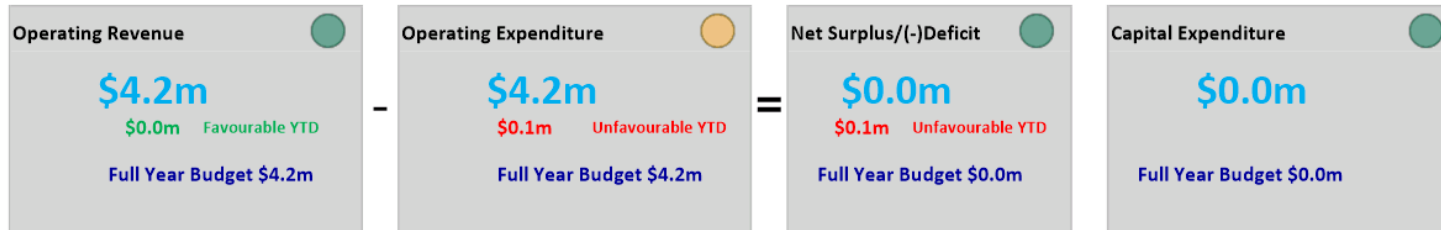
	Full Year			
\$000	Actual	Budget	Variance	YTD Variance %
<b>Revenue</b>				
Rates	13,397	13,334	63	0%
Subsidies and Grants	0	0	0	0%
Development Contributions	1,317	1,011	306	30%
Fees and Charges	693	740	(47)	-6%
Finance Revenue	0	0	0	0%
Other Revenue	903	718	185	26%
<b>Total Revenue</b>	<b>16,310</b>	<b>15,802</b>	<b>508</b>	<b>3%</b>
<b>Operating Expenditure</b>				
Other Expenses	7,438	6,827	(611)	-9%
Depreciation	4,969	4,990	21	0%
Finance Costs	2,243	2,307	64	3%
<b>Total Operating Expenditure</b>	<b>14,650</b>	<b>14,124</b>	<b>(526)</b>	<b>-4%</b>
<b>Net Surplus/Deficit</b>	<b>1,660</b>	<b>1,678</b>	<b>(18)</b>	

#### Explanation of variances to budget

- Development Contribution variance is a timing difference with subdivisions occurring sooner than expected.
- Other revenue is above plan due to vested being \$181k above expectations.
- Other expenses are in excess of plan due payroll capitalisation below plan by \$208k (COVID-19) and loss on disposal of assets of \$259k.



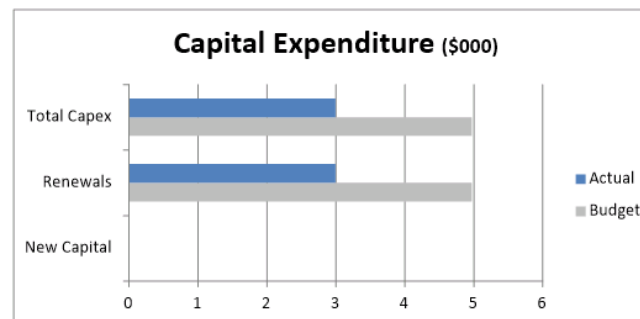
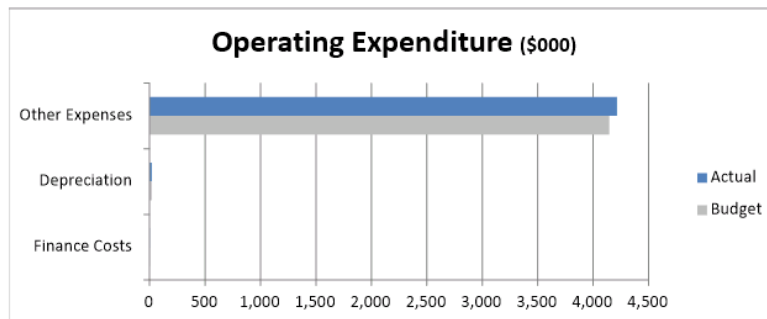
## Economic Development



### Cost of Service Statement For the period ending 30 June 2020

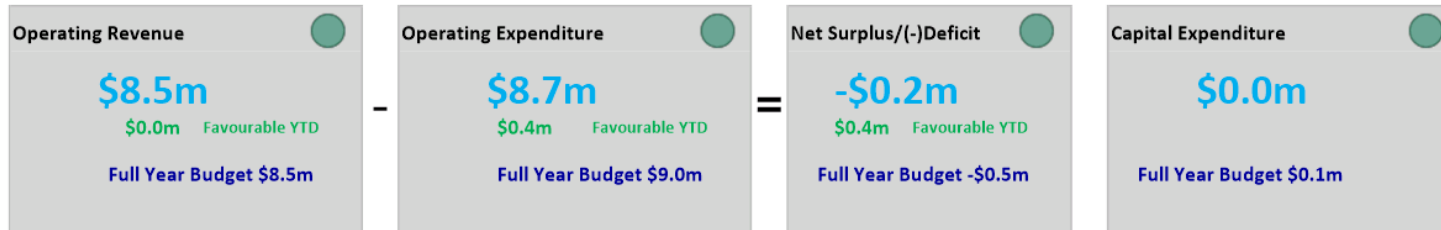
\$000	Full Year			
	Actual	Budget	Variance	YTD Variance %
<b>Revenue</b>				
Rates	4,166	4,166	0	0%
Subsidies and Grants	0	0	0	0%
Development Contributions	0	0	0	0%
Fees and Charges	4	0	4	0%
Finance Revenue	0	0	0	0%
Other Revenue	0	0	0	0%
<b>Total Revenue</b>	<b>4,170</b>	<b>4,166</b>	<b>5</b>	<b>0%</b>
<b>Operating Expenditure</b>				
Other Expenses	4,217	4,145	(71)	-2%
Depreciation	18	18	(0)	-2%
Finance Costs	2	3	0	2%
<b>Total Operating Expenditure</b>	<b>4,237</b>	<b>4,166</b>	<b>(72)</b>	<b>-2%</b>
<b>Net Surplus/Deficit</b>	<b>(67)</b>	<b>(0)</b>	<b>(67)</b>	

### Explanation of variances to budget





## Democracy and Planning

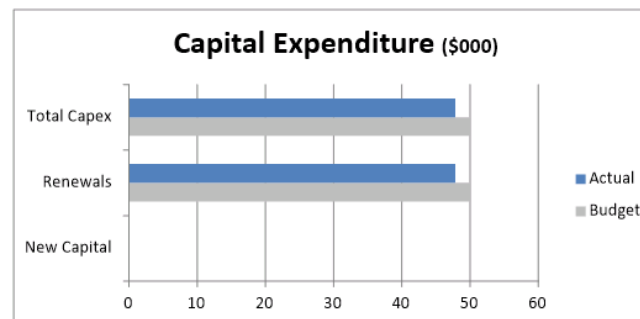
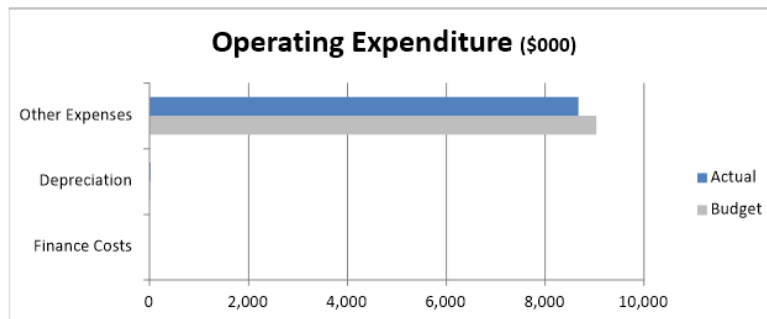


### Cost of Service Statement For the period ending 30 June 2020

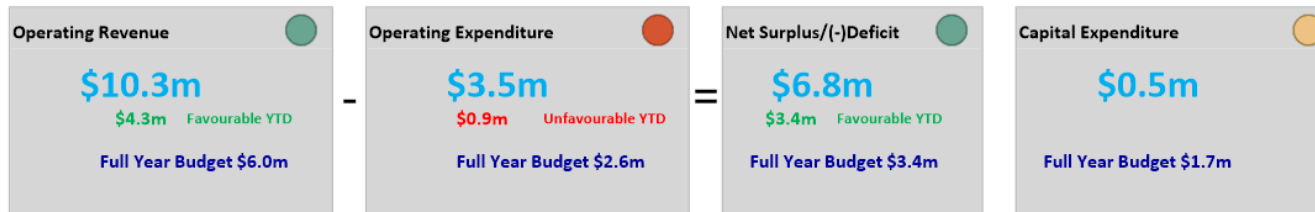
\$000	Full Year			
	Actual	Budget	Variance	YTD Variance %
<b>Revenue</b>				
Rates	8,446	8,446	0	0%
Subsidies and Grants	0	0	0	0%
Development Contributions	0	0	0	0%
Fees and Charges	94	93	1	1%
Finance Revenue	0	0	0	0%
Other Revenue	9	0	9	0%
<b>Total Revenue</b>	<b>8,549</b>	<b>8,538</b>	<b>10</b>	<b>0%</b>
<b>Operating Expenditure</b>				
Other Expenses	8,674	9,036	361	4%
Depreciation	21	14	(7)	-54%
Finance Costs	0	0	0	0%
<b>Total Operating Expenditure</b>	<b>8,695</b>	<b>9,049</b>	<b>354</b>	<b>4%</b>
<b>Net Surplus/Deficit</b>	<b>(147)</b>	<b>(511)</b>	<b>364</b>	

#### Explanation of variances to budget

- Other expenses are below budget as a result of costs being lower due to COVID-19 lockdown.



## Investments



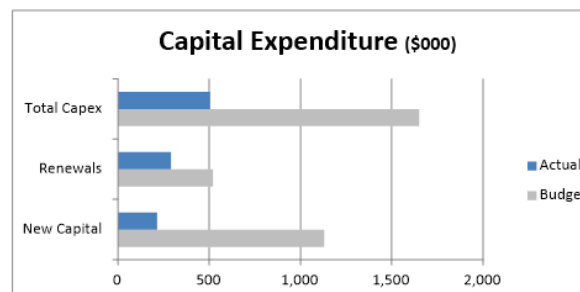
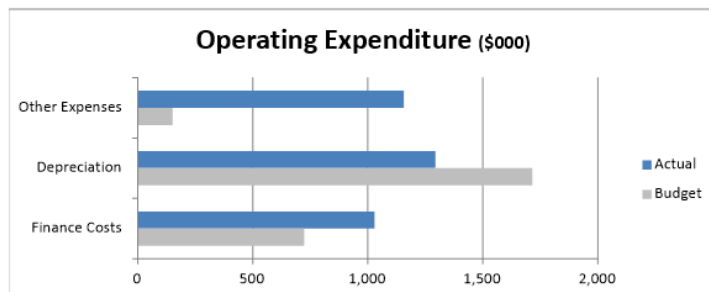
## Cost of Service Statement

For the period ending 30 June 2020

\$000	Full Year			
	Actual	Budget	Variance	YTD
<b>Revenue</b>				
Rates	129	(356)	485	-136%
Subsidies and Grants	1,000	0	1,000	0%
Development Contributions	0	0	0	0%
Fees and Charges	1,191	918	273	30%
Finance Revenue	2,606	4,317	(1,711)	-40%
Other Revenue	5,361	1,124	4,238	377%
<b>Total Revenue</b>	<b>10,288</b>	<b>6,002</b>	<b>4,285</b>	<b>71%</b>
<b>Operating Expenditure</b>				
Other Expenses	1,157	152	(1,006)	-663%
Depreciation	1,294	1,715	421	25%
Finance Costs	1,030	723	(306)	-42%
<b>Total Operating Expenditure</b>	<b>3,481</b>	<b>2,590</b>	<b>(891)</b>	<b>-34%</b>
<b>Net Surplus/Deficit</b>	<b>6,806</b>	<b>3,412</b>	<b>3,394</b>	

## Explanation of variances to budget

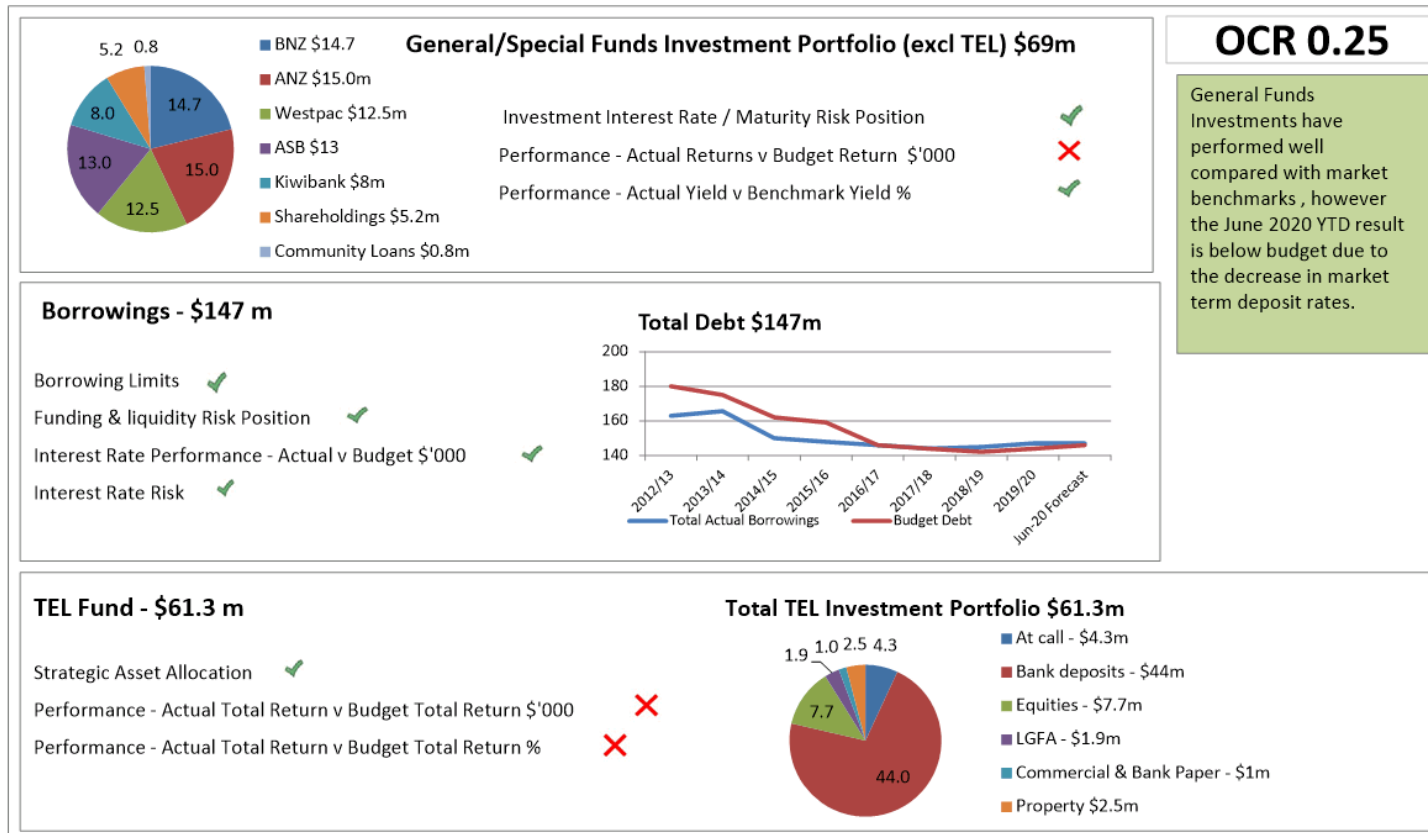
- The positive variance in rates is a result of higher number rateable properties than forecast.
- Subsidies and grants positive variance is a result of receiving a grant to build a new airport terminal.
- Fees and charges are in excess of budget as a result of higher than expected charging for professional services.
- Finance revenue has been significantly impacted by COVID-19. Interest rates are at historic lows and, our share portfolio has been impacted realising a loss for the year of \$565k. Furthermore, falling log prices have resulted in a revaluation loss on our investment forests of \$155k, \$797k less than annual plan.
- Other revenue is ahead of plan due to an unrealised gain on investment property of \$4,541k.
- Other expenses are above budget as a result of the Waiora house demolition \$373 and loss on sale of assets of \$571k.
- The favourable variance in depreciation is the result of the buildings revaluation as at 30 June 2019.
- Finance Costs are above budget because loan repayments that were forecast to occur last year did not occur.



# Taupo District Council - Treasury Report

Month Ended: 30 June 2020

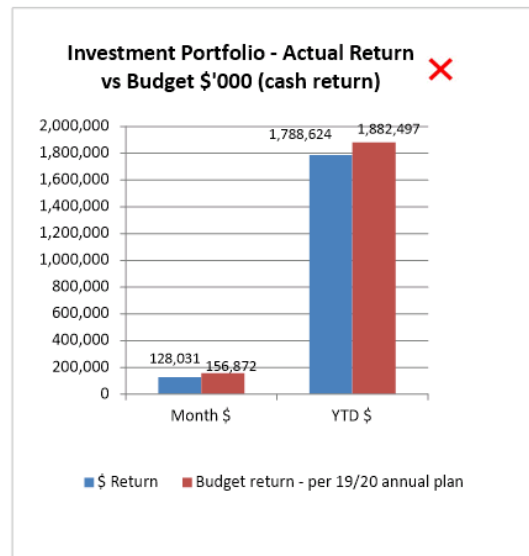
## Summary



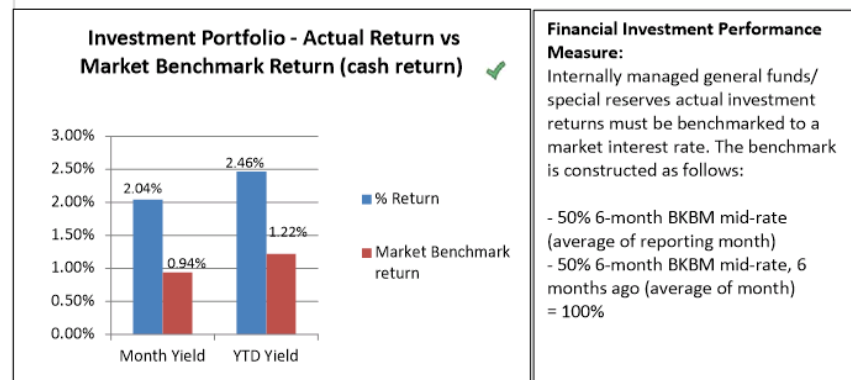
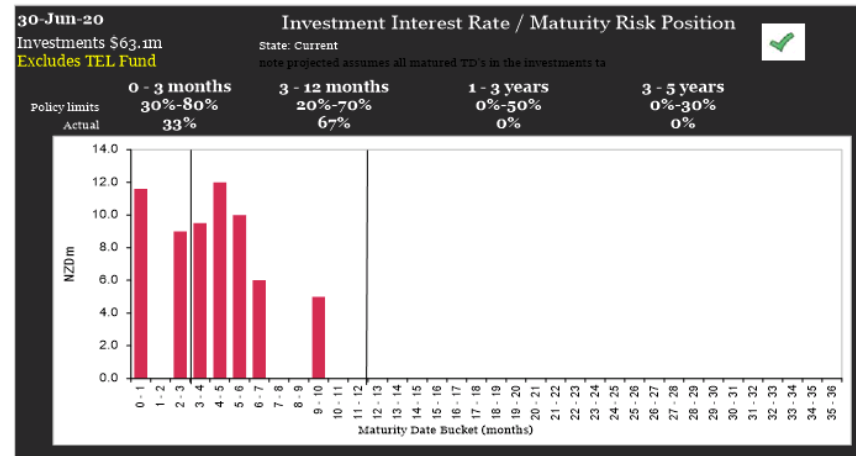
Month Ended: 30 June 2020

### Performance - Policy Compliance

The reduction in interest rates earned on Term deposits has resulted in a below budget investment returns each month since November 2019. YTD returns are below budget. Performance against market benchmarks continues to be favourable for the month and year to date.



### General / Special Fund Investments - \$63m (excl \$6m shareholding & loans)



Month Ended: 30 June 2020

Borrowing - \$147m

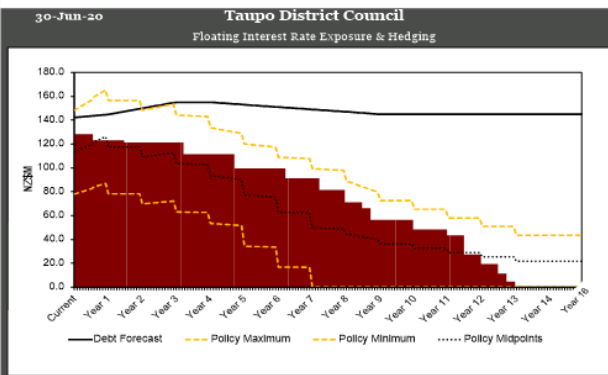
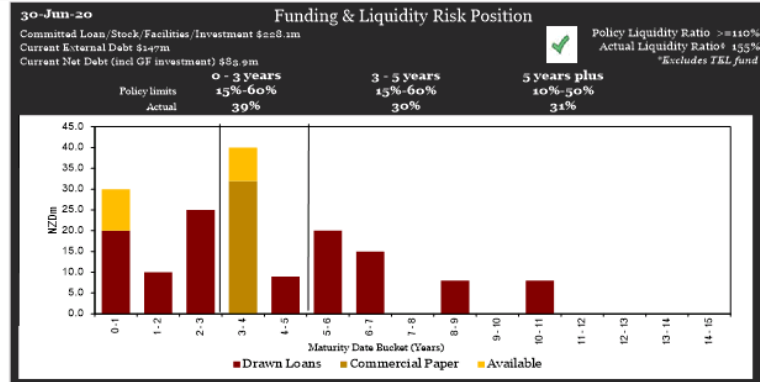
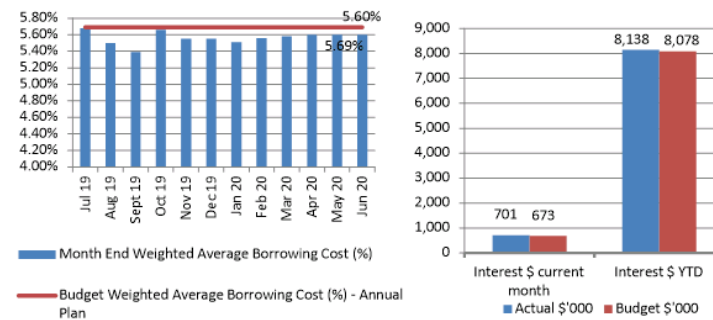
Current Standard &amp; Poors Rating: AA

**Funding Facility**

We have \$32m issued under our Commercial Paper programme backed up by facilities with BNZ (\$40m) and Westpac (\$10m). We have issued \$115m of Floating Rate Notes under our Debenture Trust Deed, all of which is through the LGFA.

**Borrowing Limits**

Borrowing Limits	Policy Limits	2019/20	Performance
Net External Debt / Total Revenue (TMP)	< 200%	98%	✓
Net Interest on External Debt / Total Revenue (TMP)	< 20%	7.4%	✓
Net Interest on External Debt / Annual Rates Income (TMP)	< 25%	9.0%	✓
Liquidity (External, term debt + committed bank facilities + liquid investments to existing internal debt)	> 110%	170%	✓

**Borrowing Cost Performance**

Month Ended: 30 June 2020

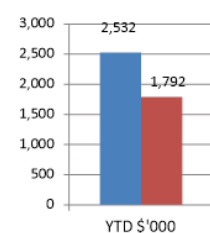
TEL Portfolio - \$61.3m

### TEL Investment Portfolio - Performance - Total Return

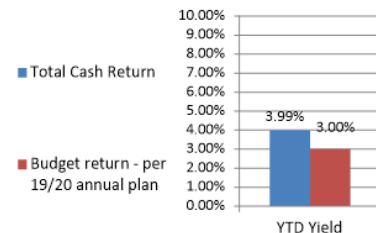


There was an increase in the market value of the equity portfolio of \$67k in the month of June 2020. Unrealised losses on the share portfolio at 30 June 2020 are (\$1.8m) compared to (\$2.9m) at 31 March 2020 and (\$1.6m) at February 2020. The TEL investment portfolio shows a YTD return of \$0.95m and a yield of 1.5% on a total return basis (including the unrealised equity losses). On a cash basis, the investment return is a healthy \$2.5m with a yield of 4.0%.

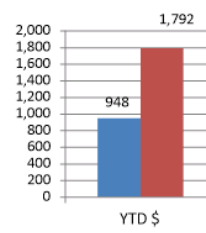
TEL Investment Portfolio - Actual vs Budget \$'000 (cash return basis)



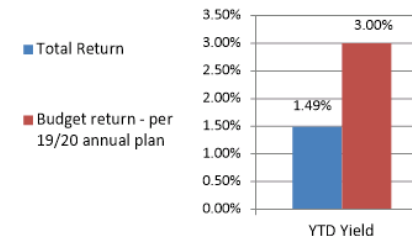
TEL Investment Portfolio - Actual vs Budget Yield (cash return basis)



TEL Investment Portfolio - Actual vs Budget \$'000 (total return basis)

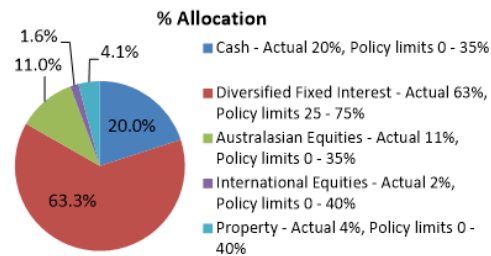


TEL Investment Portfolio - Actual vs Budget Yield (total return basis)



### TEL Investment Portfolio - Strategic Asset Allocation - Policy Compliance

TEL strategic asset allocation is within the target allocation. Much of our investment is within lower yielding term investments but we have found, and continue to look for, opportunities to maximise our returns within lower risk equities and bonds.



### Equities - transactions June 2020

There were no equity transactions in the month of June 2020

Month Ended: 30 June 2020

### Counterparty Credit Exposure - Policy Compliance

Counterparty Credit Exposures are within limits for all transaction types at 30 June 2020.

#### Counterparty Credit Risk (Interest Rate Risk Mgmt Instruments and investments, excl. property)

Policy Credit Limit (NZ\$) per NZ Registered Bank (Interest rate risk management)

Policy Credit Limit (NZ\$) per NZ Registered Bank (Investments)

Policy Credit Limit (NZ\$) per NZ Registered Bank (Total maximum per counterparty)

	Min LT/ST credit rating	Max \$ per counterparty (\$m)	\$m per issuer	Actual Issuer % of total investment portfolio	Compliance
NZ Govt	NA	Unlimited	0.00	0%	Y
NZ registered bank	A-/A-1	35.00	111.39	98%	Y
NZ LGFA	AA-/A-1	40.00	1.84	2%	Y
Corporate	A-/A-1	5.00	0.00	0%	Y
SOE	BBB/A-2	5.00	0.00	0%	Y
NZ local authority	A+/A-1	10.00	0.00	0%	Y
NZ local authority unrated		5.00	0.00	0%	Y

	Short Term Rating	Long Term Rating	Credit Exposure -Total Investments (\$m)	FPCE Credit Exposure (Swaps) (\$m)	Compliance
Westpac	A-1+	AA-	22.50	0.00	Y
ANZ	A-1+	AA-	20.00	6.81	Y
ASB	A-1+	AA-	31.50	6.21	Y
BNZ	A-1+	AA-	25.39	6.60	Y
Kiwibank	A-1	A	12.00	0.00	Y
CBA	A-1+	AA-	0.00	0.00	Y
LGFA	A-1+	AA+	1.84	0.00	Y

#### Investment Interest Rate / Maturity Profile (General / Reserve):

Period	0 - 3 months	3 - 12 months	1 - 3 years
Policy Limits	30% - 80%	20% - 70%	0% - 50%
Actual	33%	67%	0%
Policy Compliance	Y	Y	Y

# MODEL

## Memorandum of Understanding Three Waters Services Reform

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

[Territorial Authority]

Date



## PURPOSE

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

## BACKGROUND

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

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

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

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

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

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

## PRINCIPLES FOR WORKING TOGETHER

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

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

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

## REFORM OBJECTIVES AND CORE DESIGN FEATURES

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

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

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

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

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

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

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

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

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

## FUNDING ARRANGEMENTS

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

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

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

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.

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

## INTERACTIONS, MONITORING, INFORMATION AND RECORDS

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

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

It is the responsibility of these representatives to:

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

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

## CONFIDENTIALITY

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

## DISPUTE RESOLUTION

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

.....

SIGNED on behalf of the Crown

by [insert name - DELETE TEXT]

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

.....

SIGNED by [insert name of the Mayor of the  
Territorial Authority signing - DELETE TEXT] on  
behalf of [Territorial Authority]

.....

SIGNED by [insert name of the Chief Executive  
of the Territorial Authority signing - DELETE  
TEXT] on behalf of [Territorial Authority]

.....

Witness signature

Witness name [insert name - DELETE TEXT]  
Witness occupation [insert occupation -  
DELETE TEXT]

Witness address [insert address - DELETE  
TEXT]

.....

Witness signature

Witness name [insert name - DELETE TEXT]  
Witness occupation [insert occupation  
- DELETE TEXT]

Witness address [insert address - DELETE  
TEXT]



Te Tari Taiwhenua  
Internal Affairs

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

END OF PART 1

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**PART 2: GENERAL TERMS**

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**1 FUNDING**

- 1.1 DIA must pay the Funding (up to the "Total Maximum Amount Payable" specified in the Key Details) to the Recipient, subject to the terms of this Agreement. Unless stated otherwise in this Agreement, the Recipient may only claim the Funding to the extent necessary to cover Eligible Costs that have been or will be incurred by the Recipient, and the Recipient must use the Funding solely on Eligible Costs.
- 1.2 The Recipient must submit a Payment Request to [threewaters@dia.govt.nz](mailto: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 mispending to the date the money is repaid.
- 4.7 Clauses 1.5, 2.1, 2.12, 2.13, 3, 4, 5, 6, 7, 8, 9, 10 and 11 survive expiry or termination of this Agreement, along with any other parts of this Agreement necessary to give effect to those provisions. Expiry or termination of this Agreement does not affect any accrued rights, including any rights in respect of a breach of this Agreement or Termination Event that occurred before expiry or termination.
- 5 **WARRANTIES AND UNDERTAKINGS**
- 5.1 The Recipient warrants that, in the course of its activities in connection with the Expenditure Programme(s), it will not infringe any intellectual property or other rights of any contractor or any other third party.
- 5.2 The Recipient warrants that, as at the date of this Agreement:
  - (a) It has full power and authority to enter into and perform its obligations under this Agreement which, when executed, will constitute binding obligations on it in accordance with this Agreement's terms, and it has complied with the Local Government Act 2002 in entering into this Agreement;
  - (b) the Recipient is solvent and is not subject to the appointment of a liquidator, receiver, manager or similar person in respect of any of its assets or to the appointment of a Crown Manager or Commission under Part 10 of the Local Government Act 2002;
  - (c) all information and representations disclosed or made to DIA by the Recipient in connection with this Agreement are true and correct, do not omit any material matter, and are not likely to mislead or deceive DIA as to any material matter;



- (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](mailto:threewaters@dia.govt.nz) and the Monitor.

## 9 DISPUTES

- 9.1 In the event of any dispute, controversy or claim arising out of or in connection with this Agreement, or in relation to any question regarding its existence, breach, termination or invalidity (in each case, a **Dispute**), either party may give written notice to the other 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**

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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

# Terms of Reference

## *Three Waters Steering Committee*

### Purpose of this Terms of Reference

This Terms of Reference sets out the mutual intentions and understanding of representatives from the Department of Internal Affairs, Treasury, Local Government New Zealand and the New Zealand Society of Local Government Managers in forming a Steering Committee that will work closely to support a programme of reform for the delivery of three waters services.

### Background

Over the past three years central and local government have been considering solutions to challenges facing delivery of three waters services to communities. This has seen the development of new legislation and the creation of Taumata Arowai, the new, independent 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 local government water services and infrastructure, and the communities that fund and rely on these services. There has been underinvestment in three waters infrastructure in parts of the local government sector, persistent affordability challenges, and additional investment required to meet improvement in freshwater outcomes.

The Steering Committee has been convened to ensure that the perspectives, interests and expertise of both central and local government, and of communities throughout New Zealand, are accommodated as reform progresses. This will include periods of engagement with the local government sector, details of which will be provided soon.

The Committee will build on the constructive collaboration modelled by the COVID-19 Local Government Response Unit and will adopt its general principles of regular updates, advice and communications to the sector and other stakeholders as appropriate. There is a shared understanding that a partnership approach will best support the wider community and ensure that any transition to any eventual new arrangements is well managed and as smooth as possible.

### Objectives of the reform programme

The following objectives will underpin the reform programme and creation of a new aggregated water services delivery model:

- 1 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)
- 2 ensuring all New Zealanders have equitable access to affordable three waters services
- 3 improving the coordination of resources, planning, and unlocking strategic opportunities to consider New Zealand's infrastructure and environmental needs at a larger scale
- 4 increasing the resilience of three waters service provision to both short- and long-term risks and events, particularly climate change and natural hazards

- 5 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
- 6 improving transparency about, and accountability for, the delivery and costs of three waters services, including the ability to benchmark the performance of service providers
- 7 undertaking the reform in a manner that enables local government to continue delivering on its broader "wellbeing mandates" as set out in the Local Government Act 2002.

## Key requirements of the reform programme

Government has agreed that its starting intention is to form multi-regional models for water service delivery to realise benefits of scale in water services delivery to communities. Final decisions on a delivery model will be informed by discussion with the local government sector and the work of the Steering Committee.

The new delivery model will need to include the following safeguards:

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

The Crown will also be undertaking further work to consider and address Treaty-related rights and interests and a plan for working with Treaty partners throughout this programme.

The benefits of aggregation when applied to stormwater are less well established. It is proposed that the merits of including stormwater in the scope of the new delivery model also be examined through the course of the reform.

## Role of the Steering Committee

This Steering Committee has been formed to support the design and implementation of this programme of reform.

The Department of Internal Affairs will act as Convenor of the Secretariat for the Steering Committee, providing secretariat support and leading reporting from the Steering Committee to the Minister of Local Government and Three Waters Ministers.

The Steering Committee will work collaboratively and constructively to ensure that the design and implementation of the reform programme and associated activities gives effect to the objectives and key requirements of the Government and local government sector stated above, while bringing the lens of local government expertise and experience to the work.

It is envisaged that the Steering Committee will, at various times, be called on to provide advice on issues, commission and oversee workstreams, test policy development, and support local government and iwi engagement.

Participation in the Steering Committee does not preclude or replace normal decision-making processes by individuals, or their organisations related to the proposed reform.

## Timing and key deliverables

The Central Government/Local Government Forum has tasked the Steering Committee with preparing by the end of June:

- 1 A protocol for how the parties to work together on the proposed reform (this Terms of Reference)
- 2 A model Memorandum of Understanding between Crown and councils
- 3 Agreed work programme and process for progressing key policy issues (including, but not limited to, planning efficiency, rights and interests of Māori/Iwi, ownership, governance, funding) and core reform timetable
- 4 Local government sector engagement approach.

After this work is complete, we anticipate an ongoing role for the Steering Committee in supporting the reform programme. The parties will discuss and agree the nature, scope and parameters for this role at the appropriate time and amend this Terms of Reference, if required.

## Relationship principles

The Steering Committee will agree an appropriate working pattern, governance structure and reporting arrangements that balance timely delivery with maintaining broad consensus through the development and implementation of the reform programme.

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

- 1 mutual trust and respect
- 2 openness, promptness, consistency and fairness in all dealings including through adopting a no-surprises approach to any matters related to the reform programme and committing to the agreed communications protocols below
- 3 non-adversarial dealings and constructive problem-solving approaches; and
- 4 working co-operatively and helpfully to facilitate the other parties to perform their roles
- 5 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.

Any disputes arising over the course of this programme are to be settled by full and frank discussion within the Steering Committee.

## Communications protocols

It is acknowledged that the Central and Local Government parties to the Steering Committee may at times have distinct obligations in terms of communications with respective stakeholders. However, as it works through the programme of reform it is critical for the credibility of the group and the integrity of its processes that it communicates with one voice. Communications channels will be established by the secretariat to provide updates and working group messaging to the local government sector and other stakeholders including the media. Where there is a potential conflict between principles of openness and transparency and confidentiality, working group members will be expected to raise and discuss this with the governance group. Communications will be signed off by the governance group prior to distribution.

## Confidentiality

The Steering Committee agrees not to disclose, directly or indirectly, any confidential information received from others through this programme without written consent, unless required by processes under the Official Information Act 1982 or the Local Government Official Information and Meetings Act 1987 (whichever applies), in which case the relevant party is to inform the other party prior to disclosure. Materials will remain confidential to the group unless indicated otherwise as part of a wider communication plan.

## 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

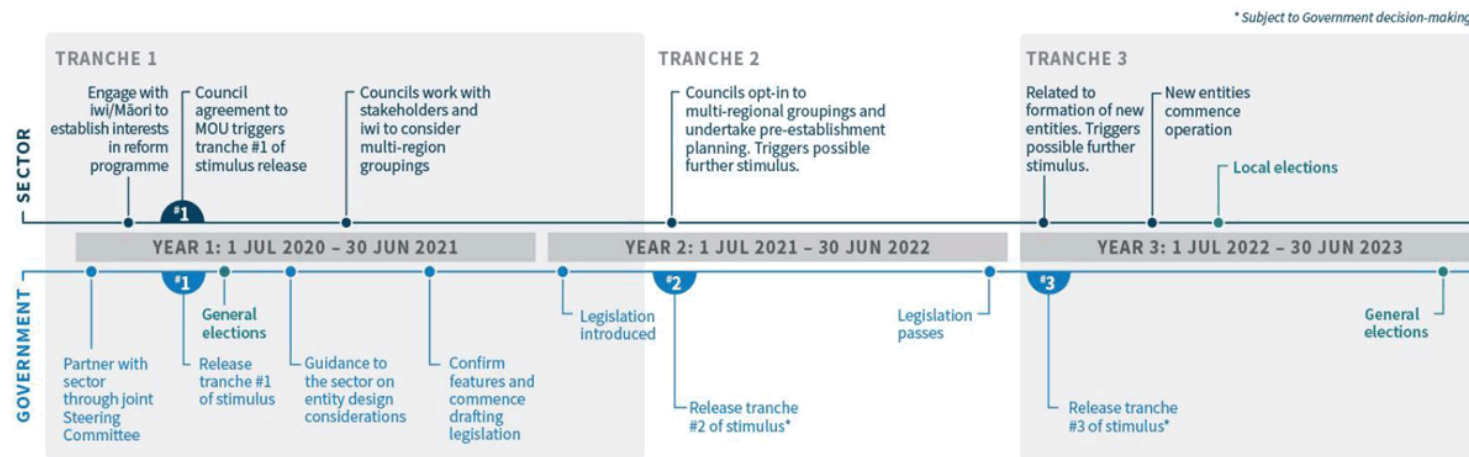
LGNZ: Jason Krupp (Deputy Chief Executive Advocacy)

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

# Indicative timeline





## 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

- |                   |  |
|-------------------|--|
| <b>Background</b> | <ol style="list-style-type: none"><li>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 (<b>MOU</b>).</li><li>2. Our advice proceeds on the presumption that councils will enter into the MOU after their annual plan for 2020/21 has been adopted.</li></ol>  |
| <b>Question</b>   | <ol style="list-style-type: none"><li>3. Do territorial authorities need to consult their community before entering into the MOU?</li></ol>  |
| <b>Answer</b>     | <ol style="list-style-type: none"><li>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 (<b>LGA 02</b>). 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.</li><li>5. Certain choices made subsequently as to what projects to advance or steps to take might trigger consultation requirements at that time.</li></ol> |

## Our reasons

		Page
<b>Summary</b>	<ul style="list-style-type: none"> <li>The obligations assumed on upon entry into the MOU do not trigger any explicit requirements to consult in the LGA 02.</li> </ul>	2
	<ul style="list-style-type: none"> <li>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.</li> </ul>	3
	<ul style="list-style-type: none"> <li>Subsequent decisions relating to either the reform or projects/funding aspects may trigger consultation requirements at that time.</li> </ul>	3-4
<b>The obligations assumed upon entry into the MOU have no explicit consultation triggers</b>	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"> <li>Stimulation investment, to assist economic recovery through job creation and maintain investment in water infrastructure renewals and maintenance; and</li> <li>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.</li> </ul>	
	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.

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

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

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

<sup>1</sup> 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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## FIVE MILE BAY WATER FUNDING CONSULTATION DOCUMENT

### Introduction

Through the development of the Long-term Plan 2018-28 (LTP), Council committed to building a water pipe during the 2020-21 year to enable Five Mile Bay to connect to the Taupo water scheme. The purpose of this consultation document is to find out how those who will be affected think the project should be funded.

### Find out more and have your say

This consultation document presents four issues in relation to the water reticulation of the Five Mile Bay community and we want your feedback. You can find out more by:

- Visiting [taupo.govt.nz](http://taupo.govt.nz)
- Emailing [xxx@taupo.govt.nz](mailto:xxx@taupo.govt.nz)
- Phoning 07 376 0899
- Dropping into our public information session at **xxx venue, xx day and xx time.**

You can prepare a submission and send it to Council by:

- Visiting [taupo.govt.nz](http://taupo.govt.nz)
- Emailing [xxx@taupo.govt.nz](mailto:xxx@taupo.govt.nz)
- Dropping into one of our Council offices
- Mailing to:

Freepost  
The Chief Executive Officer  
Taupo District Council  
Private Bag 2005  
Taupo District Council  
Freepost No. 112497

Submissions must be received by 5pm on 14 October 2020. Council will arrange to hold hearings in late September or early October where you can present your views to the councillors. Please indicate on your submission if you would like to speak at the hearings, otherwise we will assume that you are happy for us to rely on your written submission. Council will take into consideration the points raised in all of the submissions, even if you do not decide to present at the hearings. We will be in touch after submissions have closed to arrange a time.



## Background

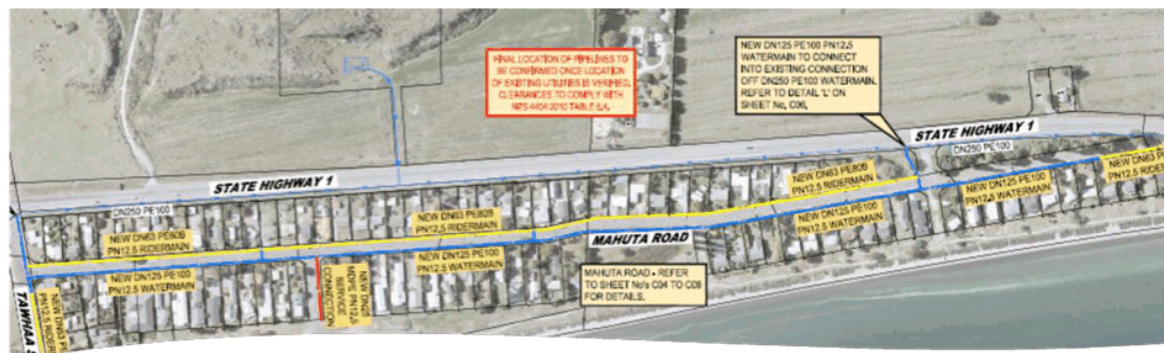
As part of the Long-term Plan 2018-28 (LTP), Council committed to building a water pipe in 2020/21, which would enable Five Mile Bay residents to connect to the Taupo water scheme.

Council undertook a survey in 2017 to understand whether there was demand from Five Mile Bay residents for the ability to connect to the Taupo water scheme. The results of the survey indicated that there was demand from some residents. In addition, sampling of some private water supplies in Five Mile Bay has shown issues such as high arsenic levels and bacteria contamination present in some of the private supplies.

The project will have positives for the residents of Five Mile Bay, with access to treated drinking water that is compliant with the DWSNZ, a potential increase in property values that occurs when a property is connected to a reticulated water scheme, and enhanced firefighting capacity. Five Mile Bay residents could see a decrease in their insurance bill relating to firefighting provisions, if a Council reticulated supply is available for firefighting purposes.

## What will the project involve?

The project involves the construction of new water pipelines through Five Mile Bay, to allow residents to connect to the Taupo water scheme. The cost of the project is estimated to be \$500,000.



**What are we seeking feedback on?**

We are seeking feedback on four issues:

- Issue 1 - Should the headworks contribution be charged?
- Issue 2 - Should Five Mile Bay residents pay the capital costs?
- Issue 3 – Should Five Mile Bay Residents who choose to connect have to pay the \$889 (incl. GST) connection fee?
- Issue 4 – Should Five Mile Bay residents who don't connect to the Taupo water scheme be required to pay a targeted water half rate?

**Issue 1: Should the headworks contribution be charged?**

When a landowner wants to connect to a Council water scheme, there are usually three different charges that a landowner will have to pay before connecting. The first of these is the **headworks contribution**.

The headworks contribution is how the landowner buys their share of the existing capacity. For this project, the headworks charge is \$536,000. Spread across the 100 ratepayers in Five Mile Bay, this equates to \$5,360 (plus GST) per ratepayer.

There are three options available for Issue 1.

Option	Description	Advantages	Disadvantages	Funding
Option 1A –  Five Mile Bay ratepayers pay the headworks charges in full upon connection.	Under this option, Five Mile Bay ratepayers who connect to the scheme would pay the headworks charge prior to connection.	<p>The costs associated with the project will be borne by those who will directly benefit from the installation of the pipe – ie the Five Mile Bay community.</p> <p>Only those who connect to the scheme would pay the headworks contribution.</p>	<p>There may be some ratepayers who can't afford to pay a lump sum.</p> <p>The wider Taupo scheme would need to fund the loan until all properties in Five Mile Bay connect and pay the lump sum.</p> <p>This option does not recognise that in the past, Five Mile Bay residents have had to provide their own water supply, and some ratepayers will have invested heavily in their supply.</p>	<p>Five Mile Bay ratepayers who chose to connect would pay the headworks charge, prior to connecting.</p> <p>A loan would be raised to cover the cost. As Five Mile Bay ratepayers connected, some of the loan would be paid down.</p> <p>Interest costs associated with the loan would be met by all ratepayers connected to the Taupo scheme.</p>
Option 1B  All Five Mile Bay ratepayers pay the headworks charges as a targeted rate spread over 25 years.	Under this option, all Five Mile Bay ratepayers would pay the headworks charge in a lump sum, regardless of whether or not they choose to connect to the Taupo Water Scheme.	<p>The costs associated with the project will be borne by those who will directly benefit from the installation of the pipe – ie the Five Mile Bay community.</p> <p>It will incentivise Five Mile Bay residents to connect, because they will have to contribute financially, regardless of whether or not they connect.</p> <p>Allows the cost to ratepayers to be spread over 25 years.</p>	<p>Requiring all ratepayers to contribute, whether or not they connect does not recognise that in the past, Five Mile Bay residents have had to provide their own water supply, and some ratepayers will have invested heavily in their supply.</p>	<p>A targeted rate would be payable from 1 July 2021 for a period of 25 years.</p> <p>The targeted rate would be approximately \$247.00 per year, inclusive of GST</p>
Option 1C  Five Mile Bay ratepayers do not pay the	Under this option, the headworks charge would not be charged.	Recognises that in the past, Five Mile Bay residents have not had the option of connecting to the Taupo water scheme, and have	It is Council standard practice that those who want to connect to a water scheme have to pay a financial contribution.	No funding required.



headworks charge		had to invest in their own systems.	It may be perceived that Five Mile Bay residents are not paying their fair share.	
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**Council's preferred option is Option 1C – Five Mile Bay residents do not pay the headworks charge**

This is because unlike a typical situation where people want to connect to a water scheme, such as a subdivision, Five Mile Bay residents have previously had to provide their own water supply and are having the scheme imposed on them.

**Issue 2- Should Five Mile Bay residents pay the capital costs?**

The second cost that ratepayers usually have to pay when connecting to a water scheme is a **capital charge**. This is a share of the overall cost to build the new infrastructure to connect to the existing water scheme. The capital charge for this project is \$5,000 (plus GST) per ratepayer. This charge is derived from the total capital cost of the project (\$500,000), shared by the 100 Five Mile Bay ratepayers.

There are three options available for Issue 2.

Option	Description	Advantages	Disadvantages	Funding
<b>Option 2A</b>  Five Mile Bay ratepayers pay the capital charges in full upon connection.	Under this option, Five Mile Bay ratepayers would pay the capital charge in a lump sum when they choose to connect to the Taupo Water Scheme.	The costs associated with the project will be borne by those who will directly benefit from the installation of the pipe – ie the Five Mile Bay community.	There may be some ratepayers who can't afford to pay a lump sum.  The wider Taupo scheme would need to fund the loan until all properties in Five Mile Bay connect and pay the lump sum.  This option does not recognise that in the past, Five Mile Bay residents have had to provide their own water supply, and some ratepayers will have invested heavily in their supply.	This option would be funded via Council sending an invoice to Five Mile Bay residents, for a capital charge of \$5,000 + GST, which would be payable upon connection to the scheme.
<b>Option 2B</b>  All Five Mile Bay ratepayers pay the capital charges as a targeted rate spread over 25 years.	Under this option, all Five Mile Bay ratepayers would pay the capital charge via a targeted rate, regardless of whether or not they choose to connect to the Taupo Water Scheme.	The costs associated with the project will be borne by those who will directly benefit from the installation of the pipe – ie the Five Mile Bay community.  It will incentivise Five Mile Bay residents to connect, because they will have to contribute financially, regardless of whether or not they connect.	Requiring all ratepayers to contribute, whether or not they connect does not recognise that in the past, Five Mile Bay residents have had to provide their own water supply, and some ratepayers will have invested heavily in their supply.	A targeted rate would be payable from 1 July 2021 for a period of 25 years.  The targeted rate would be approximately \$230 per year, inclusive of GST

		Allows the cost to be spread over 25 years,		
<b>Option 2C - Five Mile Bay ratepayers do not pay the capital charge</b>	Under this option, the capital charge would not be charged.	Recognises that in the past, Five Mile Bay residents have not had the option of connecting to the Taupo water scheme, and have had to invest in their own systems.	It is Council standard practice that those who want to connect to a water scheme have to pay a financial contribution.  It may be perceived that Five Mile Bay residents are not paying their fair share.	This charge would be absorbed by ratepayers connected to the Taupo water scheme, including the Five Mile Bay residents who chose to connect.

**Council's preferred option is Option 2B – Five Mile Bay residents pay capital cost as a targeted rate spread over 25 years**

This is because Council considers it fair that all Five Mile Bay property owners fund the capital cost of the project. It is noted that the appeal and value of Five Mile Bay properties is likely to be improved due to the availability of a reticulated water supply.

**Issue 3 – Should Five Mile Bay Residents who choose to connect have to pay the \$889 connection fee?**

Council's Fees and Charges schedule sets out a connection fee of \$889 (incl. GST) for those who wish to connect to a Council water scheme, in addition to any other relevant charges. However, if Five Mile Bay residents choose to connect at time of construction, the connection costs could be absorbed into construction costs.

There are two options to address Issue 3.

Option	Description	Advantages	Disadvantages
Option 3A – Require Five Mile Bay residents who choose to connect to pay the \$889 connection fee.	All Five Mile Bay residents who choose to connect would have to pay the \$899 connection charge, regardless of when they choose to connect.	The charge would be in line with Council's Fees and Charges schedule.	If residents connect at the time of construction, the cost can be absorbed. Could be seen as an unnecessary cost.
Option 3B – Waive the connection fee for Five Mile Bay residents who choose to connect at the time of construction.	The \$889 connection fee would be waived for those who choose to connect prior to, and during construction of the pipeline. The charge would then be applied to Five Mile Bay residents who choose to connect after the project has been commissioned.	Waiving the fee may incentivise Five Mile Bay residents to connect  It is easier to install connections at the time of construction.	Will not be consistent with Council's Fees and Charges schedule.

**Council's preferred option is Option 3B - Waive the connection fee for Five Mile Bay residents who choose to connect at the time of construction.**

This is because it makes sense to waive connection fees up front to provide an incentive for residents to connect

**Issue 4 – Should Five Mile Bay residents who don't connect to the Taupo water scheme be required to pay a targeted water half rate?**

It is standard Council Rating Policy that all properties who are located within 100m of a water supply pipe, who do not choose to connect to the Council water scheme are charged a half charge of the Taupo water targeted rate. The half charge water targeted rate for the Taupo Scheme in 2020/21 is \$246.55.

There are four reasons why the half charge is applied to those who are not connected:

- This half charge recognises that ratepayers on the Taupo water scheme have invested in the scheme to allow the pipeline to Five Mile Bay be provided.
- The half charge is a contribution to the improved health and safety benefits associated with the provision of a firefighting water supply.
- It also provides an incentive to connect to and improve the financial sustainability of the scheme.
- The charge recognises that there are maintenance costs associated with underutilised infrastructure such as the need to flush pipes.

However, there may be an option to remit the half charges targeted rate for Five Mile Bay residents who do not wish to connect. This would need to be done through amendment of Council's Rates Remission Policy.

Reasons for deviation from the policy include the fact that in many cases, Five Mile Bay residents may have invested heavily in their own system, because previously they have not been able to access to the Taupo water scheme. On this basis, there is an argument to waive this rate for those who do not require a Council connection.

There are two options to address Issue 4:

Options	What does the option involve?	Advantages	Disadvantages
<b>Option 4A – Charge the half charge for water targeted rate</b>	All Five Mile Bay residents who do not connect to the Water Scheme would be charged half of the Taupo water supply targeted rate on their rates bill from 1 July 2021 onwards. The current half charge is \$246.55	Is in line with current Council policy.  Incentivises residents to connect, which is likely to result in public health benefits.  Recognises the benefits that availability of a reticulated water supply in the area brings, such as improved firefighting capability, potential increase in land value.	Does not recognise that historically, Five Mile Bay residents have had to provide their own water supply.
<b>Option 4B – Do not charge the half charge for water targeted rate</b>	Five Mile Bay residents who do not connect to the Taupo water scheme would not be charged the half charge.	Recognises that historically Five Mile Bay residents have been required to provide their own supply, and have invested in this previously.	Not in line with Council policy and would require an amendment to the Rates Remission Policy.  Does not incentivise connection.

			Does not recognise benefits to Five Mile Bay ratepayers such as increased firefighting and potential increases in property value.
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**Council's preferred option is Option 4A – Charge the half charge targeted rate.**

This is because Five Mile Bay residents will benefit from being able to connect to the Taupo water scheme, even if they decide not to connect. These benefits will include considerations such as improved firefighting capability and potentially improved property values.

**Conclusion**

This is your opportunity to have a say on the how that Five Mile Bay residents contribute to the project to construct a pipeline which would enable residents to connect to the Taupo water scheme. Please see the next page to read how you can have your say.

## SUBMISSION FORM

### How to make a submission

You can make an online submission by going to [www.taupo.govt.nz](http://www.taupo.govt.nz) or you may complete the form below. **Submissions open on 10 August 2020 and close at 5pm on 14 October 2020.**

***Submitters are advised that the information supplied in written submissions may contain personal information within the meaning of the Privacy Act 1993. By taking part in this public submission process, submitters have agreed to any personal information (including names and contact details) which is contained in their submission being made available to the public as part of the consultation and decision making process. All information collected will be held by Taupo District Council. Submitters have the right to access and correct personal information. Following the submission period, a summary of submissions will be available on our website.***

Written submissions can be posted to:

Freepost  
The Chief Executive Officer  
Taupo District Council  
Private Bag 2005  
Taupo District Council  
Freepost No. 112497  
Submissions can also be emailed to: [xxx@taupo.govt.nz](mailto:xxx@taupo.govt.nz)

Hearings have been set down for xx date. Hearings at Turangi and Mangakino will be arranged if there are enough numbers.

If you have indicated that you wish to present your comments in person, you will be contacted after the submission period has closed to arrange a date and time. You will be given up to 5 minutes in which to present your submission and answer questions. Please make your written comments as complete as possible and use the hearing time to highlight the most important aspects of your submission.

### Your details

First name:

Last name:

### Contact details

Postal address:

Email:

Best daytime contact number:

### Organisation

On behalf of:

**Presentation at the hearing**

Would you like to present your submission in person, at the hearing?

Yes

No

**Questions**

*Issue 1: Should the headworks contribution be charged?*

What is your preferred option?

- Option 1A – Only Five Mile Bay ratepayers who connect pay the headworks charges up front.
- Option 1B – All Five Mile Bay ratepayers pay the headworks charges as a targeted rate spread over 25 years.
- Option 1C – Five Mile Bay ratepayers do not pay the headworks charge

*Issue 2- Should Five Mile Bay residents pay the capital costs?*

What is your preferred option?

- Option 2A – Only Five Mile Bay ratepayers who connect pay the capital charges up front.
- Option 2B – All Five Mile Bay ratepayers pay the capital charges as a targeted rate spread over 25 years.
- Option 1C – Five Mile Bay ratepayers do not pay the capital charge

*Issue 3 – Should Five Mile Bay Residents who choose to connect have to pay the \$889 connection fee?*

- Option 3A – Require Five Mile Bay residents who choose to connect to pay the \$889 connection fee.
- Option 3B – Waive the connection fee for Five Mile Bay residents who choose to connect at the time of construction.

*Issue 4 – Should Five Mile Bay residents who don't connect to the Taupo water scheme be required to pay a targeted water half rate?*

- Option 4A – Charge the half charge for water targeted rate
- Option 4B -Do not charge the half charge for water targeted rate

**Do you have any other comments?**

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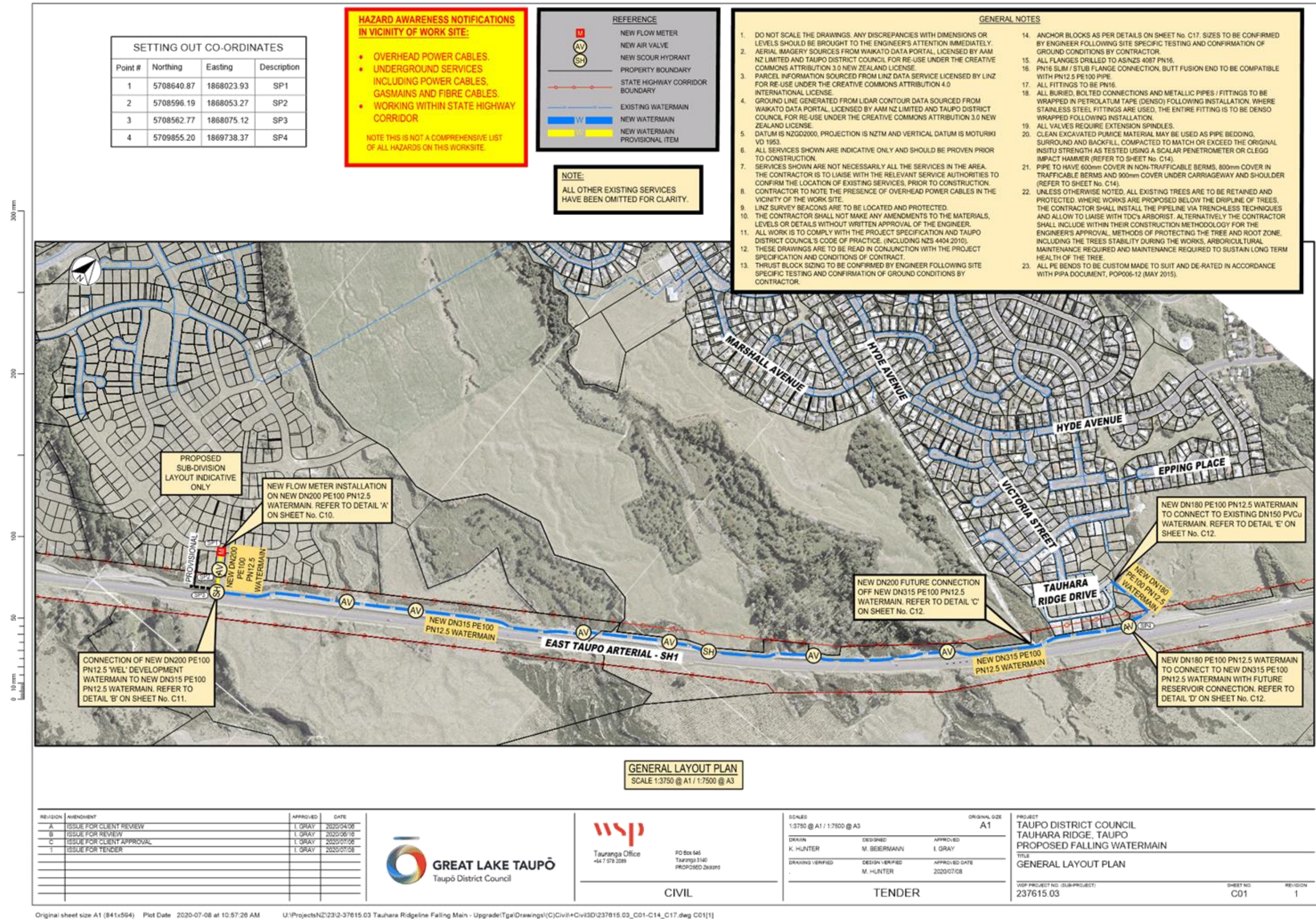


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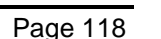


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**Taupō Town Centre Transformation Project Working Party****Terms of Reference**

<b>Objective</b>	To provide governance oversight and input into the Taupō Town Centre Transformation Project
<b>Membership</b>	Five (5) elected members
<b>Quorum</b>	Three (3) members
<b>Meeting frequency</b>	As required
<b>Reports to</b>	Council

*Scope of activity*

To provide governance oversight and input into the Taupō Town Centre Transformation Project, including expressing views on designs; assisting with communications to the community and stakeholders; monitoring progress; and monitoring expenditure within budgets.

*Power to act*

The working party will:

1. Report to Council as appropriate.
2. Be a conduit for information between staff and the community / stakeholders.
3. Monitor progress.
4. Monitor expenditure within budgets, noting that the working party itself does not have any financial delegations.

*Power to recommend to Council*

Any matters or proposals relating to the Taupō Town Centre Transformation Project, including:

1. Any matters regarding the need for funding beyond what is already funded through the Long-term Plan / Annual Plan process and existing budgets.
2. Any matter that cannot be sub-delegated from Council specified in section 32(1)(a) to (f) of Schedule 7 to the Local Government Act 2002.
3. Recommendations to Council regarding matters heard / discussed by the working party.

*Delegation of powers*

No powers to sub-delegate.

*Term*

The working party will be in existence for the duration of the Taupō Town Centre Transformation Project.