



GREAT LAKE TAUPŌ
Taupō District Council

Date:	Tuesday, 25 June 2024
Time:	1.00pm
Location:	Council Chamber 107 Te Heuheu Street Taupō

SUPPLEMENTARY AGENDA

MEMBERSHIP

Chairperson Mayor David Trewavas

Deputy Chairperson Cr Kevin Taylor

Members

- Cr Duncan Campbell
- Cr Karam Fletcher
- Cr Sandra Greenslade
- Cr Kylie Leonard
- Cr Danny Loughlin
- Cr Anna Park
- Cr Christine Rankin
- Cr Rachel Shepherd
- Cr Kirsty Trueman
- Cr Yvonne Westerman
- Cr John Williamson

Quorum 7

Julie Gardyne
Chief Executive

Order Of Business

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5.7 SUBMISSION TO THE LOCAL GOVERNMENT (WATER SERVICES PRELIMINARY ARRANGEMENTS) BILL - RETROSPECTIVE APPROVAL

Author: Joanne Walton, Programme Manager

Authorised by: Tony Hale, Acting General Manager Operations and Delivery

TE PŪTAKE | PURPOSE

This report seeks Council's retrospective approval for a submission that was made to the Local Government (Water Services Preliminary Arrangements) Bill Select Committee.

NGĀ KŌRERORERO | DISCUSSION

The Local Government (Water Services Preliminary Arrangements) Bill was introduced to the house and had a first reading under urgency on Thursday 30 May.

The purpose of the Bill is to establish a framework for local government to manage and deliver water services by

- Requiring Territorial Authorities to prepare Water Services Delivery Plans (subpart 1)
- Provide for Minister to assist or intervene (subpart 2)
- Requiring Territorial Authorities to provide other information for the purposes of supporting economic regulation (subpart 3)
- Provide specific consultation and decision-making processes that Territorial Authorities may use to establish, join or amend CCO's

Councillors noted their disappointment at the extremely short timeframe for submissions. The deadline for submissions was Thursday 13 June, only nine working days after the bill was first read. As a result, there was limited opportunity for discussion, but councillors were committed to making a submission.

A submission was drafted by officers, taking into consideration Taupō District Council's previous positions on Three Waters reform, direction from councillors in previous workshops including the Local Water Done Well workshop on 14 March 2024, and draft submissions by Taituarā, Local Government New Zealand and Waikato Colab. The draft was presented to Councillors by Executive on 11 June and their feedback was incorporated into the final submission.

The main points covered in the submission were:

- The unique position of our district as guardian of the vital water bodies of Lake Taupō and the Waikato River.
- That twelve months to submit a Water Services Delivery Plan is unrealistic, especially considering a number of key principles have yet to be clarified. Councils are expected to develop Water Services Delivery Plans without a full picture of what will be required or possible.
- That a longer term view is required – i.e. that Water Services Delivery Plan take a 30 year lens in alignment with Infrastructure Strategy and Asset Management Plans.
- That there is a lack of information on important key principles, including the fundamental concepts of a new class of Council Controlled Organisations (CCOs), and the precise definition of financial sustainability.
- The need to work with our community and iwi partners and the amount of time this will take needs to be recognised.
- That many of the important "What If's" remain unanswered, particularly the non-financial factors impacting delivery of water services.

- That central government should support councils with appropriate funding for the work being required.

NGĀ TŪTOHUNGA | RECOMMENDATION(S)

That Council retrospectively approves the submission on the Local Government (Water Services Preliminary Arrangements) Bill.

NGĀ TĀPIRIHANGA | ATTACHMENTS

1. Final Submission - Local Government (Water Services Preliminary Arrangements) Bill [↓](#)

SUBMISSION

LOCAL GOVERNMENT (WATER SERVICES PRELIMINARY ARRANGEMENTS) BILL, JUNE 2024

INTRODUCTION

1. Taupō District Council is home to 42,000 people from a diverse range of communities, with a large Māori population. As a district, we experience a fluctuating population due to seasonal tourism, with 1.2 million bed nights booked annually. These large swings in population place significant demands on our three waters infrastructure, which need to be managed effectively to maintain the current high service levels that our community enjoy. We are a growing district and a largely rural council, so balancing growth needs with levels of service is key.
2. The heart of our district is beautiful Lake Taupō, the largest lake in the Southern Hemisphere. Through and from our rohe flows the Waikato River, a vital source of freshwater for large populations downstream from our district. We have a special role as the guardian of these treasured taonga. We take our kaitiaki duties of these unique resources seriously and have demonstrated our commitment with initiatives such as the Lake Taupō Protection Project. Our community cares deeply about these waters that sustain us and our natural environment. Protecting what we value is of critical importance to us and providing safe, clean drinking water in our District is a top Council priority.
3. Our highly distributed water network covers a wide, geothermally active area, which makes water services delivery challenging. Workforce availability and maintenance of our assets are some of the challenges we face.
4. Council operates 17 water schemes around the district and is committed to ensuring the drinking water supplied is safe and available in compliance with the Water Service Act 2021 and supporting Water Services (DWSNZ) Regulations 2022. We operate 11 wastewater treatment plants in some remote areas.
5. Taupō District Council agrees that for some Councils and their communities the status quo on the way water services are delivered cannot be sustained. Changes are needed to improve delivery and affordability for ratepayers. However, any proposed change must be in the best interest of our communities, and provide sufficient time and give due consideration to the process, to allow genuine engagement with our community and iwi partners. Local voice and a close connection with our social, physical and cultural environment must be at the heart of any future changes.
6. We are disappointed in the extremely short timeframe provided to us to make a submission on this important legislation. As a result, our submission has been rushed through the process, with insufficient time for councillors or our community to be adequately informed, or to consider the full implications of this legislation.

OUR KEY POINTS

The timeframe allowed for Councils to submit Water Services Delivery Plans is unrealistic

7. We consider that twelve months provided to councils to prepare their Water Services Delivery Plans is unrealistic.
8. Firstly, there is a fundamental disconnect with the timing of the two Bills. Councils are being expected to work on their Water Services Delivery Plan and the possible Council Controlled Organisation (CCO) model, without clarity either on what the economic regulation requirements will be, nor on what possible CCO options will be available.
9. Secondly, the government has committed that councils have options to continue to deliver in the existing model, or alternatively form or join a CCO. However, the work needed to build a compelling case for a CCO, identify and work with our partners, and take our community, iwi

partners and elected members on the journey, and then work through the actual establishment of a CCO, will take much longer than the twelve months allowed in the Bill.

10. Third, councils are already resource-constrained, and the development of Water Services Delivery Plans will take a significant amount of input from already limited resources. Further assistance in the form of guidelines and support is required from central government to enable local councils to be successful.
11. There is a risk that many councils (including ours) that could potentially benefit from a long term partnership arrangement, will stick with the status quo merely to meet the prescribed timeframes and resourcing.
12. We consider twelve months to be grossly insufficient for the due diligence that is needed and the true commitment to getting best outcomes for our community. As a council we have been proactive in considering options for future delivery of water services. Part of our approach has been working with other Waikato councils to consider and investigate possible collaboration opportunities. Our concern with the short timeframe to delivery is not that we feel unprepared, but recognising the amount of work that will be needed to truly create enduring, long-term, financially sustainable solutions.

Recommendation 1

We recommend that the deadline to submit a Water Services Delivery Plan is extended to at least two years.

Short term view jeopardises the quality of long-term solutions

13. We consider that ten years is an insufficient time period for many of the strategic and long-term issues with water services delivery to emerge or be addressed.
14. This timeframe is also inconsistent with the 30-year view required of other council processes. We already prepare asset management plans and an infrastructure strategy with this 30-year outlook.
15. Taking the appropriate time to bed down this vital work, ensuring the community is on board and participating in the new model will make the difference between success and failure across our District.
16. We are also concerned that the creation of a Water Services Delivery Plan duplicates work that is already being done, without a clear sense of cohesion as to how it supplements or complements existing processes and documents.

Recommendation 2

We recommend that the Bill takes a longer-term (30 year) view, to align it with Council's Infrastructure Strategy and Asset Management Plans.

There is insufficient information on key principles and rules

17. We believe this Bill should include key fundamental principles and rules rather than waiting for the second Bill to clarify these important points.
18. The fundamental concept of a new class of CCOs, namely a CCO that is financially separate but still controlled by Council, is absent. What powers and accountabilities would the CCO possess, and how would key processes be managed, for example what would be its revenue raising powers, and what mechanisms would be in place for it to be held accountable by ratepayers. The important issue of community ownership and how this will be maintained in any future arrangement, has not been addressed.
19. The requirement to be "Financially Sustainable" by June 2028 is problematic, as the term has not been adequately defined. Understanding this concept is a critical element to identify any path

forward, and to be able to compare different service delivery options. Councils will not know where they stand in terms of meeting this requirement until it is more precisely defined.

20. Furthermore, we note that any efficiency gains of a joint operating model are likely to take years to emerge. Any establishment costs of a CCO, "catch up" investment needed, changes to revenue streams etc do not appear to have been factored in.
21. Affordability considerations have also not been addressed in the requirement for financial sustainability. This is an important factor for our community, and it has not been made clear how the legislation will address this.

Recommendation 3:

We recommend that the Bill defines the key fundamental principles and rules, particularly on the powers and accountabilities of a new class of CCOs, the concept of financial sustainability and affordability considerations.

We need to take our community with us on the journey

22. A new CCO will take time to setup, and we need to involve our community and take them and our iwi partners and stakeholders with us on the journey. Our community deeply cares about water assets and maintaining ownership and control over these assets.
23. We have a joint responsibility to deliver systems that meet the needs of the communities we serve. We cannot discount the importance of 'local voice' simply to get this reform done faster.
24. We continue to highlight the importance of hearing our community and to continue involving our community in determining their futures at 'grass roots' level. The reform process must be 'done right' rather than 'done quickly'.

Recommendation 4:

We recommend that the Bill provides sufficient time for Council to consult with our community, iwi partners and stakeholders.

Many of the "What if's" remain unanswered

25. The focus of this Bill is primarily on financial considerations. It doesn't address the other important factors that impact our ability to deliver water services locally. These include workforce capacity and capability, supplier availability, increasing regulation, and overall ability to deliver the sheer volume of infrastructure work that is required.
26. Deliverability of services will be challenging to assess until the overall landscape is known, particularly if councils choose to remain sole providers of water services. Determining our ability to resource and deliver work will be unclear while the new environment and the scale of the various entities emerges.
27. There is no provision for central government funding or support. We consider that central government should support the additional regulatory requests it is making of councils, with appropriate funding. This will be key to ensuring long-lasting, successful arrangements.
28. The purpose of the requirement for the Chief Executive to sign off on the Water Services Delivery plan is not adequately explained or justified. This is at odds with existing Local Government legislation and governance rules, and it is not clear as to why this process should be handled in a unique manner.

Recommendation 5: We recommend that central government gives weight to these more challenging questions, and ensures they are addressed in upcoming policy announcements, council guidance, and the second bill.

We support the proposed consultation changes

29. We agree with the options outlining requirements for establishing a CCO, namely only having to consult once and consider only two options (status quo and proposed option). However, we are concerned that any curtailed consultation period could have the effect of reducing community involvement in what is considered a critical decision and change process. Working with our community and iwi partners remains a top priority for us as a council, and we would not wish to jeopardise the strong relationships we have built for a “quick fix”.

In summary, we are concerned with the pace of change being proposed in all aspects of this Bill, including the short deadline to make submissions. We consider it disingenuous to be requiring councils to make plans now, that will comply with legislation that is yet to be announced. For meaningful change to occur, we must have the support of our community and our iwi partners, which will take significant investment and time. There is no recognition of the extra burden this will place on already resource-constrained councils that are struggling to deal with delayed Long Term Plans, as a result of the change in water delivery planning, in parallel with a rates affordability crisis. We strongly urge central government to consider what additional assistance it can provide as an infrastructure partner, with committed funding and guidance, in order to reduce the heavy local impact being felt by councils.



David J Trewavas JP
Mayor - Taupō District Council

Key contact:
Joanne Walton
Programme Manager

5.8 CIVIC ADMINISTRATION BUILDING (CAB) PROJECT BUDGET TRANSFER

Author: Jeanette Paenga, Finance Manager

Authorised by: Julie Gardyne, Chief Executive

TE PŪTAKE | PURPOSE

The purpose of this report is to request the transfer of budget for the fitout of the Civic Administration Building (CAB) from the first year of the Long-term Plan (LTP) into the current budget year.

WHAKARĀPOPOTOTANGA MATUA | EXECUTIVE SUMMARY

Due to progress on the works for the fitout of the Civic Administration Building there is a need to transfer budget from Year 1 of the LTP into the current year in order to meet the contractual obligations to our suppliers. The value of the transfer is estimated to be \$394,400.

NGĀ TŪTOHUNGA | RECOMMENDATION(S)

That Council approves bringing forward a portion of 2024/25 budgeted expenditure for the Civic Administration Building Project in the amount of three hundred and ninety four thousand, four hundred dollars plus GST [\$394,400 + GST] for the purpose of paying suppliers for June expenditure for fitout costs.

TE WHAKAMAHIKI | BACKGROUND

The proposal has not been presented previously.

However, in the previous paper Councillors will be considering the criteria around funding and expenditure arrangements for the first quarter of 2024/25 and the Civic Administration Building is listed as a key project in that paper.

Preparations and work for the fitout of the Civic Administration Building are progressing and this request is because the money expended in June will result in Council exceeding the budget carried forward from previous years and the 2023/24 Annual Plan Budget. We need to pay at least one of the suppliers before 30 June 2024 and the remaining amounts will be accounted for in the 2023/24 financial year.

NGĀ KŌRERORERO | DISCUSSION

To ensure the most efficient and timely delivery of the Taupō District Council fitout project at 67 Horomātangi Street, council and external project managers have been working closely with the landlord and contractor to ensure that council are able to obtain access to the site to ensure the practical completion date can be achieved as early as possible, and to mitigate as best as possible any potential double rent scenarios. This situation is purely a timing issue, the total budget for the project still remains at \$5,928,000.

Summary of the current spend against budget and the costs to be covered by the requested budget transfer:

Items	Actual	Budget
Budget Carry forward		800,000
2023/24 Annual Plan		178,000
Hard Fitout	152,000	
Soft Fitout	73,000	
Technology	54,000	
Project Management & Design	580,000	
Staff time (to May)	44,000	
Total spent to date	903,000	978,000
June expenditure requiring budget transfer		
Hard Fitout	409,400	
Technology	20,000	
Staff time (June)	18,000	
Contingency (5%)	22,000	
Estimated spend at June 2024	1,372,400	978,000
Shortfall requested to be transferred		394,400
Total Budget including LTP		5,928,000

Based on this information it is considered that there are 2 options.

NGĀ KŌWHIRINGA | OPTIONS

Analysis of Options

Option 1. Transfer \$394,400 from LTP year 1 to the 2023/24 year

Advantages	Disadvantages
<ul style="list-style-type: none"> Suppliers will be paid on time. 	<ul style="list-style-type: none"> Nil

Option 2. Do nothing

Advantages	Disadvantages
<ul style="list-style-type: none"> Nil 	<ul style="list-style-type: none"> Council will be in breach of its contractual obligations.

Analysis Conclusion:

The preferred option is to transfer \$394,400 from LTP year 1 to the 2023/24 year to meet our contractual obligations.

NGĀ HĪRAUNGA | CONSIDERATIONS

Ngā Aronga Pūtea | Financial Considerations

The financial impact of the proposal is estimated to be \$nil as the budget is being moved between years and no extra funding is being requested.

Long-term Plan/Annual Plan

The expenditure outlined is currently proposed in the 2024/34 Long-term Plan. It is requested that a portion of this proposal is brought forward into the 2023/24 year. The total budget of the project remains unchanged.

Ngā Aronga Ture | Legal Considerations

Local Government Act 2002

The matter comes within scope of the Council’s lawful powers, including satisfying the purpose statement of [Section 10](#) of the Local Government Act 2002. That section of the Act states that the purpose of local government is (a) to enable democratic local decision-making and action by, and on behalf of, communities;

and (b) to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future. It is considered that economic is of relevance to this particular matter.

Ngā Hīraunga Kaupapa Here | Policy Implications

The proposal has been evaluated against the following plans:

- Long Term Plan 2021-2031 Annual Plan Waikato Regional Plan
 Taupō District Plan Bylaws Relevant Management Plan(s)

There are no known policy implications.

Te Kōrero tahi ki te Māori | Māori Engagement

Taupō District Council is committed to meeting its statutory Tiriti O Waitangi obligations and acknowledges partnership as the basis of Te Tiriti. Council has a responsibility to act reasonably and in good faith to reflect the partnership relationship, and to give effect to the principles of Te Tiriti. These principles include, but are not limited to the protection of Māori rights, enabling Māori participation in Council processes and having rangatiratanga over tāonga.

Our statutory obligations outline our duties to engage with Māori and enable participation in Council processes. Alongside this, we recognise the need to work side by side with iwi, and hapū of our district.

In line with these obligations and commitments we have assessed that no engagement is necessary.

Ngā Tūraru | Risks

There are no known risks.

TE HIRANGA O TE WHAKATAU, TE TONO RĀNEI | SIGNIFICANCE OF THE DECISION OR PROPOSAL

Council's Significance and Engagement Policy identifies matters to be taken into account when assessing the degree of significance of proposals and decisions.

Officers have undertaken an assessment of the matters in the [Significance and Engagement Policy \(2022\)](#), and are of the opinion that the proposal under consideration is of a low degree of significance.

TE KŌRERO TAHI | ENGAGEMENT

Taking into consideration the above assessment, that the decision is of a low degree of significance, officers are of the opinion that no further engagement is required prior to Council making a decision.

TE WHAKAWHITI KŌRERO PĀPAHO | COMMUNICATION/MEDIA

No communication/media required.

WHAKAKAPINGA | CONCLUSION

This paper seeks the approval to transfer the sum of three hundred and ninety four thousand, four hundred dollars (\$394,400) from year one of the LTP to the current 2023/24 year for the Civic Administration Building Fitout Project to enable the payment of contractual works.

It is important for council to meet its contractual obligations to its suppliers.

NGĀ TĀPIRIHANGA | ATTACHMENTS

Nil