

**MINUTES OF AN EXTRAORDINARY MEETING OF THE WAIMAKARIRI DISTRICT COUNCIL HELD IN THE CONFERENCE ROOM, MAINPOWER STADIUM, 289 COLDSTREAM ROAD, RANGIORA ON TUESDAY 28 SEPTEMBER 2021 COMMENCING AT 1PM.**

**PRESENT**

Mayor D Gordon (Chairperson), Deputy Mayor N Atkinson, Councillors K Barnett, A Blackie, R Brine, W Doody, N Mealings, P Redmond, S Stewart, J Ward and P Williams.

**IN ATTENDANCE**

J Harland (Chief Executive), G Cleary (Manager Utilities and Roothing), J Millward (Manager Finance and Business Support), K Simpson (3 Waters Manager), L Hurley (Project Planning and Quality Team Leader), C Roxburgh (Water Asset Manager), A Gray (Communications & Engagement Manager) and A Smith (Governance Coordinator).

**1. APOLOGIES**

There were no apologies.

**2. CONFLICTS OF INTEREST**

There were no conflicts of interest recorded.

**3. REPORT**

**3.1. Feedback to Minister of Local Government, Local Government New Zealand and Department of Internal Affairs on Three Waters Reform Proposals – J Harland (Chief Executive)**

J Harland spoke to this report, noting the importance of the matter, which would probably only occur once in a generation. The Council has spent a significant amount of time considering this matter and the information that the Government has provided relating to the reform proposals. There has also been independent advisors commissioned to consider the proposal to create four entities to deliver the Three Waters in New Zealand. The proposal would have quite a separation between Councils, in this case Waimakariri District Council and the new entity and what it would undertake. The proposed Governance arrangement would have six appointed people representing local government interests for most of the South Island and six representatives from Ngai Tahu. This group would appoint a committee that would in turn appoint Directors. This is quite different from the current arrangements that are in place.

A survey had been undertaken by the Council to assist members to understand what the community views were on the matter. Of those who participated in the survey, 95% felt that the status quo should remain regarding the ownership of assets. This Council has over the years invested significantly in the three waters assets with good asset infrastructure and has been recognised as having good asset activity management systems. There has also been appropriate provision made for future management of the three waters system.

The Council does not support the current proposal and there is a number of reasons for this, including the lack of influence over local issues that would come with the new entity. It is also believed that any reform should be integrated with the bigger reform; the All of Local Government and how the Three Waters fit in with local planning. With an entity looking after most of the South Island, going forward it would be challenging for Waimakariri to have a voice. It would also be hard for the Council to align its finances with the infrastructure to support housing needs. There are questions regarding stormwater assets, with some of these linked to roading and also the potential costs of water for future residents. J Harland noted that the Government modelling indicated significant increase over the Councils current modelling. For these reasons, the report believes the Council should oppose the Government proposal at this stage, and suggests that there should be a pause allowing time for other investigations to be undertaken and options considered.

Councillor Barnett referred to recommendation (e)iii (h), which states the proposal would be detrimental to the wellbeing of the Waimakariri District. Councillor Barnett suggested that wellbeing is used to refer to social wellbeing and asked if there could be clarification on this recommendation. J Harland commented that it was then suggested the wording to the recommendation could read: "...wellbeing in the Waimakariri community with particular regard to the provision of three waters infrastructure growth needs and growth as an enabler of economic development".

Following a request from Councillor Ward, Mayor Gordon confirmed that the letter and relevant attachments will all be sent to the Prime Minister (as indicated in recommendation (l)).

Moved Mayor Gordon

Seconded Councillor Atkinson

**THAT** the Council

- (a) **Receives** Report No. 210910145944.
- (b) **Receives** the community engagement results and survey responses, noting Council has taken the opportunity to survey its community, and this has resulted in the largest level of community feedback in our Council's history. A total of 3,844 responses have been received, and of these an overwhelming 95% of respondents indicated they want the Council to 'opt-out' of the proposed reforms.
- (c) **Approves** the attached submission (Attachment i) being provided to the Minister for Local Government, with a copy sent to Local Government New Zealand and Department of Internal Affairs.
- (d) **Resolves;**
  - i. That the Waimakariri District Council opposes the New Zealand Government's proposal to establish four large water entities and remove the three waters assets and services from local councils. To date the Council is not convinced that this proposal provides the best governance and financial outcomes for our District. As a result, based on the information available at present, Waimakariri District Council would seek to opt-out of the reform should this decision be required. This position is backed by our Community and is reflected in the feedback collected during the community engagement undertaken.
  - ii. Informs the Government that the Council will strongly and actively oppose Government mandating the proposed Entity-based model for water services delivery.

- (e) **Notes** that the key basis of the Council submission is;
- i. The Waimakariri District Council opposes the New Zealand Government's proposed model to establish four large water entities and remove the three waters assets and services from local councils.
  - ii. The Council has significant concerns about the current government proposal, which it does not believe can be mitigated within the constraints of the proposed structural model.
  - iii. The Council submits that it does not support the current government proposal for the following reasons:
    - a. The loss of local decision-making is a major issue for our community, and cannot be compensated by 'fine-tuning' the proposal
    - b. The outcome of the proposed structure is that the Council loses all of the normal benefits of ownership of the assets
    - c. The accelerated timeframe, lack of true consultation, and lack of real alternative options has resulted in a flawed process
    - d. The lack of integration with other major local government reforms will lead to a sub-optimal outcome
    - e. The financial case in support of the proposal is based on information that does not reflect the New Zealand situation
    - f. The supporting information greatly exaggerates the efficiency gains expected, given the advances already made
    - g. The case for lower borrowing costs under the new entity is questionable; it relies on government backing, and in fact the proposal may lead to increased averaged borrowing costs when both the councils and the water entities are considered.
    - h. The proposal would be detrimental to the wellbeing of the Waimakariri Community, with particular regard to the provision of three waters infrastructure and growth as an enabler of economic development.
    - i. Request a pause in the Three Waters Reform, as requested by the Canterbury Mayoral Forum.
- (f) **Agrees** that the Three Waters sector faces many challenges and the status quo in some areas may not be sustainable, but believes that changes should be aligned and integrated with other local government reforms (Future for Local Government & Resource Management Act Reform). Importantly with the establishment of Taumata Arowai and the economic regulator, this should be given time to become imbedded before major reform as is proposed is undertaken.
- (g) **Notes** the options considered need to be assessed against the wider needs of local government reform, engagement with the sector needs to be considerably improved, and the process needs to allow for appropriate community consultation.
- (h) **Notes** that based on the current model, the reduction in Council's full time equivalent (FTE) staff numbers will significantly alter the operation and the efficiency of the rest of Council.

- (i) **In noting the above, agrees** that the Council has given consideration to Part 6 of the Local Government Act 2002 for the purpose of providing feedback to Government on the current model. The Council however is not able to support the current model on the basis that sufficient information and analysis that is proportionate to such a decision is not available.
- (j) **Notes** that local government is best-placed to engage with its community both through existing policies and procedures, and the requirements of the Local Government Act 2002.
- (k) **Receives** the Heads of Agreement between Local Government New Zealand and the Crown signed in June 2021 and advise LGNZ that Council does not support the provisions of the Agreement and requests LGNZ to rescind the Agreement to better reflect the views of its members and this Council.
- (l) **Requests** the Mayor to send a copy of the letter to the Minister, Council Report, Council submission and Council Resolution to all Members of Parliament, LGNZ, Department of Internal Affairs and other Councils.
- (m) **Notes** that the Chief Executive will report back further once additional information and guidance from the Government, the Minister of Local Government, Department of Internal Affairs, LGNZ and Taituarā has been received on what the next steps will look like and how these should be managed.
- (n) **Circulates** this report to the Community Boards, for their information.

**CARRIED**  
*Unanimous*

Mayor Gordon noted that this matter has generated significant interest in the community, the most he has ever encountered in his years in public office. The staff were thanked for the significant work that had been undertaken on this matter and is proud of this work. The advice and guidance that has been provided was very much appreciated. Mayor Gordon is also proud of the Council and how they have considered this matter. After initially feeling that this Council was out on its own with its sentiments on this issue, there are now a number of other Councils around the country who have now formed similar viewpoints. It is considered that there are only a small number of Councils who will choose to “opt in” to this reform. Mayor Gordon said this will be one of the most important decisions that this Council will have to make, since it was established in 1989. As has been advised, over 95% of 3,834 respondents to the Council survey supported the Council opting out and this decision will give voice to our community. The main reason cited by these respondents was loss of control of the community assets and there was also concern that the Waimakariri district may end up subsidising other areas in the country. A concern expressed is that this Council has been keeping its infrastructure and water supplies upgraded for the community over the past 20 years, and over this time had invested over \$100 million. It has been necessary for this investment to make sure that the communities have safe water supplies and also noted the Eastern Districts Ocean Outfall that the Council had invested in. Mayor Gordon noted the consultation that he, Councillors and staff had undertaken with several communities over recent years on the upgrades required to provide safe drinking water supplies. Though not always easy conversations, these were necessary to meet the drinking water standards.

Mayor Gordon was extremely disappointed with the Government advertising campaign which does not reflect the situation and is offensive to this sector in Waimakariri. This has now been acknowledged yesterday by the Minister Mahuta that the advertising was not ideal, however had commented that it has raised awareness.

Mayor Gordon does not believe Local Government New Zealand (LGNZ) are representing the 3Waters sector adequately. This Council urges the Government to press the “pause” button; in fact to start this process again and consider other alternatives. It was suggested that other Councils would also welcome the opportunity to consider alternatives. Mayor Gordon advised that help would write to LGNZ to seek a special general meeting to discuss the Heads of Agreements related to Three Waters Reform that they signed with the Government prior to national discussions and appropriate advocating on behalf of all New Zealand Councils going forward. The Minister has been invited to meet with this Council in the near future and we await a positive response.

Mayor Gordon reminded the Department of Internal Affairs of the good faith that this Council entered into this process and trusted that similar good faith will be shown to Councils to make their own decision to opt out if they choose to do so.

A letter has been written to the Minister of Local Government. The model that this Council has is not broken and Mayor Gordon does not believe that there is one model which fits all. The Scottish model may fit there, but it does not apply to New Zealand. Thirty other models were not considered and the Government has chosen this one model.

Mayor Gordon urged Councillors to support these recommendations which have been well canvassed by all, and to show that this Council is in a unanimous position.

Councillor Redmond noted that water is critical and is of high value. The community had got in behind the matter of water and infrastructure, were very well informed and were not in favour of opting in. Councillor Redmond suggested there were two main issues with this proposed model, the first being financial. This is a flawed financial model in Councillor Redmond’s opinion who also commented on the Memorandum of Understanding that the Council signed last year with the Government. This provided the Council with \$8m of funding and was a crude attempt to get the Council on board with the proposals. Councillor Redmond noted he voted against that proposal at the time. The outcomes for ratepayers are implausible and for our ratepayers, higher cost, as this Council would cross-subsidise other councils. This Council manages its assets appropriately and prudently, reflecting that not all Councils have necessarily done so. Comment was made on the diverse areas of the proposed Entity D that this Council would be part of, and the question was asked – what does Waimakariri have in common with Invercargill? The boundaries of this Entity are illogical in Councillor Redmond’s view. This Councils assets are valued at over \$600m and would receive \$22m for them in return from the Government. Three Waters is one third of Council staff and one third of assets; this is not a good deal for the Council he stated. Secondly the governance model is not good and is a loss of control and bloated in Councillor Redmond’s view. It is three layers to the Corporate Board and the Council will have minimal input into this. Opting in to this reform was supposed to be a voluntary position for Councils and Councillor Redmond believed the Government should be held to that, and a mandate should not be considered, given the background to this proposal. There is also the risk of privatisation in future. A positive move by this Council was to engage with the community and the results gave the Council an overwhelming mandate of their views.

Councillor Redmond remarked that the role of Local Government NZ is of a concern, as it is supposed to represent Councils at a national level, and not to promote the government's policies to its members he remarked. Finally Councillor Redmond quoted Prime Minister Ardern who recently said "Providers know their community best" (referring to the Covid vaccine programme), but suggested this also applied to Three Waters reform. Local Government needs to be kept local and Councillor Redmond supported the motion.

Councillor Doody supported the motion. She questioned if the Government knows how the rural sector works and finds the Three Waters review insulting for the quality of work that Council staff have put into Three Waters, including the rural sector.

Councillor Ward had a major issue with control of the ratepayers assets going into an entity and believed this is undemocratic. There was no certainty that this Council would have representation of the six members on the Board and thereby lose total control of the districts future. This Council has acted responsibly and has plans in place to provide good quality water for the coming 30 to 50 years. Councillor Ward believed this Council should stand firm on the status quo and support the recommendations but also support government assistance to any Councils that need to bring their water infrastructure up to date. Councillor Ward did not support this process and believed it is leading to joint-governance which is undemocratic, in her view.

Councillor Barnett commented on the confusion of the advertising campaign for this reform, which indicated there would be improvements to river water quality. This is not the case she stated. There has not been any clear consultation explaining what the reform meant and there has been continued confusion between Three Waters Infrastructure with fresh water, rivers and environmental protection. Although supporting this actually happening, this is not going to be achieved through these reforms she believed. This district has fast and efficient responses to situations relating to Three Waters when needed, as was evident in the recent flood event and suggested this would not be the case with a single entity covering the entire South Island. Councillor Barnett could not see any efficiencies being accomplished by just adding an extra layer of bureaucracy. Councillor Barnett would support the Government helping any Councils who need assistance and cannot do this on their own. It is suggested that the Water Regulator be given time to settle into their role first and to listen to the people. This Council cannot see anything that is going to help this district, by opting-in and is best placed to listen to the experts, our staff, who see what is happening on the ground. Councillor Barnett would be supportive of this Council opting out of the reform proposal.

Councillor Stewart supported the comments of Councillor Barnett, but does welcome any changes to allow for water quality to be delivered. This is an exercise for the transfer of part of the infrastructure from Councils and noted that it has not been possible to marry the figures that the Government has put before Councils in this model. There is confusion generally with the delivery of fresh water, and Councillor Stewart said this reform does not deal with this aspect. This Council has relatively young infrastructure across the district, and noted that there are also 24% of people who use private well water. The question was raised if the local Rural Water Advisory Groups will fit into the proposed reform which also makes her nervous of the proposal. The members of these groups provide valuable local knowledge. Councillor Stewart is open for change to provide good water supply but does not believe this proposal will deliver.

Councillor Williams supported all the above comments of his colleagues, and stated that this Council had some of the best staff in the country and also some of the best infrastructure. Councillor Williams reflected on the good water supply that is available across the district. The \$3.5m that the Government spent on the misleading advertising campaign was also noted. Most feedback received from the community as part of the survey, indicated the preference to retain local control, and Councillor Williams stated that it is important to have local staff involved, which this district has. Councillor Williams did not believe this is a democratic process and noted that on talking with other Council's, most are not in support of reform.

Councillor Williams believed the Government is heading for a revolt if this reform proceeds and believed the Government are also changing the playing field along the way. Councillor Williams does not believe Local Government NZ are representing the Councils of New Zealand, in their best interests, and are issuing statements that are not representative of the majority of Councils across the country. Councillor Williams supported the motion.

Councillor Atkinson referred to the time following the Canterbury earthquakes, where the government at the time suggested that the best people to plan and run the recoveries were the local people, as they know their areas best. A mandate had been set previously for local government to consult on issues and the government has said in this case, that Three Waters Reform did not need to be consulted on. This Council has always undertaken consultation and been held accountable. The government has continually pushed down regulations to Councils for many years and this has often meant other parts of Council business that it is responsible for, have suffered. Councillor Atkinson is in full support of the motion, and acknowledged the exceptional advice that had been received from the Council staff, on the information that had been put before them from the Government. This Council is to invest \$282m in the next 30 years, which Councillor Atkinson compared to the \$1b that the Government has said is needed for Waimakariri – which would come at a cost to the district. Councillor Atkinson suggested that it is time for the government to take responsibility itself and consulting with people rather than dictating.

Councillor Mealings supported the comments made by colleagues and added that the Government analysis for this reform had been rushed, and had used broad, high level figures which are incorrect. This was evidenced with the big discrepancy between the \$1b that the government suggested would be needed, against the \$282m of proposed Council spend. The Council knowledge in the assets had been highlighted as a benchmark and yet the Government had not considered these figures. There cannot be trust in this reform based on flawed figures she stated. Councillor Mealings fully supported the Council motion and does not support the Government reform as proposed to the Council.

Councillor Blackie commended his colleagues and noted the robust discussions that have been held over the past year or longer on this matter and noted his agreement with all the comments of colleagues today.

In his right of reply, Mayor Gordon said it is hoped that the Government is listening hard and that the choice remains for the community. This Council will stand up strongly for our community he stated. Mayor Gordon referred to the motion clause (d) ii and following this meeting, a letter will be sent from all the Waimakariri Councillors united to the Government.

**2. NEXT MEETING**

The next scheduled ordinary meeting of the Council will commence at 1pm on Tuesday 5 October 2021 in the Kaikanui Room, Ruataniwha Kaiapoi Civic Centre, 176 Williams Street, Kaiapoi.

There being no further business, the meeting closed at 1.59pm.

CONFIRMED



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Chairperson  
Mayor Dan Gordon

5 October 2021  
Date