

QLDC Council

28 September 2021

Report for Agenda Item | Rīpoata moto e Rāraki take 1

Department: Property & Infrastructure and Corporate Services

Title | Taitara Three Waters Reform – Feedback to Government

PURPOSE OF THE REPORT | TE TAKE MŌ TE PŪRONGO

- 1 The purpose of this report is to consider:
 - a. The government’s latest updates and information in relation to three waters reform
 - b. The specific data and modelling that Council has received to date
 - c. The implications of three waters reform for the wellbeing of the community
 - d. Feedback to be provided to the Department of Internal Affairs Te Tari Taiwhenua (DIA) by 1 October 2021

EXECUTIVE SUMMARY | WHAKARĀPOPOTOTANGA MATUA

- 2 This report updates the Council on the Government’s three waters reform proposals. It also updates the Council on independent analyses of the aspects of the reform proposals.
- 3 A full draft position statement and recommendations relating to the proposed reforms is attached to this report at Attachment J. In summary, this outlines the following:
 - a. QLDC supports the need for regulation, a strong strategic framework and the key outcomes that the Government seeks to achieve.
 - b. Government needs to demonstrate leadership and transparency in the delivery of this reform programme and establish a full programme of meaningful engagement with New Zealanders before taking further steps. An undue burden has been placed upon councils to broker this proposal with their communities, despite a contested evidence base and the profound implications such a change could have on the nature of local democracy.
 - c. QLDC is concerned that the programme for reform needs to be re-designed to tackle three waters, resource management and the Future for Local Government review in a staged and integrated manner. The following points and are made in support of this concern:

- i. The reform programme has moved forward with inadequate information and without alignment to other reform initiatives.
- ii. The Government’s proposal does not enable effective growth management and reduces the potential efficacy of climate change adaptation initiatives
- iii. The proposed model of ownership places local government in an invidious position and erodes traditional understanding of local democracy
- iv. QLDC recommends the following alternative programme that integrates key reform initiatives:
 - Phase 1 - start the programme with stage 1 three waters reform – introduction of the regulator, Taumata Arowai. Amplify the role of the Māori governance in preparation for stage 2 reforms. Monitor and evaluate the performance of local and regional government within that context. Await insights from the release of the National Adaptation Plan.
 - Phase 2 – resource management reform stage 1 – establishment of the NBA and Spatial Planning Act.
 - Phase 3 – Future for Local Government review.
 - Phase 4 – resource management reform stage 2 – establishment of the climate change adaptation act.
 - Phase 5 – three waters reform stage 2 – adaptation of the model to ensure effective partnership with Māori, introducing efficiencies and service improvements if needed.
 - Tranche 1 – Key Metropolitan councils opt in / out
 - Tranche 2 – All other councils opt in / out
- d. However, if Government is not prepared to revisit the scheduling and staging of the reform programme, the following additional points of feedback should be taken into account in relation to the current process:
 - i. Government’s technical and fiscal modelling has not been accepted by QLDC
 - ii. Alternative options have not been sufficiently discussed or explored
 - iii. The Government’s proposal does not take into account emissions reductions, regenerative approaches and carbon accounting
 - iv. Community wellbeing has not been adequately considered

- v. The community voice has not been heard
- 4 This report seeks approval of the draft position statement to enable the Chief Executive to prepare a letter for the Minister of Local Government in response to the three waters reform proposal.
- 5 This report also outlines legislative considerations that may be relevant to any future Council decisions and consultation on three waters reform. The Council is not currently able to make any decisions on a future model for three waters service delivery in the district as there is insufficient information and time available to meet the moral and legal requirements of council decision making and community consultation.

RECOMMENDATION | NGĀ TŪTOHUNGA

That Council:

1. **Notes** the contents of this report, the latest updates from the Government and all attached analysis.
2. **Approves**, with any amendments, the draft position statement at Attachment J.
3. **Authorises** the Chief Executive to draft the feedback letter to the Minister of Local Government by 1 October 2021, based on the position statement (with any amendments) at Attachment J.
4. **Notes** that a decision to provide feedback to the Minister of Local Government by the 1 October 2021 does not commit the Council to a particular position on a future model for three waters service delivery or to continued participation in the Government's reform programme.
5. **Notes** that the Council cannot make a formal decision to adopt an alternative model for three waters service delivery without first amending the 2021-2031 Ten Year Plan and undertaking commensurate community consultation.
6. **Notes** that a decision to support the government's preferred three water service would currently be ultra vires (unlawful) due to section 130 of the Local Government Act 2002 (LGA), which prohibits the Council from divesting its ownership or interest in a water service except to another local government organisation. This section of the LGA will require amendment before the government's proposal can proceed.
7. **Notes** that the Government intends to make further decisions about the three waters reform after 30 September 2021 and that the Chief Executive will report back to Council when further information has been provided.
8. **Notes** that the Queenstown Lakes District Council is committed to consulting with the community further on three waters reform in a meaningful way once the Council has further information from the Government on the next steps in the reform programme.

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CONTEXT | HOROPAKI

Background

- 1 The Government has initiated changes to three waters regulatory and service delivery arrangements to address challenges highlighted by the Government Inquiry into Havelock North Drinking Water and the Three Waters Review. The focus of the subsequent reform process has been on water safety, environmental performance and efficiency.
- 2 The Government's stated direction has been toward publicly-owned, multi-regional models. The reform process has been led by the DIA and the Three Waters Steering Committee.
- 3 The initial stage of the reform programme (tranche 1) was launched in 2020 and presented an opt-in, non-binding approach to participation. Council agreed to participate in this process via resolution on 20 August 2020 and submitted a Request for Information (RFI) to the DIA in January 2021.
- 4 The Government used the information provided in the RFI to make preliminary decisions on the next stages of reform and has concluded that the case for change has been made.
- 5 The Government's full case for change can be viewed at:
[https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/\\$file/transforming-the-system-for-delivering-three-waters-services-the-case-for-change-and-summary-of-proposals-30-june-2021.pdf](https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/$file/transforming-the-system-for-delivering-three-waters-services-the-case-for-change-and-summary-of-proposals-30-june-2021.pdf)
- 6 In March 2021 Taumata Arowai was established as a Crown entity. Taumata Arowai will become New Zealand's drinking water regulator, replacing the Ministry of Health, when the Water Services Bill is passed. This is expected to be by the end of 2021.
- 7 Once Taumata Arowai is fully functional, it will focus on water safety and environmental performance, holding water suppliers to account.

Otago Southland Three Waters Collaboration (2020)

- 8 In 2020, Queenstown Lakes District Council (QLDC) and nine other councils from across Otago and Southland (including the two regional councils) established the Otago-Southland Three Waters Office to support collective participation by the councils in the Government's Three Waters Reform Programme.
- 9 As part of this work, Morrison Low was appointed to undertake a series of assessments to understand options and future decisions relating to three waters reform. A summary of these assessments can be found at Attachment C.
- 10 In early 2021, Morrison Low presented a report that outlined a regional collaborative option as an alternative to the Government's proposal. Whilst broadly considered to be high risk and expensive, it is considered as a practicable option for the purpose of options analysis.

Recent Announcements

- 11 In June and July 2021, the Government made several substantial announcements and information releases in relation to the three waters reform proposals.
- 12 On 2 June 2021, the Government published financial modelling and analyses it commissioned from the Water Industry Commission for Scotland (WICS) and other consultancies to advance the evidence base that informs the case for nationwide three waters service delivery reforms. WICS is the economic regulator for the Scottish water industry. Documents published as part of the 2 June information release are available on the Department of Internal Affairs website at <https://www.dia.govt.nz/three-waters-reform-programme-national-evidence-base>. The documents are listed in Attachment A.
- 13 On 30 June, the Government announced its proposed new water services system for New Zealand. Documents published as part of the 30 June announcement are available on the Department of Internal Affairs website at <https://www.dia.govt.nz/three-waters-reform-programme-cabinet-decisions-and-reform-proposals>. The documents are listed in Attachment A.
- 14 In conjunction with the 30 June announcement, the Government also launched a new website to publicise three waters reforms: <https://threewaters.govt.nz/>.
- 15 On 15 July, the Government announced a \$2.5 billion package to support the transition to the new water services system.
- 16 The support package is made up of two components:
 - a. A \$2 billion component to invest in the future of local government and community wellbeing; and
 - b. A \$500 million component to ensure that no council is left financially worse off as a direct result of the three waters service delivery reforms.

Further information about the transition funding can be found here:

[https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/\\$file/three-waters-reform-programme-support-package-information-and-frequently-asked-questions.pdf](https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/$file/three-waters-reform-programme-support-package-information-and-frequently-asked-questions.pdf)

- 17 Documents published as part of the 15 July announcement are available on the Department of Internal Affairs website at <https://www.dia.govt.nz/three-waters-reform-programme-reform-support-package>. The documents are listed in Attachment A.
- 18 Following these announcements, the Government initiated an eight-week period for councils to provide feedback on the potential impacts of the proposed reforms and how they could be improved. The deadline for feedback is Friday 1 October 2021.

Next Stages

- 19 The Government is expected to announce next steps after 1 October 2021. Next steps are likely to include details on implementation of the proposals, including the timeframes and responsibilities for any community or public consultation, and transition arrangements.
- 20 It is not clear as to when the opportunity to make a decision to opt in or opt out will be given and Government has not ruled out mandatory opt in to realise the national interest benefits of reform. Council decisions on continued participation in the service delivery reforms, if required, were previously scheduled to take place in December 2021.
- 21 The Water Services Bill continues to make progress through Parliament and the following key points should be noted:
 - a. If passed, the Act will replace Part 2A (Drinking Water) of the Health Act 1956 and implement system-wide reforms to the regulation of drinking water and source water.
 - b. In March 2021, QLDC submitted to the Health Select Committee on the Bill and also participated in the development of a joint submission on behalf of all of the - Southland Three Waters Office.
 - c. The Health Select Committee delivered its report on the Water Services Bill on 10 August 2021. The Bill's second reading in Parliament has been delayed by the recent COVID-19 lockdown. The Government intends for the Bill to be passed in 2021.
 - d. The Ministry of Health remains New Zealand's drinking water regulator until the Water Services Bill passes through Parliament and comes into effect. At that point, Taumata Arowai will become the drinking water regulator.
- 22 Assuming the reforms proceed, it is anticipated that councils will continue to deliver water services until 30 June 2024 and council involvement in transition will be required throughout.
- 23 The Government has acknowledged that the transition of stormwater functions to the new entities is likely to take longer than the transition of drinking water and wastewater functions. A Stormwater Technical Working Group (STWG) established to consider the future management of stormwater systems was due to advise Ministers on an approach to transition stormwater to the new water services entities in July 2021. No updates on this advice have been provided at this stage.

Other Government Reform Initiatives

- 24 In addition to the three waters reform, the Government has announced further wide-ranging reforms related to freshwater, resource management, climate change and zero

carbon, all of which have the potential to have significant impacts on the delivery of three waters services.

- a. Resource management system reform:
 - i. Proposed Natural and Built Environments Act
 - ii. Proposed Strategic Planning Act (30-year spatial plans)
 - iii. Proposed Climate Change Adaptation Act
- b. National Policy Statement for Freshwater Management
- c. National Policy Statement on Urban Development
- d. National Environmental Standards for Sources of Human Drinking Water
- e. Future for Local Government Review
- f. Zero Carbon Act and Climate Change Commission initiatives

25 The linkages and impacts between three waters reform and other Government reform is unclear, but these reform initiatives have potential overlapping regulatory, operational and cost implications.

ANALYSIS AND ADVICE | TATĀRITANGA ME NGĀ TOHUTOHU

Proposed New Water Services System

- 26 The reports and other documents published on the 2 June and 30 June contain information about estimated potential three waters investment requirements for New Zealand, scope for efficiency gains from transformation of the three waters service delivery system, and the potential economic (efficiency) impacts of various three waters service delivery aggregation scenarios.
- 27 In summary, modelling done for the Government indicated a likely range for future three waters investment requirements at a national level in the order of \$120 billion to \$185 billion. This translates to an average household cost of between \$1,910 and \$8,690 by 2051 if councils continue to delivery three waters services on a standalone basis.
- 28 The modelling also estimated these average household costs could be reduced to between \$800 and \$1,640 per household and efficiencies in the range of 45% over 15-30 years if the proposed service delivery reforms go ahead.
- 29 An additional 5,800 to 9,300 jobs and a GDP increase of between \$14 billion to \$23 billion in Net Present Value (NPV) terms over 30 years were also forecast, largely to meet the standards of the new regulator.
- 30 Independent reviews by Beca and Farrierswier of the Government information noted the modelling gives reasonable estimates of the direction and order of magnitude of the

impacts of three waters reform, but the difference in household cost estimates between the status quo and delivery reform options could be substantial.

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

- a. Establish four statutory, publicly-owned water services entities to deliver drinking water, wastewater and stormwater services to communities across New Zealand.
- b. Provide for local authority ownership of the new water services entities on a non-shareholding basis, with balance sheet separation between councils and the new entities. Theoretical ownership remains collectively with councils (on behalf of the community) but all decision-making and service delivery would reside within the new entity. In practice, council ownership would have little meaning.
- c. Provide protections against future privatisation of the entities in the establishing legislation (including a prohibition on paying dividends to owners, and a legislative requirement to put any future privatisation proposal to a referendum)
- d. Create a regional representative group (for council representatives and mana whenua) to set expectations and priorities for independent panels, that will subsequently appoint entity boards. This is currently proposed to be the extent of local government participation.
- e. Establish independent, competency-based boards to govern the new entities.
- f. Set a clear national policy direction for the three waters sector, including integration with any new spatial / resource management planning processes.
- g. Establish an economic regulation regime.
- h. Develop an industry transformation strategy.

A summary of the proposals has been prepared by the DIA and is included at Attachment B.

32 QLDC has been placed in water services entity D, which would service most of the South Island. The boundaries of Entity D broadly coincide with the Ngāi Tahu takiwā. The Government remains open to discussion on the precise boundaries of the proposed entities.

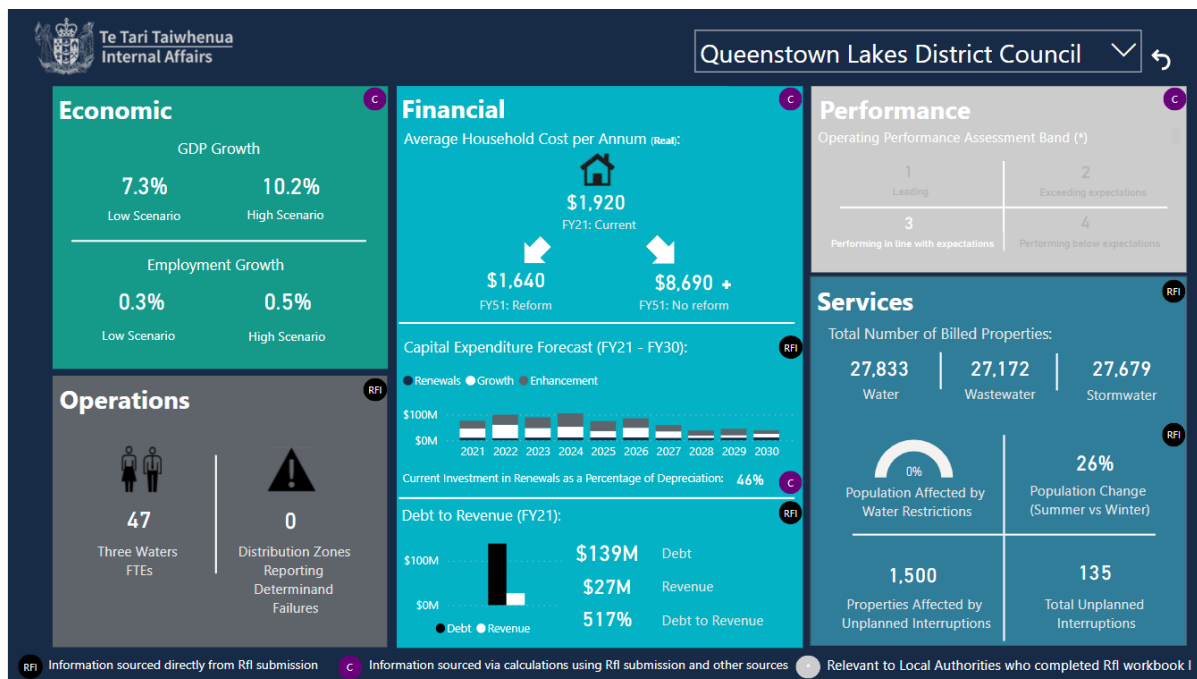
33 QLDC has also been allocated \$16,125,708 transition funding under the 'better off' component.

34 QLDC has further been allocated 'no worse off' funding of approximately \$3,000,000 each year for the two years following the transition.

35 This funding has been based on normally resident population numbers, without taking visitors into account.

Financial Implications

36 In respect of the Government’s published information on financial impacts, the ‘local dashboard’ developed for QLDC shows the following:



37 In the dashboard graphic above:

- The estimated current (2021) annual household charge for water services is \$1,920.
- The estimated future annual household charge for water services in 2051 under delivery by a new water services entity is \$1,640.
- The estimated future annual household charges for water services in 2051 under continued council delivery is \$8,690.

38 QLDC does not consider the dashboard to be an accurate portrayal of the financial implications of three waters reform in the district. The figures presented in the dashboard were built from an incorrect number of connections and the model does not appropriately allow for the impacts of high visitor numbers and development contributions.

39 Officers have advised that correcting the number of connections alone, would reduce the projected annual 2051 household cost under continued council delivery to \$4,836.

40 In May 2021, Morrison Low provided each council in the Otago-Southland Three Waters Office with a council-specific Impacts Assessment report (Attachment E) and in August a Review of WICS Data (Attachment F).

- 41 Further sensitivity testing undertaken by Morrison Low on the Government's data (based on the WICS model) in August 2021 showed that:
- When the underlying assumptions regarding percentage of revenue from households and number of connected properties were corrected, the forecast charges for QLDC are likely to be approximately 59% lower than reflected in the Government's data.
 - The scale of the difference between the entity and Council scenarios will be less than the Government data indicates.
 - The government has assumed a ten-year investment requirement of \$1,481M, which is 19% higher than QLDC's own estimates.
 - While there may be instances where QLDC's projected household charges are lower than those that may arise under an entity, these instances occur when QLDC's investment is less than its own projections of required investment, and where the entity is unable to achieve the projected operating and capital efficiencies.
 - It is therefore very unlikely that household charges for ratepayers in the district would be lower from continued Council service delivery than under Entity D. However, the cost savings will also be significantly less than those shown in the Government's dashboard.
- 42 The Morrison Low conclusions were that overall, while the projected household charges from the Government's analysis may be the subject of some contention, they are likely to be directionally accurate. That is, household charges will increase in the new regulatory environment, and QLDC ratepayers are likely to have lower household charges.
- 43 The cost gap between council service delivery and entity delivery is likely to widen over time also, particularly as the age of the infrastructure increases impacting on investments needs.

Options Analysis and Community Wellbeing

- 44 Significant changes will result from the three waters reform that has already taken place and will take place regardless of whether councils opt in or opt out of the proposed water entities. Legislative, regulatory and community expectations of standards are changing. There is therefore no status quo option. The only means by which the future standards can be complied with is investment.
- 45 Managing transition risks may pose a greater challenge for Council than the risks associated with the Government proposal. Effective management of the transition by Council, Government and partners will be critical.
- 46 The removal of three waters from Council itself would likely create the need for structural and service delivery change within the organisation.

- 47 The full extent of the impact on QLDC will be more easily identified once the review of the Resource Management system and the Future for Local Government review are both complete.
- 48 QLDC has considered three options within its analysis, noting that on this occasion a 'do nothing' option does not exist:
- a. Option A – the Government's proposal (Entity D and the new regulator, Taumata Arowai)
 - b. Option B – continued delivery of three waters services by QLDC under the new regulator, Taumata Arowai
 - c. Option C – combined delivery of three waters services by an Otago-Southland Three Waters Office, again subject to the new regulator, Taumata Arowai
- 49 An options analysis and impact assessment considering these three options can be found at Attachment D for noting. Whilst this addresses economic and environmental aspects of wellbeing in part, it does not account for some of the less tangible or measurable components of community wellbeing, elements which are also not considered in the Government's data.
- 50 QLDC has completed a high-level community wellbeing assessment, based on the Living Standards Framework, provided at Attachment G.
- 51 In summary, the Options Analysis identified that there is risk associated with all options, given the transition that is required and the fundamental changes that the sector will need to make. However, there are a number of key points to note:
- a. Option A (the Government's proposal)
 - i. This option is likely to provide the cheapest three waters service to the community and certainty of investment.
 - ii. Entity D will also take a significant proportion of QLDC's debt, potentially creating space for investment in other areas and creating debt funding capability.
 - iii. The ability for this entity to effectively manage the needs of a high growth district and integrate it effectively with land use planning is unclear.
 - iv. Risk and liability for compliance, private schemes and drinking water safety will transfer to Entity D.
 - v. This option enables consistency of regulatory compliance and environmental protection, but with no guarantee that investment will be prioritised in the district.
 - vi. This option provides greater ability to embed Te Ao Māori within the governance of three waters services.

- vii. This option significantly reduces self-determinism for the community, as local government participation in the governance structure is limited.
- b. Option B (continued delivery by QLDC)
 - i. Option B is likely to be more expensive than Option A for households, but not to the extent stated by the Government.
 - ii. QLDC will retain the debt associated with three waters and will be competing for workforce with Entity D.
 - iii. QLDC will need to meet the standards of the new regulator, Taumata Arowai and will retain all risks associated with compliance, private schemes (if moved to QLDC by the regulator) and drinking water safety.
 - iv. QLDC will have the opportunity to ensure three waters services meet growth requirements in the district, in alignment with the Whaiora 'Grow Well' Spatial Plan and Vision Beyond 2050.
 - v. There are no legislative impediments to QLDC enabling Te Ao Māori to be embedded in the governance of three waters.
 - vi. Option B enables greater self-determinism in the community (although still subject to the regulator) and retains three waters within existing democratic, local government structures.
 - c. Option C – Otago Southland Three Waters Office
 - i. Option C would experience significant funding challenges, as the entity would breach Local Government Funding Agency (LGFA) lending covenants and the debt to revenue covenants required to maintain a Baa/Ba credit rating with Moody's (credit agency). As such, the entity would be reliant upon government subsidy or higher household charges.
 - ii. The inability of the Otago Southland Three Waters Office to borrow sufficient funds to meet the required investment programme is considered a major impediment to the viability of this option.

Decision Making and Community Engagement

52 To date, councils have not been required to engage with the community on the implications of three waters reform. However, the results of a short sentiment survey undertaken online demonstrates that this is a matter of significance for the people of the Queenstown Lakes District and that the majority of respondents felt negatively about the Government's proposal. A summary of the survey results can be found at Attachment I.

53 QLDC has not been able to consult the community about options, as there is insufficient information and time available to meet the moral and legal requirements of council decision-making.

- 54 QLDC is committed to consulting with the community further on three waters reform in a meaningful way once the Council has further information from the Government on the next steps in the reform programme.
- 55 There is no expectation that councils will make a decision to opt-in (or out) or commence community engagement or consultation until there is greater clarity around reform timeframes, detail and working within the existing legislative and decision-making framework. This clarity is not expected until the last quarter of 2021.
- 56 Further advice regarding any future consultation requirements will be provided following future Government announcements.

Opportunity to Provide Feedback

- 57 The Government has asked for feedback on the potential impacts of the proposed reforms and how the reforms could be improved by the 1 October 2021.
- 58 The current request from the Government is an optional request for feedback. Councils have not been asked for any formal decisions about continued participation in the reform programme at this stage. Rather, the Government has provided councils an opportunity to review the data and information behind the reform proposals and to provide feedback on both the proposals and the evidence base they have been built on.
- 59 Part 6 of the Local Government Act 2002 (LGA), sections 76 to 90, provides the requirements for local government decision making and consultation. This includes the principles of consultation and the information that needs to be provided, including the reasons for the proposal and the reasonably practicable options. In particular:
- a. Section 76 requires that in making a significant decision, which a decision on the future management and or ownership of three waters assets would be, councils must comply with the decision-making provisions.
 - b. Section 77 states that councils must seek to identify all reasonably practicable options and then assess the advantages and disadvantages of each option.
 - c. Section 78 requires that in the course of making a decision a Council must consider community views, but section 78(3) explicitly says that consideration of community views does not require consultation, which is reinforced by case law.
 - d. Section 79 gives councils discretion to decide how the above Part 6 requirements are met, including the extent of analysis done and other factors.
- 60 A decision to provide feedback to the Minister of Local Government by 1 October 2021 does not commit the Council to a particular position on a future model for three waters service delivery or to continued participation in the Government's reform programme.
- 61 No specific Council engagement or consultation with the community is required prior to providing this feedback.

- 62 However, despite section 79 of the LGA, a decision to transfer the ownership or control of a strategic asset from the Council (or to it) would need to explicitly be provided for in the Council's Ten Year Plan and have been consulted on specifically in its consultation document.
- 63 QLDC's 2021-2031 Ten Year Plan did not include detailed information on three waters reform options and their implications when consultation on the draft Ten Year Plan was undertaken earlier this year because detailed information was not available at that time. This was under advisement from the Office of the Auditor General.
- 64 An amendment to the 2021-2031 Ten Year Plan and a commensurate consultation process would be necessary to alter three waters ownership and governance arrangements and transfer assets to a new entity.
- 65 At this stage, no Council decision is required on future three waters service delivery arrangements.
- 66 Any future Council decisions required on participation in the Government's Three Waters Reform Programme will be of high significance and trigger a full special consultative procedure. Council will need adequate time to meaningfully engage with the community.

Position Statement

- 67 Specifically, councils have been asked to provide feedback on:
- a. How to ensure all communities have both a voice in the new three waters service delivery system and influence over local decisions.
 - b. How to ensure there is effective representation on the new water services entities' oversight boards.
 - c. How to ensure councils' plans for growth, as reflected in spatial plans, district plans or Ten Year Plans, are appropriately integrated with water services planning.
- 68 Officers recommend that the Chief Executive is empowered to prepare a letter of feedback, based upon the position statement provided at Attachment J.
- 69 The letter will express broad support for reform of three waters regulation and will outline that QLDC believes the pace of reform is too fast for effective analysis or meaningful community consultation to be undertaken. Holistic review of the implications of three waters reform on community wellbeing, using a recognised framework is required.
- 70 QLDC supports reforms that enable Ngāi Tahu to meaningfully participate in decision making about water services in the Ngāi Tahu takiwā, but notes that the Government's proposal is not the only way that this can be achieved.
- 71 The feedback supports a joint letter from the Mayors and Chairs of the LGNZ Zone 6 councils to the Minister dated 25 August 2021, requesting that the reform programme is paused to provide communities with adequate time to clearly understand the implications

of the three waters proposals. The Zone 6 letter is attached to this report as Attachment K.

Options

72 This report identifies and assesses the following reasonably practicable options for assessing the matter as required by section 77 of the Local Government Act 2002:

73 **Option 1:** Approve the draft position statement at Attachment J, subject to any amendments and authorise the Chief Executive to submit a letter the Government to this effect.

Advantages:

74 It ensures that Council's position is presented effectively to the Government.

Disadvantages:

75 There is no clear disadvantage to this option.

76 **Option 2:** Reject the draft position statement at Attachment J and request it be rewritten in full.

Advantages:

77 It ensures that Council's position is presented effectively to the Government.

Disadvantages:

78 The feedback must be provided by the 1 October and rewriting the position statement will place this timeline under pressure.

79 **Option 3:** Reject the draft position statement and do not provide feedback to the Government.

Advantages:

80 It ensures that Council's position is not misrepresented to the Government.

Disadvantages:

81 The Council will not have the opportunity to effectively participate in the feedback process.

82 This report recommends Option 1.

CONSULTATION PROCESS | HĀTEPE MATAPAKI:

> SIGNIFICANCE AND ENGAGEMENT | TE WHAKAMAHI I KĀ WHAKAARO HIRAKA

83 This matter is of high significance, as determined by reference to the Council's Significance and Engagement Policy because of the level of interest from community, iwi and key stakeholders in community wellbeing – social, economic, environmental cultural – and the importance of community participation to achieving this. This report is not inconsistent with existing policy and strategy. It aligns to the Vision Beyond 2050 statements and the Ten Year Plan.

84 The persons who are affected by or interested in this matter are all residents and ratepayers of the Queenstown Lakes District community, businesses, community organisations, other local and central government agencies, and Council staff.

85 Refer to 73-77 for further details relating to community consultation on this matter.

> MĀORI CONSULTATION | IWI RŪNANGA

86 Council staff have been in discussion with Ngāi Tahu to progress the takiwā approach over the past 12 months, but broader consultation has not been undertaken. Government has managed a separate consultation process with iwi.

RISK AND MITIGATIONS | NGĀ RARU TŪPONO ME NGĀ WHAKAMAURUTANGA

87 This matter relates to the Strategic/Political/Reputation risk category. It is associated with RISK00038 (lack of alignment – strategies and policies) within the [QLDC Risk Register](#). This risk has been assessed as having a moderate inherent risk rating.

88 The approval of the recommended option will support the Council by allowing us to implement additional controls for this risk.

FINANCIAL IMPLICATIONS | NGĀ RITENGA Ā-PŪTEA

89 There are no financial implications as a result of this decision.

COUNCIL EFFECTS AND VIEWS | NGĀ WHAKAAWEAWE ME NGĀ TIROHANGA A TE KAUNIHERA

90 The following Council policies, strategies and bylaws were considered:

- a. 2019-2022 Climate Action Plan
- b. 2021 Spatial Plan
- c. 2021-31 Ten Year Plan
- d. 2021-51 Infrastructure Strategy
- e. Risk and Resilience Framework
- f. Organisational Development Strategy

91 The recommended option is consistent with the principles set out in the named policy/policies.

LOCAL GOVERNMENT ACT 2002 PURPOSE PROVISIONS | TE WHAKATURETURE 2002 O TE KĀWANATAKA Ā-KĀIKA

92 The recommended option:

- a. Will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses by ensuring all communities can voice their ideas and opinions about proposed initiatives.
- b. Will help promote the social, economic, environmental, and cultural well-being of communities in the present and for the future (LGA s10 (1) (b));
- c. Can be implemented through current funding under the Ten Year Plan and Annual Plan;
- d. Is consistent with the Council's plans and policies; and
- e. Would not alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or transfer the ownership or control of a strategic asset to or from the Council.

ATTACHMENTS | NGĀ TĀPIRIHANGA

A	List of Documents Published on DIA Website (June – July 2021)
B	DIA A3 Summary of Government's Proposal
C	Summary of Morrison Low Reports for Otago Southland Three Waters Office
D	Options Analysis
E	Morrison Low Report Impacts Assessment Report for QLDC (May 2021)
F	Morrison Low Report Review of WICS Data for QLDC (August 2021)
G	Community Wellbeing Assessment
H	Summary of Survey Results
I	<i>No attachment I for clarity</i>
J	Draft Position Statement
K	Joint letter from the Mayors and Chairs of the LGNZ Zone 6 councils to the Minister dated 25th August 2021