

**QLDC Council
1 September 2022**

Report for Agenda Item | Rīpoata moto e Rāraki take [3]

Department: Property & Infrastructure

Title | Taitara: Cardrona Valley Water Supply Investment.

PURPOSE OF THE REPORT | TE TAKE MŌ TE PŪRONGO

- 1 The purpose of this report is to recommend an increase in the current 2021-2031 Ten Year Plan investment for a Cardrona Valley community drinking water supply scheme and associated changes to the 2021 Development Contributions Policy.
- 2 Following public notification, a hearing was convened on 2 August 2022 to allow submitters to appear and speak in support of their written submission. Hearing panel deliberations were held on 2 August 2022 and reconvened on 8 August 2022. On consideration of all submissions, the Hearing Panel of Councillors Smith, Lewers and Clark has recommended to proceed as proposed subject to further information that is provided in this report.

RECOMMENDATION | NGĀ TŪTOHUNGA

That Council:

1. **Notes** the contents of this report;
2. **Notes** the contents of the report of the hearings panel for the Cardrona Water Supply Scheme; and
3. **Approves** the \$9.1M increase to the current 2021-2031 Ten Year Plan capital budget from \$8.1M (with a further \$1.5M staged outside the ten-year window) to an estimate of \$17.2M and associated debt recovery in the 2021 Development Contributions Policy for investment in a Cardrona Valley community drinking water supply scheme as per the 17 June 2022 Statement of Proposal (ATTACHMENT G).

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CONTEXT | HORPOAKI

- 3 On 10 December 2020 the Council resolved to delegate authority to its Chief Executive to enter into a Development Agreement to participate with Cardrona Valley WTP Limited (CVWTP) in the procurement of a new Council community drinking water supply scheme with a connection to the Cardrona Village. Funding was subsequently provided in the 2021-2031 Ten Year Plan for the project.
- 4 Following detailed design and development for procurement purposes the Council has received new cost estimates exceeding the anticipated costs in the 2021-2031 Ten Year Plan. The cost increases result in a consequent increase in the development contributions and targeted capital water supply rate required to fund the investment. See **ATTACHMENT D** for the updated Cardrona Valley Drinking Water Supply Scheme Plan.
- 5 The increase was considered significant, requiring public consultation under the Special Consultative Procedure.
- 4 On 2 June 2022 the Full Council authorised officers to publicly notify the Statement of Proposal for public submissions and appointed a hearing panel to hear submissions and make a recommendation on the status of the Cardrona Valley Water Supply Investment to Full Council.
- 5 The Statement of Proposal was published on 17 June 2022 and submissions closed on 18 July 2022, see **ATTACHMENT G**.
- 6 Councillors Smith, Lewers and Clark formed the hearing panel, and considered the submissions received.

ANALYSIS AND ADVICE | TATĀRITANGA ME NGĀ TOHUTOHU

Submissions

- 7 Thirty-Eight (38) public submissions were received. Eleven (11) of those submitters requested to be speak at the hearing, though only eight (8) did so.
- 8 The submissions have been compiled (**ATTACHMENT C**) and a Submissions Register (summary table) for ease of reference (**ATTACHMENT B**) has been generated.
- 9 Of the submissions, the positions and associated number are as follows:

Table 1: Summary of Submissions

Position	Number of Responses
Neutral	2
Oppose	29
Support	7*
Grand Total	38

* One of these submissions represents a group of 44 units under a Body Corporate.

- 10 The following general themes summarise points made in the submissions.

Neutral

- No immediate need or desire for a Council community drinking water supply scheme
- But desire the option for a connection in the future, and does not wish to be subject to an availability charge in the meantime.

Oppose

- Current water services (level of services, safety, quality and volume) are viewed as sufficient.
- Growth (whether enabled by infrastructure or permitted by zoning) is not desired.
- Cost is perceived to be unaffordable.
- Cost is perceived to be a duplicate for those who have already paid for private servicing.
- Environmental concerns over the use of fresh water for potable use in a sensitive and constrained catchment.
- Council's usual rating policies and application of availability charges and targeted capital water supply rates under the Rating Powers Act and Local Government Act seems unfair.
- Concern over commercial case for delivery model that involves developers.

Support

- Enables growth and development for multiple development stakeholders.
- Health benefits, increase to property value, and improved level of service benefits flow on to Cardrona residents through growth.
- Consistent level of service end to end across Cardrona.
- Costs of infrastructure are rising.
- Opportunity is unique, time-bound and will not be available in future.
- Sustainable development whereby water is managed by one operator.
- New legislation will bring increased costs, best mitigated by economies of scale under single entity operations.
- Modern Council community drinking water supply scheme will be compliant with new drinking water regulations and quality rules.

11 A quantitative summary of those that are neutral or oppose, and those that support the proposal is tabulated below.

Table 2: Summary of Submissions Analysis

Position	Oppose	Neutral	Support	TOTAL**
Number of Submissions	29	2	7*	38
Themes in submissions - oppose/neutral				
Cost/paying for private scheme and then for Council community drinking water supply scheme	18			18
Satisfied with their existing service (provided by private scheme)	19			19
Concern about compelling connection or availability charges	11			11
Wish to retain option to connect to a Council community drinking water supply scheme in the future	2	1		3
Other	10			10
Not stated	3			3
Themes in submissions - support				
Risks (compliance, health, costs, legislation) of private schemes			4	4
Reliability and Resilience benefits of a Council community drinking water supply scheme			5	5
Best option and limited time opportunity to provide a Council community drinking water supply scheme			4	4
Enables sustainable development			5	5
Not stated			2	2

* One of these submissions represents a group of 44 units under a Body Corporate.

** The totals do not add to the number of submissions because some submissions are reflected in multiple themes.

Hearings Panel

12 The Hearings Panel has given full consideration to all the submissions. The hearings panel has recommended to increase the current 2021-2031 Ten Year Plan budget and associated debt recovery in the 2021 Development Contributions Policy for investment in a Cardrona Valley community drinking water supply scheme as detailed in the 17 June Statement of Proposal. Further analysis on financial debt recovery risks and consequential impacts on Council's overall capital programme as requested by the panel is provided in the FINANCIAL IMPLICATIONS section of this report.

Options Analysis

13 Option 1 Approve increase to the 2021-2031 Ten Year Plan budget and associated debt recovery in the 2021 Development Contributions Policy for investment in a Cardrona Valley community drinking water supply scheme.

Advantages:

- 14 Compliant and future proofed Council-owned community drinking water supply scheme.
- 15 Manages risk in relation to Council's obligations under the Water Services Act to ensure communities have access to safe drinking water.
- 16 Established presence for safeguarding and preserving future options via QLDC acquisition of the largest (by volume) of the existing water permits.
- 17 Mitigates proliferation of further private drinking water supply schemes in Cardrona.
- 18 Sustainability design features enabled to help better manage environmental impacts of peak demand, consumption and use, and to buffer the impacts of seasonal fluctuations of catchment water availability for more optimal use, treatment and supply year-round.
- 19 Certainty on price and delivery for a council owned community drinking water supply scheme with development agreement, shovel ready project, and fast-tracked into delivery as part of MCS development.
- 20 Delivers certainty by making Council infrastructure impartially available to enable Cardrona Village to develop in line with Spatial Plan assumptions and in accordance with same wastewater treatment plant funding (funded by growth).
- 21 Enhanced affordability options through availability of MCS differential development contribution mechanism to fund the capital costs for connection to the Council owned community drinking water supply scheme for Cardrona Village users.

Disadvantages:

- 22 Increase in capital budgets resulting in cost increases to the ratepayer.
- 23 Low (but not zero) initial uptake due to the exemptions made in Council's usual capital and operational charge recovery models for those already connected to Cardrona Water Supply Ltd or Cardrona Ltd.
- 24 Whole of life funding risks inherent in the debt recovery for funding of infrastructure via development contributions, amidst uncertainty of where development may occur and when.
- 25 May affect some ratepayers and residences by the compelling of availability charges for those that oppose the scheme and are not exempt.
- 26 Option 2 Maintain the status quo without a Council owned community drinking water supply scheme in Cardrona – avoiding requisite increase to the current 2021-2031 Ten Year Plan budget and associated debt recovery in the 2021 Development Contributions Policy for investment in a Cardrona Valley community drinking water supply scheme.

Advantages:

- 27 Does not increase overall cost burden to ratepayer.
- 28 Does not require assumption of funding risks
- 29 Does not affect those ratepayers and residences by the compelling of availability charges for those that oppose the scheme and are not exempt.

Disadvantages:

- 30 Fails to take the last reasonably practicable opportunity for the Council to supply drinking water in the Cardrona Valley.
- 31 No established Council presence for resilience where other schemes may fail or seize operations.
- 32 The risk exposure of Council's obligations under the Water Services Act to ensure communities have access to safe drinking water remains unmitigated.
- 33 Council is not in control of enabling development with impartial core infrastructure and services, this control remains in the hands of private (and competing) interests.
- 34 Proliferation of private schemes in Cardrona
- 35 No certainty for existing service connections on cost escalations, changes to levels of service, or availability of services going forward.
- 36 Provides no viable solution for the needs signalled by early supporters (e.g. 2326 Apartments (44 units) locally referred to as Benbrae Apartments, and the Roberts Family Trust development, or Miners Rise residences).
- 37 Provides for no certain alternatives in terms of viability and cost, let alone enhanced affordability options.
- 38 Constrains existing zoning and spatial plan objectives.
- 39 Risk of constrained development impeding Council's ability to recover debt for the Cardrona wastewater project.

Recommendation

- 40 This report recommends **Option 1** for addressing the matter because it will provide the necessary funding to enable the delivery of safe, clean and best value for money community drinking water supply scheme to Cardrona to impartially enable growth and better manage the environmental impacts of water consumption in the catchment.
- 41 The recommended option leverages off the efficiencies of a development in motion. The risk of cost escalations is transferred to the developer and further risk of delay and cost escalation from planning avoided.

- 42 The recommended option is in alignment with the affordability needs of the village, and provides for enhanced affordability options with MCS differential funding, while preserving the options, allowing for choice to remain in Cardrona for as long as the private schemes are continuing to operate. Should private schemes exit the market, a community drinking water scheme ensures there is an acceptable option to meet the key levels of service and core infrastructure requirements.
- 43 Due to the shrinking cap on water take consents, there will not be any similar, reasonably practicable opportunities for the Council to supply drinking water in the Cardrona Valley. Noting, it is unknown what position any new entity (scheme operator and asset manager) may take to the provision of water supply infrastructure or development of that infrastructure, or acquisition of private schemes.

CONSULTATION PROCESS | HĀTEPE MATAPAKI:

SIGNIFICANCE AND ENGAGEMENT | TE WHAKAMAHI I KĀ WHAKAARO HIRAKA

- 44 This matter is of high significance, as determined by reference to the Council's Significance and Engagement Policy.
- 45 The persons who are affected by or interested in this matter are all property owners within proposed area of service for the Cardrona water scheme.
- 46 The Council has consulted on investment in Cardrona Valley for the proposed community drinking water supply scheme in the 2021-2031 Ten Year Plan. These consultations have been ongoing since 2020 and with further engagement in 2022.
- 47 In October 2020 Council published an information flyer and sought submissions from the public to inform the December 2020 resolution by Full Council in relation to the proposed Cardrona Community Drinking Water Supply Scheme and budget reforecast.
- 48 In April 2020, formal consultation was conducted as part of the normal statutory process for the Ten-Year Plan 2021-2031 to confirm the budget and funding for the Cardrona Community Drinking Water Supply Scheme subsequent to the resolution of December 2020. The budget and funding was confirmed through formal adoption of the Ten Year Plan 2021/2031 in June 2021.
- 49 Special Consultative Procedure was conducted with the statement of proposal published on 17 June 2022 to which submissions closed on 18 July 2022.
- 50 As part of the Special Consultative Procedure, a hearings panel convened and heard oral submissions on 2 August 2022, reconvening on 8 August recording recommendation to proceed.
- 51 In addition to the above, Council officers have met with Cardrona Village Residents and Ratepayers in Cardrona at key milestones during consultation to update and respond to questions in relation to the proposed Cardrona Community Drinking Water Supply Scheme;

1. 11 November 2020 in response to the October 2020 information flyer
2. 19 May 2022 to update on the scheme overall and pre-empt the special consultative procedure and statement of proposal,
3. 4 July 2022 to respond to questions and answer in response to the statement of proposal so that those making submission can better inform their submissions.

52 The proposal has been prepared in accordance with section 83 of the Local Government Act 2002 (LGA).

> MĀORI CONSULTATION | IWI RŪNANGA

53 The Council has sought submissions from Iwi through the special consultative procedure.

RISK AND MITIGATIONS | NGĀ RARU TŪPONO ME NGĀ WHAKAMAURUTANGA

54 This matter relates to the Regulatory/Legal/Compliance risk category. It is associated with RISK00012 Core infrastructure is Insufficient- Poor infrastructure planning and RISK00031 Ineffective management and governance over legislative compliance within the QLDC Risk Register. This risk has been assessed as having a high inherent risk rating.

55 The recommended option will support the Council by avoiding risks by increasing funding to enable the delivery of core infrastructure. This shall be achieved by provisioning the funding required to proceed with a developer agreement that to execute and deliver on the proposed Cardrona Community Drinking Water Supply Scheme as detailed in **ATTACHMENT D**.

FINANCIAL IMPLICATIONS | NGĀ RITENGA Ā-PŪTEA

56 The proposal is to increase the capital budgets from \$8.1M (with a further \$1.5M staged outside the ten-year window) to an estimate of \$17.2M in the 2021-2031 Ten Year Plan and associated debt recovery in the current 2021 Development Contribution Policy (as per ATTACHMENT G) to invest in a QLDC owned and operated community drinking water supply scheme for Cardrona Valley.

57 Supplementary to the information provided in the statement of proposal, the table below summarises the applicability of rates and development contributions to fund operating and capital costs.

Table 3: Summary of funding effects

Property type	Rates to fund operating costs		Capital costs repayment		Comment
	WS Operating Rate (Availability half charge; ~\$400p.a)	WS Operating rate (full charge ~\$800 p.a)	Targeted Capital Water Supply Rate (TCWSR), in lieu of DC ~\$1,100p.a	Development Contribution (DC)	
MCS	✓	✓	×	✓	DC paid upon connection or via bulk payment, and rated as normal following connection for operational rates.
Outside MCS					
Serviced = connected from Year 1	×	✓	✓	n/a	Upfront DC (\$16,490/DE) is an alternative option to the Targeted Capital Water Supply Rate
Serviceable but not currently connected – within 100m, not connected to CWSL or CL	✓	×	×	If Owner chooses to connect, and is not paying TCWSR	Any property may to choose to be on the Targeted Capital Loan Rate in the first rating year (by 31 March 2024) if they wish to connect in the future - but they will not be compelled to do so. Should they not opt to be on this rate in the first year, and wish to connect in the future, then the DC in place at the time will apply.
Serviceable but not currently connected – within 100m and connected to CWSL or CL	×	×	×		
Not serviceable and not currently connected – not within 100m	×	×	×		

58 All properties (subject to those that are exempt) within the proposed scheme boundary as shown in **ATTACHMENT E** will be subject the Cardrona Water Supply Rate and Availability Charges effective in the first rating year of the scheme operations (estimated 1 July 2024).

59 The proposal also requires a change to the contributing area maps for Cardrona 17.1 Wastewater & Water Supply in the Development Contributions Policy 2021 in the 2021-2031 Ten Year Plan to reflect the initial scheme boundary and applicable areas of capital and operating charges. These changes are detailed in **ATTACHMENT F**.

Funding Risks

60 The proposal requires an increase in capital budget of \$9.1m. In order to stay within the funding envelope defined in the ten-year plan, there will need to be a budget offset in due course. This is not expected to be problematic, however, it is clear that there will be some opportunity cost if the proposal is approved.

61 A major reforecast of 2022/23 and future years capital budgets will be completed by late December 2022 to re-baseline budgets across the ten-year plan based on updated programmes, approval of Waka Kotahi funding and reprioritisation given additional budget constraints. The overall objective will be to reduce the capital budgets for both 2022/23 and 2023/24 to reflect a more affordable programme. This will result in some

deferral of 3 waters capital projects beyond 2023. This process will provide the necessary budget off set to accommodate this increase in budget.

- 62 A number of submitters have raised the issue of the financial risk for Council in recovering the debt associated with the proposal. This proposal has some unique features with regard to the options for payment which constrain council's ability to recover cost:
- The capital rate is largely “voluntary” with ratepayers able to opt in rather being the default mechanism as is standard.
 - Those properties already connected to private schemes are excluded from both the capital rate and operating rate (availability charge) until they connect to the Council scheme. At this time, a lump sum DC will be payable as well as the full operating rate. The timing of this is undefined and uncertain.
- 63 Local authorities are always faced with a degree of funding risk with growth infrastructure funded by development contributions. It is inherent in the system which requires up-front capital costs to be recovered over time. To understand this risk, council has modelled both the future demand and debt recovery for the Cardrona Water Supply proposal.
- 64 Any funding of infrastructure investment requires a level of uncertainty. The decision to approve imposes a funding risk quantified at an estimated \$10M of residual capital debt that Council takes on over the 30-year infrastructure asset life.
- 65 The risk eventuates if a significant number of current and/or future properties elect not to connect to a Council owned and operated community Drinking Water Supply scheme, e.g. uptake is not as high as forecasted.
- 66 These types of risks are inherent in infrastructure funded by development contributions, and not outside the normal realms of what other local authorities take in New Zealand for modern water supply schemes in small townships that plan for infrastructure and must balance the following risks
- a. Assuming more connections than are made and under-charging initial developments/connectors thus ending up with residual debt, as opposed to:
 - b. Assuming fewer connections than are made and under sizing infrastructure and/or over charging initial developments/connectors.
- 67 Unrecovered debt is at risk of compounding interest, as is shown below and there are mitigating factors available to Council and contributing factors that may lessen the impact of that risk eventuating.
- 68 As is typical with funding long term infrastructure, infrastructure demand is based on both plan enabled development within the current district plan as well as future development in accordance with Spatial Plan predictions. Predicting actual growth and forecasting demand for capacity utilisation is inherently uncertain as it depends on a number of factors including; actual development uptake, yield, speed, interest rates, future modular capital costs of infrastructure. The Cardrona Valley is likely to be a mix of residential,

visitor accommodation and commercial developments, each with different yield and water demand characteristics.

69 The underlying long term demand assumptions are summarised below. These are the same assumptions as those that were used to inform the Cardrona Valley Wastewater project delivery. As has been evident elsewhere in the district and in New Zealand these types of enabling infrastructure projects need to consider potential demand and growth (development outside) beyond the current 10-year District Plan. The below figures are informed by the initial spatial plan work undertaken by QLDC in 2018 when the wastewater project was being scoped.

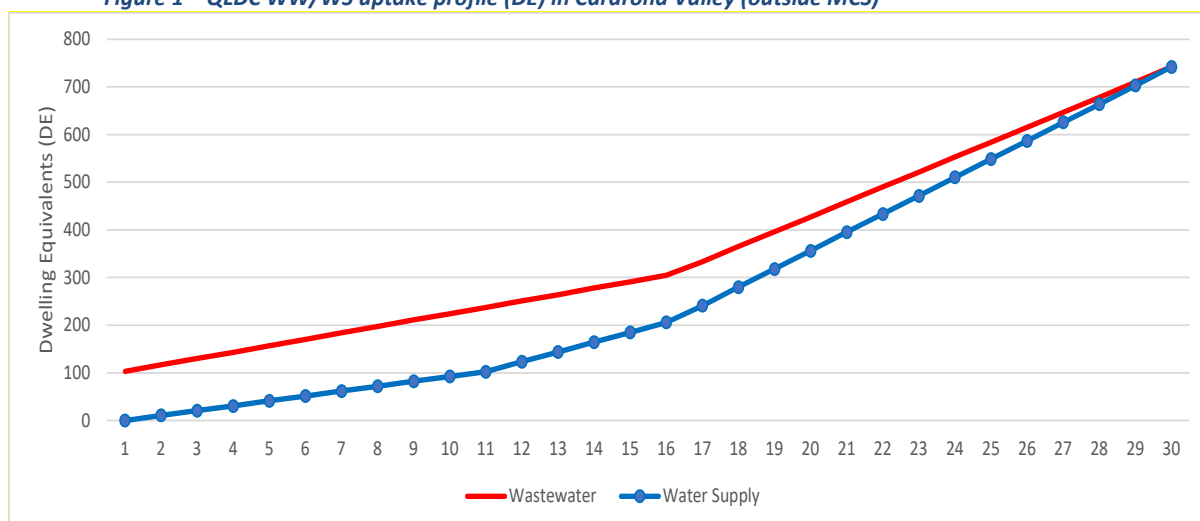
Table 4: Cardrona Wastewater/Water Supply underlying growth assumptions

Cardrona Valley	Low	Medium	High	Comment
Existing Township	150	375	500	17 Ha of permissive ¹ Township zoning
Outside Township	100	375	600+	Currently zoned RG but potential to change over time
MCS	600	800	1,000	132 Ha + 450 Ha balance land of ski area sub zone and RG zone
TOTAL DE - 30 years	850	1,550	2,100+	

1. Visitor accommodation PDP = up to 3 stories with 50% site coverage = > 50 DE/Ha

70 The base case scenarios for the connection profile in the valley (all areas outside of MCS) for both wastewater and water supply are shown below. The medium growth assumption from the above table was used as the base case scenario for the funding models, with a different timeline (rate of growth). The water supply profile has slower uptake due to the wider range of alternative options available to customers in terms of where and how they source their water. (e.g. whether by private on site water supply bores or one of the existing private water supply schemes in the village).

Figure 1 – QLDC WW/WS uptake profile (DE) in Cardrona Valley (outside MCS)



71 The uptake of the QLDC Water Supply (DE) for the entire scheme is summarised in 5-year groups below. This is split between MCS and those outside of MCS – Cardrona Valley.

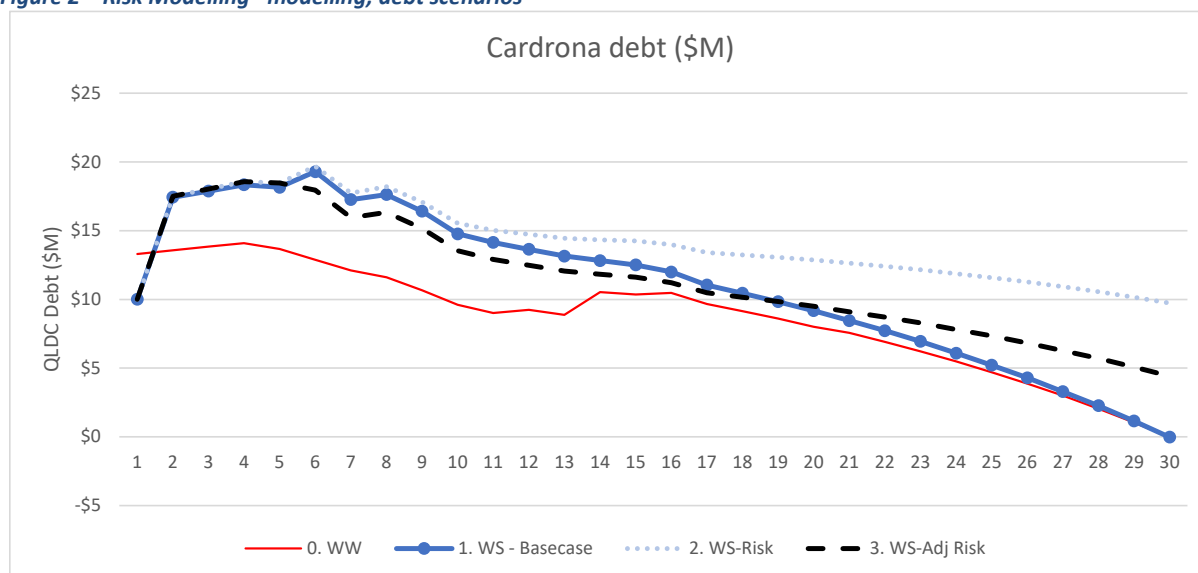
Table 5: Dwelling equivalent growth by 5-year period

Uptake by 5-year group	1-5	6-10	11-15	16-20	21-25	26-30	TOTAL

MCS	291	359	112	38	0	0	800
Cardrona Valley (outside MCS)	41	51	92	171	192	193	742
TOTAL	332	410	204	209	192	193	1,542
Cumulative total	332	742	947	1,156	1,349	1,542	

72 The simplest way to consider the financial or funding risk of both projects is by modelling the QLDC debt balance. Should every factor unfold as forecast, the QLDC debt is paid off over time by development contributions (or the equivalent annual Targeted Capital Water Supply Rate). However as with any funding model there are many scenarios that may be realised over time and the modelling is never fully accurate nor does the market the follow the model. However, all recent demand uptake in the district has occurred ahead of demand which provides for a level of conservatism in the modelling. Four basic scenarios are explained below. The overall cost recovery required for all capital costs and interest consideration is around \$38M over the 30-year period.

Figure 2 – Risk Modelling –modelling; debt scenarios



Legend:

0. Wastewater – the debt profile for the wastewater project. as a baseline for reference
1. Water Supply – Basecase Scenario 1 – the base case scenario – the highest risk period is in the early years when the debt is at its peak and uptake is lower due to the MCS up-front credits from the bulk payment (pre-paid/pre-built capacity) that MCS will give effect to without paying further development contributions for, and potential for slower uptake in the village.
2. Water Supply – Risk supply Scenario 2 – this shows the impact of lower uptake – a third of the forecast development (250DE) in the Cardrona Valley (outside MCS) do not connect over 30 years. This results in a long-term unrecovered debt of \$10M if mitigation options were not enabled.

3. Water Supply – Adj Risk Scenario 3 – this shows the impact of the mitigation measures; these include reducing future capex to reflect lower demand and increasing (5%) future development contributions for all future connections (MCS and Cardrona Valley). This reduces the debt to below \$5M.
- 73 The decision to approve the proposal includes a potential funding risk of an estimated \$10m of unrecovered debt after 30 years. This arises if those properties which are currently connected to private schemes elect not to change to the Council owned and operated scheme and development elsewhere in the valley does not occur as expected. The above risk should be considered in balance with Council’s potential risks should they need to respond in the future reactively rather than proactively to meet potential obligations under the Water Services Act 2021. The funding requirements in that case is unknown and could be more challenging than this proposal.
- 74 This risk can be mitigated by reducing future capital investment to reflect lower demand and by increasing future development contributions for all future connections (MCS and Cardrona Valley). This has the impact of reducing the unrecovered debt to \$5m.
- 75 While there are debt recovery risks associated with uptake that can be mitigated as per the above, there are similar debt recovery risks associated with not proceeding with a Community Drinking Water Supply Scheme. The debt recovery of the wastewater treatment plant (made operable in December 2021) may also be impeded if growth in Cardrona is constrained by insufficient drinking water supply infrastructure to enable growth in Cardrona.

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

- 76 The following Council policies, strategies and bylaws were considered:
- Cardrona 2020 (2003) - To provide for the cost-effective reticulation of water and sewerage as the population increases and this becomes more economically viable.
 - Water and Sewerage Schemes – Small Communities (2004) - Sewerage and water need to be funded by the community that benefit.
 - Growth Management Strategy (2007) - Infrastructure is provided in a way that supports high quality development located in the right places while adhering to the principles of sustainable development and ensuring that the environmental qualities of the district are protected.
 - 2021 Policy on Development Contributions & Financial Contributions.
 - Significance and Engagement Policy
 - Integrated Three Waters Bylaw
 - 30-Year Infrastructure Strategy
 - Three Waters Asset Management Plan
- 77 The recommended option is consistent with the principles set out in the named policy/policies.
- 78 This matter is already included in the Ten-Year Plan and Annual Plan but requires additional funding.

LEGAL CONSIDERATIONS AND STATUTORY RESPONSIBILITIES | KA TURE WHAIWHAKAARO, ME KĀ TAKOHAKA WAETURE

- 79 Acquisition of strategic assets (here, water supply infrastructure) engages s 97 of the LGA. The decision is already included in the Council’s 2021-2031 Ten Year Plan. This satisfies the requirements of s 97.
- 80 Nonetheless, the increased cost is considered significant, and given the status of the infrastructure as a strategic asset consultation using the special consultative procedure is appropriate.
- 81 The project is otherwise consistent with Council policies and plans.
- 82 Negotiations on the Development Agreement and ancillary documents are ongoing and are being carried out by Council officers in accordance with the Council Decision on 10 December 2020.
- 83 The development documents will be negotiated so as to mitigate QLDC’s legal and procedural risks.
- 84 The decision to invest in a Cardrona water supply scheme through the 2021-2031 Ten Year Plan was the subject of a Judicial Review. This was settled on the basis that QLDC was not presently intending to fund the proposed Cardrona Community Drinking Water Supply scheme by levying an availability charge on rating units currently connected to the Cardrona Valley Water Supply Ltd and Cardrona Ltd private water schemes; nor by recovering capital costs through development contributions from those connections, other than where those lots opt in to the Community Drinking Water Supply scheme. The Council may in future require a development contribution (relating to the water category) where a unit or units from developments previously connected to a private scheme connects to the Council scheme. The proposed decision does not change the basis of funding the proposal, just the amount.
- 85 A more recent judicial review action was served on QLDC on 29 July 2022. It challenges a resource consent condition that requires developed lots to connect to the Council scheme in the future. The financial model for funding the proposed Cardrona water scheme is based on the application of Council’s rating powers. It is not reliant on connections to the Council scheme triggered by a resource consent condition that requires connection to the Council scheme. The imposition of resource consent conditions is a Council function that stands alone from rating decisions Council makes to fund infrastructure. Resource consent conditions can be challenged by applicants and go through an entirely distinct decision making and appeal process, governed by the Resource Management Act.

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

- 86 Section 10 of the Local Government Act 2002 states 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. This proposal will help meet the

current and future needs of communities for process of formal consultation on provision of 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 providing a feasible infrastructure solution for water services with economies of scale in the Cardrona Valley.

87 As such, the recommendation in this report is appropriate and within the ambit of Section 10 of the Act;

88 The recommended option:

- Can be implemented through current funding under the Ten-Year Plan and Annual Plan;
- Is consistent with the Council's plans and policies; and
- 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	Hearing Panel's Recommendation report
B	Submissions Register
C	Public Submissions (Available upon request)
D	Cardrona Valley Drinking Water Supply Scheme Plan
E	Cardrona Valley Drinking Water Contributing Area Map
F	Proposed change to Cardrona Development Contribution Contributing Area Maps – page 27 of 40, see supporting documents to in the Development Contribution Policy 2021; Volume 2 of 2021/31 Ten Year Plan
G	Statement of Proposal 17 June 2022