

MINUTES

ORDINARY COUNCIL MEETING

Date: Thursday, 9 September 2021

Time: 1.00 pm

Venue: Council Chamber
Rangitikei District Council
46 High Street
Marton

Present

HWTM, Andy Watson
Cr Nigel Belsham
Cr Brian Carter (*via Zoom*)
Cr Fi Dalgety (*via Zoom*)
Cr Gill Duncan (*via Zoom*)
Cr Angus Gordon (*via Zoom*)
Cr Richard Lambert (*via Zoom*)
Cr Tracey Hiroa (*via Zoom*)
Cr Waru Panapa (*via Zoom*)
Cr Dave Wilson
Cr Cath Ash (*via Zoom*)

In attendance

Mr Peter Beggs, Chief Executive (*via Zoom*)
Mr Arno Benadie, Chief Operating Officer
Mr Dave Tombs, Group Manager – Corporate Services
Mrs Carol Gordon, Group Manager - Democracy and Planning
Ms Gaylene Prince, Group Manager - Community Services (*via Zoom*)
Mr Dave Tombs, Group Manager - Corporate Services
Mrs Sharon Grant, Group Manager - People and Culture (*via Zoom*)
Mr Ash Garstang, Governance Advisor
Mr Daniel O'Regan, Communications Contractor

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1 Welcome

His Worship the Mayor opened the meeting at 1.02 pm.

2 Apologies

Resolved minute number 21/RDC/270

That the apology for Cr Raukawa be received.

Cr B Carter/Cr R Lambert. Carried

3 Public Forum

There was no public forum.

4 Conflict of Interest Declarations

Members were reminded of their obligation to declare any conflicts of interest they might have in respect of items on this agenda.

5 Confirmation of Order of Business

The Mayor tabled a report (Mayor's Report to Council on Three Waters).

Mr Beggs summarised three key points of feedback from the Te Roopuu Ahi Kaa Komiti in relation to Three Waters:

1. The proposed reforms have been progressed at a rapid pace and this has not allowed iwi enough time to properly consider the implications of the possible changes.
2. There needs to be a genuine partnership between iwi and central government on this issue.
3. The Three Waters reforms should not be seen in isolation, but instead should be considered in connection to other reforms (such as the Resource Management Act reform).

Cr Panapa noted that the Te Roopuu Ahi Kaa workshop was very positive and the Komiti was appreciative of Council's approach.

6 Reports for Decision

6.1 Report to Council on Central Government Proposed Reform of Three Waters (Drinking Water, Wastewater and Storm Water) Service Delivery

Council agreed that elected members would flag any significant issues for later in-depth discussion. Mr Beggs and Mr Benadie proceeded to go through the report section by section, and noted elected members' concerns as they were raised.

Summary, and Background and context (sections 1 and 2)

Mr Beggs explained that Option A would have Council earmarked to become a part of Entity B. Option B is status quo. Option C means that Taumata Arowai would apply more stringent standards to local councils, and Option D would be an aggregated model with neighbour councils (including Taranaki councils).

Cr Belsham asked if Option B (status quo) is essentially the same as Option C. Mr Beggs agreed, but noted that under Option C he would anticipate Taumata Arowai taking a more active role in the enforcement of water standards.

Cr Dalgety questioned para 1.12 and asked if this means that Council is unable to consult with our communities. The Mayor advised that Council is allowed to pass on information about Three Waters, but not formally consult. He acknowledged that the line between 'communication' and 'consultation' was grey.

Government's June and July 2021 announcements, and Council specific information and analysis (sections 3 and 4)

Cr Hiroa noted that iwi and hapu within the Rangitikei District would predominately be most comfortable in Entity B (the proposed entity for RDC).

The Mayor asked for confirmation that the significant amount of money placed into the Long Term Plan 2021-31 would bring Council into compliance with *existing* water standards. Mr Benadie confirmed that this was correct.

In relation to para 4.8, Mr Tombs clarified that Council currently has a net external debt of around \$3 m and reserves of around \$7 m.

Cr Belsham sought more advice on Council's financial position under a new water entity, taking into account the \$13,317,834 of funding from central government that is intended to fulfil the "better off" provision. He noted that under a new water entity there would obviously be a loss in revenue, assets and staff. Mr Tombs advised that in the 2024/25 financial year, Council would lose \$10 m worth of rates, lose direct costs of around \$8.6 m, and therefore Council would have \$1.3 - \$1.4 m of stranded overheads. Roughly 20% of Council's water plant equipment would disappear. If Council received the \$13 m of funding from central government, and our existing 3 waters debt was paid out, we could end up with \$30 m worth of cash, but there is uncertainty about what conditions would be attached to this, or whether all of Council's 3 waters debt would be paid out.

Options available to Council for three waters service delivery, and Options analysis (sections 5 and 6)

Mr Beggs explained that communications from central government had originally centred on an “opt-in or opt-out” approach, but that in recent months this had changed and central government now seemed more committed to the idea of negotiating with councils until there was widespread participation in the reforms. Mr Beggs also noted that the new reforms were dependant on an argument of “economy of scale”, and that if a sufficient number of councils opted-out, this would negate any expected benefits from the new water entities structure.

Regarding the proposed governance structure of Entity B, Mr Benadie explained that part of the reason for the complexity of the structure is that the Department of Internal Affairs would like to maintain a separation between new water entities and local councils, in order that the new water entities can borrow at higher debt limits to local councils.

Transition (section 7)

Taken as read.

Council decision making and consultation (section 8)

The Mayor stated that if central government mandates participation within the Three Waters reforms, then Council should consider fighting this, as the public should have a say in some shape or form.

There was confusion around para 8.4, as it states that Council must consider community views, but that this consideration does not require consultation. The Mayor stated that this paragraph seems to relate to Council’s ability to make non-significant decisions without consultation, but that decisions of significance do require consultation. Three Waters is a significant decision.

The meeting was adjourned at 2.29 pm and re-convened at 2.41 pm.

Flags of Concern

1. Several sentences in the report seem to be overly ambitious or vague. For example, 1.6 Option A states “... likely to be of significant value if they can be realised”. And 3.2 states “It also estimated these average household costs could be reduced...” (Cr Duncan).
2. There is a concern about Council’s ability to consult with the public (Cr Dalgety).
3. Although oversight by a new economic regulator would be present, new water entities would still be able to charge different prices across the various councils that they cover (The Mayor).

4. How will Council's status in Entity B affect our MW LASS relationships, several of whom would be in Entity C (Cr Duncan).
5. Noting that there will be further expenditure in the next Long Term Plan (2024-34), there is a concern that para 4.8 does not provide much information in terms of what Council's future financial position is likely to be (in the latter years of the 2021-31 period, for example) (Cr Belsham).
6. Council needs clarification around what the future of our rural water schemes would be within the new Entity B (The Mayor).
7. There is a lack of information around the management of Council's existing 3 waters assets and associated debt, in the event that we joined the new water entity (Cr Belsham).
8. There is a concern around the ability for Council and iwi to have a 'seat at the table' in the proposed governance structure, especially considering that the RDC will be a relatively small council compared to other councils within Entity B.

Resolved minute number **21/RDC/271**

That the Report to Council on Central Government Proposed Reform of Three Waters (Drinking Water, Wastewater and Storm Water) Service delivery, be received.

Cr T Hiroa/Cr N Belsham. Carried

Resolved minute number **21/RDC/272**

That Council **notes** that Government's 30 June and 15 July 2021 Three Waters Reform announcements.

HWTM/Cr R Lambert. Carried

Resolved minute number **21/RDC/273**

That Council **notes** officer's advice on the accuracy of the information provided to Council in June and July 2021 as a result of the RFI and Water Industry Commission for Scotland (WICS) modelling processes

HWTM/Cr B Carter. Carried

Resolved minute number **21/RDC/274**

That Council **notes** officer's analysis of the impacts of the Government's proposed three water service delivery model on the Rangitikei community and its wellbeing, including the impacts on the delivery of water services and water related outcomes, capability and capacity, on Rangitikei District Council's sustainability (including rating impact, debt impact, and efficiency) and

- a) Council staff will create a Communications plan to manage the distribution of relevant information to the community
- b) Council will contribute to working group activities regarding the establishment of Entity B during this 8-week period
- c) Council will compile a list of questions and concerns that will form the basis of a submission to Central Government at the end of the 8-week period ending 30 September 2021.

Cr N Belsham/Cr D Wilson. Carried

Resolved minute number **21/RDC/275**

That Council **notes** the analysis of three waters service delivery options available to Council at this time provided in the report “Three Waters Reform Update” presented at the 29 July 2021 Council meeting as well as the information supplied and discussed at the 25 August 2021 Council Workshop on Three Waters Reform.

HWTM/Cr W Panapa. Carried

Resolved minute number **21/RDC/276**

That Council **notes** that a decision to support the Government’s preferred three waters service delivery option is not lawful (would be ultra vires) at present due to section 130 of the Local Government Act 2002 (LGA), which prohibits Council from divesting its ownership or interest in a water service except to another local government organisation, and what we currently know (and don’t know) about the Government’s preferred option

Cr N Belsham/Cr D Wilson. Carried

Resolved minute number **21/RDC/277**

That Council **notes** that Council cannot make a formal decision on a regional option for three waters service delivery without doing a Long Term Plan (LTP) amendment and ensuring it meets section 130 of the LGA

Cr N Belsham/Cr D Wilson. Carried

Resolved minute number **21/RDC/278**

That Council **notes** that the Government intends to make further decisions about the three waters service delivery model after 30 September 2021

Cr N Belsham/Cr D Wilson. Carried

Resolved minute number **21/RDC/279**

That Council **notes** that it would be desirable to gain an understanding of the community’s views once Council has further information from the Government on the next steps in the reform process.

Cr N Belsham/Cr D Wilson. Carried

Resolved minute number **21/RDC/280**

That Council **requests** the CEO and Mayor to seek guidance on and/or give feedback to the Government on the following areas of the Government’s proposal that Council needs more information on:

- a) *The flags of concern raised in the Council meeting held 09 September 2021.*
- b) *The following changes to the Government’s proposal/process that are areas of interest to Councillors.*
- c) *Areas as defined in the Council workshop.*

Cr N Belsham/Cr D Wilson. Carried

Resolved minute number **21/RDC/281**

That Council **notes** that the CEO will report back further once they have received further information and guidance from Government, LGNZ and Taituarā on what the next steps look like and how these should be managed.

HWTM/Cr D Wilson. Carried

Resolved minute number **21/RDC/282**

That Council in noting the above, agrees it has given consideration to sections 76, 77, 78, and 79 of the Local Government Act 2002 and in its judgment considers it has complied with the decision-making process that those sections require (including, but not limited to, having sufficient information and analysis that is proportionate to the decisions being made).

HWTM/Cr N Belsham. Carried

7 Meeting Closed

The meeting closed at 2.51 pm.

The minutes of this meeting were confirmed at the Ordinary Council Meeting held on 30 September 2021.

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Chairperson