

Whangarei District Council Meeting

Agenda

Date: Thursday, 23 June, 2022

Time: 9:00 am

Location: Council Chamber
Forum North, Rust Avenue
Whangarei

Elected Members: Her Worship the Mayor Sheryl Mai
(Chairperson)
Cr Gavin Benney
Cr Vince Cocurullo
Cr Nicholas Connop
Cr Ken Couper
Cr Tricia Cutforth
Cr Shelley Deeming
Cr Jayne Golightly
Cr Phil Halse
Cr Greg Innes
Cr Greg Martin
Cr Anna Murphy
Cr Carol Peters
Cr Simon Reid

For any queries regarding this meeting please contact
the Whangarei District Council on (09) 430-4200.

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Recommendations contained in the Council agenda may not be the final decision of Council.

Please refer to Council minutes for final resolution.

4 Public Forum

Meeting: Whangarei District Council
Date of meeting: 23 June 2022
Reporting officer: C Brindle (Senior Democracy Adviser)

1 Purpose

To afford members of the community an opportunity to speak to Council and to report on matters raised at public forums where appropriate.

2 Summary

Standing Orders allow for a period of up to 30 minutes to be set aside for a public forum at the commencement of each monthly council meeting.

The time allowed for each speaker is 5 minutes.

Members of the public who wish to participate should send a written application, setting out the subject matter and the names of the speakers, to the Chief Executive at least 2 clear working days before the day of the meeting.

Speakers

At the time of the agenda closure, no applications to speak at public forum had been received.

Report on actions taken or comment on matters raised

Speaker	Subject
Grant Conaghan	Northland Land Search and Rescue are asking for Council support to find a new place for our group to operate out of.
Grant provided some background on the services provided by Northland Land Search and Rescue and asked for council support in find a base for the group to operate from. <i>Response</i> There is currently no property within the commercial property portfolio that would be suitable for this group. However, staff will continue to look for opportunities, touching base with Northland Land Search and Rescue If a suitable venue is identified.	
Lisa Clunie	Seeking an extension to the Airport Location Options Study Consultation timeframe
Lisa outlined her reasons for seeking an extension to the consultation timeframe on the proposed location for the new Airport. <i>Response</i> At the same meeting, in response to a number of requests for additional background information, Council resolved to extend the period for consultation until 1 July 2022.	

Council also further resolved to publish additional relevant information to further inform public submissions on the Airport Location Study Options Consultation.

Chantez Connor-Kingi

Seeking an extension to the Airport Location Options Study Consultation timeframe

Chantez spoke on her reasons for seeking an extension to the consultation timeframe on the proposed location for the new Airport.

Response

At the same meeting, in response to a number of requests for additional background information, Council resolved to extend the period for consultation until 1 July 2022. Council also further resolved to publish additional relevant information to further inform public submissions on the Airport Location Study Options Consultation.

5.1 Police Report

Meeting: Whangarei District Council
Date of meeting: 23 June 2022
Reporting officer: Simon Weston (Chief Executive)

1 Purpose

To update council on Police activities.

2 Recommendation

That Council note the report.

3 Background

Area Commander Martyn Ruth (New Zealand Police), will update council on Police activities over the last quarter.

4 Significance and engagement

The decisions or matters of this Agenda do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via Agenda publication on the website.

Item 6.1
Whangarei District Council Meeting Minutes

Date: Thursday, 26 May, 2022
Time: 9:00 a.m.
Location: Council Chamber
 Forum North, Rust Avenue
 Whangarei

In Attendance

Her Worship the Mayor Sheryl Mai
 (Chairperson)
 Cr Gavin Benney
 Cr Vince Cocurullo (Teams)
 Cr Nicholas Connop
 Cr Ken Couper
 Cr Tricia Cutforth
 Cr Shelley Deeming
 Cr Jayne Golightly
 Cr Phil Halse
 Cr Greg Innes
 Cr Greg Martin
 Cr Anna Murphy
 Cr Carol Peters
 Cr Simon Reid

Scribe

C Brindle (Senior Democracy Adviser)

1. Karakia/Prayer

Councillor Murphy opened the meeting with a karakia/prayer.

2. Declarations of Interest / Take Whaipānga

Item 6.4 Community Representation Airport Noise Management Committee

3. Apologies / Kore Tae Mai

There were no apologies.

4. Public Forum / Huihuinga-a-tangata

Grant Conaghan – Northland Land Search and Rescue asking for Council support to find a new place for the group to operate out of.

Lisa Clunie – Seeking an extension to the Airport Location Options Study Consultation timeframe.

Chantez Connor-Kingi - Seeking an extension to the Airport Location Options Study Consultation timeframe.

Note: Speaker Brian May did not attend.

5. Confirmation of Minutes of Previous Meeting of the Whangarei District Council / Whakatau Meneti

5.1 Minutes Whangarei District Council Meeting held 28 April 2022

Moved By Cr Gavin Benney

Seconded By Cr Nicholas Connop

That the minutes of the Whangarei District Council meeting held on Thursday 28 April 2022, including the confidential section, having been circulated, be taken as read and now confirmed and adopted as a true and correct record of proceedings of that meeting.

Carried

5.2 Minutes Whangarei District Council Meeting held 26 April 2022

Moved By Cr Nicholas Connop

Seconded By Cr Carol Peters

That the minutes of the Whangarei District Council meeting held on Tuesday 26 April 2022, having been circulated, be taken as read and now confirmed and adopted as a true and correct record of proceedings of that meeting.

Carried

5.3 Minutes Whangarei District Council Meeting held 17 May 2022

Moved By Cr Simon Reid

Seconded By Cr Greg Martin

That the minutes of the Whangarei District Council meeting held on Tuesday 17 May 2022, having been circulated, be taken as read and now confirmed and adopted as a true and correct record of proceedings of that meeting.

Carried

6. Decision Reports / Whakatau Rīpoata

6.1 Private Plan Change 150 Marsden City – Hearings Panel Recommendations Report

Moved By Cr Shelley Deeming

Seconded By Cr Greg Innes

That the Council:

1. Accepts the recommendation of the Hearing Commissioners in Attachment A and adopts the recommendations as the Councils decisions on provisions and matters, pursuant to Schedule 1, Clause 10 of the Resource Management Act 1991.
2. Approves the amended Chapters and Maps for the Private Plan Change area.
3. Approves the public notification of Council's decision be given in terms of Clause 10 and 11 of Part 1 of Schedule 1 of the Resource Management Act 1991.
4. Delegates to the Chief Executive, the authority to make any necessary minor formatting, typographical and administrative changes to the Marsden City Precinct and/or Town Centre Zone.

Carried

6.2 Waste Water Treatment Plant Building Kioreroa Road

Moved By Cr Carol Peters

Seconded By Cr Nicholas Connop

That the Council

1. Agrees to the Design and Construction of a new administration building at the Kioreroa Road Wastewater Treatment Plant.
2. Approves bringing forward \$3,366,000 (uninflated) from years 8, 9 and 10 of the 2021-31 Long Term Plan (LTP) funded from Waste and Drainage – Wastewater Treatment Plant Building Seismic upgrade programme – to design and build a new administration building at the Kioreroa Road Wastewater Treatment Plant during year 2 2023 and year 3 2024 of the current LTP.

Carried

Cr Halse requested his vote against be recorded.

6.3 Animals Bylaw Amendments

Moved By Cr Tricia Cutforth

Seconded By Cr Anna Murphy

That Council

1. Determines that the proposed amended Animals Bylaw 2017 as provided in Attachment A:
 - a. is the most appropriate form of bylaw
 - b. does not give rise to any implications under the New Zealand Bill of Rights Act 1990.

2. Amends the Animals Bylaw as provided in Attachment A, with effect from 1 July 2022.
3. Delegates all its responsibilities, duties and powers under the Animals Bylaw to the Chief Executive, except for:
 - a. the power to set fees
 - b. the power to make a decision for which a Council resolution is required
 - c. the power to hear and decide on any appeal process
4. Authorises the Chief Executive to make any minor edits or amendments to the Bylaw to correct any spelling errors or make typographical edits, and/or to reflect decisions made by Council at this meeting.
5. Notes annual funding of \$87k for an Animal Compliance and Education Officer will provide for reactive complaint management and education, not for proactive enforcement. If a higher level of service on cat related matters is sought this matter will be reported back to Council.

Carried

Cr Cocurullo requested his vote against be recorded.

6.4 Community Representation Airport Noise Management Committee

Moved By Cr Vince Cocurullo

Seconded By Cr Nicholas Connop

That Council:

1. Amends the Terms of Reference to provide for four community representatives on the Airport Noise Management Committee.
2. Appoints Warwick Taylor, Gary Stables, Jim Fernie and Marjorie Abraham-Quinn as Community Representatives on the Airport Noise Management Committee.

Carried

Declaration of Interest:

Cr Halse declared an interest as the Chairperson of the Airport Noise Management Committee.

Extra ordinary business

Subsequent to the agenda being circulated Item 6.5 Airport Location Study Options Consultation – Submission deadline extension, was distributed, but not within the legislative timeframe.

The reason the report was not included in the agenda was the requests for additional background information were received after the agenda closure.

Council are asked to consider this matter at today's meeting to give certainty on the process without undue delay.

Moved By Cr Tricia Cutforth

Seconded By Cr Phil Halse

That council consider Item 6.5 at today's meeting.

Carried

6.5 Airport Location Options Study Consultation - Submission deadline extension

Moved By Cr Anna Murphy

Seconded By Cr Vince Cocurullo

That the Council

1. Notes that a number of requests for additional background information have been received from submitters on the Airport Location Study Options Consultation.
2. Resolves to reopen the consultation period for the Airport Location Study Options Consultation and extend the period for consultation until 1 July 2022.
3. Resolves to publish additional relevant information to further inform public submissions on the Airport Location Study Options Consultation.

Carried

7. Information Reports / Ngā Pūrongo Kōrero

7.1 Financial Report for the 10 months ending 30 April 2022

Moved By Cr Greg Martin

Seconded By Cr Simon Reid

That the Council notes the operating results for the ten months ending 30 April 2022.

Carried

7.2 Capital Projects Report for the 10 Months Ending 30 April 2022

Moved By Cr Simon Reid

Seconded By Cr Nicholas Connop

That the Council notes the Capital Projects Report for the ten months ending 30 April 2022.

Carried

8. Public Excluded Business / Rāhui Tangata

Moved By Cr Ken Couper

Seconded By Cr Carol Peters

That the public be excluded from the following parts of proceedings of this meeting. The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered		Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for passing this resolution
1.1	Confidential Minutes Whangarei District Council 28 April 2022	Good reason to withhold information exists under Section 7 Local Government Official Information and Meetings Act 1987	Section 48(1)(a)
1.2	Property Matter – Carpark future use		
1.3	Whangarei District Airport Update		
1.4	Property Matter – development opportunity Vinery Lane		
1.5	Property Matter – Redevelopment 8 Quay Place		

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public, are as follows:

Item	Grounds	Section
1.1	For the reasons as stated in the open minutes	
1.2	To enable Council to carry on without prejudice or disadvantage commercial activities	Section 7(2)(h)
1.3	To enable Council to carry on without prejudice or disadvantage commercial activities To enable Council to carry on without prejudice or disadvantage negotiations (including commercial and industrial negotiations)	Section 7(2)(h) Section 7(2)(i)

1.4	To enable Council to carry on without prejudice or disadvantage commercial activities. To enable Council to carry on without prejudice or disadvantage negotiations (including commercial and industrial negotiations).	Section 7(2)(h) Section 7(2)(i)
1.5	To enable Council to carry on without prejudice or disadvantage commercial activities. To enable Council to carry on without prejudice or disadvantage negotiations (including commercial and industrial negotiations).	Section 7(2)(h) Section 7(2)(i)

Carried

A break was taken from 10.53am to 11.05am.

9. Closure of Meeting / Te katinga o te Hui

The meeting concluded at 11.58am.

Confirmed this 23rd day of June 2022

Her Worship the Mayor Sheryl Mai (Chairperson)

Item 6.2
Extraordinary Whangarei District Council Meeting Minutes

Date: Thursday, 19 May, 2022
Time: 11:00 a.m.
Location: Council Chamber
 Forum North, Rust Avenue
 Whangarei

In Attendance

 Her Worship the Mayor Sheryl Mai
 (Chairperson)
 Cr Gavin Benney (Teams)
 Cr Vince Cocurullo
 Cr Nicholas Connop
 Cr Ken Couper
 Cr Tricia Cutforth
 Cr Shelley Deeming
 Cr Jayne Golightly
 Cr Phil Halse
 Cr Greg Innes
 Cr Greg Martin
 Cr Anna Murphy
 Cr Carol Peters (Teams)

Not in Attendance

 Cr Simon Reid

Scribe

 C Brindle (Senior Democracy Adviser)

1. Karakia/Prayer
2. Declarations of interest

There were no declarations of interest made.

3. Apologies / Kore Tae Mai

Cr Simon Reid (absent) and Cr Tricia Cutforth (late arrival)

Moved By Cr Phil Halse

Seconded By Cr Anna Murphy

That the apologies be sustained.

Carried

4. Decision Reports / Whakatau Rīpoata

4.1 Hihiaua Funding Agreement

Moved By Her Worship the Mayor

Seconded By Cr Nicholas Connop

That the Council;

1. Approve the phased Funding Agreement be paid to the Hihiaua Cultural Centre Trust for its Stage Two Development and authorise the Chief Executive to expedite that agreement as milestones and conditions are met.
2. Approve the Chief Executive to finalise all terms and conditions relating to the Funding Agreement, as required, to complete the transaction.

Carried

Cr Cutforth joined the meeting at 11.05am.

5. Public Excluded Business / Rāhui Tangata

Moved By Cr Greg Martin

Seconded By Cr Vince Cocurullo

That the public be excluded from the following parts of proceedings of this meeting. The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered		Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for passing this resolution
1.1	Property Sale	Good reason to withhold information exists under Section 7 Local Government Official Information and Meetings Act 1987	Section 48(1)(a)

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public, are as follows:

Item	Grounds	Section
1.1	To enable Council to carry on without prejudice or disadvantage negotiations (including commercial and	Section 7(2)(i)

	industrial negotiations)	
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Carried

6. Closure of Meeting / Te katinga o te Hui

The meeting concluded at 11.26am.

Confirmed this 23rd day of June 2022

Her Worship the Mayor Sheryl Mai (Chairperson)

Item 6.3

Whangarei District Council Meeting Minutes

Date: Wednesday, 1 June, 2022
Time: 9:00 a.m.
Location: Council Chamber
 Forum North, Rust Avenue
 Whangarei

In Attendance	Her Worship the Mayor Sheryl Mai (Chairperson) Cr Gavin Benney Cr Vince Cocurullo Cr Nicholas Connop Cr Ken Couper Cr Tricia Cutforth Cr Shelley Deeming Cr Phil Halse Cr Greg Innes Cr Greg Martin (Teams) Cr Anna Murphy Cr Carol Peters Cr Simon Reid
Not in Attendance	Cr Jayne Golightly

Scribe	C Brindle (Senior Democracy Adviser)
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1. Karakia/Prayer

Chief Executive Simon Weston opened the meeting with a karakia/prayer.

2. Declarations of Interest / Take Whaipānga

Item 4.1 Annual Plan 2022-23 Consultation and Concurrent Consultation
 Deliberations Report

3. Apology / Kore Tae Mai

Cr Jayne Golightly

Moved By Cr Carol Peters

Seconded By Cr Nicholas Connop

That the apology be sustained.

Carried

4. Decision Reports / Whakatauripoata

4.1 Annual Plan 2022-23 Consultation and Concurrent Consultation Deliberations Report

The motion was taken in parts.

Moved By Cr Ken Couper

Seconded By Cr Simon Reid

That the Council

1. Notes and considers the 78 formal submissions received on the Annual Plan 2022-23 and Concurrent Consultations.

Carried

2. Confirms the non-financial responses as recommended in the attachment to the report including carry forwards of some projects.

Carried

Cr Reid requested his vote against be recorded.

3. In relation to Question 1 of the consultation Document, resolve to set the Uniform Annual General Charge (UAGC) to \$650 for the 2022-23 Financial Year.

Carried

4. In relation to Question 2 of the consultation Document, resolve to increase the water consumption charge to \$3.03per m³.

Carried

Cr Cocurullo requested his vote against be recorded.

5. Note the staff comments in the attached Issues and Options Report, including items that will be referred to operational teams.

Carried

6. Confirms the following changes to the proposed Annual Plan 2022-23, as recommended in the attached report:

- a. Approve additional OPEX funding of \$200,000 in Annual Plan 2022-23 to progress project investigations relating to the Forum North Site.

Carried

- b. Approve additional CAPEX funding of \$80,000 in the Annual Plan 2022-23 for a playground at Oakura Bay.

Carried

- c. Approve additional CAPEX funding of \$20,000 and a one off \$10,000 OPEX grant to the community in Teal Bay to obtain an NRC resource consent for sand scraping.

Carried

d. Approve additional OPEX funding of \$50,000 for graffiti removal.

Carried

7. Approve that no changes be made to proposed Fees and Charges 2022-23 as a result of submissions.

Carried

8. Approves the preparation of the final Annual Plan and 2022-2023 Fees and Charges schedule for presentation to the June meeting of Council, for adoption.

Carried

9. Approve that no changes be made to proposed 2022 Rates Remission and Postponement Policy for Māori Freehold Land.

Carried

10. Approves the preparation of the final 2022 Rates Remission and Postponement Policy for Māori Freehold Land for presentation to the June meeting of Council, for adoption, and

Carried

11. Notes the potential for increased carry forwards as a result of a large capital programme.

Carried

12. Resolve that the targeted rate collected for the benefit of the Hikurangi Swamp Scheme reduce by the amount currently collected towards increasing the capital reserve until such time that the working group agree to a reserve cap and explore operating the scheme as a Trust.

On recommendation 12 being put Cr Couper called for a division:

	For	Against	Conflict
Her Worship the Mayor		X	
Cr Gavin Benney	X		
Cr Vince Cocurullo	X		
Cr Nicholas Connop		X	
Cr Ken Couper	X		
Cr Tricia Cutforth		X	
Cr Shelley Deeming		X	
Cr Phil Halse	X		
Cr Greg Innes	X		
Cr Greg Martin			X

Cr Anna Murphy		X	
Cr Carol Peters	X		
Cr Simon Reid	X		
Results	7	5	1
		Carried (7 to 5)	

Declaration of Interest:

Cr Martin declared an interest in regards to the Teal Bay community grant (resolution 6 (c)) and the Hikurangi Swamp Scheme (resolution 12). Cr Martin withdrew from the table and took no part in discussions or voting on resolution 12.

5. Closure of Meeting / Te katinga o te Hui

The meeting concluded at 10.54am with a karakia/prayer from CE Simon Weston.

Confirmed this 23rd day of June 2022

Her Worship the Mayor Sheryl Mai (Chairperson)

7.1 Financial Delegation Authority Requests for Approval

Meeting: Whangarei District Council
Date of meeting: 23 June 2022
Reporting officer: Katherine Rainham – Risk Management Advisor

1 Purpose / Te Kaupapa

To seek approval for new Financial Delegation change requests.

2 Recommendation / Whakataunga

That Council

1. Approves a new financial delegated authority to spend **up to \$2,000** for the following roles:
 - a. Role – Team Leader – Customer Experience
 - b. Role – Team Leader – PIMs & LIMs.
2. Approves a new financial delegated authority to spend **up to \$10,000** for the following roles:
 - a. Role – Team Leader – ICT Systems Engineering
 - b. Role – Commercial Property Advisor.

3 Background / Horopaki

The Council approved Delegations Register, managed, and maintained by the Democracy and Assurance Department, is held in Kete by role titles. The register includes both statutory and non-statutory delegations and is viewable by all council staff. All changes to the register are administered by the Assurance team.

4 Discussion / Whakawhiti kōrero

The following changes to the Financial Delegated Authorities (FDAs) have been identified by relevant Department Managers and/or General Managers as being required to enable proposed delegates to efficiently carry out the functions of their roles.

All requests were submitted in writing and reviewed by the Whangarei District Council Delegations Triage Team, to ensure that they are necessary and proportionate to the position duties and responsibilities of the proposed delegates. The Delegations Triage Team¹

¹ The Delegations Triage Team comprises of Katherine Rainham (Risk Management Advisor), Rebecca Rowsell (Legal Counsel) and Emily Thompson (Manager – Democracy & Assurance).

has subsequently endorsed the below recorded DFA requests, and Council's approval is requested.

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DFA Description	ID	Role Title
Delegated authority to spend up to \$2,000	891	Role – Team Leader – Customer Experience Role – Team Leader – PIMs & LIMs
Delegated authority to spend up to \$10,000	889	Role – Team Leader – ICT Systems Engineering Role – Commercial Property Advisor

5 Significance and engagement / Te Hira me te Arawhiti

The decisions or matters of this Agenda do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via Agenda publication on the website.

7.2 Directors on Springs Flat Contractors Ltd

Meeting: Whangarei District Council
Date of meeting: 23 June 2022
Reporting officer: Joanne Tasker (Business Integrity Administrator)
 Delyse Henwood (Finance Manager)

1 Purpose / Te Kaupapa

To review the directors of Springs Flat Contractors Ltd.

2 Recommendations / Whakataunga

That the Council

1. Remove Rob Forlong from his directorship of Springs Flat Contractors Ltd.
2. Appoint Simon Weston as a director of Springs Flat Contractors Ltd.

3 Background / Horopaki

Springs Flat Contractors Ltd (Springs Flat) is a dormant company and an exempt Council Controlled Organisation (CCO), of which Council is the sole shareholder.

The entity was established in 1992 to provide civil contracting services directly for Councils civic projects. Springs Flat has not traded since 1 July 2000 and had not been wound up due to unrealized tax losses it holds. It was made dormant to preserve these tax losses so that they might be utilised by Council in the future.

4 Discussion / Whakawhiti kōrero

The current directors on Springs Flat are Mr Graeme Mathias and Mr Rob Forlong. Mr Forlong was appointed as a director on 17 June 2021. At that time he was the Chief Executive of the Whangarei District Council. Because Mr Forlong no longer works for the Whangarei District Council it may not be appropriate for him to remain as a director of this entity.

Mr Simon Weston is the current Chief Executive of the Whangarei District Council.

4.1 Policy and planning implications

Appointments to organisations fall under the Council Appointment to Outside Organisations Policy 018. This requires that directors of CCOs must have the relevant skills, knowledge and experience necessary to contribute effectively as a director.

Council's policy position is that Council staff will only be appointed as a director to a CCO where there are compelling reasons for the appointment. This is because of the potential for their role as advisor to the Council to conflict with their obligations as a director.

Having considered the policy, staff believe that the appointment of Mr Weston would benefit the entity given the circumstances, and fulfil the Policy criteria. The risk of any conflicts of interest arising is very low due to the entity being dormant.

4.2 Options

Council may choose not to remove Mr Forlong, but this option is not recommended. Due to the fact that Springs Flat is a dormant organisation there is greater benefit to appointing someone who is affiliated with Council rather than an external party.

Council may choose to remove Mr Forlong and not to appoint another director. There is no obligation under the company's Constitution to appoint a second director. Appointing another director is recommended as a precautionary measure, so that if this entity is utilised in the future there is more than one director making decisions.

Council may choose to remove Mr Forlong and appoint someone other than Mr Weston as a director.

4.3 Risks

If Mr Weston is appointed there is a risk that a conflict of interest could arise between his position as Chief Executive to the Council and his directorship. This is a very low-level risk as the company is not operating.

If Mr Forlong remains as a director there is a risk that he will no longer understand or remain up to date with Council's intentions for this company in the future.

If Mr Mathias becomes the sole director for Springs Flat there is a risk that decisions made by the board can be made by one single person, which does not allow for a diversity of opinion.

These risks can be mitigated by removing or appointing directors; which Council can do at any time.

5 Significance and engagement / Te Hira me te Arawhiti

The decisions or matters of this Agenda do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via Agenda publication on the website.

7.3 MMH Easement – Marsden Cove Marine Services

Meeting: Whangarei District Council
Date of meeting: 23 June 2022
Reporting officer: Sarah Brownie (Team Leader, Infrastructure Planning)
 Sue Hodge (Manager, Parks & Recreation)

1 Purpose / Te Kaupapa

To seek Council's decision on an application by Marsden Maritime Holdings for an easement over a recreation reserve comprising Lot 804 DP 376145.

2 Recommendation/s / Whakataunga

That the Council; pursuant to Section 48 of the Reserves Act 1977:

1. Approves the application by Marsden Maritime Holdings for easement rights over Lot 804 DP 376145 and detailed in the attached easement plan and easement instrument.
2. Authorises the Chief Executive to finalise and execute the easement plan and instruments as agreed with the applicant(s).

3 Background / Horopaki

Marsden Maritime Holdings (MMH) have obtained a resource consent (LU2000068) to construct a supermarket facility at 30 Rauiri Drive, One Tree Point.

The approved development incorporates the creation of a loading bay alongside the western façade of the building, as well as an alternative loading bay on the north side of the building. Access to the western loading bay is intended to be obtained over the adjacent WDC owned Recreation Reserve legally described as Lot 804 DP 376145. The Recreation Reserve provides access to and boat trailer parking for the Marsden Marina public boat ramp.

Discussions were held late in the Resource Consent process as to the acceptability of access to the loading bay across the reserve. The requirement for an easement, as well as an alternative loading bay were added to the conditions of consent. As the land is vested as Recreation Reserve, the applicant needs to apply for an access easement under the Reserves Act 1977 over Lot 804 DP 376145 to access the designed loading bay.

An application was received on 26 February 2021. The easement request was put before Council on 22 July 2021. The Council resolved to accept the application and to publicly notify the easement request in pursuant to s48 of the Reserves Act 1977. A copy of the agenda item is available as Attachment 1.

Following the resolution, Easement Agreement and Easement Instrument documents were prepared and the easement request was publicly notified on the 23 March 2022. A copy of the Easement Agreement and the Easement Instrument is available as Attachment 2.

4 Discussion / Whakawhiti kōrero

Two submissions were received. The submissions are available in Attachment 3. The submitters do not wish to be heard in relation to their submissions and a hearing is not required.

The issues raised by the submitters are summarised and addressed Table 1 below.

Submitter	Issue	Staff Response
1	Given they have been using this as access since early December it is a bit of a moot point and consultation is pointless.	Notification was a legal requirement. Council can still decline to grant the easement. Council could ask the applicants to stop using the easement area.
1	Granting an easement is reasonable, however it will have impacts on recreational users (Boaties) lining up for the ramp at peak times which are already forced to swing around trucks as they come off the ramp. Delivery trucks have also been seen going against the traffic flow in the carpark causing unnecessary hazard for pedestrians and other users.	The easement agreement limits delivery times as well as the number of deliveries permitted. The easement area is defined and limited. Movements can be monitored, and conditions of easement enforced. The easement instrument includes provision to review conditions.
2	Unfair impact of boat ramp users. Area to be used is where road ramp uses turn and manoeuvre for launching. Parking will be limited	The easement agreement limits delivery times as well as the number of deliveries permitted. The easement area is defined and limited. Movements can be monitored, and conditions of easement enforced. The easement instrument includes provision to review conditions.
2	Irrelevant terms defined and used in the easement documents.	The easement documents have been through a robust legal review process prior to notification. The definitions are appropriate.

Table 1 – Issues raised in submissions

Given that the matters raised by the submitters can be adequately addressed, granting the easement and executing the notified easement agreement and easement instrument documents is recommended.

5 Statutory Context / Horopaki ture

Section 48 of the Reserves Act sets out the terms for the grants of easements over reserve land. Through the *Instrument of Delegation* signed by the Minister of Conservation (8 July 2013) the responsibility to consider easements over council vested reserves has been delegated to Council as the administering body and the consent of the Minister of Conservation is not required.

Section 48(3) of the Act stipulates that public notice of an easement application is not required in circumstances where:

- a. the reserve is vested in an administering body and is not likely to be materially altered or permanently damaged, and
- b. the rights of the public in respect of the reserve are not likely to be permanently affected.

Material effects on the reserve are anticipated, and the rights of the public will be affected to a small degree. Council has therefore notified the activity.

As delegate of the Ministerial power to grant consent to the application pursuant to section 48(1), Council must resolve whether or not to grant the proposed easement on the portion classified as reserve.

5.1 Financial/budget considerations

As the easement is required to facilitate the execution of a resource consent, all costs (including legal costs) relating to the execution of the easement will be funded by the applicant.

5.2 Policy and planning implications

There are no policy or planning implications. This report ensures we are meeting the requirements of the Reserves Act 1977.

5.3 Options

Option 1 - Approve the application for the easement.

Option 2 - Decline the application for the easement.

5.4 Risks

There are risks associated with adverse impacts on public use of the reserve and of adverse public perception. These risks have been mitigated using conditions such as limiting the timing and number of deliveries; and providing for review of conditions within the easement agreement and the easement instrument. The proposed easement has also been publicly notified allowing the public to express concerns to be considered and appropriately addressed.

6 Significance and engagement / Te Hira me te Arawhiti

The decisions or matters of this Agenda do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via the Agenda publication on the website.

7 Attachments / Ngā Tāpiritanga

1. Copy of Previous Council Agenda Item
2. Easement Agreement and Easement Instrument
3. Submissions Received

Easement Request - Marsden Maritime Holdings

Meeting: Whangarei District Council
Date of meeting: 22 July 2021
Reporting officer: Sue Hodge (Manager, Parks and Recreation)

1 Purpose

To seek Council's decision on an application for an access easement by Marsden Maritime Holdings over a recreation reserve (Lot 804 DP 376145) in favour of Lot 704 DP 376145 to provide for vehicle access to a loading bay for supermarket operations.

2 Recommendations

That the Whangarei District Council, pursuant to Section 48 of the Reserves Act 1977,

1. Accepts the application by Marsden Maritime Holdings Ltd for an access easement over Lot 804 DP 376145.
2. Resolves that the application by Marsden Maritime Holdings Ltd for an access easement over Lot 804 DP 376145 is to be publicly notified and objections or submissions called for.

3 Background

Marsden Maritime Holdings (MMH) have obtained a resource consent (LU2000068) to construct a supermarket facility at 30 Rauiri Drive, One Tree Point.

The approved development incorporates the creation of a loading bay alongside the western façade of the building, as well as an alternative loading bay on the north side of the building. Access to the western loading bay is intended to be obtained over the adjacent WDC owned Recreation Reserve legally described as Lot 804 DP 376145. The Recreation Reserve provides access to and boat trailer parking for the Marsden Marina public boat ramp.

Discussions were held late in the Resource Consent process as to the acceptability of access to the loading bay across the reserve. The requirement for an easement, as well as an alternative loading bay were added to the conditions of consent. As the land is vested as Recreation Reserve, the applicant needs to apply for an access easement under the Reserves Act 1977 over Lot 804 DP 376145 to access the designed loading bay.

The application was received on 26 February 2021.

4 Discussion

Lot 804 DP 376145 is the public boat ramp and boat trailer carpark at Marsden Marina.



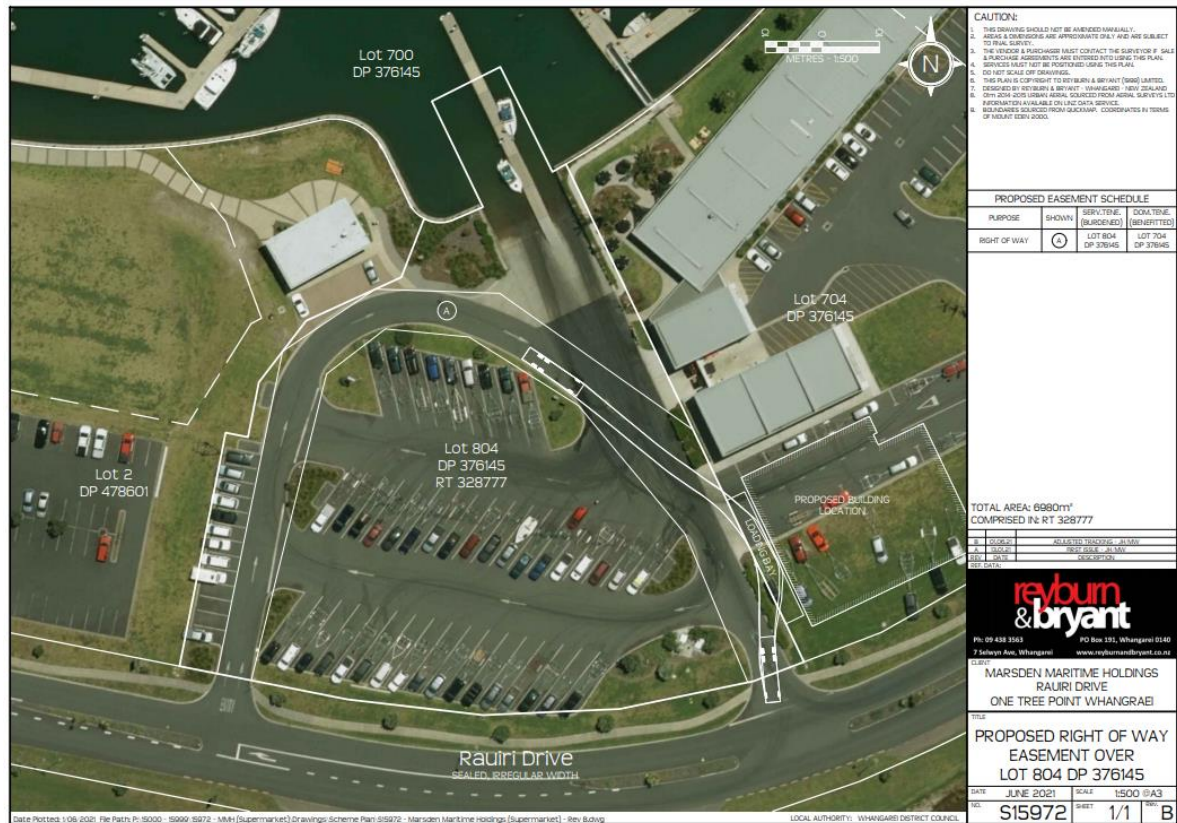
Figure 1: Aerial photo showing Lot 804 DP 376145 and adjacent Lot 704 DP 376145.

This is a very popular and well used facility for local and visiting boat owners and is often full especially during the summer months and weekends. Cars and trailers are often queueing at peak times to launch and retrieve boats.

Currently, Lot 704 DP 376145 is accessed from the marina car park via an internal road to facilitate access into the commercial area including a GAS petrol station. This is an informal arrangement not legalised through the granting of an access easement.

The proposed easement would be through the car park enabling delivery trucks to enter and exit the designed loading bay averaging approximately 4.5 truck movements per day. This is expected to consist of:

- Daily deliveries – milk and dairy goods, courier deliveries (pies, cakes, eggs etc) and bread trucks (Fielders/Tiptop).
- Weekly deliveries – Coke, Frucor, ice cream, delicatessen, Four Square van purchases (sometimes twice a week), Foodstuffs dry goods deliveries (approximately twice a week), Foodstuffs chilled/frozen goods deliveries (approximately three a week).



The following have been identified as potential issues with the granting of an easement for access:

1. Carpark maintenance of the easement area – noting that large trucks will impact on the wear and tear of the wider carpark.
2. Safety of users of the carpark and reserve and conflict with carpark users especially in summer where there will be an increase in both deliveries and users of the boat ramp.
3. Increasing numbers of movements and / or truck sizes as the needs increase without any ability to limit.
4. Restrictions on the ability to change the layout of the car park should Council require it.

The applicant has accepted the imposition of conditions within the easement instrument to address these issues. The conditions address vehicle movements, maintenance and easement review as follows:

1. Vehicle Movements - Deliveries are to be limited to 4 per day Sunday - Friday. One delivery only permitted on Saturday. Avoidance of known busy periods will be required. Trucks will have a maximum size limit. No deliveries or pickup by car will be permitted. Any future 'click and collect' services offered by the supermarket must use a different access location. The use of the easement for click and collect services will not be allowed.
2. Maintenance - A fair percentage towards ongoing maintenance of the road access and surface in the reserve is to be paid. Any costs to repair damage caused directly are to be paid.
3. Review of Easement or Easement Conditions - If the carpark layout is altered, or the carpark is closed the easement and easement conditions will be reviewed and amended as appropriate. The easement and easement conditions will be reviewed

if (reasonable) complaints are received. Each party may request a review of the easement (including surrender) or the easement conditions.

The applicant has accepted all costs required to establish the easement including:

1. Public notification of the easement.
2. Valuation of the easement area.
3. Compensation for the right of way.
4. Legal fees, including registering the easement on the title.
5. Survey and LINZ fees.

Under the Reserves Act 1977 Council has delegation to grant rights of way. The request for this easement falls under section 48(1)(f) -

(f) providing or **facilitating access** or the supply of water to or the drainage **of any other land not forming part of the reserve or for any other purpose connected with any such land** (authors emphasis).

4.1 Financial/budget considerations

All costs of the easement process are to be borne by the applicant, including Council's legal costs.

4.2 Policy and planning implications

1. The desire for this easement relates to the convenience of the adjacent development. Councillors might wish to consider why ratepayers and boaties should be inconvenienced by what appears to be poor planning by the developer.
2. By consenting to the easement application, it creates a precedent for using Council parks or reserves to make it easier to undertake commercial purposes.

4.3 Options

Option 1

Accept and notify the application as per s48 (2) of the Reserves Act.

The applicant has noted in their application that they don't believe the easement application should be publicly notified - as under S48 (3) it is:

- (a) not likely to be materially altered or permanently damaged; and
- (b) the rights of the public in respect of the reserve are not likely to be permanently affected - by the establishment and lawful exercise of the right of way or other easement.

Officers recommend that public notification is required pursuant to s48(2) of the Reserves Act, objections or submissions to the proposal called for and if required a hearing to consider the objections or submissions held.

The reason being that the rights of the public will be permanently affected due to the traffic movements and potential conflicts in the carpark.

Council is also required to consult with and seek the views of hapu/iwi as required by s4 of the Conservation Act.

Option 2

Decline the easement application.

Council officers cannot decline the application; however, Council can make this decision. If Council is of a mind to decline the easement application, then the appropriate resolution would be:

That the Whangarei District Council, pursuant to Section 48 of the Reserves Act 1977,

- a. Declines the application by Marsden Maritime Holdings Ltd for an access easement over Lot 804 DP 376145.

4.4 Risks

By consenting to the easement application, it creates a precedent for using Council parks or reserves to make it easier to undertake commercial purposes.

5 Significance and engagement

The decisions or matters of this Agenda do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via Agenda publication on the website.

6 Attachments

1. Relevant section of the Reserves Act 1977
2. MMH Application

WHANGAREI DISTRICT COUNCIL

and

MARSDEN MARITIME HOLDINGS LIMITED

AGREEMENT TO GRANT EASEMENT



THIS AGREEMENT dated the _____ day of _____ **2022**

BETWEEN WHANGAREI DISTRICT COUNCIL ("WDC")

A N D MARSDEN MARITIME HOLDINGS LIMITED ("MMH")

INTRODUCTION:

- A.** WDC is the owner and administering body of the WDC land pursuant to the Act. The WDC land is held as a Recreation Reserve pursuant to the Act and is located on Rauiri Drive, Marsden Cove, Marsden Point.
- B.** MMH is the owner of the MMH land. MMH has obtained a resource consent to construct a supermarket at Marsden Cove on the MMH land.
- C.** MMH has made an application to WDC for a right of way pursuant to section 48(1) of the Act over the WDC land to enable the construction and use of an access road through the WDC land to enable delivery vehicles to traverse the WDC land to make deliveries of goods and merchandise to the supermarket being developed on the MMH land.
- D.** WDC as administering body has provisionally agreed to grant MMH the right of way subject to the requisite approvals being obtained and on certain terms and conditions.

OPERATIVE PROVISIONS

1. Definitions

In this agreement, unless the context otherwise requires:

Access road means the access road constructed, or to be constructed on the Easement Land in accordance with the terms and conditions of the Right of way easement.

Act means the Reserves Act 1977.

Agreement means this agreement and includes any schedules and annexures and any variation(s) to this agreement.

Applications means the applications made by MMH for the grant of an easement pursuant to section 48(1) of the Act as referred to in Recital C.

Approvals means the resource consent, the consents and approvals referred to in clause 2.1 and all other statutory or regulatory consents or approvals required for, or relevant to, the grant or use of the easements.

Business day means any day of the week other than:

- (a) Saturday, Sunday, Waitangi Day, Good Friday, Easter Monday, Anzac Day, the Sovereign's Birthday, Northland Anniversary Day, Labour Day and any public holiday observing Waitangi Day or Anzac Day; and
- (b) A day in the period commencing on the 24th day of December in any year and ending on the 5th day of January in the following year, both days inclusive.

A business day shall be deemed to commence at 9.00am and to terminate at 5.00pm.

Commencement date means the later of:

- (a) the date that this agreement becomes unconditional; and
- (b) the date that the Compensation Sum is paid in accordance with the provisions of clause 3.2 of this agreement (together with reimbursement of all costs incurred by WDC).

Compensation Sum means such sum as shall be set by valuation plus GST (if any) payable pursuant to clause 3.2 of this agreement.

Easement means a right of way easement.

Easement instrument means the easement instrument **attached** to this agreement as annexure 1 and includes any variation to the easement instrument agreed in writing by the parties.

Easement land means the area marked "A" on the plan (subject to survey).

GST means goods and services tax arising pursuant to the Goods and Services Tax Act 1985.

MMH means Marsden Maritime Holdings Limited and includes its successors and permitted assigns.

MMH land means the land described in the second schedule.

Plan means the indicative easement plan **attached** to this agreement as annexure 2.

Resource consent means the resource consent issued by Whangarei District Council (reference: SD2100030).

Right of way easement means a right of way easement over the easement land in favour of the MMH land and on the terms and conditions (both express and implied) of the easement instrument.

Term means a term commencing on the commencement date and expiring in terms of clause 9 of this agreement.

WDC means Whangarei District Council and includes its successors and assigns.

WDC land means the land described in the first schedule.

2. Conditions

- 2.1 This agreement is conditional upon:
- (a) WDC resolving to grant a right of way to MMH;
 - (b) WDC granting consent to the grant of the easement as delegate of the Ministerial power to grant consent pursuant to section 48(1) of the Act;
 - (c) formal approval by the Chief Executive, (or staff member holding delegated authority), of WDC to the terms and conditions of this agreement and the Easement instrument;
 - (d) MMH obtaining approval for the grant of the right of way easement under section 348 of the Local Government Act 1974; and
 - (e) WDC resolving to grant the easement sought pursuant to S.48 of the Act following a hearing of all submissions and objections to the proposal following public notification of the proposal.
- 2.2 The granting of the approvals is not to be presumed from any approval of WDC granted in its capacity as administering body of the WDC land or from any resource consent approved by WDC in its capacity as a regulatory body under the Resource Management Act 1991.
- 2.3 The date for fulfillment of the conditions contained in clause 2.1 is 2 months from the date of this agreement.
- 2.4 If the conditions contained in clause 2.1 are not satisfied by the date for fulfilment, then either party may, at any time before the relevant condition is satisfied, avoid this agreement by notice in writing to the other party whereupon (subject to clause 6) neither party shall have any claim against the other except in respect to any antecedent breach of this agreement.

3. Grant of easement

- 3.1 In consideration of payment of the Compensation Sum, WDC agrees to grant the easements from the commencement date for the term subject to the terms and conditions set out in this agreement.
- 3.2 In consideration of the grant of the easements, MMH will pay the Compensation Sum plus GST (if any) to WDC such Compensation Sum to be set by valuation of the grant by a registered valuer approved by WDC.
- 3.3 MMH acknowledges and agrees that construction of the access road will:
- (a) not commence until after the Commencement date but may commence before the Easement instrument is registered; and
 - (b) be undertaken contemporaneously and in accordance with the terms and conditions of the Easement instrument.

4. Terms and Conditions

- 4.1 Use of the Right of way by the Grantee is limited to 4 vehicle movements per day for every day of the week other than Saturdays in any year. Usage on Saturdays will be limited to 1 vehicle movement.
- 4.2 Vehicles using the right of way will be limited to a size no greater than a large rigid truck of an overall length of 11.5 metres.
- 4.3 There will be no deliveries by or pick-ups by motor car.
- 4.4 The use of the Right of way as a means of accessing a "Click and Collect" type operation is expressly forbidden.
- 4.5 MMH will meet:
 - (a) a fair share of the maintenance costs of the paved surface of the Access road; and
 - (b) all costs of any repair caused by its exercise of the grant of a Right of way easement.
- 4.6 Usage of the Right of way easement can be suspended if the Burdened Land is closed to vehicular traffic for repairs.
- 4.7 MMH shall be responsible to ensure that its use of the road does not become a danger or a nuisance to other users of the Access road.
- 4.8 MMH is responsible (at its sole cost) to maintain the sealed area which crosses from the Burdened Land to the Benefited Land.

5. Registration

- 5.1 MMH (at its sole cost) will as soon as practicable after the Commencement date:
 - (a) arrange for the Easement land to be surveyed and for the surveyor to prepare all plans necessary to complete and register the Easement; and
 - (b) provide the survey plan to WDC for its approval; and
 - (c) give all authorities and do all other things reasonably required to arrange registration of the easement.
- 5.2 WDC will at the request of MMH do all things reasonably required to enable registration of the Easement.
- 5.3 Notwithstanding that the Easement instrument may not have been registered, the parties shall be bound by the terms and conditions of the Easement instrument from the Commencement date as if the Easement instrument had been registered.

6. Costs

- 6.1 MMH will pay all costs incurred by WDC of and incidental to this Agreement and the applications and any variation to this agreement or the Easement instrument, (including without limitation costs of valuers, consultants, lawyers, surveyors, engineers and WDC staff time) whether or not this Agreement proceeds.

7. Notices

- 7.1 Any notice, consent, information, application or request that must or may be given or made to a party under this Agreement is only given or made if it is in writing and sent in one of the following ways to the party or the party's lawyer:
- (a) delivered or posted to that party at its address set out below or to the lawyer's office.
 - (b) faxed to that party at its fax number set out below or to the lawyer's office.

MMH:

Name: Marsden Maritime Holdings Limited

Address: PO Box 196
Ruakaka 0151
New Zealand

Email:**MMH Lawyer:**

WRMK Lawyers
Whangarei

Attention: Jared Cains

WDC:

Name: Whangarei District Council

Address: Forum North, Rust Avenue (Private Bag 9023), Whangarei 0148

Email: sue.hodge@wdc.govt.nz

Attention: Parks Manager (Sue Hodge)

WDC's Lawyer:

Thomson Wilson
Whangarei

Attention: Graeme Mathias

- 7.2 If a party gives the other party 3 business days' notice of a change of its address or fax number, any notice, consent, information, application or request is only given or made by that other party if it is delivered, posted or sent by email to the latest address or email.
- 7.3 Any notice, consent, information, application or request is to be treated as given or made at the following time:
- (a) If it is delivered, when it is left at the relevant address.
 - (b) If it is sent by post, 2 business days after it is posted.
 - (c) If it is sent by email as soon as the sender receives from the sender's email a report of an error free transmission to the correct email address.
- 7.4 If any notice, consent, application or request is delivered, or an error free transmission report in relation to it is received, on a day that is not a business day, or if it is on a Business Day, after 5pm on that day in the place of the party to whom it is sent, it is to be treated as having been given or made at the beginning of the next business day.

8. General

- 8.1 MMH must not assign any of its rights or obligations under this Agreement without the prior written consent of WDC. MMH must not sell the MMH land prior to registration of the Easement without first obtaining a deed of covenant from the proposed purchaser in favour of WDC to be bound by the obligations of MMH pursuant to this Agreement.
- 8.2 This Agreement contains everything the parties have agreed in relation to the matters it deals with. No party can rely on an earlier deed or agreement, or anything said or done by another party, or by a director, officer, agent or employee of that party, before this Agreement was executed, except as permitted by law.
- 8.3 Each party must promptly execute all deeds and do all things that another party from time to time reasonably requests to effect, perfect or complete this Agreement and all transactions incidental to it.

- 8.4 This Agreement is governed by the law of New Zealand. The parties submit to the non-exclusive jurisdiction of its courts and courts of appeal from them. The parties will not object to the exercise of jurisdiction by those courts on any basis.
- 8.5 No party is an agent, representative, partner of any other party by virtue of this Agreement.
- 8.6 No party has any power or authority to act for or to assume any obligation or responsibility on behalf of another party, to bind another party to any agreement, negotiate or enter into any binding relationship for or on behalf of another party or pledge the credit of another party except as specifically provided in this Agreement or by express agreement between the parties.
- 8.7 If a clause or a part of this Agreement can be read in a way that makes it illegal, unenforceable or invalid, but can also be read in a way that makes it legal, enforceable and valid, it must be read in the latter way. If any clause or part of a clause is illegal, unenforceable or invalid, that clause or part is to be treated as removed from this Agreement, but the rest of this agreement is not affected.
- 8.8 No variation of this Agreement will be of any force or effect unless it is in writing and signed by the parties to this Agreement.
- 8.9 The fact that a party fails to do, or delays in doing, something the party is entitled to do under this Agreement, does not amount to a waiver of any obligation of, or breach of obligation by, another party. A waiver by a party is only effective if it is writing. A written waiver by a party is only effective in relation to the particular obligation or breach in respect of which it is given. It is not to be taken as an implied waiver of any other obligation or breach or as an implied waiver of that obligation or breach in relation to any other occasion.
- 8.10 This Agreement may be executed in two or more counterparts, all of which will together be deemed to constitute one and the same Agreement. A party may enter into this Agreement by signing a counterpart copy and sending it to the other party, including by facsimile.

9. Termination

- 9.1 The grant of an Easement pursuant to this Agreement shall record that the grant is terminable by the Grantor in the event of a material breach of the provisions of this Instrument.
- 9.2 The following shall constitute material breaches:
- (a) The benefitting land no longer being used as a supermarket;
 - (b) The exercise of the grant is in breach of any of the terms regulating that exercise;
 - (c) The Resource consent lapses, is cancelled or surrendered;
 - (d) The nature of the vehicle(s) used is/are outside the terms of this Easement;

- (e) Any damage is caused to the WDC land through the exercise of the grant and is not repaired within 5 Business Days of such damage being caused.

IN WITNESS whereof these presents have been executed the day and year first hereinbefore written.

SIGNED for and on behalf of
WHANGAREI DISTRICT COUNCIL
 by

.....
 Authorised Officer
 in the presence of:

.....
Witness to complete in BLOCK letters

Name:
 Address:
 Occupation:

SIGNED by **MARSDEN MARITIME**
HOLDINGS LIMITED
 by

.....
 its Directors
 in the presence of:

.....
Witness to complete in BLOCK letters

Name:
 Address:
 Occupation:

FIRST SCHEDULE

CFR 328777 (North Auckland Land Registration District) being Lot 804 Deposited
Plan 328777

SECOND SCHEDULE

CFR 306255 (North Auckland Land Registration District) being Lot 704 Deposited
Plan 376145

ANNEXURE 1
EASEMENT INSTRUMENT

Form 22**Easement instrument to grant easement or *profit à prendre***

(Section 109 Land Transfer Act 2017)

Grantor**WHANGAREI DISTRICT COUNCIL****Grantee****MARSDEN MARITIME HOLDINGS LIMITED****Grant of Easement or *Profit à prendre***

The Grantor being the registered owner of the burdened land set out in Schedule A **grants to the Grantee** (and, if so stated, in gross) the easement(s) or *profit(s) à prendre* set out in Schedule A, with the rights and powers or provisions set out in the Annexure Schedule(s)

Schedule A*Continue in additional**Annexure Schedule, if required*

Purpose of Easement, or <i>profit</i>	Shown (plan reference)	Burdened Land (Record of Title)	Benefited Land (Record of Title) or in gross
Right of way	A on DP	Lot 804 Deposited Plan 376145 RT 328777	Lot 704 Deposited Plan 376145 RT 306255

Easements or *profits à prendre* rights and powers (including terms, covenants and conditions)

Delete phrases in [] and insert memorandum number as required; continue in additional Annexure Schedule, if required

Unless otherwise provided below, the rights and powers implied in specified classes of easement are those prescribed by the Land Transfer Regulations 2018 and/or Schedule 5 of the Property Law Act 2007

The implied rights and powers are hereby ~~[varied]~~ ~~[negated]~~ ~~[added to]~~ or ~~[substituted]~~ by:

~~[Memorandum number _____, registered under section 209 of the Land Transfer Act 2017]~~

[the provisions set out in Annexure Schedule B]

Insert instrument type

Easement Instrument

Continue in additional Annexure Schedule, if required

1. Interpretation

In this Instrument unless the context requires otherwise:

Access road means the access road constructed, or to be constructed on the Easement Land in accordance with the terms and conditions of the Right of way easement.

Act means the Reserves Act 1977.

Business day means any day of the week other than:

- (a) Saturday, Sunday, Waitangi Day, Good Friday, Easter Monday, Anzac Day, the Sovereign's Birthday, Northland Anniversary Day, Labour Day and any public holiday observing Waitangi Day or Anzac Day; and
- (b) A day in the period commencing on the 24th day of December in any year and ending on the 5th day of January in the following year, both days inclusive.

A business day shall be deemed to commence at 9.00am and to terminate at 5.00pm.

Commencement date means such date as is set pursuant to the agreement between the parties dated 202).

Easement and easement means the right of way easement granted pursuant to this Easement instrument.

Easement instrument means this easement instrument.

Easement land means the area marked "A" on the plan.

Grantee means Marsden Maritime Holdings Limited and includes its transferees, successors and permitted assigns.

Grantor means Whangarei District Council and its transferees, successors and permitted assigns.

Resource consent means the resource consent issued by Whangarei District Council (reference: SD2100030).

Right of way easement and Right of way means a right of way easement over the easement land in favour of the Grantee's land and on the terms and conditions (both express and implied) of the Easement instrument.

Term means the term commencing on the commencement date and expiring in terms of clause 5 of this Easement instrument.

2. Easement grant

- 2.1 This Right of way easement is granted from the Commencement date for the Term. The Grantee will only use the Easement Area for the purpose of servicing the activity of a supermarket on the Benefiting Land (as consented under the Resource consent) and in accordance with the Resource consent conditions. The Easement is not to be used for any other use, further subdivision or development of the Benefiting Land (or any adjoining land) unless the Grantor's consent has been obtained to such

Insert instrument type

Easement Instrument

Continue in additional Annexure Schedule, if required

variation in accordance with clause 3 of this Instrument and (where relevant) the Grantor's consent conditions have been satisfied.

2.2 The Grantee acknowledges and agrees that:

- (i) Use of the Right of way easement by the Grantee is limited to 4 vehicle movements per day for every day of every week other than Saturdays during the Term. Usage on Saturdays will be limited to 1 vehicle movement only.
- (ii) Vehicles using the Right of way will be limited to a size no greater than a large rigid truck of an overall length of 11.5 metres.
- (iii) There will be no deliveries by or pick-ups by motor car using the Right of way.
- (iv) The use of the Right of way as a means of accessing a "Click and Collect" type operation is expressly forbidden.
- (v) The Grantee will meet:
 - (a) a fair share of the maintenance costs of the paved surface of the Right of way; and
 - (b) all costs of any repair caused by its exercise of the grant of this Right of way easement.
- (vi) Usage of the Right of way easement can be suspended if the Burdened Land is closed to vehicular traffic for repairs.
- (vii) The Grantee is responsible (at its sole cost) for any reinstatement of the Burdened land required by the Grantor after installation and construction of the Access road is completed.
- (viii) The Right of way easement is non-exclusive and the public will continue to have the right in perpetuity to use the burdened land (including any Access road) as reserve. For the avoidance of doubt, the Grantor shall not be responsible to ensure that members of the public do not impede or restrict the Grantee's use of the Right of way easement.

3. **Resource consent variations**

- 3.1 The Grantee will not apply for any variation to the Resource consent without first obtaining the written consent of the Grantor (acting in its capacity as Grantor and not as a regulatory body under the Resource Management Act 1991) to the proposed variation(s) and the provisions of the application. The consent of the Grantor may be granted or refused in the Grantor's sole discretion and, if granted, may be granted subject to any terms and conditions required by the Grantor.
- 3.2 The Grantee acknowledges and agrees that as part of the consent process under clause 3.1, the Grantor may consider whether the proposed variation(s) require a further approval under section 48(1) of the Reserves Act 1977. In the event that the Grantor considers that a further approval is required, then any consent of the Grantor pursuant to clause 3.1 will (without limitation) be given subject to the following conditions:
 - (a) the Grantee obtaining the further approval required under section 48(1) of the Reserves Act 1977 and any other approvals required by the Grantor; and
 - (b) registration of a variation of this Easement instrument on the terms and conditions required by the Grantor (in its sole discretion).

Insert instrument type

Easement Instrument

Continue in additional Annexure Schedule, if required

3.3 For the avoidance of doubt, the Grantee will pay all costs incurred by the Grantor of and incidental to any applications for consents or approvals pursuant to clauses 3.1 and/or 3.2 whether or not such consents or approvals are granted.

4. Easement expiry

4.1 The Grantee will at the request of the Grantor do all things reasonably required to enable registration of the surrender of the Easement upon expiry or earlier termination of the Term. The Grantee will be responsible to pay the Grantor's legal costs of and incidental to the surrender.

5. Termination

5.1 In the event that the Grantor (in its sole discretion) is satisfied that there has been a material breach of the provisions of this Easement instrument by the Grantee, then the Grantor may elect (in its sole discretion) to terminate the easements on one (1) months' notice in writing to the Grantee and the provisions of clause 14 of Schedule 5 of the Land Transfer Regulations 2018 shall not apply in respect of such breach.

5.2 The Grantor may elect (in its sole discretion) not to exercise such right in respect of a particular breach in the event that the particular breach has been remedied and the Grantor is satisfied that the Grantee has taken appropriate steps to avoid a further breach of the same nature.

5.3 For the purposes of clause 5.1 the following events, shall be deemed to constitute a material breach of the terms of this instrument:

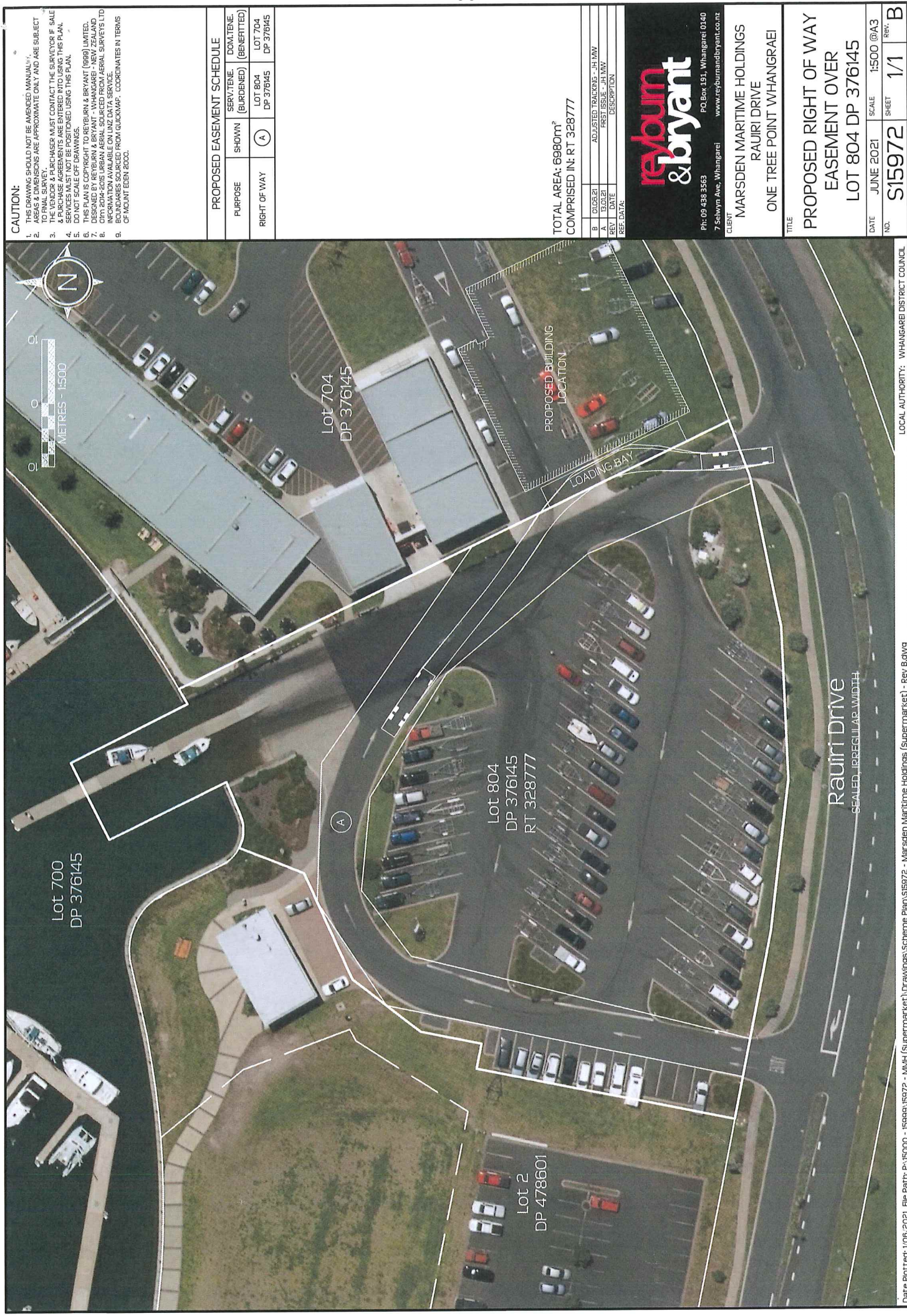
- (a) The Benefitting land is no longer used as a supermarket.
- (b) The exercise of the grant is in breach of any of the Resource consent regulating that exercise.
- (c) The Resource consent lapses, is cancelled or surrendered.
- (d) The nature of the vehicle use is outside the terms of this Easement instrument.
- (e) Any damage is caused to the Burdened land through the exercise of the grant.

6. Costs

6.1 The Grantee will pay all costs incurred by the Grantor of and incidental to the grant of the Easement including without limitation the Grantor's legal costs (as between lawyer and client) of and incidental to the enforcement of the Grantor's rights, remedies and powers pursuant to this Easement instrument.

ANNEXURE 2

PLAN



CAUTION:

- THIS DRAWING SHOULD NOT BE AMENDED MANUALLY.
- AREAS & DIMENSIONS ARE APPROXIMATE ONLY AND ARE SUBJECT TO FINAL SURVEY.
- THE VENDOR & PURCHASER MUST CONTACT THE SURVEYOR IF SALE OF THE PROPERTY IS TO BE MADE.
- SERVICES MUST NOT BE POSITIONED USING THIS PLAN.
- DO NOT SCALE OFF DRAWINGS.
- THIS PLAN IS COPYRIGHT TO REYBURN & BRYANT (1999) LIMITED.
- DESIGNED BY REYBURN & BRYANT - WHANGAREI - NEW ZEALAND CITY 2004-2005 URBAN AERIAL SOURCED FROM AERIAL SURVEYS LTD
- BOUNDARIES SOURCED FROM QUICKMAP. COORDINATES IN TERMS OF MOUNT EDEN 2000.

PROPOSED EASEMENT SCHEDULE			
PURPOSE	SHOWN	SERV. TENE. (BURDENED)	DOWNTEN. (BENEFITTED)
RIGHT OF WAY	(A)	LOT 804 DP 376145	LOT 704 DP 376145

TOTAL AREA: 6980m²
COMPRISED IN: RT 328777

REV.	DATE	DESCRIPTION
B	CLOSE 21	ADJUSTED TRACKS - 14 MMV
A	10/01/21	FIRST ISSUE - JLM/MW

reyburn & bryant
PO Box 191, Whangarei 0140
Ph: 09 438 3563
7 Selwyn Ave, Whangarei
www.reyburnandbryant.co.nz

CLIENT
MARS DEN MARITIME HOLDINGS
RAURI DRIVE
ONE TREE POINT WHANGAREI

TITLE
PROPOSED RIGHT OF WAY
EASEMENT OVER
LOT 804 DP 376145

DATE	JUNE 2021	SCALE	1:500 @A3
NO.	S15972	SHEET	1/1
REV.			B

Sarah Brownie

From: Whangarei District Council <mailroom@wdc.govt.nz>
Sent: Tuesday, April 19, 2022 5:44 AM
To: Mail Room
Subject: MMH Easement Feedback - Kieran Sean Thomas - MMH-1

EXTERNAL: This email originated from outside Whangarei District Council. Do not click links or open attachments unless you recognise the sender and know the content is safe.



MMH Easement Feedback - Kieran Sean Thomas - MMH-1

Receipt Number: MMH-1

Your details:

Name:	Kieran Sean Thomas
I am writing this submission:	As an individual
Organisation name:	

Your feedback:

Given they have been using this as access since early December it is a bit of a moot point and consultation is pointless

Granting an easement is reasonable, however it will have impacts on recreational users (Boaties) lining up for the ramp at peak times which are already forced to swing around trucks as they come off the ramp. Delivery trucks have also been seen going against the traffic flow in the carpark causing unnecessary hazard for pedestrians and other users.

Easement Request Submission Form

Thank you for taking this opportunity to comment on the proposal to grant an access easement over Lot 804 DP 376145 being a Recreation Reserve, in favour of Lot 704 DP 376145 under the Section 48 of the Reserves Act 1977. We welcome your feedback.

Points to remember when making a submission

- Please print clearly. The form should be easy to read and be understood, and may need to be photocopied.
- We will respond in writing to every submission received. Please ensure that you provide appropriate contact details so that our response gets back to you.
- All submissions are considered public under the Local Government Official Information and Meetings Act, and may be published and made available to elected members and the public.
- Your submission will not be returned to you once it is lodged with Council. Please keep a copy for your reference.

How to get this form to us

Mail to: Marsden Maritime Holdings Easement Request - Submissions,
 Parks and Reserves Manager,
 Whangarei District Council,
 Private Bag 9023, WHANGAREI 0148

Fax to: 09 438 7632

Email to: mailroom@wdc.govt.nz

Your feedback should reach us by 5pm on Friday 22nd April 2022

Please enter your details below

First name(s) Grant

Last name Peacock

Postal address 337 South Rd RD 2
Waipu 0582

Best daytime phone number 432-0007 Mobile 021-607795

Email g.c.pcok@extra.co.nz

I am writing this submission (✓ box) ☒ as an individual ☐ on behalf of an organisation

Name of organisation _____

Please write your comments below

If you wish to comment on any specific clause, please include the heading and page number.

Hi,
I disagree with this easement.
because I think it will impact boat ramp
users, unfairly.

In operative provisions under 1. Definitions,

A business day is defined. This is irrelevant to Terms & Conditions 4.1 which states Grantee is limited to 1 vehicle movement on a Saturday and 4 movements every day of the week.

The area on the boundary of the proposed supermarket is where ramp users prepare to launch or prepare to go on the road, if you say no parking here then it is difficult to properly use the ramp. This is the access place for delivery trucks.

What provision will be made for excess car & trailer parking, since excess trailers park on the land proposed for the supermarket as per the submitted photo pg 18 from reynburn & Bryant.

A compensation sum doesn't help boat ramp users, because you will be in the way of using that whole carpark.

Signature:

Grant Peacock.

Date:

6/4/2022

7.4 Airport Noise Management Committee Airport Users Representation

Meeting: Whangarei District Council
Date of meeting: 23 June 2022
Reporting officer: Tony Collins, Manager, District Development

1 Purpose

To appoint three Airport user representatives to the Airport Noise Management Committee.

2 Recommendations

That Council:

1. Appoints Ken Walker (Airline Representative), Mike Chubb (Airport Authority Representative) and Bernard Russell (Airport/Tenant) to the Airport Noise Management Committee.
2. Notes the Committee Terms of Reference will be updated with the appointments.

3 Background

Following a resolution in November 2021 that Council, a further Council meeting on 30 March 2022 considered the impacts of noise on the Onerahi community and the need to establish a forum to manage or mitigate negative impacts where practicably possible.

At that meeting Council:

- Agreed to the establishment of the Airport Noise Management Consultative Committee for the 2019- 2022 triennium.
- Adopted the Airport Noise Management Committee Terms of Reference (**Attachment 2**).
- Appointed Her Worship the Mayor, Councillors Tricia Cutforth and Phil Halse, as the Committee members.
- Appointed Councillor Phil Halse as the Chairperson of the Airport Noise Management Committee.
- Noted the Terms of Reference will be updated with the appointments.
- Noted the three community Representative Members will be brought to a future Council meeting for appointment.

4 Discussion

The Terms of Reference allow for three Airport-user representatives namely:

- Airport Authority representative

- Airport / Tenant representative
- Airline Representative

4.1 Nominations

The Whangarei District Airport Manager sought nominations from interested parties to fill these roles. The following nominations were received, and it is recommended that they be appointed as the Airport User representatives to the Committee.

- Mike Chubb – Northland Aviation Limited, Manager of Whangarei District Airport
- Bernard Russell – an airport tenant who regularly operates an aircraft from Whangarei District Airport
- Ken Walker – Air New Zealand

5 Attachments

Attachment 1 – Agenda Report Northland Emergency Services Trust - Relocation

Attachment 2 – Airport Noise Management Consultative Committee Terms of Reference

NEST Community Engagement and Airport Noise Management Committee

Meeting: Whangarei District Council
Date of meeting: 30 March 2022
Reporting officer: Tony Collins, Manager, District Development

1 Purpose

To update Elected Members on the proposed communications plan and establish an Airport Noise Management Committee.

2 Recommendations

That Council:

1. Notes the report.
2. Confirm the resolutions of its meeting of 11 November 2021, as per the minutes included in section 3 of this report.
3. Agree to the establishment of the Airport Noise Management Committee for the 2019-2022 triennium.
4. Adopt the Airport Noise Management Committee Terms of Reference (**Attachment 3**).
5. Appoint Her Worship the Mayor, Councillors Tricia Cutforth and Phil Halse, as the Committee members.
6. Appoints Councillor Phil Halse as the Chairperson of the Airport Noise Management Committee.
7. Notes the Terms of Reference will be updated with the appointments.
8. Notes the three community Representative Members will be brought to a future Council meeting for appointment.

3 Background

On 11 November 2021, Council resolved in an Extraordinary Council Meeting to support in principle the relocation of Northland Emergency Services Trust (NEST) to Whangarei District Airport, and delegate the lease negotiation and execution. **Attachment 1** is the Agenda Report from that meeting. At that meeting Council resolved to:

1. Support in principle the relocation of NEST from Kensington Park to Whangarei District Airport.
2. Authorise the Chief Executive to enter into a Memorandum of Understanding with NEST regarding the proposed relocation.
3. Note that NEST will be responsible for any costs associated with the relocation, along with meeting all statutory and regulatory requirements (including those relating to the Designation, District Plan and any necessary consents).
4. Note that staff will develop a communication plan to engage the Onerahi community, with NEST also actively working alongside the community to allay any concerns.
5. Investigate the establishment of an Airport Noise Management Committee for the Whangarei District Airport.
6. Authorise staff to undertake negotiations with NEST and complete all terms and conditions of a lease.
7. Authorise the Chief Executive to finalise and execute the lease with NEST.

In that report it was stressed that “*communication and engagement will be critical to any shift. The negative impact of transference of a noise issue away from one community to a similar impact on another should not be overlooked. However, the presence of the Airport, and associated designation, already provides for activities of this nature*”. In doing so staff gave an overview of legal and planning issues relating to a potential shift, which are also summarized below:

- The Designation WDC-55 Aerodrome takes precedence over the Plan.
- A helicopter is an “aircraft” and is provided for in the Aerodrome designation.
- The designation is conditional upon the Plan noise rules.
- NAV.6.7 (Aircraft and Helicopter Landing Areas) exempts “emergency services” helicopter movements.
- Helicopters landing and leaving Whangarei Airport is a permitted activity. (RMA case law includes helicopters in the term aircraft).
- Helicopters used for emergency services are exempt from the district plan noise rules relating to helicopter noise (in both the operative version and the appeals version).
- Training, education, office and administration services ancillary to the emergency service would be a permitted activity.
- Aspects of the current co-located rescue helicopter site other than helicopter operations (such as St John Ambulance activities), if they also relocated to the Airport, may fall outside the Aerodrome designation and require consideration under the Airport chapter.

The planning framework provides for this activity at the Airport, with no specific requirement for consultation. However, in recognition of the views, interests and preferences of likely to be affected, and taking into account Council’s Significance and Engagement Policy, Council acknowledged the need for a communications plan to engage with the local community. Alongside this council resolved to investigate the establishment of a noise management

committee, which would provide a dedicated mechanism to consider noise related complaints or concerns going forward.

4 Discussion

This report provides an update on progress on negotiating and Memorandum of Understanding and Lease since the November 2021 meeting, an overview of the communications plan and recommends the establishment of a Noise Management Committee.

4.1 Memorandum of Understanding (MOU)

Council authorised 'the Chief Executive to enter into a Memorandum of Understanding with NEST regarding the proposed relocation'. A MOU has been signed between the parties and is attached as **Attachment 2**. The main points of this are:

- Any lease in relation to the Whangarei Airport will have to be in accordance with the Airport Authorities Act 1966.
- NEST will require a maximum period of 18 months to establish the helicopter facility at the Whangarei Airport.
- NEST will be required to relocate to the Whangarei Airport and vacate Kensington Park prior to the expiry of the current ground lease at Kensington Park in May 2023.
- NEST will develop the Whangarei Airport site at its own cost including new hangars and facilities.
- NEST will construct a helicopter pad at the airport. There will be no lease charges associated with the allocated space.
- The Whangarei Airport lease is to be for 10 years, renewable for a further 10-year period.
- NEST shall be responsible for all health and safety requirements arising from its relocation to Whangarei Airport and any additional reasonable health and safety services or arrangements which Council as the Airport Authority needs to implement due to NEST's relocation.
- The land at the Whangarei Airport may include currently has an existing building and therefore to achieve the relocation of NEST to the Whangarei Airport Council intends to sell the existing building to NEST for \$1.00.
- It is also intended that NEST will sell the Kensington Park facility buildings to Council for \$1.00.
- NEST will at its own cost, remove fencing and any other infrastructure surrounding the hangar building at Kensington Park. NEST will also make good the underground fuel tank outside the hangar building at Kensington Park.
- NEST will seek external funding to progress the relocation from the Kensington facility to the Whangarei Airport.
- Council has not committed any funding to the relocation of NEST other than detailed above.

4.2 Lease Negotiations

Council further resolved 'authorising staff to undertake negotiations with NEST and complete all terms and conditions of a lease'. In support of this Council staff have facilitated initial discussion between the airport management, Northland Aviation Limited and NEST. This has

focused on infrastructure requirements such as buildings, access, fuelling and noise mitigation, also the location that best suitable both parties' operational requirements.

Staff and NEST are currently working through potential options for the relocation of NEST in order to achieve the best outcome for all parties, while minimising any noise impacts on the community. Once a preferred location on the Airport have been identified the specific terms of the lease will be able to be negotiated.

4.3 Communications Plan

The report from the Extraordinary Meeting noted that staff would develop a 'communication plan to engage the Onerahi community, with NEST also actively working alongside the community to allay any concerns'. In doing so it was noted that community engagement would be a critical part of any plan to relocate.

It is proposed that implementation of the Communications Plan would run alongside the establishment of the noise management committee (discussed under section 4.4 of this Agenda). Establishment of the Committee would provide a formal mechanism to make sure that any concerns identified through the implementation of the Communications Plan can be considered for mitigation where possible and appropriate.

A brief summary of the key components of the Communications Plan is provided below.

- **FAQs:** Both Council and NEST have been subject to questions from individuals and groups in the Onerahi community in relation to this relocation. As a result, information to majority of the points raised are collated through these responses. This information can now be made available to members of the public through multiple channels available to both parties. This will be supported on Council website with an opportunity for community members to have their say.
- **Public Meeting:** A public meeting will be held for community members to express their concerns. It should be attended by Council subject matter experts, NEST representatives, the appropriate elected members and management. It is envisioned this will be held in April at a yet to be determined location but most likely the Airport terminal. This meeting may be impacted by COVID but is expected that most disruptions should be lessened by then.
- **Having Your Say:** To support these engagements, and to facilitate more meaningful engagement than is often provided via public hall style meetings, staff intend to provide a tranche of drop-in sessions potentially supported by elected members where individuals or smaller groups can meet with Council to discuss the relocation.

4.4 Establishment of Subcommittee

The report from the Extraordinary Meeting resolved "to investigate the establishment of the noise management committee".

It is proposed to establish a subcommittee as a formal mechanism for working through community concerns going forward. The proposed subcommittee Terms of Reference (attached) outline the subcommittee's key responsibilities.

4.5 Procedure for the establishment of a Subcommittee

Councils can establish subcommittee's under section 30 of Schedule 7 of the Local Government Act 2002. If established the subcommittee will operate for the current term (2019-2022) of Council.

Committees of Council are subject to Standing Orders, and other legislative requirements around notification of meetings, agenda and minutes under the Local Government Official Information and Meetings Act 1987.

It is recommended that a Councillor be appointed Chairperson. Clause 25, Schedule 7 of the Local Government Act 2002 outlines the voting process undertaken for the appointment of a committee chair. If there is more than one nomination for Chairperson, an election process as set out in clause 25 Schedule 7 of the LGA 2002 will be conducted. The election process requires council to decide which of two voting systems is to be used to make the appointment. The voting systems are described as follows:

System A

The candidate will be elected or appointed if he or she receives the votes of a majority of the members of the local authority or committee who are present and voting. This system has the following characteristics:

- (a) there is a first round of voting for all candidates;*
- (b) if no candidate is successful in the first round, then there is a second round of voting from which the candidate with the fewest votes in the first round is excluded; and*
- (c) if no candidate is successful in the second round, there is a third round, and if necessary subsequent rounds, of voting from which, each time, the candidate with the fewest votes in the previous round is excluded.*

If in any round of voting, if two or more candidates tie for the lowest number of votes, the person to be excluded from the next round is resolved by lot.

System B

The candidate will be elected if he or she receives more votes than any other candidate. This system has the following characteristics:

- (a) there is only one round of voting; and*
- (b) if two or more candidates tie for the most votes, the tie is resolved by lot.*

Resolving by 'lot' can be conducted by the toss of a coin or drawing of names from a box.

Staff recommend that in the event of more than two nominations being received the council use System B as it is the simplest.

On previous occasions nominations for community representatives has been called by public notice. It is intended to follow this procedure on this occasion also. Nominees should be reflective of the variety of interests and backgrounds evident in the Onerahi community.

4.6 Financial and Budget Considerations

Remuneration of the three community representatives would be set at \$100 per meeting.

5 Significance and engagement

While the potential for public interest in the move has been identified (discussed above) the decisions in the Agenda do not trigger two or more of the criteria in Council's Significance and Engagement Policy.

As such the public will be advised via agenda publication on Council's website. Specific communication and engagement with the Onerahi community is planned and NEST will be expected to actively work alongside the community to allay any concerns.

6 Attachments

Attachment 1 – Agenda Report Northland Emergency Services Trust - Relocation

Attachment 2 – Memorandum of Understanding

Attachment 3 – Airport Noise Management Consultative Committee Terms of Reference

Airport Noise Management Committee – Terms of Reference

Membership

Chairperson: Councillor Phil Halse

Members: Her Worship the Mayor Sheryl Mai, Councillor Tricia Cutforth
 Community representatives: Jim Fernie, Marjorie Abraham-Quinn, Gary Stables and Warwick Taylor
 Airport Authority representative
 Airport / Tenant representative
 Airline Representative

Meetings: As required

Quorum: 5

Purpose

To consider, and where appropriate make recommendations to council on aircraft noise and concerns that arise from the operation and activities at the Whangarei Airport.

Key responsibilities include:

- Identify community concerns regarding aircraft noise.
- Co-operatively formulate and propose methods and procedures to minimise noise impact on the surrounding community.
- Act as an advisory and complaints committee and make recommendations to the airport manager concerning noise complaints.
- Report any noise complaints with the committee's recommendations to the Whangarei District Council.
- Assist and advise the Whangarei Airport Authority concerning the dissemination of relevant information to the community.
- Review current procedure for handling noise complaints and modify that procedure where necessary.
- Assist the Whangarei District Council in the management of the adopted Noise Management Plan which will address:
 - procedures for handling noise issues;
 - noise abatement procedures; and
 - timely provision of aircraft noise and flight path monitoring information.
- Monitor the results of noise level monitoring and compliance with the noise abatement procedures and the Noise Management Plan.
- Access appropriate technical expertise and guidance as required.

In the undertaking of their responsibilities the Committee will comply with and be consistent with relevant legislation and Council policies, including the District Plan and designations.

Reporting

The committee will:

- Provide updates through the Strategy, Planning and Development Committee Operational Report

7.5 Revised Terms of Reference for the Joint Climate Change Adaptation Committee

Meeting: Whangarei District Council

Date of meeting: 23 June 2022

Reporting officers: Sarah Irwin, Manager, Infrastructure Planning
 Bernadette Aperahama, Manager, Strategic Planning

1 Purpose / Te Kaupapa

To adopt the revised Terms of Reference for the Joint Climate Change Adaptation Committee and agree the Committee not be discharged at the Local Government elections.

2 Recommendations / Whakataunga

That the Council

1. Adopts the revised Terms of Reference for the Joint Climate Change Adaptation Committee at Attachment 1.
2. Agrees that the Joint Climate Change Adaptation Committee is not discharged at the Local Government elections.

3 Background / Horopaki

The Joint Climate Change Adaptation Committee (Joint Committee) is a key regional governance body, providing direction, oversight and coordination of climate adaptation activities across Northland. Terms of Reference (ToR) are a requirement under the Local Government Act 2002 for the establishment and operation of a Joint Committee.

The ToR sets out the Joint Committee roles and responsibilities, status, membership, committee structure, quorum, administrative arrangements, and remuneration. The revised ToR has been endorsed by the Joint Committee and includes minor changes from the previous version, relating to remuneration of non-elected members and a new clause allowing the Joint Committee to continue after the triennial elections.

4 Discussion / Whakawhiti kōrero

In April 2021, the Joint Committee was presented with the original adopted ToR. The Joint Committee did not endorse this ToR and instead recommended that respective councils develop a consistent policy for remuneration of iwi and hapū representatives. In August 2021, Northland Regional Council (NRC) reviewed and amended their Non-Elected Members Allowance Policy, increasing the total remuneration amount per meeting. Kaipara District Council has followed an exception clause in its Non-Elected Member Remuneration Policy to

match the meeting amount identified in the NRC policy, at \$240.00 per meeting. Far North District Council is also following NRC's policy. The Whangarei District Council rate is currently \$280.00 per meeting, consistent with remuneration for hapū members of Te Kārearea Strategic Partnership Committee. Staff are intending to review this policy in its entirety after the 2022 elections. On March 7, 2022, the Joint Committee endorsed the ToR with revisions and recommended the revised version for consideration and adoption.

Any revisions need to go through each member council for adoption to meet requirements for a standing committee under the Local Government Act (LGA) 2002.

There are three changes to the revised ToR, described below (marked in Attachment 2).

1. Changes the direction on remuneration process from respective Council policies to either the NRC Non-Elected Members Allowance Policy or respective Council policies.
2. Changes language from 'nominate' elected member representatives to 'appoint' elected member representatives.
3. Adds the following clause, per the LGA 2002, resolving that the Joint Committee will not discharge at the triennial elections:

Pursuant to Clause 30(7) of Schedule 7 of the Local Government Act 2002, the councils have resolved that this joint committee is not discharged at the triennial elections. However, on coming into office following an election, a council may choose to review its appointments on the committee.

These changes are considered minor and do not impact on the purpose and responsibilities on the Joint Committee or on Council as a participating member. The changes also do not impact on Council's previous remuneration decision for hapū representatives.

If all Northland councils decide to adopt the revised ToR, they will come into effect. If any member council does not adopt the revised ToR, Climate Adaptation Te Tai Tokerau staff will present a report on that councils' concerns to the next Joint Committee meeting in August 2022. KDC and NRC have adopted the revised ToR. FDNC are making a decision on the revised ToR in June 2022.

4.1 Financial/budget considerations

None - remuneration for hapū representation is accounted for under the existing climate change work programme budget.

4.2 Policy and planning implications

The four Northland Councils have adopted the Climate Adaptation Te Tai Tokerau Strategy. Enabling the committee to continue, enables work to progress on the Priority Actions within the Strategy.

4.3 Options

No	Option	Advantages	Disadvantages
1	Adopt the revised ToR as attached.	The draft ToR meets the requirements under the Local Government Act 2002. Each council remunerates their hapū/iwi	Iwi/hapū representatives' remuneration between councils is inconsistent, noting that the discrepancy in

		<p>appointees in accordance with either their respective remuneration policy or with NRC's non-elected members allowances policy. Improved consistency in remuneration has been reached in a way that meets councils' needs.</p> <p>Continuing with the committee ensures staff will have region wide governance and tangata whenua guidance and enables work to continue on the actions within the strategy rather than trying to get a committee established again.</p>	remuneration between councils is minor.
2	Status quo - Do not adopt the revised ToR as attached.	None	<p>The Joint Committee arrangements are not consistent with Local Government Act 2002 requirements.</p> <p>Staff lack governance and tangata whenua guidance.</p>

Option 1 is the recommended option.

4.4 Risks

There are no risks identified with the proposed option. Councils are able to appoint elected member representatives within each election cycle.

5 Significance and engagement / Te Hira me te Arawhiti

There is no negative impact on Council's existing relationship with hapū and the ability of hapū representatives to act within the Joint Committee.

5.1 Significance

The decisions or matters of this Agenda do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via Agenda publication on the website.

5.2 Engagement

Adaptation to climate change is of significant interest to the community however community concerns are more likely to be related to the adaptation programmes and actions of member councils than the terms of reference specifically.

Adopting the revised ToR enables staff to continue with the work programme and receive governance and tangata whenua guidance and perspectives on the formation and delivery of the work over the election time. This includes developing engagement and communication approaches for the programme of work.

6 Attachments / Ngā Tāpiritanga

1. Attachment 1_Revised JCCAC Terms of Reference_March 2022
2. Highlighted Changes to JCCAC Terms of Reference_August 2020

Joint Climate Change Adaptation Committee (JCCAC)

Terms of Reference (TOR)

March 2022

Background

Climate change poses significant risks to the environment and people of Te Tai Tokerau - local government has responsibilities in reducing the impact of climate change (adaptation). It is essential that councils, communities and iwi / hapū work collaboratively to ensure an effective, efficient and equitable response to the impacts of climate change. Work on adaptation has already started between council staff with the formation of the joint staff working group Climate Adaptation Te Tai Tokerau and the development of a Climate Change Adaptation Strategy for Tai Tokerau. The formation of a joint standing committee of the Far North, Kaipara and Whangarei district councils and Northland Regional Council elected council members and iwi / hapū is fundamental to ensuring these outcomes are achieved in a coordinated and collaborative way across Te Tai Tokerau.

Role and Responsibilities

- 1) Provide direction and oversight of the development and implementation of climate change adaptation activities by local government in Te Tai Tokerau
- 2) Receive advice and provide direction and support to Climate Adaptation Te Tai Tokerau
- 3) Make recommendations to member councils to ensure a consistent regional approach is adopted to climate change adaptation activities
- 4) Act collectively as an advocate for climate change adaptation generally and within the individual bodies represented on the Committee
- 5) Ensure the bodies represented on the Committee are adequately informed of adaptation activity in Te Tai Tokerau and the rationale for these activities
- 6) Ensure the importance of and the rationale for climate change adaptation is communicated consistently within Te Tai Tokerau
- 7) Receive progress reports from Climate Adaptation Te Tai Tokerau

Membership

The Joint Climate Change Adaptation Committee (the committee) is a standing committee made up of elected members from the Far North, Kaipara and Whangarei district councils, the Northland Regional Council and representatives from Northland hapū and iwi.

The committee shall have eight members as follows:

One elected member from:

Kaipara District Council
Far North District Council
Whangarei District Council
Northland Regional Council

Iwi / hapū members:

One representative from iwi / hapū appointed by each council from within their jurisdiction. Where possible, this appointment should follow recommendations from council Māori advisory groups or committees.

Each council shall also appoint one alternative elected member and one alternative iwi / hapū member who will have full speaking and voting rights when formally acting as the alternate.

Status

The Committee is a joint standing committee of council as provided for under Clause 30(1)(b) of Schedule 7 of the Local Government Act 2002 and shall operate in accordance with the provisions of Clause 30A of that Act. The committee is an advisory body only and has no powers under the Local Government Act 2002 (or any other Act) other than those delegated by decision of all member councils. The joint standing committee shall operate under Northland Regional Council Standing Orders.

Committee Chair and deputy Chair:

The Chair and Deputy Chair is to be appointed by the members at the first meeting of the committee.

Quorum

At least 50% of members shall be present to form a quorum.

Meetings

The Committee shall meet a minimum of two times per annum.

Service of meetings:

The Northland Regional Council will provide secretarial and administrative support to the joint committee.

Draft agendas are to be prepared by Climate Adaptation Te Tai Tokerau and approved by the Chair of the Committee prior to the Committee meeting.

Remuneration

Remuneration and / or reimbursement for costs incurred by council members is the responsibility of each council.

Respective iwi / hapū representatives will be remunerated and reimbursed by the nominating council in accordance with either the non-elected members remuneration policy of that council or alternatively the Northland Regional Council Non-Elected Members Allowances Policy.

Joint Committee not discharged at triennial elections

Pursuant to Clause 30(7) of Schedule 7 of the Local Government Act 2002, the councils have resolved that this joint committee is not discharged at the triennial elections. However, on coming into office following an election, a council may choose to review its appointments on the committee.

Amendments

Any amendment to the Terms of Reference or other arrangements of the Committee shall be subject to approval by all member councils.

Joint climate change adaptation committee Terms of Reference

August 2020

Background

Climate change poses significant risks to the environment and people of Te Taitokerau - local government has responsibilities in reducing the impact of climate change (adaptation). It is essential that councils, communities and iwi / hapū work collaboratively to ensure an effective, efficient and equitable response to the impacts of climate change. Work on adaptation has already started between council staff with the formation of the joint staff working group Climate Adaptation Te Taitokerau and the development of a Climate Change Adaptation Strategy for Taitokerau. The formation of a joint standing committee of the Far North, Kaipara and Whangarei district councils and Northland Regional Council elected council members and iwi / hapū is fundamental to ensuring these outcomes are achieved in a coordinated and collaborative way across Te Taitokerau.

Role and Responsibilities

- 1) Provide direction and oversight of the development and implementation of climate change adaptation activities by local government in Te Taitokerau
- 2) Receive advice and provide direction and support to Climate Adaptation Te Taitokerau
- 3) Make recommendations to member councils to ensure a consistent regional approach is adopted to climate change adaptation activities
- 4) Act collectively as an advocate for climate change adaptation generally and within the individual bodies represented on the Committee
- 5) Ensure the bodies represented on the Committee are adequately informed of adaptation activity in Te Taitokerau and the rationale for these activities
- 6) Ensure the importance of and the rationale for climate change adaptation is communicated consistently within Te Taitokerau
- 7) Receive progress reports from Climate Adaptation Te Taitokerau

Membership

The Joint Climate Change Adaptation Committee (the committee) is a standing committee made up of elected members from the Far North, Kaipara and Whangarei district councils, the Northland Regional Council and representatives from Northland hapū and iwi.

The committee shall have eight members as follows:

One elected member from:

Kaipara District Council
Far North District Council
Whangarei District Council
Northland Regional Council

Iwi / hapū members:

One representative from iwi / hapū nominated by each council from within their jurisdiction. Where possible, this **nomination** should follow recommendations from council Māori advisory groups or committees.

Each council shall also **nominate** one alternative elected member and one alternative iwi / hapū member who will have full speaking and voting rights when formally acting as the alternate.

Status

The Committee is a joint standing committee of council as provided for under Clause 30(1)(b) of Schedule 7 of the Local Government Act 2002 and shall operate in accordance with the provisions of Clause 30A of that Act. The committee is an advisory body only and has no powers under the Local Government Act 2002 (or any other Act) other than those delegated by decision of all member councils. The joint standing committee shall operate under Northland Regional Council Standing Orders.

Committee Chair and deputy Chair:

The Chair and Deputy Chair is to be elected from members at the first meeting of the committee.

Quorum

At least 50% of members shall be present to form a quorum.

Meetings

The Committee shall meet a minimum of two times per annum.

Service of meetings:

The Northland Regional Council will provide secretarial and administrative support to the joint committee.

Draft agendas are to be prepared by Climate Adaptation Te Taitokerau and approved by the Chair of the Committee prior to the Committee meeting.

Remuneration

Remuneration and / or reimbursement for costs incurred by council members is the responsibility of each council.

Respective iwi / hapū representatives will be remunerated and reimbursed by the nominating council in accordance with the non-elected members remuneration policy of that council.



Amendments

Any amendment to the Terms of Reference or other arrangements of the Committee shall be subject to approval by all member councils.

7.6 Offer of land – 4 - 6 Cove Road, Waipu

Meeting: Whangarei District Council
Date of meeting: 23 June 2022
Reporting officer: Manager Parks & Recreation (Sue Hodge)

1 Purpose / Te Kaupapa

The purpose of this report is to consider whether Council has an interest in the New Zealand Police property at 4-6 Cove Road, Waipu being disposed of under the provisions of the Public Works Act.

2 Recommendation / Whakataunga

That Council;

Either

- a) confirms it wishes to declare an interest in 4-6 Cove Road legally described as Lot 1, DP 172235 and currently used for Police Housing should it not be wanted for the Treaty Settlements landbank;

Or

- b) declares no interest in the land.

3 Background / Horopaki

The Property Group, on behalf of their client, The New Zealand Police have initiated the process to dispose of surplus land at 4-6 Cove Road, Waipu and legally described as Lot 1, DP 172235.

The land was acquired under the provisions of the Public Works Act 1981 (PWA) for Police Housing. The property contains a residential dwelling and four ancillary buildings.

As Crown land the disposal process allows Territorial Authorities as well as other government departments to declare an interest in the property for another type of public work prior to disposing of the land.

A public work is defined in the Public Works Act 1981 as every Government work or local work that the Crown or any local authority is authorised to construct, undertake, establish, manage, operate, or maintain, and every use of land for any Government work or local work which the Crown or any local authority is authorised to construct, undertake, establish, manage, operate, or maintain by or under this or any other Act; and include anything required directly or indirectly for any such Government work or local work or use.

Should the Crown dispose of the land it is generally at market value. It is estimated the cost of this property could be as high as \$800,000. Both parties will need to obtain a valuation of the property and seek agreement of current market value.

The first step in this process is to declare an interest in the land.



Disposal site is shown purple and local open space is hatched green

4 Discussion / Whakawhiti kōrero

Council is regularly offered land and each offer is formally considered by Council on its merits. Infrastructure Planning, Parks, Roading, Water and Wastewater departments have advised they have no interest in this property for any future public works.

The community engagement undertaken as part of the Waipu Placemaking Plan has indicated a desire for more facilities and amenities. For this reason, Council may wish to declare an interest in this property for a future public work being a community facility for meetings or to deliver community programmes. A legal opinion has confirmed a community facility meets the definition of a public work.

The buildings have heritage values, and this will increase the cost and will limit the ability to modify the house or outbuildings for community use. We have been advised that as part of the disposal process Heritage New Zealand has recommended a heritage covenant is placed on the title for the long-term protection and maintenance of the heritage place and features.

It must be noted that the land is an area where Treaty claims have not yet been settled. The Crown is in negotiation with Nga hapu o Ngapuhi and the land could be in that Iwi's area of interest. The property will also progress through the Māori Protection Mechanism (the Treaty Settlements landbank). Council's interest will be noted as it passes through this process.

Staff have advised the Property Group that it is Council's position that should hapu/Iwi want this land to go into the Treaty Settlements landbank Council would see this as a priority over Council's own interest.

4.1 Financial/budget considerations

There are no financial or budget considerations from this recommendation as it is a declaration of interest only, and no financial commitment has been entered into yet.

However, should Council get the opportunity to purchase the property a budget of approximately \$800,000 would be needed. This has not been provided for in the 2021-2031 Long Term Plan.

4.2 Policy and planning implications

This report is consistent with Council policy for full Council to consider all offers of land.

The land is zoned Settlement Zone (Centre Sub-zone) and is subject to an existing designation MPOL-1. The New Zealand Police would need to remove the designation over the land. The land can be developed in accordance with the provisions set out in the Settlement Zone of the District Plan.

The former police buildings are scheduled as a GROUP B Scheduled Built Heritage Item (site 162) in the Historic Heritage chapter of the Whangarei District Plan and will need to be developed and treated in accordance with the Historic Heritage provisions. This will limit development on the land.

In the immediate vicinity, there is 665m² of Open Space Zoned land on the corner of Cove Road and Insley Road, and 445m² of Open Space Zoned land on the corner of Cove Road and South Road.

The land is not subject to any currently mapped hazards (beyond low land instability)

4.3 Options

Option 1

Council declare an interest in this land for future public use.

Noting that Asset managers and the 30-year Infrastructure Strategy confirm no public work is planned that would be suitable on this property.

However, community engagement undertaken as part of the Waipu Placemaking Plan has indicated an interest in more facilities and amenities. There is some potential for these buildings to be used as community meeting space or for community programmes.

And noting that the buildings on the site have heritage values and will likely have a heritage covenant recorded on the title and this will restrict the ability to modify the buildings for community use. The change of use from residential housing to public use will require the building to meet higher public use standards. No assessment has been made of this cost.

And noting it is Council's position that should hapu/lwi want this land to go into the Treaty Settlements landbank Council would see this as a priority over Council's own interest.

Option 2

Council declare no interest in this land for future public use.

The staff recommendation is **Option 2**.

4.4 Risks

The Public Works process involves many parties and there is a risk that other entities may also express an interest in the property leading to Council not having the opportunity to purchase the land.

Surplus Crown land must progress through the Māori Protection Mechanism (the Treaty Settlements landbank) and there is a risk that Iwi/hapu may want this land for cultural redress. This may impact on Council's relationship with Iwi/hapu. This risk can be minimized by advising the Property group that it is Council's position that should hapu/Iwi want this land to go into the Treaty Settlements landbank Council would see this as a priority over Council's own interest.

As there is no funding allocated in the Long-Term Plan for this purchase there is a risk that no budget will be made available to purchase the land once the process is complete. This risk can be managed by seeking a resolution from Council to make budget available outside the LTP process should the disposal process progress and an agreement be reached on current market value.

5 Significance and engagement / Te Hira me te Arawhiti

The decisions or matters of this Agenda do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via Agenda publication on the website.

7.7 Better Off Funding Tranche 1 Application

Meeting: Whangarei District Council
Date of meeting: 23 June 2022
Reporting officer: Shelley Wharton (Manager Infrastructure Programmes)

1 Purpose / Te Kaupapa

The purpose of this item is to firstly request a decision on whether or not to accept the Tranche 1 Better Off Funding from the Department of Internal Affairs on the terms and conditions outlined in the draft Funding Agreement, and if council decides to accept the funding, to secondly make delegations to the Chief Executive to finalise the Funding Proposal and sign the Funding Agreement.

2 Recommendations / Whakataunga

That the Council

1. Notes the Department of Internal Affairs clarification regarding acceptance of the Better Off Funding for those Councils who oppose the Three Waters Reform:
“The Funding Agreement for the better off package does not prevent or prohibit councils from doing this [i.e. opposing the Three Waters Reform]. For the avoidance of doubt, publicly criticising or expressing opinions on reform cannot reasonably be expected to have an adverse effect on the reputation, good standing or goodwill of the Department or the New Zealand Government, and would not represent a breach of the funding agreement.”
2. Approves an application to the Three Waters Reform Better Off Support Package Tranche 1 Funding of up to \$9.48 million excluding gst on the terms and conditions set out by the Department of Internal Affairs in the Three Waters Reform Better Off Package Tranche 1 Funding Agreement.
3. Instructs staff to provide suitable projects, programmes or initiatives for the Three Waters Better Off Grant Tranche 1 Funding Proposal to the maximum value of \$9.48 million excluding gst, and to continue to negotiate the Three Waters Reform Better Off Package Tranche 1 Funding Agreement between Council and Department of Internal Affairs for Council approval.

3 Background / Horopaki

Central government through the Department of Internal Affairs (DIA) is undertaking a reform process for the Three Waters services – water supply, stormwater and wastewater – to address significant challenges in managing these services and to ensure safe, affordable, reliable services for the health and wellbeing of our communities and the environment.

A new water regulator, Taumata Arowai, and a Three Waters National Transition Unit have already been established. The Water Services Entities Bill has had its first reading.

In July 2021, the Prime Minister and Minister of Local Government announced a comprehensive three water support package for local government, called the 'Three Waters Better Off Support Package'. Full background information and details can be found on the Department of Internal Affairs website at <https://www.dia.govt.nz/three-waters-reform-programme-reform-support-package> or in previous council meeting agendas.

DIA issued the Three Waters Reform Better Off Support Package Guidance document in April 2022 (provided in Attachment 1). Whangarei District Council is allocated a total of \$37.93 million of 'Better Off' Funding which is available in two tranches from 1 July 2022.

The Better Off Support Package Guidance document also indicates an allocation of \$95 million 'No Worse Off' Funding to Whangārei which would be available from 1 July 2024, however no guidance or criteria have been published yet regarding how the 'No Worse Off' funding can be used.

Funding Criteria and Information

The Better Off Support Package is an investment by the Crown into the future for local government and community wellbeing; and is in recognition of the significance to the local government sector (and the communities they serve) of the transfer of responsibility for water service delivery. The use of this funding supports councils to transition to their new role post-reform through meeting some or all of the following criteria, as laid out in the Heads of Agreement:

- Supporting communities to transition to a sustainable and low-emissions economy, including by **building resilience to climate change and natural hazards**.
- Delivery of infrastructure and/or services that **enable housing development and growth**, with a focus on brownfield and infill development opportunities where those are available.
- Delivery of infrastructure and/or services that **support local place-making and improvements in community wellbeing**.

Notional funding allocations for each district have been determined through nationally consistent calculations used previously, based on:

- Population in the council area (75% weighting)
- NZ Deprivation index (20% weighting)
- Land area, excluding national parks (5% weighting)

The Better Off Funding for Whangārei is split into two Tranches with \$9.48 million in Tranche 1 available from 1 July 2022, and \$28.45 million in Tranche 2 available from 1 July 2024. Any balance of funding not applied for or used in Tranche 1 will still be available in Tranche 2.

Prioritisation Factors and Wellbeing Assessment

Each programme, project or initiative will need to go through a wellbeing assessment based on Local Government Act 2002 well-beings (cultural, social, environmental, economic), and a prioritisation process. Guidance is provided on how to prioritise the initiative or projects that would best fit the funding criteria. The prioritisation factors are shown in Figure 1.

Figure 1: Prioritisation Factors for Programmes, Projects or Initiatives

Prioritisation Factors	
Value for Money	Do the identified wellbeing outcomes justify the cost?
Strategic Plans	Is there existing strategic planning documentation to support this initiative?
Iwi/Māori Support	Has the council engaged with iwi/Māori on the intended use of the funding?
Risk Analysis	Does your risk analysis show any undue concerns in completing the project - for example, are the resources required readily available?
Community Support	Does the initiative have rate-payer and local community support?

Iwi/Māori Engagement and Partnership Requirements

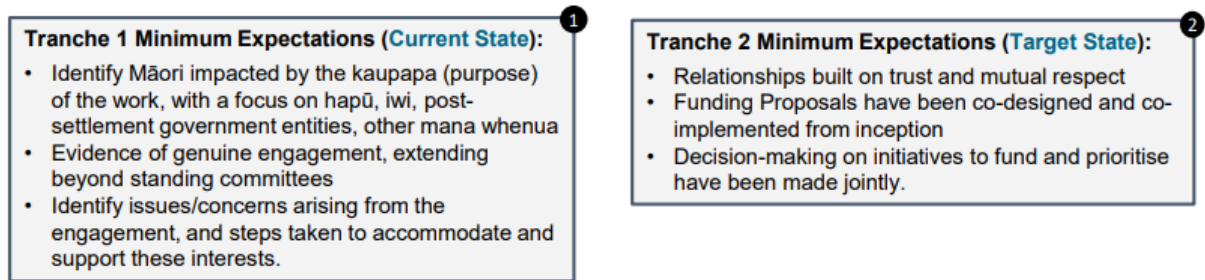
Criteria for the Better Off Funding package recognises that local authorities are expected to engage with iwi/Māori in determining how to use their funding allocation. For Tranche 1 it is expected that the Funding Proposal demonstrates genuine engagement, extending beyond standing committees.

The minimum expectations are that we will be as close to a partnership model as we can manage for Tranche 1 (Sept 2022) based on our current working model, and must be using a partnership model for Tranche 2 (2024) as set out in Figure 2 and Figure 3.

Figure 2: Continuum of Engagement & Partnership between Local Authorities and iwi/Māori

		<div><div>1</div>Current State</div> <div><div>2</div>Future State</div>			
		Inform	Consult	Collaborate	Partner
Principles of Effective Engagement	Engage early	▶ Advise iwi/Māori of what is happening			
	Be inclusive	▶ Provide information to iwi/Māori	▶ Keep iwi/Māori informed ▶ Seek feedback from iwi/Māori	▶ Work together with iwi/Māori	▶ Pre-existing relationship with iwi/Māori
	Think broadly		▶ Listen to iwi/Māori ▶ Acknowledge iwi/Māori concerns & aspirations	▶ Determine issues/problems together	▶ Determine issues/problems together
Principles of Partnership	Plan and co-design together			▶ Develop solutions together	▶ Develop the solution together
	Share decision-making			▶ Involve iwi/Māori in the decision-making process	▶ Co-design the process
	Relationship built on trust and 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Figure 3: Engagement & Partnership Requirements between Local Authorities and iwi/Māori



4 Discussion / Whakawhiti kōrero

Since issuing the Better Off Support Package guidance document in April 2022 various matters have been clarified by the DIA, most recently through issuing the Better Off Council FAQ Responses document in May 2022 (provided in Attachment 2). Many questions relate to deadlines and rules applying between Tranches 1 and 2, and what can or cannot be funded.

Pertinent to Whangārei, Question 13 of the FAQ asks 'If a Council participates, i.e. signs up and takes the money, will this still allow Council to be opposed to the Three Waters reform?'. In response the DIA clarifies that:

The Funding Agreement for the better off package does not prevent or prohibit councils from doing this. For the avoidance of doubt, publicly criticising or expressing opinions on reform cannot reasonably be expected to have an adverse effect on the reputation, good standing or goodwill of the Department or the New Zealand Government, and would not represent a breach of the funding agreement.

Crown Infrastructure Partners (CIP) will be administering the funding, agreements and reporting on behalf of DIA. In order to access the funding Council needs to submit a Funding Proposal which sets out the projects, programmes or initiatives to be funded along with prioritisation information, iwi/Māori engagement or partnership methods used, risk assessments, and wellbeing assessments. DIA has provided a Pro-Forma Funding Proposal Template which is included as Attachment 3, although the actual application will be made online through the DIA Grants Management System.

The funding agreement template provided by DIA is included in Attachment 4. The funding agreement terms and conditions are mostly standard, however attention is drawn to Schedule 2: Transition Support Arrangements.

In signing the funding agreement Council would be agreeing under Schedule 2 to collaborate and cooperate with the DIA, including its National Transition Unit, to provide for the implementation and carrying out of certain parts of the Three Waters Reform Programme (to the extent the law permits), with a view to achieving the Reform Objectives. This would be done with regard to the Council's available resources and competing demands, ensuring the Council is able to continue to carry out its other functions and activities.

Participation in the reform programme may take the form of requests for information, requests for secondment or involvement of employees in reform activities, and enabling or facilitating affected staff to engage with the National Transition Unit in relation to their potential employment with a Water Services Entity.

Schedule 2 also requires Council to provide information on decisions that relate to, or may affect, the provision of water services. This includes adoption or amendment of Long-Term Plans or Annual Plans, policies, certain asset purchases or disposals, new contracts or borrowing arrangements that extend beyond 30 June 2024, that relate to water services.

All of the Better Off funding needs to be spent within 5 years, no later than 30 June 2027, regardless of which Tranche it is allocated under. There is a greater risk of not being able to spend all the money within the 5-year timeframe if the maximum amount of funding available is not applied for in Tranche 1.

Signing up to the Tranche 1 funding agreement conditions would enable Council to deliver \$9.5 million of additional projects focused on community wellbeing, while not compromising the ability of Council to oppose, submit or negotiate on reforms to achieve the best outcomes for Whangārei.

Current Work

Staff across council are working to identify initiatives and projects that could fit the criteria, particularly those aligned to strategic plans which already have a good level of iwi/Māori and community support. Funding proposals must be for new initiatives or projects, and/or to accelerate, scale-up and/or enhance the quality of planned investment.

Based on learnings from previous funding agreements, it would be prudent to have a small number of larger projects that have a good amount of information available such as concepts or preliminary designs, site investigations, risk analysis, and cost estimates to ensure that the expenditure timeframes can be met, and the administrative burden of reporting is reduced.

Each region has been allocated a Relationship Manager from Crown Infrastructure Partners to help complete the funding proposal and access the funds.

There is considerable work involved with this preparing this Better Off Funding Application, therefore Council should signal its intention regarding acceptance of the Tranche 1 Better Off Funding.

Key Dates for Tranche 1

Key dates for the application and funding process are shown in Figure 4. The Funding Proposal needs to be reviewed by CIP, and then by DIA which together can take up to eight weeks and needs to be completed prior to the 30 September 2022 deadline for Tranche 1.

Figure 4 shows that this eight week CIP and DIA review and processing period does not provide sufficient time to undertake the collaborative engagement process with iwi/hapū, hold a council workshop, as well as report back to the August 25 Council meeting for a decision on the final draft Funding Proposal, therefore an extraordinary meeting may be needed to finalise the Funding Proposal and the Funding Agreement .

Figure 4: Tranche 1 Application Timeline and Key Dates

Activity	Date	April (w/c)			May (w/c)					June(w/c)				July(w/c)				August (w/c)					September(w/c)			
		11	18	25	2	9	16	23	30	6	13	20	27	4	11	18	25	1	8	15	22	29	5	12	19	26
Staff Review Better Off Funding Guidance & Criteria																										
Council Briefing	12-May																									
Te Kārearea Briefing	18-May																									
Te Huinga Briefing & Request Hapū Reps	27-May																									
Te Huinga & Te Kārearea Joint Hapū Briefing	9-Jun																									
Compose Longlist - Staff & Hapū Reps (if available)																										
Council decision whether to accept funding	23-Jun																									
Longlist review & prioritisation with Hapū Reps																										
Council Workshop	27-Jul																									
Meeting DIA/CIP Relationship Manager																										
Refine Draft Shortlist (CIP & Council input)																										
Report back to Council Briefing	11-Aug																									
Report back to Te Kārearea	17-Aug																									
Final Draft Funding Proposal , Enter into DIA System	19-Aug																									
DIA Review and Approve Funding Proposal (6 weeks)	30-Sep																									
DIA and Council Finalise Funding Agreement	30-Sep																									

Iwi/Māori Engagement and Partnership Approach

Given the existing relationships between Council and iwi/Māori in Whangārei, Council should strive to achieve for Tranche 1 a state of 'Collaborate' on the continuum in Figure 1. It is recognised however that due to time and resource constraints, and the many competing priorities for iwi and hapū in Whangārei that what may eventuate is closer to 'Consult'.

Steps taken to engage with iwi/Māori up to 15 June 2022 are:

- 18 May 2022 – Briefing of Te Kārearea Strategic Partnership Standing Committee.
- 27 May 2022 – Briefing of Te Huinga (hapū representatives) and request for 3-4 nominated hapū representatives to work with the project team.
- 9 June 2022 – Briefing of hapū by invitation to Te Huinga & Te Kārearea representatives combined hapū meeting, followed by questions.

As at 15 June 2022 details of nominated hapū representatives to work with the project team have not yet been provided.

If it eventuates that ngā hapū o Whangārei are not able to provide representatives in time for the Tranche 1 deadline, staff will still report back to the Te Kārearea Strategic Partnership Hui on 17 August on the draft shortlist and receive feedback. As a contingency a second briefing of Te Huinga could be held at the end of July to receive feedback on the draft shortlist, although this approach would only achieve a state of 'Consult' on the continuum in Figure 3.

Staff and iwi/hapū representatives will continue to work together beyond 30 September 2022 on a partnership approach for Tranche 2 Better Off Funding which is likely to have an application deadline around the end of April 2024. This would allow 19 months to co-create the process and the programme.

A proposed structure and terms of reference for the partnership group will be drafted collaboratively between October 2022 and February 2023. Post-election this matter will be raised with the new elected members and a formal decision will be requested to delegate

Tranche 2 decision-making to a Māori and Council partnership group (beyond standing committees) to enable Council to meet the minimum requirements for Tranche 2.

Communities 4 Local Democracy (C4LD)

C4LD have been in communications with DIA regarding Three Waters Reforms and potential changes to the Better Off Funding Agreement terms and conditions. A letter was sent from DIA to C4LD on 14 June 2022 (included in Attachment 5) which outlines the reasons why DIA does not believe a change to the terms and conditions is required. These reasons include the clarifications provided by DIA in the FAQ Responses document (see Attachment 2) which has been discussed above.

4.1 Options

There are two options available to Council.

Option 1

Accept the Tranche 1 Funding on the terms and conditions laid out in the DIA's draft Funding Agreement (included in Attachment 3).

Option 2

Not accept the Tranche 1 Funding on the terms and conditions laid out in the DIA's draft Funding Agreement (included in Attachment 3).

Staff recommend Option 1.

4.2 Risks

There is little risk attached to accepting the Tranche 1 funding, given the reform process' current status and the ability for Whangarei District Council to maintain its current stance on Three Waters Reform.

Risks increase if the Tranche 1 funding is not applied for because expenditure would not start until 1 July 2024 meaning that it would be more difficult to spend all of the \$37.93 million Better Off Funding within the remaining 3 years.

If the Council decides not to accept the Tranche 1 funding and Three Waters Reform subsequently stops, the \$9.5 million of funding may be lost together with the rest of the Better Off Funding.

5 Significance and engagement / Te Hira me te Arawhiti

The decisions or matters of this Agenda do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via Agenda publication on the website.

6 Attachments / Ngā Tāpiritanga

- 1 Three Waters Reform Better Off Support Package Guidance April 2022
- 2 Better Off Council FAQ Responses May 2022
- 3 Pro-Forma Better Off Support Package Funding Proposal Template April 2022
- 4 Better Off Package Funding Agreement Template April 2022
- 5 Correspondence from DIA to C4LD 14 June 2022

Three Waters Better Off Support Package

Guide to the better off funding package for
local authorities



Te Tari Taiwhenua
Internal Affairs

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Headline Information



Key Dates

- ▶ Funding Proposal submission portal opens online **Monday 11 April 2022** and close **Friday 30 September 2022**
- ▶ Tranche 1 funding is available for use from **1 July 2022**



Applying for Funds

- ▶ There are **two** key **documents** to apply for and access the funding:
 - The Funding Proposal, outlining your council's intentions
 - The Funding Agreement
- ▶ You can only submit **one** Funding Proposal, but may include multiple projects or initiatives.
- ▶ You can use funding to cover projects up to **five years** in duration (through to 30 June 2027)
- ▶ You have a **relationship manager** assigned to your council to help you complete your proposal and access the funds (see **Appendix D** for details)



Funding Release

- ▶ An **initial instalment** of 10% of your funds will be released on approval of your Funding Proposal
- ▶ Subsequent instalments will be released in **arrears of costs** incurred, on receipt of:
 - A payment request (up to **one a month** can be submitted); and
 - Proof of **progress** on your expenditure programme

About the better off package

The better off package is:

- An investment by the Crown into the future for local government and community wellbeing; and
- In recognition of the significance to the local government sector (and the communities they serve) of the transfer of responsibility for water service delivery.

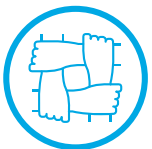
The use of this funding supports councils to transition to their new role post-reform through meeting some or all of the following criteria, as laid out in the Heads of Agreement:



Supporting communities to transition to a sustainable and low-emissions economy, including **by building resilience to climate change and natural hazards.**



Delivery of infrastructure and/or services that **enable housing development and growth**, with a focus on brownfield and infill development opportunities where those are available.



Delivery of infrastructure and/or services that **support local place-making and improvements in community well-being.**

About the application and funding process

The better off package is one of the financial support packages to be provided to Local Authorities under the Three Waters Reform, as outlined in the Heads of Agreement.

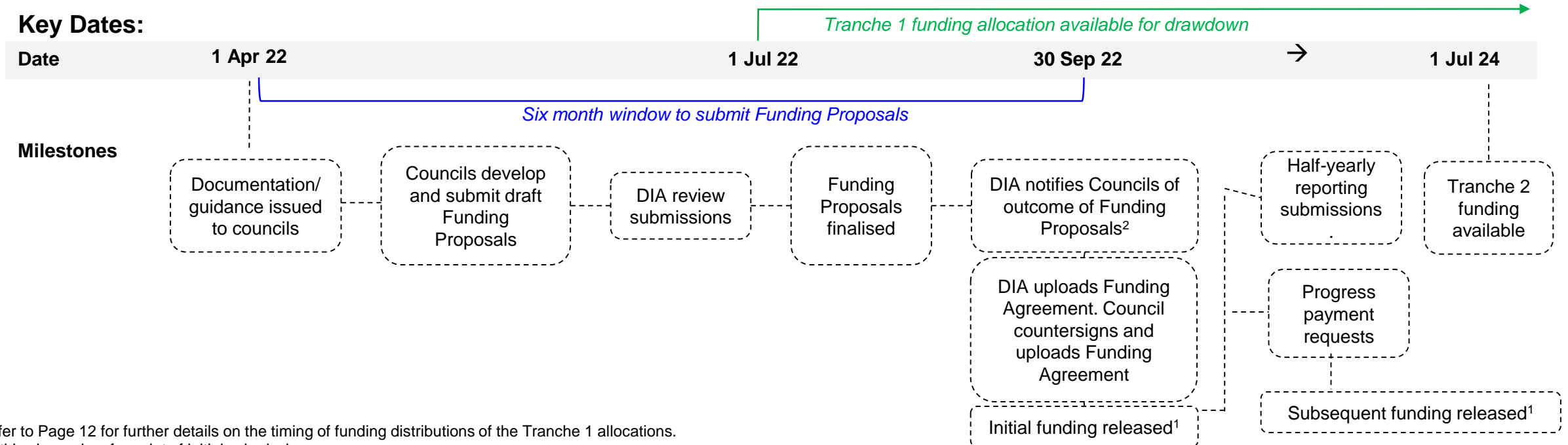
The \$2 billion package has been pre-allocated to councils based on a nationally consistent formula, and is available in two tranches. The first \$500 million of Crown Funding is available from 1 July 2022 and the remaining \$1.5 billion is available from 1 July 2024. This guide is specific to the first tranche of funding, however it is expected that access to Tranche 2 funding will follow a similar process.

This guide sets out the information needed for Local Authorities to engage with the Funding Agreement and Funding Proposal templates.

These are available on the Three Waters Reform webpage at: <https://www.dia.govt.nz/three-waters-reform-programme-reform-support-package>:

- Funding Proposal template available **01/04/2022** (NB: template for review only, proposals must be submitted online via the Grants Management System)
- Funding Agreement available **01/04/2022**

Key Dates:



Relationship managers

To streamline the funding application and approval process, each council will be assigned a Relationship Manager to support them in developing their Funding Proposals. They will be available to provide additional guidance on an as-required basis.

Crown Infrastructure Partners have been appointed to fill this role.



The Relationship Manager's Role

Relationship managers are in place to work with, and support local authorities through the end-to-end Funding Proposal process. They also provide a liaison point between the councils and the DIA throughout the approval process.

Identify and Prioritise

Assist councils to **identify** and **prioritise** initiatives that:

- ▶ Meet the funding criteria & conditions
- ▶ Provide value for money
- ▶ Demonstrate wellbeing outcomes

Prepare

Help local authorities to **prepare** funding proposals, including:

- ▶ Preparing the schedule of expenditure
- ▶ Identifying milestones linked to project delivery
- ▶ Advising on contingency requirements
- ▶ Completing the wellbeing assessments

Submit

Support Councils to **submit** funding proposals to DIA:

- ▶ Navigate the online Grants Management System
- ▶ Liaise with the DIA and the Cross Government Evaluation team to resolve any queries on the Funding Proposal

Funding application documentation

Funding Agreement

Local Authorities are required to sign the **Funding Agreement** to access the better off funding package.

DIA will provide a completed Funding Agreement following its review of the funding proposal. A pro-forma copy of the Funding Agreement is available [here](#).

The Agreement sets out the **purpose** of the funding, and the **requirements and conditions** that local authorities agree to meet to access the funding. The Agreements includes detail on the following:

- Funding conditions and criteria
- Overview of what the funding stimulus may be spent on
- Conditions attached to the funding
- Engaging with and supporting transition activities
- Reporting and other requirements

Funding Proposal

The Funding Proposal is the document Local Authorities will use to access funding, and specifies the Programme of Expenditure they wish to apply funding to. It will be submitted to DIA for review to ensure that it meets the following criteria:

Funding criteria

- The Programme must support one or more of the better off package criteria (*refer page 4*)
- Funding proposals must be for:
 - new initiatives/projects; and/or
 - to accelerate, scale-up and/or enhance the quality of planned investment
- The duration of the Programme of Expenditure must be 5 years or less (completion date on or before 30 June 2027)
- The Total Maximum Amount Payable must be equal to or less than the funding allocation (*refer page 13*)

Local Authorities have flexibility to apply better off funding as they deem appropriate, provided it is consistent with these funding conditions and the Funding Agreement, and approved via the Funding Proposal.

The Funding Proposal will cover the following elements:

- Programme overview (including work to be undertaken, summary of costs, relevant milestones and dates.)
- Demonstration that engagement was undertaken with iwi/Māori on the use of funding.
- How the Programme meets one or more of the better off package funding criteria and conditions
- A brief wellbeing assessment setting out the expected benefits of the Programme



Administration of the better off package will be managed through the DIA online Grant Management System. **To apply you will need access to this system.** See **Appendix C** for more information

How to Identify and Prioritise Initiatives

The funding criteria provides flexibility for Councils to identify a potentially wide range of funding proposals.

Where a council has existing strategic plans and documentation that meet the funding criteria, these may inform your project selection, including proposals to accelerate, scale up or enhance current and planned initiatives.

To assist in identifying and prioritising your initiatives, below are examples of projects that may be eligible based on the criteria, along with key considerations when prioritising a list of initiatives. Judgement is required when making these decisions, and councils may choose to assign different weighting to these prioritisation factors based on the needs of your community.

Initiative Examples	
1	Public Transport Improvement Programme* <ul style="list-style-type: none"> Replace bus fleet with electric buses Upgrade public transport hubs to make them more user-friendly and safe Increase frequency of services in busy times, and identify and provide public transport options to under-served areas
2	Street Lighting Project <ul style="list-style-type: none"> Replace street lights with energy efficient bulbs Increase street lighting in underlit and unsafe areas
3	Coastal Placemaking Initiative <ul style="list-style-type: none"> New coastal public space and open air water park
4	Community Connectivity Initiative* <ul style="list-style-type: none"> Assist communities in need with affordable wifi connections and wifi-enabled devices
5	Digital Automation Programme* <ul style="list-style-type: none"> Transform resource consent application system
6	Supporting people living with disabilities to participate fully in society* <ul style="list-style-type: none"> Improve accessibility to community facilities including ramp access and handrails Installation of high specification bathrooms for people with complex disabilities

Initial Eligibility Check	
Does the initiative meet the funding conditions listed on page 4?	
Prioritisation Factors	
Value for Money	Do the identified wellbeing outcomes justify the cost?
Strategic Plans	Is there existing strategic planning documentation to support this initiative?
Iwi/Māori Support	Has the council engaged with iwi/Māori on the intended use of the funding?
Risk Analysis	Does your risk analysis show any undue concerns in completing the project - for example, are the resources required readily available?
Community Support	Does the initiative have rate-payer and local community support?

*See Appendix B for examples of wellbeing assessments for these initiatives

Funding Proposal – Key areas of consideration

Key areas of consideration to be aware of when developing the Funding Proposal:

Relationship between funding tranches

The first tranche (\$500m available in July 2022 as per this guidance document) is distinct from the second, but councils are expected to **consider how the first tranche could support funding proposals for the second tranche**.

Local authorities do not have to apply for the full Tranche 1 amount upfront, funds not applied for in Tranche 1 will be made available in Tranche 2.

The second tranche will be subject to future guidance and application processes, however the same funding criteria and conditions are expected to apply.

Output-based milestones

Milestones must be linked to **specific and measurable outputs**.

Milestones should reflect progress of project delivery.

For example:

- In relation to project stages (e.g. procurement, design, construction); or
- Based on project progress (e.g. percentage of works completed)

Contingency

When preparing your schedule of expenditure, consider whether a contingency allowance is appropriate to allow for cost increases outside your control.

A process will be developed in the coming months to enable you to utilise unspent contingency.

Prior funding applications

If you have a project that meets the better off funding criteria, and has previously been submitted and reviewed through **another contestable funding source**, speak to your Relationship Manager.

You may be able to re-use your prior application details to streamline your Funding Proposal application.

Examples of funding that may fit this criteria are:

- Infrastructure Acceleration Fund (IAF)
- National Land Transport Programme (NLTP)
- IRG Shovel Ready

Other areas of consideration

Iwi/Māori: Pathway to target state of partnership

Refer to Page 10

Wellbeing assessment

Refer to Page 11

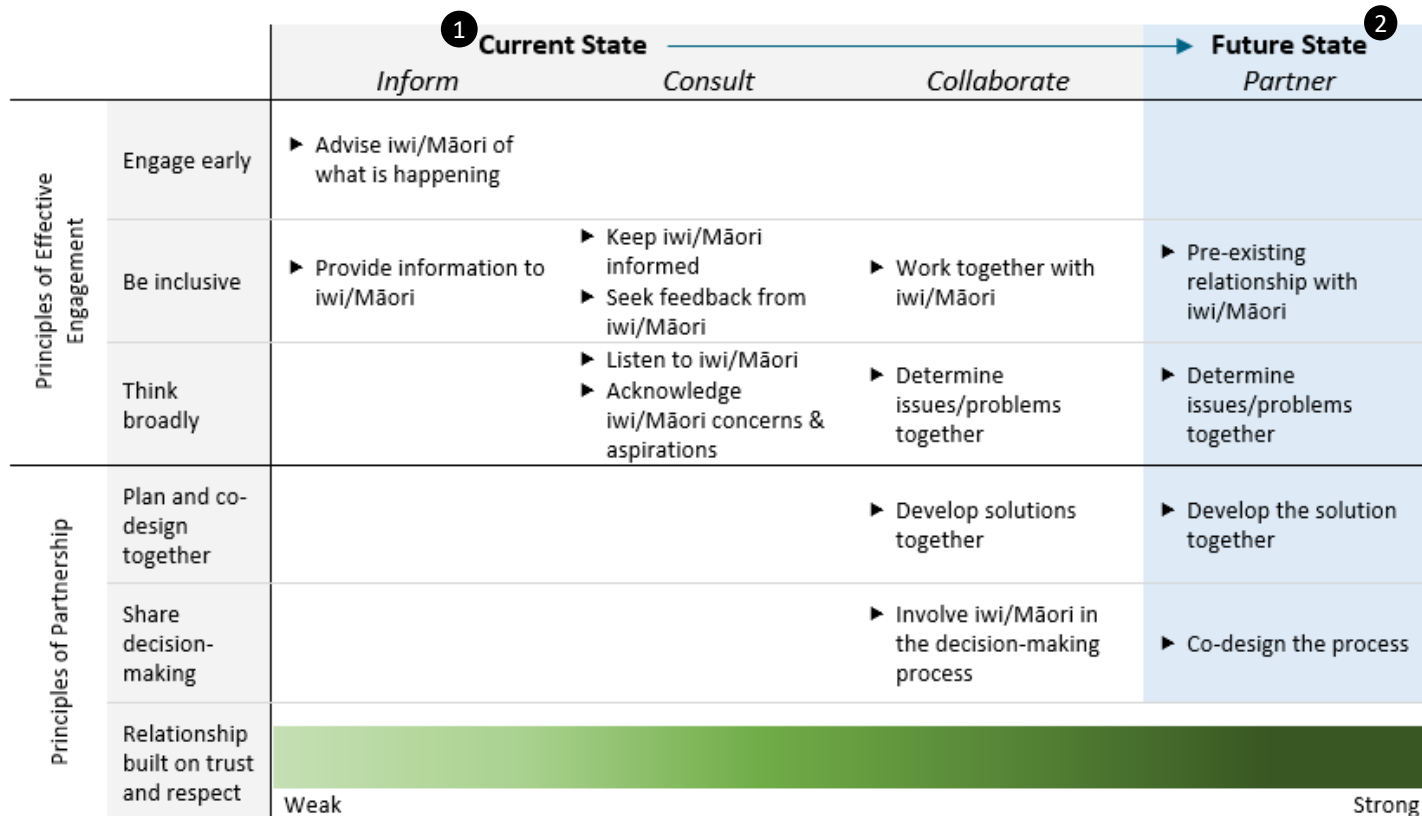


Relationship Managers will work with Local Authorities to finalise their Funding Proposals. They will be able to assist with specific questions around these considerations.

Iwi/Māori engagement

The criteria for the Better off funding package recognises that local authorities are expected to engage with iwi/Māori in determining how it will use its funding allocation. For tranche one, it is expected that the Funding Proposal demonstrates genuine engagement, extending beyond standing committees (see below).

The diagram below illustrates a continuum of engagement to partnership between Local Authorities and iwi/Māori. The funding tranches have been designed in a way that understands that most councils sit on the continuum at or near the current state. Investment in time and resources is required by both parties in order to build a relationship that is closely aligned to partnership. In recognition of this, the **minimum** expectations for Tranche 1 are set around the current state. However, the expectation with respect to accessing Tranche 2 funding is that the target state is achieved, or that there is a demonstrated pathway as to how it will be achieved.



Tranche 1 Minimum Expectations (**Current State**):

- Identify Māori impacted by the kaupapa (purpose) of the work, with a focus on hapū, iwi, post-settlement government entities, other mana whenua
- Evidence of genuine engagement, extending beyond standing committees
- Identify issues/concerns arising from the engagement, and steps taken to accommodate and support these interests.

Tranche 2 Minimum Expectations (**Target State**):

- Relationships built on trust and mutual respect
- Funding Proposals have been co-designed and co-implemented from inception
- Decision-making on initiatives to fund and prioritise have been made jointly.

Wellbeing assessments

Councils are expected to provide a wellbeing assessment setting out the expected benefits and wellbeing outcomes for each Programme.

The assessment should outline how the programme will deliver on:

- The broader “wellbeing mandates” under the framework of the Local Government Act 2002 (LGA), and
- The specific wellbeing criteria for the better off package shown on page 3

LGA areas of wellbeing



Social wellbeing



Economic wellbeing



Environmental wellbeing



Cultural wellbeing

Considerations for completing the Wellbeing Assessment

- **Define** the expected wellbeing outcomes from the Programme.
- **Describe** how the Programme outcomes will promote the better off package outcomes and wellbeing objectives for your community.
- **Decide** how you will measure, monitor and report on your stated wellbeing outcomes, preferably using your existing processes. (e.g. indicators of change/key performance indicators)



See **Appendix B** for examples of Wellbeing Assessments based on the initiatives shown on page 8.

Administration Process - Key areas of consideration

Key administration principles to be aware of when planning and applying for the better off funding package:

Release of funding	<p>Following approval of a Funding Proposal and an executed Funding Agreement, an initial disbursement of 10% of the Total Maximum Payable amount will be released.</p> <p>The remainder will be disbursed on receipt of a progress payment request from Councils:</p> <ul style="list-style-type: none"> • Councils may submit a progress payment request, along with a progress report, up to once a month. This will be reviewed and approved by Crown Infrastructure Partners (CIP). • The review will focus on evidence that payments are linked to progress on the Programme. • On confirmation the review is satisfactory, funds will be released in arrears of costs incurred.
Monitoring and reporting	<p>The Funding Agreement will outline the reporting requirements for councils.</p> <ul style="list-style-type: none"> • Reporting is half-yearly (periods ending 30 June and 31 December), and a template will be provided to submit online. • CIP will monitor local authorities' progress against the Funding Proposal to provide assurance that Crown funding is being spent as intended and that projects are progressing within a reasonable timeframe. • The half-yearly reporting will also include monitoring of the achievement of outcomes as specified per the Funding Proposal. • There will be a process to address any material under-delivery or deviation from scope.
Project Substitution	<p>There may be circumstances in which a council wishes to substitute or re-allocate funds allocated to another project in the Funding Proposal. These decisions will be considered by CIP, and made on a case-by-case basis.</p> <p>It may be prudent to consider having a “back-up” list of projects you have discussed with your relationship manager that can be used as a substitute in the event an approved initiative is unable to proceed.</p>
Funding shortfalls	<p>Funding allocations will not be ‘topped up’ to meet any shortfalls experienced by councils.</p>

Funding allocations - methodology

A funding allocation framework has been developed, which is based on a nationally consistent formula.

The Government and Local Government New Zealand have agreed to this formula as it recognises the relative needs of local communities, the unique challenges facing local authorities in meeting those needs and the relative differences across the country in the ability to pay for those needs.

General approach to determining notional funding allocations



The **population** in the relevant council area.
(75% weighting)



The NZ **deprivation index*** adjustment to recognise the relative distribution of need across the country
(20% weighting)



The **land area** covered by a council, excluding national parks
(5% weighting)

*The New Zealand index of deprivation is an area-based measure of socioeconomic deprivation in New Zealand that combines nine variables from the Census, including income levels, educational qualifications, home ownership, employment, family structure, housing and access to transport and communications. It has been introduced in the formula for allocating the better off component of the support package to recognise the relative distribution of need across the country. It enables a balanced distribution of funding across territorial authorities that complements the remaining two criteria that recognise needs associated with a larger population base and land area.

APPENDICES

APPENDIX A: Notional funding allocations

Council	Allocation (\$m)		
	Tranche 1	Tranche 2	Total
Auckland	127.14	381.43	508.57
Ashburton	4.19	12.57	16.76
Buller	3.50	10.51	14.01
Carterton	1.70	5.10	6.80
Central Hawke's Bay	2.83	8.50	11.34
Central Otago	3.21	9.63	12.84
Chatham Islands	2.21	6.62	8.82
Christchurch	30.61	91.82	122.42
Clutha	3.27	9.82	13.09
Dunedin	11.54	34.63	46.17
Far North	8.79	26.38	35.18
Gisborne	7.21	21.62	28.83
Gore	2.29	6.86	9.15
Greater Wellington	5.08	15.23	20.31
Grey	2.98	8.95	11.94
Hamilton	14.65	43.95	58.61
Hastings	8.72	26.16	34.89
Hauraki	3.78	11.34	15.12
Horowhenua	4.99	14.96	19.95
Hurunui	2.67	8.01	10.68
Invercargill	5.78	17.33	23.11
Kaikoura	1.55	4.66	6.21
Kaipara	4.04	12.11	16.14
Kapiti Coast	5.26	15.79	21.05
Kawerau	4.32	12.95	17.27
Lower Hutt	8.36	25.07	33.43
Mackenzie	1.55	4.65	6.20
Manawatu	3.76	11.29	15.05
Marlborough	5.76	17.28	23.04
Masterton	3.88	11.65	15.53
Matamata-Piako	4.32	12.95	17.27
Napier	6.46	19.37	25.82
Nelson	5.18	15.54	20.72
New Plymouth	7.90	23.69	31.59
Total			

Council	Allocation (\$m)		
	Tranche 1	Tranche 2	Total
Opotiki	4.68	14.04	18.72
Otorohanga	2.66	7.99	10.65
Palmerston North	8.16	24.47	32.63
Porirua	5.41	16.22	21.63
Queenstown Lakes	4.03	12.09	16.13
Rangitikei	3.33	9.99	13.32
Rotorua Lakes	8.05	24.15	32.19
Ruapehu	4.12	12.35	16.46
Selwyn	5.59	16.77	22.35
South Taranaki	4.55	13.65	18.20
South Waikato	4.64	13.92	18.56
South Wairarapa	1.88	5.63	7.50
Southland	4.80	14.41	19.21
Stratford	2.57	7.70	10.27
Tararua	3.80	11.39	15.19
Tasman	5.64	16.91	22.54
Taupo	4.93	14.80	19.74
Tauranga	12.10	36.30	48.41
Thames-Coromandel	4.05	12.15	16.20
Timaru	4.97	14.92	19.90
Upper Hutt	3.90	11.69	15.59
Waikato	7.88	23.65	31.53
Waimakariri	5.54	16.63	22.18
Waimate	2.42	7.26	9.68
Waipa	5.24	15.73	20.98
Wairoa	4.66	13.97	18.62
Waitaki	3.71	11.13	14.84
Waitomo	3.55	10.64	14.18
Wellington	14.42	43.27	57.69
Western Bay of Plenty	5.34	16.03	21.38
Westland	2.79	8.36	11.15
Whakatane	5.66	16.99	22.66
Whanganui	5.98	17.94	23.92
Whangarei	9.48	28.45	37.93
Total	500.00	1,500.00	2,000.00

APPENDIX B: Wellbeing assessment examples

Example 1	Initiative Description: Public Transport Improvement Programme		
	Better off funding criteria met:		Wellbeing areas met:
	1. Supporting communities to transition to a sustainable and low-emissions economy 2. Delivery of infrastructure and/or services that support local place-making and improvements in community well-being.		1. Social 2. Environmental
	Wellbeing Outcomes	How Outcome is Measured	How Outcome is Reported
	Lower carbon emissions	Reduction in carbon emissions	Annual Report
	Increase in use of public transport	Increase in # people using buses and trains Increase in % people that feel safe using public transport	Annual Report

Example 2	Initiative Description: Community Connectivity Initiative		
	Better off funding criteria met:		Wellbeing areas met:
	1. Delivery of infrastructure and/or services that support local place-making and improvements in community well-being.		1. Social 2. Economic
	Wellbeing Outcomes	How Outcome is Measured	How Outcome is Reported
	Increase in access to reliable at home wifi service	Increase in # people with access to reliable wifi connections	Annual Report
	Increase in access to wifi enabled devices to support work and study from home	Increase in % people with the ability to work and/or study from home	Annual Report

APPENDIX B: Wellbeing assessment examples

Example 3	Initiative Description: Digital Automation Programme		
	Better off funding criteria met:		Wellbeing areas met:
	1. Delivery of infrastructure and/or services that enable housing development and growth		1. Economic
	Wellbeing Outcomes	How Outcome is Measured	How Outcome is Reported
	Faster processing of resource consents	Decrease in time taken to process a consent Increase in customer satisfaction on consent process	Annual Report

Example 4	Initiative Description: Supporting people living with disabilities to participate fully in society		
	Better off funding criteria met:		Wellbeing areas met:
	1. Delivery of infrastructure and/or services that support local place-making and improvements in community well-being.		1. Social 2. Cultural
	Wellbeing Outcomes	How Outcome is Measured	How Outcome is Reported
	Community facilities are inclusive and accessible to those living with disabilities	Increase in # community facilities with disability friendly access Increase in % people with disabilities that feel community spaces are accessible	Annual Report
	Those with complex disabilities can access and use public bathroom facilities	# Public high specification bathrooms installed	6 Monthly Better Off Report Submission

Appendix C: How to access the DIA's Grants Management System

STEP 1: Create the Better Off organisation profile

- ▶ Your relationship manager will provide DIA staff with the following information on behalf of your council:
 - Council name
 - Contact name (*this person will become the "Profile Secretary"*)
 - Contact phone number
 - email address (*this will be used for payment advice and other correspondence*)
- ▶ DIA staff will create the Better Off organisation

STEP 2: Linking an individual to administer the profile

- ▶ A RealMe invitation link will be emailed to the nominated contact, connecting them to the Better Off council profile. RealMe credentials are required for logging in, but can be created if need be.
- ▶ The contact person will fill out the organisation profile, including:
 - Bank account for payment
 - Upload of bank account verification document (bank deposit slip, statement confirming bank account name and number)
- ▶ Once logged in, the named contact can invite other individuals to join the organisation profile (to act as signatories for example).

STEP 3: Submit the Funding Proposal

- ▶ Nominated individuals linked to the Better Off organisation can create, edit and submit the Funding Proposal for the Council they represent.
- ▶ Once submitted, the Funding Proposal will be reviewed and the DIA will issue a decision within 6 weeks.

email ▶ community.matters@dia.govt.nz phone ▶ 0800 824 824 login: ▶ <https://communityadviceandgrants.dia.govt.nz>

Appendix D: Relationship manager details

Below are the contact details for the Relationship Managers assigned to each region.

Region	Name	email contact
Auckland & Northland	Martin Smith	martin.smith@crowinfrastucture.govt.nz
Bay of Plenty & Waikato	John Mackie	john.mackie@crowinfrastucture.govt.nz
Taranaki	Anthony Wilson	anthony.wilson@crowinfrastucture.govt.nz
Manawatu/Rangatikei & Top of the South	Ian Garside	ian.garside@crowinfrastucture.govt.nz
Hawkes Bay	Geof Stewart	geof.stewart@crowinfrastucture.govt.nz
Wellington	Brent Manning	brent.manning@crowinfrastucture.govt.nz
Canterbury	Paul Utting	paul.utting@crowinfrastucture.govt.nz
Otago/Southland and West Coast	Steve Apeldoorn	steve.apeldoorn@crowinfrastucture.govt.nz

Three Waters Better Off Support Package

Guidance in Response to Council's
Frequently Asked Questions



Te Tari Taiwhenua
Internal Affairs



Building Together Hanga Ngātahi

Better Off Support Package: Frequently Asked Questions (1 of 3)

FAQ#	Question	Response
1	Can DIA confirm that programmes / projects confirmed as part of Tranche 1 proposal can run through to 30 June 2027, and do not expire on 30 June 2024?	All funding must be used by 30 June 2027, which means projects must be completed before then as last cash out is before that date (ref "End Date" sect 6 of the Funding Agreement).
2	Can projects extend beyond 30 June 2027 providing specific provision is made in the Proposal for any unfinished portion to be funded by the council (similarly for Tranche 2 proposals)?	All Better Off funding from Tranche 1 must be expended by 30 Jun-27; a project could extend beyond 30 Jun-27 if supported by Council funding beyond that date. The intention is for Tranche 1 funding to be used by End Date but no restriction if ongoing investment beyond End Date funded by alternative sources (Funding Agreement Part 2 sects 2.4, 6.2). Tranche 2 funding could be applied to fund projects for expenditure beyond 30 June 2027 when it is available. This funding is available from 1 July 2024.
3	Confirm that tranche 1 proposals can be up to, but not exceeding, the amounts nominated by DIA (totalling \$500m) i.e. the proposal can be for a lesser amount.	The Better Off Funding Apr-22 guidance document (page 9 of 19) says: "Local authorities do not have to apply for the full Tranche 1 amount upfront, funds not applied for in Tranche 1 will be made available in Tranche 2. The second tranche will be subject to future guidance and application processes, however the same funding criteria and conditions are expected to apply."
4	Confirm that any eligible amount not included in an initial Tranche 1 proposal remains available for follow-up proposals.	Refer to #3 above
5	Confirm if there is a separate process for the follow-up proposal or this can only be included with the Tranche 2 proposal submission in 2024.	Refer to #3 above. The Project Substitution process could be used to access funds up to the Tranche 1 maximum amount should the original Funding Proposal/Agreement be for less than the Tranche 1 maximum funding allowable.
6	The wording indicates that Tranche 1 proposals need to be either accepted, or a Waiver issued, by 30 September 2022. This presumably means that the proposal must be lodged prior to this to allow for assessment by DIA. Has this earlier date been defined?	If a proposal is received by 30 September but not approved within that timeframe, then DIA would consider issuing a Waiver, as no earlier date was specified in the guidance. Waivers are at the discretion of DIA and would need to be considered on a case-by-case basis. We encourage councils to engage early with CIP to get applications in well before 30 September to ensure a prompt response within the specified timelines.
7	There is mention of a 'Waiver' that can be requested where a council is not able, or willing, to submit a proposal by 30 September 2022. Can you define the criteria to be used, and the process for requesting a waiver? We are aware that a number of councils will need some time to assemble their proposals and the LG elections may also influence their processes.	Waivers are at the discretion of DIA and would need to be considered on a case-by-case basis. We encourage councils to engage early with CIP to allow agencies to identify and manage those councils wishing to seek a waiver.

Better Off Support Package: Frequently Asked Questions (2 of 3)

FAQ#	Question	Response
8	If a Tranche 1 proposal has not been submitted by 30 September 2022, or a waiver issued, does the council lose its eligibility for the Tranche 1 funding? Does this impact on availability of the separately defined Tranche 2 funding?	<p>Refer to Funding Agreement ... "These conditions precedent must either be satisfied (in the opinion of DIA) or waived by DIA (at its sole discretion) by 30 September 2022. In the event that they are not satisfied or waived within that time, DIA may notify the Recipient that this Agreement has not come into effect and is null and void."</p> <p>If the conditions are not met by 30 Sep 22, then as above with unallocated Tranche 1 funding the LTA's tranche 1 funding would be added to their Tranche 2 funding and can be applied for in 2024.</p> <p>Councils do not lose their tranche 1 funding - but they would not be able to access these funds until tranche 2 is available (1 Jul 24) if they do not participate in tranche 1.</p>
9	We anticipate that some projects that could be considered may trigger the special consultation requirements of the LGA. If this becomes apparent and impacts on a council's ability to lodge a Proposal can an extension be granted in these circumstances?	If councils wish to consult, or if approval of a funding application is held up (e.g. as issues are worked through with mana whenua), then this could be grounds for a waiver. Waivers are at the discretion of DIA and would need to be considered on a case-by-case basis. We encourage councils to engage early with CIP and get applications in well before 30 September to ensure a prompt response within the specified timelines.
10	The Guide includes that the funding can be used to ' __ accelerate, scale-up and /or enhance __ 'an already planned investment. Can you confirm if the entire project is eligible for funding or only the additional cost associated with the enhancement?	<p>The Better Off Funding Apr-22 guidance document (page 7 of 19) says</p> <p>"Funding proposals must be for:</p> <ul style="list-style-type: none"> • new initiatives/projects; and/or • to accelerate, scale up and/or enhance the quality of planned investment" <p>Only the additional cost can receive Better Off funding unless a new (unfunded) initiative/project or exemption granted by DIA, however if funding is used to bring forward an entire project from years 4-10 of the LTP then the full amount is eligible.</p>
11	<p>At this time of rapidly increasing infrastructure construction costs we expect that councils will identify projects where the LTP budget no longer aligns with the actual expected construction costs.</p> <p>Could a council apply for these additional costs even if the scope of the project is relatively unchanged?</p>	Yes, the cost increase can be applied for Better Off Funding provided the project meets the Better Off funding criteria
12	Can the 10% upfront payment be used to provide rolling programme liquidity and each monthly claim be for all actual invoices paid in the previous period?	Yes, provided that the 10% working capital is fully itemised and allocated to projects before at a future point.

Better Off Support Package: Frequently Asked Questions (3 of 3)

FAQ#	Question	Response
13	If a Council participates, i.e. sign up and takes the money, will this still allow Council to be opposed to the Three waters reform?	DIA acknowledges the importance of councils independently expressing their views of the reform programme. The Funding Agreement for the better off package does not prevent or prohibit councils from doing this. For the avoidance of doubt, publicly criticising or expressing opinions on reform cannot reasonably be expected to have an adverse effect on the reputation, good standing or goodwill of the Department or the New Zealand Government, and would not represent a breach of the funding agreement.
14	Transition Support Arrangements: The agreement requires the recipient to provide the collaboration and co-operation requested. There is then reference to CCOs involved in the delivery of water services. Does the obligation apply to both the council and the CCO if there is a CCO involved?	Yes, this obligation applies to both councils and CCOs.
15	It is noted that the Council election is scheduled for a week after the 30 September deadline for Tranche 1. If a council believes its decision-making process is compromised by the impending election can an extension be granted?	Waivers are at the discretion of DIA and would need to be considered on a case-by-case basis. Councils should engage early if there is a risk to achieving the 30 September timeframe.
16	Can you confirm if it is intended that projects must be wholly contained within each of the 2 tranches or if overlaps are permitted? This more specifically relates to projects that are partially completed in Tranche 1 and depend on Tranche 2 funding to achieve completion.	This would be permissible. DIA encourages councils to take an integrated approach, looking at opportunities that could be funded across both tranches where that makes sense.
17	We understand that projects that have '... previously been submitted and reviewed through another contestable funding source ...' can be included in the proposal. We presume this could include the expansion or enhancement of projects that have been approved by the source or re-submission of projects that have been declined, in whole or in part.	Yes, provided they meet Better Off funding criteria.
18	Could we use part (say 1/3) of the Tranche 1 funding to subsidise our road maintenance contract? We have received tenders that are significantly above budget, and we have no other "potential" funding source.	BAU road maintenance would not meet Better Off criteria. The LTA would be better to use Better Off funding to fund projects within their plan that do meet the Better Off Fund criteria - like enhancing a local park or community facility - and then use that funding freed up for the roading maintenance. Councils should work through issues like this with their appointed CIP Relationship Manager.

THREE WATERS BETTER OFF GRANT FUNDING PROPOSAL: TRANCHE 1¹

Instructions to complete the Funding Proposal:

- The Funding Proposal is to be submitted through the DIA online Grant Management System. **To apply you will need access to this system.** Guidelines on accessing this system are provided in Appendix C of the guidance document *“Guide to better off package funding for local authorities”* found here: <https://www.dia.govt.nz/three-waters-reform-programme-reform-support-package>
- One Funding Proposal per Local Authority can be submitted for the total Tranche 1 Programme of Expenditure.
- Local Authorities do not have to apply for the full Tranche 1 notional amount upfront, funds not applied for in Tranche 1 will be available in the Tranche 2 application round.
- A Programme may consist of more than one Project or Initiative, and Local Authorities may elect to provide appendices with further details and breakdowns if that would assist in the approval process.
- The Programme may relate to expenditure over a period of up to 5 years.
- All figures in this Funding Proposal should be GST exclusive.
- A relationship manager will be available to support councils and can provide advice if the Local Authority has additional questions.
- Refer to the document *“Guide to better off package funding for local authorities”* which sets out the information needed for Local Authorities to engage with the Funding Agreements and the Funding Proposal template below.

The draft Funding Proposal can be submitted by the Local Authority any time between 4 April 2022 and 30 September 2022. The Funding Proposal will be assessed by the Department of Internal Affairs, who may provide feedback and require further detail, additions or alterations. The Funding Proposal is to be finalised, and Councils notified of the outcome within six weeks of receipt of the draft submission.

Where the Department of Internal Affairs requires any additional assurance or conditions for a specific Funding Proposal, this will be included in Question 17 below following the Department of Internal Affairs review. Question 17 will form part of the Funding Proposal.

¹ The \$2 billion ‘better off’ package is available in two tranches. The first \$500 million is available from 1 July 2022 and the remaining \$1.5 billion is available after 1 July 2024.

**SECTION 1: General Information**

1. Programme Title:	
2. Local Authority:	
3. Organisation Lead Contact:	
Name:	
Position:	
Email:	

SECTION 2: Programme of Expenditure Overview

4. Provide a brief description of the Programme of expenditure the funding will be applied to. If the Programme comprises more than one Project, or Initiative that you will be reporting on separately, please list (add more rows if required):

[description of Programme]
List of Projects/Initiatives under this Programme

5. Total Maximum Amount Payable as defined and stated in the Funding and Collaboration Agreement (NZD \$):

\$

6. Total estimated cost of the Programme (NZD \$)?

\$

7. Of the total estimated cost above, specify the amount (if any) that will be allocated to general management oversight and other administrative costs.

\$
[description]

8. If the total estimated cost exceeds the Total Maximum Amount Payable, please specify the additional funding source(s) and amount(s):

Funding Source	Amount (NZ\$M)
	\$
	\$
Total	\$

9. Please indicate below the expenditure programme funding status:

	Yes/No	Amounts in NZD \$	Year
Included in LTP	Choose an item.	\$	
Included in the latest Annual Plan	Choose an item.	\$	
Not funded in any plan	Choose an item.	\$	
Was funded but COVID-19 deferred	Choose an item.	\$	
Local Authority co-funding being contributed	Choose an item.	\$	

10. Has the programme been submitted and reviewed through another contestable funding source?
(such as the Infrastructure Acceleration Fund)

If Yes, please state the funding source and the stage of the funding process you reached below.

Funding Source	Stage Reached

11. Describe the risks you have identified in completing the programme on time and on budget (eg: availability of and access to specialist skills) and any steps/actions you have taken to mitigate these risks.

--

SECTION 3: Programme of expenditure details

12. Please provide a high-level breakdown of the expenditure programme, including the programme commencement and completion dates, key delivery milestones, and for each milestone the planned completion date and estimated cost:²

Milestones should reflect the progress of project delivery, and link to specific and measurable project outputs. Please refer to your relationship manager for guidance, and examples of output-based milestones.

If the funding package is to be used to fund multiple projects/initiatives, duplicate the table below for each project. The total of all projects must equal the Total Maximum Amount Payable per the Funding Agreement.

	Expenditure Programme/Project Milestone (including a description of how the milestone is identified)	Estimated Completion Date	Estimated costs (NZD \$)
1.	Commencement Date per the Funding Agreement	dd-mmm-yy	Nil
3.	[milestone 1]	dd-mmm-yy	\$
4.	[milestone 2]	dd-mmm-yy	\$
5.	[milestone 3]	dd-mmm-yy	\$
6.	[milestone 4]	dd-mmm-yy	\$
7.	[Completion of expenditure programme/project]	dd-mmm-yy <i>To be no later than 30 June 2027</i>	\$
	TOTAL		\$

² All figures should be GST exclusive.

**CHECKS**

Total maximum funding instalment amount per the Milestone Table(s) ³ is less than or equal to Total Maximum Amount Payable per question 6	Choose an item.
Total budgeted costs to complete the expenditure programme per the Milestone Table(s) ⁴ is equal to the total estimated cost of the expenditure programme per question 7	Choose an item.

³ If the Milestone Table was duplicated to reflect multiple projects/initiatives, please add the total amounts across all tables when performing the checks above.

SECTION 4: Wellbeing Assessment

For this section, please refer to the document “Guide to better off package funding for local authorities” for guidance on conducting the wellbeing assessment.

13. Please set out how the expenditure programme promotes one (or more) of the key criteria of the better off package and the well-being of communities (social, economic, environmental, and/or cultural) in the table below. Add lines where necessary.

If the funding package is to be used on multiple project/initiatives, duplicate the table below in order to identify the wellbeing outcomes for each project.

Programme Title				
Project/Initiative (if applicable)				
Better Off funding criteria (select as many that apply)	Criteria 1: Supporting communities to transition to a sustainable and low-emissions economy.	Criteria 2: Delivery of infrastructure and/or services that enable housing development and growth.	Criteria 3: Delivery of infrastructure that support improvements in community well-being.	
Wellbeing Area (select as many that apply)	Social wellbeing	Economic wellbeing	Environmental wellbeing	Cultural wellbeing
Wellbeing Outcomes				
Outcome	How Outcome will be Measured		How Outcome will be Monitored/Reported	

SECTION 5: Iwi/Māori Engagement

For this section, please refer to the document “Guide to better off package funding for local authorities” for guidance on the Iwi/Māori engagement required to answer the following questions.

14. Describe the process you used to identify relevant iwi/Māori parties in your region, and specify which Māori groups / entities / organisations (eg, iwi, hapū, post-settlement governance entities, etc) you engaged with.

15. Provide details of the engagement you undertook with iwi/Māori in determining the use of the funding allocation. Include details regarding the methods of engagement (e.g. hui, wānanga, consultation on material, subsequent feedback).

16. Provide details of the ideas, suggestions, issues or concerns raised by iwi/Māori during your engagement process, along with the steps taken to address these.

SECTION 6: DIA USE ONLY

17. Additional requirements in respect of the Funding Agreement (such as specific conditions):

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FUNDING AGREEMENT

BETWEEN

DEPARTMENT OF INTERNAL AFFAIRS

AND

[NAME OF RECIPIENT]

AND

**CROWN INFRASTRUCTURE PARTNERS
LIMITED (AS MONITOR)**

FOR

**THREE WATERS REFORM – BETTER OFF
PACKAGE (TRANCHE 1 FUNDING)**

AGREEMENT

The parties (identified below in Part 1) agree to be bound by the terms and conditions of this Agreement, as set out below in Part 1 (Key Details), Part 2 (General Terms), Part 3 (Definitions and Construction), Schedule 1 (Permitted Funding Activities) and Schedule 2 (Transition Support Arrangements).

PART 1: KEY DETAILS

1 Parties

The Sovereign in right of New Zealand, acting by and through the [Deputy Chief Executive] of the Department of Internal Affairs (**DIA**)

[NAME OF RECIPIENT] (**Recipient**)

Crown Infrastructure Partners Limited (**Monitor**)

2 Background

The New Zealand Government is undertaking a reform programme for “Three Waters” (drinking water, wastewater and stormwater) service delivery for communities (**Three Waters Reform Programme**).

The Crown entered into a Heads of Agreement with New Zealand Local Government Association Incorporated Te Kahui Kaunihera ō Aotearoa (**LGNZ**) under which, amongst other things, the Crown proposed that a Three Waters Reform financial support package be provided to local authorities, comprising:

1. a “no worse off” package which will seek to ensure that financially, no local authority is in a materially worse off position to provide services to its community directly because of the Three Waters Reform Programme and associated transfer of responsibility for the provision of water services (including the transfer of assets and liabilities) to the Water Services Entities; and
2. a “better off” package of \$2 billion which supports the goals of the Three Waters Reform Programme by supporting local government to invest in the wellbeing of their communities in a manner that meets the priorities of both the central and local government, and is consistent with the agreed criteria for such investment set out in the Heads of Agreement,

to be given effect in agreements between each local authority and the Crown (through DIA).

The better off package will comprise:

1. \$1 billion of Crown funding, \$500 million of which is intended to be provided to local authorities from 1 July 2022 to enable early investment (“**Tranche 1 Funding**”); and
2. the remaining \$1 billion to be funded by the new Water Services Entities.

This Agreement relates to the provision of funding to the Recipient from the Tranche 1 Funding of \$500 million.

The Crown’s objectives with the better off package are, acknowledging the Reform Objectives, to demonstrate central government confidence in the future for local government by providing the sector with additional funds to support local wellbeing outcomes in a way that aligns with the priorities of central and local government, including through meeting some or all of the following criteria:

1. supporting communities to transition to a sustainable and low-emissions economy, including by building resilience to climate change and natural hazards;

2. delivery of infrastructure and/or services that:

- a. enable housing development and growth, with a focus on brownfield and infill development opportunities where those are available;
- b. support local place-making and improvements in community well-being.

The Recipient is a [territorial authority with statutory responsibility for delivering Three Waters services within its own district or city]. The Recipient will work collaboratively with the New Zealand Government in connection with the Three Waters Reform Programme.

Crown Infrastructure Partners Limited is party to this Agreement to undertake a review and monitoring role on behalf of the DIA, as further described in this Agreement.

DIA has agreed to contribute funding to the Recipient on the terms and conditions of this Agreement (**Agreement**). This funding is being provided to enable the Recipient to undertake the activities described in Schedule 1.

Key details of this Agreement are set out in this **Part 1**. The full terms and conditions are set out in **Part 2**. Defined terms and rules of interpretation are set out in **Part 3**.

3 Conditions Precedent

No Funding is payable under this Agreement until DIA has confirmed to the Recipient in writing that it has received, and found, in its sole discretion, to be satisfactory to it in form and substance, the following documents and evidence:

1. This Agreement, duly executed by the Recipient.
2. The final Funding Proposal prepared by the Recipient, in a form approved by DIA.

The Recipient is responsible for the content of the Funding Proposal and approval by DIA for the purposes of this Agreement shall not impose any obligations on DIA in respect of the Funding Proposal other than as expressly set out in this Agreement.

These conditions precedent must either be satisfied (in the opinion of DIA) or waived by DIA (at its sole discretion) by 30 September 2022. In the event that they are not satisfied or waived within that time, DIA may notify the Recipient that this Agreement has not come into effect and is null and void.

4 Permitted Funding Activities

The Recipient may only use the Funding:

1. for the purposes set out in Schedule 1; and
2. for any other purpose with DIA or the Monitor's prior written approval,

(each a **Permitted Funding Activity**).

5 Funding Proposal

The Recipient is to undertake the Permitted Funding Activities in accordance with the Funding Proposal approved by the DIA (or otherwise with DIA or the Monitor's prior written approval).

6 End Date

The End Date is [1 July 2027], or such later date determined by DIA in its discretion. **[Note: Recipients may propose an End Date having regard to the funding activities covered by this agreement, no later than 30 June 2027. DIA intend that the End Date is to be confirmed for each agreement]**

7 Funding

The total Funding available under this Agreement is up to **NZ\$[INSERT HERE]** plus GST (if any). This is the Total Maximum Amount Payable.

The first instalment of Funding under this Agreement is (NZ\$[insert] plus GST (if any)) subject to satisfaction of the Conditions Precedent set out in Item 3 above and receipt of a duly completed Payment Request in accordance with clause 1 of Part 2.

The Recipient may submit progress payment claims for the balance of the Funding under this Agreement, subject to satisfaction of the conditions set out below and the other terms and conditions of this Agreement.

Each instalment of Funding under this Agreement, following payment of the first instalment, is subject to:

- (a) Receipt of a duly completed Payment Request in accordance with clause 1 of Part 2.
- (b) DIA receiving and being satisfied with the six-monthly reports specified in the Key Details, together with the other information required in this Agreement.
- (c) DIA being satisfied that the Recipient is using reasonable endeavours to comply with the Transition Support Arrangements set out in Schedule 2.
- (d) DIA being satisfied that the Recipient is complying with the requirements of any Remedial Plan.
- (e) No Termination Event, or event entitling DIA to suspend funding under this Agreement, subsisting.

The first Payment Request may be submitted upon the Commencement Date occurring. Each subsequent Payment Request may be submitted at any time, but no more than one such Payment Request may be submitted in any month, except (in each case) to the extent agreed by DIA in its sole discretion.

8 Reporting

The Recipient will provide DIA via the DIA's Grant Management System portal with six-monthly reports by the 15th Business Day following the end of each six month period ending on 30 June and 31 December), with effect from the Commencement Date. Each six-monthly report must include the information set out below, in the standard reporting form specified by DIA.

If the frequency of reporting is changed to quarterly, as further described in clause 2.14, then the obligations described in this Agreement in respect of each six-monthly report will equally apply to the required quarterly reports (to be provided by the 15th Business Day following the end of each Quarter).

The Recipient will also provide DIA via the DIA's Grant Management System portal with a final report by the 15th Business Day following the End Date. The final report must include the information set out below, in the standard reporting form specified by DIA.

Each report is to be in form and substance satisfactory to DIA in its sole discretion.

Each six-monthly report must include the following information:

- (a) Description of activities undertaken during the relevant six month period (including progress against relevant milestones);
- (b) A summary of expenditure for the relevant six month period (including any co-funding by the Recipient);
- (c) Plans for the next six month period (including a financial forecast for cashflow purposes);
- (d) Any major risks arising or expected to arise with the Permitted Funding Activities, costs or performance of this Agreement, together with actual or proposed mitigations for those risks (including, where the Permitted Funding Activities) costs are forecast to exceed budgeted

costs, how the shortfall is to be funded);

- (e) A summary of the outcomes achieved as a result of the Permitted Funding Activities; and
- (f) Any other information relevant to this Agreement and/or DIA's involvement in connection with the Permitted Funding Activities that is notified by DIA or the Monitor in writing to the Recipient.

The final report must include the following information:

- (a) Description of activities undertaken during the term of this Agreement;
- (b) A summary of expenditure on the Permitted Funding Activities (including any co-funding by the Recipient);
- (c) A summary of the outcomes achieved as a result of the Permitted Funding Activities;
- (d) Any specific reporting requirements set out in this Agreement; and
- (e) Any other information relevant to this Agreement and/or DIA's involvement in connection with the Permitted Funding Activities that is notified by DIA or the Monitor in writing to the Recipient.

9 Special Terms

During the term of this Agreement the Recipient shall use reasonable endeavours to comply with the Transition Support Arrangements, as set out in Schedule 2.

10 Representative

DIA's Representative:

Name: Michael Lovett

Email: threewaters@dia.govt.nz

Recipient's Representative:

Name: [name]

Email: [email]

Monitor's Representative:

Name: [name]

Email: [email]

11 Address for Notices

To DIA:

Three Waters Reform
Level 7, 45 Pipitea Street
Wellington 6011

Attention: Michael Lovett

Email: threewaters@dia.govt.nz, with a copy to legalnotices@dia.govt.nz

To the Recipient:

[address]

Attention: [name]

Email: [email]

To the Monitor:

[address]

Attention: [name]

Email: [email]

SIGNATURES

SIGNED by the **SOVEREIGN IN RIGHT OF NEW ZEALAND** acting by and through the [Deputy Chief Executive] of the Department of Internal Affairs or his or her authorised delegate:

Name: Michael Lovett

Position: Deputy Chief Executive, Local Government

Date:

SIGNED for and on behalf of [RECIPIENT NAME] by the person(s) named below, being a person(s) duly authorised to enter into obligations on behalf of the Recipient:

Name:

Position:

Date:

Name:

Position:

Date:

SIGNED for and on behalf of **CROWN
INFRASTRUCTURE PARTNERS LIMITED** by the
person(s) named below, being a person(s) duly
authorised to enter into obligations on behalf of
the Monitor:

Name:

Position:

Date:

Name:

Position:

Date:

END OF PART 1

PART 2: GENERAL TERMS

1 FUNDING

- 1.1 DIA must pay the Funding (up to the "Total Maximum Amount Payable" specified in the Key Details) to the Recipient, subject to the terms of this Agreement. Unless stated otherwise in this Agreement, the Recipient may only claim the Funding to the extent necessary to cover Eligible Costs that have been or will be incurred by the Recipient, and the Recipient must use the Funding solely on Eligible Costs.
- 1.2 The Recipient must submit for DIA's approval a Payment Request via the DIA's Grant Management System portal at the time specified in, and otherwise in accordance with, Item 7 in the Key Details.
- 1.3 Each Payment Request must include the amount of Funding requested, be authorised by the Chief Executive or an authorised representative of the Recipient, and be accompanied by the following supporting documentation:
 - (a) a breakdown / total transaction listing of total Eligible Costs that have been or will be incurred to undertake the Permitted Funding Activities, substantiated by invoices and cost details;
 - (b) for the first Payment Request submitted following payment of the first instalment of Funding, a breakdown / total transaction listing of expenditure related to the first instalment, substantiated by invoices and cost details;
 - (c) a summary of the number of jobs created through people employed in the relation to the Permitted Funding Activities; and
 - (d) any other reasonable information or evidence requested by DIA or the Monitor in relation to summary project information or Eligible Costs that have been incurred or will be incurred.
- 1.4 DIA is not required to pay any Funding in respect of a Payment Request:
 - (a) if any reports specified in the Key Details have not been provided or are not in form and substance satisfactory to DIA or the Monitor in its sole discretion;
 - (b) if the Conditions specified in Item 7 of the Key Details relating to that instalment have not been satisfied;
 - (c) if payment will result in the Funding exceeding the "Total Maximum Amount Payable" specified in the Key Details;
 - (d) if this Agreement has expired or been terminated; and/or
 - (e) while the Recipient is in material breach of this Agreement.

For the avoidance of doubt, DIA's obligation to make Funding available under this Agreement is strictly subject to clause 6.2.

- 1.5 Subject to the terms of this Agreement, DIA must pay each valid Payment Request by the 20th day of the month after the month the relevant Payment Request is approved by the DIA, and if such day is not a Business Day, on the next Business Day. DIA will pay the Funding to the Recipient's nominated Bank Account.

- 1.6 The Funding made available under this Agreement comprises grant funding and does not comprise an equity investment or loan. It is only repayable in the specific circumstances set out in this Agreement.
- 1.7 DIA may, at its discretion, notify the Recipient in writing that it wishes to enter into a GST Offset Agreement in connection with the payment of GST on any Funding. The Recipient must, where applicable, take all such steps as are reasonably required to achieve that GST offset in accordance with the Goods and Services Tax Act 1985.

2 RECIPIENT'S RESPONSIBILITIES

Standards and compliance with laws

- 2.1 The Recipient must comply with all applicable laws, regulations, rules and professional codes of conduct or practice.

Permitted Funding Activities

- 2.2 The Recipient must not, without DIA's or the Monitor's prior written consent, make any Material Variation to the Permitted Funding Activities (including their description and scope).
- 2.3 The Recipient must ensure that the Permitted Funding Activities are carried out:
 - (a) promptly with due diligence, care and skill, and in a manner that is consistent with Best Industry Practice; and
 - (b) by appropriately trained, qualified, experienced and supervised persons; and in accordance with any directions of DIA or the Monitor, notified by DIA or the Monitor in writing from time to time.
- 2.4 The Recipient must use reasonable endeavours to ensure that the Permitted Funding Activities are completed by the End Date.
- 2.5 The Recipient is solely responsible for the activities and matters carried out as Permitted Funding Activities, including being solely responsible for the acts and omissions of any contractors and subcontractors in connection with the same.
- 2.6 The Recipient must ensure that all agreements it enters into with any contractors or any other party in connection with the Permitted Funding Activities are on an "arm's length" basis, provide value-for-money and do not give rise to any Conflict of Interest. The Recipient must provide DIA with reasonable evidence of compliance with this clause 2.6 in response to any request by DIA from time to time.

Information Undertakings

- 2.7 The Recipient must provide DIA and the Monitor with the reports specified in the Key Details, in accordance with the timeframes and reporting requirements set out in the Key Details.
- 2.8 The Recipient must provide DIA and the Monitor with any other information about the Permitted Funding Activities requested by DIA and/or the Monitor within the timeframe set out in the request.
- 2.9 The Recipient must promptly notify DIA and the Monitor if:

- (a) the Recipient (or any of its personnel or contractors) becomes aware of, or subject to, a Conflict of Interest; or
- (b) the Recipient becomes aware of any matter that could reasonably be expected to have an adverse effect on the Permitted Funding Activities and any related programme, or result in a Termination Event or a breach of any term of this Agreement by the Recipient,

and if requested by DIA must promptly provide DIA with its plan to mitigate and manage such Conflict of Interest or such matter.

2.10 The Recipient must not at any time do anything that could reasonably be expected to have an adverse effect on the reputation, good standing or goodwill of DIA or the New Zealand Government. The Recipient must keep DIA informed of any matter known to the Recipient which could reasonably be expected to have such an effect.

2.11 The Monitor has been appointed by DIA to undertake a review and monitoring role under this Agreement, including by:

- (a) reviewing and confirming satisfaction with the reports specified in the Key Details;
- (b) reviewing and approving Payment Requests submitted by the Recipient;
- (c) seeking, reviewing and confirming satisfaction with further information from the Recipient; and
- (d) making recommendations to DIA and the New Zealand Government in respect of the Funding and the Agreement.

The Recipient agrees that all its communications and correspondence under this Agreement will be made with DIA or, to the extent directed by DIA or provided for above, the Monitor.

Funding, records and auditors

2.12 The Recipient must receive and manage all Funding in accordance with good financial management and accounting practices and to a high standard that demonstrates appropriate use of public funds.

2.13 The Recipient must keep full and accurate records (including accounting records) of the Permitted Funding Activities and retain them for at least 7 years after the last payment of Funding under this Agreement. The Recipient must permit DIA or the Monitor (or any auditor nominated by DIA or the Monitor) to inspect all records relating to the Permitted Funding Activities and must allow DIA, the Monitor and/or the auditor access to the Recipient's premises, systems, information and personnel for the purposes of this inspection. DIA shall bear any third party costs arising from such inspection, unless the inspection reveals a breach of this Agreement, in which case the Recipient shall bear such costs.

Monitoring

2.14 Without limiting anything in clause 2.15, at the request of the DIA (or the Monitor), the Recipient and the DIA and/or the Monitor shall meet by the 15th Business Day following the end of each six month period, to jointly discuss the Recipient's compliance with its obligations under this Agreement during the relevant six-month period (including its obligations under Items 5 and 9 of the Key Details). Where the DIA (or the Monitor)

considers (acting reasonably) that the Recipient has not complied with its obligations under this Agreement during the relevant six-month period:

- (a) DIA (or the Monitor) and the Recipient shall in good faith discuss:
 - (i) the identified areas of non-compliance and agree the steps that the Recipient will take to address such areas of non-compliance going forwards (**Remedial Plan**). If the parties are unable to agree a Remedial Plan by the 30th Business Day following the end of the relevant six month period, then DIA (or the Monitor) shall (acting reasonably and having regard to the matters raised by the Recipient in such discussions) provide the Recipient with a remedial plan which shall, for the purpose of this Agreement, be deemed to be the Remedial Plan. The Recipient shall comply with the requirements of any Remedial Plan;
 - (ii) acknowledging the commitment of resources (including staff) required by the Recipient to comply with its obligations under this Agreement (including the Transition Support Arrangements set out in Schedule 2), how the parties can work together to ensure such obligations are appropriately managed by all parties; and
 - (b) DIA (or the Monitor) may increase the frequency of the reports required under Item 8 of the Key Details from six-monthly to quarterly.
- 2.15 At the request of the DIA (or the Monitor) at any time after the occurrence of a Relevant Event, the Recipient and the DIA and/or the Monitor shall meet promptly to jointly discuss the circumstances relating to that event. DIA (or the Monitor) and the Recipient shall in good faith discuss the steps that the Recipient will take to address that event (a **Response Plan**). If the parties are unable to agree a Response Plan within 20 Business Days following a request under this clause, then DIA (or the Monitor) shall (acting reasonably and having regard to the matters raised by the Recipient in such discussions) provide the Recipient with a response plan which shall, for the purpose of this Agreement, be deemed to be the Response Plan. The Recipient shall comply with the requirements of any Response Plan and non-compliance by the Recipient shall entitle DIA to suspend funding under this Agreement until such time as the non-compliance is remedied to DIA's satisfaction (acting reasonably).

3 INTELLECTUAL PROPERTY

- 3.1 DIA acknowledges that the Recipient and its licensors own all pre-existing intellectual property which they contribute to the Permitted Funding Activities , and all new intellectual property which they create in the course of the Permitted Funding Activities.
- 3.2 The Recipient grants an irrevocable, perpetual, royalty-free, sub-licensable licence to DIA and the Monitor to use all reports, documents, information and other materials created or provided by the Recipient to DIA or the Monitor under or in connection with the Permitted Funding Activities and this Agreement.
- 3.3 The Recipient warrants that it has obtained (or will obtain, prior to creation of each relevant work) all rights and permissions necessary to enable the grant and exercise of the licence in clause 3.2 without infringing the intellectual property rights of any third party.

4 TERM AND TERMINATION

4.1 This Agreement will be effective on and from the Commencement Date, which will be the latest to occur of:

- (a) the date this Agreement has been signed by all parties; and
- (b) the date on which DIA has provided written notice to the Recipient that the Conditions Precedent specified in the Key Details have either been satisfied (in the opinion of DIA) or waived by DIA (at its sole discretion).

4.2 This Agreement will remain in force until the End Date, unless terminated in accordance with this Agreement.

4.3 DIA can terminate this Agreement with immediate effect, by giving notice to the Recipient, at any time:

- (a) while DIA reasonably considers that the Recipient has become or is likely to become insolvent;
- (b) while the Recipient is subject to the appointment of a liquidator, receiver, manager or similar person in respect of any of its assets or a Crown Manager or Commission is appointed in respect of the Recipient under Part 10 of the Local Government Act 2002; or
- (c) subject to clause 4.4, while any one or more of the following events or circumstances remains unremedied:
 - (i) the Recipient is materially in breach of any obligation, or a condition or warranty, under this Agreement;
 - (ii) the Recipient has provided DIA with information in connection with or under this Agreement that (whether intentionally or not) is materially incorrect or misleading, and/or omits material information;
 - (iii) DIA reasonably considers that this Agreement or a Permitted Funding Activity has caused, or may cause, DIA and/or the New Zealand Government to breach any legal obligations (including its international trade obligations);
 - (iv) the Recipient abandons a Permitted Funding Activity without the prior written consent of DIA (or the Monitor);
 - (v) the Recipient is involved in any intentional or reckless conduct which, in the opinion of DIA, has damaged or could damage the reputation, good standing or goodwill of DIA or the New Zealand Government, or is involved in any material misrepresentation or any fraud;
 - (vi) the Recipient (or any of its personnel or contractors) is subject to a Conflict of Interest which cannot be managed to DIA's satisfaction; or
 - (vii) any change in law, regulations or other circumstances materially affects DIA's ability to perform its obligations under this Agreement.

- 4.4 However, where DIA considers that a Termination Event set out in clause 4.3(c) can be remedied, DIA must give notice to the Recipient requesting a remedy, and must not exercise its right of termination unless the relevant event remains unremedied for at least 14 days (or any longer period agreed with the Recipient) after that notice has been provided by DIA.
- 4.5 On expiry or termination of this Agreement, where the aggregate of (a) the total Funding paid under this Agreement and (b) any other money received or allocated by the Recipient, in each case to carry out a Permitted Funding Activity, exceeds the amount required to perform the Permitted Funding Activity, the Recipient must upon request refund to DIA the excess amount.
- 4.6 At any time DIA may recover the amount of any Funding that has been spent or used other than in accordance with this Agreement, or not applied to Eligible Costs by the End Date, together with interest on all such amounts calculated at 10% per annum from the date of the misspending to the date the money is repaid.
- 4.7 Clauses 1.2, 1.4, 1.5, 2.1, 2.7, 2.12, 2.13, 3, 4, 5, 6, 7, 8, 9, 10 and 11 survive expiry or termination of this Agreement, along with any other parts of this Agreement necessary to give effect to those provisions. Expiry or termination of this Agreement does not affect any accrued rights, including any rights in respect of a breach of this Agreement or Termination Event that occurred before expiry or termination.

5 WARRANTIES AND UNDERTAKINGS

- 5.1 The Recipient warrants that, in the course of its activities in connection with the Permitted Funding Activities, it will not infringe any intellectual property or other rights of any contractor or any other third party.
- 5.2 The Recipient warrants that, as at the date of this Agreement:
- (a) It has full power and authority to enter into and perform its obligations under this Agreement which, when executed, will constitute binding obligations on it in accordance with this Agreement's terms, and it has complied with the Local Government Act 2002 in entering into this Agreement;
 - (b) the Recipient is solvent and is not subject to the appointment of a liquidator, receiver, manager or similar person in respect of any of its assets or to the appointment of a Crown Manager or Commission under Part 10 of the Local Government Act 2002;
 - (c) all information and representations disclosed or made to DIA by the Recipient in connection with this Agreement are true and correct, do not omit any material matter, and are not likely to mislead or deceive DIA as to any material matter;
 - (d) it has disclosed to DIA all matters known to the Recipient (relating to the Permitted Funding Activities, the Recipient or its personnel) that could reasonably be expected to have an adverse effect on the reputation, good standing or goodwill of DIA or the New Zealand Government; and
 - (e) it is not aware of any material information that has not been disclosed to DIA which may, if disclosed, materially adversely affect the decision of DIA whether to provide the Funding.
- 5.3 The Recipient warrants that the Funding has been or will be applied solely to Eligible Costs

and such warranty will be deemed to be repeated continuously so long as this Agreement remains in effect by reference to the facts and circumstances then existing.

- 5.4 DIA warrants that, as at the date of this Agreement, it has full power and authority to enter into and perform its obligations under this Agreement which, when executed, will constitute binding obligations on it in accordance with this Agreement's terms.
- 5.5 The Recipient acknowledges that DIA has entered into this Agreement in reliance on these warranties and undertakings.
- 5.6 The Recipient acknowledges and agrees that DIA has made no warranty or representation that any funding or financial support is or will be available to the Recipient in respect of the Permitted Funding Activities, other than the Funding.

6 LIABILITY

- 6.1 The maximum liability of DIA under or in connection with this Agreement, whether arising in contract, tort (including negligence) or otherwise, is limited to the total amount of Funding paid or payable under this Agreement.
- 6.2 The Recipient undertakes to pay any and all cost overruns of the Permitted Funding Activities and any funding shortfall, and DIA and the New Zealand Government have no obligations or responsibility whatsoever in respect of such cost overruns and funding shortfall and accept no financial risk in the Permitted Funding Activities.
- 6.3 DIA is not liable for any claim under or in connection with this Agreement or the Permitted Funding Activities, whether arising in contract, tort (including negligence) or otherwise, where such claim is or relates to any loss of profit, loss of revenue, loss of use, loss of reputation, loss of goodwill, loss of opportunity (in each case whether direct, indirect or consequential) or any other indirect, consequential or incidental loss or damages of any kind whatsoever.
- 6.4 The Monitor will not have any liability whatsoever under or in connection with this Agreement to DIA or the Recipient. The limitation of liability set out in this clause does not apply to the Monitor's liability for any fraudulent, malicious or criminal act or omission of the Monitor to the extent that such liability cannot be limited or excluded by law.

7 CONFIDENTIALITY

- 7.1 Subject to clause 7.2 and 7.3, each party must keep the other parties' Confidential Information in confidence, and must use or disclose that Confidential Information only to the extent necessary to perform its obligations, and/or take the intended benefit of its rights, under this Agreement. However, this will not prohibit:
 - (a) either party from using or disclosing any information with the written prior consent of the relevant other party;
 - (b) use or disclosure of information that has become generally known to the public other than through a breach of this Agreement;
 - (c) either party from disclosing information to its personnel, contractors or advisors with a need to know, so long as the relevant personnel, contractors and advisors use the information solely to enable that party to perform its obligations and/or take the intended benefit of its rights under this Agreement, and so long as they

are informed of the confidential nature of the information and, in the case of the Recipient, the Recipient receives an acknowledgement from its personnel, contractors or advisors that they acknowledge, and must comply with, the confidentiality obligations in this Agreement as if they were party to it;

- (d) disclosure required by any law, or any compulsory order or requirement issued pursuant to any law; or
- (e) DIA or the Monitor from using or disclosing to any party any documents, reports or information received in relation to this Agreement, provided that prior to any such disclosure DIA or the Monitor (as applicable) removes all information that is commercially sensitive to the Recipient from the relevant work.

7.2 The Recipient acknowledges and agrees that nothing in this Agreement restricts DIA and/or the Monitor's ability to:

- (a) discuss, and provide all information in respect of, any matters concerning the Recipient, the Permitted Funding Activities or this Agreement with any Minister of the Crown, the Monitor, any other government agency or any of their respective advisors;
- (b) meet its obligations under any constitutional or parliamentary convention (or other obligation at law) of or in relation to the New Zealand Parliament, the New Zealand House of Representatives or any of its Committees, any Minister of the Crown, or the New Zealand Auditor-General, including any obligations under the Cabinet Manual including the "no surprises" principle; and
- (c) publicise and report on the awarding of the Funding, including the Recipient's and any of its contractor's names, the amount and duration of the Funding and a brief description of the Permitted Funding Activities, on websites; in media releases; general announcements and annual reports.

7.3 The Recipient acknowledges that:

- (a) the contents of this Agreement; and
- (b) information provided to DIA and the Monitor (including the reports specified in the Key Details),

may be official information in terms of the Official Information Act 1982 and, in line with the purpose and principles of the Official Information Act 1982, this Agreement and such information may be released to the public unless there is good reason under the Official Information Act 1982 to withhold it.

7.4 DIA acknowledges that the Recipient is subject to the Local Government Official Information and Meetings Act 1987 and that its confidentiality obligations under this clause 7 are subject to its compliance with that Act.

8 MEDIA AND COMMUNICATIONS

8.1 The Recipient will keep DIA informed on a "no surprises" basis in relation to any media statements or press releases (including social media posts) to be made by the Recipient regarding this Agreement and/or DIA's involvement in connection with the Permitted Funding Activities.

- 8.2 The Recipient will refer any enquiries from the media or any other person about the terms or performance of this Agreement to DIA's Representative.
- 8.3 The Recipient will acknowledge the New Zealand Government as a source of funding in all publications (including any digital presence) and publicity regarding the Permitted Funding Activities in accordance with funding acknowledgement guidelines agreed with DIA.
- 8.4 The Recipient does not have the right to enter into any commitment, contract or agreement on behalf of DIA or any associated body, or to make any public statement or comment on behalf of DIA or the New Zealand Government.
- 8.5 All correspondence with DIA under this clause 8 must be directed to DIA's Representative and copied to threewaters@dia.govt.nz and the Monitor.

9 DISPUTES

- 9.1 In the event of any dispute, controversy or claim arising out of or in connection with this Agreement, or in relation to any question regarding its existence, breach, termination or invalidity (in each case, a **Dispute**), either party may give written notice to the other parties specifying the nature of the Dispute and requesting discussions under this clause 9 (**Dispute Notice**). As soon as reasonably practicable following receipt of a Dispute Notice, the parties must meet (in person, or by audio or video conference) and endeavour to resolve the Dispute by discussion, negotiation and agreement.
- 9.2 If the matter cannot be amicably settled within 20 Business Days after the date of the Dispute Notice then, at the request in writing of either party, the matter in respect of which the Dispute has arisen must be submitted, together with a report describing the nature of such matter, to the Representatives (or, if no such Representatives have been appointed, the respective Chief Executives of the parties) (together the **Dispute Representatives**).
- 9.3 Within 20 Business Days after the receipt of a request under clause 9.2, one individual (who does not act in his or her professional capacity as legal counsel for either party) selected by each of the Dispute Representatives, must make a presentation of no longer than 30 minutes to each of the Dispute Representatives (which may be by telephone or remotely), who will then attempt in good faith to reach a common decision within a half-day. The decision of the Dispute Representatives is binding on the parties.
- 9.4 In the case of a Dispute, if the Dispute Representatives have not met within 20 Business Days of receiving a request in accordance with clause 9.2, or if they fail to reach a common decision within the stated time period, either party may by notice in writing to the other parties refer the Dispute to be referred to mediation before a single mediator appointed by the parties. Each party will bear its own costs of mediation and the costs of the mediator will be divided evenly between the parties to the dispute.
- 9.5 If the parties are unable to agree on the appointment of a mediator within 5 Business Days of the notice requiring the Dispute to be referred to mediation, a mediator may be appointed at the request of any party by the Arbitrators' and Mediators' Institute of New Zealand Inc.
- 9.6 If the Dispute is not resolved within 20 Business Days of referral to mediation, the parties may commence court proceedings without further participation in any mediation.
- 9.7 Nothing in this clause 9 will prevent either party from seeking urgent interim relief from a

court (or other tribunal) of competent jurisdiction.

10 REPRESENTATIVES

- 10.1 All matters or enquiries regarding this Agreement must be directed to each party's Representative (set out in the Key Details).
- 10.2 Each party may from time to time change the person designated as its Representative on 10 Business Days' written notice to the other parties.

11 GENERAL

- 11.1 Each notice or other communication given under this Agreement (each a **notice**) must be in writing and delivered personally or sent by post or email to the address of the relevant party set out in the Key Details or to any other address from time to time designated for that purpose by at least 10 Business Days' prior written notice to the other parties. A notice under this Agreement is deemed to be received if:

- (a) **Delivery:** delivered personally, when delivered;
- (b) **Post:** posted, 5 Business Days after posting or, in the case of international post, 7 Business Days after posting; and
- (c) **Email:** sent by email:
 - (i) If sent between the hours of 9am and 5pm (local time) on a Business Day, at the time of transmission; or
 - (ii) If subclause (i) does not apply, at 9am (local time) on the Business Day most immediately after the time of sending,

provided that an email is not deemed received unless (if receipt is disputed) the party giving notice produces a printed copy of the email which evidences that the email was sent to the email address of the party given notice.

- 11.2 The Recipient agrees to execute and deliver any documents and to do all things as may be required by DIA to obtain the full benefit of this Agreement according to its true intent.
- 11.3 No legal partnership, employer-employee, principal-agent or joint venture relationship is created or evidenced by this Agreement.
- 11.4 This Agreement constitutes the sole and entire understanding with respect to the subject matter hereof and supersedes all prior discussions, representations and understandings, written or oral.
- 11.5 No amendment to this Agreement will be effective unless agreed in writing by the parties, provided that the Monitor's agreement will not be required in respect of (and the Monitor will be deemed to have agreed to) any amendment to this Agreement that does not relate to the scope of the Monitor' review and monitoring role under this Agreement (including, for example, the Transition Support Arrangements).
- 11.6 Neither the Recipient nor the Monitor may assign or transfer any of their contractual rights or obligations under this Agreement, except with DIA's prior written approval.

- 11.7 DIA may assign or transfer any of its contractual rights or obligations under this Agreement without the other parties' prior approval. DIA may at any time disclose to a proposed assignee or transferee any information which relates to, or was provided in connection with, the Recipient, the Permitted Funding Activities or this Agreement.
- 11.8 No failure, delay or indulgence by any party in exercising any power or right conferred on that party by this Agreement shall operate as a waiver. A single exercise of any of those powers or rights does not preclude further exercises of those powers or rights or the exercise of any other powers or rights.
- 11.9 The exercise by a party of any express right set out in this Agreement is without prejudice to any other rights, powers or remedies available to a party in contract, at law or in equity, including any rights, powers or remedies which would be available if the express rights were not set out in this Agreement.
- 11.10 This Agreement is not intended to confer any benefit on or create any obligation enforceable at the suit of any person not a party to this Agreement.
- 11.11 Any provision of this Agreement that is invalid or unenforceable will be deemed deleted, and will not affect the other provisions of this Agreement, all of which remain in force to the extent permitted by law, subject to any modifications made necessary by the deletion of the invalid or unenforceable provision.
- 11.12 This Agreement is to be governed by the laws of New Zealand, and the parties submit to the non-exclusive jurisdiction of the courts of New Zealand.
- 11.13 This Agreement may be executed in any number of counterparts (including duly electronically signed, scanned and emailed copies). So long as each party has received a counterpart signed by each of the other parties, the counterparts together shall constitute a binding and enforceable agreement. This Agreement is intended to constitute a binding and enforceable agreement in accordance with its terms.

END OF PART 2

PART 3: DEFINITIONS AND CONSTRUCTION

Defined terms

In this Agreement, unless the context requires otherwise, terms defined in the Agreement have the meaning set out therein and:

Authorisation means:

- (a) any consent, authorisation, registration, filing, lodgement, agreement, notarisation, certificate, permission, licence, approval, authority or exemption from, by or with a governmental agency or required by any law (including any consent under the Resource Management Act 1991); or
- (b) in relation to anything which will be fully or partly prohibited or restricted by law if a governmental agency intervenes or acts in any way within a specified period after lodgement, filing, registration or notification, the expiry of that period without intervention or action.

Best Industry Practice means that degree of skill, care and foresight and operating practice that would reasonably and ordinarily be expected of a skilled and competent supplier of services engaged in the same type of undertaking as that of the Recipient or any contractors (as applicable) under the same or similar circumstances as those contemplated by this Agreement.

Business Day means any day other than a Saturday, Sunday or public holiday within the meaning of section 44 of the Holidays Act 2003.

Commencement Date has the meaning given in clause 4.1 of Part 2.

Conditions means the conditions to the payment of a Funding instalment as specified in Item 7 of the Key Details.

Confidential Information of a party (Owner), means any information in the possession or control of another party (Holder) that:

- (a) was originally acquired by the Holder in connection with this Agreement through disclosures made by or at the request of the Owner; and/or
- (b) was originally acquired by the Holder in connection with this Agreement through any access to, or viewing, inspection or evaluation of, the premises, facilities, documents, systems or other assets owned or controlled by the Owner; and/or
- (c) is derived from information of a kind described in paragraph (a) or (b) above;

but excludes any information which the Holder can show:

- (d) was lawfully acquired by the Holder, entirely independently of its activities in connection with this Agreement, and is free of any other obligation of confidence owed to the Owner; and/or
- (e) has been independently developed by the Holder without reference to the Owner's Confidential Information, and without breaching any other obligation of confidence owed to the Owner.

Notwithstanding the foregoing, the terms of this Agreement are not Confidential Information.

Conflict of Interest means any matter, circumstance, interest or activity of the Recipient, its personnel or contractors, or any other person with whom the Recipient has a relationship that:

- (a) conflicts with:
 - (i) the obligations of the Recipient (or its personnel or contractors) to DIA or the Monitor under this Agreement; or
 - (ii) the interests of the Recipient in relation to this Agreement and/or the undertaking of the Permitted Funding Activities; or

- (b) otherwise impairs or might appear to impair the ability of the Recipient (or any of its personnel or contractors) to carry out the Permitted Funding Activities diligently and independently in accordance with this Agreement.

Eligible Costs means the actual costs that have been or will be reasonably incurred by the Recipient on or after the Commencement Date and no later than the End Date to undertake a Permitted Funding Activity in accordance with this Agreement, excluding overhead and management time that is not directly attributable to undertaking a Permitted Funding Activity.

Funding means the funding or any part of the funding (as the context requires) payable by DIA to the Recipient in accordance with the terms of this Agreement, as described in the Key Details.

Funding Proposal means the Funding Proposal setting out the scope of the Permitted Funding Activities(s) to which Funding is to be applied, in the form approved by DIA.

GST Offset Agreement means a deed of assignment between DIA as Assignor and the Recipient as Assignee providing for the offset of the amount of GST in accordance with the Goods and Services Tax Act 1985.

Key Details means Part 1 of this Agreement.

Material Variation means, in respect of a Permitted Funding Activity, any variation which on its own or together with any other variation or variations results in, or is likely to result in the budgeted expenditure (taking into account all variations) being exceeded or a Permitted Funding Activity being materially delayed, or any variation that materially amends the scope, specifications or function of a Permitted Funding Activity.

Monitor means Crown Infrastructure Partners Limited, appointed by the DIA to assist in managing the Funding by undertaking a review and monitoring role.

Payment Request means a request submitted to DIA by the Recipient seeking payment of Funding.

Quarter means a financial quarter, being a three monthly period ending on 30 June, 30 September, 31 December or 31 March.

Relevant Event means actual or forecast failure to materially achieve an outcome(s) of the Funding Proposal (as determined by DIA or the Monitor acting reasonably), including where arising from unfunded cost overruns, material unapproved scope changes, material delay in achieving the delivery timeframes, or failure to meet the End Date for completion of the Permitted Funding Activities.

Reform Objectives means the following:

- (a) that there are safeguards (including legislative protection) against privatisation and mechanisms that provide for continued public ownership;
- (b) significantly improving the safety and quality of drinking water services, and the environmental performance of drinking water, wastewater and stormwater systems (which are crucial to good public health and wellbeing, and achieving good environmental outcomes);
- (c) ensuring all New Zealanders have equitable access to affordable three waters services and that the Water Services Entities will listen, and take account of, local community and consumer voices;
- (d) improving the coordination of resources, planning, and unlocking strategic opportunities to consider New Zealand's infrastructure and environmental needs at a larger scale;
- (e) ensuring the overall integration and coherence of the wider regulatory and institutional settings (including the economic regulation of water services and resource management and planning reforms) in which the local

government sector and their communities must operate;

- (f) increasing the resilience of three waters service provision to both short- and long-term risks and events, particularly climate change and natural hazards;
- (g) moving the supply of three waters services to a more financially sustainable footing, and addressing the affordability and capability challenges faced by small suppliers and local authorities;
- (h) improving transparency about, and accountability for, the planning, delivery and costs of three waters services, including the ability to benchmark the performance of the new Water Services Entities; and
- (i) undertaking the reform in a manner that enables local government to further enhance the way in which it can deliver on its broader “wellbeing mandates” as set out in the Local Government Act 2002.

Remedial Plan has the meaning given in clause 2.14(a) of Part 2.

Response Plan has the meaning given in clause 2.15 of Part 2.

Termination Event means any one or more of the events or circumstances set out in clause 4.3.

Transition Support Arrangements means the obligations set out in Schedule 2.

Water Services Entity means:

- (j) the new water services entities to be established by legislation giving effect to the Three Waters Reform Programme; and
- (k) the local establishment entities to be established by legislation in advance of the establishment of the new water services entities.

Construction

In the construction of this Agreement, unless the context requires otherwise:

Currency: a reference to any monetary amount is to New Zealand currency;

Defined Terms: words or phrases appearing in this Agreement with capitalised initial letters are defined terms and have the meanings given to them in this Agreement;

Documents: a reference to any document, including this Agreement, includes a reference to that document as amended or replaced from time to time;

Inclusions: a reference to “includes” is a reference to “includes without limitation”, and “include”, “included” and “including” have corresponding meanings;

Joint and Several Liability: any provision of this Agreement to be performed or observed by two or more persons binds those persons jointly and severally;

Parties: a reference to a party to this Agreement or any other document includes that party's personal representatives/successors and permitted assigns;

Person: a reference to a person includes a corporation sole and also a body of persons, whether corporate or unincorporate;

Precedence : if there is any conflict between the different parts of this Agreement, then unless specifically stated otherwise, the Key Details will prevail over Part 2;

Related Terms: where a word or expression is defined in this Agreement, other parts of speech and grammatical forms of that word or expression have corresponding meanings;

Statutes and Regulations: a reference to an enactment or any regulations is a reference to that enactment or those regulations as amended, or to any enactment or regulations substituted for that enactment or those regulations;

Writing: a reference to “written” or “in writing” includes email and any commonly

used electronic document format such as .DOC or .PDF.

END OF PART 3

SCHEDULE 1: PERMITTED FUNDING ACTIVITIES

[Note: Permitted activities on which the Recipient may spend the Funding on, as described in the Recipient's approved Funding Proposa will be inserted by DIA]

SCHEDULE 2: TRANSITION SUPPORT ARRANGEMENTS

The Recipient will collaborate and co-operate with the DIA (including through the DIA's National Transition Unit (**NTU**)) to provide for the implementation and carrying out of certain parts of the Three Waters Reform Programme, as further described below.

In making requests under these arrangements, DIA (including the NTU) will have regard to the Recipient's available resources and the competing demands on those resources. It is intended that such requests are made and considered by DIA, the NTU and the Recipient in a collaborative and co-operative manner with a view to achieving the Reform Objectives and ensuring the Recipient is able to continue to carry out its other functions and activities.

The Recipient agrees to provide the collaboration and co-operation requested. If a council controlled organisation (**CCO**) of the Recipient is involved in the delivery of water services then the Recipient agrees to ensure that its CCO does the same.

1. The Recipient will collaborate and co-operate with the DIA (including the NTU) to facilitate the Three Waters Reform Programme (to the extent the law permits).
2. Subject to the consent of any affected employee (and in compliance with the Recipient's employment law and health and safety obligations), the Recipient will:
 - (a) comply with any reasonable request by the Executive Director of the DIA's National Transition Unit (**NTU**) for employees of the Recipient to be seconded to, or otherwise facilitate the engagement of employees with, the DIA for the purpose of assisting the DIA with the Three Waters Reform Programme; and
 - (b) enable, and where necessary facilitate, the participation of the Recipient's staff in any process or engagement with the NTU that relates to their potential employment with a Water Services Entity, including (but not limited to) attending information sessions, accessing NTU channels such as the "People Platform", providing input into the Water Services Entity organisational design and role design, engaging in unions and professional body processes developed to engage and support staff through transition.
3. The Recipient will respond to and comply with any reasonable request by the Executive Director of the NTU for information that the Recipient holds for the purpose of assisting the DIA with the Three Waters Reform Programme.
4. The Recipient acknowledges and agrees that its obligation to provide information under paragraph 3:
 - (a) may include, subject to compliance with applicable laws including the Privacy Act 2020, a requirement to provide information in relation to the assets, liabilities, contracts, property, employees, customers, processes, pricing information relating to water services fees and associated costs, and any other matters that relate to water services delivery;
 - (b) includes a requirement to comply with any reasonable request to research and collate information; and
 - (c) includes a requirement to comply with any reasonable request to provide information in a particular format and within a particular timeframe.
5. The Recipient will notify, and respond to requests for information by, DIA of intended decisions:
 - (a) that relate to the provision of water services; or
 - (b) that may affect (other than in an immaterial way) the provision of water services.

The Recipient acknowledges that such decisions include a decision:

- (c) to adopt or amend a long-term plan or to adopt an annual plan, in each case as contemplated by the Local Government Act 2002;
 - (d) to adopt a policy required by the Local Government Act 2002;
 - (e) that is significantly inconsistent with, or is anticipated to have consequences that will be significantly inconsistent with, any policy or plan adopted by the Recipient under the Local Government Act 2002;
 - (f) to purchase or dispose of assets other than in accordance with its long-term plan;
 - (g) to purchase or dispose of an asset, if the purchase or disposal of the asset will have a material impact on the capacity to provide water services or on the financial well-being of the Recipient;
 - (h) to enter into any contract (other than an employment agreement) that imposes, or will continue to impose, any obligation in relation to the delivery of water services on the existing local authority after 30 June 2024 and the consideration for which is material in the context of the three water services or operations of the Recipient; or
 - (i) to borrow money for a period that extends beyond 30 June 2024.
6. The Recipient must not act inconsistently with its long-term plan and its annual plan as it relates to the provision of water services.
 7. The Recipient shall include estimated and indicative prices for water services on invoices to consumers on an information only basis, based on a water revenue discovery process undertaken by the DIA. This disclosure obligation will not apply until the DIA has completed this discovery process and notified the Recipient of the basis of disclosure.
 8. The Recipient must respond to and comply with any reasonable request by the Executive Director of the NTU to assist DIA and the NTU in the preparation of asset management plans and pricing plans for the Water Services Entities. The Recipient acknowledges that such requests may include:
 - (a) a request to compile certain categories of information as part of an information base to inform the preparation of such plans (including, for example, existing water services assets held by or on behalf of the Recipient, current sources of funding for water services and details of employee roles within the Recipient's region or district that are involved in providing water services); and
 - (b) a request to consider particular options or matters for the Recipient's region or district to inform the preparation of such plans.



14 June 2022

45 Pipitea Street
Wellington
Phone 0800 25 78 87
dia.govt.nzMayor Helen Worboys
Chair
Communities 4 Local Democracy
helen.worboys@mdc.govt.nz

Tēnā koe Helen

Thank you for your further correspondence of 10 June 2022 regarding the Three Waters Reform Programme's Better Off funding agreement.

At this time we do not see any benefits in making further changes to the Better Off Funding Agreement. This is because:

- We have already issued clarifying guidance to the sector on the concerns raised regarding clause 2.10 in the Funding Agreement.
- The Department wrote to all chief executives on 20 May 2022 acknowledging the importance of councils being able to independently express their views of the reform programme, and that the Funding Agreement for the better off package does not preclude councils from doing this.
- Since we have provided this clarification the sector is responding favourably to the Better Off funding package.
- We are working very positively with Crown Infrastructure Partners who are making their expert staff readily available to councils to assist in developing proposals and in streamlining the application process.

With regard to the points above you will be interested to note that a number of councils have been in contact with Crown Infrastructure Partners who are managing the Better Off Funding Package for the government. More specifically to date:

- 49 councils have already contacted CIP seeking further information on the package.
- 22 councils have proposals in progress and/or initiatives are being developed.

This includes final proposals that have already been received from councils.

You will appreciate that it is vital we are measured in our approach and remain consistent with the original intent of the policy design behind the Better Off funding.

We welcome any further questions or clarifications you are seeking in order to best enable the sector to benefit from the Better Off funding package.

Nāku noa, nā

Hamiora Bowkett
Executive Director
Three Waters Reform ProgrammeHeather Shotter
Executive Director
National Transition Unit

7.8 Northpower Easement - Kotata

Meeting: Whangarei District Council
Date of meeting: 23 June 2022
Reporting officer: Sarah Brownie (Team Leader, Infrastructure Planning)
Sue Hodge (Manager, Parks & Recreation)

1 Purpose

To seek Council's decision on an application by Northpower Ltd for an easement over a Recreation Reserve comprising Lot 3 DP 96485.

2 Recommendations

That the Council; pursuant to Section 48 of the Reserves Act 1977,

1. Resolves that public notice of the application is not required in accordance with Section 48(3) of the Act.
2. Approves the application by Northpower Ltd for easement rights over Lot 3 DP 96485 detailed in the attached deed of agreement.
3. Authorises the Chief Executive to finalise and execute the easement plan and instruments in agreement with the applicant(s).

3 Background

Northpower Limited (Northpower) has requested an easement to install an underground cable across Lot 3 DP 96485 which is a Council administered Local Purpose Reserve. Northpower's request is available in Attachment 1.

The proposed underground cable is required to service a part of Kotata Heights Subdivision and is associated with resource consent SL1900011. The location of the proposed easement is shown in Figure 1 below.

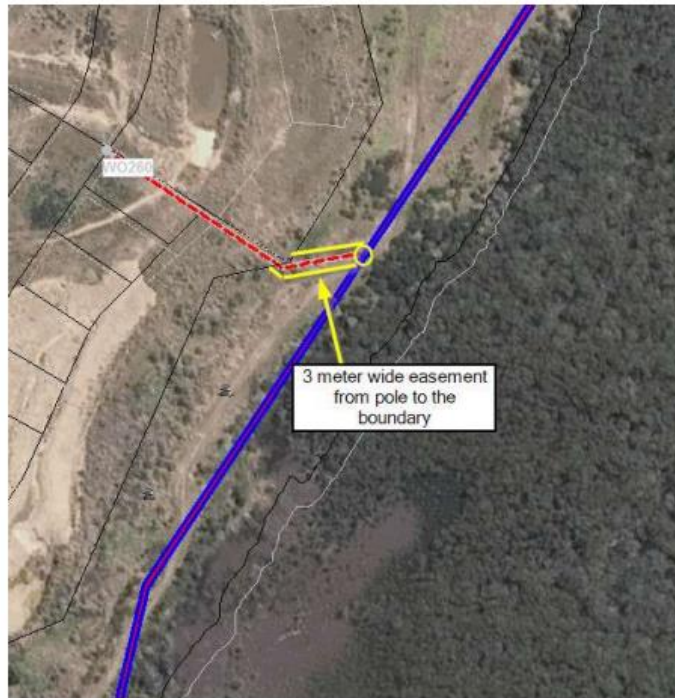


Figure 1 - Location of Requested Easement

Northpower has requested that the Council enter into a Deed of Agreement prior to the installation of the underground cable. The Deed of Agreement provides a formal mechanism under which electricity and telecommunications can be installed and for an easement to be surveyed and executed on completion of the works. The Deed of Agreement is available in Attachment 2.

4 Statutory Context and Discussion

Section 48 of the Reserves Act sets out the terms for the grants of easements over reserve land. Through the *Instrument of Delegation* signed by the Minister of Conservation (8 July 2013) the responsibility to consider easements over council vested reserves has been delegated to Council as the administering body and the consent of the Minister of Conservation is not required.

Section 48(3) of the Act stipulates that public notice of an easement application is not required in circumstances where:

- a. the reserve is vested in an administering body and is not likely to be materially altered or permanently damaged, and
- b. the rights of the public in respect of the reserve are not likely to be permanently affected.

As the services will be located underground no ongoing material effects on the reserve are anticipated, nor will the infrastructure affect the rights of the public. Council is therefore able to resolve not to publicly notify the activity.

As delegate of the Ministerial power to grant consent to the application pursuant to section 48(1), Council must resolve whether or not to grant the proposed easement on land classified as reserve.

Given the above, the current recommendation of staff to the Council is that the easement is not public notified; and that the easement is granted.

A recommendation also includes authorisation of the Chief Executive to finalise and execute the easement plan and instruments in agreement with Northpower.

4.1 Financial/budget considerations

As the relocation is required to facilitate the implementation of a resource consent, all legal costs relating to the execution of the easement will be funded by the consent holder.

4.2 Policy and planning implications

There are no policy or planning implications. This report ensures we are meeting the requirements of the Reserves Act 1977.

4.3 Options

Option 1 - Approve the application for the easement.

Option 2 - Decline the application for the easement.

4.4 Risks

There are no risks to Council associated with the granting of this request.

5 Significance and engagement

The decisions or matters of this Agenda do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via the Agenda publication on the website.

6 Attachment

1. Request for Easement – Northpower
2. Deed of Agreement
3. S15274 – Kotata - Stage 4D and 4D Plan

Sarah Brownie

From: Jessica WOOLLAM <Jessica.WOOLLAM@northpower.com>
Sent: Thursday, April 21, 2022 8:58 AM
To: Sarah Brownie
Subject: RE: Kotata Stage 4C & 4D
Attachments: 9040 Deed of Agreement.pdf; S15274 - Kotata - Stg 4c & 4d - Rev A Aerial.pdf

Follow Up Flag: Follow up
Flag Status: Completed

EXTERNAL: This email originated from outside Whangarei District Council. Do not click links or open attachments unless you recognise the sender and know the content is safe.

Hi Sarah

Northpower requires an easement over the reserve as shown on the attached deed. Can you please advise if Council will grant an easement and if so, can the deed be signed by the relevant person.

Please let me know if you have any questions or would like me to call to discuss further.

Thanks

Jess

From: Phillip Lash <phil@reyburnandbryant.co.nz>
Sent: Thursday, 21 April 2022 8:48 AM
To: Jessica WOOLLAM <Jessica.WOOLLAM@northpower.com>
Cc: Sarah Brownie <sarah.brownie@wdc.govt.nz>
Subject: Kotata Stage 4C & 4D

Morning Jessica,

I suspect your best contact at WDC Parks would be Sarah Brownie who is the Team Leader – Infrastructure Planning, but she may require a nod from Sue Hodge who is the Parks & Recreation Manager.

I have copied Sarah in to this email to kick off the conversation.

Sarah, this relates to SL 1900011, and the request for an electricity easement. Thanks.

Kind Regards

Phillip Lash
 Director

**reyburn
&bryant**
 PLANNERS • SURVEYORS

m 021 761 016 | p 09 438 3563 | f 09 438 0251
PO Box 191 Whangarei 0140 | www.reyburnandbryant.co.nz

From: Jessica WOOLLAM <Jessica.WOOLLAM@northpower.com>
Sent: Tuesday, 19 April 2022 12:27 pm
To: Phillip Lash <phil@reyburnandbryant.co.nz>
Subject: RE: 15274 Kotata Stage 4C & 4D LT 574894

Hi Phil

Apologies this one slipped past me as there is an external contractor that is completing the reticulation.

I have attached an updated deed that is to be used for WDC. We don't require the Kotata Developments deed as that easement can be covered under the subdivision.

Do you have a contact at WDC that I can pass this on to, to be signed.

Thanks

Jess

From: Phillip Lash <phil@reyburnandbryant.co.nz>
Sent: Wednesday, 13 April 2022 5:14 PM
To: Jessica WOOLLAM <Jessica.WOOLLAM@northpower.com>
Subject: FW: 15274 Kotata Stage 4C & 4D LT 574894

Hi Jess,

We are working with Kotata Developments on Stage 4C and 4D and the client provided the attached documents noting the required easements.

I see Northpower are after an easement over the existing WDC reserve, Lot 3 DP 96485. Just so I'm clear, has Northpower spoken to WDC regarding this? We'd need to get WDC's Parks Approval under the Reserves Act. If this isn't already in play it we'll need to action it quickly.

Thanks.

Kind Regards

Phillip Lash
Director

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& bryant**

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m 021 761 016 | p 09 438 3563 | f 09 438 0251
PO Box 191 Whangarei 0140 | www.reyburnandbryant.co.nz

From: Clare Davies-Colley <clare@bdx.nz>
Sent: Wednesday, 13 April 2022 1:20 pm
To: Phillip Lash <phil@reyburnandbryant.co.nz>
Cc: Tony Davies-Colley <tony@bdx.nz>
Subject: RE: 15274 Kotata Stage 4C & 4D LT 574894

These are the easement documents provided when we accepted the quote.

So, theoretically Northpower is aware the easement goes across reserve land and is arranging required documents as part of their process.

We have not talked to WDC about the easement.

Kind regards,

Clare Davies-Colley
Director
BDX Group Ltd

P: 09 430 2126 M: 027 473 9556
32 Logyard Rd, Port Whangarei
PO Box 328, Whangarei 0148
Email: clare@bdx.nz
Website: www.bdx.nz

From: Phillip Lash <phil@reyburnandbryant.co.nz>
Sent: Wednesday, 13 April 2022 11:52 am
To: Scott Davies-Colley <scottdc@bdx.nz>
Cc: Chris Knapp <chris@reyburnandbryant.co.nz>
Subject: 15274 Kotata Stage 4C & 4D LT 574894

Hi Scott,

I was just chatting to Chris about progressing the section 223 application for Kotata and he mentioned you would be providing details on an additional power easement required over the reserve area.

To enable this we will need a s239(2) certification from Ricardo if the easement is over the proposed esplanade reserve top up. Which 'should' be ok to add under the s223 application with Parks approval.

If there is a proposed electricity easement over the existing reserve we will need specific Council approval under the Reserves Act 1977. Just checking if this has been discussed with the Parks Department at Council at all?

Kind Regards

Phillip Lash
Director

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 PO Box 191 Whangarei 0140 | www.reyburnandbryant.co.nz

From: Chris Knapp <chris@reyburnandbryant.co.nz>
Sent: Wednesday, 13 April 2022 11:45 am
To: Phillip Lash <phil@reyburnandbryant.co.nz>
Subject: FW: 15274 Kotata Stage 4C & 4D LT 574894

I believe it is the existing as well as the below

From: Scott Davies-Colley <scottdc@bdx.nz>
Sent: Tuesday, 12 April 2022 4:48 pm
To: Chris Knapp <chris@reyburnandbryant.co.nz>
Cc: Clare Davies-Colley <clare@bdx.nz>; Tony Davies-Colley <tony@bdx.nz>
Subject: RE: 15274 Kotata Stage 4C & 4D LT 574894

Will have to sort exact power location once lived in and we can use our locator.

Also missing the easement off the end of the road for storm water down to the river.

Cheers,

Scott Davies-Colley
Project Manager
Chartered Professional Engineer
CPEng, CMEngNZ



M: 027 2559209
 32 Logyard Rd, Port Whangarei
 PO Box 11-039, Whangarei 0148
 Email: scottdc@bdx.nz
 Website: www.bdx.nz

From: Chris Knapp <chris@reyburnandbryant.co.nz>
Sent: Tuesday, 12 April 2022 10:48 am
To: Scott Davies-Colley <scottdc@bdx.nz>
Cc: Clare Davies-Colley <clare@bdx.nz>; Tony Davies-Colley <tony@bdx.nz>
Subject: RE: 15274 Kotata Stage 4C & 4D LT 574894

Hi Scott

3m should be fine assuming the lines are underground – let me know where they run and we will get the easement added – are there any other changes required?

Kind Regards

Chris Knapp

Licenced Cadastral Surveyor



m 021 244 6619 | p 09 438 3563

PO Box 191 Whangarei 0140 | www.reyburnandbryant.co.nz

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From: Scott Davies-Colley <scottdc@bdx.nz>
Sent: Tuesday, 12 April 2022 9:23 am**To:** Chris Knapp <chris@reyburnandbryant.co.nz>**Cc:** Clare Davies-Colley <clare@bdx.nz>; Tony Davies-Colley <tony@bdx.nz>**Subject:** RE: 15274 Kotata Stage 4C & 4D LT 574894

Hi Chris,

One thing that is missing is the power easement for the HV to the transformer to the lines down the bottom. How wide can these min be? 3m?

Cheers,

Scott Davies-Colley**Project Manager***Chartered Professional Engineer**CPEng, CMEngNZ*

M: 027 2559209

32 Logyard Rd, Port Whangarei

PO Box 11-039, Whangarei 0148

Email: scottdc@bdx.nzWebsite: www.bdx.nz

From: Tony Davies-Colley <tony@bdx.nz>
Sent: Monday, 11 April 2022 6:55 pm

To: Scott Davies-Colley <scottdc@bdx.nz>; Clare Davies-Colley <clare@bdx.nz>

Subject: Fwd: 15274 Kotata Stage 4C & 4D LT 574894

Check this. I have .Scott see 4.5 m easement below stag 1 lot 13 for services . Check stage 5 as this is over width easement. Other wise looks ok.

Sent from my iPad

Begin forwarded message:

From: Chris Knapp <chris@reyburnandbryant.co.nz>

Date: 11 April 2022 at 3:52:05 PM NZST

To: Tony Davies-Colley <tony@bdx.nz>

Subject: FW: 15274 Kotata Stage 4C & 4D LT 574894

Hi Tony

Please find attached the draft LT Plan for Stages 4C & D Kotata – I haven't sent them to anyone else yet as was waiting until you checked and okayed.

Let me know if you require any changes.

Kind Regards

Chris Knapp

Licenced Cadastral Surveyor

m 021 244 6619 | **p** 09 438 3563

PO Box 191 Whangarei 0140 | www.reyburnandbryant.co.nz

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Deed of Agreement: Easement in Gross

LOCATION: Kotata Rise, Raumanga

THIS DEED IS DATED _____

PARTIES:

BETWEEN **NORTHPOWER LIMITED** and **NORTHPOWER FIBRE LIMITED** for their respective rights and interests ("the Grantees")

AND Whangarei City Council, the registered owner of the land described in Schedule 1 through which the electricity and Telecommunications will be reticulated ("the Owner")

AND Kotata Developments, the party that has requested that the Electrical Works and Telecommunications Works be undertaken ("the Requestor")

BACKGROUND:

- A. The Owner is the registered owner of the Land.
- B. The Requestor has requested and the Owner has agreed that the Grantees be permitted to undertake works necessary to reticulate electricity and Telecommunications on the Land within the Easement Area.
- C. The Owner agrees to grant an easement in gross to the Grantees ("Easement") and the Requestor agrees to pay all costs associated with the creation, survey and registration of the Easement.

THE PARTIES AGREE:

1. Reticulate Electricity and Telecommunications

- 1.1. The Grantees shall have the right in accordance with clauses 3.2 and 3.3 of the Easement Form to enter and remain on the Easement Area and any other parts of the Land as are reasonably necessary with or without tools, plant, equipment and vehicles for all purposes associated with the creation and exercise of the Easement rights conferred by this deed, including the installation and construction of any Electrical Works and Telecommunications Works.





- 1.2. The Owner will allow the surveyor, engaged by the Requestor or the Grantees, access to the Land to survey the Easement Area in order to effect a survey for the purposes of registration of the Easement.
- 1.3. The Easement Area may be varied by agreement in writing between the Grantees and the Owner. The Owner must not unreasonably withhold or delay its approval to a request from the Grantees for a variation to the Easement Area.

2. Easement

- 2.1. In consideration of the sum of \$1 plus GST (if any) (receipt of which is acknowledged) the Owner agrees to grant the Easement to the Grantees over the Easement Area, to run with the Land forever and to be registered against the record of title(s) for the Land.
- 2.2. The Owner acknowledges that no compensation, reimbursement or other form of consideration, other than the payment required under clause 2.1 above, shall be payable by the Grantees to the Owner in return for granting the Easement and the other rights provided for in this deed.
- 2.3. As from the date of this deed, the Owner and the Grantees are bound by the terms, covenants and provisions contained in the Easement Form as if the Easement had been registered against the title to the Land. If the terms of this deed are in conflict with the terms of the Easement Form, the terms of this deed shall prevail until such time as the Easement Form is registered.
- 2.4. The Requestor (or, if no Requester is named at the start of this deed, the Grantees):
- 2.5. shall be responsible for arranging and for all costs for the surveying of the Easement Area and preparation and registration of the Easement; and
- 2.6. must reimburse the reasonable legal fees of and incidental to the perusal and execution of this deed and the grant of the Easement incurred by the Owner and Grantees, including any reasonable fees incurred in obtaining any consents required under clause 2.8.
- 2.7. If the Requestor fails to have the Easement surveyed, prepared, signed and registered within 90 days of the Electrical Works and Telecommunications Works being completed (as notified by the Grantees to the Requestor and Land Owner), the Grantees shall be entitled to complete the surveying and registration of the Easement. All costs incurred by the Grantees in taking action under this clause shall be recoverable as a debt from the Requestor.
- 2.8. The Owner must when called upon to do so by the Requestor or Grantees promptly sign provide relevant details (including identification) and have properly witnessed all documents (including authority and instruction forms) and do all other things reasonably required to enable registration of the Easement with Land Information New Zealand including obtaining the consent of all mortgagees, chargeholders, encumbrancees or grantees having an interest in the Land to the Easement.
- 2.9. If the Owner fails to obtain all consents required under clause 2.8 or to sign all documents required to register the Easement within 90 days of the Electrical Works and Telecommunications Works being completed, the Grantees shall be entitled to





obtain such consents and complete the surveying and registration of the Easement. For this purpose the Owner hereby irrevocably appoints each of the Grantees as the Owner's attorney to undertake all actions and sign all instruments necessary for the creation and registration of the Easement.

3. Caveat

- 3.1. The Grantees are entitled to lodge a caveat against the record of title(s) for the Land to protect their rights under this deed, to be released at the same time as the Easement is registered.
- 3.2. The Owner agrees that they will not sell the Land, grant any mortgage or otherwise transfer or dispose of the whole or any part of their estate or interest in the Land prior to the registration of the Easement without first ensuring the party acquiring such estate or interest enters into a deed of covenant with the Grantees (in a form acceptable to the Grantees) under which that party agrees to be bound by the terms of this deed. The deed of covenant will be prepared by the Grantees' solicitors at the Owner's expense.

4. Further Assurances

- 4.1. Each party must do all things and execute all documents reasonably necessary to give full effect to the provisions of this deed.

5. Interpretation

- 5.1. "Easement" means an easement in gross for rights to convey electricity and Telecommunications over the Easement Area on the terms set out in the Easement Form.
- 5.2. "Easement Area" means the easement area shown on the plan attached as Schedule 2, subject to survey and to any variations agreed under clause 1.4.
- 5.3. "Easement Form" means the form of easement appearing in Schedule 3, amended to show the names of the grantor(s), plan references and burdened land(s).
- 5.4. "Land" means the land described in Schedule 1.
- 5.5. "Telecommunications" has the same meaning as that term as defined in the Easement Form.
- 5.6. The terms "Electrical Works" and "Telecommunications Works" each have the same meaning as those terms as defined in the Easement Form and in each case include (without limitation) such works as the Grantees consider necessary or expedient for the purpose described in clause 1.1 and to give effect to their rights under this deed and the Easement.



SIGNED AS A DEED:

SIGNED by NORTHPOWER LTD and NORTHPOWER FIBRE LTD <hr/> (Authorised signatory) <hr/> (Name of signatory)	in the presence of:	
	<hr/> Witness Signature	<hr/> Name
	<hr/> Occupation	<hr/> Address

SIGNED by the Owner(s)	in the presence of:	
_____	_____	_____
	Witness Signature	Name
_____	_____	_____
The Owners signature(s) (All Landowners to sign)	Occupation	Address

SIGNED by the REQUESTOR (If applicable) _____ The Requestors signature	in the presence of:	
	_____	_____
	Witness Signature	Name
	_____	_____
	Occupation	Address

NOTE: An independent witness must witness each signature at the time of signing





SCHEDULE 1 - LAND DETAILS

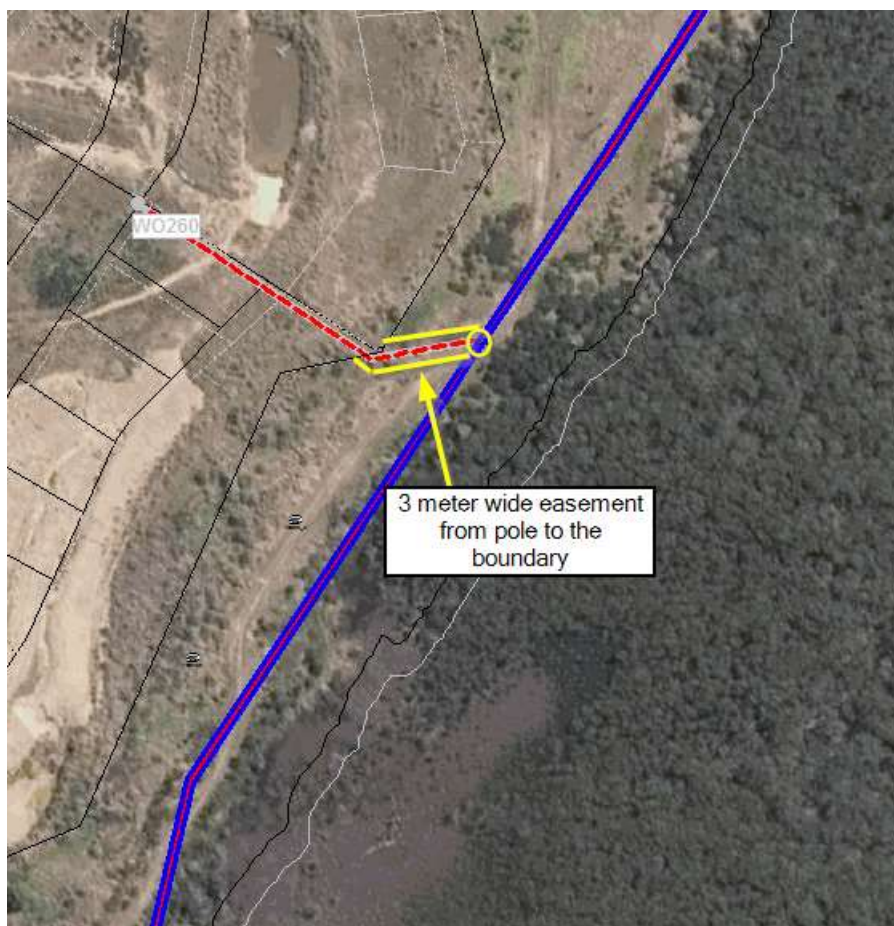
(The Land through which the electricity and telecommunications will be reticulated)

Description of the Land:	Lot 3	DP 96485	Record of Title(s) NA55A/312
Address of the Land:	Local Purpose Reserve (Esplande) Kotata Rise, Raumaga		
The Owner: (Registered Owner)	Whangarei City Council		
Land Owner's Solicitors Contact Details:			





SCHEDULE 2 - PLAN





SCHEDULE 3 - EASEMENT FORM

EASEMENT INSTRUMENT ANNEXURE SCHEDULE

1. DEFINITIONS

1.1 In this instrument unless the context indicates otherwise:

"Easement Area" means those parts of the Land referred to in Schedule A as being subject to a right to convey electricity and a right to convey Telecommunications;

"Electrical Works" means the Works, Electrical Installations, Electrical Appliances, Fittings and Associated Equipment, as those terms are defined in the Electricity Act 1992, presently fixed or installed on, over or under the Easement Area, or to be fixed or installed on, over or under the Easement Area in substitution, addition or replacement for them, whether of the same, smaller or larger dimensions or capacity;

"Emergency Situation" means a situation in which there is a probable danger to life or property or immediate risk to the continuity or safety of supply or distribution of electricity or telecommunications;

"Grantees" means Northpower Limited, Northpower Fibre Limited and their successors, transferees and assigns;

"Grantees' Authorised Persons" means the Grantees' subsidiary and related companies, and the agents, employees, contractors, lessees, licensees, representatives and invitees of the Grantees and the Grantees' subsidiary and related companies;

"Grantor" means the registered owner of the Land and includes their heirs, executors, administrators and assigns;

"Land" is the land owned by the Grantor described in Schedule A;

"Burdened Land" means the Burdened Land as set out in Schedule A;

"Telecommunications" means the conveyance, transmission, emission or reception by electromagnetic means from one device to another of any encrypted or non-encrypted sign, signal, impulse, writing, image, sound, instruction, information, or intelligence of any nature, whether for the information of any person using the device or not (and for the avoidance of doubt, includes any conveyance that constitutes broadcasting);

"Telecommunications Works" means any cables, ducts, wires or conductors of any other kind (including, without limit, fibre optic cables) used or intended to be used for the transmission or reception of Telecommunications and any instrument, furniture, plant, office, building, machinery, engine, excavation, or work, of whatever description, used in relation to, or in any way connected with those cables, ducts, wires or conductors presently fixed or installed on, over or under the Easement Area, or to be





fixed or installed on, over or under the Easement Area in substitution, addition or replacement for them, whether of the same smaller or larger dimensions or capacity;

“Works Owner(s)” means the Grantees, the Grantees’ subsidiary and related companies, or any other person(s) the Grantees authorise to install Electrical Works or Telecommunications Works, and includes such person(s) as they may transfer ownership to.

2. GRANT OF ELECTRICITY AND TELECOMMUNICATIONS EASEMENTS

2.1 The Grantor grants to the Grantees, as easements in gross forever, the rights to:

2.1.1 convey, reticulate, convert, transform, transmit, supply and use electrical energy and power by means of the Electrical Works; and

2.1.2 convey, reticulate, convert, transform, transmit, supply and use Telecommunications, by means of the Telecommunications Works, in each case without obstruction or interruption, and in any quantity.

2.2 The Grantees and the Grantees’ Authorised Persons have the right, subject to clause 3, to enter and remain on the Easement Area, and any other parts of the Land as are reasonably necessary, with or without tools, plant, equipment and vehicles to do the following work:

2.2.1 To construct, install and lay the Electrical Works and/or Telecommunications Works on, over or under the Easement Area, at a depth or height and along a line determined by the Grantees;

2.2.2 To inspect, maintain, repair, dig up, alter, upgrade, enlarge, renew, relocate, replace or remove those Electrical Works and/or Telecommunications Works; and

2.2.3 To open up the soil of the Easement Area and make any access way, cuttings, fillings, grades, batters or trenches and to re-open the same and generally to do and perform such acts or things upon the Land and/or Works Area as may be necessary or desirable (or incidental thereto) and to do anything else in the full exercise of the rights granted under this instrument.

2.2.4 For the avoidance of doubt, the Grantor’s consent shall be deemed for the purposes of clause 10(1)(b) of Schedule 5 of the Land Transfer Regulations 2018 by virtue of this easement).

3. ACCESS

3.1 The Grantees must, before exercising the right of entry in clause 2.2:

3.1.1 Make reasonable efforts to identify the Grantor or the Land occupier;

3.1.2 Give reasonable notice to the Grantor or the Land occupier of the Grantees’ intention to enter the Land, except in an Emergency Situation





when prior notice is not required and for the avoidance of doubt, clause 12(2) of Schedule 5 the Land Transfer Regulations 2018 does not apply;

3.1.3 Identify the work they intend to carry out.

The Grantees are not required by reason of the obligations in this clause to delay entry onto the Land from the date notified.

3.2 The Grantees, in entering the Land, will take reasonable steps to minimise inconvenience to the Grantor or the Land occupier, including:

3.2.1 Liaising with the Grantor to arrange a suitable time of entry to the Easement Area (unless this is not possible due to an Emergency Situation);

3.2.2 Leaving gates as they are found (if applicable);

3.2.3 Driving in a safe manner and taking reasonable steps not to disturb stock; and

3.2.4 Avoiding access through specific areas identified by the Grantor unless necessary to access the Electrical Works and Telecommunications Works.

The Grantees are not required to delay entry onto the Land or to pay any money or other consideration to the Grantor or any occupier of the Land by reason of the obligations in this clause.

3.3 When accessing the Easement Area, the Grantees will:

3.3.1 Complete the Electrical Works and Telecommunications Works as soon as possible with as little damage as possible to the Land and any vegetation, fences or improvements on it; and

3.3.2 Use all reasonable endeavours to repair and make good all damage caused to the Land by the Grantees or the Grantees' Authorised Persons as a result of carrying out the Electrical Works and Telecommunications Works.

4. OWNERSHIP

Ownership of the Electrical Works and Telecommunications Works will at all times be vested in the Works Owner(s) and no part of the Electrical Works or Telecommunications Works will become a fixture on the Burdened Land or in any building on the Burdened Land. No person, company, or other party has an interest in the Electrical Works and Telecommunications Works by reason only of having an interest in the Land.

5. GRANTOR'S OBLIGATIONS

5.1 The Grantor will not, without the prior written permission of the Grantees (which will not be unreasonably withheld):





- 5.1.1** On the Easement Area or within the minimum distance from the Electrical Works and Telecommunications Works as advised by the Grantee from time to time (having regard to the relevant codes of practice and statutory or regulatory requirements applicable from time to time) do or allow the following:
- (a) construction of any fencing or walls;
 - (b) placement of any buildings or structures;
 - (c) carrying out any earthworks or stockpiling;
 - (d) removal of any soil, substance or material;
 - (e) establishment of any trees, or other vegetation that can cause interference or restrict access;
- 5.1.2** Construct or permit the construction of any roads or driveways on the Easement Area except where the easement is over an access or right of way already in existence or created at the time of registration of this easement;
- 5.1.3** Do or allow anything to be done which would interrupt or restrict the transmission of electrical energy or Telecommunications or interfere with or affect the other rights of the Grantees under this easement;
- 5.1.4** Impede the Grantees' access over the Land or the Easement Area to the Electrical Works and Telecommunications Works.
- 5.2** The Grantor may put up fencing or gates on any part of the Easement Area as long as:
- 5.2.1** The Grantor first notifies the Grantees of this intention;
 - 5.2.2** Before the Grantor erects the gates or fences, the Grantees have marked the location of the Electrical Works and Telecommunications Works; and
 - 5.2.3** If in the reasonable opinion of the Grantees, the design or location of any proposed fence or gate may interfere with the operation of the Electrical Works and/or the Telecommunications Works, the Grantee may prescribe the height, material used and/or location of the fence or gate.
- 5.3** The Grantor must not knowingly cause or permit (or omit to do any act or thing that causes) flooding of the Easement Area.
- 5.4** In the event of any breach by the Grantor of its covenants under clauses 5.1, 5.2 or 5.3, the Grantees may give the Grantor written notice of any failure to comply with the requirements and specify what is required to remedy such failure and a timeframe for doing so. If the Grantor fails to remedy such failure within the time frame specified in the notice, the Grantees may at all times at the Grantor's





reasonable cost and at the Grantor's risk, remove any natural or cultivated vegetation or improvement which will interfere with the rights granted by this instrument.

6. HEALTH AND SAFETY

- 6.1** The Grantees acknowledge that they have responsibilities as a 'person conducting a business or undertaking' under the Health and Safety at Work Act 2015 (*HSAWA*), including under any applicable regulations and approved codes of practice relevant to the *HSAWA*.
- 6.2** When exercising its rights under this easement, the Grantees shall at all times comply with their health and safety obligations under the *HSAWA* and at law generally.
- 6.3** If the Grantor is also a 'person conducting a business or undertaking' because it conducts a business or undertaking on the Land, the Grantor acknowledges that it also has responsibilities under the *HSAWA*.
- 6.4** The parties agree that:
 - 6.4.1** the Grantor will inform the Grantees or the Grantees' Authorised Persons of the Grantor's reasonable rules or procedures regarding health and safety of persons on the Land prior to their entry;
 - 6.4.2** the Grantor shall comply with the Grantees' health and safety policies and procedures in relation to the Easement Area, the Electricity Works and Telecommunications Works; and
 - 6.4.3** the Grantor and Grantees shall comply with and use all reasonable endeavours to ensure their visitors comply with all health and safety signs, notices, policies and instructions issued or displayed on or at the Land.

7. MAINTENANCE

The Grantees are responsible for maintaining the Electrical Works and Telecommunications Works in the Easement Area so that they do not become a nuisance or a danger, provided that notwithstanding any other provision of this easement, if any maintenance, repair or replacement of the Equipment or any part of the Equipment, is necessary because of any act or omission, neglect or fault of the Grantor (including any tenant, licensee, employee, invitee, contractor or agent of the Grantor), then the Grantor shall be responsible for the whole cost of any such maintenance, repair or replacement.

8. NO POWER TO TERMINATE

There is no implied power in this instrument for the Grantor to terminate the easement rights due to the Grantees breaching any term of this instrument or for any other





reason, it being the intention of the parties that the easement rights will continue forever unless surrendered.

9. LICENCE AND ASSIGNMENT

- 9.1** The Grantees may assign, transfer, lease, licence or otherwise grant or permit the use of all or any part of their rights, obligations and interests under this instrument without needing to obtain the Grantor's consent. The Grantor will if requested to do so by the Grantees sign such documents and obtain such consents as are required to enable registration of a transfer or assignment of part or all of a Grantee's interest under this instrument against the Record of Title(s) for the Land. The Grantees must reimburse the Grantor for the reasonable legal fees incurred by the Grantor when complying with the Grantor's obligations under this clause.
- 9.2** The liability of a Grantee under this instrument is limited to obligations and liabilities arising while that Grantee is the registered owner of the benefit of this easement, and ceases (except for any obligation or liability which has arisen during their time as registered Grantee) upon registration of any transfer or assignment of their interest as Grantee.
- 9.3** If at any time there is more than one Grantee, their liability to the Grantor shall be joint and several.

10. STATUTORY PROVISIONS

The easement rights are in substitution for those set out in Schedule 5 to the Land Transfer Regulations 2018, but otherwise this easement does not affect any statutory powers which the Grantees may have. The terms contained in this instrument shall be subject to and do not derogate from the rights and powers of the Grantee under any contract for the supply of electricity or the Electricity Act 1992.

11. DISPUTES

If any dispute arises between the Grantor and Grantees about the rights in this instrument which cannot be resolved by negotiation, the parties must submit at the request of either party to the arbitration of an independent arbitrator. This arbitrator is to be appointed jointly by the parties, and if they cannot agree on one within 14 days, to be appointed by the President for the time being of the branch of the New Zealand Law Society where the Land is situated. The arbitration will be determined in accordance with the Arbitration Act 1996 and its amendments or any statute which replaces it. The parties' execution of this instrument is to be treated as a submission to arbitration.






CAUTION:

1. THIS DRAWING SHOULD NOT BE AMENDED MANUALLY.
2. AREAS & DIMENSIONS ARE APPROXIMATE ONLY AND ARE SUBJECT TO FINAL SURVEY.
3. THE VENDOR & PURCHASER MUST CONTACT THE SURVEYOR IF SALE & PURCHASE AGREEMENTS ARE ENTERED INTO USING THIS PLAN.
4. SERVICES MUST NOT BE POSITIONED USING THIS PLAN.
5. DO NOT SCALE OFF DRAWINGS.
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7. DESIGNED BY REYBURN & BRYANT - WHANGAREI - NEW ZEALAND

EXISTING EASEMENT IN GROSS

PURPOSE	SHOWN	SERV. TENE.	GRANTEE/ CREATED
RIGHT TO CONVEY ELECTRICITY TELECOM. & COMPUTER MEDIA	(H)	LOT 200 HEREON	N'POWER LTD LT 513969

SEE SHEETS 02 & 03
FOR PROPOSED EASEMENTS

 STAGE 4C STAGE 4D

TOTAL AREA: 22.5045Ha

COMPRISED IN:

LOT 100 SL1800017 (STAGE 4B)

THIS SITE IS PARTLY ZONED ' BUSINESS 2 ' WHERE THE BUILDING SETBACKS ARE THUS: 2.5m FROM ROAD BOUNDARIES, 3m FROM LIVING, OPEN SPACE AND BUSINESS 3 ENVIRONMENTS. AND PARTLY ZONED ' LIVING 1 ' WHERE THE BUILDING SETBACKS ARE THUS: 4.5m FROM ROAD BOUNDARIES, 3m FROM ALL OTHERS WITH ONE REDUCIBLE TO 1.5m

A	25.03.19	FIRST ISSUE - TK/SB
REV	DATE	DESCRIPTION
REF: DATA: STAGE 4A & 4B - 14731		

REF. DATA: STAGE 4A & 4B - 14731

**reyburn
&bryant**

Ph: 09 438 3563

PO Box 191, Whangarei 0140

7 Selwyn Ave, Whangarei

www.reyburnandbryant.co.nz

CLIENT KOTATA DEVELOPMENTS LTD
HIGH STREET, MORNINGSID
WHANGAREI

TITLE

STAGE 4C & 4D: OVERALL

PROPOSED SUBDIVISION
OF LOT 100 SL18000017

DATE	MARCH 2019	SCALE	1:3000 @A3	
NO.	S 15274	SHEET	1/3	Rev. A



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PROPOSED EASEMENT SCHEDULE			
PURPOSE	SHOWN	SERV.TENE.	DOM.TENE.
ROW & SERVICES	D	LOT 18 HEREON	LOTS 11 - 17 HEREON
	E	LOT 17 HEREON	LOTS 11 - 16 & 18 HEREON

SEE SHEET 01 OF 03 FOR
EXISTING EASEMENT IN GROSS SCHEDULE

TOTAL AREA: 22.5045Ha
COMPRISED IN:
LOT 100 SL1800017 (STAGE 4B)
THIS SITE IS PARTLY ZONED 'BUSINESS 2' WHERE THE BUILDING SETBACKS ARE THUS: 2.5m FROM ROAD BOUNDARIES, 3m FROM LIVING, OPEN SPACE AND BUSINESS 3 ENVIRONMENTS, AND PARTLY ZONED 'LIVING 1' WHERE THE BUILDING SETBACKS ARE THUS: 4.5m FROM ROAD BOUNDARIES, 3m FROM ALL OTHERS WITH ONE REDUCIBLE TO 1.5m

REV	DATE	DESCRIPTION
A	25.03.19	FIRST ISSUE - TK/SB

REF. DATA: STAGE 4A & 4B - 14731

Ph: 09 438 3563
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CLIENT
KOTATA DEVELOPMENTS LTD
HIGH STREET, MORNINGSIDE
WHANGAREI

TITLE
STAGE 4C
PROPOSED SUBDIVISION
OF LOT 100 SL1800017

DATE	MARCH 2019	SCALE	1:750 @A3
NO.	S 15274	SHEET	2/3
		Rev.	A



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PROPOSED EASEMENTS IN GROSS SCHEDULE

PURPOSE	SHOWN	SERV.TENE.	DOM.TENE.
RIGHT TO DRAIN SEWAGE	(A)	LOT 35 HEREON	WHANGAREI DISTRICT COUNCIL
	(B)	LOT 34 HEREON	
	(C) (D)	LOT 33 HEREON	
	(E)	LOT 32 HEREON	
	(F)	LOT 31 HEREON	
	(G)	LOT 30 HEREON	
	(H)	LOT 29 HEREON	
	(I)	LOT 28 HEREON	
	(J)	LOT 27 HEREON	

SEE SHEET 01 OF 03 FOR
EXISTING EASEMENT IN GROSS SCHEDULE

PROPOSED LAND COVENANTS
NO BUILD AREA (MIN 5m FROM TOP OF BANK)

SHOWN	UNDERLYING PARCEL	AREA
A	LOT 35 HEREON	0.0086 Ha
B	LOT 34 HEREON	0.0086 Ha
C	LOT 33 HEREON	0.0101 Ha
E	LOT 32 HEREON	0.0097 Ha
F	LOT 31 HEREON	0.0093 Ha
G	LOT 30 HEREON	0.0110 Ha
H	LOT 29 HEREON	0.0098 Ha
I	LOT 28 HEREON	0.0108 Ha
J	LOT 27 HEREON	0.0250 Ha

TOTAL AREA: 21.9520Ha - COMPRISED IN:
LOT 200 STAGE 4C
THIS SITE IS PARTLY ZONED 'BUSINESS 2' WHERE THE BUILDING SETBACKS ARE THUS: 2.5m FROM ROAD BOUNDARIES, 3m FROM LIVING, OPEN SPACE AND BUSINESS 3 ENVIRONMENTS, AND PARTLY ZONED 'LIVING 1' WHERE THE BUILDING SETBACKS ARE THUS: 4.5m FROM ROAD BOUNDARIES, 3m FROM ALL OTHERS WITH ONE REDUCIBLE TO 1.5m

A	25.03.19	FIRST ISSUE - TK/SB
REV	DATE	DESCRIPTION

REF. DATA: STAGE 4A & 4B - 14731

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CLIENT

KOTATA DEVELOPMENTS LTD
HIGH STREET, MORNINGSIDE
WHANGAREI

TITLE

STAGE 4D
PROPOSED SUBDIVISION
OF LOT 200 STAGE 4C

DATE	MARCH 2019	SCALE	1:750 @A3
NO.	S 15274	SHEET	3/3
		Rev.	A

7.9 Civic Centre Update – June 2022

Meeting: Whangarei District Council
Date of meeting: 23 June 2022
Reporting officer: Alan Adcock (General Manager – Corporate/CFO)

1 Purpose / Te Kaupapa

To update Elected Members on the Whangarei Civic Centre project and confirm the revised project budget for inclusion in the 2022/23 Annual Plan.

2 Recommendation / Whakataunga

That the Council approves an extension of the budget for the construction and fitout of the new Civic Centre at 9 Rust Avenue to \$59 million, with the budget increase reflected in the 2022/23 Annual Plan.

3 Background / Horopaki

In February 2020 Council resolved to construct a new Civic Centre on the old RSA site on Rust Avenue with a budget of \$48 million.

While the project budget in the 2021/31 Long Term Plan (LTP) was originally \$38 million, a subsequent comprehensive review of Council's present and future needs showed that the original scope (for a building of 5000m²) proposed at that time was inadequate. Council also decided to add enough space to house the Northland Transport Alliance, which includes staff from Whangarei District, Kaipara District, Far North District, Northland Regional Councils, as well as local Waka Kotahi staff, meaning a building of 8,000 m² with capacity for 470 workstations was required.

Project execution began, with the design process progressing with all parties working to the \$48 million budget. However, a number of issues have meant that the project cost will now exceed this budget by a considerable margin.

4 Discussion / Whakawhiti kōrero

Two days after the design phase started on 23 March 2020 the entire country went into Level 4 Lockdown as the first wave of COVID 19 struck. The pandemic has had ongoing negative impacts on the project.

While some elements of the design process could proceed via virtual collaboration, we could not progress any matters related to Resource Consent conditions arising from the Cultural Impact Assessment, as it was impossible to hold hui with affected hapū. While we were eventually able to hold hui and establish a Roopu Kaumatua liaison group that has been engaged throughout design and construction, this issue had ongoing consequences to the project as some critical final design approvals have been significantly delayed.

Notwithstanding those challenges, the Preliminary Design was completed, with a forecast cost prepared by CUESKO, the independent Quantity Surveyor of \$45 million. This design was used as the basis for a staged Building Consent process.

As the design and related consent processes continued the impacts of the COVID pandemic were starting to be felt, with increased cost pressures becoming evident. At the same time, there was increasing concern about the performance of the resources assigned to the project by CUESKO as the independent Quantity Surveyor. At WDC's request additional CUESKO resources were added to support this function, but it was becoming apparent that there were some deficiencies in the cost information that was being provided. Given the concerns about the accuracy of the costing information provided, WDC signalled to CUESKO that we intended to have an independent peer review of their work undertaken, and they were also asked to assign different resources to the project. However, they decided to withdraw their services from the project completely.

At this point (April 2021) BBD were procured to the project to replace CUESKO and were asked to review all cost assumptions to date (effectively providing the peer review). This review confirmed that the costs forecast by CUESKO appeared insufficient to complete the project to the current scope. A revised cost estimate of \$55.1 million was initially put forward by BBD, but (at that time) it was agreed their contingency allowances could be reduced, with a forecast cost of \$54.1m presented to Elected Members in a Workshop in June 2021.

A summary of forecast construction costs at three different points is included as Attachment 1:

- CUESKO Developed Design Estimate at Dec 2020
- BBD Developed Design Estimate at Apr 2021
- BBD Forecast Cost to Complete at May 2022

This Workshop was attended by Elected Members and Council staff as well as representatives from CANAM, Team Avery Architects, Littoralis (Landscape Design), BBD and TBIG (Project Manager). The Developed Design of the Civic Centre was presented, along with landscape plans for the wider Civic precinct and an analysis of project deliveries against the Elected Members' 'wish list' that was developed at the project initiation stage. The revised forecast cost of \$54 million to complete to this agreed scope was discussed, along with various options:

1. Reduced scope with re-design to meet needs at the minimum compliant level (i.e. lower quality materials)
2. Reduced scope at the current overall design (i.e. only fit out to current needs, substitute products to reduce purchase costs, but accepting greater maintenance/renewal costs)
3. Pause or cancel project
4. Continue at current scope accepting increased costs

A clear majority of Elected Members indicated they wished to pursue the 4th option, noting that there was still considerable uncertainty about forecast costs as the final building consent processes were still to be completed and there was considerable procurement still to do.

There was general agreement that additional budget would be considered once there was more certainty about those costs, but that the project should proceed with the same deliverables in the meantime. Releasing information about the projected cost increases and adjusting the budget was discussed; with the general consensus being that there were still too many unknowns to forecast final costs with any certainty. Instead staff were asked to prepare an agenda item outlining overall cost pressures on capital projects. A report titled 'Pressures on Capital Projects' was subsequently presented to the Risk & Audit Committee on 22 Sep 2021 (Attachment 2).

While every effort has been made to contain costs within this revised forecast cost, the cumulative effect of COVID-related issues (such as supply chain disruption and price

escalations) on top of the unexpected events that a project of this complexity normally entails, has now seen cost escalations well above planned contingencies.

Examples of non-COVID issues include:

- Additional asbestos that was not evident in the pre-demolition survey
- Unexpected mitigation measures arising from Cultural Impact Assessment e.g. \$100k plus costs related to works outside project footprint
- Restrictive (and unexpected) conditions related to piling process causing time extensions
- Delays in the Resource Consent and Building Consent processes (outside statutory timeframes)
- Late requirement to add a Water pump room as mains supply proved inadequate to meet fire standards.

However, the main cost pressures relate to the impacts of COVID. While some issues (such as Auckland lockdowns) have had a direct impact, there have been multiple indirect aspects as the cost of resolving even simple issues between design and execution have increased.

Examples include:

- Several Extension of Time claims at a daily rate of \$5,976 plus additional cost for the likes of scaffolding, propping, security etc. due to site shut down. These now total \$550,634
- Significant increase in the cost of construction materials
- Significant supply chain logistics affecting the entire construction sector
- Sub-contractor and equipment substitution at higher cost due to Auckland border lockdowns
- Air-freighting some components at higher cost as shipping timeframes would take the supply and installation of components on the critical path late
- Delays or unavailability of specified products, with higher cost alternatives the only options in some cases
- Liquidation of the preferred supplier for one component, with only one alternative available at considerably higher cost
- Sub-contractors charging at higher rates than budgeted due to increased demand for their services
- Costs of renting warehouse space to store goods ordered in advance of installation to secure supply
- Increased security on site (now 24 hours) due to increased risk of product theft
- Project prolongation leading to increased consultant costs.

During this period the project team have made considerable efforts to contain costs without compromising the project deliverables. While some cost increases have been avoided by the Early Contractor Involvement (ECI) approach used (with significant savings in structural steel and window joinery stand-out examples), it has been impossible to achieve savings across the board. For example, a process to value engineer (VE) a component that would ordinarily lead to savings has seen any potential savings eroded by increased prices for both materials and labour over the time the VE process has taken; meaning minimal (if any) net savings can be realised.

Forecast completion costs have been under constant review as the project procurement process continued and construction progressed, with monthly reviews considered by the Project Steering Committee. Since November 2021 through to May 2022 it appeared that the project could be completed for around \$55 million, although it was apparent that contingency funds were being rapidly depleted. However, as the final phases of procurement were completed it became apparent that project costs could no longer be contained within this forecast amount.

At the June Project Steering Committee meeting a revised forecast completion cost of \$56.4 million (without contingency) was tabled by BBD. Their recommendation is to include a further \$2.4 million of contingency, bringing the total forecast completion cost to \$59 million.

This is obviously well above the previous approved budget of \$48 million, but it should be noted that the construction process coincided with unprecedented events arising from the COVID pandemic.

These issues are not unique to this project. BBD have reviewed cost escalations across different project types nationally over the last three years and advise there has been a recorded cost increase of 12% for the last 12 months for projects of this type, which roughly coincides with the period since they presented their forecast completion cost estimate of \$54.1 million to Council. Applying this increase would give an estimated completion cost of \$60.6 million, which is above the \$59 million forecast just prepared by BBD. This indicates that while this project is going to come in well above budget, the variance is less than other similar projects underway in NZ over this period.

There is also ongoing pressure on the Practical Completion Date, which is the point where the building is fully commissioned and ready for occupation. While currently scheduled for early November 2022, recently emerging issues with the supply and installation of under-ceiling insulation and acoustic materials are likely to see this date deferred to mid-late December 2022. This matter is still under negotiation at the point of completing this agenda item.

4.1 Financial/budget considerations

While this report covers the need to increase budget to cover forecast completion costs, it is important to note that funds actually expended to date are still well within approved budgets. As at May 2022 total expenditure to date is \$22 million, against the (currently) approved budget of \$48 million. As such, all expenditure to date is fully funded through LTP / Annual Plan budget processes.

Pending approval of the budget increase to \$59 million, the additional funding will be included in the 2023 Annual Plan, due for adoption on 30 June 2022. This increase can be accommodated without compromising any parameters in the 2021-31 Financial Strategy adopted in the LTP.

4.2 Options

Council could choose not to approve the budget increase, meaning any costs above the current \$48 million would be classified as unbudgeted expenditure. Assuming all other capital works in the LTP/Annual Plan were completed, this would result in a higher than budget debt level.

While it is still possible to make some cost savings, it will be difficult to achieve any significant savings without compromising consent conditions, reducing the quality of visible finishes (such as acoustic wall panels) or simply deferring expenditure until a later date. While every effort will be made to find cost savings that do not lead to these outcomes, a wholesale value engineering process at this late stage of the project is not recommended as there would be little, if any benefit realised.

4.3 Risks

As there are still so many issues outside the project team's control there will be significant and ongoing cost and time pressures until construction is completed. For example, there are still critical components that are being supplied from factories in China that are still in lockdown with no forecast date of re-opening. When they do open there will be an inevitable backlog of production to meet customer orders. This in turn could lead to delays in the final assembly of products by NZ suppliers. If these are on the critical path to completion there could be further delays, which in turn will give rise to additional costs. While there are mitigants in place for some items (such as Uninterruptible Power Supply Units), this is not feasible for everything.

There will therefore be ongoing risks to both budgets and completion date that cannot be fully mitigated until the project is finished.

5 Significance and engagement / Te Hira me te Arawhiti

The decisions or matters of this Agenda do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via Agenda publication on the website and proactive contact with local media.

6 Attachments / Ngā Tāpiritanga

1. Cost Estimate / Forecast Summary
2. Pressures on Capital Projects – Report to Risk & Audit Committee Sep 2021

19200

Whangarei Civic Centre

Estimated to Final Forecast cost reconciliation

June 17, 2022

	Cuesko Developed Design Estimate rev 1 17.12.2020	BBD Developed Design Estimate 29.04.2021	Total Element Difference between estimates	Actual Trade Procurement adjustment to BBD est	Final actual Package Procurement Cost
	A	B	B-A	C	B+C
Demolition and Enabling works	949,990	949,990	0	0	\$ 949,990
Building works					
Site Preparation	369,900	409,456	39,556		\$ 409,456
Substructure	2,711,700	2,984,095	272,395		\$ 2,984,095
Frame	3,053,600	3,874,423	820,823	(249,920)	\$ 3,624,503
Upper Floors	1,846,700	1,935,520	88,820		\$ 1,935,520
Roof	651,100	801,248	150,148	41,584	\$ 842,832
External walls and finish	1,748,600	2,258,795	510,195	332,987	\$ 2,591,782
Windows and External doors	1,910,600	3,072,850	1,162,250	(1,064,363)	\$ 2,008,487
Stairs and Balustrades	463,500	813,830	350,330	(5,959)	\$ 807,871
Internal walls	2,897,700	2,312,489	(585,211)	(46,320)	\$ 2,266,169
Internal Doors	558,100	610,200	52,100	19,456	\$ 629,656
Floor finishes	749,600	861,714	112,114	(176)	\$ 861,538
wall finishes	360,800	773,060	412,260	289,388	\$ 1,062,448
Ceiling finishes	970,700	1,304,580	333,880	562,227	\$ 1,866,807
Fittings and Fixtures	201,400	905,375	703,975	(3,639)	\$ 901,736
Sanitary Plumbing	652,600	605,229	(47,371)	20,988	\$ 626,217
Heating and Ventilation	3,699,900	4,170,839	470,939	507,292	\$ 4,678,131
Fire Services	1,373,300	1,542,584	169,284	(49,232)	\$ 1,493,353
Electrical Services	2,657,300	3,039,331	382,031	459,197	\$ 3,498,528
Vertical Transportation	315,700	341,250	25,550		\$ 341,250
Drainage	298,200	319,945	21,745		\$ 319,945
External works	623,500	1,089,385	465,885	(5,851)	\$ 1,083,534
Sundries	50,000	141,400	91,400		\$ 141,400
Canam P&G	3,976,000	3,976,000	0	216,058	\$ 4,192,058
Canam margin	1,607,100	1,956,412	349,312	(114,799)	\$ 1,841,613
Change requests to date	34,600		(34,600)		\$ -
	34,732,190	41,050,000	6,317,810	908,920	41,958,920
IFC variations - movement between tender to Construction documentation. Offset against contingency provisions for same					\$ -
Korok panels				59,848	\$ 59,848
BC03 carpentry				233,691	\$ 233,691
Facades and Flashings				38,850	\$ 38,850
Metalwork				51,834	\$ 51,834
Steel stud and gib				281,129	\$ 281,129
Civil bulk earthworks				121,418	\$ 121,418
Piling				(86,973)	-\$ 86,973
Suspended floors				270,869	\$ 270,869
Intumescent painting				298,547	\$ 298,547
Fire Services				97,666	\$ 97,666
Electrical services				131,739	\$ 131,739
Mechanical Services				212,904	\$ 212,904
				1,711,522	\$ 1,711,522
On site risk and design development variations. Offset against contingency provision for the same					
External façade co-ordination				63,542	\$ 63,542
Structural frame and co-ordination				352,430	\$ 352,430
Suspended flooring ribs revised layout				302,328	\$ 302,328
Atrium Fire cell and stair design development				88,530	\$ 88,530
Furniture store room				39,335	\$ 39,335
Escape stair detailing				91,499	\$ 91,499
Alternative Operable wall supplier due to receivership of original				54,166	\$ 54,166
Other Architectural minor changes				254,289	\$ 254,289
Civil works				44,669	\$ 44,669
Universal design gantry and hardware				27,242	\$ 27,242
Transformer room				32,346	\$ 32,346
Changes to Mains cabling sizes to suit HVAC				29,815	\$ 29,815
Nabers metering				25,000	\$ 25,000
Inherent Site Defects (water mains / sprinkler incoming capacity)				130,336	\$ 130,336
Canam P&G and programming				66,324	\$ 66,324
				1,601,851	\$ 1,601,851
Program and Covid 19 Impacts					
Revised methodologies to avoid restricted labour due to borders				24,671	\$ 24,671
Increased security measures				163,939	\$ 163,939
Additional cleans				14,886	\$ 14,886
Programme Impacts - Extensions of Time				568,633	\$ 568,633
				772,128	\$ 772,128

19200					
Whangarei Civic Centre					
Estimated to Final Forecast cost reconciliation					
June 17, 2022					
	Cuesko Developed Design Estimate rev 1 17.12.2020	BBD Developed Design Estimate 29.04.2021	Total Element Difference between estimates	Actual Trade Procurement adjustment to BBD est	Final actual Package Procurement Cost
	A	B	B-A	C	B+C
FF&E	2,450,000	2,930,000	480,000	(830,000)	\$ 2,100,000
Consultant Fees	7,368,415	7,370,000	1,585	377,114	\$ 7,747,114
Consents and Contributions	560,000	660,000	100,000	0	\$ 660,000
Project Contingency					
Future Cost escalation		320,000		(320,000)	\$ -
Design development of BC004 [based on 5%]		1,090,000		(1,090,000)	\$ -
On Site Risk on BC003 and 04 [based on 5%]		1,740,000	3,150,000	(1,740,000)	\$ -
June 2022 budget reset contingency to completion					
Continuing design development risk to close out all movement on procured and yet to be procured packages				700,000	\$ 700,000
On site unforeseen and co-ordination Risk rounding				1,750,000	\$ 1,750,000
				(1,536)	-\$ 1,536
Project Total Budget	45,110,605	55,160,000	10,049,395	3,840,000	59,000,000

Pressures on Capital Projects

Meeting: Risk and Audit Committee
Date of meeting: 22 September 2021
Reporting officer: Alan Adcock (General Manager – Corporate/CFO) and
 Simon Weston (General Manager – Infrastructure)

1 Purpose

To update elected members on issues arising from the effects of the COVID-19 pandemic and the pressures they are having on the delivery of capital projects.

2 Recommendation

That the Risk and Audit Committee notes the information in this report.

3 Background

COVID-19 has had numerous impacts over the last 18 months. While New Zealand has been affected less than other countries, global issues are now starting to have an increasing effect on capital projects.

This in turn will have impacts on the costs attributed to Council's capital works program. Potential responses at an individual project level include:

- Accepting higher costs
- Reducing project scope and/or benefit delivery
- Deferring the project until conditions improve.

In terms of the overall capital works program, consideration should be given to the effects of:

- The cumulative impact of project cost increases on Council's debt position
- Reduced service delivery if projects are not completed
- Extended project completion dates.

4 Discussion

There are several issues relevant to this situation. While each one is arguably 'manageable' in isolation, their inter-connectedness and cumulative effects are proving to be challenging. They include:

Dependency on global suppliers – many products and component parts are sourced off-shore. As well as issues with the supply of complete products, there are increasingly issues with products that have been labelled as "NZ manufactured" actually being NZ assembled from (some) imported parts.

Global shipping disruption – there are significant issues with global supply chains, and due to our isolated geographic position NZ is significantly disadvantaged. Shipping lines have reduced (or in some cases stopped) delivery to NZ, meaning lengthy delays or having to arrange re-delivery from other ports. As well as long delivery lead times, this has led to major increases in freight costs as shown in the graph below.



Recent issues with container management at Ports of Auckland has also illustrated the reliance of efficient end to end supply chains.

Building and Construction boom – While there were initial views that there would be a prolonged economic recession post-COVID, the opposite has prevailed in NZ. As well as acceleration in new home builds in response to the housing crisis, stimulus packages from Central Government have seen unprecedented levels of construction activity across all sectors. Coupled with the freight issues, this has had a direct effect on supply chains.

Supply Chain Logistics – It is becoming increasingly difficult to source materials within 'normal' timeframes, with long lead times becoming the norm. Whereas most materials could be ordered on a 'just in time' basis previously, detailed planning is required to ensure goods are available when needed to meet a construction schedule. This has led to the stock-piling of some materials (e.g. framing timber) which in turn is exacerbating supply shortages. In many cases delays in a single product type can mean an entire project is delayed. This is also placing pressure on prices.

Material prices are escalating across many fronts. As well as the issues noted above, the impacts of trade tensions between the US and China are seeing some commodity prices increase rapidly, with steel the most notable. However, virtually all construction materials are increasing at rates well above consumer inflation.

Product substitutions are one way to mitigate some of these issues but can lead to lower performance or require amendments to Building Consents. There is likely to be considerable pressure on regulatory staff to treat these as on-site variations instead.

Lockdowns have an obvious and immediate effect on projects as sites are closed (Level 4) or have to operate under constrained procedures (Levels 2 and 3). However, there are also challenges when different regions are under different levels. For example, a large amount of specialised equipment that is only required for WDC projects sporadically is owned by Auckland companies and transported to local sites as needed. This is not possible if Auckland is at Level 4, meaning project delays for WDC.

Bitumen supply will also change with NZ Refining ceasing production of bitumen in early 2021. At this stage indications are that bitumen will be supplied via Tauranga in the future, meaning significant increases in freight costs for all WDC roading projects (as well as maintenance)

Contractors' risks have risen as result of these issues, and they are now responding. Very few (if any) will offer fixed price contracts, and those who do will probably include additional risk pricing. There will also be a reluctance to commit to fixed completion dates.

The report from EBOSS (attached) is a survey of senior managers from 240 building product and material suppliers to the construction industry in July 2021. These suppliers range from small to large companies, and across various construction components. It illustrates the concerns many have for the state of the sector and while the report focuses on the building sector, similar issues are being felt in the civil engineering space.

From a WDC perspective, the issues noted above will place pressure on the delivery of the current capital works program on time and on budget. Impacts are already being felt at an individual project level. Current observations include the following:

Issue	Current Observation
Scarcity of Product	Some products are hard to source and require significant lead time. Costs increases are partly due to product or component scarcity, and part due to risk associated with logistics of sourcing offshore, or components offshore
Scarcity of Skilled labour	Some trade and professional services are difficult to attract and maintain. With low unemployment and construction buoyant, we are seeing cost increase due to labour demand and project delivery dates dependent on when skills are available.
Plant	Specialist plant is either available or require long lead in waiting for availability.
Complexity	Complex projects attract less interest from tenderers during buoyant times. This requires either a premium paid or the project de-risked for those tendering, both costing the client and we are seeing some of this.
International Markets related risk	Anything related to offshore sourcing, or project requiring offshore skills is demanding a premium to cover the actual cost of offshore services, and risk associated with logistics.
General price escalation	Materials and labour are moving well ahead of council inflation cost indexes.

Time related risks	Providers are currently risk averse to time related constraints and as a result you pay for these constraints. This is an interesting mixed bag with some contractors refusing to price, or adding a premium, where other contractors require a gap in their works program to be filled, hence provide a competitive price.
Changes in supply	A current example of this is bitumen, where previously the NZ Refining Company provided the product locally as part of the refining process. This product now has to be shipped in via an importer. We understand that one or more roading contractors will be bringing in product, however this attracts all the offshore and onshore logistical risks.
Supplier market	We are observing issues between importers, distributors, and wholesalers. Some wholesalers cannot get product, due to the main national distributor dealing with either major clients or major wholesalers only.

Generally, we are seeing all of the above pressures to some degree on all projects. We try to minimise any cost escalation by matching what the market can provide, in terms of timeframes, material choices and installation techniques. From time to time we get a very competitive price that does not connect to observed market constraints, but that is usually associated with the commercial situation of a single contractor, rather than the market generally.

4.1 Financial/budget considerations

At this stage it is difficult to quantify the impacts on a single project until it is completed. While the expectation is that project contingencies will provide an adequate buffer, this may be unrealistic if these conditions continue.

Project Managers review costs regularly, with regular cost forecasts to completion now more important than ever. Where it appears that a project cannot be completed within the allocated budget the issue will be escalated through senior management and Elected Members as appropriate.

Where there are significant cost pressures, a decision may have to be made to accept the financial consequences (e.g. via increased debt funding), remove or delay other projects, or reduce project scope.

4.2 Risks

As well as financial risks, there is a high probability that projects will not be completed on time. This could adversely affect service delivery, disrupt other plans, and/or have a knock-on effect with delays in other projects.

5 Conclusion

Over the next 12-18 months there will be ongoing pressures on the delivery of capital projects, more than likely leading to cost increases and delays in completion.

While Project Managers will try to mitigate these issues, where this cannot be achieved consideration will have to be given to the direct impacts on Council's overall financial position and planned capital program set out in the Long Term Plan.

Elected Members will be kept apprised of the situation through existing reporting avenues, with additional measures taken (including bringing agenda items to Council) where appropriate.

6 Significance and engagement

The decisions or matters of this agenda do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via agenda publication on the website.

7 Attachment

1. EBOSS – Construction Supply Chain Report

2021

CONSTRUCTION SUPPLY CHAIN REPORT



Funded by
Building Research Levy



THE SURVEY

240

SUPPLIERS SURVEYED ACROSS
STRUCTURE, ENCLOSURE, INTERIOR,
FINISH, EXTERNAL, AND OTHER
CATEGORIES

The construction industry is at a critical point of supply and demand, with supply constrained by the ongoing impacts of Covid, and a demand boom with residential and commercial consenting at record levels.

A perfect storm of factors has meant that the construction industry is battered weekly with price increases and delays in the supply of products.

This survey provides real data on the current and future state of the building product supply chain in a space dominated by media and word of mouth, data that can help specifiers and builders to better plan ahead.

We would like to acknowledge the support of BRANZ in making this report available.

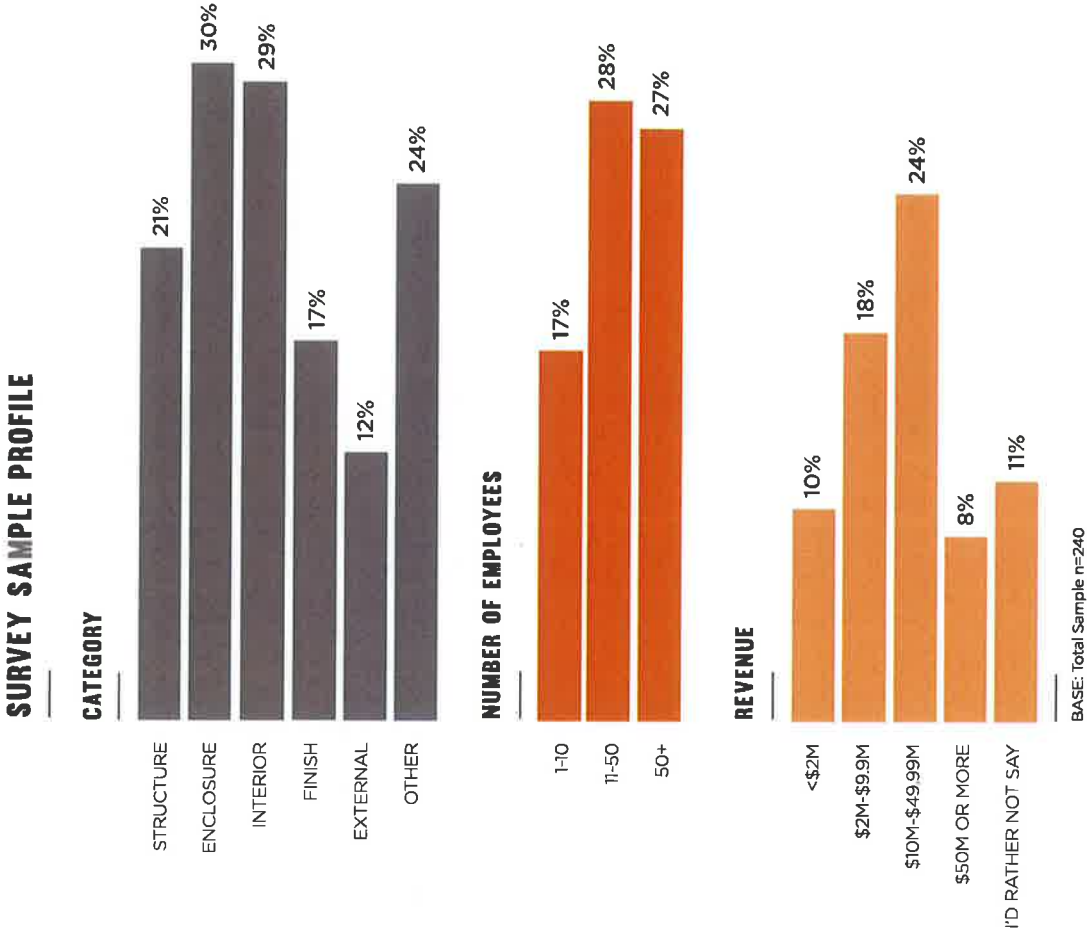
Note: The ratings in some of the stacked bar charts may not add to 100%. This is due to rounding.

There has been so much talk in the media about the supply and pricing situation in the construction industry, yet to date there has been very little primary data to back up the reporting.

The focus of this work is to bring real data to the table so that we as an industry can start to talk about how we need to respond in a world still impacted by Covid-19.

SETTING THE SCENE

We surveyed senior managers from 240 building product and material suppliers to the construction industry in July 2021. These suppliers range from small to large companies, and across construction components: structure, enclosure, interior, finish, external, and other categories. On the right is the profile of businesses who responded to the survey:



The categories are described as:

Structure: Aluminium, Composite Panels for Floors and Walls, Concrete, Fasteners and Connectors, Masonry, Plastics, Site Safety and Roof Access Equipment, Stainless Steel, Steel, Structural Systems, Structural Timber

Enclosure: Awnings and Canopies, Enclosure Adhesives, Sealants and Fasteners, Enclosure Balustrades and Stairs, Exterior Decorative Items, Flashings and Expansion Joints, Glazing, Insulation, Roofing and Decking, Tanking and Pre-Cladding, Wall Cladding, Windows, and Doors

Interior: Ceiling Systems, Floors, Furniture, Hardware, Joinery Fixtures and Appliances, Partitions and Interior Doors, Signs and Features, Wall, and Ceiling Linings

Finish: Applied Coatings, Carpeting, Flooring Ancillaries, Flooring Underlays, Overlay Flooring and Wall Panels, Painting, Decoration and Coating, Resilient Surfacing, Tiling

External: Engineering Works, External Heating, Landscaping, Roads and Paving, Stretched Fabric Systems

Other: Services, Central Vacuum Systems, Communications and Controls, Fire Safety, Heating and Cooling, Lighting and Electrical, Plumbing and Drainage, Sanitaryware, Tapware, Transport, Ventilation and Air Conditioning

SUPPLY AND PRICING ISSUES ARE AS WIDESPREAD AS THE MEDIA SUGGESTS

We asked suppliers if they were currently experiencing any issues supplying the market, and eight in ten suppliers said they were.

"NZ CONSUMERS, BUILDERS, AND SPECIFIERS NEED TO UNDERSTAND THAT SUPPLIERS ARE DOING EVERYTHING POSSIBLE, BUT THE MARKET HAS SEISMICALLY SHIFTED, AND UNLESS DEMAND DECREASES, WHAT WE SEE IN CURRENT LEAD TIMES IS LIKELY TO BE THE "NEW NORMAL" FOR THE FORESEEABLE FUTURE."

"TO DATE WE HAVE NOT BEEN ABLE TO BUILD ANY ADDITIONAL STOCK OR COVERAGE, DUE TO LOCAL DEMAND CONTINUOUSLY EXCEEDING OUR ABILITY TO SUPPLY. TO PUT ADDITIONAL PERSPECTIVE ON HOW BAD THE SITUATION IS, WE HAVE TAKEN ON NO NEW BUSINESS NOW FOR OVER A YEAR. THE GROWTH WE HAVE IS ALL WITHIN OUR EXISTING CUSTOMER BASE."

Larger businesses are more likely to be experiencing issues supplying the market. Among those with under \$2m in revenue 61% are having issues with supply, compared to 85% of those with revenue of \$50m or more.

These larger businesses are somewhat more reliant on imports (95% of those with revenue between \$10m and \$49m rely on imports or imported components, while 90% of \$50m+ revenue businesses do so). This compares to 83% of businesses with under \$2m revenue relying on imports or imported components.

The key point here is that supply issues are widespread; regardless of product category, business size or revenue level, the majority of suppliers are experiencing supply issues. Our aim here is not to add to the panic in the market but to take this data and understand what we as an industry can do to mitigate these issues, and work with suppliers to ensure we maintain productivity and supply over trying times.

Our survey has highlighted four key areas of concern that we need to address as an industry. These issues are:

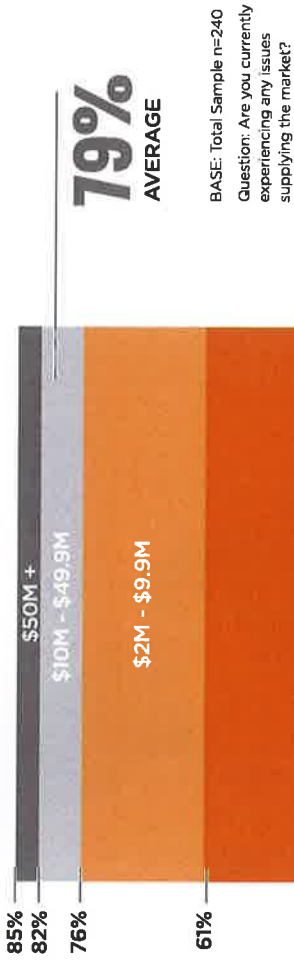
1. Dealing with the logistics situation
2. Considering the potentially hidden price impacts and sustainability of our supply chain
3. Operating in a context of a global market that is forecast to grow further
4. Appropriate staffing for the supply side of the construction industry

The solution for this is not stockpiling of product or fear mongering. It needs to be a concerted effort from stakeholders across the construction industry, including suppliers, architects, specifiers, builders, clients, industry stakeholders and government.

This report will take the reader through each of these four areas of concern, paint a picture of the forecasts for supply over the next six months, and finish with what is needed as a cross-industry response to these issues.

% HAVING ISSUES SUPPLYING THE MARKET

BY REVENUE



1. SHIPPING & LOGISTICS ARE OUR BIGGEST HINDRANCE TO SUPPLY RIGHT NOW

The supply of construction materials to New Zealand is at the mercy of imported product. Even products manufactured in NZ have a high reliance on imported components that cannot feasibly be replaced by domestic product. **It is clear from our survey that we have a logistics issue that drives the supply issue, and this is not simply a supply issue on its own.**



"FREIGHT COSTS, PARTICULARLY SHIPPING, HAVE INCREASED ALMOST 100% IN THE LAST 6 MONTHS."

BASE: n=240

Question: Do you manufacture any final products in NZ or is the final product supplied complete from offshore?

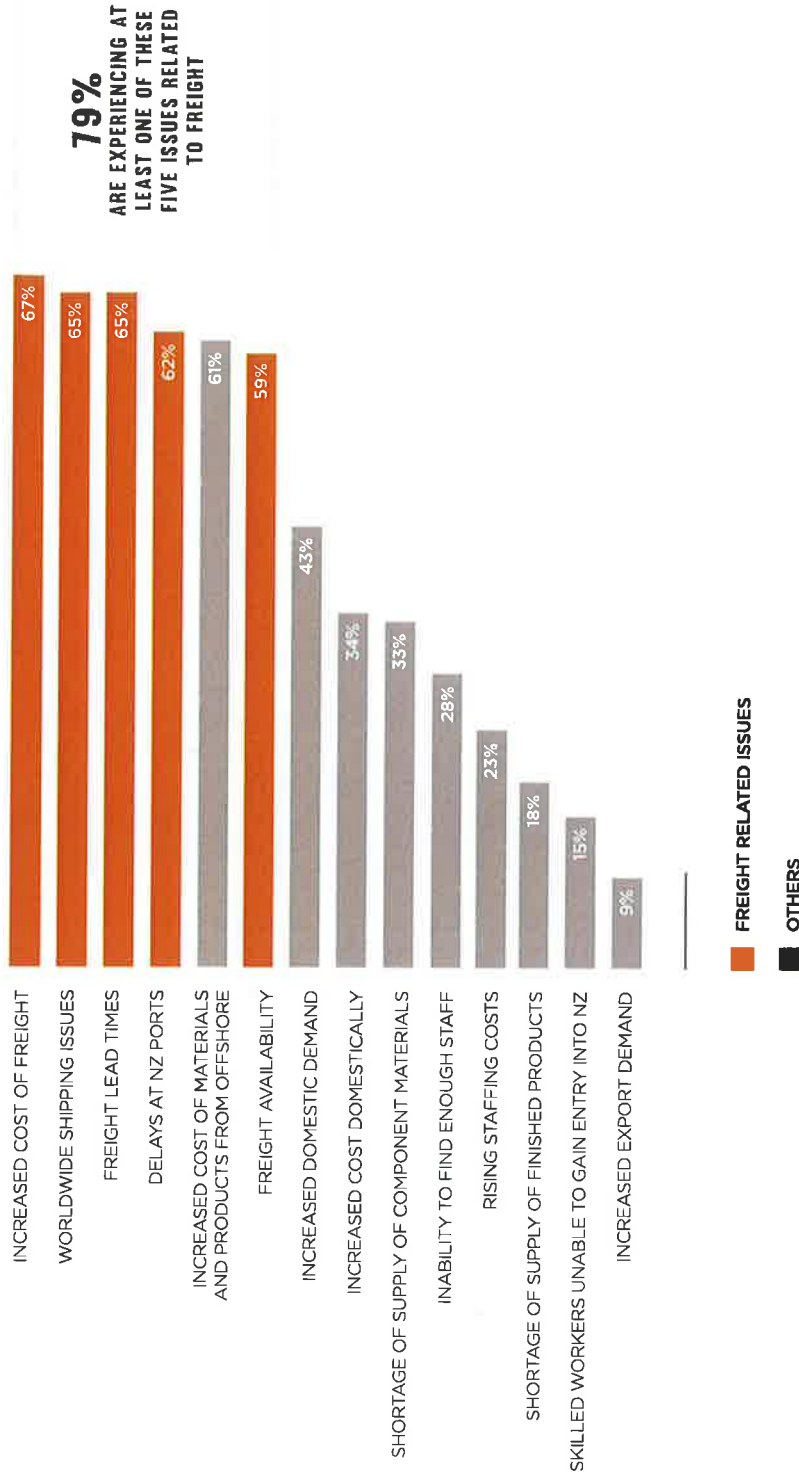
Question: Do you currently rely on imported components to manufacture your final products?

A full 90% of construction products sold in New Zealand are either imported finished product or manufactured locally from imported components. The position around supply is quite different for those who rely on imports vs. domestic product. 91% of those who rely on imports say they're experiencing issues supplying the market, compared to just 58% for those wholly reliant on domestic supply.

The challenges surrounding imports are multi-faceted. They include:

- The cost of freight and insurance
- The availability of freight
- The lead times of freight – getting out of ports
- The delays at NZ ports

FREIGHT ISSUES ARE EXPERIENCED BY FOUR IN FIVE SUPPLIERS



BASE: n=240

Question: Which (if any) of the following factors are impacting your business and ability to supply right now?

These issues are then exacerbated by increasing demand from the NZ market, effectively giving the construction industry a one-two punch to the stomach: constrained logistics cutting supply and increased demand spreading what supply we do have ever-thinner.

We asked businesses what issues they felt were impacting their ability to supply the market, their responses were dominated by freight and logistics issues.

The cost of materials from offshore is certainly an issue, but freight stands out as four in five of all companies are dealing with at least one issue concerning freight. Companies are doing their best to respond, some of the initiatives they are trying specifically related to freight include:

Maintaining higher stock levels

"We are currently buying larger quantities than before to bolster stock. Airfreighting where possible if demand is high and increasing our lead time expectations for custom orders."

Increasing freight volumes

"We have committed to more regular shipments to maintain volumes of freight in transit."

Building power in scale

"Coordinated purchases with other branches around the world, consolidating air freights and sea freights."

Shifting shipping strategy

"We are looking at changing shipping lines we normally use and instead of FCL shipments doing more LCL shipments as it seems a little easier to book LCL. But LCL costs a lot more in freight!"

Airfreight where appropriate

"Larger investment in inventory, larger expenditure for air freight, longer planning lead times. Working closely with suppliers and freight providers to mitigate cost increases and delays."

Increasing ordering lead times

"The issues with global logistics as a whole, have forced us to place orders 2-3 months earlier. The risk in doing so is increased pressure on cash flow and the possibility that freight arrives earlier than expected and we sit on excess stock."

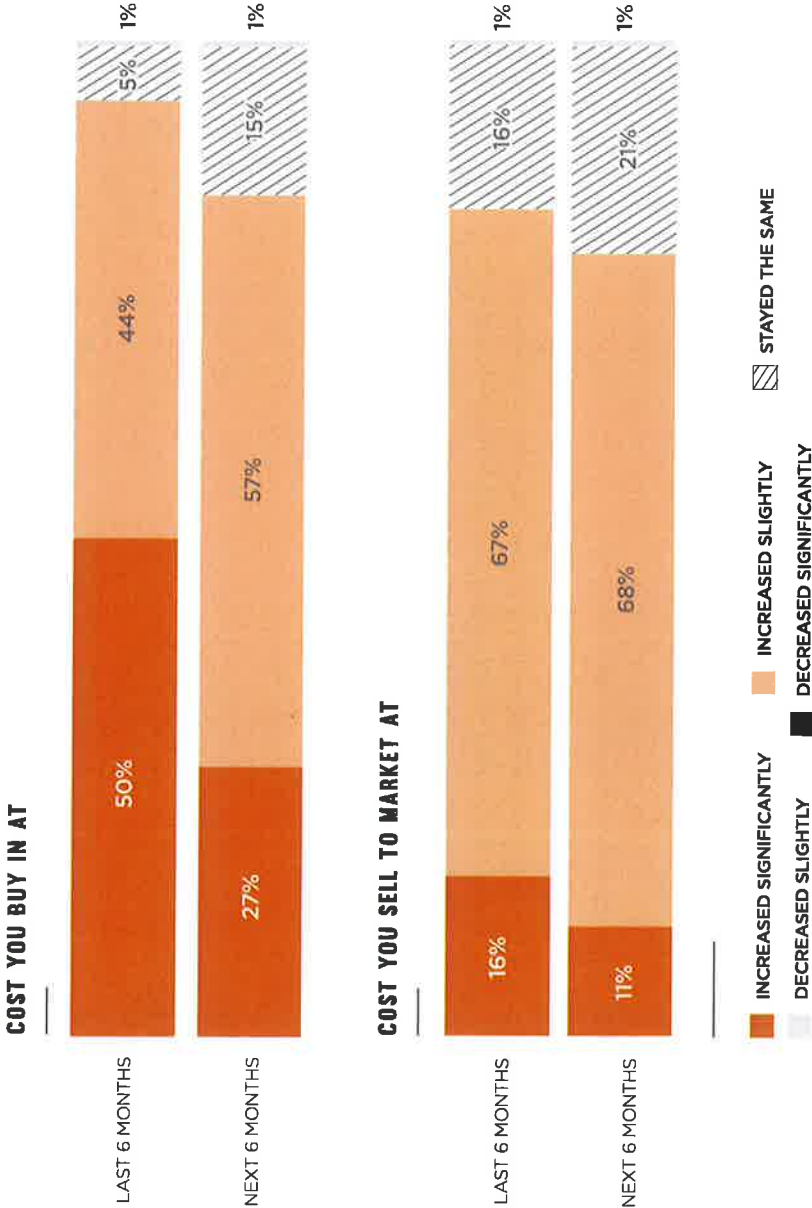
The concern that becomes apparent in the supplier response to freight issues is that businesses are putting themselves in a riskier position. Higher stock holdings, more product on the water at any given time, and increased freight cost all impact cash flow. Alongside issues around staffing (where attracting good staff requires higher salaries) and other costs, this creates a risky situation. Business failures are a risk any time we see a boom in demand – both on the supply and demand side of the construction industry. We need to consider how suppliers can be supported not only with logistics but with cash flow through these global freight issues.

2. HIDDEN PRICE IMPACTS AND SUSTAINABILITY OF OUR SUPPLY CHAIN

As noted, cost pressures due to increased freight cost and management of freight are having a big impact on supplier cash flow. However, further data within the survey suggests that while the demand aspect of the industry has been hit with substantial price increases in the last six months, the full impact of supplier cost increases have not been realised by the market.

We asked suppliers to rate how much their cost to buy in and their cost to sell at had changed over the last six months. While over half say that their buy-in costs have increased significantly, only 16% say that the cost they sell at has increased significantly. What's more, only 11% predict that they'll increase their cost to the market significantly in the next six months.

THERE IS A DISCREPANCY IN THE INCREASES FOR COST TO BUY IN VS. COST TO THE MARKET



BASE: n=240
Question: Thinking about the market and your supply over the last six months, please rate your experience with...?
Question: Based on your experience of how the market is performing, what do you expect in terms of...?

What this suggests is that margins are being squeezed for suppliers. Many do not seem able to pass on the full cost of increases to the market, so they're taking a hit themselves. This might be a short term trend based on commitments to historical fixed price contracts, however, this needs to be monitored. If this trend continues this might start to mean the viability and sustainability of businesses to supply will be impacted, and again could contribute to the closure of these businesses if not managed well. Another potential scenario the market could be faced with is price increases over a longer term as companies try to recoup some of the lost margin (or in fact, losses) faced over the immediate lockdown and recovery period.

"UNFORTUNATELY, WE ARE HAVING TO PASS ON PRICE INCREASES DUE TO SIGNIFICANT RISE IN RAW MATERIAL COSTS AND SHIPPING INCREASES. CURRENTLY, WE HAVE NOT PASSED ON THE FULL IMPACT AND WILL HAVE FURTHER INCREASES IN 2022."

We asked suppliers whether they anticipated the prices they buy and sell at to remain stable, reduce, or increase – and if increase, by what margin. Accounting for those who thought prices would remain stable or decrease, the anticipated average price to market increase in the next six months is still below the anticipated buy-in cost increase (see chart on next page).

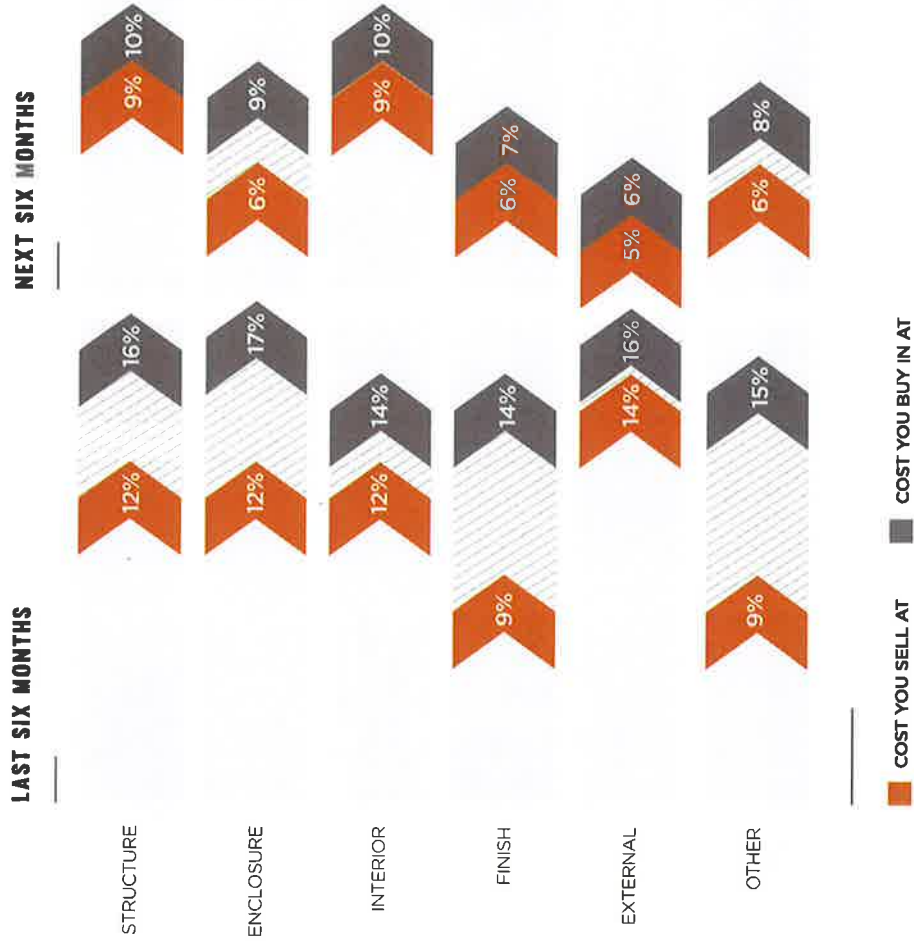
What this means is that suppliers have taken a hit already, and don't expect to pass on the full hit over the next six months, and may in fact take even more of a hit in the future. It's also worth noting that the chart shows only the average increase; the range varies greatly within each category. We are unable to show that data due to commercial sensitivity for our survey participants. However, it is further evidence of just how much pressure suppliers are under now.

Ultimately, we believe that the true impact of price increases has not been felt by clients and property owners. Suppliers are squeezing margins and looking for cost efficiencies elsewhere to try and keep price increases to a reasonable level. At some point, these efforts will start to impact supply. We need to work together with suppliers to ensure we have a sustainable and competitive supply chain beyond the next 6 to 12 months.

"WE HAVE QUADRUPLED OUR NORMAL STOCK ORDERING/ HOLDINGS IN AN ATTEMPT TO COMBAT INCREASED SHIPPING TIMES. THIS, ALONG WITH INCREASED SHIPPING COSTS (MORE THAN DOUBLE) HAS MEANT WE HAVE HAD TO PASS ON A PRICE RISE. CIRCA 5% AT THIS STAGE BUT SEE US HAVING TO DO THIS AGAIN SHORTLY."

"INCREASED COSTS ARE BEING PASSED ON BUT WE HAVE ABSORBED SOME TO MINIMIZE THE IMPACT OF PROJECTS THAT ARE CLOSE TO STARTING BUT PRICED AT OLD RATES."

AVERAGE PRICE INCREASES BY CATEGORY



BASE: n=240

Question: For each material where the cost you buy at has increased, what has the proportion of cost increase been compared to six months ago?

3. WE'RE OPERATING IN A HOT GLOBAL CONTEXT

We cannot look at the New Zealand construction industry and supply in isolation from the global context. Freight has been our biggest issue to date, but we have been in a somewhat sheltered position in that demand internationally has been subdued due to the Covid crisis playing out in the major markets of USA, UK, Europe, China and India.

With vaccination uptake levels reaching critical milestones and nations opening back up from lockdowns, we are seeing a surge in construction demand globally. The US is working on the basis of a 15-year housing boom, and both China and India expect construction demand to grow by around 12-13%.

RESOLVING FREIGHT IS PART OF THE STORY, THOUGH WE ALSO NEED TO CONSIDER SUPPLY IN A WORLD WHERE OTHER SIGNIFICANT NATIONS ARE BOOMING



WHAT DOES THIS MEAN FOR THE ABILITY TO GET THE SUPPLY WE NEED?

The issue this creates is that New Zealand is a small market in the global context, in fact just 0.1% of the global construction industry in 2020.

The global construction industry has been forecast to grow at a CAGR (cumulative average growth rate) of 3.5% during 2021-2026 to \$14.4 trillion (USD) by 2026*. This annual growth is 28 times the size of the total NZ construction industry, every year, for the next 4 years.

As these nations come back online, we'll be competing for product and shipping availability.

NEW ZEALAND IS A RELATIVELY SMALL MARKET
IN THE GLOBAL PICTURE (2020)



* Source: <https://www.expertmarketresearch.com/pressrelease/construction-market>
** Source: Stats NZ, converted to USD

EXPERIENCED SIGNIFICANT INCREASE IN CONSTRUCTION WORKLOAD TO THE END OF Q1 2021*

NEW ZEALAND
AUSTRALIA
EGYPT

EXPECT A SIGNIFICANT INCREASE IN CONSTRUCTION WORKLOAD NEXT 12 MONTHS (TO Q1 2022*)

NEW ZEALAND	NETHERLANDS
AUSTRALIA	SWITZERLAND
EGYPT	POLAND
CHINA	GREECE
INDIA	SAUDI ARABIA
USA	SRI LANKA
CANADA	NIGERIA
UK	PHILIPPINES
IRELAND	BRAZIL

*Source: RICS Q2 2021 Global Construction Monitor – Expected workloads next 12 months

Freight will likely continue to be tight for the next 12 to 18 months as shipping companies shift their focus elsewhere, making it harder to achieve increased imports to meet demand.

The recent 2021 Q1 report from Rider Levett Bucknall states: “We do not expect that supply issues and shipping costs will revert to some sort of normality for the next 12 to 18 months once the effects of the pandemic reduce. As governments stimulate other economies and as borders open, we expect that commodity prices, however, will remain high.”

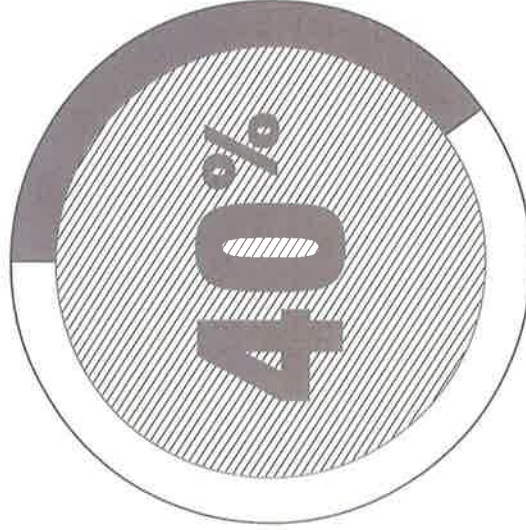
What this all points to is that New Zealand is a small part of a larger global market that is struggling to cope with forecast growth. In June Reuters reported that the US has the highest number of housing consents issued that are still yet to be built since 1999. There is a huge amount of pressure in the US market alone. New Zealand will struggle to get supply in the face of this, let alone shipping – unless we can start to protect some supply and shipping capacity.

4. STAFFING ISSUES ARE IMPACTING COMPANY SERVICING ABILITY

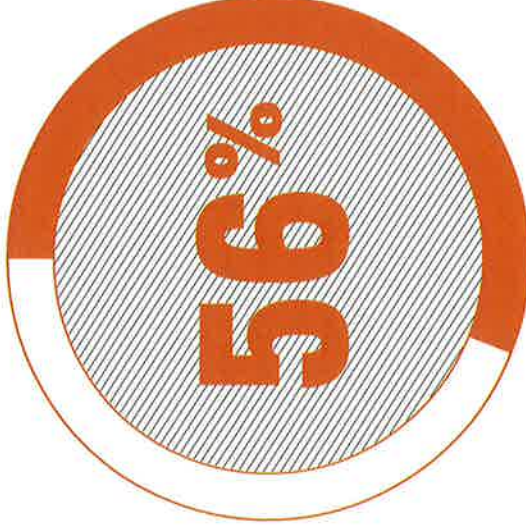
When asked what issues are impacting servicing ability, around a quarter talked about the inability to find enough staff (28%), rising staffing costs (23%), and skilled workers unable to gain entry to NZ (15%).

As it stands, 40% say they don't have enough staff to meet current demand. The situation worsens when we look at future demand, with over half (56%) saying they don't have enough staff to meet future demand.

OVER HALF ANTICIPATE THEY WON'T HAVE
ENOUGH STAFF TO MEET FUTURE DEMAND



**NOT ENOUGH STAFF TO
MEET CURRENT DEMAND**



**NOT ENOUGH STAFF TO MEET
ANTICIPATED FUTURE DEMAND**

BASE: n=240

Question: Which of the following best describes your staffing situation with regards to both current and forward market demands?

50% of all suppliers surveyed say they're looking for staff now, and a third (34%) said they'd be looking in the next six months. Worryingly, of those looking for staff or planning to do so, 53% said they weren't confident they could find enough skilled staff to meet demand.

We frequently hear conversation about the lack of skilled staff available for trades, less so for the lack of staff supplying these trades. Given the increased demand, many are asking more of their staff – working longer hours, more productivity and cost efficiencies. Employees are feeling overwhelmed as a result, resulting in increased turnover, or leading to increased wages to keep staff happy.

In addition, the lack of qualified staff available means suppliers are having to take on staff who aren't optimal, further placing strain on production and costs.

"WE INITIALLY INCREASED HOURS OF PRODUCTION TO TRY AND KEEP UP WITH DEMAND, BUT OUR STAFF ONLY ALLOWED THIS FOR A SHORT PERIOD. WE HAVE NOW SEEN INCREASED STAFF TURNOVER AND HAVE REDUCED HOURS, OFFERED BONUS STRUCTURES AND INCREASED WAGES – ALL THIS RESULTS IN INCREASED SELLING PRICES AS WE PASS ON THE COST INCREASES."

"[WE ARE] NEGOTIATING SALARY INCREASES TO RETAIN STAFF, [AND] WORKING WITH IMMIGRATION NZ TO RETAIN EXISTING STAFF WHO ARE ON WORK VISAS."

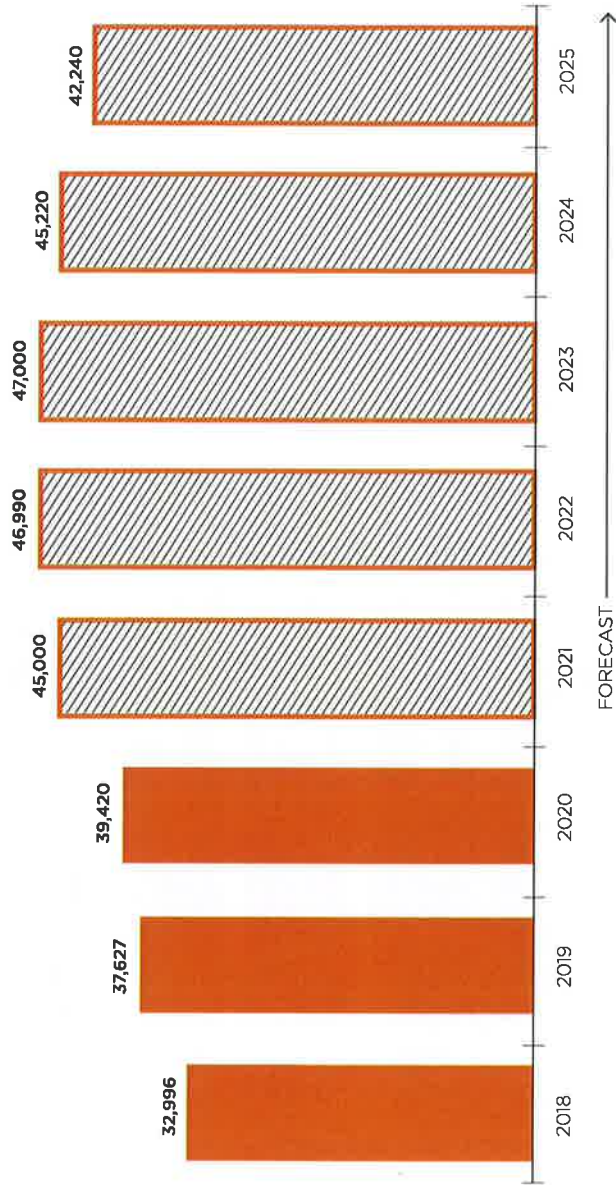
"WE ARE EMPLOYING STAFF THAT WE WOULD RATHER NOT BUT HAVE LITTLE CHOICE (THIS IS LOWERING OUR PRODUCTIVITY), PAYING CURRENT STAFF MORE TO ENSURE WE KEEP THEM."

What this means is that businesses that supply products are further constrained by the ability to hire good staff. Even if we can achieve a smoother flow of imports, we still need capacity in NZ to be able to manufacture and dispatch domestically. Suppliers have expressed a desire for assistance from the government in freeing up immigration barriers and easing the cost burden. Recent increases in the minimum wage and sick pay have impacted costs, further adding to increases in the cost to supply to the market.

THE NEXT SIX MONTHS

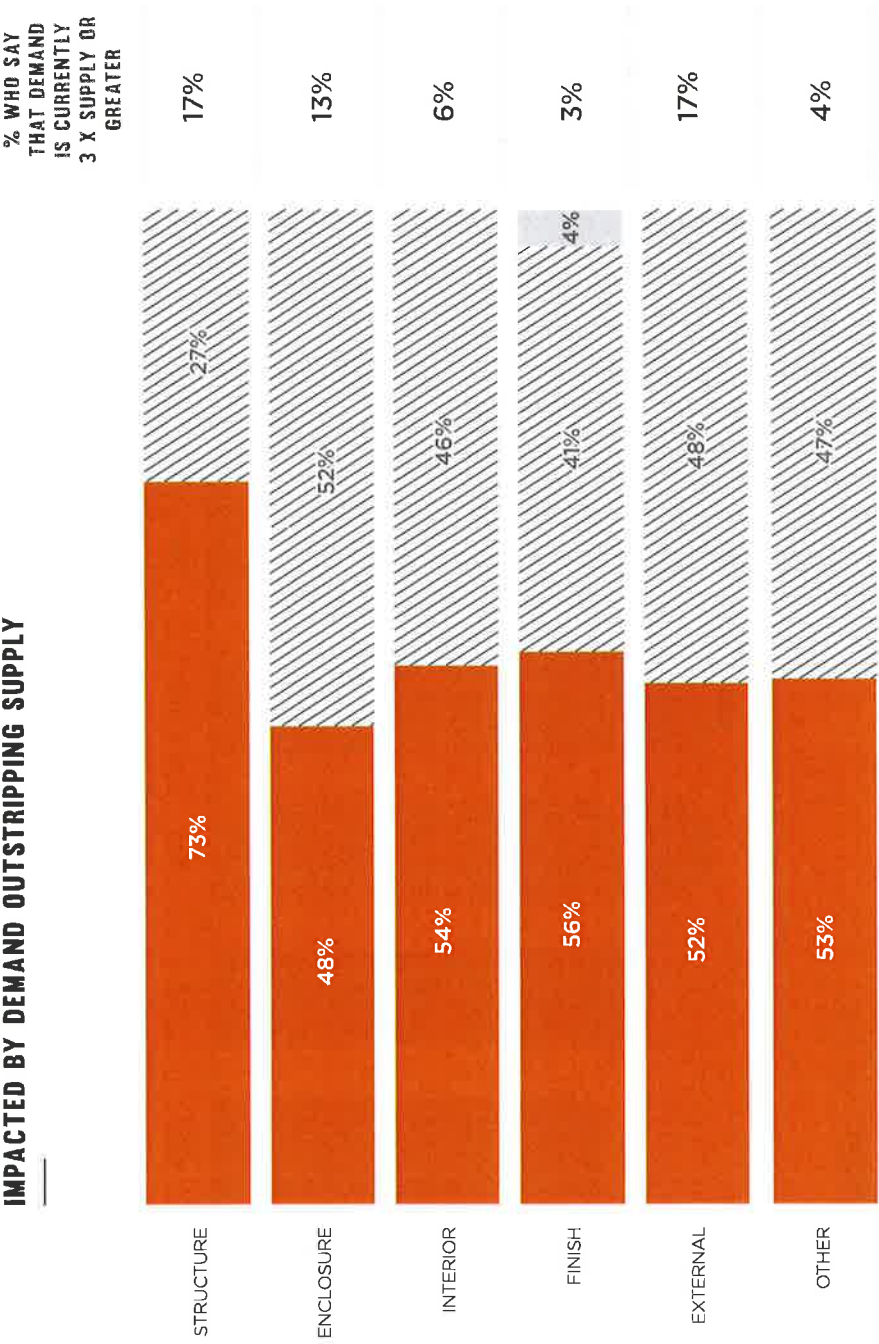
The issues with supply and pricing don't look like they'll ease soon. Given the global context and the strong New Zealand forecasts for new dwelling consents, this is a situation that could continue for years. When we look at the BRANZ residential building consent forecast, we see elevated consents levels for at least the next four years, which suggests demand won't ease any time soon.

BRANZ RESIDENTIAL BUILDING CONSENT FORECAST (JULY 2021)



At the very least, when we look to the next six months, 83% anticipate that suppliers will continue to be negatively impacted. Looking at the anticipated supply and demand balance by category, structure is the category most at risk of a continued supply deficit in the coming months. Suppliers were asked by what factor they believed demand will outstrip supply. For both structure and external categories 17% of suppliers believed that demand would outstrip supply by a factor of three or greater (three times the demand against the supply available).

STRUCTURAL PRODUCTS ARE THE MOST IMPACTED BY DEMAND OUTSTRIPPING SUPPLY



DEMAND WILL OUTSTRIP SUPPLY DEMAND WILL BE ALIGNED WITH SUPPLY SUPPLY WILL OUTSTRIP DEMAND

BASE: n=240

Question: For each of the material types you supply, which of the following do you expect around supply and demand levels in six months' time?

Given the situation with freight and staffing, lead times are likely to continue to increase. This will have flow-on effects to the market unless we start to plan and work differently.

Constrained supply means programmes on site will be extended, and this has cost implications even without any client penalties for delayed delivery. Some suppliers mention the potential impacts if supply can't be achieved – smaller builders and trades with less power among suppliers will be left with no supply, impacting their ability to work, operate, and pay their staff. As a result, we might start to see failed construction businesses at a time when the industry should be strong.

"WHAT IMPACT DO WE SEE OF THE SUPPLY CONSTRAINTS HAVING ON OUR CUSTOMERS? SOME SMALLER CUSTOMERS WILL NOT BE ABLE TO GET SUPPLY WHICH COULD PUSH THE BUSINESSES INTO HIGH RISK OF FAILURE."

LEAD TIMES LIKELY TO CONTINUE INCREASING

LEAD TIMES



BASE: n=240

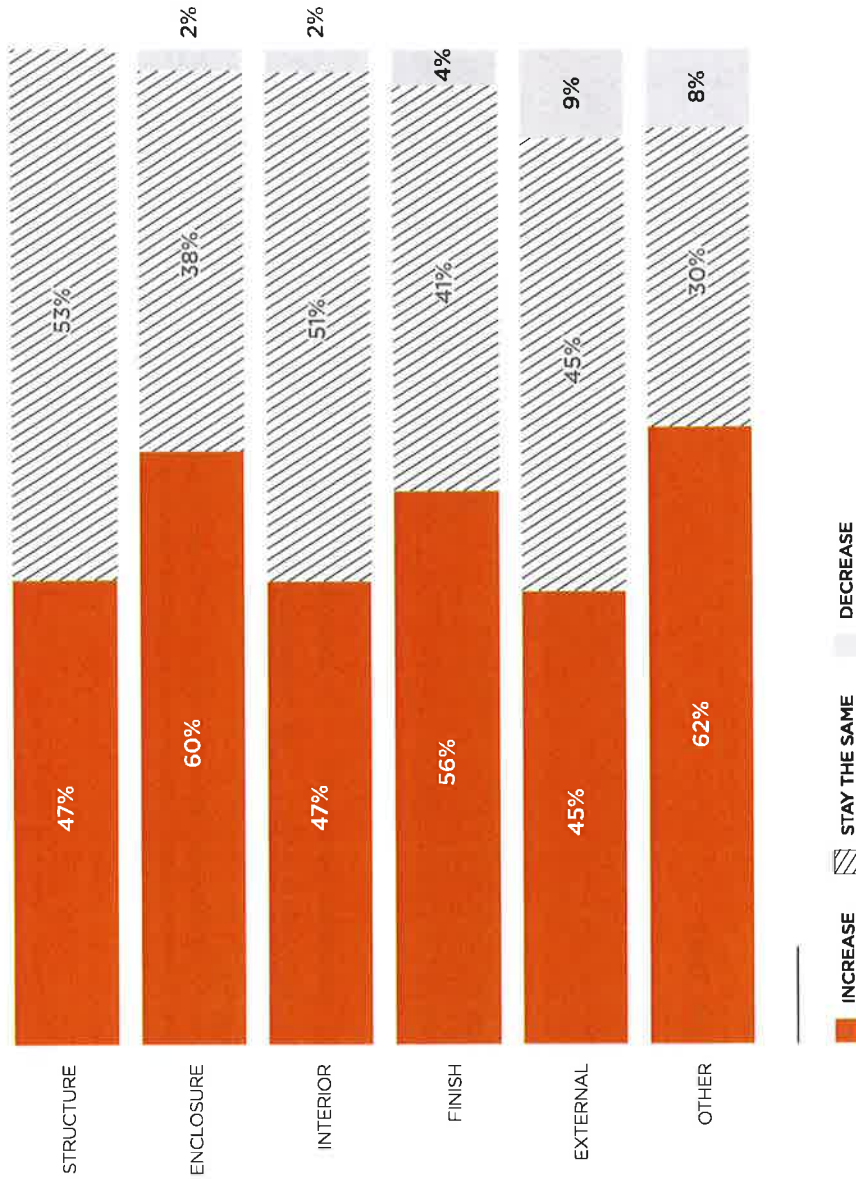
Question: Thinking about the market and your supply over the last six months, please rate your experience with...?

Question: Based on your experience of how the market is performing, what do you expect in terms of...?

Ultimately, the issues around supply look to continue for the next six months at the least. We've kept the forecast deliberately short (to six months), as it is hard to make any dependable predictions beyond this in a context of so much uncertainty around Covid. As discussed, four key issues must be addressed if we have any hope of triumphing through this as a productive and affordable industry. Let's turn then to what needs to happen in the face of these issues.

1. Dealing with the logistics situation
2. Considering the potentially hidden price impacts and sustainability of our supply chain
3. Operating in a context of a global market that is forecast to grow further
4. Appropriate staffing for the supply side of the construction industry

LEAD TIME CHANGE BY CATEGORY NEXT 6 MONTHS



BASE: n=240

Question: Looking ahead to January 2022, for each of the materials you supply do you expect the lead times for supply to increase, decrease, or stay the same as they are now?

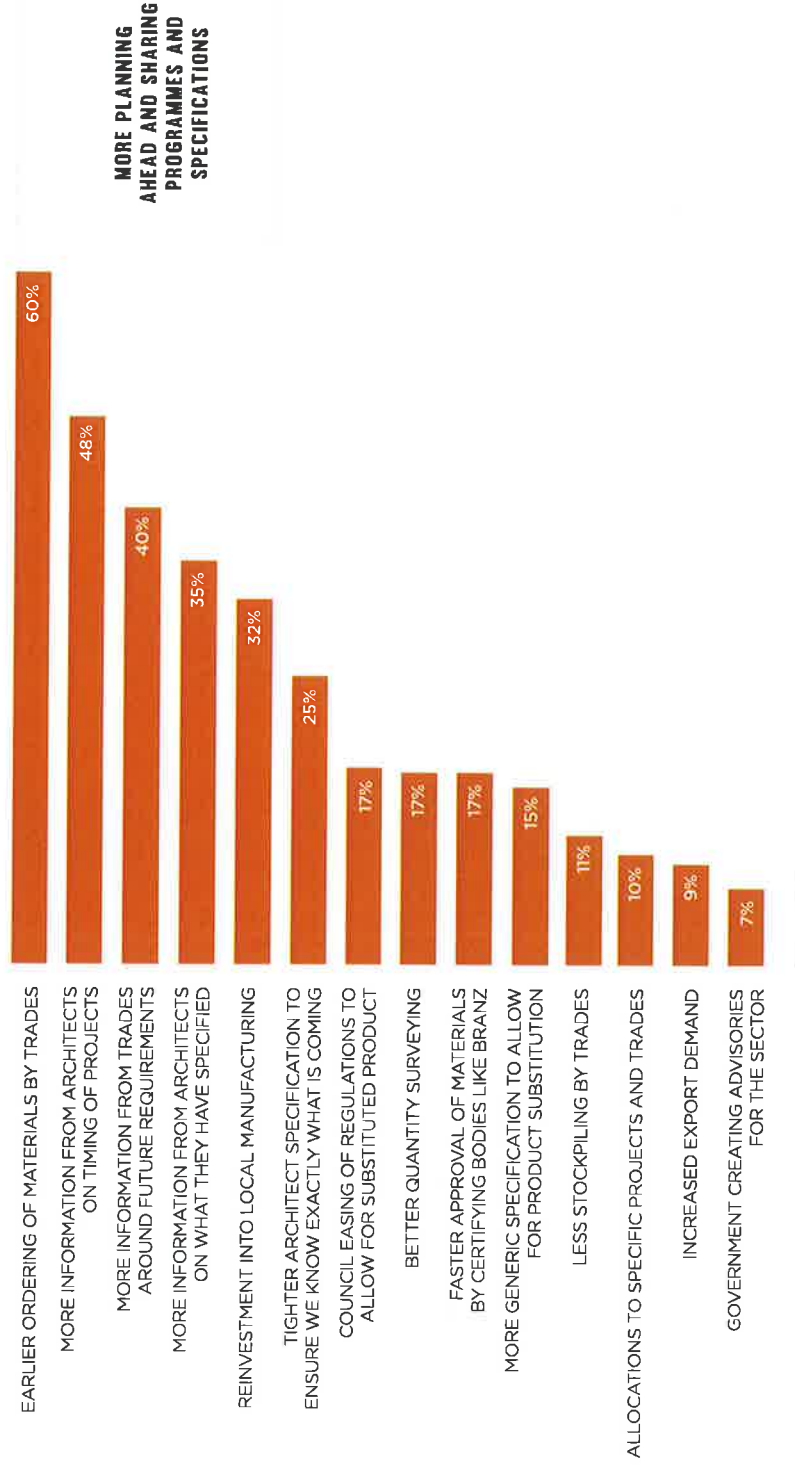
WHAT SHOULD OUR RESPONSE BE?

There are many elements to this situation, this isn't a simple fix. We need to consider the issues that are impacting both the supply and demand aspect. We need to be thinking about the wider construction industry and the part that each stakeholder can play in helping to maintain productivity and affordability in these constrained times.

The response is critical. This cannot be a report simply to add to the fearmongering, we need to build positive steps that stakeholders can take to start to have an impact on the situation.

We asked suppliers what they thought would be useful to respond to supply chain issues. The clear message was around better planning and communication from all parties – architects, specifiers builders, trades and clients.

THERE ARE THINGS WE CAN DO RIGHT NOW AS AN INDUSTRY TO START TO EASE THE SQUEEZE – IT WILL REQUIRE DIFFERENT WAYS OF WORKING AND PLANNING



MORE PLANNING
AHEAD AND SHARING
PROGRAMMES AND
SPECIFICATIONS

BASE: n=240

Question: Which of the following do you believe would be useful to respond to supply chain issues and supply and demand challenges currently present in the NZ market?

As an industry, we are often poor at planning ahead, or at least poor in communicating that planning to each stakeholder across the construction process. Large commercial construction firms often do a good job of bringing suppliers into the fold early to ensure timely delivery, but at the smaller end of the market we lack the systems and processes to help suppliers anticipate what might be coming.

However, even where we are doing a reasonably good job now, there's still room for a lot more communication and planning.

It might seem overly simplistic to say we need to plan ahead, communicate early, and share more detail. However, given how the industry has traditionally operated, to do this well requires a real shift in the way we think about the build process and how we engage trades, suppliers, and clients.

We need to start changing the expectations of end clients around accessibility of product, ease of substitution, and speed of build - this will require some tough conversations, but also needs to be backed by industry bodies and the media. It's difficult as a standalone builder to tell a client that what used to be standard is now unrealistic in terms of timeframes, price, and accessibility. It requires support from industry bodies and a national conversation to change client expectations.

We need **merchants** to be working as the conduit between builders and suppliers with better forecasting of what's coming up. Merchants need to be trusted to sit in this role, and they need to be supported to collect this information and channel it in the right way.

We need architects and specifiers to take lead times into account in specification, and to communicate around what has been specified and when it's likely to be required on site. Yes, specifications change between the design and construct teams, but communication around intended specification will still help.

We need **builders and trades** to reconsider what's realistic for a build programme, and to communicate early with merchants, architects, specifiers, clients and suppliers to ensure the programme runs relatively smoothly. Conversations with builders over the last few months suggest that while they have started to make allowances for product availability and delays, there are still more allowances that need to be made.

Beyond this there is a role for government in helping to ease some of the supply issues and their impacts. We asked suppliers what they believe the New Zealand Government could be doing to alleviate some of the pressure on businesses that supply to the construction industry. Several key themes emerged:

Ease the pressure at ports	"Assist local companies to improve the service at all NZ ports. Hire ships for our export/import businesses. Improve infrastructure. We are heading towards a third world country."
A new strategy for ports	"Restructure council managed ports so they are performance driven public companies, we have Ports of Tauranga as benchmark. The current mixed approach to port management clearly is not working." "Developing NZ only shipping supply lines, where we are not reliant on shipping which is diverted or waypointed via other ports before finishing in NZ."
Improve immigration for skilled workers	"Open immigration to skilled and required workers." "We have been loaded with extra costs by government such as increases to minimum wage and extra sick days. The biggest problem is getting staff. The single best thing the government could do is let migrants in."
Invest in NZ manufacturing and tech	"Support NZ made initiatives. Drive policy for up-skilling companies and protection from inherent risks as a SME." "They could make loans more readily available to businesses that want to expand but need to invest significant amounts e.g. several million dollars to get additional equipment."
Invest in construction tech	"Invest in the construction tech sector more as AI for project management and design gives better tools for forecasting and provides greater lead time preparation for materials."
Change the expectations around construction timelines	"Better manage the expectations of the public with regards to the amount of time projects will take to complete."
More efficient local council stakeholders	"Push harder on councils to increase their efficiencies around consents and inspections, plus train their staff on more products and systems - too much time wasting from councils is slowing projects significantly."

ABOUT EBOSS

Established in 2006, EBOSS works with leading building product suppliers to assist in material selection by specifiers. Trusted by 30,000 architects, designers, builders, sub-trades, council planners and engineers, who subscribe to the EBOSS digital product library and publications, EBOSS regularly engage with members of New Zealand's architectural, design and construction community.

www.eboss.co.nz

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8.1 Financial report for the 11 months ending 31 May 2022

Meeting: Whangarei District Council
Date of meeting: 23 June 2022
Reporting officer: Alan Adcock (General Manager – Corporate/CFO)

1 Purpose / Te Kaupapa

To provide the operating results for the eleven months ending 31 May 2022.

2 Recommendation / Whakataunga

That the Council notes the operating results for the eleven months ending 31 May 2022.

3 Background / Horopaki

3.1 Operating Result

Year to date

The year-to-date position is a surplus of \$39.6 million, compared to a budgeted surplus of \$35.7 million, resulting in a favourable variance of \$3.9 million.

The year-to-date subsidies and grants revenue unfavourable variance of \$14.6 million is attributable to the following factors:

- the delay in capital programme delivery as a result of delayed confirmation of Waka Kotahi NZTA funding
- the delay of projects funded by the Tourism Infrastructure Fund and Crown Infrastructure Partners
- the revenue recognition criteria for Tourism Infrastructure Fund and Crown Infrastructure Partners projects

While this unfavourable variance is more than offset by other positive variances, the bulk of these relate to non-cash and/or capital items such as Development Contributions and Vested Assets.

Year to date 'Opex on capital projects' is showing a \$1.8 million unfavourable variance. This is mainly due to costs of \$1.5 million being written off for spend on the Oruku Landing project which could not be capitalised as the project is not proceeding.

Full year forecast

The forecast net surplus for the financial year ending 30 June 2022 is \$40.4 million compared to the budgeted surplus of \$40.2 million resulting in a favourable variance of \$0.2 million. These results are based on forecast figures provided by budget managers in May 2022.

Key full year forecast variances include:

Revenue			
Subsidies and grants	Lower than budget	(\$14.8m)	Unfavourable
Other revenue, fees and charges	Higher than budget	\$3.0m	Favourable
Development contributions	Higher than budget	\$5.6m	Favourable
Expenses			
Other expenses	Lower than budget	\$2.6m	Favourable
Depreciation and amortisation	Lower than budget	\$2.1m	Favourable
Personnel costs	Lower than budget	\$1.7m	Favourable

Finance staff anticipate that the forecast expenditure for the remainder of the year is likely to be overstated. The final depreciation expense as well as various other year-end adjustments will be worked through in July/August. A full year operational report will be provided to Council as part of a workshop to present the draft (unaudited) results for the 2022 Annual Report in August/September.

3.2 External Net Debt and Treasury

Total net external debt at the end of May 2022 was \$146.7 million compared to year-to-date budgeted net debt of \$172.4 million, resulting in net debt being \$25.7 million under budget.

This favourable variance is primarily due to assumptions made regarding the opening net debt balance of the 2022-31 Long Term Plan (opening balance was \$4.1 million less than budgeted) and the year-to-date underspend on capital projects.

As at 31 May 2022 cash and term deposits held of \$45.3 million was comprised of:

- \$10.0 million of term deposits relating to short term borrowings not yet required.
- \$17.0 million of term deposits relating to excess cash not currently required.
- \$18.3 million of cash on hand.

Economic Outlook

The commentary in italics below was taken from the Interest Rate Report provided by PWC Treasury Advisory, dated 9 June 2022.

Since the RBNZ began its monetary policy normalisation process in 2021, market expectations have been akin to trifle and pavlova after a roast dinner – no matter how full it may appear, there is always room for a little more.

The RBNZ's most recent OCR track has prompted questions as to just how much more can be squeezed in.

The track outlines a fairly rapid path to a cash rate of 4.00%, though the curve seems to stop at that point – occasionally pushing higher, sometimes drifting lower, but broadly holding near 4.00% from the 3-year point onward.

Borrower Recommendations:

Maintain interest rate risk positions at policy minimums in the 0 – 2-year buckets. Recent advances from the 3-year point of the curve have made hedging levels comparatively less attractive. We continue to view a 10-year level approaching 3.50% as a likely trigger point (curve structure dependant) for the layering of additional hedging, principally through the use of forward starting swaps. Given our expectation of a shorter cycle, there may be opportunities to restructure trades within the portfolio to better utilise value captured by the shift higher in the curve.

4 Accounts Receivable and Arrears

Total arrears as at 31 May 2022 were \$5.3 million, \$0.4 million more than May last year. This is mainly due to some large ratepayers not paying the 4th instalment on time.

5 Significance and engagement / Te Hira me te Arawhiti

The decisions or matters of this agenda do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via agenda publication on the website.

6 Attachments / Ngā Tāpiritanga

1. Monthly key indicators
2. Monthly activity summary
3. Monthly income statement
4. Treasury report

MONTHLY KEY INDICATORS
MAY 2022



	YTD to May 2022					Full Year Forecast			
	Actual	Revised Budget	Variance	YTD	YTD Trend	Full Year Forecast	Revised Budget	Variance	YTD
	YTD \$ m	YTD \$ m	YTD \$ m	Indicator	Current / previous month	2021-22 \$ m	2021-22 \$ m	2021-22 \$ m	Indicator
OPERATING									
Total Rates	101.8	101.5	0.3	●		111.2	111.0	0.2	●
Development Contributions	12.1	6.5	5.6	●		12.7	7.1	5.6	●
Subsidies and Grants	28.8	43.5	(14.7)	●		34.4	49.2	(14.8)	●
User Fees	16.3	14.6	1.7	●		18.1	16.3	1.8	●
Total Operating Income	168.6	174.8	(6.2)	●	↓	188.9	194.6	(5.7)	●
Personnel Costs	26.9	28.4	1.5	●		29.2	30.8	1.6	●
Other Operating Expenditure	58.7	65.3	6.6	●		72.0	74.6	2.6	●
Total Operating Expenditure	133.0	142.7	9.7	●	↑	152.4	158.9	6.5	●
Surplus/(Deficit) from Operations	35.6	32.2	3.4	●	↑	36.5	35.7	0.8	●
Total Surplus/(Deficit)	39.6	35.7	3.9	●	↑	40.4	40.2	0.2	●
EXTERNAL DEBT FUNDING									
External Net Debt	146.7	172.4	25.7	●					
Net Interest on debt	4.8	5.0	0.2	●		5.0	5.5	0.5	●

KEY	
●	Favourable to budget
●	Unfavourable, but within 5% of budget
●	Unfavourable, over 5% of budget
↑	Favourable to previous month
↓	Unfavourable to previous month

Note: The above information includes excerpts taken from the Monthly Income Statement. The shaded lines above represent key totals from the Monthly Income Statement but are not totals of the lines above.

MONTHLY ACTIVITY SUMMARY MAY 2022



	YTD to May 2022					Full Year Forecast			
	Actual Surplus/ (Deficit) \$m	Revised Budget Surplus/ (Deficit) \$m	Variance Surplus/ (Deficit) \$m	YTD Indicator	YTD Trend Current / previous month	Full Year Forecast Surplus/ (Deficit) \$m	Revised Budget Surplus/ (Deficit) \$m	Variance Surplus/ (Deficit) \$m	Full Year Indicator
Surplus/(deficit) from operations	35.6	32.2	3.4	●	↑	36.5	35.7	0.8	●
Transportation	(8.8)	3.8	(12.6)	●	↓	(11.5)	1.1	(12.6)	●
Water	8.9	7.5	1.4	●	↑	6.5	5.5	1.0	●
Solid Waste	(3.7)	(4.6)	0.9	●	↑	(4.8)	(5.4)	0.6	●
Waste Water	15.1	12.8	2.3	●	↑	14.6	12.6	2.0	●
Storm Water	(3.4)	(3.9)	0.5	●	↑	(5.3)	(5.5)	0.2	●
Flood Protection	0.1	0.3	(0.2)	●	↑	0.1	0.3	(0.2)	●
Community Facilities	(20.8)	(25.1)	4.3	●	↑	(33.5)	(36.4)	2.9	●
Governance & Strategy	(0.6)	(2.7)	2.1	●	↑	(1.8)	(3.4)	1.6	●
Planning & Regulatory	0.9	(2.9)	3.8	●	↑	(5.6)	(9.3)	3.7	●
Support Services	48.0	46.9	1.1	●	↑	77.7	76.2	1.5	●

KEY:

Favourable to budget



Unfavourable, but within 5% of budget



Unfavourable, over 5% of budget



Favourable to previous month



Unfavourable to previous month



No change to previous month

Note: The above information is at Council Operations level and excludes non-cash adjustments

MONTHLY INCOME STATEMENT

31 MAY 2022

Council Summary	Actual	Revised Budget	Forecast	Revised Budget	Variance*
	YTD	YTD	2021-22	2021-22	2021-22
	\$000	\$000	\$000	\$000	\$000
Operating income					
Rates	101,786	101,526	111,232	111,034	198
Development and other contributions	12,134	6,488	12,700	7,078	5,623
Subsidies and grants	28,836	43,455	34,358	49,154	(14,795)
Fees and charges	16,350	14,648	18,054	16,315	1,739
Interest revenue	326	125	391	136	255
Other revenue	9,171	8,608	12,163	10,891	1,272
Total operating income	168,603	174,849	188,898	194,607	(5,709)
Operating expenditure					
Other expenditure	58,739	65,263	72,010	74,587	2,578
Depreciation and amortisation	42,230	43,900	45,781	47,891	2,110
Finance costs	5,083	5,099	5,438	5,588	150
Personnel costs	26,906	28,429	29,168	30,833	1,665
Total operating expenditure	132,958	142,691	152,397	158,899	6,502
Surplus/(deficit) from operations	35,645	32,158	36,502	35,708	793
Plus non-cash income adjustments					
Vested assets income	10,926	6,483	12,053	8,200	3,853
Gain on disposal of assets	-	-	-	-	-
Total non-cash income adjustments	10,926	6,483	12,053	8,200	3,853
Less non-cash expenditure adjustments					
OPEX on capital projects**	4,651	2,897	5,109	3,733	(1,376)
Loss on disposal of assets	2,312	-	3,003	-	(3,003)
Total non-cash expenditure adjustments	6,962	2,897	8,112	3,733	(4,379)
Total non-cash adjustment	3,963	3,586	3,941	4,467	(525)
Total surplus/(deficit)	39,608	35,744	40,443	40,175	268

* Favourable variances are recorded as positive amounts (unfavourable variances as negative amounts)

** This expenditure is included within the Capital Projects Report

TREASURY REPORT
31 MAY 2022

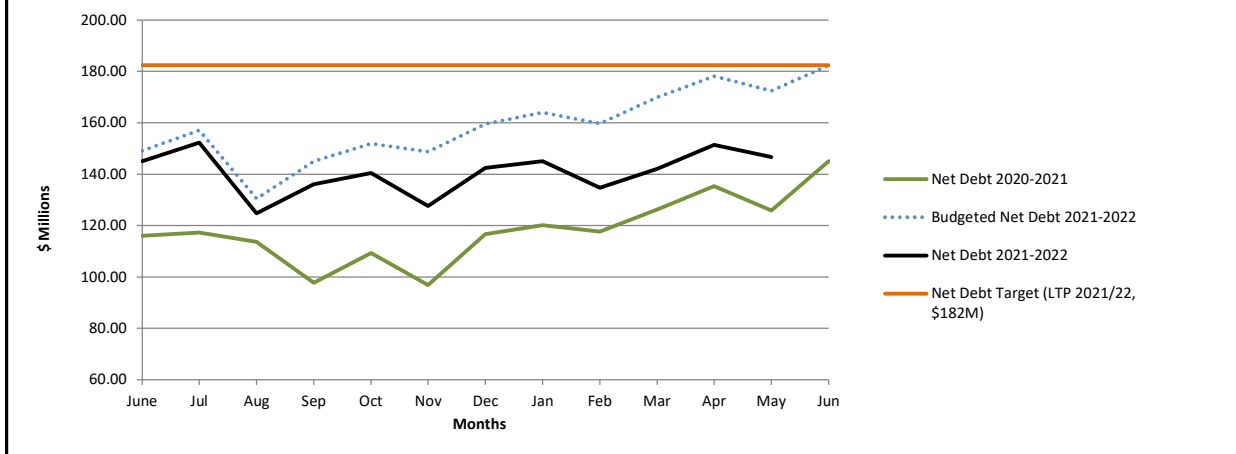


S&P GLOBAL RATINGS CREDIT RATING: **AA +** Outlook: Negative

DEBT SUMMARY:

As at 31 May 2022		
External Debt		
Opening public debt as at 1 May 2022		192,000,000
Plus loans raised during month	-	
Less loan repayments made during month (Note: Facility movement has been netted)	-	
Net movement in external debt		-
Total External Debt		192,000,000
Less: Cash balances (excluding funds held on behalf)	18,330,454	
Term deposits (Funds held on deposit until required for project funding)	27,000,000	
Total cash and term deposits		45,330,454
Total Net External Debt		146,669,546
<i>Note: Council also holds \$3.66m of LGFA borrower notes. These are not included in net external debt as per Council's Treasury Risk Management Policy.</i>		
External debt is represented by:		
Less than 1 Year		30,000,000
1-3 Years		38,000,000
3-5 Years		38,000,000
Greater than 5 Years		86,000,000
Total		192,000,000

NET EXTERNAL DEBT COMPARED TO BUDGET:



Internal Funding*

Community Development Funds		10,733,590
Property Reinvestment Reserve - Committed	-	
Property Reinvestment Reserve - Available for Investment	18,826,043	
		18,826,043
Water Reserve		27,730,190
Wastewater Reserve		16,529,024
Total		73,818,847

*Note: Reserves Funding is disclosed to ensure transparency of Council's use of cashflow management to fund capital works.

Where funds are raised through property sales or targeted rates for Water, but they are not required for immediate investment in that asset category, Council's Revenue and Financing policy allows them to be used for other purposes, rather than being held on deposit.

To ensure total transparency of this we create Reserve Accounts so that the appropriate funding can be made available and transferred back when it is required. The timing of projects requiring these funds is set out in our Long Term Plan (LTP) and/or Annual Plan (AP).

These Reserves are not a liability to an external party, and are not part of Council's debt obligations.

The Property Reinvestment Reserve is split to record funds that have been already been committed to land purchases, and the remaining uncommitted balance that is available for other future investment purchases.

The only situation where our Net Debt would increase as a result of these Reserves is if major expenditure on Water Assets or property purchases is brought forward from the dates set out in the LTP/AP.

8.2 Capital Projects Report for the 11 months ending 31 May 2022

Meeting: Whangarei District Council
Date of meeting: 23 June 2022
Reporting officer: Alan Adcock (General Manager – Corporate / CFO)

1 Purpose / Te Kaupapa

To provide the Capital Projects Report for the eleven months ending 31 May 2022.

2 Recommendation / Whakataunga

That the Council notes the Capital Projects Report for the eleven months ending 31 May 2022.

3 Background / Horopaki

This report provides an update on the expenditure to date on Projects compared with budget, as well as the forecast spend for the year and carry forwards against budget.

4 Discussion / Whakawhiti kōrero

The Capital Projects expenditure as at 31 May 2022 is \$40.6 million less than budget. Based on May forecasting prepared by Budget Managers the forecast expenditure is \$95.3 million, \$4.3million less than last month. As a result, net carry forwards have increased from \$42.3 to \$46.8million.

The carry forwards primarily relate to:

• Urban Intersection Upgrades	\$7.5m
• MBIE Projects	\$4.4m
• Community Buildings Renewals & Improvements	\$3.8m
• Dog Pound Renewals	\$3.1m
• Cycleways - Subsidised	\$2.5m
• Seal extensions – Unsubsidised	\$2.1m
• Sewer Network Upgrades	\$2.1m
• Civic Centre	\$2.0m
• Pohe Island Development	\$1.8m
• New Airport Evaluation	\$1.5m
• Pensioner Housing Renewals & Improvements	\$1.2m
• IT Equipment New	\$1.2m
• Bridge and Structural Renewals	\$1.1m
• Portal and Online Services	\$1.1m
• Stormwater Renewals	\$1.0m
• Three Mile Bush Reservoir Additional Capacity	\$1.0m
• LCLR Safety Improvements	\$1.0m

4.1 Risks

The global pandemic Covid 19 continues to present challenges in supply chains with delays and potential escalation in pricing. Stretched resources due to vacancies, sick leave and heavy workload continue to add pressure to delivery of the programme.

5 Significance and engagement / Te Hira me te Arawhiti

The decisions or matters of this Agenda do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via publication on the website.

6 Attachments/ Ngā Tāpiritanga

1. Capital Projects Report May 2022
2. Capital Project Graphs May 2022

CAPITAL PROJECTS REPORT

AS AT 31 May 2022

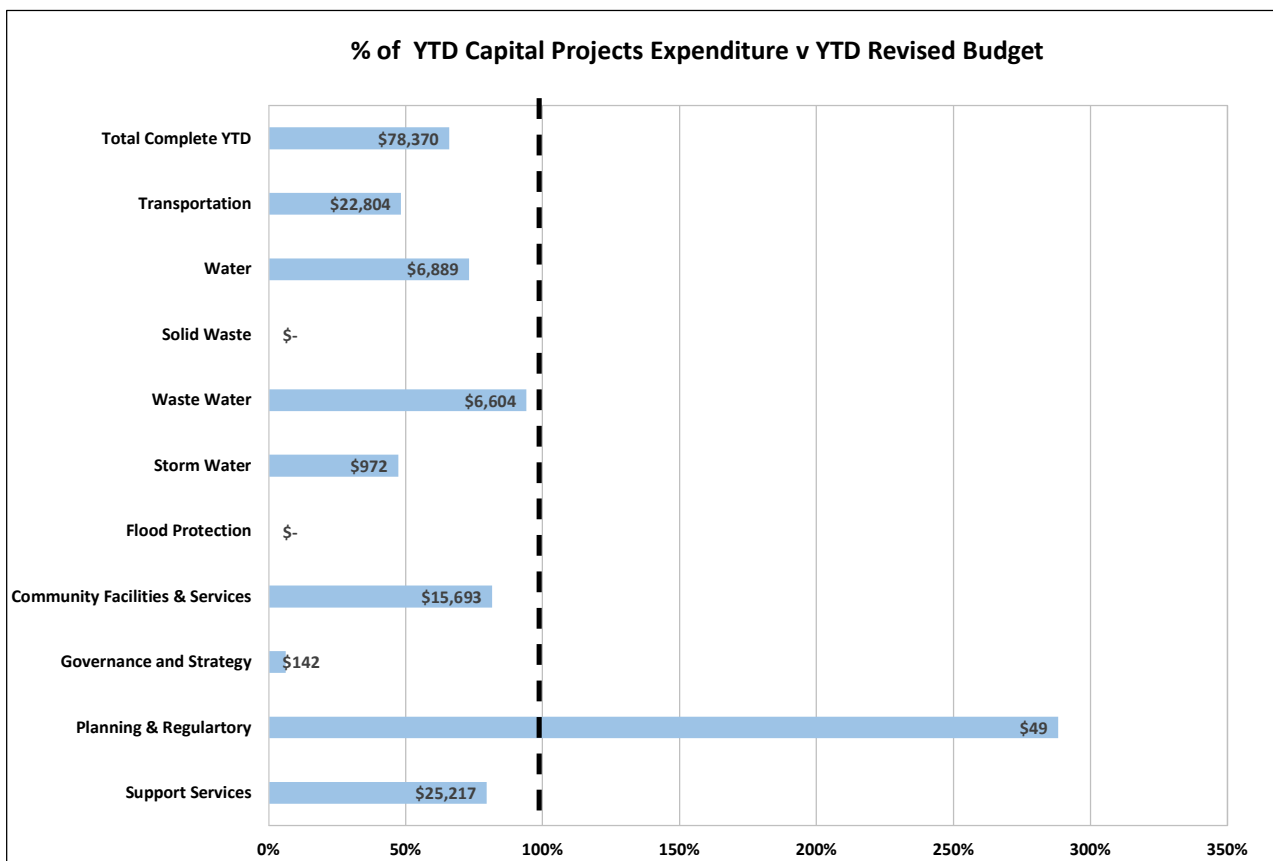
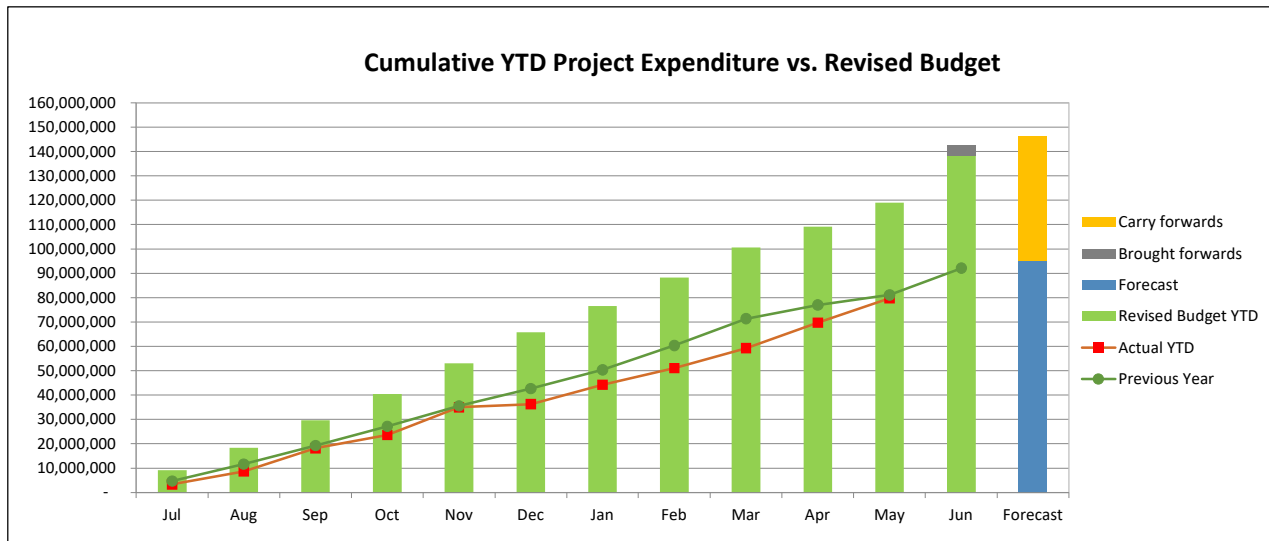
(Project figures include both Operating and Capital Expenditure)

	Actual YTD \$000	Revised Budget YTD \$000	Variance YTD \$000	Full Year Forecast Expenditure \$000	Full Year Revised Budget \$000	Net Carried Forwards \$000	Total Underspent/ (Overspent) \$000
Transportation							
Amenity Lighting	4	85	81	62	92	0	30
Bridge and Structural Renewals	337	1,879	1,542	648	2,050	1,090	312
Bus Shelters	99	113	14	177	123	0	(54)
Bus Terminal Development/Relocation	731	0	(731)	1,181	0	0	(1,181)
Coastal Protection Structures - Roading	0	80	80	0	87	87	0
Community Led Development	0	262	262	0	286	286	0
Cycleways - Additional government fundin	5	0	(5)	5	0	0	(5)
Cycleways - Subsidised	(9)	5,966	5,975	57	6,509	2,482	3,969
Cycleways - Unsubsidised Programmed Work	3	0	(3)	3	0	0	(3)
Drainage Renewals	619	1,339	720	904	1,461	445	112
Footpaths Renewals	245	592	347	302	646	216	128
Land for Roads	3	0	(3)	3	0	0	(3)
LCLR Major Bridge Repairs	0	470	470	0	513	0	513
LCLR Minor Improvement Projects	1,624	1,128	(496)	1,950	1,230	0	(720)
LCLR Lighting Improvements	0	216	216	0	236	0	236
LCLR New Footpaths	120	583	462	660	636	0	(24)
LCLR Resilience Projects	163	940	776	224	1,025	0	801
LCLR Safety Improvements	256	1,879	1,623	429	2,050	1,030	591
LCLR Subsidised Seal Extensions	0	272	272	0	297	0	297
LED Streetlight Upgrades	19	0	(19)	19	0	0	(19)
MBIE Projects	6,256	0	(6,256)	8,213	0	4,367	(12,579)
Parking Renewals	(17)	376	393	137	410	210	63
Seal Extensions - House Frontage Sealing	53	0	(53)	53	0	0	(53)
Seal Extensions - Unsubsidised	1,056	3,242	2,186	1,306	3,536	2,101	129
Seal Extensions - Wright/McCardle	174	0	(174)	283	0	0	(283)
Sealed Road Pavement Rehabilitation	2,999	3,044	45	3,182	3,321	71	68
Sealed Road Resurfacing	5,095	4,660	(434)	6,128	5,084	613	(1,657)
Structures Component Replacement	764	1,452	688	1,116	1,584	138	330
Subdivision Works Contribution	3	52	49	39	56	0	18
Traffic Sign & Signal Renewals	491	799	308	757	871	0	114
Transport Planning Studies & Strategies	0	141	141	33	154	104	17
Unsealed Road Metalling	1,558	2,105	547	2,084	2,296	76	136
Urban Intersection Upgrades	154	15,503	15,349	717	16,913	7,470	8,726
Whangarei City Centre Plan Implementation	0	0	0	20	0	(20)	0
Transportion Total	22,804	47,176	24,371	30,692	51,464	20,766	7
Water							
Accelerated Renewals (3 Waters)	359	131	(228)	459	133	0	(326)
Capital Projects (3 Waters)	3,257	4,055	798	3,589	4,623	0	1,034
Data and Technology Systems (3 Waters) - Water	64	92	29	64	92	0	29
Fairway Drive Pump Station Upgrade	0	491	491	0	536	536	0
Kamo Reservoir Additional Capacity	236	235	(1)	276	300	0	24
Leak Management (3 Waters)	42	92	50	42	92	0	50
Maungakareme Reservoir Additional Capacity	0	35	35	10	205	205	(10)
Minor Projects - Emergency Works	97	399	302	137	444	250	57
Reservoir Rehabilitation - Programmed Work	28	51	23	41	51	0	10
Reticulation - Programmed Work	818	1,716	898	1,121	1,721	560	39
SCADA Upgrade	216	78	(138)	216	78	0	(138)
Three Mile Bush Reservoir Additional Capacity	1	835	834	1	1,025	1,024	(0)
Treatment Plant Upgrades	58	345	288	94	377	0	283
Water Meter Renewals	276	398	122	316	528	160	52
Water Treatment Plant & Equipment Replacement	371	461	91	444	513	0	68
Whau Valley New Water Treatment Plant	1,066	0	(1,066)	1,066	1,127	95	(34)
Water Total	6,889	9,416	2,527	7,877	11,844	2,830	1,137
Solid Waste							
Transfer Station Renewals	0	31	31	52	51	0	(1)
Solid Waste Total	0	31	31	52	51	0	(1)
Wastewater							
Asset Condition Assessments (3 Waters)	47	38	(9)	50	41	0	(9)
Capital Projects (3 Waters)	1,770	1,174	(595)	1,821	1,281	0	(540)
Data and Technology Systems (3 Waters)	316	310	(6)	316	338	0	22
Laboratory Equipment Renewals & Upgrades	18	34	15	38	34	0	(5)
Sewer Network Renewal	2,937	2,027	(911)	3,551	2,219	(1,260)	(73)
Sewer Network Upgrades	108	2,074	1,966	373	2,765	2,120	272
Wastewater Assessment	1	71	71	1	78	77	(0)
Wastewater Projects	319	0	(319)	319	0	0	(319)
Wastewater Pump Station Remote Monitoring	4	94	90	17	103	85	1
Wastewater Pump Station Renewals	268	115	(153)	348	154	0	(194)
Wastewater Reticulation Upgrade	18	15	(3)	23	21	48	(50)

	Actual YTD \$000	Revised Budget YTD \$000	Variance YTD \$000	Full Year Forecast Expenditure \$000	Full Year Revised Budget \$000	Net Carried Forwards \$000	Total Underspent/ (Overspent) \$000
Wastewater Strategy - Programmed Work	0	33	33	0	36	36	0
Wastewater Treatment Plant Renewals	326	597	272	515	702	59	127
Wastewater Treatment Plant Upgrades	472	434	(38)	1,224	529	103	(798)
Wastewater Total	6,604	7,017	412	8,598	8,299	1,267	(1,567)
Stormwater							
Asset Condition Assessments (3 Waters)	9	38	29	9	41	0	32
Blue/Green Network	131	150	20	178	164	49	(63)
Data and Technology Systems (3 Water)	31	66	34	31	72	0	40
Stormwater Catchment Management Plans & Assessm	79	175	96	201	210	50	(41)
Stormwater Renewals	722	1,578	857	995	2,069	1,043	31
Stormwater Upgrades	0	46	46	0	62	62	0
Stormwater Total	972	2,053	1,081	1,415	2,617	1,203	(0)
Flood Protection							
Gravity Drainage Gates	0	77	77	0	84	84	0
Level Sensor Renewals	0	10	10	0	11	11	0
Flood Protection Total	0	87	87	0	95	95	0
Community Facilities & Services							
<i>Civil Defence</i>							
Civil Defence Emergency Management Equipment Ren	0	0	0	0	15	15	0
Civil Defence Emergency Management New Equipmen	0	0	0	0	5	5	0
Tsunami Signage	0	0	0	0	81	81	0
Tsunami Sirens New	0	0	0	0	60	60	0
Tsunami Sirens Renewals	0	35	35	0	38	38	0
Civil Defence Total	0	35	35	0	200	200	0
<i>Community Development</i>							
CCTV Upgrades & Improvements	132	136	4	170	170	0	0
Community Buildings Renewals & Improvements	433	1,167	733	460	4,277	3,812	5
Community Led Development	49	446	396	70	486	420	(4)
Oruku Landing	1,491	0	(1,491)	1,491	0	0	(1,491)
Pensioner Housing Renewals & Improvements	493	1,580	1,087	546	1,723	1,175	2
Community Development Total	2,599	3,328	729	2,738	6,657	5,406	(1,488)
<i>Infrastructure Planning & Capital Works</i>							
Blue/Green Network	115	0	(115)	117	0	0	(117)
Whangarei City Centre Plan Implementation	113	0	(113)	123	0	0	(123)
Infrastructure Planning & Capital Works Total	228	0	(228)	240	0	0	(240)
<i>Libraries</i>							
Book Purchases	389	713	324	469	781	188	124
Library Improvements	9	0	(9)	9	0	0	(9)
Library IT Equipment	105	102	(3)	115	112	0	(3)
Library Renewals	5	5	1	5	5	0	0
Mobile Bus Replacement	0	4	4	0	4	0	4
Libraries Total	507	824	317	598	902	188	116
<i>Parks & Recreation</i>							
Cemeteries Level of Service	0	9	9	1	10	0	9
Cemeteries Renewals	128	347	219	203	347	204	(60)
Cemetery Land Purchases	4	0	(4)	4	0	0	(4)
Coastal Structures Level of Service	13	128	115	48	138	27	63
Coastal Structures Renewal	1,180	1,624	444	1,392	1,780	221	167
Emerald Necklace - Sense of Place	242	282	40	242	308	65	0
Neighbourhood & Public Gardens Level of Service	1,025	1,316	291	1,025	1,568	712	(168)
Neighbourhood & Public Gardens Renewals	1,104	1,593	488	1,292	1,643	(125)	477
Parks Interpretation Information	3	42	39	3	46	20	23
Playgrounds & Skateparks Level of Service	234	183	(50)	234	183	(3)	(47)
Playgrounds & Skateparks Renewals	101	206	105	101	206	136	(31)
Pohe Island Development	1,559	3,398	1,839	1,685	3,449	1,843	(79)
Public Art	42	43	1	52	58	10	(4)
Public Toilets	45	216	172	71	256	83	102
Seawalls Renewal	(6)	0	6	(6)	0	0	6
Sport & Recreation Growth	2	513	511	2	513	511	(0)
Sport & Recreation Level of Service	892	221	(671)	1,065	225	(814)	(25)
Sport & Recreation Renewals	91	425	334	106	659	0	553
Sportsfields Land Purchases	0	0	(0)	0	0	0	(0)
Tikipunga Soccer Hub	(3)	0	3	(3)	0	0	3
Town Basin - Conversion of Carpark to Park	3,701	2,958	(743)	3,703	2,958	0	(745)
Visitor Destination Upgrades	450	942	493	630	1,042	0	413
Walkway & Track Level of Service	(0)	0	0	(0)	0	0	0
Walkway & Track Renewals	158	60	(98)	188	60	(80)	(48)
Waterfront Programme	246	(394)	(640)	246	1,026	0	780
Parks & Recreation Total	11,207	14,112	2,905	12,281	16,476	2,809	1,386

	Actual YTD \$000	Revised Budget YTD \$000	Variance YTD \$000	Full Year Forecast Expenditure \$000	Full Year Revised Budget \$000	Net Carried Forwards \$000	Total Underspent/ (Overspent) \$000
Venue and Events Whangarei							
Flags & Decorations	87	133	46	87	133	48	(2)
FN Venue - Health & Safety Upgrades	30	31	1	30	31	0	1
Forum North Venue Renewals	56	51	(5)	61	51	0	(10)
Forum North Venue Upgrades	278	103	(176)	278	103	0	(176)
NEC - Exterior General Renewals	164	256	92	164	256	92	0
NEC Building Renewals	318	21	(297)	386	21	(304)	(61)
NEC Building Upgrades	0	103	103	0	103	0	103
NEC Field Renewals	200	238	38	232	238	0	6
NEC Light Tower Renewals	8	0	(8)	8	0	0	(8)
Sport & Recreation Renewals	11	0	(11)	11	0	0	(11)
Venue and Events Whangarei Total	1,152	935	(217)	1,256	935	(164)	(158)
Community Facilities & Services Total	15,693	19,234	3,541	17,113	25,170	8,440	(384)
Governance and Strategy							
Central City Carpark Upgrades & Improvements	(0)	183	183	(0)	199	197	2
Commercial Property Renewals & Improvements	17	0	(17)	17	0	0	(17)
New Airport Evaluation	94	995	901	98	1,596	1,500	(2)
Parihaka Transmission Mast Upgrade	0	702	702	0	936	936	0
Property Purchases	14	0	(14)	14	0	0	(14)
WAMT Air Conditioning Upgrade	17	374	358	338	374	0	36
Governance and Strategy Total	142	2,254	2,112	467	3,105	2,633	5
Planning & Regulatory							
Dog Pound Renewals	49	17	(32)	64	3,093	3,063	(34)
Planning & Regulatory Total	49	17	(32)	64	3,093	3,063	(34)
Support Services							
Business Support							
Civic Centre	22,296	25,343	3,046	25,743	27,647	1,983	(80)
Council Vehicle Replacements	513	724	211	513	790	422	(145)
Forum North Venue Renewals	0	233	233	0	255	255	0
Furniture Renewals	11	19	8	21	21	20	(20)
Information Centre Upgrade	99	118	19	99	129	0	30
Water Services Building Renewals	0	0	0	0	0	0	0
Business Support Total	22,920	26,437	3,518	26,377	28,841	2,680	(216)
ICT							
Application and System Upgrades	880	834	(46)	898	1,575	677	0
Cloud Strategy / ICT	325	1,036	710	381	1,130	630	119
Cyber Security	0	470	470	35	513	200	278
IT Equipment New	476	1,219	743	672	1,329	1,225	(567)
Portal and Online Services	191	1,116	925	231	1,530	1,090	208
ICT Total	1,873	4,674	2,801	2,217	6,076	3,821	38
Infrastructure Planning & Capital Works							
Data and Technology Systems (3 Waters)	150	188	38	170	205	0	35
Preparation for Reform (3 Waters)	11	19	8	11	21	0	9
Programme Delivery (3 Waters)	260	357	97	290	390	0	99
Infrastructure Planning & Capital Works Total	421	564	142	472	615	0	143
People & Capability							
Office Furniture	3	28	25	4	31	27	(0)
People & Capability Total	3	28	25	4	31	27	(0)
Support Services Total	25,217	31,704	6,487	29,069	35,563	6,528	(34)
Total	78,370	118,989	40,619	95,348	141,301	46,825	(871)

CAPITAL PROJECT EXPENDITURE AS AT 31 MAY 2022



RESOLUTION TO EXCLUDE THE PUBLIC

That the public be excluded from the following parts of proceedings of this meeting.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered		Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for passing this resolution
1.1	Confidential Minutes Whangarei District Council 26 May 2022	Good reason to withhold information exists under Section 7 Local Government Official Information and Meetings Act 1987	Section 48(1)(a)
1.2	Confidential Extra ordinary Whangarei District Council Minutes 19 May 2022		
1.3	Civic Honours Selection Committee – Adoption of Minutes & recommendations		
1.4	Property Matter – Kioreroa Road		
1.5	Urban Sports Hub		
1.6	Kotata Stage 2 Decision Report		
1.7	Animal Shelter Contract		
1.8	Security Services Contract		

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public, are as follows:

Item	Grounds	Section
1.1	For the reasons as stated in the open minutes	
1.2	For the reasons as stated in the open minutes	
1.3	To protect the privacy of natural persons	Section 7(2)(a)
1.4	To protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied it or the subject of the information To enable Council to carry on without prejudice or disadvantage negotiations (including commercial and industrial negotiations)	Section 7(2)(b)(ii) Section 7(2)(i)
1.5	To enable Council to carry on without prejudice or disadvantage negotiations (including commercial and industrial negotiations).	Section 7(2)(i)

	To prevent the disclosure or use of official information for improper gain or improper advantage	Section 7(2)(j)
1.6	To maintain legal professional privilege To enable Council to carry on without prejudice or disadvantage negotiations (including commercial and industrial negotiations).	Section 7(2)(g) Section 7(2)(i)
1.7	To protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied it or the subject of the information To enable Council to carry on without prejudice or disadvantage negotiations (including commercial and industrial negotiations)	Section 7(2)(b)(ii) Section 7(2)(i)
1.8	To enable Council to carry on without prejudice or disadvantage negotiations (including commercial and industrial negotiations)	Section 7(2)(i)

Resolution to allow members of the public to remain

If the council/committee wishes members of the public to remain during discussion of confidential items the following additional recommendation will need to be passed:

Move/Second

"That _____ be permitted to remain at this meeting, after the public has been excluded, because of his/her/their knowledge of Item _____.

This knowledge, which will be of assistance in relation to the matter to be discussed, is relevant to that matter because _____.

Note: Every resolution to exclude the public shall be put at a time when the meeting is open to the public.