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## Christchurch City Council SUPPLEMENTARY AGENDA

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### Notice of Meeting:

An ordinary meeting of the Christchurch City Council will be held on:

**Date:** Thursday 12 May 2022  
**Time:** 9.30am  
**Venue:** Council Chambers, Civic Offices,  
53 Hereford Street, Christchurch

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### Membership

Chairperson	Mayor Lianne Dalziel
Deputy Chairperson	Deputy Mayor Andrew Turner
Members	Councillor Jimmy Chen
	Councillor Catherine Chu
	Councillor Melanie Coker
	Councillor Pauline Cotter
	Councillor Mike Davidson
	Councillor Celeste Donovan
	Councillor Anne Galloway
	Councillor James Gough
	Councillor Yani Johanson
	Councillor Aaron Keown
	Councillor Sam MacDonald
	Councillor Phil Mauger
	Councillor Jake McLellan
	Councillor Tim Scandrett
	Councillor Sara Templeton

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10 May 2022

### Principal Advisor

Dawn Baxendale  
Chief Executive  
Tel: 941 6996

Jo Daly  
Council Secretary  
941 8581  
jo.daly@ccc.govt.nz  
[www.ccc.govt.nz](http://www.ccc.govt.nz)

Note: The reports contained within this agenda are for consideration and should not be construed as Council policy unless and until adopted. If you require further information relating to any reports, please contact the person named on the report.

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<http://councillive.ccc.govt.nz/live-stream>



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## 14. Resolution to Include Supplementary Reports

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### 1. Background

- 1.1 Approval is sought to submit the following report to the Council meeting on 12 May 2022:
  15. Mayor's Report
- 1.2 The reason, in terms of section 46A(7) of the Local Government Official Information and Meetings Act 1987, why the report was not included on the main agenda is that it was not available at the time the agenda was prepared.
- 1.3 It is appropriate that the Council receive the report at the current meeting.

### 2. Recommendation

- 2.1 That the report be received and considered at the Council meeting on 12 May 2022.
  15. Mayor's Report

## 15. Mayor's Report

Reference / Te Tohutoro: 22/560453

Report of / Te Pou  
Matua: Lianne Dalziel, Mayor, mayor@ccc.govt.nz

General Manager /  
Pouwhakarae: Dawn Baxendale, Chief Executive, dawn.baxendale@ccc.govt.nz

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### 1. Purpose of Report Te Pūtake Pūrongo

- 1.1 The purpose of this report is to provide an update on Three Waters reforms, including the recent announcements on next steps and the “better off” funding available to local authorities.

### 2. Mayors Recommendations Ngā Tūtohu o Te Koromatua

That the Council:

1. Receive the information in this Report.
2. Note that the Government response to the Three Waters Working Group on Representation, Governance and Accountability will inform the Water Services Entities Bill, which is expected to be introduced and referred to a Select Committee for submissions mid-2022.
3. Note that the Council has received advice on the criteria and requirements for applying for Tranche 1 of the “better off” funding, which would require us to submit an online Funding Proposal by 30 September 2022.
4. Note that the Mayor has written to the Minister with concerns about the content of the Funding Agreement, and also the allocation of debt to the Water Services Entities.
5. Note that staff will hold a workshop with councillors to discuss the process, and prepare a report for Council in time for an application should councillors wish to proceed.

### 3. Three Waters reform update

- 3.1 In April, there were two updates from central government on the Three Waters Reform. On 29 April, Ministers Robertson and Mahuta announced that Cabinet has accepted and is to take forward the majority of the recommendations of the Representation, Governance and Accountability Working Group. Some of the key changes are highlighted below.
- 3.2 As a member of this group, I am disappointed that this announcement failed to address the key funding concerns raised by the Working Group. This includes the Crown ignoring the recommendation that they confirm the size of investment required to address issues of historic degradation of waterways and inequalities in the provision of water services, and how it will address the funding.
- 3.3 On 4 April, the Department of Internal Affairs released further information on Crown funding available to local authorities as part of the Three Waters support package.

#### 4. Working Group recommendations on representation, governance and accountability

- 4.1 Cabinet has committed to the majority of the Working Group's recommendations. The majority of these changes will be reflected via the Water Services Entity Bill, which is due mid-2022, however some will be implemented via the entity constitution, to allow for more flexibility in implementation. Key changes include:
- 4.2 **Ownership of water entities.** The Government has agreed with the Working Group's recommendations to strengthen community ownership of the new entities by using a public shareholding structure that makes community ownership clear, with shares held by councils on behalf of their communities (one share per 50,000 people, rounded up). To preserve balance sheet separation between council owners and water service entities, and provide further protection against any future privatisation, the council shares cannot be sold or transferred for any reason and will not carry any financial or decision-making interests.
- 4.3 **Co-governance.** Equal representation between local government and mana whenua will apply to the regional representative oversight groups, which will have co-chairs and consensus decision-making to cement co-governance principles. However, this will not be applied to the entity boards. The entity boards will be independent, with merit-based appointments taking into account relevant knowledge, competency and experience.
- 4.4 **Accountability.** The legislation will provide for tighter accountability from each water services entity board to the community, including strengthening and clarifying the role of the Regional Representative Group.
- 4.5 **Te Mana o te Wai.** This will apply as a korowai or principle applicable across the water services framework to all functions and powers enacted by the Bill.
- 4.6 **Strengthening connections.** The legislation will include provisions that strengthen connections to local communities, including sub-groups feeding into the regional representative group, comprised of representatives of local communities to provide community-based input into the entity board's decision-making on investment prioritisation and service standards.

#### 5. Crown funding available to local authorities

- 5.1 The Government last year announced a \$2.5 billion funding package for local authorities to support transition through the three waters reforms. This comprises a 'no worse off' package of \$500 million, to support councils through the transition and ensure the financial impacts of reforms are managed.
- 5.2 A "better off" package of \$2 billion is also available, comprising \$1 billion in Crown funding and \$1 billion which will be from the new water services entities. This will be made available in two tranches.
- 5.3 The first tranche (\$500 million) is available now, and the second (\$1.5 billion) will be available from 1 July 2024. The deadline for applying for tranche one funding is 30 September 2022.
- 5.4 Christchurch City Council has been allocated \$30.61 million in the first tranche and \$91.82 million in the second tranche (total: \$122.42 million) (based on a nationally consistent formula which factors in population, deprivation and land area).

##### Funding criteria



- 5.5 Funding proposals must be for new initiatives/projects or to accelerate, scale-up or enhance the quality of planned investment. The duration of the programme of expenditure must be 5 years or less.

- 5.6 The Government has established some funding criteria for assessing funding proposals which are:
- supporting communities to transition to a sustainable and low-emissions economy, 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.
- 5.7 Crown Infrastructure Partners (CIP) have been appointed to provide relationship managers to assist local authorities in preparing and submitting proposals to use this funding.
- 5.8 Local authorities' funding proposals are required to include a wellbeing assessment for each project included in the proposal. We are also required to demonstrate how we engaged with iwi/Māori in developing the proposal.
- 5.9 Enclosed at **Attachment A** is the Department of Internal Affairs' letter announcing the funding package.

## 6. Next Steps

- 6.1 Councils around New Zealand have commenced workshops with elected members, and I have proposed to staff that we do the same to identify a framework for considering options for application. Any proposal for using these funds will need to align across multiple criteria in order to meet our needs as well as Government direction on use of these funds. Our proposal would need to reflect:
- the Government's three criteria (see para 5.6 above);
  - Ngāi Tahu priorities;
  - direction provided by Council strategies and strategic plans; and
  - deliverability considerations: funding is available for expenditure over a period of up to five years.
- 6.2 I have written to the Minister for Local Government to express disappointment in the wording of the funding agreement, which does not demonstrate a partnership approach, as well as to express my concerns on the allocation of debt to the Water Services Entities. I have requested that the agreement is modified.
- 6.3 The Water Services Entity Bill is due to be introduced mid-2022. Amendments to the exposure draft released late last year will be required as a result of the above changes confirmed by Cabinet. We will make a submission on the Bill once submissions are called for and encourage residents to do the same.
- 6.4 There will be another Bill released later this year which will also relate to the Water Services Entities.

## Attachments Ngā Tāpirihanga

No.	Title	Page
A  	Better off support package information letter	8



**Te Tari Taiwhenua  
Internal Affairs**

45 Pipitea Street  
Wellington  
Phone 0800 25 78 87  
dia.govt.nz

4 April 2022

Tēnā koutou i runga i ngā tini āhuatanga o te wā

The Minister of Local Government has announced that councils are now able to put forward proposals for the first \$500 million of Crown funding from the Three Waters reform better off support package. The funding is for local government to invest in local community wellbeing and may be applied to capital or operating initiatives. The remaining \$1.5 billion is available from 1 July 2024.

***Funding allocation***

The [Heads of Agreement](#) allocated the package with a 75% allocation based on population, a 20% allocation based on the deprivation index, and a 5% allocation based on land area and established some simple funding criteria:

- 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.**

***Funding proposals***

We heard that councils wanted a simple process for accessing the better off package. To access your council's share of the first \$500 million of the package your council will need to submit an online Funding Proposal by 30 September 2022.

The Funding Proposal will set out key information including proposed projects, milestones and expected completion date. It will also need to provide a wellbeing assessment and outline iwi/Māori engagement. The online form via [Community Matters online grants management system](#) is live from today. Councils can also view a pro-forma copy of the Funding Proposal on the Department's website: [here](#).

To streamline the funding application and approval process, your council will have access to a Relationship Manager if needed to support the development of your Funding Proposal. The relationship managers will be available to provide additional guidance on an as-required basis. CIP has been appointed to this fulfil this function and will be supported by the Department of Internal Affairs.

Guidance is available on the Department's website and includes detailed information on how you can contact your relationship manager: [Three waters reform programme reform support package - dia.govt.nz](#)

***Supporting transition***

As set out in the Heads of Agreement, councils receiving this package will help support the transition to the new entities by meeting any reasonable request for information and assistance.



Te Tari Taiwhenua  
Department of Internal Affairs

### Next steps

We encourage you to take a look at the [Funding Proposal guidance](#) and contact your relationship manager. From today you will be able to submit your Funding Proposal online. The Department will work with cross government (including local government) representatives to consider funding proposals. We will endeavour to approve proposals within six weeks.

Following approval of a Funding Proposal and an executed Funding Agreement, an initial disbursement of 10% of your requested amount will be released (no earlier than 1 July 2022). The remainder will be disbursed on receipt of a progress payment request which you may submit on a monthly basis online. You will also need to submit a progress report online every six months. We will provide pro-forma copies of the payment request and six-monthly progress report by 30 April 2022.

### FAQs

When is our council's funding available?

- ▶ Funding Proposal submissions close **30 September 2022**
- ▶ Tranche 1 funding (\$500 million) is available for use from **1 July 2022**. The remaining \$1.5 billion of funding is available for use from 1 July 2024.

How does my council access the better off package?

- ▶ There are **two** key **documents** to apply for and access the funding:
  - The Funding Proposal
  - The Funding Agreement
- ▶ You may only submit **one** Funding Proposal to access your council's share of the first \$500 million of the Package, but it can cover more than one project or initiative.
- ▶ Funding may cover projects for a period 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 Funding Proposal

Nāku noa, nā



Hamiora Bowkett

Executive Director, Three Waters Reform Programme