

3 Waters Reform Update

Meeting: Kaipara District Council
Date of meeting: 25 November 2020
Reporting officer: Donnicks Mugutso, 3 Waters Reform Programme

Purpose/Ngā whāinga

To update Council on the 3 Waters Reform Programme following the signing of the Funding Agreement and the Delivery Plan.

Executive summary/Whakarāpopototanga

In August 2020 the Kaipara District Council (Council) signed a Memorandum of Understanding (MOU) with the Department of Internal Affairs (DIA) to commit the Council to engage with the reform programme and share information in the first stage of the 3 Waters Reform Programme. This provided Council access to a \$761 million stimulus package of which \$4,691,048 is the Council share.

In September 2020 the Council signed and approved the Funding Agreement (FA) and Delivery Plan (DP) which were submitted to the DIA and Crown Infrastructure Partners (CIP). Staff have worked with the DIA and CIP to finalise the Delivery Plan. The main changes related to the suggestion of additional projects and the replacement of the Rotu Slip Repair Project with an equivalent level of renewals.

On 6 November 2020, we received confirmation from the DIA that our Funding Agreement and Delivery Plan were conditionally approved (Attachment G, H & I). We have also received the Request for Information (RfI) (Attachment E & F) to provide the DIA with financial and economic information for our 3 Waters assets of which Kaipara District Council is required to provide information on the shortened version (Workbook II) of the request.

To execute this work with internal staff as recommended, we have made temporary changes, with the Waters and Waste Manager seconded to the 3 Waters Reform Programme and the Operations Engineer acting as the Waters and Waste Manager.

Recommendation/Ngā tūtohunga

That the Kaipara District Council:

- a) Notes the 3 Waters Reform Update report.
- b) Notes the conditional approval of the Funding Agreement and the Delivery Plan (Attachments: G and H).
- c) Notes that the Delivery Plan will continue to be refined to align milestones with the Department of Internal Affairs requirements.

Context/Horopaki

Background

The Kaipara District Council Funding Agreement and Delivery Plan were signed and approved by Council on 30 September 2020 which was the last day for submission to the DIA. The Council delegated the Chief Executive Officer to finalise the Delivery Plan with the DIA before a final version was sent to the DIA. The final version was sent to the DIA on 16 October 2020 and this report is to present to Council the version submitted and the approval from the DIA which was received on 6 November 2020.

Delivery Plan Refinement

The Delivery Plan was approved with some changes highlighted below:

1. The \$650k Rotu Slip Repair Project was deemed to fall outside of the criteria for funding because the work had already begun, and the funding is not meant to retrospectively pay for works already started and partially paid for.

We replaced this project with another Dargaville Water Supply project in Haimona and Pirika St Watermain Renewals so that the residents to get a direct benefit from the grant.
2. Additional projects were highlighted and added to the programme total with a final total of \$6,106,048. Additional projects are the continuation of work that could not be covered within the grant e.g. Ruawai watermain renewal required and extra \$240,000 to finish all watermain renewals in Ruawai but could only get \$795,000.
3. On advice from DIA, we added more backup projects with a higher diversity to get a better distribution of the type of projects undertaken in case DIA disqualified some of our projects. The backup project list totalled \$6,085,000. The private wastewater schemes total remained unchanged at \$2,250,000.
4. The changes brought the total cost of projects outside of the funded total to \$9,750,000 from \$5,700,000 previously submitted to Council.
5. We submitted version 3 of the Delivery Plan and added the following documents as requested by the DIA
 - a) 3 Waters Reform Objectives Matrix – Attachment A
 - b) Delivery Plan Cashflow Profile – Kaipara – Quarterly – Attachment B
 - c) Kaipara District Council Jobs Created – Attachment C

Request for Information (RFI)

As part of the 3 Waters Reform information collection process, the DIA requests information on financial, economic, social, demographic profiles of the 3 waters assets. The DIA selected 37 representative Councils to provide more in-depth information (Workbook I – Attachment D) about the financial and engineering aspects of their assets. Kaipara is not among the 37 and it will compile a shortened version of the RFI (Workbook II- Attachment E). The shortened version is equally resource consuming.

The purpose of the RFI is to inform the DIA in decisions on the structure of proposed amalgamations, water pricing and economic regulation.

Councils can use up to \$60,000 from the 3 Waters Stimulus package to do this work and the recommendation is to use, as far as possible, internal resources. To remove doubt, this does not constitute an additional funding of \$60,000 over that which was allocated and approved.

Secondment to 3 Waters Reform Programme

Following the requirement to use internal resources, the importance of this programme and the magnitude of the task at hand with limited timeframe and resource, we have made some temporary changes to the team with Donnack Mugutso seconded to the 3 Waters Reform Programme and Brian Armstrong as acting Waters and Waste Manager. In this role Donnack is the sole contact for the 3 Waters Reform with DIA and other government agencies. We are collaborating with the Whangarei District Council and Far North District Council for a shared resource to report to collate quarterly project and programme reporting on a common platform for regional consistency. Whangarei District Council have offered a desk for Donnack to use at the Albert St office to enhance the collaboration.

Delivery Plan and Funding Agreement Approval

On 6 November 2020, the DIA confirmed the conditional approval of the Delivery Plan and the Funding Agreement. (Attachments F, G, and H). The Council has delegated the Chief Executive (CE) to “finalise the Delivery Plan, if any feedback from central government is received, in order to obtain approval and release funding.” The next steps are for the CE to sign and send to DIA after which DIA will create a Purchase Order for 50% of the funding to be released sometime this November. A separate Council report for the procurement plan approval is presented to Council in this November 2020 meeting.

Discussion/Ngā kōrerorero

Policy and planning implications

There are no policy and planning implications.

Financial implications

There are no adverse financial implications; all projects in the programme are externally funded by the 3 Waters Reform grant.

Risks and mitigations

There are no notable risks with the approach Council has taken to participate in the 3 Waters Reform programme.

Significance and engagement/Hirahira me ngā whakapāpā

There have been no changes to the Delivery Plan which would affect the Significance and Engagement Policy. The amendments include the replacement of a project with renewals which are included in the Long Term Plan. There is no commitment from DIA to fund the suggested additional projects which again consist of renewal projects signalled in the current LTP.

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

Next steps/E whaiake nei

Staff progress the Delivery Plan and execute the 3 Waters Reform programme.

Attachments/Ngā tapiritanga

	Title
A	3 Waters Reform Objectives Matrix
B	Delivery Plan Cashflow Profile – Kaipara – Quarterly
C	Kaipara District Council Jobs Created
D	Request for Information Template Workbook I
E	Request for Information Template Workbook II
F	DIA Response - KDC Cover Note
G	DIA Response – Kaipara District Council Funding Agreement - DIA Countersigned
H	DIA Response – Kaipara District Council Delivery Plan - DIA signed Addendum