



AGENDA

Late Reports

Ordinary Council Meeting Wednesday, 24 March 2021

Date: Wednesday, 24 March 2021

Time: 10.30 am

**Location: Ngā Hau e Whā, William Fraser Building
1 Dunorling Street, Alexandra**

(Unless Central Government changes COVID-19 meeting restrictions before then,
in which case it will be held electronically using Microsoft Teams and livestreamed)

**Sanchia Jacobs
Chief Executive Officer**

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24 March 2021

6 REPORTS FOR INFORMATION

21.2.32 ZONE 5 & 6 MEETING

Doc ID: 529076

1. Purpose

To provide an update from Cr McKinlay on his observations of the Zone 5 and 6 meeting and Three Waters workshop, held in Wanaka on 15 – 17 March 2021.

2. Attachments

Appendix 1 - Cr McKinlay's Report Back [↓](#)

**ZONE 5 & 6 MEETING WANAKA 15/16 MARCH AND OTAGO / SOUTHLAND
LOCAL AUTHORITIES ON 17th.**

Discussion was on 3 waters reform, RMA reform, Future of Local Gov't. DIA reps, LGNZ staff and president all spoke. Gov't is pressing hard on a timetable to have legislation on these issues passed in this term of parliament. 3 Waters to start under a new delivery model July 1 2024.

The views below are my own and do not represent council's position or policy.

GENERAL CONCLUSION

**WE HAVE A CRISIS IN THE MAKING. CODC LIKELY WON'T BE HERE IN 5
YEARS IF THE PRESENT PATH CONTINUES TO BE FOLLOWED**

3 WATERS

LGNZ and councils, in my view, are in reactive mode. Responding to new info as it is drip fed to them by gov't and grateful to have a seat at the table.

The process says that after consulting with your community, you may opt out of joining the new delivery model and remain independent

LGNZ is fatally weakened when negotiating with gov't because they are committed to representing the views of all councils – those who want to opt in and those who want to opt out.

For Otago/Southland, and for the rest of NZ, the reality is that it is a Clayton's choice to opt out. For Otago/ Southland, the Morrison Low report makes it clear that none of the 8 local authorities have the financial muscle or rating base to support the estimated expenditure required over the next ten years.

It would be better for the sector to recognize that 3 Waters is going to be delivered by a new entity. This means LGNZ could then be guided by a majority view and not continue trying to be all things to all councils. This would allow LGNZ to:

First, to put in place 'bottom line' provisions for shaping the new entity. These would centre on standardised charging, agreed levels of service, democratic representation at a governance level, and other associated issues.

Second, to develop a longer-term vision of what we want local gov't to look like in 5 year's time.

A 5-year goal brings in two other pieces of proposed legislation: RMA reform and the Future of local Gov't.

RMA REFORM

Early days but the shape of what is being proposed is the similar to 3 Waters, regionalisation – 14 plans to cover the country – and a pulling of power to the centre.

THE FUTURE OF LOCAL GOV'T

I believe this is what we need to discuss and decide on before we go further down the path of negotiating on 3 Waters and RMA reform.

Losing 3 Waters will have different impacts on different councils. For CODC it will be around 35% of our business. We won't survive as a stand-alone entity if that happens.

Local gov't needs to look at where we can develop, expand, increase our role in the community. Housing is an obvious example. The sector has the tools and expertise to make a significant difference. There are other potential areas.

The key is that changing our role will require new funding lines to support them.

So, instead of the discussion of the future local gov't occurring after 3 Waters and RMA reform we need to form some high level positions now.

STRATEGY

Doing so would let LGNZ negotiate with the gov't from a position of strength. They would put forward on our behalf what we want in respect to 3 Waters in some detail because that process is furthest down the track.

Put forward what we want in broader terms with RMA reform.

Put forward in high level terms how we want Local Gov't to look – its role and functions and funding, - after the legislation for 3 Waters and RMA reform has been put in place.

TACTICS

We want to collaborate with gov't to ensure the best outcomes for the sector, for our communities and for democracy.

But, the gov't is on an extremely tight timeline. It wants this legislation in place by the end of this term because it at present has an absolute majority in parliament. It might look for cross party support, it says it will, but when push comes to shove....

If we go into negotiations with clear objectives but are not getting what we want put on the agenda then we have two levers available. Two levers to be used simultaneously.

1. Walk away from the negotiating table and refuse to talk to officials or politicians until our agenda, short term and long term, is part of the mix.
2. Carry out an extensive and sophisticated media campaign explaining our position and our concerns to our communities.

In my view no gov't could carry out such extensive legislative change, which alters the constitutional balance between central and local gov't, without our cooperation. Like all such levers you hope never to use them put you must make it clear to all that they exist.

SUMMARY

At the moment LGNZ is negotiating from a position of weakness. They need to have clear and explicit goals of what we want them to achieve in their negotiations on our behalf.

We don't have clear objectives because we are trying to represent and support contradictory goals [opt in/ opt out] which in reality offer an illusory choice.

Illusory for two reasons. The local gov't sector does not have the financial resource or tax base to finance the reforms required. The gov't is presently, in good faith, saying that opting in or out is a matter for consultation and choice. But, see reason one above, within a short time opting out authorities will find that they cannot survive as independents and will give 3 Waters away.

LGNZ governance group, in my belief, need to be instructed to change their policy. They need to bite the bullet and present and work towards a unified majority view which is to accept that 3 Waters is going to be delivered by a new entity or entities.

We also don't have clear long-term goals because we, haven't put the work in to develop them. We think local gov't reform comes after or alongside 3 Waters and RMA reform. But if that happens we will have no bargaining power. We need our long term future decided before we 'give away '3 Waters and the present RMA.

At the moment we are recipients of what the gov't chooses to give us. We need to pause, set goals, unify our position as a sector and negotiate from a position of strength, bringing our goals to the negotiating table and leveraging off our strengths while we still have them.

Nigel McKinlay
16/3/21

OTHER THOUGHTS FROM ZONE 5&6 MEETING

A new 3 Waters entity will be a monopoly.

A risk is that, over time, a bureaucratic, top heavy organisation will evolve [think Aurora].

When LGNZ negotiates the detail of 3 Waters on our behalf it will be essential to build in checks and balances and accountability to LG and to the consumer.

Measures to consider:

- Good LG representation on the board of governance. Even though this will likely be of limited impact because appointment to the board is controlled by government and at heart it will be their creature.
- There will be an economic regulator to oversee 3 Waters. Its brief and the rules it operates under need to be carefully designed, e.g., have economic penalties go back to the consumer? Have teeth and have LG representation.
- Potentially the most effective monitor could be to have customer juries or panels to which the new entities will be accountable. Clear KPIs around performance, Juries to meet regularly and to have rights to have staff and regulator appear before it. Annual performance ratings to be published in the media [as has been done for hospital boards].
- That there be 4 or 5 new entities created, not just one. You then have performance comparisons based on benchmarks.

Hopefully work is being done in this space. Research could produce some novel controls to give the consumer a statutory voice.

WAI WANAKA

They are a model to emulate as a volunteer group committed not just to the health of Lake Wanaka or Lake Hawea but to the health of the whole catchment. They gave a most impressive outline of what they are doing. For groups such as the Lake Dunstan Guardians, they are a group to learn from, if they are not already doing so.

3 PARKS & PROPERTY DEVELOPERS

Alan Dippie presented to the meeting. He has recently developed the new 3 Parks precinct. His philosophy – play the long game, he lives and works in the community, not just be there trying for every last dollar. Has interesting rules around who he will sell residential sections to. Also has interesting views on Queenstown Housing Trust, not least being that when you as a developer are forced to give land to the council it makes the sections you have left more expensive. Could do worse than to have him come and speak to us. He works at the coalface and has clear views about property ownership and affordability.

MAORI REPRESENTATION

It is clear that Maori will have an important presence in shaping and running a new 3 Waters delivery model. What was not so clear from this meeting is what rights they think they have and what rights government think that Maori have. NZ has a fluid, evolving political constitution. The changes being proposed by Gov't are altering that constitution yet there is little or no debate on the relationship between LG and Central Gov't or in the place of Maori within it.

Nigel McKinlay 21/3/21