

**ORDINARY MEETING**

**OF**

**WELLINGTON CITY COUNCIL**

**AGENDA**

**Time:** 9:30am  
**Date:** Wednesday, 28 August 2019  
**Venue:** Ngake (16.09)  
Level 16, Tahiwī  
113 The Terrace  
Wellington

---

**MEMBERSHIP**

Mayor Lester  
Councillor Calvert  
Councillor Calvi-Freeman  
Councillor Dawson  
Councillor Day  
Councillor Fitzsimons  
Councillor Foster  
Councillor Free  
Councillor Gilberd  
Councillor Lee  
Councillor Marsh  
Councillor Pannett  
Councillor Sparrow  
Councillor Woolf  
Councillor Young

**Have your say!**

*You can make a short presentation to the Councillors at this meeting. Please let us know by noon the working day before the meeting. You can do this either by phoning 04-803-8334, emailing [public.participation@wcc.govt.nz](mailto:public.participation@wcc.govt.nz) or writing to Democracy Services, Wellington City Council, PO Box 2199, Wellington, giving your name, phone number, and the issue you would like to talk about.*

---



---

## **TABLE OF CONTENTS**

### **28 AUGUST 2019**

---

<b>Business</b>	<b>Page No.</b>
<b>1. Meeting Conduct</b>	<b>5</b>
<b>1.1 Karakia</b>	<b>5</b>
<b>1.2 Apologies</b>	<b>5</b>
<b>1.3 Announcements by the Mayor</b>	<b>5</b>
<b>1.4 Conflict of Interest Declarations</b>	<b>5</b>
<b>1.5 Confirmation of Minutes</b>	<b>5</b>
<b>1.6 Items not on the Agenda</b>	<b>5</b>
<b>1.7 Public Participation</b>	<b>6</b>
<b>2. General Business</b>	<b>7</b>
<b>2.1 Approval of District Plan Change 83</b> Presented by Councillor Foster	<b>7</b>
<b>2.2 Submission to Productivity Commission's Draft Report on Local Government Funding and Financing</b> Presented by Councillor Foster	<b>11</b>
<b>2.3 Annual Report to the Alcohol Regulatory Licensing Authority</b> Presented by Councillor Dawson	<b>49</b>
<b>2.4 Applications to become Mana Whenua Partners on Wellington Water Committee and Proposal for South Wairarapa District Council to become a Shareholder in Wellington Water Limited</b> Presented by Councillor Pannett	<b>55</b>
<b>2.5 Notice of Motion: Shelly Bay</b> Presented by Councillor Foster	<b>91</b>

---

<b>3. Committee Reports</b>	<b>119</b>
<b>3.1 Report of the City Strategy Committee Meeting of 8 August 2019</b>	<b>119</b>
Wellington City Council Naming Policy, Presented by Councillor Day	119
Reporting back on public consultation of three new leases on the Wellington Town Belt, Presented by Councillor Gilbert	119
<b>3.2 Report of the City Strategy Committee Meeting of 15 August 2019</b>	<b>137</b>
Alcohol Fees Bylaw, Presented by Councillor Dawson	137
Reserves Naming – Te Papa Tākaro o Jim Belich / Jim Belich Playground - Adelaide Road, Berhampore, Presented by Councillor Gilbert	137
<b>3.3 Report of the City Strategy Committee Meeting of 22 August 2019</b>	<b>141</b>
This report was not available at time of printing and will be made available under separate cover.	
<b>4. Public Excluded</b>	<b>143</b>
<b>4.1 Public Excluded Report of the City Strategy Committee Meeting of 15 August 2019</b>	<b>143</b>
Acquisition of land - Ngauranga	
Green Space Project Te Aro	

---

## 1. Meeting Conduct

---

### 1.1 Karakia

The Chairperson will open the meeting with a karakia.

<b>Whakataka te hau ki te uru,</b>	Cease oh winds of the west
<b>Whakataka te hau ki te tonga.</b>	and of the south
<b>Kia mākinakina ki uta,</b>	Let the bracing breezes flow,
<b>Kia mātaratara ki tai.</b>	over the land and the sea.
<b>E hī ake ana te atākura.</b>	Let the red-tipped dawn come
<b>He tio, he huka, he hauhū.</b>	with a sharpened edge, a touch of frost,
<b>Tihei Mauri Ora!</b>	a promise of a glorious day

### 1.2 Apologies

The Chairperson invites notice from members of:

1. Leave of absence for future meetings of the Wellington City Council; or
2. Apologies, including apologies for lateness and early departure from the meeting, where leave of absence has not previously been granted.

### 1.3 Announcements by the Mayor

### 1.4 Conflict of Interest Declarations

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as a member and any private or other external interest they might have.

### 1.5 Confirmation of Minutes

The minutes of the meeting held on 26 June 2019 will be put to the Council for confirmation.

### 1.6 Items not on the Agenda

The Chairperson will give notice of items not on the agenda as follows:

***Matters Requiring Urgent Attention as Determined by Resolution of the Wellington City Council***

The Chairperson shall state to the meeting.

1. The reason why the item is not on the agenda; and
2. The reason why discussion of the item cannot be delayed until a subsequent meeting.

The item may be allowed onto the agenda by resolution of the Wellington City Council.

***Minor Matters relating to the General Business of the Wellington City Council***

The Chairperson shall state to the meeting that the item will be discussed, but no resolution, decision, or recommendation may be made in respect of the item except to refer it to a subsequent meeting of the Wellington City Council for further discussion.

**1.7 Public Participation**

A maximum of 60 minutes is set aside for public participation at the commencement of any meeting of the Council or committee that is open to the public. Under Standing Order 3.23.3 a written, oral or electronic application to address the meeting setting forth the subject, is required to be lodged with the Chief Executive by 12.00 noon of the working day prior to the meeting concerned, and subsequently approved by the Chairperson.

---

---

## **APPROVAL OF DISTRICT PLAN CHANGE 83**

---

### **Purpose**

1. This report seeks the Council's final approval of District Plan Change 83 (DPC 83 – Kiwi Point Quarry).

### **Summary**

2. The process for District Plan Changes is outlined in Schedule 1 of the Resource Management Act 1991 (RMA). DPC 83 has followed this process, which includes consultation, public notification, submissions and further submission periods, a hearing, notification of the decision, and an appeal period. Full details of these items can be viewed on the Council's website via: [wellington.govt.nz/district-plan-change-83](http://wellington.govt.nz/district-plan-change-83)
3. The Council adopted the Hearing Panel's recommendation to approve DPC 83 on 1 May 2019.
4. On 6 May a 30 day appeal period was publicly notified and closed on the 18 June 2019. No appeals were received for DPC 83.
5. The approval of this plan change is now an administrative formality in order to make it operative in the Wellington City Council District Plan.

### **Recommendation/s**

That the Council:

1. Receive the information.
2. Agree to approve District Plan Change 83 in accordance with clauses 17 and 20 of Schedule 1 of the Resource Management Act 1991.
3. Agree for District Plan Change 83 to be made operative in the Wellington City Council District Plan in accordance with clause 20 of Schedule 1 of the Resource Management Act 1991.

### **Background**

6. DPC 83 was initiated by the Council in response to the depletion of the rock resource at Kiwi Point Quarry. Prior to the preparation of the plan change a range of options were considered for the future of the quarry, including closure. Community consultation on these options was undertaken between September and October 2017. The preferred option involved rezoning an area on the southern side of the quarry site (known as the southern face) to allow for quarrying activity in this area.
7. DPC 83 was publicly notified on 13 April 2018. A total of 36 submissions were received along with one further submission. A hearing was held from the 10<sup>th</sup> -12<sup>th</sup> of December

2018. Over the three sitting days, 9 submitters attended. The Panel formally closed the hearing on 18 December 2018.

8. The Hearing Panel comprised of three external commissioners – Alick Shaw (Chair), Julia Williams and Ian Leary. The Panel held several formal deliberation sessions between December 2018 and March 2019.
9. The notified plan change proposed several amendments to the District Plan to allow for quarrying of the southern face, which can be summarised as follows:
  - Rezoning an area on the southern side of the quarry site from Open Space B to Business 2.
  - Introducing a new objective that recognises the importance of quarrying aggregates at Kiwi Point Quarry to provide for the future growth and development of the city.
  - Introducing a new controlled activity rule that applies to the rezoned southern face expansion area. A resource consent would need to be sought prior to quarrying commencing. The Council's control is maintained over buffer areas from residential sites, cut face rehabilitation, ecological mitigation, and screening.
10. Several amendments were included in the Panel's recommendation to improve implementation of the proposed provisions. However, the fundamental approach adopted in the notified plan change remains unchanged.

## Discussion

11. After the hearing, a report was presented to the Council to accept the recommendation of the Panel's decision to approve DPC 83. The Council approved the plan change at the Council meeting on 1 May 2019.
12. The Council's decision to approve the plan change was notified on 6 May 2019 and allowed for a 30 day appeal period, in which no appeals were received.
13. The Council is required to approve the provisions pursuant to Clause 17 of Schedule 1 of the RMA 1991. These final provisions reflect the proposed changes that have been approved by the Council. As the approval process under Schedule 1 is purely procedural, there is no ability to make any further amendments at this stage. The operative provisions will be given effect to by official sealing. The sealed changes will reflect what has already been determined.

## Next Actions

14. Clause 20 of Schedule 1 of the RMA 1991 requires the Council to publicly notify the date on which the plan change becomes operative. The operative date must be at least five working days after the date on which the Council publicly notified its intention to make the plan change operative.
15. If DPC 83 is approved by Council, the public notice will be included in the Dominion Post and made available on the Wellington City Council website.

## Attachments

Nil

Author	Tabitha Proffitt, Planning Officer
Authoriser	John McSweeney, Place Planning Manager



---

	Anna Harley, Manager City Design & Place Planning Moana Mackey, Acting Chief City Planner
--	----------------------------------------------------------------------------------------------

---

## **SUPPORTING INFORMATION**

### **Engagement and Consultation**

Engagement with the public on four options for quarry expansion occurred in September – October 2017, in addition to statutory consultation in accordance with Schedule 1 of the Resource Management Act 1991.

### **Treaty of Waitangi considerations**

Local iwi were consulted on this plan change in which no submissions or concerns were received.

### **Financial implications**

Kiwi Point Quarry plays a vital role as a local supply of aggregate to the region. This aggregate is nearing depletion. Approving this plan change will extend the life of the quarry and ensure a continuing supply of aggregate to the Wellington economy. Extending the life of Kiwi Point Quarry was also noted in the Council's 10-year plan.

### **Policy and legislative implications**

A resource consent is still required prior to this quarry expansion. Amendments are also required to the existing quarry management plan.

### **Risks / legal**

The plan change (DPC 83) has been undertaken in accordance with the Resource Management Act 1991. The Council's legal counsel has been involved (as necessary) on all relevant matters pertaining to this plan change.

### **Climate Change impact and considerations**

Expansion of the quarry will maintain the supply of a local aggregate source thereby minimising the need for transportation of material from outside of the city. This will also help ensure lower carbon emissions. Expanding the quarry also provides a sustainable use of an existing resource, as opposed to finding and developing a new quarry elsewhere. By continuing the lifetime of this local aggregate resource, the Council is able to provide materials for new houses, buildings, roads, cycleways, walkways, footpaths, etc.

### **Communications Plan**

A communications plan was developed as part of the engagement process commenced before the plan change was lodged. The statutory consultation phase of this process has been carried out in accordance with the consultation requirements set out in Schedule 1 of the Resource Management Act 1991.

### **Health and Safety Impact considered**

Any health and safety issues relevant to Kiwi Point Quarry and quarry operations are completely separate from this plan change and there are no health and safety impacts or considerations to note.

---

## **SUBMISSION TO PRODUCTIVITY COMMISSION'S DRAFT REPORT ON LOCAL GOVERNMENT FUNDING AND FINANCING**

---

### **Purpose**

1. This report asks the Council to agree to the draft submission on the Productivity Commission's Local Government Funding and Financing Draft Report.
2. Submissions are due to the Productivity Commission (the Commission) by 29 August 2019.

### **Summary**

3. The Government has asked the Commission to 'conduct an inquiry into local government funding and financing, and where shortcomings in the current system are identified, to examine options and approaches for improving the system'.
4. The draft report follows earlier consultation on the Commission's Issues Paper which the Council submitted on.
5. The Commission has found the current funding and financing framework to be broadly sound and has limited their recommendations of additional funding tools to those addressing cost pressures related to population growth, tourism and climate change.
6. The Council's submission supports the Commission's recommendation of additional funding tools, but disagrees with the Commission's overall finding that the current funding and financing system sufficiently provides the means to address all cost pressures faced by local government.
7. Submissions on the draft report will inform the Commission's final report, which will be presented to Government by 30 November 2019.

### **Recommendations**

That the Council:

1. Receives the information.
2. Approves the draft submission on the Productivity Commission's Local Government Funding and Financing Draft Report (Appendix 1), subject to any amendments agreed by the Council.
3. Delegates to the Chief Executive and the Finance Portfolio Leader the authority to amend the submission as per any proposed amendments agreed by the Council at this meeting and any minor consequential edits, prior to it being submitted.

### **Background**

8. In July 2018 the Government asked the Productivity Commission to 'conduct an inquiry into local government funding and financing and where shortcomings in the current system are identified, to examine options and approaches for improving the system.'

9. In November 2018, the Commission released its Issues Paper, which focussed on ‘the drivers of cost and price escalation, including: changing policy and regulatory settings; growth and decline in population; the role of tourism and other temporary residents; the impacts of Treaty of Waitangi settlement arrangements; and the costs of climate change mitigation and adaptation. Wellington City Council provided a submission on this paper.
10. Following consultation on the Issues Paper, the Commission released its draft findings and recommendations on 4 July. A summary of all of the Commission’s findings and recommendations is included as Appendix 2.
11. Of the issues raised in the Council’s previous submission, the Commission has focussed its recommendation of further funding tools to address the cost pressures of population growth, tourism and climate change. Significant cost drivers for Wellington, including the costs of building earthquake resilience and providing sufficient infrastructure to support the commuter population, have not been addressed.

## Discussion

12. The Council’s submission has been developed in two parts: the first, a response to the overall findings of the Commission’s report; the second, a summary of Council’s position on each of the Commission’s recommendations.
13. The Commission has found the property rating system to be broadly sound, only recommending the removal of differentials and Uniform Annual General Charges. The Council disagrees with the Commission’s findings and opposes the removal of differentials on the basis that business differentials are an important means by which the Council can capture benefit of investment where user charging is not readily applicable.
14. The submission asserts that while the Commission’s recommendations address to some extent the key cost drivers that have been identified, others have not been considered. The costs of delivering significant infrastructure projects, building earthquake resilience, catering for the commuter population and funding depreciation have been identified as key issues.
15. The submission recommends additional funding tools for consideration by the Commission, including economic taxes, road charges, funding of central government mandates and earthquake resilience funding.

## Options



16. The Council could decide:
  - a) Not to make a submission; or
  - b) Approve the submission; or
  - c) Approve the submission with amendments agreed by Council.

---

## Next Actions

17. If the Council approves the submission, any amendments also agreed will be incorporated and the document finalised as per recommendation 3 in order to meet the 29 August deadline.

## Attachments

- Attachment 1. Appendix 1 Draft WCC submission to the Productivity Commission Local Government Funding and Financing Draft Report [↓](#)  Page 15
- Attachment 2. Appendix 2 Findings and Recommendations Productivity Commission Local Government [↓](#)  Page 33

Author	Erica Richards, Business Services Manager
Authoriser	Baz Kaufman, Manager Strategy Stephen McArthur, Director, Strategy and Governance

---

## **SUPPORTING INFORMATION**

### **Engagement and Consultation**

The Council is responding to the Productivity Commission's consultation on the Local Government Funding and Financing Draft Report. All organisations and members of the public have the opportunity to make a submission directly to the Commission.

### **Treaty of Waitangi considerations**

The Commission has considered the impacts of Treaty of Waitangi Settlement arrangements on councils. As part of the draft report, the Commission has questioned the extent to which Treaty-related costs are considered business as usual for Council or as costs incurred on behalf of the Crown in fulfilling obligations under the Treaty of Waitangi.

The Council noted in its submission on the Commission's Issues Paper that Treaty Settlements provide significant opportunities and benefits for Council, not only costs. As such, Treaty-related costs are not considered onerous for Council, and have not been a focus of the Council's response to the Commission's draft report.

### **Financial implications**

There are no financial implications in making the submission. The Council's position on the Commission's findings and recommendations and their related financial implications are discussed in the submission.

### **Policy and legislative implications**

There are no policy and legislative implications in making the submission. The Council's position on the Commission's findings and recommendations and their related policy and legislative implications are discussed in the submission.

### **Risks / legal**

There are no risks or legal implications in making the submission. The Council's position on the Commission's findings and recommendations and their related risks and legal implications are discussed in the submission.

### **Climate Change impact and considerations**

The Commission has acknowledged climate change as a significant cost pressure facing councils and has recommended additional funding and support in this area. The Council is broadly supportive of the Commission's recommendations in regards to climate change adaptation.

### **Communications Plan**

N/A

### **Health and Safety Impact considered**

N/A

---

New Zealand Productivity Commission

PO Box 8036

The Terrace

WELLINGTON 6143

### **SUBMISSION ON LOCAL GOVERNMENT FUNDING AND FINANCING DRAFT REPORT**

Wellington City Council (the Council) thanks the Productivity Commission for the opportunity to respond to the *Local Government Funding and Financing Draft Report*.

The Council has welcomed further inquiry into the funding and financing arrangements for local government, providing a submission in response to the Commission's Issues Paper that preceded this report. The submission outlined the key cost drivers and pressures currently being experienced by local government, in the Wellington context.

On reviewing the Commission's findings in the draft report, it is clear that other councils have shared some of our concerns, particularly in regards to the cost pressures relating to population growth, tourism and climate change adaptation. Although the draft report's recommendations go some way towards offering solutions for these growing issues, the Commission has remained silent on other equally significant cost pressures that impact councils' ability to respond to their residents growing expectations, while remaining financially viable.

The Council disagrees with the Commission's finding that the current property rating system is broadly sound on the basis that it is "simple and economically efficient". The Council argues that economic efficiency does not equate to economic sufficiency, and there remains a need for the Commission's recommendations to offer practical options to diversify and increase the funding streams available to councils, rather than primarily suggesting process improvements.

This submission has been developed in two parts: the first, Council's response to the overall findings of the Commission's report; the second, a summary of Council's position on each of the Commission's recommendations.

We thank you for the opportunity to provide feedback on the draft report and hope that consideration is given to the points raised in this submission in the development of the Commission's final report.

Yours sincerely,

---

***PART ONE: Wellington City Council response to the Commission's findings***

***Our current context***

Wellington City is facing significant and fundamental change. Like other metropolitan cities, we are anticipating strong population growth. With a projected additional 80,000 people due to call Wellington home in the next 30 years, the Council has turned its focus to preparing our city for this influx of residents. Unlike our other metropolitan counterparts, Wellington faces significant constraints as to where and how the city develops. Wellington's form and location, surrounded by sea and hills and shaped by powerful seismic forces, requires that the development of key infrastructure for the future is adaptable and responsive to the impacts of both climate change *and* earthquakes. This incurs an additional (and ever increasing) level of cost that has not been accounted for in the Commission's findings regarding cost pressures.

These cost pressures are not only on the horizon, they are here and now. The city already has a deficit of key infrastructure: we need an additional 4000 homes added to our housing supply to see all Wellingtonians well housed, congestion on our roadways continues to increase and many buildings around the city remain closed following the November 2016 earthquakes. Our Central Library and Civic Administration Building are two of those affected, and with the wider Te Ngākau-Civic Precinct vulnerable to the impacts of climate change and future earthquakes, significant costs have been predicted in building resilience in this area. The impacts of these issues are felt by our residents on a daily basis, and they expect action.

In response, the Council has approved an ambitious, but necessary programme of work through *Our 10 Year Plan 2018-2028*. The plan focuses on resilience and the environment, housing, transport, sustainable growth and arts and culture. The most significant initiative in the plan is *Let's Get Wellington Moving (LGWM)*, a joint investment from the Council, Greater Wellington Regional Council and the New Zealand Transport Agency in the transport infrastructure that will connect Wellington more efficiently to the wider region. This infrastructure will act as a backbone to the future resilient development sites that will accommodate our growing population.

While the LGWM programme of work has received significant funding from central Government, both the Council and Greater Wellington Regional Council must also contribute a combined \$2.6 billion to cover the capital, operating and financing costs of the initiative. This is the most substantial commitment of Council funds that Wellington has seen, the benefits of which will be received by future generations and those outside of the boundaries of our city and region. The funding source of Council's proportion of the investment is currently undefined and although Council has not yet met its borrowing limits, there is not the capacity to fund this project on borrowings alone. As such, there is a need to approach the funding of this programme with tools outside of the scope of the Commission's recommendations.

A particular consideration for Council in funding such projects is the equitable distribution of the cost of these investments, the benefits of which are experienced by ratepayers to differing degrees. The tools of the current property rating system provide limited scope to accurately account for this.

As Wellington city is the hub of the wider Wellington region, during the working week the city supports an additional 82,000 commuters from as far north as Palmerston North through their



employment in the Central Business District (CBD). The Council invests substantially in providing and maintaining services in this area through funding from rates, which those from outside the city do not contribute to. Because the Council does not have the power to capture the benefits of the productivity of our local economy which these workers help drive, ratepayers foot the bill. The application of business differentials is the best current means by which Council can more fairly distribute this burden.

Overall, the Commission has acknowledged most of the significant cost drivers facing local government, but the scale of the costs that these generate has not been adequately quantified and therefore the limited funding tools recommended are unlikely to cover the true costs of these issues. One example of this is in the area of depreciation. The key driver of increased depreciation costs is asset revaluations, along with the construction of new assets – this is not covered well and the three main recommendations regarding depreciation do not address the funding of this significant annual cost increase, which equates to nearly one third of our total annual operating cost.

### ***Property rating and user pays***

As noted above, heavy reliance on revenue generated from property rates does not sufficiently meet the cost pressures that are experienced by local government, or fairly distribute the financial burden of our investment. While the Commission predominantly recommends the application of the benefits principle to identify opportunities to implement further user pays options, this principle cannot be applied consistently because there are areas where an end user cannot be adequately targeted, for example commuters from the wider region who use the services of the CBD on a daily basis. Without access to economic taxes, rates will need to continue to increase to fund the gap. This makes the application of the second step of the benefits principle, consideration for ability to pay, increasingly difficult. These issues considered, the Commission's recommendation for the removal of rating differentials in favour of further user pays charging is untenable in the Wellington context, and as such the Council strongly opposes this point.

Furthermore, the recommendation for local government to target rating on a broad user pays basis is not consistent with progressive taxation principles and section 101(3) of the Local Government Act 2002 (LGA). The Commission's recommendation would increase the use of targeted rates and reduce general rating. This indicates rating on a per unit basis is preferred over land or capital value rating, the latter of which better aligns rating impost to household incomes (for residential rating) and thus supports the requirement to consider ability to pay under the LGA. Further analysis and evidence to justify this recommendation should be provided as it is not consistent with a majority of councils' rating systems which are implemented in consultation with their communities.

Where the use of user pays systems has been possible to date, implementation has been further complicated by increasing demands placed on local government by central Government, either directly through legislation or due to a void created by an absence of central Government funding (e.g. Council's inability to access the Income Related Rent Subsidy for social housing provision).

In the Council's submission on the Commission's Issues Paper it was noted that there have been significant additional requirements placed on Council under the Building Act in response to specific investigations including: non-ductile columns, targeted building assessments following the November 2016 earthquakes and use of aluminium composite panels (ACP) in the wake of the

Grenfell Tower Fire. As the building regulatory system is user pays, these additional mandates have created short falls as they have not been accompanied with corresponding funding. While the Commission's recommendation for a "partners in regulation" approach between local and central government may go some of the way to reduce such instances in the future there is no recommendation that addresses the current and continuing shortfall that councils have been required to cross subsidise with.

#### ***Recommended tools and approaches***

The Council supports the introduction of the funding streams recommended by the Commission as useful tools to help alleviate the specific impending cost pressures that have been identified, but the scale of the funding required to meet these pressures has not been quantified, so it is unclear whether the measures will be sufficient.

Therefore the Council believes the Commission should take a strong stance on the legislated use of additional funding mechanisms to address the cumulative impact of these pressures alongside rising public and central government expectations of councils. The Council's preference would be the provision of a suite of funding mechanisms that could be legislated for automatic application where any council meets specified criteria, rather than ad hoc funding requiring one off applications by councils to central Government. These mechanisms should be sustainable over the medium to long term, providing councils with a level of certainty of income while appropriately limiting central Government intervention and maintaining local government autonomy. Consideration should be given to behavioural incentives for local government delivery that is aligned to national level strategic planning. The Council suggests that the following tools are considered for inclusion as recommendations in the Commission's final report:

#### **Economic taxes**

As noted previously, economic taxes such as GST are the key mechanisms by which the benefits of a productive economy are captured. Local economies are heavily supported by infrastructure that councils provide as a matter of course; however there is no financial recognition of this. New Zealand is unique in this sense as most overseas metropolitan territorial authorities are able to access some level of sales and/or excise tax generated within their area.

The Commission has excluded the possibility of local government accessing GST on the basis that additional funding from central Government could compromise local autonomy and that a redistribution of GST to councils would be difficult to implement equitably.

The Council argues that central Government ultimately dictates local government autonomy through legislation, and the prevalence of unfunded mandates is proof of this. Additionally, the difficulty of equitably redistributing GST to Councils could be easily be solved through central Government returning GST generated through rates to the respective councils as a first step in directing economic taxes back to the territories who significantly contribute to their generation. The Council therefore encourages the Commission to consider this in their recommendations.

#### **Means for funding population growth**

It is encouraging that the Commission is recommending a system of payment to local authorities to incentivise development, based on building work completed, however funding for this will need to be substantial if the payments are intended to meet the needs of councils in funding growth.

The Commission has found that the ability to levy value capture rates, congestion charges and volumetric wastewater charges would give councils the means to better recover the costs of growth, but this has not been explicitly included as a recommendation. The Council would encourage the Commission to recommend these measures are made available to all councils by legislation, as part of a wider toolkit of funding options.

#### Road charges

Although congestion charging is mentioned as an additional option to fund growth, there are no recommendations for any further types of road charges even though there is now legislation for a regional fuel tax for Auckland.

In Wellington, a regional fuel tax would offer a significant funding stream which could be directed towards LGWM. This would provide an appropriate means by which the Council and Greater Wellington Regional Council could generate funds for the programme, while targeting the end user. However it should be noted that as we move towards more sustainable drive types, the effectiveness of fuel taxing as a funding source will reduce so alternative user charging options will need to be considered.

Additionally, legislation currently restricts the charging for on street coupon and residents parking to only covering the cost of running the parking scheme. There is no additional cost attributed to the “leasing” of street space to accommodate vehicles. Not only does this requirement limit the potential of an additional funding stream for council, it is also counterproductive to the essential behaviour change that will be required to mitigate the effects of climate change in the future.

#### Funding of central government mandates

As noted, cross subsidisation through council rates is required in instances where additional regulatory functions are passed from central Government to local government. While a regulatory partnership will reduce instances of this in the future, to truly address this issue there is the need to conduct a review of current unfunded mandates to determine the mechanism by which appropriate funding can be allocated to councils in compensation.

Additionally, councils play crucial roles in enhancing community wellbeing, and as such the community will often seek that Council provide the services that are not delivered to a sufficient level by central Government. An example in Wellington is the provision of social housing.

Wellington City Council is one of the country’s largest landlords. The Council’s self-funding social housing service currently offers low income households rental accommodation at 70% of market rate. Tenants of Housing New Zealand and Community Housing Providers are able to access the Income Related Rent Subsidy (which Council cannot), which subsidises rents to 25% of the tenants income, making the accommodation affordable for both the tenant and the provider. As the sustainability of the Council’s current social housing model is in question, there is a need for central Government to extend this subsidisation to councils also, to ensure the Council can continue to support central Government in enhancing the wellbeing of New Zealanders.

*Earthquake resilience funding*

Like climate change, response to the threat of earthquakes must be anticipatory to ensure our city's resilience and, in turn, reduce the cost of recovery after a shock. Wellington is facing growing costs in strengthening buildings and infrastructure as the impacts of the November 2016 earthquakes continue to be uncovered. There has been a significant reduction of capital value in the CBD as a result of demolition following the quakes, which has eroded the rating base that must share the cost of the Council's response.

To compound this issue, insurance premiums continue to rise as the risk becomes more evident. This creates a situation where the cost of insurance is increasingly unaffordable for the Council, leading to a challenging decision of whether to allocate funding to build resilience or maintain insurance premiums to ensure that central Government continues to underwrite claims in the event of an earthquake.

As the Commission has recommended the development of a Local Government Resilience Fund, the Council would encourage the extension of criteria to access the fund for earthquake readiness initiatives that contribute to city resilience and ultimately reduce future costs.

**Part 2: Wellington City Council response to Commission's recommendations**

Productivity Commission Recommendation		Council response
R5.1	DIA, LGNZ and SOLGM should work together to improve basic governance, including financial governance, skills and knowledge across elected members. In undertaking this work they should consider a range of mechanisms such as formal training, peer support, mentoring, networking and sharing of resources and best practice; and a variety of delivery platforms. LGNZ should ensure resources and initiatives are well evaluated.	Wellington City Council sees value in developing a wider suite of opportunities for elected members to continually develop governance skills. Offerings will need to be engaging to encourage participation, while also being reasonably priced to ensure all councils can readily access this support for their elected members.
R5.2	LGNZ should work to achieve greater participation in ongoing professional development by elected members, including new and existing members, to ensure skills and knowledge are built and periodically refreshed.	As above. Offerings will need to be engaging, affordable, and cater to the varying experience of elected members to ensure greatest levels of participation.
R5.3	The Local Government Act should be amended to require all local authorities to have an Audit and Risk Committee (or equivalent means of providing assurance). The Committee should have an independent chair and ideally include at least one other external expert to ensure that they span the necessary skills and experience. Independent members should be appropriately skilled and qualified. Councils should draw on the good practice guidance and resources that are available to develop and run their committees.	<p>The Council has a Finance, Audit and Risk Subcommittee and sees it as a valuable quality assurance tool. While the Commission recommends the committee appoints an independent chair, the Council's committee is chaired by a councillor and three of the seven members are externally appointed. While not meeting the requirements of the Commission's recommendation, this structure provides the necessary balance of perspectives.</p> <p>The Council supports the provision of best practice guidance and resources regarding the establishment and implementation of Audit and Risk Committees but finds amendment to the LGA overly prescriptive.</p>
R5.4	The local government reporting framework (including the financial disclosures, FIS, and performance measures for service delivery) should be subject to a fundamental first principles review. This review would be undertaken by a working group comprising of DIA, the External Reporting Board and representatives of the local government sector	The Council supports a review of the local government reporting framework in principle. While the process of developing local government reports has become increasingly complex and resource intensive, our annual reports have continued to be frequently accessed, with over 2000 external views recorded over the last 12 months.

	<p>and information users. The Auditor-General would be consulted. The review should:</p> <ul style="list-style-type: none"> <li>• identify financial disclosures of low value to users of financial statements,</li> <li>• examine the mix of financial and non-financial disclosures and recommend a revised framework to provide the most efficient, coherent and accessible way of reporting information for all users.</li> <li>• consider new forms of external reporting, including integrated reporting, to shape changes to the reporting framework</li> </ul>	<p>This indicates the value of reporting; however that value is compromised by the provision of complex financial information which isn't readily understood by the general public. We agree that revision of the framework should focus on improving the accessibility of reporting for all users.</p> <p>Additionally with significant infrastructure investment underway, much of which will be delivered over a longer term than current reporting arrangements allow, there is a need to better align reporting frameworks to the delivery of the projects that significantly impact council spending.</p> <p>An integrated approach to communicating financial and non-financial information would assist members of the public to fully understand the true performance of the Council in its service delivery, which in turn will better inform decisions made through planning processes.</p>
R5.5	<p>DIA, LGNZ and SOLGM should work together to promote and encourage council participation in existing performance review and improvement initiatives such as CouncilMARK and the Australasian Performance Excellence Programme. The emphasis should be on learning for continuous improvement rather than as a one-off exercise, and include efforts to boost public awareness to increase demand for their use.</p>	<p>The Council supports the promotion of participation in performance and review improvement initiatives. As a participant in the Australasian Performance Excellence Programme, the Council sees value in the ability to benchmark against other local authorities on an annual basis.</p> <p>We support the approach of promoting (rather than requiring) participation in these initiatives as best practice for continuous improvement.</p>
R5.6	<p>The legislated information requirements for consultation processes should be amended to clarify that consultation documents should describe the reasonably practicable options and include high level information on rates and future levels of service for each option. Terminology on the analysis of options should be consistent across the Act.</p>	<p>These requirements already exist within legislation although it is noted that how they are applied by different councils does vary.</p> <p>As a result, the Council supports the need for further clarification around best practice in this area. The development of a standardised template would significantly streamline the development of LTP consultation documents and ensure consistency of content with legislative requirements.</p>

		<p>The purpose of consultation documents should also ideally be retested as part of that discussion. The current legislation and audit process means the content and issues profiled in documents for consultation are generally narrow and focused on what is ‘different’ or ‘new’ and neglects the rest of the activities and budgets of the Council which is where the majority of the costs lie.</p>
R5.7	<p>The LGA should be revised to clarify and streamline the required contents of LTPs so as to reduce duplication, ease compliance costs on councils and help make them more accessible.</p>	<p>The Council agrees the content requirements of LTPs should be pared back and simplified, with greater focus placed on the strategic purpose of the document. While much of the content should still be included, presenting information at a higher level with a greater focus on risk management would more accurately fulfil this purpose. Further detail could then be incorporated, with more certainty, into the Annual Planning process.</p> <p>The development of a standardised template would significantly streamline the development of LTPs and ensure consistency of content with legislative requirements.</p>
R5.8	<p>Audit should not be considered a substitute for internal QA, which should exist across the whole LTP process, including the use of expert review where appropriate (e.g. for significant decisions).</p>	<p>The Council generally agrees that the audit process of LTPs should not replace internal quality assurance; however an overly rigorous quality assurance process throughout the development of LTPs has the potential to impact resource requirements and timeframes for delivery.</p> <p>A clear scope of issues that should be reviewed and addressed internally during the development of LTPs versus those that are within the remit of auditors would give greater clarity of resource requirements at the front end of the LTP process.</p>

R6.1	<p>The Government, LGNZ and SOLGM should work together to develop standardised templates for development contributions policies and council assessments of development contributions charges for individual developments. Councils should be required to use these templates.</p>	<p>Standardised policies and templates regarding development contributions would go some way to reduce the complexity that the current system poses. However the development contributions system does not account well for the burden on existing infrastructure caused by brownfield and infill development.</p> <p>Wellington has little greenfield land so these types of developments will be more prevalent as the city expands to meet the demands of population growth. With each additional connection to existing infrastructure that results from these developments, the level of service of the infrastructure decreases until ultimately there is a need for full renewal. As depreciation funding is generated over the life of the asset for replacement to the same capacity (or level of service), there is a shortfall. The proposed incentive payment for building work could alleviate some of this funding gap.</p>
R6.2	<p>The general approach to funding depreciation is satisfactory, however three issues are of concern and require action:</p> <ol style="list-style-type: none"> <li>1. Council decisions about the use of cash that ‘depreciation funding’ can give rise to should be part of formulating their wider financial and infrastructure strategies.</li> <li>2. Councils should prioritise improving their knowledge of the condition and performance of their assets</li> <li>3. The Essential services benchmark should be reviewed as part of the wider review. Any review should avoid the implication that individual councils must invest as much in renewals each year as their depreciation expense.</li> </ol>	<p>The Council agrees that addressing the areas of concern the Commission has identified may go some way to improve the accuracy of the calculation of depreciation, but does not offer a real solution to address the challenges of funding depreciation, unless useful lives of assets are shorter than originally estimated. We have evidence that a significant proportion of assets are failing or require replacement earlier than their estimated useful life, e.g. asbestos pipes, which exacerbates the cost and funding challenge.</p> <p>A major issue that has not been acknowledged by the Commission is the revaluation of assets and replacement cost escalations, which is significantly increasing the depreciation cost calculation and associated impact on rates.</p> <p>We support a review of the Essential Services Benchmark on the basis that renewal expenditure does not always align with depreciation that has been accrued through depreciation funding, so this is not an accurate measure of Council performance.</p>



R6.3	<p>In choosing amongst funding tools councils should emphasise the benefit principle and efficiency in the first instance. They should also balance greater economic efficiency against lower compliance and administration costs. Councils should factor any significant concerns about ability to pay at a second stage of decision making.</p>	<p>While the application of the benefit principle is, in theory, a good approach, it does not adequately identify the local beneficiaries of the Wellington economy, which is significantly supported by investment made by Council.</p> <p>Through the Council’s current funding mechanism, the only option to distribute this cost is via property rates, with differentials used to balance the proportion of the burden. With this approach, ability to pay is a growing issue so the legislation of alternate funding tools should be included in the recommendations of the Commission.</p>
R6.4	<p>The Government should consider implementing a system of payments to TAs based on new building work put in place in each TA, to incentivise councils to increase the supply of infrastructure-serviced land.</p>	<p>The Council would support the introduction of a new funding stream to support development.</p> <p>For Wellington it will be crucial that the incentive payment does not only apply to, or overly favour, greenfield development. As noted, much of the development opportunity in Wellington is in brownfield and infill sites. The incentive payment would go some of the way towards reducing the funding gap created by the existing development contributions scheme in regards to these types of developments.</p> <p>To ensure that payments continue to act as an incentive, amounts need to be meaningful and based on a formula that automatically calculates funds for allocation, so that future funds can be forecasted and relied upon.</p>
R6.5	<p>The Government should direct officials to continue to work on expanding the use of Special Purpose Vehicles (SPV) to finance investment in growth infrastructure for fast-growth councils that face debt limits. If needed the Government should promote legislation to enable the placement of debt servicing obligations on existing residents who will benefit.</p>	<p>The Council has not yet reached its borrowing limits. However with the closure of the Central Library due to the ongoing impact of the 2016 earthquakes, an uncertain future of Te Ngākau-Civic Square and the significant programme of investment in Let’s Get Wellington Moving, it is unlikely that this will continue to be the case. Allowing the use of SPVs for significant capital projects would ease the burden of borrowing from the council balance sheet, but ultimately an SPV is a financing tool only, and the question of funding large projects still needs to be addressed.</p>

		<p>The Commission should recommend expanding the use of SPVs as a financing tool, alongside further options of funding for councils.</p>
R6.6	<p>In its review of three waters the Government should favour models capable of applying efficient scale and specialisation to help small communities to meet the challenges of maintaining and upgrading three waters infrastructure.</p>	<p>In principle, the Council agrees to this recommendation. Wellington City Council, along with Porirua, Hutt City and Upper Hutt, has three waters services provided by Wellington Water.</p> <p>However there is a need for councils to have the autonomy to determine the type of model that will best serve their community's needs and Council priorities. While cross territory provision may be preferred, the variation in asset condition and service level could create a situation where the collective must cross subsidise underperforming infrastructure, which is in contradiction to the benefit principle. An alternative to achieve an equitable outcome would be for central Government to fund the shortfall experienced by councils with smaller rating bases.</p>
R6.7	<p>The Government should legislate to enable councils in tourist centres to choose to implement accommodation levies to recover the tourism induced costs of providing local mixed-use facilities. Councils in these centres should also make more use of user pays for these facilities where possible.</p>	<p>The Council supports the introduction of levies that are applied to accommodation users through a tax on accommodation nights: either as a fixed rate per night per tourist or as a percentage of the full accommodation charge.</p> <p>While we agree in principle that tourist facilities should be funded where applicable by user pays systems, Wellington's tourism sector is closely linked to the hospitality industry and it is difficult to apply a user pays system to this industry, as locals also engage hospitality services.</p> <p>Currently hospitality providers, along with other businesses, pay a higher proportion of rates through differentials. Without this system the only way to truly capture the benefit provided through this industry, and therefore the wider tourism sector, would be through a return of a proportion of GST to Council.</p>

R6.8	<p>The Government should provide funding from the International Visitor Levy responsible for councils responsible for small tourism hotspots that cannot reasonably recover all of their operating costs of providing mixed-use facilities from user charges or accommodation levies.</p>	<p>The Council agrees that tourism centres should have the ability to access funds generated by the International Visitor Levy, but would not limit this to small centres only.</p> <p>As Wellington is the connection point between the North and South Island, tourist may not stay overnight, but still enjoy all the city has to offer as they pass through on their journey. While smaller tourist hotspots may find it more difficult to meet the costs that tourism generates, it does not mean the additional burden felt by larger tourist centres should not be recognised. The Council encourages the Commission to consider a system of funding through the International Visitor Levy that caters to all levels of need.</p>
R6.9	<p>The benefit principle and maintaining the integrity of local government autonomy should guide the funding of local government activities. This implies central government should generally limit its funding of local government to where there are national benefits.</p> <p>Central government should not expect local government to act as its regulatory agent – the two levels of government should seek a regulatory partnership based on mutual respect and an agreed protocol.</p>	<p>The Council agrees that <i>consistent</i> application of the benefit principle should guide both local and central government funding. Given the acknowledgement by the Commission that unfunded mandates are regularly passed to local government, it is clear that in practice this principle is not always applied.</p> <p>Unfunded mandates are also proof that local government autonomy only goes so far. Local government’s ability to act with autonomy is ultimately determined by central Government legislation. The Council supports a regulatory partnership model, on the basis that appropriate funding also accompanies agreed regulations.</p>
R6.10	<p>Central and local government should strive to achieve a more constructive relationship and effective interface through:</p> <ul style="list-style-type: none"> <li>• input into policy-making processes</li> <li>• central government engaging in a meaningful dialogue with local government early on in the process of</li> </ul>	<p>As noted in response to recommendation 6.9, the Council is supportive of an improved relationship with central Government in the development and implementation of legislation and policy going forward, but there is a need to address existing unfunded mandates.</p> <p>The Council suggests a review of current unfunded mandates, and development of mechanisms to provide appropriate funding where cross</p>

	<p>developing new relevant regulations</p> <ul style="list-style-type: none"> <li>• cooperative approaches to tackling problems while implementing relevant new legislation, regulations or environmental standards</li> <li>• the creation of formal and informal feedback loops to identify problems as they appear and</li> <li>• the spread of information through the system and the sharing of expertise and knowledge.</li> </ul>	<p>subsidisation has been necessary.</p>
R7.1	<p>The Rating Act should be amended to remove rates differentials and the UAGC. Councils should have five years to implement their removal.</p>	<p>The Council strongly disagrees with the Commission’s recommendation that rating differentials should be removed, without the provision of alternate funding tools.</p> <p>Wellington City acts as the engine room for the wider region and on a daily basis supports an additional 82,000 workers from outside the city, who all benefit from Council’s investment. It would be near impossible to capture the benefit that each receive through user charges so ultimately, the rate payer must carry the financial burden. As more of the benefit of the city’s economic activity is experienced by the business sector, a rating differential is applied to capture some of the financial benefit that is not received to the same extent by the residential rate payer.</p> <p>The Council agrees that the differential system is a blunt tool that does not truly capture the benefit that is received as a result of Council’s support of the Wellington economy. The real benefit is received by central Government through GST. Without access to a proportion of the GST generated in the Wellington City boundary, the removal of the rating differential contravenes the Commission’s recommendation to apply the benefit principle.</p>
R7.2	<p>Local government legislation should be amended to require councils to:</p>	<p>The application of the benefit principle is best practice, and an approach that Council already implements when setting rates.</p>

	<ul style="list-style-type: none"> <li>• match the burden of rates to benefits of councils services as a first step in setting rates</li> <li>• consider ability to pay</li> <li>• set out the reasons for their rating decisions in a clear and transparent manner and</li> <li>• When applying the ability to pay principle, consider coherence and consistency with the income redistribution policies to those of central government.</li> </ul> <p>Councils should continue to have the power to determine, on reasonable grounds, the appropriate allocation of rates within their district or region.</p>	<p>Legislating to require councils to apply the principle in a prescriptive manner has the potential to open councils up to the risk of judicial review which would ultimately impact council autonomy to appropriately allocate its own rates. On this basis the Council would not support this recommendation.</p>
R7.3	<p>LGNZ and SOLGM should develop advice for councils on applying the benefit principle (the burden of rates should reflect the benefits received) in their rating decisions.</p>	<p>The Council supports the development of advice to guide local and central government decision making in the application of the benefit principle, particularly where the benefits of council investment cross territorial boundaries.</p>
R7.4	<p>The LGA should be amended to remove the statutory cap (30%) on uniform charges.</p>	<p>The Council supports options to increase uniform charging where appropriate as a tool to increase funding.</p>
R7.5	<p>The Government should work with the sector and providers to develop and implement a National Rates Postponement Scheme. The scheme should:</p>	<p>The Council believes there is value in operating a rates postponement scheme, and does so, as a last resort to support those in financial hardship. However the scheme does not provide assistance to the majority of residents</p>

	<ul style="list-style-type: none"> <li>• have a single set of clear and generous eligibility rules</li> <li>• be accessible and have provisions that are easy to understand and work with</li> <li>• have moderate and transparent fees</li> <li>• be nationally promoted</li> </ul>	<p>who will also feel the impact of increasing rates.</p> <p>It is unclear the impact a more widely available rates postponement scheme would have on the Council's balance sheet as rates continue to rise to meet cost pressures. It is the Council's position that options for additional funding tools that would reduce the total burden felt by rate payers should be further explored before the development of a more accessible rates postponement scheme.</p>
R7.6	<p>The Government should phase out the Rates Rebate Scheme over a defined period, from when an effective national Rates Postponement Scheme is in place. In the meantime the current income abatement thresholds and maximum payments should be maintained.</p>	<p>The Council agrees with the Commission's finding that the Rates Rebate Scheme does not necessarily target those who cannot afford rates. As noted in response to 7.5, replacing the scheme with a Rates Postponement Scheme is not the solution to the issue. The Council encourages the further exploration of additional funding tools before a decision is made on the removal of the rebate scheme.</p>
R8.1	<p>The Government and local government should work together to establish centres of knowledge and guidance about climate adaptation. One should be an up to date source of advice on science and data while another should provide advice on policy, planning, risk management, legal issues and community engagement.</p>	<p>The Council welcomes the establishment of centres of knowledge in relation to climate change. We would encourage close collaboration with local government in developing guidance, to ensure that local needs can be understood and catered for.</p> <p>Our experience has been that it is critical to put communities at the centre of climate change. While councils have a key role, communities themselves need to have direct access to centres of knowledge and guidance also.</p>
R8.2	<p>The Government should review existing legislation and policy to ensure that considerations about climate-change adaptation are integrated and aligned within legislation and policy.</p>	<p>The Council has recently declared a climate change emergency, which requires the consideration of climate change impacts in all decision making. We support government taking that same approach, but would urge that any review of existing legislation and policy implements the "partners in regulation" protocol also recommended by the Commission, ensuring that</p>

		the funding impacts of any changes to legislation can be considered across both levels of government.
R8.3	National and local authorities should adopt flexible and anticipatory approaches to adaptation – any funding should be conditional on the use of such approaches.	<p>While the Council agrees flexibility is a key principle of climate change adaptation, it is a difficult criterion to include as a funding consideration.</p> <p>Local government relies on community feedback and if a community decides that a certain level of risk is acceptable, the Council must consider this in its decision making. Whether or not such instances should preclude Council from accessing public funding needs to be further tested.</p>
R8.4	The Government should provide legal frameworks that give councils more backing to make land use and investment decisions that are appropriate to constantly changing climate risks.	<p>As a harbour city, the Council would welcome legislation that supports the difficult decisions that will be required regarding land use and investment to adapt to climate change.</p> <p>We would encourage the Commission to broaden this recommendation to encompass decisions in relation to resilience in general, to account for councils who are also mitigating earthquake risk.</p>
R8.5	<p>The Government should extend the NZTA’s role in co-funding local roads to include assistance to councils facing significant threats to the viability of local land transport infrastructure from sea-level rise and more intense storms and flooding due to climate change. The amount of assistance should reflect the size of the threat and each council’s rating capacity.</p> <p>Assistance should be conditional on a strong business case and meeting engineering and environmental quality standards, It should only be available to defend existing infrastructure when business cases indicate this option is superior to other options by a significant margin.</p>	<p>The Council supports the extensions of NZTA’s co-funding mandate to provide support for local transport infrastructure that is vulnerable to the impacts of climate change.</p> <p>Key transport routes into Wellington are located at sea level and include not only roads but also public transport infrastructure.</p> <p>Additionally roads in Wellington act as barriers between the sea and private property on our coasts, so it is crucial that funding support is available to assist when these important defences are at stake. As above, the Council would encourage the broadening of this mandate to include other resilience issues that must be mitigated.</p>

<p>8.6</p>	<p>The Government should create a new agency and a Local Government Resilience Fund. The agency should work with at-risk councils and co-fund the redesign and possible relocation and rebuilding of wastewater and storm water infrastructure when it is no longer viable due to the impacts of climate change.</p> <p>The new agency should assist regional councils and communities to work out the best way to lessen future flood risks from rivers. This could include moving to a new, more sustainable and best-practice paradigm of giving rivers room and developing multiple innovative uses of river corridors.</p>	<p>The Council would welcome the introduction of a new agency and funding stream to assist in mitigating the impacts of climate change on key infrastructure; however climate change is only one aspect of resilience.</p> <p>Wellington, like other locations, is not only vulnerable to climate change but also damage due to earthquakes. To be truly resilient, we must adapt to both issues which requires significant investment in order to build the necessary resilience in our three waters infrastructure.</p> <p>The Council would encourage the broadening of the mandate of the new agency, and allocation of central government resilience funding, to include other resilience issues that must also be mitigated.</p>
------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------



## Findings and recommendations

The full set of findings and recommendations from the report are below.

### Chapter 3 – Trends in local government, expenditure, prices and debt

#### Findings

- F3.1** Over long periods of time, and with some variation, increases in local government revenue and rates have roughly matched increases in national and household income.
- F3.2** Local governments face higher price inflation than general consumers largely because of the specialised inputs councils use to construct and operate infrastructure. Councils have little direct influence on the prices of many of these inputs, but can adjust their demand and mix of inputs, in response to changes in prices.
- F3.3** Modelling of price inflation in local government goods and services using an index that reflects yearly changes in the composition of expenditure produces a slightly lower measure of inflation than the Local Government Cost Index currently used by councils. This suggests that councils do adjust their mix of inputs in response to prices, to some extent.
- F3.4** After adjusting for price inflation using the Commission's preferred price index, local government operating expenditure (opex) per capita (excluding depreciation and interest) grew at an average of 1.2% a year between 2007 and 2017. The opex per capita of regional and rural councils grew faster than that of metropolitan and provincial councils.

### Chapter 4 – Pressures on funding and financing

#### Findings

- F4.1** New Zealand's population has grown by about 30% in the last twenty years, but this growth has not been evenly distributed. Councils in high-growth areas are facing pressure from the costs of funding growth infrastructure, while some councils in small districts or districts with declining populations face pressure from high fixed costs distributed between a relatively small number of ratepayers. These challenges are likely to increase as New Zealand's population becomes increasingly concentrated in the future.
- F4.2** All districts across New Zealand are ageing, and this is happening much more rapidly in some districts. An ageing population creates additional costs for councils as elderly residents require a different mix of accessible infrastructure and services.
- F4.3** If some councils are not able to comply with all the responsibilities and functions being passed to them, then the objectives of central government legislation will ultimately not be achieved.

<b>F4.4</b>	<p>When central government passes new responsibilities to local government, without providing adequate funding, this creates cost pressure for councils. Unfunded mandates fall broadly into four categories:</p> <ul style="list-style-type: none"> <li>• new or stronger standards that councils must meet – without commensurate funding;</li> <li>• new responsibilities, functions or processes that councils must undertake – without commensurate funding;</li> <li>• reduction, cessation or removal of central government funding, or of government-funded programmes and services within the community; and</li> <li>• restrictions on the ability of councils to set cost-recovery fees for services or functions.</li> </ul>
<b>F4.5</b>	<p>Central government’s passing of new responsibilities and functions on to local government is not new. However, this process has continued, and some councils are finding the cumulative impact increasingly difficult to manage.</p>
<b>F4.6</b>	<p>Central government is sometimes passing new responsibilities to local government without adequate analysis, including consideration of the range of council circumstances. This can result in regulation that is “one size fits all”, making it unfit for purpose, or particularly costly to implement, in some localities.</p>
<b>F4.7</b>	<p>To date there has been no comprehensive and independent in-depth analysis of costs associated with implementing Treaty settlement arrangements – either to councils or iwi. Such analysis would be valuable to clearly identify the additional resources councils must deploy to carry out this role.</p>
<b>F4.8</b>	<p>Co-governance and co-management arrangements established through Treaty settlement agreements between the Crown and Māori can impose considerable costs on local authorities. So far, central government support has been ad hoc, and fallen short of covering the initial and ongoing costs to councils.</p>
<b>F4.9</b>	<p>Some councils are struggling to meet the costs of implementing Treaty settlement arrangements. The durability and effectiveness of some Treaty settlement arrangements may be at risk if funding issues remain unresolved.</p>
<b>F4.10</b>	<p>Evidence reveals no major shifts over the last several decades in the range of services that local government generally provides. The Local Government Act 2002 defines the purpose of local government as “to enable democratic local decision-making and action by, and on behalf of, communities”. The nature, quality and extent of services provided by councils is reliant on the quality of their democratic decision-making.</p>

F4.11

Community expectations for levels of service from local (and central) government are rising over time in response to factors such as:

- changing perceptions of risk from climate change;
- drinking water quality and impacts of discharges into waterways;
- changes in the age mix of local populations; and
- rising incomes (which make it easier for people to meet the cost of better quality and additional services).

F4.12

Tourists use the same local infrastructure as residents. The seasonal nature of tourism in New Zealand creates the need for this local mixed-use infrastructure to be able to accommodate peak visitor numbers, even if that peak only lasts for a few weeks or months. Some communities have a high visitor-to-resident ratio during peak tourist season, which can create significant pressure.

F4.13

Local authorities have access to a range of tools to address pressure from tourism. Councils appear to under-use some of these tools, including user charges and targeted rates. Yet, even with more effective use of existing tools, a funding gap remains because tourists do not fully pay for the costs of the local mixed-use infrastructure and services they use.

F4.14

Rates of afforestation will increase as New Zealand transitions to a low-emissions economy. This increase in forested land will result in considerable new pressure on many local roads, particularly at harvest time. This will, in turn, lead to a need for more frequent maintenance and replacement of roads, resulting in increased costs. The cost pressure this creates for some councils may indicate a need to re-examine how funds from Road User Charges are distributed.

## Chapter 5 – Improving decision making

### Findings

F5.1

The elected member governance model does not consistently deliver a mix of councillors that collectively possesses the full range of skills required for effective governance, and evidence shows that many councils lack the necessary expertise for effective decision making. A lack of skilled councillors can be ameliorated by having a well-qualified and suitably experienced Chief Executive.

F5.2

A wide range of training, resources and supports are available for elected members. However, the uptake of these is patchy. Reported barriers include reluctance to travel, public scrutiny of travel and training expenses, dissatisfaction with training provided, and lack of personal awareness of the need for capability development.

F5.3

The accountability of local government to local communities is highly reliant on the transparency of its processes, decision making, and performance.

F5.4

The current performance reporting requirements on local authorities, including the financial and non-financial information disclosures, are excessively detailed, inappropriately focused and not fit-for-purpose.

- F5.5

Successive legislative reforms aimed at increasing the transparency of council performance through prescriptive reporting requirements have been counterproductive. The local government performance reporting framework requires fundamental review, with a mind to significantly simplifying the required disclosures, and improving their overall coherence and fitness-for-purpose.
- F5.6

While the purpose and content of Long-Term Plan consultation documents are prescribed in legislation, the form and manner of engagement are not. Councils are free to undertake early engagement to ask open-ended questions, and use a wide range of techniques tailored to their local communities. Some are doing this effectively.
- F5.7

There is scope for greater transparency across councils, in how they have considered and balanced the range of community views in their decision making.
- F5.8

Long-Term Plans (LTPs) are long, complex and contain duplication. This is partly a function of the legislative requirements, which are disjointed and require an unnecessary level of detail. This works against the strategic intent of LTPs.
- F5.9

The benefits associated with auditing Long-Term Plans and their consultation documents currently exceed the costs. These benefits include assurance and transparency for the general public, as well as recommendations and advice for councils about good practice.
- F5.10

A clear strategic framework is an important mechanism for guiding councils' prioritisation and resource-allocation decisions. While the current legislative requirements impose parameters around the content of Long-Term Plans (LTPs), they do not preclude the preparation of a strategic framework, and alignment of the LTPs and other accountability and planning documents within this. A number of councils have done this successfully; others lack a coherent framework to guide their strategic planning.
- F5.11

Undertaking long-term planning within a spatial planning approach promotes a more coordinated and integrated approach to strategic planning as well as investment decision making.
- F5.12

The effectiveness of the decision-making procedures by local government depends on the public understanding, and taking part in, local democratic processes – both of which are notoriously deficient. This weakens the incentives that those processes provide for local governments to be accountable for the quality of their decisions.

## Recommendations

### R5.1

The Department of Internal Affairs, Local Government New Zealand (LGNZ) and the New Zealand Society of Local Government Managers should work together to improve basic governance, including financial governance, skills and knowledge across elected members. In undertaking this work, they should consider:

- a range of mechanisms, such as formal training; peer support, mentoring (eg, via “sister council” links), and networking; and sharing of resources and best practice; and
- a variety of delivery platforms, including online media and collaboration tools.

LGNZ should ensure that resources and initiatives are well evaluated.

### R5.2

Local Government New Zealand should work to achieve greater participation in ongoing professional development by elected members, including new and existing members, to ensure skills and knowledge are built and periodically refreshed.

### R5.3

The Local Government Act 2002 should be amended to require all local authorities to have an Audit and Risk Committee (or equivalent assurance committee).

- Audit and Risk Committees should have an independent Chair, and ideally include at least one other external expert, to ensure they span the full range of necessary skills and experience.
- Independent members should be appropriately skilled and qualified.
- Councils should draw on the good practice guidance and resources that are available to develop and run their committees.

### R5.4

The local government reporting framework (including the financial disclosures, Funding Impact Statement and performance measures for service delivery) should be subject to a fundamental, first principles review. This review would:

- identify financial disclosures of low value to users of financial statements;
- examine the mix of financial and non-financial disclosures, and recommend a revised framework that provides the most efficient, coherent and accessible way of reporting the range of information sought by both types of users;
- consider the potential for new forms of external reporting, including integrated reporting, to shape changes in the reporting framework; and
- be undertaken by a working group comprising the Department of Internal Affairs, the External Reporting Board and representatives of the local government sector and information users. The Office of the Auditor-General would be consulted.

### R5.5

The Department of Internal Affairs, Local Government New Zealand and the New Zealand Society of Local Government Managers should continue to work together to promote and encourage councils’ participation in existing performance review and improvement initiatives, such as CouncilMARK™ and the Australasian Local Government Performance Excellence Program. The emphasis should be on learning for continuous improvement, rather than a one-off exercise. This work should include efforts to boost public awareness of initiatives such as CouncilMARK™ to increase demand for their use.

- R5.6** The legislated information requirements for the consultation processes of local authorities should be amended to:
- make the terminology around the required analysis of alternative options consistent across relevant sections of the Local Government Act 2002;
  - clarify that Long-Term Plan (LTP) consultation documents must describe the reasonably practicable alternative options for addressing each identified issue; and
  - explicitly require that LTP consultation documents include high-level information on the implications for rates and future service levels associated with each of the identified options.
- R5.7** The Local Government Act 2002 should be revised to clarify and streamline the required content of Long-Term Plans so as to reduce duplication, ease the compliance costs on councils, and help make them more accessible documents.
- R5.8** The scrutiny on long-term planning provided by the audit requirements should not be considered a substitute for internal quality assurance processes. Councils should have robust quality assurance procedures across their Long-Term Plan process, including the use of expert review where appropriate (such as for significant decisions).

## Chapter 6 – Future funding and financing arrangements

### Findings

- F6.1** The roles and funding tools of local government do not impinge on the prime responsibilities of central government to stabilise the macro economy and redistribute income and the cost of services from those well-off to those in need. The responsibilities for making choices about public goods and infrastructure are mostly coherent across the two levels of government.
- Some areas of difficulty and tension between central and local government have emerged. These tend to be where the benefits or costs of local government infrastructure and services cross local-authority boundaries, yet current funding arrangements do not consider this.
- F6.2** The rating tools of New Zealand local governments have low compliance and administration costs. The complexity of development contributions (DCs) causes them to have higher administration and compliance costs.
- Rates based on (unimproved) land values cause little or no economic distortion and therefore are a highly efficient way to raise revenue.
- Rates on capital value are relatively less efficient because they can disincentivise land and building development. Rates on the capital value of businesses can, in addition, cause unnecessary productive inefficiency.
- Even so, when rates, user charges, DCs and connection charges reflect benefits received and the marginal cost to the council of providing services, these are efficient ways to raise revenue.

F6.3

The fiscal adequacy of the local government funding system is under strain in the areas of tourism, adaptation to climate change, growth infrastructure and unfunded mandates from central government. Pressures in these areas are mostly uneven across councils, and in the first two areas are set to continue rising.

Since the early 1990s, rates revenue per person, council expenditure per person and income per person have grown at similar rates. While this suggests that the current funding system has proved adequate and sustainable in the past, the new and growing pressures may require new funding tools for the future.

F6.4

The current main funding tools of local government in New Zealand measure up well against the principles of appropriateness for local government use, coherence within national policies and institutions, efficiency, enforceability, and the stability and predictability of revenue. Yet scope exists for many councils to make better use of their funding tools and this would help relieve funding pressures.

F6.5

Development contribution (DC) policy and implementation are inherently complex. Good examples exist of council DC policies. Councils appear to have been refining and improving them over time. Yet the DC policies of some councils still fall considerably short of best practice. The good policies provide a transparent and reliable platform for setting DC charges in line with the purpose and principles of DCs in the Local Government Act 2002.

F6.6

Councils have a portfolio of charging and rating tools to recover the costs of their growth-related infrastructure investments. Yet cost recovery may take many years, councils face investment risks (eg, over-investment or investing in the wrong location) and some councils face debt limits. Councils also face political pressure to not support growth. The result is that some councils in fast-growing cities are either not willing, or not able to, invest in growth-related infrastructure at levels that match demand.

F6.7

Giving councils powers to levy a value-capture rate, congestion charges and volumetric wastewater charges would give them additional means to recover the costs of growth without burdening existing residents. Yet some councils and their residents may still not be willing to accommodate growth to the extent needed for supply to match demand.

F6.8

Many councils and ratepayers still perceive that council revenue from local growth does not fully cover costs that councils incur from growth and that therefore growth is financially disadvantageous. This perception is exacerbated by the:

- highly visible way that property owners are billed for and pay rates;
- much less visible way that most people pay income tax and GST; and
- the automatic link between economic activity and revenue from income tax and GST which does not exist for rates.

F6.9

While local property taxes are in widespread use in other parts of the world such as the United States, they are not a panacea for aligning the incentives of existing voters and property owners with socially desirable growth rates in dwellings. Given that property prices in New Zealand have been neither stable nor predictable, property tax revenues would not be either, and this would be undesirable. The highly transparent system of rating in New Zealand provides a fiscal discipline on councils and should be retained.

**F6.10**

None of the options of a local property tax, a local income or sales tax, or a portion of national GST or income tax is a fully satisfactory solution to the problem of councils and existing property owners and voters failing to embrace growth, because no direct and transparent link exists between growth and council revenue.

Each option does not meet at least one important criterion for a good local tax. The revenue from local property tax would be neither stable nor predictable, local income and sales taxes would be complex and likely to have high administrative and compliance costs, and a portion of national GST or income tax would be likely to undermine local autonomy and accountability.

**F6.11**

A system of payments from central government to councils based on new building work in territorial local authorities could offer local government a practical additional funding source. The system would substantially preserve local autonomy and provide a direct link between council revenue and a council's effectiveness in keeping land supply and infrastructure responsive to demand. This could be effective in incentivising councils and their existing ratepayers to support growth.

**F6.12**

While councils vary widely in their use of debt, they should use it to spread the cost of long-lived infrastructure assets fairly over the people and properties that benefit from these assets. Most councils have adequate capacity on their balance sheets to finance their infrastructure development. A few high-growth councils face debt-limit barriers that have the potential to cause serious social harm by preventing council infrastructure investment keeping pace with demand for new development.

**F6.13**

Special Purpose Vehicles (SPVs) can be an effective way to reduce the barrier caused by council debt limits where these limits constrain a council's ability to invest in infrastructure to serve new greenfield developments. The SPVs raise finance for infrastructure investment in a way that puts debt on the balance sheets of new property owners who benefit from the infrastructure, rather than on the balance sheet of their council or the Crown.

**F6.14**

The Government and officials are working on ways to expand the use of Special Purpose Vehicles (SPVs) to finance large brownfield infrastructure investments that will benefit both new and existing residents. While more challenging to design, and requiring legislation, these expanded SPVs promise to deliver a further valuable means to reduce the barrier of debt limits for fast-growth councils.

**F6.15**

The factors driving population decline in rural districts and small centres are often difficult to counter and may result in funding shortfalls that affect a council's ability to supply basic infrastructure services.

**F6.16**

Tourists pay for many of the costs they create, either directly through a user-pays system, or indirectly by paying for services they buy from businesses. Yet, because tourists do not pay any equivalent of residential rates, tourists do not fully pay for the costs of local infrastructure and services that they consume directly. The payment shortfall is exacerbated by the strong seasonality of tourism that creates the need for infrastructure that can cater for peak loads.



F6.17

Greater user pays and accommodation levies are the two best options for recovering from tourists their share of the cost of facilities provided by local government for which it cannot otherwise charge. These are the only options that target the right group, are practical, do not involve an industry subsidy, promote economic efficiency, are consistent with local autonomy, and have reasonably modest compliance and administration costs.

### Recommendations

R6.1

The Government, Local Government New Zealand and the New Zealand Society of Local Government Managers should work together to develop standardised templates both for the development contribution (DC) policies of councils and council assessments of DC charges for individual property developments. Councils should be required to use the standardised templates.

R6.2

While local authorities' general approach to depreciating their infrastructure assets is satisfactory, three issues are of concern and may require action:

- councils' decisions about the best use of the large amounts of cash that depreciation funding can give rise to should be part of formulating their wider financial and infrastructure strategies;
- councils should prioritise improving their knowledge of the condition and performance of their assets to, among other benefits, avoid the risk of underestimating asset lives and overestimating depreciation expense; and
- the Essential Services Benchmark should be reviewed as part of the wider review of the local-government performance reporting framework referred to in Recommendation 5.4. Any reframing should avoid the implication that individual councils must invest in as much asset renewal each year as their depreciation expense.

R6.3

In choosing among funding tools, rating bases and whether to charge rates as a percentage of property values or as uniform charges or some other targeted feature, councils should emphasise the benefit principle and efficiency in the first instance. They should also balance greater economic efficiency against lower compliance and administration costs.

Councils should factor in any significant concerns about ability to pay at a second stage in their decision making.

R6.4

The Government should consider implementing a system of payments to territorial authorities, based on new building work put in place in each territorial local authority, to incentivise councils to increase the supply of infrastructure-serviced land to match growth in demand.

R6.5

The Government should direct officials to continue work on how to expand the use of Special Purpose Vehicles to finance investment in growth infrastructure in fast-growth local authorities that face debt limits. If needed, the Government should promote legislation in Parliament to enable the placement of debt-servicing obligations on existing residents who will benefit from the infrastructure.

- R6.6**

In its review to improve the service delivery of the three waters, the Government should favour models capable of applying efficient scale and specialisation to help small communities meet the challenges of maintaining and upgrading their water, wastewater and stormwater infrastructures.
- R6.7**

The Government should legislate to enable councils in tourist centres to choose to implement accommodation levies to recover the tourism-induced costs of providing local mixed-use facilities not otherwise charged for.

Councils in tourist centres should make greater use where possible of user pays for mixed-use facilities.
- R6.8**

The Government should provide funding from the international visitor levy for councils responsible for small tourist hotspots which cannot reasonably recover all their operating costs of providing mixed-use facilities from tourists through user pays or accommodation levies.
- R6.9**

The benefit principle and maintaining the integrity of local government autonomy, responsibility and accountability should guide central government funding of local government activities. This implies that central government should generally limit its funding to where there are national benefits. Central government should not expect local government to act simply as its regulatory agent. Rather, the two levels of government should seek a regulatory partnership based on mutual respect and an agreed protocol.
- R6.10**

Central and local government should strive to achieve a more constructive relationship and effective interface through:

  - central and local government providing input (formally or informally) into each other’s relevant policymaking processes, under an agreed set of principles or a protocol;
  - central government engaging in a meaningful dialogue with local government early in the process of developing relevant new regulations;
  - cooperative approaches to tackling problems with implementing relevant new legislation, regulations or environmental standards;
  - the creation of formal and informal feedback loops to identify problems with delegated regulations when they first appear; and
  - the spread of information through the system and the sharing of expertise and knowledge.

## Chapter 7 – Equity and affordability

### Findings

- F7.1**

Councils often make rating decisions in a non-transparent manner that follows a confused consideration of benefits, affordability and local politics.
- F7.2**

Local government legislation currently provides only weak support for allocating rates primarily according to who benefits from council services.

266 DRAFT | Local government funding and financing

F7.3

Differentials and the uniform annual general charge are not transparent in allocating the burden of rates to those who benefit from council services. Targeted rates provide a more direct connection between the funding and the beneficiaries of services; and therefore are a much more transparent way of giving effect to the benefit principle.

F7.4

The statutory 30% cap on uniform charges (covering Uniform Annual General Charges and uniform targeted rates applying across the district, but excluding uniform water and wastewater rates) has no clear rationale and unnecessarily restricts the discretion of councils to use rates to reflect the benefit of services and amenities. Currently, few councils are close to the cap.

F7.5

There is little or no evidence that rates generally have become less affordable over time. Much concern focuses on affordability for low-income (particularly elderly) households who own their own homes. Yet such households generally have much lower housing costs than other low-income New Zealand households.

F7.6

Recipients of New Zealand Super are the main beneficiaries of the Rates Rebate Scheme. Most recipients are not eligible for the Government's Accommodation Supplement because their accommodation costs are below the threshold to qualify, unless they have a mortgage or substantial essential repairs.

F7.7

The Rates Rebate Scheme (RRS) is administratively inefficient and satisfies neither the horizontal equity principle nor the vertical equity principle. The level of assistance currently offered by the RRS is just over \$12 a week at most. Low-income homeowners can, as an alternative, access equity in their properties to help meet living costs including rates.

F7.8

The Accommodation Supplement is a well-tested major government programme that, compared to the Rates Rebate Scheme, efficiently and equitably provides support to eligible low-income households to meet housing costs, in a range of circumstances across New Zealand.

## Recommendations

R7.1

The Local Government (Rating) Act 2002 should be amended to remove rates differentials and uniform annual general charges. Councils should have five years to implement their removal.

R7.2

Local government legislation should be amended to require councils to:

- match the burden of rates to the benefits of council services, as a first step in setting rates;
- consider ability to pay as a second step;
- set out the reasons for their rating decisions in each step in a clear and transparent manner; and
- (in applying the ability-to-pay principle) consider coherence and consistency with the income-redistribution policies of central government.

Councils should continue to have the power to determine, on reasonable grounds, the appropriate allocation of rates within their district or region.

- R7.3**

Local Government New Zealand and the New Zealand Society of Local Government Managers should develop advice for councils on how to apply the benefit principle (the burden of rates should reflect the benefits received) in their rating decisions.
- R7.4**

The Local Government (Rating) Act 2002 should be amended to remove the statutory cap on uniform charges.
- R7.5**

The Government should work with local government and suitable financial providers to develop and implement a national rates postponement scheme. The scheme should:

  - have a single set of clear and generous eligibility rules;
  - be accessible and have provisions that are easy to understand and work with;
  - have moderate and transparent fees; and
  - be nationally promoted.
- R7.6**

The Government should phase out the Rates Rebate Scheme (RRS) over a defined period, such as five years, from when an effective national Rates Postponement Scheme is in place. In the meantime, the current income abatement thresholds and maximum payments should be maintained.

## Chapter 8 – Adapting to climate change

### Findings

- F8.1**

Considerable guidance for councils on climate-change adaptation already exists. But more is needed, and providing it through central, specialised sources of knowledge will be more cost-effective than each council inventing its own solution. Most councils will welcome guidance and find it helpful not only as advice but as backing for taking the difficult and unpopular decisions that will sometimes be necessary.
- F8.2**

New Zealand’s laws and institutions acknowledge the risks from climate change and require local governments to plan for the approaching and rising hazards it will cause. Yet much thinking and practice is still dominated by assumptions that risk profiles are static, like earthquake risk.

A systematic shift to a dynamic risk paradigm is needed to deal with the increasing and cumulative nature of climate-change risk. Such a shift will support decisions that:

  - lean against the tendency to continue along current courses (with hard forms of protection for new and existing land use);
  - encourage the use of anticipatory and flexible decision tools; and
  - reduce risks and costs over the long term.

F8.3

Formulating a set of principles about funding the costs of adaptation to climate change is a helpful place to start. Persuasive, high-level principles include:

- decisions about whether, when and how to defend/protect, adapt, or retreat in the face of hazards related to climate change should aim to minimise long-run costs;
- the way costs of adaptation are shared should be fair and just across communities and generations; and
- active engagement with, and empowerment of, affected communities in developing adaptation pathways is vital.

The first two principles imply placing a high priority on avoiding behaviour that leads to increased risk exposure for private gain at others' expense ("moral-hazard" behaviour).

F8.4

Properties at growing risk from sea-level rise, river-plain flooding or other types of climate-change hazard will become increasingly uninsurable. This is because the nature of climate-change risk lacks two essential characteristics for insurability:

- it is not possible to calculate the chance of loss either mathematically or through experience due to the novel, uncertain and dynamic character of climate-change risk; and
- losses are not unforeseen – climate damage is foreseeable (even though its precise form, magnitude and location are uncertain).

F8.5

New Zealand has a strong tradition of social insurance in which society at large helps those in need who suffer hardship or loss through no fault of their own and where these losses may be uninsurable. This tradition provides a possible basis for some form and amount of central-government assistance to councils seriously threatened by losses due to climate change. Any such assistance will need careful design to incentivise risk reduction and avoid moral hazard.

F8.6

The New Zealand Transport Agency model of co-funding local roads could be extended to provide central-government assistance to relocate local roads and bridges that will be non-viable because of climate-change-induced sea-level rise, flooding and/or storms. This approach has potential benefits to:

- incentivise councils to anticipate climate risks to local roads, and encourage community engagement and buy in;
- prioritise spending in line with net social, economic and environmental benefits while taking account of equity across regions;
- counter optimism bias by requiring that the discipline of a strong business case and engineering and environmental quality standards are met; and
- make specialist knowledge and skills available to councils and help spread best practice and successful innovations around the country.

**F8.7**

The past approach of containing many New Zealand rivers within relatively narrow stopbanks for flood protection and to maximise the area of productive land for agriculture and other uses will become less viable as climate change increases the risk of more frequent and more intense rainstorms.

Best practice is now to allow wider river corridors that give rivers room and make space to more safely manage flood risk. But making this change faces barriers of existing property rights, expectations of continued protection, and high costs.

**F8.8**

Credible arguments exist both for leaving private owners to use current arrangements to find ways to adapt to climate change, and for public funding to support private owners to undertake cost-effective risk reduction up to and including managed retreat.

The decision whether to provide additional dedicated funding is for central government to make. Yet the existence or not of a scheme will impact local authorities' responsibilities for leading and implementing managed retreat or other forms of adaptation.

### Recommendations

**R8.1**

The Government and local government should work together to establish centres of knowledge and guidance about climate-change adaptation for councils. One centre should be an authoritative and up-to-date source of advice on science and data while another should be a source of specialist advice on policy, planning, risk management, legal issues and community engagement.

**R8.2**

The Government should implement a review of existing legislation and policy to ensure that considerations about climate-change adaptation are integrated and aligned within that legislation and policy where relevant.

**R8.3**

National and local authorities should adopt anticipatory and flexible approaches to climate-change adaptation, in line with recognising the constantly changing nature of the risks. Any additional funding for climate-change adaptation should be conditional on the use of such approaches.

**R8.4**

The Government should provide legal frameworks that give councils more backing and knowledge to make land-use planning and infrastructure investment decisions that are appropriate in the face of constantly changing climate risks.

**R8.5**

The Government should extend the New Zealand Transport Agency's role in co-funding local roads to include assistance to councils facing significant threats to the viability of local land-transport infrastructure from sea-level rise and more intense storms and flooding due to climate change. The amount of assistance should reflect the size of the threat facing each council and its rating capacity.

Assistance should be conditional on a strong business case and meeting engineering and environmental quality standards. It should only be available to defend existing infrastructure when business cases indicate that this option is superior to other options by a significant margin.

**R8.6**

The Government should create a new agency and a Local Government Resilience Fund. The new agency should work with at-risk councils and co-fund the redesign and possible relocation and rebuilding of wastewater and stormwater infrastructure when it becomes no longer viable because of sea-level rise and more intense flooding due to climate change.

The new agency should also assist regional councils and communities to work out the best way to lessen future flood risks from rivers. This could include moving to a new, more sustainable and best-practice paradigm of giving rivers room and developing multiple innovative uses of the wider river corridors.

## Chapter 9 – Case study: Three waters

### Findings

**F9.1**

Considerable evidence is available that shows poor performance of the three waters sector in many parts of New Zealand, in terms of their impact on human health, the natural environment, productivity and costs to consumers and ratepayers. However, some councils and providers are taking the tough decisions needed to improve their performance, including Auckland's Watercare, Tauranga City Council, Kāpiti Coast District Council and the five councils involved in Wellington Water.

**F9.2**

The inherent economic features of three waters makes it a natural monopoly in many cases, and poor-quality water treatment can impose large negative externalities on communities. These natural monopoly and externality features are not the reason for the poor performance of councils. Even so, they do make it very important that councils have effective decision-making, governance, accountability, funding and delivery arrangements in place.

**F9.3**

The poor performance of the three waters sector in New Zealand can be attributed to the following factors in some cases.

- Inadequate supplier expertise and capabilities, resulting from some local councils prioritising local control of their three waters activities rather than increasing their operational scale through shared services, joint ventures or mergers.
- Poor governance capabilities and incentives, due to lack of independent directors and insufficient use of company-type structures when they are likely to be beneficial.
- Poor financing, funding and pricing arrangements, due to under-recovery of costs and funding from council rates rather than water service charges and development fees.
- Weak safety, environmental and economic regulation, due to poorly designed regulations, weak enforcement and lack of regulatory expertise.

**F9.4**

The performance of the three waters sector would substantially improve by using an approach that (1) rigorously enforces minimum performance standards; and (2) is permissive about how councils meet these minimum performance levels. This approach would have the following features.

- The new regulatory regime is administered by an existing, credible and independent regulator such as the Commerce Commission, which already regulates similar activities, has a credible “industry watchdog” reputation and has significant experience applying light-handed regulation to some suppliers and stronger forms of control to other suppliers.
- The performance regime would be permissive and flexible, leaving it to councils to decide how to achieve the regulatory standards. However, a backstop arrangement would need to be put in place for those councils that fail to lift performance sufficiently to meet minimum health, environmental and economic-performance standards.
- While significant cost efficiencies should be possible for most council-led water services, some communities will require financial assistance from government to help them make the transition to achieving minimum performance standards for drinking, wastewater and stormwater services.



---

## **ANNUAL REPORT TO THE ALCOHOL REGULATORY LICENSING AUTHORITY**

---

### **Purpose**

1. This report asks the Council to approve the content of the Wellington District Licensing Committee (DLC) annual report to the Alcohol Regulatory and Licensing Authority (ARLA) for the period 1 July 2018 to 30 June 2019. This report also provides the Council with further information about the operations of the DLC, its administrative support team (Secretariat) and the Council's Licensing Inspectorate.

### **Summary**

2. Under the Sale and Supply of Alcohol Act 2012 (the Act), Council is required to submit an annual report for the period 1 July to 30 June on the operations of its District Licensing Committee (DLC) to the Alcohol Regulatory and Licensing Authority (ARLA).
3. This report requests Council's approval to submit the attached report to ARLA by its deadline of 30 August 2019.

The report complies with the requirements of the Act and ARLA. The report will be published on Council's website and distributed to stakeholders. This paper includes additional reporting to Council on the operations of the DLC, its administrative support team (Secretariat) and the Council's Licensing Inspectorate.

### **Recommendation/s**

That the Council:

1. Receive the information.
2. Agree that the DLC Annual Report for the period 1 July 2018 to 30 June 2019 may be submitted to ARLA.
3. Note the additional reporting about the activities of the DLC, its Secretariat and the Licensing Inspectorate for this reporting period.

### **Background**

4. The DLC is appointed by Council under the Act to deal with alcohol licensing matters for the district. Each year, the DLC must provide a report to ARLA detailing its proceedings and operations over the previous year. The reporting period for each year is 1 July to 30 June. ARLA is a specialist tribunal that deals with appeals of decisions by DLCs. ARLA specifies the form and content for DLC annual reports under the Act. ARLA reports annually to Parliament and considers the content of DLC reports when it does so.

## Discussion

5. Some highlights from the DLC's Annual Report to ARLA for 2018-19 include:
- The total number of applications considered and determined by the DLC has been relatively stable since last year. Please note that this year ARLA has only asked us to report on grants of new licences and manager's certificates and not renewals. The figures in the report are, therefore, lower than for previous years and do not represent the full volume of work undertaken by the DLC. This is set out in the table below under the hearing 'DLC Workload'.
  - The Wellington DLC continued to take a strong stand where alcohol related harm is highly evident. As an example, in the city centre, the DLC reduced the closing hours to 6.00pm for an off-licence located in an area where there was notable evidence of alcohol related harm. This decision has been upheld in multiple appeals.

## Additional reporting

### The DLC

6. October 2018 saw the DLC Commissioners and members initial terms of appointment expire. This marked the end of the DLC's first five years of existence. Public expressions of interest were called for and we were fortunate to have a number of our experienced Commissioners re-appointed as well as new Commissioners and members. The appointment process resulted in some disruption to hearing schedules which meant that fewer hearing days were held during this appointment period last year. Some trends we have observed with these opposed applications are described below.
7. Residential bodies corporate have continued to oppose applications for inner city on-licences, with the residents' concerns relating to amenity and good order, in particular noise. In some cases, the DLC has been able to facilitate agreement between the residents and applicants and grant licences with consented conditions.
8. Towards the end of this reporting year there were two off-licence applications that received very significant community objection in terms of numbers. This appeared to be as a result of a mobilisation of community members. It may also be an indication of an increasing awareness from members of the Communities as to the risks presented by off-licence alcohol sales, to alcohol related harm. An application for a new bottle store in Khandallah was subject to 538 notices of objection. This is an ongoing matter which we will report on in next year's report.
9. Decisions made by the Wellington DLC must be published and we do this online at [www.nzlii.org](http://www.nzlii.org), where decisions of all the major New Zealand courts and tribunals can be accessed for free.

### DLC workload

10. The table below outlines the number of licences and manager's certificates issued, renewed and declined by the DLC for the 2018-19 year.

Application type	New	Renewal	Variation	Totals
------------------	-----	---------	-----------	--------

On-licence – granted	78	169	5	252
On-licence – declined	0	0	0	0
Off-licence – granted	10	44	0	54
Off-licence – declined	0	0	0	0
Club licence – granted	0	41	0	41
Club licence – declined	0	0	0	0
Manager’s certificate – granted	697	742	n/a	1,439
Manager’s certificate – declined	12	6	n/a	18

11. In addition, the DLC determined 284 special licence applications for events and 74 applications for temporary authority orders, permitting new operators of premises to continue trading under the existing licence until their new application had been determined.

#### **DLC secretariat**

12. Council’s alcohol licensing activities are broader than the operations of the DLC and include work undertaken by support staff in the Public Health team. The DLC Secretary leads this process, with support from two members of the Public Health Approvals team who also provide support as committee advisors, when required.
13. During this year the Principal Advisor to the DLC, Clare Needham, left the team resulting in a redistribution of functions including legal support to the DLC. The legal support is now being provided by the Council’s in-house legal team.

#### **Licensing Inspectorate**

14. Also integral to Wellington’s alcohol licensing regime is the Council’s Licensing Inspectorate. This comprises the Chief Licensing Inspector and five full-time Inspectors. Inspectors are independent of the DLC and its secretariat. They are charged with reporting on all licence and manager’s certificate applications, as well as undertaking monitoring and enforcement activities under the Act. They are required by the Act to collaborate with the Police and Medical Officer of Health. The three agencies meet fortnightly to facilitate this.
15. All of the inspectors attended the Annual Conference for the New Zealand Institute of Liquor Licensing. The focus for this year’s conference was upskilling the inspectors at DLC hearings and also working with the police on alcohol harm reduction strategies.
16. The Licensing Inspectorate met their Annual Plan targets this year, including visiting all ‘Very High Risk’ licensed premises twice and ‘High Risk’ premises once. Inspectors also undertook compliance visits at a number of events such as the Eminem Concert, Winetopia, the Food Show and Cubadupa. In conjunction with the police they also issued infringement notices to premises that did not have certificated managers named and on duty. This sent a strong message to these premises about the importance of being clear about their legislative obligations under the Act.

---

## Next Actions

17. Once approved by Council, the DLC annual report to ARLA will be submitted online. A copy of the report will be made public on the Council's website, copies will be distributed to interested stakeholders and legal deposit copies will be sent to relevant libraries. Again this year we have opted to produce the report in a simple format, without colour illustration. This aligns with the approach taken by other Councils. It will be more cost effective and responds to feedback by some members of the community that illustrated reports may be perceived as promoting alcohol.

## Attachments

Nil

Author	Helen Jones, Manager Public Health Group
Authoriser	Mark Pattermore, Manager City Consenting and Compliance Moana Mackey, Acting Chief City Planner

---

## **SUPPORTING INFORMATION**

### **Engagement and Consultation**

The DLC annual report has been prepared in response to a request from ARLA specifying the required form and content for the report. The Chairs of the DLC have provided content, as has the DLC Secretary, Chief Licensing Inspector and the Public Health Approvals Team Leader. Community feedback on the format of past reports has also been taken into account, leading to a decision to produce the report in a simpler, unillustrated format this year.

### **Treaty of Waitangi considerations**

In recognition of te Reo Māori as tāonga, and its protection as a tāonga by article 2 of the Te Tiriti o Waitangi, the DLC has introduced procedures for te Reo Māori to be used in its hearings.

### **Financial implications**

The cost of design and printing incurred for past DLC annual reports will be saved this year. The report will be submitted to ARLA through a free, online survey tool. The report will not be printed in full colour this year.

### **Policy and legislative implications**

The DLC annual report has been prepared and will be submitted to ARLA in compliance with the requirements of the Sale and Supply of Alcohol Act 2012.

### **Risks / legal**

There have been no legal risks identified in relation to this report.

### **Climate Change impact and considerations**

There are no relevant considerations

### **Communications Plan**

The DLC annual report will be made public on the Council's website, copies will be distributed to interested stakeholders and legal deposit copies will be sent to relevant libraries.

### **Health and Safety Impact considered**

There are no relevant considerations



---

## APPLICATIONS TO BECOME MANA WHENUA PARTNERS ON WELLINGTON WATER COMMITTEE AND PROPOSAL FOR SOUTH WAIRARAPA DISTRICT COUNCIL TO BECOME A SHAREHOLDER IN WELLINGTON WATER LIMITED

---

### Purpose

1. This report asks the Council to agree to Wellington Water Committee's recommendations to the shareholder councils, made at its meeting held on 12 July 2019 as follows:

RESOLVED: (Deputy Mayor Bassett/Cr Pannett) Minute No. WWC 19301

*"That the Committee:*

- (i) notes and receives the report;*
- (ii) agrees to recommend to shareholder councils that Te Runanga o Toa Rangatira be appointed as a Mana Whenua Partner Entity, and that Te Taku Parai be its nominated representative and Naomi Solomon be its nominated alternate; and*
- (iii) agrees to recommend to shareholder councils that Taranaki Whānui ki Te Upoko o Te Ika be appointed as a Mana Whenua Partner Entity, and that Kim Skelton be its nominated representative and Kirsty Tamanui be its nominated alternate."*

RESOLVED: (Deputy Mayor Bassett/Cr Brash) Minute No. WWC 19302

*"That the Committee:*

- (i) notes and receives the report;*
- (ii) notes the risk assessment report and addendum prepared by Wellington Water Ltd for South Wairarapa District Council (SWDC) setting out the risks associated with SWDC becoming a shareholder and the way Wellington Water Ltd proposes to manage these risks; and*
- (iii) agrees to support the proposal and recommend to shareholder councils that SWDC become a shareholder in Wellington Water Ltd."*

2. If Council agrees to South Wairarapa District Council (SWDC) becoming a shareholder, then it is necessary for shareholder Councils to approve and consent the issuing the New Shares to SWDC.
3. Attached as Appendix 1 is a report to the Wellington Water Committee asking the Committee to consider the applications to become Mana Whenua Partners.
4. Attached as Appendices 2 and 3 are the applications from Te Runanga o Toa Rangatira and Taranaki Whānui ki Te Upoko o Te Ika.
5. Attached as Appendices 4, 5, 6, 7 and 8 are Wellington Water Committee documents outlining the proposal for SWDC to join Wellington Water Ltd including the associated risks.

### Recommendation/s

That the Council:

1. Agrees that Te Runanga o Toa Rangatira be appointed as a Mana Whenua Partner Entity, and that Te Taku Parai be its nominated representative and Naomi Solomon be its nominated alternate on the Wellington Water Committee;
2. Agrees that Taranaki Whānui ki Te Upoko o Te Ika be appointed as a Mana Whenua Partner Entity, and that Kim Skelton be its nominated representative and Kirsty Tamanui be its nominated alternate on the Wellington Water Committee;
3. Agrees that South Wairarapa District Council (SWDC) becomes a shareholder in Wellington Water Ltd;
4. Hereby unconditionally and irrevocably approves and consents to Wellington Water Ltd (the company') issuing the New Shares to SWDC and entering into any documentation which is required from time to time to give full effect to such issue of the New Shares attached as Appendix 10 to the memorandum;
5. Notes that pursuant to clause 5.1 of the company's Constitution, Council hereby waives its pre-emptive rights under section 45 of the Companies Act in respect of the New Shares; and
6. Notes that should it be required, Council confirms, approves and ratifies the company's Board Resolution attached as Appendix 11 to the memorandum.

## Background

6. At its meeting held on 20 June 2019, CSC agreed to the proposed changes to the Wellington Water Limited's governance documents to allow for Māori representation and for the mechanisms for other Councils with the GWRC region to become a shareholder in Wellington Water Ltd. As expected applications have now been made and this paper seeks Council approval of those applications.

## Discussion

7. At the CSC meeting the key issues relating to this paper were well canvassed and debated. There is one additional point to discuss and that is the potential of Wairarapa based Mana Whenua entities to also apply if SWDC shareholding is approved. There are two iwi with interests in the Region; Rangitane o Wairarapa, and Kahungunu ki Wairarapa, who are currently represented on SWDC via a Maori Standing Committee. It is not known at this stage if these entities are likely to apply for representation.

## Options

8. There are essentially three proposals before Council, being the appointment of the two Mana Whenua Partner Entities to the Wellington Water Committee and the approval of SWDC as a shareholder of Wellington Water Limited. Council can choose not to appoint or approve any or all of these. The effect of that is the appointment or approval will not go through as they all require the unanimous agreement of the shareholders.











## Next Actions

9. If approved by all shareholding Councils it is intended that SWDC will transition its contracts across to WWL mechanisms by the end of 2019. It is intended that Mana



Whenua entities will attend the first Water Committee meetings after all Councils have approved the proposal.

## Attachments

Attachment 1.	Wellington Water Committee Report - Applications to Become Mana Whenua Partners - 12 July 2019 <a href="#">↓</a> 	Page 59
Attachment 2.	Application from Te Runanga o Toa Rangatira <a href="#">↓</a> 	Page 62
Attachment 3.	2019 06 28 CM Wellington Water Application Form <a href="#">↓</a> 	Page 65
Attachment 4.	2019 06 28 CM Wellington Water Letter <a href="#">↓</a> 	Page 66
Attachment 5.	Wellington Water Committee Report - Proposal for South Wairarapa District Council ~ 12 July 2019 <a href="#">↓</a> 	Page 67
Attachment 6.	Letter dated 7 June 2019 from David Wright, Chair, Wellington Water - Risk Assessment Report <a href="#">↓</a> 	Page 73
Attachment 7.	SWDC Risk Assessment Report for Council <a href="#">↓</a> 	Page 75
Attachment 8.	Letter dated 26 June 2019 from David Wright, Chair, Wellington Water – Addendum to Risk Assessment Report <a href="#">↓</a> 	Page 82
Attachment 9.	Addendum to Risk Assessment Report) <a href="#">↓</a> 	Page 84
Attachment 10.	Shareholders Resolution in respect of issue of shares to SWDC <a href="#">↓</a> 	Page 88
Attachment 11.	Directors Resolution to Issue Shares to SWDC <a href="#">↓</a> 	Page 90

Author	Derek Baxter, City Engineer
Authoriser	Mike Mendonca, Chief Resilience Officer David Chick, Chief City Planner

---

## **SUPPORTING INFORMATION**

### **Engagement and Consultation**

There has been considerable engagement and consultation with Mana Whenua and other Councils through this process. At the time of writing this paper PCC and HVCC have approved with UHCC approving Mana Whenua and deferring SWDC decision – and update will be given by officers at the council meeting.

### **Treaty of Waitangi considerations**

The proposal is aligned with Te Tiriti principles.

### **Financial implications**

The financial model for WWL will remain with only the management fee being shared. Otherwise WCC continues to own and maintain our assets.

### **Policy and legislative implications**

This proposal is cognisant of the overall Government direction with water management.

### **Risks / legal**

The proposal has been reviewed by legal.

### **Climate Change impact and considerations**

Considerable internal and external advice has been sought over these proposals with Russell McVeagh preparing the final advice and documents for the Water Committee recommendations

### **Communications Plan**

Not applicable – Wellington Water Limited will lead communications

### **Health and Safety Impact considered**

Not applicable

1  
12 July 2019

 **Wellington Water Committee**

28 June 2019

File: (19/865)

---

Report no: WWC2019/3/138

## Applications to Become Mana Whenua Partners

---

### Purpose of Report

1. To consider applications to become Mana Whenua Partners.

### Recommendations

That the Committee:

- (i) notes and receives the report;
- (ii) agrees to recommend to shareholder councils that Te Runanga o Toa Rangatira be appointed as a Mana Whenua Partner Entity, and appoints a nominated representative and a nominated alternate;
- (iii) agrees to recommend to shareholder councils that Taranaki Whānui ki te Upoko o te Ika be appointed as a Mana Whenua Partner Entity, and appoints a nominated representative and a nominated alternate; and
- (iv) agrees to recommend to the shareholders councils that a per day all inclusive fee of \$400 (GST incl) be paid to the each Mana Whenua Partner Entity's nominated representative or the nominated alternate for attendance at each Wellington Water Committee meeting.

### Summary

2. The Wellington Water shareholders recently amended the Wellington Water governance documents to allow for Māori representation.
3. The Shareholders' Agreement allows a Māori authority to approach the shareholder councils and seek to be recognised as a Mana Whenua Partner

Entity to provide representation on the Wellington Water Committee ('the Committee').

4. The Committee has received two applications from two Māori authorities in the lower Wellington region and the Committee is asked to consider these applications.

#### **Background**

5. The Committee has been working to ensure the Wellington Water model allows for genuine Māori representation and shareholder councils have amended Wellington Water's governance documents (Shareholders' Agreement, Committee Terms of Reference and Constitution) to reflect an inclusive approach.
6. The Shareholders' Agreement allows a Māori authority to approach the shareholder councils and seek to be recognised as a Mana Whenua Partner Entity. Upon joint approval by the shareholders, the Mana Whenua Partner Entity can nominate a person to be a Water Committee Member (and the Shareholders must unanimously appoint). A Mana Whenua Partner Entity must be a Māori authority within the geographical area in which the Company operates.
7. The relevant Māori authority will become a Mana Whenua Partner Entity upon acceding to the Shareholders' Agreement by way of a deed of accession.
8. The Committee has received applications from two Māori authorities, Te Runanga o Toa Rangatira and Taranaki Whānui ki te Upoko o te Ika to become Mana Whenua Partner Entities and the Committee is asked to consider their applications.

#### **Remuneration**

9. The amended Committee Terms of Reference provides that the shareholders will be responsible for remunerating the Committee members nominated by the Mana Whenua Partner Entities, and their Alternates for any costs associated with being a member on the Committee.
10. The Committee may wish to discuss what may be a reasonable fee to be paid to the Mana Whenua Partner Entity's nominated representative or the nominated alternate for attendance at each meeting.

#### **Discussion**

11. The proposal is to appoint two Mana Whenua Partner Entity representatives to the Committee.
12. The two Māori authorities, Te Rūnanga o Toa Rangatira and Taranaki Whānui ki te Upoko o te Ika are Post Settlement Governance Entities. Post Settlement Governance Entities are entities created for management of Treaty Settlement interests and assets and are recognised as the formal partnership mechanism between Crown and Mana Whenua.

3

12 July 2019

13. The two Māori authorities both cover the lower Wellington region in which Wellington Water operates. These entities have Crown recognition for the area in which they operate in and it makes sense that they are representing the lower Wellington region's water interests from a Mana Whenua perspective.

**Next Steps**

14. If agreed, the proposal to appoint the two Mana Whenua Partner Entities and the nominated representatives will be forwarded to each shareholder council for their consideration.

**Appendices**

No.	Title	Page
1	Application from Te Rūnanga o Toa Rangatira	
2	2019 06 28 CM Wellington Water Application Form	
3	2019 06 28 CM Wellington Water Letter	

**Author:** Wendy Walker  
Chief Executive, Porirua City Council

---



## Te Runanga O Toa Rangatira Inc

PO Box 50355  
Takapuwahia  
PORIRUA 5240  
Ph: (04) 238-4703  
Email: runanga@ngatittoa.iwi.nz

27 June 2019

Colin Crampton  
Chief Executive  
Wellington Water Ltd  
IBM House  
25 Victoria St  
PETONE

Tēnā koe

**Re: Wellington Water Committee**

I write in response to your email of 12 June 2019.

I would like to congratulate you and the Committee for your foresight and work to ensure that Mana Whenua are enabled to sit and act as decision-makers on the Wellington Water Committee.

This is indeed a remarkable and mana enhancing step and is a clear display of meaningful partnership in action. On behalf of Te Rūnanga o Toa Rangatira I support this proposition.

Please see attached our completed Mana Whenua Partner Entity Application Form.

I look forward to your response.

Mauriora

Tā Matiu Rei  
Executive Director  
Te Rūnanga o Toa Rangatira

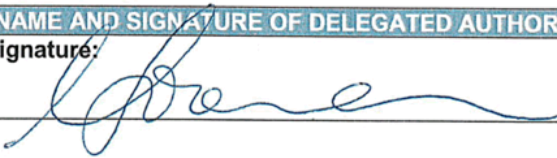




WELLINGTON WATER COMMITTEE – MANA WHENUA ENTITY APPLICATION FORM			
MANA WHENUA PARTNER ENTITY			
Name of Mana Whenua Partner Entity (MWPE)	Te Rūnanga o Toa Rangatira Inc		
Māori Authority Type (please circle)	Post Settlement Governance Entity (PSGE) / mandated iwi authority for the purpose of engagement with the Crown and Local Government	Entity with delegated authority to manage Treaty Settlement interests and assets	Crown mandated entity for the purpose of Treaty Settlement
Address	PO Box 50355 Porirua  26 Ngāti Toa Street Takapuwhia Porirua		
Phone Number	Work Phone 04 238 4952	Cell Phone 027 367 7418	Home Phone
Email Address	naomi@ngatittoa.iwi.nz		
APPOINTED MANA WHENUA REPRESENTATIVE			
Name of appointed Mana Whenua Representative	Te Taku Parai		
Address of representative	c/o Te Rūnanga o Toa Rangatira		
Phone Number	Work Phone As above	Cell Phone	Home Phone
Email	As above		
APPOINTED ALTERNATE MANA WHENUA REPRESENTATIVE			
Name of appointed alternate Mana Whenua Representative	Naomi Solomon		
Address	c/o Te Rūnanga o Toa Rangatira  Private Bag 39804, Wellington Mail Centre 5045 Wellington Victoria Street Lower Hutt		
Phone Number	Work Phone +64 4 912 4400	Cell phone	Home phone


**Our water, our future.**

Wellington Water is a subsidiary of the Council of the City of Wellington. For more information, please contact Wellington Water at 04 912 4400 or visit our website at www.wellingtonwater.co.nz

<b>Email</b>	naomi@ngatitua.iwi.nz		
<b>NAME AND SIGNATURE OF DELEGATED AUTHORISER</b>			
<b>Name</b> Naomi Solomon	<b>Signature:</b> 		





WELLINGTON WATER COMMITTEE – MANA WHENUA PARTNER ENTITY APPLICATION FORM			
MANA WHENUA PARTNER ENTITY			
<b>Name of Mana Whenua Partner Entity (MWPE)</b>	Taranaki Whānui ki Te Upoko o Te Ika (Taranaki Whānui)		
<b>Māori Authority Type</b> (please circle)	Post Settlement Governance Entity (PSGE)	Entity with delegated authority to manage Treaty Settlement interests and assets	Crown mandated entity for the purpose of Treaty Settlement
<b>Address</b>	Level 3, 1-3 Tramways Building, Thorndon Quay, Wellington 6011		
<b>Phone Number</b>	Work Phone 04 472 3872	Cell Phone	Home Phone
<b>Email Address</b>	reception@portnicholson.org.nz		
APPOINTED MANA WHENUA REPRESENTATIVE			
<b>Name of appointed Mana Whenua Representative</b>	Kim Skelton		
<b>Address of representative</b>	13 Gloucester Street, Wilton, Wellington, 6012		
<b>Phone Number</b>	Work Phone	Cell Phone	Home Phone
<b>Email</b>	kim.skelton@solas.nz		
APPOINTED ALTERNATE MANA WHENUA REPRESENTATIVE			
<b>Name of appointed alternate Mana Whenua Representative</b>	Kirsty Tamanui		
<b>Address</b>	c/- Level 3, 1-3 Tramways Building, Thorndon Quay, Wellington 6011		
<b>Phone Number</b>	Work phone 027 459 9050	Cell phone	Home phone
<b>Email</b>	kirsty@portnicholson.org.nz		
NAME AND SIGNATURE OF DELEGATED AUTHORISER			
<b>Name</b>  <b>W Mulligan</b>	<b>Signature:</b>  		



28 June 2019

Colin Crampton  
Chief Executive  
Wellington Water Ltd  
IBM House  
25 Victoria St  
**PETONE**

Email - [Colin.Crampton@wellingtonwater.co.nz](mailto:Colin.Crampton@wellingtonwater.co.nz)

Tēnā koe Colin

#### WELLINGTON WATER COMMITTEE

We thank you for your email request dated 12 June 2019, seeking Taranaki Whānui ki Te Upoko o Te Ika representation on the Wellington Water Committee.

We would like to congratulate you and the Committee for your foresight and work to ensure that Mana Whenua are enabled to sit and act as decision makers on the Wellington Water Committee. This is a remarkable and positive step and a clear display of meaningful partnership in action. On behalf of Taranaki Whānui we support this proposition.

Please see attached our completed Mana Whenua Partner Entity Application Form.

Nāku iti nei, na,

Wayne Mulligan  
Chair, Taranaki Whānui ki Te Upoko o Te Ika

Tramways Building  
1-3 Thorndon Quay  
Freepost 166974  
Wellington 6144

Telephone: (04) 472 3872  
Email: [reception@portnicholson.org.nz](mailto:reception@portnicholson.org.nz)  
Website: [www.pnbst.maori.nz](http://www.pnbst.maori.nz)

1

12 July 2019

 **Wellington Water Committee**

28 June 2019

File: (19/861)

---

Report no: WWC2019/3/137

**Proposal for South Wairarapa District Council  
to Become a Shareholder in Wellington Water  
Ltd**

---

**Purpose of Report**

1. To consider the proposal for South Wairarapa District Council (SWDC) to become a shareholder of Wellington Water Ltd ('the company').

**Recommendations**

That the Committee:

- (i) notes and receives the report;
- (ii) notes the risk assessment report and addendum prepared by Wellington Water Ltd for South Wairarapa District Council (SWDC) setting out the risks associated with SWDC becoming a shareholder and the way Wellington Water Ltd proposes to manage these risks; and
- (iii) agrees to support the proposal and recommend to shareholder councils that SWDC become a shareholder in Wellington Water Ltd.

**Summary**

2. The Wellington Water Committee (the Committee) has been working to make the Wellington Water model available to other willing councils within the region and as a result, the SWDC has applied to become a shareholder. In response, the Committee requested that the company complete the work necessary for SWDC to become a shareholder including carrying out a risk assessment of the proposal.

DEM12-40-2 - 19/861 - Proposal for South Wairarapa District Council to Become a Shareholder in Wellington Water Ltd

Page 1

3. The Committee has undertaken a risk assessment process to understand the situation surrounding the proposal for SWDC to join and how best to manage those risks and its report is attached. An addendum has been prepared to update the original report as some work has been undertaken since the report was first prepared in April 2019.
4. The Committee has received assurance from the Board of the Company that they are comfortable accepting the risks outlined in the report.
5. The proposal is for SWDC to have a 5% shareholding in the Company. This would bring the number of shareholders of Wellington Water to six councils within the region.
6. It is considered the proposal provides broad benefits to the region and the identified risks are manageable. It is therefore recommended that the Committee support the proposal.

#### **Background**

7. In 2018 the Government commenced a review on the three waters and, in response, the region worked on a proposal for better three waters management and submitted this to Government. One of the proposals was that the Wellington Water model be available to work at a regional level.
8. Since the proposal was submitted, the region has been moving forward in implementing its proposed recommendations where it can, including facilitating a process whereby interested councils can apply to become shareholders of Wellington Water.
9. The mechanism to enable this is included in the most recent changes to the governance documents that have been agreed by the shareholders.
10. The SWDC indicated an initial interest in joining Wellington Water as a shareholder in mid-2018. In response, the Committee requested that the company complete the work necessary for SWDC to become a shareholder including carrying out a risk assessment of the proposal. The Committee has now received a risk assessment report from the Chair of the company which is attached. An addendum has also been prepared to update the original report as some work has been undertaken since the report was first prepared in April 2019.
11. One of the Committee's responsibilities under its Terms of Reference is to provide recommendations to the shareholders regarding changes to the Shareholders' Agreement. On this basis, the Committee is asked to review the proposal for SWDC to join, including considering the associated risks, and if agreed, recommend to the shareholder councils that SWDC join.

#### **Proposal for the South Wairarapa District Council to join Wellington Water**

12. The proposal is for SWDC to join Wellington Water as a shareholder. This would bring the number of shareholders to six councils within the region.

3

12 July 2019

13. The proposal is for SWDC to have a 5% shareholding and for the shareholders to issue the following shares:  
  
150 Class A Shares (voting rights)  
  
25 Class B Shares (\$2,000 per share)
14. Each shareholder will have the same amount of voting A shares. The B shares are only relevant on a winding up of the assets of the company.
15. The basis on which Class B shares has been calculated is a relative size methodology based on operational costs. The buy-in price (\$2,000) is the same amount per share paid by the other shareholders.
16. A revaluation of the company has not been completed to determine share value although an evaluation of the share allocation could potentially occur as part of any future governance review if this was desired.
17. It is proposed SWDC officially join on 1 October 2019.

#### **Benefits of the proposal**

18. There are a number of benefits to this proposal including:
  - The shareholders demonstrating that local government can proactively work together to work on a regional basis and look after its smaller neighbours.
  - Continuing to scale up and build critical mass and capability within the region under a shared service delivery model.
  - Greater buying power as a shared service.
  - Providing services to a council with a different service delivery model (rural based, meters, discharge to land experience) will grow the Company's knowledge and capability as well as inform shareholder councils.
  - Strengthening emergency resilience within the region due to geographical spread.

#### **Disadvantages of the proposal**

19. The only clear disadvantage is that SWDC is remote and would be the only shareholder council in the Wairarapa.
20. Some councils may consider there is a disadvantage in having additional shareholders as there are more decision makers. However, arguably, this is balanced by the diverse pool of experience from which to draw.

#### **Wellington Water has completed a risk assessment**

21. Wellington Water has completed a high level risk assessment and the attached report sets out these risks.

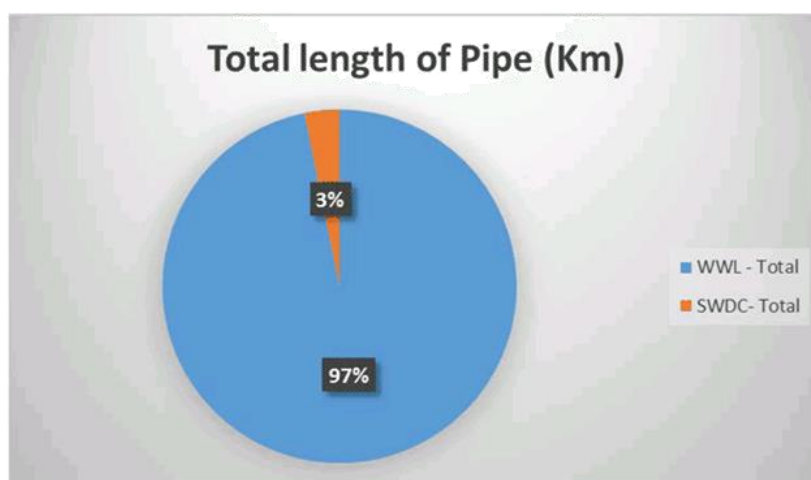
22. The risk assessment process considered the risk of SWDC's current water services activity for drinking water supply, wastewater, stormwater and water races from two main perspectives:
- The impact on the company - focusing on the risks associated with SWDC's current operations.
  - The impact on the broader Wellington Water model - the other shareholders' interests around resourcing Wellington Water's client-councils' work programme and impact on the provision of level of service.

*Risks to SWDC's current operations*

23. The company has assessed the risks to SWDC's current operations which Wellington Water are assuming control of as being low.
24. In the original risk assessment report, it was assessed as medium because of issues associated with SWDC's treatment plants: Martinborough's water treatment plan upgrade and the consenting process for Featherston's wastewater treatment plant. However, work has now been progressed in these areas and so these risks have been reduced.

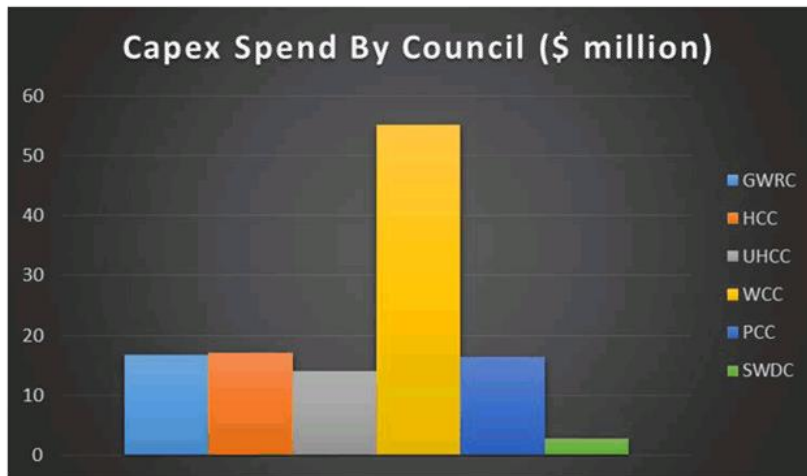
*Risks to the Wellington Water model*

25. The company has assessed the risks to the Wellington Water model as being low due to the size of the SWDC.
26. The proposed SWDC shareholding is 5%. The SWDC's water budgets would typically be less than 5% of the regional budgets managed by Wellington Water and approximately 2% of the regional pipe network (refer to graphs below).



5

12 July 2019



27. A very large adverse event in SWDC in terms of stress on Wellington Water resources would be equivalent to a relatively minor event in one of its metropolitan councils. For example, a repeat of an incident on the scale of the recent Martinborough *Ecoli* incident would typically tie up approximately five staff for two weeks.
28. The company proposes to manage any adverse event risks by implementing a robust transition plan.
29. The company's Board has expressed comfort in accepting the risks outlined in the report.

#### Discussion

30. The Committee has previously expressed a desire for the Wellington Water model to operate at a regional level and to work with willing councils to make this happen. This provides an opportunity to demonstrate the ability to continue to scale up the shared service delivery model.
31. Accepting SWDC as a shareholder in Wellington Water is not without risk. However, the risks need to be considered within the broader context of how the risks will be managed, as well as considering the impact on the whole region and the size of Wellington Water's operations.
32. The risk assessment report outlines the risks and sets out how the risks will be managed. The risks appear to be low and are unlikely to have a significant adverse effect on the Wellington Water model as a whole. Like all the other shareholders, SWDC will continue to own its water assets and control the level of investment. Current funding levels have been assessed as being adequate.
33. The biggest risk is that SWDC will utilise the Company's resources in a disproportionate manner to the other client councils because of adverse events such as Martinborough's recent water supply issue. However, this is unlikely to happen as the SWDC is a small council and Wellington Water has the scale and capability to manage these issues. In the Martinborough

6

12 July 2019

situation, Wellington Water was able to quickly provide assistance while at the same time, building its own response and technical capability.

34. There is a level of reputational risk to the other shareholders should an adverse operational event occur. However this would be managed through the company's normal controls – as are events for the other shareholder councils.
35. Taking into account the broader advantages that a regional service delivery provides, it is therefore recommended that the Committee support the proposal for SWDC to join.

#### Next Steps

36. If the proposal for SWDC to join is supported, the Committee's recommendation will be forwarded to each of the shareholder councils for their approval if agreed.

#### Appendices

No.	Title	Page
1	Letter dated 7 June 2019 from David Wright, Chair, Wellington Water - Risk Assessment Report	
2	Attachment to Letter - SWDC Risk Assessment Report	
3	Letter dated 26 June 2019 from David Wright, Chair, Wellington Water - Addendum to Risk Assessment Report	
4	Attachment to Letter - Addendum to Risk Assessment Report	

**Author:** Wendy Walker  
Chief Executive, Porirua City Council





7 June 2019

Deputy Mayor, David Bassett  
Chair, Wellington Water Committee  
C/- Hutt City Council  
Private Bag 31912  
Lower Hutt 5040

Dear David

In 2018 the Government commenced a review on the three waters and, in response, the region worked on a proposal for better three waters management and submitted this to the Government. One of the proposals was that the Wellington Water model be available to work at a regional level.

As you are aware, the shareholders are now working through their processes to amend the governance documents to enable the proposals.

Last year, when the Water Committee resolved to allow other councils in the region to become shareholders in Wellington Water, the South Wairarapa District Council (SWDC) wrote to you, as Chair, to express an initial interest in becoming a shareholder.

As a result, the Water Committee asked Wellington Water to complete the work necessary for the SWDC to become a shareholder including carrying out a risk assessment of the proposal.

The risk assessment for the SWDC has now been completed and the report is attached for the Water Committee's consideration.

The risk assessment looked at the SWDC's current water services activities for drinking water supply, wastewater, stormwater and water races from two main perspectives:

- I. The impact on the company which focused on the risks associated with the SWDC's current operations; and
- II. The impact on the broader Wellington Water model, including considering the other shareholders' interests around resourcing the councils' work programmes.

The Wellington Water Board has considered the risks outlined in the report and is comfortable with the company managing the risks that have been outlined.

Private Bag 39804, Wellington Mail Centre 5045  
Level 4, IBM House, 25 Victoria Street, Petone, Lower Hutt  
+64 4 912 4400 [www.wellingtonwater.co.nz](http://www.wellingtonwater.co.nz)

**Our water, our future.**

Wellington Water is owned by the Hutt, Porirua, Upper Hutt and Wellington city councils and Greater Wellington Regional Council. We manage their drinking water, wastewater and stormwater services.

It believes that while there is a medium level of risk, given the small size of the SWDC, and the types of risk associated with its operations, the risks are manageable. Wellington Water has sufficient weight and depth of capability that allows it to confidently respond to whatever situation is likely to arise in the same manner it would do for the other shareholder councils.

While there are some current risks to the SWDC's treatment plants, it is worth highlighting that ultimately all risks with the assets sit with the client councils, and in this case, the SWDC appear to be in a relatively strong financial position to be able to pay for the upgrades needed.

Overall, we would consider that the benefits of operating at a broader regional level would outweigh any concerns.

If you have any questions please do not hesitate to let me know. I look forward to seeing you at the Committee meeting on 12 July 2019.

Yours sincerely



David Wright  
Chair, Wellington Water Board



## **Attachment A: Risk Assessment Report for South Wairarapa District Council Becoming a Shareholder**

## Introduction

1. On 17 April 2019 South Wairarapa District Council (SWDC) formally voted to join Wellington Water as a shareholder.
2. Wellington Water has prepared this risk assessment report to summarise its work to date and inform the Wellington Water Board and its client councils of the risks associated with the SWDC becoming a shareholder.

## Context

3. The SWDC covers Greytown, Featherston and Martinborough and has about 10,000 people and 4,000 rateable properties. They manage four waters: water supply, waste water, storm water and water races. For Financial Year 2019/20, the cost of the four waters services accounts for roughly 23% of total council OPEX and 45% of council CAPEX.
4. The SWDC runs two public water supply systems, Greytown (for Greytown and Featherston) and Martinborough. There are three water treatment plants, approximately 100km of pipes and 4,000 connections. There is also a small community scheme and treatment plant serving the equivalent of 10 properties in Pirinoa.
5. The SWDC has four wastewater systems, servicing the Featherston, Greytown, Martinborough and Lake Ferry communities with approximately 70km of pipes and four wastewater treatment plants.
6. There is a minimal amount of stormwater infrastructure in the district.
7. There are two Water Race systems in the SWDC and these primarily supply stock water to rural properties. Longwood Water Race in Featherston is approximately 40km long and Moroa Water Race in Greytown is approximately 225km long.
8. The proposal is for the SWDC to become a shareholder which will mean there will be a total of six shareholders who own Wellington Water. The SWDC will be able to appoint a member to the shareholder councils' joint Wellington Water Committee.

### Financial Context

9. The SWDC have an annual water services operational budget of approximately \$3.5m. This covers spend to pay suppliers, materials, subcontractors, council overheads and financing costs. The capital spend varies according to the Long Term Plan. However, for the 2019/20 financial year, the proposed spend is approximately \$1.3m.
10. All connections are metered in the SWDC with a standard charge up to a set limit. Usage over this level is charged on a volumetric basis. Our financial assessment indicates that the SWDC rate at a sensible level to fund water.
11. As demonstrated with the funding of the Martinborough water treatment plant upgrade, the SWDC has some financial headroom.
12. Wellington Water has had initial discussions with the SWDC to start to develop a transition plan and budget and obtain all the detailed financial and commercial information required.

### Methodology

13. To assess the risks of the SWDC joining the shared services model, Wellington Water has carried out the following:
  - a) Assessment of the SWDC's finances with regard to funding of water services;
  - b) SWOT analysis workshop with the SWDC's elected members;
  - c) Workshops with the SWDC's officers and Wellington Water's Three Waters Decision Making Committee; and
  - d) Observations from Wellington Water's involvement in the recent E-coli incidents in Martinborough and various other pieces of work Wellington Water has assisted the SWDC with over the past two years.
14. It's worth noting all transition work went on hold for four weeks in April when the SWDC delayed their decision to join as a shareholder. The recent E-Coli incident also put a strain on the SWDC's resources. This has meant the assessment that has

taken place is limited in its scope; however, the level of detail is considered sufficient to reach the requisite conclusions.

15. Wellington Water has carried out a risk assessment in two areas as requested by the board:
  - a) How the SWDC currently operates its waters services to understand the risks Wellington Water is taking on, and the impact on the Company; and
  - b) The impact on the other shareholders in so far as it might affect resourcing of client councils' work programmes and the broader Wellington Water model.

## Risk Assessment Findings

### The SWDC's Current Operating Risks

16. Wellington Water has assessed the current the SWDC's operating risks to be:
  - a) The Martinborough drinking water quality and the risk to public health;
  - b) A non-collaborative relationship with the Greater Wellington Regional Council and the risk of unfavourable outcomes as per the Featherston wastewater treatment plant consenting process;
  - c) The SWDC has a very small water team which means they have no backup and are unable to cover all technical areas. The risk is that they are unable to cope with the everyday issues they face;
  - d) Too much reliance on a single supplier who does not have the requisite expertise and experience;
  - e) A lack of systems and process means they have an elevated risk of things going wrong and this in turn means there is the risk that issues get solved in isolation with unexpected knock on effects; and
  - f) A culture of 'wanting to fix the immediate problem' instead of the underlying cause.

### Discussion of the SWDC's Current Operating Risks

17. Wellington Water considers the SWDC's current operations present a medium level of risk mainly due to the Martinborough treatment plant upgrade and the consenting process for the Featherston wastewater treatment plant.
18. To manage the Martinborough treatment plant upgrade risk, Wellington Water has agreed with the SWDC that it will enter into contractual arrangements to lead on this work prior to any transition work.
19. The Martinborough treatment plant upgrade is now being delivered through Wellington Water's major projects team. This means the cost, reputation and programme risks are being well managed. Wellington Water is now looking on this risk as an opportunity to demonstrate the effectiveness of its capability. It should be noted that the SWDC are still accountable for the current risk with the water supply system in Martinborough but Wellington Water is providing support and advice.
20. The consent process for the Featherston treatment plan is more complicated. The approach taken to date by the SWDC around collaboration has not been ideal. In moving forward Wellington Water would look to demonstrate collaborative behaviours and promote transparency where possible but there may be challenges in leading up to and through the hearings process. Long term, Wellington Water will look to implement the same collaborative approach it uses for its other client councils when working with the regional council.
21. The SWDC's in-house water capability and capacity is insufficient at present. Wellington Water is providing support and advice as required and giving the SWDC access to wider resources available through its water family. Post transition, this risk will no longer exist.
22. The SWDC currently relies on CityCare to operate and maintain its treatment plants and networks. This contract is scheduled to end in October which aligns with the 'go live' date. CityCare have had problems with staff turnover in the SWDC and its staff lack experience. To minimise the greatest risk (water treatment) Wellington Water is looking at bringing forward the recruitment of water treatment plant operators as part of the transition process.

23. During Wellington Water's recent involvement with the SWDC, it has uncovered some sub-optimal cultural behaviors in the health & safety space such as turning off alarms rather than finding the root cause of issues. This is not helped by a lack of systems and processes. As part of the change process Wellington Water will look to use key resources who will champion the culture it aspires to have. Wellington Water will be looking at systems and processes that are regionally consistent while also fit for local purpose.

### SWDC Risks to the Wellington Water Model

24. Wellington Water has assessed the risks to the company and its existing client councils that make up the Wellington Water model, to be:
- a) The SWDC issues take a disproportionate amount of Wellington Water resource and the focus is taken away from the other shareholders;
  - b) Issues arise that affect the reputation of Wellington Water and it reflects poorly on its owners; and
  - c) A lack of capability in discharge to land skills and possible unforeseen outcomes.

### Discussion of the Risks to the Wellington Water Model

25. Wellington Water considers the risks to the Wellington Water model to be low. The reason for this assessment is down to scale. The proposed SWDC shareholding, based on a relative size methodology, is 5%. Wellington Water currently manages combined CAPEX and OPEX budgets in the region of \$130m and the SWDC at \$6.5m would typically represent less than 5% of annual spend. Wellington Water also manages over 7,000km of pipes for its existing five client councils. The SWDC has 160km or just over 2% of the regional network.
26. One of the key lessons learned from Wellington Water's involvement in the February Martinborough E-coli incident is that with its scale, systems and capability, it was able to get on top of and resolve the issue in a matter of days, rather than the weeks it took the SWDC. As a result, the impact on reputation was minimised or even possibly enhanced because of the positive result.



27. As part of the transition Wellington Water will have independent assessments carried out on all the SWDC critical assets. In addition, the assessments will be benchmarked and used to programme out any improvements required in a planned manner.
28. The transition phase will also be critical to mitigate any reputational risks to Wellington Water. It will be agreeing with the SWDC the phasing of items such as the ownership of consents and service delivery to customers.
29. Regarding the discharge to land capability, Wellington Water does have some experience in the company and the existing SWDC water staff will bring their knowledge to the company. Also, Wellington Water now has its service delivery strategy in place which means it is able to call on the extensive capability available within its wider supplier family.
30. When 'go live' happens, Wellington Water's Customer Operations Group will operate the wastewater treatment plants. Through the transition process Wellington Water will work with Fulton Hogan to ensure it has the right capability operating these plants.

## Conclusions

31. In summary, Wellington Water is not concerned about what it will take to manage the identified risks given the scale of the SWDC's water services compared with the overall networks Wellington Water manages in the region. For example, heavy rain in the Wellington CBD would put more strain on the company's resources during, and in the month's post-event, than a very large issue in the SWDC.
32. Over the coming months as Wellington Water works through the transition process, other risks may be uncovered. However, Wellington Water does not envisage any show stoppers at this stage that can't be managed.
33. Ultimately, with the Wellington Water model, all risks with the assets and setting and achieving levels of service sit with the client council. Wellington Water has undertaken a financial assessment and concluded that the SWDC currently rate at the right level to fund for water.



26 June 2019

Deputy Mayor, David Bassett  
Chair, Wellington Water Committee  
C/- Hutt City Council  
Private Bag 31912  
Lower Hutt 5040

Dear David

**Addendum to South Wairarapa District Council Risk Assessment Report**

Further to my letter dated 7 June 2019 enclosing the South Wairarapa District Council Risk Assessment Report, we wish to provide you with an update to the report due to recent work completed by Wellington Water.

Wellington Water has completed some work under contract in relation to Martinborough's drinking water treatment plant and the Featherston wastewater treatment plant consenting process. As a result, a reassessment of the risks has been undertaken.

You will recall the assessment considers two types of risk:

- a) How the SWDC currently operates its water services to understand the risks Wellington Water is taking on, and the impact on the Company, and
- b) The impact on the shareholders in so far as it might affect resourcing of client councils' work programme and the broader Wellington Water model.

The level of risk associated with the South Wairarapa District Council's operations (a) has now changed from medium to low.

The level of risk associated with the Wellington Water model (b) remains low.

I trust the enclosed Addendum will support the Water Committee and shareholders in their consideration.

Private Bag 39804, Wellington Mail Centre 5045  
Level 4, IBM House, 25 Victoria Street, Petone, Lower Hutt  
+64 4 912 4400 [www.wellingtonwater.co.nz](http://www.wellingtonwater.co.nz)

**Our water, our future.**

Wellington Water is owned by the Hutt, Porirua, Upper Hutt and Wellington city councils and Greater Wellington Regional Council. We manage their drinking water, wastewater and stormwater services.

If you have any questions please do not hesitate to let me know. I look forward to seeing you at the Committee meeting on 12 July 2019.

Yours sincerely

A handwritten signature in black ink, appearing to read 'D Wright'.

David Wright  
Chair, Wellington Water Board



## Addendum to the South Wairarapa District Council Risk Assessment Report

## Introduction

1. In April 2019 Wellington Water produced a risk assessment report for the Wellington Water Board and its client councils to inform them of the risks associated with South Wairarapa District Council (SWDC) joining Wellington Water as a shareholder.
2. This report was based on the information it had available at the time and summarised the work to date.
3. Wellington Water now considers it is appropriate to provide an update as the additional work completed since April has reduced the level of risk of the SWDC joining Wellington Water.

## Scope

4. The scope of this update is limited to the risks that have changed since April 2019.
5. The original risk assessment focussed on two areas:
  - a) How the SWDC currently operates its waters services to understand the risks Wellington Water is taking on, and the impact on the Company; and
  - b) The impact on the other shareholders in so far as it might affect resourcing of client councils' work programmes and the broader Wellington Water model.

## Updated Risk Assessment Findings

### The SWDC's Current Operating Risks

6. Wellington Water considers the level of risk associated with the SWDC's operations has now changed from medium to low.
7. This is because of the work it has been involved with (under contract) to manage the two biggest risks, ie: the Martinborough drinking water quality risk to public health and the SWDC's relationship with the Greater Wellington Regional Council and the risk of unfavourable outcomes to the Featherston wastewater treatment plant consenting process.

8. The Martinborough treatment plant upgrade project design has progressed well under the direction of Wellington Water's major projects team on a contractual basis. It has used its existing supplier relationships to assemble an expert team of designers and constructors that now means it is developing a good design with a clear understanding of the full scope and all the risks, particularly cost and programme, and has confidence it can deliver a successful outcome in time to meet summer demand.
9. Also the current operating risk around Martinborough's drinking water quality is reduced as the SWDC now has temporary chlorination in place and has demonstrated the ability to meet winter demand with no customer complaints.
10. With the Featherston wastewater treatment plant consenting process Wellington Water has successfully intervened and reached an agreement to delay the hearings that were due to take place in May.
11. This delay has allowed Wellington Water to facilitate a vast improvement in the relationship between the SWDC and the GWRC. The parties have agreed to stop communicating with each other through lawyers and are now working together on the remaining items of difference.
12. They have recently issued a joint memorandum to the hearings panel advising how they will be working together.
13. The delay in hearings has also allowed the SWDC to carry out a consultation and engagement process with the community and the SWDC are now using Wellington Water's consultancy panel to manage the process effectively.
14. The remaining operating risks outlined in the original report remain unchanged and are related to current in-house and supplier capability. These risks are being addressed as part of the transition process so they will no longer be an issue post 1 October.

#### SWDC Risks to the Wellington Water Model

15. Wellington Water considers the risks to the Wellington Water model to be unchanged and still considered low.

16. Wellington Water has been involved with work (under contract) over the last couple of months that has tested its theory around relative scale and strengthened its initial assessment.
17. Wellington Water's ability to assist relatively easily in bringing the two previously noted major risks under control has demonstrated the relative scale and depth of capability of the two organisations.

### **Conclusions**

18. In summary Wellington Water now considers the overall risk to Wellington Water and its existing client councils as low.
19. Wellington Water's capability and capacity has already actively demonstrated an ability to get on top of risks that have traditionally been considered large in scale for the SWDC.

**WELLINGTON WATER LIMITED ("Company")**

**SPECIAL RESOLUTION OF SHAREHOLDERS APPROVING SHARE ISSUE**

*(Clause 5.1 of the Company's Constitution and section 107(2) of the Companies Act 1993)*

**INTRODUCTION**

On the understanding that there would be, and subject to and conditional on, unanimous agreement of the existing holders of Class A Shares in the Company, the directors of the Company have resolved to issue to South Wairarapa District Council ("**SWDC**") the shares described in the **attached** resolution of the directors of the Company ("**Board Resolution**").

**NOTED**

1. The New Shares (as that term is defined in the Board Resolution) will be issued pursuant to section 107(2) of the Companies Act 1993 ("**Act**") and clause 5.1 of the Company's Constitution. Therefore, the unanimous agreement of the existing holders of Class A Shares is required.
2. Clause 5.1 of the Company's Constitution provides that section 45 of the Act applies.
3. The New Shares will be issued one Business Day following the signing of this Special Resolution.

**RESOLVED UNANIMOUSLY:**

1. Each of the shareholders of the Company hereby unconditionally and irrevocably approves and consents to the Company issuing the New Shares to SWDC and entering into any documentation which is required from time to time to give full effect to such issue of the New Shares.
2. Pursuant to clause 5.1 of the Company's Constitution, each of the shareholders of the Company hereby waives its pre-emptive rights under section 45 of the Act in respect of the New Shares.
3. Should it be required, each of the shareholders of the Company hereby confirms, approves and ratifies the Board Resolution.

**DATED:** 2018

**SIGNED** by all of the shareholders of the Company:

**WELLINGTON CITY COUNCIL** by:

**HUTT CITY COUNCIL** by:

\_\_\_\_\_  
Signature of authorised signatory

\_\_\_\_\_  
Signature of authorised signatory

\_\_\_\_\_  
Name of authorised signatory

\_\_\_\_\_  
Name of authorised signatory

\_\_\_\_\_  
Designation of authorised signatory

\_\_\_\_\_  
Designation of authorised signatory



**UPPER HUTT CITY COUNCIL** by:

\_\_\_\_\_  
Signature of authorised signatory

\_\_\_\_\_  
Name of authorised signatory

\_\_\_\_\_  
Designation of authorised signatory

**PORIRUA CITY COUNCIL** by:

\_\_\_\_\_  
Signature of authorised signatory

\_\_\_\_\_  
Name of authorised signatory

\_\_\_\_\_  
Designation of authorised signatory

**WELLINGTON REGIONAL COUNCIL** by:

\_\_\_\_\_  
Signature of authorised signatory

\_\_\_\_\_  
Name of authorised signatory

\_\_\_\_\_  
Designation of authorised signatory

**WELLINGTON WATER LIMITED ("Company")**

**RESOLUTION OF DIRECTORS TO ISSUE SHARES**

*(Clause 4.1 of the Company's Constitution and section 42 of the Companies Act 1993)*

**INTRODUCTION**

1. The Company intends to issue to South Wairarapa District Council ("**SWDC**"):
  - (a) [insert number] Class A Shares; and
  - (b) [insert number] Class B Shares,

(together, the "**New Shares**"), in accordance with clause 4.1 of the Company's Constitution ("**Constitution**") for total consideration of [insert].
2. In accordance with the Constitution, this resolution to issue shares is subject to and conditional on the approval by a Special Resolution of the existing holders of Class A Shares in the Company, and therefore the New Shares will only be issued following the passing of a Special Resolution by the relevant shareholders' approving the issue of the New Shares.

**RESOLVED UNANIMOUSLY:**

1. Subject to section 42 of the Companies Act 1993, and clause 4.1 of the Company's Constitution, the New Shares will be issued to SWDC for the consideration outlined above one business day after the passing of a Special Resolution by the existing holders of Class A Shares approving the issue of the New Shares.
2. In the opinion of the Board, the consideration for, and the terms of issue of the New Shares are fair and reasonable to the Company and all existing shareholders.
3. Any director be authorised to give or file all necessary notices under the Companies Act 1993 and any other relevant legislation, and to do all other things necessary in connection with the offer and the issue of the New Shares, including updating the share register of the Company and the records of the Companies Office.
4. This resolution may be signed by the directors of the Company in one or more counterparts (by scanned pdf or otherwise), each of which when so signed will be deemed to be an original, and such counterparts together will constitute one and the same instrument.

**DATED:** 2019

**SIGNED** by all of the directors of the Company:

\_\_\_\_\_  
Philip Gerard Barry

\_\_\_\_\_  
David John Benham

\_\_\_\_\_  
Cynthia Elizabeth Brophy

\_\_\_\_\_  
Geoffrey Mark Dangerfield

\_\_\_\_\_  
David Robert Wright

---

## NOTICE OF MOTION: SHELLY BAY

---

Chief Executive

We give notice of motion as set out below.

The notice has been received in accordance with the requirements of Standing Order 3.14.1 and is appended to this report as **Attachment 1**.

### Motion

That the Council:

1. Agree to alter the resolution of Council of 27 September 2017 by adding **new sub paragraphs xvii and xviii**:

**xvii** Agree that prior to completing **xii** and **xiii** above, the Chief Executive must report to the full Council (via the City Strategy Committee) on the following:

- (a) a summary and explanation of the new or amended information (if any) that has arisen as part of the resource consent reconsideration process;
- (b) if the resource consent is granted by the Independent Commissioners, all changes in the new consent compared to the resource consent granted in April 2017 and quashed by the Court of Appeal in December 2018, and the impacts of the changes;
- (c) the current land ownership of all land at Shelly Bay (other than land owned by WCC);
- (d) the role of Port Nicholson Block Settlement Trust in the Shelly Bay development;
- (e) the role of Shelly Bay Limited (SBL) in the development noting that SBL is the entity that is the intended party to the Development Agreement and the sale and lease referred to in **v** and **vi** above;
- (f) [deleted]
- (g) the consequences (if any) of the issues in (a) - (f) above for the proposed Development Agreement and commercial terms;
- (h) how **viii** above (regarding sea level rise and climate change) is being given effect to in the proposed Development Agreement and the design and review process
- (i) the principal commercial and legal terms and conditions of the Development Agreement (and any other legal agreements) along with confirmation that they deliver on the Council's objectives and drivers for supporting the Shelly Bay development, and give effect to paragraphs **i** - **xvi** above
- (j) if the resource consent is granted by the Independent Commissioners, the timeframe and proposed steps for proceeding to a concluded Development Agreement (and any other legal agreements) for finalisation and execution by the Chief Executive and Deputy Mayor under authority delegated by **xiii** above.

**xviii** Instruct the Chief Executive to:

- (a) complete the investigations in **x** above, regarding the upgrade of Shelly Bay Road
- (b) report to the full Council (via the City Strategy Committee) on the results of the Shelly Bay Road investigations as soon as practicable, noting that that report is to include the results of the stakeholder engagement directed in **x** above and information and independent expert advice on:
  - a. road efficiency and capacity
  - b. road safety
  - c. amenity for all road users
  - d. consistency with Council policy
  - e. whether the option (or options) require resource consents
- (c) recommend to the full Council (via the City Strategy Committee) the Council's agreed position for Shelly Bay Road as infrastructure provider and road controlling authority
- (d) report to full Council (via the City Strategy Committee) on the cost of the recommended position for Shelly Bay Road in xviii(c) and whether the funding of \$2.2M in the 2018/28 LTP for Shelly Bay Road is adequate
- (e) advise whether the solution for Shelly Bay Road is part of the shared infrastructure costs (estimated to be \$20M) for the Shelly Bay project
- (f) advise whether the costs for Shelly Bay Road are included in the \$10M cap agreed to in **xvi** above
- (g) advise the Applicant for the Shelly Bay resource consent that the Council (as infrastructure provider and road controlling authority) is taking urgent steps to settle its position on Shelly Bay Road under **x** above but that until it has done so, its position (as infrastructure provider and road controlling authority) is undecided.


And consequentially alters **xii and xiii** by adding the words underlined:

- xii. Agree that Council officers prepare a development agreement outlining the principal commercial and legal terms of a sale and lease agreement with Shelly Bay Limited noting that the Chief Executive must report to the full Council as outlined in **xvii** below before officers conclude the final commercial and legal terms with SBL
- xiii. Delegate authority to the Council's Chief Executive Officer and the Deputy Mayor to finalise and execute the relevant agreements noting that before finalising and executing the agreements, that the Chief Executive must have complied with **xvii** below

-----  
Mover:  
Name: Councillor Andy Foster  
Date: 11 June 2019

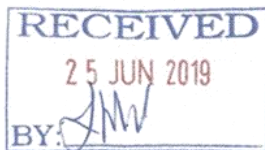
-----  
Seconder:  
Name: Councillor Sarah Free  
Date: 11 June 2019

## Attachments

Attachment 1. Notice of Motion: Shelly Bay [↓](#) 

Page 94





## ALTERATION OF PREVIOUS RESOLUTION OF COUNCIL

### Procedural requirements - SO 3.13

Notice is given under Standing order 3.13 that the motion to alter the resolution of Council of 27 September 2017 (set out below) will be moved at the Council meeting on **26 June 2019 at 9.30am.**

In accordance with SO 3.13.1 (a) (i)-(iii) notice is given as follows:

The motion to alter relates to the Council meeting on 27 September 2017 where the Council resolved:

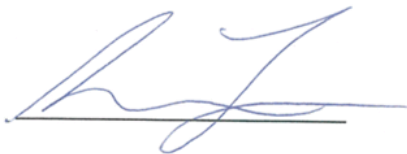
- i. Note that resource consent has been granted for the redevelopment of Shelly Bay.
- ii. Note the findings from the public consultation process.
- iii. Note this proposal delivers on Council's wider strategic objectives around housing supply and commitment under the MOU partnership agreement with iwi.
- iv. Note the significant public amenity and economic benefit in both the construction phase and in the post construction period.
- v. Agree to sell the area identified in the report, being 0.3 hectares, more or less, to Shelly Bay Limited for approximately \$2.5 million.
- vi. Agree to lease the area identified in the report, being 0.6 hectares, more or less, and Shed 8 and the Shipwright's Building to Shelly Bay Limited for a period of 125 years for approximately \$5.5 million.
- vii. Agree to contribute half the cost of the development of public realm and infrastructure elements necessary to bring ageing infrastructure up to standard to help deliver the Shelly Bay masterplan.
- viii. Request officers to reinforce and encourage stronger mitigation and adaptation measures to respond to the effects of climate change, such as sea level rise, through the development agreement negotiations and through the detailed design and review process.
- ix. Request Wellington Water Limited to optimise the Long-Term Plan budget for water infrastructure to enable \$5.6 million for infrastructure costs for additional water supply and wastewater capacity to support future development on the Miramar Peninsula, the cost of which would be ultimately recovered as those developments are realised.
- x. Request officers to further investigate, including key stakeholder engagement, the upgrade of Shelly Bay Road between Miramar Avenue and Shelly Bay, comprising options that more closely aligns to New Zealand Transport Agency guidance as a minimum and the Great Harbour Way plan as an aspiration, which aims to deliver a safer and more inviting environment for walkers, cyclist and other users.

- xi. Agree to include the projected costs and revenues in the Long-Term Plan (LTP).*
- xii. Agree that Council officers prepare a development agreement outlining the principal commercial and legal terms of a sale and lease agreement with Shelly Bay Limited.*
- xiii. Delegate authority to the Council's Chief Executive Officer and the Deputy Mayor to finalise and execute the relevant agreements.*
- xiv. Agree to a full review of the Shelly Bay project including decision making processes, legal risks, financial implications and consistency with the Resource Management Act 1991.*
- xv. Requests officers to conduct negotiations with the Shelly Bay developers for the provision of affordable housing units within the Wellington City Council boundaries representing a significant percentage of the total number of residential units proposed for Shelly Bay.*
- xvi. That the Council's contribution to the estimated \$20 million joint infrastructure fund be capped at \$10 million.*

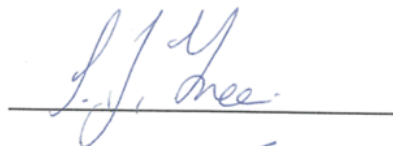
The motion set out below (pages 3 & 4) proposes to alter the resolution of 27 September 2017 by:

- inserting a step that is required to be taken by the Council before the Development Agreement (and any other legal agreements) are finalised and executed under xii and xiii (by adding new xvii) ; and
- placing a timeframe on progressing and reporting back on resolution x regarding Shelly Bay Road (by adding new xviii)

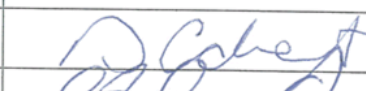
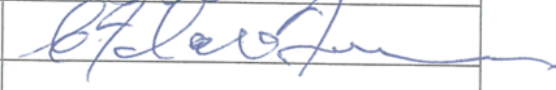
The motion is not a substitution motion. The information supporting the motion is set out below the motion. In accordance with SO 3.13.1(b) the signatures supporting the notice of motion for alteration are below.

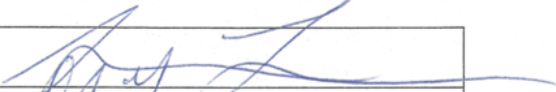
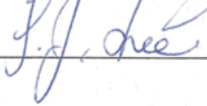





Mover: Councillor Andy Foster  
11 June 2019



Seconded: Councillor Free  
11 June 2019

Mayor Justin Lester	
Cr Diane Calvert	
Cr Chris Calvi-Freeman	
Cr Brian Dawson	
Cr Jill Day	
Cr Fleur Fitzsimons	

Cr Andy Foster	
Cr Sarah Free	
Cr Peter Gilberd	
Cr David Lee	
Cr Simon Marsh	
Cr Iona Pannett	
Cr Malcom Sparrow	
Cr Simon Woolf	
Cr Nicola Young	

**Motion to be moved at the Council meeting on 28 August 2019**

That the Council alters the resolution of Council of 27 September 2017 by adding **new sub paragraphs xvii and xviii:**

**xvii** Agree that prior to completing **xii** and **xiii** above, the Chief Executive must report to the full Council (via the City Strategy Committee) on the following:

- (a) a summary and explanation of the new or amended information (if any) that has arisen as part of the resource consent reconsideration process;
- (b) if the resource consent is granted by the Independent Commissioners, all changes in the new consent compared to the resource consent granted in April 2017 and quashed by the Court of Appeal in December 2018, and the impacts of the changes;
- (c) the current land ownership of all land at Shelly Bay (other than land owned by WCC);
- (d) the role of Port Nicholson Block Settlement Trust in the Shelly Bay development;
- (e) the role of Shelly Bay Limited (SBL) in the development noting that SBL is the entity that is the intended party to the Development Agreement and the sale and lease referred to in **v** and **vi** above;
- (f) ~~advice on how the Council should proceed given the publicised claim and potential Court action that the Trustees of the Port Nicholson Block Settlement Trust have acted in breach of the Trust's Trust deed;~~ *to be deleted*
- (g) the consequences (if any) of the issues in (a) - (f) above for the proposed Development Agreement and commercial terms;



- (h) how viii above (regarding sea level rise and climate change) is being given effect to in the proposed Development Agreement and the design and review process
- (i) the principal commercial and legal terms and conditions of the Development Agreement (and any other legal agreements) along with confirmation that they deliver on the Council's objectives and drivers for supporting the Shelly Bay development, and give effect to paragraphs i - xvi above
- (j) if the resource consent is granted by the Independent Commissioners, the timeframe and proposed steps for proceeding to a concluded Development Agreement (and any other legal agreements) for finalisation and execution by the Chief Executive and Deputy Mayor under authority delegated by xiii above.

xviii Instruct the Chief Executive to:

- (a) complete the investigations in x above, regarding the upgrade of Shelly Bay Road
- (b) report to the full Council (via the City Strategy Committee) on the results of the Shelly Bay Road investigations as soon as practicable, noting that that report is to include the results of the stakeholder engagement directed in x above and information and independent expert advice on:
  - a. road efficiency and capacity
  - b. road safety
  - c. amenity for all road users
  - d. consistency with Council policy
  - e. whether the option (or options) require resource consents
- (c) recommend to the full Council (via the City Strategy Committee) the Council's agreed position for Shelly Bay Road as infrastructure provider and road controlling authority
- (d) report to full Council (via the City Strategy Committee) on the cost of the recommended position for Shelly Bay Road in xviii(c) and whether the funding of \$2.2M in the 2018/28 LTP for Shelly Bay Road is adequate
- (e) advise whether the solution for Shelly Bay Road is part of the shared infrastructure costs (estimated to be \$20M) for the Shelly Bay project
- (f) advise whether the costs for Shelly Bay Road are included in the \$10M cap agreed to in xvi above
- (g) advise the Applicant for the Shelly Bay resource consent that the Council (as infrastructure provider and road controlling authority) is taking urgent steps to settle its position on Shelly Bay Road under x above but that until it has done so, its position (as infrastructure provider and road controlling authority) is undecided.

And consequentially alters xii and xiii by adding the words underlined:

xii. Agree that Council officers prepare a development agreement outlining the principal commercial and legal terms of a sale and lease agreement with Shelly Bay Limited noting that the Chief Executive must report to the full Council as outlined in xvii below before officers conclude the final commercial and legal terms with SBL

xiii. Delegate authority to the Council's Chief Executive Officer and the Deputy Mayor to finalise and execute the relevant agreements noting that before finalising and executing the agreements, that the Chief Executive must have complied with xvii below



## Supporting information

### Introduction

1. The above motion relates to the Council decision on 27 September 2017, the background to which is set out in the officer advice to the City Strategy Committee meeting also on 27 September 2017 <https://wellington.govt.nz/~media/your-council/meetings/committees/city-strategy-committee/2017/09/27/agenda.pdf>.
2. The minutes from the Council meeting (held on the same day as the City Strategy Committee meeting) are at: [https://wellington.govt.nz/~media/your-council/meetings/council/2017/09/cou\\_20170927\\_min\\_3044.pdf](https://wellington.govt.nz/~media/your-council/meetings/council/2017/09/cou_20170927_min_3044.pdf).
3. A timeline is attached as **appendix 1**.

### Concluding the Development Agreement

4. On 27 September 2017, the Council by 7 votes to 5 approved entering a Development Agreement with Shelly Bay Limited and to enter into arrangements to sell and lease part of the Council land owned land at Shelly Bay to Shelly Bay Limited.
5. These decisions were based on the advice in the reports on Shelly Bay for the City Strategy Committee meetings on 26 April 2017 and 27 September 2017.
6. It is understood that many of the resolutions of 27 September 2017 have not been given effect to and completed because of the ongoing High Court and Court of Appeal litigation, and more recently because the Shelly Bay proposal is under doubt as the resource consent formerly issued authorising the development has been quashed by the Court of Appeal.
7. Currently there is no valid resource consent, so the first item (i) of the Council resolution on 27 September 2017 is not currently true.
8. On 26 April 2019 the Chief Executive advised in a media release that: *'No transaction has been finalised between Wellington City Council and PNBST, it is now subject to terms being agreed including resource consent'*.
9. On 5 April 2019 the Chief Executive advised me (in response to a question as to whether Councillors would get to consider Shelly Bay again given all that has happened since the September 2017 decision) that once the reconsideration process [of the resource consent] takes place then the Council will address any change in position (arising from the resource consent reconsideration process) only if the need arises and that there are no plans to bring the application before the Council in a commercial (landowner) capacity.
10. The (now quashed) resource consent for the Shelly Bay development was granted on 17 April 2017, which was about the same time Councillors were made aware of the development and were briefed on the development in the Council's capacity as partner and facilitator, land owner, funder, and infrastructure provider (see timeline). The advice at all times of the Council's consenting officers and legal advice (internal and external) has been that the resource consent was properly granted. These assurances were given against the backdrop of questions being raised by a number of people and organisations, as to whether the approach taken by the Council was sound.

11. For many Councillors the existence of a valid and properly issued resource consent was a highly relevant and material factor when deciding to consult on the proposal in April 2017 and deciding which way to vote on 27 September 2017. As would have been (for some Councillors) the assertions made by The Wellington Company (TWC) and Port Nicholson Block Settlement Trust (PNBST) that the development could (and would) proceed under the resource consent held by TWC without the Council's land and agreement to the matters before the Council on 27 September 2017.

#### Reporting on the outcome of the resource consent or updated information

12. Since the Court of Appeal decision that quashed the resource consent, it is understood that TWC and its consultants have updated the information supporting its application, and that around 9 May this year lodged its updated application for reconsideration.
13. The Chief Executive has advised me (in answer to one of my questions) that the application has not changed in scope. However, it is clear that new information has been lodged by the applicant that may be relevant to the Council's role in the proposal as partner and facilitator, landowner, funder, and infrastructure provider. For example, predicted vehicle movements on Shelly Bay Road have increased from an expected 4700 vehicles per day (vpd) in the 2016 assessment to 6000 vpd in the 2019 assessment.
14. That is clearly an important change, especially given that road capacity and safety were key matters for submitters during consultation on the sale and lease proposal, and Councillors agreed to add recommendation x. There are also likely to be other matters of difference in such a large application.
15. Independent Commissioners have been appointed to assess and decide the application and have commenced a process to enable a fuller assessment of the application, testing of expert advice and reaching a conclusion. Of course and unfortunately the fact that the application is being considered under HASHAA prevents expert and local knowledge input from other parties. It is well known that this is a complex application, and as is made clear in the Court of Appeal decision, once the law is applied correctly to the effects (which no doubt will be fully assessed afresh by the Commissioners, albeit within the limitations imposed by HASHAA) it cannot be said with certainty what the outcome will be. The options are: the resource consent will be granted as per the April 2017 consent, granted with modifications via different conditions, or declined.
16. The addition of xvii to the 27 September 2017 resolution makes provision for the outcome of the resource consent to be reported formally to the Council before the commercial arrangements with Shelly Bay Limited are concluded. Councillors will get the opportunity to consider fully any changes compared to what was before us in 2017. Or in the alternative (if there are no changes) we will be advised of that fact on the record.
17. Under either scenario (ie there are changes or there are no changes) requiring a report back to the Council in a meeting (as opposed to a briefing where there is no agenda, no minutes and restricted opportunity for the public to be notified and attend) is more transparent and appropriate, particularly given the high level of public interest in the development of Shelly Bay.
18. The addition of the new xvii also removes officers having to decide whether any change that arises in the resource consent process triggers the approach set out by the Chief Executive (ie if the need arises) for bringing the Shelly Bay development back before the Council as the governing body.

## Informing Councillors

19. As Councillors, we were not briefed and asked to make decisions on the Shelly Bay proposal until April 2017. At the time of the 1<sup>st</sup> briefing (in April 2017) we were advised that the resource consent was about to be granted. When we got the first Committee report on 26 April 2017, the proposal had been granted and its resource consent and the overall development (and Council's involvement in it) was pretty much presented to us as elected members in final form.
20. For returning Councillors (there were 5 new Councillors elected in the 2016 election) with an understanding of the District Plan and recollection of the SHA advice in 2015, what we were briefed on in April 2017 came as a pretty big surprise.
21. The last material involvement we had in Shelly Bay decisions was in October 2015, when approval was sought to extend the Special Housing Area beyond the Environment Court established boundary of the Business 1 land, into the adjacent Open Space B land. The reason given by officers for the inclusion of Open Space B land was to avoid the situation where *'should any minor portion of a future development stray outside'* the SHA and trigger the whole development to fall outside HASHAA. While that decision was approved by the full Council, those voting for it were cautious about it, and its passage was assured because the then Mayor moved an amendment (seconded by an Eastern Ward Councillor) requesting that Officers consider open space values when any application was assessed.
22. The proposal which emerged in April 2016 included 20 proposed buildings (and 2,147m<sup>2</sup> GFA) that are either wholly or partially located on the Open Space B land. This information was quite unbelievably not provided as part of the resource consent when filed in 2016 and neither was it identified when the consent was assessed and granted by our officers in 2017. Now this information has been disclosed as part of the reconsideration process, it will be assessed by the Independent Commissioners as was envisaged by the Council when agreeing to include this area of Open Space B land in the SHA. Refer – see TWC Landscape and Visual assessment <https://wellington.govt.nz/services/consents-and-licences/resource-consents/recent-resource-consents/~media/31dd818f871d41e798967e60d1cb21f1.ashx>
23. In addition (and possibly the main contributor to my surprise) was that each of the 4 Committee and Council papers on Shelly Bay gave assurances about the continued role of the District Plan and therefore the intensity and scale of the Development (refer timeline appendix 1). These written assurances were reaffirmed in oral presentations by officers such as on this that is available on youtube:<https://www.youtube.com/watch?v=Vq8pvfr9-Mk> (refer 1.31 and 1.42).
24. The timing for involving Councillors I think has been explained by the sensitivity and complexity of commercial discussions with TWC (and likely as well, PNBST) and the 2016 Council election. Whatever the reason, this vacuum of 18 months between agreeing to the expanded SHA area in October 2015 and presenting the proposal to councillors in April 2017 meant that issues between the Council (as road controlling authority, infrastructure provider, landowner, funder, partner) and TWC were settled by officers, without Councillor awareness or input.

25. It is against this background that the motion I have proposed seeks to improve the flow of information to elected members, and the timing of the receipt of information. The motion requires that, should a resource consent be granted by the independent Commissioners:
- Officers report to us on how they have managed to incorporate our request that they deal with climate change and sea level concerns in negotiations, before the negotiations are concluded and the agreement signed (see **viii** and **new xvii(h)**)
  - The timeframes and steps required for proceeding to a concluded Development Agreement are communicated to elected members (once they are known). At that time, if it looks like matters will require Councillor input and there is a risk that the timing will fall over the September –December 'election period', measures can be taken to avoid that being an impediment to keeping Councillors informed and involved. (see **new xvii(j)**)
  - the principal commercial and legal terms of the Development Agreement (and any other legal agreements) are on the record prior to the Chief Executive and the Deputy Mayor exercising their delegation to 'finalise and execute the relevant agreements'. (see **new xvii (i)**)
26. The above steps are important for the transparent flow of information to elected members. They will provide a 'check and balance' that negotiations have been conducted and concluded as per Councillor decisions and will ensure that the exercise of the delegation in **xiii** is against a clear framework.
27. I think it is reasonable for elected members to see the finalised principal commercial and legal terms and arrangements of the proposed agreement with Shelly Bay Limited. This is consistent with how we have been advised for other projects that use Development Agreements, such as the Waterfront redevelopment projects. It would be consistent with past practice for officer advice to set out the principal legal terms and arrangements and provide confirmation that they deliver on the key drivers for the Council's decision to facilitate the Development, and that they give effect to the Council decision of 27 September 2017. Where necessary the advice can be provided in PE.
28. An example of this applying, is the \$10M cap. The Mayor has assured Wellingtonians that the Council will not spend a cent over \$10M and that any cost beyond that figure will be met by TWC. Refer: the Mayor's the interview on the Project: <https://www.facebook.com/watch/?v=760136474382401>. While this is reassuring, I would like to know that the \$10M cap is provided for in the legal arrangements in the way that was intended by the resolution and there is no room for creep and cost overrun that takes the Council's expenditure beyond the cap.

#### Land ownership and Shelly Bay Limited (SBL)

29. There has been significant media reporting on the ownership of the PNBST Shelly Bay land, the sale and transfer of titles at concerning values, and the justification and explanation of these transactions by PNBST (eg Stuff article 6/05/19). Many Councillors have been approached by members of the public and/or beneficiaries of PNBST about these issues. Questions have been raised about the mandate of the PNBST Trustees to sell the land at Shelly Bay and participate in and facilitate the Shelly Bay development. Specific concerns have been raised about the sale of some parcels (3 of the 4 parcels sold on 7 July 2017) of Shelly Bay land to Shelly Bay Investments (a company 100% controlled by Ian Cassels from

TWC). **Attached** are 2 such letters, the first of which shows that these issues have been raised with the Council for all of this triennium.

30. This is very significant as, in the debates of 27 September 2017, many councillors support for the development proposal at Shelly Bay was materially or wholly influenced by a desire to assist PNBST and its beneficiaries.
31. Elected members currently have no way of working out whether what is asserted is correct, and what impact these issues might or might not have on the Shelly Bay development and the proposed (and not finalised) commercial arrangements with Shelly Bay Limited. From comments made by the Mayor and the Chief Executive, the Council's response appears to be one of 2 approaches:
- all land issues and Trust mandate issues are internal matters for PNBST which the Council has no involvement in or view on
  - yes, the land ownership arrangements have changed since April 2017 and September 2017, but that was the accurate information that we had at the time
32. At the very least, the position as to who the Council is contracting with must be clarified. The commercial arrangements for the Shelly Bay development have been presented to Councillors as a joint venture (JV) between PNBST and TWC, with Shelly Bay Limited being the joint venture entity. Council's resolution is to enter into an arrangement with Shelly Bay Ltd. Councillors have been advised that the Shelly Bay development is a unique opportunity to partner with PNBST and that the project will be of demonstrable benefit to PNBST.
33. In April 2017, when first briefed on the project the powerpoint slide on these arrangements was titled; '*The Wellington Company/ iwi joint venture – now a safe and secure partnership*'. **Attached**
34. The 26 April 2017 paper, said:

*"on 31 January 2017, the parties entered into a formal joint venture (JV) arrangement whereby Shelly Bay Limited (the company which owns the Shelly Bay land, and which was previously 100% owned by PNBST) became jointly owned by PNBST and TWC for the purpose of facilitating its redevelopment. TWC has led discussions with Council about Shelly Bay. Notwithstanding this arrangement TWC would continue to act as the development agent and be the party that Council transacts with for the purpose of the proposed arrangement. (para18)*

*Shelly Bay Limited (SBL) is the TWC/PNBST JV company that owns 4.5ha of land. SBL was formerly wholly owned by PNBST. Having the land owned by a JV entity is a key part in the commercial arrangement between these parties to oversee the development and sell-down of land, with, we understand, asset and profit-sharing arrangements. (para 20)*

*More recently PNBST's dealings with TWC have been in the spotlight, particularly regarding an earlier attempt by the PNBST board to sell all its land at Shelly Bay to TWC. In early 2016 the PNBST agreed to sell the land but required 75% endorsement from beneficiaries because the land represented more than 50% of the value of PNBST's assets and therefore represented a "significant transaction" under the trust deed governing its affairs. This level of support was not reached, and the transaction could not be executed. (para 28)*



*Later, following a statement by PNBST senior management and board appointees that alternative options for dealing with TWC would be investigated, some beneficiaries took proceedings against PNBST to the Waitangi Tribunal. (para 29)*

*In mid-January 2017 a series of hui were held around New Zealand to allow for discussion of Shelly Bay and subsequently, on 31 January following receipt of what PNBST management considered to be a sufficient level of support, the arrangement to convert SBL into a JV company between PNBST and TWC was fully commercially executed. (para 30)*

35. The 27 September 2017 advice said:

*"The Council is now responding to an integrated development proposal undertaken as a joint partnership between the Port Nicholson Block Settlement Trust (PNBST) and The Wellington Company (TWC). The legal partnership goes under the name Shelly Bay Limited. The site for development is approximately 11.3 hectares, which is comprised of approximately 7.8 hectares owned by SBL and a Council-owned component of some 3.5 hectares." (para 10)*

36. The position needs to be clarified before any contractual arrangements are entered into under the resolutions of 27 September 2017. Some questions are:
1. If Shelly Bay Limited, no longer owns any of the PNBST Shelly Bay land where does this leave the JV?
  2. Does Shelly Bay Limited have the authority and financial means to enter into the Development Agreement with WCC?
  3. Is Shelly Bay Limited still the party that the Council is proposing to transact with?
  4. If not, when will approval be sought to change the approvals obtained on 27 September 2017?
  5. Does the JV between PNBST and TWC still exist?
  6. Why were Councillors not advised in September 2017 of the land ownership changes in July 2017?
37. The motion, especially xvii (c) – (f) proposed provides for the Chief Executive to advise Councillors on these questions, and on how to proceed given the disputed mandate issues we are now on notice of. One of the things the advice will need to cover is how these issues fit in the context of Council's Memorandum of Understanding with Taranaki Whānui ki te Upoko o te Ika.

#### Shelly Bay Road

38. On 27 September the Council agreed that the upgrade of Shelly Bay Road needs to be investigated (see x in the above resolutions). This resolution was passed because councillors did not think that the proposal for a 1.5m lime chip path on the seaward side of Shelly Bay Road was an appropriate solution given the current road's key role as a highly popular scenic and recreational route (including the Great Harbour Way), and the projected increased demand from the proposed development.
39. Our concern with the chip path option and overall road safety & amenity was raised immediately when we first saw the proposed Development in April 2017. Our concerns were affirmed by multiple submitters during the consultation process, including several cycling advocacy groups and transportation advice. When officers provided advice to the 27 September 2017 meeting, they recommended a new and different option (see below). Councillors responded by asking for more work to be done so that we can determine the Council's position on Shelly Bay Road.

40. It has been suggested (see below) that these investigations and our decision on Shelly Bay Road are not relevant to the resource consent currently before the Commissioners. This is probably right if the Council had accepted the 1.0-1.5m path as the right option for Shelly Bay Road and we were committed to implementing it (as TWC says we are in its application-see below). However, as a Council, it is clear that we are not. To separate the resource consent for a development which is expected to see a five fold increase in traffic volumes from the condition of the road given these widespread concerns is deeply concerning.

#### **6.0m carriageway and 1.5m path – 2016 position**

41. It is clear from a variety of 2016 emails and from discussions with some of the personnel involved, that the Council officers' initial position **whether this was being advised as RCA or for consent purposes only** as the road controlling authority (RCA) was for a 6.0-6.5m carriageway and a 3.0m shared path. This was altered to accepting a 6.0m carriageway and a 1.5m path in late August 2017, just before TWC lodged its application for consent on 15 September 2016. (Refer email **attached** from Geoff Swainson dated 29 August 2016 who was at the time was a senior officer and the Manager of Transport, and the obvious officer to be determining the Council's position as RCA/**on a consent of this magnitude**).
42. While there are a number of unanswered questions about how the position in that email was reached (including what timeframe was being referred to and the funding model that officers were working to at that time) those need not be answered as part of the motion above, as the position in Mr Swainson's email has been superseded by subsequent Council decisions (see below). I will still be continuing to seek answers to the questions that I have asked of the Chief Executive regarding this email, and in addition I will ask for this issue to be included in the Shelly Bay Independent review, agreed to in *xiv* above.

#### **Council position – 2017 & 2018**

43. Despite what the resource consent that was issued and subsequently quashed said, it became clear that a 1.5m chip path was not a solution that the Council sees is adequate for Shelly Bay Road. As a result, it follows that it is not a solution that that the Council has accepted and is committed to implementing as the RCA.
44. This is shown by the following:
- The first thing Councillors did when we heard about the Council proposal for Shelly Bay Road (in mid-late April 2017) was to ask that a variety of options be included in the consultation, both for throughout the Shelly Bay development site (ie North and South Bays) and between the Miramar cutting and the site. (Despite this, no options were included in the consultation material and the explanation given in September 2017, once the consultation was closed, was that options were not able to be produced in time to be included in the consultation material).
  - The option in the consultation material (the 'base-case' of a 1.5m path) was heavily criticised and questioned in the consultation on Shelly Bay.
  - Councillors heard submissions that the path would be used for walking but not cycling and that the overall proposal for Shelly Bay Road was deficient and unsafe.
  - Officers advised in their report on 27 September 2017 that *'the path would not be appropriate for cycling'* (which was consistent with the cycling submissions Councillors received).

- In the 27 September 2017 report, officers put up a replacement solution and advised that:

*"A preferred solution being to widen the 'shoulder' with continuous asphalt, with a more robust built edge to the coastline. This shoulder would be suitable for cycling and pedestrians. It will be a minimum of 1.5 metres wide for approximately 40% of the length with the balance a minimum of 2 metres wide. It will run immediately adjacent to the carriageway."*

- The Council selected neither (ie the 1.5m path or the 'shoulder') and resolved to:

*"Request officers to further investigate, including key stakeholder engagement, the upgrade of Shelly Bay Road between Miramar Avenue and Shelly Bay, comprising options that more closely aligns to New Zealand Transport Agency guidance as a minimum and the Great Harbour Way plan as an aspiration, which aims to deliver a safer and more inviting environment for walkers, cyclist and other users'."*

- In late June 2018, the Council allocated \$2.2M for Shelly Bay Road in the 2018/28 LTP. We have not specified the solution this funding will be spent on, and the investigations have not been completed yet. Indeed there has been not report back to councillors at all responding to resolution x.

#### **Council position – 2019**

45. We do need to agree the Council's position as RCA on Shelly Bay Road. We need to see the investigations that Councillors asked for nearly 2 years ago (and actually over 2 years ago, given the request by Councillors in April 2017 for options on Shelly Bay Road to be included in the consultation).

46. On 5 April 2019, in a response to my question "*will these further investigations be undertaken and decided on before the application is re-considered?*", the Chief Executive advised:

*"These further investigations are not pertinent to the regulatory process in respect of the application, but they are being advanced and further updates will be made'."*

47. With respect, I do not think this answer appreciates the issue. Obviously, the Council's decision on Shelly Bay Road is separate to the regulatory process as a Consent Authority has no jurisdiction to determine what upgrade solution, we as a Council (and RCA) will implement on our road. However, I think it is likely and reasonable that the Consent Authority (the independent Commissioners) will want to know what the Council's agreed, committed and funded plans are for Shelly Bay Road. I wonder whether the Commissioners will want to agree a consent based on a roading arrangement that the road's owner (Council as RCA) does not want to implement.

#### **TWC resource consent application**

48. TWC's application describes the Council's position as RCA as still being that the Council is committed to a 1.0-1.5m path (see the detail from the application attached as **appendix 2**). The position expressed was right in 2016 (at least the 1.5m part was – though it is not clear how Geoff Swainson's position was whittled down to 1.0m in places).

49. However, the Council's position has clearly changed since the resource consent application was lodged in September 2016. Resolution x clearly shows the Council has not determined its view, but has questions about what should happen to its road, questions which remain unanswered at this stage.

***Motion xviii - agreeing the Council's position (as road controlling authority)***

50. The Council's position on Shelly Bay Road needs to be settled urgently. Motion xviii seeks to do that, although it does not place a timeframe on reporting back on the investigations at this stage. Once officers advise on timing at the 26 June meeting, a timeframe could be set.
51. When determining the Council's position on Shelly Bay Road it is material that the traffic assessment lodged with the reconsidered application is predicting 6000vpd compared to the earlier predictions of 4700vpd. That and any other updated information will need to be part of the advice to Councillors when we consider the options for Shelly Bay Road.

**Conclusion**

52. A lot has changed since the Council made the decisions required to facilitate the Shelly Development, on 27 September 2017. The quashing of the resource consent by the Court of Appeal is a material development. A large number of other issues have also since come to light.
53. This motion will ensure that we respond to these issues transparently and do not repeat earlier gaps in information flow and decision-making processes. The motion will ensure that the Council is advised on the matters in *xvii* before the commercial deal is concluded and a legally binding agreement entered into by the Chief Executive and the Deputy Mayor.
54. The addition of *xviii* will ensure that we expedite settling the Council's position on Shelly Bay Road. As the resolution of 27 September 2017 refers, we need a plan for maintaining Shelly Bay Road as a safe and inviting environment for walkers, cyclists, and other users.

**Appendices:**

Appendix 1: Timeline

Appendix 2: Description of WCC position on Shelly Bay Road by the Applicant in its resource consent application

**Attachments**

1. Letter to Mayor 18 October 2016 from Hirini Jenkins-Mepham
2. Letter to Mayor 28 August 2018 from Anne Phillips
3. Extract (2 pages) from powerpoint presentation – undated (but before 17 April 2017 because refers to the resource consent 'to be granted later this month')
4. Geoff Swainson email 29 April 2016
5. Completed template for SHA extension – 13 November 2015 prepared by WCC

**APPENDIX 1**

This appendix includes dates /events (but not all) from the timeline provided by the Chief Executive on 6 June 2019 and now available on the WCC website  
<https://wellington.govt.nz/~media/your-council/projects/files/shelly-bay/shelly-bay-timeline.pdf?la=en>

<b>TIMELINE FOR SHELLY BAY PROJECT</b>	
June 2014	Wellington City Housing Accord
September 2014	<p>WCC commission report from the Property Group "<i>Wellington City Housing and Residential Growth Study: Final Planning Assessment and Recommendations</i>"</p> <p>Author/peer reviewer: Andrew MacLeod and Earl Hope Pearson.</p> <p>Shelly Bay and Mt Crawford in the list of sites identified as 'potential strategic sites for residential re-development.'</p>
12 March 2015	<p>Report to the Transport and Urban Development Committee recommending that Shelly Bay is made a Special Housing Area.</p> <p>Motion failed. No recommendation made to Council.</p> <p>Committee expressed very clear views that they did not want Shelly Bay to be a SHA until a master plan was developed, and an amendment was passed to that effect (which ended up going no further due to the motion failing, but it was covered in advice from officers on 8 April 2015 and 'shot down').</p> <p>Committee members were concerned that site specific District Plan provisions will be 'lost' through a HASHA Act process.</p>
8 April, 8 October and 28 October 2015	<p>Council and Committee decisions recommending Shelly Bay as a Special Housing Area (to the Minister). Both Council decisions passed 10 votes to 5.</p> <p><b>Decisions of Council based on officer advice that included:</b></p> <ul style="list-style-type: none"> <li>• Assurances the District Plan would apply (including District Plan height limits which range from 7m – 11m above ground – with small areas (up to 10%) allowed to 12.5m)</li> <li>• Advice that the request by Councillors that SHA status only follow after a masterplan is agreed by the Council for the site, was unnecessary, unwarranted and counter-productive</li> <li>• Advice that the shift to the non-notified regime in HASHAA was justified and acceptable given that the District Plan set clear expectations for the site and had gone through extensive consultation processes during the development of the District Plan</li> <li>• Advice that SHA status was a procedural decision and simply makes available the 'alternative consenting</li> </ul>

	<p>pathway'</p> <ul style="list-style-type: none"> <li>• Advice that all District Plan provisions remain valid and mandatory considerations as they have been included in the District Plan to address specific issues, and will remain important matters for consideration when assessing any proposal</li> <li>• Advice (April 2015) that were land zoned Open Space to be considered for inclusion in a SHA full public consultation could be expected. Decision to include Open Space B land at Shelly Bay in extended SHA with zero public consultation.</li> <li>• Advice on the Open Space B land owned by PNBST, which was included in the 'extended' SHA so that if any 'minor portion' of the development stray outside the SHA it would not trigger the whole development to fall outside HASHAA.</li> <li>• Advice on qualifying criteria, which for Shelly Bay was a minimum of 10 residential units</li> </ul> <p><b>No advice given on:</b></p> <ul style="list-style-type: none"> <li>• the scale (height, density) and intended yield (number of household units etc) at Shelly Bay</li> <li>• the intention to include the default 27m or 6 storey qualifying criteria from the HASHA Act in the SHA</li> <li>• any assessment of risk that by including the 27m or 6 storey qualifying criteria in the SHA might send mixed messages and might be subsequently relied upon to allow/facilitate height above the District Plan heights.</li> <li>• the option for the Council to set a site-specific qualifying criterion regarding height</li> <li>• information on the establishment of the zone boundaries and that they were determined by the Environment Court</li> </ul>
Mid- late 2015	<p>The Wellington Company (TWC) working on a development proposal for the site.</p> <p>Requested that WCC extend the SHA into Open Space B land.</p> <p>Commenced Masterplan</p>
October 2015	<p>TWC and PNBST present proposals for the development of Shelly Bay to officers (refer 27 September 2017 Committee report)</p>
13 November 2015	<p>WCC provide SHA 'template' to Minister to request extension of the Shelly Bay SHA</p> <p>Expands the SHA yield from 150 to 300</p> <p>Refers to 27m &amp; 6 storey qualifying criteria</p> <p>Notes that the prospective developer has begun Master-planning</p>

	<p>work (attached)</p> <p><b>Comment</b></p> <p>Contrast the information in this table prepared by a WCC officer to the WCC officer advice to the Committee and Council decisions on 8 and 28 October 2015</p>
7 December 2015	Order in Council extends SHA status over Open Space B, roads and wharf areas
Undated At least 18 months before 27 September 2017 (ie March 2016). But maybe prior to that?	WCC (non-regulatory) officers start working with TWC and PNBST on the Shelly Bay project.
January 2016	TWC approach Council for financial support (and discussions commenced on Council funding support for infrastructure, rates and development contributions, purchase and lease of WCC land).
12 February 2016	PNBST fails to get required approval of iwi members to sell Shelly Bay land.
14 March 2016	Pre-application discussions for resource consent commence (refer WCC timeline)
29 August 2016	Council as infrastructure provider and road controlling authority settled its position on Shelly Bay Road (refer Geoff Swainson email <b>attached</b> )
1 September 2016	<p>Calibre Consulting report for WCC that showed the feasibility of a 1.0 - 1.5m path from Shelly Bay to Miramar Avenue</p> <p><b>Comment:</b></p> <p>Reduction from Geoff Swainson position. Not clear who authorised the reduction from WCC (if it was authorised ?)</p>
15 September 2016	Resource consent application lodged (attached 1 September 2016 Calibre Consulting report for WCC)
6 October 2016	Four parcels of Shelly Bay land transferred by Shelly Bay Limited to SBL Management Limited
7 October 2016	Correction of name of SBL Management Ltd to Tai-Kuru partnership (4 titles)
8 October 2016	Local Government election day

15 October 2016	PNBST AGM  Resolution passed at PNBST AGM directing PNBST to "immediately cease all negotiations with Ian Cassels and the Wellington Company" regarding the sale of Shelly Bay
18 October 2016	Letter from Hirini Jenkins-Mepham to Mayor Lester, advising of AGM and major decisions passed. Calls into question the legitimacy of the Shelly Bay process in which the Council is engaged. <b>Attached</b>
26 October 2016	2016/19 Council sworn in (New Mayor and 5 new Councillors)
14 December 2016	Letter from Hirini Jenkins-Mepham to Mayor Lester. Notes no reply to 18 October letter above. Expressing further concern re Shelly Bay and goes into more detail re concerns raised in 18 October 2016 letter above. Notes that WCC remiss in not carrying out due diligence.
November & December 2016	Briefing and induction sessions held for new and returning Councillors. Briefings on key issues for Wellington and key projects.  2016/19 Committee Structure and delegations established
5 January 2017	Mayors Office letter to Hirini Jenkins Mepham
1 February 2017	TWC confirmed it had entered into a joint venture with PNBST, which allowed for the development of the land at Shelly Bay
6 February 2017	Letter from Hirini Jenkins-Mepham to Mayor's Office. Expressing further concern re Shelly Bay and notes reply of 5 January 2017
March 2017	WCC and Taranaki Whanui ki te Upoko o te Ika (Taranaki Whanui) sign a Memorandum of Understanding. MOU reported as changing the relationship with PNBST and specifically referenced Shelly Bay as a key strategic project for the Council and PNBST to work on  <a href="https://www.stuff.co.nz/business/90861608/wellington-city-council-set-to-sign-mou-to-establish-partnership-relationship-with-iwi">https://www.stuff.co.nz/business/90861608/wellington-city-council-set-to-sign-mou-to-establish-partnership-relationship-with-iwi</a>
mid- April 2017  (but must pre-date 17 April 2017, as that was the date the resource consent was issued)	Councillors briefed on proposal (masterplan, the resource consent, the funding model and sale and lease).  Advised that PNBST jointly owned 4.5ha [sic] of Shelly Bay land with TWC. Slide in presentation " <i>The Wellington Company/ iwi joint venture – now a safe and secure partnership</i> ".  On the proposal: <ul style="list-style-type: none"> <li>• <i>'SHA created the opportunity to develop at scale that generated current proposal'</i></li> <li>• <i>Resource consent to be granted later this month</i></li> </ul>



	<b>Attached (2 pages of approx. 20 pages)</b>
17 April 2017	TWC Resource Consent granted
26 April 2017	Public excluded officer report outlining the proposal, including that PNBST Shelly Bay land is owned by Shelly Bay Ltd, a joint venture company between PNBST and TWC
26 April 2017	<p>Council agreed to consult on the sale and lease, financial support and public realm. A number of amendments were passed at the meeting that showed the sentiment and issues of concerns relating to:</p> <ul style="list-style-type: none"> <li>• Infrastructure costs and managing the cost risks of the project</li> <li>• Advice requested on the risks that the Council may face as a result of development in this low-lying coastal area. Advice to include how to indemnify the Council against future claims for infrastructure costs due to sea level rise on private land</li> <li>• Officers were instructed that the consultation material was to include costings and schemes/ plans that show a variety of options for the public road through the site (ie North and South Bay) and between the site and the Miramar Cutting</li> </ul>
7 July 2017	3 out of 4 titles of PNBST land transferred to Shelly Bay Investments Ltd (Ian Cassels related company). 4 <sup>th</sup> title transferred to Tai kuru Ltd partnership (a PNBST entity)
July-August 2017	<p>4-week Consultation period</p> <p>1103 submissions received</p> <p>Detail of the scale of the proposal becoming known, as interested parties 'worked it out'.</p> <p>However, in general, an overall lack of understanding of:</p> <ul style="list-style-type: none"> <li>• the scale of the proposal</li> <li>• extent of District Plan non- compliance</li> <li>• WCC role and areas of influence</li> <li>• the proposals for the road</li> </ul>
21 September 2017	WCC put on notice by Enterprise Miramar of intention to file judicial review proceedings and put on notice of other associated legal issues relevant to the Council decision on 27 September 2017.
26 September 2017	Letter of 25 September from WCC former lawyer received by Councillors. Letter raised issues not evident in the advice to us from officers and warned of risks with proceeding without asking

	more questions.
27 September 2017	Officer report reporting on consultation and seeking approval to support the proposal with funding, sell and lease land to SBL.
27 September 2017	City Strategy Committee and then Council resolved as per the resolutions above. The vote passed 7 votes to 5 with one absent and 2 conflicts of interest declared.
29 September 2017	Judicial Review proceedings filed by Enterprise Miramar
11 April 2018	High Court dismissed Judicial Review proceedings
23 August 2018	Court of Appeal hearing
28 August 2018	Letter from Anne Philips (member of Mau Whenua to Mayor) to Mayor cc All Councillors  Advises Mau Whenua taking legal action  Calls upon Mayor and Councillors to revisit each of the steps made with regard to Shelly Bay
3 December 2018	Court of Appeal decision released (quashed the resource consent).  The appeal (of the High Court decision) was allowed because the Council erred in law in its consideration of the matters in section 34 (1)(b) –(e).  The Court found that Part 2 RMA was effectively ignored, and the analysis by the decision-making officer was 'cursory'. The Court said: <b>'We consider that the Council also gave no substantive consideration to the matters in pt 2 of the RMA.'</b> [58 & 59]  The Court found <b>'the Council applied the purpose of HASHAA to effectively neutralise all other considerations and prevent their being given due acknowledgement in the ultimate balancing under s34'</b> [94]  Court found that the error made in adopting the wrong legal approach <b>'appears to us to have been significant, and it is possible that there might have been a different outcome to the Application if the correct approach had been adopted'</b> [96]
18 April 2019	City Strategy Committee  Amendment moved to "add a paper [to the forward programme] which outlines the scope and objectives for the review on the Shelly Bay project for the 13 June 2019"

	Vote failed. (5 votes to 9)
April / May 2019	Extensive media/social media coverage of various Shelly Bay issues including the claim by members of the PNBST regarding land ownership and lack of mandate of Trustees to sell Shelly Bay land
9 May 2019	Applicant lodged updated information updating its resource consent application
Current	Resource consent application being considered by Independent Commissioners
26 June 2019	Council meeting
<b>August 2019 or later</b>	<p>Estimated time for a resource consent decision is some time after early August (although it may be later if there are time extensions).</p> <p>Based on the Commissioners' minute #2 that a hearing (involving the Council in its reporting officer role and the Applicant) is likely to be scheduled for late July/ August.</p>

**APPENDIX 2 - Description of WCC position on Shelly Bay Road by the Applicant in resource consent application**

1. The Applicant for the Shelly Bay development has submitted an updated Transportation Assessment Report (TAR) dated 18 April 2019 <https://wellington.govt.nz/services/consents-and-licences/resource-consents/recent-resource-consents/~/.media/1a93f037e7e141d4b63715adec8294d9.ashx>.
2. The TAR states that there will be a 1.0-1.5m dedicated shared pedestrian and cycle path along Shelly Bay Road (from Shelly Bay to the Miramar cutting). The Applicant has described this as the accepted and committed Council position. In addition, the Applicant has referred to the 1.0- 1.5m path as being for cycling, when WCC officers have advised it would not be used for cyclists.
3. The following extracts are from the updated TAR prepared to support The Wellington Company's application for resource consent:

*There are no dedicated pedestrian or cycle facilities along Shelly Bay Road; instead the roadway is shared between all modes of travel. In this manner, and as discussed later in this report, the provision of a dedicated shared pedestrian and cycle path along this route (which will in part be facilitated by the proposed development), will support an increase in demand on this route by active mode users commensurate with the improved level of amenity (section 2.5).*

*It is noted that Council has identified a series of proposed improvement works for Shelly Bay Road between the development site and Miramar Avenue, to provide some widening of the existing carriageway and a new shared cycle and pedestrian path. These changes will serve to improve safety and amenity for current pedestrians and cyclists as well as those additional users associated with the proposed development, including residents, staff and visitors. Further detail on these improvement works is described in Chapter 7 (section 4.2).*

*Notwithstanding the comparative assessment of road capacity described above, it is noted that some improvements to the existing Shelly Bay Road carriageway are warranted in order to improve amenity for pedestrians and cyclists, to both better provide for existing users and to accommodate future active mode demands triggered by the development proposal. In this regard it is noted that a prior infrastructure study undertaken by Calibre Consulting limited in 2016, includes consideration of the current and future road carriageway form between the site and the Miramar Avenue intersection to the south. This study, attached as Appendix C, highlights that whilst greenfield sites accommodating similar levels of traffic generation to that expected under the proposal may be designed with wider carriageways than that currently provided along Shelly Bay Road, it is not feasible to physically achieve such widths in this case given the constraints of the cliff face on the one side and sea wall on the other. The study also acknowledges that any design needs to be cognisant of balancing technical / capacity requirements with the existing coastal amenity and natural character of the local environment. Accordingly, the report includes an assessment of the practicality of achieving some widening along the route, to provide a 1.0-1.5m wide pedestrian and cycle path alongside a 6m wide carriageway, as shown in the plans attached to the report in Appendix C. The report concludes that such an arrangement can be achieved that will, whilst not fully adhering to the Council's Code of Practice, serve to adequately accommodate the development proposal demands. This assessment was subsequently accepted by Council and it is understood that a commitment has since been made (by Council) for these works to be undertaken (section 7.4).*

Note - The problem with this assertion is that Council has not accepted this arrangement.





---

---

## **REPORT OF THE CITY STRATEGY COMMITTEE MEETING OF 8 AUGUST 2019**

---

**Members:** Mayor Lester, Councillor Calvert, Councillor Calvi-Freeman, Councillor Dawson, Councillor Day, Councillor Fitzsimons, Councillor Foster, Councillor Free, Councillor Gilberd, Councillor Lee, Councillor Marsh, Councillor Pannett (Chair), Councillor Sparrow, Councillor Woolf, Councillor Young.

### **The Committee recommends:**

#### **WELLINGTON CITY COUNCIL NAMING POLICY**

#### **Recommendation/s**

That the Council:

1. Adopt the proposed consolidated Naming Policy as amended with the addition that the history of Te Upoko O Te Ika a Maui / Wellington will include recognition that many of Wellington's names reflect the history of European settlement in the city and agree to integrate the Second Order of Consideration "Where an appropriate name is already in common use", into the Third order of consideration as per the original officer recommendation and amend the flow chart as appropriate; and finally change the language "order of consideration" to "priority".

#### **REPORTING BACK ON PUBLIC CONSULTATION OF THREE NEW LEASES ON THE WELLINGTON TOWN BELT**

#### **Recommendation/s**

That the Council:

1. Grants a new ground lease for a three year term, with one renewal term of two years under the Wellington Town Belt Act 2016 to the Workingmen's Bowling Club for an area of 4,200m<sup>2</sup> contained within Pt Lot 1 DP 8914 CFR WN46D/912.

The following Special Provisions will be included in the lease:

- i. The Lessee is required to meet the conditions outlined in Appendix One of the 07 March 2019 City Strategy Committee report.
  - ii. The Lessee is required to submit a report at the end of each bowling season (30 April) detailing progress against the conditions outlined in Appendix One of the 07 March City Strategy Committee report.
2. Grants a new lease for the premises and ground for a ten year term with one renewal term of ten years to the Wellington Rugby Football Union Incorporated, as well as a new licence between WRFU and the Hurricanes Investment Limited Partnership. The

building is on land which is part of the Wellington Town Belt known as Rugby League Park, more particularly described as Part Lot 1 Deposited Plan 10397, as contained in the Record of Title 742980.

The new lease will include the following Special Provisions:

- i. The Lessee will ensure that no activity involving amplified music is allowed between 10pm and 7:30am.
- ii. The Lessee is to submit a detailed maintenance plan for the lease term prior to this lease being executed.
- iii. The Leased area does not include the car parks and access roadways.
- iv. The Lessee owns and is responsible for the repair and maintenance of the Flood Lighting System. An annual compliance report is to be provided.
- v. To the extent of any inconsistency, the terms of this lease prevail over the terms of the 2003 Development Agreement.
- vi. The Lessee acknowledges that there is a separate fee for the use of the Playing Fields surrounding the Premises. The Lessee will have first right to book the Playing Fields for the term of the Lease.
- vii. The parties acknowledge there is a 2003 Resource Consent in place related to the use and development of the site, and will continue to adhere to the conditions of the consent.

3. Grants a new ground lease for a ten year term with one renewal term of ten years to Harbour City GymSports Incorporated, as well as a sublease to Eastern Suburbs Sports Trust and sub-sublease to Harbour City GymSports for the same term as the Head Lease. The building is on land which is part of the Wellington Town Belt known as Hataitai Park, more particularly described as Lot 1, Deposited Plan 33683, in the Record of Title WN20B/500.

The new lease will include the following Special Provisions:

- i. The Lessee is to submit a detailed maintenance plan to address the building's maintenance prior to the lease being executed. Officers will monitor the maintenance plan implementation and progress annually.
- ii. Notwithstanding clause 13 of the Lease regarding subletting, the Council permits the Lessee to sub-lease the Land to Eastern Suburbs Sport Trust, and further permits the Eastern Suburbs Sports Trust to sub-sublease the Land and Building to the Lessee.
- iii. The parties acknowledge that the sublease with the Eastern Suburbs Sports Trust is necessary as a result of the nature of the building ownership. The Eastern Suburbs Sports Trust is the owner of the Lessee's Building.
- iv. The Lessee will provide the Council with a copy of the signed sublease and sub-sublease prior to the Lease being executed.

## Attachments

Attachment 1. [Proposed Consolidated Naming Policy](#)  

Page 121



## Wellington City Council Naming Policy for roads, open spaces, Council facilities, suburbs, localities and subdivisions

### Te Pūtake / Purpose

This policy provides guidelines and principles to be considered when deciding the names of roads, open spaces, Council facilities (including Council buildings and parts of buildings/facilities), suburbs, localities and sub-divisions in Wellington. This policy replaces the *Open Space Naming Policy* and *Road Naming Policy*.

The policy is intended to:

- ensure that names are appropriate, and provide ease of identification for the Council, the public, and key services (such as emergency, postal and courier services);
- ensure that names reflect the city's unique identity, culture and environment, and help tell stories about the history, geography, and heritage of Wellington;
- apply a consistent and transparent best practice approach, for accurate and efficient administration and communication;
- support *Te Tauihu*, the Council's Te Reo Māori Policy<sup>1</sup>, for Wellington to be a te reo capital city by 2040, and reflect wider Government partnership commitments under the Treaty of Waitangi;
- reflect the importance of the Memoranda of Understanding with our Treaty partners Taranaki Whānui ki te Upoko o te Ika and Te Rūnanga o Toa Rangatira; and
- ensure that the process of determining appropriate names takes account of the views of interested parties and communities, including mana whenua.

There may be circumstances which fall outside this policy, where decision-making discretion will need to be applied.

### Te Horopaki / Context

*Inā te hira o ngā ingoa. Ka tika me noho pū tātou ki te tiaki, ki te whakakaha hoki i ngā ariā o ngā ahurea o Pōneke, me whai hononga pūmau ngā ingoa ki ngā momo e tapaina ana, ā, koiā ko ngā rori, ko ngā pāka, ko ngā whare anō hoki. Mā ngā ingoa e tūhono ai tātou te ira tangata ki te whenua ka tahi, ki te taiao ka rua. Mā ngā ingoa tātou e mōhio ai ki te takiwā e noho nei tētahi wāhi, mō te tūpono ka hua mai tētahi ohotata. Mā ngā ingoa hoki tātou e mārama ki te hiringa o ō tātou ahurea, e tūhono ai ki ngā kōrero o ngā mātua tūpuna, e atawhai whakaaro ki ngā pūrākau nō mai rānō, tae noa ki ēnei rā.*

Names are important. Making sure that we have appropriate names for features such as roads, parks and buildings is vital to protect and enhance Wellington's character and heritage. Names connect us to the land and the environment around us. They help us identify precisely where places are located, which is vital for emergency and other services. Names also help us recognise and reflect culture, language, history and landscape, and they help tell stories about how we got to where we are today, and what has gone before.

<sup>1</sup> [Te Tauihu](#)

In Wellington there are many stories from throughout our history reflected in the names we see around us. The great Polynesian explorer Kupe, regarded as the first traveller to come to this area, is celebrated in names around the region including Matiu/Somes Island, named after one of his female descendants. Whatonga, the next Polynesian traveller to arrive in the region, had two sons, Tara and Tautoki, whose descendants eventually settled the lower half of the North Island Te Ika-a-Māui, and the top of the South Island Te Waipounamu. Tara's name is immortalised in many prominent landmarks. The Māori name for Wellington Harbour is Te Whanganui a Tara, and the Tararua mountains that divide the Wellington Region from east to west are also believed to have been named after him. The migration of Taranaki and Tainui tribes to the region began in the early 19th century at the same time Europeans began arriving. Names from these periods are abundant throughout the city and the region.

The history of Te Upoko o te Ika a Maui / Wellington since the 1840's as it has developed from these early Māori settlements to a thriving capital city, is extensive. The names we see in Wellington often reflect the people who arrived at that time and subsequently. They also recognise the city's establishment as the seat of government, and the development of the region and New Zealand as a nation. Those names include Aurora Terrace, Bolton St, Cuba St and Oriental Bay, named after the New Zealand Company ships that brought the first wave of European settlers.

Some later names reflected subsequent waves of immigration, including streets such as Hania Street, reflecting the Greek community's established links with Mount Victoria. Many names are thematic, including World War One names and geographic themes e.g. US locations, English Counties, Scottish and Indian names, and European rivers – many of which are included in Appendix 2. Other names reflected people who were involved in the development and life of the city, and its role as the capital city; the city now hosts a range of important national amenities such as Pukeahu the National War Memorial, Te Papa Tongarewa the Museum of New Zealand, and He Tohu, the permanent exhibition of the three foundational constitutional documents. All these stories are interwoven alongside the pre-colonial history of the city and the names found throughout the city help tell this story. More information about the rich and varied history of Wellington and its surrounds, and how this relates to some of the names of places and features, can be found in the sources listed in Appendix 4.

In 2003, the Waitangi Tribunal determined that the Māori groups with ahi kā rights within the Port Nicholson block were Te Atiawa, Taranaki, Ngāti Ruanui, Ngāti Tama and Ngāti Toa.

### **Te Hōkaitanga / Scope**

This policy applies to the naming (including renaming) of roads, open spaces, Council facilities (including Council buildings and parts of buildings/facilities), suburbs, localities and subdivisions/developments in Wellington.

It should be noted that the final and official naming of certain types of places or features in Wellington is not always within the jurisdiction of the Council. In particular, responsibility for the official naming (and renaming) of populated places (such as suburbs and localities) and geographic features, lies with the New Zealand Geographic Board Ngā Pou Taunaha o

Aotearoa (NZGB)<sup>2</sup>. The Council may make proposals to the NZGB to officially name or rename places or features, and in these situations will use the principles in this naming policy as well as taking account of NZGB naming policies, principles and guidelines<sup>3</sup>.

In addition, the Council does not have formal decision-making authority for the naming of buildings (except Council facilities), some tracks (those outside of the Council's control, such as those under the jurisdiction of the Department of Conservation or where local communities are best-placed to determine appropriate names), or subdivisions. However, the criteria and principles in this document may be appropriate to consider when making decisions about the names of these places or features. Brief information about building, track and subdivision naming is included in the "Specific Considerations" section of this document.

### **Ngā Hātepe / Process**

A flowchart setting out the process is included at Appendix 1. For naming decisions to be taken by the Council, responsibility is determined by Council delegations<sup>4</sup>. Some decisions are made at a business unit level (such as the naming of rooms within Council Buildings) or executive level. Others are made at a committee or Council level (such as the naming of open spaces, road names, suburbs, localities and subdivisions). Council officers will generally determine when names are needed and recommend names reflecting the criteria in this policy.

However, there will be occasions where mana whenua, developers, community organisations or others identify the opportunity or need to name roads, open spaces, Council facilities or other places and features, and can make proposals to Council officers. Council officers will assess the extent to which any proposed names align with the criteria and principles in this policy, and will make recommendations accordingly.

There will be situations where it is appropriate to consider revising an existing name. This could be as a result of engagement with mana whenua about the renaming (including proposing dual names<sup>5</sup>) of open spaces or Council facilities, to support the implementation of *Te Tauihu*, the Council's Te Reo Māori Policy. For Council facilities, renaming may also be considered when there is a change of sponsorship arrangements, and/or if commercial opportunities arise for the use of naming rights.

Before Council officers provide recommendations about proposed names, appropriate engagement with or notification to potentially interested parties must take place. The extent and nature of engagement will depend on the likely level of interest in what is being named. It will be important to work with mana whenua, particularly where the site is important to mana whenua and whenever te reo names are proposed. In these situations, correct standardised orthography of Māori names is essential and a licenced translator from *Te Taura Whiri i te reo Māori* (the Māori Language Commission)<sup>6</sup> should provide independent advice.

<sup>2</sup> The [New Zealand Geographic Board Ngā Pou Taunaha o Aotearoa](#) (NZGB) is New Zealand's national place naming authority responsible for official place names in New Zealand.

<sup>3</sup> [NZGB Naming Principles and Guidelines](#)

<sup>4</sup> <https://wellington.govt.nz/your-council/meetings>

<sup>5</sup> [NZGB guidelines for new/alternative names](#)

<sup>6</sup> <http://www.tetaurawhiri.govt.nz/>

### **Ngā Aratohu Mahitahi / Engagement Guidelines**

Naming responsibility for nationally important features (e.g. Wellington Harbour, Mount Victoria) will generally lie with another agency such as the NZGB, Council may refer naming to the NZGB with its recommendations.

For **regionally significant** features (e.g. major parks, major roads, large Council facilities), Council officers will ensure that more widespread public consultation or engagement takes place, including potentially with relevant government departments, other adjoining Councils, and the NZGB.

For features that are **locally significant** only (e.g. public roads, reserves, some Council facilities or parts thereof), targeted engagement may, depending on specific circumstances, be appropriate with some or all of the following:

- Mana whenua<sup>7</sup>
- Local community groups
- Local historians
- Community Boards
  
- Greater Wellington Regional Council and other neighbouring Councils in the Wellington region (to check whether proposed names are used or proposed elsewhere in the region)
- Members of the public directly affected, including where appropriate (e.g. road naming or re-naming), affected property owners, businesses, and tenants
- If a proposed name relates to a specific person, that person or the family of that person (if deceased) should be consulted (where practical).

Council officers may publicly notify proposed names and/or conduct further targeted engagement before final recommendations/decisions are made.

Councillors may seek further information from Council officers and/or others before making decisions, and where appropriate, recommendations to NZGB (for suburb and locality names). Once a name has been formally approved, the Council will notify relevant agencies (e.g. Greater Wellington Regional Council, Land Information New Zealand, emergency services and New Zealand Post). Council officers will arrange for relevant signage (new or updated) where appropriate.

### **Ngā Paearu Whakaingoa / Naming Criteria**

A recommendation to name (or rename) a road, right of way, Council facility, open space, or suburb or locality should include evidence that the proposed name meets one or more of the criteria set out in Figure 1. When making recommendations to the Council, Council officers need to provide a holistic assessment of the extent to which proposed names meet these criteria, including considering the relative importance of different criteria in situations where more than one name is proposed, and/or where there are conflicting views about the appropriateness of a proposed name.

#### **Figure 1: Naming criteria and priority order in which they should be considered**

<sup>7</sup> the Council's Tira Poutama: Iwi Partnerships team can advise about appropriate consultation with iwi entities

Priority	Paearu / Criteria
<b>First</b>	<ul style="list-style-type: none"> <li>An appropriate<sup>8</sup> te reo name<sup>9</sup> where the site is important to mana whenua.</li> </ul>
<b>Second</b>	<ul style="list-style-type: none"> <li>Where an appropriate name is already in common use.</li> <li>Telling stories about the history of the feature, by acknowledging people<sup>10,11</sup> (ensuring that women and other under-represented groups that have played an important part in Wellington's history are given appropriate prominence), events, organisations or places significant to a community or communities locally or nationally or internationally, relevant to the specific feature to be named<sup>12</sup>. Te reo names are encouraged where appropriate.</li> <li>Where a specific theme is associated with the location and is considered to still be appropriate for new names.<sup>13</sup></li> </ul>
<b>Third</b>	<ul style="list-style-type: none"> <li>Reflects the local landscape, topographical features (e.g. streams), or flora or fauna. In these cases the preference will be for appropriate te reo names to be used.</li> <li>Aligns with adjacent or associated street/suburb or locality/open space names, e.g. naming a new reserve the same as a nearby road.</li> </ul>

Over time, the Council expects that the proportion of te reo names will increase, while recognising that it will not be appropriate for every new name to be Māori. Where there are two or more potential names that are broadly balanced in terms of the criteria above, preference would generally be given to te reo names.

### **Ngā aratohu hai whakatau i ngā ingoa tika / Guidelines for determining appropriate names**

Names for roads, Council facilities, open spaces, suburbs and localities should be:

- **Rerekē / Unique** - not duplicated in Wellington city, and preferably not be duplicated in the wider Wellington region, for the same type of feature, nor sound similar or be similar in spelling to an existing name. This avoids confusion or ambiguity.
- **Poto / Short** - preferably fewer than 12 characters<sup>14</sup> provided that the name still retains its meaning.
- **Ngāwari / Simple** – ideally easy to spell and pronounce<sup>15</sup>, and should be spelled correctly<sup>16</sup>. Possessive forms will generally not be used<sup>17</sup>. Names should generally not

<sup>8</sup> This could include land, water, waahi tapu, flora and fauna, and other taonga, significant to mana whenua. Names related to important sites to mana whenua may be historic or contemporary

<sup>9</sup> See relevant information about dual names and the gifting of names to the Council by mana whenua

<sup>10</sup> The Council's [Commemorative Policy Guidelines](#) should be used if a feature may be named after an individual.

<sup>11</sup> Does not apply to suburb or locality naming

<sup>12</sup> Note that where commercial sponsorship arrangements are being considered – primarily for Council facilities or parts thereof - the relative importance may be higher depending on the sponsorship contribution

<sup>13</sup> See Appendix 2 for a list of the currently approved themes for Wellington suburbs

<sup>14</sup> Note that dual names (te reo and English) may be longer, but will not be used for roads. Names made up of two or more words should also generally be avoided for road names; people's names may be an exception to this

<sup>15</sup> Some people's names may be appropriate – even though spelling and pronunciation may not be straightforward.

<sup>16</sup> Where an incorrect name has become established the Council may retain the incorrect form, but may also consider renaming

contain an abbreviation<sup>18</sup>. Names should conform with the Australia New Zealand Rural and Urban Addressing Standard<sup>19</sup> and follow NZGB orthographic conventions<sup>20</sup>.

- **Whakaute / Respectful** – not likely to cause offence.

Naming after features which do not exist in the area should be avoided (for example, naming after native trees or plants that are not evident in the area, or views that cannot be identified).

In some cases dual names (te reo and English) may be appropriate, particularly for the renaming of open spaces or Council facilities, but will not be used for road names. The Council's Tira Poutama: Iwi Partnerships team will assess and provide advice about the appropriateness of proposed dual names. Dual names will generally have the te reo name first<sup>21</sup>.

---

<sup>17</sup> If used the apostrophe should normally be dropped

<sup>18</sup> Except that "St" can be used for "Saint" and 'Mt' can be used for "Mount"

<sup>19</sup> AS/NZS 4819:2011 <https://www.lin.govt.nz/regulatory/property-addressing/addressing-standards-and-guidelines>

<sup>20</sup> The conventions for te reo names are from Te Taura Whiri i te Reo Māori, which the NZGB follows

<sup>21</sup> The format includes a solidus and space either side between the two names

**1. Te ata whai whakaaro ki ngā ingoa, ki te whakaingoa hoki i ngā āhuatanga rerekē / Specific considerations for the naming and renaming of different features**

**Ingoa o ngā rori / Road Names<sup>22</sup>**

For the purposes of this policy, a “road” has the meaning in section 315 of the Local Government Act 1974, which includes access ways and service lanes and any square or public place generally intended for the use of the public. The policy also applies to places that need a name identified within an official address. This includes private right-of-ways, state highways, service lanes, pedestrian access-ways, wharves and courtyards<sup>23</sup>.

The processes for naming of roads should be undertaken whenever:

- a new subdivision is proposed that creates new roads or access-ways
- a road is created by a process such as a gazette notice
- a request is received to name a new or currently unnamed road
- multiple addresses are needed off an unnamed access-way.

Private right-of-ways: to ensure names are easily identifiable on maps, a private right-of way will usually only be named if at least six dwellings use that right of way, and after consultation with Land Information New Zealand.

Names should conform with the Australia New Zealand Rural and Urban Addressing Standard. Dual road names will not be used because of potential confusion for emergency services and other public services. The Council encourages the use of generic te reo prefixes and suffixes where appropriate e.g. “ara” for pathway.

Renaming existing public and private roads - changing a road name can be disruptive for residents and businesses, and may create confusion for emergency and other services. However there will be circumstances when changing a road name may be considered, including where:

- mana whenua propose that a name should be changed
- the existing name is duplicated elsewhere in Wellington city or within the Wellington region
- there has been a change in layout
- the Council is requested to do so by emergency services
- the name has been incorrectly spelled
- two or more roads follow each other and it is not clear where the road changes its name
- the road is commonly known by a different name
- there are issues of cultural sensitivity
- there is demonstrated community desire.

The Council will not necessarily rename an existing road even where one or more of these reasons apply, and will always engage with interested parties where a name change is being

<sup>22</sup> Sections 319(1) (j), 319A and 319B of the Local Government Act 1974 apply to the naming of roads. The Council may name or alter the name of any road under section 319 Local Government Act 1974.

<sup>23</sup> Note - does include motorways

proposed. The Council will consider changing a road name where a majority of residents or business owners support a proposed change, where there is significant public benefit in making the change (e.g. especially for emergency services), or where there is a compelling rationale to support the adoption of an appropriate te reo name.

### **Ngā ingoa o ngā wāhi whārahi / Open space names**

Wellington has a number and variety of open spaces<sup>24</sup> including parks and reserves<sup>25</sup>, sports fields, play areas and other clearly definable open spaces, including areas within the Wellington Town Belt and Outer Green Belt. For the purposes of this naming policy, the definition of open spaces includes all parks and reserves administered by the Council, including “pocket parks” located on road reserves.

The naming of features within Council open spaces, such as Council facilities, items of remembrance, and pathways and trails, will be subject to considerations relevant to those particular features (including the potential granting of naming rights or sponsorship arrangements – see below in section on Council facilities). Where a particular feature is on reserve land or Wellington Town Belt, naming should also be consistent with the Reserves and Town Belt Act respectively.

Renaming of open spaces/“gifted” names - the Council will not generally consider renaming open spaces, with the exception of introducing dual names following engagement with mana whenua. In these situations, gifted te reo names reflecting the history and/or characteristics of the feature/open space will be welcome, following appropriate engagement with interested parties such as local residents or the family of the person honoured by the existing name.

In some situations, the Council will need to seek approval from a national authority before confirming a change of name<sup>26</sup> (e.g. Parliament, for name changes to features that have their own Act of Parliament).

### **Ngā ingoa o ngā whare o te Kaunihera / Council facility names**

A Council facility is a facility/building provided for public amenities, including artistic, social or cultural facilities. Such facilities may include, but are not limited to, community halls, libraries, civic spaces and centres, as well as sport, recreation, arts and entertainment facilities. The Council Unit responsible for the facility will make recommendations for an appropriate name.

Naming rights and sponsorship - naming rights may be granted for a Council facility (or an open space, a programme, or parts of a Council facility/open space such as specific rooms within a building) as a result of sponsorship arrangements or in recognition/commemoration of an influential individual or organisation. In the case of influential individuals or non-commercial organisations, naming rights may be granted permanently or for a fixed period of time. In the case of commercial sponsorship, naming rights will only be granted for a fixed period of time<sup>27</sup>.

<sup>24</sup> Decisions surrounding the naming or renaming of open spaces must comply with the decision-making obligations set out in Part 6 of the Local Government Act 2002.

<sup>25</sup> For open spaces classified under the Reserves Act 1977, reserves must be named or renamed by resolution of the Council and in accordance with the Reserves Act 1977. Where a reserve is vested in Council, the Minister of Conservation or Council may specify or change the name of a reserve by notice in the *Gazette* (section 16(10) Reserves Act 1977).

<sup>26</sup> Note the standard for naming DOC's Crown protected areas: <https://www.linz.govt.nz/regulatory/60001>

<sup>27</sup> Consistency with the relevant management plan, legislation and policies need to be complied with.



Renaming Council facilities - there may be occasions where Council officers will determine that an existing name should be recommended for change. This could for instance be as a result of a change in naming rights or sponsorship arrangements, and/or to progress Te Tauihu – the Council’s te reo Māori Policy. Renaming needs to be given careful thought given the potential for disruption to residents and businesses, and possible confusion for emergency and other services.

The Council may also identify opportunities to name or rename a Council facility to better reflect *Te Tauihu*, the Council’s Te Reo Māori Policy. In some cases a dual name may be appropriate (following engagement with mana whenua, and/or where mana whenua have gifted a te reo name for a Council facility that reflects its particular characteristics/purpose/history). Consideration must be given to the impact of renaming and/or dual naming on existing and future naming rights including any sponsorship agreements in place.

In some situations, the Council will need to seek approval from a national authority before confirming a change of name (e.g. to Parliament where a particular feature has previously been named as a result of an Act of Parliament).

Interior Spaces – on occasion, names may be given to interior spaces within Council facilities; with the exception of major community spaces, naming decisions would normally be expected to be taken by Council officers within the relevant business units, and be consistent with this policy.

Council Controlled Organisations – some Council facilities are managed by Council Controlled Organisations as part of their roles in delivering the functions and services of their respective organisations. Many of these facilities are considered to be strategic assets of Council (in accordance with Council’s Significance and Engagement Policy), and the naming of these assets remains the responsibility of Council. Council will consider a request from any Council Controlled Organisation to rename and/or approve naming rights subject to any proposed name(s) following the principles and guidelines in this Policy and ensuring that any name will not bring the Council into disrepute. Council will have final approval of any naming request.

### **Ngā ingoa o ngā takiwā me ngā taiwhanga / Suburb and locality names**

Suburb and locality names (not subdivision names) will generally be proposed by Council officers, reviewed by the Council then considered and agreed by the NZGB if its naming criteria are met. The NZGB has a function to encourage the use of original Māori place names. Te Tauihu confirms that the Council is committed to increasing the use of te reo in its names. In time this may result in the Council considering whether some existing suburb or locality names should be renamed to the original te reo name, while recognising that there may be circumstances where an incorrect form, because of its well-established usage, should be retained. The Council will also consider whether existing suburb names should be given an “official geographic name” by the NZGB where this is not currently the case.

### **Ngā ingoa o ngā whare / Building names**

The Council does not have jurisdiction over building names (except where the buildings are Council facilities e.g. swimming pools, recreation centres, libraries etc, as discussed above). However, anyone involved in naming buildings is encouraged to use the principles and criteria in this policy document. This applies particularly to proposals to re-name existing buildings,

given the potential for disruption to residents and businesses, and possible confusion for emergency and other services.

### **Ngā ingoa ara hikoi / Track names**

The Council sometimes has a role in the naming of tracks, trails and pathways within its control, and when they are assigned a road name. In these situations, Council staff responsible for the relevant tracks, trails and pathways would generally need to confirm final approval of names. In some cases, such as where there is significant community involvement in building and maintaining tracks or trails, the naming of those features has been more informal and made by the community, even though the track or trail may be on reserve land. Anyone involved in naming other tracks, trails and pathways is encouraged to use the principles and criteria in this policy document, and to contact Council officers to discuss potential names.

The “Wellington Regional Trails for the Future Framework”<sup>28</sup> includes a specific recommendation regarding trail names and signage (Recommendation 6.4): “Develop consistent names for signature and regional trails and ensure the agreed names are used throughout all trail information sources.”

### **Ngā ingoa o ngā wawaetanga / Subdivision names**

The Council does not have jurisdiction over subdivision names. However anyone involved in naming subdivisions is encouraged to use the principles and criteria in this policy document, including when submitting relevant information for resource consents.

It is important to ensure that subdivision names do not replicate other subdivision or suburb names in the Wellington region. Developers should also consult mana whenua if considering te reo names. It is also important to note that subdivision names, used for marketing new sections, do not form part of official property addresses, and developers should advise purchasers accordingly. Also, caution must be taken in not raising expectations of residents that their subdivision name will necessarily become the official suburb or locality name.

## **2. Te aroturuki me te whakatinana / Monitoring and implementation**

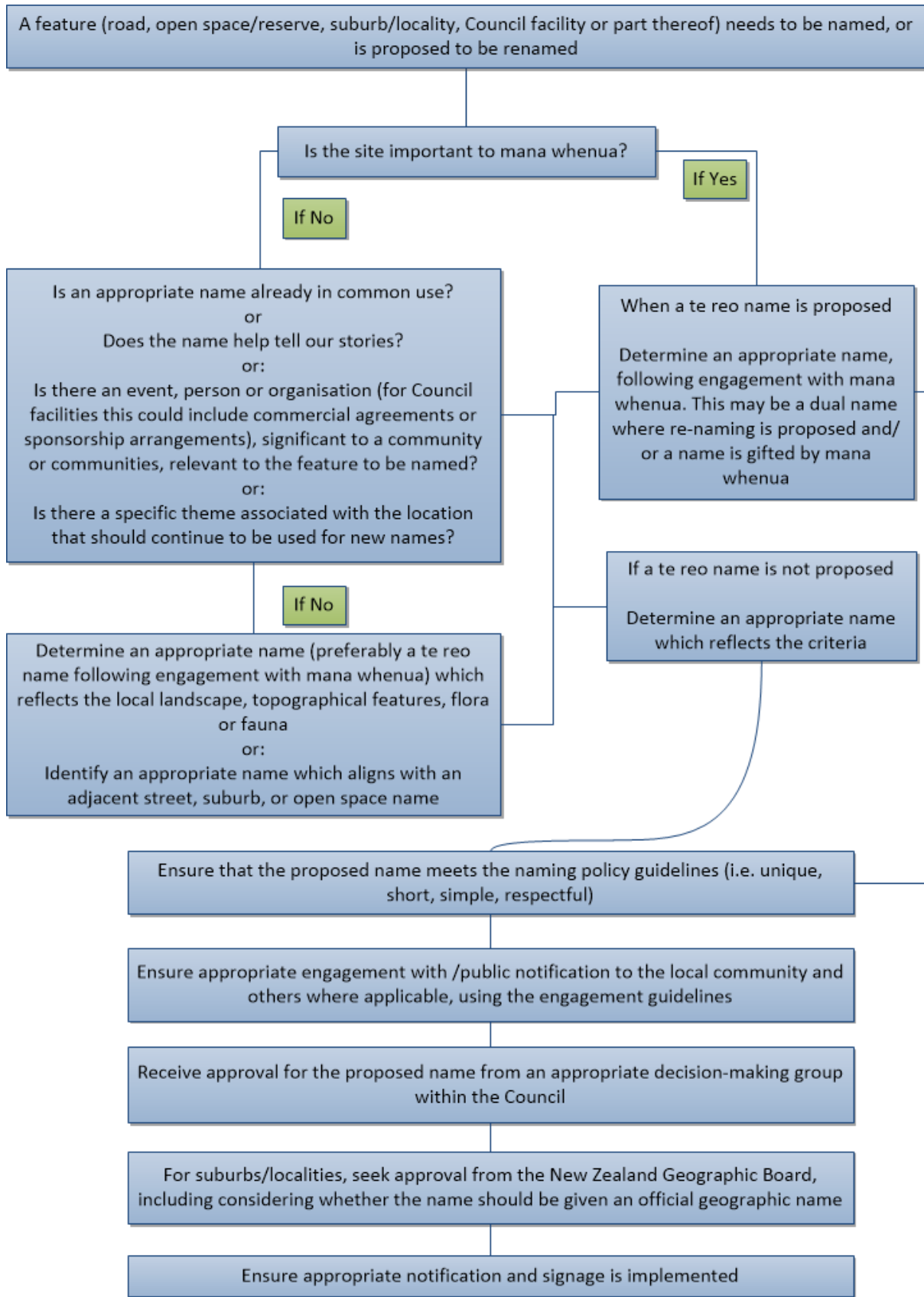
This naming policy replaces all previous naming policies. The policy will be reviewed every five years, or at the request of the Council in response to any issues that may arise, or in response to changed legislative and statutory requirements. The Council will consider developing a repository of appropriate names which may be used for features in specific localities (subject to working through the process and criteria in this Naming Policy). The Council will ensure that the provenance of new naming decisions and where possible existing names are recorded and available for future reference<sup>29</sup>. To the extent that is possible we will explain the provenance of names on signage.

<sup>28</sup> [Regional Trails for the Future](#)

<sup>29</sup> The list of resources at Appendix 4 provides a starting point



**3. Āpititanga / Appendix 1 – Ngā Hātepe Whakaingoa a te Kaunihera / Process Flowchart for Council naming**



---

**Āpitianga / Appendix 2 – Ingoa ā-ariā / Thematic names**

Suburbs currently considered to have a predominant naming theme include:

- Brooklyn - American political figures
- Churton Park – small English towns and settlements
- Crofton Downs – Churchill family
- Glenside – farms and local geographic features
- Grenada Village and Grenada North – Caribbean names
- Hataitai - Māori names (predominantly flora and fauna)
- Island Bay - European rivers
- Karori - people important to the history of the suburb
- Khandallah – Indian places
- Ngaio – people important to the history of the suburb
- Redwood (Tawa) - Oxford and Cambridge University Colleges
- Strathmore Park - associations with the Earl of Strathmore and Kinghorne's estate
- Wadestown - early settlers
- Wilton - English counties
- Woodridge - arboreal

This is not an exhaustive list. Other suburbs may have themes which have been used for names in the past but have not been used recently for new names.

---

**Āpitianga / Appendix 3 – Arataki whakaingoa tohu rori / Road prefix and suffix guide**

- Alley: A narrow street or passage, usually enclosed.
- Ara: te reo for pathway/route
- Avenue: Wide straight roadway or street planted either side with trees.
- Boulevard: Once a promenade on a site of demolished fortifications; now applied to any wide street or broad main road.
- Circle: A street surrounding a circular or oval shaped space.
- Close: A short no exit street.
- Common: A street with a reserve or public open space along one side.
- Court: An enclosed, uncovered area opening off a street.
- Crescent: A crescent shaped street generally with both ends intersecting the same street.
- Crest: A roadway running along the top or summit of a hill.
- Drive: A main connecting route in a suburb.
- End: A no exit street.
- Esplanade: Level piece of ground especially one used for public promenade.
- Gate: A very short street.
- Glade: A tree covered street or passage between streets.
- Glen: In narrow valley.
- Green: As for Common, but not necessarily bounded by a reserve.
- Grove: An alleyway cut out in a wood but not extensive.
- Heights: A roadway traversing high ground.
- Hill: Applies to a feature rather than a route.
- Lane: A narrow passage between hedges or buildings, an alley.
- Lookout: A roadway leading to or having a view of fine natural scenery.
- Maunga: te reo for Mount
- Mead: Mowed land.
- Mews: A road traditionally rural residential area converted to a residential area.
- Parade: A public promenade or roadway.
- Place: An open space in a town.

- 
- Quay: Along the waterfront.
  - Ridge: A roadway along the top of a hill.
  - Rise: A roadway going to a higher place of position.
  - Road: Route or way between places (generally in the rural area).
  - Square: A street surrounding a square or rectangular shaped space.
  - Street: An urban road.
  - Terrace: A street along the face or top of a slope.
  - Track: A narrow country street that may end in pedestrian access.
  - View: Street with a view of significance.
  - Way: Only to be used for private roads, right of ways etc, see above.

**Āpītitanga / Appendix 4 – Ngā mātāpuna i hua ai ngā kōrero mō ngā ingoa o Pōneke / Sources of information about names in Wellington**

- Wellington City District Plan – Issues for Tangata Whenua<sup>30</sup>
- Wellington City Libraries Heritage and Local History<sup>31</sup>
- The Thematic Heritage review<sup>32</sup>
- The Land of Tara, Elsdon Best<sup>33</sup>
- Te Whanganui-a-Tara - The Great Harbour of Tara – G. Leslie Adkin<sup>34</sup>
- Ngā Wāhi Taonga o te Whanganui-a-Tara, Māori Sites Inventory<sup>35</sup>
- Wai 145 Te Whanganui a Tara me ona Takiwa: Report on the Wellington District<sup>36</sup>
- The Streets of my City, Wellington New Zealand, by F. L. Irvine-Smith (1948)<sup>37</sup>
- Te Ara – The Encyclopedia of New Zealand, Wellington Places<sup>38</sup>
- Wellington, the first years of European Settlement 1840-1850 by Gavin McLean<sup>39</sup>
- Up in the Hills - a history of Johnsonville by RJ Meyer<sup>40</sup>
- Up on the Breezy Hills: the History of the suburb Newlands-Paparangi by Lawson Robertson<sup>41</sup>
- Karori Streets 1841-1941 - Chapman and Best<sup>42</sup>
- Karori Historical Society<sup>43</sup>
- Mount Victoria Historical Association<sup>44</sup>
- Onslow Historical Society<sup>45</sup>
- The Streets of Tawa, Tawa Historical Society<sup>46</sup>
- Tawa Flat and the Old Porirua Road 1840-1955, by Arthur H Carman<sup>47</sup>
- Glenside History<sup>48</sup>
- Naming of Grenada Village - The Drake Connection<sup>49</sup>

This is not an exhaustive list.

<sup>30</sup> <https://wellington.govt.nz/~media/services/community-and-culture/maori-community/files/v1chap02.pdf?la=en>

<sup>31</sup> <http://www.wcl.govt.nz/heritage/heritageindex.html>

<sup>32</sup> <https://wellington.govt.nz/~media/services/community-and-culture/heritage/files/thematic-heritage-study.pdf>

<sup>33</sup> <http://www.wcl.govt.nz/maori/wellington/landoftara.html>

<sup>34</sup> <https://natlib.govt.nz/records/22795210?search%5Bi%5D%5Busage%5D=Unknown&search%5Bpath%5D=items&search%5Btext%5D=Te+Whanganui+a+Tara>

<sup>35</sup> <https://catalogue.wcl.govt.nz/?section=resource&resourceid=5015096&currentIndex=3&view=fullDetailsDetailsTab>

<sup>36</sup> <https://www.waitangitribunal.govt.nz/publications-and-resources/waitangi-tribunal-reports/>

<sup>37</sup> <http://www.wcl.govt.nz/heritage/streetschap1.html>

<sup>38</sup> <https://teara.govt.nz/en/wellington-places>

<sup>39</sup> [https://books.google.co.nz/books/about/Wellington.html?id=1iHoAAAACAAJ&redir\\_esc=y](https://books.google.co.nz/books/about/Wellington.html?id=1iHoAAAACAAJ&redir_esc=y)

<sup>40</sup> <https://catalogue.wcl.govt.nz/?section=resource&resourceid=9257357&currentIndex=0&view=fullDetailsDetailsTab>

<sup>41</sup> <https://catalogue.wcl.govt.nz/?section=resource&resourceid=7619660&currentIndex=0&view=fullDetailsDetailsTab>

<sup>42</sup> <http://www.karorihistory.org.nz/streets.htm>

<sup>43</sup> <http://www.glenside.org.nz/overview-heritage-99.html>

<sup>44</sup> <http://mtvictoria.history.org.nz/places/>

<sup>45</sup> <http://onslowhistoricalsociety.appspot.com/>

<sup>46</sup> <http://www.tawahistory.org.nz/projects/streets.html>

<sup>47</sup> <https://trove.nla.gov.au/work/17404385?q&versionId=20406842>

<sup>48</sup> <http://www.glenside.org.nz/overview-heritage-99.html>

<sup>49</sup> <http://grenadavillage.org.nz/naming.php>



---

## **REPORT OF THE CITY STRATEGY COMMITTEE MEETING OF 15 AUGUST 2019**

---

**Members:** Mayor Lester, Councillor Calvert, Councillor Calvi-Freeman, Councillor Dawson, Councillor Day, Councillor Fitzsimons, Councillor Foster, Councillor Free, Councillor Gilbert, Councillor Lee, Councillor Marsh, Councillor Pannett (Chair), Councillor Sparrow, Councillor Woolf, Councillor Young.

### **The Committee recommends:**

#### **ALCOHOL FEES BYLAW**

##### **Recommendation/s**

That the Council:

1. Adopt the Alcohol Fees Bylaw as in Attachment 1.


#### **RESERVES NAMING – TE PAPA TĀKARO O JIM BELICH / JIM BELICH PLAYGROUND - ADELAIDE ROAD, BERHAMPORE**

##### **Recommendation/s**

That the Council:

1. Name the recently opened playground (as shown in Attachment 2) held within Part Lot 1 DP 101881 (being Wellington Town Belt) 'Te Papa Tākaro o Jim Belich / Jim Belich Playground'.

### **Attachments**

Attachment 1.	Alcohol Fees Bylaw <a href="#">↓</a> 	Page 138
Attachment 2.	Location of Te Papa Tākaro Jim Belich / Jim Belich Playground <a href="#">↓</a> 	Page 140

---

## Attachment 3 Alcohol Fees Bylaw

### Introduction

This bylaw is made under section 405 of the Sale and Supply of Alcohol Act 2012 and the Sale and Supply of Alcohol (Fee-setting Bylaws) Order 2013. This bylaw comes into force on 1 October 2019.

### Contents

1. Purpose
2. Interpretation
3. Fees

#### 1. Purpose

The purpose of this bylaw is to set the fees for any matter for which a fee payable to territorial authorities are prescribed in the Sale and Supply of Alcohol (Fees) Regulations 2013.

#### 2. Interpretation

1. 2.1 Unless the context otherwise requires, words and phrases in the Sale and Supply of Alcohol Act 2012 and the Sale and Supply of Alcohol (Fees) Regulations 2013 have the same meaning in this bylaw.
2. 2.2 Any explanatory notes and attachments are for information purposes, do not form part of this bylaw, and may be made, amended and revoked without formality.
3. 2.3 The Interpretations Act 1999 applies to this bylaw.

#### 3. Fees

4. Table 1 sets out the fees payable to Council for the functions undertaken by the Council under the Sale and Supply of Alcohol Act 2012.

#### 5. Table 1: Fees payable

Type of fee	Risk category	Fees to apply from 1 October 2019
Application fee	Very low	\$486.00
	Low	\$805.00
	Medium	\$1,078.00
	High	\$1,351.00
	Very high	\$1,594.00

Annual Fee	Risk category	
	Very low	\$213.00
	Low	\$516.00
	Medium	\$835.00
	High	\$1,366.00
	Very high	\$1,898.00

---

<b>Special licence fee</b>	<b>Special licence Class</b>	
	Class 1	\$759.00
	Class 2	\$273.00
	Class 3	\$83.00
<b>Other</b>	<b>Temporary authority</b>	\$392.00
	<b>Temporary licence</b>	\$392.00



---

## **REPORT OF THE CITY STRATEGY COMMITTEE MEETING OF 22 AUGUST 2019**

---

This report was not available at time of print and will be made available under separate cover and online at <https://wellington.govt.nz/your-council/meetings/committees/council/2019/08/28>

The agenda and reports for the City Strategy Committee Meeting of 22 August 2019 are available online at <https://wellington.govt.nz/your-council/meetings/committees/city-strategy-committee/2019/08/22>



## 4. Public Excluded

### Recommendation

That the Council:

1. Pursuant to the provisions of the Local Government Official Information and Meetings Act 1987, exclude the public from the following part of the proceedings of this meeting namely:

General subject of the matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
4.1 Public Excluded Report of the City Strategy Committee Meeting of 15 August 2019	7(2)(h) The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.	s48(1)(a) That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7.