

Complaints re waste water contract and potential breach of Overseas Investment Act (letter from Cr Macpherson to Hon Nanaia Mahuta - 3 August 2020)		
No	Complaint	Response
1	I wish to complain about the outcomes and process used by Rotorua Lakes Council (RLC) to amend its 2018-2028 Long Term Plan by agreeing by a margin of 7-4 on 29 July 2020 to enter into a 10-year public-private-partnership (PPP) contract with Trility NZ Ltd for the management of Rotorua’s wastewater services.	<p>The Trility contract is not a Public Private Partnership (PPP) - it is a performance-specified, fixed cost contract which has been reviewed by Deloitte to assess any financial risk.</p> <p>“RLC will retain all strategic decision-making, asset ownership responsibilities and service level setting and control for the duration of the contract. The day-to-day service delivery operations will become the responsibility of the contractor”.</p> <p>See attachment 11: Statement of Proposal (refer to “Benefits of This Proposal” on p8)</p>
2	I also suspect that the RLC may have breached the terms of the Overseas Investment Act (July 2020), which introduced national security considerations into overseas investment in New Zealand.	A two-year procurement process was undertaken with advice from experts (procurement specialists Morrison Low; legal advice from Lane Neave; financial risk assessment Deloitte; technical support Motts McDonalds)
PP contract to outsource wastewater system management		
3	The RLC’s plan to outsource the management of Rotorua’s wastewater system to a consortium of Trility, Fulton Hogan and Stantec (Trility NZ Ltd) was met with 92 per cent opposition¹ by presenters at the public Hearings on 25 June. It was confirmed² on 23 July that 81 per cent of written submissions opposed the plan.	RLC is not outsourcing the management of Rotorua’s wastewater system. We are outsourcing service delivery aspects of wastewater services.

¹ https://www.nzherald.co.nz/local-democracy/news/article.cfm?c_id=1504814&objectid=12343076

² https://www.nzherald.co.nz/water/news/article.cfm?c_id=362&objectid=12350527

		<p>27 submissions received as a result of the special consultative procedure undertaken in May 2020 with 23 opposed, four in support of the proposal and one which did not disclose their position.</p> <p>Note, Council also consulted on this matter during consultation on its 2019/20 annual plan. (See attachment 9: RLC 2019 Annual Plan)</p> <p>It was reported at the SP&F meeting (13 June 2019) in regard to the 2019/20 annual plan consultation, that a total of 11 submissions had been received with 6 opposed, 4 in support and 2 neutral.</p> <p>See attachment 10: Analysis of submission points</p>
4	<p>There were many reasons given for the opposition. One was doubts about the provenance and intentions of a ‘flag of convenience’ or possibly ‘false flag’ registration.</p> <p>Despite recent assurances from the Mayor and Council officials that due diligence regarding potential partners had been underway for many years, Trility NZ Ltd was not actually registered as a New Zealand limited company³ until 24 February 2020.</p>	<p>The need to review Council’s approach to delivery of wastewater services was identified during preparation of the current 30-year infrastructure plan (2017/18). It was proposed that alternative options be investigated and work progressed to a two-year competitive procurement process which ultimately identified a preferred service provider. Work with the provider, including work on the contract, was then undertaken, advised by legal and procurement experts.</p>

³ The New Zealand Companies Register lists Trility NZLtd (7887577) (NZBN: 9429047943117) with an address of Pricewaterhousecoopers, Level 26 Pwc Tower, 15 Customs Street West, Auckland, 1010.

		<p>See attachment 11: Statement of Proposal (refer to 'Until Now: The Story So Far' on p4) which was consulted on in May 2020</p> <p>All 6 shortlisted consortia included an international partner. RLC wanted to partner with a NZ company – Trility NZ Ltd was established following procurement process which resulted in this consortium becoming the preferred provider. The parent company provides guarantee. The consortium includes Trility Group Australia, owned by publicly listed Hong-Kong based Beijing Water Group. RLC is dealing with the Australian group.</p>
5	Another reason was the discovery that Trility was Chinese owned, which intensified when this ownership was initially denied by Mayor Steve Chadwick and Deputy Mayor Dave Donaldson.	See No.4
6	Trility was acquired in 2018 by the Hong Kong-based investment holding company, Beijing Enterprises Water Group. Concerns deepened when Cr Donaldson responded to concerns about Chinese ownership at the Strategy, Policy and Finance (SP&F) Committee on 23 July 2020 by alleging and attacking xenophobia.	See No.4
7	Residents and ratepayers are aware that Mayor Steve Chadwick has had a long association with Chinese authorities. For example, in 2016 she accepted an invitation by the Chinese Tourism Association to give a keynote address to the International Mayors' Forum on Tourism held in Zhengzhou, 24-27 May. ⁴	The IMFT 2016 was jointly hosted by China National Tourism Administration, The World Tourism Organisation (UNWTO) and Henan Province. (RDC - 1030303 p2) See attachment 5

⁴ Steve Chadwick (7 July 2016) International Mayors Forum on Tourism, Zhengzhou, China, 24-27 May 2016, report to the Monitoring and Operations Committee, Rotorua Lakes Council.

		<p>156 member countries present. (RDC – 635665 p1) See attachment 6</p> <p>It is noted also that like many other cities worldwide, Rotorua has sister city relationships in China.</p> <p>“Sister City relationships foster the growth of a mutual understanding and long-term friendship between countries and regions, as well as the communities within them.</p> <p>This bond allows for a continuous exchange of ideas and culture, and even facilitates development within the areas of trade and tourism.”</p> <p>“The establishment of sister city friendships stimulates interaction between people of different cultures and countries on a people-to-people basis.”</p> <p>https://sistercities.org.nz</p> <p>Delegation visits have always been a key component of sister city relationships.</p>
8	<p>A Memorandum of Understanding was subsequently signed by the RLC’s Chief Executive (CE) Geoff Williams and Rotorua’s Mayor with the Deputy General Manager of China Travel Service Head Office Henan Co. Ltd. which is controlled by the China Travel Service (HK) Group Cooperation.</p>	<p>RLC’s CE did not sign the MoU as he was not in China, and has never travelled to China.</p>

		<p>See below information on the signing of the MoU taken from Mayor Chadwick’s report to O&M, 7 July 2016 following the conference.</p> <p>(RDC – 635665 p1) See also page 7 for a copy of the MoU</p> <p>Mayor Chadwick “had meetings with the Director of the Airport Economic Zone, the General Manager of the Chinese Tourism Group, Henan Province. We agreed to a Memorandum of Understanding which was signed on the Friday at the end of the Forum. The signing of the MOU was agreed with the CE Rotorua Lakes Council and the MP for Rotorua Todd McClay. This followed a meeting to Zhengzhou by Hon Pita Sharples.” (RDC – 635665 p1) See also page 7 for a copy of the MoU</p> <p>See attachments: 6 and 7</p>
9	<p>The MOU was intended to provide a partnership for further cooperation to promote a “Henan-New Zealand Tourism and Cultural Exchange Programme.”</p>	<p>This information is correct</p> <p>RDC – 635665 See attachment 7</p>
10	<p>While this and many other trips to China by Rotorua’s Mayor, CE and Cultural Ambassador Cr Trevor Maxwell may have been innocent tourism marketing ventures, Rotorua’s residents and ratepayers have become increasingly concerned that a Beijing-owned company could be given control of their wastewater system, a company that could have a majority of its directors appointed by the Chinese</p>	<p>RLC CE Geoff Williams has never travelled to China.</p> <p>It is unclear if when talking about the concern of residents and ratepayers Cr Macpherson is talking about the wider community or members of the ‘Rotorua Residents & Ratepayers group.</p>

	<p>Communist Party (CCP) and is likely to be part of China’s penetration of New Zealand’s local government.</p>	<p>If the Cr is talking about wider community concern, his claim would appear to be disapproved by the number of submitters (See no. 3)</p> <p>RLC retains ownership and control of Rotorua’s wastewater system. Council is paying the Trility consortium for a service.</p> <p>Concern about RLC relinquishing control is opinion/speculation</p>
11	<p>Rotorua’s Mayor Steve Chadwick was very briefly named in a 2017 paper⁵ by Professor Anne-Marie Brady in a context of the CCP interfering in our democracy.</p>	<p>The only reference to Mayor Chadwick found in the document was a photo of her cutting a ribbon, along with the Prime Minister of the day (John Key) and others at new facilities at Alpha group in 2015 (p.33).</p> <p>See attachment 2</p>
12	<p>In 2020, in a more comprehensive submission to Parliament’s Justice Select Committee, Brady⁶ pointed out (p. 3) that local governments have become an important focus for CCP foreign political interference activities because</p> <ul style="list-style-type: none"> a. they are able to make independent planning decisions on infrastructure and investments which could undermine the policy of the central government, b. there is often overlap between local and central government politicians and political parties, as well as economic and political elites, c. local governments can be used by CCP interference activities to suppress individuals or organisations regarded as a threat by the CCP government, and 	<p>In regard to the bulleted information, while some of the information is a direct copy, some of the bullets have been changed and Cr Macpherson has added the statement ‘implying that they are vulnerable to penetration’ himself.</p> <p>See attachment 3 for evidence of the changes.</p>

⁵ https://www.wilsoncenter.org/sites/default/files/media/documents/article/magic_weapons.pdf

⁶ https://www.parliament.nz/resource/en-NZ/52SCJU_EVI_93630_JU69172/ec59cb5bfac8217b4d55c2200ba6e5875ce9943

<p>d. pressure central government to pursue policies that suit PRC interests and control water rights and land use, and</p> <p>e. local governments do not have foreign policy expertise or advisors, or access to regular national security briefings, implying that they are vulnerable to penetration.</p> <p>Brady noted (p. 8) that in New Zealand’s 2016, and 2019, local government elections had a number of instances of candidates with clear CCP united front connections, and mayoral candidates who received funding from figures involved in united front work organisations. Currently the Serious Fraud Office is investigating both Auckland Mayor Phil Goff, and Christchurch Mayor Dalziel’s election expenses and income</p> <p>More broadly, she explained, (p. 10):</p> <p>The CCP has a comprehensive strategy to target foreign economic and political elites, in order to get them to promote China’s foreign policy agenda within their own political system, to encourage them to relay information on foreign government intentions, strategies and the attitude of key actors towards China, as well as to provide access to cutting-edge technology ...</p> <p>The Chinese People’s Association for Friendship with Foreign Countries (CPAFFC, Youxie, 友协) —a united front organization—is in charge of China’s sister city relations. Since 2015, CPAFFC has run an annual China-New Zealand mayoral forum. The theme for the 2020 China-New Zealand Forum will include the topics of climate change and Belt and Road Initiative (BRI), Xi Jinping’s signature project. BRI is a China-centred political and economic bloc, one that will reshape the global order.</p>	<p>The information taken from pages 8 and 10 of the report is copied correctly.</p> <p>Note: 2020 China-New Zealand Forum has been postponed indefinitely due to Covid-19</p>
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13	<p><i>An interim conclusion is that RLC’s decision to offer a PPP to Trility NZ Ltd could be in part a consequence of CCP foreign political interference in New Zealand’s local government and potentially in breach of the Overseas Investment Act (July 2020) which warrants investigation.</i></p>	<p>Opinion/speculation</p> <p>The Trility contract is not a Public Private Partnership (PPP) - it is a performance-specified, fixed cost contract which has been reviewed by Deloitte to assess any financial risk.</p>
Manipulation of democratic decision-making		
14	<p>The second theme to public concerns about outsourcing to Trility is the Mayor’s undemocratic manipulation of decision-making processes.</p> <p>It was claimed by the Mayor at the 23 July meeting of SP&F Committee and at full Council on 26 July that iwi were fully supportive of the proposal to outsource wastewater management to Trility NZ Ltd. A highly respected kaumatua, who participated as a member of the Te Arawa Partnership, has recently confirmed to me that two issues caused Te Arawa to pull out of helping select potential private sector partners well over a year ago.</p> <p>The first was the difficulty of estimating the costs, and likely PPP budget blowouts, due to ageing infrastructure. The second was the culturally unacceptable proposal to pump treated wastewater back into Lake Rotorua.⁷</p> <p>The Te Arawa Lakes Trust has since taken an identical stance, confirming that the Mayor’s claims that iwi are supportive were probably deceptive.</p>	<p>In regard to the SP&F meeting 23 July, the Mayor’s reference to iwi is as follows:</p> <p>“seeing the staff here this morning beside you – your team Stavros – and also seeing the partners that you brought to day of Te Arawa was very moving to us because we have said in our writing of contracts we want to see local, we want to see future opportunities for our people, we want to see them seeing that if you come to Rotorua you can live here, you can have a great career, and that is what you are offering us with this contract that we are considering today.”</p> <p>See attachment 14 for full transcript of Mayor’s statement in support of the proposal.</p> <p>In regard to the Council meeting 29 July (not 26th as noted by the councillor), the Mayor’s reference to iwi was as follows:</p> <p>“also iwi [are] really expecting us to treat our environment with greater respect and their role in environment issues...We could put our WWTP</p>

⁷ This proposal is also opposed by a vast majority of those given formal standing in case ENV-2020-AKL-000052 before the Environment Court.

		<p>upgrade and the solution that we will ultimately find with iwi, forward for that funding support... We heard very clearly from Stavros today that this is a way for us to collaborate with iwi....And some of the answers today I hope have helped the public understand that their concerns that they expressed are something that are included in the contract that we are going to have to have with this consortia and with iwi.</p> <p>See attachment 15 for full transcript of Mayor's closing statements prior to councillors voting on the proposal.</p> <p>Trility has committed to a unique collaboration with iwi, through MOU with Te Arawa Collective that includes training opportunities and community and environmental and cultural education programmes See attachment 11: Statement of Proposal ("One 10 Year Contract: proposal 1" on p7)</p> <p>The issue relating to discharge of treated wastewater, which is currently with the Environment court, is separate to the contract relating to operation, maintenance and renewal of Rotorua's wastewater network infrastructure.</p> <p>The Trility contract is not a Public Private Partnership (PPP) - it is a performance-specified, fixed cost contract which has been reviewed by Deloitte to assess any financial risk.</p>
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15	Respectful consideration of antagonistic public feedback was significantly hampered at the Hearings on 25 June by the Mayor and Cr Merepeka Raukawa-Tait accusing me of predetermination ⁸ and disrupting my presentation when I followed the precedent set by Cr Cliff Lee and presented at the Hearings as a citizen and then re-joined council as a councillor.	In regard to accusations of predetermination see No. 16 below. Evidence has been found that Cr Cliff Lee did on more than one occasion present at hearings and then re-join council as a councillor. See attachment 4 for example: 2001 Draft Annual Plan submission hearings.
16	The CE claimed ⁹ that the “worst-case scenario” of predetermination would be an affected party challenging a council decision through judicial review. However, the question of predetermination would only have been relevant if my vote was required to achieve a majority and a member of the minority challenged the decision. The CE should have known this, as should have the Council’s legal advisors.	Legal advice was sought from Tompkins/Wake on this matter (see attachment 12: Tompkins Wake “Advice Regarding Elected members WasteWater Network Management Contract RLP17158, 22 June 2020. This advice was shared by Tompkins/Wake at an SP&F meeting, 30 June 2020 (see attachment 13)
17	Deceptive justifications were also used to gain the support of some elected members. A previous mayor (2004 - 2013) submitted against the proposal at the Hearing on 25 June due its bias in favour of one predetermined option. ¹⁰ He also said there were "far too many risks and far too many unanswered questions" with the proposal ... "This [system management] can be done in-house. This is your core business."	Previous Mayor was Kevin Winters (current BOPRC Cr) Bolded statement is opinion of submitter.

⁸ https://www.nzherald.co.nz/rotorua-daily-post/news/article.cfm?c_id=1503438&objectid=12343069

⁹ https://www.nzherald.co.nz/rotorua-daily-post/news/article.cfm?c_id=1503438&objectid=12347632

¹⁰ https://www.nzherald.co.nz/local-democracy/news/article.cfm?c_id=1504814&objectid=12343076

18	<p>Consideration of the Government’s proposed Three Waters Reform Programme by the RLC was also impeded by mayoral action and inaction.</p> <p>An invitation dated 6 July, from the joint central and local government Three Waters Steering Committee to elected members, appropriate senior officers and iwi partners to attend briefing workshops, was not extended to Rotorua’s district councillors.</p> <p>Instead, on 14 July, Bay of Plenty regional councillors shared the invitation and indicated that the nearest workshop would be available in Tauranga on 23 July. This opportunity then appeared to be pre-empted by a RLC Governance workshop being called on the same morning, with the SP&F Committee being called that afternoon. The Deputy Mayor indicated that elected members could attend another Three Waters workshop except that it was after the RLC Governance workshop and SP&F meeting.</p>	<p>The information below disproves the Cr’s accusation that mayoral action and inaction impeded consideration of the Government’s proposed Three Waters Reform Programme.</p> <p><u>Background</u> A Steering Committee statement announcing the 3 waters workshops was sent by Clare Wooding (LGNZ) via email on 3 July to Mayors, Chairs and CE’s stating that “[LGNZ] will be in touch soon with more detail and formal invitations will be sent to you, elected members, senior council officers and your iwi/Māori partners.”</p> <p>Cannot find evidence of an invitation dated 6 July being received by either the Mayor or CE via email.</p> <p>BOPRC Cr Lyall Thurston sent an email (14 July) to RLC Crs advising of the Tauranga meeting only on 14 July in Tauranga. (The wording of the email may indicate that a further invitation had not been sent from LGNZ)</p> <p>An email response to Cr Thurston from Deputy Mayor Dave Donaldson on the same day, copying in all Crs, advised that the Tauranga workshop clashed with Council’s SP&F meeting.</p> <p>In regard to the Cr’s accusation of ‘pre-emption’ the ‘schedule of report deadlines’ shows that a Council meeting had been scheduled for the 23</p>
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		<p>August since the beginning of the year. This was changed to an RLC Wastewater Services Workshop SP&F meeting on 14 July.</p> <p>Note: during the 23 July workshop and SP&F Committee meeting, elected members were informed that discussion regarding the 3 waters reforms will be had at a later date and that this did not prevent Council from making a decision regarding Trility. They were informed that: the reforms were considered as part of developing options for delivery of wastewater services; the contract makes allowance for any potential change in control and ownership of wastewater services; the proposal was not misaligned to the reforms; the contract will not prevent Council from taking part in discussions with Central Government and making future decisions; Council intends to be involved in these discussions.</p> <p>Councillors were advised of this again during the subsequent Full Council meeting at which the contract with the Trility consortium was approved.</p> <p>See attachment 8: Documentation relating to Three Waters Reform programme workshops and clash with RLC Wastewater Services Workshop and SP&F meeting</p>
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19	<p>An attempt to inform elected members’ decision making about the Government’s Three Waters Reform Programme was deliberately thwarted by the chairs of SP&F and Council, Cr Merepeka Raukawa-Tait and the Mayor. Cr Raj Kumar and I attended the LGNZ/ SOLGM/ DIA workshop in Auckland on Monday 20 July. However, the SP&F Chair, with the explicit support of the Mayor, ruled out consideration of the Three Waters Reform Programme at the 23 July meeting as “irrelevant”.</p> <p>In my view, this deliberate suppression of information prevented us from making crucial information available to fellow councillors and significantly impaired their decision making.</p>	<p>Opinion/speculation</p> <p>See also notes in No:14</p>
20	<p>There is at least one key and unresolved point of contention between the Trility and the Three Waters Reform models. The outsourcing proposal assumes that the heavily indebted RLC will retain full ownership of its water assets and related debt for the 10-year contract, thereby keeping all borrowings on its balance sheet and using rates rises to fund Trility’s profits. In sharp contrast, the Three Waters proposal is that councils share asset ownership and related debt by moving them on to the balance sheet of new supra-regional water entities, in return for massive infrastructure upgrades, not-for-profit management and expert contracting, all prospects congenial to ratepayers.</p>	<p>Comments re asset and debt transference are assumptions/speculation</p> <p>In regard to the government’s Three Waters Proposal there is no detail yet, no decisions have been made. TLAs have been encouraged to discuss and explore options as part of the proposed reforms</p> <p>“The formation of a joint Three waters Steering Committee ...[will] provide oversight and guidance to support progress towards reform, and to assist in engaging with local government, iwi and other water sector stakeholders on options and proposals.”</p> <p>See attachment 8 p. 2 for email from 3 Waters Steering Group</p>

21	<p>A deceptive claim made by a senior official was that outsourcing would avoid Wellington-style sewage disasters¹¹</p> <p>and another was that it was "unaffordable" and "impossible" to find \$200m to "capture the lost ground" on sewerage infrastructure.¹² The Trility outsourcing contract will not mobilize capital investment.</p>	<p>There is no deception and no claims.</p> <p>The official provided evidence-based examples of actual incidents that have occurred.</p> <p>The official has intimate knowledge of Wellington system and issues and has 35 years' industry experience.</p>
22	<p>After the Council meeting on 29 July, another previous mayor (1992 to 2004)¹³ said that residents and business people would have "even more reason to be concerned" because it was hard to get accurate figures because "information has been withheld" and the project had been handled in a "non-transparent way." He was referring to Council's refusal on July 28 to answer ten questions submitted by the Rotorua Daily Post. In his view, the 7-4 majority was "definitely not a good way for [the] council to make such an important decision and speaks volumes of the poor process that has been adopted by [the] council leadership."</p>	<p>The previous Mayor quoted is Grahame Hall.</p> <p>Information was not 'withheld'. Response from CE Geoff Williams to questions seeking contract details and provisions, information about Trility's profit expectations and commentary was: "This matter will be discussed, and a decision will be made, by the full Council at their meeting tomorrow (Wednesday 29 July). It would be inappropriate to comment further on this prior to then."</p> <p>Regarding process undertaken – see timeline below (as outlined in Stavros Michael presentations during 23 July workshop and subsequent SP&F and Full Council meetings:</p> <ul style="list-style-type: none"> • Staff started working on this in August 2017

¹¹ https://www.nzherald.co.nz/rotorua-daily-post/news/article.cfm?c_id=1503438&objectid=12333467

¹² https://www.nzherald.co.nz/water/news/article.cfm?c_id=362&objectid=12352072

¹³ https://www.nzherald.co.nz/local-government/news/article.cfm?c_id=250&objectid=12352424&fbclid=IwAR13ImiO_QW1kNhh9mvavFhY8YUU-tdrQaCnG-GPFuA1ByofU6ZtxWs7T8

		<ul style="list-style-type: none"> • October 2017 LTP workshop for elected members, outlined proposed approach to procurement process • November 2018 staff reported to Council following procurement • April 2019 consulted on proposed new way to deliver wastewater services as part of 2019/20 Annual Plan consultation (see attachment 9 p14). • Nov 2019 following elections, proposal was discussed as part of elected member induction tours which included a tour of the city's wastewater treatment plant • Nov 2019 workshop re Annual Plan • March 2020 workshop re Statement of Proposal before consultation which sought feedback re proposal to maintain asset ownership and decision-making and enter into a network maintenance contract • Between these dates there were regular updates through Operations & Monitoring Committee meetings <p>This was a democratic decision, passed by a majority vote.</p>
23	<p><i>An interim conclusion at this point is that RLC's decision to offer a PPP to Trility NZ Ltd could be in part a consequence of it's decision making process being manipulated by the chairs of the SP&F and Council meetings to suppress consideration of alternative</i></p>	<p>Opinion/speculation</p> <p>The Trility contract is not a Public Private Partnership (PPP) - it is a performance-specified,</p>

	<i>models and the Government's Three Waters Reform Programme and warrants being conducted de novo.</i>	fixed cost contract which has been reviewed by Deloitte to assess any financial risk.
	The PPP contract is not in the public interest	
24	Since the 2019 local body elections, RLC's elected members have been repeatedly presented with a predetermined solution to a problem. The predetermined solution to the failure of the mix of internal management and local contracts to manage the wastewater treatment system was to outsource the management of Rotorua's wastewater system to the Trility consortium.	<p>Recommendations regarding this proposal have been put to elected members since 2019.</p> <p>It is the role of officials to give effect to the direction set by Council, to explore options and make recommendations.</p> <p>This process began in 2017/18. See timeline below:</p> <ul style="list-style-type: none"> • Staff started working on this in August 2017 • October 2017 LTP workshop for elected members, outlined proposed approach to procurement process • November 2018 staff reported to Council following procurement • April 2019 consulted on proposed new way to deliver wastewater services as part of 2019/20 Annual Plan consultation (see HERE – go to p14 headed Delivery of Wastewater Services). • Nov 2019 following elections, proposal was discussed as part of elected member induction tours which included a tour of the city's wastewater treatment plant • Nov 2019 workshop re Annual Plan

		<ul style="list-style-type: none"> • March 2020 workshop re Statement of Proposal before consultation which sought feedback re proposal to maintain asset ownership and decision-making and enter into a network maintenance contract • Between these dates there were regular updates through Operations & Monitoring Committee meetings
25	<p>Unmentioned in these presentations was that Trility NZ Ltd had already be given a \$1 million annual contract to embed three managers in Rotorua’s wastewater treatment plant, presumably to improve its performance. Elected members of Council have not been given a systematic evaluation of that contract, and its outcomes, before being asked to consider a PPP.</p> <p>In effect, the PPP will increase Trility’s \$1 million annual contract to \$15.6 million a year for the next 10 years.</p>	<p>Regarding claim of \$1m annual contract: This is incorrect</p> <p>During the past year there have been three pieces of work that needed to be done which required external expertise – commissioning/testing of the new Rotoiti/Rotoma wastewater treatment plant; design of components of the city wastewater treatment plant to replace old components at the end of their life; and network assessments to prepare the renewal programme for the coming years. These works, irrespective of the proposal relating to delivery of wastewater services, required external expertise which was provided by Trility and Fulton Hogan at a total cost of \$460,000.</p> <p>The Trility contract is not a Public Private Partnership (PPP) - it is a performance-specified, fixed cost contract which has been reviewed by Deloitte to assess any financial risk.</p>

26	<p>More, the contract is CPI-indexed and flexible enough to meet the costs of achieving agreed performance standards and any revisions. Some of the implications can be projected. For example, between March 2019 and March 2020, New Zealand CPI inflation rate went up by 2.5 percent.¹⁴ If that inflation rate is applied to the Trility baseline annual price of \$15.6 million, it will compound to about \$20 million per annum in the next 10 years, before demands for additional payments are considered.</p>	<p>Every contract has provision for CPI adjustments to minimise financial risk to Council.</p> <p>These figures are the calculations of the councillor.</p>
27	<p>Ratepayers are also concerned about the contract being a PPP because they will have to fund Trility's profits from their targeted rates.</p> <p>The scale of likely profits was indicated by one of the expert submitters to the 25 June Hearings. He calculated that Trility's standard profit margin over the last five years has varied between 16.5 and 19.9 per cent of revenue.¹⁵ If so, then given the baseline annual price of \$15.6 million, between \$2.5 to \$3.1 million will have to be taken from targeted rates and leave Rotorua's economy.</p>	<p>See previous notes in no.3 and n.10 for notes on ratepayer concern.</p> <p>The Trility contract is not a Public Private Partnership (PPP) - it is a performance-specified, fixed cost contract which has been reviewed by Deloitte to assess any financial risk.</p> <p>87% of wastewater services are currently outsourced to a variety of contractors, all of whom have profit margins.</p> <p>Comments and calculations regarding Trility profits as a result of this contract are opinion/speculation</p>

¹⁴ <https://www.stats.govt.nz/information-releases/consumers-price-index-march-2020-quarter#:~:text=Annual%20change,for%20housing%20up%203.7%20percent.>

¹⁵ This estimate has been challenged by a senior official who claimed that 7-8 per cent profit on revenue was more likely, but which appears implausible.

28	<p>Ratepayers have two questions.</p> <ol style="list-style-type: none"> 1. Instead of outsourcing the management for \$15.6 to \$20 million over 10 years, plus paying for escalating profits, why can't Council's corporate management reform the current mix of internal management and local contracts? 2. Why would Council give away profits by having a public-private partnership with Trility? It would add it to the profits already leaving our economy to CLM, for managing the Aquatic Centre, and to iPark, for managing our CBD parking, and so on, all in a Covid context where wage subsidies will run out at the end of September. 	<p>See previous notes in no.3 and n.10 for information on ratepayer concern and how many may be asking the 2 questions</p> <p>If 'ratepayers' is referring to RDRR members, the group has 700 members (not know if all are Rotorua ratepayers and/or residents). There are 27,000 ratepayers and 72,500 residents in Rotorua.</p> <p>For answer to question 1 see attachment 11: Statement of Proposal ("Optimise Current Method: Proposal 2; Potential Risks With This Proposal" on p15)</p> <p>Optimising current arrangements still sees RLC carrying all the risk. Preferred option minimises most of the risk to RLC.</p> <p>Question 2 is Cr Macpherson's opinion</p>
29	<p>There is, however, another \$12.5 million to \$15.5 million of ratepayers' money at risk. If Council cancels the contract,</p> <p>Trility is entitled to five year's profit. There is no reciprocal payment required if Trility walks away.</p> <p>This lop-sided power in the contract also enables Trility to progressively renegotiate the contract to make even greater profits at risk to ratepayers.</p>	<p>This is incorrect.</p> <p>There are contractual safeguards and remedies in place to protect RLC against a variety of scenarios, including the unlikely scenario that Trility "walks away", and to ensure there is no interruption/disruption to the delivery of wastewater services – which are essential services – to the community.</p>

30	<p>Finally, the RLC’s Statement of Proposal identified seven major problems to do with our three waters’ systems; ageing infrastructure, growth in demand, increasing compliance, effects of climate change, funding and financing, internal capability, and regulating the quality of services.</p> <p>It is widely accepted that under investment in wastewater infrastructure has been a major causal factor of these seven problems over decades. However, awarding a wastewater management outsourcing contract will not solve any of these problems.</p> <p>The Three Waters Reform Programme will, potentially, address all of them and help shift the burden of debt and investment and management to the new entities.</p>	<p>Re bolded statement – this is incorrect.</p> <p>This is a fixed price contract to manage the wastewater network, including accepting responsibility for any network failure and meeting all statutory requirements and providing all required human, material and technical resources. This arrangement addresses the majority of the challenges outlined in the SOP with regulating the quality of services remaining the responsibility of RLC.</p> <p>Re statement regarding 3 waters reform programme – this is not known, no detail or decisions yet.</p>
31	<p><i>An interim conclusion at this point is that RLC’s decision to offer a PPP to Trility NZ Ltd was not in the public interest because it was premature and warrants being conducted de novo to take careful account of the Government’s Three Waters Reform Programme.</i></p>	<p>Opinion/speculation</p> <p>The Trility contract is not a Public Private Partnership (PPP) - it is a performance-specified, fixed cost contract which has been reviewed by Deloitte to assess any financial risk.</p> <p>In regard to the government’s Three Waters Proposal there is no detail yet, no decisions have been made. TLAs have been encouraged to discuss and explore options as part of the proposed reforms</p> <p>“The formation of a joint Three waters Steering Committee ...[will] provide oversight and guidance to support progress towards reform, and to assist in engaging with local government,</p>

		<p>iwi and other water sector stakeholders on options and proposals.”</p> <p>See attachment 8 p. 2 for email from 3 Waters Steering Group</p>
	Recommendation	
33	<p>The interim conclusions above point to the possibility that the RLC’s decision to offer a PPP to Trility NZ Ltd could be in part a consequence of</p> <ol style="list-style-type: none"> 1. CCP foreign political interference in New Zealand’s local government and potentially in breach of the Overseas Investment Act, and/ or 2. it’s decision making process being engineered by the chairs of the SP&F and Council meetings to suppress consideration of alternative models and the Government’s Three Waters Reform Programme. <p>If so, the former possibility warrants investigation, while the latter warrants the RLC’s policy process being conducted <i>de novo</i> without bias and predetermination.</p> <p>Hence my I appeal to you and the Overseas Investment Office (OIO) in the public interest is for you to suspend the signing of the PPP contract until you have had time to consult with relevant Cabinet and Opposition colleagues and the OIO has been able to conduct appropriate inquiries.</p>	<p>Opinion/speculation</p> <p>The Trility contract is not a Public Private Partnership (PPP) - it is a performance-specified, fixed cost contract which has been reviewed by Deloitte to assess any financial risk.</p>

Attachment 1: Complaints re PPP contract and potential breach of Overseas Investment Act (Letter from Cr Macpherson to Hon Nanaia Mahuta (3 August 2020))

The Hon Nanaia Mahuta, Minister of Local Government, nanaia.mahuta@parliament.govt.nz;

CC

The Hon David Parker, Attorney General, david.parker@parliament.govt.nz

The Hon Nick Smith, MP for Nelson, nick.smith@national.org.nz

Lawrence Thule, National Spokesperson for Local Government, lawrence.yule@national.org.nz

The Hon Todd McClay, MP for Rotorua, todd.mcclay@national.org.nz

Overseas Investment Office, oio@linz.govt.nz

Professor Anne-Marie Brady, University of Canterbury, Anne-marie.brady@canterbury.ac.nz

Felix Desmairis, Local Democracy Reporter, felix.desmarais@nzme.co.nz

Complaints re PPP Contract and Potential Breach of the Overseas Investment Act

Tēnā koe Minister

I wish to complain about the outcomes and process used by Rotorua Lakes Council (RLC) to amend its 2018-2028 Long Term Plan by agreeing by a margin of 7-4 on 29 July 2020 to enter into a 10-year public-private-partnership (PPP) contract with Trility NZ Ltd for the management of Rotorua's wastewater services.

I also suspect that the RLC may have breached the terms of the Overseas Investment Act (July 2020), which introduced national security considerations into overseas investment in New Zealand.

Accordingly, I appeal to you and the Overseas Investment Office (OIO) to suspend the signing of the RLC's PPP contract until you have had time to consult with relevant Cabinet and Opposition colleagues and the OIO has been able to investigate the following concerns. Thank you.

Disclaimer

While I write to you as a concerned citizen, I am not disinterested. I was a co-founder of the Rotorua Pro-Democracy Society in 2013. I helped lead the transformation of the RP-DS into the Rotorua District Residents and Ratepayers (RDRR) in 2015. I came second in Rotorua's mayoralty elections in 2016 and 2019. I was elected into eighth place on Rotorua's 10-seat Council in 2019, joining two other RDRR councillors placed second and fifth. RDRR is the largest ratepayer interest group in a district in which 18,757 voted in the last district election. It has grown to having over 700 members and associates and 2,363 Facebook followers. RDRR's aim is to restore democracy, the rule of law, financial responsibility and policy making power to elected representatives.

PPP Contract to Outsource Wastewater System Management

The RLC's plan to outsource the management of Rotorua's wastewater system to a consortium of Trility, Fulton Hogan and Stantec (Trility NZ Ltd) was met with 92 per cent opposition¹ by presenters at the public Hearings on 25 June. It was confirmed² on 23 July that 81 per cent of written submissions opposed the plan. There were many reasons given for the opposition.

One was doubts about the provenance and intentions of a 'flag of convenience' or possibly 'false flag' registration. Despite recent assurances from the Mayor and Council officials that due diligence regarding potential partners had been underway for many years, Trility NZ Ltd was not actually registered as a New Zealand limited company³ until 24 February 2020.

Another reason was the discovery that Trility was Chinese owned, which intensified when this ownership was initially denied by Mayor Steve Chadwick and Deputy Mayor Dave Donaldson. Trility was acquired in 2018 by the Hong Kong-based investment holding company, Beijing Enterprises Water Group. Concerns deepened when Cr Donaldson responded to concerns about Chinese ownership at the Strategy, Policy and Finance (SP&F) Committee on 23 July 2020 by alleging and attacking xenophobia.

Residents and ratepayers are aware that Mayor Steve Chadwick has had a long association with Chinese authorities. For example, in 2016 she accepted an invitation by the Chinese Tourism Association to give a keynote address to the International Mayors' Forum on Tourism held in Zhengzhou, 24-27 May.⁴ A Memorandum of Understanding was subsequently signed by the RLC's Chief Executive (CE) Geoff Williams and Rotorua's Mayor with the Deputy General Manager of China Travel Service Head Office Henan Co. Ltd. which is controlled by the China Travel Service (HK) Group Cooperation. The MOU was intended to provide a partnership for further cooperation to promote a "Henan-New Zealand Tourism and Cultural Exchange Programme."

While this and many other trips to China by Rotorua's Mayor, CE and Cultural Ambassador Cr Trevor Maxwell may have been innocent tourism marketing ventures, Rotorua's residents and ratepayers have become increasingly concerned that a Beijing-owned company could be given control of their wastewater system, a company that could have a majority of its directors appointed by the Chinese Communist Party (CCP) and is likely to be part of China's penetration of New Zealand's local government.

¹ https://www.nzherald.co.nz/local-democracy/news/article.cfm?c_id=1504814&objectid=12343076

² https://www.nzherald.co.nz/water/news/article.cfm?c_id=362&objectid=12350527

³ The New Zealand Companies Register lists Trility NZLtd (7887577) (NZBN: 9429047943117) with an address of Pricewaterhousecoopers, Level 26 Pwc Tower, 15 Customs Street West, Auckland, 1010.

⁴ Steve Chadwick (7 July 2016) International Mayors Forum on Tourism, Zhengzhou, China, 24-27 May 2016, report to the Monitoring and Operations Committee, Rotorua Lakes Council.

Rotorua's Mayor Steve Chadwick was very briefly named in a 2017 paper⁵ by Professor Anne-Marie Brady in a context of the CCP interfering in our democracy. In 2020, in a more comprehensive submission to Parliament's Justice Select Committee, Brady⁶ pointed out (p. 3) that local governments have become an important focus for CCP foreign political interference activities because

- a. they are able to make independent planning decisions on infrastructure and investments which could undermine the policy of the central government,
- b. there is often overlap between local and central government politicians and political parties, as well as economic and political elites,
- c. local governments can be used by CCP interference activities to suppress individuals or organisations regarded as a threat by the CCP government, and
- d. pressure central government to pursue policies that suit PRC interests and control water rights and land use, and
- e. local governments do not have foreign policy expertise or advisors, or access to regular national security briefings, implying that they are vulnerable to penetration.

Brady noted (p. 8) that in

New Zealand's 2016, and 2019, local government elections had a number of instances of candidates with clear CCP united front connections, and mayoral candidates who received funding from figures involved in united front work organisations. Currently the Serious Fraud Office is investigating both Auckland Mayor Phil Goff, and Christchurch Mayor Dalziel's election expenses and income

More broadly, she explained, (p. 10):

The CCP has a comprehensive strategy to target foreign economic and political elites, in order to get them to promote China's foreign policy agenda within their own political system, to encourage them to relay information on foreign government intentions, strategies and the attitude of key actors towards China, as well as to provide access to cutting-edge technology ...

The Chinese People's Association for Friendship with Foreign Countries (CPAFFC, Youxie, 友协) —a united front organization—is in charge of China's sister city relations. Since 2015, CPAFFC has run an annual China-New Zealand mayoral forum. The theme for the 2020 China-New Zealand Forum will include the topics of climate change and Belt and

⁵ https://www.wilsoncenter.org/sites/default/files/media/documents/article/magic_weapons.pdf

⁶ https://www.parliament.nz/resource/en-NZ/52SCJU_EVI_93630_JU69172/ec59cb5bfac8217b4d55c2200ba6e5875ce9943

Road Initiative (BRI), Xi Jinping's signature project. BRI is a China-centred political and economic bloc, one that will reshape the global order.

An interim conclusion is that RLC's decision to offer a PPP to Trility NZ Ltd could be in part a consequence of CCP foreign political interference in New Zealand's local government and potentially in breach of the Overseas Investment Act (July 2020) which warrants investigation.

Manipulation of Democratic Decision Making

The second theme to public concerns about outsourcing to Trility is the Mayor's undemocratic manipulation of decision-making processes.

It was claimed by the Mayor at the 23 July meeting of SP&F Committee and at full Council on 26 July that iwi were fully supportive of the proposal to outsource wastewater management to Trility NZ Ltd. A highly respected kaumatua, who participated as a member of the Te Arawa Partnership, has recently confirmed to me that two issues caused Te Arawa to pull out of helping select potential private sector partners well over a year ago.

The first was the difficulty of estimating the costs, and likely PPP budget blowouts, due to ageing infrastructure. The second was the culturally unacceptable proposal to pump treated wastewater back into Lake Rotorua.⁷ The Te Arawa Lakes Trust has since taken an identical stance, confirming that the Mayor's claims that iwi are supportive were probably deceptive.

Respectful consideration of antagonistic public feedback was significantly hampered at the Hearings on 25 June by the Mayor and Cr Merepeka Raukawa-Tait accusing me of predetermination⁸ and disrupting my presentation when I followed the precedent set by Cr Cliff Lee and presented at the Hearings as a citizen and then re-joined council as a councillor.

The CE claimed⁹ that the "worst-case scenario" of predetermination would be an affected party challenging a council decision through judicial review. However, the question of predetermination would only have been relevant if my vote was required to achieve a majority and a member of the minority challenged the decision. The CE should have known this, as should have the Council's legal advisors.

⁷ This proposal is also opposed by a vast majority of those given formal standing in case ENV-2020-AKL-000052 before the Environment Court.

⁸ https://www.nzherald.co.nz/rotorua-daily-post/news/article.cfm?c_id=1503438&objectid=12343069

⁹ https://www.nzherald.co.nz/rotorua-daily-post/news/article.cfm?c_id=1503438&objectid=12347632

Deceptive justifications were also used to gain the support of some elected members. A previous mayor (2004 - 2013) submitted against the proposal at the Hearing on 25 June due its bias in favour of one predetermined option.¹⁰ He also said there were "far too many risks and far too many unanswered questions" with the proposal ... "This [system management] can be done in-house. This is your core business."

Consideration of the Government's proposed Three Waters Reform Programme by the RLC was also impeded by mayoral action and inaction. An invitation dated 6 July, from the joint central and local government Three Waters Steering Committee to elected members, appropriate senior officers and iwi partners to attend briefing workshops, was not extended to Rotorua's district councillors.

Instead, on 14 July, Bay of Plenty regional councillors shared the invitation and indicated that the nearest workshop would be available in Tauranga on 23 July. This opportunity then appeared to be pre-empted by a RLC Governance workshop being called on the same morning, with the SP&F Committee being called that afternoon. The Deputy Mayor indicated that elected members could attend another Three Waters workshop except that it was after the RLC Governance workshop and SP&F meeting.

An attempt to inform elected members' decision making about the Government's Three Waters Reform Programme was deliberately thwarted by the chairs of SP&F and Council, Cr Merepeka Raukawa-Tait and the Mayor. Cr Raj Kumar and I attended the LGNZ/ SOLGM/ DIA workshop in Auckland on Monday 20 July. However, the SP&F Chair, with the explicit support of the Mayor, ruled out consideration of the Three Waters Reform Programme at the 23 July meeting as "irrelevant". In my view, this deliberate suppression of information prevented us from making crucial information available to fellow councillors and significantly impaired their decision making.

There is at least one key and unresolved point of contention between the Trility and the Three Waters Reform models. The outsourcing proposal assumes that the heavily indebted RLC will retain full ownership of its water assets and related debt for the 10-year contract, thereby keeping all borrowings on its balance sheet and using rates rises to fund Trility's profits. In sharp contrast, the Three Waters proposal is that councils share asset ownership and related debt by moving them on to the balance sheet of new supra-regional water entities, in return for massive infrastructure upgrades, not-for-profit management and expert contracting, all prospects congenial to ratepayers.

¹⁰ https://www.nzherald.co.nz/local-democracy/news/article.cfm?c_id=1504814&objectid=12343076

A deceptive claim made by a senior official was that outsourcing would avoid Wellington-style sewage disasters¹¹ and another was that it was "unaffordable" and "impossible" to find \$200m to "capture the lost ground" on sewerage infrastructure.¹² The Trility outsourcing contract will not mobilize capital investment.

After the Council meeting on 29 July, another previous mayor (1992 to 2004)¹³ said that residents and business people would have "even more reason to be concerned" because it was hard to get accurate figures because "information has been withheld" and the project had been handled in a "non-transparent way." He was referring to Council's refusal on July 28 to answer ten questions submitted by the Rotorua Daily Post. In his view, the 7-4 majority was "definitely not a good way for [the] council to make such an important decision and speaks volumes of the poor process that has been adopted by [the] council leadership."

An interim conclusion at this point is that RLC's decision to offer a PPP to Trility NZ Ltd could be in part a consequence of it's decision making process being manipulated by the chairs of the SP&F and Council meetings to suppress consideration of alternative models and the Government's Three Waters Reform Programme and warrants being conducted de novo.

The PPP Contract is Not in the Public Interest

Since the 2019 local body elections, RLC's elected members have been repeatedly presented with a predetermined solution to a problem. The predetermined solution to the failure of the mix of internal management and local contracts to manage the wastewater treatment system was to outsource the management of Rotorua's wastewater system to the Trility consortium.

Unmentioned in these presentations was that Trility NZ Ltd had already be given a \$1 million annual contract to embed three managers in Rotorua's wastewater treatment plant, presumably to improve its performance. Elected members of Council have not been given a systematic evaluation of that contract, and its outcomes, before being asked to consider a PPP. In effect, the PPP will increase Trility's \$1 million annual contract to \$15.6 million a year for the next 10 years.

More, the contract is CPI-indexed and flexible enough to meet the costs of achieving agreed performance standards and any revisions. Some of the implications can be projected. For

¹¹ https://www.nzherald.co.nz/rotorua-daily-post/news/article.cfm?c_id=1503438&objectid=12333467

¹² https://www.nzherald.co.nz/water/news/article.cfm?c_id=362&objectid=12352072

¹³ https://www.nzherald.co.nz/local-government/news/article.cfm?c_id=250&objectid=12352424&fbclid=IwAR13ImiO_QW1kNhh9mvavfFhY8YUU-tdrQaCnG-GPFuA1BvofU6ZtxWs7T8

example, between March 2019 and March 2020, New Zealand CPI inflation rate went up by 2.5 percent.¹⁴ If that inflation rate is applied to the Trility baseline annual price of \$15.6 million, it will compound to about \$20 million per annum in the next 10 years, before demands for additional payments are considered.

Ratepayers are also concerned about the contract being a PPP because they will have to fund Trility's profits from their targeted rates. The scale of likely profits was indicated by one of the expert submitters to the 25 June Hearings. He calculated that Trility's standard profit margin over the last five years has varied between 16.5 and 19.9 per cent of revenue.¹⁵ If so, then given the baseline annual price of \$15.6 million, between \$2.5 to \$3.1 million will have to be taken from targeted rates and leave Rotorua's economy.

Ratepayers have two questions.

1. Instead of outsourcing the management for \$15.6 to \$20 million over 10 years, plus paying for escalating profits, why can't Council's corporate management reform the current mix of internal management and local contracts?
2. Why would Council give away profits by having a public-private partnership with Trility? It would add it to the profits already leaving our economy to CLM, for managing the Aquatic Centre, and to iPark, for managing our CBD parking, and so on, all in a Covid context where wage subsidies will run out at the end of September.

There is, however, another \$12.5 million to \$15.5 million of ratepayers' money at risk. If Council cancels the contract, Trility is entitled to five year's profit. There is no reciprocal payment required if Trility walks away. This lop-sided power in the contract also enables Trility to progressively renegotiate the contract to make even greater profits at risk to ratepayers.

Finally, the RLC's Statement of Proposal identified seven major problems to do with our three waters' systems; ageing infrastructure, growth in demand, increasing compliance, effects of climate change, funding and financing, internal capability, and regulating the quality of services.

It is widely accepted that under investment in wastewater infrastructure has been a major causal factor of these seven problems over decades. However, awarding a wastewater management outsourcing contract will not solve any of these problems. The Three Waters Reform Programme will, potentially, address all of them and help shift the burden of debt and investment and management to the new entities.

¹⁴ <https://www.stats.govt.nz/information-releases/consumers-price-index-march-2020-quarter#:~:text=Annual%20change,for%20housing%20up%203.7%20percent.>

¹⁵ This estimate has been challenged by a senior official who claimed that 7-8 per cent profit on revenue was more likely, but which appears implausible.

An interim conclusion at this point is that RLC's decision to offer a PPP to Trility NZ Ltd was not in the public interest because it was premature and warrants being conducted de novo to take careful account of the Government's Three Waters Reform Programme.

Recommendation

The interim conclusions above point to the possibility that the RLC's decision to offer a PPP to Trility NZ Ltd could be in part a consequence of

1. CCP foreign political interference in New Zealand's local government and potentially in breach of the Overseas Investment Act, and/ or
2. it's decision making process being engineered by the chairs of the SP&F and Council meetings to suppress consideration of alternative models and the Government's Three Waters Reform Programme.

If so, the former possibility warrants investigation, while the latter warrants the RLC's policy process being conducted *de novo* without bias and predetermination.

Hence my I appeal to you and the Overseas Investment Office (OIO) in the public interest is for you to suspend the signing of the PPP contract until you have had time to consult with relevant Cabinet and Opposition colleagues and the OIO has been able to conduct appropriate inquiries.

Thank you.

Yours sincerely,



Dr Reynold Macpherson

484 Pukehangi Road, Rotorua 3016

reynold@reynoldmacpherson.ac.nz

3 August 2020.

Attachment 2: Brady, A. (September 16-17, 2017). 'magic Weapons: China's political influence activities under Xi Jinping [Conference paper presented at the Conference on 'The Corrosion of Democracy under China's Global Influence' supported by Taiwan Foundation for Democracy, and hosted in Arlington Virginia

(September 16-17 2017) Brady, Anne Marie 'Magic Weapons: China's political influence activities under Xi Jinping [Conference paper presented at the conference on 'The corrosion of democracy under China's global influence' supported by Taiwan Foundation for Democracy, and hosted in Arlington, Virginia]



PRC Auckland Consulate Counsellor Zhang Fan, PRC Consul-General Xu Erwen, PM John Key, Gao Wei of Alpha Group, former PM Jenny Shipley, Mayor Steve Chadwick open new facilities at Alpha Group in 2015, <http://cnz.chinesetown.co.nz/shopone.php>

Sir Bob Harvey, former mayor of Waitakere, heads the New Zealand OBOR Promotional Council which is acting as a matchmaker in infrastructure projects in Auckland. The former mayor of Christchurch, Sir Bob Parker is chairman of Xindu Group, a partnership with Huadu Construction for projects in Christchurch.²⁰³ Parker negotiated investment deals with Huadu in 2013, while he was mayor of Christchurch.²⁰⁴ Huadu Construction is a Hebei-based former SOE. Eugene Feng, former Head of International Partnerships with the Christchurch City Council's Christchurch Development Corporation is CEO of Huadu. Huadu's New Zealand subsidiary, Xindu is involved in multiple projects in Christchurch, including apartment blocks, the Christchurch health precinct, and the Port Hills Adventure Park.

The involvement of the two former mayors of Waitakere and Christchurch in politically-connected Chinese investment projects fits the pattern of Xi-era united front activities. Local governments are important because they are able to make planning decisions on the kinds of infrastructure project China wants to establish in the Belt Road Initiative. The Chinese People's Association for Friendship with

Bullets from research paper

Part One: An Overview of China's Foreign Interference Activities, with Particular Reference to Local Government

The New Zealand government defines foreign interference as “coercive, deceptive, and clandestine activities of foreign governments, actors, and their proxies, to sow discord, manipulate public discourse, bias the development of policy, or disrupt markets for the purpose of undermining our nations and our allies.”² NZSIS and GCSB provided advice on foreign interference activities in New Zealand to the Justice Select Committee in April and August 2019 in unclassified and classified briefings, as well as briefings to the leader of the Opposition.

Local governments are an important focus for CCP foreign political interference activities for a number of reasons:

- They are able to make independent planning decisions on infrastructure and investments; which could undermine the policy of the central government.
- There is often overlap between local and central government politicians and political parties, as well as economic and political elites.
- Local governments can be used by CCP interference activities to suppress individuals or organisations regarded as a threat by the CCP government.
- Local governments can be used to pressure central government to pursue policies that suit PRC interests.
- Local governments do not have foreign policy expertise or advisors, or access to regular national security briefings.
- Local Governments control water rights and land use.

Bullets from Cr Macpherson's letter

Rotorua's Mayor Steve Chadwick was very briefly named in a 2017 paper⁵ by Professor Anne-Marie Brady in a context of the CCP interfering in our democracy. In 2020, in a more comprehensive submission to Parliament's Justice Select Committee, Brady⁶ pointed out (p. 3) that local governments have become an important focus for CCP foreign political interference activities because

- a. they are able to make independent planning decisions on infrastructure and investments which could undermine the policy of the central government,
- b. there is often overlap between local and central government politicians and political parties, as well as economic and political elites,
- c. local governments can be used by CCP interference activities to suppress individuals or organisations regarded as a threat by the CCP government, and
- d. pressure central government to pursue policies that suit PRC interests and control water rights and land use, and
- e. local governments do not have foreign policy expertise or advisors, or access to regular national security briefings, **implying that they are vulnerable to penetration.**

Attachment 4: Cr Cliff Lee - 2001 Draft Annual Plan submission hearings.

EVIDENCE THAT MCCLIFF LEE WAS HOME AT HEARINGS

Doc No. 177441

1

File No: 0115208

2001 DRAFT ANNUAL PLAN SUBMISSION HEARINGS

MONDAY, 25 JUNE

<u>Time</u>	<u>Name</u>	<u>Submission</u>
2.45pm	Afternoon Tea in Retiring Room	
3.00pm	Willy Ducre	No.17
3.07pm	David Bray	No.18
3.15pm	Stan Cook	No.76
3.30pm	Jeannie Johansson – KRB	No.75
3.45pm	Sue Schuler – Kaharoa School	No.36
4.00pm	Brian Eagle – Airport Action Group	No.58
4.15pm	Jeff Jones - Environment BOP	No.78
4.30pm	Kelly Tunnell – Sport BOP	No.82
4.45pm	Ben Benfield	No.92
5.00pm	Steve Munford	No.54
5.10pm	Ken McShane/Karen Hansen	No.99
5.20pm	John Paul Te Puia	No.43
DINNER BREAK		
6.00pm	Ian Nicholas	No.79
6.15pm	Kevin Winters	No.71
6.30pm	Mr Withers	No.44
6.40pm	Bruce Trask	Nos.67 and 68
7.00pm	Linden Hunt	No.53
7.10pm	C.R. Hellawell	No.91
7.20pm	Heather Smith – NZ Democrats	No.84
7.30pm	Gregory Warner	No.21
7.45pm	Paul Van Miert	No.49
8.00pm	Durelle Dean	No.101

TUESDAY, 26 JUNE

<u>Time</u>	<u>Name</u>	<u>Submission</u>
9.15am	Morning Tea in Retiring Room	
9.30am	Brentleigh Bond	No.9
9.43am	John Mariu	No.1
9.48am	Robin Sinclair	No.12
9.58am	Bernise MacWilliams	No.6
10.04am	Trevor Crawford	No.2
10.09am	Phil Cunningham	No.3
10.14am	Donald Penn	No.7
10.19am	Astrid Hanna	No.5
10.22am	Mrs J. Robertson	No.10
10.27am	John Fillmore	No.4
10.32am	Jock Schoeller	No.11
10.45am	Don Atkinson	No.8
11.00am	Jim Stanton – Rotoiti Residents and Ratepayers Assn	No.70
11.15am	Alison Perrin – CAB	No.81
11.30am	Kath Peebles – Progress Ngongotaha	No.72
11.45am	Bronwyn Courtney	No.87
12 noon	A.C. Grinter – Rotorua Boys High School	No.103
12.15pm	LUNCH	
12.45pm	Casey Taylor, Gillian Pascoe, Katie Rolston and Sarah Collins	No.98
1.00pm	John Cole and Progress Mamaku	No.19
1.15pm	Luke Martin	No.51
1.30pm	Linda Wannan-Edgar –EMA	No.83
1.45pm	Jim Larkin	No.52
2.00pm	Jeremy Callaghan - University of Waikato Foundation	No.102
2.15pm	Chris Webber	No.97
2.30pm	Ngati Rangiteaorere Hapu	No.97A
3.00pm	Afternoon Tea	
3.15pm	Mark Watson – Chamber of Commerce	No.77
3.30pm	Federated Farmers – Nigel Billings and Chris Sutton	No.80
4.00pm	Gifford McFadden (TBC)	No.47
4.15pm	Scott Gray	No.94

WEDNESDAY, 27 JUNE

<u>Time</u>	<u>Name</u>	<u>Submission</u>
9.15am	Morning Tea in Retiring Room	
9.30am	Warren Harford Neville Nicholson	No.63 No.60
9.45am	Denise La Grouw	No. 66
10.00am	Judy Keaney and Cliff Lee – RECT Education Subcommittee	No.104
10.15am	Lyndsay Brighthouse	No. 93
10.30am	Jenny Nahu – BOP District Rugby League	No.95
10.45am	Don Hammond	No.36A
11.00am	Karen Hansen	No.99
11.15am	Cliff Lee	No.69

CR CLIFF LEE'S SUBMISSION

ANNUAL PLAN SUBMISSION – WASTE AS A RESOURCE

Until fairly recently waste was really waste. The examples of the shell middens in New Zealand, the broken bits and pieces of pottery, roofing tiles and brick in the middle east middens were very typical. Indeed until a few generations before present yesterday's newspaper started this morning's fire, construction demolition provided the kindling, the worn out horse went to the knacker, the cart replaced boards on the shed etc. Even in densely populated urban areas, waste was always collected, old clothing provided the resource for superior paper, food scraps went to pigs or chickens so that virtually everything was consumed to provide energy, food stuffs or the basic needs of a civilised society.

Obviously that era has passed and now even the most frugal societies the countryside is littered with waste, mainly plastic materials, dead vehicles, and non-burnable construction waste. In the more advanced societies with a higher standard of living these waste streams are multiplied many times with green waste from non-productive gardens, enormous amounts of paper, plastics, metal containers etc.

Obviously this wasteful lifestyle cannot go on unchecked as the atmosphere will simply not absorb the additional CO² indicated by these wastes nor will normal petroleum and coal reserves continue to supply carbon at the present rate for a large population basis in a prosperous world offering a high standard of living to all.

However, the technical solutions of extracting the energy from these waste streams is well developed and obviously every bit of energy extracted from our waste stream is a bit of energy that does not have to be supplied by new oil or coal. Indeed, utilising a piece of paper from a renewable resource as an information transmission medium i.e. a newspaper, and as a packaging material i.e. fish and chips, and then as an energy source to be turned into electricity or heat is a triple use of that resource and none of these uses has degraded its final value as a fuel source. The illustration is even more striking with plastic packaging material as a milk bottle made from oil which is recycled as a water container or perhaps a jacket lining and then turned into heat has served a number of purposes, again without degrading or diminishing the final heat value of that product.

Garden green waste which simply did not occur before the modern high density suburbs arose may be partially utilised in urban areas as compost, however, realistically a very large amount of this material will be allowed to decompose releasing CO² or methane with no benefit on the energy scene adding ever increasing amounts of CO² to our atmosphere. Again this carbon source can provide methane through controlled decomposition which can either provide a fuel stock for the chemical industry or perhaps more realistically a fuel source for heat or electricity generation, thereby freeing up the more valuable and complex petroleum product.

The list goes on with energy extraction from building demolition materials, the crushing of concrete waste, the collection and recycling of metal products etc.

WHAT TO DO?

The biggest single impediment to intelligent resource use is the change in mind-set that this initiative will require. I do not believe that this is impossible nor do I believe that the present attitudes are particularly shameful or difficult to understand. Mankind is just entering the era of massive energy use, petroleum exploration, plastics manufacture etc, and it is not surprising that after 100,000 years or so of not having to deal with a resource rich waste stream, coming to grips with this problem will take a generation or two. What I am proposing is that we make a very firm start in changing these attitudes in New Zealand as they have been changed overseas and that we

treat these waste streams as the resource that they are. I believe that once the attitude is that value exists in properly utilising this material, and indeed that value exists in neither wasting the material nor further damaging our atmosphere and biosphere, is adopted then that revised attitude will become part of a modern civilisation's ethics.

Technically there are a number of solutions which will be appended to this document, however I believe that a centralised energy recovery installation located within the Bay of Plenty incorporating a thermal waste to energy plant turning the plastics, dry paper, dry construction demolition i.e. those materials with a high combustion value, into energy, plus a specifically designed methane producing landfill for green wastes, wet or partially decomposed paper, food waste, in other words all those products that are most readily turned into energy through anaerobic decomposition, plus a metal, concrete, reusable construction material, recycling facility could see the waste stream in the Bay of Plenty reduce to zero and in fact the energy and recyclables would add a real financial incentive which will grow over time as the basic costs of petroleum continues to increase.

As an indication of magnitude, national import statistics indicate that we import approximately 25% of the value of our transport fuel needs in plastic resins for plastics, paints etc. In other words we are burying in landfills a fuel oil equivalent of about 25% of our total usage.

I would urge that the District and Regional Councils within the Bay of Plenty form with some urgency a working party to begin the education programme required to change the attitudes mentioned above and to begin the planning and technical analyst that is required to begin national use of this resource. I believe that we can look to central government for assistance, guidance and perhaps participation as a present government, through EECA, is formulating serious, substantial and relevant legislation and plans in order to bring New Zealand up to world standards in relation to waste use and CO2 production. If we ignore government's programmes in this area, we will be forced to play catch up with shorter planning times, less rigorous evaluation, and quite possibly more costly projects.

The addendum accompanying this paper was prepared by the Forestry Research Institute and has been circulated to the Ministry of Energy, EECA, the Minister for the Environment, and other District and Regional Councils.

We wish to be heard in support of this submission.

Cr Cliff Lee
East Ward
Rotorua District

ROTORUA DISTRICT COUNCIL

REPORT OF SPECIAL FINANCE AND STRATEGIC PLANNING COMMITTEE

This Committee met on Monday, 25 June 2001 at 3.00pm, Tuesday, 26 June 2001 at 9.30am and Wednesday, 27 June at 9.30am

Monday, 25 June at 3.00pm

PRESENT: Mayor G.W. Hall (from 3.35pm), Crs J.W.J. Lepper (Chairperson), P.T. Barry, A. Bowie, R.M. Cook, K. Dean (from 4.40pm), C.O. Lee, R.W. Martin, T.H. Maxwell (from 4.00pm), N.F. Oppatt (from 3.35pm), G.P. Searancke, C.W. Sturt and M. Waaka (from 3.25pm).

Tuesday, 26 June at 9.30am

PRESENT: Mayor G.W. Hall, Crs J.W.J. Lepper (Chairperson), P.T. Barry (from 11.30am), A. Bowie, R.M. Cook (from 9.55am), K. Dean (from 11.07am until 3.20pm), C.O. Lee, R.W. Martin, T.H. Maxwell, N.F. Oppatt, G.P. Searancke (from 10.25am), C.W. Sturt (until 3.20pm) and M. Waaka.

Wednesday, 27 June at 9.30am

PRESENT: Mayor G.W. Hall, Crs J.W.J. Lepper (Chairperson), P.T. Barry, A. Bowie (from 11.52am), R.M. Cook (from 10.40am), C.O. Lee (until 4.00pm), R.W. Martin, N.F. Oppatt (from 9.36am), G.P. Searancke (from 9.40am), C.W. Sturt and M. Waaka (from 9.36am).

APOLOGIES: Crs K. Dean and T.H. Maxwell.

A) CONSIDERATION OF SUBMISSIONS RECEIVED TO THE 2001/2002 DRAFT ANNUAL PLAN

The Committee reports that following public advertising of the availability of the 2001/2002 Draft Annual Plan for public comment, 121 submissions have been received.

In response to requests to make a verbal presentation, the Committee heard submissions from 56 individuals/organisations.

The Committee advises that verbal submissions were made as follows:

1. WILLY DUCRE – SUBMISSION NO.17

Mr Ducre advised that Mamaku has just formed a Youth Group. The group needs a base and are looking at using the tennis pavilion for a start. They also would like a BMX track to be formed and suggested that the old chopping area of the Domain would be suitable, if excess dirt from the Dansey Road earthworks was deposited in that vicinity.

Secondly, Mr Ducre referred to the Mamaku Upgrade Project. He advised the footpaths that have been constructed so far near the school have proven very popular, and requested that

recycling in schools can provide a form of additional income as well as money saved on waste removal.

She made reference to funding that is available, for example Environment BOP's Environmental Enhancement Fund which would cover the costs of an Environmental Education Officer for Council.

Ms La Grouw concluded by pointing out there are a multitude of reasons to incorporate environmental education, which seeks to complement the District's current economic and social initiatives into the Rotorua District's Annual Plan, and there really is no reason not to.

The Committee refers to clause 13.

50. **JUDY KEANEY AND CLIFF LEE, RECT EDUCATION SUBCOMMITTEE – SUBMISSION NO.104**

Mrs Keaney spoke to the Committee about the establishment of an educational support service facility in the fourth floor of the Library building, that RECT and the local schools of the District are working towards.

The centre would include a resource centre for school supplies, books, tools, classroom materials plus classrooms for extension and remedial programmes and perhaps the hearing disadvantaged children, video conferencing for teachers and students alike, and committee conference rooms for the teachers and support personnel. This resource centre would be available for all schools and would act as a distribution centre for extraordinary equipment and musical instruments that are beyond the monetary capabilities of individual schools.

Mrs Keaney advised that in 1999 the Waikato University In Services Facility School Support Services, previously housed in Biak Street, closed. This organisation is interested in being part of the educational centre and could appropriately be included in the proposal.

Mrs Keaney also advised that in the future the centre would be available for use by community groups and for activities like Senior Net.

The role of RECT is not to organise or run the centre but to assist in setting it up, particularly through financial input. At this stage RECT is looking to outlay \$430,000. Mrs Keaney acknowledged that, whilst the legitimate role in education for the Council is constricted, the provision of this space would fit within the Council's Strategic Plan and provide a much needed educational facility.

In conclusion the submitters sought that the fourth floor of the Rotorua District Council Library or a part thereof, be designated educational support service area and that Council give favourable consideration to charging a rental recognising the community good.

In considering the submission the Committee referred to research and consultation undertaken by the Community Services Division which has clearly identified the need for more support to positive local initiatives in education. The Committee is aware that on average Rotorua's population generally, as well as Rotorua's young people and rangatahi, lag behind the national averages in educational achievements. On the other hand, Rotorua is also home to extremely gifted children and young people who also require special support.

The Committee recalls that public consultation undertaken by Council for the development of the Strategic Plan has clearly indicated a desire by residents that Council actively support positive initiatives in education.

The Committee believes this submission suggests a unique opportunity for Council to work in partnership with local schools, the tertiary sector and numeracy and literacy support organisations, to improve the quality of education and educational outcomes for young people and for the whole community.

The Committee was also advised by the District Manager that an offer has been made to the submitters to rent the area for a full commercial sum, but this was rejected. He also advised that partitions in the area have been left by Waiariki Polytechnic, and agreement has been reached that Council would buy them for \$50,000 if a tenant can be secured who would want partitioning.

In this regard the Educational Centre is keen to use the partitioning.

With the cost of partitioning and overheads to provide the space, Council is looking at close to \$50/m² to break even.

The Committee agreed that the District Manager negotiate with RECT and the Education Centre Trust to reach a rental figure that would not be detrimental to the ratepayers, and traverse the possibility of RECT purchasing all or a share of the partitioning.

In this regard the Committee **RESOLVED** that in the negotiations the District Manager reach agreement on a rental figure that at least covers the cost of Council's overheads and any funding Council contributes to the cost of purchasing the partitioning.

51. **LINDSAY BRIGHOUSE – SUBMISSION NO.93**

Mr Brighouse referred to the lakes water control activity and expressed concern over Council's future involvement in this area, noting that Environment BOP will be substantially funding the activity.

Mr Brighouse advised he would not like to see local control being taken away. He also urged that a replacement boat be purchased immediately to enable the Lakes Control Inspector to carry out his job.

The Committee refers to clause 32(vi).

52. **JENNY NAHU/DOT SAVAGE – BOP RUGBY LEAGUE – SUBMISSION NO.95**

The submitters sought Council assistance towards the development of Puketawhero Park to provide community and sporting facilities required for Rugby League and the new youth park currently being developed in the facility, in particular toilets which would be used both by League and members of the public attending/watching at the youth park.

Mrs Nahu presented the costings for the project which is estimated at \$366,000. The aim of BOP League is to have the development completed in time for the 2002 season.

Mrs Savage then outlined the number of League teams and players in the Rotorua District.

The Committee supported the project in principle. The Committee believes it is essential that the funding issues need to be worked through at the officer level and noted that the Manager Parks and Recreation is in discussion with League in this regard.

Ms Hansen also made comments about the need for holiday activities for teenagers. She suggested that to overcome the boredom that occurs, one free concert per school holiday be held at different locations, for example Skate Park, Government Gardens, Lakefront.

In response the Committee advises that the half pipe ramp at Jackson Park was constructed by and donated to Council by locals in the surrounding area for use by local children. The Committee believes that in view of this it cannot support the proposal to relocate the structure. The Committee also noted that it does receive considerable use by local children and would be missed if it was moved. Funds for its refurbishment have been allocated for the 2001/02 year.

As regards school holiday activities, the Committee advises that both the current and next year's Youth Action Plans include a commitment to part fund additional holiday programme pilots, to try to respond to this need. One example which will be up and running in the coming holidays is the "A" Club which targets high school ages and offers a menu of outdoor adventures.

The Committee also was advised that at a recent meeting with the RECT Youth Subcommittee, Council's Community Services Division signalled an interest in managing funding for four Youth Concerts during the coming year and the preliminary response has been very positive.

55. **SCOTT GRAY – SUBMISSION NO.94**

Mr Gray presented a proposal to fill in the Ngongotaha Stream flood channel, located between the rear of the Ngongotaha shops and the Ngongotaha railway line, to create a paved area where a new range of shops could be located. This would create a pedestrian mall to suit the superannuitant community Ngongotaha is attracting.

The Committee applauded Mr Gray's enthusiasm for the proposal, however, points out that such earthworks would require the approval of Environment BOP to several resource consent applications. The Committee therefore advises that Mr Gray needs to approach Environment BOP with his proposal.

56. **CLIFF LEE AND PER NEILSEN – SUBMISSION NO.69**

The submitters referred to the amount of waste, in the form of plastic materials, vehicles and non-burnable construction waste, that litters every country of the world. They suggested that if such practices remain unchecked the atmosphere will not be able to absorb the additional CO₂ emanating from the waste, nor will normal petrol and coal reserves continue to supply carbon at the present rate.

They advised, however, that technical solutions do exist for extracting energy from the waste stream. A significant problem, however, was the need to educate mankind to make use of the resource. In this regard, Mr Lee contended that once the attitude is adopted that value exists in properly utilising this material, and indeed that value exists in neither wasting the material nor further damaging our atmosphere and biosphere, then that revised attitude will become part of a modern civilisation's ethics.

He urged that the District and Regional Councils within the Bay of Plenty form with some urgency a working party to begin the education programme required to change the attitudes mentioned above and to begin the planning and technical analyst that is required to begin national use of this resource. He advised that Councils can look to central government for assistance, guidance and perhaps participation.

Mr Nielsen also outlined strategies currently used in Denmark for creating energy out of waste products.

The Committee advises that at the last Finance and Strategic Planning Committee it was agreed that the concept of the formation of a Bay of Plenty wide Working Group to deal with issues relating to use of the waste stream, be referred to the Bay of Plenty engineers group which meets regularly to discuss issues of common concern. The Committee believes that the matters raised in this submission relate to this decision.

Having heard those submitters who wished to present verbal presentations, the Committee then considered those submissions, not supported by the authors in person, as follows:

57. **C.M. GILL – SUBMISSION NO.14**

In his submission Mr Gill sought the following:

- That Council continue to take a responsible approach as regards the Okawa Bay sewerage investigation, as it has in the recent past.
- That Council (or Environment BOP) carry out Water Clarity Monitoring of Okawa Bay, to find out whether the water quality is actually deteriorating or not.
- That Council (or Environment BOP) carry out an investigation as to the history of nutrient levels in Okawa Bay by testing core samples of the sediments in the Bay.

The Committee refers to clause 22 in response to this submission.

58. **T.K. MACKAY – SUBMISSION NO.15**

The submitter also referred to the quality of the lake water at Okawa Bay and sought that a plan be put in place immediately to have a town sewerage system for the Okawa Bay area.

The Committee refers to clause 22.

59. **ELIZABETH MILLAR – LAKE WATER QUALITY SOCIETY – SUBMISSION NO.16**

The Submitter referred to the recurring cyanobacterial blooms in Okawa Bay and the subsequent decline in water quality of the area.

Support for the work done by Council in directing wastewater away from Lake Rotorua and for efforts to reduce the inflow of nutrients from other sources was conveyed.

The submitter sought that if a decision has been made in principle by the Council for a sewage scheme for the area around Okawa Bay, it would be of great benefit to proceed with such a scheme as quickly as feasible.

The Committee refers to clause 22.

60. **A. & D. GRAHAM – SUBMISSION NO.20**

Support was conveyed for the physical works being undertaken at Mamaku. Concern was expressed over the safety of Dansey Road firstly in terms of overgrowing trees preventing frost from clearing and secondly the uneven road surface.

EVIDENCE THAT CR LEE WAS PRESENT AT COUNCIL MEETING
THAT ADOPTED COMMITTEE MINUTES

Doc No: 179116

1/2/1

Council

ROTORUA DISTRICT COUNCIL

**MINUTES OF SPECIAL MEETING OF THE ROTORUA DISTRICT COUNCIL HELD
ON MONDAY, 9 JULY 2001 AT 9.30AM IN COMMITTEE ROOM NO.1, COUNCIL
ADMINISTRATION BUILDING, HINEMARU STREET, ROTORUA**

PRESENT:

Mayor, G.W. Hall (Chairperson), Crs P.T. Barry, A. Bowie, R.M. Cook
(from 9.35am), K. Dean, C.O. Lee, J.W.J. Lepper, R.W. Martin,
T.H. Maxwell, N.F. Oppatt, G.P. Searancke, C.W. Sturt and M. Waaka.

1. **MINUTES OF 2001/02 DRAFT ANNUAL PLAN SUBMISSIONS MEETING AND
ADOPTION OF 2001/02 ANNUAL PLAN**

The meeting had before it the minutes of the Special Finance and Strategic Planning
Committee meeting which heard and considered submissions received to the 2001/02 Draft
Annual Plan.

The Committee noted the following corrections:

Clause 37, page 6/1/36 – the minutes should acknowledge that for some rural people there has
been a large increase in rates due to the finalisation of the forestry valuation objection.

Clause 38, page 6/1/37 – the heading should read “Progress Mamaku” not “Progress
Ngongotaha”.

- Cr Barry) A) That the proposed amendments and additions referred to in
Cr Waaka) clauses 4, 6, 8, 9, 12, 13, 22, 92, 112, 114 and 115 of the
report of the Special Finance and Strategic Planning
Committee meeting held on 25-27 June 2001 and as amended
above be included in the 2001/02 Annual Plan.
- B) That the 2001/02 Annual Plan, as amended, be adopted
subject to the setting of the general rates, uniform annual
general charge, the discount for prompt payment of rates, and
the additional charge to be added for late payment of rates.

CARRIED

2. **RATES RESOLUTIONS**

Cr Oppatt)
Cr Bowie)

a) Discount For Prompt Payment Of Rates

That pursuant to the provisions of Section 131 of the Rating Powers Act 1988, the
Rotorua District Council advises that a discount of two decimal zero (2.0) percent will
be applied where the 2001/2002 rates are paid in full on or before 25 August 2001.

b) Late Payment Additional Charges On Rates

That pursuant to the provisions of Section 132 of the Rating Powers Act 1988, the
Rotorua District Council advises that an additional charge of ten (10) percent will be

Report by Mayor Steve Chadwick

**INTERNATIONAL MAYORS FORUM ON TOURISM
ZHENGZHOU, CHINA – 24-27 MAY 2016**

Attended at the invitation of the Chinese Tourism Association with Ambassador Trevor Maxwell. There were 156 member countries present. I was the keynote speaker on “Tourism City to City Tourism” (Attachment 1). There was enthusiasm for our platforms for growth being cultural tourism, mountain biking and spa health & wellness. I participated in a panel discussion after my address and then conducted interviews by Chinese media and Radio NZ. Attached (Attachment 2) is the statement of the Forum.

We had a one day visit to UNESCO Cultural Heritage sites of the Longmen Grottos and the Shaolin Temple. I also visited the Henan Museum and was hosted to a meeting at the Zhengzhou Airport Economic Zone.

Outcome of the meeting:

I had meetings with the Director of the Airport Economic Zone, the General Manager of the Chinese Tourism Group, Henan Province. We agreed to a Memorandum of Understanding (Attachment 3) which was signed on the Friday at the end of the Forum. The signing of the MOU was agreed with the CE Rotorua Lakes Council and the MP for Rotorua Todd McClay. This followed a meeting to Zhengzhou by Hon Pita Sharples.

Facts

By 2030 1.8 billion tourists (an increase of 20%) will travel from China. This strategy is called “One Belt - One Road”.

NZ will need to gear up for this growth.

Film, television and documentary are the key drivers of all marketing campaigns.

The future of tourism is key to the UN Sustainability Development Goals Nos. 8, 12 and 14:

- Decent work, job creation.
- Pure water and protection of natural resources.
- Open and inclusive cultural exchanges. The sharing of local culture is key.

Attachment 3 – Memorandum of Understanding

Memorandum of Understanding

Between
Rotorua City of New Zealand
and
China Travel Service Head Office Henan Co. Ltd. of China Travel Service (HK)
Group Cooperation

Background

Henan is the most populous province as well as an important big economic province in China. Its GDP ranks the fifth in China and the first in the Midwest. It has a total population of more than 100 million people. Henan is the birthplace of Chinese civilization and also the province with the most developed tourism resources in China. In recent years, the outbound tourism market in Henan province has made a rapid development. The tourists to Australia and New Zealand reached more than 20,000 people in 2015. China Travel Service (HK) Group is the oldest, largest and strongest tourism group in China. CTS is a diversified-economy enterprise, specializing in tourism as its main business and industrial investment (steel), real estate, logistics trade as its pillar industries. China Travel Service Head Office Henan Co. Ltd. has formed a well-developed business network with a wide range of coverage in Henan province and highly collaborative integrated management system and possessed the stable market position and market share.

As a world's famous tourist city, Rotorua is the birthplace of tourism in New Zealand and one of the country's premier tourist destinations. It is famous worldwide as the heartland of Māori culture and also for its geothermal landscape, lakes and forests. In the middle of June, 2015, Hon Sir Pita Sharples, the former Māori Minister of New Zealand visited Henan and had in-depth exchanges on tourism, culture and so on. This visit has deepened the mutual understanding and laid a solid foundation for friendly exchanges and cooperation between Henan and New Zealand. From May 23 to 28, 2016, Hon Madam Stephanie Chadwick, the mayor of Rotorua City, visited Zhengzhou, the capital city of Henan province, to participate in 2016 China (Zhengzhou) International Mayor's Forum on Tourism. On May 24, she met with Mrs. Sun Ruihua, Deputy General Manager of CTS Henan Co. Ltd. And Mr. Shen Hua who has been committed to friendly exchanges and cooperation between China and New Zealand. The two sides had in-depth communication and exchanges on tourism cooperation between Rotorua City of New Zealand and Henan province.

Both sides believe that it is quite necessary to strengthen the tourism cooperation between Rotorua City, New Zealand and Henan province in order to make more Henan people know Maori culture of New Zealand and make more New Zealand people know the civilization of Central Plains of Henan. In this case, CTS Henan Co. Ltd. has planned "Henan-New Zealand Tourism and Cultural Exchange Programme" and hopes to promote the tourism cooperation by joining hands with New Zealand's

authority and its tourism company.

Purpose

This MOU will serve as the official document between the Partners to form a partnership for further cooperation. The common goal is to promote and try to contribute to “Henan-New Zealand Tourism and Cultural Exchange Programme”.

1. Both sides will join in efforts to promote and increase the possibility of charter flights service with non-stop flights between Zhengzhou and New Zealand, to make promotion and publicity of New Zealand’s tourism and culture in Henan and its surrounding areas and to promote the publicity of Henan’s cultural tourism resources and tourist routes in New Zealand. Both sides will strive for more cultural exchanges and cooperation.

2. Both sides will join in efforts to promote and increase the possibility of facilitating the visa application of the participants in this programme.

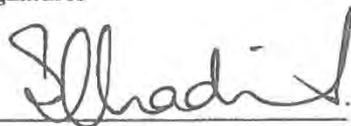
3. Both sides will join in efforts to promote New Zealand’s unique tourism resources, particularly Māori culture, and to enhance the advantages and attraction of New Zealand’s tourist routes.

4. Both sides will join in efforts to strive for the support of all parties concerned and reduce the operation cost of this programme in order to improve the market influence and competitiveness.

Duration

This MOU is at-will and may be modified by mutual consent of authorized officials from both partners. This MOU shall become effective upon signature by the authorized from both partners and will remain in effect until modified or terminated by any one of the partners by mutual consent.

Signatures



Hon Stephanie Chadwick
Mayor of Rotorua City



Sun Ruihua
Deputy General Manager of
China Travel Service Head Office Henan Co. Ltd.
Of China Travel Service (HK) Group Cooperation

27/5/16

Date:

Date: 2016. 5. 27

Attachment 8: Documentation relating to Three Waters Reform programme workshops and clash with RLC Wastewater Services Workshop and SP&F meeting

From: Clare Wooding <clare.wooding@lgnz.co.nz>
Sent: Friday, 3 July 2020 3:52 pm
To: Clare Wooding
Cc: Jason Krupp; Karen Thomas; Nick Davis; Allan Prangnell; Kevin Lavery; Simon Cunliffe; brian@hanna.net.nz
Subject: FW: Central/Local Government Three Waters Steering Committee formed - PLEASE HOLD THE DATE
Attachments: Steering Committee statement announcing formation.docx
Importance: High
Categories: Kim actioned

Dear Mayors, Chairs and Chief Executives

Further to this communication, we ask you please to hold a time to attend a Three Waters workshop that suits you as per the schedule* below. We will be in touch soon with more detail and formal invitations will be sent to you, elected members, senior council officers and your iwi/Māori partners:

Week 1

Monday 20 July Auckland 10am – 2pm

Tuesday 21 July Whangarei 10am – 2pm

Thursday 23 July Tauranga 10am – 2pm

Thursday 23 July Wellington 10am – 2pm

Friday 24 July Hamilton 11am – 3pm

Friday 24 July Napier 10am – 2pm

Week 2

Monday 27 July Nelson 11am – 3pm

Tuesday 28 July Christchurch 11am – 3pm

Wednesday 29 July Dunedin 10am – 2pm

Wednesday 29 July Timaru 12pm – 4pm

Thursday 30 July Invercargill 10am – 2pm

Friday 31 July New Plymouth 12.15 – 4.15pm

Week 3

Tuesday 4 August Palmerston North 11am-3pm

*We are still working through logistics so there may be some minor changes in timing subject to booking venues etc

From: 3WatersSteeringGroup <3WatersSteeringGroup@dia.govt.nz>

Sent: Friday, 26 June 2020 12:42 p.m.

Subject: Central/Local Government Three Waters Steering Committee formed

Tēnā koutou katoa,

- The Society of Local Government Managers, Local Government New Zealand, the Department of Internal Affairs, and the Treasury have formed a Steering Committee that will work in partnership to provide oversight and guidance to support progress towards reform of three waters services.
- The Steering Committee will meet fortnightly and will provide regular updates to you as local government Mayors, Chairs and Chief Executives through this channel. If you have any questions or comments for the Steering Committee you may email them to this mailbox.
- The contents of this email can be shared, as you consider appropriate, with elected members and staff (including Infrastructure and Water Services Managers). Sensitive material will be sent separately and marked NOT FOR DISTRIBUTION.

Joint Central/Local Government Three Waters Steering Committee formed

- At the recent Central/Local Government Forum, Central and Local Government leadership discussed the challenges facing water service delivery and infrastructure and committed to continue working jointly on reform.
- This has led to the formation of a joint Three Waters Steering Committee (**see attached**) to provide oversight and guidance to support progress towards reform, and to assist in engaging with local government, iwi and other water sector stakeholders on options and proposals.
- These challenges include under-investment in three waters infrastructure in parts of New Zealand and persistent affordability challenges; and the need for additional investment to meet improvements in freshwater outcomes, increase resilience to climate change and natural hazards, and enhance community wellbeing.
- The Steering Committee will ensure that the perspectives, interests and expertise of central and local government, and of communities throughout New Zealand, are considered as the broader challenges facing local government water services and infrastructure are addressed.
- This will involve periods of engagement, including an initial series of webinars and workshops with local government most likely in July this year. We will provide details of these in the near future.

The Steering Committee comprises:

Independent Chair: Brian Hanna

Local Government: Rachel Reese (Mayor, Nelson City Council), Alex Walker (Mayor, Central Hawke's Bay District Council), Stuart Crosby (Councillor, Bay of Plenty Regional Council), Bayden Barber (Councillor, Hastings District Council), Vaughan Payne (Chief Executive, Waikato Regional Council) , Monique Davidson

(Chief Executive, Central Hawke's Bay), Pat Dougherty (Chief Executive, Nelson City Council), Hamish Riach (Chief Executive - Ashburton District Council), Steve Ruru (Chief Executive Officer - Southland District Council), Miriam Taris (Chief Executive, Western Bay of Plenty District Council), Heather Shotter (Chief Executive Officer - Palmerston North City Council), Alastair Cameron (CCO Governance and External Partnerships, Auckland Council), Craig McIlroy (General Manager Healthy Waters - Auckland Council).

Society of Local Government Managers (SOLGM): Karen Thomas (Chief Executive), Kevin Lavery

Local Government New Zealand (LGNZ): Jason Krupp (Deputy Chief Executive Advocacy)

Department of Internal Affairs (DIA) officials and advisors: Paul James (Chief Executive, DIA, Secretary for Local Government), Allan Prangnell, Richard Ward, Michael Chatterley, Nick Davis, Natalie McClew

Taumata Arowai: Bill Bayfield (Establishment Chief Executive)

The Treasury: Morgan Dryburgh

Three Waters Steering Committee

Email: 3WatersSteeringGroup@dia.govt.nz



**Te Tari Taiwhenua
Internal Affairs**



**TE TAI ŌHANGA
THE TREASURY**

From: Thurstons
Sent: Tuesday, 14 July 2020 11:58 AM
To: Dave Donaldson ; Fisher Wang ; Steve Chadwick; Mercia Yates ; Merepeka Raukawa-Tait ; Peter Bentley ; Raj Kumar ; Reynold MacPherson ; Sandra Kai Fong ; Tania Tapsell ; Trevor Maxwell
Subject: Invitation to Three Waters Reform programme Workshops 23.07.2020
Attachments: Invitation to workshops - from joint Steering Committee.pdf

RLC Colleagues, Just keeping you in the loop. Apologies if you are already aware of these upcoming workshops on this critical issue for TLAs et al. Note nearest workshop for our region is Tauranga on Thursday, 23 July. RSVP refer to page 2 of 3 for details. Best wishes – Lyaal

<<...>>

From: David Donaldson
Sent: Tuesday, 14 July 2020 3:36 PM
To: Lyall Thurston
Cc: Fisher Wang; Steve Chadwick; Mercia Yates; Merepeka Raukawa-Tait; Peter Bentley; Raj Kumar; Reynold MacPherson; Sandra Kai Fong; Tania Tapsell; Trevor Maxwell
Subject: Re: Invitation to Three Waters Reform programme Workshops 23.07.2020

Kia ora Lyall

Thanks for sending this through. The Tauranga workshop clashes with our Strategy Policy & Finance Committee meeting on July 23rd, so the Hamilton workshop on July 24 would probably work best for any of our team wishing to attend.

Nga Mihi

Cr Dave Donaldson

Sent from my iPad

On 14/07/2020, at 11:58 AM, Thurstons wrote:

RLC Colleagues, Just keeping you in the loop. Apologies if you are already aware of these upcoming workshops on this critical issue for TLAs et al. Note nearest workshop for our region is Tauranga on Thursday, 23 July. RSVP refer to page 2 of 3 for details. Best wishes – Lyall

<<..>>

<Invitation to workshops - from joint Steering Committee.pdf>

Schedule of Report Deadlines to Committees / Council - 2020

Meeting	Précis reports due (send to 'RLC Governance' email)	Reports to GM's for approval (via EA's)	Full Reports due (send to 'RLC Governance' email)	Meeting Date
Feb				
Operations & Monitoring	6-Jan	15-Jan	23-Jan	5-Feb
Strategy, Policy & Finance	14-Jan	24-Jan	30-Jan	13-Feb
Council	28-Jan	10-Feb	13-Feb	27-Feb
March				
Operations & Monitoring	5-Feb	17-Feb	20-Feb	5-Mar
Strategy, Policy & Finance	13-Feb	24-Feb	27-Feb	12-Mar
Audit & Risk	14-Feb	25-Feb	27-Feb	16-Mar
Council	27-Feb	9-Mar	12-Mar	26-Mar
April				
Operations & Monitoring	3-Mar	13-Mar	19-Mar	2-Apr
Strategy, Policy & Finance	10-Mar	20-Mar	26-Mar	9-Apr
Council	31-Mar	9-Apr	16-Apr	30-Apr
May				
Operations & Monitoring	7-Apr	17-Apr	23-Apr	7-May
Strategy, Policy & Finance	14-Apr	23-Apr	30-Apr	14-May
Council	28-Apr	12-May	14-May	28-May
June				
Operations & Monitoring	4-May	15-May	21-May	4-Jun
Strategy, Policy & Finance	11-May	20-May	28-May	11-Jun
Audit & Risk	15-May	27-May	28-May	15-Jun
Council	25-May	5-Jun	11-Jun	25-Jun
July				
Operations & Monitoring	2-Jun	12-Jun	18-Jun	2-Jul
Strategy, Policy & Finance	9-Jun	19-Jun	25-Jun	9-Jul
Council	23-Jun	2-Jul	9-Jul	23-Jul

Accept ? Tentative Decline Propose New Time Calendar...



Tue 14/07/2020 9:43 am

RLC Governance

Wastewater Services workshop & Strategy, Policy & Finance Committee meeting

Required

Danielle Marks; Dave Donaldson; Eugene Berryman-Kamp; Fisher Wang; Jude Pani; Merica Yates; Merepeka Raukawa-Tait; Peter Bentley; Phil Thomass; Raj Kumar; Reynold Macpherson; Sandra Kai Fong; Shirley Trumper; Steve Chadwick; Tania Tapsell; Trevor Maxwell; Trish Solomon; Arapeta Tahana; Craig Tiniana; Geoff Williams; Gina Rang; Ingrid Tiniana; Jean-Paul Gaston; Jocelyn Mikaere; Oonagh Hopkins; Richard Bird; Stavros Michael; Thomas Colle; Rick Dunn; Hilda King; Isabel Brel; Gomathi Konara; Melissa Hollier; Sally Smyth; Megan Bell

Optional

Charles Te Kowhai



Received for Geoff Williams.
We couldn't find this meeting in the calendar. It may have been moved or deleted.

When **Thursday, 23 July 2020 9:30 am-3:00 pm** ~~Thursday, 23 July 2020 9:30 am-2:00 pm~~ Location Chamber

	Kim - Bereavement leave	To 24 Jul
9 AM	Steve Chadwick	
10	Wastewater Services workshop & Strategy, Policy & Finance Committee meeting	
	Chamber	
	RLC Governance	
11		

Tēnā koutou katoa

The timetable for Thursday 23 July 2020 is as follows:

- 9:30 to 12:30 - Wastewater Services Workshop – please note this workshop is being held for elected members only
- 1:00 to 3:00 – SP&F meeting – Wastewater Proposal deliberations and recommendation

Ngā mihi nui

Rick

Te Toitūtanga o te Taiao | Environmental sustainability

Wastewater treatment plant upgrade

Council signed a deed with Central North Island Iwi Limited (CNI) in 2014 to end treated effluent disposal in Whakarewarewa Forest by December 2019 as the forest system is considered unsustainable.

Council has worked with key stakeholders including iwi to explore and identify a better, more sustainable wastewater treatment and management alternative. The preferred solution agreed by the majority of parties includes a full upgrade of the existing wastewater treatment plant to a full membrane bioreactor plant with provision for additional nutrient removal and an ultraviolet disinfection system. The upgraded plant will also increase capacity to cater to future demand. A land contact bed is proposed to address cultural aspects regarding the proposed discharge recovered water to the environment.

A resource consent application is in progress and it is based on this proposed upgrade and discharge option. While we await the outcome of the application Council will continue working on the proposed holistic delivery of wastewater services and networks management to address our future challenges.

District sewerage schemes – East Rotoiti/Rotomā

Council committed in the 2017/18 Annual Plan to a reticulated sewerage scheme for East Rotoiti/Rotomā following engagement with the community. With significant support from the community the scheme has proceeded. There are approximately 700 properties in the service area for this scheme, which will replace current septic tanks.

Properties will connect to a stand-alone wastewater treatment plant which will treat wastewater to a very high standard before it is discharged to land.

The total estimated capital cost of the scheme is \$35.3 million, largely funded by subsidies from Ministry of Health, Bay of Plenty Regional Council, Ministry for the Environment and Rotorua Lakes Council. The balance of the capital cost of constructing this system will be repaid by the ratepayers receiving the service through targeted rates.

Properties at Rotomā are expected to commence gradual connection from July 2019 and to be fully operational by September 2019. A targeted rate to fund the operational costs of the new scheme will commence in the 2020/21 year.

Properties at East Rotoiti will be expected to be gradually connected to the scheme from July 2020 and will be charged from then onwards.

When the scheme is fully completed all properties in the scheme area will commence payment towards the capital contribution, either by making an upfront payment of \$14,100 (GST inclusive) or \$1,080 (GST inclusive) per annum over 25 years. The final capital contribution is subject to the final project cost with Council working hard to ensure costs are within estimates provided to the community.

Te Whakawhanake i to tātau Rohe | Growing our district

Development contributions policy

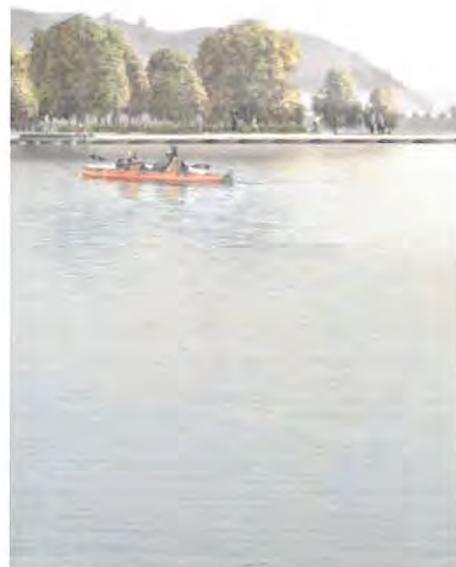
Population data estimated Rotorua's population to be 72,500 in 2018. During the last five years (2013-2018) the district has experienced an average 1.2% growth. This is above previous growth projections.

Well-managed population and economic growth can be an opportunity for the district. Growth can improve the prosperity and wellbeing for the whole community. It can increase demand for goods and services, supporting our existing and encourages new local businesses, it can bring new skills, ideas and wealth which in turn creates a vibrant economy and contributes to thriving communities.

Council has identified growth infrastructure funding across the Long-term Plan, including roading, water supplies, wastewater and stormwater. The overarching question is who should pay for this additional growth?

Council proposes re-introducing a development contribution policy to ensure the costs of meeting the demand arising from development, including infrastructure upgrades and extensions are repaid by those who benefit from it.

Council will work with sectors such as developers to formulate a framework of principles and a draft policy. A separate special consultative procedure will then be undertaken and if supported, a policy could be introduced in year three of the 2018-2028 Long-term Plan (2020/21).



Tuia te kawē, tairanga te kawē, ko te kawē o te haere |

Keeping the foot on the pedal of progress

Lakefront redevelopment

A bold vision for the lakefront has been created to enhance this important recreational area for the benefit of locals and visitors. The design will create spaces for recreation, entertainment, cultural experiences, improved visitor operations and commercial operations and will represent our unique cultural identity and tell our stories.

The Lakefront Reserve is a significant recreation and economic asset for Rotorua. In 2006 an upgrade was identified as part of ongoing city development and our district's standing as one of New Zealand's most popular tourist destinations. The plan was not able to proceed as joint funding opportunities did not exist then.

In October 2018 the Government's Provincial Growth Fund granted \$19.9 million towards the project; a substantial investment into the economic objectives of the project.

The initial stages of development have started with the removal of the old scout den and Soundshell. The lake edge will be improved with a boulevard style pathway for pedestrians and cyclists, roading changes will include moving and improving visitor and coach parking, a new waka house will be constructed, public toilets will be upgraded and an enhanced children's play area created. The plan also includes creation of a building site for commercial operations where investors could establish restaurants, cafés, kiosks and ticketing offices for lake activities.

The plan creates a destination to align with the quality aspirations of surrounding private investments already underway or planned.

The lakefront plan will cost \$40 million to deliver. Council has committed to investing \$20.1 million which has been matched by a Provincial Growth Fund grant of \$19.9 million.

Whakarewarewa Forest

Whakarewarewa Forest is locally and internationally renowned as an outstanding recreation area for mountain biking, walking, running and events and is an important recreational area for our community. The trails attract an estimated 230,000 people annually for mountain biking alone and between 600-800,000 other visitors every year. Most of this recreation area is also a working forest with recreational use fitting around forest operations. A master plan identifies key recreational, cultural and commercial development opportunities, specifically in the Tokorangi block that includes the Redwoods area and the project will integrate trails, develop an outdoor event area, playground and picnic areas and improved parking.

In October 2018 the Government's Provincial Growth Fund granted \$7.0 million towards the project, driven by strong evidence supporting strengthened economic development and tourism, as well as the benefits of enhanced recreational opportunities. The Provincial Growth Fund grant investment supports Council's investment of \$7.5 million.

Initial work has started on the Long Mile Road entrance, and access for coach and public parking. Work on a new Redwoods/Tokorangi visitor centre will start when this is finished and further up Tarawera Road, on the way to Tikitapu, visitor infrastructure will be developed to provide a new forest access hub.

Kuirau Park and skate park

Work continues to develop and enhance this iconic family-friendly inner city geothermal park for locals and visitors. Enhancements aim to strengthen connectivity to our environment, culture and lifestyle.

Proposed ongoing investment will build on recent upgrades to lift the whole offering. Features in the overall plan include construction of a geothermally-heated children's water play area, new parking, creation of a fit-for-purpose market space and new toilets and changing facilities. Council committed \$5.5 million towards these enhancements.

Within the park it is also proposed to develop a skate park to replace the current facility at Sheaf Park. Council has committed \$750,000 for this project and is working to secure the additional funding required to progress the skate park.



Attachment 10: Analysis of submission points

6/3
RDC-921729

44
ATTACHMENT 1

Strategy, Policy & Finance Committee meeting
13 June 2019

Analysis of submission points			
Total submitters	For	Against	Neutral
	3	6	2

Comments:

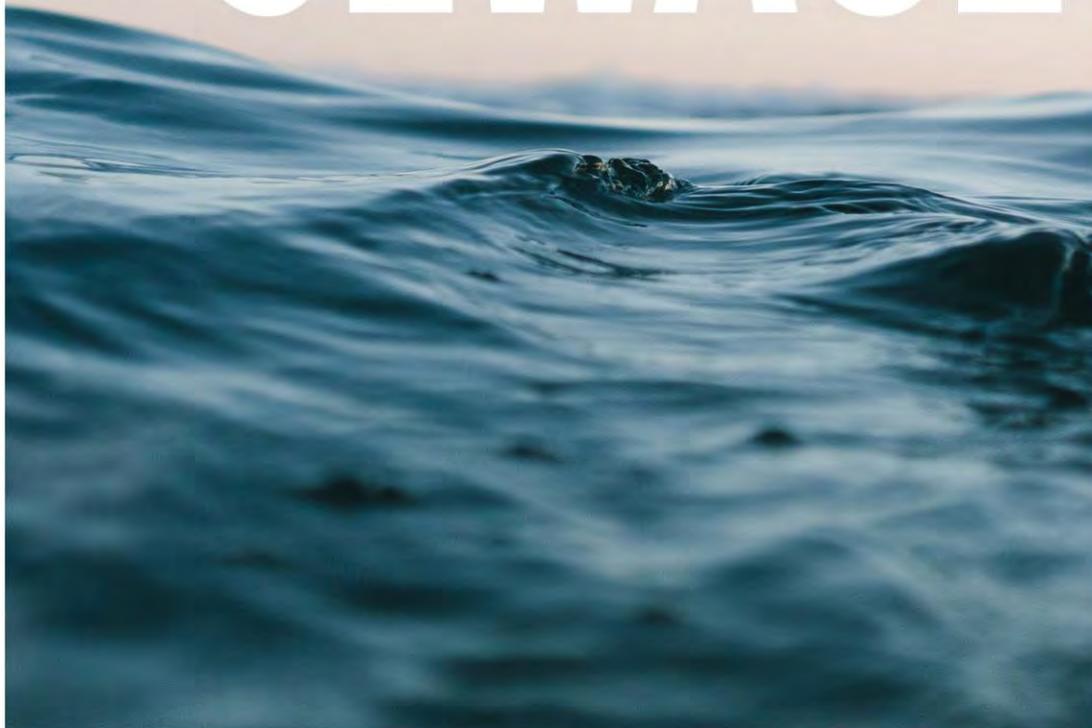
- I don't have confidence in what is presented in the Annual Plan to deliver the outcomes for the city's wastewater services
- Fix first, and then look to contract out.
- If managed correctly the council should be a more cost effective option
- Knowledge base already there and easier to keep a handle on in house services
- Support this, as the economy of scale should benefit us.
- I understand that this is a new and perhaps radical departure for our city.
- I am worried that local contractors may start to miss out on work.
- Don't believe that future and ongoing costs will be controlled. Any slight change to the contract could be charged back to the council at an inflated price which will then fall back onto the rate payers to pick up the cost
- BOPRC broadly supports Rotorua Lakes Council's intention to consider how best to deliver wastewater services to the district.
- BOPRC does not have a view on whether or not this is best achieved through in-house resources or external contractors.
- However, it is important to note that while the management of assets may be contracted, Rotorua District Council, as the consent holder, is responsible for compliance with consent conditions. BOPRC submits that RLC retains control/ responsibility for compliance with resource consent conditions.
- Concern that contracting out service will not manage risk.
- Concern that contracting out will mean council lose technical knowledge, understanding the risk and challenges in the network, and as a result are more vulnerable to cost manipulation.
- Concern that Contractor will want to make a profit but will efficiency balance out the price?
- Needed more clarification on the contract.
- Does not think that this contract will save us money in replacement costs.
- Concerns with the contract regarding risk management for Council and the cost of the contract, they were going to be profit making at the expense of ratepayers.

Options

A change in the way a significant network infrastructure is delivered by Council is required to first explicitly notify its intention in the Long Term Plan and then undertake a special consultative procedure setting out the proposal in detail including any viable alternatives, the advantages and disadvantages and the financial impacts of the proposal.

Following engagement in the Annual Plan, (signal alternative methods in service delivery) Council could now proceed to develop a statement of proposal/consultation document and fully consult on a proposal to deliver waste water services via a contract for service. This proposal is required to be audited by the Council's auditors, Audit New Zealand. Part of that audit process will also be an external review of the

SEWERAGE + SEWAGE



ESTABLISHING A STABLE, RELIABLE AND SAFE NETWORK

STATEMENT OF PROPOSAL

ROTORUA
LAKES COUNCIL
Te kaunihera o ngā roto o Rotorua



CONTENT

03 Section 1 - Background

New Zealand faces significant challenges in terms of wastewater systems over the next 30 years.

04 Section 1 - Until now

The current 30-year Infrastructure Strategy identified that the current wastewater service delivery approach needed to be reviewed.

05 Section 1 - The Waste Water Services Network

Like many other parts of New Zealand, our assets are reaching the end of their useful lifecycle.

07 Section 1 - Proposal 1

Enter into a service delivery contract with an external provider for the provision of all wastewater services across the district.

14 Section 1 - Proposal 2

Continue to deliver the wastewater services based on current practice.

17 Section 1 - Proposal 3

There is the option to do nothing at this point.

18 Section 1 - Exclusions

The current proposal excludes any capital upgrade to the wastewater treatment plant and proposals to any future disposal methods of treatment wastewater.

19 Section 1 - Summary

Long-term implications that need to be considered.

20 Section 1 - Recommendations

What is the recommendation?

21 Section 2 - Financials

View the financial statements relevant to this statement of proposal.

22 Feedback

We would like to know your views on this proposed change to how we deliver wastewater services.

UNTIL NOW

THE STORY SO FAR

At the time of preparing the current 30-year Infrastructure Strategy (2017/18) it was identified that the current wastewater service delivery approach needed to be reviewed. It was proposed that alternative methods for the delivery of the wastewater service be investigated. When the Long-term Plan 2018-28 was adopted in June 2018, investigations had just begun and at that stage, Council was unable to quantify what an alternative or alternatives could look like.

Now, following a lengthy review of the service, there is a much better understanding of wastewater service issues, emerging challenges and how the

service can be delivered more effectively. A two-year competitive procurement process identified a preferred service provider. Council proposes to enter into a contract with Trility (a consortium comprising Trility, Fulton Hogan and Stantec) for the provision of wastewater services across the district. The proposed contract brings all network operations under a single point of performance responsibility.

This is expected to better address known service challenges while also maintaining and retaining full Council ownership of the assets, full Council control of funding for the service and decision making on levels of service.



- 600 KILOMETRES OF PIPES
- 87 PUMP STATIONS
- 1366 LOW PRESSURE GRINDER PUMPS
- TWO MAJOR WASTEWATER TREATMENT PLANTS

- CURRENT VALUE \$374,000,000
- MORE WASTEWATER RETICULATION SCHEMES BY 2028 (ROTOITI/ROTOIWA, TARAWERA, MAMAKU)

NETWORK

THE WASTE WATER SERVICES NETWORK

Council's recent 2018 30-year Infrastructure Strategy indicated that changes to wastewater services delivery were needed; several issues informed these changes. Central Government has been reviewing the regulation and supply arrangements of drinking water, wastewater and storm water (three waters) to better support New Zealand's prosperity, health, safety and the environment. The three waters review has identified system-wide challenges. The 30-year Infrastructure Strategy highlights that our wastewater network is facing the following major challenges.

A) AGEING NETWORK

Like many other parts of New Zealand, our assets are reaching the end of their useful lifecycle. More than 65% of our network will reach the end of its useful lifecycle within the next 10-25 years. Targeted and smart technology interventions are required to achieve and maintain critical assets in stable operating condition, as well as proactively addressing and mitigating the risk of network performance failure and ensuring service reliability.

B) GROWTH

Rotorua is growing and it is predicted to continue to grow. As a result, new wastewater management capacity is required to safely collect, transmit and treat the increased amount of wastewater that will be generated. Public expectations are also changing with our communities now strongly wishing to be connected to reliable and highly effective wastewater systems that meet current environmental standards and effectively address cultural impact concerns (East Rotoiti/Rotomā, Tarawera, Māmakū). This requires the installation of additional network assets, more and improved wastewater treatment capacity and significantly complex technical skills in order to reliably and cost effectively manage an expanding demand on the wastewater network.

C) COMPLIANCE

Increasingly demanding environmental and cultural compliance standards are developing and are resulting in elevated statutory compliance risks. This will require Council to plan for and initiate quality assurance processes while considering operational cost impacts, through enhanced system performance monitoring and the mitigation of risks.

D) CLIMATE CHANGE/EFFECTS

Our network is entering an age where pipelines and various supporting facilities' structural integrity is becoming more fragile. Climate change, which includes higher rainfall intensities and frequencies, poses an increasing risk related to unplanned invasion of storm water into our wastewater network. Storm water intrusion into the network further stresses limited capacity and elevates the risk of uncontrolled and untreated wastewater overflows. Effective management is required in order to ensure we can comply with statutory compliance issues, such as the minimisation of untreated and unconsented sewerage overflows into our fresh waters and lakes. Through the application of new pipeline rehabilitation technologies and with the assistance of carefully constructed hydraulic modelling to guide targeted storm water control interventions, we are able to minimise storm water infiltration.

E) FUNDING AND FINANCING OF THE SERVICES

Our 30-year Infrastructure Strategy has highlighted a significant level of uncertainty in terms of the future operating cost of the wastewater network. This uncertainty is firstly around the management of ageing assets, which are reaching the end of their useful design lives. Secondly, there is ambiguity regarding the introduction of new and additional assets that are coming on line because of development and reticulation expansion. Furthermore, our growing population and business activities are generating more wastewater and therefore the demand for more pipeline capacity exists even where the current pipes are structurally sound. Lastly, the unique corrosive impact on assets due to our local geothermal environment is of ongoing concern.

Subsequent to the Infrastructure Strategy, there are new issues that we need to consider:

F) CAPABILITY - FUTURE SKILL SHORTAGE IN WORKFORCE

Currently, a variety of external contractors deliver approximately 70% of all our wastewater services via a multitude of different types of contracts and more than half of the current in-house operations staff are reaching retirement age. The recruiting and retaining of suitably skilled staff in such a complex-operating environment and in a high demand sector is very difficult and uncertain.

G) CENTRAL GOVERNMENT - LOCALISM VS AMALGAMATION + REGULATION OF SERVICE AND DELIVERY

The Three Waters Review proposes system-wide reform in regulation and service delivery. A national regulator agency was established in 2019, so regulation changes will happen at pace. The greater challenge is the objectives and views of Central Government, which may lead to devolution of council control of the wastewater service if local authorities prove to be unable to meet new standards and service reliability. Local Government New Zealand has strongly stated that it opposes this view and that this approach goes against the Minister for Local Government's views on localism and the need to support local decisions made at a local level.

Statement of Proposal

REASONS FOR THIS PROPOSAL

Council has identified a number of reasons for this proposal, based upon the establishment of a set of objectives that are not readily provided for by the existing service delivery method. These objectives are:

- Retain Council ownership - of the assets and the direct control of level of service, including taking primary accountability for the reliability of the service to the community.
- Address the challenges, such as higher treatment standards and the reduction of contamination risk to freshwater, to meet community expectations in terms of growth aspirations, community health and wellbeing.
- Achieve cost certainty for critical asset renewals, via the benefit of one contract rather than a multitude of individual contracts
- Achieve a reliable operations and service maintenance involving :
 1. A whole of network management practice to how Council builds, operates and maintains its critical wastewater network components; and
 2. Leveraging new technology wherever possible to extend assets' lives.

1.0

ONE 10 YEAR CONTRACT

PROPOSAL 1

DETAIL OF PROPOSAL ONE: ONE 10-YEAR CONTRACT

Finalise and enter into a 10-year service delivery contract with an external provider for the provision of all wastewater services across the district.

Should this proposal proceed Council will enter into a contract for service with a consortia named Trility. An extensive procurement methodology has been undertaken to secure the level of service expected.

THE PROPOSED CONTRACT INCLUDES:

1. The operation, maintenance and renewals of the current wastewater networks, facilities and treatment plants to meet all performance indicators as stipulated by current consents, Council policies and relevant regulations. The contract provides remedies to be applied for breaches in not meeting these requirements.
2. The management, treatment and disposal of all bio-solids generated by both schemes (Rotorua and Rotomā /Rotoiti) and the responsibility to meet all current regulatory/consent obligations related to the safe management and disposal of the treatment by-product.
3. The provision of all required human and material resources to manage the network operations at a set fee for 10 years (subject to annual CCPI indices to be applied under the contract provisions). This ensures that Council's unplanned cost risks for network repairs and network condition maintenance are transferred to the contractor for the agreed fee.
4. The offer of full employment to all existing operations staff (10) and responsibility for their on-going training and development, the staff's unions have agreed to the terms of proposed transfer.
5. The provision of access to expert advice, network modelling and assessment of effects from growth and increasing service demand.
6. Full collaboration with the Council's infrastructure engineers who will be managing the contract, monitoring the contractor's performance and will be reporting to Council.
7. Unique collaboration with iwi. The Contractor will give effect to a Memorandum of Understanding with Te Arawa Collective that includes joint operational participation, skills training opportunities for young Māori, and community, environmental and cultural education programmes.



1.1 BENEFITS OF THIS PROPOSAL

1. OWNERSHIP AND CONTROL

Under this option, Rotorua Lakes Council will retain all strategic decision-making, asset ownership responsibilities and service level setting and control for the duration of the contract. The day-to-day service delivery operations will become the responsibility of the contractor.

- Expert personnel in service delivery will provide Council with increased opportunities to build on long-term outcomes, including the strengths identified in the Rotorua Vision 2030, and contribute to district goals. In particular the focus on “homes that meet needs” by ensuring reduced public health risk by reducing the chance of drinking water contamination.
- Rotorua Lakes Council will also retain strategic control and decision making over the long-term condition of the pipelines network. This includes strategic policy input into any potential actions for the prioritisation of storm water inflow and infiltration management to offset premature new network capacity demand development.
- Ongoing use of the Council's Laboratory Services would be retained.
- Asset information concerning the network will remain readily available and will remain Council's property through the contract period.

2. OPTIMISED NETWORK SOLUTIONS

There is a need to ensure that the Rotorua district can benefit from new technology interventions to ensure improved network performance reliability. This is particularly important due to the age of the current infrastructure. The proposed contract provides incentives to the contractor to progress these interventions in order to protect against increasing operational costs arising in the future as assets continue to age.

The maintenance and updating of calibrated hydraulic models of all networks will be undertaken by the contractor and will be available to Council at all times, alongside improved technology and tools for monitoring and reporting on network and WWTP performance. The contractor will provide ongoing support to Council's planning teams to assess the impacts of growth, both planned and unplanned, on existing infrastructure and to identify smart and modern network solutions to cater for expected new demand.

3. RELIABLE RISK MANAGEMENT

More reliable and systematic risk management would be delivered as the proposed contractor has the experience, knowledge, depth and breadth of skills to apply in this regard. The contractor has an incentive to apply comprehensive risk management to the service because they carry all the financial risk associated with not meeting relevant regulations and legislative requirements. The proposed contract requires the contractor to pay all fines and penalties imposed if they have caused the breach of regulations, including the costs associated with any remedies. The ageing condition of the network creates uncertainty around Council's ability to meet all known regulations; this is a significant compliance cost risk to Council, which this proposal seeks to minimise. This option would transfer the majority of risk over to the contractor to manage. In doing so, reducing the risk to Council and creating more certainty for setting out future long-term plans.

4. TRANSFER OF PERFORMANCE RISK

All of the network performance risk; operating costs; and maintenance and renewals planning, including the associated delivery costs would be transferred to an experienced operator. The proposed contractor has greater capability and financial incentive to manage risk within a predictable price, which will be controlled through provisions in the proposed contract.

5. A PARTNERSHIP APPROACH

Through adopting one consolidated contract, it is anticipated that an operational partnership approach will provide Council with access to resilient and competent skills, as well as up-to-date technical advice. The proposed contractor is a global employer, which enables Council to tap into a network of world-class experts who will provide guidance on best practice asset management to meet and address current and emerging operational challenges. It also assists in fulfilling Council's good employer obligations by providing current operations staff with enhanced career development opportunities.

6. ENHANCED OPPORTUNITIES FOR IWI

The Te Arawa Partnership called for better iwi involvement in Council decision-making and contribution towards the development of the District. This proposed contract offers iwi enhanced opportunities to be directly involved as partners and in service and freshwater stewardship roles.

Opportunities for iwi via the contractor include:

- Acknowledgment of the unique and important role of Te Arawa.
- The opportunity to become a sub-contractor for cultural activities.
- A working partnership providing both Te Arawa and the contractor (Trility) an enhanced understanding of matauranga Māori, Māori values and waste services processes.
- Ability to work together to incorporate matauranga Māori and Māori values now and in the future for the development of wastewater services.
- Opportunity to share Te Arawa's unique knowledge of the land, lakes and district with Trility.
- Introduces cultural awareness as a mandatory requirement for Trility.
- Ongoing education opportunities in schools, teaching how matauranga Māori and how the wastewater services fit in with each other.
- Introduces scholarships for tertiary studies.
- Introduces traineeships and apprenticeships.
- Recruitment opportunities for Te Arawa youth.

1.2 ROLES AND RESPONSIBILITIES

Rotorua Lakes Council	Contractor
Owens all of the wastewater and associated assets and the obligations arising from asset ownership.	The provision of all required resources to manage the network operations at a set fee for ten years.
Sets the activities strategic direction aligned to the four well-beings (social, cultural, environmental, economic)	Sets the operational maintenance and renewal functions in order to deliver a stable, reliable and safe service
Sets the levels of service	Deliver all of the contract performance objectives while meeting all service key performance indicators as per the Council's Long-term Plan
Monitors the performance of the contract	Responsible for compliance with resource consent conditions and other applicable statutory obligations
Plans and directs future expansion of the network and sets funding requirements	Leads the response to customer service enquiries, service delivery and responds to requests for service
Sets operational funding requirements and collects revenue to fund the activity	Monitoring and reporting against network/service performance measures as specified in the contract to the Council's Infrastructure Group
Strategic asset management planning and 30-year forecasting to meet future growth and service demand	Providing and maintaining all the required pool of technical staff to effectively meet all contractual obligations and provides Council access to international best practice for service improvements and more cost effective asset management solutions
Continue to negotiate options with other agencies for the funding of potential new sewerage schemes.	Responsible for all aspects of operational safety and service risk management related to the wastewater network and all its components
Engagement with community on potential new schemes and contact feasibility studies.	Ongoing staff training, career opportunities and the provision of technical apprenticeships for young Rotorua people especially through giving effect to the MOU with Te Arawa Collective
Monitors the network's compliance with applicable regulations	Pay all fines and penalties imposed if they have caused the breach of regulations, including the costs associated with any remedies.

1.3 POTENTIAL RISKS UNDER THE CONTRACT

Description of Risk	Risk Mitigation
The performance of new and existing treatment plants does not meet demand and service requirements.	Council's trade waste polices and regulations can be used to manage the demands on the systems.
New equipment/treatment plants do not meet design requirements.	Construction contracts are covered by the designers' producer statement warranties.
Non-compliance with key performance indicators	Contract provisions allow for Council to withhold contract payments in order to recover the costs to apply and remedy to the failure.
Failure to undertake key condition improvements to the network	Contract provisions allow that Council can undertake audits of any asset information provided by the contractor to ensure that works undertaken match the asset information
Service failure: a fault in the network leads to properties losing access to waste water service and they cannot use their facilities.	Under the contract, Council is able to reduce payments to the contractor through failure to maintain services at the agreed levels
Persistent failure to meet service expectations with wide public dissatisfaction of service.	Council has "Step-In rights" and can take over from the contractor where there is serious failure to meet service levels. Additionally, the contract enables continuity deeds with key sub-contractors to allow essential services to continue with no changes in price.
Financial failure of the contractor	The contract provides for the parent companies to guarantee the contract entity with NZ\$15million that escalates every year. The guarantee covers all the obligations of the contractor.

1.4 CONSEQUENCES OF CONTRACT FAILURE

It is believed that there are two potential instances which could lead to contract failure. Each failure would have consequences.

a) The legal cost and prosecution of a significant service failure

For example wastewater leakages which lead to a prosecution and have a significant impact on levels of service to the community.

In this case, the contract provides back-to-back mitigations to hold the contractor accountable financially through guarantees and performance bonds. The contractor is liable to meet all costs and penalties from any prosecution and the costs to put things right.

b) Contractual relationship failure

For example, the contractor does not meet performance standards. The contract provides for "termination" due to a breach of obligations. The party that caused the breach must pay the cost and expenses of the other party.

1.5 WHAT WILL THIS PROPOSAL COST?

Option one – Finalise and enter into a 10-year service delivery contract with an external provider for the provision of all wastewater services across the district.	Target Rate Impact
Current rate – 2019/20 year *Note targeted rate for connected 1-4 pan charges with no sewage scheme capital contribution	\$467.00 \$8.89/week
What is driving the cost? Enhanced but capped operating and maintenance costs to address ageing infrastructure, higher legislative compliance; lower capital spend all in one contract Increased costs for operating the Rotoiti/Rotomā sewerage scheme Increased cost for electricity nationwide.	\$100.00 \$1.92/week 21% Target Rate Increase (%)
Under Option One your 2020/21 targeted wastewater rate would total: *Note targeted rate for connected 1-4 pan charges with no sewage scheme capital contribution	\$566.00 \$10.88/week

1.6 PROPOSED CONTRACT DUE DILIGENCE

To date we have undertaken due diligence and reviewed the conditions of the proposed contract. This has ensured the security of Council's control and ownership of the assets/network during the term of the contract – including the full suite of assets returned at the contracts conclusion. A peer review of the financial costs to Council has been completed and compared against Council's Long-term Plan 2018-2028. Expert advice was sought from:

- Lane Neave (legal)
- Morrison Low (procurement)
- Motts McDonalds (technical)
- RLC infrastructure staff
- Deloitte (commercial risk attribution/verification)

1.7 PERSONNEL AND HUMAN RESOURCES

We have fully discharged our obligations to inform and consult with our staff and unions on both the process of partnering externally and the potential changes to their employment. The proposed contractor has undertaken works to accommodate all Rotorua Lakes Council employees on individual employment agreements to a comparable position in their structure on the same or improved terms and conditions of employment.



2.0

OPTIMISE CURRENT METHOD

PROPOSAL 2

DETAIL OF PROPOSAL TWO: OPTIMISE CURRENT METHOD

Continue to deliver the wastewater services based on current practice (a mix of in-house management by Council operations staff and the balance through a variety of external contracts)

2.1 BENEFITS OF THIS PROPOSAL

1. OWNERSHIP AND CONTROL IS MAINTAINED, JUST AS IT IS FOR OPTION 1

Rotorua Lakes Council retain strategic control and decision making over the long-term condition of the pipelines network. This includes retaining the status quo with the use and management of the Council's laboratory services and all the asset information continues to be administered by council.

2. COMPLIANCE WITH KEY PERFORMANCE INDICATORS (KPIs)

As another entity is not involved Council have only to manage themselves in the delivery of the service and therefore the compliance with key performance indicators can be less complicated maintaining the service in house.

3. PERFORMANCE OF WASTEWATER TREATMENT PLANTS

If issues arise with the performance of the network and or the treatment plants, Council can act directly to make changes to the operations to overcome the issues. In contracting out there will need to be negotiations with the operating company before changes can be implemented.

4. LABOUR FORCE IS MAINTAINED BY COUNCIL

For many in the community being employed directly by the Council is significant and often seen in itself as stable. However as outlined the labour force is also a major risk to the activity going forward.

5. KNOWLEDGE OF THE DETAILED OPERATIONS SITS WITH COUNCIL

Council knows where all service issues and failure occur because it receives all the enquiries and carries all the costs to rectify.

2.2 POTENTIAL RISKS WITH THIS PROPOSAL

Description of Risk	Risk Mitigation
Unknown financial costs associated with need to respond to and carry out network repairs and network condition maintenance.	Build into budgets a financial contingency that should assist in the case of unplanned/unexpected costs. This will increase costs significantly into the waste water activity as the contingency can never be accurately quantified. The activity is also not permitted to end the financial year with a positive balance (profit). This leads to unpredictability in the setting of the activities rates from year to year and does not provide the community with any stability in the setting of rates for this activity.
Financial cost as a result of meeting compliance to regulatory requirements including paying fines for breaches and carrying the costs of initiating cures to the causes of breaches including legal costs.	This could mean borrowing significantly in years that a major financial cost is incurred negatively affecting Council's overall debt levels.
A lack of access/inability to access the latest international expertise, science and technology advances.	Council must ensure it has all the necessary human resources, skills and competencies to operate the network, to plan and execute cyclical maintenance routines, affect network repairs as necessary and to initiate asset renewals as required to maintain stable asset condition. Additionally, Council must secure and retain the range of staff skills and competencies to initiate tenders and manage a range of different contracts as required to achieve the reliable operation of the wastewater system.
Failure of an end-to-end delivery of the network as a result of multiple contracts and the impact each single contract potentially has on another contract.	Contract with one service provider to ensure an end-to-end delivery of the network service. Or Employ more staff to monitor and check off each individual contract to ensure each separate contract has no adverse effect on other contracts.
Lack in economies of scale due to lots of small individual contracts and sector suppliers can't deliver materials etc cost effectively	Contract with one service provider to position Council to obtain the best price for materials and services for the benefit of Rotorua.

2.3 WHAT WILL OPTION TWO COST?

Option two – Continue to deliver the wastewater services based on current practice (a mix of 30% in-house management by Council operations staff and the balance through a variety of external contracts) and retain the full and ever-increasing risk associated with this service delivery method.	Target Rate Impact
Current rate – 2019/20 year *Note targeted rate for connected 1-4 pan charges with no sewage scheme capital contribution	\$467.00 \$8.89/week
What is driving the cost? 1) Increased costs for operating the new Rotoiti/Rotomā treatment plant. 2) Increased cost for electricity nationwide. *Note: Under Option Two, the cost of operating and maintaining the service is uncapped (meaning if there was a shock-event and/or network performance failure the cost could be anything from \$0.00 to open-ended).	\$47.43 \$0.91/week 10% Target Rate Increase (%)
Under Option Two your 2020/21 targeted wastewater rate would total: *Note targeted rate for connected 1-4 pan charges with no sewage scheme capital contribution	\$514.43 \$9.89/week

3.0

DO NOTHING AND WAIT

PROPOSAL 3

DETAIL OF PROPOSAL THREE: DO NOTHING AND WAIT FOR GOVERNMENT TO INTERVENE

There is the option to do nothing at this point.

Government are working on guidelines and further compliance and monitoring rules for Councils in light of the many issues facing the water spaces in New Zealand.

There is the option to do nothing at this point.

Under this option Council could manage the network as is, reduce spending on asset renewals and wait until central government determines the direction of local government in terms of the future management of waste water.

This option is not being considered as it does not set out to address any of the issues that face the service right at this time. This option also does not demonstrate good asset management or stewardship by Council as the leaders of the district. This option could have significant impacts to Council and the district including, catastrophic failure of the network resulting in major disruption to the service and massive reputation.



4.0

EXCLUSIONS

OUT OF THE FOREST COMMITMENT

The current proposal excludes any capital upgrade to the wastewater treatment plant and proposals to any future disposal methods of treatment wastewater.

Rotorua Lakes Council and Central North Island Iwi Limited (CNI) signed a deed in 2014 to end treated effluent disposal in Whakarewarewa Forest by December 2019 - a system that for technical and cultural reasons is now considered unsustainable.

Options were explored by a community-led steering committee, which included Te Arawa iwi and hapū, technical advisors, Rotorua Lakes Council and Bay of Plenty Regional Council representatives and a cultural assessment sub-committee.

The proposed alternative includes an upgraded treatment plant that will incorporate much higher wastewater treatment level capability and the capacity to future proof wastewater management needs against our forecasted growth. It will include a new land contact bed to address cultural reservations and concerns regarding the proposed discharge of recovered water to the local environment.

The Environment Court will consider a resource consent based on this option in the near future. Until an outcome related to the new resource consent application is known, an upgrade to the current treatment plant cannot be initiated.

5.0

SUMMARY

We have identified a number of long-term implications that need to be considered in analysing the two viable options presented in this proposal. These issues influence each option and will not be eliminated by one option over the other.

- There are so many issues in the water space (throughout New Zealand), that Council could spend the entire budget remedying these alone.
- Unpredictable impacts of climate change and the associated statutory compliance risks.
- High degrees of uncertainty in the long-term financial forecasts, due to the age of the infrastructure and the local geothermal conditions, shock events and abatements.
- New government policy and regulations for all waters and ensuring our local management of the resources continues (localism).
- Our growth aspirations, such as creating more housing and liveable communities, can only be founded on stable and reliable core services.

6.0

RECOMMENDATION

The recommendation is to proceed with Option One; finalising and entering into a ten year contract with Trility for the provision of wastewater services across the district.

Council does not believe it is the best interest of the community to proceed with Option Two, due to the extent of that options associated high-risk profile and the high likelihood of significant cost escalation implications in the medium to long-term. In order to safeguard and protect wastewater assets and system operations against the identified risks and associated emerging challenges, it is prudent to adopt a delivery model that ensures operational and long term cost certainty.

Maintaining service delivery via the current model will see rates rising by at least \$47.00 for connected properties where 1-4 pans exist. This is the result of unavoidable cost increases driven by the price for electricity, and the commissioning and operation of the new Rotoiti/Rotomā treatment plant and reticulation network. The unforeseen costs to repair network failures because of ageing assets is open ended and remains with Council.

We believe that in order to mitigate many of the identified network risks and to secure a stable, reliable and safe waste water network for the future, the targeted rate difference between Options 1&2 of \$53.00 for connected properties of 1-4 pans provides the best balance in managing risk at a level that will ensure that we can meet our commitments to the community and are able to attain the objectives of the waste water service.

FINANCIALS

OPEX

Operating costs in the Sewage activity have increased markedly over the last 3 years driven by i) the cost to power our pump stations, plant and other related equipment as electricity prices escalated markedly since 2017 with electricity costs having increased in the region of \$1m in the last year alone ii) the longer than anticipated operation of the current city WWTP and forest system due to consent delays has added further costs iii) additional reactive maintenance costs due to the aging condition of the plant, network, reaction to shock events and requirement to address higher consent compliance standards has added around ~\$600k to the operating costs since 2017.

CAPEX

Levels of Service will not change as a result of the proposed outsourcing of the operation of the plant and network however the renewal budget has been recalibrated to focus on addressing the stability of critical parts of the network as a priority. This has resulted in a lower overall allocation of \$1.4m with appropriate adjustment of the operational costs to address repairs to non-critical assets on an as needed basis.

RATES

The change to rates as result of the above has increased the overall sewage pan charge (1-4 pans) roughly 21% vs the prior year with the overall increase being offset by efficiency savings in other parts of the Council. The Rates increase for 2021 per the LTP was 3.0% however, even with all the cost pressures described above Council has managed to mitigate this overall increase on rates to 4.7% for 2021. Going forward the increase to rates due to the sewage activity is expected to be driven by any inflationary and or shock events outside our control.

COVID 19

We do not expect COVID-19 to impact on this proposal.



DISCLOSURE STATEMENTS

Disclosure Statement						
Benchmark				Limit	Planned	Met
Rates				3.0%	4.7%	No
- income				Rates as a proportion of total revenue is less than 80%	63.7%	Yes
- increases					0%	
Debt affordability Benchmark				225%	171.8%	Yes
Balanced budget Benchmark				100%	120.1%	Yes
Essential services benchmark				100%		
Debt Servicing benchmark				10%	5.4%	Yes

FEEDBACK

HE AHA Ō WHAKAARO? WHAT DO YOU THINK?

We would like to know your views on this proposed change to how we deliver wastewater services.

Do you support a proposal for the long term contracting of our wastewater services that offers to gain certainty in risk management, future and ongoing costs, and reliability and performance management?

Attachment 12: Tomkins/Wake Advice regarding elected members / WasteWater Network management Contract RLP017158 [Letter 22 June 2020]

TOMPKINS | WAKE

22 June 2020

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Rotorua 3046

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Mobile: 021 762 401
kate.cornege@tompkinswake.co.nz

Partner: Kate Cornege

File Ref: 222361-394

For: Geoff Williams

Advice regarding elected members/WasteWater Network Management Contract RLP017158

SUMMARY AND RECOMMENDATIONS

Predetermination risk

- Councillors can have strongly held views on a matter and can express them publicly.
- Despite whatever views are held, all councillors participating in the final decision making on a proposal must bring an open mind to that process. This requires each councillor to be prepared, despite predisposition, honestly to consider whether to change their mind.
- A Councillor should not be submitter and decision-maker in respect of the same matter.
- **The making of a submission is likely to indicate predetermination, even with caveats asserting that the Councillor's mind remains open. It is unlikely that a Court would accept that a Councillor could come to a final view as a private citizen (as expressed by the making of a submission) and yet remain open to persuasion as an elected councillor.**
- A submission on behalf of an organization or group may indicate predetermination by a Councillor involved in the group. The extent of the risk is likely depend on the involvement of the member in the group and in the preparation of the submission, and the extent to which the member has adopted the position set out in the submission.
- The risk of a decision being quashed on the grounds of predetermination is higher if vote of the Councillor in question influences the outcome.
- All councillors will need to carefully consider whether they are bringing an open mind to the ultimate decision making, despite their predispositions.

Management of predetermination risk

- The only way to avoid predetermination risk is for the Councillor(s) in question not to participate in debate or voting on the relevant decisions.
- In general, withdrawal of a submission will not be sufficient to avoid predetermination risk, as it will not show that a closed mind has been “re-opened”.
- If the Councillor does not remove himself from participation, Council does not have any right to remove him from any hearing.
- In respect of the SCP, Council could decide to delegate its powers to another body, such as Independent Hearing Commissioners. However, this could create procedural complexities, and could be criticised as undemocratic.
- Council cannot delegate its powers in respect of the Annual Plan.

DISCUSSION

1. You have sought our advice on whether there is risk to Council on judicial review should a Councillor make a submission on a decision that is before the Council. The particular circumstances you have asked us to consider are:
 - (a) **Wastewater network management contract SCP:** Cr Macpherson’s publication of a document setting out his “preliminary feedback” on the Wastewater Service Operations- Statement of Proposal. Council is using the special consultative process under the Local Government Act for this decision, with hearings before the Strategy, Policy and Finance Committee due to take place this week. We understand that Cr Macpherson’s “preliminary feedback” document has been submitted in accordance with the SCP and that he has asked to speak to it at the hearings.
 - (b) **Annual Plan:** Rotorua District Residents and Ratepayers (RDRR) has made a submission on the Annual Plan. We have not undertaken a detailed review of the submission, and our comments on it are general only.

Predetermination in local government decision-making

2. The law recognises that elected representatives operate in a political environment. They may have taken public stances and be allied with causes. What they are not permitted to do is to bring a closed mind to decision-making.
3. What is required for a plaintiff to succeed in judicial review is actual predetermination by the decision-maker. Apparent predetermination is not sufficient: *CREEDNZ Inc v Governor-General* [1981] 1 NZLR 172, 179 (CA); *Travis Holdings Ltd v Christchurch City Council* [1993] 3 NZLR 32, 47. In *Travis Holdings*, Councillors had, prior to their final decision, adopted stances that could be taken to suggest they favoured a particular course of action. This might have been sufficient for apparent predetermination, but was not sufficient for actual predetermination.
4. Elected representatives are not expected to be impartial or to have no predisposition or preliminary views. Rather, what is required is that in the course of the hearing Councillors are prepared, despite their predispositions, to honestly consider whether to change their minds: *Friends of Turitea Reserve Society Inc* at [102].

5. Councillors are not required to remain silent throughout the consultation process. In *Whakatane District Council v Bay of Plenty Regional Council* HC Rotorua CIV-2007-463-606 9 April 2009, which concerned the decision by the Regional Council to relocate its headquarters to Tauranga, Duffy J observed at [134]:

With decisions of this type, it is to be expected that councillors will have discussions with members of the community. In the course of those discussions, councillors may make comments that may suggest they hold a particular view. It is difficult to see how councillors could engage effectively and explain why they have taken a certain stance without perhaps creating an impression of holding particular views. That is very different from having a predetermined view.

This echoes the words of Cooke J in *CREEDNZ Inc* at 179:

It would be naive to suppose that Parliament can have meant Ministers to refrain from forming and expressing, even strongly, views on the desirability of [projects under the National Development Act] until the stage of advising on an Order in Council.

What sort of behaviour might indicate predetermination?

6. Speaking at a public meeting will not suffice to show predetermination unless the speaker very clearly demonstrates that their mind is made up and they are not open to persuasion. For example, if the speaker said “I am going to vote against this proposal” that would indicate predetermination. On the other hand, if a speaker confines themselves to illustrating their reasons for taking a particular view of a proposal that will fall short of indicating that they have closed their mind and will not listen to a range of views.
7. It is also perfectly acceptable to follow a project on social media. We note that “liking” a page on Facebook does not necessarily indicate support for a particular group or person, but may simply be for the purpose of keeping up to date with developments. For example, politicians often “like” the pages of politicians from opposing parties or viewpoints so as to keep abreast of what they are doing. Using social media for campaigning is further down the continuum towards predetermination.
8. Councillors are entitled to assist in publicising a meeting organised in support of a particular stance. Campaigning is a few steps further along the continuum and can indicate predetermination depending on the particular facts. Relevant facts will include the scope of what a councillor says at public meetings and whether they take an organising role in the group supporting/opposing the proposal, and whether they provide funding or other resources to their group. A councillor who speaks strongly and frequently against or in favour of a proposal, organises pre-printed submission forms for their position, creates or contributes to a website or social media page, and/or donates money to a campaign fund may have crossed over into predetermination.
9. A member may publish their concerns, or reasons for taking an initial view of a proposal, as long as their mind remains open. However, a submission by an elected member is likely to indicate predetermination. When a member of the public makes a submission to Council, their submission represents their view as to the correct final outcome. What is stated in a

submission is the submitter's final view as to what should and should not happen. It is unrealistic to expect that an elected member will vote against his or her stated position.¹

10. Where a submission is made by a group in which a member is involved, there will be a question of fact as to the degree to which the member can be taken to have adopted the group's position. If the member is strongly aligned and heavily involved in the group, or participated in the preparation of the submission, the risk of predetermination being found will be much higher.

Consequences if predetermination is established

11. If a finding of predetermination were made, then the Court may make orders that the affected decisions of Council were of no effect. Council might need to make fresh decisions on those issues. The risk is substantially higher if the vote of the member in question can be seen to have influenced the outcome of the vote- if the member is in a clear minority, the likelihood of an order quashing the decisions is lower (even if predetermination is established).
12. There would be a considerable delay, due to the litigation and the need to then make fresh decisions. Even if the decisions were not found to be of no effect, the cost of litigation would also be likely to be significant. Further, a finding of predetermination would lower the public perception of Council as a whole.
13. There may, in some circumstances, be grounds for a complaint under the Code of Conduct. There is nothing explicit concerning pre-determination or non-financial conflicts in the applicable Code of Conduct, but we consider that if a member were to decide to participate in decision-making, having been advised of the risk for Council's decision-making, there would be possible grounds for complaint under Guiding Principle "collective responsibility" and Guiding Principle "integrity and honesty." If a complaint were upheld, the sanctions that may be imposed (by vote of full Council) include:
 - o Apology
 - o Censure
 - o Removal from Council committees or subcommittees.

The list is not exhaustive, but the further any proposed sanction is from the listed possibilities, the greater the risk of legal challenge.

Wastewater network management contract SCP

14. The Statement of Proposal sets out three basic options for Rotorua's wastewater network:
 - (a) Option 1 (recommended): Enter into a 10-year service delivery contract with an external provider (Trility);
 - (b) Option 2: Continue based on current practice (mix of in-house management by Council operations, and the balance through a variety of external contracts);

¹ Office of the Auditor-General, *Managing conflicts of interest: Guidance for public entities*, 1 June 2007, Case Study 7 (5.43-5.47) (<https://oag.parliament.nz/2007/conflicts-public-entities/part5.htm/#study7>).

- (c) Option 3: Do nothing, and wait until Central Government puts further compliance and monitoring rules in place.
15. You have provided us with an email from Cr Macpherson that was sent to elected members and various Council staff. The text (minus the opening comments) has also been published on the Rotorua District Residents and Ratepayers (RDRR) Facebook page, signed off as "Councillor" and submitted in accordance with the SOP instructions.
16. The email begins with the following comments:
- Please consider my preliminary feedback on the Sewerage Statement of Proposal. By 'preliminary' I mean that it may not be my final position depending on consideration of alternative ideas, this obviating the claim that I may suffer from bias and predetermination. My preliminary position follows.
- It has been posted to RDRR's Facebook at <https://www.facebook.com/Rotorua-District-Residents-and-Ratepayers-436732829817775/> if you wish to comment on it. Indeed, you are most welcome to do so in the interests of advancing my learning.
- Alternatively, I would be delighted to meet with you for coffee to mull over the arguments. Please come back to me.
17. The email goes on to set out Cr Macpherson's preliminary feedback. In brief, Cr Macpherson's expressed view is that it is not wise to support Option 1. He proposes instead Option 1a- Organizational Development, Comprehensive Internal Capacity Building. Various reasons are set out in support of this position.
18. A finding on predetermination would be a question of fact for the Court to resolve after hearing all relevant evidence. We make the following comments:
- (a) In our opinion, the opening comments do not (as Cr Macpherson suggests) "obviate[e] the claim that [he] may suffer from bias and predetermination." As noted, a submission will normally be taken to be the submitter's final view of what should happen, even if it is expressed to be "preliminary feedback."
- (b) If the "preliminary feedback" had merely been published, rather than "submitted" the risk would be (somewhat) lower. It is appropriate for elected members to identify the concerns they have with a proposal and to ask questions and engage in debate to see whether those concerns can be answered. While there would still be some risk in Cr Macpherson laying out his opposition to the SOP by seeking to enter the fray as a submitter (even with expressed caveats) Cr Macpherson has materially increased the predetermination risk.
- (c) It is unlikely that the Court would accept that Cr Macpherson can come to a final view as a private citizen and yet remain open to persuasion as an elected councillor. The Court is more likely to find that in coming to a final view in his submission, Cr Macpherson would not have voted against the position taken in his submission.
- (d) Were there to be judicial review proceedings, Cr Macpherson would be called as a witness and would face questions in cross-examination and from the Judge. He would face scrutiny as to his reasons for making the submission. He would face questions that he had committed himself to a final position in his submission and that he was not going to vote "against himself", whatever happened during the hearings. Cr Macpherson may face a difficult task in confronting these challenging questions.

Annual Plan

19. The Annual Plan submission was made in the name of the RDRR. It records that it has synthesized the feedback of four rounds of consultation with RDRR members. Cr Macpherson has previously taken a very active role in the RDRR, but does not presently have a formal leadership role in the organisation. Nevertheless, the address used on the submission is (as we understand it) Cr Macpherson's home address, and he is listed as a contact for the submission on the RDRR's Facebook page.
20. The feedback has been summarised in 13 recommendations, set out in the Executive Summary. Simply publishing the group's concerns or speaking to them at a public meeting would have led to a lower risk of a finding of predetermination.
21. Given Cr Macpherson's role in the RDRR, and apparent involvement in preparation of the submission, we consider that similar predetermination risks arise in relation to the Annual Plan as in relation to the Wastewater network management contract SCP. We note that the Annual Plan submission may also indicate predetermination by Councillors Kumar and Bentley, who are members of the RDRR and ran on the RDRR ticket. We recommend that they meet with the Mayor to discuss these matters. They may wish to take independent advice on the relationship between their roles as elected members and their involvement in the RDRR, and whether these roles can be reconciled.

What can be done?

22. Withdrawal of the submissions would cure the procedural defect of having the same person submit on a proposal and vote on it, but is unlikely alter the position on predetermination. It could be seen as not indicative of a genuinely open mind, but a desire not to be precluded from voting.
23. The most effective way to avoid judicial review on the basis of predetermination is for the Councillor not to participate in any discussion or vote on the decision in question. The OAG's guidance puts it this way:²

Assuming that Ken will not be breaching the council's code of conduct, he will be entitled to exercise his democratic right to make a submission, like any other private citizen. But, if he does so, he should not participate in the council's decision on whether to adopt the draft bylaw; nor should he sit on the committee that hears and considers the submissions. Otherwise, his behaviour could indicate predetermination. Ken would create the perception that he is attempting to act as both an interested party and a decision-maker on the same matter or, in other words, acting as a judge in his own cause. The council's decision could be open to legal challenge on the ground of bias.

24. We have previously advised on the ability of the Chair or the meeting to remove a Councillor on the grounds of conflict of interest. Put simply, neither the Chair nor the Council have the power to exclude an elected member from a Full Council meeting in these circumstances.
25. In some cases, potential predetermination or conflict of interest issues can be managed by delegating decision-making to another person or body. Council's responsibility to adopt an annual plan cannot be delegated. It would be possible to delegate the Wastewater network

² Office of the Auditor-General, *Managing conflicts of interest: Guidance for public entities*, 1 June 2007, Case Study 7 (5.43-5.47) (<https://oag.parliament.nz/2007/conflicts-public-entities/part5.htm/#study7>).

management contract SOP decision to a committee or independent hearings commissioners, but this would be an unusual step to take following the completion of the SCP, and would be a decision that may be regarded as undemocratic, given the significance of the decision.

26. All councillors will need to carefully consider whether they are bringing an open mind to the ultimate decision making, despite their predispositions. Each councillor will also need to review their previous actions and statements and reflect on whether it is credible for them to claim an open mind, and each must be prepared to accept the scrutiny of the High Court if judicial review eventuates.
27. Clearly, the more entrenched and positional that a councillor behaves, the more challenging it is for that councillor to credibly state that they have an open mind as they move into decision making.

TOMPKINS WAKE



Kate Cornegé / Megan Crocket
Partner / Senior Associate

Strategy, Policy & Finance Committee Meeting Minutes 30 June 2020



01-15-227\02
RDC-1026415

Minutes

**Strategy, Policy & Finance Committee meeting
held Thursday 30 June 2020 at 9:30am
in the Council Chamber, Rotorua Lakes Council
(Annual Plan Deliberations)**

MEMBERS PRESENT:

Cr Raukawa-Tait, (Chairperson)
Cr Kai Fong (Deputy Chair), Mayor Chadwick, Cr Bentley,
Cr Donaldson, Cr Kumar, Cr Macpherson,
Cr Maxwell, Cr Wang, Cr Yates,
Mr Berryman-Kamp and Ms Marks (Te Tatau o Te Arawa),
Mrs Trumper (Rural Community Board) and Mrs Rothwell
(Lakes Community Board).

APOLOGIES:

Cr Tapsell,

STAFF PRESENT:

G Williams, Chief Executive, C Tiriana, CE Office; O Hopkins,
Manager Corporate Planning & Governance; J.P Gaston,
Group Manager Strategy; S Michael, General Manager
Infrastructure; T Collè, Chief Financial Officer; J Mikaere,
Group Manager Operations; I Tiriana, Manager Council
Communications; R Dunn, Governance Lead; H King,
Governance Support Advisor;

The meeting opened at 9.30am

The Chair welcomed Councillors, media, staff & members of the public

KARAKIA WHAKPUAKI

OPENING KARAKIA

Ms Marks opened meeting with a karakia

**2 NGĀ WHAKAPAAHA
APOLOGIES****RESOLVED**

That the apologies from Cr Tapsell & Mr Berryman-Kamp be accepted

Moved: Mrs Trumper
Seconded: Mayor Chadwick

CARRIED**3 NGĀ TAKE WHAWHATI TATA KĀORE I TE RARANGI
URGENT ITEMS NOT ON THE AGENDA**

The Chair ruled that the item Good Governance & Good decision-making be discussed and invited Geoff Williams to give some clarification on Predetermination.

Through the Chair Mr Williams invited Kate Cornege (Senior member of Tompkins/Wake Law firm) to present independent legal advice to the Committee.

The members were given the opportunity to ask questions and points of clarification.

The Chair proposed a formal request
That Cr Macpherson step down from participation in the annual plan deliberations.

Moved: Cr Raukawa-Tait
Seconded: Mrs Trumper

CARRIED

Cr Macpherson asked that his vote against this decision be recorded. Cr Macpherson declined the Chair's formal request to step down from the annual plan deliberations.

**4 WHAKAPUAKITANGA WHAIPĀNGA
DECLARATIONS OF INTEREST**

No conflicts of interest were declared

**5 PŪRONGO KAIMAHI
STAFF REPORTS****5.1 DECISION-MAKING FOLLOWING CONSIDERATION OF COUNCIL'S ANNUAL PLAN
INFORMATION/ ENGAGEMENT DOCUMENT 2020-2021****Resolved**

That the report 'Decision-Making Following Consideration Of Council's Annual Plan Information/ Engagement Document 2020-2021' be received.

Moved: Mayor Chadwick

Attachment 14: Transcript of Mayor's statement in support of the proposal at SP&F meeting, 23 July 2020

23 July SP&F

<https://www.youtube.com/watch?v=8bbwAzrG5Uo> - 1:34:32

Certainly speaking in support of this and I think it takes us back to your opening conversation this morning Stavros where you said we must address the problem, and the time to address the problem is now, not to feel uncertain about any government change, we can be sure there's going to be heightened by regulatory reform in the waters space and that's clear to us here. I am incredibly impressed at the consortia that you brought before us this morning that showed the strength that I don't think we've felt before actually of those that have worked with you – Deloitte, Trility, Fulton Hogan, Morrison Low, the whole team that came this morning was incredibly impressive. And what I clearly see that this isn't about contracting out, it's about bringing the best international experience in to Rotorua to work with us on our water network and that's something that I don't think I've felt before, before today. I'm totally confident with the expertise that was there legally looking at the robustness of the contract. I think there were some good points raised by fellow councillors about the vigour that we need to be assured to have the confidence about the level of investment, and I just want to finish by also saying, seeing the staff here this morning beside you – your team Stavros – and also seeing the partners that you brought to day of Te Arawa was very moving to us because we have said in our writing of contracts we want to see local, we want to see future opportunities for our people, we want to see them seeing that if you come to Rotorua you can live here, you can have a great career, and that is what you are offering us with this contract that we are considering today. I think it's incredibly innovative. I can see already that other councils will be saying 'how did you get this far down the track over the last three years' and instead of waiting for a top down approach about how could we join up, and I'm confident that this could be scaled up to, to include other regions, and I'm sure they love the innovation too. I'm just most relieved that this addresses the problem. We cannot prevaricate and muck around while waiting for indications of any government about where they're going. Our infrastructure is in a state that must be invested in, must be maintained, and the terms of the contract, as Cr Donaldson said, about ensuring that we do invest as we'd already all supporting in our 30 year infrastructure plan is such a positive initiative. I'm glad it's come today, I'm glad we've followed the special consultative procedure. To me it showed that the community's only concerned about bits of it and if we then go out, once this goes through council, and hold workshops about what this is going to look like and what it will to deliver, our community will be confident yet again. You proved to us when you went through streetlighting, through all of the other previous contracts that we've had since you came Stavros, that the sky hasn't fallen in and service delivery for our people and our community has continued. So in terms of your stewardship I want to congratulate you. You're often not told that publicly. I think being an infrastructure lead is one of the most challenging in council but well done with your stewardships and well done for holding to the values in your team and your organisation about what we can deliver when we do it in an innovative and collaborative way. I certainly support this.

Attachment 14: Transcript of Mayor's statement in support of the proposal at Council meeting, 29 July 2020

Council 29 July 2020

<https://www.youtube.com/watch?v=fZxbSBSAXIQ>

2:34:40

As the mover I sensed quite a mood from even our presentation last week where you think as a Council we'd done so much in terms of carrying the conversation forward from 2015 and then when you see the public response you realised you never do enough actually for bringing the community with you on change, and change itself is the big challenge that we're facing, and we're facing from two prongs – one is government who's requiring much much higher requirements and the drinking water regulator came out today; also iwi really expecting us to treat our environment with greater respect and their role in environment issues; and also our wider community who has made it very clear especially after the Ngongotaha floods and the weather event and climate change, they won't accept any failure of infrastructure or water contamination, and that is absolutely right and that's the purpose why we're here today. We're also guided by the four wellbeing of this government. And I think the thing that I've learnt from the presentations that I've sat in since 2015 actually is that it's time for our community to get certainty. They do need certainty and that's what they'll get after today and they also need an assurance of reliance when they turn on the tap, that there isn't a flood outside their street in an unusual weather event. So I think today is a critical decision for us as a council to make on behalf of our entire community. I want to mention a little bit about the government proposal because there is some disquiet, and I've seen it since last well, which is great, just sit on your hands and wait and do nothing. Look government itself has signalled to us that doing nothing is not an option and if you're going to sit there and do nothing and look after your infrastructure network end to end on the three waters, we will set in. And we're seeing more and more of that happen. And I went to the DIA workshop in Hamilton last week and you could see very clearly from the steering group that they are moving very fast, we've got to sign the MOU with the DIA to enter into a partnership discussion with government, another partner, about how do we intend to manage our infrastructure. When we sign that agreement, which we certainly will as a council, particularly if this gets through today, then we are able to also put our hands out for some investment of that \$761m that is going into the national water overall package and we will be in there. We could put our WWTP upgrade and the solution that we will ultimately find with iwi, forward for that funding support. So this Trility partnership, it's really a collaborative partnership. I am very tired of the discussion about this being us as a council abrogating our responsibility in flicking this out to a private consortia that take the profits offshore, and that's what I've heard from many that wrote to us, some of the phone conversations that we've listened to. We are not contracting out. We heard very clearly from Stavros today that this is a way for us to collaborate with iwi, with major major consortia that can help us with our infrastructure management, and also help us with a partnership agreement with central government, and we can then participate in the government's process. So I was astonished to hear from an academic in Palmerston that this has been rushed. I've been on this council since 2013, and I think Stavros gave us a glorious overview of the process. Those of us that participate in committees of council as well as the council meetings, and the workshops, must must have had an understanding, must have understood about Trility. There's no new news, it was nothing shocking. They came into the discussion that we had prior to the election. So today's decision's a result, as Stavros took as through, multiple workshops. And you know, of our 27,000 householders, actually we got 27 submissions, but they're 27 submitters that had a right to submit and good on them participating. And some of the answers today I hope have

helped the public understand that their concerns that they expressed are something that are included in the contract that we are going to have with this consortia and with iwi. Astonishing too that I don't think the public understands that so much of our infrastructure is now outsourced around our three waters. And I'm embarrassed also that the state of the infrastructure that has been made clear to us as councillors that the 30 year infrastructure plan has been so under-invested and that certainly needs an investment so we get up to a very sound baseline to give us our public confidence in us. As elected members too, we must ask those hard questions – we should – and you did today and thank you again for that – about cost effectiveness for our ratepayer, with safe and reliable infrastructure that we've all come to expect. Regardless of an option there will be an increase in costs. Central government's clearly signalled that they're going to raise the bar on the regulation threshold so that the public has that right to feel that the drinking water is safe, that the stormwater is not inappropriately discharged. And we've also got new infrastructure coming on like Rotoiti Rotoma. I'm particularly thrilled with the consortia about the innovation that it's going to bring, the science, the best evidence, that's going to be international that helps us and our council staff and the team here and in our WWTP to actually have access to expert knowledge, skills and innovation, but also great to hear about job opportunities for our own people and as Sandra Kai Fong mentioned, keeping it local as much as we can, and they're good questions to ask. So this isn't a time for us councillors to sit on our hands and say this isn't the right time, wait for certainty from government. I've been in government. That is clearly going to take at least 3-5 years until we get certainty with any outcome from the next election, and government won't come in and bail us out. This is our responsibility, it's our environment, our people, and our infrastructure, and they're not prepared to tolerate failures in the system, and I'm not prepared to carry the risk. Some were saying today that we will not support this decision today. If you keep things the same as they are, you get the same results. We will all risk another Ngongotaha or even worse next time. I always remember Stavros coming to us to actually report, that wasn't a localised event, it was much wider, it went out into the rural sector, it went into the old established part of our town, and we need to do something about it, and today's our opportunity to enter into an innovative partnership collaboration that will bring greater expertise, technical expertise. I'm very happy about the contract with the right to audit, the non payment for service failure, all those sorts of things that we as councillors had the right to ask, and I thank you Cr Tapsell for actually asking those questions at the table because we need that assurance for our community about the contractual obligations that go with our decision today. So in making the decision today simply in a nutshell, to not make a decision you are risking our infrastructure and you are going to keep that very high level of risk within our council. It's not a safe decision, that decision, and for me it is not defensible and it's irresponsible, so I look forward to the rest of the debate today. And we'll move on now. Every councillor has the right of 5 minutes to speak and I think this is such a momentous decision every councillor is encouraged to take up that opportunity.