

Three Waters Better Off Support Package

Guidance in Response to Council's
Frequently Asked Questions



Te Tari Taiwhenua
Internal Affairs



Building Together Hanga Ngātahi

Better Off Support Package: Frequently Asked Questions (1 of 3)

FAQ#	Question	Response
1	Can DIA confirm that programmes / projects confirmed as part of Tranche 1 proposal can run through to 30 June 2027, and do not expire on 30 June 2024?	All funding must be used by 30 June 2027, which means projects must be completed before then as last cash out is before that date (ref "End Date" sect 6 of the Funding Agreement).
2	Can projects extend beyond 30 June 2027 providing specific provision is made in the Proposal for any unfinished portion to be funded by the council (similarly for Tranche 2 proposals)?	All Better Off funding from Tranche 1 must be expended by 30 Jun-27; a project could extend beyond 30 Jun-27 if supported by Council funding beyond that date. The intention is for Tranche 1 funding to be used by End Date but no restriction if ongoing investment beyond End Date funded by alternative sources (Funding Agreement Part 2 sects 2.4, 6.2). Tranche 2 funding could be applied to fund projects for expenditure beyond 30 June 2027 when it is available. This funding is available from 1 July 2024.
3	Confirm that tranche 1 proposals can be up to, but not exceeding, the amounts nominated by DIA (totalling \$500m) i.e. the proposal can be for a lesser amount.	The Better Off Funding Apr-22 guidance document (page 9 of 19) says: "Local authorities do not have to apply for the full Tranche 1 amount upfront, funds not applied for in Tranche 1 will be made available in Tranche 2. The second tranche will be subject to future guidance and application processes, however the same funding criteria and conditions are expected to apply."
4	Confirm that any eligible amount not included in an initial Tranche 1 proposal remains available for follow-up proposals.	Refer to #3 above
5	Confirm if there is a separate process for the follow-up proposal or this can only be included with the Tranche 2 proposal submission in 2024.	Refer to #3 above. The Project Substitution process could be used to access funds up to the Tranche 1 maximum amount should the original Funding Proposal/Agreement be for less than the Tranche 1 maximum funding allowable.
6	The wording indicates that Tranche 1 proposals need to be either accepted, or a Waiver issued, by 30 September 2022. This presumably means that the proposal must be lodged prior to this to allow for assessment by DIA. Has this earlier date been defined?	If a proposal is received by 30 September but not approved within that timeframe, then DIA would consider issuing a Waiver, as no earlier date was specified in the guidance. Waivers are at the discretion of DIA and would need to be considered on a case-by-case basis. We encourage councils to engage early with CIP to get applications in well before 30 September to ensure a prompt response within the specified timelines.
7	There is mention of a 'Waiver' that can be requested where a council is not able, or willing, to submit a proposal by 30 September 2022. Can you define the criteria to be used, and the process for requesting a waiver? We are aware that a number of councils will need some time to assemble their proposals and the LG elections may also influence their processes.	Waivers are at the discretion of DIA and would need to be considered on a case-by-case basis. We encourage councils to engage early with CIP to allow agencies to identify and manage those councils wishing to seek a waiver.

Better Off Support Package: Frequently Asked Questions (2 of 3)

FAQ#	Question	Response
8	If a Tranche 1 proposal has not been submitted by 30 September 2022, or a waiver issued, does the council lose its eligibility for the Tranche 1 funding? Does this impact on availability of the separately defined Tranche 2 funding?	<p>Refer to Funding Agreement ... "These conditions precedent must either be satisfied (in the opinion of DIA) or waived by DIA (at its sole discretion) by 30 September 2022. In the event that they are not satisfied or waived within that time, DIA may notify the Recipient that this Agreement has not come into effect and is null and void."</p> <p>If the conditions are not met by 30 Sep 22, then as above with unallocated Tranche 1 funding the LTA's tranche 1 funding would be added to their Tranche 2 funding and can be applied for in 2024.</p> <p>Councils do not lose their tranche 1 funding - but they would not be able to access these funds until tranche 2 is available (1 Jul 24) if they do not participate in tranche 1.</p>
9	We anticipate that some projects that could be considered may trigger the special consultation requirements of the LGA. If this becomes apparent and impacts on a council's ability to lodge a Proposal can an extension be granted in these circumstances?	If councils wish to consult, or if approval of a funding application is held up (e.g. as issues are worked through with mana whenua), then this could be grounds for a waiver. Waivers are at the discretion of DIA and would need to be considered on a case-by-case basis. We encourage councils to engage early with CIP and get applications in well before 30 September to ensure a prompt response within the specified timelines.
10	The Guide includes that the funding can be used to '___ accelerate, scale-up and /or enhance ___' an already planned investment. Can you confirm if the entire project is eligible for funding or only the additional cost associated with the enhancement?	<p>The Better Off Funding Apr-22 guidance document (page 7 of 19) says</p> <p>"Funding proposals must be for:</p> <ul style="list-style-type: none"> • new initiatives/projects; and/or • to accelerate, scale up and/or enhance the quality of planned investment" <p>Only the additional cost can receive Better Off funding unless a new (unfunded) initiative/project or exemption granted by DIA, however if funding is used to bring forward an entire project from years 4-10 of the LTP then the full amount is eligible.</p>
11	<p>At this time of rapidly increasing infrastructure construction costs we expect that councils will identify projects where the LTP budget no longer aligns with the actual expected construction costs.</p> <p>Could a council apply for these additional costs even if the scope of the project is relatively unchanged?</p>	Yes, the cost increase can be applied for Better Off Funding provided the project meets the Better Off funding criteria
12	Can the 10% upfront payment be used to provide rolling programme liquidity and each monthly claim be for all actual invoices paid in the previous period?	Yes, provided that the 10% working capital is fully itemised and allocated to projects before at a future point.

Better Off Support Package: Frequently Asked Questions (3 of 3)

FAQ#	Question	Response
13	If a Council participates, i.e. sign up and takes the money, will this still allow Council to be opposed to the Three waters reform?	DIA acknowledges the importance of councils independently expressing their views of the reform programme. The Funding Agreement for the better off package does not prevent or prohibit councils from doing this. For the avoidance of doubt, publicly criticising or expressing opinions on reform cannot reasonably be expected to have an adverse effect on the reputation, good standing or goodwill of the Department or the New Zealand Government, and would not represent a breach of the funding agreement.
14	Transition Support Arrangements: The agreement requires the recipient to provide the collaboration and co-operation requested. There is then reference to CCOs involved in the delivery of water services. Does the obligation apply to both the council and the CCO if there is a CCO involved?	Yes, this obligation applies to both councils and CCOs.
15	It is noted that the Council election is scheduled for a week after the 30 September deadline for Tranche 1. If a council believes its decision-making process is compromised by the impending election can an extension be granted?	Waivers are at the discretion of DIA and would need to be considered on a case-by-case basis. Councils should engage early if there is a risk to achieving the 30 September timeframe.
16	Can you confirm if it is intended that projects must be wholly contained within each of the 2 tranches or if overlaps are permitted? This more specifically relates to projects that are partially completed in Tranche 1 and depend on Tranche 2 funding to achieve completion.	This would be permissible. DIA encourages councils to take an integrated approach, looking at opportunities that could be funded across both tranches where that makes sense.
17	We understand that projects that have '... previously been submitted and reviewed through another contestable funding source ...' can be included in the proposal. We presume this could include the expansion or enhancement of projects that have been approved by the source or re-submission of projects that have been declined, in whole or in part.	Yes, provided they meet Better Off funding criteria.
18	Could we use part (say 1/3) of the Tranche 1 funding to subsidise our road maintenance contract? We have received tenders that are significantly above budget, and we have no other "potential" funding source.	BAU road maintenance would not meet Better Off criteria. The LTA would be better to use Better Off funding to fund projects within their plan that do meet the Better Off Fund criteria - like enhancing a local park or community facility - and then use that funding freed up for the roading maintenance. Councils should work through issues like this with their appointed CIP Relationship Manager.