

# Hawke's Bay Three Waters Review & Government Reforms

## A QUICK GUIDE



SEPTEMBER 2020

### WHY THE HAWKE'S BAY THREE WATERS REVIEW?

- New regulation is coming which will force change and how we deliver drinking, waste and storm waters services (three waters).
- We all share responsibility for ensuring our communities enjoy safe, reliable, resilient and efficient drinking, waste and storm water services.
- We also share the challenges of achieving community affordability at the same time as meeting growing demand, developing resilience and improving the performance of three waters services.
- The review aligns with our shared strategic priority – waters safety security and planning.

### THE INDEPENDENT REVIEW

The five Hawke's Bay councils commissioned Morrison Low in December 2018 to:

- review the current and potential three waters (drinking, waste and storm) service delivery options for the region, and
- develop a recommended approach to ensure sustainable delivery of these critical services over the long term.

### THE INVESTMENT OBJECTIVES AND PRINCIPLES

Service delivery options were considered against the following regional investment objectives and principles:

To provide three water services in a way that is affordable and effective		The three waters service's model must address the challenge of providing for an effective, affordable service in a fiscally responsible way
To provide services that are safe, reliable and resilient		Access to safe and reliable three waters service are fundamental to all the urban and rural communities of Hawke's Bay
To provide services through a model that enables a meaningful role for Māori		The Local Government Act requires local authorities to provide opportunities for Māori to contribute to their decision making processes
To provide services through a model that has the value of water at the centre		Water is vital to community life and as such three water services are part of a holistic water system
To provide three waters services in a way that supports our urban and rural communities		The services influence how people across Hawke's Bay live, work, gather, socialise, recreate and value environmental amenity
To provide three waters services that build enduring capability and capacity		The three waters model must be capable of, and have the capacity to, deliver quality sustainable planning, management and operation of three water services now and into the future
Value te ao Māori		Incorporating and implementing mātauranga Māori, culture and values (i.e. Te Aranga Design Principles) are a core element for any potential framework to realise and enhance the region's commitment to Māori to protecting/enhancing water
Value water		Wai is the essence of all life and the world's most precious resource. It is of high importance to Māori, as it is the life giver of all things, a precious taonga, part of our whakapapa
Whakapapa – genealogical links		Recognise and respect the relationship and whakapapa (genealogical link) that mana whenua have with water
Te mauri o te wai – the life force of water		Mauri is the integrated and holistic wellbeing and life support capacity of water. The wellbeing/healthiness of the water, the land and the people are intrinsically connected
Holistic approach to water		Although the project is based around the review of the service and delivery of the three waters (infrastructure), the proposed model needs to take into account a holistic water approach: there is only one water
Enabling of Te Tiriti o Waitangi		Involving mana whenua in governance and decision making required to ensure Te Tiriti o Waitangi obligations are met, as well as making sure they are able to actively exercise kaitiakitana in a practical way
Mana motuhake - identity, self-determination		The identity of mana whenua in Hawke's Bay should not be lost in any potential model. But inclusion and co-governance whilst keeping their identity is an opportunity



## THE CASE FOR CHANGE



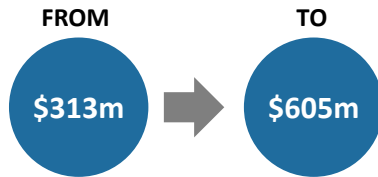
Meeting the new regulations under current service delivery arrangements is not an option



Forecast costs have doubled since councils' 2018-2028 Long Term Plans



Without change, we will have serious affordability challenges across Hawke's Bay



## THE RECOMMENDED SERVICE DELIVERY OPTION

→ An Asset Owning Council Controlled Organisation would best meet our regional investment objectives and principles

AFFORDABILITY	 Addresses regional affordability challenge associated with new standards and regulations
INVESTMENT DECISION MAKING	 Is able to concentrate its investment on three waters priorities
SCALE	 Delivers the scale required to create strategic capacity and capability
MEANINGFUL ROLE FOR MĀORI	 Enables a meaningful role for Māori (including co-design and governance)
IMPROVED OPERATIONS	 Enables improved operations (risk management, asset management, ability to meet compliance requirements)
PRODUCES GREATEST SAVINGS	 Delivers operational savings and ensures that services delivered in a cost-effective way

There are also challenges in adopting a regionalised service delivery model, in particular:

- Perceived inequity that arises when councils transfer different levels of three waters-related debt and assets of varying condition to an asset owning CCO. Where this happens, some ratepayers may feel that they are inheriting someone else's problem.
- Regionalising three waters rates to reduce the costs of three waters services to an affordable level across Hawke's Bay means Napier ratepayers may pay more for three waters than they otherwise would (under the enhanced status quo).
- Moving to a regional service delivery model means that costs for most ratepayers will be lower than the expected future costs, while for some, theirs will be higher. This will be a challenge for every region in New Zealand.

## WHERE TO FROM HERE?

- With the Review completed, Hawke’s Bay has a really good understanding of the scale of change that is needed to ensure three waters services are affordable and sustainable for our communities.
- Armed with the information from our own Review, our region is well positioned to continue our conversation with Government as it reforms New Zealand’s three waters service delivery, and we will keep our communities informed as we move through this process.
- The key recommendation of the Morrison Low report is to deliver three waters services via an asset owning council controlled organisation, similar to the model that Government prefers.
- The Morrison Low report sets out the benefits and challenges of such a model for the communities of Hawke’s Bay, so we are very well informed for discussions with Government.
- In particular, the report gives councils the opportunity to engage with Government on solving the challenges that come from regionalising three waters services and their costs. These challenges will be faced by every region in the country participating in the three waters reform process.
- Our aim is to advocate for the best possible solution for Hawke’s Bay.

## CENTRAL GOVERNMENT THREE WATERS REFORM

Government is reforming how three waters services are delivered across New Zealand.

There are three parts to the reforms:

1. A new regulatory authority
2. New standards and responsibilities for water suppliers (yet to be introduced)
3. New three waters service delivery arrangements

In July Government announced a process to reform the way three waters services are delivered across New Zealand and a \$761m stimulus package for councils who opt in.

Hawke’s Bay’s four local councils have all signed up to the reform process. As a result, \$50m will be allocated for immediate three waters investment.

- Wairoa District Council \$11.04m
- Napier City Council \$12.51m
- Hastings District Council \$15.36m
- Central Hawke’s Bay District Council \$11.09m

## THE GOVERNMENT REFORMS TIMELINE

