

Balancing the Facts

Three Waters Reform: Central Hawke's Bay



Thursday 9 September 2021

A Statement from Mayor Alex Walker and Central Hawke's Bay District Councillors on the Government's Three Waters Reform.

For the past three weeks we have been placing content here to keep you in the loop with what is happening with our Drinking Water, Wastewater and Stormwater (the Three Waters). The Government's reform programme is gaining momentum and it is important that we all understand clearly what this means for us in Central Hawke's Bay. We are forming our view and will be providing feedback and questions to Government at the end of the month and we'd like to hear what you think too.

A Four Entity Model

The proposal by Government is to transfer the responsibility for operations and management of Three Waters assets in New Zealand from Councils to 4 newly established entities.

Central Hawke's Bay would become part of Entity C which would have approximately 955,000 connected people. Financial modelling completed on behalf of Government estimates that there will be significant savings for Central Hawke's Bay connected residents under the proposed Entity C model compared with the status quo.

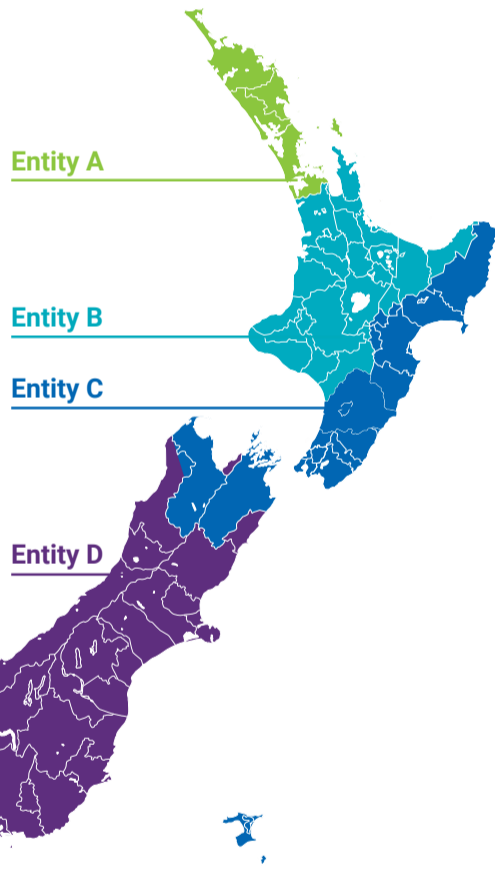
A Hawke's Bay Model

Our Hawke's Bay leaders have been working together since 2019 investigating options for better delivery of Three Waters services in Hawke's Bay. The Hawke's Bay work showed potentially significant cost savings for Hawke's Bay connected ratepayers by joining up the management and ownership of waters assets across the four Hawke's Bay Councils. Challenges were flagged with respect to ownership, governance, community voice and influence but these were considered manageable at a regional scale.

Comparing the Numbers

We are able to compare the potential future costs of a Hawke's Bay model with the costs under the Government's reform proposal. Unfortunately, the numbers do not line up neatly as we used a ten-year time horizon, and the government used a 30-year time horizon, but we can make some comparisons.

Delivery model	Average cost for Three Waters per ratepayer
Status Quo – no reform, no change	\$4,000 (at 2031) \$7,000 (at 2051)
Hawke's Bay model	\$1,900 (at 2031)
Entity C model	\$1,200 (at 2051)



Our Thoughts and Feedback

Based on the engagement we have had with Government to date, the reports we have read and commissioned, the advice we have sought and the feedback we have heard from you already, we are forming clear views on several themes to take back to Government at the end of the month. Broadly, these are:

- **Commercial** – following any reform, getting the dollars and cents right is really important for our ratepayers, especially some of our businesses
- **Decision-making for Reform** – we need to know more about the decision-making process from here. How will our community get to have their say?
- **Delivery and Response** – there is a heap of detail to work through for how services are delivered to our residents. This needs to be really well considered and planned for with the people who know it best.
- **Finance** – there is some financial complexity to work through if the reform goes ahead like what happens to debt and shared assets or sites etc.
- **Governance / Ownership** – we are really keen to make sure Central Hawke's Bay's voice is not lost or quietened at any future table following any sort of reform
- **Pricing** – a big part of the case for change is affordability issues. We want to know more about the numbers and calculations that have been done and we want to know more about future pricing and charging mechanisms
- **Prioritisation** – we want to know that the right work gets done in a timely way our infrastructure in Central Hawke's Bay under any proposed delivery model
- **Transition and Delivery** – during a possible handover or change process there are lots of things we need to think more about like existing contracts and plans etc.
- **Viable Alternatives** – we've done a lot of work to determine that there may be viable alternatives such as the Hawke's Bay model, we want to know how and when these will be considered

Our Voice

No decision is being sought now and this is not the time where we are being asked to opt in or opt out of the reform. We have been asked before the end of September to provide feedback on the proposals and we want to include as much input from our community as we can in that feedback so your voice is important.

The Mayors of Hawke's Bay have been working together for a long period to promote and secure the future of clean, safe and affordable water for Hawke's Bay and have already given the Government feedback on the current proposals.

We do not know what the rest of the Government reform programme or decision-making process will look like. We will make clear our expectations for involvement at community level.

You can share your voice by:

- Visiting our web page www.chbdc.govt.nz/our-district/three-waters-reform/
- Emailing threewatersreform@chbdc.govt.nz