

# Balancing the Facts

## Three Waters Reform: Central Hawke's Bay

Thursday 30 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 2 months we have been placing content here to keep you in the loop with what is happening with our Drinking Water, Waste Water and Storm Water (the 3 Waters). The 8 week period in which Councils have been asked to provide feedback to Government is coming to an end and over the past 8 weeks we've heard a lot from you, our community, about this important issue.

At the end of the week we will be sending our feedback to Government to outline our concerns and questions for the reform process, and to present what we believe is a better way for Central Hawke's Bay.

#### A Hawke's Bay Model

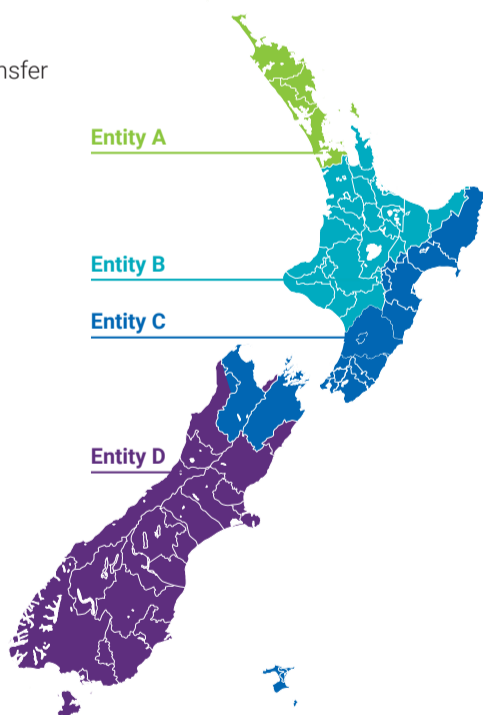
Over the past 8 weeks we've cemented our position that a Hawke's Bay option of delivering three waters services is favourable over the Government's proposed reform model.

Since 2019 we've been working hard to understand this option and we believe we are in a good place as a region to consider what this option would mean for us compared with the current status quo or compared with the Government's proposal. We know that a Hawke's Bay delivery model showed potentially significant cost savings for Hawke's Bay 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.

#### A Four Entity Model

The proposal by Government is to transfer the responsibility for operations and management of 3-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.



#### Comparing the Numbers

When considering a Hawke's Bay Model, we completed some extensive analysis and modelling that allowed us to determine what future costs might be for our ratepayers under this viable alternative. These numbers are compared below against the numbers that the Government modelling has indicated as possible under the national 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 connected 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

Our community is clear and we are clear that there are concerns with the Government's proposal and there are a number of questions that need answering. We are also clear that based on what we know, a Hawke's Bay model is preferable over the Government proposal. Our feedback is being provided to Government grouped into key themes that follow:

- **Viable Alternatives (a Hawke's Bay Model)** – we've done a lot of work to determine that there may be viable alternatives such as the Hawke's Bay model. We consider the Hawke's Bay model to be favourable for us compared with the Government reform programme. We want to know how and when this will be considered
- **Decision-making for Reform** – we need our community to have a say in the decision-making process and this to us is non-negotiable.
- **Governance / Ownership** – whatever model is chosen, there must be a Central Hawke's Bay voice at the table where it can have meaningful influence.
- **Commercial** – following any reform, getting the dollars and cents right is really important for our ratepayers, especially some of our businesses
- **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.
- **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 on 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.

### 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 are making sure that we do so in a clear, coherent and constructive way.

A key part of our feedback is that we need to know more about the decision making process from here and we need our community to have a voice in decision making. We are making it clear to Government in our feedback that we expect further engagement and consultation before any decisions are made.

**While this period of feedback is coming to an end, you can continue to send us your thoughts and feedback by:**

- **Visiting our web page**  
[www.chbdc.govt.nz/our-district/three-waters-reform/](http://www.chbdc.govt.nz/our-district/three-waters-reform/)
- **Emailing** [threewatersreform@chbdc.govt.nz](mailto:threewatersreform@chbdc.govt.nz)