

Balancing the Facts

Three Waters Reform: Central Hawke's Bay

Thursday 5 August 2021

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

Recently, the Government's Three Waters Reform Programme across Council drinking water, wastewater and stormwater services has gained momentum. It is important that we all understand clearly what this means for us in Central Hawke's Bay.

Over the past four years we have had a strong focus on our water and wastewater infrastructure. Because of this dedicated work, Central Hawke's Bay is lucky to have a clear understanding of the significant funding that this infrastructure will require and the cost to our households both now and for the future.

We also know how important the infrastructure is to ensuring a thriving future for our community.

We also understand that what is being proposed by Government is a major shift away from how we view the local ownership and decision-making that we currently enjoy.

What is being proposed?

The Government's Three-Waters Reform proposes one option, to transfer ownership and management of drinking water, wastewater and stormwater from 67 independent Councils to four large council-owned entities, which would be governed by independent boards. Councils would be joined in their governance oversight by mana whenua. This is similar to what our Hawke's Bay regional study recommended to our four Councils in 2020 last year, but at a much larger scale. In contrast the government proposal would put Central Hawke's Bay's three waters services in an entity comprising 21 Councils from the East Coast of the North Island, the top of the South Island and the Chatham Islands.

What would it cost us in Central Hawke's Bay?

Government modelling says that our current average household costs of \$1500 - \$1800 per year could be lowered to \$1200 by 2051. Considering our own modelling shows that our current average annual household costs may need to increase to nearly \$4000 by 2031, this is a significant saving.

Who would pay?

Households and businesses connected to the infrastructure would still be responsible for paying for the water services they receive. We don't know how this charging would be structured. The water service entities would access to significantly more borrowing capacity due to their size, and would spread the costs of delivering services across a far larger number of households. We are unaware of any proposal for taxpayer funds to be directed to the water entities.

If I am not connected would I pay?

As far as we are aware, there is no proposal that those not connected to the networks (ie living rurally) would be involved or expected to pay.

What's the trade off?

The trade-off is in the level of direct control and influence we have from Central Hawke's Bay on the prioritisation, investment, expansion and outcomes delivered from the larger entity. This is where we would be relying on mechanisms and processes that are different to what we currently have and where the most unanswered questions lie.

Despite Central Hawke's Bay involvement in both Central and Local Government initiatives related

to this reform over the past few months, we still have questions outstanding on how the interests of our local community will be protected and empowered in the new structure. We will continue to take this message to Government.

What do we get out of it?

The recent Government announcement allocated possible transitional funding support to individual Councils on the basis of a nationally consistent formula that takes into account population, relative deprivation and land area. For Central Hawke's Bay that would be \$11.3 million.

Can we just work with our neighbouring Hawke's Bay Councils instead?

The five councils of the Hawke's Bay region have been working together closely for nearly two years on how we could deliver a more affordable and effective service as a region. An independent report released last year showed that this was achievable. We will continue to work together as Hawke's Bay analyse the reform information and will include this work in information that we share over the coming weeks.

What's the next step in the process?

Over the next eight weeks, the Government have provided Councils with an opportunity to go back to them with clarifications, questions and feedback on key issues of the Three Waters Reform. This is a really important time as we do our very best to understand the impacts the reform will have on our community and our Council business. While we'll be doing this at a local level, we will also continue to work with our other Hawke's Bay councils to do detailed analysis of the reform and how it relates to the previous work we have done together as a region.

As a Council, we stand united in our views on transparency, openness and visibility to you – our community. We'll continue to share information on the reform as it comes to hand and over the next few weeks.

We know that the Local Government Act currently provides protections on changing ownership of water assets by councils and communities. Our assumption and expectation is that our community will be given the opportunity to have their say on decisions that the Government makes on this Reform programme.

You may also want to personally reach out to your elected Councillors as you can at any time, and I would encourage you to do this if you have particular questions – as you can for any issue.

While there may be uncertainty ahead, we want to give you every confidence that as a Council we are asking the hard questions and advocating for the very best for our community, to ensure our thriving future.

**Mayor Alex Walker
and Central Hawke's Bay
District Councillors**



What we know

- The case for change involves a deficit in funding across the whole of New Zealand, of at least \$120 billion over the next 30 years to meet rising quality and environmental standards along with growth, renewals and depreciation
- The wider Hawke's Bay Region began its own collaborative review of three Waters service delivery in 2019 and is well positioned nationally with a good understanding of how water services are delivered and what opportunities exist to improve
- Central Hawke's Bay participated in the non-binding aspects of the reform process through 2020/2021, and has contributed a significant amount of data and has been analysed and compared nationally
- The proposed structure is premised to deliver cost savings to all 'connected' waters users in New Zealand over a 30-year horizon
- The proposed structure will not result in mass job losses, instead it will require more skilled people in the workforce with the creation of several thousand jobs nationally
- Council could receive \$11.3 million as a grant to support transitional costs and other wellbeing initiatives
- Only residents connected will pay for services under the proposal. Rural residents not connected will not pay
- The next eight weeks are critical in developing further understanding
- No Local or Central Government decisions are being made yet.

What we don't know?

- Exactly when a decision will be made
- When, how or even if communities will be able to formally consulted in the process
- The full impacts of the review on the Council business and the wider community as a whole i.e. what stranded costs and services may communities be left with
- The full understanding of the detail that sits behind the current proposal, particularly the numbers for current and future costs
- The detail of the accountability mechanisms including consumer panels, zoning and direction of growth, role in emergencies and requirements for delivery of local priorities
- The full extent of confidence in the proposed cost saving to the District over the 30 years by the entity
- Whether or not Central Government will simply 'mandate' this process, thereby removing Council's ability to partake in further decision making
- How the new organisation board will be appointed.

Do you have questions we should be asking Government? Email them to threewatersreform@chbdc.govt.nz