

Balancing the Facts

Three Waters Reform: Central Hawke's Bay

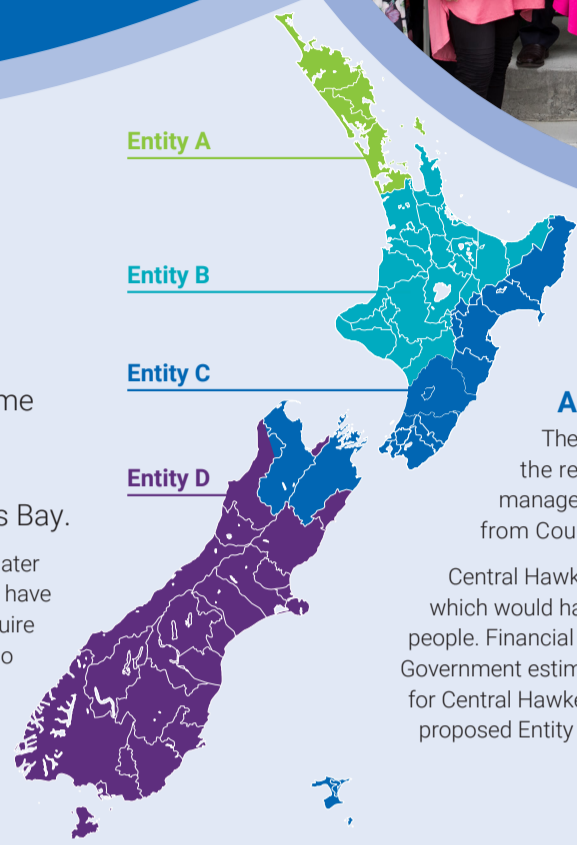


Thursday 2 September 2021

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 connected 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.



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.

What the Government proposal could cost us in Central Hawke's Bay?

Government modelling says that our current average household costs for connected residents of \$1500 - \$1800 per year could be lowered to \$1,260 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.

The table below provides high-level estimates of future costs with and without reform for our connected residents in Central Hawke's Bay based on the Government modelling.

Cost per CHB household without reform (2051)	\$7,260
Cost per household with reform – Entity C (2051)	\$1,260

The savings estimated through the reform programme are clearly significant. A large amount of work has been completed to test and verify these numbers and while it is not possible to give certainty that the numbers are accurate, they are in line with Council's own projections for future costs.

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 yet know how this charging would be structured. The water service entities would have 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?

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. A full ownership and governance structure has been proposed and can be seen on www.chbdc.govt.nz

What we do know is that the new entities would be collectively owned by Councils. Councils will influence the strategic direction of the entity from a representation group that will include six council representatives and 6 mana whenua representatives from across the whole Entity area. They will be involved in setting expectations of the entity and its independent Board of Directors. We still have questions on how the interests of a small rural community like ours will be protected and empowered in this proposed structure. We continue to take this message to Government.

An Alternate Approach for Hawke's Bay

Our Hawke's Bay leaders have been working together since 2019 investigating options for better delivery of 3 waters services in Hawke's Bay. The result of this comprehensive work were conclusions similar to what the government has found now but on a more local scale. The Hawke's Bay work 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. Similar challenges were flagged with respect to ownership, governance, community voice and influence but these were considered manageable at a regional scale.

What the creation of a Hawke's Bay entity could cost us in Central Hawke's Bay

The work completed the modelling of possible benefits of joining up how we manage our waters assets in Hawke's Bay showed some potential significant cost savings as well as improvements in the service

our residents would receive. The time-scale used for the Hawke's Bay work is different than what Government used where in the Hawke's Bay we forecast out 10 years to 2031 and government numbers are forecasted to 2051.

Cost per CHB household without reform (2031)	\$4,158
Cost per household under a joined-up Hawke's Bay model	\$1,912

Looking at the numbers above it shows savings from the joining-up of Hawke's Bay Councils in line with those shown possible by the governments modelling.

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 over the next 5 weeks 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
- Attending one of our community online drop-in sessions next one on Wednesday 8 September from 4pm to 5pm