

# Hawke's Bay Three Waters Review and Implications of Government Reforms

## BACKGROUND & FAQs

September 2020

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## PART 1: THE HAWKE'S BAY THREE WATERS REVIEW AND GOVERNMENT REFORM PROCESS

### What are the 'three waters' and what is three waters service delivery?

"Three Waters" is the expression used to describe drinking water, wastewater and stormwater.

Drinking water, wastewater and storm water services are provided to most households and businesses by local councils.

However, in many instances across New Zealand (e.g. farms, Marae, rural schools, and so forth), there are private three waters systems (e.g. bores, rainwater tanks, septic tanks, and so forth).

Service delivery describes everything involved in the provision of the three waters, from infrastructure (the pipes), to the operational requirements like maintenance, repairs, planning, compliance with standards, the people with the specialist skills, and so forth.

In Hawke's Bay, the four councils – Central Hawke's Bay District Council, Hastings District Council, Napier City Council and Wairoa District Council – are responsible for providing three waters services for their communities. Hawke's Bay Regional Council is responsible for environmental consents related to three waters service delivery and is responsible for storm water services.

### What is happening to three waters service delivery?

Government is reforming the three waters regulatory system, meaning anyone responsible for three waters systems will need to change the way they deliver drinking, waste and storm water services.

Since the Havelock North drinking water contamination incident in 2016, Government has been reforming drinking, waste and storm water (three waters) regulations and the way three waters services are delivered. There are three parts to the reforms:

1. A new regulatory authority '[Taumata Arowai](#)' has been established
2. The [Water Services Bill](#), that has been introduced to parliament and will give effect to new standards and responsibilities for three waters services
3. New three waters service delivery arrangements ([reform development](#))

Government has said that for many smaller councils, there is no clear way forward given the scale of the challenges. These challenges include:

- Meeting community expectations for water quality, treatment and management e.g. issues such as storm and wastewater discharge onto mahinga kai.
- Meeting new regulatory requirements for water quality, treatment and management.
- The ability to replace ageing infrastructure or fund and manage new infrastructure (by local authorities but also for rural communities including marae and papakāinga).
- Declining rating bases in some areas, high growth in others.
- High seasonal demand in small tourism centres.
- Adapting for climate change (including water shortages) and adverse natural events.

## What does this mean for Hawke's Bay?

Government's three waters reforms will have significant implications and challenges for three waters service delivery and councils across the country will need to adapt their approaches to meet the new requirements.

Here in Hawke's Bay, heightened community expectations about water and water management have seen councils give priority to water safety, security and planning.

As councils, we all share the same responsibility for ensuring our communities can enjoy safe, reliable, resilient, efficient and affordable three waters services.

In short:

- New regulations and standards are coming which will require change
- Future affordability challenges need to be addressed, especially between urban and rural councils
- For Hawke's Bay to thrive, we need core infrastructure and services at a cost that is affordable across the region.

## Why a regional review of three waters service delivery?

Since late 2018, the five councils of Hawke's Bay<sup>1</sup> have been working together to review the current and potential three waters service delivery options for all of Hawke's Bay. The review has involved a comprehensive evaluation of the potential options for achieving an affordable, sustainable regional solution to the way three waters services are delivered.

There are good strategic reasons to work together across the region:

- For customers and ratepayers, staff and councils
- To achieve the best solution for Hawke's Bay

## What was the purpose of the review?

The focus of the review was to complete an assessment of the current state of council drinking water, wastewater and storm water (three waters) services in Hawke's Bay, and develop a recommended approach to ensure sustainable delivery of these critical services over the long term.

The review followed a structured, staged process:

- a current state assessment
- definition of key objectives and principles
- analysis of a long and short list of future service delivery model options and their impacts on councils.

The timing of the review report and the four Hawke's Bay councils recently opting in to the first phase of discussions with the Government on their proposed service delivery reform programme provides us with the opportunity to put on the table with Government our findings, in particular the key challenges with regionalisation that will require Government support and investment to address.

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<sup>1</sup> Central Hawke's Bay District Council, Hastings District Council, Napier City Council, Wairoa District Council and Hawke's Bay Regional Council.

## Key findings and recommendations of Hawke's Bay Three Waters Review report

- Making no changes to the way our three waters services are delivered is not affordable or sustainable.
- Meeting the new regulations under current service delivery arrangements poses significant affordability challenges for our region and particularly our smaller councils.
- The Review's forecast investment in three waters infrastructure across the region to meet new drinking and waste waters standards is estimated to at least double since councils' 2018-2028 Long Term Plans from \$313m to \$605m.
- Five service delivery options were shortlisted and considered against regional objectives and cultural principles.
- An asset owning council controlled organisation was the preferred service delivery model as it best met Councils' investment objectives and the cultural principles developed collaboratively with Councils' Māori Standing Committees. In particular, the model:
  - Addresses regional affordability challenge associated with new standards and regulations
  - Is able to concentrate its investment on three waters priorities
  - Delivers the scale required to create strategic capacity and capability
  - Enables a meaningful role for Māori (including co-design and governance)
  - Enables improved operations (risk management, asset management, ability to meet compliance requirements)
  - Produces the greatest savings
- 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.

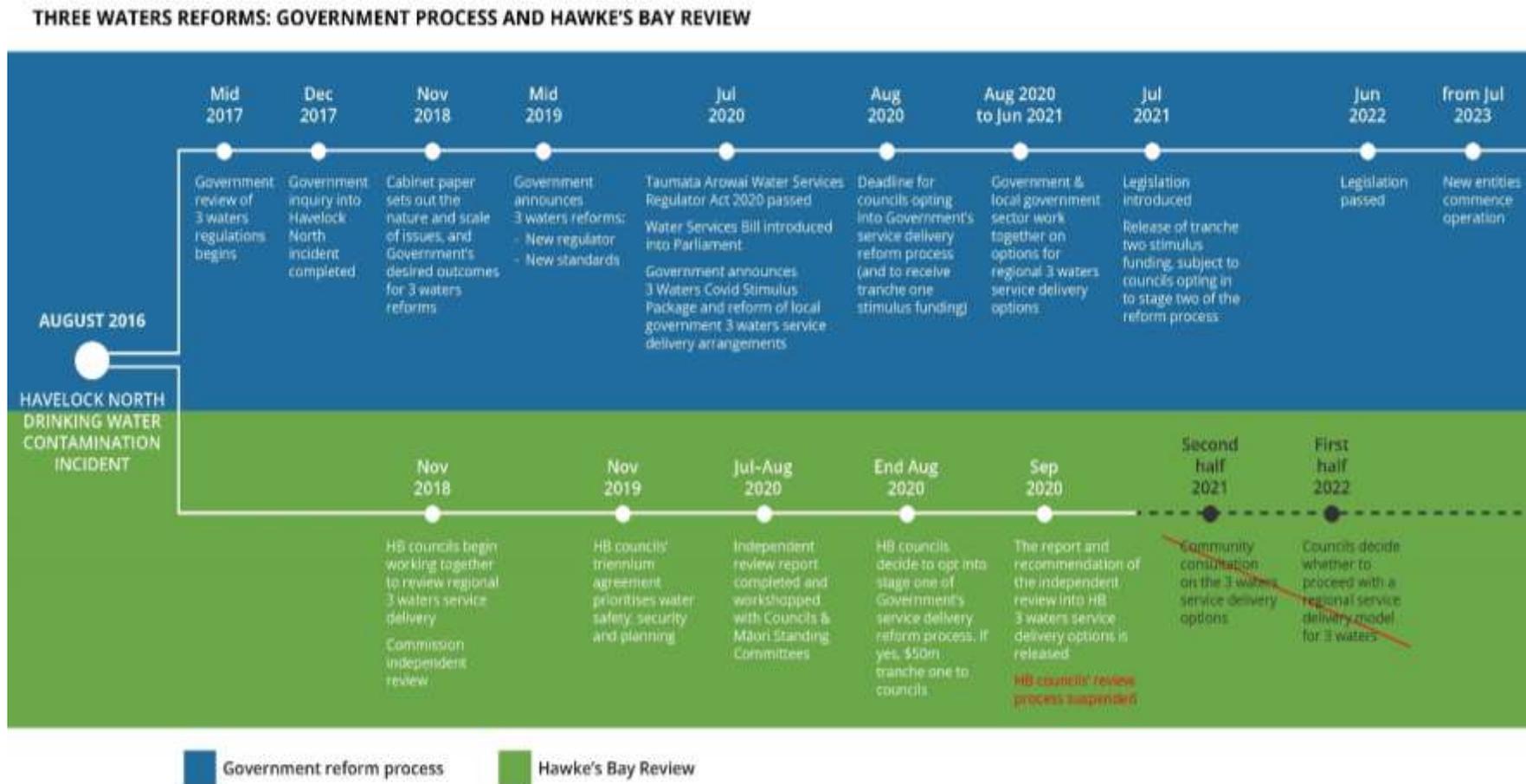
The timing of the Hawke's Bay report coincides with the four Hawke's Bay councils opting in to the first phase of discussions with Government on their proposed three waters service delivery reforms. The independent Review findings provide councils with the opportunity to engage with Government on solving the challenges that come from regionalisation of three waters services and their costs.

**You can find out more details of the outcomes of the review in Part 2 of this document.**

## How does the Hawke’s Bay review relate to the government’s reform process?

Water is the number one priority for Hawke’s Bay’s councils, and knowing that regulatory reform is on the horizon, Hawke’s Bay’s councils began working together to review the current and potential three waters service delivery options back in 2018. Meanwhile, Government has been progressing its three waters reform process.

The following diagram shows how the two processes have been advancing in parallel.



## **What happens now for Hawke's Bay's review?**

As part of its three waters reform programme, in July Government announced a process to reform the way three waters services are delivered across New Zealand and a \$761m stimulus package under the Covid-19 economic recovery programme, available to councils opting in to the reform partnership process.

Hawke's Bay's four local councils – Wairoa District Council, Napier City Council, Hastings District Council and Central Hawke's Bay District Council - have all signed up to that process. As a result, \$50m will be allocated amongst the councils for immediate three-waters related investment.

At the same time, the region's independent review of current water services and potential future service delivery is complete and has been presented to councils and their respective Māori Standing Committees.

The Hawke's Bay Three Waters Review report will be formally received by councils in September and made public.

## **Hawke's Bay is best prepared for the Government's service delivery reform process**

The work we have done together to understand and assess the issues and options for the future of three waters service delivery across our region means Hawke's Bay's councils are in a unique leadership position going into the Government's three waters service delivery reform process.

Armed with this information, Hawke's Bay councils can, together, advocate for the best possible outcome for our communities through the Government process.

## **Had the Government not invited participation in their reform process, what would councils have done with the independent review report?**

Once we received the report, councils intended deciding whether to consult with their communities on the service delivery options considered in the report. Based on the outcome of consultation, the four councils would then have made a collective decision whether or not to make changes to the way three waters services are delivered in Hawke's Bay.

## **Do councils agree with the service delivery option recommended by Morrison Low?**

It was not up to councils to express a view at this point. Rather, it was intended that councils would decide whether to consult the community on the options before making any decisions.

Government has indicated a preference for a multi-regional service delivery model broadly structured along the same lines as Morrison Low's recommended preferred option. This means with the analysis and data from the report, we are in a very strong position going into the conversations with Government because we understand the potential benefits and challenges of the model for Hawke's Bay.

## **Why doesn't Hawke's Bay continue with its own review process and not participate in the government reform process?**

Participating in the first phase of the government process brings with it access to funding that means we can progress important three waters related investment immediately.

With the findings of the Morrison Low report, Hawke's Bay councils can advocate for the best possible outcome for our communities through the Government process. In particular, the review findings provide councils with the opportunity to engage with Government on solving the challenges that come from regionalisation of three waters services and their costs.

### **Government has signalled the reform process will result in 'multi-regional' service delivery. Do councils think that is the best interests of Hawke's Bay?**

Our review mainly focused on Hawke's Bay region, but we did consider the option of a sub-national management council controlled organisation (CCO). Morrison Low assessed and recommended a asset owning council controlled organisation for Hawke's Bay because in their view it best meets the region' objectives and principles determined at the beginning of our project.

Furthermore, the cultural case developed in our review identifies a model that paves the pathway of Hawke's Bay partnership and co-design with Māori underpinned by the Treaty of Waitangi. In doing so it recognises twenty-plus years of relationship growth between five Hawkes Bay councils, post-Treaty settled iwi and the Ngāti Kahungunu iwi Taiwhenua structure. The cultural case recognises iwi and hapū regional affiliations and their preparedness to act collectively which exists because of relationships, trust and confidence, born of time and *kanohi ki te kanohi*. This does not exist under a multi-regional approach.

Government has indicated a preference for service delivery models broadly structured along the same lines as Morrison Low's recommended preferred option. This means with the analysis and data from the report, we are in a very strong position going into the conversations with Government because we understand the potential benefits and challenges of the model for Hawke's Bay's communities.

It goes without saying our priority is to advocate for the best possible outcome for our communities here in Hawke's Bay.

### **Opting into the Government reform process comes with stimulus funding. How is the \$50m for Hawke's Bay's councils allocated?**

Wairoa District Council, Napier City Council, Hastings District Council and Central Hawke's Bay District Council have signed the Government's Memorandum of Understanding (MOU), opting-in to the first phase of a partnership process to reform three waters service delivery arrangements and unlocking \$50m in immediate stimulus funding.

The MoU is voluntary and non-binding (meaning councils are not committed to participating in the Government reform process beyond the first phase – see the government's reform process timeline on page 20).

The \$50m is allocated across the region as follows (based on land area and population):

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

This level of funding is estimated to be around \$20m more than the funding Government has allocated to comparable-sized regions in other parts of New Zealand. This is to recognise the leadership shown by Hawke's Bay councils in collaborating on our three waters review.

## How do councils intend spending the money?

Under the terms of the arrangement with Government, there is discretion to spend the stimulus funding on operating or capital projects relating to three waters service delivery; provided the work supports economic recovery through job creation and maintains, increases, and/or accelerates investment in core water infrastructure renewal and maintenance.

Councils have until the end of September to complete the details of the scope of work to which funds will be allocated.

## What does signing the MoU commit councils to?

Signing the MoU commits councils to:

1. Engage in the first stage of the reform programme – including a willingness to accept the reform objectives and the core design features set out in the MoU
2. The principles of working together with central government and the three waters reform Steering Committee
3. Work with neighbouring councils to consider the creation of multi-regional entities
4. Share information and analysis on their three waters assets and service delivery arrangements.

It does not:

- Legally commit councils to future phases of the reform programme
- Require councils to transfer assets or establish new water entities
- Trigger a requirement for consultation under the Local Government Act 2002

Under the reform programme, if councils commit to the subsequent stages, further Government funding for three waters will be available to them.

## PART 2: THE INDEPENDENT REVIEW OF THREE WATERS SERVICE DELIVERY OPTIONS FOR HAWKE'S BAY

### Who conducted the independent review?

Morrison Low, together with their partner WSP.

### What process did Morrison Low use to conduct their review?

The review was undertaken using a modified Better Business Case (BBC) framework, supplemented by a sixth case, a cultural case, to ensure that principles developed through discussions with the Councils' Māori Standing Committees were incorporated into the assessment.



For further information on the review process, refer to pages 26 – 30 of the Report.

The following graphic sets out councils' investment objectives.

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 a local authority to provide opportunities for Māori to contribute to its 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

These objectives were further supported by the following principles that were developed in collaboration with the councils' Māori Standing Committees.

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 service delivery options considered by Morrison Low were assessed against these investment objectives and principles.

**For further information on the investment objectives and cultural principles, refer to pages 30 -35 and 53 - 58 of the Report.**

### **What was the purpose of the review?**

The focus of the review was to complete an assessment of the current state of council drinking water, wastewater and storm water (three waters) services in Hawke's Bay, and develop a recommended approach to ensure sustainable delivery of these critical services over the long term.

The review followed a structured staged process:

- current state assessment,
- definition of investment objectives and principles,
- analysis of a long and short list of options,
- their impacts on councils and
- a recommendation on a service delivery model that best meets the region's needs.

### **What was out of scope for the review?**

The independent review only assessed and provided independent recommendations on:

- The effectiveness of existing drinking, waste and storm water services
- Alternative service delivery options.

This review was not about:

- Freshwater reforms
- Privatising assets or services
- Water storage or issues such as chlorination

### **What is the current situation for three waters service delivery?**

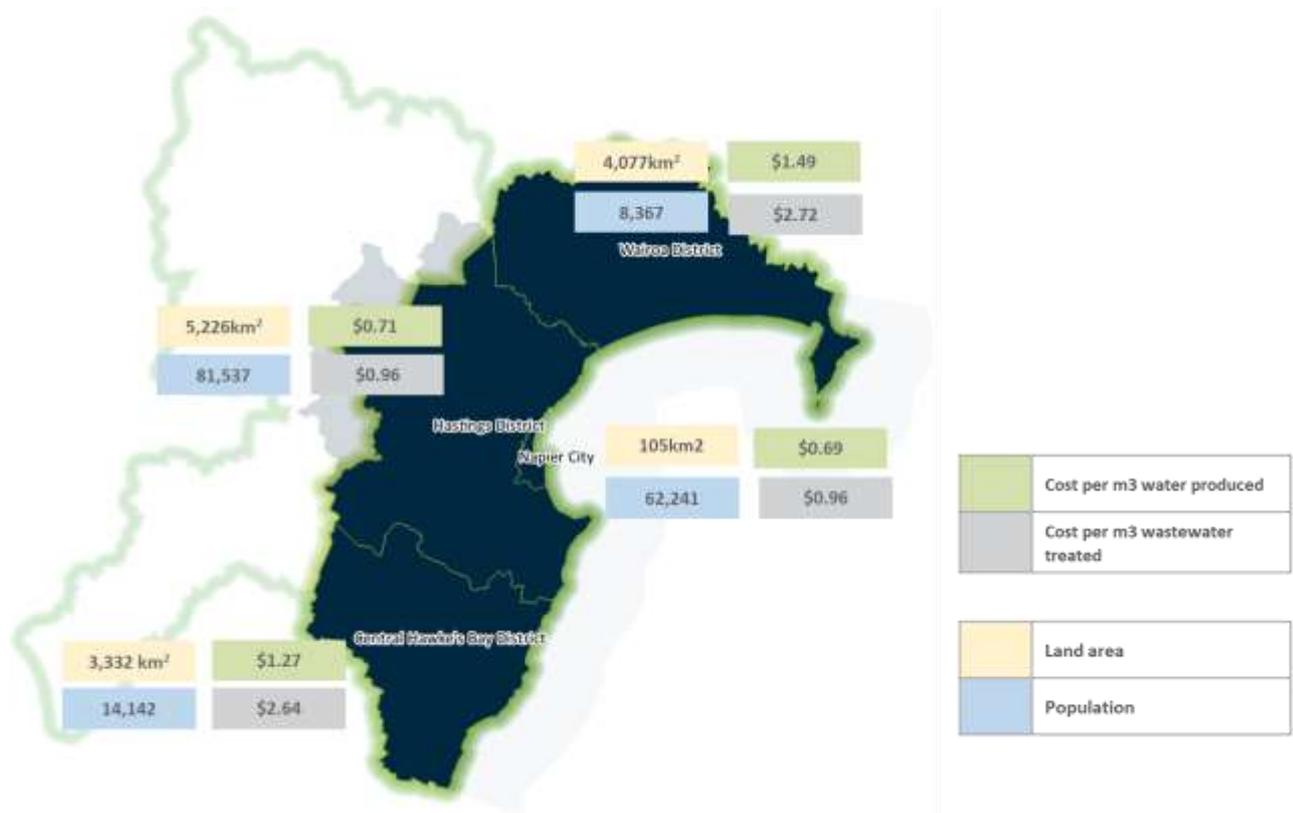
The Hawke's Bay councils face substantially the same issues and need to address these challenges in an affordable, coordinated way that eliminates duplication and ensures that all councils and their communities have access to the appropriate strategic capacity and capability to do so.

The review identified four themes that are based on the shared challenges and opportunities:

- Demand and growth (extension to existing networks and/or supply challenges)
- Asset condition and performance (renewal of infrastructure age/condition)
- Resilience (impacts of floods, slips, coastal inundation and infiltration)
- Risk and compliance (safety and security of waters supply, ability to meet new standards)
- People and capability (resource constrained labour market)
- Community affordability (investment challenge to meet new standards)

### Current Cost of Service

There are already significant differences between the cost of the three waters services across the four councils. The cost to produce and supply drinking water as well as the cost to treat wastewater is much higher in Central Hawke’s Bay and Wairoa than it is in Hastings and Napier.



### Forecast investment in three waters

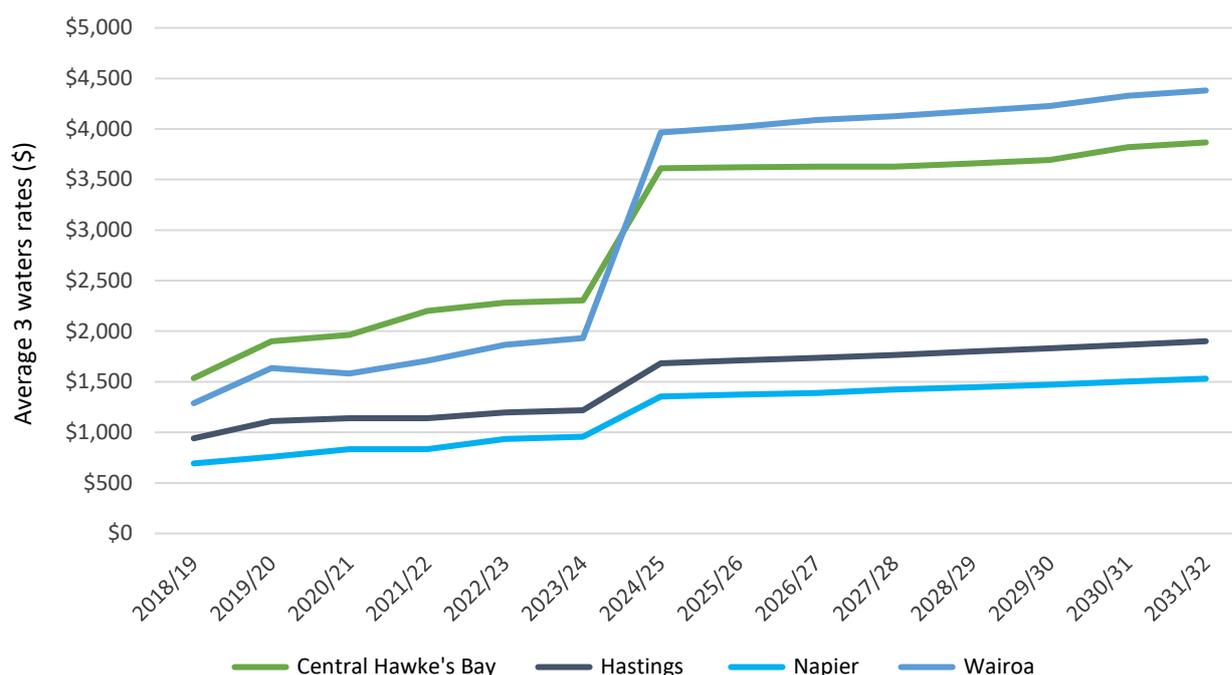
**\$605M** of investment in three waters infrastructure now estimated as required during 2018-2028 LTP period

**\$313M** of three waters investment in three waters infrastructure originally forecast in 2018 – 2028 LTP

The current forecast capital program across Hawke’s Bay’s four councils, plus the additional investment required to meet new regulatory standards, is the **‘enhanced status quo’** scenario and was used throughout the review as the basis against which to assess different options, because these changes and their costs will need to be met regardless.

A combination of already-high water rates, significant future investment requirements and small rating bases could see the average annual three water rate rise to over \$3,500 and \$4,000 per household in Central Hawke’s Bay and Wairoa, respectively.

### Enhanced status quo: estimated future costs



When the impact of the future investment required across the region is considered alongside the differences in the communities, the issues of affordability are magnified. The international affordability metrics for water and wastewater cited by Water New Zealand<sup>2</sup> consider a range of spending between 2% to 5% of household income on water and wastewater to be unaffordable. The table **Error! Reference source not found.** below compares the current affordability challenge with the future projection. It demonstrates that by 2032 Wairoa exceeds, and Central Hawke's Bay is close to, the highest unaffordability benchmark of 5%.

### Estimated two waters residential rate affordability metric: enhanced status quo (by 2032)

	2018/19	2031/32
Central Hawke's Bay	2.7%	4.4%
Hastings	1.1%	1.9%
Napier	1.0%	1.5%
Wairoa	2.1%	5.9%

### What alternative service delivery options were considered?

Initially a longlist of options was considered, and this was reduced to a shortlist through a high-level assessment. The shortlist represented the options most likely to meet councils' investment objectives. More information about the options and the detailed evaluation of each against the investment objectives can be found on **pages 9 – 15 of the executive summary and in the economic case from page 59 of the report.**

<sup>2</sup> Water New Zealand 2017-18 National Performance Review report

In summary, the following service delivery options were assessed in detail.

Enhanced Status Quo	Shared Services Business Unit	Hawke's Bay Management CCO	Sub-national Management CCO	Hawke's Bay Asset Owing CCO
Councils own assets and control revenue	Councils in collective governance role, some aspects of co-governance with Māori	Councils' role is as owners, co-governance with Māori	Councils' role is as owners, co-governance with Māori	Councils' role is as owners, co-governance with Māori
Councils deliver services	Councils own assets and control revenue	Councils own assets and control revenue	Councils own assets and control revenue	CCO owns assets and controls revenue
	SSBU delivers services	CCO delivers services	CCO delivers services	CCO delivers services

### What was the recommended preferred option and why?

The report demonstrates that a regional asset owning council controlled organisation (CCO) is the service delivery model that best meets the review's investment objectives and principles.

- It is the option that best addresses the issue of affordability, and the very real risk that the scale of investment required to meet new standards and community expectations is greater than forecast.
- A dedicated regional asset owning CCO is able to concentrate on three water challenges and prioritise investment decisions across the region, leading to better environmental and community outcomes than councils can individually achieve.
- It would have sufficient scale to create strategic capacity and capability across the region and support the areas where that is currently lacking. Scale, strategic capacity and capability give levels of expertise and resilience in three waters that can be applied regionally, benefitting all ratepayers across the region rather than only some, as is the case now.
- The model delivers the best opportunity to provide a meaningful role for Māori, including co-design and co-governance.
- A regional water CCO is able to provide improved asset management, improved management of risk, and is better placed to meet any increased compliance requirements or future increases in environmental standards than the Councils can individually.
- As well as being the only model that effectively addresses affordability issues across the region, the asset owning model also maximises available operational savings for the region, ensuring that services are not only affordable, but delivered in a cost-effective way.
- There would be a need to ensure that the Statement of Intent and Shareholders Agreement of a regional CCO retain an appropriate balance between the individual priorities of each council with regional priorities, including planning and supporting growth.

**Further information about the recommended preferred option can be found on pages 16 – 19 of the executive summary in the report.**

## What was the financial analysis of the options?

When considered at a regional level, all options provide a better financial outcome over the time than the enhanced status quo.

### Comparison of financial performance of service delivery models

	Debt (2032) \$m	Cumulative capital spend (2032) \$m	Annual operating cost (2032) \$m
Enhanced status quo	\$316.7	\$758.5	\$131.5
Shared service business unit	\$307.5	\$749.6	\$121.7
Management CCO	\$303.1	\$745.6	\$121.9
Asset owning CCO	\$288.4	\$727.4	\$114.8

These savings translate into lower ratepayer charges and an increased ability to respond to costs arising from further regulation, new standards or unforeseen investment requirements.

### Summary of costs and benefits (NPV)

2021 – 2032 (\$M)	Costs	Benefits
Shared services business unit	\$9.1	\$22.9
Management CCO	\$20	\$47.1
Asset Owning CCO	\$23.2	\$70.8

Refer to pages 123 – 128 of the report for more information on the costs and benefits.

## What is the cultural case?

The cultural case developed in our review identifies a model that paves the pathway for Hawke’s Bay partnership with Māori underpinned by the Treaty of Waitangi.

The cultural case acknowledges the need to consider co-design with Māori of both the governance and operational models with a goal to optimise cultural values across three waters service delivery.

The case highlights that within the regulatory framework relating to water, Te Ao Māori, through its language, genealogy, stories and traditions, requires a greater level of competency than usual. The cultural case is underpinned by the Treaty of Waitangi.



Further detail about the Cultural Case is discussed on pages 53 – 58 of the report.

## What is the financial impact on ratepayers of doing nothing versus moving to an asset owning CCO?

### Average three waters rate

Council	2018/19	Enhanced status quo 2031/32	Asset owning CCO 2031/32
Central Hawke's Bay District	\$1,536	\$3,867	\$1,673
Hastings District	\$940	\$1,901	\$1,673
Napier City	\$692	\$1,531	\$1,673
Wairoa District	\$1,288	\$4,380	\$1,673

Further detail about impacts on ratepayers is discussed on pages 135 – 143 of the report.

### Under the proposed model, it looks as though Napier City ratepayers would be financially disadvantaged under a regional asset owning CCO. Is that correct?

We know that regionalising three waters service delivery comes with challenges, no matter what model is adopted. The Asset Owning Council Controlled Organisation is the option that best addresses the risk that the scale of investment required to meet new standards and community expectations is greater than forecast.

However, it is important to understand the analysis in the report is based on current available data and what is currently known about potential likely new water services regulations and standards.

Given Government is yet to announce the specifics of the new standards and regulations and given potential changes in asset valuations between now and the establishment of any regional or multi-region service delivery model, the modelling is likely to change.

The independent review findings provide councils with the opportunity to engage with Government on solving the challenges that come from regionalisation of three waters services and the costs. These challenges will be faced by every region in the country participating in the three waters reform process.

Further detail about regionalisation of costs is discussed on pages 128 - 133 of the report.

### Inevitably the establishment of a new water services authority would have impacts on Councils. What are those likely to be?

Morrison Low assessed the impacts on councils and the matter of stranded costs. Details can be found on **pages 144 – 147** of the report. Any impacts for councils from any new three waters service delivery arrangements will need to be considered as part of government's reform process.

### What would it cost to establish a new regional asset owning CCO?

The report estimated the costs for a two-stage establishment process. Details can be found on **pages 156 – 158** of the report. Any establishment costs for setting up any new three waters service delivery arrangements will now need to be considered as part of government's reform process.

### **How was the review funded and what has it cost?**

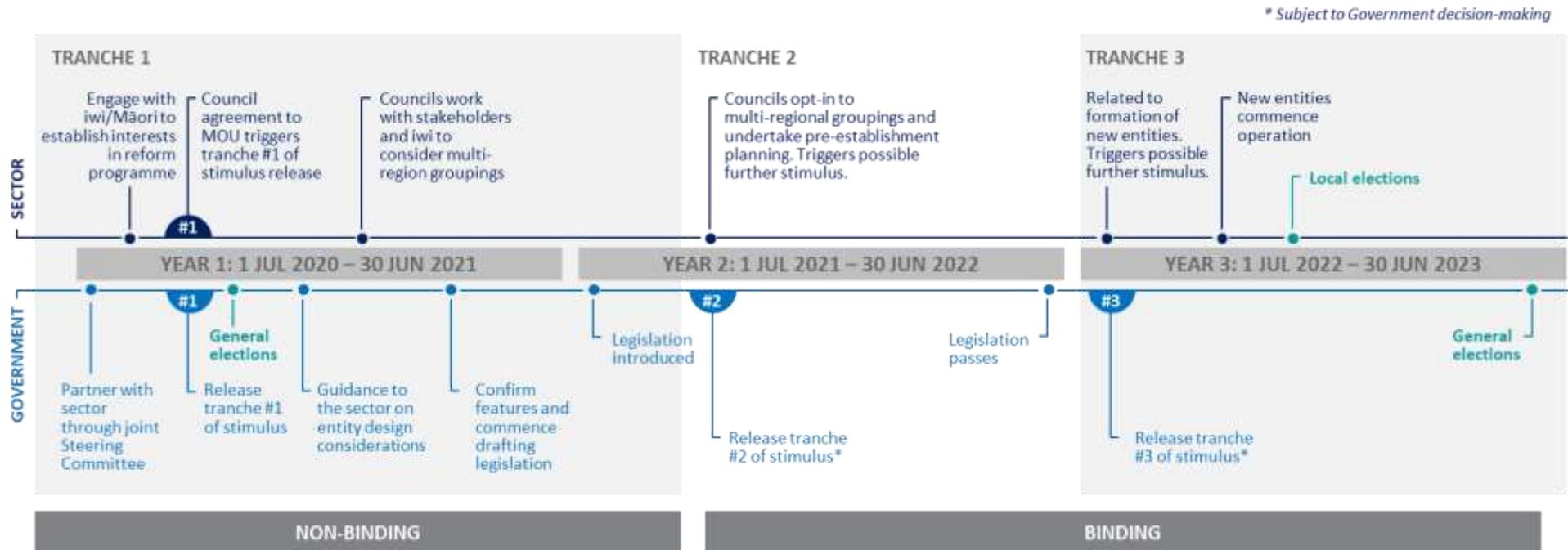
The review process began back in late 2018, funded from Hawke's Bay's five councils. Recognising how important the review is, and the proactive leadership we have taken, Government also agreed to provide funding support for the review.

The total cost to the Hawke's Bay councils to date has been \$200,000. We have also received \$815,000 from Government, delivered in tranche payments against key milestones delivered for the review.

## PART 3: WHAT HAPPENS NEXT WITH THE GOVERNMENT REFORM PROCESS

### What happens next with the Government's reform process?

The indicative timeline for Government's reform process is as follows.



### **Will communities be able to have their say on the Government's service delivery proposals?**

On our communities' behalf, councils will be making the most of the information we have from our own review to advocate for the best possible outcome that meets the needs of our rural and urban communities.

We understand from the timeline Government has put forward that there will be the opportunity to engage with stakeholders and iwi, however the details of that process – how it will work, who will be consulted with – are not clear yet and we await confirmation from Government.

### **The Māori Standing Committees across the region have been involved in determining the principles against which the service delivery options in the Morrison Low report were assessed. Will Government take the same approach?**

That is for Government to answer. However, we are determined to do all we can to ensure that the cultural case that has been such an important consideration in our review is not lost and we will be seeking those assurances from Government.

### **Now that Hawke's Bay councils have opted in to the Government reform process, what does that mean for tāngata whenua of Hawke's Bay?**

The cultural case developed in our review identifies a model that paves the pathway of Hawke's Bay partnership and co-design with Māori underpinned by the Treaty of Waitangi. In doing so it recognises twenty-plus years of relationship growth between five Hawkes Bay councils, post-Treaty settled iwi and the Ngāti Kahungunu iwi Taiwhenua structure. The cultural case recognises iwi and hapū regional affiliations and their preparedness to act collectively which exists because of relationships, trust and confidence, born of time and *kanohi ki te kanohi*. This does not exist under a multi-regional approach.

We understand from the timeline government has put forward that there will be the opportunity to engage with stakeholders and iwi, however the details of that process – how it will work, who will be consulted with – are not clear yet and we await confirmation from Government.

### **Now that Hawke's Bay councils have opted into the Government reform process, will co-governance with tāngata whenua be off the table?**

The Hawkes Bay review and our ongoing kōrero with the Māori Standing committees highlighted the immense importance of partnership at all levels of three waters service delivery, including at the governance level.

We will be strongly advocating our review's cultural case to Government, including our recommendations for co-governance and co-design with Māori. It is important that the Hawkes Bay continue to advocate for the best outcome for our region.

### **What does the Government reform process mean for private water services like farms, rural schools, marae and papakāinga with their own water supplies?**

At the moment it is too early to tell what the exact implications of new regulations will be for private three waters services. What we do know is that the scope of the regulations and the regulator will be much wider than they are now and extend to anyone who is not a domestic self-supplier.