

Briefing Topic: Three Waters Reform

Date of Briefing: 18 August 2021 at 5.00pm

Attendees

Elected Members: Mayor Barry, Deputy Mayor Lewis, Cr Briggs, Cr Brown, Cr Dyer, Cr Edwards, Cr Hislop, Cr Milne, Cr Mitchell, Cr Rasheed, Cr Shaw and Cr Sutton

Staff: Ms J Miller, Chief Executive, Ms A Blackshaw, Director Neighbourhoods and Communities, Mr K Puketapu-Dentice, Director Economy and Development, Mr M Boggs, Director Strategy and Engagement, Ms J Livschitz, Chief Financial Officer, Ms H Oram, Director Environment and Sustainability, Mr M Jennings, Kaitatari Tumuaki Māori, Mr B Hodgins, Strategic Advisor, Mr D Koenders, Manager Financial Strategy and Planning and Ms A Doornebosch, Democracy Advisor

External presenter: Dougal List from Porirua City Council, RDC Group

Iwi Partners: Ms Liz Mellish, Mr John Warren and Ms Morgan-Jean Butler

Key Objectives of the Briefing

The purpose of the briefing is for officers to discuss the Three Waters Reforms with elected members.

Discussion

- Slide 3 – Background. Reforms came about as a result of a government enquiry into Havelock North drinking water in 2017. A new water services regulator – Taumata Arowai was created in 2019. The Water Services Bill will be introduced to strengthen the regulation of drinking water and provide oversight of wastewater and stormwater. The three waters programme recognises the importance of Te Mana o te Wai.
- Slide 4 – Three pillars to the government reform – regulation, Taumata Arowai and service delivery reform – the latter is the focus of this briefing.
- Slide 5 – the government’s case for comprehensive change. Highlights there are currently 67 local councils involved, 75,000 to 100,000 private water suppliers and a number of quality and infrastructure challenges. Significant investment would be required for these assets without reform.
- Slides 6 & 7 - Challenges for Lower Hutt – including climate change, population growth and aging assets. Needs to be addressed in a co-ordinated way whilst recognising Iwi requirements. Also community expectations, water meter initiatives and water storage requirements.

- Slide 8 - Impetus for Reform – risk of failure to meet drinking water standards and possible subsequent public health consequences, climate emergency effects, and managing housing infrastructure growth.
- Slide 9 - Government's evidence based on release of WICS paper and peer review reports with 8 week process guidance released on 30 July 2021.
- Slides 10 & 11 - The proposed reform model has four new water service entities responsible for wastewater, stormwater and drinking water. Assets will remain in public ownership which will create the ability for entities to borrow.
- Slide 12 - Purpose of the entities – to provide safe, reliable and efficient water services, giving effect to Te Mana o te Wai.
- Slide 13 - Step change to enable Māori rights and interests and how these are recognised.
- Slide 14 – Entity structure.
- Slide 15 - Anticipated key benefits – affordability and efficiencies gained in capability, procurement, governance, scale and economic regulation.
- Slides 16 & 17 – reasonable confidence that the Government's evidence base is directionally correct. Based on high level analysis of WICS data collected from councils. Peer reviewed by FarrierSwier and Beca. Benefits will depend on a range of factors including councils opting in, effective governance and increased capability and capacity.
- Slide 18 - Wellington is part of entity 'C', boundaries based on scale, water catchments, rohe/takiwā, communities and workforce and subject to further engagement. Councils and iwi/Māori to appoint a regional representative group which oversees the Board of this entity. Beca noted seismic conditions in Wellington may create higher costs than estimated by WICS.
- Slides 20 & 21 – Package for local government - Lower Hutt allocated \$38,718,543 "Better off" funding. Noted the \$50m allocated for Auckland, Christchurch and Wellington Water councils for two years of stranded costs is low.
- Slide 22 to 25 - Transition will occur over an eight week process with Councils remaining accountable for delivery until 1 July 2024. Councils should engage with and understand the reforms over the 8 week period and provide feedback. The Water Services Bill will be reported in late 2021 and regulatory requirements will take effect from approximately April 2022.
- Slide 26 – Key issues and questions.
- Slide 27 - Alternatives – the most realistic alternative would be an enhanced model building on from Wellington Water Limited. This would limit the ability to raise debt and would be timely and costly to establish.
- Slide 28 – Responding to the reforms – the status quo is unsustainable and unaffordable. Should plan for a potential option B model in case the government reforms do not go ahead.

Dougal List noted that the intent was to seek feedback from six councils and six Mana Whenua entities over the eight week period. He noted one of the key issues was the transfer of assets as these provide the ability for investment planning and borrowing. He said the funding model was still being developed and advised it was important for Councils to highlight their specific issues in this development. He noted the eight week period ended at the end of September 2021.

Next Steps

Officers will continue to liaise with the Department of Internal Affairs over the eight week process, and report to Council on 8 September 2021. This report will include financial implications, legal advice received and potential impacts and issues identified in Lower Hutt, to enable a response to be formulated to government.

The briefing closed at 5.57pm

Attachment: DOC/21/95870 - Powerpoint Presentation