

30 September 2021

The Three Waters Team
Local Government Branch
Te Tari Taiwhenua | Department of Internal Affairs
Via email: threewaters@dia.govt.nz

Re: Feedback from Hutt City Council on Three Waters Reform

Thank you for the opportunity to provide initial feedback on the Government's Three Waters Reform proposal. We want to enable better outcomes for our people and have recognised for many years that a collaborative way of working is more likely to achieve this than continuing to provide services as an individual local authority. We're pleased to engage with Government to explore this model further.

Hutt City Council met on 9 September 2021 and resolved that I write to you setting out their requests for further information. A copy of the full report and attachments considered by Council is appended to this letter for your information, together with the Council resolutions.

As you'll know, Hutt City Council is one of the six local authorities in the Wellington Region that is a shareholder Council in Wellington Water Limited (WWL), the company specifically established to deliver three waters services for those Councils.

Prior to that, Hutt City Council was a founding shareholder Council (along with Wellington City Council) in Wellington Water's predecessor 'Capacity' established in 2004. As such, this Council has a history of working collaboratively in the three waters industry to improve the efficient and effective delivery of these services and ensuring we have access to a trusted body of expertise with a critical mass to provide the best possible advice and oversight of these essential assets.

This collaboration means Hutt City Council is fully committed to, and therefore reliant on, WWL to provide it with all technical expertise and advice on three waters infrastructure.

Over the past two months, Hutt City Council has had a series of briefings to better inform elected members of the Government's proposal, consider the financial implication for the City, and identify issues and concerns. We have engaged PwC to assist us with the financial implications/aspects of the proposal.

At the formal meeting of Council on 9 September 2021 which discussed an initial response to the proposal, Council noted that this is a feedback only process and that no decisions can or have been made. An essential part of that meeting was listening to the views of mana whenua representatives as they provided us with their insights and concerns from a Te Ao Māori viewpoint.

The following headings highlight key issues on which the Council wishes to make comment.

1. Mana Whenua Engagement

Mana whenua representatives participated in the Council meeting and were able to provide elected members with a better understanding of some of their particular issues, aspirations and concerns.

Some of these were:

- environmental outcome benefits of reform;
- thinking about the outcomes for all people not just Hutt residents in making decisions; and
- importance of the higher water standards with regulator and benefits of safer drinking water for all people.

It became clear from the conversation that government's engagement with mana whenua to date has been somewhat mixed, with some groups experiencing regular opportunities to engage and others none at all.

As such, Council seeks further information and guidance from Government on its plans for engagement/consultation with mana whenua, noting that Council's expectation is that engagement with mana whenua partners is given priority and enhanced.

Council will continue to involve mana whenua representatives in further briefings and meetings as we work through the Three Waters Reform process.

2. Community Engagement

Council has not been in a position to undertake any meaningful engagement with our local community. To date we have simply placed on our website a brief summary of the reform process and proposal with links to more detailed information to the DIA website.

It is Council's position that it is vital for it to gain an early understanding of the community's views through consultation and engagement once it has further detailed information from Government and understands the next steps in the reform process.

Council seeks Government direction in providing a clear outline of consultation to be undertaken (including the respective roles of Government and Local Government), with an expectation that further engagement is undertaken as early as possible with communities (and mana whenua) to ensure they have an ability to influence what is being proposed.

3. Water Service Entity(WSE) Boundaries, local influence and prioritisation of investment

There was some discussion at the Council table about the proposed boundaries of the four WSEs and the rationale for them. While Council understands the financial and efficiency imperatives driving the proposed low number of WSEs, it has concerns around how local influence will be maintained.

Council seeks further information from Government on how communities will maintain a voice in the new system and have some influence over vital decisions for the future of the City.

Specifically Council seeks clarity on the following:

- how prioritisation of investment will be managed;
- statutory provision on WSEs to give greater recognition to local outcomes and well-being;
- alignment of planning processes between WSEs and Territorial Authorities (TAs);
- integration of Long Term Planning investment planning with WSE investment plans; and
- a process to manage disputes.

4. Effective Governance Representation

There is some concern that the governance model is too complex and does not enable effective representation. Council seeks further information and guidance from the Government on this, noting

that one option would be to develop a model in partnership with Councils and Iwi that allows for strong local representation based around sub WSE cluster areas.

5. Financial Impacts, Asset Transfers and the Government Funding Packages

There remains a lack of clarity on the financial impacts of the reforms on local government. This will remain the case until we are given more information to better understand:

- the methodology for debt and asset identification and transfer, including treasury management related debt and financial derivative close-out or novation processes;
- the process, timeframes and funding to enable due diligence;
- the detailed criteria and conditions of the "better off" and "no worse off" financial packages;
- more detail on the pricing and charging model across the WSE; and
- the provision for growth and how this will be charged, including Development Contributions.

6. Integration with other Local Government reform processes

Council seeks further information to better understand the cumulative impacts and alignment of the Three Waters Reform alongside RMA and Local Government reforms. This is important to us and to our Iwi partners.

The reform processes are expected to lead to significant re-shaping for Local Government, our relationships with Iwi and with the community. As far as possible the reforms need to be closely aligned and integrated to avoid loss of staff and impacts on our communities.

7. Stormwater

WWL manages the stormwater network for Council. Council seeks further information on the scope of the stormwater role that WSEs will play, including growth and development planning, asset management and maintenance.

Since the Council meeting we have become aware of the work undertaken by the Stormwater Technical Working Group and are encouraged by the approach to the transfer of stormwater functions outlined in the Group's report and the report's recommendations.

8. Accountability

Council seeks further information from Government on what mechanisms will be put in place for local authorities to be involved in holding future entities accountable for performance and customer service levels.

We look forward to receiving further information which will assist us in engaging meaningfully with our mana whenua partners and the community on the future management and delivery of the three waters functions.

Sincerely



Jo Miller
Chief Executive

Attachments:

Report considered by Council and attachments

Minute of meeting