

Hawke's Bay Three Waters Review

A QUICK GUIDE

MAY 2020



WHY THE REVIEW?

- Government is reforming the three waters regulatory system, meaning local authorities will need to change the way they deliver drinking, waste and storm water services.
- Here in Hawke's Bay, heightened community expectations about water and water management saw councils give priority to water safety, security and planning late last year.
- As councils, we all share the same responsibility for ensuring our communities can enjoy safe, reliable, resilient, efficient and affordable three water services.
- While each of our communities is different, we all share the same challenges:
 - Being able to affordably deliver core infrastructure and services
 - Managing increased demand, as our communities and our economy grow
 - Maintaining the condition and performance of our three waters services
 - Ensuring we have the right capability and capacity
 - Ensuring our three waters services are resilient;
 - Manage the environmental impacts of three waters services; and
 - Meeting increasing government standards for risk and compliance.
- That's why it makes sense for us to work together to investigate developing a regionwide solution to the way we manage drinking, waste and storm water services.

REVIEW OBJECTIVES – WHAT DO WE WANT TO ACHIEVE?



- ➔ The status quo is not an option for our region
- ➔ We need to address future affordability challenges now
- ➔ New regulation is coming
- ➔ Working together is our best opportunity to get ahead of any government mandate and come up with a solution that meets Hawke's Bay's needs

IMPORTANT ISSUES WE ARE CONSIDERING

Governance and accountability

Impact on council services

Establishment costs

Government funding

Supporting legislation



IN A NUTSHELL

The status quo is not an option for our region:

- Without change, we will have serious affordability challenges, 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.

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

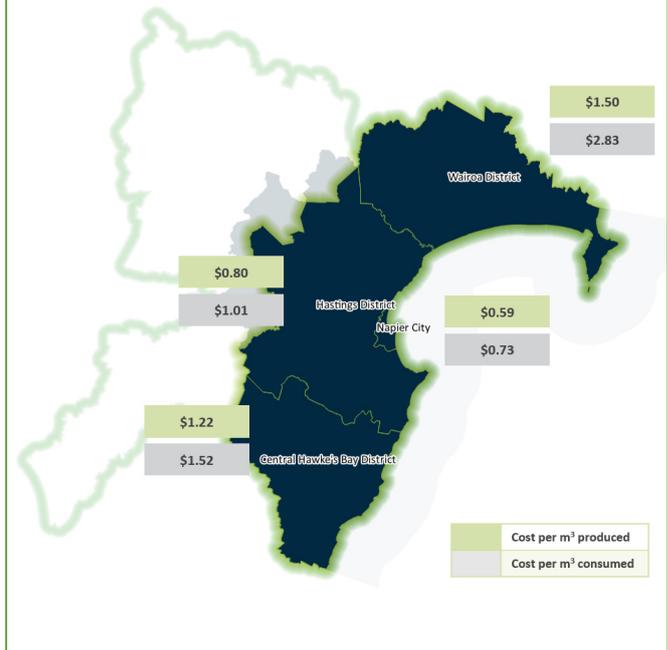
- For customers and ratepayers, staff and councils.
- The best solution for Hawke's Bay, rather than a government-mandated solution.

WHAT IS OUT OF SCOPE?

This review is **not** about:

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

THE COST OF WATER (AS AT 2019)



REVIEW PROCESS

Report delivered September 2020

Councils decide whether to proceed to community consultation

Independent review of the effectiveness of existing services and to identify and assess alternative service delivery options. Full report to councils providing an independent recommendation for a preferred option.

Second half of 2021

Community consultation

Region-wide community consultation

First half of 2022

Final decision

Councils decide whether to proceed to implement a new three waters service delivery model for Hawke's Bay

Government has contributed \$1.55m to help us find a regional solution that will:

- ✓ Address the region's current and future infrastructure investment needs
- ✓ Significantly improve drinking water quality for the community
- ✓ Deliver sustainable three water services and maintain public ownership
- ✓ Increase resilience and adaptability to climate change and other risks

ENGAGING TĀNGATA WHENUA

Ongoing kōrero/conversations are happening with Councils' Māori Standing Committees, HBRC Regional Planning Committee and with Te Taiwhenua O Tamatea Inc (in place of a formal committee of Central Hawke's Bay District Council); to discuss what a meaningful role for Māori looks like for each of the service delivery model options being assessed and so that Maori views and aspirations are included in the independent report to councils in September.

If councils decide in September to consult the community, then engagement will go more widely to ensure Māori have an opportunity to share their whakaaro/thoughts on what this Review means for iwi, hapū, marae and whānau. We would also be seeking to partner with tāngata whenua to co-design the values, objectives and governance of any preferred model.

For further information and updates visit www.hb3waters.nz



WHAT SERVICE DELIVERY OPTIONS ARE BEING CONSIDERED?

There are five possible options being considered. The full independent report evaluating the options and recommending a preferred option will be delivered to councils in September.

Option	Key detail
1. Enhanced status quo	<ul style="list-style-type: none"> Councils would each retain responsibility for all aspects of service delivery and asset ownership, and three waters services staff would remain employed by the councils. The approach would allow for additional resource and investment in infrastructure to meet changes to three waters regulations.
2. Regional Shared Services Business Unit	<ul style="list-style-type: none"> A Shared Services Business Unit (SSBU) would see staff from each council seconded into a single group but continue to be employed by their respective councils. Likewise, assets would continue to be owned by respective councils. The public would deal directly with councils for three waters matters. The SSBU would have regional strategic oversight of asset management and infrastructure delivery; and would plan and deliver all the capital and operational works for the region. Accountability for overall performance would remain with councils and the public would deal directly with councils for three waters matters.
3. Asset Management Council Controlled Organisation (CCO)	<ul style="list-style-type: none"> Council Controlled Organisations are accountable to councils, who determine the objectives for each of these organisations and monitors their performance. The councils are accountable to ratepayers and residents for the performance of the CCO. Three waters assets would be owned by each respective council. The CCO would employ its own staff and provide its own support services. The public would deal directly with the CCO for three waters matters. An Asset Management CCO would have regional strategic responsibility for network management and asset management strategies and deliver all capital and operational works for the region. Strategies and plans would be approved by councils and costs would be recovered from each council based on the funding model chosen. The CCO would be overseen by a Board of Directors and would be accountable to a joint committee of the councils.
4. Asset Owning Council Controlled Organisation (CCO)	<ul style="list-style-type: none"> Council Controlled Organisations are accountable to councils, who determine the objectives for each of these organisations and monitor their performance. The councils are accountable to ratepayers and residents for the performance of the CCO. The CCO would own the three waters assets and would be responsible for investment required for new infrastructure and meeting standards. It would consolidate operational and infrastructure costs to develop economies of scale. The CCO would employ its own staff and provide its own support services. An Asset Owning CCO would have regional strategic responsibility for network management and asset management strategies and deliver all capital and operational works for the region. Costs would be recovered directly from customers. The public would deal directly with the CCO for three waters matters. The CCO would be overseen by a Board of Directors and would be accountable to a joint committee of the councils.
5. Sub-National Management CCO	<ul style="list-style-type: none"> This option considers Hawke's Bay joining an existing CCO or creating a model that goes beyond Hawke's Bay. The intention is that by widening the area covered by the model, there might be savings and efficiencies of scale, however there is no guarantee that the main office would be based in Hawke's Bay. The model would operate the same as for the Asset Management CCO as set out above.