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19 August 2021

Hon Nanaia Mahuta
Minister of Local Government
Private Bag 18888
Parliament Buildings
Wellington 6160

Via email: n.mahuta@ministers.govt.nz

Dear Minister,

Hawke's Bay considerations in three waters service delivery reforms

We appreciate Government's commitment to an eight-week engagement process during August and September enabling further discussions with Local Authorities on how the proposed establishment of four Water Services Entities (WSEs) for the management and governance of three waters service delivery can best accommodate the needs and priorities of communities at a local level. We look forward to making our submissions by 1 October 2021.

Across our region, the Hawke's Bay councils are collaborating on our shared strategic priorities as set out in our triennial agreement. One of those priorities is to ensure sustainable and affordable three waters service delivery for all of Hawke's Bay's communities.

Last year, with Government financial support we undertook and released the report of our own independent review of three waters service delivery for Hawke's Bay. In the context of Government's water reforms, we worked together to assess the options for a regional solution to the way we manage drinking, waste and storm water services.

We are now working together as a region and with iwi representatives to compare the Government's proposal against the considerable analysis and wider perspectives that went into our own detailed review.

The case for change

We agree with Government's assessment of the need for changes to the way drinking, waste and storm water services are funded and delivered in our communities.

We share Government's ambitions to significantly improve the safety, quality, resilience, accessibility and performance of three waters services in a way that is efficient and affordable for our communities and all New Zealanders.

Thanks to our own review, we have a very good understanding of the scale of change that is needed to ensure three waters services are affordable and sustainable for our communities here in Hawke's Bay. **We agree the status quo is not an option.**

Hawke's Bay objectives and principles

During our review, we identified six investment objectives for any regional three waters service delivery solution. These were further supported by seven principles that were developed in collaboration with councils' Māori Standing Committees. We attach the objectives and principles for your information **(Attached)**.

Those imperatives remain the case today and provide the lens through which we are considering the merits of the proposal Government has put forward.

In assessing the Government's proposals, we need to be convinced any new model will deliver what our rural and urban communities deserve. Our communities expect that of us.

Challenges with reform proposal

Together with Council iwi representatives, we have identified a number of challenges with Government's reform proposal and support package.

- 1) Government has proposed only one service delivery model which appears to address only the affordability challenge. Public health and environmental benefits, for example, are not evidenced or quantified in anything other than very general terms.
- 2) Government's modelling compares per household costs with and without reform in 2051 but does not show the costs households that would incur on day one of the new regional entity. Without understanding the day one costs and changes in costs over time we cannot reasonably assess affordability, and nor can we credibly have conversations with our communities about the proposal's impacts for them.
- 3) A number of our regional objectives and principles would be met through the model proposed, however we are concerned that several will not:
 - a. With Entity C responsible for service delivery to 21 council areas and one million people, we are not convinced three waters services would be provided in a way that best supports our urban and rural communities or ensure sufficient representative voice for the needs of Hawke's Bay's communities in governance and decision-making.
 - b. Localism is important to us and part of our success as a region – local planning, local decisions and regional cohesion. Hawke's Bay can demonstrate tangible success locally and regionally – achieved through the power of community action via civic leadership. We are not convinced that the governance structure proposed will allow for us to continue meeting our commitment to ensuring three waters services contribute to the Hawke's Bay region's social, economic, cultural and environmental prosperity.
 - c. Entity C does not reflect geographies aligned with Ngati Kahungunu iwi affiliations, meaning the identity of mana whenua in Hawke's Bay is likely to be lost in the proposed governance model and would not provide opportunities for Māori to contribute to decision-making.
 - d. We are not convinced that Government's proposal will be capable and have the capacity to deliver quality sustainable planning, management and operation of three waters services for our communities.
 - e. Achieve community outcomes related to identity, growth, development and principles of "place-making" for which Local Authorities lead and are accountable for to their communities. Without an appropriate and legislated planning tool at a local level that sets out expectations, local communities are left with no ability to hold this new infrastructure entity to account.
- 4) Alignment between local government resource management and three waters reforms are not obvious in the service delivery model or support package proposed. The interface between the proposed Regional Combined Plans under the Natural and Built Environments Act and the proposed Regional Spatial Strategies of the Strategic Planning Act, with three waters investment planning and operations of the proposed entities is seemingly misaligned.
- 5) Alignment with the Government's wider reforms of freshwater management, which are founded on significant community decision-making and catchment-based freshwater management units, also appears incongruous with the scale of operation and governance envisaged by the four entity model. As emphasised by the Government's three waters publicity campaign, the regulation of source protection for drinking water and of waste and storm water discharges to our rivers, lakes and coast is fundamental to the outcomes sought. Therefore, integration of three waters management with regional freshwater management is fundamental. Moreover, the Government's reforms for both resource management and freshwater in fact provides a strong platform to regional planning and provision of three waters at regional scale.

Hawke's Bay position

Unless these challenges can be resolved, Hawke's Bay's councils are not able to support Government's three waters service delivery reform proposal.

However, experience has shown us that when working together and to our respective strengths, local and central Government and iwi can complement each other to deliver better outcomes for all. That is why we remain committed to working with you to explore an alternative to the status quo that can best meet our shared objectives and ensure we meet the expectations of our communities here in Hawke's Bay.

We seek:

- 1) The opportunity to explore with Government and Hawke's Bay iwi Chairs our Hawke's Bay regional option that would better satisfy our regional investment objectives and principles, including better alignment with regional planning and freshwater management.
- 2) The opportunity for Hawke's Bay's iwi Chairs to engage directly with you through the eight-week engagement period.
- 3) More information detailing Government's modelling; especially impacts to our ratepayers from day one, and over time.
- 4) Sufficient time to engage with our own communities, once we have the information to do so, so that the people of Hawke's Bay understand the magnitude of the Government changes proposed and the impacts for them.

We would also be open to a conversation about a broader regional model that may be more closely aligned with communities of interest.

Whilst this is the collective view of the five Hawke's Bay Councils, our officers continue to prepare individual Council submissions to address their issues in more detail.

We would welcome the opportunity to discuss the collective views we have set out here.

Kind regards,



Rick Barker
Chairman
Hawke's Bay
Regional
Council

Sandra Hazlehurst
Mayor
Hastings District Council

Craig Little
Mayor
Wairoa District Council

Kirsten Wise
Mayor
Napier City Council

Alex Walker
Mayor
Central Hawke's Bay
District Council

Hawke's Bay Three Waters Investment Objectives & Principles

To provide three water services in a way that is affordable and effective	 <p>The three waters service's model must address the challenge of providing for an effective, affordable service in a fiscally responsible way</p>	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
To provide services that are safe, reliable and resilient	 <p>Access to safe and reliable three waters service are fundamental to all the urban and rural communities of Hawke's Bay</p>	Value water	Wai is the essence of all life and the world's most precious resource. It is of high important to Māori, as it is the life giver of all things, a precious taonga, part of our whakapapa
To provide services through a model that enables a meaningful role for Māori	 <p>The Local Government Act requires a local authority to provide opportunities for Māori to contribute to its decision making processes</p>	Whakapapa – genealogical links	Recognise and respect the relationship and whakapapa (genealogical link) that mana whenua have with water.
To provide services through a model that has the value of water at the centre	 <p>Water is vital to community life and as such three water services are part of a holistic water system</p>	Te mauri o te wai – the life force of water	Mauri is the integrated and holistic well-being and life support capacity of water. The well-being/healthiness of the water, the land and the people are intrinsically connected.
To provide three waters services in a way that supports our urban and rural communities	 <p>The services influence how people across Hawke's Bay live, work, gather, socialise, recreate and value environmental amenity</p>	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.
To provide three waters services that build enduring capability and capacity	 <p>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</p>	Enabling of Te Tiriti o Waitangi	Involving mana whenua in governance and decision making required to ensure Te Tititi o Waitangi obligations are met, as well as making sure they are able to actively exercise kaitiakitanga 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