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1 October 2021

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

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

Dear Minister,

THREE WATERS SERVICE DELIVERY REFORMS - HAWKE'S BAY POSITION

On 19 August 2021 we wrote to you advising we were working together to consider the Government's proposal to establish four Water Services Entities (WSEs) for the management and governance of three waters service delivery and set out our preliminary assessment of the challenges we identified with the proposal.

We asked for the opportunity to explore with you our Hawke's Bay regional service delivery option, for Hawke's Bay's iwi Chairs to engage directly with you, for more information detailing Government's modelling and for further time to engage with our communities.

Since then, we have had further discussions together, within our individual councils and sought feedback from our communities on whether the proposed establishment of four Water Services Entities (WSEs) would meet the needs and priorities of communities at a local level. Individually, our councils have made submissions.

As a region, our position remains unchanged. We agree that the status quo for the supply of three waters services is not a viable model for our communities and there is a compelling case for change to ensure ongoing safe, efficient and affordable drinking, waste and storm water services.

However, after comprehensive assessment of Government's service delivery proposal, a detailed comparison of the proposal against our own Hawke's Bay Three Waters Review and feedback from our communities, we have concluded that our preference remains for a Hawke's Bay regional option.

Detailed comparison of Government's proposal against a Hawke's Bay service delivery model

Last year, with Government financial support we 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.

In August we commissioned an update of the financial analysis completed in our review and then reviewed Government's water service delivery proposal against the analysis and wider perspectives that went into our own detailed review.

The two models are directionally consistent insofar:

- Future costs of three waters services will rise significantly in response to meeting changes in standards, regulation and an increasingly rigorous compliance regime.
- Costs will not fall equally across our region.
- There are financial benefits from aggregation of three waters services.
- There are strategic benefits, an improvement in capability and capacity and potentially a more meaningful role for Māori with a change in service delivery model.

However, Government's modelling uses a different approach and different assumptions to our own Hawke's Bay review. At an individual council level, the investment numbers produced by Government are based on population, land area and density and bear no relationship to each council's:

- Type, quality or number of water sources.
- Receiving environment for wastewater discharges.
- Current treatment approach.
- Levels of service.
- Asset age, performance or condition.

In 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 have provided the lens through which we have also considered the merits of Government's proposal.

After detailed assessment, we remain concerned that a number of our regional objectives and principles would not be met through the model proposed (as set out in our letter of 19 August 2021).

Community concerns

Over the past eight weeks we have shared all available information on Government's proposed service delivery model with our rural and urban communities and sought their feedback.

Our communities have told us they have a number of concerns with the proposal to introduce four WSEs. These concerns were consistent across Hawke's Bay and centred around:

- 1) Whether communities would have sufficient influence over decision-making and investment prioritisation.
- 2) Whether local communities and tangata whenua would have sufficient voice in representation and governance.
- 3) Loss of local asset ownership and uncertainties around the funding and transfer of assets and responsibilities.
- 4) The assumptions and the financial modelling used in the case for change and on which the proposal is based.
- 5) The lack of meaningful engagement about the reforms with local communities and tangata whenua.
- 6) Assurances that our communities have their say before decisions are made.

Hawke's Bay position

Given our analysis and the concerns our communities have raised, Hawke's Bay's councils are not able to support Government's proposed service delivery model and our preference is for a Hawke's Bay three waters service delivery model.

While this may mean delivery of three waters services cost more in the long-term, we believe the Hawke's Bay regional model would ensure:

- 1) Decision-making remains close to our rural and urban communities,
- 2) A model that best meets our regional investment objectives and principles, including better alignment with regional planning and freshwater management,
- 3) We can meet the new water standards set and monitored by Taumata Arowai, and
- 4) We meet the expectations of our communities here in Hawke's Bay.

We believe this is a good starting point for a discussion between the Crown and the Councils of Hawke's Bay to agree an outcome that will sustainably improve the delivery of three waters services in our region.

We are aware that our preferred Hawke's Bay model may incur a higher cost per householder - a price we are very confident our communities are willing to pay for three waters services operated under a model governed by those they democratically elect, as opposed to distant appointees.

Our individual submissions address our specific concerns in more detail and reiterate support for a regional Hawke's Bay service delivery model.

We look forward to the outcome of Government's review of all feedback received from Councils and details of the pathway forward.

In the meantime, we would welcome the opportunity to discuss the way forward we have set out.

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		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

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 important 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 well-being and life support capacity of water. The well-being/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 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