

# ***Te Kārearea***

*9 December 2020*

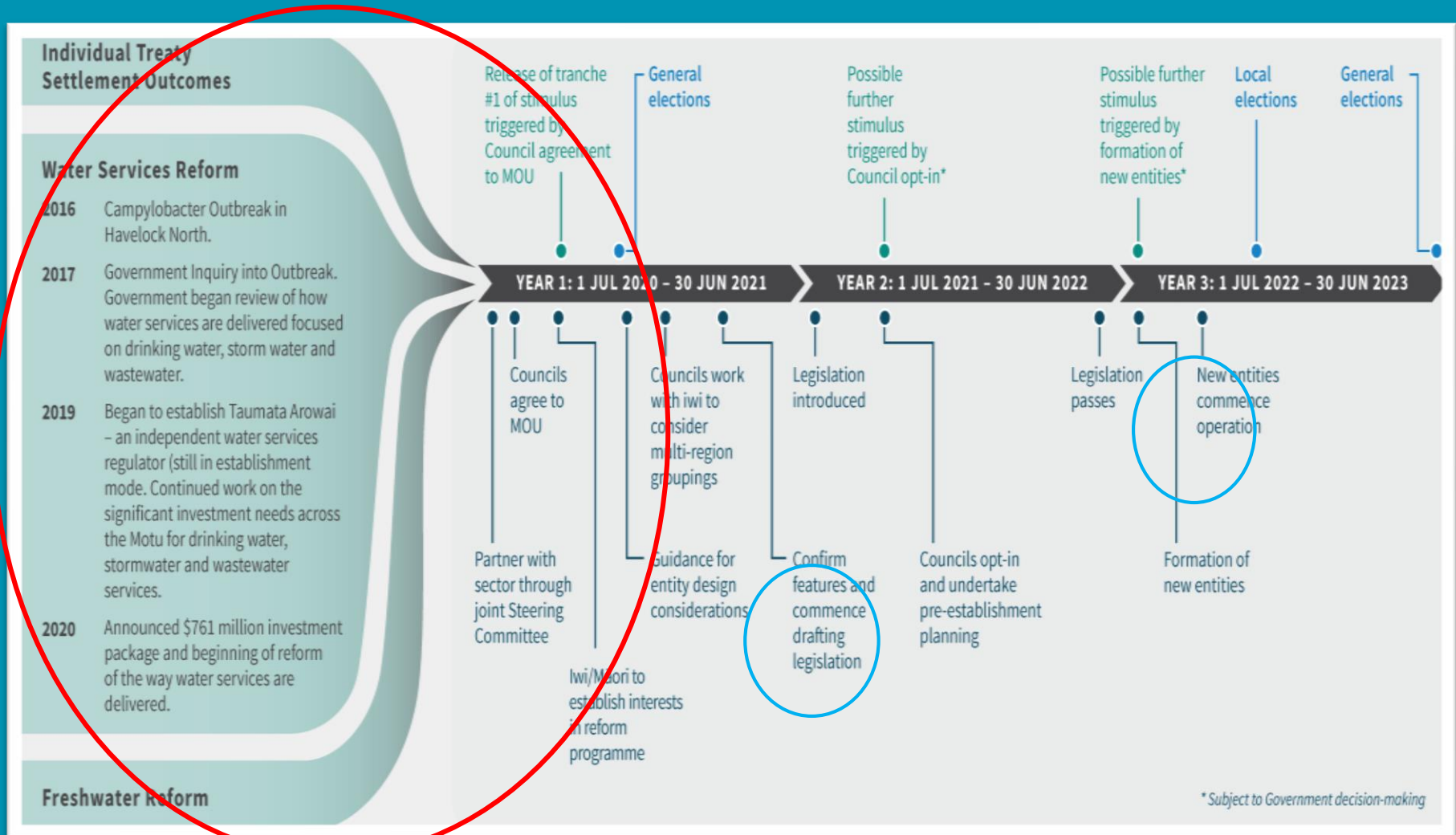
*Three Waters Reform Update*

# Agenda

- Overview and Background to the Three Waters Review
- Government '*Request For Information*' Process
- Taumata Arowai (The Water Regulator)
- Proposed legislation – key components
- Current Northland work on the Three Waters Review
- Northland Response and things to ponder
- Discussion and Questions

# Overview and Background

## Governments Timetable



# Overview and Background

## Government Reform Objectives.

**A** Significantly improving safety and quality of drinking water services, and the environmental performance of wastewater and stormwater systems.

**B** Ensuring all New Zealanders have equitable access to affordable three waters services.

**C** Improving resource coordination and unlocking strategic opportunities to consider national infrastructure needs at a larger scale.

**D** Increasing resilience of three waters service provision to both short- and long-term risks and events, particularly climate change and natural hazards.

**E** Moving three waters services to a more financially sustainable footing, and addressing the affordability and capability challenges faced by small suppliers and councils.

**F** Improving transparency and accountability in cost and delivery of three waters services, including the ability to benchmark performance of service providers.

# Overview and Background

## Government Proposal – An MOU with Local Government

The Government is proposing a programme for reforming three waters service delivery arrangements, which would be delivered in parallel with an economic stimulus package of Crown investment in water infrastructure.

### Economic stimulus package

- **\$761m in FY 2020/21 NZ wide.**
- Funding provided to territorial authorities who opt-in before the end of August.
- Funding to be invested in three waters infrastructure that support economic recovery.
- Further tranches will depend on Government decisions and progress against reform objectives.

### Service delivery reform Programme

- A phased, three-year programme to reform three waters services delivery.
- Central/local government steering committee.
- Engagement with sector, Iwi/Māori and stakeholders

# Overview and Background

## Memorandum of Understanding - Commitment

A model agreement developed by the Steering Group for each Council to enter into with the Government:

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Legal opinion commissioned by SOLGM on behalf of the Steering Committee was provided by Simpson Grierson that the MoU **does not** contain any explicit triggers for consultation under the Local Government Act 2002.

(Non-binding agreement)

### Committed to...

- Engage in the first phase of the reform programme.
- Work with neighbouring councils to consider the creation of large scale entities.
- Principles and objectives of working together with central government.
- Openly share information and analysis undertaken on the state of the three waters asset base and delivery system.

### Does not...

- Legally commit Councils to future phases of the reform programme.
- Require Councils to transfer assets or establish new water entities.
- Exclude participation in later phases – Councils that choose to opt-in later can still do so but will not have access to the initial funding package.

# Overview and Background

Reform design features... Provides insight into the future...

Design features that the **proposed** reform programme should examine, as a minimum:

**A** Water service delivery entities that are:

- **of significant scale** (most likely multi-regional) to enable benefits from aggregation to be achieved over the medium- to long-term;
- **asset-owning entities** with balance sheet separation, to support improved access to capital, alternative funding instruments and improved balance sheet strength; and
- **structured as statutory entities** with appropriate and relevant commercial disciplines and competency-based boards.

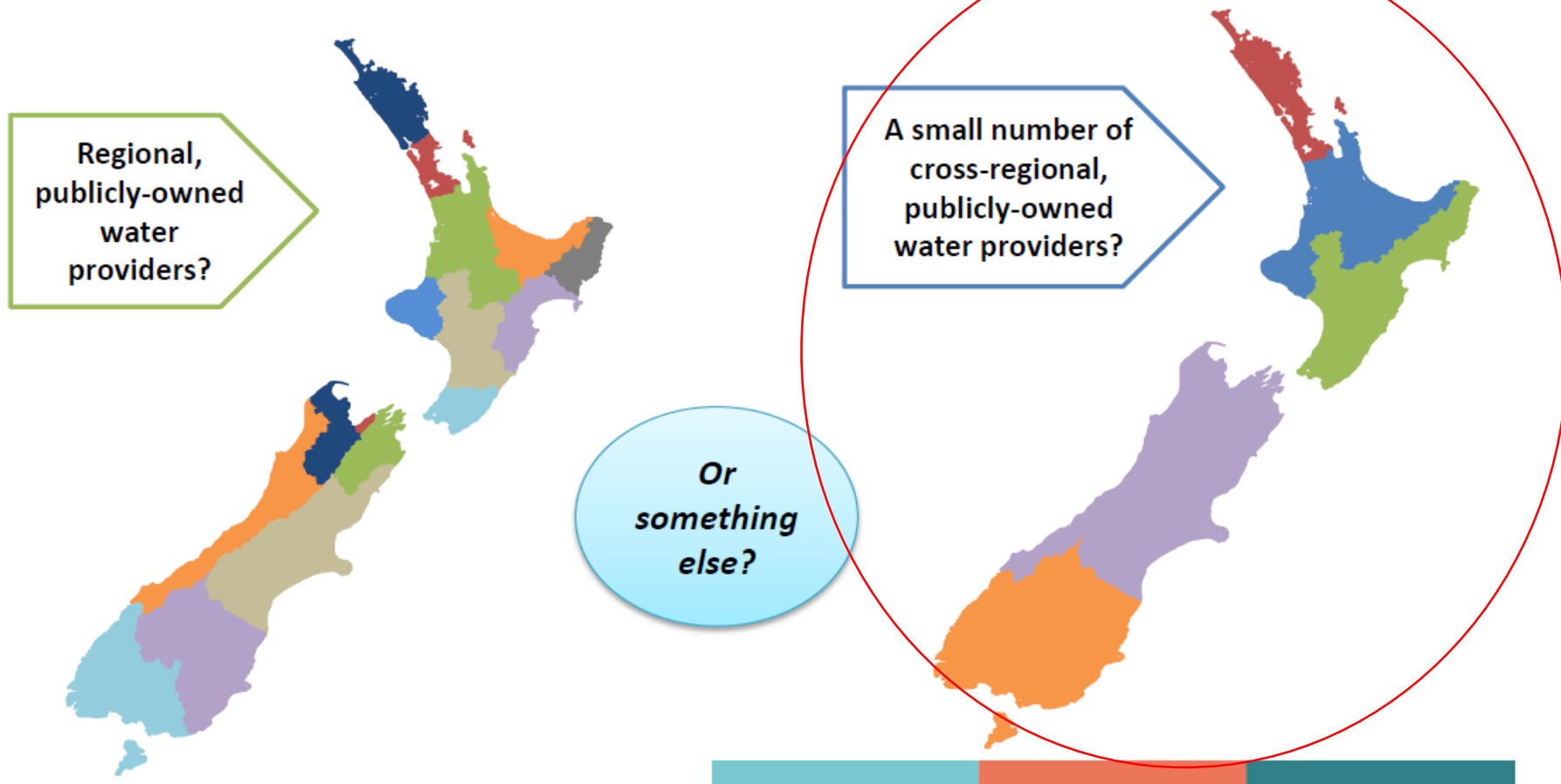
**B** Delivery of drinking water and wastewater services as a priority, with the ability to extend to stormwater service provision only where effective and efficient to do so.

**C** Publicly owned entities, with a preference for collective council ownership.

**D** Mechanisms for enabling iwi /Māori and communities to provide input in relation to the new entities.

# The HNI recommended moving to a system of aggregated, dedicated water providers

*If we were to consider a new model, what might the options look like?*



# ***Overview and Background***

## ***Three Waters Funding as part of signing the MoU***

- National funding of \$761m. By way of MoU for participation in an 'RFI' process. Non-binding – Goodwill, open, working relationship.
- Far North District Council \$11.8m
- Kaipara District Council \$4.7m
- Whangarei District Council \$11.8m
- Total For Northland \$28.3m

# ***Funding Deadlines***

- 28 Aug 20 WDC sign MoU with DIA
- 30 Sep 20 Allocation of regional funding agreed for input to respective Delivery Plans
- 30 Sep 20 WDC Sign Funding Agreement and submit draft Delivery Plan (can be done earlier)
- 31 Oct 20 DIA sign off Final Delivery Plan
- 31 Oct 20 50% of funding released
- 31 Mar 21 Works must have started
- 31 Mar 22 Works must be complete

# Regulation Changes

- Taumata Arowai, new drinking water regulator, with a focus on compliance, monitoring and enforcement of new drinking water regime (will also have responsibility for wastewater). Will take over from MoH in 2021. *Likely to be Similar to H&S legislation.*
- Water Services Bill to give effect to Cabinet decisions to significantly strengthen the regulatory framework. Consultation to soon commence. **Significant responsibility for Local Government**
- Potential economic regulation to:
  - Improve transparency about infrastructure and investment
  - Protect interests of customers
  - Support efficiency
- Te Mana o Te Wai

# Regulation Changes

A Water System that meets the needs of Aotearoa					
Water System		Freshwater	Drinking Water	Wastewater	Stormwater
	Regulator	Regional Councils	Taumata Arowai	Regional Councils	Regional Councils
	Oversight	Ministry for the Environment	Dept of Internal Affairs	Taumata Arowai	Taumata Arowai
	Policy	Ministry for the Environment	Ministry of Health	Ministry for the Environment	Ministry for the Environment
	HAPU, IWI, MAROI				

# ***Regulation Changes***

## ***Water Safety Plans***

- Reviewed by Taumata Arowai
  - Taumata Arowai will not have responsibility for Approving Water Safety Plans (WSP's), but will review them for compliance
  - WSP's to be a 'living document'
  - Plans to be resubmitted if a significant change is made
  - Tight deadlines for meeting legislation
  - Both Local Government and Private Suppliers have to comply

# *Current work*

*MoU Requirement for funding from Tranche 1*

- *Request For Information (RFI) Process (significant work for Local Government)*
  - Asset information
  - Financial information
  - Assistance provided by DIA
  - Workshops/focus groups/Webinar Clinics
  - Significant program overview by DIA
  - Draft information by end of December 2020
- Capex and Opex programs underway

# Current Work

## *MoU Funded Projects*

- New service delivery entity investigation – joint Northland project approved by DIA \$0.5million to investigate:
    - Northland Three Waters entity
    - Northland Infrastructure
    - Auckland/Northland
  - *Option not to do this work and spend the funding on physical asset improvements*
- ❖ What is the Committee's view?

# Current Work

*MoU Funded Projects – Service delivery investigation*

- Consultants Rationale
  - Northland Waters/Infrastructure/Multi-regional
  - Pros/Cons of each option considering:
    - Government Objectives
    - Regulation impacts
    - Funding/Funding gap
    - Local priorities
  - Impact on Northland Councils
  - Report to DIA in April 2021 (*see next slide*)
  - Investment Logic Mapping to start this year.
  - Works needs to provide benefit for Northland regardless of Government decision making
  
- ❖ Technical input through a cultural lens?
- ❖ Hapu practitioners that could provide this?

# Current work

*Providing input into government decision making (matters discussed at the Water Conference)*

- Ministers briefing proposed for May 2021 – feedback last week suggested we need to provide feedback to DIA by April 2021
  - However, likely engagement with LG in (say) March 2021 suggests that feedback needs to be sooner than April...
  - Feedback suggests unlikely that different water entity structures across NZ will be acceptable.
  - Opt-in funding for Tranche 2 and 3 – What does this look like?
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- ❖ How do we work together?
  - ❖ Is there a collective position?

# ***Funding for collaborative projects***

Projects must be started before 31 March 2021 and must be completed by 31 March 2022. Three ***regional*** projects that are likely to be of particular interest to Hapū/Iwi :

- Iwi/Māori Engagement in 3 Waters Reform for Northland \$50k
- Te Ao Māori Decision Making Model \$100K
- Northland Mātauranga Māori Report and GIS Data Capture \$150k

# ***Discussion and Questions***

- How do we engage and influence Government?
- Continue to investigate Northland Options?
- Would being part of a larger entity be of interest?
- If so, what would you want from a larger entity?
- Is there a collective position?
- Preferred option(s) for collaboration and engagement
- Involvement of iwi/hapu from other districts in regional projects?