

Three Waters Reform Programme

A proposal to transform the delivery of council-owned three waters services



MARCH 2021

1. BACKGROUND

Over the past three years central and local government have been considering solutions to challenges facing the regulation and delivery of three waters services. This has seen the development of new legislation and the creation of Taumata Arowai, the new water services regulator.

Through our work in a joint Steering Committee, both central and local government acknowledge that there are broader challenges facing the delivery of water services and infrastructure, and the communities that fund and rely on these services.

As Crown Treaty partners, Iwi/Māori also raised concerns about current arrangements and have a significant interest in Te Mana o Te Wai and improving outcomes in Aotearoa. Both central and local government acknowledge the importance of rights and interests under the Treaty of Waitangi and the role of the Treaty partners in progressing these issues.

It is now clear that significant additional investment is required to increase public confidence in the safety of drinking water and to improve environmental outcomes of wastewater and stormwater networks. The scale of this investment need also requires a new way for three waters services to be delivered while retaining these assets in public ownership.

2. CHALLENGES

Our understanding of challenges has been improved by the most comprehensive data collection from councils on three waters assets and service delivery ever undertaken in New Zealand*.

PRELIMINARY ANALYSIS SHOWS:

The investment needed to maintain and enhance infrastructure, and meet requirements of growth, over the next 30 to 40 years, could be in the order of: **\$50-\$90 billion**

The total investment, on top of maintenance and renewals, over the next 30 to 40 years could be in the order of: **\$110-170 billion**

Councils currently spend around \$1.5bn annually which adds, over the next 30 years, to around: **\$45 billion**

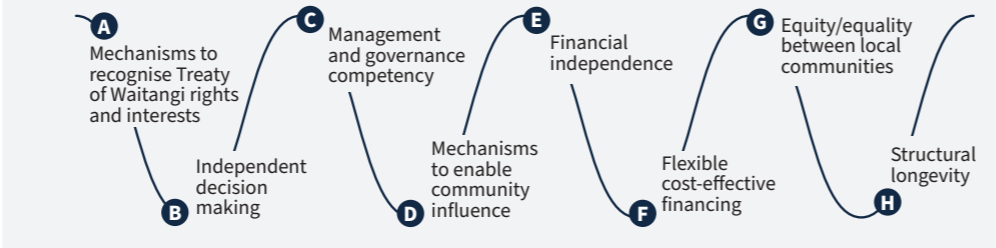
Without this investment and efficient service delivery and infrastructure upgrades we can expect a continued decline in outcomes for our communities.

*Financial analysis available mid-2021

3. WHAT IS PROPOSED

Multi-regional entities of scale Significant aggregation into a smaller number of multi-regional entities	Balance sheet separation Complete structural separation from local authorities	Competency based boards Professional directors on three waters boards
Public ownership Entities must be publicly owned, with mechanisms to enable community and Iwi/Māori input, and prevent future privatisation	Asset ownership Three waters entities responsible for ownership of all water infrastructure assets	Statutory entities Three waters entities designed and established by legislation

SUCCESS FACTORS



5. OPTIONS RELATED TO IW/MĀORI INTEREST

OPTIONS FOR STRATEGIC INFLUENCE

Council and mana whenua representatives could have a key role in governing the new entities through the Governor Representative Group or through a mana whenua forum

STATUTORY RECOGNITION

Statutory reference to both the Treaty of Waitangi and Te Mana o Te Wai

BOARD ACCOUNTABILITY

Statutory roles and responsibilities as Treaty partners

Competency requirement of all Directors and specific requirements for mātauranga Māori knowledge

LOCAL INFLUENCE

Capacity and capability support to ensure mana whenua are best supported to express Te Mana o Te Wai

Mechanism to enable mana whenua to influence local investment decisions and prioritisation processes

4. WHY WILL THESE BIGGER ENTITIES BENEFIT COMMUNITIES?



Greater financial capability

Balance sheet separation and the ability of the entities to borrow at advantageous rates will enable the significant intergenerational investment required to ensure fit-for-purpose water services for our communities

Freeing Council balance sheets from funding water infrastructure and services will allow an enhanced capacity to focus on place-making and community well-being



Far more efficient providers

Large entities will be far more efficient providers than individual Councils and this will mean cheaper water services for households than otherwise would be the case

A step-change in operational scale will enable greater professional pathways for staff, contribute to improved procurement practices and lower operating costs while facilitating a more strategic and co-ordinated investment approach across catchments



Cost sharing across communities

Cost-sharing across larger areas of population will bring the average price of future water services down particularly for smaller communities, compared to having to meet those costs alone should Councils opt-out of the reforms



Improved outcomes for communities

Ensuring an affordable way for communities/households to meet cost of water services now and into the future

Significant contributions to improving water quality and environmental outcomes

More direct mechanisms for Iwi/Māori to influence outcomes with clearer accountabilities

Introduction of a range of protections for consumers through a new regulatory regime

6. OPTIONS RELATED TO COMMUNITY INFLUENCE

STRATEGIC INFLUENCE

Council and mana whenua representatives could have a key role in governing the new entities through the Governor Representative Group

PLANNING MECHANISMS

Requirements for the new entities to work alongside, and with regard to, planning and mechanisms such as Long Term Plans and Resource Management Act tools (or replacement tools)

LEGISLATED REQUIREMENTS TO ENGAGE ON INVESTMENT DECISIONS

New mechanisms that require engagement and consultation on the core business documents outlining the entity's investment decisions

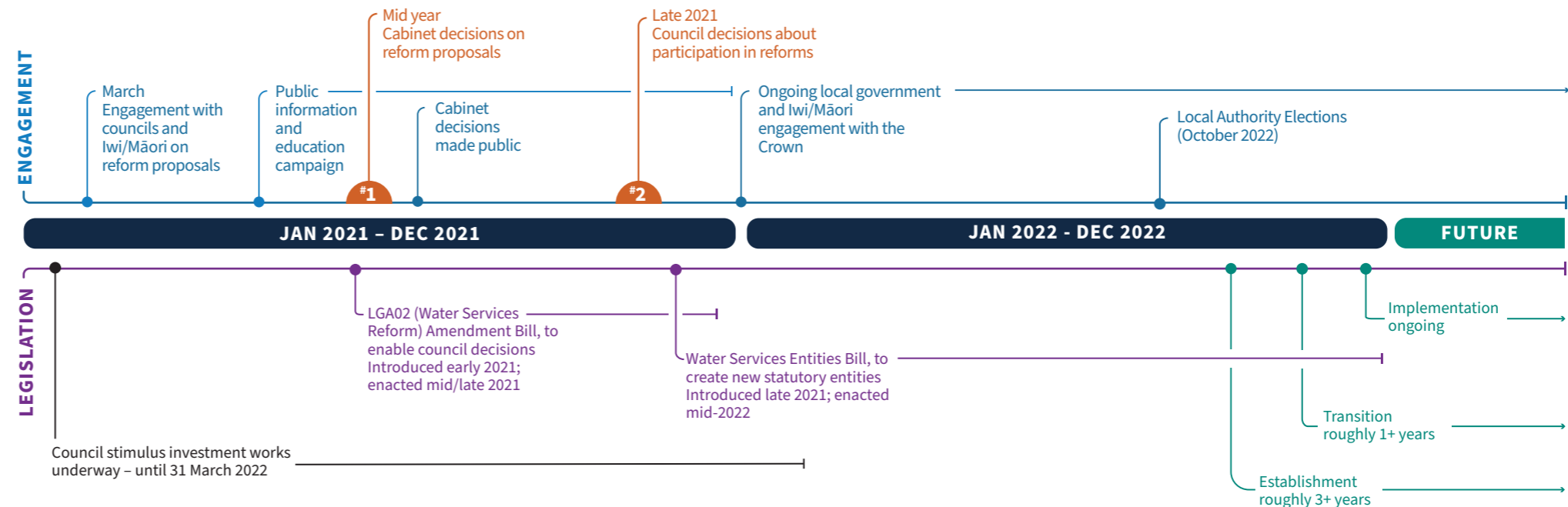
VULNERABLE CONSUMER PROTECTIONS

New mechanisms to protect interests of smaller communities and vulnerable consumers, for example through a Government Policy Statement

ECONOMIC REGULATION

An economic regulatory regime designed to ensure that entities act in the best interests of consumers

7. NEXT STEPS



Three Waters Reform Programme

Iwi/Māori rights and interests



MARCH 2021

1. WHAT IWI/MĀORI HAVE TOLD US

Through our previous engagements with Iwi/Māori representatives and ropū Māori we have heard some consistent themes.

These include:

- Whatever approach is taken, there is a need to uphold **Te Mana o Te Wai**.
- There is a need for **community education about the value of water** – communities need to own and lead the conversation.
- Māori have **rights and interests in water**, which need to be addressed. These are not to be undermined through waters reforms.
- Need for a holistic approach**.
- Māori are over-represented in communities with small or no water supplies.
- Thought needs to be given to how emerging proposals will impact on Iwi/Māori models such as papakāinga.

We need to take the opportunity of the service delivery reforms to address long-standing issues.

2. KEY THEMES

Ongoing engagement is revealing these themes:

PARTNERSHIP

Iwi and Māori shared resounding support for a stronger partnership between tangata whenua and the Crown, with the need to have the Treaty of Waitangi/Te Tiriti o Waitangi embedded more explicitly throughout the reform process and beyond.

PROTECTION

Iwi and Māori called for protection of their rights, roles and responsibilities as tangata whenua particularly for protection around their cultural assets. Iwi and Māori also want to see protections against privatisation of water services.

USE MANA ENHANCING PROCESSES

Iwi see the reform as an opportunity to work together to design something that works better than the status quo for iwi, hapū, whānau and small rural communities.

PARTICIPATION

Iwi and Māori shared concerns regarding their ability to participate and engage in this kaupapa. Currently, there is insufficient capacity and capability for many iwi, hapū and Māori to engage. Support needs to be given to develop Māori capacity and capability to participate.

RECOGNITION OF CULTURAL VALUES

Iwi want to see their mātauranga-ā-iwi incorporated within the three waters reform process and Taumata Arowai's regulatory regime. In relation to entity design, iwi and Māori do not want to see catchments broken and have a strong preference for the entity boundaries to adhere to the 'ki uta ki tai' concept. Additionally, iwi, hapū and Māori do not want their whakapapa/iwi/hapū boundaries to be separated by the new entities.

3. DRAFT RIGHTS AND INTERESTS OBJECTIVES

Draft objectives to guide our thinking on the Crown/Māori relationship:

Enable greater strategic influence

Enable Iwi/Māori to have greater strategic influence/exercise greater rangatiratanga/over water service delivery including through enhanced capacity and capability.

Integrated within a wider system

Ensure that the rights and interests of Iwi/Māori are analysed within a wider system, including issues related to allocation and the future of the RMA, but with a focus on the specific issues that relate to the establishment of water service entities and delivery of water services.

Reflective of a Te Ao Māori perspective

Recognise the holistic manner (environmental, cultural, spiritual, economic) in which water is viewed using a Te Ao Māori perspective and Te Mana o Te Wai including ki uta ki tai or catchment approach and consistent with rohe/takiwa or whakapapa links.

Supporting clear accountabilities

Ensure roles, responsibilities, and accountability for the relationship with the Treaty partner is clear throughout the wider system.

Improving outcomes at a local level

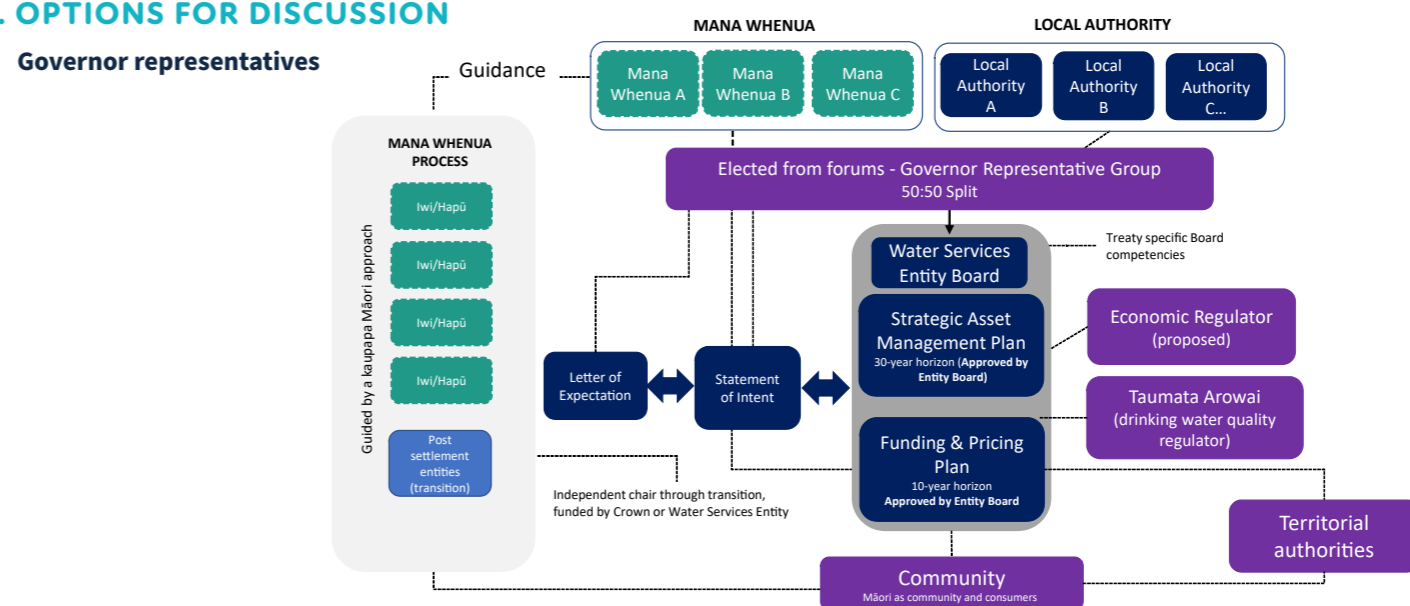
Provide a step change improvement in delivery of water services for Iwi/Māori at a local level including through enhanced capacity and capability and improved wellbeing.

4. ISSUES TO CONSIDER

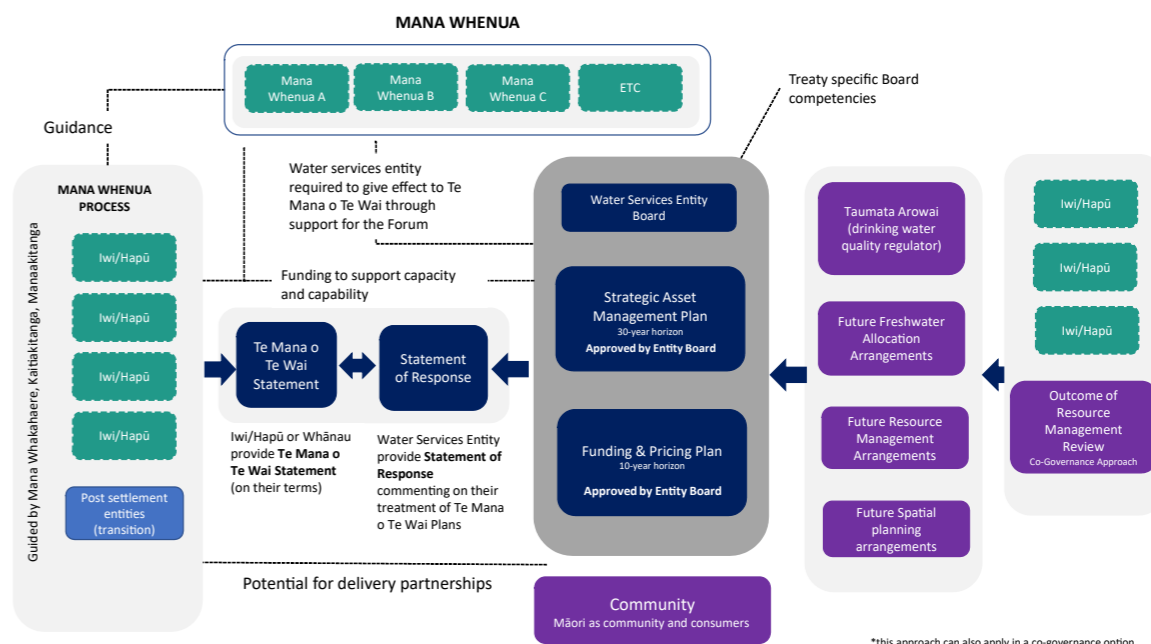
Reform presents a significant opportunity to address and protect Treaty rights and interests.

Statutory recognition	of both the Treaty of Waitangi/ Te Tiriti o Waitangi and Te Mana o Te Wai in legislation.
Recognition that water services sits with a wider Te Ao Māori framework	including support for capacity and capability and application of mātauranga Māori.
Creation of new mechanisms to enable Iwi/Māori directly influence outcomes for Māori	includes proposals around governance, board competencies, and direct mechanisms for mana whenua in the form of Te Mana o Te Wai statements and protections for Māori consumers.
Opportunities to improve wider outcomes for Māori	recognition of the need for improved services for marae and papakāinga, and opportunities for partnership in delivery.

5. OPTIONS FOR DISCUSSION



Te Mana o Te Wai and resourcing support



Statutory recognition

