

GOVERNMENT THREE WATERS REFORM: HAMILTON CITY COUNCIL FEEDBACK TO LGNZ

10 JUNE 2021

Hamilton City Council is supportive of the intent and direction of the Government's Three Waters Reform. Council supports the programme's goals of ensuring safe, sustainable, and economically efficient delivery of three waters services but notes effective transition to any new structure must be in full and equitable partnership with local government.

Council acknowledges the future financial challenges of maintaining high quality drinking water to its current and future residents while protecting and enhancing the environment, managing wastewater, and mitigating the combined effects of strong population growth and climate change on our stormwater services.

Council further notes these challenges will be more difficult to face for some smaller and rural councils.

Hamilton has worked closely with Government and neighbouring councils to develop a boundary-less approach to spatial planning, acknowledging that the way our people live, work and play is not constrained by territorial authority boundaries. To truly protect and enhance the wellbeing of our people we must look regionally and nationally for economies of scale and future-proofing our asset delivery and maintenance.

Hamilton City Council notes the data indicates water reform provides long-term benefits for all residents of Aotearoa and accepts some level of initial cross-subsidisation will be required to ensure we care for our people and avoid a situation in which clean water and a healthy environment is affordable only for some.

There are significant and complex financial issues. Hamilton expects the reform programme to deliver a clear, equitable and consistent approach to managing three waters-related asset and debt transfer. This approach will need to recognise investment already made, and committed to, by our communities and Council and avoid any perception that Hamilton's investment is being used to offset a lack of investment by others.

Our Council is already working with our regional and local neighbours to be ready for early adoption of the reform initiative. Hamilton and its Waikato council partners have a long and successful history of partnership and co-operation to support better outcomes for our regional residents. We have the political will, staff expertise, and built asset base to play a key role in enabling delivery of the Government's goals.

However, we note there are critical success factors required for implementation of, and transition to, the programme which require resolution. Hamilton City Council sees 11 key areas which will support an effective transition.

- **Geography:** Any entity in our region should include the Waikato and Bay of Plenty regions in their entirety, even if the entity included Taranaki. 'Our region' includes Thames-Coromandel and Hauraki and ensures areas of common interest and lifestyle make a cohesive whole.
- **Community ownership:** Three Waters assets must remain publicly-owned. We are heartened by Government commentary on its commitment to this matter and steps being taken to make it more difficult for any future government to consider privatisation.

- **Iwi participation:** Hamilton City Council has built enduring and mutually-supportive relationships with iwi/Maori in our region. Any waters decision-making in our region must be directed by the vision and principles of Te Mana O Te Wai and give effect to Te Ture Whaimana/the Vision and Strategy for the Waikato River. Council acknowledges and supports the need for greater efforts in sustainability of healthy water and increased awareness of the precious and finite nature of this resource. We will be working with our iwi partners throughout the reform programme but need clear guidance from Government on what aspects of the reform are for Councils to respond to, and what aspects will be managed by central Government. Establishing mechanisms for iwi co-management of the resources is best framed consistently at a national level rather than entities attempting to create potentially disparate bespoke arrangements.
- **Opt-in/opt out model:** We understand Government favours a model in which councils are deemed to be part of a new structure from the start, with the option to opt out. It is Council's view Government should remove the opt-out option and make participation mandatory. A fragmented approach to establishing regional entities would undermine the programme as a whole. The reform is about future community and environmental wellbeing and safety. If an opt-out option remains, Councils should only be permitted to do so if they demonstrate an ability to deliver a cost effective, safe, and sustainable service which achieves all stated outcomes of the reform programme.
- **Funding:** There is a high cost to Council in the reform process. Financial assistance will be critical to smoothing the transition and enabling future efficiencies. This funding assistance will be across three phases – participation in the leadup to transition, the transition itself, and reframing how the remaining Council organisation delivers for its communities post transition. Staff, equipment, software, and the resources required to maintain our business during transition will add significantly to Council expenditure in the next three years.
- **Early transition:** A long transition process will increase costs and create uncertainty. Incentives for early adopters of the transition process would allow development of transition plans even ahead of legislation for those entity areas willing and able to do the work. The early creation of a transition entity and transition Board would enable regional decision-making in the same way as the Auckland Transition Agency enabled the creation of what is now Auckland Council. Given the importance of a local voice in a large entity, Council supports a trial transition governance arrangement. This would enable testing of governance models and representation to identify and resolve any lack of adequate public accountability before full transition.
- **Governance:** Community input mechanisms in the strategic outcomes of the entities is crucial and any governance structure should be transparent as to how local democracy can have a voice in decision-making by any new entity.
- **Staff welfare:** Staff are our greatest asset and the transition places additional pressure on our waters specialists as well as on staff in the remaining Council activities. Councils will need clear direction from government and funding support for councils to transition and develop staff over the next three years.
- **Community engagement and information:** Our communities rely on councils as their key provider of three waters services and information. Clear and consistent government communication, aligned with councils, will be vital to the success of the reforms. A fractured or mis-aligned approach will create uncertainty and rumour, making informed discussion with our communities difficult.
- **Data-led decision-making is critical:** Councils must have access to clear, timely and accurate data to be able to make informed decisions in the timeframes outlined by Government. One

example is the methodology to calculate and transfer financial assets, debt and cash reserves in a way which is understandable and acceptable to Council and its communities. Council wishes to avoid a situation where anticipated Government timelines are impacted because a lack of data means Council is unable to make an informed decision.

- **Enabling legislation and other reforms:** The Three Waters Reform programme. Regulatory reform for water standards is essential and is happening but is only part of a widespread series of other reforms and inter-linked changes. These include local government act changes, RMA reform, NPS revisions, iwi co-governance arrangements and potential new funding arrangements. Hamilton seeks strong direction and ongoing impetus from Government to embed a cohesive, integrated approach to these changes.

In summary, Hamilton City Council is looking forward to successfully partnering with Government and our local government neighbours to play its part in the reform programme.

The reform outcomes are essential, and the future benefits for our communities and our environment are ones we should all be striving to achieve.

We look to the Government to provide certainty of purpose, enabling legislation, a mana-enhancing framework for iwi at a national level and sufficient resource to enable a successful transition.

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