

Three Waters Reform Programme update

Meeting: Council Briefing
Date of meeting: 05 August 2020
Reporting officer: Louise Miller, Chief Executive

Purpose/Ngā whāinga

To discuss the Three Waters reform programme to inform decision-making at the August Council meeting.

Context/Horopaki

Over the past three years, central and local government have been considering solutions to challenges facing delivery of three waters services to communities. This has seen the development of new legislation and the creation of Taumata Arowai, the new Water Services Regulator, to oversee and enforce a new drinking water regulatory framework, with an additional oversight role for wastewater and stormwater networks.

There has been underinvestment in three waters infrastructure in parts of the country and persistent affordability issues along with the need for additional investment to meet improvements in freshwater outcomes, increase resilience to climate change and natural hazards, and enhance community wellbeing.

The Government has indicated that its starting intention is public multi-regional models for water service delivery to realise the benefits of scale for communities and reflect neighbouring catchments and communities of interest. There is a preference that entities will be in shared ownership of local authorities. Design of the proposed new arrangements is being informed by discussion with the local government sector through a reform programme.

There is a shared understanding that a partnership approach between Central and Local Government will best support the wider community interests and ensure that any transition to new service delivery arrangements is well managed and as smooth as possible. This has led to the formation of a joint Three Waters Steering Committee to provide oversight and guidance on three waters services delivery and infrastructure reform.

The Reform Programme is designed to support economic recovery post COVID-19 and address persistent systemic issues facing the three waters sector, through a combination of:

- stimulating investment, to assist economic recovery through job creation, and maintain investment in water infrastructure renewals and maintenance; and
- reforming current water service delivery, into larger scale providers, to realise significant economic, public health, environmental, and other benefits over the medium to long term.

In July 2020, the Government announced the first stage of the reform programme with a funding package of \$761 million to provide immediate post COVID-19 stimulus to local authorities to maintain and improve three waters (drinking water, wastewater, stormwater) infrastructure, and to support reform of local government water services delivery arrangements.

Discussion/Ngā kōrerorero

Funding Package

The announced funding package will be made available immediately to those councils that sign up to a Memorandum of Understanding (MoU) and associated Funding Agreement and Delivery Plan for the first stage of the Three Waters Services Reform Programme. Signing up to the MoU and providing a Delivery Plan needs to be done by **31 August 2020**.

Councils signing the MoU are committing to the principles and objectives of working together with central and local government through the first stage of the reform programme. This stage has the following characteristics:

- Neighbouring councils will work together over the course of the reform period to consider the creation of multi-regional entities for the improvement of three waters service delivery for communities
- Initial funding allocation will be provided as soon as practicable following agreement to the MoU and associated Funding Agreement and Delivery Plan
- The Delivery Plan and associated reporting arrangements will need to show that the funding (by way of grant) is to be applied to operating or capital expenditure on three waters service delivery that supports economic recovery through job creation; and maintains, increases or accelerates investment in core water infrastructure renewals and maintenance
- This funding will not need to be repaid if the council does not ultimately commit to subsequent stages of the reform programme provided it meets the terms of the Funding Agreement and Delivery Plan
- Additional funding will be subject to Government decision-making and reliant on the parties demonstrating substantive progress against the reform objectives and include signing a binding contract to commit to water reform (and any associated funding agreements).

Agreeing to the MoU does not commit Council to further stages of the programme, Council may opt out at the next stage. If Council does not sign up to the first stage, it can agree to be part of the process at the next stage, however, will miss out on funding allocated (\$761 million across New Zealand) to the first stage of the programme.

Government have advised that the initial stage doesn't trigger consultation processes for the upcoming Long Term Plan 2021-31 (LTP). This is reinforced via a legal opinion from Simpson and Grierson. Council staff will obtain the opinion and review for clarity.

An overview of the reform programme is available at **Attachment A**. Frequently asked questions (FAQs) are provided at **Attachment B**. The draft MoU is provided at **Attachment C** and the presentation provided on the programme is provided at **Attachment D**. The Department of Internal Affairs website for further information is <https://www.dia.govt.nz/Three-Waters-Reform-Programme>.

Next steps/E whaiake nei

- A report will be presented to the August Council meeting for decision to sign, or not, the MoU
- Staff will prepare a Delivery Plan to inform that decision.

Attachments/Ngā tapiritanga

	Title
A	Three Waters Reform Programme - Overview
B	Three Waters Reform Programme - FAQs
C	Three Waters Reform Programme – Draft MoU
D	Three Waters Reform Programme - Presentation