

29 September 2021

Hon Nanaia Mahuta
Minister of Local Government

By email:

Tēnā koe Nanaia

Response to Government's proposed three waters reform

Auckland Council appreciates the opportunity to provide feedback on the three waters reform initial proposal. We look forward to a genuine partnership approach which takes into account local Government concerns about the current proposed model.

The council considered the reform proposal at its Governing Body meeting (23 September 2021) and passed the attached resolutions setting out its concerns and the areas which we believe require further discussion. The full report and resolutions are enclosed for your consideration, as well as the resolutions and feedback from Auckland's 21 local boards, the Independent Māori Statutory Board and the Auckland Mana Whenua Kaitiaki Forum.

At the meeting and conveyed in the resolutions, the council acknowledged the Government's commitment to tackling the challenges in the water sector. The council recognises that reform of the sector is needed across the country, and that benefits can be gained from size and scale, and alternative funding and financing arrangements. It noted however that Auckland already exceeds the size and scale sought for the proposed water service entities and leads the country in the quality of its water and wastewater services. The Council supported having a water quality and economic regulator which would allow the government to ensure universally high-water standards across the country and to ensure sufficient investment is being made in water infrastructure and that costs to the consumer are fair.

The council voted overwhelmingly in favour of the resolution that it did not support the governance and ownership model proposed, which removes democratic accountability and the loss of direct control by councils over water service entities. As well as the Council's Governing Body, its 21 Local Boards were unanimously opposed to the governance arrangements set out in the Government's proposal which offers no effective governance powers. The Mana Whenua Kaitiaki Forum comments that the powers of governance of the Regional Representation Group "would not provide effective oversight and accountability". The IMSB also notes the RRG's "restricted governance function". Council supports a model whereby the existing accountability mechanisms used for council-controlled organisations are maintained.

The council was strongly of the view that the governance arrangements of any Water Service Entity that includes Auckland reflect the proportionate investment in the assets and liabilities made by the people of Auckland, and the proportionate size of Auckland's population. Aucklanders should through their elected representatives, maintain majority control over their assets and service delivery.

The council also expressed significant concern about the inclusion of stormwater and has yet to be convinced of the benefits of stormwater integration and transfer into a new water service entity away from Council. In this regard, I note that the stormwater report released by DIA details how stormwater functions would be transferred to the proposed water entities. The report does not assess whether or not responsibility for stormwater functions should be transferred, when stormwater functions closely align with other Council roles.

We seek to work with you on the water reform proposals listed in Resolution j. We also want to include in those discussions how the reforms will address the impacts of climate change.

Finally, the reform has been challenging for our communities to assess and understand. The public information campaign has not helped in this respect, and the council has received not only requests for more information but a widespread expectation that they be able to submit on any proposed changes with some supporting a referendum.

Because the reform proposals have major consequences for Aucklanders and Auckland Council, removing control from them of 28% of Council's asset base and 25% of its expenditure, the final Government proposals must be consulted on with the public of Auckland who own those assets.

There is strong opposition to the current governance proposals. However, we are confident that with appropriate changes, Council's and the public's concerns could be met and the government's fundamental objectives for water reform achieved.

Ngā mihi



Phil Goff
MAYOR OF AUCKLAND

Copy to: Rt Hon Jacinda Ardern, Prime Minister
Hon Grant Robertson, Minister of Finance
Stuart Crosby, President LGNZ
Allan Prangnell, Partnership Director Three Waters Review, DIA

11 Three Waters Reform: Feedback on government's reform proposal

A letter to the Mayor and Councillors from the Mana Whenua Forum had been circulated prior to the meeting. A presentation was also given in support of the item. Copies have been placed on the official minutes and are available on the Auckland Council website as minutes attachments.

Note: changes were made to the original recommendation, adding new clauses a) and o), amending clauses f), h) and m) and moving original clause a) to new clause l), as Chair's recommendations.

Resolution number GB/2021/110

MOVED by Mayor P Goff, seconded by Cr L Cooper:

That the Governing Body:

- a) **note Auckland Council has been asked for initial feedback on the government's three water reform proposal including identifying areas of concern, and to suggest ways to improve what has been proposed**
- b) **support the following aspects of the government's Three Water Reform proposal:**
 - i) **the need to reform the water sector in Aotearoa to lift the standards of water supply quality and wastewater treatment across New Zealand**
 - ii) **the need to genuinely partner with local government to achieve reform of the sector**
 - iii) **the need to introduce an economic regulator to improve efficiency and productivity and ensure there is appropriate oversight of the new WSE, but notes that this can apply to Watercare without amalgamation**
 - iv) **the need to develop alternative funding and financing arrangements to enable greater investment in water service infrastructure**
 - v) **the need outside of Auckland to achieve greater scale and capability in the delivery of water services**
- c) **does not support the government's proposed ownership and governance arrangements which remove democratic accountability and the loss of direct control by councils over water service entities**
- d) **agree that there are alternative governance and financial models to that proposed which will achieve most of the government's water reform outcomes**
- e) **agree that Auckland Council continues to work with the government to consider these alternative options that meet both the government's and council's objectives and desired outcomes**
- f) **agree that water service entities should have the same accountability mechanisms (e.g. ability to approve and modify Statement of Intent and directly appoint and remove directors) as provided under the Local Government Act 2002 and Local Government (Auckland Council) Act 2009 for council controlled organisations**
- g) **agree that Auckland Council supports a water service entity model, like the CCO Watercare model, where real ownership continues to reside with Councils**

and where the WSE is required as Watercare is currently, to give effect to the relevant aspects of Councils' long-term plan and growth strategies

- h) agree that the governance arrangements of any Water Service Entity that includes Auckland reflect the proportionate investment in the assets made by the people of Auckland, liabilities, and the proportionate size of Auckland's population resulting in Aucklanders, through their elected representatives, maintaining majority control over their assets and service delivery
- i) agree that the set-up of the new entities should specify the requirements or principles for consultation, for example as they are set out in the Local Government Act 2002
- j) seek further engagement and information on the following aspects of the water reform proposals
 - i) representation from and on behalf of mana whenua
 - ii) integration with other local government reform processes
 - iii) integration with spatial and local planning processes and growth
 - iv) the nature, role and timing of economic regulation
 - v) process for and decision-making regarding prioritisation of investment
 - vi) the transfer of benefits and disbenefits of stormwater integration and transfer assets and functions
 - vii) process for local authority decision-making on 'opting in or out' of the Three Waters Reform
 - viii) conditions associated with the Government's package of funding for local government
 - ix) transition arrangements, including for the council group workforce, information sharing and due diligence for asset transfers
- k) support local authorities being able to make the final decision on whether to 'opt-in' to or to 'opt-out' of the government's final Three Water Reform proposal, and that the Reform is not made mandatory
- l) delegate to the Mayor, Deputy Mayor, Environment and Climate Change Committee chair and Watercare liaison councillor, Cr L Cooper to approve Auckland Council's initial feedback to government based on clauses b) to k) above
- m) note that the final letter to the government outlining Auckland Council's initial feedback will be provided to the Governing Body for information.
- n) note these recommendations were formed with the government's advice on stormwater yet to be received.
- o) agree that when Auckland Council has received from Government its final three waters reform proposal, the Council will consult with Aucklanders on this proposal to inform Council's response.

CARRIED BY OVERWHELMING MAJORITY

Note: Pursuant to Standing Order 1.8.6, Cr D Newman requested that his dissenting vote against clause c) be recorded.

Attachments

- A 23 September 2021, Governing Body: Item 11 - Three Waters Reform: Feedback on government's reform proposal, Letter from the Mana Whenua Forum
- B 23 September 2021, Governing Body: Item 11 - Three Waters Reform: Feedback on government's reform proposal, Presentation

The meeting adjourned at 1.26pm and reconvened at 2.00pm.

Released under the Official Information Act 1982



21 September 2021

Mayor Phil Goff

Councillors

Auckland Council

Tēnā koe e te Koromatua, Phil koutou ko ngā Kaikaunihera

RE: THREE WATERS REFORM

We hope you and your whānau are safe and well at this difficult time of prolonged Covid-19 lockdown in Tāmaki Makaurau.

Despite the concerns we all share regarding the immediate and longer-term impacts of the lockdown, the Crown's significant reform agenda is nevertheless proceeding apace. It is in respect to the Three Waters Reform that we now write on behalf of the Forum, in the hope that the proposed programme of reform may offer opportunities to strengthen the Treaty partnership between Mana Whenua and the Kaunihera by identifying and collaborating on those matters on which we can agree. While we acknowledge we are unlikely to agree on everything, we believe there are almost certainly matters that reflect our shared core values and aspirations for Tāmaki Makaurau.

Background

The Forum has membership of the nineteen Mana Whenua entities with interests in the Auckland Council area.

The purpose of the Forum is to support Mana Whenua in their role as Te Tiriti partner with Auckland Council and the Crown by partnering on all region-shaping decisions that require a collective voice, with a focus on Mana Whenua and mataawaka thriving and leading in Tāmaki Makaurau. It is an independent governance-level Forum operating under its own Terms of Reference.

While the Forum does not represent or act on behalf of the individual Mana Whenua groups, each maintaining their mana motuhake, the Forum will come together to provide a collective view on appropriate region-wide matters.

Te Taiao is a key focus area in the Forum's Ten-year Strategic Plan, with the objectives: "Mana Whenua are empowered to exercise their customary rights and obligations in order to fulfil their role as kaitiaki", and "The mauri o te taiao, mauri o te wai and oranga o te hau is improved and enhanced." The Three Waters Reform is a high priority in the Forum's Annual Plan (FY22).

Key issues

Significantly for Mana Whenua, the proposed reform provides mechanisms to enable iwi rights and interests that are not currently available. Without overlooking the positive intent of the mechanisms as proposed, the Forum wishes to ensure that the Three Waters Reform provides for both co-ownership and true co-governance, namely a genuine decision-making role. There are concerns that the while the proposed model provides for equal representation of local authorities and Mana Whenua on the Regional Representation Group, the limits on the role and function of this entity (namely, preparing a letter of performance expectations that the Water Services Entity (WSE) is not bound by, and establishing the Independent Selection Panel which then appoints the members to the WSE), falls well short of co-governance and would not provide effective oversight and accountability.

There is a concern there is not a clear interrelationship between the range of interconnected reform processes currently underway (including the Natural and Built Environments Bill and the other Bills to be introduced as a part of resource management reform package). These strands of reform are connected and there needs to be cohesion. In our view, the development of the various strands of reform appears siloed and needs to be addressed.

It is noted that the Forum continues to be concerned at the lack of priority shown by successive Governments on the issue of recognising iwi rights and interests in freshwater, including in these various reform proposals. The Three Waters Reform proposals do not address allocation concerns, which are fundamental to te mauri me te mana o te wai.

A number of further comments and concerns on the proposed Three Waters Reform model are as follows:

- There does not appear to be a direct line of influence, in particular there is a concern that WSE responses to Te Mana o Te Wai statements will not be meaningful.
- There is a recommendation to consider the consolidation of te mana (me te mauri) o te wai and the statement of intent into a single document.
- It is proposed there is a monitoring strategy by mana whenua to ensure that the outcomes agreed on within the Te Mana o Te Wai statements come to fruition.
- There are equity concerns around iwi/hapū participation across such a large geographic area for the Regional Representation Group. 6-7 representatives (of 12-14) on the Regional Representative Group will not adequately represent the Mana Whenua of Entity A; also concerns re the criteria and process for appointment.
- The proposed structure disconnects Mana Whenua, Te Mana o Te Wai, and the WSE response from the Regional Representation Group and is not partnership.
- There are concerns about the resourcing of Mana Whenua to enable adequate participation in a new model.
- There is concern that if the WSE is run comparable to a company, with its purpose to return the best result to shareholders, then the reliance on economic outcome and 'balance sheet' elements will not achieve the best outcomes for Mana Whenua.

We agree that Three Waters reform is required, including to enable greater financial flexibility to unlock greater borrowing for investment in water infrastructure to benefit all who reside in Tāmaki Makaurau. In our view, however, there is still much to be addressed in the Government's reform proposal to ensure a model is fit for purpose within the unique

circumstances of Tāmaki Makaurau. We hope we can find many points of agreement with the Kaunihera on the elements of an appropriate and effective model for water service delivery for the region.

Nāku noa, nā



Karen Wilson
Co-Chair, Tāmaki Makaurau Mana Whenua Forum



Ngarimu Blair
Co-Chair, Tāmaki Makaurau Mana Whenua Forum

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Three Waters Reform: Feedback on government's reform proposal

File No.: CP2021/10998

Te take mō te pūrongo

Purpose of the report

1. To outline the implications of the government's Three Water Reform (the Reform) for Tāmaki Makaurau and Auckland Council and agree the key elements of the Council feedback to government.

Whakarāpopototanga matua

Executive summary

2. Over the past four years central and local government have been considering the issues and opportunities facing the system for regulating and managing the three waters (drinking water, wastewater, and stormwater) – Three Waters Reform.
3. The Government has concluded that a national [case for change](#)¹ to the three waters service delivery system has been made and during June and July 2021 it released information and made announcements on:
 - the direction and form of Three Waters Reform, including proposals for new Water Service Entities (WSE), their governance arrangements and public ownership
 - individual Council data based on the information supplied by councils under the Request for Information (RFI) process and Water Industry Commission Scotland (WICS) analysis of that data
 - a package of investment for councils (\$2.5b, Auckland's share would be \$509m half funded by debt from the new WSE) to invest in the future for local government, urban development, and the wellbeing of communities, attempt to ensure no council is worse off as a result of the reforms, and to provide funding support for transition
 - an eight-week process for councils to understand the implications of the reform announcements, ask questions and propose alternative solutions and for government to work with councils and mana whenua on key aspects of the reform (including governance, integrated planning and community voice)
4. While the government and Local Government New Zealand (LGNZ) consider that a national case for change has been made, each council will ultimately need to make a decision based on its local context.
5. There is no expectation that councils will make a decision to opt-in (or out) or commence community engagement or consultation over the eight-week period. Councils at this stage are simply being asked for feedback on the government's proposal, identify areas of concern, and suggest ways to improve the government's proposal.
6. Government decisions on entity boundaries, governance and transition and implementation arrangements will occur after the eight week-process ends on 30 September 2021.
7. To inform the Governing Body's response to the government at the end of the eight-week period, this report provides staff analysis of the government's proposal. It also provides advice on three outstanding issues which government has asked councils to provide feedback and solutions on, namely to ensure:

¹ [Transforming the system for delivering three waters services \(dia.govt.nz\)](https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/$file/transforming-the-system-for-delivering-three-waters-services-the-case-for-change-and-summary-of-proposals-30-june-2021.pdf);

[https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/\\$file/transforming-the-system-for-delivering-three-waters-services-the-case-for-change-and-summary-of-proposals-30-june-2021.pdf](https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/$file/transforming-the-system-for-delivering-three-waters-services-the-case-for-change-and-summary-of-proposals-30-june-2021.pdf)

- all communities have both a voice in the system and influence over local decisions
 - there is effective representation on the new WSE' oversight boards, including preventing future privatisation
 - there is integration between growth planning and water services planning.
8. The council has previously stated [ENV/2018/135] its support for the reform's objectives to retain water assets in public ownership and the need for careful consideration of whether stormwater should be included in changes to service delivery.
 9. We also agree that economies of scale and greater efficiencies can be achieved by amalgamating the 67 different water authorities, and the need to determine alternative funding arrangements for capital expenditure. Staff also support the introduction of an economic regulator to protect the interests of consumers.
 10. We do not support the governance model proposed. It is overly complex, with no direct democratic accountability and we are concerned that it will not achieve the efficiencies anticipated, or represent Auckland's size, inputs or unique governance structure with local boards. Auckland Council requires a genuine governance role for council and an ownership model where ownership comes with accountability and direction, the WSE having a level of democratic accountability to communities through council.
 11. In assessing the impacts of the Reform, it should be noted that there is no 'status quo' option. A water quality regulator (Taumata Arowai) has already been established, and along with a proposal for an economic regulator, this will necessitate increased investment in water services across the country. Whether or to what degree the advent of an economic regulator would require further investment in the Auckland region (beyond that already provided for in the 10-year Budget) is unclear.
 12. The government proposal is to manage the additional costs by creating the WSE to cover large population bases with the ability to borrow more than local councils. Their modelling states that there is an economic benefit for Auckland residents, and a larger economic benefit to residents of smaller councils.
 13. In reviewing the government's modelling, however, staff have little confidence in the conclusions drawn by the government due to the flaws in the assumption used. We would further note that the benefits of creating a new Water Service Entity whose balance sheet is separated from Auckland Council does not create any additional borrowing capacity for Council, but it would do for Watercare and Healthy Waters.
 14. We believe that there are alternative models which could meet both the government's outcomes for water service delivery in New Zealand and deliver benefits to Tāmaki Makaurau. These require a willingness by government to partner with local government. Watercare is a lead performer and provides a proven model for the rest of New Zealand to follow. It can provide a centre of excellence and learnings in the establishment of water service entities, based on a CCO model.

Ngā tūtohunga Recommendation/s

That the Governing Body:

- a) delegate to the Mayor and Deputy Mayor to approve Auckland Council's feedback to government based on resolutions b) to j):
- b) support the following aspects of the government's Three Water Reform proposal:
 - i) the need to reform the water sector in Aotearoa to lift the standards of water supply quality and wastewater treatment across New Zealand
 - ii) the need to genuinely partner with local government to achieve reform of the sector

- iii) the need to introduce an economic regulator to improve efficiency and productivity and ensure there is appropriate oversight of the new WSE, but notes that this can apply to Watercare without amalgamation
- iv) the need to develop alternative funding and financing arrangements to enable greater investment in water service infrastructure
- v) the need outside of Auckland to achieve greater scale and capability in the delivery of water services
- c) does not support the government's proposed ownership and governance arrangements which remove democratic accountability and the loss of direct control by councils over water service entities
- d) agree that there are alternative governance and financial models to that proposed which will achieve most of the government's water reform outcomes than that proposed
- e) agree that Auckland Council continues to work with the government to consider these alternative options that meet both the government's and council's objectives and desired outcomes
- f) agree that water service entities should have the same accountability mechanisms (e.g. ability to approve and modify Statement of Intents and directly appoint and remove directors) as provided under the Local Government Act for council controlled organisations
- g) agree that Auckland Council supports a water service entity model, like the CCO Watercare model, where real ownership continues to reside with Councils and where the WSE is required as Watercare is currently, to give effect to the relevant aspects of Councils' long-term plan and growth strategies
- h) agree that the governance arrangements of any Water Service Entity that includes Auckland reflect the proportionate investment in the assets made by the people of Auckland and the proportionate size of Auckland's population
- i) agree that the set-up of the new entities should specify the requirements or principles for consultation, for example as they are set out in the Local Government Act 2002
- j) seek further engagement and information on the following aspects of the water reform proposals
 - i) representation from and on behalf of mana whenua
 - ii) integration with other local government reform processes
 - iii) integration with spatial and local planning processes and growth
 - iv) the nature, role and timing of economic regulation
 - v) process for and decision-making regarding prioritisation of investment
 - vi) the transfer of stormwater assets and functions
 - vii) process for local authority decision-making on 'opting in or out' of the Three Waters Reform
 - viii) conditions associated with the Government's package of funding for local government
 - ix) transition arrangements, including for the council group workforce, information sharing and due diligence for asset transfers
- k) support local authorities being able to make the final decision on whether to 'opt-in' to or to 'opt-out' of the government's final Three Water Reform proposal, and that the Reform is not made mandatory
- l) note that the final letter to the government outlining Auckland Council's feedback will be provided to the Governing Body for information.
- m) note these recommendations were formed with the government's advice on stormwater yet to be received

Horopaki Context

15. For the past four years, the government has been exploring the challenges and opportunities facing the three waters system. They are seeking to address a complex set of issues relating to the regulation, funding, financing, and provision of drinking water, wastewater, and stormwater services (the three waters), and to deliver better outcomes for New Zealand's people, environment, and economy. The reform proposes a comprehensive, system-wide change that aims to improve the safety, quality, and environmental performance of three water services.
16. In June 2021, the government released its case for change, the key design features of a new water services system (including the number of entities, boundaries, the regulatory environment and governance arrangements) and information and analysis specific to individual councils.

Key elements of the government's three waters reform proposal

17. Government's modelling indicates that New Zealand will need to invest between \$120 billion to \$185 billion in three waters infrastructure over the next 30 years to meet drinking water and environmental standards and provide for future population growth. This equates to an average household cost for most councils on a standalone basis to be between \$1,910 and \$8,690 by 2051. Government's modelling also estimated these average household costs could be reduced to between \$800 and \$1,640 per household and efficiencies in the range of 45% over 15-30 years if the reform process went ahead. An additional 5,800 to 9,300 jobs and an increase in GDP of between \$14b to \$23b in net present value terms over 30 years were also forecast.
18. The government proposes to:
 - establish four statutory, publicly-owned water services entities that own and operate three waters infrastructure on behalf of local authorities
 - establish independent, competency-based boards to govern these entities
 - set a clear national policy direction for the three waters sector, including integration with any new spatial / resource management planning processes
 - establish an economic regulation regime
 - develop an industry transformation strategy.
19. The government has proposed safeguards against privatisation of the entities, and these can be found on page 26 of the DIA's [summary of the case for change](#).
20. Both DIA and LGNZ have produced two-page national overviews, available on the [DIA website](#)² and [LGNZ websites](#)³ respectively.
21. The key elements of the reform that impact Auckland are:
 - Auckland, along with the Far North, Kaipara and Whangārei councils form Entity A (connected population 1.7m)
 - Auckland Council will be listed as an owner, on behalf of our community, in statute

Entity A



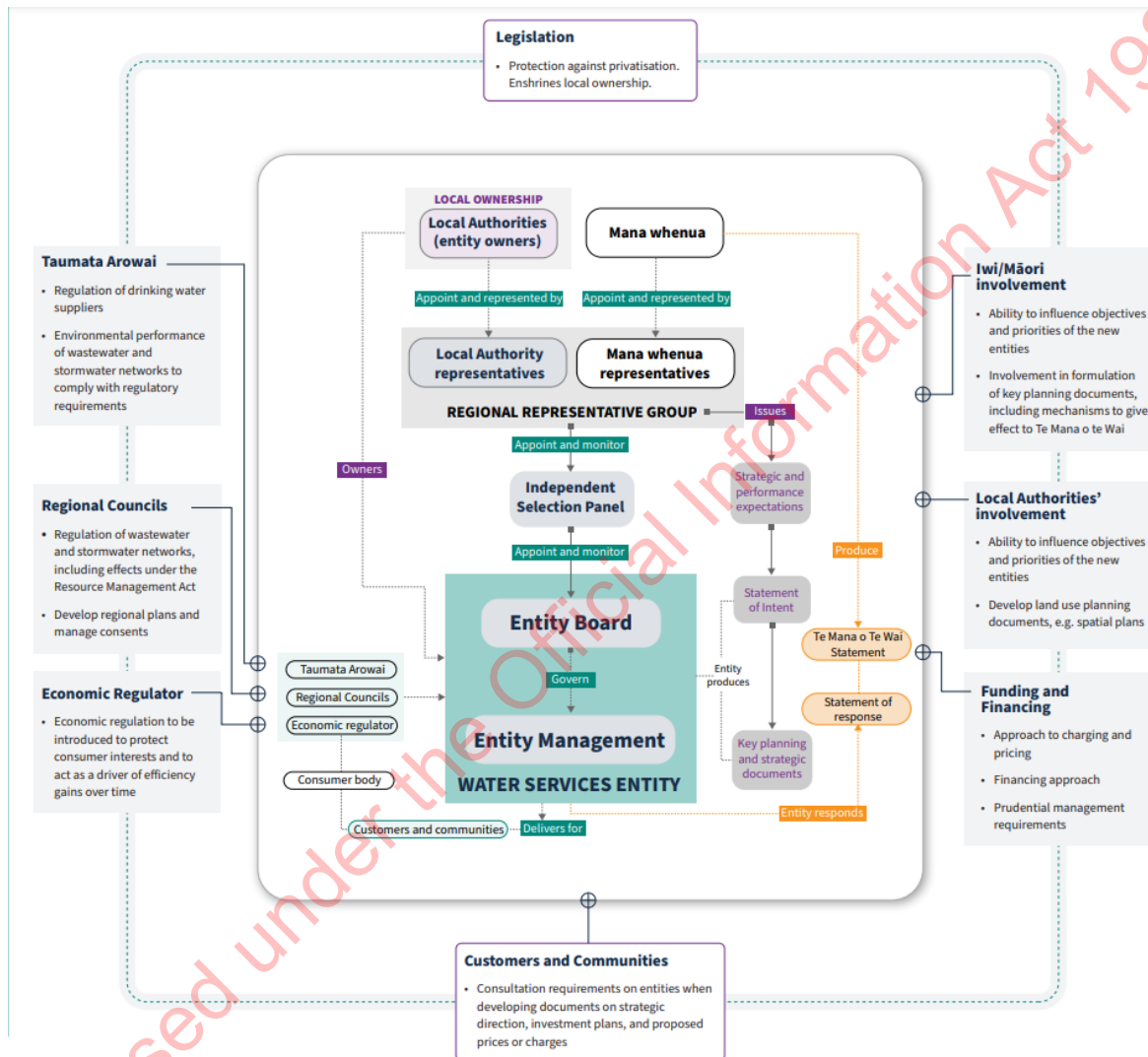
Auckland
Far North
Kaipara
Whangārei

² [2872-DIA-A3-A New Water with-without reform Map 20210526 v2.7](#)

³ [Three-Waters-101-Infographic.pdf \(lgnz.co.nz\)](#)

- Auckland Council, the other northern councils and mana whenua will have a joint overseeing role on a Regional Representative Group (RRG). This group will have some influence but not control of the new WSEs and will be responsible for:
 - appointing (and removing) an Independent Selection Panel (ISP) that appoints and removes the WSE board
 - issuing a Statement of Strategic and Performance Expectations, and
 - monitoring the performance of both the ISP and the entity Board.

22. The new water services system is depicted in the diagram below.



23. These arrangements are anticipated by government to make water services more affordable, safe and efficient through:

- Additional debt financing capacity through balance-sheet separation from debt-constrained councils
- the ability to bring capital investment forward and spread its costs across larger areas and over longer timeframes
- operational efficiencies
- developing and maintaining more sustainable career pathways in the water industry into the future.

24. The new entities would come into effect 1 July 2024 and a transition agency would be established to manage the transition process.
25. Detailed proposals for consumer protection and economic regulation are to be developed over a slightly longer timeframe – the Ministry of Business and, Innovation and Employment are expected to consult publicly on these proposals later in the year. The proposals will include:
 - the ability for a regulator to mandate and monitor service quality standards (for example so consumers can be sure their drinking water is safe)
 - the process for setting prices, including requirements for pricing transparency
 - options for how to facilitate consumer advocacy, including for those who are vulnerable due to their age, health, disability, or financial position. This will include the establishment of a consumer advocacy council (or the extension of an existing body) to provide expert advocacy on behalf of consumers
 - the design of an appropriate dispute resolution process.

Other announcements and process from here

26. In July, the government in partnership with Local Government New Zealand announced a financial support package to support transition to the new three waters system, and to position the sector for the future. It consists of three broad elements:
 - **A ‘better off’ element:** an investment of \$2 billion into the future for local government and community wellbeing, consistent with the priorities of both central and local government. Allocation of this fund is based on a nationally consistent formula, reflecting population (75%), deprivation (20%) and land area (5%). Auckland can expect to receive \$509 million. Half of this will be debt financed by the entities and half will be a direct transfer payment from NZ taxpayers.
 - **A ‘no council worse off’ element:** an allocation of up to around \$500 million to ensure that no local authority is in a materially worse position financially to continue to provide services to its community as a direct result of the reform. This will be funded by WSE. According to the DIA’s Funding Impact Tool, Auckland Council doesn’t qualify for a share of this package.
 - **Cover of reasonable transition costs:** package of \$0.3 billion, intended to make sure council service delivery (including of water services) during transition is not disrupted.
27. In addition to the funding announcements, government committed to further discussions with local government and iwi in the eight-week period concluding 30 September on:
 - the boundaries of the WSE
 - how local authorities can continue to have influence on service outcomes and other issues of importance to their communities (e.g. chlorine-free water)
 - ensuring there is appropriate integration between the needs, planning and priorities of local authorities and those of the WSE
 - how to strengthen the accountability of the WSE to the communities that they serve, for example through a water ombudsman.
28. Next steps are expected to be announced after 30 September 2021, which would include the timeframes and responsibilities for any community or public consultation.
29. As a result, the original timetable for implementing the reform and for councils to consult on a decision to opt out (or not), no longer applies.
30. It is also important to note that the government has not ruled out legislating for an “all-in” approach to reform to realise the national interest benefits of the reform.

31. On the assumption that the reform goes ahead, it is anticipated that councils will continue to deliver water services until at least early 2024 and council involvement in transition will be required throughout.
32. In addition to the Three Waters Reforms discussed above, the government has also announced further wide-ranging reforms of freshwater, resource management, climate change and zero carbon, all of which have potential to have significant impacts on the delivery of three waters services. These additional reforms may have regulatory, operational and cost impacts.

Council workshops and decisions

33. In October 2018, council's Environment and Community Committee agreed an early position on reform of the three waters sector [ENV/2018/135, refer Attachment A]
34. On 27 August 2020, the council agreed to participate in the first stage of the water delivery services reform programme. That agreement represented a commitment to assess reform options in good faith, including the government's preferred option. It did not commit the council to any change. This agreement expired in June 2021.
35. In March 2021, the government at a series of workshops presented to Council and local board chairs on their reform proposals. The meetings also raised a number of areas that council and DIA staff have been working together to address. These are:
 - credit rating – how to achieve access to capital without reducing accountability and protect ownership and interests of Aucklanders
 - strategic alignment – what mechanisms are needed to ensure that council can plan and coordinate infrastructure for growth
36. In June 2021 the government released information and cabinet papers providing the business case and design elements of the three waters service delivery entities.
37. Two meetings between elected members and the Minister took place on June 18 and July 9 to discuss the Reform.
38. Briefing memos have been provided to elected members and LGNZ has made available briefings and held workshops to ensure elected members are informed and have a chance to express their concerns.
39. On the 20 August, a briefing with local boards was held on the matters that government and LGNZ are seeking feedback on.

Tātaritanga me ngā tohutohu Analysis and advice

40. Staff have considered the information provided to determine:
 - a) whether a full assessment of opting in versus opting out can be undertaken
 - b) what aspects of the Reform we can agree with
 - c) what aspects of the government's modelling/business case we have concerns with
 - d) opportunities and challenges of including stormwater
 - e) what aspects of the reform proposal could be improved
 - f) where further information is required

a) Assessing 'opting in' versus 'opting out' has not been undertaken due to insufficient information

41. It has not been possible to undertake a full analysis of the reform proposal as there are still a number of areas where further information was expected and is needed (e.g. stormwater and the impacts of water quality standards and regulation settings for Aotearoa/New Zealand out to 2051).
42. Within the timeframe available, staff have been able to undertake a high level of analysis of the reform proposal, including the business case and modelling assumptions underpinning this. Staff have used the information made available by the government to consider the likely benefits and risks with the government's proposal for council and Tāmaki Makaurau, and to suggest areas where improvement could be beneficial.
43. Auckland Council, along with Whangārei, Far North and Kaipara District councils also engaged PWC to review the information to develop an understanding of the assets and financial position. This joint work is still in progress and will be shared when completed.
44. It is important to note that regardless of whether the government's current proposal proceeds, there will be other changes to the regulation of water services so 'opting-out' does not continue the status quo. The government has already established Taumata Arowai (the new drinking water regulator) and if the reforms proceed, it is highly likely that there will be economic regulation of the provision of three waters services. This means that regardless of whether Auckland is part of the reform process or not, the regulatory environment for three waters will change, and with that it is likely that increased investment will be required. Other government reforms (Resource Management Act, Future for Local Government) may also impact on water service delivery.
45. To assess whether the proposed better off (\$509m) and no worse off funding to Auckland Council is sufficient, further information on the conditions that will be associated with that funding and how the debt will be apportioned on the new entities is needed.

The aspects of the government's water reform proposal we agree with

46. There are a number of aspects of the reform that council could agree with. These being the need:
 - to address the long-standing problem of inadequate investment in water infrastructure across Aotearoa
 - to achieve economies of scale by amalgamating the 67 different water authorities (to at least a similar scale as Watercare in Auckland)
 - to determine alternative funding/financing arrangements for capital expenditure (by separating council's balance sheet from Watercare's) that provide greater financial flexibility
 - to ensure water assets remain in public ownership and are not privatised
 - to introduce economic regulation to protect and enhance the long-term interests of consumers and to ensure high-quality performance information
 - Watercare provides a good starting point upon which to build a new model.

The aspects of the government's water reform's 'case for change' we have concerns with

47. The benefits of the government's reform scenario arise from three assumptions used in their modelling:
 - that significant investment is required to raise (and match Scottish and European) levels of water sector capital per resident

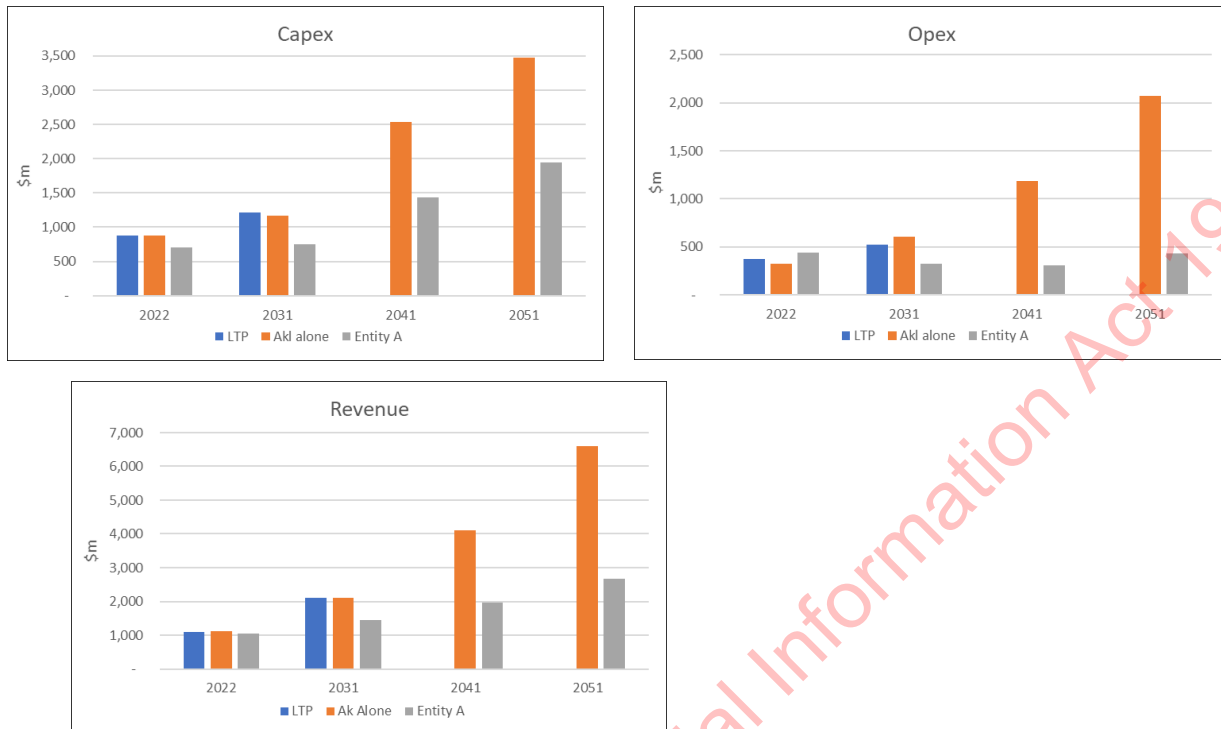
- that 50 per cent capital savings and 53 percent operational savings (efficiency) can be achieved, with efficiencies arising from economies of scale, clear governance and policy settings, economic and environmental regulation and strong management capability.
- that Watercare as an opt-out entity under council control will not have access to the capital needed to improve its efficiency significantly over the next 30 years. Critically, this assumption is not reflected in the WICS modelling, which shows a lower level of investment by the new amalgamated entity than has been funded in our 10-year Budget.

Independent reviews of the government's modelling

48. The government's proposal and the DIA/WICS price modelling have been independently reviewed by Farrierswier (review of WICS price model) and Beca (comparison of the standards applied in the EU/ UK with New Zealand). Whilst generally supportive of the model scope and direction of reform and the benefits anticipated, they both raised a range of issues with the model application, which whilst technical in nature, could have large impacts on the currently published price model results. They urged caution when using these price figures for decision-making and note that the quality of management of the future water entities will have a critical impact on the achievement of the expected efficiency savings. Scottish Water is also a two waters entity. It is not known whether they would have been able to achieve the 50 percent efficiency savings if they were a three waters entity and if, therefore, it is reasonable to expect reform in New Zealand to achieve similar efficiencies.
49. Both the Farrierswier and Beca reviews outline the similarities and differences between Scotland and NZ and discuss the risks of assuming the countries are similar. While Scotland and NZ have similar populations (5.46 million versus 5.11 million), New Zealand has 3.44 times the land area of Scotland and our population is more dispersed. Scotland has also not experienced the level of population growth that Auckland has over the last 20 years.
50. Farrierswier also noted that the use of English 2003-04 econometric models presented a number of problems when applied to NZ that required a range of scaling, fitting of models and special adjustments, all based on further indeterminate assumptions.
51. The Beca report states that, on balance, the forecasts from the WICS modelling may underestimate the necessary investment costs as they may not accurately assess the impacts from new regulation standards, iwi/Māori interests, or Aotearoa's seismic and resilience risks.
52. The Chief Economist unit has reviewed the publicly available material. Similarly, their key concern is whether Auckland will gain efficiencies through the reorganisation, translating into lower costs to Auckland residents. For many of the other regions in Aotearoa, the benefits arise from scale.
53. Auckland is different to the rest of New Zealand. Having already amalgamated, Watercare provides scale benefits and is run by an independent, competency-based board. While further efficiency improvements can be achieved in Auckland, these are not primarily driven by amalgamation, and the benefits expected from the reform for Auckland are likely to be less than for other parts of Aotearoa. Almost 99 percent of the total population of proposed Entity A live in urban areas (Auckland and Whangarei, with 93 percent of this in Auckland). This means that the "asset optimisation" (that is, the ability to consolidate water networks between towns) is likely to be much lower than as claimed by WICS.
54. Further efficiencies in Auckland are possible, but they will mainly be driven by greater access to capital and economic regulation rather than from amalgamation or the Government's proposed WSE governance structure.
55. While every region is expected to be positively impacted by the reform proposal in terms of GDP and employment growth, relative to current regional GDP, metropolitan areas see the smallest relative

A comparison of council's investment with the modelled investment

56. A summary of council's planned investment over the period of the current long-term plan, and the WICS modelling for the period 2021-2051 for an 'Auckland-alone' scenario (no reform) and 'Entity A' scenario (reform proceeds) is provided in Attachment B. The graphs below illustrate the projected capital and operational expenditure and revenue.



57. The modelling undertaken shows capital and operating expenditure would be significantly lower for Entity A than Auckland-alone in the outer years, due to the efficiency savings discussed below. These efficiency savings mean that Auckland-alone revenue (the cost to its customers) needs to be significantly higher than Entity A's in the outer years.
58. In response to questions raised by council staff following a review of the Auckland alone and Entity A models, WICS have modelled a number of different scenarios, reflecting different phasing of capital investment and debt to revenue ratios. All of WICS' models produce a similar result – Entity A delivers investment at a lower average household cost compared to Auckland 'going it alone'. These outputs all rely on the same assumptions that staff have concerns with, for the reasons outlined below.

What are the modelled levels of efficiency expected?

59. WICS' modelling projects that if reform proceeds estimated average household three waters costs in 2051 will be \$803. If Auckland is not part of the reform process, WICS estimates this cost will be \$2,076 per household.
60. WICS' modelling assumes a level of capital and operational efficiency will be achieved by the new water entities (up to 50 percent) over the next 30 years. WICS indicated to council that these efficiencies are a combination of spend-to-save, scale, quality management and procurement savings. The number of assumptions built into WICS' modelling make it difficult to determine whether the expected degree of efficiency for Entity A is realistic.
61. The WICS modelling only includes provision for improvements in Watercare and Healthy Water's performance and efficiency of around 10% over the same 30-year period.
62. In all of the financial models prepared by WICS, it is this difference in expected efficiencies that leads to the conclusion that average household bills will be significantly lower in 2051 if Auckland opts into the reform process.

63. Some of the factors that DIA asserts will lead to improved efficiency, such as economies of scale, competency-based boards, and professional management, already exist within the current Auckland environment. Watercare is a lead performer in New Zealand and is already a water entity of significant scale and maturity. It has been operating for 10 years under a legal obligation to be a least-cost provider. As such, Watercare has already achieved significant efficiencies, although it is expected that greater efficiencies can be achieved. Watercare is currently working with WICS and aim to achieve 1-2 per cent annual operating efficiency improvements over the next 10 years.⁴
64. Watercare has also implemented an enterprise model framework, which aims to reduce the cost to deliver its infrastructure programme by 20% from 2024. Watercare is able to do this due to its pipeline of projects and secure funding model. However, it is acknowledged that access to more capital would allow “invest to save” initiatives to be brought forward, leading to greater efficiencies.
65. Similarly, the Strategic Procurement Committee recently approved a procurement plan for a new capital programme delivery model for Healthy Waters. The programme delivery model will allow the council to engage the same supply partners for a programme of work. This will reduce project delivery timeframes and costs through efficiencies in design, consenting and procurement, enabling better risk management and improved health and safety outcomes alongside other desired outcomes such as social procurement and Māori outcomes. The continuity of work will enable suppliers to develop dedicated teams, which will also improve efficiency and result in cost savings.
66. Given the initiatives already underway within Watercare and Healthy Waters, it seems unrealistic for the WICS modelling to only allow for improvements in Watercare’s performance and efficiency of around 10% over the next 30 years. Staff, therefore, have significant doubts and concerns regarding the assumptions that underpin the WICS modelling and, as a result, the conclusions drawn from that modelling.
67. It is noted that an economic regulator is proposed as part of the three waters reforms and will apply to Councils whether they opt-in or opt-out of joining a WSE. The intention is that an economic regulator will drive a more efficient delivery of water services, both in terms of operating costs and the cost of delivering capital investment. The WICS ‘Auckland alone’ model contains no economic regulator, which staff consider structurally creates an unequal comparison. DIA, however, consider that economic regulation and amalgamation are all part of the reform proposal. Staff note that Watercare has already directly engaged WICS to provide advice around improving efficiency.

What are the benefits of balance sheet separation?

68. The benefits identified by the government are predicated on the new WSE being financially independent and able to raise debt. Internationally, water entities are considered lower risk and have much higher debt-to-revenue ratios than other utility or network entities. The entities proposed are estimated to have debt-to-revenue ratios ranging between 400-800 per cent. To achieve these levels of debt, the WSEs’ balance sheets will need to be separated from councils. This separation is likely to imply that ownership in the traditional sense is also separated from councils as otherwise balance sheet separation is unlikely.
69. Auckland Council has credit ratings from S&P Global and Moody’s. These agencies use different methodologies, with S&P including Watercare when it looks at the council group’s results and Moody’s eliminating them as a self-sustaining entity. Under S&P’s methodology, separating Watercare’s debt and revenue from the group improves the council’s debt-to-revenue ratio. DIA estimate this at \$1.2billion, which does not appear to be materially inaccurate.

⁴ 2% efficiencies over ten years would equate to an overall 22% efficiency gain.

70. However, as Moody's already eliminates Watercare from its calculation, the separation of Watercare from the group has no impact on Moody's credit rating analysis of the council. Therefore, the separation of Watercare does not create any additional borrowing capacity for Auckland Council.⁵
71. The main advantage in separating Watercare from the council group's balance sheet is that it would allow Watercare or a new entity to borrow more, and to spread this cost over a longer period. This, in theory, allows additional capital projects to be brought forward without increasing costs to households in the short term.
72. It is not clear, however, what the priorities of a new water service entity would be with regard to Auckland. It may, for example, prioritise new water assets to meet regulatory requirements in Northland in the short term.
73. An advantage of the Reform proposal is that there would be reduced risk to council with the new water entities being held responsible for meeting the costs of small water suppliers defaulting on their ability to meet the new water quality regulations. Staff have not been able to quantify this cost or estimate this potential benefit.
74. Regardless of whether Entity A is established, council and the new entity will face increased costs as a result of regulation.

Other financial issues

75. The Government has announced a financial package to support councils that opt-in to transition through the reform process. This contains two main components.
76. Auckland Council would be entitled to funding of \$509 million to invest in projects that support the three waters reform objectives and other local wellbeing outcomes. Half of this funding will come from the Crown, with the other half to be funded via debt from the new water entities.
77. Councils will be required to demonstrate that the use of this funding aligns with the priorities of central and local government, through meeting some or all of the following criteria:
 - supporting communities to transition to a sustainable and low-emissions economy, including by building resilience to climate change and natural hazards
 - delivery of infrastructure and/or services that enable housing development and growth, with a focus on brownfield and infill development opportunities where those are available, or support local place-making and improvements in community well-being.
78. The Crown has also announced that funding will be available to ensure councils are "no worse off" due to the reforms. This funding is intended to address the costs and financial impacts on territorial authorities directly as a result of the three waters reform programme and associated transfer of assets, liabilities and revenues to new water services entities. It includes funding to support councils to meet unavoidable costs of stranded overheads, which could include the duplication of resource required due to the transfer of Healthy Waters to the new water entity.

a) Broader aspects of the government's water reform proposal we have concerns with

79. The government and LGNZ have specifically asked for feedback on three areas that the local government sector has already raised some concerns with: governance arrangements, aligning strategic planning and funding directions and ensuring community voice. These are discussed below.

⁵ Staff have considered the need for two rating agencies and conclude it is necessary for council's borrowing programme. S&P Global and Moody's are the benchmark rating agencies.

Complex governance arrangements

80. The ownership and governance model proposed is a bespoke model, with councils listed in legislation as owners, without shareholdings or financial interests, but an advocacy role on behalf of their communities. The proposed model has the entities variously accountable to their board, Taumata Arowai for water quality, an economic regulator for price, regional/unitary authorities for discharge consents, mana whenua for responding to Te Mana o te Wai statements, and a consumer body. Board performance is reviewed by an independent selection panel, appointed by the Regional Representatives Group. The key concerns with this model are:
- the complexity of arrangements
 - a lack of democratic accountability for the WSE
 - representation on the Regional Representative Group will not be proportionate to Auckland's size and input
 - the lack of accountability means the entity will not be driven to achieve the efficiencies anticipated
 - direction and policy setting
 - timing of entities corporate and planning processes and ensuring these align to council's legislative and compliance timeframes
81. Under the Local Government (Auckland Council) Act (2009), which established the council and Watercare, Watercare are solely and simply accountable to the council and council's key governance role is to:
- appoint directors
 - approve Watercare's statement of intent, which requires Watercare to give effect to Council's Long-Term Plan and align with council's strategic plans
 - monitor Watercare's performance
 - modify Watercare's Statement of Intent
82. The government's proposal appears to treat 3-waters services as comparable to other network utilities such as electricity and telecommunications, and therefore that direct political accountability is not necessary. Three waters services are different in many respects from other network utilities. Water and wastewater are catchment based and therefore "local" not national. Stormwater is integral to land use and operational activity of local authorities generally, including consenting, roading, amenities and public open space.
83. Under the reform proposals these accountability mechanisms are intentionally removed to reduce council's level of 'control' in order to meet credit rating agencies requirements for the new water services entities. The more control that councils have over the water entities, and the higher the degree of accountability to councils, the more likely the rating agencies are to consolidate the water entities debt onto the councils' balance sheets.
84. The table below provides a summary of the accountability mechanisms proposed. Council's primary role will be to elect members on to the Regional Representative Group (RRG), which has no decision-making powers over the proposed entities. Their primary role is to appoint the Independent Selection Panel (who are responsible for appointing, monitoring and any removal of board members) and developing the Statement of Strategic and Performance Expectations.

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Key documents	Role of Crown	Regional Representative Group (RRG) role	Councils' role	WSE board / entity responsibilities	Interface with community
Government Policy Statement (GPS)	Develop and issue	None	None	A regulatory instrument to which the entity will give effect via the SOI	
Statement of Strategic and Performance Expectations (SSPE)	None	Develop, issue and monitor performance against (but not approve or modify)	Feed into RRG	Respond to via the Statement of Intent and report against expectations annually	Published
Te Mana o te Wai	None	None	None	Respond through a Statement of Response	Published
Statement of Intent	Direct via GPS	Influence via the SSPE. Monitor performance against SOI	Engage with	Requirement to produce in response to GPS and SSPE. The entity is required to deliver against this document	Published
Asset Management Plan	Influence via GPS review	Engage with	Engage with	Requirement to produce in accordance with SOI and consult appropriately. The entity is required to deliver against this document	Engage with
Funding and Pricing Plan	Influence via GPS review	Engage with	Engage with	Requirement to produce in accordance with SOI and consult appropriately. The entity is required to deliver against this document	Engage with

Representation does not reflect Auckland's size or inputs

85. Auckland Council will contribute 94% of the assets, 91% of revenue, 97% of debt to Entity A. The Regional Representative Group overseeing the entity will have equal representation from mana whenua and local authorities. Auckland Council's representation on this group would be less than 50 percent.
86. It should be noted that members selected for this group would be required to consider the interests of the relevant jurisdictions within an entity area when exercising their functions. This means Elected Members on the RRG will have to consider Northland's interest along with Auckland's when making decisions.
87. Given the public ownership of the water entities, there should be democratic accountability. Auckland Council should therefore request a genuine governance role for council and an ownership model, similar to the CCO model, where ownership comes with accountability and the ability to set direction. The entity would then have a level of democratic accountability to communities through council.

Aligning infrastructure planning and funding processes across multiple agencies

88. The government's proposal is that local government will continue to have primary responsibility for urban and land use planning. The intention is that local authorities will collaborate with the new water entities to achieve integration and alignment of infrastructure provision with land use planning processes and that there will be a "reciprocal obligation" on the water entities in the legislation to ensure this occurs.
89. Currently Council's decisions across water, transport and community infrastructure are guided by the Auckland Plan Development Strategy and Auckland's 30-Year Infrastructure Strategy, and implemented through 10-year budget and RLTP decision-making processes. These enable us to align investment with future growth requirements in terms of location, sequencing and timing, and plan and provide for all the major infrastructure needs of these areas.
90. Alignment and coordination of infrastructure investment will be made more difficult with separation of water infrastructure. In particular, it is questionable under current financing and funding arrangements whether council would have the ability to match the water entity's spend with respect to transport and community infrastructure. Without clear agreements over the timing and staging of growth with the water entity. Council would face significant challenges in delivering transport and community infrastructure in all areas of development capacity that the entity could enable through its investment, including private plan changes. There is also a question about how the water entities would be impacted by council's obligations to meet responsiveness requirements under the NPS Urban Development.
91. How the entities determine the level of investment or priority given to maintenance, renewals or investment for growth across council boundaries is unclear. There are likely to be a number of factors which could make alignment with Auckland priorities challenging for the water entity, including:
- the economic regulator's oversight of investment and pricing decisions
 - in early years, the entities will likely focus on bringing poor quality infrastructure in Northland up to standard. This will change over time as the most urgent infrastructure upgrades are completed
 - post resource management system reform the areas covered by a single water entity will be subject to multiple regional spatial strategies and natural and built environment plans (at least two strategies and two plans – Auckland and Northland - in the case of Entity A).
92. While the "reciprocal obligation" is intended to apply in the current planning framework, consideration also needs to be given to how this will play out under the resource management system reforms, in particular the proposed regional spatial strategies.
93. DIA is working with the Ministry for the Environment with the intention that the proposed Strategic Planning Act provides a framework for an integrated planning approach. DIA's "current position" is that the water entities will need to act consistently with the proposed regional spatial strategies. However, this position is dependent on further policy work and decisions over the next 12 months in parallel with the resource management reforms. Spatial strategies alone will not provide sufficient detail to guide prioritisation and alignment. As such, the Ministry for the Environment is also considering joint implementation agreements for the spatial strategies which would involve funding commitment from central government and these could include water services entities.
94. To complement the above potential approaches a range of mechanisms has been proposed by DIA for discussion including:
- requirement to identify and align interdependencies between regulatory strategies (and responses) and land use/growth planning through the prioritisation methodology applied by the WSE

a “Regulatory Charter” to describe expectations and requirements on regulators to develop a collective view on longer term strategic priorities.

95. It is too early and there is insufficient information to assess the effectiveness of any of these possible mechanisms. However, it appears that some of them may be at odds with the financial and operational separation objectives of the reforms. In particular, it is unclear how a requirement on water entities to act consistently with regional spatial strategies is reconciled with adherence to its prioritisation approach and economic regulation.
96. While not a statutory instrument, the Auckland Water Strategy could be helpful to the Regional Representatives Group in performing their duties such as in developing the Statement of Strategic and Performance Expectations, and in exercising oversight of the independent selection panel.

Ensuring community voice

97. The government has indicated that the role of local authorities will include ensuring new water entities are responsive to local communities’ needs. In considering ensuring all communities have both a voice in the system and influence over local decisions, we have focused on three aspects:
- community engagement on key strategies and plans
 - community voice and influence over local decisions
 - consumer rights.
98. The current proposal notes that the new water entities will be required to engage with consumers and communities on key strategies and plans that affect them. However, there is limited detail on what this would entail. We suggest that at a minimum, the set-up of the new entities should specify the requirements or principles for consultation, for example as they are set out in the Local Government Act 2002. Individuals and communities should be able to participate effectively in decision-making on strategies and plans, to ensure decisions are well informed. It would be helpful for Entity A to recognise Auckland’s unique governance structure and the respective roles of the governing body and local boards.
99. The current proposals do not specify how communities will be consulted or involved in local decisions and projects. This is important because the new entities will be covering large geographic areas with bigger populations and there is a reasonable concern that community voices will be lost. Local three water projects have a variety of local impacts from smaller-scale traffic disruption to larger-scale impacts (for example the impact on sensitive environments, such as when replacing the treatment facilities at Huia). The proposals should therefore specify how communities can input into these projects at appropriate levels. Doing so, will ensure community voices are considered, including possible co-ordination of work in particular locations to reduce disruption. Note that there is likely to be high community interest in stormwater projects on local parks and governance of these projects also needs to be clarified.
100. Local boards and CCOs have recently developed “joint engagement plans” which outline key projects in each local board area and agreed engagement levels (with both local boards and the community). The joint engagement plans are agreed annually at public meetings and therefore provide a transparent mechanism for the public to understand key projects in their area and how they will be consulted on them. While these plans are still being refined, this is a model that could be considered for the new entities.
101. The opportunity for the community to influence a larger water entity will be less than at present under the proposal. We agree that to protect consumer rights, the proposals need to be clear how service standards and prices will be set and monitored, consumer advocacy ensured, and complaints processes and mechanisms set up for dispute resolution.

102. Councils already have statutory requirements to consult the community on many issues that will impact on the proposed water entities, such as land use, and infrastructure strategies. Councils can also develop non-statutory strategies relevant to water entities which require public consultation, such as Water Strategies. The government should recognise that councils already have a significant role in representing the views of their communities, and that councils are well placed to represent the communities' views.
103. Even if consultation processes are provided for, consultation does not mandate negotiation or consensus-based decision-making. Having a voice heard is not the same as having an influence on outcomes. When local authorities consult, their actions are influenced by electoral accountability elected members face. Corporate consultation does not have this accountability.

Protections against future privatisation

104. A number of protections against future privatisation are specified. These include local authorities being listed in statute as the owners of the entity and any serious future privatisation proposal needing to firstly achieve a 75 per cent majority vote from the Regional Representative Group and then be put to a referendum (all eligible voters in the area served by the entity), where a 75 per cent majority is also required.
105. While this a high bar, there is currently no provision under the Local Government Act (S130) for a local government organisation to divest its ownership or interest in a water service except to another local government organisation. We suggest that no provision for any future privatisation be made within the reform.

a) The opportunities and challenges with including stormwater

106. The government's current proposal to reform water services delivery is that responsibility for all three waters is transferred to the proposed water services entities. At the timing of writing, the government had not released its advice in relation to the scope of the stormwater transfer.
107. The scope of stormwater transfer is particularly important for Auckland, as stormwater is managed differently to most other parts of New Zealand. In most locations, the stormwater element of reform would relate to district council stormwater assets and functions. However, in Auckland, we carry out a number of freshwater functions, including stormwater, flood management and quality, together within our Healthy Waters Department. This means that the scope of a 'stormwater' transfer is less clear.
108. We understand that the government's stormwater working group (established March 2021) noted there are significant benefits to be gained through integrated three waters delivery, and increased investment to make progress on challenging issues like improving stormwater quality. These benefits have not been quantified or supported with evidence that has been provided to councils. They have also highlighted that there are a range of existing and future challenges that will need to be addressed to support any transfer, including:
 - the lack of consistent national standards and approach to management and delivery of stormwater services
 - the complexity of the legislative, policy, and planning framework for stormwater
 - the lack of clarity around accountabilities, responsibilities, and 'powers to act'
 - the complex and variable nature of stormwater arrangements around Aotearoa
 - the need to ensure that stormwater systems continue to contribute to the delivery of multiple outcomes not just for the stormwater, but also for transport system, recreation, urban amenities, and the environment.

109. The report when released will set out a high-level framework for the proposed transfer of stormwater functions. These will cover the transfer of territorial authority stormwater assets to the water service entities, the future regulatory interfaces to maintain and operate the stormwater network and managing the interfaces between agencies, land, and infrastructure. Further detailed work and engagement will be required to implement the framework if the reform proceeds. This work (and engagement) would be carried out through the transition phase at both national and local levels.
110. To guide the proposed transfer of stormwater functions to new WSE, we understand the working group identified some key principles:
- that WSE should adopt a ki uta ki tai (Mountains to the Sea) perspective, applying an integrated catchment management approach that considers both stormwater quantity and quality
 - it must give effect to Te Mana o te Wai and work in partnership with tangata whenua and mana whenua
 - existing ownership of the land and/or stormwater assets should be retained where possible
 - stormwater management should be transferred at the same time as drinking water and wastewater functions
 - that the transfer of responsibilities should not leave “stranded” stormwater responsibilities with local authorities
 - the WSE will have technical and operational capacity and capability which should be leveraged to support regional and territorial authorities
 - that the civil defence emergency management roles and responsibilities should remain at a local, regional, and national level, but new WSE should have the obligations of lifeline utility operators
111. There is no information in the government’s proposals to date on how water service entities will fund stormwater functions if transferred. Currently stormwater is funded through rates (general rates and the Water Quality Targeted Rate) and through development contributions.
112. In the absence of this detail, staff from across the council group have considered the potential risks and opportunities of stormwater transfer to the new entities. Further detail, including case studies, can be found in Attachment C.
113. The stormwater system is fundamentally different from the other two waters proposed for management by the entities, because:
- stormwater is an open system; subject to outside influence from the many activities that take place in each catchment.
 - stormwater is but one part of the management of land, freshwater, and ecosystems which Auckland Council undertakes as a unitary authority
 - ownership and management of the stormwater system is complex and fragmented – key owners include Council (Healthy Waters, Community Facilities), Auckland Transport and private owners.
114. The nature of the stormwater system highlights the importance of integrated land and water management. This also supported by a clearly aligned expectation of integrated land and water management set out in Auckland Council policy, existing legislation and through resource management reform.

The opportunities and risks of transferring stormwater to a new water service entity

115. Under the government's proposal the transfer of stormwater functions could provide the opportunity for greater funding of stormwater which, if leveraged well, could deliver improved stormwater asset management. There are, however, unknowns in relation to this opportunity. These include:
- the level of investment priority afforded to stormwater - driven by the legislation and Taumata Arowai, the new entities' immediate focus could be on drinking water and wastewater
 - what additional procurement and other scale efficiencies would be gained through a shift to a new water entity. Some economies of scale for the delivery of stormwater services have already been achieved in Auckland
 - the need for stormwater investment in excess of that planned in the 10-year budget has not been connected to strategic outcomes sought by Council, nor has it been quantified. Thus, the value that additional investment will provide for the communities who will bear the cost, is unknown.
116. The key risks of a general transfer of stormwater functions to WSE relate to:
- **Auckland's ability to drive an integrated land and water response to big challenges such as climate change and growth.** The need for a coordinated approach between the entity and Council is recognised by the government. However, the government proposal for alignment of strategies and planning is on the basis of the entity's priorities. A wider, more connected, view of issues and solutions is necessary to respond effectively as a region.
 - **Auckland Council's ability to carry out regional council functions.** Some of the work and expertise within Healthy Waters is in service of these functions. There is a risk that 'stormwater' is defined in a way that encroaches on regional functions and results in a transfer of capability and tools necessary for carrying out our statutory responsibilities. This loss could require duplication of resources and break connections between freshwater planning, monitoring and implementation.
 - **An optimised response to Auckland's natural hazards.** Auckland Council would retain responsibility for land management in order to avoid or mitigate hazards, while stormwater infrastructure interventions would sit with the WSE. Without a clear mechanism for directing and aligning responses between organizations, it will be more difficult to identify the most efficient and effective set of interventions for hazard management.
 - **Connected and consistent stormwater regulation.** Environmental and infrastructure regulation is carried out using a closely connected set of tools (Auckland Unitary Plan, Stormwater Bylaw etc). A transfer of some of the existing web of stormwater regulatory tools to the WSE would make the delivery of consistent infrastructure and environmental outcomes more complex.
117. In the absence of information about the scope of a stormwater transfer to the WSE, staff have considered what the transfer of assets might mean in relation to the risks above.

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Activities that if transferred present a low-medium risk to remaining council functions	Assets that, if transferred, present a higher risk to remaining council functions
<ul style="list-style-type: none"> • Piped and constructed network • Stormwater ponds and quality devices • Asset management planning <p>These activities are sufficiently self-contained and focused on implementation of stormwater management so as to present a lower risk to Council’s functions. Though these assets present a lower risk, strong coordination between the council and WSE would still be required to deliver optimal outcomes for Auckland.</p>	<ul style="list-style-type: none"> • Stormwater assets where the primary function is transport (eg, kerb and channel, and catchpits) or community (eg. vegetated channels and dry detention ponds located in public open space). These primary functions would be put at risk if delivered through an entity with water service delivery at its core. • Data/intellectual property. Influence over key data sets and tools (identified in Error! Reference source not found., Attachment C) are necessary in enabling Council to exercise regional council functions effectively and in an evidence-based way. • Natural assets such as streams, lakes and their vegetated edges provide services for our communities that are much broader than stormwater. A transfer of controls around these assets could make the integrated delivery of ecological services, recreation and amenity more challenging. • Development and implementation of infrastructure standards. Transfer of infrastructure standards would generate risk for the outcomes sought through Council’s environmental regulatory role.

118. Further consideration will be given to mitigation measures as stormwater reform proposals are released. However, mitigation may generally include:

- Auckland Council retention of stormwater
- retention of the capabilities, tools, assets and funding that present the highest risk to the council’s remaining functions
- mechanisms to agree working arrangements between Auckland Council and the WSE such as Memoranda of Understanding or Service Level Agreements. This should include establishment of key stormwater roles and boundaries prior to transfer of assets and functions.
- agreed mechanisms for influence that ensure an integrated view of land and water directs coordinated decision-making across the council and WSE.
- ensuring that WSE data and models will be freely available to the council
- strengthen the council’s remaining regulatory tools
- ensuring that the funding streams required to support the assets and functions that will remain with Council are maintained.

b) What improvements could be made to the government’s water reform proposal

119. Recognising Auckland’s specific issues, DIA have worked with council staff on the governance arrangements and offered the following amendments for additional oversight:

Current Proposal	Agree additional oversight
Accountability of board members	
<ul style="list-style-type: none"> Formally report to representatives annually on the performance of the entity against the Statement of Strategic and Performance Expectations and other strategic documents Independent selection panel to conduct an annual performance review of the board 	<ul style="list-style-type: none"> Report biannually to Auckland Council Report to 'owners' in a public meeting Board performance reports to be provided to owners and representatives Requirements to consult Mayor (or their nomination) on Board performance review Ability to call Chair and Chief Executive to attend Council meetings
Appointment of board members	
<ul style="list-style-type: none"> Independent selection panel to agree and present to representatives for comment a board Appointment and Remuneration Policy, including a: <ul style="list-style-type: none"> Skills matrix outlining the experience, qualifications and skills expected of members of an entity board. 	<ul style="list-style-type: none"> Ability to provide direction to the appointments panel on additional matters to consider when appointing the Board
Operation of Regional Representative Group	
<ul style="list-style-type: none"> Regional representative group has some default operational processes in legislation (such as super-majority voting) 	<ul style="list-style-type: none"> Ability for representative group to develop charter that sets out appointment of chair and deputy chair

120. One of Auckland Council's overriding concerns is that the Government proposal seeks to implement a "one size fits all" solution to New Zealand, with no acknowledgement that Auckland is in a very different starting position to the rest of the country. Auckland already has many of the attributes the government's proposal is trying to achieve for the rest of New Zealand. There are other options available that could meet the government's objectives. For example, there is an opportunity to evolve Auckland's existing governance arrangement as opposed to a whole new arrangement.
121. The government's option aims to achieve complete balance sheet separation to allow the water entities greater access to borrowing for increased investment. Some of the options previously considered by council and government may have resulted in a contingent liability on councils' balance sheets. Those options may be acceptable to Auckland Council, depending on how the contingent liability is calculated (i.e. its size). Given that water entities have very stable cashflows, and will be operating in a highly regulated environment, a contingent liability is likely to be an acceptable solution if it achieves greater investment in three waters infrastructure.
122. Auckland Council asked the crown to explore a scenario whereby the Crown provides some form of explicit financial support to Watercare (either guaranteeing Watercare debt or providing a liquidity facility) to help achieve greater levels of investment whilst maintaining a strong credit rating and consequently a lower cost of borrowing. This approach could see a model developed that includes potential shareholdings for the Northland councils (proportionate to their asset value), and potentially a shareholding or step-in rights for the Crown. The overall framework could then retain the current CCO arrangements and accountability mechanisms, with appropriate modifications to reflect any additional shareholding interests and mechanisms for Iwi input. It would have sufficient scale to create strategic capacity across the region and support the areas where that is currently lacking. Importantly, the capacity and capability is shared across the region in an ongoing and sustainable way. This option would also retain direct accountability to shareholders. Leaving to an independent WSE board the power to determine the price of water, within the constraints set by the economic regulator, should provide comfort to the credit rating agencies' concern that there might be political interference in price setting.
123. The view of the Department and the Minister is that council's proposal falls outside of the government's reform model as agreed by Cabinet and the Heads of Agreement with Local Government New Zealand. We believe that this option should still be pursued with government.

124. DIA staff have committed to further investigating two alternatives, these being:

- a) **Variation to the governance arrangements** (refer paragraph 119). However, this scenario does not provide direct accountability or responsiveness to councils or reflect the size and scale of Auckland's input into the new water service entity.

A short-term indemnity to Watercare/Auckland Council. The indemnity would facilitate an additional circa \$350m of borrowing for Watercare to undertake 'invest to save' projects and bring forward a number of capital projects in the lead up to reform that were deferred/not included in the current LTP.

However, we do not believe it is prudent to explore this option further, as it is unlikely to provide Watercare and its supply chain with sufficient time to respond to the additional investment (the indemnity would ideally need to be in place by the end of this calendar year). Further, this option is conditional on Auckland Council opting-in to the reform process and it would be subject to some form of external ("voluntary") regulation. Council may therefore have no say in where the additional investment is directed, potentially resulting in the council having to consult on an amendment to the long-term plan.

125. In addition to the additional arrangements noted in the table above, Auckland Council may wish to advocate for:

- greater representation on the Regional Representative Group
- the right for councils to directly appoint board members
- approval and modification rights to the Statement of Intent
- advocate for the government to explore other mechanisms to allow for greater investment in water infrastructure by the proposed entities, including other mechanisms for achieving balance sheet separation such as explicit government financial support (which result in a greater degree of control and accountability of the water entities)
- a benefit cost assessment of the final proposal
- assurances that should reform proceed, an ongoing commitment to work with council on transitional and operational matters. There are many operational matters (such as legislative commitment or other mechanisms to ensure the sharing of information to assist in each entity's performing their legislative functions) that will require further work and mitigation measures to be developed.

d) Areas where further information is requested

126. There are still issues that need to be resolved and areas where further information is needed, including:

- representation from and on behalf of mana whenua
- the transfer of stormwater assets and functions
- integration with other local government reform processes
- integration with spatial and local planning processes and growth
- the nature, role and timing of economic regulation
- process for and decision making relating to the prioritisation of investment
- what will a Government Bill cover and whether the reform will be mandatory
- conditions associated with the government's package of funding for local government
- transition arrangements, including our own workforce challenges (without transition challenges on top) and due diligence for asset transfers etc.

Tauākī whakaaweawe āhuarangi Climate impact statement

127. It is not clear from the information provided what impacts the water reform proposals will have on climate. The government's objectives for the reform include building resilience to natural hazards and climate change, but how this will be addressed by each individual water service entity is unclear at this stage. It is also unclear what direction will be provided to WSE by the Government Policy Statement. It is intended that the proposed model would have more funding available for investment to address climate and resilience issues.

Ngā whakaaweawe me ngā tirohanga a te rōpū Kaunihera Council group impacts and views

128. Watercare staff have been working with council staff to understand the impact of the government's proposal for Auckland (both on an opt in and opt out basis). Watercare staff are part of the council's internal steering group considering the impact of the reforms. This group includes staff from Healthy Waters, legal, finance, strategy and planning and the Māori outcomes lead for Infrastructure and Environmental Services.
129. Watercare has established a centre of excellence to understand the reform proposals and have been aligning key processes with Healthy Waters.
130. Auckland Transport have been involved in considering the potential impacts, risks and benefits of transferring stormwater to a WSE.

Ngā whakaaweawe ā-rohe me ngā tirohanga a te poari ā-rohe Local impacts and local board views

131. A briefing to the local boards was provided on 20 August, 2021, followed by a memo on the three waters reform being circulated to local boards. Due to timing constraints, 19 of the local boards have used urgent decision-making process to allow their input to be considered by the Governing Body, with the remaining two discussing them at their business meetings. Local board feedback is provided in Attachments D-G.
132. Many local boards acknowledged the need for three waters reform and the need to ensure adequate future investment into water infrastructure. But they were not convinced by the government's 'one-size-fits-all' proposal and felt it did not reflect Auckland's unique governance arrangements, its relationship with Auckland Transport (in relation to stormwater) and its scale and size.
133. Regarding the proposed entity A (Auckland and Northland), most of the local boards expressed concern about linking Auckland with Northland. Many noted that the scale of existing challenges faced by Auckland Council and Watercare in the Auckland area raises concerns around the balance and focus that Entity A could provide to a joint area. Concern was also raised that the new entity were being asked to do too much, and trialing or a more staggered approach may be more appropriate.
134. Several expressed concern about the ongoing utilisation of water from the Waikato River to support Auckland's water supplies and relationship with Entity B. Franklin was concerned about the interrelationship with the southern boundary and how joint assets (Pukekohe Wastewater plant) would be dealt with.
135. The local boards were unanimous in expressing concerns about the potential loss of local accountability and oversight with the proposed governance and representation arrangements. Many highlighted that the proposed governance structure would not reflect asset contribution in a fair or equitable way. Some acknowledged that while the current Watercare and Healthy Waters are not perfect for our communities, the CCO model is a better alternative than the proposed water entities.

136. There was also a strong support for the role of Mana Whenua in water reform, in accordance to our obligations under Treaty of Waitangi and the principles of partnership. Some local boards commented that mana whenua should have a representative on both the entity board and the entity management, beyond a mere seat at the regional representative group.
137. Regarding the integration of land-use/growth planning and water services, many local boards expressed concern over how the management of stormwater would be separated from local planning, and potential misalignments with other regulatory reforms underway. There was also concern that the proposal would create further layers of complexity and bureaucracy.
138. Local boards also wanted a stronger emphasis on climate change and environmental outcomes in environmental and/or economic regulation. There was also some concern about the potential financial impacts on consumers and on Auckland Council.
139. Most local boards were also concerned about ensuring there were robust mechanisms in place to prevent privatisation, and wanted specific mechanisms for meaningful communication and engagement at local level, and for local matters to be raised to and considered by the proposed entity.
140. Many local boards requested more time to consider the implications of Three Waters and further engagement on such a significant reform proposal

Tauākī whakaaweawe Māori Māori impact statement

141. The issues covered in this paper are important for Māori. The government has stated that it was to ensure it delivers on Treaty-related obligations, including by improving outcomes for iwi/Māori in relation to three waters service deliver. The Crown is currently leading the engagement with iwi/Māori, mana whenua. We understand DIA is preparing a discussion document to provide visibility to council on this work.
142. Council is in the process of engaging with the Mana Whenua Kaitiaki Forum (MWKF), the Independent Maori Statutory Board (IMSB) and various operational mana whenua forums (I&ES Healthy Waters and Watercare have agreed to work together on the Reform).
143. Feedback from the Independent Māori Statutory Board is attached (Attachment H). The Board is advocating for greater clarity and representation of mana whenua in the governance structure of the WSE. This representation should include decision-making powers.
144. At the time of writing the MWKF's feedback was still being finalised and it will be circulated separately.
145. The operational mana whenua forum has established a technical reference group to review and assess available information. This group will not make decisions on behalf of mana whenua but are considering issues and providing information to mana whenua to help inform them and aid them in any decision-making. Many of the issues this group are discussing are similar to those raised by the IMSB and we understand are of interest to the MWKF:
 - the co-governance and representation arrangements - the total number of mana whenua members proposed is not considered adequate
 - the complexity of the proposed governance arrangements and lack of accountability to Regional Representative Group and to mana whenua (no direct line accountability or influence)
 - the lack of clarity, information and understanding around the government's three water reform proposal
 - the reform process is siloed from other reform processes going on
 - the process for responding to Te Mana o Te Wai Statements is dislocated from the Regional Representative Group and SOI process, which may make it less effective

- equity concerns around iwi/hapū participation across such a large geographic area (Entity A)
- capacity and capability issues impacting ability of mana whenua to participate appropriately
- concern with how Entity A's southern boundary has been established. In particular, the splitting of the rohe of Ngāti Whanaunga and disconnecting Auckland from the Waikato River (its significant source of its water)
- the inadequate timeframe to provide input to the council and government's processes
- the government's proposal does not respond to allocation concerns, which are fundamental to te mauri me te mana o te wai.

146. Due to the short timeframes and the impact of COVID-19, further updates on how this engagement is progressing and mana whenua interests will be provided verbally at the meeting.

Ngā ritenga ā-pūtea Financial implications

147. There are no financial implications arising from this report. There will be financial impacts if the water reform proceeds and these will be reported on once further clarity on the process and the reforms is provided by the government.
148. The government has provided the council with financial support of up to \$2 million to support iwi engagement, and any legal, operational or consultancy work. The majority of the work being undertaken, however, is by internal staff.

Ngā raru tūpono me ngā whakamaurutanga Risks and mitigations

149. Significant risks, legal responsibility and financial implications have been identified in analysing the reform proposals and investigating alternatives for this report. The table below summarises these risks along with mitigation opportunities through the next stages of the reform.

Issues	Risks with government proposal	Opportunities/Mitigation
Strategy	<ul style="list-style-type: none"> • Direction is set by national GPS and may not reflect Aucklanders' interests (e.g. a compact quality city, environmental restoration and enhancement, water consumption targets) 	<ul style="list-style-type: none"> • Council continues to work with the Crown to influence key strategy elements (e.g. climate resilience)
Land use planning	<ul style="list-style-type: none"> • Fragmented and uncoordinated planning and provision of infrastructure leading to higher costs and poor community outcomes • Inability for council to fund transport / community infrastructure to match water investment • Lack of alignment of WSE work programme with Council's policies and plans • Reputational risks 	<ul style="list-style-type: none"> • Council continues to work with Crown to determine the mechanisms available to councils to influence land use and management of growth • Council provides leadership and examples of how to coordinate in areas of growth

Item 11









Issues	Risks with government proposal	Opportunities/Mitigation
Investment and levels of services (LOS)	<ul style="list-style-type: none"> • LOS are determined by economic regulator/WSE and may result in lower LOS for Aucklanders • Auckland could be deprioritised to meet greater operational obligations / service levels outside Auckland • Stormwater could be deprioritised, at least initially, while regulation focus is on water supply and wastewater 	<ul style="list-style-type: none"> • Council advocates for ensuring that there is no reduction in current levels of service
Economic regulation	<ul style="list-style-type: none"> • Economic regulation starts with information disclosure and price quality path • May reduce council's ability to influence and direct WSE's activities 	<ul style="list-style-type: none"> • Council undertake work on areas of focus for economic regulator to help inform government's proposal and response to consultation document.
Industry capacity / supply chain / efficiency	<ul style="list-style-type: none"> • There is not sufficient industry capacity to undertake all investment required • Potentially a loss of efficiency due to disruption associated with transition and competition for key staff between WSEs • Potential for duplication of functions within council and WSE • Potential loss of clarity between council roles and WSE roles 	<ul style="list-style-type: none"> • Continue to build understanding of potential areas of duplication of function in Auckland. This work, would better prepare Council to limit the inefficiencies and capability challenges generated by transition. • Gives key Auckland based staff certainty
Costs of reform	<ul style="list-style-type: none"> • The costs of water reform to council are unknown⁶ but are expected to increase as a result of proposed economic and water quality regulation. • The responsibilities and therefore costs with the transfer of stormwater to the new WSE are unknown but may relate to the need to duplicate capability and tools in order to satisfy remaining council functions 	<ul style="list-style-type: none"> • Work with transition arrangements to identify the functions, capabilities and costs required to serve each organisation and that these are allocated appropriately. Likely bespoke series of agreements between organisations will be needed • The government has made funds available to cover reform costs. Council would need to quantify these costs.
Integrated land and water management	<ul style="list-style-type: none"> • Decoupling of stormwater and land management functions will make developing and implementing efficient and effective responses to big challenges such as climate change, hazards and growth more challenging. • Loss of capability and tools needed to carry out Council's statutory responsibilities as a regional council. • Potential loss of ability to coordinate and direct the management of natural assets (such as urban streams) so that multiple outcomes can be realised for communities (ecology, amenity, bio-diversity, recreation and stormwater conveyance) 	<ul style="list-style-type: none"> • Retention of capability and tools required to satisfy Council's regional council responsibilities. • Retain control of natural assets such as urban streams where located on public open space.

⁶ For e.g., who provides emergency water to non-connected dwellings (i.e. water supplier of last resort) or who assumes responsibility and liability for repairs from historically known flooding areas or unknown or newly created risks areas?

Ngā koringa ā-muri Next steps

150. The future of water services delivery is a significant issue. This report however does not commit the council to a decision relating to that reform. The government is expected to outline the next steps in the process following feedback from councils in October 2021.
151. Once a concrete proposal has been put forward by government and prior to making an opt in / opt out decision, the council will need to consult on that proposal. Cabinet has indicated that bespoke statutory consultation provisions will be included in reform legislation but if they are not, consultation will be required to comply with council's existing statutory obligations. The costs for consulting are not currently budgeted for and given the significance of the proposal are likely to be in the order of \$1 million.

Ngā tāpirihanga Attachments

No.	Title	Page
A 	Environment and Community Committee Resolutions	41
B 	Table comparing Auckland Council's three water investment with government's modelled investment	45
C 	Stormwater advice and case studies	47
D 	Consolidated Local Boards feedback on three waters	57
E 	Devonport Takapuna Local Board's feedback on government's three water reform proposal	101
F 	Upper Harbour Local Board's feedback on government's three water reform proposal	107
G 	Kaipatiki Local Board feedback on government's three water reform proposal	109
H 	IMSB Memo Three Waters Reform	113

Ngā kaihaina Signatories

Author	Claire Gomas - Principal Advisor
Authorisers	Alastair Cameron - Manager - CCO Governance & External Partnerships Megan Tyler - Chief of Strategy Jim Stabback - Chief Executive

Auckland Council's early position on the three waters review

Cr L Cooper returned to the meeting at 11.20 am.

Resolution number ENV/2018/135

MOVED by Deputy Chairperson A Filipaina, seconded by Cr R Clow:

That the Environment and Community Committee:

- a) **note that decisions on the scope of options in the government's review of three waters are likely to be made before the end of October, with final decisions to follow in 2019 and 2020**
- b) **agree that the Mayor and Chair of the Environment and Community Committee send a letter to the Minister of Local Government setting out Auckland Council's early positions on the three waters review**
- c) **delegate to the Mayor and Chair of the Environment and Community Committee the authority to make minor changes to the letter to the Minister as contained in Attachment B of the agenda report.**

CARRIED

Attachment B of Report

Dear Minister,

Following your announcement of the Government's three waters review earlier this year, we are writing on behalf of the Auckland Council group to put forward our early views on the three waters reforms.

We appreciate that the Government is engaging early. While we understand that there will be further opportunities for local government to provide more formal input in 2019, we consider that it is important to communicate our views to you before the scope of options are set.

We support your efforts to address challenges facing the three waters system. Effectively managing three waters is critical for New Zealand's public health and safety, environmental protection, and economic prosperity.

Auckland's context

Auckland is in a unique position nationally, being the only region where water and wastewater services are provided by an asset-owning council-controlled organisation, which has a specific legislative mandate. Auckland Council and Watercare have been through a significant period of consolidation. Since 2010, we have:

- combined multiple council stormwater operations into a single Healthy Waters Department – responsible for stormwater operations and planning
- vertically integrated Watercare to take over the management of both retail and wholesale management of water and wastewater services in Auckland.

A recent council review of three waters (under section 17A of the Local Government Act) showed that the current services are delivering value for money. However, it also found that we could be doing more to improve cost-effectiveness. The council, Watercare and Auckland Transport are taking active steps in this direction.

Regulation of the three waters

While the quality of Auckland's reticulated water supply is consistently 'Aa', the council group recognises there is a clear case nationwide for changes to the regulation of drinking water. The weaknesses in the current system were well explored by the Havelock North Drinking Water Inquiry, and in our view there should be changes which would see clear standards set, followed by effective monitoring and compliance by an independent regulator.

We support your move to look at environmental considerations of the three waters system, and acknowledge the scale and complexity of the problems. The council supports a catchment-based approach to managing water quality, including the adjacent coastal waters.

In regard to economic regulation, we support the principle of more protection and transparency for consumers but would need to understand more about the specific proposals before taking a definitive position. You would also need to look at how this works with section 57 of the Local Government (Auckland Council) Act 2009 (which requires overall costs to customers for water and wastewater to be kept to a minimum). We would be happy to engage with you about this.

Investing for growth and addressing water quality issues

Despite constraints on the council group's debt to revenue ratio, and therefore its ability to take on more debt, Auckland is investing for growth and addressing water quality issues:

- Auckland has a single vision for growth, which guides development.
- Watercare and Healthy Waters have a significant amount of planned capital works over the next ten years (\$5.5 billion and \$1.4 billion respectively). For example, Watercare will start construction of the \$1.1 billion Central Interceptor in May 2019. This project will significantly reduce the volume and frequency of overflows into the Waitemata Harbour.
- The council group is making other efforts to address the most significant environmental issues associated with three waters (including the SafeSwim initiative and other programmes funded by the recently introduced water quality targeted rate).

Changes to service provision of three waters

We strongly support the government's bottom line that three waters assets will remain in public ownership.

We appreciate the significant challenges facing some parts of the country in providing for and managing water. While we support the push for better regulation, meeting higher standards will mean more costs for some local authorities around New Zealand. If the Government believes that those costs should be met with subsidies, we are strongly of the view that those should come from central government taxes. Rates and local user charges are imposed to fund outcomes in the community they are collected from and should not be used to subsidise other communities.

We recognise that the Government is also looking to address issues of staff retention and lack of capability in some regions. Auckland Council is happy to offer its expertise to other councils on a contractual basis to achieve efficiencies of scale. Watercare is currently negotiating with Waikato District Council to provide water services for the Waikato district on a commercial basis. This is still at a very early stage and would be subject to a thorough assessment of potential risks and benefits before any final decision. However, it is a model that could spread the benefits of Auckland's scale and capability and deliver those benefits earlier and in a less disruptive way than structural change, such as amalgamation. We believe arrangements such as the above should be included as one of the service delivery options under consideration by the Government.

Stormwater

There needs to be careful consideration of whether any review of service delivery should bundle stormwater with water and wastewater. Water and wastewater are piped networks; stormwater is an open network and is more intrinsically linked with land use and transport decisions (roads are significant to stormwater because they are a major conduit into piped systems and overland flow paths). The council and Watercare are currently exploring whether there could be benefits for transferring aspects of stormwater to Watercare. We would be happy to share our findings with you when this has been completed.

Māori interests in the three waters

In Auckland there are nineteen mana whenua groups who have a high interest in the three waters. Auckland Council works with a Kaitiaki Forum who have prioritised water as a priority area of focus. We would support the Government engaging with Auckland mana whenua and Māori in this review and ensuring full consideration of their interests and impacts.

Conclusion

We look forward to seeing further details of the Government's proposals.

Yours sincerely

Released under the Official Information Act 1982

Comparison of Auckland Council's three water investment with government's modelled investment

\$M	2022	2031	2041	2051	2022-2031	2032-41	2042-51
Council's 2021-2031 Long-Term Plan							
Maintenance & Replacement capex	360	525			4,749		
Enhancement & Growth capex	517	684			6,388		
Capex catch-up efficiency							
Opex	373	527			4,431		
Opex catch-up efficiency							
TFP efficiency (capex & opex)							
Gross assets	17,936	29,153			23,314		
Cumulative depreciation	314	4,365			2,133		
Debt	3,635	6,102			5,163		
Annual price rises (%)	0.07	0.03			0.07		
Revenue	1,098	2,103			16,084		
WICS modelling of Auckland - without reform							
Maintenance & Replacement capex	360	525	1,025	1,405	4,749	8,933	12,241
Enhancement & Growth capex	517	684	1,672	2,291	6,388	14,571	19,966
Capex catch-up efficiency	1.0	0.9	0.9	0.9	1.0	0.9	0.9
Opex	324	607	1,186	2,074	4,650	9,068	16,461
Opex catch-up efficiency	1.0	0.9	0.9	0.9	1.0	0.9	0.9
TFP efficiency (capex & opex)	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Gross assets	23,213	32,839	56,801	94,490	27,688	44,781	76,231
Cumulative depreciation	360	4,749	17,329	38,615	2,404	11,097	28,153
Debt	2,820	4,303	10,026	16,152	3,692	7,188	13,252
Annual price rises (%)	0.20	0.05	0.04	0.02	0.07	0.05	0.03
Revenue	1,122	2,102	4,104	6,594	15,665	31,246	54,265
WICS modelling - proposed Entity A							
Maintenance & Replacement capex	519	631	785	975	5,734	7,128	8,861
Enhancement & Growth capex	186	226	1,686	2,794	2,054	15,316	25,386
Capex catch-up efficiency	1.0	0.7	0.5	0.5	0.9	0.6	0.5
Opex	436	320	311	431	4,008	3,084	3,739
Opex catch-up efficiency	1.00	0.65	0.47	0.47	0.86	0.53	0.47
TFP efficiency (capex & opex)	1.00	0.96	0.92	0.89	0.98	0.94	0.90
Gross assets	25,493	31,983	46,809	67,792	28,573	39,715	57,811
Cumulative depreciation	523	5,969	14,591	27,436	3,145	10,422	21,241
Debt	4,115	5,529	9,350	15,610	5,199	7,519	12,540
Annual price rises (%)	0.03	0.01	0.01	0.01	0.02	0.01	0.01
Revenue	1,054	1,452	1,973	2,680	12,599	17,251	23,439

Stormwater

The Government's current proposal to reform water services delivery is that all three waters are transferred to the proposed Water Services Entities (WSE). However, detail relating to the transfer of stormwater services is particularly limited as "*the decision* [to include stormwater in the scope for reform] *will take place ahead of the substantive work intended to clarify the 'perimeter' between stormwater and other assets*"¹. Essentially, the policy work in relation to stormwater transfer has lagged behind the work for the drinking water and wastewater. In the absence of this detail, council staff have considered the implications of stormwater transfer to the WSE and provide the following advice regarding potential risks and opportunities. This advice can be used to inform further policy work by government.

Background

Central government has convened a Stormwater Technical Working Group (STWG) to advise on the stormwater element of reform. However, at the date of writing, the advice of the STWG is not publicly available. This includes a suggested framework for stormwater services and assets to be included in the WSE and the timing of transfer to the new WSE.

Work within Council and central government in relation to stormwater reform has, to date, been largely from a stormwater operational perspective. This includes input into the STWG.

However, the connections between the stormwater system and the full range of Council functions are numerous and tightly bound. For this reason, this advice draws on cross-council input (including from Healthy Waters, Auckland Transport, Chief Planning Office, Regulatory, Governance, Emergency Management and Community) with the aim of providing a whole-of-stormwater-system view of reforms.

Two workshops with the cross-council group have been held. The first, on 14 June 2021, was used to develop a shared understanding of the way that various functions across the council interact with the stormwater system, and begin to identify risks that water reform might generate for these functions. The functions and risks identified informed advice commissioned from Zealandia Consulting, which recommended enhancements to Council's land and water management integration to improve outcomes and mitigate the impact of water reform.

Following the government's release of its Cabinet decisions and reform proposals in mid-July, a second workshop was held to drill further into the stormwater assets and tools required to deliver on Council functions, and the potential options for mitigation of risk.

Stormwater context

The stormwater system is fundamentally different from the other two waters proposed for management by the WSE, because:

- stormwater is an open system; subject to outside influence from the many activities that take place in each catchment.
- stormwater is but one part of the management of land, freshwater, and ecosystems which Auckland Council undertakes as a regional council

¹ [https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/\\$file/regulatory-impact-analysis-decision-on-the-reform-of-three-waters-service-delivery-arrangement.pdf](https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/$file/regulatory-impact-analysis-decision-on-the-reform-of-three-waters-service-delivery-arrangement.pdf)

- Ownership and management of the stormwater system is complex and fragmented – key owners include Council (Healthy Waters, Community Facilities) Auckland Transport and private property owners.

Understanding the nature of the stormwater system highlights the importance of integrated land and water management. It is clear that:

- land and water integration is required by legislation and council policy
- land and water integration delivers better outcomes
- land and water integration delivers outcomes more efficiently

Strong alignment exists between Auckland Council, the Government and the sector around the importance of managing water and land together:

- "Manage freshwater, and land use and development in a integrated and sustainable way" NPSFM
- "integrated management of the natural and physical resources of the region" RMA s30
- "The interrelationship between the Hauraki Gulf, its islands, and catchments ... are matters of national significance" Hauraki Gulf Marine Park Act 2000
- "ensure multiple public benefits from stormwater management and ... deliver low risk and better return on investment" GD04
- "Our relationship with the land – papatūānuku – will pre-determine our relationship with water". Urban Water Principles MfE, 2018
- "focus on integrating stormwater solutions and land use to achieve cost effective flood protection and sustainable water quality outcomes" Stormwater AMP 2018

The openness and complexity of this system is also reflected in the many parts of Council that have been identified as interacting with stormwater. Figure 1 illustrates the key technical interactions with stormwater across council currently (and excludes other interactions, such as those with corporate services).

Infrastructure and Environmental Services	Strategy	Ngā Mātārae	Customer and Community	Regulatory Services	Governance	Group Services	Finance
Development Programme Office	Auckland Plan Strategy & Research	Māori Strategic Relationships & Partnerships	Community and Social Innovation	Regulatory Engineering	CCO/External Partnerships	People and Culture	Procurement
Waste Solutions	Plans & Places		AIM Services	Building Consents	Legal	Communications	Treasury
Technical Services	Community and Social Policy		Digital and Customer	Resource Consents	Auckland Emergency Management	Information and Communication Technology	Financial and Business Performance
Environmental Services	Chief Economist		Regional Service Planning investment and Partnerships	Licensing and Regulatory Compliance	Democracy and Engagement	Corporate Support	Financial Strategy and Planning
Healthy Waters			Parks Sports and Recreation		Local Board Services	Corporate Strategy	
			Connected Communities		Risk and Assurance		
			Community Facilities				

Piped network, streamworks, treatment devices, integrated projects (e.g. Safeswim, Flood reporting and Safe Networks)

- strategy and asset management
- advisory (technical and planning)
- capital works design and delivery
- operation and maintenance (O&M)

Figure 1: Footprint of stormwater across Auckland Council - adapted from Zealandia Consulting, June 2021

Opportunities

The transfer of stormwater to the WSE presents a potential opportunity for greater funding of stormwater which, if leveraged well, could deliver improved stormwater asset management. There are, however, a number of unknowns in relation to this opportunity:

- The initial focus of legislation and of Taumata Arowai as water services regulator will be on drinking water and wastewater. Additionally, stormwater is currently the smallest of the three-waters by investment (\$3.4b in the 2021- 31 Recovery Budget, compared to \$7.6b for water supply and \$10.5b for wastewater). The potential for additional stormwater investment to be prioritized within the WSE is, therefore, unknown.
- The need for stormwater investment in excess of that planned and projected in the LTP has not been quantified, nor has it been connected to strategic outcomes sought by Council. Thus, the value that additional investment will provide for the communities who will bear the cost, is unknown.
- Economies of scale for the delivery of stormwater services have already been achieved in Auckland through Council amalgamation. It is not clear that additional procurement efficiencies would be gained through a shift to the WSE.

Risk Area 1 – planning for Auckland’s future

Auckland is facing major challenges such as [climate change](#), [population growth](#), and the [increasing degradation of the environment](#). Council has the statutory responsibility (eg. via the Local Government Act 2002 and the Resource Management Act 1991) and the community mandate to set direction and make and implement plans for Auckland’s response to these challenges. As a Regional Council, we expect that this responsibility and mandate will remain with Council with or without water reform.

In order to respond effectively and efficiently to Auckland’s challenges it is important that we understand both the issues and our aspirations in an integrated way (across land and water). This understanding should be based in evidence; drawing on fit-for-purpose data and tools. This then allows for an appropriate package of interventions to be identified and implemented, for instance, through land management and stormwater infrastructure development. The need for a coordinated approach between the WSE and Council is recognized by the government. However, the government proposal for alignment of strategies and planning is on the basis of WSE priorities. A wider, more connected view of issues and solutions is necessary to respond effectively as a region.

The de-coupling of stormwater from Council’s land and water functions generates risks to the Council’s ability to respond to Auckland’s challenges.

The priorities that will drive a WSE may be narrower (more focused on utility service delivery) than Council’s. This could result in misaligned views between the WSE and council on both the issues and the most effective way to respond. Tools that are currently available for use in delivering an integrated response such as LTP budget setting will no longer be available to Council and it is unclear whether other tools such as the development of Integrated Catchment Management Plans will remain with Council. In the place of these tools there is currently no clear mechanism for directing the WSE to ensure an integrated and aligned response to Auckland’s challenges.

Risk Area 2 – Carrying out our regional council functions

As a unitary authority, Auckland Council has regional council functions and responsibilities set out in the RMA. These responsibilities include the requirement for land management to maintain and enhance ecology, soils, coasts, water quality and water quantity. The RMA also requires that Council develops and implements plans to “[achieve integrated management of the natural and physical resources of the region](#)”. Much of the work carried out by Healthy Waters and the expertise sitting within the department is in service of these regional council functions. For example, a number of the initiatives funded via the Water Quality Targeted Rate support regional functions rather than stormwater services.

In order to fulfil regional council responsibilities Auckland Council:

- Brings together expertise around land, freshwater, ecosystems and the coast. This is not just to deliver on statutory requirements for integrated management, but because our environment itself is integrated (for example, much of our urban biodiversity is focused around our streams).
- Operates an established feedback loop between policy making, research and implementation. Expertise from within Healthy Waters contributes to every step in this cycle from managing data, to informing plan changes, and advising on consents.
- Endeavours to use the right tools to inform our actions. This means access to bespoke data sets such as the Freshwater Management Tool, Stream Ecological Valuation, the Regional Erosion Threshold Metric, or watercourse assessments.

The transfer of stormwater to the WSE could have adverse consequences for our regional functions. There is a risk that ‘stormwater’ is defined in a way that encroaches on regional functions and results in a transfer of capability and tools necessary for carrying out our statutory responsibilities. This loss could require duplication of resources and generate a cost for Council. It is not possible to quantify this cost until the government releases further detail on its proposal.

A loss of freshwater capability would also risk breaking connections in our feedback loop (plan, research, implementation) and with our natural resources (land, coast and ecosystems). Any breakdown of these connections risks reducing the effectiveness of our action

Case Study: National Policy Statement for Freshwater Management	
<p>Council function/responsibility</p> <p>The National Policy Statement for Freshwater Management 2020 directs how Councils manage freshwater, including:</p> <ul style="list-style-type: none"> - Giving effect to Te Mana o te Wai - Working with tanagata whenua and communities to set out long-term visions for freshwater in the Regional Policy statement - Development of action plans to achieve the attributes that we set for areas (Freshwater Management Units). The action plans will include regulatory measures, and non-regulatory measures (such as infrastructure interventions and community-led measures) 	<p>How we do this in practice</p> <p>Significant programme of work over several years involving:</p> <ul style="list-style-type: none"> - Resources and expertise from Chief Planning Office, Regulatory Services, and Healthy Waters. - Tools and data-sets that serve multiple functions, for example, the Freshwater Management Tool (FWMT). FWMT models land-use and water and is currently managed out of Healthy Waters using consultant resource, but was built to support both stormwater management and regional functions (response to the NPSFM). - Action planning will require input from multiple groups that control the levers which influence freshwater outcomes (land management, infrastructure interventions,

	community and tangata whenua action etc). These levers will be balanced to identify an optimal set of interventions that can be put into practice.
<p>Potential impacts of reform</p> <ul style="list-style-type: none"> - Greater funding available that could be used for infrastructure interventions in action plans. However, it is currently unknown how these interventions would be prioritised within the WSE. Risk to freshwater outcomes if an optimal set of interventions is more difficult to identify and put into action. - Should a broad interpretation of 'stormwater' be taken, capability from within Healthy Waters that is currently supporting the NPSFM could be transferred to the Water Service Entity. Risk that capability would then need to be duplicated, or accessed from within WSE where it would be primarily answerable to WSE drivers. - Tools (including FWMT) that are intended to inform part of the NPSFM implementation, could be transferred to the WSE because of their stormwater function. Risk that these tools are not managed to be fit for NPSFM purposes and that Council would need to duplicate capability to operate the tools. 	<p>Potential mitigation</p> <ul style="list-style-type: none"> - Retain capability needed for Council's response to the NPSFM. - Retain influence over tools that contribute to the NPSFM including the FWMT. Develop clear agreements with WSE in relation to the inputs and operation of the tools. - Develop an agreed mechanism for influencing and aligning the priorities and actions of Council and WSE to contribute to NPSFM action planning.

Risk Area 3 –hazard management

Flood management responsibilities lie with regional councils, whereas stormwater management is a district council role. The line between these functions can be blurry, and is particularly so in Auckland as flooding and stormwater are managed together. Council also has functions under the Civil Defence Emergency Management Act 2002 relating to emergency management and hazard risk reduction.

We expect that, as a regional council, Auckland Council would retain responsibility for flood management and a responsibility to manage land use in order to avoid or mitigate hazards.

An efficient and effective way to manage hazards is through avoidance. Use of the Auckland Unitary Plan to manage development in relation to flood hazards is, therefore, critical. Where an avoidance approach is not practical, infrastructure responses are also required, such as the development of dry ponds to provide space for flood flows. Both of these interventions should be based firmly in evidence; Auckland Council manages data and models relating to flooding, coastal inundation and coastal erosion, among other hazards.

The transfer of stormwater functions to the WSE generate risks, particularly for the council's flood management responsibilities. Auckland Council's flood modelling tools and capabilities (currently located within Healthy Waters) inform both flood and stormwater management, but if transferred to the WSE without a mechanism for Council to direct or influence WSE outcomes would risk this data not being fit for Council purposes, potentially impacting the

outcomes we are trying to achieve. It may also result in a need to duplicate functions. As noted in Risk Area 1, the lack of a mechanism to direct and coordinate responses risks a misaligned set of land and infrastructure interventions that may not be optimal.

Case Study: Managing the tension between growth and flooding	
<p>Council function/responsibility</p> <ul style="list-style-type: none"> - Flood management (regional council responsibility), - Stormwater management (district council responsibility – likely to be transferred to WSE) - Managing land to avoid and mitigate hazards (district and regional) - Strategic integration of land use and infrastructure (regional council responsibility) - Regional emergency readiness and response (Civil Defence and Emergency Management Act) 	<p>How this is done in practice</p> <ul style="list-style-type: none"> - Flood model for the Auckland Region is developed and managed by Healthy Waters. - The model is the source of truth for zoning land to manage hazards and planning for operation of stormwater and flood infrastructure. - Using model information, the tension between growth aspirations and flood hazard management is played out. The council responds using a mixture of land use and infrastructure interventions. This may mean management of flood risk through the restrictions placed on development in the Auckland Unitary Plan, or through building of devices to slow and convey flood waters. An optimal mix of interventions will manage risk efficiently.
<p>Potential impacts of reform</p> <ul style="list-style-type: none"> - Greater funding for stormwater could be accessed through the Water Service Entity. Though it is not clear how stormwater will be prioritized within the WSE. - Decisions are more likely to be made in isolation within each organisation, without wide range of options, solutions and funding mechanisms to draw on. Risk, therefore, that the optimal interventions are not identified. - Should the flood model be controlled by the WSE (with a narrower, water service provision focus), Council would need to duplicate capability required to work with the flood model. Council could also lack the clear and shared understanding of the risk needed to make difficult decisions. 	<p>Potential mitigation</p> <ul style="list-style-type: none"> - Develop and agree a clear mechanism for influencing and aligning the flood management priorities and actions of Council and WSE. - Retain tools required for flood management including the flood model. Develop clear agreements with WSE in relation to the inputs and operation of the tools. - Retain flood management capability, including that needed for Council to engage with the flood model.

Risk Area 4 – Regulating stormwater

Auckland Council regulates the stormwater system for two related purposes:

- As part of Council’s environmental regulatory role under the RMA. This includes the diversions, discharges, water quality, land use, hydrology and flood hazard associated with the stormwater system.
- To ensure the quality of stormwater infrastructure. This is important to make sure that the infrastructure provides the planned service for the community and meets the requirements of environmental regulation.

Currently stormwater regulation is carried out using a closely connected set of tools (Auckland Unitary Plan, Stormwater Bylaw, Stormwater Network Discharge Consent,

Stormwater Code of Practice, and the Building Act and Code). This complex regulation is supported and implemented by expertise from across Council including Regulatory Services, Healthy Waters and the Chief Planning Office. Funding streams for this regulatory system are also highly integrated – for example, funding from the Water Quality Targeted Rate is currently used to resource compliance activities carried out within Healthy Waters to contribute to the council’s regulatory functions.

The role of Taumata Arowai as a regulator of stormwater has not been defined. However, it is understood that Council would retain much of its existing environmental regulatory function in relation to stormwater, not least because non-WSE stormwater systems and wider freshwater systems would continue to require regulation outside of the scope of Taumata Arowai. However, it is logical to assume that as the infrastructure provider, the WSE may seek control of regulation and consents that manage the quality of stormwater infrastructure such as the Stormwater Network Discharge Consent and the Stormwater Bylaw.

A transfer of some of the existing web of stormwater regulatory tools to the WSE would not be simple. Acknowledging this, government have proposed a [regulatory charter](#) approach to clearly ascribe roles and functions. However, Council will still likely need to duplicate and strengthen the regulatory tools that are retained to ensure that we can continue to regulate freshwater and stormwater, including non-WSE stormwater. Duplication of tools comes with a risk of misaligned regulation and, therefore, inconsistent outcomes. For our regulatory customers, this will also create the need for them to deal with multiple entities on similar matters with no guarantee of coordination. Funding will also need to be connected to the allocation of roles and functions established through a regulatory charter. Additionally, the transfer of stormwater infrastructure regulation would result in loss of revenue for Council. For example, engineering approvals, as a subset of regulatory services, would likely be redistributed to the WSE and other entities in order to perform their functions. This could result in a loss of \$11m in revenue and \$6m in net income per year.

Risk Area 5 - Assets

Auckland Council assets connected to the stormwater system reflect the open nature of the system itself. These assets fall broadly into three categories:

Stormwater system components		
Built network <ul style="list-style-type: none"> • Piped network (incl inlets and outlets) • Constructed stormwater devices (ponds, channels, wet detention basins) • Proprietary quality devices • Soak holes • SW assets that primarily serve transport 	Natural/Green network <ul style="list-style-type: none"> • Urban streams • Rural streams • Lakes, ponds and wetlands • Overland flows / flood plains • Dry detention basins and vegetated channels • Coastal environments • Groundwater 	Data / Intellectual Property <ul style="list-style-type: none"> - Flood modelling - ICMPs - AMP - Infrastructure Standards - FWMT - SEV model - MCI - Regional erosion threshold metric - Watercourse assessments

Figure 2: Stormwater system assets and tools

In the absence of information about the scope of a stormwater transfer to the WSE, the risk of transferring assets can be considered in relation to the functions that council is likely to retain as discussed above.

Assets that if transferred present a low-medium risk to remaining council functions:

- piped and constructed network
- stormwater ponds and quality devices
- asset management planning

These activities are sufficiently self-contained and focused on implementation of stormwater management so as to present a lower risk to Council's functions. Though these assets present a lower risk, strong coordination between the council and WSE would still be required to deliver optimal outcomes for Auckland.

Assets that, if transferred, present a higher risk to remaining council functions.

- Stormwater assets where the primary function is transport (eg, stormwater assets within the road corridor which structurally support the road (bridges, culverts) and / or have a road drainage function (catch-pits, kerb and channel, pavement side drains) or community (eg. vegetated channels and dry detention ponds located in public open space). These primary functions would be put at risk if delivered through an entity with water service delivery at its core.
- Data/intellectual property. Each of the data sets and tools identified in Figure 2 above are necessary in enabling Council to exercise regional council functions effectively and in an evidence-based way.
- Natural assets such as streams, lakes and their vegetated edges provide services for our communities that are much broader than stormwater. This includes ecological services, recreation and amenity, all of which would remain within the scope of Auckland Council.
- Development and implementation of infrastructure standards. Transfer of infrastructure standards would generate risk for the outcomes sought through Council's environmental regulatory role (as described in Risk 4, above).

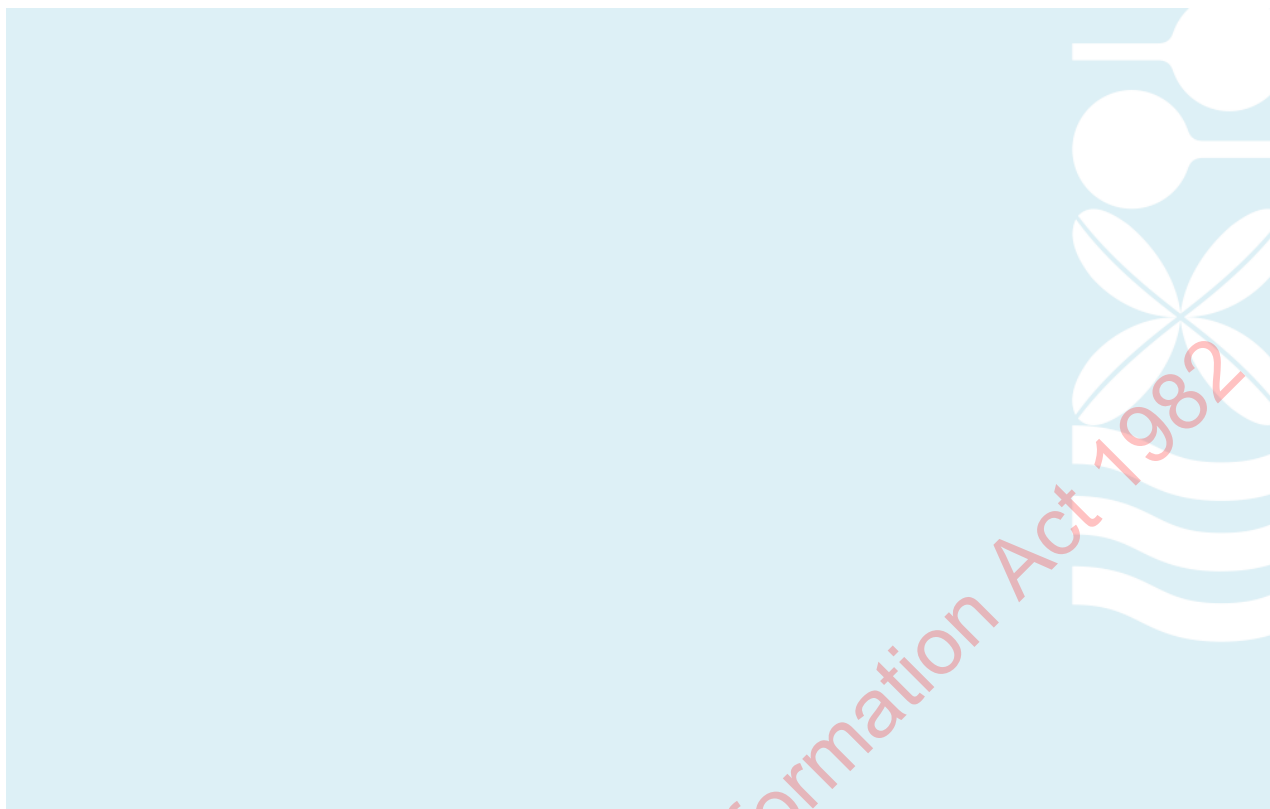
Case Study: Urban streams in public open space	
<p>Council function/responsibility</p> <ul style="list-style-type: none"> - Many urban streams are located within public open space and are, therefore, owned and managed by Auckland Council. - Streams on public and private property provide conveyance as part of the stormwater system. - Regional council responsibilities for integrated management of the environment, including water quality and quantity, ecology, soils, and coasts. - Regional council responsibility for integrated management of land use and infrastructure - Development and management of public open space, providing community services, recreational opportunities, and amenity. 	<p>How this is done in practice:</p> <ul style="list-style-type: none"> - Auckland Council regulates activities in and around streams on public and private land. This includes activities associated with stormwater conveyance. - Council investment in and around streams is used to protect and enhance the environment. Investment is undertaken by various parts of council including for stormwater management, management of public open spaces, and via local boards. These initiatives are often connected and work together, resulting in efficient projects that deliver multiple outcomes. - Local boards have a role as land-owner, to manage and approve activities in public open space. This role can result in additional investment in urban streams and delivery of multiple outcomes for the environment. This role also connects the vision of the local community to activities in public open spaces.
<p>Potential impacts of reform</p> <ul style="list-style-type: none"> - Greater funding that could be used for additional stormwater interventions in streams. 	<p>Potential mitigation</p> <ul style="list-style-type: none"> - Retain ownership of streams in public open space to safeguard Council's ability to carry

<p>Though funding priority for stormwater within the WSE is as yet unknown.</p> <ul style="list-style-type: none">- Reform could result in the WSE having general WSE powers to act in streams. Risk that narrow WSE drivers, coupled with powers in relation to streams will reduce the willingness of the WSE to work with Council initiatives in and around streams to deliver multiple benefits. Thus narrowing the outcomes delivered and reducing the efficiency with which they are delivered.- Reform could further result in control/ownership of urban streams in public space being transferred to the WSE. Risk that this would reduce Council's ability to act in and around streams for environmental or community reasons.	<p>out environmental and community activities in and around streams. Local board landowner role will also continue to act as a trigger for delivering multiple outcomes.</p> <ul style="list-style-type: none">- Ensure that a clear mechanism is available to drive an integrated set of Auckland Council and WSE initiatives in and around streams.
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Summary of potential mitigation

Further consideration will be given to mitigation measures as stormwater reform proposals are released. However, mitigation may generally include:

- Auckland Council retention of stormwater
- retention of capabilities, tools and funding required to deliver regional council functions
- retention of assets with a primary community function
- retention of assets within the road corridor which structurally support the road (bridges, culverts) and / or have a road drainage function (catch-pits, kerb and channel, pavement side drains)
- clear establishment of stormwater roles and boundaries between Auckland Council and the WSE, prior to transfer of assets and functions
- agreed mechanisms for influence that ensure an integrated view of land and water directs coordinated decision-making across the council and WSE
- strengthen the council's remaining regulatory tools
- ensure that the funding streams required to support the assets and functions that will remain with Council are maintained.



LOCAL BOARD SERVICES

E mahi ana mātou i te mahi mō Tāmaki Makaurau

Local Board Feedback on Three Waters Reform Proposal

13 September 2021

aucklandcouncil.govt.nz



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The following local boards opted to follow a more formal process and their resolutions are recorded elsewhere:

- Devonport-Takapuna
- Kaipatiki



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Summary of local board feedback

Feedback from the local boards was requested on the following points:

- a. Need for three waters reform in New Zealand
- b. Proposed entity A (Auckland and Northland)
- c. Proposed governance and representation arrangements
- d. Integration of land-use/growth planning and water services
- e. Environmental and/or economic regulation

Regarding the need for three waters reform in New Zealand, most of the local boards were supportive of the principles outlined in the proposal, though many boards questioned whether Auckland had the same need for reform as other parts of New Zealand. Some noted that more details would be needed to fully understand the implications of the proposed reform.

Regarding the proposed entity A (Auckland and Northland), most of the local boards expressed concern about linking Auckland with Northland. Many noted that the scale of existing challenges faced by Auckland Council and Watercare in the Auckland area raises concerns around the balance and focus that Entity A could provide to a joint area.

Regarding the proposed governance and representation arrangements, the local boards were unanimous in expressing concerns about the potential loss of local accountability and oversight. Many highlighted that the proposed governance structure would not reflect asset contribution in a fair or equitable way. There was also strong support for the role of Mana Whenua in the proposal.

Regarding the integration of land-use/growth planning and water services, many local boards expressed concern over how the management of stormwater would be separated from local planning. There was also concern that the proposal would create further layers of complexity and bureaucracy.

Regarding environmental and/or economic regulation many local boards supported a strong emphasis on climate change and environmental outcomes. There was also some concern about the potential financial impacts on consumers and on Auckland Council.

Most local boards were also concerned about ensuring there were robust mechanisms in place to prevent privatisation.

Released under the Official Information Act 1982

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Albert-Eden Local Board

Feedback via urgent decision-making process

Version 10 September 2021

Need for Three Waters Reform in New Zealand

There are numerous problems with the existing water arrangements:

- uneven quality of potable water throughout New Zealand, particularly outside the larger cities, especially highlighted by the Havelock North water contamination incident 5 years ago but also affecting many other towns and districts
- regular failures of ageing infrastructure - e.g. loss of water through leaks, sewage overflows into streams and the marine environment, inability to cope with heavy rain events, etc.
- in the worst case some communities have to regularly boil their drinking water
- the significant cost of bringing existing systems up to an acceptable standard let alone coping with growth in demand as the population increases.

The Government has a long-term goal (modeled on the Scottish Water system) to eventually have the great majority of properties connected to quality "town supply" for both potable water and waste water - requiring a degree of cross-subsidization. At present about 15% of the population lives outside of reticulated supply systems.

There is a very strong case for reform. For example over the next 30 years the projected cost of improving the water systems has been projected as \$120-185 billion, which is likely to be very unevenly shared under current arrangements. The proposed changes are designed to share the significant financial burden more equitably and will hopefully substantially reduce that cost through increased efficiencies and economies of scale.

On balance Albert-Eden supports the intent of the proposed reforms to improve water standards, security of water supply and wastewater disposal. However, there are some aspects of the proposed model which are of concern as set out below.

Proposed Entity A (Auckland and Northland)

The Government has modelled its proposed system on that of Scottish Water (established in 2002) which has a small number of large delivery entities that provide water services across the country, overseen by a national water service regulator to administer and enforce drinking water standards and environmental outcomes from waste water and storm water networks. The New Zealand water regulator, Taumata Arowai, has been established under its own empowering legislation. Now we are debating how the delivery entities will work.

Last year the Government stated that economies of scale can only be achieved by dividing the country into a small number of entities (say 2-5), of at least 600,000 residents each - the population of the entire South Island being just over a million. They have now settled on four such entities to replace the present system which has 67 district or regional bodies, some quite small. The largest would be the Auckland Council area plus all of Northland with a population of about 1.8 million - over a third of the country.

Given the larger scheme of dividing the country into four delivery entities, the linking of Northland with Auckland seems about right - Northland with under 200,000 people is too small to stand on its own and it would not seem logical to link it with the middle and lower North Island with an almost 120km gap between

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them. This boundary is more logical than an earlier three-entity version which was considered and would have also included the Coromandel Peninsula with Auckland and Northland. Auckland has a history of assisting Northland after major storms, with engineering staff seconded up North for years at a time.

The new entity in the Auckland-Northland region will clearly take over the role of Watercare Services and the equivalent agencies in Northland, and all their infrastructure and reticulated networks. But it is not completely clear how the storm water function will work.

Although there may be a degree of cross-subsidisation involved, this is likely to be minor and arguably ameliorated by increasing the overall scale of operations by about 15%.

Proposed Governance and Representative Arrangements

Loss of Local Democratic Control Over Water

Government's proposal would effectively strip Auckland Council of control over 28 per cent of its assets and 25 per cent of its expenditure. Communities would lose significant voice and ability to have influence over water through their elected representatives.

The proposed governance structure is one of the most contentious parts of the proposed reform. The proposal is to have each of the four delivery entities managed by a Board of Directors appointed by a two-step electoral college arrangement. The relevant TAs (Territorial Authorities) will choose their representatives on a Regional Representative Group shared with iwi reps; that Group will in turn appoint an independent panel who will in turn appoint the Board Members. This appears deliberately designed to dilute whatever control the TA's will have over the new entity and is simply unacceptable.

Auckland Council has had a frustrating decade of experience with Council Controlled Organisations that are anything but. For example in 2010 the super city was set up with much of its activities managed by six CCOs each with Boards of Directors chosen by the Government. This resulted in the Chief Executive of Ports of Auckland Limited (POAL) being responsible to a Board of Directors appointed in turn by the Board of Directors of Auckland Council Investments (a CCO) - so that the Council as owners had very little control over management. After years of discontent, in 2015 Council disbanded AIL and Waterfront Auckland, replacing them with Eke Panuku Development Auckland and took over direct control of POAL. Subsequently two other CCOs were merged (Regional Facilities Auckland and ATEED became Auckland Unlimited).

In addition to simplifying this convoluted governance structure there is a need for some ability for Council as nominal owners to be able to direct the new water entity. Each year the Auckland Council's CCOs receive a Letter of Expectation from the Mayor, which they respond to with a formal Statement of Intent. Through this process Council is able to ensure that the Directors, who tend to be very business minded, commit to other ends such as environmental and social objectives, being a good employer, etc. We would expect some similar mechanism so that the Regional Representative Group has a greater role than merely appointing the Directors and are able to give annually reviewed riding instructions to the management and monitor their progress against agreed metrics or KPIs at (say) quarterly meetings. Although those parts of meetings which consider sensitive information about candidates for appointment to the Board would probably need to be held in confidential, discussions on priorities, projects and operational issues should be held in open session.

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Item 11

Integration of Land-Use/Growth Planning and Water Services

Water planning is an essential part of urban planning and decision-making needs to be integrated within urban planning. There should be a close relationship between water entities and regional planning bodies. Auckland Council currently sets Watercare's direction through the Statement of Intent process. That means that Watercare has to give effect to our key strategic planning documents e.g. Auckland Plan, Long-Term Plan and Unitary Plan and at least take notice of other plans and strategies that overlap with their activities, even if they are not statutory documents. We would expect similar arrangements for the new entity in our area which might be thought of as Watercare-Plus.

Of particular concern for Local Boards is that land used for parks or environmental preserves may also serve a temporary storm water function during very intense rain that only occurs infrequently (e.g. a so-called 1 in 50 year or 1 in 100 year event). For example, some playing fields are surrounded by earth bunds a metre or two in height so that in heavy rain events they become storm water detention ponds - the water drains away slowly through a choke drain so that in a matter of hours the playing fields are again dry. In our Ward, the playing fields at the North end of Keith Hay Park are about 12 hectares in extent and 2 metres deep so the temporary detention pond can hold back up to 240 million litres of water for some hours, reducing flood damage in Oakley Creek by spreading out a flood event from a matter of minutes to hours. The point is that the primary use of that park is for recreation so control should remain with Council (usually the relevant Local Board). We need to ensure that such land remains under the control of the TA, though the water entity may have an easement right over the land to give them access when required from time to time in order to maintain storm water facilities, remove silt and heavy metals from ponds, etc.

Environmental and Economic Regulation

Quite apart from the annual Statement of Intent, there should be a requirement in law for the new water entities to conform to high environmental standards in both the design and operation of their systems. Hopefully the water regulator will devise and promulgate a suite of best practice guidelines for the water entities.

The water entities should be required to treat access to clean safe water as both a human right and an essential service. This approach should underpin their relationship with their consumers (who they will no doubt regard as "customers") who should be dealt with fairly and humanely in all circumstances. This should inform their pricing formulae and also how they deal with those who are struggling to pay their bills on due time.

Need to Permanently Protect against Privatisation

Although the proposed legislation could require a 75% vote of Parliament or referendum before any sale of national or regional water assets, such legislation could be easily repealed by a future government unless the provisions were themselves entrenched.

Need to Respond to Climate Change

That climate change should explicitly be one of the central tenets of the plan for three waters at every level of the proposed restructuring and therefore all agencies with responsibility for three waters must:

- prioritise and report on actions taken to contribute to reducing carbon and other greenhouse gas emissions
- take into account the impacts of predicted climate change, especially predicted sea level rise and risks of increased extreme weather events, such as prolonged droughts and intense rainfall, when planning for capacity and placement of infrastructure
- Take a role in increasing the uptake of water-saving measures such as rainwater tanks in existing dwellings and in ensuring these are included where feasible in new dwellings

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- collaborate with other agencies where appropriate - for example careful design of new roads or retrofitting of existing ones can mitigate storm water effects

Iwi Role

Iwi involvement in governance is supported as they are treaty partners and water has always had great significance for them. The new water entities should be required to commit to Te Tiriti and adopt a partnership approach with mana whenua.

Storm Water Issues

It is unclear how the complex issue of storm water is to be dealt with under the government's proposal. While water supply and waste water services are largely "in pipe", storm water is dispersed very widely across private as well as public land. Dealing with complex water flows is hard enough, but made more complex when dealing with private property rights and things like overland flow paths.

At present (certainly in Auckland) water users pay for water supply and waste water services, but storm water services are under separate control and funded out of rates, including a special targeted rate. Under the new "Entity A" it is not clear how storm water services (both infrastructure and operational) would be funded. Is it proposed that this is to be partly or wholly funded out of rates as at present or by some other means?

Financial Issues Both for Consumers and Local Government

The Government estimates that without reform the average household bill for water services could be as high as \$1,900 to \$9,000 by 2051. Although the architects of the reforms hope to reduce the overall cost and potentially halve those figures, the impact on householders will still be high.

There are strong concerns about the potential impact of the proposed reforms on Council Balance Sheets and Budgets which prompts the following questions.

- What steps are envisaged to protect Council finances when a large chunk of their asset base is removed and transferred to the new entities?
- Will Councils be financially compensated, directly or indirectly for such assets?
- Will the substantial existing loans raised by many (if not all) Councils to pay for new and improved water infrastructure also transfer to the new entities?
- Will Government mitigate any reduction in the credit rating of Councils (and a reduction in their ability to borrow at favourable interest rates) that will almost certainly follow a significant reduction in the asset base of Councils? For example, will government consider the creation of a large Local Government funding pool for suspensory loans to allow Councils to continue debt funding of future capital works?

The Government is offering \$2.5b across the 67 councils, which could mean \$340m for Auckland - or not. In the first round of discussions last year the Government offered \$671 million, of which Auckland got just \$1 million. The logic for this lop-sided distribution was that Auckland has the best water quality in the country and arguably needs little assistance, but this ignores at least two factors: a lot of Auckland's reticulated network is ageing and in need of rehabilitation, and Auckland is growing much faster than most regions - some of which are flat-lining or even going slightly backwards. These matters are key drivers behind our Mayor's questioning of the reforms

Smaller units of Local Government could be severely impacted by the proposal to wrest water services from their organisation as this is a large part of what they do. Cost overheads which are currently spread across the organisation would then be spread over a narrower range of activities, reducing overall efficiency. In some cases a small number of specialist staff are shared by multiple sections of the council

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(e.g. an engineer may work on both water and road projects and may become unaffordable if roughly half their work-load disappears). This leads more than a few councils to fear that a by-product of making water services in their region more efficient could be to make their establishments less viable, putting pressure on them to amalgamate against their will. While this would not apply to Auckland and other large councils, we need to be aware of the threat perceived by our local government colleagues, particularly in the provinces.

Taking of Spring Water for Bottled Water

Will the reforms allow settlement of the vexed issue of water bottling companies (often foreign-owned) capturing spring- water for export with little or no return to New Zealand? Apparently one of the difficulties with resolving this issue is the legal fiction that nobody owns the water sources for this lucrative trade. Surely this can be settled as a small part of the water reforms.

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Aotea / Great Barrier Local Board

10 SEPTEMBER 2021

AOTEA / GREAT BARRIER LOCAL BOARD FEEDBACK ON THREE WATERS REFORM PROPOSALS AUGUST / SEPTEMBER 2021

The Government's Three Waters Reform Programme proposes to create publicly-owned multi-regional entities that have the scale, expertise, operational efficiencies and financial flexibility to provide safe, affordable water services for New Zealanders.

These reforms are intended to safeguard and enhance this critical infrastructure and associated services for generations to come so that New Zealand can have safe affordable drinking water, and sewage and stormwater systems with good environmental outcomes.

The three waters service delivery reform is proposing to reform council-owned drinking water, wastewater and stormwater supplies. *It is not designed to reform privately owned supplies. It does not impact single household self-suppliers.*

Aotea / Great Barrier Local Board Plan callout

Local Board Plan outcome:

Ko te tino hia hia ki a manawaroa to tatou motu / Our island is resilient

Key local board plan initiatives relating to water:

- Acknowledge that the Waitangi Tribunal has stated that the Treaty of Waitangi provides for Māori proprietary interest in water bodies, as well as the exercise of tino rangatiratanga and kaitiakitanga over water, and work alongside mana whenua to ensure safe and clean drinking water for everyone.
- Establish a water security plan that starts with an understanding of our aquifers
- Support AoteaOra Trust to establish a drinking water refill programme.
- Mitigate the effects of climate change by restoring freshwater ecosystems to provide ecological services such as flood mitigation, habitat for native biodiversity, sedimentation reduction, and carbon sequestration through riparian planting.
- Deliver a local freshwater stream quality programme to identify and mitigate pollution sources.

Introductory context

Aotea / Great Barrier Island lies 90km northeast of Auckland City and is sentinel at the entrance to the Hauraki Gulf and within the Hauraki Gulf Marine Park.

The island is Auckland Council's most remote and isolated area. The permanent population of Aotea / Great Barrier is 936 (2018 census) plus part-time residents with second homes. There are approximately 192 Māori living on the motu. The island's population is older than the region average with a median age of 52 years of age and 24 per cent of people over 65 years of age.

The people of Aotea / Great Barrier have the lowest household incomes in the Auckland region. There are limited job opportunities on the island, with only 56 per cent employed in full or part-time work (this compares with 66 per cent for Auckland region, 2018 Census). The top economic sectors for the

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island are accommodation, food, healthcare, education, retail, construction and professional services. A high number of people are self-employed or own their own businesses (27 per cent).

Many facilities are community- owned and operated with community-run health and welfare organisations.

Aotea / Great Barrier does not have reticulated water, power or public transport. People live off-the-grid; running their own power, water, septic and drainage systems. The island does have limited public stormwater infrastructure predominantly relating to transport infrastructure. Every building consent includes stormwater management.

Feedback on items specifically requested to be responded to.

Aotea / Great Barrier Local Board provides the following feedback:

Proposed governance and representation arrangements

1. Endorse iwi partnership and efforts toward achieving Te Tiriti o Waitangi principles through equal local government and mana whenua representation on governance groups.
2. Identify that Aotea / Great Barrier is an off-grid rural island distant from the mainland and has a small population and there is concern about the potential for loss of local accountability and oversight.
3. Mechanisms need to be planned and implemented to enable the ability for direct contact from local level representatives through to the proposed entity. Auckland's Council Controlled Organisations have specific roles whose duties are to support and enable effective relationships between local boards and themselves is a model to be considered.
4. Support the identification for the need to be accountable to residents, businesses and ratepayers and endorse that this should occur through effective local governance and consumer advocate oversight.

Integration of land-use/growth planning and water services

5. Endorse an integrated, catchment-based approach to the management and operation of three waters systems consistent with the principles of Te Mana o te Wai. Catchments and their awa and subsequent moana receiving environments should be the driver of boundaries between entities.
6. Support the progression of substantive and long-term planning and investment in soft/restorative natural infrastructure across watersheds.
7. The provision of the three waters services is integral to the delivery of urban and regional planning outcomes with a key role in urban form and areas of development and also the achievement of environmental outcomes.
8. Any new water entity needs to be a key stakeholder in planning processes across regions with a collaborative lead role in co-creating and taking forward delivery of key elements of local and regional Council plans
9. Councils would continue to be the regulators of matters in relation to three waters by way of consents process and monitoring, and new entities will need to work cooperatively with Councils and the development sector to establish efficient and effective processes.

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10. Storm water management needs to be fully integrated and fiscally resourced long term to respond to matters such as sedimentation control across road and road-side drainage networks, revitalise public creeks, over land flow paths and wetlands.
11. For Auckland Council's Healthy Waters Unit we recommend that with its knowledge, expertise and proven ability to improve the quality of our waterways across the region, that it be considered to transfer in its entirety to the new entity enabling them to continue to operate and grow the substantive progress they have made at local levels. Failure to do so would be a retrograde step with a likely dispersion of invaluable knowledge and leading on the ground practice that has been developed and retained in one of Australasia's leading and innovative storm water units.
12. As a member of the Hauraki Gulf Forum, it is noted significant contributors to water turbidity is the sedimentation transferred via the Piako and Thames Valley water ways and storm water runoff from urban areas across the Auckland region. Consideration needs to be given to establishing a regenerative way forward and for the associated budget to deliver water quality outcomes.

Community voice and influence over local decisions

13. Are concerned with the shift away from localism towards more centrist and remote decision making.
14. The development of integrated forward work programmes aligned with strategic planning documents and then identifying where communities and elected members can have influence is important.
15. There needs to be specific mechanisms for meaningful communication and engagement at local level, and for local matters to be raised and presented to the proposed entity. The local board has just approved a CCO engagement plan and this is a model that should be considered with the new entity.

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Franklin Local Board

Franklin Local Board feedback (resolution)

That the Franklin Local Board:

- a. welcome the opportunity to provide feedback from the local perspective for inclusion in Auckland Council's feedback on the Three Waters reform proposal
- b. note that the board feedback is informed by the Franklin Local Board Plan 2020 which was developed in consultation with the public and communities across the Franklin Local Board area and represents the preferences and priorities of our local communities.
- c. make the following points on the Three Waters reform proposal in support of and supplementary to the Auckland Council feedback provided by Mayor Phil Goff;

Need for three waters reform in New Zealand

- i. the board acknowledge that there is a crisis in the Three Waters service delivery around New Zealand that is endangering human and animal health, and it is certainly negatively impacting on the environment. The status quo is not fit for purpose or sustainable, and change is required to support improved safety, quality, and environmental performance of three water services across much of New Zealand
- ii. the board is confident however, that the management of water service delivery in Auckland, through Watercare as a Council Controlled Organisation and through the Healthy Waters department of Auckland Council, does not present the same risks to public or environmental health as seen elsewhere. Furthermore, this management approach enables excellent relationships and improving collaboration and clear accountability at the local level.

Proposed entity A (Auckland and Northland)

- iii. note that it is proposed that Auckland, along with the Far North, Kaipara and Whangarei councils form entity A. The Franklin Local Board area shares borders with entity B. It is unclear at this time if there is a local risk through this separation from entity B communities i.e. to realising the benefits and opportunities from the cultural, social, economic and environmental ties between the south of Auckland, Waikato and Hauraki districts. Franklin Local Board request that this risk is further analysed and considered as the proposal is further developed
- iv. clarity is needed as to how infrastructure that will service both entity A and B (e.g Pukekohe waste water plant) will be managed and possible impacts on the affected communities within both entity areas.

Proposed governance and representation arrangements

- v. the board considers that the proposed governance and representation arrangements create a risk to collaboration between entity governance and Auckland Council, particularly at the local level.
- vi. the appointment of the directors is too far removed from councils, and accountability to councils and water users is too distant and remote. The board considers it unlikely that the governance proposed for entity A will facilitate collaboration on local strategic priorities i.e. as set out in local board plans. Auckland's water supply is predominantly sourced through assets within the Hūnua Ranges which is also a significant recreational asset, environmental taonga and driver of local

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economic activity. It will be critical that any entity works at the local level to support water assets to function on balance with other strategic priorities

- vii. the board suggests proportional governance refinements to the proposed new entities to ensure there is the correct measure of accountability, including at the local level and that Auckland Council's shared governance structure is actively considered

Integration of land-use/growth planning and water services

- viii. supports the proposal for integration with any new spatial and resource management planning processes.

Environmental and/or economic regulation

- ix. supports the principle of regulating quality-of-service provision and charges to water users with reporting back to Government, panels, and councils.

Next steps

1. Auckland Council is preparing its feedback to the Government and formal feedback from local boards will be included in that feedback.
 2. The government is expected to outline the next steps in the process following feedback from councils in October 2021.
 3. This urgent decision, including feedback, will be reported and formally received by the board for public record at the September 2021 business meeting.
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Henderson-Massey Local Board

Feedback from the Henderson-Massey Local Board

1. At its meeting of 21 April 2020, the Henderson-Massey Local Board resolved (resolution number HM/2020/50) to delegate authority to the Chair to approve and submit the local board's input into Auckland Council submissions on formal consultation from government departments, parliament, select committees and other councils.
2. The Henderson-Massey Local Board has had the opportunity to read and discuss Whau Local Board's feedback; rather than reiterate that feedback in its entirety, the board endorses and supports all the points made in Whau Local Board's comprehensive and well written feedback.
3. The Henderson -Massey Local Board looks forward to future engagement on this proposal.

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Hibiscus and Bays Local Board

10 September 2021

Topic	Local board feedback
Need for three waters reform in New Zealand	<p>Improving the water quality is vitally needed in New Zealand, and the local board welcomes the opportunity to provide feedback on this.</p> <p>While the current Watercare and Healthy Waters are not perfect for our communities in Auckland, the Council-controlled operations (CCO) model is a better alternative than the proposed water entities.</p>
Proposed entity A (Auckland and Northland)	<p>The huge area covered by each water entity prompts concerns about the lack of localism. Large organisations have a strong tendency to demonstrate operational efficiencies by seeking greater control over spending, and often try to achieve this by only accepting large contractors. Smaller contractors are often embedded in their local communities, and consequently have greater local understanding.</p> <p>However, there is some advantage for our communities in being part of this new entity, as the rural voice as well as those reliant on rainwater tanks for drinking water are often not heard by Watercare and Healthy Waters</p>
Proposed governance and representation arrangements	<p>The proposed governance model removes any requirement for the water entities to listen to local views. It is difficult to see the logic in the current proposal that while the communities retain ownership via shareholdings of the new entities, there is very weak direct control by local communities. It is difficult to understand exactly who the entities are accountable too.</p> <p>The proposed Mana Whenua representation is a blunt and ineffective tool. Having 50% representation by mana whenua on the Regional Representation Group, without enlarging upon how this proposed representation will be selected, is a major flaw.</p> <p>There are 19 iwi recognised in the Auckland Council area. This is unlikely to translate directly into seats at the Regional Representation Group, so some selection will have to occur. This is yet another layer of complexity and duplication to add to an already cumbersome process.</p> <p>Some of these processes have already been worked out in Auckland CCO context. The Independent Maori Statutory Board was created to solve some of the unique Auckland issues: many urban Maori (Matawaaka) feel like they belong to Auckland, but are not from Auckland, and they may not feel represented by Auckland mana whenua; secondly, many of the iwi in Auckland are not resourced to provide advice of the frequency, quality and depth that is being required of them now by central and local government. This is why the IMSB exists, and it works, so why duplicate it in the Auckland Context. IMSB members are on all Boards of CCO's to provide input and governance advice.</p>
Integration of land-use/growth planning and water services	
Environmental and/or economic regulation	

Additional comments

The local board welcomes the emphasis on public ownership of three waters being a bottom line for any reform. Further safeguards on this topic need to be developed, regardless of whatever reform takes place.

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Howick Local Board

That the Howick Local Board:

- a) provide the following feedback to the Governing Body on the Government's Three Waters reform proposal:
 - i) generally supports the need for change over the long term, but has concerns with the loss of local influence over the provision of services and decision making;
 - ii) suggests that a trial of the reforms be carried out with, for example, the proposed South Island entities, and this trial be reviewed after five years. If successful, the reforms could then be rolled out across the rest of New Zealand;
 - iii) does not support, if the reform goes ahead, the proposal of a single entity for the Auckland/Northland regions. These should be two, distinct entities;
 - iv) has concerns, if the reform goes ahead, with regards to the ongoing utilisation of water from the Waikato River to support Auckland's water supplies;
 - v) believes that Auckland Council should have representation proportionate to the assets, services and revenue it contributes to any proposed reforms;
 - vi) has concerns that, if the reform goes ahead, that local voices and representation will be lost. In particular, it is concerned that there will be clear disadvantages between Northland and Auckland based on contribution, representation and rural/urban mix, if the reform goes ahead;
 - vii) believes that, if the reform goes ahead, that there must be no privatisation of water related providers in the future;
 - viii) questions why there is no option for the status quo? If this option were to be explored, it provides opportunities for government to fund and/or partner with existing organisations, which in turn allows organisations to prioritise much needed infrastructure upgrades – particularly in older areas;
 - ix) has concerns that the proposed entities are responsible for too much, and suggests that a separation of stormwater related activities from drinking water and sewage related activities would allow greater focus on these areas. Particularly when considering the environmental related effects of stormwater such as sediment run off, sewage overflow and failing infrastructure as just a few examples;
 - x) has concerns that under the proposed model, there may be a greater focus on providing new services rather than focusing on upgrading existing infrastructure in older areas;
 - xi) believes that more obligations need to be placed on developers to provide water related infrastructure; and
 - xii) believes the Government should be encouraging all residents to utilise rainwater collection systems in order to minimise use of potable water, for example, when flushing toilets or use on gardens.

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E mahi ana mātou i te mahi mō Tāmaki Makaurau

Māngere-Ōtāhuhu Local Board

1. Need for three waters reform in New Zealand

The board acknowledge central Government's objectives to improve New Zealand's, water quality, storm, and wastewater infrastructures, through the proposed reforms, and avoid water supply contamination like the incident in Havelock North 2016.

However, the local board also highlights that Auckland has invested heavily in building Watercare's assets (worth \$10 billion) with further investments (\$11 billion) in the current long-term plan. The board believes that it might be a better outcome for the other parts of New Zealand (outside of Auckland region) to fall under the proposed reforms scope, but the board see the number of disadvantages that this reform could bring to Auckland especially with unclear and ambiguous data that has been provided to Auckland Council and WaterCare in regard to the management, accountability and the services that the proposed entities would need to provide to the various councils within the same entity.

The board acknowledges the government expectations of the 4 proposed entities to operate within a highly transparent accountability framework with the local government/councils but the board see that this is an expectation without any explained accountability mechanism on how that will be carried out and an alternative mechanism if those expectations don't play out as planned.

2. Proposed entity A (Auckland and Northland)

The board acknowledges that change is required to avoid the Government's forecast of massive infrastructure costs in providing for future population growth. However, the local board also highlights that Auckland has invested heavily in building Watercare's assets (worth \$10 billion) with further investments (\$11 billion) in the current long-term plan.

With these investments the local board believes that the Auckland region should be considered differently as Auckland is in a much better place compared to other cities. The board believes that our three waters and funding proposals to meet projects costs are advanced and include Auckland to the proposed reforms will add obstacles to deliver for a rapidly increasing population and the accompanied demands.

The scale that Auckland Council and WaterCare covers in relation to Auckland population, the three water services and the forecast increase of those, raises a big question around the balance that Entity A could provide to Auckland compared to Northland areas.

3. Proposed governance and representation arrangements

The proposed accountability structure is ambiguous and not satisfactory - compared to Auckland Council's, WaterCare's arrangements that enables the Governing Body to appoint the organisation Chief Executive who holds WaterCare to account as a Council Control Organisation through the Statement of Intent Agreement process.

With the imminent decision of the reform becoming operative, the board seeks adjustments to enable representation from Auckland Council to the new water service entity A. Allowing boards oversight and strengthen accountability to the communities they serve, the inclusive approach of iwi participation, and effective protection against privatisation. Therefore, the board strongly advocates that water service assets remain in public ownership, water is a public good and shall remain in the stewardship of

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the public. There is a potential risk is that the 3 water entities and assets could be sold off by future government administrations as was the case a few years back with the sale of state-owned enterprises.

Mana Whenua representation: The board believes that the mana whenua should have a representative on both the entity board and the entity management in accordance to our obligations under Treaty of Waitangi and the principles of partnership beyond a mere seat at the regional representative group.

The board advocates to integrate more community representation approach and allow a lay person/citizen to preside over the board at the entity level instead of targeting specific category of people with extensive governance experience, with that approach, we can ensure that the community voices and perspectives are heard.

4. Integration of land-use/growth planning and water services

The board seek further clarification around the land-use and responsibilities of the new water services entities in relation to the local road drainage and overland flow paths across parks and reserves which sit under Auckland Council group responsibilities.

5. Environmental and/or economic regulation

The board agree with the risks that have been identified by Auckland Council staff around the land and water management that need to be integrated in the direction of providing effective and efficient responses to significant challenges such as climate change, growth and hazard management. Therefore, seek additional information on how to mitigate those risks under the new proposed water service entities.

E mahi ana mātou i te mahi mō Tāmaki Makaurau

Manurewa Local Board

That the Manurewa Local Board:

- a) provide the following feedback to the Governing Body on the Government's Three Waters reform proposal:
- i) **need for three waters reform in New Zealand**
 - The local board believes that more information is required to allow informed decision making in terms of transferring the council's three waters responsibilities to the proposed new water entity.
 - The local board believes that Auckland's water provider, Watercare, is well positioned for transition to any new structure that results from these reforms, as it is currently undertaking much of the work government has stated is required of the water industry.
 - ii) **proposed entity A (Auckland and Northland)**
 - The board is not persuaded that the proposed integration of Watercare into a new super entity for Auckland and Northland will fairly allocate costs between customers. Auckland customers are required to pay a price for water and wastewater services that reflects the cost within the Auckland region. Without the stipulation that the costs lay where the costs fall, it is likely that Auckland customers will end up subsidising the capital cost (and presumably the future operating cost) of new assets (including treatment plants and transmission pipes) for Northland customers. This diminishes the value of price as an incentive to reduce demand for water and wastewater services via volumetric charging within a given region.
 - The board is of the view that the proposed transfer of assets represents government-mandated nationalisation without compensation. The new governance model requires Aucklanders to cede more than 90 per cent of assets (funded and paid for by Auckland customers over decades) to a new entity for which they will receive a small minority of the shareholding and no effective control of the asset management plan, the funding plan, or say over the way in which infrastructure integrates with planned land use and future development.
 - iii) **proposed governance and representation arrangements**
 - The board understands that the proposed entity would be owned by local authorities. However, it is concerned that accountability to the local level would be reduced by transferring water responsibilities to the entity.
 - The board would like to see a mechanism that allows local input into the planning, strategy and price-setting processes.
 - iv) **integration of land-use/growth planning and water services**
 - The board notes that the proposed entity does not have any direct relationship with land use planning and consenting processes. It is conceivable that a disconnect between land-use (regional councils) on one hand, and water and wastewater services (new entity) on the other will result in future developments going out of sequence and/or new assets being built only to become stranded if development is not timed to take up latent capacity of new plants and transmission pipes.

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- v) **environmental and/or economic regulation**
- The board believes that any government regulation should be accompanied with adequate funding rather than burdening ratepayers with the costs.

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Maungakiekie-Tāmaki Local Board

- Local boards are responsible for decision-making on local issues, activities and services and providing input into regional strategies, policies and plans. Local boards also have a role in representing the views of their communities on issues of local importance.
- Every three years local boards set their strategic direction through a local board plan. The Three Waters Reform proposal has relevance to the following outcomes and objectives in the 2020 Maungakiekie-Tāmaki Local Board Plan:

Outcomes	→	Objectives
Outcome one: Our diverse communities are active, involved and engaged		Communities are given the opportunity to fully participate and feel a sense of belonging Communities are active and healthy
Outcome two: Te ao Māori is thriving and visible	→	We enable active Māori participation in local decision-making
Outcome three: our physical and social infrastructure is future proofed	→	We encourage well-planned physical infrastructure that supports our growth
Outcome five: our built, natural and cultural taonga/treasures are protected and celebrated		The mauri/life force of our harbour and waterways is respected and restored Our ecosystems are protected and regenerated Our community is resilient and feels prepared for the effects of climate change

Maungakiekie-Tāmaki Local Board feedback on the Central Governments Three Waters Reform proposal:

The Maungakiekie-Tāmaki Local Board:

- endorse in principle the Central Government's Three Waters Reform proposal conditional upon the following issues being addressed:
 - ensure there is clear accountability and ownership as well as more representation on the governance structure for Auckland Council as Auckland Council is contributing 94 per cent assets, 91 per cent of revenue and 97 per cent of debt
 - ensure there is mana whenua representation on any governance structure formed for the Three Waters reform to reflect the principles of Te Tiriti o Waitangi. In addition, ensuring engagement with Māori and local communities are done early and throughout the Three Waters reform process
 - take into consideration key learnings from Australia who implemented a similar three waters reform model in Victoria
 - ensure information on the three waters reform and process are communicated in a way that is easy for all local communities to understand
 - ensure the three waters reform aligns to Auckland Council's Long-term plan 2021-2031
 - note the following points:
 - Auckland Council's shared decision-making governance model between the Governing body and 21 Local Boards

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- the critical role local boards have as representatives of their local communities in the region
- the Maungakiekie-Tāmaki Local board area is bordered by two bodies of water, the Manukau Harbour and the Tāmaki Estuary. The health of our waterways is important to the Maungakiekie-Tāmaki community and a key objective in the Maungakiekie-Tāmaki local board plan 2020

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Ōrākei Local Board

Ōrākei Local Board feedback on 3 Waters Reform

Central government has released a statement that:

'All New Zealanders deserve safe, reliable and affordable water services that support good health and sustainable environmental outcomes'.

In our submission we wish to address the important question of, how does this affect Auckland?

The Government's by-line is:

'Better Water is Better for Everyone' This statement, whilst aspirational, doesn't take into account the varying infrastructures of Councils throughout New Zealand.

3 Waters reform appears to have its genesis in the campylobacter outbreak in Havelock North in 2016, the national under investment in water infrastructure and then further investigation of ageing infrastructure in Wellington and Auckland and the need to fix this.

Watercare is New Zealand's largest company in the water and wastewater industry supplying 400 million litres of water a day and disposing of over 400 million litres of waste water daily. Watercare is a CCO and therefore is wholly owned by Auckland Council who represent 1.7 million Aucklanders, they are not funded by Council or government, nor do they pay a dividend to Auckland Council.

Watercare has an asset base of over \$10 billion with a further \$11 billion invested in our current 10 year budget. Why would we as ratepayers give this up to another separate entity? Where is the best interest of Watercares owners here? Auckland would have 92% of the assets yet may have less than 40% of the governance of this new entity.

The proposal of 3 Waters is to split the country into 4 regions and establish stand-alone entities to take over the assets of the current 67 councils. These entities would have sperate ownership and management of the existing assets.

There is also the question of Mana Whenua being given equal rights with Councils in governing the new entities. Like the position taken by LGNZ on behalf of its membership, we do not believe that this in any way would drive the 'Better Water of Everyone' outcome of 3 Waters reform. This agenda of Mana Whenua taking control of these entities is an issue here.

Gary Judd QC states, "Here we have the Minister recommending and Cabinet agreeing to a section of society being given significant control of assets and substantial influence over the delivery of services which are vital to the health and well-being of all New Zealanders".

Mana Whenua/iwi significant control may not be seen as congruent with fixing Auckland's aging water infrastructure.

Orakei is home to the city's largest iwi, Ngati Whatua Orakei. They are well organised, with a considerable depth of talent and skills, and an excellent understanding of the need for good governance and strategic planning. As an iwi they are highly capable of providing the governance resource that the current 3 Waters Reform would mandate. But, they are the outlier and the proposed governance structure would require acknowledgment of the dozens of other iwi in Auckland and Northland, most of whom are yet to develop this depth of governance expertise. The OLB does not support the proposed Board structure.

E mahi ana mātou i te mahi mō Tāmaki Makaurau

One of the Proposals of Three Waters Reform is around Planning Interface;

Responding to growth and development Should the reforms proceed as proposed, local government will continue to have primary accountability for urban and land use planning. The new water service entities will be required to provide technical and engineering support and advice to councils to support development control i.e. resource and building consent processes.

This will simply slow down the resource and building consent process This process is onerous already and this will simply add another layer to this process.

The Government Policy Statement for Three Waters

The intention is that the Government Policy Statement would provide an enduring and transparent mechanism to support the Government's system stewardship responsibilities. It would: convey any Government expectations in relation to Māori interests, partnering with Māori, and protections for Māori interests

What if these interests are seen as greater than those of Auckland Council? More importantly what about the interests for the rest of Auckland that are non-Māori? The Orakei local Board does not support the selective nature of this policy statement.

Three Waters Reform Proposal is listed as 'Consumer and Community Voice'

There is a major area of concern in this document around Te Mana or Te Wai -

Te Mana o Te Wai Statements

The Government has proposed a suite of mechanisms to protect and promote iwi/Māori rights and interests through the reforms. This includes a specific mechanism that would enable mana whenua to submit a Te Mana o Te Wai Statement, which the entity would be required by law to formally respond to. August 2021 Page 3 of 4 The Te Mana o Te Wai statement could take a variety of forms including referring the entity to relevant parts of an: • Iwi management plan; • Cultural Impact Statement; • Statement of Mana Whenua; or • Any statement consistent with the guidance provided through the transition period. It is proposed that, once received, the entity must provide a reasonable response to the statement within a specified timeframe, most likely two years. This response would be published and demonstrate how the entity is meeting or planning to meet the expression of Te Mana o Te Wai.

This statement opens the new entity up to a high risk of being tied up in bureaucracy and potential litigation. The promotion of iwi/ Māori rights and interests over the rest of Auckland's rights and interests is clearly against the statement of 'Better Water is Better for Everyone'

One of the supporting documents for the Three Waters reform records:

The costs of delivering these services

A report by the Water Industry Commission for Scotland (WICS) estimates that New Zealand will need to invest between \$120 billion to \$185 billion in our three waters infrastructure over the next 30 years to catch up with historical underinvestment, meet drinking water and environmental standards, provide for future population growth, and undertake ongoing maintenance and refurbishment of three waters assets. Without reform, these costs will be shared unevenly among New Zealand households. For rural communities, this equates to an increase of up to 13 times present costs, eight times higher for provincial areas and up to seven times higher for many metropolitan households over the 30-year period. With reform, the cost of providing these critical services to our communities is projected to reduce to affordable levels. This modelling has been independently reviewed by Farrierswier and Beca New Zealand

This statement is an example of Auckland potentially being asked to pay for the rest of New Zealand. The Three Waters proposal indicates investing \$500 millions to help Auckland's water infrastructure.

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This could easily be done without all of the other reforms proposed. This \$500 million is a fraction of the \$120-\$185 billion that it is stating will need to be invested and, while not insignificant, it is not an enormous lever of change when considered next to Auckland's proposed \$32billion capex investment signalled in the current Ten Year plan.

During the consultation process we have listened to webinars from businesses and politicians involved in both Tasmanian and Victorian reform of their water infrastructure. In both cases reform was not around Three Waters as control of storm water remained with those Councils in those reforms. Has there been consideration of another process here in New Zealand -Two Waters Reform?

The government has considered only one solution to reform a multitude of varied problems around the country. A simpler approach would be to isolate and fix the relevant problems in a region by region approach. Auckland's concerns are very different to those of Havelock North.

We have Scotland being held up as an exemplar of water reform, yet they too have continuous problems that have got worse over the last 5 years.

*The number of recorded sewage spills in Scotland's rivers and seas has **increased by 40% over the last five years**, new figures show. Scottish Water data shows the equivalent of 47,000 Olympic-sized swimming pools worth of waste has been discharged since 2016*

Have we looked at other options? We believe it is essential we do so.

The Orakei Local Board submits:

these options are ill-considered,
have not been well thought through,
are woefully short of adequate detail to allow sound decision making on such an important issue,
are disturbing in that they were launched as being opt-in but are now being discussed as mandatory,
are not in the best interests of wider Auckland and its' wider community,
do not offer a clearly improved governance model than the one we currently enjoy,
are flawed in trying to create a "One-size-fits-all" solution to a highly varied matrix of existing water control authorities and -

fail to adequately address the key issue of requiring access to adequate borrowed capital to build a better water future for all.

Given the above comments and statements, Orakei Local Board oppose the 3 Waters reform as we believe it is not in the best interests of our constituents.

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Ōtara-Papatoetoe Local Board

Feedback from the Ōtara-Papatoetoe Local Board

1. The Ōtara-Papatoetoe Local Board welcomes the opportunity to provide feedback for inclusion in Auckland Council's submission on the Three Waters reform proposal.
2. At its meeting of 20 May 2020, the Ōtara-Papatoetoe Local Board resolved (resolution number OP/2020/40) to delegate authority to the Chair, Apulu Reece Autagavaia, to approve and submit the Local Board's input into Auckland Council submissions on formal consultation from government departments, parliament, select committees and other councils.
3. The Chair briefly discussed the topic with the board at the workshop on 7 September 2021 followed by finalising the inputs and feedback.
4. The Ōtara-Papatoetoe Local Board make the following points in the areas of:

i. need for three waters reform in New Zealand

The Ōtara-Papatoetoe Local Board generally agrees that there is a need for three waters reform in New Zealand. There are multiple reasons for reform, from more effective service levels and efficiencies of scale resulting in lower average costs per household and needing Mana Whenua participation in decision making over water, to building resilience in the face of climate change, and providing financially viable long-term reinvestment into important infrastructure.

However, the Auckland context is different to the rest of the country and as a Local Board the concern remains for real accountability and responsiveness through the elected representatives in the proposal. The Ōtara-Papatoetoe Local Board asks Auckland Council's Governing Body to ask the government to consider a further option that might offer a bespoke entity just for Auckland. Through Watercare, Auckland provides water services to approximately 1.7 million people. It has recently undergone an amalgamation process to position itself strategically for future supply and demand, and is already larger than the proposed entities. This is a very large demographic constituency, especially when compared to the rest of New Zealand. The Local Board do not see how creating an even larger entity, as proposed, will be more efficient or be more beneficial for Aucklanders.

ii. proposed entity A (Auckland and Northland)

In principle, the Ōtara-Papatoetoe Local Board supports the proposed entity A, if a bespoke entity just for Auckland is not accepted. Once again, what is pertinent is that Auckland Council's Watercare would contribute nearly all the assets, revenue and debt into the proposed entity. Potentially, by becoming a standalone entity it can raise its own capital to reinvest into much needed infrastructure and also possibly reduce risk on Council. While the Local Board understands the underlying rationale for the proposed reform, the governance model is complex, with almost nil or at best indirect influence of elected representatives. This is hugely disadvantageous for Auckland, contributing 94 per cent assets, 91 per cent of revenue and 97 per cent of debt, with up to only 35 per cent representation in the 'Regional Representative Group'.

iii. proposed governance and representation arrangements

The Ōtara-Papatoetoe Local Board strongly advocates and asks for stronger governance and representation arrangements for Auckland Council. Failure to do so may result in services not meeting the priorities and growth needs of New Zealand's largest city. As mentioned above, Auckland Council's Watercare is a large contributor, but the proposed governance model is not commensurate with the proportion of representation, only 35 per cent, dispersed accountabilities with no direct

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influence. A new entity should also implement the work done with Local Boards and Council Controlled Organisation (CCO) joint engagement plans as a way to ensure local influence over any new entity. Mana Whenua representation is of utmost priority and must be implemented in any governance structure to properly reflect Te Tiriti relationship and responsibilities to principles of Te Tiriti o Waitangi.

iv. integration of land-use/growth planning and water services

The Ōtara-Papatoetoe Local Board asks for more clarity from the government's proposal as the proposed amalgamation is yet unclear as to how it will meet the critical and unique issues in Auckland. Any new entity must work closely with Auckland Council to meet what is set out to be delivered across the city through the Long-term Plan (LTP) and Regional Land Transport Plan (RLTP). Clarity is needed in the government's proposal, to allow for mechanisms for Auckland Council to direct a proposed entity to achieve targets or delivery. The very local challenges, at a Local Board level, are likely to get exacerbated as decisions across water, transport and community infrastructure get disaggregated instead of getting better aligned for investment to meet future growth.

v. environmental and/or economic regulation

The Ōtara-Papatoetoe Local Board supports an entity that protects consumer's long-term interests from a monopoly structure or privatisation. Most importantly, the board supports an entity that meets the environmental issues of Auckland region and the nation to mitigate impact faced from climate change.

5. The Ōtara-Papatoetoe Local Board supports Council's efforts to continue working with the government to explore and agree an alternative model that builds on Auckland's current infrastructure and asset base to strategically align it to meet the future needs of the people of Auckland.

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Papakura Local Board

That the Papakura Local Board:

b) **provide the following feedback to the Governing Body on the Government's Three Waters reform proposal:**

vi) **need for three waters reform in New Zealand**

- The local board believes that more information is required to allow informed decision making in terms of transferring council's three waters responsibilities to the proposed new water entity.
- The local board believes that Auckland's water provider, Watercare, is well positioned for transition to any new structure that results from these reforms, as it is currently undertaking much of the work government has stated is required of the water industry.

vii) **proposed entity A (Auckland and Northland)**

- The board has concerns that the proposed entity will result in Auckland subsidising Northland and the Far North, as these areas come with their own costly water related issues.

viii) **proposed governance and representation arrangements**

- The board understands that the proposed entity would be owned by local authorities. However, it is concerned that accountability to the local level would be reduced by transferring water responsibilities to the entity.
- The board would like to see a mechanism that allows local input into the planning, strategy and price-setting processes.
- The board requests more information regarding what would happen with the Veolia contract currently operating in the Papakura area under this proposal. If the establishment of a new water entity were to proceed it would need to include some arrangement to normalise the Papakura Veolia contract within the new entity.
- The board queries what the impact on council's ability to raise capital will be if water assets are transferred to the proposed entity.

ix) **integration of land-use/growth planning and water services**

- The board believes that planning must include the integration of land-use/growth and water services.

x) **environmental and/or economic regulation**

- The board believes that any government regulation should be accompanied with adequate funding rather than burdening ratepayers with the costs.

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Puketāpapa Local Board

Puketāpapa Local Board input into Auckland Council feedback on the Government's Three Waters Reform proposal
10 September 2021

Relevance to the Puketāpapa Local Board

Local boards are responsible for decision-making on local issues, activities and services and providing input into regional strategies, policies and plans. Local boards also have a role in representing the views of their communities on issues of local importance.

The Puketāpapa Local Board is committed to advocating for:

- Potable drinking water
- Sanitary collection, treatment and disposal of wastewater
- Environmentally responsible management of stormwater

The local board area borders the Manukau Harbour and encompasses parts of Te Auaunga and Wairaki Stream catchments. The board has undertaken significant work to restore and develop the health and amenity of these waterbodies and waterways – their protection and enhancement are a key component of the board's three-year plan.

Local Board Planning Framework

Every three years local boards set their priorities and strategic direction through a local board plan. Many of the Puketāpapa Local Board Plan outcomes and objectives demonstrate these commitments. The full plan can be found here:

<https://www.aucklandcouncil.govt.nz/about-auckland-council/how-auckland-council-works/local-boards/all-local-boards/puketapapa-local-board/Documents/puketapapa-local-board-plan-2020-english.pdf>

In particular, the following aspirational outcomes and objectives are relevant to the proposed Three Waters reform:

Outcome 2: Our people speak up and help shape our future

- More input by Māori into local decision-making
- Strong local youth voice and leadership
- People are willing and able to take part in local decision-making

Outcome 3: Our environment is protected and enhanced for present and future generations

- Improve the mauri of awa and the Manukau Harbour
- We all take care of waterways, parks and public spaces

Outcome 4: Well-planned neighbourhoods and vibrant public spaces

- Provision of infrastructure that supports more housing and also protects the environment and responds to severe weather events

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Local Board Feedback

That the Puketāpapa Local Board:

- a) Agrees with overall objectives of the Three Waters reform being to “*improve the safety, quality, and environmental performance of three water services*”.
- b) Has serious concerns, however, about:
 - The governance of the new body proposed in that it appears to be overly complicated and lacks clear accountability to the communities it will serve.
 - The lack of a clear process to allow local communities and individuals to have a say in the way the delivery of the new body’s services will impact on them.
 - The inclusion of stormwater in the reform given that the management of stormwater is inextricably linked with Auckland Council’s and local boards’ role in planning, and provision of parks and roading.
- c) Is largely satisfied with the way these three water services are managed under the current Auckland Council arrangements and requests clarification from the Government as to the need for reform in Auckland.
- d) Requests that the Government takes a tailored approach to solving the issues with those communities where it has identified concerns.
- e) Requests that any work undertaken in Auckland must promote climate change resilience and be in alignment with Te Tāruke-ā-Tāwhiri: Auckland’s Climate Plan.
- f) Notes the importance of supporting climate change resilience, food security and biodiversity as well as the health of harbours and other waterbodies.
- g) Supports mana whenua partnership in decision-making regarding Three Waters.

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Rodney Local Board

Feedback from the Rodney Local Board

1. The Rodney Local Board welcomes the opportunity to provide feedback for inclusion in Auckland Council's submission on the Three Waters reform proposal.
2. At its meeting of 20 May 2020, the Rodney Local Board resolved (resolution number RD/2020/44) to delegate authority to the chairperson to approve and submit the local board's input into Auckland Council submissions on formal consultation from government departments, parliament, select committees and other councils.
3. The Rodney Local Board makes the following points in the areas of:

Need for three waters reform in New Zealand

- a. Acknowledges that reform is necessary to ensure adequate future investment into quality water infrastructure in New Zealand.
- b. Believes Government has a responsibility to ensure that all New Zealanders have access to safe drinking water.
- c. Believes Government has a responsibility to ensure New Zealand's water infrastructure is high quality, fit for purpose, and fit for the future.

Proposed entity A (Auckland and Northland)

- d. Supports reform that provides efficiency, economies of scale, and financial flexibility.
- e. Expresses concern that previous experience of amalgamating assets has not always achieved these expected efficiencies.
- f. Expresses concern that centralising decision making may create added levels of bureaucracy.
- g. Supports the continued public and local ownership of water infrastructure and assets.
- h. Believes that Auckland does not stand as much to gain as other parts of the country due to our size and current arrangements with Watercare, and that Auckland should be at least no worse off under any new arrangement.
- i. Requests exclusion of small rural schemes from assets being brought under the new entities' control at least until clear service delivery arrangements can be drafted, consulted and agreed upon.
- j. Supports privately-owned water bores providing drinking water to the public being excluded from the Three Waters network, now and in the future.
- k. Believes there is an increased risk for local authorities should rural schemes and small water suppliers be mandatorily included due to the onerous nature of compliance and enforcement impacting on those suppliers' business decisions and potentially leading to them closing down, leaving local authorities to plug the gap, particularly in times of drought.
- l. Reserves support for Auckland Council opting into this arrangement until this feedback has been considered and further refinements are made.

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Proposed governance and representation arrangements

- m. Expresses concern that the proposed reform is placed too distantly from democratically- consulted- on council plans and strategies, and therefore diminishes local democracy.
- n. Requests more opportunities for councils and local boards to provide input at regular intervals prior to implementation or during any transitional process.
- o. In the case of Auckland, requests that the governance structure of Entity A includes a larger representation from democratically elected councillors and local board members due to the relative size of the region and value of assets we are contributing to the scheme.
- p. Expects that wetlands that serve as stormwater receiving ponds on public reserves be excluded from the assets being absorbed into the new entities.
- q. Requests more time to consider the implications of Three Waters and further engagement on such a significant reform proposal.

Integration of land-use/growth planning and water services

- r. Believes that the Government's Three Waters Reform programme is one way of addressing water reform, but that there are others, such as returning a share of GST to local authorities on construction and growth-related activities to fund infrastructure, and enabling more Special Purpose Vehicle arrangements involving ACC, Kiwisaver, and iwi investment funds.

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Upper Harbour Local Board

Upper Harbour Local Board Input to Auckland Council's feedback on the Three Waters reform proposal by the New Zealand Government

9 September 2021

Relevance to the Upper Harbour Local Board

In summary, we do not support reform and amalgamation due primarily to:

- Extremely complex proposed governance structure which does not reflect asset contribution in a fair or equitable way, and removes the opportunity for engagement at a local level
- Inclusion of stormwater which has a fundamentally different function to potable and waste water, and should be excluded on the basis of the need for local catchment management and the significant impact on local parks decision making
- Untested data assumptions, particularly given regional economies of scale already achieved in Auckland
- Significant impact on decision making roles of elected members
- Concerns around cross-subsidisation
- Concerns over privatisation risks
- Occurring concurrently but unaligned to other regulatory reform underway

We support retention of our significant water assets in public ownership, with local accountable and responsive governance and management.

Topic	Local board feedback
Need for three waters reform in New Zealand	Provision of economic regulation for best practice, expert technical support and underwritten infrastructure investment for councils requiring it, can be achieved without amalgamation. This regulation can apply to Watercare without amalgamation. The costs of reform might better have been spent funding those councils needing assistance to provide the necessary technical expertise and to underwrite investment.
Proposed entity A (Auckland and Northland)	It is very hard to see how the practicalities of this entity could work with the equity makeup proposed.
Proposed governance and representation arrangements	This is our key area of concern. One size doesn't fit all within Auckland, and very definitely not nationally. Currently local boards have the opportunity and access to engage with Watercare and Healthy waters on the infrastructure projects in our area. While we do not have decision making, we have the opportunity to provide

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Topic	Local board feedback
	<p>a local view, and the relationship allows opportunities to engage with our community and respond to concerns.</p> <p>It is very hard to see how the proposed structure could address any Auckland regionwide issue let alone any more local issues.</p> <p>There are significant equity issues for Auckland in the proposed, very complex governance structure. The weightings between the contributing councils and mana whenua do not reflect the relative investment into the scheme. We are sure that the proposals have been made with good intention, but the outcome is divisive and unfair.</p> <p>Decision making under the proposed structure will inevitably be less transparent, more removed and the entity unaccountable to Auckland ratepayers. Local Boards will have no role at all. The Governing body representatives on the Regional Representative Group at best can contribute to board selection and if lucky to an agreed letter of expectation. Consensus is going to be very problematic given the huge discrepancy in the relative levels of investment and the very diverse communities encompassed within the 1.7 million people.</p> <p>Engagement is an essential part of democracy and it is unclear how this can occur within the proposal.</p>

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Waiheke Local Board

10 SEPTEMBER 2021

WAIHEKE LOCAL BOARD FEEDBACK: THREE WATERS REFORM PROPOSALS AUGUST / SEPTEMBER 2021

Introductory context

The Three Waters Reforms being developed cover the delivery of all wastewater, drinking water and stormwater infrastructure and services.

Waiheke doesn't have reticulated wastewater (except for a small, containerised Watercare plant serving Oneroa village) nor reticulated drinking water. We do have stormwater infrastructure and services - every building consent and all roading design include stormwater management considerations. Waiheke has no stormwater network as such. It has a number of catchment-specific piped drainage systems.

Waiheke has a number of significant stormwater projects in development, or consented, to alleviate major recurring multi-property flooding and destabilisation. These are all delayed because of Auckland Council's post-covid capital funding constraints. Other much-needed projects have not been initiated and are delayed indefinitely for the same reason... However, there are always a multitude of smaller projects in development or being implemented with the end goal of effective stormwater management coupled with ecological and community protection and/or enhancement - reopening freshwater fish passages, constructing swales, clearing drains, restoring wetlands to filter sediment.

The Auckland Council Water Quality Targeted Rate supports, along with significant Waiheke Local Board funding, freshwater monitoring, and septic tank compliance, coupled with individual and community education with residents, at a catchment as well as a whole of community level. The Local Board invests heavily in community wetland restoration and riparian planting.

The Waiheke Local Board relies on Auckland Council's Healthy Waters' team to lead and approve designs, and we have dedicated support of a Healthy Waters' specialist in water-sensitive design. That role encompasses liaising with landowners about specific capital works, working with local community groups to deliver local board-funded water quality improvement programmes, identifying and evaluating potential sites for new opportunities to implement water sensitive design, and collaborating with local stakeholders to advance conservation efforts on Waiheke Island

Healthy Waters oversees the design of the stormwater component of Auckland Transport works in Waiheke. Healthy Waters also directs and sub-contracts to Auckland Transport stormwater maintenance in the urban western end of Waiheke after years of under-resourcing of Auckland Transport's own maintenance contributed to widespread flooding because of two extreme weather events in 2017. Since then, Healthy Waters has maintained an operating budget sufficient to not only maintain the stormwater assets in the road corridor but to respond to hot spots and community alerts to a more optimal level than experienced pre-2017.

Community voice and local accountability

The Waiheke Local Board recognises that the proposed water reforms would result in Waiheke Island's three waters services and infrastructure being managed by a large multi-regional entity governed by a board appointed by a panel which itself would be appointed by several entities which would include Auckland Council.

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The risk in such a diluted governance model is that would be a long way from accountable local representation and would not provide effective accountability for residents and ratepayers of communities.

A significant number of Waiheke Island residents have never valued amalgamation, either into what was Auckland City and certainly subsequently into the Auckland Unitary Authority. This is mainly because of the perceived lack of accountability on matters of local significance. The proposed model does not articulate how community voice is to be heard, and how the entity will be accountable at a local governance level.

Costs

The local board does not have visibility of the cost modelling for the savings projected by government. It is likely that there may not be cost savings for Auckland ratepayers from the model proposed because of the additional complexity of Northland water issues, and because of the benefits of scale already achieved by the Auckland Unitary Authority entities.

Waiheke Local Board Plan callout

Three waters management is a high priority for attention by the local board and community and is mentioned in three of the eight outcomes of the Waiheke Local Board Plan 2020.

Outcome 1: Sustainable development and liveable places

A water-sensitive community:

- Support education campaigns for residents on managing private wastewater and stormwater systems for the benefit of both public health and the natural environment.
- Support planning for water catchment and storage.
- Increase rainwater tank capacity requirements for new builds and renovations.
- Advocate for the monitoring of water quality in streams and beaches, and support compliance programmes to improve water quality.

Outcome 3: Waiheke's environment is protected, restored and enhanced

- Restore freshwater ecosystems to provide flood mitigation, habitats for native biodiversity, and carbon sequestration through riparian planting.

Outcome 7: Resilient transport and infrastructure

Stormwater is managed sustainably:

- Implement the Waiheke Catchment Management Plan in consultation with residents and businesses, prioritising areas of repeated flood events.

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Feedback on items specifically requested to be responded to.

The Waiheke Local Board:

Proposed governance and representation arrangements

1. Supports iwi partnership and efforts toward achieving Te Tiriti o Waitangi principles.
2. Expresses concern with the proposed loss of local accountability and oversight that the scale of proposed large Auckland/Northland entity would suggest.
3. Notes that proposed entities are larger than standard geographic regions and integration with land use and transport planning will need additional attention and support.
4. Identifies that there needs to be accountability to residents, businesses, and ratepayers and this should occur through effective local governance links and consumer advocate oversight.
5. Proposes that a means be established to be a direct conduit from local level representatives through to the proposed entity. A successful example of this is Auckland Transport's Waiheke lead liaison role, itself an outcome of a binding MOU between Auckland Transport and the Waiheke Local Board.
6. Proposes that Auckland Council's representation should also include local board representation as we work in a statutory co-governance model, and all 3 Waters' delivery happens at a local level. Management and ownership of assets and regionally significant infrastructure are the domain of the governing body.

Integration of land-use/growth planning and water services

7. Endorses an integrated catchment-based approach to the management and operation of three waters systems consistent with the principles of Te Mana o te Wai.
8. Identifies that the natural boundaries of water catchments should be strong influencers on eventual boundaries.
9. Sees stormwater services going well beyond pipes underground, and that it includes open space, the transport network, all of the built environment, overland flow paths, minor creeks and waterways, receiving wetlands and estuarine areas.
10. Notes a key concern as the need to ensure that the integrated design and resourcing of the place making and environmental enhancement aspects of stormwater management, will ensure that natural and built stormwater infrastructure can enhance liveability for residents and improve biodiversity.
11. Identifies that going forward current Auckland Transport stormwater assets will need full funding and integration within the catchment management. Waiheke experienced a series of major flood events in 2017 that appeared to have been negatively impacted by suboptimal maintenance and long-term under-investment.

Community voice and influence over local decisions

12. Is concerned with the shift away from localism towards more centrist and remote decision making.
13. Identifies there needs to be specific mechanisms for meaningful communication, engagement and representation at a local level, and for local matters to be raised and presented to the proposed entity.
14. Expresses concern that those areas not connected to public networks are to be well resourced and actively supported with effective household waste system monitoring, compliance and education.
15. Expects that any user charging would be proportionate to the services provided and that areas without access to public water and wastewater services would not be contributing to the subsidisation of regional delivery of these assets.

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Waitākere Ranges Local Board

Three Waters Reform proposal: feedback from the Waitākere Ranges Local Board

1. The Waitākere Ranges Local Board (the board) welcomes the opportunity to provide feedback for inclusion in Auckland Council's submission on the Three Waters reform proposal. It believes that this is an issue where a strong, united regional voice will be critical for advancing Auckland's best interests, and broadly supports the concerns expressed in the Council analysis of the draft proposal.

The need for three waters reform in New Zealand / The proposed Entity A (Auckland and Northland)

2. The board accepts that New Zealand has a major problem with its water infrastructure and accepts that there is need for reform at a national level. However, the extent of the problem varies from region to region, and, already in Auckland's case, within the region itself.
3. Given Auckland's size, governance arrangements, and the fact that its three waters needs are already served by a separate entity (the CCO Watercare Services), Auckland is unique and does not easily fit into the 'one-size-fits-all'-model being proposed.
4. While the local board sees some value in the ambitions of the proposal it is wary of the detail and of the efficacy of combining such widely different regions with such widely different infrastructure, growth and environments as Northland and Auckland.

The proposed governance and representation arrangements

5. Auckland Council staff have noted as a key concern the fact that this model is a complex governance arrangements that provide no control and limited influence by elected members. Auckland Council will contribute 94% of the assets, 91% of revenue, 97% of debt but only have up to 35% of representation on a Regional Representative Group which will only have indirect influence.
6. The board agrees that it will be difficult to achieve public support for a proposal where decisions affecting Aucklanders are being made by a body dominated by non-Aucklanders. The local board supports having a stronger role for elected representatives and more opportunities for local government entities to have significant influence at multiple levels within the process to ensure checks and balances and public accountability. At a minimum any future entity should have a requirement for the preparation of a statement of corporate intent.
7. The board supports having strong Maori representation in governance and acknowledges that Maori are currently under-represented and have limited input in New Zealand's current water managements systems.

The integration of land-use/growth planning and water services

8. The board notes the risk identified by council staff of fragmented and uncoordinated planning and provision of infrastructure leading to higher costs and poor community outcomes.
9. We would be concerned if this proposal were to add significant additional planning to Auckland Council's already complex strategic and financial planning processes and cycles.

Local and community engagement

10. The board notes that the proposal includes obligations for engagement with affected local communities by the proposed entity, and is concerned around the potential for loss of community or local voice within the proposed reform. It anticipates that the Three Waters reforms as a whole will be of particular interest in Waitākere Ranges Local Board rohe, given that:

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- it's a water supply catchment with many Watercare owned facilities, dams, and land. Decisions which effect those are key to any ongoing local, regional and national water management conversations.
 - the rohe is surrounded by the Manukau Harbour and West Coast beaches. The harbour and west coast lagoons are subject to unacceptable levels of water pollution.
 - the area is subject to the Waitākere Ranges Heritage Area Act 2008; The Act recognises the national, regional and local significance of the Waitākere Ranges Heritage Area and promotes the protection and enhancement of its heritage features for present and future generations. It responds to concerns about the effects of development within the area and aims to preserve the unique natural character and cultural heritage of the area, recognising that people live and work within the heritage area in distinct communities, and enabling them to provide for their social, economic, environmental, and cultural well-being.
11. Watercare land provides extremely high value recreational space to local and regional communities in Auckland. Current levels of public access need to be protected and maintained.

Environmental regulation

12. The Board supports in principle the approach to environmental regulation being proposed within the resource management reform process where the focus will be on positive environmental outcomes rather than the current mitigations-based system.
13. It is clear that water quality is a huge concern for our communities, and the poor water quality of the Manukau Harbour and west coast lagoons are consistently raised as a key issue for people in our rohe.
14. Strong environmental regulation and climate change preparedness must be top priorities if this proposal progresses.

Anti-Privatisation measures

15. There needs to be strong and enduring mechanisms to prevent the future privatisation of any water controlling entity established by any new regime.
16. The Waitākere Ranges Local Board looks forward to future engagement on this proposal.

E mahi ana mātou i te mahi mō Tāmaki Makaurau

Waitematā Local Board

General Feedback

1. The Waitematā Local Board supports the intent of the proposed reform to improve water standards, security of water supply and wastewater disposal, and the establishment of entity A (Auckland and Northland).
2. The Waitematā Local Board recommends that mana whenua play a strong role in water governance.
3. We are however concerned by the removal of Auckland Council's control over what is currently 28% of its assets and 25% of its expenditure. We support local and grass-roots decision making and urge that this reform retains as much council and local-level decision making as possible.
4. The new water entities need to have a strong focus on climate change mitigation and adaptation, and work in alignment with council's spatial planning.

Local-Level Governance and Decision Making

1. Each locality within Aotearoa has its unique attributes, needs and aspirations. Therefore, the Waitematā Local Board supports a regional approach, with each region given the ability to tailor its provision of water services to meet local needs.
2. Water planning is an essential part of urban planning and decision-making needs to be integrated within urban planning. There should be a close relationship between water entities and regional planning bodies. This could be (for example), a regional council or council in co-governance with mana whenua.
3. The water entities need to be more directly accountable to the community, to local and regional government and to iwi. One essential mechanism of doing this is for the group of elected Councillors and Mana whenua representatives directly interview and appoint the Water Entity Boards. The Waitematā Local Board does not support the proposal of an intermediary arms-length appointments panel. The ability for mana whenua and elected members to directly choose the board of directors will better meet Te Tiriti obligations than a system that is overly complex and keeps entities at arm's length.
4. Local voices would be better heard through a democratic process, with consultation and with elected members setting priorities through a letter of expectation and then following up on progress. The most effective accountability mechanisms successfully developed by Councils with respect to their CCOs need to be implemented within the new three waters structures. These would include:
 - Statement of Intent.
 - Specific Key Performance Indicators (KPIs) required of the Board and CEO, etc.
 - Face to face meetings every two months or so between the Council and mana whenua representatives and the senior management and board members of their water entity need to be mandatory.
1. There is no evidence that elected members and mana whenua have chosen poor board directors in the past. However, there *is* evidence that organisations set up for the public good but with no public oversight can result in poor outcomes, for example, the health and safety record at the Ports of Auckland.
2. The Waitematā Local Board would like to see a strong role played by mana whenua in water governance. The Ministry for the Environment National Policy Statement for Fresh Water Management 2014 (amended in 2017) notes that fresh water has deep cultural meaning to all New Zealanders but identifies that the Treaty of Waitangi is the underlying foundation of the Crown-iwi/ hapū relationship with regard to freshwater resources. It suggests that addressing tāngata whenua values and interests

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and the involvement of iwi and hapū in the overall management of fresh water is key to meeting obligations under the Treaty of Waitangi.

Equitable Accounting of Historic Investments

1. Auckland residents have paid substantially more for their water than most other areas in New Zealand for the past decade and have seen massive improvements as a result. A purchase of assets at their current value (minus the debt, which will be taken on by government) would allow investment into other areas that have therefore had less investment, for example, pavements, cycleways, social housing, community facilities.
2. Not paying a fair remuneration for these assets is a disincentive to good decision-making in the future. It takes political courage to invest in infrastructure that will not be completed in the short term. Preparing for climate change will require a long-term outlook and political courage. It would be extremely helpful if this courage and approach is acknowledged and supported by central government.

Division of Roles Between Local Authorities and Three-Waters Entities

1. If the reforms go ahead there needs to be clarity on who owns and has control over parks where they are divided in purpose between stormwater retention and recreational use.
2. This is the clearest example of the current lack of clarity as to where responsibility for stormwater should be divided between Councils and the new water entities, while ensuring both carry out their roles to minimise flooding and carry it out in a safe and environmentally sustainable way. One logical division would be for the initial collection of stormwater off roads, other public places and private property to be the responsibility of Councils and the for the eventual release of stormwater into the receiving environment to be the responsibility of the water entities.
3. If the reforms go ahead there needs to be clarity over who is responsible for maintaining standards and regulatory heft and resource to ensure compliance.
4. The Waitematā Local Board supports Northland joining the water entity for our region to ensure they achieve good water quality and water governance. We agree with the proposed boundaries for the northernmost water entity including northland. However, it is essential that it is effectively governed by the Auckland and northland councils and by mana whenua, and that local community voices have a real say on what happens in their localities.

Water Entity Decision-Making Considerations

1. Climate change resilience, ensuring food security, biodiversity, the health of harbours and water courses should all be important considerations of water entities as well as the provision of quality potable water, and the management of wastewater and storm water. We recommend a holistic approach.
2. The water entities should be consulted in the development of each region's land use, spatial, environmental and other planning documents. This would help ensure that they have buy-in and are required to act in alignment with these documents.

Debt Levels and Debt Servicing

1. Increasing the debt ceiling of water utilities would allow for better infrastructure provision. Ideally, the restructure of water infrastructure provision through the reform should also allow Councils the ability to take on more debt to allow for more investment potential. This should of course be managed in a fiscally prudent manner.

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Whau Local Board

Feedback from the Whau Local Board

1. At its meeting of 28 April 2021, the Whau Local Board resolved (resolution number WH/2021/38) to delegate authority to the Chair and Deputy Chair to approve and submit the local board's input into Auckland Council submissions on formal consultation from government departments, parliament, select committees and other councils.
2. The Whau Local Board welcomes the opportunity to provide feedback for inclusion in Auckland Council's submission on the Three Waters reform proposal. The local board believes that this is an issue where a strong, united regional voice will be critical for advancing Auckland's best interests.
3. The Whau Local Board would note the following points, based in large part on feedback received from local communities over recent consultations:
4. The need for three waters reform in New Zealand

The Whau Local Board accepts that New Zealand has a major problem with its water infrastructure and accepts that there is need for reform at a national level. However, the extent of the problem varies from region to region.

It is essential that New Zealand is able to provide high-quality clean drinking water to its population, that stormwater and wastewater are separated, that rivers and lakes are swimmable, and that we are prepared for the challenges associated with climate change. These issues have been identified as being of high importance to the communities of the Whau Local Board area and, sadly, these goals are going to be difficult to achieve without significant reform.

5. The proposed Entity A (Auckland and Northland)

The Whau Local Board notes that, given Auckland's size, governance arrangements, and the fact that its three waters needs are already served by a separate entity (the CCO WaterCare Services), is unique and does not easily fit into the 'one-size-fits-all'-model being proposed. While the local board see some value in the proposal, it also notes comments by the Mayor of Auckland to this effect and shares some of the concerns expressed. The local board also notes recent indications from some other local authorities from the proposed Entity A that there may be a lack of buy-in across the proposed area, and it will be difficult to make the proposal workable without full buy-in.

The local board has some additional concerns around the proposed entity, in particular:

- The financial implications for Auckland Council, in particular in terms of its ability to borrow, if a large number of valuable WaterCare assets are suddenly removed from its books
- Control of water services will be out of Aucklanders' hands when Auckland represents by far the largest proportion of the population of Entity A
- WaterCare Services is an entity that has had its challenges and there is a sense that it has not always met expectations, but these issues could be addressed separately, rather than disestablishing this Entity and replacing it with a new one only eleven years after its formation.

6. The proposed governance and representation arrangements

The Whau Local Board notes that Auckland Council staff have noted as a key concern the fact that this model is the complex governance arrangements that provide no control and limited influence by elected members. Auckland Council will contribute 94% of the assets, 91% of revenue, 97% of debt but only have up to 35% of representation on a Regional Representative Group which will only have indirect influence. The local board believes that this is unacceptable, and believes that it will be difficult to achieve public support for a proposal where decisions affecting Aucklanders are being made by a body heavily dominated by non-Aucklanders.

E mahi ana mātou i te mahi mō Tāmaki Makaurau

Noting the large number of assets currently held by Auckland Council, the local board would also want assurances that the management and operation of these assets would remain in public hands under the proposed governance structure and would urge that specific safeguards be put in place to prevent the control of these assets being devolved to the private sector or any other third-party entity.

The local board supports having a stronger role for elected representatives and more opportunities for local government entities to have significant influence at multiple levels within the process to ensure checks and balances and public accountability. The local board also notes concerns identified by Council staff around the loss of community or local voice within the proposed reform. This is addressed further in Section 12 below.

The local board supports having strong Maori representation in governance, and acknowledges that Maori are currently under-represented and have limited input in New Zealand's current water managements systems.

7. **The integration of land-use/growth planning and water services**

The Whau Local Board is concerned that this proposal will add significant additional planning to Auckland Council's already complex strategic and financial planning processes and cycles. It would be disadvantageous to local government entities, particularly larger ones like Auckland, if their ability to plan and budget independently and in the best interests of their ratepayers were significantly constrained by external decisions around water infrastructure.

I however, it is difficult to predict how this will function and any potential advantages or disadvantages under the resource management system is reformed. The local board notes the risk identified by Council staff of fragmented and uncoordinated planning and provision of infrastructure leading to higher costs and poor community outcomes.

8. **Local and community engagement**

The Whau Local Board notes that the proposal includes obligations for engagement with affected local communities by the proposed entity but would need much more detail on what this would look like.

The local board is concerned that the proposal currently ignores local boards and does not recognise Auckland's unique governance model. It is disappointing to have to reiterate in feedback once again that Auckland's local boards are not like community boards and have statutory decision-making responsibilities over local non-regulatory matters in the Auckland region. This should be recognised in all situations in which central government consults with local government.

The local board notes that WaterCare Services has been relatively successful in building relationships with local boards and the communities they serve. Local boards and CCOs, including WaterCare Services, have recently developed "joint engagement plans" which outline key projects in each local board area and agreed engagement levels (with both local boards and the community). The joint engagement plans are agreed annually at public meetings and therefore provide a transparent mechanism for the public to understand key projects in their area and how they will be consulted on them.

The local board would take the opportunity to note the large number of complex and significant changes currently being progressed by central government directly impacting on local government. The local board is concerned that the public may not appreciate the quantum of change being proposed and would urge central government to consider its communications strategy to ensure that communities understand what is happening and feel that they have a voice.

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9. Environmental regulation

The Whau Local Board supports in principle the approach to environmental regulation being proposed within the resource management reform process where the focus will be on positive environmental outcomes rather than the current mitigations-based system. It is clear that water quality is a huge concern for our communities. The poor water quality of the Whau River and Manukau Harbour are consistently raised as a key issue for people in our rohe. Strong environmental regulation and climate change preparedness must be top priorities if this proposal progresses.

10. The Whau Local Board looks forward to future engagement on this proposal.

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Attachment D

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Date: Tuesday 14 September 2021
Time: 1.00pm
Meeting Room: This meeting will proceed via Skype for Business.
Venue: Either a recording or written summary will be uploaded on the Auckland Council website

Devonport-Takapuna Local Board OPEN MINUTE ITEM ATTACHMENTS

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10	Devonport Takapuna Local Board feedback on the Three Waters Reform proposal	
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Note: The attachments contained within this document are for consideration and should not be construed as Council policy unless and until adopted. Should Councillors require further information relating to any reports, please contact the relevant manager, Chairperson or Deputy Chairperson.

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Attachment E

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Devonport-Takapuna Local Board input to Auckland Council's feedback on the Three Waters reform Proposed by the New Zealand Government

The proposed three waters reform in New Zealand

1. The Devonport-Takapuna Local Board does not support the Three Waters Reform model as proposed.
2. The board supports the government's intent in proposing three waters reforms and the need to ensure high quality drinking water, high standards in waste water treatment, and effective management of stormwater across New Zealand.
3. We acknowledge the need for some consolidation of current water supply entities to achieve efficiencies and economies of scale, lower costs to residents and consumers, and the ability to access higher levels of investment in infrastructure.
4. The board supports the right of each council to determine whether or not participating in the proposed Water Services Entities (WSEs) is the right choice for the communities they serve, and will bring the promised benefits of the reforms.
5. The board supports Auckland Council to continue to work with central government to achieve the potential benefits of three waters reform without losing accountability and responsiveness in respect to the governance of Auckland's three waters assets and services.
6. However, we note that both Scotland and the state of Victoria, Australia, which have similar populations to New Zealand, each operate a successful two water strategy for water and wastewater delivery, and do not include stormwater. The New Zealand government proposes a 'three waters' model which includes stormwater.
7. We note that Victoria – with a similar land area and population to New Zealand – has 19 water corporations which are entirely state-owned and operated, with very simple and clear reporting and accountabilities. These are 'tiered' – with 3 metropolitan water companies serving Melbourne, 12 covering regional towns and smaller cities, and four covering the rural sector. The model proposed in New Zealand contemplates just 4 water entities, which each encompass a range of metropolitan and smaller cities, towns, and rural areas.
8. There is no clear business case to support the assumptions used to determine that reform would be able to achieve 50% efficiency savings, resulting in lower costs to residents and consumers (Agenda report para 27). Watercare is already well-established water entity of significant scale, which has already achieved significant efficiencies. It is difficult to determine whether a further 50% in efficiency savings would realistically be achieved.

Proposed Entity A (Auckland and Northland)

9. The board does not support the proposal of a single entity encompassing the Auckland and Northland regions and including the Auckland, Kaipara, Whangarei and Far North councils (Entity A). We believe that, if the reforms go ahead, these should be two distinct entities.
10. The board is confident that the management of water service delivery in Auckland through Watercare as a Council Controlled Organisation and through the Healthy Waters department of Auckland Council already

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Attachment A

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Attachment E

provides high quality services and outcomes that do not present risks to public or environmental health as has been seen elsewhere.

11. Watercare already serves a population larger than any of the other proposed entities – 1.7 million – and does so in a way that is both responsive to and accountable to Auckland Council and our communities. The board notes that Aucklanders have already made a considerable investment to achieve this, and have committed to continuing a high level of investment to ensure this remains the case.
12. Auckland's \$510 million share of the proposed central government investment package of \$2.5 billion does not reflect the value of Auckland's water assets, or provide further capital for additional infrastructure, and therefore provides no incentive for Auckland to enter Entity A.
13. The board considers that Auckland would not gain any additional benefit in improved quality water, waste water, or stormwater outcomes by virtue of participating in Entity A.
14. The board is aware of the considerable challenges faced by the other three councils in the proposed Entity A, and the capital investment that will be required to achieve high quality outcomes in those areas – at the same time that Auckland must focus sharply on significant infrastructure investment to meet unprecedented population growth and the increased effects of climate change across our own council area.
15. The board acknowledges that separating Watercare from the Auckland Council group's balance sheet may enable Watercare (or a new water services entity) to borrow more and bring forward additional investment projects – and give council some protection from liability and costs should a small water supplier default on water quality regulations. (Agenda report paras 29-30.)
16. However, the board considers that it does not have sufficient information to clearly establish that Auckland Council's balance sheet would be significantly improved in the reform model proposed. A clear business case to support this has not been established.

Proposed governance and representation arrangements

17. The proposed reforms have a complex accountability structure with each WSE subject to regulatory oversight, and reporting to and accountable to multiple stakeholders. We are concerned that the unintended effect of this will be that they are accountable to no-one.
18. The board is concerned that the proposed reforms remove ratepayer-owned water and wastewater assets from council ownership, and remove Auckland Council governance and decision-making over public water assets and services.
19. The proposed reforms remove the ability of local authorities to determine the board of directors of the proposed water entities, which also removes an important mechanism which ensures accountability to the councils and water users.
20. The board is gravely concerned that if the proposed new governance entity and approach was adopted:
 - nearly all (92%) of the three waters assets that would come under the control of the new entity would come from Auckland;
 - Auckland would have approximately 90% of the population served by the new governance entity (1.7 million); yet
 - Auckland would have only a fraction (35%) of the representation provided for as part of the governance of the new entity, and would have no direct impact in appointing its board. The board believes that Auckland Council should have representation proportionate to the assets, services, and revenue it contributes, should the reforms proceed.

21. Any central government reform of New Zealand's three waters system must ensure water entities are responsive to and accountable to councils and local communities. Auckland's local boards currently have the opportunity to access and engage with Watercare and Healthy Waters on infrastructure projects in our areas. While we do not have decision-making power, the relationship gives boards the opportunity to provide a local view. Under the proposed reforms, the WSEs are too far removed from direct council control and local boards will play no role at all.

Integration of land use and growth planning and water services

22. The board expresses concern that the three waters governance structure removes the legislative requirement for any new proposed entity to integrate with and give effect to Auckland Council's Unitary Plan, Long Term Plans (LTPs) and the strategic direction provided to Watercare set through Statements of Intent. This removes a crucial mechanism which ensures accountability to Auckland Council and Aucklanders.

Other matters

23. We are concerned about the possible removal from council of ratepayer-owned stormwater infrastructure and streams, and portions of associated reserves and parks, and the effect on local parks decision-making.
24. The board believes that, if the reforms go ahead, there must be legislative protections to guarantee that there can be no privatisation of water services entities or providers in the future.
25. The board notes that Auckland Council is itself the result of a legislatively-mandated amalgamation – and that there are many lessons to be learned, to ensure that any amalgamation to new water services entity is efficient and effective.
26. The board is concerned at the lack of information on the cost of the transition to the proposed water services entities – including standardising computer software, staffing changes, branding, capital funding.
27. The board is concerned that there is little or no information over how the transition to new water services entities would be managed or monitored. How, for instance, will the activities of existing councils and water services be monitored to ensure that councils do not defer maintenance and infrastructure investment in the knowledge that this will shortly become the responsibility of the new water services entity.

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Upper Harbour Local Board Input to Auckland Council's feedback on the Three Waters reform proposal by the New Zealand Government

9 September 2021

Relevance to the Upper Harbour Local Board

In summary, we do not support reform and amalgamation due primarily to:

- Extremely complex proposed governance structure which does not reflect asset contribution in a fair or equitable way, and removes the opportunity for engagement at a local level
- Inclusion of stormwater which has a fundamentally different function to potable and waste water, and should be excluded on the basis of the need for local catchment management and the significant impact on local parks decision making
- Untested data assumptions, particularly given regional economies of scale already achieved in Auckland
- Significant impact on decision making roles of elected members
- Concerns around cross-subsidisation
- Concerns over privatisation risks
- Occurring concurrently but unaligned to other regulatory reform underway

We support retention of our significant water assets in public ownership, with local accountable and responsive governance and management.

Topic	Local board feedback
Need for three waters reform in New Zealand	<p>Provision of economic regulation for best practice, expert technical support and underwritten infrastructure investment for councils requiring it, can be achieved without amalgamation.</p> <p>This regulation can apply to Watercare without amalgamation.</p> <p>The costs of reform might better have been spent funding those councils needing assistance to provide the necessary technical expertise and to underwrite investment.</p>
Proposed entity A (Auckland and Northland)	<p>It is very hard to see how the practicalities of this entity could work with the equity makeup proposed.</p>
Proposed governance and representation arrangements	<p>This is our key area of concern. One size doesn't fit all within Auckland, and very definitely not nationally.</p> <p>Currently local boards have the opportunity and access to engage with Watercare and Healthy waters on the infrastructure projects in our area. While we do not have decision making, we have the opportunity to provide a local view, and the relationship allows opportunities to engage with our community and respond to concerns.</p>

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Topic	Local board feedback
	<p>It is very hard to see how the proposed structure could address any Auckland regionwide issue let alone any more local issues.</p> <p>There are significant equity issues for Auckland in the proposed, very complex governance structure. The weightings between the contributing councils and mana whenua do not reflect the relative investment into the scheme. We are sure that the proposals have been made with good intention, but the outcome is divisive and unfair.</p> <p>Decision making under the proposed structure will inevitably be less transparent, more removed and the entity unaccountable to Auckland ratepayers. Local Boards will have no role at all. The Governing body representatives on the Regional Representative Group at best can contribute to board selection and if lucky to an agreed letter of expectation. Consensus is going to be very problematic given the huge discrepancy in the relative levels of investment and the very diverse communities encompassed within the 1.7 million people.</p> <p>Engagement is an essential part of democracy and it is unclear how this can occur within the proposal.</p>

This feedback is approved by the Upper Harbour Local Board Chair and is to be considered formal feedback agreed by the local board using the process outlined below:

13 Local board feedback for inclusion in Auckland Council submissions

Resolution number UH/2020/47

MOVED by Member N Mayne, seconded by Member A Atkinson:

That the Upper Harbour Local Board:

- a) **delegate authority to the chairperson to approve the local board's input into Auckland Council submissions on formal consultation from government departments, parliament, select committees and other councils, where timeframes do not allow for local board input to be considered and approved at a local board meeting.**
- b) **restate resolution number UH/2019/138 b) iv) from the local board business meeting on 21 November 2019 as follows:**
 - b) agree to establish topic area leads to effectively and efficiently manage some aspects of the governance work of the local board for the 2019-2022 triennium, and confirm that topic area leads will:*
 - iv) lead the development of local board feedback on regional policies, plans and strategies relevant to the topic area and report back to the full local board for approval.*
- c) **note all local input approved and submitted for inclusion in an Auckland Council submission is to be included on the next local board meeting agenda for the public record.**

CARRIED

24 **Kaipātiki Local Board feedback on the Three Waters Reform proposal**

Resolution number KT/2021/161

MOVED by Deputy Chairperson D Grant, seconded by Chairperson J Gillon:

That the Kaipātiki Local Board:

- a) requests that Auckland Council reject and opt out of the Three Waters Reform proposal.
- b) The Kaipātiki Local Board does not support the Government's proposed Three Waters Reform proposal and provides the following feedback:
 - i) The Kaipātiki Local Board's primary concerns with the proposal are:
 - A) The removal from council of ratepayer-owned water and wastewater assets,
 - B) The possible removal from council of ratepayer-owned stormwater infrastructure and streams (and portions of associated reserves or parks),
 - C) The lack of accountability to elected members that the new entity would have, and the lack of local decision-making over public water assets,
 - D) The ability to give effect to Auckland Council's long term planning and strategies,
 - E) The focus on upgrading existing infrastructure in other parts of the Entity A region, and not ensuring a coordinated investment in growth areas of Auckland,
 - F) Lack of clarification on the ownership of stormwater within reserves and park land where there is the opportunity to ensure multiple community outcomes, such as bio-diversity, community volunteer involvement, aesthetic values,
 - ii) We note that both Scotland and the state of Victoria, Australia, that have a similar population as New Zealand and a similar model for water and wastewater delivery, do not include stormwater in their model (Two Waters).
 - iii) We note the following concerns raised by Auckland Council in their analysis of the government proposal (as per attachment A to the report) and would like to draw attention to them:
 - A) It is anticipated that councils will continue to deliver water services until at least early 2024 and that council involvement in the transition will be required throughout.
 - B) Central government decisions are expected to be announced after 30 September 2021, which would include the timeframes and responsibilities for any community or public consultation.
 - C) Point 27: Auckland council staff disagree with the assumptions used to determine that reform would be able to achieve 50% efficiency savings, and the resulting impacts on household costs.
 - D) Points 29-30: the main advantage in separating Watercare from the council group's balance sheet is that it allows Watercare or a new entity to borrow more and bring forward additional investment projects. Another advantage is that there would be reduced risk to

council with the entity being held responsible and meeting the costs for any small water suppliers defaulting on water quality regulations, however a key concern with this model is the complex governance arrangements that provide no control and limited influence by elected members. Auckland Council will contribute 94% of the assets, 91% of the revenue, 97% of the debt but only have up to 35% of the representation of the Regional Representative Group. This Group has only indirect influence on the water services entity.

- E) Point 40: The model contained some assumptions that were clearly incorrect when considered in Auckland Council's context. For example, Three Waters debt was capped at 2.5x (250%) revenue in the model, whereas Council's Three Waters debt peaks at roughly 4x (400%) revenue in the LTP. The lower debt to revenue in WICS' model means it forecasts price rises that are much higher than they could be.
- F) Point 42: The separation of Watercare does not create any additional borrowing capacity. Auckland Council has a credit rating from S&P Global and Moody's. These agencies use different methodologies, with S&P's methodology, separating Watercare's debt and the revenue from the group improves the council's debt-to-revenue ratio. The Department of Internal Affairs estimates this at \$2.1 billion, which does not appear to be materially inaccurate. However, as Moody's already eliminate Watercare from their calculation, the separation of Watercare from the group has no impact on Moody's credit rating analysis of the council.
- G) Point 43: Regardless of whether Entity A is established, council and the new entity will face increased costs as a result of regulation.
- H) Point 45: The WICS model assumes a level of efficiencies that will be achieved by the new water entities (up to 50 percent). Due to the number of assumptions built into the WICS model, it is difficult to interrogate whether the level of efficiencies assumed for Entity A are realistic. However, it should be noted that Watercare is already a water entity of significant scale and maturity that has been operating for 10 years under a legal obligation to be a least cost provider. As such, Watercare has already achieved significant efficiencies, although further efficiencies can be expected under regulation.
- I) Point 46: The government's proposal and the DIA/WICS modelling have been independently reviewed by Farrierswier (review of WICS model) and Beca (comparison of the standards applied in EU/UK with New Zealand). Whilst generally supportive of the model scope and direction of reform benefits anticipated, they both raised a range of issues with the model application, which whilst technical in nature, could have large impacts on the currently published model results. They urged caution with using these figures for decision-making and note that the quality of management of the future water entities will have a critical impact on the achievement of the expected efficiency savings.
- J) Point 47: Both the Farrierswier and Beca reviews outline the similarities and differences between Scotland and NZ and discuss the risks of assuming the countries are similar. While Scotland and NZ have similar populations (5.46M v 5.11M), NZ has 3.44 times the land area of Scotland and population is sparser. Scotland has also

- not experienced the level of growth that Auckland has. Scotland Water is also a two water entity, not three.
- K) Point 58: If the proposal proceeds, Auckland Council may wish to advocate to Government for:
- 1) Greater representation on the Regional Representative Group
 - 2) Direct board appointments
 - 3) Approval and modification rights to the Statement of Intent
 - 4) To explore other mechanisms to allow for greater investment in water infrastructure by the proposed entities, including other mechanisms for achieving balance sheet separation as explicit government financial support (which result in a greater degree of control and accountability of water entities).
- L) Points 59-60: Currently Council's decisions across water, transport and community infrastructure are guided by the Auckland Plan Development Strategy and implemented through LTP and RLTP decision making processes. These enable us to align investment with future growth requirements in terms of location, sequencing and timing, and plan and provide for all the major infrastructure needs of these areas. Alignment and coordination of infrastructure investment will be made more difficult with separation of water infrastructure. In particular, it is questionable under current financing and funding arrangements whether council would have the ability to match the water entity's spend with respect to transport and community infrastructure. Without clear agreements over the timing and staging of growth with water entities, council would face significant challenges in delivering transport infrastructure in all areas of development capacity that the entity could enable through its investment.
- M) Point 66: The current proposals do not specify how communities will be consulted or involved in local decisions and projects. This is important because the new entities will be covering large geographic areas with bigger populations and there is a reasonable concern that community voices will be lost. Local three water projects have a variety of local impacts from smaller-scale traffic disruption to large-scale impacts (for example the impact on sensitive environments, such as when replacing the treatment facilities at Huia). The proposals should therefore specify how community voices are considered, including possible co-ordination of work in particular locations to reduce disruption. Note that there is likely to be high community interest in stormwater projects on local parks and governance of these projects also needs to be clarified.
- N) Point 70: While the Government and LGNZ consider that national case for change has been made, Councils do not have a national interest test for their decision making. Councils are required to act in the interests of their communities and the community's well-being (now and into the future), provide opportunities for Maori to contribute to their decision-making process, ensure prudent stewardship and the efficient and effective use of its resources in the interests of the district or region (including planning effectively for

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the future management of its assets) and take a sustainable development approach.

c) thank the Governing Body for the opportunity to provide feedback on the Government's proposed Three Waters Reform.

CARRIED

<u>For</u>	<u>Against</u>	<u>Abstained</u>
Chairperson J Gillon	Member A Hartley	Member A Shaw
Member P Gillon	Member C Schmidt	Member A Tyler
Deputy Chairperson D Grant		
Member M Kenrick		

The motion was declared **CARRIED** by 4 votes to 2.

Attachment G

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Independent Māori
Statutory Board

Memorandum

To Phil Goff – Mayor
From David Taipari – Chairman
CC Leesah Murray, Jim Stabback, Megan Tyler
Date 17 September 2021
Subject Feedback on the Government’s proposed reform of Three Waters infrastructure and services for New Zealand

Tēnā koe e te Koromātua,

1. The Independent Māori Statutory Board (the Board) has a statutory purpose and role to assist Auckland Council to make decisions, perform functions, and exercise powers by monitoring the council against its Te Tiriti o Waitangi obligations, and promoting issues of significance to Māori in Tāmaki Makaurau.
2. Over the last ten years the Board has been involved in the Auckland Council Group’s water infrastructure planning and decision-making and has had the opportunity to consider what has worked well and to identify areas of improvement.

Support in general for the intent of the Three Waters reform

3. The Board supports the need for reform of New Zealand’s drinking water, wastewater, and stormwater (known as “three waters”) infrastructure and associated services.
4. The Board is supportive of the Government’s ambitions for the reform which include:
 - 4.1. significant improvements to the safety, quality, resilience (to natural hazards and impacts of climate change), accessibility and performance of three water services for all New Zealanders
 - 4.2. protection and promotion of the rights and interests of Māori in the new three waters service delivery system
 - 4.3. increased participation of Māori within the new three waters service delivery system.
5. The Board strongly supports the incorporation of Te Tiriti o Waitangi and its principles into the three waters reform, as well as Te Mana o Te Wai. Through the protection, preservation and promotion of Māori values, rights and interests, the proposed reform can deliver improved health and wellbeing for the three waters and for all New Zealanders.
6. The Board supports a partnering approach with Māori to further develop and embed an understanding of impacts of the Three Waters Reform Programme with mana whenua and Māori communities. The current engagement approach by the Department of Internal Affairs has been largely ineffective in providing concise and easily understood information for and to Māori about the significant impacts of this reform regime.
7. The Board supports that Māori should be adequately resourced in order to meaningfully participate within the three waters reform. This includes the development and incorporation of Iwi Management Plans, Cultural Impact Statements and Te Mana o Te Wai Statements.
8. The Board supports the provision of technical expertise and financial resourcing to Māori to ensure that iwi and hapū are able to articulate their aspirations for their wai (the waters they belong to and have mana whakahaere over) in an appropriate manner.
9. Te Mana o Te Wai Statements represent an important way for iwi and hapū to participate within the three waters reform. They provide a mechanism to hold each water entity to account to ensure that the rights, needs and aspirations of mana whenua for and of their wai is maintained. Te Mana o Te Wai statements however do not replace the need for each water entity to engage directly, and the Board strongly supports the need for water entities to establish and maintain close relationships with mana whenua within their respective rohe.

10. The Board is concerned that the proposed timeframes for Water Services Entities to respond to Te Mana o Te Wai statements does not reflect the participatory intent of the three waters reform. The current guidance proposes that a two-year period is a reasonable response time, which indicates a lack of prioritisation and appreciation of the mātauranga provided by mana whenua in these statements. Timeframes for responding to Te Mana o Te Wai statements should be agreed between mana whenua and the Water Services Entity.

Māori participation in Three Waters entity governance structures

11. The Board is concerned about the lack of decision-making powers for Māori in the proposed governance structure and wants to ensure that the three waters reform do not adversely affect the rights, interests, responsibilities and opportunities of iwi and hapū regarding their wai.

12. The Entity Board selection process has limited opportunity for Māori involvement, with representation of potentially many iwi and hapū being delegated to only a few mana whenua representatives. Those few appointed mana whenua representatives are part of a Regional Representative Group who then select an Independent Selection Panel, which then appoints and monitors the Entity Board, which then appoints the Water Services Entity.

13. This governance model has the potential to significantly devolve and dilute any influence Māori might have on the formation of and participation in governance structures. The Regional Representative Group will have restricted governance functions over the Water Services Entity, which limits the wider purposes and functions of mana whenua participation within three water services delivery.

14. The Board recognises the ambition of central government to ensure for mana whenua participation by representing 50 per cent of the Regional Representative Group. This ambition should apply to all relevant levels of board selection so that equal mana whenua representation is set at both the Independent Selection Panel and Entity Board level. Equal mana whenua participation will help to ensure that Te Tiriti o Waitangi principles and Māori outcomes are acutely considered in the formation and management of each Water Services Entity.

15. The Board support that the proposed reform make clear that cultural competency, expertise and knowledge of Tikanga Māori and nuanced understanding of kaitiakitanga are key considerations for the composition of each water entity board and its members.

16. The Board advocates that all iwi and hapū be provided with resourcing (both immediate and ongoing) that builds future capability and fosters career pathways for mana whenua so they may participate more fully in the governance of and delivery in three waters services.

Specific considerations for Water Services Entity A (Northland and Auckland)

17. The Board is concerned about the lack of decision-making powers for mana whenua of Tāmaki Makaurau. The proposed governance structure for the Regional Representation Group for Water Services Entity A would comprise of 12 to 14 members, half of this membership would be mana whenua representatives from both Northland and Auckland.

18. Auckland Council recognises 19 mana whenua groups within Tāmaki Makaurau. It is not yet clear how many of the 6 to 7 mana whenua representatives would be from Tāmaki Makaurau, or how the mana whenua representatives will be selected.

19. The Board requests further information on the Kaupapa Māori methodologies that will be utilised to confirm and appoint mana whenua onto the Regional Representative Group and further information on how each unique and distinct iwi of Tāmaki Makaurau will be represented within this group.

20. With 85 per cent of Māori in Tāmaki Makaurau being mātāwaka (Māori who reside in Tāmaki Makaurau who do not whakapapa to the area) the Board is concerned that the needs of mātāwaka are not considered within the three waters reform. Given the unique make-up of Māori residing in Tāmaki Makaurau, due consideration should be given to how mātāwaka feature in Water Services Entity A.

Summary

21. In summary, the Board is advocating for greater clarity and representation of mana whenua in the governance structure of the Water Services Entities. This representation must include decision-making

powers to ensure that these roles are able to add value to decisions while upholding the principles of Te Tiriti o Waitangi.

Next Steps

22. The Board will invite Minister Mahuta to engage in a discussion so that a unique arrangement can be sought that fits the point of difference that Tāmaki Makaurau offers Aotearoa.

Ngā manaakitanga,



David Taipari

Heamana - Chairman
Independent Māori Statutory Board

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31 January 2021

Hon Nanaia Mahuta
Minister of Local Government

By email:

Tēnā koe Nanaia

I'm writing to give you a heads-up on the results of Auckland Council's public engagement on the proposed 3-waters reforms in advance of their public release.

In December 2021, Auckland Council sought public feedback through consultation, supplemented with independent research, on the governance and accountability provisions proposed in the Government's three waters reforms programme. This is in line with our policy of consulting the public on major issues that significantly impact the Council in its delivery of services to the public.

Specifically, feedback was sought on:

- Auckland Council's preferred model for accountability, which supports the new water entity remaining accountable and responsive to the public through their elected representatives. This would mean elected representatives would directly appoint the Board for Entity A. It would also mean that Entity A would need to comply with the broad objectives set by the elected representatives (while retaining operational independence and the ability to independently set water rates).
- whether Auckland Council should have majority control over the assets of Entity A, and its activities given that 93 per cent of the assets of the new entity will come from Auckland Council.

The purpose of the consultation was to enable Council to accurately represent the views of Aucklanders in its response to Government including in the Government's Working Group on Accountability, Governance and Representation and help inform council submissions to the Parliamentary Select Committee examining the Government's legislation.

The consultation took two forms. Firstly, a two week period was allowed for submissions, with nearly 3,500 received over the period. Secondly because submissions reflect those motivated to make that effort, we also polled through Kantar Public (Colmar Brunton) over 2,000 people with the purpose of reflecting the views of a cross section of Aucklanders (by age, region, ethnicity and gender).

On question one, the preferred model for accountability, 77 per cent of submitters supported keeping the new water entity accountable and responsive to the public through their elected representatives on Council.

On questions two, relating to control, 83 per cent agreed that Auckland Council should have the majority of control over Entity A's water assets and what Entity A does.

With respect to the independent polling research, over two-thirds (67 per cent) agreed that Entity A should be kept accountable to the public through their elected Council representatives, 15 per cent disagreed.

Nearly three-quarters (74 per cent) supported Aucklanders having majority control over the new entity, 16 per cent disagreed.

As you can see, from both forms of consultation, Council's position has a strong mandate from our public. I look forward to engaging constructively through the Working Group and Select Committee process to achieving an outcome that addresses both Aucklanders concerns and the Government's need for reform.

The following attachments will be circulated to Auckland Council elected members and the public on Wednesday 2 February 2022:

- Attachment A – Three Waters Reform: Research findings of a survey of Aucklanders
- Attachment B – Three Waters Reform: Summary of public feedback
- Attachment C – Feedback Form NZ's Three Waters Reform: What it means for Auckland

Ngā mihi



Phil Goff
MAYOR OF AUCKLAND

Copy to: Rt Hon Jacinda Ardern, Prime Minister
Hon Grant Robertson, Minister of Finance

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Three waters reforms

Research findings of a survey of Aucklanders

Organisation: Auckland Council
Attention: Warren Marshall
From: Jocelyn Rout and Alexis Ryde
Date: 17 December 2021

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Summary

Auckland Council commissioned Kantar Public to carry out a representative survey of Aucklanders aged 18 years and over to measure Aucklanders' awareness and knowledge of the three waters reforms, as well as Aucklanders' level of support for two Auckland Council proposals relating to governance and accountability provisions for the new water services entities.

An online survey of 2,003 Aucklanders was carried out from 25 November to 13 December, 2021.

Key findings are:

- Three quarters (75%) of Aucklanders are aware of the three waters reforms.
- Aucklanders' knowledge of why the reforms in New Zealand's water infrastructure are needed is limited. Survey respondents were given an explanation (see page 7) that covered the need to ensure reliable and safe drinking water, and protect NZ's beaches and rivers; the Government's estimate of the size of the investment needed; local council's inability to fund this investment; and that the new water entities are expected to deliver efficiencies. Just under half (47%) of Aucklanders already knew 'a lot' (10%) or 'a little bit' (37%) of this information. The remaining 52% did not know any of this information or had not heard of the reforms.
- Aucklanders' knowledge of the governance and accountability provisions is also limited. Following an explanation that covered the proposed relationship between local councils and the new water entities (see pages 9 and 10), around half (49%) of Aucklanders said they knew 'a lot' (7%) of the information and 42% said they knew 'a little'. The remainder (51%) knew nothing about the relationship prior to the survey.
- Around two thirds (67%) of Aucklanders strongly or slightly agree with Auckland Council's proposal that *"Entity A¹ should be kept accountable and responsive to the public through their elected representatives (or local councillors). This would mean elected representatives would directly appoint the Board for Entity A. It would also mean that Entity A would need to comply with the broad objectives set by elected representatives."*
- Nearly three quarters (74%) of Aucklanders strongly or slightly agree with Auckland Council's proposal that Auckland Council should have a majority control over Entity A's water assets and what Entity A does.
- Majority support for both of these proposals is evident across all local boards and all demographic groups².

¹ Entity A covers Auckland, Far North, Kaipara and Whangarei councils.

² Demographic analysis covered gender, age, ethnicity, and housing tenure.

Background and objectives

Auckland Council is seeking public feedback through research and consultation on the three waters reforms programme. This feedback will be used to:

- a) provide the Auckland Mayor with a mandate to represent the views of Aucklanders as a member of the Working Group to make recommendations on the governance and accountability provisions originally proposed for the new water services entities. The Working Group is meeting in early Feb 2022.
- b) help inform Council submissions to the Parliamentary Select Committee examining the Government's legislation.

Auckland Council has commissioned Kantar Public to carry out a representative survey of Aucklanders aged 18 years and over.

Research objectives

The research was designed to measure:

- Aucklanders' awareness of the three waters reforms, as well as the proposed governance and accountability provisions in the Government's proposal
- Aucklanders' level of support for Auckland Council's proposals relating to the governance and accountability provisions.

This report presents the survey findings and methodology Kantar Public used to carry out the research.

Research methodology

Kantar Public carried out an online survey of 2,003 residents in the Auckland region from 25 November to 13 December 2021.

Online survey fieldwork

The online survey was conducted using Kantar's and Dynata's online panels.

Quotas were set on age by gender, and ethnicity to ensure a demographically representative sample. Local board quotas were also set, with the aim of achieving a robust number of interviews in each local board. This was achieved for all local boards except Waiheke and Great Barrier.

Maximum margin of error

The maximum margin of error on the total sample size of 2,003 is +/-2.2% (at the 95% confidence level and assuming simple random sampling).

Weighting

Survey data were weighted to align with Statistics New Zealand 2018 Census population demographic characteristics: age by gender, ethnicity, and local board area.

Questionnaire development

The questionnaire was developed by Kantar Public in collaboration with Auckland Council. The questionnaire was cognitively tested with three Auckland residents prior to fieldwork. The final questionnaires incorporated revisions made to draft versions as a result of this testing. The survey was then formally piloted with 33 respondents prior to the main fieldwork.

The average interview length for the online survey fieldwork was eight minutes. The questionnaire is appended to this report.

Aucklanders' awareness and knowledge of the three waters reforms

This section examines Aucklanders' awareness and knowledge of the reforms. A key purpose of these questions was to systematically take respondents through important contextual information about the reforms before asking them about their views on Auckland Council's proposals (covered in the next two report sections).

Awareness of the reforms

All respondents were initially provided with an explanation of the three waters reforms. Specifically they were shown the information below:

Please read the following information carefully before moving to the next screen.

What are the water services we are asking about?

The question is about 'three waters' which include:

- *Drinking water (clean water from our taps)*
- *Wastewater (used water from our sinks, toilets etc)*
- *Stormwater (water that runs off surfaces such as roads, driveways, footpaths etc).*

Who is currently responsible for delivering these services across Auckland?

Watercare, provides drinking water and wastewater services for most of Auckland, with the exception of Papakura. Auckland Council is responsible for stormwater services across all of Auckland. Watercare is owned by Auckland Council.

How does Auckland Council currently manage Watercare?

- *Auckland Council appoints the board of directors. The board are responsible for how Watercare is run, and for appointing its Chief Executive.*
- *Auckland Council can approve or change Watercare's statement of intent (i.e., its work programme and priorities for the next three years).*
- *Auckland Council can require Watercare to comply with the Council's long-term plans and growth strategies.*

PAPAKURA RESPONDENTS WERE SHOWN:

Who is currently responsible for delivering these services across Papakura?

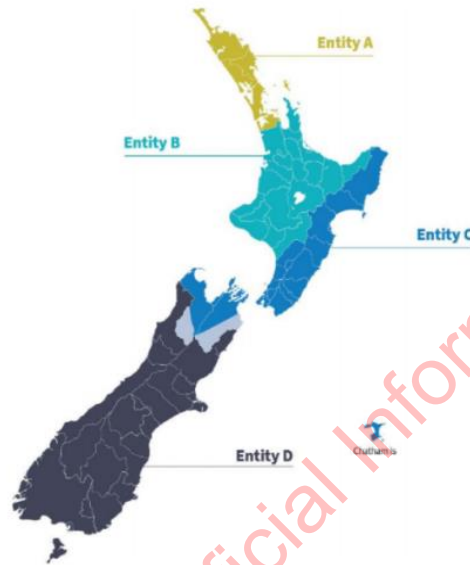
In 1997 Veolia, a large international company, was granted a 30-year contract by the previous Papakura District Council to, to provide drinking water and wastewater services across Papakura. Auckland Council are responsible for stormwater across all of Auckland including Papakura.

ALL RESIDENTS WERE SHOWN:

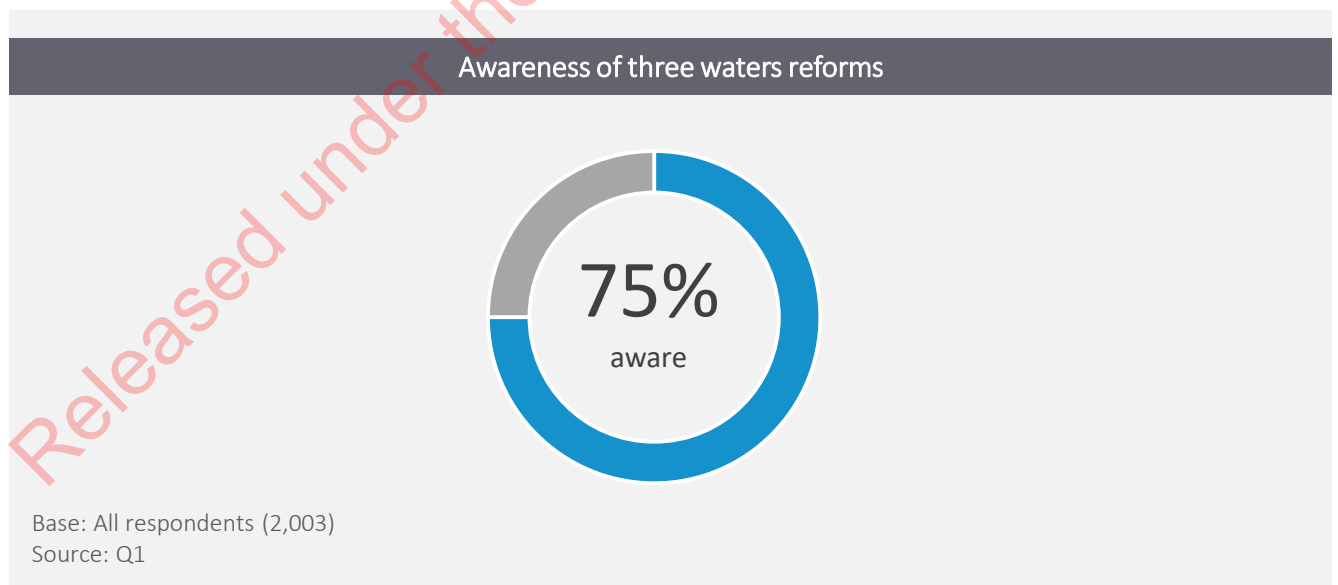
What reforms has the Government proposed to these services?

The Government has announced the three waters reform for the whole of Aotearoa New Zealand. This will shift the management of services from councils, or in Auckland's case Watercare, to four new water entities as shown in the map above.

Under the Government's proposal Watercare would no longer exist and Auckland's three water services would form part of Entity A, with the water services for Far North, Kaipara and Whangarei councils.



All respondents were then asked whether they had heard of the three waters reforms before today. Results are shown in the chart below.



Three quarters of Aucklanders are aware of the three waters reforms.

Awareness is higher among:

- Older Aucklanders (85% of those aged 50+)
- Homeowners (80%)
- Those living in Ōrākei (84%), Franklin (84%), Devonport-Takapuna (87%), Albert-Eden (85%).

Awareness is lower among:

- Younger people (65% of those aged under 40)
- Pacific peoples (64%)
- Asian Aucklanders (61%)
- Renters (66%)
- Those living in Ōtara-Papatoetoe (62%), Waitemata (64%), and Whau (62%).

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Knowledge of the need for the reforms

Respondents were then given an explanation of the reasons why reforms are needed.

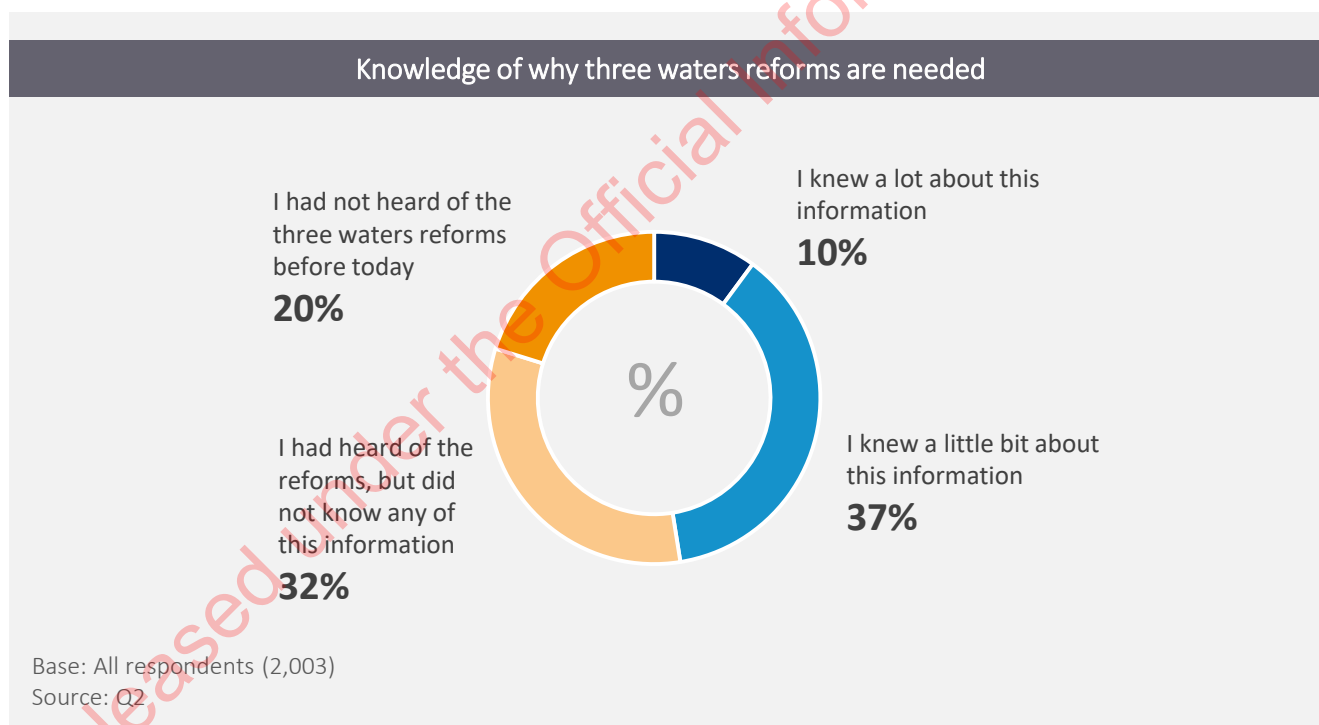
Why does the Government want to create the four entities to manage the three waters?

Local and central government agree that more investment is needed in water infrastructure across New Zealand. This investment is needed to ensure reliable and safe drinking water. It is also needed to prevent raw sewage from spilling onto New Zealand's beaches and rivers.

Central government has estimated this will mean investment of between \$120 billion and \$185 billion across the country over the next 30 years. Many local councils are not in the position to raise the money required for this investment. Central government believes the four new water entities will be able to fund this investment by:

- *Delivering efficiencies. They believe the four new water entities will be more efficient than the 67 councils currently involved in delivering water services across the country.*
- *Borrowing more and spread the cost of this borrowing over multiple generations. Many local councils are constrained in their ability to borrow money.*

Respondents were asked how much of this information they were aware of. Results are shown.



Few Aucklanders had prior in-depth knowledge of the reforms: just 10% knew a lot of this information. Just under half (47%) knew at least some of the information (either 'a lot' or 'a little').

Knowledge (either 'a lot' or 'a little') is higher among:

- Men (51%)
- Those aged 50 years and over (64%)
- New Zealand Europeans (59%)
- Homeowners (52%)
- Those living in Devonport-Takapuna (65%), Ōrākei (61%), and Waitakere Ranges (57%).

Knowledge (either 'a lot' or 'a little') is lower among:

- Females (43%)
- Those aged under 50 years (37%)
- Pacific peoples (34%)
- Asian Aucklanders (31%)
- Renters (38%).
- Those living in Howick (33%).

Knowledge of governance and accountability provisions

Respondents were then given an explanation of the Government's proposed governance model, as follows:

Please read the following information carefully before answering the question.

What will be the relationship between water Entity A and Auckland Council?

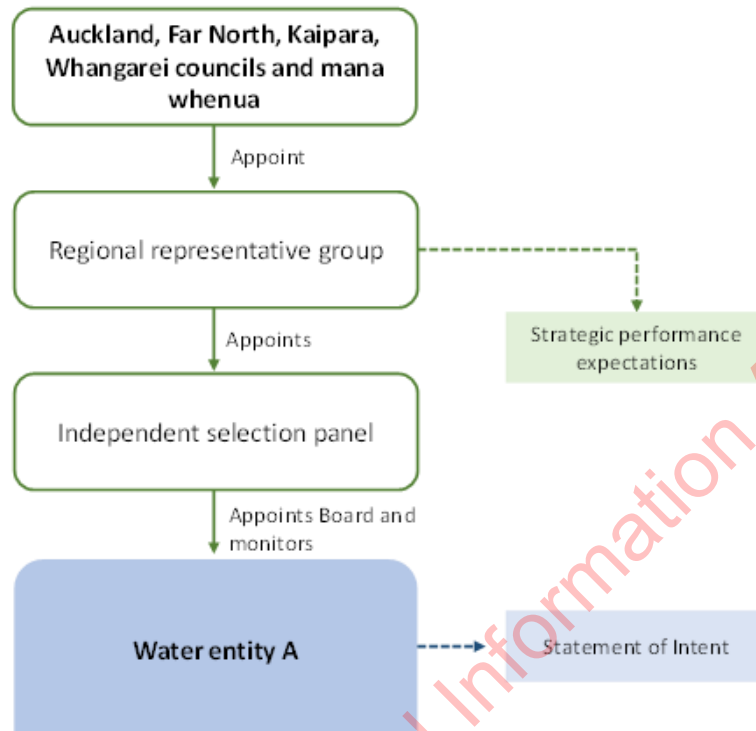
The relationship will be more remote than it currently is between Auckland and Watercare.

Currently Watercare is accountable to Aucklanders, through their elected members on Auckland Council. Auckland Council appoints Watercare's board of directors, and the law requires Watercare to comply with Auckland Council's long-term plans and strategic direction. In addition, the councillors have to approve Watercare's Statement of Intent. A Statement of Intent is an organisation's work programme and priorities for the next three years).

The future relationship proposed by the Government is described below and illustrated in the diagram above

- *Auckland Council – together with the three councils in Northland - will appoint half of the representatives to a 'Regional Representative Group'.*
- *The remaining 50% of the Regional Representative Group will be appointed by Mana whenua (local iwi).*
- *The Regional Representative Group in turn will appoint an independent selection panel*
- *The independent selection panel then appoints the board of Entity A.*
- *The Regional Representative Group would also provide Entity A with a Statement of Strategic and Performance Expectations. This sets out the outcomes and objectives they wish Entity A to deliver against. The entity will then consider these expectations and write its Statement of Intent (i.e., its work programme and priorities for the next three years).*
- *The Regional Representative Group have no rights to approve or modify Entity A's Statement of Intent, whereas currently Auckland Council approves and can change the Statement of Intent for Watercare.*

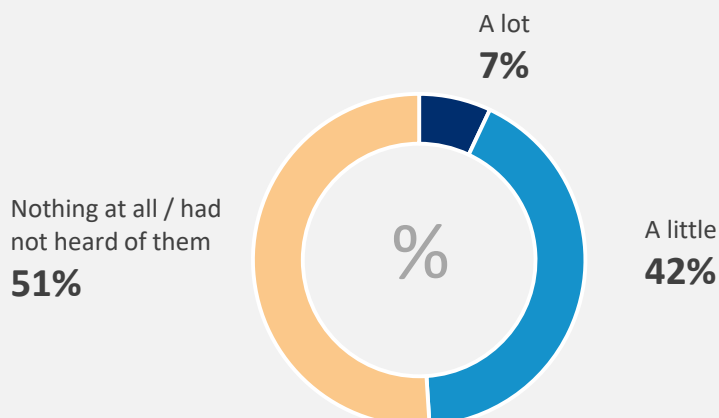
Government’s proposed model



Note: Model is simplified to show the aspects of concern for Auckland Council

Respondents were then asked how much they knew (prior to the survey) about the proposed relationship between local councils and the four new water entities. Results are shown overleaf.

Knowledge of relationship between Entity A and Auckland Council



Base: All respondents (2,003)
Source: Q3

Aucklanders are divided on their prior knowledge of the proposed relationship between local councils and the new water entities. Nearly one half (49%) knew either a lot or a little, with the remainder (51%) knowing nothing about the relationship.

Knowledge (either 'a lot' or 'a little') is higher among:

- Men (59%)
- Those aged 65 years and over (68%)
- New Zealand Europeans (55%)
- Homeowners (53%)
- Those living in Ōrākei (59%), Waitemata (62%)

Knowledge (either 'a lot' or 'a little') is lower among:

- Women (40%)
- Those aged under 50 years (44%)
- Asian Aucklanders (39%)
- Renters (44%)
- Maungakiekie-Tamaki (39%)
- Pakapakura (38%).

Aucklanders’ level of support for Auckland Council’s preferred relationship

Auckland Council’s proposal for its relationship with the water entities was explained to respondents as follows:

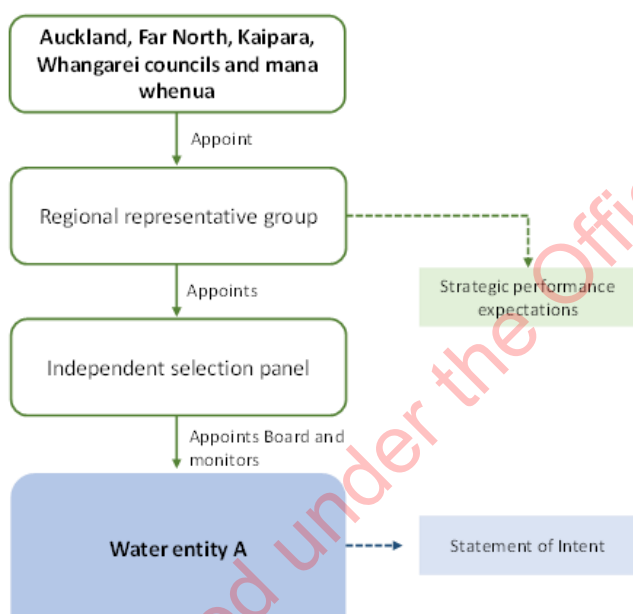
Please read the following information carefully before answering the question.

Auckland Council is supportive of the outcomes the three water reforms are trying to achieve. At the same time the Council has raised a number of concerns about who the new water entities are answerable to, and how accountable they are to the public. As a result of these concerns Auckland Council has made the following proposal:

Auckland Council believes Entity A should be kept accountable and responsive to the public through their elected representatives (or local councillors). This would mean elected representatives would directly appoint the Board for Entity A. It would also mean that Entity A would need to comply with the broad objectives set by elected representatives.

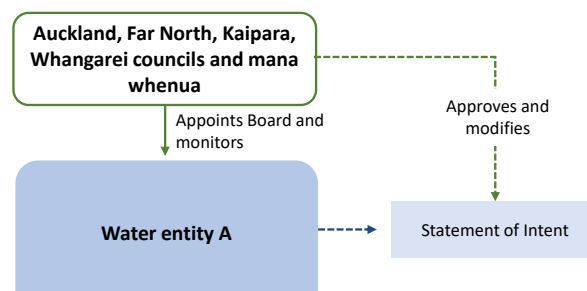
The future relationship proposed by the Government, and Auckland Council’s preferred relationship are both set out in the diagrams below.

Government’s proposed model



Note: Model is simplified to show the aspects of concern for Auckland Council

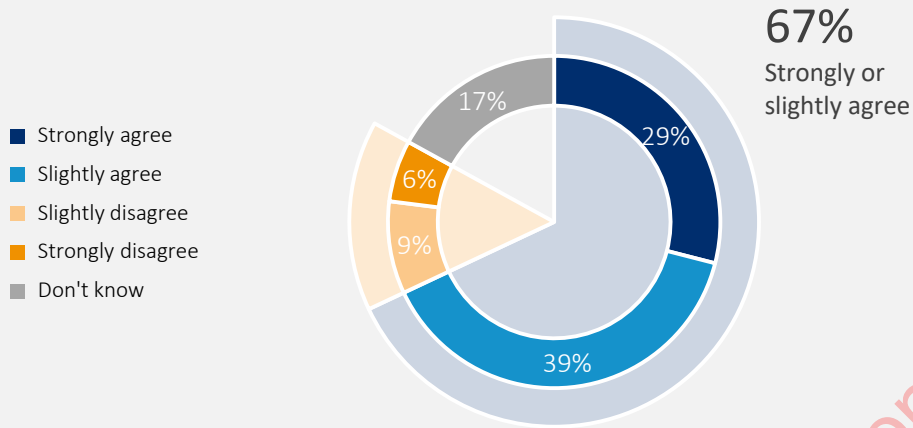
Auckland Council’s preferred model



Note: Model is simplified to show the aspects of concern for Auckland Council

Respondents were asked how much they agree or disagree with Auckland Council’s proposal on who Entity A should be answerable to. Results are shown overleaf.

Level of agreement with Auckland Council’s proposal on who Entity A should be answerable to

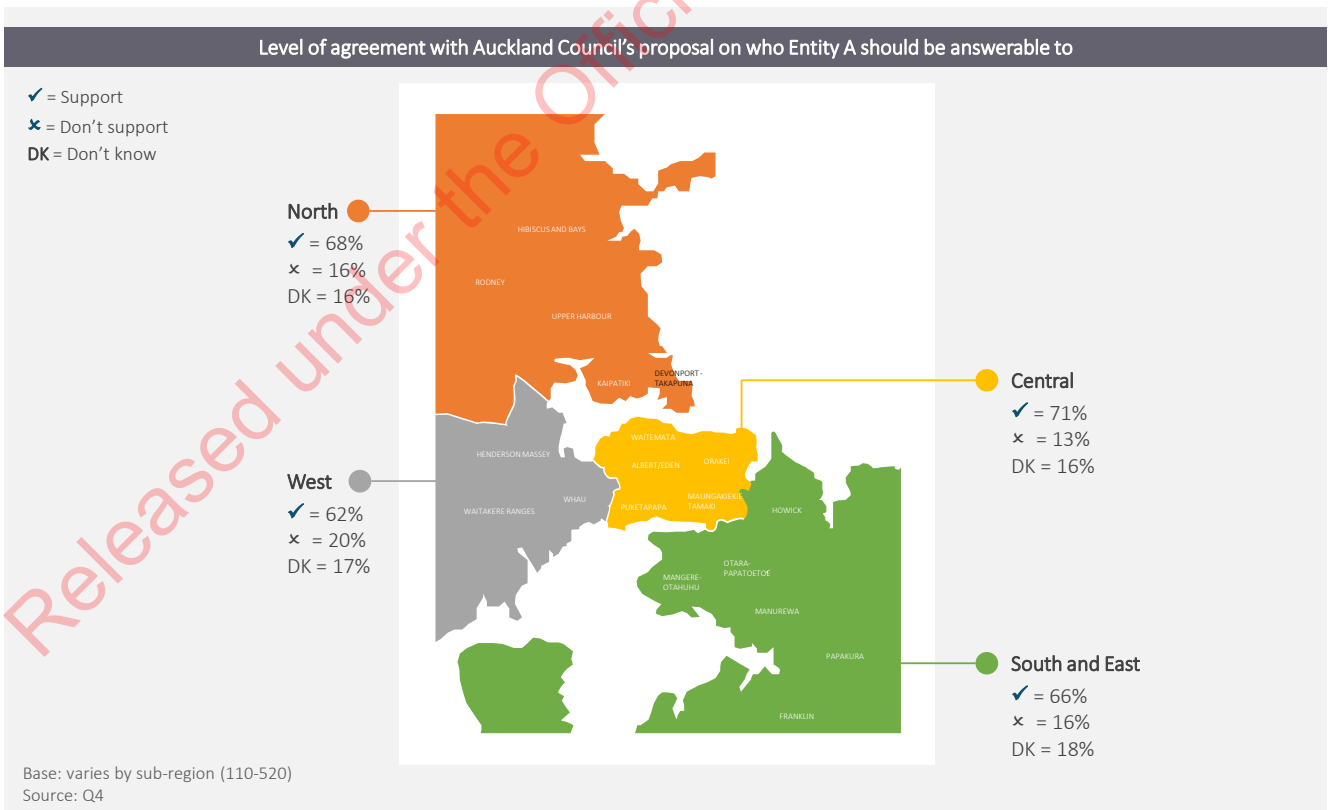
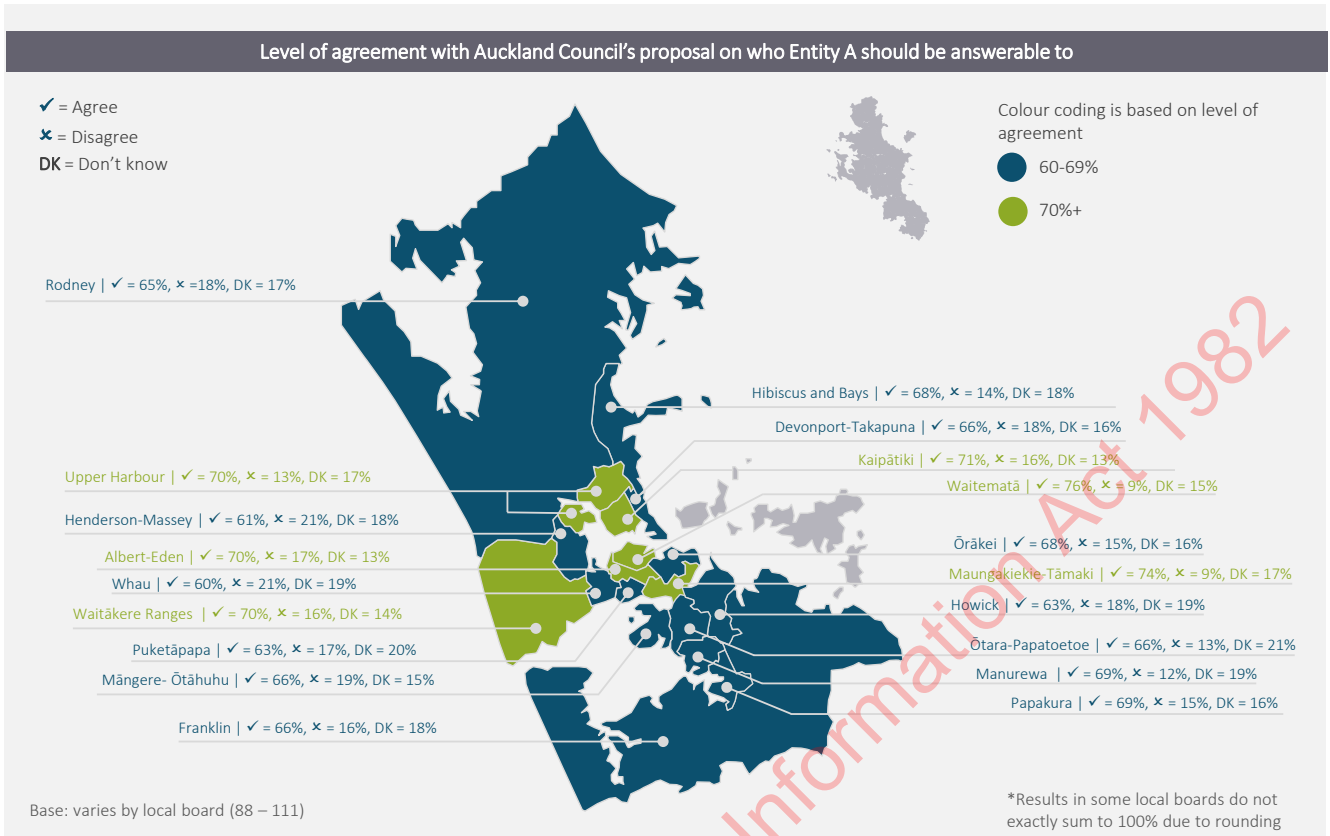


Base: All respondents (2,003)
Source: Q4

Around two thirds (67%) of Aucklanders support Auckland Council’s proposal on who Entity A should be accountable to.

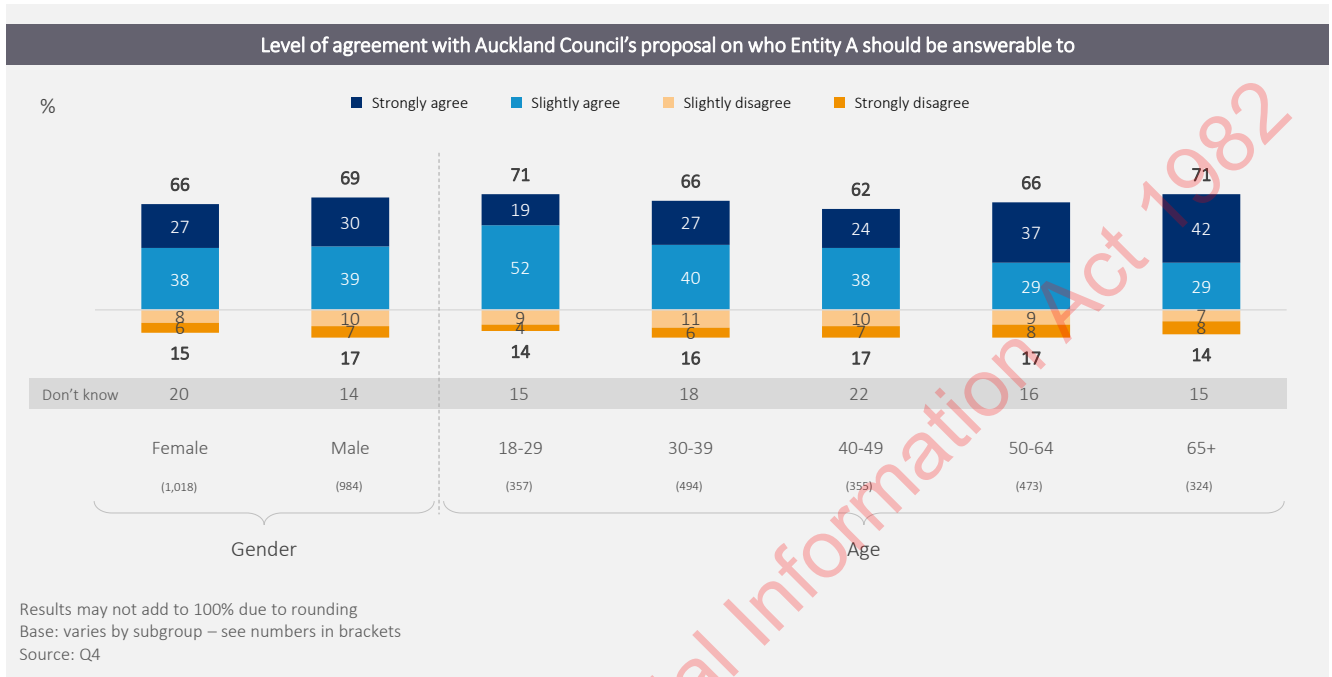
Level of support by region

The next two charts show support levels by Auckland sub-region and local board area respectively. Majority support for Auckland Council’s proposal is evident across all local boards (60% or greater). Support exceeds 70% in six of the local boards.

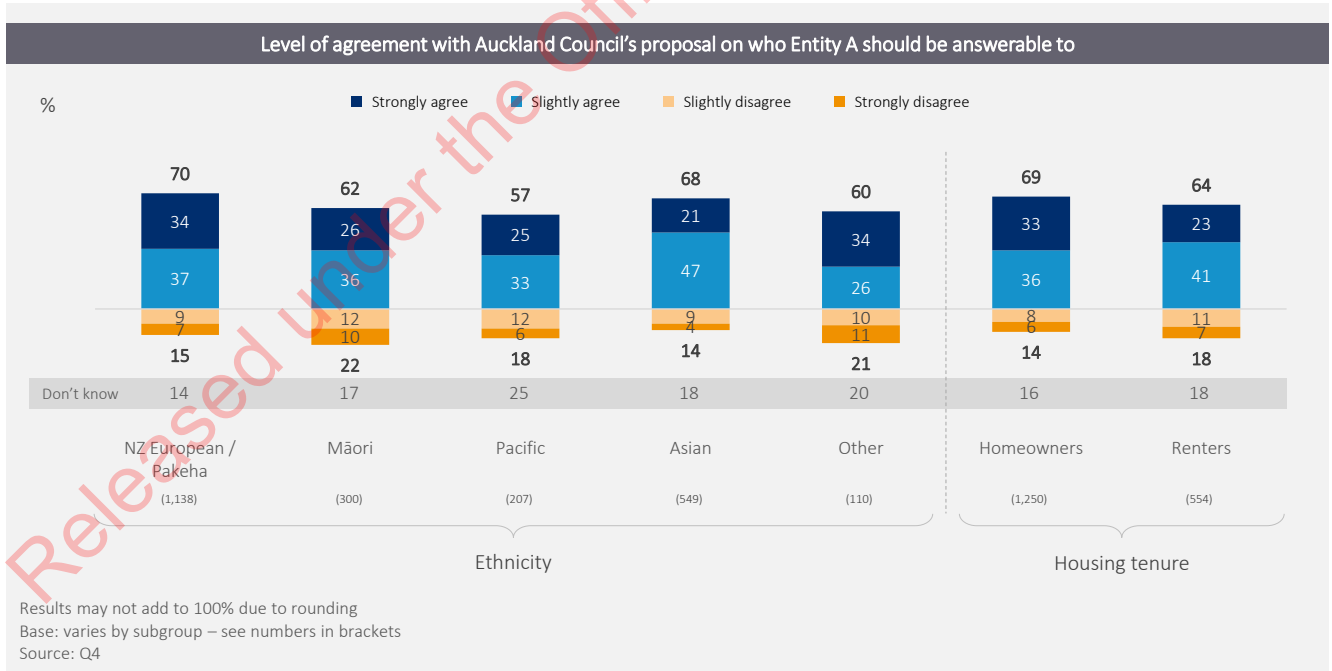


Demographic variations

The next two charts illustrate the demographic variation that exists in the level of support for Auckland Council’s proposal.



Majority support for the Auckland Council proposal is evident across all gender and age groups.



Majority support for Auckland Council’s proposal is evident across all ethnicity and housing tenure groups. Support is higher among NZ European Aucklanders (70%) and lower among Māori (62%) and Pacific Aucklanders (57%). Māori show the highest level of disagreement (22%) and Pacific Aucklanders show the highest level of uncertainty (25%).

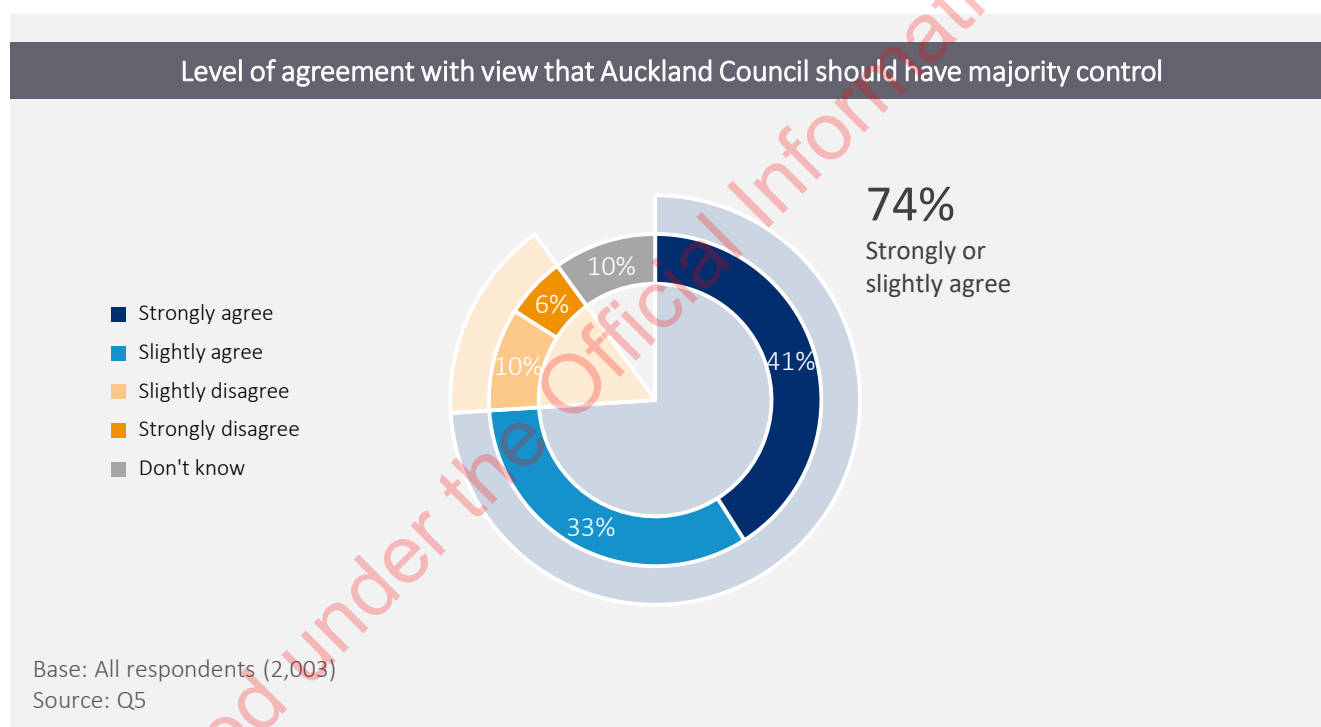
Aucklanders' level of support for Auckland Council having majority control

Auckland Council's proposal that it have majority control over Entity A was explained as follows:

94% of the water assets for Entity A would come from Auckland. By assets we mean infrastructure such as pipes, dams and sewage treatment plants. Aucklanders would also represent around 90% of customers served by Entity A.

At the same time, Auckland Council would only have minority representation on the Regional Representative Group for Entity A. That is because representation will be shared across the four councils (Auckland, Far North, Kaipara and Whangarei) and iwi.

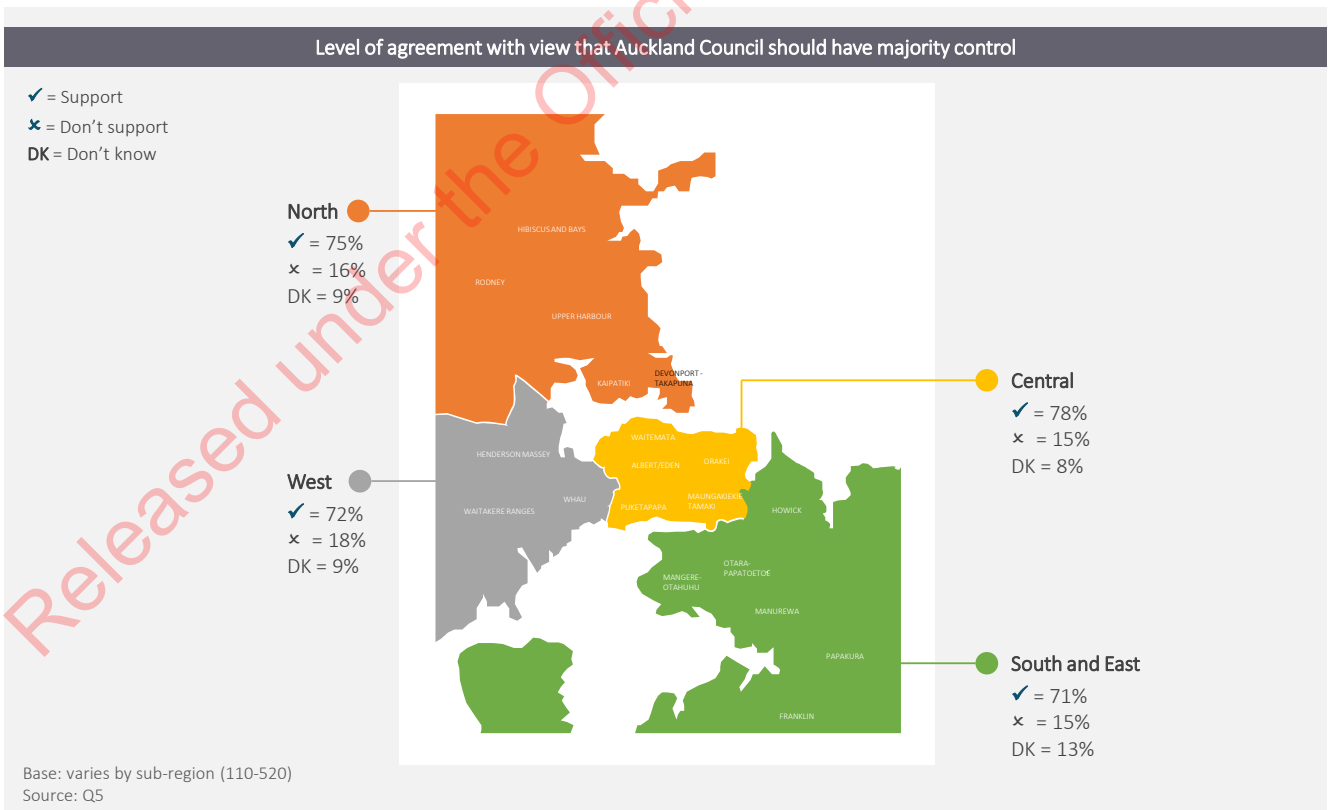
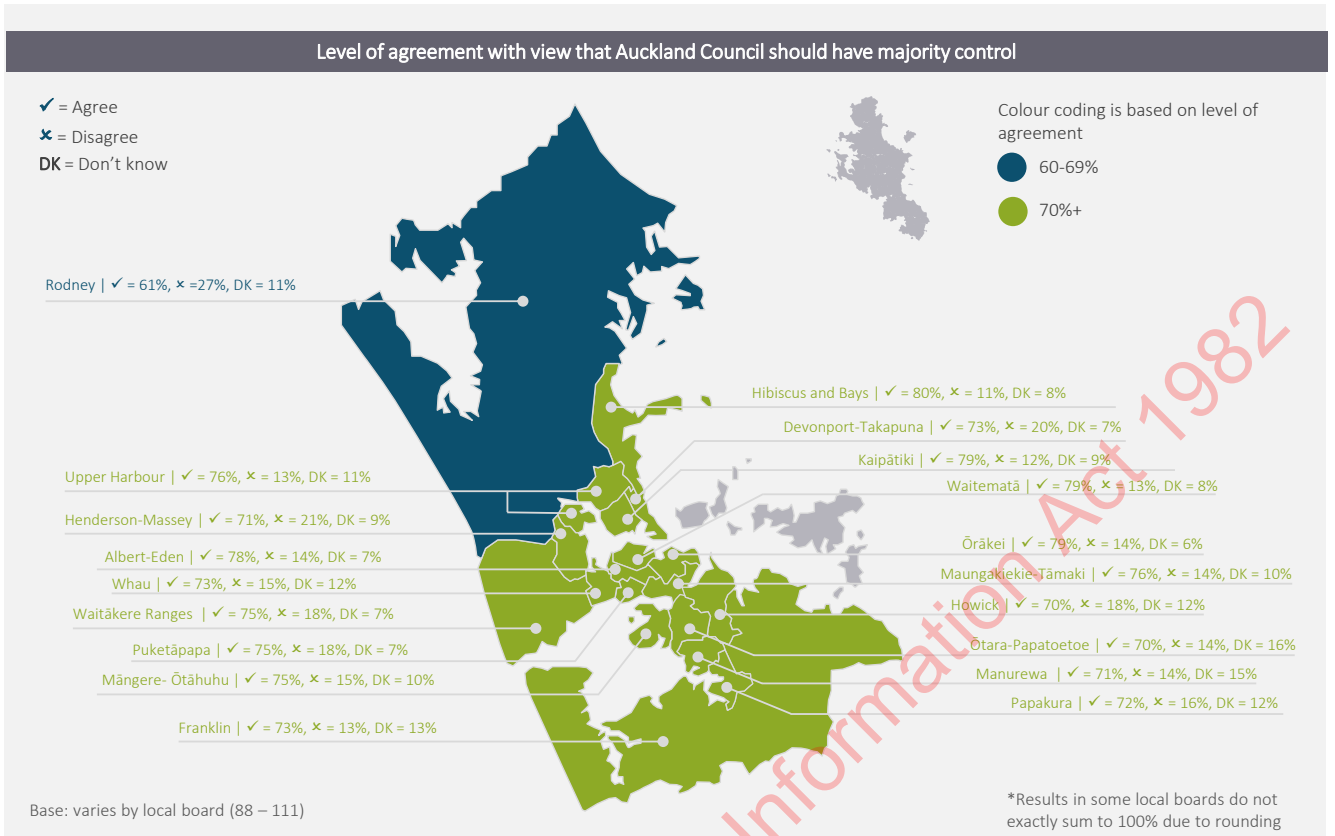
Respondents were told that given its size and inputs, Auckland Council's view is that it should have a majority control over Entity A's water assets and what Entity A does. Respondents were asked how much they agree or disagree with this view. Results are shown below.



Around three quarters (74%) of Aucklanders agree that Auckland Council should have majority control over the water entity's assets and what it does.

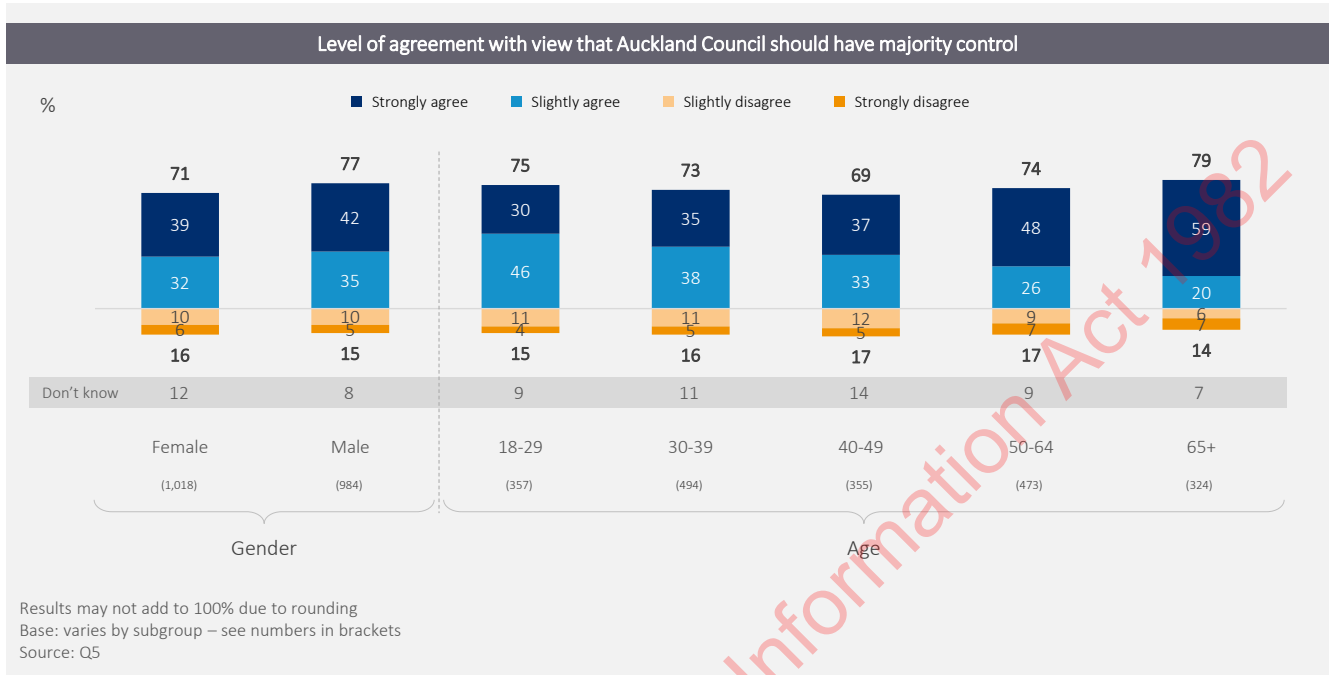
Level of support by region

The next two charts show support levels by Auckland sub-region and local board area respectively. Majority support for Auckland Council's proposal is evident across all local boards. Support exceeds 70% in all local boards, with the exception of Rodney where support sits at 61%.

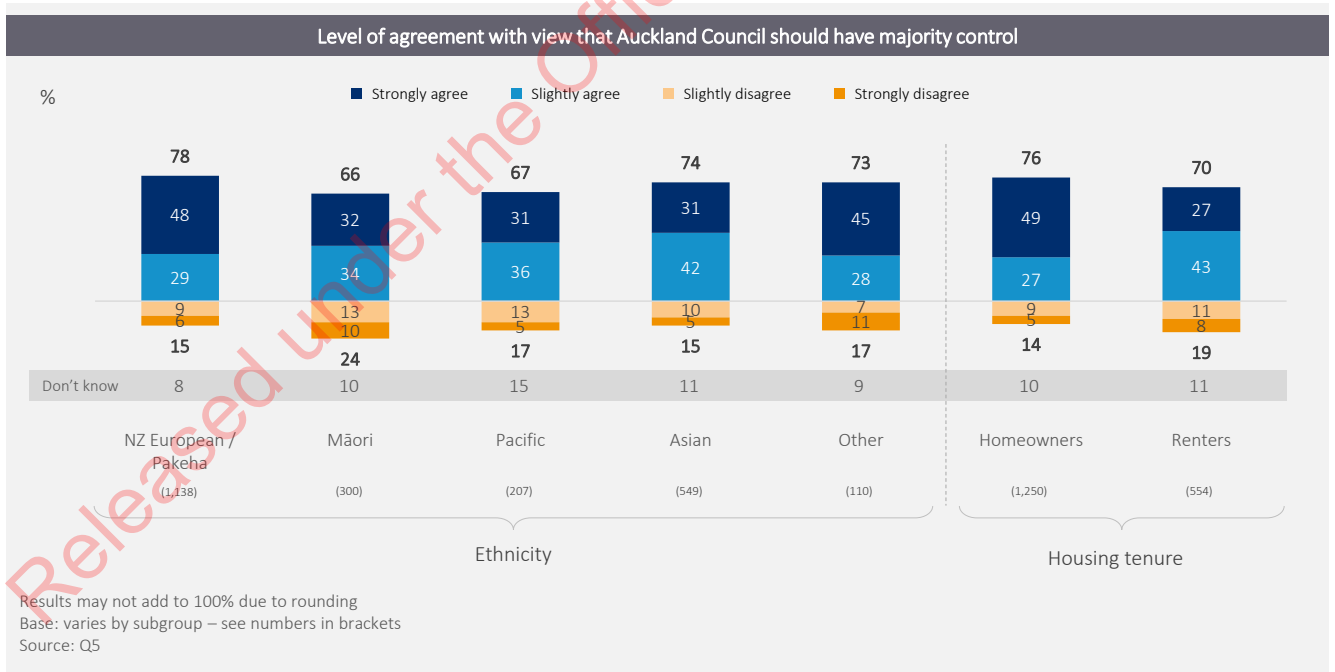


Demographic variations

The next two charts illustrate the demographic variation that exists in the level of support for Auckland Council’s proposal that it have majority control over the water entity’s assets and what it does.



Majority support for Auckland Council’s proposal is evident across all gender and age groups. Support is significantly higher among males than females (77% vs 71%).



Majority support is evident for Auckland Council’s proposal across all ethnicity and housing tenure groups.

Support is highest among NZ European Aucklanders (78%) and lowest among Māori and Pacific peoples (66% and 67% respectively). Nearly one quarter (24%) of Māori disagree with Auckland Council’s proposal.

Support is also higher among homeowners (76%) than renters (70%).

Appendix A: Sample profile

Demographic profiles of the unweighted and weighted samples are provided below.

Demographic profile of sample

	Unweighted		Weighted	
	n	%	n	%
Gender				
Male	984	49%	978	49%
Female	1018	51%	1024	51%
Gender Diverse	1	*	1	*
Age				
18-29	357	18%	496	25%
30-39	494	25%	389	19%
40-49	355	18%	352	18%
50-59	473	24%	450	22%
60-64	324	16%	316	16%
65+	357	18%	496	25%
Ethnicity				
New Zealand European	1138	57%	1116	56%
Māori	300	15%	191	10%
Pacific	207	10%	250	12%
Asian	549	27%	579	29%
Other	110	5%	109	5%
Housing tenure				
Own the property you live in with a mortgage	770	38%	722	36%
Own the property you live in with no mortgage	480	24%	481	24%
Rent the property you live in	554	28%	567	28%
Live with family / boarding	164	8%	199	10%
Other	24	1%	22	1%
Prefer not to say	11	1%	11	1%

Base: All respondents (2,003)

Source: S1, S2, S3, S5

* denotes a % between 0.0% and 0.5%

	Unweighted		Weighted	
	n	%	n	%
Sub-region				
Central	520	26%	537	27%
East	110	5%	180	9%
North	519	26%	492	25%
South	525	26%	468	23%
West	324	16%	312	16%
Local board				
Albert-Eden	111	6%	130	6%
Aotea / Great Barrier	-	-	-	-
Devonport-Takapuna	99	5%	76	4%
Franklin	109	5%	94	5%
Henderson-Massey	110	5%	146	7%
Hibiscus and Bay	106	5%	134	7%
Howick	110	5%	180	9%
Kaipātiki	103	5%	116	6%
Māngere Ōtāhuhu	99	5%	90	4%
Manurewa	102	5%	112	6%
Maungakiekie-Tamaki	106	5%	98	5%
Ōrākei	105	5%	110	5%
Ōtara-Papatoetoe	105	5%	102	5%
Papakura	110	5%	70	3%
Puketāpapa	88	4%	76	4%
Rodney	105	5%	84	4%
Upper Harbour	106	5%	82	4%
Waiheke	5	*	14	1%
Waitakere Ranges	104	5%	64	3%
Waitemata	110	5%	123	6%
Whau	110	5%	102	5%

Base: All respondents (2,003)

Source: S4

* denotes a % between 0.0% and 0.5%

Appendix B: Questionnaire

First, we have some questions to ensure we survey a wide range of people.

S1. What is your gender?

Male	1
Female	2
Another gender (please tell us)	3

S2. What is your age?

Under 18 years	SCREEN OUT
18 – 24 years	1
25 – 29 years	2
30 – 34 years	3
35 – 39 years	4
40 – 44 years	5
45 – 49 years	6
50 – 54 years	7
55 – 59 years	8
60 – 64 years	9
65 – 74 years	10
75 – 84 years	11
85 years or over	12

MR

S3. Which of the following ethnic groups do you belong to?

Please select all that apply.

NZ European / Pakeha	1
Māori	2
Samoan	3
Cook Island Māori	4
Tongan	5
Niuean	6
Another Pacific Island group (please tell us)	7
Chinese	8
Indian, Pakistani or Sri Lankan	9
Another Asian group (please tell us)	10
Middle Eastern / Latin American / African	11
Another European group (please tell us)	12
Another ethnic group (please tell us)	13

S4 Which **suburb** do you **live in**?

Please type in your suburb and select the option that best applies.

[PROGRAMMER NOTE – SHOW SUBURB LIST AS DROP DOWN BOX IN ALPHABETICAL ORDER. INCLUDE 'I don't live in the Auckland region' and 'I'd prefer not to say' as single response codes outside of the drop down box]

<INSERT SUBURB LIST>	1	
None - I don't live in the Auckland Region	2	SCREEN OUT
I'd prefer not to say	3	SCREEN OUT

PROGRAMMER NOTE – THE FOLLOWING AREA BOARDS ARE THE QUOTAS WHICH ARE THEN LINKED FROM SUBURB LIST

QUOTAS – MAX n=205 per area board below

Albert-Eden	1	Ōrākei	12
Aotea / Great Barrier	2	Ōtara-Papatoetoe	13
Devonport-Takapuna	3	Papakura	14
Franklin	4	Puketāpapa	15
Henderson-Massey	5	Rodney	16
Hibiscus and Bay	6	Upper Harbour	17
Howick	7	Waiheke	18
Kaipātiki	8	Waitakere Ranges	19
Māngere Ōtāhuhu	9	Waitemata	20
Manuwera	10	Whau	21
Maungakiekie-Tamaki	11		

PROGRAMMER NOTE – AUTO CODE LOCAL BOARD INTO THE FOLLOWING WIDER AUCKLAND AREAS

Central Auckland	1
East Auckland	2
Gulf Islands	3
North Auckland (Includes Rodney and North Shore)	4
South Auckland (Includes Manukau, Papakura and Franklin)	5
West Auckland	6

SR

S5. Do you currently...?

Own the property you live in with a mortgage	1
Own the property you live in with no mortgage	2
Rent the property you live in	3
Live with family / boarding	4
Other	5
Prefer not to say	6

SCREEN A

There are only a few more questions in this survey, but they are the **important** ones! The remaining questions are all about the delivery of water services in Auckland, but first we need you to read some information about water services.

SCREEN B

Please read the following information carefully before moving to the next screen.

What are the water services we are asking about?

The question is about **'three waters'** which include:

- Drinking water (clean water from our taps)
- Wastewater (used water from our sinks, toilets etc)
- Stormwater (water that runs off surfaces such as roads, driveways, footpaths etc).

Who is currently responsible for delivering these services across Auckland?

Watercare, provides drinking water and wastewater services for most of Auckland, with the exception of Papakura. Auckland Council is responsible for stormwater services across all of Auckland. Watercare is owned by Auckland Council.

How does Auckland Council currently manage Watercare?

- Auckland Council appoints the board of directors. The board are responsible for how Watercare is run, and for appointing its Chief Executive.
- Auckland Council can approve or change Watercare's statement of intent (i.e., its work programme and priorities for the next three years).
- Auckland Council can require Watercare to comply with the Council's long-term plans and growth strategies.

SHOW PAKAKURA RESIDENTS (CODE 14 @ S5)

Who is currently responsible for delivering these services across Papakura?

In 1997 Veolia, a large international company, was granted a 30-year contract by the previous Papakura District Council to, to provide drinking water and wastewater services across Papakura. Auckland Council are responsible for stormwater across all of Auckland including Papakura.

SHOW ALL RESIDENTS

What reforms has the Government proposed to these services?

The Government has announced the three waters reform for the whole of Aotearoa New Zealand. This will shift the management of services from councils, or in Auckland's case Watercare, to four new water entities as shown in the map below.

Under the Government's proposal Watercare would no longer exist and Auckland's three water services would form part of Entity A, with the water services for Far North, Kaipara and Whangarei councils.



Click the green arrow to continue

DS: SET UP TIME STAMP. IF LESS THAN 30 SECONDS SHOW: You looked at this information very quickly. It's important that you read all of the information so you can answer the survey questions. Please ensure you have read all of the information before continuing.

SCREEN C

Q1. Before today had you heard of the three waters reforms?

Yes	1	
No	2	
Don't know	3	

SCREEN D

Please read the following information carefully before answering the question.

Why does the Government want to create the four entities to manage the three waters?

Local and central government agree that more investment is needed in water infrastructure across New Zealand. This investment is needed to ensure reliable and safe drinking water. It is also needed to prevent raw sewage from spilling onto New Zealand's beaches and rivers.

Central government has estimated this will mean investment of between \$120 billion and \$185 billion across the country over the next 30 years. Many local councils are not in the position to raise the money required for this investment. Central government believes the four new water entities will be able to fund this investment by:

- Delivering efficiencies. They believe the four new water entities will be more efficient than the 67 councils currently involved in delivering water services across the country.
- Borrowing more and spread the cost of this borrowing over multiple generations. Many local councils are constrained in their ability to borrow money.

Q2. Before today, how much of the information on this screen were you aware of?

I had not heard of the three waters reforms before today	1
I had heard of the reforms but did not know any of this information	2
I knew a little bit about this information	3
I knew a lot about this information	4

DS: SET UP TIME STAMP. IF LESS THAN 20 SECONDS SHOW: You looked at the information we just showed you very quickly. Please ensure you have read all of the information before continuing.

SCREEN E

Please read the following information carefully before answering the question.

What will be the relationship between water Entity A and Auckland Council?

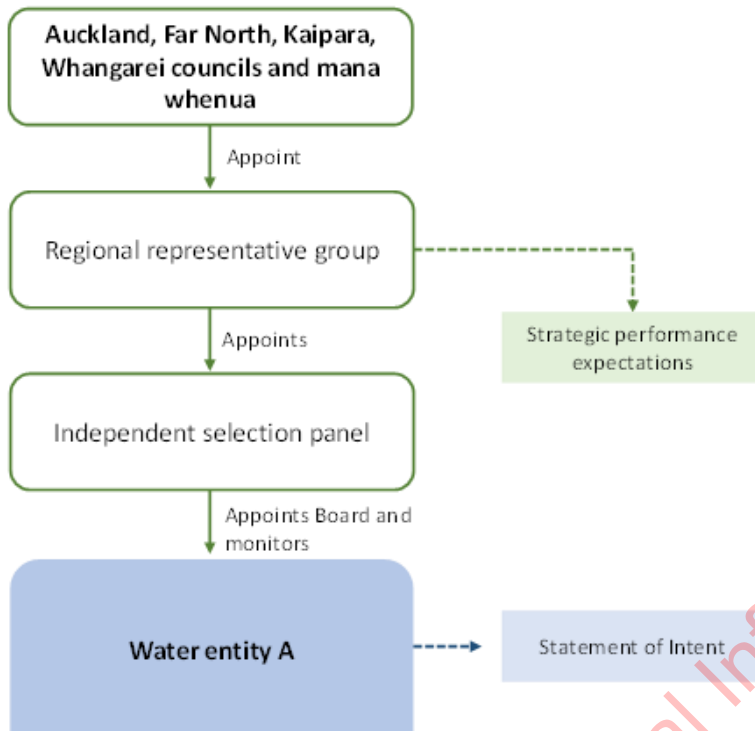
The relationship will be more remote than it currently is between Auckland and Watercare.

Currently Watercare is accountable to Aucklanders, through their elected members on Auckland Council. Auckland Council appoints Watercare's board of directors, and the law requires Watercare to comply with Auckland Council's long-term plans and strategic direction. In addition, the councillors have to approve Watercare's Statement of Intent. A Statement of Intent is an organisation's work programme and priorities for the next three years).

The future relationship proposed by the Government is described below and then illustrated in the diagram below the bullet points.

- Auckland Council – together with the three councils in Northland - will appoint half of the representatives to a 'Regional Representative Group'.
- The remaining 50% of the Regional Representative Group will be appointed by Mana whenua (local iwi).
- The Regional Representative Group in turn will appoint an independent selection panel
- The independent selection panel then appoints the board of Entity A.
- The Regional Representative Group would also provide Entity A with a Statement of Strategic and Performance Expectations. This sets out the outcomes and objectives they wish Entity A to deliver against. The entity will then consider these expectations and write its Statement of Intent (i.e., its work programme and priorities for the next three years).
- The Regional Representative Group have no rights to approve or modify Entity A's Statement of Intent, whereas currently Auckland Council approves and can change the Statement of Intent for Watercare.

Government’s proposed model



Note: Model is simplified to show the aspects of concern for Auckland Council

Q3. Before today, how much did you know about the proposed relationship between local councils and the four new water entities?

Nothing at all / had not heard of them	1	
A little	2	
A lot	3	

DS: SET UP TIME STAMP. IF LESS THAN 20 SECONDS SHOW: You looked at the information we just showed you very quickly. Please ensure you have read all of the information before continuing.

SCREEN F

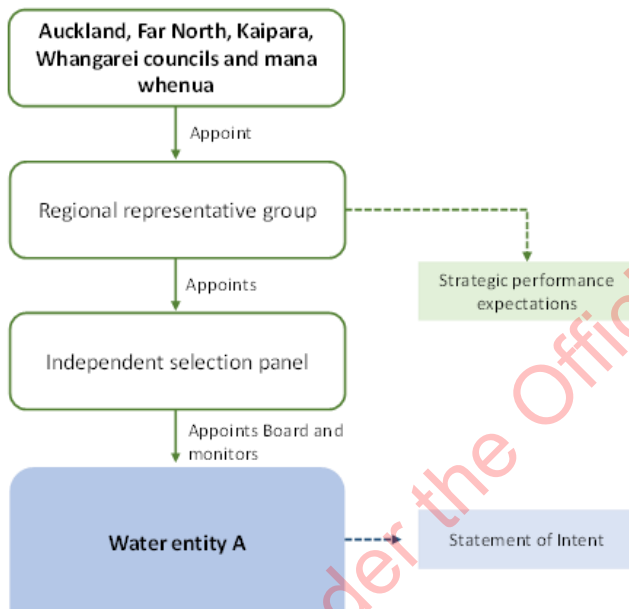
Please read the following information carefully before answering the question.

Auckland Council is supportive of the outcomes the three water reforms are trying to achieve. At the same time the Council has raised a number of concerns about who the new water entities are answerable to, and how accountable they are to the public. As a result of these concerns Auckland Council has made the following proposal:

Auckland Council believes Entity A should be kept accountable and responsive to the public through their elected representatives (or local councillors). This would mean elected representatives would directly appoint the Board for Entity A. It would also mean that Entity A would need to comply with the broad objectives set by elected representatives.

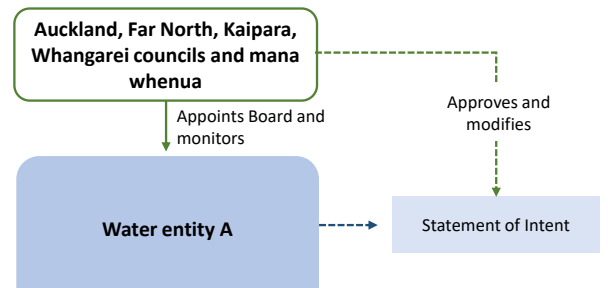
The future relationship proposed by the Government, and Auckland Council’s preferred relationship are both set out in the diagrams below

Government’s proposed model



Note: Model is simplified to show the aspects of concern for Auckland Council

Auckland Council’s preferred model



Note: Model is simplified to show the aspects of concern for Auckland Council

Q4 How much do you agree or disagree with Auckland Council's proposal on who Entity A should be answerable to?

DS: REVERSE CODES 1 TO 4 FOR 50%

Strongly agree	1
Slightly agree	2
Slightly disagree	3
Strongly disagree	4
Don't know	5

DS: SET UP TIME STAMP. IF LESS THAN 20 SECONDS SHOW: You looked at the information we just showed you very quickly. Please ensure you have read all of the information before continuing.

SCREEN G

Please read the following information carefully before answering the question.

94% of the water assets for Entity A would come from Auckland. By assets we mean infrastructure such as pipes, dams and sewage treatment plants. Aucklanders would also represent around 90% of customers served by Entity A.

At the same time, Auckland Council would only have minority representation on the Regional Representative Group for Entity A. That is because representation will be shared across the four councils (Auckland, Far North, Kaipara and Whangarei) and iwi.

Q5. Given its size and inputs, Auckland Council's view is that it should have a majority control over Entity A's water assets and what Entity A does. How much do you agree or disagree with this view?

DS: REVERSE CODES 1 TO 4 FOR 50%

Strongly agree	1
Slightly agree	2
Slightly disagree	3
Strongly disagree	4
Don't know	5

DS: SET UP TIME STAMP. IF LESS THAN 20 SECONDS SHOW: You looked at the information we just showed you very quickly. Please ensure you have read all of the information before continuing.

SCREEN H

Q6 Is there anything else you would like to feedback to Auckland Council on the subject of the three waters reform?

Type your answer in below.

+ Nothing else.

SCREEN I

That's the end of the survey. Thanks for taking the time to give us your opinion.

Released under the Official Information Act 1982

NZ's Three Waters Reform: What it means for Auckland

FEEDBACK OVERVIEW

Te take mō te pūrongo

Purpose of the report

The information in this report summarises feedback received during the consultation period of Friday 3 December to Sunday 19 December regarding Aucklanders level of support for our (Auckland Council's) proposals relating to the governance and accountability provisions proposed in the government's proposed Three Waters Reform.

Submissions received after the consultation deadline have not been included in the analysis but can be made available for viewing.

Whakarāpopototanga matua

Executive summary

TOTAL SUBMISSIONS RECEIVED: 3,457

We are supportive of the outcomes the government's three waters reform is trying to achieve – providing greater investment in water infrastructure to ensure reliable and safe drinking water, and to prevent raw sewage getting into our beaches and rivers.

However, we're concerned about who these new water entities are answerable to, and how accountable they are to the public. Therefore, we asked the public for their feedback on the following issues.

Accountability

We proposed that Entity A (our new water entity) should be kept accountable and responsive to the public through their elected representatives (or local councillors). This would mean elected representatives would directly appoint the Board for Entity A. It would also mean that Entity A would need to comply with the broad objectives set by the elected representatives.

We asked: "How much do you agree or disagree with Auckland Council's proposal on who Entity A should be answerable to?"

- 77% of the 2,253 responses to this question agreed with our proposal (69% agree strongly; 8% agree slightly), while 22% disagreed (19% disagree strongly; 3% disagree slightly)
- The key themes from the 1,680 comments provided to this question included:
 - Council needs to maintain control through elected members (around a third of comments)
 - Aucklanders feel an ownership of our water infrastructure and we should maintain that (around a quarter)
 - Oppose the reform entirely (around a quarter).

Representation

Given our size and inputs, we proposed that we should have the majority of control over Entity A's water assets and what Entity A does.

We asked: "How much do you agree or disagree with this view?"

- 83% of the 2,260 responses to this question agreed with our proposal (75% agree strongly; 8% agree slightly), while 16% disagreed (12% disagree strongly; 4% disagree slightly)
- The key themes from the 1,614 comments provided to this question included:
 - We need to have proportionate representation (around a third of comments)
 - Aucklanders feel an ownership of our water infrastructure and we should maintain that (around a quarter).

Other feedback

We also asked Aucklanders whether they had any other feedback on the government's reform.

- 2,844 comments were received, with the key theme being opposition to the reform entirely (around three quarters – over half of which were emails from Auckland Ratepayers Alliance members, which is further explained below)
- Additional themes included:
 - Negative sentiment directed at the 50 per cent iwi representation (around 435)
 - Aucklanders should maintain ownership of our water assets (around 315)
 - Council needs to maintain control through elected members (around 275), and
 - A lack of trust in politicians or the political process (around 265).

Submissions of note

A significant number of submissions were received via email (1,153). Almost all of these came in response to an Auckland Ratepayer Alliance email campaign to its members, asking its members to:

Tell the Council:

- *Please process this email as a response to the online survey. I am asking Auckland Council and Mayor Phil Goff to oppose Three Waters in its entirety – an option which was absent from the online form.*

Additional points were also provided for their members to use in their email, if they chose to. A copy of this email is attached at the end of the report for reference.

Some other points to note about submitters that provided demographic information with their submissions:

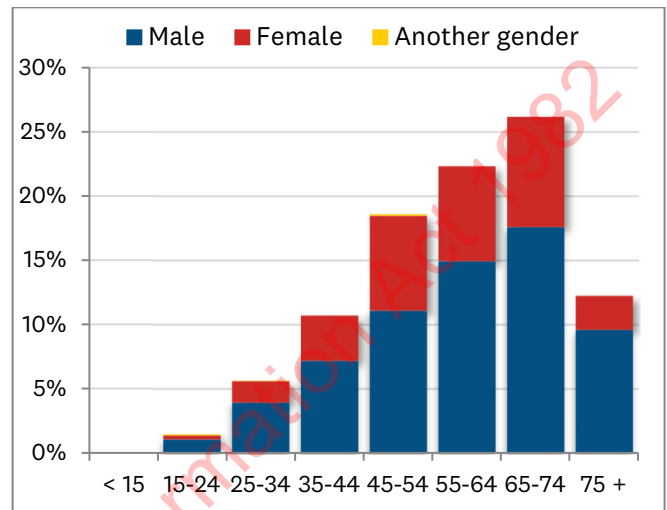
- Two thirds were male
- More than 60 per cent were 55 years or older, and more than 80 per cent were 45 years or older
- 87 per cent were of European ethnicity, while seven per cent identified as Māori, five per cent identified as Asian, and two per cent identified as Pasifika
- Regarding location, one third did not provide a local board (mostly Auckland Ratepayer Alliance emails), but the areas from which we received the most submissions were central local board areas (i.e. Ōrākei, Waitematā, Albert-Eden and Maungakiekie-Tāmaki – around 20 per cent) and Rodney/Hibiscus and Bays Local Board areas (also around 20 per cent).

Who we heard from

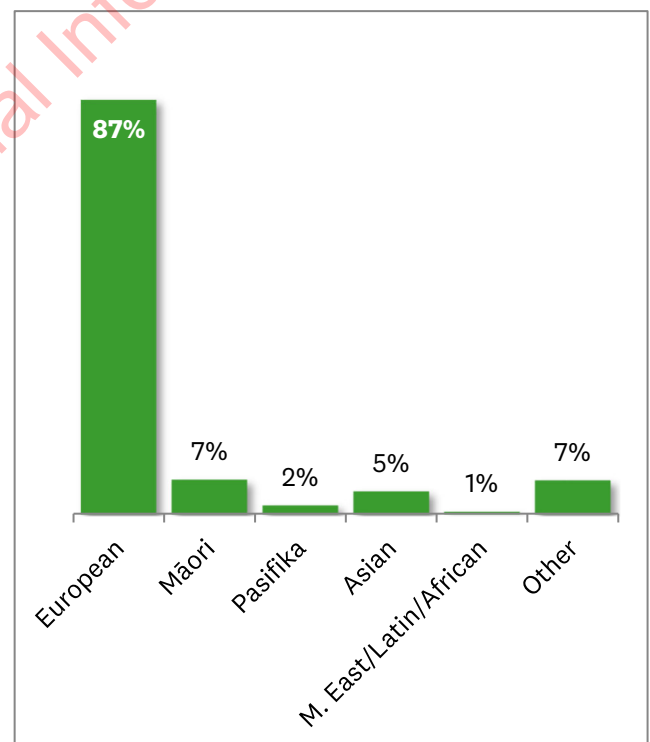
Around two thirds of all feedback was received via the online feedback form (2,282) and around a third came via email (1,153 – almost all of which were a result of the Auckland Ratepayer Alliance campaign). We also received a small number (22) of hard copy submissions.

The tables below indicate the demographic profile of those that answered the demographic questions.

AGE	Male	Female	Other	Total	%
< 15	0	0	0	0	0%
15 – 24	22	7	2	32	1%
25 – 34	84	36	1	128	6%
35 – 44	154	76	0	241	11%
45 – 54	238	159	3	413	19%
55 – 64	321	159	0	494	23%
65 – 74	378	185	0	574	27%
75 +	206	57	0	270	13%
Total submitters providing data				2,152	100%



ETHNICITY	#	%
European	1,810	87%
Pākehā/NZ European	1,590	77%
Other European	220	11%
Māori	151	7%
Pasifika	39	2%
Samoan	19	1%
Tongan	9	>1%
Other Pasifika	11	1%
Asian	100	5%
Chinese	32	2%
South East Asian	27	1%
Indian	34	2%
Other Asian	7	<1%
Middle Eastern/Latin American/African	11	1%
Other (incl. Kiwi/New Zealander)	148	7%
Total submitters providing data	2,071	NA



The table below indicates the total number of submissions received by the local board that submitters live in.

RESIDENT LOCAL BOARD	#	%
Albert-Eden	137	4%
Great Barrier	5	<1%
Devonport-Takapuna	144	4%
Franklin Local Board	183	5%
Henderson-Massey	84	2%
Hibiscus and Bays	198	6%
Howick	126	4%
Kaipātiki	83	2%
Māngere-Ōtāhuhu	33	1%
Manurewa	26	1%
Maungakiekie-Tāmaki	131	4%
Ōrākei	282	8%
Ōtara-Papatoetoe	20	1%
Papakura	41	1%
Puketāpapa	25	1%
Rodney	410	12%
Upper Harbour	74	2%
Waiheke	36	1%
Waitākere Ranges	76	2%
Waitematā	130	4%
Whau	45	1%
Other (Not supplied, outside Auckland or regional organisation)	1,168	34%

Urupare

Feedback

Q1. Accountability

Auckland Council is supportive of the outcomes the government's three waters reform is trying to achieve. At the same time, we have a number of concerns about who the new water entities are answerable to, and how accountable they are to the public. As a result of these concerns, we have made the following proposal:

Entity A (our new water entity) should be kept accountable and responsive to the public through their elected representatives (or local councillors). This would mean elected representatives would directly appoint the Board for Entity A. It would also mean that Entity A would need to comply with the broad objectives set by the elected representatives.

How much do you agree or disagree with Auckland Council's proposal on who Entity A should be answerable to?

Submitters were asked to select one of the following response options.

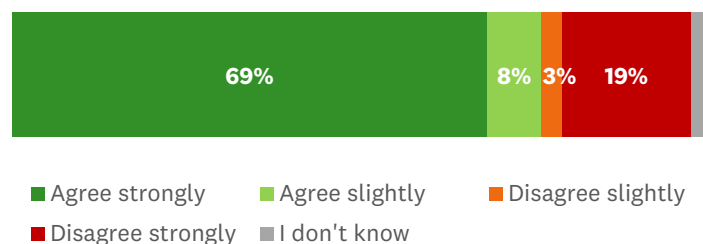
(n=2,253 responses)

SUMMARY OF FEEDBACK

77% of responses to this question **agree** (strongly or slightly) with our proposal for who Entity A should be accountable to.

The most common themes were that thought Council needs to maintain control through elected members, Aucklanders feel an ownership of our water infrastructure and we should maintain that, and overall opposition to the reform entirely.

RESPONSE	TOTAL	%
Agree strongly	1,550	69%
Agree slightly	177	8%
Disagree slightly	68	3%
Disagree strongly	420	19%
I don't know	38	2%



Please tell us why

(n=1,680 comments; Submitters were asked to provide a reason(s) – their comments were themed into the following categories)

KEY THEMES	TOTAL	%
Auckland Council needs to maintain control through elected members	610	36%
Aucklanders feel an ownership of our water infrastructure and we should maintain that	444	26%
Opposed to the reform and process entirely	409	24%
Generally agree with our proposal / Need accountability	287	17%
Opposed to 50% Iwi representation on Entity A	225	13%
Government should centralise control of three waters	189	11%
Don't trust politicians / the political process	136	8%
Entity A should be run by appointed experts	53	3%
Don't want to be charged more for water	48	3%
Other reasons	181	11%

Māori feedback

Of the 2,253 responses to this question, 155 of the submitters identified as Māori.

Responses, and key themes raised, from Māori were consistent with the overall responses and themes.

Q2. Representation

94 per cent of the water assets for Entity A would come from Auckland. By assets we mean infrastructure like pipes, reservoirs or dams, and sewage treatment plants. Aucklanders would also represent around 90 per cent of customers served by Entity A.

However, Auckland Council would only have a minority representation on the 'Regional Representative Group' for Entity A. That is because representation will be shared across the four councils (Auckland, Far North, Kaipara and Whangārei) and iwi.

Given our size and inputs, we believe Auckland Council should have the majority of control over Entity A's water assets and what Entity A does. How much do you agree or disagree with this view?

Submitters were asked to select one of the following response options.

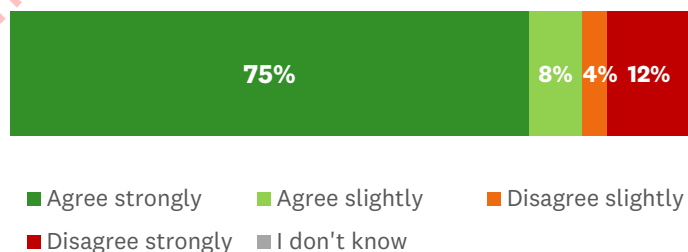
(n=2,260 responses)

SUMMARY OF FEEDBACK

83% of responses to this question **agree** (strongly or slightly) with our proposal that Auckland Council should have the majority of control over Entity A's water assets and what Entity A does.

The most common themes were agreement that Auckland needs to have proportional representation on Entity A, and Aucklanders feel an ownership of our water infrastructure and we should maintain that.

RESPONSE	TOTAL	%
Agree strongly	1,669	75%
Agree slightly	173	8%
Disagree slightly	84	4%
Disagree strongly	272	12%
I don't know	32	1%



Please tell us why

(n=1,614 comments; Submitters were asked to provide a reason(s) – their comments were themed into the following categories)

KEY THEMES	TOTAL	%
Auckland needs to have proportional representation on Entity A	560	35%
Aucklanders feel an ownership of our water infrastructure and we should maintain that	431	27%
Opposed to the reform and process entirely	268	17%
Auckland Council needs to maintain control through elected members	267	17%
Opposed to 50% Iwi representation on Entity A	168	10%
All parties should have equal representation on Entity A	158	10%
Government should centralise control of three waters	126	8%
Don't want to be charged for Northland's water/infrastructure	66	4%
Other reasons	163	10%

Māori feedback

Of the 2,260 responses to this question, 155 of the submitters identified as Māori.

Responses, and key themes raised, from Māori were consistent with the overall responses and themes.

Q3. Do you have any other feedback on the government's proposed three waters reform?

Submitters were given an open comment box – their comments were themed into the following categories.
(n=2,844 comments)

KEY THEMES	TOTAL	%
Opposed to the reform and process entirely	2,112*	74%*
Opposed to 50% Iwi representation on Entity A	434	15%
Aucklanders feel an ownership of our water infrastructure and we should maintain that	316	11%
Auckland Council needs to maintain control through elected members	277	10%
Don't trust politicians / the political process	266	9%
Government should centralise control of three waters	192	7%
Government should fund three waters improvements, but not control it	93	3%
Other reasons	416	15%

* Note – 1,132 of these comments came in response to an Auckland Ratepayer Alliance email campaign to its members.

From: Jo Holmes <jo@ratepayers.nz>
Sent: Friday, 17 December 2021 7:48 am
To:
Subject: Here's how to tell Auckland Council to stop Three Waters



Dear Supporter,

Here's what you can do today to stop Three Waters

Nanaia Mahuta is resorting to desperate measures to get her Three Waters asset grab across the line. She's co-opted Phil Goff onto her "reference group" to provide feedback on the Three Waters plan.

Phil Goff says he's opposed to the reforms, but he has now set up a [ratepayer feedback form](#) that *excludes* the option to reject Three Waters entirely.

Many of our supporters have asked how to simply say "no" to the reforms. Below is our guide. **Consultation closes on Sunday night.**

Instead of using the Council's online form, email threewatersreform@aucklandcouncil.govt.nz with "Three Waters submission" in the subject line.

Tell the Council:

- Please process this email as a response to the online survey. I am asking Auckland Council and Mayor Phil Goff to **oppose Three Waters in its entirety** – an option which was absent from the online form.

You can flesh out your email by adding additional thoughts (keep it polite, if you can), or simply use some or all of these points:

- Auckland Council has already faced criticism for the lack of accountability of its CCOs. The plan to turn Watercare into an amalgamated, co-governed entity with four layers of bureaucracy separating ratepayers from management will erode accountability even further.

- Aucklanders will face higher water bills as a result of contribute to the improvement of under-equipped water services in the Far North, Kaipara, and Whangārei.
- It is doubtful that there will be savings considering the Scottish group that modelled costs for Three Waters refuses to share its modelling software and Nanaia Mahuta insists that the reforms will “create jobs” (which will cost money).
- Councils will join with iwi to appoint the representative group for the new water entity. However, Auckland Council itself is already co-governed via the Independent Māori Statutory Board. This means Three Waters will double up on co-governance, tipping the balance of control toward iwi and away from the general ratepayer.
- Ratepayers will no longer ‘own’ Auckland’s water assets in any meaningful sense. As Gary Judd QC has explained: “Legal scholars argue about what is meant by ownership, but it is certain that if one has no rights in relation to a thing — e.g., no right to use it, to enjoy it, to gain a return from it, to dispose of it, to destroy it, to control it or to control its use — one does not own the thing.”
- The Government has failed to engage with councils in good faith. Nanaia Mahuta suggested the reforms could be “opt-in” and then sought feedback from councils when Cabinet had already decided on an “all-in” mandatory approach. Auckland Council should avoid any steps that lend credibility or any perception of a mandate to the Government’s attempt to force Three Waters on local communities.

Sign off with your name and address. This makes it clear you are a genuine Auckland ratepayer.

Before you hit ‘send’, CC team@ratepayers.nz so we can ensure the Council’s summary of submissions reflects what you told them.

Thank you for your support.

Jo Holmes
Auckland Ratepayers' Alliance
www.ratepayers.nz

Ps. Please consider forwarding this email to other Auckland ratepayers who you think might be willing to make their voice heard on Three Waters.



NZ's Three Waters Reform: What it means for Auckland

Feedback must be received by **Friday, 19 December 2021**

Central Government is proposing a change to the way the 'three waters' (drinking water, wastewater and stormwater) are managed across New Zealand.

In Tāmaki Makaurau, these are currently controlled by Auckland Council and Watercare (a Council Controlled Organisation), but the government has announced it will create four new entities across the country that will look after the 'three waters' for larger areas – 'Entity A' would look after Auckland along with Far North, Kaipara and Whangārei councils.

We are supportive of the outcomes the three waters reform is trying to achieve – providing greater investment in water infrastructure to ensure reliable and safe drinking water, and to prevent raw sewage getting into our beaches and rivers. However, we're concerned about who these new water entities are answerable to, and how accountable they are to the public.

We want your feedback on our proposals for how these entities should be held accountable to the public.

We strongly encourage you to read the summary information before answering the following questions. For more information, go to akhaveyoursay.nz/3waters. Give your feedback online, or:

Email your completed form to:

threewatersreform@aucklandcouncil.govt.nz

Post your completed form to:

Auckland Council – Three Waters Reform
FREEPOST 190158
Private Bag 92300, Victoria Street West
Auckland, 1142

Your details

Your name and feedback will be included in public documents. All other personal details will be kept private.

First name:

Last name:

Email address or postal address:

Your local board:

Is your feedback on behalf of an organisation or business? (If yes, this confirms you have authority to submit on the organisation's behalf)

Yes

No

Name of organisation/business: _____

Important privacy information

The personal information that you provide in this form will be held and protected by Auckland Council in accordance with our privacy policy (available at aucklandcouncil.govt.nz/privacy and at our libraries and service centres) and with the Privacy Act 1993. The privacy policy explains how we can use and share your personal information in relation to any interaction you have with the council, and how you can access and correct that information. You should familiarise yourself with this policy before submitting this form.

These questions are optional but will help us understand which groups of the community are engaging with us.

What gender are you?

- Male Female Another gender (please specify): _____

What age group do you belong to?

- Under 15 15-17 18-24 25-34 35-44
 45-54 55-64 65-74 75+

Which ethnic group(s) do you feel you belong to? (Please select as many as apply)

- Pākehā/NZ European Other European Māori
 Cook Islands Māori Samoan Tongan
 Indian Chinese Southeast Asian
 Other (please specify): _____

Your feedback (all questions are optional)

1. Auckland Council is supportive of the outcomes the government’s three waters reform is trying to achieve. At the same time, we have a number of concerns about who the new water entities are answerable to, and how accountable they are to the public. As a result of these concerns, we have made the following proposal:

Entity A (our new water entity) should be kept accountable and responsive to the public through their elected representatives (or local councillors). This would mean elected representatives would directly appoint the Board for Entity A. It would also mean that Entity A would need to comply with the broad objectives set by the elected representatives.

How much do you agree or disagree with Auckland Council’s proposal on who Entity A should be answerable to?

- Agree strongly
 Agree slightly
 Disagree slightly
 Disagree strongly
 I don’t know

Tell us why you feel this way

2. 94 per cent of the water assets for Entity A would come from Auckland. By assets we mean infrastructure like pipes, reservoirs or dams, and sewage treatment plants. Aucklanders would also represent around 90 per cent of customers served by Entity A.

However, Auckland Council would only have a minority representation on the 'Regional Representative Group' for Entity A. That is because representation will be shared across the four councils (Auckland, Far North, Kaipara and Whangārei) and iwi.

Given our size and inputs, we believe Auckland Council should have the majority of control over Entity A's water assets and what Entity A does. How much do you agree or disagree with this view?

- Agree strongly
- Agree slightly
- Disagree slightly
- Disagree strongly
- I don't know

Tell us why you feel this way

3. Do you have any other feedback on the government's proposed three waters reform?

Need more room? You can attach extra pages.