

Mayor
Members
COUNCIL

THREE WATERS REFORM – PRELIMINARY COUNCIL POSITION

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1. TE PŪTAKE PURPOSE

To bring the national case for the three waters proposed change into a locally relevant perspective by highlighting key issues, risks and the opportunities. In addition, this serves to communicate the Council's proposed preliminary position on these reforms.

2. TE TUHINGA WHAKARĀPOPOTOTANGA EXECUTIVE SUMMARY

This report acknowledges the broad Government drivers for the proposed three waters reform. Those drivers do not significantly diverge from Rotorua Lakes Council's diagnosis of the challenges facing managers of Three Waters infrastructure: ageing physical infrastructure, a national legacy of chronic under-investment in network renewals often resulting in poor asset condition, the ongoing introduction of higher performance standards and new regulations to better protect people's health and the environment, the significant growth-driven investment required to support new housing, and the impacts of climate change and the forthcoming acute scarcity of a competent workforce. While Rotorua Lakes Council has already recognised those challenges, and put in place some appropriate planning to respond to the issues, that has not been the case in all districts.

The Government has formed the view that the preferred approach for the reform is to create four (4) new water services entities (WSE) to improve the effectiveness and efficiency of service delivery. It cannot be assumed that the counterfactual i.e. "the Council model" means no change to the way current services and that related costs will remain unchanged if the reforms do not proceed. For reasons explained in this report and in order to enable all communities to benefit from expected regulations and standards reform, the "council model" will become significantly more expensive and more challenging to manage.

In this report Council officers highlight that we broadly agree with the drivers for change and note that Council has already adopted a range of risk mitigations against those challenges in its 30-year Infrastructure strategies. Council officers are also taking an active part in discussions and workshops with the Department of Internal Affairs (DIA) and other local Central Government agencies to provide input into the formation of viable long-term options to address those challenges.

Nevertheless, we believe there are fundamental gaps in the current reform proposal that must be addressed in order to strengthen the proposal and to uphold the reform's underlying core intentions.

3. HE TŪTOHUNGA RECOMMENDATION

1. That the report “Three Waters Reform – Preliminary Council Position” be received.
2. That the Council notes officers’ assessments of likely Council impacts arising from the proposed reforms.
3. That the Council notes the advice from the DIA that timeframes for full public consultation will be announced in the coming months.
4. That the Council notes this is the preliminary position arrived at by Council following a series of elected member fora.
5. That the Council endorses the attached preliminary position paper and support officers continuing to work with DIA.

4. TE TĀHUHU BACKGROUND/CONTEXT/ISSUES

Purpose of this section: To provide the drivers for the Government’s proposed three waters reform and note pertinent issues to Rotorua’s context.

4.1 The Government’s stated drivers for a new system for three waters

The Government states that it proposes a national reform of the three waters systems because to significantly improve the safety, quality, resilience, accessibility and performance of these services in a way that it is efficient and affordable for New Zealanders. These ambitions, in the Government’s view, are critical for:

- Public health and wellbeing;
- Improved environmental outcomes;
- Economic growth and employment;
- Housing and urban development;
- Adapting to the impacts of climate change;
- Mitigating the effects of natural hazards.

The Government also wants to ensure that it delivers on its Treaty-related obligations, including by improving outcomes for iwi/Māori in relation to three waters service delivery.

In the Government’s view (statement of intent) the reforms are the best option to achieve those ambitions.

Key design features in these proposed reforms are;

1. Creation of new water services entities to have responsibility for the Three Waters Infrastructure services;
2. Transfer of existing Council-owned three waters assets and responsibilities to the new water services entities to own and manage;
3. Providing that local authorities will jointly “own” the water services entities ownership of water services entities;
4. Protecting against privatisation of those assets;

5. Retaining influence of local authorities and mana whenua over strategic and performance expectations;
6. Providing the necessary balance sheet separations from Local Authorities;
7. An integrated regulatory system.

In developing the proposed reforms, the Government has (through an extensive collection of data from local authorities and subject matter experts' advice) formed the view that the preferred approach is to create four (4) new water services entities (WSE) to enable all communities to benefit from reform.

The factors considered to determine the number and boundaries of these proposed new entities were:

- A. The potential to achieve scale benefits from a larger water service delivery entity to a broader population user base.
- B. Alignment of geographical boundaries to encompass natural communities of interest, belonging and identity including rohe/takiwa.
- C. Relationship with relevant regulatory boundaries including to enable water to be managed from source the sea – ki uta ki tai.

4.2 Challenges for Rotorua Lakes Council in the three waters system

The Government's reform drivers and key objectives are not significantly different to the assessment of identified key issues for Rotorua, emerging risks and service performance challenges as agreed and adopted in our 30 years Infrastructure Strategy 2021-2051. These are outlined in the table below:

Strategic issue	Implications
1. Maintaining assets in a stable, reliable, and safe condition	We need to keep ahead so there is not an unsustainable investment deficit that becomes unaffordable to bridge for our current and future ratepayers. Investment is required to ensure that our assets meet the levels of service to our communities, comply with legislative requirements, and are resilient to service disruption.
2. Meeting future demands on infrastructure	Housing is one of the biggest issues the Rotorua community faces. Identified issues include a shortfall of thousands of homes, homeless, and increasing waiting list for social housing. As a result, Te Arawa and RLC have identified safe, secure housing for all our people as our top shared priority to ensure positive, thriving communities. This is a council priority for the 2021- 31 Long Term Plan.
3. Managing the impacts of legislative and policy change	There are significant emerging changes to legislation that are either planned or underway that will impact the costs and delivery of core infrastructure including freshwater management, zero carbon, and others.
4. Embedding cultural values into the way we manage our infrastructure	It can take considerable and upfront time and cost to ensure our capital projects are culturally appropriate and are supported by our community. In some cases, we need to explore alternative to traditional options and stage appropriate solutions overtime. Increasingly, legislation is requiring that iwi have a greater role in the governance or decision making for key assets such as water.
5. Climate change and environmental sustainability	We are preparing for the impacts of climate change on the infrastructure assets as we are already experiencing impacts such as prolonged droughts and higher temperatures. Increased frequency and

Strategic issue	Implications
	<p>intensity of high rainfall events, which creates flooding risks and a health risk for our potable / drinking water.</p> <p>It is expected that this will impact the core infrastructure particularly:</p> <ul style="list-style-type: none"> – Quantity and quality of water available from water supply sources – Flood management and hazard risk to infrastructure and property
6. Resilience of critical infrastructure	<p>A key focus is strengthening the infrastructural resilience of our core assets.</p> <p>Infrastructure resilience is tested in Rotorua as it is exposed to a variety of natural hazards including earthquake, geothermal activity, landslides, flooding, volcanic eruption and severe storms. These natural disasters can cause considerable damage to infrastructure assets and affect the reliable delivery of service.</p>
7. Maintaining institutional knowledge and capability (i.e. people resilience).	<p>Many of our senior experienced engineers are nearing the end of their careers. This reflects a national issue of limited replacement capability and capacity in the industry.</p> <p>It is recognised that there is a need for technical staff to be attracted, retained and developed and have real career progression opportunities within the industry long term.</p>

The proposed reforms seek to achieve scale advantage by:

- absorbing costs over a larger population base;
- rationalising and harmonising network plans and construction standards;
- pulling together a critical mass to attract, retain and develop competent staff;
- a more dedicated focus on managing risk.

Together, these benefits of scale should, logically, lead to improved three waters services in the long term.

Rotorua Lakes Council broadly agrees with the drivers for change and has already adopted a range of risk mitigations against those challenges in its 30-year Infrastructure Strategy.

Rotorua Lakes Council agreed last year (2020) to take an active part in discussions and workshops with DIA and other local government agencies to assist the formation of viable long-term options to address those challenges.

Nevertheless, staff believe that there are fundamental gaps in the current reform proposal that must be addressed in order to strengthen the proposal and to uphold the reform's underlying core intentions.

5. ANTICIPATED REFORM IMPACTS AND COMMENTS

Purpose of this section: To provide a succinct summary of identified key Council Impacts Assessments arising from the proposed reforms as they currently stand.

In order to evaluate the reform effects (on the basis of information available from the Government and the Department of Internal Affairs) staff have undertaken a high level Council Impacts Assessment. The assessment has addressed four groups of considerations centred on (a) no change i.e. the Council

model and (b) change i.e. the Reform model. There have been 14 considerations adopted by DIA/LGNZ in order to undertake the impacts assessment. These have are summarised in the table below.

GROUP/QUADRANT	CONSIDERATIONS
Service	<ul style="list-style-type: none"> • Drinking water standards compliance • Wastewater standards compliance • Freshwater outcomes • Robust/sustainable stormwater network • Asset management, information & planning
Workforce, Delivery and Capability	<ul style="list-style-type: none"> • Workforce suitability and sustainability • IT systems and processes • Supply chain and procurement
Finance and Funding	<ul style="list-style-type: none"> • Council balance sheet and debt capacity • Cost of service and efficiency savings • Estimated impacts on rates • Impacts on Council post reform(including stranded costs)
Social, Community and Economic Wellbeing	<ul style="list-style-type: none"> • Iwi/Māori • Development / growth and community self determination • Economic impact

5.1 The Council model is performing well

The assessment highlights a good level of confidence that (if the proposed reforms do not proceed) Rotorua Lakes Council will be able to continue to;

- Comply with drinking water standards;
- Operate waste water services in accordance with the National Policy Statement for Freshwater Management;
- Maintain an appropriate internal/external skills balance for an engaged and competent engineering workforce;
- Deploy appropriate and targeted procurement practices that reduce its operating and asset investment risks (i.e Trility PSOMC);
- Build and maintain strong relationships and co-governance approaches with iwi/hapu that enable the delivery of mutually beneficial complex programmes of work;
- Be able to allocate appropriately prudent capital investment by leveraging its balance sheet and as required to deliver its infrastructure strategy;
- Secure directly and through Government partnerships the required investment to enable growth and to support climate change mitigation programmes.

Broadly the Council model for three waters services performs within the community's expectations for acceptable levels of service expectations. However it is important to note that the "Council Model" is not a static concept. In other words, the current way Council addresses three waters services will continue to come under pressure for the reasons identified earlier resulting in a trend of increasing fiscal and resource demand.

5.2 The main challenges under the Council model going forward

Compliance

The establishment of the national three waters regulator office (Taumata Arowai) will gradually introduce new and higher community health safety standards and environmental discharge limits, requirements that will make reliable and sustainable compliance more challenging for local authorities.

Funding and Investment

While appropriate investment has been allocated for forward assets renewals, the funding and investment required long term poses significant financial sustainability issues. These are driven by bridging of legacy funding gaps in renewals (over the past 30 years), the anticipated escalating operational/maintenance costs driven by old assets, the rising costs in the combined goods cost price indices and the need to fund growth related lead infrastructure.

The alternative of leveraging higher debt levels to offset forecasted cost burden to current ratepayers is constrained by limitations to the Debt to Income ratios applicable to TLAs.

Current private water supplies

The expected need to address current private drinking water supplies is a significant unknown risk. There are six registered private water supply schemes in the district that are known to be non-compliant but there are many, as yet unidentified, supplies including rural homes, schools, marae and papakainga that may also be non-compliant.

Asset condition assessment

More investment will be required to bring asset condition knowledge, predictive failure information and deterioration data to a standard necessary for optimised and timely investment, and to reduce the potential for critical service failure.

5.3 Opportunities arising from the proposed reform

The proposed Water Services Entity (WSE) will remove unknown and rising risks from Council in terms of private water supplies' compliance, the continued introduction of new regulations and the effects/response to climate change impacts.

The reforms are promoted on the basis that the WSE will have a stronger financial capacity to invest in desirable levels of service improvements. On the other hand, it is unclear how priority will be established (noting that Rotorua will be just one of 22 participating TLAs).

Due to the proposed scale of the new WSE it is more likely that better tools will be created to manage information systems (ICT, asset data etc). Also, that staff working for the sector will have more and better access to career development paths and professional growth opportunities.

5.4 The main reform challenges that must be considered carefully by Council

The purpose of local government is to enable democratic local decision-making and action by and on behalf of communities, and to promote the social, economic, environmental and cultural wellbeing of their communities in the present and for the future.

The Three Waters infrastructure assets are important not just for financial reasons, but also for the environmental, social and cultural outcomes they are meant to achieve.

The business case for the proposed reforms, to date, relies heavily on assumed economic benefits. However the economic benefits that are promoted rely primarily on the ability of the WSE to deliver substantial cost efficiencies. This attracts a significant and healthy degree of scepticism. There appears to be a valid concern that our local communities would carry the burden of increasing service costs if the projected efficiencies cannot be attained and more importantly, without the ability to hold the WSE to account.

It is noted that the Department of Internal Affairs has commissioned a review (**by Farrierswier**) of work completed by the Water Industry Commission of Scotland (WICS) to assess the potential benefits from

amalgamating and reforming water, wastewater and stormwater services from 67 council areas in New Zealand into a small number of new operationally and financially independent water services entities subject to economic regulation and other stewardship reform.

The review finding (in summary) is that the overall approach adopted by WICS to modelling the potential impact that amalgamation of water entities and associated reforms could have on projected expenditure, financing costs, revenue and prices of water service providers should give reasonable estimates in terms of direction and order of magnitude. Due to the scope of the review they could not provide an opinion whether the forecasts and estimates generated by WICS by applying its methodology and assumptions are reasonable. The review focussed on whether the modelling is likely to give estimates that are appropriately either positive or negative (i.e. direction) and are at an appropriate scale (i.e. order of magnitude). Given the nature of that analysis their review was subject to limitations including that:

- Forecasts almost always turn out inaccurate, especially over a 30-year horizon.
- Choices need to be made over a myriad of modelling approaches, inputs and assumptions that reasonable minds may disagree with.
- Decisions on reform processes of this scale are typically undertaken while facing information challenges related to the quality and availability of relevant information needed to project long term outcomes.
- There is still a wide range of unknowns, including as to what the eventual structure of the WSE sector will actually look like once the reform is implemented.
- Sensitivity analysis shows that the estimated benefits in terms of average household costs in 2051 can vary materially if key assumptions were adopted differently.

However in broad summary, the review considered that the WICS modelling (and the methodology that WICS uses) does not materially affect the direction of estimated benefits from the amalgamation proposed by the reforms.

The proposals, as they currently stand, do not provide clear confidence that the local communities' lead agency (the elected Council) would be able to continue to lead effective community engagement on water services, nor that the WSE will be appropriately responsive to the communities' evolving, diverse needs and aspirations.

The Council has faithfully endeavoured to give meaningful effect to its partnership commitments with Te Arawa. Our iwi/Māori/hapu relationships are currently very strong and these have been built over many years of solid commitment by all parties. The reform proposals have not as yet adequately addressed the possible effect of the reform on those relationship commitments, nor on the Crown's existing Treaty settlements obligations. There is a justified concern to ensure that the proposed reforms must both protect existing settlements, as well as ensure that the Crown (and local government and the Entities) continue to have the ability to put right historic wrongs and reinforce these relationships through direct and respectful mechanisms.

5.5 Other financial considerations for Council arising from the proposed reform

The reforms promise to generate significant capital investment for growth and systems enhancement and for these to be funded through the WSE's ability to borrow 3 to 4 times more than councils due to having a higher allowable debt limit. Assuming a pro-rata attribution based on population share, Rotorua may receive some \$1.4B of that over the next 30 years compared to its estimated \$0.487B considered in its 30-year Infrastructure Strategy.

It is stated by the DIA that the transition costs will be met by Government funding assistance. In addition some \$32m under the "better off" grant will be allocated to Rotorua and modelling indicates

up to \$4.0m costs may be stranded with Council. The proposed new WSE who have been allocated some \$500m at a national level for that purpose will be mitigating these costs during the transition.

Concerns have been raised about the proposed transfer of local three waters assets to the WSE. In some cases this proposed transfer is seen as “gifting” community funded assets. It must be noted that the Council’s infrastructure information identifies that the three waters assets have a current replacement value of some \$900m. However the assets current depreciated value (fair value) is about half of that replacement value. In effect for every \$1 of remaining value there is roughly a \$1 of liability to replace the consumed part of the assets. The current consumed life of the three waters assets is about 45%, 55% and 65% for drinking water, wastewater and stormwater respectively. Therefore if assets are transferred to the proposed WSE so will their replacement, maintenance and upgrade cost liabilities (which by far exceed their remaining depreciated values).

6. COMMUNITY ENGAGEMENT ISSUES

The Government has released high-level discussion documents and is seeking initial views from councils and from iwi. Once it has received those initial views, Government will further develop the proposal and announce the next steps including timeframes for consultation and decision-making.

The proposed three waters reforms constitute a major inter-generational change. Full and effective community consultation will be required in order to give effect to the Council’s community services stewardship responsibilities. At this point in time, there is not adequate Government information to allow councils to begin a properly informed special consultation process, however we expect that this will be part of the next suite of Government announcements.

7. TE WHAKAKAPINGA SUMMARY AND CONCLUSION

The Government proposes to lead major changes to the three waters system in New Zealand. These changes will have inter-generational impacts on our communities. While there are logical conclusions of benefits of scale to be attained, there are also matters of pertinent concern that the proposals as they currently stand do not adequately address.

While national standards will be designed to ensure some consistency in the delivery of three waters services and the supporting infrastructure, local factors will ultimately continue to be the overriding driver of services. To deliver on its purpose local government must, alongside mana whenua, understand and plan for growth capacity and for their communities’ environmental, cultural and social wellbeing needs. To effectively do this local government must have the ability to coordinate and define the infrastructure services required directly with their communities.

It is recognised that there are significant challenges ahead for the Council’s three waters services. There are economic risks associated with an old system of assets, service performance and compliance risks from emerging standards and regulations, high investment demand from growth aspirations and the now emerging scarcity of competent expertise and skills in the sector. The proposed reforms, based on consolidation, promise significant efficiency gains to better and more affordably address these risks and therefore reduce the future cost burden on the communities. However these efficiency gains are based on predictive modelling that, although it appears to be reasonable in terms of direction, cannot be accurately validated over a 30-year horizon.

To a large degree the reform proposals are based on the experience of Scotland which responded to the new European regulations of the 1990s by establishing a vertically integrated service delivery

authority for the water services. It is to be noted though that a study undertaken by “Building Innovation Partnership” in July 2020 identified a recent years’ trend in Northern European countries of similar size to NZ to move away from services consolidation and towards re-municipalisation. While they incur relatively higher costs, they do meet specified European standards and are more responsive to their communities.

Council’s Three Waters Strategy, that informs our Infrastructure Strategy, provides a 50-year blueprint for the district’s guiding decision-making and it is aiming to ensure optimum and balanced outcomes for our current and future communities. It is aligned with the Te Arawa Vision 2050 and the broader Rotorua Way.



Thriving Communities is our keystone principle. The core purpose of the three waters activities is to serve our communities by not only safeguarding their utilities services and wellbeing, but by also strongly upholding the sense of place and purpose that connection to water brings.

It seems possible that the economic benefits of scale could easily be offset by dis-benefits, including a loss of the community voice in the clutter of a much larger population base served by the Entity. Moreover, in the absence of a clear mechanism to ensure that the mandated leadership role of local government is maintained, there is real potential for a siloed, assets-based, management approach that could be unresponsive to the unique needs of iwi and the community at large.

Our proposed approach is to be supportive and constructive in the national effort towards a demonstratively viable and sustainable new Three Waters management framework, and it is recommended that Council adopts and communicates the preliminary reforms position paper to the Minister.

8. NGĀ ĀPITI HANGA ATTACHMENTS

Attachment 1: Preliminary position paper

Rotorua Lakes Council – 3 Waters Reforms – Preliminary Position

As a starting point, we acknowledge the broad drivers for the proposed reform. Those drivers do not significantly diverge from Rotorua Lakes Council's diagnosis of the challenges facing managers of Three Waters infrastructure: ageing physical infrastructure, a legacy of chronic underinvestment in network renewals often resulting in poor asset condition, higher standards and new regulations to better protect peoples' health and the environment, the significant growth-driven investment required to support new housing, the impacts of climate change and the forthcoming acute scarcity of a competent workforce.

The proposed reforms seek to achieve scale advantage by absorbing costs over a larger population base, rationalising and harmonising network plans and standards, pulling together a critical mass to attract, retain and develop competent staff and a more dedicated focus on managing risk. Together, these benefits of scale should logically lead to improved 3 Waters services in the long term.

Our position

Rotorua Lakes Council broadly agrees with the drivers for change and has already adopted a range of risk mitigations against those challenges in our 30-year Infrastructure strategies. We are also taking an active part in discussions and workshops with DIA and other local government agencies to help the formation of viable long-term options to address those challenges.

Nevertheless, we believe that there are fundamental gaps in the current reform proposal that must be addressed in order to strengthen the proposal and uphold the reform's underlying core intentions.

The importance of Three Waters infrastructure to local government

The purpose of local government is to enable democratic local decision-making and action by, and on behalf of, communities; and to promote the social, economic, environmental and cultural wellbeing of communities in the present and for the future.

It is our job to ensure that the current and future needs of our communities for good-quality local infrastructure, local public services, and effective regulatory functions are met in a way that is cost-effective for ratepayers, households and businesses. To enable us to fulfill our purpose (and the four well-beings), we require Three Waters infrastructure that is fit for our community's needs.

The case for the proposed reforms relies primarily on assumed economic benefits. But 3 Waters infrastructure assets are important not just for financial reasons, but also for the environmental, social and cultural outcomes they achieve. Our great concern is that the Entities take a regressive view that infrastructure projects are simply engineering and financial problems. They are not, they are questions of community development and growth. As such, local government can only function effectively if Three Waters infrastructure is provided in a timely and effective manner and in accordance with the unique needs and aspirations of mana whenua and the broader community.

Communities must determine levels of service

Whilst national standards will ensure some consistency in the delivery of Three Waters infrastructure, local factors will continue, ultimately, to be the overriding driver of services. To deliver on our purpose local government must, alongside mana whenua, understand and plan for growth and our communities' environmental, cultural and social wellbeing needs. To do this we must have the ability to define the infrastructure services we require. The lack of clear detail on how this will occur gives local government (and our communities) legitimate cause for concern.

Currently much remains uncertain.

- How will the Entity's operating model ensure consistent and reliable responses to our community's needs?
- What are the processes that will ensure that territorial authorities, as lead local agencies and in partnership with mana whenua, are able to set and define the outcomes and expectations to be delivered by the Entity?
- How can our community ensure that the Entity delivers outcomes *at least* as good as already established?

It seems highly possible that the economic benefits of scale could easily be offset by dis-benefits, including a loss of the community voice in the clutter of a much larger population base served by the Entity. Moreover, in the absence of a clear mechanism to ensure the leadership role of local government is maintained, there is real potential for a siloed, assets-based management approach that is unresponsive to the unique needs of iwi and the community.

It's also important to understand that those operational relationships are often with hapū and Māori land owners (who often have legal ownership and kaitiaki responsibilities for land underlying infrastructure assets). The complexity of those rights and interests is not currently reflected in the proposals.

We have learnt from experience of the importance of working with local communities in the initiation and design of services. We have also learnt from experience that the successful delivery of infrastructure projects depends on developing long-term (not just project-based), sustainable and productive operating relationships. We simply cannot see how the Entities can viably develop those community relationships across super-regions, and believe that this will limit the ability to design locally-influenced solutions (as we have done in numerous occasions) based on the needs and values of local communities.

Te Arawa partnership

Our Council, faithful to its partnership with Te Arawa, has in July 2021, resolved to establish a joint committee to consider the impacts of the Three Waters Reform on our partnerships with mana whenua and to make recommendation to the full Council and to mana whenua on the same. The Committee acts as a forum for governance oversight, to identify and develop shared concerns and aspirations, to understand the effects on relationship agreements, and to ensure well-informed, coordinated decision-making of the parties.

It is important that these discussions are had with both Council and mana whenua, so that all parties fully understand the practical complexities and impact of the proposed reforms, and so that we ensure a robust, well-informed and coordinated approach to decision-making by Council and by mana whenua entities.

We also reiterate and support the calls from iwi that the proposals have not adequately addressed the effect of the reform on existing Treaty settlements obligations. We are concerned that the proposed reforms must both protect existing settlements, as well as ensure that the Crown (and local government and the Entities) continues to have the ability to continue to put right historic wrongs.

The solution

Councils (with iwi partners) are the best-placed organisations to continue to define a set of unifying and aspirational objectives for districts, to articulate complex community issues and to lead the collective response to those issues and outcomes. We have a unique leadership role and the necessary institutional competence to do so. Furthermore, that leadership role and competence cannot be readily replicated by a single-purpose agency. We are of the strong view, that any attempt to do so would be naïve, ineffective and will create an unnecessary burden of resource duplication.

We agree that it is not always necessary for Councils to directly deliver the work programmes required to achieve the desired community outcomes. However, in partnership with iwi, we are the only organisations within districts able to monitor the attainment of and be accountable for such outcomes.

Ensuring the Entities deliver on community outcomes

Concerns regarding the reforms could be allayed by establishing early agreements between councils, their respective mana whenua and the Entity (or its Transitional Authority). Those agreements should set out the detail of how we will work together to ensure democratic local decision-making is upheld, and that our communities receive the economic, social, cultural and environmental outcomes that they need and deserve.

The direct link with Councils and mana whenua could be achieved on the following basis:

Setting the strategy

1. A 3-Waters Strategy with clear outcomes for a Council is agreed between the Entity, the Council and mana whenua. The strategy would include (but not limited to):
 - a. Future growth, urban intensification and land use aspirations
 - b. Partnerships with mana whenua
 - c. Mana O Te Wai objectives
 - d. Social and cultural objectives
 - e. Climate change mitigation and resilience
2. The Entity commits to giving full effect to the outcomes and the objectives of the agreed Council 3 Waters Strategy in a manner that enables local decision-making, reinforces relationships with iwi and discharges both the Crown's Treaty obligations and our partnership responsibilities.

Agreeing on delivery

3. The Entity agrees to work jointly with the Council to structure a Business Plan (to be received and endorsed by the Council and mana whenua) that clearly articulates the methodology by which the outcomes and the objectives of the 3 Waters Strategy will be pursued for the district.

4. The Entity agrees to work together and in partnership with the Council and mana whenua to give effect to the future needs of the District. The partnership should be defined by a recognition that the Entity has subject matter expertise, while iwi and the Council have much greater knowledge of local needs and values.

Monitoring outcomes

5. The Entity will report regularly to the Council (in partnership with mana whenua) on progress against the agreed Business Plan and the progress towards the evolving LTP objectives, including the status and health of relationships and partnerships with the communities and specifically with mana whenua.
6. The Entity agrees to report to the Council (in partnership with mana whenua) against investment in local employment, the development of skills and capability in the district.

Conclusion

Our clear intention is to be supportive and constructive in the effort towards a viable and sustainable new 3 Waters management framework, and we hope our position paper contributes to the further development of the reform proposals.

Preliminary Position