



Whakatōhea
Māori Trust Board



TE RUNANGA O TE WHĀNAU

Our Ref: A260796

28 September 2021

Hon Nanaia Mahuta
Minister of Local Government
Parliament Buildings
WELLINGTON 6160

By e-mail: n.mahuta@ministers.govt.nz

Dear Minister

TE WHAKAHŌUTANGA O NGA WAI E TORU- THREE WATERS REFORM

Thank you for the opportunity to formally respond to the proposed Three Waters Reform. Ōpōtiki District Council used this period to review the large body of information made available by the Department of Internal Affairs, Local Government New Zealand, and our independent advice, to make an informed assessment of the proposed reform and how it would impact our community, today and into the future.

To inform our position we also engaged with our iwi and community, as this proposal is significant, and they must be included in the decision-making process. As a result we are not convinced that the current model provides the best governance and financial outcome for our district.

Based on our assessment of the proposal and feedback received from our community and iwi partners, Whakatōhea, Te Whānau-ā-Apanui and Ngai Tai, we totally oppose the proposed model to remove the Three Water's assets and services from our Council and establish four large water entities. We are unanimous in this decision. Ngai Tai have indicated their support to the position outlined in this letter but had inadequate time to get the letter through their decision-making processes to allow them to sign.

Attached with this letter is a summary of the information used to inform our position. We also offer an alternative approach for your consideration.

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We look forward to working with the Government to develop a bespoke solution that strikes a balance with overcoming a national problem but retaining a local voice with locally led solutions.

Yours faithfully



Lyn Riesterer
MAYOR OF ŌPŌTIKI



Robert Edwards
CHAIR, WHAKATŌHEA MAORI TRUST BOARD



Rikirangi Gage
CHIEF EXECUTIVE, TE RŪNANGA O TE WHĀNAU TRUST

cc:

threewaters@dia.govt.nz

feedback@lgnz.co.nz

ATTACHMENT 1 ASSESSMENT OF REFORM ON OPŌTIKI

IMPACT ASSESSMENTS

- **Independent assessment of Water Industry Commission for Scotland (WICS) model**

Council, in addition to its own assessment, engaged Ian Dickson from Cubus.nz, who is a highly respected economic, financial and investment analyst to review the WICS model and provide advice to council on its suitability. Cubus.nz provided a summary of his review and addressed council at a Three Waters workshop on 28 July 2021.

Issues with the WICS model are summarised below:

- The financial model is poorly laid out.
- The model is a “Top-Down” assessment of Opōtiki and does not consider some important local traits and therefore significantly reduces the reliability of the model outputs.
- Future Three Waters capital and operational expenditure is based on high-level comparisons with Scotland, but there are important contextual differences between Scotland and Opōtiki.
- The relationship between population (or in WICS case population density) and cost of service is weak.
- While comparable in total population (Scotland vs New Zealand), population density is vastly different.
- Scottish water does not own or operate stormwater services only drinking and “foul” water.
- Source of 45% efficiency gain in Scottish water after 2002 amalgamation is unclear.
- No efficiency gain has been applied to Opōtiki operating in the without reform scenario, this is considered unrealistic.
- The capped enhancement investment of \$307M is considered unrealistic and drives the cost up.

These issues are consistent with findings in reports commissioned by other councils throughout New Zealand, notably Kawerau, Whangarei, Kapiti and Timaru.

These concerns do not provide us with confidence in the WICS model, and responses by DIA, in the form of FAQ, and Beca and FarrierSwier reports do not resolve these “real” issues.

- **Community Wellbeing Assessment - “Balanced Scorecard”**

Tūhura Partners were contracted by the Department of Internal Affairs to facilitate a Wellbeing Impact Assessment. The assessment is divided into four “quadrants”, covering 14 topics and 55 questions.

Council agreed to participate in the “Balanced Scorecard” noting that the assessment considered the impact of the proposed reform on areas other than just economic. The purpose of the assessment was to bring the national and regional case for change into a locally relevant perspective. It also allowed us to consider and highlight key threats and opportunities and to support informed elected members and the decision-making process.

The Impact Assessment was performed by Council staff in collaboration with Tūhura Partners on 4th August 2021, in Opōtiki.

The assessment considered the performance of Ōpōtiki without reform and with reform.

The results of the assessment identified that, with the implement of our current LTP, Ōpōtiki is in a strong position and should retain control and delivery of Three Waters. Under this scenario three of the four quadrants, Service, Resourcing and Community are strengthened. Finance is considered a minor threat as the current LTP includes a significant project designed to respond to the national housing shortage. Following considerable consultation through the LTP process Council included the provision of Three Waters infrastructure in response to the national housing shortage. The project seeks to unlock 50 years of growth potential for the Ōpōtiki township and also provides a retreat scenario for managing the threat of climate change on the low-lying areas of the town

Council has sought funding for this project, with the support of LGNZ, through the Infrastructure Acceleration Fund (IAF). We were alarmed last week to hear DIA staff characterising this initiative as being evidence of the unaffordability of Three Waters in Ōpōtiki.

Opportunities were also identified through the reform scenario with Service, Resourcing and Finance strengthening. However, there is significant risk that the proposed beneficial outcomes of the reform will not be realised and some of the key aspects that create benefit, such as the level of cross subsidisation, are not hardwired into the proposal.

There are major concerns with the negative impact of the reform on the community, with the loss of local voice and control for Three Waters assets.

Figure 1 displays the outcome of the assessment as summarised above. Green represents an opportunity or improvement with yellow and orange representing neutral or threat respectively.

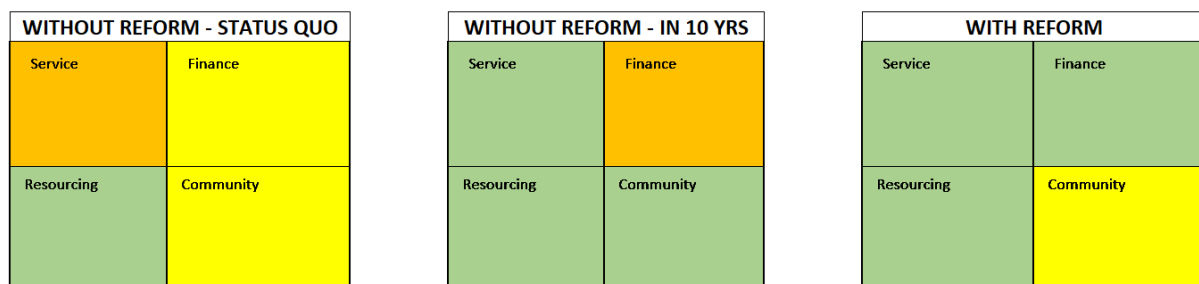


Figure 1 – Balanced Scorecard – Quadrant Results

It is apparent that Opotiki is placed in a difficult position having to consider a trade-off between finance and community. Our council and iwi have been tirelessly working towards lifting the circumstances of our community over the last decade, with central government agencies largely absent until recent desperately needed PGF and post Covid investments. In the past each centralisation of a service, in the name of efficiency, has led to an incremental loss to our community, so faced with a decision like this one, we must put community first.

- **Community engagement and feedback**

Although the Government indicated that community engagement was not required during the eight-week period, Council, informed by an assessment against our significance and engagement policy, determined we did need to engage with the community on such a major issue.

We informed the community that this initial feedback would not replace any future 'formal consultation' but it was hoped it would help council better understand community views. We also wanted to include community input in our response to the government.

Information seeking community feedback was provided on the Council website, Facebook page and through local media. Unfortunately, due to Covid-19 we were unable to hold community drop-in sessions or a public meeting.

51 responses were received with 41 indicating strong opposition to the reform, one supporting the reform and nine opposing the reform but requesting more information to confirm their final position. Letters to the Editor, local social media discussion and feedback direct to elected members was also overwhelmingly negative.

Common concerns across feedback received were lack of consultation; a desire for a referendum; concerns of privatisation; our unique needs and voice being lost; increased costs and charges and why fix what is not broken in Ōpōtiki.

The feedback confirmed that there is concern within the community about the proposed reform and that further consultation is required.

As an interesting aside, the Three Waters proposal has also promoted a surprising amount of positive feedback about Council's past performance with Three Waters and its role in the community that people often do not take the time to articulate.

- **Iwi position**

Council works closely with iwi partners, Whakatōhea, Te Whānau-ā-Apanui and Ngai Tai and together we have achieved great outcomes for the community. The Motu Trails (one of NZ's Great rides, and the award winning Ōpōtiki Harbour/Aquaculture projects are clear examples of this. We value these partnerships and will continue to strengthen these relationships in years to come.

At our request DIA met with Council and iwi on 20 September to discuss the reform. It was disappointing that the two-hour presentation did not focus more specifically on our local situation however, iwi and Council, made it clear that we were not in support of the proposed reform based on the information provided and a more bespoke system, which is developed in partnership with iwi and Council is the preferred way forward.

THEME OF THE REFORM

Council is concerned with the overarching theme of the reform. Local Government (LG) has a role and responsibility in providing services that aid in the wellbeing of our communities and Three Waters are an essential service needed to achieve this.

The 2019 Elected Members Governance Handbook, issued by Local Government New Zealand, states that the rationale for Local Government is:

- *Local Decision Makers are often better placed than national decision makers to tailor services and programmes to meet the needs and preferences of communities.*
- *Efficiency is enhanced when there is a "match" between those who benefit from the service and those who pay for it. When such a match occurs over- or under-provision are less likely to occur.*

- *Local government is a way of distributing power and providing an avenue for local citizens to express dissent with the policies of their national government, thus contributing to a stable democracy.*
- *Decentralisation to local government is also good for economic growth as it encourages innovation.*

The overarching theme of the Three Waters reform goes against the LG rationale because it proposes to change a locally-led model to a centralised one. This fundamental change is not supported and goes against the rationale for Local Government and localism. This is also noted for the parallel reform being that of the Resource Management System

The centralised model proposed by the Government for both the Three Waters and Resource Management reform should pause, until the ministerial review into the Future for Local Government is completed.

Localism and locally-led solutions have been the key to many successful outcomes within Ōpōtiki. Our ability to understand local needs and be agile to respond to those has resulted in numerous successes in Three Waters. The Auditor – General’s report in the Insights into Local Government publication in 2019 is a clear example of this [Part 2: The importance of good asset information — Office of the Auditor-General New Zealand \(oag.parliament.nz\)](#). Knowing the needs and constraints of our community allowed us to tailor an approach that met the needs of the community. This resulted in Council funding the renewals of private laterals, which was a key component to the success of the project, at the same time reducing the financial burden on individual residents within a community with high deprivation.

CONVERSATIONS AND CO-DESIGN

We don’t believe the reforms have been co-designed as Government is purporting. Our experience is that the process to date could barely be called a consultative process.

In 2020 Council signed a MOU with The New Zealand Government that committed to conversations between Council and Government during the period of the MOU. No conversations occurred and the MOU expired in late June 2021. The only local opportunity we had was when our iwi kindly invited us to their hui where the role of Taumata Arowai was eloquently explained (and supported by all) but little was said on the proposed asset reforms. It wasn’t until 20 September 2021 when we had a Zoom meeting with DIA staff, after we requested it, but little of this focussed on our Ōpōtiki Specific case, and the DIA staff had little understanding of our district or our people.

Our staff were not selected to be part of any of (confidential) working groups, and nor do they visit Wellington very often. We feel that the Government has made the error of assuming that LG representative groups and these confidential groups speak for all communities. We note that none of them were signatories to the MOU between ODC and the NZ Government.

FINANCIAL CONSIDERATIONS

- **Financial modelling**

We are perplexed as to why DIA requested individual ‘bottom up’ information via the RFI to only release a very ‘top down’ set of figures. The figures in DIA’s dashboard for Ōpōtiki are unrealistic and unsupported by the information we provided. The average life of Ōpōtiki’s 3W assets is 75yrs, and we can’t understand how, over the next 30yrs, Ōpōtiki needs to spend 3.5 times (\$307 million) the new

replacement cost of its current network (\$88 million), which still has an average of $\frac{2}{3}$ of its remaining life (50yrs). While we appreciate new water standards will increase operating costs, DIA's model is suggesting Ōpōtiki's operating costs will be seven times higher without reform (\$8,660) than with reform (\$1,220). This appears to be driven by the unrealistic amount of capital expenditure modelled for Ōpōtiki by DIA. The annual cost (\$1,220) with reform per household, is due to cross subsidisation across the entity, but we understand there is no guarantee that the entity will not implement regional rates due to differing geographical and system challenges, this could have an adverse effect on the community

- **“Better off” funding**

The four proposed entities will be borrowing $\frac{1}{2}$ of the \$2 Billion 'Better Off' money, as a debt against water users. The better off funding however is intended to be spent on community wellbeing (for the whole community). Local Government practice would be to fund such an initiative by general rate because the benefits are spread across the community as a whole. The effect of this funding in the Ōpōtiki District would be that the most financially deprived half the population would be funding benefits received by the whole population. Under Local Government legislation and practice this would be unlikely to be permitted. We question why the NZ Government would not fund this from taxes as the benefits would be more generally aligned with taxpayers than it would water users. But ultimately we also question whether this money is best left in peoples' pockets.

Due to the high level of deprivation in our district, Ōpōtiki's share (\$18.7 million) of the 'better off' grants is higher than most other similar Councils. While this could be considered a win for our district, it comes at a cost to those more affluent districts and given the comments above we are concerned that the subsidisation required to minimise financial impact on ratepayers is not guaranteed in the reforms.

- **Net loss**

With our current Three Waters book value (\$56 million), there is a net loss of assets of (\$37 million) for our ratepayers. Take into consideration that $\frac{1}{2}$ of the 'better off' grant is borrowed, then the net loss is (\$46 million) for ratepayers overall.

- **Stranded overheads and “No worse off” funding**

Ōpōtiki is a small Council that services a remote area of New Zealand. Removing Three Waters from local Council leaves a raft of stranded overheads but by far the biggest impact is on support staff. Within finance, HR, IT and customer service teams, staff will often fulfil a wide range of responsibilities and finding that balance of skills has its challenges. With the inability to on-charge these support services to Three Waters, trimming these teams down has the potential to upset that balance and Council risks losing the necessary skill base to successfully perform its role in our community, or it will increase the costs of other services. The amount offered (\$852K) to Ōpōtiki for 'No worse off' will only cover the first year of stranded overheads, one year is not long enough to restructure an organisation and ultimately it is impossible to remove all of the stranded overheads allocated to Three Waters. Any residual costs will be spread over the remaining Council activities resulting in rate increases.

- **Oversight of rates and debt**

Rate increases are an unwelcome necessity as costs rise and levels of service increase. Councils can currently juggle these between different activities, producing overall increases that they feel are

affordable for their community. Ōpōtiki has one of the highest levels of deprivation in New Zealand and we are incredibly conscious of this. Removing Three Waters, removes Councils' ability to juggle the overall needs of the community, both short and long term, against the costs borne on each household. In the event that councils collect water charges on behalf of the entity, ratepayers will often not understand that their water costs are out of Ōpōtiki Council's control, yet Council will be associated with any negative feedback over increased costs.

Holistically speaking, Council makes decisions on both short and long-term capital expenditure, being able to juggle the needs of the community across all activities. Three Waters removes 25% of Ōpōtiki's revenue, which also removes 25% of Ōpōtiki Council's ability to borrow. While a number of Councils have Three Waters debt higher than its share of available borrowing, Ōpōtiki currently has low debt and plenty of headroom. Reducing our ability to borrow, reduces our capability to juggle the wider and longer term needs of our community.

- **Ōpōtiki Harbour Development**

In 2020 Council signed a MOU with the New Zealand Government in relation to the Ōpōtiki Harbour Development with Council taking responsibility to operate, fund and maintain the Harbour post-construction. Council agreed to this on the basis of it having a team of asset managers and therefore having the appropriate personnel, systems and processes to do this role. The removal of the Three Waters from Council gives us some level of concern about the costs of carrying out this commitment into the future.

KEY ISSUES – GENERAL

- **Lack of community voice**

The proposed model will not provide the Ōpōtiki community a voice. The governance structure of the proposed entity is too complex, is far removed from communities and will not fairly represent the views and needs of communities. There are 22 Councils and over 70 Iwi within the proposed entity B and the proposed governance structure allows only 12, six Council and six Iwi, to represent all Council and Iwi interests. This structure stifles community voice and limits the ability to influence local outcomes.

- **Poor service delivery outcomes for the community**

The inability to influence local preferences will lead to poor service delivery outcomes for the community. The level of service needs of our community will be different to other Councils within the proposed entity. If a blanket approach to service delivery is undertaken by the proposed entity small rural communities will be worse off.

Council is very responsive to the needs of the community and plan and utilise resources effectively to maximise efficiency and benefit to the community.

An example of this is the multiple hats that our engineers wear to ensure effective service delivery. Due to the isolation of some of our communities, such as Te Kaha and Waihou Bay, engineers and officers who visit these locations often, not only address Three Waters service requests, but will also look at waste or roading requests at the same time to maximise efficiency and minimise response times. These benefits and efficiencies that will be a lost in the proposed model and the community will be worse off for it.

- **Loss of local accountability to the community**

The governance structure is so far removed from the community that there will be little accountability to the community. The organisation will become a faceless organisation in the community and residents will not know who is representing them. This confusion and poor accountability will result in additional pressure on Council, if the reform was to proceed, as the community will still look to us to help resolve their issues.

Our current model allows community members to visit the Civic Centre and meet with our staff to discuss issues. They can do this locally and they know our staff. These relationships build strong connections with our community members, and they know who we are and what we are accountable for. On the odd occasion that they are unhappy with a service they can also ask for assistance through their elected representative, who they know and voted for. There is a clear understanding within the community and the existing structure works. Minor changes to the proposed governance structure are not seen as a solution to this problem.

- **Poor integration of spatial and local planning and less agility in the system**

The reform will add additional layers of complexity to an already complex process of aligning planning with infrastructure provision. This would not only reduce the likelihood of successful outcomes, as communities will lose the ability to influence outcomes they see important, but it would also slow down the approval process when there is a clear need to speed this process up. There is a national housing shortage and the need to additional housing supply, not only Ōpōtiki, but through areas of New Zealand is well known.

The current framework provides Council, iwi and our community the agility to respond to changing needs and not get stuck in a complex approval process that would result from the reform. An example how effective the current structure works is the recent development of a structure plan, which aligns the housing needs for Ōpōtiki over the next 50 years, with a staged infrastructure delivery framework. The structure plan strengthens resilience within the community as it is also provides a retreat strategy for the town which has the potential to be impacted by climate change over the coming decades.

The agility of the current structure allowed this plan to not only to be developed in a very short timeframe but also to be included in our current LTP.

Council is currently waiting for the outcome of the IAF application to deliver a rapid response to the national housing shortage which will develop jobs and support healthy communities.

- **MACA**

Council is currently involved in a Court of Appeal process in relation to applications for territorial and customary rights under the Marine and Coastal Areas Act. We are taking a watching position and ensuring that evidence is put to the court to ensure that the wider community assets are considered in the process. Currently a live issue relates to RMA permits in the area, many of which are held by council and several are essential Three Waters assets. It is difficult to see how an entity would even have visibility of local issue such as this and be in a position to engage in the issues.

- **Access agreements, easements and other legal instruments**

Council has negotiated numerous access and easement agreements that relate to Three Waters assets. These agreements often followed a lengthy consultation and negotiation process. There is concern that these agreements would possibly need to be revisited because of the reform. Several of our

services cross multiply owned Māori land and permissions have been achieved on the basis of community ownership, good will and relationships.

- **Private water schemes and rural properties**

Private water schemes will be required to meet stricter compliance conditions under the Water Services Bill and new regulator Taumata Arowai. DIA have indicated that there is a risk to Councils that they could be liable to take over any private water schemes that do not meet the new regulations. However, some of the conditions which private water schemes will be required to meet have recently changed and are more affordable and flexible which significantly reduces this risk.

Council undertook an assessment of the possible liability in a worst case scenario. There are 21 private suppliers within the district with another 160 properties which have two or more dwellings on them, which could be categorised as a supplier under the Water Services Bill.

With affordable at point of entry solutions available in the market Council undertook a desktop assessment of the possible liability of this change and calculated \$7M upfront capital cost and \$36M 30 year operational and maintenance cost. Table 1 below outlines the cost considerations.

Table 1 – Private Water Scheme Costs

Private Supplies	21
Properties with two or more dwellings and currently not water rated	Approx. 160
Liability Estimates	
Upfront - securing water source and point of entry treatment	\$ 7,000,000.00
30 Year Maintenance*	\$ 36,000,000.00
*Approx. \$1500 per household per year and \$3200 per community facility	

This is significantly less than the \$307M capital cost proposed by the WICS model for enhancement within Ōpōtiki.

In addition to this the reform proposes to expand the existing reticulated supply to connect rural properties that are not connected to a scheme. This would require significantly long lengths of pipe which would not be feasible and would create water quality issues with very low turnover. It would also impose additional costs to individual rural properties that currently get their water from either rainwater tanks or individual bores. They would ultimately be paying fees for a service they are currently receiving themselves for a fraction of the cost.

- **Locally led solutions - agility, economic development, jobs, and local priorities**

In August 2014 Council was approached by Ōpōtiki Packing and Coolstorage Limited (OPAC) to discuss expansion plans for their packhouse just out of Ōpōtiki. The industry was in the recovery stages from PSA and OPAC was seeking to expand close to the rapidly expanding kiwifruit growing areas. The expansion meant jobs and economic benefit to the district, while OPAC faced large costs for upgrading their onsite effluent treatment systems. OPAC also faced a “mountain of fruit” in the

upcoming season and time was of the essence. It was agreed that the local benefits were significant and the onsite wastewater challenges were extensive. However Ōpōtiki District Council was only in the early stages of a project to investigate the rehabilitation or replacement of a failing reticulation system. Working together with local contractors, ODC and OPAC agreed a MOU, and designed both an extended reticulation system to bring them into the township sewer, but also a retention facility to ensure that existing problems in the reticulation were not exacerbated. Despite delays with Archaeological approvals, the system was commissioned on time for the following season in March 2015 and OPAC paid their share of the sewerage activity costs by way of a MOU until the LTP could be amended to extend the targeted rating area.

Similarly in 2017, faced with an accommodation shortage in the area, Ōpōtiki DC was approached by a local businessman interested in providing motel/backpacker accommodation. Onsite wastewater disposal costs were high but more importantly took up useable land for the disposal field. The property was on the lower part of the route for the long term sewer expansion but it was years away from being built. Given the need for local accommodation and the potential waste of investment in onsite sewer facilities, Council brought forward a portion of the long term infrastructure to allow for both outcomes with the owner paying the costs of the loan until such time as the full reticulation was constructed. Given the operational challenges of managing a small amount of waste through large pipes, a temporary smaller pipe was connected inside the main pipework. Accommodation facilities are now operating at the site and several neighbouring properties also took the opportunity to connect and decommission their septic tanks.

These positive results, which included economic development, jobs and locally-led projects, occurred through an agile team who knew Ōpōtiki, and the Council had the ability to review and reprioritise investment that resulted in a positive outcome for the community. The proposed reform does not give confidence that such positive outcomes, in such a tight timeframe, would be achievable and the community would be worse off.

- **Resilience and sustainability - local capability to maintain essential infrastructure key to rural community futures**

Impacts of climate change and COVID-19 have more starkly underlined how important it is for small communities to be as self-sufficient as possible in the face of increasingly regular adverse events.

Little did we realise this was part of the road ahead when in 2015 businesses, Local Government, iwi and Central Government commenced a concerted "Pathways to Work" strategy for Ōpōtiki. Iwi-led visions to create new industries and jobs were becoming a reality. At that time our scoping of local infrastructure businesses which had been struggling to survive for years revealed an ageing workforce, so a big focus of our strategy, now called Mahi Ora Ōpōtiki was on finding ways to support local businesses to grow more youthful staff teams. A dual benefit, as Ōpōtiki has a relatively youthful population, and for decades a feature of our high unemployment had been a disproportionate impact on younger people.

Our forward thinking strategies really paid off when COVID hit, as:

- a) local stakeholders had co-designed some infrastructure training pathways, and
- b) PGF funding for our "shovel ready" and our large local infrastructure projects created ready "training grounds" to build rangatahi skills and capabilities for our Three Waters and other emerging projects.

Our “workforce matters” team made sure local businesses knew about Government subsidies and funds available to help local businesses take more people on, and grow their skills, and Council also jumped at the chance to pilot a Mayors Taskforce for Jobs Recovery Project. Additional MTfJ subsidies, and a programme of short course training tailored to Three Waters industry needs is helping supplement our local industry investments in new apprentices and training.

The range and volume of work available has also demanded new externally-based companies becoming involved, and through our social procurement policies we’ve made sure that employing local is a high priority.

Local communities thrive when there’s sustainable work for local families. The run on effects for schools, retail, services, clubs, interdependent businesses and services are manifold. Local communities and businesses have the biggest interest in freshwater, stormwater and sewerage all functioning well. And when things go wrong, such as in a climate event, or under COVID “no travel” restrictions, having local capability right on hand is a huge “win-win”.

The centralised model proposed by the Three Waters reform will undermine this strategy, which is currently working very well.

- **Negative impact on our local contractors**

The proposed reform will centralise service delivery and procurement. This will result in large contracts, which will attract Tier 1 contractors. We have several local contractors that assist in the maintenance, operation, and construction of our Three Waters assets. The reform delivery model does not favor local contractors and could place their business at risk. This could result in the loss of 51 local jobs within the community.

There are benefits to local contractors, even if the Government thinks they are less efficient, which we believe they are not, because local contractor profits tend to go back into the local economy. Tier 1 profits will go offshore or out of the region.

- **Negative impact on staff and local career pathways**

DIA indicated that all current Three Waters staff will be transitioned to the proposed new entity. However, there is no guarantee that once the proposed entity is formed that their positions would remain or that these positions would continue to remain in their current location. This has significant impacts on the staff, their families, and their wellbeing.

Our staff are engaged and through the targeted development plans, will continue to develop their capability within Ōpōtiki Council. Our Council is one of the largest employers within the district and offers a range of career pathways for school leavers and professionals. The proposed reform will remove technical and professional career pathways from our district and reduce the opportunities for local youth to follow an engineering career locally. The reform also threatens the ability for a career pathway in water at an executive level.

- **The reform is moving too fast and there are too many unanswered questions**

Council formally wrote to Minister Mahuta on 17 August which included 50 questions seeking clarification. It is disappointing that at the time of writing this response we had still not received a response and many questions remain unanswered. However, even without these answers it is evident that the proposed model is not fit for purpose.

The letter can be accessed here:

<https://www.odc.govt.nz/repository/libraries/id:2bpcqtp1b1cxby3k9b0b/hierarchy/sitecollectiondocuments/our-services/Three%20Waters/2021-08-17%20-%20Letter%20to%20Minister%20Nanaia%20Mahuta%20-%20Three%20Waters%20Reform%20Programme.pdf>

It is recommended that the reform is paused. The timeline is too condensed and there are many unanswered questions and issues that need to be carefully stepped out and worked through. Consultation and engagement with the community also needs to be factored in to any future timeline.

ALTERNATIVE SOLUTION

The top-down approach from the Government is not in the best interest of the Ōpōtiki community, or New Zealand, due to the numerous issues and observations noted within this paper. Council, the community, and iwi are united in this position.

Council believes that an alternative approach, which considers the unique needs of each Council, must be undertaken. This bottom-up approach will allow informed and bespoke solutions, that overcome real issues, to be formulated. This would be completed in partnership with Council, our three iwi and the community working together.

The Government should consider implementing a “Best Practice Management” approach, similar to NSW, and mandate that each Council complies with best practice management guidelines. Such guidelines outline what is required by water authorities to effectively manage three waters on behalf of their communities. Further information on this framework can be found here: <https://www.industry.nsw.gov.au/water/water-utilities/best-practice-mgmt#:~:text=This%20framework%20encourages%20effective%20and%20sustainable%20water%20supply,address%20the%20requirements%20of%20the%20National%20Water%20Initiative.>

The purpose of best-practice management is:

- to encourage the effective and efficient delivery of water supply and sewerage services; and
- to promote sustainable water conservation practices and water demand management.

One of the key documents within these guidelines is the Integrated Water Cycle Management Strategy (IWCM), which includes a 30-year financial plan and total asset management plan. The IWCM is a bottom-up approach to informing best practice management of three waters, for the community today and into the future. The strategy includes an issues paper, options assessment, and a quadruple bottom line assessment of the options confirming the preferred pathway. This is a transparent and evidence-based approach which is considered highly effective and sustainable, as it ensures targeted investment and full cost recovery. Armed with this information, the Government could align funding assistance to Councils that meet the best practice guidelines with funding specifically restricted to delivering the outcomes of each council IWCM.

The benefit of this approach is that the “real” issues are identified, local needs, and preferences, are incorporated, local ownership and accountability is retained, and the bespoke plan is supported by iwi and the community as they would be included in the development and final adoption of the IWCM. It will also provide the Government confidence that they have effectively responded to the need for change at a granular level.