

Notice of Meeting:

I hereby give notice that an extraordinary Meeting of the Council will be held on:

Date: Wednesday 15 June 2022
Time: 9.30am
Meeting Room: Council Chamber and Audio-visual Link
Venue: Municipal Building, Garden Place, Hamilton

Lance Vervoort
Chief Executive

Extraordinary Council *Kaunihera* OPEN AGENDA

Membership

Chairperson Mayor P Southgate
Heamana

Deputy Chairperson Deputy Mayor G Taylor
Heamana Tuarua

| | | |
|----------------|------------------|-----------------|
| Members | Cr M Bunting | Cr A O’Leary |
| | Cr M Gallagher | Cr R Pascoe |
| | Cr R Hamilton | Cr S Thomson |
| | Cr D Macpherson | Cr M van Oosten |
| | Cr K Naidoo-Rauf | Cr E Wilson |
| | Cr M Donovan | |

Quorum: A majority of members (including vacancies)

Meeting Frequency: Monthly – or as required

Amy Viggers
Mana Whakahaere
Governance

14 June 2022

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Purpose

The Council is responsible for:

1. Providing leadership to, and advocacy on behalf of, the people of Hamilton.
2. Ensuring that all functions and powers required of a local authority under legislation, and all decisions required by legislation to be made by local authority resolution, are carried out effectively and efficiently, either by the Council or through delegation.

Terms of Reference

1. To exercise those powers and responsibilities which cannot legally be delegated by Council:
 - a) The power to make a rate.
 - b) The power to make a bylaw.
 - c) The power to borrow money, or purchase or dispose of assets, other than in accordance with the Long Term Plan.
 - d) The power to adopt a Long Term Plan or Annual Plan, or Annual Report.
 - e) The power to appoint a Chief Executive.
 - f) The power to adopt policies required to be adopted and consulted on under the Local Government Act 2002 in association with the Long Term Plan, or developed for the purpose of the Council's governance statement, including the 30-Year Infrastructure Strategy.
 - g) The power to adopt a remuneration and employment policy.
 - h) The power to approve or change the District Plan, or any part of that Plan, in accordance with the Resource Management Act 1991.
 - i) The power to approve or amend the Council's Standing Orders.
 - j) The power to approve or amend the Code of Conduct for Elected Members.
 - k) The power to appoint and discharge members of committees.
 - l) The power to establish a joint committee with another local authority or other public body.
 - m) The power to make the final decision on a recommendation from the Parliamentary Ombudsman, where it is proposed that Council not accept the recommendation.
 - n) The power to amend or replace the delegations in Council's *Delegations to Positions Policy*.
2. To exercise the following powers and responsibilities of Council, which the Council chooses to retain:
 - a) Resolutions required to be made by a local authority under the Local Electoral Act 2001, including the appointment of an electoral officer and reviewing representation arrangements.
 - b) Approval of any changes to Council's vision, and oversight of that vision by providing direction on strategic priorities and receiving regular reports on its overall achievement.
 - c) Approval of any changes to city boundaries under the Resource Management Act.
 - d) Adoption of governance level strategies plans and policies which advance Council's vision and strategic goals.

- e) Approval of the Triennial Agreement.
- f) Approval of the local governance statement required under the Local Government Act 2002.
- g) Approval of a proposal to the Remuneration Authority for the remuneration of Elected Members.
- h) Approval of any changes to the nature and delegations of the Committees.
- i) Approval of all Council and Committee Advisory Groups and their terms of reference.
- j) Appointments to, and removals from, CCO CCTO and CO boards;
- k) Approval of proposed major transactions or constitutional adjustments of CCOs, CCTOs and COs.
- l) Approval or otherwise of any proposal to establish, wind-up or dispose of any holding in, a CCO, CCTO or CO.
- m) Approval of city boundary changes, including in respect of Strategic Boundary Land Use Agreements.
- n) Approval Activity Management Plans.

Oversight of Policies and Bylaws:

- *Corporate Hospitality and Entertainment Policy*
- *Delegations to Positions Policy*
- *Elected Members Support Policy*
- *Significance and Engagement Policy*

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1 Apologies – *Tono aroha*

2 Confirmation of Agenda – *Whakatau raarangi take*

The Council to confirm the agenda.

3 Declaration of Interest – *Tauaakii whaipanga*

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as an elected representative and any private or other external interest they might have.

4 Public Forum – *Aatea koorero*

As per Hamilton City Council's Standing Orders, a period of up to 30 minutes has been set aside for a public forum. Each speaker during the public forum section of this meeting may speak for five minutes or longer at the discretion of the Mayor.

Please note that the public forum is to be confined to those items falling within the terms of the reference of this meeting.

Speakers will be put on a Public Forum speaking list on a first come first served basis in the Council Chamber prior to the start of the Meeting. A member of the Governance Team will be available to co-ordinate this. As many speakers as possible will be heard within the allocated time.

If you have any questions regarding Public Forum please contact Governance by telephoning 07 838 6727.

Council Report

Committee: Council **Date:** 15 June 2022

Author: Stephen Halliwell **Authoriser:** Andrew Parsons

Position: Water Reform Financial Advisor **Position:** Executive Director Strategic Infrastructure

Report Name: Water Services Entities Bill - Consultation and Submission

| | |
|----------------------|-------------|
| Report Status | <i>Open</i> |
|----------------------|-------------|

Purpose - *Take*

1. To inform the Council of the Water Services Entities Bill (the Bill) and its legislative process
2. To seek approval from the Council to consult on the Government three waters reform and to then submit to the Finance and Expenditure Select Committee (the Select Committee) on the Bill.

Staff Recommendation - *Tuutohu-aa-kaimahi*

3. That the Council:
 - a) receives the report; and
 - b) notes the Water Services Entities Bill legislative processes, including select committee process;
 - c) confirms that Council will consult with its community to inform Council's submission to the Finance and Expenditure Select Committee;
 - d) approves the indicative timetable for the Council's submission process as outlined in paragraph 8 of the staff report, noting changes to achieve the goals of the consultation and complete a submission by 22 July 2022 may be required; and
 - e) approves the public consultation material, noting changes to achieve the goals of the consultation and complete a submission by 22 July 2022 may be required.

Executive Summary - *Whakaraapopototanga matua*

4. This report provides an update of new and emerging matters since the 12 May 2022 Council meeting which includes:
 - a) information on the Water Services Entities Bill and its legislative process; and
 - b) seeking approval of the consultation process, in accordance with the Council resolution of December 2021, and the HCC consultation document that will run alongside of the Select Committee process. HCC consultation will be completed so that consultation feedback can be included with Council's submission to the Select Committee.
5. Staff consider the decisions in this report have a medium significance and that the recommendations comply with the Council's legal requirements.

Background - *Koorero whaimaarama*

6. The Water Services Entities Bill completed its first reading on 9 June 2022 and was referred to the Finance and Expenditure Select Committee. [Link to Bill](#)
7. The Finance and Expenditure Select Committee opened for submissions on 10 June 2022 with a closing date of 22 July 2022.
8. The following indicative timetable is proposed for Council to make a submission to the Select Committee, that is informed by community views and enable community submissions to be forwarded to the Select Committee:
 - **15 June** **Extraordinary Council decision on consultation**
 - 16 to 22 June Collateral, advertising, pre-engagement
 - **22 June** **Consultation Opens**
 - 22 June to 7 July Elected Members direction process on technical submissions
 - **7 July** **Consultation Closes**
 - 8 to 14 July Elected Members direction process on submission
 - 15 July Final analysis report to EM's
 - 18 July Staff report and draft submission report to EM's
 - **20 July** **Extraordinary Council to approve final submission**
 - 21 July LGNZ Conference
 - 22 July Submissions Close
9. The Council resolved on 16 December 2021, *“that staff will circulate a draft consultation document to all elected members for feedback prior to presenting a draft consultation document for approval at the next available Council meeting following confirmation of the introduction of the Water Services Entities Bill and subsequent Select Committee dates”*. This report includes recommendations establishing this consultation process.

Discussion - *Matapaki*

Water Service Entity Bill – Consultation

10. The Bill is largely as expected, with no unexpected material changes from the December Exposure draft and the Government's announcement of accepted Representation, Governance and Accountability Group recommendations.
11. Staff have prepared and discussed with Elected Members, Council's approach to consulting on the Government's three waters proposal.
12. The draft consultation material is attached. **(Attachments 1 and 2)**
13. This approach is as resolved on 12 May 2022, at a meeting where Council considered 3 options for the consultation process. Key elements being:
 - i. Council will consult when the legislation and the legislative process is known.
 - ii. Alongside the select committee process in order that Council's consultation material can link to, where appropriate, the information the Government releases on their reform.
 - iii. The consultation will end at a time that Council can include the consultation feedback in its submission to the Select Committee.
 - iv. The consultation will include both a council consultation process including a two week engagement and independent surveys (general high level and detailed questions) undertaken by Neilson.
14. The goals of this consultation are:
 - i. A highly-informed and engaged community which understands the Government's reform.

- ii. Our community understands the consultation process and the role of Council in the reform.
 - iii. We enable our community to give their views to Council through an accessible consultation and engagement process.
 - iv. Our community understands how to make submissions directly to the select committee.
 - v. Feedback received is demographically robust and provides a statistically-reliable reflection of Hamilton's views.
15. The consultation material focusses on the following matters:
 - i. Government's case for change
 - ii. Our Council's view
 - iii. The big picture – public health and the environment
 - iv. Operations – services to customers and costs
 - v. Governance – How the entities are managed and governed
 - vi. Financial structure – assets, debt and borrowing

Water Services Entities Bill –Council Submission

16. The Bill is an omnibus bill addressing some of the matters necessary to implement the Governments reform of water services deliver. There are two more bills scheduled for assent in 2023 to complete the reform legislative program.
17. The Bill contains:
 - i. 222 sections
 - ii. 4 schedules
 - iii. Amends 7 other statutes.
18. The Bill main purpose is to establish the 4 waters entities and transition matters. Council has resolved that it opposes the four entities model.
19. The following options have been considered for the Council submission.

Options

20. There are 2 options identified for the Council to consider.
 - **Option 1** - Council makes a two-part submission (Recommended option)
 - **Option 2** - Do nothing

Option 1

21. Council makes a two-part submission. This option is recommended. It provides a further opportunity to influence the Government for better outcomes for the community and would be structured as follows:

- | | |
|---------------|---|
| Part 1 | Council's headline responses to the proposal, informed by community feedback. The submission would include matters not covered by this Bill but important to Council, including funding and the Regional Representative Group constitution. |
| Part 2 | A detailed technical analysis of the Bill informed by Council's previous decisions including feedback to the Minister of Local Government in October 2021 and the Representation, Governance and Accountability Workgroup in February 2022. |

Option 2

22. Do nothing. This option is not recommended as it does not support better outcomes from waters reform for the community.
 - i. Do not consult with the community
 - ii. Do not make a submission to the Select Committee

Next Steps for Council

23. Following submitting the submission, Council will have the opportunity to present its views verbally to the select committee.
24. A second Bill, the Water Services Entities (implementation) Bill, is expected in the fourth quarter of 2022, close to the local elections. This Bill is expected to address technical matters of transition.
25. An Economic Regulation and Consumer Protection Bill is expected on a similar timetable to the second Water Services Entities (implementation) Bill.

Financial Considerations - *Whaiwhakaaro Puutea*

26. The external costs of the consultation are budgeted between \$60,000 - \$90,000.
27. This will be largely funded from the stimulus funding and the balance funded from 2022-23 operating budgets.

Legal and Policy Considerations - *Whaiwhakaaro-aa-ture*

Staff confirm that staff recommendations comply with the Council's legal and policy requirements.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

29. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').
30. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report.
31. No cultural, social, economic and environmental wellbeings were identified during the creation of this report.

Significance & Engagement Policy - *Kaupapa here whakahira/anganui*

Significance

32. Staff have considered the key considerations under the Significance and Engagement Policy and have assessed that the matter(s) in this report has/have a medium level of significance.

Engagement

33. Staff are seeking approval to consult with the community to determine their views and preferences in relation to the Council Submission to the Water Services Entities Bill.

Attachments - *Ngaa taapirihanga*

Attachment 1 - Three Waters Reform Consultation DRAFT

Attachment 2 - Three Waters Reform Consultation Questions for Surveys - June 2022

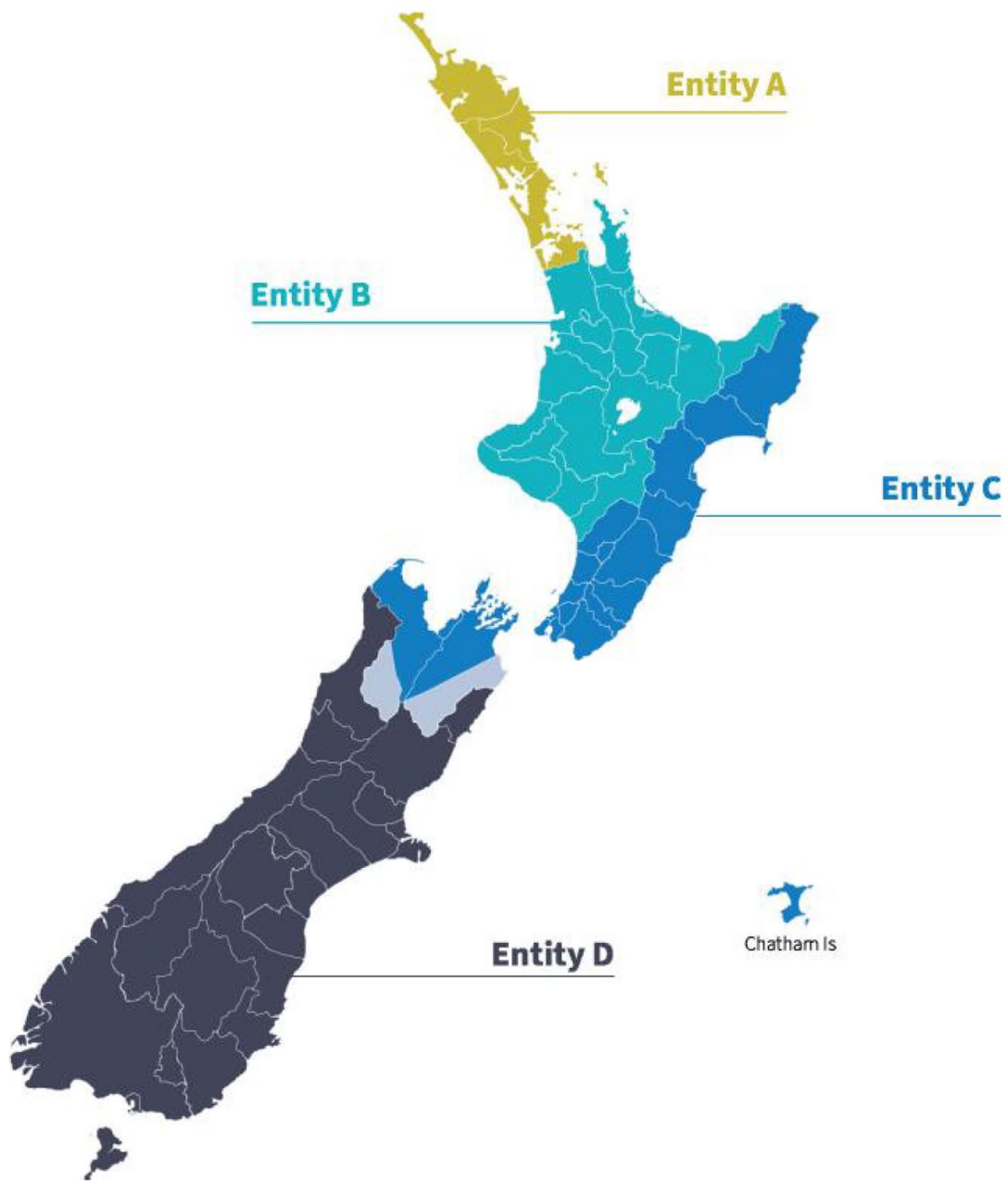
June 2022

Government's Three Waters Reform

Help us shape our views to Government
on the Water Services Entities Bill



**Hamilton
City Council**
Te kaunihera o Kirikiriroa



What's happening?

A nationwide reform of how we manage drinking water, wastewater and stormwater is being led by Government. The Three Waters Reform will create four new regional organisations to operate these services from July 2024, taking over from 67 individual council operations.

Government will make the final decision to create legislation that applies to all Councils. Council cannot choose to 'opt out' of any national changes to water services or applicable legislation. However, we will continue to promote the best outcomes for our fast-growing city, and to ensure our ratepayers have a say. Your views are important. We will also be considering the many views and ideas from other Councils and organisations.

What is the purpose of the consultation?

We want to help you understand the legislation that enables the reform, give you the chance to tell us your views before we make our submission, and let you know how you can give your views directly to Government through the public select committee process.

This is the Government's reform. Council is not the decision-maker on the reform, but this consultation will help inform decisions on Hamilton's view or position, or any submission we make. Council has the option of providing public consultation feedback to the select committee as part of our submission.

Consultation format

This is a large and complex reform. To provide context, we outline the background to Government's case for change. We then give an overview of Hamilton City Council's views and previous feedback to Government, and ask you about key aspects of the legislation which will enable Government's reform. These are:

- Government's case for change - our Council's view
- Your details
- The big picture - public health and the environment
- Operations - services to customers and costs
- Governance - How the entities are managed and governed
- Financial structure - assets, debt and borrowing
- Overall - what's your view
- FAQ

Links for further detailed information

DIA FAQ - <https://www.dia.govt.nz/three-waters-reform-programme-frequently-asked-questions>

DIA Three Waters site - <https://www.dia.govt.nz/Three-Waters-Reform-Programme>

Local Government NZ - <https://www.lgnz.co.nz/reforms/three-waters>

Three Waters website - <https://threewaters.govt.nz/>

This consultation will help shape Council's submission to Government. Find out about Government's process and how you to give your feedback directly to Government on page 12.

Background and the Government's case for change

Government is leading a nationwide reform of the way New Zealand manages drinking water, wastewater, and stormwater (together known as the Three Waters).

Government has stated it is creating four regional entities to manage the Three Waters services currently provided by 67 councils.

The reform follows several investigations after a water contamination issue in Havelock North in 2016 made thousands of people ill, with around 40 people hospitalised, and led to four deaths. The investigations found widespread failures in New Zealand's drinking water supply system, the regulatory framework, and the capability and sustainability of New Zealand's water services.



Government says the reform addresses national challenges, including ageing infrastructure and historical under-investment by councils. Nationally, there are many wastewater plants to be re-consented, water contamination issues and the impacts of climate change.

Government says addressing these issues, and meeting the future costs, cannot be met under current structures

Two aspects of the reform have been completed - a change to regulations through the Water Services Bill, and the creation of a new regulator (Taumata Arowai) which has taken over drinking water compliance from Ministry of Health. The third phase is a change to how services are delivered and managed.

Government says the changes will mean future costs for ratepayers are less than they would be without reform, will protect the environment and public health, support housing and infrastructure development and deliver services in an efficient and sustainable way.

Government says the new entities will:

- be publicly-owned by councils on behalf of communities, with strong protections against any future privatisation
- have joint oversight through Sub-regional and Regional Representative Groups made up of equal local government and mana whenua membership to ensure the entities are driven by community expectations and priorities
- have independent competency-based Boards to manage the entities and oversee the maintenance and renewal of infrastructure
- be financially separate from councils with a greater ability to borrow to fund long-term infrastructure

The Government has also proposed an economic regulator and new consumer protections.

What's Council's role and its view on the Government's reform?

If the Government meets its planned timelines, Council will not be delivering water services after July 2024. Hamilton's water services would be delivered by a new entity covering Waikato, Bay of Plenty, Taranaki, and parts of Manawatu-Whanganui.

Council's most recent submissions on the reform have been to a Working Party on governance aspects of the reform (February 2022), and to the Minister of Local Government and Government (October 2021). The full submissions are available below.

Hamilton City Council to Government's Working Party

[https://www.hamilton.govt.nz/our-council/consultation-and-public-notices/councilsubmissions/Documents/Three waters reform Working Group on Representation Governance and Accountability of new Water Services Entities.pdf](https://www.hamilton.govt.nz/our-council/consultation-and-public-notices/councilsubmissions/Documents/Three%20waters%20reform%20Working%20Group%20on%20Representation%20Governance%20and%20Accountability%20of%20new%20Water%20Services%20Entities.pdf)

Hamilton City Council to Minister of Local Government

[https://www.hamilton.govt.nz/our-council/strategiesandplans/three-waters-reform/Documents/Mayor Southgate letter re Three Waters Reform Formal Feedback to Minister Mahuta.pdf](https://www.hamilton.govt.nz/our-council/strategiesandplans/three-waters-reform/Documents/Mayor%20Southgate%20letter%20re%20Three%20Waters%20Reform%20Formal%20Feedback%20to%20Minister%20Mahuta.pdf)

Hamilton City Council formal feedback to Government

[https://www.hamilton.govt.nz/our-council/strategiesandplans/three-waters-reform/Documents/Hamilton City Council - Three Waters Reform Formal Feedback to Government - 30 September 2021 FINAL.pdf](https://www.hamilton.govt.nz/our-council/strategiesandplans/three-waters-reform/Documents/Hamilton%20City%20Council%20-%20Three%20Waters%20Reform%20Formal%20Feedback%20to%20Government%20-%2030%20September%202021%20FINAL.pdf)

Hamilton City Council is opposed to the Government's model for reform. We do, however, recognise that at a national level some change is required. Council has been advocating on behalf of its community, providing feedback to Government at every opportunity, and ensuring the organisation is prepared for any change.

Broadly, Council's recent submissions state:

- Council is opposed to the Government's four-entity model.
- A smaller regional entity would be more reflective of the needs and community of Waikato/Bay of Plenty.
- Asset ownership is not clear in the Government's model. Council would prefer a CCO (Council-controlled organisation) with clearer ownership rights.
- Governance arrangements as proposed are complex and could reduce our ability to address key strategic needs for Hamilton.
- A Metro Advisory group should be established to advocate for the special needs of high growth metropolitan councils such as Hamilton.
- Voting arrangements in the Regional Representative Groups do not reflect Hamilton's population size, or the value of its assets. As a consequence, Hamilton's opportunity to adequately voice the views and needs of its community is reduced.
- We strongly believe Councils must retain planning and financial control over the new entities, to support the comprehensive strategic and planning frameworks in place for growth, development and placemaking (local and cross boundary).

Council will use the views from this consultation to help shape its submission on the Water Services Entities Bill to the Government's select committee.

What is the reform proposing?

The big picture - public health and the environment

'Three Waters' covers drinking water, wastewater and stormwater. Government says reform is needed because the current systems are not working for everyone.

Hamilton's water service is one of the best in the country. But we have recently faced prosecution for wastewater spills into the Waikato River, we want to do better in looking after our environment and we face financial challenges in how we cater for growth and fund improvements in coming years. There are big new costs coming for Council and its ratepayers to respond to new regulations and the impacts of climate change on waters services. In coming years we need hundreds of millions of dollars to replace and maintain stormwater systems which are coming to the end of their life.



Other cities, towns and regions have greater challenges, and not all parts of New Zealand have the same quality of drinking water and wastewater management. Our residents and their families regularly travel and use water services supplied by other councils, whether it be through daily work or schooling, holidays, sports trips or entertainment.

Successive Governments have had concerns over drinking water quality across the country, and contaminants entering rivers, lakes and harbours due to stormwater or wastewater incidents.

Government says reform is vital to uphold Te Mana o Te Wai, the health of the environment, and the economy, build resilience to climate change and natural hazards, and unlock housing and growth.

Government says every year, some 35,000 New Zealanders get sick from tap water that does not meet appropriate standards.

It is estimated that nationally an average of 20% of drinking water is lost on the way to households through leaks in the networks. This is more than the volume of water supplied by Hamilton, Rotorua, Dunedin, and Christchurch City combined.

Of 321 wastewater treatment plants in the country, more than 100 are not meeting required standards and 60 require upgrades to meet minimum standards under the National Policy Statement for Freshwater Management.

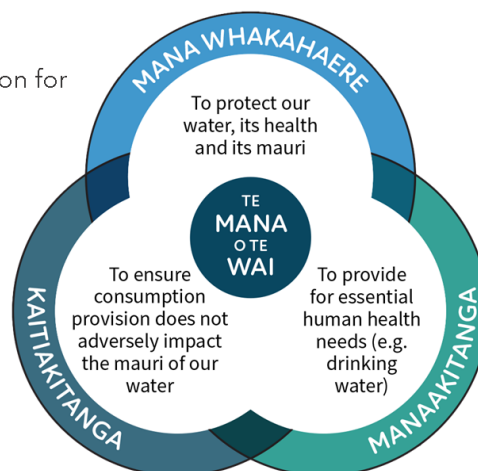
Stormwater (rainwater that runs off our roads, roofs, and land) ends up in our rivers, streams our lakes and eventually to the sea. It needs to be managed in a way which doesn't carry harmful chemicals or waste into our waterways. Our stormwater system needs to be cope with periods of heavy rain without causing flooding for our properties.

In 2021 there were thousands of wastewater overflows nationally (blockages or system failures). Out of 37 councils reviewed, there were 648 reported consent non-conformances in wastewater treatment plants. Some of the areas most in need of improvement are those least able to afford it.

Three Waters Reform includes statutory recognition for the Treaty of Waitangi and Te Mana o Te Wai.

Te Mana o te Wai has been part of the National Policy Statement for Freshwater Management since 2014, though there have since been changes to how the concept is described and how it must be applied.

Te Mana o te Wai refers to the vital importance of water. When managing freshwater, it ensures the health and well-being of the water is protected and human health needs are provided for before enabling other uses of water.



What are your views on the public health and environment aspects of the Government's reform?

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

Operations - services to customers and costs

Government data indicates the reforms will improve future affordability for households.

The data shows Hamilton household water service costs would more than double by 2051 without reform. On average, Hamilton households pay around \$1000 annually towards water services through rates. Government data says, without reform, by 2051 increased costs would mean consumers face paying the equivalent of \$2740 today. The Government says that with reform these costs would reduce to paying the equivalent of \$1220 today.

If reform doesn't happen, Government says average household costs for councils to deliver services by 2051 would mean costs increases of between three to 13 times for rural councils, between two and eight times for provincial councils and between 1.5 and seven times for metropolitan councils.

Government's view is with reform, these services can be provided to communities across New Zealand affordably and equitably.

Following reform, day-to-day services are expected to look the same for most households and businesses, at least initially. All staff currently employed in water services are guaranteed a role in the new entity.

Your water services would be managed by a new organisation, and this organisation would have greater access to money for investment and improvements.

New consumer protection is planned to deal with complaints or concerns. An economic regulator would monitor price and quality of services. There would be requirements on the new entities to consult with the public on major strategic decisions or changes to levels of service or charging mechanisms.

Funding Graphic

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Governance - How the entities are managed and governed

Government's reform would mean Hamilton's water, wastewater and stormwater services would be managed by a much larger organisation. Hamilton would receive services from an organisation responsible for delivery of those services across Waikato, Bay of Plenty, Taranaki, and parts of Manawatu-Whanganui. At least initially, existing waters staff would remain based in Hamilton and it is expected local service delivery centres would remain.

The biggest change is at a governance and strategic management level. Instead of Council managing its water services and being governed by the Mayor and Councillors, the new waters organisation would deliver the services via a chief executive and management team under a professional Board.

This board would be independent and skills-based and would be appointed by the Regional Representative Group (RRG). Unlike the community representative groups, there is no requirement for the Board to have a specific level of mana whenua representation.

The RRG would be comprised of 12-14 members. Membership of the RRG is shared equally between representatives chosen by councils and representatives chosen by mana whenua in the area. The RRG's role is to represent the views of the community, appoint the Board, approve the entity's strategic planning and monitor the performance of the Board.

The Board is also required to consider the views of individual councils on strategic decisions or investment priority.

Sub-regional representative groups will be established to provide more local input into the RRG and a greater local voice in decision-making and investment. These sub-regional groups will have the same 50/50 representation between councils and mana whenua.

Government says communities, through their councils, are the owners of the assets via a shareholding based on population. Mana whenua have no ownership or shareholding in the structure.

Any decision to dispose of the entity's assets would require full public consultation and a consensus vote of the RRG. It would also require a change in legislation. Government says this model provides strong protection against any future privatisation of the entity.

Governance Graphic

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Financial structure - assets, debt and borrowing

Hamilton City Council would be financially better off after the reform. Transfer of operations, assets and debt would mean Council would become a smaller organisation. Around 180 staff would have the opportunity to transfer to the new organisation and all waters-related debt and income would transfer to the new entity.

Hamilton has around \$1.6 billion in waters-related assets. Not all of these assets would transfer to the new entity, but Government states any assets that are transferred would remain owned by the community via Councils and their shareholding in the entities.

Information supplied to Government by Council as the reform developed shows Hamilton has around \$370 million of debt related to water services. It receives around \$71 million in waters revenue annually. Council can borrow money based on how much income it receives. In relation to Council's overall financial position, debt for Three Waters is much higher than its percentage of income.

Passing this debt and income to a new entity would mean Council is financially better off immediately and would remove significant future costs from Council's books. Council's Long-term Plan has around \$400 million in waters projects which are not yet funded.

The new entity could borrow more than individual councils. This means it could invest more and sooner. It could spread these costs over a longer period to reduce the impact on customers.

In 2022, around 30 per cent of our rates income is allocated to water services. It is too early to predict council rates for Hamiltonians after reform, but the reform would remove water services costs from rates.

Under the reform, water users would pay water services costs to the new entities, instead of through their rates. Each entity will decide the best way to recover these costs for their region. Charging could be on a capital value rating system (like Hamilton's rates now), through a standardised charge, through metering as is the case in many other cities, or through a combination of these and other mechanisms. Those decisions are yet to be made.

The reform would mean a reduction in staff directly employed by Council of around 20 per cent as well as an income reduction of around 30 per cent. In coming years Council will need to consider the needs of the community and other planned Government reforms to make sure it is best set up to deliver services to its community.

In our 2021-51 infrastructure strategy we have identified future costs of \$336 million for another water treatment plant, \$244 million for another wastewater treatment plant and more than \$1.6 billion of investment over 20 years in stormwater improvements. Under the reform, managing future waters costs would be the responsibility of the new entity.

Government data indicates transfer of debt following reform would give Council \$256 million more borrowing capacity at the time of transfer. Government has also said it will provide \$67 million in extra funding to Council to offset transition costs and for projects which improve Hamilton's community wellbeing. Council is still working out what the full transition costs might be and is asking Government to commit to further funding if needed.

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Item 5

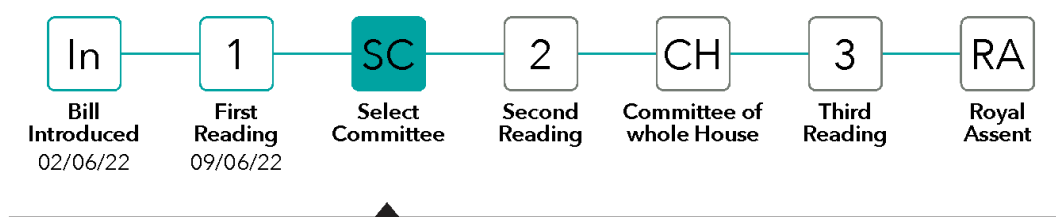
Attachment 1

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Select Committee info...

Government timelines and how to give feedback to Government


Progress of the bill



Hamilton City Council
Garden Place, Private Bag 3010, Hamilton

 /HamiltonCityCouncil

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Three Waters Reform – consultation questions

Council's resolution of December 2021 sought community views on the reform through two concurrent surveys.

Staff have worked with Neilson to develop the survey methodology and questions used.

Consistent background material is used for both surveys, with a targeted survey (Survey B) having more detailed questions.

An initial draft of consultation content, and the two sets of questions was circulated to elected members on 2 June 2022. A designed draft of the consultation document, (using Survey A questions) was circulated on 10 June 2022.

Survey A – Open consultation survey

- This survey will be open to everyone.
- This survey will be hosted by Nielsen on their platform, but Council will direct potential respondents to Nielsen's platform through a Have Your Say page, and through promotion online (e.g., social media) and in media.
- Hard copies will be available at Council facilities and Municipal building.
- Nielsen will analyse the results and produce Report B.

Survey B – Demographically representative survey.

- This survey is only open to those who receive a postal invitation sent to 10,000 Hamilton residents sampled from the Electoral Roll. Nielsen expect a 10-12.5% response rate (approx. 1000-1250 respondents) based on prior experience.
- This survey sample size allows for a very low margin of error (approximately 3%)
- Responses will be statistically weighted against Census data - this means Council can have a higher level of confidence that the findings represent the views of the community based on population data.
- Survey will be predominantly online, with the option to request a hardcopy.
- Nielsen will analyse the results and produce Report A.

Format and questions.

Both surveys follow a similar format, with extended questions for survey B. Below is a breakdown of content and questions on each area for each survey.

- **What's happening?** High level background.
- **What is the purpose of the consultation?** Explains Council's role
- **Consultation format.** Index to sections.
- **Links.** Further information from DIA and others
- **Background and the Government's case for change.** Summary of reform programme
- **What's Council's role and its view on the Government's reform?** Council position and previous submissions.
- **What is the reform proposing?** (4 sections)

SECTION 1: THE BIG PICTURE – PUBLIC HEALTH AND THE ENVIRONMENT

Survey A question

Q. What are your views on the public health and environment aspects of the Government's reform?

Survey B questions

(response options for the above section: much more likely, slightly more likely, won't make a difference, slightly less likely, much less likely, don't know)

Q. Do you think the proposed reforms will make it more likely or less likely that, in future:

- The health of Hamilton's waterways and rivers will be protected
- The health of New Zealand's waterways and rivers will be protected
- Hamilton's drinking water will meet or exceed national standards
- Drinking water everywhere in New Zealand will meet or exceed national standards
- Hamilton's stormwater system will be able to cope better with adverse weather events such as flooding
- Stormwater systems in New Zealand will be able to cope better with adverse weather events such as flooding

Q. Please feel free to add any further comments here on these issues:

SECTION 2: OPERATIONS – SERVICES TO CUSTOMERS AND COSTS

Survey A question

Q. What are your views on the services and costs aspects of the Government's reform?

Survey B questions

(response options: much more likely, slightly more likely, won't make a difference, slightly less likely, much less likely, don't know).

Q. Taking the above information into consideration, do you think that the proposed reforms will make it more likely or less likely that, in future:

- Water services for Hamilton residents will be more affordable than they would be without the reforms
- Water services for New Zealand residents will be more affordable than they would be without the reforms
- Water services provided to Hamilton residents will be efficient and to a high standard
- Water services provided to New Zealand residents will be efficient and to a high standard
- Water services across New Zealand will be delivered more fairly and equitably

Q. Please feel free to add any further comments here on these issues:

SECTION 3: GOVERNANCE – HOW THE ENTITIES ARE MANAGED AND GOVERNED

Survey A question

Q. What are your views on the governance aspects of the Government's reform?

Survey B questions

(response options: much more likely, slightly more likely, won't make a difference, slightly less likely, much less likely, don't know)

Q. Taking the information above into consideration, do you think the proposed reforms will make it more likely or less likely that:

- Any views or concerns I might have about the water services my household receives will be better heard
- Any views or concerns I have about water services in Hamilton will be better heard

Q. Do you think that the proposed make-up and roles of each of the following levels is appropriate or should be changed? (appropriate, should be changed, no opinion, don't know)

- Proposed entity board structure
- Proposed Regional Representation Group structure
- Sub-regional representative groups structure

Q. If you said that the make-up/roles of any of the levels should be changed, please write in how or why you think they should be changed below (FREE TEXT)

SECTION 4: FINANCIAL STRUCTURE – ASSETS, DEBT AND BORROWING

Survey A question

Q. What are your views on the financial structures of the reform?

Survey B questions

Q. Taking the information above into consideration, do you think that the proposed reforms will make it more likely or less likely that, in future:

(response options: much more likely, slightly more likely, won't make a difference, slightly less likely, much less likely, don't know)

- Costs of improvements to Hamilton's water services will be managed better
- Costs of improvements to New Zealand's water services will be managed better
- Hamilton City Council will be able to focus more on the services other than water that it delivers to the community
- Councils throughout New Zealand will be able to focus more on the services other than water that they deliver to their communities

Q. Please feel free to add any further comments here on these issues:

OVERALL – WHAT ARE YOUR VIEWS?**Survey A question**

Q. Overall, what are your thoughts on the Government's Three Waters Reform?

Survey B questions

Q. To what extent do you agree or disagree that the reforms will result in each of the following for Hamilton residents in the future

Agree strongly, agree, neither nor, disagree, disagree strongly, don't know

- Better environmental outcomes
- Better water quality
- Greater investment for growth and housing
- Lower costs for communities than would be the case under the status quo

Q. To what extent do you agree or disagree that the reforms will result in each of the following for New Zealand residents generally in the future

Agree strongly, agree, neither nor, disagree, disagree strongly, don't know

- Better environmental outcomes
- Better water quality
- Greater investment for growth and housing
- Reduced costs for communities

Q. Taking everything into consideration, do you (please select one)

1. Support the Government's proposal for the three waters reform
2. Mainly support the proposal, but would want to see some changes (please specify)
3. Not support the proposal because you believe Hamilton City Council and other councils should keep control of their water assets
4. Not support the proposal for another reason (please specify)

Q. (for those people who answered 3 or 4 above – don't support the proposal)

Q. Government says one of the benefits of the reforms is saving on water costs. Government data shows Hamilton residents pay around \$1,000 annually for water services through their rates. Government data says these costs would more than double over the next 30 years without the reforms. Would you be willing to give up any savings the reform might offer in exchange for Hamilton City Council continuing to deliver water services for its residents?

- Yes
- No
- Don't know

Q. Please feel free to add any final comments here:

...ends