

1. What is the purpose of the investment allocation?

- The investment package has been designed to:
 - Support investment across the economy, helping to stimulate economic activity and jobs in all regions of New Zealand; and
 - Support the objectives of the three waters services reform by encouraging councils to participate in the reform programme.
- The investment package is structured into two components to complement these objectives:
 - A direct allocation to each council, comprising 50 per cent of its notional allocation; and
 - A regional allocation, comprising the sum of the remaining 50 per cent of the notional allocations for each council in the relevant region.

2. What is the purpose of the regional allocation?

- The purpose of the Government's regional allocation is to encourage territorial authorities to have collaborative three waters investment conversations with their neighbouring councils, and to advance collective participation by councils in the reform programme.
- Access to this regional allocation is dependent on at least two thirds of councils within the region agreeing to participate in the programme.

3. How do councils access the funding?

- Territorial authorities that agree to participate in the Three Waters Services Reform programme, by signing up a Memorandum of Understanding with the Crown, will be eligible to access the investment package.
- To access funding, territorial authorities will be asked to sign a Funding Agreement with the Crown that sets out the terms and conditions attached to its funding and to submit a Delivery Plan that identifies the projects and associated outcomes to be delivered.
- Each regional group will be required to agree the funding allocation between the local authorities within the region.
- A joint letter from the Mayors of participating local authorities to the Minister of Local Government and the Steering Committee should be used to communicate an agreement.
- Local authorities will need to incorporate the regional funding allocations into the Funding Agreement and Delivery Plan to be submitted to threewaters@dia.govt.nz and 3waters@crowinfrastructure.govt.nz by 30 September 2020.

4. What if it is ambiguous what two thirds of a region means?

- There are varying numbers of councils in each region. To reflect this, the Minister of Local Government will have discretion to approve exceptions to the requirement that two thirds of councils must agree to participate in the reform programme to access the regional funding allocation.

5. How might the regional allocation work in practice?

- The Steering Committee strongly encourages territorial authorities to progress conversations within their regions about the reform programme.

The central and local government Steering Committee has put together the following FAQs to assist councils with an understanding of the Three Waters Reform funding allocations.

- Through these regional conversations, territorial authorities have an option to agree an approach to the regional funding allocation, taking account of regional investment priorities.
- The Steering Committee has, however, recommended a preferred approach for allocating the regional funding is to adopt the national formula that has been used to determine the direct allocation to territorial authorities (i.e. 75% population and 25% land area, excluding national parks).
- It is the view of the Steering Committee that this formula represents a transparent and equitable basis for allocating funding.

6. How have the allocations been reached?

- The Government has agreed to a notional allocation framework based on a nationally-consistent formula, with some adjustments to take account of exceptional circumstances.
- The general approach to determining each authority's notional allocation is based on:
 - The population in the relevant council area, as a proxy for the number of water connections serviced by a territorial authority (75 per cent weighting).
 - The land area covered by a local authority excluding national parks, as a proxy for the higher costs per connection of providing water services in areas with low population density (25 per cent weighting).
- Ministers have made several adjustments to the general approach outlined above, to take account of a small number of exceptional circumstances:
 - \$30 million has been set aside for non-council rural drinking water suppliers to help address the challenges these suppliers are facing in delivering safe drinking water to consumers. There are a range of private supply arrangements in rural and remote areas, and affordability challenges are particularly acute for some non-council drinking water suppliers including marae.
 - An allocation of \$50 million for the Hawke's Bay region which supplements the formula-based allocation with a top-up in recognition of the leadership and progress that region has demonstrated in exploring reform of three waters arrangements. This has contributed to building momentum for change and represents tangible progress towards service delivery reform.
 - Exploring alternative solutions to progressing water services delivery reform in the Auckland region. Significant progress has already made on aggregation of water services through the Auckland Governance Reforms. In addition, the Auckland region faces several unique challenges associated with meeting future three waters investment which require a bespoke approach. Discussions will be held with Auckland Council on the potential for further water services delivery reform in the region.

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7. What information has been used for the funding formula?

- Land area for each territorial authority was sourced from 2020 Stats NZ GIS data. <https://datafinder.stats.govt.nz/layer/104267-territorial-authority-2020-generalised/>
- Land area for national parks was sourced from 2020 LINZ data. <https://data.linz.govt.nz/layer/53564-protected-areas/>
- Population figures were taken from Stats NZ's latest subnational population estimates. <https://www.stats.govt.nz/information-releases/subnational-population-estimates-at-30-june-2019-provisional>

8. When will the funding be released to councils?

- Initial disbursement of 50% of the total funding allocated to each local authority (including the regional allocation) will be released to as soon as practicably possible once Delivery Plans are approved.
- The remainder will be disbursed on a quarterly basis, subject to appropriate progress being made against the approved Delivery Plan.

9. Is there guidance available to assist my council with developing a Delivery Plan and understanding what the funding could be spent on?

- Yes, this guidance has been published on the Three Waters Reform webpage: <https://www.dia.govt.nz/Three-Waters-Reform-Programme>