

The Controller and Auditor-General
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06/09/23

HAWKES BAY REGIONAL COUNCIL & WATER HOLDINGS HAWKE'S BAY LTD

Introduction

1. I write on behalf of environmental group Wise Water Use Hawkes Bay. We are concerned that the Hawkes Bay Regional Council may be in breach of its statutory obligation to collect a large debt owed by a private company, Water Holdings Hawkes Bay Ltd. This debt has accrued over three years, and Council's inaction adversely impacts all ratepayers as the shortfall from the unpaid debt will need to be reconciled from Council's general fund.
2. We seek an investigation into the Hawkes Bay Regional Council's handling of this matter and a finding as to whether it has met its statutory obligations.

Background

1. On 29 June 2018 Water Holdings Central Hawkes Bay (WHCHB) purchased the intellectual property and assets of the Ruataniwha Water Storage Scheme.
2. WHCHB accepted all ongoing costs associated with the intellectual property and assets, including consent charges. This included Sec 36 Administrative Charges under the Resource Management Act 1991.
3. On 19 September 2019 Water Holdings Central Hawkes Bay changed its name to Water Holdings Hawke's Bay (WHHB).
4. WHHB did not dispute the Sec 36 charges when they were paid in 2018/2019 & 2019/2020.
5. As part of the 2021-2023 Long Term Process the methodology around the calculation of the Sec 36 charges was consulted on. This resulted in an increase in the Sec 36 charges levied on WHHB. WHHB was advised that this change was happening and it was recommended to them by the then Council CEO that they to submit on the plan. WHHB did not avail themselves of this opportunity.
6. On 31 August 2022, under an agenda item titled Freshwater Science Charges – Water Holdings HB, Hawke's Bay Regional Council passed the following motion: *“To defer collection of current outstanding charges until the end of the current financial year and that all outstanding science charges will be due and liable in total.”*
7. The Council's financial year ends 30 June. As at the date of writing the Sec 36 charges remain outstanding for 2020/2021, 2021/2022, and 2022/2023.

Action to date

1. We have been discussing this matter with various Hawke's Bay Regional Council councillors and Chairs. We also lodged a number of LOGIMA requests.
2. We have raised public awareness by posting articles on our website, and are aware that members of the public have directly contacted councillors as a result of being alerted to this situation.
3. We held a public rally outside council offices before their meeting on 31 August 2022. This was reported on in Hawke's Bay Today.
4. On 30 August 2023 we presented the following petition to Hawke's Bay Regional Council which gathered 363 signatures;

We, the undersigned, believe that Hawke's Bay Regional Council has been negligent in not collecting the annual science charges due from Water Holdings Hawkes Bay since 2020 and that this private company should not be receiving special treatment.

We strongly urge Regional Council to levy the full amount owed of \$382,956. If Water Holdings Hawke's Bay is unable to make immediate payment then they must surrender the water consents they hold.

Request

We ask that the Office of the Auditor General investigate if Hawke's Bay Regional Council has met its statutory obligations under Sec 14(1)(f) of the Local Government Act, specifically around councils debt collection process not being followed.

Attachments

1. Extract from 27 June 2018 council paper regarding sale of RWSS intellectual property and assets.
2. Copy of 31 August 2022 council paper Freshwater Science Charges – Water Holdings HB plus minutes.
3. Copy of correspondence between WHHB & HBRC dated 3 March 2021.
4. Copy of Hawke's Bay Regional Council's collection process.

Paul Bailey
Wise Water Use Hawke's Bay