



Office of the Mayor

14 July 2022

Committee Secretariat
Finance and Expenditure Committee
Parliament Buildings
Wellington

Submitted via: [Water Services Entities Bill Submission - New Zealand Parliament \(www.parliament.nz\)](https://www.parliament.nz)

Dear Committee Secretariat,

Submission from the Manawatū District Council and the Manawatū Community on the Water Services Entities Bill

Thank you for providing the opportunity to make a submission on the Water Services Entities Bill.

This submission is on behalf of the Manawatū District Council (MDC) and the wider Manawatū community.

MDC opposes the four entity model of reform proposed by this Bill on the basis that it is contrary to the basic property rights, the rights of local communities to have say over their local services, and will lead to poorer outcomes for communities.

Our primary recommendation to the Select Committee is as follows:

1. That the Bill be withdrawn.

The reform of three waters is opposed by the vast majority of residents of the Manawatū District. This is evidenced by MDC receiving a total of 2540 responses to its three waters reform engagement that informed our submission to the 'Three Waters Reform Programme' on 1 October 2021. Of these feedback responses, 94% were opposed to the Three Waters Reform Programme, 4.5% were in support and 1.5% were undecided. The primary reasons for opposition were:

- *I want our three waters services to be owned, managed, built and operated locally, by people who understand our District.*

- *I'm concerned we won't have a strong democratic say in the way three waters services are provided.*
- *I'm worried our three waters rates will end up funding upgrades in other communities*
- *I don't think it will improve efficiencies*
- *Our three waters infrastructure is not broken and does not need fixing.*

A further 139 responses were received after the closing date for submissions, 95% of which were opposed to the proposed reforms.

MDC has been proactive and has invested well in three waters infrastructure. The Department of Internal Affairs (DIA) dashboard classifies MDC's operating performance for 3 waters as "Exceeding expectations." MDC's three waters infrastructure is not 'broken' and does not need fixing. MDC maintains that the principal reason for under-delivery of three waters infrastructure by some local authorities is due to the lack of adequate funding options for local government, not a broad failure of the framework for three waters service delivery.

Concerns with the current model

MDC's concerns with the current model are:

1. Communities have not been consulted over the proposed confiscation of ratepayer funded infrastructure and services.
2. The bill offers demonstrably poorer outcomes on a range of measures including accountability to customers, iwi-Maori partnerships, management and operational performance and flexibility for the future.
3. The assumptions underpinning the four entity model has been shown to be flawed, and the cost savings required to meet financial targets are unrealistic.
4. Any real local influence over services will be effectively lost.
5. This bill does not have cross party support and will not offer the level of certainty needed for long term infrastructure investments.
6. Protections against privatisation are weak and easily undermined.

Support for the work of Communities 4 Local Democracy

MDC supports the work of Communities 4 Local Democracy He hapori mo te Manapori, and ask for the Select Committee to give proper consideration of their alternative model for reform that protects these rights, while delivering all of the stated outcomes of government.

MDC supports the recommendations contained within the C4LD submission. In addition to our primary recommendation that the Bill be withdrawn, MDC also supports the Secondary Recommendations of C4LD, as follows:

- i. That the "establishment date" defined in the Bill either be simply 1 July 2024 or be the earlier of either 1 July 2024 or a date set by Order in Council provided that such

an Order in Council occurs after the date of the General Election that follows the 2020 General Election.

- ii. That the scope of the Bill be confined to drinking water and wastewater assets and that stormwater assets remain with territorial and unitary authorities;
- iii. If stormwater is to be included within the scope of the Bill, then the Select Committee should amend the Bill to allow for the establishment of bespoke council by council pathways for this transfer, and include a clear definition of “stormwater services.”

MDC supports C4LD’s alternative 10-point ‘Three Waters Reform Plan’ as described in the C4LD submission.

MDC agrees with the following concerns raised in the submission of Taituarā

- How can the Select Committee be satisfied that customer-facing issues and matters regarding how this Bill links to land use planning will be satisfactorily resolved before it reports on this Bill?

A lot of the day to day matters such as links to land use planning and urban form, operational powers (such as entering private property), economic regulation (charging for services), consumer protection legislation and linkages to other legislation are part of the second bill. The timing is such that the Select Committee will likely have to report on this Bill before being able to consider submissions on the second bill that will cover these types of operational matters.

- The Minister that is responsible for issuing a Government Policy Statement (GPS: Water) for Water Services should have to undertake an analysis of costs and benefits of the objectives in the GPS: Water.

The Bill empowers the Minister to issue a Government Policy Statement for Water Services. This might override the policy positions of a Regional Representative Group and the constituent Territorial Authorities. The minister will exercise significant influence over WSE spending decisions yet need not make any financial contribution (or other support) to the achievement of their own objectives.

- MDC is concerned about the representativeness of the Regional Representative Group (RRG). There is no requirement that Council representatives on the RRG be representative of the different mix of metropolitan, provincial and rural territorial authorities that they represent.
- Clause 47 of the Bill, as drafted, suggests that Regional Advisory Panel members must exercise their roles wholly or mostly for the benefit of all communities in the WSE’s service area. This greatly diminishes their central role to advocate for the interests of the local area, while having regard for the interests of the wider WSE service area.
- The Funding and Pricing Plan contains no obligation on the WSE to consider the affordability of their services to the end user.

- WSEs must be expected to stand on their own feet after establishment. WSE charges must be assessed and invoiced separately from local authorities.
- Any charges levied by WSEs should be included within the ambit of the Rates Rebate Scheme.
- This Bill does not consider linkages with other legislation, including, but not limited to, the Public Works Act 1981, the Resource Management Act 1991 and its successor legislation, the Land Drainage Act 1908, the Kainga Ora – Homes and Communities Act 2019 and the Infrastructure Funding and Financing Act 2020.

MDC agrees with the following concerns and comments made in the submission of Local Government New Zealand (LGNZ)

- Councils are leaders in community wellbeing and placemaking. Any new system must recognise and uphold this, and the legislation must reflect this.
- This reform is difficult for the sector to engage with because there is so much detail still to come.
- Not all councils will be directly represented on the RRG.
- Centralisation must be balanced with increased local voice. Communities must still have their say on things that matter to them, and the right level of influence over decisions that affect them.
- It is not clear how WSEs integrate with other planning roles, functions and processes such as long term planning, broader council asset management planning and resource management planning. For example, a lack of consideration has been given to the interface with current (and new) Resource Management systems.
- Central policy direction must come with central investment.
- Communities need assurance of service when things go wrong – locally and quickly. There is concern around whether communities will genuinely and meaningfully connect with large multi-regional entities. Communities have existing connections to and relationships with councils. There must be dedicated on the ground local delivery and maintenance teams to respond quickly when things go wrong (e.g. broken or blocked pipes).
- Stakeholders need to know who to go to when seeking influence or accountability for particular matters – e.g should they go to the water regulator, the economic regulator, the WSE Board/management, the RRG or their Council?
- Is an RRG required to engage with all communities in the area covered by the WSE? If so, how will they achieve this for communities that do not have a representative on the RRG?

- More detail is needed on how funding and pricing decisions are made. There is an absence of reference to affordability in the objectives and operating principles of the Bill.
- Poor timing. The Bill is drafted on the premise that current local government structures, roles and responsibilities remain the same, However, the Resource Management Reform and the Future for Local Government Review may necessitate ongoing amendments to the Bill.

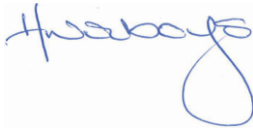
Concluding Statements

This Bill is not in the best interests of New Zealand and MDC asks the Select Committee to recommend the Bill be withdrawn to enable Government to work with local government to co-design a more effective model of reform with better outcomes for the whole community.

Thank you for the opportunity to oppose the Water Services Entities Bill.

We wish to speak to this submission.

Yours sincerely



Helen Worboys
Mayor, JP