

CAN WE  
TALK

# ABOUT THE GOVERNMENT'S THREE WATERS REFORM

## WHAT DO YOU THINK?

**New Zealand's Government recently announced a proposal to change the way three waters services (drinking water, stormwater and wastewater) are provided across the country.**

Currently, each of New Zealand's 67 councils is responsible for supplying and managing the provision of water services and infrastructure for their communities.

The Government's Three Waters Reform proposes to remove that responsibility from councils and place the provision of three waters services under four large water entities. One of those entities (Entity C) would cover the east coast of the North Island and the top of the South Island.

To date the Government has not asked councils to consult with their communities. In Tararua, we want to carefully weigh up what's best for our District, and hear the views of residents.



*Photo: Norsewood Wastewater Treatment Pond*

### About the Three Waters Reform

The Three Waters Reform was originally triggered by the 2016 campylobacteriosis outbreak in Havelock North. This event led to the introduction of new legislation and a new national regulator for water services called Taumata Arowai. This organisation will have responsibility for overseeing and enforcing new drinking water regulations, and providing oversight of the environment from the impacts of wastewater and stormwater.

The objective of the reform is to provide a more efficient and consistent way of delivering three waters services across the country. It is believed that by providing these services at a larger scale, greater efficiencies and capabilities can be achieved.

### Memorandum of Understanding

The Council, along with all councils nationwide, signed a Memorandum of Understanding (MOU) with the Government in August 2020, committing to the first stage of the Three Waters Reform programme.

This stated that we were willing to explore different ways of delivering water services. However, signing the MOU did not commit the Council to anything beyond stage one, or to opt-in to the reform process.

In 2020, Council received \$5.02 million from a stimulus package for investment in three waters. This is being used to upgrade three water treatment plants in Tararua, as well as further assessments, planning, and improvements to three waters infrastructure.

## Why is there a Three Waters Reform?

**The Government has concerns around the regulation of three waters services, and the capability, capacity and efficiency of the service currently delivered by councils.**

### The Government's objectives:

- **Affordability** – in some areas it's becoming unaffordable for councils, especially for smaller councils with fewer ratepayers, to provide safe and reliable drinking water, and fit for purpose wastewater and stormwater services.
- **Service level consistency** – with many councils providing three water services, some communities receive a different level of service to others. The reform aims to provide a more consistent level of service across the country.
- **Underinvestment in critical infrastructure** - through stage one of the reform process, the Government concluded that there is underinvestment in three waters infrastructure across parts of the country. There may be large investments over the next 30 years as infrastructure is brought up to standard.
- **Inability to meet requirements** - with both a new water regulator and new economic regulator, there is a concern councils may not be able to meet future requirements without the reform process.
- **Climate change** - increased flooding and sea level rise will put pressure on three waters services if not adequately managed. The Government is concerned about the ability of councils to meet this challenge without reform.

**More information is available** on the Department of Internal Affairs website: [www.dia.govt.nz/Three-Waters-Reform-Programme](http://www.dia.govt.nz/Three-Waters-Reform-Programme)

## The status quo no longer applies.

Everyone agrees that more investment is needed in water infrastructure – and increased investment has been reflected in councils' recent Long Term Plans.

But the magnitude of investment that will be required over the next 30 years is potentially beyond councils' existing ability to fund, as infrastructure comes up for renewal, communities' expectations increase and climate change threatens infrastructure.

This investment is also required to meet standards not just in drinking water, but also in wastewater and stormwater.

The new regulator – Taumata Arowai – will enforce existing standards, with significant proposed penalties, including fines and criminal proceedings. The Water Services Bill is going through parliament right now.

The Water Services Bill, once enacted, will impose new offences, some carrying criminal penalties, for council officers, employees and agents of drinking water suppliers. It will also confer new duties on local authorities to ensure communities have access to safe drinking water if existing private and community supplies face problems in complying with the regulatory requirements.

An economic regulator will also be introduced. The purpose of an economic regulator is to ensure it's no longer possible to under invest, or to charge consumers too much or to deliver poor quality service.

If a council "opts out", it would find itself operating in a very different landscape, with a large and growing proportion of expenditure and energy eaten up by three waters investment and compliance.

## Frequently asked questions

### Who would own the water assets under the reform proposal?

Local authorities (councils) would be the owners of the entity, on behalf of their communities.

The assets aren't being sold – the new entities would be collectively owned by councils, on behalf of communities.

The entities would own and operate three waters infrastructure on behalf of territorial authorities.

### How would councils and the community be involved in governing the proposed entities?

Independent, competency-based boards would govern each entity.

This is how these boards would be chosen. Councils and mana whenua would appoint a Regional Representative Group. This group would appoint an Independent Selection Panel, which would appoint the Entity Board.

But each entity would also have to engage with its communities on key documents that set its direction. The entity would actively report on how consumer and community feedback was incorporated into decision-making.

### How will the proposed entities be funded?

Like now, an entity would fund its operations from a combination of user payments and borrowing.

The key thing is that entities would have larger borrowing capacity to fund the necessary investments – they would be able to borrow significantly more than councils can.

### Will my community subsidise other communities' water services?

Like many other infrastructure models, this model is built on cross-subsidisation – which means investments could be made in places where the population is too small to afford it on their own.

Because entities will have greater efficiencies that drive lower operating costs, it's not comparing like with like, in terms of the status quo.

**There are lots more FAQs on the Local Government New Zealand website:** [www.lgnz.co.nz/reforms/three-waters](http://www.lgnz.co.nz/reforms/three-waters)

# KEY STATISTICS FOR TARARUA

**\$164m**

Total value of Tararua three waters infrastructure assets managed by Tararua District Council

**\$64m**

Total investment into three waters infrastructure assets in the Tararua District Long Term Plan 2021-2031

**\$15m**

Proposed Government support package for reform transition

**\$10.14m**

Current Tararua District Council three waters annual revenue\*

**19%** of council's total revenue for the year 2021/22

**Tararua Projections:**

**\$1,242**

Current average annual three waters rates\*

**\$1,785**

Council's projected 2031 average annual three waters rates\*

**Government Projections**

**\$1,595**

Projected 2031 average annual three waters cost per household under the Government reform\*

**\$9,504**

Projected 2031 average annual three waters cost per household if Council opts-out of reform\*

**7** Drinking water schemes



**5,797**

Properties connected to a Council drinking-water supply

**7** Wastewater schemes



**5,829**

Properties connected to a Council wastewater scheme

**4** Urban stormwater schemes



**4,928**

Properties receiving Council stormwater services

## A summary of Tararua District Council as a service delivery provider

**BB RATED**  
by LGNZ Excellence Programme (CouncilMARK)

**FULLY AUDITED**  
and compliant Long Term Plan

**INTEGRATED**  
Asset Management Plans for Three Waters

**30 YEAR**  
Infrastructure Strategy

**PARTICIPATED**  
in Water NZ National Performance Review

**The latest Community Satisfaction Survey Results**

**76%** Drinking-water Management Community Satisfaction\*\*

**88%** Wastewater Management Community Satisfaction\*\*

**63%** Stormwater Management Community Satisfaction\*\*

\*All figures are GST exclusive and exclude inflation.  
\*\*Stats from TDC Customer Satisfaction Survey 2020.  
\*\*\*About the package - [www.dia.govt.nz/three-waters-reform-programme-reform-support-package](http://www.dia.govt.nz/three-waters-reform-programme-reform-support-package)

## Questions

We have a number of questions we'd like to ask the Government about the Reform. We've listed a couple of our key questions below and we'd like to hear the views of our residents so we can carefully weigh up what's best for Tararua.

### Governance and Representation

- How will effective local representation be ensured given the scale of the entities?
- Beyond the representative group, how can communities ensure that their voice is heard?

### Prioritisation of Investment

- How can we ensure that local development / growth will be supported through investment in three waters infrastructure?
- What will be the financial considerations for commercial / industrial customers to ensure it remains viable to operate locally?

### Levels of Service

- What customer levels of service will be delivered under the new entity, and how will these differ across communities (especially urban vs rural)?
- How will those on their own water supply be impacted?
- What will this mean for stormwater? Will systems of a similar design standard be developed?

### Cost of Service

- Future household costs have been estimated, but what about commercial and rural customers?
- How will development contributions be managed? Will a consistent approach (or policy) be adopted across the new entity?

### Impacts of Asset Transfer

- How will three waters customers be charged under the reform?
- What will this mean for existing bylaws, consents, easements and agreements?

### Functions of Local Government and Wider Sector Reforms

- What are the cumulative impacts of three waters reform, resource management reform and future of local government?
- What powers and functions will be transferred from Local Government as part of the three waters reforms, when and how?
- For an opt out process, what further clarity of regulation obligations can be provided for councils to help inform positions e.g. for both water quality / Taumata Arowai and the proposed economic regulator?

### Assurance of Service Delivery / Local Voice

- How can communities have assurance that the new entity will be responsive to the needs and service requirements of local communities (especially small remote ones)?

### Workforce and Capability

- How will the reform process support staff and enable a smooth transition process that helps to grow local capability and capacity?
- How will the new entity be resourced? Will they have locally based staff?
- Will there be opportunities for Council and / or local suppliers to provide the services to the new entity?

## Learn more or get in contact:

### If you have internet

- Visit our website – [www.tararuadc.govt.nz/threewaters](http://www.tararuadc.govt.nz/threewaters)
- Visit DIA's website - [www.dia.govt.nz/three-waters-reform-programme](http://www.dia.govt.nz/three-waters-reform-programme)
- Visit LGNZ's website - [www.lgnz.co.nz/reforms/three-waters](http://www.lgnz.co.nz/reforms/three-waters)
- Follow us on Facebook – [www.facebook.com/tararuadc](http://www.facebook.com/tararuadc)
- Email us - [threewaters@tararuadc.govt.nz](mailto:threewaters@tararuadc.govt.nz)

### If you don't have internet

- Visit a Council Service Centre or Library
- Call us – on 06 374 4080 or 06 376 0110
- Write to us – PO Box 115, Dannevirke 4942

## Want to share your views?

If you'd like to share your thoughts on the reform, please use the contact details to the left to send in your questions and feedback.

## There will be another chance to have your say.

This engagement is just a first step so that we can understand the initial concerns of our residents. There will be a formal community engagement in the Tararua District after the Government releases more information in October.