

28 September 2021



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Tēnā koe Minister,

Three Waters Reform – Waitaki District Council feedback to Government

Introduction

Waitaki District Council welcomes the opportunity to provide feedback to Government on the Three Waters Reforms.

The Waitaki district is one of only a few territorial authorities working with two regional Councils, Environment Canterbury and Otago Regional Council. Waitaki district's population was 22,308 at the 2018 New Zealand census, and is currently estimated to be ~23,500. Growth projections indicate the district will grow ~8% by 2043.

Waitaki District Council currently supplies water to around 90% of the district's population through the operation of 14 individual water supplies. Over the last few years, Council has progressively amalgamated water supplies, reducing the number of water supplies from 23 to the current 14 water supplies. In rural areas, water is also used by stock, and thus contributes to the rural economy.

Waitaki District Council has reviewed and analysed the proposal to understand the Government's national case for change for three waters, the implications for Waitaki's ratepayers and the changing environment of providing three water services for the community.

As part of Council's due diligence, Waitaki District Council commissioned Morrison Low to review the Water Industry Commission of Scotland (WICS) model for Waitaki. Council officers have conducted two elected member workshops (27 August and 13 September 2021).

On 20 September, Waitaki District Council resolved to respond to the Government with the points below.

Three waters reform areas supported by Waitaki District Council

Waitaki District Council would like the Government to note the following areas of support for the three waters reforms:

1. The case for change on the basis that not all parts of the system that deliver three waters services have worked well together in the past

2. The commitment required to deliver three waters services to higher standards and to achieve better environmental outcomes with the following qualifiers – that the delivery of three waters services is on an “as needs” basis and is undertaken in a cost-efficient manner.

Three waters reform areas not supported by Waitaki District Council

Waitaki District Council would like the Government to note the following areas of the three waters reforms that it does not support:

3. The number of unknown factors associated with the timing of the water reforms in the context of the Government’s wider reform programme (in particular, the review around the Future for Local Government).

Waitaki District Council is concerned that there are a number of unknown factors associated with the timing of the water reforms in the context of the Government’s wider reform programme, in particular, the review around the Future for Local Government. There are risks associated with this fast-moving environment including limited time to consider the impacts and uncertainties around overlapping elements of reform proposals.

4. Waitaki District Council considers that the financial case for change is flawed and likely overstated.
5. Waitaki District Council considers that the Government’s underlying, or implied assumptions are misleading.
6. Waitaki District Council considers that the projected efficiencies that Government anticipates under their preferred water services delivery model are not well stated. Waitaki District Council seeks further information in this area (see below).
7. Waitaki District Council considers that the aspiration to connect all individual households across New Zealand (urban and rural) to a reticulated water and wastewater system is not sustainable, practical or reasonable in the New Zealand context.

Waitaki District Council considers that the delivery of three waters services should be on an “as needs” basis and be undertaken in the most cost-efficient manner. The WICS model is designed to deliver a fully compliant on-demand water supply to every property in the Waitaki district (and across New Zealand), wastewater piped/pumped away and treated from every property, and all stormwater treated at outlet.

Waitaki District Council has considered two alternative scenarios to that of the preferred Government delivery model (delivering higher quality water services by Council alone). From Council’s modelling, Waitaki District Council has estimated a lower investment range for three water services delivery between \$250 million and \$415 million over a 30-year period to 2051, as compared to the Government’s figures of \$1.3 billion over a 30-year period to 2051. One of the key differences between the assumptions used by Waitaki District Council and those of the Government is the delivery of enhanced three water services to the community level eg. settlements rather than to individual households.

Waitaki District Council’s scenarios are based on the following assumptions:

- A. Lower investment level: Meeting anticipated upcoming regulation and achieving compliance (lower degree of confidence)

- A water supply and wastewater treatment to **some small communities** (including schools and camping grounds) and basic stormwater treatment with some rain events causing stormwater property flooding.

B. Higher investment level: Meeting industry best practice and anticipated future regulations and standards (higher degree of confidence)

- A water supply and wastewater treatment treated to drinking water quality and discharged to land to **all small communities** (including schools, camping grounds) and stormwater outlets to water courses that have a form of treatment.

8. Waitaki District Council does not support the current governance model as presented by Government.

The proposed governance model does not clearly indicate how the voice of communities will be heard and does not provide strong connections between infrastructure planning and spatial planning at the regional and local level. Waitaki District Council is working with the councils of Entity D and mana whenua to propose a revised model of governance that will support delivery of national, regional and local outcomes.

9. Waitaki District Council is concerned that the anticipated application of the Te Mana o Te Wai concept through the Government's preferred three waters reform model is by mana whenua only.

Waitaki District Council considers that this should be mana whenua, in partnership with Council and communities. Te Mana o te Wai expresses the special connection that all New Zealanders have with freshwater. Correct application of this principle ensures the health and well-being of water is protected and human health needs are provided for before enabling other uses of water.

Three waters reforms - further information requests for Government from Waitaki District Council

Waitaki District Council considers that there has been insufficient information and too many unknowns presented around the Government's desired future model for three waters service delivery. Along with the significant information gaps, Waitaki District Council also considers that there has been insufficient time for officers and elected members to digest how the three waters reform will impact on community wellbeing and local economies.

Waitaki District Council requests additional information from Government to provide a better understanding of the preferred reform delivery model. This includes the following:

10. Details around the projected efficiencies that Government anticipates under the preferred three waters delivery model.

Included in this, details of how efficiencies might be achieved without negatively impacting smaller contractors and local economies.

11. New national three waters legislative directions – details and timing.

Without having a full understanding of the new legislative framework for three waters nationally (and regionally), it is difficult to ascertain the implications for future investment and required staging of capital works.

12. Local community engagement opportunities – details and timing.

Waitaki District Council is committed to engaging with its communities prior to any decision being made around the future delivery of three water services. For this engagement to be meaningful, Waitaki District Council needs to understand the full details and implications of the three waters reform to determine how they will impact on local economies, community wellbeing and the delivery of other Council services. This will also require enough time to undertake the appropriate engagement.

13. Details around the transitional arrangements, including timing.

Waitaki District Council seeks to ensure continuity of service and continued investment in three waters assets as well as ensuring councils can plan for the resourcing of the transition and not jeopardise delivery of other council priorities.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Alex Parmley', with a horizontal line underneath.

Alex Parmley
Chief Executive

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