

13 January 2022

Media release

## New Zealanders will pay more and receive less under Three Waters

New Zealanders are likely to pay more and receive fewer benefits under the Government's proposed Three Waters reform model, according to **Communities 4 Local Democracy He hapori mō Manapori** (C4LD), the local government action group formed to bring fresh ideas to the Three Waters debate.

C4LD represents more than a million New Zealanders and has 24 partner councils from around the country.

In its recent submission on economic regulation and consumer protection for Three Waters, C4LD says that a completely fresh approach to water delivery is more likely to deliver the Government's water reform objectives than the Government's current proposal.

"The Government's proposal falls well short on several fronts, so we will be shortly be presenting them with straightforward and workable alternatives that deliver on all of their requirements, while preserving local responsiveness and accountability," said Helen Worboys, Manawatu District Mayor and Chair of C4LD.

The group appointed international strategy consulting firm Castalia to advise its partner councils on the Government's proposed regime and to prepare its submission on the economic regulation regime proposed in a Ministry of Business, Innovation and Employment discussion paper.

"We want to make a constructive contribution to the model that is finally adopted by the Government," said Warboys.

"The best outcome for all New Zealanders will come from combining the best of local and national assets, knowledge, expertise and funding in genuine partnership, rather than unilaterally imposing a solution that can't provide the required water services at least cost.

"Our submission highlights some of the risks of the Government proposal and shows how – with changes to ownership and governance of water services, and changes to the economic regulation – we can achieve improved outcomes for everyone.

"The current model is overly complex and sets impossible objectives. For example, there will be just four water companies across the entire country, with each servicing incredibly diverse urban and rural populations using dozens of discrete, unconnected networks. To suggest that it can deliver better services for less money is just one of the problems with the new model.

"Getting water safely into homes, businesses, marae and everywhere else is a complex challenge that can't be solved just by adding a layer of complex management on top of what's already in place.

“Our submission provides fresh ideas for better water. Our ideas aren’t complicated or unique; they’re just ways of improving on what’s mostly been done successfully for decades.

“There is a better way to achieve the Government’s objectives and we want to work in partnership with them to ensure that happens.”

The Communities 4 Local Democracy submission is now available online at [www.communities4localdemocracy.co.nz](http://www.communities4localdemocracy.co.nz)

**Key points from the Communities 4 Local Democracy He hapori mō Manapori submission include:**

- The Government’s proposed model is highly complex, novel and untested; the water companies will have potentially competing socio-economic objectives; water company management will be centralised while the operations will be dispersed; there are unproven cost efficiencies from administrative merger
- Economic regulation can improve water services and consumer welfare given the right ownership and governance structure – which is not evident in this model
- The regulatory model will not achieve its objectives due to problems with the design and accountability of the water companies – there will be challenges improving the availability of information; incentivising management and governance to optimise costs and quality of services; addressing socio-cultural outcomes; and the costs of regulation are likely to exceed the benefits
- Public ownership and governance model must be improved to enable effective economic regulation – other models could deliver direct accountability, information disclosure and benchmarking, incentive-based regulation and reduce the costs of regulation.

**Media contact: Stephen Doran - 027 202 7784 - [info@communities4localdemocracy.co.nz](mailto:info@communities4localdemocracy.co.nz)**

**Communities 4 Local Democracy partner councils at 13 January 2022:**

Ashburton District Council  
Central Hawkes Bay District Council  
Christchurch City Council  
Far North District Council  
Grey District Council  
Hurunui District Council  
Kaikōura District Council  
Kaipara District Council  
Kawerau District Council  
Mackenzie District Council  
Manawatu District Council  
Matamata-Piako District Council

Napier City Council  
Ōpōtiki District Council  
South Taranaki District Council  
South Waikato District Council  
Taranua District Council  
Timaru District Council  
Waimakariri District Council  
Waimate District Council  
Waipa District Council  
Wairoa District Council  
Westland District Council  
Whangarei District Council