

# Submission

## Water Services Entities Bill



PREPARED BY: Ashburton District Council  
PO Box 94  
ASHBURTON 7774

SUBMITTED TO: Finance & Expenditure Committee  
Parliament Buildings  
WELLINGTON

Contact: Mayor Neil Brown  
[mayor@adc.govt.nz](mailto:mayor@adc.govt.nz)

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

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Ashburton District Council **would like** to make an oral submission to the Committee

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### Introduction

1. Ashburton District Council (Council) welcomes the opportunity to submit feedback on the Water Services Entities Bill. This submission has been prepared by the Mayor and Chief Executive.
2. Located an hour's drive south of Christchurch, more than 35,400<sup>1</sup> residents live in our district. Approximately 50% of our residents live in the main town of Ashburton, with the rest of our residents living rurally or in smaller towns or villages across the district.
3. Ashburton District (the District) has experienced moderate and sustained population increase since the mid-1990s, increasing by 23% between 2006 and 2013 (a 3.3% increase per year). This growth, however, has now slowed, with an average growth of 1.3% per year since 2013.
4. We manage 12 drinking water supply schemes throughout the District. These schemes service approximately 70% of residents and over 10,300 homes and businesses. Of these 12 drinking water supply schemes, nine service less than 500 people including two that are classified as "rural agricultural drinking water supplies".
5. We also help protect community health and safety, and the environment, through the provision of reliable and efficient wastewater schemes. We have three community-based wastewater schemes that service approximately 65% of our population where we manage wastewater collection, treatment and disposal services across the district.
6. Last year we engaged our community on the proposed reform. The feedback from 504 of our residents showed:
  - 97% of respondents felt it was important for the community to be able to have its say on how three water services are provided
  - 64% of our respondents believe that the continued improvement of health and environmental standards in three waters from what is currently provided is important
  - 27% of respondents are prepared to pay more for higher standards, with a further 21% happy to do so if the improvements are localised, justified and/or decided upon by local representation

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<sup>1</sup> Statistics New Zealand Population Estimates 30 June 2020

- Other feedback included concern with the:
  - the community wants to make the decision to opt in /out of the reform -
  - loss of local assets, representation and control
  - complexity of the three water structure
  - speed of the process to date

## General comments

7. We wish to reinforce our strong opposition to the reforms, as they are currently proposed. Our strong view is that the reform process should be paused for up to five years to let the new regulator (Taumata Arowai) settle in, and then see how readily Councils are meeting their obligations and responsibilities.
8. If, after five years, it is still deemed to be necessary to reform then a regionalised approach with greater local input and localised decision-making and control would be our preference.
9. We remain concerned about the risk of losing a strong local voice in the reforms. It is critical that Ashburton and Canterbury have strong and clear mechanisms to ensure local perspectives are heard and considered by the new entity.
10. We are deeply concerned that the new form of Council shareholding is ownership in name only, and has none of the rights, obligations, responsibilities and opportunities of ownership as it is currently understood. This new definition of ownership appears solely to protect against privatisation, to enable the Government to somehow point to Councils still owning the assets, and is present for political expedience only.
11. We are not satisfied that mechanisms proposed to ensure a balance of metro, rural and provincial Council representation on the regional representative groups will be adequate or sufficient, particularly given the geographic spread of Entity D.
12. We note that consumer interests are to be addressed through the water services entities undertaking direct engagement with consumers on asset management, funding and pricing plans and infrastructure strategies. We want assurance that consumer forums will achieve their purpose and that consumer needs, expectations and service requirements are clearly understood.
13. To date consumers have had no ability to assess the merits of the structural reform (through the creation of the four water services entities) when there is no reference to how their own costs will be impacted by the reform. The reform impacts on individual consumers is not remotely clear, and should be so in order to assess the merits of the reform.
14. We remain concerned that the funding of Entity D will become unaffordable for the average consumer and that the cost of receiving drinking water and wastewater services under the proposed Bill will escalate significantly and feedback from our community highlights this concern clearly.
15. We believe that the focus of the three waters reform debate to date, has been primarily on drinking water and not stormwater or wastewater (where the bulk of the money is to be

spent). This imbalance to the campaign has felt disingenuous and ambiguous for our community and for us as a territorial authority.

16. We are uncertain about the outcome for Councils through the transitional finance arrangements. In particular, the absence of clarity on debt and assets transfer. While it appears there is intended to be detail on this in the second Bill, we consider that will be too late for it to impact on the establishment of the water services entities as we won't understand whether the model is being maximised.
17. Late last year we raised a number of concerns that we do not consider have been addressed to date. These include the following:
  - b. We continue to have significant doubt over the WICS numbers that have supposedly created the case for change. For example the DIA (based on several assumptions) states the average annual cost per household for Entity D is \$1,368; whereas, based on our 2021/22 Long-Term Plan we calculate our average cost per household to be \$610 per annum
  - c. We remain unclear how the interface of the water service entities will work with resource management practices including urban growth and water services planning. Councils are able to provide joined-up thinking and integrated advice to enquiries currently that we fear will be lost in the reform. We have been given no assurance that the water services entity will follow Council's planning and land development ambitions and not be an inhibitor to development in the Ashburton District
  - d. During emergency events, the interconnectedness of Council teams and functions is showcased. We remain deeply concerned that through the reforms we will no longer employ water services staff, reducing our capacity to manage such situations and compromising our response and recovery capabilities.

### Concluding comments

18. Thank you for the opportunity to provide feedback on the draft Water Services Entity Bill, to reiterate Council remains strongly opposed to the Bill and looks forward to present in person to the Select Committee in due course.

Kā mihi



**Neil Brown**  
Mayor



**Hamish Riach**  
Chief Executive