

Three Waters Reform Programme

Introduction

Central and local government have been looking for ways to overcome the challenges facing water services – that is, drinking water, wastewater and stormwater – known as ‘three waters’.

As a result, Government has announced a Three Waters Reform Programme. This signals a significant change for councils. Currently, there is uncertainty around how water supply, wastewater and stormwater services will be delivered to our community in the future.

The Government has given councils until the end of September to provide feedback on the proposed reform. We are not being asked at this stage to confirm if we are opting in or out of the reform. Rather, the Government is seeking feedback on the potential impacts of the proposed reform and how it could be improved.

We all agree that quality drinking water and environmental outcomes are a good thing for our country. At the moment it's not clear whether the proposed reforms are the best way to achieve this, and what the advantages are for our district. The key question we are considering is; will the reform proposal benefit the residents of our district?

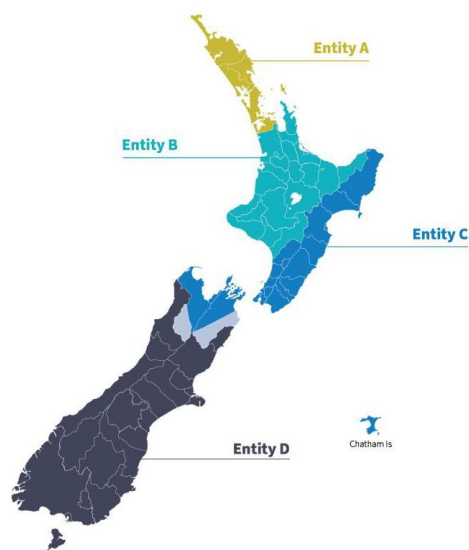
What has been proposed?

The Government's preference is to create four water entities across New Zealand. Those entities would replace 67 separate councils (or their agencies) which currently manage their district three waters services independently.

The entity proposed for the Ashburton District would cover the Ngāi Tahu takiwa (all of the South Island excluding all or some of Nelson, Marlborough and Tasman).

Ownership would remain with councils (mandated by legislation). There would be protection to ensure the water entities do not become privatised without a public referendum with a 75 percent threshold.

The map shows the proposed entity (entity D) that our district would be in.



Further information about the structure of the proposed entity can be found on www.ashburtondc.govt.nz

How will this affect Ashburton District?

Ashburton District would become part of an entity that covers most of the South Island. A regional representative group of 12 (made up of six local authority and six mana whenua appointees) would appoint an independent selection panel that in turn appoints board members for each entity.

The Three Waters reform programme has the potential to significantly change the way critical water infrastructure and services are delivered in our district.

According to figures provided by the company commissioned by the Government to look at reform, Ashburton ratepayers pay an annual average of \$610 for water and wastewater services. If we continue to deliver those services, the expectation is that the figure in 30 years' time will be around \$8,690 per serviced property, in today's dollars. If we have an entity which covers most of the South Island, that figure will instead be \$1,640.

Council has serious reservations about these numbers. They are based on a number of assumptions that are completely different to the reality of how Council assesses the assets' condition, renewal programme and management regime. They are based on a formula driven by population, population density and area rather than the actual reality of our infrastructure.

As a Council we have heavily invested in our water infrastructure and security on behalf of our community and with our environment in mind. Our water-related

assets together have a value of \$220¹ million, which is 34% of Council's total infrastructural assets (excluding land under roads).

Over the last 18 years we've invested over \$86 million in water infrastructure. We still have a lot of challenges to address, including achieving protozoa compliance for our schemes. We have a 30 year strategy to fund these challenges so our three waters infrastructure meets the required standards.

\$103 million is allocated in the 2021 – 31 Long-Term Plan to invest in drinking water safety upgrades, improve our wastewater treatment and stormwater infrastructure and ensure a strong renewal programme.

The questions we are pondering...

- What exactly are the higher health and environmental standards for water that the government is proposing, and what would a move to those standards mean at a local level?
 - How could local communities retain a strong say or influence in respect of how their water services are provided under a single entity that covers nearly all of the South Island?
 - How confident can we be that the new entity will achieve the suggested large cost efficiency improvements?
 - If the new entity can't achieve the suggested cost efficiency improvement, what confidence does the government have that people will be willing to meet increased costs required to achieve any higher health and environmental standards as proposed by government?
 - What assurance is there that smaller communities won't receive poorer service from an entity that may be strongly focused on the larger towns? And how will investment priorities across such a large area be resolved?
 - How can we ensure that water infrastructure supports the community's planning and development ambitions, rather than dictating how development can occur?
- Where are the additional skilled personnel required for the new entity going to come from when there are already severe skills shortages in NZ?
 - To what extent will particular communities be required to subsidise other communities through charges for water?
 - Government have relied on consultants WICS (Water Industry Commission of Scotland) data to calculate the long-term costs for three waters in NZ. This used a formula based on what happens in the UK, including population, population density and area. This is in contrast to how councils develop Long-Term Plans and Infrastructure Strategies, which takes a ground up approach using asset condition and life. It bears no relation to Ashburton's assets or renewal needs. Is this appropriate? Is it acceptable to base a decision as significant as this on incomparable evidence?
 - What assurance is there that the new large water entities would not be privatised at some time in the future, recognising that governments can change laws?
 - Given that benefits from stormwater systems generally benefit the broader community (who may not be a drinking water or wastewater user), how will this be equitably charged?

What is the process from here?

We are not being asked to commit to opting in or out of the proposed reform at this stage. Right now, we are compiling our comments, matters for clarification, concerns and issues with the reform proposal which we will feed back to the DIA at the end of September.

Following this, Government will consider the feedback and let us know the next stage in the process from here. Unless the proposal is made mandatory by the Government, we will come back to the community to discuss options of opting in/out before Council makes its final decision.

Where can I go to get more information?

Further information about the reform proposals can be found on the Department of Internal Affairs website: www.dia.govt.nz/Three-Waters-Reform-Programme

¹ Ashburton District Council 2019/20 Annual Report

What are your thoughts?

While we are not yet at a stage where we have to make this difficult decision, the Government has given councils until the end of September to provide some initial feedback on the proposed reform.

Before we report back to Government, we are keen to get a feel for the 'mood of the district' on this issue. This will help shape our thinking on our response to the Government.

You can provide feedback by answering our short survey:

Online at www.ashburtondc.govt.nz

Email submissions@adc.govt.nz

By posting this form back to:

ADC, PO Box 94, Ashburton 7700.

Your feedback will be treated anonymously.

Providing your contact details will mean we can keep you informed of next steps in the process.

Feedback closes **5pm Wednesday 22 September**.

Name: _____

Address: _____

Email: _____

How important is it to you that the community is able to have its say on how three waters services are provided?

1	2	3	4	5
Not important				Very important

How important to you is the continued improvement of health and environmental standards in respect of three waters (drinking water, wastewater and stormwater services) from what is currently provided?

1	2	3	4	5
Not important				Very important

Are you willing to pay more than current charges for any higher standards, either through rates or water charges?

Yes No Other (please explain)

Are there any other aspects of this proposal that are of concern to you that you would like us to include in our submission to government?
