

Our response to the Government's Three Waters Reform proposal

In July, Central Government asked Council to analyse and respond to its proposal on changes to drinking water, wastewater, and stormwater [the Three Waters Reforms] by 1st October.

The proposal advocates four new Water Service Entities [WSEs] assuming the operations, management, infrastructure planning, and ownership of the Three Waters assets from Councils.

Having analysed the proposal's potential impact on our community, we feel there are elements we agree with, some that need further work, and some that we do not agree with. Mostly, we feel the proposal is very high level and has a number of elements that are still to be decided. It is not clear if the proposed reforms will leave our ratepayers better, or worse off.

You can read our full response to the proposal on our website at cdc.govt.nz/threewaters

We agree that:

- there is a desire for continual improvement in the quality, quantity, accessibility, reliability, treatment, and environmental impacts of our water infrastructure;
- everyone in New Zealand should have access to clean potable water;
- our environment needs protection;
- the ever-increasing adverse effects of climate change are planned for, managed, and where possible mitigated;
- the successful delivery of water services needs to be balanced against community affordability and service reliability.

We feel further work is needed on:

- **Alternative Options.** If the reforms progress, the face of Local Government may be permanently changed. Without water infrastructure, some councils' viability may be at issue. We suggest a true partnership model takes time to consider options, alternatives, and listens to all views, before developing a preferred path forward. The speed of these reforms has limited the ability to consider any alternative options.
- **Legislation Change.** Local Government are facing a significant amount of change. Reforms such as Taumata Arowai, the National Policy Statement on Freshwater, the Wellington Regional Natural Resources Plan, the proposed changes to the Resource Management Act, and the Future for Local Government are all ongoing. Combined with the Three Waters Reform, the combined effect of these changes may result in significant, unintended consequences for Councils and the communities we serve.
- **Climate Change.** The Government Three Waters Reform financial model ignores our biggest challenge – climate change. Council is required by law to include climate change impacts in our Long-Term Plans [LTP]. The comparison between Council LTP and theoretical Government financial model should be like-for-like. It is not, and the forecasted benefits are likely overstated. We believe the comparison is misleading, and counterproductive.
- **Priority projects.** Our LTP informs and gives effect to our District and Spatial Plans. This investment prioritisation is a complex decision-making process. Over time we expect the proposed WSEs investment priorities may diverge from our District and Spatial Plans. We would like to ensure that projects our community view as high priority, are also given high priority by the new WSEs in a transparent and public way.
- **Disputes.** Currently, people can escalate Council decisions they feel are incorrect to the Ombudsman. The reform proposals do not contain any such escalation. We strongly

recommend complaints are subject to independent oversight and review to ensure accountability and provide a framework for dispute resolution.

- **Local Employment.** Carterton is fortunate to have an in-house team. It is local, highly responsive to the community, and familiar with our infrastructure. Council cares deeply about the welfare of our staff, service delivery to our community, and the benefit to the local economy of employing local. Council seeks surety that staffing resources stay within our District.

We do not agree with:

- **No Public Consultation.** If Council were considering the transfer of three waters assets to any other entity it would trigger a community consultation process. To date Government have not indicated they will provide our communities an opportunity to be heard through public consultation. We consider the current TV advertising campaign a poorly considered public information campaign and not of the standard of public consultation that our communities expect.
- **An eight-week period to respond.** The three waters reform proposals are complex, and will have wide ranging and long term impacts on our communities and Council. The forecast benefits predicted in 2050 are a long way off, and are likely to change. Given the long timeframe for benefits, we think more time should be taken now to better understand the options, consider alternatives, consult with our communities and clarify the impacts these proposals will have. Especially as once the reforms are implemented, they are likely to be irreversible.
- **Involvement in Governance.** The Government has proposed four new WSEs. Carterton would be part of "Entity C". Governance of these WSEs will be through a Board of Directors. A group of 12 representatives - six Council and six Iwi - will appoint a Board Selection Panel, who in turn, will appoint a Board of Directors. This governance model distances communities from WSE strategy and decision making. Furthermore, it limits participation to just six Council members in the proposed Entity C, which has a population of nearly 1 million residents, currently served by 22 councils and over 150 Councillors. Given this consolidation, we feel some local voices will effectively be silenced. We are concerned about the loss of local voice with such a significant consolidation of representation.

We have set out our views, asked questions, and made recommendations for Cabinet to consider in a letter to the Department of Internal Affairs. Government has not asked Council to "opt in, or opt out" although some Councils around the country have already made their views clear. We feel there is too much uncertainty with the reform proposals to make any decisions at this time. It is not clear if the proposed reforms will leave our ratepayers better, or worse off.

The agenda for our Policy & Strategy meeting, which includes our letter to the DIA and other resources on the Three Waters Reforms can be found on our website at cdc.govt.nz/threewaters

We welcome your thoughts on this issue. Please feel free to contact our Mayor, Councillor or the Council with your comments.

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Mayor

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