

THREE WATERS – MAYOR’S COMMENT

Good Morning

Today the 9th of March 2022 the Three Waters Working Group of Local Government New Zealand (LGNZ) released their recommendations back to Government concerning the set-up of the proposed legislation for the future delivery of Three Waters (drinking water, wastewater and stormwater). I deliberately included today’s date because what is proposed now may well be out of date by next week.

As a recap, in October 2021 Government introduced legislation to establish four new entities or businesses to deliver the Three Waters services. This would mean that Councils would no longer be involved with these core responsibilities and users would be charged and supplied by the new entities. In the case of the Rangitikei we would be part of Entity B including Taranaki, Bay of Plenty and the western side of the North Island through to, but excluding Auckland.

The Government reform was based on their analysis which indicated efficiencies could be gained and that Councils, particularly small rural Councils, could not afford the work that was required. The Government position is also one of cross-subsidisation meaning that the large metro Councils would in effect subsidise the small rural Councils.

Virtually all Councils raised concerns with the proposed legislation, largely based on the risks of privatisation, the loss of Council/community ownership, local voice and concerns around the co-Governorship models with Iwi. LGNZ (made up of all Councils) asked for time to set up a Working Party to consider these changes, which Government agreed to.

My opinion is that there are distinct groups of Councils who have taken their concerns to Government through different pathways.

Group 1 - fully in support of the Government initiative seeking only minor tweaks to the legislations and Councils that I have not seen any engagement from. My guess is that this group is in the minority.

Group 2 - about 29 out of the 67 Councils that are fighting for cancellation of the programme and don’t see any real change acceptable.

Group 3 - these are Councils that have strongly voiced their concerns to Government seeking changes to the model if the legislation is to be enacted. I stress the ‘if’ because the model in its existing form is unacceptable. Rangitikei District Council fits into this group and the Chief Executive, Peter Beggs, and I have taken those concerns to the Minister for Local Government and to a working group who are captured within Entity B. Literally hundreds of hours of our time has been spent questioning/challenging the working parties and Government on Zoom.



My opinion on the likely outcome of the Three Waters

The short answer is that reform seems to be accepted and is looked at as being a done deal. Yes, we are all angry at the way Government has engaged with Councils, Iwi and communities but it now seems to be inevitable. The National Party have said they will reverse the legislation, but have been silent on how or what will replace it while acknowledging that reforms are needed particularly in the establishment of new water regulators. In my opinion, once established, the new entities would be near impossible to break up. It would seem to me that our best chance of getting change is to be “at the table” with Government seeking these changes.

So back to what the LGNZ Working Party is taking to Government.

You can read the full report to the Working Party [here](#).

And this is my brief summary –

1. The Working Party is advocating for a change to the ownership model to one where all Councils retain their assets by way of a shareholding based on the population of the entities.

My comments to this are –

Firstly, our shareholding and voice would be minor and large Councils would be dominant, but the huge advantage is that all Councils irrespective of size would have a voice and more importantly, the veto right ensuring that the entity could not be privatised. I question whether this change will allow what is termed as a “balance sheet separation” restricting the ability for the new entity to borrow. This will be, I am sure, a contentious issue.

Secondly, the Working Party has had a very clear message from Māori that they have no interest in ownership of these assets, which seems to be a popular concern for many people. I stress co-Governorship is not about ownership.

2. The working party is fighting for a strengthened local voice to the entity. Remember that the entity board is not one of co-Governorship. The entity board will be appointed by a co-Governorship (i.e. Iwi and Councils) on the basis of best available skills. So the Working Party are asking for a sub-regional representative group to report to the regional representative group. I know this sounds complicated and insane but it makes sense. You can't have 41 Councils and Iwi at the table so we would probably be part of a Taranaki/Whanganui group electing representatives to represent us. The new regional representative group should also be given more power to challenge the entity board on strategies, priority of spend and performance. The Working Party advocates for the new regional representative group. If all of this is confusing please refer back to the Working Party reports and Government's position available through the LGNZ website.



RANGITIKEI
DISTRICT COUNCIL

I have been asked to be part of and co-Chair a technical working group to look at policy around Three Waters reforms, especially focussing on the RMA aspect. Over the next few days I will know more about my role, who will be involved and the scope of this work. This is a high level working group which has a real chance of locking in process. With the changes in legislation the devil will be in the detail and this is about detail. This is a chance to challenge and to say if it is to go ahead this is how it must be enacted. I was recommended to the Minister to head this process presumably because of my knowledge of the RMA and policy background and also because of issues that I have raised about the detail in the Government's position.

The Three Waters has been focussed on the delivery of potable water. In my opinion potable water will be less challenging than the waste-water reform.

As always, if any individual or group wants to meet with me so that I can hear their concerns I am more than happy to do so.

Andy Watson
Mayor - Rangitikei

Making this place home.