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Hon Nanaia Mahuta

Minister for Local Government

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**GREAT LAKE TAUPŌ**

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Dear Minister

## **FEEDBACK ON GOVERNMENT'S PROPOSED THREE WATERS REFORM**

Thank you for the opportunity to provide the view of the Taupō District Council (Council) on your proposed Three Waters Reform agenda.

### **Introduction**

Council absolutely shares the Government's goals of ensuring every community in New Zealand receives clean, safe drinking water, and wastewater and stormwater are managed in an environmentally friendly manner. The taonga of Lake Taupō, the Southern Hemisphere's largest freshwater body and primary source of the Waikato Awa is the tangible connection we have with Te Mana o te Wai. We have invested heavily over the years, alongside Government, iwi, and the Waikato Regional Council to protect and enhance these taonga. Our initiatives with the Lake Taupō Protection Project having received national and international recognition. There can be no question that we understand the importance of water.

We agree that the status quo for three waters is untenable going forward. While we question specifics in the modelling assumptions and outcomes, we share the view that the case for change has been made, and the status quo is no longer an option. We further agree that cost escalation and affordability are inevitable and will challenge our communities' ability to fund the required improvements.

While we accept the current proposal seeks to address these financial issues, there are several significant issues of community concern including iwi that have not been adequately addressed.

These include but are not limited to:

- lack of coordination with other major reforms for local government, and across multiple disciplines.
- the complete erosion of local decision making arising from a centralised model.
- concerns around ownership and control of assets including land, much of which has a mixed purpose for our communities.
- an inability for our communities to provide for our own future in terms of growth and development.
- No consideration of social, cultural, community and environmental issues local government is mandated to address and add value to that community.

Council's engagement and review of the proposal, as it is currently formed, leads us to conclude it is not the right way forward for our community.

We have not considered any opt in or out decision and understand the legal constraints applicable. However, in our view such a decision must remain with councils. We see Government mandated participation as unconstitutional and our community, including iwi,

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would consider this a form of compulsory acquisition, and a significant breach of trust. We strongly encourage you to step back from compulsion which would be seen as a regressive move, likened to the forced land acquisition under the former Public Works Act.

There needs to be full community consultation undertaken by the Government, to ensure the people are 'taken on the journey'.

The Future for Local Government project terms of reference include review of services and activities undertaken at what level of government (central, regional and local) and how these are funded. Three waters is integral to that discussion. Looking at three waters in isolation will result in ad hoc decisions that communities will not understand or accept. We believe that any decisions on Three Waters must be made in that context.

Finally, it is our very strong position that this reform agenda needs to be put on hold immediately and included in the Future for Local Government project.

The remainder of this submission will articulate the concerns that Council has with the reforms.

### **We understand the need for reform**

We accept the case for change as made out and acknowledge there is no 'status quo' for three waters service delivery. We support the changes already enacted through new drinking water standards and the creation of Taumata Arowai.

We acknowledge that significant increased investment is required and that current delivery mechanisms will not achieve that.

We accept the basic economic benefits arising from economies of scale of larger entities. However, the bigger is better model removes local input and the principle of subsidiarity, ensuring the people directly affected remain engaged. The inevitable trade-offs with size inherent in the proposed system have not been adequately examined.

### **We submit the reform process needs reconsideration**

We acknowledge the work completed to date by world leaders in their respective technical fields. These experts have spent a considerable time collating information and preparing the current economic model.

Council is then given 8 weeks to digest this material and reach an informed position and/or decision on the model. The public, yet to be formally consulted, will be given an indeterminate timeframe and may not even be afforded the courtesy of consultation.

Our position is the timelines are too tight and will inevitably lead to less-than-optimal decisions.

We understand there are other feasible options that would achieve the same goals as the reforms. These have not been provided to councils for comment. Without full disclosure of these, it is difficult to work in a truly open partnership to design the future.

Coupled with this are the significant other concurrent reviews and reforms. Two of these; the RMA, with the changes inherent in the Natural and Built Environments Bill (notwithstanding the two additional bills yet to be tabled) plus the Future for Local Government have direct bearing on the business of local government.

It is our position that these changes and/or reviews are being undertaken out of sequence. Ideally the Future for Local Government would precede other changes, determining what further changes are required.

Respectfully these are generational changes that should not be rushed or conducted in an illogical order. The three waters reform process should flow out of these other reviews/reforms.

### **Consultation and partnership**

As a central Government initiative, the consultation process should be led by central Government agencies. The current consultation void has spawned an active misinformation regime. Failing to consult correctly has already undermined the case for reform and increased transition risks should the reform progress.

We have the 'catch 22' position of being asked for our position on the reforms while being legally constrained in providing one without first consulting our community. That same consultation which we have been prevented from engaging in at the request of Central Government. This approach is divisive and potentially undermines the good work done to date across our communities.

Having undertaken limited community engagement we have learned and can report that nearly half of those canvassed felt either poorly or completely uninformed of the changes. Nearly two thirds strongly advocated for local government control, and the general community sense is to retain ownership and control locally and that the changes were being conducted undemocratically. The people want to have their say.

Contrary to what you may have been advised regarding Iwi engagement our kanohi ki te kanohi with Iwi within the Taupō District confirms they have not been consulted and are not engaged in these reforms. Significant concern arises with Treaty settlements specific to Ngāti Tūwharetoa, Ngāti Tūrangitukua, the Te Arawa River Iwi Trust, and Raukawa where we are advised no detail of how their settlement obligations relating to Te Mana o te Wai has been consulted with them. Council shares their concerns and is equally concerned proposed reforms will erode our relationships with these iwi partners.

While we endorse and support in principle central Government partnering with local government on three waters and all other matters of significance, the current approach is not conducive to building that partnership. Our observation of community sentiment suggests central Government has misread the community feeling about these issues. Finally, the advertising campaign undertaken by Government was factually incorrect, offensive and no way to treat partner organisations.

### **Concern over accountability measures**

The new entities' size and scale will create degrees of separation affording only high-level expressions of a community's aspirations. Local decision-making will be problematic or non-existent. The dislocation and remote nature of decision making inherent in the model is unacceptable.

We view current accountability measures as inadequate in protecting community interests. A better way of ensuring Council and community aspirations are taken into account must be found. We suggest direct shareholding (and therefore ability to direct) of some sort. Decision making around infrastructure is driven by more than engineering demands or economics. The four well-beings must be integrated into all decision making to align any new entities' decisions with that of Council.

### **Significant planning for any transition is required**

Councils will play a vital role in any transition to a new system. We have seen little evidence of how transition will progress.

The complexity of the physical and legal environments that three waters assets sit within appears to have been understated or completely misunderstood. The movement of staff and the timings of those movements will have flow on effects across all of council business. Disruption to existing work, planning cycles, legislative responsibilities and asset management issues all need careful consideration. We have no confidence that these matters have been or are being addressed.

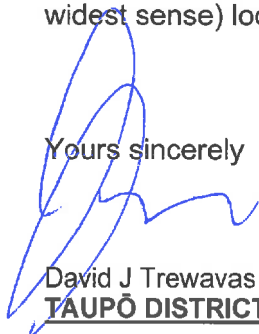
A significant amount of work is required to “unpick” the three waters infrastructure from our organisation, and from the physical situation around land, easements and shared use of spaces. Likewise, we understand that there are significant financial constraints around transferring of debt, that will need to be worked through.

### Summary of key points

1. The reform of three waters needs to be integrated into the suite of reforms currently underway. They need to be conducted in a logical, sequential order, with the review of local government being the logical first step.
2. We accept and support the revised national standards for drinking water and improved environmental standards for wastewater and stormwater. We further understand that this will result in increasing costs and the need to fund these for our communities.
3. There is an absolute need to consult with the community and ‘take the people on the journey. Ensuring a clear process exists and our communities including Mana Whenua have a voice and active participation in decision making. This has not happened and has alienated communities as a result.
4. The accountability measures need further work to ensure local communities are strengthened and do not suffer reduced outcomes. This includes the concerns our iwi partners have raised over an erosion of Treaty of Waitangi obligations and local relationships.
5. We are concerned that the Government has grossly underestimated the complexity of the transition. The new entities are sufficiently complex particularly regarding Iwi, Mana Whenua that serious concerns remain regarding capturing the diversity of voice.
6. On the basis of all of the above we request an immediate stop to the three waters programme.

Continuing with these reforms in isolation to the Future for Local Government process will result in substandard outcomes, missed opportunities and significant kickback from our community. We understand that the status quo is untenable for three waters, and that change is required. The model as proposed does not address the non-financial considerations associated with these activities. We encourage you to work with local government and communities to design a complete and comprehensive picture of what government (in its widest sense) looks like for New Zealand.

Yours sincerely



David J Trewavas JP  
**TAUPO DISTRICT MAYOR**



Gareth Green  
**CHIEF EXECUTIVE OFFICER**

cc Hon Louise Upston - MP for Taupō  
Rawiri Waititi - MP for Waiariki Electorate  
Paul James - CEO, Department of Internal Affairs  
Three Waters Reform Panel - Department of Internal Affairs