

# SUBMISSION

## WATER SERVICES ENTITIES

### AMENDMENT BILL 2023

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#### INTRODUCTION

1. Taupō District Council has previously submitted on the three Water Services Bills giving effect to the Affordable Waters reform. In these submissions we raised several concerns, particularly on the lack of genuine partnership between the proposed water services entities and councils, the loss of control of these essential services and loss of community voice.
2. Our district is home to 40,000 people from a diverse range of communities including large Māori communities. As a district, we experience a fluctuating population due to seasonal tourism, with 1.2 million bed nights booked annually. These large swings in population place significant demands on our three waters infrastructure and it needs to be managed effectively to maintain the current high service levels that our communities enjoy.
3. Our communities are also growing and as a provincial council, we have been diligent at managing this strong and consistent growth by heavily investing in our three waters infrastructure. As our communities grow, timely infrastructure provision is crucial for sustainable development and to support urban growth.
4. The heart of our district is the Great Lake Taupō and the Waikato River that flows out of it. Our community places a high value on these waters that sustain us and our natural environment. We want to make sure that the importance we place on our waters is reciprocated by the water services entities and maintained for the benefit of current and future generations.
5. We are pleased to see that some of our concerns are addressed by the proposed Water Services Entities Amendment Bill, but we are still of the view that by attempting to do too much too fast, the Government has not fully understood the importance of community interest and influence on the delivery of water services.
6. We are also disappointed by the limited time afforded to us, our iwi partners and our community to make a submission on this Bill, and to better understand the implications of the proposed amendments on our operations, our staff and our community. We have not been given the opportunity to form a view together with our iwi partners and the wider community.
7. We observe that the pace of this, and other national-level reforms, continue to be unreasonably fast and these reforms are taking a substantial share of our limited human resources, increasingly straining our capacity, and diverting resources away from areas that directly impact the wellbeing of our community. It is unacceptable that local councils are expected to keep abreast of fast paced and complex reforms without providing adequate resourcing.
8. The amendments proposed in this Bill are a step in the right direction and provide a pragmatic and proportionate response to some of the concerns we raised in the past. However, they could go further to ensure that the interests of our present and future generations continue to be safeguarded.

#### OUR KEY POINTS

9. **We agree with new provisions which allow every territorial authority to have a seat at the Regional Representative Group.** We welcome this amendment. By ensuring that every territorial authority is guaranteed a seat at the table, the decision-making processes of the water services entity would be a better reflection of a well-functioning democratic process.

10. Territorial authorities manage three water services on behalf of their community, and it is important that their voice is heard around the table. The current proposal provides us with more assurance that we could influence decisions that affect the interests of our communities, albeit with less direct control than we currently enjoy or would prefer.

**Recommendation 1:** The Bill be kept the same in relation to the representation of the territorial authorities it represents.

11. **The longer transition period is an improvement but staggered transition dates outside of 30 June would be challenging and we believe territorial authorities should decide the establishment date.**
12. Clause 5 provides for a staggered transition process whereby the 10 water services entities will be established between 1 July 2024 and 1 July 2026 by order-in-council, presumably from advice of the Minister. We are supportive of the longer transition process.
13. However, the Bill does not require the Minister to formally consult with territorial authorities and with local iwi and hapū, before setting the establishment date. At minimum, the Bill should direct the Minister to seek the views of territorial authorities, and those of iwi and hapū, before doing so.
14. We consider a better alternative to be for territorial authorities to decide when to transfer their water services to the entity because we know how our internal systems and processes work. It is clear to us that transition dates falling outside 30 June would be challenging as it would produce additional workload and added complication for the financial aspects of the transition. We would prefer not to transition outside this date but if we did have to then consideration should be given to funding and resourcing of this.

**Recommendation 2:** We recommend the Bill be modified to allow territorial authorities to decide when the water services are transferred to the water services entity (provided that it is before 01 July 2026). At a minimum, the Bill be modified to direct the Minister to consult with territorial authorities, and with iwi and hapū, before an establishment date is set and additional funding be provided to territorial authorities transferring outside of 30 June.

15. **Community priority statements provide an alternative way for our community groups to be heard but it should be made clear that the water services entity is not required to give effect to them.** The Amendment Bill (subpart 4A, s145A to s145C) introduces a new mechanism for persons wishing to submit a priority statement to the water services entity if the person making the submission has:
- a. their ordinary place of residence, or registered office or main place of business, in the service area of a water services entity; and
  - b. an interest in how water services are provided in the service area, or how activities of the entity relate to the water body.
16. Although this is a pragmatic way for the Regional Representation Group to hear from local communities, the use of the word 'priority' in the name could be misunderstood as requiring the water services entity to implement these statements. This is not the intent of this new provision, and the water services entity is only required to **consider** a Community Priority Statement made by a community group on a particular water body.

**Recommendation 3:** We recommend the Bill be modified by changing the name of Community Priority Statements to one that makes its legal standing clearer and removes the risk of it being misunderstood.

17. **The ability to enter into shared service arrangements to achieve scale and efficiency gains is sensible but direct ministerial intervention is not really required.** The Amendment Bill (clause 15) provides for the Minister to direct water services entities to enter into shared service agreements largely pertaining to back-office systems.
18. We are of the view that territorial authorities, through their representation on the water service entity, are best placed to determine which service arrangements should be shared and with who. It is not clear to us why provisions allowing direct ministerial intervention are required or desirable.

It is hoped that the Board of the water services entities would take any and all action that has clear cost savings that benefit their customers and the communities they make up.

**Recommendation 4:** We recommend the Bill be modified to remove those provisions enabling the Minister to direct water services entities to enter into shared service arrangements.

19. **We welcome new provisions that provide temporary concessions and amendments on accountability documents, rates and development contributions. However, the continued gaps in the legislation concerning various financial aspects pose significant challenges in preparing the 2024-34 Long-Term Plan and is putting its deliverability at risk.**
20. Under the current Water Services Entities Act (2022), local authorities are explicitly required to exclude water services from their 2024/2034 Long-Term Plan (clause 27) and this Act left gaps on the treatment of rates revenue and development contributions collected by local authorities beyond the establishment date.
21. While this Amendment Bill introduces temporary concessions through amendments made to the Local Government Act (2002) and Local Government (Rating) Act 2002 including on the collection of rates revenue and development contributions, and on the treatment of funds collected beyond the establishment date, it falls short of providing additional detail on the wider financial aspects. For instance, the accounting treatment of the asset transfer, how long local authorities will be required to collect rates revenue and development contributions, and how debt will be treated by the water services entity. Territorial authorities urgently need this information to make effective strategic decisions for the 2024-34 Long-Term Plan.
22. The persistent gaps in the legislation are making the preparation of the 2024-34 Long-Term Plan challenging and is putting its deliverability at risk. It is unacceptable to expect councils to be clear and concise and deliver on time when the legislation itself remains unclear and incomplete.

**Recommendation 5:** The Bill be amended to provide additional information to enable councils to better identify how the proposed concessions and amendments will impact them and to be able to make strategic decisions for the 2024-34 Long-Term Plan.



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