

Three Waters Reform – what's it about?

1 What's being proposed?

Last year the Government announced a proposal to change the way three waters services are managed across New Zealand.

What are the three waters?



Drinking water – safe, potable water supplied to households for drinking, personal and general household use



Wastewater – water from bathrooms, laundries etc that's taken away through the sewerage network for treatment and discharge



Stormwater – runoff from rainfall that's collected from roofs, roads and hard surfaces, piped away and discharged to the environment

For most households, these services are currently owned and operated by the 67 local councils. Privately-owned water supplies and schemes are not included in the reform proposals.

The Government is now proposing to transfer responsibility for these services into the hands of four new water services agencies or 'entities'.

Each entity would be owned by the councils in its area, and Iwi/Māori would also participate in the governance structure.

Selwyn would become part of Entity D which covers most of the South Island.

Each entity would be responsible for operating and maintaining the three waters networks, and would charge users for the services – in the same way that councils currently charge through a combination of rates and water charges.

The Government says the reform would save ratepayers money in the long term and would result in better quality and safer water services.

The new entities would also be responsible for meeting the water quality and safety standards set by the new water regulator, Taumata Arowai.

At this stage the Government says it will be optional for councils to be part of a new entity – they can opt in or out. But it has not ruled out making the new system compulsory.

The four entities

Assumed connected population 2020

Entity A 1,725,850

Entity B 799,610

Entity C 955,150

Entity D 864,350



Why – and why now?

The Government believes the current arrangements aren't sustainable for many councils and their communities around the country. Some of the reasons they have given include:

- Many councils have underspent on infrastructure in the past – this means they are left with old, unreliable infrastructure.
- These councils will face large costs to upgrade their infrastructure – which would be difficult for many smaller councils.
- Councils will also have to meet the rising future costs associated with water quality and safety, environmental standards, climate change and community expectations.

The reform proposals suggest that because of their size, the new entities would be better able to borrow the funds needed to invest in the necessary upgrades.

The Government also suggests the entities would be better able to meet Iwi/Māori aspirations, build resilience to natural hazards and climate change, and support growth.

Responsibility for water services would transfer to new entities.

2 What's the situation in Selwyn now?

The Council is responsible for planning, building, operating and maintaining the three waters services in the Selwyn district.

Here's a snapshot of what we provide for our residents:

\$610.5 million

in total assets managed on behalf of the community

Drinking water
\$202.3m

Wastewater
\$329.8m

Stormwater
\$78.4m

Drinking water



1,356 km pipes

8.8 million m³ of drinking water supplied to households

78% of Selwyn residents supplied by 30 public schemes

Wastewater



573 km pipes

3.4 million m³ wastewater treated

Stormwater



21 urban stormwater schemes

89 stormwater basins/wetlands



Independent assessments show that Selwyn's water services and costs compare very well with other districts. Some key facts:

- Low cost to ratepayers – volumetric charge for water per 200m³ is the lowest in Aotearoa*
- \$882 – average total household rates paid for drinking and waste water in 2020*
- Good condition – some of the newest drinking and wastewater infrastructure in Aotearoa*.

* Water New Zealand National Performance Report 2019/20

The Council's role includes:

- assessing the network for improvements or work needed
- consulting with the community on plans and costs
- considering relevant legislation and standards
- planning and developing infrastructure for the district's growth.

We set our work programme through the annual and long-term plans, which include consulting with the community. The work programme is funded by a mix of development contributions (payments made by developers to provide infrastructure) and rates.

In the past 10 years the Council has made significant investment in maintaining and upgrading these water assets – including more than \$60 million in maintenance and upgrades in the past five years alone:

- \$31.95 million in drinking water
- \$28.86 million in wastewater
- \$2.51 million in stormwater

We continue to plan and invest for future growth and improvements to our water services:

- \$104 million – budgeted in the current Long-Term Plan for major three waters projects over the next 10 years
- \$440 million – forecast assets to be built by developers and vested to the Council for future management over the next 30 years

Our water services are among the cheapest and newest in the country.

3 What would the reform mean for Selwyn?

The Government's reform proposals would mean significant changes for the Council and residents, in the way that water services are managed in Selwyn.

► Here's some of what we know so far:

Assets and operations

- Control of the Council's three waters infrastructure (all the pipes, pumps, treatment plants etc) would transfer to the new Entity D.
- Councils would retain ownership of this infrastructure, through the entity.
- The new entity would operate and maintain these assets, and charge residents for the services (at the moment these services are charged directly by the Council).
- The Council's water services staff would transfer to the new entity.

Future costs

- The Government is predicting that long-term costs to residents would be lower under the new entity, than under Council control – but we have not yet seen sufficient evidence to support this.
- Costs to users are expected to increase as a result of the demand for higher water quality standards.

Governance

- The new entity would be collectively owned by the councils in the entity area – which covers most of the South Island (corresponding to the Ngāi Tahu takiwā).
- The entity would be responsible for planning, funding, building, operating and maintaining all three waters services.
- Entities would be required to consult with communities on key planning decisions.
- Iwi would be invited to participate in the entities, but would not have an ownership role or right of veto.

But there's still a lot we don't know about the Government's proposals – we're asking for more information on key details, and for more time to understand the implications for our communities.

► Some key things we don't know yet:

Future costs

- The Government's projections assume that the new structures will generate savings and efficiencies over the next 30 years. However the information we've been given so far doesn't include any detailed analysis to back up these projections.
- Water quality and safety standards are likely to be tightened in the future – we don't yet know what those standards will be, and what extra costs there would be as a result.

Governance/local voice

- How much say will local communities have under the new structure? At present communities have a strong local voice through consultation on annual and long-term plans. How will that local voice be maintained?
- How will the new entity be accountable to our local communities?

Planning for growth

- Selwyn continues to be one of the fastest-growing districts in the country – and we have been successful in coordinating the provision of water infrastructure with the district's growth and development. How will that coordination be maintained under the new structure?

There's a lot we don't know yet – we're asking for more information.



What is the Council doing now?

Selwyn residents have told us that having access to safe, secure and high quality water services is a top priority. We want to make sure our communities continue to have that access – and that future services are to the same quality standards that they currently enjoy, or better.

There are too many unknowns right now for us to be able to make an informed decision on whether or not to support the Government's reform proposal.

We're committed to giving our residents a say in that decision – but first we need to know more. So we're asking for more information from Government – about things like:

- Future costs to our communities and how they've been calculated
- Ensuring continued access to services
- When will our communities get the opportunity to see the detail of the proposal – and have a say?
- How will our communities' local voice be safeguarded?
- How will the partnership with mana whenua work?
- Who will set the priorities for investment decisions?

We've also taken the lead in asking the Government to pause the reform process until more detail is available and other critical reforms are further down the track – including the reform of the wider local government sector, and of the Resource Management Act.

We're also working collaboratively with the other councils in the proposed Entity D area, along with Ngāi Tahu, to better understand the potential impacts of the Government's reform proposals.

4 Timeline and next steps

Government engaging with local councils

We are currently in an eight-week engagement period with the Government, through to the end of September 2021. This stage is to seek more information so that we can better understand the proposal, and what it means for Selwyn. This isn't a decision-making period as the Government hasn't finalised the reform proposals.

At the end of this period, the Council will go back to the Government with questions and initial feedback.

Before any decision is made the Council will consult with the Selwyn community.

Public consultation – councils consult their communities

From October the Government will consider the next steps for the reform programme and a timeframe for decision-making, including public consultation with communities.

We will be making it clear in our feedback to the Government that we fully expect to consult with our community before we make any decision. At this stage, provided the Government keeps the option for councils to opt in or out of the proposals, we expect this consultation to take place later this year, probably in November.

We all want to know what happens next – and that's in the Government's hands.

Key dates

WE ARE HERE

July 2020	June 2021	Aug–Sept 2021	Oct–Nov 2021	December 2021	January 2022 to June 2024	1 July 2024
Government launches three waters reform programme	Government announces proposal to create four water entities	Engagement with local councils	Government to decide on next steps and final proposals and councils to conduct public consultation	Councils to decide if they are opting in or out of the proposal	Transition phase	Entities fully operational

For more information

- Department of Internal Affairs www.dia.govt.nz/Three-Waters-Reform-Programme
- Selwyn District Council: www.selwyn.govt.nz/threewaters