



12 May 2022

Hon Nanaia Mahuta  
Minister of Local Government

By email: [Nanaia.mahuta@parliament.govt.nz](mailto:Nanaia.mahuta@parliament.govt.nz)

Dear Minister Mahuta

## **Opposition to the proposed three waters reform model**

New Plymouth District Council wishes to reaffirm its opposition to the Government's proposed Three Waters Reform model and decision to mandate.

NPDC has already accepted the status quo regarding three waters is not an option. Our long term plan laid out a prudent programme of infrastructure improvements and the corresponding funding arrangements designed to lift the performance of our three waters networks sustainably to ensure they service current and future generations reliably.

Our community understood and largely accepted the situation which necessitated a 12% rate increase in year one followed by nine years averaging increases of more than 6% to tackle the backlog of maintenance and renewals, install water meters, fund growth requirements, improve the resilience and environmental performance of our three waters networks as well as tackling long standing issues with stormwater and failing septic systems in some of our smaller communities.

We developed our plans with significant input from mana whenua.

## **Six Questions the Government needs to answer for our community**

1. Our community is concerned about the loss of local voice and influence in the delivery of Three Waters infrastructure due to a lack of accountability to local decision makers and Government must explain how this could possibly deliver better services for our people.
2. Our community is upset at not having the ability to participate in a meaningful consultation process prior to the reforms being developed and Government must explain why it chose not to engage with the public during the policy development process.
3. Our community is concerned about co-governance and Government must define what co-governance means and how it will impact on the delivery of three waters infrastructure in Taranaki.
4. Our community is concerned about cross-subsidisation, water pricing, price shocks, the risk of privatisation and the impacts of the reforms on vulnerable households and Government must explain what protections we have from the significant risks the reform creates.
5. Our community is concerned compliance costs will outweigh any benefits of scale or efficiency gains and would like Government to differentiate between what are the core infrastructure problems to be solved and what are the political ideological positions being proposed and the forecast costs and benefits of each.
6. Our community would like to know why Government cannot reach across the political spectrum and work with opposition parties, as we are doing with our climate response, to develop a proposal capable of enduring a change of government to give our community and our council employees clarity and certainty about the future of three waters infrastructure in New Zealand.

## Our view of the material issues

**Consultation** - If we took this reform out for public consultation in North Taranaki it would be overwhelmingly rejected by the people we serve. The opt out removal and subsequent mandating has caused widespread frustration and distrust which may have been avoided with more meaningful community consultation.

**Recent changes** - While we acknowledge the Government's acceptance of the majority of the Representation, Governance and Accountability Working Party's recommendations has delivered some improvement we wish to reiterate our ongoing opposition to the updated model.

**Borrowing costs** - We note the Government has refused to financially underwrite the new water service entities to allow them to borrow money at the sovereign rate in perpetuity, an omission that will ultimately increase the cost of borrowing for the entities over time, a cost that will then be passed on to our people. NPDC's credit rating matches the sovereign rate.

**Loss of Crown funding** - We also note through the reform the government is stepping away from any future commitment to provide any Government investment in three waters, a disappointing policy position given historically the Crown has assisted many Councils around New Zealand in funding significant three waters infrastructure, particularly in rural and provincial areas.

**Stormwater** - We believe the inclusion of stormwater within the reforms will lead to suboptimal outcomes for the people we serve and our environment due to the complexity and integrated nature of the piped stormwater infrastructure with our parks, sports fields, flood protection and roading assets which require collective planning, development and maintenance.

**Complexity and compliance costs** - We feel the complexity of the model, the significant compliance costs it will generate, along with decisions not to optimise borrowing costs through a government guarantee are likely to offset any efficiency gains that could be achieved through scale. We note the model does not factor in the costs of compliance with the RMA reforms or Te Mana O Te Wai requirements.

**Centralisation agenda** - Minister our sector feels under threat with reforms in three waters, RMA and the future of local government likely to shrink and undermine the ability of local communities to participate in decision making related to their public services and infrastructure.

We note the preference for centralisation articulated through reforms to our tertiary education and health sectors and foresee a future where more than 95% of taxation and decision-making is driven out of Wellington, leaving local government to mow lawns and pick up the rubbish, and even the way we administer the simple task of dealing with rubbish and recycling is being further dictated and taxed by Wellington. This is of concern for us, as local governments have invaluable knowledge of local communities and their needs, and can adapt solutions to meet local needs more effectively and efficiently than central government.

**Community concerns** - Since the three waters decision has been announced, we have been hearing anger, concern and frustration expressed from our communities. The residents we work for are rightly concerned about the loss of local say over the three waters and the absence of any opportunity for them to provide feedback before the proposal is finalised.

## A way forward

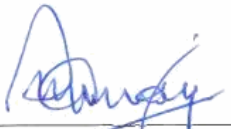
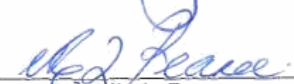

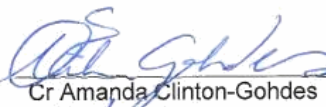

We note NPDC has developed plans and has the balance sheet capacity to address the infrastructure deficit in our district and we have commenced work on the potential establishment of a Taranaki regional Council Controlled Organisation in collaboration with Stratford and South Taranaki district councils.

Collectively our three councils have the balance sheet strength to fund the infrastructure necessary to deliver compliant three waters services and our cost of debt is likely to be the same or lower than the reform entities.

NPDC requests that the Government:

- a) Answer the questions we have posed in this letter
- b) Considers the future of the Three Waters Reform process following the conclusion of the RMA Reform and the Future for Local Government Review.
- c) Works with councils to develop, evaluate and agree on alternative delivery models which provide opportunities for more local control and/or voice than the current model.
- d) Must undertake community engagement and consider the views of New Zealanders before finalising any legislation.
- e) Look for cross party input and agreement on a future model capable of enduring a change of Government to give our communities and three waters workforce a sense of stability and certainty about what the future holds for Aotearoa's three waters infrastructure regardless of electoral outcomes.

Yours sincerely

  
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Mayor Neil Holdom  
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Deputy Mayor Richard Jordan  
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Cr Richard Handley  
\_\_\_\_\_  
Cr Anneka Carlson  
\_\_\_\_\_  
Crr Gordon Brown  
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Cr Marie Pearce  
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Cr Colin Johnston  
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Cr Tony Bedford  
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Cr Amanda Clinton-Gohdes  
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Cr Stacey Hitchcock  
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Cr Harry Duynhoven  
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Cr Dinnie Moeahu  
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Cr David Bublitz