

12 July 2022

Finance & Expenditure Select Committee Chair
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Dear Madam,

Submission on Water Services Entities Bill

The Gore District Council is opposed to the Government's model for Three Waters reform as encapsulated within the Water Services Entities Bill.

However, we acknowledge there is an immediate need for a system change to how water and wastewater services are financed. Indeed, in the Council's case, the financial challenges to meet rising environmental standards, particularly regarding wastewater treatment, are huge.

Previously, this Council has advocated for a funding arrangement akin to the relationship that currently occurs with Waka Kotahi to fund roading infrastructure. Under this type of arrangement, there is no reason why we could not overcome the challenges Three Waters infrastructure presents.

Unfortunately, the Government appears impermeable to seriously entertaining an alternative model for the Three Waters reform.

Over the years, this Council has developed an ongoing close and constructive relationship with local Iwi on several fronts. We would welcome the opportunity the Waka Kotahi model offers to further this relationship and overcome the large-scale public opposition to the Government's current proposal.

The Best Way Forward – A National Referendum

Given the troubled history of this reform process, we urge the Government to pause and seek a mandate. The number of stumbles, misinformation, misleading behaviour and design flaws warrants a national referendum on this critical issue.

The Government has arrived at a place where it has a reform proposal in mind, yet it is confronted with unprecedented opposition.

A national referendum with a standardized question and supporting background information will provide indelible evidence of whether the Government has the mandate to press on with these reforms.

If the Government genuinely believes it has the requisite level of support, it should not be afraid to embrace this recommendation.

The referendum could be held either at the time of the forthcoming local government elections or as a standalone event shortly afterwards. Either way, the Council contends that a referendum would attract a good turnout given the level of interest in this issue.

To bring some clarity and cohesion to this highly divisive issue, let's take a journey on the Government's tortuous process in arriving at the Water Services Entities Bill

Havelock North – 'The Stalking Horse'

The genesis for Three Waters reform appears to be the contamination of the Havelock North drinking water supply in 2016, which caused thousands of people in this community to become ill. The Government inquiry into the Havelock North incident highlighted a sad and inept trifecta of the district council, regional council, and Ministry of Health all failing in their respective duties to protect the water source from contamination.

Interestingly, two years before the Havelock North outbreak, the Gore District Council decided to designate land around the main water source for Gore – Cooper's Wells - to regulate land use near these bores.

At the time, the Council was widely criticised for taking an extreme regulatory measure, a decision that was vindicated by the Havelock North incident.

It appears the Government has used Havelock North as its 'stalking horse' to suggest other communities in New Zealand have similar contamination risks. In the case of local authorities delivering treated water to urban communities, this is not the case. While we acknowledge that some small water schemes may not have the high levels of treatment desired to prevent the infiltration of bacteria and protozoa, urban water supplies in New Zealand are carefully managed in the main. Put simply, Havelock North was an extreme case where incompetence on a grand scale by multiple parties was clearly evident.

Misleading Advertising Campaign

When examining the path we found ourselves on, we need to emphasise the Government's widely criticised and misleading advertising campaign used to justify the reforms. Lampooning local government with cartoon characters with a plot that would make a B-grade Western appear to be a nuanced work of art highlighted how out of touch the Government has been on this serious issue. The inclusion of slogans casting local government as the 'bad guys that cannot be trusted' was both disingenuous and duplicitous. It is, therefore no wonder that there is a high level of mistrust within the local government sector about the Government's intentions with Three Waters reform and the extreme measures it will use to implement its agenda. Like any poor movie, the cartoons were axed, but the memory lingers.

Hobson's Choice

During the early phases, the Minister of Local Government was at pains to emphasise that Three Waters reform was a conversation with the sector. Further, the Minister stressed that Councils would be given a choice about whether they could opt in or out of the reform process. When this sales pitch was unsuccessful in appeasing mounting concerns in the sector, the Minister unceremoniously dumped the choice option and instead legislated a mandatory opt-in for all councils.

Once again, trust levels between local and central government hit rock bottom. Councils were offered a potential path of independence and then had the route blocked due to the Minister and the accompanying advertising programme, mentioned above, failing to settle growing concerns about the reform agenda.

A Flawed Reform Vehicle

The preferred reform vehicle of four water services entities seems unduly complex and laden with bureaucracy. Whether there is sufficient skilled staff to fill all positions within the new entities, which will no doubt be generously structured and highly risk-averse, is a moot point.

There have been an assortment of bolt-on provisions arising from the 47 recommendations from the Local Government Working Group on Representation, Governance, and Accountability of New Water Services Entities. This suggests the vehicle is not fit for purpose and will be slow and unreliable due to the amount of tinkering required just to get some forward momentum.

Standing back from the frenzied modifications deemed necessary to the Government's original structural model, the labyrinth of regional representative groups and panels makes it near impossible to tell how the average citizen will have any reasonable way of wielding a modicum of influence.

Put another way, the reform proposal will likely create four bureaucratic monsters that will be hard to penetrate and even harder to influence.

If the Government genuinely believes in democracy and acting in accordance with the wishes of the people it serves, it needs to realise that its clumsy approach to the reform process demands a fresh mandate be sought.

In closing, this Council would like to be heard in support of this submission and would request an opportunity to submit in person within the Southland region.

Yours faithfully

Tracy Hicks
Mayor, Gore District