

Democracy Drained

THE GOVERNMENT'S PROPOSED THREE WATERS REFORM



The overview:

The Government is proposing moving the management of drinking water, waste water and storm water (known as the Three Waters) away from local councils and into four new regional entities across New Zealand. This briefing paper explores what this means for you.

What is the government offering your council in return for its water assets?

The Government has offered a \$2.5 billion bribe of no-strings-attached funding to councils in the hope that they will voluntarily opt in to the plan. A large portion of this money will be raised from the very same revenue-producing water assets that will be taken from local councils. In short, having paid to build New Zealand's water infrastructure Households will be forced to pay again.


"\$2.5 billion
bribe"



Why are Three Waters assets important?

Water assets often count for more than half of a council's assets. The effective management of these assets is what determines the affordability and reliability of your water services. Three water services are also an important source of non-rates revenue for local councils. Finally, water assets often count for more than half a council's assets, making them important tools to borrow against to raise money for other infrastructure costs.

Who will own the water assets?

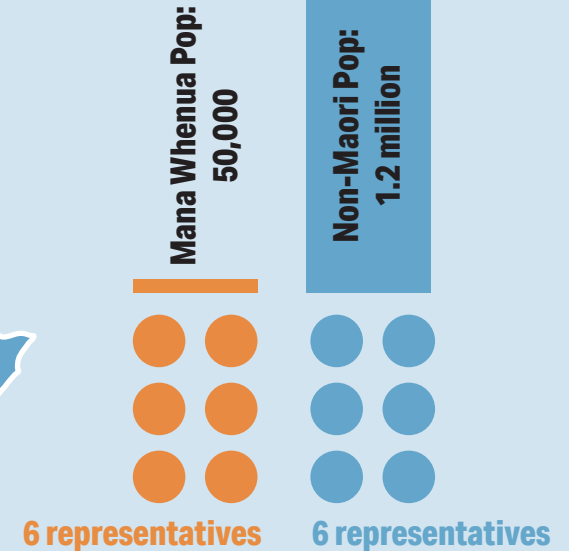
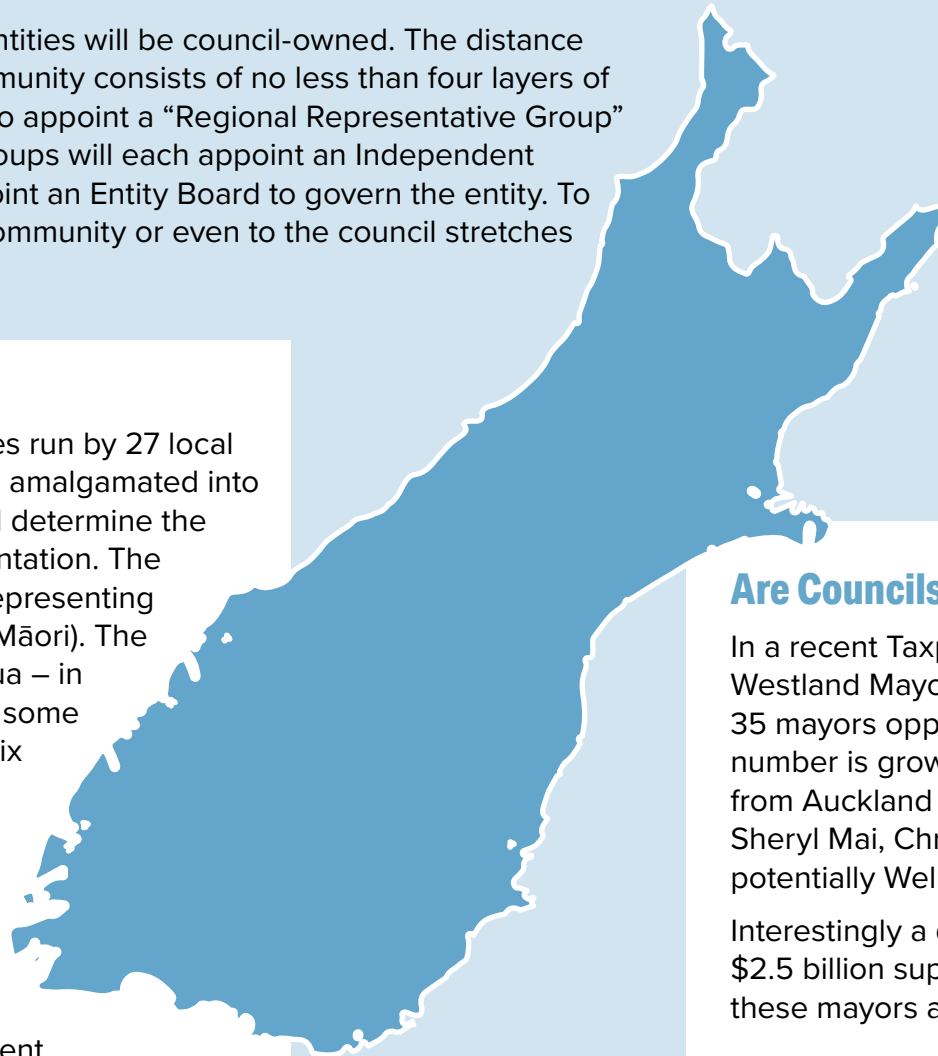
The Government claims that the new entities will be council-owned. The distance between the Entity Board and the community consists of no less than four layers of bureaucracy. Iwi will join with councils to appoint a “Regional Representative Group” for each of the four entities.^{1,2} These groups will each appoint an Independent Selection Panel which would then appoint an Entity Board to govern the entity. To call these entities accountable to the community or even to the council stretches credulity.

EXAMPLE: Entity D

In the proposed reform, water services run by 27 local councils in the South Island would be amalgamated into Entity D (pictured). Two groups would determine the new Entity Board, with equal representation. The first group will be the 27 councils – representing 1.2 million people (including 110,000 Māori). The second group would be Mana Whenua – in this case Ngāi Tahu, which represent some 50,000 Māori. Each group will have six representatives.

In addition, any major decisions, such as whether a council wants to exit the regime or change the services that are delivered, will require a 75 percent majority vote.

Councils that currently have 100 percent control of their assets will have to compete with iwi and 26 other councils for fractional influence of a far larger entity.



Are Councils opposed?

In a recent Taxpayer Talk podcast interview, Westland Mayor Bruce Smith stated that at least 35 mayors oppose the reforms and implied that number is growing. Notably, opposition has come from Auckland Mayor Phil Goff, Whangārei Mayor Sheryl Mai, Christchurch Mayor Lianne Dalziel and potentially Wellington Mayor Andy Foster.

Interestingly a disproportionate amount of the \$2.5 billion support package has been offered to these mayors and their councils.



1. Of course, many councils are already moving toward co-governance models themselves.

2. The entity areas are determined by iwi boundaries, not water catchments.

What benefits is the Government claiming?

The Government has claimed that larger entities will be more efficient meaning slower increases in water rates. The Government claims its proposed reforms will both save money, but also not cost a single council employee their job and even more jobs will be created in the sector. These cannot all be true. The Government's own peer review and those done for LGNZ and its members auditing the claimed economic benefits ridicule the governments modelling. Nania Mahuta's numbers also fail to consider the financial implications of iwi co-governance/control.

Benefits you won't see: rates reductions

The costs of maintaining, repairing, upgrading and staffing three waters infrastructure will be transferred to the from councils to the new water entities. In effect they will be able to tax for water services without ratepayers having representation.

We are yet to see a council commit to a rates reduction commensurate to the reduced cost burden. Assuming that the tendency of councils is still to increase revenue, you will be stuck with your old rates bill, and a new water rates bill on top of that. Do you trust your council with even more money?

Benefits for some: Iwi water royalties

Some iwi claim that they have an ownership interest in water, rivers, and aquifers. With entity boards determined by co-governed regional authorities, and with iwi representatives having effective veto power over major decisions, it is likely water entities (and therefore ratepayers) will be made to pay water royalties to the relevant iwi groups for the right to use water.

This would bypass and potentially undermine normal treaty settlement claim processes. The Taxpayers' Union is calling on the Government to rule out payments to the iwi groups co-governing these new water bodies.

the new water tax?



Questions and Answers:



Will the community be consulted?

The government has said it will likely pass laws to bypass the normal requirements of consultation for decisions like this. That means we have to tell councils to opt out before it is too late.

What if the councils say no?

If some, or even a majority, of councils opt out of the proposed Three Waters regime, the Government says they may simply impose the reforms by law, ignoring councils and local democracy.

What will happen to council's water-asset associated debt?

Councils will lose any Three Waters-associated debt they currently carry upon the transfer of the assets. The debt will transfer to the new entities. Councils that have run their water assets with little or no debt will receive some compensation for their debt headroom.

What can we do to stop these reforms and keep water in local control?

Tell your council to opt out of these reforms by having your say at:

www.ThreeWatersSubmission.nz

Tell your council what you think
www.ThreeWatersSubmission.nz

