



AGENDA

Extraordinary Council Meeting Tuesday, 28 September 2021

Date Tuesday, 28 September 2021

Time 3.00pm

Location Council Chamber
District Council Building
King George Place
Timaru

File Reference 1448900

Timaru District Council

Notice is hereby given that a meeting of the Extraordinary Council will be held in the Council Chamber, District Council Building, King George Place, Timaru, on Tuesday 28 September 2021, at 3.00pm.

Council Members

Mayor Nigel Bowen (Chairperson), Clrs Allan Booth, Peter Burt, Barbara Gilchrist, Richard Lyon, Gavin Oliver, Paddy O'Reilly, Sally Parker, Stu Piddington and Steve Wills

Quorum – no less than 5 members

Local Authorities (Members' Interests) Act 1968

Councillors are reminded that if they have a pecuniary interest in any item on the agenda, then they must declare this interest and refrain from discussing or voting on this item and are advised to withdraw from the meeting table.

Bede Carran

Chief Executive

Order Of Business

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- 1 Apologies**
- 2 Declaration of Conflict of Interest**

3 Reports

3.1 Three Waters Submission

Author: Ashley Harper, 3waters Strategy Advisor

Authoriser: Bede Carran, Chief Executive

Recommendation

1. That Council notes the information outlined in the report on the background and progress of the Government's Three Waters Reform Programme.
2. That Council provides feedback on issues of concern regarding the Three Waters Reform Proposal to enable the development of Council's submission to the Government.
3. That Council resolves that Timaru District Council opposes the New Zealand Government's proposal to establish four water entities and removal of three waters assets and services from local Councils; and that following engagement with the Three Waters Review and the more recent reform proposals, Council has identified three primary concerns that will form the basis of the submission to the Department of Internal Affairs:
 - (a) Loss of local voice, decision-making, and ability to meet local needs and aspirations;
 - (b) The evidence on which the proposal is based is flawed; and
 - (c) Three water service delivery reform should not take place in the absence of clear regulatory standards, and the framework for financial regulation.
4. That Council resolves that Timaru District Council agrees that the Three Waters sector faces many challenges and that the status quo may not be sustainable at a national level, but believes that changes should be aligned and integrated with other local government reforms (Future for Local Government and Resource Management Act Reform); and supports the establishment of Taumata Arowai and the economic regulator, but believes these entities should be given time to become established and clear regulations identified before any reforms, as proposed by Government, are undertaken.
5. That Council delegates authority to the Mayor and Chief Executive to amend and approve the Submission to Government on the Three Waters Reform Proposal.

Purpose of Report

- 1 The purpose of this report is to identify and discuss issues of local concern with regards to the Government's Three Waters Proposal; challenges and opportunities facing Council and the Timaru District regarding the provision of three waters; and provides an opportunity for Council to give feedback to the Government and Local Government New Zealand (LGNZ) on these issues.
- 2 The report provides an analysis of Timaru District three waters data and modelling received from the Department of Internal Affairs (DIA) (prepared by the Water Industry Commission of Scotland (WICS)) and Council's own data and modelling. This analysis helps provide context to Council's identified concerns regarding the Government's proposal.
- 3 To support this discussion, an update is provided for Council on the overarching three waters reform programme including a summary of information currently available relating to:

- (i) The reform background and context;
- (ii) Taumata Arowai and the future compliance framework;
- (iii) The Water Services Bill
- (iv) Economic Regulation; and
- (v) The June/July Three Waters Reform announcements.

Assessment of Significance and Engagement

- 4 Summarise assessment of significance and engagement. Go to Record Number 1406208 to view the Significance and Engagement Policy and Flowchart. Significance for each report should be described on a continuum e.g. very low, low, medium, high, very high. Where significance is higher on the continuum, this will generally require a larger amount of community engagement.
- 5 The future of water service delivery and asset ownership is of high significance to Council and the current and future Timaru District communities. In accordance with Council's Significance and Engagement Policy, Council is committed to undertaking a high level of engagement on the issue to ensure that any decisions made by Council are fully informed by the views of the community.
- 6 This report does not require a decision of Council, at this point, on the future of water service delivery or asset ownership. However, it does not preclude Council from expressing its view in regard to what it sees as the community's best interest based on the information it has currently to hand. The report is seeking a decision from Council on the content of a submission to the Government on the issues and uncertainties of the reform proposal. As such, this report, and the recommendations included are assessed to be of low significance.
- 7 However, to ensure that Council's feedback to the Government has been informed by the views of local communities some engagement has been undertaken. Over the last eight weeks Council has used social and print media to help inform the community of the Mayor and Council's views on the reform proposal, and has sought feedback via a survey on Council's website and in The Courier. Feedback received is attached (Attachment 7) and is summarised in this report.

Background

- 8 Following the serious campylobacter outbreak in Havelock North in 2016, central government initiated the Three Waters Review – a cross-government initiative led by the Minister of Local Government.¹ The Review considered the issues and opportunities facing the system for regulating and managing the three waters (drinking water, wastewater, and stormwater).
- 9 The Review led to the Government launching the Three Waters Reform Programme in July 2020 – a three year programme to reform local government three waters service delivery arrangements. The aim of the Government's system-wide reform is to achieve lasting intergenerational benefits for all communities across New Zealand.

¹ Other government agencies and portfolios involved in the Three Waters Review include: Health, Environment, Finance, Business Innovation and Employment, Commerce and Consumer Affairs, Primary Industries, Climate Change, Infrastructure, Civil Defence and Emergency Management, Housing and Urban Development, Transport, Conservation, and Rural Communities.

- 10 This Reform Programme builds on the Three Waters Review and establishment of Taumata Arowai, as the dedicated water services regulator, and development of the Water Services Bill.
- 11 The focus of the reform programme has been on how to ensure safe drinking water, improve the environmental performance and transparency of wastewater and stormwater networks and deal with funding and affordability challenges, particularly for communities with small rating bases or high-growth areas that have reached their prudential borrowing limits.
- 12 The Government's stated direction of travel has been for publicly-owned multi-regional models with a preference for local authority ownership. The Department of Internal Affairs (DIA), in partnership with the Three Waters Steering Committee (which includes elected members and staff from local government) commissioned specialist economic, financial, regulatory and technical expertise to support the Three Waters Reform Programme and inform policy advice to ministers.
- 13 The initial stage of the Reform Programme was commenced with a Memorandum of Understanding between the Crown and councils which set out the principles and objectives between the parties to underpin a relationship to support improvement in 3 waters service delivery. It was a voluntary arrangement in which all councils across New Zealand participated and did not require councils to commit to future phases of the reform programme, to transfer their assets and/or liabilities, or establish new water entities. This stage of the programme was supported by stimulus funding, provided to all councils to advance water service delivery projects. In return councils agreed to participate and work collaboratively to share information and analysis for government to better understand the state of the system for delivering 3 waters service and the quality of the asset base. The 2020 indicative reform programme and then anticipated next steps can be found in Attachment 1.
- 14 Council completed the significant Request for Information (RFI) process over Christmas and New Year 2020/21, providing DIA with information about Council's three waters assets, operating model and financial model. DIA has used this information, evidence, and modelling (provided by all local authorities) to make preliminary decisions on the next stages of reform and has concluded that the case for change has been made [Attachment 2].
- 15 In June 2021, the Government announced an integrated and extensive package of reform proposals for three waters, together with a comprehensive financial support package. It is this Reform Proposal that Council is now considering, and providing feedback to the Government on.

Context

- 16 While 67 territorial local authorities currently own and operate the majority of drinking water, wastewater and stormwater services across New Zealand, it has been recognised that there are varying degrees of challenges being faced, at both a local and national level, in the provision of these services including:
 - No consistent application and oversight of standards for 3 waters on a national scale;
 - Funding infrastructure deficits;
 - Complying with drinking water safety standards;
 - Complying with environmental regulations;
 - Meeting increasing community expectations of levels of services;

- Building resilience to natural hazards and climate change into three water networks; and
 - Supporting growth and, in some areas, managing decline, into the future.
- 17 The overarching principles of the reform programme, rather than providing piecemeal solutions, seeks to provide a comprehensive system-wide reform to achieve lasting benefits for the local government sector, communities and the environment.
- 18 The reform programme has been progressed as a voluntary, partnership-based approach with the local government sector, and iwi/Maori as the Crown's Treaty Partner.
- 19 The Joint Three Waters Steering Committee provides collaborative oversight of the reform programme that brings together central and local government expertise and experience.

Regulatory Pressures and Three Waters Reform

- 20 The national landscape for water service providers is changing, meaning that the status quo operating and investment model may no longer be viable.
- 21 The Government is progressing reforms to the regulatory environment to help ensure all New Zealanders have access to affordable and safe drinking water; and stormwater and wastewater services that meet modern public health and environmental standards and expectations.
- 22 Critical parts of the overall reform programme, regardless of whether councils continue to participate in the reform programme currently set out, or not, include: Public health, consumer and environmental protection, the promulgation, monitoring and ultimately enforcement where necessary of national standards and the requirement to meet appropriate infrastructure investments.
- 23 These significant challenges will expose council water suppliers to three main areas of regulatory focus, which will significantly raise compliance pressures; and likely require substantial investments in infrastructure and services. These include:
- (i) Taumata Arowai ensuring stringent compliance with drinking water safety standards;
 - (ii) Taumata Arowai working alongside regional council regulators to provide national oversight on the performance of wastewater and stormwater networks;
 - (iii) Economic regulation to provide water consumers with assurance of fair and affordable pricing, and ensure transparency, efficiencies and appropriate levels of investment across three water services.

Taumata Arowai, the Water Services Bill, and Compliance with Water Standards

- 24 Taumata Arowai became a crown entity in March 2021 and takes over from the Ministry of Health as the dedicated drinking water regulator when the Water Services Bill is enacted (expected later in 2021).
- 25 The Water Services Bill, currently receiving its Second Reading in Parliament, will provide Taumata Arowai with a comprehensive set of regulatory tools that will be used to ensure that drinking water standards are achieved.² The Bill was informed by targeted engagement with iwi/Maori, LGNZ, Kahui Wai Maori (the Maori Freshwater Forum), and a technical advisory group and sets out the regulatory formwork that Taumata Arowai will administer.

- 26 If passed, the Bill will:
- Significantly extend and strengthen the drinking water regulatory framework;
 - Provide oversight and national-level reporting functions for wastewater and stormwater, and ‘shine a light’ on the system;
 - See regional councils continue to be the regular of wastewater and stormwater;
 - Incorporate requirements relating to Te Mana o te Wai; and
 - May potentially require substantial additional investment from those networks not meeting standards or expectations.³
- 27 Taumata Arowai is developing services according to the Water Services Bill as currently drafted. The Water Services Bill places clear obligations on Taumata Arowai to consult on drinking water standards, compliance rules, aesthetic values and acceptable solutions or verification methods. It will administer the regulatory framework set out in the Bill (when enacted), and it is clear it will not be operating the status quo.
- 28 The current drinking water standards remain unchanged from the 2018 revision. However, in the new regulatory environment, suppliers will be required to meet these standards. At present, many do not. In many cases, to comply with these standards may require additional infrastructure investment. It will be difficult for councils (and other water suppliers) to justify deferral of required upgrades on the grounds of costs.
- 29 Taumata Arowai will have the power to put in place directions and compliance orders to ensure that unacceptable risks to public health are resolved in a timely way. It will also be enabled to issue infringement fees and prosecute where reckless or wilful behaviour creates risk to public health.
- 30 These tools will be applied proportionately to the risk, scale and complexity of a water supply network. Details will be specified by regulations made under the Water Services Bill (when enacted).
- 31 Working alongside the Regional Council regulators, Taumata Arowai will also monitor compliance with environmental regulations at a national level and drive greater focus on the performance of wastewater and stormwater networks. Providing greater oversight and national visibility on network performance in this way is expected to increase transparency,
- 32 Taumata Arowai will regulate in accordance with the legislation (Water Services Bill) regardless of the outcome of the Three Waters Service Delivery Reform. Timaru District Council will have to meet the regulatory standards and performance measures overseen by Taumata Arowai whether it opts in, or out of the reform proposals.
- 33 Council is supportive of establishing Taumata Arowai as an independent agency that sets and monitors national standards as part of improving three waters service delivery for communities with the aim of realising significant public health, environmental, economic, and other benefits over the medium to long term.

³ Te Mana o te Wai is the central principle of the Government’s national direction on freshwater management and refers to the vital importance of water. It establishes a hierarchy of obligations: the health and wellbeing of water; the health of people; the ability of people and communities to provide for their social, economic and cultural wellbeing.

- 34 Council supports the Productivity Commission’s findings (in their 2019 review of Local Government Funding and Financing), that an effective regulatory regime is needed for the three waters. The Commission states:

“The performance of the three-waters sector can be substantially improved by (1) rigorously enforcing minimum performance levels; and (2) leaving it to councils to decide how they structure and operate their water businesses to meet these performance levels.”⁴

Economic Regulation (subject to further decisions)

- 35 Economic regulation plays a critical role in protecting and enhancing the long-term interests of consumers and providing high-quality performance information. Ministers have agreed that the three waters sector will be subject to economic regulation that will ensure there is good service quality of the consumer, the right level of investment, and drive efficiency gains – including a requirement to meet depreciation, protection against inefficiencies and the removal of opportunities for monopoly/excessive pricing.
- 36 Economic regulation will provide greater transparency about the cost and performance of three water services and infrastructure and strengthen accountability for performance. It is intended that price quality regulation will be introduced to ensure the new entities are operating efficiently, performing effectively, and charging a fair price to consumers.
- 37 While final decisions are yet to be taken on economic regulation, due to the need for sector and public consultation, the regime is likely to involve:
- (i) Individualised price quality paths – plus information disclosure requirements for the proposed new Water Service Entities and a form of information disclosure for Councils that opt out of the Water Service Entities;
 - (ii) Minimum service quality standards (in addition to the standards set by Taumata Arowai); and
 - (iii) The appointment of an independent and credible economic regulator (e.g. the Commerce Commission) to administer the regime.
- 38 A discussion paper on three waters economic regulation is due to be published later this year. Mechanisms anticipated to be considered through the paper include:
- (i) The design of an appropriate dispute resolution process;
 - (ii) The establishment of a consumer advocacy council (or the extension of an existing body) to provide expert advocacy on behalf of consumers;
 - (iii) Options to protect consumers who are vulnerable due to their age, health, disability, or financial position; and
 - (iv) An ability for a regulator to mandate service quality codes; the process for setting prices, including requirements for pricing transparency.
- 39 Economic regulation falls within the portfolio of the Minister of Commerce and Consumer Affairs. Preparation of advice will be led by the Ministry of Business, Innovation and Employment, in consultation with the Department of Internal Affairs and Treasury.

⁴ “Local Government Funding and Financing”, Productivity Commission, 2019, p. 293

Previous Council Decisions and Engagement

- 40 As part of the reform programme launch in July 2020, the Government announced funding to provide immediate stimulus funding to maintain and improve three water networks infrastructure, and support a three year programme of reform of local government water services delivery arrangements.
- 41 Central and local government considered it timely to apply targeted infrastructure stimulus investment to enable improvements to water service delivery, progress reform in partnership, and ensure the period of economic recovery following Covid-19 supported a transition to a productive, sustainable economy.
- 42 At its 11 August 2020 meeting, Council resolved to:
“opt into the Government three waters reform initiative and to sign the Memorandum of Understanding (MoU) and Funding Agreement”
- 43 It is relevant to note that the MoU specifically acknowledged the right of Council to choose whether or not they wish to continue to participate in the reform programme beyond the term of the MoU.
- 44 All eligible councils signed the MoU and associated Funding Agreement for the first stage of the Three Waters Services Reform Programme.
- 45 Council received \$6.8 million of stimulus funding for new projects.
- 46 As part of the MoU, Council worked collaboratively with Government and completed a Request for Information (RFI), providing DIA with a large volume of information about Council’s three waters assets, operating model and financial model.
- 47 Subsequent to the first stage of funding, the Mayor, Councillors and council officers have been involved in a series of engagements with the Joint Steering Committee, DIA and LGNZ.

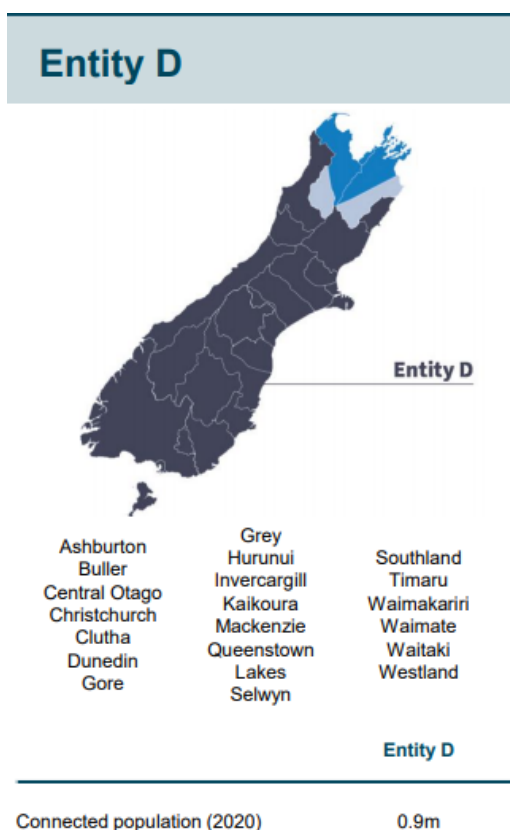
Government’s June 2021 announcements and information releases

- 48 In June 2021 a suite of information was released by the Government that covered estimated potential investment requirements for New Zealand, scope for efficiency gains from transformation of the three waters service and the potential economic (efficiency) impacts of various aggregation scenarios.⁵ A summary is included in Attachment 3.
- 49 In summary, the modelling indicated a likely range for future investment requirements at a national level in the order of \$120 billion to \$185 billion, and an average household cost for councils on a standalone basis to be between \$1910 and \$8690 by 2051.
- 50 It also estimated these average household costs could be reduced to between \$800 and \$1640 per household and efficiencies in the range of 45% over 15-30 years if the reform process went ahead. An additional 5,800 to 9,300 jobs and an increase in GDP of between \$14b and \$23b (in Nett Present Value, NPV terms) over 30 years were also forecast. It is relevant to note that the assumptions, modelling and lack of independent assurance are such that reliance on the Government’s analysis as a basis for reform is, at this point, highly contestable. It carries a very significant risk that the projected benefits may not be realised, with a consequential

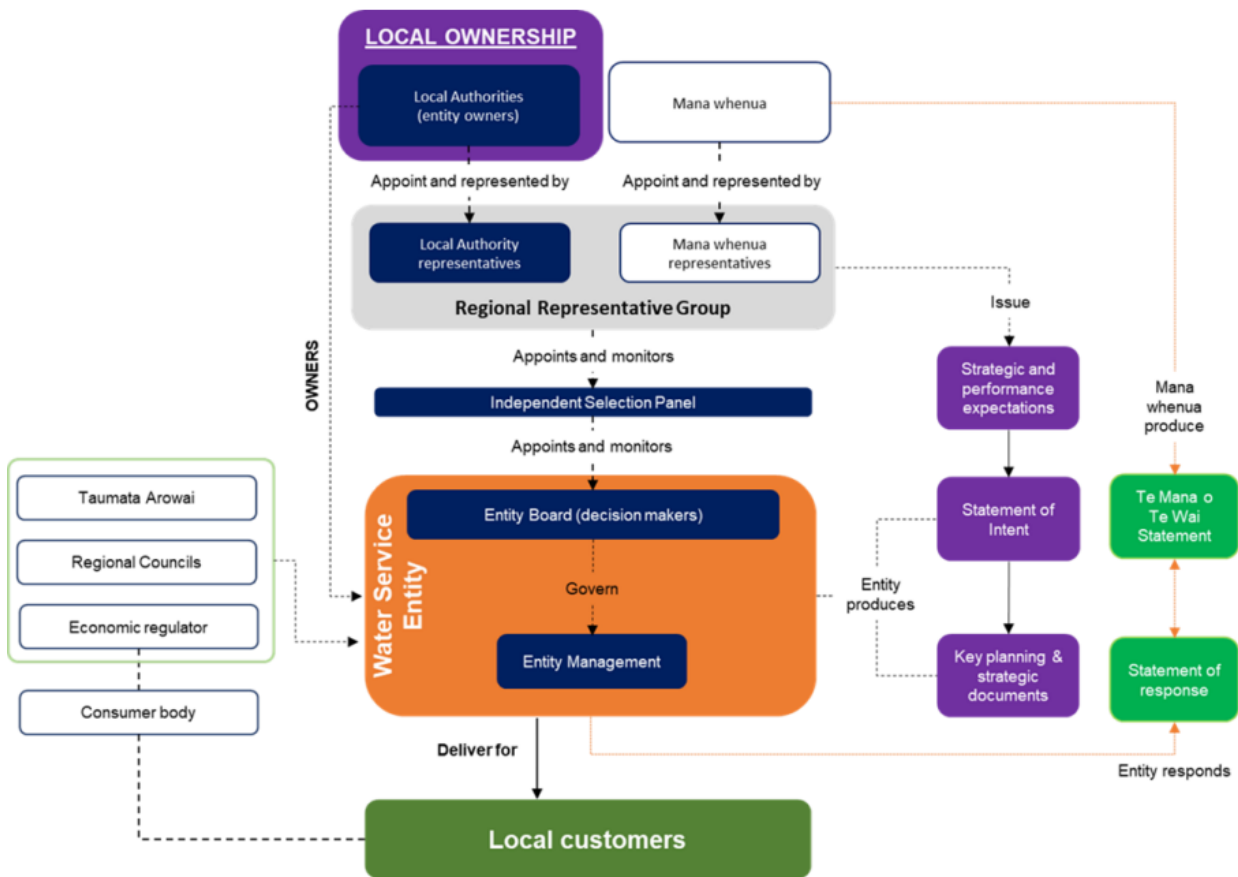
⁵ This information, including peer reviews and the Minister’s briefing can be accessed at: <https://www.dia.govt.nz/Three-Waters-Reform-Programme> and [release-of-second-stage-evidence-base-released-june-2021](#).

effect that suboptimal outcomes will materialise with significantly adverse outcomes for the Timaru community.

- 51 As a result of its modelling, the Government has decided to:
- establish four statutory, publicly-owned water services entities that own and operate three waters infrastructure on behalf of local authorities;
 - establish independent, competency-based boards to govern the entities;
 - set a clear national policy direction for the three waters sector, including integration with any new spatial / resource management planning processes;
 - establish an economic regulation regime; and
 - develop an industry transformation strategy.
- 52 As detailed above, the Timaru District has been placed in Water Services Entity D, although the precise boundaries are still up for discussion.



- 53 A range of factors have been considered to determine the number and boundaries of the entities, including;
- (i) Potential to achieve scale benefits from a larger water service delivery entity to a broader population/customer base;
 - (ii) Alignment of geographical boundaries to encompass natural communities of interest, belonging and identity include rohe/takiwa; and
 - (iii) Relationship with relevant regulatory boundaries including to enable water to be managed from source to sea – ki atu ki tai.
- 54 The proposed governance structure for the water services entity, which has been described by Treasury, as complicated, is depicted in the below graphic.



55 The current governance structure for water service delivery in the Timaru District is depicted below:



56 The proposed structure of the system would see four water entities having the oversight, governance, management and controls to provide the level of focus and independence required to deliver the Government’s reform objectives.

57 Three waters assets would transfer from councils to the new entities and would sit on the balance sheet of the entities. Councils would collectively own the Water Service Entity, on behalf of their communities. While local authorities are the ‘owners’ of the entity – this is a ‘no shareholding’ ownership, with no financial recognition of the ownership. Property rights that a community usually attaches to and associates with its ownership of its 3 waters’ assets in a conventional sense will not be enjoyed in the same way in the proposed structure.

58 Local authorities, alongside mana whenua, will form a Regional Representative Group that will set expectations for the entity and select an independent panel to appoint the entity board.

59 The structure of the entities and their establishing legislation are designed to protect against future privatisation – continued public ownership of three waters infrastructure is a stated bottom line for the Government.

- 60 The Government has set out proposed safeguards against privatisation including:
- Requiring any proposal for privatisation to be endorsed by the Regional Representative Group by at least a 75% majority;
 - A referendum requiring 75% in favour of a proposal to privatise; and
 - Legislative and select committee processes to legally enable privatisation.⁶

Government's July 2021 announcements and reform support package

- 61 Throughout the review and reform programme the local government sector, through LGNZ's National Council, Taituara (formerly Society of Local Government Managers) and the Joint Steering Committee have been working with the Government to ensure the Government's policy proposals regarding the three waters is cognisant of the broader local government operating system.⁷
- 62 The Government and LGNZ have committed to working in partnership with the local government sector, not just on the three waters reform, but on other challenges and opportunities. The Government and LGNZ signed a Heads of Agreement in July 2021 for a partnering commitment to support three waters service delivery reform.⁸
- 63 On 15 July 2021, in partnership with LGNZ, the Government announced a package of \$2.5 billion to support councils to transition to the new water entities and to invest in community wellbeing. The package has two financial components:
- (i) **"Better off" component:** Support for local government to invest in communities' wellbeing. Councils will be able to use this funding to support the delivery of local wellbeing outcomes associated with climate change and resilience, housing and local place making.
 - (ii) This has been communicated that all councils and their communities will be better off under reform. This part of the investment totals \$2 billion (\$1 billion from the Crown and \$1 billion from the new water services entities), with \$500 million being available from 1 July 2022. It will be allocated between councils according to a nationally consistent formula - reflecting population (75%), deprivation (20%) and land area (5%).
 - (iii) **"No worse off" component:** Targeted support to ensure no councils are financially worse off as a result of transferring their three waters assets. This estimated \$500 million allocated (sourced from the new water service entities) is designed to ensure that no council is in a materially worse position financially to continue to provide services to its community as a direct result of the reform, and to protect councils from any negative financial consequences of the asset transfer.
 - (iv) This includes provision of up to \$250 million support for councils to meet the unavoidable costs of stranded overheads associated with the transfer of water assets, liabilities and revenues. The remainder of this allocation will be used to address adverse impacts on the financial sustainability of territorial authorities.

⁶ Further details on the protections against privatization can be found on page 26 of the DIA's [Case for Change and Summary of Proposals](#).

⁷ The Steering Committee comprises independent chair Brian Hanna, local government mayors, chairs and chief executives, representatives of Local Government New Zealand and Taituarā, officials and advisors from the Department of Internal Affairs, Taumata Arowai, the Ministry of Business, Innovation and Employment and the Treasury.

⁸ See the [Heads of Agreement](#) signed between the Government and LGNZ.

- 64 In addition to the \$2.5 billion support package, the Government expects to meet the reasonable costs associated with the transition period, including staff involvement in working with the establishment entities and transition unit, and provision for reasonable legal, accounting and audit costs.
- 65 Timaru District Council's "better off" funding allocation is \$19.9 million and the "no worse off" allocation is expected to be approximately \$3 million.
- 66 The detail of the funding (including expectations around the use of reserves) and the full list of allocations is found in Attachment 4. DIA is continuing to work with LGNZ to develop the process for accessing the various components of the support package, including conditions that would be attached to any funding.
- 67 In addition to the funding announcements, through the Heads of Agreement, the Government and LGNZ agreed that local authorities be provided a reasonable period, from the end of the LGNZ Conference (17 July) through to 1 October to consider the impact of the service delivery reform (including the financial support package) on them and their communities and an opportunity to provide feedback.
- 68 The Government and LGNZ are seeking feedback on the potential impacts of the reform and how it could be improved, and outstanding critical issues resolved.
- 69 The purpose of this period for all local authorities has been to:
- (i) Engage with and understand the large amount of information that has been released on the nature of the challenges facing the sector, the case for change, and the proposed package of reforms, including the financial support package;
 - (ii) Take advantage of the range of engagement opportunities to fully understand the Government's proposal and how it affects Timaru District Council and the community; and
 - (iii) Identify issues of local concern and provide feedback to the Government and LGNZ on what these are and suggestions for how the proposal could be strengthened.
- 70 Throughout this period, the Government is continuing to engage with local government and iwi/Māori on some of the unresolved critical issue, including:
- i. the boundaries of the Water Service Entities;
 - ii. how local authorities can continue to have influence on service outcomes and other issues of importance to their communities (eg chlorine-free water);
 - iii. ensuring there is appropriate integration between the needs, planning and priorities of local authorities and those of the Water Service Entities;
 - iv. how to strengthen the accountability of the Water Service Entities to the communities that they serve, for example through a water ombudsman; and
 - v. Rural water schemes.
- 71 As a result of these announcements, the original timetable for implementing the reform (outlined in Attachment 1) and for councils to consult on a decision to opt-in (or not), no longer applies.
- 72 It is important to note that the Government has not ruled out legislating for an "all-in" approach to reform to realise the national interest benefits of the reform. This will represent a departure from its previously stated position, and as set out in the MoU, that Council will

have a right to choose whether or not they wish to continue to participate in the reform programme beyond the term of the MoU (that came to an end at 30 June 2021).

- 73 On the assumption that the reform goes ahead, it is anticipated that councils will continue to deliver water services until at least early 2024 and council involvement in transition will be required throughout.
- 74 Following this engagement period, post 1 October 2021, the Government will consider all feedback and suggestions provided by local authorities, iwi/Maori, and other stakeholders, in partnership with the Joint Steering Committee. It will also consider the next steps, including the transition and implementation pathway, and revised timing for decision-making, which could accommodate the time required for any community or public consultation.

Timaru District Council Specific Information and Analysis

- 75 While the Government and LGNZ consider that the national case for change has been made, each council will ultimately need to make a decision based on its local context.
- 76 Councils do not have a national interest test for their decision making. Sections 10 and 14 of the Local Government Act 2002 (LGA) set out the purpose of, and principles relating, to local authorities. These sections require Councils to act in the interests of their communities and the community's wellbeing (now and into the future), provide opportunities for Māori to contribute to their decision-making processes, ensure prudent stewardship and the efficient and effective use of its resources in the interests of the district or region (including planning effectively for the future management of its assets) and take a sustainable development approach.⁹
- 77 With this in mind, the following data and analysis is provided to focus Council's decision-making on the potential impacts, opportunities and challenges presented by the reform proposal, and alternative options for water service delivery, for the Timaru District, now and into the future.
- 78 DIA has released a public tool to show the potential impacts of three waters reform on local authorities and communities across New Zealand.
- 79 The dashboard tool includes a series of indicators that users can interact with to consider information that is relevant to their council. The dashboards draw on relevant information that was supplied by councils as part of the RFI (undertaken between October 2020 and February 2021). It also includes information from the WICS report and a Deloitte report on the broader economic analysis of the potential impact of reform on the economy and workforce. These indicators are a point-in-time snapshot and should be treated as indicative and reflective of the time at which the data was provided.
- 80 The Timaru District Council dashboard as prepared by DIA is provided below:

⁹ See for example sections 10 and 14 of the LGA.

Timaru District Council ▼ ↶

Economic C

GDP Growth

5.1% Low Scenario	8.3% High Scenario
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Employment Growth

0.3% Low Scenario	0.5% High Scenario
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Financial C

Average Household Cost per Annum (Real):

\$1,030
FY21: Current

\$1,640
FY51: Reform

\$5,030
FY51: No reform

Capital Expenditure Forecast (FY21 - FY30): RFI

● Renewals ● Growth ● Enhancement

Current Investment in Renewals as a Percentage of Depreciation: **85%** C

Debt to Revenue (FY21): RFI

\$88M Debt	
\$22M Revenue	
391% Debt to Revenue	

● Debt ● Revenue

Performance C

Operating Performance Assessment Band (*)

1 Leading	2 Exceeding expectations
3 Performing in line with expectations	4 Performing below expectations

Operations RFI

40
Three Waters FTEs

6
Distribution Zones Reporting Determinand Failures

Services RFI

Total Number of Billed Properties:

19,355 Water	16,192 Wastewater	22,159 Stormwater
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<p>0% Population Affected by Water Restrictions</p>	<p>2% Population Change (Summer vs Winter)</p>
6,000 Properties Affected by Unplanned Interruptions	234 Total Unplanned Interruptions

RFI Information sourced directly from RfI submission C Information sourced via calculations using RfI submission and other sources * Relevant to Local Authorities who completed RfI workbook 1

DIA (WICS) Data and the Financial Impact of the Proposal:

- 81 DIA (based on several assumptions) states the average cost per Timaru District household for three waters services is \$1,030 per annum (2021/22 financial year). The dashboard indicates that this cost will increase to \$1640 per annum by 2051 under the reform scenario, while if Council opts out of the proposal and continues to provide water services, household bills would rise to \$5029 by 2051.
- 82 The significant increase in household costs (represented in the No Reform scenario on the dashboard) is partly driven by WICS forecast that there is huge investment required to lift New Zealand's Three Waters infrastructure to higher standards from a quality, environmental and efficiency viewpoint. WICS have consider international standards, particularly those in the UK and their own achievements in Scotland.
- 83 While prepared at the national level the WICS data has been peer reviewed by Farrierswier and Beca to ensure that both the modelling and underlying assumptions are reasonable in the New Zealand context.¹⁰ It is relevant to note that to fully assess the reliance to be placed on the peer reviews it is necessary to review their terms of reference. At that point it possible to form a view on the degree to which it provides a reasonable indication of the "order of magnitude"¹¹ of the gains that can be delivered though the new system and the level of future investment Council is likely to need to make over the next 30 years. In addition, to be fully informed on the gains and benefits it is necessary to understand the regulatory framework and time frames for implementation and the price paths that an economic regulator may establish that will inform the improvements to and uplift in the 3 waters service delivery and the infrastructural assets.
- 84 However, a report prepared for Council by consultants, Castalia, states that "the Reform Scenario is based on faulty assumptions and flawed analysis".¹² See Attachment 5 for Castalia's report. Castalia have advised Council that, in their view, the WICS modelling is based on three "implausible assumptions":
- That New Zealand's level of water investment should match that of Scotland;
 - That the amalgamated entities can achieve 53.3% opex and 50% capex savings; and
 - Councils that opt out of the reform proposals will make no improvements whatsoever.¹³
- 85 Morrison Low also point out in their review of the WICS data commissioned by Council, that WICS have assumed a ten-year investment requirement of \$495 million, which is over triple Council's own constrained investment programme provided to WICS in the RFI. - see Attachment 6.¹⁴ They also identify other assumptions used by WICS resulting in the significant difference in household charges under each scenario that do not align with the reality in the Timaru District, including:

¹⁰ The Farrierswier and Becca reports are available on the DIA Three Waters Reform website: Farrierswier, [Three Waters Report: Review of methodology and assumptions underpinning economic analysis of aggregation](#). Beca, [DIA Three Waters Reform – WICS Modelling Phase 2: Review of Assumptions between Scotland and New Zealand Three Waters Systems](#)

¹¹ Farrierswier, Three Waters Reform, page iv.

¹² "Advice on Water Reform: Report to Timaru District Council", Castalia, September 2021, p.6.

¹³ Castalia, p.6.

¹⁴ "Review of WICS Data: Timaru District Council", Morrison Low, September 2021, p. 1.

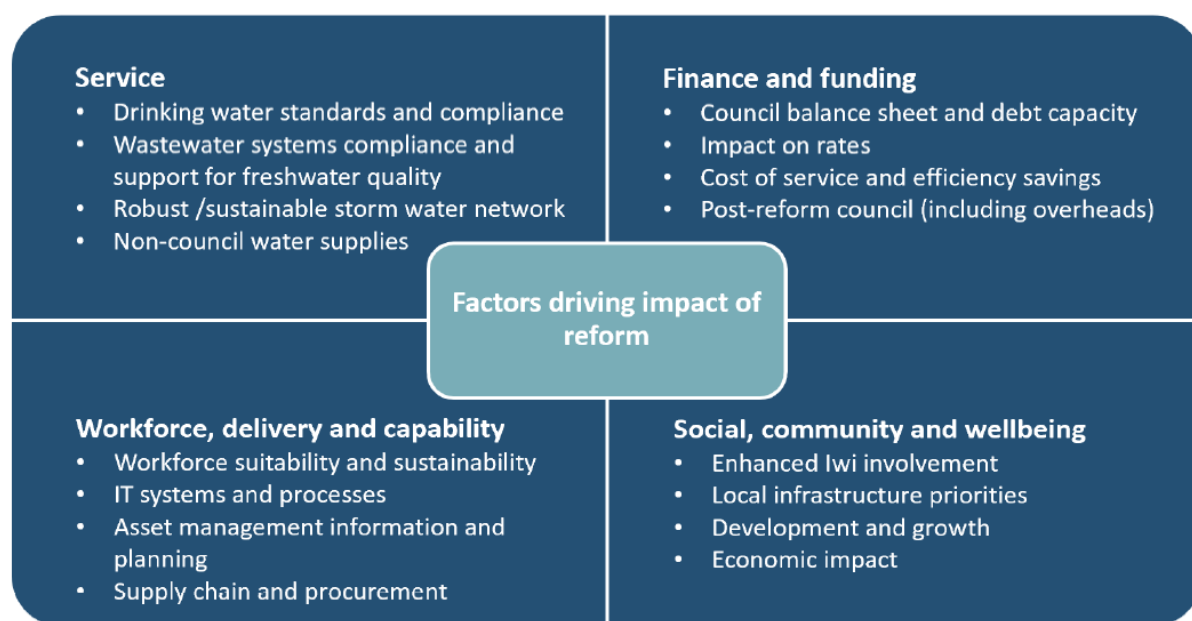
- The proportion of revenue received from households (WICS assume 70% - TDC actual 58%) – the remainder of revenue coming from industrial users and financial contributions.
 - The number of household connections (WICS assume 14,934 – TDC actual 16,849)
 - The application of the Council’s debt capacity (set by the Local Government Funding Agency) of 250% to debt and revenue associated with the three waters in isolation of other Council activities with lower borrowing requirements. Morrison Low suggest a ratio of 500% is more appropriate; and
 - The assumption that the proposed water entities will be able to achieve operating and capital efficiencies of 53.3% and 50% respectively.¹⁵
- 86 Council’s Long Term Plan (LTP) 2021-31 budgets \$153 million of capital investment in the three waters over the next ten years, and the 30 year Infrastructure Strategy includes \$404 million of investment, demonstrating that there is significant investment required over the next thirty years. These budgets were prepared acknowledging that regulatory standards would tighten, and that there will be more monitoring and enforcement in the future.
- 87 However, it is important to recognise that even with the acknowledgment noted above, there will also be significant capital and operating cost challenges not yet reflected in Council’s LTP or Infrastructure Strategy, due to their uncertainty or due to the future increased delivery standards likely to be required by the new water regulator Taumata Arowai. As such, Council modelling reflected in the current LTP, Infrastructure Strategy, and RFI data largely reflects planning for the ‘status quo’ – the delivery of three waters at existing levels of service with some capacity for growth.
- 88 Some of these costs are becoming more certain as a result of the water reform programme, and as the Water Services Bill progresses, but Council has not yet undertaken any financial modelling on many of these issues.
- 89 These future challenges include:
- Proposed lifting of New Zealand Drinking Water Standards;
 - Requirement of the Water Services Bill for local authorities to ensure non-council supplies are brought up to the higher standards. This will affect many small rural supplies and will be beyond this Council’s ability to resource at current funding levels and on current funding models;
 - Lift in stormwater and wastewater discharge standards;
 - Increased investment requirements due to technological developments;
 - Droughts are expected more frequently. This may put pressure on drinking water supplies and supply constraints, including metering and storage reservoirs, will become very important.
 - Climate change mitigation is requiring greater focus. Predictions for Canterbury, including the Timaru District include more frequent and heavier rainfall events, which will present stormwater infrastructure capacity, sewerage inundation and infiltration, and drinking water turbidity challenges.

¹⁵ Morrison Low, p.1.

- Coastal sewerage treatment plants, particularly at Washdyke, and communities on septic tanks will need to address sea level rise in the longer term.
- The upgrade costs to maintain current standards will be extremely high, and even higher when Taumata Arowai impose higher discharge quality requirements.
- Improving seismic resilience will also be an ongoing challenge.
- Providing and funding residential and industrial growth will continue to be an ongoing challenge.

90 Morrison Low point out that, while their report concentrates on the financial analysis provided to Council through the DIA dashboard “it is important to highlight that this is only one part of the wider suite of information that councils need to consider when looking at the proposed reform. The impacts, benefits, issues and risks of reform are far more wide ranging than just the financial impacts.”¹⁶ They highlight the impact matrix developed by LGNZ as good starting point for considering the broader impacts of the reform.

3W impact matrix



91 Castalia have advised Council that:

“The government’s evidence base and analysis does not establish if the reforms provide a net benefit to TDC ... We recommend that TDC carry out a proper net benefit analysis that includes the full range of options together with transparent data, sound and contestable analysis so these options can be properly evaluated ... TDC could prepare a constructive counter-proposal that achieves desirable objective, while avoiding the risks and costs of the Reform Scenario.”¹⁷

92 Both reports indicate that as the Three Waters Reform Programme progresses, Council may need to undertake further analysis of the factors driving the potential impacts of the reform

¹⁶ Morrison Low, p. 3.

¹⁷ Castalia, p. 9.

and alternative options for three water service delivery in the District, to inform future decision-making.

Council Decision-making regarding Three Waters Reform

- 93 Part 6 of the LGA, sections 76 to 90, provide the requirements for decision-making and consultation, including the principles of consultation and information that needs to be provided including the reasons for the proposal and the reasonably practicable options.
- 94 In particular, section 76 requires that in making a significant decision, which a decision on the future management and or ownership of three waters assets will be, councils must comply with the decision-making provisions. This is a 'higher bar' than the "promote compliance with" that applies for ordinary decisions.
- 95 Section 77 states that councils must seek to identify all reasonably practicable options and then assess the advantages and disadvantages of each option.
- 96 Section 78 requires that in the course of making a decision a Council must consider community views but section 78(3) explicitly says that consideration of community views does not require consultation, which is reinforced by case law.
- 97 Section 79 gives Council discretion to decide how the above Part 6 requirements are met including the extent of analysis done etc. Therefore, while a decision could be challenged, a judicial review is unlikely to be successful unless the decision made by council was manifestly unreasonable, the process was flawed or the decision was beyond its powers (as given in law, ie the council did not act within the law).
- 98 However, despite section 79 of the LGA, a decision to transfer the ownership or control of a strategic asset from the council (or to it) must explicitly be provided for in the council's Long Term Plan (and have been consulted on specifically in its consultation document).
- 99 Council's existing LTP and the consultation information and process used to develop it will not suffice to meet this test, as Council did not itself have adequate information on the options and the implications earlier this year when it consulted on the LTP. An LTP amendment and commensurate consultation process on the ownership and governance arrangements and asset transfers proposed would be necessary.
- 100 There are also provisions in the LGA that relate to unlawful decisions to sell or dispose of assets, which can be investigated by the Auditor-General.¹⁸
- 101 A decision to opt-out would also be affected by the consultation and decision-making requirements set out in this report, including the need to follow a robust process that could survive a judicial review, as well as make a final decision that was not manifestly unreasonable in the circumstances.
- 102 Given the Government's
- 8 week period of engagement with mana whenua and councils
 - commitment to explore issues such as council and community influence of service outcomes, integration with other reform proposals, spatial and local planning;
 - request for councils to give feedback on the proposal, identify issues and solutions;

¹⁸ See sections 43 to 47 of the LGA.

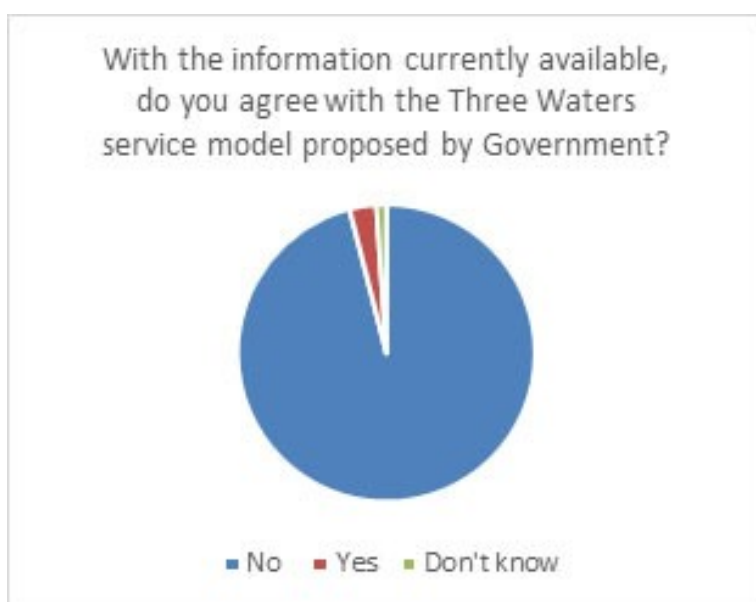
- and uncertainty around next steps, including whether the reform may become mandatory or legislative change will remove legal barriers to opting in;

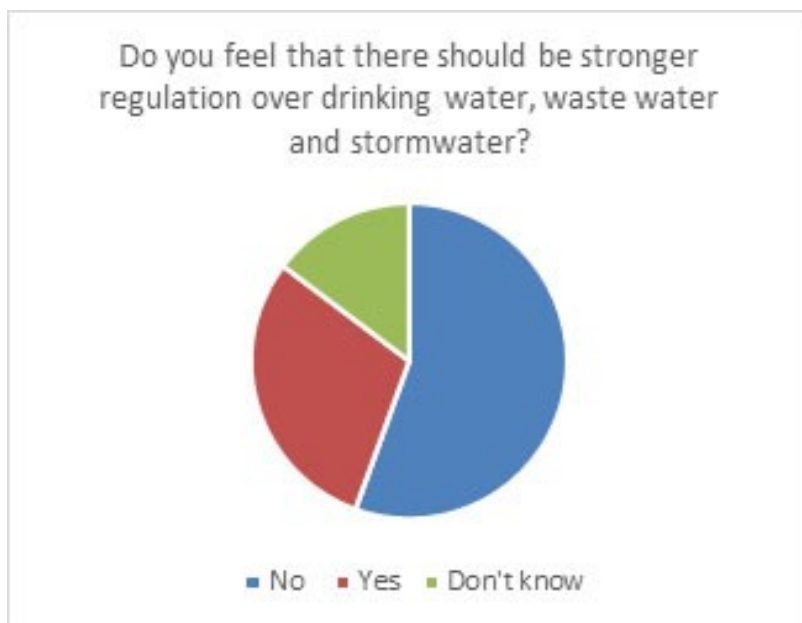
it would be premature to make a decision to either opt in or out of the reform process and may expose the Council to litigation risk.

- 103 A Bill to progress the reforms could address the issues raised above, for example removing the section 130 requirements has explicitly been raised.
- 104 At this stage, no decision is required on future delivery arrangements. Based on the analysis in this report, Council should wait until it has further information before consulting on and/or making a decision on the Government's proposal.
- 105 It is recommended that the Council therefore notes the options canvassed in this report, the high-level analysis of them and the information and decisions that are yet to be made.
- 106 If reform is not made mandatory, to ensure sufficient information is available to meet the moral and legal requirements of Council decision-making, staff will further develop the analysis of options (based on further information from the Government, advice on next steps, and regional discussions) prior to Council decision making and consultation on future water services delivery. Whether this is ultimately required will be dependent on where the Government gets to with the reform process and the decisions it makes after 30 September 2021.

Community Engagement

- 107 Over the last eight weeks Council has undertaken engagement to help inform the community through social and print media of the Mayor and Council's views on the proposal, and sought community feedback on via a survey on Council's website and in The Courier.
- 108 As of 21 September, 1119 responses to the service had been received. The survey questions and results are depicted below:





- 109 Based on the surveys received, the majority of respondents are not convinced by the Government proposal to amalgamate water services into four super-regional entities, with a similar proportion of people stressing the importance of local control of their water services.
- 110 A majority of those surveyed did not support stronger regulation over drinking water, waste water and stormwater.
- 111 The main theme in the comments, as well as on social media commentary around the topic is the lack of support for ceding control of the assets from local representatives to either the government or a remote body.
- 112 There was strong commentary that suggested those surveyed thought the council was doing a good job in providing water services over the years, with many taking the 'it's not broke, don't fix it' view.

- 113 Many of those responding showed a strong sense of ownership over the physical assets expressed, with many taking the view that we were giving away something that their community had built and some feeling that it was being taken.
- 114 There was not majority support for stronger regulation, with the majority of respondents feeling that it could be delivered under current service models.
- 115 Many of the respondents said that they didn't have the amount of information on the new model required to decide and that government information campaigns had not been informational enough.
- 116 Those in support of the government proposal said that under local control water standards had slipped, that there would be cost savings and efficiencies under a larger water provider and that council should be thinking bigger than their own district to look at the benefits for the whole country.
- 117 There were questions about whether smaller areas could obtain the skills and expertise required to deliver higher quality services in an affordable way.
- 118 This feedback will help inform Council's submission on the Government's proposal, and later decision-making in relation to opting in or out of the proposed entities. It is important to note that this survey did not include an assessment of the options and the implications of those options for current and future communities as required by section 82A (Information requirements for consultation) of the LGA.

Timaru District Council Submission to Government

- 119 Councils have been specifically asked by the Government and LGNZ to provide solutions to three outstanding issues during the next eight weeks:
- (i) Ensuring all communities have both a voice in the system and influence over local decisions. This includes assurance that water service entities will understand and respond appropriately to communities' needs and wants, including responding to local concerns.
 - (ii) Effective representation on the new water service entities' oversight boards so that there is strong strategic guidance from, and accountability to, the communities they serve, including iwi/manua whenua participation. This also covers effective assurance that entities, will remain in public ownership, cannot be privatised in future.
 - (iii) Making sure councils' plans for growth, as reflected in spatial plans, district plans or LTPs, are appropriately integrated with water services planning. This includes that planning and delivery of water infrastructure investment is integrated with transport and other related infrastructure.
- 120 Staff therefore request Elected Members consider the issues that arise from the Government's proposal and any potential solutions so these can be raised with Government and LGNZ before the end of September 2021.
- 121 Following engagement with the Three Waters Review and the more recent reform proposals, Council has raised three primary concerns that are proposed to form the basis of the submission to DIA. Council may wish to provide further direction to officers relating to the content of this submission. A draft submission will be tabled, detailing the following matters of concern already identified by Council, and will be amended to include other issues raised by Council during the discussion.

- (i) **Loss of local voice, decision-making, and ability to meet local needs and aspirations.** Council's primary concern with regards to the reform proposal is the loss of local control and influence over water – something so vital to community wellbeing, local growth and development. There is no assurance that strategic projects enabling economic development identified by Council and the community as essential will be recognised and prioritised appropriately by the new water entity.

Given Council's experience with the Waka Kotahi state highway network, there is justified concern that future funding will be allocated predominantly to metro areas.

Council does not have any faith that the proposed governance structure will be responsive to the needs and aspirations of the Timaru District, given the many degrees of separation. The proposal, as it stands, provides no mechanisms for accountability over decision-making and service delivery to local communities by the water entity.

Responses to Council's engagement to date clearly show that our community does not support joining the reforms as they are currently proposed, with the loss of local voice, and ownership the most frequently articulated as unacceptable.

- (ii) **The evidence on which the proposal is based is flawed.** Council is concerned that as a result of this, the stated benefits of the proposal will not be achieved for the Timaru District.

Based on analysis undertaken by both Castalia and Morrison Low, a number of assumptions used by WICS are inaccurate when applied to the Timaru District, resulting in a significantly inflated projection for future household costs should Council not opt in to the proposed Entity D. This presented data misleading for our communities.

- (iii) **Three water service delivery reform should not take place in the absence of clear regulatory standards, and the framework for financial regulation.** In the absence of a robust regulatory framework, Council's ability to plan for the provision of compliant water service in the future is hamstrung, as is the ability to assess whether the proposed reforms will provide the best outcomes for the Timaru District.

Council believes it is essential that, before Council-ownership and operation of water services is unilaterally lambasted and stripped away, time is allowed for the establishment of Taumata Arowai and implementation of the Water Services Bill. This will afford local authorities the opportunity to meet the newly defined regulations, in consultation with local communities.

It is essential that the Government pauses the reform process to allow alignment and integration with other local government review process – the reform of the Resource Management Act and the Future of Local Government Review.













Next Steps

- 122 Officers will compile all feedback receive from Council and finalise the draft submission to the Government. It is proposed that the Mayor and Chief Executive are delegated authority to approve the final submission.
- 123 Council's submission will be circulate to all elected members and made available on Council's website to ensure the community are aware on Council's position on the issues.
- 124 As detailed above, from 1 October 2021, the Government will consider all feedback and suggestions provided by local authorities, iwi/Maori, and other stakeholders, in partnership

with the Joint Steering Committee. It will also consider the next steps, including the transition and implementation pathway, and revised timing for decision-making, which could accommodate the time required for any community or public consultation.

- 125 Council will continue to regularly inform the community about any progress on the Three Waters Reform.

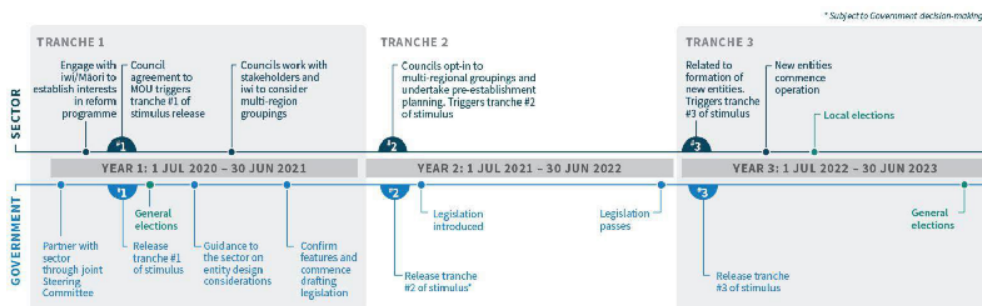
Attachments

1. **Three Waters Reform - 2020 process**  
2. **Summary of Government's Case for Change**  
3. **Department of Internal Affairs Three Waters Reform Poster**  
4. **Three Waters Reform Funding Package Summary**  
5. **Castalia Advice on Water Reform to Timaru District Council**  
6. **Morrison Low Review of WICS data for TDC**  
7. **Timaru District Council Three Waters Survey Provisional Collated Comments**

Three Waters Reform - 2020 process (including Taumata Arowai information and Indicative Reform Programme)

1. In July 2020, the Government launched the Three Waters Reform Programme to reform local government three waters service delivery arrangements, with the following objectives:
 - improve the safety, quality, and environmental performance of water services
 - ensure all New Zealanders have access to affordable three waters services
 - move the supply of three waters services to a more financially sustainable footing, and address the affordability and capability challenges that currently exist in the sector
 - improve transparency about, and accountability for, the delivery and costs of three waters services
 - improve the coordination of resources and unlock opportunities to consider New Zealand's water infrastructure needs at a larger scale and alongside wider infrastructure and development needs
 - increase the resilience of three waters service provision to both short and long-term risks and events, particularly climate change and natural hazards
 - provide mechanisms for enabling iwi/Māori rights and interests.

2. The 2020 indicative timetable for the full reform programme is provided below. It was always subject to change as the reforms progressed, future Government budget decisions and Councils were advised that any further tranches of funding would be at the discretion of the Government and may depend on progress against reform objectives.



3. Also in July 2020 the Government announced an initial funding package of \$761 million to provide a post COVID-19 stimulus to maintain and improve water three waters infrastructure, support a three-year programme of reform of local government water service delivery arrangements (reform programme), and support the establishment of Taumata Arowai, the new Waters Services Regulator.

4. Following initial reports (that used publicly available council information) from the Water Industry Commission for Scotland (WICS), between October 2020 and February 2021, (all) 67

councils participated in the Government's Request for Information (RfI) on council's three waters assets, including future investment requirements. In return they received what was known as Tranche 1 stimulus funding (under a MoU and funding agreements with Government) for operating or capital expenditure that supported the reform objectives, economic recovery through job creation and maintaining, increasing and/or accelerating investment in core water infrastructure delivery, renewals and maintenance.

5. [OPTIONAL - Council received XX under this arrangement and is currently completing the agreed delivery plan. Previous Council reports [xx] detail the reasons for Council participation and resolutions [or insert resolutions].
6. In line with Government policy, Taumata Arowai became a new Crown entity in March 2021 and will become the dedicated water services regulator when the Water Services Bill passes, expected to be in the second half of 2021 (the Select Committee is due to report back on 11 August 2021). They will oversee and administer, and enforce a new, expanded and strengthened drinking-water regulatory system, to ensure all New Zealand communities have access to safe drinking water. They will also provide oversight of the regulation, management, and environmental performance of wastewater and storm-water networks, including promoting public understanding of that performance.
7. An overview of local authority obligations under the Bill is provided below. The Bill provides for a range of compliance and enforcement tools including compliance orders, enforceable undertakings, infringement offences, and criminal proceedings, which can be taken against council officers (but not elected officials).
8. Taumata Arowai will have the authority to prepare standards and rules that water suppliers (such as councils) must comply with. Their initial working drafts are available online¹ and are currently being updated. Consultation will occur later this year. Guidance to support the operational compliance rules is also being developed and will be available when the rules are consulted on.
9. It is anticipated that monitoring, compliance and enforcement of standards will increase substantially on the status quo with the passing of the Water Services Bill and as Taumata Arowai begins to operate. It is also likely that the drinking water standards and their coverage (including non-Council water suppliers) and environmental standards will become more rigorous over time. This creates risks for council in meeting future standards and mana whenua and community aspirations (such as greater investment required than currently planned, risk of enforcement action).

¹ www.taumataarowai.govt.nz/for-water-suppliers/

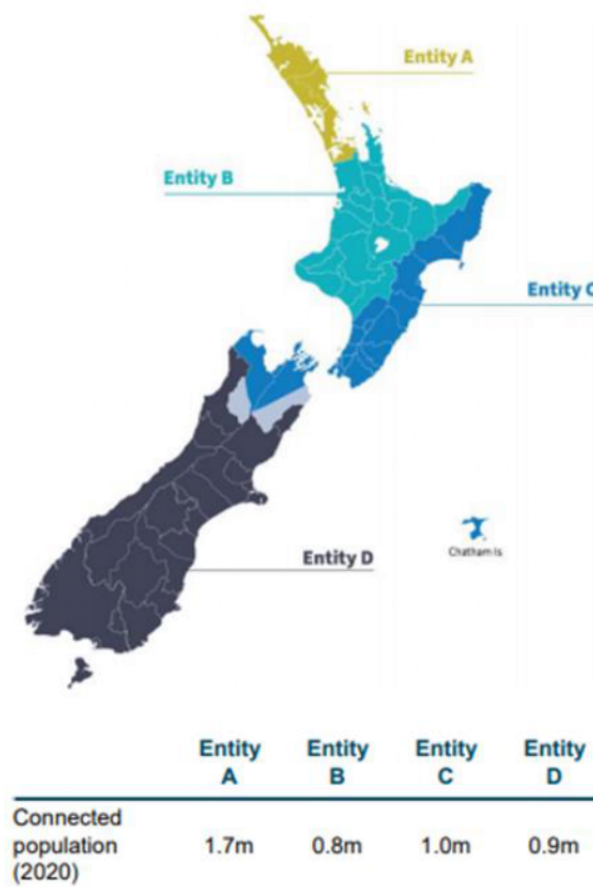
Water Services Bill obligations of local authorities

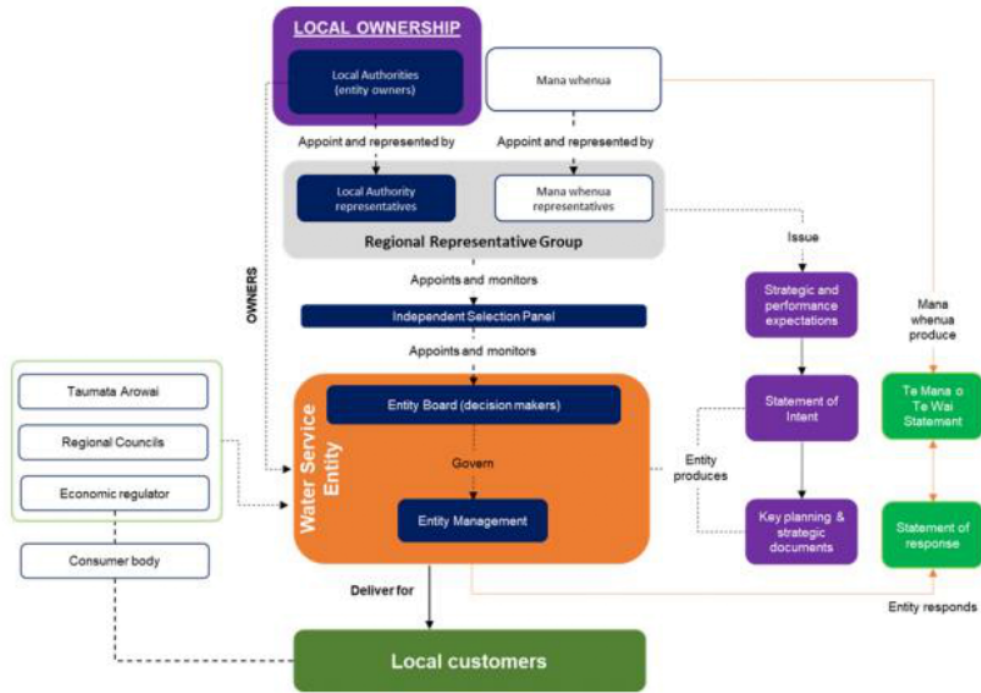
Local authorities as suppliers of water services	General obligations of local authorities
<ul style="list-style-type: none"> • Duty to provide safe drinking water and meet drinking water standards, and clear obligations to act when water is not safe or fails to meet standards • Key provisions include: <ul style="list-style-type: none"> ○ Suppliers need to register with Taumata Arowai ○ Local authority suppliers will need a drinking water safety plan and a source water risk management plan ○ Water suppliers must give effect to Te Mana o te Wai • Taumata Arowai will have significant compliance and enforcement powers, including powers to direct suppliers and enter into enforceable undertakings with suppliers • Officers, employees and agents of suppliers will have a duty to exercise professional due diligence • Complying with these new requirements is expected to require significant capital and operating expenditure by local authorities (including paying levies to Taumata Arowai for operation of the regulatory system) 	<ul style="list-style-type: none"> • Local authorities will have a duty to ensure communities have access to drinking water if existing suppliers face significant problems in complying with drinking water standards including: <ul style="list-style-type: none"> ○ Requirements to work with suppliers and consumers to identify solutions ○ Intervention responsibilities if a supplier is unable to meet standards, including potentially taking over management and operations of private or community supplies • In rural communities, this could represent a significant risk (contingent liability) for local authorities • Local authorities will be required to make assessments of drinking water, wastewater and sanitary services to ensure communities have access to safe drinking water • Local authorities will need to assess drinking water services available to communities at least once every three years, including private and community supplies (excluding domestic self-supplies)

Government's conclusion that the case for change has been made

1. The modelling has indicated a likely range for future investment requirements at a national level in the order of \$120 billion to \$185 billion, an average household cost for most councils on a standalone basis to be between \$1910 and \$8690 by 2051.
2. It also estimated these average household costs could be reduced to between \$800 and \$1640 per household and efficiencies in the range of 45% over 15-30 years if the reform process went ahead.
3. The efficiencies noted are underpinned by evidence across a range of countries based on joined up networks (the conclusion is that 600,000 to 800,000 connections achieve scale and efficiency), greater borrowing capability and improved access to markets, procurement efficiencies, smarter asset management and strategic planning for investment, a more predictable pipeline and strengthened benchmarked performance, governance and workforce capabilities.
4. The [briefing to the Minister](#) notes that this "investment is what WICS has estimated is necessary for New Zealand to meet current United Kingdom levels of compliance with EU standards over the next 30 years, which in its assessment (and confirmed by Beca) are broadly comparable with equivalent New Zealand standards."
5. However, this is caveated as a conservative estimate that does not take into account iwi goals and aspirations, higher environmental standards or performance standards that are anticipated in future legislation, uncertainties in asset lives, seismic and resilience risk, supply chain issues, and the current workload to manage and deliver improvements as well as address renewal backlogs.
6. For councils with non-council drinking water suppliers in their areas there is additional risk if they are unable to consistently provide safe drinking water to their consumers, including the potential for council to have to take on the water supply. Council operating on expired consents or with consent renewals in the next 15 years also face uncertainty over the standards they will need to meet in the future and therefore the level of investment that needs to occur.
7. Councils could also add to the above list of uncertainties and challenges their business as usual workload, the workload associated with delivering on stimulus packages and associated with responding to other government reform initiatives such as reform of the Resource Management Act, and general workforce retention and attraction issues, which are exacerbated by public sector competition for talent and skills.
8. The modelling indicated that between one and four water services entities would provide the most efficiencies and reduce costs to individual households.
9. When this is added to
 - a. known variations across the nation in water suppliers' compliance with drinking standards, including permanent and temporary boil water notices
 - b. evidence of poor health and environmental outcomes, including expired resource consents for wastewater treatment plants (and the need for 110 of these plants to go through the resource consenting process in the next 10 years)

- c. stormwater overflows and other challenges
 - d. climate change
 - e. Te Tiriti obligations and the need to uphold Te Mana o te Wai
 - f. the size and scale of current service delivery units and workforce issues
 - g. the obligations and responsibilities that councils (and other water suppliers) will face when the Water Services Bill and associated regulations are enacted
 - h. the Government has concluded that the status quo is not sustainable and that the [case for change](#) has been made.
10. The four entities and their proposed boundaries (which may yet change) and the proposed structure for the system are as follows:





A new system for three waters service delivery

DIAGRAM 1

JUNE 2021

1. A CASE FOR CHANGE

This Government has ambitions to significantly improve the safety, quality, resilience, accessibility, and performance of three waters services, in a way that is efficient and affordable for New Zealanders. This is critical for:

- public health and wellbeing;
- environmental outcomes;
- economic growth and employment;
- housing and urban development;
- adapting to the impacts of climate change;
- mitigating the effects of natural hazards.

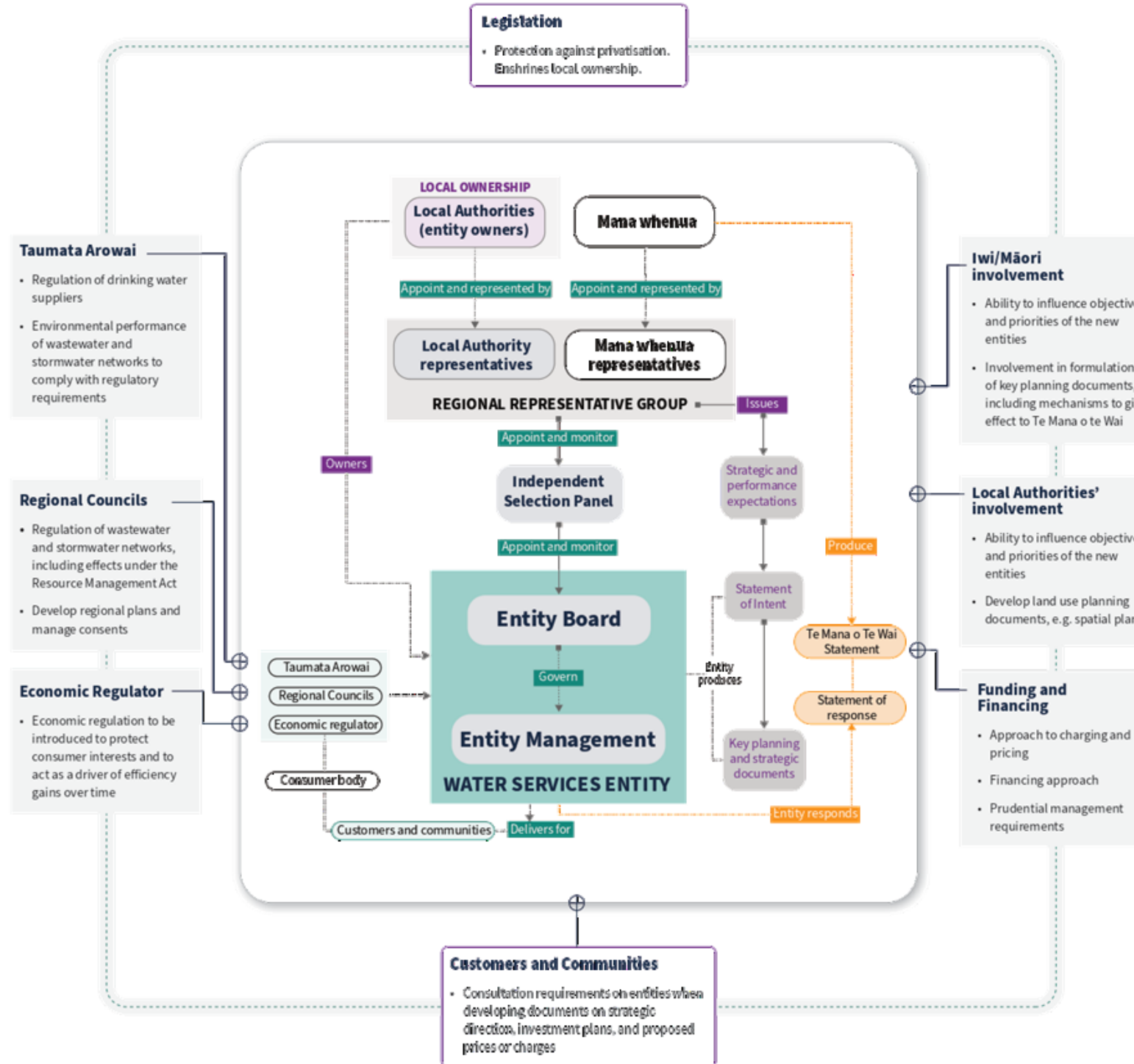
Government also wants to ensure it delivers on Treaty-related obligations, including by improving outcomes for iwi/Māori in relation to three waters service delivery.

Integral to this is effective infrastructure delivery, underpinned by an efficient, high-performing, financially-sustainable, and transparent three waters system.

2. KEY DESIGN FEATURES

- Maintaining local authority ownership of water services entities;
- Protecting against privatisation;
- Retaining influence of local authorities and mana whenua over strategic and performance expectations;
- Providing the necessary balance sheet separations from local authorities; and
- An integrated regulatory system.

3. A NEW WATER SERVICES SYSTEM



4. OBJECTIVES FOR THE CROWN/MĀORI RELATIONSHIP

Enabling greater strategic influence to exercise rangatiratanga over water services delivery.

- A Integration of iwi/Māori rights and interests within a wider system.
- B Reflection of a holistic te ao Māori perspective.
- C Supporting clear account and ensure roles, responsibilities, and accountability for the relationship with the Treaty partner.
- D Improving outcomes at a local level to enable a step change improvement in delivery of water services for iwi/Māori.

5. A PARTNERSHIP-BASED REFORM

- Government will continue to work in partnership with iwi/Māori and local authorities.
- A large scale communication effort is required to ensure local government support reform.
- Further decisions are yet to be taken by Cabinet on the arrangement for transition to, and implementing, the new system.

A new system for three waters service delivery

The number and boundary of entities needs to balance scale with other factors

DIAGRAM 2
JUNE 2021

1. FACTORS CONSIDERED TO DETERMINE NUMBER AND BOUNDARIES

A range of factors have been analysed to help determine how many entities there should be, and their boundaries:

- A** Potential to achieve scale benefits from a larger water service delivery entity to a broader population/customer base.
- B** Alignment of geographical boundaries to encompass natural communities of interest, belonging and identity including rohe/takiwā.
- C** Relationship with relevant regulatory boundaries including to enable water to be managed from source to the sea - ki uta ki tai.

Applied economic analysis, informed by international evidence, provides further confidence that each entity would need to serve a connected population of at least 600,000 to 800,000 to achieve the desired level of scale.

The preferred approach is to create four new water services entities, and to enable all communities to benefit from reform.

2. PROPOSED BOUNDARIES

Government has agreed to a preferred set of entity boundaries. However, the Government remains interested in continuing discussion with local government and iwi/Māori most affected by the proposed boundary choices. In particular:

- 1 South Island entity**
Whether there should be a single entity covering the whole of the South Island, or instead take an approach that uses the Ngāi Tahu takiwā.

- 2 Taranaki region**
Which entity would include the Taranaki region, taking into account ki uta ki tai, whakapapa connections, and economic geography/community of interests.

- 3 Hawaki Gulf**
Whether to include other districts surrounding the Hauraki Gulf, enabling a more integrated approach to the management of the Hauraki Gulf marine catchment.

The map highlights the recommended boundaries.

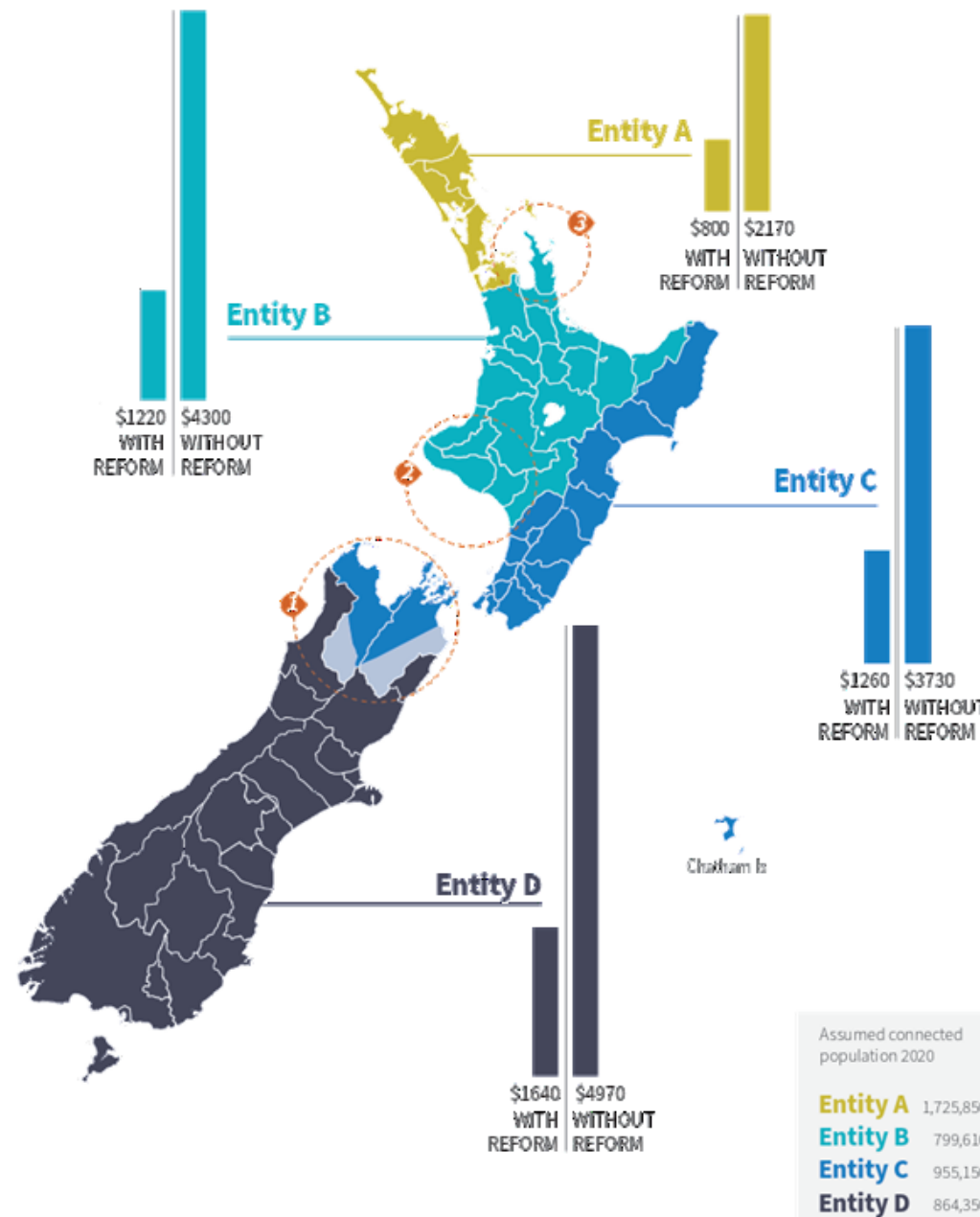
3. OUR INTENTION IS THAT ALL COMMUNITIES BENEFIT FROM REFORM

Latest estimates indicate that the amount of investment required to:

- provide for future population growth
- replace and refurbish existing infrastructure
- upgrade three waters assets to meet drinking water and environmental standards

Is in the order of
\$120 billion to \$185 billion
over the next 30 to 40 years.

4. PROJECTED HOUSEHOLD COSTS 2051



The figures presented above for household bills with and without reform set out in fact on average household might be likely to pay for three waters services in 2051, in today's dollars, based on analysis by the Water Industry Commission for Scotland.

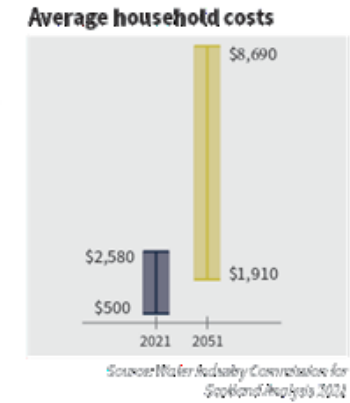
Assumed average figure is presented for household bills estimates without reform, to account for the wide variation between council pricing policies. This weighted average figure reflects the proportion of the connected population that resides in each council area relative to neighbouring councils with a similar water service entity.

5. POTENTIAL IMPACTS

Difference in household costs

Average household costs for most councils on a standalone basis in 2051 are likely to range from between \$1,910 to \$8,690.

The scale of investment required between now and 2051, would require average household costs to increase by between three to 13 times in real terms for rural councils, between two and eight times for provincial councils and between 1.5 and seven times for metropolitan councils.



Current household costs

Currently there are a wide range of current (2019) average household costs.

	LOW	HIGH	MEDIAN	MEAN
Metro	\$500	\$1,920	\$1,050	\$1,120
Provincial	\$610	\$2,550	\$1,120	\$1,300
Rural	\$210	\$2,580	\$1,340	\$1,390

Source: Water Industry Commission for Scotland Analysis 2021

Current costs are not necessarily a good reflection of what funding is required to meet the full costs of economic depreciation (that is, to provide resources for asset maintenance and renewal).

Potential economic impact of reform

The economic impact assessment estimates the impact of a material step up in investment in connection with reform, relative to the level of investment that might be expected in the absence of reform.

Change relative to counter-factual, 2022-2051

Net change in GDP p.a. over 30 years	▲	0.3% to 0.5%
Present value increase in GDP	▲	\$14b to 23b
Average increase in FTEs	▲	5,850 to 9,260
Increase in average wages	▲	0.2% to 0.3%
Present value increase in taxes	▲	\$4b to \$6b

Source: Deloitte Three Waters Reform Economic Impact Assessment 2021

Funding Package Summary

Funding to invest in the future of local government and community wellbeing

1. On 15 July, in partnership with LGNZ under a [Heads of Agreement](#), the Government announced a package of \$2.5 billion to support councils to transition to the new water entities and to invest in community wellbeing.
2. The **'better off' element**: an investment of **\$2 billion** into the future for local government and community wellbeing.
 - The investment is funded \$1 billion from the Crown and \$1 billion from the new Water Services Entities. \$500 million will be available from 1 July 2022. The funding has been allocated to territorial authorities (which includes unitary authorities)² on the basis of a nationally formula that takes into account population, relative deprivation and land area.
 - The funding can be used to support the delivery of local wellbeing outcomes associated with climate change and resilience, housing and local placemaking, and there is an expectation that councils will engage with iwi/Māori in determining how to use their funding allocation.
3. The **'no council worse off' element**: an allocation of up to around \$500 million to ensure that no local authority is in a materially worse position financially to continue to provide services to its community as a direct result of the reform.
 - This element is intended to ensure the financial sustainability of councils and address reasonable costs and financial impacts associated with the transfer of assets, liabilities and revenues to new water services entities.
 - Up to \$250 million is available to meet the unavoidable costs of stranded overheads and the remainder for other adverse impacts on financial sustainability of territorial authorities (including future borrowing capacity).
 - Of this \$250 up to \$50 million is allocated to Auckland, Christchurch and Wellington Water councils, the remainder is available to other councils.³ This funding is not available until July 2024 and is funded by the Water Services Entities.
4. Council's funding allocation is \$19.9 million.

¹ [https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/\\$file/heads-of-agreement-partnering-commitment-to-support-three-waters-service-delivery-reform.pdf](https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/$file/heads-of-agreement-partnering-commitment-to-support-three-waters-service-delivery-reform.pdf)

² Please note that any allocation to Greater Wellington Regional Council (the only regional council affected by the proposed changes) is not clear at this stage.

³ Due to their size and in the case of Wellington Water and Auckland's WaterCare having already transferred water service responsibilities (to varying degrees)

5. The package is in addition to the \$296 million announced in Budget 2021 to assist with the costs of transitioning to the new three waters arrangements. The Government will “meet the reasonable costs associated with the transfer of assets, liabilities and revenue to new water services entities, including staff involvement in working with the establishment entities and transition unit, and provision for reasonable legal, accounting and audit costs.”⁴
6. The Government is also encouraging councils to use accumulated cash reserves associated with water infrastructure for this purpose. There are likely to be practical limitations on a council’s ability to do this set by councils’ own financial strategy and policies (including conditions on the use of the reserves ie targeted reserve funds must be used for the purpose they were collected for in the first instance e.g. if collected for capital works).
7. There are also political and / or community acceptance challenges with this approach - if the assets are transferred under a voluntary or mandatory process the reserve balances are expected to be used to invest those funds in the communities that paid for them, consistent with the conditions under which they were raised rather than pooling as a general fund. Councils and communities are unlikely to embrace using these funds instead to enable the transition.
8. The proposed national allocations are as follows:

⁴ 15 July 2021 FAQ [https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/\\$file/three-waters-reform-programme-support-package-information-and-frequently-asked-questions.pdf](https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/$file/three-waters-reform-programme-support-package-information-and-frequently-asked-questions.pdf)

Council	Allocation
Auckland	\$ 508,567,550
Ashburton	\$ 16,759,091
Buller	\$ 14,009,497
Carterton	\$ 6,797,415
Central Hawke's Bay	\$ 11,339,488
Central Otago	\$ 12,835,059
Chatham Islands	\$ 8,821,612
Christchurch	\$ 122,422,394
Clutha	\$ 13,091,148
Dunedin	\$ 46,171,585
Far North	\$ 35,175,304
Gisborne	\$ 28,829,538
Gore	\$ 9,153,141
Grey	\$ 11,939,228
Hamilton	\$ 58,605,366
Hastings	\$ 34,885,508
Hauraki	\$ 15,124,992
Horowhenua	\$ 19,945,132
Hurunui	\$ 10,682,254
Invercargill	\$ 23,112,322
Kaikoura	\$ 6,210,668
Kaipara	\$ 16,141,395
Kapiti Coast	\$ 21,051,824
Kawerau	\$ 17,270,505
Lower Hutt	\$ 38,718,543
Mackenzie	\$ 6,195,404
Manawatu	\$ 15,054,610
Marlborough	\$ 23,038,482
Masterton	\$ 15,528,465
Matamata-Piako	\$ 17,271,819
Napier	\$ 25,823,785
Nelson	\$ 20,715,034
New Plymouth	\$ 31,586,541
Opotiki	\$ 18,715,493
Otorohanga	\$ 10,647,671
Palmerston North	\$ 32,630,589
Porirua	\$ 25,048,405
Queenstown Lakes	\$ 16,125,708
Rangitikei	\$ 13,317,834
Rotorua Lakes	\$ 32,193,519
Ruapehu	\$ 16,463,190

Selwyn	\$ 22,353,728
South Taranaki	\$ 18,196,605
South Waikato	\$ 18,564,602
South Wairarapa	\$ 7,501,228
Southland	\$ 19,212,526
Stratford	\$ 10,269,524
Taranaki	\$ 15,185,454
Tasman	\$ 22,542,967
Taupo	\$ 19,736,070
Tauranga	\$ 48,405,014
Thames-Coromandel	\$ 16,196,086
Timaru	\$ 19,899,379
Upper Hutt	\$ 18,054,621
Waikato	\$ 31,531,126
Waimakariri	\$ 22,178,799
Waimate	\$ 9,680,575
Waipa	\$ 20,975,278
Wairoa	\$ 18,624,910
Waitaki	\$ 14,837,062
Waitomo	\$ 14,181,798
Wellington	\$ 66,820,722
Western Bay of Plenty	\$ 21,377,135
Westland	\$ 11,150,183
Whakatane	\$ 22,657,555
Whanganui	\$ 23,921,616
Whangarei	\$ 37,928,327
Total	\$ 2,000,000,000



Advice on Water Reform

Report to Timaru District Council

SEPTEMBER 2021

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Definitions

DIA	Department of Internal Affairs
IPART	Independent Pricing and Regulatory Tribunal
LGNZ	Local Government New Zealand
RFI	Request for Information
TDC	Timaru District Council
WICS	Water Industry Commission for Scotland

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Executive summary

The government is proposing to reform the drinking, waste and storm water (three waters) sector. The reform will involve amalgamating the water services of the 67 local authorities into four new regional statutory corporations, with centralised management and a new governance structure. The structure will have indirect Board appointment rights for local authorities to be shared with mana whenua representatives.

The government proposes to amalgamate the water services of Timaru District Council (TDC) into a new statutory corporation called "Entity D" together with the water services of Ashburton, Buller, Central Otago, Christchurch, Clutha, Dunedin, Gore, Grey, Hurunui, Invercargill, Kaikoura, Mackenzie, Queenstown Lakes, Selwyn, Southland, Waimakariri, Waimate, Waitaki and Westland (the Reform Scenario).

The government has given TDC two choices, join the Reform Scenario or Opt-Out. TDC, along with other local authorities, has been asked by the government to consider the evidence and whether the government's proposal to reform the water sector will deliver benefits to its residents. The government also committed to providing Timaru with \$19.9 million in funding under the "better off" package, an additional \$3 million¹ for stranded overhead costs under the "no worse off" package, and further compensation for any loss in TDC's debt headroom. These amounts are to be part-funded from the balance sheet of the new entity.

Key question: will the Reform Scenario deliver the claimed benefits?

The key question for this report is whether the benefits for TDC that are claimed by the government are robust, and whether the Timaru community is likely to be better off with the Reform Scenario.

The Reform Scenario uses analysis provided by Water Industry Commission for Scotland (WICS), the Scottish government's regulator of its monopoly water provider Scottish Water. The WICS analysis and modelling underpins the case for reform. The government has relied on WICS for the claims that significant capital investment is needed in the New Zealand water sector, and that amalgamation into four separate entities with accompanying institutional changes is the only way to achieve the cost-efficiencies to make the reform affordable.

The government is promising that household bills will be four times lower in Reform Scenario than in Opt-Out

The government is promising that the Reform Scenario will deliver household bills that are about half the amount that would exist in the Opt-Out Scenario. The government claims that the Reform Scenario will deliver Timaru residents:

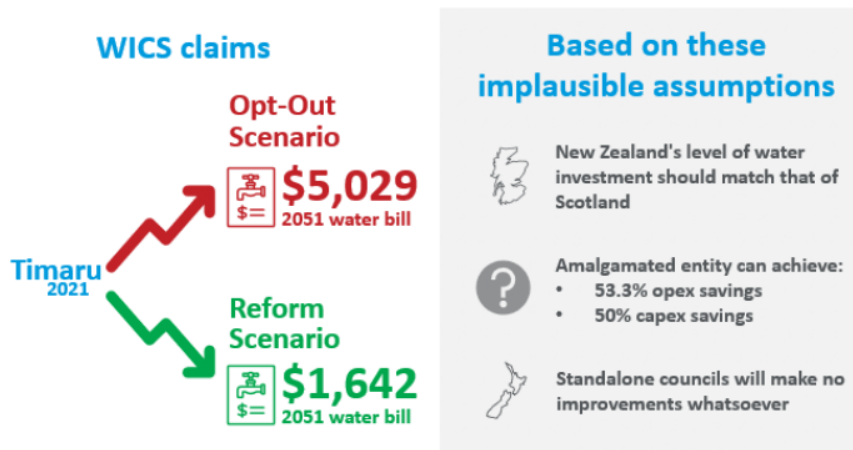
- Household bills that average \$1,642 by 2051
- Improvements in service delivery and affordability
- Improvement in the ability to raise finance.

In contrast, the government's WICS analysis claims that if TDC provides water services as an opt-out provider, household bills will rise to \$5,029 by 2051.

¹ We were advised of this number by TDC.

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Figure 0.1: Government’s predicted outcomes in Reform Scenario and Opt-Out Scenario



Reform Scenario is based on faulty assumptions and flawed analysis

The Reform Scenario is based on faulty assumptions and flawed analysis. The government has not shown with sufficient certainty to TDC that the claimed benefits of the Reform Scenario will materialise.

The benefits of the Reform Scenario rest on three key claims:

- That TDC (and New Zealand as a whole) needs to invest to match Scottish levels of water sector capital stock per resident
- The amalgamated entity will be able to achieve up to 53.3 percent in opex efficiency and up to 50 percent in capex efficiency compared to existing opt-out entities
- TDC as an opt-out entity will not improve over the next 30 years.

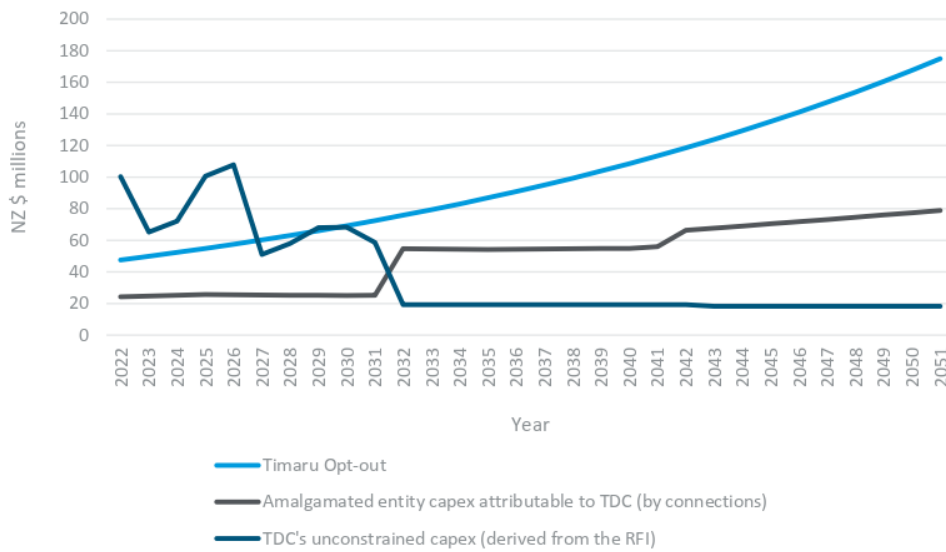
Required investment for TDC and for New Zealand as a whole is overstated

The Reform Scenario rests on WICS’ modelling and manual adjustments that assume New Zealand will need significantly higher levels of capital investment over the next 30 years than is currently estimated in local authorities’ own 10-year plans. The required capital investment, compared to TDC’s own planned investment is illustrated below.

Figure 0.2 shows how WICS models a significant difference in net investment for TDC in the Opt-Out Scenario compared to TDC’s own planned capital investment.

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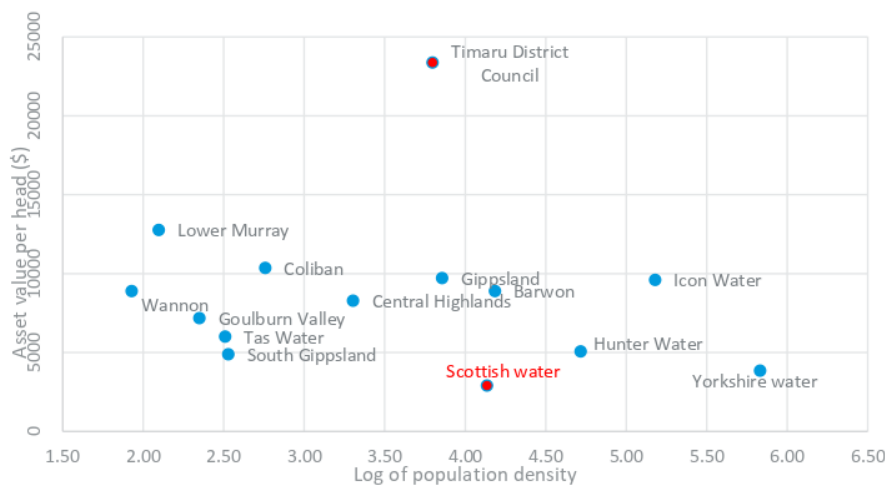
Figure 0.2: Net investment scenario for TDC under WICS models and TDC's own plan



However, in modelling the Opt-Out Scenario, WICS claims that TDC needs large capital investment increases from 2021 because WICS mechanistically applies a model based on Scotland, that WICS suggests shows that New Zealand requires water asset capital stock of up to \$70,000 per capita. However, there is no strong evidence that Scottish asset levels are relevant to New Zealand in general, or to Timaru in particular. When we compare asset levels per capita to a wider range of water entities in Australia, which has closer similarities to New Zealand's urban geography than Scotland, the choice of the Scottish model is less clear.

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Figure 0.3: Asset value per connected citizen for selected water utilities



Note: Castalia could not reconcile WICS’ estimated asset value per connected citizen for Scottish Water and Yorkshire Water based on those entities’ annual reports. It is possible that WICS may be using undepreciated replacement values for the assets of those entities. For our analysis, we used asset values from the relevant entities’ annual reports. As a result, the asset value per connected citizen in this figure for Scottish Water and Yorkshire Water do not match the WICS figures illustrated in Figure 0.3. We included all vertically integrated Australian water utilities where recent replacement values were available.

Efficiency assumptions are implausible

WICS’ modelling makes implausible assumptions about the efficiency in the Reform Scenario. The government assumes that the Reform Scenario will deliver 50 percent capital expenditure (capex) savings and 53.3 percent operating expenditure (opex) savings.

The capex saving is not grounded in any actual evidence, but rather on WICS’ observations. The implausibility of capex savings has also been addressed in previous analysis by Castalia for Local Government New Zealand and the Joint Steering Committee. Economies of scale in capex are not available in New Zealand water services, except for minor potential cost savings in procurement.

The opex saving is also derived from Ofwat and Scottish observations. However, for TDC the opex efficiency is implausible because TDC already has comparable opex to the largest and most corporatized water provider Watercare in Auckland. Given the profile of TDC’s opex, it seems unlikely that savings of 53 percent are possible.

TDC is likely to improve water service delivery if it opts out, yet WICS assumes no such improvements

In any case, TDC is likely to improve its services over the next 30 years, yet WICS’ modelling assumes that TDC will make no efficiency gains under the Opt-Out scenario. As a result, the Opt-Out scenario, as modelled by WICS, likely overstates TDC’s costs.

TDC will be subjected to water quality regulation, and obtain guidance and expertise from Taumata Arowai. Corporatisation and improved performance of other water service providers will lead to changes at TDC that drive better performance as TDC seeks to match the benchmarks set.

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Economic regulation is likely to apply across the sector, not just to four amalgamated entities. The government’s assumption that it cannot regulate all council-owned water services is inconsistent with the Commerce Commission’s regulation of electricity distribution businesses and inconsistent with the experience in multiple overseas jurisdictions where economic regulators are capable of regulating many entities. Economic regulation is also likely to enable benchmarking and comparisons.

Financing changes would make significant impact to household water bills in Opt-Out and Reform Scenario

The 2051 water bill levels claimed by WICS change significantly with changes in the assumptions about the borrowing capacity of water service providers in the Opt-Out or Reform Scenario. In some parts of New Zealand, council balance sheet strength, LGFA limits and aversion to debt can limit efficient borrowing for long-lived infrastructure. Long-term debt instruments that match the life of the assets they finance is generally an efficient way to ensure that the beneficiaries of infrastructure bear its costs. The debt limit assumptions used by WICS for the Opt-Out Scenario have a material impact on the level of 2051 household bill. The 2051 bills would be 42 percent lower if WICS had assumed a higher debt-to-revenue limit. This is illustrated in Figure 0.4 below.

Figure 0.4: Average WICS bill per household under different financing options for TDC (Opt-out scenario)

	Average bill per household (\$, 2051)	Average bill per household (\$, 2021)	% Change (Decrease in bills)
250 % debt to revenue Limit (WICS model assumption)	9,872	5,029	-
280 % debt to revenue Limit	9,0938	4,633	7.89
500 % debt to revenue Limit	5,758	2,933	41.67

TDC should examine how it can provide a constructive counter-proposal to the government

The government’s evidence base and analysis does not establish if the reforms provide a net benefit to TDC. We recommend that TDC carry out a proper net benefit analysis, potentially with other local authorities that have a similar viewpoint. This is likely to be many councils, since the WICS analysis has consistent faults that apply to all local authorities.

Water services are critical to wellbeing, so it is very important that the full range of options are considered that are locally appropriate. Other than opting out, the Reform Scenario is the only option that has been presented to TDC and other local authorities.

We recommend that TDC carry out a net benefit analysis that includes the full range of options together with transparent data, sound and contestable analysis so these options can be properly evaluated.

There is plenty of analysis, evidence and now a rich data set in the RFI responses for TDC and like-minded local authorities to be able to identify alternative and better reform options. TDC could prepare a constructive counter-proposal that achieves desirable objectives, while avoiding the risks and costs of the Reform Scenario.

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1 Introduction

The New Zealand government is proposing to reform the drinking, waste and storm water (three waters) sector. It proposes to amalgamate the three waters services of the 67 local authorities into four regional public corporations.

The government is proposing to amalgamate TDC's water services into a new statutory corporation called "Entity D" together with the water services of Ashburton, Buller, Central Otago, Christchurch, Clutha, Dunedin, Gore, Grey, Hurunui, Invercargill, Kaikoura, Mackenzie, Queenstown Lakes, Selwyn, Southland, Waimakariri, Waimate, Waitaki and Westland (the Reform Scenario). The government has presented the only alternative to the Reform Scenario as being a situation where TDC remains as a standalone water service provider under council control (the Opt-Out Scenario).

This report analyses the evidence underpinning both the Reform Scenario and the Opt-Out Scenario as follows:

- The Reform Scenario is analysed, and its underlying assumptions tested to determine whether the stated level of household bills is robust (section 2). Specifically the analysis reviews:
 - The estimates of the required level of assets for the Reform Scenario (section 2.1)
 - The estimated efficiencies apparently available in the Reform Scenario (section 2.2)
 - Other aspects of the methodology that raise questions (section 2.3).
- The Opt-Out Scenario is analysed and its underlying assumptions tested to determine whether the stated level of household bills is robust (section 3)
- Finally, the risks and costs to the TDC community with the Reform Scenario are examined (section 4).

2 Government's Reform Scenario produces implausible household bill estimates

The Reform Proposal predicts household bills for 2051. The WICS analysis rests on two key assumptions: First, that the capital stock invested in New Zealand water services needs to increase by a very large amount. Second, that the Reform Scenario will deliver large efficiency gains compared to the Opt-Out Scenario. In our view, WICS' assumed scale of required increase in capital stock, and of the achievable efficiency gains under the reforms, are both implausible.

2.1 Required investment estimate is overstated

The government's case for reform rests on a claim that New Zealand water services require a significant capital investment over the next 30 years. The government relies on WICS advice and analysis to set the level of investment for the Reform Scenario from 2021 to 2051.

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WICS' modelling is entirely based on a top-down, New Zealand-wide assumption that a massive nationwide investment programme is necessary for all council water services. This is despite TDC and all other local authorities submitting detailed bottom-up information about planned capital investment.

Capital investment is needed in some parts of New Zealand now and in the next 30 years to meet the demands of growth and due to historical deferred and underinvestment. There have been high-profile asset failures. However, it is not clear that the investment is needed in all places, at the scale WICS claim.

WICS are selective in estimating the nationwide required investment amount. WICS also use inappropriate Scottish comparators to support its claim that New Zealand needs to invest at equivalent levels. WICS' estimate of required investment is significantly higher than the levels of investment that asset-owner TDC has estimated will be required.

WICS used projected investment requirements across three investment types that include replacement or renewal investment, enhancement investment, and growth investment projections. These projections are based on assumptions relating to asset lives, replacement costs, inflation, population density, and projected connections growth.

2.1.1 WICS approach to estimating required investment is unsound

In order to estimate the required investment, WICS uses English and Scottish comparators. WICS allocated New Zealand-wide investment requirements for councils based on statistical relationships and observed experiences in England and Scotland. The total investment required is made up of two key components that include 'enhancement and growth' and 'asset replacement and refurbishment'.

WICS modelled the required investment using three approaches. WICS then cross-checked the modelled investment against information gathered from councils' RFI responses. The modelled investment from the three approaches, plus investment specified in councils' RFI responses are summarised in Table 2.1.

WICS took three steps with each of its three modelling approaches:

- Step 1 is to apply econometric models to predict New Zealand's investment needs
- Step 2 is to manually adjust the Step 1 estimate for differences in growth
- Step 3 is to apply a cap of \$70,000 to reflect an assumption about the ability to pay for the investment.

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Table 2.1: WICS modelling approaches for required investment

	Approach	Enhancement and Growth Investment (\$ billions)			Asset replacement and refurbishment (\$ billions)	Total Investment 2 (\$, billions)
		Step 1: Unadjusted model output (NZ \$, billions)	Step 2: Manual adjustment for "differences in growth"	Step 3: Apply cap of \$70,000 per connected citizen		
1	Great Britain comparative Models	49 – 69	63-83	57-77	63-77	120-154
2	Scotland only comparative models (WICS preferred)	73- 99	87 -113	77-100	70-86	148-185
3	Asset value comparisons with UK ³	52-57	81-85	77-81	70-79	148-160
	Information included in councils' RFI	53	N/A	N/A	61-69	115-122

Source: WICS Final Report

WICS makes no adjustment for the overlapping nature of growth and replacement investment

We note that, in practice, when enhancement and growth investment takes place, the new upgraded assets often replace at least some ageing assets, thus reducing the need for replacement expenditure. WICS' approach appears to have made no adjustment for this, since the total investment is calculated as the simple sum of 'enhancement and growth' and 'asset replacement and refurbishment', and the estimates for the two categories are derived separately, with no consideration of interaction between the two. This means that WICS' total investment estimate will be overstated.

WICS' preferred model appears highly selective

WICS' models in approaches '1' (Great Britain comparative) and '3' (comparing asset values) produce a level of enhancement and growth investment in Step 1 that is broadly consistent with councils' RFI responses.

Yet despite the consistency with councils' own estimates of investment, WICS' preferred model is approach '2'. Approach '2' reports significantly higher required levels of investment.

² Total investment is calculated adding enhancement and growth estimates taken from estimates after applying a cap of NZ\$70,000 per connected citizen and the asset replacement and refurbishment expenditures. The range represents the modelled low and high values of investment requirements.

³ This approach is briefly explained by WICS to use projected investment that is required to match the levels of asset values per connected citizen in the UK and Scotland for 2020 after adjusting for depreciation and connection differences.

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WICS Step 2 and Step 3 adjustments to its models are unsound

WICS' 'enhancement and growth investment' models in approaches '1' and '2' are apparently driven by population density.⁴ That is to say, the models should automatically predict the required level of investment, given population density in New Zealand. However, WICS has manually increased the required level of investment to "adjust for differences in growth".

WICS then make a further manual adjustment and impose an investment constraint cap of \$70,000 per connected citizen due to affordability concerns, because mechanically applying the Scotland comparator (Step 1) and manual adjustments (Step 2) leads to even higher and even more implausible levels of investment.

WICS ignored local authorities' own estimates of required investment

All local authorities in New Zealand agreed to provide the government with comprehensive information about water services during the Request for Information (RFI) phase in mid-2020. The RFI responses included a full picture of all local authorities' planned water sector investment.

Local authorities, as asset owners with accountability to local communities, have a sound understanding of the investment needs required in three waters' services. WICS could have used this detailed and rich data source to estimate the required investment levels. WICS could have made adjustments to the RFI data to account for any conservatism, or to account for differences in the sophistication of management in estimating investment needs. However, WICS preferred top-down modelling using overseas comparators.

2.1.2 Required investment level is based on inappropriate Scottish comparators

WICS estimate of New Zealand's water investment needs is based on an assumption that it must match investment levels in Scotland. This is justified on the grounds that NZ has a relatively lower level of urbanisation.⁵ However, WICS does not use urbanisation figures in its analysis. Instead, it uses population density, which is a different concept.

WICS concludes that Scotland is the most appropriate guide for the required level of investment because of New Zealand's low population density compared to other areas in the United Kingdom.

WICS predicts New Zealand's water investment needs based on correlation with population density

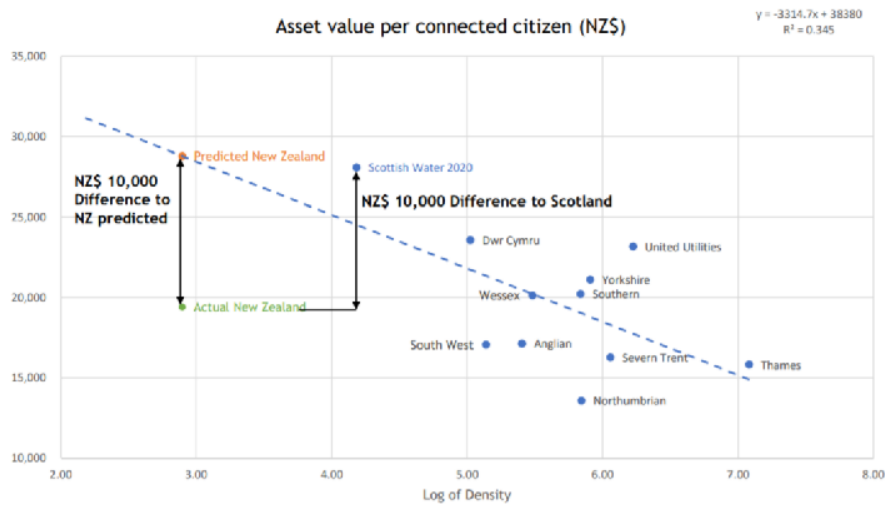
WICS identifies a correlation between English and Scottish drinking water and wastewater asset value levels and population density. This is illustrated in Figure 2.1, which we reproduced from WICS report. Based on the correlation between asset value levels and population density, WICS suggests that NZ investment needs to rise significantly. According to this correlation, New Zealand's top-down, national-level required investment is \$10,000 lower than it should be.

⁴ WICS supporting material 1 – required investment (slide 33), [https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/\\$file/wics-supporting-material-1-required-investment.pdf](https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/$file/wics-supporting-material-1-required-investment.pdf)

⁵ WICS supporting material 1 – required investment (slide 19), [https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/\\$file/wics-supporting-material-1-required-investment.pdf](https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/$file/wics-supporting-material-1-required-investment.pdf)

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Figure 2.1: New Zealand’s asset gap according to WICS



Source: WICS final report

Population density is not a good predictor of required asset value levels

However, WICS does not show how the weak correlation in Scotland and England might predict water investment needed in New Zealand. No causal link is drawn. We were also unable to reconcile WICS’ Asset value per connected citizen figures for Scottish Water and Yorkshire. They are much higher than what is implied by the asset values listed in those entities’ annual accounts. It is possible that WICS may be using undepreciated replacement values for the assets of those entities, which should not be compared to the optimised depreciated replacement values submitted by TDC.

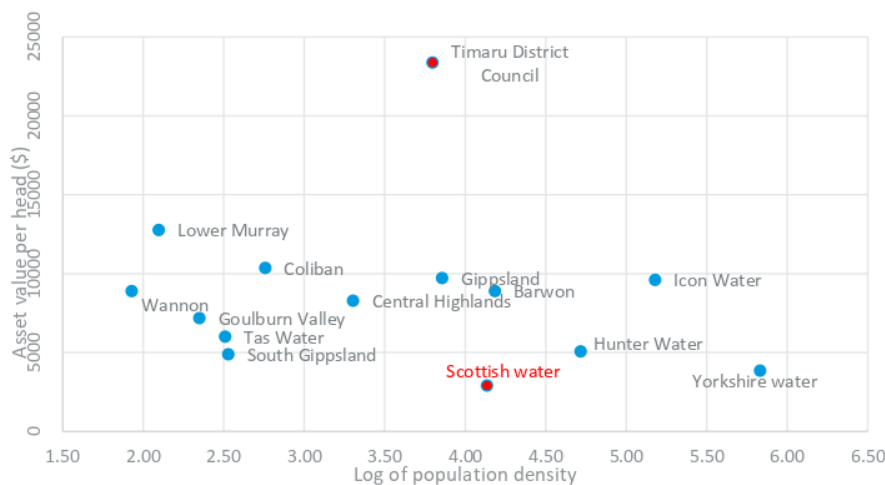
We analysed other regulated water utilities, including in Australia, to determine whether there was a clear relationship between asset level per connected citizen and population density. Australia has some similarities with New Zealand in that its population is highly urbanised, but overall population density is quite low, because towns are far from each other. Australia’s towns developed at a similar time to New Zealand’s and therefore follow the same typical geography (detached houses on suburban sections). Figure 2.2 shows a plot of asset value per connected citizen for water utilities in Australia, Scottish Water, Yorkshire Water and TDC.

For our analysis, we used asset values from the relevant entities’ annual reports. As a result, the asset value per connected citizen in this figure for Scottish Water and Yorkshire Water do not match the WICS figures in Figure 2.1.

There is a very weak relationship between population density and asset value per connected citizen as identified by WICS. Figure 2.2 shows that by adding or removing comparator water providers, the correlation line could change markedly.

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Figure 2.2: Asset value per connected citizen for selected water utilities



Note: Castalia could not reconcile WICS’ estimated asset value per connected citizen for Scottish Water and Yorkshire Water based on those entities’ annual reports. It is possible that WICS may be using undepreciated replacement values for the assets of those entities. For our analysis, we used asset values from the relevant entities’ annual reports. As a result, the asset value per connected citizen in this figure for Scottish Water and Yorkshire Water do not match the WICS figures illustrated in Figure 2.1. We included all vertically integrated Australian water utilities where recent replacement values were available.

There are significant differences between Scotland and New Zealand geographies

Scotland is not a relevant comparator for New Zealand water services because of fundamental differences between the two countries’ geography. In water services, geography is important for the cost and quality of service. Denser urban areas tend to have lower average costs of service. Water services with more dispersed customers have to distribute drinking water, and pump wastewater over longer distances with more pipes, dispersed treatment infrastructure and higher costs. Aside from some high-level discussion of available water sources, and similar populations, WICS has not investigated why Scotland’s geography is a good predictor of New Zealand’s water investment needs.

The total land area and the geographical distribution of the populations are very different. WICS incorrectly assumes that lower population density in New Zealand implies lower levels of urbanisation. Table 2.2 illustrates how New Zealand’s population is more urbanised than Scotland’s, but despite this, New Zealand still has a lower population density. A larger majority of New Zealand’s population live in urban areas and the urban population is more likely to grow in New Zealand as compared to Scotland.

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Table 2.2: Urban population statistics of New Zealand and Scotland

	Population density (people per sq. km of land area)	Urban population (% of population)	Population in the largest city (% of urban population)	Urban population growth (annual %)
New Zealand	18.6	86.7	36.4 (Auckland)	2.2
Scotland	65	83.04 ⁶	11.6 (Glasgow)	-0.06 ⁷

Source: World Bank Indicator Database, 2020

2.1.3 WICS' required investment estimate is higher than TDC's investment plans

TDC's investment plans in its 10-year plan and longer-term investment planning are significantly lower than the WICS estimates for the Opt-Out Scenario. TDC's RFI response revealed to WICS that its planned investment is significantly below the level that WICS' model predicts. This is despite the TDC having a higher level of asset value per connected property as Auckland's Watercare, the largest water provider and, according to WICS, the most sophisticated and corporatised. The net assets per connected property was \$23,732 for Auckland and \$40,324 for TDC in 2020.⁸ Moreover, TDC compares even more favourably than Scottish Water in terms of asset values per connected citizen, as illustrated in Figure 2.2 Some of this difference may be explained by the larger proportion of commercial and industrial water consumers in Timaru. These customers typically have significantly higher demand than residential customers, which increases the net assets per connected property. For water services, 87 percent of TDC's connections are residential compared to 93 percent for Watercare's connections.

Figure 2.3 illustrates the difference between WICS' modelled net investment needs for TDC, and TDC's own planned capital investment.⁹ TDC disclosed a level of investment that is higher in the near term. We also calculated the capital investment attributable to TDC in Entity D using WICS' model and find that it is lower and comparable to TDC's own investment plans.¹⁰

⁶ <https://www.gov.scot/publications/rural-scotland-key-facts-2018/pages/2/>

⁷ Urban population as a percent of total population has decreased by 0.06 percent between 2018 and 2019. <https://www.nrscotland.gov.uk/statistics-and-data/statistics/statistics-by-theme/population/population-estimates/2011-based-special-area-population-estimates/population-estimates-by-urban-rural-classification>

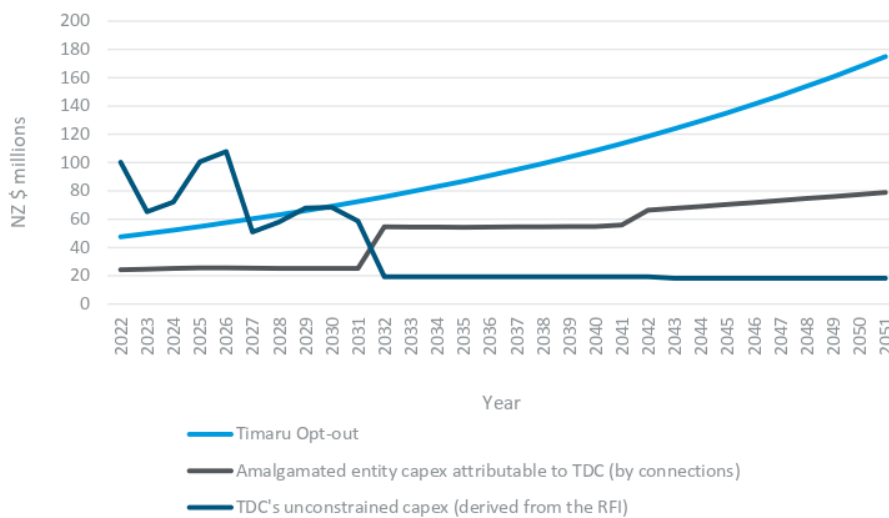
⁸ Calculated from TDC's RFI response and Auckland Council Information.

⁹ Total investment for unconstrained scenario is derived from its Long-Term Plan and internal capital investment planning to 2051.

¹⁰ Amalgamated entity investment attributable to TDC has been calculated by attributing the net investment from the WICS models for Entity C proportionate to the total number of connections for TDC.

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Figure 2.3: Net investment scenario for TDC under WICS models and TDC's own plan



2.2 Efficiency estimates for Reform Scenario are implausible

WICS uses efficiency assumptions in its analysis of the amalgamated entity (Entity D). The efficiency assumptions drive significant cost savings for the Reform Scenario. WICS assumes that:

- Capital expenditure (capex) efficiency will reach 50 percent
- Operating expenditure (opex) efficiency will reach 53.3 percent

It also assumes a total factor productivity efficiency improvement of 0.4 percent per annum for the Reform Scenario but not for TDC as an opt-out entity. These efficiency estimates are highly implausible.

2.2.1 Capex efficiency estimates are implausible

WICS claims that the Reform Scenario will result in 50 percent lower capital costs. WICS claims that Entity D will progressively improve its capex efficiency so that by 2041 it is saving 50 percent per annum. That is, by 2041, for each \$0.50 invested, Entity C will get \$1.00 of capex value. This is an implausible assumption for the following reasons:

- The assumption is not sourced to any credible authority or from any observed experience that is relevant to New Zealand
- WICS has not shown how Scottish Water capex has any bearing on New Zealand water services and geography
- Entity D councils have already achieved available economies of scale
- Only very minor economies of scale are available in New Zealand water services

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- The assumption has been criticised by government-appointed peer reviewers
- The assumption does not consider diseconomies of scale.

The Entity D model results are highly sensitive to this assumption, so if it is wrong, the benefits of the Reform Scenario change drastically.

WICS capex efficiency is based on a single source of information

WICS capital expenditure assumption is based solely on a belief that it “seems reasonable to expect a reformed three waters industry in New Zealand to match the efficiency improvement of the industry in Scotland and by the water and sewerage companies in England and Wales.” The only quantitative analysis WICS says it has undertaken to support this belief is an observation that Scotland improved capital expenditure efficiency from 2002-2021. This quantitative analysis has not been substantiated in any documents released to TDC. There are many reasons why Scottish Water may have improved reported capital expenditure efficiency. These reasons are likely to be specific to Scottish Water. Decision-makers need an explanation of those reasons to understand whether the same improvements can be achieved in New Zealand entities. WICS provides no such explanation.

The citation used in the Entity D model¹¹ is also misleading. WICS incorrectly cites the source for the capital efficiency improvement as “based on observed experience from GB”. However, the actual source of WICS’ capital efficiency assumption is not Great Britain at all. Rather WICS cites¹² the single observation of claimed efficiency improvements by Scottish Water from 2002-2021.

WICS claims that the capex efficiency will come from:

- Economies of scale
- Clarity of policy priority
- Robust water quality and environmental regulation
- Economic regulation
- Excellence in management.

WICS does not disclose the relative contribution of these factors to the total 50 percent efficiency gain. In section 3 below, we discuss how water service providers in the Opt-Out Scenario are likely to improve as a result of the improved water quality regulatory regime, how management may improve, and how it is possible that economic regulation could apply to other water services (not just the amalgamated entities).

Scotland is an inappropriate model for Entity D

The population within the Entity D boundaries live across a large geographic area, in a mixture of mostly urban settings. There are significant distances between each urban area. TDC’s neighbouring councils are Ashburton in the North, Mackenzie to the West and Waimate in the South and Waitaki beyond that.

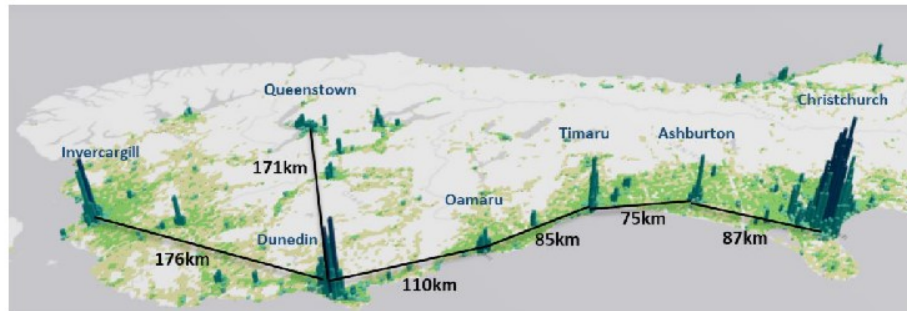
¹¹ And in the models for Entity A, Entity B and Entity C.

¹² WICS slidedeck “Entity D: the use and analysis of the RFI information and other benchmarks”, available at: <https://www.dia.govt.nz/Three-Waters-Reform-Individual-council-models-and-slidepacks>

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Within Entity D there are cities (Christchurch, Dunedin, Queenstown, Invercargill, Timaru) and urban townships which almost all have significant distances between them. The two main cities, Christchurch and Dunedin, are separated by over 300km.

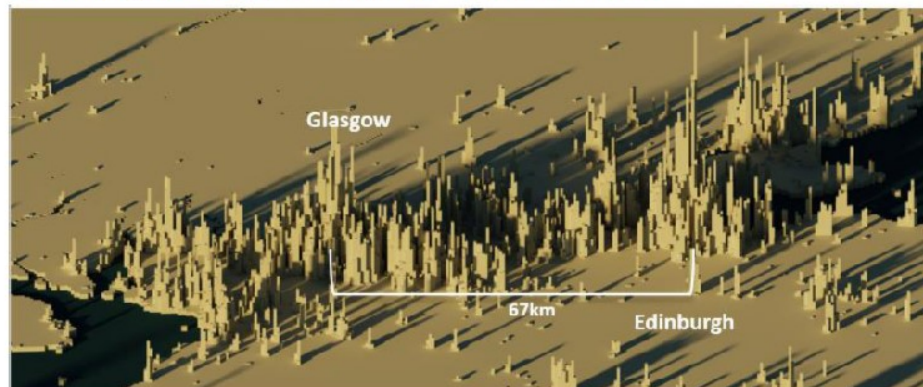
Figure 2.4: Population densities in Entity D area



Statistics NZ, available at: <https://statsnz.maps.arcgis.com/>

This is different from Scotland, where most of the population lives in the narrow band that is between and around Glasgow and Edinburgh (Figure 2.5). There is potential for agglomeration efficiencies and for networks to achieve some scale benefits based on proximity alone.

Figure 2.5: Population density (persons per square kilometre) in Scotland



Data Source: <https://www.worldpop.org/> (3D map generated by Castalia)

In contrast, the population of proposed Entity D live in urban areas with reticulated networks, or rural areas with rural water schemes or self-supply. There are significant distances between the urban towns. This means that the “asset optimisation” potential (that is, the ability to consolidate water networks between towns) is likely to be much lower than as claimed by WICS due to significant distances between New Zealand towns. This means the claimed capex savings are unlikely.

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Economies of scale are not available in water services from amalgamations at the level WICS claims

Castalia has previously advised DIA, LGNZ and the Joint Steering Committee that the economies of scale claimed in WICS' 2020 slidedecks from administrative amalgamations were implausible. In New Zealand, only minor economies of scale are achievable through institutional reform, and these will be mostly in management and procurement (not infrastructure capex).¹³ Castalia showed that economies of scale are unlikely to be available in New Zealand on the basis of the evidence presented by WICS, Frontier Economics and in the economic literature relied on by the government. The findings in Castalia's 2020 Economies of Scale report have not been rebutted.

WICS claims that the 50 percent capex efficiency gain emerges when water entities achieve a population of 800,000 or more. It also claims that entities serving a minimum population of 59,000 increase capex efficiency as they approach the 800,000 population number. This claim has no basis in the economic literature.

In fact, the literature that looks at the specific question of whether economies of scale are available from administrative amalgamations find that there are none except in highly specific circumstances, not present in New Zealand. Economies of scale estimate is based on non-credible evidence

When preparing the 2020 Economies of Scale report, Castalia reviewed the WICS 2020 slidedecks. Access to the underlying models and assumptions was refused. In the 2020 Economies of Scale report, we were advised¹⁴ that the economies of scale assumption was based on England, Wales and Scotland observations. However, we now know that the supporting evidence for the 50 percent capex efficiency is a single Scottish observation from 2002-2021.¹⁵

WICS economies of scale claims are rejected by peer reviewers FarrierSwier

FarrierSwier peer-reviewed WICS' approach and had access to the underlying models. It found that "WICS analysis cannot be used to definitively conclude that amalgamation in and of itself will lead to material efficiency gains in New Zealand".¹⁶

FarrierSwier also state "significant care should be taken when relying on the capital efficiency gaps estimated by WICS. This is particularly important, given the significant step up in investment forecast for the 30-year period and the role that the capex efficiency assumption plays when estimating benefits from amalgamation and associated reform." Like Castalia, FarrierSwier express concern with the sensitivity analysis approach.

Diseconomies of scale not considered

Diseconomies of scale can emerge from administrative amalgamations in water services. This was not considered in WICS' modelling.

WICS has overlooked a relevant case from Australia. In 1992, Melbourne and Metropolitan Board of Works merged with several smaller urban water authorities to form Melbourne

¹³ Castalia (2020), Analysing Economies of Scale in New Zealand Water Services: Report to Local Government New Zealand

¹⁴ Conference call between Castalia and WICS (Alan Sutherland) on 20 August 2020

¹⁵ WICS (2021), Slidedeck "Entity C: the use and analysis of the RFI information and other benchmarks", available at: <https://www.dia.govt.nz/Three-Waters-Reform-Individual-council-models-and-slidedecks>

¹⁶ FarrierSwier (2021), Three Waters Reform: Review of the methodology and assumptions underpinning economic analysis of aggregation, page 29

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Water. However, in 1995, the entity was disaggregated, and Melbourne Water reformed to become a wholesale water company only. City West Water, South East Water and Yarra Valley Water became separate retail water companies.¹⁷ Several studies confirm that the three disaggregated retail water entities achieved significant cost efficiencies and service level improvements compared to Australian and international water companies since the disaggregation of Melbourne Water.¹⁸ A benchmarking analysis using data from 2002-2003 concluded that the three separate retailers performed “at or near the determined efficiency frontier”.¹⁹ It also made major improvements in customer services in comparison to major urban water authorities in Australia. Melbourne’s disaggregated water entities even performed better than UK water companies, according to Ofwat.²⁰

2.2.2 Opex efficiency estimates are implausible

Efficiency estimates derived from econometric studies in the UK are used in the Reform Scenario to drive a claimed 53.3 percent saving in opex.

WICS use econometric models to claim that opex efficiencies of 53.3 percent are possible

WICS has used an Ofwat 2004 econometric model to estimate that, after reform, Entity D can achieve up to a 53.3 percent efficiency improvement to operating expenditure (opex).

To estimate the opex efficiencies, WICS combined 2003-2004 data from the UK with recent data from New Zealand councils to estimate a performance baseline to measure New Zealand water entities against. To ensure compatibility of the estimates with New Zealand’s operating environment, the gaps in efficiency between New Zealand entities and the benchmark were adjusted with ‘special factors’ related to regulatory, geographic and environmental factors that were considered unique to New Zealand.

Based on observed efficiency gains from UK water reforms, WICS assumes that New Zealand water reforms may achieve the same operating efficiency results – roughly a 53.3 percent improvement.

It is important to note that these estimates are an assumed benchmark that provides a guide to what might be possible based on experiences in the UK water sector but, as peer reviewer FarrierSwier notes, care needs to be taken as it is not possible to conclude that those efficiencies can be realised.²¹

From observations of UK data, larger water entities – those serving populations greater than 800,000, realised larger efficiency improvements than smaller entities. As such, WICS assumes that given the small size of individual councils in New Zealand, the councils will not be able to fully realise the predicted efficiency improvements if they do not amalgamate.

¹⁷ Melbourne Water website, accessed in August 2021, available at: <https://www.melbournewater.com.au/water-data-and-education/water-facts-and-history/history-and-heritage/timeline-our-history>

¹⁸ Water Ways: Inquiry into Reform of the Metropolitan Retail Water Sector (2007). <https://www.dtf.vic.gov.au/sites/default/files/2018-02/reform-of-the-metropolitan-retail-water-sector-inquiry.pdf>

¹⁹ Coelli and Walding (2006), "Performance measurement in the Australian water supply industry: A preliminary analysis." Performance measurement and regulation of network utilities, 29-61.

²⁰ Annual Report 2007-08 (Ofwat) https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/250280/0589.pdf

²¹ FarrierSwier (2021), Three Waters Reform: Review of the methodology and assumptions underpinning economic analysis of aggregation, page 60

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TDC does not appear to have significant opportunity for opex savings

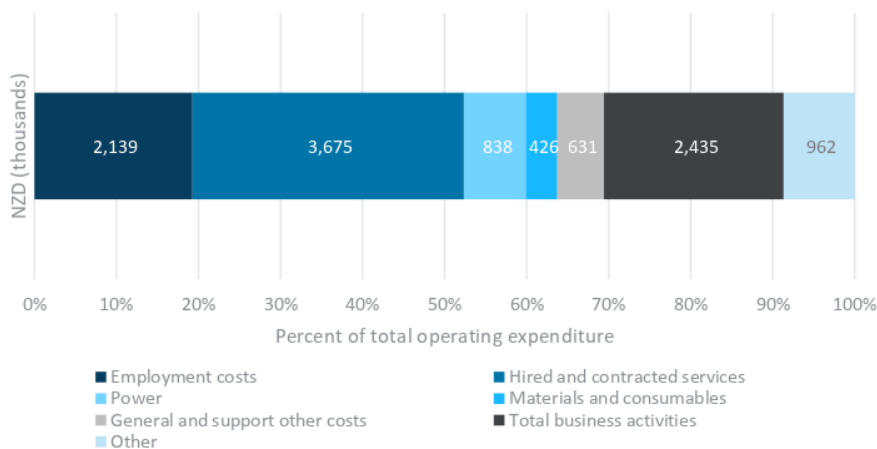
A 53.3 percent reduction in TDC’s opex costs appears implausible given the nature of those costs. Approximately 19 percent of TDC’s opex is employment costs. 33 percent of opex costs are for hired and contracted services. 10 percent is spent on power and materials and consumables.

Labour cost reductions, including direct employment costs and hired and contracted services, would not be expected to decrease, based on promises of no job losses from government representatives and Three Waters Steering Committee members:

- Rachel Reese, Mayor of Nelson and Three Waters Steering Committee member stated: “all of our staff in our organisations... you will have a guaranteed role in the new service entities. The role will retain the features of your current role; your salary, your terms, and your location.”²²
- Grant Robertson, Minister of Infrastructure said, “The recognition of the workforce... the current workforce involved in this space... this is more work here, more jobs here, higher paid jobs here, that transitional process must include that workforce and must include you, and I want to give that commitment to you today.”²³

Power costs will not reduce significantly as a result of administrative amalgamations. Some minor cost savings are possible for materials and consumables in the Reform Scenario (for example, as a result from buying in bulk). However, none of the opex costs are likely to fall by 53 percent. Figure 2.6 illustrates the opex breakdown.

Figure 2.6: TDC three waters operating expenditure breakdown



Source: Timaru District Council RFI, averaged data from 2019-2021
 'Other' includes Local Authority Rates, Service Charges and Other Direct Costs

²² Rachel Reese, Mayor of Nelson and Three Waters Steering Committee member – Thursday 15th July 2021, LGNZ Conference Speech [00:23:12:00], available at <https://www.lgnz.co.nz/about/lgnz-conference/2021-lgnz-conference/videos-conference-2021/>

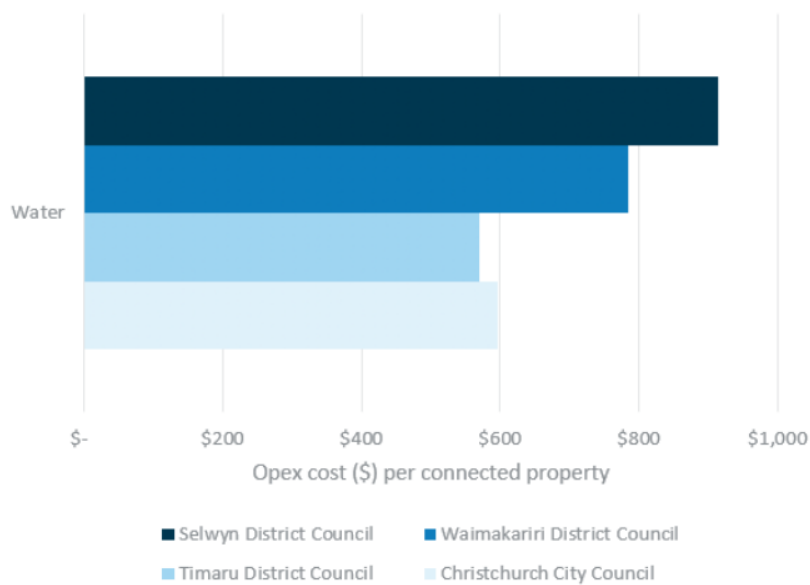
²³ Grant Robertson, Minister of Infrastructure – Thursday 15th July 2021, LGNZ Conference Speech [00:33:40:00], available at <https://www.lgnz.co.nz/about/lgnz-conference/2021-lgnz-conference/videos-conference-2021/>

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TDC’s opex costs are similar to Watercare’s suggesting TDC is already performing efficiently

It is useful to compare TDC’s opex to other water service providers in New Zealand. In Figure 2.2 we see that compared to the largest and most corporatised water service provider in New Zealand, Watercare in Auckland, TDC has comparable opex. Despite serving a significantly smaller customer base compared to Auckland (~19,500 compared to ~525,000 connected properties) TDC has similar opex per connected property as Watercare in Auckland: \$570 compared to \$528. Compared to Christchurch City Council, the largest water provider in Entity D with approximately 143,000 connected properties, TDC has a lower opex per connected property: \$570 compared to \$596 in Christchurch. This suggests that TDC is already operating to a level of efficiency comparable to that of Christchurch City Council and Watercare, which ought to both be achieving some opex efficiencies due to size under WICS’ logic.

Figure 2.7: Water opex per connected property for different water service providers in South Island



Source: Timaru and Auckland RFI, WICS Christchurch City Council: the use and analysis of the RFI information and other benchmarks

TDC, and other local authorities already outsource operational capability to scale providers

Many New Zealand water companies already outsource operational capability to specialist providers. Several large-scale providers deliver services across all of New Zealand, such as Downer, CityCare Water and Veolia (a global specialist water services company). Other large-scale providers operate on a regional basis, such as Watercare (which provides services around Auckland). TDC contracts CityCare Water to maintain its water reticulation assets.²⁴

As detailed above, outsourced services amount to around a third of TDC’s annual opex costs. Outsource providers already achieve economies of scope and scale across regions and

²⁴ CityCare water website: <https://www.citycare.co.nz/news-and-views/supporting-timaru/>

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New Zealand. This is because outsourced service providers can offer specialist expertise on a contracted basis, where full-time employment of staff may not be warranted. Outsource providers also compete with one another for council contracts. This ensures prices tend towards costs and it incentivises efficiency improvements. Cost reductions of up to 50 percent in the already competitive outsource service provider market is implausible.

2.3 WICS analytical approach has other methodological flaws

WICS' analytical approach has a range of other flaws.

WICS uses an unconventional method that back-solves the revenue path

Typical best practice for calculating the cost of service and tariff levels for water utilities and other regulated services in developed and developing countries is to use the "building blocks approach". The building blocks approach is used by the New Zealand Commerce Commission for a range of regulated infrastructure industries, Australian water economic regulators such as IPART and Essential Services Commission, and by Ofwat in the UK. The building blocks approach reveals a more accurate cost of service, and therefore the revenues required to meet costs.

However, WICS uses a novel method to estimate household bill levels. The projected revenues which result in the "household bills" are calculated based on a hard coded revenue path. Typically, a model used to predict costs (and therefore revenues required to cover costs) should determine the revenue path as an output of the model, informed by the assumptions. However, the revenue path is back solved and has been hard-coded to align with the debt ratios (250 percent of revenue for the Opt-Out Scenario).

Key discretionary assumptions made by WICS inevitably lead to the Reform Scenario demonstrating superior results

WICS modelling approach uses a number of key discretionary assumptions that are highly favourable for the Reform Scenario and highly unfavourable for the Opt-Out Scenario. With such assumptions, it was inevitable that WICS modelling would reach the conclusions that it did.

The model assumes that capex efficiency can only begin to be realised if the council's population size is greater than 59,000. The efficiency factor increases progressively to 50 percent when a threshold of 800,000 population is crossed. This 'limit' set by WICS automatically assumes that many councils, including TDC, will not realize any efficiency gains, while every amalgamated entity will realize efficiency gains of over 50 percent.

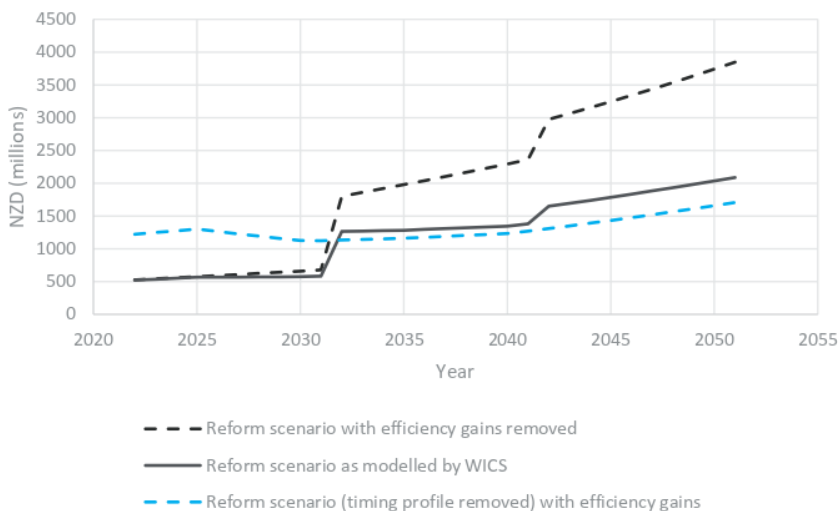
Further, the net investment profile is modelled differently in the Reform Scenario compared to the Opt-Out Scenario. In the Reform Scenario, WICS has only included the large investment requirements after 2031. Yet, in the Opt-Out Scenario, WICS included the large investment requirements from 2021. The effect is that, in the Reform scenario, the benefits of the new investment are delayed by up to a decade, while the costs arrive just in time to be reduced by the maximum efficiency gains assumed in the model. We note that 2031 is the first year when the WICS model allows maximum efficiency gains to be realised.

The figure below demonstrates the effect of WICS' time-profile adjustment on the Reform Scenario. The solid black line shows WICS' stated new investment path, while the blue dashed line shows what that path would have been without the manual adjustment WICS made to the

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time-profile of the investment. For illustrative purposes, the black dashed line also shows what the new investment path looks like before WICS applies efficiency gains.

Figure 2.8: Impact of time-profile adjustment on new investment path under the reform scenario



3 TDC’s Opt-Out household bills are likely to be much lower than government estimates

The government’s analysis of the benefits of reform compares the Reform Scenario to a situation where no reform and no service improvement occurs (the Opt-Out Scenario). This is an incorrect assumption and leads to significant overstatement of the modelled and claimed benefits. In the Opt-Out Scenario, several factors are likely to lead to improved water services, as well as efficiencies, even if more investment is required.

3.1 WICS overlooks TDC’s current high relative performance

WICS has not evaluated TDC’s current performance relative to other water service providers across a range of measures. Because WICS’ analysis is conducted at a top-down, national level, it does not incorporate TDC’s current relative performance into its model. WICS prediction of TDC’s performance under the Opt-Out Scenario is worse than the performance TDC would expect to deliver, given its track record.

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TDC is performing well compared to other Entity D water providers

TDC has committed to meeting higher performance standards for drinking water quality, environmental outcomes, and economic performance. TDC committed to improving the resilience of its water supply systems in its 2021-31 Long Term Plan.²⁵ This includes over \$13.7 million of investment to upgrade the Pareora pipeline and over \$5.9 million of investment for Washdyke Watermain Network Improvements by 2023. During 2019/20, over \$2.2M of work was carried out on the water supply network. In 2020 TDC maintained excellent water supply network services, reducing its real water loss from networked reticulation systems by over 5% compared to 2018/19. TDC delivered water services according to required environmental standards with no non-compliance identified in 2019/20.²⁶ TDC is also prioritising its stormwater management plan. TDC has utilized private sector participation and is currently constructing Washdyke Flat Road stormwater basin in collaboration with private developers. In 2019/2020 Timaru met all of its stormwater service performance targets. This included delivering stormwater services according to the required environmental standards. TDC has demonstrated prompt and effective responses to problems. In late 2017, asbestos was detected in the Temuka water network. Within 119 days, a new 9 kilometre trunk water main was installed to resolve the problem, and during the construction period, temporary filtration systems ensured minimised service disruption.²⁷ TDC was recognised with an international award.²⁸

TDC has public support for water metering and plans implementation from 2023/24

TDC has planned the implementation of water meters in 2024/25 and budgeted \$16 million of spending by 2029.²⁹ Water meters enable service providers to monitor consumption, detect leaks, and target investment where it is most needed. Water meters enable opex efficiency savings and can lower overall capex. Demand management initiatives are enabled. Demand management can include peak demand pricing or pricing during periods of drought or other water scarcity. Demand-side management can reduce a provider's need to invest in additional capacity, thereby reducing overall investment requirements.

Scotland has almost no water metering, making it a poor comparator

Very few households have water meters in Scotland. 2016/17 data reported to the Scottish Parliament states that only 0.016 percent of all households in Scotland had water meters (400 out of 2.4 million households).³⁰ In England (which has been subject to regulation and a privatised sector since 1989) and Wales (subject to regulation, owned by a not-for-profit corporation), only around half of all households have water meters.³¹ Therefore, the claim that

²⁵ TDC 2021-2031 Long Term Plan, available online at: <https://www.timaru.govt.nz/council/publications/plans/long-term-plan>

²⁶ TDC annual report: https://www.timaru.govt.nz/_data/assets/pdf_file/0005/487904/TDC-ANNUAL-REPORT-2020_MASTER-Final-for-website.pdf

²⁷ International of Public Works Engineering Conference, 2019, Conference paper on Temuka water event (asbestos), available at: <https://www.ipwea.org/HigherLogic/System/DownloadDocumentFile.ashx?DocumentFileKey=26287b16-ce21-4e95-4cc3-2b87849993ed&forceDialog=0>

²⁸ Stuff, 4 September 2019, *District council's response to Temuka asbestos scare wins award*, available at: <https://www.stuff.co.nz/timaru-herald/news/115521600/district-councils-response-to-temuka-asbestos-scare-wins-award>

²⁹ TDC 2021-2031 Long Term Plan, available online at: <https://www.timaru.govt.nz/council/publications/plans/long-term-plan>

³⁰ Committee on Climate Change (2016), *Scottish Climate Change Adaptation Programme: An Independent Assessment for Scottish Parliament*, available at: <https://www.climatechange.org.uk/media/3578/bw-briefing-note-uptake-of-water-metering-2018.pdf>

³¹ Water UK website: <https://www.water.org.uk/advice-for-customers/water-meters/>

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TDC cannot match the improvements WICS claims to observe in Scotland and elsewhere in the UK is likely wrong.

3.2 Improved regulatory regimes will incentivise improved performance by TDC

The New Zealand regulatory regime for water services has been suboptimal. The government is reforming water quality regulation to improve compliance and lift the performance of water providers. The Reform Scenario also proposes to create a new economic regulator. Environmental outcome regulation will remain the responsibility of regional councils.

The government and WICS have assumed that TDC and other councils that opt-out of the Reform Scenario will not improve performance because of the new regulatory regimes, or that regulation will not apply. These underlying assumptions are flawed.

3.2.1 Water quality regulation will likely lead to improved performance by TDC

The New Zealand water reforms also involve a significant change to the water quality regulatory regime. The Ministry of Health has been responsible for water quality regulation over the past 60 years (and pursued a solitary prosecution). The government introduced the Water Services Bill in July 2020. It is at the second reading stage. The Bill will formally establish the drinking water quality regulator Taumata Arowai.

The governments' objective for the Bill is to set a clear national policy direction for the three waters sector, ensure people can access water that is safe to drink, effectively manage risks to drinking water safety, and strengthen compliance, monitoring and enforcement.³²

The government claims the new regulator will provide sector leadership, technical and scientific expertise, greater clarity on what is expected of councils, and increased support for compliance. Specifically, the government claims that TDC and other water service providers will improve performance as a result of Taumata Arowai's assistance and intervention. The government notes that Taumata Arowai will:

- be "responsible for oversight and monitoring of drinking water safety, public communications, ensuring coordination across the sector, leading or overseeing the response to drinking water emergencies, and emergency response planning."³³
- "strengthen the approach to drinking water compliance, monitoring and enforcement" by centralising these functions and responsibilities, leading to more consistent application.³⁴

³² Cabinet Paper, 1 July 2019: Strengthening the Regulation of Drinking Water, Wastewater and Stormwater, Offices of the Ministers of/for Local Government, Health and Environment, pg 2, available at: [Cabinet-Paper-and-minute-Strengthening-regulation.pdf \(dia.govt.nz\)](#)

³³ Cabinet Paper, 1 July 2019: Strengthening the Regulation of Drinking Water, Wastewater and Stormwater, Offices of the Ministers of/for Local Government, Health and Environment, page 24

³⁴ Cabinet Paper, 1 July 2019: Strengthening the Regulation of Drinking Water, Wastewater and Stormwater, Offices of the Ministers of/for Local Government, Health and Environment, page 16

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- “work with suppliers and training providers to ensure suitable training is available and being taken up, and ensure the sector has sufficient capability to fulfil its responsibilities.”³⁵
- “become a centre of technical and scientific expertise. It would provide best practice advice and guidance to suppliers, councils, and other entities involved in drinking water safety, supply and management; and facilitate research into drinking water science.”³⁶

The government also notes that it will ensure the new regulator “has the powers and resources needed to perform these functions consistently and effectively.”³⁷

Water quality regulation will improve the performance of TDC and other councils in supplying water services. There will be greater clarity regarding what requirements TDC must fulfil and resources to assist TDC in meeting these requirements.

3.2.2 Possible improvements from economic regulation regime have been overlooked

The proposed economic regulation regime could improve TDC’s performance. Economic regulation, if well-designed, can enable benchmarking between providers and incentivise water service providers to improve service quality and lower costs. The details of the economic regulation regime have not been designed, and only high-level descriptions of the regime are available.

However, the government and WICS have assumed that the proposed economic regulation regime either cannot apply to councils that opt-out of the Reform Scenario, or will have no material effect on the performance of those councils. This assumption is flawed. Even if TDC is not subjected to economic regulation, it is likely to make improvements based on benchmarking and performance comparisons.

Government’s assumption that economic regulation cannot apply to numerous council-owned water services is flawed

The government assumes that it is not feasible to regulate 67 water service providers. The government and its advisors at the Ministry of Business, Innovation and Employment and the Department of Internal Affairs have not identified a maximum number that would be feasible.³⁸

The government and its advisors have overlooked the global evidence of effective regulation applied to multiple water service entities. Some examples include:

- In Florida, the Public Service Commission regulates 147 investor-owned water utilities.³⁹

³⁵ Cabinet Paper, 1 July 2019: Strengthening the Regulation of Drinking Water, Wastewater and Stormwater, Offices of the Ministers of/for Local Government, Health and Environment, page 25

³⁶ 1 July 2019, Cabinet Paper: Strengthening the Regulation of Drinking Water, Wastewater and Stormwater, Offices of the Ministers of/for Local Government, Health and Environment, page 25

³⁷ 1 July 2019, Cabinet Paper: Strengthening the Regulation of Drinking Water, Wastewater and Stormwater, Offices of the Ministers of/for Local Government, Health and Environment, page 16

³⁸ Castalia email correspondence with MBIE and DIA 2020-2021.

³⁹ Florida Public Service Commission Annual Report (2020), available at www.floridapsc.com/Files/PDF/Publications/Reports/General/Annualreports/2020.pdf

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- In Victoria, the Essential Services Commission regulates 15 businesses providing urban water and sewerage services to residential customers..⁴⁰
- In Western Australia, the Economic Regulation Authority regulates 30 licensed water service providers..⁴¹
- Columbia has a regulatory regime spanning 1,122 municipalities that provide water services either directly or via public service companies. It is a much less developed country than New Zealand, with a GDP per capita of just over US\$5,300..⁴², and has experienced benefits of economic regulation. The resources available for investment in the water service provisions have increased significantly over the last 15 years since regulation began..⁴³

New Zealand's Commerce Commission already has experience regulating multiple electricity distribution businesses. The Commerce Commission regulates electricity distribution under Part 4 of the Commerce Act 1986. It sets price and quality controls for 17 local lines companies and sets quality standards in the form of annual limits for the average number and duration of power outages across the region. The Commission applies information disclosure regulation to a further 12 consumer-owned lines companies, thus having oversight for 27 entities. In the period following the electricity reforms of the late 1990s until 2006, the Commission undertook price regulation of all electricity distribution businesses (even consumer-owned ones).

The Commerce Commission is likely to be the institution that regulates the water sector (adding to electricity distribution, gas pipelines, airports, dairy and telecommunications). It has demonstrated an ability to regulate more than four entities concurrently, and therefore the assumption that it could not regulate more than the four proposed water entities is mistaken.

Benchmarking and performance comparisons with regulated water corporations possible

Even if regulation is not applied to TDC and other councils that opt-out, benchmarking and performance comparisons will be possible. Until now, the only benchmarking tools available to council-owned water providers have been WaterNZ's annual performance report and high-level financial reporting in annual reports and statutory reporting to DIA. With a dedicated economic regulator collecting a wider range of standardised financial performance information and with Taumata Arowai collecting performance information, TDC will be able to better assess the performance of its water services. This is likely to lead to improvements in performance over time.

3.2.3 TDC management and operational competence likely to improve with competition between entities for staff

The government has noted that larger, corporate water entities are likely to improve management and operational competence. If this is the case, then one should expect TDC to also lift the competence of its management and operations. This is because TDC will have to

⁴⁰ ESC website, <https://www.esc.vic.gov.au/water/water-prices-tariffs-and-special-drainage/average-household-water-bills-victoria>

⁴¹ On Tap: Water Consumers Guide - Economic Regulation Authority Western Australia (erawa.com.au)

⁴² World Bank Data (2020), Available at: <https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=CO>

⁴³ World Bank Report, charting a New Course: Structural Reforms in Colombia's Water Supply and Sanitation Sector (2010), edited by Luis A. Andres, David Sislen and Philippe Marin, Bogota, Colombia

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match the working conditions at the larger corporate entities, leading to improvements in performance over time.

3.3 TDC can increase access to finance to lower short-term costs

WICS' base assumption is that TDC's financing headroom is 2.5 times revenue. In fact, the Local Government Funding Authority has approved KCDC (and other local authorities with a credit rating of A equivalent or above) to borrow up to 2.8 times revenues.⁴⁴ Furthermore, the Opt-Out Scenario assumes that TDC can make no improvements to its financing arrangements.

Efficient use of finance can lower costs of service

Efficient financing is an important consideration in investment planning for water utilities. The term of loans should ideally match the useful life of the asset the loans are financing. If the loan is repaid over a shorter period of time, then water bills after the loan is repaid will be lower than they otherwise would be.

WICS assumes that amalgamated entities have greater access to financing and can make more efficient use of finance to lower the cost of service. We tested the change in average cost per household for 2051 across different financing option scenarios for both TDC in the Opt-Out Scenario and for the Reform Scenario (amalgamated entity). Table 3.1 and Table 3.2 show that a significant proportion of the claimed reduction in average cost per household for the Opt-Out Scenario compared to the Reform Scenario is due to changing the financing requirements.

Table 3.1: Average bill per household under different financing options for TDC (Opt-out scenario)

	Average bill per household (\$, 2051)	Average bill per household (\$, 2021)	% Change (Decrease in bills)
250 % debt to revenue Limit (WICS model assumption)	9,872	5,029	-
280 % debt to revenue Limit	9,0938	4,633	7.89
500 % debt to revenue Limit	5,758	2,933	41.67

Table 3.2: Average bill per household under different financing options for reform scenario (Entity D)

	Average bill per household (\$, 2051)	Average bill per household (\$, 2021)	% Change (Increase in bills)
642% debt to revenue limit (Actual Modelled)	3,225	1,642	
280 % debt to revenue Limit	6,297	3,208	95.26
250 % debt to revenue Limit	6,837	3,483	112

⁴⁴ LGFA Annual Report (2020), page 53, available at: https://www.lgfa.co.nz/files/documents/LGFA_AnnualReport_2020_web%20version.pdf

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Changes to financing arrangements for the Opt-Out Scenario cannot be ruled out

There are other ways that access to finance by New Zealand water providers can be improved. The government's Opt-Out Scenario does not consider these other options. Currently, almost all three waters services are provided by local authorities. Local authorities' borrowing limits, whether imposed by LGFA or due to ratings agency policies, are generally considered to impose limits on optimal investment planning in the water sector. In the Reform Scenario, the new statutory corporations will have separate balance sheets to local authorities, and will be able to raise finance without being impacted by these borrowing limits.

A number of other financing arrangements are already available for the water sector and could apply in the Opt-Out Scenario. Other financing changes could be implemented with law and other institutional reform:

- Central government has recently introduced the Infrastructure Financing Facility,⁴⁵ which enables finance to be raised from the private sector, ring-fenced from eligible local authorities' balance sheets
- Long-term concession contracts have been used in New Zealand (in Papakura, signed by Papakura Council prior to the creation of Auckland Council). A third party provides water services for a fixed term (30 years in Papakura) then collects water rates or tariffs directly from customers. Usually, the concession contract requires the third party to invest in and maintain the water assets and network and meet certain performance metrics. The third-party provider accesses private capital markets to finance the capital investment needs (growth, renewals and maintenance)
- Revenue bonds are a common way for municipal government entities in the United States to raise finance for infrastructure investment, often in the water sector. Investors in these bonds are repaid from income created by the projects the bonds fund. These are separate from the general obligations debt raised by the municipal government.

4 TDC residents face risks and costs from Reform Scenario

There are risks and costs to the Timaru Coast community from the Reform Scenario.

4.1 Local accountability for significant public asset and public service will be lost

Accountability to customers is important for water service performance. Under the Reform Proposal, Timaru water customers will lose the ability to hold those tasked with governing water services to account. Elected councillors are accountable to voters, and water issues can be election issues.

⁴⁵ Minister for Urban Development statement, 24 July 2020: <https://www.beehive.govt.nz/release/law-help-infrastructure-financing-passes>

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Under the Reform scenario, local government's autonomy to appoint board members to water utilities will be constrained, thus accountability to customers and coordination in planning will be mostly lost. It is more difficult for the local community to have any issues heard at the regional or national political level in the Reform Scenario. If there are management or governance problems, it is more difficult for the Timaru community to influence the indirectly appointed board. Timaru's representation for water services will be diluted.

4.2 Local variability in service and quality levels will be lost

The regional Entity D is likely to be managed from Christchurch. This reduces the ability for the service provider to reflect local differences in service expectations. Wastewater services often need to consider local needs. There are different options of treating and discharging treated wastewater. Some communities, including local Iwi and Hapū, may have different expectations and needs in respect of wastewater. A water services entity headquartered in urban Christchurch is unlikely to have the same ability to reflect these local variations in demands.

4.3 Loss of economies of scope increases average cost of remaining council services by \$2 million per annum

TDC currently incurs a range of costs shared across a range of services (water, transport, parks and recreation, and other services). TDC achieves economies of scope by providing these services together; it lowers costs for TDC to provide all the services together compared to if these were provided separately. Following reform, TDC will continue to incur fixed costs related to non-water council services.

TDC's RFI reports that for FY 2020, the total operating cost for water services was \$12,006,000. There are multiple overhead cost items that will not reduce even when TDC provides no water services. As estimated from the RFI, these include nine indirect general management and support employees and 600 square metres of office. This shared overhead cost amounts to \$2 million dollars⁴⁶ per annum.

5 Recommended next steps

This report has shown that the Reform Scenario and comparison to the Opt Out Scenario is founded on unsound evidence and faulty analysis. The promised benefits of reform are unlikely to materialise. There are risks to the Timaru and surrounding community from losing control of water services, and accountability of those tasked with governance to local customers.

Water services are critical to wellbeing, so it is very important that the full range of options are considered that are locally appropriate. Other than opting out, the Reform Scenario is the only

⁴⁶ Assumed average salary for TDC employee = NZ\$ 100,000
 Cost of each employee = 2*100,000
 Assuming annual rent of \$300 per sq. m.
 Economies of scope lost = 2,00000*9 + 300*600 = NZ\$ 1,980,000

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option that has been presented to TDC and other local authorities. Water services should be safe, resilient, reliable, and customer responsive, at least cost. Some reform of the sector is necessary in some parts of New Zealand. However, the analysis needs to be done to determine where water services fall short of this objective, and for what reasons.

We recommend that TDC carry out a proper net benefit analysis, potentially with other local authorities that have a similar viewpoint. This is likely to be many councils, since the WICS analysis has consistent faults that apply to all local authorities. Such an analysis should include the full range of options together with transparent data and sound and contestable analysis so these options can be properly evaluated. There is plenty of analysis, evidence and now a rich data set in the RFI responses for TDC and like-minded local authorities to be able to identify alternative and better reform options. TDC could prepare a constructive counterproposal that achieves desirable objectives, while avoiding the risks and costs of the Reform Scenario.



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Te Kāhui Kaunihera o Aotearoa.



Review of WICS data

Timaru District Council

September 2021

**Document status**

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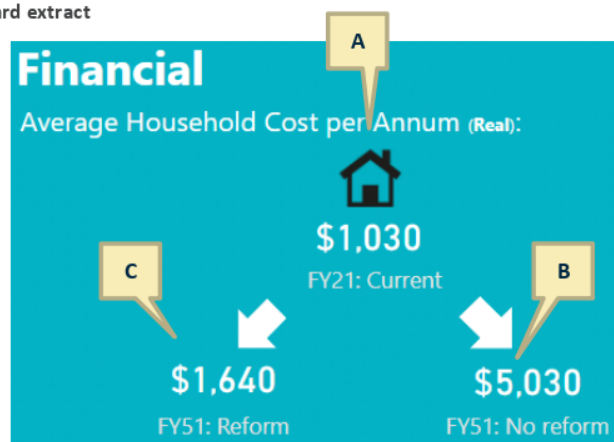


Executive Summary

This report provides commentary to provide councils support to interpret WICS calculations and how those relate to your existing council information. The key analysis of your council dashboard is of items A, B and C in Figure 1 below.

- **A** – represents the estimated average household cost using WICS modelling approach, this is not representative of actual charges
- **B** – represents the projected future household charge in 2051 without reform
- **C** – represents the projected future household charge in 2051 for **Entity D**, with water reform.

Figure 1 WICS dashboard extract



Our review of the modelling completed by WICS, which informs items A, B and C of Timaru District Council (TDC) dashboard identified a number of key assumptions that have been applied by WICS as having a significant impact on the projected household charges under each scenario, specifically these are:

- The level of investment that WICS has assumed is required over the next 30 years. WICS has assumed a ten-year investment requirement of \$495m, which is over triple TDC’s own constrained investment programme in its RFI.
- The assumptions used by WICS regarding the proportion of three waters revenue that is received from households, which has been assumed by WICS to be 70%, but which is 58% for TDC.
- The approach WICS has taken to determine the number of household connections, which has been to divide the connected population by 2.7. WICS assumes that there are only 14,934 household connections in TDC, compared to the 16,849 water connections disclosed in its completed RFI.
- The approach used by WICS to estimate future revenue requirements. WICS determined future revenue requirements by reference to the amount of debt that TDC would need to borrow to fund its full investment programme. Revenue is determined based on the amount needed to maintain a three waters debt to revenue ratio of 250%. Council’s debt capacity is not measured at an activity level, given the lower borrowing requirements of other activities, a ratio of at least 500% is likely more appropriate.
- WICS have assumed that Entity D will be able to achieve operating and capital efficiencies totalling 53.3% and 50%, respectively, over a 20 year period (from today).

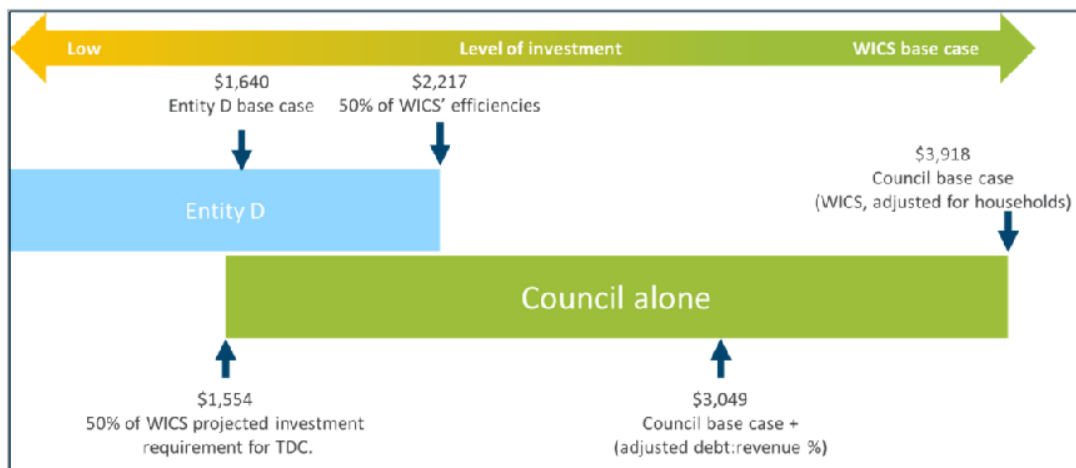


To test the impact of these assumptions on the household cost projections, we have undertaken high level sensitivity analysis using the WICS models, as shown in Figure 2 below. This included:

- Adjusting the revenue from households and household connection values in all scenarios tested.
- 50% of the projected investment requirement in both the TDC and Entity D models.
- A higher (500%) debt to revenue ratio in the TDC model.
- 50% of the projected operating and capital efficiencies in the entity D model.

Figure 2 presents the range and scale of different potential household charge outcomes (in 2051) under the various scenarios listed above. The area of overlap represents situations where household charges may be lower under council service delivery than under an entity model or vice versa.

Figure 2 Summary of sensitivity analysis and impact on 2051 household charge projections



In summary, the sensitivity testing shows that:

- When the underlying assumptions regarding percentage of revenue from households and number of connected properties is adjusted to match the RFI data the forecast charges for TDC are approximately 20% lower than those estimated in the WICS reports.
- The scale of the difference between the entity and council scenarios is similar to the amount that the WICS analysis indicates.
- While there are instances where TDC's projected household charges are lower than those that may arise under an entity, these instances only occur when TDC's investment need is 50% or less than the amount projected by WICS.

Overall, we note that while the projected household charges from the WICS analysis may be the subject of some contention, in our view they are directionally accurate. That is, household charges will increase in the new regulatory environment, and TDC ratepayers are likely to have lower household charges under the proposed entity delivery model than through continued council service delivery. However we note that this analysis does not consider the specific impacts on rural water schemes.



1 Introduction

The Department of Internal Affairs (DIA) has commissioned specialist economic, financial, regulatory and technical expertise to support the Three Waters Reform Programme and inform policy advice to ministers.

In mid-2020, a first stage of evidence was commissioned on the potential economic benefits of aggregating water service delivery entities in New Zealand. This was produced for DIA by the Water Industry Commission for Scotland (WICS) using publicly accessible council information and was released in December 2020. Between October 2020 and February 2021 a nationwide Request for Information (RFI) took place across all 67 councils.

This data has been used to inform several workstreams including the second stage of economic analysis found in the WICS Phase 2 report. This latest information has now been released to councils through the 'Council dashboard' and supporting reports.

This report is based upon our review of public WICS reports and individual council models provided by WICS. In some cases, the approach or assumptions used by WICS are unclear; this report focuses solely on the information we were able to access and interpret.

It is also important to highlight that there is no connection between the WICS analysis and the government's wider support package including calculation or allocation of the 'no-worse off' and 'better off' parts of the package.

The data in the dashboard is a combination of calculated information (household charges) and data straight from the RFI e.g. FTE data in Operation all the information within "Services".

1.1 Three waters reform

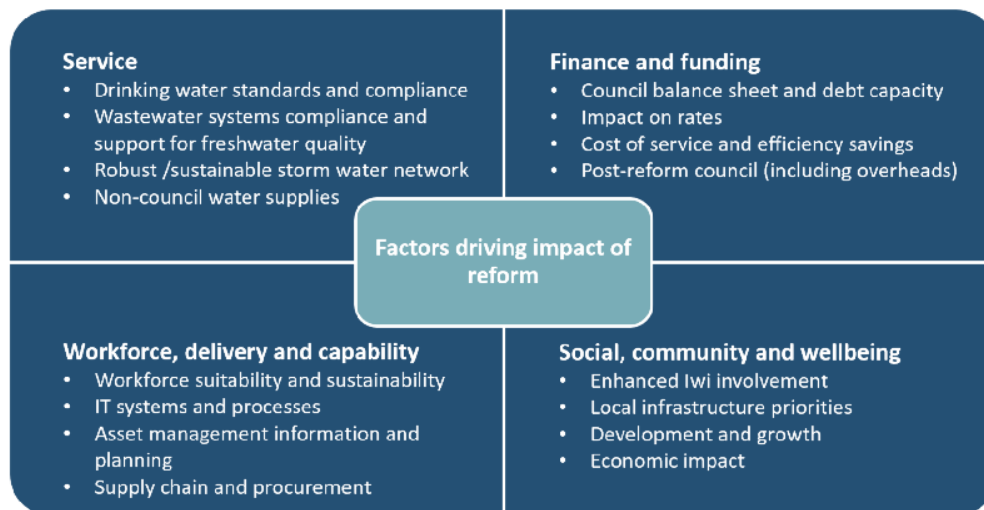
While this report concentrates on the financial analysis recently provided in the Council dashboards, it is important to highlight that this is only one part of the wider suite of information that councils need to consider when looking at the proposed reforms. The impacts, benefits, issues and risks of reform are far more wide ranging than just the financial impacts.

LGNZ has developed a matrix shown in Figure 3 below which highlights the broad considerations each Council should be considering and in our view this represents a good starting point. This helps ensure that benefits, issues and risks around levels of service, capability & capacity, prioritisation of investment and impacts in communities and councils are also considered alongside the financial.



Figure 3 Understanding the impacts (LGNZ)

3W impact matrix



We also note that as a result of the three waters work we have undertaken across New Zealand over the last 18 months, our view is that the likely future household costs for three waters will increase significantly for all Councils as a result of meeting increased standards, regulations and satisfying a more rigorous compliance regime. Our view of future costs may not be as high as modelled by WICS, but the direction is the same.

1.2 WICS Analysis

Scenarios

Broadly, WICS compares two scenarios:

- Aggregation of three waters services into four water services entities and the associated reforms to the regulatory, governance, management, resourcing, and policy direction that support improvements ('the whole reform package')
- No aggregation of three waters services and although in this scenario some reform takes place, for example, decisions already made to introduce a drinking water regulatory system and environmental standards, the wider reforms are not as extensive as in the former scenario.

Assumptions

The assumptions WICS have used to quantify the inputs are determined through benchmarking against the UK experience. Whilst there has been some adjustment based on council feedback the potential investment requirements and ability to deliver the same efficiency gains, both key drivers of the analysis, may not be comparable in the New Zealand context.



The key assumptions that drive household costs are:

- Investment – this is the single biggest driver of household cost in the WICS model. Due to the ways its calculated at a national level and allocated at entity level and council level it is difficult to understand the impacts it makes on the difference on the household charges under the two scenarios. Any change at the national investment figure will have a material impact on household charges in both scenarios.
- Debt/Revenue – the difference between the treatment of debt in the councils and the entities means that it is likely to overstate the size of the difference in charges between council and the water service entity.

The impact of these are so significant that all other assumptions have minimal impact on household costs.

The WICS analysis has been completed using a different approach, and different assumptions to the those in we used in an earlier business case we undertook for the three waters reform in NZ. We note that despite the differences in our analysis and the WICS analysis they are directionally consistent. That is, in both cases, it is anticipated that there are significant three water investment requirements to meet the new standards and this will lead to substantial increases in the cost of services.

A key risk is that the investment level in three waters could be greater than forecast. The WICS forecast investment articulates this risk. Our earlier business case also identified that an aggregated three waters entity was the option that best protected all ratepayers from the costs of meeting that risk.

Timeframes

WICS have undertaken the analysis over the 30 year time horizon. Responses to the RFI across the country were not consistent, where councils did not provide 30 year information, ongoing investment in growth infrastructure is assumed at the level of the final year in the data set. Undertaking future economic analysis based on a 30 year forecast is notoriously difficult especially in the context of the quality of the existing asset data. Additionally, this assumes capital expenditure follows a linear trend however we know that investment in three waters infrastructure tends to be lumpy.

More detail of the WICS analysis including methodology, impacts and assumptions is provided in Section 2 of this report along with a comparison to the relevant council based information or data.

1.3 Impact on Household Bills

WICS have used an average household charge as the key piece of information for councils and communities.

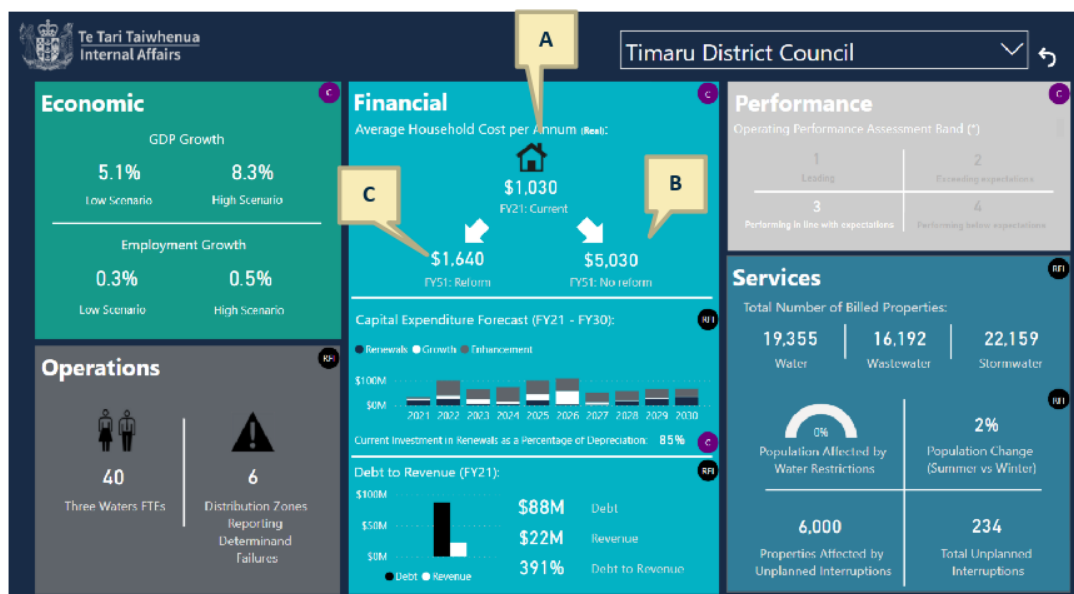
The dashboards provided by DIA present three different average household costs, represented as A, B and C in Figure 4 below:

- **A** – represents the estimated average household cost using WICS modelling approach, this is not representative of actual charges
- **B** – represents the projected future household charge in 2051 without reform
- **C** – represents the projected future household charge in 2051 under the proposed Entity for your council, **Entity D**, with water reform.

These numbers are expressed in real terms, they are uninflated and expressed in today's dollars. The approach used by WICS to determine these values is outlined below.



Figure 4 DIA Dashboard



A

To estimate current household charges for each council, WICS have (A):

- Taken the starting total three waters revenue collected by the council (including development contributions but excluding grants and subsidies)
- Multiplied that figure by 70% - which is their assumed percentage of revenue derived from households. We have noted that the 70% does generally align with majority of councils, however some councils’ revenue from households is higher and some lower.
- Divided that figure by the estimated number of household connections, which in turn is derived from:
 - The average of the connected drinking water and wastewater populations. The model does not use actual household connection as identified in the RFI or use stormwater connections.
 - Divided by a standard “household density” multiplier of 2.7

B

The process used by WICS to estimate future household charges (B) is the same as outlined above, using estimated future revenue requirements and estimated future household connections (which allows for growth in connections).

In order to determine the future household charge WICS have:

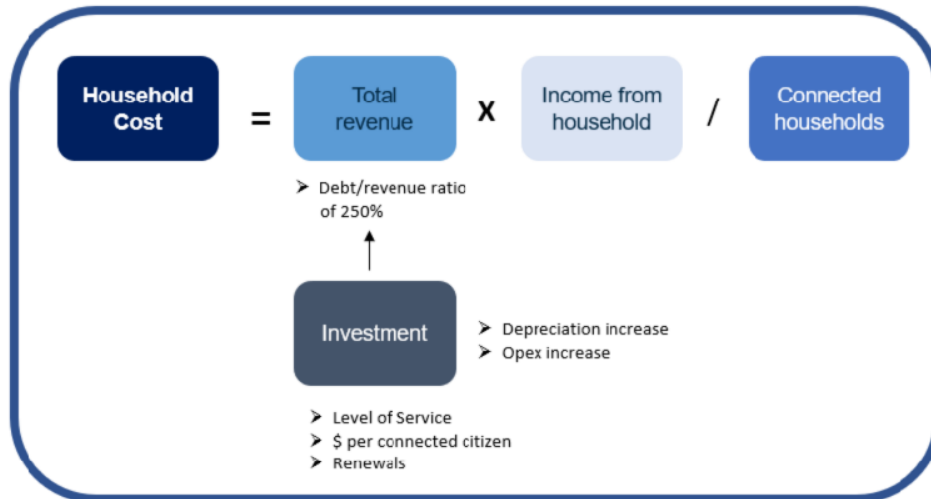
- Calculated the future required investment in growth, level of service enhancement, and renewal of assets.
 - Growth investment is assumed to be the same as disclosed in each council’s RFI, with the same annual average expenditure applied across the full 30 year period if a council only disclosed 10 years of projected investment.



- Renewal investment is assumed to be 100% of the economic depreciation of assets. WICS have undertaken their own calculation of economic depreciation based on assumed asset values and lives.
- Level of service enhancement investment has been calculated using a standard approach across the country that has regard to population, land area and density. It does not reflect each council's actual investment set out in the RFIs.
- WICS have recalculated depreciation, this has increased council figures.
- Determined the impact of new investment on operating expenditure. WICS has assumed that for every \$100 of capital investment there is \$3 of additional operating costs. WICS have also included additional depreciation and financing costs for new assets.
- Determined the amount of new borrowings required to finance their modelled investment profile.
- Determined the amount of revenue that needs to be collected to ensure that councils are able to maintain a three waters debt to three waters revenue ratio of less than 250% over the modelling period. **This is the revenue number that is divided by WICS' estimated future household connections to reach the household charges at B above.**
- This revenue number typically results in operating surpluses being generated which are applied toward debt reduction.

This process is explained in Figure 5 below.

Figure 5 Household cost calculation



**C**

WICS have undertaken the same modelling to estimate the future household charges for rate payers of a council area if water reform entities were formed. The result reported in each council's dashboard (C) matches the projected future household charges for all councils in **Entity D** (of which Timaru is a part) in 2051.

We have not reviewed (and have not been provided with) financial or economic models for any of the proposed water services entities, however we anticipate that the approach used to project future household charges for water services entities is closely aligned to that used to project future household charges for individual councils. The differences are likely to be in the assumptions applied, in particular:

- Entities have been modelled with no limit on the debt to revenue ratios (or no discernible limit). This means that WICS reports show the projected debt level for **Entity D** is allowed to nearly reach 800% of revenue by 2051. This accounts for a substantial part of the difference between the projected three waters rate for each council and **Entity D** in 2051.
- Entities have been assumed to be able to generate efficiencies amounting to over 50% within 20 years from today. By way of contrast, Timaru District Council has not been provided with any allowance for operating or capital efficiencies without reform. This accounts for most of the remaining difference between the projected three waters rates.
- Finally, the entity will benefit from the scale of aggregation. That is, the total revenue needs will be spread over a larger population base. The extent to which this scale benefit applies to a particular council will vary depending on population and land area.
- It is unclear whether the total investment requirements for **Entity D**, including depreciation and renewals investment, have been derived by adding the constituent parts of each council, or by undertaking new calculations using the population, land area and density of the new water services entity. Each approach is likely to have different results.

The various elements of the above approach are outlined in more detail in Section 2.

1.4 Rural water supply scheme

The analysis that has been completed by WICS considers the combined delivery of three waters services across the entire Timaru District and makes no distinction between the costs, levels of service, or differences in water volumes for rural and urban water supply schemes.

However, rural water supply schemes are inherently different to urban water schemes. Rural schemes may often serve the dual purpose of providing water to support agriculture/horticulture as well as to provide drinking water to residents. These schemes typically distribute large volumes of water, with much lower connection densities than would be observed in an urban supply. Additionally, the levels of service expectations within these schemes are often very different, with low pressure trickle fed schemes being common, as well as different standards of treatment at the source.

In this regard, the analysis presented by WICS may be less applicable to rural water schemes in Timaru. Given differences across the country regarding the ownership, governance, management and funding of rural water schemes there is limited clarity at present about how these schemes could fit within the current reform proposals.



1.4 Comparison of key data from WICS

The following section compares data from the WICS model to that within councils RFI.

Timaru District Council

The comparison highlights that WICS has modelled level of service and growth investment to be more than double the constrained investment requirements identified by Timaru in its completed RFI. For Timaru, this is the most significant driver of the household charge calculations produced by WICS. The assumption of staying below a three waters debt/revenue ratio of 250% also drives a higher three waters household charge than if debt/revenue was viewed at the total Council level.

Household Cost per Annum

Item	WICS - Council		WICS - Entity		Comments on assumptions
	2031	2051	2031	2051	
Household Charge (uninflated)	\$3,285	\$5,029	\$1,543	\$1,642	<ul style="list-style-type: none"> Water Services Entity option shows a significantly lower charge per household.



Investment

Item	WICS - Council		LTP (2031)	Comments on assumptions
	2031	2051		
Total investment requirement	\$494,849,041	\$1,711,255,676	\$154,000,000	<ul style="list-style-type: none"> WICS model projects a significantly higher Investment (three times) need than Council in its Long Term Plan.
Levels of Service Enhancement & Growth	\$314,872,989	\$944,618,966	\$63,000,000	<ul style="list-style-type: none"> WICS model projects significantly higher (five times) LoS Enhancements and Growth needs than Council's investment in its Long Term Plan.
Renewals	\$179,976,053	\$766,636,710	\$91,000,000	<ul style="list-style-type: none"> WICS model projects approximately double the Renewals requirement when compared to council's Long Term Plan.
Item	WICS - Council		RFI	Comments on assumptions
Asset Value	\$1,015,080,500		\$831,929,856 (Low) \$1,100,635,885 (High) (11)	<ul style="list-style-type: none"> Higher asset values becomes more relevant over time.
Depreciation	\$13,841,282 (Assumption C75)		\$7,793,559 (E1.25+E2.24+E2b.24)	<ul style="list-style-type: none"> Depreciation similar at start but becomes more material as investment in assets increase. Implied depreciation rate WICS = 1.35% increasing to 1.75% over time. RFI = 0.94%



Revenue

Item	WICS - Council			RFI	Comments on assumptions
	2021 ¹	2031	2051	2031	
Total debt	\$88,000,000	\$233,872,057	\$619,790,135	\$124,194,000 (F3.14)	<ul style="list-style-type: none"> WICS projects debt to be higher than in the RFI.
Total Revenue	\$22,000,000	\$94,015,964	\$247,971,969	\$31,244,000 (F10.62)	<ul style="list-style-type: none"> WICS projects revenue to be slightly higher than in the RFI.
Debt to Revenue	391%	249%	250%	397%	<ul style="list-style-type: none"> Charges increase to bring ratio back within 250% under the WICS model so comparison not relevant.
Operating Surplus	N/A	\$30,041,283	\$52,321,233	N/A	<ul style="list-style-type: none"> Only exists under WICS model.

Item	WICS - Council	RFI	Comments on assumptions
Revenue from household	70%	58% (F10.4+F10.19+F10.54) / (F10.62-F10.61+F10.70)	<ul style="list-style-type: none"> Timaru collects a lower percentage from household charges compared to the WICS model assumption.
Connected household properties	14,934	Water = 16,849 (A1.1+A1.4) Wastewater = 14,918 (A3.1) Stormwater = 18,231 (A3b.1)	<ul style="list-style-type: none"> Number of connected properties is lower in the WICS model, the charges are likely to be lower than reported by WICS. When combined with the assumption regarding revenue from households, this has the effect of overstating future household costs by 20%.
Development Contribution	WICS assumes that Development contributions, when combined with revenue from commercial and industrial users account for less than 30% of total three waters revenue	Timaru did not forecast the receipt of development contributions in its RFI	<ul style="list-style-type: none"> Not material.

¹ From DIA dashboard



1.5 Sensitivity testing key WICS assumptions

The impact of the key assumptions used by WICS outlined in section 1.4 has been outlined in the tables below:

- Table 1 shows the impacts on projected household charges in 2051 once the following adjustments have been applied:
 - Adjusted to the number of household connections to adopt the average of water and wastewater billed properties from Council's completed RFI
 - Adjusted to the percentage of revenue from households to match the percentage disclosed in Council's RFI
 - Sensitivity testing around the debt to revenue ratio assumption, to show the impact of applying a 500% ratio instead
 - Sensitivity testing around the projected investment requirement, showing the impact of halving the amount of investment projected by WICS.
- Table 2 shows the impacts of adjusting the level of required investment and assumed efficiencies for Entity D in 2051.

Table 1 Sensitivity testing of projected household charges in 2051 for Council

Investment	Three waters debt to revenue	
	250%	500%
100%	\$3,918	\$3,049
50%	\$1,674	\$1,554

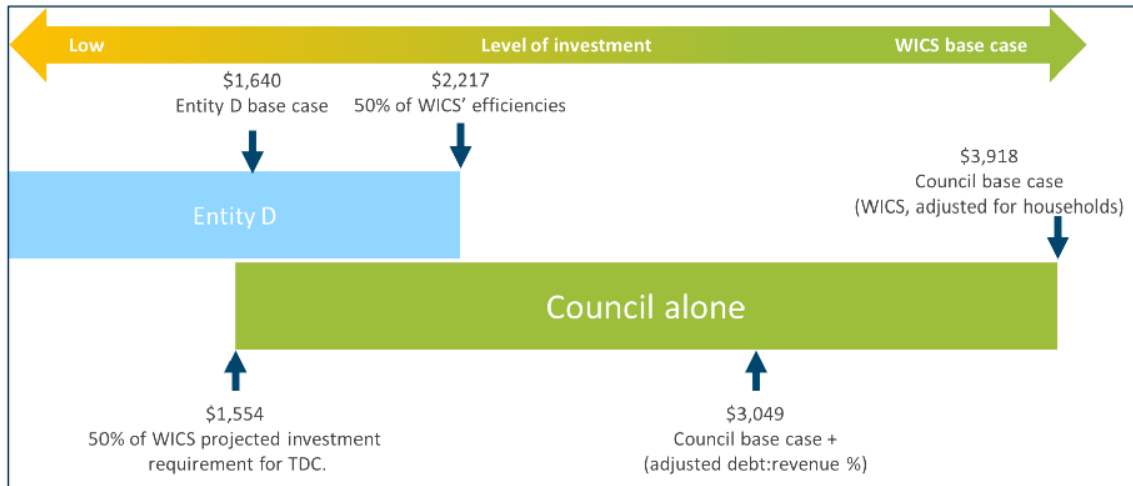
Table 2 Sensitivity testing of projected household charges in 2051 for Entity D

Investment	Efficiencies	
	100%	50%
100%	\$1,642	\$2,217
50%	\$927	\$1,190

The results of the sensitivity testing are represented visually in Figure 6 below. Figure 6 presents the range and scale of different potential household charge outcomes (in 2051) under the various scenarios listed above. The area of overlap represents situations where household charges may be lower under council service delivery than under an entity model or vice versa.



Figure 6 Summary of sensitivity analysis and impact on 2051 household charge projections



In summary, the sensitivity testing shows that:

- When the underlying assumptions regarding percentage of revenue from households and number of connected properties is adjusted to match the RFI data the forecast charges for TDC are approximately 20% lower than those estimated in the WICS reports.
- The scale of the difference between the entity and council scenarios is similar to the amount that the WICS analysis indicates.
- While there are instances where TDC's projected household charges are lower than those that may arise under an entity, these instances only occur when TDC's investment need is 50% or less than the amount projected by WICS.



2 Water Industry Commission for Scotland Commentary

2.1 Investment Projections

Investment is the single biggest driver of cost in the WICS model. WICS estimates potential investment requirement over 30 years for each council. This is considered for:

- (a) Renewals (Replacement and Refurbishment)
- (b) Levels of Service (Enhancement)
- (c) Growth investment

These three values are combined to determine a total investment programme for each council.

2.1.1 Renewals

In their various reports, WICS noted that based on a review of completed RFI's and comparison to their international benchmarks:

- Asset values reported by New Zealand Councils were typically low.
- Useful lives appeared to be optimistic.
- The split of asset value between short lived (less than 30 years) and long lived (estimated lives of around 100 years) was more heavily weighted toward long lived assets.
- Using the low range for asset values and the high range for asset lives (i.e. the two extremes) disclosed in RFI would increase the risk that there is insufficient resources available for asset replacement.

Based on their observations WICS therefore recalculated the depreciation for each council's asset base, assuming:

- 90% of existing assets are long life assets with an estimated life of 100 years.
- 10% of existing assets are short life assets with an estimated useful life of 30 years.
- Long life assets were assumed to have a valuation at the mid-point of the low and high end valuations disclosed in RFIs.
- Short life assets were assumed to have a valuation at the upper range of the valuations disclosed in RFIs.
- New investment is assumed to comprise 60% short life assets and 40% long life assets to enable the long/short life split of assets to eventually reach the international benchmark of 30% short life and 70% long life assets.

WICS has then modelled investment in renewals at 100% of depreciation throughout the modelling period. There has been no adjustment to planned renewals investment to reflect that some investment in level of service enhancement or growth is likely to also have a renewals component.

The modelled renewals investment is likely to differ substantially to renewals programmes that have been calculated by each council.



WICS have modelled an effective starting average depreciation rate of 1.35% of the revised asset value. This depreciation rate increases over the modelling period to eventually reaching 1.75%. These depreciation rates translate to an average useful life for three waters assets of 81 and 59 years, respectively.

Comments on the underlying assumptions

We note that WICS calculation of renewals expenditure and depreciation does not consider:

- The relative age profile of each councils network, and each councils stage in the asset lifecycle.
- The amount of investment in level of service enhancing infrastructure or growth infrastructure which may also have a renewals component.
- The actual split of long life and short life assets within each council, and the specific circumstances that give rise to that split (e.g. water networks with large distribution zones and therefore a higher proportion of reticulation assets which are typically long life, or the inclusion of stormwater assets which typically have longer lives and do not form part of the Scottish water asset base).

We note that the depreciation rate of 1.35% is broadly within the high end of the range observed in New Zealand already. However, the longer term depreciation rate of 1.75% is much higher than most councils in New Zealand (although this is intended by WICS).

While the rate of depreciation may be consistent with the New Zealand average, the valuation of assets is not. In our experience, councils typically value their assets at the low end of the valuation range provided in their completed RFIs. This means WICS has typically increased the total depreciation charge above those that are likely to be included in long term plans.

We also note that in many cases, particularly where there is growth in an asset base, achievement of renewals investment at 100% of the depreciation charge may not reflect sound asset management, as it may result in the replacement of assets before they have been fully consumed. We would expect a three waters entity (and a council) to invest in renewals based on need (having considered age, condition, performance and criticality) rather than an arbitrary percentage of depreciation.

We are aware of a number of recent examples where councils that have had recent asset valuations have experienced substantial uplifts in assets value. This may support WICS assumptions around asset valuations.

Potential impact of assumption

Overstatement of the renewals requirement will result in an overstatement of debt and revenue projections for the entity.

This assumption is likely to affect the entity and council projections equally, so will likely have limited bearing on the comparative outcomes of household charges. However, it will have a significant impact on the projected household charges for councils in 2051 if reform does not occur.

2.1.2 Levels of Service and Growth Investment

The various reports produced by WICS outline three different approaches used to determine the future required investment in level of service enhancement (and in some cases growth expenditure):

- based on relationships between historical enhancement and growth investment in the UK (same approach as Phase 1 but updated using council RFI information)



- based on relationships between historical enhancement and growth in Scotland only (i.e. using the same approach as in Phase 1 but with Scottish data only); and
- based on the observed gap in asset values per connected system between New Zealand and the UK – this approach does not take into account growth.

While the approaches differ in how they arrive at their estimates they deliver broadly consistent results in terms of the magnitude of investment that is likely to be required over the next 30+ years. It indicates that in order to meet quality and growth outcomes, spending will need to more than double from current levels over the next 30 years.

WICS note these figures could ultimately be even higher, as they do not take account of investment uncertainty associated with the need to provide for seismic resilience, climate change, or responding to changing societal standards around environmental impacts (including iwi/Māori expectations).

It is unclear which of these approaches was used to identify the potential amount of level of service enhancement investment needed. However, we understand that the outcome under all three approaches is broadly similar.

WICS also applied two further adjustments:

- It appears that planned investment in growth infrastructure was effectively removed from the results in favour of using council's own projections for investment in growth infrastructure. Where councils only reported forecast investment for a 10 year period this was assumed to be representative of the next 20 years as well.
- Applied a cap of NZ\$70,000 per head for combined investment in level of service enhancement and growth infrastructure across any council area, this limits the modelled potential exposure of most rural councils.

WICS does disclose some of the formulas that it has used to identify potential investment requirements, although without knowing the source of the variables used within the formulas we have been unable to replicate the results. We note however that the formulas (at least at a national level) do include length of waterways and coastline, so may make some attempt at incorporating relevant environmental factors.

However, at an individual council level, the investment numbers produced by WICS are based on population, land area, and density alone and have no relationship to each council's:

- Type, quality, or number of water sources
- Receiving environment for wastewater discharges
- Current treatment approach
- Current levels of service
- Asset age
- Asset performance
- Asset condition



Comments on the underlying assumptions

Investment is the single biggest driver of cost in the WICS model. It is what drives the future borrowing requirement, which in turn determines the amount of revenue that needs to be collected. That means that if the future investment requirements in the WICS modelling are under or overstated the future household costs are likely to be similarly impacted.

Despite this it is worth recognizing that predicting future investment requirements is notoriously difficult. This is particularly true over long time frames, such as the 30 year period that has been modelled by WICS.

While predicting investment over a 10 year period is more certain, even this is challenging, as demonstrated by the long term plans of almost every council in New Zealand. Long term plans often have significant uplifts in their ten year capital works programs despite being only 3-year cycles.

We have not attempted to make an alternative assessment of 30 year investment requirements, and therefore have no view on whether the projected investment by WICS is appropriate. However, as it appears that a different approach may have been used to determine investment at a national scale than that used at a council level, even if the national, or regional investment projections are correct, the distribution of where that investment falls in relation to each council may not be correct.

Potential impact of assumption

WICS have used the derived future investment numbers in the stand alone financial analysis provided to councils as well as in the analysis completed for each water services entity. The higher numbers have a flow on effect to a number of assumptions, most importantly, the future revenue required by councils. This is then reflected in the calculated household charge.

We also note that for the purposes of their modelling WICS have assumed that this investment is evenly spread across the modelling period, however it is likely that this will be weighted further toward future years in practice. This results in a sharp increase in projected future household charges.

In the event that the future investment requirements are understated or overstated, there is likely to be a consistent impact on both the council and entity household charge projections. While this assumption may change the scale of the difference in projections it is unlikely to change the overall outcome of their analysis.

2.2 Revenue

Projected revenue is ultimately the main input into the WICS model that is used to determine household charges. The way in which future revenue is projected is therefore critical.

2.2.1 Three water debt to revenue ratio

The total three waters revenue that is needed to be collected by councils in the WICS model has been determined by reference to each council's total borrowing.

Revenue projections have been calculated by identifying the amount of revenue needed to ensure that each council maintains a three waters debt to revenue ratio below 250% over the entire modelling period. Revenue increases are front-loaded in the WICS model, with revenue increases typically stabilizing to match inflation over time (or at least reducing).



The WICS modelling results in forecast future revenue requirements which typically result in the council generating a significant operating surplus for its three waters activity. This surplus is applied toward debt management/repayment.

Water services entities appear to not have been subject to this restriction with Entity C's debt to revenue ratio reaching almost 800% by 2051. We understand that the Government has received advice to suggest that a debt to revenue ratio of this magnitude would not adversely impact on water services entities' credit ratings.

Comments on the underlying assumptions

We note that councils are not typically financed on an activity basis. That is, councils are not required to maintain a three waters debt to three waters revenue ratio of 250%, and in fact a number of councils already exceed this ratio when looking only at three waters debt to revenue.

Three waters typically makes up between 20 – 30% of a council's total revenue, with most other activities typically requiring only low levels of debt. While three waters charges may increase at a much higher rate than other areas of council's business, we would still anticipate that a three waters debt to revenue ratio of around 500% would be within most council's future borrowing capability.

Potential impact of assumption

The revenue numbers directly translate into household charges for councils and the water services entities.

As councils are likely to be able to borrow more than 250% of their three waters revenue, the projected household charges are likely overstated.

Because no such cap has been applied to the water services entities, and we understand that there is official advice to support water services entities maintaining large debt to revenue ratios, this assumption has limited bearing on the projected household charges for the water services entity itself.

When viewed together, the application of this assumption by WICS is likely to overstate the size of the difference in charges between council and the water services entity.

2.2.2 Revenue from Households

WICS has used the split of revenue between households and non-households of 70% as observed in the UK. This has been applied to the total revenue figure above.

The 70% figure represents the total amount of three waters revenue derived from household water charges, and effectively does not include any revenue from development contributions, grants and subsidies, or commercial and industrial water use (or indeed irrigation/stock water schemes).

Comments on the underlying assumptions

In our view the assumption that 70% of revenue comes from household water charges appears to be fair at a national or water services entity level. However, this assumption is less likely to be applicable at an individual council level, noting that:

- Councils that have high levels of urban growth may receive a substantial portion of water revenue from development contributions, and in some cases this may account for the entire remaining 30% (or more) on its own.



- Highly rural councils may receive a large proportion of their three waters revenue from irrigation or stock water schemes, meaning much less than 70% of total three waters revenue is derived from households.
- Some territorial authorities receive large amounts of three waters revenue from large water users. This is particularly true in rural and provincial councils, which often have high water users in the agricultural and horticultural industries.

Potential impact of assumption

This assumption may impact on the size of the difference between the projected household charges under the council and entity scenarios because it is likely to be more accurate at an entity level than it may be for individual councils.

Councils which receive a lower proportion of their three waters revenue from households than is assumed in the WICS analysis will have higher projected household charges under the WICS analysis than they may otherwise have.

WICS analysis is also presented at a three waters level, which means it is difficult to see the impact for customers which may only receive one or two of the services provided. This is likely to be particularly relevant for councils with large rural areas.

2.2.3 Household connections

WICS have determined the number of household connections in their modelling by:

- Averaging the connected water and wastewater populations from each council's RFI
- Dividing the number by 2.7 (which is the average household density in New Zealand).

This value is used as the denominator in WICS' projections of average household charges. The higher this number is, the lower the projected household charge is.

WICS does not appear to have used any data regarding stormwater connections/charges within its analysis.

Comments on the underlying assumptions

Household density varies significantly between territorial authorities within New Zealand. This is particularly prevalent in the comparison of rural and urban councils. According to Statistics New Zealand, in 2018 the council with the highest occupancy rate has an average of 3.0 residents per household, compared to the least dense council having an occupancy rate of 2.1.

We understand that there are now councils that have significantly lower occupancy rates than that still (with some reporting occupancy rates of less than 2 residents per household).

Potential impact of assumption

This assumption may result in a difference between the projected council and entity values (i.e. it will affect the entity and council differently) because the household density number varies significantly between council areas but is likely to be more accurate at an entity level.

For councils with low household density, it is likely that the application of this assumption will have resulted in the WICS analysis overstating the potential household charges in 2051 for individual councils. The projected household charges for the water services entity are less likely to be affected by the application of this assumption.



2.3 Capital and Operating Efficiencies

WICS looks separately at capital and operating efficiency expenditure. In both cases, WICS undertook econometric modelling (using the reworked Ofwat 2004 and 2009 models) of the potential for operating efficiency from each council using tools and techniques applied and fitted to UK water entities and tested this against New Zealand.

2.3.1 Efficiencies

WICS have applied efficiencies adjustments in some cases for individual councils. These efficiencies have been based on council size. The observed experience from United Kingdom demonstrates that only entities of a scale of more than 60,000 connected citizens could be expected to achieve any reductions in operating costs, even if they were subjected to robust governance and regulatory frameworks.

In the models provided, the scale efficiencies increase on a diminishing (logarithmic) basis above the minimum size threshold. This means there is no inclusion for efficiency improvement for councils with less than 60,000 population served. For councils above this threshold, efficiency gains are realisable (albeit at a diminishing rate) up to a maximum of 800,000 population served, after which no further returns to scale have been included in WICS modelling.

In determining the scale of efficiencies modelled for the Water Services Entities, WICS assesses the New Zealand Three Waters sector to be in a broadly similar position as Scotland in 2002, in terms of relative operating efficiency and levels of service. In just under two decades, Scottish Water has lowered its unit costs by 45% and closed the levels of service gap on the best-performing water companies in the United Kingdom. This has been used as evidence to support the modelled efficiencies.

WICS modelling includes a capital efficiency challenge of 50% and an operating efficiency challenge of 53.3% for Entity D, with an assumption that this efficiency gap is able to be closed within 20 years from today. In addition, WICS have assumed that water entities will be able to achieve half of New Zealand's historic annual Total Factor Productivity gains, these gains typically relate to improved workforce productivity and technology gains.

In assessing the ability for water services entities to achieve efficiencies, the Department of Internal Affairs noted, in its Regulatory Impact Statement, that efficiencies could be achieved through:

- Financial efficiencies - better access to capital, more highly leveraged
- Operating efficiencies – improved organisational capability, reduced organisational overhead
- Capital efficiencies – improved asset management, coordination of investment
- Regulatory efficiencies – transparency and benchmarking, regulatory compliance costs lower for a large entity

Comments on the underlying assumptions

We note that Entity D is projected to have around 900,000 customers on formation. This is comparable in size (but much less densely populated) to Bristol Water and South Staffordshire Water, who were cited as achieving efficiencies of 25% and 20% respectively in the WICS reports.

We have no formal view on whether or not the efficiencies used by WICS are achievable or not. Our sensitivity analysis, presented in section 1.5 outlines the potential future household charges under Entity D if these efficiencies are unable to be fully met.



We note that academic literature presented by the Department of Internal Affairs, and the peer review report produced by Farriersweir do acknowledge that efficiencies relating to economies of scale and from an economic regulatory regime have been observed overseas. Whether overseas examples are equally applicable to New Zealand is unclear.

We have not been provided any evidence that the “New Zealand three waters sector is in broadly the same position as Scotland in 2002”. This is the starting position for much of the WICS analysis.

Potential impact of assumption

If modelled efficiencies from service delivery reform are overestimated, or underestimated, then this will have a direct impact on the projected household charges for the water services entities. That is, overestimation of the potential operating efficiencies will result in WICS’ projections of household charges for water services entities being lower than they may otherwise be if those efficiency targets are unable to be met.

2.4 Sensitivity

WICS undertook detailed sensitivity analysis (Monte Carlo analysis) of their projected household charges to demonstrate whether there are any instances where household charges would be lower under continued council led service delivery versus the reform, scenario. Across the country, this analysis shows only a very limited number of cases where household charges have any potential to be lower without reform than with it. In these cases, WICS typically notes that the levels of service received by customers without reform would be significantly lower than they would be under the reform scenario.

Importantly, while this sensitivity analysis does consider different levels of investment requirements, it does not consider the impact of the debt to revenue assumption, or assumptions regarding the percentage of revenue from households, or the number of connections. We have not attempted to recreate the sensitivity analysis completed by WICS but would anticipate that adjustment of these assumptions prior to undertaking the sensitivity analysis would result in more instances where future household charges crossover under the reform and no reform scenarios.

Collated responses to question 'Do you have any additional feedback?' as at 22/9/21

Note: Blank responses removed. The below submissions not edited, corrected or checked for content, with the exception of removing content considered offensive.

- The council in Timaru hv done a good job and i dont see the benefit in changing it. I like to think it is a regional matter. It would concern me to hv people involved that would change tings that are already working well. I hv concerns that as one nation it would be influenced by a group of people that dont know what they are doing.
- Local governance has let water standards slip.
- No fluoride please that is why I don't want this in government hands.
- i feel the current system is working perfectly and no need for change.
- Leave it in the hands of our local council
- Are going to have water meters in this scheme we are already paying for water in our rates. The area noted for 3 waters is to large. We could join with Waimate and Makenzie if required at least it would be local. Keep our water local, as long as council continues to upgrade our services.
- Keep up the hard work and keep our water local.
- Totally against Three Waters!
- Very against the Three Waters scheme, we will lose all local control of an asset we have paid for
- Living in Timaru for 18 years and a rate payer for almost 12 years I'm very satisfied with the way Timaru District Council handles our water. There is absolutely no need for the government to have their hands on or anywhere near our water. Allowing 3 waters to go ahead would be crippling for every New Zealander
- "Stop this madness dead in the water. This is the opposite of democracy, looks like nationalization of public assets by a political system that our grandparents went to war to defeat.
- The government proposal increases regulatory registration to multitude of businesses while stripping local impute into decision making
- "The assets are paid for by the ratepayers and developers of subdivisions so effectively the assets are the peoples.
- The Council is 'entrusted with their ownership' which is managed for R& M, upgrades and development by a series of 'permissions' from the ratepayers/residents through the Annual and Long Term Planning Processes. Approval of significant changes to assets are required to go through a robust

consultation process and for sales of assets such as these a referendum is appropriate and the end of an extensive, fully informed process.

- This has not been done due to the lack of information on intent and details of these proposed reforms.
- The government currently has no legal claim over the assets and has resorted to bribery and innuendo, alongside disinformation on the status of the size of the perceived 'problem' and the one-size-fits-all solution. An ideological approach that lacks detail, relevant cost benefit analysis and is couched in patronisingly childish advertising and promotion of their ideas is as offensive as their desire to wear 'undies as togs'.
- With no mandate from the stakeholders, the Council is not ABLE to commit to giving away our assets at a fraction of the value.
- 'Possession is nine tenths of the law' is very relevant to this situation. They can not take the infrastructure away and to take over the asset value is theft in any other situation.
- I strongly oppose the governments reforms and look to the precedent of the electricity distribution reforms to show that when the people spoke up, they were able to maintain their assets.
- Stay completely clear of these new proposals. Too much control in a few hands, far too little detail provided, benefits are extremely doubtful.
- "This is theft of assets by central government. It will lead to an explosion of extra costs /permits etc. Another huge beauracracy will be developed. Eventually they will sell to the highest bidder!
- This needs to be strongly opposed!"
- "Three Waters is a disaster waiting to happen.
- Im definitely against it."
- I believe this is as near to an Apartheid proposal as our illustrious Govt can get. This is just another means of dividing our nation.
- This means the big cities will take control i say leave it as is not our fault bigger cities have a problem and as for that minister who said the govet will push it though any way she can get stuffed
- I think we could miss out on so much if we lose control of our area for example new businesses want we want if conditions of our natural area change we know our area so we should have the say
- "Local government should maintain 'control' and shareholding of our water systems and not be publicly owned/or controlled by a entity that has NO connection to our district. Our local communities know what is best for our

communities and our local environment. There is strength in keeping our decision(s) local (by the communities and elected officials) in order to represent the people who make the district their home .

- I would like to see the Geraldine drinking water supply remain unchlorinated.
- Introduce the use of water metres in order for communities to understand what their daily/weekly/monthly use is and that there is a cost for that demand. If the community recognises that they will need to pay for water usage and discharge then they might begin using it more efficiently and effectively.
- Demand creative solutions for on-site use of stormwater/greywater for all new building and planning consents. Removing stormwater drains from entering directly into our rivers (such as what is happening in the Waihi River in Geraldine currently). "
- "Hold the line with Central Government
- TDC keep up good work on three waters."
- Bigger has proven many times not to be better.
- Don't let any Govt get control of any of these entities as we have seen in the past they cannot control them.
- It would appear that the government is doing a corporate take over of the country's water supply. Tax payer's and rate payer's along with local council have paid for and build the necessary structures that are needed. For such an important issue you need boots on the ground, not distance governance. Policy can very quickly go off tack when your not local. We own this and the government should not be muscling in and removing it. When taking something you don't own, it's called theft.
- Don't change a thing. We have the best drinking water in Timaru. Thank you.
- Above answers are subject to change once more information is available. Work does need to be done - nationwide. My concerns are around the ownership/management.
- It is not broke, why alter it. I believe local council is doing a good job.
- We paid for it, the Government takes it, stuffs it up and then sells it like everything else, i.e. power.
- The carrot being dangled for councils to sign up for Three Waters is a poorly (concealed) bribe. W believe that control moving away from TDC will not result in better services for our area - in fact, the opposite. There has not been sufficient detail or time available to consider this . The government instigated lockdown has seen no relevant moving of the deadlines that would allow meetings etc. The proposal to 'purchase' our assets is akin to a land grab situation - we are being offered 'two blankets and a musket' for infrastructure

of considerable greater value. So much for this sort of nonsense being a much-vaunted thing of the past

- "I have read through the government case for reform and find it compelling despite my knee jerk reaction against it. In particular the fact that Timaru has done the hard yards toward upgrading our systems influenced me toward going it alone. I find particularly significant the benefits of scale achieved by Scottish Water and even the improvements achieved by greater Auckland under Watercare. I am nervous about the potential loss of local input but it is important to put aside parish pump policies for a greater good. Some years after local body amalgamation I think it can be seen that the benefits have outweighed the undeniable down sides, perhaps aided by the formation of local groups to promote local interests. I think there would be a need for the same groups to be able to input either directly or through the local authority to the governing entities,
- Finally, I would say the Governments puerile advertising campaign has served for people to consider it a smoke screen for a take over. I certainly did and think more communication of the actual proposals would have been more beneficial."
- Well done making a stand for keeping water governance, management and infrastructure local and continuing commitment to look after what we have and make improvements that benefit our communities needs.
- I think that 3 waters is a terrible idea and involves too little community input
- "3 waters reform appears to be being rushed through the consultative period with very little consideration (or time allowed) for meaningful discussion. The government advertising (childish cartoon) is inappropriate as it is pre-empting any decision and overly simplifies the issues. The veiled threat by Nanaia Mahuta to force councils to accept the terms is completely undemocratic.
- Local potable water supplies in particular have often been instigated and funded by local communities and for the government to "nationalise" them and then have a governance structure that is 2 steps removed from the actual users of these services is just wrong.
- Maybe I have interpreted the intentions and methods for change wrongly. If so, this is due to very poor (and to be truthful one sided) communication on behalf of Central Government and a "we know best" approach.
- Yes, we do need to quickly do something about "The 3 waters" but please let's not lock out the end users and those directly involved in the services."
- Stop.
- Centralized policies seldom produce the cost efficiencies and results proposed. The 3 Waters proposal, to me, resembles a vested interest Governance "Cowboy" asset and power grab, with political spin and no accountability or guarantee of proposed outcome. The current Government has a very high

policy failure rate and accordingly there is a high probability that 3 Waters will not only fail, but leave intergenerational rate payers to fund the bureaucratic, legal and financial mess that is likely to ensue from participation. Assets surrendered are unlikely to ever be able to be reclaimed from Iwi vested interests. Vote No, No, No.

- Timaru District Council has worked hard to build up these assets and provide good drinking water & waste water services for its people I do not believe the Government needs to get involved - we know our area best and we should decide what needs to happen here.
- "Water standards should be set and the local bodies should be funded by central government to meet them.
- We will have no representation or control over what happens in our district if Three Waters goes ahead.
- The water assets could be sold which I totally disagree with."
- It is essential that control over these is kept local, if this central control is implemented we will be forgotten and will have no effective control over water issues in our District
- Please don't agree to this horrid communist scheme. The Govt borrowing against our assets and too much maori control, WTF! Keep it local!
- I do not think having the government controlling all water rights is in the best interest of each district. Do not do this!
- I would like to see the water services, including water quality and responsible waste management, stay under local authority control so that the decisions are relevant for our wider community.
- "Question 2 very hard to answer with yes/ no as too many unknowns as to what "stronger regulation" looks like.
- I believe that councils should be in control of regional infrastructure as decisions are then made in the best interests of their community. If infrastructure is handed over/sold off to an outside interest (national government) then I have no doubt that our voice would very rarely be heard for funding to be spent in our region"
- "The Timaru District Council water assets belong to the ratepayers. These should NOT be handed over to the government. Each geographical area has unique benefits and issues which cannot be managed by Mass regulations. le Geraldine has beautiful water which doesn't need extra additives. We are lucky and don't want other rules applied to our water. If it ain't broken don't fix it.

- Also why are we handing over assets to be governed by Maori and what experience and qualifications do they have that gives them extra rights over the general population.
- I feel this is being pushed through during the pandemic to stop protests about these radical and unnecessary changes."
- I question the ability of out of district personnel to fully understand the needs and infrastructure within Timaru District.
- "Management of our local water should be left in the hands of our local council, so our communities can be consulted and have a say on things that impact our water quality and waste.
- Re stronger regulation: No to stronger regulation over drinking water, but Yes in other areas. "
- It is very clear that we need major reform, and I do not believe that councils have the expertise and resources to manage this in an affordable way for all ratepayers. I believe that every New Zealander has the right to affordable and safe drinking water, and that we need to raise the standards for our wastewater and stormwater, plus associated infrastructure, to mitigate climate change and protect our environment. I cannot see how councils will be able to do this individually without increasing rates to a level that is unaffordable for many people, especially in a district such as Timaru, which has a higher than average percentage of elderly, many people working in low-wage jobs, and a large land area with a small number of ratepayers.
- "Leave it alone - ""if it ain't broke don't fix it""
- Labour Govt trying to hijack resources without proper transparency, pursuing their divisive socialist agenda."
- We are STRONGLY opposed the the Governments Three Waters plan as we have already paid for the infrastructure in our rates.
- "Why fix something that isnâ€™t broken.
- We have already paid for the facilities and trust the council to administer it.
- Why should we have to pay for something we already own."
- "Would be easy to have better control if there was a clause in the Local Government Act that puts a priority on core infra-structure ahead of the do-good spending. This would take the pressure off Councillors to bow to public pressure .
- Morally the assets of water, sewerage and storm water belong to the rate payers who over generations have paid for them. The council holds them in Trust for the ratepayers and does not have the right to gift them away for far less than their value.

- I strongly oppose the proposed water reform and experience since 1989 would show that bigger is not better. Look at the results for Akaroa rates since joining Christchurch and the results in Auckland with their Super City No rate savings and an increase in staff numbers. We at Geraldine know how hard we have to fight to have our voice heard in Timaru. How hard would it be to have Timaru heard in a much larger committee with no direct representation."
- Strongly against the 3 waters idea - leave it in council control
- Strongly against the 3 waters idea - leave it in council control
- "Obviously massive levels of bureaucracy coming and NO accountability.
- Based on past Govt. reforms it will be an expensive disaster with no contact or input available.
- What is wrong with what council water is doing and has been doing over the past years?"
- Regarding stronger regulation over three waters, this should be achieved only by local authorities. I am strongly opposed to the government's interference in this proposal as many councils have already invested large amounts of ratepayers rates to improving their infrastructures. It would be more prudent for the government to assist those councils whose infrastructure is under resourced and not up to required standards.
- "The Three Waters reforms MUST NOT proceed!
- It's WRONG no matter what direction you look at it from and will not achieve a single outcome that would be beneficial to the people of New Zealand. "
- Current ownership should be retained... I do not agree with the proposal that ownership and assets should be allocated to a single race, namely Maori... ratepayers should retain autonomy....The government claims that the price of water would be lower under their new scenario, but the existing costings are far from proven.
- No to 3 waters reform! Yes to local/public control. JABCINDA ARDERN needs to step down immediately. This government can not be trusted.
- We have a very good water system. All we would be doing is subsidizing other cities in NZ that have insufficient systems!
- "Our water quality is excellent and has been well maintained. The Government proposal would add considerable cost to our ratepayers as has been shown with the formation of other large authorities.
- We should not have to support those areas that have not maintained their facilities in the past. "

- I believe our council should have full control of our water and water systems. I totally disagree with the three waters plan
- Please don't change it....
- Keep our water clean of fluoride and chlorine and any other chemicals, please.
- I don't want government to have all the say, they will forget about the south island
- I don't like that the government want 100% control over us without NZ people having their say
- "I like the idea of the economies of scale of the new proposal. We are a very small country and it makes sense to have a unified approach, as long as everyone is represented fairly.
- I think that every local government area needs to have a representative on the regional committee, rather than six representatives speaking for all. Local councils could elect to combine with another council in terms of representation where boundaries mean they already work clearly together or have shared interests.
- All iwi should have a representative, or elect (for example if small in size, or with a shared boundary and interests), to have a representative that speaks for more than one iwi.
- Local government will still have to ensure all new builds and renovations make maximum use of water, eg collection of rain water for gardens and lawns, and grey water filtration, also for gardens and lawns.
- Local government will still have to be there on the spot to talk with new businesses and ensure their water plans are robust and sustainable, in all aspects of the word, including cultural, economic, and environmental sustainability.
- So they all need to be able to have a say.
- What wasn't clear from the government report was the relationship between water used in commercial farming / rural enterprises and urban uses.
- The three waters are not operating in an isolated urban ecosystem - they are part of a whole ecology which includes all areas where rain falls, as well as our waterways.
- I'd like to see a plan connecting everything together as one rather than artificially separating out the three waters.
- Can we pump filtered and treated grey and stormwater out to farms on the boundaries of urban areas?

- It is disheartening driving through South Canterbury on a heavily rainy day and seeing the automated irrigation machines watering fields at the same time.
- A local farmer told me that the farms have to buy an amount of water up front - then they have to use it, or they can't get the same amount the next year.
- Where is the incentive to save?
- If I've misunderstood what he explained to me then please ignore that comment.
- Also, if there are absentee landowners who have everything on timers without real world checks, then that needs to be addressed in a creative way.
- The technology already exists to provide subsoil data so farmers can turn the machines off in a situation of heavy rain where the soil gets saturated quickly by being both rained on and watered by irrigators at the same time.
- Policy makers could come up with a system whereby farmers are incentivised to save water and pay for just what they use.
- We need to support our farmers to do the right thing.
- This overhaul needs to be carefully thought out in practical terms with minimum bureaucracy, maximum efficiency, and time taken to respect each local areas needs before decisions are made."
- I agree with the mayor more information is needed
- "We had the same scenario over the deregulation and reform of the electricity industry..be a bloody disaster..
- We will end up with no say over our local assets"
- I feel that local voice is being eliminated by this government. We should have the rights to determine what is right for our community/ local area not the government, in our democracy
- A poorly thought out scheme that has serious repercussions for the Timaru district ,assets paid for over many decades are to be eroded with a stroke of a pen , stay well away from this hair brained idea I say
- Keep fighting the three waters proposal.
- Water supply is an essential service and is best managed locally by people who understand the local situation. During the Christchurch earthquakes I had the experience of our management in Wellington telling us we couldn't use our toilets. I checked with the local council staff who said our street was ok to use the sewage system but the next street over was not. The macro view from a distance was inaccurate and had very real consequences locally. I am concerned that if our water services are managed from a distance it will be out

of touch with the situation in the district. Plus, Christchurch is so large in the South Island it will draw most of the focus of this proposed model. If there are small Councils that are struggling to provide a well managed water service then the Government can support them, but I see no reason to change the present system.

- No. Plain and simple do not agree and think the Govt needs to be more transparent to all of New Zealand.
- All issues that are local should be dealt with by locals
- Too many changes are happening in this country, not for the better for all but for the better of a few. Timaru will not see any benefits of three waters. I would rather pay higher amount on my rates to maintain control. Than to pay a even higher amount through three waters, where the district wont see the same amount invested back into the district, instead a % of our district revenue will go towards paying for wellingtons etc.. problems, while our district receives the minimum to keep it running.
- "Not in support of "Three Waters" at all.
- Keep it all local. It's the only chance our local Council have of maintaining all control, within our people and all generally concerned at present - if our 'small voice' and any control is given away, what's next on the "take list" from our Government? This district and it's current direction must reject, keeping and maintaining full control, as it stands. "
- "Why fix something that isn't broken.
- We have already paid for the facilities and trust the council to administer it.
- Why should we have to pay for something we already own."
- Maintain the status quo please!!
- The whole thing is a joke and quiet frankly insulting. Expecting us to give up our assets... Payed for by us just so they can hand it over to iwi. It won't make a dam difference to our water quality and you can be dam sure they will charge the shit out of us too
- "The new regulations would increase costly levels of government with no clear path of improving quality. Valuable resources would be redirected to far off administrations. Such centralized administrations do not have local understanding and thus would, aside from absorbing large amounts of funds to sustain themselves, only lead to poorly designed mandates, lacking local applicability. This proposal, if implemented, would divert more resources away from the key outcome which should be save drinking water. Local control has been good for Timaru. I see no reason to give that up, only so central government can grow.

- A further risk is that after giving up local control, we have no further say if future governments wish to sell water systems to private investors. Governments have sold critical infrastructure before, with demonstrated disastrous results.
- Water is too important to voluntarily give control to people who likely have never even been to Timaru."
- "Question 2 very hard to answer with yes/ no as too many unknowns as to what stronger regulation looks like.
- I believe that councils should be in control of regional infrastructure as decisions are then made in the best interests of their community. If infrastructure is handed over/sold off to an outside interest (national government) then I have no doubt that our voice would very rarely be heard for funding to be spent in our region"
- "Thus should not be allowed
- Intense promotion required do people understand "
- Please leave 3 waters in local council hands, they have the local knowledge and expertise.
- Get rid of third party management,one boss one accountability,government.
- I absolutely say NO to 3waters.
- Strongly oppose the proposal based on the information I am aware of. The government should not be offering a "bribe" to Councils to agree.
- Stealing our assets thieving scum
- We as local ratepayers have been investing in our infrastructure forever and I'm not interested in giving that away to central government . Local people will always make better decisions for the infrastructure that services them. Central government will think they will but let's face it they don't live with problems they leave behind.
- "I feel local waters should be handled by our local body.As water is our most valuable commodity and most important to our survival therefore we must have its control.We pay Canterbury Regional Council rates and with smoky home fires for many years nothing is ever done although even contacting Councillor Mr Scott to no avail.Therefore leave it to the local councillors.
- Locally and personally there has been huge sums of money spent on our districts water infrastructure which is very effect along with servicing our district adequately. There is important local knowledge of this area which must not be lost or forgotten.

- I strongly support our water one of our greatest requirements should be handled by our region as I feel we can handle this as I have been involved in many local organisation and we see what little Canterbury REGIONAL Council do although we pay them rate money for no return. Take smoky fires etc. as I have personally spoken to Mr Scott with no action taken.
- What a complicated ridiculous idea.
- I think the TDC has done a good job with renewing and upgrading various fresh, waste and stop waters services. Not our fault other areas have not kept up.
- Water management is core business of LOCAL community. Local knowledge is essential and should be used.
- If this goes through it will show that we no longer live in a democracy.
- I feel that with the proposed centralisation of water control that the funds we pay in water rates will be used in areas other than where they originated from (e.g.) main centres. Therefore local councils will rely on the whim of central when maintenance will be done. The recent national survey on water showed South Canterbury to be tops, so why change.
- We already [Unreadable] water, wastewater and stormwater [Unreadable] flouride needed. Local governance and [Unreadable] services.
- Absolutely against the govt proposal.
- Local Councils should know how to look after all the water as they should know their district.
- "Question 2 very hard to answer with yes/ no as too many unknowns as to what stronger regulation looks like.
- I believe that councils should be in control of regional infrastructure as decisions are then made in the best interests of their community. If infrastructure is handed over/sold off to an outside interest (national government) then I have no doubt that our voice would very rarely be heard for funding to be spent in our region"
- I believe that councils should be in control of regional infrastructure as decisions are then made in the best interests of their community. If infrastructure is handed over/sold off to an outside interest (national government) then I have no doubt that our voice would very rarely be heard for funding to be spent in our region"
- Needs to be done locally
- "The Timaru District Council has been very proactive in keeping it's water and waste water services up to date with a continuing programme of upgrades, unlike a lot of other councils. This is to the credit of council staff, and so the assets which have been paid for by the rate payers need to be retained and

maintained by the council on behalf of the rate payers, and not handed over to a big bureaucratic Govt entity where Timaru will just become a "little fish in a big pond" and have little or no say in the on going maintenance and funding of these assets.

- I also don't agree with the 50% non-elected Maori governance of the proposed entity, because this is undemocratic and specifically race based which should not occur in any Govt entity.
- I also think that the financial bribes offered by the Minister for Local Government (Nania Mahuta) to councils to encourage them to accept the proposal is an abysmal act by a member of parliament, who has as yet failed to provide answers to legitimate questions put forward by councils on the proposal. She seems desperate to get all councils to agree to her proposal, which gives the distinct impression that there is more to her agenda than she is willing to offer at the moment.
- I STRONGLY urge the Timaru District Council to reject the Govt's 3 Waters proposal
- I believe that councils should be in control of regional infrastructure as decisions are then made in the best interests of their community. If infrastructure is handed over/sold off to an outside interest (national government) then I have no doubt that our voice would very rarely be heard for funding to be spent in our region"
- As we have the best drinking water according to the national test, why would we want to give control of our water to others, nor our assets.
- Ratepayers in Timaru have paid for the good infrastructure and don't want to lose control of it.
- Like to see water meters for individual users.
- Like to see water meters for individual users.
- If we go along with the new legislation we will definitely be forgotten about. We need to retain control of our water
- Keep up the good work your doing on our District Systems.
- Don't want costs to increase - we have already had a ridiculous 10% rates increast this year!! Undemocratic!
- 3 Waters Proposal is theft. It will be expensive and out of touch and it would be undemocratic Communism. TDC is managing OK.
- Very happy with the water service as is.
- Tell Jacinda to keep her theifing hands off our water or to fu*k off which ever is more appropriate

- Please do not proceed with changes which remove local council control of water. Trust TDC, not the proposed "Reforms".
- Water is nature's gift to this land for all humanity and should not be controlled by the 3 waters Government Proposal. I support the local council maintaining this service.
- Surely local knowledge and expertise is preferable to central governance and control. what is happening to our world!
- Don't let central government get control of our water, look what happened to our power!!!
- Yes, following the recent floods I had a major problem with sewerage spewing all over my back. On writing of my concerns to the chief engineer, Mr Butler, the problem was dealt with very quickly and efficiently - much appreciated - thanks.
- When faced with the facts and intentions of Central Government, anyone would be mad to agree with this proposal. At the very least, why would we need to purchase assets as tax payers that we have already paid for and maintain as rate payers? The Timaru District Council and its predecessors did a very good job setting up our water infrastructure in the first place. It already belongs to the people that use it. Leave it that way.
- This model is a complete sham. It is all about this government giving Maori 50% of our water assets plus 75% of voting rights.
- Too much 'central' control now.
- Make Orari River/Geraldine township water supply available for potential development below Pye Rd and upgrade sewerage at the bottom of Geraldine to allow development of 30 sections below Pye Rd.
- "1) This is a bureaucratic nightmare costing millions just to pay hundreds of administrators.
- 2) You know it is a total rort!!
- 3)These assets belong to the ratepayers of Timaru. Don't believe you have the right to give them away without proper consultation."
- Don't want to lose control over something I have paid for all my life.
- This should just not happen. The people of Timaru District need to have their own say on what happens with our own water situation not central government. This just needs to stop right now!!!
- Don't want to lose control over something I have paid for all my life.
- I don't agree with the three waters proposal at all it should be kept local!!

- Please keep our assets
- Costs will only increase with proposed changes. It will end up like our power charges.
- Guidance not governance
- Seems to be more over regulation and am I wrong? ... more control and ownership to Maori?
- There is no way this should be run by the government. It must stay local. We paid for it and we keep it.
- On current information the whole proposal is a complete disaster.
- "Hello. Please do Not, do Not sign up for this. I refer you to Leighton Smith Podcast Episode 127 Sep 9 2021. Interview with Muriel Newman. I also strongly advise you to contact Muriel Newman directly with respects to the research that has been done into the govt proposal. The good people of this area have invested in their three waters and those assets are owned by the local people and should never be stolen or given way to NZ govt or anyone else be it directly or indirectly. These assets must remain in the full control and ownership of the local people that live here period, equal and collective owner by every person living here. Hands off!
- I also strongly urge local govt to have no involvement in underlying agendas based in race in any form. As others have said: We are one people, a community defined by our common humanity and not divided by, or governed by, ethnic extraction as some would have us be.
- It is wrong of NZ govt to assume it knows best and impose on the people its will and corrosive agendas."
- "The somewhat sketchy proposal and limited timespan available for open public debate sends shivers up my spine!
- To an extent it appears that the principle of ""if it ain't broke, why the need/desire/determination to fix it"" is being ignored.
- At minimum there should be a public meeting at which the various issues could be discussed. At such a meeting we (the public) would then have the opportunity to debate and question our civic leaders for their views in open forum, thus avoiding central government simply winding up imposing its own agenda, on the basis of there being insufficient time to allow proper public involvement. Such a substantial shift in the way things have traditionally been handled demands adequate time for public consultation. Water is an important resource to every community, and its control and allocation (and change in how it is controlled and allocated) must not be left to any other parties in some ""behind closed doors"" deal."

- Keep in in local/council control
- Totally against the government changes. The management of it will be top heavy , expensive and no control on repairs and maintenance. Water is a natural resource and belongs to all New Zealanders we do not need forced minority representation. Ratepayers have paid for ownership and continuity of water services and will be greatly disadvantaged through these new proposals.
- "This scheme is a joke, to take even more freedom away from local councils and the people is just not the new Zealand way.
- Let alone handing the power over to people who have clearly shown there ignorance and incompatibility with understanding the needs of food growers and farmers across the country as we begin a new Era of efficiency and environmental future proofing. Thank you
- not happy about losing our assets that we and our fore- fathers have already paid for, also having only six councillors on the board with six iwi. Iwi can veto anything they don't want to do.
- not happy about losing our assets that we and our fore- fathers have already paid for, also having only six councillors on the board with six iwi. Iwi can veto anything they don't want to do.
- Timaru DC is doing a good job with water, leave it alone itâ€™s not broken. TDC should remain the guardians of the districtâ€™s water.
- I think the new admin will be top heavy with high wages no doey. Al they are maori tribes getting free seats on the boards.
- I think the council needs to retain control of the water situation in the Timaru District. Local decisions for the local community are in the best interest of Timaru residents.
- "Timaru has a history of investing in water infrastructure which meets all the current legislative requirements.
- We need to protect the asset we have established and maintain local control"
- It's best for local water to be controlled by local council because of their local knowledge!
- I think it should remain in our councils hands.
- The current system is working well please let the control and regulation of water remain at the local level and under the regulation of councillors elected by the rate payers.
- "I am totally against the central government getting involved in water reticulation in any shape or form for the following reasons:-

- This is a long term plan to privatise a public necessity and as such should stay in the hands of an accountable body. It may also be some factor in the Waitangi negotiations
- The government may deny such a scheme at present but what is to say that some Roger Douglas type politician in the future won't decide that it is a good idea and hand it to some private company, and look how the electricity reforms have turned out, twice the price and half the service
- Is the system that has been built up over the years by communities in such a state of repair that the government has to move with such haste, I think not. Something doesn't seem right with the whole deal
- Sure some water reticulation may be below par, but wouldn't it be more cheaper and sensible to give the below par bodies some resources and get them to do the necessary repairs.
- I cannot help but think that if it wasn't for Wellington having such water mains problems, would these reforms have such high priority.
- Plastic disposal and housing should be a higher priority ."
- "I would like better testing of our water sources and made public in a regular format. We have serious contaminants in the opua source and it's not being reported or addressed .
- I would also like our cancer rates per capita researched and reported without bias ."
- Nobody owns water from the sky, the rivers, the sea. That would mean they own the water all over the world. Imagine hat other countries would say ti this. "Their a bunch of nut jobs".
- Tells the Govt to keep their sticky beaks out of and/or their hands off our local assets
- Despite their various faults, the TDC has done a VERY good job with our water issues in the last 10 years. We have a fully up to date sewer system and the Pareora RIVER water pipeline (not Pareora water pipe as the council insist in referring to it as) pipeline replacement is well underway along with the major street mains replaced in mid 90's, the TDC have things under control. Good job. Tell central government to keep it's hands off it
- its needs to remain local!!!!
- "Please watch on YouTube
- What is the New World Order? by Jeremy Lee
- This will tell you what the gvt in Australia and New Zealand have been doing and how it affects business and economy for the local people.

- Thankyou
- Melody Pilgrim "
- I think we should stay with the Status Quo. What the Timaru District Council have built up in assets in the last 100 years and paid for will never be maintained or upgraded by this 3 waters as we are a small entity in the South Island and will have no say on future development as money will go to bigger populated areas. We will end up paying again for this water and who is to say that they (3waters) own the water.
- "You have made a good decision to pause the government's proposed three water system. Once you have given local control to the gvt, they have the power to then give that control to international corporations and powers. Please watch and listen to this, it will tell you where this government is heading and already far down the road.
- <https://youtu.be/hYJ8MNq1X3M> - New world order Australia
- Thankyou for your efforts and concerns
- "It is critical that we retain control over our assets and localised decision making .
- I have absolutely no confidence in the Governments ability to complete the proposed reforms to deliver the the outcomes they are promoting . "
- "Absolutley by no means whatsoever should we or any local council of New Zealand allow for this three waters reform to go ahead. It would be apalling to see these local assets be taken over by this reform. This is just another system of control to ruin this country.
- This government is really dividing this country and doesn't tell the truth to the people
- <https://www.skynews.com.au/opinion/andrew-bolt/bolt-arderns-woke-politics-leading-new-zealand-towards-a-form-of-apartheid/video/827393fdb1c67863fe8931349939ff44>"
- Didn't South Canterbury just win best drinking water in NZ?Keep it that way by keeping it local. Don't fix what isn't broken. Allow local voters to have influence. Kia Kaha Nigel
- I truly believe each council should remain responsible for the control over their water . One council/committee for the whole country will not work ,its like "one size fits all " Please fight this for all your worth
- The government need to keep there hands off rate payer funded infrastructure, SAY NO TO HE PUA PUA AND THREE WATERS.

- "Don't believe that the whole country will benefit from 3 Waters, just the big cities and costs will go up to subsidise them.
- Keep it local!"
- 99% of the knowledge is local. Why would you give control to 1% who know nothing of local issues. Rate payers will simply subsidise large failing infrastructure in Auckland which is running out of water. An asset paid by rate payers for years should be handed over to another layer of bureaucracy to a central government
- The Council are managing our local water supply well and would like it to continue and understand our regions needs. If we become part of this new Three Waters Scheme a lot of our local concerns will not be heard. The bigger urban areas will have more say and don't or won't fully hear our rural concerns
- I appreciate the current effort and drinking water standard the council provides. However feel that a national change and cohesive approach is important. This is about coming together on our biggest resource- not dividing it up into many pieces.
- DO NOT sell to 3 waters
- I appreciate the current effort and drinking water standard the council provides. However feel that a national change and cohesive approach is important. This is about coming together on our biggest resource- not dividing it up into many pieces.
- "I agree with the Timaru Council. The advertising on TV makes me mad as it is so full of lies. Our water is so well maintained by the Council that I would hate to think of Timaru giving control away for the sake of a Government bribe and we would end up far worse off with an agency that is only out to please their cronies in high places. We could end up worse off. Control and power is the make-up of socialism and communism. The first and Second World wars were all about fighting for freedom now we are being taken over through deception and stealth. Our South Island is so desirable to move to.
- It is beautiful. Well watered throughout the parks and gardens which reflects love for nature and friendly people that I would be concerned that all these blessings would be eroded if we were Government controlled."
- Why change a system that works? We have the ability to speak to the stakeholders locally if an issue arises. Our water is fantastic at present and don't want it to be neglected in a bigger system
- I am concerned about not having any say in what goes into our drinking water. Also I have experienced similar 'reforms' in Queensland and it resulted in very high prices for the precious commodity of water. Basically because we all need water, the outsourcing of this created a very unfair situation where water and

infrastructure costs became ridiculously high...and what could anyone do about it....NOTHING!

- Keep it local, keep it clean, and keep it up tdc
- Government is trying to fix something that isn't broken. Aucklands problems should stay with Auckland
- What labour is trying to push through smells worse than any water I have ever drunk.
- Dear Sir, having lived in a number of countries and seen socialist/nationalized control of regional assets, i can categorically say that smaller rural communities are always the looser of such centralized initiatives. The larger urban population centres will always have the "per capita" balance in their favour and therefore the lions share of the say and the capital allocations. I have personally experienced this in Australia with regard to water. Water I legally owned (and paid for) was diverted to the metropolis of Melbourne in a pipeline constructed from all taxpayers money, leaving me with zero access to my own water for my farm. We were farming in drought conditions, but the requirements of the urban centre took precedence over my lawful ownership of the water and my need to feed my animals. I was also a member of the local volunteer fire brigade who had the privilege of having the oldest fire tanker in the state - why, because we were a small rural community. The expansion of Melbourne took priority over us in the bush. We also had to fundraise from our own community to purchase our own forward command vehicle (4 wheel drive vehicle), as we were not given any funding for such purchases. Larger rural and urban brigades were provided with such vehicles, paid for by all taxpayers. My point here is we will be lost in the mix, our voice wont be heard. Mark my words, once it has gone, we will never see the control returned, our current capital investment will be lost, and future requirements will be assessed on a basis of the "future needs" of all New Zealanders - namely large urban growth areas.
- No fluoride wanted in our water either
- if this goes ahead we all know it will be a total clusterF and it will end up costing a lot more with a complete mess how can some one in wellington know whats going on in say Pareora imagine how long and how much it will cost to get simple consents/permits etc this government needs stopped in its tracks!!!
- No
- Keeps us out of it!
- Major government fails or makes worse almost everything they do. Local government/limited government is the only way forward. With technology we don't really even need major government making decisions we should as a people be able to vote via systems like this for every decision in NZ.

- "I would like our water to stay within our council power,s. In no way, for it to be managed by any other entity. Stop changing things that work Don't want to end up like South Africa
- "
- Local ratepayers have paid for this service over many years, and have built up a valuable asset, to have it taken away from us fore mere cents in the dollar is unacceptable.
- I strongly disagree with the central government having control of drinking water and am passionate about keeping fluoride, grapheneoxide, and other toxins out if our water supply. This is unconsented mass medication. We also shouldn't be bottling and selling our precious water overseas. The last thing we need in these dystopian times is the government controlling our water.
- Keep the chlorine & fluoride out of our water. All water should be clean enough to drink from. In fact, take a look at our skies, almost on a daily basis, there is chemicals being sprayed. Its bad enough having to inhale poison shite, now you wanna shove it in our waterways what will affect the public, will also have an effect uopn you & your family.
- Basic human right to have clean unpolluted drinking water without poisonous additives.
- Stick ya chlorine and keep ya fluoride out of our water 2... All rivers and streams should be clean enough to drink from you c*nts
- The infrastructure we have in place paid for over the years by rates payers is to much to be handed to the Government and then split up much like the Electricity Department from years ago. Privatised when the Taxpayers actually owned it all. Even more horrifying is that half ownership to be handed to Maori at roughly 18 percent population. Bloody scandalous and needs to be explained to the population.
- It belongs in the hand of the people who are drinking it using it
- I do NOT support the Governments proposed 3 waters plan and their attempts at grabbing resources.
- Keep local govt strong before we end up in communism. Itâ€™s our only way retain the little freedoms we have left.
- "The way things are progressing now with the current
- govt. I think we should be opting out as from the 3 waters reform. I think the govt want to sell it out from under us to the chinese and if that happens we are all doomed.
- Dont sell us out. Work with the people and they will work with you.

- Work smarter not harder. "
- Great drinking water here in Geraldine. Cheers.
- "Water is life, I strongly believe that water control needs to be maintained within the local community.
- With consultaion, guidance and support from central government for issues that are considered of national importance or across regional boundries.
- Centralisation has proven to be a failure accross so many areas of government, bureacrats in Wellington cannot know what is best for local communities, they will never have the information they need.
- All councils accross New Zealand should maintain control of their local drinking water supplies, waste water and storm water.
- Keep it local, it concerns me that we may lose control once we opt into the government scheme.
- The current Three waters reform the government is proposing is not in the best interest of local entities and is a model that does nothing for local councils other than strip them of there Assets payed for by there local residents and local councils. I am very much opposed to the reforms proposed by the government!!!
- Along with loosing local control and very little say on future costs, I am not happy about Maori getting 50% say in these matters, should be proportionate to population
- Dont give it to the government, they are incapable of looking after it
- As a ratepayer, I can see nothing to be gained by Timaru District Council agreeing to the Three Waters proposal. It is essential that water services are kept under the ownership and control of ratepayers.
- Local control will ensure the region is looked after by people who actually have a stake in the area and care about the community because are part of it. I can not think of a good example where more government control improved a service, but I can think of many examples where the government did a terrible job with them.
- While i general the proposals make sense, I have some concern about mandatory requirements for small supplies and the possibility that there is ANY privatisation of ANY of the three waters. As a side note, charges for water should NEVER be an option. Some form of rates base to pay for the three waters is preferred.
- Hands off our water!
- Local councils know local problems.

- Very concerned about the racist ramifications of the governments 3 waters plan
- "This is a very bad idea. Costs will go through the roof.
- We will lose control over our assets. Higher rates means higher rental prices. It's just a asset grab!"
- Why is the labour government trying to fix something that is not broken? Why can't it stay the way it is.
- just.... no. This should remain as is, it's working fine under local control. why change what's already working.
- "I am concerned that there will be a larger to move to do away with councils and centralise all the work that councils do and the three waters is the beginning of this progress.
- I don't believe centralising services is good for the region"
- "Animal agriculture is the culprit in ruining water quality and should be limited not grow.
- I'm also against chlorination."
- Keep our assets. Don't hand over control of our assets to gvt
- The blanket central government approach does not support local solutions for local people. The local councils are better placed to understand and deal with the water supply for present and future generations.
- Keep it local and we do not want to not can we afford to pay for water to live
- These should be controlled by existing infrastructures to ensure they're feeding directly into the communities that they feed.
- I am strongly against the government having any control over local water systems. This needs to remain a locally managed service, with commonsense used and not the lunacy or dictatorship of the government.
- Keep it local
- Timaru Council is doing fine, keep jacinda and labour away from it
- It's only a matter of time before you put a surcharge on the flush of a toilet,our water belongs to us as kiwis not the government
- "We get taxed enough as it is without having another tax on our drinking water.
- No to three waters
- Keep it local so it can be managed locally
- Keep it local we are fine as we are

- "We're effectively giving away our assets!
- To a government hell bent on taking over without proper consultation."
- I feel it makes sense to have everything controlled locally as you have people directly at the source, rather than people not related to the area making calls on things they do not have the proper history and knowledge on. I think the govt has enough on its plate and is continues to make poor decisions in other areas, let alone try take on something else
- "To many questions still need answering
- Their projections are dubious at best"
- Keep it local
- Government can't handle the portfolios they have now, and it will end up with more money directed out of our communities no matter how they spin it that will be the end result, for this and future control grabs
- It's being bulldozed through with little consultation, the advertisements are patronising, under their proposed scheme assets are being stripped off us/could be sold off in the future, and through their "representation" model our district may not be able to adequately access appropriate funds for maintenance or development.
- "Three waters should remain in local TA because NZ is such a unique environment that has many water systems.
- Te Wai Pounamu has torrential rain fall and drought conditions to heavy snow and glacial environments, and should be dealt with at local levels."
- The Three Waters model is centralisation and separatism by stealth not to mention the removal of democratic rights. I am a New Zealander - while I recognise the importance of Maori culture, we should all have equal rights. Giving iwi guardianship and undue influence over all New Zealanders' water assets is racist to the core.
- What the hell are you thinking? This has got to be the con of all cons
- Don't give it away!
- The model that Scotland use would be a complete shambles in NZ with our widespread communities. Scotlands big cities are not too distant from each other unlike ours. I think the government is hoping to pay us peanuts for our infrastructure and then charge us a fortune for something we as rate payers have already paid for. I think you as a council do a great job locally and there is no need for change. The different committees and boards that would run the 3 waters sounds just ridiculous. I watched Q&A with Nanaia Mahuta and she did not answer one question that was asked by Jack Tame, just sidetracked, with a lot of words that meant nothing. The government would be better off stopping

other countries getting any rights to our water, eg Whakatane and the Chinese. With the climate change we might not have any water to worry about in the future if our local Ecan keeps letting dairy grow. Our water sources are getting less and less. We may end up needing to use our own bottled water and having severe restrictions.

- This is a con of a generation and should not be accepted
- "The appointed boards and representatives is concerning - because of lack of community input to appointments (no elections?) and a multitude of layers. It smacks of bureaucracy at its finest - it would make a good "Yes Minister" script. Accountability diminishes the further you are from the public you serve.
- Equally of concern is the obvious devolvement of local priorities and response - the smaller and more remote you are the less likelihood there is of retaining/attaining a good level of service. Does this align with the current trend of inclusivity and accessibility?
- The lack of detail regarding funding is a glaring hole, and the differences between their "existing" and "proposed" costs per user are so large (to the point of scaremongering?) there needs to be open and transparent ;) scrutiny and visibility of their calculations, including the background and reliability of any assumed or estimated data.
- There is a real worry that central government will plough ahead with unmandated legislative change if there is not a majority agreement from councils. The speed of this proposal (which may be the largest governmental infrastructure change in New Zealand's history) in all aspects (idea/formulation/"consultation"/implementation) begs the question - why the haste? Especially when there are many other major legislative and regulatory changes mooted across other (but related) areas.
- I support the view put forward by many councils that at the very least this issue is parked until the Local Government Review is complete.
- If this government was truly representative it would slow down the timeline, provide much more detail to the public and implement a national referendum to decide the way forward. Surely the issue of how we manage arguably the most important element in our lives - water - deserves all our voices to be heard."
- "There are too many unanswered questions as the process has been rushed! It seems that we are being bulldozed into accepting something that many councils are already wary of. How can the purported cost savings be guaranteed in these unpredictable times?? We are very happy with our council's competent and efficient way of dealing with all our water usage, and we like the fact that water charges form part of our annual rates and are NOT charged monthly. If something isn't broken, WHY FIX IT? Is this just another attempt on the part of

some sectors of the government to control our water infrastructure - which in this region has NOT

- deteriorated. We not not wish for our valuable water assets to be removed or re-distributed. "
- This is a process which is being rushed , and there is almost an element of coercion involved along with financial incentives aka bribery. We are very happy with the way our council controls our local water services, and in fact we are proud that in Timaru we have the been adjudged to have the BEST drinking water in the country. We can see NO benefit in re-distributing control of our water. Talk of huge cash savings is wishful thinking in this uncertain climate.
- I support the 3 Waters reform as I believe as a country, not as councils, we need a plan for water that can be enforced and resourced fairly across the country. This is particularly true as we face the challenges that climate change will place on storm water and the appalling mess that dairy has made of our drinking water.
- TDC has always maintained a good and up to standard system delivering unchlorinated water to Geraldine and that is through its local knowledge and expertise
- There should be Government funding of existing Local Government to assist with the provision of 3 waters services.
- "(1)Centralising Control will diminish Regional outcomes
- (2)No reliable business case provided. Hugely skeptical that in 10 years the savings will materialise.
- (3)Structure of governance proposed bureaucratic and unwieldy - inefficient + ineffective.
- (4) Geographic zones create scale but this offset by lack of practical synergy (could be more expensive to operate in real terms)
- (5) The proposition is ""local govt consolidation"" by stealth - need a more honest / robust discussion about the intended / unintended consequences.
- (6) the retention of ownership is a veneer at best (true asset value will be stripped)
- (6) Where are the alternative options to generate genuine consultation. The massive funding (bribery) by Govt could almost certainly be spent more wisely even if just to enhance exiting systems.
- (7) The public marketing is an affront to the intelligence of most NZers + it imparts absolutely no relevant detail.

- (8) TDC would do well to resist this imposition - at the very least make sure it is a late adopter and only after more satisfactory information is committed - utilise Mayoral forum to evoke powerful pushback."
- We think that the proposed scheme is the most outrageous stripping of local bodies assets and the potential racial division nz wide. We are totally against the proposal.
- I would like to see better control in the city's we get a taken over the coals as farmers for water which we do look after however sewage into the sea the filth of town rivers etc
- It appears those communities who have invested in upgrading their water systems are going to be pushed into an expanded administration of water systems. Those councils who have not been so proactive in maintaining their 3 waters should be "called to account" by central government but leave other local authorities alone. We should not pay twice for our local asset, and local it should remain.
- History surely tells us that more centralised, bureaucratic control of things always works out more expensive and less efficient. This is a solution looking for a problem, or taking a problem from one part of the country and assuming everyone everyone everywhere is the same. This will be terrible for Timaru region.
- Council hasn't depreciated and invested to replace/ Upgraded there 3 waters infrastructure using the rates paid previous as should have. As with rest of nz the tdc infrastructure is very old and needs serious upgrades and attention.
- We have some of the best water in the country .We should not have to support those that haven't had the foresight that our councils and ratepayers have had in the past.
- Happy with rate payers and local council control with their assets
- Government national quality levels are important however I believe local Districts Councils should still have the opportunity to monitor and improve their standards with the national body assisting financially as needed. An example is Chch has a very modern system in place now but other smaller areas cannot afford to raise the funds to lift their standards and services for their community.
- The government can never provide a decent level of oversight for local water services.
- Our families have paid for this selling to govt which they will loan the money and us the population will have to pay it back keep our water local
- "I would like to see water fluoridation added to our local drinking water supply though, our children deserve it.

- I would also like to see a user-pay model for household water rather than the current flat-rate. We all need to take more responsible care of our water and seeing a monthly bill would be the easiest way for us to be more diligent."
- I SUPPORT FAR MORE REGIONAL CONTROL OVER MOST ISSUES
- There is no way you can agree to Government proposals.
- "I believe that local councils are the best to provide us with the regulations for our local water. We have seen that once large cities become involved in a centralized approach to things and the smaller towns have little to no say and are swallowed up by the voice of others. I think it is important that there is a standard required for water to all New Zealanders regardless of where they live. However it can be controlled by local government not a central entity.
- It is clear with the amount of people involved from public through the process to receiving water is to be increased. This completely disadvantages small rural communities as they are sure to be overrun by the number of people representing the bigger cities. We have seen this in other Govt departments that have centralized and left little to no say or control in local Govt. There is no one outside South Canterbury who knows South Canterbury as well as our local council who have been voted in by their constituents. If some of the Govts both present and past hadn't allowed overseas investors to acquire our water with little or no cost we may not be in such a difficult situation now. People in the big cities have no understanding of the importance of water just as long as they can turn on the tap and it's there. As a citizen of South Canterbury I would not like to see control of our water given to a central govt. "
- This will only cost more in the future to us.
- I feel local council can respond to local distribution of water as supply is affected by local weather conditions local council have made good decisions around this. We cannot expect a national body to respond as well to local needs and variations .Please keep control local
- Local councils water officials that have experience should control this not someone from another area that has no idea how our water is tracking
- Sick of us losing our identity as New Zealanders
- Leave it alone !
- Stick with the current system .
- If it ain't broke, don't fix it! The government has had far too much control over our basic rights already, giving them our water too would be dreadful. Also, the advert on TV is infantile and patronizing!!
- "Keep local control over all waters (drinking, waste and storm).
- Totally disagree with Three Waters Reform."

- "I do not want the Three Waters reform to go ahead.
- It will not be of value to our community and will end up costing us ratepayers more money in the long run.
- And history has shown that the amalgamation of integral assets from smaller regional providers to larger centralized providers always ends up with the regional areas losing out financially and the services provided are sub-standard. Just no no no! "
- "A lot more information needs to be made public
- As rate payers and therefore owners of the systems we deserve to be informed and given a say, but we need to know the facts "
- No, I really strongly oppose this and have a lot of questions. With only surface information available
- I am against nationalising assets local ratepayers have funded and maintained, due to central government then taking ownership and selling our asset to private and/or overseas investors, eg rail, power, telecommunications, etc.
- I don't believe we should be surrendering control of our local assets to central government. We have been down this path with power and that has increased horrendously since that reform took place, I can see the same happening here. From what I've seen The TDC has invested in our infrastructure why should we have to give it up because others haven't looked after their core duties.
- Timaru District Council is doing a great job with our water. I do not agree to having one body looking after all the water for the South Island
- Keep water control with local council.
- I support the proposals particularly because the cross-funding model means that smaller and rural communities will be better able to access funding without their smaller population numbers being unfairly disadvantaged.
- Keep it local and relevant for that area/surrounding landscape and infrastructure
- Stay local, employ local.....be a local!
- If we were guaranteed good representation on the board I would be happier. We need to do something about water eg making sure enough water is left in rivers for a healthy environment, decreasing nitrogen levels in water and maintaining clean drinking water for all residents of NZ
- I think Timaru council must be doing something right as our drinking water is the best, the 3 water system seems to me that it will end up costing us the rate payers, as someone will have to pay for the extra teams.

- "I think that the proposed water system will be better NZ wide .
- I question weather it would be better, or necessary in Timaru."
- We all know what happens when you amalgamate things to big identities And we will lose control of our own water system
- This should not be controlled by wellington.
- Some small towns do not have such quality water infrastructure or expertise to manage and run them as others do. This reform could help those towns access much needed upgrades and assistance.
- The three waters proposal sounds very unethical and not in the best interest of the local waterways. As a rate payer I do not want this proposal to go ahead.
- No to any possible future fluoridation to our drinking water.
- I'd like to see especially Geraldines drinking water free of chlorine and fluoride for as long as possible
- For the govt to try to hand local water assets to an unelected organisation for minimal cost and no apparent benefit shows just how out of touch this govt is with the NZ population
- For the govt to try to hand local water assets to an unelected organisation for minimal cost and no apparent benefit shows just how out of touch this govt is with the NZ population
- protect what is ours by keeping it ours. Totally agree with the Mayors stand so far.
- Please Do NOT allow the Government to take control of our water assets and DO NOT let the Government fluoridate our water . I am extremely disappointed that you've easily relinquished that decision to central Government rather than stand by the decision of the people as we resoundingly voted against in this district years ago. There is overwhelming evidence that Fluoride in our water supply is damaging to our health. If people want to poison themselves let them take it but don't poison the rest of us. You must NOT let this Government carry out their evil agenda to take control of our water. I believe that in all likelihood the Government plan to mandate this but you have to do your best to protect us in this important decision. Thank you
- Please definitely keep it in our district once it's gone it will e history.
- I feel we would loose our asset of access to fresh drinking water as all the money will be used in major centres. We will be charged more for less service. The regions will be stripped of thier utilities.
- Leave it the way it is. Local.. small towns will get shafted.

- I believe it should be left the way it is.
- "TIMARU DISTRICT SHOULD HAVE ABSOLUTE CONTROL OF ALL ITS WATER INFUSTRATURE, NONE OF IT SHOULD BE UNDER CENTRAL GOVERNANT CONTROL. WE HAVE A WORLD CLASS WATER SUPPLY AND WASTE WATER MANAGMENT SYSTEM THAT HAS BEEN PAUD FOR AND MAINTAINED BY THE RATE PAYERS OF TIMARU DISTRICT. IT WOULD BE A TRAVISTY TO HAVE THAT COMPROMISED BY A BACKWARD THINKING GOVERMENT TIMARU DISTRICT MUST SAY NOWAY TO THREE WATERS ... HANDS OFF CINDY
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- Would love downlands to have better Protozoa management
- No
- A centralised approach will not work due to the various catchments that make up a region.
- I feel that TDC have failed in providing clean water for residents. One look at Pareora River, or Saltwater Creek shows how polluted they are. Water needs to be monitored by a large agency with more control than a local council IMHO.
- Control must be kept local
- Control must be kept local
- Do not give it away to 3 waters! Keep the service local!
- "I do not feel that this proposal will be of any benefit to our region. And strongly believe that even if there is an overwhelming resolve from the public to say no to the reform it will go ahead anyway.
- We will lose control over our water assets and we will end up paying a lot more for less quality as financial resources will be focused on the more populous areas of the country. "
- I believe the control of the water services should stay local. I think here in South Canterbury, the services have been looked after well and they are a community asset. My concern is if the control is no longer local, we as a region, could be severely disadvantaged and overlooked due to the bigger centres getting more of the funding and attention.
- "I feel the loss of local controlled owned assets would be a huge set back for all councils. The rate payers have funded a high percentage of these assets and

council tries to provide the best services to the local community it can with the tools and knowledge available at the time.

- Water as a natural resource will become more valuable than gold in time, with having majority of water sources are in place the government is simply looking to purchase water rights / assets to use against country borrowing as the GDP vs Debt levels get closer and closer. Our GDP will only be worth so much. We are currently importing coal, meat and various other products that we can produce here and reduce debt with and help GDP but the current government has signed the country up to climate change protocols that simply don't make a difference but cost the countries millions annually. I firmly believe if the government does not listen to the people saying no they will find a way to overturn this know if that's higher taxes or increased systems and regulations imposed of councils and ratepayers councils will have no choice but to fold as it's not financially viable.
- Now with the water assets in their control they will have infinite ability to borrow against and sell us all time and time again. For now we stand our ground and say No."
- "Leave it Local, the TDC
- Is doing a good job "
- The water here is fabulous. Tdc are doing a great job I don't want someone not local to make those kind of decisions.
- We must keep what we already own or this government will sell it on us or give it away â€¦ we have already paid for it and our councils over the years have done a good job and I don't feel we need to change what is working well for us as an area! The advertisements the govt is putting out are so false and untrue and should be pulled as legally I think they are miss informing the public. We can't let water go like our power companys !!!
- Many smaller councils around New Zealand do not have the resources, skills, or rates base to provide safe drinking water to the standard required. Some do not have the political will at a governance level to do what needs to be done. Having worked with Scottish water and visited smaller communities there that have benefited from similar reform, I see it as an excellent progressive step for New Zealand. Why should Auckland have the highest level of water treatment and havelock north, central hawkes bay, northland, and other smaller or lower socioeconomic councils have to make do with what they can afford. Safe Water is a human right, let's democratise it.
- No
- Keep it local, local knows their own needs and circumstances
- "My personal opinion is local government control is best for water , as there are so many variables involved, central government would be unable to fully

understand so many differentials throughout the country , it would be overwhelmed .

- Another issue is that too much government control over too many issues tends to bad government , going down the ""one party "" (dictatorship) type of road ."
- "I hold concerns similar to those mentioned on these pages: that Chch will get the lions share of new development. How can they price out the savings when the standards aren't yet known. How is Scotland a good example to use, when the population densities are so different.
- For now, I'm a 'no'. "
- The country needs less red tape and bureaucracy to move forward. Not more people making decisions from a central position of uselessness. More overpayed, hot air blowers slowing down progression in small town NZ.
- This takes away the power of everyday person, we can't have big Government dictate to us how they are!
- I believe control should be kept local.
- I do not see evidence in history that greater government control being a good thing. Please keep control local
- "If there is funding from central government (our taxes) we are competent to develop and manage our own assets.
- We won't be better off with remote governance drawing large salaries and having minions to do their bidding(us).
- We want our rates and taxes to support our local management and staff.We can vote for our own governance too,so keep influence over strategy for development.
- I am a ratepayer with rental properties in Timaru rating area.61 Wai iti road is one my residential address is on the survey form."
- I do not support central governments asset grab and what sneaky things they likely have planned
- Also I don't want flouride. It's all perfect now. I think ECAN should put a blanket ban on any future dairy conversions
- "If there is central government funding then release it to councils and let local communities implement the changes.
- We don't want or need to be dictated to by absentee governance."
- I do not want to lose control of our local water services to a large body to distribute our funds which will be delayed - reduced in \$ - and another cost on

local taxes to feed this stupid idea of " so called improvement " that is beaurocratic rubbish - stick with local jurisdiction - and residents know where our local rates are distributed - stick to your knitting

- "I think going in strong & storch
- to keep our water services kept in
- Our own ways do not change still
- Need more fine print on this
- Disagree
- this should absolutely NOT go ahead. Local resources, local control. Plus as a ratepayer it's OUR asset, not central Governments, who have shown themselves to be duplicitous, ignorant of the wishes of kiwis, and currently can't organise a piss up in a brewery. There I said it.
- "I feel that our local water infrastructure should continue to stay at a local level of control.
- Question 2 is impossible to answer with a simple yes or no. There are too many facets to discuss. Corporate industry seems to need far more regulation as they seem to flout rules with little consequence, where as the average individual seems over regulated. "
- please DO NOT give to govt.
- Timaru should have control over what happens other wise all the work an funding rate payers have put into for years will be lost
- "Regulation needs to remain at local level. The second question is impossible to answer with a simple yes or no. Corporate industry appears to abuse water infrastructure with little to no recourse whereas the small businesses get hit hard so there needs to be changes but not blanket type.
- Keep it as is looks less hassle and we donâ€™t want to have water meters
- When you start to bring big corporate ideas into Managment or control of processes that are already in place all you do is slow down progress and wack a couple extra clips on the ticket for no gain. Will be a complete waste of time and money!
- "I think going in strong & storch
- to keep our water services kept in
- Our own ways do not change still
- Need more fine print on this

- Disagree
- Im just happy as it is.
- I would prefer local authority over this as they know whatâ€™s best for our region and we can contact them directly to discuss.
- This is too complicated for a single body to control the South Island
- Disappointed to see tv advertising in favour of the scheme.
- A National Strategic Plan that all Councils were required to meet
- Three waters infrastructure should be owned, managed, operated and maintained at local level. Govt Three Waters Reform are based on overseas models not applicable to NZ and cannot deliver the efficiencies they promise.
- I feel the governments proposed 3 waters reform are a complete overkill, especially for small rural water schemes. Also disagree with giving a large portion of control to lwi and the government acquiring infrastructure and assets paid for by rate payers for a fraction of their true worth. Also really hacked off at the short timeframe given for such major decisions to be made by councils, without consultation with ratepayers. Please stand up to central government.
- I do not want to lose control of our local water services to a large body to distribute our funds which will be delayed - reduced in \$ - and another cost on local taxes to feed this stupid idea of " so called improvement " that is bureaucratic rubbish - stick with local jurisdiction - and residents know where our local rates are distributed - stick to your knitting
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- I appreciate water quality is a major concern and managing it is important but I believe that local control achieves the best results for local people, especially if I understand it right that local areas will have little to no say or real control on how local water assets are managed .
- Do not consider the 3 Waters Reform Plan, keep the control localised.
- I request that Timaru District Council do not support the suggested 3 Waters Reform and continue with the current TDC controlled plan.
- Governments change, and only have 1 voice from the local area. Local Council's are voted in by locals, have the local area as their best interest and have the access and knowledge of the local area. Something as important as water needs to be managed by locals and neighbours. i.e. McKenzie council talking to South Canterbury.

- I think a dedicated authority would do a better job and gave greater resources
- I see this as an attempt to gain control of our community's assets, and to give Council less ability to care for its district in a way that is relevant for the district. I have talked to a lot of people about this, and have not found one who supports the idea. Stand by the people of Timaru.
- "Timaru has proven time and time again that the drinking water is one of the best in NZ.
- Once we hand over the control to government we are very unlikely to get it back.
- The timaru council are continuing on doing a great job with all local water treatments and I'd prefer to keep it this way.
- Giving up local democracy and expecting a better service from a central super authority is as much senseless as it is illogical. Any local focus will be totally withdrawn leaving a population driven strategy aimed at the bigger cities. As bigger worry, is the veto powers proposed given to maori. This is handing over assets by stealth and beggars belief how this is going to solve any problems that local democratic elected people cant fix. This is essentially saying no one else is up to the level of making decisions. Just disgusting and treating local councils and people like they are incompetent. Absolutely no.
- Giving up local democracy and expecting a better service from a central super authority is as much senseless as it is illogical. Any local focus will be totally withdrawn leaving a population driven strategy aimed at the bigger cities. As bigger worry, is the veto powers proposed given to maori. This is handing over assets by stealth and beggars belief how this is going to solve any problems that local democratic elected people cant fix. This is essentially saying no one else is up to the level of making decisions. Just disgusting and treating local councils and people like they are incompetent. Absolutely no.
- We need to keep our local control, ownership and influence of these core services
- The whole thing appears to be very rushed through, not well thought-out and I certainly think it will have a negative impact on the services provided to smaller centres like Geraldine, Timaru etcetera.
- Timaru District council has always provided a excellent water service and delivery across all its water infrastructure . A lot of this is due to understanding the local network and environment it is in . This will not be achieved or maintained by centralizing it into basically the whole south Island
- I believe that councils should be in control of regional infrastructure as decisions are then made in the best interests of their community. If infrastructure is handed over/sold off to an outside interest (national

government) then I have no doubt that our voice would very rarely be heard for funding to be spent in our region"

- We do not believe that centralized control of the 3water systems will benefit us locally. We believe it is important that we keep control of this infrastructure locally under respective councils.
- Please keep our resources paid for by our local rates in the hands of our chosen councilors. Under NO circumstances must we allow the Gvt get control of Timaru Districts amenities. Water is an essential service. The people of Soutg Canterbury have paid for our facilities, they do not belong to anyone else. Please learn from History, keep local control over our local services. Not to be handed on a plate to the Gvt to be sold off like our Power companies meaning future generations are at the mercy of whoever pays the highest price. I shop local, I expect my services to stay in Local Body hands. Thankyou
- "No where in this proposed 3 waters information is it actually laid out to what we will receive. Also for the area I reside in (South Island) there is going a small amount of people looking after a large area that no way can I see this working.
- Sadly I can only see this going the same way as the electricity reform which only added cost and the infrastructure is worse than it was previously. More and more compliance costs will be incurred for a product/scheme that is already owned by the people of NZ and this will be rorted for the benefit of the larger catchments as always. "
- Keep it local
- "We believe that this is an asset grab and who is going to believe that the way the country is being divided up that the south Island and smaller regions will be treated fairly. Also will this be sold off in the future and privatised
- We believe that our water systems are being well taken care of and upgraded. Dont agree with this and a definite no to centralisation"
- Centralisation does not work. Too many people wanting slice of the pie and the smaller outlying areas don't have as big a voice and always miss out. It becomes a tiered system revolving around paperwork and doesn't put the money into providing the resources. And where does the money come from - the end user, industry will not be able to sustain this and that will have impact on jobs.
- "The Three Waters Proposal will not provide any water improvement advantages and:
- It is a grabbing of community assets already paid for by communities.
- There appears to be an ultimate agenda for privatisation or similar segregated ownership.

- There is a real risk of decreased levels of service as well as mismanagement
- This is seen as part of the Governments agenda for racial segregation as is proposed with the Health system.
- I agree entirely with our mayor's view on this. I do not want it centralized. Once it is gone it is gone. Keep up the good work n stand up to them on our behalf. Cheers
- More information is required to be able to reach a sensible decision and far greater representation from each area is needed on any new board authority.
- looks like layers of bureaucracy to give jobs ex politicians with little value for consumers.
- There needs to be a balance between assuring safe water, healthy environment and affordability.
- "The only water I have an issue with is the extra that is wasted on farms especially dairy farms and those that have irrigation going in torrential rain.
- Great to see our council being progressive, if only they were as opposed to our children being vaccinated in schools. "
- don't trust it one bit.
- "Can't imagine how 3 waters can be run fairly with everyone having different needs
- Can't work won't work "
- Three waters all the way.
- Stop State control over everything. It is not good in a democracy to have Government hell bent on total control. It needs to stop before we lose all our rights and go broke as result of their reckless spending. We should be making our own decisions on our future
- "if it ain't broke don't fix it !!!!!
- absolute no to more arrogant central govt interference!!!!"
- Why mess with our water only months after our water was announced the cleanest in the country again. Don't fix what isn't broken, leave our water to us we clearly know what we are doing
- I don't want TDC to lose control of our 3 waters, we are very lucky to have quality infrastructure in Sth Canterbury thanks to our council and to hand that over just wouldn't be right. We need to control it for future generations
- "1) This proposal is far too rushed.

- 2) This proposal is undemocratic. There is no guarantee that there will be a representative from Timaru on the management committee of 12.
- 3) There has been no national plan for public consultation.
- 4) We do not know all the information behind this proposal and all the reasons for this proposal.
- 5) I am concerned about hidden agendas.
- 6) We are in the middle of a Covid Lockdown. How is one supposed to conduct public forums when there are restrictions on numbers who can assemble for a meeting.
- 7) I see further layers of administration and does this make this process more cost effective. Again, no information forthcoming on this matter.
- 8) This Three Waters proposal implies that the TDC and its predecessors have been incompetent and negligent in its management of drinking water, waste water and stormwater.
- 9) Are TDC staff who manage and administer drinking water, waste water and storm water, to be made redundant/
- 10) It has been the 'local community' who own and have paid for these utilities. I oppose relinquishing this ownership.
- 11) In the future will these regional quangos become privatised as with State Owned Enterprises in the past(e.g Rail, Electricity, etc) and then on-sold. We, the subservient community, would then be subjected to the
- blackmail of 'profit' for private enterprise. "
- I do not support Three waters whatsoever, it's communism at it's finest. We don't want controlled anymore by a bunch of Aucklanders than we already are. South Island should be independent.
- I agree with our Mayor, Timaru will suffer under this new proposal to the bigger cities. This Government is not good on planning, follow up, and giving us details, they just come up with an idea and rush it through. So I am not confident on their proposal as I look at their history on housing and child poverty as two examples. I am not a fan of all the different levels of boards and groups that will say what happens to our water. Timaru rate payers have already put in a lot of money for our infrastructure and that would be wasted. I would be happy to keep it as is, run by people from Timaru. not by someone further north.
- We as ratepayers have paid for our water supply PLEASE keep it in our local district hands. DO NOT sell out to Government control.
- Please no nasty chemicals. Please save our water

- Stricter control required around industrial and rural discharge
- "Centralisation will not be a good thing going forward
- Let the local people manage the resources
- They know what is best for the local communities
- Timaru & government need to support water from the Waitaki to have long term water supplies"
- I am very concerned about the proposed centralization of water control. I oppose the addition of toxic chemicals such as fluoride to our water.
- Locals know best their systems and locals own their infrastructure and property. Trust is already there and will be lost if centralised.
- Don't allow this to be regulated by government. It is our responsibility at a local level.
- Who is going to run this operation, or will it go to the Tribes of the Country?
- "Do not give into a Government who are making decisions without Public consultation. Timaru District Council have done an amazing job with our water Keep it under their control. Do not be bullied by this Government who are starting to become more socialist with their ideas.
- "Any group who have any control over our water supplies
- at all should in no way be living outside this district and any person who is in any way involved because of his or her ethnicity is a total no!!!!!"
- "I would be concerned that having a group of people having say over our water that are not living in our district. We may not even have a district representative in the chosen council which going racially selected
- A big no from me"
- Just like Alpine Energy we need to keep infrastructure under local ownership and control. If we give up ownership we will have no control over future ownership and anyone could end up owning our three water assets and charging whatever they like for us to use it. I agree there needs to be far better outcomes which is probably best achieved through stronger regulation. However the government does not need to take ownership and control off district councils to achieve this.
- "We totally oppose the 3 waters reform. We consider this plan is government theft of our local infrastructure paid for ratepayers over many years.
- Nobody owns the water"

- This will be just another large excessively complicated administration where all decisions will be taken away from our locality. These processes seem to be getting rushed through under the present Government.
- Please obt out. I don't believe a third party should have control over the water.
- TDC's drinking water was recently voted the best in New Zealand. There has been a large effort in past years to eliminate stormwater infiltration into the sewage system and reduce sewage overflows. The sewage system has been upgraded for the entire district and, presumably, meets all current requirements. Therefore, there appears to be no need or obvious benefit for the Timaru District Council to be involved at all with Three Waters. The proposal should be vigorously opposed. The government's Three Waters proposal appears to be more in line with their political aims than for the benefit of the people!
- why change something that works
- "Why would we want people in control of our local supplirs that do not live in the area? Everytime I've rung the council about a leak I've seen it's been delt within a week. This will stop tobe the case. Making contact with distant board will not happen easily.
- They are also not offering anything near what our resources are worth.
- The Timaru District Council is doing well with the so called 3 waters and is quite proactive. Local decisions are needed for industrial growth.
- "Don't trust the Government Proposal!! Would the proposed scheme mean a rise in rates?
- Our present scheme is working well."
- Keep it local, under the new government model small places will be the ones that lose out. Most towns and cities are already heading that way.
- "Perfectly run by competent people
- [Underlined] DO NOT
- transfer to bungling fools and overpaid bureaucrats."
- Water control should always remain with local district councils.
- If the system isn't broken - then don't 'fix' it. These proposals remind be of the electricity reforms - my power increased 300%.
- We have good people doing a good job here, "Why Change", Bloody Govt.
- I feel once up and running it would end up sold off to a private

- "Give the local councils full control over their own districts as they know the area best.
- Stop selling our water to overseas investors!"
- "Councils maintain and operate water, stormwater & sewer on behalf of their communities, which the Government seemingly continue to forget.
- What would happen to the likes of the Arowhenua Water Scheme?
- Are some Councils essentially paying for the lack of investment of other Councils?
- Where does Ministry of Health come into this, are they handing over full control, what will happen if there is another instance like the water at Waikouaiti?
- Who would control boil notices like we regularly see after high rainfall or floods? Would there then be a delay in receiving notices?
- Where does the Plumbers & Drainlayers Board come into this reform?
- The Government is essentially telling us we need to ring Auckland or Wellington for water issues when a water issue in Invercargill or Nelson is very different to a metro city. Local knowledge is worth more in many instances than a University graduate with no experience in the real world.
- Why fix something that isn't broken could just do with a bit more assistance perhaps in certain areas, or funding - without it taking 10 additional high salary earners for it to pass through.
- We already do an amazing job of looking after this precious asset. We can't be sure if we are shoved out of the way whether this will continue. If you look to what is happening all over the country at present assets have either been sold or have been given to boards that can't manage ethically and socially. Keep the power local, tdc know the community and know the infrastructure, faceless groups from out of town may not give the same consideration to how we operate
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- Local control of drinking water should be by the local council since they have extensive knowledge of the needs of their locality and the resources of the district.

- I fear for our future generations if the Council does not sign up to the reform now. How will we, or our children, be able to afford \$5500 (ish - sorry I can't recall the exact amount modeled) a year in water rates? The Council needs to be very clear on this - I haven't seen that amount written anywhere in any of the Council comms around Three Waters. If you are going to give information out in order to consult with the public, you need to give all of the information.
- We need to retain control so we can progress without restraints &/or the risk being passed over in favour of larger, (supposedly more important), enterprises. We need to be able to use our own funding for our own purposes!
- I have the same major concerns as Council; I believe the large centres will gain all of the benefit & we will be left out in the cold, both financially as a region & as individuals, plus through infrastructure. Also, Timaru already boasts best drinking water in country, (we/you must be doing something right), why risk losing control of how we manage that?
- I just think for smaller councils like Timaru and Mackenzie, it's very hard to effectively fund infrastructure like water. Having a bigger organisation would mean economies of scale could happen. Also, I want to be able to paddle in my local river without getting ecoli.
- Happy that there are national water standards, but local government should manage.
- "Give the local councils full control over their own districts as they know the area best.
- Stop selling our water to overseas investors!"
- "There needs to be recognition for the differences in each region and we have beautiful drinking water in Geraldine. We don't want to be dumber and compromise the quality of our drinking water which is likely to happen with the new proposal.
- The local infrastructure needs managed locally, and not controlled by a larger organisation that is out of touch with the local conditions. The people of Timaru District have paid for water infrastructure over the years and these assets belong to the District who should have a choice over them."
- While Timaru may have done well with 3 waters, other authorities haven't and the point of reform is to ensure consistency of service across the country. I don't believe local ownership is important to most people - as long as water comes out the tap and wastewater goes down the drain, people will be happy. I also don't believe elected officials understand 3 waters well, so governance is better delivered by people in the industry.
- One size does not fit all. I am not happy with Maori, or any other single group, having 50% ownership plus the power of veto. I read that 75% agreement would be needed for any decisions to be made.

- My husband and I are totally against this water reform we are more than happy with the downlands water services and I doubt if wellington would even know where timaru or even care was let alone be in charge of the water services, We have great water here in timaru and believe that if you live local you support local, Also as ratepayers we have all contributed to our water systems why would we sell this investment for government control, The local decisions should be a local decision, not governed by wellington.
- "As you say, Timaru Council have kept up with their commitments to water quality through setting a figure and collecting water rate payments from its citizens. Other councils have been lax on their commitment to water quality and have spent their rates income on other things, or have kept their rates low for some reason.
- We should not have to subsidise other districts due to their bad housekeeping.
- One size does not fit all and the people of rural South Canterbury have vastly different water requirements to the people of Christchurch, Dunedin, Wellington or Auckland."
- I am not in favour of government interference with our local water decisions.
- In 1986 the govt of the day decided to amalgamate councils into bigger entities in the hope it would save money well our rates are still increasing at an alarming rate. With 3 waters the very same out come will happen. BIG is NOT Best and never will be. The govt is in effect blackmailing councils into this concept, to all councils should be taking legal action against the government.
- "I am not apposed to change, but it has to be for the better.
- The new set up appears to have too many committees who will employ too many consultants who will take too long to make decisions about the requirements of the smaller councils when the majority are functioning ok.
- The new set up won't stop the Havlock North ""human error"" tragety from happening again.
- If central government was running the --
- Health, housing, child poverty, public transport, Crime, covid vaccine roll out without the botchups that they make, then maybe they could have a go at the 3 waters.
- Untill then, tell them to LEAVE US ALONE."
- Why tamper with something that is not broken?. Our council does a good job with what is has and is well managed. Removing local ownership and management will lead to a shambles , with no or little representation in a national ,country wide service, that will run by the big players

- I strongly oppose the centralization of locally owned and managed resources. It's tantamount to theft and is nothing more than an asset grab. The current Govt has not delivered anything they campaigned on, I welcome a rebuttal on that statement! This is dangerous territory, and a terrible move to give control to the Govt.
- While Timaru may have done well with 3 waters, other authorities haven't and the point of reform is to ensure consistency of service across the country. I don't believe local ownership is important to most people - as long as water comes out the tap and wastewater goes down the drain, people will be happy. I also don't believe elected officials understand 3 waters well, so governance is better delivered by people in the industry.
- I absolutely do not want my local water services control by Three Waters or any other central government formed organizations. It needs to be left in the control of local councils. Putting our water services in one large organizations means large areas will be paid for by the smaller areas meaning smaller areas miss out on the funds required for their area. It also leaves the decision making in the hands of one group with no say by all the councils. This is totally unacceptable and undemocratic.
- Nup
- Please do not give up our water. The region has done well getting our water systems where they are. Don't give them up.
- "Keep local control of water in Sth Canterbury.
- Do not lose control.
- The dollar savings proposed don't make sense.
- TDC are doing a good job and know/understand local conditions and soil types. Trust local experience.
- Regulations a very complex issue Should be under local control If the government want to tidy up the water issue then they should have a fund that councils apply to for funding I have been a rate payer in the Timaru district for 53 years and I am against our assets being taken from us to line the pockets of a face painted bar coded faction of our country
- "When is the TDC going to host meetings for citizens of the area to attend, on this issue of the 3 Waters ?
- We do not want to see ratepayers water infrastructures leave local councils jurisdiction."
- "The government proposal seems to want a "gold plated" system at reduced costs. This mainly results in significant cost increases to the end user as the simplest way to correct deficiencies in the new system.

- I am opposed to the governments proposed 3 Waters proposal. From what I have read or heard the plan lacks any real detail, it appears to be being rushed through. It is my consideration that the local Council currently provides a good service. The TV adverts being run by the government implies this is not the case. I understand that the government is also intending to conduct a review of local councils. The 3 Waters review is premature. I have read the Councils views on the proposed plan and share their concerns and questions.
- "3 Waters Reform should be scrapped and water management should be by local councils.
- Any change would require a referendum with 75% of ratepayers agreeing with the change"
- I think that the Timaru District Council should stand alone and keep doing what they are doing with our rate payer money, as if they join the proposed government 3 waters we will see very little of our rate payer money spent in the Timaru District, our council has a strong hold on upgrading our 3 waters and it would be a shame to see all the good work be undone by a corporate bunch of people. The proposed 3 waters is going to end up with the majority of money being spent in the north island as they haven't had the mentality like our local council in replacing services and have left it to late to replace what should've been done and keep up with maintenance.
- Local bodies should be in control as they know what's best for their region.
- "The thought of having a behemoth body controlling water services for the bulk of the Sth Island is extremely alarming. Touted benefits from big amalgamation reforms are invariably smoke and mirrors. Too many pie in the sky benefits with no background data to back them up. Council should be 'thanks, but no thanks!' You are doing well already, but perhaps a regional alliance is a possibility.
- The over-regulation proposed is worrying, and particularly concerning for small rural supplies smacks of Big Brother knows best!
- re my don't know 'answer, not really in a position to make that call for all councils in the country."
- No one should have full control of private wells and rain water not the government or Maori this is where race split starts in a bad way say no to the government
- No to government three waters
- Keep it in local council control
- Is this the government's way of giving the Maori the water rights
- "2nd Question:- What the Proposal states appears to be UNDEMOCRATIC.

- Stronger Regulation means more Government involvement and their understanding of individual Communities is sorely lacking.
- WATER in whatever form needs protecting, BUT ONE SIZE DOES NOT FIT ALL. "
- "I believe we are doing just fine at the moment and there is no need to extend government into our water systems.
- Nigel is right.
- Keep it local."
- our region needs to keep control of our own infrastructure. Centralization of anything is putting us at risk of becoming a backwater . money and resources always ends up in the bigger centres.
- I agree with the councils concerns and support the need for those areas to be revisited.
- "A couple of points: the first is that water is a valuable source for everything and everyone, by joining the 3 waters conglomerate that takes away our ability to govern and control our specific water needs in our area. Yes the infrastructure needs sorting and upgrading the pipes etc but better we have our own water than to lose our voice in the mega government machine and end up paying for it for the rest of our lives . If its not broke , don't fix it !
- That brings up point 2. You as councilors are elected by us the public and therefore must listen to the voters and not pretend to play god with the power that has been entrusted on you by the plebs. All we want is for our voices to be heard and through all our opinions, your thorough research and robust discussions with your team and then further discussions with your ratepayers, so as to make clear for all that we are on one page and that is for the health and longevity of our future as a sustainable region. And not be bullied by our so called Government falsely trying to pull a fast one over NZ by offering instant financial gain, when in fact it will be financial pain endured on us you and I , the ratepayers for lifetimes to come. As John KEY once said "" No one owns the water"" So in my opinion, that means that we are guardians of this precious resource so lets fight to keep it ours.
- I say no to joining the 3 waters "
- "The next step may be Govt management of supermarkets, Butcher shops and an endless series of privately run suppliers.
- This is a device to require successful Council's ratepayers to pay for the required upgrade of systems ignored in favour of legacy projects in some jurisdictions.
- The proposals also will allow iwi to clip the ticket as owners of water, an appalling proposition.

- I certainly would support the council opposing three waters
- The Regulations on our local watersupply and systems is more than adequate for our townships, city, horticulture and agriculture. There has been considerable amount of money spent on these regulations and Local knowledge is more than important.
- No the government do not know this area and have no interest in it.
- This water should be left in the hands of the local body and district. NO to government having control of this. They do NOT have knowledge of the local areas and the local elected representatives know better than some body in Wellington.
- With regard to the stronger regulation don't want the 3 waters having control over this, or any for that matter as they do not understand the local areas and if there is no one from our area on the council how will we get our say??? The local council are best to understand this in our own area. Would be a blanket plan, one size fits all. The govt should NOT have control or take away what the locals have worked hard to maintain and pay for.
- I hope we can retain control of our current water systems.
- I strongly oppose the proposal of Govt control over a system that has been operating successfully. I do not agree with Govt / Iwi control over assets / resources that are for ALL people ... ratepayers should be confident that assets owned by local Councils should remain their property and in the control of those entities. These Councils are overseen by duly democratically elected members and are generally people who live, work and know their regions. These assets are priceless to each local area, and should not be for sale at any price. Need we look any further than the current Govt's record with Kiwi Build, Child Poverty, Homelessness to know that, taking on more control 'for the betterment of all' is not likely to result in a positive outcome. Let's wait and see if they can get some results on current issues before local Councils hand over their ratepayers assets.
- "I am very concerned about these Government three waters plan and wish to record I am very much against this Ratepayer asset grab. Timaru ratepayers have built up and paid for a very good water and drainage system in Timaru over the past hundred years plus. I am unhappy that a Government and it's Minister think that they can effectively take control of our assets with no compensation, no consultation and no ratepayer or voter mandate to do so.
- It is highly unlikely that Timaru will have a voice in any of the remote Govt water quango. This whole plan will impact in many ways that have not been disclosed, that will no doubt increase our water bills significantly and water metering will be on the table too. A remote quango cannot fairly and suitably run Timaru water assets, and will have veto over future developments. This nationalisation plan by stealth, also makes privatisation much easier at a future

date, just look what happened with our electricity market when the Govt got their hands fully across it.

- In closing I ask that our Timaru District Council strongly rejects the Three Waters plan.
- Our Local assets need to stay in our local control, locals working for locals.
- "I am very concerned about these Government three waters plan and wish to record I am very much against this Ratepayer asset grab. Timaru ratepayers have built up and paid for a very good water and drainage system in Timaru over the past hundred years plus. I am unhappy that a Government and it's Minister think that they can effectively take control of our assets with no compensation, no consultation and no ratepayer or voter mandate to do so.
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- In closing I ask that our Timaru District Council strongly rejects the Three Waters plan.
- Our Local assets need to stay in our local control, locals working for locals. Thankyou
- The Timaru district council do a amazing job at keeping it all going. Keep it in local hand please
- Every inch of this country is different physically in terms of the soil and where the water comes from etc. Which means that local councils need to be in control of this type of water supply as they have the most up to date knowledge for their respective part of this country meaning that they will know the best way to manage it. If the 3 waters service goes ahead then it will implement blanket rules which will NOT suit every part of the country as every part needs different management as there are different factors to consider everywhere, such as they type of water use, how much water is available, what infrastructure is already there etc. only having 3 water suppliers reduces competition in the market meaning that there is a loss of control from the individual meaning that their voices are likely to become unheard. their will also be less intuitive to supply better water at less cost as they won't be so driven with only 2 other competitors.
- TDC should opt out of three waters.

- It has to be Local Council Control they installed and they maintain the system they have local knowledge .We have paid for the system through our rates (ours are very expensive compared with Mid Canterbury) so we should maintain the system.I can on comprehend that one South Island governing body can be is an advantage
- I vehemently oppose 3 waters
- Do not let this fall into maori control.
- Donâ€™t ever go with 3 waters you are selling your sole. Itâ€™s a slippery slope to our district having under funded infrastructure resulting in poor service higher costs for users, while the government wastes our funding for our district else where. And you lose the ability to use the current infrastructure as a asset to borrow against. Don't go there thanks
- I don't agree with the government proposal at all. Water should be under control of the local community.
- I feel that the TDC has good control over our local asseets and has worked hard to build them up and grow/improve our infrastructure the less we have other people who don't even live on the same island influencing what we do the better. I also worry about the risk of it one day being able to be run by someone other than the government or iwi.
- "Very well presented layout by TDC easy to follow.
- Looking forward to more information and hopefully not losing our/ my voice in a bigger crowd."
- "Totally against the 3 waters rushed lack of detail proposal, this is a asset grab by stealth, loss of local say & control will be to the detriment to district for many years to come.
- This proposal has all the early hallmarks leading to privatisation & ownership of our locally owned assets which would be the last thing this district needs.
- The scare tactics & propaganda used in this pushed campaign absolutely not on."
- I strongly believe the water should remain in control of the Timaru District Council.
- No to 3 waters. Let locals look after the locals
- One of the craziest ideas yet from government
- I believe that the standard of our water quality is terrible, we have a standard that doesn't allow for the amount of nitrates filtering into our system and I am concerned that there will be huge government pressure to deliver savings and return which will overshadow water quality, every council and area is different

and it needs local insight. As we know if there are too many areas competing for this investment money it will be the councils with the biggest push that will get the investment and funding, this isn't fair or equitable on the smaller regions.

- Agree that local assets need to stay in local hands. Just can't see how centralizing our water is going to improve our already excellent water quality and services provided by our council. What is the government up to with the rush in pushing this through and with limited public consultation.
- "There is sufficient drinking-water regulation within the Health Act and its amendments. The MoH have failed in their responsibility to exercise this by adopting a too slow, too soft approach to the legislated requirements. TLA's, as water suppliers, have likewise failed to act in a timely and prudent manner to meet the requirements of the Act. These failures have led to the opportunity for these changes. A similar effect is noted relating to the RMA and its enforcement.
- It is noted that the reform process removes only the Governance layer from the current provision of 3Waters with, as I understand it, all employees retaining roles. The review has correctly identified the weakness of current 3waters governance. Council should consider strengthening governance decision making by including appointed Public Health and Environmental leaders to challenge Governance decision making relating to 3-waters."
- "I feel that Timaru has done a lot to keep ahead of all the water upgrades and modernisation of our infrastructure. I feel if we go with the proposed 3waters our district will be down graded and the money will go to the bigger cities to sort out their issues until they are fixed. Regardless of the government saying that they will not privatise the system, we have seen and heard all that garble before-- marston point - Air NZ - Trans Rail. Stay with what we have got, at least we have control over our destination and direction..Thanks B L Wallace."
- Keep things as they are. No issues. No problems. Don't fix what isn't broken.
- We don't need any more cooks in the kitchen. If it ain't broke don't fix it.
- water infrastructure belongs to the ratepayers. Any move to take that from us should be resisted. We vote our council members in to do a job, allowing the control of our water system to go to a central body will take the democratic vote away from local residents and into the hands of appointed persons with no responsibility to our area. No way, this should be kicked into touch now.
- Keep it local and not just in the Maori hands.
- While I believe that NZ as a whole needs to consolidate infrastructure we need to be focused on how we do this and what outcomes we are trying to achieve. We also need to continue to have representation at a local level to facilitate local solutions for local problems.

- As far as I can see, the current proposed model leaves very little room for accountability to the user, who at the end of the day, pays for delivery of service.
- In my humble opinion, while some consolidation is necessary, it needs to be done in a more consultative manner and with respect to the diverse nature that makes up NZ. It is equally important that while Central Government helps drive change at a local level, it is forced to listen, be a partner and pay for the right to do this.
- Therefore I believe that there needs to be a reset on negotiations between central and local government. By all means have tight timeframes to ensure outcomes are met but we need to have better representation, better return on local capital that has been invested and more transparent returns for the loss of control.
- "Our council does not fluoridate its water nor is our river quality anything to be proud of.
- I believe the council should accept central government help to rectify these failings. "
- Say no to this proposal.
- I think Ecan needs to do a better job and do what they are actually paid for, we need to ensure nitrate levels remain low in drinking water, and a high standard is maintained, tdc has probably the best drinking water in the country. We need to ensure this for future generations. 3 waters is not the way to do this. We will be forgotten like everything else that is centralised
- As TDC ratepayers we believe that the control of such precious commodities should stay within the local region. In fact, we'd go so far as to say it would be a big mistake to hand over something as precious as water, to a body that doesn't always have the locals best interests and needs at heart!
- "Government has control of Timaru schools and hospital because they are paying Ageing water infrastructure needs to be upgraded so if government is paying they will want control
- "The government shouldn't take away a system worth billions owned by locals through local councils. And offer a small majority back out of the covid 19 relief fund. They should however regulate that rates are spent on keep services up to spec and not on other projects prior to these services being meet. The labour party and greens should pay back the billions spent out of the covid fund on non covid matters such as this out of their own party money. Not tax payers money. And not borrow another 61 billion.
- This is blatant communism and dividing out country to sole rely on welfare of the government and its undemocratic and not what new zealand is about"

- I 100% oppose the 3 waters scheme. It should stay local. If it goes into the hands of the govt then they will add flouride and goodness knows whatever else. Local is essential.
- "Using tax payers money to buy what the ratepayers already own and then hand 60pc control to 15pc of the country that have no more than 15pc Maori in them is a disgrace.
- Apartheid is being introduced to this country.it is frightening.
- The council needs to say a loud NO to this government before it is all too late"
- I agree with the Mayor & councilor's that we need to wait to see how it will be set up!
- It is time for Local authorities to push back against the centralisation of management which will then be dominated by national policies The local assets belong to local people
- I would like the TDC to decline the Three Waters offer. The assets belong to the ratepayers and should not be disposed of nor should the ability to democratically control those assets be lost. We should all work together to improve water quality but in the spirit of cooperation not by increasingly strict regulations. The process should be about education and voluntary consent before restrictions. The TDC should be opposing the addition of Flouride in our drinking water. The therapeutic benefits are not proven and the concept of mass-medication is not in the spirit of free choice. There is clear evidence of the dangers to public health by adding a toxic chemicals to drinking water.
- As a rate payer I am absolutely against going ahead with this 3 waters proposal. I'm quite horrified at where it could lead. I don't know anyone who agrees with it so hoping you will opt at as soon as possible.
- I have been happy with my water supply all my life, my Father has been happy with the water supply all his life and my Grandmother was happy with our water supply all her life. I don't see a need to change it.
- Keep water under local control not the big wigs up north !
- Government are making bad decisions lately and I think it is safer having local people and knowledge controlling our resources.
- We do not need Government Control over our water.
- "Local Ownership and control must be maintained. We must not allow any control to be centralised in Wellington.
- Timaru district and the wider South Canterbury has maintained and invested wisely with upgrades to our 3 waters over the years, paid for by local ratepayers, managed very efficiently by local councils. We must not allow co-

governance by maori, who are a minority of our local population. Maori like all others in the community have a vote at election time."

- The model the government has based this on is from a country that has no where near the amount of rural services nz does. Three waters should remain local!!!
- "3 waters is an ignorant solution to the wrong problem.
- Let me expand: In the context of the structural problems facing local and regional institutions - eg. economically in financial resources leaving through out-of-region spending, economically in financial profit leaving to out of region/national/international headquartered companies, and, from a productivity perspective, talent leaving for greener pastures - we often have, and should expect, under performance in our local governments and institutions. The current (front-of-mind and ignorant) solution to this underperformance is to control/centralise rather than address this resource deficit - this is the case in 3 waters centralisation, and also LTPs, other legislative hurdles, and DHB centralisation - when all these institutions need are the resources (including enabling knowledge/expertise) that structurally do not return to our local areas and regions currently. Ultimately, how can we have the people in our places doing the work and making good decisions for the people of our places without the resources needed to do such?
- A thriving Timaru and South Canterbury region fundamentally requires local control, local decision making, and local work (local economy and procurement etc.); which means where we are at on this today is already insufficient. Thriving will be further out of reach with increased centralisation and will not become possible without a return to and increase in localisation.
- As always, I am freely available in a strategic capacity to the formal and informal leaders in the region. Please be in contact."
- "Every district in New Zealand has unique water
- Supplies no way a central government would be able
- To manage these with the best interest of that particular
- district needs to be kept under local control so the rate payers get best value for their rates "
- Don't let this government take control of our local water ever
- it's our water we need to keep control local
- I feel the model proposed by central Government is nothing short of Theft of our locally owned assets. I am unconvinced that central control is in our best interests and believe in the long term cost to consumers would rise and money

would be used to benefit other regions who have neglected their supply infrastructure.

- This proposal is a farce and in no way should go ahead. Three waters cannot possibly be good for the regions.
- "I am very satisfied to our water situation and want it to stay as is
- The three waters proposal is going to create a lot of bureaucracy but won't deliver a better service. This is being shown by little action we have seen from present government in the last four years
- Do feedbacks actually get read and if they do does our feed back mean anything to anyone? And what difference will it make if the government has already decided what is to happen re 3 Waters anyway.
- Waters control MUST stay in local control and any thoughts of handing over resources should NOT happen without a binding referendum taking place.
- I feel this 3 waters is a power move to control the water systems by the govt it should remain with the local governing bodies also an idea is to look into France and how they do the drinking water it is free for all and they have water stations all over the country under one company who make the water safe for drinking and have water fountains and water vending machines that refill your water bottles ect well worth looking into
- I think we are doing a great job with our water in our area. I know over time things will need to be updated at a cost but I think money should come from the government but local council should have all over control of our water
- Keep localised
- I think it's important that we retain ownership and control of our own water here in South Canterbury. We have great water and system that have taken a lot of investment. Let's keep it that way.
- opt OUT of proposed reforms
- "Timaru water is a issue, Timaru is being poison Rd by water from the opuha dam, with climate change the overallocated, Parrots river is problematic. The opihi river is also overallocated."
- "This is a sleazy government trick, while everyone
- Is otherwise occupied.
- If we let this go through, we will lose all rights to the water
- No one owns the water!
- We cannot allow this minority to walk roughshod over our democratic rights and steal our assets we have worked for years to accumulate

- We look after our own backyard. Local Councils preferred.
- Biggest rip off of local infrastructure if I have ever seen it! The government should be charged with fraud for even suggesting the proposal!
- What happens to the Ratepayers assets?
- Hold onto our own assets we payed for them together.
- I think the local council does a good job with our water supply. Keep control local.
- "I feel that the Government is trying to impose a one-sized fits all model at present. Time, and further effort, should be taken to identify a model that will ensure the whole country has a safe, clean and consistent water supply which meet the needs to all areas and allows meaningful input by the communities affected.
- Some areas are currently doing very well, while others are struggling and need help. Any future changes should reflect that each community is different and will have different needs."
- rate payers have paid for the services and they must retain local control over these items. Do not let the government take control.
- Some TLAs have maintained their assets properly and they will be penalised if a national funding model is used. NZTA is an example of how local control of funding is gone. If the Hawkes Bay problem was so serious why has it taken so long for this issue to be addressed?
- Avoid this asset grab at all costs
- "I oppose Labour's centralisation and control agenda. it is hard to see how Timaru will get more accountability and control from a water entity covering most of the south Island.
- We must keep local control for all water services."
- Need proper referendum with all the facts, not 'spin'.
- Centralised control of three waters is highly unlikely to improve service.
- "This is an asset grab but the government and the Maori tribes that want to control the water. Eventually they will charge us for the use of water for drinking and general house uses.
- The water is for everyone in New Zealand."
- Leave it the way it is and don't changed it.

- "Local control of our water services is critical to our wellbeing. How can a govt run centralized huge pit of management be any better for us than our well run local input systems.
- We dont, and never have had green water coming out our taps
- Weve have been forced to have chlorine in our clean drinkable water. This government cant run a country let alone be left in charge of running drinking, waste, and storm water. We will be overcharged, and those who have well run schemes will be subsidizing those who cant manage them. "
- only 2% of the water is used for drinking, so why would we give this thieving govt our local paid for plant . I find no problem with our drinking water and if people dont like it they have the option to go to the shop and buy it.It is a no no no to three waters for me
- "I feel we would not get a fair and democratic representation under the three waters proposal and as an owner of a private well would not be compensated for the transfer of my asset to a government agency. All that I can see is more charges being heaped upon us, water quality deteriorating (we are one voce in a rural area) and losing our right to free clean water.
- This stinks of a communist plot"
- I feel that local councils are the best to monitor this. If the government take control it gives them the rights to charge large amounts of tax and extra dollars for our water putting people in even more financial stress. If the water rights are heavily taxed that money will be used in big centers like chch, wellington and mostly Auckland and none in the small towns or rural sectors. Keep water rights affordable and local.
- Local control over local water is very important as local councils have the necessary local knowledge.
- The system is fine the way it is! Dont change it at all
- I think council should keep control of their own infrastructure. River and drinking water quality is highly important
- Really worried about what the ultimate aim of the government is . Privatization ? Control by ethnic group ? Favouritism to gain votes ? Revenue source? Rationing ? just some of main concerns .
- The proposed plan looks more expensive and a waste of time. Council has done a good job why change it
- Waste of time.
- Losing control of our water will be a huge mistake
- this is a local govt issue not central

- Timaru water is the worst I have ever tasted. It has a really strong metal taste which for me induces heartburn. Clean fresh drinking water is a must
- Keep it locally owned and operated by those who know what it takes to run and service it.
- Local council should control it or else we will end up paying more to cover the bigger city's and will be forgotten about
- "I strongly support local government control of our own infrastructure.
- Local government/community know what is required conserve and protect this valuable resource.
- Also know it's importance for future commercial growth locally.
- We as local government must maintain of our assets. "
- We live just north of the Rangitata River but children go to school in GHS.
- I would hate to see this scheme implemented in our district. I'm sure our district can come up with a better way.
- I do not believe this has been thought through by this govt, and to try to fast track is a mistake, we need to have local control of our region.
- "Please do not let these reforms by the government go ahead.
- Labour government are just control freaks. We have the best drinking water in the country, do not see how that can be made any better.
- No to the water reform"
- Local control of such an important local service MUST be protected. The one-size-fits-all approach will fail to meet the diverse needs of Timaru District. Our water must be managed by the people who live here - not by an out-of-town bureaucracy.
- It would be very difficult to run an area as big as the Sth Island from one area. I feel we could lose out as a region that is really punching for NZ at the moment.
- No no and no, do not go anywhere near this reform as remember what happened in 1996 with Max Bradfords reforms of the electric market and the price did not go down it went up almost over night.
- I believe local control of these water services is totally necessary. Especially when they are already doing such a great job. Why hand over this control to the Government. Disaster waiting to happen if the 3 waters scheme goes ahead.
- If we become part of a government scheme, the smaller parties always get left behind and end up paying for the bigger parties. Keep it local. The money is generated by locals and 100% should be invested back into local infrastructure.

No third party, no government scheme sending money elsewhere, no water rights to minorities.

- "when they are offering merely a pittance of an assets value, best they retract the whole deal
- I strongly disagree with the proposed 3 waters reform - I believe it is totally unnecessary and will lead to inequality among regions. The reform also undermines the work councils and ratepayers have spent many years and financial resources building.
- "Keep control local for our local people.
- What works for one district you can guarantee won't work for another."
- I think it should not go ahead. Leave it as it is!
- "What ever you do , do not vote for this !!
- Three waters is a asset grab by I hate to say it but pro communist party.
- We will never have any control over local water if this goes ahead.
- I hope you can stop it
- Insufficient information to make an informed decision to change the current structures.
- I strongly oppose Timaru district councils participation in the governments three waters proposal. I cannot see why our council could be willing to give up ownership to our water and related assets on our (ratepayers) behalf. If we are forced to participate in this proposal we shall in time be held to ransom and forced to pay for the right to use the very resources that we gave away. The council must do more to properly inform the public what the three waters will mean to our community and carry out a proper consultation process in order to make the correct decisions on ratepayers behalf.
- "I have huge concerns over the government proposal. The lack of detail and the lack of public consultation is beyond belief. To give control to lwi and to not have local control is concerning. Why change a
- Model that works. Where is the detail on cost increases? No go for me "
- "We have excellent water networks and services in and around Timaru especially Downlands. I would like to see our water kept in local control for ever.
- Govt run services are always top heavy and not always in touch with local needs
- If this goes ahead the smaller districts will be ignored and the larger cities will suck up all the resources.

- Keep fluoride out of our water, if people want it, put it in their own glass.
Centralised government controlled water is another step to globalised control
- "Water comes to mankind from rain falling on our land areas. Water is generally distributed via rivers and is subsequently made available to all life forms in local areas. Maybe we could all do better with the management of these various local processes. However, absolutely we don't need to centralise these processes and OWNERSHIP MUST stay local via a legally elected representation that ensures any and all benefits are in the hands of citizens of all races
- Maori have no moral, legal or customary rights ahead of citizens of any other ethnicity. "
- "it is a way for the Government to start charging all districts for water usage. Also it will then become a potential asset to be sold off shore which should never happen.
- The government should not have allowed overseas companies to bottle and sell NZ water which already happens - its a definite no for me."
- With no voice why would our District want to be amalgamated with the larger centres. We want to keep control of our water.
- Concerned about the make up of proposed controlling entity and vito rights
- I am very concerned about the proposed water changes. From an economic point of view, TDC is effectively being forced to give our valuable infrastructure away to another entity. The data I have looked at showed me that this would also cost us as rate payers and residents, in our rates/with high rent changes pass on from landlords and as water user charges too for all residents. I think this gives the entity the means to make us have fluoridated water when most rate payers and residents in TDC are opposed to having our water supply mass medicated. There is nothing positive about this at all. The infrastructure would be better put into a trust like Alpine Energy with our power lines and we should maintain autonomy over our water. Water is even more important than electricity for us to be in charge of it. Some other concerns are hearing about farms and businesses having issues with their water supply, that they would have to test each well and rainwater tank if more than their immediate family lived on the farm/property. That is utterly ridiculous. Pure water is a human right.
- This country is moving dangerously fast in a socialist direction.
- Dont accept this proposal - once its out of our control w're stuffed for ever
- "Don't do it they are just going to take it over then never maintain the system all up grades will be done to the bigger centers.
- They will also give control of three waters to the maoris"

- We have great water controls already operating in this district. I fear our water purity levels will deteriorate dramatically if our area become amalgamated under the government's proposed system. Please retain the status quo.
- I am yet to see any evidence to show that this reform is necessary and looking more like political theft of community owned assets.
- I have no confidence centralising 3 waters a management will have a positive effect on our water here in Timaru. Costs will go up and this will only feed through to the larger centres with smaller towns left with deteriorating infrastructure. Beside that this government has not been able to deliver on one campaign promise to date how do they think they are now experts to centralise something as important as water. Lastly why the rush to get this through. They understand majority of kiwis won't be happy with this proposal so slow down and listen to those paying for the service. If they vote in favour let it happen. If they don't leave us to managing the assets in the best interests of our communities.
- "Smells fishy lol"
- "Keep it local"
- NO to central government control of water. We not stupid, although they must think we are!
- "I'm against the new proposal just another increase to the rate payers. Just like electricity we paid for all the dams then the government sells off the assets. And we and the next generation are paying through the nose. The water will end up the same."
- "Seems to me this pre conception just increase the rates year after year"
- Don't sell assets that the rate payers already own. Especially not for the price they are offering which is well below what it's worth
- "I wonder what the true unwritten agenda of the government is with regards to New Zealand's water ownership? Once they have gained legal control what happens next?"
- More bureaucracy which will increase the cost.
- The governments record on providing services is not good.
- What are the motives of this so called reform?
- How will this improve our water resources? 3 waters.
- How successful is the scottish model.

- I feel this whole thing is being pushed through to quickly and we will lose our voice and control. Areas such as Timaru which has good services will be sacrificed for areas with crap services now.
- "I can't think of one example of central control of a service resulting in an efficient or better service, quite the contrary.
- The present situation may not be perfect but improvement of water quality is best managed by each region independently as local knowledge is a key ingredient."
- If we give away our water with little or no say, who is stopping process hikes, withholding or offshore sales
- This is complete communist bollocks - 100% oppose it
- Do not give away or sell our water. It works perfectly fine the way it is and the govt does not need to take it over. If they do they will screw it up for a few years costing us a fortune then sell it or give it away for stuff all.
- Don't want our small community being left behind the bigger towns and cities.
- Local council knows what's best for locals, especially when it comes to local resources.
- "The Three Waters proposal must be resisted at all costs.
- This proposal will be costly to water users, deprive us of local control, and create a slow, unresponsive bureaucratic monolith unable, or unwilling, to deal with local issues. And it is theft by stealth of assets paid for the many generations. If we lose control of our water, we lose control of our future."
- It's an absolute hard no to the 3 waters service model proposed by the government. Timaru district needs to have control over its own water and I feel very strongly that the council should keep control of it.
- Just seems they want control of everything and it will cost more eventually
- This is just an asset grab which will cost us more
- I believe that regional council is better for the regions. One size does not fit all on this matter.
- NO!!! NO! NO!!
- As a country resident I believe the time has come for all users to pay for their water use and how much they use.
- Not at this moment. I would like to see any progress for or against the Government's plans before making any comment.

- It seems criminal for central government to pay so little for what our tax has paid for. Every district is so different I think it is important to keep these things owned locally. Please keep fighting for us because this seems like a horrible idea!
- "Local ownership and governance is crucial to ensure that our water assets can be properly maintained and improved.
- It is impossible to see how under a central government's plan, there will be any future investment in this space to enable further primary food production which forms the backbone of our regional economy. "
- We will end up paying for all these board members (of which it seems there will be a large number) and no guarantee that our local needs are taken care of. We will lose control of our assets to our detriment. This is ridiculous.
- Water is fast becoming a valuable commodity and losing the right to manage and sustain our local supply will have only detrimental effects for our community moving forward
- Keep our water under local control!!!
- Please fight this theft of our assets with every breath in your body. The thought of a Govt body having control over our water fills me with dread
- We don't need our assets transferred to some national body
- The local council is doing a good job and I would like them to continue
- You can't centralize something like this. Keeping it local makes it make more sense for each individual community with all their unique geography, water levels, waste water areas... We want people who will use it and who own it to make decisions.
- I think it's really important to keep control of our water locally. Central government seems to have a hard time doing anything right, why give them something else to over regulate and stuff up. Besides, we own it, are we just to hand it over to the labour govt? Look at what is happening in the farming sector, latte sipping commies in Wellington telling a farmer in Southland when to plant his crops. It's a no brainer to keep it local in my humble opinion.
- I am 100% opposed to centralisation of water. It is inevitable that if it becomes centralised, the next step will be for central government to offer it over for Maori management and /or ownership. Non-Maori will end up paying for water forever and water belongs to everyone. Water should belong to everyone and be managed locally, as it has been. The TDC does an excellent job of most things, including water supply / quality / disposal. It's not broken. Don't 'fix' it.
- Racist and unrealistic, RUSHED. Not supporting this at all.

- One size does not fit all, you can not compare rural with urban and the use of water in each area is vastly different. It is important that growth is spread over the whole of NZ not just in the major cities and every district deserves to have a representative on any board. Let's not have a majority of control given to any one area of NZ.
- I would hate to see the water ways taken over by people who do not have anything to do with the local communities and therefore stop the quality of our water or start charging us alot more when local rates already cost enough
- We cannot let this go through this is government over reach and it is definitely not in the best interests of people here in South canterbury and the rest of aotearoa. This I all about control and water is a resource u don't want to be but on a switch cheersa51
- "Currently the council does NOT provide any of these services to us. ALL water is from a ground take, for the Cowshed, for stock water & for house water. We have untraviolet treatment for both Cowshed & House. If we lived in a town, the answer to No 3 would be yes.
- It's very important we are in charge of our own water and infrastructure.
- I can't see that the Government proposal will save money as every thing else they set up costs a lot more.
- Along with the mayor and councillors my concern is the inability of a centralised committee to understand and act on local concerns in a timely manner if at all. This government seems hell bent on centralising the decision making processes at the expense of local government. A council who doesn't have the ability to make decisions based upon local needs are at risk of just being puppets on a string, and tax collectors on behalf of central government.
- Although not a local I feel this is a New Zealand wide issue.
- Timaru District has great water and it is well managed by competent staff. Why would you sell (give away) one of your most valuable assets to a group that knows nothing about our local water systems, our sewage and storm water systems. The new entity consisting of 50% unelected IWI will not care what comes out of our taps but be assured they care what comes out of our pockets the motivation here is control and greed and must be resisted.
- This 3 water plan absolutely crazy! fight it all the way TDC!
- Don't let the government monetize our water for their own benefit
- Keep it local. Government should be supporting the local approach.
- "Just like Nigel said I'm concerned that any future developments in Timaru may be overlooked for more populated areas such as Christchurch.

- We have spent a lot on my on infrastructure in this area lately to give the control of that to an outside source doesn't seem in our best interest.
- I am strongly opposed to this proposal. There is no need for the government to run our districts water schemes
- Strongly opposed to the government taking over our water
- Keep it local, the central government does not have our best interests at heart.
- I also do not want ny drinking water fluoridated
- "Do not allow this to happen.
- It is basically a confiscation of council assets. Because let face it they are worth a lot more than their bribe.
- This government has a proven record of not being able to deliver on anything it promises and doesn't seem to care much about us down south.
- I feel very strongly that the three waters will disadvantage smaller urban centres and rural areas. I do not agree that a centralised water entity would be best for our region.
- If this proposal go ahead we will ALL end up paying a lot of money for these services. Particularly drinking water. Then the government will probably sell it off to a private company. Keep it in the respective local authorities control. Big cities will get all the funding and the smaller centres will get shafted
- KEEP IT!! personally if I need to contribute more in rates towards keeping it I would rather that than paying a water charge to three waters at least then its spent in our district.
- From the reading I have done, very few people outside of Government believe this model is viable. It is a major worry that they want Councils to hand over control of such an important and valuable asset, and to say that the Councils will retain ownership is ridiculous. It is also a major worry that rights of veto will be handed over to iwi under the proposed structure, without spelling this out clearly. This is divisive and underhand. We need a major push back on this.
- i am very happy with the water out of tap for drinking its condition has not changed in the 68 years in my mind that i have been drinking it. As for the sewerage system i see no problems with it so why would we give all this to this govt tell them its a no to the three waters
- Just another way for the government to control what we do
- "Please fill in the ??? below and advise rate payers. I presume South Canterbury ratepayers own fresh water, stormwater & wastewater assets worth around \$??? (nett of debt) & the offer is for the crown to acquire them for \$??? around ??% of their value. They represent ??? of the total assets of Timaru

District Council. Under no circumstances should the 3 Waters offer proceed without ratepayer approval. Let's surround ourselves with assets rather than sell ourselves short. Drink Water (current asset value) \$??m Wastewater (current asset value) \$??m Stormwater (current asset value) \$??m *Total Asset value at takeover \$??m (30 June 2024). Total Asset values in 10 years \$??m*Debt attached to 3 Waters assets \$??m *Calculation (assets nett of Debt) ??m- ??m= \$??m"

- I presume South Canterbury ratepayers own fresh water, stormwater & wastewater assets worth around \$?? (nett of debt) & the offer is for the crown to acquire them for \$?? around ??% of their value.
- One size does not fit all, and in our small community we have wonderful water, our rivers need to be cleaner, but if they were to mess with our beautiful untainted water that we drink I feel very strongly against that.
- The government has not been transparent in promoting 3 Waters to the public. The advertising has been misleading and very little has been said of the role I will have in making decisions. Until such time as a comprehensive discussion can be held with all stakeholders, which includes the public, I am totally opposed to entering into the Three Waters as proposed by government.