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Finance and Expenditure Committee  
Parliament Buildings  
WELLINGTON

Kia ora koutou

## **SUBMISSION ON LOCAL GOVERNMENT (WATER SERVICES PRELIMINARY ARRANGEMENTS) BILL**

### **NEW PLYMOUTH DISTRICT COUNCIL**

#### **Introduction**

1. This submission is prepared on behalf of New Plymouth District Council (NPDC) in relation to the Local Government (Water Services Preliminary Arrangements) Bill (the Bill).
2. We note the significantly reduced timeframes available for this submission occurs at the same time as many local authorities are finalising their Long-Term Plans. We have been unable to undertake a detailed and thorough review of all the clauses of this Bill and its implications for us as a result. We recommend that the Committee empower officials to work with LGNZ and Taituarā officials (on behalf of local authorities) to make improvements to the Bill given these timing issues.
3. We wish to be heard during oral submissions to support our written submission.

#### **Purpose and preliminary matters**

4. NPDC generally supports the need for reform of New Zealand's water delivery services. NPDC agrees that long-standing water infrastructure challenges require locally led and financially sustainable solutions.
5. Our main points are:
  - a. The lack of clarity of what constitutes 'viable' for proposed water service delivery models/entities, and therefore what a Water Service Delivery Plan (WSDP) will be measured against.
  - b. The risk of a limited outlook of ten years to make informed assessments about water services and water services assets.
  - c. The consideration of incentivising the use of Universal Water Metering (UWM) as an effective vehicle for economic regulation.

#### ***The lack of clarity on what constitutes 'viable'***

6. NPDC notes definition of financially sustainable and the contents of water service delivery plans as outlined in Part 2, Subpart 1.
7. The high-level nature of this legislation means there is insufficient guidance or rules as to what is considered to be sufficient to meet financial sustainability, nor address important matters such as the arrangements of a financially separate CCO, or the expected role of iwi/Māori in these matters.

8. There is no indication of the 'bar to be met' to guide our thinking when producing a WSDP and risk investing significant time and money developing a plan that will not be accepted by the Secretary of Local Government.
9. This creates significant risk for both local authorities and for the Secretary. We recommend that you provide greater clarity in the Bill on the grounds for assessing viability and to require the Secretary to provide greater detail.

#### ***Limited outlook of ten years in WSDP***

10. NPDC supports Taituarā and LGNZ's concern that the ten-year minimum period for service delivery plans is too short to allow for an informed assessment of financial sustainability.
11. Local Authority Infrastructure Strategies are more useful in providing information on key service issues, asset assessments and expected major capital expenditure that will impact on the long-term delivery of water services in our region. These have a 30-year horizon and better suit the range of investments required over time.

#### ***Incentivising the use of UWM for economic regulation***

12. The introduction of Local Water Done Well is an opportunity to make bold change within the sector and put mechanisms in place to reduce or eliminate the risk of overcharging for water services.
13. The implementation of UWM across the motu are an effective way to ensure a 'user pays' approach to water services and a fair and transparent way to charge for services. This could potentially be incentivised to encourage and accelerate the implementation of UWM programmes in all regions. This could also include expanding the statutory powers for volumetric charging from water to also including wastewater charging.

## **Conclusion**

We acknowledge the work to draft this Bill. We recommend further clarity and guidance be provided to councils as they navigate the development of comprehensive WSDPs, alongside potentially complex collaborations between local authorities and consultation with the communities we serve. We recommend you be bolder in mechanisms that reduce or eliminate the risk of overcharging for water services.

We also endorse Taituarā and LGNZ submissions in general.

Ngā mihi



Neil Holdom  
Mayor, New Plymouth District



Bali Haque  
Chair, Strategy & Operations Committee