

## **KEY Talking Points – Water Services Entity Bill Hearings**

**Tuesday 16 August, 11.10am to 11.20am**

WINTEC House (the Long Room), Waikato Institute of Technology campus  
Corner Anglesea and Nisbet streets  
Mayor Jenny Shattock, Chief Executive Susan Law, Group manager Assets Ted Anderson

Kia ora. Kia orana. Talofa lava. Bula Vinaka. Malo olele and a warm South Waikato greeting to you all. Thank you for giving us this opportunity to speak to you in support of our submission to the Water Services Entity Bill.

- My name is Jenny Shattock, and I am the retiring Mayor of the South Waikato. With me is our Chief Executive Susan Law and Group Manager Assets Ted Anderson.
- We trust that you have read **and understood** our submission and we trust you have noted our key points ... Our unique situation ... What we support and why ... AND ... What we don't support and why.
- I want to set the scene and give you a brief synopsis of our district.
- The South Waikato is the heart of the North Island.
- We have a population of approximately 24,000 people, made up of approximately 50% European, 35% Maori and 15% Pacifica.
- We have four main towns – Tokoroa, Putaruru, Tirau and Arapuni. We have a large rural community.
- Our district covers approximately 1,800 km<sup>2</sup> and is largely split between forestry and farming.

- **And we are the fifth most deprived district in New Zealand.**  
*(behind Kawerau, Opotiki, Wairoa and Far North District (Auck University study 2018)).*
  - **Which seems an odd statistic to highlight. But let me explain.**
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- South Waikato District Council owns and manages three water assets for our South Waikato community. We take this responsibility very seriously.
- In our submission we state that our total three waters asset value is approximately \$75 million.
- Between making the submission and now, our three water assets have been revalued and there has been a significant increase. It now stands at \$298 million dollars.
- Our infrastructure is well managed, it's well-maintained and appropriately funded. Our Council and community has low debt, we have reserves in the millions, good quality assets and a multi-million dollar investment programme embedded in our Long Term Plan 2021-31.
- This is not the case for all councils, districts or cities.
- Our community is the fifth most deprived community in New Zealand. **Yet**, we have been prudent, sensible and future focussed and our community has supported us through these decisions.
- Our Council is one of a handful of councils that will be **“WORSE OFF”** under the proposed model. This is unjust.

- At South Waikato, the debt our organisation has in the three waters activities **is LOW when it's compared to other councils.** We expect to receive a payment that ensures we are 'no worse off' after the assets and liabilities are transferred.
- Tranche 1 and tranche 2 funding equals \$18.56 million dollars. This is a small portion of our total three water assets value of \$298 million dollars. Our debt associated with Three Waters is **extremely** low at \$10 million dollars and we have \$20 million in cash reserves for the Three Waters.
- Our Council has already said to DIA that it is unfair for us to be treated less favourably than other councils. For clarity and your understanding – South Waikato's net debt position is **WORSE** after the transition. We are \$10 million dollars in cash out of pocket. This is not an accounting entry; we could spend that cash right now! It's real cash! Compared to councils with significant debt levels that will essentially have their debt removed and will be in a **significantly better off** position after the transfer.
- Uncertainty is difficult for our staff. The transition to three waters and the large number of unknowns makes this even more difficult.
- The no worse off payment is supposed to fund stranded overhead costs for a period. While those directly impacted are supposed to be transferred to the new entity, we have a concern for the wellbeing of our other staff indirectly affected by this transfer. We

will likely need to restructure the organisation once the three-waters business is taken off Council.

- Despite our low decile position, our Council and our communities have successfully saved appropriately for the future.
- Our low decile communities simply cannot afford to take on the debt of other councils that will be in Entity B.
- These reforms – as proposed - penalise the people of the South Waikato for our prudent management of our infrastructure. We are the fifth most deprived district in New Zealand, our community cannot afford to be penalised by this one size fits all approach.
- As outlined in our submission, our Council supports the need to deliver safe, reliable drinking water... which our Council is already doing.
- We support improved environmental performance for wastewater and stormwater... which our Council is already doing.
- We support the provision for local iwi to have better input into decision-making related to these assets... which our Council did through our 30-year wastewater infrastructure planning in the lead up to the most recent LTP.
- We are particularly supportive of the new water services regulator Taumata Arowai. We fully back Taumata Arowai holding councils to account to meet drinking water standards and issuing enforcement for councils that fail these standards...

- We don't support ... the process Government has taken. There is too much uncertainty and too many unanswered questions. Government has failed to engage with councils in a meaningful way. It has failed to allow for a more bespoke approach to take individual councils' circumstances into account. Like our circumstances ... A deprived community. Prudent financial management. Low debt. Reserves and well-managed infrastructure.
- If the reforms go ahead as proposed, the South Waikato **“WILL BE WORSE OFF”**.
- We don't support the haste. The Government has failed to provide sufficient time for rational and evidence-based consideration. Communities 4 Local Democracy – which our council belongs to – has provided suggestions for alternative models which we do support solid investigation of ... that being ...
- **The water services either remain in the ownership and control of an individual council directly.** The water service provider would have to comply with regulatory requirements and consistently demonstrate compliance with intervention for not meeting requirements.
- **And/or The Council owned Regional Enterprise Model** which would see a regional enterprise co-owned by relevant councils in proportion to assets or number of connections. The C4LD submission expands on these options.

- There has been a failing of government to investigate these options further.
  - We don't support the approach to changing ownership and management of the assets as proposed. The proposed model alienates our Council's and our community's ownership rights to the three water assets bought and paid for by our community.
  - We don't support being a tiny voice amidst 21 other councils. We simply don't believe we will be heard. Our three water priorities will not be the priorities of 21 other councils.
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- After a period of decline and stagnation across our district, the South Waikato is now experiencing significant growth, both population and business. We're starting to see the impact of this growth through new residential subdivisions, big business investment like a new dairy factory, a new trade training centre and a retirement village.
- None of these businesses – coupled with the employment opportunities once commissioned and through construction, would be possible without the pipes in the ground, the pump stations, the open drains to support.
- Without the ability to plan for and support growth through the provision of three waters infrastructure, there is a risk that South Waikato communities will lose out on the opportunities economic growth provides. **It is imperative that local people have a local voice on local priorities.**

- These reforms, as proposed, pose a very real threat to an already deprived community that is behind, falling further behind.
- The Government needs to slow the three waters reform down so that it can better investigate other proposed options and provide for tailored solutions to individual councils. Currently your proposal further marginalises our already marginalised community.
- So ... again we trust that you have read and understood our submission, you have noted our key points ... What we support and why... AND What we don't support and why.
- We appreciate your time to speak here today and thank you. Nga mihi