



Submission to the Governance and  
Administration Committee on the Water Services  
Entities Amendment Bill

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## 1. Introduction

Thank you for the opportunity to share our feedback on the Water Services Entities Amendment Bill (the Bill).

Westland District Council (WDC) is a statutory entity based on the West Coast of the South Island of New Zealand.

Our vision statement is: *We work with the people of Westland to grow and protect our communities, our economy and our unique natural environment.*

The Westland District is approximately 450 km in length and one of the most sparsely populated parts of New Zealand, with an area of 1,186,272 hectares and a population of 8,640 people (2018 Census, Stats NZ). Approximately 33% of the population (2,960) lives in Hokitika. The remaining 66% live in small villages and rural areas such as Ross, Franz Josef and Haast. The district has a focus on the outdoors and outdoor recreation (87% of the land area is DOC land), which is a tourism drawcard, alongside dairy farming, mining and other enterprises.

On behalf of the Westland Community, WDC owns \$117 million of three waters assets. These assets have been bought and paid for by these communities over many generations. The Westland community wishes to retain meaningful control and influence over the three waters assets.

Reform of the three waters sector is necessary and WDC is in support of this. WDC agrees with achieving appropriate health and environmental outcomes and ensuring that local iwi and hapū have appropriate input into investment decision-making at the local level. Our main concern is that any reforms that take place work effectively.

WDC is a plenary member of the Communities 4 Local Democracy - He hapori mō te Manapori (C4LD) coalition. We support the submission made by C4LD.

Westland District Council does not wish to appear before the Governance and Administration Committee to speak to this submission.

## 2. Executive Summary

The proposed amendments to the Water Services Entities Amendment Bill show recognition from the government of the feedback received at earlier stages of the process – strengthening communities connection to the Water Service Entities (WSE). We welcome many of the proposed amendments and have taken the opportunity to suggest recommendations for change or clarity, particularly in the areas of rates and financing of the WSEs.

## 3. Regional representative group

Ensuring that WDC is represented and has the opportunity to be heard on the water issues that are important to the Westland community is a priority for WDC. We agree with the proposed amendment in Clause 10, requiring each WSE regional representative group to include a representative from each TA in the WSE's service area. We recognise, however, that increasing the number of voices around the table may weaken the influence of each member; in the case of Entity I there will be 26 members of the RRG (13 from local councils). Despite this, we believe that it is important for each TA to be represented.

### **Recommendation:**

1. Support the inclusion of a representative from each territorial authority in an WSE's service area.

## 4. Increased number of Water Services Entities

WDC believes that the West Coast region needs to ensure it has a voice in all future decisions regardless of Entity 4 model or the newly proposed Entity I model. The key deliverable with either model is the service they provide to our residents across the board – economically, socially, culturally and environmentally. If any of these aspects do not have a net positive benefit from the 3 waters reform, then the WSE needs to address this urgently. A reduction in service will not be tolerated.

Staggered establishment will give Councils and the WSEs more time to implement the changes and decrease the impact on business as usual within the council administration.

The proposed areas of the WSEs is reflective of the communities they will serve. The proposal to split the West Coast / Canterbury region into an entity separate from the rest of the South Island – there should be no further segregation within Entity I for any form of differentiation i.e. service delivery, cost/m3 etc

#### 4.1. Establishment date

Staggered transition dates will give later established WSEs the opportunity to learn from the earlier established WSEs. However, the later the date of establishment the greater the uncertainty for communities about the management of their water services. WDC is also concerned that the later a WSE is established, the greater the risk of missing out on funding streams. It is unclear from the legislation what considerations will be taken in prioritising the order of establishing each WSE.

While we agree with staggered transition dates, transitioning outside of the established financial year will put greater pressure on already stretched staff resources. Any local authority that is in an area where the WSE's establishment date is not 1 July should receive additional assistance from central government to assist with the transition requirements.

#### **Recommendation:**

2. Clarify the considerations for WSE establishment priority.
3. Include a mechanism for resourcing assistance to local authorities whose establishment date is not in line with the beginning of the financial year.

#### 5. Community priority statements

Engagement with the community, and other communication through citizen-led comment and protest, demonstrates the strong feelings that the community holds on water-related issues. Allowing community members input into the strategic direction or objectives for the WSE will enhance the good-will of the community towards the water services reforms.

#### **Recommendation:**

4. Support the inclusion of Community priority statements in the development of strategic direction or objectives for the entity.

#### 6. Water Services Entities Funding Agency

Ensuring that the WSEs can access finance to invest in water infrastructure is an important feature of the water services reforms. However, WDC is concerned that the proposed s 173J prevents the Crown from guaranteeing loans and incidental arrangements entered into by the Funding Agency. We question who is going to be the guarantor if it is not the Crown. Does the Crown expect the local authorities to be the guarantor?

In principle WDC support the creation of a funding agency similar to the Local Government Funding Agency.

#### **Recommendation:**

5. Clarify who guarantees any loans or incidental arrangement entered into by the Funding Agency.

#### 7. Shared services arrangements

It is sensible to require shared services arrangements where there are clear benefits for the parties involved. It makes sense, given the purpose of the reform proposal, to streamline the specified areas of service across the WSEs. Many councils and other agencies already undertake similar arrangements. We agree with proposed cl 137B that the

Minister must undertake engagement with affected parties before directing WSEs to enter into a shared service agreement. Affected parties need the opportunity to understand the benefits and clarify any points of contention prior to arrangements being directed.

**Recommendation:**

6. Support shared services arrangements provided there is a clear benefit in the arrangement and there is engagement with all parties prior to entering into arrangements.

## 8. Mergers

WDC recognises that in some areas merging WSEs may be financially beneficial to communities in the future. However, the larger the entity the less connection each council and community will have to the entity. Each new WSE already has a large number of voices at the table with a representative from each council and an equal number of Iwi members. The larger the entity, the more voices will be fighting to be heard.

If the legislation provides for mergers, engagement should include the affected communities, as well as the board and regional representative groups of each WSE. Support merger process provided there this is locally led, engages with the community, and cannot be imposed upon any of the entities.

**Recommendation:**

7. Amend proposed Schedule 2A, cl 10(a) to include “(v) the community serviced by any water entity that is proposed to be part of the requested merger.”

## 9. Transitional arrangements

Clarification and direction in the transitional arrangements provides greater certainty for councils about how they will communicate the position of their three waters activities to their communities. WDC supports the transitional arrangements as giving certainty to local authorities as to the requirements of their planning and reporting documents, and consultation and decision-making processes during and post the development of the Long Term Plan 2024-2034.

### 9.1. Rating

The Bill requires councils under cl. 37 to set and collect rates for water services for all of a financial year, even if the establishment date for the water services entity is during a financial year. The Bill then requires Councils under proposed cl 35(8), new cl 39(3) to transfer any unapplied revenue that has been collected for the financial year to the water entity *as soon as is reasonably practicable after the establishment date*.

This clause appears to be requiring Councils to transfer revenue in advance of collection during the financial year. A more practicable solution, that would reduce the effect on councils’ cash-flow, would be to require the transfer of rates to the WSE in arrears on a cash received basis.

**Recommendation:**

8. Amend proposed cl. 39(3) of Schedule 1AA to require the transfer of unapplied revenue to the WSE in arrears on a cash received basis.

## 10. Summary of Recommendations

Recommendation	
1	Support the inclusion of a representative from each territorial authority in an entity's service area.
2	Clarify the considerations for entity establishment priority.
3	Include a mechanism for resourcing assistance to local authorities whose establishment date is not in line with the beginning of the financial year.

<b>4</b>	Support the inclusion of Community priority statements in the development of strategic direction or objectives for the entity.
<b>5</b>	Clarify who guarantees any loans or incidental arrangement entered into by the Funding Agency.
<b>6</b>	Support shared services arrangements provided there is a clear benefit in the arrangement and there is engagement with all parties prior to entering into arrangements.
<b>7</b>	Amend proposed Schedule 2A, cl 10(a) to include “(v) the community serviced by any water entity that is proposed to be part of the requested merger.”
<b>8</b>	Amend proposed cl. 39(3) of Schedule 1AA to require the transfer of unapplied revenue to the WSE in arrears on a cash received basis.

**WDC does not wish to speak to its submission.**

Ngā mihi nui,

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

Simon Bastion, Chief Executive