



## Finding common ground on three waters reform

The transition to four new water entities is progressing at a slower pace until the working groups report back on governance and ownership arrangements, rural water services, and the interface with the resource management act reforms.

Government's intent seems to be that the reforms should proceed with input from the working groups, rather than have the whole reform stall or go backwards into a fundamental re-design phase. In some ways this is appropriate, but the delay is setting back some necessary changes while councils, iwi/Māori and government engage in discussion about how local control and effective democracy should be reflected in the design of the water sector.

That discussion has surfaced some challenges around data accuracy and analytical robustness, which call into question the basis for long-term cost and benefit estimates. A number of councils have pointed out that estimates of future asset investments - and the related charges that must be passed on to water users - are not credible given their current knowledge. This is compounded when we look at forecasts of growth, impact of water standards, and potential benefits of

consolidating the number of water entities. On one hand these concerns are very understandable: how can you trust the headline numbers around the value to be realised from reform, if you can't trust the individual numbers on which the aggregate is based? On the other hand, there is no argument around whether - directionally - we would realise greater value from more integrated, consistent, better-maintained and higher quality water services.

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Resolving the discussion around ownership and governance is important. Without local body politicians on-side, the reform will be much more difficult and the path from here to the local body elections later in 2022 will be noisy and difficult for the Government. The risk that councils will become even more vehemently opposed to water reforms after the elections is very high, even if agreement can be brokered on a solution by March. There will always be people who are uncomfortable about the proposed changes, or the process by which those changes were determined.

But if this prevents or delays essential improvements in water services for New Zealanders, what is the cost to society?

The fact remains that New Zealand's fresh water doesn't consistently meet expectations of quality, safety or resilience; our wastewater regularly contaminates the environment, impacting recreation as well as fresh water supplies; and storm water assets are not managed, maintained or invested in a consistent and coordinated way amongst the many entities, and are not well-suited for our emerging climate challenges.

It is also the case that current financial arrangements don't allow councils to invest sufficiently for the long-term resilience and upgrades to our water services. Nor are there enough skilled people to deliver the services we need as a growing population.

There is also insufficient investment in technology, optimised service delivery, and organisational capability to be confident that we will not have another incident that harms or kills New Zealanders, or results in a critical failure of essential infrastructure.

While the necessary discussion goes on around ownership and governance, we also need to progress solutions to these immediate problems which affect the wellbeing of New Zealanders, and the quality of our three waters.

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