

20 July 2022

Committee Secretariat  
Finance and Expenditure Committee  
Parliament Buildings  
Wellington

ATTENTION: Water Services Entities Bill Consultation

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## **Western Bay of Plenty District Council submission to the Water Services Entities Bill**

Finance and Expenditure Committee,

We appreciate the opportunity to provide feedback on the Water Services Entities Bill (the Bill) and the due consideration of our submission points.

The Three Waters Review and Reform process has been ongoing for some time, and we are hopeful that positives will arise from it as it is a substantial reform with long lasting consequences.

We would like to note that there is a broad range of views on the merits of the overall reform both across our community and around our Council table. While we hold differing opinions, we are committed to seeing that any change delivered is workable and benefits our community.

With this focus in mind, we seek consideration of the below submission points. These are set out in the following themes:

- Delivering results;
- A focus on well-being;
- Providing for growth;
- Providing for economic well-being;
- Territorial Authorities provide a community voice;
- The importance of community/customer;
- Providing for Māori aspirations;

- A GPS to provide direction;
- The first constitution;
- Transition arrangements – funding and charging;
- Transition arrangements – staffing;
- Technical corrections.

Western Bay of Plenty District Council (WBOPDC) is supportive of the key drivers for reform being:

- 1) It is imperative that all councils comply with Taumata Arowai standards;
- 2) It is imperative that all councils comply with Resource Consent Conditions;
- 3) That all councils do not operate on expired Resource Consents;
- 4) That councils are required to manage different levels of growth (noting that the Western Bay of Plenty District has grown by 91% between 1990 and 2021, requiring significant investment into three waters services).

WBOPDC has sought to be compliant with all standards and our ratepayers have contributed significantly to the funding of the three waters services infrastructure. It is of concern to us that the proposed reforms will see our communities subsidising those councils who are not complying.

## **Background**

WBOPDC would form part of the 'Western-Central Water Services Entity'. The district's population is currently around 57,400, which would equate to two shares in the new water services entity. This population is fairly evenly split between our towns and rural areas.

We are also a fast growing district and our population is expected to be higher than 70,000 by 2041. We are classified as a 'Tier one' Council in terms of the National Policy Statement on Urban Development. The need to deliver growth and enabling services is well understood by Council.

Our three waters network has an asset book value of \$359 million, with 42 dedicated waters staff directly impacted by the transition, and a further 81 staff with an estimated 30% or more water-related activities across shared corporate service functions.

We pride ourselves on our connection to the community and engagement at place.

## Delivering results

Nationally, the status quo is not working and the fundamental purpose of the reforms is to ensure that all water related infrastructure is compliant with both the standards overseen by Taumata Arowai and resource consent conditions.

While WBOPDC has actively invested in and managed our three waters services, we are aware that others have not made the tough calls and put money into these assets.

The Havelock North drinking water contamination showed the stark realities of failure to meet standards and the failure to enforce standards. This tragic incident has been the driving force for the reforms process. This focus should not be lost through the complexities of the process or be allowed to continue through an extended transition period.

A focus on delivery to the standards and to consent conditions must be embedded into the new water services entities, through the legislation at an objectives, governance, and reporting level. It must also be transparent with the community around this.

*We seek that Clause 11 'Objectives of water services entities' be amended to include:*

*(g) deliver water services and related infrastructure that meet all relevant standards and resource consent conditions.*

*We seek that Clause 145(2) 'Content of statement of intent' be amended to include:*

*(f) a statement as to which water standards or resource consent conditions are not expected to be met, the reasons why these are not expected to be met, what the entity plans to do to address this and the anticipated timeframe to achieve compliance.*

*We seek that Clause 158(1) 'Form and content of statement of service delivery performance' be amended to include:*

*(e) a statement of which water standards or resource consent conditions have not been met, the reasons why these have not been met, what the entity plans to do to address this and the anticipated timeframe to achieve compliance.*

## **A focus on well-being**

Effective water services are fundamental to the well-being of local communities.

Water services exist to enable successful communities. They are not only essential lifeline utilities but are essential to all aspects of well-being – social, cultural, economic, and environmental.

The purpose of Local Government is ‘to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future’ (S.10, Local Government Act 2002). It is with this intent that we have managed our water services.

We are somewhat surprised that the Bill does not recognise or provide this. Other than limited reference to well-being in regard to the Government Policy Statement provisions, a focus on promoting well-being is notably absent.

This should be addressed and well-being included in the objectives of the Water Services Entities, and consideration be given to its inclusion elsewhere in the Bill.

This would recognise water services current role in our communities. It will act as an anchor to help keep the new entities focused on people and place and not just assets and services. We hope that this will also enable the significant procurement power of these entities to be used to benefit community well-being, and continued investment into infrastructure to enable wider well-being outcomes.

*We seek that Clause 11 ‘Objectives of water services entities’ be amended to include:*

*(h) provide for the four aspects of community well-being (social, cultural, economic, and environmental) through provision of water services*

*We seek further consideration to how community well-being can be further promoted through the Bill.*

## **Providing for growth**

The Western Bay of Plenty District has grown fast and is continuing to do so. Collaborative growth planning should be legislatively embedded into the new entities.

In 1991, our District’s population was 30,000, in 2021 it was 57,400, and in 2051 our population is projected to be 71,400. Providing infrastructure at the right place and at the right time has been a key role for Council. This infrastructure allows successful communities to develop and grow, provides certainty of investment to

enable business and industry to expand, and the overall well-being of our district and people to improve.

Integrating our three waters into growth planning for both our district and the wider sub-region is a fundamental requirement. Through SmartGrowth (a partnership of WBOPDC, Tauranga City Council, Bay of Plenty Regional Council, Iwi, hapū and Central Government) we have been engaged in spatial planning for our sub-region since 2004. Effective planning has enabled identification and prioritisation of growth areas, and is intended to commit relevant partners to deliver the necessary supporting infrastructure.

While we are pleased to see 'housing and urban development' recognised in Clause 11 of the Bill '*Objectives of water services entities*', this should be further strengthened.

A significant concern for us in relation to spatial planning has been the failure of other agencies to commit and deliver on the necessary infrastructure improvements (in particular the State Highway network), to enable identified growth nodes to develop effectively. For the Western Bay of Plenty sub-region, the development of Ōmokoroa is a clear example of this issue – see feature box 'Ōmokoroa – the risks of relying on others', below.

Having to rely on an external party, in this example Waka Kotahi, has hampered our ability to meet the needs of growth and communities' well-being, exposed the Council to financial risk and exposed Council to the risk of failing to meet its obligations under the National Policy Statement on Urban Development. It has also had a significant impact on our communities, who are forced to use a state highway that is under-capacity for the current and projected vehicle movements and has a high accident rate. This was exacerbated, for some time, through the lack of a local office for Waka Kotahi staff, resulting in personnel in Hamilton having limited local understanding.

Similarly, the changing nature of the Government Policy Statement on Land Transport has also resulted in constantly shifting priorities, changing project approvals and timelines. This has meant that effective planning has been undermined. While we recognise the alignment of priorities at national, regional, sub-regional and local levels is a difficult task, this should not create uncertainty, bad planning, or negative outcomes.

We do not wish for the new Water Services Entities to deliver similar results.

**Ōmokoroa – the risks of relying on others**

Ōmokoroa has been identified as a growth area as far back as the 1970s. It gradually grew over time and this, along with growth in the surrounding rural area and the northern corridor in general, resulted in Waka Kotahi (Transit at the time) putting in place designations to improve SH2.

In 1998, the Notice of Requirement (NOR) for the Takitimu North Link (then Tauranga Northern Link) - Tauranga to Te Puna (TNL) was lodged. This was followed in 2001 by the NOR for Four-laning Te Puna to Ōmokoroa.

This gave Council confidence to invest in the peninsula as a growth area and the planning by Council for the urbanisation followed.

- 2002 – Council changed the District Plan (PC20 - Ōmokoroa Stage 1) and introduced a Residential Zone from the existing village to the railway.
- 2004 – SmartGrowth (including Waka Kotahi) confirmed Ōmokoroa as a growth area.
- 2007 – PC69 (Ōmokoroa Stage 2) reviewed Stage 1 plus zoned parts of the land between the railway and SH2 for residential, commercial and industrial purposes.

PC69 coincided with the resolution of wastewater issues with the installation of the pipeline to Tauranga in the same year. This pipeline and the accompanying reticulation was a \$34 million investment. Further investment has been made by Council for other essential infrastructure. These investments are recouped through financial contributions, thus the impacts of not delivering on the roading solution in slowing (or worse still stopping) growth has a significant impact on Council's balance sheet.

We are now in 2022, with a plan change about to be notified for the development of Ōmokoroa stage 3, to enable the delivery of around another 2300 dwellings. However, the necessary State Highway and interchange improvements have still not been made, despite their early designation and repeated assurances.

This was further accentuated with the recent Central Government decision to withdraw NZ Upgrade Programme funding for the Ōmokoroa to Te Puna stage of the Tauranga Northern Link. In part this was justified by a change to the GPS Land Transport. The upgrades designated, planned for, and promised since before 1998 have not been delivered.

Council is required under the National Policy Statement on Urban Development to enable development. Ōmokoroa is the key growth node for the district and indeed for the sub-region. Council has significant sunk infrastructure costs in Ōmokoroa to enable this planned growth. However, the State Highway network is woefully inadequate.

Council is currently working with Kāinga Ora (through the Infrastructure Acceleration Fund) to secure funding to deliver a safe intersection for Ōmokoroa onto State Highway 2. This is an essential piece of network infrastructure.

To be clear, this example shows the risks of having multiple agencies responsible for delivering infrastructure, with competing priorities guiding their funding

programmes. Despite agreement on growth plans, strategies and spatial plans, actual delivery has been lacking by one of the key infrastructure providers.

Addressing and delivering on joint planning for growth has also caused issues between local government and water services entities in Australia, with South East Queensland in particular facing these issues.

We feel that the needs of urban development and growth can be addressed through changes to the Bill, while also acknowledging that future legislation will have a role in this too.

Changes to the development process of both Asset Management Plans and Infrastructure Strategies would allow water services entities and Councils to better plan for growth. This would not direct the entity but would require joint planning and more explicit discussion of the outcomes of this.

It must be acknowledged that while we will be separate entities, we serve the same communities and seek common goals.

*We seek that Clause 11(c) 'Objectives of water services entities' be amended to read:*

*(c) support and enable housing and urban development and growth planning:*

*We seek that Clause 8, Schedule 3 'Preparation of Planning documents' be amended to include:*

*(4) The draft asset management plan must state how the entity will meet the outcomes of collaborative territorial authority and water services entity growth planning.*

*We seek that Clause 20, Schedule 3 'Preparation of Planning documents' be amended to include:*

*(4) The draft infrastructure strategy must state how the entity will meet the outcomes of collaborative territorial authority and water services entity growth planning.*

### **Providing for economic well-being**

Successful communities require all aspects of well-being to be met; social, cultural, economic and environmental. The economic well-being of communities appears to be absent from the Bill as currently drafted.

Water supply is an important economic enabler, whether for industry, commercial, or agricultural uses. Similarly, the provision of wastewater and stormwater infrastructure allows businesses to establish and grow.

The Bill could better recognise this. Our above suggested amendments to Clause 11 would allow this to be better considered in part.

We do note and support the use of consumer forums, as allowed for in clause 203, and feel that this could be an important tool to engage with 'classes' of consumers, such as industry.

*We reiterate that Clause 11 'Objectives of water services entities' be amended to include:*

*(h) provide for the four aspects of community well-being (social, cultural, economic and environmental) through provision of water services*

*We seek further consideration to how non-domestic users are provided for through the Bill.*

### **The importance of community/customer**

As stated previously, water services exist to enable successful communities. Being responsive to communities/ratepayers/customers is a key element of a successful service provider.

We are disappointed that the Bill currently has limited recognition of the importance of the community/customer and the importance of engagement. The Bill currently allows for limited community influence and most that is provided for is indirect.

The culture of an organisation can be heavily influenced from those at the top, with this in mind, we seek to ensure that understanding of the community/consumer and engagement are skillsets possessed by both the Board Appointment Committee and the Water Services Entity Board itself.

*We seek that Clause 38(2) 'Regional Representative Group must appoint board appointment committee' and Clause 57(2) 'Membership of board' be amended to recognise the importance of customers in the list of skillsets by including:*

*(e) customer service and customer engagement.*

The Regional Advisory Panels offer one approach for communities to raise issues and seek to provide input to the water services entity. However, in this case it is limited by two factors. The first being that the Bill limits a Regional Advisory Panel to providing advice on the Regional Representative Group's performance, rather than on the Water Services Entities as a whole. The community want to have a wider level of input into services than purely the strategic level role of the Regional Representative Group. The Regional Representative Group can consolidate, reflect on and take action as necessary based on this wider input.

The second is that Bill limits the Regional Advisory Panel's ability to advocate effectively for its area of responsibility by requiring it to consider all communities in the entity. This seems an unnecessary and ill-thought-out limitation. It would suggest a Regional Advisory Panel member from Te Puke is required to understand the needs of Hāwera, before providing advice.

With this in mind, it is important that the Regional Advisory Panels are established to reflect communities of interest that are more granular than regional level. We would expect a 'Western Bay of Plenty' Regional Advisory Panel, covering both Tauranga City and the Western Bay of Plenty District, would be appropriate. This would allow a suitable level of focus on a key growth area and provide for better mana whenua representation. Council input into the first constitutions of the entities is important to achieve the right balance here. Please see discussion 'The first constitution' below.

*We seek that Clause 46 'Role of regional advisory panel' be amended to include the underlined text:*

*The role of a regional advisory panel is to provide advice to a regional representative group about both the Water Services Entities and that group's performance or exercise of its duties, functions, or powers (see section 28) in respect of, or otherwise affecting, a particular geographic area—*

*(a) in the service area of the water services entity; and*

*(b) for which the panel is responsible under the constitution (see section 91(f)(ii)).*

*We seek that Clause 47(a) 'Collective duty of regional advisory panel', be amended to allow the regional advisory panel to focus on the area for which it is responsible, and that it should read:*

*wholly or mostly for the benefit of all communities in the ~~entity's service area~~ the area for which the panel is responsible under the constitution (see section 91(f)(ii)); and*

Meaningful engagement with the community involves having the right conversation, at the right level, and at the right time. We are concerned that this is, in part, missing in the Bill. Clause 7, Schedule 3 'Preparation of planning documents' requires the water service entity to engage with consumers and communities on a draft asset management plan.

The Bill, as currently drafted, appears to misunderstand what an asset management plan is and its role. Asset management plans appear in the Bill as a document analogous to a Council Long Term Plan and/or Annual Plan. Asset management plans are a management tool that usually cover the entire lifecycle of an asset (this can be 80 years for some waters asset types), they consolidate key information and are very dense and data rich. Asset management plans are not a useful tool for consultation with the community.

We suggest that the Bill be more specific on the elements of asset management plans that should be consulted with the community. We suggest that Levels of Service, acceptability of risk, funding of services, and level of compliance with water standards and consent conditions would be a more suitable level to engage on and seek feedback.

We support the requirement to consult on infrastructure strategies and funding and pricing plans.

We refer to the requirement under the Local Government Act for councils to prepare consultation documents<sup>1</sup> for Long Term Plan and Annual Plan processes, or satisfy information requirements for consultation<sup>2</sup>. We think that there is merit in considering a similar requirement for entities in relation to their asset management plans, so that key proposals, decisions or matters are communicated in a way that is more conducive to effective community engagement.

*We seek consideration as to the role of asset management plans and community engagement, and the necessary changes be made to Clause 202 'Engagement requirements' and Schedule 3 'Preparation of planning documents'.*

### **Territorial Authorities provide a community voice**

Territorial Authorities are closer to our communities and have a better understanding of their needs and concerns than regional or multi-regional organisations. As a Council we are defined by 'our place' and 'our communities'. We feel that Council's ability to provide input, on behalf of our communities, to the Water Services Entity should be further improved.

The 'Western-Central Water Services Entity' includes 22 Councils, of which the Western Bay of Plenty District Council is one. Enabling sufficient input to the Water Services Entity on behalf of our communities is important.

The Regional Representative Group will include only 6 or 7 representatives from the 22 Councils. No two councils are the same, we represent different communities, with different needs and different histories and geographies. However, the grouping of territorial authorities into Rural, Provincial or Metropolitan has been useful. This recognises that there are common issues and similarities between councils with a similar scale and urban/rural mix. We would like to see the Regional Representative Group reflect this diversity of perspectives and that it be required to have a representative from a Council in each of these categories.

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<sup>1</sup> Local Government Act 2002 sections 93B to 93G, and section 95A.

<sup>2</sup> Local Government Act 2002 sections 82A and 83.

Being able to directly discuss issues between all Territorial Authority owners and the Regional Representative Group would be another powerful tool in allowing for community interests to be heard and for all parties to understand the major matters of the water services entity. We suggest the addition of an annual shareholders meeting be added to the Bill. This would also have the added benefit of being a 'shareholder' more meaningful than is currently included in the Bill.

*We seek that clause 32 'Method of appointing territorial authority representatives to regional representative group' be amended to include:*

*(3) The territorial owners must appoint territorial representatives to regional representative group of the water services entity that are representative of the different mix of metropolitan, provincial and rural territorial authorities in the water services entity.*

*We seek that clause 91 'What constitution must contain' be amended to include:*

*(ee) the procedure for holding an annual shareholders meeting.*

### **Providing for Māori aspirations**

WBOPDC supports the intent to provide for Māori aspirations within the Bill as a reflection of the partnership provided for under Te Tiriti o Waitangi, but recognises that Māori will articulate what is best for them in this regard. We encourage the Finance and Expenditure Committee to fully consider the submissions from Mana Whenua on these matters. Traditionally, Council has avoided using the term Mana Whenua as it relates to Māori in our rohe, as we do not believe this is something we should determine, but we recognise that the Bill provides a definition of this term, so use that term in this submission.

We support the intent of the Bill in providing Mana Whenua with an increased level of governance responsibility. This reflects the partnership that the entities will need to have with Māori in order to enable positive outcomes for Māori and the wider community. We base this support on the things that Council and Mana Whenua are already doing together.

Council is already practising co-governance in the space that the Bill will impact. Te Maru o Kaituna River Authority (Te Maru o Kaituna) is a co-governance partnership established through the Tapuika Claims Settlement Act mandated to restore, protect and enhance the well-being of the Kaituna River. Iwi that have connections to the Kaituna are members of Te Maru o Kaituna alongside the Territorial and Regional Authorities of the area. Te Maru o Kaituna have developed the Kaituna River document as the blueprint for achieving its objectives. Improving the health of the Kaituna River is significant for the entire community.

The Tauranga Moana Advisory Group is a similar entity to Te Maru o Kaituna albeit that its empowering legislation (through the Tauranga Moana Treaty settlements) has not moved through the House. It too works with iwi and hapū connected to the Tauranga harbour (Te Awanui) as well as the relevant Territorial and Regional Authorities to provide for the health and well-being of Te Awanui. We fully endorse and support the work of Te Maru o Kaituna and the Tauranga Moana Advisory Group.

Within our district, Council and Mana Whenua have also been innovative about how we can incorporate partnership arrangements into our operations, even where this is not required through legislation. Council recently renewed its consent to discharge wastewater from the Te Puke Wastewater Treatment Plant and included as a condition of that consent, the establishment of a kaitiaki group. The group includes iwi and hapū members from Te Puke and is responsible for monitoring the operation of the treatment plant and is tasked with incorporating Mātauranga Māori principles into their work. In addition, iwi and hapū are involved in considering alternative discharge options for the treatment plant.

Similarly, the Waiari Kaitiaki Advisory Group was established for the Tauranga City Council water take (of which WBOPDC has a quarter share) and provides for kaitiaki of this water body. The group provides advice to the councils, discusses the results of monitoring, sets actions in response to results.

Our experiences in this space show that providing for Māori aspirations and partnering with them is already operating well and delivering outcomes for our communities. The relationships and structures that underpin this are critical to the work we do and these must be carried over into the new entity.

We seek that consideration is given in the Bill around legislative mechanisms to protect the existing relationships and structures currently in place, in order to provide a platform for future governance and engagement

The requirement for all persons exercising or performing duties, functions or powers to give effect to the principles of te Tiriti o Waitangi/the Treaty of Waitangi and Te Mana o Te Wai, to the extent that this applies is a welcome inclusion within the legislation. This sets a clear expectation for the entities. We note that Water New Zealand has been undertaking training with water services staff on Cultural Significance and Importance of Wai for some time and many in the sector have built an understanding of how this relates to their roles.

Mana Whenua have expressed concerns to Council about their ability to be effectively involved in the reform discussions. Mana Whenua have advised that assistance is required to enable their immediate participation as well as longer-term capacity building to ensure they can be effectively involved in the transition and post establishment.

We acknowledge that clause 91(j) requires the entity constitution to contain procedures for funding remuneration, expenses and costs of regional representatives and regional advisory panels members. However, these procedures are unlikely to provide the level of support that Mana Whenua will require to effectively participate in the entities.

Given the increased role that Mana Whenua will have within the water services entities, and the express concerns of Mana Whenua, it would be beneficial to see wording which explicitly requires the entities to build the capability of, and improve the opportunities, for Māori to contribute towards decision making processes. This would help to ensure that Mana Whenua representatives, and iwi, hapū and whānau generally, are well placed in this space and that there is not an increased responsibility without reciprocal resource and support to enable success.

We note that, with the possible loss of all water services staff, Territorial Authorities may also require longer term capability support to ensure that both parties can effectively contribute to the governance of the entities and deliver successful outcomes.

*We seek that clause 91(j) 'What constitution must contain' be amended to include: (ix) reasonable costs of territorial authority owners and mana whenua related to training and capacity building for members of that group or panel.*

We seek further consideration to how capacity building can be further promoted through the Bill.

### **A GPS to provide direction**

The Government Policy Statement Water will be a key tool in shaping the direction of the Water Services Entities.

This is a key directional document, and one which gives the Minister substantial power. We agree it will be an important tool, but it must not come from Central Government alone but should reflect common local concerns. As discussed above, the changing nature of Government Policy Statements can hamper effective long-term planning and lead to sudden changes in project prioritisation and delivery, despite previous commitments (see above box – Ōmokoroa the risks of relying on others).

The Government Policy Statement is also the only place where community well-being is currently considered. Local Government is essential in delivering well-being at place and understanding what that means for local communities.

Territorial Authority engagement during in the preparation of the Government Policy Statement is a necessity that is currently missing.

*We seek that clause 131(b) 'Preparation or review of Government policy statement' be amended to include:  
(v) territorial authorities.*

### **The first constitution**

There are a good number of governance matters unresolved through this Bill and which are left to the entities' constitutions to address. The use of constitutions appears pragmatic and allows for a more responsive approach than relying on legislation. The first constitutions will have significant weight in setting the tone of the organisation and community perceptions of its accountability.

The first constitutions are to be the model constitution, set out in regulations. We also note that any subsequent changes must be approved by the Minister. Effective engagement with territorial authorities and mana whenua in developing the model constitutions will allow the arrangements to better reflect community concerns, identify areas best suited for Regional Advisory Panels and better reflects a partnership approach.

*We seek that clause 94(1) 'First constitution of water services entity' be amended to read:  
(1) The first constitution of a water services entity is the model constitution for the entity set out in regulations and prepared in consultation with territorial authorities and mana whenua.*

### **Transition arrangements – funding and charging**

We expect that later legislation will set out the mechanisms for funding the water services entities and charging powers, however consideration should be given if a clearer statement around this is needed in the Bill.

Our Council has invested in our water services and assets, and our rates reflect the reality of delivering this. We improved the quality of water from E grade to B grade in one part of our district. Our communities have paid for this.

We also seek clarity in the second bill in relation to reserves accumulated by way of targeted rates for specific communities. We urge legislative assurance that these funds will be hypothecated to those communities from which they have been collected. The Pukehina community has paid a targeted rate since 2000, towards the future development of a wastewater scheme. There is nearly half a million dollars accumulated from 632 properties in this community, and we seek confirmation that this funding will not be simply tipped into the entity bucket and effectively spent elsewhere, but spent on the Pukehina community when any wastewater scheme upgrades are required.

We are concerned that the current lack of transparency around funding and charging will mean that our communities continue to pay higher levels of water charges, compared to others in the entity, but will not receive any increased benefit. This will negatively impact community response to the new entity from the start. A fast transition to harmonise charging is required.

We are concerned that the current lack of clarity around funding and charging tools may undermine growth planning and risks key growth related infrastructure falling to the ratepayer to fund, or that developers are forced to pay multiple times (e.g. As a financial contribution at subdivision and then possibly through a connection charge).

The requirement for consultation on the funding and financing plan has been removed during the establishment period. This reinforces the lack of transparency and does not build trust with the community. Many in the community have raised this concern with us. Providing a level of transparency, accountability and certainty from the start is a necessity.

We note that economic regulation will feature in subsequent legislation, but would signal that affordability of services is a key community concern and has been touted as a reason for the reform. We expect to see strong legislative provisions to ensure that this is considered when setting funding and pricing plans.

*We seek careful consideration of the funding and charging tools that will be made available to water services entities, the key principles that should be considered when looking at these and that this inform the entities funding and pricing plans, and that necessary changes to the Bill be made to reflect this.*

*We seek that Schedule 1, Clause 8 'Transitional requirements for asset management plan and funding and pricing plan during establishment period' be amended to require engagement.*

### **Transition arrangements – staffing**

Our staff are highly skilled, knowledgeable and are assets to the community and the Council. We are pleased that the Bill recognises the value of these individuals. We are supportive of the employment provisions relating to the transition, in particular those of Schedule 1, Clause 16 'Obligation to offer certain employees a position that involves the same or similar duties and responsibilities.'

We do however note that there is a risk of pay disparity being entrenched into the new water services entity. Two individuals, undertaking very similar roles, may be paid differently based on no other reason than who their previous employer was.

This is not only unfair, but risks undermining the workforce in rural and provincial areas. Consideration is needed to address this risk.

*We seek that consideration be given to how the risk of pay inequity can be mitigated through the Bill.*

We understand that water services staff are in high demand and that the increased workload of the transition is straining these resources. We seek to remind the Committee that water services are essential services. Providing for business-as-usual and the safety of communities must be held in the highest regard. The requirement to co-operate with the department and water services entities during the establishment period, must not come at the cost of safety and delivering business as usual.

*We seek that consideration is given to ensure the obligations put on Councils during the establishment period do not negatively impact the current services and responsibilities that Councils must meet in delivering water services.*

### **Technical corrections**

There are a couple of minor corrections which should be addressed in finalising the Bill.

The first is that climate change adaptation appears to have been missed out of the objectives of water services entities. We support the inclusion of mitigation, but adaptation is equally, if not more, important in making water services resilient. The entities will be taking over the management of a range of existing assets, that will have different risk profiles in terms of sea level rise, increased rainfall events, coastal erosion, etc. We note this would better align with the possible content of a government policy statement - water as identified in clause 130(3)(a)(iv).

*We seek that clause 11(f) 'Objectives of water services entities' be amended to read:*

*(f) deliver water services in a sustainable and resilient manner that seeks to mitigate and adapt to the effects of climate change and natural hazards.*

The second is that the Bill makes reference to the Long Term Community Council Plan. These were replaced with Long Term Plans via the Local Government Act 2002 Amendment Act 2010.

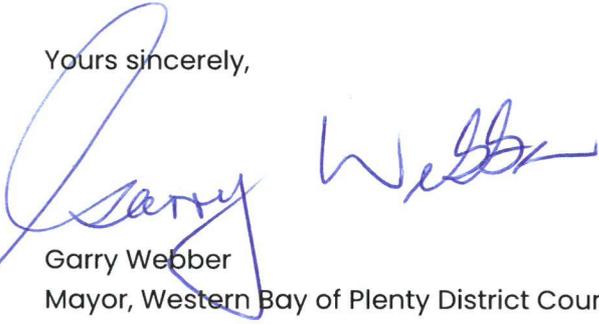
*We seek that schedule 1, clause 21 be amended to replace 'long-term council community plan' with 'long-term plan'.*

**Taituarā and LGNZ submissions**

We generally support the submissions made by Taituarā and Local Government New Zealand.

We are more than happy to discuss any matters for clarification or to expand further.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Garry Webber', is written over the typed name and title. The signature is fluid and cursive, with a large loop at the start of the first name.

Garry Webber  
Mayor, Western Bay of Plenty District Council