

A DIFFERENT FUTURE FOR LOCAL GOVERNMENT?

THREE WATERS REFORM, AMALGAMATION BY STEALTH, OR WHAT IS LOCAL
GOVERNMENT BEST AT?



AGENDA

- Overview of current and upcoming reform
- Trends and Counter-Trends of public sector reforms
- The pointy end – Three waters and RMA/Planning Reform
- Potential futures of local government
- WDC – How do you want to approach these challenges?

OPINIONS ARE LIKE BELLY
BUTTONS – EVERYONE HAS ONE
AND THEY ARE ALL DIFFERENT



OVERVIEW OF CURRENT AND UPCOMING REFORM

- Electricity Pricing Review
- Three waters reform – water regulation and service delivery
- National Policy Statements (RMA) – freshwater quality, urban planning, housing
- Enhanced powers of Government agencies (Kainga Ora, EPA)
- Resource Management Law Reform (Natural and Built Environments Act and Strategic Planning Act)
- Caring for Communities (Four well beings and the future of local government)

TRENDS AND COUNTER TRENDS

- Less local discretion as decision-making shifts from local to central government (increased intervention powers e.g. RMA)
- Greater focus on regional rather than local decision-making (C4C regional leads)
- Shift of decision-making from elected to appointed decision makers (RMA)
- Cost shifting from central to local government (unfunded mandates)
- Exemptions or self regulation for government operational bodies (Kainga Ora, Waka Kotahi, Kiwi Rail)
- Increasing Government funds for capital improvements (but not operating costs)

TRENDS AND COUNTER TRENDS

- More use of corporate arms-length delivery bodies (water, FENZ)
- Decisions made in elected members names (RMA, Building Act)
- Greater role of Maori in decision making (RMA, water)
- Create new organisations if social licence to operate is lost (Oranga Tamariki, Worksafe, new water entities)
- Aggregation of Service Delivery (waters, Potential DHB reforms)
- Create regional cross subsidisation (Waters) and eliminate cross subsidisation (Electricity)
- Potentially Conflicting NPS (Urban Development/Productive soils)

IN NATURE THERE ARE
NEITHER PUNISHMENTS NOR
REWARDS – THERE ARE SIMPLY
CONSEQUENCES

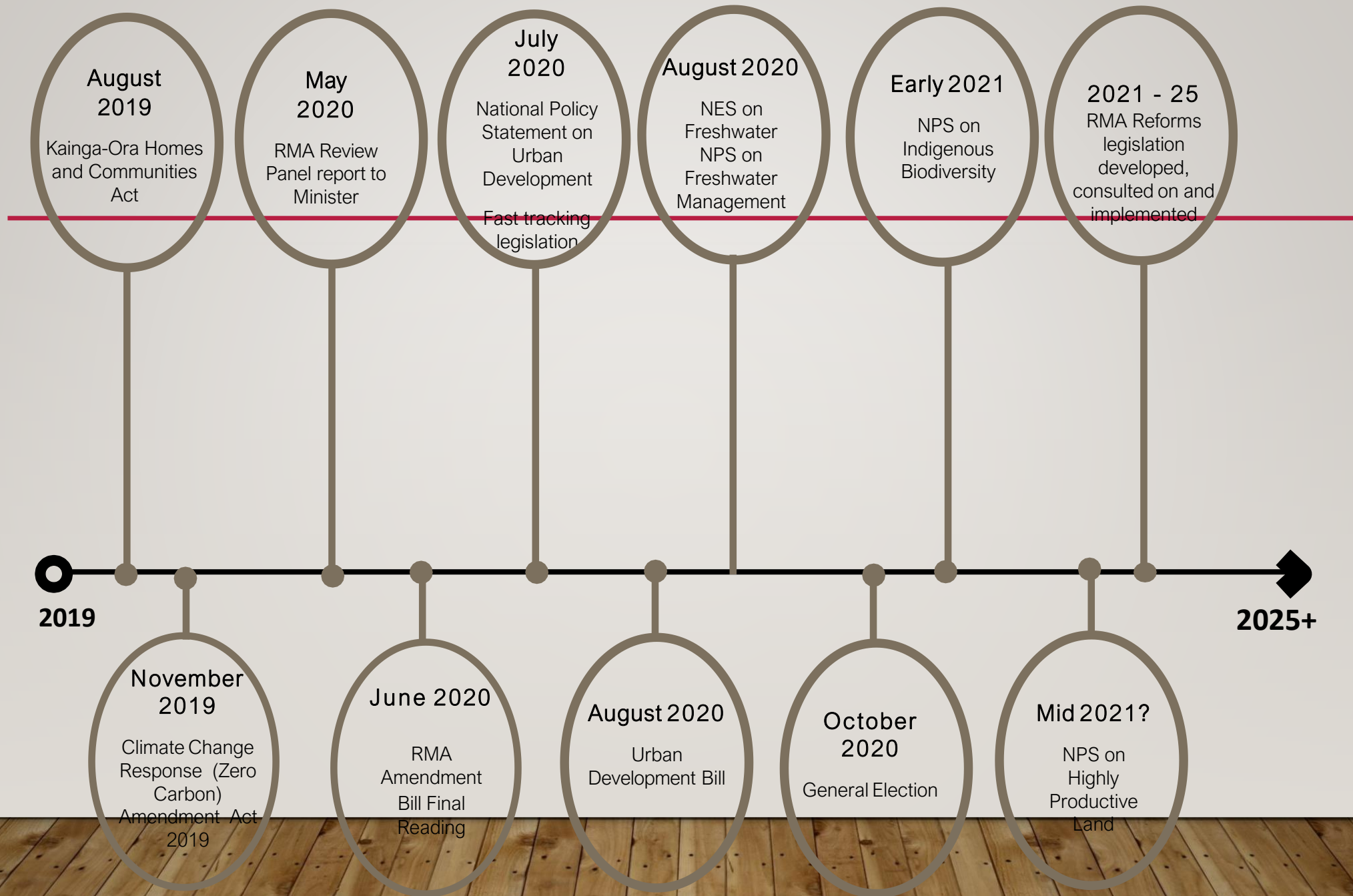


PLANNING REFORMS

- RMA reforms (Review Panel Report) identifies major reforms and a unitary approach to plan making
- Statutory weight to strategic and spatial plan making
- The work on our growth strategy and district plan means we are well placed to respond to the reforms, but there will still be a cost to implement changes

PLANNING REFORMS

- National Policy Statement focus on national consistency on issue such as housing, productive land, biodiversity and freshwater
- Increased complexity and cost to meet NPS requirements – no resource support from central government
- Drive for regional approach to delivery and looking at inter regional governance for plans (Future Proof / Smart Growth) and implementation (ATAP, Hamilton to Auckland Corridor Plan)



THREE WATERS REFORM – THE DRIVERS

- “New Zealanders have every right to expect clean, safe drinking water” Hon Nanaia Mahuta
- Many local bodies are struggling to afford the upgrades necessary to meet modern drinking water standards
- Modern standards through new Regulator Taumata Arowai (parallels to WorkSafe)
- Aggregation of suppliers to allow “cross subsidization” and economies of scale
- Ease of implementation (reforms exempt the most risky but difficult to regulate water supplies)

MUNICIPAL AND SELF SUPPLIERS – THE EASY WINS AND THE TOO HARD BASKET

- 2018/19 MoH Annual drinking water survey covered 4.077M people (NZ pop 4.92M)
- 97.1% received water which was complaint with drinking water standards
- 95.3% received water that was complaint with bacteriological standards
- 2.5% insufficient monitoring for bacteria
- 0.2% no monitoring for bacteria
- 0.9% received water with excessive bacteria (**37,500 New Zealanders**)

MUNICIPAL AND MULTIPLE USER SUPPLIES – THE EASY WINS AND THE TOO HARD BASKET (CONTD)

- 840,000 people not covered by survey (self suppliers or micro supplies)
- Estimate at least 500,000 people use rainwater from their roof (Abbot Caughley and Douwes 2007)
- 70% to 100% of roof supplies had excessive bacteria (Abbot. Caughley and Dowes; Dennis 2002)
- Therefore **350,000 to 500,000 New Zealanders** drinking risky water from self supplies
- BUT these people (**Self suppliers**) **specifically exempted** from regulations

“NEVER DID ME ANY HARM” - POTENTIAL HEALTH EFFECTS

- “Estimation of the Burden of Water Borne Diseases in New Zealand; Preliminary Report” (Ball 2006)
- 18,000 to 34,000 cases of gastro intestinal disease annually from drinking contaminated water
- Much greater than the Havelock North outbreak (5,000)
- If 20% of those come from drinking untreated water at home then 3600 to 6800 New Zealanders get sick from drinking untreated water every year.

WDC'S WATER AND WASTEWATER SUPPLIES – HOW DO THEY STACK UP

- Drought resilient (2020 drought largest since 1940s) Whangarei did well, Auckland/Watercare struggled
- Wet weather wastewater overflows per 1000 connections WDC = 0.08l AUK = 0.184
- One case of harbour beaches closed because of sewage contamination in the last decade in Whangarei
- Multiple beach closures every year Auckland.
- New water treatment plant being constructed for Whangarei
- Wastewater plant upgrades budgeted in LTP
- Stormwater – Needs work (both quality and quantity)

WDC'S WATER AND WASTEWATER SUPPLIES – HOW DO THEY STACK UP

- Connections per Km of pipeline water WDC = 29 AUK = 47
- Charges - Water WDC = \$487 AUK = \$303
- Charges - Wastewater WDC = \$709 AUK = \$629
- Debt Watercare \$1.7B, Credit WDC \$30M
- Boil water notices WDC = 8 person days, AUK = 0
- Resolution of urgent issues (water/wastewater) WDC = 1.19 – 1.25 hours AUK 2.8 hours
- Resolution non urgent Water – WDC = 3.3 hours AUK = 50.4 hours

SO WHAT

- WDC's water and wastewater systems are in a good state
- Compares well to Watercare
- WDC has genuine options about continuing with tranches 2 and 3 of the reforms
- Unwise to assume that opting in to Government reforms will give WDC special influence
- While Government is presently seeking voluntary co-operation they have not 100% ruled out forcing amalgamation on LG
- The overarching determinant is what is best for our water and wastewater customers – not what is best for the Council

NEXT STEPS FOR WATERS

- Conduct a detailed evaluation of costs and benefits of the new water entity (Northland or The Blues)
- Consider a Northland Infrastructure Entity (including the NTA) if scale is a major driver for Government
- Consider suggesting amalgamated council which retains direct responsibility for waters
- Be prepared to opt out if reforms don't make things better for our customers/ratepayers
- Think of the national and regional interest rather than just the district interest
- Will Government compensate/pay Council for taking its ratepayers assets?

“JUST BECAUSE SOMETHING
DOESN'T WORK IN PRACTICE
DOESN'T MEAN IT CANT WORK IN
THEORY”



POTENTIAL FUTURE FOR LOCAL GOVERNMENT

- Less council provision of Infrastructure
- More emphasis on social wellbeing/welfare response (currently government role)
- Assets still publicly owned but elected members further removed from decisions
- Fewer councils, perhaps regionally based
- Perhaps Councils become more like community boards, Conservation Boards and DHBs (little direct power and control)

WHAT NEEDS TO BE ADDRESSED

- Government and Local Government need to develop a coherent strategy for the future of local government. Current reforms are siloed and there is no plan for local government future (yet)
- We need to address the Parent/Child relationship between local and central government
- The unreliability of central government (e.g. Marsden highway - Long Term Plans v 3 year election cycle)
- What is LG's skill set what is CG's skill set (LG operational, CG policy)

WHAT NEEDS TO BE ADDRESSED (CONTD)

- Power and control incentives - If you were government would you willingly transfer funding and decision making to LG for “wellbeing’s”??
- What public functions are funded by rates and what functions by taxes (city safe/police)
- Lack of visible Maori leadership in Local Government



POSSIBLE STRATEGIES

- Game it
- Play a straight bat
- Fight it
- Let it happen

COUNCILLORS VIEWS?

