

Office of the Mayor



28 February 2023

The Chair
Finance and Expenditure Committee
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Tēnā koe Madam Chair,

DUNEDIN CITY COUNCIL SUBMISSION: WATER SERVICES LEGISLATION BILL AND WATER SERVICES ECONOMIC EFFICIENCY AND CONSUMER PROTECTION BILL

INTRODUCTION

1. The Dunedin City Council (the "Council") thanks the Finance and Expenditure Committee for the opportunity to provide a submission on the Water Services Legislation Bill (the "Legislation Bill") and the Water Services Economic Efficiency and Consumer Protection Bill (the "Regulation Bill") (the "Bills"). However, the Council is yet again frustrated at being required to submit on legislation that is fundamentally flawed.
2. As indicated in Council's Submission dated 8 August 2022 (the "Council's Previous Submission") on the Water Services Entities Bill (now the Water Services Entities Act 2022 ("WSE Act")), Council wants to be an "active participant" in ensuring many of the shared goals relating to water services are met. However, this has not yet happened to Council's satisfaction and the WSE Act and Bills limit or prevent this. While recent events in Auckland re-emphasise the need for water reform and greater funding to ensure efficiencies and safety, such events do not point to the new model as being the solution. In fact, the new model has the potential to worsen existing issues.
3. The Council is disappointed that their concerns and proposed alternatives set out in the Council's Previous Submission were not considered further and incorporated in the WSE Act to any great extent. Council were not alone in voicing their concerns particularly around ownership and local influence, so it is disturbing that Parliament has refused to listen to such widespread sector opposition and have forged ahead regardless.
4. The Council is also frustrated to be under such a short time frame to respond to the Bills particularly given the complexities and importance of the matters involved. Given the timeframe, Council has not had an opportunity to fully consult with its communities.
5. Parliament's timing introducing the Bills under urgency with an unrealistic submission period (given the Christmas shut down period) shows an unwillingness to listen to key stakeholders, and to consider feedback genuinely or meaningfully. The situation is untenable given that local

government have also been preparing submissions on the new resource management legislation and local government reform at the same time, as well as dealing with the significant flow of information and requests from the NTU. Compounding this is the lack of clarity on how all the reform works align together to ensure there are strong mechanisms in place for growth and development. This can only be achieved with a full compare and review which has been unachievable in this timeframe.

6. Given (i) core legislation establishing the entities has been pushed through with few changes; (ii) that Councils are being given an unduly short timeframe to respond to the Bills; and (iii) that Chief Executives for the Water Services Entities (“WSEs”) are already being recruited; this gives a feeling that the Government is aiming for a ‘fait accompli’.
7. Based on the WSE Act and Bills (as drafted):
 - a. The reform is not workable. The legislation in its entirety needs to be rethought and to be slowed down to ensure the principal goals of water reform are met long term.
 - b. There is a very real risk that ratepayers/consumers are going to end up paying significantly more in combined rates and water charges than they are currently paying. This would be particularly the case if WSEs are exempt from having to pay local body rates. Council seriously question why they should transfer such significant community assets if the model itself cannot achieve the efficiencies that have been assured throughout the water reform process. To simply transfer the financial burden to the ratepayer is unacceptable.
 - c. Councils' city planning processes will be hamstrung with the WSE exerting investment power over Council's ability to plan for future land use. There is the potential for WSEs to concentrate their funding in some regions and not others. The neglected regions will have little recourse as the model substantially removes local voices.
 - d. The complexities of a mixed ownership stormwater model will result in gross inefficiencies both operationally and make handling emergency events difficult.
 - e. Council will still be viewed by the public as providing water services if they are left to collect water charges yet will have no control of the assets nor real influence operationally.
 - f. The Legislation Bill will repeal existing protections against privatisation (e.g., section 130 of the Local Government Act 2002 is being repealed by the Legislation Bill), but replacement protections are not as strong.
 - g. Decision making power in relation to the reform work now sits with the Department of Internal Affairs which has no community consultation requirement, yet Council is accountable to its ratepayers.
8. Despite Council's opposition to the proposed reforms and its view that there are better ways to achieve the desired outcomes (as outlined in Council's Previous Submission), it is evident that the Government has steadfastly refused to listen throughout the reform process. However, Council has the overriding obligation to their ratepayers to now set out their further submissions on the Bills for consideration.
9. The Council genuinely seeks the opportunity to engage with the Select Committee to discuss alternative solutions, given Council share many of the same goals originally proposed for water reform.

LEGISLATION BILL

COUNCIL'S KEY CONCERNS

10. The Council's key concerns on the Legislation Bill include:
- a. An unworkable relationship between territorial authorities and the WSES, particularly in relation to planning and stormwater matters.
 - b. The imposition of costs and obligations on local authorities both in the transition period and after establishment. Costs and obligations which should properly sit with the WSEs from 1 July 2024 are left with local authorities for up to 5 years.
 - c. An unfair financial burden being put onto the Council which will unavoidably result in rates increases for ratepayers. The current drafting around rates exemptions for WSEs is of particular concern. The Council hopes that this is a drafting error as this would have a significant effect on local body rates and would be different to how other utilities are rated.
11. Other key concerns relate to the number of matters that are left to be agreed at a later date (e.g., through relationship agreements); the ability to form subsidiaries which are further removed from Regional Representation Group ("RRG") oversight; and the unfair process around determining the level of debt transfer.

SECTION 1 –UNWORKABLE RELATIONSHIP BETWEEN TERRITORIAL AUTHORITIES AND THE WSES

12. Clause 3(c) of the Legislation Bill sets out one of the functions of the WSE is *"to partner and engage with its territorial authority owners"*. However, the Legislation Bill does little to practically direct this function, and instead confuses and degrades the territorial authority's essential role in the community despite this relationship being critical to the successful operation of the WSE.
13. Councils are required under the Local Government Act 2002 (LGA) to promote the social, economic, environmental, and cultural wellbeing of their communities. As currently drafted, the Council will still be heavily reliant on the WSE, for example, in city planning decisions; and may not be able to achieve this purpose under the LGA. The limitations that the Council will face in such decisions need to be acknowledged and made workable.
14. While it is clear from the WSE Act that any so called "ownership" status is limited to (i) a right to veto in the instance of proposed privatisation; and (ii) determining the make-up of part of the RRG; territorial authorities cannot be treated like just another stakeholder group for a WSE to engage with. Territorial authorities remain central to servicing communities and are democratically accountable. Their ongoing role and engagement are central to the role of the WSE in providing water services to the community. Practically, territorial authorities will still be obliged to look out for the community and will be assumed by the public to still have a voice, yet this is not reflected in the legislation particularly in relation to planning and stormwater.

Planning

15. Despite Council's concerns on planning being repeated in both the Council's Previous Submission and by letter to the Minister dated 30 September 2021, Council still has no

assurance that local decision making will be maintained in planning decisions and how investment in Dunedin city will be assured. Instead, it appears the WSE will exert investment power over Council's ability to plan for future land use and growth.

16. Entity D has a wide and varied geographic footprint. It is not clear from the Bills how decisions regarding growth and provision of new infrastructure will be managed between such diverse areas. There is no guidance on how the needs of Dunedin will be balanced against the needs of other areas, and on what basis priority will be given to who receives investment. For example, Dunedin's topography may make it more expensive for the WSE to invest in as opposed to flatter areas such as (say) Christchurch but its need for new development may be no different. The WSE may decide that the greatest need is in one region at the cost of another region. A neglected region would have little say in this, given the loss of local voices as a result of the model being used for the new entities. If a Council is lucky, it may get one voice on an RRG, but it might not even get that.
17. There is a lack of detail regarding more practical matters such as subdivision and land use consents. There needs to be clarity on the process and responsibilities for commenting on consent applications in relation to three waters infrastructure. While this may default to being another matter for the relationship agreement, this is inefficient.
18. The balance of power must remain with local authorities on city planning matters. Councils as organisations close to the community (and in fact elected by the community based on their future plans) remain best placed to balance the wide variety of considerations that inform land use decisions of which three waters is but one part. The Council does not want to see these reforms creating a situation where the cost of putting pipes in the ground or upgrading treatment plants dictates where and how an urban area grows.
19. The 3 Waters reform is based on entities that relate to many regions. This does not sit naturally with the RMA reforms where there is a focus on individual regions.
20. Council submit that (i) territorial authorities must be given a louder voice that a WSE must listen to on planning matters, given Councils are in the driving seat for planning growth and development following consultation with their community; and (ii) Councils should be given the ability to challenge a WSE decision that adversely impacts on delivery of their plans.

Stormwater

21. Council fails to see how the legislators of the Bills have considered the overall complexity of stormwater. Council has a lack of confidence that the process has been well thought out given the Government obviously believes efficiencies can be achieved with a mixed ownership model of stormwater networks. The complexities of a mixed ownership model between not only the WSE and Council, but also with private operators is impractical and quite simply dangerous. The need to engage with so many parties at an every-day operational level as well as in emergencies, such the recent Auckland flooding is inefficient and adds complexity which is unneeded with a fully integrated stormwater network. Further, there has been no clarity regarding boundaries between the separate assets which is unworkable in a mixed ownership model.
22. Further complexity will result if stormwater infrastructure which is over private land, but which is serving a public function is not properly addressed. There are many watercourses and

pipes which have not been formally taken over by the Council as public drains, but they are nevertheless critical to ensure the stormwater network functions in an integrated manner. Additionally, there is a large unidentified stormwater network which is just not possible to identify in the timeframes imposed. This issue requires further consideration.

23. There needs to be more clarity on how the Council and WSE will “work with” the WSE in developing the required “stormwater management plans”. While the Council is legally required to participate in the development of the plans it is unknown if this is simply information sharing and/or decision making? Engagement in Council’s view is not enough. The process needs to be amended to require the local authorities to set the stormwater management plans in line with their district plans and for the WSE to implement their part. This is the only way that the components of this model will work together as the stormwater management plans cannot have their own strategic aims different to those at the local authority level. There need to be details regarding ownership of land and assets, so the boundaries are clear for all parties.
24. The Legislation Bill further states that “stormwater network rules” may be made by a board of a WSE and include rules to give effect to stormwater environmental standards. The WSE is required to engage with the territorial authority. The rules will apply to public and private networks where the operator has agreed in writing. However, it is unclear what happens if an operator does not agree? Further clarity is required as to how the notice provisions work relating to the application to a transport stormwater network? Also, whether Council would need to include the stormwater network rules in their district plans and how they would both work together?
25. There needs to be more clarity relating to what powers and functions local authorities are still responsible for exercising under the Local Government Act 1974 (“LGA 1974”). It is unclear if there is overlap of responsibility between the WSE and the Council regarding the list of powers that require WSE agreement before proceeding under the new Part 25A of the LGA 1974. Further, Councils have kept their powers relating to private drains under Part 29 of the LGA 1974 which may not be necessary, but is just another example showing the lack of proper analysis given to the complex stormwater legislation. Council submits that the stormwater provisions of the Legislation Bill are comprehensively rethought.

Relationship Agreement

26. While the Council acknowledge that relationship agreements with a WSE are a tool under the legislation to combat some of the above matters, it is Council’s view that the resulting content and ambit of the agreement is unwieldy in the timeframe and needs thorough review. While there is a general catch-all clause of matters that can be included in the agreement, it would give Council more comfort for the stated requirements to include further clarity on how the relationship between the parties will work and what happens if something can’t be agreed. Further content must be prescribed including building matters and resource management functions. This includes how information passes between the WSE and Council for PIMs and LIMs; resource consent responses relating to water; and growth and development issues.
27. Further, the relationship agreement has no legal basis. This gives the Council no confidence that any agreement reached will play out. Council is concerned that the scope and importance of such matters, for example, the request of the WSE to comply with the direction of the Council in a civil defence emergency; require more than an agreement to act in “good faith” as provided by the Legislation Bill. A statutory basis for acting in accordance with the agreement

is required.

Carrying Out Works

28. Council consider that fifteen working days will not always be enough notice by the WSE to advise that they intend to carry out works on Council land particularly in relations to roads. Provision in the legislation is required for Council to respond to a work request stating more notice is required in certain instances.
29. Further, Council submit whether the onus should remain with the affected landowner to appeal to the District Court rather than for the WSE to obtain District Court approval should the landowner not agree or do nothing? Council views the change in onus could severely impact on the efficiency of the WSE operating.

Transfer of Assets and Debts

30. To grant the Minister such broad discretion to amend the allocation schedule at the final approval stage of such a critical transfer without any local authority response is inconceivable. This is clearly not in good faith given all assurances throughout the reform that this would be a collaborative process. Such a controversial and significant transfer of assets requires agreement by both parties and is critical to the overall success of the reform process and relationship going forward. Council submit that no further discretion is given to the Minister to make changes to the allocation schedule on a unilateral basis.
31. Council also submits that there should be strengthening of the wording in the Legislation Bill to ensure any comments received from Council on the allocation schedule are given appropriate weight.
32. There also seems no provision on the allocation schedule to exclude assets that have not been identified within the required timeframe or that are the subject of dispute between the WSE and Council. This is inevitable given the size of the task and timeframe. Disputes are unlikely to be resolved in the timeframe due to the arbitration process. The concern is that these assets will vest under the legislation automatically on the establishment date. Land that has been tagged for subdivision should also be included in the allocation schedule with detail included on who would retain ownership of the balance.
33. Council also has concerns regarding the process for determining Council's three waters debt. Clause 54 of Schedule One of the Legislation Bill provides that an amount is determined by the DIA Chief Executive equivalent to the total debt owed by the territorial authority. It is essential that local authorities are also included as being determiners of this debt under this clause. While it might not be the intent of the legislation, this clause allows for the possibility that the Minister could significantly downgrade the debt quantum to be transferred and the affected councils would have no avenue of appeal. Communications between the Council and NTU for example, on 9 January 2023 refer to a process including words such as "negotiate" and "agree". It is critical that this needs to be reflected in the Legislation Bill.
34. Particularly relevant is any stranded debt amount incurred as a result of an accelerated 3 Waters infrastructure renewal and upgrade programme. The legislation must be clear that any debt amount associated with this work must be transferred to the WSE alongside the corresponding new assets.

Subsidiaries

35. Council is surprised by the insertion of the schedule related to subsidiaries in the Bills. Council is quite obviously concerned regarding the ability for a WSE to form subsidiaries as this creates a new level of activity further removed from RRG oversight and board control. Given the Council's only means of influence or control of their shareholding is via a potential voice on the RRG, this further loss of control through the use of subsidiaries is obviously a grave concern to the Council. The situation is absurd considering a WSE can in certain situations guarantee, indemnify and grant security for a subsidiary; especially given a subsidiary can be formed by more than one WSE.
36. Any subsidiary allowed must have similar oversight to a WSE involving the RRG and be subject to the WSE constitution. Further, any contemplation that subsidiaries can be formed with the intention to produce a profit is in direct contradiction to guidelines originally promoted by the Government throughout the reform. The surprise addition of this schedule from the Council's point of view is yet another example adding to a lack of confidence that the reform has been well thought through.

37. Legislation Bill Recommendations:

Bill Clause/Act Section	Commentary	Recommendation
Section 211	Council requires a longer minimum notice period than the Legislation Bill requires to carry out works on Council land in some instances. The legislation needs to provide for this.	The Council recommends that section 211 be amended to allow for the WSE to respond in a reasonable time that more notice is required in particular instances.
Clause 39(c) Schedule One	Further weight should be given to comments received from the local authority on the allocation schedule.	The Council recommends the insertion of "reasonably" after "received" and also add "in consultation with the local government organisation" after "executive".
Clause 40(2) Schedule One	Any further amendments required by the Minister should go through consultation with local government prior to approval to ensure collaboration between the local authority and WSE.	The Council recommends deleting subclause 2 and replace with wording to the effect that if there are any proposed amendments at the stage of the process that these must go through the consultation process at clause 39.
Clause 42 Schedule One	Clarify further regarding disputed or missed land as well as intentions relating to subdivision.	The Council recommends the clause provides that any specified assets, liabilities, and other matters that are subject of a dispute under the legislation or that have not been identified on the table (but are in ownership of the local authority) be excluded as well as providing for subdivided land and residual ownership.
Clause 54(1) Schedule One	Council must be as much a determiner of the debt amount as the DIA.	The Council recommends the insertion of the territorial authority as the co-determiner of the amount of debt.

Sections 468 and 469	The contents of the relationship agreement need to be expanded e.g. How the WSE communicates water matters that need to be included in a LIM or PIM and whether the WSE should be responsible alone for providing these to save double handling? The agreement also requires some statutory basis to require action by the parties.	The Council recommends amendment to section 468 to widen content of the relationship agreement and amendment to section 469 to provide a statutory basis.
Planning and Stormwater	Complete re-think of these provisions required with advice from local authorities to ensure local decision making; and that Council set any stormwater plans as well as ensure rules work with their city plans.	
Subsidiaries	Any allowance for subsidiaries must retain real operational oversight by the RRG similar to the WSE.	Council recommends amendment to Schedule 5 to require oversight of subsidiaries by the RRG and to be subject to WSE constitutions.

SECTION 2 – IMPOSED OBLIGATIONS ON COUNCILS

38. Again, there seems to be confusion by the legislators about the role of the Council in the reform given the residual obligations required of Council post-establishment by the WSE. This is preposterous given the staff transfer to the WSE during the transition period and lack of resourcing remaining at Council. Further, as discussed above, the transfer of three waters assets to the WSE and the fact there are no real ownership rights as a shareholder, Council views it cynically that they are still being asked to perform three waters tasks post-establishment date with less income sources.

Councils Collecting Charges

39. The suggestion that Councils are involved in collection charges for services that have been transferred to the WSE post the establishment date for up to five years does not support the development of a workable relationship. Although the Council will no longer be in control of the delivery and performance of the service, they will of course appear accountable to the public given they are having to bill the public. Any involvement in collecting charges should be voluntary.
40. Council will no longer have the resource to provide a collection service or to service the inevitable communications from the public. Council insists that the provisions in the Legislation Bill relating to “Pass-through billing” be removed and that the WSE ensure that they can provide this function from establishment as any other service provider in New Zealand is required to do as a self-servicing entity.

Stormwater Charging

41. Likewise, it is preposterous that a WSE may charge Council for stormwater services in the first three years from establishment and leave Council to then on-charge this even though Council no longer has this service in their plans. For the same reasons as above, Council is loathe to do this and request that the WSE charge for their total services to the customer direct from establishment.

Sharing of Information

42. The Legislation Bill provides that the Council will be obliged to share rating information it has on its District Valuation Roll with the WSE on a reasonable cost basis. Council submit that they should be compensated not only for providing the information request but for maintaining and keeping this information as well, particularly given Council are maintaining this service from a now smaller asset generating basis. There will also need to be clearly defined parameters of what these information requests contain and that the request must be achievable within the current resources of the Council.

Resourcing

43. The Council is under immense resourcing pressure given requests from the NTU and the WSE on establishment, as well as the loss of three waters staff during transition. Fueling this resource constraint further will be any further obligations imposed on the Council as discussed above. Additionally, due to the uncertainties of the three waters reform further resource will need to be placed into preparing two Long Term Plans. Council feel it would be imprudent not to prepare Long Term Plans that both include and exclude water services. The uncertain political environment and substandard quality of the legislation to date has only re-emphasised the need to do this.

44. Legislation Bill Recommendations:

Bill Clause/Act Section	Commentary	Recommendation
Sections 336 to 338 Pass-through billing	WSE needs to ensure they are capable of billing their own service from establishment just like any other New Zealand business.	The Council recommends removal of sections 336 to 338 (inclusive) from the Legislation Bill as amendments to the WSE Act.
Clause 63 Schedule 1	This clause is unnecessary as the WSE should be able to collect these charges from establishment.	The Council recommends removal of clause 63 Schedule 1 from the Legislation Bill.
Section 319 Sharing rating information	Council's compensation for sharing the rating information should provide for delivering on the request as well as contribution to the keeping and maintaining of the database.	The Council recommends that section 319(3)(b) include the wording "for delivering the request as well as maintaining and keeping the rating information database"; and a further subclause "(c) within the limits that the local authority's database allows".

SECTION 3 – UNFAIR BURDEN ON THE RATEPAYER

45. Despite efficiency being a key function of the WSE as well as a key driver of water reform, it is difficult to see how household cost savings will be achieved. It is obvious that the extra burden on the ratepayer and user is simply being deferred and in fact being maximized given many of the suggestions in the Legislation Bill, particularly in relation to the non-rating of WSE land and assets. This is simply unfathomable.
46. There has been no clarity given in respect of addressing situations where council rates do not drop by an amount equal to the WSE charge for water services to ensure at the very least that ratepayers are not paying more for the combined services. Council is currently able to take a

long-term view of financing and cross-subsidise from other areas as and when needed to ensure stability of price.

Rating of WSE Assets

47. Council can only hope that clause 137 has been inserted into the Legislation Bill in error. To suggest a WSE would be non-rateable is simply unfathomable to Council. Should the WSE be non-rateable this would have a major impact on the financial situation of Council. Currently the DCC 3 Water rates bill generates in excess of \$8 million enabling Council functions to the community. Should this be removed from income streams such funding would ultimately need to be sourced from the ratepayer which is an unacceptable situation.
48. The same arguments apply to the attempt at section 342 (amendment to the WSE Act) to make WSE's non-rateable in respect of pipes or assets that run through property that it does not own. The WSE should not be treated any differently to other network infrastructure providers who pay rates. By removing these sources of funding, the Council has limited means to meet their obligations to the community.
49. Council submits that both clause 137 and section 342 be removed from the Legislation Bill making all three water assets and land rateable.

Government Policy Statements

50. The widening ambit for central government to provide Government Policy Statements (GPS) is another example of the community ultimately having to foot the bill for central government mandates given there is no corresponding funding necessarily attached. This could result in the sacrifice of local projects to ensure central government policies are adhered to.
51. The Legislation Bill needs to be amended to ensure the Government states how it intends to support various stakeholders to achieve the GPS. Amendment should also require some cost-benefit analysis to be published by the Government on making the GPS to also ensure stability of the GPS with changes in government.

Crown's Exemption from Connection Charges

52. The Legislation Bill provides under section 348 (amendment to the WSE Act) that the Crown is exempt from paying water infrastructure charges. Given the amount of development taken out by the Crown, this is a huge revenue source that will also need to be ultimately recovered from the ratepayer through the water charges. Again, this is an unacceptable burden shift and Council submit that section 348 be removed from the Legislation Bill.

Rural Supplies

53. The Council agrees with other submitters that the process required to subsequently transfer a mixed-use rural supply to an alternative operator post transfer is too expensive. There should instead be an opt-out option available at the initial transfer stage. Again, this is an example of an unnecessary cost on the user.

54. Legislation Bill Recommendations:

Bill Clause/Act Section	Commentary	Recommendation
Clause 137	It is unacceptable for the Council to lose such a considerable funding source.	The Council recommends the removal of clause 137 of the Legislation Bill.
Section 342 (Amendment to the WSE Act)	WSEs should be subject to rating like any other utility provider.	The Council recommends the removal of section 342 (Amendment to the WSE Act) of the Legislation Bill.
Section 348 (Amendment to the WSE Act)	The Crown should be liable for infrastructure charges like any other developer.	The Council recommends the removal of section 348 (Amendment to the WSE Act) of the Legislation Bill.
Section 133	Further amendment to the clauses relating to the Government issuing a GPS, to ensure more transparency regarding the benefit to the community and corresponding support from the Government.	The Council recommends amendment to section 133(2) of the WSE Act to explicitly state how the Government intends supporting stakeholders to achieve a GPS and also requiring a cost-benefit analysis.
Sections 234 to 244 Rural water supply transfer (Amendment to the WSE Act)	Redrafting required to allow an opt out prior to transfer.	

REGULATION BILL

55. While not the primary focus of Council's submission today, Council's key concerns under the Regulation Bill include:

- (i) Regulation needs to be balanced with operational efficiency.
- (ii) Clarity is required regarding regulatory roles.
- (iii) Too much power given to the Commerce Commission in WSE operational matters.

56. The need for regulation needs to be balanced against the need to promote operational efficiency and allow innovation. Council is concerned along with other submitters that the regime is too prescriptive which in turn could detract talent, restrict forward-thinking, and curtail social ambitions for excellence.

57. Unlike other regulatory regimes in New Zealand, water services are subject to a public health regulator, other national and regional environmental standards as well as the Commerce Commission. There must be clarity about how the regulatory bodies and standards all fit with each other.

58. Amendment should be made to the Regulation Bill to limit the Commerce Commission influence in operational matters such as the approach to risk management, asset management policies and practices, and funding and pricing plans.

SUMMARY

59. Council is concerned that their ongoing relationship with the WSE is unworkable particularly in regard to planning and stormwater matters. One of the tools for addressing these matters is the relationship agreement but in Council's view the matters and content involved in providing a relationship agreement are unwieldy and have no statutory basis for ensuring compliance. Council is concerned that subsidiaries can now be established which add a further operational layer further away from their limited oversight through the RRG. Council require amendment to the number of days required for carrying out works in some instances and insist on more involvement in the final decisions relating to the transfer of assets and determining the three waters debt amount.
60. The obligations imposed on Council during transition and after establishment such as collecting charges, stormwater charging and sharing of information are unfathomable particularly considering the significant asset transfer and lack of any real ownership as a shareholder. These obligations are made worse by a lack of resourcing due to transition measures as well as extra work because of the uncertainty of the reform.
61. Perhaps most importantly the Council is concerned about the financial burden that will be required to be placed back on the ratepayer and user as a result of reform. Reasons include the increased costs to local authorities because of the non-rating of the WSE, the crown's exemption from water infrastructure charges, as well as unaccounted for operational expenditure related to dealing with an additional entity. Council fails to see how simply transferring the financial burden results in a more efficient water service system and believe that in practice the opposite will occur.

CONCLUSION

62. The Council thanks the Committee once again for the opportunity to provide a submission on the Legislation Bill and Regulation Bill.
63. The Council requests the opportunity to make an oral submission to the Committee.

Kā mihi,



Jules Radich
MAYOR OF DUNEDIN



Jim O'Malley
COUNCILLOR
CHAIR OF INFRASTRUCTURE SERVICES COMMITTEE