



Ref: [REDACTED]

Civic House, 110 Trafalgar Street
PO Box 645, Nelson 7040, New Zealand

21 October 2021

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nelson.govt.nz

[REDACTED]
New Zealand Taxpayers Union
Level 4, 117 Lambton Quay
Wellington

Dear [REDACTED]

OFFICIAL INFORMATION REQUEST FOR THREE WATERS REFORM DECISION

I refer to your letter dated 27 September 2021 addressed to New Zealand's Mayors regarding the Taxpayers' Union Briefing Paper and Campaign Calling on Councils to 'opt out', which contained an official information request for the following (extracted from your letter):

Q12. We note the Government's deadline in the coming days for your Council to indicate whether it will participate or 'opt out' of the Three Waters proposals. You will likely hear from many of our members and supporters as you finalise this decision this week.

Q13. Once the decision is made, we would like to know your Council's response (ideally in the form required by the DIA/the Government). We request this under the Act.

Q14. We also request the following information under the Act:

(a) which elected officials indicated support, via a vote or other means, for and against your Council's participation in the programme (or a link to the relevant minutes);

Response: We are unable to provide the information requested as there has been no decision made by Council to 'opt out', as explained below. Under sections 17(e) and (f) of the Local Government Official Information and Meetings Act 1987, Council can refuse a request on the basis that the information doesn't exist or that it doesn't hold the information, which is the case here.

As explained on Council's website in the information on Three Waters reform, councils have not been asked at this stage to decide on whether to 'opt out' of the Government's reform process. Whilst the Government's initial reform programme signalled a decision around mid-2021, that was revised by the Government in the announcements earlier this year regarding its Three Waters reform proposals.

The revised programme involved all councils having until 1 October 2021 to consider the Government's proposals and the associated financial support package. The information, at this stage, was for noting rather than any decision making. Councils were also given the opportunity to provide questions and feedback to central government before any final model is proposed. Councils have been advised that the Government will then consider next steps and revised timing for decision making, which would accommodate the time required for any community or public consultation. At this stage it is not possible to confirm any date for a decision.

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A report on the Three Waters Reform proposals was considered by Council at its meeting on 23 September 2021 and the Council resolutions are detailed in the attached appendix to this letter, together with the voting information. The report is accessible on Council's website at <http://meetings.nelson.govt.nz/>

14(b) whether your Council accepts as accurate the Government's claimed economic benefits (and if not, details of what you consider to be wrong). We understand, for example, some councils have commissioned independent reviews of the Government's claims relating to benefits for your community. We would like to see the conclusions and advice tendered to councillors on these peer reviews so that we may make it available to our supporters who live in your community;

Response: Council commissioned a report by Morrison Low to review the accuracy of the financial information provided by the Department of Internal Affairs (DIA) and the Water Industry Commission for Scotland (WICS), particularly the dashboard information showing Nelson City's average household costs with and without reform. Council received advice and information at two workshops on 31 August and 9 September 2021 from both Morrison Low and from a representative from Local Government New Zealand and was provided with information in the report for the Council meeting on 23 September 2021.

Following the meeting, Council wrote a letter to the Minister of Local Government with Council's feedback and questions on the proposals. The recordings of the Council workshops and the letter to the Minister are publicly available on Council's website at <https://shape.nelson.govt.nz/three-waters-reform>. A copy of the Morrison Low report was attached to the Council report for the Council meeting on 23 September 2021, which is on the website as well, as mentioned above.

Q14(c) how many staff would likely be made redundant if your water assets were transferred to one of the new proposed water entities; and

Response: We are unable to provide the information requested as explained below. Under sections 17(e) and (f) of the Local Government Official Information and Meetings Act 1987, Council can refuse a request on the basis that the information doesn't exist or that it doesn't hold the information, which is the case here. Council's understanding from the Government's reform proposals is that three waters staff will be guaranteed employment in the new water services entity, should reform proceed.

(d) whether rates would be decreased as a result of the reforms and by how much (for average residential rates is ideal, but any advice or calculations you can provide would be appreciated).

Response: We are unable to provide the information requested as explained below. Under sections 17(e) and (f) of the Local Government Official Information and Meetings Act 1987, Council can refuse a request on the basis that the information doesn't exist or that it doesn't hold the information, which is the case here.

There is still further work required to be completed by the DIA and councils in relation to operations and costs, particularly in relation to storm water. The information which Council has received from the DIA is as follows:

- If Three Waters services are operated by a Water Services Entity (WSE) and the assets and liabilities transferred from Council to the WSE, it is anticipated that rates will continue to be charged for the remainder of Council services; and

- All Three Waters specific revenue that is currently generated by Nelson City Council would no longer be invoiced and received by Nelson City Council but the new WSE would invoice customers directly.

In Nelson, the average annual rate for three waters for residential properties in the 2021/22 year is \$1,297 incl. GST (\$1128 excl. GST).

The DIA has not confirmed what the charges would be as a starting point for the proposed WSE if the reform goes ahead. However, they have shared some financial modelling results provided by WICS which indicate that they anticipate efficiencies and thus savings to the rate payer over a 30 year forecasting period, which can be accessed here:

<https://app.powerbi.com/view?r=eyJrIjoieG1OTJJIYWUtZDZkNy00YWZjLTgzN2EtOTY1MzQxNGM5NzJmIiwidCI6ImY2NTljYTVjLWZjNDctNGU5Ni1iMjRkLTE0Yzk1ZGYxM2FjYiJ9>

The estimates from their modelling for Nelson are as follows (noting that this was based on financial data from the 19/20 financial year):

- NCC annual average cost per residential household connection was \$1050 excl. GST
- If there is no reform, the NCC average annual cost per residential household connection in the year 2051 is estimated to be \$2330 excl. GST (in today's dollars)
- With reform, the WSE average annual cost per residential household connection in the year 2051 is estimated to be \$1260 excl. GST (in today's dollars)

The WICS model estimates a saving through efficiency of approximately \$1000 excl. GST for the average annual residential connection by the year 2051 (these WICS figures are in today's dollars and do not include inflation but rather the costs of providing anticipated infrastructure needs to meet renewals and growth under new regulatory requirements)

Q15. If the answers to (b), (c), and (d) above are not available, please tell us what figures and information was provided to Councillors in coming to their decision on your council's participation in Three Waters or otherwise.

Response: please see the responses to questions 14(b), (c) and (d).

As mentioned above, Council has not decided to 'opt out' of the reform programme but is waiting on further information from the Government on the process and timeline from here. Council is providing ongoing updates on our website as we receive information regarding the reform process and proposals. This includes Frequently Asked Questions and links to the Department of Internal Affairs website for more information.

You have the right to seek an investigation and review by the Ombudsman of this response. Information about how to make a complaint is available at www.ombudsman.parliament.nz or Freephone 0800 802 602.

If you wish to discuss this decision with us, please feel free to contact Jennie McFarlane, Strategic Adviser Infrastructure (jennie.mcfarlane@ncc.govt.nz).

Yours sincerely



Alec Louverdis
Group Manager Infrastructure

Three Waters Reform Update

Document number R26075, agenda pages 174 - 231 refer.

Recommendation

That the Council

1. ***Receives the report Three Waters Reform Update (R26075) and its attachments (A2734504, A2734513, A2734630, A2736353, A2734616, A2745775, A2745300, A2748814, and A2748820); and***
2. ***Notes the Government's 30 June and 15 July 2021 Three Waters Reform announcements; and***
3. ***Notes Morrison Low's advice on the accuracy of the information provided to Council in June and July 2021 as a result of the Request for Information and Water Industry Commission for Scotland modelling processes; and***
4. ***Notes the analysis of three water service delivery options available to Council at this time; and***
5. ***Notes that a decision to definitively support or not support the Government's preferred three waters service delivery option is not required at this time, and would be premature and contrary to the Council's decision-making obligations in relation to significant decisions; and***
- ~~5. ***Notes that a decision to support, or not support, the Government's preferred three waters service delivery option is not lawful (would be ultra vires) at present due to section 130 of the Local Government Act 2002, which prohibits Council from divesting its ownership or interest in a water service except to another local government organisation, and what Council currently knows (and doesn't know) about the Government's preferred option; and***~~
6. ***Notes that Council cannot make a formal decision on a regional option for three waters service delivery without doing a Long Term Plan amendment and ensuring it meets section 130 of the Local Government Act 2002; and***

7. **Notes that Council intends to make further decisions about the three waters service delivery model after 30 September 2021; and**
8. **Notes that ~~it~~ Council would need ~~be desirable~~ to gain an understanding of the community's views once Council has further information from the Government on the next steps in the reform process; and**
9. **Approves the draft letter (A2745300) to the Government outlining where Council seeks guidance and gives feedback on the proposed Three Waters Reform programme; and**
10. **Agrees that the Mayor, Infrastructure Committee Chair and Chief Executive be delegated authority to approve minor editorial amendments to the Government response letter (A2745300); and**
11. **Notes that the Chief Executive will report back once staff have received further information and guidance from Government, Local Government New Zealand and Taituarā on what the next steps look like and how these should be managed; and**
12. **Notes that Council has considered the decision-making requirements of Part 6 of the Local Government Act 2002 and determined that they have been adequately complied with for the purposes of this report, taking into account that a) no decisions are being made at this stage to agree to the Government's proposal and b) the low to medium significance under the Significance and Engagement Policy of the decision to request the Chief Executive to seek further information from and give feedback to the Government on the reform proposal.**

The substantive motion was put and a division was called:

For

Cr Bowater

Cr Edgar

Cr Lawrey

Cr O'Neill-Stevens

Cr McGurk

Cr Noonan

Cr Rainey

Cr Sanson

Cr Reese

(Chairperson)

Against

Cr Brand

Cr Courtney

Cr Skinner

Absent

Cr Fulton

The substantive motion was carried 9 - 3.

[Edgar/McGurk]

[Carried]