

13 June 2024
Submitted online

SUBMISSION TO THE FINANCE AND EXPENDITURE COMMITTEE ON THE LOCAL GOVERNMENT (WATER SERVICES PRELIMINARY ARRANGEMENTS) BILL

Thank you for the opportunity to present this submission on the Local Government (Water Services Preliminary Arrangements) Bill (**the Bill**).

The Queenstown Lakes District Council (**QLDC**) is in principle supportive of reforming water services and supports the need for safe drinking water, environmental protection, efficient and affordable water services.

However, due to the unacceptably short consultation period, QLDC has only been able to provide high level comments on key aspects of the Bill. This is another example of a flawed democratic process being provided to enable comment on legislative changes that will have major and long-term impacts to local government and the communities they serve. QLDC supports the submissions made by Taituarā and LGNZ and has not repeated any points here that have already been made by these organisations.

The most important point is that the overall scale and nature of the reform requirements will take considerable time to plan and implement. QLDC recommends timeframes are adjusted to increase feasibility.

For future consultation processes, QLDC requests that standard consultation timeframes are adhered to. This will enable robust consideration of the implications of water reforms.

QLDC would like to be heard at any hearings that result from this consultation process. It should be noted that due to the timeline of the process, this submission will be ratified by full council retrospectively at the next council meeting.

Thank you again for the opportunity to comment.

Yours sincerely,



Glyn Lewers
Mayor



Michelle Morss
Acting Chief Executive

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1.0 Context of the Bill in relation to QLDC

- 1.1 QLDC manages eleven registered community supply water schemes, four wastewater treatment plants that require 65 pump stations, and seven public reticulated stormwater systems. These water services need to be functional and resilient within the Queenstown-Lakes District's (**the district's**) seismically active and mountainous terrain, whilst protecting the outstanding natural landscapes on which the district's reputation is based.
- 1.2 QLDC's water services also need to meet the needs of the district's resident and visitor population at their peak. The district has an average daily population of 70,205 (visitors and residents) and a peak daily population of 99,220. By 2053, this is forecast to increase to 150,082 and 217,462 respectively¹. It is one of the fastest growing areas in New Zealand Aotearoa, with the resident population having grown by 5.92% per annum over the last ten years. Planning for future growth in the district is addressed through the Grow Well Whaiora urban growth partnership between government, QLDC and Kāi Tahu. The rapid resident population growth and high levels of visitation makes water services planning and funding highly complex.

2.0 The timeframe for consultation on the Bill has been inadequate

- 2.1 The effective timeframe given for submitters to consider and submit on the Bill was seven working days. QLDC considers the engagement and consultation timeframes are inadequate. Given the essential nature of water services for the district's communities, QLDC strongly urges the Committee to prioritise a robust consultative process, rather than a quick process, to ensure legislation delivers on its desired outcome. The extremely short consultation timeframe has limited the ability of local government to understand the full implications of the Bill and provide constructive feedback that will support the Committee in its scrutiny.
- 2.2 It is concerning that truncated consultation timeframes are becoming a trend across a range of inter-related matters². The expertise and context that local authorities provide can help government to ensure legislation and policy is fit-for-purpose, but this is hindered by insufficient timeframes for consultation. The short consultation periods are also at odds with the requirements placed on local government to undertake robust consultation with the communities they serve.
- 2.3 One of the criticisms of the previous government's water reforms were that not enough weight was given to the views of councils and communities in determining the reform approach. This approach gives even less weight to the views of those most affected by the reforms by not allowing sufficient time to consider the implications.

3.0 The timeframe proposed to develop the Water Services Delivery Plan (WSDP) is insufficient

- 3.1 The Bill proposes a very high workload for local government in a very short time frame, and likely additional costs that will be borne by ratepayers. The proposed timeline of 12 months is insufficient for the scale and nature of the work required to deliver a WSDP that is aligned to standards that have not yet been drafted, to new requirements to separate financial matters for water services and to growth requirements that are currently under review as QLDC develops its Future Development Strategy.

¹ <https://www.qldc.govt.nz/community/population-and-demand>

² For example, the Resource Management (Extended Duration of Coastal Permits for Marine Farms) Amendment Bill has also allowed only seven working days for submissions.

- 3.2 If genuine collaboration between local authorities were to be contemplated, 12 months is insufficient for delivery, given the discussion and agreement required at a political level, the extent of work to progress through the technical requirements to establish and the need for a robust and genuine community consultation process.
- 3.3 QLDC understands that the government is likely to introduce new quality regulations, that Taumata Arowai will be updating its water quality standards, and introducing new standards this year. Without knowing what the additional requirements are, it is unlikely that 12 months is sufficient time to plan for, and incorporate, these into an acceptable WSDP.
- 3.4 A 24-month timeframe to develop the WSDP would provide for better and more streamlined integration with other statutory planning processes such as development of the Annual Plan and Future Development Strategy. On the current 12-month development timeframe, it is reasonable to expect costly and time-consuming subsequent amendments to interdependent planning documents will be required to reflect the final status of the WSDP.
- 3.5 QLDC's ability to achieve a financially sustainable WSDP, that meets all other requirements, will likely require access to new financing tools and/or new revenue streams. There are a number of considerations that means this is not feasible in a 12-month period:
 - 3.5.1 QLDC understands that the legislation to enable new financing tools for councils that would assist in developing a financially sustainable WSDP won't be enacted until mid-2025. This Bill does not provide any additional tools that will enable councils to address the current funding or ratepayer affordability issues. Without further information on what these tools might be it is difficult to see how a financially sustainable WSDP could be developed at all, let alone within 12 months.
 - 3.5.2 A local visitor levy is a critical enabler for delivery of growth infrastructure in the QLD. Following a local referendum demonstrating overwhelming support for a local visitor levy (over 80%) Cabinet agreed in March 2019 to support the local visitor levy through a local Bill. Early discussions with the coalition government on the visitor levy have occurred, but there is still uncertainty around the timing and form this may take.
 - 3.5.3 There has been some commentary from the government about sharing a portion of GST on new residential builds to assist in funding infrastructure. While additional funding would be welcome, it is unclear how this would work and how significant the additional funding would be. It would be difficult to develop a financially sustainable WSDP within the next 12 months without knowing the details of this.
 - 3.5.4 The traditional approach to development contributions doesn't suit high growth councils like QLDC as the timing of contributions recovery do not match when infrastructure needs to be built and funded. Therefore, QLDC will likely be dependent on up front funding arrangements with multiple developers, which will take considerable time to negotiate and establish.
- 3.6 Lengthening the timeframe to produce a WSDP to 24-months would be more feasible and realistic.

4.0 The level of detail required in the Water Services Delivery Plan (WSDP) is unclear

- 4.1 There is limited information available on the content requirements for the WSDP. This exposes councils to the risk that that they prepare a WSDP that they believe to be compliant, and the chief executive certifies as such, which the Secretary for Local Government subsequently determines is not, and takes the action outlined in the Bill.

4.2 Given the requirement for the chief executive to certify that a WSDP is compliant, and the indicated action that could be taken if it is not, the requirements should be very clear, or there should be support resources to the legislation available through the Department of Internal Affairs (DIA) to provide guidance to councils.

4.3 Some examples of areas that need clarification include:

4.3.1 Section 8(1)(b)(iv) states that the WSDP “demonstrates its commitment to deliver water services in a way that support the territorial authority’s (TA) housing growth and urban development, as specified in the TA’s LTP” and Section 11(1)(c)(ii) states that the WSDP includes “a description of the water services infrastructure associated with providing for population growth and development capacity”.

4.3.1.1 These are not the same thing; an LTP may not provide for both population growth and development capacity.

4.3.1.2 While section 11(1)(c)(ii) requests a description of the infrastructure requirements, it is unclear whether this means that the subsequent requirements for “water services” by implication include consideration of the fully funded costs of implementing this infrastructure. Subsequent sections only refer to water services delivery and compliance with regulations.

4.3.1.3 The provision doesn’t describe a time period. It is unclear whether the intent is that the description only covers the 10 year period of the WSDP.

4.3.1.4 There is not currently a requirement to provide infrastructure to meet all development capacity. It is unclear whether the intent is that WSDP should demonstrate how development capacity will be serviced (and fully funded). There is a delicate balance between investing to meet population projections and development capacity. QLDC advises against requiring this; if there were to be a requirement to provide infrastructure to meet development capacity, there would need to be accompanying conditions for developers to develop their land within a reasonable timeframe. It is unclear how this would be managed for areas upzoned through intensification plan changes.

4.3.2 Section 8(e) and 8(f) seem to be asking for the same thing.

4.3.3 Some of the requirements (e.g. section 8(g) and (h) are already covered in published Asset Management Plans. It is unclear whether the intent is that this information should be brought into the WSDP, or duplicated in the WSDP, or that a specific subset of this information be duplicated in the WSDP.

4.3.4 Section 15(3) states that “this Act does not require a TA to consult in relation to WSDP, but another enactment (for example the Local Government Act 2002) may require a TA to consult”. However Section 11(l) asks for “a summary of any consultation undertaken as part of developing the information required to be included in the plan under paragraphs (j) and (k)”. Paragraphs (j) and (k) do not include any requirement to consult. It is unclear whether the intent is that consultation should be undertaken for these matters, or not.

4.3.5 Section 5 defines “financially sustainable” as “the revenue applied to the TA’s delivery of water services is sufficient to ensure the long-term investment in delivering water services”. The Bill implies that “long-term investment in delivering water services” includes meeting regulatory requirements, levels of service, asset maintenance and urban development requirements, but this is not explicit. It is unclear what determines whether long term investment is “sufficient”.

5.0 There is a lack of integration with existing long-term infrastructure and investment planning mechanisms

- 5.1 It is unclear what the status of the WSDP will be after it has been adopted compared to other long term planning instruments such as the Long-Term Plan, Infrastructure Strategy, Finance Strategy and Future Development Strategy / Spatial Plan and how inconsistencies between these would be dealt with.
- 5.2 It is unclear what the relationship between the WSDP and the Long-Term Plan, Infrastructure Strategy, Finance Strategy and Future Development Strategy / Spatial Plan is. Many of the requirements are overlapping although the timeframes differ.
- 5.3 Local government is already subject to multiple overlapping, bureaucratic and at times unclear and misaligned requirements for existing long-term planning approaches. Government should consider the role of the WSDP alongside the Long-term Plan, Infrastructure Plan, Finance Strategy and Future Development Strategy / Spatial Plan and ensure that requirements are not duplicated or misaligned, and look for opportunities to leverage existing planning artefacts and processes.

6.0 There is a lack of recognition of the role of Spatial Plans and Future Development Strategies

- 6.1 Section 8 (1)(b)(iv) states that the WSDP “demonstrates its commitment to deliver water services in a way that support the TA’s housing growth and urban development, as specified in the TA’s Long-Term Plan”. For Tier 1 and 2 councils it is not the role of the LTP to outline the growth and urban development requirements for the district. The Spatial Plan or Future Development Strategy are where the growth and urban development requirements are set out. The LTP only outlines how the Council is going to respond to these requirements.
- 6.2 It is recommended that the Bill is amended to refer to Spatial Plans and Future Development Strategies.

7.0 Interim changes to the Water Services Act must protect the interests of Māori

- 7.1 The Amendment Paper will allow for removal of the requirement to consider the Te Mana o te Wai hierarchy of obligations in the National Policy Statement for Freshwater Management (NPS-FM) when Taumata Arowai sets wastewater standards. QLDC notes the fundamental importance of a hierarchy of obligations being applied to wastewater standards and including Māori in decision-making, and does not support removing this requirement. Freshwater is of vital importance to Māori and to QLDC, and any future changes that lessen Māori involvement in decision-making would put the government in breach of its Te Tiriti o Waitangi obligations.

8.0 Summary of key points

- 8.1 In summary, QLDC’s main points on the WSDP as outlined in the Bill are:

- The timeframe for consultation on the Bill has been inadequate.
- The timeframe proposed to develop the WSDP is insufficient.
- The level of detail required in the WSDP is unclear.
- There is a lack of integration with existing long-term infrastructure and investment planning mechanisms.
- There is a lack of recognition of the role of Spatial Plans and Future Development Strategies.
- Interim changes to the Water Services Act must protect the interests of Māori.

9.0 Recommendations:

- R.1. Future submission periods provide sufficient time for robust consultation.
- R.2. QLDC recommends that the timeframe for producing a WSDP is lengthened from 12 to 24 months, as this is a feasible timeframe for the work required.
- R.3. The specific content requirements for the WSDP are clarified to make it clear what is expected.
- R.4 C Clarify the relationship between the WSDP and Long-Term Plan, Infrastructure Strategy, Finance Strategy and Future Development Strategy / Spatial Plan and ensure no duplication or misalignment of requirements.
- R.5. Clause 8(1)(iv) be amended to include reference to Future Development Strategies / Spatial Plans.