



PSA Submission

Water Services Bill

March 2021

PSA submission to the Health Select Committee on the Water Services Bill

March 2020

Summary

The PSA supports the intent of the Water Services Bill ('the Bill') and the drive towards more joined-up management of water services. The management of drinking water, wastewater and storm water are critical to the health and wellbeing of New Zealand's population and challenges will only increase as we wrestle with the impact of climate change. As the Havelock North incident demonstrates, there are severe consequences when the delivery of water services goes wrong.

The PSA recommends that the Bill is amended:

1. To restrict devolution to CCOs and prevent privatisation of water services.
2. Various provisions of the Bill are amended to require active consultation of iwi and employees and other relevant stakeholders

The PSA also recommends that further work is done to support the implementation of the reforms.

Specifically:

1. The Bill is amended to provide clarity on division of responsibility between Councils and multi-regional entities
2. Clarification is provided on the practical application of Te Mana o te Wai
3. Industry standards are introduced across water suppliers
4. Local government receive the resources and funding they need to successfully implement effective water services

About the PSA

The New Zealand Public Service Association Te Pūkenga Here Tikanga Mahi (the PSA) is the largest trade union in New Zealand with over 77,000 members.

We are a democratic and bicultural organisation representing people working in the Public Service, the State sector, the health sector, community and social sector providers. Te Rūnanga o Ngā Toa Āwhina is the Māori arm of the PSA membership.

The PSA represents almost 9,000 members in the local government sector across New Zealand and this submission reflects the view of these members. We also represent members employed by significant Council Controlled Organisations such as Watercare and Wellington Water.

The PSA is affiliated to Te Kauae Kaimahi the New Zealand Council of Trade Unions, Public Services International and UniGlobal.

Our values

Solidarity - Kotahitanga

We champion members' interests with a strong effective voice. We stand together, supporting and empowering members, individually and collectively.

Social justice - Pāpori Ture Tika

We take a stand for decent treatment and justice. We embrace diversity and challenge inequality.

Integrity and respect - Te Pono me te Whakaute

Our actions are characterised by professionalism, integrity and respect.

Solution focused - Otinga Arotahi

We are a progressive and constructive union, constantly seeking solutions that improve members' working lives.

Democratic - Tā te Nuinga e Whakatau ai

We encourage participation from members. We aim to be transparent, accessible and inclusive in the way we work.

The PSA supports this Bill

Overall, we support this Bill and the proposed regulatory framework. Yet, we recommend operational and other regulatory changes to ensure the achievement of the aims of the Bill.

The PSA supported the Havelock North Inquiry and made a submission¹ on stage 2 of the Government Inquiry in July 2017. In that submission we recommended that the Drinking Water Standards be reviewed (rec 5) and that national guidance be developed that outlines how the various agencies roles, responsibilities and regulatory documents should interact to effectively enhance the provision of safe drinking-water (rec 23). It is good to see progress on these matters.

In our submission we make two sets of recommendations regarding the provisions of the Bill and four sets of recommendations to support the implementation of the Three Waters Reform.

Changes recommended to the Bill

1. The Bill is amended to restrict devolution and prevent privatisation of water services.

Many services which were once delivered directly by local government are now delivered by Council Controlled Organisations (CCOs). This includes water services providers such as Water Care and Wellington Water servicing our biggest New Zealand regions.

The PSA believes that CCOs are a flawed model that emphasises a focus on corporate behaviour and culture above the public good. It adds costs, layers of management and puts governance at arm's length from elected representatives. The ideological assumption that the funder and the provider of services should be split has traditionally been a feature of CCO's. There is therefore scope to reconsider this split in light of modern council operations.

Our experience is, that over time, the terms and conditions for CCO employees may be driven down relative to the terms and conditions for workers in the parent council. Mechanisms for safeguarding terms and conditions need to be put in place from the outset, such as ensuring that CCOs are party

¹ <https://www.psa.org.nz/dmsdocument/88372>

to the collective agreement applying to the parent council. The PSA believes that the default position should be that councils retain ownership, control and delivery of services. Closer control is needed over existing CCOs, including ensuring wages, terms and conditions are consistent with the parent council.

In addition, the PSA recommends that the bill is safeguarded to prevent future private ownership of water infrastructure. We note that public ownership of water infrastructure must continue and protections against privatisation has been a priority for the Minister and we support this.

Allowing the private sector to provide water services will lead to prioritising of private interests over the public good.

Research from the United Kingdom² suggests that water privatisation leads to higher prices and lower investment in water infrastructure. The provisions of returns to shareholders may compromise the safe and reliable supply of water to citizens. The United Kingdom, who privatised water services under the Thatcher government is now tackling an issue of water supply.³ Household water bills have risen disproportionately while companies continue to make profits.

With the changes in our environment over the coming years, we must safeguard our water services and keep them publicly owned to ensure all our people have access to enough safe drinking water in the years to come.

We recommend that the Bill contains safeguards to prevent the further devolution of water supply responsibilities to Council Controlled Organisations and the privatisation of water infrastructure.

The bill states under **Part 1 cl 8** that the regime in the Bill applies to any drinking water supplier, which applies to a broad range of public and private entities. However, the parameters of who can be a 'drinking water supplier' are not clear from the definitions provided under **Part 1 cl 8 & cl9**.

The PSA therefore also recommends that the bill is amended to narrow the scope of who can supply water.

² Water Privatisation, David Hall & Emanuele Lobina: [https://gala.gre.ac.uk/id/eprint/1704/1/PSIRU_Report_\(9820\)_-_2008-04-W-over.pdf](https://gala.gre.ac.uk/id/eprint/1704/1/PSIRU_Report_(9820)_-_2008-04-W-over.pdf)

³ <https://www.theguardian.com/commentisfree/2019/mar/21/englands-running-out-of-water-and-privatisation-is-to-blame>

2. Consultation and active participation of iwi and employees and other stakeholders should be required

In order for water services to be effective and transparent for all of our communities, there must be engagement with relevant stakeholders and active participation in decision making.

We propose that the Bill should require consultation with iwi, employees and their union and other relevant stakeholders in the following clauses:

- **Part 2 clause 30** Owner must have drinking water safety plan.
- **Part 2 clause 42, (4)(b)** A drinking water supplier must prepare and implement a source water risk management plan based on the scale, complexity and risk of the drinking water supply.
- **Part 3 Clause 134** Taumata Arowai will prepare a drinking water compliance, monitoring and enforcement

Operational and other regulatory changes needed to support the aims of the Bill

1. Clarity is provided on division of responsibility between Councils and multi-regional entities

Clarity is needed around the division of responsibilities between drinking water suppliers, territorial authorities and district councils. We note that as part of the Three Waters Review, the Government's intends to introduce a number of multi-regional entities and that the multi-regional asset plans is to be established in 2023⁴

The PSA supports the multi-regional entities in principle as a way of further public regulation and we support the inclusion of mechanisms that provide for continued public ownership of water infrastructure and protect against privatisation.⁵

However, details around how these multi-regional entities will function is not yet known, and this information will be important in the implementation of the Bill for Water Service providers when

⁴ [https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/\\$file/Reform-timeline-December-2020.pdf](https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/$file/Reform-timeline-December-2020.pdf)

⁵ Cabinet Paper, [https://www.dia.govt.nz/diawebsite.nsf/Files/Proactive-releases/\\$file/Investing-in-water-infrastructure-to-accelerate-reform-and-support-economic-recovery-post-Covid-19.pdf](https://www.dia.govt.nz/diawebsite.nsf/Files/Proactive-releases/$file/Investing-in-water-infrastructure-to-accelerate-reform-and-support-economic-recovery-post-Covid-19.pdf)

transitioning to this approach. We understand that there is an opt-in model intended for water service providers and we recommend significant consultation around the scope of a multi-regional entity to ensure the entities reflect the needs to the providers and the communities they will represent. In addition, a review of responsibility of councils in accordance with the introduction of multi-regional entities will need to be developed in consultation with councils before they are implemented.

2. Clarification is provided for practical application of Te Mana o te Wai

To Māori, water services are a vital aspect of a deeper connection to water. Water is the essence of life and akin to the blood of Papatuanuku (Earth mother). It is vital that Iwi and Hapu are involved in all levels of decision making when it comes to water services.

The purpose of Te Mana o te Wai as set out in the **National Policy Statement for Freshwater Management** requires councils to make or change plans to achieve the objective, noting the connection between fresh water and the broader environment; and the role of community values when setting freshwater objectives and limits.⁶

To achieve this, active participation of Māori in the implementation of this Bill is required.

Te Mana o te Wai requires that Māori are involved in design and decision making and the PSA recommends that further detail is provided on the practical application of Te Mana o te Wai in relation to the delivery of water services. Specifically, further work is required on how Māori will be involved in asset transfer in the implementation of the bill. There must also be a requirement for water suppliers and Taumata Arowai to consult and engage with iwi on decision making processes (see recommendation 2 regarding the Bill above).

3. Industry standards are introduced across water suppliers

Pay and conditions for workers at councils vary greatly and can be dependent on the income of that council. This disadvantages some workers particularly at smaller and rural councils. These councils have smaller rate payer and consumer funding bases than larger councils and will pay more for water services per dwelling, particularly due to the proximity between dwellings. This cost differentiation affects how much rural councils can pay their staff and often workers pay is less than those holding similar roles at larger councils.

⁶ New Zealand Government, National Policy Statement for Freshwater Management 2020.

This increasing pay discrepancy means that water specialists will be drawn to larger councils if they can be paid more for the same job, and in order to ensure we have qualified water specialists serving all of our communities, the government must ensure there is pay parity across councils.

We recommend that pay and conditions for water operators across all councils is streamlined and that industry standards are developed to ensure consistency. The PSA supports the development of a Multi-Employer Collective Agreement (MECA) for workers in this industry to ensure industry standards. We also endorse the work the government is doing on Fair Pay Agreements as a way to achieve industry standards and see this workforce as one in which Fair Pay agreements would be suitable.

4. Local government receive the resources and funding they need to successfully implement effective water services for every New Zealander

The Government should consider what additional resource is needed for Local Government to implement the significant changes and additional administrative responsibility and whether these costs should be met by general taxation, rates, levies or combinations of the three. Additional resource must include consideration for adequate training for staff on the updated regulations as well as adequate staffing numbers to do the work involved.

The PSA recommends the establishment of a tripartite group to govern the implementation of the measures in the Bill that would include a focus on workforce and ensuring an effective and just transition to the new model.

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