

4 July 2024

Hon Simeon Brown
Minister of Local Government
Parliament Buildings
WELLINGTON
By email: S.Brown@ministers.govt.nz

Copied to:
Department of the Prime Minister and Cabinet C.Luxon@ministers.govt.nz
Hon Chris Bishop, Minister for Infrastructure C.Bishop@ministers.govt.nz
Miles Anderson, Waitaki MP Miles.Anderson@parliament.govt.nz

Dear Minister

RURAL WATER SUPPLIES

1. I am writing in my role of Mayor of Waimate District Council, with the support of my Chief Executive to warmly invite you to a personal site visit and discussion with our Council regarding rural water supplies.
2. We would like to liaise with your team to fix a date that works for you to make the visit to Waimate.
3. We would like to take the opportunity to host you for a tour of our rural stock water schemes and brief you in person on a subject that is critical to the financial implications of meeting the NZ Drinking Water Quality Assurance Rules, and the sustainable agricultural production of much of rural New Zealand.
4. Our Council is acutely aware of the importance of our rural water supplies, and our communities take an active interest in their development, operations, and maintenance.
5. We would like to brief you on the following issues.

Background

6. Waimate District Council operates one urban (Waimate) and six rural water schemes (Cannington/Motukaika, Lower Waihao, Otaio/Makikihi, Waihaorunga, Waikakahi, Hook-Waituna). In addition, incorporated societies run Hakataramea and Cattle Creek (Upper Waihao), with the Downlands water supply being operated and administered by Timaru District Council, albeit a 14% shareholding by Waimate District Council. Some schemes do not currently comply with the Drinking Water Standards for New Zealand 2005 (Revised 2018).

7. The six rural water schemes are predominantly for the supply of stock water, with farmhouses and farm buildings drawing water from the schemes. The rural water schemes (in common with most rural water schemes in New Zealand) typically have an extraction point/headworks, some pumps and tanks, and then individual farm tanks, and house/farm building tanks. Water is provided by trickle feed to the tanks over a 24-hour period, metered and charged by the 1,000-litre unit. Extensive private on-farm pipework takes water on to multiple supply points being dispersed tanks, troughs, and production sheds.
8. These water scheme arrangements have worked well in rural New Zealand since the early 1900s when the first schemes were installed to provide vital stock water to assist with agricultural production.
9. A feature of rural water schemes is the very strong community interest and 'ownership' of the schemes by the landowners, many of whom have been involved in the management and oversight of the schemes throughout their working lifetimes. Water is a critical issue for their continued successful farming.
10. Whilst councils have ended up 'owning' rural water schemes on behalf of their communities, historically this has been because of the need for this structure to receive government support/grants and for the pooling of operational and management resources. The practical day-to-day reality of rural water schemes is that councils act as custodian of the schemes on behalf of the communities, managing them collaboratively, with governance often (but not always) devolved to individual scheme committees.

Differentiated Service Levels

11. There has been a trend towards centralisation of services and 'one size fits all' in New Zealand over the past 40-50 years. The actions of the previous government amplified this trend.
12. I commend the approach of your government to make more use of subsidiarity and localised decision-making, retaining centralised services where it makes sense for the national economy or governance.
13. An unfortunate outcome of the previous government's approach was also a 'one size fits all' approach to rules, regulations, service levels and service provision. This approach is more suited to our larger urban communities but can produce quite adverse outcomes for smaller and more remote communities. Without appropriate local consideration, scoping, design, and regulatory oversight, we may inadvertently force rural schemes to produce drinking water for stock at bottled water prices with no guarantee that the product will be fit to drink once entering the on-farm dwelling.
14. The reality is provincial and rural New Zealand have different service levels from our major urban centres, be it hospitals, medical diagnostics, universities, stadium, sports centres, airports, community facilities and performing arts, etc. Often what is available in provincial and rural New Zealand is a scaled down or subset of the services available in major urban centres, with residents prepared to travel when higher level services are required. This is an accepted trade-off for living in the provincial and rural areas of New Zealand.

15. As a Council, in common with provincial and rural councils across New Zealand, our community engagement, consultation and decision-making involves determining what are appropriate and affordable services for our local communities.
16. Where our approach comes unstuck is where central government mandates 'one size fits all' service levels across the whole country, which is what has happened with the previous government's approach to water services provision and the associated water quality legislation.
17. New Zealand-wide mandated service levels, which by necessity must be suitable for our major urban centres, constrain our Council's ability to differentiate service levels to achieve services that are appropriate and affordable for our communities.
18. Worse, mandated service levels risk driving expenditure that our communities do not desire and struggle to afford. Money is 'tight' and as a Council committed to sustainable long-term delivery of services, we would rather not waste money.
19. We would like to discuss practical applications of differentiated service levels with you, particularly with regard to water services.

Governance and Management of Rural Water Supplies

20. We commend your government for scrapping the previous government's large water entities legislation, and for your much more locally focussed 'Local Water Done Well' approach.
21. As noted above rural water supplies are managed by councils in a collaborative manner on behalf of the farms and communities included in each rural water supply area. Given the importance of rural water supplies to local economies and agricultural production, the local communities take an active interest in the management and operation of the rural water supplies. This is quite different than the typical urban consumer of water services.
22. We would like to discuss with you the possibility of excluding rural water supplies from the current water CCO approach and working towards developing a much more locally focussed governance and management solution, that recognises the unique characteristics of rural water supplies, and the high level of community involvement with them.
23. This locally focussed governance and management solution for rural water supplies may include developing shared services arrangements with neighbouring councils. A long standing and successful example of this type of arrangement is the Downlands rural water scheme in South Canterbury.

Quality of Water Supplied

24. Taumata Arowai – Water Services Regulator under the Water Services Act 2021 currently provides compliance pathways with acceptable solutions for mixed-use rural water supplies.
25. The 17-page January 2022 'Draft Taumata Arowai Drinking Water Acceptable Solution for Rural Agricultural Water Supplies' recognises how these supplies differ from urban water supplies and provides possible configurations that would meet the safe drinking water requirements of the Water Service Act 2021.

26. These configurations with associated monitoring and reporting require both additional capital expenditure and ongoing operations expenditure well in excess of current practices. These requirements add significant additional costs to small rural communities.
27. The Water Services Act 2021 does not require any particular economic analysis of the cost of achievement of the broad water quality requirements, and this is an issue we would like to discuss with you.
28. We would also like to discuss with you possible alternatives to the current legislated approach.

Suggested Alternative Approach

29. That you consider practical applications of differentiated service levels for provincial and rural New Zealand, particularly with regard to rural water supplies.
30. That rural water supplies are provided the opportunity to be exempt from or opt out from the proposed new Water Services arrangements – giving them the ability to self-govern, or remain within Council (not CCO) support services as best suits their individual requirements. This may include shared services arrangements with neighbouring Councils.
31. That rural water supplies that are predominantly (85%) for stock water (with some farmhouses included using an average of 15% for domestic use with 8% of that for consumption) be provided clear legislative alternative arrangements from the requirements of the Water Services Act 2021.
32. That Section G12 of the Building Code be revised to make the building owner in rural water supplies responsible for water and wastewater services, as an alternative to Council.

Summary

33. Thank you for taking the time to review this letter.
34. As a Council committed to sustainable long-term delivery of services to our communities, we are looking forward to discussing these important matters with you in Waimate at a mutually suitable time to be arranged. I can be contacted on MayorCraigRowley@waimatedc.govt.nz or 027-839-7413.

Yours sincerely



Craig Rowley
MAYOR