



Water issue a matter of perspective and planning

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There are both significant challenges and opportunities in the supply of good quality water and its disposal as wastewater

Many local government units have major challenges facing their balance sheets. Many are inadequately funding their current assets, and are either challenged by declining population and the need to replace old infrastructure or by pressures of significant growth.

In my opinion, the Auckland experience gives a number of clues as to the way forward. Following local government reform, the region has established an overall framework for its future, the Auckland Plan. This plan provides the guidance for future infrastructure investment as the city grows. The Proposed Unitary Plan, currently in the process of hearings, provides much more detail on what this future growth and investment pattern will look like.

Operationally, Auckland has an integrated water and wastewater provider in Watercare, a council-controlled organisation. This structure gives Auckland huge capability. As a council-owned public entity, Watercare has a direct relationship with the customer. Its funding source is transparent, based on a customer relationship through volumetric charges. These charges apply to both water and wastewater.

As a result, Auckland has the lowest use of water per head of urban population in New Zealand. This experience has been replicated in a similar sense in Tauranga with water charges. These impacts have allowed for better investment prioritisation, and often deferral of large infrastructure investments until absolutely needed. On the other hand, cities such as Hamilton and Christchurch, while having the ability to utilise user-pays pricing regimes but choosing not to do so, have much higher water usage per person.

What is important in Auckland is good governance structures, the right strategic framework for making investment decisions, strong organisational leadership and appropriate pricing mechanisms. While

Auckland has challenging growth requirements, Watercare is exceptionally well-positioned to deliver the right investment at the right time, alongside the development community, for the future needs of the city.

My concern, having read some council 30-year infrastructure plans together with their 10-year long-term plans, is that parts of New Zealand are nowhere near the position of Auckland. In many places, there is old water and wastewater infrastructure, high rating levels and significant debt. Many have limited growth to support new investment. Few have volumetric charging

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regimes.

The challenge for such places, while potentially varying from region to region, is how to develop capacity and capability through appropriate governance and pricing regimes. In most regions, investment by the central government will be necessary if local government is to adequately provide 'fit for purpose' water and wastewater systems.

Government guarantee

Central government investment is entirely appropriate if the country is to guarantee national health standards of equal measure and quality across New Zealand. Such health standards are basic to any civilised, modern society and go to the heart of the economic progress of our nation.

As for water quality and management, I

believe the collaborative processes developed by the Land and Water Forum certainly signal the right way forward. However, as stressed in the forum's fourth report it does require central government and other public agencies to act expeditiously on the recommendations. Strategy is useless without execution!

Likewise it is critical that industries such as agriculture maintain a focus on ensuring all parties in their industry focus on good environmental outcomes. My fear is that if sophisticated consumers around the world repeatedly receive images of poor environmental practice, then our economy and overall reputation will be negatively impacted. Industries, especially those today with diffuse discharges, need to demonstrate that their environmental practices are clean and sustainable.

The final area of water resources that fascinates me is the role of iwi. Putting on my commercial Ngapuhi Asset Holdings chair hat, I see it as pivotal that Maori are at the table on all matters of water management. Maori are large landholders. They have key interests in the allocation of water, and the management of water quality, in the same way as other landowners. They need access to water to develop economic growth. And clearly Maori also have wider interests with water regimes based on the Treaty of Waitangi.

The challenge is how to develop coherent strategic planning frameworks for the use of water and its discharge in various forms, with all parties' interests being reflected in good governance and organisation.

We need capacity and capability in managing our water interests in New Zealand. I believe Auckland demonstrates a way forward, for at least part of the water industry. My question is whether this can be reflected, not necessarily in the exact form throughout New Zealand, but in ways that may reflect the good outcomes that are being achieved in our largest city.

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