

Riversdale wastewater problems tip of multi billion dollar iceberg

Ballooning costs for a new sewerage scheme in the small Wairarapa township of Riversdale is just the tip of a \$28.5 billion dollar iceberg says New Zealand's largest water industry representative organisation.

Water New Zealand Chief Executive Murray Gibb says revelations yesterday that the Riversdale scheme was now going to cost residents of the small coastal community \$25,000 each could be replicated in any number of communities all round New Zealand.

“There is this almost invisible but massive bill facing the country for the maintaining and upgrading of its water and wastewater infrastructure,” said Mr Gibb.

“This problem has been known for many years, but it doesn't seem to resonate with the public. In 1998 the former chief executive of Local Government, Carol Stigley stated that water was one of the biggest issues facing local government over the next 10-20 years, both for management and elected representatives.”

“She advised at that stage that significant amounts of deferred maintenance had built up, that some water and sewerage systems were nearing the end of their useful life, and that it was clear that a significant proportion of the community saw water as a free and plentiful commodity, with an endless supply available as long as it rained once in a while.”

“Nothing has changed in the intervening eleven years.”

“Three years ago an analysis of all the long term council community plans in New Zealand indicated a combined capital and operational expenditure across water supply, wastewater and stormwater infrastructure of \$22 billion. The affordability question, inherent in such figures never quite resonated with the public, particularly for rural communities with small rating bases.”

“Three years on these figures have blown out even further. The 2009 council plans show a combined expenditure of \$28.46 billion. Of this \$11.46 billion is capital expenditure, up from \$8.1 billion three years ago.”

“While in hard economic times some expenditure can be deferred, at some point delaying decisions simply can't be put off, because the infrastructure will simply crumble. If this occurs with wastewater pipes the environmental effects are unacceptable,” he said.

“Recognising the problem the government developed subsidy schemes to assist smaller communities to put in decent water infrastructure. These schemes are now under review. Even with subsidies funding new and upgraded supplies and wastewater systems has proven to be problematic for some councils.”

“Water New Zealand is aware of cases where communities have turned down subsidies for installation of infrastructure because they lack the funding base to complete them,” he said.

“If the public were aware of the size and extent of the challenges facing water utilities in providing water and wastewater services they might better understand the need for longer term funding strategies, rather than as is the case here, subjecting existing property owners to the full cost. Water assets often have useful lives of up to 100 years or more. Prudent debt financing would allow for an appropriate level of inter-generational equity.”

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