

Claims of water privatisation incorrect

Claims that changes to the Local Government Act will lead to privatisation of water assets are wrong, says Water New Zealand's chief executive, Murray Gibb.

"Amendments will not change section 130 of the Act which specifically prohibits publicly owned water infrastructure being sold to private interests. If individuals are in any doubt they should read this section of the Act along with the Bill, and then compare what is written with claims to the contrary," he said.

"Water New Zealand represents water experts from across both the private and public sectors. If any representative group had a feel for any mood for privatisation it would be ours. Our policy is that ownership of these assets be retained in public hands," he said.

"Further, if people read submissions on the 3rd Auckland Governance Bill they would find that our position is supported by other groups including the Business Roundtable."

"There is simply no mood for privatisation of these assets in New Zealand," he said.

"The changes proposed will provide local government with more flexibility in managing water services than is currently allowed. Reform will allow for extension of the current 15 year limit on contracts between territorial authorities and private sector interests to 35 years, repeal of the current requirement that overall management of water services be retained by local government organisations, and removal of current impediments to build, own, operate and transfer schemes."

"Build, own, operate and transfer schemes, such as the Mōa Point wastewater treatment plant in Wellington result in private assets being transferred into public ownership on expiry of contracts, which is the exact opposite of privatisation," he said.

"Current restrictions on private contracting were placed in the Act quite recently, in 2002. Prior to that date there were no restrictions on either contracting periods or ownership of these assets. Despite this there has not been one single example of privatisation of reticulated municipal water schemes since the 1870's when they were first installed in New Zealand," said Mr Gibb.

"These assets lend themselves to being natural monopolies like the electricity grid."

"Private ownership should not be confused with water asset operation and management."