

SUBMISSION

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To

The Finance and Expenditure Select Committee

On

The draft Water Services Entities Bill

Contact: **Alan Pollard**
Chief Executive
Civil Contractors New Zealand
PO Box 12013
Wellington

Mobile: 021 576 109
Email: alan@civilcontractors.co.nz

Introduction

Thank you for the opportunity to submit on this draft Bill.

Civil Contractors New Zealand (CCNZ) is an industry association representing the interests and aspirations of over 700 member organisations, including 450 large, medium-sized, and small businesses in civil engineering, construction, and general contracting. Our 260 associate members provide valuable products, support, and services to contractor members. We live and work in all communities across New Zealand

Our members play a vital role in the development of our country, our economy, and our way of life. They build and maintain the roads connecting our cities and towns; they install and care for the water networks that bring fresh water to houses and wastewater to treatment plants; they install the cables that bring the internet to homes and businesses.

These are services that a modern and developed economy must have to compete efficiently in world markets and to deliver high living standards for all New Zealanders.

The need for change

Our submission does not attempt to make any comment on the specific provisions included in the proposed Bill. CCNZ has deliberately not taken a view on the structure and design of

the new entities emerging as part of the Three Waters reform programme; in our view, that is a matter for the asset owners.

However, we are strongly of the view that the current system of funding the maintenance, replacement, and development of our Three Waters assets is not working.

This impacts the country's health and the environment and creates significant community and business risks including the quality of drinking water, availability of water in dry years, inadequate wastewater treatment, inability to manage more frequent flood events, and an inability to manage the impacts of sea level change.

We support the need for change, and an outcome that results in more efficiency, more transparency and better management.

Infrastructure strategy and planning

Our interest in making this submission focusses on sections 147 to 155 of the Bill (asset management planning, funding, and pricing, and an infrastructure strategy), and section 8 of Schedule 1 referring to Transitional Arrangements.

We cannot stress enough the importance of service providers having confidence in a continuous pipeline of work. That is no different with water networks. Already, we have witnessed local authorities losing good people due to the uncertainty of these reforms. New Zealand cannot risk losing industry experience and expertise for the same reason.

This point is equally valid for the people who construct, assess, and maintain the physical works as it is for those who procure, manage, and plan the networks. We need to retain and build capability and capacity within our businesses, agencies, and organisations, lest the knowledge we have be lost overseas, or taken up in other trades.

We strongly support the need for effective asset planning, and respectfully suggest this is done with the cooperation of the contractor partners that will perform the physical construction and maintenance works of the country's drinking water, stormwater, and wastewater networks. That will lead to better outcomes for all.

The proposed Transitional Arrangements anticipate effectively a "business as usual" approach to asset management, albeit likely with an interim delivery and governance structure in place.

In implementing these structural changes during a transitional period, we strongly urge you to ensure continued investment in maintenance and capital works on the ground (and under it), in order to maintain the specialist capability that currently exists and depends on this market.

There is a large volume of work signalled for the next 20 years. This will require more people and more investment in technology including plant and equipment. Any loss of momentum, during a transition, will create serious resourcing and delivery risks downstream.

It is also important to balance any capital investment with long-term assessment and maintenance plans, alongside asset renewals or retrofit programmes, where appropriate.

The planning for these sits within the structures proposed within this legislation but is not explored in detail. CCNZ anticipates more discussion and collaboration on infrastructure planning once the reforms reach the level of detail of what is contained within an asset management plan and other factors that directly inform or impact physical works.

It is noteworthy that the word “construct” or “construction” appears to only feature once in the draft Bill. The importance of the role of the contractor should not be overlooked.

Procurement

Our second major point is around future procurement models. CCNZ and its contractor members have offered to be involved and engaged in jointly developing procurement processes with the new asset owners and managers to ensure we have a healthy water construction market that develops our three waters capability and capacity.

Through the reforms there is risk of lost knowledge and capability alongside the rewards that may come with better management. We need to ensure there is an equitable and consistent distribution of work and opportunity for all contractors, large and small.

Conclusion

Thank you for the opportunity to provide this brief feedback.

We look forward to working with government, the asset owners, and the Transition Unit to ensure an outcome that benefits all parties, and results in better water asset management, funding, and efficient infrastructure delivery.



Alan Pollard
Chief Executive
Civil Contractors NZ

