



INNOVATIVE WASTE KAIKOURA LTD

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The Chair
Finance and Expenditure Committee
Parliament Buildings
Wellington

To whom it may concern

Innovative Waste Kaikōura's Submission – Water Services Legislation Bill

1.0 Introduction

Innovative Waste Kaikōura (IWK) is a CCO of Kaikoura District Council providing three waters operations and maintenance services and solid waste management services to the community of Kaikōura and surrounding district.

The Kaikōura District Council have submitted separately on the Water Services Legislation Bill. Section 4.3 of that submission outlines their concern with regard consequences to CCO's, in particular IWK, and is copied below:

4.3 Serious consequences for our CCO

The draft bill provides a high-level framework for the identification and transfer of Council Controlled Organisation (CCO) water services related assets, liabilities, contracts and staff. This was done without prior notification to the local government sector or consideration of the serious impact that such a decision could have on Councils or their CCO's. The proposal to include this is a material change from what local government understood to be in the bill and is considered a step too far. There is potential for this to have devastating impacts on our CCO and threaten their continued commercial viability.

Innovative Waste Kaikōura (IWK), our KDC CCO, is a service company that for more than just three waters operations and maintenance. They also provide our solid waste management services. The water operations and maintenance component of the business accounts for 41% of total revenue, 26% of total assets and 29% of total personnel.

Even if our CCO remains commercially viable post transfer, there are consequential risks from the loss of its key experienced operators to the WSE. The transfer of assets and people from the CCO would also impact our Council as a owner and consequently ratepayers. We are therefore opposed to the capture of CCO's within the new system without careful consideration of the implications to both KDC and IWK. The potential risks would be eliminated if the reform did not define service companies as local government organisations and the only impact our service company was the novation of existing contracts from councils to the WSEs as was originally intended.

2.0 Our Submission

IWK submits in support of section 4.3 of the Kaikōura District Council submission and, should the Bill proceed any further, encourages reconsideration of simple novation of existing contracts from Councils to WSE's for the reasons outlined above.

We request the Select Committee to take into consideration our concerns.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'Glen Hughes', with a long horizontal flourish extending to the right.

Glen Hughes
Board Chair
Innovative Waste Kaikōura