

Letters

Opinion

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Watch the water

Here we go again with water privatisation. Chris Bishop's proposal to replace Three Waters comes from a familiar playbook. First take the fixed assets out of the hands of councils and vest them in separate entities.

Then let those entities turn to private financial markets for funds, using the assets as collateral and imposing water charges on consumers to pay the interest. Then, as water charges hit political constraints and deficits loom, sell off shares. The trans-nationals then move in, cheerfully carry the blame for increasing water charges, and help themselves to bundles of cash extracted from New Zealand households.

The UK's water experience tells you all you need to know, but there's no need to look that far. Wellington Electricity's Hong-Kong-based owners demonstrate the model at work and reveal the future for water, as Dick Werry, Jim Turner and Peter Harris warned in their classic 2014 study *A Tale Of Two Networks*.

Private owners of the electricity network revalued the assets from \$180 million in 1990 to \$800 million in 2010; consequently "the cost of funds for those and other capital transactions explains the bulk of the [threefold] increase in costs from 1990 to 2010" the authors pointed out. Water users watch this space.

Geoff Bertram, Karori

Text as sent:

Here we go again with water privatisation. Chris Bishop's proposal to replace Three Waters comes from a familiar playbook. First take the fixed assets out of the hands of Councils and vest them in separate entities. Then let those entities turn to private financial markets for funds, using the assets as collateral and imposing water charges on consumers to pay the interest. Then as water charges hit political constraints and deficits loom, sell off shares. The transnationals then move in, cheerfully carry the blame for increasing water charges, and help themselves to bundles of cash extracted from New Zealand households. The UK's water experience tells you all you need to know, but there's no need to look that far. Wellington Electricity's Hong-Kong-based owners demonstrate the model at work and reveal the future for water, as Dick Werry, Jim Turner and Peter Harris warned in their classic 2014 study "A tale of two networks". A series of private owners of the electricity network revalued the assets from \$180 million in 1990 to \$800 million in 2010; consequently "the cost of funds for those and other capital transactions explains the bulk of the [threefold] increase in costs from 1990 to 2010" the authors pointed out. Water users watch this space.