

X March 2020

Clerk of the Committee
Health Committee
Parliament Buildings
WELLINGTON
Via email: Health@parliament.govt.nz

Submission on Taumata Arowai Bill

From: Wellington Water Committee

Attached is a submission on the Taumata Arowai Bill (the Bill) on behalf of the Wellington Water Committee.

The Wellington Water Committee appreciates the opportunity to provide a submission on the Bill. The Committee is made up of representatives from six councils within the Wellington region, and mana whenua: Taranaki Whānui and Ngāti Toa Rangatira. We would like to appear before the select committee.

Yours sincerely
David Bassett
Chair
Wellington Water Committee

Encl: Wellington Water Committee submission

Wellington Water Committee Submission on Taumata Arowai Bill

Introduction

The Wellington Water Committee represents the six councils that own Wellington Water Ltd as a council controlled organisation. The owners are: Hutt City, Porirua City, Upper Hutt City, Wellington City, South Wairarapa District and Greater Wellington Regional councils.

The Committee provides governance oversight of Wellington Water as a joint committee of the councils.

The councils own the three waters networks and fund Wellington Water to manage the infrastructure and associated services (water supply, wastewater and stormwater) from source to sea. Wellington Water acts as the councils' trusted advisor and is the network manager responsible for planning, maintaining, operating, renewing and upgrading the three waters assets for its owner councils.

Submission

General comments

The Wellington Water Committee make the following general comments:

1. It is positive to see a Te Ao Māori focus within the Bill and the heralding of an integrated approach. We believe the establishment of the Māori Advisory Group and giving effect to Te Mana o te Wai is a good way to make this happen.
2. We believe safe water is the foundation of a good economy. Enabling safe water for everyone is vital and serves the country's broader interests.
3. We think it's positive that the Bill responds to the major issue the sector is facing around building capability and capacity. It has taken a number of years to build the current capability within Wellington Water and this continues to be a challenge, despite its size reaching around 200 FTE. This challenge is likely to continue given the current state of the labour markets.
4. Despite the sophistication of the capability held within Wellington Water, drinking water incidents can be expected to occur from time to time because the working environment is constantly changing. We are, however, now at a point with developing our capability where responding to a reasonably sized drinking water incident can be handled as a matter of course.
5. Managing small, privatised water supplies on the other hand is a challenging situation. It appears from the Bill and the intended size of the Crown Entity that the regulator intends to manage small suppliers via a 'hands on' approach. While we commend the intent of the regulator to work with the water sector to bring the entities that pose the greatest public health risk up to standard, we do not support the regulator undertaking a dual role. We believe we will get better results for our community if the regulator confines its role to being a regulator and remaining independent, rather than actively supporting suppliers out in the field. To do so is likely to create potential conflicts of interest if it comes to enforcement of standards that the regulator has assisted in implementing.

6. We see it as the regulator's role to empower councils to get on and fix the problems we face by allowing local government to join forces and collectively form a centre of excellence. Industry bodies could also play a part. We want to see the capability staying within the sector instead of being siphoned off to a centralised agency. It's important that the technical expertise stays within the sector and communities, especially in preparation for any big events. We believe Council owned water entities are best placed to nurture relationships with smaller suppliers.

7. If the Government plans to consolidate the number of water suppliers and intends on supporting change, we suggest that this should be the role for another agency, not the water regulator.

8. This Bill does not provide for an ability to levy local government for the costs of operating the new regulator, although we understand the mechanism will be included in the Water Services Bill. We are concerned that the Government's intention behind funding the new regime and the potential impact on rates and capex is not fully set out for the public's consideration at the stage the Taumata Arowai Bill is being considered. These considerations are directly related to the type of entity the regulator should be and while we applaud the Government's initiative to set up a stand-alone entity that is dedicated to overseeing our water systems, we consider the entity's size should be limited, having regard to cost. The public need to know what the Government's long term plans are in order to devise a payment system that is fair.

9. We would support a targeted, user pays, approach to allocating cost. It is not fair that communities who have already invested in building capability through consolidated service models should once again be expected to pay for assistance not used. Based on the figures set out in the Regulatory Impact Statement and Wellington Water having around 12% of the country's ratepayers, Wellington Water shareholder councils could be asked to generate an additional \$3.6M for the regulator's annual operational costs from ratepayers. Having built its own capability, it difficult to justify why Auckland and Wellington should have to pay for a centralised approach that will need to focus on suppliers that pose the greatest risk.

10. Further clarification is required around the role of the regulator while the Water Services Bill is still going through the House. Due to the complexities to be worked out, there is a risk that the regulator will be established and incurring cost while the regime is still being developed.

11. [GWRC checking on regional council/regulator interface]

Specific comments on the Taumata Arowai Bill

12. Clause 10(a): We suggest that the objective around drinking water safety could include source water.

13. Clause 10(c): We would support "Building and maintaining capability" being replaced with "facilitating and enabling".

14. As a Crown Agency, it would be expected that the regulator would be required to give effect to Government policy. A mechanism making this explicit for this could be included in the Bill as it has been for Kainga Ora – Homes and Communities Bill.

15. What is the scope of the regulator's role? How far will the regulator reach into the

operations of the operators? Will they go as far as overseeing the implementation of water safety plans and auditing whether levels of service are delivered? In the event of water contamination, will the regulator require actions from those outside of the water sector such as doctors to report certain illnesses?

16. What is the regulator's role around water pricing?

17. We would support consideration being given to additional principles along the lines:

- o The approach the regulator will take to work with the sector. Will the Water Services Bill include risk assessments and the approach that will be taken? Will it be proportionate, fair and equitable in the way the regime treats different types of operators?
- o Transparency around proposed cost-efficiency or cost recovery mechanisms (such as how a levy or licensing fees will be used)
- o Having least impact on the environment
- o Having regard to climate change
- o Having a transparent compliance and enforcement strategy that is evidence-informed, risk-based, responsive, and proportionate to the risks or harms being identified/managed
- o Being proactive and taking an educational approach not just reactive and enforcement

18. The meaning of "give effect to" should have the same meaning as in other statutory and Government policy instruments

19. It is not clear how the regulator's role interfaces with the requirements under the Local Government Act (public consultation, requirements of an Infrastructure Strategy) and the Resource Management Act.

20. How will the role of the Minister of Local Government interface with the Responsible Minister for the Crown Entity?

21. We consider it appropriate for the Board to also have knowledge, experience and capability in local government matters.