



Drinking Water Standards and Network Environmental Performance Measures

Local Government New Zealand's submission on Taumata Arowai's proposed
Drinking Water Standards and Network Environmental Performance
Measures

March 2022

Introduction

LGNZ thanks Taumata Arowai for the opportunity to submit on the suite of proposed Drinking Water Standards (DWS) and Network Environmental Performance Measures (NEPM) (the documents).

We understand the documents have been developed in collaboration with reference groups comprising representatives from various drinking water supply types from across Aotearoa, including representatives from local government, iwi/Māori, WaterNZ, rural agricultural water supplies and Federated Farmers. We appreciate that Taumata Arowai's focus is on transitioning drinking water suppliers previously registered under the Health Act 1956 to compliance with the Water Services Act 2021 (the Act). Having the standards and rules in place by 1 July 2022 will enable these suppliers to provide a drinking water safety plan that complies with the Act by the 15 November 2022 deadline. As such these documents are critical to enable the new regulatory regime to operate.

Structure of submission

Our submission responds primarily to the NEPM discussion document and questions raised within and contains general comments and feedback to inform the drafting of the final standards.

Drinking Water Standards documents

We support the proposed DWS, which are largely based on existing standards, rules and values. A lot of the content reflects existing practice for local government drinking water supplies.

The proposed DWS and rules are short, accessible and aligned with World Health Organisation standards.

Helpfully, the DWS documents tie together existing regulation, monitoring and reporting requirements, which are currently disparate. Bringing these into one place under Taumata Arowai will support better understanding the safety of supplies, non-compliance and allow for observation of trends over time.

Network Environmental Performance Measures discussion document

The Act introduces new requirements to monitor and report on the environmental performance of drinking water, wastewater, and stormwater networks. This is currently only applicable to drinking water, wastewater, and stormwater networks owned by, or operated on behalf of, councils or government departments.

The high-level NEPM discussion document outlines the intent, rather than the specific performance measures and targets. We generally agree with the proposed approach of first landing on the intent, and the proposed outcomes, principles and measures.

The proposal has helped to provide early clarity around the likely measures and targets. We acknowledge there are likely to be further changes to the NEPM, following Taumata Arowai's consideration of responses from the industry, including the National Transition Unit (NTU) and the Economic Regulator; the Three Waters Working Group's recommendations; and the concurrent Ministry for the Environment (MfE) consultation on drinking water sources.

Environmental performance reporting

The NEPM is different from the other six DWS documents in the suite, as it refers to performance of the networks as opposed to water quality. NEPM reporting will be vital to Taumata Arowai, and Aotearoa New Zealand's communities, being able to understand whether the intent of the Three Waters Reform Programme has been realised – namely safe and sustainable water services, better environmental performance, and intergenerational affordability.

Strategically, reporting against the NEPM will allow for good understanding of public and environmental health and safety risks, compliance and any other trends, and help to build a clear picture of how networks are being managed and funded. The data gained from NEPM reporting will support evidence-based decision-making, for example, guiding investments or supporting resource consent applications.

We understand Water New Zealand's National Performance Review team have been involved in the development of the NEPM, and the first set of measures are broadly based on information already collected through Water New Zealand's National Performance Review, with some additions. As such we expect most drinking water network operators will be able to provide this data reasonably easily.

We have assumed there will be consistency in monitoring and reporting with the NES-Drinking Water Sources, which MfE is currently consulting on. Any approach that Taumata Arowai takes needs to be consistent with the approach taken by other agencies to three waters services.

Acknowledging the NTU's three areas of discovery focus are wastewater, stormwater and flood control, and regulation (current Resource Management Act compliance, monitoring and enforcement), we presume that appropriate wastewater and stormwater measures will be identified, consulted on and applied to the NEPM when these services set in under Taumata Arowai's remit.

We understand that the environmental performance data will feed into the Network Report, which will be published by Taumata Arowai. The relationship and potential overlap with the economic regulator's reporting needs clarifying. Network performance and monitoring needs to include consideration of overall system design and management, including the interplay between entity governance, economic and quality regulations, support for transition, and the implications for system stewardship roles and functions. Recognising that other agencies will be requesting similar information from WSEs, it is critical that the whole story is being told, requests aren't duplicated and nothing is falling between the gaps.

Request once, use thrice

Although holistic monitoring and reporting is paramount, the measures collected by Taumata Arowai must support and not duplicate the information that will be/is collected by other agencies. For example, much of the financial information proposed to be collected under the heading of “economic sustainability” is the sort of information that the economic regulator will look at.

LGNZ consider mandatory participation of all drinking water suppliers in Water New Zealand’s National Performance Review (“NPR”) would ensure a consistent baseline for all suppliers, identifying capabilities to monitor and report, assess confidence in their data, and provide readiness prior to establishment of new water entities.

Obtaining confidence in data provided for either Taumata Arowai or the Water New Zealand NPR measures should be prioritised.

These measures also currently lack an agreed methodology and common data dictionary that would be needed before investment in systems development.

Taumata Arowai is proposing to stagger the introduction of environmental performance measures for drinking water. Although information required in the first year is information already collected, we do believe there is some degree of optimism in Taumata Arowai’s timetable. If the measures proposed in years two and three call for the production of new information (and it appears they do) then local authorities may need significantly more time to develop systems to record information in a way that is readily retrievable and verifiable, and consistent between councils/water service providers.

The proposal as it stands will result in councils needing to invest resources and funding to develop new data capture and reporting processes, which may become redundant once transition to the new entities occurs.

Adjusting timelines for reporting to align with the transition of water suppliers and staff to the new water services entities should be considered.

The broader local government reform programme

It is vital that further consideration is given to how the roles and responsibilities of the various new entities and agencies that are being established through other reform programmes will intersect with and operate alongside the NEPM in a post-reform future.

The local government sector has significant concerns around how the proposed Water Services Entities (WSE) will relate to and interact with the proposed regional joint committees, that will be responsible for developing natural and built environments plans and regional spatial strategies.

We agree that one of the objectives of the WSEs should be to “support and enable housing and urban development” (clause 10 of the exposure draft of the WSE Bill). With regional planning committees responsible for developing 30-year regional spatial strategies (RSSs), how the WSEs intersect with the process for developing RSSs will be paramount.

WSEs' network developments and investments must be consistent with the future development and infrastructure needs identified in RSSs. This includes committed funding from infrastructure partners (including the WSEs, and housing and transport partners).

To ensure this, we recommend an NEPM measure of *"compliance and funding alignment with the RSS forward work programme, to deliver the long-term outcomes intended for communities and regions economies"*.

Giving effect to Te Mana o te Wai

LGNZ support the commitment to Te Mana o te Wai and its inclusion in the NEPM. However, we are concerned that after mention of Te Mana o te Wai, mana whakahaere (stewardship), mātauranga Māori (knowledge) and kaitiakitanga (guardianship) in the introduction of the NEPM, none of these important concepts are reflected in the measures themselves.

As a minimum we recommend including in the NEPM the principles and hierarchy of obligations of Te Mana o te Wai established in the National Policy Statement for Freshwater Management.

Resource consent compliance

We understand a focus of the NTU's work programme is on understanding the existing levels of compliance, monitoring and enforcement with [water take, discharges to land, air and water consents] for drinking water, wastewater, and where applicable, stormwater networks.

The NEPM should contain measures around whether relevant resource consents are in place (applied for, expired or otherwise) rather than merely compliance with relevant resource consents.

We question whether environmental and ecological flows have been established for each waterbody across the country to enable water-take compliance and/or consenting against to be included as a NEPM measure.

Community wellbeing

The NEPM is focused on the environment and public health performance of a network, although is heavily weighted to environmental health measures – for example fish passage and environmental flows. Water services contribute (regardless of where those services are delivered from and by whom) to community wellbeing in many ways, most visibly by creating and sustaining the environments in which people live, work, do business and connect with each other.

One of the proposed operating principles for the WSEs is "partnering and engaging early and meaningfully with territorial authorities and their communities", to ensure WSEs understand, support and enable the local aspirations that they have for place-making and community wellbeing outcomes.

We recommend that the NEPM should monitor WSEs' compliance with this operating principle, and specifically the delivery of water services and related infrastructure that support communities to meet their cultural, social and economic wellbeing goals and needs.

Economic sustainability

The NEPM contains some good funding and finance measures. However, we consider the NEPM needs to be tighter on asset management lifecycle and service planning. Asset management is an internationally recognised approach to the sustainable management of built infrastructure and services. It is concerned with the financial, social and environmental sustainability of delivering services that the community values today – whilst delivering certainty for the generations of tomorrow by optimising programmes of work to achieve this.

It could be that there is network performance, asset management and stewardship information the economic regulator will gather. We request that the two agencies work together to further develop measures that relate to asset management and network infrastructure delivery that are consistent and suit each agencies purpose.

We recommend the NEMP includes clauses around sound infrastructure investment management, including:

- Asset data quality and confidence rating
- Asset management maturity ranking
- Funding of asset management life cycle
- Network operating efficiency
- Office of the Auditor General (OAG)/economic regulator asset management rating

For completeness, we suggest aligning the NEMP to the proposed WSE Bill requirements for asset management, infrastructure strategy, funding and reporting.

To measure this we believe Taumata Arowai should adopt the International Infrastructure Management Manual (IIMM) approach to asset management.

IPWEA's (Institute of Public Works Engineering Australasia) IIMM, is the asset management industry bible. It is recognised as an international level benchmark for creating a consistent approach to asset management.

Are resources resilient and used efficiently?

It is good to see measures focusing on resilience and efficiency of supply, however the number and context of them needs development.

In addition to the 'fire hydrants tested' measure, we recommend adding a measure as to whether a network has firefighting pressure and volumes available.

The Carbon Neutral Government Programme (launched in 2020) requires that the public sector be carbon neutral by 2025. WSEs will need to measure, monitor, cut and report on emissions. As such, we strongly recommend the NEPM expand the energy efficiency section to include carbon measures such as the following.

- Emissions measured using the Global Protocol for Community Scale Greenhouse Gas Emissions Inventory.
- Emissions independently verified by an organisation (such as Toitū Envirocare).
- Stretch targets for 3 years' time having a carbon inventory for each assets lifecycle.

Summary

These DWS and NEPM documents will allow monitoring and understanding of the safety and quality of three waters services, but also allow quantification of whether the three waters reform programme is delivering the objectives that are intended. We look forward to continuing to work closely with the Government to draft and further refine legislation and policy.

We encourage Taumata Arowai to continue to work closely with the local government sector to deliver a suite of standards and performance measures that will be workable for councils and the WSEs, and deliver the best outcomes for Aotearoa New Zealand's communities.

If you have any questions please contact Nicci Wood, Principal Policy Advisor at nicci.wood@lgnz.co.nz.