

3 Waters Review Update

Meeting: Council Briefing
Date of meeting: 22 April 2020
Reporting officer: Donnack Mugutso, Waters and Waste Manager

Purpose/Ngā whāinga

To brief the Council on the 3 Waters Review and likely implications for Kaipara.

Context/Horopaki

After the Havelock North contamination in August 2016, the government set out to reform the water sector by introducing a regulatory framework and explore delivery models in New Zealand while investigating funding options.

The latest Government direction is that 'voluntary' arrangements need to be put forward by the end of the year. The Northland Councils intend to apply for funding for a Business Case which will consider alternative models and help shape the recommendation for Northland.

The discussion below covers

- Water Services Regulator Bill
- Water Service Delivery
- Other legislation and standards review

There is an opportunity for Elected Members to provide feedback which will shape a proposed Business Case – part funded by Government – to investigate delivery models. Council will need to agree a voluntary model before the end of the year.

Discussion/Ngā kōrerorero

Water Services Regulator Bill

In February 2020 the Government released a cabinet paper on The Water Services Regulator Bill. The Water Services Regulator Bill, which is now in the Select Committee after it was released in December for public comment seeks to:

- Implement government decision to create a new regulatory body to administer, enforce, the new drinking water regulatory system after the Havelock North campylobacter outbreak and the subsequent enquiry.
- Establish Taumata Arowai the Water Services Regulator which is a Crown entity and reports to a Minister.
- Provide for the Regulator's objectives, functions, operating principles and governance.

It seeks to address the issues raised from the havelock North Inquiry, particularly:

- Provide clear leadership for drinking water regulation, through a new, dedicated, centralised regulator.
- Significantly strengthen compliance, monitoring, and enforcement relating to drinking water regulation, and equip the new regulator with the powers and resources needed to build capability, support suppliers of all kinds to meet their regulatory obligations, and take a tougher, more consistent approach to enforcement where needed.
- Manage risks to drinking water safety and ensure that source waters are protected.
- Ensure that more people can access water that is safe to drink, by requiring all suppliers (except individual domestic self-suppliers) to be part of the regulatory system, and to provide safe drinking water on a consistent basis.
- Improve the environmental performance and transparency of wastewater and stormwater networks.
- Improve national-level leadership, oversight, and support relating to wastewater and stormwater.

The Bill forms part of broader reforms within the water sector in New Zealand. It also emphasises consultation and engagement with regulated parties including Maori and focuses on building capability and capacity within the Taumata Arowai and across the water sector. The other proposed Bill will give effect to proposals to implement sector wide reforms to the regulation of drinking and source water and targeted reforms to wastewater and stormwater.

It should also be noted that some reform and reviews of regulation and standards that affect the water sector have started. In 2018, the Ministry of Health published the revised Drinking Water Standards for New Zealand 2008 (Revised 2018) which brought in stricter monitoring of management of the water network distribution and refinement to laboratory testing that now requires some enumeration of pathogens for example. At the same time the Ministry also published more stringent requirements for Water Safety Plans through the New Zealand Drinking-water Safety Plan Framework and the Handbook for Preparing Water Safety Plans. Under the new Framework for Water Safety Plans, the Council as the governance body is now required to have oversight and buy in from the start of the process of preparing water safety plans and right up to adoption and implementation. This is achieved through the relationship of the Water Safety Plan to the organisational policy and strategy.

Water Service Delivery

The government released two documents in February 2020 focusing on delivery and funding options:

- *28 January 2020, C-20-MIN-0006 Minute: Three Waters Service Delivery and Funding Arrangements: Approach to Reform, Cabinet Office*
- *28 January 2020, Cabinet Paper: Three waters service delivery and funding arrangements: approach to reform, Office of the Minister of Local Government.*

In the documents, there are 3 delivery options largely drawn from international examples namely:

- 1 One national publicly-owned water provider delivering water services across New Zealand (this model has been adopted by Scotland).
- 2 Three to five multi-regional, publicly-owned water providers delivering water services across multiple regions (This model was presented by the Minister at the commencement of the Three Waters review).
- 3 Regional, publicly-owned water providers delivering water services within regional boundaries.

The paper is clear that there is an opportunity for Territorial Authorities (TA) to form voluntary aggregations and by the end of the year (2020) the expectation is that:

- All councils will have initiated work to investigate new service arrangements, either within regions or in participation with other regions
- At least two or three regions will have identified a preferred option and will be preparing to consult on, or will be about to implement new service arrangements.

There is financial assistance to TAs to prepare business cases and the applications are considered on a case by case basis. The Minister of Local Government acknowledges that there will be further funding required and this is currently under investigation.

If there is no sufficient traction from local government to improve water service, the government may intervene.

Officers from the three Councils are preparing a paper which will be presented at the Northland Forward Together meeting. This will include options to be considered in the Business Case.

Other Legislation and Standards Review

The Ministry for the Environment recently consulted on the review of the National Policy on Freshwater Management and Proposed National Standards for Freshwater. Among others, the Government proposes new requirements that would:

- strengthen Te Mana o Te Wai (the influence of water) as the framework for freshwater management
- better provide for ecosystem health (water, fish and plant life)
- better protect wetlands and estuaries

- better manage stormwater and wastewater, and protect sources of drinking water
- control high-risk farming activities and limit agricultural intensification
- improve farm management practices.

This change will affect the management of stormwater and wastewater and the quality of discharges from our networks.

The Government also announced last July the review of the resource management system with a focus on the Resource Management Act 1991 with expected reform proposal by mid-2020. An issues and options paper released last year covers what the reform would look like, why it's needed and considers 14 key issues ranging from legislative architecture, planning, policy and compliance to climate change, allocation and national direction.

The review will affect how the national standards for 3 waters discharges to the environment will be written and will provide direction on the principle of the current "effect based" approach to allowable discharge contaminants as opposed to maximum allowable values.

Another Bill introduced recently is the Infrastructure Funding and Financing Bill which intends to provide a financial model that can work for the spending constraints of local governments while supporting infrastructure for housing, urban development and functioning urban land markets. It enables companies, limited partnerships, Crown entities or other persons to be a Special Purpose Vehicle (SPV) which can be responsible for:

- Financing and construction of infrastructure assets
- Service the finance raised to cover the cost of infrastructure via a multi-year levy.

The SPV has the ability to construct, place and maintain water services infrastructure on roads and public areas among other powers. The levy applies to a geographic area of land, which will be identified within each levy order and is paid by the person that is liable to pay the rates on a property.

This legislation will likely affect the way Territorial Authorities operate as the SPV could be competing for rates with TAs.

Next steps/E whaiake nei

The Council considers these new reforms in light of formulation of policy, strategy and funding under a new regulatory environment.

Officers will collaborate with Far North District Council

Staff continue to engage at a regional and national level to collect and bring to Council for decision any matters arising from the proposed changes.

References

Atkins, H. & Gray, T. (2020). New Bills and Legislation for Water Sector. *Water*, 52-53.

Ministry for the Environment, (2020). Action for Healthy Waters: Our Proposals, your views. <https://www.mfe.govt.nz/consultation/action-for-healthy-waterways>

Ministry of Health. (2018). New Zealand Drinking-water Safety Plan Framework. *Wellington: Ministry of Health*.

Ministry of Health. (2019). Handbook for Preparing a Water Safety Plan. *Wellington: Ministry of Health*.

Weston, S. (2020). Four Waters Advisory Group Northland Update – Three Waters Review update on 'Water Services Bill' and 'Three Waters Service delivery and Funding Arrangements' *Unpublished*, 1-2, 4-5.