

Water Reform – a New Zealand perspective

Gillian Blythe, Chief Executive, Water New Zealand

Malaysian International Water Convention

5 December 2023

Background

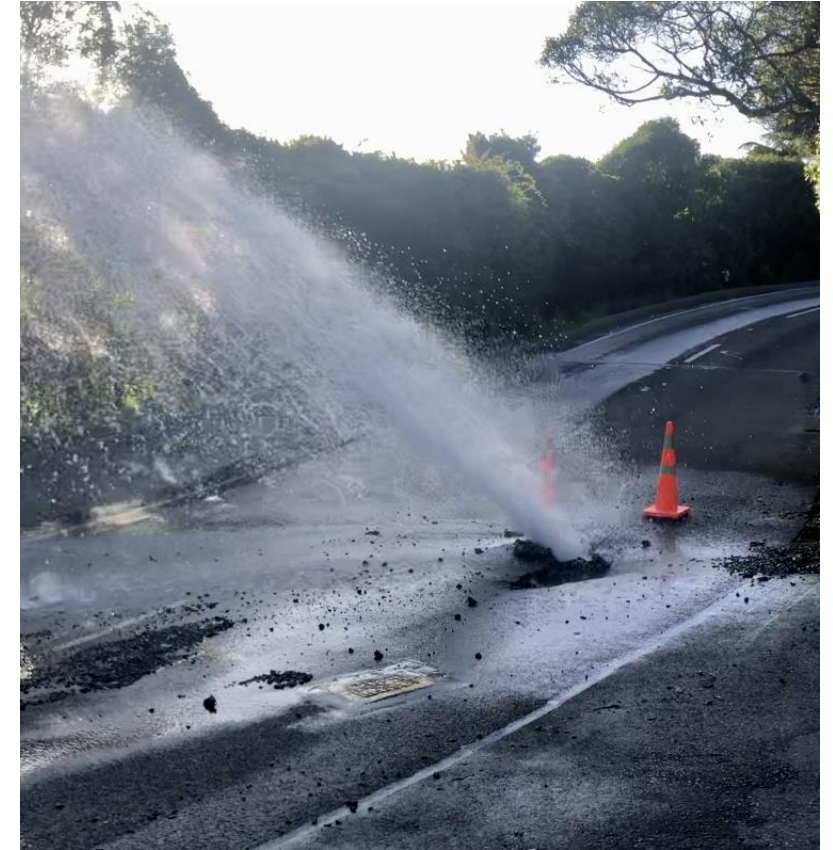


- 5.2 million people (2023).
- Auckland (~1.7 million people)
 - [Watercare Services Limited](#), a Council Controlled Organisation provides drinking water and wastewater services.
 - Auckland Council provide stormwater services.
- Rest of the country: 66 councils provide drinking water, wastewater and stormwater services.

Recent drivers of water reform



Havelock North contamination event in 2016



Infrastructure deficit

Timeline

2000
PCE
report

2000 – Parliamentary Commissioner for the Environment report, Aging Pipes and Murky Waters.

I believe industry and community evidence indicates that the 'model' has now reached the end of its design life. Further incremental tinkering with the current systems, without going back to first principles of community water and wastewater needs relevant to the 21st century, will simply mean the necessary changes will be harder to achieve and more costly at some time in the future.

Timeline



Report of the Land and Water Forum: A Fresh Start for Fresh Water (2010):

Rationalise the existing council-linked water utilities (both urban and rural) into a small number of large, publicly-owned utilities The resulting economies of scale and the larger base of the businesses would address failures in asset management, environmental management and investment.

Governance reform: Public ownership of water utilities remains fundamental. However,... could benefit from governance focused on their performance and not oriented to other priorities.

Timeline

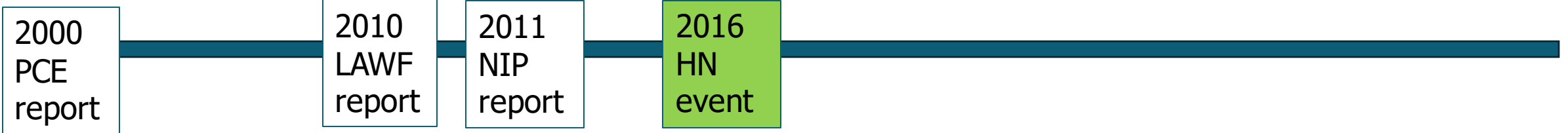


2011 National Infrastructure Plan p39, two key challenges were identified:

Whether there are sufficient resources in each local authority area or community to meet the cost of deferred maintenance on aging assets, preferences for local services and, in some cases, national requirements. For example, communities most in need of improved reticulated systems are often the least able to afford it.

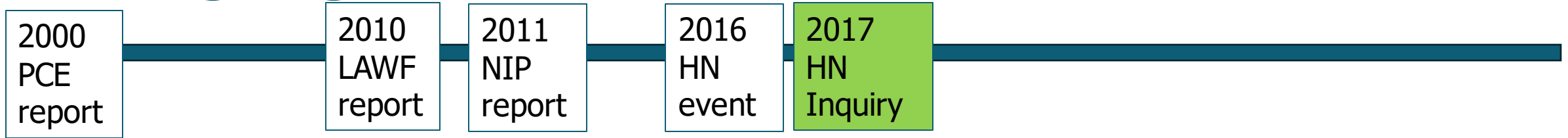
The extent to which there may be a 'hidden' long-term investment problem in the urban water sector.

Timeline



- In 2016, contamination event in Havelock North, Hawkes Bay.
- Sheep faeces got into one of the town's water bores. This resulted in a campylobacter outbreak.
- 6,500 of the 14,000 residents in Havelock North became ill.
- 45 people were hospitalized.
- 4 people died.

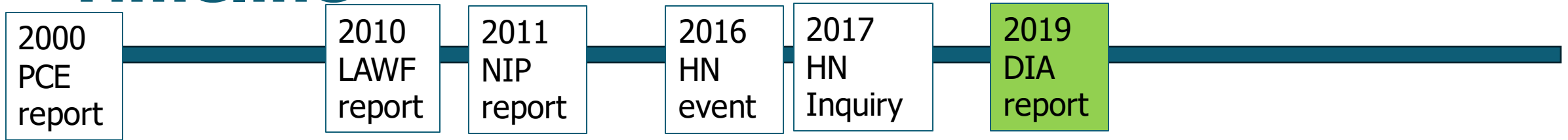
Timeline



Report of the Havelock North Drinking Water Inquiry, Stage Two (October 2017)

The Inquiry has found that the drinking water industry has over at least a five-year period experienced problems on multiple levels. These include source protection, drinking water suppliers, difficulties attracting qualified and experienced staff, the Ministry of Health drinking water team, lack of leadership, and the regulatory environment. All of these problems have combined to produce a lack of public awareness of the changes over recent years to the risks resulting from unsafe water.

Timeline

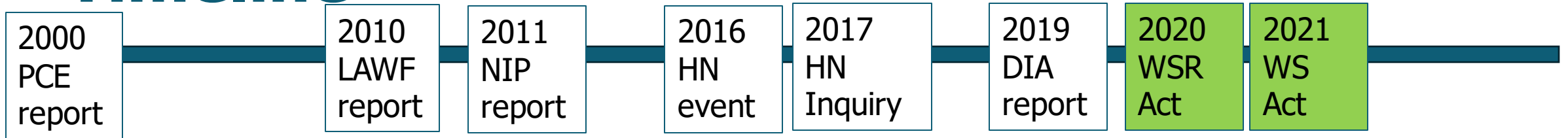


GHD and Boffa Miskel report for DIA: National stocktake of municipal wastewater treatment plants (2019)

Nearly a quarter of WWTPs (comprising 73 plants) are currently operating on expired consents, with the average time operating on an expired consent being four years. ...The longest time a plant has been operating on an expired consent is 20 years.

There is a bow wave of WWTP that will require reconsenting in the near future. Almost 35% of all WWTPs (comprising 110 plants) are currently going through or will go through a resource consenting process in the next 10 years.

Timeline

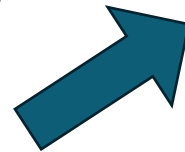


Taumata Arowai – Water Services Regulator Act 2020

Established a new regulator of water services.

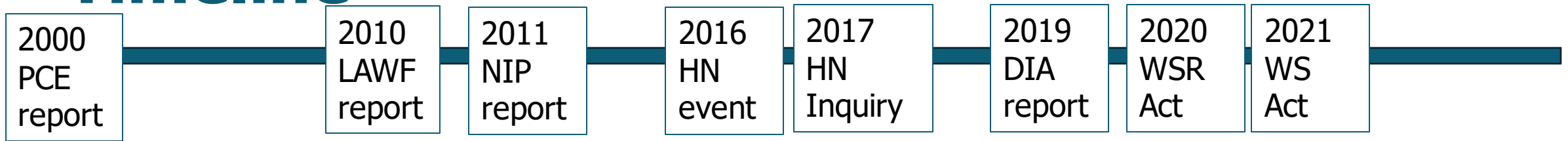
Water Services Act 2021

Principles inherent in regulatory regime.



1. A high standard of care must be embraced
2. Protection of source water is of paramount importance
3. Maintain multiple barriers against contamination
4. Change precedes contamination
5. Suppliers must own the safety of drinking water
6. Apply a preventive risk management approach

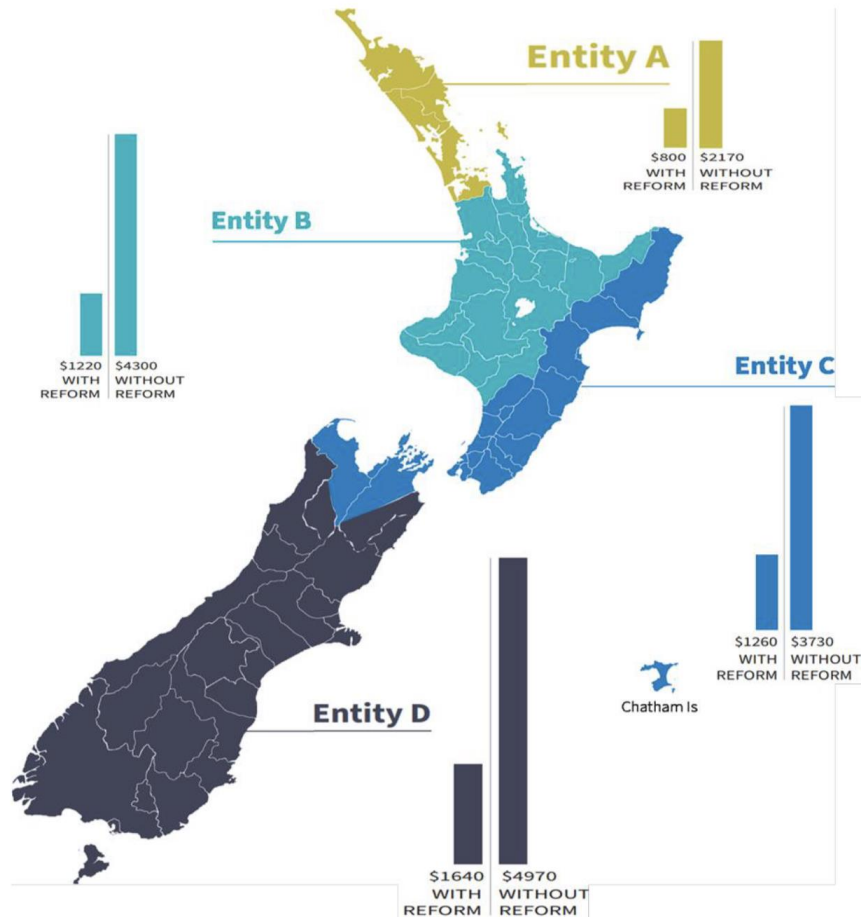
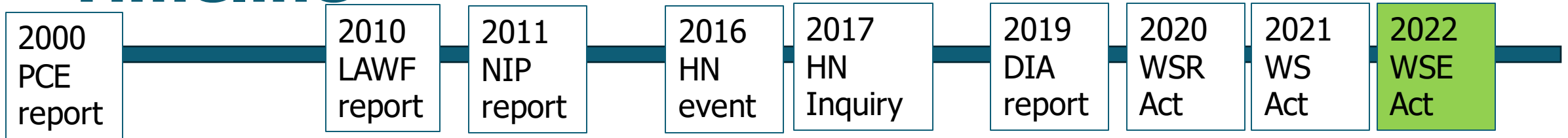
Timeline



Over 2020 - 2022, the size of the infrastructure deficit began to become clear:

- Need to invest \$120bn-\$185bn over the next 30 years.
- These figures do not consider investment required for climate change mitigation or adaptation.
- Councils or Council Controlled Organisations which provide drinking water, wastewater and stormwater services do not have the financial headroom on their own to address the nationwide infrastructure deficit and keep charges at an affordable level across the country.

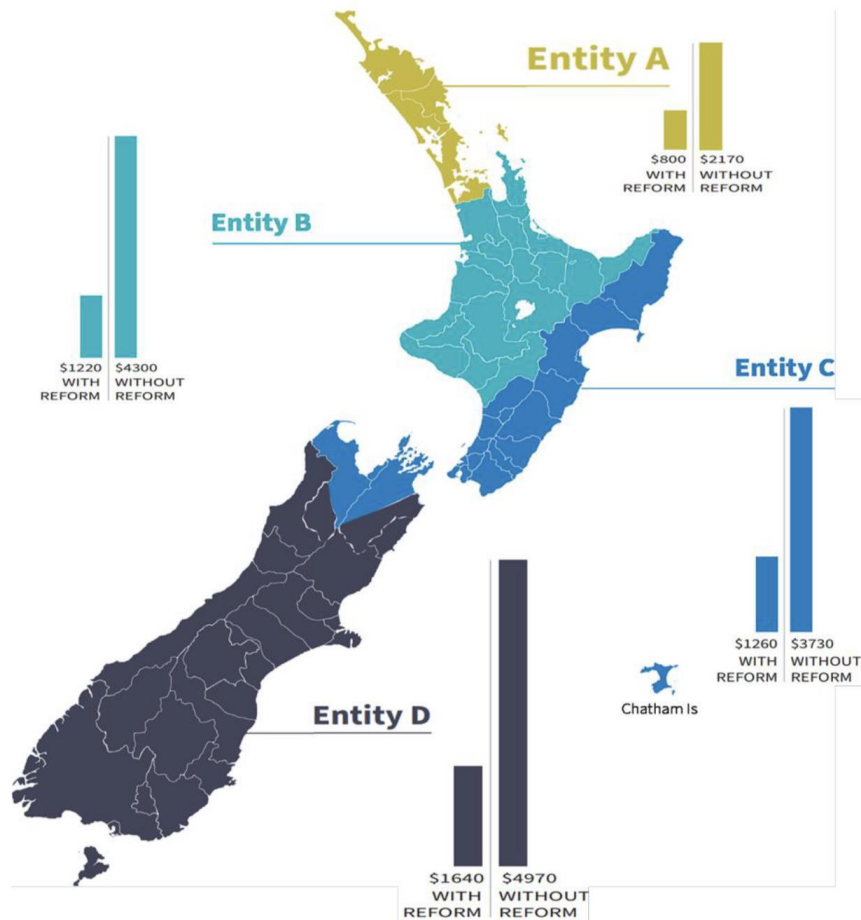
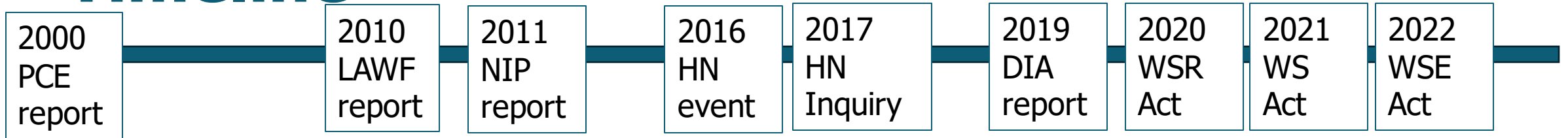
Timeline



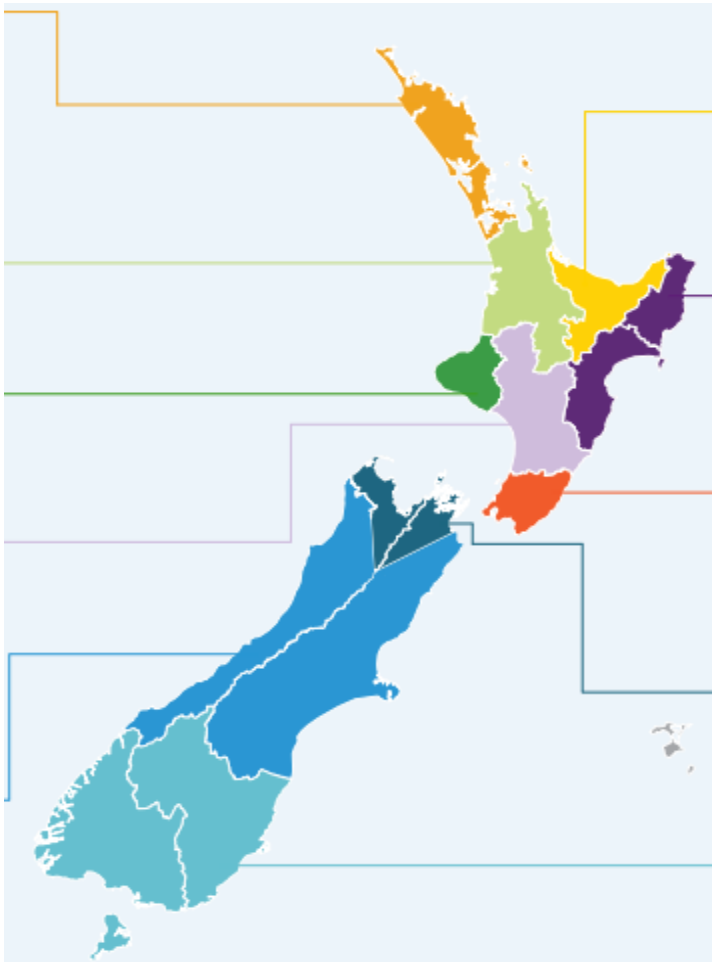
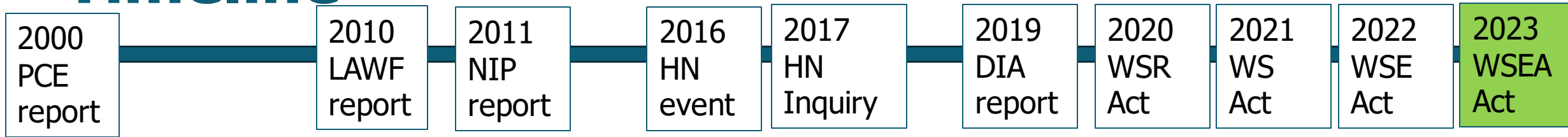
Labour Government passed legislation to **establish four water service entities** to manage drinking water, wastewater and stormwater services (3 waters).

Water Services Entities Act 2022

Timeline



Timeline

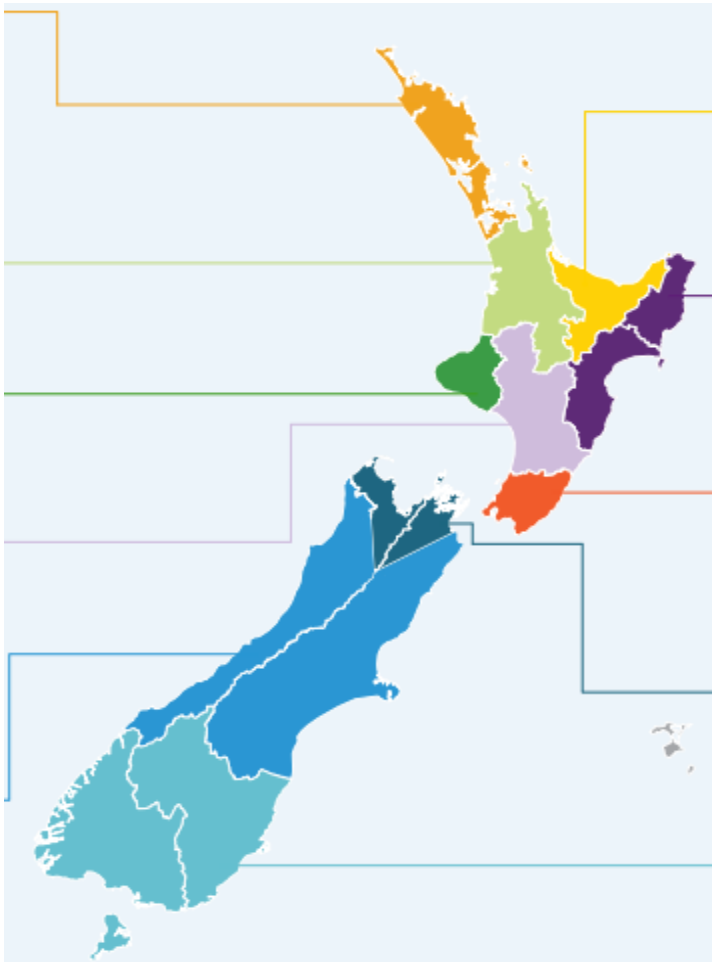
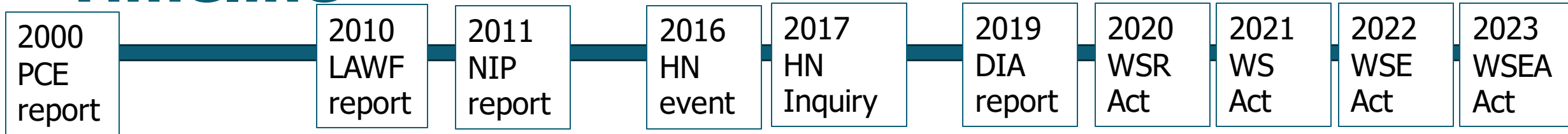


Labour Government amended legislation, deciding to **establish ten water service entities**.

Amendment legislation, Water Services Entities Amendment Act 2023, was passed in August 2023.

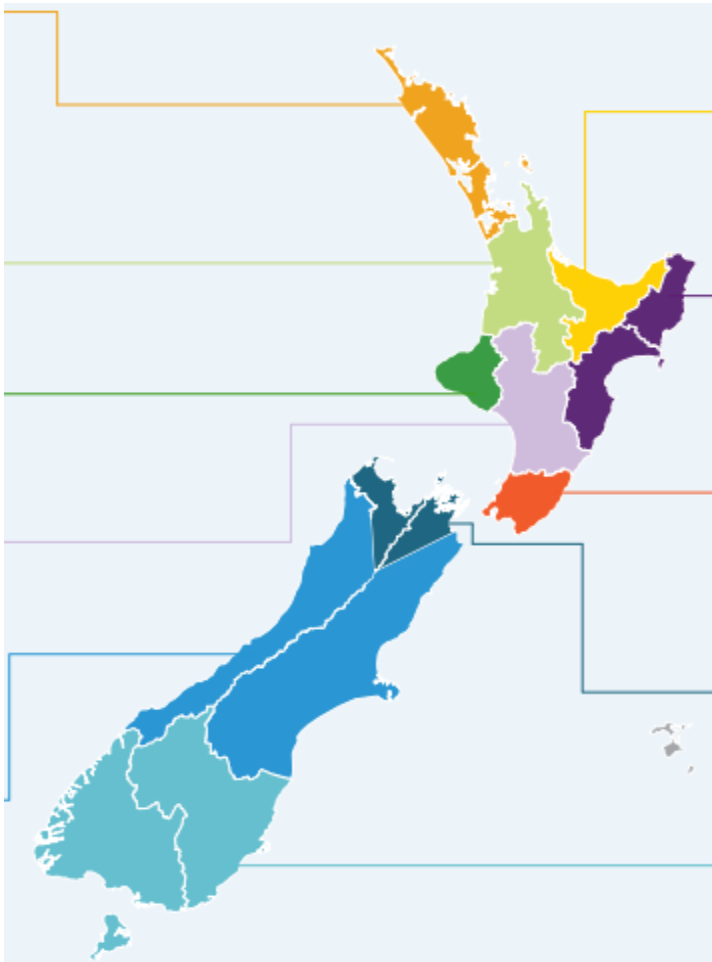
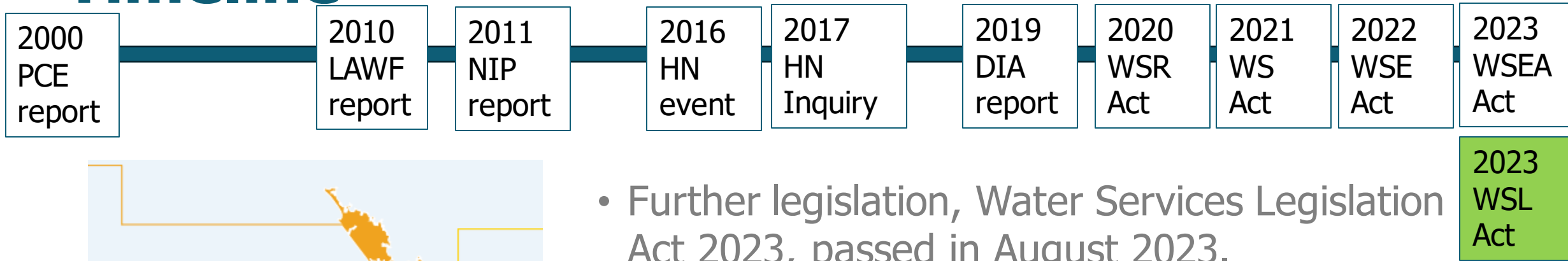
Decision reflected various concerns including lack of community voice (more local engagement possible with 10 rather than 4 water services entities).

Timeline



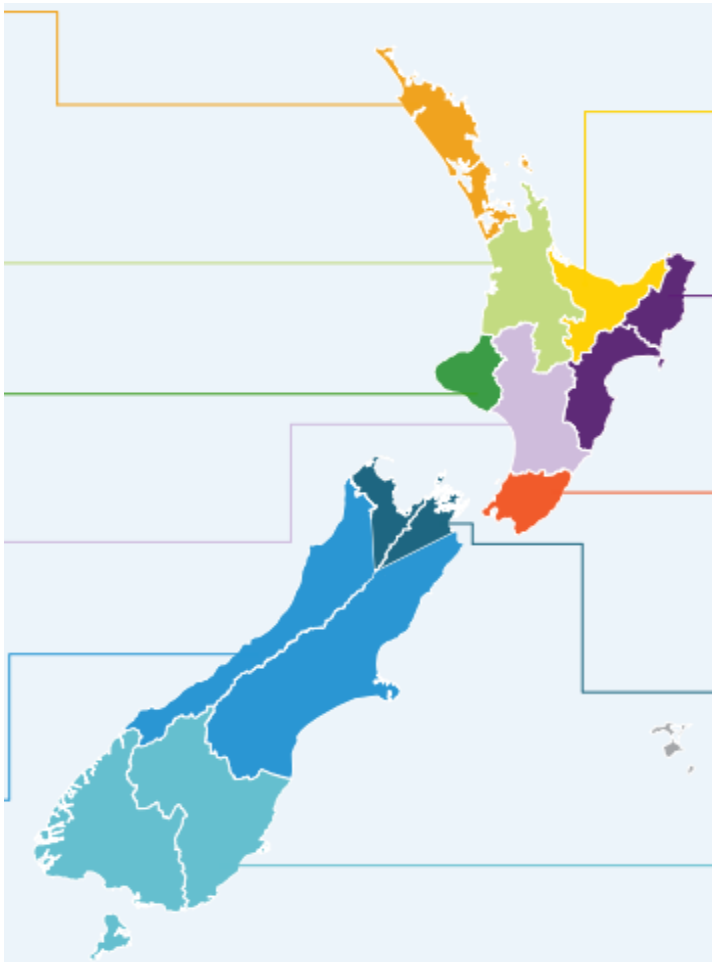
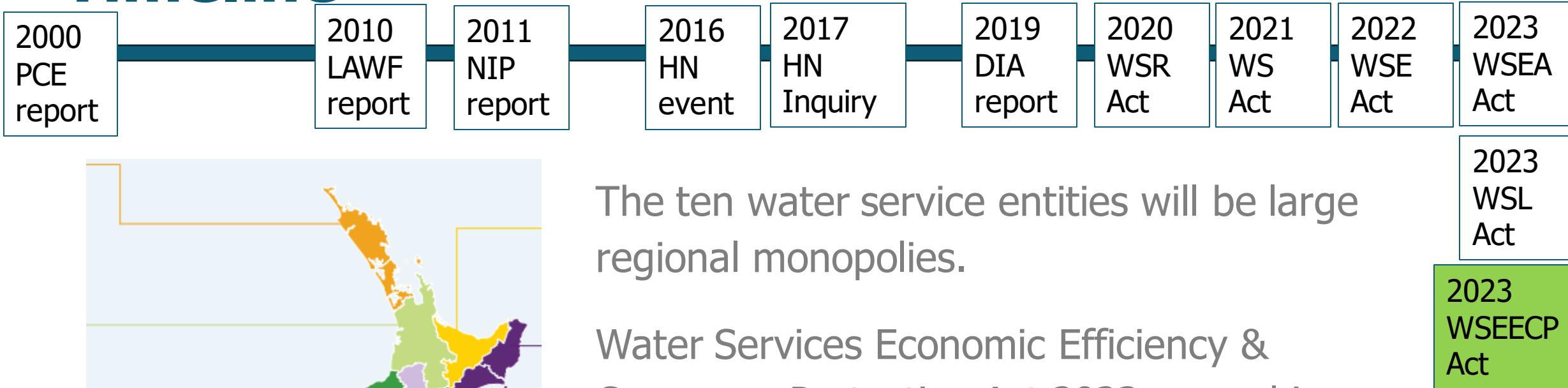
- Publicly owned specialist entities.
- Professional Boards.
- Regional Representation Groups – 50% Local Government and 50% Mana Whenua representatives.
- Give effect to principles of Te Tiriti o Waitangi (Treaty of Waitangi).
- Give effect to Te Mana o te Wai (priority to water).
- Stakeholders to develop Te Mana o te Wai and Community Priority Statements.

Timeline



- Further legislation, Water Services Legislation Act 2023, passed in August 2023.
- Provided greater detail on
 - stormwater arrangements.
 - service delivery functions and powers.
 - regulatory functions and powers.
 - pricing and charging arrangements.
 - Treaty settlement legislation.
 - changes to local government legislation.

Timeline

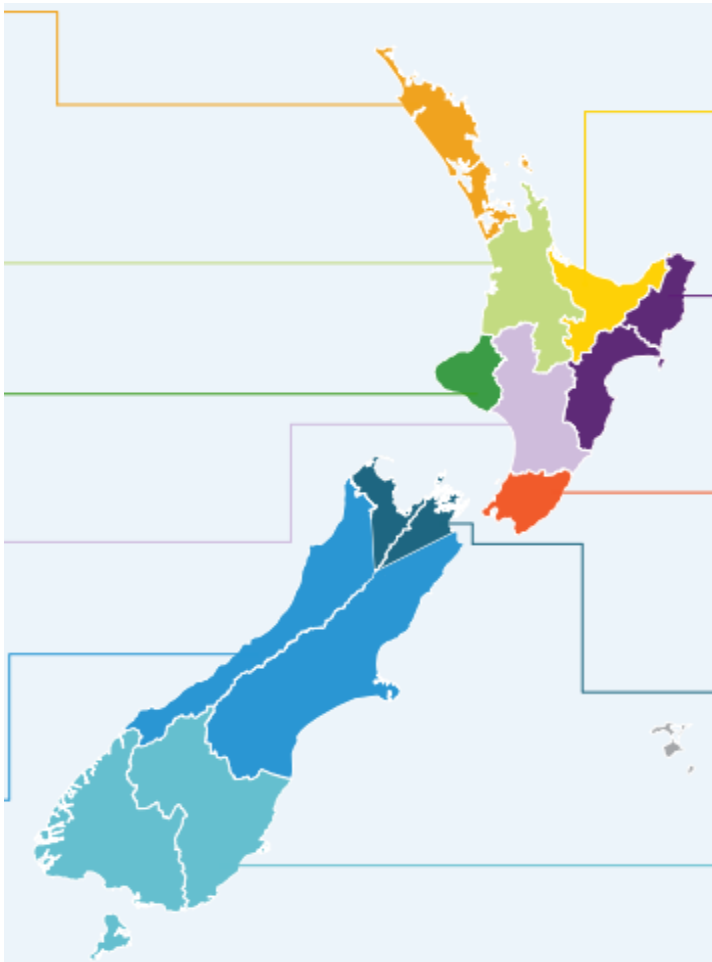
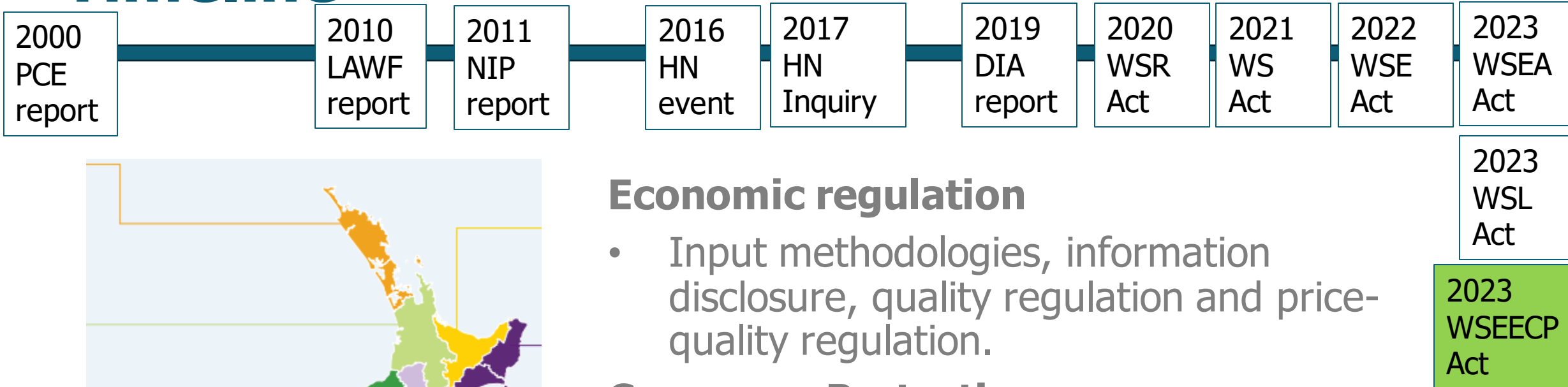


The ten water service entities will be large regional monopolies.

Water Services Economic Efficiency & Consumer Protection Act 2023 passed in August 2023.

Establishes the Commerce Commission as the **economic & consumer protection regulator**.

Timeline



Economic regulation

- Input methodologies, information disclosure, quality regulation and price-quality regulation.

Consumer Protection

- To help ensure the entities operate efficiently and are responsive to the needs of their customers.
- Provides framework for a Service Quality Code which sets out binding requirements on regulated entities.
- Dispute resolution scheme.

Timeline

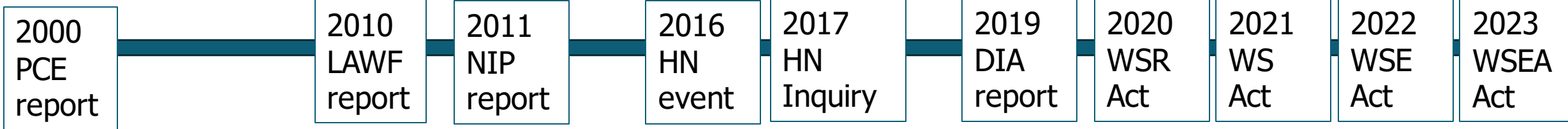


Photo: Balmoral Autorepairs



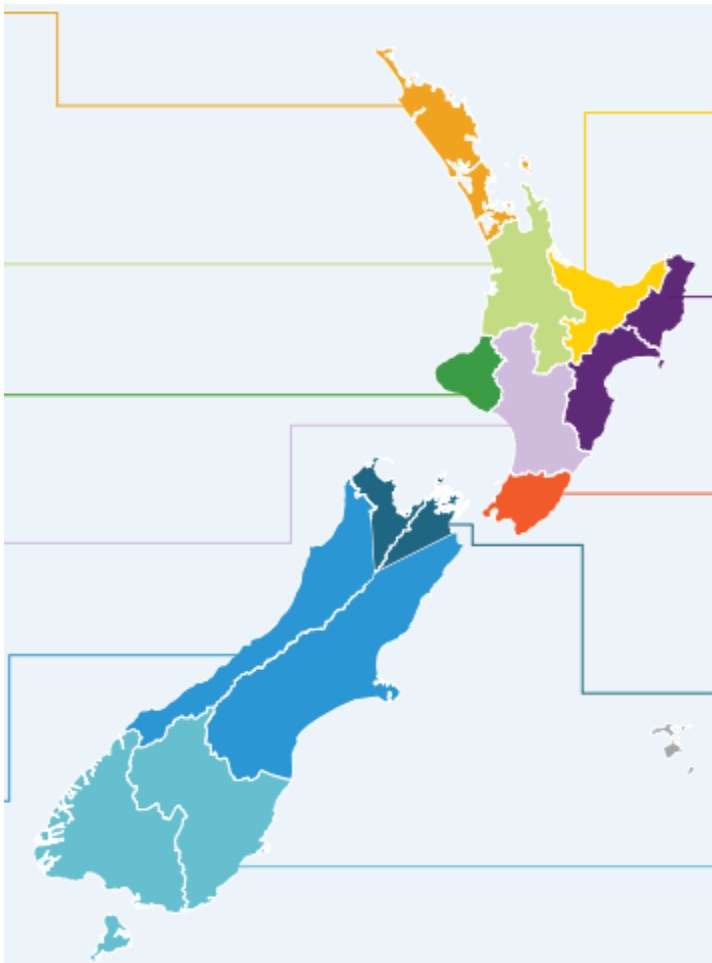
Photo: Hawkes Bay Emergency Management

2023
WSL
Act

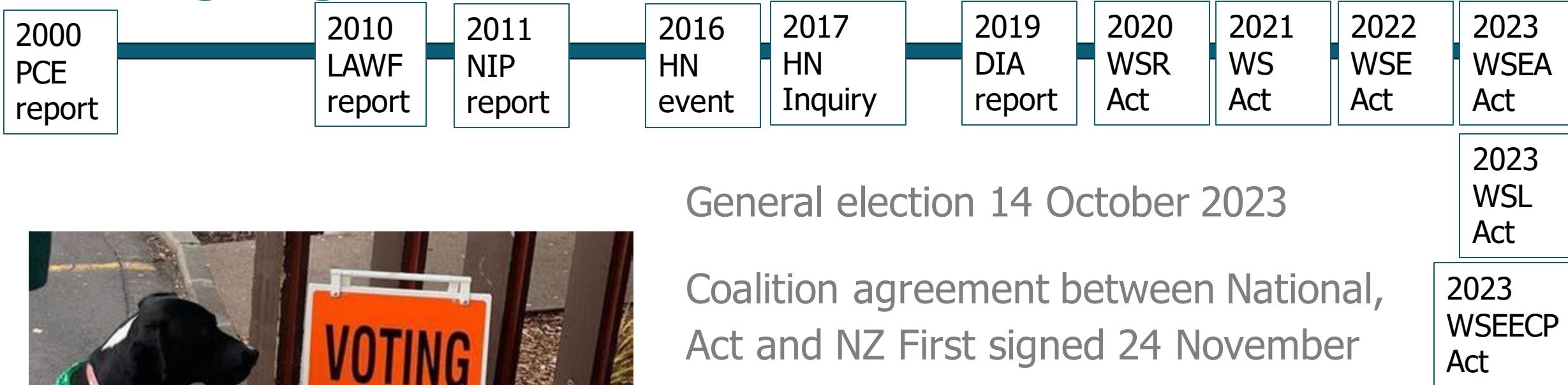
2023
WSEEC
Act

There have been a series of extreme weather events during 2023.

Timeline



Timeline



General election 14 October 2023

Coalition agreement between National, Act and NZ First signed 24 November 2023:

“Stop work on Three Waters (with assets returned to council ownership)”.

Government sworn in 27 November 2023.

What next? Water NZ thoughts...

- We need significant investment in water infrastructure.
 - Want to avoid an investment hiatus. Need arrangements that will enable a well-defined, committed, and funded pipeline of work.
 - Need proactive climate change mitigation, resilience and adaptation policy and regimes.
- A smaller number of water services providers are required to address challenges facing New Zealand's water infrastructure.
 - Balance sheet separation will enable greater investment in water infrastructure.
 - Must avoid orphan Councils.
- No regrets actions should be continued and/or implemented.

What next? Water NZ thoughts...

- Appointing a Minister for Water would support co-ordination across multiple government departments.
 - Need a Government Policy Statement which enables the [Toward 2050: Transformation vision for the water sector](#).
 - Want to protect, and restore the balance between water, the environment and people (Te Mana o te Wai).
- Strong regulation, compliance, monitoring and enforcement across water quality, economic and environmental regulation – Taumata Arowai, Commerce Commission and regional councils – is required to drive investment, deliver safe drinking water and improve environmental performance of wastewater and stormwater systems. Need to be appropriately funded.
- We need support for professional education and training.

Any questions?