

Local Government briefing

Minister Kieran McAnulty

Minister of Local Government

Title	Briefing to the Incoming Minister
Date	8 February 2023

Purpose

To provide information on the background of Taumata Arowai, including milestones to date and challenges.

Action sought

Note the contents of this briefing and agree to meet with the Board and Te Puna Chairs along with the Chief Executive.

Timeframe

At your earliest convenience

Contact details

Name	Position	Direct phone line	Suggested contact
Allan Prangnell	Chief Executive	██████████	✓
Katy Te Amo	Head of Strategy and Insights	██████████	

Return electronic document to:

Katy Te Amo

Taumata Arowai Ministerial database reference

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Purpose

1. This briefing is to inform you about the water services regulator, Taumata Arowai. It summarises the background of Taumata Arowai, milestones to date and challenges ahead. It will also provide you with an overview of how the regulatory system is working.
2. We are happy to elaborate further if required when you can meet with our Chairs and Chief Executive.

Background

The Three Waters Reform

3. The Three Waters Reform, which has been running since 2017, involves a multi-faceted, transformational approach to the system for regulating and delivering drinking water, wastewater and stormwater (the 'Three Waters').
4. Taumata Arowai was established on 1 March 2021, through the Taumata Arowai—the Water Services Regulator Act 2020, to regulate and report on drinking water supplies and have oversight of and report on the environmental performance of networks for drinking water, wastewater and stormwater.
5. The Water Services Act 2021 (the Act) provides the powers Taumata Arowai uses for administering the drinking water regulatory system. Taumata Arowai must initially focus on regulating water services for the provision of safe and sufficient drinking water. From the commencement of the Act 2021 on 15 November 2021 the role of the drinking water regulator transferred from the Ministry of Health (MOH) to Taumata Arowai.
6. Taumata Arowai is governed by a Board of seven members, chaired by Dame Karen Poutasi. The Board works alongside its strategic partner, Te Puna (Māori Advisory Group) chaired by Tipa Mahuta. The Board and Te Puna share two members in common. Profiles of our Board, Te Puna and Senior Leadership Team are attached at Appendix 1. The two Chairs met with the previous Minister of Local Government on a quarterly basis, and we will work with your office to schedule these meetings, should you agree to maintaining that cadence. The Chairs have advised us that they would like to meet with you at your earliest convenience.
7. Our new Chief Executive, Allan Prangnell joined Taumata Arowai on 31 January 2023. Allan comes from the Ministry of Transport most recently and prior to that was an Executive Director, Three Waters at the Department of Internal Affairs (DIA)
8. DIA is the monitoring department of Taumata Arowai.
9. We provide quarterly reports to the Responsible Minister (through DIA). Our strategic intent, objectives and measurement have been articulated, through the Statement of Intent 2022-2026 and the Statement of Performance Expectations 2022 (SPE). These were guided by the Letter of Expectations from the previous Minister of Local Government. We have finalised our first Annual Report (1 March 2021 to 30 June 2022) which is now with your office for tabling in the House of Representatives. We have a Select Committee hearing scheduled for 22 February 2023.
10. We have received a further Letter of Expectations on 14 December 2022 which is guiding our work on our 23/24 SPE.
11. Since late 2021, we have commissioned three reports to test our readiness to meet our regulatory, Te Tiriti and Te Mana o te Wai responsibilities.

Comment

Key achievements to date

12. As noted in paragraph 9, our first Annual Report is with your office, which provides a detailed account of our performance over the period 1 March 2021 to 30 June 2022. In summary, our key achievements are:
- development, consultation, and finalisation of the Drinking Water Standards 2021, Drinking Water Quality Assurances Rules (DWQARs) and Acceptable Solutions
 - recruitment of permanent staff and establishing five Taumata Arowai offices across Aotearoa (Dunedin, Christchurch, Wellington, Palmerston North, and Waikato)
 - published our first Compliance, Monitoring and Enforcement Strategy
 - published our first Annual Drinking Water Regulation Report
 - finalised the first tranche of drinking water network performance measures
 - undertaken emergency response scenario simulations to ensure we are prepared to respond appropriately emergencies of incidents
 - signed an interim working agreement and policy agreement with MOH
 - building relationships across the sector and with key stakeholders
 - organising several webinars.

Our approach to regulation

13. Our regulatory approach is built upon four key concepts:
- the Duty of Care legal obligation imposed on suppliers to make drinking water safe and to take immediate action to protect public health if it is not protected
 - Te Mana o te Wai
 - our risk-based approach to regulation which details how we identify, prioritise and treat risks and
 - the Taumata Arowai way of working and what people can expect from us in terms of our behaviour and approach.
14. Our regulatory interventions will be proportionate and directed to address the risk and nature of the behaviours of regulated parties. Our decision to intervene will be based on the need to:
- protect people and communities from a serious risk to their health due to the quality or quantity of drinking water being supplied
 - support the water services sector to improve its performance and environmental outcomes.

Te Tiriti o Waitangi and Te Mana o te Wai

15. Taumata Arowai is required to have the capability and capacity to uphold Te Tiriti o Waitangi and its principles, and to engage with Māori and to understand the perspectives of Māori. We are also required to give effect to Te Mana o te Wai in the context of our functions, powers, and duties.

16. Te Mana o te Wai has been developed and expressed in policy and planning documents including the National Policy Statement for Freshwater Management (NPS-FM)¹ established under the Resource Management Act 1991 (RMA). Te Mana o te Wai was informed by intergenerational observations and lived experiences of tangata whenua with kaitiakitanga of their water.
17. It is a fundamental concept that sets out six principles and a hierarchy of obligations, requiring the health and wellbeing of water to be prioritised first. The second priority is to the health needs of people (such as drinking water) and the third is the ability of people and communities to provide for their social, economic, and cultural well-being.²
18. Giving effect to Te Mana o te Wai means ensuring Taumata Arowai, local authorities and drinking water suppliers place the health and wellbeing of water as a priority in executing their respective functions and duties.
19. One of the readiness reports referred to in paragraph 11 has presented us with recommendations to support our growth, capability, and capacity in meeting our Te Tiriti o Waitangi and Te Mana o te Wai responsibilities.

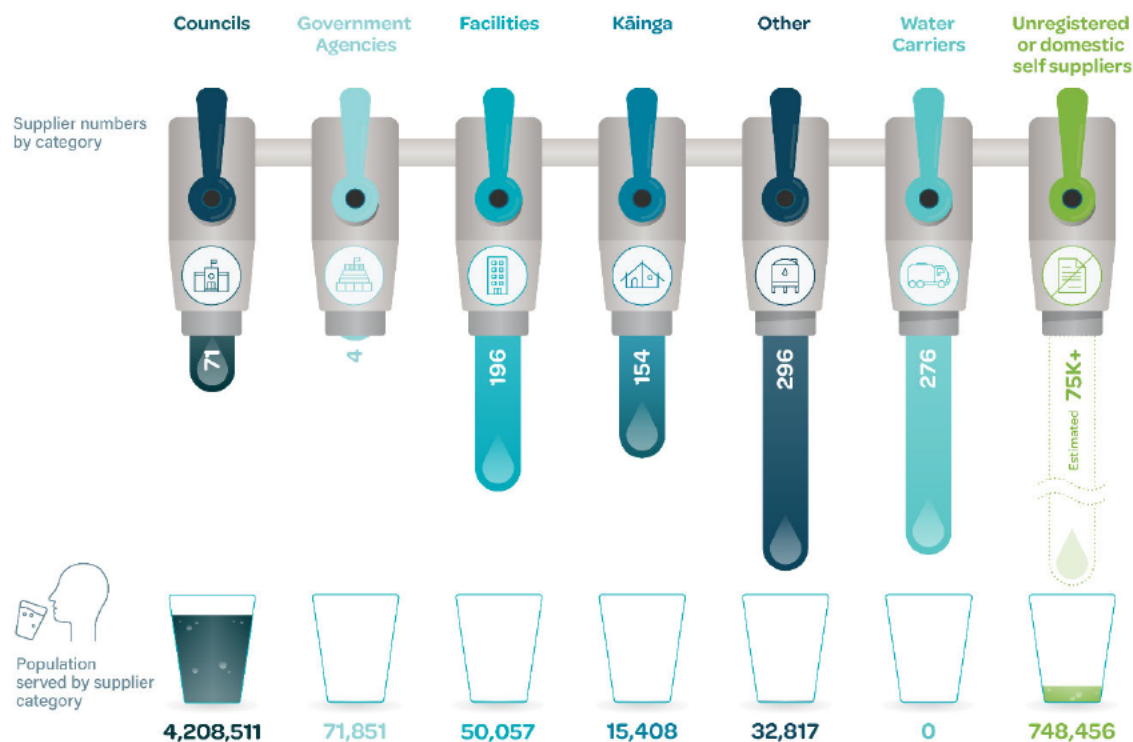
Registered water supplies

20. The Act requires drinking water supplies and suppliers who own, manage, and operate them to be registered.
21. As at the point of preparing our 2021 Drinking Water Regulation Report, there were 997 registered drinking water suppliers who own, manage, and operate 1,975 supplies which serve 85.4% of New Zealanders (4,378,644 people). Drinking water supplies include the water sources, treatment plants and distribution zones.
22. These statistics and the breakdown of them shown in the diagram below reflect the current understanding of registered suppliers and suppliers.

¹ Ministry for the Environment (2020). [National policy statement for freshwater management | Ministry for the Environment](#).

² Refer to the Taumata Arowai Statement of Intent 2022–2026 section on Te Mana o te Wai for more information.

Who's filling your cup?



Key opportunities and challenges

There is significant scope to improve the safety of drinking water

23. We are going through the process of gathering data and developing our understanding of all 1,984 drinking water supplies which are currently registered. The Act provided for drinking water supplies that were registered with the Ministry of Health to automatically transfer to the new system. Currently we estimate there could be between 55,000 – 166,000 unregistered drinking water supplies that will need to be registered by 15 November 2025 and compliant by 2028.
24. The majority of New Zealanders drink water from larger supplies, while smaller supplies have historically reported lower levels of compliance.
25. We have been working to verify the details of all registered drinking water supplies. Because the details for many of the smaller private and community supplies were not up to date and not been actively regulated means that there are still 944 supplies who have not been able to verify.
26. All registered supplies are required to have a Drinking Water Safety Plan to describe how they will actively manage the risks in their supply. Currently only 727 have lodged these with Taumata Arowai, this represents 89% of Council supplies and 7% of government supplies. We will continue to work with registered supplies on the provision of their drinking water safety plans.

27. We have received notifications from 218 supplies about drinking water which is or may be unsafe. This shows both the extent of potential issues in the sector and the high level of engagement with 11% of supplies.
28. In addition, there have been 158 supplies who have issued consumer advisories, including boil water notices. While these are an important tool for supplies to respond to emergencies, 13 supplies have had these in place for over 3 years, indicating major systemic issues.
29. We still need to gather more data to further develop our understanding of the sector. This year all registered supplies will begin regular reporting against the DWQARs providing regular data to Taumata Arowai.
30. At the time of preparing this briefing, we have undertaken rapid reviews of over 300 Drinking Water Safety Plans. Our focus is currently on council and government supplies and private suppliers serving a population greater than 100, as these are the areas of greatest risk.
31. The reviews are showing that there are gaps in the level of treatment smaller supplies have in place to manage their risk, meet the requirements of the DWQARs and produce reliably safe drinking water. These are important insights that will support our engagement with the sector and our regulatory approach.

And to improve the performance of drinking water, wastewater, and stormwater networks

32. Under the Act, Taumata Arowai may make environmental network performance measures. Networks operated by local authorities (and in time water services entities) and public agencies such as the Department of Conservation and Ministry of Education, will be required to report on the performance of their networks. This will provide greater transparency about the performance and impacts these networks have on the environment and public health. It will contribute to driving a continuous and progress improvement of the quality of water services. Regional Councils will still have a critical role as the primary regulator of wastewater and stormwater.
33. Measures can be made for drinking water, wastewater, and stormwater. We made the first tranche of drinking water measures last year covering such things as:
 - total population served by a water supply
 - volume of water abstracted each year
 - resource consent compliance
 - fault attendance and resolution timeframes
 - asset condition
 - water loss
 - resilience of the network.
34. Additional drinking water measures and measures for new wastewater and stormwater will be developed over the coming years. This information will also be critical for the Commerce Commission. We are working closely with them to ensure alignment where possible with the information we are collecting and ensuring that we can wherever possible share information so as not to burden water supplies with information requests.

But achieving these outcomes will take time

35. Taumata Arowai has been the regulator for just over a year. Given our legislation was enacted only a matter of days before we officially became the regulator, we focussed on delivering the critical things needed to operate on day one. This means we are still building the regulatory system, our operational approach, and our internal capability especially around things like Te Mana o te Wai.
36. We continue to focus on building strong relationships to better understand the water services sector and the connections our system has with other regulatory systems such as health (MOH), food safety (MPI), building (MBIE) and the environment (MfE).
37. As noted in paragraph 12 we have made good progress but there are still large parts of the regulatory system to build such as an authorisations framework and infringement regime. Given the speed at which the regulatory instruments to date were developed, changes to the DWQARs are likely and over time we will likely need to develop further Acceptable Solutions.
38. We also have a significant educative role to play to ensure water suppliers of all sizes understand their compliance requirements and the important role that active risk assessment and management plays in the new regime to improve the safety of drinking water.
39. This is particularly important for emergency management. While the reforms will over time improve the resilience of the system, water supplies must also be able to function effectively in times of emergency—whether it be flooding, an event that causes public health concerns or in times of drought.

Our operating environment presents a number of challenges for us to work through

Three Waters Services Delivery Reform

40. With the water services delivery reforms underway, we know that the coming couple of years will be a time of significant challenge and change. Regardless of the final structure of the Three Waters reforms, Taumata Arowai will continue to play a key role to bring about the changes needed to improve water services across Aotearoa. Our role as the regulator is separate from how water services are delivered.
41. The number of entities being regulated has an impact on our capacity and we continue to work closely with DIA, the National Transition Unit and the Commerce Commission to ensure the impacts of the change are well managed.

A sector under change pressure

42. We are working with a sector that is confronting significant change, not just Three Waters.
43. We are working through a number of exemption applications for residual disinfectant. Our decisions whether to grant exemptions or not will be potentially contentious.
44. Our legislation requires us to ensure approximately 75,000 water supplies are registered by November 2025. Understanding the best way to regulate this sector and then supporting pathway to compliance by November 2028 is complicated by the fact that many of these supplies are small and privately or community owned with no previous history of being regulated.

45. We are becoming more confident about the numbers but, for large segments of the unregistered, we do not know who they are e.g. farmers supplying neighbours. Our experience from verifying small supplies that migrated from the old MOH regime is that this is a time-consuming process.

Funding certainty

46. We have not had specific funding granted for our stormwater and wastewater functions.
47. DIA funded MartinJenkins in August 2022 to work with Taumata Arowai to create a cost model to review the Crown and third-party funding amounts required from 2023/24 to 2027/28. This assumed only the four water services entities would be levied, as they are expected to provide the vast majority of New Zealanders with water services. Should there be a change, that modelling will need to be revisited.

Recommendations

48. We recommend that you:
- note** the contents of this briefing; and
 - agree** to us working with your office to schedule a meeting with the Board and Te Puna Chairs with the Chief Executive.



Allan Prangnell
Chief Executive, Taumata Arowai

Minister McAnulty
Minister of Local Government

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Appendix 1: Taumata Arowai Board, Te Puna and Senior Leadership Team Profiles

TAUMATA AROWAI BOARD MEMBERS



Dame Karen
Poutasi
Board Chair

Dame Karen is currently a Board member of Te Whatu Ora - the Health New Zealand Board. She is also Chair of Wellington Uni-Professional (a subsidiary of Victoria University of Wellington).

Dame Karen has previously served as the Director General of Health and the Chief Executive of New Zealand Qualifications Authority (NZQA). She was also a member of the Havelock North Drinking Water Inquiry panel. Dame Karen's background is as a medical practitioner with public health as a specialty.



Troy Brockbank
Te Rarawa, Ngāti
Hine, Ngāpuhi

Troy is a civil engineer, water practitioner, Pou Ārahi Māori Advisory lead with Pattle Delamore Partners (PDP) Ltd. He is a board member of Water NZ, board member of Ngāti Hine Health Trust and a member of the Environmental Protection Agency's Ngā Kaihautū Tikanga Taiao.



Riki Ellison
Ngāi Tahu, Te
Ātiawa, Ngāti Toa
Rangatira

Riki is a consultant specialising in resource management and iwi Māori development, working closely with central government agencies, local government, iwi and hapū.

As a member of the Government advisory group Kāhui Wai Māori and an adviser to the Pou Taiao Iwi Leaders Group he has an in-depth knowledge of Te Mana o te Wai in a policy context.



Brian Hanna

Brian is currently the Independent Chair of the Three Waters Reform Steering Group, was member of the Taumata Arowai steering board, and a farmer and business director.

He is a former mayor (nine years) and councillor (six years) of the Waitomo District. He has also served as a Local Government New Zealand (LGNZ) board member and Chair of the LGNZ-DIA Water Regulation Advisory Group. Brian also sits on several community trusts, Sport Waikato RSO and regional non-government organisations.



Dr Virginia Hope

Dr Hope has a background in governance, healthcare, and science management. She has previously held governance positions in Crown entities and professional organisations and been a member of many advisory groups to public sector agencies.

Dr Hope is currently part-time medical director for ESR and Chief Medical Office for the Ministry for Primary Industries. She is a specialist in public health medicine and in medical administration who previously managed the public health aspects of drinking and recreational water in the Auckland region and she served as Medical Officer of Health for Auckland Regional Public Health Services.

Dr Hope also served as the Chair of both Capital & Coast and Hutt Valley District Health Boards from 2010 to 2016 and was previously an elected member of the Auckland DHB. She is currently a commissioner and board member of Te Kāhui Tātari Ture – the Criminal Cases Review Commission.



Loretta Lovell
Rongomaiwahine,
Ngāti Pahauwera,
Ngāti Kahungunu,
Whakatōhea

Loretta is a lawyer, Independent Environmental Commissioner and Director. For 20 over years Loretta has specialised in commercial, energy and resource management law. As a commissioner, she has considered multiple complex plan reviews and consent applications involving drinking water, freshwater, stormwater, coastal environments, and New Zealand's Exclusive Economic Zone.

Loretta is currently a member of the Distribution Contribution Commissioner Panel and the Environmental Legal Fund Advisory Panel. She is also currently a member of the governance board of the Energy Efficiency & Conservation Authority and the Charities Registration Board.

Loretta has previously been a legal advisor and negotiator for several iwi and Māori organisations, supporting their social initiatives and economic and commercial developments. She has also acted as a director for iwi and Māori owned or appointed commercial governance boards.



Anthony Wilson

Anthony has over 45 years' experience as a civil engineer, mostly in the water sector. He is a Distinguished Fellow of Engineering New Zealand and an Honorary Life Member of Water New Zealand, having served as National President for both. His experience includes managing the water infrastructure at New Plymouth District and Wellington City Councils.

He is currently a Director of Infrastructure and Water Consultancy Services Limited and has just successfully delivered the Three Waters Stimulus for Crown Infrastructure Partners Ltd. Anthony also served as one of the panel members of the Havelock North Drinking Water Inquiry.

In 2021, in recognition of his lifelong contribution to water sector, he was awarded the prestigious Water New Zealand Association Medal.

TAUMATA AROWAI TE PUNA MEMBERS



Tipa Mahuta
(Chair)
Waikato,
Maniapoto me
Ngapuhi

Tipa is a Waikato Regional Councillor and Co-Chair of the Waikato River Authority. She is Chair of the Māori Health Authority. Tipa brings strong governance experience, and an environmental and health focus to Te Puna.



Riki Ellison
Ngāi Tahu, Te
Ātiawa, Ngāti Toa
Rangatira

Riki is a consultant specialising in resource management and iwi Māori development, working closely with central government agencies, local government, iwi and hapū.

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Ian Ruru (Deputy Chair)

Te Aitanga a
Mahaki, Ngāti
Porou, Ngāi Tai
and Whakatōhea

Ian has a scientific background in marine and freshwater fisheries and is a director on a number of iwi fishing companies. Ian is a Kāhui Māori member of Sustainable Seas National Science Challenge and an alternate Director of Te Wai Māori Trust. Ian has recently accepted the new role of Principal Māori Scientist for the Ministry for the Environment. Ian brings his expertise as a practitioner of applying tikanga-based approaches to natural resource management to Te Puna.



Bonita Bigham
Ngāruahine, Te
Ātiawa

Bonita is a Taranaki Regional Council councillor for its first Māori ward, serving her fifth term as an elected member in local government. She is Local Government NZ's appointee to Te Pou Taunaha New Zealand Geographic Board and chairs Te Maruata, the national Māori collective within the local government sector. She also sits on LGNZ's National Council.

Bonita's chairs the Oranga Marae committee, is a committee member of Te Ātinga, the Māori contemporary arts committee of Toi Māori Aotearoa and also sits on Creative NZ's Arts Council. She is currently studying towards her PhD, examining indigenous rights relating to use of marine resources for artistic purposes.

Bonita brings her strong local government experience to the Māori Advisory Group. She has also been actively involved in whānau, marae, hapū and iwi kaupapa all her life.



Pita Paul

Ngāti Manawa,
Ngāti Awa, Ngāi
Tūhoe, Ngāti
Whare,
Patuheuheu,
Ngāti
Tūwharetoa, Te
Whānau-a-
Apanui

Pita is currently the Managing Director of Waiwhenua Associates Ltd, and a member of Hauora Māori Health Advisory team. Pita has had a lengthy career in Māori health, including as the Drinking Water Facilitator for Tairāwhiti District Health Board. His deep understanding of mātauranga Māori, and experience working with rural Māori communities and marae, is an asset to Te Puna.



Te Huia Taylor
Ngāti Te Ata
Waiohua, Te
Waiariki

Te Huia is a product of the Kura Kaupapa Māori Movement and was raised by her iwi of Ngāti Te Ata Waiohua. The passion she has for te reo Māori is reflected in being a licensed translator and in her current pursuit of a Masters in Te Reo Kairangi (Language Excellence). She is the Director of Paakaurua Consultants Limited whose focus is to imbed Kaitiakitanga principles in kaupapa that affect the taiao. Te Huia's experience in effective engagement with Māori communities and her in-depth understanding of whānau, hapū and iwi dynamics is an asset to Te Puna.

KAIHAUTU O PUNI AROWAI (KOPA) – THE TAUMATA AROWAI SENIOR LEADERSHIP TEAM



Allan Prangnell, Chief Executive

Allan came to Taumata Arowai from Te Manatū Waka (Ministry of Transport), Deputy Chief Executive where he provided leadership and advice on the regulatory performance of the sector.

Prior to Te Manatū Waka, Allan was an Executive Director at the Department of Internal Affairs. Allan led and delivered, in partnership with local government, iwi/Māori, industry and other government agencies, the establishment of Taumata Arowai. Key to this work was the engagement with iwi across the motu on understanding and giving effect to iwi/hapū/Māori interests in water services and regulation.

Allan brings with him significant experience in regulation, organisational design, transformation, governance and leadership, strategic leadership, and managing stakeholder relationships within complex organisations.



Katy Te Amo, Head of Strategy and Insights

Tainui, Ngāti Wairere, Ngāti Koroki Kahukura, Ngāti Haua

Katy has been a public servant for most of her career. She trained as a teacher which led her to Te Papa Tongarewa in a range of roles which used her education training. Since her Te Papa days Katy has spent the last 10 plus years in a range of roles across central government.

Katy has been involved in the Three Waters Reform Programme since early 2019, most heavily involved in iwi engagement, policy development, governance and then then Taumata Arowai Establishment Unit.



Ray McMillan, Head of Regulatory

After serving 10 years in the Royal New Zealand Navy, Ray began his public service career as a barrister and solicitor before developing his skills as a maritime investigator at Maritime NZ. Ray then went on to gain significant experience in developing and leading regulatory teams at the Environmental Protection Authority and Waka Kōtahi. Ray says that his background in law has provided him with a bunch of foundational and transferable skills that he applies daily in his regulatory roles.

Through his career Ray has gained experience across the full spectrum of regulatory activities from policy setting, carrying out frontline activities through to prosecutions, and has worked under the Health and Safety, Maritime Transport, Marine Protection, Hazardous Substances and Rail regulatory frameworks. Ray has also been a keen participant in the development of G-Reg and its predecessors along with numerous regulatory colleagues.



Johanne Spring, Head of Corporate

Jo Spring looks after the finance, people and culture, legal, and information technology areas for Taumata Arowai.

Prior to joining Taumata Arowai she was the Manager, Strategy and Operational Services, Archives New Zealand at the Department of Internal Affairs. She has also served as a General Manager Corporate Services at the Environment Protection Agency (EPA), was National Operations Manager for HealthPac, and a National Operations and branch manager at ACC.