

Summary of submissions

Discussion document on Drinking Water Network Environmental Performance Measures

On 17 January 2022 Taumata Arowai commenced a 10-week public consultation process on proposed **Drinking Water Network Environmental Performance Measures** and other instruments under the Water Services Act 2021. The consultation process was a mix of direct engagement and public notices, supported by webinars.

There were 35 responses to the proposed drinking water network environmental performance measures. There were two joint submissions as part of the responses.

Most submitters made general comments, only a small number of the submitters provided comments for individual environmental performance measures.

As expected, the vast majority of submissions were from councils, most likely because the proposed measures only apply to councils, their council-controlled organisations, and government departments.

We also ran a separate targeted consultation process with government departments.

We received one submission from a private registered small (50 - 500) water supply, who thought that the drinking water network environmental performance measures would apply to their supply. This submitter indicated they wanted to be involved in targeted consultation, so we have contacted them to advise that their supply is not captured by these measures and the associated legislative requirements.

Key themes from consultation

Public consultation

Submitters were generally supportive of the reporting requirements

In general, submitters were supportive of the proposed requirements. For example:

- *“We agree that an entire network approach is required to drive system efficiency and good practice”*
- *“We agree that robust and comparable monitoring and reporting is of utmost importance”*

Submitters expressed concerns about the timeframe and wanted to ensure the introduction of the measures was phased appropriately. Submitters highlighted the fact that there is a lot going on at the moment (including three waters reform and resource management reform) which is reducing the available capacity of councils.

The majority of the submitters agreed with the scope of the proposed 'environmental performance' definition. One submitter expressed a different view and considered the proposed interpretation of environmental performance to be much broader than like terms in other legislation (notably the Resource Management Act) and were concerned that such a broad definition would lead to uncertainty and unnecessary regulatory burden.

Submitters noted the importance of Te Mana o te Wai, in considering network performance measures, and the need to work with iwi and hapū to ensure that the reporting approach doesn't dilute these aspirations. For example:

- *"Mātauranga Māori (and therefore potential environmental performance measures) is regionally specific to the iwi and hapū of the rohe. It may be that the reporting for the environmental performance measures is broken down into region / rohe in order to avoid the blanket approach."*
- *"Staff consider, that in general, many measures are aligned to Te Mana o te Wai for the three-level hierarchy."*

Reference to outcomes rather than insights

Several submitters made comments regarding the 'insights' we have grouped the measures into (is environmental and public health protected? are services reliable? etc.)

- *"We recommend that the 'insights' might be more correctly termed 'outcomes.'"*
- *"The way this is worded [is environmental and public health protected] could have a negative connotation towards the three water service provider and how is this going to fit into a wastewater and stormwater context. The way it is presented makes it appear as a yes/no response and does not allow to show improvements that a provider may be making in this context."*

Many submitters raised concerns about the measures proposed in relation to the insight 'are services economically sustainable?'

Many submitters raised concerns about the inclusion of financial measures. An excerpt from the Water New Zealand submission is provided below, their concerns were also reflected in many of the other submissions.

- *"Concerns were raised that having Taumata Arowai collect information on financial performance could be problematic, because:

 - *There is a tension between improved quality outcomes and cost. Collecting financial information may signal that managing cost and affordability issues should be given equal weight to quality outcomes in the eyes of Taumata Arowai.*
 - *That there is the ability for Taumata Arowai to set standards, and that this in the future may lead to Taumata Arowai setting financial performance standards. This was seen as inappropriate because of the incentives addressed above.*
 - *The financial measures proposed lack sufficient detail to provide an understanding of financial performance, and therefore do not serve a purpose.*
 - *There is a risk of duplicate reporting when the economic regulator is introduced."**

Submitters wanted to be sure the overlaps were managed, particularly overlaps with the role of the economic regulator and regional councils. For example:

- “We agree with Taumata Arowai that the economic performance of a network affects its ability to meet its environmental and public health obligations. However, we consider that the economic performance measures proposed risk duplicating information likely to be requested and specified as part of the economic regulation proposed as part of the Three Waters Reform package.”

Additional measures to be included

Several submitters identified additional measures that they proposed for inclusion. Some of these will be considered when consultation is undertaken for the next phase of measures, which will be introduced in 2023.

Additional measures, identified during consultation, include but are not limited to:

- Have you set a reference level for pressure? This measure sets suppliers up for a question in 2023 about meeting a reference pressure level of pressure (if set) or requiring further information if a level has not been set.
- Do you have a consumer water use education programme in place?
- Inclusion of the percentage of energy generated versus energy imported, for each drinking water network.

Submitters recommended removing a number of measures, including but not limited to:

- Water supply source type, as this information forms part of the registration of the drinking water supply.
- A number of the water losses measurements, as some were perceived as more useful than others. In particular, percentage estimated total network water loss was not perceived to be a useful measure of water loss.

Submitters also recommended some changes to measures, including but not limited to:

- Splitting energy use into electricity and other sources with different units because some suppliers have found it difficult to convert between the different units (kWh/m³ for electricity and GJ/m³ for other sources).
- Moving the measure relating to water meters from the insight ‘are services reliable?’ to ‘are resources used efficiently?’.

A number of submissions provided technical recommendations for individual measures – for example, alternative ways of collecting data.

Targeted consultation with department network operators

In parallel with public consultation, we engaged with departmental network operators. Government-owned and operated supplies are also included in this reporting. This includes the Ministry of Education, Department of Corrections, Department of Conservation, and the New Zealand Defence Force.

We engaged with affected departments through the Crown Suppliers Group. Following this, departments provided information on the supplies captured by this reporting, as well as comments on the proposed approach.

In general, departments were supportive of the scope and intent of reporting. As with public consultation, there were a number of key themes:

- Requests to adjust the measures, given the differences in how council and department networks operate (e.g., department supplies do not have a paying consumer base).
- Comments about the practical difficulties of monitoring many supplies (e.g., remote backcountry huts without permanent onsite staff), and considered many of their supplies not to be on the scale of networks.
- All departments noted capability and budget constraints in reporting on the full list of measures (noting the majority of councils have previously reported many of the first-year measures through Water New Zealand's National Performance Review).
- Departments also noted they would need time to establish appropriate processes and secure the necessary budget for ongoing monitoring and reporting activities.