

Rural Supplies Technical Working Group: Q and A

What is the Rural Supplies Technical Working Group?

The Rural Supplies Technical Working Group was established following the eight-week engagement period with councils in August – September 2021, where many councils noted considerations about how rural supplies would interact with the new Water Service Entities. The Group was established by the Department of Internal Affairs Three Waters programme to provide advice to the Department and Taumata Arowai to support policy development related to rural drinking water supplies and rural communities, in the context of the new drinking water regulatory and service delivery regime.

Unlike the Working Group on Representation, Governance and Accountability which reported to the Minister, the Rural Supplies Technical Working Group reports to the Department.

The Group's work will be considered by Cabinet in the context of a second piece of the Three Waters legislation which works through the set-up and establishment of the new Entities.

What is the working group's purpose?

The Group's purpose and scope of work was to inform:

- the proposed legislation to implement the Water Services Entities (second Bill);
- wider policy development related to rural supplies within DIA and Taumata Arowai;
- the approach to implementation of water services regulation by Taumata Arowai; and
- areas of support required for rural communities.

What is the make-up of this working group and how were the members appointed?

The Rural Supplies Technical Working Group comprise members drawn from across rural New Zealand. The membership of the group has a wide range of rural expertise, experience and perspectives, acknowledging the complexity and breadth of issues the group needed to consider.

The Department and Taumata Arowai, in consultation with LGNZ and Taituarā invited members to join the group who represent a diverse range of stakeholder views from both the agricultural sector, rural marae and papakāinga and rural communities more broadly.

The Chair of this group is Mayor Bryan Cadogan (Clutha District Council). The Deputy Chair is Bill Bayfield (Chief Executive, Taumata Arowai).

What has this working group considered?

Issues explored by the Rural Supplies Technical Working Group to feed into the second Bill, include:

- The characteristics of rural supplies and council roles in their ownership, governance and operation and the implications for the establishment of water services entities;
- Principles to guide transition planning of schemes/assets and whether/how they should transfer to the new entities;
- Management, duties and obligations (including financing) of rural drinking water suppliers;
- Treatment of rural schemes where the primary supply is for stock water, and/or rural water races, and irrigation;
- The impact, if any, the reforms will have on those that do not currently receive three waters services from a council provider;
- Levels of three waters services for rural communities.

The Rural Technical Working Group, also considered three waters services to rural marae and papakāinga.

What the working group's recommendations?

The working group has made 30 recommendations. They are set out in full in the report. Of particular interest to the sector and the public, the working group has:

- Confirmed the position that privately owned rural water schemes should not be included in the current reforms which are focused on council owned three waters services.
- Recommended that council owned mixed use – i.e. for agriculture and drinking water – rural schemes should transfer over to the new Water Services Entities under reform. There are around 100 of these schemes in New Zealand.
- Recommended that there is a clear pathway for some council-owned mixed use rural schemes to transfer from council ownership to ownership by scheme users.
- Recognised historic inequities in drinking water and wastewater services to marae and papakāinga
- Recommended that water services entities systematically work to address these inequities through investment and support for the water services to marae and papakāinga
- That Māori and iwi experts be engaged in the development and design of proposals for entities to address inequities in water services to marae and papakāinga

What are the next steps?

The Department will consider the group's report and feed its recommendations into advice and draft policy. This will be considered by Cabinet for inclusion in "Bill Two" of the Three Waters Reform legislation

Is the working group finished? What about the phase 2 work?

The working group has provided recommendations on key issues that should to be considered by the government when drafting "Bill Two" of the Three Waters Reform legislation.

Further work is proposed to be undertaken on other issues affecting rural three waters services. Two separate working groups are proposed to be set up which will provide advice to the Department of Internal Affairs and Taumata Arowai on regulation and rural marae and papakāinga: A working group that will further explore drinking water and wastewater issues related to marae and papakāinga; and another working group that will explore issues related to the regulation of rural drinking water and wastewater.

These groups will require additional expertise outside of the current working group's membership. The Department of Internal Affairs and Taumata Arowai will consider membership of these working groups shortly.

How many rural schemes are affected by service delivery reform?

There are around 100 mainly larger rural drinking water schemes affected, as they are council owned.

It is only these schemes that are affected by service delivery reform and **not** the tens of thousands of mainly smaller privately owned rural schemes.

The group agreed these 100 larger council-owned mixed-use schemes should be transferred, so that they can continue operating on day 1 of the Water Service Entities.

There will be a pathway for these schemes to choose to operate independently if they are able to do so.

What are the up-front cost implications of transfers if an 'opt out' succeeds: i.e. will the users have to pay for the assets that are transferred from council to private ownership?

The Working Group didn't make any recommendations on this point. However, it does note there is a precedent for the proposed transfer process under the current Local Government Act.

The Working Group's expectation is that a negotiation will need to occur between the council and the users' representatives to confirm the approach on a supply by supply basis.

What has the working group recommended with regard to chlorination of rural supplies?

The Working Group recommended Taumata Arowai develop options for exemptions for chlorine in certain drinking water supplies, in order to reduce the regulatory burden for small and rural drinking water suppliers.