



22 July 2022

Chair
Finance and Expenditure Committee
Parliament Buildings
Wellington

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Tēnā koutou

RE WATER SERVICES ENTITIES BILL – INITIAL SUBMISSION

Thank you for the opportunity to submit on the Water Services Entities Bill. Engineering New Zealand Te Ao Rangahau represents over 22,000 engineers and allied professionals, many of whom work in the water services sector.

The Bill as a whole is of strong interest to us as it will affect our members who work not only in the water services sector but in local government, broader infrastructure, and in developing the future profession. This initial submission makes high-level comment only, focusing on the need for technical and professional expertise at every level of the new legislative framework, for the delivery of safe and sustainable water infrastructure and services.

We may wish to make a more detailed submission to the Select Committee after further consultation with our members. We would also appreciate the opportunity to appear before the Committee in person.

Our response

This submission provides a high-level response to the Finance and Expenditure Committee on the Bill. We acknowledge the challenges facing the three waters sector and the importance of taking action to resolve them. Engineering New Zealand wants to emphasise the importance of sourcing and utilising technical expertise in the development of the new framework.

We challenge the Committee to provide further clarity on how technical expertise will be built into the new service delivery system, from the governance level down to on-the-ground capability.

The Bill does not clearly set out how it will be able to achieve its objectives, especially from a technical (including engineering) and financial standpoint. We recognise the Bill is the first legislative step in establishing the framework, and so there is still time for this technical expertise to be built in through regulation and the constitution, but we emphasise the importance of having the right skills and knowledge at the table.

There is a distinct need for technical expertise at varying stages in governance, from the boards of the new water services entities down through the regional representative groups. The Bill promises to ensure corporate governance by an independent, competency-based, professional board but how this is achieved this is not set out in the relevant sections for board membership. Further to that, section 97 - *Qualifications of regional representatives, regional advisory panel* also makes no mention of any board member requiring water or infrastructure-related qualifications or experience as a requirement or desirable attribute.

Another example is section 34 - *Requirements before appointment as regional representative* where no mention is made of any requirements for experience in terms of any three waters services; similarly in section 52 - *Requirements before appointment as regional advisory panel member*. The legislative framework should ensure there is representation from professionals with water or infrastructure expertise at all stages of decision-making and execution.

Ensuring the right expertise around the decision-making table will enable WSEs to adopt and follow industry best practice when it comes to preparing asset management plans. Building on ss147 and 148 - *Content of asset management plan*, we suggest that the Bill (or subsequent regulations) include provision around sound infrastructure investment management, including:

- asset data quality and confidence ratings
- asset management maturity ranking (or similar)
- funding of asset management life cycle
- network operating efficiency.

Skills and capability pipeline

There is a critical need to ensure sufficient skills and capability in the workforce now and into the future. We would commend to you the recently released Three Waters Workforce Development Strategy: <https://www.waihangaararau.nz/latest-news/we-are-water-ko-wai-tatau-three-waters-workforce-development-strategy>. This was developed in partnership with industry including Engineering New Zealand and Waihanga Ara Rau.

We see a need for engagement and professional development in the water sector which has not been emphasised or mentioned in this Bill. We take the opportunity to highlight the importance of this work under the new framework, and that the Bill should enable the development of the future workforce.

We note section 19 - *Acts must be for purpose of functions* limits WSEs to taking actions only “for the purpose of performing its functions”, which in principle is good but might be limited by the functions as defined in section 12 - *Functions of water services entities*. It is unclear if supporting the development and pipeline of skills and capabilities would fall into this definition. The current wording is potentially restrictive and may not facilitate WSEs achieving their objectives of the wider three waters reform programme. We suggest consideration is given to additional wording around the functions of WSEs, to clarify this.

We support early and ongoing engagement with water professionals to meet the overall purpose of this reform and the specific objectives set, as well as the development of such skills within the sector. This will be quite a task as it will include ensuring that New Zealand has the workforce

capacity, capability and skills needed to deliver water services (this is far greater than engineers and other engineering professionals, at all levels of skills and capabilities). The new WSEs will need to facilitate building the required capability/skill and to ensure everyone has the tools and resources needed to achieve the set objectives. Engineering New Zealand could assist with this and would welcome the opportunity to be involved.

Conclusion

Thank you again for the opportunity to submit on the Bill. We would like to leave open the opportunity to provide a further, more detailed submission, to the Select Committee, when we have had a chance to consult further with our members who are technical experts in the sector. We would also appreciate the opportunity to put forward a representative to appear before the Committee.

Yours sincerely



Dr Richard Templer
Chief Executive