



10 February 2023

Hon Barbara Edmonds
Chair
Finance and Expenditure Committee
Parliament Buildings
Wellington

Tēnā koe Minister Edmonds

RE WATER SERVICES LEGISLATION BILL AND WATER SERVICES ECONOMIC EFFICIENCY AND CONSUMER PROTECTION BILL

Thank you for the opportunity to submit on the Water Services Legislation and Water Services Economic Efficiency and Consumer Protection Bills. Engineering New Zealand Te Ao Rangahau represents over 23,000 engineers and allied professionals, many of whom work in the water services sector.

In July 2022, we provided a high-level submission to the Finance and Expenditure Committee on the draft Water Services Entities Bill. In August 2022, we presented to the Committee. Both our written and oral submissions focused on the need for legislation to require specialist technical expertise in the development of the new framework. We emphasised the importance of having the right skills and knowledge at the table. As the professional body for engineers, we were concerned that the legislation made no mention of any board member being required to have water or infrastructure-related qualifications or experience, notably in three water services.

In our submission, we also urged the Committee to consider the role of the entities in supporting the pipeline of skills required for to manage water services.

This submission to the Committee focuses on the key points of our earlier feedback and our understanding of how these feed into the wider legislative suite. Overall, we support the Bills before the Committee and are grateful to the committee for its considerations of our earlier points.

Engineering New Zealand works closely with [Water New Zealand](#). Many of our members are also members of Water New Zealand. Water New Zealand have submitted detailed feedback on the operational workability of both Bills. We support these submissions and ask the Committee to give due consideration to the workability challenges raised by Water New Zealand.

Legislative suite addresses our concerns with governance expertise and pipeline support

Technical expertise

We are pleased to note that the Water Services Entities Bill, currently in its final stages of Royal Assent, addresses, in part, the need for board appointees to have experience and expertise in

relation to network infrastructure industries (for example, waters services network infrastructure industries), among other things (clause 38 (2)(b) and clause 57 (2)(b)). It is our view that this goes some way to addressing our earlier concerns that there was a significant gap in the governance skillset of the four new entities.

Role of the water services entities in supporting capability in the sector

We are encouraged to note that the draft Water Services Legislation Bill addresses our earlier concern on the role of the water services entities in supporting capability in the sector. In expanding clause 13, the functions of the water services entities now include (l) to build, maintain, and support the capability of the water services sector; and (m) to facilitate, promote, and support research, education, and training relating to water services. Effectively managed, these additions will support long term planning and accountability for building the required capability and skills, and ensure the sector has the tools and resources needed to achieve set objectives.

Water Services Economic Efficiency and Consumer Protection Bill sets out the important role of independent regulator

In this submission we will not comment in detail on the specifics of the introduced Water Services Economic Efficiency and Consumer Protection Bill. However, we note that the introduction of the Bill is a significant step in the three waters reform. We support the introduction of the Bill, considering it a critical piece to improving outcomes across water services. We support the establishment of an independent regulator (the Commissioner/Commission). This is an important step to renewing confidence in the system. It is our view that absence of a strong regulator has led to many of the current issues facing the three waters system.

Conclusion

In this submission, we have not commented on the operational feasibility of the reforms. We will leave this to those closer to the day-to-day management of the proposed system. As noted earlier, we are supportive of Water New Zealand's submissions on the Bills and encourage the Committee to carefully review the points raised in their submissions.

We are encouraged by the progress of the reforms and are hopeful these reforms will continue through this political cycle. The challenges facing our three water services are well documented and crippling. Without reform, the situation will continue to compound. For this reason, we are supportive of the progression of the Bills and to the change they drive.

Ngā mihi



Dr Richard Templer
Chief Executive