

REGULATORY IMPACT AND COMPLIANCE COST STATEMENT

Statement of the Nature and Magnitude of the Problem and the Need for Government Action

In November 2000 Cabinet agreed that a flexible, risk-management-based legislative framework for drinking water should be introduced that, among other things:

- require drinking-water suppliers to prepare and implement public health risk management plans;
- make drinking-water suppliers responsible for the compliance of their supply with the provisions of the Act;
- require officers designated by the Director-General of Health to act as assessors with those assessors to have their competence accredited to international standards;
- require record keeping and publication of information about compliance;
- put duties on the general public not to contaminate drinking-water supplies; and
- provide for exemptions from the provisions of the Act where this best serves the interests of public health.

Cabinet also agreed that drinking-water suppliers will have between two and five years to comply with the new requirements, with small drinking-water suppliers being given a longer lead-in time than large drinking-water suppliers.

Cabinet noted that the drinking-water Bill will not apply to the public health aspects of water supplies already covered by other legislation, such as the Resource Management Act 1991, the Health and Safety in Employment Act 1992, and the Building Act 1991. (CAB(00)M 38/1A(2) refers).

Since the decisions in 2000, it has become necessary to re-visit the issue of exemptions, and to seek clarification affecting the practical details of certain other decisions.

Exemptions

Cabinet agreed to the following exemptions to the proposed requirement that drinking water suppliers comply with the provisions of the legislation (including requirements with the Drinking Water Standards for New Zealand):

- there would be exemptions from meeting drinking water standards, where that best 'serves the interest of public health'; and
- the Department of Conservation would be able to seek an exemption to allow it not to comply with drinking water legislation where its facilities are remote or visitor use is low (e.g. during the off-season), so that compliance would be impractical or have more costs than benefits.

It is not clear which suppliers might apply for an exemption in the interest of public health, and under what circumstances and according to what specific criteria such an exemption might be approved. Apart from emergency situations (which are already catered for elsewhere in the November 2000 Cabinet decision), provision of drinking water that either does not meet, or it is unknown whether or not it meets, the Drinking Water Standards is unlikely ever to be in the interest of public health.

The ability for the Department of Conservation to seek an exemption under the Bill would be inappropriate as the facilities in question are governed by the Building Act

2004, rather than the drinking water legislation under the Bill, and the issue of Building Act exemptions has been rejected by Government in the process of re-enacting what is now the Building Act 2004.

A further issue is whether the Defence Force should be exempted from meeting the Drinking Water Standards when it supplies temporary drinking water (piped or tankered) to troops in field operations in both New Zealand and overseas, given the Defence Force is bound to the international military code (QSTAG 25) for the quality of temporary water supplied in field operations. The monitoring requirement of the Drinking Water Standard is likely to be impractical given the nature of such operations. It would also need to learn and maintain two temporary water supply monitoring processes (i.e., one under New Zealand's drinking water legislation and the other the military code) to ensure these remain interoperable with other forces in international missions.

There is also a question how the exemptions sit alongside other legislative requirements - namely:

- the Consumer Guarantees Act 1993, as amended in 2003, which requires drinking water supplied in trade to be fit for purpose; and
- the Building Act 2004, which requires buildings to have access to an adequate supply of potable water.

Definition of drinking water supplier

It is unclear whether drinking water tanker operators (those who transport water in non-bottled form by road, rail, ship or air), and ports and airports of international significance should be defined as water suppliers under the drinking water framework, and, if so, whether they should be treated in the same way as other water suppliers under the framework, and in particular as network water suppliers.

Drinking water tanker operators. Thirteen percent of residents rely on their own supplies (for example, roof collection systems) or on drinking water supplied by water-tankers. Own supplies are more prominent in rural and remote communities, which tend to have poorer health status, poorer housing, poorer access to health services, and lower income than the general population. Tankered water must comply with the Consumer Guarantees Act 1993, but the health risk from tankered water is at least as high as from water supplied by network water suppliers because:

- many of the approximately 260 road tanker operators also use the tankers for other lines of business (transporting other liquids, and, in some cases, sewerage), which raises the potential for residue contamination;
- tanker operators can source their drinking water from anywhere, including sources of which the drinking water quality is unknown. Contamination is not detected until someone becomes ill and the water is diagnosed as the source.

A further issue is whether comparable requirements should apply to water transporters as apply to network water suppliers (bearing in mind the costs of meeting such standards, as well as the smaller population coverage of water tankers but higher probability of contamination).

Ports and airports of international significance. Ship operators and aircraft depend on access to safe drinking water for their crews and passengers. Water supplies at ports and airports with significant international traffic pose special risks, due to complex water networks with significant standby storage, the ability at some ports to pump sea water into their water networks for fire fighting, and the large number of

people that could be exposed (there are about 2.3 million overseas visitors who come to New Zealand each year) These risks exist even when a port sources its water from a compliant network water supplier. Public health officers do inspect the water supplies at significant airports, but drinking water risks are not generally managed proactively.

In addition to New Zealand's own public health objectives, New Zealand is also bound to the WHO International Health Regulations 1969 which require ports and airports of international significance to manage cross-border health risks by making available "pure drinking-water and wholesome food supplied from sources approved by the health administration for public use and consumption on the premises or on board ships or aircrafts".

The issue is whether ports and airports of international significance should be treated as drinking water suppliers, and, if so, whether they should be treated in the same way as network water supplies.

Safety of water supply inputs

The safety of drinking water is, among other things, dependent on:

- the competence of people working on the drinking-water supply;
- the chemicals used to treat water; and
- the composition and quality of pipes and fittings of drinking-water networks.

There are no recognised industry technical product and process standards in these areas. While the Drinking Water Standards clearly identify the performance standards, which are frequently monitored, problems with inputs can result in harm to consumers before it is identified and diagnosed through water monitoring. Issues can arise from: incompetence of water supply staff involved in installations, maintenance, and testing; the use of inappropriate or poor quality substances (such as chemicals); or the use of pipes and fittings that do not meet certain standards. Aggressive water is able to leach various contaminants (such as lead) from pipes and fittings if their metallurgical composition and quality are not appropriate for the purpose.

Backflow prevention

Backflow occurs when drinking water flows backwards through the reticulation system. This creates a potential for public health risk due to contamination with for example, harmful micro-organisms or corrosive chemicals sucked back from the consumer's property. There is extensive international evidence of situations where there has been such contamination – in some instances resulting in illness and death. The prevention of backflow is the intent of the Water Supply Protection Regulations 1961. However, the legislative provisions governing backflow prevention in relation to drinking-water flowing from buildings back into the supplier's network require updating to avoid the situation of some suppliers imposing unnecessary costs on new connections (irrespective of public health risk) while other connections – some of which represent considerable public health risk – remain unable to be dealt with because of the excessive regulatory costs (including business compliance costs) that would be incurred in terms of the current 1961 Water Supply Protection Regulations. This is illustrated by a survey of 75 territorial authority controlled drinking water suppliers, carried out by the New Zealand Water and Wastes Association found that:

- five percent of territorial authorities required a backflow prevention device at the boundary with all new connections – irrespective of the risk, to be paid for by the building owner;
- 21 percent insisted on other (unspecified) measures; and
- 73 percent did nothing to manage backflow risks.

Altered timetable for implementation of measures required for compliance

Since the 2000 Cabinet decision, the water supply sector has advised that the two – five year implementation timetable for compliance with the revised drinking-water Standards is too short for suppliers in small and rural communities, particularly in light of the limited availability of technical expertise to support implementation related work.

Information on drinking water safety

The majority (over 68%) of the population can take for granted that drinking water quality is safe as they are supplied by networks that are compliant with the Drinking Water Standards. However, 19 percent of networks are not compliant or their status is unknown, and 13 percent of the population are reliant on own supplies. People can take steps to manage their own health risks if they have reliable information on the quality of drinking water. This information is not always publicly available or complete. The coverage of the annual grading of water suppliers on the Drinking Water Register is incomplete and any water quality problems known to a current owner of a property and/or local authority may not be made accessible to visitors or prospective buyers of a property. Poor access to information on water quality hinders self-management of any health risk, which affects in particular people with low immunity, and tourists and other visitors (who are not used to local drinking water conditions and precautions).

Statement of the Public Policy Objective(s)

One of the objectives of the New Zealand Health Strategy is “to support policies and develop strategies and services that ensure all people have access to safe water supplies and effective sanitation services.”

The broad public policy objective is to minimise the risk of illness from water-borne microbiological, chemical and radiological contaminants, whilst balancing the costs of providing safe drinking water with the resulting benefits of avoiding illness, death and reputational damage to tourism and other trade.

Specific policy objectives are:

- certainty about what the drinking water standards are, who must meet them, when they must be met, and how compliance is to be assessed;
- that those responsible for putting the safety of drinking water supply at risk are accountable for mitigating the risk;
- drinking water risks are managed proactively where that is effective and efficient;
- that consumers have access to information on the safety of drinking water supplies; and
- that the *standards* for drinking water meet international obligations.

Statement of Feasible Options (Regulatory and/or Non-Regulatory) That May Constitute Viable Means For Achieving the Desired Objective(s)

Exemptions

Status Quo

The 2000 Cabinet decision provides for exemptions in the interest of the public health. Its interpretation and implementation would be left open to the Director-General of Health. This option is not preferred because the resulting uncertainty could encourage suppliers (particularly those needing to upgrade their systems) to divert their own and the Ministry's resources to applications for exemptions and disputing decisions, at least initially.

The Department of Conservation could seek an exemption for remote facilities or during the off-season. This is not preferred because no such exemption would be available to other building owners or drinking water suppliers in similar circumstances.

An exemption regime is unnecessary because of the flexibility inherent in the framework. In particular, the monitoring requirements within the Drinking Water Standards are graduated, taking into account population size and the remoteness of the drinking water source and facilities. This recognises the higher compliance costs faced by smaller and more isolated suppliers to achieve a given reduction in risk. The Drinking Water Standards prioritises contaminants that must be monitored according to their health risk, to minimise monitoring costs. They also provide monitoring exemptions for the smallest and remotest supplies if they take certain steps (such as periodic flushing of tanks). This aims to ensure the direct and compliance costs are not unreasonable. The Drinking Water Standards are based on WHO guidelines, and are gazetted by the Minister of Health, following consultation.

The Defence Force must also follow the international military code (QSTAG 25) for the quality of temporary water supplies to its forces – whether they operate in New Zealand or overseas. In addition, the Defence Force would either need to meet the Drinking Water Standards for temporary drinking water (piped or tankered) in field operations in New Zealand or seek an exemption each time they undertake a new temporary supply. The option of meeting the requirements of the Drinking Water Standards (or having to seek exemptions) while at the same time meeting the requirements of QSTAG 25 would create unnecessary costs and uncertainty for the Defence Force.

Preferred Option

The proposal is that the Bill would provide for an exemption from the provisions of the Bill to all temporary supplies operated within New Zealand by the New Zealand Defence Force for all temporary supplies operated for defence related purposes, including training.

The ability of the Department of Conservation to seek an exemption would be removed.

Definition of drinking water suppliers

Status Quo

The drinking water framework would not explicitly include water transporters and ports and airports of international significance (not normally considered as network drinking water supplier). Public health officers currently monitor water supplies of

ports and airports of international significance (including taking of samples and getting these tested) as part of the compliance with the WHO International Health Regulations

Water transporters must comply with the Consumer Guarantees Act 1993. However, they do not necessarily source water from compliant drinking water sources. Voluntary steps are being taken to improve risk management. For example, voluntary standards are being drawn up for water transporters in the form of guidelines.

This option (ie the status quo) is not preferred because it continues the uncertainty whether they would be required to have (proactive) approved public health risk management plans or comply with drinking water standard obligations, as other drinking water suppliers do, It would also rely on after-the-fact remedies of contamination or illness arising from such water suppliers in order to find out that there is a problem.

Preferred Option

It is proposed that the Bill would clarify that drinking water transporters and ports and airports of international significance would be classified as drinking water suppliers and therefore be on the Drinking Water Register. This would mean that they would be required to develop and implement a public health risk management plan, which would need to be approved by an accredited assessor. Compliance with the plan would be audited from time to time by the accredited assessor.

Drinking water transporters and ports and airports of international significance would also be required to comply with the Drinking Water Standards. This would involve having to source water from a water supply that is compliant with the Drinking Water Standards, to minimise public health risk. The requirements under the Drinking Water Standards for water transporters would be closely based on the voluntary standards that are currently being developed.

Registration would involve filling in an application to the Ministry of Health, providing some basic information only, such as geographical references. There would be no registration or auditing fees.

The timetable for compliance by drinking water transporters and ports and airports of international significance will be synchronised with the timetable for drinking-water network supplies, on the basis that the transporters and ports/airports can only be reasonably expected to become fully compliant when the network suppliers from whom in most cases they will be sourcing their water are themselves fully compliant.

Safety of water supply inputs

Status Quo

The safety and quality of drinking water would be managed through reliance on the performance-based Drinking Water Standards. In relation to the risk of metal and other chemical leakage this includes a requirement to regularly warn the public of the risks and inform of precautions. Any contamination of drinking water standards would be identified as part of the monitoring regime that forms part of the standard (monitoring is almost continually for the largest network water supplies). The industry

may develop its own technical product and process standards and staff competencies. For example, the industry is developing unit standards and qualifications. This option is not preferred because it does not provide a vehicle to mandate standards in cases where future potential public health risks would warrant it.

Preferred Option

The proposal is that the Bill would provide for regulation-making powers to allow :

- specification of competencies and other requirements for the installing, managing, operating and maintaining drinking-water supply systems or components thereof;
- specification of substances that come into contact with raw water and drinking-water (including chemicals used for drinking-water treatment);
- specification of metals and other materials used for pipes, valves, taps and other fittings that are in contact with raw water and drinking water within drinking-water supplies where there is a risk from corrosion.

Backflow prevention

Status Quo

The Bill makes drinking water suppliers responsible for compliance of their supply with drinking water standards and to manage risks. At the same time, the public have a duty not to contaminate supplies. Network drinking-water suppliers are able to manage the risk in three ways. They can: do nothing; install backflow devices and recover the cost from all customers; or install a backflow prevention device and recover the cost from the property owner putting the network at risk..

This option is not preferred because the legal uncertainty about responsibility would:

- stand in the way of enforcing the Bill, including the Drinking Water Standards
- mean that customers of the network would continue to rely on voluntary actions to prevent backflow contamination, given the lack of incentives to comply
- place the costs of installing backflow prevention devices on users of drinking water, rather than on those who are responsible for the risk.

Preferred Option

The Bill would provide suppliers with powers to recover from the property owner the cost of fitting a backflow prevention device to prevent contamination of a network supply, and related testing and maintenance costs, where the network supplier's approved Public Health Risk Management Plan shows there is a need to protect that network against the public health risk that properties of that type of those circumstances represent.

Altered timetable for implementation of measures required for compliance

Status Quo

The 2000 Cabinet decision provided for a phased commencement for the new requirements, to be spread over a 2–5 year period following enactment. Subsequent consultation with industry groups suggested that this would be inadequate, particularly given the relatively small pool of technical expertise available in NZ.

Preferred Option

that:

- all new drinking-water network supplies with effect from date of commissioning to be required to commence the process of demonstrating their ability to provide water of acceptable quality;
- all existing drinking-water network supplies be dealt with in terms of a phase in period that commences from the beginning of the 2nd year after enactment and continues to the end of the 6th year after enactment, with small suppliers being given a longer lead-in time than large suppliers.

The requirements placed on water transporters, and on ports and airports of international significance to be synchronised with the above.

Information on drinking water safety

Status Quo

The public rely for information on the quality of local drinking water from the Drinking Water Register. The register is currently limited to voluntary listings of networks and buildings with their own self supply, and is thus incomplete.

Medical Officers of Health negotiate with owners of public access buildings to put such buildings voluntarily on the Register for the purpose of providing public information. There are currently 1,500 self-supply public access buildings on the Register, all of which are of potential public health significance. These include virtually all Crown buildings with their own drinking-water source – eg rural schools, hospitals and prisons etc. Also included are a number of buildings owned by local authorities, and community and private sector buildings (including marae and tourism facilities).

Land Information Memoranda are a mechanism under the Local Government Official Information and Meetings Act 1987 for interested persons to access information held by, or available to, the TA that relates to hazards and other relevant information associated with a particular property. Some territorial authorities already provide drinking water information on Land Information Memoranda (LIMs). However, for the most part, visitors or prospective property buyers must rely on the current building owners' willingness to divulge information about the quality of drinking water supplies, or rely on territorial authorities' willingness to list known drinking-water information on LIMs.

Preferred Option

It is proposed to amend the Local Government Official Information and Meetings Act 1987 so that territorial authorities would be required to include any drinking-water information it holds on drinking water supply in the building (including if no information is held) on a LIM when they issue one. For example, a LIM may state

whether a building is on a network supply and its grading, and whether a “boil water notice” is in place, if the territorial authority holds this information.

Network drinking water suppliers will have to be on the Drinking Water register (which is currently voluntary). Public access buildings with their own water supply would be able to be included on the Drinking Water Register at the discretion of the building owner, and where such buildings are on the Register, then any information on the Register about the water supply of those buildings will also be put on the LIM

Building(s) with their own supplies owned by one owner but that also supply other buildings with other owners would be required to be on the Drinking Water Register. This will be the only requirement unless if the supply is for 25 people or more and those property owners connected to that supply are able to access that supply for more than 60 days per year, in which case they *may* be required by a Medical Officer of Health to have a Public Health Risk Management Plan.

Statement of the Net Benefit of the Proposal, Including the Total Regulatory Costs (Administrative, Compliance and Economic Costs) and Benefits (Including Non-Quantifiable Benefits) Of the Proposal, and Other Feasible Options

Overall, the proposals serve to provide more detail to the broader drinking water framework agreed in November 2000.

Government

Doing away with an application-based exemption regime would overcome the problem of determining when an exemption should be granted, and how to grant such exemptions. The Department of Conservation would be treated in the same manner as other building owners under the Building Act.

The exemption for Defence Force for temporary supplies to field operations avoids the additional costs of having to meet Drinking Water Standards’ monitoring requirements where they conflict with the international military minimum standard for water potability the Defence Force is already subject to. It avoids putting at risk this aspect of international interoperability of the forces.

The requirement that suppliers take all practicable steps to comply with the Drinking Water Standards would provide sufficient flexibility to deal with emergencies (such as during a flood or water shortage). This would be an improvement on the current situation where the requirements about water supplied in emergencies are relatively inflexible. In those cases access to a lower-quality drinking water would be better than suppliers stopping supply because it did not comply with standards that apply in normal situations.

An indirect benefit of treating drinking water transporters (ie tankered operators) as drinking water suppliers is better preparedness for civil defence and emergency management, as listing on the Drinking Water Register would allow emergency managers to be able to more easily identify water transporters who could be approached to help out during emergencies

Defining international ports and airports as drinking water suppliers would not result in additional monitoring and enforcement costs to Government. Rather they would

reduce monitoring and enforcement costs to Government, because ports and airports have to some extent relied on health protection officers to carry out whatever monitoring that has been done, at no expense to the port or airport concerned. Under the proposals, such facilities will need to take more responsibility for their own supplies.

Powers to regulate certain drinking water supply inputs would provide Government a practical lever to take action where industry has failed to take voluntary steps to address public health risks. The impacts of such powers depend on the specific proposal and proposed regulations would be subject to their own regulatory impact and business compliance statement.

Some Territorial Authorities, as issuers of LIMs, would face transitional costs of setting up processes and databases to be able to include on the LIM the grading and other known information on water supply to a building. The ongoing costs per LIM would be small, and are likely to be passed on to prospective property purchasers who are the purchasers of LIMs.

Given that territorial authorities are responsible under the Local Government Act (LGA) 2002 to carry out periodic assessments of the drinking-water needs of their districts, there would be benefits to territorial authorities arising from the requirement that both network drinking-water suppliers and tankered operators be on the Drinking-Water Register. There would also be benefits to central Government through the ability to more effectively factor in tankered water supply into civil defence emergency management issues – both at a national, regional and local level – because of greater knowledge by Government about the capacity of those suppliers.

In providing more time for preparations by suppliers, the extension of the implementation timeline, will have a minimal, though probably beneficial, impact on territorial authority operated supplies.

Drinking Water Suppliers

Drinking-water transporters would face the set-up costs of preparing approved Public Health Risk Management Plans (staff time costs at an average of \$500x260 operators=\$130,000), as well as the costs of implementation and ongoing maintenance of the plan. There will be business compliance costs and more detail is provided under the Business Compliance Cost Statement. Some operators may need to incur additional capital and operational expenditures to implement the plans (such as changing their water source, testing water quality, or purchasing sterilisation equipment). However, no information is available to identify the incremental impact, as that would depend on what is identified in the Public Health Risk Management Plan. This may be relatively minor for most, given that water transporters already must comply with the Consumer Guarantees Act 1993, and are moving toward voluntary compliance in any case

The backflow prevention proposal reduces the legal risk of drinking-water suppliers by giving greater certainty and confidence to drinking-water suppliers about their ability to recover costs from property owners of installing, maintaining and testing

backflow prevention devices and thus putting the network water supply at risk. No additional costs are expected to be incurred to identify where such devices would need to be installed as the risks of harm from backflow would be identified during the process of developing the approved the Public Health Risk Management Plan.

Operators of ports and airports of international significance

Defining international air and sea ports as drinking water suppliers clarifies their obligations. They would face the set-up costs of preparing approved Public Health Risk Management Plans (staff time costs at an average of \$5,000x30 operators=\$150,000), plus the costs of ongoing plan maintenance. There are business compliance costs and more detail is provided under the Business Compliance Cost Statement. Some operators may need to incur additional capital and operational expenditures to implement the plan, such as the costs of sampling and arranging for tests. Some may benefit from some reduction in insurance premiums as a result of risk management plans. However, no information is available to identify the incremental impact. The impact is likely to be relatively minor, given that ports must comply already with the International Health Regulations, and have existing obligations under the Building Act to ensure an adequate supply of potable water.

Building Owners

Owners of buildings that are identified as presenting a backflow contamination risk to a network drinking water supplier would face the costs to their network drinking water supplier for installing and maintaining backflow devices. The cost of the device and its installation is estimated to be \$100 per residential property, but could reach \$30,000 for a small number of industrial sites with complex waterworks. The extent of the impact is not known: While there are 1.6 million residential dwellings, believed to be mostly without backflow prevention devices, only few would present a backflow contamination risk.

Information about water quality on LIMs, where it was available to the territorial authority, would improve the information available to prospective buyers of buildings. This can have a positive or negative impact on the property value, but that would be a transfer of wealth between the current and future owners.

Some building(s) with their own supplies owned by one owner but that also supply other buildings with other owners may be required by a Medical Officer of Health to produce and implement a Public Health Risk Management Plan if the supply is for 25 people or more and those property owners connected to that supply are able to access that supply for more than 60 days per year. Where this requirement is imposed, for example because the Medical Officer has concerns on public health grounds, the building owner would face business compliance costs and more detail is provided under the Business Compliance Cost Statement. The requirements associated with developing and implementing such a PHRMP would be specific to each supply, but may include issues such as upgrading filtration equipment or a maintenance schedule for the pipe network. The impact has not been quantified, but is likely to be in the region of \$500 per instance, similar to drinking-water transporters.

Society

Requiring the registration of tanker operators who supply drinking water would benefit consumers of tankered drinking water, and society at large, through a reduction in risk of waterborne disease. The population at risk is relatively small (some unknown portion of the 13 percent of residents who are not connected to network water supplies). The potential risk reduction is also unknown, and may be relatively small given the incentives on most tanker operators to protect their reputation, and the risk management processes they may already be required to have in place in relation to the other food and drink products they transport.

Users of ports and airports of international significance, including departing international travellers and crew of ship and aircraft, would benefit from some small reduction in risk of waterborne disease. Some of the costs of the regime are likely to be passed on to the users. The reduced risk also helps to protect New Zealand's international reputation, with benefits for society at large from indirect, downstream impacts on international trade.

All consumers of network water supplies would benefit from the reduction in risk achieved by installing backflow prevention devices at properties that present significant risk to the network. The requirement that drinking water suppliers take all reasonable steps would serve to avoid installation where the costs exceed the benefits.

For the average consumer, the additional benefits of information on water supply issues on the Drinking Water Register would vary depending on the locality and the extent to which the network supplier is or is not meeting the requirements of the Drinking-Water Standards. For some consumers, such as those susceptible to water-borne diseases, and some people intending to move into an area where houses rely on their own supplies, the information gained from LIMs or from the registering of some public access buildings with self-supply may be valuable.

The risk-based approach to requiring a Public Health Risk Management Plan for self-supplied buildings that also supply buildings owned by others would provide additional health protection to inhabitants of and visitors to those buildings.

Statement of Consultation Undertaken

Stakeholder Consultation

Local Government New Zealand, New Zealand Water and Wastes Association (which represents both network public drinking-water suppliers and water transporters), and Consumer Institute New Zealand have been consulted on the proposals. There has been limited consultation on rural health drinking water issues with affected groups, including medical practitioner groups, Federated Farmers and Rural Women New Zealand.

Detailed discussion and information documents outlining the proposals were also made available on the Ministry of Agriculture and Forestry and Ministry of Health web sites.

Local Government New Zealand generally supports a minimum standard for drinking-water quality, but reiterated its concern that especially suppliers in small and rural communities would have difficulty in complying with the Bill and is of the view that the new legislation should complement and not conflict with strategic decision-

making processes provided for in the LGA 2002. The requirement that suppliers take “all practicable steps” provides flexibility for small and rural suppliers in that failure to comply with the *Drinking-Water Standards* does not necessarily mean failure to comply with the legislation. If the drinking-water supplier has an approved public health risk management plan which identifies what remedial steps need to be taken and there is an agreed process for remedying deficiencies, then that supplier is taking “all practical steps”. Additionally the extension to the implementation timeline will also allow for improved planning and workforce training to assist with achieving compliance. The new legislation will provide a clear safety and quality assurance framework for drinking-water, while the relevant provisions of the LGA 2002 are addressed to strategic decisions about how community level requirements for drinking-water are met.

A teleconference was held with port and airport company chief executives and other senior managers in September 2004 to outline proposals for ports and airports. One submission was subsequently received from Auckland International Airport Limited (AIAL) that supported the proposals for international airports to have drinking-water public health risk management plans.

Government Departments/Agencies Consultation

A draft Cabinet paper was circulated for comment to the following agencies: Ministry of Justice, Treasury, Ministry of Economic Development, Department of Building and Housing, Ministry of Tourism, Ministry for the Environment, Ministry of Agriculture and Forestry, NZ Food Safety Authority, Department of Building and Housing, Ministry of Transport, Ministry of Consumer Affairs, Department of Labour, Ministry for Social Development, Te Puni Kokiri, Department of Internal Affairs, Ministry of Civil Defence and Emergency Management, NZ Defence Force, Department of Conservation, Department of Prime Minister and Cabinet, Ministry of Women’s Affairs and the Human Rights Commission. The New Zealand Fire Service has also been consulted in relation to water tanker operational issues – given that sometimes volunteer fire brigades engage in water tanker operations – with or without the prior knowledge and consent of the New Zealand Fire Service.

The Department of Building and Housing and the Department of Conservation believe that the proposed changes will not result in an unacceptable impact on the facilities managed by the Department of Conservation. Other objections previously raised by Government agencies have been dealt with on the basis the substance of the November 2000 decisions by Cabinet would proceed unchanged or by further discussion as appropriate. These included clarification that the proposals relating to backflow prevention were intended to address previous regulatory failure, and that the legislation would not conflict with the food safety legislation administered by the New Zealand Food Safety Authority. At one point in the consultation the Ministry of Economic Development’s Small Business Development Unit sought and obtained more detail on the question of tankered operators so that they could be satisfied that the steps taken by the Ministry of Health to consult with those operators had indeed been effective.

BUSINESS COMPLIANCE COST STATEMENT

Sources of business compliance costs for network suppliers who are not currently attempting to comply and also for drinking water transporters and operators of ports and airports of international significance include:

- learning of the proposals and new obligations
- the cost of monitoring (such as laboratory testing of water samples)
- staff training
- staff time in preparing and reviewing public health risk management plans.

No information is available to estimate the likely size of these compliance costs, as that depends on the size and complexity of individual operations, as well as their current practices. It is thought the incremental impact would be minor, given that these businesses must already ensure that their services meet various quality standards.

Those self-supply building owners who may supply other property owners would be required to register the water supply, and there would be the minor time costs of filling in an application form, involving provision (and possibly obtaining) basic information such as geographic references. There will also be staff time in preparing and reviewing public health risk management plans where the water supply is for 25 or more people in other properties connected to that supply for more than 60 days a year

The following ongoing and ad hoc steps have been taken to minimise compliance costs:

- representatives of water transporters are involved in developing voluntary guidelines (which in future would form part of the Drinking Water Standards)
- keeping processes and requirements simple (through their development with industry) to ensure people can understand their own risks and how to manage them, without requiring specialist input
- Drinking Water Standards requirements are graduated to reflect differences in costs of compliance and relative risk. Industry and other various interest groups have been consulted on those standards
- information will be made available in various forms to inform businesses of their obligations and how best to meet them, available for example through Ministry of Health, Ministry of Agriculture and Forestry, and NZ Water and Wastes Association websites

the Ministry of Health has arranged guidelines and training for industry, with help of the industry (such as internet-based materials, checklists and videos).