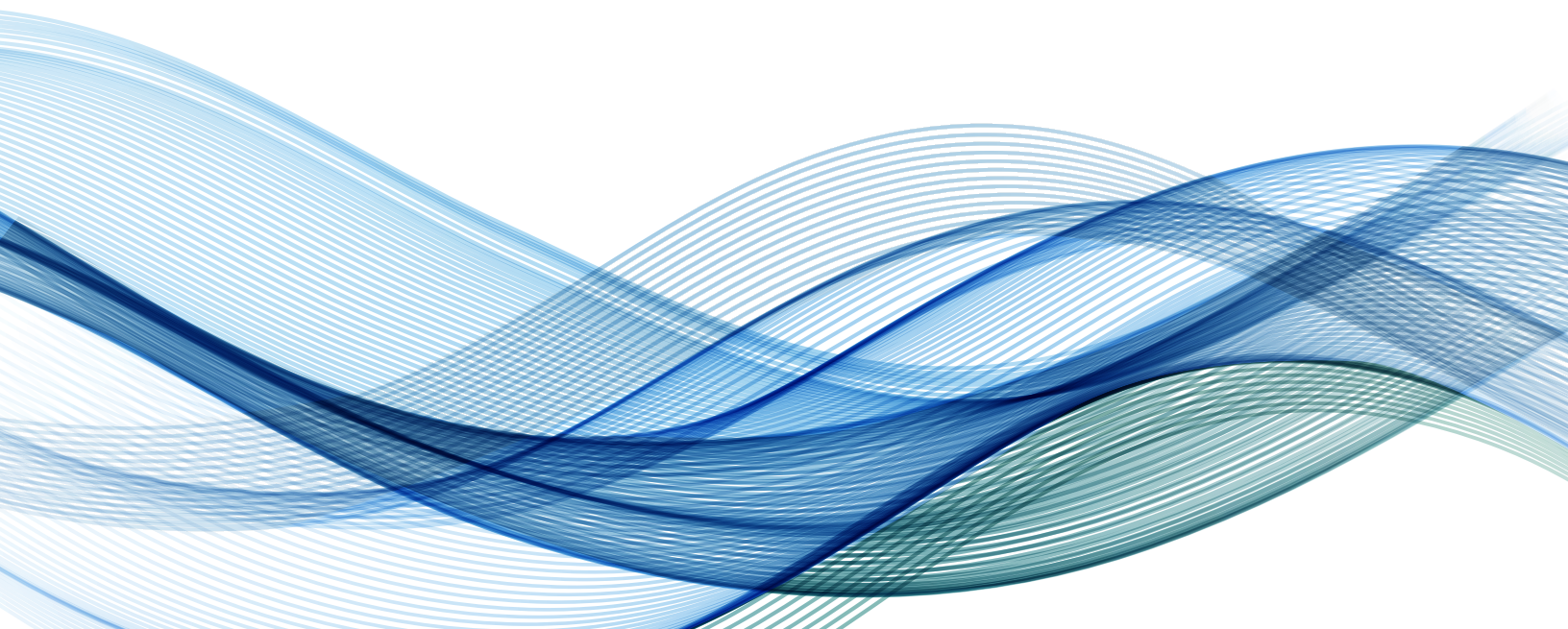


Recommendations from
the Working Group on
Representation, Governance
and Accountability of New
Water Services Entities



Executive Summary

Purpose

Bringing an independent perspective from councils and iwi

In October 2021, the Government announced it would introduce legislation to establish four new publicly owned Water Service Entities (**WSEs**) to manage the Three Waters infrastructure that has been operated by or for councils up to now.

Many in local government and the community raised concerns about public ownership, the risk of privatisation and loss of local voice.

Local Government New Zealand worked with the Government to broker the establishment of the Three Waters Working Group on Representation, Governance and Accountability (**Working Group**) to provide independent advice on how to improve the governance arrangements for the WSEs.

Headed by an Independent Chair, the Working Group comprises an equal number of local government and iwi leaders.

The Working Group heard a range of views from the local government sector about various governance models. We listened to people's frustrations. We engaged in energetic debate and argument and formed our recommendations by consensus.

We welcome the inclusion of Te Mana o te Wai and consider it should be at the heart of a new approach. The health and wellbeing of water is fundamental to the future health and wellbeing of people and communities. Te Mana o te Wai recognises this. It will help us to better respond to challenges and realise

opportunities in achieving related environmental and economic objectives shared by all communities in a way that also respects shared values.

Our recommendations fall into three broad groupings:

- Support for significant changes to the Bill
- Specific recommendations for material improvements to the new water entities and delivery of services, and
- Other considerations outside our terms of reference.

Significant changes to the Bill

Ownership

As set out below, we recommend strengthening community ownership of assets through a public shareholding structure, where councils hold shares on behalf of their communities.

Protection against privatisation

Another significant concern expressed by the public is the risk of privatisation. As a response to that, our recommendations have an overarching focus on ensuring the continued and full public ownership of water services by communities.

Local voice

We recognise the public has also been troubled by how the local voice would be heard in such large entities. This has been a particular concern to our smaller, rural communities. Recognising that, we are recommending new mechanisms to strengthen the role of the new Regional Representative groups (**RRGs**) through the establishment of advisory Groups (sub-RRGs) that will feed into the larger body.

Recommendations

Recommended changes to the Bill

We have considered our recommendations within the Government's bottom lines of good governance, Treaty partnership, balance sheet separation and public ownership and we recommend specific changes to the Bill to ensure:

- Community ownership of water services assets
- Protection from privatisation
- A stronger voice for local communities in drinking water, wastewater and stormwater network development
- Strengthening Te Mana o te Wai
- Co-governance embracing Te Ao Māori to improve Three Waters service delivery and environmental protection

Opportunities for improvements

We have made more specific recommendations in the following areas.

Instituting a public shareholding structure that protects community ownership, with shares held by councils on behalf of their communities

As shareholding owners of the WSEs, councils will have the right to vote on any proposal for the WSE to be sold or privatised. This will strengthen protections against privatisation as councils would have to agree unanimously for an asset to be sold.

No privatisation could occur unless every shareholder council agreed, and councils would be required to consult with their communities.

Establishing tighter accountability from each Water Services Entity Board to the community, through new and stronger mechanisms.

We recommend strengthening and clarifying the role of the RRG, which has council and iwi/hapū representatives.

We want the RRG to approve the Statement of Intent, which guides the WSE's decision making. The WSE should give effect to a Statement of Strategic and Performance Expectations set by the RRG, and report regularly to the RRG on its performance, making it much more accountable to the RRG and communities.

Strengthening connection to local communities so they have a clear and guiding voice in drinking water, wastewater and stormwater network development.

We recommend the inclusion of sub-RRG committees comprising representatives of the communities and iwi/hapū in each region that will feed into the RRG. This will ensure local voices are always considered in investment prioritisation.

We also recommend the establishment of a Water Services Ombudsman to safeguard consumers.

Recognising Te Mana o te Wai as an underlying principle

Embracing Te Mana o te Wai as the foundation for a more sophisticated and integrated approach to providing first class drinking water, wastewater and stormwater networks will ensure that the health and wellbeing of water and the wider environment remain paramount.

We recommend extending Te Mana o te Wai into all aspects of the reforms to underpin the WSE framework. This will ensure that tikanga, mātauranga and in-depth knowledge of water, local conditions, history, and geology, and the importance of the wider environment and its communities, are all properly integrated into the governance and management approach to water services.

Ensuring co-governance principles across the water services framework

Our recommendations aim to ensure the continued improvement of Three Waters service delivery and environmental protection through increased representation of our communities, including iwi/hapū, with co-governance as a central principle.

This includes representation across the councils and iwi/hapū within each WSE region, along with a greater level of input and accountability.

Deepening public understanding

Our discussions have led to our having a deeper understanding of the opportunity the reforms present for transformational change in recognising the centrality of Te Mana o te Wai in the health and wellbeing of wai and in creating sound frameworks to support community needs around how the new WSEs will operate.

We would like the Crown to provide our communities with the same opportunity to learn. We recommend it gives fresh consideration to its ongoing communications and engagement with the public to build understanding of both the direct impact and the broader context of the Three Waters reforms.

Membership

Three Waters Working Group on Representation, Governance and Accountability is comprised of:

Independent Chairperson Doug Martin.

Iwi/Māori representatives: Ngarimu Blair (Entity A), Huhana Lyndon (Entity A), Jamie Tuuta (Entity B), Karen Vercoe (Entity B), Ngahiwi Tomoana (Entity C), Olivia Hall (Entity C), Gabrielle Huria (Entity D), Barry Bragg (Entity D), Tukoroirangi Morgan (Entity B).

Elected members of local authorities: Mayor Phil Goff, Auckland (Entity A), Mayor Dr Jason Smith, Kaipara (Entity A), Mayor Garry Webber, Western Bay of Plenty (Entity B), Mayor Neil Holdom, New Plymouth (Entity B), Mayor Campbell Barry, Lower Hutt (Entity C), Mayor Rachel Reese, Nelson (Entity C), Mayor Lianne Dalziel, Christchurch (Entity D), Mayor Tim Cadogan, Central Otago (Entity D), Mayor Lyn Patterson, Masterton (Rural/Provincial sector representative).

Chair of the joint Central-Local Government Three Waters Steering Committee
Brian Hanna.