

# Terms of Reference

## *Three Waters Steering Committee*

### Purpose of this Terms of Reference

This Terms of Reference sets out the mutual intentions and understanding of representatives from the Department of Internal Affairs, Treasury, Local Government New Zealand and the New Zealand Society of Local Government Managers in forming a Steering Committee that will work closely to support a programme of reform for the delivery of three waters services.

### Background

Over the past three years central and local government have been considering solutions to challenges facing delivery of three waters services to communities. This has seen the development of new legislation and the creation of Taumata Arowai, the new, independent Water Services Regulator, to oversee and enforce a new drinking water regulatory framework, with an additional oversight role for wastewater and stormwater networks.

While addressing the regulatory issues, both central and local government acknowledge that there are broader challenges facing local government water services and infrastructure, and the communities that fund and rely on these services. There has been underinvestment in three waters infrastructure in parts of the local government sector, persistent affordability challenges, and additional investment required to meet improvement in freshwater outcomes.

The Steering Committee has been convened to ensure that the perspectives, interests and expertise of both central and local government, and of communities throughout New Zealand, are accommodated as reform progresses. This will include periods of engagement with the local government sector, details of which will be provided soon.

The Committee will build on the constructive collaboration modelled by the COVID-19 Local Government Response Unit and will adopt its general principles of regular updates, advice and communications to the sector and other stakeholders as appropriate. There is a shared understanding that a partnership approach will best support the wider community and ensure that any transition to any eventual new arrangements is well managed and as smooth as possible.

### Objectives of the reform programme

The following objectives will underpin the reform programme and creation of a new aggregated water services delivery model:

- 1 significantly improving the safety and quality of drinking water services, and the environmental performance of drinking water and wastewater systems (which are crucial to good public health and wellbeing, and achieving good environmental outcomes)
- 2 ensuring all New Zealanders have equitable access to affordable three waters services
- 3 improving the coordination of resources, planning, and unlocking strategic opportunities to consider New Zealand's infrastructure and environmental needs at a larger scale
- 4 increasing the resilience of three waters service provision to both short- and long-term risks and events, particularly climate change and natural hazards

- 5 moving the supply of three waters services to a more financially sustainable footing, and addressing the affordability and capability challenges faced by small suppliers and councils
- 6 improving transparency about, and accountability for, the delivery and costs of three waters services, including the ability to benchmark the performance of service providers
- 7 undertaking the reform in a manner that enables local government to continue delivering on its broader “wellbeing mandates” as set out in the Local Government Act 2002.

## Key requirements of the reform programme

Government has agreed that its starting intention is to form multi-regional models for water service delivery to realise benefits of scale in water services delivery to communities. Final decisions on a delivery model will be informed by discussion with the local government sector and the work of the Steering Committee.

The new delivery model will need to include the following safeguards:

- 1 mechanisms that provide for continued public ownership of water infrastructure, and protect against privatisation; and
- 2 mechanisms that provide for the exercise of ownership rights in water services entities that consider the interests of local communities, and which provide for local service delivery.

The Crown will also be undertaking further work to consider and address Treaty-related rights and interests and a plan for working with Treaty partners throughout this programme.

The benefits of aggregation when applied to stormwater are less well established. It is proposed that the merits of including stormwater in the scope of the new delivery model also be examined through the course of the reform.

## Role of the Steering Committee

This Steering Committee has been formed to support the design and implementation of this programme of reform.

The Department of Internal Affairs will act as Convenor of the Secretariat for the Steering Committee, providing secretariat support and leading reporting from the Steering Committee to the Minister of Local Government and Three Waters Ministers.

The Steering Committee will work collaboratively and constructively to ensure that the design and implementation of the reform programme and associated activities gives effect to the objectives and key requirements of the Government and local government sector stated above, while bringing the lens of local government expertise and experience to the work.

It is envisaged that the Steering Committee will, at various times, be called on to provide advice on issues, commission and oversee workstreams, test policy development, and support local government and iwi engagement.

Participation in the Steering Committee does not preclude or replace normal decision-making processes by individuals, or their organisations related to the proposed reform.

## Timing and key deliverables

The Central Government/Local Government Forum has tasked the Steering Committee with preparing by the end of June:

- 1 A protocol for how the parties to work together on the proposed reform (this Terms of Reference)
- 2 A model Memorandum of Understanding between Crown and councils
- 3 Agreed work programme and process for progressing key policy issues (including, but not limited to, planning efficiency, rights and interests of Māori/Iwi, ownership, governance, funding) and core reform timetable
- 4 Local government sector engagement approach.

After this work is complete, we anticipate an ongoing role for the Steering Committee in supporting the reform programme. The parties will discuss and agree the nature, scope and parameters for this role at the appropriate time and amend this Terms of Reference, if required.

## Relationship principles

The Steering Committee will agree an appropriate working pattern, governance structure and reporting arrangements that balance timely delivery with maintaining broad consensus through the development and implementation of the reform programme.

The Steering Committee shall promote a relationship in their dealings with each other, and other parties related to the three waters services reform, based on:

- 1 mutual trust and respect
- 2 openness, promptness, consistency and fairness in all dealings including through adopting a no-surprises approach to any matters related to the reform programme and committing to the agreed communications protocols below
- 3 non-adversarial dealings and constructive problem-solving approaches; and
- 4 working co-operatively and helpfully to facilitate the other parties to perform their roles
- 5 openly sharing information and analysis undertaken to date on the state of the system for delivering three waters services and the quality of the asset base.

Any disputes arising over the course of this programme are to be settled by full and frank discussion within the Steering Committee.

## Communications protocols

It is acknowledged that the Central and Local Government parties to the Steering Committee may at times have distinct obligations in terms of communications with respective stakeholders. However, as it works through the programme of reform it is critical for the credibility of the group and the integrity of its processes that it communicates with one voice. Communications channels will be established by the secretariat to provide updates and working group messaging to the local government sector and other stakeholders including the media. Where there is a potential conflict between principles of openness and transparency and confidentiality, working group members will be expected to raise and discuss this with the governance group. Communications will be signed off by the governance group prior to distribution.

## Confidentiality

The Steering Committee agrees not to disclose, directly or indirectly, any confidential information received from others through this programme without written consent, unless required by processes under the Official Information Act 1982 or the Local Government Official Information and Meetings Act 1987 (whichever applies), in which case the relevant party is to inform the other party prior to disclosure. Materials will remain confidential to the group unless indicated otherwise as part of a wider communication plan.

## Membership

The Three Waters Steering Committee comprises the following members:

Independent Chair: Brian Hanna

Local Government: Rachel Reese (Mayor, Nelson City Council), Alex Walker (Mayor, Central Hawke's Bay District Council), Stuart Crosby (Councillor, Bay of Plenty Regional Council), Bayden Barber (Councillor, Hastings District Council), Vaughan Payne (Chief Executive, Waikato Regional Council), Monique Davidson (Chief Executive, Central Hawke's Bay), Pat Dougherty (Chief Executive, Nelson City Council), Hamish Riach (Chief Executive - Ashburton District Council), Steve Ruru (Chief Executive Officer - Southland District Council), Miriam Taris (Chief Executive, Western Bay of Plenty District Council), Heather Shotter (Chief Executive Officer - Palmerston North City Council), Alastair Cameron (CCO Governance and External Partnerships, Auckland Council), Craig McIlroy (General Manager Healthy Waters - Auckland Council)

SOLGM: Karen Thomas (Chief Executive), Kevin Lavery

LGNZ: Jason Krupp (Deputy Chief Executive Advocacy)

DIA officials and advisors: Paul James (Chief Executive, DIA, Secretary for Local Government), Allan Prangnell, Richard Ward, Michael Chatterley, Nick Davis, Natalie McClew

Taumata Arowai: Bill Bayfield (Establishment Chief Executive)

Treasury: Morgan Dryburgh