



Local Government briefing

Hon Nanaia Mahuta
Minister of Local Government

Title: Three Waters Reform Programme public information campaign

Date: 14 December 2020

Key issues

A national public information campaign is considered an integral part of the voluntary pathway to reform of three waters service delivery arrangements. Work has been undertaken on initial scoping of such a campaign and a report is attached for consideration.

Action sought

Note the contents of this briefing and the attached Marketing and Communications report (**Appendix A**); and
Forward this briefing and attached report to the Minister of Finance, Hon Grant Robertson, and other Three Waters Ministers as appropriate.

Timeframe

Before officials' meeting on Wednesday 16 December 2020

Contact for telephone discussions (if required)

| Name | Position | Direct phone line | After hours phone | Suggested 1 st contact |
|-----------------|----------------------------------|-------------------|-------------------|-----------------------------------|
| Allan Prangnell | Executive Director, Three Waters | 021 865 809 | 021 865 809 | ✓ |
| Simon Cunliffe | Principal Strategic Advisor | 027 809 3833 | 027 809 3833 | |

Return electronic document to: Danny Shaw, danny.shaw@dia.govt.nz

Ministerial database reference: LG202001021

Purpose

1. You have referenced the desirability of a national public information campaign to accompany the Three Waters Service Delivery Reform Programme.
2. The Reform Programme has worked with an independent marketing and communications consultant to produce the attached report, **Three Waters Reform Programme – Marketing and Communications Recommendations (Appendix A)**.
3. This represents initial thinking and potential scope of such a campaign for Ministers' consideration.

Background

4. In late 2021, councils will be making decisions on whether to remain in or opt out of the Three Waters Service Delivery Reforms. Government preference is that participation in the reforms remains voluntary.
5. While all eligible councils have entered into the reform campaign and received their initial instalment of the recovery stimulus and reform funding, they will be asked to commit to proposed new service delivery arrangements towards the end of 2021. This will include divesting their three waters assets. They will consult with their communities as part of this process.

Comment

6. Surveys indicate that most New Zealanders put high quality water – whether drinking water or the state of our lakes, rivers and coastal marine environment – near the top of their concerns.
7. However, there is a disconnect between this aspiration and the capacity of three waters services arrangements in meeting it.
8. Many communities throughout the country do not necessarily have a good understanding of the challenges facing three waters services. This includes understanding of the state of our ageing infrastructure and the looming costs – not only to rectify this, but the affordability challenges in providing safe drinking water and well-performing wastewater and stormwater networks now and for future generations.
9. In many places, the costs of providing these services are opaque – they are frequently not articulated or itemised on rates bills.
10. While publicity over systemic failures has been increasing, there is a residual notion in much of the country that water/water services should be “free”.
11. Additionally, as the reform process gathers momentum and becomes “real” for small councils in particular, mayors and senior executives may forcefully articulate questions about their councils' continued viability and the future of local government.
12. A public information campaign directed towards the public at large will facilitate a more conducive landing space for councils in their consultation with communities.
13. It would lessen potential risks of councils opting out of the reform programme, and provide greater levels of confidence in their continued voluntary participation and therefore of the success of the reform programme itself.

Summary of the proposed marketing and communications campaign

14. The attached Marketing and Communications report, prepared by independent consultancy firm Advice Ltd, proposes a multi-phased public communications strategy over 2021. It comprises:
- 14.1 **Phase One: Pre-campaign communications/requirements (January to June)**, including development of a reform website; media initiatives (including briefings for national and local media; Ministerial photo opportunities; and articles, interviews and opinion pieces); continuation of roadshows/hui/consultation; analysis and research into local issues, contacts and advocacy networks; and benchmarking of nationwide reform perceptions.
 - 14.2 **Phase Two: Campaign launch (June/July)**, including a nationwide TV/digital campaign that frames the challenge and sets the narrative, supported by print/digital/radio messages that deliver the logic behind the reforms.
 - 14.3 **Phase Three: “How will you benefit from these reforms?” (July/August)**, including:
 - 14.3.1 nationwide (TV/digital/print) continuation of theme supported by specific benefits and the need for action; and
 - 14.3.2 local (digital/print/radio) involving “What’s it like in my town/region?”; proposed regional structure, local ownership and control; and iwi/Māori specific communications.
 - 14.4 **Phase Four: “It’s time to opt-in for better water services” (August to October)**, including:
 - 14.4.1 nationwide (TV/digital/print) recap of reform benefits, and that consultation is underway with your council to opt-in for better three waters services; and
 - 14.4.2 local (digital/print/radio) messages to encourage your council to opt-in, and the chance to future proof your infrastructure.

Programme funding

15. An additional \$5 million of Reform Programme funding was agreed by Cabinet Business Committee on 9 December 2020, and is subject to Cabinet confirmation at 2pm on Monday 14 December 2020.
16. This includes \$2 million to allow work to begin on the public information campaign.

Recommendations

17. We recommend that you:

- a) **note** the contents of this briefing, and the attached Marketing and Communications report (**Appendix A**), for a short discussion at your meeting with officials on Wednesday 16 December 2020; and
- b) **forward** a copy of this briefing and the attached report to the Minister of Finance, Hon Grant Robertson, and other Three Waters Ministers as appropriate.

Yes/No



Richard Ward
Programme Lead, Three Waters

Hon Nanaia Mahuta
Minister of Local Government

_____/_____/_____

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**Appendix A: Three Waters Reform Programme: Marketing and Communications
Recommendation, December 2020, Advice Ltd**

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THREE WATERS REFORM PROGRAMME

Marketing and Communications Recommendation

COMMERCIAL AND IN CONFIDENCE
DECEMBER 2020. ADVICE LTD





Introduction:

This report outlines the recommended communications strategy for the critical next year (2021) of the Three Waters Reform Programme.

It is the result of many interviews with key participants, meetings, a senior leadership workshop and input from the programme board.

This is a complex communications task with some local authorities likely to welcome the opportunity to hand over the responsibility of their aging, investment-deprived three water systems to a multi-regional entity; and others likely to contest the proposals citing uncertainty over their future viability, and a perceived loss of local control over water services. Unless communities have an understanding of the benefits of Three Waters Reform and the benefits of participation, councils may not be supported by their own ratepayers and residents in decisions to remain in the reform programme. Therefore, this programme will need to be communicated at both a local and national level across multi-channels.

However, it is important that the detail does not over-power the main intention of the reforms and that people have a clear understanding of what is being undertaken and the benefits that will ensue.

As Kingi Tāwhiao Pōtatau te Wherowhero said:

***‘Ki te kāhore he whakakitenga
ka ngaro te iwi’***

‘Without foresight or vision the
people will be lost.’

This whakataukī encapsulates both the importance of these reforms and the communications approach. Our vision is that New Zealanders can turn on the tap and drink water without fear of becoming ill and are able to swim in our rivers, lakes and at the beach, or gather mahinga kai, without fear of poorly performing wastewater or stormwater networks. For all of us it is a taonga that in many places is now under threat.

This will require the most significant upgrade of our water services ever seen.

The Three Water Reforms:

Both local and central government recognise the challenges facing the regulation and delivery of three water services and this has seen the creation of Taumata Arowai, the new services regulator.

Additional investment is required to increase public confidence in the safety of drinking water and to improve environmental outcomes. Challenges facing the water supply, wastewater and stormwater include a significant infrastructure deficit, ungraded assets and gaps in renewal.

THE THREE WATERS REFORM PROGRAMME HAS SIX OBJECTIVES:

1. Significantly improving safety and quality of drinking water services, and the environmental performance of wastewater and stormwater systems.
2. Ensuring all New Zealanders have equitable access to affordable three waters services.
3. Improving resource coordination and unlocking strategic opportunities to consider national infrastructure needs at a larger scale.
4. Increasing resilience of three waters service provision to both short and long-term risks and events, particularly climate change and natural hazards.
5. Moving three waters services to a financially sustainable footing and addressing the affordability and capability challenges faced by small suppliers and councils.
6. Improving transparency and accountability in cost and delivery of three waters services, including the ability to benchmark performance of service providers.

KEY FEATURES:

1. Water service delivery entities that are:
 - Of significant scale – most likely multi regional
 - Asset-owning entities – with balance sheet separation and access to capital
 - Structured as statutory entities with sound commercial base
2. Delivery of drinking water and wastewater services as a priority (but not precluding stormwater).
3. Publicly owned entities, with a preference for collective council ownership.
4. Mechanisms for enabling iwi input.

This transformative programme is planned over a three-year period, with the first phase now underway through non-binding Memorandum of Understandings between the Crown and councils and associated council three waters investment programmes. This has enabled the distribution of councils' share in the \$761 million Three Waters recovery stimulus and reform programme fund announced by the Government in July 2020.

THE OUTCOMES:

Safe, reliable drinking water.

Better environmental performance of wastewater and stormwater services.

Efficient, sustainable, resilient and accountable multi regional water and sewage services.

Making it affordable for future generations.

This Programme Requires a Bold Approach:

Unlike other public service campaigns that require an information first approach we need to frame the challenge and get the country supporting these reforms. This will require inspirational, emotive marketing that lifts above the detail and positions the collective task, **'the most significant upgrade of our water infrastructure ever seen'** and confirms that this is a long overdue necessity.

A challenge that will take collective goodwill and unity for the good of our future generations. This lead messaging should then permeate through all aspects of the campaign. This inspirational positioning is vitally important, is aimed at the hearts and designed to get people nodding.

This will be followed by the more rational messaging aimed at the minds, how we intend to go about this big challenge, why we need it and the process that will be undertaken.

The lack of understanding of how water works (it's not free) also needs to be addressed and local/regional ratepayers need to understand the state of their infrastructure and how the reforms will improve it.

Therefore, the programme is multi-media, it needs broadcast (television/radio/digital) and local community details (print/digital) along with active public relations and social messaging.

Communications Objectives:

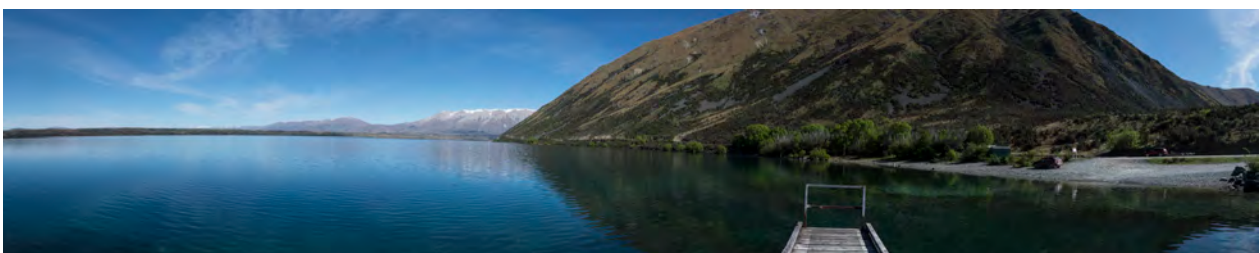
1. A greater understanding (and support) for the need for reform.
2. Creating the public environment that is supportive of Councils' opting in.
3. A nationwide resolve to make this happen.

Primary Messaging:

The most significant upgrade of our water services ever seen to keep people safe, protect the environment, and ensure this is affordable now and for future generations.

Supported by:

Providing safe drinking water that tastes good, being able to swim in our lakes and rivers and gather kai moana and without getting sick.



The Communication Challenges:

REGIONAL DIFFERENCES:

Some regions receive better water service than others. Auckland with WaterCare probably consider themselves to be better placed than Northland and concerned that a potential extension will see them subsidising the development of that infrastructure.

Current work is underway to determine the reported state and anecdotal commentary of each region, this will be coupled with the independent RFI analysis from each local authority to produce a regional overview and specific local messaging. Such messaging should not convey blame or invite comparison with other regions.

MAORI AND IWI SPECIFIC COMMUNICATIONS:

Ongoing hui and consultation is progressing well and will continue throughout the programme. It is important that these reforms remain about the delivery of infrastructure rather than water ownership. Te Mana o te Wai is an article of faith for Maori who treasure fresh, clean water and being able to swim in our rivers, lakes and at the beach, or gather mahinga kai, without fear of poorly performing wastewater or stormwater networks.

Social media particularly Facebook will assist message delivery to iwi and Hapū groups.

LOCAL GOVERNMENT PAROCHIALISM:

As seen in the various regional amalgamation attempts local government can become tenacious and defiant when disagreeing with a direction that may lessen their control or compromise their local decision making. It is important that these reforms have advocates who are able to address concerns at a local level. Communications need to be targeted to communities and deliver social commentary in a blameless unbiased manner. We must also remember that there are over 400 elected representatives, rather than just 67 Mayors.

IT'S PRIVATISATION?

Local authorities will retain ownership and control. These assets will not be privatised.

ISN'T WATER FREE?

Many local authorities do not specify the actual water rate in their rate demands so people have little understanding of how water is managed or the costs involved. Given the new entities will be charging separately for water, we will need to explain how water is delivered and disposed of and what that costs.

CONFUSION WITH THE FRESH-WATER REFORMS:

These reforms are about reticulated services and the opportunities that aggregation can deliver rather than the highly emotive fresh-water reforms. With a busy reform programme it is important that we avoid confusion and focus on the benefits of enabling the most significant, long overdue, upgrade of our drinking water, wastewater and stormwater services.

COMPLACENCY:

As long as it works, there doesn't seem to be an issue. Most of this infrastructure is below ground – out of sight out of mind. People will need to be subtly reminded about the boil water notices, wastewater being discharged into rivers and the ocean and other past infrastructure failures.

'THREE WATERS REFORM', ISN'T GOING TO CRACK IT!

The programme needs a name that will resonate and be recognised by the public.

Ideally this may become the future name of the regional identities, with the inclusion of a geographic identifier. This will leverage off the investment in publicity and enable understanding and recognition, given the awareness generated by this campaign.

Target Audiences and Key Take-outs:

GENERAL PUBLIC (INCLUDING RATEPAYERS):

- The most significant upgrade of our water infrastructure ever undertaken to ensure water services that keep people safe, protect the environment and are affordable.
- We can't defer this any longer or expect future generations to fix it.

MAORI/IWI:

- We need services that deliver fresh clean water and wastewater disposal in our communities and marae. It is a taonga that in many places is now under threat.
- And a process that acknowledges Te Tiriti o Waitangi obligations.

LOCAL AUTHORITIES (MAYORS, COUNCILLORS & OFFICERS):

- This reform will fix a major issue we are either facing or will face in the future.
- It makes sense to opt in for the future wellbeing of our community.

LOCAL COMMUNITIES:

- By aggregating these services we can expect a major improvement to the water infrastructure and quality in our community.
- It's something that's been talked about for a long time and now it can become a reality.

Campaign Overview and Timing:

PHASE ONE: PRE-CAMPAIGN COMMUNICATION/REQUIREMENTS JANUARY TO JUNE:

Website development:

A vital component of this strategy. Modern, easy navigation, infographics - facts at a glance, regional information, international examples, economic impact analysis, backgrounders, etc.

All communication will point to this website and encourage people to seek more information.

Media initiatives:

Media briefings for national and selected local media.

Ministerial photo opportunities national and local featuring initial investment progress.

Generation of articles, backgrounders, interviews and opinion pieces.

The reforms in a nutshell, FAQ's, local facts, RFI results.

Roadshows/Hui/Consultation:

Ongoing hui and consultation with key audiences.

Speaking engagements.

Feedback and local media briefings

Local Understanding:

Analysis of local issues, opinions and likely council direction.

Compilation of elected representatives contact lists.

Establishment of local advocate network of high-profile people that share their opinions and support. Ideally a group with wide community interests and community standing.

An important information and dialogue channel that will require a strategy and resourcing.

Research Benchmarking and Tracking:

Comprehensive nationwide research will be required to benchmark current perceptions of the reforms and track geographic progress of acceptance or issues.

PHASE TWO: CAMPAIGN LAUNCH (JUNE/JULY):

Nationwide (aspirational)

A television/digital campaign that is aimed at the hearts. That frames the challenge and sets the narrative – the most significant upgrade of our three water services that will address the problems that have been with us for generations. And firmly establish the rights of all New Zealanders to have safe drinking water and environmentally sound disposal of wastewater.

Nationwide (now the facts)

Supported by a print/digital/radio messages that deliver the logic behind the reforms and why we must get on with it.

Messages would cover: A first world country with a third world infrastructure and what's needed to fix it; the independent assessment of just how perilous our infrastructure has become and why we can't wait any longer; an explanation of how our water works – collection, distribution, disposal and what it costs; how the proposed reforms have worked internationally and the savings that can be made; aggregation works - Auckland/Rodney case study.

PHASE THREE: HOW WILL YOU BENEFIT FROM THESE REFORMS (JULY/AUGUST):

Nationwide (TV/Digital/Print):

Continuation of theme TV supported by specific benefits and the need for action.

Local (Digital/Print/Radio):

What's it like in my town/region; Proposed regional structure; Local ownership and control; specific Maori/Iwi communications.

PHASE FOUR: IT'S TIME TO OPT-IN FOR BETTER WATER SERVICES (AUGUST TO OCTOBER):

Nationwide (TV/Digital/Print):

Recap benefits and advise that consultation is underway with your local council to opt-in for better water and sewage services.

Local (Digital/Print/Radio):

Encourage your council to opt-in, the chance to future proof your infrastructure.



Communications Management:

INTERNAL RESOURCES:

Given the level of detail, technical knowledge, political nuance and perception risks

the programme board recommends that communications support should be delivered in-house, rather than the appointment of an external public relations company.

Creative and media services will be put to competitive tender and additional resources will be required to manage this process and coordinate the campaign.

Personnel identified include a campaign coordinator, digital/social media writer and access to a further journalist.

AGENCY TENDERS:

On the acceptance of this plan and budget approval a competitive tender process for creative and media services will be undertaken. This will be conducted by a selection panel of internal resource and external expertise.

Indicative Budget:

We estimate that this comprehensive seven-month campaign will cost between \$3.9m and \$4.5m.

This would include research, creative development, production, account management and media placement.

In addition to this a further estimated \$600,000 will be required to resource the department and enable coordination of the campaign. This would include a new website, digital/social media writer, campaign coordinator and access to a further journalist.

As a comparison with other Government publicity projects, the DIA Keep it Real (anti-porn campaign) first phase (TV, radio, social media, print, billboard) was budgeted at \$1.5 million with a follow up phase costed at \$2.2m in total close to \$4m. NZTA campaigns (drink/drive; speed) usually have separate budgets of around \$2.5 to \$3.0m.

There would also be a funding requirement in years two and three, although this would be significantly less than the initial investment.

Conclusion:

Communication will play a vital part in the acceptance and success of these reforms.

The initial television/video positioning is a vital component to appeal emotionally to the audience.

It needs to be presented as a positive challenge 'the most significant upgrade of our water infrastructure ever seen' that collectively we are going to undertake and accomplish.

We are aware that this is long overdue and needs to be actioned for too long it's been overlooked and now it is time to sort it.

Of all countries in the world Aotearoa New Zealand reserves the right to enjoy safe drinking water that tastes good, swim in our lakes and rivers and gather kai moana without getting sick.

Under that inspirational challenge there is a lot of information that needs to be delivered to the many communities represented by sixty-eight local authorities. In a lot of cases this will be customised to the region or the town to enable citizens to understand the benefits of what is being proposed.

Which will result in a greater understanding and support for the need for reform and create a supportive public environment that encourages councils to opt-in.

And a nationwide resolve to make this happen.

Kim Wicksteed
December 2020



JAN FEB MAR APR MAY JUNE JULY AUG SEPT OCT NOV DEC

RFI Results

Roadshows

Key policy decisions

Consultation/Engagement

Opt-in Window

INFORMATION/WARM UP

New Website:

- Infographics facts at a glance
- How is your region looking? (RFI)
- International examples
- Economic impact analysis
- Backgrounders, reform process, timing
- Archived papers
- State of reported water services performance

Media Initiatives:

- Articles, opinion pieces
- Reforms in a nutshell
- FAQ
- Media briefings
- Speaking engagements
- Interviews
- Social media strategy
- Progress on \$760m projects

Roadshows/Hui/Consultation:

- Councils
- Iwi/Māori
- Local media briefings
- Analysis and profiles of 67 TAs

Local Advocate Network:

- Establishment of local spokespeople
- A group of wide community interests
- Resourcing local stories/op-eds

Comms Unit Requirements:

- Tender process
- Determine additional resources required (journalist, digital/social, coordinator)

CAMPAIGN LAUNCH

Nationwide (aspirational) TV/Digital

Messaging:

The most significant upgrade of our water infrastructure ever seen to ensure water services that keep people safe, protect the environment and are affordable for generations we simply can't defer this any longer.

Nationwide (Factual) Digital/Print/Radio

Messaging:

- A first world country with a third world infrastructure which needs a \$40b to \$50b investment to bring it up to standard
- 25% of wastewater plants not consented, some haven't been for over twenty years - \$4b needed
- The facts and costs of water supply and disposal - It's far from free
- An independent assessment of just how perilous our infrastructure has become and why we must do something about it
- How aggregation helps - the Auckland/Rodney story
- International case study - how Scottish Water brought the cost down
- How our water works; collection, distribution, disposal and what it costs.

HOW WILL YOU BENEFIT FROM THESE REFORMS?

Nationwide:

TV/Digital/Print

Messaging:

- A problem that can't be ignored any longer
- Government funding - taxpayer rather than ratepayer
- Keep local ownership and control (not privatisation)
- Fix it for our future generations rather than pass on the problem

LOCAL: WHAT'S IT LIKE IN MY TOWN?

Specific local communications

Digital/Print/Radio

Messaging:

- Facts and local history from the RFI
- Proposed regional structure
- What will change/stay the same
- Specific Iwi/Māori communications
- Government contribution and commitment
- Ownership/Governance and control
- Water isn't free - here's what you currently pay
- Alone it is almost an insurmountable problem, together it's doable

IT'S TIME TO OPT-IN FOR BETTER WATER SERVICES

Nationwide:

TV/Digital /Print

Messaging:

- Recap benefits of reforms as per launch messaging
 - Consultation is underway with your Council to opt in for better water and sewerage services
- Local:**
- Your Council has the chance to fix your water and sewerage infrastructure
 - Here's what needs fixing
 - Ten reasons why (local council) should opt-in
 - These Council's have opted-in, how is yours going?

2022

Design communication for the year ahead

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Appendix Two: Kim Wicksteed, Advice Ltd

A career in public relations and advertising spanning twenty-five years included start-ups and 13 years at Saatchi & Saatchi culminating as CEO for Saatchi New Zealand.

During this time Kim provided branding and marketing strategy to many of New Zealand's large corporations and organisations.

He is an independent business and marketing consultant.

His consultancy, ADVICE offers strategic advice on business, marketing and communications including facilitation and strategic development.

Kim is also an independent director with both board and chair responsibilities and is a NZ Institute of Directors Chartered Fellow.

Highlights include being responsible for the Absolutely Positively Wellington branding, introducing and positioning Z Energy, assisting the growth of Whittakers through his involvement with the Assignment Group. Recent projects include a comprehensive review for Heritage Lifecare, ongoing reputation and communications management for Seafood NZ and global seed company Barenbrug brand change strategy for Agriseeds NZ Ltd.

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Part 4 - MOIA request from Luke (NM3661)

Extract from Status Report – Minister of Local Government 5 to 11 February 2021

Next Steps

- We are planning for a new stand-alone reform programme website and undertaking initial scoping for a public education campaign, to begin in mid-2021.

Extract from Status Report – Minister of Local Government 12 to 18 March 2021

Recent activities

- We are meeting with selected media representatives across the country to provide context to the Three Waters Reform Programme (the reform programme) as a 'warm up' ahead of the proposed public information campaign later this year.

Extract from Status Report – Minister of Local Government 19 to 25 March 2021

Recent activities

- We are meeting with selected media representatives across the country to provide context to the Three Waters Reform Programme (the reform programme) as a 'warm up' ahead of the proposed public information campaign later this year.

Extract from Status Report – Minister of Local Government 26 March to 1 April 2021

Recent activities

- Initial screening interviews were held with creative agencies for a Three Waters reforms public information and education campaign. We expect to select an agency for the campaign by late April 2021.

Extract from Status Report – Minister of Local Government 16 to 22 April 2021

Recent activities

- On 20 and 21 April 2021, we met with short-listed creative agencies to hear their proposals as part of engaging an agency to support the public information and education campaign on the Three Waters Reform.

Extract from Status Report – Minister of Local Government 29 April 2021

Recent activities

- Last week we short-listed creative agencies for the public information and education campaign on the Three Waters Reform.

Next Steps

We are preparing a briefing for your approval of our preferred agency and approach for the campaign, and approval to draw down funding for the campaign. We will provide your office with this briefing by 30 April 2021.

Extract from Status Report – Minister of Local Government 30 April to 6 May 2021

Next steps

- We are progressing a report on the March 2021 national sector and iwi/Māori engagement workshops. We will provide a copy of this report to your office for your consideration shortly. We will also provide you with an update on our communications and engagement strategy and the public information and education campaign by 12 May 2021.

Extract from Status Report – Minister of Local Government 6 to 13 May 2021

Next steps

- We are preparing a report on the March 2021 national sector and iwi/Māori engagement workshops. We will provide a copy to your office for your consideration. We will also update you on our communications and engagement strategy and the public information and education campaign by 13 May 2021.

Extract from Status Report – Minister of Local Government 21 to 27 May 2021

Next steps

- The next Joint Central/Local Government Steering Committee (the Steering Committee) meeting is scheduled for 31 May 2021. The Steering Committee will discuss the public information campaign for the reform programme and its own role following Cabinet decisions mid-year.

Extract from Status Report – Minister of Local Government 11 to 17 June 2021

Next steps

- On 20 June 2021, the first phase of the Three Waters Reform Programme public information and education campaign will launch with the first TV advert. Media advertising will begin on 23 June 2021. We will also use social media channels and the Three Waters website. The objective of this phase is to raise public awareness and build an understanding of, and support for, the Reform. The final versions of phase one assets will be shared with your office by 18 June 2021.

Extract from Status Report – Minister of Local Government 24 June 2021

Recent activities

- On 20 June 2021, the first phase of the Three Waters Reform Programme public information and education campaign went live. We will work with your office to support the announcement of Cabinet decisions on 30 June 2021.

Extract from Status Report – Minister of Local Government 15 July 2021

Recent activities

- On 11 July 2021, the second phase of the Three Waters Reform programme public information and education campaign (the campaign) went live with the second television advert.
- On 14 July 2021, press advertising started. We will continue to utilise online and social media channels and our standalone Three Waters website.
- Building on the first phase of the campaign, the objective of this phase is to communicate key government decisions in a simple and engaging way, highlighting how people and their communities can benefit from the reform programme.



Local Government briefing

Hon Nanaia Mahuta
Minister of Local Government

Title: **Three waters public information and education campaign and accompanying website**

Date: 4 May 2021

| Key issues | |
|---|------------|
| A public information and education campaign is sought by the Government to communicate with New Zealand communities on the need for systemic and far-reaching reform of three waters service delivery arrangements. | |
| Action sought | Timeframe |
| The Department of Internal Affairs seeks your approval to incur expenses of up to \$4 million (indicatively \$2 million in 2020/21 and \$2 million in 2021/22) to undertake the nationwide public information and education campaign and to develop, manage and host the accompanying website in support of the three waters service delivery reform programme. The Department must confirm our 2020 Summer Olympics television advertising package with TVNZ1 by close of business on Thursday 6 May 2021. | 6 May 2021 |

Contact for telephone discussions (if required)

| Name | Position | Contact Number | Suggested 1 st contact |
|--------------------------------|--|----------------|-----------------------------------|
| Allan Prangnell | Executive Director Three Waters | 021 186 5809 | ✓ |
| Simon Cunliffe | Principal Strategic Advisor Three Waters | 027 809 3833 | |
| Return electronic document to: | Amanda Duncan; Amanda.Duncan@dia.govt.nz | | |
| Ministerial database reference | LG202100468 | | |

Purpose

1. This briefing seeks your approval for the Department of Internal Affairs (the Department) to incur costs related to the nationwide public information and education campaign and accompanying website in support of the three waters service delivery reform programme.

Background

2. In July 2020 the Government launched the Three Waters Reform Programme, a multi-year programme to reform local government three waters service delivery arrangements.
3. In December 2020 Cabinet agreed that central government would use a nationwide public information and education campaign to provide a national picture of the case for change and build wider community support for the three waters service delivery reform programme [CAB-20-MIN-0521.01 refers].
4. An amount of \$4 million (\$2 million in 2020/21 and \$2 million in 2021/22) has been appropriated to undertake the public information and education campaign [CAB-20-MIN-0521.01 and LG202100156 refer].
5. The Department has followed Government Procurement Rules to select a preferred creative agency to support the campaign with a full suite of advertising services covering creative, production and media services across print, broadcast, digital, out-of-home and emerging media.
6. Cabinet Office circular *CO (18) 2: Proposals with Financial Implications and Financial Authorities* requires your approval in order for the Department to incur publicity expenses greater than \$150,000.
7. The publicity expenses must comply with the *Guidelines for Government Advertising* (issued 20 November 1989). These guidelines require that Government advertising should be undertaken only where there is an identified and justifiable information need by the intended recipients. This is particularly important in the case of major publicity strategies requiring significant amounts of public funds.
8. In order to secure television advertising on TVNZ1 during the 2020 Summer Olympics (23 July 2021 through to 8 August 2021) the Department must commit to this expenditure by close of business on Thursday 6 May 2021.

Comment

Our process to select a preferred creative agency

9. The Department has no preferred supplier arrangement for advertising services in place so, guided by the Government Procurement Rules and our own expert internal procurement advice, we have carried out a thorough and robust procurement process to select a creative agency to support a nationwide public information and education campaign in support of the three waters service delivery reform programme.
10. The Department invited five short-listed agencies—four from the All-of-Government Advertising Services Panel and one who has recently delivered the award-winning *Keep It Real Online* campaign for the Department—to submit their proposal for the campaign.

11. The Department considered written proposals in conjunction with face-to-face presentations with an evaluation panel comprised of:
 - 11.1 Department staff with deep expertise in procurement and communications, including iwi/Māori communications;
 - 11.2 a council chief executive and joint central/local government steering committee member (Heather Shotter – Palmerston North City Council); and
 - 11.3 an independent marketing and advertising consultant.
12. Each of the five short-listed agencies presented their creative idea to the evaluation panel. The panel unanimously identified a preferred agency, FCB New Zealand, who:
 - 12.1 are familiar with Government work;
 - 12.2 had the clearest and most convincing strategy behind their proposal; and
 - 12.3 presented a compelling animation concept that is achievable within the timeframes, readily adaptable to different channels and the most flexible in the event the Department needs to pivot to an alternative approach, subsequent to Cabinet decisions.
13. At its core, FCB New Zealand's approach is to nudge New Zealanders to think about the issue and to paint a picture of positivity and hope for the future. This will be backed by creative content that people will find compelling by making the problem relatable (for example, beaches being closed because of wastewater contamination, unsafe drinking water). In essence, reframing water services from a system that people take for granted to a system in trouble that requires more care and attention to allow it to thrive for the greater good of New Zealand. Further phases of the public information and education campaign will also support the communication of the Government's decisions and assist councils to consult with their communities.
14. The total cost of the services from FCB New Zealand is anticipated to be \$3.5 million, based on the current statement of work.
15. In addition, the Department has identified up to \$500,000 of the \$4 million (indicatively \$2 million in 2020/21 and \$2 million in 2021/22) to develop, manage and host the accompanying website. Again, the Department has no preferred supplier arrangement for website development services in place so, guided by the Government Procurement Rules and our own expert internal procurement advice, we are carrying out a thorough and robust procurement process to select a supplier to develop the accompanying website in support of the three waters service delivery reform programme.
16. The Department is confident that we are achieving the best outcome for the Government, the Department and the New Zealand taxpayer through our procurement processes.

Ministerial approval to incur costs

17. In December 2020 Cabinet agreed that central government would use a nationwide public information and education campaign to provide a national picture of the case for change and build wider community support for the three waters service delivery reform programme [CAB-20-MIN-0521.01 refers].

18. As the publicity expenses associated with the nationwide public information and education campaign and accompanying website are more than \$150,000, the Department requires your approval as Appropriation Minister before incurring these expenses. Further, as Appropriation Minister, you must be comfortable that the publicity expenses comply with the *Guidelines for Government Advertising*. These guidelines require that Government advertising should only be undertaken where there is an identified and justifiable information need by the intended recipients.
19. The three waters system is facing a number of significant challenges and will continue to do so without major, transformational reform of service delivery arrangements.
20. To support the success of the reform programme it is crucial that the public fully understands these challenges, the scale of the investment required and that the current three waters service delivery system is unable to meet these costs. It is also important that widespread misunderstandings and disinformation among New Zealanders is corrected, for example that water is currently "free".
21. A public information and education campaign and accompanying website will talk directly to New Zealanders and support them to better understand and engage with the reforms needed and build wider community support for the reform programme. Further, local government has identified that councils will need support to consult with their communities about the case for change.
22. Without a public information and education campaign and accompanying website the reform programme risks not achieving acceptance of the case for change by New Zealanders. Ultimately, this could compromise the goals of the reform programme.

Next steps

23. Should you approve this expenditure, the Department will enter into the contract with the preferred creative agency, being FCB New Zealand. In conjunction with our creative agency, we will provide you and, if appropriate, other Three Waters Ministers, with a full briefing on the strategic approach behind the nationwide public information and education campaign, the different phases and the key messaging for each phase. This briefing would occur in mid-May to allow time to finesse elements of the campaign prior to the first phase going live in June 2021.

Recommendations

24. We recommend that you:

- a) **note** that in December 2020 Cabinet [CAB-20-MIN-0521.01 refers]:
 - i. *agreed* that central government would use a nationwide public information and education campaign to provide a national picture of the case for change and build wider community support for the three waters service delivery reform programme; and
 - ii. *noted* that an investment of \$4 million (indicatively \$2 million in 2020/21 and \$2 million in 2021/22) was required to undertake the public information and education campaign;

- b) **note** that the Department has been appropriated the funds to undertake the campaign [CAB-20-MIN-0521.01 and LG202100156 refer];
- c) **note** that a thorough and robust procurement process to select a preferred creative agency has been carried out;
- d) **note** that *Cabinet Office circular CO (18) 2: Proposal with Financial Implications and Financial Authorities* sets out that approval is required from the Appropriation Minister in order for the Department to incur publicity expenses over \$150,000;
- e) **note** as that, as Appropriation Minister, you must be comfortable that the publicity expenses comply with the *Guidelines for Government Advertising*;
- f) **agree** that there is an identified and justifiable information need to carry out a public information and education campaign and develop an accompanying website; and Yes/No
- g) **approve** the Department of Internal Affairs to incur publicity expenses of up to \$4 million to undertake the nationwide public information and education campaign and develop, manage and host an accompanying website in support of the three waters service delivery reform programme. Yes/No



Allan Prangnell
Executive Director Three Waters, Local Government Branch



Hon Nanaia Mahuta
Minister of Local Government

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Local Government briefing

Document 4

Hon Nanaia Mahuta
Minister of Local Government

Three Waters Reform Programme communications and engagement workstream update

Title: **workstream update**

Date: 13/05/2021

Key issues

This briefing provides an update on the Three Waters Reform Programme's communications and engagement workstream for your information. This includes an update on:

- the overarching communications and engagement strategy;
- upcoming communications and engagement activities;
- the public information and education campaign;
- an overview of past iwi/hapū/Māori and local government engagement; and
- approach to future iwi/hapū/Māori and local government engagements.

Action sought

Note the contents of this briefing on the Three Waters Reform Programme's communications and engagement workstream.

Timeframe

17 May 2021

Contact for telephone discussions (if required)

| Name | Position | Contact Number | Suggested 1 st contact |
|--------------------------------|---|----------------|-----------------------------------|
| Simon Cunliffe | Principal Strategic Advisor | 027 809 3833 | ✓ |
| Allan Prangnell | Executive Director | 021 865 809 | |
| Return electronic document to | Maiora Puketapu-Dentice, Maiora.Puketapu-Dentice@dia.govt.nz | | |
| Cohesion reference | https://dia.cohesion.net.nz/Sites/LGV/TWRP/MINS/_layouts/15/DocIdRedir.aspx?ID=3W2DU3RAJ5R2-1009474250-260 | | |
| Ministerial database reference | LG202100494 | | |

Purpose

1. This briefing provides you with an update on key elements of the Three Waters Reform Programme's (the Programme) communications and engagement workstream for your information. This includes updates on:
 - 1.1 the overarching communications and engagement strategy;
 - 1.2 upcoming communications and engagement activities;
 - 1.3 the public information and education campaign;
 - 1.4 past iwi/hapū/Māori and local government engagement; and
 - 1.5 the approach to future iwi/hapū/Māori and local government engagements.

The Programme requires a process of ongoing communications and engagement

2. The Three Waters Reform Programme is complex, sensitive and moving at pace and a strong communications and engagement workstream is required to support the Programme's objectives.
3. Over the last three and a half years the Department of Internal Affairs (the Department) has been working in partnership with the local government sector, iwi, hapū, Māori groups, and industry experts to progress the Three Waters Review and the Programme. This has included an extensive communications and engagement workstream.
4. Following the establishment of the Joint Three Waters Steering Committee (the Steering Committee) and the launch of the Programme in July 2020, we have intensified our communications and engagement workstream. This was to raise awareness of the Programme, seek feedback on the direction of travel, and to test emerging reform proposals.
5. The Programme's forward communications and engagement approach will continue to build on our partnership approach with local government and iwi/Māori. This is important as key Government decisions on the Programme are made in mid-2021 and move towards any future transition.

Overarching communications and engagement strategy

6. The Department is developing an overarching communications and engagement strategy to guide the Programme's communications and engagement workstream through the rest of 2021. Quality stakeholder engagement assists the Programme to make better informed decisions, grow community participation and ultimately deliver policies, programmes and services focused on improving the drinking water, wastewater and stormwater of Aotearoa New Zealand.
7. The strategy is intended as a living document to provide overarching direction to our communications and engagement. It provides key messages/narratives and outlines our approach to working with key stakeholders and the public.
8. An early draft of the strategy is attached for your information at **Appendix A**. We will continue refining this, and sharing elements of it with the Steering Committee, as appropriate, over the coming weeks.

Upcoming communications activities

9. We are developing a detailed communications activity plan to cover the next quarter between mid-May and the Government's reform announcements, expected in July. This will be fine-tuned to complement key decisions on reform strategy and will be shared with you at the earliest opportunity. At a minimum it will cover:
 - 9.1 the release of reports underpinning the evidence base for service delivery reform. You will receive a briefing on these reports seeking approval for release shortly. Subject to your approval, we anticipate public release towards the end of May;
 - 9.2 the announcement of the \$30 million marae, papakāinga and rural supplies fund's distribution arrangements. We will provide you with a separate briefing, including a supporting communications plan on this announcement;
 - 9.3 the launch of the Public Information and Education Campaign, at present scheduled for mid-June;
 - 9.4 ongoing sector and iwi/Māori engagement by the Programme officials;
 - 9.5 supporting materials to assist Ministers to speak about the reforms; and
 - 9.6 opportunities for ministerial engagement with the local government sector, and the public, with appropriate supporting material from officials.

Public information and education campaign

10. As you know, a public information and education campaign (the campaign) is crucial to support the Programme and to help the public fully understand the challenges, the scale of the investment required and that the current three waters service delivery system is unable to meet these costs. Without a public information and education campaign the reform programme risks not achieving acceptance of the case for change by New Zealanders.
11. Since our last briefing to you on the campaign [4 May 2021; LG202100468 refers] we have moved at pace to formalise our partnership with FCB New Zealand, a leading creative agency. In parallel, we have started work to develop our creative assets, including our first television commercial. We have also secured television advertising on TVNZ1 during the 2020 Summer Olympics (23 July 2021 through to 8 August 2021). Further, the campaign is supported by a strong social media strategy and you can expect to see the Three Waters social media channels being established and work underway to build a community of followers.
12. The campaign will need to take account of and be sensitive to the opinions and perspectives of many different stakeholders. To support the Department, a Critical Friends Advisory Group (the Advisory Group) has been established. This advisory group is not a decision-making body, but it will be important in helping to keep the campaign on track.
13. The Advisory Group has a diverse membership and includes people with marketing and advertising expertise, tikanga/mātauranga Māori expertise, representatives from local government and the Steering Committee, Taumata Arowai and senior communications staff from the Department. In addition, your Senior Press Secretary is a member of the Advisory Group.

Overview of previous reform engagements

14. Since the launch of the Programme in July 2020, we have had an extensive programme of engagements. This has included:
 - 14.1 three series of in-person workshops across New Zealand targeted to local government and their iwi/hapū partners (July/August 2020, September/October 2020 and March 2021);
 - 14.2 regular attendance at local government sector meetings and Mayoral forums;
 - 14.3 eleven informal meetings and 18 formal meetings with iwi/hapū representatives;
 - 14.4 eighteen Steering Committee meetings informed by 17 technical reference group meetings (including a te ao Māori technical reference group); and
 - 14.5 fifteen workshops and bespoke meetings/workshops with key industry/Māori groupings (such as Water NZ and Kāhui Wai Māori).
15. These engagements have been supported by regular communications updates and online releases to local government and iwi/Māori.
16. Engagement with iwi/Māori has gathered momentum during early 2021 as officials begin to have more formal hui with iwi, hapū and other Māori groups. The Department's engagement with industry bodies has accelerated during the first half of 2021.

March 2021 workshop summary report

17. Our most recent engagements were a series of eight full-day workshops with local government and iwi/hapū representatives during March 2021. These workshops were well attended with approximately 960 participants (from across each of the 67 local authorities and more than 140 Māori attendees).
18. Feedback gained at the workshops has been extremely valuable and has informed our previous advice to you. This feedback will continue to inform our analysis as we progress the Programme through establishment and transition. We have already discussed some of the high-level feedback from these workshops with you through the process of preparing the current package of Cabinet papers.
19. Our completed analysis of this feedback has been compiled into an overview slide pack and full workshop report. These are attached at **Appendix B** and **Appendix C** respectively for your information.
20. These reports have been tested with the Steering Committee and will be provided to all workshop attendees, council elected members, chief executives and staff, and iwi/hapū representatives this week. These will also be published on the Programme's webpage.

Approach to future engagement

21. The Programme is approaching key decisions and the release of a substantive set of information/analysis. Furthermore, concerns are shifting to how establishment and transition to the proposed water services entities will be managed over the coming years.
22. As indicated in the upcoming activities above, our next key points of engagement will be around communicating the upcoming Cabinet decisions and supporting the release of key materials/reports advancing the information base.
23. Our current planning to support these upcoming points of engagement anticipate that this will likely involve a combination of:
 - 23.1 Online information and webinars to support information releases and Cabinet announcements;
 - 23.2 Media and key stakeholder pre-briefings on key announcements; and
 - 23.3 Another series of in-person engagements with iwi/hapū, local government leaders and staff, and industry professionals (in late July/August) to support Cabinet decisions and discuss next steps for the Programme.
24. The iwi/Māori engagement team will also continue to engage directly with iwi, hapū, whānau and Māori organisations through this period to support these engagement opportunities and address gaps in our engagement approach.

Next steps

25. As outlined above, the Department will provide you with a detailed Communications and Activity Plan to cover the period mid-May to Government reform announcements expected in July.
26. The Department will continue to keep you informed of the public information and education campaign as this work advances.
27. Specifically, we are happy to provide you and colleagues, as appropriate, with a dedicated briefing on the campaign as it takes its shape and before its launch in mid-June.
28. Should you wish to discuss the Three Waters Reform Programme's communications and engagement workstream with your colleagues in the future, we are available to support you in these conversations.

Recommendations

29. We recommend that you **note** the contents of this briefing on the Three Waters Reform Programme communications and engagement workstream.



Allan Prangnell
Executive Director Three Waters

Hon Nanaia Mahuta
Minister of Local Government

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Appendix A: Draft Three Waters Communications and Engagement Strategy

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DRAFT

Three Waters Reform Programme

COMMUNICATIONS AND ENGAGEMENT STRATEGY

May 2021

Working with New Zealand
communities to reform our
water services.



Te Tari Taiwhenua
Internal Affairs

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THREE WATERS REFORM COMMUNICATIONS AND ENGAGEMENT TACTICS AND STRATEGY 2021-2022

We ensure that specific audiences, both internal and external, receive the right information, at the right time, in the right way.

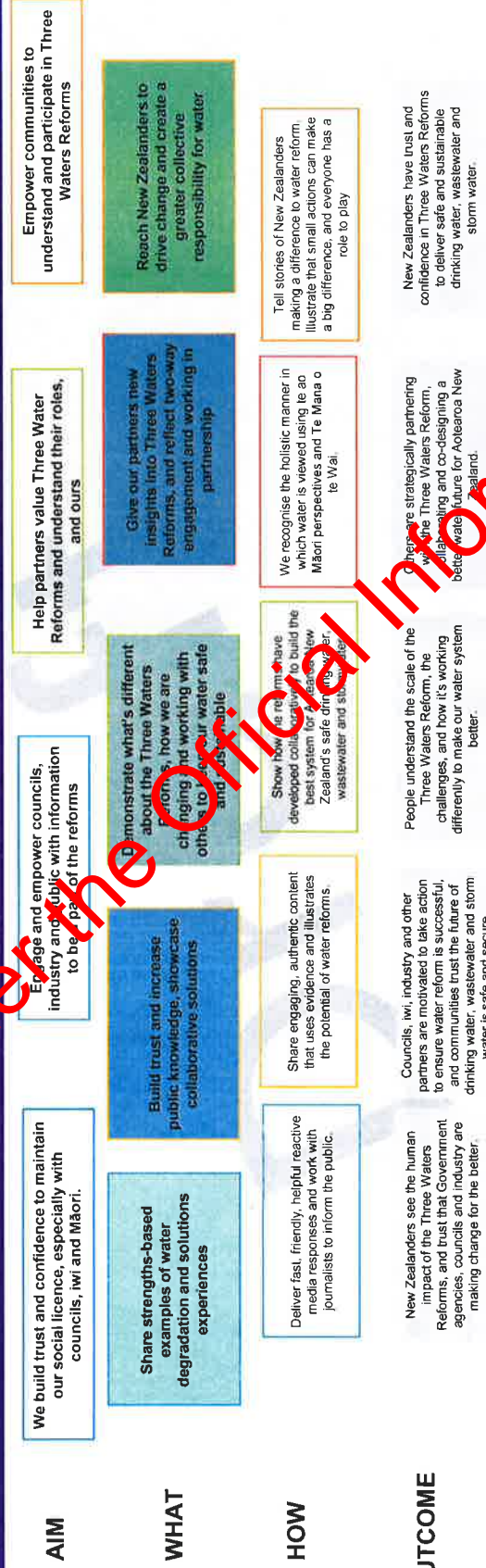
Our engagements listen to understand and share community, expert and stakeholder knowledge so we are responsive to insights.

We ensure that Three Waters Reform Programme has a consistent voice that is strategic and leveraged across a variety of platforms.

We anticipate trends; trouble-shoot in times of crisis; and, create a visual identity that stays relevant.

Above all, our work will: create champions; show change; strengthen relationships; and, grow public confidence.

Working with New Zealand communities to reform our water services.



Leading engagement that's well communicated, easily understood, and creates stakeholders who are empowered to build a better water system.

We're part of a bigger picture
We work with our reform partners, acknowledging their independence, but collaborate to ensure engagement is well-planned, coordinated and leveraged.

Our work is embedded with the principles of Te Tiriti.
We honour Te Tiriti o Waitangi, applying the principles of whanaungatanga (partnership), manaakitanga (protection), kaitiakianga (participation) and whakapono (integrity) in everything we do.

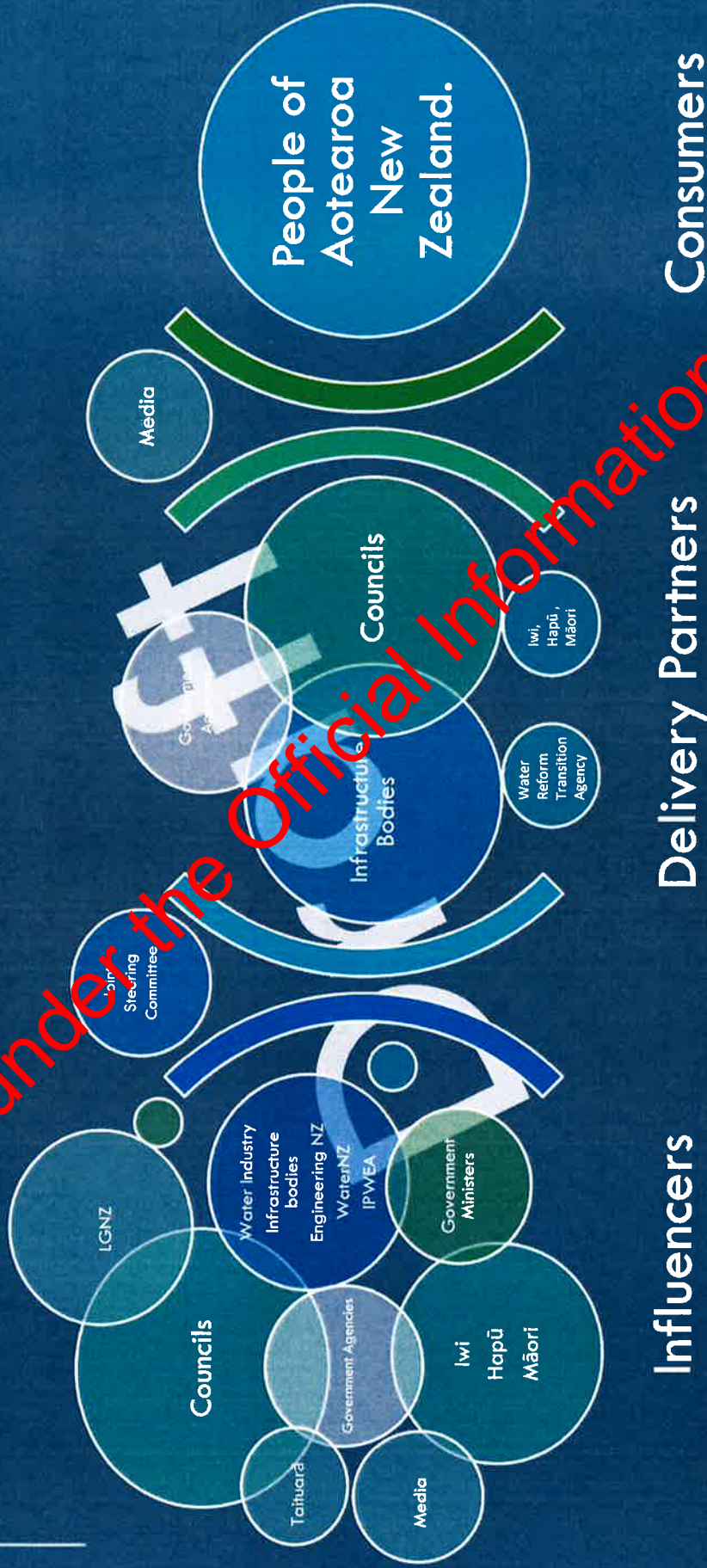
We're open, direct and authentic.
Our tone of voice is consistent and resonates with our audiences. We build trust by honouring key stakeholders and partners, sharing with them before others.

Our engagement empowers.
All of our engagement looks for people where they can find more information, take action and share their experiences.

We stay on track.
We stay connected to our projects, tracking progress and collect updates to their deliverable dates and milestones.

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STAKEHOLDER MAPPING



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Our Strategy

Working with New Zealand communities to reform our water services

Our Tactics

Leading communications and engagement that's well connected, easily understood, and creates partners who are empowered to build a better water system.

Working with New Zealand communities to reform our water services

"COMPREHENSIVE, SYSTEM-WIDE REFORM IS NEEDED TO ACHIEVE LASTING BENEFITS FOR OUR COMMUNITIES, AND THE ENVIRONMENT."



Te Tari Taiwhenua
Internal Affairs

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OUR ENGAGEMENT APPROACH

Authentic: using consistent, plain English describing the rationale for change with real-life examples. Building confidence with clear content that resonates with each stakeholder group.

Systems thinking: we will aim to soften any existing silos and will ensure national and local engagement is leveraged.

Listening to understand: where we listen first, moving away from broadcasting, and share community, expert and stakeholder knowledge so we are responsive to insights.

Cascade: we connect and build engagement through front-line champions and channels, working towards an approach that's locally led, nationally supported.

Working with New Zealand communities to reform our water services

"WE ARE SEEKING TO ADDRESS A COMPLEX SET OF SYSTEMIC ISSUES RELATING TO THE REGULATION, FUNDING, FINANCING, AND PROVISION OF DRINKING WATER, WASTEWATER, AND STORMWATER SERVICES."



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OUR FOCUS:

We're part of a bigger picture

We work with our reform partners, acknowledging their independence, but working together to ensure engagement is well-planned, coordinated and leveraged.

Our work is embedded with the principals of Te Tiriti

We honour Te Tiriti o Waitangi, applying the principles of whanaungatanga (partnership), manaakitanga (protection), kōtahitanga (participation) and whakapono (integrity) in everything we do.

We're open, direct and authentic

Our tone of voice is consistent and resonates with our audiences. We build trust by honouring our partners, sharing with them before others.

Our engagement empowers

All of our engagement illustrates that this is an ongoing conversation and points people to where they can find more information, take action and share their experiences.

"THIS IS CRITICAL FOR PUBLIC HEALTH AND WELLBEING, ENVIRONMENTAL OUTCOMES, ECONOMIC GROWTH AND JOB CREATION, HOUSING AND URBAN DEVELOPMENT, AND MITIGATING THE EFFECTS OF CLIMATE CHANGE AND NATURAL HAZARDS."

CONNECTING WITH STAKEHOLDERS

Listening to Understand

Quality stakeholder engagement assists the Three Waters Reform to make better informed decisions, grow community participation and ultimately deliver policies, programmes and services focused on improving the drinking water, wastewater and stormwater of Aotearoa New Zealand

- By listening first, and feeding knowledge to strategic leaders; policies and systems can be developed which are responsive and measurable.
- Critically, when partners are heard, and can see their views in project work, they become champions on the journey of reform.

All of our engagement has a focus of working in partnership to build knowledge, creating informed experts and empowering local leaders to communicate effectively.

Communications and Engagement

- Identify and assess current stakeholders and their status, build a programme of engagement that balances face to face and digital engagement styles, and make sure that channels for communicating are appropriate, future-thinking and accessible.

- Create an 'inside – out' approach, engaging with Three Waters Reform experts and partners first, so they can lead stakeholder engagement with confidence.

- Support others with tools for quality engagement and easy processes so the two-way conversation efficiently fed back to those who need to know.

- Be open, direct and authentic. Have a tone of voice that is consistent and resonates with your audience. Build trust by honouring water partners, especially councils and iwi/hapū, sharing with them before others.

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TRUST AND CONFIDENCE

Personal, Authentic Communications

There are two critical and related pillars to building public trust and confidence in the

Three Waters Reforms :

- how the Three Waters Reform communicates with the public (which includes councils and their staff), how they engage with people and groups (which includes iwi/hapū, industry and key stakeholders), and how they market themselves.
- the direct experience people have of future water provision and services (post-reform), and the word of mouth this generates.

Communications and Engagement

- Ensure communications and engagement are leaning towards listening to understand. This means finding the balance between managing the 'narrative' and building strong, long-term community and iwi partnerships, where the Three Waters Reform Programme listens, especially to the voices and experiences of industry, Māori, local government (including staff) users and experts, and creating feedback loops and support to constantly learn and improve.
- Increase our focus on empowering Three Waters Reform experts, local champions and Government Ministers to promote change, and lead the conversation.

Promoting that the Reforms are building a vision for a better future will help counter fears of the reforms leading to perceived negative outcomes such as, privatisation and loss of community influence.

- Improve the promotion and social marketing which shows how the Three Waters Reform shapes a system that delivers equitable and excellent outcomes across public health and wellbeing, environmental outcomes and economic growth.
- Grow a diverse range of 'Three Waters experts and well-informed stakeholders' confidence and proficiency at working with and making use of the media.

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WORKING WITH OTHERS

Build Confidence through Experience

Leading by example, the Communications team will provide expert advice and deliver a high quality service that provides what the Three Waters Reform Programme and its stakeholders need.

- The strategic engagement lead builds relationships, fosters excellence and problem solves swiftly to grow confidence.
- The lead ensures a systems-thinking approach to communications and engagement, working with communications partners including Government agencies, Iwi/hapū and Councils to build trust, provide thought-leadership and coordinate approaches to communications that are effective while allowing for independence and contrasting views.
- Data and evidence based communications with meaningful feedback loops will build credibility.

Communications and Engagement

- Complex reforms require careful collaboration internally and with partners to effectively create change through engagement.
- Primarily, the Communications team needs to continue collaboration by advising on, and delivering, internal and external communications, and ensuring risks on wider work programmes are mitigated.
- This needs to be supported by meaningful storytelling, across a range of channels, which magnifies the support and resources provided by the reform programme and its partners
- The Communications team can contribute evidence, knowledge and context to inform the design and delivery of services and resources. This needs to begin with listening to understand the needs, and be followed up with a responsive and professional communications service.
- As confidence is built, leaders and partners across the Three Waters Reform Programme can be supported to engage with the Communications function early and often, resulting in more effective work programme delivery greater leverage of communications and more effective timing.

INFORMING THE PUBLIC

A Conversation with Communities

We are creating a multi-channel approach to community communications, including a social strategy, that connects with the hearts and minds of New Zealanders about the importance of good quality water.

The public information and education campaign will also support the conversation local councils will have with their own communities.

While the public information and education campaign will raise awareness of the importance of safe, clean drinking water and appropriate wastewater and stormwater services for New Zealanders, it cannot be seen to interfere with the local government consultation process.

Communications and Engagement

Through the public information and education campaign our objective is to:

- build a greater understanding of, and support for, the Reform Programme
- create a public environment that is supportive of council's remaining in the Reform Programme

Programme

- create a nationwide resolve to achieve a better future for water services.

The campaign will be supported by a new stand-alone website that is currently being developed. In addition to the public information and education campaign, the website will host a large amount of content aimed at local government, iwi/Māori and water services stakeholders that supports the engagement and decision-making process.

RISK MITIGATION

Proactively Informing the Conversation

Having a proactive communications strategy, finding and sharing informative stories, working with media, and on social channels, to develop content which responds to issues, builds relationships and provides a strong volume of context, to help counter reactionary responses to strong views and serious issues.

- Sharing well-researched stories and informative content provides the context which is especially necessary when dealing with complex stakeholder and public issues.
- Proactive strategies help foster an understanding with media that water sector voices can provide interesting and well-reasoned stories on important environmental, financial and social issues to do with water. It's not about trying to present rosy pictures, but about ensuring that the overall picture remains well informed and balanced, and that good work has an equal opportunity to reach the public.
- A critical aspect of the risk mitigation shows that these Reforms are intergenerational; this is not about placing blame for the current state, but an opportunity for a better future.
- Using evidence including academic research and Cabinet papers, which is easily accessible and promoted through a range of channels (in social content, as infographics on digital platforms and during engagements) provide context to conversations and ensures third parties are well informed.

Communications and Engagement

- A **quick, coordinated response**. When an issue is raised, it is critical to quickly position approved and prepared spokespeople as 'voices of reason', providing known facts and context. This relies on an efficient flow of risk awareness and accurate information from industry and Three Waters Reform staff and partners.
- Conjecture, rumour and prejudiced opinion will quickly fill the vacuum of comment, these are disseminated, re-broadcast and re-posted and frame all subsequent comment.
- Providing a coordinated response also provides the benefit of allowing those most closely involved with the event to focus on delivering support where it is needed most, rather than be drawn into the surrounding media conversation.
- **Laying the foundations**. Developing strong, honest and trusting relationships with reporters and editors is essential, as is maintaining good lines of communication.
- Promoting evidence, which is available in full form, with experts to speak to it, and in plain-English, increases credibility and builds trust.
- Reporters need to know they can trust you when you raise concerns, such as risks to safety, and free and frank discussions can go both ways. Off-record meetings and building relationships can help reporters understand the complexity of the Three Waters Reform Processes and environment.

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THREE WATERS CORE NARRATIVE

Building a better system for safe and sustainable drinking water, wastewater and stormwater services.

This work has at its core, a focus on public health and wellbeing, environmental outcomes, economic growth and job creation, housing and urban development, and mitigating the effects of climate change and natural hazards.

We're taking a long-term view, building a system that will be affordable for New Zealand communities, and will protect our environment, for generations to come.

THREE WATERS TALKING POINTS

Why do we need to reform our three waters services?

Safe, affordable and sustainable water services are essential for communities throughout Aotearoa New Zealand. Our health depends on safe drinking water, appropriate disposal of wastewater and effective stormwater networks. Our prosperity requires a sustainable supply of affordable three waters services for communities, housing and local economic development. Rather than piecemeal solutions, comprehensive, system-wide reform is needed to achieve lasting, intergenerational benefits for our communities, the environment and the country as a whole.

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THREE WATERS TALKING POINTS

Working in partnership to progress reform

On behalf of their communities, 67 different councils own and operate the majority of the drinking water, wastewater and stormwater services across New Zealand.

Local government is facing urgent challenges in the provision of these services including: meeting the huge costs of maintaining and renewing our pipes and plants, meeting with safety standards and environmental expectations, building resilience to natural hazards and climate change in three waters networks, and enabling growth and economic development.

The Three Waters Reform Programme is being progressed through a partnership-based approach with the local government sector, alongside iwi/Māori as the Crown's Treaty Partner.

THREE WATERS TALKING POINTS

What is proposed and when

The Government's starting intention is to reform local communities' three waters services into a small number of multi-regional entities with a bottom line of public ownership. Transition to these entities would see them operational from July 2024.

The Reform Programme's extensive policy work, backed up by substantial peer-reviewed economic analysis and modelling, has informed reform options including the size, shape, number and design of these multi-regional entities.

Councils and iwi/Māori have been brought alongside the Government and provided input to the development of the reforms through an extensive engagement programme.

The Government is expected to announce its Reform proposal in July 2021.

Supporting the conversation

A Joint Central/Local Government Steering Committee provides collaborative oversight of the programme ensuring that the expertise and experience of diverse communities feed into the reforms.

The Reform Programme, with input from the Steering Committee, will provide information to assist councils and iwi/hapū in their conversations about the reforms with their communities.

To assist with these conversations, the Government will run a national public information and education campaign on our water services challenges, the need for reform, and the Government's plans to achieve its water services goals.

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THREE WATERS TALKING POINTS

Reform outcomes

All our communities can afford healthy three waters services.

People can drink water that comes from the tap safely and with confidence.

New Zealanders can swim in the rivers and lakes, and gather mahinga kai at the beach, without fear of getting sick.

Our environment is enhanced as a result of better water services.

Our water services will be sustainable and resilient to natural hazards and the effects of climate change.

We can afford infrastructure for growth and housing, and supporting jobs and industries in the regions.

In the medium-to-long-term, communities and individual households will benefit from the reforms.

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ONGOING WORK INCLUDES:

- Completion of comprehensive stakeholder mapping
- Identifying stakeholder relationship managers
- Identifying and working with reform champions and influencers
- Detailed stakeholder engagement activity plan, May-December 2021

Stakeholder Mapping Tactics:

Our audiences are identified and relationship managers supported with quality tools and content. We connect early and often, taking a mana to mana approach of engaging with others, internally and externally, allowing time to raise issues or differing views.

Appendix B: March 2021 Workshop Overview Slide Pack

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Three Waters Reform Programme

March 2021 Engagement Summary
Full Report available on the Three Waters
Reform Website

Website: www.dia.govt.nz/Three-Waters-Reform-Programme

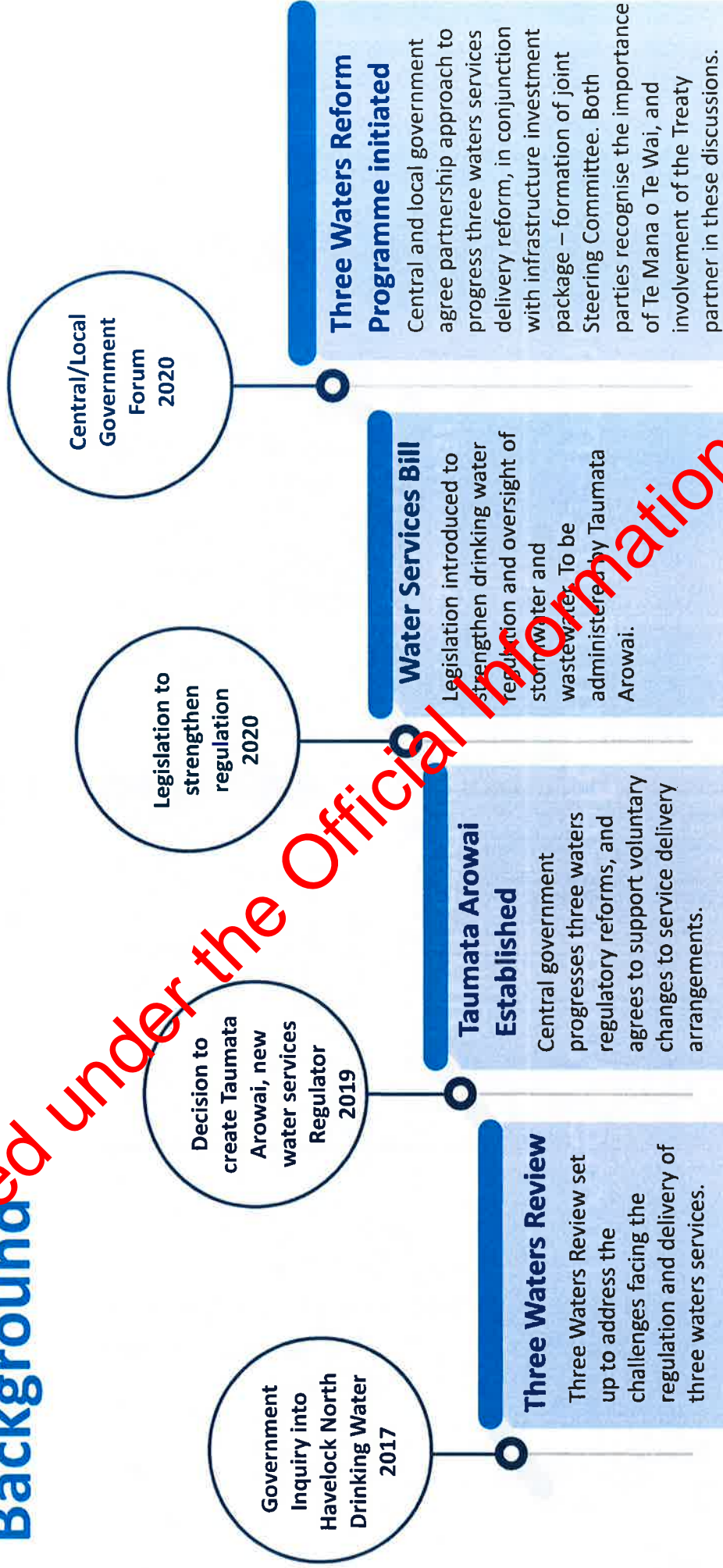
Email: threewaters@dia.govt.nz



Te Tari Taiwhenua
Internal Affairs

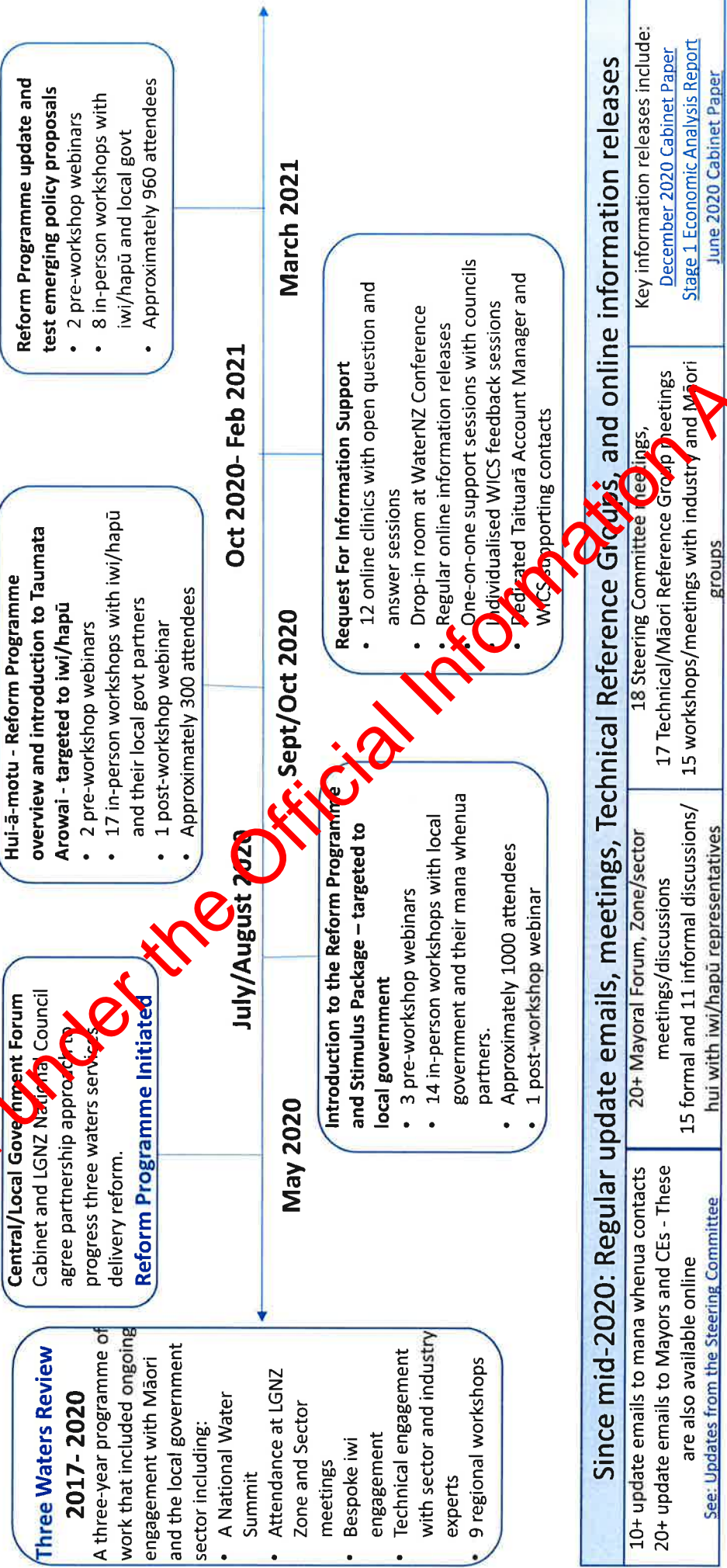
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Background



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Ongoing engagement



Three Waters Review 2017 - 2020
 A three-year programme of work that included ongoing engagement with Māori and the local government sector including:

- A National Water Summit
- Attendance at LGNZ Zone and Sector meetings
- Bespoke iwi engagement
- Technical engagement with sector and industry experts
- 9 regional workshops

Central/Local Government Forum
 Cabinet and LGNZ National Council agree partnership approach to progress three waters services delivery reform.
Reform Programme Initiated

Hui-ā-motu - Reform Programme overview and introduction to iwi/hapū Arowai - targeted to iwi/hapū

- 2 pre-workshop webinars
- 17 in-person workshops with iwi/hapū and their local govt partners
- 1 post-workshop webinar
- Approximately 300 attendees

Reform Programme update and test emerging policy proposals

- 2 pre-workshop webinars
- 8 in-person workshops with iwi/hapū and local govt
- Approximately 960 attendees

May 2020

Introduction to the Reform Programme and Stimulus Package – targeted to local government

- 3 pre-workshop webinars
- 14 in-person workshops with local government and their mana whenua partners.
- Approximately 1000 attendees
- 1 post-workshop webinar

Sept/Oct 2020

Request For Information Support

- 12 online clinics with open question and answer sessions
- Drop-in room at WaterNZ Conference
- Regular online information releases
- One-on-one support sessions with councils
- Individualised WICS feedback sessions
- Designated Taituarā Account Manager and WICS supporting contacts

Oct 2020- Feb 2021

March 2021

Since mid-2020: Regular update emails, meetings, Technical Reference Groups, and online information releases






| | | | |
|---|--|---|---|
| 10+ update emails to mana whenua contacts | 20+ Mayoral Forum, Zone/sector meetings/discussions | 18 Steering Committee meetings, 17 Technical/Māori Reference Group meetings | Key information releases include: December 2020 Cabinet Paper Stage 1 Economic Analysis Report June 2020 Cabinet Paper |
| 20+ update emails to Mayors and CEs - These are also available online | 15 formal and 11 informal discussions/ hui with iwi/hapū representatives | 15 workshops/meetings with industry and Māori groups | |
| See: Updates from the Steering Committee | | | |

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Impetus for reform







Reviews into the delivery of three waters services in New Zealand have identified significant ongoing challenges and a considerable level of underinvestment in three waters infrastructure

Why is reform needed?









-  **Risk of failure to meet safe drinking water standards** with potentially serious consequences for public health, the environment and the economy
-  **A constrained ability to plan, fund and finance resilient systems** that can cope with climate change, emergencies and natural hazards
-  **Ability to meet national and local environmental objectives** for freshwater and the marine environment
-  **Housing infrastructure supply unable to keep pace with strong demand** in high-growth areas
-  **Limits on regional development and wellbeing** particularly for areas with declining rating bases

Key design features of a new service delivery model

Decisions and directions during 2020 mean the reform proposals will include certain features:

-  **Multi-regional entities of scale**
Significant aggregation into a small number of multi-regional activities.
-  **Public ownership**
Entities must be publicly owned, with mechanisms to recognise Treaty rights and interests and to prevent future privatisation.
-  **Statutory entities**
Three waters entities designed and established by legislation.
-  **Asset ownership**
Three waters entities responsible for ownership of all water infrastructure assets.
-  **Competency based boards**
Professional directors on three waters boards.
-  **Balance sheet separation**
Complete structural separation from local authorities.







Success factors

-  Independent decision making
-  Management and governance competency
-  Mechanisms to recognise Treaty rights and interests of iwi/Māori
-  Mechanisms to enable community input
-  Financial independence
-  Flexible cost effective financing
-  Equity/equality between local authorities
-  Structural longevity

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March 2021 workshop overview

- This slide pack provides a high-level summary of the workshop report. For a detailed summary of the key themes of feedback across the workshops, the break out sessions and sentiment polls by workshop, the full report is available on the Three Waters Reform Webpage.
- Approximately 960 local government, iwi/hapū and industry attendees at the in-person workshops. Over 400 viewed/attended the pre-workshop webinars.
- All local authorities were represented across the eight workshops.
- Approximately 140 Māori attendees. Māori attendees were mostly made up of iwi, hapū and whānau representatives however, hāpori Māori (such as Māori Land Trusts) as well as Māori individuals are also included in this group. Other attendees such elected members and council staff may also whakapapa Māori.
- Presentation topics discussed at the workshop (Slide pack available online here [Engagement Materials](#))

| Session One | Session Two | Session Three | Session Four | Session Five | Session Six |
|---|---|---|--|--|--|
|  |  |  |  |  |  |
| Case for change and reform timing | Possible entity boundaries and size | Possible governance and ownership | Protections for communities in entities | Iwi/Māori rights and interests throughout the reforms* | Establishment and transition considerations |

*Te Tiriti partnership and principles and Te Mana o Te Wai considerations are to be woven throughout all elements of the reforms over and above specific mechanisms to consider iwi/Māori rights and interests.

Key themes of feedback...

- The key themes of feedback heard across the workshops are summarised in more detail in the full workshop report. These are summarised on the following slides:

Challenges

- Acknowledgement that the challenges of the status quo are substantial and growing.

Outcomes and opportunities

- Ensuring the Reform Programme remains based in the outcomes (and opportunities) we wish to see for a future Aotearoa and our people.

Tiriti Partnership

- Ensuring the opportunity for stronger mana whenua rangatiratanga in the provision of water services is realised and the reform process embodies a true Tiriti partnership at all stages.

Reform timelines

- The reform timeframes set by the Government were met with concerns about the timing and sequencing of a variety of aspects.

Voluntary or mandatory?

- Questions were raised about whether the reforms should remain voluntary or should be mandated by central Government.

The evidence base

- A need to see more detailed data and analysis at a local level to be able to better understand the implications of the reforms for local communities and how the reforms would achieve efficiencies.

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Key feedback continued

Future for local government

- A desire to see answers to the question of what is the future of local governance following the removal of three waters services ahead of the Three Waters and Resource Management Reforms.

Privatisation protections

- Agreement the reforms need to protect against any future privatisation of the water entities but want to see more detail of these protections.

Responsiveness to local needs

- A need to ensure local authorities and mana whenua can influence the new entities' planning and investment decisions to ensure they are responsive to local needs. However, there was debate about the appropriate level of influence of local government in the entities.

Transition management

- Local government attendees were keen to understand how the transition of assets and debt would be managed through any future transition and to ensure their good investment would not be diminished.

Workforce enhancement

- Concern about the workforce capacity and capability to deliver an increased future works programme and a keenness to see the local workforce enhanced and maintained through the reform programme.

Miscellaneous

- Other themes discussed across the workshops included queries about why the Department has been working with Scotland, what responsibilities the entities would have for working with private supplies, and how rural water schemes are considered in the reforms.

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Aggregated sentiment poll results

- During the workshops a series of straw polls were taken using an online engagement tool (Slido). These polls are intended as a **sentiment test only** and not all workshop attendees participated in the polls. These polls should be considered in this light.
- Number of entities poll. This poll was taken early in the workshops and again at the end of the workshop in 5 of the 8 workshops. Time constraints and participants' travel needs meant this poll was unfortunately not held again at the remaining three workshops.

- We note the Zone 5 workshop results for this poll could be considered an outlier. For aggregated results excluding this workshop please see Appendix B of the full report.

- Separate poll results for each workshop are included in Appendix C of the full report.



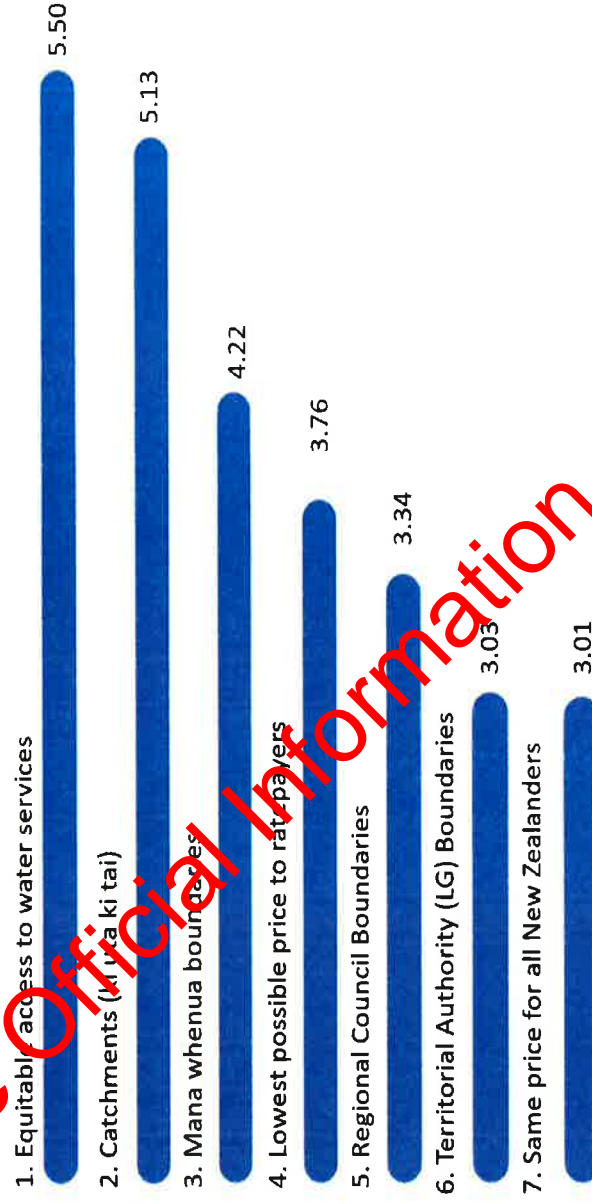
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Poll results continued

- Following a presentation about the key considerations the Government would need to take into account to determine the best size and shape of the entities, the below poll was taken.
- Notably, equitable access to water services and respecting catchments was seen to be more highly valued than achieving a uniform national price for three waters services through this sentiment poll.

Boundary considerations

If you were determining the shape and size of the entities, how would you make these trade-offs.



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Poll results continued

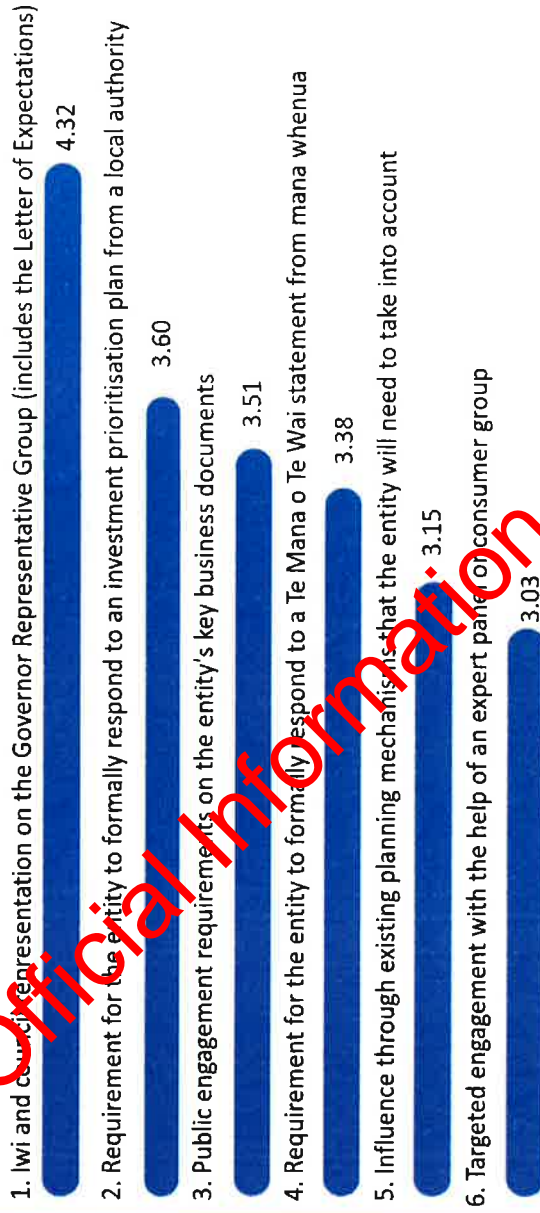
- Following a presentation about the proposed mechanisms for enabling community influence in the proposed entities we asked attendees to rank some of these proposed mechanisms in terms of effectiveness.

- While iwi and council representation on the Governor Representative Group was ranked as the most effective mechanism in this poll. Māori attendees reflected that there were more council participants in the room. They wanted this noted when considering where the Te Mana o Te Wai statement sits in this poll.

Enabling community influence

Please rank these tools for enabling community influence from most effective to least effective

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Poll results continued

- The transition and establishment session included two polls. The results of these are below.

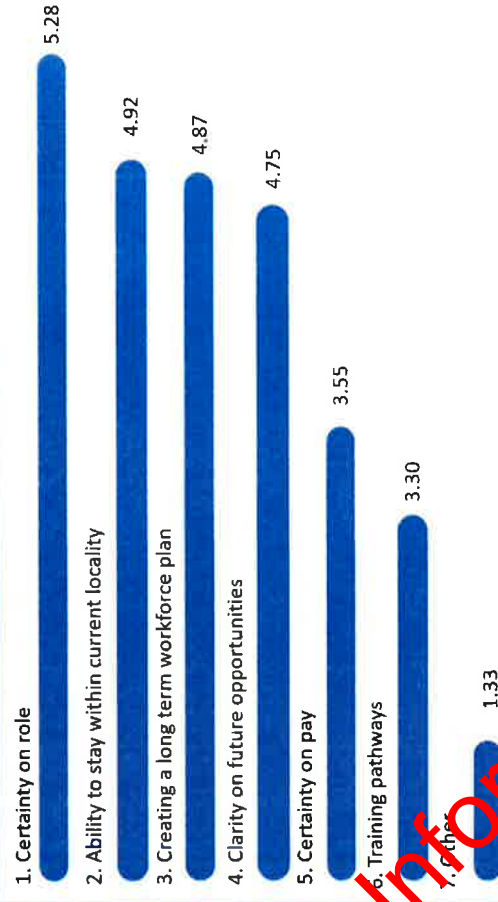
Transition considerations

What activities are most important to get right through the transition/establishment period?

- understanding the future of local government;
- further data and analysis on what the reform will mean for a council and their ratepayers;
- ensuring the current three waters services and programme of works within councils continues to be delivered (and improved) through the transition period;
- supporting, retaining and training the local workforce and giving them certainty as soon as possible;
- gaining clarity on how assets (and associated debt) will be valued and transferred;
- ensuring the governance structures and Board membership is in place, and Board members have the right skills and representation to uphold Te Tiriti and Te Mana o Te Wai;
- good communications, engagement and consultation with iwi/hapū/whānau, councils, and the public;
- getting I.T. and data management systems standardised and in place early.

Workforce considerations

What activity is most important to ensure your workforce is best supported through establishment/transition?



Some elected members in the workshop expressed that they chose not to participate in this poll as they did not think it appropriate for them to comment on a workforce matter.

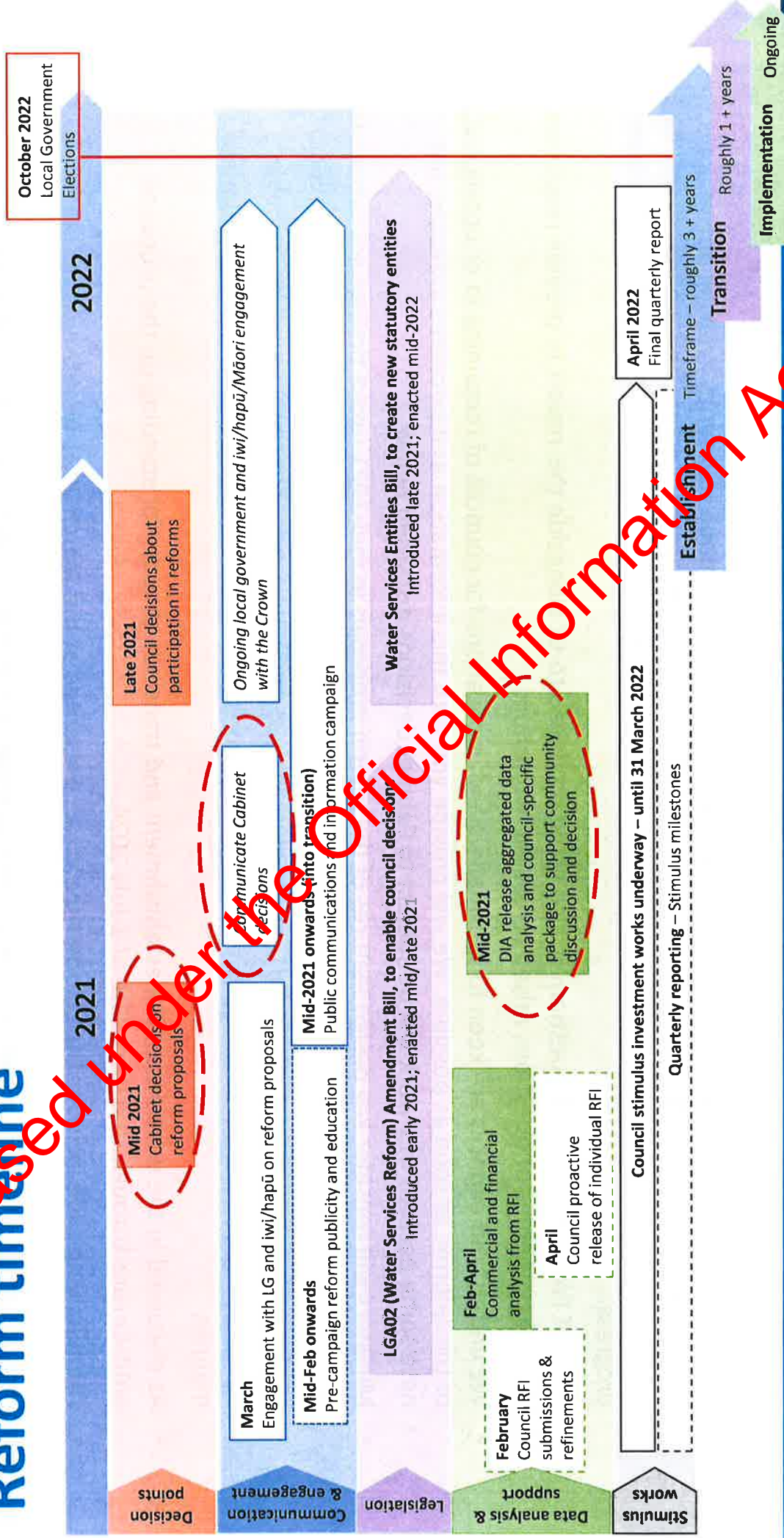
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Next steps

- Feedback from this series of engagements has informed, and will continue to inform, evolving policy analysis and proposals. Identification of issues critical to the local government sector and whānau/hapū/iwi in conjunction with advice and guidance from the joint Steering Committee, will continue to inform reform progress.
- A set of Frequently Asked Questions is also being produced to sit alongside this report to provide responses to the key themes of questions raised across the workshops.
- We understand councils are keen to see analysis and implications for councils of remaining in or opting out of the reforms as soon as possible. We will provide you with this information as it becomes available, but note some parts of this work will be subject to Cabinet decisions discussed below.
- Ministers will consider key design features of the reform proposals in mid-2021 (exact timings are subject to Government timetables.)
- Following Government decisions, further detailed analysis and implications for councils will be available.
- The Steering Committee will work to ensure that decisions are communicated in a timely and appropriate manner.
- As discussed in the workshops, the establishment and transition process for standing up the proposed entities runs through to a start date of 1 July 2024.
- The following slide includes the reform timeline as presented at the March 2021 workshops.

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Reform timeline



Appendix C: March 2021 Workshop Full Report

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Three Waters Reform Programme

March 2021 workshops: summary report

Published April 2021

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1. Executive Summary

1. This report summarises the feedback received through a series of engagements with local government and hapū/iwi/Māori on the Three Waters Reform Programme held by the Department of Internal Affairs, in partnership with the Joint Three Waters Steering Committee. The eight workshops were held across New Zealand in March 2021.
2. The Three Waters Reform Programme is about taking a long-term view of our three waters services across New Zealand, building a system that meets the needs and expectations of our communities, now and into the future.
3. The series of workshops presented the evolving and most up-to-date options and analysis for the Government's proposal to reform three waters services into a small number of publicly-owned, multi-regional entities. Feedback gained through the workshops has informed and will continue to inform and refine policy advice to decision makers in mid-2021 and beyond.
4. This report summarises, in good faith, the themes of the discussions and feedback we heard. Specific policy and design questions and issues have been raised with subject matter experts working on the associated aspects of the reform programme.
5. The March 2021 workshops are part of an ongoing discussion with local government and iwi/hapū. These build on two previous series of engagements held during 2020 and many more informal discussions over the course of the three and a half years of this reform programme, including the Three Waters Review.
6. The workshops presented the core elements of the reforms with four break-out sessions to discuss these aspects in depth. These workshops were well attended from across local government and iwi/hapū/Māori groups. They provided robust discussion and meaningful insights into the local and national challenges facing the provision of three waters services.
7. Presentation materials used for these workshops are available on the Reform Programme webpage [here](#). A set of frequently asked questions will also be published alongside this report on the Reform Programme website. This set will take in key workshop themes and update the current programme FAQs.

Key themes of feedback

8. The key themes of feedback across the workshops are touched on below, and are summarised in more detail in the body of this report and its attachments. These include:
 - 8.1 While there was debate as to whether reform of the nature proposed by the Government was the most appropriate solution, there was a strong acknowledgement that the **challenges of the status quo were substantial and growing**. Across the workshops there was little to no expression that the status quo *alone* could meet these challenges in a way that could affordably achieve all the outcomes discussed above.

- 8.2 **Ensuring the Reform Programme remains based in the outcomes (and opportunities) we wish to see for the future of Aotearoa and our people.** These outcomes span the four wellbeings and include; upholding Te Tiriti and Te Mana o Te Wai, protecting our environment and local employment, and improving access and quality of services in a way that is affordable for all our communities and meets their growing expectations.
- 8.3 **The reform timeframes set by the Government were met with concerns about the timing and sequencing of a variety of aspects including:**
- 8.3.1 that the timelines should allow more time for: engagement between central government and iwi/hapū/local government; consultation/communication with the public; workforce development; and transition and implementation.
- 8.3.2 the sequencing of the reforms and a preference that other mahi should be progressed before these reforms, including: the Resource Management Reforms; embedding Taumata Aroha; resolving water allocation issues; Treaty settlements/claims of some iwi; and answering the question of ‘what is local government’s future once waters services are removed?’.
- 8.3.3 the above discussions were often countered by other attendees not wishing to see the reforms delayed any further for fear the challenges facing our communities and the environment would continue to worsen in the interim and the effects of uncertainty on the workforce and investment.
- 8.4 Flowing from the above discussions there was often a theme of discussion about **whether the reforms should remain voluntary or should be mandated by Central Government.**
- 8.5 Across the workshops, attendees were keen to see **more detailed data and analysis at a local level** to be able to better understand the implications of the reforms for their communities and how the reforms would achieve efficiencies. This analysis is currently underway, using council provided data.
- 8.6 As noted above, attendees expressed a concern that they needed to see the question of **‘what is the future of local governance following the removal of three waters services?’** resolved ahead of these reforms. The Minister of Local Government has since announced a review of the future of local government, with a timeline to have a final report by April 2023. The review is also an opportunity to address calls to ensure the Treaty relationship is fully provided for through the local government system.
- 8.7 **Ensuring the opportunity for stronger mana whenua rangatiratanga in the provision of water services is realised and the reform process embodies a true partnership at all stages. Building on this, there was a strong call for iwi/hapū to be well resourced and embedded within the proposed entities at all levels.**
- 8.7.1 There was a strong assertion from many Māori attendees that there remains mahi to be done between the Crown and iwi and hapū directly on the proposals, but there was a resolve to work together to ensure these opportunities and obligations are met.

- 8.8 **There was agreement the reforms need to protect against any future privatisation of the water entities and the associated assets/infrastructure.** This was noted as a key risk should the public perceive the reforms as a step towards privatisation of water. Many agreed the governance and ownership arrangements for local government and Māori in the entities could provide protections against privatisation but want to see more detail of these protections.
- 8.9 When discussing the proposed mechanisms to protect and promote community and consumer voices in the proposed entities, workshop attendees agreed **there is a need to ensure they can influence the new entities' planning and investment decisions to ensure they are responsive to local needs.** However, there was **debate about the appropriate level of influence of local government in the entities.**
- 8.10 A key area of discussion in the workshops was **how the transition of assets and debt would be managed** through any future transition to the new entities. Local government attendees were keen to ensure communities that had invested heavily in three waters assets and infrastructure would not be disadvantaged through transition to new service delivery arrangements. The Department noted that any transfer of assets would also include the transfer of associated debt from councils.
- 8.11 Another key theme regarding the transition process was a **concern about the workforce** capacity and capability to deliver an increased future works programme and a keenness to see the workforce enhanced and maintained through the reform programme. Further to council employment opportunities, Māori attendees saw an opportunity in the reforms to upskill and employ their rangatahi and local kaimahi in all layers of the entities and in compliance, monitoring and enforcement roles.
9. Other key themes discussed across the workshops included queries about why the Department has been working with the Water Industry Commission for Scotland, what responsibilities the entities would have for working with private supplies, and how rural water schemes are considered in the reforms. Further, most workshops required an element of clarification for attendees about the differences between the service delivery reforms and the establishment of Taumata Arowai.
10. During the workshops, a series of straw polls were taken using an online engagement tool (Slido). These polls are intended as a sentiment test only and not all workshop attendees participated in the polls. These polls should be considered in this light. A quick overview of the poll results of note include:
- 10.1 Around 50 per cent of respondents considered 3-5 entities to be best in a reformed system;
- 10.2 Equitable access to water services and maintaining catchments (ki uta ki tai) were ranked as the top considerations for determining the size and shape of boundaries;

- 10.3 Iwi and council representation on the Governor Representative Group was ranked as the most effective tool for enabling community influence into the new entities; and
 - 10.4 Ensuring the workforce has certainty of their role was ranked as the most important workforce consideration through the transition and establishment process.
11. A more detailed summary of key themes across the series of workshops is provided in this report below. The appendices to this report include: a summary of the targeted in depth discussions and the results of the sentiment polls taken throughout the workshops.

Next Steps

12. The feedback gathered from these workshops has informed policy advice and options analysis being undertaken by the Department in partnership with the Joint Three Waters Steering Committee. It will continue to inform elements of the policy programme including work towards establishment and transition.
13. Cabinet is expected to consider options for progressing the reform of council-owned three waters services in mid-2021 including key design features of the proposed entities.
14. The Department will continue to engage with local government elected members and staff, iwi/hapū, industry experts and other interested parties as we continue to progress the reform programme. We anticipate this will include future rounds of in-person and online engagements and discussions.

2. Background

15. In May 2020, senior Government Ministers and local government leaders discussed the wide-ranging challenges facing councils' three waters services and infrastructure and the communities that own and rely on these services. For some communities, the investment needed to meet these challenges is unaffordable now and into the future.
16. Central and local government leaders agreed to work in partnership to investigate structural reform to councils' three waters services (drinking water, wastewater and stormwater) to achieve an enduring solution. A partnership approach was agreed to best support community interests and ensure that any new service delivery arrangements and transition processes are well designed and managed. This led to the formation of a joint central and local government Three Waters Steering Committee.
17. The joint Steering Committee's role is to provide oversight and guidance on three waters services delivery and infrastructure reform, and to ensure the perspectives and interests of diverse New Zealand communities are considered. You can read more about the Steering Committee [here](#).

18. In July 2020, the Government announced a three-year work programme to progress a voluntary reform of councils' three waters infrastructure – the Three Waters Reform Programme. This announcement included a \$761 million funding package to provide immediate stimulus to local authorities to maintain and improve three waters infrastructure, and to support the reform of local government's three waters service delivery arrangements. All eligible councils signed up to the associated Memorandum of Understanding.
19. The Three Waters Reform Programme builds on conversations that have been ongoing for the last three and a half years, at first under the Government-led Three Waters Review. The review led to the establishment of Taumata Arowai, the new Water Services Regulator, to oversee and enforce a new drinking water regulatory framework, with an oversight role for wastewater and stormwater.
20. In December 2020, the Government confirmed its reform plans including its starting intention for the reform programme to establish a small number of publicly-owned multi-regional water service delivery entities. These would be designed to realise the benefits of scale for communities and reflect neighbouring catchments and communities of interest. This infrastructure is currently owned by councils on behalf of their communities and the Government has set a bottom line that future entities must remain in public ownership.
21. The reform programme [webpage](#) is regularly updated with the most up-to-date information on the reform programme, the release of Cabinet papers, engagement materials, and frequently asked questions.

3. Workshop overview

22. The Department of Internal Affairs (the Department), in partnership with the Joint Steering Committee, undertook a series of workshops over March 2021. These workshops were designed to test emerging thinking and seek feedback on reform proposals with local government representatives and iwi/Māori as the Crown's Treaty partners.
23. This report summarises feedback from across this series of eight formal workshops. The workshops were well attended with close to 1000 elected members, council staff, and Māori attendees nationwide.
24. Insights and input gathered from across the workshops have informed guidance from the Steering Committee and the Department's policy advice to decision makers on key reform features. This will continue as elements such as establishment and transition are considered. The Department and Steering Committee would like to thank all those who took time to participate and contribute to this important mahi.
25. The in-person workshops were held across a full day with break-out sessions to explore key areas of the reform proposals. The Auckland workshop was held online due to COVID-19 restrictions and over a condensed timeframe. The workshops presented on the following core elements of the reform with four break-out discussions:
 - 25.1 The case for change (why moving from 67 different local authorities providing these services to a small number or multi-regional entities is necessary to meet current and future challenges);

- 25.2 Considerations for determining the best number and boundaries of entities;
- 25.3 Possible governance and ownership arrangements and considerations;
- 25.4 Potential protections for communities and consumers in the future system;
- 25.5 Iwi/Māori rights and interests throughout the reforms (including Te Tiriti partnership and principles and upholding Te Mana o Te Wai); and
- 25.6 early thinking on establishment and transition key considerations (noting this workstream is subject to Cabinet decisions on reform proposals).
26. Presentation materials used for these workshops are available on the Reform Programme webpage [here](#).
27. To prepare participants to engage at the in-person workshops, the Department also held two introductory webinars on the overall programme and Treaty rights and interests in the reforms. Recordings and presentation materials from these introductory webinars are available on the Three Waters Reform Programme [webpage here](#).
28. During the workshops a live question and answer tool (Slido) was also used to field questions and take sentiment polls. Where possible, these questions (and questions from the floor) were addressed during the appropriate part of the presentations. The sentiment of these questions is reflected in this summary report.
29. A supplementary set of frequently asked questions (FAQs) is being prepared which will be published alongside this report on the Reform Programme [webpage](#). However, with over 900 questions raised verbally and through Slido across the eight workshops, these FAQs will not be able to address every single matter raised, rather will be grouped into key themes.

Attendance at the workshops

30. Below is an overview of the workshop locations and attendance.

| Workshop Date | Zone and Location | Approximate participants |
|--------------------|---------------------------|--------------------------|
| Tuesday 9 March | Te Tau Ihu (Nelson) | 60 |
| Thursday 11 March | Zone 3 (Palmerston North) | 155 |
| Friday 12 March | Auckland Zone (online) | 80 |
| Wednesday 17 March | Zone 6 (Wanaka) | 65 |
| Friday 19 March | Zone 4 (Wellington) | 110 |
| Tuesday 23 March | Zone 5 (Christchurch) | 180 |
| Friday 26 March | Zone 2 (Rotorua) | 225 |
| Tuesday 30 March | Zone 1 (Whangarei) | 85 |
| | Total | 960 |

31. This attendance included individuals from every local authority across New Zealand, and approximately 140 Māori attendees. In addition, the two pre-workshop webinars have been viewed/attended over 400 times.

32. Māori attendees were mostly made up of iwi, hapū and whānau representatives however, hāpori Māori (such as Māori Land Trusts) as well as Māori individuals are also included in this group. Other Māori attendees were also elected members and council staff.

4. Ongoing engagement on the reform programme

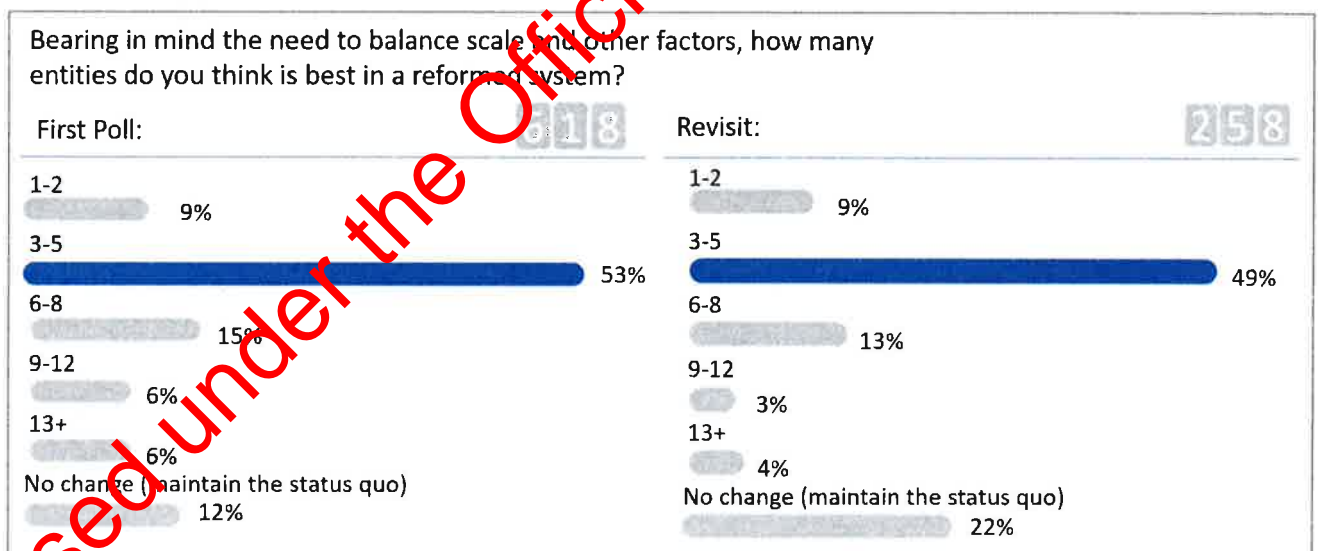
33. This round of workshops builds on a series of 14 workshops held in July/August 2020 on the reform programme stimulus package and 18 hui-ā-motu in September/October 2020 to discuss iwi/hapū rights and interests in the reform programme alongside Taumata Arowai. These in-person engagement series have been supplemented with online webinars and information releases to local government and iwi/hapū.
34. This ongoing engagement continues to be supported by additional discussions and informal meetings with iwi, hapū, and local government groupings (for example, Mayoral forums, zone meetings and visits to regions).
35. Concurrently, the Department has held in-person and online discussions/workshops with industry stakeholder groups such as, WaterNZ, Infrastructure New Zealand, the Institute of Public Works Engineering Australasia (IPWEA), Civil Contractors NZ, and Certified Public Accountants (CPA) over the course of February and March 2021. While not explicitly reflected in this report, these discussions with industry professionals have provided additional expertise, insights and context to the reform programme.
36. The Steering Committee and Department will continue to engage with the local government sector, iwi/hapū/Māori groups, and industry professionals over the course of the reform programme.
37. Throughout the March 2021 workshops we received feedback about how the workshop was run and the agenda for the day. This feedback will inform our approach to future engagements as we work to better engage with iwi, hapū and local government.
38. A particular request was made for further engagement directly with iwi/hapū on their marae and without council present. This request has been made in reflection of the makeup of these workshops and the timing available for iwi/hapū specific discussions during the workshops. By contrast, many Māori attendees expressed concern at not holding the entire workshop agenda together (i.e. the parallel discussions in the afternoon).
39. The Department has interpreted this mixed feedback as a request for more engagement *both* together with councils and separately as appropriate. The Department's iwi/Māori engagement team are actively working to set up further hui directly with iwi/hapū as requested. This approach does, however, increase the impact on iwi/hapū resources to engage on these levels, and the Department has heard many requests from mana whenua to be resourced to have the capacity to engage on this kaupapa.

5. Summary of key themes

- 40. This section of the report summarises the key themes that arose during the workshops. This is intended as a high-level summary rather than a detailed report. The appendices to this report also summarise key feedback from across the four, more targeted, break-out discussions held during the workshops, and the Slido polls.
- 41. Detailed and wide-ranging feedback on elements of the reform proposals has been raised with subject matter experts working on these aspects of the reform.

Challenges of providing three waters services into the future

- 42. Across the workshop discussions there was a sense of agreement/acknowledgement of a growing challenge for councils, and the communities that fund them, to continue to afford three waters infrastructure and services into the future.
- 43. These discussions acknowledged that these challenges were likely to worsen as we look to meet growing expectations for appropriate environmental outcomes, drinking water safety standards, demands for growth, and the impacts of climate change. Break-out discussions about these challenges reflected this sentiment and that the status quo was becoming increasingly hard for local government alone to deliver (see Appendix A).
- 44. Notably, the sentiment polls held during the workshops on the best number of entities in a reformed system saw a substantial preference for 3-5 entities over the status quo (see Appendix B for further polls).



- 45. However, there remained questions as to whether the Government’s proposal for multi-regional entities with separation from councils is the most appropriate solution to meeting these growing challenges. Other solutions proposed at the workshops included: additional financial support from central government into the existing system, or council-led regional alternatives such as Council Controlled Organisations.

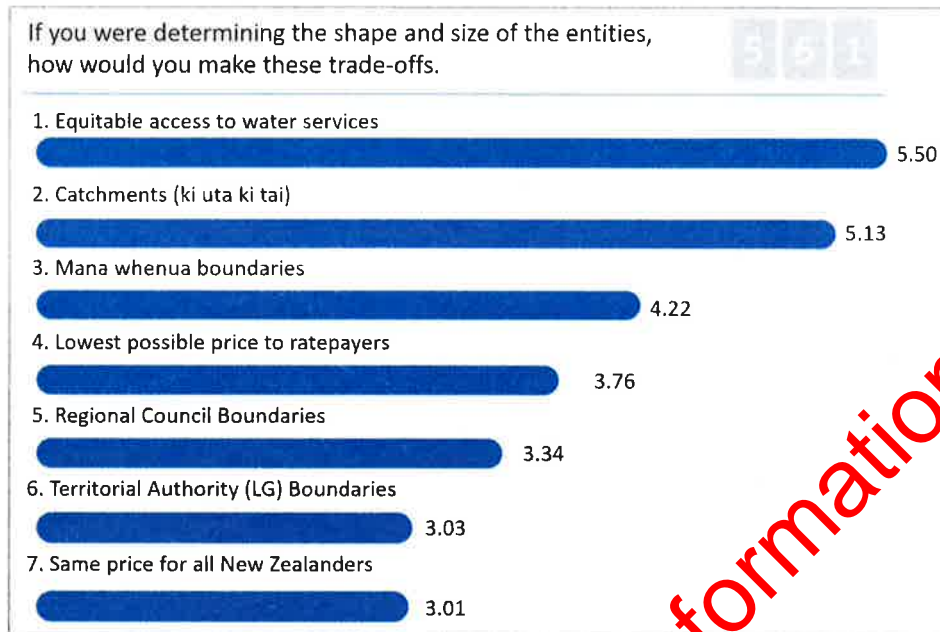
46. Many regions have, or are currently, undertaking investigations into council-led regional solutions¹. These investigations will provide valuable insights into future discussion with communities about whether to proceed with the Government's proposed reforms or if a council-led solution would be sufficient to meet the challenges. These will also help inform neighbouring regions that have not undertaken such research themselves.
47. Regarding questions of more central government funding direct to councils through mechanisms like the FAR Rate or tax, the Department noted that the Government's proposal remains one of structural reform. Structural reform is considered the most appropriate means to address funding and financing challenges as the proposed service delivery reforms look to introduce efficiencies to reduce intergenerational costs, rather than continuing to provide additional central government funding into the current system.

Taking an outcomes focus

48. Discussions at the workshops often reflected on what our collective outcomes are, whether these be through the reform programme or in an enhanced status quo. These outcomes at a high-level start with ensuring our communities have affordable access to safe drinking water, and wastewater and stormwater systems that achieve improved environmental outcomes.
49. The discussions noted how our water services have potential to impact outcomes/present opportunities that extend across the four well-beings (cultural, social, environmental and economic). These reflections include but are not limited to:
 - 49.1 meeting our Treaty partnerships and obligations, and giving effect to Te Mana o Te Wai and mātauranga-ā-iwi in a mana enhancing way – not just treating wai as a 'resource';
 - 49.2 ensuring local employment remains *local*, with social procurement and innovation opportunities;
 - 49.3 respecting the interconnected nature of our catchments ki uta ki tai (from source to sea) and expectations for improved environmental outcomes of our water services in a way that is culturally appropriate; and
 - 49.4 ensuring all our communities have access to rapid response services, equitable service levels, and an ability to procure a higher level of service if this is what a community expects and is prepared to pay for.
50. Discussions at the workshops noted that, rather than financial imperatives, ultimately communities and individual households care about the quality of services they receive and responsiveness to their needs/expectations.

¹ For example, reviews have been conducted by Hawkes Bay, Otago/Southland, and the West Coast. Parts of these reviews have been conducted using funding provided by the Government's Three Waters Reform Programme stimulus and the previous Three Waters Reviews funding.

51. This was strongly reflected in one of the sentiment polls held during the workshop that saw equitable access to water services and taking a catchment view of water considerably outrank objectives of achieving the same price across New Zealand (see Appendix B for more poll results).



Iwi/hapū rights and interests in the reforms

52. Across the workshops the reforms were seen by Māori participants as an opportunity for stronger mana whenua voice in the provision of water services. It was also seen as an avenue for establishing a system that embodies a true partnership with mana whenua and meets local expectations for upholding Te Mana o Te Wai (TMOTW). The Department was cautioned to be mindful of the additional complexities facing Māori attendees through these reforms.
53. Māori attendees noted that they see no role for themselves in this reform, particularly with the lack of inclusion of mātauranga Māori. By excluding their mātauranga, Māori attendees felt that it had not been considered in the proposed entities.
54. However, there were mixed directives from Māori attendees around the inclusion of their mātauranga within the reforms and how prescriptive the language should be in this regard. Many Māori attendees wanted assurance within the legislation that the proposed entities will uphold true partnership with them and demonstrate an understanding of te ao Māori. In contrast, many Māori attendees did not want their terminologies and concepts defined in legislation as it is their mātauranga to define for themselves. Others commented that Crown application of mātauranga is completely inappropriate.
55. A common concern expressed by iwi and hapū throughout the workshops was the intergenerational effects of the reforms. Many iwi and hapū do not currently receive council water services and manage their own private systems. There was a desire from some iwi and hapū to maintain the status quo in this regard because they do not want to leave their mokopuna with the bill.

56. In relation to this, Māori attendees urged the Department to make resourcing available to better enable their participation throughout the reform. It was highlighted that iwi, hapū and Māori will be further disadvantaged in the delivery of water services if they do not receive support to build their own capacity and capability before the proposed date entities would 'go live' of July 2024.
57. Iwi/hapū attendees expressed that there is a potential risk to the reform, and the Māori/Crown relationship in the alignment between the Department and the Ministry for the Environment (MfE) regarding the delivery of water services and issues around water allocation. In te ao Māori, wai is wai, so to separate water allocation and ownership from the water reform discussion raised suspicions of Māori attendees in the intentions of each reform.
58. This suspicion led to assumptions that the Crown is attempting to take ownership of water by stealth. Māori attendees suggested that if the three waters reform is to succeed, there needs to be greater alignment between the Department and MfE. Representatives from the Department acknowledged the context behind these statements and informed Māori attendees that public ownership of three waters entities is a bottom line of the reforms and discussions around water allocation remain with the Ministry for the Environment.

The role of mana whenua in proposed entities

59. Many Māori attendees expressed that having their people involved across all levels of the proposed entities is critical for the success of the reforms. While welcoming the proposal for the entities, once established, to resource Māori, attendees also stressed the need for resourcing to build their capability and capacity now to better engage with the entities.
60. Across the workshop discussions, Māori attendees questioned how their existing arrangements, such as their Mana Whakahono-ā-Rohe, would be considered by the new water entities. Iwi and hapū want to ensure these will be considered and want to know what a transfer, if any, would look like.
61. The Department has noted that any entity being stood up will need to take these existing arrangements into consideration and give effect to them. The proposed entities will be required to operate within existing and future legislative frameworks including the Resource Management Reforms, environmental standards, Waitangi Tribunal ruling and allocation/consents.
62. Additionally, mechanisms to enhance iwi, hapū and Māori participation and mana in the proposed entities will not take anything away from existing arrangement between iwi, hapū and Māori and their local authorities. The inclusion of these mechanisms throughout the reforms seeks to provide iwi, hapū and Māori communities with additional opportunities to those currently in place.
63. Across the workshop discussions, Māori attendees raised questions around the role of local government in the new water entities. There was a strong expression many did not want to see local government owning them in the future, raising concerns around the current management of water services by councils.

64. Regarding the governance of the proposed entities, iwi and hapū strongly expressed a desire for a 50/50 split as it is seen to reflect a true Treaty partnership. This point was also raised at our last hui-ā-motu in September and October 2020.

Reform programme timelines and sequencing

65. There was broad agreement by workshop participants that the timelines need to ensure sufficient time in this process to bring communities along in the discussion and engage appropriately on key decisions.
66. While there was an acknowledgement from participants that the reform programme timelines did need to avoid the 2022 local government elections and consider council long-term planning cycles, there were mixed views about whether the reforms should be slowed down or (to a lesser extent) accelerated.
67. Workshop attendees expressed concerns at the timelines for two main aspects of the reforms. Firstly, concerns were raised around the timeframe for the next six months. These participants sought more time to understand the government proposals, undertake further engagement between iwi/hapū/councils and central government, and/or for councils to undertake more consultation with their communities.
68. Additionally, Māori attendees raised concerns around the timing of the reforms being too short to allow them time to come up to speed with the information and build their own capability and capacity to participate.
69. Secondly, attendees raised concerns that the proposed transition timelines were too tight and had little room for slippage ahead of the proposed 'go live' date of 1 July 2024. These concerns extended to the implications this could have on the 2024 council staffing and Long-Term Plans.
70. This set of concerns were countered by a slightly smaller number of attendees that did not want to see the reform programme delayed any further, or in some cases, even expressed a desire to speed it up. These views were primarily based in the opinion that the challenges facing our three waters services have been present for a long time and until we address these challenges, the environment and some of our communities will continue to suffer. Others were concerned a longer reform programme timeline would cause uncertainty in the delivery of important waters infrastructure/upgrades over the transition period.
71. A third concern was raised around the sequencing of the reform programme, rather than the timelines. These concerns were that the three waters reforms should be paused until other programmes such as the Resource Management Reforms, Treaty settlements and claims, the establishment of Taumata Arowai and/or a future economic regulator, Essential Freshwater, and water allocation/ownership are resolved. (See also the future of local government discussion below).
72. In December 2020, the Government reconfirmed its commitment to progress the reforms ahead of the 2022 local government elections. While cognisant of the reform programmes underway, any three waters service delivery entity will need to operate within the regulatory system, regardless of when/how it might change in the future.

The voluntary approach

73. The reform programme has been progressed on a voluntary basis with local authorities, as the current owners and operators of three waters services and assets on behalf of their communities. Throughout the workshops, questions were raised by both Māori and local government attendees about the nature of this voluntary process². Some attendees expressed concerns about the uncertainties in a voluntary scenario and raised the advantages of a mandatory approach.
74. The Department noted that the partnership approach entered into between central and local government leadership in May 2020 was predicated on a preferred voluntary approach to the reforms. Any change to this process would need to be made at that leadership level.
75. Māori attendees also raised questions of what would happen should they disagree with their local authorities' decision to remain in the reforms or to opt-out. This will be an important part of the discussions held between councils and their communities (which includes iwi, hapū and whānau) as part of the consultation proposed for the final quarter of 2021.

Data and analysis

76. When the Department discussed proposed efficiencies and intergenerational savings at the workshops, participants were keen to see further detail. They expressed a need for greater information about the local impact on communities and ratepayers, and how the proposed reforms would reduce this. This information was sought with enough time for the councils to understand the information in detail before undertaking discussions with their communities.
77. Many attendees also sought greater information on how the proposed efficiencies would be achieved through structural reform, or the extent of these efficiencies for their own operations/services. Council participants also sought greater information and modelling on how the reforms would impact their balance sheet should three waters assets and income be removed.
78. Analysis on this detailed information is currently underway using council data provided through the [Request for Information](#). The Steering Committee and Department have also undertaken independent reviews of the analysis undertaken by the Water Industry Commission for Scotland (WICS). The detailed analysis, alongside peer-review reports, is likely to be released to councils and communities later this year.

² The proposal discussed at the workshops was that central government would set out the size and shape of the new water services entities and councils would take a decision to either stay in the proposed entity or to opt-out following consultation with their communities. To support consultation with communities on this decision, central government will provide a package of information about what the proposed new arrangement would mean for a council's ratepayers compared with the status quo.

Implications of the reforms for local government

79. Participants raised questions about the potential impact of the reforms, alongside resource management changes, on the future role and viability of local government. Some expressed a strong preference that this question be resolved prior to progressing the three waters reforms.
80. The Minister of Local Government has consistently expressed a commitment to work through this question with local government and iwi partners to ensure the future for local government is strong and sustainable.
81. Subsequent to the March workshops (on Friday, 23 April) the Minister of Local Government Nanaia Mahuta announced an independent review of the Future for Local Government. The Minister also emphasised the review as an opportunity to ensure the Treaty relationship is fully provided for through the local government system.
82. The review panel is chaired by Jim Palmer who is joined by John Ombler QSO, Antoine Coffin, Gael Surgenor and Penny Hulse. As a starting point the review will consider what local government does, how it does it and how it pays for it.
83. From there, they will explore what local government's future looks like, including:
 - 83.1 roles, functions and partnerships
 - 83.2 representation and governance
 - 83.3 funding and financing.
84. The panel is to produce an interim report in September 2021 which will set out the probable direction of the review. This will be followed by a draft report for public consultation in September 2022, and a final report in April 2023.
85. Concerns were also raised about councils' capacity to borrow to deliver its wider services post-three waters reform. This was identified as something councils would need to see modelled. The Department is currently undertaking analysis to ensure councils remain financially viable following the water service delivery reforms.

Protections against privatisation

86. Workshop attendees noted a key risk to the reforms was a possible public perception of the reforms as a step towards privatisation of water. Many attendees agreed the governance and ownership arrangements for mana whenua and local government in the entities could provide protections against privatisation but wanted to see more detail of these protections.
87. Mana whenua see their role in the co-governance and co-management of the entities as a benefit to protect against future privatisation of these entities. However, there were still concerns around the potential risk of privatisation by future governments.
88. Alternately, some participants at the workshops were concerned that many of the proposed design features intended to provide protections against privatisation (such as not producing a dividend to shareholders), unnecessarily reduced the options available in the design of the entities.

Influence in the proposed entities

89. Participants agreed there is a need to provide a suite of mechanisms to ensure communities (which includes iwi and hapū) would retain strong local voices and choices in the proposed water service entities. This important discussion was traversed in detail during the break-out discussions (see appendix A).
90. In addition to the suite of tools suggested by the Department, there was clear feedback seeking regular and transparent reporting and accountability back to the local level and an arm's length body to field complaints, such as a water ombudsman.
91. However, through these discussions some concerns were expressed as to whether the proposals presented for both the entity design (governance) and the protections for communities' voices within the entities would create too many layers of complexity for the entities to be nimble and responsive. This concern was raised particularly in relation to balancing growth and maintaining/upgrading levels of service.
92. Some council representatives also expressed a concern that proposed roles of councils in the entities would leave them with a level of perceived, or real, responsibilities to their communities that were not commensurate with their power to influence the entities. Some of these participants went a step further and expressed a preference to have little to no role for councils in the new entities.
93. However, council and Māori attendees remained interested in ensuring their ability to influence the new entities' planning and investment decisions to ensure they are responsive to their local needs for growth/upgrades. Furthermore, there were questions as to whether taking democracy out of these services was best (while this was disputed).
94. The break-out discussion on this aspect of the reforms showed strong interest in the use of current and future planning documents such as district plans/spatial plans, environmental management plans, Te Mana o Te Wai Statements, and Long-Term Plans to influence the entities.

Transition of assets and debt

95. During the workshops, participants asked how a transfer of assets to new entities would consider their debt and investments, with many wondering how the transfer would compensate 'good' investment behaviours or ensure their communities were not penalised for their neighbours' challenges.
96. The Department noted that any transfer of assets must also include the transfer of associated debt. These assets are currently owned by councils on behalf of their communities. These assets will continue to be publicly owned by the proposed new entities on behalf of communities under the proposed service delivery arrangements. This means that the same communities will own the assets and also carry the debt associated with them.
97. If an additional payment was to be made for assets (or aspects of these assets) that have no debt associated with them, this would need to be recovered from the communities who have already paid for these assets. This would, in effect, result in double charging communities for these assets. There is currently no proposal to make such payments through the transfer of assets.

98. The Government is considering how the transition can ensure no community is disadvantaged through the reforms and will be working closely with councils through any future transition period.

Workforce capacity and development

99. Workshop attendees raised concerns around the impact of the reforms on the local workforce. This was discussed in detail through the break-out session on the transition and establishment (see Appendix A). A primary concern raised was that the reforms would see the rural workforce urbanised, with flow on effects to the local economy. Other concerns related to the uncertainty of the reforms leading to the early retirement of an ageing workforce.
100. While many participants identified the reforms as an opportunity to grow, up-skill and professionalise the workforce, some participants sought further assurances of this. A few bespoke suggestions were given through the break-out discussions for ways to ensure the local workforce was retained through the reforms. These included suggestions to co-locate the entities in council offices or KPIs/requirements for local staffing numbers.
101. Further to council employment opportunities, Māori attendees saw an opportunity in the reforms to upskill their rangatahi and kaimahi in both the local workforce, and in compliance, monitoring and enforcement. The reforms were also seen as an important opportunity to ensure cultural skills and mātauranga was embedded across the entire workforce as a core competency.
102. Beyond workforce retention issues, attendees were concerned about the market capacity to deliver three waters infrastructure needed to get on top of the presented deficit. As above, many participants identified the reforms as an opportunity to grow the three waters workforce and ensure a pipeline of forward works that would be welcome to local contractors and suppliers. However, there was an eagerness to see a training programme get underway promptly.
103. Workforce development and retention is something that will be a key consideration through the reform programme's transition and establishment phase, working closely with local government and Māori. However, we must note that the infrastructure deficit discussed in the workshops is an intergenerational programme of works and is not expected to be delivered in the first few years of any new system.

Stormwater transition details

104. During the workshops, the Department presented the proposed position that stormwater infrastructure and services remain part of the reform – this has been an open question due to the different characteristics of the stormwater system. While most stormwater systems include a reticulated (pipe) network, the bulk of the stormwater system is the network of above ground secondary or overland flow paths over public and private land, roads, and natural waterways.

105. The open nature of the stormwater system makes the transfer of responsibility for stormwater more complex than for drinking water and wastewater infrastructure. It requires the development of mechanisms that will enable the new water service entities to work with councils as land owners, and planning authorities to manage the whole stormwater system.
106. Participants indicated a general support for the inclusion of stormwater in the scope of the new water service entities but want to see the details of which aspects of stormwater would transfer to the new entities and when/how this transition would occur. In particular, councils were interested in ensuring they would not be left with responsibility for elements of the stormwater system without the capability/capacity to deliver these services following the transition of staff and assets to the new water entities. Rural attendees were also keen to understand how this infrastructure would be defined and identified for transfer.
107. A technical working group, that includes members with local government stormwater, and te ao Māori expertise has been brought together to consider these issues. The technical working group will work to identify issues in detail and develop a transition approach which will feed into the Department's policy advice.

Why are we using Scotland as a comparator?

108. Many workshop participants asked why the Government is 'looking at Scotland as the best model.' This is a point of confusion that has required clarification at almost every workshop. This confusion stems from the Government's work with the Water Industry Commission for Scotland (WICS) to assist with the economic analysis that is informing policy advice to Government.
109. Scotland made rapid progress in developing its system for planning, funding and delivering infrastructure since devolution in 1999. Scotland has a unique approach to water service delivery. Scottish Water is Scotland's single and only provider of wastewater and drinking water supply services. It was established in 2002 with the merger of three regional water suppliers, which were themselves the result of consolidating 12 suppliers in 1996. Scottish Water serves over 5 million customers with over 1.3 billion litres of water daily and manages over 1800 wastewater treatment plants. Scottish Water is a publicly owned company, answerable to the Scottish Parliament. It is regulated by WICS.
110. WICS is widely recognised for its work on the economic regulation of water services and its Chief Executive is frequently asked to comment and present on a range of regulatory issues in different forums. WICS has also assisted other jurisdictions under the auspices of the Scottish Government's Hydro Nation initiative – to share and build international best practice in the governance, regulation and operation of water services.

111. WICS has been providing assistance to the Three Waters Reform Programme to explore the nature and magnitude of efficiency gains that might be possible in New Zealand under different reform scenarios. As New Zealand has no experience in economic regulation of water services, WICS has worked with councils throughout the country through the Request for Information, and with officials preparing policy advice. Their analysis canvasses a wide range of potential operating, financial and economic efficiencies that might be achieved through improved management and operational performance.
112. Work undertaken by WICS has also been subject to independent review by economic regulatory consultancy FarrierSwier, who have experience in water regulation in Australia. Furthermore, policy advice has examined other reform models including Tasmania, Australia and experience in other parts of the United Kingdom. A key policy consideration throughout the reform process is that proposed new service delivery arrangements must be appropriate to New Zealand communities' conditions and circumstances.

Private supplies

113. Workshop attendees raised questions about where responsibilities would sit for supporting private water schemes or taking these on should they fail in future years. Should the reforms proceed, any obligations that sit with councils currently would transfer to the new entities.
114. Participants also noted that while the outcomes sought by the reforms are important to all New Zealanders, many rural New Zealanders (especially Māori communities) are on private or self-supply schemes. While the reforms are not aimed at private schemes, the Department has also been considering what additional arrangements might need to be put in place for the new entities to work with private schemes that require/ask for assistance.
115. The stimulus package announced in July 2020 also contained a \$30 million allocation set aside for non-council-owned private/rural supplies, including marae and papakāinga. Ministers are currently working through advice on how that fund will be allocated. We anticipate that we will be able to share this information soon.
116. This fund will not meet all costs for small schemes across New Zealand, but it will help us to understand the range of schemes and the cost-effective solutions that can be applied.

Rural water schemes

117. Rural and provincial council attendees were keen to understand how the reform programme would consider rural water supplies that are primarily used for stock water, but with some council-owned/operated drinking water uses.
118. In many cases the ownership of these supplies is complex and will need to be worked through on a case-by-case basis through discussions with all parties (council, private owners and the new entities) as part of the transition and establishment process.

Taumata Arowai and the regulatory reforms

119. There was often confusion about the status of the drinking water regulatory reforms and the service delivery reforms. For clarity, these are set out below:
- 119.1 **The Three Waters Reform Programme – *this is the focus of this recent series of workshops*** - the reform programme is in the first year of a multi-year programme to investigate reforming councils' water service delivery.
- 119.2 **Establishment of Taumata Arowai as the new drinking water regulator** - Taumata Arowai has now become an independent entity as at 1 March 2021, has appointed an establishment Board, and is in the process of appointing its Māori Advisory Group.³
- 119.3 **Drinking water quality regulation through the Water Services Bill** – this Bill contains the proposed regulatory environment that Taumata Arowai will administer and is currently before the Health Committee. More than 900 submissions on the Bill have been received and are being considered. When this Bill is enacted, Taumata Arowai will take over operational responsibility for the safety of drinking water from the Ministry of Health.
120. One other common misconception noted in the workshops is that the Water Services Bill is *raising* drinking water standards. These standards (set by the World Health Organisation) *remain unchanged*. However, the legislation proposes a new regime to enforce these standards across drinking water suppliers.
121. Throughout the workshops, several questions were raised about where self-suppliers and small/rural supplies fit within the regulatory regime and the details of the regulatory programme administered by Taumata Arowai.
122. We have provided information on the Water Services Bill [here](#), noting that the Bill is still within the Parliamentary process and therefore subject to changes.

Out of scope considerations

123. Participants throughout the workshops also raised several questions about the detail of the Resource Management Reforms, environmental standards/the Essential Freshwater Reforms, Waitangi Tribunal claims (such as Poroti Springs) and allocation/consent issues (such as over allocation or water bottling consents).
124. While we appreciate the interconnected nature of this work and the reforms, the scope of the Department's mandate extends only to councils' three waters (drinking water, wastewater and stormwater) infrastructure and service delivery. Anything that we design through the three waters reforms will need to operate within this wider context and does not limit these discussions.

³ A call for submissions to both the Taumata Arowai Board and the Māori Advisory Group was sent to iwi across the motu.

Appendix A: Break-out discussion overview

- 125. This appendix summarises key themes across the four, targeted, break-out sessions held during the March 2021 workshops. These discussions were group based and led/reported on by local government and Māori attendees.
- 126. Please note this appendix reflects the most commonly raised matters as a summary for information. This is not intended as a comprehensive list of all comments through the workshops.

Break-out session one: challenges in delivering three waters services

127. The first break-out session was designed to enable a broad ranging discussion about the challenges facing New Zealand’s three waters service delivery arrangements and potential changes to this through the reform programme. The three questions put to attendees to guide this discussion were:

- 127.1 Discuss the challenges of continuing to meet the infrastructure deficit for your communities.
- 127.2 What advantages and disadvantages do you see in the reform programme?
- 127.3 How much more would you be prepared to pay/charge ratepayers, in exchange for more entities closer to home?

Challenges providing three waters infrastructure

- 128. The group-based discussions on the first question often took two lines of inquiry. The first being the challenges to councils in providing three waters infrastructure, and the second being what challenges the proposed entities might face.
- 129. The common challenges raised in this session are summarised below.

| Challenges both the new entities and councils face | |
|--|---|
| <ul style="list-style-type: none"> • Responding to growth, resilience to natural hazards, and climate change; • Ageing and/or unknown condition of a large percentage of the infrastructure base; and • Understanding and responding to rising quality standards and community expectations. | |
| Challenges councils face under the status quo | Challenges the new entities would face |
| <ul style="list-style-type: none"> • Pressure to keep the rates low/affordable and reliance on rates as primary funding source; • Delf capacity/headroom (with many attendees noting they were hitting their dept cap); • Prioritisation challenges and competition with other areas of council business for investment • Recruiting and retaining skilled workers to deliver regional services; • Managing long, drawn out consent processes and rising community expectations for renewing those that are expiring; | <ul style="list-style-type: none"> • Investment prioritisation decisions across a larger area with tensions between rural and metro communities’ needs; • Workforce capacity and capability constraints; • Timing of these reforms when Treaty settlements and claims that are yet to be resolved and Resource Management reforms are underway; • Maintaining a consistent level of service across rural and urban communities - noting many rural services are discrete/unique and not reticulated; • Balancing upgrades to existing networks to deliver a higher standard while responding to demand for growth and development. |

| | |
|--|--|
| <ul style="list-style-type: none"> Continued non-compliance, expired consents, and environmental outflows that communities don't want but cannot afford an alternate; Managing political influence/decisions when many are not elected on pipes; Taking a longer-term view of the infrastructure beyond the three-year planning and political cycles; | |
|--|--|

Advantages and disadvantages of the reform programme

130. The second part of this break-out discussion focused on potential advantages or disadvantages participants identified across the reform programme. These were often caveated as these being 'potential,' as there were questions about whether these advantages or disadvantages would be realised if the reforms were to progress.

| Potential advantages of the reform programme | Potential disadvantages of the reform programme |
|---|--|
| <ul style="list-style-type: none"> Achieve a better Treaty partnership through co-ownership, co-governance and co-management of the entities; Efficiencies of scale with larger balance sheets (while participants reserved questions as to the extent of these efficiencies); A clear business direction, strategic asset management and delivery focus without political influence; Opportunity to achieve equity of services across communities (recalibration); Improved environmental outcomes through a catchment-based approach and ability to afford a higher level of treatment of stormwater and wastewater; Upskill and develop a professionalised workforce with greater career pathways; Meet cultural expectations of iwi/hapū and implement mātauranga-ā-rohe/mātauranga-ā-iwi; Opportunity to take a longer-term/intergenerational focus with outcomes beyond a three-year cycle; Opportunities for more innovation to reduce our impact on the environment and costs; | <ul style="list-style-type: none"> The potential loss of community voice and loss of democracy in the delivery of water services; Issues of cross subsidisation and investment prioritisation between rural and urban communities (including inequity of starting asset position); The potential for the reforms to undermine the viability of local government and the residual balance sheet impacts; A potentially reduced ability for councils to direct investment decisions and growth; A consideration that councils are closer to customers and more nimble to respond to changes; Potential loss of skilled workers from rural communities; Potential for councils to be unfairly discredited/blamed for the current situation (become the scapegoat); Potential for this to be a step towards privatisation under future governments; Further expectations on iwi and hapū to work with the entities when they are already at capacity; Many disadvantages were noted in the proposed timeframes (as discussed in the report above). |

More entities closer to home versus the advantages of scale

131. With many participants unwilling/unable to directly answer this question, it generally triggered a discussion about what communities expect from their water services provider.

132. Many attendees expressed there was very little capacity for their communities to pay any more and therefore the more cost effective/efficient the entity design, the better. These communities would, however, need to see the benefit of improved outcomes and assurance their voices are maintained in the proposed entities.
133. A general sense shared across many workshops was that: provided the communities' expectations were being met and the entities were quick to respond to problems, the size of the entity was not seen as a primary concern.
134. This was often noted in that if the reforms were to proceed there was very little perceived difference between 13 and three entities as these were all seen as larger than the status quo. This is reinforced by the sentiment poll results on the best number of entities in that the 3-5 entities option was substantially more popular than others.

Break-out session two: protecting community voice

135. The second break-out session focused on the protections for communities, consumers and households that were being proposed. This has been one of the biggest areas of concern for iwi/hapū and local government representatives during previous engagements. Therefore, we wished to ensure this conversation was given ample time with both iwi/hapū and council representatives together.
136. Questions asked at this session to enable this discussion were:
- 136.1 What other mechanisms for involvement in, or influence over, the new entities would be beneficial from your perspective?
- 136.2 What other protections and incentives would you expect to see in the design of the new entities to ensure an effective voice for communities or consumers?
137. These two questions were often addressed together through the discussions as complementary aspects of the reform and are therefore reflected together below. These discussions also reflected on the proposed design features for the entities' governance and ownership.

Mechanisms to ensure our communities are protected

138. These discussions broadly agreed there is a need to provide a suite of mechanisms to ensure communities would retain strong local voices and choices in the proposed water service entities and there is no one mechanism alone that would achieve this.
139. Over and above the mechanisms proposed by the Department for ensuring communities' voices are protected in larger entities, the below features of a future system were raised most frequently:
- 139.1 **Mana whenua co-ownership, co-governance and co-management:** this requirement would ensure iwi, hapū and whānau Māori are represented at all levels of the proposed entities to ensure Te Mana o Te Wai, Te Tiriti and mātauranga-ā-rohe is embedded throughout the entities and their operation;
- 139.2 **A water ombudsman:** the intent behind this suggestion was to ensure there is an arm's-length body (from both the entities and local authorities) that has the 'teeth' to monitor and enforce complaints regarding the proposed entities and their service levels;

- 139.3 **Transparent reporting/accountability at a local level:** this mechanism would require the entities to report in a way that is easily understood at a territorial authority level (in addition to across the entire rohe of the entity). This was seen as crucial to maintain transparency and accountability at a community level; and
- 139.4 **Requirement to 'give effect to' local plans:** this was requested from participants to ensure there is not only a *direction* from councils and mana whenua, but that this direction must be met through a requirement to *give effect to* various planning documents (such as Te Mana o Te Wai Statements, Regional Management/Spatial Plans, Long-Term Plans, Land Use Plans and Environmental Management Plans).
140. In many cases participants did not express exact tools/mechanisms, but instead expressed the types of things they would like to see maintained/promoted through the reforms. Commonly raised points included features to ensure:
- 140.1 no proposed changes would undermine existing or future Treaty obligations or relationships (such as the River Accords);
 - 140.2 local growth needs are responded to by the entities;
 - 140.3 rapid response times and guaranteed base levels of service;
 - 140.4 social procurement and innovation is promoted;
 - 140.5 appointments represent diversity and an understanding of Te Tiriti (through a competency framework that requires/all skills all board members to have core competencies);
 - 140.6 local employment is retained and grown (particularly in small rural places);
 - 140.7 best practice and expertise is shared across the entities; and
 - 140.8 current good relationships between council staff, iwi/hapū, and communities are not lost through the reforms.
141. However, through these discussions some concerns were expressed as to whether the proposals presented for both the governance proposals and the protections for communities would create too many layers of complexity for the entities to be nimble and responsive (particularly for growth and maintaining/upgrading levels of service).
142. Furthermore, as discussed in the body of this report above, some council representatives expressed a concern that councils' roles in the proposed entities would leave them with perceived, or real, responsibilities to their communities that were not commensurate with their power to influence the entities.
143. There were also questions as to whether more democratic influence was needed in the entities – this reflection was mixed as many saw the removal of politics from investment decisions as a positive. However, both council and Māori attendees asked for further clarification about the Crown's role in the proposed entities, particularly in respect to any liabilities or obligations.
144. The concern for Māori attendees was that iwi and hapū voices are already minimised within their rohe, so entities covering larger regions could further minimise their voice.

Embedding Te Tiriti and Te Mana o Te Wai

145. At the workshops we were led by mana whenua attendees as to whether they wanted this discussion to be open to all interested participants or mana whenua only. Three of the eight workshops requested the break-out discussion be reserved for those with whakapapa Māori.
146. While guided by the following three questions, these discussions took a more free-flowing approach to better identify issues and concerns held by iwi, hapū and Māori participants.
1. Which option best recognises rights and interests in service delivery?
 2. What other mechanisms for recognising rights and interests in service delivery, would be beneficial from your perspective?
 3. What other protections and incentives would you expect to see in the design of the new entities to ensure effective recognition of Te Mana o Te Wai in service delivery?
147. Māori attendees throughout the workshops stressed the need for the Department to ensure Treaty rights and interests, and an obligation to give effect to Te Mana o Te Wai, are woven into any future three waters service delivery entities. Ultimately, this approach needs to embody a true Treaty partnership, with co-governance, co-management and co-operation.
148. The kōrero was rich and demonstrated a need to ensure Te Tiriti and Te Mana o Te Wai are explicitly included within policies coming out of the reform. In addition, there were requests to ensure the policies were framed within te ao Māori. However, Māori attendees also cautioned the Department around how mātauranga Māori is included and interpreted.
149. Throughout workshop discussions Māori attendees raised several questions around the option of having a Te Mana o Te Wai statement which must be *given effect to* by the proposed entities. These discussions primarily focused on what a Te Mana o Te Wai statement could look like and how it could work in practice.
150. Māori attendees had strong concerns that it would add another level of bureaucracy for them to deal with and some felt it would create further issues for them.
151. Despite these concerns there was general agreement from Māori attendees that a Te Mana o Te Wai statement had its advantages and a lot of power could be associated to it. To enhance the mana of these statements, Māori attendees urged that any provisions referencing Te Tiriti and Te Mana o Te Wai must have some 'teeth'. It was noted that the semantics of the provisions in the Resource Management Act do not give enough mana to the intent of the statements. Instead, they create more responsibilities for iwi and hapū but without appropriate resourcing.

Break-out Four: Transition considerations

152. This final break-out discussion focused on early thinking about considerations through the proposed transition and establishment of the new entities. Much of this discussion focused on council staff and systems and therefore was held in parallel to the above break-out discussion for mana whenua.

153. Questions asked in this session were:

153.1 What do you see as the biggest risks; and what do you see as the biggest opportunities for the sector through the establishment and transition period?

153.2 What is one issue, if any, connected to establishment and transition, you would wish to see resolved and/or understood that would impact your decision to opt-out of the reform?

Establishment/transition risks and opportunities

154. The reflections through this break-out discussion were often about protecting local staff and ensuring we continue to make progress and maintain our existing asset base while we move to set up the new entities.

| Risks through establishment and transition | Opportunities through establishment and transition |
|---|---|
| <ul style="list-style-type: none"> • Staff retention and keeping local contractors through the uncertainty of the reforms; • Politicisation of the reforms; • How the entities and councils will work together at end of the transition while councils still have to deliver services – what role will the current LTP will play in the start of the new entity; • Price shock to customers and how billing will be made – there needs to be mechanisms to protect against this in the medium term through the transition and into the start of the new entities; • Public education is important and central government will need to support this with central communications; • Consultation fatigue in local government and iwi/hapū with many other reforms underway and resourcing to engage in these discussions; • As noted earlier in this report, the timeframes were identified as a risk through the transition period. | <ul style="list-style-type: none"> • Workforce development strategy to upskill and professionalise the workforce and particularly to grow the regional workforce; • Opportunity to embed cultural competencies and upskill those without them; • Opportunity to be world leading and set up new ways of local leadership/influence through the reform process and into the future; • Enable more innovation and think tanks; • Data integration and standardisation across New Zealand; • Build closer relationships with mana whenua and uphold Te Tiriti; • An opportunity to fix gaps/issues with the current legislation/system that leads to poor outcomes; • Improving relationships across current local government boundaries through these discussions and sharing knowledge, expertise and infrastructure plans with one and other. |

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Issues that would impact a decision to proceed with the reforms

155. As discussed in the body of this report, a primary need was expressed from all participants to see further data and information on the potential impacts for their local communities, rate-payers, and the residual effect on local democracy. Many participants also expressed a desire for these reforms to be paused until other such reforms/conversations were complete, such as the future of local government, rights to water allocation, the Resource Management reforms and the establishment of Taumata Arowai.
156. Participants were also interested in understanding how a transition of their communities' assets would be managed fairly and equitably, should the reforms proceed as proposed, including how assets would be valued, the impact on council balance sheets, and any incentives package.
157. One of the largest questions workshop participants raised as something that would impact their decision was the entities boundaries and, importantly, which other councils would be proceeding with the reforms alongside them. This was tied to whether mana whenua would support the reforms – this is an important discussion for councils to have directly with their mana whenua partners.
158. The final key issue to most participants was ensuring there are strong protections against future privatisation of these entities.

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Appendix B: Aggregated sentiment poll results

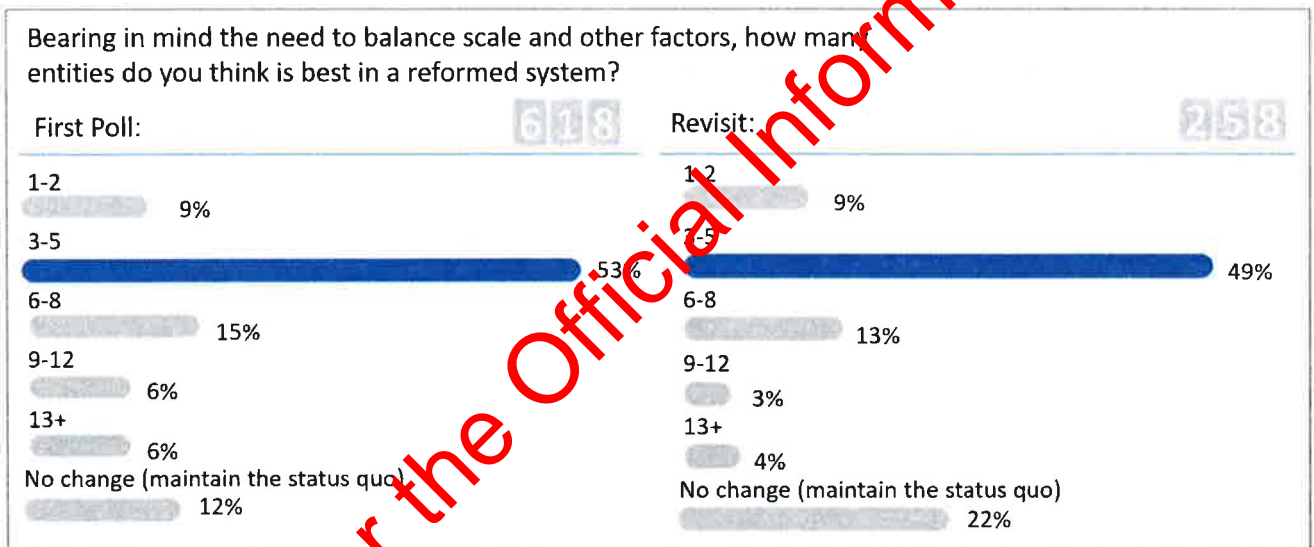
159. A series of sentiment/straw polls were taken during the workshops using an online engagement tool (Slido). Below we have provided the aggregated results of these polls across all eight workshops. **See Appendix C for poll results by workshop.**

160. These polls are intended as a sentiment test only and not all workshop attendees participated in the polls. The results should be considered in this light.

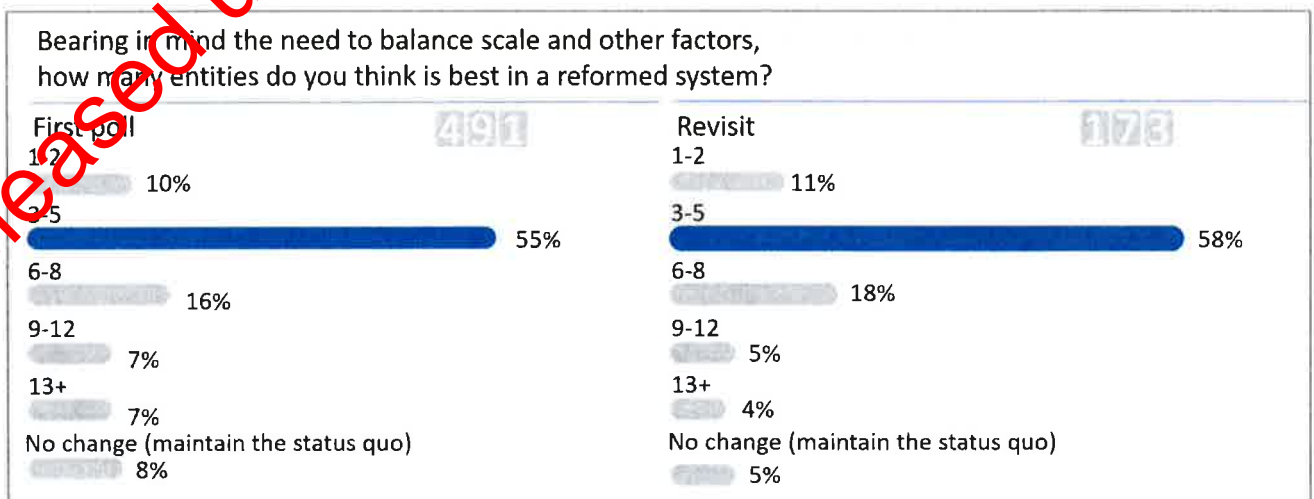
Number of entities

161. Early in the workshop, a sentiment poll was taken on how many entities participants thought would be best under a reformed system. At five of the eight workshops we also asked this question again at the end of the workshop (time constraints and participants' travel needs meant this poll was unfortunately not held again at the remaining three workshops).

162. The aggregated results of these two polls are below (the number of votes in each poll is displayed in the top right-hand corner of the graphs):

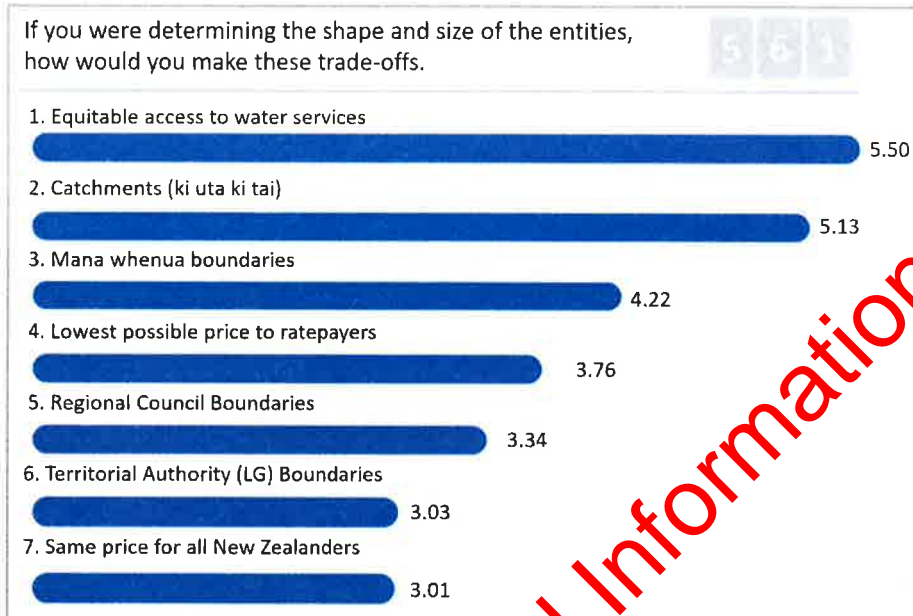


163. For both polls above, the Zone 5 workshop results could be considered an outlier as the sentiment quite strongly reflected a different view to all other workshops. When aggregated without this workshop the results are as follows:



Boundary considerations

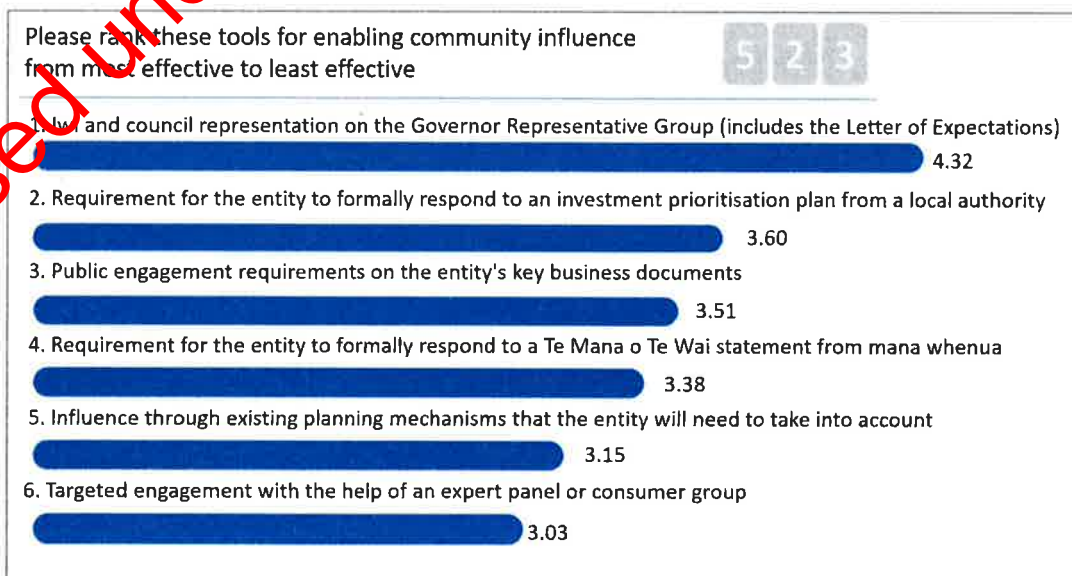
164. Following a presentation about the considerations the Government would need to take into account to determine the best size and shapes of the entities, the below poll was taken. Notably equitable access to water services and respecting catchments was seen to be more highly valued than achieving a uniform national price for three waters services.



Community influence

165. The poll taken on several proposed mechanisms for enabling community influence in the proposed entities ranked iwi and council representation on the Governor Representative Group as the most effective, with a lesser difference between the remaining tools' effectiveness.

166. However, at some workshops Māori attendees reflected that there were more council participants in the room than iwi and would like this noted when considering where the Te Mana o Te Wai statement sits in this ranking poll as they noted this was a key tool for influence of mana whenua.



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Transition considerations

167. The session of the workshop on transition included two polls. The first asked participants to rank elements of transitions seen as most important to support the workforce through transition; the results of this (below) showed a clear need to ensure the workforce has certainty of their role through transition. Some elected members in the workshop expressed that they chose not to participate in this poll as they did not think it appropriate for them to comment on a workforce matter.



168. A second, open text poll on transition asked participants to write in those activities that are most important to get right through the transition/establishment period. The most frequent responses for this included:

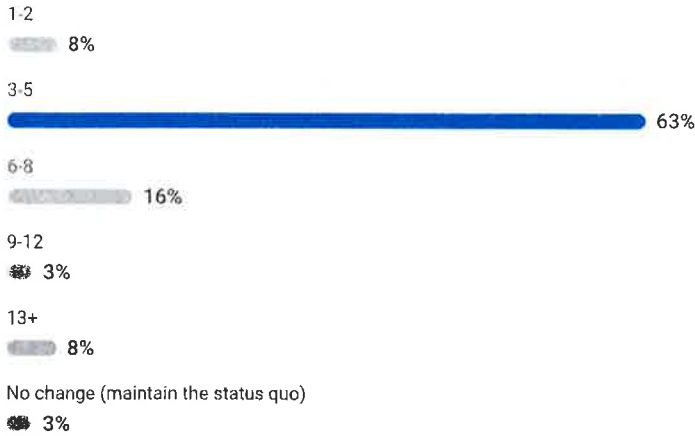
- 168.1 ensuring the conversation about the future of local government is well advanced before transition;
- 168.2 further supporting, retaining and training the local workforce and giving them certainty as soon as possible;
- 168.3 further clarity on the data and analysis on what the reform will mean for a council and their ratepayers;
- 168.4 ensuring the current three waters services and programme of works within councils continues to be delivered (and improved) through the transition period;
- 168.5 gaining clarity on how assets (and associated debt) will be valued and transferred, with a particular focus on ensuring equity/fairness for those councils seen to be in a good position currently;
- 168.6 ensuring the governance structures and board membership is in place, with a strong focus on ensuring the board members have the right skills and representation to uphold Te Tiriti and Te Mana o Te Wai;
- 168.7 good communications, engagement and consultation with iwi/hapū/whānau, councils, and the public; and
- 168.8 getting I.T. and data management systems standardised and in place early.

Appendix C: Sentiment poll results by workshop

Nelson

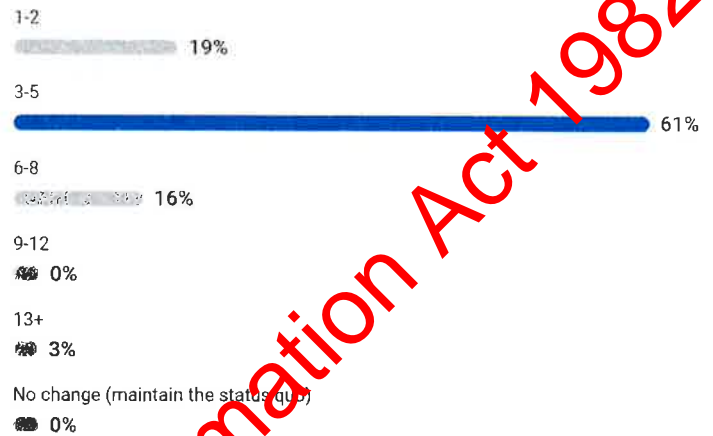
Bearing in mind the need to balance scale and other factors, how many entities do you think is best in a reformed system?

0 3 0



Revisit: Bearing in mind the need to balance scale and other factors, how many entities do you think is best in a reformed system?

0 0 0



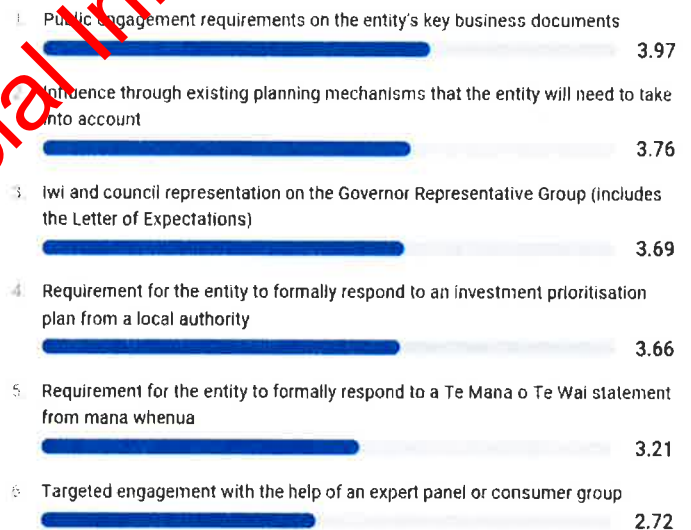
If you were determining the shape and size of the entities, how would you make these trade-offs?

0 3 3



Please rank these tools for enabling community influence from most effective to least effective

0 2 9



What activity is most important to ensure your workforce is best supported through establishment/transition?

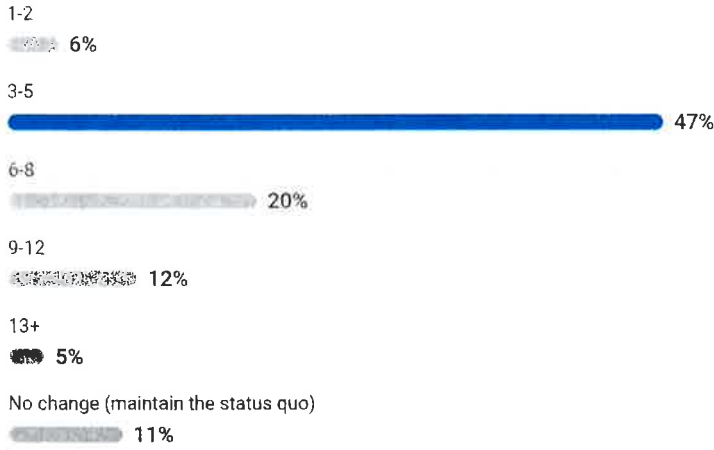
0 2 1



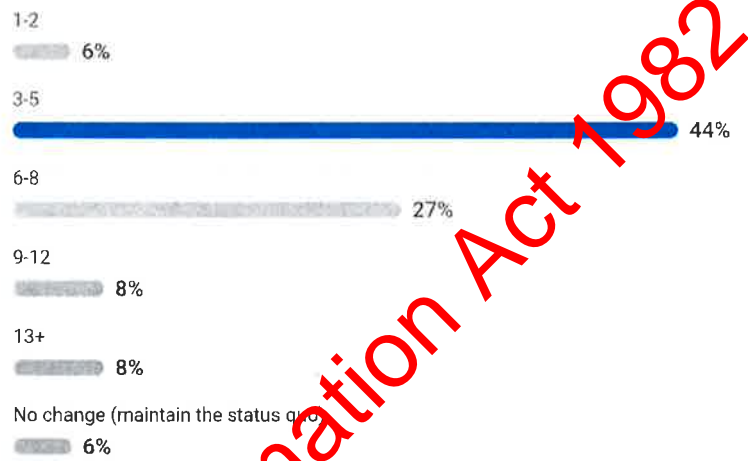
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Palmerston North

Bearing in mind the need to balance scale and other factors, how many entities do you think is best in a reformed system?



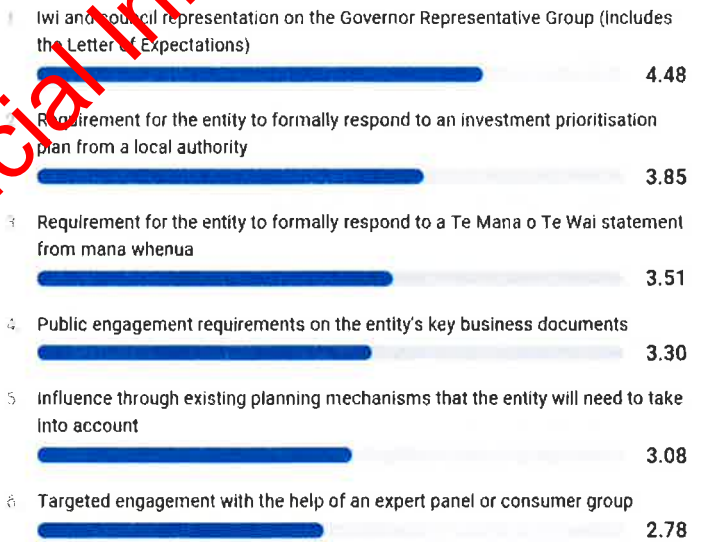
Revisit: Bearing in mind the need to balance scale and other factors, how many entities do you think is best in a reformed system?



If you were determining the shape and size of the entities, how would you make these trade-offs.



Please rank these tools for enabling community influence from most effective to least effective



What activity is most important to ensure your workforce is best supported through establishment transition?



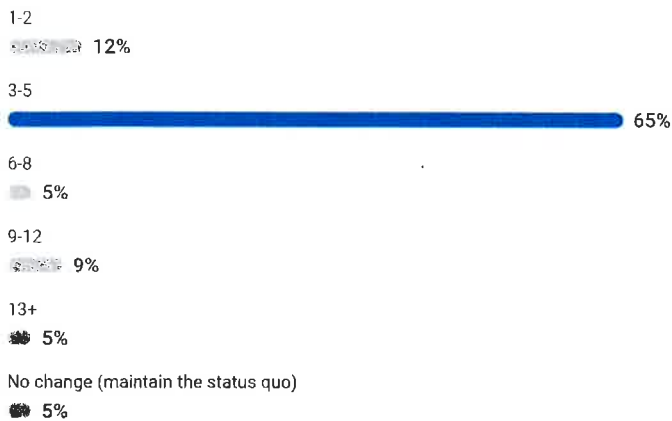
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Auckland

Bearing in mind the need to balance scale and other factors, how many entities do you think is best in a reformed system?



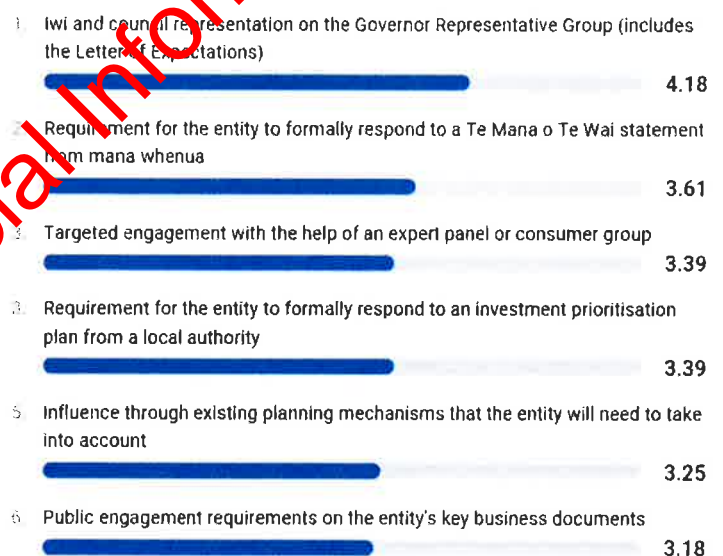
Please note: due to a shorter workshop the sentiment poll revisiting this question was not taken again at the end of the workshop.



If you were determining the shape and size of the entities, how would you make these trade-offs?



Please rank these tools for enabling community influence from most effective to least effective



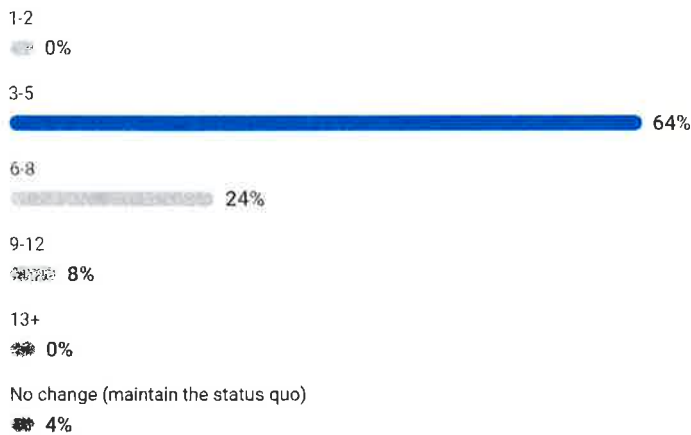
What activity is most important to ensure your workforce is best supported through establishment/transition?



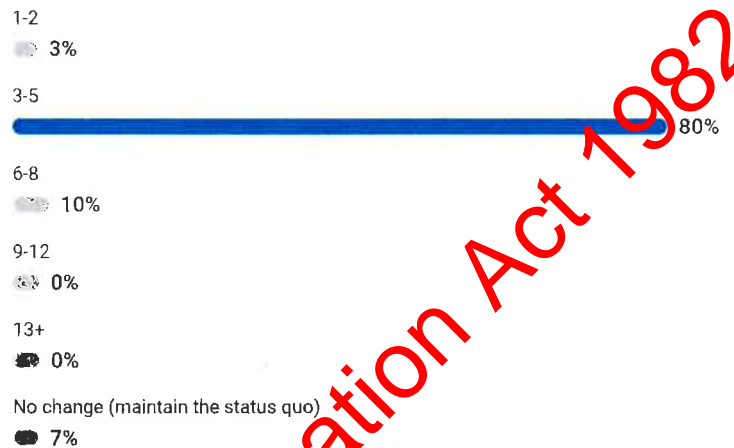
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Wanaka

Bearing in mind the need to balance scale and other factors, how many entities do you think is best in a reformed system?



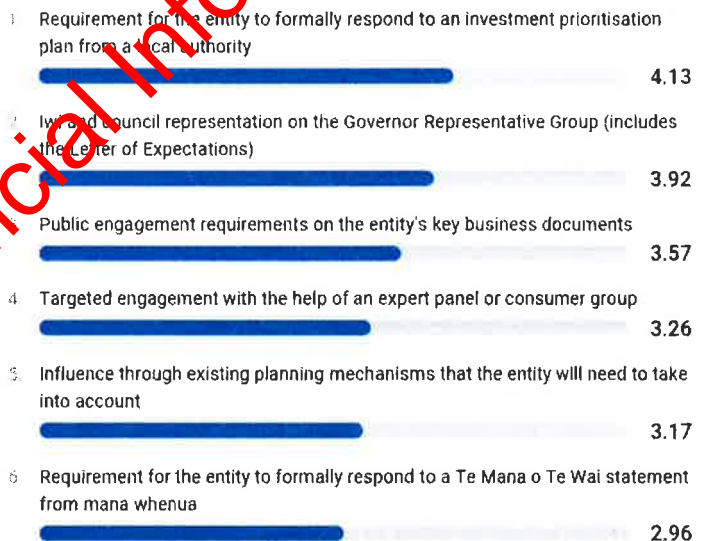
Revisit: Bearing in mind the need to balance scale and other factors, how many entities do you think is best in a reformed system?



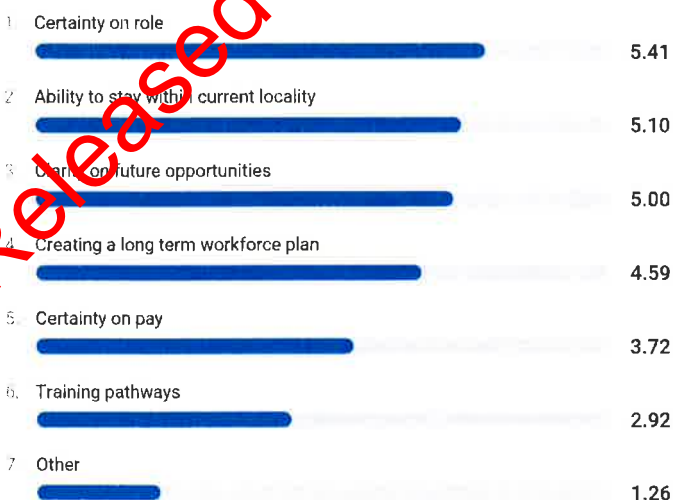
If you were determining the shape and size of the entities, how would you make these trade-offs.



Please rank these tools for enabling community influence from most effective to least effective



What activity is most important to ensure your workforce is best supported through establishment/transition?

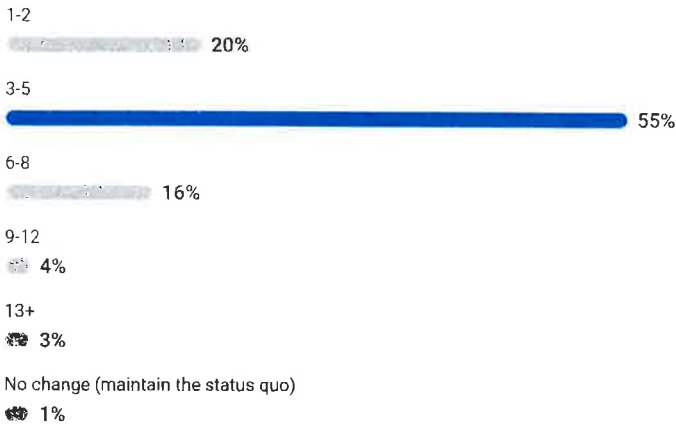


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Wellington

Bearing in mind the need to balance scale and other factors, how many entities do you think is best in a reformed system?

0 7 4



Revisit: Bearing in mind the need to balance scale and other factors, how many entities do you think is best in a reformed system?

0 9 7



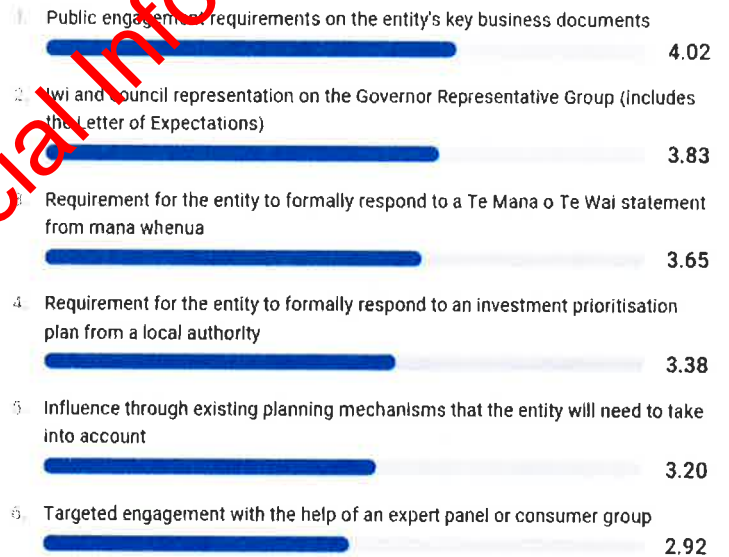
If you were determining the shape and size of the entities, how would you make these trade-offs.

0 6 7



Please rank these tools for enabling community influence from most effective to least effective

0 6 0



What activity is most important to ensure your workforce is best supported through establishment/transition?

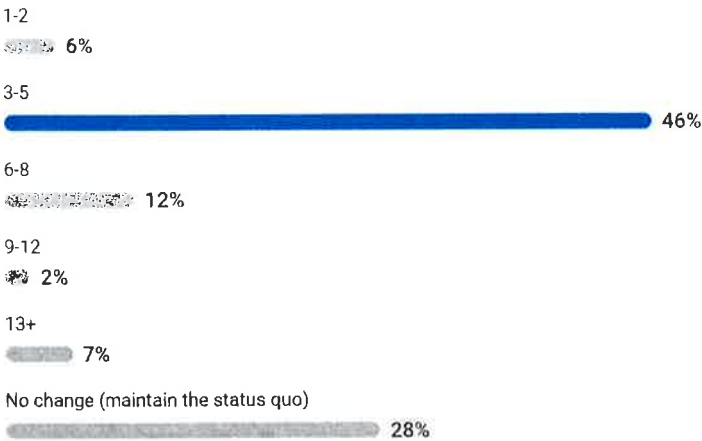
0 4 0



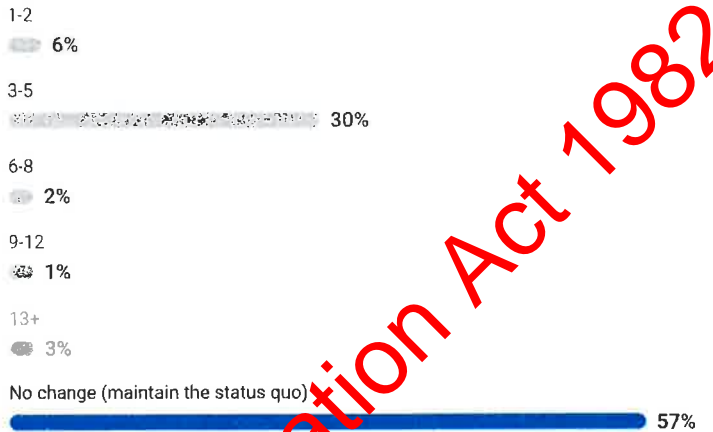
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Christchurch

Bearing in mind the need to balance scale and other factors, how many entities do you think is best in a reformed system?



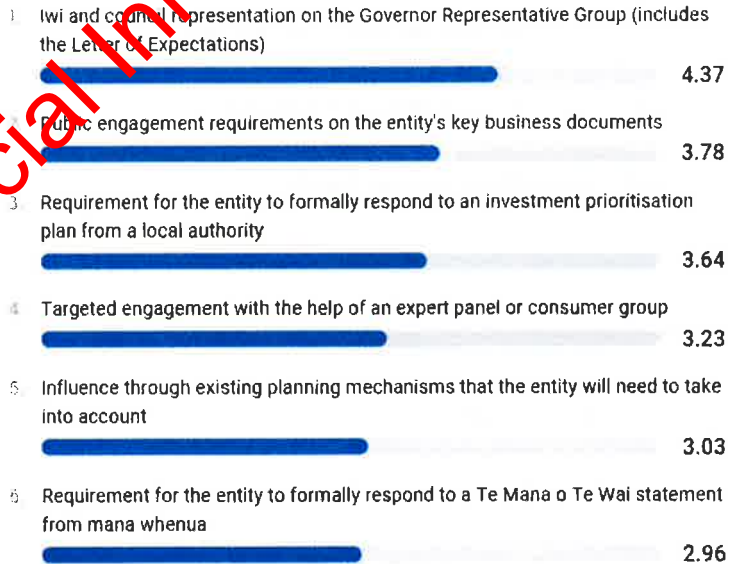
Revisit: Bearing in mind the need to balance scale and other factors, how many entities do you think is best in a reformed system?



If you were determining the shape and size of the entities, how would you make these trade-offs.



Please rank these tools for enabling community influence from most effective to least effective



What activity is most important to ensure your workforce is best supported through establishment/transition?



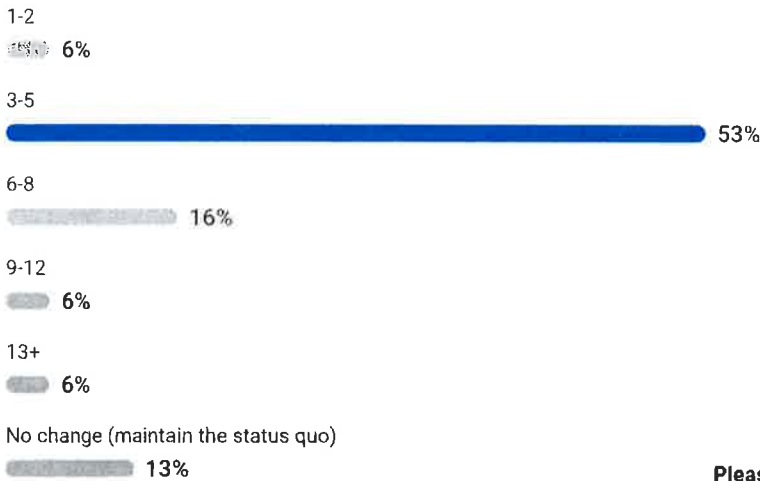
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Rotorua

Bearing in mind the need to balance scale and other factors, how many entities do you think is best in a reformed system?



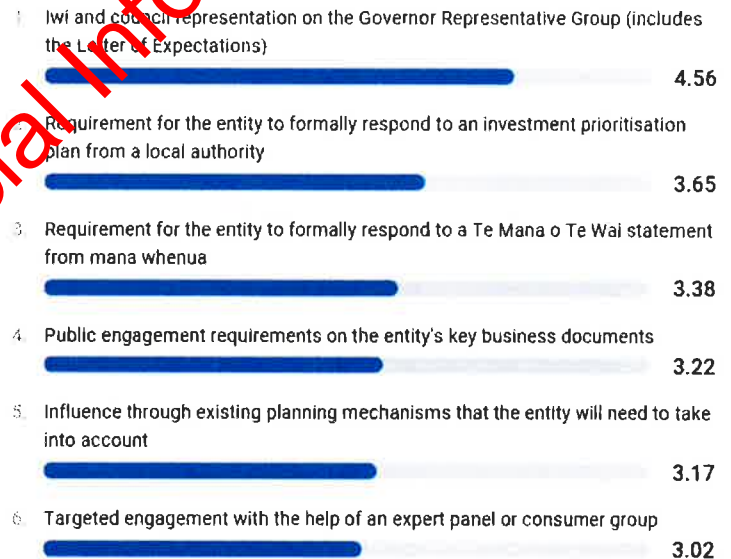
Please note: due to some participants needing to leave to attend another hui in the afternoon and concurrent sessions running to different lengths, the revisit poll was not taken in Rotorua.



If you were determining the shape and size of the entities, how would you make these trade-offs.



Please rank these tools for enabling community influence from most effective to least effective



What activity is most important to ensure your workforce is best supported through establishment/transition?

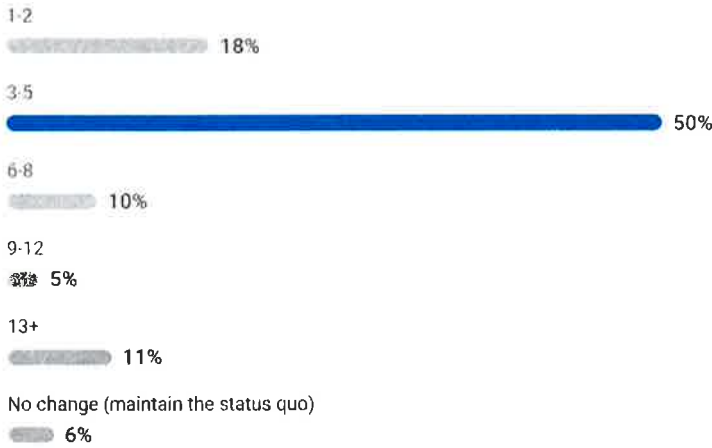


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Whangārei

Bearing in mind the need to balance scale and other factors, how many entities do you think is best in a reformed system?

0 6 7



Please note: due to some participants needing to leave early and concurrent sessions running to different lengths, the revisit poll was not taken in Whangārei.

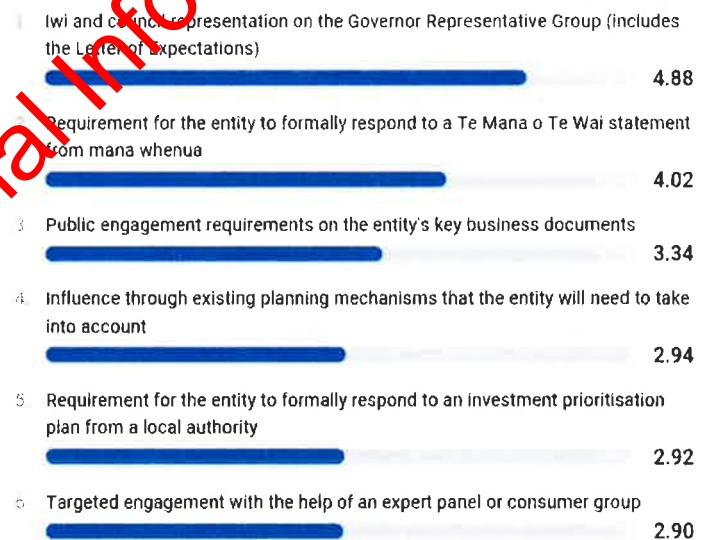
If you were determining the shape and size of the entities, how would you make these trade-offs?

0 4 9



Please rank these tools for enabling community influence from most effective to least effective

0 5 0



What activity is most important to ensure your workforce is best supported through establishment/transition?

0 7 8



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Three Waters Reform Programme – Evolving the Public Information and Education Campaign

Context

The Public Information and Education Campaign was originally devised early in 2021 in three phases to meet specific communications needs:

- Creating awareness in the general public of the challenges facing Three Waters services throughout New Zealand;
- Informing the general public of the Government’s proposals;
- Ensuring that the public has access to sufficient information to contribute to fact-based and rational consultation with their councils to inform reform-related decisions by those councils.

Phases one and two have to an extent been met by the first two TV Ads, print and social media material, which have resulted in strong engagement with the general public.

However, as we near decision-point on the reform strategy, the public information requirements need to be reset and adapt to the changing context.

While the general public will remain a critical campaign audience, should Cabinet move to a “legislated all-in” approach in the reform strategy, the balance of audiences for the campaign tilts a little more towards councils and elected members since there would no longer be an opt-out process for councils with the associated formal consultation period with their communities.

Following the Heads of Agreement, officials are working closely with Local Government New Zealand, including on communicating with the sector and the public. The need for a shift in the campaign is given impetus by the negative reaction to the campaign in the local government sector. This message was reinforced recently by the Three Waters Steering Committee and by LGNZ in its meetings with you and the Prime Minister.

This includes the need to clarify aspects of the reform proposals where there is misunderstanding and confusion. It is becoming evident that aspects of the campaign, including some of the animation imagery, may be counterproductive to this.

The campaign and associated communications strategy going forward

Recognising the evolving context, **we are recommending that the current TV ad and associated digital-paid content that uses similar animation/imagery be paused, to be replaced with an alternative campaign with a refreshed look and feel.** The current advertisements have been running for about six weeks at reasonably high rotation and have been successful at driving traffic to the [Threewaters.govt.nz](https://www.threewaters.govt.nz) website – at this point the existing ads have had the impact required of them.

In reshaping the campaign, there is a balance to be struck in resetting some elements of the campaign while not losing the connection or impetus with the general public that it has achieved to date. It is very important that we do not lose momentum or inadvertently create an information vacuum.

Current thinking is that the refreshed campaign would involve:

- Shifting the balance of activity to digital content, click-through advertising and social media-based communications;
- Continue to drive traffic towards Threewaters.govt.nz, with a review of the content and imagery underway – this would include pulling back on imagery/character, with negative connotations;
- Focus on simple messages that are accessible to public and which target particular aspects of the reforms that are being misunderstood / misrepresented;
- Use campaign and sentiment tracking tools to provide factual material in areas or regions where there appears to be significant and misunderstandings of particular aspects of the reforms;
- Call to action based on ‘inform yourself about the issues and the proposed solutions’ or similar;
- Produce a digital / print pamphlet that provides balanced factual information about the reforms for a public audience;
- Use similar fact-based materials in Public Notice-style advertisements, again driving the public to the website for further information;
- Providing material to support balanced commentary in the public debate, and factual reporting by the media;
- Continuing to evolve the campaign alongside the reform programme to ensure the public and sector gets the information they need

Risks and mitigations

There are some risks associated with a perceived pause or reset of the campaign. In media coverage it could lead to claims such as:

- The reforms have lost their way
- The Government is getting cold feet
- Mayors have forced a rethink
- The Government’s major transformational water reforms are foundering

Such claims should be pre-empted or rebutted with the following key messages:

- We continue to work with Local Government on these urgent reforms to get the best outcome possible for all New Zealanders
- We are committed to ensuring that New Zealanders have access to safe, affordable drinking water and wastewater and stormwater services with good environmental outcomes
- Everybody, including local government, knows that the current system of water services delivery is not capable of delivering this into the future – our proposals will fix this

- As we work with our local government and iwi/Māori partners the reform programme continues to evolve. The content and style of our information on the proposals will reflect that to ensure the public and the local government sector get the information they need.

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Local Government information briefing

Hon Nanaia Mahuta
Minister of Local Government

Title: Updated communications initiatives for the Three Waters Reform Programme

Date: 7 September 2021

Key issues

This briefing outlines proposed initiatives to bolster communications on the case for change, the reform proposals and benefits for communities and water users using a range of channels. It also foreshadows further development of the Public Information and Education Campaign in support of the three waters reform programme during the lead up to further Cabinet decisions and potential announcements.

A more detailed strategic communications strategy and action plan to support potential reform announcements will be appended to the forthcoming Draft Cabinet Paper seeking reform decisions.

Action sought

Note and provide feedback on the attached communications assets (**Appendices A to D**) for communicating essential elements of the programme to the public, councils, iwi/Māori and other stakeholders.

Timeframe

By 8 September 2021

Contact for telephone discussions (if required)

| Name | Position | Direct phone line | After hours phone | Suggested 1 st contact |
|--------------------------------|---|-------------------|-------------------|-----------------------------------|
| Allan Prangnell | Executive Director, Three Waters | 021 865 809 | 021 865 809 | ✓ |
| Simon Cunliffe | Communications Manager | 021 388 418 | 021 388 418 | |
| Return electronic document to: | Danny Shaw (danny.shaw@dia.govt.nz) | | | |
| Ministerial database reference | LG202101096 | | | |

Purpose

1. This briefing outlines proposed initiatives to bolster communications on the case for change, the reform proposals and benefits for communities and water users using a range of channels. It also foreshadows further development of the Public Information and Education Campaign in support of the three waters reform programme during the lead up to further Cabinet decisions and potential announcements.
2. We are seeking feedback from you on the proposed initiatives, including specific feedback on the associated collateral.

Background

3. In July, the Crown signed a Heads of Agreement with Local Government New Zealand (LGNZ). As part of this there was an undertaking from LGNZ to lead an intense engagement period with its sector and to assist officials in communicating the aims and expected benefits, and associated policy detail, to the local government sector.
4. This engagement period is scheduled to continue to the end of September. The sector has been asked to consider and understand the detailed information on the reforms, and the impact on individual councils and communities, and provide feedback to LGNZ on the reform proposals.
5. The Government has indicated it will consider feedback on elements of the reform proposals, such as the governance and accountability arrangements, throughout this period and make decisions on the way forward shortly afterwards.
6. The Department's communication and engagement officials are supporting LGNZ's initiatives and continue to provide collateral to the sector, progress the Public Information and Education Campaign, and to support your office in response to media inquiries and sector engagement.

Comment

Sector commentary on the reforms

7. Some councils are using this period to express concern about aspects of the policy proposals and, in some cases, are presenting leading and unbalanced information to their communities regarding the aims and intent of the reforms. Some key aspects of the reform proposals are being misrepresented in media commentary, articles and on social channels.
8. There has been a busy engagement and communications programme with the sector and iwi/Māori throughout the last 18 months of the service delivery policy development process. Despite this, some parts of the sector are claiming insufficient information, a need to consult their communities, and there is talk of holding referendums on opting out or staying in. Clear guidelines have been issued stating there is no requirement for community consultation at this point.
9. In recent days there has been media activity prompted by the release of a report by consultants Castalia, commissioned by Whangārei District Council and Kawerau District Council. This claims various shortcomings of the work of the Water Industry Commission for Scotland and the peer reviewers of this work. We understand that several other councils may have hired the same consultants to undertake similar reports. We will brief you further on the reports by Castalia shortly.

10. The Castalia reports are symptomatic of this period of heightened agitation by councils and opponents of the reforms that we are now in. Other examples of this include the large number of very detailed sets of questions from councils on aspects of the reforms, increasing numbers of OIA requests, WPQs and media inquiries.

Public sentiment and engagement with the information and education campaign

11. While it has its detractors in the local government sector, the Public Information and Education Campaign continues to have good cut-through with the general public.
12. Performance monitoring of the campaign continues to show an overall positive or neutral disposition towards the reforms. There is, however, an indication that increased reports of anti-reform sentiment in the media has recently had a small impact on trends. Research dips and sentiment tracking show that:
 - 12.1 Nationally, since June, those who are aware of Three Waters reform has increased from 31% to 65%
 - 12.2 Nationally, those who have seen the advertising has increased from 11% to 56%
 - 12.3 There has been a marginal increase, nationally, in respondents claiming to understand the reasons for reform, from 79% to 81% – this reflects the already high awareness of and public concern for the poor state of our water infrastructure and the need for investment, as noted in the Te Waihanga Aotearoa 2050 report published by the Infrastructure Commission.¹
 - 12.4 While there has been a slight decrease in percentage of people feeling positive about the reforms between July and August, and people feeling negative rose from 8% to 10%, 83% of those surveyed were either very positive, positive or neutral about the reforms. The full breakdown is 13.6% very positive, 39.8% positive, 29.5% neutral, 10% negative and 7.2% very negative.
 - 12.5 Those who are very positive, positive or neutral about water services moving to larger entities made up 76% of those surveyed in August.
 - 12.6 The areas most negative about services moving away from councils are Northland (23%) and Canterbury (38%). In the case of Northland this can probably be attributed to publicity about Whangārei and the Far North “opting out” and associated commentary from local elected members.
13. These slight movements show the impact of the general media environment on local opinion and the need to counteract this with a range of collateral and through having balanced messages in the public discussion.

Lifting the tempo and impact of reform communications

14. As previously discussed with you, there is a need to lift the tempo, variety and impact of the reform programme’s communications activities. This briefing outlines proposed initiatives to counter factual inaccuracies in public reporting, present balanced information to communities, and to keep the public well-informed about the proposals and their expected benefits. Collateral includes:
 - 14.1 Key messages and essential facts document to support reform discussion (Appendix A)

¹ https://infracom.govt.nz/assets/Uploads/TeWaihanga_Aotearoa2050_Report.pdf

- 14.2 Department of Internal Affairs/Government branded material for councils, or individuals, to use in informing communities (Appendix B)
- 14.3 Social media posts to deliver key reform facts/messages (Appendix C)
- 14.4 Variations of newspaper advertisements. (Appendix D); and
- 14.5 A possible future state television advert with storyboard and script – to be presented by the creative agency.

Recommendations

15. We recommend that you:

- a) **note** the attached Communications initiatives and provide feedback to officials.



Nick Davis
Strategic Advisor, Three Waters

Hon Nanaia Mahuta
Minister of Local Government

_____/_____/_____

Released under the Official Information Act 1982



Appendix A: Key messages and essential facts document to support reform discussion

Three Waters Reform: key points on topical issues, 1 September

More information at: [Three Waters Reform Programme - dia.govt.nz](https://www.dia.govt.nz)

Key messages

- The proposed three waters reforms will benefit all New Zealanders, no matter where they live
- The Government will create an affordable water system that ensures secure delivery of safe drinking water and resilient wastewater and stormwater systems that protect our rivers and beaches
- This will be done by creating four dedicated, publicly-owned water services entities responsible for managing all council water assets and service delivery
- The reforms are projected to grow GDP by \$14 billion to \$23 billion over the next 30 years and about 6000 to 9000 full-time equivalent (FTE) jobs between 2022 and 2051
- The proposed reforms are about acting for the greater good, which means no community will be disadvantaged by the changes
- All of New Zealand's water assets will be retained in local ownership, with a strong community say in how the assets and services are run
- There will be strict rules to protect the interests of consumers now and into the future

Key issues and rebuttals

What is the Government doing?

- The Government is proposing to establish four large publicly-owned water providers to fix our water infrastructure and ensure it is affordable, safe and sustainable for our children and grandchildren.

Context

New Zealanders have high expectations about their drinking water and sewage infrastructure. The investment needed to ensure we address failing systems and to build and maintain the required infrastructure in the future is significant, and the impact on individual councils and ratepayers will also be very high if we do nothing.

The findings of investigations and analysis of the future needs show New Zealand is at a crucial point. We cannot afford to continue the way we currently are if we are to address the real issues we all face. Currently 67 different councils own, manage and operate most of the drinking water, wastewater and stormwater services across New Zealand on behalf of their communities.

The Government's Three Waters Reform Programme proposes to create publicly-owned multi-regional entities that have the scale, expertise, operational efficiencies and financial flexibility to provide safe, affordable water services for New Zealanders.

These reforms are intended to safeguard and enhance this critical infrastructure and associated services for generations to come so that we can have safe drinking water, and sewage and stormwater systems with good environmental outcomes, that we can afford.

The reforms will save costs for communities

- **The visible signs of a failing system are all around us: broken sewage pipes on city streets, permanent boil water notices, lead in the water, sewage discharge rivers and onto beaches, stench from out-dated or poorly operated wastewater plants.**
- **Detailed research shows the situation is deep-seated and widespread.**
- **Local government is facing urgent challenges in the provision of these services including: funding historical infrastructure deficits, meeting future costs associated with water safety and rising environmental standards and expectations, meeting iwi/Māori aspirations, building resilience to natural hazards and climate change, and supporting growth.**
- **By 2051 the costs of these services will be several times what they are now for many communities and will be unaffordable.**
- **Rather than piecemeal solutions, comprehensive, system-wide reform is needed to achieve lasting and sustainable benefits for the local government sector, our communities, and the environment.**
- **We can no longer look to central Government funding as a band-aid to a system-wide issue.**
- **All communities in New Zealand will benefit, get better quality water services and all will pay less than they would without reform.**

Context

The scale and the cost of the investment required for our future water and sewerage systems indicate this is one of New Zealand's biggest infrastructural programmes.

The analysis shows the cost per household could be between \$1900 and \$9000 over the next 30 years, depending on location. Whereas, with reform, costs are projected to range between \$300 and \$1640 depending on location. This represents a much lower average cost per household.

Given these possible costs and savings, the Government is committed to working with local government to ensure New Zealanders understand the scale of the challenge, the need to move forward quickly, and the cost implications to ratepayers and households.

Local government is facing urgent challenges in the provision of these services including: funding historical infrastructure deficits, meeting future costs associated with rising safety and environmental standards and expectations, meeting iwi/Māori aspirations, building resilience to natural hazards and climate change, and supporting growth.

Rather than piecemeal solutions, comprehensive, system-wide reform is needed to achieve lasting benefits for the local government sector, our communities, and the environment.

Current arrangements are no longer workable. Councils trying to address the urgent challenges facing them and their communities alone would see large increases in household water costs across New Zealand. In many cases these would be unaffordable, in others, households would be paying much more than they would under reform.

Councils will own the water entities

- **The communities that have paid for existing assets will continue to receive these services. The underground pipes are staying where they are.**
- **Councils will collectively own the Water Service Entities providing services for their district, on behalf of their communities.**
- **Communities will therefore retain an influence on three waters assets and services through their council and through other consumer and community interest mechanisms.**
- **The Government is not confiscating, buying or selling assets, just proposing to introduce a better, safer, more cost-effective way of ensuring that our communities have good-quality water services for generations to come.**
- **However, in July the Government announced it was supporting councils through the reform process with a \$2.5 billion fund, bringing its total commitment to water reform to close to \$3.5 billion.**
- **This latest fund is designed to make sure no council would be worse off because of the reforms, and to enable investment by councils in making their communities the best places they can be.**

Context

Three waters assets would transfer from the councils to the new entities and would sit on the balance sheet of the entities. Councils will collectively own the Water Service Entity providing services for their district, on behalf of their communities. Communities will therefore retain an influence on three waters assets and services through their council and through other consumer and community interest mechanisms (noted below) that provide for direct input into key strategic planning processes, including asset management planning, investment prioritisation and pricing and charging. Entities will need to operate within a highly transparent accountability framework, with strong customer and community consultation and engagement expectations, much like local government does now. Economic regulation will be introduced to ensure this happens.

The government is not confiscating, buying or selling assets, just introducing a better, safer, more cost-effective way of ensuring that our communities have good-quality water services for generations to come. However, in July the Government announced it was supporting councils through the reform process with a \$2.5 billion fund, bringing its total commitment to water reform to close to \$3.5 billion. This latest fund is designed to make sure no council would be worse off because of the reforms, and to enable investment by councils in making their communities the best places they can be – without having to fund expensive water infrastructure.

The new water services providers will not be privatised

- **Continued public ownership of three waters water infrastructure is a bottom line for the Government.**
- **The Government is developing safeguards against future privatisation, making it more difficult to privatise water services than under the current arrangements.**

Context

Continued public ownership of three waters water infrastructure is a bottom line for the Government. The Government is developing safeguards against future privatisation, making it more difficult to privatise water services than under the current arrangements.

These protections include legislation specifying that:

- local authorities that constitute each water services entity would be the owners of the entity;
- any serious future privatisation proposal would need to firstly pass a 75 per cent majority vote from the Representative Group and then be put to a referendum, where a 75 per cent majority is required
- no provision for financial recognition of ownership, including no shareholdings and a prohibition on dividends;
- mana whenua involvement in oversight and representing 50 per cent of the Representative Group;
- restrictions on the entities on the sale or transfer of material, strategic water assets (similar to the current restrictions on councils); and
- a robust regulatory environment that includes Taumata Arowai, regional councils, an economic regulator, and proposed consumer forum.

Mana whenua will have an oversight role with councils, but not ownership or veto

- **Along with councils, mana whenua will have a role in the oversight and strategic direction of the proposed water entities through Regional Representative Groups.**
- **This reflects the rights and interests that iwi/Māori have in how these services are delivered under the Treaty.**
- **No single local government or mana whenua representative would have a veto right or ability to exert negative control over decisions.**
- **iwi/Māori will not have ownership rights in the entities.**
- **The entities will be collectively owned by councils on behalf of their communities including, of course, iwi/Māori.**

Context

The Government has proposed that new entities would be required to partner and engage early and meaningfully with iwi/Māori, understand local aspirations for Te Mana o Te Wai, mātauranga Māori, tikanga Māori and kaitiakitanga and support and enable these. Further detail on the proposals for how the reforms will consider iwi/Māori rights and interests is provided in [Cabinet paper three](#).

iwi/Māori will have a joint role with councils in the oversight and strategic direction of the proposed new water services entities, with mana whenua having equal representation

alongside local authorities on a Regional Representative Group for each entity. No single local government or mana whenua representative would have a veto right or ability to exert negative control over decisions for the Representative Group. Iwi/Māori will not have ownership rights in the entities.

The water workforce will keep jobs and conditions

- **Council employees that primarily work on water services will be guaranteed a role with the new water service entities that retain key features of their current role, salary, location, leave and hours/days of work.**
- **Economic analysis projects that the reforms will grow the economy by \$14 billion to \$23 billion and create 6000 to 9000 jobs over the next 30 years.**

Context

A major focus of both central and local government is ensuring that reform creates a platform to attract, develop and retain talent and enhance local expertise. Independent expert advice considers that the water service delivery reforms will provide real opportunities to the three waters workforce through increased and sustainable career pathways and opportunities.

To give staff early certainty the Government has announced that council employees that primarily work on water services will be guaranteed a role with the new water service entities that retain key features of their current role, salary, location, leave and hours/days of work.

A more bespoke approach is required for senior executives and contractors. The Three Waters Reform team will work with councils, staff and unions further on this through a transition period over the coming years, should the reforms proceed as proposed.

Communities will have influence and input into their water services

- **The water entities will have to consult with their customers, businesses, and residents on their strategic direction, investment priorities, their prices and charges to a level that will likely exceed the current requirements on local government.**

Context

Beyond the community representation provided by local councils and mana whenua via the Regional Representative Group, each entity will be required to engage with communities in a meaningful and effective manner on all key accountability documents. It will also have to report on how consumer and community feedback was incorporated into decision-making.

The water entities will have to consult with their customers, businesses, and residents on their strategic direction, investment priorities, their prices and charges to a level that will likely exceed the current requirements on local government.

Economic regulation will ensure that providers deliver service levels and prices that are in consumers' best interests. Stronger consumer protection mechanisms will also be put in place.

The reforms will make it easier and more cost-effective for farmers to supply safe water

- **The Government's position is that all New Zealanders should have access to safe drinking water whether they live in the city, town or country.**

- **The new water services regulator Taumata Arowai is working with the rural sector on appropriate, practical and cost-effective compliance solutions for small suppliers.**
- **For example, point of entry devices such as UV filters (that disinfect the water as it comes into a house) would enable farmers provide safe and affordable drinking water to their neighbours.**

Context

The Government is committed to ensuring all New Zealanders, no matter where they live, have access to safe, affordable and sustainable drinking water. The three waters service delivery reform is proposing to reform council-owned drinking water, wastewater and stormwater supplies. It is not designed to reform privately-owned supplies.

There are a range of rural water schemes that provide a combination of drinking water and stock water to rural communities and/or supplies that have mixed ownership. Supplies of this nature exist throughout rural areas and are essential to the economy and local communities. Many were developed by central government funding in the 1970s, are funded and run by committees of farm users, and receive council expert assistance to run the supply.

Where there are existing service delivery arrangements between councils and community/rural schemes, officials will need to work together with all parties through any transition period to identify these and ensure the services continue in a future system with appropriate agreements in place with the new entities.

Taumata Arowai is also working with the rural sector on appropriate, practical and cost-effective compliance solutions for small suppliers. For example, point of entry devices such as UV filters would enable farmers providing drinking water to their neighbours to do so affordably while meeting regulations and giving confidence to all parties on the safety of the water.

A Ministry of Health study found that an estimated 34,000 people each year become ill through consumption of unsafe drinking water. Drinking water quality compliance among supplies serving 101 – 100 consumers is around 31.3% (compared with 43% for larger suppliers). Compliance for 100 consumers or fewer is unknown but is likely to be very low.

The costs estimates have been verified by experts

- **A report by the Water Industry Commission for Scotland (WICS) estimates that New Zealand will need to invest between \$120 billion to \$185 billion in our three waters infrastructure over the next 30 years.**
- **WICS used New Zealand councils' own data to contribute to this analysis.**
- **This modelling has been independently reviewed by highly reputable organisations Farrierswier and Beca New Zealand.**
- **Beca specifically reviewed the modelling for its relevance to New Zealand and concluded these costs were potentially an underestimate.**

Context

A report by the Water Industry Commission for Scotland (WICS) estimates that New Zealand will need to invest between \$120 billion to \$185 billion in our three waters infrastructure over the next 30 years

to catch up with historical underinvestment, meet drinking water and environmental standards, provide for future population growth, and undertake ongoing maintenance and refurbishment of three waters assets.

Without reform, these costs will be shared unevenly among New Zealand households. For rural communities, this equates to an increase of up to 13 times present costs, eight times higher for provincial areas and up to seven times higher for many metropolitan households over the 30-year period. With reform, the cost of providing these critical services to our communities is projected to reduce to affordable levels. This modelling has been independently reviewed by Farrierswier and Beca New Zealand.

For more information on the national projections click through to: [National Evidence Base](#). For the government's estimated average household costs of providing water services into the future with.

Over a 30-50 year period, all councils will face unaffordable challenges

- **The regulatory landscape is changing. The combination of health, environmental and economic regulation will ensure all New Zealanders' three waters services meet their expectations.**
- **Council water providers and their communities will face very significant obligations and costs as a result.**
- **The service delivery reforms are designed to ensure this will be affordable for communities across New Zealand.**
- **Even those councils in relatively good shape now will face investment challenges likely beyond their means in the next 10 years.**

Context

There is a common misconception that the Government is asking councils to consider and compare their current three waters operations and costs with a future under the service delivery reforms. This is incorrect. The status quo for water service providers is changing and council water providers and their communities will face very significant regulatory obligations and costs if they were to opt out of the reforms.

The Government is already reforming regulations to ensure all New Zealanders have access to safe and affordable drinking water. There will be tighter scrutiny on stormwater and wastewater services to ensure they meet community expectations and rising environmental obligations. The reforms will also introduce economic regulation. This will ensure that sufficient funds are collected from ratepayers and households for maintaining, renewing and upgrading infrastructure, and that providers deliver service levels and prices that are in consumers' best interests. Stronger consumer protection mechanisms will also be put in place.

- The combination of health, environmental and economic regulation will ensure all New Zealanders' three waters services meet their expectations. The service delivery reforms are designed to ensure this will be affordable for communities across New Zealand. For further information on this click through to: [Read more on the Regulatory pressures page](#)

The new water providers will deliver improved services at lower prices than councils

- **The new publicly-owned entities will have the scale, the funding flexibility, the capability and the operational efficiencies to finance and manage water services in a way that councils cannot.**
- **Research and modelling show that over 30 years a 45 per cent efficiency gain should be possible. This is mirrored in the experience of overseas jurisdictions that have undertaken similar reforms.**
- **Separating the balance sheets from debt-constrained councils will enable the entities to borrow more over longer periods and manage the intergenerational investments.**
- **They will have competency-based boards to ensure that the necessary investments are made, that efficiencies are met, and that political influence is removed from critical water infrastructure decisions.**

Context

The new water services entities would be governed by independent competency-based boards. The day-to-day operation of the new entities will be managed by the senior executive teams of each entity. Board appointments and removals would be conducted by Independent Selection Panels which are in turn appointed by the proposed Regional Representative Groups.

This will support the appointment of high calibre boards, with the requisite knowledge, skills and experience to govern the new water services entities. The boards of the new entities would also be required to have competence in understanding the principles of the Treaty of Waitangi, mātauranga Māori, tikanga Māori, and te ao Māori.

Balance-sheet separation from debt-constrained councils will enable the entities to borrow more over longer periods and manage the required intergenerational investments. These larger entities will also be able to plan, develop and maintain the expertise and career paths of a larger and increasingly professional water sector workforce in a way that 67 individual councils cannot do.

The water entities will support council town planning

- **The new water service entities will be required to support integrated planning approaches, provide technical and engineering support and advice to councils and take account of local priorities.**

Context

The three waters service delivery reforms will proceed in parallel with the resource management reforms. It is proposed that local government will continue to have primary accountability for urban and land use planning. The new water service entities will be required to support integrated planning approaches, provide technical and engineering support and advice to councils, and have a reciprocal obligation to:

- Identify and make provision for infrastructure to service demand for new strategic capacity to meet all new housing development and the domestic requirements of commercial and industrial customers; and
- Ensure that those strategic assets are delivered in support of committed development so as to minimise the likelihood of redundant assets.

In short, local authorities will remain the plan-makers and the entities will be plan-takers.

Councils are not required to consult with their communities just now

- **The Government has been engaging with local government on water reform over the last four years. It has been working with a joint Central/Local Government Steering Committee intensively on the optimal design of the proposed entities for the last 15 months.**
- **During this time there has been regular communication with councils, and numerous workshops, meetings up and down the country, and webinars, on the reforms.**
- **At the request of the sector a two-month period through August and September was agreed to, allowing time for local government to understand how the reform proposals affect their councils and communities, and to identify issues of local concern, and suggest possible ways of addressing these.**
- **Councils are not expected to make any formal decisions regarding the reform, through August and September. This period does not trigger the need for formal consultation.**
- **The Government is gathering feedback throughout and following this period of engagement will make decisions on next steps in the reform process including mechanisms for community consultation.**

Context

The purpose of this period is to provide time for councils to understand how the reform proposals affect your council and your community, to identify issues of local concern, and suggest possible ways of addressing these.

This follows more than three years of discussions, communications, workshops and meetings with local government, mana whenua and industry on three waters challenges. These challenges have been recognised for more than three decades, but until recently have not been tackled in as comprehensive and holistic a way.

The two-month period is an opportunity for the sector to engage with the model and the proposals and provide feedback, at both the national level and as it relates to your community.

Councils are not expected to make any formal decisions regarding the reform through this period. This period does not trigger the need for formal consultation.

While local government are considering the reform proposals, the Department is also continuing engagement directly with iwi across the country, with hui happening each week. This includes engagement with groupings of iwi and direct one on one engagement, where invited.

The Government is gathering feedback throughout and following this period of engagement will make decisions on next steps in the reform process including mechanisms for community consultation.

For more information see [Three Waters Guidance for Councils - August and September 2021](#)



Appendix B: DIA Branded Key Reform Essential Facts

Three Waters Reform Programme: Key questions & essential facts

This information is also available on the Department of Internal Affairs' website at www.dia.govt.nz/Three-Waters-Reform-Programme

What is being proposed

New Zealanders have high expectations about their water and sewage infrastructure. The investment needed to ensure we address failing systems and to build and maintain the required infrastructure in the future is significant, and the impact on individual councils and ratepayers will also be very high if we do nothing.

The findings of investigations and analysis of the future needs show New Zealand is at a crucial point. We cannot afford to continue the way we currently are if we are to address the real issues we all face. Currently 67 different councils own, manage and operate most of the drinking water, wastewater and stormwater services across New Zealand on behalf of their communities.

The Government's Three Waters Reform Programme proposes to create publicly-owned multi-regional entities that have the scale, expertise, operational efficiencies and financial flexibility to provide safe, affordable water services for New Zealanders.

These reforms are intended to safeguard and enhance this critical infrastructure and associated services for generations to come so that we can have safe drinking water, and sewage and stormwater systems with good environmental outcomes, that we can afford.

Why reform is necessary

The scale and the cost of the investment required for our future water and sewerage systems indicate this is one of New Zealand's biggest infrastructural programmes.

The analysis shows the cost per household could be between \$1900 and \$9000 over the next 30 years, depending on location. Whereas, with reform, costs are projected to range between \$800 and \$1640 depending on location. This represents a much lower average cost per household.

Given these possible costs and savings, the Government is committed to working with local government to ensure New Zealanders understand the scale of the challenge, the need to move forward quickly, and the cost implications to ratepayers and households.

Local government is facing urgent challenges in the provision of these services including: funding historical infrastructure deficits, meeting future costs associated with rising safety



and environmental standards and expectations, meeting iwi/Māori aspirations, building resilience to natural hazards and climate change, and supporting growth.

Rather than piecemeal solutions, comprehensive, system-wide reform is needed to achieve lasting benefits for the local government sector, our communities, and the environment.

Current arrangements are no longer workable. Councils trying to address the urgent challenges facing them and their communities alone would see large increases in household water costs across New Zealand. In many cases these would be unaffordable, in others, households would be paying much more than they would under reform.

Community ownership of the proposed new water entities

Three waters assets would transfer from the councils to the new entities and would sit on the balance sheet of the entities. Councils will collectively own the water services entity providing services for their district, on behalf of their communities.

Communities will therefore retain an influence on three waters assets and services through their council and through other consumer and community interest mechanisms (noted below) that provide for direct input into key strategic planning processes, including asset management planning, investment prioritisation and pricing and charging.

Entities will need to operate within a highly transparent accountability framework, with strong customer and community consultation and engagement expectations, much like local government does now.

Protections against future privatisation

Continued public ownership of three waters water infrastructure is a bottom line for the Government. The Government is developing safeguards against future privatisation, making it more difficult to privatise water services than under the current arrangements.

These protections include legislation specifying that:

- local authorities that constitute each water services entity would be the owners of the entity;
- any serious future privatisation proposal would need to firstly pass a 75 per cent majority vote from the Representative Group and then be put to a referendum, where a 75 per cent majority is required;
- no provision for financial recognition of ownership, including no shareholdings and a prohibition on dividends;
- mana whenua involvement in oversight and representing 50 per cent of the Representative Group;
- restrictions on the entities on the sale or transfer of material, strategic water assets (similar to the current restrictions on councils); and
- a robust regulatory environment that includes Taumata Arowai, regional councils, an economic regulator, and proposed consumer forum.



Governance

The new water services entities would be governed by independent competency-based boards. The day-to-day operation of the new entities will be managed by the senior executive teams of each entity.

Board appointments and removals would be conducted by independent selection panels which are, in turn, appointed by the proposed Regional Representative Groups. This will support the appointment of high calibre boards, with the requisite knowledge, skills and experience to govern the new water services entities. The boards of the new entities would also be required to have competence in understanding the principles of the Treaty of Waitangi, mātauranga Māori, tikanga Māori, and te ao Māori.

Community voice

Beyond the community representation provided by local councils and mana whenua via the Regional Representative Group, each entity will be required to engage with communities in a meaningful and effective manner on all key accountability documents. It will also have to report on how consumer and community feedback was incorporated into decision-making.

The water entities will have to consult with their customers, businesses, and residents on their strategic direction, investment priorities, their prices and charges to a level of granularity that will likely exceed the current requirements on local government.

The costs of delivering these services

A report by the Water Industry Commission for Scotland (WICS) estimates that New Zealand will need to invest between \$120 billion to \$185 billion in our three waters infrastructure over the next 30 years to catch up with historical underinvestment, meet drinking water and environmental standards, provide for future population growth, and undertake ongoing maintenance and refurbishment of three waters assets.

Without reform, these costs will be shared unevenly among New Zealand households. For rural communities, this equates to an increase of up to 13 times present costs, eight times higher for provincial areas and up to seven times higher for many metropolitan households over the 30-year period. With reform, the cost of providing these critical services to our communities is projected to reduce to affordable levels. This modelling has been independently reviewed by Farrierswier and Beca New Zealand.

Find out more on the government's estimated average household costs of providing water services into the future at www.dia.govt.nz/three-waters-reform-programme-national-evidence-base

The status quo no longer exists

There is a common misconception that the Government is asking councils to consider and compare their current three waters operations and costs with a future under the service delivery reforms. This is incorrect. The status quo for water service providers is changing and



council water providers and their communities will face very significant regulatory obligations and costs if they were to opt out of the reforms.

The Government is already reforming regulations to ensure all New Zealanders have access to safe and affordable drinking water. There will be tighter scrutiny on stormwater and wastewater services to ensure they meet community expectations and rising environmental obligations. The reforms will also introduce economic regulation. This will ensure that sufficient funds are collected from ratepayers and households for maintaining, renewing and upgrading infrastructure, and that providers deliver service levels and prices that are in consumers' best interests. Stronger consumer protection mechanisms will also be put in place.

The combination of health, environmental and economic regulation will ensure all New Zealanders' three waters services meet their expectations. The service delivery reforms are designed to ensure this will be affordable for communities across New Zealand. Find out more at www.dia.govt.nz/three-waters-reform-programme-regulatory-presence-and-three-waters-reform

Engagement during August and September 2021

The purpose of this period is to provide time for councils to understand how the reform proposals affect your council and your community, to identify issues of local concern, and suggest possible ways of addressing these.

This follows more than three years of discussions, communications, workshops and meetings with local government, mana whenua and industry on three waters challenges. These challenges have been recognised for more than three decades, but until recently have not been tackled in as comprehensive and holistic a way.

The eight-week period is an opportunity for the sector to engage with the model and the proposals and provide feedback, at both the national level and as it relates to your community.

Councils are not expected to make any formal decisions regarding the reform through this period. This period does not trigger the need for formal consultation.

While local government are considering the reform proposals, the Department of Internal Affairs is also continuing engagement directly with iwi across the country, with hui happening each week. This includes engagement with groupings of iwi and direct one on one engagement, where invited.

The Government is gathering feedback throughout, and following this period of engagement, will make decisions on next steps in the reform process including mechanisms for community consultation.



Other features of the reform proposals

The role of Iwi/Māori in the reformed system

The Government has proposed that new entities would be required to partner and engage early and meaningfully with Iwi/Māori, understand local aspirations for Te Mana o Te Wai, mātauranga Māori, tikanga Māori and kaitiakitanga and support and enable these. Further detail on the proposals for how the reforms will consider Iwi/Māori rights and interests is provided in Cabinet paper three.

Iwi/Māori will have a joint role with councils in the oversight and strategic direction of the proposed new water services entities, with mana whenua having equal representation alongside local authorities on a Regional Representative Group for each entity. No single local government or mana whenua representative would have a veto right or ability to exert negative control over decisions for the Regional Representative Group. Iwi/Māori will not have ownership rights in the entities.

Workforce

A major focus of both central and local government is ensuring that reform creates a platform to attract, develop and retain talent and enhance local expertise. Independent expert advice considers that the water service delivery reforms will provide real opportunities to the three waters workforce through increased and sustainable career pathways and opportunities.

To give staff early certainty the Government has announced that council employees that primarily work on water services will be guaranteed a role with the new water service entities that retain key features of their current role, salary, location, leave and hours/days of work.

A more bespoke approach is required for senior executives and contractors. The Three Waters Reform Team will work with councils, staff, and unions further on this through a transition period over the coming years, should the reforms proceed as proposed.

Planning interface

The three waters service delivery reforms will proceed in parallel with the resource management reforms. It is proposed that local government will continue to have primary accountability for urban and land use planning. The new water service entities will be required to support integrated planning approaches, provide technical and engineering support and advice to councils, and have a reciprocal obligation to:

- identify and make provision for infrastructure to service demand for new strategic capacity to meet all new housing development and the requirements of commercial and industrial customers; and
- ensure that those strategic assets are delivered in support of committed development so as to minimise the likelihood of redundant assets.

In short, local authorities will remain the plan-makers and the entities will be plan-takers.



Rural schemes

The Government is committed to ensuring all New Zealanders, no matter where they live, have access to safe, affordable and sustainable drinking water. The three waters service delivery reform is proposing to reform council-owned drinking water, wastewater and stormwater supplies. It is not designed to reform privately-owned supplies.

There are a range of rural water schemes that provide a combination of drinking water and stock water to rural communities and/or supplies that have mixed ownership. Supplies of this nature exist throughout rural areas and are essential to the economy and local communities. Many were developed by central government funding in the 1970s, are funded and run by committees of farm users, and receive council expert assistance to run the supply.

Where there are existing service delivery arrangements between councils and community/rural schemes, officials will need to work together with all parties through any transition period to identify these and ensure the services continue in a future system with appropriate agreements in place with the new entities.

Taumata Arowai is also working with the rural sector on appropriate, practical and cost-effective compliance solutions for small suppliers. For example, point of entry devices such as UV filters would enable farmers providing drinking water to their neighbours to do so affordably while meeting regulations and giving confidence to all parties on the safety of the water.



This information was prepared by the Department of Internal Affairs. If you have queries, please email ThreeWaters@dia.govt.nz

Appendix C: Social media posts

OUR THREE WATERS SYSTEM IS AT BREAKING POINT

Decades of underinvestment, population growth and climate change have left New Zealand's three waters system facing urgent challenges. The reforms will fix this at a price that is more affordable for everyone.

LEARN MORE AT [THREEWATERS.GOV.TZ](https://www.threewaters.govt.nz)

WATER ASSETS WILL STAY IN THE HANDS OF NEW ZEALANDERS

Under the proposed reforms, the new water entities will still be owned by councils on behalf of the communities they serve.



LEARN MORE AT [THREEWATERS.GOV.TZ](https://www.threewaters.govt.nz)

THE REFORMS ARE GOOD FOR OUR HEALTH, OUR BANK BALANCES AND OUR ENVIRONMENT

Research shows all communities will be better off under the reforms.

LEARN MORE AT [THREEWATERS.GOV.TZ](https://www.threewaters.govt.nz)

EVERY NEW ZEALANDER DESERVES GOOD WATER

All New Zealanders deserve safe, reliable and affordable water services that support community health and good environmental outcomes.

LEARN MORE AT [THREEWATERS.GOV.TZ](https://www.threewaters.govt.nz)

YOUR VOICE MATTERS

With reform, New Zealanders will have more say about how their water services are managed.

LEARN MORE AT [THREEWATERS.GOV.TZ](https://www.threewaters.govt.nz)

WATER REFORM WILL CREATE JOBS AND GROW OUR LOCAL ECONOMY

Research estimates that between 6000-9000 jobs will be created over 30 years and that reforms will grow New Zealand's GDP by \$14-\$23 billion.

LEARN MORE AT [THREEWATERS.GOV.TZ](https://www.threewaters.govt.nz)

Released under the Official Information Act 1982

Appendix D: Newspaper Advertisements

Released under the Official Information Act 1982

BETTER WATER IS BETTER FOR EVERYONE

HE PUNA WAI, HE PUNA ORA

**ALL NEW ZEALANDERS DESERVE SAFE, RELIABLE AND AFFORDABLE
WATER SERVICES THAT SUPPORT COMMUNITY HEALTH AND GOOD
ENVIRONMENTAL OUTCOMES.**

FACT #1

New Zealand's three waters system is facing serious challenges

Both central and local government agree that Aotearoa's drinking water, wastewater and stormwater—our three waters—networks are facing a urgent problems and will continue to do so without change.

Evidence shows that the investment needed to maintain and upgrade New Zealand's three waters infrastructure to meet drinking water and environmental standards and provide for population growth is in the order of \$120 billion to \$165 billion over the next 30 years. This is beyond the reach of most communities under the current arrangements.

Reform will make water services more affordable for all New Zealanders more affordable. To see how the Government's proposal could impact your households three waters services costs, go to your local dashboard at [INSERT LINK]

FACT #2

Continued community ownership is a bottom line

Today, on behalf of their communities, 67 different councils own and operate the majority of the drinking water, wastewater and stormwater services across Aotearoa.

The Government, working with councils, proposes to establish four new publicly-owned multi-regional entities that benefit from scale and operational

efficiencies and reflect neighbouring catchments and communities of interest.

Under the proposed reforms, ownership of water assets will still be in the hands of the public, with water entities owned by councils on behalf of the communities they serve.

Continued public ownership of three waters assets and services is a bottom line for the Government.

FACT #3

Three waters reform is good for all New Zealanders

The status quo for water services is changing. The reforms aim to ensure that New Zealand's three waters infrastructure and services are planned, maintained and delivered so that these networks are affordable and fit for purpose for everyone. Research shows that all communities will be better off under the reforms.

It is projected that the reforms will grow New Zealand's Gross Domestic Product (GDP) by \$14 billion to \$23 billion over the next 30 years and create an estimated 6000 to 9000 jobs in the community, contributing to regional economies and local industry, all of which contribute to New Zealand's economic recovery.

Reform of New Zealand's three waters services and networks will benefit all New Zealand communities. The Government is committed to continuing to work together with local government and mana whenua to make this happen.

Find out more at
THREEWATERS.GOV.TZ
New Zealand Government



Released under the Official Information Act 1982

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Evidence shows that the investment needed to maintain and upgrade New Zealand's three waters infrastructure to meet drinking water and environmental standards and provide for population growth is in the order of \$120 billion to \$185 billion over the next 30 years. This is beyond the reach for most communities under the current arrangements.

Reform will make water services costs for all New Zealanders more affordable. To see how the Government's proposals could impact your households three waters services costs, go to your local dashboard at [INSFERLINK](#).

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