



29 May 2023

James via FYI.org
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Tēnā koe James

Your OIA request: OIA2223-0806

Thank you for your Official Information Act 1982 (the Act) request of 16 April 2023 that was transferred to the Department of Internal Affairs (the Department) on 1 May 2023:

1. *As per your interview on NZ Q+A dated 17th April 2023, you stated “We went and got further advice” in relation to balance sheet separation and the previous model of entities. Under the OIA please provide this advice, when the advice was provided, when the advice was requested, if this advice has been peer reviewed, by whom and the date of review.*
2. *Please provide the full costs of the Affordable Water Reform since November 2022 to 16th April 2023.*
3. *Please provide all of the advice received under the Affordable Water Reform in relation to stopping the entities getting into unsustainable debt.”*

In response to *question one* of your request, this is in reference to advice that can be found on the Department’s website, as part of the National Evidence Base:

- www.dia.govt.nz/three-waters-reform-programme-national-evidence-base

This website includes previous modelling and reports, including the peer reviews by Farriersweir Consulting and Becca which helped inform the refined modelling for the ten water services entities

Information used in the development of the original modelling was in part from the Department’s Request for Information (Rfi) process. Further information regarding Rfi can also be found on our website here:

- www.dia.govt.nz/Archived-Three-Waters-Reform-Programme-information#RFI

Specifically, the Department engaged Standard & Poor’s to undertake formal Rating Engagement Service processes in April 2021 and May 2022. These engagement processes considered a wide range of scenarios, including scenarios with a larger number of entities.

In addition, Departmental officials have undertaken informal engagement with Standard & Poor's to check our understanding of potential changes to the Government's policy position. Based on this engagement, officials are confident that increasing the number of entities to ten will not change Standard & Poors Global Ratings conclusions about balance sheet separation.

To explain further, the water service entities will continue to be owned by local councils on behalf of the public. However, they will be operationally and financially independent from the councils – referred to as balance sheet separation.

The ten-entity model retains key features that credit ratings consider important in assessing whether balance sheet separation from local authorities would be achieved.

Previous advice from Standard & Poors Global Ratings when they considered a similar regional water services entity model was that balance sheet separation would be achieved under this approach provided no individual council had a very significant or controlling interest.

The Department is confident this remains the case with the proposed ten entity model.

In response to *question two* of your request, this is refused under s18(d) of the Act, because the information requested is or will soon be publicly available. The Department is preparing to publish a response to another request [under the Act] which contains the information you have requested. We expect to publish this on our website at: <https://www.dia.govt.nz/Official-Information-Act-Requests-2>. Your patience is appreciated.

Additionally, the information requested will eventually be publicly available as part of the Department's Annual Review. That information will be published on Parliament's website, in the Submissions and Advice section. In respect of information for the years 2022/23, that information is partially refused under s18(e), because the information does not exist. The Department is still working through the 2022/23 financial year and while we can provide a year-to-date snapshot of costs, this number fluctuates based on work undertaken and outstanding invoices.

The Department will soon be publishing the current snapshot of costs for the 2021/22 and 2022/23 financial years when it publishes the aforementioned response.

In response to *question three* of your request, the Government will soon be introducing an amendment bill to the Water Services Entities Act 2022 to implement the recent changes to the water reform programme announced in April. That bill will be accompanied by proactive release of all cabinet papers and supporting information, such as advice on these themes. After careful consideration the Department has made the decision to refuse your request under s18(d) of the Act, because the information requested is or will soon be publicly available. The Department is currently working through the process necessary to publish this information to our website, as there is a high degree of public interest.

Once we have published the information to our website, we will notify you and provide you with a link to the location of the information.

In relation to the future publication of the information refused above, certain information may be withheld under one or more of the following sections of the Act:

- 9(2)(a) to *protect the privacy of natural persons*;
- 9(2)(b)(ii) because it *would be likely unreasonably to prejudice the commercial position of... the subject of the information*;
- 9(2)(ba), to *protect information which is subject to an obligation of confidence...where the making available of the information (i) would be likely to prejudice the supply of similar information*, and
- 9(2)(ba)(ii) *would be likely otherwise to damage the public interest*; and
- 9(2)(f)(iv), to *maintain the constitutional conventions for the time being which protect— the confidentiality of advice tendered by Ministers of the Crown and officials*.
Certain decisions are still under consideration by the Minister.
- 9(2)(g)(i) to *maintain the effective conduct of public affairs through— the free and frank expression of opinions by or between or to Ministers of the Crown*
- 9(2)(j) to *enable a Minister of the Crown or any public service agency or organisation holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)*.

You have the right, under section 28(3) of the Act, to seek an investigation and review of this response by the Office of the Ombudsman. The postal address of the Office of the Ombudsman is PO Box 10152, Wellington. Alternatively, you can phone 0800 802 602 or email info@ombudsman.parliament.nz.

Nāku noa, nā



Rashad Saeedi
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Waters Services Reform Programme