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Document 1

From: [Andreas Heuser](#)
To: [Francesca Algie](#)
Subject: Weekly update from TAG - update 1. 9 February 2024
Date: Friday, 9 February 2024 2:08:41 pm
Attachments: [ATT00001.png](#)
[ATT00002.jpg](#)

Dear Francesca

I realise this is now past your 10am deadline, but just in case you wanted an update:

LWDW TAG update for the week 5 February 2024

- TAG members received formal notice of appointment and met with Minister Brown on 5 February. Initial members are Andreas Heuser, Raveen Jaduram, Mark Reese and Wendy Walker. Simon Weston's appointment was confirmed on Thursday 8 February
- We arranged our first substantive meeting for Monday 12 February, and a second meeting on 19 February to prepare for the in-person Beehive meeting with Minister Brown on 19 February at 6:30pm
- We received briefing materials from the Department on Thursday 8 and Friday 9 February
- We requested that the Department provide us with the Briefing to the Incoming Minister and all briefings on LWDW since formation of the government

Is this email format OK, or would you like a separate document?

Kind regards

Andreas



[Andreas Heuser](#)

Out of scope



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Local Water Done Well Technical Advisory Group

Second weekly update for the Minister of Local Government

16 February 2024, 9:00am

This is the second weekly update provided by the Local Water Done Well Technical Advisory Group (TAG) covering the week 12 to 16 February 2024.

Key activities of the TAG this week

The TAG carried out the following:

Date	Description
12 February 2024	<p>First TAG-only meeting. The full Minutes are in Appendix A.</p> <p>The following matters were discussed:</p> <ul style="list-style-type: none">• Introductions and declarations of interest• Shared respective understanding of water reforms and key areas for focus• Reviewed papers provided to the Minister on 8 and 9 February• Agreed the following key points for future discussion:<ul style="list-style-type: none">– Clarification of the TAG and DIA's shared objectives: Establishing a clear and shared understanding of the reform objectives between the TAG and the Department of Internal Affairs, to be reflected in advice to the Minister. This will ideally be resolved in the meeting with the Minister on 19 February– Scope and content of Bill 2: Deciding on the balance between prescriptive requirements and allowing councils the autonomy to choose their approaches to meet regulatory standards, including the TAG's role in shaping this balance– Inclusion of stormwater in the reforms: Resolving whether the reforms will cover "two waters" (drinking water and wastewater) or "three waters" (including stormwater), which affects the scope and implementation strategies of the reform process. TAG members have differing views.
13 and 14 February 2024	<p>The TAG requested from DIA, and received, all relevant briefings and advice from DIA to Ministers since the formation of the Government. The TAG began reviewing those documents.</p>
16 February 2024, 3pm	<p>The TAG will have a meeting with Local Government Funding Agency (LGFA) and receive a briefing on financing options. We understand this is the same briefing already provided to the Minister</p>

Upcoming TAG meetings and outputs

- 19 February 2024, 4:30pm: TAG-only meeting to discuss briefings received to date, and prepare for meeting with Minister and DIA at Beehive
- 19 February 2024, 6:30pm: Meeting with Minister, DIA and TAG at Beehive
- Proposed TAG and DIA workshop for later in week of 19 February or

Appendix A: Minutes of TAG's 12 February 2024 meeting

Local Water Done Well Technical Advisory Group

Minutes - First TAG meeting

Date and time	12 February 2024 at 1pm
Attendees:	Andreas Heuser (Chair, in person), Raveen Jaduram, Mark Reese (in person), Wendy Walker, Simon Weston Louis Costil, Castalia (note taker)
Venue:	In-person at Castalia Wellington and online (MS Teams)

1. Introduction and expectations

- Andreas welcomed the TAG members, and requested consent for Louis Costil (Castalia analyst) to take notes.
- Andreas noted that for this initial meeting, he requested a TAG member-only session, and that the Department of Internal Affairs (DIA) will provide secretariat support for future meetings.
- Members introduced themselves, outlining their backgrounds, expertise, and working styles. Key themes included a preference for reflective decision-making, direct communication, and practical approaches to problem-solving.
- Declarations of interest were updated, highlighting potential conflicts and ensuring transparency:
 - Andreas noted the following:
 - He is a Managing Director of Castalia Limited (Castalia). At the time of his appointment he declared Castalia's potential perceived conflict of interest
 - Castalia has a contract with DIA to provide analysis of current council water costs signed prior to the invitation to join the TAG
 - Given Castalia's background in reviewing the previous Government's evidence base, global experience of water utility reform, and designing the reform plan upon which Local Water Done Well is based, it is possible that the wider Castalia team's expertise may be sought
 - Andreas proposes to manage any potential conflicts by strictly avoiding the TAG directly or indirectly recommending commissioning of advice from Castalia
 - In the event that an agency elects to appoint Castalia to provide any advice, that will be led by another partner or director of the firm.

- Mark noted that he declared a potential conflict of interest when invited to the TAG relating to another Chapman Tripp partner’s work for Local Government New Zealand. He also noted his acceptance included a condition that Chapman Tripp may advise water sector clients during the term of the TAG which would be led by other partners of the firm.
- Raveen noted his directorship of Auckland Transport and board membership of Infrastructure Commission. He will avoid conflicts of interest by recusing himself from any discussions or decisions that could present a conflict in respect of those organisations.
- Wendy and Simon are both CEOs of local authorities. They do not expect commercial conflicts of interest to arise.
- Andreas said he has discussed potential conflicts of interest with DIA, and is advised that DIA will prepare a protocol on how it may commission any external advice that could include organisations/entities related to TAG members.

2. Overview of the New Zealand water sector reform

- We agreed that the TAG and DIA should have a shared perspective on the objectives of the water sector reforms, and to work with DIA to shape these. We agreed on the need for this shared understanding to be clearly set out in advice to the Minister, ensuring that there is a common goal and direction for the reforms. This approach is critical for aligning the efforts of all parties involved and for achieving the intended outcomes of the reform process. The lack of a clear policy objectives in the materials supplied by DIA could be because earlier advice outlined these.

9(2)(g)(i)



3. Establishment of working protocols

- We agreed on the importance of consensus. The group may express a majority view on some issues, in which case minority views can be documented and communicated.

- Andreas outlined the outputs of the group would be determined by the needs of the reform agenda. Outputs could include short papers, workshops and discussions with the Minister of Local Government, DIA and other agencies.
- Andreas confirmed a principle of transparency: outputs (including meeting agendas and minutes) would be provided to members in draft for comment before being finalised.

4. Review of material received from DIA since last meeting and identification of key issues and priorities (standing item):

- We discussed three of the several papers provided in detail:
 - Council plans for water services slide deck (dated 8 February)
 - Implementing Local Water Done Well: Three-stage legislation plan (A3 format)
 - LGFA and Financing Advice.

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Implementing Local Water Done Well: Three-stage legislation plan

- We agreed a key issue with Bill 2 will be the balance between prescribing specific requirements and allowing councils the freedom to choose corporate forms, financing solutions and approaches to meet regulatory minimum standards. The TAG agreed it should have a role in shaping these aspects, and the development of Bill 2 will be important to ensure it supports the reforms' objectives without unnecessarily constraining councils' flexibility in implementation.

LGFA and Financing Advice:

- Members noted that this advice was clear about Treasury's expectations for financing aversion to Crown balance sheet support, and how the corporatised model supports financing with clarity of the revenue streams.

5. TAG's work programme (standing item):

- Discussion on the TAG's work programme was intertwined with concerns about the timeline for reforms, the clarity of objectives, and the need for a proactive role in shaping reforms.
- Specific focus areas identified include legal settings for financial sustainability, options for Watercare, and transitional and future economic regulatory environments.

6. Any other business:

- Members raised the issue of recording time and accounting for costs. Andreas highlighted the Minister's expectation set out in the appointment letter of days per month, and that invoices should be sent to DIA. All time spent reading, preparing for meetings, and developing ideas, as well as the meetings and workshops should be covered by fees.

7. Conclusion and actions:

▪ **Key topics for future discussion:**

- Clarification of the TAG and DIA's shared objectives: Establishing a clear and shared understanding of the reform objectives between the TAG and the Department of Internal Affairs, to be reflected in advice to the Minister. This will ideally be resolved in the meeting with the Minister on 19 February.
- Scope and content of Bill 2: Deciding on the balance between prescriptive requirements and allowing councils the autonomy to choose their approaches to meet regulatory standards, including the TAG's role in shaping this balance.
- Inclusion of stormwater in the reforms: Resolving whether the reforms will cover "two waters" (drinking water and wastewater) or "three waters" (including stormwater), which affects the scope and implementation strategies of the reform process.

▪ **Actions:**

- Andreas to confirm the process for invoicing with DIA and advise members.
- Andreas to provide these minutes (once commented on by TAG members) to DIA and then request a joint working session with DIA officials

- Andreas to request all other background information that underpin the development of LWDW options (eg, Briefing to Incoming Minister and other advice provided since formation of Government).

- **Next steps:**

- We expect additional documents from DIA to be provided on Thursday 15 February 2024
- The next meeting is TAG-only at Castalia on 19 February 2024 at 4:30pm
- Meeting with Minister and DIA on 19 February 2024 at 6:30pm

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Local Water Done Well Technical Advisory Group

Third weekly update for the Minister of Local Government

23 February 2024, 9:00am

This is the third weekly update provided by the Local Water Done Well Technical Advisory Group (TAG) covering the week 19 to 23 February 2024.

Key activities of the TAG this week

The TAG carried out the following:

Date	Description
19 February 2024 4:30pm	<p>TAG-only meeting to prepare for the meeting with Minister of Local Government and officials at 6:30pm.</p> <p>The following matters were discussed:</p> <ul style="list-style-type: none">- Updates to declarations of interest (there were none)- Reviewed papers provided to the Minister prior to creation of the TAG, and papers provided on 15 February- Agreed two papers should be the focal point in preparation for the meeting with the Minister. In the TAG's view these two matters were considered most pressing for Bill 2 content:<ul style="list-style-type: none">- Water Service Delivery Plans (WSDPs): content and process- Information disclosure- The three other papers (Options for Watercare, LGFA financing, Options for reducing regulatory burden) were less pressing, but TAG members agreed key points of feedback.<ul style="list-style-type: none">- On Watercare: it seems the issues are for Auckland to determine, and TAG has not seen the full scope of factors being considered- On LGFA: we propose to provide the Minister with feedback on TAG's meeting with LGFA and uncertainty over whether Auckland Council has indeed exhausted its financing options with LGFA- On regulatory burden for small water providers, TAG had no major comments.
19 February 2024 6:30 – 7:30pm	<ul style="list-style-type: none">- Meeting with Minister of Local Government, DIA officials, MBIE officials and Minister's office advisors and advisors from PM and Minister of Commerce's offices discussing:<ul style="list-style-type: none">- Water Service Delivery Plans (WSDPs): content and process- Options for Watercare- Information disclosure- LGFA and financing considerations- Options for reducing regulatory burden on small drinking water providers

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<p>20 February 2024 12:24pm</p>	<p>TAG chair prepared a memorandum to DIA setting recommendations for the advice to Ministers of Local Government and Commerce jointly on “information disclosure”</p> <p>This set out that there is no urgent need for Bill 2 to contain a formal information disclosure power. Any powers for the Commerce Commission in Bill 2 should be limited to collecting information for future regulatory functions.</p>
<p>21 February 2024 10am</p>	<p>TAG chair shared suggested talking points on “balance sheet separation” with officials. This is intended to guide responses to questions referring to “balance sheet separation” and clarify how Local Water Done Well helps councils finance necessary investment.</p>
<p>21 February 2024 1:30-2:45pm</p>	<p>TAG / DIA meeting on “regulatory backstop powers”. Key feedback points from TAG included:</p> <ul style="list-style-type: none"> - Encouraged DIA to be clearer about two very distinct objectives: <ul style="list-style-type: none"> - Incentivise councils to prepare and submit compliant Water Service Delivery Plans (WSDPs), either solely or jointly with other councils, within the 12 month deadline - Ensure councils comply with the enduring regulatory regime (water quality, environmental outcome and economic performance). These are regulatory enforcement matters, not for the Minister of Local Government to exercise. - Encouraged DIA to focus on the Bill 2 powers - Encouraged DIA to consider the content and process for WSDPs, including the point discussed with Minister to widespread agreement, that independent engineers should provide some assurance on WSDPs - Careful consideration needed on the full range of incentives on councils to submit Water Service Delivery Plans on time: <ul style="list-style-type: none"> - Technical assistance should be available to help councils prepare on time - Some technical assistance in brokering between councils should be considered - Financial incentives (first-in, first-served basis to be considered) making Crown financial support for water infrastructure, or financial assistance to prepare WSDPs - Extensions to the deadline for WSDPs could be considered provided councils have engaged in good faith and “made a genuine attempt” - Regulatory backstop could be modelled on Energy Companies Act 1992 section 31– failure to prepare a plan, and no good faith engagement, results in the right for the Minister cause the plan to be prepared, and shall have all such powers as are necessary or desirable for that purpose, at the council’s cost

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21 February 2024 3:15-4:15pm	TAG / DIA meeting on “Amendments to the LGA to establish CCOs”. Key feedback points from TAG included: <ul style="list-style-type: none">- TAG agreed that Bill 2 should provide for CCOs to be established that enable corporatised water service providers, including jointly owned CCOs, to be established following the passage of Bill 3- Consultation timeframes should align with the reform timeframe, and councils should be permitted to limit the range of options included in the consultation- The two council CEO TAG members Wendy Walker and Simon Weston provided practical insights on consultation processes that councils undertake
22/23 February 2024	TAG members will agree by email a list of priority issues and then share this list with DIA. At this stage, the preparation advice to the Minister on Bill 2 is critical, and the content and process for WSDPs should be a key priority.

Upcoming TAG meetings and outputs

- We understand the Minister’s office is keen for additional joint meetings with TAG members, officials and the office on individual issues. We await further information from the office, and are happy to engage where helpful.

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Document 4

Local Water Done Well Technical Advisory Group

Fourth weekly update for the Minister of Local Government

1 March 2024, 9:00am

This is the fourth weekly update provided by the Local Water Done Well Technical Advisory Group (TAG) covering the week 26 February to 1 March 2024.

Key activities of the TAG this week

The TAG carried out the following:

Date	Description
27 February 2024 6:45 – 7:30pm	TAG met to prepare for meeting with Minister of Local Government and officials. We discussed and agreed our feedback for the subsequent meeting.
27 February 2024 7:30-8:00pm	Meeting with Minister of Local Government, DIA officials, Minister's office advisors discussing key decisions on "Implementing Local Water Done Well" (1-3 of 5 matters): <ul style="list-style-type: none">- Water Service Delivery Plans- Foundational Information Disclosure- Amendments to the Local Government Act 2002 to support establishment of council-controlled organisations
28 February 2024 7:45-8:30pm	TAG met to prepare for meeting with Minister of Local Government and officials. We discussed and agreed our feedback for the subsequent meeting.
28 February 2024 8:30-9:00pm	Meeting with Minister of Local Government, DIA officials, Minister's office advisors discussing key decisions "Implementing Local Water Done Well" (4 & 5 of 5 matters): <ul style="list-style-type: none">- Local Government Funding Agency and financing considerations for water services- Watercare independence from Auckland Council
29 February 2024	TAG and DIA signed a MOU setting out how the two will work together to support implementing Local Water Done Well
29 February 2024 11:00am	TAG members Andreas Heuser and Raveen Jaduram reviewed and provided comments for inclusion in the draft Aide Memoire to the Minister on an upcoming meeting with Auckland Mayor Brown to discuss Watercare independence from Auckland Council.
29 February 2024 1:00pm	TAG chair reviewed and provided comments on the draft joint briefing from DIA and MBIE to the Ministers of Local Government and Commerce and Consumer Affairs.
29 February 2024 1:00-2:30pm	TAG members all attended a workshop with DIA officials to provide feedback on design, content and process for the Water Service Delivery Plans.

Availability for discussion with Minister

- We understand the Minister will be considering key policy decisions over the next few days (including the weekend). TAG members are happy to discuss any aspect of the advice the Minister has received:
 - Andreas Heuser (chair): 9(2)(a)
 - Raveen Jaduram: 9(2)(a)
 - Mark Reese: 9(2)(a)
 - Wendy Walker: 9(2)(a)
 - Simon Weston: 9(2)(a)

Upcoming meetings and outputs

The TAG and DIA have agreed to implement more formalised working protocols (standing weekly meetings) to ensure TAG inputs to DIA's advice is timely and useful.

TAG expects to provide feedback during the week of 4 March where necessary to finalise the draft Cabinet paper for the Minister.

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Local Water Done Well Technical Advisory Group

Fifth weekly update for the Minister of Local Government

8 March 2024, 9:00am

This is the fifth weekly update provided by the Local Water Done Well Technical Advisory Group (TAG) covering the week 4 to 8 March 2024.

Key activities of the TAG this week

The TAG carried out the following:

Date	Description
4 March 2024 3:30-4:30pm	TAG met to prepare for the TAG chair's meeting with Minister of Local Government and officials later that day. We discussed and agreed our feedback for the meeting that evening.
4 March 2024 7:30-8:40pm	TAG Chair participated in a meeting with Minister of Local Government, Minister's advisors and officials. The discussion covered: <ul style="list-style-type: none">- Updated policy decisions on Water Service Delivery Plans (WSDPs)- Regulatory backstop powers- Foundational information disclosure- Proposed Local Government Act 2002 amendments to support establishment of joint water services CCOs.
5 March 2024 9am – 3pm	TAG Chair and DIA officials liaised on the agreed outcomes of the 4 March Minister's meeting. TAG Chair prepared a brief memo outlining suggested content and recommendations for the draft Cabinet Paper for Bill 2. The TAG Chair's memo covered six key issues for Water Service Delivery Plans: <ul style="list-style-type: none">- Deadline for submitting WSDPs- Facilitating the development of WSDPs- Required content of WSDPs- Minister's discretion to grant an extension- Minister's powers to appoint an "arbitrator" for joint WSDPs on request from councils- Minister's reserve power to cause a WSDP to be prepared
6 March 2024 12-1 pm	TAG chair Andreas Heuser and member Mark Reese met with DIA officials to resolve outstanding questions and content for the draft Cabinet Paper for Bill 2.
7 March 2024 5pm	TAG received: <ul style="list-style-type: none">- Draft Cabinet paper for Bill 2 from DIA (with Budget sensitive information redacted), with a request to provide comment by Monday 11 March, 10am.- Draft Regulatory Impact Statement for Bill 2, for our information only (not substantive comment)

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- DIA/Taumata Arowai briefing paper on Authorisation for water service professionals—repeal of statutory timeframes
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Upcoming meetings and outputs

The TAG and DIA will have regular meetings with DIA each Friday to discuss drafts of DIA's briefings and discuss any outstanding issues.

The next such meeting is planned for 15 March 2025, 1-2:30pm. The agenda will include final matters on Bill 2 policy (WSDPs) and categorising Bill 3 issues as priorities and noting which TAG members are best placed to inform different issues.

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- DIA/Taumata Arowai briefing paper on Authorisation for water service professionals—repeal of statutory timeframes
-

Upcoming meetings and outputs

The TAG and DIA will have regular meetings with DIA each Friday to discuss drafts of DIA’s briefings and discuss any outstanding issues.

The next such meeting is planned for 15 March 2025, 1-2:30pm. The agenda will include final matters on Bill 2 policy (WSDPs) and categorising Bill 3 issues as priorities and noting which TAG members are best placed to inform different issues.

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Document 6

Local Water Done Well Technical Advisory Group

Sixth weekly update for the Minister of Local Government

15 March 2024, 9:00am

This is the sixth weekly update provided by the Local Water Done Well Technical Advisory Group (TAG) covering the week 11 to 15 March 2024.

Key activities of the TAG this week

The TAG carried out the following:

Date	Description
11 March 2024	TAG members provided feedback on a draft Cabinet Paper (with Budget sensitive matters redacted) that had been submitted to the Minister on Thursday 7 March 2024
14 March 2024	The TAG received DIA's briefing to the Minister number LG20241008 "The role of Taumata Arowai in wastewater and stormwater regulation and standard setting"
15 March 2024 1:30-3pm	TAG and DIA officials will meet for a scheduled weekly meeting on final Bill 2 policy matters and to prioritise the matters for Bill 3 policy development.

Upcoming meetings and outputs

- 9(2)(g)(i) [Redacted]
- Tuesday 19 March, 9 to 9:30am: The TAG Chair will attend WaterNZ's Water Utility Association group meeting to provide a briefing on Local Water Done Well. The content of the briefing will be agreed with Hamiora Bowkett from DIA and will cover already publicly information from the Minister about the intent of "Plans" (water service delivery plans) and the expected timeframes.

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Local Water Done Well Technical Advisory Group

Seventh weekly update for the Minister of Local Government

22 March 2024, 9:50am

This is the seventh weekly update provided by the Local Water Done Well Technical Advisory Group (TAG) covering the week 18 to 22 March 2024.

Key activities of the TAG this week

The TAG carried out the following:

Date	Description
18 March 2024 3:30-4:30pm	Meeting with Cameron Partners, LGNZ and Tauranga City Council CFO on local government financing options that have been developed for LGNZ and metro councils.
19 March 2024 9-9:30am	TAG Chair spoke at WaterNZ's "Water Utility Association" meeting in Wellington. Talking points were based on the Minister's announcements on Local Water Done Well, and provided an indication (subject to Government's decisions and legislation) on expected timeframes for water service delivery plans
20 March 2024 10-11am	TAG Chair met with MBIE's economic regulation policy advisors to provide insight and sharing knowledge on successful global models for economic regulation of publicly owned water utilities.
21 March 2024	9(2)(f)(iv)
22 March 2025 8:45-9:30am	TAG Chair and DIA officials met to plan the TAG's work programme and prioritise issues for TAG discussion
22 March 2025 1:30-3pm	TAG and DIA officials will meet for a 1.5 hour workshop meeting on water service delivery plan requirements, financial sustainability measures and drafting instruction guidance.

Upcoming meetings and outputs

- Standing Friday meeting postponed due to Easter Good Friday public holiday.

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Local Water Done Well Technical Advisory Group

Eighth weekly update for the Minister of Local Government

Thursday 28 March 2024, 10:30am

This is the eighth weekly update provided by the Local Water Done Well Technical Advisory Group (TAG) covering the week 25 to 28 March 2024.

Key activities of the TAG this week

The TAG carried out the following:

Date	Description
25 March 2024 12:14pm	Minister's office officials requested that the TAG Chair provide comments on four communication documents: <ul style="list-style-type: none">- 21 March Cab decisions announcement- Letter from Minister to Mayors and GWRC Chair- Information for councils draft- Key message and Q&A LWDW TAG Chair provided comments back on Tuesday 26 March and Wednesday 27 March
27 March 2024 9-9:30am	TAG Chair met with DIA officials to discuss advice on Better Off Funding and sector support funding options.
27 March 2024 3:41pm	DIA provided the TAG with Briefing to the Minister LG20241108 – Bill 3: Local Government Water Services Bill

Upcoming meetings and outputs

- Standing Friday meeting postponed due to Easter Good Friday public holiday.

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Local Water Done Well Technical Advisory Group

Ninth weekly update for the Minister of Local Government

Friday 5 April 2024, 10am

This is the ninth weekly update provided by the Local Water Done Well Technical Advisory Group (TAG) covering the week Tuesday 2 to Friday 5 April 2024.

Key activities of the TAG this week

The TAG carried out the following:

Date	Description
2 April 2024 9am	9(2)(g)(i) The TAG members indicated that this was a welcome initiative, and were supportive.
2 April 2024 11am	TAG Chair met with Hamiora Bowkett to discuss the “regulatory backstop” and how to design the regulatory regime to incentivise an optimal water industry structure both initially and over time. The TAG Chair will send his thinking to Hamiora early in the week of 8 April.
4 April 2024 12pm and 5:45pm	DIA provided the TAG with three papers: <ul style="list-style-type: none">- Planning and accountability framework for water service delivery for Bill 3- Consumer protection for water services for Bill 3 (MBIE paper)- Service delivery vehicles for water services for Bill 3
5 April 2024 1:30-3:30pm	TAG/DIA workshop on: <ul style="list-style-type: none">- Planning and accountability framework for water service delivery for Bill 3- Consumer protection for water services for Bill 3 (MBIE paper)- Service delivery vehicles for water services for Bill 3- Preparing for meeting with Minister on 9 April 2024 at 9am

Upcoming meetings and outputs

- Meeting with Minister of Local Government and his office advisors, DIA, MBIE and TAG - 9 April 2024 at 9am
- Debrief meeting between TAG and DIA – 9 April 2024 at 10am

- TAG only meeting – 9 April 2024, 11am
- TAG/DIA workshop 12 April 2024 at 1:30-3:30pm

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Local Water Done Well Technical Advisory Group

Tenth weekly update for the Minister of Local Government

Friday 12 April 2024, 10am

This is the tenth weekly update provided by the Local Water Done Well Technical Advisory Group (TAG) covering the week Monday 8 April to Friday 12 April 2024.

Key activities of the TAG this week

The TAG carried out the following:

Date	Description
8 April 2024 10pm	TAG chair provided Hamiora Bowkett with memo on economic regulation and developing a regulatory backstop.
9 April 2024 9-9:30am	Minister, TAG and officials met in Minister's office to discuss service delivery models for Bill 3, along with questions about regulation. We discussed that the compliance requirements would be set in law/regulation and how service delivery vehicles should be chosen to best fit. Bill 3 will enable service delivery vehicles including joint CCOs, CCTOs and entities that can be (co-)owned by a trust that represents 100% of the consumers in a service area. 9(2)(g)(i)
9 April 2024 9:45-11am	TAG and DIA officials met at DIA to de-brief on the Minister's feedback on delivery models and summarise.
10 April 2024 1:30-2:30pm	TAG subgroup (Heuser, Walker, Weston) and DIA officials met to discuss the overall regulatory framework and provided subsequent detailed feedback on the officials' slides.
12 April 2024 1:30-3:30pm	TAG/DIA workshop on: <ul style="list-style-type: none">- Planning and accountability framework for water service delivery for Bill 3- Ring-fencing of water entities- Forward work plan

Upcoming meetings and outputs

- TAG/DIA workshop 19 April 2024 at 1:30-3:30pm

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Local Water Done Well Technical Advisory Group

Eleventh weekly update for the Minister of Local Government

Friday 19 April 2024, 10am

This is the eleventh weekly update provided by the Local Water Done Well Technical Advisory Group (TAG) covering the week Monday 15 April to Friday 19 April 2024.

Key activities of the TAG this week

The TAG carried out the following:

Date	Description
15 April 2024	TAG members provided comments on DIA's draft briefing "Service Delivery Vehicles.
16 April 2024	TAG members provided comments on DIA's draft briefing "Planning and Accountability for Water Service Providers"
17 April 2024 2-3:30pm	TAG chair, DIA and MBIE competition and regulation policy officials held a 90 minute meeting to share thoughts on economic regulation.
18 April 2024 9:05am	9(2)(g)(i) [Redacted]
18 April 2024 5pm	DIA provided TAG with: <ul style="list-style-type: none"> - Materials for 19 April workshop: <ul style="list-style-type: none"> - Agenda - Service delivery vehicles - decision tree (Word and pdf) - slides - Powers of assistance and intervention (Powerpoint) - Briefings sent to Minister on 19 April: <ul style="list-style-type: none"> - Water service delivery vehicles LG20241479 - Planning and accountability for water services providers LG20241653 (only minor changes to the draft you reviewed earlier this week) - Minimum requirements for ringfencing water services LG20241622 – briefing and appendix
19 April 2024 1:30-3:30pm	TAG/DIA workshop on: <ul style="list-style-type: none"> - Service delivery vehicles: <ul style="list-style-type: none"> - Decision tree - Verbal update on off-balance sheet models - Powers of assistance and intervention - Preparation for Minister's meeting on Monday 22 April— powers of assistance and intervention

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Upcoming meetings and outputs

- Full day workshop TAG/officials 22 April 2024
- Meeting with Minister 4pm, 22 April 2024
- TAG/officials workshop, 1:30pm-3pm, 24 April 2024

9(2)(g)(i) [Redacted]

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Local Water Done Well Technical Advisory Group

Twelfth weekly update for the Minister of Local Government

Friday 26 April 2024, 10am

This is the twelfth weekly update provided by the Local Water Done Well Technical Advisory Group (TAG) covering the week Monday 22 April to Friday 26 April 2024.

Key activities of the TAG this week

The TAG carried out the following:

Date	Description
22 April 2024 9am – 3:30pm	<p>TAG/DIA workshop covering the following topics:</p> <ul style="list-style-type: none"> • Overall regulatory system (lead: Pam Davidson, DIA) • Discussion with Paul James (DIA CEO) and Michael Lovett (D-CE Local Government) and Hamiora Bowkett on overall direction and prioritisation of issues • Taumata Arowai drivers of compliance and standards and Te Mana o te Wai and its impact on the regulatory system (lead: Ben Leggett, DIA) • Stormwater allocation of responsibilities (lead: Phil Eyles, DIA) • Economic regulation (lead: Catherine Montague and Laura Davidson, MBIE) • Follow-on discussion on stormwater (lead: Phil Eyles, DIA) • Update from Treasury on LGFA and multi-council regional water vehicles (lead: Kyle Berryman and Alistair Birchall, Treasury)
22 April 2024 4:15-5pm	Meeting with Minister and DIA on “powers of assistance and intervention”, which also covered economic regulation and stormwater policy
22 April 2024	TAG received the Treasury Aide Memoire T2024-898 “Update on discussions with LGFA”
23 April 2024	<p>TAG members received papers for 24 April workshop on:</p> <ul style="list-style-type: none"> • Session 1 Update on water service delivery plans <ul style="list-style-type: none"> – “24 April updated TAG WSDP slides “(Powerpoint) – “Advice on Technical Assessments of WSDPs” (Word doc) – “230424 Updated WSDP template and guidance outline” (Word doc) • Session 2 Stormwater further discussion <ul style="list-style-type: none"> – “TAG workshop 240424. Updated SW workshop slides for discussion” (Powerpoint) • Session 3 Service delivery vehicles <ul style="list-style-type: none"> – “TAG slides – Service Delivery Vehicles – 24 April 2024” (Powerpoint) – “Appendix A – provisions required in legislation for ‘minimum viable product’ – TAG workshop 24 April 2024” (Word doc)
24 April 2024 1-3pm	<p>TAG/DIA workshop on:</p> <ul style="list-style-type: none"> • Water Service Delivery Plans • Stormwater (further discussion, confirming approach) • Service Delivery Vehicles
24 April 2024 3pm	TAG Chair received draft talking points for Minister of Local Government’s meeting with Minister of Commerce and Consumer Affairs and provided comments.

24 April 2024 5:34pm	TAG received briefings that were contemporaneously sent to the Minister: <ul style="list-style-type: none">• Local government briefing on regulatory system operating model LG20241654• Hierarchy of obligations Joint DIA MfE briefing LG20241655• 9(2)(f)(iv) [REDACTED]
24 April 2024	MBIE requested a meeting with TAG Chair for 26 April and provided a draft MBIE briefing on economic regulation
26 April 2024 11-12am	TAG Chair will attend a meeting requested by MBIE on economic regulation

Upcoming meetings and outputs

- TAG/officials workshop, 1:30pm-3pm, 3 May 2024

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Local Water Done Well Technical Advisory Group

Twelfth weekly update for the Minister of Local Government

Friday 3 May 2024, 10am

This is the thirteenth weekly update provided by the Local Water Done Well Technical Advisory Group (TAG) covering the week Monday 29 April to Friday 3 May 2024.

Key activities of the TAG this week

The TAG carried out the following:

Date	Description
29 April 2024	TAG members provided feedback on "Service Delivery Models" and the minimum requirements for legislation to give effect to those models
29 April 2024	9(2)(g)(i)
29 April 2024 6:11pm	DIA requested feedback on a draft briefing on "Ministerial powers of assistance and intervention"
29 April 2024 6:21pm	MBIE provided TAG members Andreas Heuser and Raveen Jaduram with a draft briefing on economic regulation for water services with a request to provide feedback by COB 1 May 2024
30 April 2024	TAG members Simon Weston, Wendy Walker, Mark Reese, Andreas Heuser provided feedback to DIA on "Ministerial powers of assistance and intervention"
30 April 2024	TAG members (all) conferred by email on the MBIE briefing
1 May 2024 10:30am	Minister of Local Government, Minister of Commerce, TAG chair, and officials and advisors met to discuss economic regulation. TAG chair noted the fact we do not yet have a design for economic regulation and we need a design. To assist policy development, he tabled a 2 page outline of a proposed economic regulation regime. Ministers provided clear guidance on their preferences in response to TAG chair's proposed design.
1 May 2024 11:15-12am	Minister of Commerce convened an ad hoc meeting with TAG chair, officials and his advisors on economic regulation. The Minister shared his views on a fit for purpose approach
1 May 2024 5pm	TAG chair provided MBIE with feedback on draft briefing on economic regulation, with specific feedback and a suggested outline to significantly revise the draft
2 May 2024	TAG chair received approach from Waikato District Council (WDC) about Watercare's termination of its services contract to WDC, which was referred on to DIA

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2 May 2024 3pm	TAG chair met with Commerce Commission's Raj Krishnan and Andy Burgess and noted: <ul style="list-style-type: none"> - They have capacity and are willing to contribute to the design of economic regulation policy - They are very open to a regulatory design that sits outside of Part 4 of the Commerce Act, and is fit-for-purpose, driven by substantive need, not form of existing law.
2 May 2024 5:34pm	TAG received DIA's briefings to the Minister on: <ul style="list-style-type: none"> - Briefing - Reducing the regulatory burden on small drinking water suppliers LG20241748 - Briefing - Assistance and intervention in relation to local government water services delivery LG20241906
3 May 2024 1:30-3pm	TAG workshop with MBIE, DIA, Commerce Commission on: <ul style="list-style-type: none"> - Economic regulation (with MBIE and Commerce Commission) - Service delivery models—transitional provisions - Stormwater (verbal update) - Update on Bill 2 and Watercare

Upcoming meetings and outputs

- Thursday 9 May 2024: meeting between Minister of Local Government, Minister of Commerce and TAG plus officials

Issues of note

I remain concerned about the development of the advice on economic regulation for the water sector. We need a design, and we do not have one. This week the TAG provided detailed feedback, and clear advice to basically re-draft its advice.

You provided clear direction for me as TAG chair to work with MBIE. I am encouraging MBIE to take my draft outline into account in their next briefing. I remain focussed on ensuring MBIE, Commerce Commission and DIA, alongside myself and other TAG members collaborate to support delivery of high-quality advice setting out practical options for economic regulation.

Document 14

From: [Andreas Heuser](#)
To: [Francesca Watts](#)
Cc: [Hamiora Bowkett](#)
Subject: Update on progress with Economic Regulation
Date: Monday, 6 May 2024 9:45:49 am
Attachments: [image001.png](#)
[image002.jpg](#)

Dear Francesca,

In my weekly update on Friday 3 May 10am, I reiterated my concerns with the progress on economic regulation. You mentioned on Friday you'd flag that for the Minister.

Since sending that weekly update, some reasonable progress has been made that I wanted to update you on:

- On Friday 3 May midday, MBIE provided an updated, totally re-written briefing sent to the Minister of Commerce (MoC) that incorporates some of my feedback and the proposal (verified forward-looking capex and opex plans) that I provided at the MoLG-MoC meeting last Wednesday
- My comments on that briefing to Hamiora from DIA are below
- I then chaired a meeting with TAG, MBIE, Commerce Commission (ComCom) and DIA on Friday 3 May at 1:30pm where we identified areas of conceptual agreement and isolated some areas for further development
- I have proposed a working meeting with MBIE, ComCom, DIA and TAG (me) on Tuesday 7 or Wednesday 8 May to make progress on the advice to Ministers. That will prepare us for the MoLG and MoC meeting on Thursday 9 May at 10am
- On Thursday 9 May, at the MoLG, MoC and officials meeting, I intend to update Ministers on the progress made, and have an informed discussion leading to key guidance from Ministers on the final policy package to be delivered by 16 May with advice for Cabinet decisions.

Kind regards
Andreas



[Andreas Heuser](#) |
Out of scope

From: Andreas Heuser
Sent: Sunday, May 5, 2024 8:16 PM
To: Hamiora Bowkett <Hamiora.Bowkett@dia.govt.nz>
Subject: Feedback on MBIE's briefing of 3 May 2024 (#2324-3035)

Kia ora Hamiora

You asked me to provide my brief feedback on the MBIE briefing of 3 May.

Overall, the briefing is clearer and better written than the earlier draft the TAG gave feedback on. It has been wholly re-written. MBIE should be commended for this. We should have had this clarity some weeks ago, but at least we have a basis to structure sensible discussions between TAG, DIA, MBIE and the Commission this week.

Here are my detailed comments:

- The timeframes for when regulation is binding could be made clearer. They seem to say information disclosure of forward-looking plans, and annual reporting against those plans will apply from day 1, which is good
- The flexible toolkit approach is a good idea, given the uncertainty at this stage about the number and sophistication of future water service providers (WSPs)
- MBIE has picked up my idea that WSPs should prepare forward-looking plans that incorporate all capex and opex estimates, and have those elements ‘verified’ by an independent engineer:
 - I would like MBIE to ensure the verification goes to the least cost, which appears to be what they are suggesting, but should be confirmed
 - Needs clarity that the forward-looking plans are periodic: 3 or 5 yearly
 - MBIE suggests that the Commission could require disclosure of backwards looking information—we should ensure this is an Annual Report, part of standard reporting by all WSPs, and the Annual Report must include reporting against the forward-looking 3-5 year plan. We don’t want duplication of a special report that the Commission requires
- Minimum and maximum revenue thresholds: MBIE’s proposal is that the Commission set these—however, if WSPs are preparing their forward-looking plans, and reporting against them, the thresholds will be relatively clear already. There is a risk the Commission believes it must undertake its own review of all forward-looking plans, which would probably require significant resourcing at the Commission (ie, high fiscal cost)
- Grouping of providers is a good idea. Small, medium and large is a sensible start.
- It is good MBIE has declined to try and apply Input Methodologies (IMs) from the start. They propose a graduated approach where IMs are progressively developed
- I would like to explore the “quality only” regulation proposal:
 - I am a bit concerned that MBIE and Commerce Commission are not yet clear on *what* quality metrics the Commission will regulate and *how*.
 - For instance, MBIE has previously confused reliability (is the WSP delivering water services at an acceptable level) with efficiency (is the WSP delivering at lowest possible cost).
- Stormwater regulation approach needs to be articulated better. Where SW services are undertaken by a separate WSP, the services are delivered to a customer (the council) for a ring-fenced fee, using assets under the WSP’s control that require

investment, with associated opex. That can be clearly delineated and the Commission's role would be to incentivise efficient delivery

- The role of the Commission in price-setting is not addressed but should be in the next advice briefing. I will remind MBIE that WSPs will be publicly-owned, and have democratic pressures on how prices are set. The next briefing needs to get into more depth on this question. My view is we should avoid the Commission delving into pricing per-se, because WSPs are better placed to decide on the trade-offs between different pricing tools. The regulation of cost inputs (capex and opex) should provide incentives on WSPs to recover their costs through efficient pricing tools, including using demand management (water meters, for example). The WSPs will have incentives to decide how to optimise across the whole network
- Compliance and enforcement discussion is quite cursory, and refers to discussions with the Ministry of Justice. The next briefing needs more detail on compliance and enforcement. There are many models to incentivise publicly-owned firms to improve. Options include:
 - Fines (already included in MBIE's briefing)
 - Requiring senior managers to have an "at-risk" component of remuneration that is deducted for breaches
 - Guaranteed service levels (GSLs, used in Victoria and elsewhere) and customer rebates for when these are breached
- Reserve power to appoint a manager or monitor:
 - We need to ensure there is alignment between what is proposed here, and the Minister of Local Government's (MoLG) reserve powers.
 - MBIE are proposing that the Minister of Commerce retain reserve powers to appoint a manager or monitor—however, WSPs will be owned by territorial authorities, and this creates an obvious tension between the MoLG's LGA powers.

Happy to discuss.

Kind regards

Andreas



Andreas Heuser |
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Local Water Done Well Technical Advisory Group

Fourteenth weekly update for the Minister of Local Government

Friday 10 May 2024, 10am

This is the fourteenth weekly update provided by the Local Water Done Well Technical Advisory Group (TAG) covering the week Monday 6 May to Friday 10 May 2024.

Key activities of the TAG this week

The TAG carried out the following:

Date	Description
6 May 2024	TAG chair sent email to Minister's office on economic regulation progress, setting out: <ul style="list-style-type: none">- MBIE had re-written its draft briefing incorporating some of the TAG feedback- Read-out of TAG/MBIE/Commerce Commission/DIA workshop on Friday 3 May- Advising of TAG Chair/MBIE/Commerce Commission/DIA
6 May 2024	Received updated MBIE briefing 2324-3035: Economic regulation of water services: initial policy decisions
6/7/8 May 2024	Provided comments on the draft Bill 2: <ul style="list-style-type: none">- Mark carried out a detailed and comprehensive review- Raveen and Simon also provided detailed comments- These were passed to DIA
7 May 2024	Provided comments on draft briefings: <ul style="list-style-type: none">- Planning and accountability framework for water service providers- Future stormwater management arrangements- 'Te Mana o te Wai and its role in the regulatory system'- 'Taumata Arowai and drivers of the cost of compliance'
8 May 2024	TAG Chair/MBIE/Commerce Commission/DIA working session on advancing policy questions for economic regulation. Hosted by Commerce Commission. We made some progress on key questions, in preparation for the joint Minister of Local Government and Minister of Commerce meeting on 9 May 2024
9 May 2024 10am	Joint Minister of Local Government and Minister of Commerce meeting with TAG and officials. See note below
9 May 2024	Received DIA briefings: <ul style="list-style-type: none">- Briefing – 'Planning and accountability for local government water service providers – further details on proposals' LG20242023

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	- Briefing – ‘Stormwater services – future management arrangements’ LG20242024
10 May 2024 1:30-3:30pm	TAG workshop with DIA and MBIE: <ul style="list-style-type: none"> - Intersections and summary of where we are at - Economic regulation – follow up from Minister’s meeting - Overall regulatory system – the diagram - Consumer protection

Upcoming meetings and outputs

We are all working towards supporting final advice to Ministers due on 16 May 2024 for the key policy questions for Cabinet decisions. We expect to be on-hand to support the final drafting.

Issues of note

Economic regulation of water services

The joint Ministers meeting on 9 May 2024 on economic regulation provided greater clarity and progress has been made. Some key issues remain unresolved and there are risks that the advice in the 16 May 2024 package is insufficient to enable Cabinet to make decisions.

The Minister of Commerce has valid and important concerns about the regulatory burden on smaller providers and the need for flexibility and discretion for deciding when water providers will “graduate” through the different regimes (from Information Disclosure to Price/Quality Regulation).

Two key issues require clarity in the 16 May 2024 Cabinet paper advice:

1. Verification: Some form of verification of sufficiency and reasonable efficiency of a water provider’s forward-looking plan to meet water quality, environmental and other key standards is essential for the Commission to decide whether a provider’s plan, and the reported performance against that plan, poses an issue or not. Without some verification, the disclosure is just data, not a regulatory disclosure. We cannot avoid some form of assurance/verification of water providers’ plans if we are serious about achieving our objectives. Either an independent party pre-verifies the disclosure or the Commission itself has to review those plans. The latter option is no longer information disclosure, but a regulatory review by the Commission—with associated costs. Flexibility and proportionality are important considerations, and if total costs are a concern, then we should explore ways to mitigate the cost which preserve the robustness
2. Principles for economic regulation for Bill 3: Clear principles must apply to guide the Commission’s decisions on exercising its discretion as a quasi-judicial body. It needs principles to guide when it graduates providers into different tools it has available. MBIE think that the Purpose statement in Part 4 of the Commerce Act (section 52A) should apply. However, that Purpose applies to monopolies where over-charging and inefficiency are the concern, and is not necessarily aimed at the key problem in the water sector: council-owned providers that have incentives to *under-invest* and *under-charge*.

I am working to ensure officials consider these issues and incorporate these into the advice to Minister of Commerce and you. I have advised DIA that they may need to expand on these issues independently of MBIE and articulate draft principles for Bill 3 to guide the Commission in its regulatory decisions, so that this can be incorporated into the 16 May 2024 advice if needed.

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Local Water Done Well Technical Advisory Group

Fifteenth weekly update for the Minister of Local Government

Friday 17 May 2024, 10am

This is the fifteenth weekly update provided by the Local Water Done Well Technical Advisory Group (TAG) covering the week Monday 13 May to Friday 17 May 2024.

Key activities of the TAG this week

The TAG carried out the following:

Date	Description
13 May 2024	<p>TAG chair met with MBIE and Commerce Commission officials to discuss:</p> <ul style="list-style-type: none">- Designation process for Water Service Providers (WSPs) under proposed economic regulation regime- Role of independent verification in reviewing information to be disclosed by WSPs- How the Commission should approach the “regulated asset base” of future WSPs
14 May 2024	<p>MBIE provided a draft briefing on “additional policy decisions on economic regulation for water services”</p> <p>DIA provided a draft briefing on ring-fencing requirements for WSPs for feedback</p>
15 May 2024	<p>TAG chair provided feedback by email on MBIE draft briefing, offered to discuss feedback, and requested a copy of the amended briefing prior to it being submitted. Please see my separate advice to you, appended below.</p>
15 May 2025	<p>DIA provided draft briefing Easing Regulatory Burden under the Water Services Act for comment</p> <p>Mark Reese provided feedback on DIA’s draft ring-fencing advice. Raveen Jaduram provided feedback on DIA’s draft briefing Easing Regulatory Burden under the Water Services Act</p>
16 May 2024	<p>Simon Weston provided feedback on the briefing Easing Regulatory Burden under the Water Services Act.</p>
16 May 2024	<p>Received the following briefings submitted to the Minister from DIA:</p> <ul style="list-style-type: none">- Briefing – Legislative requirements for water service delivery vehicles – decisions for Bill 3 Cabinet paper LG20241858 (Including a separate A3 summarising the decisions covered in this briefing, and the following two)- Briefing – Water service delivery vehicles – pricing and charging LG20241948

- 9(2)(f)(iv)
- Briefing – Easing the regulatory burden on water services operations: Potential amendments to the Water Services Act 2021 LG20241729
- Briefing – Ringfencing water services – further details on proposals LG20242167
- Aide memoire – Bill 3 – remaining policy decisions for stage 1 Cabinet papers LG20242098

17 May 2024

1:30-3:30pm

TAG workshop with DIA covering:

- Regulatory powers and functions for water services delivery vehicles
- Stormwater – definitions
- Economic regulation – update on this week’s briefing and next steps (MBIE update)
- Communications approach for Bill 2
- Admin update

Issues of note

Economic regulation of water services

Please see my attached note to you addressing my concerns about economic regulation.

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Local Water Done Well Technical Advisory Group

Sixteenth weekly update for the Minister of Local Government

Friday 24 May 2024, 10am

This is the sixteenth weekly update provided by the Local Water Done Well Technical Advisory Group (TAG) covering the week Monday 20 May to Friday 24 May 2024.

Key activities of the TAG this week

The TAG carried out the following:

Date	Description
20 May 2024	<p>TAG members Mark Reese and Andreas Heuser met and discussed pricing and charging and financing issues, and Mark Reese provided detailed commentary on DIA briefings sent on 16 May 9(2)(f)(iv)</p> <p>We arranged for a meeting with DIA officials on 24 May.</p>
20 May 2024	<p>DIA provided the TAG Chair Andreas with the first draft Cabinet Paper on proposed “regulatory system” including economic regulation for comment.</p>
21 May 2024	<p>Andreas provided feedback on draft Cabinet Paper on “regulatory system”</p> <p>DIA provided a further second draft reflecting comments from TAG Chair and MBIE.</p>
22 May 2024	<p>Andreas provided final comments on “regulatory system” Cabinet Paper</p> <p>DIA provided a final (third) draft of the same Cabinet Paper and TAG Chair confirmed no further comments.</p>
23 May 2024	<p>DIA provided the TAG with briefings and draft Cabinet Papers sent to the Minister’s office:</p> <ul style="list-style-type: none"> - Briefing – Summary of amendments to the Water Services Act and associated legislation in relation to Taumata Arowai’s roles and responsibilities (LG20242332) - Draft Cabinet paper – ‘Local Water Done Well stage 3: water services regulatory system’ - Draft Cabinet paper – ‘Local Water Done Well stage 3: water services delivery system’
24 May 2024 10:30am	<p>Andreas and Mark will meet with DIA officials to 9(2)(g)(i)</p>
24 May 2025	<p>TAG workshop with following agenda:</p>

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1:30-3:30pm

- Water service delivery plans – update
 - Stormwater management and planning – scoping discussion
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Issues of note

No significant issues of note.

Upcoming meetings

Regular weekly workshop scheduled for 31 May 2024, 1:30-3:30pm.

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Local Water Done Well Technical Advisory Group

Seventeenth weekly update for the Minister of Local Government

Friday 31 May 2024, 8:50am

This is the seventeenth weekly update provided by the Local Water Done Well Technical Advisory Group (TAG) covering the week Monday 27 May to Friday 31 May 2024.

Key activities of the TAG this week

The TAG carried out the following:

Date	Description
28 May 2024 2:30pm	DIA provided the draft briefing to the Tag for comment: "Draft Bill 3: Legislative options for functions and powers relating to infrastructure and local authority regulatory powers"
29 May 2024	Raveen, Mark, Wendy and Andreas provided comments on the draft briefing "Draft Bill 3: Legislative options for functions and powers relating to infrastructure and local authority regulatory powers" Raveen, Mark and Andreas' comments were broadly supportive on the DIA approach. Wendy raised comments on 9(2)(g)(i)
29 May 2024	DIA provided TAG with the draft Cabinet papers "water services regulatory system" and "water services delivery system" for information (versions with some feedback from Ministers)
30 May 2024	DIA provided two briefings that were sent to Ministers: <ul style="list-style-type: none"> - 'Bill 3: Legislative options for functions and powers relating to infrastructure and local authority regulatory powers' LG20242381 - 'Water Services Delivery Plans: Update' LG20242331
31 May 2024 10am	Andreas, Mark and DIA officials will meet with LGFA (Mark Butcher and Andrew Michl) and its advisor Hugo Ellis (Cameron Partners) to discuss pricing and charging options for proposed new corporatised water service providers (eg, CCOs) and financing options for these.
31 May 2024 1:30-3:30pm	Scheduled weekly TAG workshop with DIA on following topics: <ul style="list-style-type: none"> - Pricing and charging - Development contributions - TAG feedback on draft Cabinet papers - Stormwater – further discussion

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Issues of note

No significant issues of note.

Upcoming meetings

Regular weekly workshop scheduled for 7 June 2024, 1:30-3:30pm.

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Local Water Done Well Technical Advisory Group

Eighteenth weekly update for the Minister of Local Government

Friday 7 June 2024, 9am

This is the eighteenth weekly update provided by the Local Water Done Well Technical Advisory Group (TAG) covering the week Monday 3 June (King's Birthday) to Friday 7 June 2024.

Key activities of the TAG this week

The TAG carried out the following:

Date	Description
5 June 2024	TAG members met to discuss the information passed on from DIA that the Minister is interested in extending the TAG's term to end December 2024.
5 June 2024	DIA provided TAG with an update from the DIA communications team summarising the external communications from the Department and Minister regarding Bill 2
6 June 2024	DIA provided TAG with papers for workshop on 7 June 2024
7 June 2024 1:30-3:30pm	Scheduled weekly TAG workshop with DIA on following topics: <ul style="list-style-type: none">- Long-term contracting between WSPs and providers- Standard and modular design for water infrastructure- Foundational Information Disclosure (for economic regulation)

Issues of note—proposal to extend the TAG's term

The TAG's term ends on 30 June 2024. There is provision in the TAG's terms of reference to extend the term of the TAG. All TAG members have enjoyed contributing to the development of your Local Water Done Well policy and legislative package.

We understand from DIA officials that you are interested in extending the term to the end of the year. The key Government policy decisions on Local Water Done Well for Bill 2 and Bill 3 have been made already or will be made by Ministers in the next few weeks. The policy content of Bill 2 and Bill 3 will then become matters for Parliament and Select Committee. TAG members are not permitted to advise the Select Committee (only DIA officials may). Before a decision is made to invite TAG members to extend the term, we would like to meet and discuss two key questions:

- What matters do you and officials require TAG input on over the six months to 31 December 2024?
- If there are matters where TAG members can support you and officials, what is the best mechanism for this (which may or may not be the TAG), and how can we tailor it to suit?

Upcoming meetings

Regular weekly workshop scheduled for 14 June 2024, 1:30-3:30pm.

Document 22

From: [Andreas Heuser](#)
To: [Francesca Watts](#)
Cc: [Bex Sullivan](#); raveen@jaduram.com; mark.reese@chapmantripp.com; wendy.walker@porirua.govt.nz; [Simon Weston](#)
Subject: LWDW TAG - proposed extension of term
Date: Wednesday, 12 June 2024 2:47:30 pm
Attachments: [image001.png](#)
[image002.jpg](#)

Dear Francesca,

Thank you for calling me on Monday about the proposal to extend the term of the TAG, which would otherwise end on 30 June 2024.

I have discussed the proposal with my TAG colleagues and Bex Sullivan at DIA.

We are all honoured to have been asked to continue our TAG roles. We are happy to extend the term to a proposed end date that coincides with final policy advice delivered by DIA to Ministers on matters for “Bill 3”. This is expected to occur at the end of July 2024 (but may occur in early/mid August if there are delays).

There is one important matter we wish to raise and address upfront in any documentation extending the term. All TAG members are likely to have some form of potential perceived conflict of interest as each of us assists various parties with the preparation of Water Service Delivery Plans (WSDPs) and other matters related to the water sector. Potential perceived conflicts could exist because:

- Wendy Walker and Simon Weston are CEOs of councils that will be preparing WSDPs and will be in discussions with their councils and others about the reforms (for example joint plans or regional aggregations)
- Mark Reese is a Partner of Chapman Tripp which has various clients in local government, central government, regulators, and the private sector. Mark or his Partners are likely to be asked to assist on WSDPs and provide other advice relevant to water reform
- Raveen Jaduram is sought after for his water sector management and wider infrastructure governance experience and is likely to be asked to advise
- Andreas Heuser and Castalia are likely to assist local government, central government, regulators and other parties on WSDPs and provide other related advice.

Since all key policy decisions have been finalised on “Bill 2” and that Bill is now subject to the Parliamentary process, the TAG cannot directly influence those matters. We therefore do not consider that any actual conflicts will arise. We will require that the extension documentation acknowledges this. Of course, we will continue to disclose actual or perceived conflicts to the Deputy Secretary Local Government at DIA and work with DIA to manage any that arise.

Finally, it has been several weeks since we last met with the Minister. We are happy to meet with the Minister to discuss any matter he wishes, and we are available for discussions or other support to the Minister, his office advisors and DIA as needed.

Please let me know if you or the Minister wish to discuss any of the above, and I would be happy to do so individually, or convene a joint call/meeting with the TAG.

Kind regards
Andreas



[Andreas Heuser](#) |

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Local Water Done Well Technical Advisory Group

Nineteenth weekly update for the Minister of Local Government

Friday 14 June 2024, 9:30am

This is the nineteenth weekly update provided by the Local Water Done Well Technical Advisory Group (TAG) covering the week Monday 10 June to Friday 14 June 2024.

Key activities of the TAG this week

The TAG carried out the following:

Date	Description
9 June 2024	<p>TAG received two draft briefings for feedback:</p> <ul style="list-style-type: none">- 'Stormwater Services – Overland flow paths and urban watercourses'- 'Water service delivery vehicles – remaining charging issues and other matters' <p>TAG members provided individual feedback over the course of 10 and 11 June.</p> <p>Note the comment under "issues of note" regarding the Stormwater briefing.</p>
10 June 2024	<p>TAG received draft briefing for feedback:</p> <ul style="list-style-type: none">- 'Growth charging by water organisations' <p>TAG members provided individual feedback over the course of 10, 11 and 12 June.</p>
10 June 2024	<p>Francesca Watts and Andreas Heuser discussed possible extension of the TAG's term to coincide with final policy advice for Cabinet papers for Bill 3 (expected end July or early August if there are delays).</p>
11 June 2024	<p>TAG received two draft briefings for feedback:</p> <ul style="list-style-type: none">- 'Long-term contractual agreements for water service providers'- 'Use of modular design for water infrastructure' <p>TAG members provided individual feedback over the course of 11 and 12 June.</p>
12 June 2024	<p>TAG received draft advice in an email for feedback:</p> <ul style="list-style-type: none">- 'distribution/dividend policy for water organisations' <p>TAG members provided individual feedback over the course of 12 and 13 June.</p>
12 June 2024	<p>Andreas Heuser liaised with TAG members and confirmed to Francesca Watts by email the TAG would be honoured to extend the term subject to acknowledging all TAG members' respective potential perceived conflicts of interest as they work on matters related to Water Service Delivery Plans (subject of Bill 2 which is now in the Parliamentary process) and water reform more broadly.</p>

14 June 2024	<p>DIA shared copies of briefings submitted to the Minister:</p> <ul style="list-style-type: none"> - 'Use of standard and modular design for water infrastructure' LG20242359 - 'Stormwater services - further matters for Bill 3' LG20242853 - 'Growth charging by water organisations' LG20242718 - 'Remaining charging issues and other matters' LG20242705 - 'Supplementary briefing on Bill 3: information on legislative options for water services functions and powers' LG20242853 - Aide memoire 'Bill 3 – summary of policy decisions for stage 2 July Cabinet paper' LG20242514
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14 June 2024 1:30-3:30pm	Scheduled weekly TAG workshop was cancelled because key feedback was provided in writing during the course of the week.
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Issues of note—Stormwater briefing and Andreas Heuser out of NZ for one week

You have received a briefing on stormwater services (LG20242853). The majority of TAG members agree this is an important policy area but not necessarily urgent. If addressing these policy issues puts timing and implementation of Bill 3 at risk, we would suggest stormwater matters are addressed as part of typical policy review and development (including in RMA reform).

Andreas Heuser will be out of New Zealand from 17-21 June 2024, but available by email and phone. Mark Reese has agreed to act Chair during this period.

Upcoming meetings

- Regular weekly workshop scheduled for 21 June 2024, 1:30-3:30pm.
- Meeting between TAG and Minister on 2 July 2024, 2pm. One topic for discussion could include (more can be identified closer to the time):
 - o Approach in Bill 3 to dividends/distributions from water service providers to shareholding councils

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Local Water Done Well Technical Advisory Group

Twentieth weekly update for the Minister of Local Government

Friday 21 June 2024, 9:30am

This is the twentieth weekly update provided by the Local Water Done Well Technical Advisory Group (TAG) covering the week Monday 17 June to Friday 21 June 2024.

Key activities of the TAG this week

The TAG carried out the following:

Date	Description
17 June 2024	TAG received draft briefing for feedback: <ul style="list-style-type: none">- 'Implementation of water services delivery plans' TAG members provided individual feedback over the course of 18 and 19 June.
20 June 2024	DIA shared copies of briefings submitted to the Minister: <ul style="list-style-type: none">- 'Long-term contractual agreements for water service providers' LG20244704'- 'Wastewater environmental performance standards minimum and maximum approach' LG20242842 – joint briefing with Taumata Arowai'- 'Implementation of water services delivery plans' LG20242942 'Growth charging by water organisations'
21 June 2024	Scheduled weekly TAG workshop was cancelled because key feedback was provided in writing during the course of the week and no further topics required immediate feedback.

Upcoming meetings

- Regular weekly workshop scheduled for Wednesday, 26 June 2024, 2:00-4:00pm.
- Meeting between TAG and Minister on 2 July 2024, 2pm. One topic for discussion could include (more can be identified closer to the time):
 - o Approach in Bill 3 to dividends/distributions from water service providers to shareholding councils

Local Water Done Well Technical Advisory Group

Twenty-first weekly update for the Minister of Local Government

Friday 28 June 2024, 9:00am

This is the twenty-first weekly update provided by the Local Water Done Well Technical Advisory Group (TAG) covering the week Monday 24 June to Friday 28 June 2024.

Key activities of the TAG this week

The TAG carried out the following:

Date	Description
24 June 2024	DIA provided briefing "Tax treatment of service delivery vehicles for Local Water Done Well" (LG20242706/IR2024/246) for information
24 June 2024	TAG chair discussed the extension of term letters with DIA and the need to address potential perceived conflicts of interest on Bill 2 matters that are now out of TAG influence (as Bill 2 is subject to Parliamentary process), which may occur during their normal day to day work now (as CEOs of councils, advisors to councils/government and board members)
27 June 2024	Scheduled weekly TAG workshop covered the following topics: <ul style="list-style-type: none">- Verbal update on implementation of water service delivery plans- Wastewater environmental performance standards – update from previous briefing (briefing LG20242842 was discussed with Bex Sullivan and Ben Leggett)- Forward work programme – TAG input
27 June 2024	DIA shared copies of briefings submitted to the Minister: <ul style="list-style-type: none">- 9(2)(f)(iv) [REDACTED]- 'Further advice on amendments to the Water Services Act 2021: Taumata Arowai and giving effect to Te Mana o te Wai' LG20242984

Upcoming meetings

- We have our meeting between TAG and Minister on 2 July 2024, 2pm. We have identified one topic for discussion (happy to liaise on Monday with Minister's Office staff to identify more):
 - o Approach in Bill 3 to dividends/distributions from water service providers to shareholding councils
- TAG members will meet on 2 July 2024 to discuss potential focus areas for the next month (assuming term extension letters are accepted and signed). These include:
 - o Clarify the WSDP -> reform implementation timeframe and how this is communicated to the local government sector

- TAG should receive an update on Watercare, particularly any lessons learnt for the wider reforms around engagement with the rating agencies and LGFA. This includes:
 - The advice from Treasury and DIA on any institutional changes required at LGFA to enable lending to CCOs and if LGFA can enable lending when it will be needed in future
 - Framework for the Watercare Crown monitor and how any lessons for economic regulation can be applied more broadly
- Future of local government after water services are corporatised or separated out

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Local Water Done Well Technical Advisory Group

Twenty-second weekly update for the Minister of Local Government

Friday 5 July 2024, 10:00am

This is the twenty-second weekly update provided by the Local Water Done Well Technical Advisory Group (TAG) covering the week Monday 1 July to Friday 5 July 2024.

Key activities of the TAG this week

The TAG carried out the following:

Date	Description
2 July 2024 2pm	Meeting between Minister of Local Government, TAG and DIA officials discussing: <ul style="list-style-type: none">- Approach in Bill 3 to dividends/distributions from water service providers to shareholding councils- The future environmental regulatory system for the short- and long-term- Water Service Delivery Plan timeframes: time limit (1 year) and suggestions in Select Committee and public statements by stakeholders for a longer time limit
2 July 2024	DIA shared the following for comment: <ul style="list-style-type: none">- 9(2)(f)(iv)- [Redacted]
5 July 2024	Scheduled weekly TAG workshop was cancelled. In lieu of this, the TAG will have a TAG-only meeting to discuss TAG's focus topics for the next month

Upcoming meetings

- TAG/DIA workshop on Friday 12 July, 1:30pm to 3:30pm

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Local Water Done Well Technical Advisory Group

Twenty-third weekly update for the Minister of Local Government

Monday 15 July 2024, 9:00am

This is the twenty-third weekly update provided by the Local Water Done Well Technical Advisory Group (TAG) covering the week Monday 8 July to Friday 12 July 2024.

Key activities of the TAG this week

The TAG carried out the following:

Date	Description
9 July 2024	<p>TAG shared a list of key topics with DIA to focus on for last month of the TAG's term:</p> <ul style="list-style-type: none">- Developing a roadmap for phases of water reform, to inform councils (to be aligned with overall communications strategy).- Financing structures- Watercare reform model- Risk management- Commerce Commission and economic regulation- Alignment of water services reform with Government's housing and growth agenda
12 July 2024	<p>Scheduled weekly TAG workshop discussing:</p> <ul style="list-style-type: none">- Verbal update from Hamiora Bowkett on LGFA- Forward work programme to end of TAG extension- Reminder about declaring potential or actual, perceived or real conflicts of interest.
12 July 2024	<p>DIA provided the latest draft of the Cabinet Paper for Bill 3</p>

Upcoming meetings

- TAG/DIA workshop on Friday 19 July cancelled due to DIA team being away
- TAG/DIA workshop on Friday 24 July will cover:
 - o End to end programme / roadmap for phases of water reform (to be aligned with overall comms strategy)
 - o ComCom and Economic Regulation
 - o WSDPs and Bill 2 comms materials
 - o WSDPs - guidance and templates
 - o Watercare reform model

Local Water Done Well Technical Advisory Group

Twenty-fourth weekly update for the Minister of Local Government

Friday 19 July 2024, 8:40am

This is the twenty-fourth weekly update provided by the Local Water Done Well Technical Advisory Group (TAG) covering the week Monday 15 July to Friday 19 July 2024.

Key activities of the TAG this week

There was no correspondence of note or meetings with the Department this week.

Upcoming meetings

- TAG/DIA workshop on Friday 19 July cancelled due to DIA team being away
- TAG/DIA workshop on Friday 24 July will cover:
 - o End to end programme / roadmap for phases of water reform (to be aligned with overall comms strategy)
 - o ComCom and Economic Regulation
 - o WSDPs and Bill 2 comms materials
 - o WSDPs - guidance and templates
 - o Watercare reform model

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Local Water Done Well Technical Advisory Group

Twenty-fifth weekly update for the Minister of Local Government

Monday 29 July 2024, 8:40am

This is the twenty-fifth weekly update provided by the Local Water Done Well Technical Advisory Group (TAG) covering the week Monday 22 July to Friday 26 July 2024.

Key activities of the TAG this week

The TAG carried out the following:

Date	Description
23 July 2024	<p>DIA provided agenda items and discussion for the meeting scheduled for Friday 24 July:</p> <ul style="list-style-type: none">- Watercare reform overview, lessons learned (one-pager)- End-to-end programme / implementation roadmap document- Water service delivery plans – guidance and templates drafts<ul style="list-style-type: none">o WSDP slideso Draft WSDP guidance for TAGo Water Service Delivery Plan templateo Copy of Water Services Delivery Plans financials measures and charts
24 July 2024	<p>TAG workshop with DIA, MBIE and Commerce Commission attending, discussing:</p> <ul style="list-style-type: none">- Watercare reform overview, lessons learned and what can be useful for DIA to communicate during Water Service Delivery Plan process/guidance- MBIE/Commerce Commission on:<ul style="list-style-type: none">o MBIE's work programme and interlinkages with the DIA communications plano Drafting instructions progress on economic regulation components of Bill 3o MBIE views on the transition to economic regulation (relevant aso Commerce Commission confirmation that it will communicate with the local government sector on:<ul style="list-style-type: none">▪ Economic regulation focus on revenues = costs▪ Commerce Commission focus on efficiency, and incentivising efficiencyo How MBIE and DIA propose to collaborate on the communication plan development. Confirmation that MBIE will share its draft communication materials with TAG

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- DIA communications team: presentation on Bill 2 and Bill 3 communications and key dates
- DIA's implementation roadmap, and overview of end-to-end programme for communicating to the sector
- WSDP guidance and templates: feedback requested from DIA

Upcoming meetings

- Final TAG wrap up meeting on Friday 2 August

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Local Water Done Well Technical Advisory Group

Twenty-sixth weekly update for the Minister of Local Government

Friday 2 August 2024, 9am

This is the twenty-sixth weekly update provided by the Local Water Done Well Technical Advisory Group (TAG) covering the week Monday 29 July to Friday 2 August 2024.

Key activities of the TAG this week

The TAG carried out the following:

Date	Description
30 July 2024	DIA provided draft communication materials/factsheets on the following topics: <ol style="list-style-type: none">1. Local Government Water Services Bill overview (and related matters) – high-level summary of all key policy decisions2. Service delivery models overview3. Financing options4. Planning and accountability for water services5. Stormwater6. Economic regulation of water services7. Drinking water quality regulation8. Standards to help reduce water infrastructure costs
1 August 2024	DIA provided materials for the workshop planned for 2 August: <ol style="list-style-type: none">1. Agenda (Word doc)2. Item #2 – guidance for water services delivery models (updated Powerpoint from the one sent Tuesday 30 July).
2 August 2024 (planned)	TAG workshop with DIA, MBIE and Commerce Commission attending, discussing: <ul style="list-style-type: none">- Verbal update – alignment of water services reform with the Government’s housing and growth agenda- Bill 3 comms – council guidelines on service delivery models- Wrap up

Upcoming meetings

2 August was the final meeting of the TAG.

We remain available for discussion/feedback on any areas of interest that the Minister may have in future.

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From: [Francesca Watts](#)
To: [SPB](#)
Cc: [Brian Anderton](#); [Allie Chau](#); [Sophie Farrell](#)
Subject: FW: TAG Chair offer to discuss any questions/issues
Date: Friday, 2 August 2024 5:22:21 pm
Attachments: [image001.png](#)
[image002.jpg](#)
[Twenty-sixth TAG update for Minister of Local Government 2 August 2024.docx](#)

Hi Minister

Please see attached the final update from the TAG and the below message from Andreas.

Francesca

From: Andreas Heuser [9\(2\)\(a\)](#)
Sent: Friday, August 2, 2024 12:29 PM
To: Francesca Watts <Francesca.Watts@parliament.govt.nz>
Subject: TAG Chair offer to discuss any questions/issues

Dear Francesca,

Could you please pass on this message to the Minister:

Dear Minister,

Thank you for appointing me as Chair of the Technical Advisory Group for Local Water Done Well. Our term ends today. It has been an honour to progress your policy intent, and help achieve enduring water sector reform in a cost-effective and sensible way.

There will be questions and issues that arise over the next months as Bill 3 is drafted and then introduced to the House. I am happy to discuss any questions you or your team have during this period and provide my personal view in an ad hoc way. Please do not hesitate to contact me if you need this.

Kind regards
Andreas Heuser



[Andreas Heuser](#) | [Out of scope](#)

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