

# Office of Hon Nanaia Mahuta

MP for Hauraki-Waikato

Minister of Foreign Affairs

Minister of Local Government

Associate Minister for Māori Development



29 November 2022

Stuart Crosby  
President  
Local Government New Zealand  
Level 1, 117 Lambton Quay  
Wellington 6011

Tēnā koe Stuart

Congratulations on your re-election to the Bay of Plenty Regional Council. I understand that good progress is being made by Local Government New Zealand following the local body elections in appointing a new National Council. I look forward to meeting with you and your National Council members once this process has been concluded.

The relationship between central and local government is something I highly value, and I look forward to continuing working with you and your members on the wide range of issues that fall within my local government portfolio, building on the partnership commitment we made in July 2021. This includes continuing to work in close partnership on the implementation of the three waters reform. The constructive contribution that Local Government New Zealand (LGNZ) has made to this important reform process has been critical and will remain so throughout the transition period.

I acknowledge that LGNZ has worked hard on behalf of its members to test and challenge the proposals at every stage of the process, including seeking to negotiate the best outcomes for the sector and New Zealand. While we do not always agree on every aspect, I have appreciated the way in which LGNZ has consistently sought to engage in the best long-term interests of New Zealand.

As you will be aware, the Select Committee recently reported back to parliament on the Water Services Entities Bill, and the Bill has progressed through its Second Reading and the Committee of the Whole House stages. It is currently awaiting its Third Reading and I am confident that Parliament will enact it shortly.

The Select Committee and subsequent parliamentary process have further strengthened the provisions within the Bill that provide for local voice and representation, increased transparency, and accountability to communities. For example, the Bill now includes a provision that requires a mix of rural, provincial, and metropolitan councils to be present on the regional representative group. The Bill also provides for an annual shareholder's meeting and requires that the entity's core planning and accountability documents must set out any actions the entity intends to take or has already taken in the case of an entity's annual report, in response to advice provided by a regional advisory panel.

Once enacted, the Water Services Entities Bill will provide the foundations of a new system of water services delivery that provides for ongoing public-ownership of water services entities that remain responsible and accountable to local communities.

A critical element of the proposed three waters service delivery system is the establishment of representative governance and accountability arrangements for the water services entities. These arrangements, including the establishment of regional representative groups and regional advisory panels, are key mechanisms through which local authorities and mana whenua can have influence over and hold entity boards to account for their performance.

Primary legislation will provide the foundations for these representative governance arrangements. However, much of the detail for how these arrangements will work in practice will be provided for through entity constitutions. Ensuring the first constitutions are set up to give effect to our shared policy objectives will be fundamental to the success of the reforms.

Under the provisions in the Bill, the first 'model' constitutions are to be made by way of regulation, on my recommendation as the Minister responsible for the reforms. However, it is my strong desire that the detail of the constitutions be developed in close partnership with the relevant local authorities and mana whenua in each of the service areas. The provisions in the Bill enable flexible arrangements to be implemented in each water services entity to reflect the diverse local authority owners, mana whenua and communities in its service area.

To that end, I wish to build on the good work started by the Working Group on Representation, Governance and Accountability by establishing four working groups (one for each entity) comprising representatives of local government and mana whenua to lead and oversee the development of these constitutions. While the process must ensure consistency with the provisions in the Bill, as far as possible I would like the process to be led by local authorities and mana whenua who, ultimately, will form the membership of the regional representative groups and regional advisory panels.

The process of developing entity constitutions is an important opportunity for local government and mana whenua in each service area to shape how they wish these the representative governance and accountability arrangements to work in practice.

There are various ways in which these working groups could be established. My preference is to work closely with LGNZ and the leadership of the Iwi/mana whenua groups that are forming in each service area by forming appropriately configured working groups that can effectively represent the diverse interests of the sector and mana whenua in each service area. I would therefore welcome LGNZ's support to facilitate nominations for local government representation on each of the four working groups, to enable the working groups to be established early in the New Year. Subject to any feedback you might have, I propose that the Department works with your Chief Executive to advance this, with a view to the working groups commencing their work in mid-late February 2023.

I will be extending a similar offer to the mana whenua, through the Iwi/ mana whenua groups that are forming in each service area.

Thank you once again for the leadership that LGNZ has shown in relation to the range of matters affecting the sector. I look forward to hearing from you on the matters I raise in this letter and to continuing to work with you over the coming months.

Nāku noa



Hon Nanaia Mahuta  
**Minister of Local Government**