

**Leading Together to Prepare for the Future**  
**LGNZ Annual Conference Speech**  
**Hon Nanaia Mahuta**  
**Minister for Local Government**

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E ngā maramara o te takere waka nui, tēnā koutou.

Ko Ranginui e tū iho nei,

Ko Papatuānuku e takoto nei

Ka mawhiti te titiro ki kō Tiritiri o te Moana, arā,

Tū mai Aoraki me te whakanikoniko a huka kei tō kaahu,

Hei tawharau i a mātou i tēnei wā, Kai Tahu koutou nō tēnei pito o te

motu. Nga timimate o te wā, o te marama, o nanahi hāere hoki mai

hāere. Tatu iho nei ki a tātou ngā mahue tanga iho. Tēnā koutou katoa,

Pai Mārire.

## **Acknowledgements**

This is my first opportunity as Minister for Local Government to attend an annual conference and I would like to take the opportunity to acknowledge Hon Jenny Salesa, parliamentary colleagues, SOLGM, Local Government New Zealand President David Cull, members of the National Council, Mayor Lianne Dalziel, and other mayors, chairs, and local government leaders who have played a role in organizing or are attending this event.

## **Introduction**

I am pleased that the Minister of Finance and Climate have preceded my presentation because you will appreciate that we are thinking about the big challenges ahead as we respond to pressures for growth, protecting and enhancing our environment, strengthening our resilience and ensuring that all our people can contribute to and share in the prosperity of our country, people, cities and communities.

We are on a journey which in my mind requires us to work differently and in a way that builds a critical partnership and takes account of our respective roles at central and local government levels. We are looking for a different outcome. There is no single solution to the challenge of improving the wellbeing of our people and communities.

This is a new way of doing things because we need cut through to some significant challenges. It will require strategic vision and leadership with a system wide approach that corresponds in an ecosystem of multiple challenges and opportunities.

## **Ministerial priorities**

Many of the Government's priorities, especially in the areas of regional development, housing, infrastructure, fresh water and climate change, require alignment to achieve national objectives with local benefits. In order to achieve this we've underscored early the need to move towards;

- Greater collaboration between central and local government, and iwi
- Robust and sustainable arrangements for the delivery of local infrastructure and specifically of our water supply, wastewater and storm water services
- Confidence in the long-term financial sustainability of the local government system, its current and future role and the funding models applying to it
- Improved engagement of citizens and communities in our democratic process and
- Investing in resilience to support the way in which towns and cities are able to respond to a very different future.

### **The role of local government**

Local government has a critical role in delivering on these outcomes for all New Zealanders.

I understand that project localism will build that proposition. This in my mind is not merely a matter of decentralisation. Local leadership delivers on well-being. There is an opportunity for new thinking about how a circular economy, social enterprise, procurement, economic development partnerships deliver better outcomes. This will be a game changer but not because it separates out localism and local

solutions but because it reinforces coordination and collaboration.

The scale of our Government's commitment to a broad agenda of well-being (as referred to by the Minister of Finance) has been reinforced by affirming changes through the Local Government (Community Wellbeing) Act.

Local government promotes the social, economic, environmental, and cultural well-being of communities and enables democratic local decision-making by and on behalf of communities.

Many of the challenges local communities face depend on local government to meet them: safe drinking water, treating waste water, catchment management, planning and development, local transport, properly functioning property market, waste services, moving to a zero-carbon economy, community leadership, and representation on issues that matter to local communities.

Local government is ideally placed to respond to these challenges. The sector is also poised to be a critical partner in the Government's wider priorities and it will require us all to have a mature and necessary conversation about how these can be achieved.

Local communities face other large, complex challenges such as climate change, natural hazards and emergencies, tourism demand, migration, and demand for changing land use.

However, councils vary widely in area, population, infrastructure assets, community needs, rating base, and financial resources. I'm encouraged by the way Councils are determined to respond to these challenges as you seek to tailor solutions to meet local needs and circumstances. For greater coherence in this response, strategic leadership through collaboration and partnership with central government can achieve better outcomes and an effective system of local government.

### **Three waters review**

Water in New Zealand is a precious and finite resource from its source, its catchment through the pipes, all the way to the tap and out again. Whether it's three or four, the waters system is one of New Zealand's critical sectors that requires us to lift up solutions to improve outcomes across the country.

It underpins our Government's aspiration for regional growth, housing, economic development, connectedness and quality of life outcomes.

What we set out to do in this space today will matter and it will shape our larger aspiration to be the best country to live in, raise children and lead a prosperous life. However, this system

faces significant challenges. Neither central nor local government can address these alone.

The assurance of safe, reliable drinking water, or resilient, well managed infrastructure, swimmable lakes, rivers and beaches, an affordable sustainable solution, the way in which we plan around waters infrastructure will make a significant impact across all these areas – and more.

Our abundance of natural resources and good stewardship by local government has meant that, historically, we have had world-class water services.

The findings of the Havelock North Inquiry have been a sobering reminder of how, for the sake of our communities, we must make sure that drinking water services are high quality and safe. Too many areas across the country do not meet drinking water standards; in smaller areas, the level of compliance drops to less than 50 per cent.

The Inquiry has made significant recommendations – both to overhaul regulation, and also to change how services are provided. This requires more than a conversation, it's a call to action for Local and Central Government. We need a step change, it must be system wide and we must be prepared to pull up and think about the impact of our decisions as it affects our country, after all we are made up of towns and communities connected by cities and only 2 degrees removed from one

another – that’s the New Zealand that makes your role so important.

I understand there will be some Councils that do not believe this is a problem for them but if we look the other way we limit the cumulative benefit a joined up solution would create. In this day and age it is common for people to be living in one council area and working in another, for tourism benefits and the visitor experience to traverse whole regions built on our country’s reputation, for a joined up economic development strategy to link regions to one another – or simply put, making sure when we go on holiday around the country we can stop at any river or lake and have confidence it’s all good for swimming. The way we rise to the challenge on waters infrastructure can really make a difference. We cannot separate out solutions by territorial authority. We need to lift up, lead out and envision solution that will deliver gains across the country.

As part of its ongoing work, the Department of Internal Affairs (DIA) has commissioned a report from Beca on the costs to upgrade drinking water infrastructure to meet key recommendations made by the Inquiry. This report is available to read on the Three Waters Review website.

This report shows that the costs are highest for our smallest communities. Our small towns and provincial areas have fallen

behind, and the cost of upgrading their drinking water infrastructure will effectively be unaffordable for many of them.

Preliminary indications from research commissioned by the Department indicate that the costs of upgrading wastewater infrastructure are much higher.

It is clear from this work that the small communities cannot do it alone. It is also clear that three waters services are impacting on significant environmental challenges in many areas across the country.

The Havelock North Inquiry has called for significant reform of drinking water regulation. This includes a move to a dedicated drinking water regulator and much better monitoring, reporting, compliance and enforcement.

We need some serious thinking about the best approach to waters regulation and draw on international experience.

Changes to regulation – whether they involve better reporting, oversight, compliance, or transparency – may have significant funding implications for local government.

Earlier this month, the Government introduced a Bill to assist in improving the safety of drinking water. The Inquiry has said that affordability should no longer be a reason for failing to meet drinking water standards.

We will need to look at service delivery arrangements if we are going to achieve system-wide improvements. Just targeting one



side of the ledger will not be enough. I hear the concerns from the sector that we should tackle the regulatory issue and that will set a context for councils to then contemplate the function and form for service delivery. But if we look again to international experience, there is merit investing time, energy and planning to ensure what we must do out of necessity is not compromised by what we value and what we do well.

Many councils have been investing heavily in their water infrastructure, and deserve to be recognised for that.

However, we need to face the reality of the funding challenges. Climate and population changes alone mean that, even if we address the challenges in front of us now, significant funding pressures will continue to arise for decades to come.

We need to consider how best to spread resources, capability expertise and technology across the country. We should also ask ourselves how can we ensure safer drinking water and better environmental practices in a way that is affordable for our communities? What we must seek to do is determined by what kiwis value. Healthy lakes, rivers and beaches, safe drinking water and the sustainable use of our water resources.

## Healthy

The Havelock North Inquiry recommended larger, dedicated water providers, and this is something we're exploring. This

would be one way to lift capability and provide a more sustainable funding model, and it has been something that many overseas countries have adopted with very good results. I will call on the insight and experience shared with me during my recent study visit to the UK, Ireland and Scotland. However I am mindful any solution must fit our context, what we value and undoubtedly what is in the best strategic interest for our people, communities and country.

There are a range of different options that together we might consider.

There are some core pillars for the Government that I want to be very clear about. Any option that goes forward for consideration must ensure continued public ownership of existing infrastructure assets and we must provide the protections of that assurance through governance and ownership arrangements, at law and Ministerial oversight.

A critical part of any successful change will be determining how local government continues to be involved in the governance of water assets, and what the links are with broader council planning. We also need to discuss how local communities continue to be involved in services in their area. Responsive local service delivery will also be an important part of success.

I recognise that many councils are also interested in a broader agenda being the role and function of the sector in a future

context. We should figure this out together as it's a legitimate consideration linking to my earlier point that we must work together towards improving wellbeing outcomes across the board.

We have a real opportunity before us. With the right conversations, and the willingness to work together, we have the potential to achieve solutions that will be of lasting benefit to our communities and the country as a whole.

There will be engagement with iwi and Māori over the coming months, as tangata whenua have a strong interest in this area.

From central government, I have convened a large group of Ministers with a broad range of interests in water infrastructure to lead this work. These Ministers, covering portfolios including Health, Environment, Finance, Housing and Urban Development, Infrastructure, Regional Development, Climate Change, Agriculture, Conservation, and Commerce and Consumer Affairs are all invested in this. Many of the Government's priorities are dependent on a well-functioning three waters system.

I want to emphasise that we are still at the conceptual policy stage.

I want to congratulate Local Government New Zealand for the proactive work it has done to date on the Water 2050 project, and for the constructive part it has taken in promoting this

conversation through the recent Water Summit and in convening its LGNZ three waters reference group.

The discussions and considerations we are having are in tandem, and we must remain engaged and focussed on the big challenges of our time. There is a lot of work still to be done around the country and today I am appealing to the sector as a whole to help us identify and develop options.

### **Closing remarks**

In closing, I have focussed much of this contribution on the work I am leading in the waters infrastructure space. However there is so much more happening with and across the sector. I want to acknowledge that leadership many of you are contributing to key areas with my Ministerial colleagues, the innovation that is really starting to determine the strength and contribution of the local government sector, and the advocacy of both LGNZ, SOLGM and PSA to highlight with myself the issues that are important.

No reira, ehara taku toa he toa takitahi engari he toa takitini. Like you, leading is not an individual pursuit it is a collective endeavour.

Tēnā Koutou Katoa.



## **Potential questions and answers**

### **Q: What are the potential benefits of reforming the three waters system?**

A: The expected benefits, both nationally and locally, are that the quality and reliability of drinking water, wastewater, and stormwater services will improve across the country. In particular, communities should be confident that their drinking water is safe to drink.

Having robust three waters infrastructure and services, which protect public health and the environment, will underpin the sustainability, growth, and prosperity of all our communities.

### **Q: Why is this happening now?**

A: The outbreak of gastroenteritis in Havelock North in August 2016, when more than 5000 people were estimated to have fallen ill, was a catalyst for action. The resulting extensive inquiry identified 51 recommendations to address failings in the delivery, compliance, monitoring, and enforcement of drinking water. At the same time, the Three Waters Review, commissioned by the Government in mid-2017, found similar issues across the drinking water, wastewater and stormwater system.

In May 2018, the Government decided to develop a range of options to reform the three waters system, to respond to the scale of the issues and the potential risk to public health and environmental quality. The Government is working to an ambitious timeframe to identify options to address the many challenges the system is facing, and wants to work with local government to ensure long-term solutions are found.

“The best time to plant a tree is 20 years ago. The second best time is today”.

**Q: How does this work connect with freshwater reforms?**

A: The Three Waters Review project team includes the Ministry for the Environment, which is responsible for the freshwater reforms, so there is an interface for the two programmes of work. The Three Waters Review scope includes how the infrastructure for drinking water, wastewater, and stormwater needs to be governed and managed to help improve the quality of freshwater or marine water.

**Q: How will this Review relate to the local government funding inquiry?**

A: The Funding Inquiry has been asked to ensure its work complements, rather than duplicates, existing work such as the

Three Waters Review. Directors in the Central/Local Government Partnerships Group in the Department of Internal Affairs are leading the Three Waters Review and the Funding Inquiry, and they are responsible for ensuring the two programmes take a complementary approach.

Where appropriate the outcomes of research undertaken in each programme will be shared to complement and expedite the analysis and research process.

**Q: How will communities ensure local interests are reflected in how their water services are delivered?**

A: The Government acknowledges that local communities will want some reassurance around ongoing local input into how their water services are managed and delivered. There are no predetermined solutions. It wants to hear from the local government sector on the options for addressing this.

**Q: If three waters responsibilities change, what might councils focus on instead?**

A: The Government acknowledges there is a legitimate question about the implications for councils if responsibilities for water service delivery change. There could be a range of possible options, and identifying and discussing the options is



part of the conversation the Government wants to have with councils.

**Q: How can councillors and officers provide input into the discussion?**

A: A LGNZ Three Waters reference group has been established as a formal liaison channel with the Three Waters Review team. There are also the existing LGNZ sector and zone meetings and the forthcoming LGNZ conference. The review team also encourages direct feedback at [threewaters@dia.govt.nz](mailto:threewaters@dia.govt.nz).

**Q: What is the timeframe for settling of options?**

A: The work is still at the conceptual policy stage. Ministers are due to report back to Cabinet later this year on high level options. Following any decisions there will be further opportunities for engagement as the detail is worked on.