

Reference: 20220178

30 June 2022

Dear [REDACTED]

Thank you for your Official Information Act request, received on 18 May 2022. You requested the following:

*...all information held by Treasury on the decisions contained in 19 April Cabinet Paper: Strengthening representation, governance and accountability of the new water services entities.*

On 3 June 2022, the Treasury contacted you to clarify your request. We clarified “if you would be comfortable with this request being limited to information created by the Treasury only? As a similar request was placed with the Department of Internal Affairs (DIA)”

On 7 June 2022, you replied stating “As per my original request, it is only information that is held by Treasury that I am requesting. As you have noted, I have made similar requests to other agencies”.

On 16 June 2022, I extended the timeframe for responding to this request by 20 working days to 15 July 2022.

### Information being released

Please find enclosed the following document:

Item	Date	Document Description	Decision
1.	11 March 2022	Email correspondence	Partial release

We propose to release the relevant parts of the document listed in the table above, subject to information being withheld under the following sections of the Official Information Act, as applicable:

- section 9(2)(g)(i) – to maintain the effective conduct of public affairs through the free and frank expression of opinions,
- section 9(2)(k) – to prevent the disclosure of information for improper gain or improper advantage.

We have redacted the direct dial phone numbers of officials under section 9(2)(k) in order to reduce the possibility of staff being exposed to phishing and other scams. This is because information released under the OIA may end up in the public domain, for example, on websites including the Treasury's own website.

**Information publicly available**

The following information is also covered by your request and is publicly available on the DIA website:

Item	Date	Document Description	Website Address
2.	19 April 2022	Proactive release of Cabinet material related to the representation, governance and accountability arrangements of the new water service entities	<a href="http://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme-2022/\$file/Cabinet-Paper-Strengthening-representation-governance-and-accountability-19-April-2022.pdf">www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme-2022/\$file/Cabinet-Paper-Strengthening-representation-governance-and-accountability-19-April-2022.pdf</a>

Accordingly, I have refused your request for the documents listed in the above table under section 18(d) of the Official Information Act:

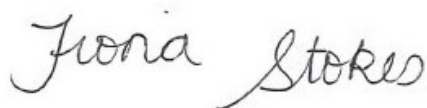
- the information requested is or will soon be publicly available.

Some relevant information has been removed from documents listed in the above table and should continue to be withheld under the Official Information Act, on the grounds described in the documents.

Please note that this letter (with your personal details removed) and enclosed documents may be published on the Treasury website.

This reply addresses the information you requested. You have the right to ask the Ombudsman to investigate and review my decision.

Yours sincerely



Fiona Stokes  
**Acting Manager, National Infrastructure Unit**

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<https://treasury.govt.nz>

**From:** [Morgan Dryburgh \[TSY\]](#)  
**To:** [^Parliament: Laura Berntsen](#)  
**Cc:** [^Parliamentary: Amanda Wilson](#); [^Parliament: Jeff DeJong](#); [David Taylor \[TSY\]](#); [Leilani Frew \[TSY\]](#); [Awhi Fleming \[TSY\]](#); [Michael Lonergan \[TSY\]](#); [Yi Jin \[TSY\]](#); [Alistair Birchall \[TSY\]](#)  
**Subject:** RE: DEV CONSULTATION: Strengthening representation, governance and accountability of the new water services entities  
**Date:** Friday, 18 March 2022 11:32:00 am  
**Attachments:** [image001.png](#)  
[image002.png](#)  
[Material for 21 March meeting of Three Waters Ministers IN CONFIDENCE.msg](#)  
[image003.jpg](#)

Hi Laura,

Please find below, as requested, a completed consultation template for the draft three waters DEV paper. It's worth noting that the version I've made these comments on is the one in the attached that came yesterday morning, as the most recent version (I've had about three versions in the last week).

Morgan

<b>Title of paper</b>	Strengthening representation, governance and accountability of the new water services entities
<b>Minister and agency</b>	Minister of Local Government, Department of Internal Affairs
<b>Description</b>	This paper seeks Cabinet agreement to changes to governance arrangements for the new three waters services entities (WSEs) as a result of recommendations from the Working Group on governance and accountability.
<b>Comments</b>	<ul style="list-style-type: none"> <li>• Overall we are comfortable with the proposed responses to the Group's recommendations but would like to highlight the following recommendations: <ul style="list-style-type: none"> <li>◦ The recommendation that the Regional Representative Group (RRG) has approval rights over strategic elements of a WSE's Statement of Intent</li> <li>◦ The recommendation that the Bill require the RRG to input into the investment prioritisation methodology and framework by requiring consultation between the entity and the RRG, and that councils be enabled to comment on the draft asset management plan as it applies to their district.</li> </ul> </li> <li>• The draft paper has proposed further work on these recommendations occur before they are adopted, which we support. Adopting all these recommendations could represent an increase in influence over the WSE by the RRG, and therefore may impact balance sheet separation. These matters will require careful judgement informed by engagement with Standard and Poor's.</li> </ul>

- It is important to note that the working group’s recommendations that are adopted will be in addition to the changes to the governance and accountability provisions that were made (and incorporated into the exposure draft of the Bill) late last year, such as the removal of the independent selection panel.
- At the time these changes were made in late 2021, we briefed you on the potential for those changes to impact the balance sheet separation of the water entities, and recommended that the changes be tested with S&P prior to the legislation being introduced into Parliament.
- DIA are currently preparing the material to brief S&P on the changes from 2021 as well as the Working Group recommendations, and the draft Cabinet paper notes that feedback is expected from S&P in early May.
- This leaves a very short timeframe between S&P providing the results of their evaluation and the planned introduction of the Bill. This creates the risk that Ministers have limited time to consider any changes from the positions being agreed in this paper if the S&P feedback suggested some may be needed to achieve balance sheet separation.
- The Minister of Local Government intends that public announcements are made around the Government’s response to the Working Group recommendations following Cabinet decisions s9(2)(g)(i)

[Redacted text block]

It is worth noting that the paper also intends to seek Cabinet agreement s9(2)(g)(i) and provide an update on ICT implementation for the WSEs. This content is not complete in the current paper, and will be updated prior to lodgement to reflect recent briefings to the Minister of Local Government and Minister of Finance on these issues.

<b>Consulting Minister’s due date</b>	21 March 2022
<b>Cabinet or Cabinet Committee</b>	DEV on 30 March 2022
<b>Fiscal implications</b>	The financial implications section of this paper is not yet

	complete. We understand the financial implications will reflect the decisions made by Ministers in the Local Government briefing <i>LG202200209 Further Advice on Three Waters Reform Cost Pressures</i> .
<b>Recommended action</b>	Discuss with the Minister of Local Government the timing of announcements on Cabinet's decisions regarding governance arrangements, noting that this will provide you with less flexibility in responding to any feedback from Standard and Poor's.

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**From:** Awhi Fleming [TSY] <Awhi.Fleming@treasury.govt.nz>  
**Sent:** Wednesday, 16 March 2022 12:16 pm  
**To:** Ministerial Services Inbox [TSY] <Ministerial.Services@treasury.govt.nz>; Yi Jin [TSY] <Yi.Jin@treasury.govt.nz>; Michael Lonergan [TSY] <Michael.Lonergan@treasury.govt.nz>; Morgan Dryburgh [TSY] <Morgan.Dryburgh@treasury.govt.nz>  
**Subject:** RE: DEV CONSULTATION: Strengthening representation, governance and accountability of the new water services entities

I think Morgan is leading on responding to this paper.

Awhi

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**From:** Ministerial Services Inbox [TSY] <[Ministerial.Services@treasury.govt.nz](mailto:Ministerial.Services@treasury.govt.nz)>  
**Sent:** Wednesday, 16 March 2022 11:26 am  
**To:** Awhi Fleming [TSY] <[Awhi.Fleming@treasury.govt.nz](mailto:Awhi.Fleming@treasury.govt.nz)>; Yi Jin [TSY] <[Yi.Jin@treasury.govt.nz](mailto:Yi.Jin@treasury.govt.nz)>; Michael Lonergan [TSY] <[Michael.Lonergan@treasury.govt.nz](mailto:Michael.Lonergan@treasury.govt.nz)>  
**Subject:** FW: DEV CONSULTATION: Strengthening representation, governance and accountability of the new water services entities

Good morning,

Attached is a Cabinet Consultation request. Could your team please complete the below feedback template and send it to your secondee in MoF's and also CC all secondees in AMoF's offices (unless there are specific sensitivities doing so) by **18 March 2022**. Please also include the above attached correspondence when sending through your feedback. If it isn't possible to provide feedback before the due date, please let the office know.

**Please email the secondee within 24 hours to let them know if you will be commenting on the paper.** Teams are not expected to provide advice on all papers – only papers where we have advice to offer or want to recommend feedback.

- If Treasury has no comment on a paper, no further action is needed (after informing the office that no advice will be provided).

- If Treasury supports a paper and does not have any comments then just send an email the relevant secondee and cc [Katy.greco-ainslie@parliament.govt.nz](mailto:Katy.greco-ainslie@parliament.govt.nz) “We support this paper and have no comments”.
- If Treasury does have advice, email to the Treasury secondee (and relevant AMoF secondees) using this template - [Template for feedback on papers for Ministerial consultation \(Treasury:4079208v2\)](#). Treasury advice needs to be received by the office in advance of the Minister needing to provide feedback. In general:
  - If the Minister's feedback is due within the week, Treasury advice is due with the office by 4pm the day before
  - If the Minister's feedback is due the following week, Treasury advice is due with the office by midday Friday.

To reach your AMoF secondee there is a DL you can use - @AMoFSecondees. Their offices also receive final briefings by default.

Consultation feedback tables are not requested for APH or LEG papers unless your team identifies a need to flag an issue with the Office.

[If this paper is not for your team, then if you could please advise which team MAS should contact about it, then that would be greatly appreciated.](#)

Kind regards,

Alastair



**Alastair Gilby | Senior Ministerial Advisor | Te Tai Ōhanga – The Treasury**

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