

**POST-CABINET PRESS CONFERENCE: MONDAY, 12 FEBRUARY 2024
HANSARD TRANSCRIPT**

PM: Well, good afternoon, everybody. Hey, listen, I'm pleased to announce that this week we're making significant progress in implementing Local Water Done Well. It's our plan to address New Zealand's longstanding water infrastructure challenges. Local Water Done Well recognises the importance of local decision-making and flexibility for communities and councils to determine how their water services will be delivered in the future. Ensuring water services are financially sustainable and rules for water quality and investment in infrastructure are met are core parts of our approach to ensure that New Zealanders receive high-quality water services at a fair price.

The Government will pass a bill to repeal the previous Government's three-waters legislation by 23 February as part of our 100-day plan. This will restore continued local council ownership and control of water services. I can confirm that the Cabinet has now set out our plan for the next 12 to 18 months to implement Local Water Done Well, through a further two-bill legislative process. The Government will pass a second bill by mid-24, which will establish the framework and transitional arrangements for the new water services system. This bill will set out provisions relating to council service delivery plans, transitional economic regulation, streamlined requirements for establishing council-controlled organisations under the Local Government Act, and it will also support Auckland Council to determine how they wish to create a financially sustainable model for Watercare.

And then a third bill will be introduced in December and be passed by mid-25, and this bill will provide for the long-term replacement water services regime. This bill will set out provisions relating to long-term requirements for financial sustainability, provide for a complete economic regulation regime, a new range of structural and financing tools, including a new type of financially independent council-controlled organisation. And it will also establish regulatory backstop powers to be used when required to ensure effective delivery of financially sustainable or safe water services in addition to making necessary amendments to the water regulators legislation to ensure that that regulatory framework is fit for purpose and workable for drinking water suppliers.

With that, I have Minister Simeon Brown with me, Minister of Local Government. Simeon, have you got a few more remarks?

Hon Simeon Brown: Thank you, Prime Minister. I'm also pleased to announce today that we've appointed a technical advisory group to provide me with assurance on the policy and legislative framework that the Prime Minister has just outlined. The technical advisory group members, who have strong expertise in finance, infrastructure, and local government, will be focused on getting the settings right to enable local councils to appropriately recover costs and access the long-term debt needed to fund the required investments in water infrastructure. With Local Water Done Well, we want to enable councils and communities to determine what works best for them while establishing clear expectations and bottom lines. A range of financing and funding tools will be made available to councils to ensure they can finance themselves appropriately and in a way that suits them and their local communities.

The Government will improve the current council-controlled organisation model and develop new more-fit-for-purpose models such as a new class of financially separate council-controlled organisations. To ensure councils are choosing and implementing service delivery models that are financially sustainable, there'll be stronger central government oversight, including a regulatory backstop and consideration of local proposals. This will ensure councils and council-controlled organisations are investing appropriately, operating efficiently, and passing on a fair price to consumers. I also intend on examining Taumata Arowai to ensure its regulatory role is proportionate and takes into account costs and economic impacts. I recognise that some councils are under considerable financial pressure

due to a range of factors including inflation, supply chain, and labour market costs. Councils' single-largest area of capital spend is transport, which has also seen significant cost increases. The need to fund investment in water services infrastructure is also creating significant cost pressures on council finances and ultimately rates.

It is important to recognise that these are longstanding water infrastructure issues that have been decades in the making and which will take time to address. With Local Water Done Well, we now have a sound plan for the way forward that will enable councils and communities to determine what works best for them while establishing clear expectations and bottom lines. We are a Government that delivers on our promises that we made to the New Zealand public at the last election. The announcements today will ensure we repeal Labour's costly mega water entity reforms and implement our policy of Local Water Done Well. And with that I'll pass back to the Prime Minister.

PM: Well, thank you, Simeon. In other Government business, you will have seen that the finance Minister has announced that the Budget will be delivered on Thursday, 30 May. That is when we will unveil our plans to deliver tax relief to hard-working New Zealanders, rebuild business confidence, and restore the Crown's finances. Our Government, as you know, has inherited an economy in bad shape, and the damage done by Labour's economic mismanagement and fiscal recklessness will take time to undo, but New Zealanders can have confidence that our Government is getting our country back on track.

In terms of my movements this week, tomorrow I'm in Wellington, Wednesday I'm off to Gore attending Southland Field Days. Thursday and Friday, I'm in Auckland. And, with that, happy to take your questions.

Media: Can I just ask about the financing arrangement of these water entities. How does that work, because in the past the debt modelling has sort of been ring-fenced so they can borrow and leverage their own balance sheets instead of drawing down on what the council has. How is what you're going to do—and what's the arrangement there?

Hon Simeon Brown: Yeah, so we'll be requiring councils to put forward their financial sustainable plans. That will require ring-fencing of revenues raised from users for those water entities to borrow against and invest back into water infrastructure.

Media: How is that different than what's been done in the past—you're just moving where the money is stored?

Hon Simeon Brown: Well, no, this is about making sure that money is ring-fenced. So money that consumers pay for their water is going back into investing in that water infrastructure, and then being able to efficiently invest over a long period of time by accessing long-term funding and financing. This is the way to make sure that councils and communities can have that long-term funding and financing of water infrastructure.

Media: Do these entities have the ability to borrow by themselves?

PM: Yes.

Hon Simeon Brown: That is what we will be setting up with the new class of council-controlled organisations—to be able to use those revenues, to be able to access long-term funding and financing so they can invest in the most cost-effective manner to be able to invest in the water infrastructure that New Zealanders need.

Media: It's exactly how the last Government did it. You've just got more steps.

Hon Simeon Brown: No, it's not. This is about ensuring that councils are in control of the process. Rather than a very expensive mega-entity bureaucratic approach proposed and actually mandated on local communities, we'll be allowing communities to put forward their plans and having the tools that they need to be able to deliver that, and it's—

Media: Are you confident those councils are up to the job?

Hon Simeon Brown: Absolutely, and in fact many councils across New Zealand are already having these conversations around setting up their CCO models, and actually are coming to us and saying, "How can we move faster?" So if you look at Hastings, they're very keen to move down this model as quickly as possible.

Media: And the long-term plans—what impact will that have on the long-term plans the councils have been working on, and some of the draft plans are already out?

Hon Simeon Brown: Yeah, so the first—firstly, we're repealing the legislation now. There'll be some transitional provisions in there to support councils around setting of those long-term plans. So they'll have another three months if they need it in terms of setting those long-term plans. The second bill will also include some further provisions around if there needs to be an adjustment to those long-term plans and an easement around the consultation requirements.

Media: Is this actually going to solve the problem? Wellington Water is a council-controlled organisation, right, and look at the state of Wellington's water.

Hon Simeon Brown: Well, it is, and it doesn't have the disciplines of a CCO—requires every year councils to be able to put cash in there. It doesn't have revenue sufficiency or ring-fencing of revenues. So those are things which those kind of organisations need, and that's what Wellington needs here as well. I'm very concerned about the situation in Wellington. That's why I wrote to the councils and that's why this policy is going to make a significant difference. But the mayors and the councils need to work together to deliver it.

Media: And one of the things that mayors ended up getting on board with as part of the three waters reforms was forming those entities so that they had enough power to actually fund. Can the councils under your plan group together?

PM: Yes.

Hon Simeon Brown: That's right. They can group together, and it's up to them to make those groupings work in their regions, rather than the Government coming along and telling them what those groupings should be. That's why so many councils opposed the last Government's three waters plans, and that's why they supported Local Water Done Well, which gives them that control and that ability to set up those organisations.

PM: The idea—you've got to remember up to 34 councils of the 67 in the Councils 4 Local Democracy were actually proposing that model: let us own and be the shareholders of these assets locally. Let us work with our adjacent district councils that are around us to get a right regional solution, and ensure that it's a proper council-controlled organisation that has balance-sheet separation so that they can actually access long-term debt financing and funding. When we can match long-term debt financing and funding to these long-lived assets, that's the way in which we avoid the lumpy capital dumps that have actually been happening—or haven't been happening well enough.

Media: Can you make a guarantee to ratepayers that they're not going to end up paying more rates under your model?

PM: Well, what I can guarantee is that this model is the most efficient way—than creating 10 mega co-governed entities with massive centralised bureaucracy around it and, equally, infinitely better than how it's been managed in the past with the individual councils running those assets. So this is the most efficient way in which we can make sure that we're managing those water assets incredibly well, investing with them consistently, and making sure we're getting good water standards.

Media: Would everyone have to have a water meter?

PM: Sorry?

Media: Would everyone have to have a water meter?

Hon Simeon Brown: Well, ultimately that will be up to those councils when they put those plans together. But, I mean, there's two excellent things that water meters do. Firstly, they identify leaks, which will be quite helpful here in Wellington, and, secondly, they mean that you can measure usage—that means that people pay for what they use rather than the way it's been operating recently.

Media: So do you expect this to encourage the uptake of water levies across the country?

Hon Simeon Brown: Well, ultimately, that'll be part of those plans, but I see a lot of those plans would include implementing water meters, for those two very good reasons.

Media: So is that partly why you can't guarantee that rates won't increase, because, feasibly, some people are going to have to pay more for their water?

Hon Simeon Brown: Well, ultimately, this is about setting up the structure for councils to be able to have long-term funding and financing the ring-fencing of those revenues to pay for that investment, rather than the lumpiness that we currently have—or the lack of lumpiness, which is what some councils are choosing the nice-to-haves over the must-haves.

Media: One of the things that gets mentioned alongside balance sheet separation is the idea that the Government might have to underwrite the organisations. Do you expect that the Government will have to underwrite the organisations to achieve the structure you want?

Hon Simeon Brown: No. Ultimately, this is local government taking responsibility for water infrastructure. Water is a local government responsibility. They are responsible for the pipes in the ground. This is about giving the long-term tools and the policy settings so they can make those investments over a long period of time.

Media: So local government will ultimately be responsible for all the debt that these agencies have if they—

Hon Simeon Brown: Well, if you've got a properly balance sheet - separated CCO, they will be able to take on debt and borrowing separate from the council and ratepayers.

PM: If you think about it today, essentially what happens today is you've got individual councils that have all their water assets mixed in with all their other assets, and on that basis they have a limit to how much debt that they can take on board and that, ultimately, drives a rates increase each year. What we're doing is actually taking out those water assets, local councils coming together in CCO models and actually having balance sheet separation, able to borrow at limits that are greater than what individual councils can do today because they've got ring-fenced water assets, and as a result get long-term debt funding in place, which will actually smooth that out incredibly well. So that's why it's a very efficient model.

Media: I understand the model as described, but I suppose the question was more about: fundamentally, are the councils still, like, ultimately responsible for these CCOs if they don't work out?

Hon Simeon Brown: Well, ultimately, if they set themselves up in the right way with multiple councils being part of it, they will be able to be balance sheet separated to have that long-term funding and financing arrangements in place. Look, there's a range of options around how they do that. This is about setting the policies, and then they're taking responsibility for that investment in the long term.

Media: Isn't the issue what you've done before? You railed against the co-governance aspect of this when you were in Opposition. However, what you're doing now is you're shifting the liability from a council to a group of unelected CCO members who will make the decisions there. How is that any different to what it was before, or am I mistaken in that characterisation?

Hon Simeon Brown: No, ultimately, councils will be responsible for putting forward their plans to have long-term funding and financing and arrangements for that as part of how they

how they want to do it. They own it; they control that process. We are not going to be mandating these mega-entities, co-government entities, onto councils.

Media: For your long-term replacement one, you're anticipating a regulatory backstop. Can you explain how that would work as far as you can see it and in what conditions it would be invoked?

Hon Simeon Brown: Well, there's already regulatory backstops in the Local Government Act in terms of councils, and we envisage there'll be something similar to that in terms of whether or not councils take their responsibilities and put forward those plans as part of these reforms.

Media: What would happen if they didn't?

Hon Simeon Brown: Well, we're envisaging the same type of regulatory backstop as currently exists within the Local Government Act would apply here. We're still working through what those policy options would look like. We're signalling there will be a regulatory backstop in those situations.

Media: So for those of us who don't know the Local Government Act off by heart, I mean, what does that look like?

Hon Simeon Brown: Well, ultimately, those are step-in powers that central government has. We don't want to have to step in, but, ultimately, we want to ensure that all councils across New Zealand have the long-term plans in place. We want them to take that responsibility seriously, and the regulatory backstops ensure that they do that.

PM: Sorry—a big part of it will be making sure that each council has a water services plan, and, essentially, there's two components to that, One is making sure that they're compliant with, obviously, the water regulator in terms of water quality and safety, but the bigger issue is also making sure that they've actually got a financially sustainable plan for regular, consistent investment in water infrastructure, and that has been the bit that has been missing in New Zealand over many decades. And so making sure that they're clear about that and us having confidence to sign off on all of that will be very important.

Media: Councils aren't flush with cash. There'll be setup costs to this, obviously—do you expect the Government will have to pay setup costs for these particular organisations?

Hon Simeon Brown: No. Ultimately, councils will be responsible for setting up these council-controlled organisations. Officials will be available to assist and support that. We'll make sure that there is support and advice from the Department of Internal Affairs as part of that process, but, you know, councils are already having these conversations right now because they want to be able to set up financially sustainable water entities. They've been thinking about this for some time as we developed our policy and as many of them opposed the last Government's policies.

Media: You're saying Government will bear no cost in terms of the setting up of new entities or anything like that?

Hon Simeon Brown: We're not proposing to support councils with cash to be able to do that. Ultimately, they will be responsible for setting up these entities. We'll be providing technical support and expertise through the DIA, but we're not going to be proposing to put lots of taxpayers' money into this.

Media: Where's that money coming from, then? Which council in this country has spare money to be setting up—

Hon Simeon Brown: Well, councils are already having these conversations right now. Councils—

Media: So rates are going up.

Hon Simeon Brown: Councils in the Hawke's Bay are already talking about how they can set up a council-controlled organisation for their region.

Media: So rates are going up.

Hon Simeon Brown: Well, ultimately, there's a range of reasons for that: inflation the last Government left us, cost increases through a range of issues—

Media: But you're also making them set up a water entity, so rates are going up.

Hon Simeon Brown: No. This is what councils across the country said they wanted. This is what they campaigned for. This is what we are delivering so they are in control of investing in their own water infrastructure in New Zealand.

PM: I was in the Hawke's Bay yesterday, and you've got four district councils and one regional council that have come together and said they want to create their own regional council-controlled organisation. The assets stay in local control and ownership, owned by those councils. They're not passed off to some central mega-entity here out of Wellington. And, secondarily, they're actually able to get the balance sheet separation they can by coming together in that way, accessing debt in a higher ratio than they could if they were a council on their own, and, as a result, managing those investments in a consistent way each and every year with long-term debt funding and financing for assets that are going to last 30 to 50 years. So that's the model here.

Hon Simeon Brown: There is also some leftover Better Off funding which we do want to ensure is going into water infrastructure, and we are working with the DIA at this stage to ensure that that money is allocated to water infrastructure, not just other things, which is what the last Government left it for.

Media: So how much money has been spent on three waters?

Hon Simeon Brown: How much has been spent in total? The last Government I think spent over \$1.2 billion and didn't actually get anything in place.

Media: So how much is sunk cost that has completely been wasted? Is it \$1.2 billion?

Hon Simeon Brown: A huge portion of it is sunk cost. There's a small amount that can be—

Media: What's the huge portion—do you have a figure?

Hon Simeon Brown: Around \$1.2 billion. There is some money left in the Better Off funding—

Media: How much?

Hon Simeon Brown: I think about \$150 million left over. The last Government gave that money to councils but didn't require it to be invested in water infrastructure. We're looking at how we reallocate that money to support councils so that money goes into water infrastructure.

Media: On that \$1.2 billion, how much of that is for people who are already on contracts, so are being bought out of those contracts, so they're just getting cash?

Hon Simeon Brown: So there's a range of contractors in place in the National Transition Unit and there were some involved in the IT project that was being set up. There was around \$300 million allocated—sorry, we're going to make around \$340 million of savings through cancelling those two projects.

Media: But how much of that \$1.2 billion which has been spent is going on contracts but, like, to honour contracts which are actually just not going ahead anymore?

Hon Simeon Brown: Well, we are obviously shutting it down as quickly as possible and as cheaply as possible, but we are going to also make significant savings for the Crown through

not continuing with the last Government's mega-entities approach—around \$340 million of savings.

Media: Sorry, to go back to Thomas' point about who's responsible for the debt—Wayne Brown warned that if the Crown doesn't guarantee the debt, rates will double over the next four years. So why is the Crown not going to guarantee the debt?

Hon Simeon Brown: Well, we're working through a range of options with Auckland Council right now. Officials are talking weekly through those options, and we will be sitting down again with the council around what there is. One option the council has put forward is around a guarantee. There are other options which don't include that. We're working through those options quickly with Watercare and with Auckland Council to ensure we get the right outcome for Auckland.

Media: So that still could be a possibility that the Crown guarantees the debt of each of these—

Hon Simeon Brown: No, we're not intending to guarantee debt for the CCOs. We want to have financially sustainable council-control organisations for water delivery across New Zealand. There are a range of ways that can happen. Auckland being a special case because it's such a large council, we need to find a way through that. There are options on the table which we're working through with the mayor and the council at the moment.

Media: Where does this plan leave the water regulator that's already in place?

Hon Simeon Brown: The water regulator Taumata Arowai plays a really important role around making sure that water is healthy and to a high standard. We'll continue to work with them and support their role in New Zealand.

Media: So they're going to be funded—

PM: Yeah, the water regulator continues.

Hon Simeon Brown: We'll continue to ensure that they're funded and supported.

PM: And in addition there'll also be some economic regulation to make sure councils are consistently investing in their infrastructure year in year out.

Media: National was also pretty critical about working groups during its time in Opposition. There's been three already in the time that I can count in the first 100 days. Can you tell me about the thought behind that?

Hon Simeon Brown: Well, when you have technical experts to support the department to ensure that we get the policy here so it's enduring for New Zealanders and for councils and communities. So we've got local government experts, funding and financing experts, who can help provide that expertise. It's very short term—up to 30 June—so that we have that expert advice as we develop the legislation.

Media: That sounds like exactly the same explanation that Labour gave for its working group.

Hon Simeon Brown: It's a small group of expert individuals to provide that support and input. We are saving over \$300 million from cancelling the NTU and the IT project and putting a little bit into ensuring that we have the expertise, advice that we need.

PM: And I just put it to you, the Labour Government showed up without a plan, they had 230 working groups-plus in a very short period of time. We ain't doing that. But what we are doing is where there's good outside challenge and expertise that's going to challenge our system inside and our public servants and is contested advice and actually extra advice that we need, we won't hesitate to have short, sharp surgical sort of interventions like that to get better advice.

Media: How much is the working group costing?

Hon Simeon Brown: Well, they're being paid according to the Cabinet fees framework.

Media: How much?

Hon Simeon Brown: Well, according to the Cabinet fees framework that's how they—

PM: For five months.

Media: Could you just run me through the whole—the Crown not using its balance sheets to back it. It seems like a bit of a no-brainer, because if you're a ratings agency you're going to have more trust in the Government of New Zealand than you would in some regional council, so doesn't it make more sense for the Government to be the ones on the—

PM: No.

Media: Why not?

PM: No, because if you can get a balance sheet separated council-controlled organisation, with multiple district councils there, where they own the assets individually, you'll have a share of that whole entity—it's a hard shareholding not what was proposed in the mega-entities thing, which was a co-opting of all those assets, taken out of their and put into these mega-entities. The rating agencies are very comfortable with that model and as a result that means that that model can go off and borrow 500, 600 percent of its, you know—

Hon Simeon Brown: Revenues.

PM: —revenues to be able to actually get long-term debt funding and financing in place. If you think about a council running at 250 percent, capped—in terms of its debt limit—that enables that balance sheet separation, therefore the access to longer-run debt and as a result that matches up with the life of the asset in a much more consistent way.

Media: And how do you know that the ratings agencies are comfortable with this? Have you already been talking with to the likes of S&P, Moody's—?

PM: Yeah, so, last year you remember we opposed this from the get-go. As I said, district councils have already engaged and had conversations with rating agencies. We're well aware that that model meets their needs as well.

Media: Just on the Taumata Arowai—you said you didn't speak to *[Inaudible]* or something like that. Do you envision going back to the legislation and looking at—I believe the standards are set in legislation; are you going to be looking at those and possibly reducing them?

Hon Simeon Brown: Well, we want to make sure they're taking a proportionate approach to councils and communities based on their size, but at the same time we want to make sure we have high-quality water for New Zealanders.

Media: Does that mean that smaller councils, smaller areas in New Zealand could have lower-quality drinking water?

Hon Simeon Brown: No, no, no. It's about ensuring how they approach their role in terms of regulation. They obviously have a number of years over which those regulations come into force. We want them to take a proportionate approach to how they're doing it. That's also actually in the legislation that that's how they have to work. We want that to be rolled out in a way which is proportionate to those communities.

Media: So not lowering the standards but changing the way that—

Hon Simeon Brown: No, absolutely, we want to see high standards for water quality in New Zealand—it's really important—but we want to see how they roll out that regulation to be done in a way which is proportionate to those communities.

Media: And on a broad level you've heard here, a couple times, both the three waters and the regional fuel tax—and it's not just Wayne Brown is saying that the decisions the

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Government are making today will increase rates. Are you not just shifting the burden from taxpayer to ratepayer?

Hon Simeon Brown: Not at all.

PM: Disagree.

Hon Simeon Brown: What we're doing is we're setting up financially sustainable models to invest in water so they can access that long-term funding and financing over time and spread that cost over time rather than lumping it on ratepayers today.

PM: That has been a consistent theme, and you'll see us talk a lot about that with respect to infrastructure, because when you look around the world and you look at how is infrastructure being built in other countries, accessing long-term debt financing and funding is actually a big part of it. Whether that's done through—you know, there's a number of different tools that are available. We in New Zealand have just carried on doing things like we've already done things since 1975, essentially, and have left things pretty unchanged and that model's broken. And so we actually need to be able to use techniques and tools and funding that exist all around the world in terms of how these things get built and bring that to New Zealand and make sure we're doing the same thing and that's all that we're doing here.

Media: Minister, you talked about your deep concern over the situation in Wellington. Is that concern being allayed in any way in recent days and are you considering step-in provisions or putting a Government observer in so Wellington does fix its water problems?

Hon Simeon Brown: Well, as I said, I am concerned about the situation. I wrote to those two councils asking for that information. I've received it. The department is now reviewing it, and I'll consider it at that time, when I receive it back. I've asked them to provide that back to me as—

Media: OK, and what's the time frame on that?

Hon Simeon Brown: Well, I've asked them to provide it back as quickly as possible, which should be in the next week or two.

Media: Have you considered a Crown monitor?

Hon Simeon Brown: We've made no considerations. What I've said is I wanted to know what they are doing, because it's an incredibly serious situation where you're losing 50 percent of your water through leaks. I've asked for that information, received it, the department is now going to provide advice on it, and then we'll consider it at that time.

Media: At point, then, do you consider a Crown monitor? We've been losing 50 percent of our water to leaks for a couple of months now.

Hon Simeon Brown: Well, look, under the legislation there's very—you know, there are tests that need to be met. But my point here in asking those questions was to ask the councils: are they taking their responsibilities seriously? Now, I have been encouraged by some of the public comments that the mayors have been making since those letters have been written, and now it's about making sure that actions follow the words.

Media: Do you have confidence in Wellington council?

Hon Simeon Brown: I have confidence that the council is taking its responsibilities more seriously.

Media: Just because of your letter?

Hon Simeon Brown: Well, by the public comments that they have made since that letter, they are taking that situation more seriously. But, as I said, I will be receiving some advice in the coming weeks around the information that I have requested.

Media: Minister, \$1.2 billion is a lot of money for taxpayers to see nothing for. Is there nothing that you could have retrieved, say, from the previous scheme?

Hon Simeon Brown: Well, I think that's what you see with a lot of what the last Government did—they spent a lot of money but didn't actually deliver much. The only thing where there may be something retrievable is the IT system, which there may be some interest from other councils. We're working through that process at the moment.

Media: Is the figure of—well, it's quoted at the beginning of all this—I think \$120 billion was quoted at the beginning of the whole three waters thing. Does that still apply? Is that anything like the total cost of all of this?

Hon Simeon Brown: Well, there's a range of estimates around the amount of investment needed, and if you look at the long-term plans—I think the 2021-31 long-term is around \$26 billion of investment needed in water infrastructure over that time. Councils are currently going through their long-term plans again and will be looking at those, but ultimately, as we've announced, this is about providing councils with the tools to have the long-term funding and financing they need to be able to invest in that water infrastructure over time.

Media: Obviously, you've scrapped the co-governance aspect of this plan. How does your plan grapple with the fact that iwi have Treaty-conferred rights in water?

Hon Simeon Brown: So councils will have the responsibility of working with their local community around putting forward those water services plans. We're not going to be mandating co-governance like the last Government, but councils—as they do on many issues—will work with local iwi and their communities around their involvement in those entities.

Media: Do you believe that iwi have the right to have a say over what happens to the water in their region?

Hon Simeon Brown: Well, they have their say. Where there is Treaty settlements, obviously that's really important that they are engaged in that process. Officials have been engaged with entities in the development of this first bill and will continue to be engaged going forward.

Media: If the councils came up with an arrangement that largely resembled the co-governance aspects of the last Government's plan, would you oppose it?

Hon Simeon Brown: Well, ultimately, councils need to put forward a plan which is financially sustainable—that's what we're asking them to do. We've opposed co-governance and mandated mega-entities on those communities. The councils have to go through a process, working with their local communities, to put forward a financially sustainable—we want it to be owned and controlled locally by those communities, by their councils.

Media: What time frame are you expecting for these CCOs to operational, or for voters to be able to see what they would look like—i.e., before the next local body elections—and be able to give them the mandate to do it?

Hon Simeon Brown: So the legislation we'll be passing in the middle of this year will give councils 12 months to put forward their plans. The legislation that we'll be bringing to Parliament later this year—the second, or the third piece, sorry—will include updates around those CCO models which they can then implement following that. In terms of the exact time frames, that depends on how quickly councils want to set up those organisations. Some councils are already—

PM: Ready to go now.

Hon Simeon Brown: —are already ready to go now.

Media: So do you think you're moving fast enough with the legislation, given—

Hon Simeon Brown: Absolutely.

PM: Yeah—I mean, the short answer is, you know—in answer to Amelia's question—there will be an opportunity for the CCO model to be considered as part of local government

elections in September 2025, and I'd just also put it to you that, you know, we're moving pretty quickly here because, actually, the 10 mega - co-governance entities weren't due to take effect, I think, until 2026. So, you know, we're actually—we're not losing time, but we actually have been working, you know, over the last year with councils on the model that they need and that actually delivers the economic benefits. So that gives us a lot more efficiencies than actually putting it into 10 mega, massively bureaucratic entities, but, equally, is infinitely better by virtue of having a balance sheet separation as a CCO model to do long-term debt-funding and financing as well. So, you know, we know the solution. We've been working it out with councils. We believe in localism. We believe those assets should be under the control and ownership of local government. They paid for them over many, many years. They need to own them. And we're making sure that we're actually putting a regulator inside, economically, to make sure they've got consistent investment going on. We've got the other regulator Taumata Arowai making sure the water drinking standards are in place and, obviously, making sure that we're signing off on financially sustainable plans. So, you know, it's a three piece of bill process, as we've talked about, but I think we've got a very good frame that has actually got good buy-in from the councils that will move things forward very well.

Media: Just changing tack—are we all done with water stuff, or—?

PM: Yeah.

Media: There was a poll over the weekend that showed that the ACT Party was up 4.6 percentage points. The poll was taken between 1 and 7 February—obviously around the Waitangi time, the conversation about the Treaty principles bill. Are you worried that given that we've seen such a rise in support for the ACT Party, you're potentially on the wrong side of this when it comes to the wider public sentiment about that bill?

PM: I'm not.

Media: Why not?

PM: Because, I'm not—you know, the reality is there will be polls. There will be lots of polls. You've seen them already—you know, public polls being announced in the last few months as well. And from my point of view, our position's really clear. So I don't plan to keep rehashing the ground that we've covered over the last few weeks.

Media: But it's a pretty substantial rise, 4.6 percentage points. Is it not telling of the fact that there is a constituency out there that is telling your Government that actually what we think the ACT Party is saying is reflecting their views?

PM: No. We've got a coalition agreement, as we've talked about before, where we're going to have an airing of that that issue through a select committee process. We're going to support it to first reading. As I've said, there's no support from our side beyond that from National—from beyond that.

Media: Have you had any conversations with David Seymour about publicly undermining your position? Basically he went on television and told Kiwis they can't believe what you say.

PM: Well, I'll just say we have lots of conversations all the time with all my coalition partner leaders.

Media: Sorry, if another Minister went on television and publicly undermined the Prime Minister in whether or not Kiwis could trust you, you would discipline them, right?

PM: Well, I'm just saying to you we have lots of conversations across the Cabinet and with the other leaders as well. And I can say our relationships are positive. We're in a very constructive frame of mind. We're all very united, very focused on what matters and getting things going. There is a difference of opinion between our respective parties on this issue, and we have a compromise that doesn't meet the needs of both parties, I suspect, but actually is a good way forward.

Media: Did you tell him he's out of line?

PM: Again, not getting into those conversations. We have regular conversations.

Media: Prime Minister, in Opposition, National supported a compulsory lobbyist register and also a ministerial cooldown period. Is that still National's position?

PM: Yeah, look, we want to carry on the work that the previous Government did around the voluntary lobbying code, and Paul Goldsmith will continue to progress that.

Media: But Nicola Willis talked specifically about a compulsory register. Is that something—

PM: Yeah, look, Paul Goldsmith's looking into it. We want to make sure that we've got really clear operating rules around all of that so that the distinctions between lobbyists and commentators and others is actually really clear.

Media: And you still support a ministerial cooldown period?

PM: Yes, personally; yeah, I do. But, again, Paul Goldsmith will pick that up, building on the work of the previous Government and seeing what else we can do to strengthen it.

Media: And does that involve conversations with your coalition partners?

PM: Well, everything will involve conversations as that comes through Cabinet.

Media: Are there indications that perhaps they do not support your direction?

PM: We haven't had those conversations. We're focused on our 100-day plan. We're focused on getting our 49 actions out the door by 8 March. We're making very good progress around that. That's the topic of our conversations daily.

Media: You're comfortable with some lobbyists getting back their swipe card access?

PM: Again, those are decisions for the Speaker.

Media: Prime Minister, over the last few hours, Israel has struck the southern city—Gazan city—of Rafah. Are you now prepared to say that Israel is going too far and acting inappropriately? There's been international calls for Israel to not take this action while there's so many people still in that centre.

PM: Yeah, we, I mean—you know, Palestinian civilians cannot pay the price of, you know, Israel trying to defeat Hamas. There are 1.5 million Palestinians, as you know, sheltering in Rafah at the moment. We are extremely concerned about that. And our preference is that there would be a complete pause of hostilities, as you well know. We want to see a sustainable ceasefire emerge in the Middle East. And for that to happen, there has to be a pause; there has to be humanitarian assistance to get into there. And we are supporting all the efforts of the other parties around in the region, actually, to drive towards that. And, again, our Minister of Foreign Affairs is talking to the Israeli Government to convey that position very clearly. But our concern is they do not proceed with operations in Rafah.

Media: What is that message that he's giving to the Israeli Government?

PM: Again, our position, which is, you know, we do not want them to proceed with operations in Rafah without ensuring the safety and support of civilians there.

Media: Is this going beyond Israel's right to defend itself?

PM: Well, as we've said all along, you know, we want to be able to see a two-State solution emerge. We want to see the Middle East peace process kicked in. We want to see a sustainable ceasefire emerge in the Middle East. For that to happen, it requires both parties to be able to come to the table and to be able to deliver that. But what I'd say to you is Israel has moral and legal obligations to uphold.

Media: And they're not doing that?

PM: Again, you know, it's important that they act within the confines of international law. And I'll just say that any approaches they have need to be very targeted, very precise, with great care around civilians and the impact on civilians.

Media: So what is New Zealand doing about it?

PM: Well, we've been calling—as you've seen, you know, I've had a joint statement with the Australian and Canadian Prime Ministers. We've come through all the UN announcements as well, calling for a sustainable ceasefire, is what we want to see emerge there. For a ceasefire to happen, you need both sides to be able to get to the party and agree they're going to stop actions across the whole of the geography, and actually put themselves into a process to actually discuss a long-term peace solution. Peace is not going to come out of the Middle East through military action; it's going to come out through negotiation and through diplomacy and actually kicking off the two-State solution. So that's where the emphasis needs to go.

Media: And so do we condemn these developments—does New Zealand condemn these developments?

PM: We do not want to see Israel going into Rafah where there's 1.5 million civilians sitting there without making sure that there are really clear steps to support and protect them.

Media: How is Winston Peters expressing that message to—

PM: It's just in conveying our position that we do not want to see Israel proceed with operations in Rafah unless there's great safety for those civilians.

Media: In terms of protecting civilians, two hours ago the Israeli Defence Force announced it had rescued two of the hostages who had been kidnapped by Hamas, but in order to do so it launched an air strike, or an ariel bombardment, which has killed 50 Palestinians so far. Is that protecting civilians enough, how do you—

PM: Again, I'm sorry I'm not up to speed; I've been in other engagements in the last two hours. But, I mean, what I'd say to you is we want to see proportionate, controlled, targeted, precise action from Israel. You know, failure to do so, I think, undermines its long-term security in terms of what it does within the region and causing resentment, clearly, and not getting us any closer to a peaceful diplomatic solution with the Middle East peace process.

So, you know, the reality is both sides need to be able to get round the table and actually find a pathway to a sustainable ceasefire. Israel has huge obligations on it, I think, morally, but also legally, around making sure that it protects civilians and acts well within international law, you know. And, likewise, Hamas has huge responsibilities to release hostages as well. And so both parties need to be able to come together for a sustainable ceasefire to emerge. It's not going to happen through military action; more suffering of innocent civilians is not the way forward. The way forward is actually diplomacy and discussion and dialogue, and actually getting into a peace process.

Media: Prime Minister, you said that you don't want to see Israel go into Rafah. They have launched air strikes there. Do you condemn those actions?

PM: Well, again, we do not support them going into Rafah without actually ensuring there is adequate protection for civilians in that region. And there is 1.5 million people there, and I'd say to you that, actually, that is not our preference—you know, we do not want them going in there and causing hurt and pain and suffering for innocent civilians.

Media: I know, so do you condemn them going in? Because they have.

PM: Well, again, our position, really clearly, is that we do not support Israel opening up operations in Rafah. We don't think that's the right way forward.

Media: Switching conflicts to Ukraine, it's been a couple of months since Winston Peters said "watch this space" for New Zealand's latest offering of support, which he indicated would likely be the hardware, military goods that, you know, New Zealand just isn't going to use. When's that coming?

PM: Look, that'll be coming shortly. We're having discussions about what else we can be doing and offering more support to the Ukrainians. As you know, our position is very strongly held—they're standing up for values that we believe very strongly in: the sovereignty of national borders, the international rule of law, and those are things that we stand up for. And so we are very open to supporting with a bigger package and more of a package—we'll have more to say about that shortly.

Media: Given the things that New Zealand cares about—I mean, how concerned were you by Donald Trump's comments that basically invited Russia to invite an attack on a NATO member?

PM: Again, I'm not going to get into those comments. I can just tell you what New Zealand believes, and what New Zealand believes very strongly is in the rule of law, being a good international citizen, and standing up for Ukraine—and standing with Ukraine.

Media: Does it concern you that United States could become more isolationist and turn away from its, you know, traditional sort of security arrangements?

PM: Well, those are ultimately decisions for the United States. As you know, we have an independent foreign policy. I just put it to you, 195 other countries around the world also have an independent foreign policy, where they are acting in their own respective interests as well. And so we will continue to act in New Zealand's interests.

Media: We have previously supported the United States' return to the Pacific region. If the United States is to become more isolationist, would we then, I guess, grieve its withdrawal from the Pacific?

PM: Well, I mean, I think it's been a good thing to see, you know, US engagement in the Pacific and the Indo-Pacific region. What's been really good is also to see good engagement between the US and China, with President Xi and President Biden meeting more recently. I think a de-escalation of tension in the region is only good for our part of the world. And so it would be our wish and desire to say the US staying engaged in our region would be a good thing. Having said all of that, that's ultimately a decision for the US. For us—and there's a long way to go—but, actually, for us at the moment, what we're focused on is looking after New Zealand's interests.

Media: You've split your 100-day plan in quarters. Does that mean every quarter there's going to be a 100-day plan?

PM: Yeah, look, I mean, we are very much focused on a Government that wants to get things done and to deliver and to be able to get New Zealand back on track, as we've been saying. And for that to happen, we've started off with a 100-day action plan—49 key actions. We will talk about what we're going to do at the end of that, on 8 March, when that comes to an end. I'm actually going to have to call this to a close pretty quickly because I'm actually going off to talk to 48 CEOs of different Government departments and agencies now, to lay up our expectations and clarity around the why, the what, and the how we're planning to work. But, you know, it is very clear that we are going to have, I think, working subsequent quarterly activity plans, as a result.

Media: So you're going to have a 200-day plan and a 300-day plan, or—

PM: Well, it's just the reality is, you know, we have 12 quarters, and we're two-quarters through, and we need to make sure that every quarter actually makes a difference. And we are focused on chunking our big tasks down, as you've seen. We've got a big set of topics today to deal with on three waters, Chris Bishop's spoken to you before about RMA reform,

and we want to make sure that every quarter we are marching and moving the show forward, and that's really important.

Media: Isn't that exactly what the last Government did—you're just packaging it up a different way?

PM: Ah, I don't think the last Government achieved anything. I think the last Government, you know, spent 84 percent more on Government spending, hired 15,000 more public servants, and delivered worse outcomes for New Zealanders. That's not what we're here to do; we're here to ruthlessly get things done.

Media: Is this a special meeting of the CEs?

PM: Yep—it's a meeting that I asked for, something that I wanted to do, because I wanted to bring them all together to actually make sure they understand my expectations of them and also, you know, that we want to work and partner with CEs and make sure that Ministers are giving them maximum clarity about their portfolios. I have asked Ministers to be very clear on their priorities. I'm going through that with each individual Minister at the moment, and then likewise making sure that they are partnering and working well with their CEOs. And I want them to understand why we feel this country needs a turnaround, why we are very focused on, you know, making sure outcomes really matter, making sure that all their resources are actually really tied behind the things that are going to make the biggest difference. And so it's going to be a good session where we get to have some free flow, and I also want them to have an opportunity to be able to ask me questions as well.

Media: At that meeting, will you be handing them the promised Cabinet Office circular around the delivery of services to all New Zealanders, not defined by race or—

PM: Ah, no, this is just me coming together to talk with them so that they have an opportunity to be able to ask me questions that they wish and me to be able to convey to them the intensity and the urgency that we have as a Government to get things done for New Zealanders.

Media: When will that missive be put out to—

PM: Sorry?

Media: When will that be put out to the public agencies?

PM: Oh, look, our priority right now is our 100-day plan, and that's what we're fixated on.

Media: Are you going to go to the Big Gay Out this weekend?

PM: I'm hoping so—yes, yes, yep. Great, awesome team, thanks so much; appreciate it.

Hon Simeon Brown: Thank you.

conclusion of press conference