Hon. Nanaia Mahuta

Minister of Local Government

Parliament Buildings

Wellington

By email to: [n.mahuta@ministers.govt.nz](mailto:n.mahuta@ministers.govt.nz)

15 March 2022

Dear Minister

**Three Waters Reform**

**Civil Contractors New Zealand** (CCNZ) is an industry association representing the interests and aspirations of almost 700 member organisations, including 440 large, medium-sized, and small businesses in civil engineering, construction, and general contracting. Our 260 associate members provide valuable products, support, and services to contractor members. We live and work in all communities across New Zealand

Our members play a vital role in the development of our country, our economy, and our way of life. They build and maintain the roads connecting our cities and towns; they install and care for the water networks that bring fresh water to houses and wastewater to treatment plants; they install the cables that bring the internet to homes and businesses. These are services that a modern and developed economy must have to compete efficiently in world markets and to deliver high living standards for all New Zealanders.

It is on the matter of water networks that I write to you today.

CCNZ has not taken a view on the structure and design of the new entities emerging as part of the Three Waters reform programme; that is a matter for the asset owners. However, we are strongly of the view that the current system of funding the maintenance, replacement, and development of our Three Waters assets is not working. This impacts our health and the environment and creates significant community and business risks including the quality of drinking water, availability of water in dry years, inadequate wastewater treatment, inability to manage more frequent flood events, and an inability to manage the impacts of sea level change.

We support the need for change, and an outcome that results in more efficiency, more transparency and better management.

In designing and implementing the changes, we urge you to remain mindful of two key matters:

* During the change process and transition, we need to ensure that there is continued investment in maintenance and capital works on and underground in order to maintain the specialist capability that currently exists and depends on this market. The volume of work signalled for the next 20 years requires more people and more investment in plant and equipment, so any loss of momentum, during a transition, will create serious resourcing and delivery risks downstream.
* CCNZ and our contractor members want to be involved and engaged in jointly developing procurement processes with the new asset owners and managers to ensure that we have a healthy water construction market that develops our three waters capability and capacity. Through the reforms there is risk of lost knowledge and capability alongside the rewards that may come with better management, and we need to ensure that there is an equitable and consistent distribution of work and opportunity for all contractors, large and small.

My team and I met with the Three Waters Transition Unit last week and shared these matters with them. We further offered to work with the Unit on facilitating engagement with our membership, and on identifying and executing initiatives to attract new workers into the industry along with retaining and developing current workers to ensure that we have the capacity to deliver the substantial programme of work contemplated under the reforms.

We look forward to working with you, the asset owners, and the Transition Unit to ensure an outcome that benefits all parties, and results in better water asset management, funding, and efficient infrastructure delivery.

Kind regards

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Alan Pollard

Chief Executive

[alan@civilcontractors.co.nz](mailto:alan@civilcontractors.co.nz)

Mobile 021 576 109

Cc:

Hon. Grant Robertson, Minister for Infrastructure

Hon. Poto Williams, Minister for Housing and Construction

Hon. Stuart Nash, Minister for Economic and Regional Development

Tony Pike, President, Civil Contractors NZ Inc.