

Reforms Programme Update #4

03 May 2023

This report provides a regular update on the Council's programme of work to navigate the three main reforms of the local government sector (led by central government). This includes Three Waters Reform, Resource Management Reform, and the Future For Local Government Review. This report includes key highlights from the past reporting period (monthly), as well as key areas of focus and milestones for the period ahead.

For more information on each reform:

- [Department of Internal Affairs - 3 Waters Reform](#)
- [Ministry for the Environment - RMA Reform](#)
- [FFLG Review Panel – Review into the Future for Local Government](#)

General Programme Considerations

- **Continued political uncertainty:** There is continued uncertainty related to Central Government policy direction. Foremost, this includes the recent reset of the Three Waters Reform (now referred to as Water Services Reform). A new high-level direction has been provided for the reform, but more information is needed to guide Council planning and transition activities. More information about this reset is outlined in the Water Services Reform section below. Further, general elections are scheduled for 14 October this year, and may yet have implications for reforms.
- **Post-reform organisational planning:** The reforms stand to have substantial impacts on the functions and capacity of councils while also triggering consideration of the longer-term future of the local government sector. Alongside each specific reform, a project has been established to consider post reform design of Council. Post reform planning will by necessity work closely with the three waters transition project and the development of our next Long Term Plan.

Water Services Reform

- **Reset of Three Waters Reform:** As signalled in the last report, Prime Minister Chris Hipkins had tasked the Minister for Local Government Kieran McAnulty to 'reset' the Three Waters Reform. On 13 April the changes were announced. The main changes are outlined below:
 - **Name change:** Three Waters Reform is now known as 'Water Services Reform'.
 - **Ten entities rather than four:** Rather than four water service entities, the new proposal is for 10. Whakatāne District will be in the new Bay of Plenty Entity C, together with Tauranga City Council, Western Bay District Council, Rotorua Lakes Council, Kawerau

District Council and Ōpōtiki District Council. A map of the new entities is attached below.

- Timeframe pushed out: Government has extended the transition timeline. The previous go-live date for the four WSEs will be replaced with a staged implementation for the 10 WSEs. The reset states that some entities will be up and running from early 2025, and transition will be completed no later than 30 June 2026. This means Councils will need to include water services in the initial one to two years of their Long Term Plan.
- New legislation to come: The Government has advised it will introduce new legislation to support the "reset" shortly. This new Bill will be an Amendment Bill (a bill that establishes an addition or alteration to a legislative bill), affecting the Water Service Entities Act (or Bill #1). This will be subject to the Parliamentary timetable and processes and will include the opportunity for public feedback. One important thing to note is that the water services reform changes do not affect the water services legislation that is currently before Parliament (the Water Services Legislation Bill and the Water Services Economic Efficiency and Consumer Protection Bill). The government has stated it intends to have all required legislation enacted before this year's general election.
- There are implications for representation: Every Mayor, or their representative, will now have a seat on their entities Regional Representation Group, which goes some way to improving 'local voice' at the table. All other governance arrangements remain as they were, including the ability to establish Regional Advisory Panels.
- The reset impacts Better Off funding: The second tranche of Better Off Funding will no longer be available. At the time the Better off Funding was announced, it was indicated that Whakatāne District Council would be eligible for \$16.99m in the second tranche. The discontinuation of the second tranche is to help ensure the new water service entities – which are now smaller than through the previous reform model – will not be additionally burdened by needing to provide this funding. The first Better Off Funding tranche is unaffected including Council's successful application for \$5.66m. The projects included in Council's application can be found [on the Councils website](#).
- The 'No Worse Off' funding package continues to be in place: This remains unchanged by the reset. This funding is to support councils through the costs and financial impacts resulting from the reform. Further details regarding what Council costs will be covered with this funding are yet to be finalised.
- WDC transition workstreams continue: Our transition project comprises six key work streams aligned to the NTU transition plan. The latest Project Status Report (April 23, 2023) signals that each transition workstream is on track with all commitments to NTU being met or on schedule. The transition team is assessing reset information as it becomes available, and workstream plans will be adjusted with the revised NTU programme of work, which NTU have advised will be available in the next few months. Our transition team will continue to focus on work currently underway, share further information as we receive it, and focus on supporting staff through this uncertain time.
- Workforce transition continues: WDC has 37 staff with primary roles (more than 50%) supporting or delivering three waters service delivery and a further 46 WDC roles are

partially involved in provision and support of water services. In our previous update we indicated that a NTU-led process is well underway for the primary roles and that a process for the partial roles had also commenced to allow staff to start to consider their employment options and pathways to the Water Services Entities. The current Position Review and Pathway consultation will continue as a foundation of the staff transition. This information will still be needed under the 10-entity model and will inform entity organisation designs. The NTU is aiming to notify staff of the outcome of the pathway review with as little delay as possible.

Future for Local Government Review

- No change since last month: In February 2023 Council provided a submission through to the Review Panel on the draft recommendations report [He mata whāriki, he matawhānui](#). The WDC submission is available [on the Council's website](#). The Review Panel expects to issue final recommendations back to central government in June 2023.

Resource Management Reform

- No change since last month: Last month we reported that Council made submissions to the Environment Select Committee on the development of the Natural and Built Environment Act (NBA) and Spatial Planning Act (SPA) bills. Council continues to await the next stages of reform including finalisation of the legislation, and visibility on a transition plan. The WDC submissions to this reform can be found [on the Council's website](#).
- First tranche regions to lead transition: To get implementation underway, central government will support up to three 'first tranche' regions to establish their regional planning committees and then develop their first regional spatial strategies and natural and built environment plans, to provide insights and learnings to the regions that follow. A scoping exercise will be undertaken in April-June 2023 as a step towards selecting the trial regions. At this stage it is not known if Bay of Plenty will be a trial region.

This map shows the 10 public water entities in the Government's new water reform plan:

