

Reforms Programme Update #8

06 September 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 Water Services Reform (formerly Three Waters Reform), Resource Management Reform, and the Future For Local Government Review. This report includes key highlights from the past reporting period (monthly) and key areas of focus for the period ahead.

For more information on each reform:

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

Water Services Reform

- Water services reform legislation passes final reading in parliament, but uncertainty remains: On Wednesday 23 August, parliament passed the remaining pieces of legislation required to give effect to the Government's reform of New Zealand's drinking water, wastewater and stormwater services. This includes the Water Services Legislation Bill - setting out the duties, functions and powers of the (now 10 rather than 4) new entities. It also includes the Water Services Economic Efficiency and Consumer Protection Bill - setting up sets up an economic regulation regime overseen by the Commerce Commission acting as a watchdog over service quality and efficiency, and sets out mandatory information disclosures. The two bills follow the passage of the Water Services Entities Amendment Act in the previous week, which put in place legislation for the reset of three waters reform - including a shift from four subnational entities to 10 region based entities. Although all the legislation has now passed to give effect to the government's water services reform, uncertainty remains with three waters reform given the timing of the general election.
- Draft establishment dates released for Water Services Entities: Alongside progress on the above legislation, the National Transition Unit (NTU) recently released their draft implementation schedule for the staggered stand-up of the 10 Water Services Entities, beginning 1 July 2024 and concluding 1 July 2026. With Auckland and Northland's Entity A (Wai Tamaki ki Te Hiku) having a 1 July 2024 establishment date already written into legislation, the NTU's draft implementation schedule focuses on the remaining 9 entities. Our entity, Entity C, has a proposed go-live date of 1 October 2025. Entity C is roughly the area covering the Bay of Plenty region - encompassing Tauranga City Council, Western Bay District Council, Rotorua Lakes Council, Kawerau District Council and Ōpōtiki District Council. The NTU will be consulting with councils and iwi after the general election about this proposed timeline.

- Extension of Transition Support Funding: NTU have confirmed an extension of transition support funding through to 31st December 2024. The contract variation to secure the funding of \$290,000 is being finalised. The first instalment will be invoiced to Department of Internal Affairs in October.
- Entity C Due Diligence Workshop: A workshop will be held in Whakatāne on September 19th for General Managers and Operational Managers to review both individual council and accumulated Entity C work stream information, including assets, impacted staff and finances.
- Much of the WDC transition project is on a watching brief for the moment: Our transition project comprises six key work streams aligned to the NTU transition plan. As was reported last month, much of our transition project continues to be in a holding pattern until we have more certainty about the reforms following the general election in October this year. As part of the transition project Council continues to have a dedicated programme underway to support staff who have roles involving three waters service delivery. 'People and work force' activity is ongoing although noting also the impact of lack of clarity at this time. We acknowledge this provides uncertainty for staff and project communication, including distribution of the monthly newsletter now provided by NTU, will continue to share information when made available.

Resource Management Reform

- New resource management legislation passes into law: On Wednesday 23 August, The Natural and Built Environment Act and the Spatial Planning Act were passed into law. The new legislation creates a resource management (RM) system that aims to deliver better outcomes for the environment, people and the economy. The new system will protect and restore the environment while enabling development within environmental limits. More the Ministry for the Environment provide a [summary of the new system](#). As with three waters reform, although the legislation has now passed, some uncertainty remains with resource management reform given the timing of the general election.
- Some provisions take immediate effect, and others will take longer: The new RM system will be phased in over time. Some [changes will take effect immediately](#) with others taking a longer transition timeframe (of up to ten years) and occurring sequentially region-by-region. Regions will transition over at different times and until a region has both a new 'spatial plan' and 'natural and built environment plan' in place, much of the RMA and existing processes such as consenting and designations will continue to apply. Some regions will be ready to implement the new system earlier than others. The Government will support and work closely with the first regions to establish their news systems and plans and then also look at how it can appropriately support the regions that follow.
- We continue to await the Climate Adaptation Act: *[no change from previous update]* The third major component of Resource Management reform – the development of a Climate Adaptation Act (CAA) to address complex issues associated with managed retreat, funding and financing adaptation – continues to be progressed behind the Natural and Built Environment Bill and Spatial Planning Bill. As reported last month we continue to await a draft Bill.

Future for Local Government Review

- Final recommendations now available: *[no change from previous update]* The Future For Local Government 'review' has now concluded with the final recommendations report "He piki tūranga, he piki kotuku" released on 20 June 2023. A summary of the key recommendations can be found here - [Tompkins | Wake, Insights, Future for Local Government Final Report](#) and the full 'Final Recommendations Report' can be found here - [He piki tūranga, he piki kōtuku](#). As a next step, central government needs to decide if and when to pick up the recommendations and translate these through to reform. Any significant decisions are very unlikely to happen before the general election later this year.

Post Reform Organisational Design

- Post-reform planning for organisational design: *[no change from previous update]* 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 Council's response to each specific reform, a project has been established to consider post-reform design of the organisation. This project is at the early stages currently working with the Council Chief Executive to scope project plan options and timing. This project will also need to remain agile to the respective direction and pathway of each reform programme, noting the current uncertainty.