

Reforms Programme Update #1

01 February 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 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

- Awaiting implications following a change of Prime Minister: Under the new Prime Minister, the Right-Honourable Chris Hipkins, a labour cabinet reshuffle was announced on 31 Jan 2023. Of note we have a new Minister of Local Government (leading three waters reform and the FFLG review) while the Minister for the Environment (leading resource management reform) remains unchanged. We await how changes may impact the reforms.
- Our Long Term Plan project has commenced and will need to consider the future - post reform: 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 including specifically of Whakatāne District Council. The development of the Council's next Long Term Plan will need to consider these questions as it sets the council's strategic direction and priorities, levels of service and budgets for the coming ten year period (2024-34). Council has commenced the project to develop its next Long Term Plan and sector guidance is to exclude three waters.
- A dedicated reforms programme structure is in place: Given intensity of the three waters transition work programme - a more dedicated structure was established late in 2022 with dedicated project workstreams, workstream leads and reporting through to the Three Waters Programme Steering Group (PSG). The Reforms Steering Group (RSG) remains in place to consider connections/implications across the broader reforms programme (e.g. including also RM reform and FFLG) and manage reporting to ELT and Council. The RSG now meets monthly rather than fortnightly. A new reporting framework commences from 2023.

Three Waters Reform

- Three Waters Reform Legislation: The Water Services Entities Bill was enacted in December 2022. Two further bills were introduced the following day, Water Services Legislation Bill (previously known as Bill #2) and the Water Services Economic Efficiency and Consumer Protection Bill. Submissions to both bills are currently open, with public submissions closing on 12th February and for local authorities closing on 17th February. WDC continues to provide a local perspective to the reforms and influence the direction where we can. WDC submissions for both bills are being compiled at the time of writing this update. Council also continues to follow Communities 4 Local Democracy (C4LD) to understand and consider alternative options for three waters reform – the [C4LD January 2023 update](#) is now available.
- Vaughan Payne appointed as establishment CE of entity B: Establishment chief executives were appointed in January 2023 to three of the four water service entities. This included Vaughan Payne appointed to the role for entity B. The new CEs will lead the Water Services Entities when they begin operating on 1 July 2024 and in the meantime will support the transition programme lead by the National Transition Unit. The [NTU update](#) provides further details about the appointments.
- WDC transition workstreams: Our transition programme comprises five key work streams aligned to the NTU transition plan. The latest programme report signals that the transition activities are on track with all commitments to NTU being met or on schedule. The transition programme continues to draw resourcing from the organisation (people and funding). Identified programme risks includes continued resourcing, and programme visibility (both discussed below).
- More visibility for the transition programme: An integrated transition programme has recently been released (Dec 2022) by the National Transition Unit (NTU). This is a step in the right direction providing greater visibility and coordination of the transition process through to June 2024. This will help to support council participation and importantly collaboration amongst councils given each needs to resource their participation. WDC is currently working in collaboration with Tauranga City Council until mid-2023 and will need to consider how best to resource participation in addition to and beyond this arrangement.
- Transition resourcing will need to be considered: In mid-2022 WDC received an allocation of \$580,000 funding to help support the cost of three waters transition activities. This funding is released in stages and WDC have recently received the second instalment. The project is currently running to budget, an update of which will be provided to Council later this month. A second tranche of transition support funding has been confirmed, although details on allocation for councils is yet to be advised by NTU.
- Supporting workforce transition: WDC has 36 staff directly working in three waters and a further two roles indirectly. Programme work streams are in place for both ‘change management’ and for ‘people and workforce’ transition. Councils’ intranet has been updated to provide information through to staff, and staff are being supported to connect to the government’s online interface platform “Staffroom”. This provides the gateway and forum for existing staff members throughout the duration of their transition process from Council to their respective

Water Services Entity. Further work is underway to support staff that are partially involved in provision and support of water services.

- Better Off Funding: The WDC application for \$5.66m of 'better off funding' and this was granted by DIA on 1 December 2022. This provides an exciting opportunity to deliver projects for our communities that would otherwise not have been possible or might have needed greater funding from rates. The focus now moves to the planning and delivery of the shortlisted projects. A number of substitute projects were also identified in our application in case any of the preferred projects are not able to proceed – any need to activate this contingency would be brought to council for consideration. A programme manager is in place to coordinate the reporting and funding interface with DIA and support project managers to commence projects. The projects receiving better off funding can be found on the Councils website [on the Councils website](#).

Future for Local Government Review

- Draft FFLG recommendations open for feedback: The draft recommendations report [He mata whāriki, he matawhānui](#) was released in November 2022. Submissions are due by 28 Feb 2023 with the final recommendations expected to be issued to Government in June 2023. The Panel leading the review have been conducting an engagement programme with opportunities targeting local government sector, Iwi, and the general public over the period Dec 2022-Feb 2023. A WDC submission is under development at the time of writing this update.

Resource Management Reform

- New resource management legislation enters parliament: The Natural and Built Environment Act (NBA) and Spatial Planning Act (SPA) bills entered parliament on 14 November 2022 as the draft replacement legislation for the existing Resource Management Act. Submissions to the Environment Select Committee have been invited with a closing date of 5 Feb. This has presented a challenging timeframe with a short feedback window also overlapping the Christmas period. A WDC submission is under development at the time of drafting this update with delegation to the Mayor and CE to approve the submission ahead of the closing date. WDC has also contributed to a region wide submission from bay of plenty local government entities being coordinated by the regional council.