



29 JAN 2025

COR1368 and COR1408

Dr Victor Luca
Mayor Whakatāne District Council
Victor.Luca@whakatane.govt.nz

Dear Dr Luca,

Thank you for your letter of 11 December 2024 to Hon Simeon Brown regarding the water services regulatory landscape and your further letter of 24 December 2024 providing an update on the progress your council has made on its Water Services Delivery Plan. I am responding to both letters as the newly appointed Minister of Local Government.

Changes to the water quality standards and achieving financial sustainability

I appreciate the detailed insights you shared in both of your letters and your commitment to ensuring affordable, effective, and scientifically sound water services for your district.

As you will be aware, the Local Government (Water Services) Bill (the Bill) was introduced to Parliament and had its first reading in December 2024. The Bill covers the enduring settings for water services under Local Water Done Well, setting out key details relating to the water services delivery system, the economic regulation and consumer protection regime for water services, and changes to the water quality regulatory framework.

The Finance and Expenditure Select Committee is currently accepting submissions on the Bill and has set a closing date of Sunday 23 February 2025. I encourage you to engage in the select committee process to ensure your perspectives and concerns are considered.

I share your concerns with the cost burden communities face to meet regulatory requirements. As such, key provisions in the Bill aim to address affordability challenges and reduce the compliance burden for councils, while maintaining robust regulatory standards. These include:

- *Drinking water quality regulation:* The Bill includes a range of changes to the drinking water quality regulatory framework aimed at reducing the cost and compliance burden for drinking water suppliers under the Water Services Act 2021. These changes focus on improving the efficiency and effectiveness of the drinking water regulatory regime and the approach taken by the Water Services Authority – Taumata Arowai (the Authority) to regulating the regime.

These policy changes reflect Hon Simeon Brown's letter of expectations to the Authority's Board (September 2024). The letter is available on the Authority's website: www.taumataarowai.govt.nz/assets/Our-strategy-and-performance/Water-Services-Authority-Letter-of-Expectations.pdf.

- *Wastewater and stormwater environmental performance standards:* The Bill amends the Water Services Act 2021 and the Resource Management Act 1991 to provide for a single standard for wastewater and stormwater environmental performance. Regional councils will be required to implement the new single standard approach in resource consents

and will not be able to exceed the standard in consenting conditions, apart from on an 'exceptions' basis.

The Authority is currently developing the wastewater standards in line with the process set out in the Bill and will release a discussion document (and Regulatory Impact Statement) to seek feedback on the proposed wastewater standards early this year.

Further information about the changes proposed by the Bill is available on the Department of Internal Affairs (the Department) website, including factsheets providing further detail on the above areas: <https://www.dia.govt.nz/Water-Services-Policy-Future-Delivery-System>.

Specifically, the factsheet *Wastewater and stormwater environmental performance standards* provides information about work underway to develop the standards, and guidance for councils about the implications of the new standards for their Water Services Delivery Plans (Plans).

I appreciate this information is important for councils to understand how potential cost savings can be factored into the development of their Plans. The factsheet sets out key areas where cost savings are likely to be achieved and provides some hypothetical case studies, provided by the Authority, to help inform councils' considerations. The Department has also published the policy briefings to support the development of the Bill. The briefings are available here: <https://www.dia.govt.nz/Proactive-Releases#LG>

Request for assistance in facilitating discussions at a regional level

I am pleased to read you are actively exploring opportunities with Tauranga City Council and Western Bay of Plenty District Council to form a joint council-controlled organisation. I understand from Department officials that a request was made to the Department through the Bay of Plenty Chief Executives forum to support financial modelling for a regional delivery model. I have been advised that initial modelling by the Department shows a joint model would be financially sustainable and offer considerable benefits to participating councils.

I have directed Department officials to support you by gaining a better understanding of the challenges your council faces, and to facilitate progress on joint arrangements with other councils. Their engagement will include consideration of whether a Crown Facilitator is required to help your council, and potentially others, explore joint arrangements.

We are aligned in our desire to accelerate the consideration of regional water services delivery, and for your community to benefit from the Government's Local Water Done Well policy.

Thank you again for writing.

Yours sincerely,

A handwritten signature in blue ink, appearing to be 'Simon Watts', with a long horizontal flourish extending to the right.

Hon Simon Watts
Minister of Local Government