

Reforms Programme Update #5

05 June 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) and key areas of focus for the period ahead.

For more information on each reform:

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

General Programme Considerations

- Continued uncertainty related to central government policy direction: The recent reset of the Water Services Reform (previously 'Three Waters Reform') has set out a new high-level direction but more information is needed to guide Council planning and transition activities. Adding to uncertainty, general elections are scheduled for 14 October this year, and may yet have implications for each of the reforms. Key areas impacted are our three waters work programmes, the Three Waters Reform transition project, and the development of Council's next LTP. Much of this work cannot be delayed and by necessity continues to progress based on the latest information. We continue to assess the central government policy context and will need to be agile as further clarity is provided and/or in the instance of more fundamental shift in central policy.
- Post-reform planning for organisational design: 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 and is currently scoping project plan options and timing with respect to the timing of Council's LTP and the Three Water Reform projects. Post reform planning will by necessity work closely with the three waters transition project and will also need to consider other reforms and significant influences on the future roles, responsibilities and functions of local government. The Future for Local Government Review may provide some insight but is not likely to be at a stage to guide the post reform planning in line with the timeframes for Water Services Reform.

Water Services Reform

- Reset of Three Waters Reform: In our last monthly update (Update #4, May 2023) we noted that the reset of the Three Waters Reform had been announced and we summarised the main changes

included in that announcement. Alongside the name change to “Water Services Reform” some of the key changes include – 10 entities rather than four; timeframes pushed out a further two years; changes to representation settings; and removal of Better Off Funding tranche two. This [DIA Water Services Reform Factsheet](#) provides an overview of the changes.

- New legislation being progressed: The Government will need to introduce new legislation to support the "reset". This will come as an Amendment Bill (Bill#4) to update the Water Services Entities Act (Bill #1) and is expected to have the first reading on 28 June. The timing to complete the legislative process for Amendment Bill #4 will likely mean reduced time for the submission process. One important thing to note is that the water services reform changes do not affect the water services legislation that is currently before Parliament (ie. Bill#2 - the Water Services Legislation Bill, and Bill#3 - the Water Services Economic Efficiency and Consumer Protection Bill). The Government has stated it will have all required water services reform legislation enacted before the end of August when the house rises ahead of the general election.
- WDC transition workstreams: Our transition project comprises six key work streams aligned to the NTU transition plan. The latest Project Status Report (May 23, 2023) signals that each transition workstream is on track with all commitments to NTU being met or on schedule – but noting that more information and certainty is needed following the reset of Three Waters Reform. 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 has advised will be available in the next few months.
- WDC transition resourcing: With a change in the transition timeline there is pressure on staff to focus back on other (non-transition) workload and projects. This is currently being considered with a view to ensuring continuity to both Council business and the transition project. In terms of finances, the latest Project Status Report (May 23, 2023) indicates underspend compared to budget. It has been confirmed that any unspent tranche 1 transition funding at 30 June 2023 can be carried forward into the next year. Tranche 2 is expected soon (mid-year) alongside new legislation and revised NTU approach.
- Supporting staff through this uncertain time is a key focus: 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. Prior to the reset an NTU-led process was well underway for all impacted staff (primary and partial staff) to confirm their pathway through to the Water Services Entity. It is important to note that this process did not include confirmations of positions, it was a consultative process to confirm which staff had a legislated job guarantee and who did not. The Position Review and Pathway consultation process will continue as a foundation of the staff transition. This information will still be needed under the new 10-entity model and will help inform entity organisation designs. The NTU is aiming to notify staff of the outcome of the pathway review between July – September 2023.

Future for Local Government Review

- Final recommendations due very soon: The Review Panel expects to publicly release the final recommendations report from 21 June 2023. In February 2023 Council provided a submission

through to the Review Panel on the draft recommendations report [He mata whāriki, he matawhānui](#). This followed an earlier submission to the interim report for the review 'Ārewa ake te Kaupapa'. The WDC submissions are available [on the Council's website](#). The final recommendations will likely present some interesting thinking around future local government system design. This said, the review process is still at the independent inquiry stage and will take time to progress through to reform. As such, the sector will largely be left to its own process for organisational redesign resulting from three waters.

Resource Management Reform

- New legislation - No change since last month: Council has made submissions to the Environment Select Committee on the development of the Natural and Built Environment Act (NBA) and Spatial Planning Act (SPA) bills. At this stage Council continues to await the next stages of reform including finalisation of the legislation in parliament, 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. Potential regions being considered are Taranaki, Hawke's Bay and Tairāwhiti in the North Island and MfE is also keen for South Island regions to participate.