

Reforms Programme Update #6

04 July 2023

This report 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](#)

Water Services Reform

- Reset of Three Waters Reform announced earlier this year: [no change from previous update] By way of reminder, earlier this year a reset of the Three Waters Reform was announced. 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 (but with some regions to be progressed sooner than others); changes to representation settings; and removal of Better Off Funding tranche two. This [DIA Water Services Reform Factsheet](#) provides an overview of the changes.
- Submissions open on the amendment bill to the Water Service Entities Act: The Government has introduced new legislation to support the "reset" in the form of the Water Services Entities Amendment Bill (Bill#4) that will update the Water Services Entities Act (Bill #1). The Amendment Bill is tracking through parliament with urgency and therefore with a much tighter timeframe for Council to analyse and assess information and make submissions. At the time of drafting this ‘reforms programme update’ Bill 4 is open for consultation. Council staff are analysing the Bill and drafting a submission with urgency to the 5 July closing date. As noted in the previous update, the water services reform changes do not affect the water services legislation that is currently before Parliament (i.e.. Bill#2 - the Water Services Legislation Bill, and Bill#3 - the Water Services Economic Efficiency and Consumer Protection Bill). The Government has stated it intends to have all required water services reform legislation enacted before the end of August when the house rises ahead of the general election.
- Whakatāne District to be part of Entity C - arrangements being explored: Following the reset of the Three Waters Reform, Whakatāne District will be part of the new water service entity C. This is roughly the area covering the Bay of Plenty region also encompassing Tauranga City Council, Western Bay District Council, Rotorua Lakes Council, Kawerau District Council and Ōpōtiki District Council. Behind the scenes work is underway to look at the arrangements for entity C including exploring the potential for larger scale alongside neighbouring entities.
- WDC transition project has slowed as we await certainty following the reset: Our transition project comprises six key work streams aligned to the NTU transition plan. The latest Project Status Report

(June, 29, 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 Water Services Reform. The transition team attended an NTU roadshow on 30 June which introduced a high-level, generic transition programme (12-15 month “runway”) to be followed for each entity establishment, and initiated discussions about entity sequencing. As we await further detailed transition information, staff that were seconded to the transition work have moved back to their other (non-transition) roles, workload and projects. In terms of finances, the latest Project Status Report 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. An announcement regarding Tranche 2 transition support funding is expected soon.

- Supporting staff through this uncertain time is a key focus: [no change from previous update] 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.

Resource Management Reform

- New legislation - a big step closer: The Natural and Built Environment Bill and Spatial Planning Bill were reported back to the House from the Environment Select Committee on 27 June 2023. The Environment Committee has recommended by majority that they both be passed. Council has made submissions to the Environment Select Committee on the development of both these bills, WDC submissions to this reform can be found [on the Council's website](#). With the publication of these reports, the final readings and debates will take place in parliament with the intention for royal ascent (passing the draft bill into law) before the general election.
 - A brief overview of the Environment Committee Reports from Environment Minister David Parker can be found here - [Resource Management reform report-back makes useful changes](#)
 - The Natural and Built Environment Bill and the final select committee report can be found here – [Natural and Built Environment Bill on NZ Parliament website](#)
 - The Spatial Planning Bill and the final select committee report can be found here – [Spatial Planning on NZ Parliament website](#)
- First tranche regions to lead transition: [no change from previous update] Implementation will commence with three 'first tranche' regions. These will be supported by CG 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 with MfE also exploring South Island regions to participate.

Future for Local Government Review

- Final recommendations now available: The final recommendations report “He piki tūranga, he piki kotuku” for the Future For Local Government review was released on 20 June 2023. The final report follows on from the earlier draft report (Oct 2022) and the interim report - Sep 2021, to which the Whakatāne District Council provided substantial submissions, these are available [on the Council's website](#). The report puts forward some very transformative recommendations for the future of the local government in New Zealand, including a number that address the concerns we raised in our submissions. Amongst the recommendations, many will be interested in the two models put forward for local government reorganisation.
 - A summary of the key recommendations can be found here - [Tompkins | Wake, Insights, Future for Local Government Final Report](#)
 - The full ‘Final Recommendations Report’ can be found here - [He piki tūranga, he piki kōtuku](#)
- Next steps for the Future for Local Government Review: The FFLG review stage has now concluded with the findings and recommendations handed back to Central Government. As a next step Central Government needs to decide if and when to pick up the recommendations and translate these through to reform. This decision is very unlikely to happen before the general election later this year. This said, the report sets out a critical pathway with next steps which includes setting up of a steering group in advance of the upcoming general election. The recommendation is that this steering group should be chaired by an LG representative, would serve to provide a governance role through the duration of the reform programme, and would advise the incoming government following the 2023 General Election. Again, Central Government would first need to decide to implement this recommendation.

Post Reform Organisational Design

- 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. In the previous reforms update (June 2023) we noted that an organisational design project is at the early stages, currently working with the Council Chief Executive to scope project plan options and timing with respect to the timing of Council’s LTP and the Three Water Reform project. Further, the recently released final recommendations from the ‘Future For Local Government’ review is suggesting system wide reorganisation for local government within a 3-5 year window. If/when Central Government picks up these recommendations and translates them through to reform, there will be significant implications for future organisational design planning with broader implications beyond WDC.