

Reforms Programme Update #2

01 March 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

- Labour party changes may impact the reforms: 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 to see if/how changes within the labour party and policy agenda may impact the reforms. The Prime Minister announced in February 2023 that he has asked Cabinet to review the current Three Waters reform model, and we expect to hear the outcome of this review in the coming weeks.
- Our Long Term Plan project has commenced and will need to plan for the future - post reform: Council has commenced the project to develop its next Long Term Plan covering the period 2024-34. 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. 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 and for some matters out to 30-50 years.
- National Party policy position on three waters: The National Party have recently released their policy position on three waters. While the detail is light, the indication is for repealing the three waters reform and retaining Council led delivery. Should this approach eventuate it will raise implications and risks for councils who will by the time of elections, be even further committed to the reform transition process and also be a substantial way through the development of the Long Term Plan. In accordance with legislation, the next council long Term Plan will be developed on the assumption of not delivering three waters.

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. Council made submissions to both of these processes by the closing date of 17th February. Council's submissions can be found [on Council's website](#).
- New water service entities (WSE's) being established: The four new subnational water service entities are being established. Whakatāne District is proposed to be part of 'Entity B', which takes in 22 local authorities from south of Auckland, Waikato, Bay of Plenty, Taranaki and Whanganui. Establishment Chief Executives were appointed in January 2023, with [Vaughan Payne appointed to the role for Entity B](#). The new CEs will support the National Transition Unit in establishing the entities, and will lead entities when they begin operating on 1 July 2024. The appointment process for the Establishment WSE Boards is underway with the aim that these are in place by the end of March. Ratification of the staff transition guidelines is expected in March 2023, and ratification of the detailed water services entities organisational design is expected by June 2023.
- More visibility for the transition programme: An integrated transition programme was released by the National Transition Unit (NTU) just before Christmas 2022. This has helped provide greater visibility and coordination of the transition process through to June 2024, although there is a lot of detail still to be advised. 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. The WDC programme is also looking to explore opportunities for resource sharing with Ōpōtiki and Kawerau.
- WDC transition workstreams: Our transition project comprises five key work streams aligned to the NTU transition plan. The latest project status report (issued monthly) signals that the transition activities are on track with all commitments to NTU being met or on schedule. The data and digital transition workstream is expected to become busier in the near future with data migration for asset and customer data. Overall the transition programme continues to draw resourcing from the organisation (people and funding). In mid-2022 WDC received an allocation of \$580,000 funding to help support the cost of three waters transition activities. A second tranche of transition support funding to support transition from July 2023 has been confirmed, although details on allocation for councils is yet to be advised by NTU.
- Supporting workforce transition: Project work streams are in place for both 'change management' and for 'people and workforce' transition. WDC has 37 staff with primary roles supporting or delivering three waters service delivery. At the time of writing, most staff are now connected to the government's online interface platform "The Staff Room". This platform 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 also underway that will support staff that are partially involved in provision and support of water services.

- Better Off Funding awarded to Council: The Council's application for \$5.66m of 'better off funding' 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](#).
- We await assurance before planning for the next round of Better Off Funding: A second tranche of better off funding could see a further \$16.99m allocated to Whakatāne District with the application round signalled to open mid-2024. This timeframe is after the coming general election scheduled for October 2023 and the funding availability may be subject to changing political priorities. Council is hesitant to commence planning for this funding until further assurance is able to be provided that the funding will in fact be available.

Future for Local Government Review

- Submission made to the Future For Local Government (FFLG) draft recommendations: The draft recommendations report [He mata whāriki, he matawhānui](#) was released in November 2022. This report forms the second report in the Future For Local Government review commissioned by DIA. 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. Council supported this process with local promotion of the engagement opportunities. Council also formulated a submission and provided this through to the review - this will also be made available [on the Council's website](#). The Panel expect to issue the final recommendations back to central government by June 2023.

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 were 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 was able to be developed and submitted Council now awaits the next stages of reform including finalisation of the legislation and visibility on a transition plan. Council's feedback and submissions to this reform can be found [on the Council's website](#).