



7 March 2022

Rangitikei District Council Chief Executive

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Tēnā koe,

This letter is to thank you for your council's feedback on the Three Waters Reform proposals and update you where feedback has resulted in changes to the Government's proposals.

In October 2021, the Department, LGNZ and Taituarā published a detailed summary of the feedback received during the eight-week engagement period. This feedback has been valuable and continues to influence the shape of the three waters reform. The detailed summary is available alongside all council submissions on the Department's website here: [Council feedback submissions](#)

As you will be aware, following the October feedback there have been some significant changes to the reform process and proposals. We can now provide further detail on some of the areas that have been influenced by council feedback.

Refinements to the Representation, Governance and Accountability proposals

The largest area of feedback related to the representation, governance and accountability of the new entities. In response to feedback received through last year's eight-week period, the Government made a number of changes to the original proposal. In summary, these are:

- greater flexibility for each regional representative group to determine its own arrangements through a constitution – this differs from the original proposal, which required a number of matters to be hard-wired in primary legislation providing limited room for flexibility;
- board appointments and removals to be made by a sub-committee of the regional representative group – the original proposal was for these powers to be exercised by an arms-length 'independent selection panel' which has now been removed;
- direct accountability for duties imposed on the board to the regional representative group – members may be removed for failure to carry out these duties;
- the board is required to give effect to the statement of strategic and performance expectations issued by the regional representative group – this is a stronger provision than originally proposed and enables the group to have more direct influence over the entity's strategic direction.

These refinements are set out in an [exposure draft](#) of the proposed legislation that was provided to the Working Group on Representation, Governance and Accountability for further consideration. The exposure draft also sets out the proposed ownership provisions for the new entities and protections against privatisation.

Working Groups established to consider the top three areas of feedback

Alongside the above changes, the Government also established the Working Group on Representation, Governance, Representation and Accountability comprised of representatives from local government and iwi leaders. This Group is assessing these aspects of the proposals, including the new proposals in the exposure draft, and will shortly provide a report to the Minister of Local Government for consideration.

Since its establishment last year, the Working Group has assessed a range of options for reform, including looking back at the alternatives to reform such as alternate funding arrangements.

The Minister of Local Government and Cabinet will consider the Working Group's recommendations with any changes being reflected in the Water Services Entities Bill. The Working Group's report will be available on the Department's website once it is presented to the Minister: [three waters reform programme working groups - dia.govt.nz](https://www.dia.govt.nz/three-waters-reform-programme-working-groups)

Informed by your feedback, the Government has also established two technical working groups to consider the other areas that received the most detailed feedback. A Planning Technical Working Group will consider questions relating to the interface between the Three Waters Reforms, Resource Management and planning system, and the Rural Supplies Technical Working Group is considering the interface with rural schemes.

You can find out more about these working groups, including their Terms of Reference and papers on the above Working Group webpage.

Indicative legislative timing

Legislation remains on track and expected to be introduced in several phases. The first bill is expected to be introduced by mid-2022, following consideration of the recommendations from the Representation, Governance and Accountability Working Group. This bill will contain the ownership, governance and accountability arrangements for the entities, and the primary relationships between entities and territorial authorities, mana whenua and the Crown.

A second bill is expected in late-2022 informed by the findings of the Planning Interface and Rural Supplies technical working groups. This legislation will provide for the detailed operational duties, functions and powers of the entities including for how they will participate in and give effect to plans.

Separate legislation will be required to provide for economic and consumer protection regulation, for which policy advice is being led by the Ministry of Business, Innovation and Employment. More on this process can be found here: <https://www.mbie.govt.nz/have-your-say/economic-regulation-and-consumer-protection-for-three-waters/>

Receiving updates from the Department of Internal Affairs

The Department will continue its ongoing communications and engagement on the Three Waters Reforms. This will include keeping councils and iwi updated on the progress of the legislation and the work of the National Transition Unit.

As councils, we know you have an important role in representing the views of your communities. If you have not been receiving the Department's regular updates on the reforms, please check your subscription here: [Get the latest updates from Three Waters](#). We encourage you to ensure your staff are registered for these updates as well.

Ngā mihi,



Nick Davis

Acting Executive Director, Three Waters Reform Programme