



Dear Chair

Local Government (Water Services Preliminary Arrangements) Bill

The Government recently introduced legislation that sets out the Local Water Done Well framework and the preliminary arrangements for the new water services system.

The Local Government (Water Services Preliminary Arrangements) Bill gives effect to Cabinet decisions for Local Water Done Well that were announced in April 2024.

This includes streamlined consultation and decision-making processes for establishing water services council-controlled organisations, requirements for Water Services Delivery Plans, and steps towards future economic regulation.

The Bill also includes provisions that enable a new, financially sustainable model for Watercare, following the Government and Auckland Council's announcement earlier this month.

An overview document outlining key aspects of the Bill, as well as other matters that may be of interest is available on the Department of Internal Affairs' website at:
www.dia.govt.nz/Water-Services-Policy-legislation-and-process.

Proposed change to applying the Te Mana o te Wai hierarchy of obligations to wastewater standards

In addition, the Government has tabled an amendment paper to the Bill which provides for interim changes to the Water Services Act (WSA). This amendment would mean the Te Mana o te Wai hierarchy of obligations in the National Policy Statement for Freshwater Management (NPS-FM) will not apply when Taumata Arowai sets wastewater standards.

Under the Resource Management Act (RMA), a consent authority must not grant a consent for a public wastewater system that is contrary to a wastewater standard that has been prepared under the WSA. Once set, the wastewater standards will apply to new consents issued for public wastewater systems over time.

These interim changes provide certainty for those involved in infrastructure development and avoids potential costs for councils at a time when they are already facing significant costs of future investment in water infrastructure.

The changes to the WSA are in addition to the Government's recently announced proposed interim changes to the RMA to exclude the hierarchy of obligations in the NPS-FM from resource consent applications and resource consent decision making.

We consider the proposed changes to the WSA and RMA are a pragmatic approach to applying the hierarchy of obligations while work is underway to replace the NPS-FM to rebalance Te Mana o te Wai.

The RMA proposal is designed to address concerns the Government has about the potential cost implications of the requirement for resource consent applicants to demonstrate how

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their proposed activity adheres to the Te Mana o te Wai hierarchy of obligations in their individual context.

The RMA changes are being made through the recently introduced Resource Management (Freshwater and Other Matters) Amendment Bill as an interim measure and are intended to reduce regulatory burden while work to replace the NPS-FM to rebalance Te Mana o te Wai is underway, as signalled in the Government's coalition agreements.

The Minister Responsible for RMA Reform previously wrote to you signalling the Government's intent on the RMA changes in December last year.

Process for developing and implementing national wastewater standards

Te Mana o te Wai is embedded in the WSA, the legislation for Taumata Arowai and the water services sector. Under the Act, Taumata Arowai and the sector must give effect to Te Mana o te Wai, to the extent it applies to different decisions or activities.

Taumata Arowai has started the development of wastewater environmental performance standards under the WSA. National wastewater standards are common in other countries, but this will be the first time they have been developed in New Zealand.

Once set, the standards will apply to new consents issued for public wastewater systems over time. Regional councils must ensure that wastewater standards are given effect to when granting resource consents under the RMA.

The proposed changes to the WSA means that Taumata Arowai will not be required to give effect to the hierarchy when setting wastewater standards. However, any wastewater standards made by Taumata Arowai will still need to continue to give effect to the rest of the components of Te Mana o te Wai in the NPS-FM, including the health of water and other environmental considerations. The removal of the hierarchy of obligations from the setting of wastewater standards means these considerations will be balanced alongside other important considerations such as cost and economic impacts.

The hierarchy of obligations will also continue to apply in the usual way to other decisions and activities under the WSA.

Opportunity for feedback at select committee

The changes to applying the Te Mana o te Wai hierarchy were recently introduced to Parliament via two separate Bills: the Resource Management (Freshwater and Other Matters) Amendment Bill and the Local Government (Water Services Preliminary Arrangements) Bill.

There will be an opportunity for feedback on these changes at select committee, as well as on other aspects of the proposed Bills, and we encourage you to engage in that process.

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You can find the Bills in full and make a submission by visiting the Parliament website, at www.parliament.nz.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Chris Bishop'.

Hon Chris Bishop
Minister Responsible for RMA Reform

A handwritten signature in blue ink, appearing to read 'Simeon Brown'.

Hon Simeon Brown
Minister of Local Government