

# Three Waters Reform Proposal: Planning Interface

This document is part of a series providing a high-level overview of key elements of the three waters reform proposals. Its purpose is to support discussion and feedback on these proposed arrangements.

## Foundational elements of the planning interface

In [July 2021 Cabinet agreed](#) that the proposed water service entities' objectives would include "*supporting and enabling housing and urban development*".

To support that objective, the Government proposals include setting out a series of operating principles in the legislation, to guide and inform how the water services entities deliver their objectives and functions. These would broadly relate to:

- developing and sharing capability and technical expertise – both internally, and across the wider three waters, development control, and land-use planning sectors;
- being innovative in the design and delivery of water services and infrastructure;
- being open and transparent – including in relation to the calculation and setting of prices, determining levels of service, and reporting on performance;
- partnering and engaging early and meaningfully with Māori, local government, and communities;
- cooperating with, and supporting, other water services entities and infrastructure providers, local authorities, and the transport sector – including in relation to infrastructure planning, and development control and land-use planning processes;
- understanding, supporting, and enabling mātauranga Māori and tikanga Māori and kaitiakitanga to be exercised – both within the entities and when engaging with iwi/Māori.

## ***Responding to growth and development***

Should the reforms proceed as proposed, local government will continue to have primary accountability for urban and land use planning. The new water service entities will be required to provide technical and engineering support and advice to councils to support development control i.e. resource and building consent processes.

It will be important to ensure that the new water service entities and local authorities will collaborate to ensure that that planning, and delivery of significant upgrades or new infrastructure is integrated (and sequenced) with existing and future land use planning processes. To support that collaboration, the water services legislation will create a *reciprocal obligation* on the new water service entities to:

- Identify and make provision for infrastructure to service demand for new strategic capacity to meet all new housing development and the domestic requirements of commercial and industrial customers; and

- Ensure that those strategic assets are delivered in support of committed development so as to minimise the likelihood of redundant assets.

This reciprocal obligation is intended to ensure that water service entities will need to collaborate with urban and land use planning authorities, and other infrastructure providers, to ensure that the delivery of infrastructure is sequenced with and will support committed development.

These obligations will apply in the current planning framework, but we are working closely with the Ministry for the Environment to ensure that the proposed Strategic Planning Act can provide a framework for an integrated planning approach. While further work on this will be developed over the next 12 months in parallel with the resource management reforms, our current position is that when providing new infrastructure to support urban development, the entities will need to act consistently with proposed Regional Spatial Strategies.

### ***Responding to regulatory and planning requirements***

The proposed water service entities will operate within wider planning, regulatory system and reporting and accountability arrangements, including the current and future resource management system, the water quality regulatory regime administered by Taumata Arowai, and the proposed economic regulatory regime.

To support a coordinated approach across the planning and regulatory system the Department has proposed a range of mechanisms for discussion including:

- Requirement to identify and align interdependencies between regulatory strategies (and responses) and land use/growth planning through the prioritisation methodology applied by the water service entities;
- An expanded role for Taumata Arowai to support a more efficient catchment-based approach to development and delivery of infrastructure and services across the three waters system;
- A *Regulatory Charter*<sup>1</sup> to describe expectations and requirements on regulators to develop a collective view on longer term strategic priorities;
- A *Government Policy Statement for Three waters* to provide national direction to the new water entities, and more certainty to everyone operating in the three waters system or receiving services from the three waters system about the outcomes the new water service entities are expected to deliver.

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<sup>1</sup> <https://www.mbie.govt.nz/cross-government-functions/regulatory-stewardship/regulatory-charters/>

### ***The Government Policy Statement for Three Waters***

The purpose of the Government Policy Statement is to provide a high-level strategic direction and deal with cross-cutting matters – covering issues that are not already provided for in regulation or addressed through other mechanisms. It would not be pitched at an operational level or concern specific projects and would be directed only at the water services entities – not other water service providers, or regulators.

The intention is that the Government Policy Statement would provide an enduring and transparent mechanism to support the Government's system stewardship responsibilities. It would:

- provide high-level policy direction to the new water services entities;
- inform and guide the decisions and actions of water services entities in fulfilling their statutory purpose and objectives;
- convey any Government expectations in relation to Māori interests, partnering with Māori, and protections for Māori interests;
- provide certainty to everyone operating in the three waters system and receiving services from the entities about the outcomes the new entities are expected to deliver.

### ***Developing the Water Service Entities' first asset management plans***

Maintaining momentum on future planning, and provision of infrastructure for growth as we transition to the new three waters arrangements, is also important. Local government would continue to be responsible for delivering water services throughout the 2021 – 2024 LTP period.

The first asset management plan of the water entities (for a three-plus year period commencing 1 July 2024) will need to be developed during the transition period to ensure that there is no interruption to delivery of capital projects or services.

The current thinking is that the Water Entities' first asset management plan will be developed in collaboration between local councils and the relevant transition authority, and will be based on the current (2021) Long Term Plans. The intention is to ensure continuity between currently planned investment, and future investment prioritisation. Further work is required to protect both council and water entity interests, but the process for developing the first asset management plans is likely to involve:

- The grandfathering of appropriate projects from LTPs post 1 July 2024;
- A process for amending projects to reflect updated circumstances and/or realise the benefit of amalgamation; and
- A process for including additional projects to leverage the water entities additional borrowing capacity.

The above will mean that current long-term plans will continue to be instrumental to the investment prioritisation over the next six or more years under these proposals.