



To: All Council Mayors + Greater Wellington Regional Council Chair

Dear Mayor / Chair

Local Water Done Well stage 2: Establishing the framework and transitional arrangements for the new water services system

This morning I will be making an announcement about the next stage of Local Water Done Well (LWDW).

I wanted to provide you with a heads-up in advance of my announcement, and to share key information that will be of interest.

Cabinet has agreed to the first set of policies that will establish the Local Water Done Well framework and the transitional arrangements for the new water services system.

This includes streamlined processes for setting up water services council-controlled organisations (water services CCOs), requirements for councils to develop Water Services Delivery Plans, and steps towards future economic regulation.

The policies will be introduced through legislation to be passed by mid-2024, as part of the second stage of our implementation plan.

Attached to this letter you will find information prepared for councils, covering:

- Water Services Delivery Plans
- Steps towards future economic regulation
- Streamlined processes for establishing water services CCOs
- Indicative policy, legislation and related council activity timings for LWDW
- Retaining current Better Off and Transition Support funding arrangements.

I also wanted to acknowledge the important role that you have played in getting to this point, and in the work that lies ahead of us.

Role of local government in implementing LWDW

The Coalition Government strongly believes in empowering communities and supporting local governance in managing and delivering water services.

We believe that communities are best placed to make decisions about things that directly affect them – like the future of their water assets, and ensuring sustainable, high-quality management of water services.

And underpinning all of this, we believe in setting clear expectations and bottom lines. This means stronger support and oversight from central government, to promote efficiency and accountability within the sector.

Today's announcement is another step forward in delivering on these fundamental elements of LWDW – and empowering local government to lead the way in delivering the changes required for your communities.

My expectation is that discussions and decisions are already happening at a local level, both within and between councils.

Today's announcement and next steps

The Cabinet decisions I will be announcing today will be given effect to in legislation, which is expected to be introduced and enacted around the middle of the year, subject to Parliamentary timelines.

There will be an opportunity to provide feedback as part of the select committee process.

Around the middle of this year is also when I expect to provide details on a range of options for councils to choose from to access long-term borrowing for investment in water services, in many cases by working together.

These funding and financing tools will be implemented through further legislation setting out the enduring settings for LWDW to be introduced in December 2024 and passed by mid-2025.

The Government recognises that certainty around timings, and details of the new regime, is needed quickly – for councils, for your communities and for the water sector.

I look forward to sharing further details as our policy is developed, and to seeing the progress of conversations between councils about your future service delivery arrangements.

Current Better Off and Council Transition Support funding arrangements will be retained

The Government has reviewed all funding under the previous Government's water reform programme and considered opportunities to retain existing funding arrangements to support LWDW.

The existing funding arrangements were designed to work for the previous government's model, and it makes sense to relook at these to ensure this money is being spent to support the transition to LWDW.

Cabinet has agreed to retain and redirect existing funding programmes, and has asked the Department of Internal Affairs to work with councils to align these to LWDW.

This includes retaining current Better Off funding for all councils, but for officials to work with councils to identify opportunities to redirect unspent Better Off funding to increase investment in water infrastructure or to help establish new water services delivery organisations.

Current Council Transition Support funding will also be retained to enable councils to use this funding for work relating to LWDW.

This includes supporting the establishment of new water services delivery organisations, or other planning work to support the transition to LWDW.

The Department will work with councils on any changes to current contractual arrangements to reflect decisions in relation to aligning funding to LWDW.

I have asked my officials to follow up with councils to provide further details.

Support for councils' early discussions about possible future service delivery arrangements

As previously indicated, I have instructed officials at the Department to be available to assist with early discussions that councils may be having about their possible future service delivery arrangements.

Please contact Hamiora Bowkett, Executive Director, Water Services Policy, Legislation and Stewardship, by emailing waterservices@dia.govt.nz, should your council wish to set up initial discussions with Department officials.

Yours sincerely,

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

Hon Simeon Brown

Minister of Local Government