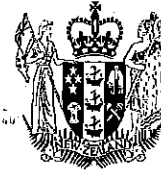




Ministry for the
Environment
Manatū Mō Te Taiao

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Ministry for Primary Industries
MfE BY Manatū Ahu Matua



To: Hon David Carter, Minister for Primary Industries
Hon Amy Adams, Minister for the Environment

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Water Reform- Overview: Implementing the Water Reform Strategy

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F Withheld under section 9(2)(a)				
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Executive Summary

1. This briefing provides you with an overview of the implementation of the water reform strategy that you can discuss with your colleagues. A summary diagram (Annex 1) is attached. This diagram shows the different elements of the strategy and their potential timing. A diagram showing the timeframes that regional councils envisage for implementing the National Policy Statement for Freshwater Management (NPS-FM) is attached (Annex 2). We provide commentary on risks to implementing reform at a regional level within these timeframes.
2. You have been provided with a package of four Cabinet papers which outline the proposed water reforms. This briefing will provide you with an "at a glance" summary of the proposed reform package, and an indication of the timing for implementation.
3. The Cabinet papers to be considered by EGI on 5 December, recommend that a water reform discussion document is released for consultation in early 2013 which includes proposals for the foundation measures that underpin good water management. These can be implemented over 2013-2015.
4. In particular, changes to regional planning processes and the development of a national framework within which regional councils set freshwater objectives and limits are required as soon as possible to overcome existing issues with the management of water at the regional level.
5. Changes to governance and regional planning process could be implemented through legislation in 2013. This will need to line up with changes to the RMA in 2013.

6. The national objectives framework and national bottom lines work could be commissioned in 2013 and implemented by changes to legislation and regulations in late 2013 or early 2014, if we use different instruments to those available at present. It would take up to three years if existing RMA national instruments and implementation methods are used. Further thinking on implementation mechanisms is required. Implementation guidance to regional councils to support objective and limit setting at a regional level could be prepared in parallel with national instruments and could be progressively rolled out over 2013-2014.
7. The NPS-FM will be reviewed in 2016. This presents an opportunity to review the progress of implementing the overall water reform strategy, and to make any changes to the NPS-FM that would assist further implementation of the package.
8. Regional Councils are required to implement the NPS-FM by 2030. The regions have implementation plans in place which indicate the timeline for making the progressive changes to their regional plans to implement the NPS-FM. Most regions have indicated they intend to take a catchment-by-catchment approach and will take until 2018-2021. For these regions there is clearly scope for flexibility in the timing of their work programmes.
9. Four councils intend to complete the task of plan changes to give effect to the NPS very quickly (Nelson City, Taranaki, Horizons, and Otago). They intend to be completed by 2015.
10. The main risk of regions getting ahead of government reforms appears to be in Taranaki, Otago and Horizons. Other regions such as Canterbury and Hawkes Bay are also moving rapidly ahead, but are working to a longer timeframe, and have flexibility in their implementation plans.

Situation Analysis

1. Improving the water management system will require solutions that start now and adapt over the long term. We recommend introducing changes over the next year and signalling that we will build on these progressively over time. Reform will require changes over a generation.
2. The four Cabinet papers on water reform recommend that a water reform discussion document is released for consultation in early 2013. It would include proposals for the foundation measures that underpin good water management. These can be implemented over 2013-2015. It also recommends that the discussion document signal an approach to, and timeframe for addressing longer term issues, which will be informed by robust information and an evaluation of the impacts of the short term measures.

Advice

3. Foundation measures are the critical building blocks. These include changes to governance and regional planning processes, a national objectives framework and bottom lines, and guidance and direction (by regulation) to regional councils (including planning processes, objective and limit setting, tools and systems to manage to quantity and quality limits). In particular, changes to regional planning processes and the development of a national framework within which regional councils set freshwater objectives and limits are required as soon as possible to overcome existing issues with the management of water at the regional level.
4. Changes to governance and regional planning process could be implemented through legislation in 2013. Implementation guidance to Regional Councils could be prepared and rolled out in late 2013 and 2014.
5. The national objectives framework and national bottom lines could be implemented by changes to legislation and regulations in 2013, or early 2014. However, if they are implemented through existing RMA national instruments (NPS, NES) it could take as long as three years (preparation starting in 2013, and possibly be gazetted in 2015-2016). We suggest that this is too long, and will provide you with further advice on how these could be implemented by means other than existing national instruments. Implementation guidance to regional councils and/or regulation, to support objective and limit setting at a regional level could be prepared in parallel with national instruments and could be progressively rolled out over 2013-2014.
6. Managing to quantity and quality limits presents a number of significant challenges to regional councils. Foundations changes in this area include providing guidance (and possibly some regulation) on accounting systems for takes and discharges, monitoring and compliance systems, consistent specification of permits, methods to promote water use efficiency, and tool kits for good management practice. Although many of these are inter-dependent and need to be thought through, together there is scope to prepare and roll out

guidance (and where appropriate regulation) progressively between 2013 and 2016. This work will need to be prioritised with more critical elements being developed first e.g. water accounting systems, methods for dealing with over-allocation.

7. The longer term issues are more complex and challenging, but are likely to deliver opportunities for significantly improving the economic value generated from water use. Advancing the longer term measures necessitates the foundation measures being in place.
8. Longer term reforms include a mix of guidance and regulation for managing within both quantity and quality limits (initial allocation, consent duration, transfer/trading, pricing), as well as clarifying the national interest in specific water bodies (outstanding water bodies, wetlands, water conservation orders). Work on these measures could start in 2015, and implementation could accelerate over 2016-2017.
9. The NPS-FM will be reviewed in 2016. This presents an opportunity to review the progress of the overall water reform strategy, and make any changes to the NPS-FM that would assist further implementation of the package.

Regional Council Implementation

10. Regional Councils are required to implement NPS by 2030. The regions have implementation plans in place which indicate the timeline for making the progressive changes to their regional plans to implement the NPS-FM (see Annex 2).
11. Three regions (Bay of Plenty, Tasman, and West Coast) have indicated they will take until 2030 to implement the NPS. Most regions have indicated they intend to take a catchment-by-catchment approach and will take until 2018-2021. For these regions there is clearly scope for flexibility in the timing of their work programmes.
12. Four councils intend to complete the task of plan changes to give effect to the NPS very quickly (Nelson City, Taranaki, Horizons, and Otago). They intend to be completed by 2015.
13. The risk of councils getting ahead of government reforms probably lies with the larger three of these regions.
14. Other regions that are moving more slowly and working catchment by catchment can probably adjust their implementation if they need to. The risk is likely to be constrained to a number of single catchments (e.g. Hurunui), where additional changes may be required later.
15. Regional Councils will need to incorporate a second round of changes in their plans post-2018 to incorporate the longer term measures. They have adequate time to do this before the 2030 deadline. It would be useful from their perspective that they could foresee what is coming in terms of the longer-term reforms so they

can set their regional plans up so that they can adapt in this second round. Signals from government of what may be coming will be helpful.

Risks and Mitigations

16. The water reform strategy is closely linked with the wider Resource Management Act reforms. The timing of these will need to line up in 2013.
17. Many of the elements of the water reform strategy are inter-dependent. There are risks in rolling out reform as independent packages in the wrong order e.g. implementing some of the managing to limits package before objectives and limits.
18. The main risks with timing are that some regional councils will get ahead of government reforms in terms of their plan preparation, and that government reforms are slow to fill the policy vacuum in behind the NPS. This is already creating issues of inconsistent and hurried planning.
19. The main risk of regions getting ahead of government reforms appears to be in Taranaki, Otago and Horizons. Other regions such as Canterbury and Hawkes Bay are also moving rapidly ahead, but are working to a longer timeframe, and have flexibility in their implementation plans.
20. These risks can be largely mitigated by rapid implementation of the critical foundation measures in 2013 and early 2014 (governance and regional planning process, and national objective framework and direction to regions on limit setting), and a roll out of direction and guidance for other foundation measures over 2013-2016. Signalling the direction of water reforms in a discussion paper in early 2013 will also assist regional councils to further plan their implementation of the NPS-FM.

Next steps

21. We can discuss the contents of this briefing at our meeting with Minister Adams on Tuesday 27 November 2012.
22. There is a BGA meeting on 3 December 2012 where timing issues regarding the implementation of a water reform strategy could be discussed. The briefing would need to be with Minister Joyce's office on 28 November 2012 to be included on the agenda for this meeting.

Recommended Action

We recommend that you:

- a) **Note** the contents of this briefing
- b) **Agree** that this briefing (including the attached A3) form the basis of the discussion at BGA on 3 December 2012

Yes / No

- c) **Refer** this briefing note to Hon Bill English, Hon Steven Joyce and Hon Kate Wilkinson for information.

Yes / No



Kay Harrison
Director, Water Reform

Date 26/11/12

Hon David Carter
Minister for Primary Industries

Date

Hon Amy Adams
Minister for the Environment

Date

Minister's feedback on quality of briefing note:	1	2	3	4	5
1 = Was not satisfactory		2 = Fell short of my expectations in some respects		3 = Met my expectations	
4 = Met and sometimes exceeded my expectations		5 = Greatly exceeded my expectations			

Annex 2- Regional Council Programme to Implement the NPS

	2012	2014	2016	2018	2020	2022	2024	2026	2028	2030
Northland	[Redacted]									
Auckland	[Redacted]									
Waikato	[Redacted]									
Hawkes Bay	[Redacted]									
Taranaki	[Redacted]									
Gisborne	[Redacted]									
Bay of Plenty	[Redacted]									
Horizons	[Redacted]									
Wellington	[Redacted]									
Nelson	[Redacted]									
Tasman	[Redacted]									
Marlborough	[Redacted]									
West Coast	[Redacted]									
Canterbury	[Redacted]									
Otago	[Redacted]									
Southland	[Redacted]									

Annex 1- Implementing a water reform strategy

Withheld under
Section 9(2)(f)(iv)
of the OIA