

# UPDATE AUGUST 2024



**LOCAL WATER DONE WELL –  
WAIRARAPA & TARARUA**



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## What is Wai + T?

- A project supported by the three Wairarapa and Tararua Councils
- To investigate the benefits, opportunities and risks of a joint arrangement
- One of a list of practicable options
  - Wellington Regional Water Service Delivery Planning
  - Wai + T or Provincial Planning
  - Manawatū / Whanganui
  - Status quo
  - Other?

# Why?

## **Local Government (Water Services Preliminary Arrangements) Bill**

- Bill at third reading stage – expect to get Royal Assent by end of August
- Requires TAs to submit water services delivery plans within 12 months of enactment – August 2025
- Part 2 relates to form and delivery of WSDP (including joint arrangements)
- Part 3 relates to alternative consultation options for WSDP and model if anything but status quo
- Guidelines and templates to be released when enacted

## **Local Government Local Services Bill**

- Policy direction released 8 August – very broad in scope
- Local Government Local Services Bill to be introduced December 2024
- Establishing enduring legislative settings (economic and quality / environmental regulations)
- Enabling legislation for financing and water organisations (amongst other matters)

# Options for Joint Arrangements (Wairarapa Councils)

## WELLINGTON REGION

MOU signed 10 May 2024  
Led by a largely external project team to councils  
Non-binding commitment to collaborate  
Defined exit ramps at end of each phase  
Progressive decision making required  
Key decision required end of October 2024

## WAI + T

TOR signed 5 July 2024  
Led by senior staff internal to councils  
Binding commitment to fund a defined scope of work  
Feeds into but not driven by timing of exit ramps  
Progressive decision making required  
Lined up to make recommendation prior to 31 October 2024



# TIMELINE – Wairarapa + Tararua Joint Water Services Delivery Plan

## Workstreams

**AUG**      **SEPT**      **OCT**      **NOV**      **DEC**      **JAN**      **FEB**      **MAR**      **APR**      **MAY**      **JUN**      **JUL**

## Governance

14<sup>th</sup> – 21<sup>st</sup> Council briefings

28<sup>th</sup> – Combined Council Forum – Wellington Regional Briefing

1. In or Out

Council Decisions

Individual Council assessment and endorsement of options to take into engagement and consultation with community

2. In or Out

Council Decisions:

- To Adopt or not
- Confirmation of delivery model to take to detailed design
- Confirmation of resources and funding

## Comms & Engagement

Iwi Engagement

Regionally consistent engagement and communication process

Consultation and Hearings linked to LTP / AP

Analysis of feedback to inform model and council decision making

## Water Services Delivery Plan

Individual Council info gathering to inform a JNT or individual WSDP

Wai – T councils preparing and performing MCA

Develop Draft JNT Water Services Delivery Plan (or not)

Consideration of type of joint delivery model, number of waters inside joint arrangement, and ongoing refinement and validation of network economics, governance model, funding and debt analysis

Finalise JNT WSDP

Submit WSDP

## Programme Management

Joint Options Appraisal Projects

Individual Councils Explore options

Reconfirmation of scope and approach based on councils working to regional and / or provincial model

Detailed planning, procurement, resources

Programme Management Progress update PSG / AOG

## Legislation

Bill 2 Enacted

Release of policy papers on Bill 3

Templates & Guides released

Bill 3 Introduced

Submissions

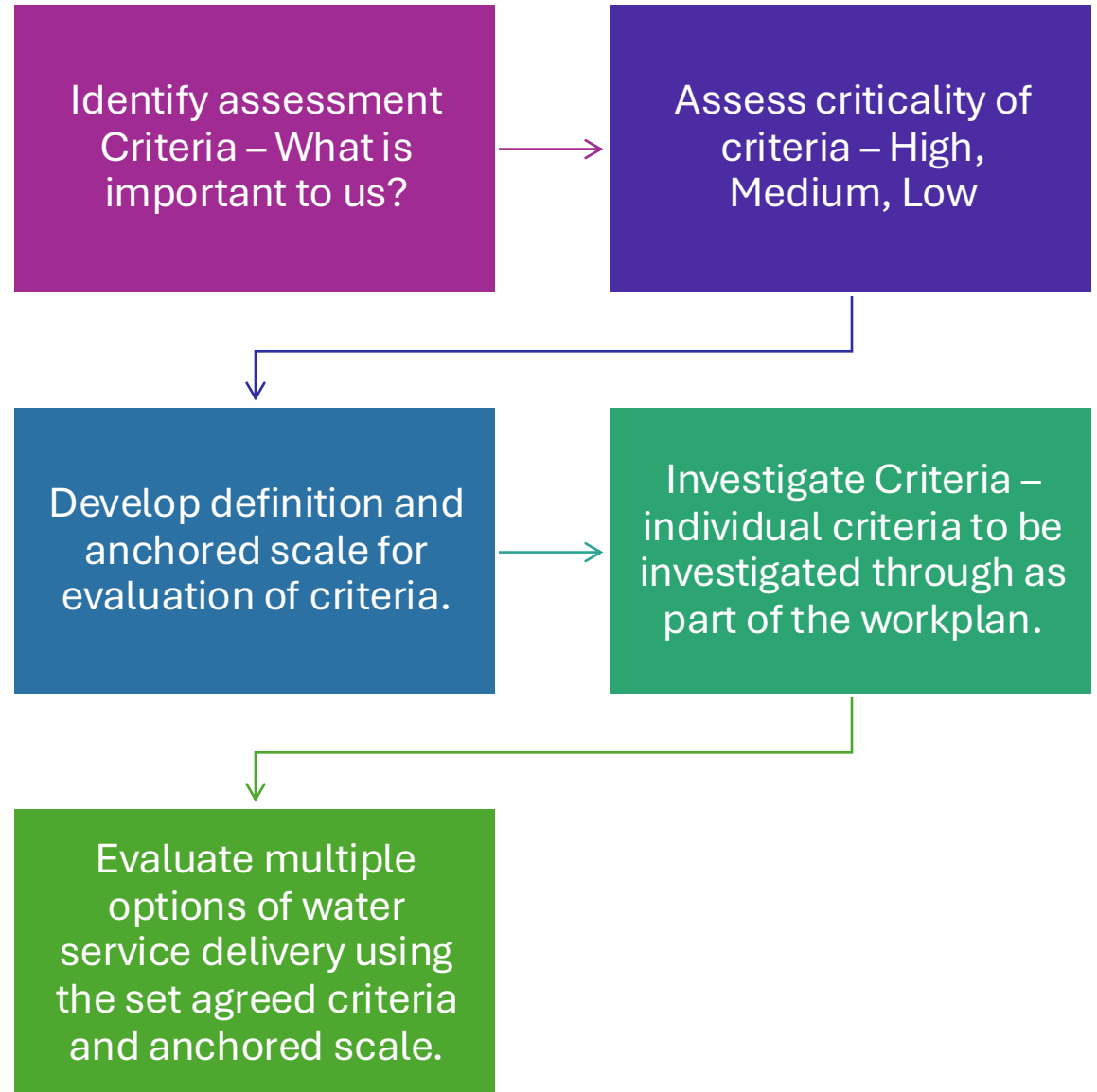
Bill 3 Passed

1. In or Out “Off-ramps” for participating in Regional WSDP

# Decisions Required and Timing

DECISION	HOW	INDICATIVE TIMING
<b>Approach to WSDP:</b> <ul style="list-style-type: none"> <li>▪ <b>Joint arrangement</b></li> <li>▪ <b>Extent of arrangements</b></li> </ul>	<b>Through long listing and then shortlisting practicable options in council paper</b>	<b>October 2024</b>
Consultation on arrangement versus status quo and whether to establish a WCCO or other model:	Aligned with LTP / AP consultation <ul style="list-style-type: none"> <li>• Alternative arrangements under Local Government (Preliminary Arrangements)</li> <li>• LGA 2002</li> </ul>	March 2025
Implementation of arrangements: <ul style="list-style-type: none"> <li>• Whether to adopt a WSDP</li> <li>• Whether to establish a WCCO or other model</li> </ul>	Aligned with adoption of LTP / AP	June 2025

# Multi-Criteria Analysis Steps



# Practicable Options

**Regional (10 council)**

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**Wai + T**

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**MDC alone**

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**CDC alone**

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**SWDC + WWL (status quo)**

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**TDC alone**


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**Wairarapa Only**

Wellington Head Office, Wairarapa depot, adequately resourced, appropriate plant materials, standard turnaround times, fit for purpose systems & processes

Wai + T Head office + depot, adequately resourced, appropriate plant materials, standard turnaround times, fit for purpose systems & processes, local knowledge, ownership, longevity





# Step 1 - Criteria

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<b>Developed a Set of Criteria for a Multi-Criteria Analysis:</b>	
Financial	Criteria that will impact on affordability for the consumer
Level of Service	Criteria that will influence the experience for our customers
Operational	Criteria that will drive efficiencies and opportunities for our District/s
Relationships and Trust	Ease to set the right values and culture to drive performance in the organization and align with Māori view
Strategic	Criteria that will support achievement of our strategic goals for our District/s
Legislative Requirements	Does the arrangement proposed support achievement of the criteria required in any WSDP to be accepted by the Minister

# Financial

	Criteria	Poor 0 - 30	Good 31- 60	Excellent 61-100	Criticality		
1	Average price adjustment on day 1	>20%	10-15%	<10%	Low	1	0.05
2	Medium Term - 4 - 10 years FA	Annual price increase 10%>	10% Annual price increase	Annual price increase <10%	High	3	0.16
3	Long Term 10 - 30 FA	Annual price increase 10%>	10% Annual price increase	Annual price increase <10%	High	3	0.16
4	Free Funds from Operations (FFO) / Debt to Revenue Ratio	>15%	9%-15%	>9%	High	3	0.16
5	Borrowing capacity - debt cap - can we borrow enough at favourable rates	Less than BBB	BBB+	AA+	High	3	0.16
6	Does the model reflect reasonable efficiency (risk with assuming efficiency)	Aggressive	reasonable	No	Medium	2	0.11
7	Establishment cost	>\$200/customer	\$125/customer	\$75/customer	Low	1	0.05
8	Transition Cost (cost on council)	\$20/ratepayer	\$10/ratepayer	\$5/ratepayer	Low	1	0.05
9	Complexity and time of transition	Difficult and over 3 years	medium 2 years	simple 1 year	Medium	2	0.11
10							0.00
<b>Total</b>						<b>19</b>	<b>1.00</b>

# Level of Service

	Criteria	Poor 0 - 30	Good 31- 60	Excellent 61-100	Criticality		
1	Responsiveness to faults	no	partially	yes	High	3	0.20
2	Funds for major disasters	no	Partially	yes	High	3	0.20
3	Probability we will increase service delivery for our customers	reduce	same as	improve	Low	1	0.07
4	Ability to cater for Growth	no	partially	yes	High	3	0.20
5	Agility to adapt/adjust/ learn/improve/decide/manage risk	>6 levels between SLT and operations	4-5 levels	3 levels	Medium	2	0.13
6	Responsiveness to emergencies / Civil Defense	no	Partially	yes	High	3	0.20
							0.00
<b>Total</b>						<b>15</b>	<b>1.00</b>

# Operational

	Criteria	Poor 0 - 30	Good 31- 60	Excellent 61-100	Criticality		
1	Procurement - resource availability	Restricted	Available	Competitive	High	3	0.13
2	Procurement - buying power	less than 5% reduction in price	5% reduction in price	10% reduction in price	medium	2	0.09
3	Procurement - broader economic outcomes	No chance	Might attract	Will attract	medium	2	0.09
4	Staff - Can attract, recruit and retain right people	20% under market rates	At market	10% over market rates	High	3	0.13
5	Managing risk of critical roles	Inability to immediately backfill critical roles	Can provide limited coverage for limited time	Can provide coverage for extended period	Low	1	0.04
6	Spatially logical (similar climate, same coastline, facing same challenges)	Variety of conditions / bespoke solutions required / barriers to response	Status quo	Highly correlated conditions / standardized solutions / coordinated response	High	3	0.13
7	Network similarity and connectiveness	Inability to have a connected network	Partially connected networks possible	Fully connected networks possible	Medium	2	0.09
8	Operational efficiency	Less efficient	Status quo	Continuous improvement enabled	Medium	2	0.09
9	Values and culture	Multiple sub-cultures, many levels of authorized influence	More than one person required to effect change	An individual can change culture	High	3	0.13
10	Stakeholder relationship cost	Multiple channels, high frequency and many stakeholders	Fewer	Few and straight forward	Low	1	0.04
11	Systems complexity and scale	Bespoke system, complex and costly	Key core off-shelf systems required	Aligned systems with ability to integrate and access easily	low	1	0.04
							0.00
					<b>Total</b>	<b>23</b>	<b>1.00</b>

# Relationships & Trust

	Criteria	Poor 0 - 30	Good 31- 60	Excellent 61-100	Criticality		
1	Iwi support	No support	Partial support with concerns	Fully support	High	3	0.14
2	Whakapapa - genealogical links	No historical whakapapa	Relationships have been from agreements, some whakapapa links	Direct whakapapa to same line descent	High	3	0.14
3	Te mana o te wai - the life force of water	Limited mana	Mana	Strong mana	High	3	0.14
4	Enabling of Te Tiriti o Waitangi	Limited mana	Mana	Strong mana	High	3	0.14
5	Mana motuhake - identity, self determination	Do not identify	Some identity	Strong identity	High	3	0.14
6	Mauri - life force /people's interaction with the Wai	No connection / impact	Connection / impact	Strongly connected	High	3	0.14
7	Does it create an economic benefit to the community?	No	Partially	Yes	Medium	2	0.09
8	Accountability and performance monitoring is clear and meaningful (an effective working relationship and can show mechanisms to the community)	No	Partially	Yes	Medium	2	0.09
							0.00
					<b>Total</b>	<b>22</b>	<b>1.00</b>

# Strategic

	Criteria	Poor 0 - 30	Good 31- 60	Excellent 61-100	Criticality		
1	Influence of strategic direction for district	Low confidence	Medium confidence	High confidence	High	3	0.33
2	Transparency and clarity	Lots of tiers and complexity	Reasonably easy to navigate	Simple to access	Medium	2	0.22
3	Alignment with other regional initiatives e.g. water resilience, water storage (treated and raw), Moana Statutory Board	No alignment / competing priorities	Some alignment	High alignment / aligned priorities	Medium	2	0.22
4	Future optionality	Precludes	Possible	Encourages	Medium	2	0.22
							0.00
					<b>Total</b>	<b>9</b>	<b>1.00</b>

# Legislative Requirements

Criteria	Poor 0 - 30	Good 31- 60	Excellent 61-100	Criticality		
Supports meeting relevant regulatory quality standards - Yes/No	No	Partial	yes	High	3	0.25
Shows reaching Financial sustainability by 30 June 2028 - Yes/No	No	No	Yes	High	3	0.25
Supports meeting drinking water quality standards - Yes/No	No	Partial	yes	High	3	0.25
Supports housing growth and urban development commitments made by Council - Yes/No	No	Partial	yes	High	3	0.25
						0.00
				<b>Total</b>	<b>12</b>	<b>1.00</b>





# MCA Preliminary Results

	Financial	Levels of Service	Operational	Relationships & Trust	Strategic	Legislative Requirements	Weighted Score TOTAL	RANK
Weighting	25%	20%	15%	20%	10%	10%	100%	
<b>Regional (10 council)</b>	57%	33%	46%	18%	37%	63%	41%	<b>6</b>
<b>Wai + T</b>	56%	68%	67%	92%	70%	75%	70%	<b>2</b>
<b>MDC alone</b>	29%	66%	68%	35%	76%	81%	54%	<b>3</b>
<b>CDC alone</b>	29%	66%	63%	35%	76%	81%	53%	<b>4</b>
<b>SWDC Status quo</b>	26%	38%	45%	34%	38%	60%	38%	<b>7</b>
<b>TDC Alone</b>	26%	66%	67%	35%	76%	81%	52%	<b>5</b>
<b>Wairarapa Only</b>	54%	71%	70%	88%	76%	75%	71%	<b>1</b>



# What Differentiates the Regional and Provincial Options – thoughts

- Iwi support a key driver
- District strategic alignment around key initiatives
- Local accountability and flow on benefits to LOS and economics
- Ability to influence and deliver accountability
- Spatially logical benefiting coordinated response and standardized solutions
- Right sized, fit for purpose means innovation and cost efficiencies
- Future optionality important

# What's Next?

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Briefing all councils on MCA results now

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Budget to complete full report approved

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District Council Forum 28 August - briefing from Wellington  
Regional project team

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Receipt of Regional model report end of September

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Decisions required in October