

Local Water Done Well Reform Update

Summary for Mayoral Forum

2 September 2024

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1. Purpose

The report updates the Mayoral Forum on the government's "Local Water Done Well" policy, exploring regional responses and outlining steps to develop Water Service Delivery Plans (WSDPs). Councils must submit WSDPs within 12 months of the Local Government (Water Services Preliminary Arrangements) Bill's enactment.

2. Executive Summary

- **Policy Change:** The government replaced the Three Waters legislation with the "Local Water Done Well" policy. Councils retain control over water services but must comply with new investment, borrowing, and pricing rules, overseen by a new regulator.
- **Timeline:** Councils must decide by year-end whether to consult on individual or joint WSDPs. The Department of Internal Affairs (DIA) will provide guidance and templates post-legislation.
- **Cost Impact:** New rules may increase costs for end-users. A regional approach could mitigate overhead and compliance costs.
- **Collaboration:** The Regional Options Appraisal supports a collaborative approach. Individual councils are assessing impacts and potential collaborations.
- **Consultation:** Joint WSDPs require consultation, including with Iwi/Māori. Councils must adopt plans by June 2025, with consultations starting in February 2025.

3. Recommendations

- Receive the report and presentation.
- Note the new policy settings and legislative requirements.
- Consider the regional appraisal project's findings for a Joint WSDP.
- Agree on monthly virtual meetings for progress updates.
- Decide by December on proceeding with a Joint WSDP consultation.
- Comment on the proposed public engagement approach.
- Arrange briefings and invite Iwi stakeholders to a hui in October.

4. Legislation and Policy

Councils have choices within government-set parameters, with an emphasis on some form of amalgamation.

4.1. Legislation, Policy, and Engagement with Government

Key Points:

- **Council Choices:** Councils have options within government-set parameters, with an emphasis on amalgamation, though not mandated.
- **Bill Progress:** The Local Government (Water Services Preliminary Arrangements) Bill, introduced on May 30, is expected to pass by the end of August. Key changes include levy-making powers for the Commerce Commission.
- **Future Legislation:** A third piece of legislation will be introduced in December and is expected to pass by June 2025. This will further separate water services planning and reporting from other council activities. Councils delivering services in-house will face borrowing restrictions from the LGFA.

4.2. Water Services CCOs and Delivery Models:

- **Definition:** A Water Services CCO (WS-CCO) delivers water services or related goods/services.
- **New Organisations:** The government will enable new, financially separate water organisations to enhance access to long-term borrowing.
- **Delivery Models:** Councils can choose from five models:
 1. In-house business unit
 2. Single council WS-CCO
 3. Multi-council WS-CCO
 4. Mixed council/consumer trust
 5. Consumer trust owned

These models offer varying levels of financial support from parent councils.

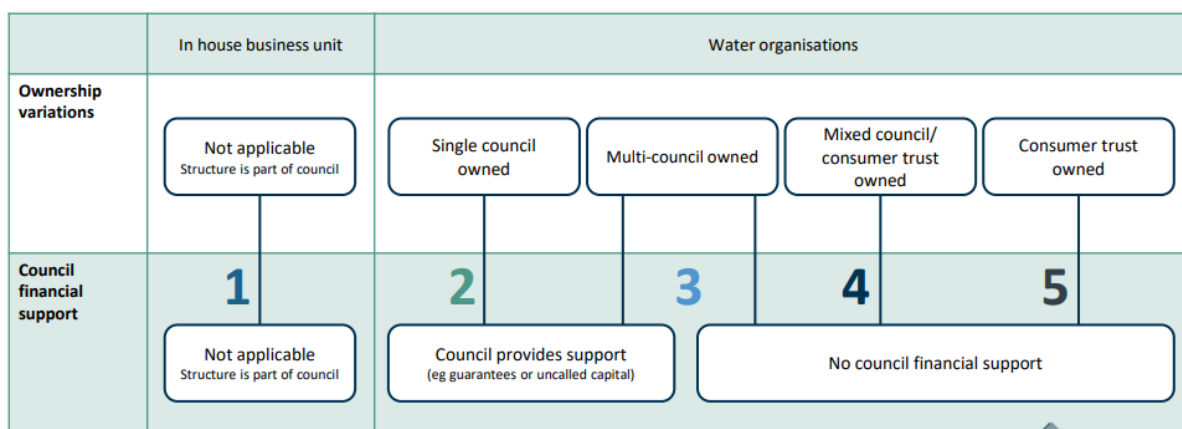


Figure 1: Types of Water Service Providers – In-house OR Water Organisations

4.3. Additional Key Points

The following points highlight the government’s commitment to maintaining public control and ensuring competent governance in the new water service delivery models.

4.3.1. Privatisation Restrictions:

- Legislative restrictions will prevent privatisation of water services.
- Existing responsibilities under the Local Government Act (LGA) and Treaty settlement legislation will remain in force, regardless of the delivery model.

4.3.2. Board Appointments:

- Board members for Water Organisations (WS-CCO or Trust) must be appointed based on competency, ensuring a mix of skills, knowledge, and experience.
- Council staff or elected members are explicitly excluded from board appointments.

4.3.3. Role of Shareholding Councils:

- The Department of Internal Affairs (DIA) has provided further details on the role of shareholding councils in multi-council owned CCOs.
- An illustrative example has been provided as follows (Figure 2) to show how this arrangement might work.

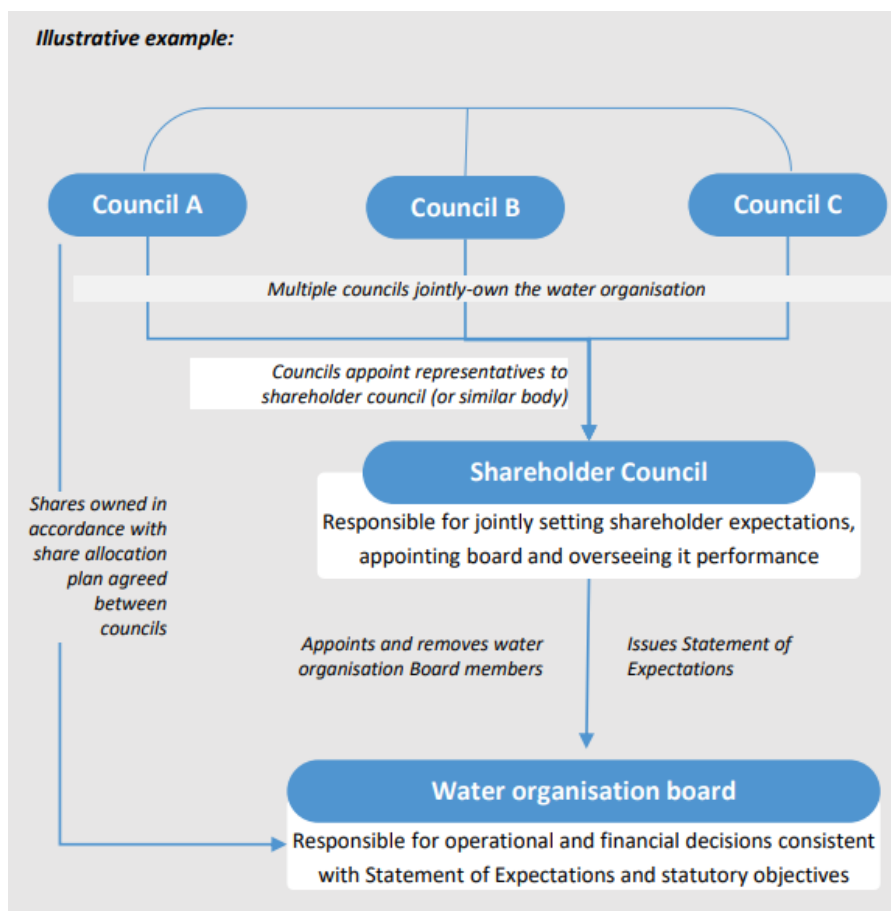


Figure 2: Illustrative example of shareholding and governance arrangements for multi-council WS-CCO. (Source: DIA)

4.4. Water Services Delivery Plan (WSDP)

The following points highlight the structured approach and oversight in developing and implementing WSDPs, ensuring compliance and effective water service delivery.

Role of Shareholding Council in a WS-CCO	Work to be done as part of Joint WSDP
<i>Establish shareholder rights and interests through a company constitution and/or shareholder agreement, subject to compliance with the legislation</i>	1.1 Assess different options for shareholding
	1.2 Agree option for shareholding
<i>Appoint and remove directors, for example through a shareholder council or similar (the 'Mechanism')</i>	2 Agree Mechanism for appointing and removing directors
	3.1 Agree basis of membership of that Mechanism, e.g. Alignment with shareholding or different?
	3.2 Agree process for appointing members of the Mechanism
<i>Issue a combined Statement of Expectations</i>	4 Agree the process for issuing a combined Statement of Expectations.
<i>Monitor performance of WS-CCO through regular report to shareholding councils on performance and through annual report containing audited financial statements, including reporting on actual performance and other matters outlined in the Water Services Strategy</i>	5 Ensure that performance requirements are incorporated into combined Statement of Expectations.

4.4.1. Requirements and Timeline:

- Councils must develop and adopt a WSDP within 12 months of the Bill passing, by June 2024.
- Extensions are available for councils entering joint arrangements.

4.4.2. Plan Details:

- A WSDP can be developed individually or jointly.
- It must outline the future delivery model, demonstrate financial sustainability by June 2028, and meet regulatory standards.
- The plan should cover at least 10 years, up to 30 years.
- An Implementation Plan is required, detailing the process, timeframe, and milestones for the proposed model.

4.4.3. Submission and Compliance:

- Once adopted, the WSDP is submitted to the Secretary for Local Government for approval.

- If compliant, it must be published online and implemented. If not, it must be amended and resubmitted.
- Councils can amend and resubmit an accepted plan within 24 months if there are significant changes.

4.5. Crown Facilitators and Water Service Specialists

4.5.1. Roles and Responsibilities:

- The Bill introduces two ministerial appointees: Crown Facilitator and Water Services Specialist.
- The Minister can appoint a Crown Facilitator to assist, advise, or direct councils in preparing or implementing a WSDP.
- A Crown Facilitator can also coordinate negotiations for joint arrangements and recommend further actions.

4.5.2. Intervention and Compliance:

- If a council fails to submit, amend, or implement a WSDP, the Minister can appoint a Crown Water Services Specialist.
- The Specialist has a directive role to prepare and ensure the adoption of a WSDP.
- Councils must cooperate with Facilitators or Specialists and comply with their requests and directions.

4.5.3. Cost Recovery:

- The costs of Crown Facilitators or Water Services Specialists will be recovered from the relevant local authorities.

4.6. Financial Sustainability and Ring-fencing

4.6.1. Financial Sustainability:

- Must be achieved by June 30, 2028.
- Defined as having sufficient revenue for long-term investment and meeting all regulatory standards.

4.6.2. Ring-fencing:

- Revenue and delivery of water services must be separated from other council functions.
- Councils can only borrow for water investment against water revenue, not aggregated revenue from all services.

4.6.3. Borrowing Limits:

- Current aggregated borrowing levels exceed the LGFA cap of 280% of revenue.
- Councils need to increase revenue or borrowing caps or reduce work programs to comply with ring-fenced borrowing limits.
- LGFA will lend up to 500% of operating revenue to WS-CCOs supported by parent councils, but not to councils retaining in-house water services.

4.6.4. WS-CCO Borrowing:

- WS-CCOs can join the LGFA but are not required to.
- Requirements for joining include 100% equity ownership by local authorities/Crown, credit support from shareholders, and compliance with financial covenants.
- Councils should seek advice on credit ratings and financial implications before establishing a water organisation.

4.7. Accountability Framework:

- New policy settings include a framework that separates water strategy, planning, and reporting from council long-term plans.
- Replaces extensive water-related planning and reporting with three core documents:
 1. Statement of expectations (for separate water organisations)
 2. Water services strategy
 3. Water services annual report

4.8. Standalone Financial Statements:

- Required for all water services (drinking water, wastewater, stormwater).
- Must separate water services charges, expenses, and liabilities from other council activities.
- Councils must track and report cash generated for water services and disclose borrowing arrangements.

These measures aim to ensure financial sustainability, transparency, and accountability in water service delivery.

4.9. Stormwater Management in Future Delivery Arrangements

The following points highlight the complexities and responsibilities involved in stormwater management within the new water service delivery framework.

4.9.1. Optional Inclusion:

- Stormwater inclusion in joint delivery arrangements is optional under the Local Water Done Well policy.
- Councils retain legal responsibility and control over stormwater services, regardless of the delivery mechanism chosen.

4.9.2. Responsibilities:

- Councils must determine service levels and performance targets for stormwater management, raise revenue from rates, and pass it to the contracted water service organisation.
- If councils retain stormwater services in-house, rates revenue and borrowing must be ring-fenced, meaning rates income must cover stormwater borrowing costs.

4.9.3. Government Proposals:

- Improved management of overland flow paths and urban watercourses.
- New planning and regulatory tools, such as stormwater network risk management plans and stormwater rules.
- Service agreements between territorial authorities, regional councils, and transport corridor managers for integrated stormwater management.

4.9.4. Challenges and Considerations:

- Managing urban intensification and climate change impacts on stormwater networks.
- Balancing stormwater management with land use planning and other council responsibilities.
- Understanding the implications of water organisations setting service delivery costs, potentially making councils price-takers.
- Further work needed to address these issues in the Joint Water Service Delivery Plan and future legislative submissions.

4.10. Regulation Changes

The following regulatory changes aim to balance cost, efficiency, and compliance, particularly for smaller and mixed-use suppliers.

4.10.1. Economic Regulation:

- Regulation by the Commerce Commission is expected to increase costs.
- Changes to the network and quality regime aim to provide greater certainty and reduce costs.

4.10.2. Key Proposed Changes:

4.10.3. Taumata Arowai Regulation:

- Adjustments to remove barriers for a proportionate, cost-effective, and efficient approach.

4.10.4. Drinking Water Quality:

- Reduced regulatory burden for small, low-risk suppliers.
- Exclusion of 'shared domestic supplies' serving 25 or fewer consumers from regulation.
- Additional changes to reduce compliance costs for a wider range of suppliers.

4.10.5. Mixed-Use Rural Water Schemes:

- Changes to operating principles to consider costs and unique characteristics.
- Specific information on mixed-use schemes in annual reports and compliance strategies.

4.10.6. Wastewater Standards:

- A single standard for wastewater, with multiple disposal options.
- Intended to provide a consistent approach for consenting and reduce costs.
- New standards will still impact future costs and their relationship with Regional Council applications is unclear.

4.10.7. Consultation and Financial Impact:

- The implications of these changes will be considered through the consultation process.
- The financial impact on planned expenditure will be assessed during the development of the Water Services Delivery Plan.

4.11. Streamlined Consultation Process

4.11.1. Alternative Requirements:

- Councils must use simplified consultation processes for establishing a Water Services CCO or joint arrangements.
- Key provisions include:
 - Setting up a joint committee for multi-district consultations and recommendations.
 - Allowing one round of consultation, analysing only the Status Quo and the preferred option.
 - Considering collective benefits/impacts across multiple districts and factoring in views of other participating councils.
- An amendment specifies these provisions must be used for WSDP consultations, but the draft or full WSDP itself does not need to be consulted on.
- Final implications of these changes are still unclear, pending DIA guidance.

5. Assessing a Regional Approach

5.1. Project Brief:

- Revised in March 2024 to provide sufficient information for informed decisions on regional asset owning CCOs for Three Waters services.
- Aimed to balance high-level overview with detailed evidence for decision-making.

5.2. Baseline Assessment:

- Comprehensive assessment of the region's communities, connections, assets, financials, workforce, service delivery, policy, compliance, and regulation.
- Identified regional challenges and opportunities.

5.3. Financial Modelling:

- Scenarios included impacts of including/excluding the PNCC WWTP and sub-regional options.
- Updated with final LTP figures and capital expenditure forecasts for Years 11-30.
- Concluded no compelling financial reason for or against regionalization, but strategic benefits favour a regional approach.

5.4. Strategic Benefits:

- Regional approach could provide strategic advantages, potentially delivering water services more efficiently and cost-effectively.

These points highlight the streamlined consultation process and the strategic considerations for a regional approach to water service delivery.

5.5. Individual Analysis and Regional Approach

These points emphasize the strategic advantages of a regional approach to water service delivery, helping to meet future regulatory and financial challenges.

5.6. Status Quo Benchmark:

- The 'status quo' benchmark in the model is for comparison only and may not reflect exact charges per connection anticipated by councils in their Long-Term Plans (LTP).
- Costs per connection under new rules are unlikely to match current LTP Year 10 projections.

5.7. Strategic Benefits of a Regional Approach:

- **Ownership and Direction:** Retains local ownership and strategic direction.
- **Treaty Obligations and Community Expectations:** Better meets Treaty obligations and community expectations.
- **Shared Voice:** Strengthens negotiating position with the Government and regulators.
- **Funding Tools:** Enables access to improved funding mechanisms.

- **Delivery Outcomes:** Streamlines processes for consistent and improved delivery outcomes.
- **Capacity to Manage Change:** Increases capacity to handle regulatory and cost changes.

5.8. Strategic benefits of including all major capital projects outweigh potential costs.

5.8.1. Including All Capital Projects:

- Financial modelling shows marginal cost differences when including the PNCC WWTP in a Regional CCO.
- Disadvantages are considered to be outweighed by the strategic benefits of adopting a principle of including all major capital projects of all participating councils

		WWTP paid by PNCC	WWTP incl in CCO	Addtnl cost per conntn
Debt Kept Equal	Conservative	\$ 2,268	\$ 2,406	\$ 138
	Mid-range	\$ 2,198	\$ 2,335	\$ 137
	Optimistic	\$ 2,152	\$ 2,290	\$ 138
Rates Kept Equal	Conservative	\$ 2,446	\$ 2,446	\$ -
	Mid-range	\$ 2,446	\$ 2,446	\$ -
	Optimistic	\$ 2,466	\$ 2,466	\$ -

Figure 3: Additional cost per connection in 2033 if PNCC WWTP included in WS-CCO

5.8.2. The financial case is marginal

- In the fully regionalised scenario, the modelled cost for water connections in Yr 10 is cheaper than LTP projections for four out of seven councils. (Refer above, Figure 3)

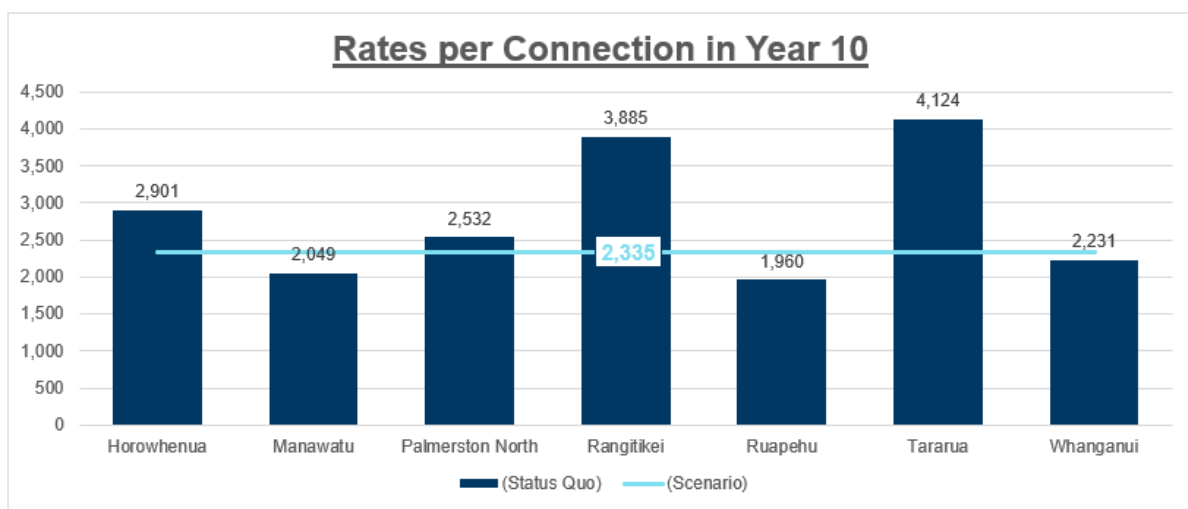


Figure 4: Rates per Connection in Year 10

- However, the picture changes when considering a 30-year horizon. For example, Ruapehu moves from net contributor to net beneficiary after year 10, while Horowhenua moves to a

small net contributor. Beneficiaries also show benefits increasing at a faster rate than contributors show increased contributions over time. (Refer above, Figure 4)

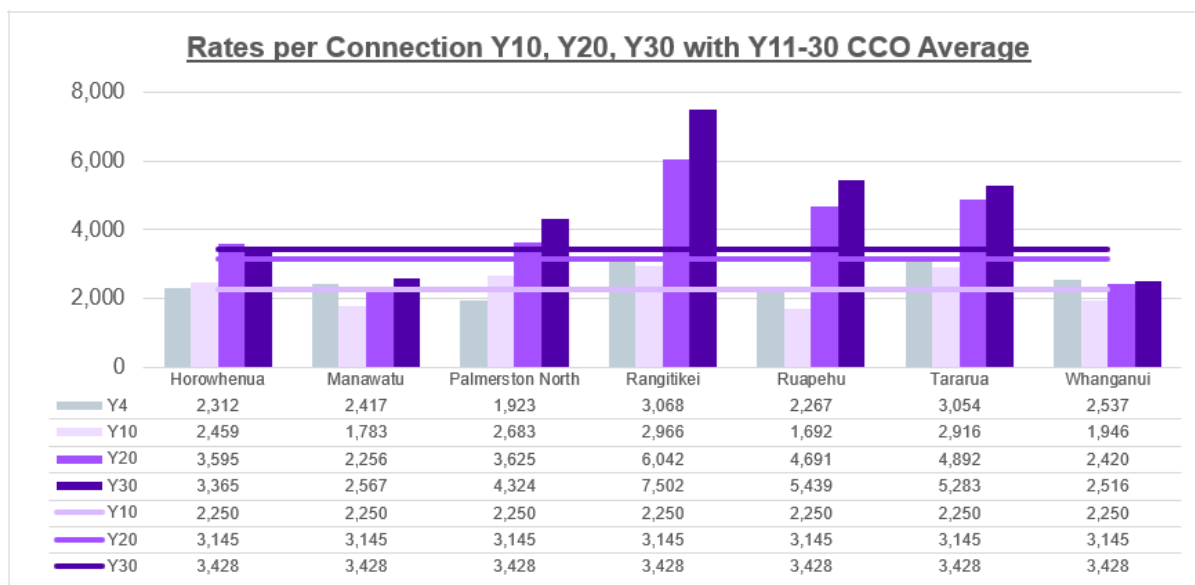


Figure 5: Rates per connection - Status Quo vs CCO Average

5.9. Regional Sub-Options Financial Case: Only a Marginal Financial Differences

- Analysis of regional sub-options shows only marginal financial differences by Year 10.
- The annual cost per connection by Year 10 range between options is \$2,178 to \$2,422, a difference of \$244 or +/-5.6% about the average.
- The fully regionalized option falls in the middle of this range.
- This suggests that while financial differences are minimal, the strategic benefits of a regional approach could still make it the preferable choice. (Refer above, Figure 5)

Scenario	Council Combination	Yr10 rate per conctn
0	All in	\$ 2,335
1	HDC out	\$ 2,294
2	WDC out	\$ 2,407
3	TDC out	\$ 2,220
4	RuDC	\$ 2,376
5	HDC, RuDC, TDC, WDC out	\$ 2,244
6a	RaDC, RuDc WDC	\$ 2,178
6b	HDC, MDC, PNCC, TDC	\$ 2,409
7	PNCC out	\$ 2,357
8	MDC out	\$ 2,422
9	RaDC out	\$ 2,287

Figure 6: Year 10 Cost per connection of Sub-regional options in Debt kept Equal, mid-range assumptions

5.10. Borrowing to Revenue Ratio

The region will need to address its borrowing to revenue ratio. However, the financial flexibility and potential benefits of leveraging the increased borrowing capacity for WS-CCOs, which could lead to more stable and manageable costs for water services.

5.10.1. Current Scenario:

- The LGFA borrowing cap of 280% is exceeded in all scenarios, but debt remains below the 500% limit available to WS-CCOs supported by parent councils.

5.10.2. Implications:

- There is potential to allocate a significant portion of capital costs to debt, utilizing the increased debt cap.
- This approach could help flatten the cost per connection from current projections.

5.10.3. Long-Term Projections:

- Year 11-30 projections indicate similar headroom, suggesting further flattening or reduction of rates is possible in the future.

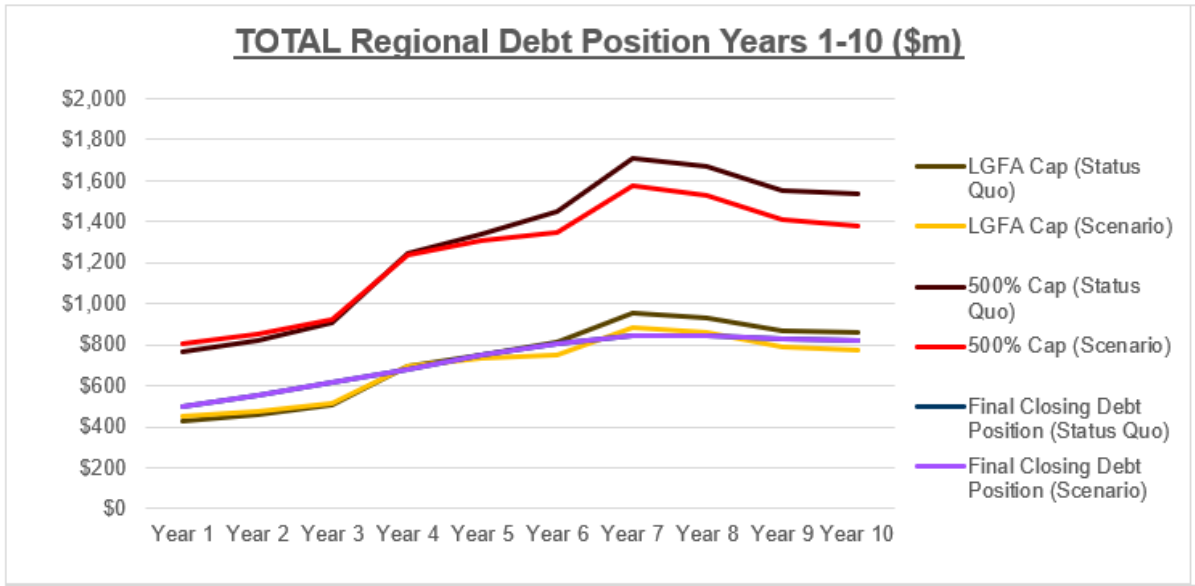


Figure 7: Total Regional Debt Position

5.11. Smoothing Tariff Normalisation

5.11.1. Debt Headroom:

- Utilizing increased debt headroom for WS-CCOs can help reduce tariff increases.

5.11.2. Differences in Charging Approaches:

- The Regional Appraisal Project identified various charging and metering regimes across the seven councils.
- Normalizing pricing in a regional CCO scenario could also mean normalizing these approaches, offering opportunities to smooth changes and gain efficiencies.

5.11.3. Charging and Metering Regimes:

- No district has full residential metering.
- Mixed approaches to trade waste charging.

5.11.4. Development Contributions:

- Five out of seven councils charge development contributions.
- The model assumes no change, but a more aggressive approach (e.g., fully charging for growth or recovering 25% of capex from DCs) could reduce the average cost per connection in year 10 by up to \$200.

5.11.5. Normalising Rates:

- The model uses a straight-line increase for each council between Year 1 and the normalised cost in Year 10.
- This approach doesn't fully account for already planned increases, which may vary, leading to less stark additional costs for some ratepayers.

These points highlight the potential for smoothing tariff normalisation through various strategies, ensuring a more balanced and efficient approach to water service charges.

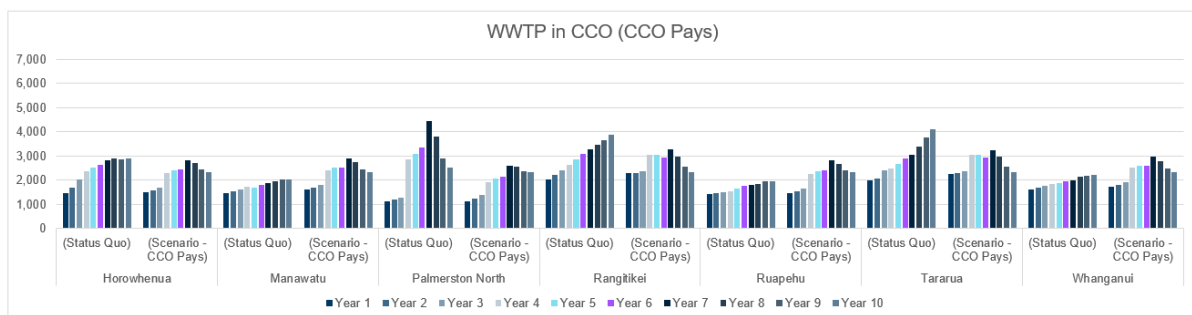


Figure 8: Yr1-10 rates per connection cost by Council

5.12. Long-Term Financial Projections and Efficiency Opportunities

5.12.1. Extended Model Projections:

- By Year 30, MDC and WDC remain net contributors and beneficiaries, with RuDC becoming a net beneficiary and HDC a net contributor.
- Normalizing tariffs over 30 years instead of 10 could mitigate variations, leading to a more equitable outcome.

5.12.2. Efficiency Savings:

- Initial marginal financial case due to efficiency savings assumptions matching transition costs for the first five years.
- Efficiency savings start small in Year 2 and increase, reaching \$50 million per year by Year 30.

5.12.3. Identified Efficiency Opportunities:

1. Procurement and Contract Management:

- Consolidation of approximately 500 water-related active contracts.

5.12.4. ICT and Operational Technology Systems:

- Harmonization of 51 systems across 9 areas, with potential long-term efficiency gains despite initial risks and expenses.

5.12.5. Water-Related Consents Management:

- Holistic management of nearly 300 consents, with significant portions expiring soon, offering opportunities for streamlined processes.

These points highlight the potential for long-term financial stability and efficiency gains through strategic planning and regional collaboration.

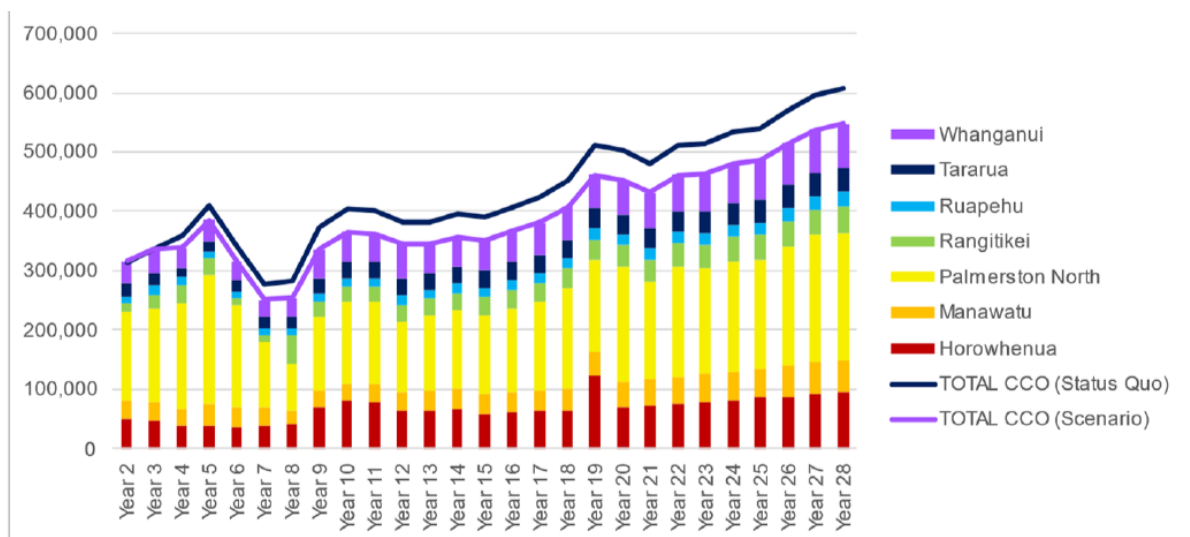


Figure 9: Annual Regional Spend Years 1-30

5.13. Household Affordability

Findings suggest that household affordability remains in line with, or more affordable than, current projections, making the regional approach a viable option for managing water service costs.

5.13.1. Assessment:

- The cost per connection was calculated as a percentage of the region’s median household income to assess affordability.
- The normalized Year 10 cost per connection for the All-in scenario is 3.2%, compared to a range of 2.6-5.5%.

5.13.2. Impact on Net Contributors:

- MDC: 0.5% increase
- RuDC: 0.6% increase
- WDC: 0.1% increase

5.13.3. Impact on Net Beneficiaries:

- Significant improvement of up to 2.3%.

Regional Median HH income	\$	75,197												
			Horowhenua DC	Manawatu District	Palmerston North C	Rangitikei DC	Ruapehu DC	Taranua	Whanganui DC					
Yr 10 Status Quo Water Charges	\$	2,901	\$	2,049	\$	2,682	\$	3,885	\$	1,960	\$	4,124	\$	2,231
% of Regional Median HH Income		3.9%		2.7%		3.6%		5.2%		2.6%		5.5%		3.0%
YR 10 normalised Water Charge	\$	2,387	\$	2,387	\$	2,387	\$	2,387	\$	2,387	\$	2,387	\$	2,387
% of Regional Median HH Income		3.2%		3.2%		3.2%		3.2%		3.2%		3.2%		3.2%

Figure 10: Water Rates as a % of Median Regional Household Income

5.14. Sub-Regional Options Affordability

5.14.1. Assessment:

- Sub-regional options show a similar trend in affordability.
- Costs range between 2.9-3.2% of median household income.
- This is compared to the status quo range of 2.6-5.5%.

This reinforces that both regional and sub-regional approaches can maintain or improve household affordability compared to current projections.

6. Next Steps: Joint WSDP, Community Engagement, Strategic Oversight, and Off-Ramps

Outline of the collaborative and strategic approach needed to develop and implement a Joint WSDP, ensuring effective water services delivery for the region.

6.1. Collaborative Approach:

- The passing of the Bill, policy announcements, and Regional Appraisal Project findings support a collaborative regional approach to water services delivery.
- Four key actions:
 1. Develop a Joint Water Services Delivery Plan (WSDP).
 2. Engage with Iwi/hapu on a regional basis.
 3. Early community engagement by individual councils.
 4. Ongoing oversight by the Mayoral Forum.

6.2. Joint Water Services Delivery Plan:

- Individual councils will conclude their appraisals and begin work on a joint WSDP, including an Implementation Plan.
- Consultation is expected in February 2025, with councils deciding by December 2024 whether to proceed with a Joint WSDP or another approach.
- The first phase includes an options appraisal of multi-council delivery models and stormwater management decisions.

6.3. Guidance and Resources:

- The Department of Internal Affairs (DIA) will issue guidance and templates for WSDPs after the Bill passes.
- Councils will need to aggregate LTP data, Asset Management Plans, and Infrastructure Strategies, with potential refinements for financial sustainability.

6.4. Technical and Subject Matter Experts:

- Involvement of engineers, asset managers, legal, finance, policy, governance, democratic services, and communications experts.
- Review of requirements following DIA guidance.

6.5. Shareholding and Governance Structures:

- Consideration of shareholding and governance structures from the options appraisal.
- Common shareholding applications include capital value and population, and an equity-based approach. (As below, Figure 11)
- Further analysis required in the next phase.

Table 1 Breakdown of shareholding options

	Horowhenua	Manawatu	Palmerston North	Rangitikei	Ruapehu	Taranua	Whanganui
Assets	396,143	511,348	770,764	262,548	104,377	158,356	661,503
Debt	187,313	50,204	44,976	31,644	15,952	34,200	88,059
Net Assets	208,830	461,145	725,788	230,904	88,425	124,156	573,444
Equity Shareholding	8.66%	19.11%	30.08%	9.57%	3.67%	5.15%	23.77%
Capital Value	14,990,421	15,992,733	33,018,000	4,126,204	5,743,053	9,307,905	15,488,757
Shareholding	15.19%	16.21%	33.46%	4.18%	5.82%	9.43%	15.70%
Population	38,159	34,898	91,800	16,268	13,166	19,200	49,331
Shareholding	14.52%	13.28%	34.93%	6.19%	5.01%	7.31%	18.77%
CV-Population mix Shareholding	14.86%	14.74%	34.20%	5.19%	5.42%	8.37%	17.23%
Connections	12,920	8,611	30,140	4,863	5,118	5,886	17,116
Connections Shareholding	16.04%	10.08%	35.28%	5.69%	5.99%	6.89%	20.03%

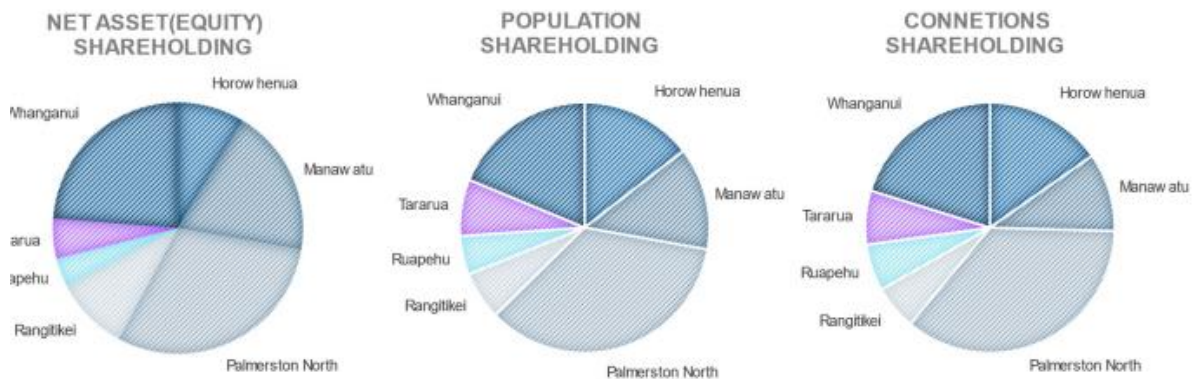


Figure 11: Illustrative shareholding options

6.6. Council Decisions:

- Councils will decide the shareholding structure and governance structure for appointing the WS-CCO Board.
- Governance structures can include members beyond the shareholders.
- The following steps ensure that the governance structure for the WS-CCO is inclusive, well-considered, and aligned with the needs and expectations of all stakeholders.

6.6.1. Governance Structure Considerations:

- The Regional Appraisal Project has not proposed specific governance structures for appointing the WS-CCO Board.
- Governance structures do not need to be finalized before submitting the WSDP but will impact financial modelling.
- Discussions on governance structures should involve iwi from the outset.
- This topic is expected to interest Elected Members and other key stakeholders, such as Rural Water Scheme committees.

6.6.2. Next Steps for Governance Model:

- If a WS-CCO is the preferred delivery model, initial conversations with Elected Members and iwi will guide the development of governance options.
- Options can draw on existing engagement forums, approaches by constituent councils, models from previous reform processes, and feedback from within Horizons and other sources.

6.7. Regional Iwi/Hapū Engagement

6.7.1. Obligations and Engagement:

- The new Act maintains councils' obligations under the Local Government Act 2002 to promote Māori participation in local decision-making.
- DIA continues to engage with iwi organisations on the government's plans.
- Each council has Treaty obligations, such as those from the Te Awa Tupua Act.

6.7.2. Previous Engagement:

- During the Regional Appraisal Project, councils engaged with iwi and hapū to outline the three waters collaboration project and seek early views on regional approaches.
- Engagement respected each council's existing processes and relationships, despite potential inconsistencies.

6.7.3. Feedback:

- High-level feedback emphasized not pre-determining outcomes, early involvement, and working from the Tupua te kawa (values of the river).

6.7.4. Next Steps:

- As the options appraisal phase ends and a joint WSDP is developed, a joined-up approach to iwi engagement is timely.
- Governance structure discussions will start with the Joint WSDP work but do not need to conclude before submission.

6.7.5. Proposed Hui:

- The Mayoral Forum will host a hui with iwi/hapū stakeholders in late September to share Regional Appraisal Project findings, next steps, and discuss participation preferences.
- Discussions will explore whether iwi prefer collective groups or individual dialogues with councils.

6.7.6. Principles for Engagement:

- Transparency with partners.
- Consistency of message.
- No promises.

These steps ensure meaningful and respectful engagement with iwi/hapū, aligning with legal obligations and fostering collaborative decision-making.

6.8. Early Community Engagement

6.8.1. Consultation Requirements:

- Joint WSDP consultation must occur in February to meet statutory deadlines.
- Councils need to decide by December if they will consult on a Joint M-W WSDP to allow preparation time.

6.8.2. Importance of Early Engagement:

- Water reform has significant public interest and scrutiny.
- Early community engagement helps understand community views and build awareness before formal consultation.
- Some councils may need to choose between different combinations of neighbours for collaboration.

6.8.3. Consistent Communication Approach:

- Each council will continue its own communications and engagement activities, aligned with a common approach.
- Ensures consistent understanding and constructive conversations with communities.

6.8.4. Key Tactics for Pre-Engagement:

1. **Consistent Key Messages:** Adapt and emphasize for local audiences and priorities.
2. **Key Milestones:** Use milestones as hooks for communications activities.
3. **Sharing Activity Details:** Share planned and reactive communications via the Transition Managers working group.
4. **Community Feedback:** Provide appropriate means for community feedback, aligned with local context and policies.

6.8.5. Target Audiences:

- Residential communities, business communities, and trade waste customers.
- Separate approaches for engagement with Elected Members, Council staff, Iwi/hapū, Government, and other stakeholders, but with consistent principles and messages.

6.8.6. Formal Consultation Preparation:

- Formal consultation on the Joint WSDP will be jointly coordinated and delivered.
- Preparation should start concurrently with drafting the WSDP.
- A Communications and Consultation Sub-group will be formed, with each Council's Communications Manager working on a joint plan for the formal consultation stage.

These actions should ensure early and effective community engagement, fostering understanding and collaboration for the Joint WSDP.

7. Regular Reporting to the Mayoral Forum

Reporting to ensure timely and strategic progress on the WSDP, addressing key risks and maintaining effective engagement with stakeholders.

7.1. Proposed Meeting Schedule:

- Due to the tight timeframe for developing the WSDP, the quarterly meeting cycle of the Mayoral Forum is insufficient.
- Proposal for the Mayoral Forum to meet virtually in the months between quarterly meetings until the WSDP is submitted.
- Monthly meetings will receive progress reports and provide strategic direction.

7.2. Options and Risks

7.2.1. Time Constraints:

- Despite legislative delays, councils must submit an adopted WSDP before the pre-election period, reducing the timeline by two months.
- Tight timeframe for engaging with iwi and consulting the community, even with eased consultation requirements.

7.2.2. Engagement Approach:

- Proposed early community engagement by individual councils, aligned with a common approach.
- Alternative regional approach for early engagement and formal consultation could ensure consistent messaging and reduce costs but may be perceived as pre-empting regionalization.
- Risks of the regional approach outweigh the benefits due to increased mobilization time and the need for councils to work to their own timelines.

7.2.3. Joint WSDP Progress:

- Delaying the joint WSDP is not recommended due to the significant amount of work required.
- Easier to scale back than to add in participating councils later.
- Councils opting out later can apply for an extension to submit their alternate WSDP.

8. Appendices

- **Regional Appraisal Project – Final Report TBC**
- **GHD Financial Modelling**

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