

# 3 Waters Reform

High Level Presentation



# Welcome and Housekeeping

- Health and Safety
- Facilities
- Introduction of the Panel
- Rules of engagement
- Why are we here?
- Early conversation and information sharing

# Introduction to Waimate Three Waters

- 1 Urban Water Scheme that will be fully compliant by the end of 2021
- 6 Rural Water Supplies currently being upgraded
- 1 Urban Stormwater Network
- 1 Urban Wastewater Network and Treatment Plant
- (Multiple water supplies, flood protection assets, wastewater treatment facilities that ultimately could be impacted by the proposed reforms)

# Where are we currently?

- Regulatory framework currently enforced by the Ministry of Health;
- Weak legislation and enforcement;
- Resultantly decisions made have reflected:
  - a) A desire to keep rates affordable;
  - b) Delay to allow for legislative change;
  - c) Reluctance to invest in “gold plated” solutions that are not fit for purpose for our Communities of Interest.

# What changed?

- Havelock North contamination incident
- Case for change established
- Three Waters Review commenced 2017
- Questioned the Regulatory Regime
- Questioned the Capability of Water Service Providers

# What's currently happening

- Taumata Arowai established
- Water Services Bill introduced and likely to be enacted
- Proposal to establish four water service providers for NZ
- And a lot more besides!

# Taumata Arowai – A Crown Agency

- WDC (and most Councils) welcome regulation
- Wastewater will continue to be regulated by Ecan
- Stormwater will continue to be regulated by Ecan
- But, to regulate you need some good rules....



# Water Services Bill

## Water Services Bill

Government Bill

### Explanatory note

#### General policy statement

This Bill is an omnibus Bill that will repeal Part 2A of the Health Act 1956 and replace it with a stand-alone Act to regulate drinking water. There are also amendments to the Local Government Act 2002 and amendments to other Acts, including a discrete amendment to the Resource Management Act 1991. The Bill is introduced under Standing Order 263(a) because the amendments deal with an interrelated topic that can be regarded as implementing a single broad policy. That single broad policy is to implement the Government's decision to comprehensively reform the drinking water regulatory system, with targeted reforms to improve the regulation and performance of wastewater and stormwater networks.

#### Introduction

New Zealand's drinking water regulatory system presents a number of challenges. There is a lack of compliance and enforcement activity, and significant variability in the size and capability of suppliers, with little support to assist them to comply with regulatory requirements. There has been a lack of Māori input within decision-making frameworks. As a result, the current drinking water regulatory system is failing to provide necessary assurances that drinking water supplies across New Zealand are safe and reliable.

To address these regulatory issues, the Bill is part of a broader package of reforms that includes—

- establishment of a Crown agent, Taumata Arowai—the Water Services Regulator (**Taumata Arowai**), which will be responsible for administering the regulatory regime in the Bill; and
- reform of the National Environmental Standard for Sources of Human Drinking Water (which is a regulation made under the Resource Management Act 1991).

- Empowers Taumata Arowai
- Provides the “rule book” for water service providers
- Potentially provides alternate means for compliance with the Drinking Water Standards for New Zealand. Based on a balance of likelihood and consequence (Risk) – Rural Water Supplies



# Numbers, numbers and more numbers!

- Covid stimulus funding circa \$760M
- \$3.38M for the Waimate District to fund new and works planned in the future
- Non-binding Memorandum of Understanding (MoU)
- WDC at the “Three Waters Reform” table
- Request for Information



# Request for Information

Item Ref	Description	Units	Code	Check	Water Service	Wastewater Service	Sewerage Service	Information Journal	Comments
0110	Area of Office	m <sup>2</sup>	HO	1	18,000.00	21,000.00	2,000.00	WDC	Total Office area = 110,000 m <sup>2</sup> . 50% used for rural water, 50% used for urban water. 50% used for wastewater and 50% used for sewerage. The office is a commercial building in a rural area. The office is a commercial building in a rural area.
0111	Number of Appliances	#	1	1	1	1	1	WDC	WDC does not have information for 2 meters. See the above comment E11.7.
0112	Number of Deposits	#	1	1	1	1	1	WDC	WDC does not have information for 2 meters. See the above comment E11.7.
0113	Area of Road	m <sup>2</sup>	HO	1	18,000.00	21,000.00	2,000.00	WDC	Total Road area = 110,000 m <sup>2</sup> . 50% used for rural water, 50% used for urban water. 50% used for wastewater and 50% used for sewerage. The office is a commercial building in a rural area. The office is a commercial building in a rural area.
0114	Number of Substations	#	1	1	1	1	1	WDC	WDC does not have information for 2 meters. See the above comment E11.7.
0115	Area of Roadway	m <sup>2</sup>	HO	1	18,000.00	21,000.00	2,000.00	WDC	Total Roadway area = 110,000 m <sup>2</sup> . 50% used for rural water, 50% used for urban water. 50% used for wastewater and 50% used for sewerage. The office is a commercial building in a rural area. The office is a commercial building in a rural area.
0116	Number of Control Cabinets	#	1	1	1	1	1	WDC	WDC does not have information for 2 meters. See the above comment E11.7.
0117	Area of Control Cabinet	m <sup>2</sup>	HO	1	18,000.00	21,000.00	2,000.00	WDC	Total Control Cabinet area = 110,000 m <sup>2</sup> . 50% used for rural water, 50% used for urban water. 50% used for wastewater and 50% used for sewerage. The office is a commercial building in a rural area. The office is a commercial building in a rural area.
0118	Vehicles & Plant	#	1	1	1	1	1	WDC	Total V&P = 110,000. 50% used for rural water, 50% used for urban water. 50% used for wastewater and 50% used for sewerage. The office is a commercial building in a rural area. The office is a commercial building in a rural area.
0119	No. of Emergency Response Systems	#	1	1	1	1	1	WDC	Coverage percentage of 3 meters telemetry systems in the urban area is 100%. See the above comment E11.7.
0120	Number of Safety Observations	#	1	1	1	1	1	WDC	WDC does not have information for 2 meters. See the above comment E11.7.
0121	Information Systems - Personal Computers	#	1	1	1	1	1	WDC	WDC does not have information for 2 meters. See the above comment E11.7.
0122	Information Systems - Workstations	#	1	1	1	1	1	WDC	WDC does not have information for 2 meters. See the above comment E11.7.
0123	Information Systems - Handphones	#	1	1	1	1	1	WDC	WDC does not have information for 2 meters. See the above comment E11.7.

- Waimate District Council was the only organisation to separate Rural and Urban services
- Consensus was that this approach would be beneficial
- Indicated huge differences between Rural and Urban service delivery
- Unfortunately results were added together and modelled for New Zealand
- Concerns that the preferred model is too coarse to reflect Rural Water Supplies.
- Needs more conversation during the next eight weeks.



## Economic

C

GDP Growth

5.1%

Low Scenario

8.3%

High Scenario

Employment Growth

0.3%

Low Scenario

0.5%

High Scenario

## Operations

RFI



10

Three Waters  
FTEs



0

Distribution Zones  
Reporting  
Determinand  
Failures

## Financial

C

Average Household Cost per Annum (Real):



\$1,200

FY21: Current

\$1,640

FY51: Reform

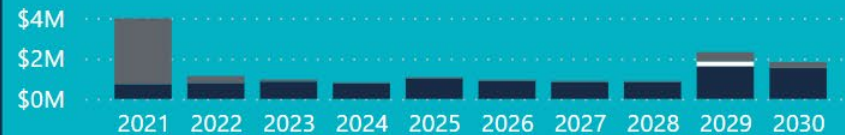
\$8,690 +

FY51: No reform

Capital Expenditure Forecast (FY21 - FY30):

RFI

● Renewals ● Growth ● Enhancement

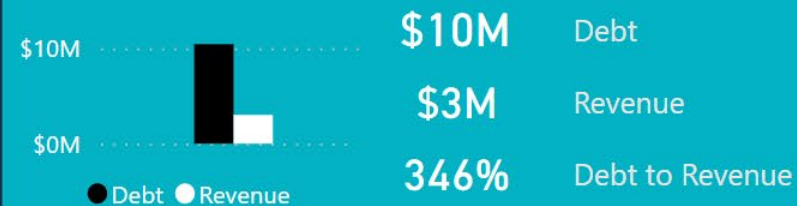


Current Investment in Renewals as a Percentage of Depreciation: 57%

C

Debt to Revenue (FY21):

RFI



## Performance

C

Operating Performance Assessment Band (\*)



## Services

RFI

Total Number of Billed Properties:

3,614

Water

1,798

Wastewater

1,909

Stormwater



0%  
Population Affected by  
Water Restrictions

0%

0%  
Population Change  
(Summer vs Winter)

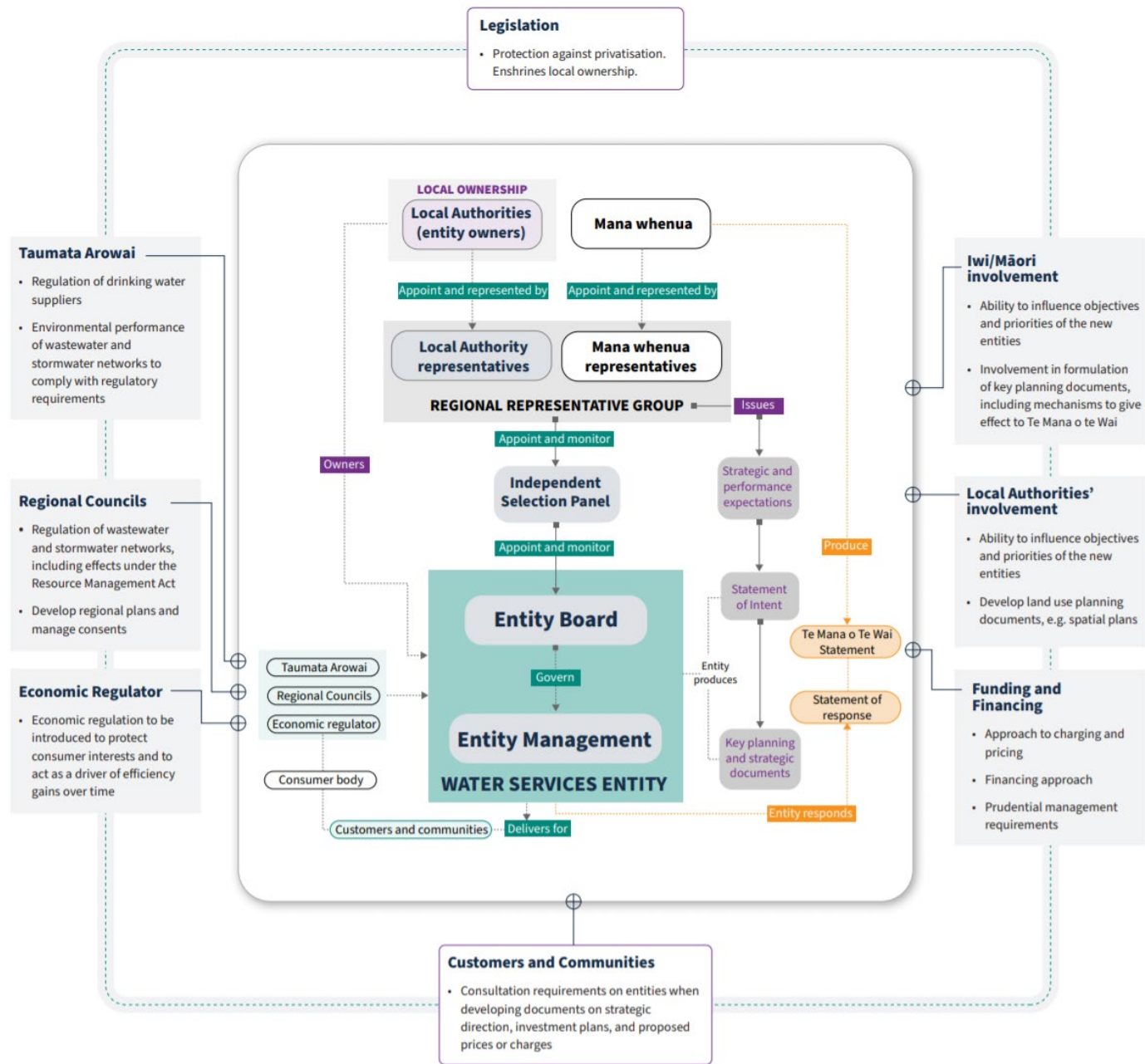
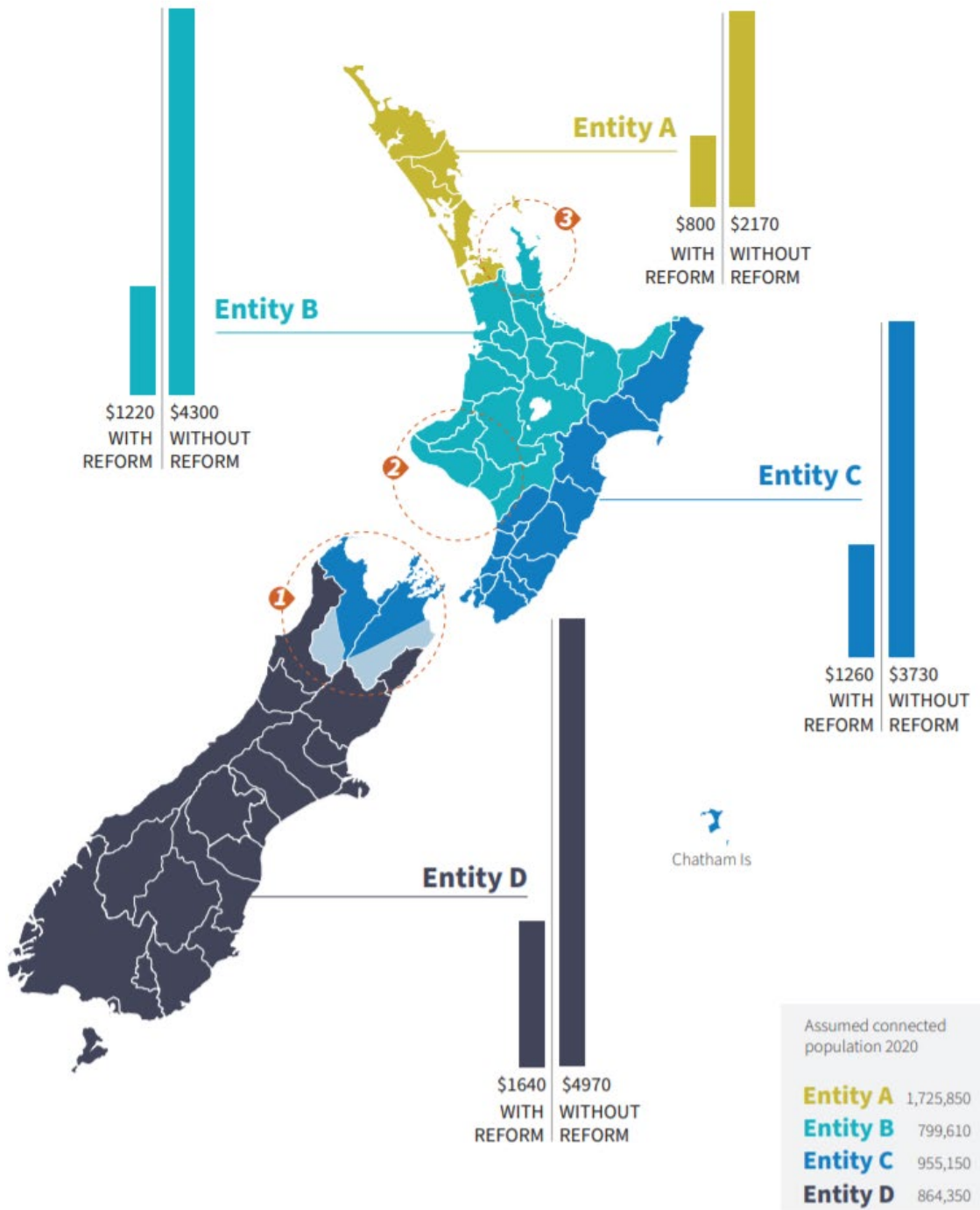
0

Properties Affected by  
Unplanned Interruptions

40

Total Unplanned  
Interruptions

RFI



# Perception!

- “Poor compliance” with the Drinking Water Standards for New Zealand
- “Infrastructure deficit” – Bow waves
- “Systemic underfunding” of economic depreciation
- Cost of three waters kept to affordable levels within the current legislative constraints.

However.... Levels of service will need to increase, and so will the investment requirements to meet new compliance and reporting requirements.

# Service Delivery Review

- WDC already undertakes service delivery reviews.
- Section 17A Local Government Act 2002
- Improvement through efficiency analysis
- Improvement to Levels of Service
- Aoraki Roding Collaboration

# Efficiency Analysis / Position

- Economy of scale
- Contractual commitment and improved procurement with scale
- Clarity of policy priority
- Robust water quality and environmental regulation
- Economic regulation – for example NZ electricity sector
- Excellence in management – innovation, asset management practices

# What's our current plan?



- Take some direction from today's meeting
- Understand the core community drivers
- Use this knowledge to guide our investigation in to the proposal and released information
- Seek feedback from both DIA and Government on the core issues and how these may be addressed



# Areas requiring clarification

- Is the community willing to invest to meet the “new standards” and consequently increase the level of service for the three waters?
- What is the communities view on the proposed governance structure? Does this allow for growth and prosperity within the Waimate District?
- Is regulation the best “first step” to change?
- What is the communities view an asset ownership? What are the risks and rewards?



# Areas requiring clarification (2)

- Price is yet to feature in the discussion. Is the price point important?
- Overseas models indicate that failures are generally due to operational capability. Reform of any kind does not necessarily improve this in the short to medium term.
- Can WDC achieve the community outcomes without reform?
- It all boils down to price. Is price setting important? Are there unintended consequences to “opting in”.



# Areas requiring clarification (3)

- What does this mean for the Future of Local Government?
- The million dollar question – Is the community willing to gift \$71M of assets?

