

# Three Waters Reform update

**Meeting:** Council Briefing  
**Date of meeting:** 03 March 2021  
**Reporting officer:** Donnicks Mugutso, Waters and Waste Manager

## Purpose/Ngā whāinga

To update the Council on the progress of the 3 Waters Reform Programme.

## Context/Horopaki

In the November 2020 Council meeting, we presented a 3 Waters Reform Update informing council of the progress of the 3 Waters Reform; particularly the approval of stimulus funding, delivery plan and funding agreement approval, the Request for Information and some internal staff movement to execute the work.

This briefing provides further update on

- Request for Information (Rfi),
- Emerging structure
- December 2020 cabinet paper,
- 3 Waters Funded Projects,
- The effect on the current term contract (3 Waters Operations and Maintenance (O & M) Contract).

## Discussion/Ngā kōrerorero

### Request for Information (Rfi)

We submitted the Request for Information (Rfi) for Kaipara District Council on 29 January and received feedback a week later that our submission was of a high quality. It should be noted that the Request for Information, among other things, asked the position of the Council debt and the unconstrained 10 year 2021-2031 LTP 3 waters infrastructure capital investment, as well as the constrained (the latest approved 2021-2031 LTP 3 waters infrastructure investment).

### Emerging Structure

In December 2020, an initial assessment by the Water Industry Commission of Scotland (WICS) (based on publicly available countrywide council data), the entity that was commissioned to analyse the New Zealand 3 waters data to inform aggregation, found the following:

- *having more than one entity in the South Island appears likely to lead to higher costs for all South Island customers relative to scenarios that involve only one entity in the South Island.*
- *an entity containing Auckland within their amalgamated territory is likely to be significantly advantaged.*
- *scenarios involving eight or 13 entities appear likely to result in customers facing higher bills and larger differentials in charges than scenarios that establish a fewer number of larger entities.*

WICS continue their analysis based on the data we have provided, and we will hear of the result in due course.

## December 2020 Cabinet Paper and Minute

In December 2020, the DIA published a cabinet paper and minute reconfirming the government commitment to progress the reforms and sought Cabinet's direction on:

- *the reform strategy and timetable.*
- *the voluntary approach to reform and legislation to facilitate a voluntary approach.*
- *work with iwi/Māori – as our Treaty partners – throughout the reform programme*
- *the process for identifying the numbers and boundaries of new water services entities.*
- *the entity design scenarios that would be tested with credit rating agencies.*

Submissions on the Water Services Bill closed on the 2<sup>nd</sup> March. Draft submissions have been made by LGNZ and Water New Zealand. A Kaipara submission has been made and circulated separately to this paper.

## Kaipara's 3 Waters Reform Projects

Out of the 9 projects funded, one project is under construction, one has the equipment in the manufacturing process, one is out to tender for construction, another will be out to tender by end of February, 4 are going through scoping and design and one is going through the investigation on the options to replace or refurbish the water structure. We have submitted Quarter 1 report covering expenditure for November and December 2020.

Project	Value (\$ NZD)	Status
Business case and Options Assessment	\$ 65,000	Investment logic mapping completed, reviewed, and awaiting final draft.
Water design engineer (18-month Fixed Term)	\$161,048	Started on January 18, 2020
Dargaville Haimona and Pirika St Watermain Renewal	\$650,000	Under construction
Dargaville Wastewater Renewals	\$460,000	Design underway
Kaiwaka Wastewater Renewals	\$400,000	Design underway
Maungaturoto Hurndall St Watermain Renewals	\$450,000	Design underway
Maungaturoto Raw watermain Renewals	\$900,000	Preparation of Tender to three waters Select List Panel of contractors
Maungaturoto Water Reservoir Replacement	\$240,000	Investigation of the material, structural and geotechnical integrity of existing tank to inform replace or refurbish decision.
Maungaturoto Water Truck Filler and Main Renewal	\$510,000	Negotiations with landowner and preliminary design underway
Ruawai Watermain Renewals	\$795,000	Out to tender to the three waters Select List Panel of contractors
Te Kopuru Wastewater Treatment Plant Aerator Upgrade	\$ 60,000	Aerator in manufacturing process

### 3 Waters Operations and Maintenance Contract

The 3 Waters Reform has brought uncertainty to council future term contracts. One of these is Kaipara's 3 Waters Operations and Maintenance contract which started in 2016 as a 3-year contract with options to extend by 2 years and another 1 year on satisfactory performance by the contractor. The Contract is run by Ventia and expires in June 2022.

In December 2020, the DIA published a timeline titled Three waters service delivery reform programme (**Attachment A**) which clearly shows that the time between January and December 2023 will be for preparation for operation of new water services entities, and:

- *Agree to multi-regional asset plan*
- *Establish management system*
- *Enter appropriate commercial arrangements*
- *Prepare for operations*
- *Asset transfers occur*

Taking the above into account, the three waters Operations and Maintenance contract for Kaipara needs to be visited and a decision made on the future of the operations.

Therefore, in April 2020, we will seek Council's direction on the future of this contract.

### Next steps/E whaiake nei

Continue to work on the three waters programme and inform Council on developments

Prepare a report on the Three Waters Operations and Maintenance contract

### Attachments/Ngā tapiritanga

	Title
A	Three Waters services Delivery Reform Programme