

**Local Water Done Well
Council Workshops
17 and 18 October 2024**

**E HARA TAKU TOA
I TE TOA TAKITAHU
HE TOA TAKITINI**

**MY STRENGTH IS NOT
AS AN INDIVIDUAL, BUT AS A COLLECTIVE**



The Wai + T Project

- A project supported by the three Wairarapa Councils and Tararua Council because of Local Water Done Well
- Scope:
 - To investigate and evaluate the benefits, opportunities and risks of joint arrangement options for water service delivery
- There is a list of practicable delivery options /groupings to consider:
 - Wellington Regional Water Service Delivery Planning
 - Wai + T or Wairarapa
 - Manawatu / Whanganui
- Must assess advantages and disadvantages of at least one option against status quo and consult on this with the public

Wai + T Project Structure

Advisory Oversight Group

- Jo Hayes, Robin Potangaroa, Mayor Ron Mark, Mayor Tracey Collis, Cllr Colin Olds, Cllr David Holmes

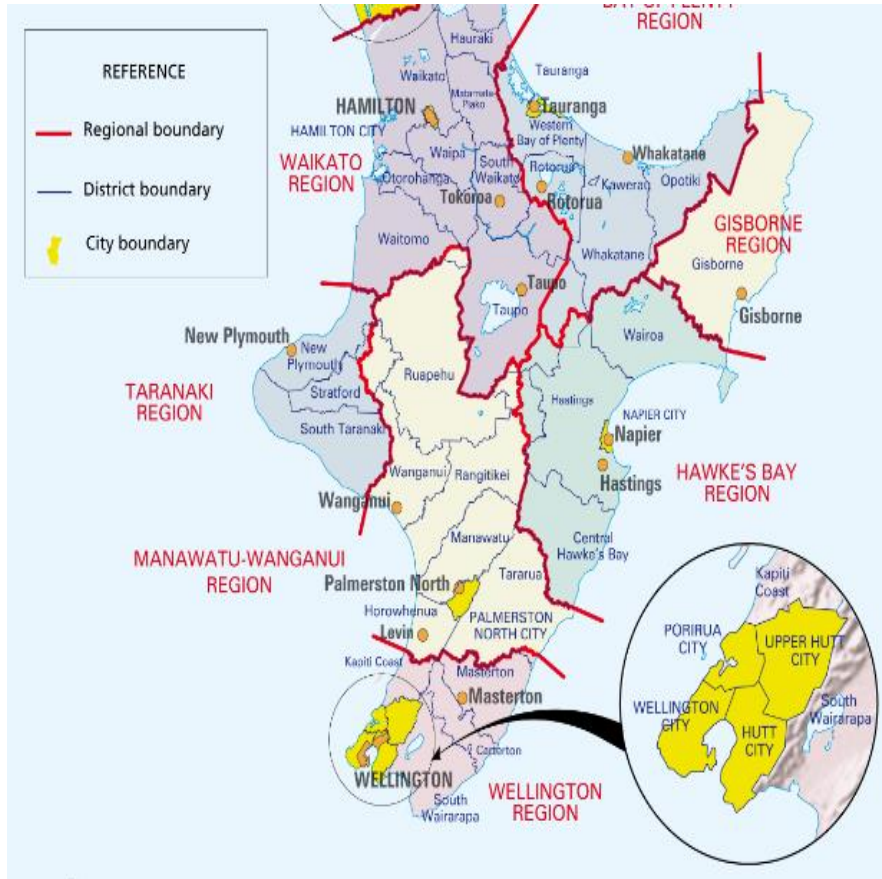
Project Steering Committee

- Janice Smith, Geoff Hamilton, Kym Fell, Bryan Nicholson

Project Team

- Robyn Wells (Lead), Maseina Koneferenisi, Johannes Ferreira, Peter Wimsett

Options for Joint Arrangements (Wairarapa Councils)



Map of council boundaries

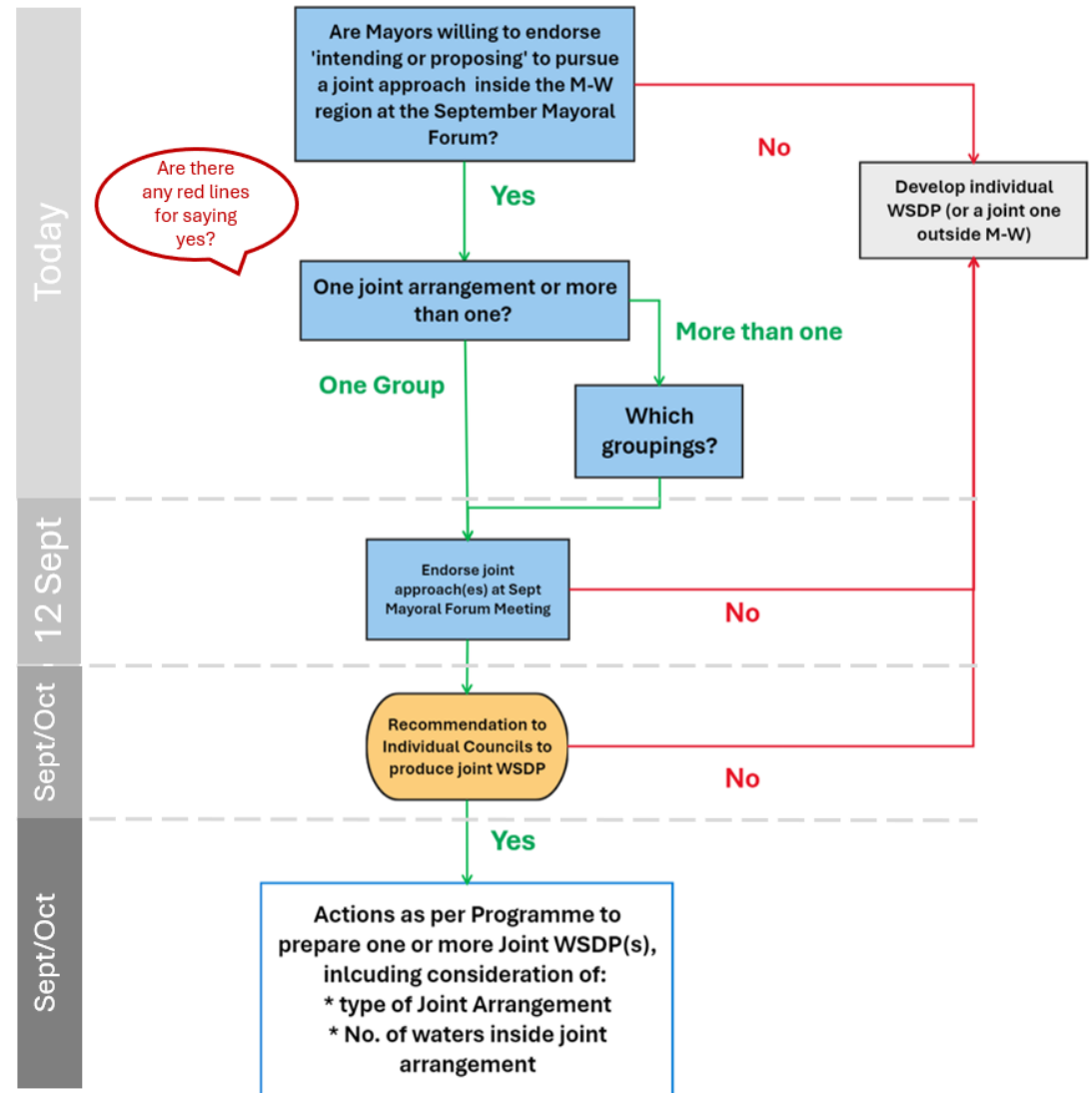
WELLINGTON REGION (10)

- ✓ 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

WAI + T (4)

- ✓ 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

TDC has a similar process underway



Wai + T Project Team Scope

1. Develop a joint arrangement option encompassing the Wairarapa and Tararua councils that is sufficiently detailed to enable it to be assessed against other options.
2. Provide sufficient supporting evidence and a decision-making framework to enable evaluation of a joint operating model against other options for the delivery of water services (including the status quo).
3. Establish the assessment criteria to enable options analysis within the decision-making framework.
4. Assess the Wellington Region joint arrangement option with the Wairarapa and Tararua Joint Council option.
5. **Workshop the options with elected members and iwi.**
6. Commence work on the details of a preferred joint arrangement option if directed by the Project Steering Group under a new term of reference.

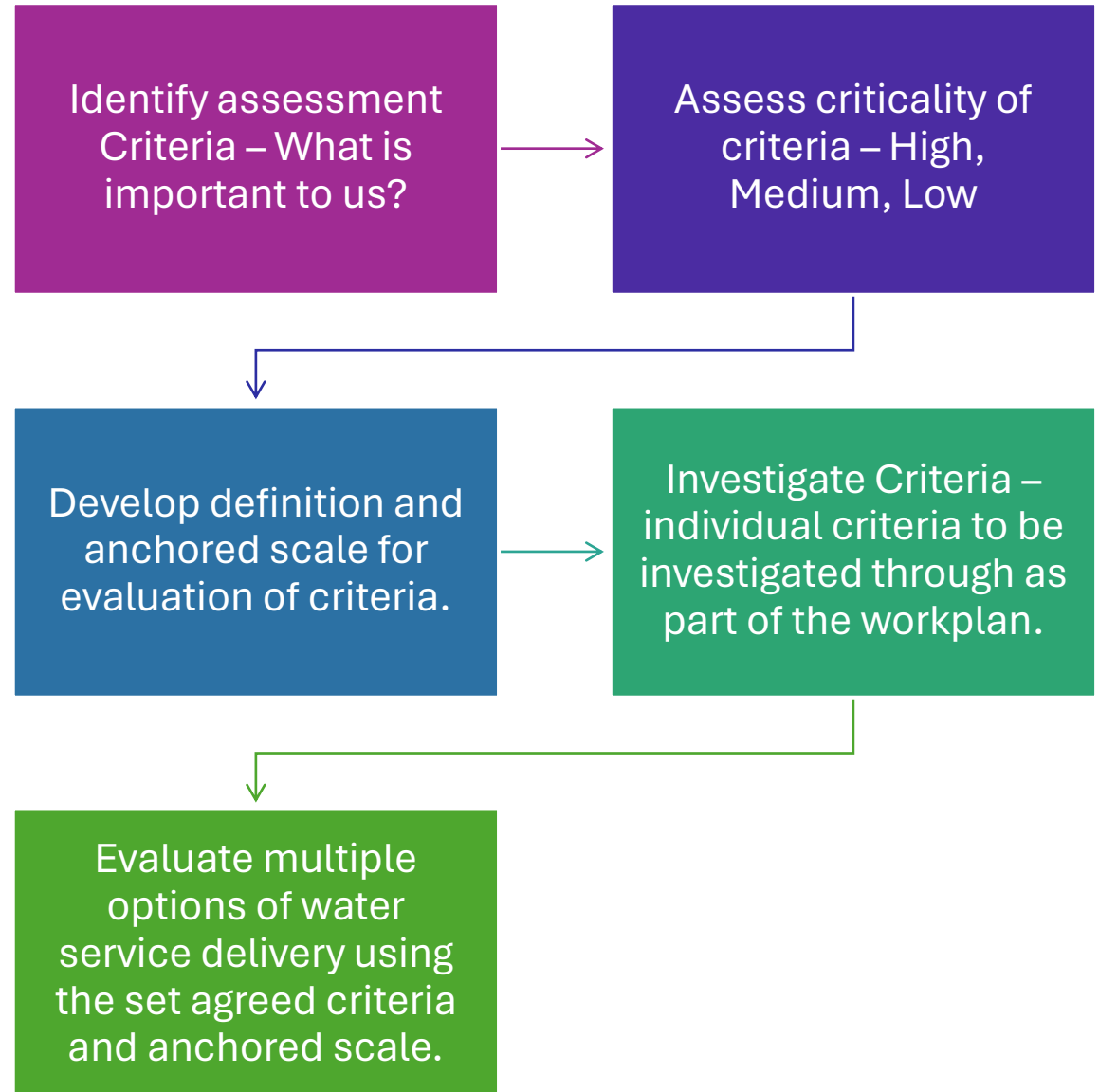
Wai + T Project – not in scope

- We are not delving into the detailed design of the Wai + T option
 - Water services delivery models **X**
 - Financing arrangements **X**
 - Governance arrangements **X**
 - Debt negotiations **X**
- That will come after a decision on joint arrangements
- But we have developed a concept to evaluate against a set of criteria.....

What is Wai + T – concept modelled

- Similar to that developed under the Wellington Regional plan except have assumed:
 - Located within the four-district area of Tararua, Masterton, Carterton and South Wairarapa
 - The entity will have its own set of values and culture with a unique Wairarapa-Tararua flavour, enhanced through careful selection of the new CEO and senior level staff
 - Fit for purpose and right-sized IT systems
 - Start date of new CCO of 1 July 2026
 - Establishment costs of \$5M
 - A coordinated emergency response office that will be standalone but also work closely with existing offices such as WREMO.
 - Shareholding councils will furnish a Letter of Expectations (LOE) which will denote specific strategic areas they wish to influence.
 - The entity will work closely with Rangitāne and Ngāti Kahungunu across a single Rohe.

Multi-Criteria Analysis Steps



Step 1 - Criteria

Developed a Set of Criteria for a Multi-Criteria Analysis:	
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

Relationships & Trust

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

The Evaluation process

Rated Wellington Region + Horowhenua and Wai + T Against the Agreed Set of Criteria and Anchored Scale



Peer Review

- Commissioned Castalia to peer review the decision-making framework and assessment criteria (criticality, weightings):
 - Wai + T are following a robust policy process
 - Wai + T evaluation criteria support sound decision making
 - Suggestions for improvements for next stage
-

MCA Results

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



Sensitivity Analysis

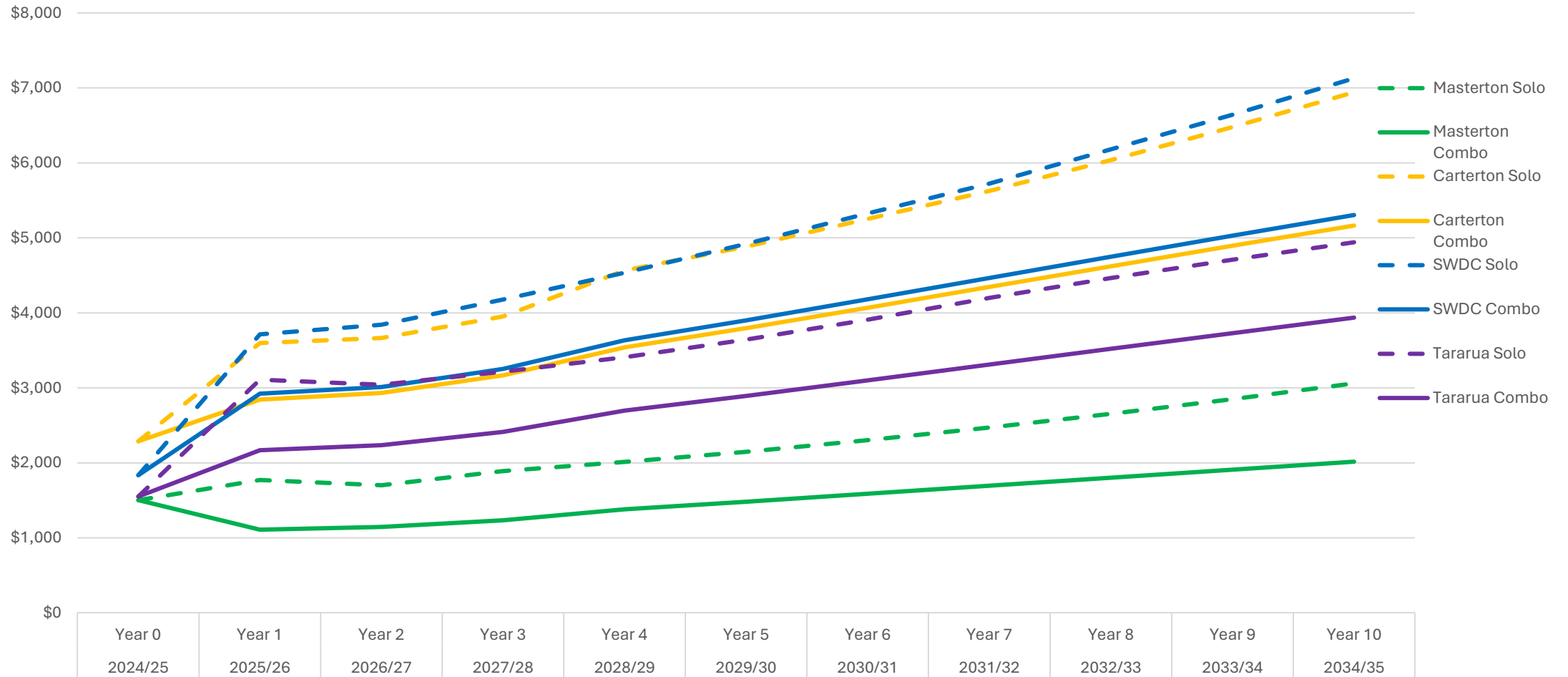
- Enhanced the weighting for Levels of Service
 - Highest weighting on Financial and Levels of Service
 - 50% weighting on Financial
 - Remove Relationships and Trust from weighting
 - 100% weighting on Financial
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Affordability Models and Tests

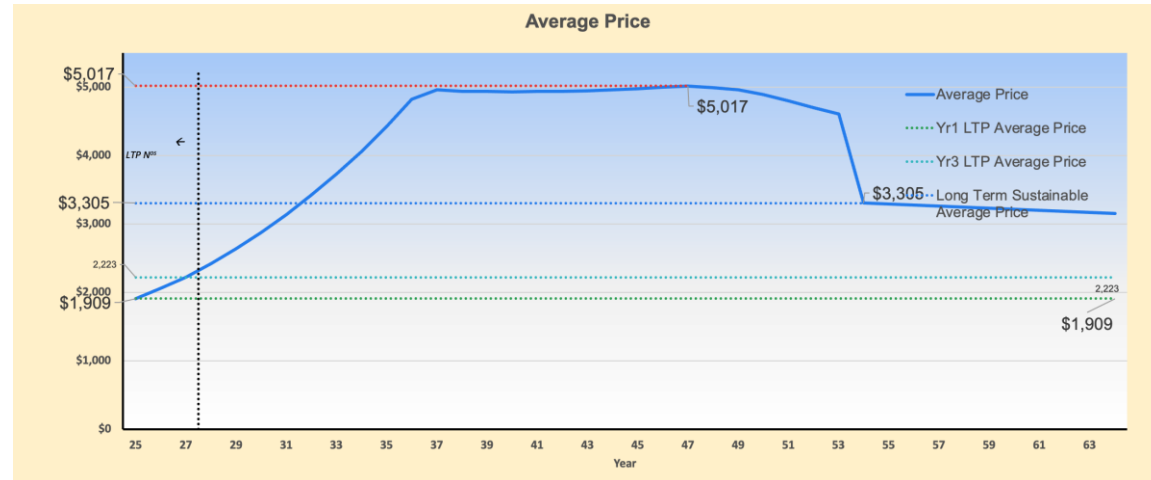
- Network Economics Approach – top down, theoretical, average pricing, strategic approach, \$450M in real terms over first ten years (Wairarapa councils only)
 - Funding & Pricing Path (FPP) Model – peer reviewed, NTU created, bottom up by project, single council, CCO and average predicted pricing, \$424M in real terms over first ten years, (Wairarapa councils only)
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Domestic Pricing = Wairarapa-Tararua Multi Council CCO Vs single Council

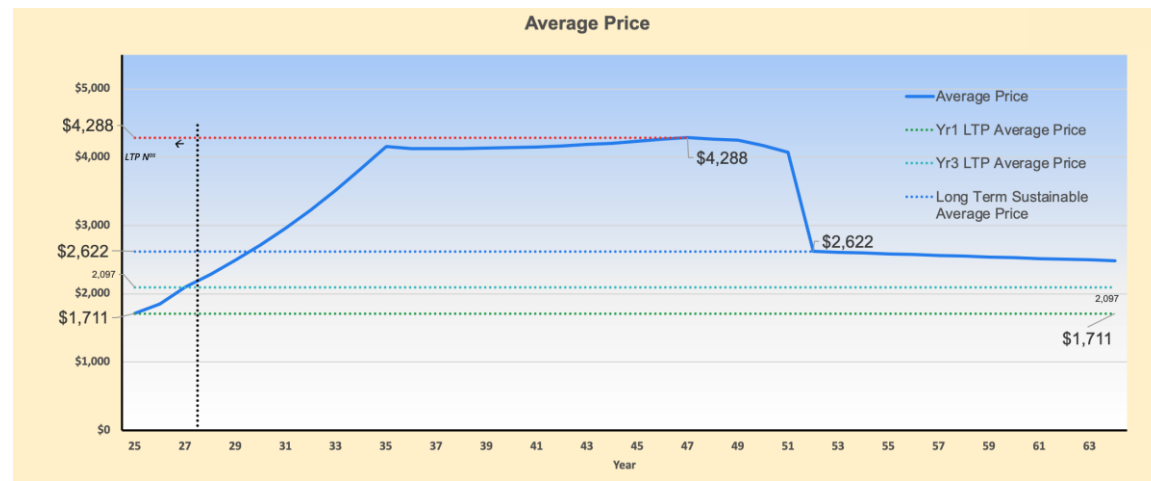


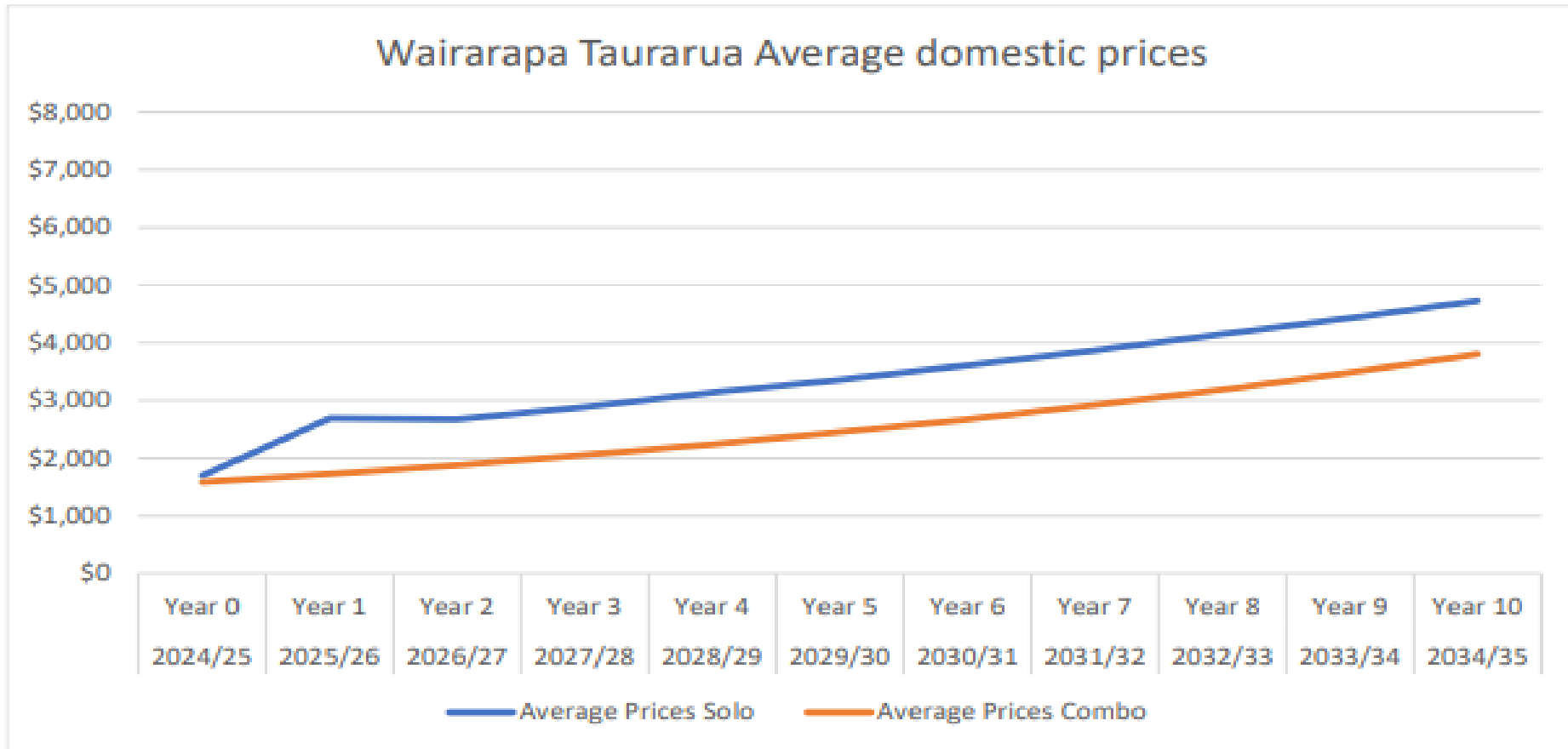
NOTE: This pricing does not consider how the new entities will be thinking like a utility and will be optimising their debt and investment levels for intergenerational equity and smoothing of price paths, and is based on a significant uplift in investment, but shows there can be a win-win approach

3x Council Water Entity



Regional Water Entity





NOTE: This pricing does not consider how the new entities will be thinking like a utility and will be optimising their debt and investment levels for intergenerational equity and smoothing of price paths, and is based on a significant uplift in investment

Imputed Price Path by Models

Taking year 10 of the new entity as a comparison point, for the purposes of this evaluation process only, the average price for domestic user under the approaches above would be:

- Water Services CCO Wai + T by council: \$2,429 - \$5,550
- Water Services CCO Wai + T averaged: <\$4,000
- Network Economic Model for Wairarapa councils averaged at Year 2037: \$4,960
- Network Economic Model for Regional Entity averaged at year 2027 (noting a lower average starting price for a regional group): approx. \$4,200

NOTE: This pricing does not consider how the new entities will be thinking like a utility and will be optimising their debt and investment levels for intergenerational equity and smoothing of price paths and reflects a significant uplift in investment levels and assumed negotiated entry prices / adjustments

Economies of Scale and Scope – Opportunities and Limitations

We considered multiple factors in the criteria in addition to affordability and price path:

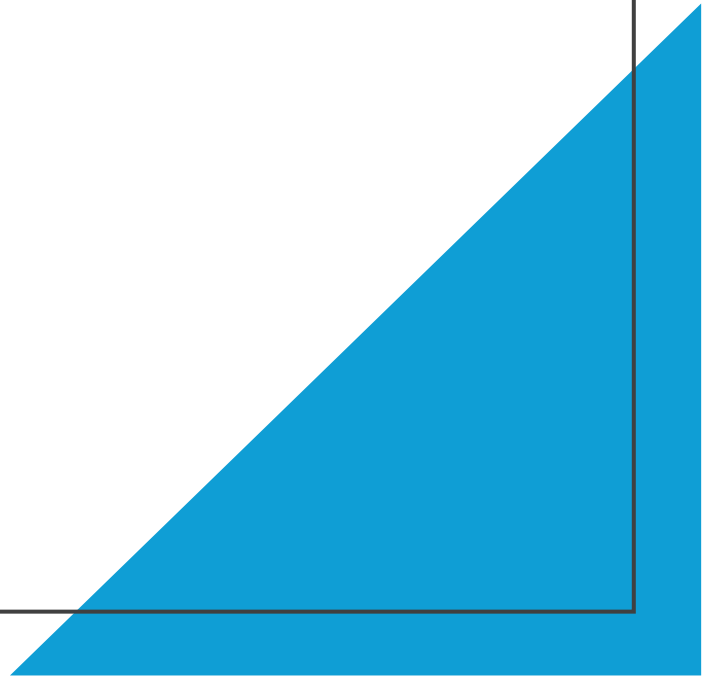
- Implementation feasibility and complexity
- Climate change – resilience and adaptability
- The regional council view
- Operational benefits
- The ability to deliver
- The uniqueness of the Wai + T location and network, and
- How we would deliver this new entity

What Differentiates the Regional and Provincial Options

- The view of Iwi, including recognizing the importance of the Te Rohe o Rongokako Joint Redress Act 2022 for the Wairarapa
- The ability to influence key strategic initiatives such as Water Resilience and Storage
- Ability to influence culture and deliver accountability locally
- The logic of a spatially similar sub-region being able to have a coordinated response to emergencies and standardized solutions for assets
- Right sized, fit for purpose systems and processes means innovation and cost efficiencies
- Less complexity and risk in establishment
- The ability to have strategic options in the future
- An enduring project team

Have we got it right?

- Scope
- Framework
- Criteria
- Evaluations
- Weightings
- Incorporated feedback
- Peer reviewed
- How do we feel?



What's Next?

Wairarapa councils' decision on joint WSDP

Tararua Council's decision on joint WSDP

Public consultation on entity structure and establishment

Councils' consultation on AP or LTP amendment

Completed WSDP to be submitted by 3 September 2025

Pātai?

Waiho i te toipoto,

kaua i te toiroa

Let us keep close together,
not far apart.

