



IPWEA NZ – Otago/Southland Golf Day

11 November 2022



DUNEDIN | kaunihera
CITY COUNCIL | a-rohe o
ōtepoti



Waitaki
DISTRICT COUNCIL
TE KAUNIHERA A ROHE O WAITAKI



QUEENSTOWN
LAKES DISTRICT
COUNCIL

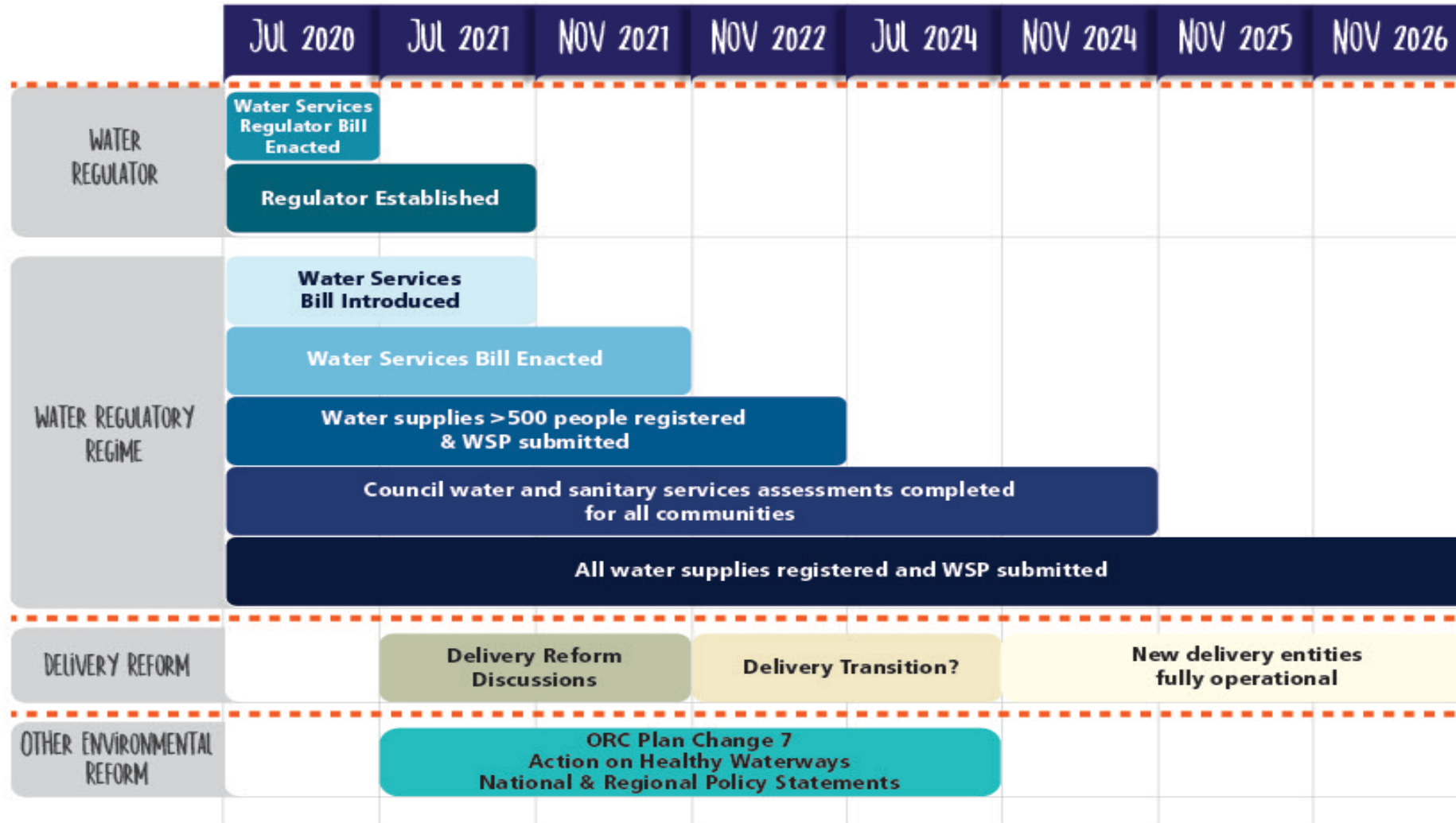


SOUTHLAND
DISTRICT COUNCIL
Te Kaunihera a Rohe o Southland



GO
DISTRICT COUNCIL
RE

There are Four Levels of Reform



Delivery Reform Legislation

- Bill 1 – establishes the entities, governance, staff transition and management through transition
- In Select Committee, report back 11 November
- Final reading by Christmas

Further Legislation to come

Further legislation alongside Bill 1 will be necessary to:

- provide the functions and powers relating to service delivery;
- implement the new arrangements (for example, transfer assets, liabilities and contracts);
- make any changes to preserve Treaty settlements or other arrangements between Mana Whenua and councils, and arrangements under Takutai Moana Act;
- establish economic regulation and consumer protection regimes; and
- make detailed, technical changes to other legislation (for example, the Local Government Act 2002)

We anticipate this will be progressed towards the end of 2022 or early in 2023

Outstanding Policy Work Underway

Date	Milestone (estimated phases only)
RM Alignment	Now through to 1 July 2023
Treaty Settlements including stocktake	May 2022-March 2023
Pricing and Charging	May 2022-1 July 2023
Stormwater (stewardship implications)	(included as part of system stewardship & Taumata Arowai monitoring)
Stormwater (policy support for WSEs only)	May 2022-1 July 2023
System Stewardship	May 2022-March 2023
Taumata Arowai (regs; appointments; monitoring; levy work; funding)	May 2022-July 2023
Economic Regulation	Led by MBIE, now through to 1 July 2023

Delivery Reform Design Features

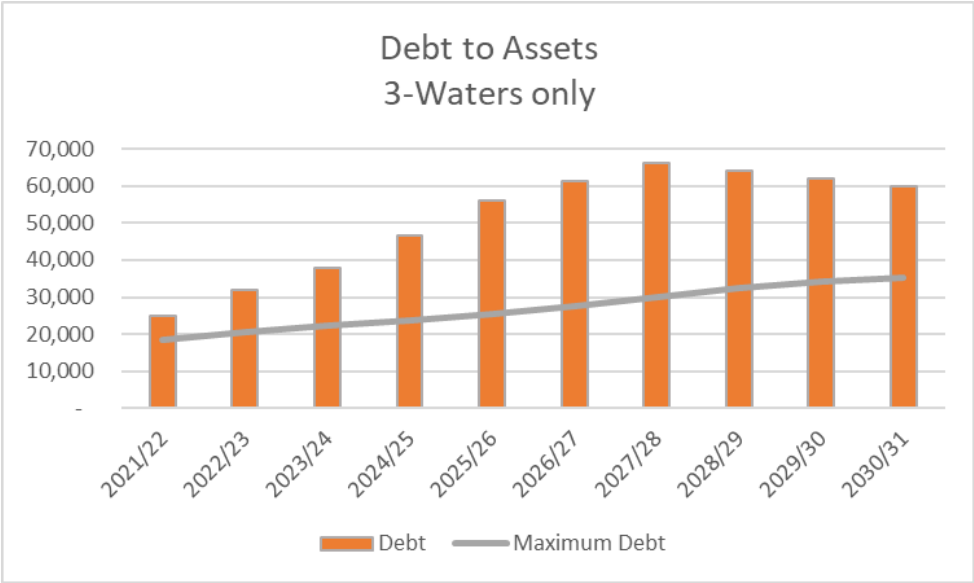
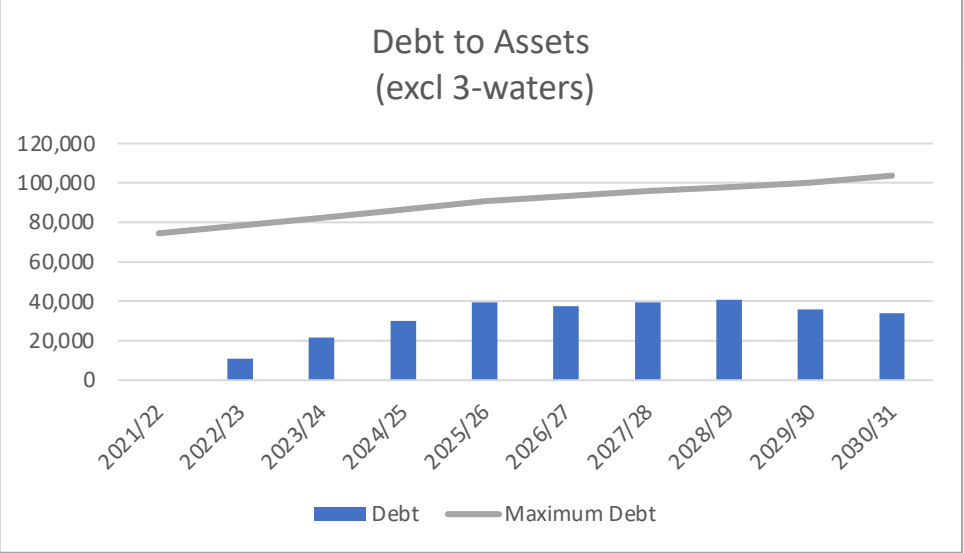
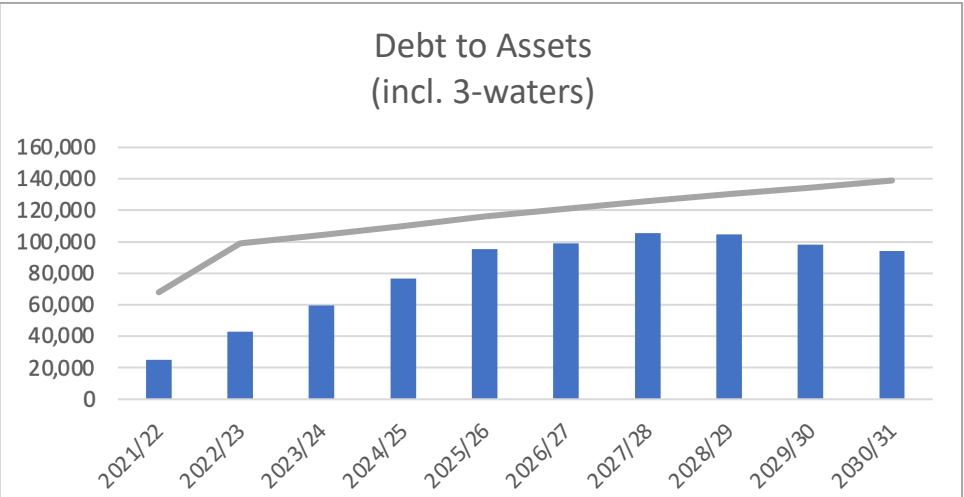
- Asset owning with balance sheet separation
- Equitable, affordable access to services
- Statutory entities with competency based boards
- Drinking water, wastewater, and stormwater
- Publicly owned
- Mechanism for iwi and community input
- Scale (800k+ connections)



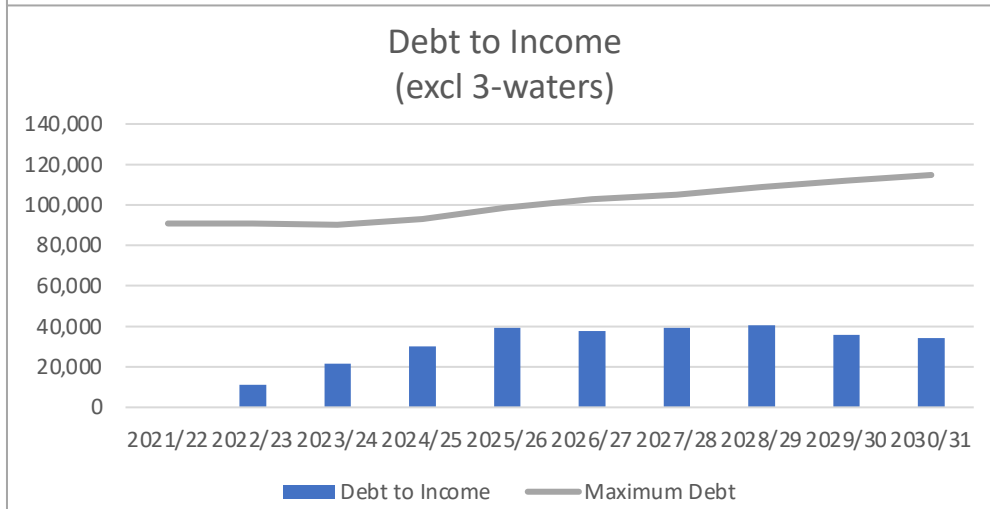
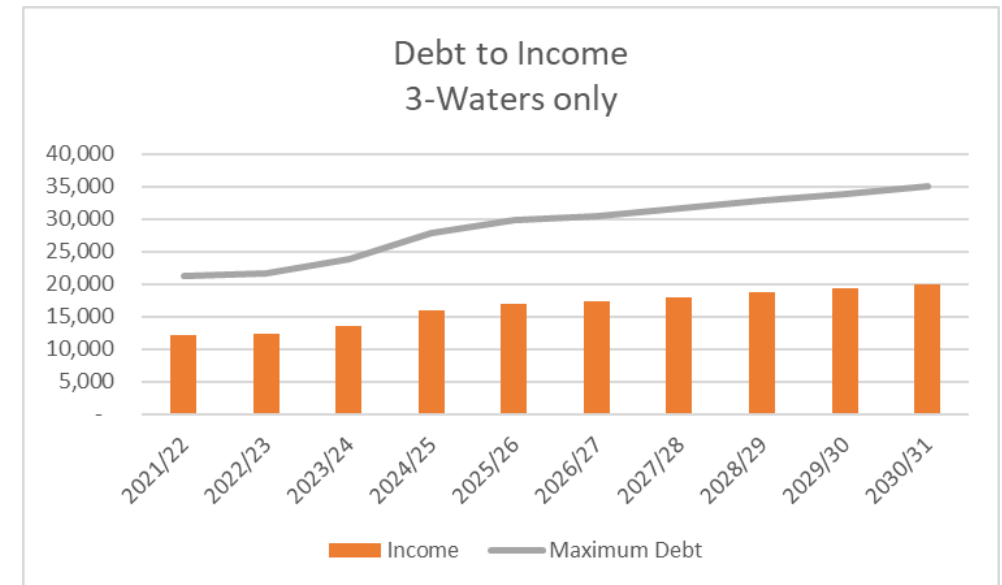
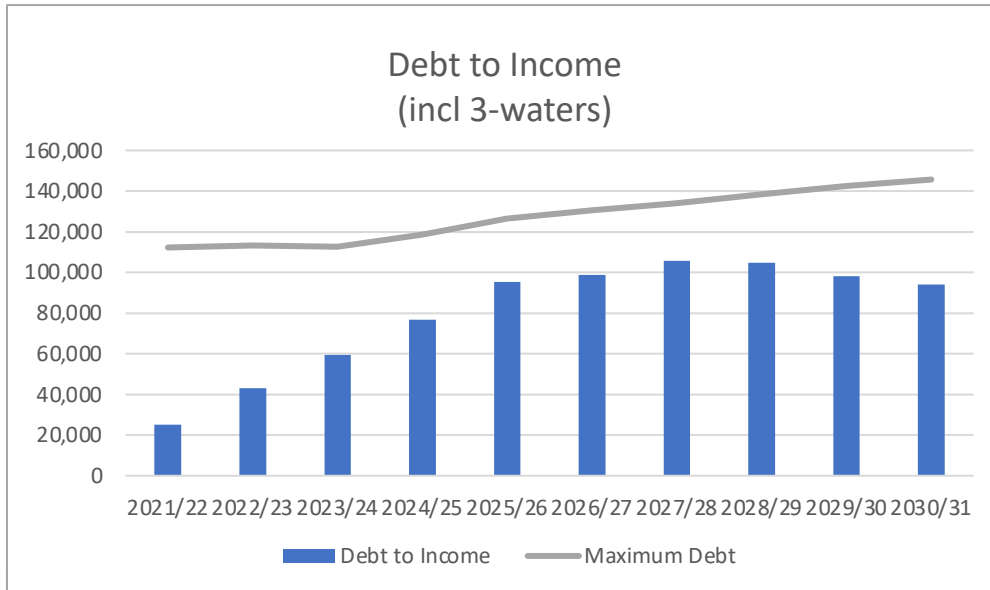
Why Balance Sheet Separation?

- Councils are restricted to debt ratios
- These are based on international credit ratings
- If Water Entities are independent of councils and have a competency based Board;
 - They will have a higher international credit rating
 - They will be able to borrow more against the asset value and revenue

Debt Covenants Council example



Debt Covenants Council Example



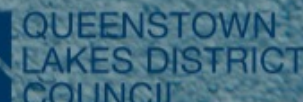
Changed Regulation of Water Safety

- Ministry of Health
 - Was an add on to an existing health role (not primary role)
 - Not collaborative, inconsistent application
 - No or minimal consequences for non-compliance
- Taumata Arowai & Water Services Acts
 - Dedicated water regulator
 - Set standards, monitor performance, undertake enforcement
 - Infringement offences and criminal proceeding framework in place
 - Individual fines for employees and organisations

Other Regulatory Change

- New considerations coming for community water supply consents
 - Environmental impacts of water take
 - Consequential effects of water use
 - Increased water conservation requirements
- Wastewater discharge consents
 - Increasing public and iwi discontent with discharge to water and consent non-compliance
 - Regulatory authorities taking enforcement action for consent non-compliance
 - New consents requiring increased resilience and reduced environmental impacts
 - Discharge to land solutions will be complex and expensive

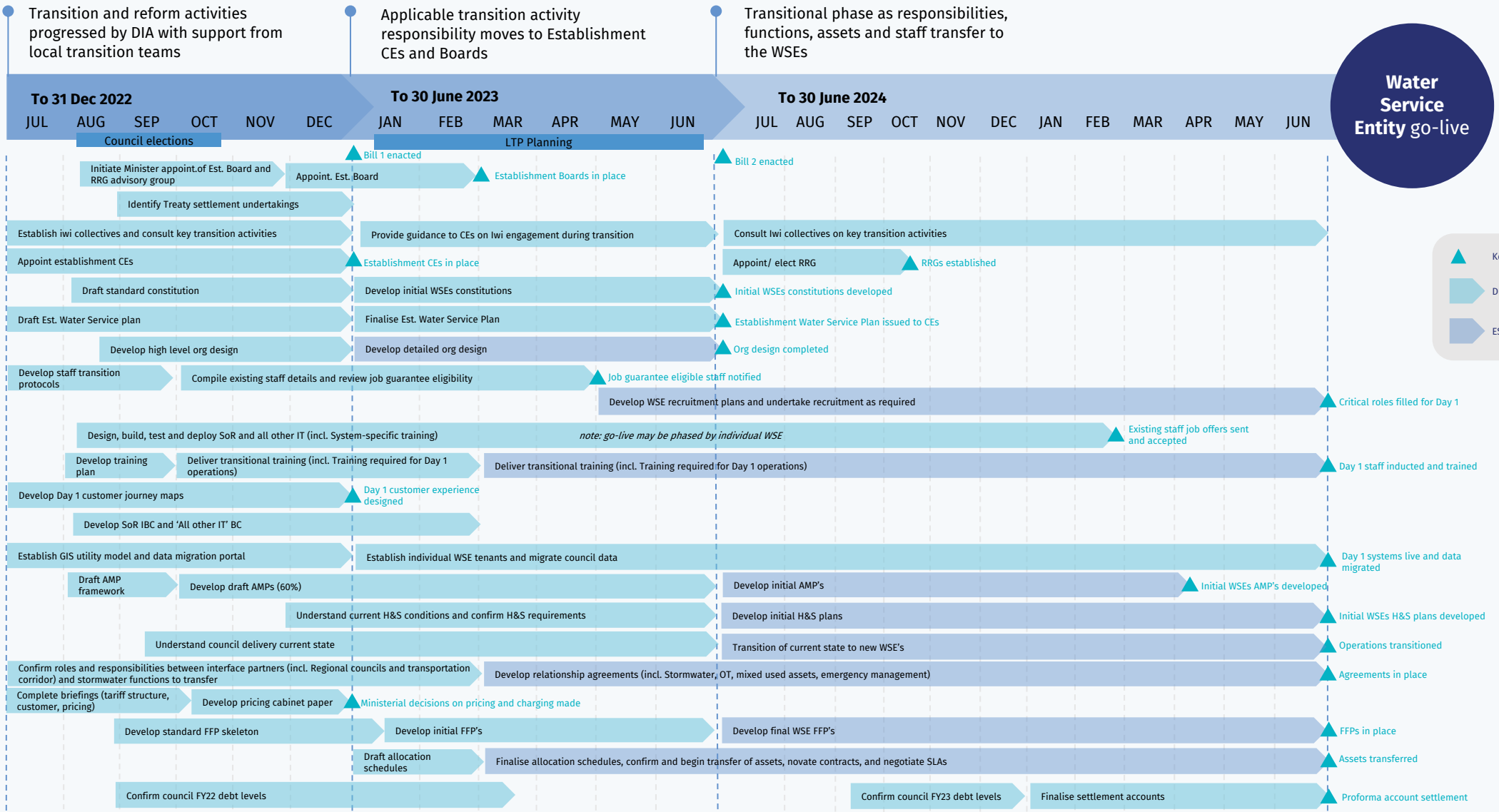
The status quo
is no longer an
option!



Transitioning to a new Water Services Entity



Water Service Entity go-live



NTU Workstreams

Customer & digital

Tasked with the implementation of systems, data, tools and digital processes required to enable the Water Services Entities to operate on Day 1 and ensure continuity of service to customers.

Finance, commercial & legal

Tasked with developing the financial plans, structures, and frameworks to enable the Water Services Entities to operate effectively on Day 1 as financially independent entities.

People & workforce

Tasked with designing and staffing the new Water Services Entities in a way that is both operationally sound and delivers a positive and inclusive transition experience for new and existing staff.

Asset Management, Operations, Stormwater (AMOS)

Three sub-workstreams working collaboratively to transition from the current environment to the new Water Services Entities.

Governance, appointments, & establishment

Tasked with ensuring governance arrangements and documents are in place for each Water Services Entity, and facilitating the appointment of key roles.

People & Workforce Key Dates

- Legislated, guaranteed, or preferential pathways available
- 31 March 2023 - Staff in legislated pathway notified
- 1 March – 30 June 2023 – Remaining staff notified of other pathways available
- 3 July 2023 – Expressions of interest in positions
- 29 September 2023 - Job offers will have been sent and accepted
- 12 April 2023 – 28 June 2024 – Recruitment undertaken for other roles required

Data, Digital, Customer

- Data & Digital program delivered in cohorts of 7 councils
- Each cohort supported by a specific support team
- First stage is systems of record which covers asset, customer, finance, construction and employee data into one system.
- Large amount of work to facilitate data migration into new system
- This will provide a significant step change in our data management, including workflow management with our contractors.
- New system to go-live gradually by council from January 2024 (no big bang on 30 June 2024)

AMOS

- 1st cut of the 10-30yr capital works programs have been submitted
- 10 yr. operating budgets to be submitted by 2 December
- Operations stocktakes underway, essentially documenting how we do things now
- Operations transition plan will then be prepared for each council
- Stormwater just starting, lot of work to define what goes and what stays with council (roads/parks/private/entity)

Finance, Commercial & Legal

- Finance and settlements team - transfer and settlement for the water “business” acquisition based on “true and fair” financial statements
- Funding, finance & planning team - developing 10-year finance and funding plans
- Capital Structuring team - Securing opening capital for each entity
- Legal and insurance
 - Allocation schedules
 - Asset transfers
 - Employee transition
 - Contract novation/assignments
 - Master service contracts
 - Capital transaction documents etc



Any Questions?

(except what happens if
National wins election)