
Three Waters Reform

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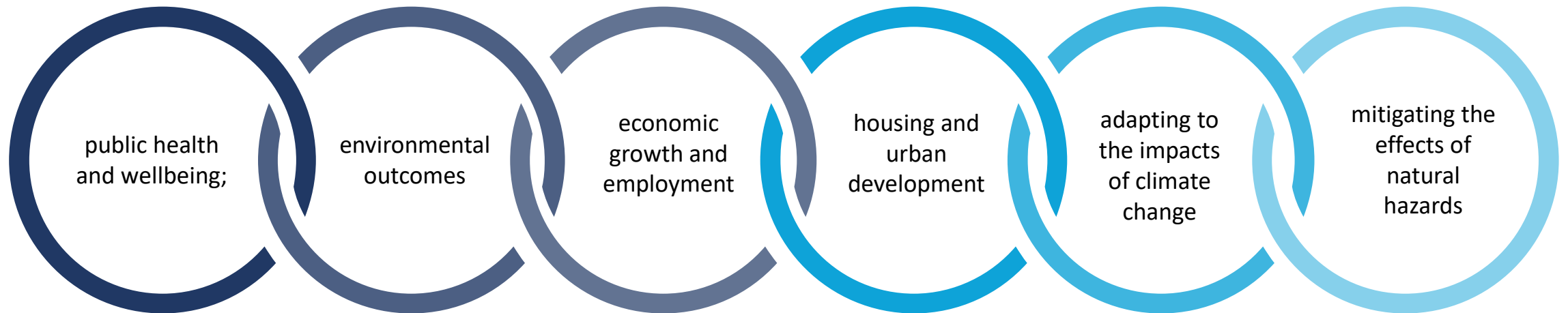
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A case for change

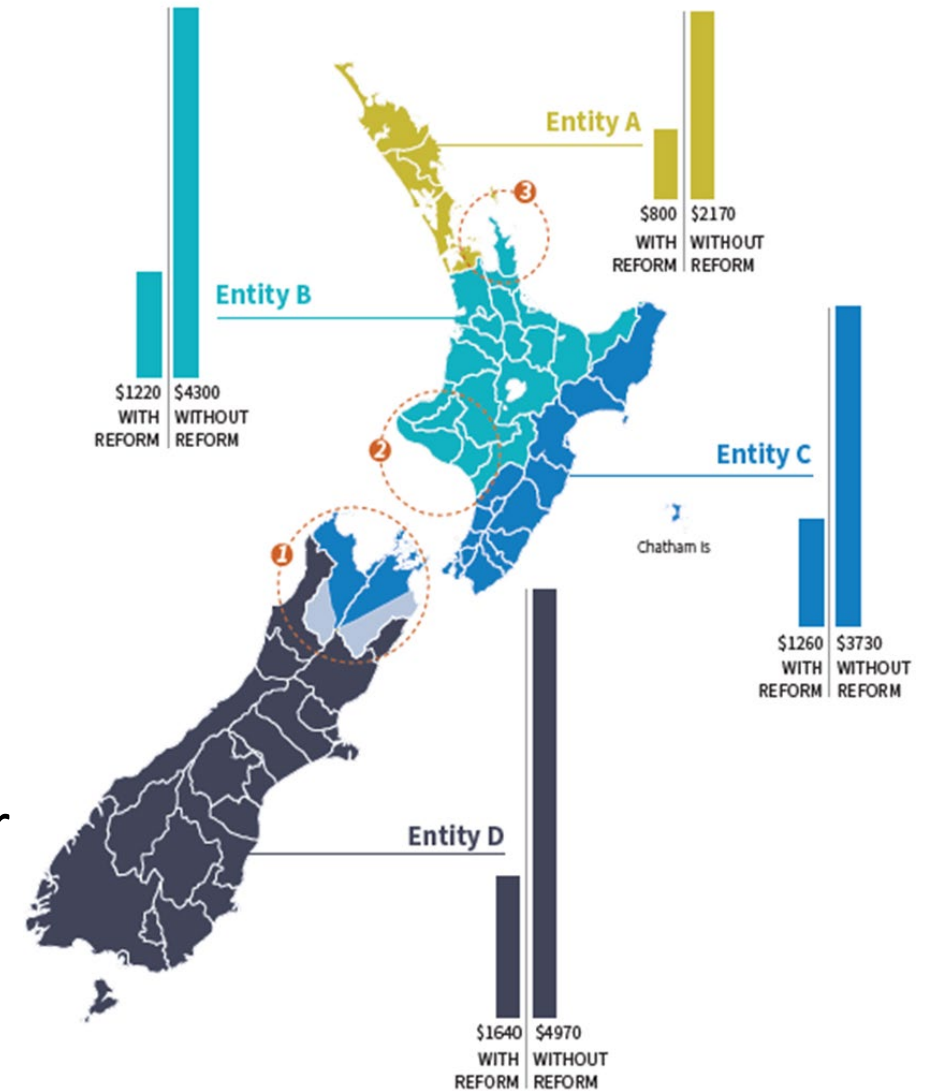
This Government has ambitions to significantly improve the safety, quality, resilience, accessibility, and performance of three waters services, in a way that is efficient and affordable for New Zealanders. This is critical for:



Integral to this is effective infrastructure delivery, underpinned by an efficient, high-performing, financially-sustainable, and transparent three waters system.

An integrated and extensive package of reform

- Four statutory, publicly-owned water services entities to be established.
- These **four entities** (A, B, C and D) will:
 - **Own and operate** three waters infrastructure **on behalf** of local authorities
 - Establish **independent boards** to govern
 - Establish an **economic regulation regime** to ensure efficient service delivery, and consumer protection mechanisms
 - Develop an **industry transformation strategy**



Implementing the transition

- From November 2021 to 1 July 2024, the transition from the current system to the new one will take place.
- A National Transition Unit (NTU) will ensure the transition is **efficient, effective and minimises disruption** to communities and consumers.

Transition objectives

- **establish the new water services entities** and ensure they are ready to deliver from 1 July 2024;
- provide as much **certainty for workers** as reasonably possible, and enable the **fair transfer of relevant workers** to the new water services entities;
- **work collaboratively with local government and iwi/Māori**, and ensure they are well supported to participate fully and effectively in the transition, and in the new system;
- maintain **clear and effective communications** with local government, iwi/Māori, the public, and key stakeholders throughout;
- deliver the Government's ambitions to significantly **improve the safety, quality, resilience, accessibility, and performance of three waters services**, in a way that is efficient and affordable for New Zealanders.

Structure of the transition – Local Establishment Entities (LEEs)

- In 2022, the NTU will set up an LEE for each entity area. Each LEE will have a Board and Chief Executive.
- The NTU will determine which transition activities are best undertaken by LEEs. Likely to include:
 - Tasks that require local knowledge/understanding
 - Tasks that require partnership with councils and iwi/hapū
 - Practical implementation of nationally-agreed principles or approaches set by the NTU.

Collaboration with councils and localism of council workforce

- Councils will continue to be responsible for the delivery of water services until 30 June 2024.
- Will support the transition and set-up of entities.
- Current council employees who primarily deliver water services are covered by a job guarantee
 - Eligibility to transfer employment to new entities in current general location

Industry transformation

- Key findings of research include:
 - An investment requirement for New Zealand's three waters services over the next 30+ years of between **\$120bn - \$185bn** without reform
 - Efficiencies in the range of **45% over 15-30 year** period could be achieved through the reform process
 - The Reforms could result in an additional **5,800 to 9,300 jobs** and increase in GDP of between **\$14b to \$23b** in NPV terms over 30 years
- Reform presents significant opportunities for employment growth, specialisation and increased career opportunities.

Indicative timeline

October 21: Cabinet decisions on Three Waters reforms

Dec 21 – Jul 22: Water Services Entities Bill Parliamentary process

- Includes public input through select committee process

March – June 22: Chief Executives and Boards appointed for four Local Establishment Entities

Jul 22 – Jun 23: Water Services Entities (Implementation) Bill Parliamentary process

- Includes public input through select committee process

Oct – Dec 21: National Transition Unit established

- NTU information released to sector
- Transition Board appointed

Q1 22: Centralised procurement of external advisors for councils and NTU to support engagement in transition

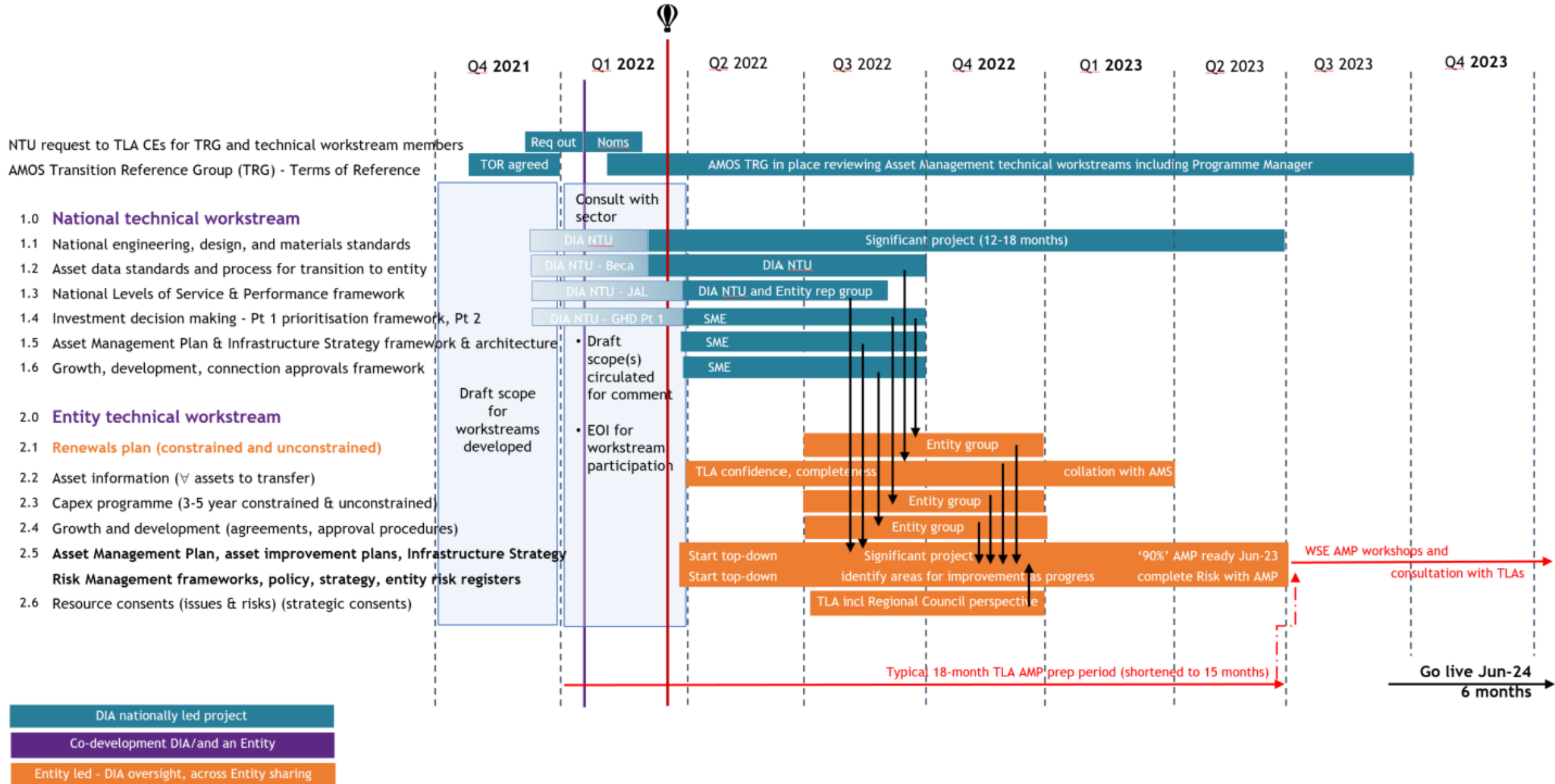
July 22: First tranche 'Better off' funding available for councils

1 July 24: Four Water Services Entities take responsibility for water services delivery

- Staff from councils who have accepted an offer of transfer move to new entities
- Up to \$2 billion in remaining 'better off' and 'no worse off' funding released for councils.



Asset Management - National and Entity technical workstream - overview



Renewals and Capital Works Programmes/Entity Asset Management Plans

- Identification of early opportunities to rationalise Councils' works programmes
 - Identifying efficiencies to be gained from alternative procurement options (e.g. bundling)
 - Overlaying national prioritisation framework to ensure consistency within and across entities
 - No investment hiatus
 - Current (or higher) levels of market activity and expenditure will continue through transition and establishment
 - This work will input into entity Asset Management Plans (conjointly developed with Funding Plans)
 - Addresses issues of affordability
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Operations Overview - National and Entity Technical Workstream Deliverables

NTU request to TLA CEs for TRG and technical workstream members

AMOS Transition Reference Group (TRG) - Terms of Reference

Q4 2021 Q1 2022 Q2 2022 Q3 2022 Q4 2022 Q1 2023 Q2 2023 Q3 2023 Q4 2023

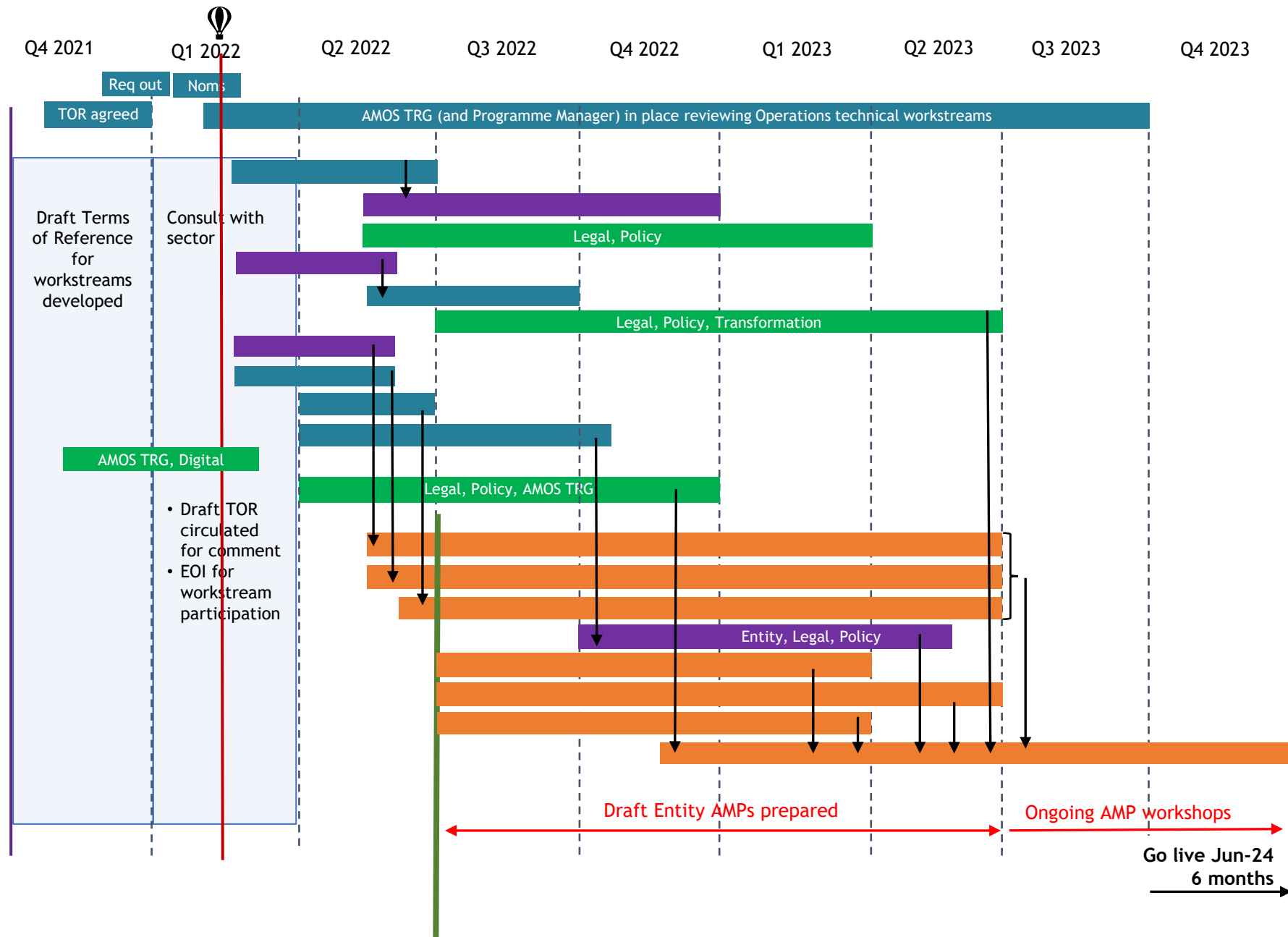
National technical workstream

1. Operations Compliance Risks – Status Schedule
2. 3 Waters Compliance Readiness Framework
3. National Framework - Consents Governance
4. Schedule of 3 Waters Contracts
5. National Guideline - Alignment / Extn. of 3 Waters Contracts
6. National Guideline - Procurement 3W Services & Infrastructure
7. Bio-Solids Management - Schedule of Existing Arrangements
8. Commercial Agreements (e.g. Water and Trade Waste)
9. National Laboratory and Sampling Services (LSS) Schedule
10. Non-Standard Operations - Stocktake
11. SCADA / Telemetry Operations Requirements (for D&D)
12. National Pro-Forma for SLAs

Entity technical workstream

- a. Biosolids - Identify opportunities regional beneficial reuse
- b. Identify arrangements for Commercial Agreements to transfer
- c. Identify LSS arrangements
- d. Management Framework – Non-Standard Operations
- e. Develop framework for H&S and Environmental reporting
- f. Quality Management systems
- g. Stocktake of Emergency / Risk Management Processes
- h. Entity Operations Model / Cut over Plan

- Interface with other Workstreams
- DIA Nationally Led Project
- Co-development DIA/and an Entity
- Entity Led - DIA oversight, Across Entity sharing



Operations Deliverables

- **Schedule of 3 Waters Contracts**
 - Identify opportunities to align with longer term commitments, leverage outcomes, have strong service-partner resourcing
- **National Guidelines for Alignment / Extension of 3 Waters Contracts**
 - Opportunities for LEE's to align contracts, allow continued investment, reach larger operational area, enable efficiency gains
- **National Procurement Guideline – Provision of 3 Water Services and Infrastructure**
 - Seeks to gain efficiencies in procurement and delivery costs across the supply chain

Operations Deliverables

- **Bio-solids Management – Schedule of Existing arrangements**
 - Allows entities to understand challenges and opportunities in their region
- **National laboratory and sampling services schedule**
 - Compile a comprehensive and accurate information base to:
 - Understand third party arrangements, in-house capability, contracts, scope of services
 - Identify gaps in services or logistics which may affect compliance or service delivery

National Engineering Design and Materials Standard (Code of Practise)

- To create a Nationally consistent design of 3 water assets in new developments, growth and intensive housing. **Not intended to be a design for drinking water or wastewater treatment plants.**
- There are currently 45 different council design codes plus NZS 4404 in use across New Zealand.
- A collaborative project involving councils, developers and suppliers.

National Engineering Design and Materials Standard (Code of Practise)

SCOPE

1. Approved Product / Material Register
2. Stormwater / Green infrastructure
3. SCADA data standard
4. BIM design standards linked to Asset Data standards (developed further in ver 2)
5. Commissioning, hand over procedures and inspections
6. Operations and Maintenance plans
7. Online and mobile friendly access to code
8. Drinking water reservoirs (version 2)

Contact us

Email: ThreeWatersTransition@dia.govt.nz

More information

www.dia.govt.nz/Three-Waters-Reform-Programme

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