

Three Waters Reform

MCA Assessment

The council tested the proposed Three Waters Entity D governance model against the existing governance structure and another intermediate governance model using a multi-criteria assessment.

Three overarching objectives were identified as part of the *Central South Water Collaboration Outline Strategic Case*. Mackenzie District Council have kept these added a fourth objective focusing on the importance of climate change.

Assessment criteria was developed, workshopped and prioritised based on their relative importance.

Objective 1:

Meeting and demonstrating compliance to new standards and community expectations



Objective 2:

Sufficient and sustainable human resources are available to meet mandatory and rising expectations



Objective 3:

Funding is available to meet first world demands and we can deliver value for money







Objective 4:

Meeting the carbon zero objective by 2050



Assessment Criteria

Objective	Theme	The extent and likelihood that the option will.....	Priority
 <p>Meeting and demonstrating compliance to new standards and community expectations</p>	Compliance	...achieve drinking water compliance	1
		...achieve environmental compliance	1
		...achieve cultural compliance	2
		...achieve economic compliance	3
 <p>Sufficient and sustainable human resources are available to meet mandatory and rising expectations</p>	Workforce	...provide suitably high skilled staff	5
		...maintain sustainable long term staff	6
 <p>Funding is available to meet first world demands and we can deliver value for money</p>	Council viability	...maintain Council Viability	4
	Financial viability	...achieve long term financial viability	5
 <p>Meeting the carbon zero objective by 2050</p>	Future Drivers	...ability to minimise the impacts of climate change and meet a carbon zero deadline by 2050	3

Assessment Criteria

Theme	The extent and likelihood that the option will.....	Priority
Local Representation	...allow for <i>strong</i> local representation	5
Price Control	...deliver Price Control measures	5
Asset Management	...deliver <i>efficient and sustainable</i> asset management	5
It systems	...provide <i>fit for purpose/efficient</i> IT systems	9
Supply chain	...influence supply chains	10
Procurement	...provide streamlined and more efficient procurement processes	10
Iwi Involvement	...engage with iwi at a tribe level	5
	...engage with iwi at a runanga level	4
Allowance for Growth	...allow for growth through private contributions	4
	...allow for growth by the investment in lead infrastructure	5
Integrated decisions	...provide the opportunity for integrated decision making	5
Community Involvement	...allow for engagement with local community	5
Public Ownership	...ownership reflects past public investment model	4
Rural Supplies	...maintain strong working relationships with rural suppliers	5
Rural vs City	...provide fair and equitable funding between urban and rural areas	8
Localism	...maintain local employment with regards to both internal staff and contractors	8

Mackenzie District Council – Multi-Criteria Assessment - Three Waters Reform

Theme	Criteria Definition	Option 1 - Current delivery Model	Option 2 - Entity D	Option 3 - Intermediate Governance Option
	The extent and likelihood that the option will.....	Score	Score	Score
Compliance	...achieve drinking water compliance	1	3	3
	...achieve environmental compliance	1	3	3
	...achieve cultural compliance	2	3	3
	...achieve economic compliance	1	3	2
Workforce	...provide suitably high skilled staff	1	3	3
	...maintain sustainable long term staff	1	3	2
Council viability	...maintain Council Viability	3	2	2
Financial viability	...achieve long term financial viability	1	3	2
Future Drivers	...ability to minimise the impacts of climate change and meet a carbon zero deadline by 2050	1	3	2
Local Representation	...allow for <i>strong</i> local representation	3	1	2
Price Control	...deliver Price Control measures	1	3	2
Asset Management	...deliver <i>efficient and sustainable</i> asset management	1	3	2
It systems	...provide <i>fit for purpose/efficient</i> IT systems	1	3	2
Supply chain	...influence supply chains	1	3	2
Procurement	...provide streamlined and more efficient procurement processes	1	3	2
Iwi Involvement	...engage with iwi at a tribe level	2	3	2
	...engage with iwi at a runanga level	3	1	3
Allowance for Growth	...allow for growth through private contributions	3	2	2
	...allow for growth by the investment in lead infrastructure	2	2	2
Integrated decisions	...provide the opportunity for integrated decision making	3	1	2
Community Involvement	...allow for engagement with local community	3	1	2
Public Ownership	...maintain strong working relationships with rural suppliers	3	1	2
Rural Supplies	...maintain strong working relationships with rural suppliers	3	1	2
Rural vs City	...provide fair and equitable funding between urban and rural areas	2	1	2
Localism	...maintain local employment with regards to both internal staff and contractors	3	1	3
Overall Effectiveness		248	303	307
Cost / Cost Savings		TBD	TBD	TBD
Value for Money / Efficiency		TBD	TBD	TBD

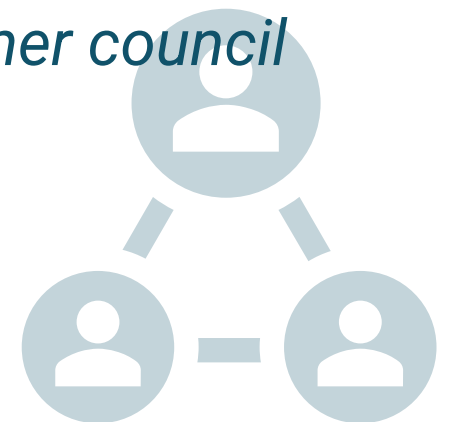
Key Issues arising from assessment

Do the advantages of scale outweigh the inability to connect with local community and suppliers?

The larger 'Entity D' governance model developed as part of the Three Waters Reform has several advantages associated with scale, beyond purely financial benefits.

- *Access to greater funding will mean Council will be able to invest in the necessary infrastructure in order to meet water, environment and cultural compliance*
- *Access to a skilled workforce and the sharing of resources across multiple districts can create additional efficiencies and improve the quality of asset management practices.*
- *Large scale governance body will have greater leverage and influence over supply chains, meaning council will no longer have to wait on suppliers to become available.*

However, despite these advantages, this larger governance model is more removed from the local/individual and more removed the council itself. This limits the ability to engage with the community and to fully integrate and align with other council activities.



Key Issues arising from assessment

Has Entity D considered how it will maintain or manage local relationships and how rural water supplies will be managed?

Council is concerned that a larger government body will fail to maintain relationships with local suppliers. This could impact how responsive the council is to any unexpected issues and also impacts the local economy.

Local employment is also likely to be impacted with more resources being sourced from larger urban centers. For example, many of the asset management and water engineering tasks, can be undertaken from anywhere. It's likely only one to two staff members are needed within the district to respond physically to any issues, and to undertake regular inspections.

Council is also concerned about how Entity D plan to manage rural water supply schemes. Rural water schemes are often managed in a very different way to urban supply systems, and can be distinctive to the district. Currently there is no clear understanding on how these schemes will be managed.



Indicative Financial Comparison

OPTION 1

Current delivery Model

**2051 Average household
cost per year:**

\$8,690

- *Has a 250% three waters debt/revenue ratio 'ceiling'*

OPTION 2

Entity D

**2051 Average household
cost per year:**

\$1,640

- *2% annual improvement in operating efficiency over 30 years or 3.9% per annum over 15 years*
- *Has a 800% three waters debt / revenue ratio ceiling*

OPTION 3

*Central South Water
Collaboration*

**2051 Average
household cost per
year:**

\$2,400 - \$3,300

- *Range reflects using either 75% - 100% of the WICS investment scenario*
- *Does not adjust for number of households or proportion of income from households, uses WICS assumptions*
- *Efficiency's at 25% of what's is proposed for Entity D*