

Media Release

North Canterbury Solidifies Structures for Three Waters

Waimakariri, Hurunui and Kaikōura councils are committed to continuing to collaborate on delivery of water services while selecting preferred governance structures for their communities.

[Local Water Done Well](#), is central government's new policy for Three Waters reform, and requires changes to the structure of water services and provision nationwide to meet regulatory requirements. The policy allows for local solutions and arrangements to address water infrastructure needs while, importantly, maintaining local ownership and representation.

In August last year the councils started investigating potential structures and arrangements for delivering water services.

Five models were considered that address service delivery while retaining 'local say' and enable the sharing of services.

Each council considered the best option for their respective communities with a particular focus on efficiency to ensure water charges would be affordable and to ensure each council had sufficient financial headroom for further investment over the next decade or so. Models considered included:

- Internal business unit – this means council will continue to own, manage, and deliver three waters internally, within the governments new requirements.
- Forms of shared service capable of being agreed prior to seeking government approval for the model
- A hybrid arrangement that allowed for differing ownership, operational management of the water assets of each council
- A joint council owned organisation (CCO). CCOs can borrow on a long-term basis up to 500% of revenue as opposed to Council borrowing which is limited to 280% of revenue
- Single CCOs for each council.

Comparisons of each model were presented to each council during briefings in February.

The preferred structures for each respective council are:

- Waimakariri District Council proposes to establish an internal business unit. This best aligned with that Council's priorities, planning, and regulatory functions. User charges

are also cheaper in the first ten years under this structure (when compared to joining a CCO) and any efficiencies from other structures would incur additional establishment or ongoing overhead costs that would make any savings negligible.

- Hurunui District Council and Kaikōura District Council propose to create a joint Water Services Council Controlled Organisation (WSSCO)
 - This structure enables Hurunui to best support the significant investments already made in water infrastructure and realise the benefits of operational efficiency, including cost efficiencies and optimised joint resourcing.
 - For Kaikōura District Council, forming a joint WSSCO allows it to acquire the benefits arising from the sharing of knowledge and workforce, together with the wider longer-term benefits of working with a larger dedicated water organisation
 - In due course, such a joint WSSCO may choose to work with other councils under contractual arrangements to further acquire the benefits arising from greater infrastructure.

Public consultation will be undertaken by each Council with their communities over the coming months.

Waimakariri Mayor Dan Gordon says “Our councils reviewed independent financial and economic analysis for North Canterbury in detail. Simply, there wasn’t a single solution that worked in the best interests of all.

“However, we have each found the structure that allows for solutions that best fit each community – this is the very spirit behind Local Water Done Well. One size doesn’t fit all, and we strongly argued that there be choice for our communities.

“Having different ownership and management structures does not preclude the possibility of sharing services. Our three councils have a history of working together and are committed to continuing to do so in new ways that best suit the needs of North Canterbury.”

Hurunui District Mayor Marie Black says Council’s preferred option of a Joint Council Controlled Organisation is the best vehicle to deliver broad benefits for the district, while retaining local say over water.

"Hurunui Council has made significant investments in water infrastructure, carrying out major upgrades to all its water supplies to meet New Zealand's Drinking Water Standards. As a result, we are well-positioned to meet both current and future demands, as well as anticipated growth.

“Hurunui is a vast District with mostly rural and small urban populations. Our challenge in providing water services for scale, is different from our neighbours. This proposed structure allows us to look after residents today and tomorrow in an equitable way while being able to meet new standards.”

Kaikōura Mayor Craig Mackle says, “the Council considered our circumstances where we have young infrastructure that’s in good shape thanks to the investment made after the earthquakes, but we need to think about how we maintain these levels into the future, and adapt to higher standards and regulation, with a small population base.

“Because of this, our preferred option is to team up with our neighbours to the south, Hurunui, and form a WSSCO where we have additional benefits of size, scale and knowledge that would be hard to obtain for a council of our size otherwise. The new legislation and regulatory requirements mean that a change to how we currently deliver water services is needed going forward.”

Mayor Craig, says while the preferred option is a WSCCO with Hurunui District Council they will also go out for consultation with a third option of a single WSCCO for Kaikōura.

“We have identified our best and preferred option, but we felt it was important for us to give our residents a voice and listen to what they felt was the right option for our Three Waters delivery.”

The councils intend to submit Water Service Delivery Plans (WSDPs) that discuss how they will each manage water services but are committed to collaborate in the future further where it makes sense to deliver further value to North Canterbury communities.

To date collaboration includes things like sharing of technical support, contract advice, provision of services outside-of-district (for example Hurunui supplies water to northern parts of Waimakariri), Civil Defence response and recovery for example.

Further shared services could include engineering design, modelling, asset management, contract management, technical advice and more.

“There is merit in looking at activities our councils undertake that provide efficiencies and savings while retaining localism. We will continue to explore these as we work towards submitting our Water Services Delivery Plans,” says Mayor Marie Black.