

# Memorandum of Understanding

## Wellington Region Water Service Delivery Planning

This Memorandum of Understanding includes the following appendices:

- Terms of reference for the Advisory Oversight Group
- Structure of Advisory Oversight Group and supporting functions
- Joint water service delivery programme overview (as presented by regional Mayors on 22 March 2024)

Dated:

10/5/2024

Endorsed by the Council Chief Executives' Group on 6 May 2024 and subsequently ratified at the Advisory Oversight Group of participating councils and signed by their representatives on 10 May 2024.



Wellington Region Water Service Delivery Planning

## Memorandum of Understanding (2024)

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(Executed by the representatives at a meeting of the Advisory Oversight Group, 10 May 2024)



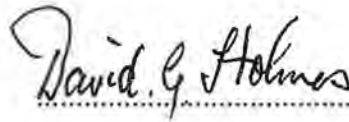
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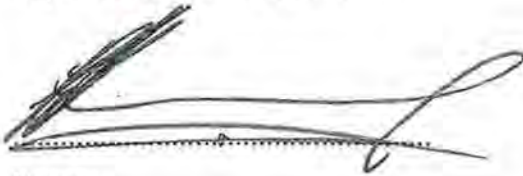
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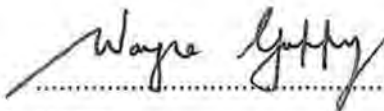
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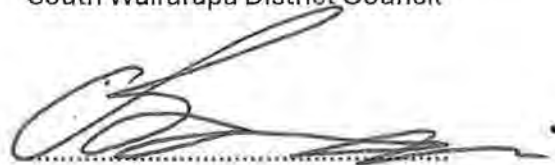
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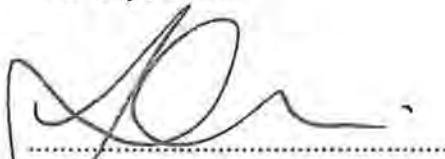
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## Purpose of this Memorandum

### Regional approach to a water services plan

Based on direction from Government and expected legislative changes, councils will be required to develop a water service delivery plan by mid-2025.

The signatories to this Memorandum of Understanding (MoU) have committed to a process of working together to develop a water services delivery plan including consideration of future delivery models.

This process is based on a collaborative and non-binding partnership between councils in the Wellington region to work together robustly and efficiently.

The future model options will need to respond to agreed objectives and consider approaches that are workable, affordable, sustainable and meet the needs of communities and the environment.

### Outputs from this process

The key deliverable from this joint process will be a joint water services delivery plan, including high-level design for a future delivery model. This process and outputs will not preclude any council from choosing to develop its own water services delivery plan.

Critical success factors for the plan and any future delivery model include:

- supported by all participating councils and Iwi / Māori partners,
- supported by the Government policy and enabled through legislative change,
- based on a sustainable funding model,
- enables councils and Government to commit to subsequent phases of detailed design, delivery and implementation.

This MoU outlines the expectations on signatories and the Terms of Reference (ToR) for the Advisory Oversight Group (AOG) for this process.

## Context

### Changes to three waters

Change is coming to how water is regulated and managed by local authorities. The Government has repealed the Water Service Entities Act 2022 and has set out the process for legislative change to give effect to the Local Water Done Well policy through two further stages of legislative change which are expected to be passed by mid-2025.

The *Local Water Done Well* policy is based on a clear premise that change is required and will happen. The policy is still under development, but indicatively will be based on the following requirements:

- Councils to develop a water services plan.
  - Within a year, councils must develop a plan to transition to a new water service delivery model that can meet regulatory and investment requirements.
- Increased regulation in relation to:
  - Water quality
  - Infrastructure investment
- Financial sustainability – water services models must be financially sustainable, based on:

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- o Revenue sufficiency
- o Ringfencing to fund investment
- o Funding for growth

In the context of this change, the signatories to this MoU have agreed to work with other councils in the region as this offers the opportunity to collectively engage in the legislative process to ensure a sustainable, workable future model is identified and can be implemented.

The process does not transfer any formal decision-making responsibilities or delegations from any council. Decisions on the water service delivery plan, preferred models or commitments to future change remain with each council. There will be points in the process where councils will need to re-confirm their commitment to remaining part of the collective. Any council may choose to leave this collective at any point in the process.

### Advisory Oversight Group

As part of this approach, councils have agreed to establish a joint governance oversight group called the Advisory Oversight Group (AOG) made up of elected members. Iwi / Māori partner representatives will also form part of this group, with the approach and membership to be confirmed working with Iwi / Māori partners during the establishment phase.

The AOG would be chaired by an independent chair with suitable expertise in local government, financial models and large-scale utility operations.

The draft terms of reference for the AOG is appended to this MoU, see Appendix 1. The AOG is not a formal joint committee and has no formal decision-making rights. Support will be provided by Chief Executives and a joint project team.

Formation of the AOG and signing of the MoU signals a commitment by councils and Iwi / Māori partners to work together through a collaborative and non-binding process.

## Appendix 1: Terms of reference for the Advisory Oversight Group

### Regional approach to a water services plan

Councils in the Wellington region have committed to a process of working together to develop a water services plan in response to the Government's *Local Water Done Well* policy. Councils have agreed to establish a joint governance oversight group called the 'Advisory Oversight Group' (AOG) made up of council elected members and Iwi representation.

This process represents a collaborative partnership approach between councils in the Wellington region and Iwi / Māori partners. This will ensure that the regions' councils can collaboratively work through this process robustly and efficiently.

### Outcomes and options

The water services plan and future models and options to be considered will need to respond to agreed objectives and consider future approaches that are workable, affordable, sustainable and meet the needs of communities and the environment.

The key deliverable from this joint process would be a joint water services plan for the region, including options for future delivery models based on strategic option selection and high-level design. This process and outputs do not preclude any council from choosing to develop its own water services plan.

Critical success factors for the plan and any future delivery model include:

- supported by all participating councils and Iwi / Māori partners,
- supported by the Government policy and enabled through legislative change,
- based on a sustainable funding model,
- enables councils and Government to commit to subsequent phases of detailed design, delivery and implementation.

### Advisory Oversight Group

As part of this approach, councils have agreed to establish a joint governance oversight group called the 'Advisory Oversight Group' (AOG) made up of elected members. Iwi / Māori partner representatives will also form part of this group, with the approach to be confirmed working with Iwi / Māori partners during the establishment phase.

### Decision making and delegations

The AOG does not have any formal decision-making responsibilities or delegations. These remain with each council, including any future decisions on preferred models or commitments to future change.

The AOG is not a formal joint committee. Formation of the AOG forms part of the commitment by councils and Iwi / Māori partners to work together through a collaborative and non-binding process.

Where direction on the process or options being considered is required from the AOG, this will as far as possible be undertaken by consensus.

## **Key tasks and partnerships outcomes**

The AOG will work in partnership to:

- Provide political oversight and alignment of this process to demonstrate visible and collaborative leadership.
- Build trust and stronger organisational relationships.
- Build better understanding of partners' perspectives and identify shared objectives and areas of alignment.
- Operate at a strategic level owning key relationships for the future water model process and supporting the mitigation of any escalated risks.
- Test and confirm the direction for the process, including investment objectives, options analysis and required analysis in order to provide confidence and certainty to stakeholders and the community.
- Provide advice and direction and to assist the responsible staff to manage and resolve issues and risks including alignment with wider strategic regional issues, the expectations of key partners, stakeholders and the community.
- Assist information sharing, efficient and effective working including opportunities to collaborate, and provide a stronger voice when advocating to others including a shared story for the people of the Wellington region and for investment.

## **Advisory Oversight Group membership and structure**

### **Membership**

The Advisory Oversight Group shall consist of:

- an independent Chair,
- an elected representative from each of the partner councils,
- representative from Iwi / Māori partners – to be confirmed working with Iwi / Māori partners,
- any other person considered necessary by the AOG to ensure the effective functions of the group.

Attendance at meetings would include council Chief Executives.

### **Structure for AOG**

- A quorum will be the majority of members, or half the members where there is an even number of members. No business may be transacted at a meeting if a quorum is not present.
- Members are expected to attend all meetings, except in exceptional circumstances, as notified to and agreed by the Chair.
- In the event that the Chair is unavailable, attendees shall agree an alternative Chair to chair the meeting.
- In the event that any member is unavailable for a meeting, any of the partners may nominate an alternate.
- The AOG will be supported by a Secretariat and Project Team. The role and focus of this Secretariat is set out below.
- The AOG shall meet at least four times during the concept phase, or as otherwise required. Meetings shall be hosted by one of the partners as agreed. Invites and coordination of meetings shall be managed by the project team.

- Wider invites to relevant partner organisations (such as DIA), shall be determined by the meeting agenda.
- The meetings are not public but shall be transparent in terms of agenda and outcomes. Effort will be made to distribute any meeting papers at least 3 working days ahead of the meeting date. Recognising that the AOG does not hold any formal decision-making powers or delegations, papers shall be brief and avoid duplication with matters best dealt with through existing council decision making processes and delegations.
- Membership shall be reviewed and reconfirmed on an annual basis or if the project moves beyond confirmation of a plan to the implementation of a delivery model.

### **Chief Executives' group**

The AOG will be supported by a Chief Executives' group of the partners. This will consist of Chief Executives or nominees from each partner organisation (CE or GM level).

This group will be chaired by a nominated Chair.

The role and focus of the Chief Executives' Group is to ensure advice and support to the AOG is effective and efficient, including:

- Provide senior management oversight and alignment of this process to demonstrate visible and collaborative leadership.
- Test and confirm the direction for the process including objectives, options analysis and analysis to provide confidence and certainty to stakeholders and the community.
- Provide advice and direction and to assist the responsible staff to manage and resolve issues and risks including alignment with wider strategic regional issues, the expectations of key partners, stakeholders and the community.
- Support the identification, mitigation or management of key risks and issues.
- Assist information sharing, efficient and effective working, and provide a stronger voice when advocating to others including a shared story for the people of the Wellington region and for investment.
- Ensure that the project team is resourced and supported.

### **Project team and secretariat – role, responsibilities, and membership**

Support for the AOG will be provided by the project team based on a small core team supported by resources from partners.

- Project Director reporting to the lead Chief Executive. This role will lead the project and be responsible for coordination of the agenda for AOG meetings (including actions) and programme design and delivery across the partners.
- Technical Director reporting to the lead CE. This role is responsible for coordination of financial and funding requirements, governance and legal requirements, and to manage and coordinate concept design.
- 3-4 technical resources providing expertise and workstream leadership for:
  - secretariat support for AOG and Chief Executives' group
  - project management,
  - financial and options analysis,
  - high level design of financial, funding, legal, and governance elements for the preferred option,
  - evidence, options, reporting and change management,

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- communications planning and delivery for partners and support for iwi engagement,
  - DIA relationship,
  - operational requirements.
- Nb. Other resources and functions to be confirmed by agreement of the scope and timeline e.g. financial analysis, options analysis, change management / HR requirements etc as detailed in the project plan.

### Funding

Funding required for this process will include the independent Chair, project lead, workstream leads, secretariat and programme resources.

The partners will confirm a budget. A funding plan shall be developed with the costs split on an agreed basis. This budget and funding plan shall be reviewed and updated at least on an annual basis.

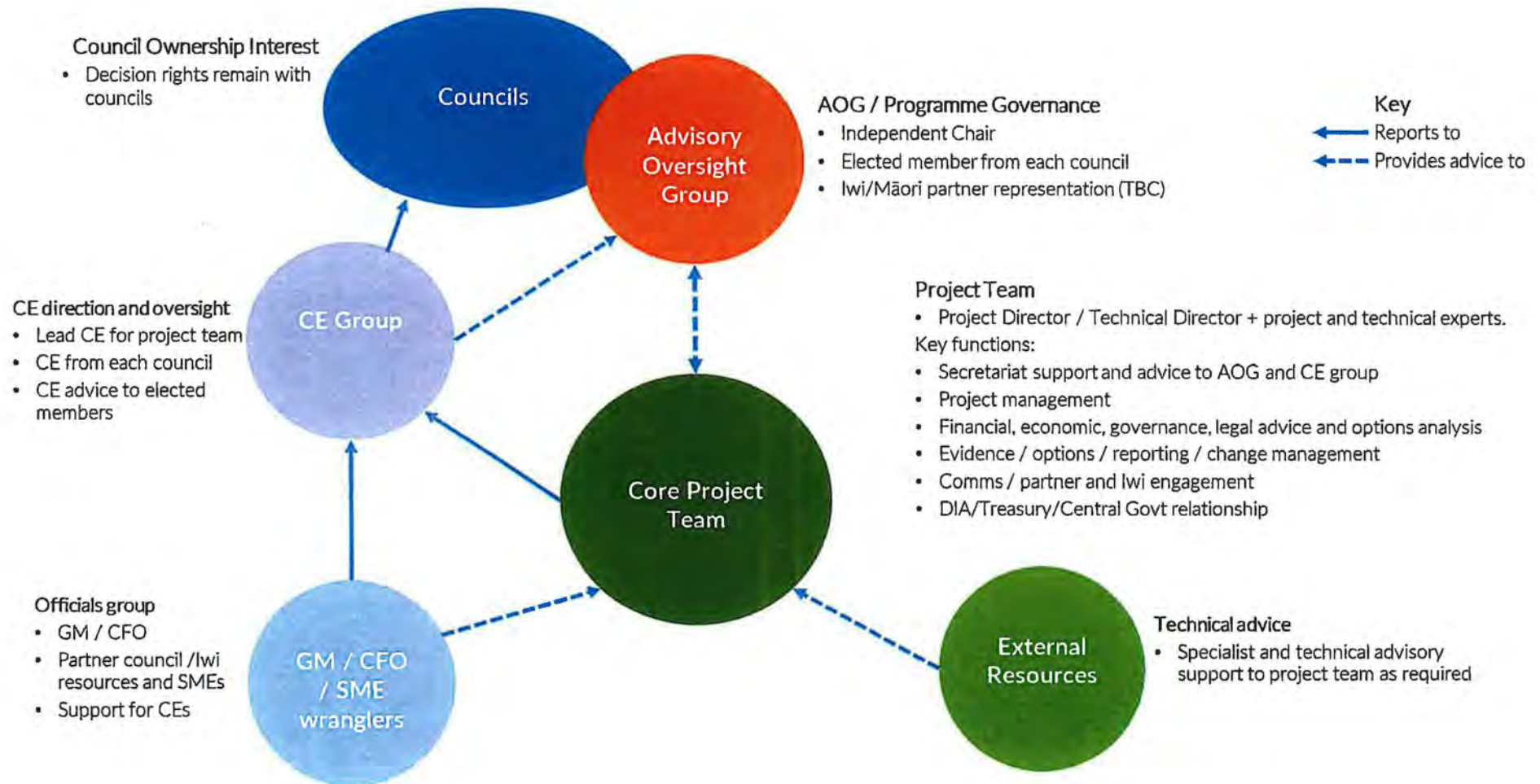
### Communications and media protocols

The partners commit to working together to ensure a coordinated communications and engagement approach to ensure a no surprises basis. This includes utilisation of agreed key messages and communications plan along with any developed communications brand and website as required.

The partners will develop and agree a communications plan that sets out key messages, protocols and channels in more detail as required for each phase of the project. This shall be reviewed and updated at least on an annual basis.



## Appendix 2: Structure of Advisory Oversight Group and supporting functions



# Appendix 3: Joint water service delivery programme overview as presented to region Mayors on 22 March 2024

## Joint Water Service Delivery for the Wellington Region

Private and confidential

Councils in the Wellington region are committed to jointly developing a water service delivery plan and future delivery model.

Investment in resilient and affordable water infrastructure is critical for the economic and social future of the Wellington region, including housing growth. Our approach is underpinned by a joint governance group and process.

To be successful, the water service delivery plan and delivery model must be:

- Supported by all councils and iwi/Māori partners
- Supported by the Government and enabled through legislative change
- Based on a sustainable funding model that is workable, affordable, and meets the needs of communities and the environment

The plan will enable commitment from councils and the Government to establish a new model for delivery.

### Government support

#### Enabling legislation

- Streamlined requirements for water services delivery plans
- Enable phased in meeting of regulatory requirements
- New CCO model and financial tools to enable debt headroom and financial separation from councils
- Streamlined consultation and establishment processes for CCOs

#### Financial support and tools

- Use of current transition grant funding during planning phase
- Funding tools for the new delivery model to enable a strong credit rating
- Support during the establishment phase to set up the new model and to ensure affordable transition for communities

### Phases of delivery



### The Councils

Nine territorial authorities and Greater Wellington Regional Council

