

Q and A

Why are things changing?

The previous Government started looking at the three waters when people died after consuming contaminated water in Havelock North in 2016, and is forcing change. The Government says the old system (councils running water services individually) can't reliably deliver safe drinking water, protect the environment, or provide all the investment needed. The Government also wants councils to work together to save money.

What is Local Water Done Well?

Local Water Done Well is the Government's plan to address New Zealand's long standing water infrastructure challenges. It replaces the previous government's Affordable Waters reform proposal. It aims to:

- Tackle New Zealand's long-standing water infrastructure challenges by enhancing the quality, sustainability, and affordability of water services nationwide.
- Introduce new economic and quality regulations to improve service standards.
- Ensure water services are future-proofed and financially sustainable.
- Make water services delivery more effective and efficient.

While the reforms provide some local flexibility on how this is achieved, it puts a strong emphasis on compliance with central government rules and regulations.

What does the government require councils to do, and why?

Local Water Done Well requires councils to choose a water services delivery model that will best meet their community's needs, provided it also meets financial sustainability and compliance standards.

Under Local Water Done Well, all councils must:

- Meet new financial and regulatory requirements, ensuring water services are ring-fenced (i.e. the financial administration of water services must be kept separate from the rest of council).
- Invest in infrastructure to address long-standing issues.
- Set fair prices that reflect the cost of delivering water services.
- Develop a fit-for-purpose Water Services Delivery Plan by 3rd September outlining how they will meet these requirements.

What is a water services delivery plan?

Water Services Delivery Plans are required under the Local Government (Water Services Preliminary Arrangements) Act 2024. These plans are a 'one-off' approach to council drinking water, wastewater, and stormwater services, demonstrating their commitment to financial sustainability and quality standards.

Water Services Delivery Plans:

- Must include detailed information on operations, assets, revenue, expenditure, pricing, future capital expenditure, and how councils plan to finance and deliver their preferred delivery model.
- Are for a minimum 10-year timeframe but can be up to 30 years. The first three years must be detailed.
- Must demonstrate how the water services will be financially sustainable by June 2028.

The Government can reject plans if they do not meet legislative requirements. If the Government is not satisfied with a council's water services delivery proposal, it can also direct what councils should do.

What happens if we don't submit a water services plan?

It is a legal requirement. If we don't submit a plan, the Government can step in, make decisions on our behalf, and we risk losing local control and community input.

What delivery option did the councils choose?

Buller Grey and Westland, District Councils have chosen to form a Water Services Council Controlled Organisation (WSCCO) to deliver our three water services.

A CCO operates independently from Council with its own board structure and management. The CCO would be responsible for planning, funding, building and maintaining water services infrastructure, as well as running the day-to-day customer-facing services.

What are three water services?

The Council provides water services which include drinking water, wastewater and stormwater.

- Drinking water – ensuring the provision of safe and reliable drinking water to communities.
- Wastewater – Managing the collection, treatment and disposal of wastewater to protect public health and the environment.
- Stormwater – Handling stormwater drainage to reduce flood risk and manage runoff in urban areas.

Are all the three water services being transferred?

All of three water services will be transferred. Noting stormwater is a little more complex, as it is managed in conjunction with other activities such as roading, parks and reserves. We expect the CCO to have agreements with Councils to ensure that stormwater is managed cohesively.

What are the benefits of a CCO?

One entity allows efficiencies. Additionally, having a board of directors who focus on nothing but supplying the most effective and efficient water services will benefit the West Coast in the long term.

Creating a single water services entity will bring efficiencies. A board of directors will be fully focused on delivering effective and efficient services across the West Coast. The legislation also enables a Water Services Council-Controlled Organisation (WSCCO) to borrow and spread the cost of borrowing over a longer period. This means more investment can be made in the short term to meet regulatory and renewal needs, while improving delivery and creating further efficiencies in the medium to longer term.

How will the ownership of a CCO work?

A Shareholders Representative Forum will be set up with the Mayor and two elected members from each Council plus one representative for each of the two iwi. Decision making by the group will be based on equal representation by all three Councils.

Will the CCO make a profit?

Given the significant investment required to respond to regulatory expectations, the CCO will need to undertake substantial borrowing. It is not anticipated that dividends will be payable to shareholder councils for the foreseeable future.

What will happen to our Three Waters team at Council?

The structure of the CCO is yet to be finalised, however staff will likely be offered to migrate across to the CCO.

Water rates are already expensive. Will my rates decrease?

Your rates bill from the Council will decrease, however you will get a separate bill for water. Regardless of which option the Councils choose, water will cost more money in the future due to the investment and regulatory requirements.

The joint CCO is the cheapest option, but it's still more expensive than it currently is.

What will it cost?

We have used financial modelling so we can provide indicative costs to our communities.

The modelling shows that on average we expect water charges to approximately be \$2,863 per connection in 2027. And in five years at 2032, we expect this to rise to \$4,116.

How do we know that the CCO is the cheapest option?

We have undertaken a lot of financial modelling.

Modelling is based on a series of assumptions, so it is bit like a weather forecast – we use the best information we have at the time. Assumptions include anticipated population growth, operating efficiencies, cost of responding to changing legislative requirements, water related debt at the point of transfer and the cost of transition and set-up of the new WSCCO.

I currently get a rates rebate. Will I be eligible for a water rebate?

The three councils are aware of a new financial assistance scheme currently being developed by Central Government to assist ratepayers.

When will I get a water bill?

Your council will continue to collect money via rates until June 2027. After that, the WSCCO will set water charges. It will decide the approach to charging, the frequency of charging and whether to add water meters.

Why do the West Coast councils need to invest in drinking water?

There is a long history of deferring renewals. This, combined with ageing infrastructure, has led to a bow-wave of renewals requiring investment. Across the nine years of the Long-Term Plan, Buller, Grey and Westland District Councils have set aside \$124.9 million, \$86.5 million, \$47.1 million for investment in drinking water, wastewater and stormwater services, respectively.

Can I just install a water tank on my property and opt out?

That is something that you would need to discuss with your Council representatives. If there is infrastructure leading up to your property, you would still need to pay for it, given the ongoing cost of repairs and maintenance.

What does this mean for households that are not connected to water services?

There is little to no impact on residents who are not connected to water or wastewater services other than any current arrangements. Stormwater is still being considered.

Who do I contact for issues with water services?

From July 2027, the WSCCO will manage drinking water, waste and stormwater services. Until then, you can contact your local council.

Will our community voice still be heard?

Councils will continue to have input into the relationship they expect the CCO to have with their customers. The Shareholders Representative Forum will set the strategic direction via the statement of expectation, which is given to the new water entity every year.

This is then followed by a statement of intent from the organisation's board to the shareholding Councils.