

Local Water Done Well Elected Member Briefing

Water services delivery plan and
delivery model update

17 October 2024

Purpose of this briefing

- Briefing on recommended Regional delivery model
- Provide an overview of regional modelling results
- Outline Kapiti's situation and future challenges
- Present principles for discussion
- Provide an update on other options
- Seek feedback on issues and preferences

Regional Project Recommendation



The Councils

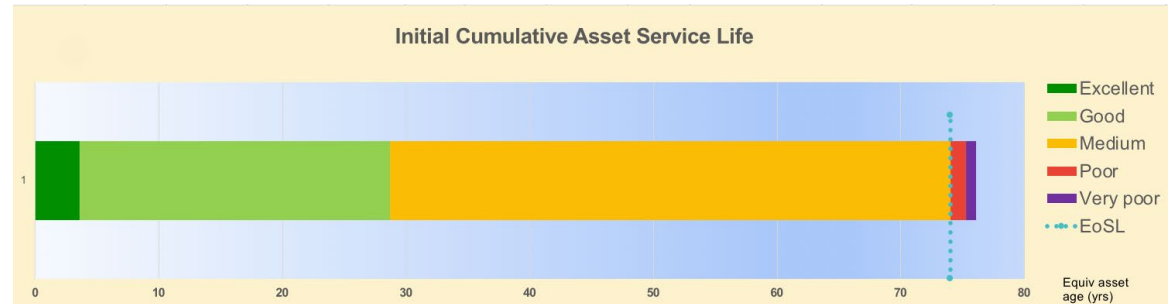
Nine territorial authorities and Greater Wellington Regional Council



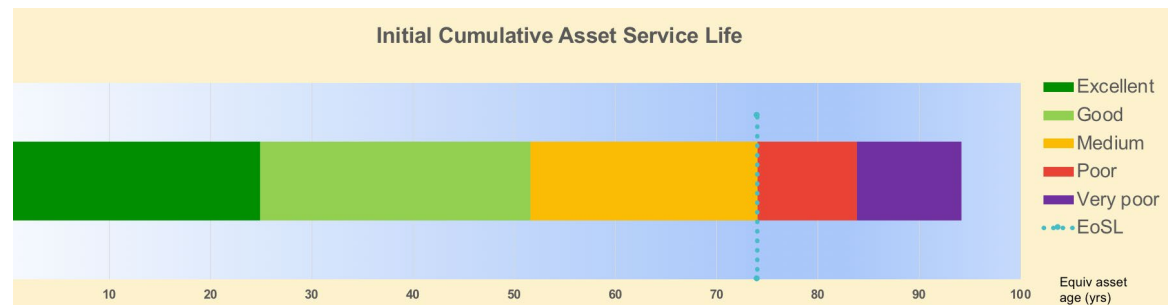
Kāpiti Coast
DISTRICT COUNCIL
Me Huri Whakamuri, Ka Tōira Whakamua

Starting Asset Condition

Council Water Entity



Regional Water Entity



Economic modelling comparison

- 3% of assets in poor and very poor condition which is significantly better than average for the region.
- The high proportion of assets assessed as excellent or good condition (41%) means that bulk renewal will probably not be necessary within the next 20 years.
- KCDC have one of the lowest average prices for water in the region.

The modelling outputs indicate:

- KCDC have very little water supply and wastewater assets that need replacement.
- KCDC cost is primarily related to compliance – however it should be noted that “*this is a placeholder*”, as compliance requirements, and therefore costs, are yet to be determined.
- KCDC pricing appears low compared to other districts.

Indicative average pricing summary:

Average Price (\$FY24)	Council Model (v3.15)	Regional Model (v3.15)
Starting Price (FY25)	\$1,156	\$1,711
Peak Price (~2036-2050)	\$1,976	\$4,262
Long Term Sustainable Price	\$1,192	\$2,596

Kapiti's Situation

Council overview

- Kāpiti Coast District has an area of **731.52km²** of which **76.7km²** is urban and **654.8km²** is rural. It is **50kms** north of Wellington City. The population of the district is concentrated in the chain of coastal settlements along SH1: Ōtaki, Te Horo, Waikanae, Paraparaumu, Raumati Beach, Raumati South and Paekākāriki. Paraparaumu is the most populous of these towns and the commercial and administrative centre for the district.
- Kāpiti Coast encompasses an area of **731,520 hectares**.
- 4 major waterways** Waikanae, Ōtaki, Waimeha, Mangaone which all to the Tasman Sea.



POPULATION
58,744 (2024).

- Projected population of **80,924** for **2054**.



Water asset information (current state)



RETICULATION

588km of water supply pipes, including
110km of service laterals
18 water supply service reservoir sites
354km of wastewater pipes
5 wastewater storage ponds
233km of stormwater pipes
52km of open waterways



TREATMENT ASSETS

17 water bores
2 surface water intakes
5 water treatment plants
2 wastewater treatment plants



STATIONS

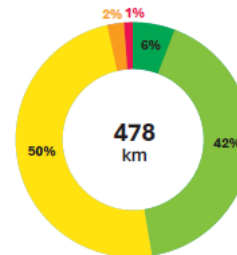
9 water supply pumping stations
153 wastewater pumping stations
18 stormwater pumping stations



REPLACEMENT VALUE

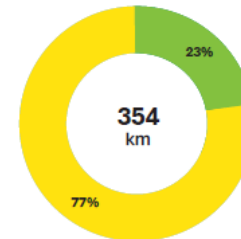
Combined replacement value
\$1,132m

Water asset condition (current state)



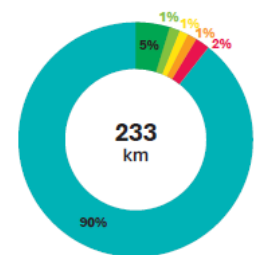
WATER SUPPLY

Excellent Good



WASTEWATER

Average



STORMWATER

Very Poor Not assessed

Status Quo is not an Option

The requirements will likely include that all water services providers:



Will be subject to economic, environmental and water quality regulation – further information on economic, environmental and water quality regulation is available in the related factsheets: Economic regulation of water services (refer to the economic regulation factsheet for more information), Drinking water quality regulation, and Standards to help reduce water infrastructure costs.



Will be subject to a new planning and accountability framework for water services, including the need to produce stand-alone financial statements for water supply, wastewater, and stormwater – further information outlined in the factsheet: Planning and accountability for local government water services.



Must be financially sustainable – legislation will include an enduring objective for water service providers to be financially sustainable, including a requirement for the ringfencing of water services, an expectation of revenue sufficiency, and accommodating for maintenance, renewals and growth.



Must act consistently with statutory objectives – legislation will set out a list of statutory objectives that will apply to all water service providers. There will also be several additional statutory objectives that apply to water organisations.



Will be subject to restrictions against privatisation – legislation will include prohibitions on losing control, selling or disposing of significant infrastructure. Further, water services assets cannot be used as security.

New Economic Regulation

- Regulated by the Commerce Commission
- Promote efficient practices and protections for consumers
- Details will be in Bill three
- Mandatory Information disclosures
 - Transparency
 - Performance
 - Efficiency
- Revenue threshold setting powers
- Financial ringfencing
- Quality standards and performance requirements
- Price-quality regulation

New Planning and Reporting

- Bill three will establish a new planning and reporting regime for all WSPs and replace and/or modify the LGA requirements.
- Statement of expectation – Issued by Council shareholders to WSCCO.
- Water Services Strategy – All water service providers
 - Financial forecasting over 10 years
 - Infrastructure and investment strategy over 30 years
 - Price and charging quality pathways
- Water services annual reports – All water service providers
 - Report performance against WSS
 - Including financials for each water activity
- Separate financial statements for each of the three waters

Key future challenges



Revenue to service three waters debt



Resourcing to meet the economic and environmental regulatory demands



Funding to meet wide-scale network renewals from 20-30 years plus



Stormwater upgrade programme duration



Timely servicing growth



Attractiveness for staff and the contracting market

What is important to Kapiti?

- Water assets remain in public ownership
- Iwi / Maori te mana o te wai, meaningful influence
- Safe, reliable, environmentally and financially sustainable water services.
- Efficient and effective water service delivery
- Local priorities recognised and building on work to date
- Financial investment, revenue, and financing sustainability
- Responsive to housing growth demands
- Any transition arrangements – Fair and seamless

Other Kapiti Options

- Kapiti Coast stand alone
 - In-house Business Unit
 - Council-owned WSCCO – Service and advisory organisation
 - Council-owned WSCCO – Full service/asset-owning organisation
- Kapiti Coast / Horowhenua
 - Shared services with In-house Business Units
 - Joint council-owned WSCCO – Service and advisory organisation
 - Joint council-owned WSCCO – Full service/asset-owning organisation
- Kapiti Coast / Northern Groupings?
 - Horowhenua / Manawatu / Palmerston North
 - Shared services with In-house Business Units
 - Joint council-owned WSCCO – Service and advisory organisation
 - Joint council-owned WSCCO – Full service/asset-owning organisation

Communications approach

Aim is to maintain trust and confidence in Council's three water services and decision making and bring our people and our community on the journey.

Phased approach required due to the level of uncertainty:

1. Set the scene and leverage opportunities created by other councils to tell our three waters story and lay out our options
2. Confirm Council's decision, the reasoning behind the decision, and next steps.
3. Detailed communications and engagement planning post Council decision to align with next steps.

Timing of changes

Workstream	Next 6 months (Jul-Dec 2024)	Jan -Jun 2025	Jul-Dec 2025	Jan-Jun 2026	Jul-Sep 2026
LEGISLATION					
Local Government (Water Services Preliminary Arrangements) Bill (Bill 2)	Bill 2 enacted (Aug 2024) Department of Internal Affairs (DIA) provides guidance for councils to support implementation of Bill 2				
Local Government Water Services Bill (Bill 3)	Bill 3 introduced (Dec 2024)	Bill 3 enacted (mid-2025)	DIA provides guidance for councils to support implementation of Bill 3		
COUNCIL WATER SERVICE DELIVERY ARRANGEMENTS					
Water service delivery arrangements	Councils can establish new water organisations allowed under existing legislation DIA/Crown Infrastructure Partners (CIP) supports councils on delivery model considerations CIP and Local Government Funding Agency (LGFA) support councils on structuring and financing for new water organisations (Dec 2024-Feb 2025)		Councils can establish new water models provided through legislation Minimum requirements for local government water services providers in effect		
Water Services Delivery Plans (WSDPs)	Councils develop WSDPs DIA supports councils to populate WSDP template (Sep-Nov 2024)	Councils finalise WSDPs, with DIA support as needed	Councils submit WSDPs to DIA for review and acceptance (Aug-Nov 2025) Final opportunity for councils to apply for WSDP extension (Jul 2025)	Councils publish accepted WSDPs (Nov 2025 or later for extensions) DIA shares accepted WSDPs with Commerce Commission and Taumata Arowai DIA monitor WSDPs Implementation Plan (Nov 2025 until complete)	

Timing of changes

Workstream	Next 6 months (Jul-Dec 2024)	Jan -Jun 2025	Jul-Dec 2025	Jan-Jun 2026	Jul-Sep 2026
ECONOMIC REGULATION					
Crown monitor for Watercare (interim economic regulator for Watercare)	Crown monitor appointed	Crown monitor quarterly reporting			
	Watercare submits business plan to Crown monitor	Crown monitor annual reporting (starting 30 Nov 2024)			
	Watercare Charter in place				
Ringfencing of water services	Councils must consider ringfencing as part of WSDPs		Consideration of ringfencing requirements and impacts on council operations, and implementation of financial controls to enable ringfencing of water services financial information	Water service providers prepare stand-alone financial statements for water supply, wastewater and stormwater, and in aggregate, for the period to 30 June 2026, as part of annual reporting (anticipated)	
Information disclosure	Councils provide information as part of WSDPs (foundational information disclosure)	Commerce Commission consultation on potential information disclosure requirements		Information disclosure requirements in place (within 6 months of Bill 3 enactment)	
	Early information disclosure on assets and investments for some councils (subject to ministerial approval)				
Revenue thresholds				Revenue thresholds in place (if required)	
Quality standards and performance requirements				Quality-only regulation and performance requirements can apply	
Price-quality regulation					Price-quality regulation can apply
ENVIRONMENTAL REGULATION					
Drinking water					
Drinking water quality regulatory environment	Regulatory changes to ensure regulation is proportional to risk for drinking water suppliers				
Wastewater					
Wastewater environmental performance standards	Taumata Arowai engages on development of wastewater standards	Taumata Arowai consultation on wastewater standards		Wastewater standards in place (mid-late 2025)	
				Modular designs for treatment plants available (that meet wastewater standards)	
Stormwater					
Stormwater management roles and responsibilities				New urban stormwater provisions take effect	
Water service bylaw alternatives				Alternative options to bylaws available to councils (e.g. drinking water catchment plans, trade waste plans and rules, water supply and wate management enforcement)	
Infrastructure					
National Engineering Design Standards (NEDS)				DIA develop NEDS regulations	NEDS in place (early 2026)

Next steps

- 5 November briefing on Legal aspects and other delivery options
- 14 November briefing to be confirmed
- 28 November in-principle decisions on the preferred model to consult on
- Further consider implications for the council.
- Detailed communications and engagement planning
- Consulting on draft WSDP early 2025
 - Potentially within the Annual Plan process
 - Potential requirement for a referendum for asset transfer to CCO
- Councils must have a WSDP by 2 September 2025.
- An implementation plan is required alongside the WSDP.
- Adopt the WSDP (and any LTP amendments)

Discussion