

Local Water Done Well Elected Member Briefing

Water services delivery plan and
delivery model update

5 November 2024

Purpose of this briefing

- Outline Kapiti's situation and future challenges
- Provide an overview of other delivery model options.
- Discuss principles to support decision making
- Approach to communications
- Overview of Government timetable
- Next steps

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)

Initial Cumulative Asset Service Life



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.

Key future challenges



Debt limits and revenue to service three waters debt



Resourcing to meet the economic and environmental regulatory demands



Reducing debt to create headroom to meet increasing network renewals in 20-30 years plus



Stormwater capacity and quality upgrade programme duration



Timely servicing growth



Attractiveness for staff and the contracting market

Kapiti Options

- Wellington Regional CCO
 - Recommended option - WSCCO – Full service/asset-owning organisation
- Kapiti Coast stand alone
 - NEW In-house Business Unit
 - Council-owned WSCCO – Service and advisory organisation
 - Council-owned WSCCO – Full service/asset-owning organisation
- Kapiti Coast / Horowhenua
 - NEW In-house Business Units with shared service
 - Joint council-owned WSCCO – Service and advisory organisation
 - Joint council-owned WSCCO – Full service/asset-owning organisation
- Kapiti Coast / Northern Groupings?
 - Horowhenua / Manawatu / Whanganui / Palmerston North
 - NEW In-house Business Units with shared service
 - Joint council-owned WSCCO – Service and advisory organisation
 - Joint council-owned WSCCO – Full service/asset-owning organisation

What is important to Kapiti?

- Relationships and trust
 - Water assets remain in public ownership
 - Iwi / Maori te mana o te wai, has meaningful influence
- Financial
 - Financially sustainable future investment, revenue levels, and financing arrangements
 - Transparent and equitable customer charging
- Levels of service
 - Safe, reliable and regulatory-compliant water services.
 - Efficient and effective water service delivery
 - Local priorities recognised, building on work to date
- Strategy
 - Environmentally and financially sustainable water services
 - Responsive to housing growth demands
- Operational
 - Transition arrangements – Fair and seamless
 - Resilient operations model

Morrison Low WSDP Model

Local Water Done Well Options

FINAL REPORT - Kapiti District Council

November 2024



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

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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

- 14 November briefing to review options.
- 28 November decision on the preferred model to consult on.
- From December begin the development of consultation documents including Council briefings through to March 2025
- Consulting on the draft delivery model around April 2025
 - Option to run with Annual Plan process through April.
 - Potential referendum required for asset transfer to Council owned CCO - timing critical
- The Water Services Delivery Plan and Implementation Plan must be lodged with DIA by 3 September 2025

Discussion and questions