

Local Water Done Well

Update brief to Council

31 October 2024

Brent Manning



RANGITIKEI
DISTRICT COUNCIL

Nau mai, welcome

Heading

- Update brief to Rangitikei Mayor and Council on Local Water Done Well

Local Water Done Well – What is it?

“ultimately, the starting point is that councils need to work together.”

Minister Simeon Brown, Not Three Waters: National promises Kiwis will be better off under their water reforms | Stuff

From DIA website: (<https://www.dia.govt.nz/Water-Services-Policy-and-Legislation>)

Local Water Done Well (LWDW) is the Coalition Government’s plan to address New Zealand’s long-standing water infrastructure challenges.

It recognises the importance of local decision making and flexibility for communities and councils to determine how their water services will be delivered in the future.

It will do this while ensuring a strong emphasis on meeting economic, environmental and water quality regulatory requirements.

Key components of Local Water Done Well

1. Fit-for-purpose service delivery models and financing tools
2. Ensuring water services are financially sustainable (*)
3. Introducing greater central government oversight, economic and quality regulation ([coming...](#)).

Water Service Delivery Plans – what are they?

Local Water Done Well requires Councils to develop a Water Services Delivery Plan (WSDP)

By September 2025, Councils nationwide are required to develop, and submit to Department of Internal Affairs (DIA) for approval, a **WSDP** that outlines how it will deliver and sustainably finance the water services it maintains into the future.

Each Council's Water Services Delivery Plan must deliver to guidelines created by central government. The plan must include:

How the council plans to deliver water services to its residents – a ***'water services delivery arrangement'***.

How its *water services delivery arrangement* will be implemented.

How the council plans to maintain water quality, and the long-term financial sustainability of its *water services delivery arrangement*.

Delivery models available to Councils

A. Maintain sole control of all water services. Two options:

1. In-house management (current model for Rangitīkei District Council).
2. Develop a stand-alone Council Controlled Organisation (CCO).

B. Adopt a joined-up approach with one or more neighbouring councils. Options:

1. In-house management spread across partnering council(s).
2. Develop a CCO with one or more partner council(s). E.g. *under consideration:
 - i. Regional Grouping (*7 councils Manawatu-Horizons)
 - ii. A smaller (sub-regional) Grouping

C. Adopt a consumer trust model. Options:

1. A wholly consumer owned trust – where elected trustees have a sole role in appointing and monitoring performance of a water organisation board.
2. A mixed council/consumer owned trust – council and elected trustees both appoint and monitor performance of the water board

What has been done to date?

August: The Government released details of five different water services delivery models, including financing arrangements, ahead of legislation (aka Bill 3) to be introduced in December 2024.

September: The regional appraisal project (concluded August), based on an asset-owning CCO (one of the Government's five delivery models, moved to start the process of developing a Joint Water Services Delivery Plan (WSDP) for the Manawatu-Wanganui region to;

- include all major capital projects for all councils (incorporating the Palmerston North Wastewater Treatment Plant (WWTP)). (*with different options for pricing/recovery)

Key to development of a Joint WSDP will be;

consideration of the service delivery model,
each council's approach to stormwater,
and shareholding arrangements.

The Mayoral Forum was invited to **provide early direction** on these and other considerations (to be brought back to future meetings of the Mayoral Forum)

Regional Appraisal Project (RAP)

- Overseen by CE Steering Group; progress reported to Mayoral Forum
- Used LTP Yrs 1-10 – final figures - extended to 30 years to identify key issues
- Assessed impact of including PNCC WWTP inside joint arrangements
- Included assumptions on costs to implement a joint arrangement
- Considered sub-regional variations
- Tested Conservative, Mid-point and Optimistic assumptions for efficiency and cost ratios
- Models = a way to compare options. Not a 100% exact forecast

Across the regions councils and current water service delivery arrangements:

- Variety of staffing and delivery models
- Different approaches to how we manage assets and carry out condition assessments
- 82 (27%) of our 300 consents are expired; another 25% expire before end of 2029

Key findings (RAP)

The financial case is marginal but....

- A multi-criteria analysis shows strategic benefits to be compelling at regional level
- Can conform to principles agreed by Mayoral Forum

Future additional costs (for all and irrespective of delivery model):

- Quality regulation (Taumata Arowai) and compliance (TA do now)
- Economic regulation (via Comm Comm)
- Benchmarking/Audit (of water activities)
- Insurance provisioning

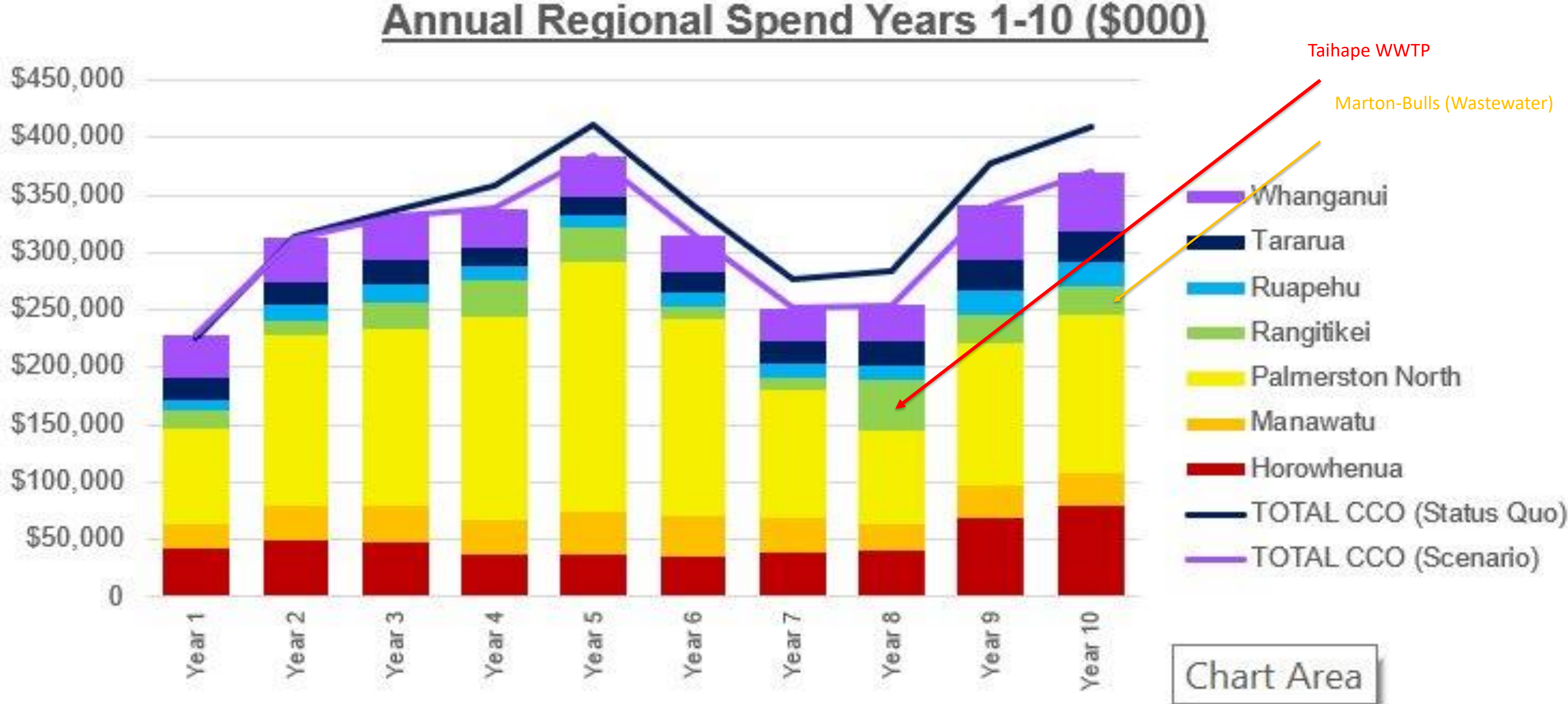
Where are we at? *(Rangitikei DC)

- Initial direction/authority from Mayors/Mayoral Forum
- Working with 6 other councils to analyse the singular and joint benefits for water service delivery arrangements
- Preparing the inputs into a (draft) WSDP for Rangitikei DC (Ra DC)
- Guidance & assistance from Department of Internal Affairs (DIA)
- To check and confirm the Financial Sustainability Tests for RaDC
- At this stage, we have found for RaDC (*see next slide):

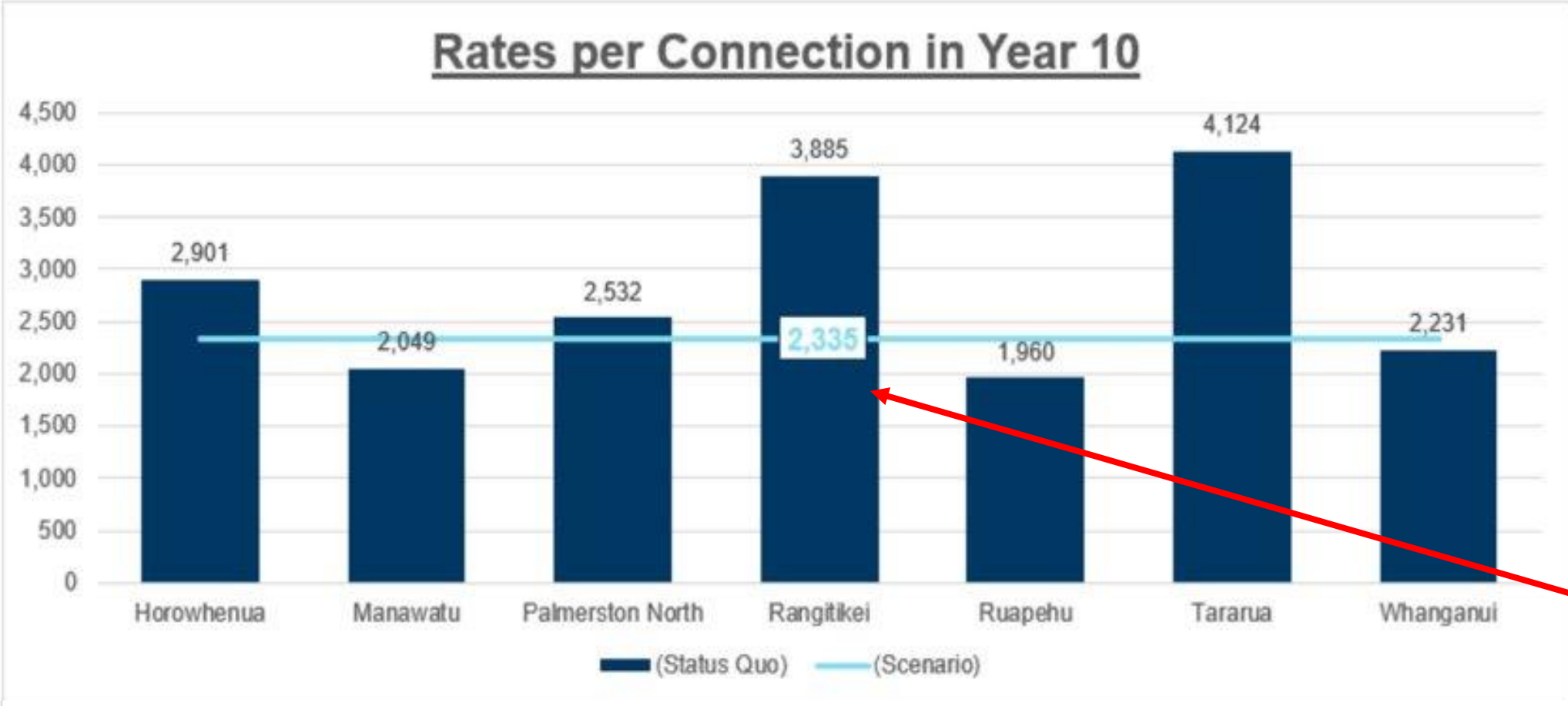
Key considerations (for Rangitikei DC)

- Debt headroom looks acceptable for all models
- Will probably meet DIA financial sufficiency tests for options considered
- Overhead allocations to be looked at (Water services vs other activities)
- New capex budgeted (Marton WS, Marton-Bulls WW, Taihape WW)
- (how does this relate to the region grouping? Future opex/rates)
- Mixed Use Rural Water Schemes (MURWS) included in WSDP
- Household affordability comparisons...(see next slides)

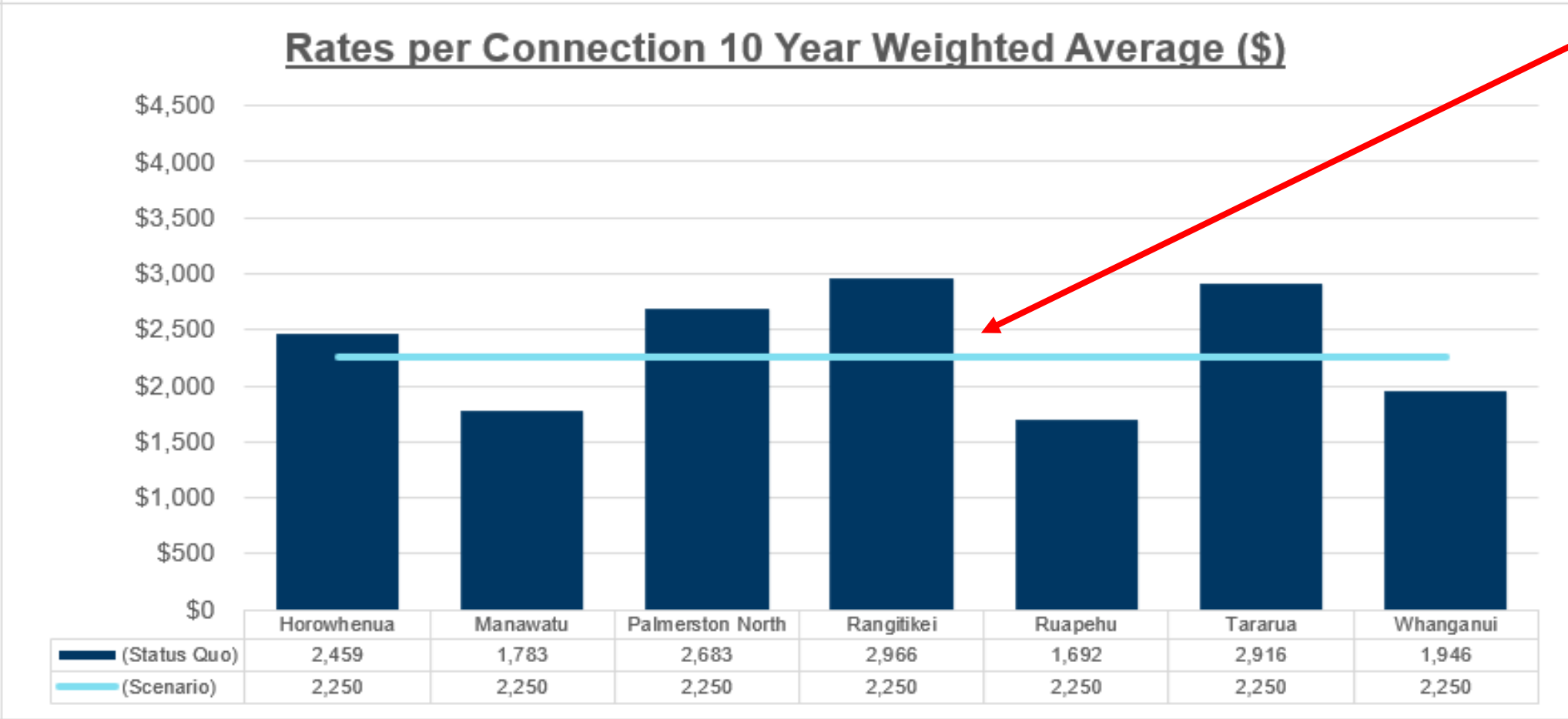
Combined Regional Capex 2024-34



Projected costs to billpayers



In effect, within this grouping and time range; Rangitikei connected customers are net beneficiaries if harmonised pricing is adopted (as RaDC is above the average line)



What is happening next?

- 5 November – Mayor and small group to meet with Nga Wairiki Ngati Apa
- 11 November – Briefing of the region's Elected Members (Palmerston North)
- 12 November – Regional hui with Mayors & Iwi (Palmerston North)
- 2 December – Rangitikei DC workshop (Marton)
- 3 December – Mayoral Forum (PN)
- 12 December - Rangitikei DC meeting (to resolve options for LWDW consultation)
- **Early-Mid December** – Water Services Arrangements Bill #3 expected
- **February-March 2025?** – consultative period
- September 2025 - Water Service Delivery Plan (WSDP) due with DIA

What we/you need to proceed

- Direction on best means to receive updates/question/communicate:
 - Weekly updates by email (all Councillors)
 - Regular Teams briefings/informal meetings
 - In-person Workshops
 - Some or All of the above
- Seeking clear direction (DIA) on the inclusion of Mixed-Use Rural Water Schemes (MURWS) (Michael Hodder)
- To receive Iwi feedback (from hui and Mayoral forum)
- To work on draft papers for Council decision in December
- Will provide a high-level timeline of key inputs/decision points

(with thanks to Carol Gordon)

Patai?/further information

- My contact details:
 - Brent.manning@cairocat.co.nz
 - Ph +64 027 752 2187
- Or Michael Hodder
 - Michael.Hodder@rangitikei.govt.nz
- For more about me: [\(54\) Brent Manning | LinkedIn](#)
- For more on LWDW: <https://www.dia.govt.nz/Water-Services-Policy-and-Legislation>



End of presentation



RANGITIKEI
DISTRICT COUNCIL