



# BRIEFING: Water Services Delivery Plan

4 June 2025



# Outline

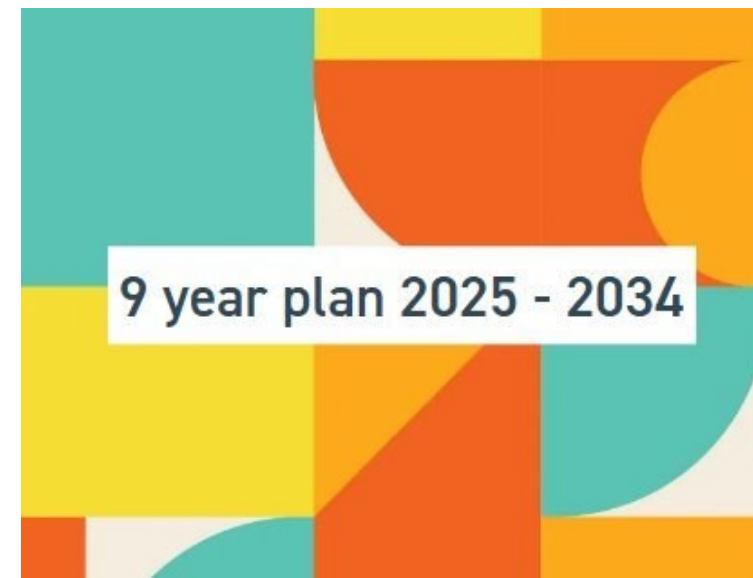
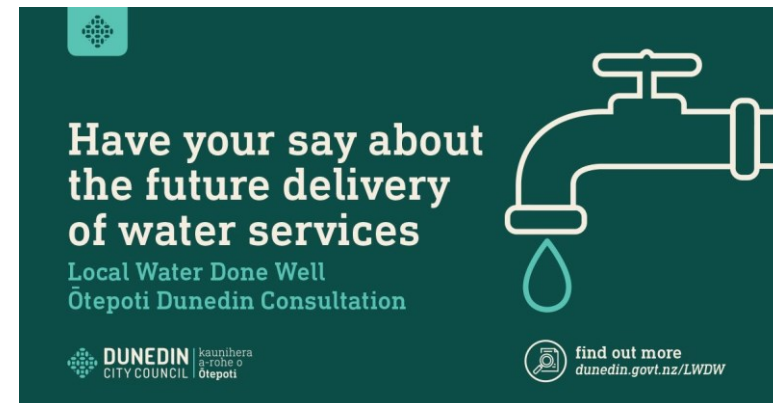
- Water Services Delivery Model decision
- What is a Water Services Delivery Plan (WSDP)
- WSDPs - Key aspects
- WSDPs - current status
- Key milestones for completing the WSDP
- The wider context of legislative change
- Questions





# Water Services Delivery Model

- Council decision – 26 May – (the In-House option)
- Council is required to prepare a WSDP under the Local Government (Water Services Preliminary Arrangements) Act 2024 (Preliminary Act)
- WSDP must be submitted to the Secretary for Local Government by 3 September 2025
- WSDP must be aligned to 9-Year Plan (Audit New Zealand)







# What is a Water Services Delivery Plan?

- A one-off, transitional requirement under the Local Government (Water Services Preliminary Arrangements) Act 2024
- **Purpose:** to identify the current state of the council's water services and demonstrate how the council will deliver water services in a way that:
  - is **financially sustainable** by 30 June 2028
  - meets all applicable regulatory requirements
  - supports housing growth and urban development, as specified in the Council's LTP
- Further information is available at: <https://www.dia.govt.nz/Water-Services-Policy-Water-Services-Delivery-Plans>





# What is a Water Services Delivery Plan?

- **Period:** must cover, at minimum, the 10-year period 1 July 2024-30 June 2034.
- **Services:** must cover drinking water, wastewater and stormwater services
- **Consultation:** must be informed by public consultation on the Council's proposed model (completed).
- **Adoption:** must be adopted by council resolution and certified by the Chief Executive
- **Timing:** due to the Secretary for Local Government not later than **3 September 2025**. Note: This is a drop-dead date.





# Water Services Delivery Plan – key content

- WSDP content requirements are set out in the Local Government (Water Services Preliminary Arrangements) Act 2024
- DIA provided a template for councils to use. 5 sections:
  - Part A: overview of water services delivery, delivery model and implementation plan
  - Part B: network performance
  - Part C: revenue and financing arrangements
  - Part D: financial sustainability assessment
  - Part E: projected financial statements for water services.





# Part A: overview

- Overview of current water services delivery – scope of services, system performance, projected OPEX and CAPEX requirements
- Summary of:
  - The proposed Water Services Delivery Model (WSDM)
  - How water services delivery will achieve financial sustainability
  - An implementation plan for the proposed WSDM
  - Consultation undertaken on proposed WSDM
- Assurance statements
- Council adoption and CE certification





## Part A (deeper dive): implementation plans

- Council must give effect to the proposals in the WSDP relating to the future delivery of water services
- The WSDP must include an implementation plan – setting out how the proposed WSDM will be given effect to, including the actions needed to achieve financial sustainability by 30 June 2028







# Part B: network performance

- Core details:
  - Serviced and unserviced populations
  - Water services investment requirements (aligned to 9 Year Plan content)
  - Water services asset information – age, condition, expected lifespan
  - Regulatory compliance statement (drinking water and environmental regulation)

## Key point to note:

- Part B will provide a higher degree of detail on regulatory compliance than usual performance reporting in DCC Annual Reports. It will identify multiple current non-compliances with drinking water rules and resource consent conditions across a range of sites that are not usually reported in the public domain. DCC 3 Waters is currently working through improvement actions to address these non-compliances.





# Part C: revenue and financing arrangements

- Revenue core details:
  - Charging and billing arrangements
  - Revenue requirements and sources
  - Existing and projected commercial and industrial user charges
  - The affordability of projected water services charges for communities
- Financing core details:
  - Financing requirements and sources
  - Any internal borrowing arrangements
  - How debt allocated to water services was determined as at 30 June 2024
  - Insurance arrangements

## Key point to note:

- The DCC draft WSDP reflects current charging models – ie. rates-based charging for ordinary domestic water supply, and for wastewater and stormwater drainage.
- Recent correspondence from the Minister for Local Government indicates a preference for shifting away from charging models based on property values towards volumetric charging / metering, regardless of the Water Service Delivery Model.





# Part D: financial sustainability assessment

Plans must include an explanation of what a council proposes to do to ensure that the delivery of water services will be financially sustainable by 30 June 2028.

**financially sustainable** means, in relation to a territorial authority's delivery of water services, that—

- (a) the revenue applied to the authority's delivery of those water services is sufficient to ensure the authority's long-term investment in delivering water services; and
- (b) the authority is financially able to meet all regulatory standards and requirements for the authority's delivery of those water services

- Three key factors:
  - *Revenue sufficiency* – is there sufficient revenue to cover the costs of water services delivery?
  - *Investment sufficiency* – is the projected level of investment sufficient to meet levels of service, regulatory requirements and growth needs?
  - *Financing sufficiency* – are funding and financing arrangements sufficient to meet investment requirements?





# Part E: projected financial statements

- WSDPs must include financial projections for water services covering financial years 2024/25 to 2033/34
- Four special purposes projected financial statements must be developed:
  - Projected Funding Impact Statement (already prepared as part of 9YP)
  - Projected Statement of Comprehensive Revenue and Expense
  - Projected Statement of Cashflows
  - Projected Statement of Financial Position
- The information used in the financial sustainability assessment (Part D) must be identifiable and reconcilable with information presented in the projected financial statements in Part E.





# Parts C, D and E (deeper dive): ringfencing

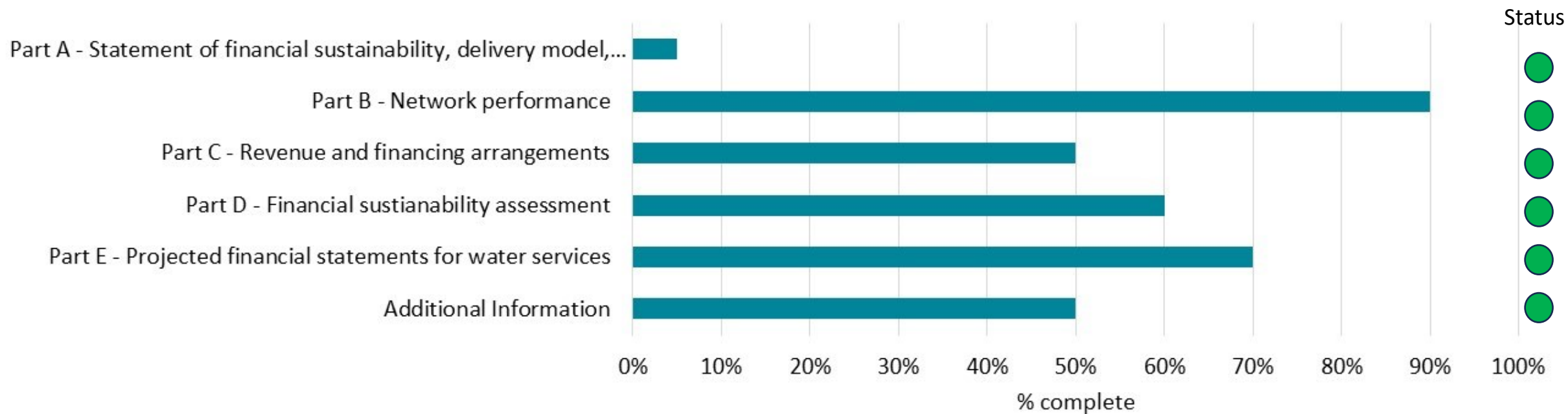
- WSDPs must explain how water services revenue will be ringfenced for water services. In other words, WSDPs must explain how revenue from, and delivery of, water services will be separated from councils' other functions and activities.
- DIA guidance states that ringfencing is a critical requirement for revenue sufficiency and financial sustainability. Ringfencing requires that:
  - Water services revenues are spent on water services
  - Water services charges and expenses are transparent and accountable
- DIA guidance recommends WSDPs demonstrate ringfencing by ensuring:
  - Projected financial statements for water services are consistent and reconcilable
  - Revenue (including rates and/or water charges) for water services are separately identifiable from other revenues
  - Water services revenues are spent on water services, not other council business
  - Cash surpluses for water services are retained for future expenditure on water services
  - Internal borrowings are repayable and commercial arrangements enable water revenues to be used for water services expenditure







# Water Services Delivery Plan – current status





# Completing the WSDP – key milestones

- 30 June – internal draft ready for staff / ELT review
- 12 August – Council paper – draft WSDP for Council review/approval
- 26 August - Council paper – revised WSDP for Council review/approval (if required)
- No later than 3 September – submit WSDP to Department of Internal Affairs

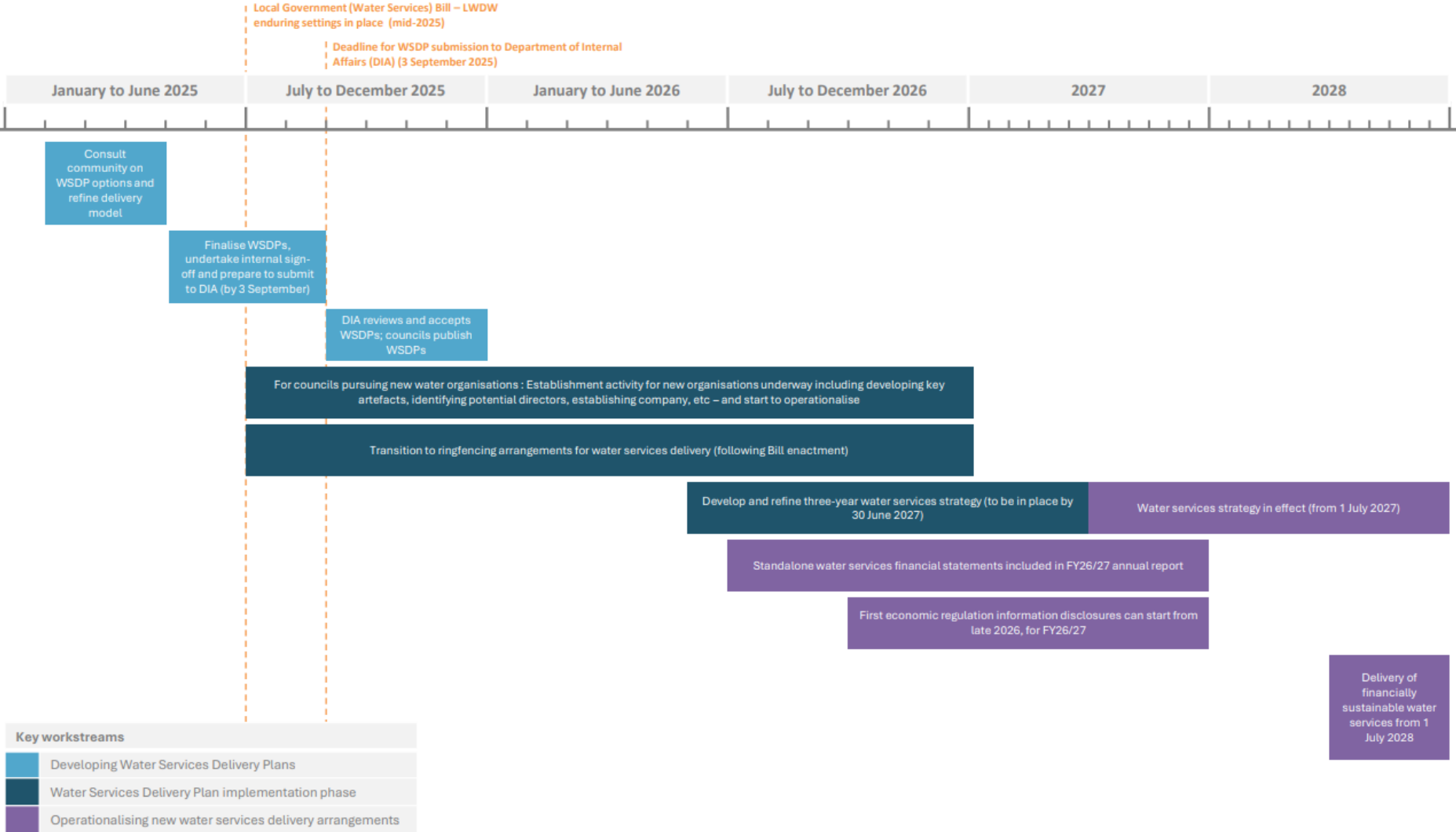


Internal Affairs  
Te Tari Taiwhenua





# The wider context – water service delivery

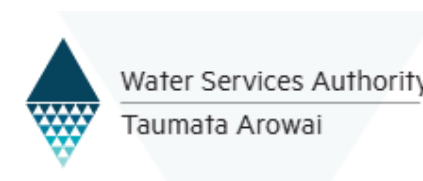




# The wider context - regulatory



- Local Water Done Well legislation – the Local Government (Water Services) Bill – select committee report due 4 July 2025. Enactment anticipated ~July/August 2025.
  - Wastewater Environmental Performance Standards enabled
  - Economic regulation: Commerce Commission information disclosure requirements (further consultation expected)
  - New planning, reporting and financial management requirements in place
- Resource management system reform:
  - Consultation on changes to the National Policy Statement for Freshwater Management (NPS-FM) underway.
  - Revised NPS-FM will inform further development of ORC's proposed new Land and Water Regional Plan
- Drinking water regulatory improvements:
  - Consultation on changes to the Drinking Water Quality Assurance Rules expected later in 2025. Substantive changes not expected – more likely improvements to make demonstrating and reporting compliance simpler.





# Pātai / Questions?

