



Te Kaunihera-ā-Rohe o Ngāmotu

**New Plymouth
District Council**

COUNCIL EXTRAORDINARY MEETING AGENDA

**Wednesday, 19 February 2025
at 9am**

**Council Chamber
Liardet Street, New Plymouth**

Chairperson:

Mayor Neil Holdom

Members:

Cr Tony Bedford
Cr Sam Bennett
Cr Max Brough
Cr Gordon Brown
Cr David Bublitz
Cr Murray Chong
Cr Amanda Clinton-Gohdes
Cr Harry Duynhoven
Cr Bali Haque
Cr Te Waka McLeod
Cr Anneka Carlson Matthews
Cr Dinnie Moeahu
Cr Marie Pearce
Cr Bryan Vickery

Purpose of Local Government

The reports contained in this agenda address the requirements of the Local Government Act 2002 in relation to decision making. Unless otherwise stated, the recommended option outlined in each report meets the purpose of local government and:

- Promote the social, economic, environmental, and cultural well-being of communities in the present and for the future.
 - Would not alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of Council, or transfer the ownership or control of a strategic asset to or from Council.
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OPENING KARAKIA

Tutawa Mai

Tūtawa mai i runga

Tūtawa mai i raro

Tūtawa mai i roto

Tūtawa mai i waho

Kia tau ai

Te mauri tū

Te mauri ora

Ki te katoa

Haumi e, hui e, tāiki e!

I summon from above

I summon from below

I summon from within

I summon from the outside
environment

to calm and settle

the vital inner essence

the wellbeing of everyone

Be joined,

together united!



Te Kaunihera-ā-Rohe o Ngāmotu

**New Plymouth
District Council**

Health and Safety Message / Te Whaiora me te Marutau

In the event of an emergency, please follow the instructions of Council staff.

Please exit through the main entrance.

Once you reach the footpath please turn right and walk towards Pukekura Park, congregating outside the Spark building. Please do not block the footpath for other users.

Staff will guide you to an alternative route if necessary.

If there is an earthquake – drop, cover and hold where possible. Please be mindful of the glass overhead.

Please remain where you are until further instruction is given.

APOLOGIES / NGĀ MATANGARO

None noted

CONFLICTS OF INTEREST / NGĀ ARA KŌNATUNATU

1. People who fill positions of authority must undertake their duties free from real or perceived bias. Elected members must maintain a clear separation between their personal interests and their duties as an elected member. Failure to do so could invalidate a Council decision and leave the elected member open to prosecution and ouster from office.
2. An elected member is entitled to interact with the Council as a private citizen. However, they cannot use their position as an elected member to gain an advantage not available to the general public.
3. Elected and appointed members will:
 - Declare any interest whether pecuniary or non-pecuniary at a meeting where the interest is relevant to an item on that agenda.
 - Exclude themselves from any informal discussions with elected members relating to a matter they have an interest in.
 - Seek guidance from the Chief Executive if they are unclear of the extent of any interest.
 - Seek guidance or exemption from the Office of the Auditor General if necessary.

ADDRESSING THE MEETING

Requests for public forum and deputations need to be made at least one day prior to the meeting. The Chairperson has authority to approve or decline public comments and deputations in line with the standing order requirements.

PUBLIC FORUM / ĀTEA Ā-WĀNANGA

Public Forums enable members of the public to bring matters to the attention of the committee which are not contained on the meeting agenda. The matters must relate to the meeting's terms of reference. Speakers can speak for up to 5 minutes, with no more than two speakers on behalf of one organisation.

- None advised

DEPUTATIONS / MANUHIRI

Deputations enable a person, group or organisation to speak to the meeting on matters contained on the agenda. An individual speaker can speak for up to 10 minutes. Where there are multiple speakers for one organisation, a total time limit of 15 minutes, for the entire deputation, applies.

- None advised

REPORTS

- 1 Local Water Done Well – Proposed Water Services Delivery Models for Consultation
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LOCAL WATER DONE WELL – PROPOSED WATER SERVICES DELIVERY MODELS FOR CONSULTATION

MATTER / TE WHĀINGA

1. The matter for consideration by Council is determination of the preferred water services delivery models to include in formal consultation required under the Local Government (Water Services Preliminary Arrangements) Act 2024, to enable resources to focus on the development of consultation materials for release in April 2025.

RECOMMENDATION FOR CONSIDERATION / NGĀ WHAIKUPU

That having considered all matters raised in the report, Council:

1. **Note that Central Government has legislated that Local Authorities are to develop and publicly consult on a preferred model for water services delivery and submit a Water Services Delivery Plan (WSDP) by 3 September 2025.**
 - a) **Note that Government requires Councils to:**
 - i) **Identify a preferred water services delivery model in a WSDP and formally adopt via Council resolution before submitting to the Secretary of Local Government by 3 September 2025.**
 - ii) **Demonstrate compliance with financial sustainability tests by 30 June 2028, and**
 - iii) **Ring-fence revenue for three waters so that is separate from other Council activities from 30 June 2028.**
 2. **Instructs Officers to prepare consultation material for consideration at an extraordinary meeting in April 2025 that:**
 - a) **Specifies an asset owning Joint Taranaki Water Services Council Controlled Organisation (WSCCO) with South Taranaki (STDC) and Stratford District (SDC) Councils as the preferred delivery model for water and wastewater services. Stormwater asset ownership and delivery would remain with Council, and Council will consider delivery options (potentially including contracting to the WSCCO).**
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- b) Specifies that in the event STDC and/or SDC opt out of a Joint Taranaki WSCCO, then the recommended preferred water services delivery model is an asset owning NPDC WSCCO for water and wastewater. Stormwater asset ownership and delivery would remain with Council, and Council will consider delivery options (potentially including contracting to the WSCCO), and**
- c) Includes analysis of three options: 1) Enhanced Status Quo, 2) NPDC WSCCO, 3) Joint Taranaki WSCCO.**

COMPLIANCE / TŪTOHU	
Significance	This matter is assessed as being of some importance
Options	<p>This report identifies and assesses the following reasonably practicable options for addressing the matter:</p> <ol style="list-style-type: none"> 1. Prepare consultation materials that: <ol style="list-style-type: none"> a) Specifies an asset owning Joint Taranaki WSCCO with South Taranaki (STDC) and Stratford District (SDC) Councils as the preferred delivery model for water and wastewater, including that in the event STDC and/or SDC opt out of a Joint WSCCO then the recommended preferred model is the NPDC WSCCO option. Under both options Stormwater asset ownership and delivery would remain with Council, and Council will consider delivery options (potentially including contracting to the WSCCO). <p style="text-align: center;">OR</p> <ol style="list-style-type: none"> b) Specifies an option other than a Joint Taranaki WSCCO as the preferred water services delivery model. <ol style="list-style-type: none"> 2. Prepare consultation materials that: <ol style="list-style-type: none"> a) Includes analysis of two delivery models: <ol style="list-style-type: none"> i) Enhanced Status Quo, ii) Joint Taranaki WSCCO <p style="text-align: center;">OR</p>

COMPLIANCE / TŪTOHU	
	<p>b) Includes analysis of three delivery models:</p> <p>i) Enhanced Status Quo,</p> <p>ii) NPDC WSCCO,</p> <p>iii) Joint Taranaki WSCCO.</p>
Affected persons	<p>The persons who are affected by or interested in this matter are all residents and ratepayers of New Plymouth District, particularly (but not limited to) those who receive, or could potentially receive, drinking water, wastewater and stormwater services; and iwi and hapū are also affected by and interested in this matter.</p> <p>For the Joint Taranaki WSCCO option this also affects the residents and ratepayers of Stratford and South Taranaki District Councils.</p>
Recommendation	This report recommends options 1a and 2b for addressing the matter.
Long-Term Plan / Annual Plan Implications	When implemented, regardless of the model pursued, new water legislation requires Three Waters to be removed from Council's Long-term Plan and a new waters specific planning framework will be implemented.
Significant Policy and Plan Inconsistencies	There are no immediate inconsistencies with policies and plans at this point in time. Policies, plans and bylaws may need to be reviewed following enactment of future legislation.

EXECUTIVE SUMMARY / WHAKARĀPOPOTOTANGA MATUA

2. In September 2024, the Coalition Government passed the Local Government (Water Services Preliminary Arrangements) Act 2024, driving a tight timeframe for developing and implementing objectives under the Local Water Done Well (LWDW) Policy.
3. This policy differs from the previous government's Affordable Waters reforms by providing Councils with the flexibility to determine the optimal structure and delivery method for their water services whilst meeting new rules for financial sustainability and regulatory quality standards.
4. The Local Water Done Well framework includes the opportunity for Councils to establish independent or joint Water Services Council Controlled Organisations (WSCCOs), that can benefit from an increased borrowing facility through the New Zealand Local Government Funding Agency (LGFA).

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5. It has been stated in formal communications from the former Hon. Minister for Local Government, Hon Simeon Brown that "The Government's expectation is that Councils will work together to establish joint water organisations for water services delivery, recognising the cost and operational efficiencies that come with greater size and scale¹".
 6. A critical component of the legislation is the statutory requirement for all Councils to submit a Water Services Delivery Plan (WSDP) to Central Government by 3 September 2025 that explicitly shows an assessment of Council's water infrastructure, how much is needed to invest, and how Councils plan to finance and deliver it through a preferred water service delivery model.
 7. Under the Act, Councils must use a simplified consultation process for decision-making, requiring the identification of a preferred model, and assessment of the advantages and disadvantages of the preferred model and at least one other model. This means Council's consultation may be confined to two options, however it is open to Councils to identify any other options it has considered to help the community understand why Council decided on the preferred model.
 8. Council Officers completed an initial period of options analysis, where the following delivery models were considered via a high-level financial modelling and Multi-criteria Analysis (MCA) process:

Model 1	Enhanced Status Quo
Model 2	Enhanced Status Quo + Shared Services
Model 3	Single-Council/NPDC WSCCO
Model 4	Joint/Taranaki WSCCO
Model 5	Consumer Trust Model
Model 6	Outsourcing to the Private Sector
Model 7	Outsourcing to other Council.
 9. The options analysis determined some models to not be reasonably practicable, and agreement was secured to progress with detailed analysis of Enhanced Status Quo, asset owning Single-Council/NPDC WSCCO and Joint/Taranaki WSCCO for water and wastewater. For both WSCCO options, stormwater asset ownership and delivery would remain with Council, and Council will consider delivery options (potentially including contracting to the WSCCO).
 10. Council Officers have since progressed detailed analysis on the remaining options, including continued collaboration with South Taranaki District Council (STDC) and Stratford District Council (SDC) to explore joint water service delivery options to address infrastructure and delivery challenges and opportunities.

¹ Letter from Hon Simeon Brown to Local Government Mayors/Chairs received 10 December 2024.

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11. This detailed analysis demonstrates that the Joint Taranaki WSCCO model best meets the Strategic Investment Objectives and is expected to deliver the most benefits, including:
 - a) Freeing up debt headroom for other Council activities by moving water assets and debt from Council balance sheets
 - b) Delivering \$100M of savings to the New Plymouth community due to operational efficiencies and economies of scale over a 30-year period.
 - c) An enhanced strategic focus on water services, supporting an attractive market for regional investment and growth.
 - d) Informing Te Mana o te Wai and environmental outcomes through increased, focused investment and specialist capability.
 - e) Ensuring the continuous delivery of well-maintained and regulatory compliant water systems and services to the community.
 12. New Plymouth rate payers would receive these benefits at no extra cost in the first 20 years, and thereafter realise savings.
 13. This paper therefore seeks agreement to specify in consultation materials that an asset owning Joint Taranaki WSCCO with South Taranaki and Stratford District Councils as the preferred delivery model for wastewater and drinking water, noting stormwater services and stormwater asset ownership and delivery would remain with Council, and Council will consider delivery options (potentially including contracting to the WSCCO).
 14. As outlined in previous reports there is a risk that regional partners opt out of a Joint WSCCO prior to, or as a result of public consultation. In the event STDC and/or SDC opt out of a Joint Taranaki WSCCO then the recommended preferred model is the NPDC WSCCO option.
 15. The NPDC WSCCO will deliver all the benefits attributable to a Taranaki WSCCO but to a lesser extent, delivering \$17M savings over a 30-year period and providing long-term flexibility for future mergers either within or outside the region.
 16. This paper therefore seeks agreement to include the analysis of three options: 1) Enhanced Status Quo, 2) NPDC WSCCO, 3) Joint WSCCO in consultation materials as a mitigation to this risk and ensure we receive feedback on the full scope of reasonably practicable options.
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BACKGROUND / WHAKAPAPA

17. Water services reform has been on the national agenda as part of the last Labour and current National governments and has been articulated in previous reports and through Council workshops. A summary of the history (as previously reported) is attached as Appendix 1.

Local Water Done Well Legislative and Policy Framework

18. The Local Government (Water Services) Bill was introduced in early December 2024. This Bill builds on the foundations set in the Local Government (Water Services Preliminary Arrangements) Act 2024.
19. The combined legislation sets minimum requirements for service delivery models that include:
- a) New economic, environmental and water quality regulations
 - b) A new planning and accountability framework
 - c) Financial sustainability objectives
 - d) New statutory objectives consistent for all water providers
 - e) Restrictions against privatisation.
20. All Councils are required under legislation to consider options and determine a preferred water service delivery model. Whatever model is adopted, there are legislative restrictions against privatisation and regardless of the delivery arrangements, the existing responsibilities, commitments and obligations under the Local Government Act (LGA) and Treaty settlement legislation continue to apply.
21. Irrespective of the model chosen, the revenues, assets, expenses and debt for water services must be separated or ring-fenced from all other Council services.

Financial Sustainability

22. The Act requires that water services be delivered in a financially sustainable manner by 30 June 2028.
23. To meet the anticipated investment needs for water service delivery, an increased borrowing facility has been offered through the New Zealand Local Government Funding Agency (LGFA) whereby a WSCCO can borrow up to 500% of its operating revenue.
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24. This lending framework will only be available to new asset-owning water organisations that are CCOs and are financially supported by their parent Council(s), either as a guarantor or via uncalled capital.
 25. The intention of providing this lending facility is twofold; to better enable Councils via a WSCCO to address water investment needs and enable 'balance sheet separation' with the advantage of freeing-up debt 'headroom' for other Council activities.

Stormwater

26. Under the Bill, Councils retain legal responsibility and control of stormwater services but have the flexibility to choose the arrangements that best suit their circumstances.
27. If a new water organisation is established, the entity may provide all stormwater services to NPDC under contract, or stormwater assets and debt may be transferred in full².
28. Stormwater revenue will continue to be collected by Council irrespective of the delivery model chosen.

Water Service Delivery Plans

29. The Council must by 3 September 2025, submit a WSDP which explicitly shows:
 - a) The proposed water services delivery model, as decided by Council.
 - b) The decision of Council to transfer (or not) stormwater services and/or assets (as well as drinking water and wastewater).
 - c) Financial separation of water services from the rest of Council activities.
 - d) Demonstrations that financial sustainability will be achieved by 30 June 2028.
 - e) Adoption by Council before 29 July 2025 and certified as being true by the Council Chief Executive.
30. The WSDP must be accompanied by an Implementation Plan for the preferred delivery model and submitted to the Secretary of Local Government (through DIA) by 3 September 2025. The WSDP is then either;

² DIA guidance states that only those assets primarily existing for stormwater purposes, or for which a future water organisation would need control to reliably operate the stormwater network, should transfer.

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- a) Accepted by the Secretary for Local Government, who can only accept a WSDP if it complies with the Act (as above).
 - b) Not accepted by the Secretary who may recommend the Minister of Local Government appoints a Crown Water Services Specialist to complete the WSDP to an acceptable outcome (at Council's expense).
31. The Government is also proposing a new planning and accountability framework for water services. The framework is intended to improve transparency and accountability for future delivery of water services.
32. Essentially, the status quo, for two (and potentially three) waters delivery, is no longer an option without substantial modification to meet the legislated requirements for financial sufficiency.

Consultation requirements

33. The Act specifies that consultation is mandatory on the Council's proposed model or arrangement for water service delivery, but optional on the balance of the WSDP.
34. The Act sets out streamlined consultation requirements that must be used when consulting or deciding on a proposed model or arrangement for delivering water services. These expressly replace certain provisions of Part 6 of the LGA, simplifying the process to assist with the preparation, consultation and adoption of a WSDP.
35. The Act specifies the information that must be provided about the proposed delivery model during consultation. These are:
- a) Specifying the proposed model or arrangements for delivering water services and the reasons for it.
 - b) An analysis of the advantages and disadvantages of at least two options (including the proposed arrangements/model) that have been considered; one of these is expected to be a status quo approach. Council may decide to include analysis of additional options.
 - c) Potential impacts of proceeding or not proceeding with the proposal, including on rates, debt, levels of service, and any charges for water services.
 - d) For a joint model, the implications for communities and accountability arrangements for communities throughout the joint service area.
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CLIMATE CHANGE IMPACT AND CONSIDERATIONS / HURINGA ĀHUARANGI

36. Water service providers, regardless of the delivery model chosen, will have the objective to deliver water services in a sustainable and resilient manner.
37. Council's Emissions Reduction Plan identifies significant opportunities to reduce greenhouse gas emissions within the water and wastewater services (including the Thermal Dryer replacement, Wastewater Treatment Plant diffuser replacement and the water conservation programme).
38. Officers would expect that a new delivery model would seek to implement these projects given the statutory obligations that are proposed and would have the strategic focus to do so.
39. A key consideration to determining the most appropriate future delivery model is the ability of the different models to implement changes to service delivery. Climate change considerations are one example of the types of changes that the preferred model will need to be able to implement.

NEXT STEPS / HĪKOI I MURI MAI

40. The next steps are:

Council meeting

16 April 2025	Council adopts the Consultation Document and approves its release.
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Public consultation and decision made

April-May 2025	Public consultation undertaken to inform a final WSDP
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1 – 2 July 2025	Hearings held
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29 July 2025	Council considers submissions and determines an option
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By 3 Sep 2025	Council Officers submit final WSDP to central government
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SIGNIFICANCE AND ENGAGEMENT / KAUPAPA WHAKAHIRAHIRA

41. In accordance with the Council's Significance and Engagement Policy, this matter has been assessed as being of some importance.
 42. While the ultimate decision around water service delivery for the district will involve strategic assets, have implications for Council's purpose and obligations and will include financial costs for Council and the community; this meeting/report is not the final decision-making juncture.
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43. It is proposed that public consultation will be undertaken in line with the streamlined consultation approach outlined by government. This will require Councils to consult based on status quo and their preferred delivery model.

DECISION-MAKING REQUIREMENTS RELEVANT TO ALL OPTIONS

44. The following Local Government Act 2002 decision-making requirements apply to all options.

Promotion or Achievement of Community Outcomes / Hāpaitia / Te Tutuki o Ngā Whāinga ā-hāpori

45. Decisions on water service delivery promote the achievement of multiple community outcomes including:
- a) **Trusted**
Providing trust and confidence in our due diligence and considered approach to water service delivery outcomes.
 - b) **Thriving Communities**
The delivery of water services is paramount to the health and wellbeing of our communities.
 - c) **Environmental excellence**
Our approach to water service delivery within the region will have capacity to meet environmental outcomes and the principles contained within Te Mana o Te Wai.
 - d) **Prosperity**
The chosen model for water service delivery in Taranaki has a long-term outcome of attracting talent, growth and future investment into the region.

Statutory Responsibilities / Ngā Haepapa ā-ture

46. Progressing towards the development of a WSDP will meet LWDW legislation enacted by government in September 2024. The contents of the Local Government (Water Services) Bill released in December 2024, does not have a material impact on the contents of this report.

Consistency with Policies and Plans / Te Paria i ngā Kaupapa Here me ngā Mahere

47. Current analysis and discussions are being undertaken as a result of legislative change and Central Government direction. While the Long-Term Plan (LTP) provided for a regional work programme, no budgetary allowance was made for progressing the establishment of a new entity/WSCCO.
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48. Council Officers will ensure elected members are informed of on any inconsistencies with the LTP and any actions required to accommodate those inconsistencies.

Community Views and Preferences / Ngā tirohanga me Ngā Mariu ā-hāpori

49. Through the 2024 – 2034 LTP consultation, Council sought community feedback on whether the Council should explore joint options for the future delivery of water services. Of 2533 submissions regarding water services received, 60% supported investigation of alternative delivery options.
50. Further public consultation is planned for April - May 2025 as the next stage of the project (Stage 4: Recommendations & Decision Making).
51. The next gateway decision is planned for mid-April 2025 to confirm consultation materials and consultation activities proceeding.
52. To date all meetings and workshops relating to LWDW have been open to the public and livestreamed. Meeting and workshop material, including video recordings are available on the Council's website.

Participation by Māori / Te Urunga o Ngāi Māori

53. To date, the Water Service Delivery for Taranaki Project has had involvement and input from iwi/mana whenua by way of Post Settlement Governance Entity (PSGE) members participation in the Steering Group, Pou Taiao staff on the Project Working Group, Technical Working Group, and briefings to Taranaki Iwi Chairs.
54. Governance considerations have been shared with Steering Group members including PSGE representatives, participating Pou Taiao staff and Iwi Chairs. Their feedback has been incorporated into delivery model development.

OPTIONS / KŌWHIRINGA

Strategic Analysis

55. Since the establishment of the Water Service Delivery for Taranaki Project, Taranaki Councils have considered which options provide the best strategic outcomes for their communities and the delivery model(s) that best allows for long-term financial sustainability.
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56. Noting that participating Councils have defined their own strategic assessment criteria that aligns with their communities’ priorities and needs; for NPDC, all delivery models have been assessed against Strategic Investment Outcomes and Critical Success Factors outlined in Figure 1 below:

Figure 1: Strategic Investment Objectives & Critical Success

Investment Objectives

A sustainable funding mechanism	Taranaki water systems have sustainable and affordable funding mechanisms, keeping rates low whilst both maintaining our assets and addressing historic under-investment in water infrastructure.
Delivers operational efficiencies and scale economies	Extent to which the water service delivery model delivers operational efficiencies and expected economies of scale
An attractive market for investment and growth	Increased and improved investment in Taranaki water systems support growth, therefore attracting regional investment to achieve a larger rating base and stronger industry and community.
Informs Te Mana o Te Wai	Taranaki water systems meet community expectations of environmental performance, particularly in relation to water bodies, including the increased focus and needs to Te Mana o Te Wai.
Well-maintained and compliant water systems	Taranaki water systems can meet increasing water quality and environmental requirements and demonstrate improved resiliency of our water assets, to counter the impacts of natural hazards and climate change.
Sufficient capability and a robust talent pipeline to support its water activities.	Taranaki water service delivery demonstrates resourcing efficiencies and attracts and retains talent within the region.
Supports local accountability and responsiveness	Taranaki water service delivery understands local needs and can respond in a timely manner to service requests.

Critical Success Factors

Achievability	Ease in which the new water services delivery model can be established within legislative timeframes
Value for money	Expected financial benefits and efficiencies for each water services delivery model
Optimal scale and structure	The extent to which the water service delivery model meets optimal scale and structure to deliver efficiencies
Long-term flexibility	The extent to which the water service delivery model can be adapted in the future to meet changing legislation, regulatory expectation and political requirements.

57. Initial analysis resulted in a determination that Outsource to Private Sector (Model 5), Outsource to Other Council (Model 6) and Regional Consumer Trust (Model 7) are not reasonably practicable models and Council resolved not to proceed with detailed analysis.

58. Consequently, Council Officers collapsed models 1 and 2 into a single Enhanced Status Quo model and progressed with detailed analysis of the following:

- Model 1 Enhanced Status Quo
- Model 3 Single Council/NPDC WSCCO
- Model 4 Joint/Taranaki WSCCO

59. These models have been assessed comparatively against the agreed Strategic Investment Objectives, this comparative analysis is outlined in Figure 2 below and a full analysis, including commentary is included as Appendix 2.

Figure 2: Strategic Investment Objectives Comparative Analysis

	Enhanced Status Quo	NPDC WSCCO	Taranaki WSCCO
A sustainable funding mechanism	3	4	4
Delivers operational efficiencies and scale economies	2	3	4
An attractive market for investment and growth	2	4	5
Informs Te Mana o Te Wai	3	4	5
Well-maintained and compliant water systems	3	4	5
Sufficient capability and a robust talent pipeline to support its water activities.	3	3	4
Supports local accountability and responsiveness	5	5	4

60. Working assumptions tested via Council workshops in November and December 2024 included:

- a) WSCCO to be a two Waters asset ownership model for drinking and wastewater assets, with the service delivery of stormwater services to remain with Council and be considered at a later date³. The decision to not include ownership of the stormwater assets at this time was due to a number of inherent complexities that need to be resolved including:
 - i) Upon what basis income would be collected by the entity (as opposed to water and wastewater which is more straight forward).
 - ii) Under the Bill, Councils retain legal responsibility and control of stormwater services. How this would work in practice with an asset owning entity is yet to be determined.
 - iii) Land ownership where there is a dual purpose (e.g. Sutherland park that is a sports field and stormwater detention area).
 - iv) Who owns and is responsible for what assets between parks, transport and stormwater (e.g. retaining walls in streams, stormwater treatment devices etc).

The decision to consider at a later date (likely during WSCCO establishment) who be responsible for service delivery recognises that this is a commercial transaction and Council needs to maintain commercial tension in the process. Locking in service delivery from the WSCCO would remove this.
- b) Governance design principles, including:
 - i) Shareholding to be determined by population or value of assets.
 - ii) Committee membership (seats) to also be determined by population or value of assets.
 - iii) Mana Whenua representation at the Joint Committee level, and Te ao Māori capabilities essential at the WSCCO Board.
- c) Incorporating price harmonisation in our Water Service Delivery Plan financial modelling for a regional model.

³ The Local Government Water Services Bill (Bill 3) states 'other water services (including stormwater services and services supplied by non-local government suppliers) will be able to be brought within the regime at a later date, by designation by order in Council.'

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61. These assumptions have been endorsed by the Waters Steering Group and a summary of the proposed governance models are included as Appendix 3.
 62. Noting, the proposed make-up of the Joint Committee under a Joint Taranaki WSCCO model being a 4 (NPDC), 3 (STDC), 2 (SDC) + 3 Waka (Aotea, Kurahaupō and Tokomaru). This has been tested with Iwi Chairs and is included in the Joint Taranaki WSCCO summary.

Financial Modelling

63. Financial modelling for the water and wastewater activity has been completed to enable comparison of different options under the new legislation; it is not intended as a confirmed tariff structure for future water services.
 64. Financial modelling for Stormwater has not been undertaken for the following reasons:
 - a) The costs are relatively small (10% of the regional WSCCO OPEX budget).
 - b) The decision not to transfer the assets was made for non-financial reasons.
 65. Technical Working Group members across Councils inputted into the financial model to assess the viability of a regional WSCCO. Independent status quo analysis has been undertaken by each Council individually.
 66. The Department of Internal Affairs (DIA) has also assisted through provision of a standard spreadsheet template for local authorities to utilise that provided an automated calculation of financial sufficiency tests.
 67. The financial model incorporated the following assumptions:
 - a) Baseline costs are consistent across all three options, for financial years 2025/26 to 2034/35 are directly from the 2024/25 LTP for NPDC. Noting there are slight modifications for SDC and STDC with following adjustments:
 - i) The addition of Tumata Arowai and Commerce Commission Levy at \$5.44/person residing in the district
 - ii) A 1% increase in from 27/28 to internal charges and overheads to account for responding to proposed additional regulation
 - b) Baseline OPEX costs for 2035/36 onwards are based on the 2035/36 costs plus an annual 3.1% uplift for inflation.
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- c) Baseline CAPEX Costs for 2035/36 onwards are based on an updated version of the Infrastructure Strategy to account for the additional projects that are expected to be required but not yet identified.
- d) Additional costs and savings specific to each model were applied as per the table below to water and wastewater. Costs for stormwater are assumed to be the same for all models so are not covered in this report.

Cost/Saving Applied	Enhanced Status Quo	NP WSCCO	Regional WSCCO
OPEX Efficiency Saving	NA	Commencing in 2029/30 and linearly ramping up over 10 years to 2% Note: 2026/27 FY OPEX is \$33M	Commencing in 2029/30 and linearly ramping up over 10 years to 8% Note: 2026/27 FY OPEX is \$51M
CAPEX Efficiency Saving	NA	Commencing in 2029/30 and linearly ramping up over 10 years to 1%	Commencing in 2029/30 and linearly ramping up over 10 years to 4.5%
Establishment costs	NA	6% of OPEX for 5 years commencing 2026/27	9% of OPEX for 5 years commencing 2026/27
Additional Governance Costs	NA	\$100,000 per year	\$200,000 per year

- 68. To enable easy comparison between the options, the revenue (and therefore cost to consumer) was kept consistent for all options allowing the debt to be used to understand the differences. The revenue was set by developing a credible approach to harmonisation over a 10-year period as shown in figures 3 and 4.
- 69. Figure 3 for water, uses a cost per cubic meter as all the Councils have different average consumption and tariff structures meaning a cost per connection is not a meaningful way to divide the cost, Stratford and New Plymouth are looking to move towards volumetric billing and over 50% of South Taranaki’s consumption is volumetrically billed.
- 70. The rate of harmonisation is dictated by limiting the rate of increase for South Taranaki Rural to 10% for water (New Plymouths increases at 2% pa) and limiting the rate for increase for Stratford to 14.4% for wastewater (New Plymouth increases at 6.5%).

71. Note: In practice should NPDC choose to proceed with the enhanced status quo or a New Plymouth WSCCO, the water tariff would be higher and wastewater tariff lower than that shown to better manage the debt to revenue implications.

Figure 3: Cost per cubic meter for water services

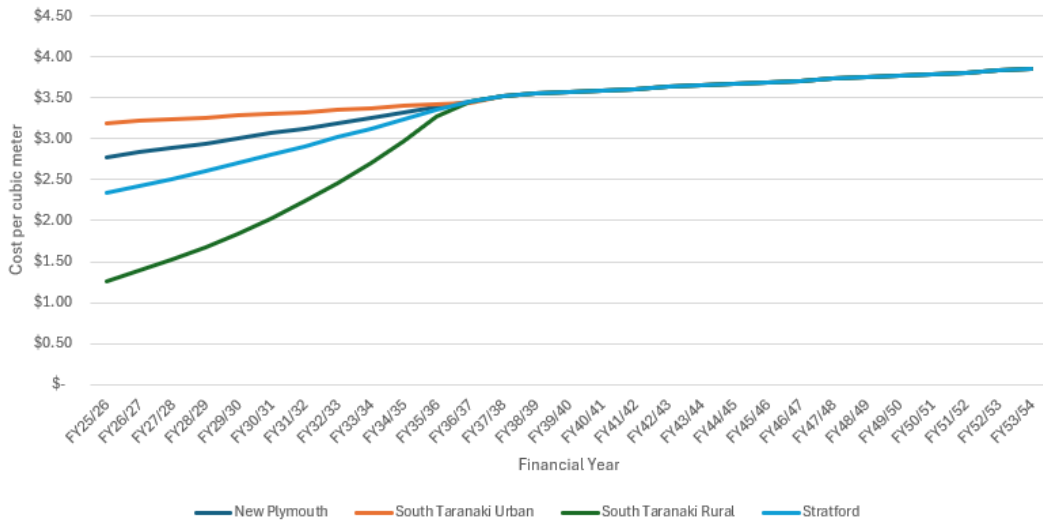
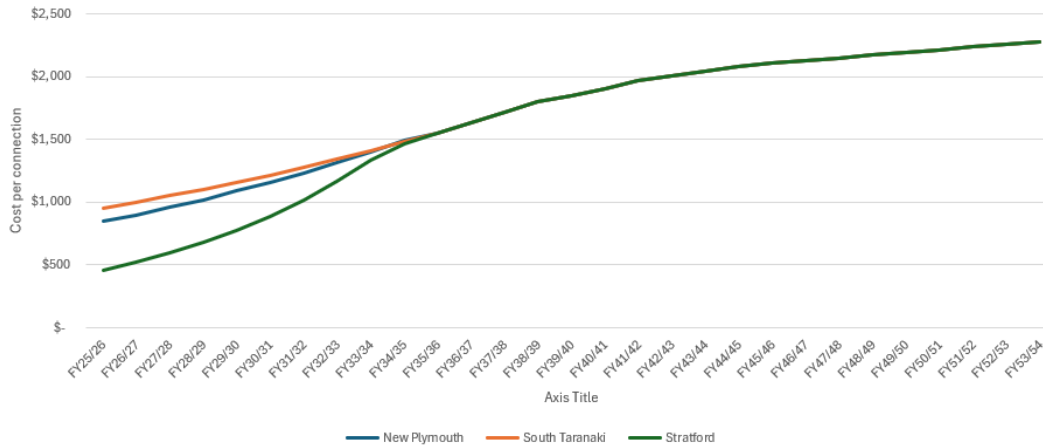


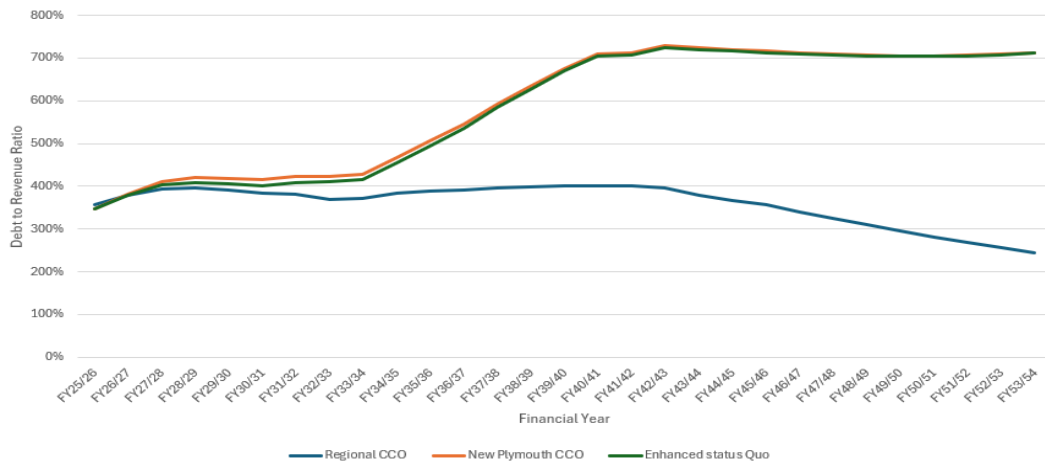
Figure 4: Cost per connection for wastewater services



72. The model results show that:

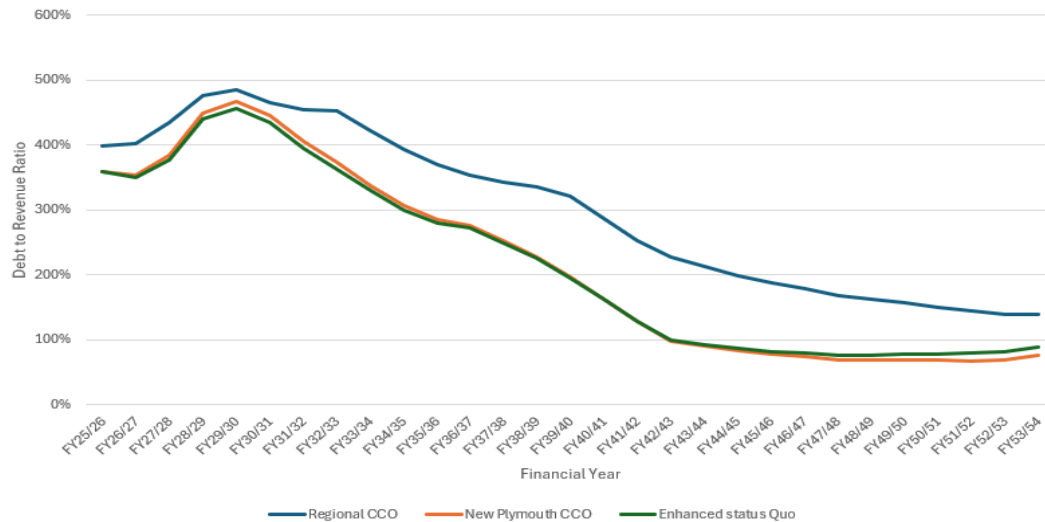
- a) NPDC are a net beneficiary for water. This is demonstrated by the high (700%) debt to revenue ratio for the Status Quo option and New Plymouth WSCCO when compared to the Regional WSCCO (figure 5).

Figure 5 – Debt to revenue ratio for the water activity



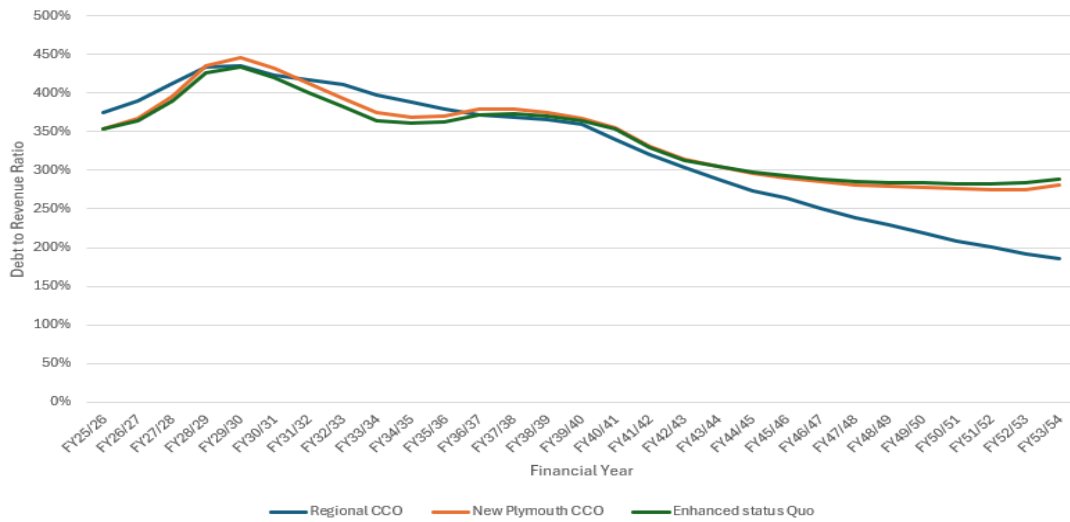
- b) NPDC are a net contributor for wastewater to a Regional WSCCO under the above assumptions. This is demonstrated by the low (100%) debt to revenue ratio (figure 6)

Figure 6 – Debt to revenue ratio for the wastewater activity



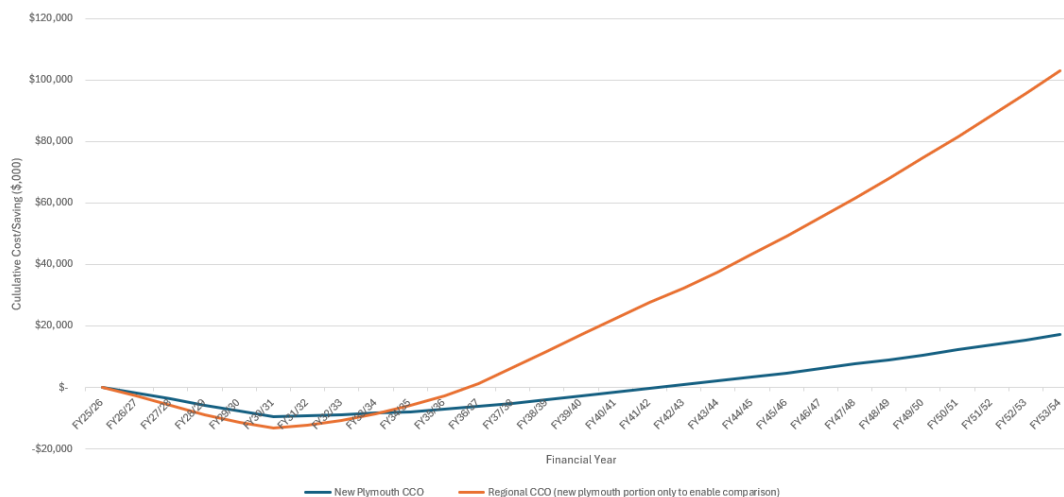
- c) All options are financially viable and keep the two waters debt to revenue ratio under 500% (figure 7).
- d) All options are essentially equal in terms of financial impact for the New Plymouth community (figure 7). This is illustrated by the very close tracking of the overall two waters debt to revenue between the three options for the first 20 years. The divergence in the final 10 years would make NPDC a net beneficiary over this period, noting the challenges of estimating costs over a 20-30 year horizon.

Figure 7 – Debt to revenue ratio for 2 waters



73. Figure 8 shows that while WSCCO’s will cost NPDC rate payers more in the short term, the creation of a regional WSCCO would save over \$100M for NPDC rate payers over the 30yrs and the creation of a New Plymouth WSCCO would save around \$17M. The savings under a Joint WSCCO are realised five years earlier than under a NPDC only WSCCO. This means that the rate of increases for NDPC ratepayers will be less under the WSCCO options with the biggest benefit seen under the Joint WSCCO.

Figure 8 – Cumulative Cost/Saving for NPDC against Status Quo



74. A WSCCO (independent or joint) would have a single focus on three waters infrastructure and improved financial and asset management processes and financing tools. This avoids the compromise seen with Council obligations and systems which must meet the needs of diverse businesses often leading to compromised solutions. This WSCCO will be able to take a longer-term approach to delivery and investment and will have a legal obligation to support growth objectives for all participating Councils.

75. By moving water and wastewater assets across to a WSCCO, this also creates greater borrowing headroom for the rest of Council and allows Councils to focus on community priorities other than waters infrastructure.

76. While all options meet financial sustainability requirements of the legislation, there are clear strategic, environmental and operational benefits for Taranaki Councils under a Joint Taranaki WSCCO model as detailed in Figure 2. NPDC would receive these benefits at no extra cost in the first 20 years, and thereafter also realise savings, refer to Figure 7.

Decision 1: Preferred Water Services Delivery Model

77. As per the detailed analysis completed to date, a Joint Taranaki WSCCO model best meets the Strategic Investment Objectives and is expected to deliver the most benefits. It is recommended that the Joint Taranaki WSCCO be specified as the preferred delivery model in consultation materials.
78. While Enhanced Status Quo and an NPDC WSCCO scored relatively close, Officers see greater benefits to establishing a NPDC WSCCO over Status Quo given its debt headroom advantage to ensure compliance with financial sustainability. It also has the strongest basis to meet new water requirements and standards with a singular focus on water services.
79. In addition, progressing with an NPDC WSCCO provides the 'scaffolding' for mergers with other Councils should things change politically or financially in the future.
80. Therefore, in the event that STDC and SDC do not elect to go with a Joint Taranaki WSCCO, then the NPDC WSCCO is recommended as the next preferred delivery model.

Advantages and Disadvantages / Ngā Huanga me Ngā Taumahatanga.

81. The advantages and disadvantages of specifying a Joint Taranaki WSCCO as the preferred model in consultation materials, are outlined in the following table:

Advantages	Disadvantages
<ul style="list-style-type: none"> • Best meets the strategic investment objectives set for water service delivery, with particular differentiation around: <ul style="list-style-type: none"> ○ Supporting an attractive market for investment and growth, ○ Informing Te Mana o Te Wai and environmental outcomes ○ Having well maintained and compliant water systems ○ Supporting sufficient staff capacity and a robust talent pipeline. • Overall cost to NPDC community of all options is expected to be similar but a regional WSCCO is expected to achieve savings of over \$100M. 	<ul style="list-style-type: none"> • There is a degree of risk that the assumed establishment costs and efficiency savings are incorrect. This could positive or negative i.e. greater or less savings than assumed.

82. This report identifies and assesses the following reasonably practicable options for addressing the matter:

1. Prepare consultation materials that:
 - a) Specifies an asset owning Joint Taranaki WSCCO with South Taranaki (STDC) and Stratford District (SDC) Councils as the preferred water and wastewater services delivery model, including that in the event STDC and/or SDC opt out of a Joint WSCCO then the recommended preferred model is the NPDC WSCCO option. Under both options, Stormwater asset ownership and delivery would remain with Council, and Council will consider delivery options (potentially including contracting to the WSCCO).

OR

- b) Specifies an option other than a Joint Taranaki WSCCO as the preferred water services delivery model.

Decision 2: Number of options included in Consultation

83. While the analysis of the advantages and disadvantages of at least two delivery models is required for streamlined consultation under the Act, Council may decide to include analysis of additional delivery models.
84. As referenced earlier in the report, there is a risk that regional partners opt out of a Joint Taranaki WSCCO prior to, or as a result of public consultation.
85. As detailed analysis has been completed on three delivery models 1) Enhanced Status Quo, 2) NPDC WSCCO, 3) Joint Taranaki WSCCO it is recommended that all three delivery models are included in consultation materials as a mitigation to the risk of a Joint Taranaki WSCCO not proceeding i.e. in this circumstance NPDC still have two viable delivery models to consult on, and ensure we receive feedback on the full scope of reasonably practicable options.

Advantages and Disadvantages / Ngā Huanga me Ngā Taumahatanga.

86. The advantages and disadvantages of including the analysis of three delivery models in consultation materials are outlined in the following table:

Advantages	Disadvantages
<ul style="list-style-type: none"> • Meets the streamlined consultation requirements as required by the Act. • Mitigates the risk of regional partners opting out of a joint model – inclusion of two viable options if joint WSCCO discontinued. • Officers have completed analysis, therefore no additional work required to include three delivery models. 	<ul style="list-style-type: none"> • More delivery models for the public to consider as part of public consultation

87. This report identifies and assesses the following reasonably practicable options for addressing the matter:

2. Prepare consultation materials that:

a) Includes analysis of two delivery models:

- i) Enhanced Status Quo,
- ii) Joint Taranaki WSCCO

OR

b) Includes analysis of three delivery models:

- i) Enhanced Status Quo,
- ii) NPDC WSCCO,
- iii) Joint Taranaki WSCCO.

<p>Recommended Option</p>

<p>This report recommends option 1a and 2b for addressing the matter.</p>

APPENDICES / NGĀ ĀPITI HANGA

Appendix 1 Summary of history of Water Services reform and material previously presented (ECM 9396596)

Appendix 2 Multi-Criteria Analysis Summary (ECM 9434660)

Appendix 3 Governance Summary (ECM 9434662)

Report Details

Prepared By:	Helen Gray, Manager Integrity & Innovation
Team:	Integrity & Innovation
Approved By:	Gareth Green, Chief Executive
Ward/Community:	District Wide
Date:	19 February 2025
File Reference:	ECM9434663

-----End of Report -----

Appendix 1 Summary of history of Water Services reform and material previously presented.

BACKGROUND / WHAKAPAPA

1. On 3 September 2024, Central Government passed the Local Government (Water Services Preliminary Services Arrangements) Act, establishing the Local Water Done Well framework and starting the 12-month timeframe for local Councils to develop Water Services Delivery Plans (WSDP).
2. The Water Service Delivery for Taranaki Project was established in March 2024, to ensure Taranaki councils were positioned to respond to the new legislation and meet the government's deadlines.
3. The Taranaki Mayoral Forum accepted a Project Mandate on 14 March 2024, and approved proceeding to Stage 2: Options Analysis and explore options for the region in-line with the release of new legislation.
4. Taranaki Councils, in partnership with GHD Consulting, completed high-level financial modelling and multi-criteria analysis (MCA) against a range of options from enhanced status quo through to a regional Water Services Council Controlled Organisation (WSCCO). Multiple workshops were held to ensure Tiriti partners and key stakeholders were kept informed of progress throughout.
5. Each participating council has resourced a representative on a Technical Working Group and are running individual council workshops, leading to an extraordinary meeting in February 2025 to confirm what water service delivery options to take into public consultation.
6. The high-level financial modelling indicated that being part of a regional WSCCO will be more expensive than an independent WSCCO, however the joint/regional WSCCO scores higher in relation to the achievement of investment objectives and critical success factors.

Previous documents

7. The table below provides links to guidance material.

Document	Link
Department of Internal Affairs (DIA) Future water services delivery system website	<p>Water Services Policy Future Delivery System - dia.govt.nz</p> <p>This page provides an overview of key Local Water Done Well policy decisions, including those that will be reflected in the proposed Local Government Water Services Bill.</p> <ol style="list-style-type: none"> 1. Local Water Done Well Overview 2. Water service delivery models: Guidance for local authorities August 2024 (PowerPoint) 3. Financing for councils and water organisations 4. Planning and accountability for local government water services 5. Future arrangements for stormwater 6. Economic regulation and consumer protection 7. Drinking water quality regulation 8. Standards to help reduce water infrastructure costs
Local Government (Water Services Preliminary Arrangements) Act 2024	Local Government (Water Services Preliminary Arrangements) Act 2024 No 31, Public Act Contents – New Zealand Legislation

The Three Waters Reforms process has a long history

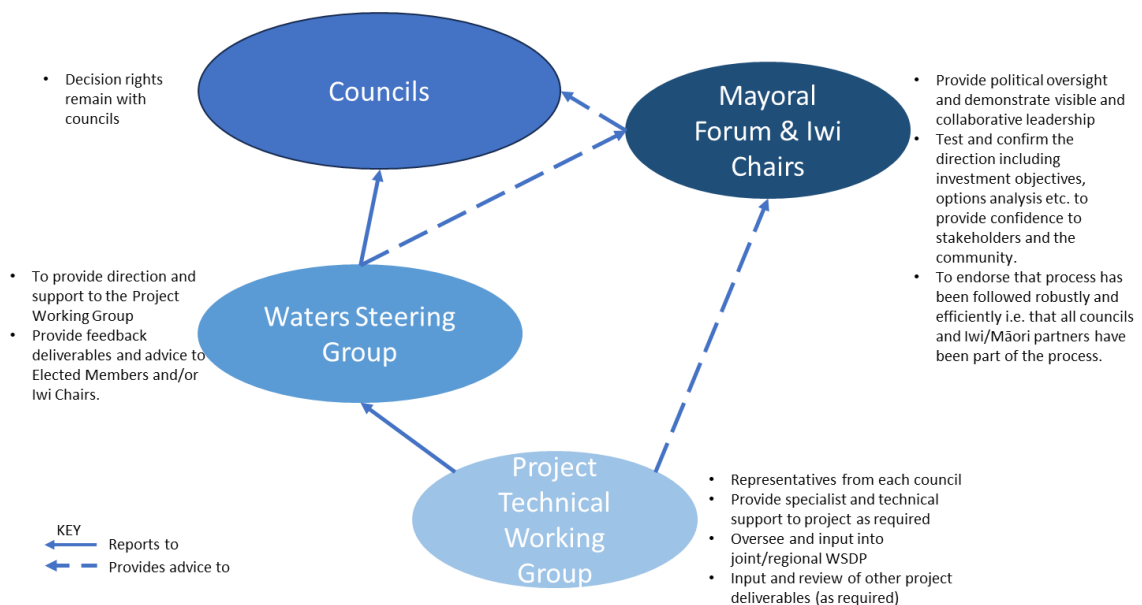
8. Council Officers outlined Three Waters Reforms history in the report to the Council meeting of [8 October 2024](#).
9. In summary, following a [Government Inquiry](#) into a campylobacter outbreak in Havelock North, successive governments have:
- a) Established Taumata Arowai – a new Crown entity to regulate water services.
 - b) Introduced the [Water Services Act 2021](#) and [National Policy Statement for Freshwater Management 2020](#).

- c) Established a Three Waters Reforms Programme including announcing the establishment of water entities.
 - d) Repealed previous legislation (introduced since 2021).
 - e) Announced a new direction for water services delivery – Local Water Done Well (LWDW).
 - f) Introduced new legislation requiring provision of Water Service Delivery Plans.
10. Further legislative change is expected in early December 2024. The impacts of this change will be provided to Council through workshops and meetings in 2025.

Water Service Delivery for Taranaki Project thus far

11. The cross-Council Water Service Delivery for Taranaki Project ensures Taranaki councils are well positioned to respond to the changing legislation and meet the government's deadlines.
12. The project governance arrangements are outlined in Figure 1 below. The Project Steering Group includes participating Council Chief Executives and two representatives from Post Settlement Governance Entities (PSGEs).

Figure 1: Water Services Delivery for Taranaki Project Governance Arrangements



- 13. The Project Steering Group confirmed a long list of reasonably practicable options from enhanced status quo, through to a regional Waters CCO (WSSCO) model and this was tested in workshops with district Mayors and nominated Elected Members in June 2024.
- 14. The project outcomes have been used as the basis for analysis and are outlined in Figure 2 below.


Figure 2: Project Outcome Statements

<p>A sustainable funding mechanism</p>	<p>Taranaki water systems have sustainable and affordable funding mechanisms, keeping rates low whilst both maintaining our assets and addressing historic under-investment in water infrastructure.</p>
<p>An attractive market for investment and growth</p>	<p>Increased and improved investment in Taranaki water systems support growth, therefore attracting regional investment to achieve a larger rating base and stronger industry and community.</p>
<p>Informs Te Mana o Te Wai</p>	<p>Taranaki water systems meet community expectations of environmental performance, particularly in relation to water bodies, including the increased focus and needs to Te Mana o Te Wai.</p>
<p>A well-maintained and compliant water systems</p>	<p>Taranaki water systems can meet increasing water quality and environmental requirements and demonstrate improved resiliency of our water assets, to counter the impacts of natural hazards and climate change.</p>
<p>Sufficient capability and a robust talent pipeline to support its water activities.</p>	<p>Taranaki water service delivery demonstrates resourcing efficiencies and attracts and retains talent within the region.</p>

MCA criteria and assessment Short List of Water Service Delivery Models

		Option 1 - Enhanced Status Quo		Option 2 - NPDC WSCCO		Option 3 - Taranaki WSCCO	
Investment Objectives	Weighting	Score	Commentary	Score	Commentary	Score	Commentary
Sustainable funding - Improved investment in three waters assets	25%	3	Financially sustainable option, however relies on revenue from other Council activities for debt headroom. Less consistency in funding due to tradeoff processes inherent in Long Term Planning.	4	Financially sustainable as WSCCO can access LGFA funding and debt caps. While the LGFA credit rating methodology is being finalised, it is not expected to have a material impact on interest rates.	4	Financially sustainable as WSCCO can access LGFA funding and debt caps. While the LGFA credit rating methodology is being finalised, it is not expected to have a material impact on interest rates.
Delivers operational efficiencies and scale economies	15%	2	Some scale economies through enhanced shared services. Likely to require formal commitment through MOU to drive shared services.	3	Operational efficiencies are expected to be achieved, however scale economies limited due to size (similar to Status Quo)	4	Scale would enable greater efficiency through a range of factors including contract and consent consolidation, uniform standards etc. Arguably Region not large enough for optimum scale.
Supports an attractive market for regional investment and growth	15%	2	Limited ability to increase investment to change current attractiveness. Unlikely to meet the criteria for Regional Infrastructure Deals.	4	Separation from Council Decision making will provide an enhanced strategic focus to provide future growth capacity.	5	Separation from Council Decision making will provide an enhanced strategic focus to provide future growth capacity. Regional collaboration more favourably looked upon for Regional Infrastructure Deals.
Informs Te Mana o te Wai	10%	3	Enhanced shared services have the potential to provide capacity to develop policies, methods and reporting to assess and inform Te Mana o te Wai objectives	4	Capacity to inform Te Mana o te Wai are similar when compared with Status Quo but scope to include specialist capability within WSCCO.	5	Capacity to inform Te Mana o te Wai are maximised compared with other models, including scope to include specialist capability and additional capacity with WSCCO.
Well maintained and regulatory compliant water systems	15%	3	Continuous delivery of compliant and reliable services to the community. Less consistency in funding due to tradeoffs inherent in Long Term Planning.	4	Continuous delivery of compliant and reliable services to the community.	5	Reliability and repeatability likely to be enhanced with a regional entity.
Supports sufficient staff capability and talent pipeline	10%	3	Limited ability to increase capability or attract new talent to the District.	3	Limited ability to increase capability or attract new talent to the District.	4	Capacity and staff numbers will provide the platform for excellence and capability enhancements.
Supports local accountability and responsiveness	10%	5	NPDC know our communities, local issues, locations etc. Team can respond in timely manner and are capable of this.	5	NPDC know our communities, local issues, locations etc. Team can respond in timely manner and are capable of this.	4	Would maintain a regional identity with good local connectivity.
Total for Investment Objectives	100%	58		77		88	
Critical Success Factors	Weighting	Score	Commentary	Commentary	Score	Commentary	
Achievability (technical establishment)	30%	4	Easily achievable and fast to implement initially. May run into long-term challenges with keeping up with regulation and focused water service delivery.	4	Easily achievable and fast to implement initially. Clear SLA and other agreements with parent Council required and separate governance structure to be established.	3	Achievable, however more complex to establish than other models.
Value for money	25%	2	Shared services expected to drive efficiencies across councils but often slow and inefficient to get in place.	3	Financial modelling suggests savings of up to \$17m over a 30 year period.	5	Would deliver significant benefits including savings of up to \$100m over a 30 year period.
Optimal scale and structure	25%	3	Limited scale benefits.	3	Limited scale benefits.	4	Logical grouping within the Taranaki region, however under the optimal population of 200k as recommended by Central Government.
Long term flexibility	20%	3	Does not preclude change to other options in the future, however not as flexible as other options.	4	Provides the 'scaffolding' for future mergers either within region or outside.	4	Could eventually merge into a larger cross regional entity
Total for Critical Success Factors	100%	61		70		79	

Appendix 3: Governance Summary




Enhanced Status Quo

- Status quo governance, including Iwi/Mana Whenua involvement.
- Local Government Act requirements apply.

NOTE: While not legislatively required, an internal Water Governance Committee could be established within current governance structure for a period.

- Mana whenua involvement could be via Committee member appointment.
- External committee member with suitable skills and experience could be appointed.



Council

Water services delivered through internal Business Unit, with ringfencing of revenue and expenditure




NPDC WSCCO

- Council appoint and remove Board members.
- Utilise the Director Appointment Policy to govern the appointment process.
- WSCCO to be governed by independent professional Directors who are responsible for all operational and financial decision.
- Mana whenua involvement via representation on the WSCCO Board.
- The WSCCO Board would appoint WSCCO Chief Executive.

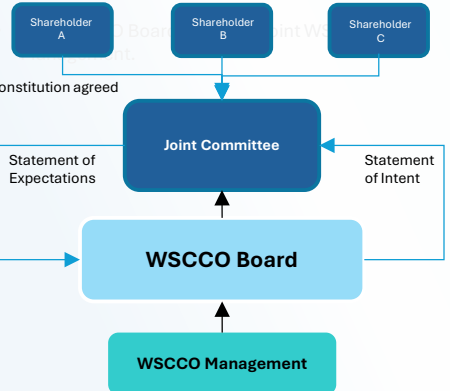


The flowchart shows WSCCO Management at the bottom, reporting to the WSCCO Board. The WSCCO Board reports to the Council. Arrows labeled 'Statement of Intent' point from the WSCCO Board to the Council, and 'Statement of Expectations' points from the Council to the WSCCO Board.



Taranaki WSCCO

- Committee membership to be a 4,3,2+3 model i.e. 4 seats NPDC, 3 seats STDC, 2 seats SDC and 3 seats representing the three waka (Aotea, Kurahaupō and Tokomaru)
- A Constitution will be the governing document between shareholders
- WSCCO to be governed by independent professional Directors who are responsible for all operational and financial decision.
- Mana whenua involvement also be via representation on the WSCCO Board.



The flowchart shows three Shareholders (A, B, C) at the top, with 'Constitution agreed' leading to a Joint Committee. The Joint Committee reports to the WSCCO Board. The WSCCO Board reports to WSCCO Management. Arrows labeled 'Statement of Intent' point from the WSCCO Board to the Joint Committee, and 'Statement of Expectations' points from the Joint Committee to the WSCCO Board.

CLOSING KARAKIA

TE WHAKAEATANGA

Te whakaeatanga e,
Tēnei te kaupapa ka ea,
Tēnei te wānanga ka ea,
Te mauri o te kaupapa ka whakamoea,
Te mauri o te wānanga ka whakamoea,
Koa ki runga,
Koa ki raro,
Haumi e, hui e, tāiki e.

It is completed, it is done,
We have achieved our purpose,
Completed our forum,
Let the purpose of our gathering rest for now,
Let the vitality of our discussions replenish,
We depart with fulfilled hearts and minds,
Bonded in our common goal and unity.

This karakia is recited to close a hui or event. It takes us from a place of focus and releases us to be clear of all the issues or tensions that may have arisen during the hui. We are now free to get on with other things.