

Water Services Delivery Plan

Council Briefing: 30 July 2025

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General Manager Planning, Regulatory and Infrastructure



- Council's decision on 26 June 2025 confirmed:
 - Ringfencing of our water services by 1 July 2027; and
 - Investigating a Three Waters CCO with Rotorua Lakes Council, Kawerau and Opotiki District Councils.
- The Council's criteria for approving a Multi-Council CCO model is that it will *"deliver lower cost services over the long term to users of water services"*.
- Approved a reprofiled expenditure and work programme.

Water Services Delivery Plan

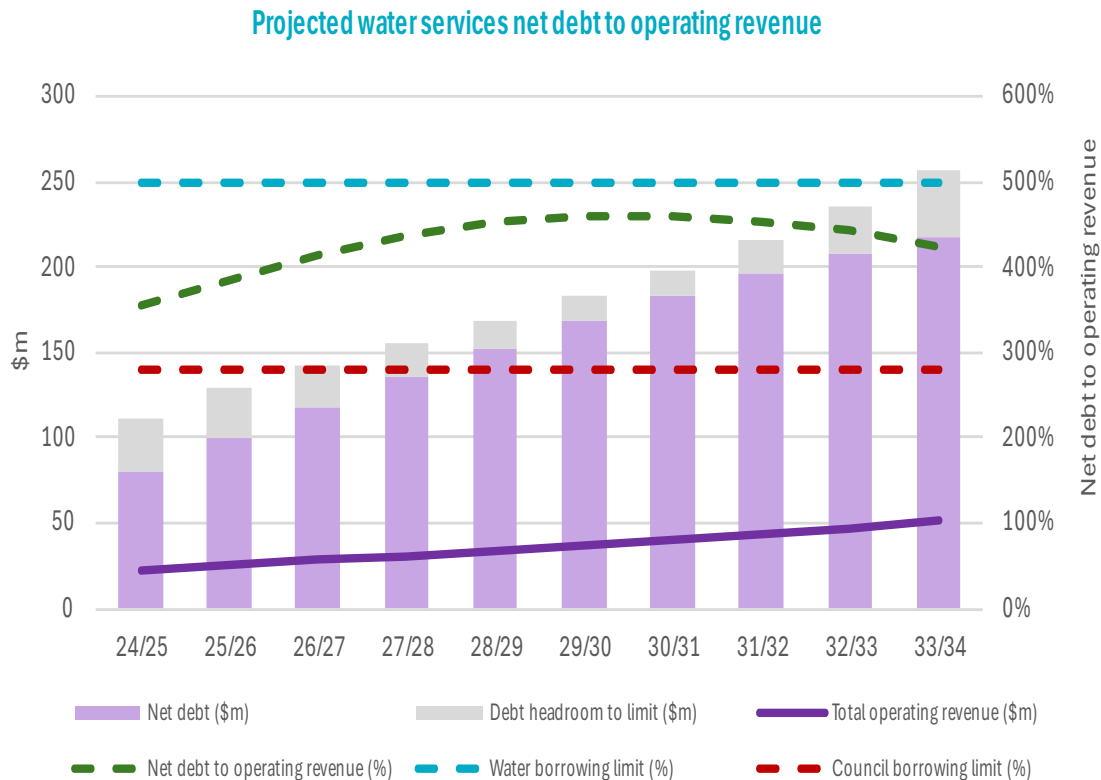
- Council is now required to adopt a Water Services Delivery Plan (WSDP) that implements the above decision.
- Department of Internal Affairs (DIA) has requested a draft WSDP by Thursday, 31 July 2025.
- The final WSDP is to be considered and approved at the Council meeting on 14 August 2025.
- It must be submitted to DIA by 3 September 2025.
- DIA will issue decisions on the Plans the week before the Local Government elections.

Revised Three Waters Programme

- Reviewed Capex Programme in LTP with Tonkin + Taylor and Beca.
- \$190M to \$215.7M (or \$261.7M inflated dollars) over the life of this LTP.
- \$21M capital spend per year for 30 years.
- Tested with Taumata Arowai and Bay of Plenty Regional Council (BOPRC) for regulatory compliance.
- Drinking water compliant with regulatory requirements by 2028.
- Wastewater compliant by 2032 (with uncertainty).

Revenue for Three Waters Programme

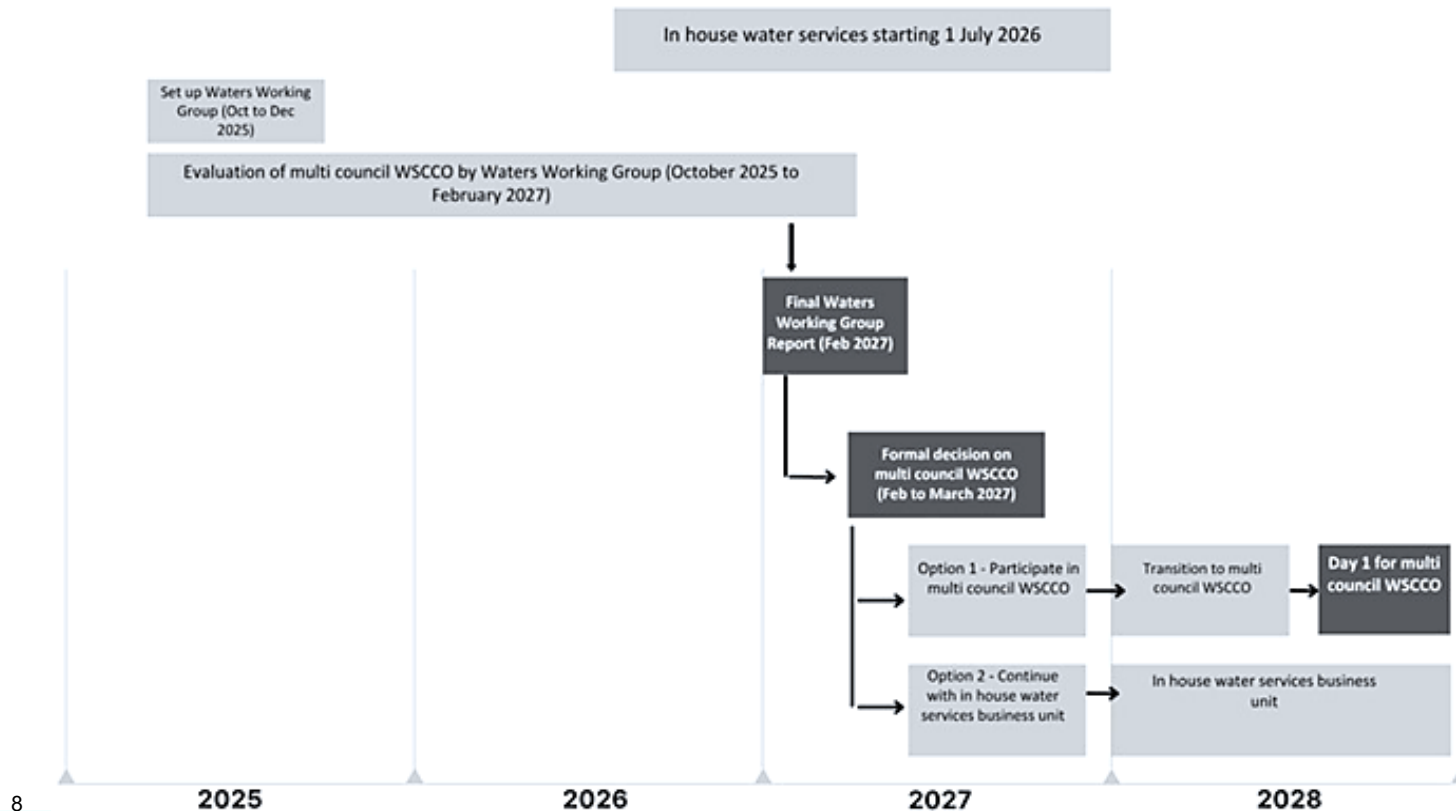
- Average water charges per connection will increase from \$2,041 in FY 25 to \$4,411 in FY34 (nominal value) - could present affordability challenges.
- Net borrowing peaks at \$217.7M in FY34 – currently \$60M.
- Borrowing equates to 461% of net water revenue and 246% across Council in FY 2030.



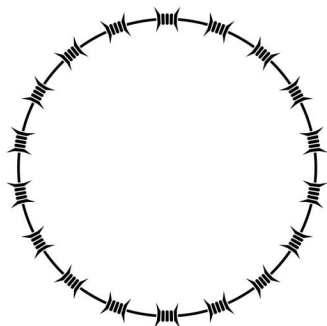
- Financial Ringfencing to commence once DIA has approved the WSDP.
- Ringfencing of financials involves:
 - Separating Three Waters financials into a separate ledger;
 - Calculate loan proportions and other financial matters; and
 - Assess calculation and how to charge for overheads (finance, IT, HR, customer services).
- Goal is to fully separate financials by 30 June 2026.
- Aim to fully Ringfence and invoice for all waters separately from rates by 1 July 2027, when the next LTP is completed.

- Waters Working Group established before EOY 2025, comprising Mayor and two Elected Members per Council.
- Consider financial modelling, strategic objectives and criteria, other WSCCO experiences and cost efficiency factors; and alternatives – 2026.
- Community and iwi engagement throughout 2026.
- Decide whether to establish Multi-Council CCO in early 2027.
- May to August 2027 – Transition Board established.
- July 2027 to May 2028 – Establishment tasks completed, including next LTP.
- April to May 2028 – Progressive transfer of people to the new WSCCO.
- Fully operational by 1 July 2028.

CCO Investigation and Development



Guidance required from Council



- Are you comfortable with the approach to Ringfencing Waters Services?
- Are you comfortable with the CCO timeline?