

Local Water Done Well

EM Workshop 28 May 2025

Purpose of session



Local Water Done Well

To provide Elected Members with an update on the proposed options and to provide visibility of the pending decision report.

Agenda

- Key report decisions and dates
- Report recommendation options



Update on Key Decisions made

Council	Options Decision Date	Known and Proposed Recommendation/s	WSDP approval date
PNCC	4 June 2025	Recommendations not yet published	6 August (Prov)
Horowhenua DC	4 June 2025	Recommendations not yet published	June/July (TBC)
Kāpiti Coast DC	27 May 2025	Confirmed Internal Business Unit	12 June (Prov)
Manawatu DC	15 May 2025	Confirmed Internal Business Unit	19 June 2025
Ruapehu DC	25 June 2025	<p>Confirmed recommendations as at 21 May 2025 - <i>That the Council:</i></p> <ol style="list-style-type: none"> 1. <i>Receives the Report Local Water Done Well Water Services Delivery Model (LWDW) Adoption;</i> 2. <i>Confirms that the Council will not progress any work on standalone delivery options for Local Water Done Well;</i> 3. <i>Agrees to continue working with Rangitikei and Whanganui District Councils in establishing a three-council Water Services Council-Controlled Organisation (WS-CCO); and</i> 4. <i>Agrees to progress work on a Water Services Council-Controlled Organisation (WS- CCO) that reaches the 50,000-connection threshold with Palmerston North City Council and others;</i> 5. <i>Agrees to conduct engagement with the community on available information from 28 May 2025 to 11 June 2025; and</i> <p><i>Notes that the final decision on a preferred option for water services delivery is planned for the Council meeting on 25 June 2025</i></p>	

Update on Key Decision made cont...

Council	Options Decision Date	Known and Proposed Recommendation/s	WSDP approval date
Whanganui DC	July 2025	Deferred decision to early July	TBC
Rangitīkei DC	22 May 2025	<p>Resolution 22 May 2025</p> <p>Rangitīkei District Council –</p> <ul style="list-style-type: none">a) agrees to continue discussions with Ruapehu and Whanganui District Councils in establishing a WS- CCO,b) agrees to continue discussion with Palmerston North City Council and Horowhenua District Council about establishing a WS-CCO with them and other councils,c) Council has a preferred position to work with Palmerston North City, Horowhenua, Ruapehu and Whanganui district councils to establish a WS-CCO subject to - meeting the Government's requirements for financial sustainability. delivering savings compared with the in-house model for Rangitikei, and Palmerston North and Horowhenua confirming (for each by Council resolution) that they intend to join a WS-CCO with Rangitikei.d) notes the continued work in preparing a joint water services plan containing an implementation plan for a joint WS-CCO to the Secretary for Local Government on or before the prescribed date, 3 September 2025, ande) resolves that the shareholding councils for the joint WS-CCO invite the participation of our iwi and hapū in the WS-CCO design process to the extent that the legislation allows.	

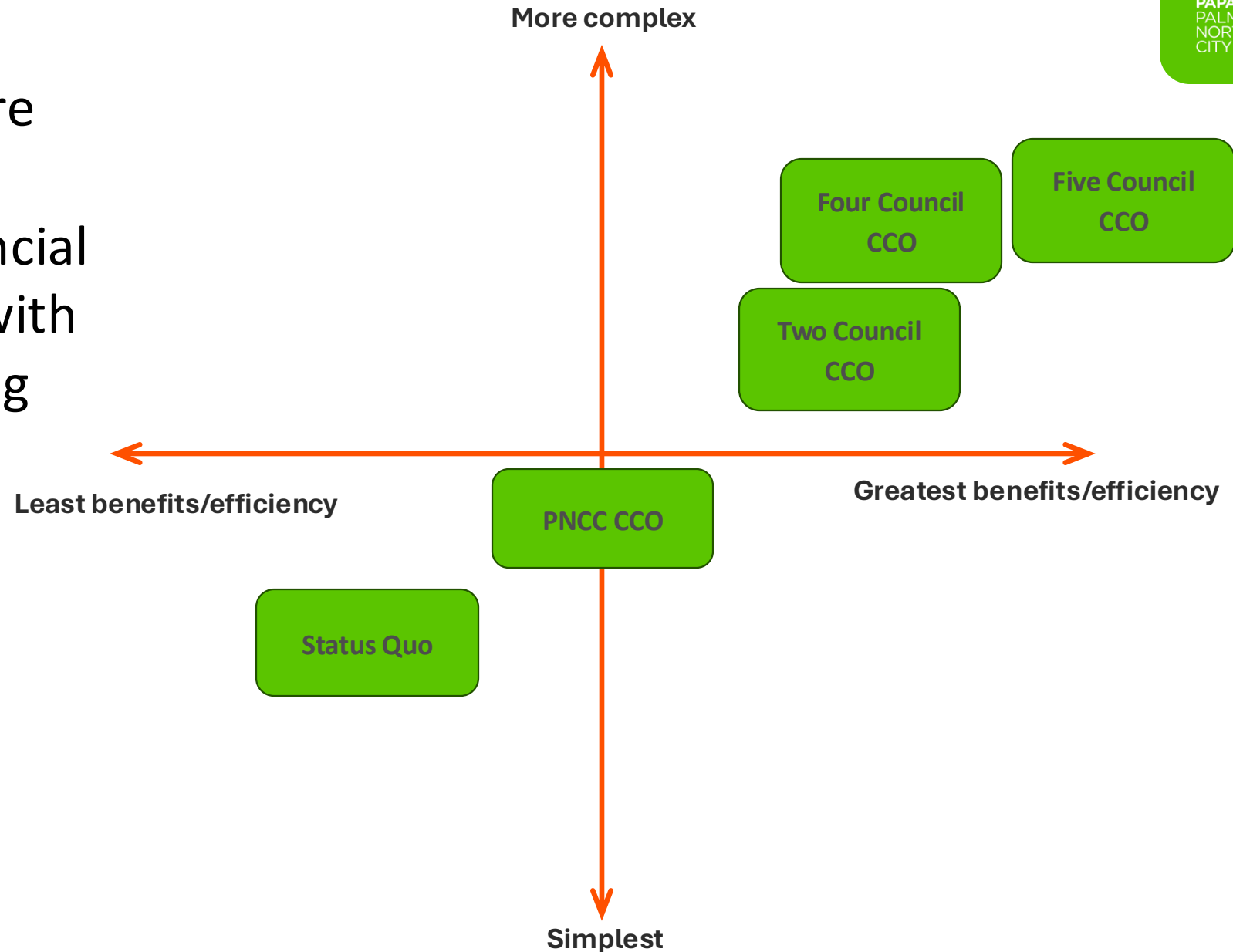
Moving Pieces



- Councils making decisions at different times
- Working with the information that is known to us – difficult to assess every option available to the same degree
- We know a lot about Horowhenua DC from our recent work – high level of confidence in assessment
- We don't know as much about the other possible combinations of Councils – but confidence in modelling is higher now

Striking a balance

At a basic level we are trying to balance financial & non-financial benefits that come with scale, without making things too complex.



Key Principles



When considering potential partners in any multi-Council arrangement, our core premise to date have been:

- Larger Councils bring more connections and more opportunity for efficiencies

In some cases, financial benefits may be marginal in models (revenue, borrowing etc) but non-financial benefits are stronger (access to skills, innovation, procurement).

Multi-Council CCO with Horowhenua District Council

Connection Numbers		
	2024	2034
PNCC	30,335	34,300
Horowhenua DC	12,875	17,875
Total	43,210	52,175

Financials					
	Household costs uninflated (excluding GST)			Expected benefits	
	10yrs	20yrs	30yrs		
	2033/34	2043/44	2053/54		
<i>PNCC base case (status quo LTP)</i>	\$2,493	\$3,042	\$3,738	Efficiencies (Capex) %	7.00%
<i>PNCC LTP incl at least \$1,000 IFF levy</i>	\$3,493	\$4,042	\$4,738	Efficiencies (Opex) %	7.00%
PNCC in CCO with HDC	\$2,673	\$1,769	\$1,661	Total Revenue Savings	\$85m

Multi-Council CCO with Horowhenua, Rangitīkei & Ruapehu District Councils



Connection Numbers

	2024	2034
PNCC	30,335	34,300
Horowhenua DC	12,875	17,875
Ruapehu DC	4,994	5,144
Rangitīkei DC	4,670	4,884
Total	52,874	62,203

Financials

	Household costs uninflated (excluding GST)			Expected benefits	
	10yrs	20yrs	30yrs		
	2033/34	2043/44	2053/54		
PNCC base case (status quo LTP)	\$2,493	\$3,042	\$3,738	Efficiencies (Capex) %	7%
PNCC LTP incl at least \$1,000 IFF levy	\$3,493	\$4,042	\$4,738	Efficiencies (Capex) %	8%
PNCC in CCO with HDC, Rangitīkei & Ruapehu DCs	\$2,690	\$1,769	\$1,654	Total Revenue Savings	\$99m

Multi-Council CCO with Horowhenua, Rangitīkei, Whanganui & Ruapehu District Councils



Connection Numbers		
	2024	2034
PNCC	30,335	34,300
Horowhenua DC	12,875	17,875
Ruapehu DC	4,994	5,144
Rangitīkei DC	4,670	4,884
Whanganui DC	18,029	21,638
Total	70,903	83,841

Financials					
	Household costs uninflated (excluding GST)			Expected benefits	
	10yrs	20yrs	30yrs		
	2033/34	2043/44	2053/54		
PNCC base case (status quo LTP)	\$2,493	\$3,042	\$3,738	Efficiencies (Capex)%	11%
PNCC LTP incl at least \$1,000 IFF levy	\$3,493	\$4,042	\$4,738	Efficiencies (Opex)%	10%
PNCC in CCO with HDC, Rangitikei, Whanganui & Ruapehu DCs	\$2,554	\$1,733	\$1,623	Total Revenue Savings	\$370m

Summary

Option	Household costs uninflated (excluding GST)			Total Revenue Savings
	10yrs	20yrs	30yrs	
	2033/34	2043/44	2053/54	
<i>PNCC base case (status quo LTP)</i>	\$2,493	\$3,042	\$3,738	
<i>PNCC LTP Incl at least \$1,000 IFF levy</i>	\$3,493	\$4,042	\$4,738	
PNCC in CCO with HDC	\$2,673	\$1,769	\$1,661	\$85m
PNCC in CCO with HDC, Rangitīkei & Ruapehu DCs	\$2,690	\$1,769	\$1,654	\$99m
PNCC in CCO with HDC, Rangitīkei, Whanganui & Ruapehu DCs	\$2,554	\$1,733	\$1,623	\$370m

Next steps



Once Palmerston North City Council and Horowhenua District Council have made their decisions:

- Complete work with other Councils who have expressed an interest
- Draft a Water Services Delivery Plan for Council approval in August 2025
- Submit Water Service Delivery Plan by 3 September

Pātai?