Christchurch City Council
ATTACHMENTS - ADDITIONAL DOCUMENTS

Date:	**Wednesday 19 February 2025**
Time:	**9.30 am**
Venue:	**Council Chambers, Civic Offices, 53 Hereford Street, Christchurch**

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Kōrero mai

Let's talk about the future of water services in Christchurch.

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Consultation document

Letstalk.ccc.govt.nz

Tell us what you think by Sunday 6 April 2025

Cover image

Contents

[to come]

What is Local Water Done Well?

Local Water Done Well is a government-led reform aimed at addressing long-standing water supply, wastewater and stormwater infrastructure challenges across the country. It is intended to address inconsistencies in water service delivery and ensure that every community has access to safe, reliable, and sustainable water services.

It provides some local flexibility on how this is achieved; however, the reform puts a strong emphasis on compliance with central government rules and regulations.

At its core, the Local Water Done Well reform is guided by a few key principles:

- Water services must be financially sustainable, with sufficient revenue for long-term investment.
- Delivery models should be fit-for-purpose, with the right structure and governance to meet both the mandated requirements and local needs.
- There is an expectation that new, stricter rules for water and infrastructure quality will drive investment.

Local Water Done Well requires all councils to prepare a Water Services Delivery Plan and identify a proposed model for the delivery of water services.

To make sure we choose the water service delivery model that is right for Christchurch and Banks Peninsula we have carried out a thorough evaluation of the advantages, disadvantages and trade-offs of potential options. We also assessed in detail the impacts on key factors like rates, Council borrowing, levels of service, and potential costs for households.

Tell us what you think

This document outlines the advantages and disadvantages of three models, and our proposal for what we think is the preferred approach for Christchurch.

Your feedback will help shape our approach to delivering the high-quality and affordable water services Christchurch deserves.

Have your say at letstalk.ccc.govt.nz

[breakout bubble]

Our Indicative Business Case has full details on the three options. Visit letstalk.ccc.govt.nz/XXXX

[Breakout bubble ends]

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We are committed to working closely with mana whenua to shape the future of water services in Christchurch. Prioritising the health and wellbeing of water will remain central to our decision-making processes. As kaitiaki (guardians), mana whenua plays a vital role in ensuring water services reflect cultural values, promote environmental sustainability, and support the needs of our communities now and for future generations.

[breakout box]

What water services do we deliver?

Water services delivery involves managing three essential areas: water supply, wastewater, and stormwater. The Council is responsible for planning, funding, building and maintaining the infrastructure and processes that help us provide these services. This includes ensuring they meet community needs, comply with environmental and quality standards, and address challenges such as population growth and climate change.

Water supply

The Council is responsible for ensuring that the supply of water is safe to drink. The Council supplies water through approximately 160,000 residential and business connections, through seven urban water supply schemes and six rural water supply schemes. In a typical year, this equates to 50 to 55 billion litres of water, which is the equivalent of around 22,000 full Olympic-size swimming pools.

Key assets that the Council manages in relation to water supply include:

[Infographic]

Reticulation

- 1839km of water supply mains
- 1731km of water supply sub-mains
- 15,267 fire hydrants
- 144,031 metered connections

Pumping

- 689 pump sets
- 154 buildings/kiosks
- 170 wells/wellheads
- 155 reservoirs/tanks

Treatment

- 6 water treatment plants on Banks Peninsula

Wastewater

The Council collects wastewater from approximately 170,000 customers in Christchurch, Lyttelton, Diamond Harbour, Governors Bay, Akaroa, Duvauchelle, Tikao Bay and Wainui. It treats this wastewater at eight treatment plants, with 98% serviced by the wastewater network for treatment at the Christchurch wastewater treatment plant. The Council holds resource consents for the treated wastewater to be discharged into the receiving environment, which includes into the sea, and provides for overflow into the stormwater network.

The key assets the Council manages in relation to wastewater collection, treatment and disposal include:

[Infographic]

Reticulation

- 1639km gravity wastewater mains
- 300km pressure wastewater mains
- 64km vacuum wastewater mains
- 1003km wastewater laterals
- 28,948 manholes
- 9405 local pressure sewer system tanks
- 4353 vacuum sewer system chambers

Pumping

- 150 pump stations
- 84 lift stations
- 3 vacuum stations
- 248 pump station control systems
- 34 odour control sites

Treatment and disposal

- 5 wastewater treatment plants
- 1 outfall pump station
- 3 ocean / harbour outfalls
- 2 land irrigation schemes

Stormwater

The stormwater network collects, conveys and treats stormwater during wet weather and is designed to work with secondary flow paths, such as roads. This activity is linked to and interdependent with flood protection and control works undertaken by the Council.

The Council adopts a multi-value approach to stormwater management, balancing the network's drainage function with other values such as ecology, culture, recreation, heritage, and landscape.

The key assets managed by the Council in relation to stormwater drainage, treatment and disposal include:

[Infographic]

Reticulation (underground stormwater conveyance)

- 915km pipes
- 24,312 manholes/sumps/inlets/outlets

Open channels and overland flow paths and structures

- 2429km natural waterways (rivers/streams/creeks)
- 110km constructed channels (timber/rock/concrete)
- 190 debris rack/pole sites and weirs

Basins, wetlands and swales

- 2012 swales
- 132 retention basins
- 46 detention ponds
- 69 ponds
- 127 soak pits
- 40 rain gardens

Pumping

- 48 pump stations

Monitoring/hydrometric equipment

- 70 hydrometric monitoring devices, measuring rainfall along with surface water, sea and groundwater levels

What are the options?

We have carefully evaluated three water service delivery models to determine how well they align with Christchurch's goals for providing water services and to ensure they comply with the

Local Water Done Well reform.

Our proposed Water Services Delivery Model

We have identified what we believe is the best model for Christchurch based on our analysis. Additionally, we have provided details on two other viable options that we closely considered.

Deciding on the right delivery model involves more than simply meeting legal requirements. It is important that we thoroughly assess and compare various approaches to determine the option that best fits the unique needs of communities across Christchurch and Banks Peninsula.

The Council has a proven track record of delivering high-quality water services to residents. However, we view these reforms as an opportunity to potentially adopt a new approach that could further enhance the effectiveness, efficiency, and community responsiveness of these critical services.

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Our Indicative Business Case has full details on all the options. Visit letstalk.ccc.govt.nz/XXXX

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Our proposal

In-house model

Under our proposed model, Christchurch City Council would maintain responsibility for water services through an in-house delivery approach. This means the Council would continue to directly manage and provide water supply, wastewater, and stormwater services to the community.

With this model, all aspects of water services, including strategic planning, day-to-day operations, and infrastructure management would remain within the Council's control. The Council would also retain full accountability for ensuring that these services meet the community's needs and comply with all relevant regulations.

By keeping water services in-house, the Council can leverage its existing expertise, resources, and relationships to deliver efficient, effective, and integrated water services that align with the city's broader goals and plans.

The in-house model is not a continuation of the status-quo as it would need to meet the new requirements of the reform, including financial ringfencing from other Council operations so water revenue is spent on water services.

How it would work

Council ownership and responsibility
All assets, infrastructure, and operations related to water services would remain under the control and ownership of the Christchurch City Council.

Integrated management
The delivery of water services would be financially ringfenced and managed alongside other Council functions, ensuring consistency and alignment with broader initiatives like urban planning, land drainage, flood management, and environmental protection.

Community accountability
As water services would remain under Council governance, the community could engage directly with elected representatives and through Council decision-making processes when it prepares its water services strategy and other planning and reporting documentation.

Why the in-house model is our proposal

The in-house model offers a balanced approach that meets regulatory requirements, ensures financial sustainability, and maintains local accountability. By choosing this model, Christchurch can capitalise on its existing strengths, preserve direct community involvement, and seamlessly coordinate water services with other Council responsibilities.

The government has mandated improvements to water services, and the in-house model provides the Council with the necessary flexibility and control to adapt these changes to the specific needs of Christchurch residents.

By leveraging established systems and governance structures, this approach ensures a smooth transition with minimal disruption. It offers stability, predictability, and lower short-term transition costs compared to other models. Furthermore, it aligns closely with the city's long-term objectives, allowing for a cohesive and integrated approach to water management.

Note that this is a summary. See page 51 of our Indicative Business Case for a more detailed assessment of the in-house delivery model. Visit letstalk.ccc.govt.nz/XXXX

The alternative options

[breakout box]

To find out more about Water Services CCOs, including how the Council would ensure they get the best for Christchurch and how water services assets would be owned and managed, go to page XX.

[breakout box ends]

Three Waters Council-Controlled Organisation model

The Three Waters Council-Controlled Organisation (CCO) model would involve establishing an independent entity that would be owned by the Christchurch City Council but operate

separately. Under this model, **the CCO would assume full responsibility for delivering water services**, **including water supply, wastewater, and stormwater** and the Council would provide strategic direction as the shareholder.

How it would work

Independent governance and management: The CCO would have its own governance and management structure, focusing solely on the delivery of water services separate from other Council responsibilities.

Council ownership: The CCO would operate independently but the Council would retain ownership and strategic oversight through its role as sole shareholder, and through governance and accountability arrangements, including a statement of expectations and input into the water services strategy. The Water Services Bill includes statutory protections that water services remain in public ownership and prevents privatisation of water services. The Council would have the power to appoint and remove board directors.

Service delivery: The CCO would manage day-to-day operations, compliance with regulatory standards, and infrastructure investment planning. It would have the ability to assess, set and collect water services charges from consumers, and could charge developers where additional demand or growth is created.

Why it is not our proposal

While the CCO model has certain benefits, including higher borrowing capacity and a specialised focus on water services, we do not believe it is the most suitable option for Christchurch at this time.

The significant upfront costs associated with establishing a separate entity, coupled with the potential risks and disruptions during the transition process, outweigh the model's advantages. Additionally, moving to a CCO would reduce the Council's direct control over water services, which could impact the ability to coordinate water management with other Council functions and respond to community needs.

Although the CCO model may be more appropriate in the future, particularly if greater scalability and specialisation become necessary, our assessment concludes that the in-house model is currently the most cohesive and cost-effective approach for Christchurch.

Once the Water Services Delivery Plan is adopted, and if the city's requirements evolve, the CCO model could be reconsidered. However, at present, the in-house model offers a more balanced solution that aligns with Christchurch's immediate needs and priorities.

Note that this is a summary. See page 54 of our Indicative Business Case for a more detailed assessment of the Water Services Council-Controlled Organisation. Visit letstalk.ccc.govt.nz/XXXX

Two Waters Council-Controlled Organisation model

The Two Waters Council-Controlled Organisation (Two Waters CCO) model represents a hybrid approach to water service delivery. Under this model, a **CCO would manage water supply and wastewater services**, while the Council would retain responsibility for stormwater in-house. This structure is designed to combine the benefits of operational independence with the need

for integration in areas like stormwater management, which often intersects with transport, parks, land drainage, flood management, and other Council-led activities.

How it would work

Independent governance and management for two waters: The Two Waters CCO would assume responsibility for the management, operation, and regulatory compliance of water supply and wastewater services. The Council would remain directly responsible for stormwater services, ensuring alignment with broader infrastructure priorities.

Council ownership: The Two Waters CCO would operate independently for water supply and wastewater services and the Council would retain ownership and strategic oversight through its role as sole shareholder. Stormwater services would remain under the control and ownership of the Council.

Service delivery: Water supply and wastewater would be managed independently. Stormwater would require coordination between the Two Waters CCO and the Council to address overlapping areas like flood management and environmental impacts.

Why it is not our proposal

Although the Two Waters CCO model provides some financial and operational advantages, we do not recommend it as the best option for Christchurch.

The hybrid nature of this model, with water supply and wastewater managed by a CCO and stormwater remaining under Council control, would introduce governance complexities. Effective coordination between the Council and the Two Waters CCO would be essential to ensure efficient service delivery and alignment with the city's overall goals. However, this divided structure could potentially lead to reduced efficiency and make integrated water management more challenging.

Keeping stormwater management within the Council aligns well with our broader infrastructure responsibilities, such as flood protection and urban planning. However, the Two Waters CCO model still limits the potential for fully integrated water management across all three services.

Transitioning water supply and wastewater services to a CCO would involve significant upfront establishment costs and potential risks during the transition period, similar to the full CCO model.

While the Two Waters CCO model might be suitable in the future, particularly if greater scalability and specialisation in water supply and wastewater management become necessary, our assessment concludes that the in-house model currently provides a more cohesive and cost-effective approach for Christchurch.

Once the Water Services Delivery Plan is adopted, and if the city's requirements change, the Two Waters CCO model could be reconsidered. However, at present, the in-house model offers a more balanced and integrated solution that aligns with Christchurch's immediate needs and priorities.

Note that this is a summary. See page 57 of our Indicative Business Case for a more detailed assessment of the Two Waters Council-Controlled Organisation. Visit letstalk.ccc.govt.nz/XXXX

Comparing the water services delivery models

All three delivery models have been evaluated against key criteria to compare how they align with the needs of our community and regulatory requirements.

Note that this is a summary. See page 42 of our Indicative Business Case for the full delivery model options assessment. Visit letstalk.ccc.govt.nz/XXXX

	In-house model	Three Waters CCO model	Two Waters CCO model	Summary
Value to ratepayers Evaluates affordability, service quality, and long-term infrastructure investment to ensure ratepayers receive the best value.	Maintains the ability to charge for water through rates or a mix of targeted charges, offering flexibility for ratepayers. Costs are aligned with the existing structure, ensuring predictability and transparency. Avoids the initial establishment costs of other models. Borrowing capacity is limited but considered sufficient for current and forecasted needs.	Must transition to volumetric or fixed charges within five years of establishment, which may lead to a shift in costs for ratepayers. Professional and competency-based board. Potential long-term value through operational efficiencies and higher borrowing capacity (500% of revenue) that could reduce costs. Involves initial setup expenses.	Water supply and wastewater charges transition to volumetric or fixed systems, which may shift costs for ratepayers. Stormwater remains under Council control, preserving flexibility for how charges are applied. Professional and competency-based board. Potential long-term value through operational efficiencies and higher borrowing capacity (500% of revenue) for Two Waters that could reduce costs. Borrowing capacity is limited for stormwater but sufficient for current and forecasted needs. Involves initial set up costs for two waters and some administrative complexities due to the mixed approach.	The in-house model offers the most flexibility and stability in pricing. CCO models provide long-term cost-saving potential at the expense of initial predictability.
Regulatory compliance	Established	Independent structure that	Independent structure that	All models are capable of

Assesses the ability to meet existing and future water quality, environmental, and economic regulations.	governance frameworks facilitate strong compliance with regulations. Alignment with other Council services supports a coordinated approach but future regulatory requirements may require some enhancements.	can focus exclusively on meeting regulatory standards for water services, potentially reducing compliance risks. Setting up new compliance systems introduces transitional risks and requires strong collaboration with Council.	can focus exclusively on meeting regulatory standards for Two Waters, potentially reducing compliance risks. The Council keeps stormwater, ensuring integrated regulatory approach with other Council services. Divided compliance responsibilities between Council and the CCO relating to water services may involve complexities.	meeting current and future regulatory requirements, but the CCO models provide dedicated focus on water services compliance.
Financial agility and sustainability Measures the model's financial flexibility to fund operations, invest in infrastructure, and manage financial risks.	Maintains the current borrowing capacity provided by the Local Government Funding Agency (LGFA) with a limit of 280%. Limits the flexibility provided by the other models for large scale projects, although the Council is in a strong borrowing position with ample headroom. Prudent financial management and	Offers borrowing capacity from LGFA of up to 500% of revenue supported by Council guarantee or uncalled capital, enabling significant infrastructure investments. However, higher debt services obligations require careful management to ensure sustainability. Relies on efficiency gains to achieve long-term sustainability.	Similar financial flexibility for water supply and wastewater as the CCO model, while stormwater funding remains within the Council's limits.	The CCO models provide greater financial agility, while the in-house model ensures stability and predictability.

	resource integration is required to mitigate risks and ensure sustainability.			
Governance and control Examines the level of oversight, accountability, and alignment with Council priorities.	Retains full local control, enabling better alignment with strategic goals and community priorities. Direct Council oversight ensures democratically elected accountability and transparency through local government decision-making processes. Political cycles and influences may pose risks to long term consistency.	Independent governance and expertise focussed solely on water services, potentially improving decision-making. Reduced Council oversight may risk misalignment with Council priorities. Strong governance and accountability mechanisms are required to minimise this.	Balances independent oversight for water supply and wastewater with direct Council control over stormwater. Reduced Council oversight for water supply and wastewater may risk misalignment with Council priorities. Strong governance and accountability mechanisms are required to minimise this.	The in-house model provides the highest level of Council control, while CCO models decentralise oversight but have a professional board focussed solely on water services.
Service delivery and operations Evaluates the efficiency and reliability of service delivery and operational capabilities.	Aligned service delivery supports coordination with other Council functions. May lack the	Dedicated focus on water services could improve operational efficiency and responsiveness. Separation from other Council	Dedicated focus for water supply and wastewater. Stormwater remains integrated with Council operations. Interdependencies between	The CCO models offer specialised operational focus with potential long term efficiencies, while the in-house model provides better integrated service

	specialised focus of CCOs with competing demands across other council functions.	services may create coordination challenges unless effectively managed.	the Two Waters CCO and Council may lead to inefficiencies.	delivery.
Community expectations and engagement Assesses how well the model aligns with community priorities and incorporates stakeholder feedback.	Maintains public trust through local accountability and transparency. Supports community involvement in decision-making through local government decision-making processes.	Public perception of reduced accountability may erode trust. Requires proactive engagement mechanisms to address concerns.	Divided responsibilities could create confusion but retains some Council oversight for stormwater. Requires proactive engagement to address concerns for Two Waters.	The in-house model aligns more closely with community expectations for local accountability. The Council as shareholder of a CCO has input into key governance and accountability documents of the CCO.
Implementation feasibility Considers the complexity, cost, and risks associated with transitioning to the model.	Lower transition costs and minimal disruption to existing services. Enhancements are necessary to meet new regulatory requirements.	Higher initial setup costs and complexity due to establishing a new entity and governance changes. Longer implementation timeline compared to the in-house model.	Hybrid nature complicates the transition process, increasing costs and coordination challenges.	The in-house model offers the simplest and most cost-effective implementation. The CCO models have high initial set up costs, short term disruption and complexity.

Financial assessment

Each delivery model's impact on rates, debt, borrowing capacity, and long-term sustainability has been evaluated. We have evaluated whether the Council's proposal and the other delivery model options are affordable, fiscally responsible, and capable of meeting Christchurch's water service delivery needs without compromising service levels or financial stability.

Note that this is a summary. See page 62 of our Indicative Business Case for the full financial assessment of the water services delivery models. Visit letstalk.ccc.govt.nz/XXXX

	In-house model	Three Waters CCO model	Two Waters CCO model	Summary
Rates and charges	The Council retains the ability to determine how water services are charged, whether through general rates, targeted rates, fixed charges, or volumetric pricing. Cumulative rates increases are expected to reach **72.55%** by FY2033/34, consistent with current expectations under the Draft Annual Plan 2025/26. Rates are projected to remain stable in the initial years (FY2024/25–FY2025/26) as the model aligns with existing frameworks.	*The Local Government (Water Services) Bill* mandates that CCOs transition to volumetric or fixed/variable water charges within five years of establishment. This change could shift costs more directly to users based on consumption, potentially increasing costs for higher water users while benefiting those with lower usage. Cumulative rates increases are slightly lower by FY2033/34 at **72.24%**, driven by assumed operational efficiencies that offset higher initial setup costs. Rates are expected to rise slightly from FY2026/27 due to the initial costs associated with establishing the CCO.	Water supply and wastewater charges transition to volumetric or fixed/variable methods, while stormwater services remain within the Council's control, allowing for continued rate-based charging for stormwater. Cumulative rates increases are projected at **72.52%** by FY2033/34, reflecting a mix of efficiencies and initial set up costs. Similar to the CCO model, rates would see moderate increases during the transition period.	All models are projected to be financially sustainable over the long term, with the in-house model offering the most flexibility in charging methods. The CCO and Two Waters CCO models may result in more noticeable changes for ratepayers due to the mandated shift to volumetric or fixed/variable water charges.
Borrowing capacity and debt management	Operates within the Local Government Funding Agency (LGFA) borrowing limit of 280%	Allows borrowing from LGFA of up to 500% of revenue, significantly increasing the capacity to fund large-scale infrastructure	Water supply and wastewater services gain expanded borrowing capacity of up to 500% of revenue.	While the CCO and Two Waters CCO models offer enhanced borrowing capacity, the in-house model provides a

	In-house model	Three Waters CCO model	Two Waters CCO model	Summary
	of revenue, maintaining a conservative financial approach. The Council's financial policy ensures sufficient headroom below this limit, providing flexibility to address unforeseen circumstances while funding planned investments.	upgrades. This could accelerate the delivery of critical infrastructure but comes with higher debt-servicing obligations. Higher debt services obligations require careful management to ensure sustainability.	Stormwater services remain under Council management, with the LGFA borrowing limit of 280%. Stormwater services are managed within the Council's existing financial framework but the lower cap may limit flexibility compared to the other two water services.	stable and conservative financial position. All models would have ample borrowing headroom, ensuring flexibility for planned and unforeseen expenditures.
Long-term financial sustainability	Projected to meet financial sustainability by FY2028 requirements through planned rate increases and focused investment in asset renewals.	Projected to achieve financial sustainability by FY2028. Assumes increased annual operational efficiency of 0.75% from FY2029/30, improving financial performance and reducing operational costs over time. Long-term sustainability depends on effective governance and management to realise projected efficiencies.	Projected to achieve financial sustainability by 2028. Similar efficiency assumptions for water supply and wastewater. Sustainability for stormwater services depends on the Council's ability to maintain adequate investment under its existing financial framework.	All models are capable of achieving financial sustainability. The in-house model relies on conservative financial management, while the CCO and Two Waters CCO models leverage assumed operational efficiencies and increased borrowing capacity.

[breakout box]

In conclusion...

All water service delivery models – the in-house model, the Three Waters CCO, and the Two Waters CCO – can achieve financial sustainability and meet the current and anticipated regulatory requirements set by the government.

The in-house model stands out as a stable and consistent approach, prioritising financial prudence and maintaining the Council's flexibility in determining how water services are charged to the community. By keeping water services under direct Council control, this model would ensure a high degree of accountability and allow for charges to be tailored to the specific needs and preferences of Christchurch residents.

On the other hand, both the CCO models offer the advantage of increased borrowing capacity and a specialised focus on water services management. These models are well-suited for situations that require accelerated investment in water infrastructure or enhanced governance structures to meet specific challenges or objectives.

Given Christchurch's current circumstances and priorities, the additional borrowing capacity and specialised focus provided by the CCO models are not considered essential at this stage. The in-house model's conservative approach to financial management and its ability to maintain direct Council control over water services align well with the city's present needs and goals.

It is important to note that while a CCO model isn't the Council's proposal for Christchurch at this time, it could be reconsidered in the future if the city's requirements change significantly, after the adoption of the Water Services Delivery Plan.

[Breakout box end]

7. What this means for residents

High-quality, reliable and affordable water services can be achieved under each model. The key differences between models lie in governance arrangements, financial flexibility, and how costs are distributed among ratepayers. The decision on which model we include in our Water Services Delivery Plan will need to consider such factors. Our proposal is that the in-house model is the most suitable and practical choice for Christchurch.

[graphic of average person surrounded by four bubbles (or something better if design have ideas)]

Your rates [bubble 1]

Whatever model we end up choosing, the financial impact on rates and water service charges should remain about the same over time.

The **in-house model** would allow the Council to continue funding through a combination of targeted and general rates, or to explore alternatives like fixed charges or volumetric pricing. This approach would enable us to balance affordability with community expectations.

Both **CCO models** must transition to a system of direct charging for water services within five years of establishment. This would result in costs being based on fixed and volumetric pricing

methods, moving away from property value-based charges. While this approach could lead to a usage-based system, it may also result in changes to how costs are distributed among users.

Your water services [bubble 2]

Current service levels for drinking water, wastewater, and stormwater are maintained or improved under all models.

Compliance with new legislative requirements and standards, such as those set by the Water Services Authority - Taumata Arowai, is required across **all models**. Regardless of the model chosen, service delivery will need to meet these requirements.

The **CCO models** may offer operational efficiencies and focused management, particularly for water supply and wastewater. This could enable quicker responses to infrastructure challenges.

Your influence [bubble 3]

The **In-House Model** keeps governance and decision-making directly within the Council, ensuring strong local accountability through Council decision-making processes and better alignment with community priorities.

CCO models would introduce independent governance structures and a professional board, which may enhance operational focus and efficiencies. Council oversight would remain at a strategic level through governance arrangements and key accountability documents, which could impact how local concerns are addressed and prioritised.

NEW SECTION – Designed to show as distinct from previous section.

What is a water services CCO?

The Water Services Bill provides that a water services CCO must (subject to certain exemptions):

- be owned by a Council(s) and/or consumer trust
- be a company (and therefore covered by the Companies Act)
- have an independent, competency-based board, which can't include people who are elected members or employees of a Council that is a shareholder in the organisation.

The objectives of a water services CCO are set out in the Water Services Bill and its permitted activities is limited to:

- providing water services in accordance with the Bill; and
- undertaking activities related to, or necessary for, providing water services (for example, the management and maintenance of water services networks).

The Bill sets out a new planning and accountability framework for water services. The Council as shareholder would be required to prepare a statement of expectations and the water services CCO must prepare a water services strategy and annual report (the water services strategy and annual plan replaces the water services content in the Long Term Plan, infrastructure strategy and Annual Report under the Local Government Act).

A Water Services CCO is required to give effect to the Council's statement of expectations. The Council also has the ability to decide what level of involvement it wants to have into the

formation of the Water Services Strategy. It can provide comments, and has the ability to require the CCO to amend the draft strategy and can also require that it approve the final strategy.

How would we ensure a water services CCO is delivering the right thing for Christchurch?

Although not its proposal, if the Council were to pursue either the Three Waters CCO or Two Waters CCO model, we would ensure robust accountability measures are in place to protect community interests and provide continued oversight.

Under these models, day-to-day water service responsibilities would be transferred to the new organisation. However, the Council would put measures in place to maintain effective monitoring, performance reporting and alignment with strategic objectives in such situations.

Here are some of the key accountability arrangements the Council would put in place:

- Responsibilities of the CCO as specified in the transfer agreement
- Rules and governance arrangements set out within the CCO's constitution
- A Statement of Expectations
- the CCO producing a water service strategy and Annual Budget
- An Asset Management Plan prepared by the CCO and reviewed by the Council to ensure sound long-term management of water infrastructure
- Regular performance reporting from the CCO to the Council on finances, service levels and major projects, including through its water services annual report
- Protections to ensure strategic assets continue serving community needs
- Council input on key CCO governance appointments
- The ability for the Council to initiate strategic reviews of the CCO's performance
- Ongoing partnership between the Council and CCO to maintain strategic alignment

We would develop and formalise these measures through the transition process to maximise the Council's ability to fulfil our duties to the community within the CCO framework and consistent with legislative requirements.

If we set up a new CCO, should we transfer some or all the Council's Water Services Assets to that CCO?

Transfer of water services asset

Although not its proposal, if the Council were to pursue either the Three Waters CCO or Two Waters CCO model and establish a CCO, it would need to make decisions around whether it transfers infrastructure, related assets and other matters that are necessary for the CCO to carry out, and be responsible for, providing Water Services (for example, its wastewater treatment plant and water supply pump stations) or whether the Council would continue to retain the infrastructure and assets and the CCO manages the assets on its behalf (or it could do a mixture of both depending upon the nature of specific assets).

As the water services infrastructure involves strategic assets, transfer to the CCO would require an amendment to the Council's Long Term Plan.

Two Waters CCO: If we transferred the assets needed for a Two Waters CCO, assets valued at $6.979 billion would be transferred to the CCO, along with approximately $921.8 million of debt associated with the assets.

Three Waters CCO: If we transferred the assets needed for a Three Waters CCO, assets valued at $9.916 billion would be transferred to the CCO, along with approximately $1.266 billion of debt associated with the assets.

Transferring water services assets to a Water Services CCO

Benefits:

- The CCO would have full management of all water services assets it needs to run as independently from Council as possible within the legislation. It would be able to deal with all matters around contracting, maintenance, repair, replacement of assets/infrastructure without having to ask Council to undertake these works. This would generate greater efficiencies in time/cost/processes/delivery etc as the CCO would own all the assets needed for the running of the business.
- Borrowing capacity from the Local Government Funding Agency would be almost twice as much than if the infrastructure assets stayed with Council. **Note**: this would lead to the CCO having higher debt levels which will have to be serviced by the CCO.

Negatives:

- There may also be resistance to the idea of moving away from public control of essential infrastructure, potentially eroding public trust.
- The process of transferring assets to a CCO could involve upfront costs, including legal, administrative, and operational costs to implement the transition.

Not transferring water services assets to a Water Services CCO:

Benefits:

- The Council retains ownership of essential waster services assets/infrastructure.

Negatives:

- Loss of all benefits noted above which will ultimately impact on the success of the CCO.
- When it is set up, the Council will be required to transfer the revenue gathering/charging aspect of water services to the CCO. Because this would be a significant portion of Council's income, it is connected to Council's debt levels. When Council (effectively) transfers this part of its revenue generating base to the CCO it will also transfer a related level of debt. At the outset, unless it also owns the infrastructure assets, the CCO would not have enough assets to use as security for the transferred debt, and it would be immediately insolvent.
- Borrowing capacity provided by the Local Government Funding Agency would be almost half that available to the CCO if the CCO owned the infrastructure assets.

Regardless of who owns the infrastructure assets, the Water Services Bill prohibits the privatisation or sale of water services assets. Therefore, the infrastructure assets cannot be declared "non-strategic" and then sold in the same way that CCOs providing electricity and fibre are able to.

- Assets of water service networks cannot be used for security for any purpose,
- Ownership of water services infrastructure or of any interest in a water service cannot be transferred, except to another water service provider if the transfer is necessary part of a contract or a joint water service provider arrangement,
- Significant infrastructure necessary for providing water services in a service area cannot be sold, or otherwise disposed of, unless the water service provider retains its capacity to meet its statutory obligations.

END OF SECTION

9. How to have your say

Submissions on this proposal can be made from Friday 7 March 2025 until 11.59pm on Sunday 6 April 2025.

There are several ways you can give feedback:

Online: letstalk.ccc.govt.nz

Email:

Fill out a submission form at your nearest library or service centre.

Post a letter to:

Freepost 178 (no stamp required)

Local Water Done Well Submissions

Christchurch City Council

PO Box 73016

Christchurch 8154

Or deliver to the Te Hononga Civic Offices at 53 Hereford Street. *(To ensure we receive last-minute submissions on time, please hand deliver them to the Civic Offices)*.

Regardless of the method you use to give feedback, your submission must include your **full name, email address and/or postal address**. If you wish to speak to your submission at the public hearings, please also provide a daytime phone number.

If your submission is on behalf of a group or organisation, you must include your organisation's name and your role in the organisation.

Hearings

Public hearings will be held in May 2025 (specific hearings dates to be confirmed).

Submissions are public information

As part of your submission, we require your name and contact details (email and/or postal address). Your feedback, name and contact details, will be provided to decision makers. Your feedback, including your name, will also be published on our website. We do not normally publish your contact details. However, if requested under the Local Government Official Information and Meetings Act 1987, we may make your contact details publicly available. If you feel there are reasons your submission should be kept confidential, or that your contact details should not be released if requested under the Local Government Official Information and Meetings Act 1987, please contact us at cccplan@ccc.govt or on [telephone number tbc].

Talk to the team

You can give us a call on (03) 941 8999, provide your details and a good time for us to call, and one of our managers will be in touch.

10. Submission form

Before the Council makes a decision on a water delivery model for our water supply, wastewater and stormwater, we want to know what you think.

Your details:

Full name:

Email (preferred):

Postal Address:

Postcode:

If you're responding on behalf of a recognised organisation please provide:

Organisation name:

Your role:

Number of people your organisation represents:

Hearings will be held in May 2025 (specific dates are to be confirmed).

Would you like to speak to the Council about your submission?

No/Yes

If yes, please provide a daytime phone number so we can arrange a speaking time with you:

Before we get started we'd like to ask a few questions about you. This helps us better understand who we are hearing from *[Include demographic data options from draft Annual Plan form]*

Which water services delivery model do you support?

☐ The Council's proposal: **An in-house delivery model** where Christchurch City Council retains full control over water services and would continue to manage and deliver water supply, wastewater, and stormwater services directly but would need to make changes to meet new regulatory requirements.

☐ **A Three Waters Council-Controlled Organisation (CCO)** which would be an independent entity with a professional board that would be solely owned by the Christchurch City Council responsible for managing and delivering water supply, wastewater and stormwater and meeting regulatory requirements.

☐ **A Two Waters Council Controlled Organisation** which would be a hybrid approach to water services delivery, with a CCO managing water supply and wastewater services, while the Council continues to be responsible for stormwater.

☐ Don't know

Do you have any comments to make on why you have chosen this option?

[free text box]