

Hon Simeon Brown

MP for Pakuranga

Minister for Energy

Minister of Local Government

Minister of Transport

Minister for Auckland

Deputy Leader of the House



3 September 2024

To: Greater Wellington Regional Council Chair

Dear Chair

Local Government (Water Services Preliminary Arrangements) Act

Yesterday, the Local Government (Water Services Preliminary Arrangements) Act (the Act) passed into law.

This is significant milestone in the implementation of Local Water Done Well. It provides the framework and preliminary arrangements for councils to lead the way in making changes to the delivery of water services for their communities.

Given your unique role in water services delivery in the Wellington region, I am writing to you regarding what the changes in the Act mean for the Greater Wellington Regional Council (GWRC).

In addition to this letter, you will also receive a letter to regional council chairs which sets out changes under the Act that are applicable to all regional councils.

Local Government (Water Services Preliminary Arrangements) Act 2024

The Act provides the framework and preliminary arrangements for the new water services system, including Water Services Delivery Plans, steps toward future economic regulation, and streamlined consultation and decision-making processes for the establishment of water services council-controlled organisations (CCOs) and other local government arrangements.

The Act requires councils to develop Water Services Delivery Plans (Plans) over the next 12 months (by 3 September 2025). The Plans are a way for councils to reflect on their current approach to water services delivery and whether it will be 'fit for purpose' into the future, to ensure water services are financially sustainable and meet quality standards.

The Plans will require councils to provide information on their water services, how much they need to invest, and how they plan to finance and deliver it through their preferred water service delivery model.

While the Plans do not have a regulatory purpose, they are a useful first step to disclose information on water services to support the future economic regulation regime.

The information collected through the Plans, much of which is expected to come from councils' existing public documents (such as long-term plans, financial accounts and asset management plans), will be shared with the Commerce Commission as it

works towards implementing the full economic regulation regime under Local Water Done Well.

The Act includes provisions that enable a streamlined consultation and decision-making process for the establishment of water CCOs and other local government arrangements. This will make it easier for councils that want to move quickly to shift the delivery of water services into new models to do so, setting the foundations for more financially sustainable water services.

Wellington region Water Services Delivery Plan

While local councils are responsible for the development of a Plan, the Act provides GWRC with the ability to contribute to the Wellington region Plan. This recognises that the GWRC owns bulk water supply assets in the Wellington region, different from other regional councils that do not have a role in water services delivery.

My expectation is that GWRC will work with the local councils across the Wellington region to participate in the development of the Wellington region Plan.

As outlined above, the Plans will disclose information on water services to support the future economic regulation regime. Councils will be asked to provide baseline information about their water services operations, assets, revenue, expenditure, pricing, and projected capital expenditure, as well as necessary financing arrangements.

As the owner of Wellington Water, GWRC may be asked to provide this type of information to support the development of the Wellington region Plan.

Support available from the Department of Internal Affairs

The Department of Internal Affairs has today made available a range of guidance, templates and other information to support councils to develop their Plans. The Department is also available to provide technical support, such as with council-led financial analysis.

Find out more at: www.dia.govt.nz/Water-Services-Policy-Water-Services-Delivery-Plans

The Department will be holding further information sessions for councils, and will be in touch directly regarding these sessions.

I also want to reiterate that the Department is willing to meet with individual councils or groups of councils, if you have further questions at this stage, or to seek assistance with any discussions your council may be having about future service delivery arrangements.

Please contact Hamiora Bowkett, Executive Director Water Services Policy at waterservices@dia.govt.nz.

Further information and next steps

The majority of provisions in the Local Government (Water Services Preliminary Arrangements) Act will come into force on 3 September 2024. This is the second stage in the implementation of Local Water Done Well.

I announced policy decisions for the third Local Water Done Well Bill last month. This included new models for water organisations, confirming financing arrangements that support financial sustainability, and setting out a new regulatory regime.

Further information about these changes can be found on the Department of Internal Affairs' website, at www.dia.govt.nz/Water-Services-Policy-Future-Delivery-System.

These changes will be included in a Local Government Water Services Bill, which is expected to be introduced in December 2024 and enacted in mid-2025.

Thank you for your continued engagement and support.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Simeon Brown". The signature is fluid and cursive, with the first name "Simeon" and the last name "Brown" clearly distinguishable.

Hon Simeon Brown

Minister of Local Government