

Councillor questions for Your Water Done Well deliberations

This document answers questions submitted from councillors following the Your Water Done Well hearing on Thursday 20 March. The answers provide information to help support Council discussions at the deliberations meeting on Wednesday 26 March.

Councillor	Theme	Question	Answer
Grant Miller		Are we required under the LGA to run a special consultative process as water is a strategic asset. Note that the submitter said we must comply with legislation, not bills not yet passed.	We are not required to run an SCP despite the water network containing significant assets due to the Preliminary Arrangements Act which is already in effect and supplants the normal LGA principles. We default back to a standard non-SCP process and Council was legislatively given wide discretion as to what this process could be and how long it could run, subject that Council must make a decision using normal LGA decision making principles and consider our significance and engagement policy.
		Question raised re total SDC water assets being less than the proposed borrowing over ten years ie. Could dig up and replace the existing network for less than projected to borrow.	The proposed borrowing in the LTP, which is the basis for the WSCCO modelling, captures more than just renewal projects. Most of the capital projects in water supply and wastewater relate to growth and level of service projects.

Councillor	Theme	Question	Answer
		What protection do the non-target rated ratepayers have in the event of a default by the WSCCO (the liability having been incurred to service the target rated but potentially all ratepayers liable for the debt)	<p>It is anticipated that the WSCCO will be eligible to raise finance from the Local Government Funding Agency (LGFA) under the Local Water Done Well policy. LGFA offers finance to the local government sector, including the Council, and has recently started financing council-controlled organisations (CCOs) as well. As part of LGFA's financing arrangements for CCOs, there is a requirement for credit support from shareholding council(s) that is sufficient to cover the amount of LGFA borrowings by the CCO. This credit support takes the form of uncalled capital security, which is an arrangement that requires the shareholding council to subscribe for capital in the CCO (not less than the CCO's borrowings), but which leaves that capital uncalled and unpaid. The right to call on that capital is assigned in favour of LGFA, who could exercise that right in the event (and only in the event) of a default under the CCO's financing arrangements.</p> <p>Given this requirement, and to ensure that the WSCCO can access the benefits of LGFA finance under the Local Water Done Well policy, it is proposed that SDC would subscribe for uncalled capital in an amount that is expected to cover initial and future borrowings of the WSCCO for at least 5-year period.</p>
		Given the current cross guarantee of LGFA debt by all Councils, should WSCCO's be enabled to borrow from LGFA would Selwyn be jointly liable for all other WSCCO's debt sourced from LGFA or will this debt be tied to the home Council only?	This is covered in the response above.

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		Do we have a comprehensive business case that provides compelling evidence for change to WSCCO	<p>This was presented via PWC workshops and options analysed with evidence for supporting the November paper.</p> <p>The intent of a WSCCO is to provide reliable and safe inter-generational water services that are cost effective over the long-term.</p> <p>A WSCCO offers a more flexible and financially sustainable way to meet future water service needs.</p>
		If so, why cannot the efficiencies identified be transferred to current model?	Financial restrictions and limited borrowing capacity directly linked to Water Services could result in delays to necessary infrastructure projects in the future if not prioritised by Council.
		Does SDC agree that the ability to temporarily reduce expenditure in other areas to offset high need for capital in water services to maintain an overall modest rates rise is a tool worth retaining?	This is only a short-term solution and has been the approach to date. This results in potential underfunding of other activities. At the same time there remains a risk of priorities shifting away from Water Supply and Wastewater. The borrowing under a WSCCO would be specifically for those activities.
		What is the effect of deferring the decision to create a WSCCO until 1,2,3... years' time when the effects of the legislation are better understood?	The Local Government Water Services Preliminary Arrangements Act requires us to submit a WSDP in early September which must confirm the model we will use to deliver our water services while ensuring that model is financial sustainable.
		How can fears of loss of voice (including rural) be addressed if a WSCCO is established?	Council is required to provide a statement of expectations to the WSCCO to set out performance expectations. This is a legislative tool that can be used to address issues the Council has with WSCCO performance.

Councillor	Theme	Question	Answer
		It was suggested by a submitter that some of the pro submitters have a conflict of interest re being consultants etc that stand to profit from the establishment. Has this been considered?	We are not aware of any conflicts of interest of pro submitters looking for punitive gain.
		It was suggested that the water component of Corde be amalgamated into the WSCCO, has this been considered in the business case?	This is not part of the initial establishment of a CCOCCO, but the CCO will need to work through the novation of the relevant CORDE contract and consider how it manages this relationship going forward. If a restructure of CORDE was desired by the Council, it would / could be a separate step to be taken post establishment.
		It was suggested that the consultation document undershoots likely establishment and operation costs including tax payments by the WSCCO and overhead retained in the SDC business to service stormwater etc. What I understood the submitter to be asking is the following: if a ratepayer currently pays \$1400 combined for water services and the new entity provides the service for exactly the same amount how much does the SDC rates invoice reduce by?	As highlighted in the FAQs while the SDC rates will reduce it will not necessarily equate to a direct \$1 for \$1 change due to legislative and WSCCO establishment requirements. The financial modelling in the consultation document includes the projected operational costs and any associated statutory payments required for a WSCCO.

Councillor	Theme	Question	Answer
		<p>Are we applying our DC collection policy correctly?</p> <p>Submitter says should be no impost on existing ratepayers according to our policy docs.</p>	<p>Development contributions pay for initial investment they do not recoup on-going maintenance or management costs; these are outside the scope of the policy.</p>
		<p>What has changed from our LTP 10-year predictions that require more debt in the same 10 year period under a WSCCO?</p>	<p>Currently there are no extra projects included under the WSCCO. The current agreed programme of work as outlined in the LTP, would transfer to the newly established WSCCO.</p> <p>A possible WSCCO may provide flexibility to look at projects that could be difficult to fund with the in-house model given the WSCCO's additional borrowing capacity (500%) and ability to carry/spread debt over a longer period.</p>

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		<p>“What is the why?” was a consistent question as well as “what is broken in Selwyn provision of water services that needs fixing?”</p>	<p>Central government has introduced new legislation that creates higher expectations for Council around water services and requires councils to consider a new framework.</p> <p>After careful consideration of a combined model with other councils or delivering water services through a future in-house water delivery model to deal with new legislation, the Council has decided that an independent water services council-controlled organisation (WSSCO) is the preferred option.</p> <p>The WSSCO can borrow at higher rates specific to Water Services than Council to create reliable and safe water services for future generations. It also allows the associated debt to be spread over a longer period and across multiple generations to avoid price hikes for current residents. An in-house model would restrict future borrowing for infrastructure required for our fast-growing district and create potential risks around safe water supply.</p> <p>The WSSCO would be managed by water-focused operational, management and independent governance experts in water delivery, infrastructure funding and long-term debt management. This expertise and focus would create better efficiencies, provide enhanced customer service and remove vital water infrastructure investment from potential political motivations.</p> <p>Selwyn customers can expect some higher costs in the initial years of WSSCO compared to a future in-house model, but the WSSCO is anticipated to be more cost effective over the longer term than keeping water services inhouse.</p>
		<p>Another common question “you are bringing significant complexity and cost into a service you provide well now, where is the significant benefit of this proposal?”</p>	<p>Through the Local Government (Water Services Preliminary Arrangements) Act 2024 there is a requirement to explore the options. Under the regulations there will be additional cost and complexity under either model. Now presents an opportunity to set Water Supply up for the future. As well as potential to partner with other territories in the longer term.</p> <p>The WSSCO can borrow at higher rates than Council to create reliable and safe water services for future generations. It also allows the associated debt to be spread over a longer period and across multiple generations to avoid price hikes for current residents.</p>

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		<p>A separate issue raised really concerned me. I realise there are always two sides to a story but the statement that over 80% of our loans are floating if true would have us significantly outside our treasury policy unless an exemption has been signed off by the A & R Committee. Can you please confirm the actual position of our loan book, the amount currently hedged, are we outside our treasury policy, and if so, do staff hold an exemption for this?</p>	<p>As at today, 75% of our total borrowings are floating.</p> <table><tr><th>Loan Type</th><th>Total</th><th></th></tr><tr><td>Fixed</td><td>60,000,000</td><td>25%</td></tr><tr><td>Floating</td><td>180,000,000</td><td>75%</td></tr><tr><td>Grand Total</td><td>240,000,000</td><td></td></tr></table> <p>65% of the total borrowings are currently hedged via interest rate swaps. We are currently operating within both our Interest Rate Swaps (per page 16 of the SDC Treasury Risk and Liability Management and Investment Policies) SDC LTP24-34 Treasury-Risk-Policy July24.pdf</p> <table><tr><th colspan="4">SDC position as at 25 March 2025</th></tr><tr><th>Rolling Period (yrs)</th><th>Min</th><th>Max</th><th>Actual</th></tr><tr><td>0 - 1</td><td>40%</td><td>90%</td><td>56.23%</td></tr><tr><td>1 - 2</td><td>35%</td><td>85%</td><td>49.41%</td></tr><tr><td>2 - 3</td><td>30%</td><td>80%</td><td>36.49%</td></tr><tr><td>3 - 4</td><td>20%</td><td>75%</td><td>21.83%</td></tr><tr><td>4 - 5</td><td>10%</td><td>70%</td><td>9.45%</td></tr><tr><td>5 - 6</td><td>0%</td><td>65%</td><td>1.47%</td></tr><tr><td>6 - 7</td><td>0%</td><td>60%</td><td>0.00%</td></tr><tr><td>7 - 8</td><td>0%</td><td>55%</td><td>0.00%</td></tr><tr><td>8 - 9</td><td>0%</td><td>50%</td><td>0.00%</td></tr><tr><td>9 - 10</td><td>0%</td><td>45%</td><td>0.00%</td></tr><tr><td>10 - 11</td><td>0%</td><td>40%</td><td>0.00%</td></tr></table> <p>Debt Maturity policies (page 19 of the SDC Treasury Risk and Liability Management and Investment Policies).</p> <table><tr><th>Period</th><th>Minimum</th><th>Maximum</th><th>Actual</th></tr><tr><td>0 - 3 yrs</td><td>15%</td><td>60%</td><td>52%</td></tr><tr><td>4 - 7 yrs</td><td>25%</td><td>85%</td><td>48%</td></tr><tr><td>7 yrs +</td><td>0%</td><td>60%</td><td>0%</td></tr></table>	Loan Type	Total		Fixed	60,000,000	25%	Floating	180,000,000	75%	Grand Total	240,000,000		SDC position as at 25 March 2025				Rolling Period (yrs)	Min	Max	Actual	0 - 1	40%	90%	56.23%	1 - 2	35%	85%	49.41%	2 - 3	30%	80%	36.49%	3 - 4	20%	75%	21.83%	4 - 5	10%	70%	9.45%	5 - 6	0%	65%	1.47%	6 - 7	0%	60%	0.00%	7 - 8	0%	55%	0.00%	8 - 9	0%	50%	0.00%	9 - 10	0%	45%	0.00%	10 - 11	0%	40%	0.00%	Period	Minimum	Maximum	Actual	0 - 3 yrs	15%	60%	52%	4 - 7 yrs	25%	85%	48%	7 yrs +	0%	60%	0%
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Megen McKay		Timeline of the key legislation.	<ol style="list-style-type: none"> 1. Water Services Acts Repeal Act passed in February 2024, repealing the previous water services legislation (Water Services Entities Act 2022, Water Services Legislation Act 2023 and the Water Services Economic Efficiency and Consumer Protection Act 2023); 2. Local Government (Water Services Preliminary Arrangements) Act 2024 passed in September 2024, establishing the Local Water Done Well framework and the preliminary arrangements for the new water services system, including a requirement for councils to develop water services delivery plans (WSDP); and 3. Local Government Water Services Bill, introduced on 10 December, sets out provisions that enable the efficient and effective transfer of ownership, powers, assets, liabilities, and staff to new delivery models. Likely to be enacted September 2025. <p>As a key requirement of the Local Government (Water Services Preliminary Arrangements) Act, councils are required to develop a Water Services Delivery Plan (WP) by 3 September 2025 which includes planning for next 10 years of water delivery based on their chosen delivery model as an outcome of this consultation.</p>
		Role of the Commerce Commission going forward to be the economic regulators of water.	Bill 3 of the Local Water Done Well legislation also provides for economic regulation and oversight of any water services entity (in-house or CCO) by the Commerce Commission. It is expected this regulatory framework will look like regulation for the electricity and gas industries. There will also be a new Water Service regulator established to oversee standards and delivery of water activities.
		Explanation of why in-house does not mean same as we currently have. We are not legally permitted to retain the status quo.	Maintaining the status quo for in-house delivery of water services will not be an option due to new legislation and increased compliance requirements. A future in-house water delivery model would still require increased investment, but that model would have limited access to additional water specific funding.

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		Best model for shared services and why.	Initial implementation of a WSCCO can incorporate a shared service approach through SDC to reduce cost and complexity during initial establishment with a staged transition to a full service WSCCO over time.
		Misunderstanding that debt is secured against private properties.	The debt under the proposed WSCCO will be secured by the uncalled capital from SDC. SDC does not have right to claim individual properties unless in extreme circumstances on unpaid rates. The proposed WSCCO would have no direct claim on private homes.
Lydia Gliddon		The budget spend for the 2mil – Sharon stated it is only a budget up until 2nd April, Murray stated they will exceed this budget post 2nd April if progressing with CCO. If the decision was to not establish a CCO – will the entire budget be spent at 2nd April? I also asked for what work streams would exceeded. I had assumed that we would not be exceeding the budget at 2nd April as there is budget assigned for new CCO costs including CCO board, CE costs and any legal or wider advice. Murray said he would have a budget come to the next meeting, however this is now the 2nd of April, after deliberations.	Current budgeting shows the \$2m will not be exceeded prior to 2 April if the decision is made to not go ahead with a WSCCO.

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		I asked for information on what does our balance sheet look like if a CCO is established – debt transfer, asset transfer, DC transfer. Raveen stated that this would remain on council balance sheet. Is this correct? Allison said at the meeting that they are working on this.	Yes, everything would be consolidated with the overall Selwyn District Council Group Balance Sheet.
		Is there the intention to lower our debt ceiling? You might say that is up to councillors but there is always a staff aspect to this.	SDC would always look at the phasing of the work to ensure it is in keeping with our Treasury Policy debit ceiling / overall affordability. Lowering our debt ceiling would mean potentially slowing down our planned LTP capital works.
		Have there been any changes to the rates forecasting? Eg no change to charges over the 29/34 period yet lending will increase over that period as per graph in consult doc, how would the interest charges be absorbed if no changes in charging? There is a lot of uncertainty over what the entity might charge, or what they might be instructed to charge? The forecasted rates don't make much sense to me.	If the proposed WSCCO goes ahead there would be a reduction in the targeted council rates due to the removal of the Water Supply and Sewerage being removed. These would subsequently be charged by the proposed WSCCO as a water charge. The modelling for the proposed WSCCO includes the interest charges, based on the same assumed interest rates as LTP, impacting on the Water Charges that have been illustrated in the consultation document

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		We haven't mention much about the levies that will be imposed, and how they would be distributed.	Once a decision has been made on which model we will proceed with we will determine the approach to any levies.
		Where does the 450mil uncalled capital sit on SDC balance sheet? Liabilities?	The uncalled capital is a guarantee, it would be reflected in our Balance Sheet as a Contingent Liability disclosure, it would not form part of the liability total.
Sophie McInnes			
	Regulatory compliance & Crown expectations		
		Could a Selwyn IBU meet the government's requirements? If not, why not?	A Selwyn IBU would meet the government requirements.
		Is a WSCCO viable below a connected population of less than 200k?	If the question is referring to whether the current modelling is viable. This has been modelled on the same population basis as the LTP with the tables in the consultation document illustrating the modelling.
		How seriously do we take the threat and consequences of a Crown facilitator?	We are aware of this as a possibility as we always are about Crown intervention powers, if Council doesn't adequately discharge its obligations.
		If SDC formed a WSCCO, to which other councils were directed to join, could we expect any additional stake-holding or influence, as the originating council?	Our proportion of control would be in line with our proportion of the asset base. A negotiation as to how control would be divided among the Councils at that time would need to be had. As in any negotiation there are certain commercial advantages by being an already established entity such as being able to discuss requirements to contribute to initial establishment costs incurred. This would all however be a negotiation at the time.

Councillor	Theme	Question	Answer
		Feasibility and consequences of adapting this CCO into a WSCCO, via an exemption under the proposed s55(3) of the LG (Water Services) Bill.	This CCO would become a WSCCO once the Bill was enacted, this is the intention.
	Resident/ ratepayer/ consumer voice		
		Could a WSCCO constitution require that a customer liaison/advisory/advocacy group be established and resourced?	This is not a requirement of legislation; consumers will have access to independent consumer complaint resolution service like electricity and gas industries.
		How could we ensure that such a group's advocacy would be taken into account by the Board, and/or by the Council when setting a Statement of Expectations?	As above. Council must abide by Local Government Act principles in deciding to approve any Statement of Expectation. These principles require community views to be considered (among other factors).
	Community affordability		
		Can "financially sustainable" include a requirement to keep household charges to within a specific % of mean household income?	At this stage the WSCCO modelling maintains the calculation methodology that is currently used for calculating rates in the LTP.

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		Could a WSCCO or IBU be directed to ensure that all connected households receive a basic volume of water as of right, or for low-income households? (e.g. based on eligibility for rates relief or community services card)	Charging will be on a volumetric basis. Council could choose to enter into any commercial arrangement re paying for water for certain households it chose, but Council would need to consider whole district if doing so and the equity of this, as the general ratepayer would end up paying for the water for those households / other households would cross-subsidise their use.
	Financial modelling		
		How confident are staff that the figures provided by DIA etc are sufficient to estimate the costs for both WSCCO and IBU?	All the modelling prepared has been based on the assumptions/estimates that were available at the time.
		Has anything obvious been omitted or seem unrealistic? Confirm that neither a WSCCO nor IBU would be liable for income tax.	It is intended within the Local Government (Water Services) Bill that income of a water organisation (other than Watercare Services Limited) is exempt income.
	Set-up costs		
		Please estimate the cost of transferring staff, assets, contracts, easements etc to a WSCCO.	The proposed WSCCO modelling included additional overheads in relation to set-up costs and results in the short-term increased cost before reducing from Year 10 onwards.
		Confirm that there would be no similar costs for an in-house business unit (IBU).	If the future in-house model is chosen there would be no costs required to transfer to a new entity. However, as highlighted in the consultation document a future in-house model will still require increased investment

Councillor	Theme	Question	Answer
		Is there an expectation that either a WSCCO or IBU would need the office in Toka Hāpai, to maintain effective separation?	It is expected that the proposed WSCCO would require separate space to operate from. An IBU would likely remain in Council HQ.
	WSCCO board & staff		
		Expected range of board fees, and feasibility of recruitment in the required timeframe.	<p>If the WSCCO is confirmed as the preferred option, a programme of work will be developed to ensure a smooth and effective transition, this may mean that recruitment and placement of board members is phased as appropriate, therefore we are confident that engagement of suitable board members will be achievable.</p> <p>A level of additional overheads in relation to the Board was included in the proposed WSCCO modelling.</p>
		Would transferred or new staff be employed on the same pay scale as they would be for an IBU?	Until the outcome of public consultation has been confirmed we are not able to make decisions regarding role requirements of the WSCCO or staff specific impacts. All roles at SDC are evaluated using the Strategic Pay methodology and in the event a WSCCO is established, we expect it will initially adopt the same framework.
		What overlap would there be in staffing needs between a WSCCO, CORDE, and staff retained in-house for stormwater, water races, and land drainage?	<p>There is no planned change to the relationship with CORDE.</p> <p>Specific roles and responsibilities of a WSCCO have not yet been defined, however any future design will ensure meaningful and efficient relationships with all partners and stakeholders.</p>
	Development contributions/levies		

Councillor	Theme	Question	Answer
		How much of the estimated additional costs to existing residents (for either a WSCCO or IBU) be alleviated by applying higher DCs or levies?	DCs are charged based on Capex costs to service growth. DCs are cost recoverable and legally cannot be used to subsidise rates.
	Borrowing		
		Would a WSCCO's 500% cap be based on SDC's total revenue, or the WSCCO's?	The 500% borrowing would be based on the WSCCO's revenue.
		Are there any additional projects (i.e. not identified in the LTP) that would require the use of this additional finance in the first 10 years?	The current modelling does not include any additional projects other than those included in the LTP.
	Private finance/ ownership		
		Is there anything in the legislation that would permit a private entity to own any portion of a WSCCO? (I think these questions related to s239 of the LG (WS) Bill)	Bill 3 prohibits any entity except a territorial authority from owning shares in a WSCCO. The entity cannot be privatised.
		Would a WSCCO be permitted to establish projects via a PPP?	This would depend on the structure of the PPP and what was proposed. This doesn't differ under in-house or a WSCCO.

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	Rural residents		
		It would be helpful to learn more about what a WSCCO would mean for those with water units, particularly pricing for residents/farms with multiple units.	No change in rating philosophy is expected with either model.
		Do the new standards and regulations require significant upgrades to rural water networks? (beyond anything already in the LTP)	The current LTP allows for all known changes to the standards and regulations. There are planned amendments to the Level 3 (500+ population) rules, it is hoped any amendments will simplify compliance reporting however it is likely any changes may include rules around viral treatment. From early discussion, this could include an increased UV dose or extended chlorination contact time, however at this stage any thoughts are only a best guess.
		What would the impact of a WSCCO or IBU be for residents with their own drinking water supply and on-site wastewater management system?	There is no known impact on properties where there is no connection available to a reticulated water or wastewater supply.
Cr Debra Hasson			
	Local Government (Water Services Preliminary Arrangements) Act 2024 (the Act).		

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		<p>Many Submitters seemed to be confused about understanding The Act and the proposed Bill (No 3 currently being heard) timelines and consequently asked why the haste in setting up a separate CCO without the Bill becoming law. Could this timeline be explained?</p>	<p>The Preliminary Arrangements Act requires us to make a decision on a water services model by 3 September 2025. This piece of legislation is in force now.</p> <p>The Local Government Water Services Bill (Bill#3), introduced on 10 December, sets out provisions that enable the efficient and effective transfer of ownership, powers, assets, liabilities, and staff to new delivery models. Likely to be enacted in September 2025.</p> <p>This allows the people who will deliver future water services, to be involved in developing the WSDP. To achieve this by 3 September, the new model, whether it is the future in-house model or as a WSCCO needs to be decided as part of this consultation.</p>
		<p>Why the Haste? What would be the consequences be if we delayed our decision until Bill No 3 became law (which would have to be by 3 Sept 2025)?</p>	<p>As above, we cannot delay the decision under the model legally. A model must be chosen and a WSDP built off it for submission and approval to DIA by 3 September 2025. Implementation of the chosen model can follow a timeline that is post the Bill coming into effect.</p>
		<p>What are the advantages and disadvantages of making a delayed decision for either proposal?</p>	<p>Note above, a decision on model cannot be delayed. The implementation of the model could however be delayed.</p>

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	Development Contributions		
		<p>The current government is talking about the future of Development Contributions (DC's) for Growth. Under our current LTP our current Revenue and Finance policy explains that our current Development Contributions are mid to high equating to 60-70% for water and wastewater. Can it please be explained why under the forecast in our current LTP it has been calculated by some submitters we are only collecting two thirds of our Development Contributions that we should be collecting?</p>	<p>The mid/high you are referring to relates to all capital projects (Growth, Level of Service and Renewal). As Development Contributions relate to only growth projects 100% funded by DC for water supply and wastewater. As per the Revenue and Financing Policy.</p> <p>https://www.selwyn.govt.nz/_data/assets/pdf_file/0009/2151378/SDC_LTP24-34_Financial-Policy_July24.pdf</p> <p>We would need to understand how the two thirds have been calculated but can confirm all Growth projects are funded by DCs.</p>
		<p>How is it proposed to collect and/or transfer existing DC's to a WSCCO?</p>	<p>DCs already collected would be transferred to WSCCO. WSCCO will have its own DC policy built off its water strategy as facilitated by Bill 3 once in force. It is likely we need to delay full asset transfer to WSCCO until Bill 3 is in force to allow Council to continue to collect DCs.</p>

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	Consultation		
		Many Submitters questioned the short consultation time of 3 weeks?	<p>The three-week consultation period was chosen in response to tight timeframes set by new Government legislation, which requires councils to submit Water Services Delivery Plans (WSDPs) by 3 September 2025.</p> <p>These plans must outline how water services will be delivered and financed over the next 10 years, ensuring compliance with new regulatory standards. To meet this deadline, councils need to consult with their communities promptly on a preferred water services delivery model. Delaying consultation could jeopardise the ability to develop a comprehensive plan that reflects community input and meets governmental requirements within the required timeframes.</p> <p>While we understand concerns about the length of the consultation, we are also mindful that this is not a new conversation, we have had Government enforced changes in local water as a conversation for the past four years and the Council is aiming to be proactive in addressing the changes and providing certainty to both the community and our staff.</p> <p>The new model, whether an in-house model or a WSCCO, needs to be decided on, to ensure staff are prepared, and the WSDP is developed in line with regulatory standards by 3 September 2025.</p>
		Could I please be directed under the Act where the consultation timeframe is set at 3 weeks?	<p>The timeframe is not set to three weeks. Section 82 of the Local Government Act in the relevant section. S 62 and 63 of the Preliminary Arrangements Act are the relevant sections.</p> <p>Local Government Act 2002 No 84 (as at 01 October 2024), Public Act 82 Principles of consultation – New Zealand Legislation</p> <p>Local Government (Water Services Preliminary Arrangements) Act 2024 No 31, Public Act – New Zealand Legislation</p>
		Is the minimum consultation period under the LGA 2002 for an LTP process 4 weeks?	<p>Section 83 of the Local Government Act 2002 sets out the procedure that local authorities must follow when adopting or amending a Long-Term Plan, as above in this case, SDC have followed the consultation approach as set out under the Water Services Preliminary Arrangements.</p>

Councillor	Theme	Question	Answer
		If so, what was the explanation for not giving a 4-week, consultation window?	<p>Please see answer above.</p> <p>We are not required to run an SCP despite the water network containing significant assets due to the Preliminary Arrangements Act which is already in effect and supplants the normal LGA principles. We default back to a standard non-SCP process and Council was legislatively given wide discretion as to what this process could be and how long it could run, subject that Council must make a decision using normal LGA decision making principles and consider our significance and engagement policy.</p>
	Financial Sustainability		
		Given Council under its 2024-34 LTP explained to our ratepayers that we currently have, due to growth, new infrastructure and sufficient revenue and refinancing polices to financially deliver our water services in-house for the next 10 years, so is there a need for a future proposed WSCCO to prepare a business case for our ratepayers to understand the long-term benefits (after 10 years) that their drinking and waste water rates which are predicted to be lower than what is published in Councils current LTP for the in-house model, will be the case?	<p>Selwyn customers can expect some higher costs in the initial years of WSCCO compared to a future in-house model, but the WSCCO is anticipated to be more cost effective over the longer term than keeping water services inhouse.</p> <p>The modelling has been based on assumptions and estimates from LTP. It is important to note that the current in-house model would also require significant investment to meet new government legislation and compliance requirements</p>

Councillor	Theme	Question	Answer
		Nelson City in it's the Consultation Document showed indicative costs to establish and maintain the WSCCO option (accessed by Nelson at \$1.580m pa) and compared these costs to the in-house model. Can Selwyn ratepayers make the assumption the ongoing annual maintenance costs for a WSCCO Board, would be similar?	The modelling for the proposed WSCCO has included an estimate of the required overheads for set-up and running the WSCCO. This results in the short-term increase in costs for water charges, which are subsequently modelled to decrease from Year 10 onwards. We are not aware of how Nelson City have undertaken their modelling so we cannot comment.
		Is it correct that the 10per cent compliance costs are only added to the in-house model and not the WSCCO? If so, why?	No, the 10% costs have been added to the WSCCO to operating costs as well as the in-house model.
	Annual Plan Consultation		
		Why did Council not consider a WSCCO and the in-house option for consultation, under Councils ability to prepare an annual plan (Like Christchurch City Council)?	Council made the decision in the November Council meeting not to consult on the Annual Plan, on the basis Council should simply work to the existing Year 2 of the LTP. There is no Annual Plan consultation this year.
	Comparing the Two Options page 16 Consultation Document		

Councillor	Theme	Question	Answer
		Is it correct that Council will be expected to receive a dividend from a future WSCCO as a shareholder (Similar to CORDE) to support future LTP plans and the general rate?	Any profit from the WSCCO will either be invested in the WSCCO (potentially reducing the level of charges or capital investments) or paid to SDC as a dividend (potentially reducing the level of rates).
		If so, will all ratepayers share the same benefit of this dividend at the expense of those ratepayers paying for services to a proposed WSCCO?	If the WSCCO profit is paid as a dividend through to SDC then yes, all ratepayers would indirectly benefit from this.
		Are there any tradeoffs in this assumption and if so, what are they? (For example, could a tradeoff be that all Selwyn ratepayers are liable for the contingent risk if the uncalled capital from LGFA of no less than \$450m for 5 years to cover future borrowings for the setting up of a WSCCO is called upon)?	The dividend through to SDC could be viewed as a trade-off for the uncalled capital. An alternative option is that any profit of the proposed WSCCO is reinvested back into the WSCCO.
		Just because we could borrow 500% for a WSCCO why should we? LGFA Borrowing risks.	The availability of 500% borrowing does not mean this is what the WSCCO will borrow. It will borrow as required to support its capital programme in line with the water strategy to be developed.

Councillor	Theme	Question	Answer
		Currently members of the LGNZ are reducing; due to those that remain and have a debt with LGFA, do they have an option to choose to refinance through another group?	This is outside the scope of this consultation.
		If all Councils eligible for LGFA funds and chose to set up a WSCCO and undertook similar borrowing as proposed by Selwyn, what is LGFA's tipping point?	SDC does not have insight into LGFA broader financing capability. However, the LGFA is required to maintain sufficient liquidity (comprising a government standby facility and holdings of cash and liquid investments) to support 6 months operating and funding commitments.
		Does a Council need to understand (as a shareholder their risks under LGFA)? And explain these risks to their ratepayers?	The LGFA website outlines the risk management framework that is adopted by the LGFA.
		Under a business model would the underwriters of a debt need to supply a statement of confidence to their shareholders?	We are not clear on what this question is asking however, a statement of confidence would need to be supplied.
		If this was required, was there a need for this statement to be explained to ratepayers in the current consultation document?	As above.

Councillor	Theme	Question	Answer
		Or could this be a request later, (once Council has submitted its preferred option) under Bill No 3?	As above
		How has the current \$2m budget approved by Council for set up costs for a proposed WSCCO been spent to meet compliance for the Act before 2 April 2025? If a WSCCO is the choice will this debt be transferred to its balance sheet?	<p>The approved funding related to the development of a plan and establishment of the proposed WSCCO has been included in the deliberation paper along with a breakdown of the actual costs to date.</p> <p>Yes, it is assumed that \$2m will be transferred to the Proposed CCO as debt.</p>
	SDC LTP 24-34 Current Revenue and Finance Policies		

Councillor	Theme	Question	Answer
		<p>Under Section 102 (3A) of the LGA Council must support the principle set out in the Preamble to Te Ture Whenua Maori Act 1993 to consider the costs of rates when considering the impacts of Maori landowners.</p> <p>Will these policies adopted in our current 10 yr LTP be transferred to a WSCCO? Or just be a request via a statement of intent or a request and/or a letter of expectation as under our current CCO's arrangement with CORDE?</p>	<p>Impact on Mana Whenua and their views must be considered as part of the decision in respect of choosing a delivery model.</p> <p>A statement of expectations will be put in place as with CORDE but subject to Bill 3 requirements which set out more details. A WSCCO would set its own policies including a DC policy, but it has an option to adopt Council's. This would be a choice of WSCCO.</p>
		<p>Is there any impact on borrowing up to \$450m from LGFA on our current Liability Management Policy?</p>	<p>The \$450m relates to the uncalled capital rather than the amount that the proposed WSCCO would be borrowing</p>
	Christchurch/ Dunedin Model		
		<p>Why have we not considered the benefits of working with our neighbours?</p>	<p>This has been considered and was covered during the PWC workshops. Some councils were not ready to join Selwyn even though they were comfortable doing so. Other councils continue to contact Selwyn to express their interest.</p>
	Viability for a CCO to succeed		

Councillor	Theme	Question	Answer
		Is there a minimum population equivalents (pe) required by proposed Bill No3 for a Council WSCCO to achieve the objectives of the Act i.e. a submission suggested 200Kpe?	No.
		If we set up a WSCCO what is Councils risk if the future for Local Government is amalgamation with our neighbours to reduce rating costs? (1989). (We have already followed this philosophy by introducing district wide rating to equalize our rating costs for efficiency).	Not a consideration as part of this process, SDC is responding to direction outlined in Central Government legislation.
		What if any, would be the cost to our ratepayers in disbanding a Council CCO and /or amalgamating it with our neighbours in-house model?	This isn't an issue that has been covered as part of this process