

Submission Reference	Submission point	Officer response
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## QUESTION 1: PROPOSED TRANSITION OF DRINKING WATER AND WASTEWATER SERVICES TO A WSCCO

### Other: Water operations / quality concerns / infrastructure

346	Support charge being a credit to the general rates: The consultation document states that there is a credit against the general rate due to overhead revenue being received. An overhead cost of the council normally includes such in house services as finance & accounting, information technology, communications which are spread across all council services on an agreed costing methodology. Each council services costs (including overheads) are then funded by a charge/fee, external income, targeted rate or general rate. This statement raises several questions/doubts that need checking/resolving: *Why is the revenue being credited against general rates and not the cost centre incurring the cost to "balance the books as such"?"	This was for simplicity of the modelling. The reduced overheads of SDC would be credited against the specific costs centres which would then be allocated to the remaining activities of the SDC. If the proposed WSCCO goes ahead this detailed modelling will be completed.
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### Other: Governance and entity structure

101	The council are looking to monopolize the construction market of these services by creating a business they will operate. How is this legal? I think if you plan on going forward with this separate entity then it should be unable to carry out physical construction and upgrades of existing services.	There is no monopoly or any other legal issue from a competition perspective created by either a WSCCO or in-house. The WSCCO would undertake projects on assets it owns to establish new assets, refresh, maintain or repair assets as it does now. The operating model for how this is delivered would be set by the WSCCO under the guidance of Council Statement of Expectations and a need to deliver the most cost effective outcome while balancing quality. WSCCO would undertake competitive procurement processes for any services or projects it does not deliver in house in the same manner Council does now (and would continue to do under an in-house model).
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- 244 What costs await ratepayers in this area? 6. The Proposed act has a clause titled Schedule 1, Part 1 Provisions relating to this Act as enacted "There are no transitional, savings, or related provisions in this Act as enacted." We can see that there is no intention to ameliorate the costs of implementing their strategy. This is a gross abuse and should be grounds enough to reject the Bill, yet the councils will meekly accept this impost. In summary, I adamantly reject the Council's proposal.
- This is a misunderstanding. This provision in the Bill does not refer to finances, it is a technical legal reference as to how the Bill interacts with other pieces of legislation and can be found in most other Acts of Parliament which don't have phased dates of enactment / dates they take effect. Council also has no power to reject an order of Parliament (which the Bill will become once law). Council has placed a submission on certain points before the Select Committee and the Mayor has spoken to these. This is the extent of Council's ability to influence the outcome. Council will be required to comply with the law in whatever form Parliament enacts.
- 346 Success in delivering water services will focus on the quality of the service provided at an affordable charge but small things matter: Customer enquiries – currently ratepayers can ring, email or send a facebook or similar digital message to council on water service issues and say a question about the state of maintenance at the park near their property. The inhouse model will see the council centralised customer service team gather all answer and send a single answer. Under the WSCCO, ratepayers will probably have to send 2 messages. I appreciate that the consultation document says that the council will provide some services to the WSCCO, and perhaps it is for this reason of a one stop customer services shop. But as you will see below, I don't think the WSCCO should be
- A model which required the WSCCO to pay Council for the true cost of any services shared, ensures that general rate funds are not used to cross-subsidise water activity, where the resource would not be required but for provision of services to the WSCCO.

#### **Other: Developer contributions**

- 389 The costs concern me too, as I shall address below. I note with interest the statement in the 'Development Contributions' policy that there is a table on page 37, which sets out who pays capital development and their projected costs. It shows that all Lincoln water extension of service is to be funded from Development Contributions. Page 41 observes that the capital expenditure "brings little or no benefit to the existing communities"
- There is no disconnect between the DC policy table on page 37 and the statement on page 41. Page 37 shows that for Lincoln the cost of water supply growth is 100% DC funded. This means that all cost to grow the Lincoln Water supply are paid by DC. Page 41 of the DC policy states "Most of the planned expenditure for water and sewerage is to provide additional capacity and will bring little or no benefit to the existing community". This refers to these projects being for the benefit of new properties rather than the existing community that are already connected to Water with cost being covered by DC's rather than any cost to the existing ratepayers.

### QUESTION 3: DO YOU HAVE ANY OTHER COMMENTS ON THE WSCCO MODEL?

#### Other: Alternative models and recommendations

- 367 The figures are unrealistic, and can't be correct given interest rates from the LGFA aren't fixed so how would we know what the repayments will be if we don't know the interest to service these loans, this appears to be blue sky guess work as a community I would like to formally request how these calculations were made. SDC then suggest a need for a further six hundred million dollars in funding without any real explanation in the 24 page document.
- long term plan "this way" mentioned a need to comply with 3 water guidelines 13 times, where has that money gone? Or where's the infrastructure these comments were created for?
- Additionally if the replacement value of these assets are as follows: Water supply \$184 million (across 30 schemes) : Wastewater \$311 million (across 14 schemes) : Stormwater \$70 million (22 schemes) figures collected from 30-Year Infrastructure Strategy 2021-2051.
- This total figure for replacement of these systems from 2021 estimates is \$565 million which I assume is full replacement value (like for like) yet projected cost to maintain these services (which isn't clear if this calculation is including stormwater) are estimated at \$857 million from year 2-10 by those figures we could completely replace everything we had in 2021 and still have \$292 million remaining and were currently not discussing stormwater in this model.
- Modelling is based on assumptions drawn from Council's current Long-Term Plan accounting for additional regulatory and operating costs of a new entity. Once the WSCCO is established and has set its own capital plan and operating model, the costs may be higher or lower than those modelled.
- At the time that the Long-Term plan was published the revised Local Government (Water Services Preliminary Arrangements) Act had not yet been enacted.
- The capital projects included in the LTP and WSCCO modelling also relate to growth and level of service projects, rather than pure maintenance of the existing asset base.

Council subscribing to uncalled capital to the value of \$450 million to ensure that WSSCO can utilise LGFA funding, this figure \$195 million off full replacement value. A lot of discussion has been around commercial waste for pines resource I would ask if this need is predominantly coming from IZONE? And if so, why has the sprawl of this commercial development been allowed to continue if we don't have the infrastructure to cater for it?

No mention of rural supplies, the comments made in council about the WSSCO paying dividends back to council, should really be used to offset the cost to rate payers, not to flush cashflow for council to enable more drawing of debt.

Still awaiting an answer and so are others on what the severance/redundancy package would look like for staff transferring from SDC to the WSSCO this has continued to remain unanswered as has the question, were these same people who currently work for SDC running the drop in sessions and why hasn't this been considered a conflict of interest.

In conclusion, SDC has given its residents a 24 page glossy mag with very little substance, been evasive when asked questions that should be easily obtained but those departments, gave constituents 3 week deadline with conflicting evidence IMO, when other councils have given 4 weeks and mentioned numerous times in the workshops "when WE make our decision" implying it's down to council (even this issue was raised by a standing councillor)

The uncalled capital figure is a figure which would be matched to the WSSCO direct borrowing and would work as an effective form of security similar to a guarantee. There is no reason for it to be matched to full replacement value as this is not its purpose. A key benefit of a WSSCO is its sole focus on water services, rather than competing with other Council priorities. This allows for better long-term planning and investment while keeping costs in check.

Water charges will be ring-fenced under legislation to service water delivery activities and cannot be returned to Council as profit for use on other activities, as such would be reinvested back into water delivery. There is no current intention to use the WSSCO to deliver dividend to Council.

A LGOIMA response was provided to the submitter ahead of the hearings. This noted that due to the fact a final decision has not been made by council, any activities post that are not able to be predicted, and we are not in a position to consider staff impacts including redundancy costs or other specific impacts. The LGOIMA was refused on this basis, as the information requested was not held by Council. It was however noted that in the event a transfer of staff is deemed necessary, impacted staff would be fully consulted with on any proposed changes before any final decisions in regarding employment are made. No staff assisting with the drop-in session from consultation have any conflicts of interest in accordance with Council's Code of Conduct and Conflict of Interests Policy.

In the current WSSCO modelling the charges flatline after year 5 as there is an assumption that the charges will be at a level that they cover the operating costs of the proposed WSSCO. The assumption is that any additional costs and the impact of inflation will be covered by the growth in the number of water and wastewater connected households rather than requiring an increase in the water charges.

Water rating examples appear flawed (no inflation for 7 years?) no information as to how compliance would look for rural settings, many had concerns regarding comments borrowing more, so rates come down and we lower debt.

The extent of what is defined as a 'water supply' is set by the Water Services Authority — Taumata Arowai. This responsibility does not fall under the management of the Selwyn District Council.

Providing safe water to our Communities via our reticulated network supplies is our top priority

We are not aware of any conflicts of interest of any parties submitting or involved in the process. In terms of ensuring water safety, the same regulations and water standards which now require Council to provide safe, disease free water safety would continue to apply to a WSCCO or in-house delivery model equally these include among other the Health Act and the Water Services Act. There is no escalation of risk to community health or safety under either option proposed in this consultation as there will be no changes proposed that on an objective basis would negatively impact compliance.

Mentions in legislation about shared supply, what are the limitations of this? Shared wells between two or more dwellings? Woolsheds? (public would use once yearly) the biggest risk in regards to providing water services to the fine residents of Selwyn is illness and death. That should be number one on the councils Risk assessment, unfortunately this isn't even mentioned, but most other risks have been covered. Our people should be first and foremost but that also shouldn't give cante blanche attitudes towards the massive spending proposed.

I do wonder what the AA financial rating would be if we were to transfer over \$495 million dollars of Selwyn's water assets (replacement value in 30 year infrastructure strategy) to the WSSCO sadly it works both ways, you can't just shift debt and liability without including assets, I wish we could! This process has been rushed, information has been hard to obtain and resource documents are missing substance to make an informed decision. I believe there's been conflicts of interest, I had three people on the 12th disclose they couldn't find the link to make a submission on the your water done well page, submission documents on Tuesday at Darfield library were not displayed and had to be asked for.

We can always revisit the WSSCO at a later date if it's the wish of the people, but we cannot wind back to an in-house model after starting the WSSCO without huge cost and grief.

The assets relating to water would also be transferred across to the proposed WSSCO along with an appropriate recognition of the debt between SDC and WSSCO. If the proposed WSSCO goes ahead we will assess the potential impact on the both the SDC and the WSSCOs ratings.

Council are required to make a decision on model of delivery being either in-house or standalone CCO (as the two options consulted on) this year, with a detailed WSDP delivered to government in September 2025 outlining how Council will implement the model. The WSDP plans must outline how water services will be delivered and financed over the next 10 years, ensuring compliance with new regulatory standards. While implementation of the model could be delayed, a decision regarding choice of model cannot, as the timeframe is set by the Preliminary Arrangements Act which is already in force. If Council were to select in-house and want to change to a CCO model later this would require a full redesign of the WSDP, consultation and undoing of any work that has been done internally to enable a redesigned in-house delivery model to comply with new regulation and legislation. Changing the decision at a later date, would incur significant costs either way.