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6 October 2025

Alex Parmley, Chief Executive Officer
Waitaki District Council
aparmley@waitaki.govt.nz

Dear Alex

Thank you for submitting your Water Services Delivery Plan (Plan) for Waitaki District Council on 27 August 2025.

The Department of Internal Affairs (the Department) has assessed your Plan in accordance with s 20(1)(b) of the Local Government (Water Services Preliminary Arrangements) Act 2024 (the Act). The assessment process for your Plan included:

- a financial and technical assessment, to confirm the Plan meets the financial sustainability requirements outlined in the Act, and
- a legislative assessment, to ensure that all requirements set out in the Act have been met.

The assessment was considered by a Panel consisting of senior representatives from National Infrastructure Funding and Financing Limited, the Local Government Funding Agency, the Commerce Commission, the Water Services Authority, and the Department of Internal Affairs. The Panel also included an external observer, whose role was to ensure the integrity and consistency of the Panel discussion. The Panel was chaired by the Department's Executive Director Water Services Reform Programme.

Conflict of interest assessments were undertaken for all individuals involved in the assessment process.

After considering the Department's assessment and the Executive Director's recommendations, I am not satisfied that your Plan complies with the Act. The reason for my decision is that I am not satisfied the Plan includes an assessment of the current condition, lifespan and value of the drinking water, wastewater and stormwater networks as required under Section 13(1)(h) of the Act.

In particular, I note that your Plan did not include any grading information for your drinking water or stormwater networks. Whilst 25% of the wastewater network has been graded, the Plan states that a lot of the existing information (CCTV etc) is now dated, with recent inspections indicating a general deterioration of the network condition over the last two decades, along with high inflow and infiltration levels in many of the schemes.

I note that my team sought clarification on this matter and you were able to provide some information referencing modelling undertaken by Infrastructure Decision Support in March 2024 that looked at a range of investment scenarios for the water supply network. Additional information was provided giving an overview of the condition of the Oamaru water supply pipeline. A draft report on the interim Oamaru wastewater renewals strategy for 31km of earthenware pipes was also provided.

However, I do not consider this information satisfies the requirements under section 13(1)(h).

An assessment of the current condition, lifespan and value of all of drinking water, wastewater and stormwater networks is a legal requirement, and is also required to assess the financial projections in your Plan and the overall financial sustainability of the Plan.

Under section 20(3)(a) of Act, I require you to amend your Plan and resubmit it to me by 30 June 2026.

I have set this timeline following advice that obtaining the required information is likely to take a maximum of six months, and I have allowed for an additional three months to prepare a revised Plan following the receipt of the condition assessment.

The amended Plan must include an assessment of the current condition, lifespan and value of the full water services network, and any amendments to other aspects of the Plan resulting from this additional information being included in the Plan.

The assessment from my officials identified a number of areas which should be reconsidered in your amended Plan following completion of the assessment of condition of assets:

- How the proposed arrangements will ensure compliance with regulatory requirements.
- Confirmation of your asset management approach. I suggest an independent asset maturity assessment would be helpful for this purpose.
- Ensuring that sufficient funding is included to account for planned growth over the ten-year period.
- The projected capital expenditure on water services infrastructure including the investment plan for renewals, utilising the asset condition information data obtained.
- The revenue required to deliver the capital programme, and pricing pathway for water charges to your communities. I note that the council is likely to require a credit rating to enable it to secure the revenue required.
- The overall financial sustainability of your revised plan, once the new information has been obtained.

Next Steps

The Department's partnership director and a members of the Department's team will be in touch shortly to organise a time to meet in person to discuss the outcome of the assessment and any questions you may have.

My expectation is that, as the work required to obtain asset condition information is progressed, you also consider different scenarios including the potential for a change in delivery model in your revised Plan, to ensure the financial sustainability requirements can be met.

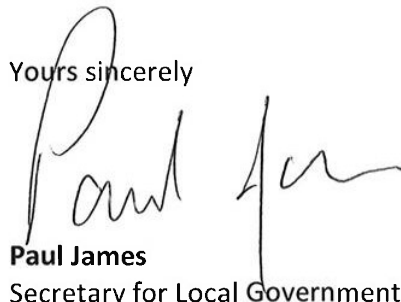
The assessment material that supported my decision will be proactively released on the Department's website, and you will have the opportunity to review this report for factual accuracy prior to publishing.

I will also be briefing the Minister of Local Government on the outcome of my assessment, including advice on the potential use of Ministerial intervention powers as outlined in Subpart 2 of the Act, if needed.

The Department is available to support you during the process and provide technical advice and assistance to facilitate an acceptable Plan under the legislation. My expectation is that you will be in regular contact with the Department's team throughout this amendment period.

If you have any questions or concerns, you can contact me directly or email the water services delivery team at wmdp@dia.govt.nz.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Paul James', with a stylized flourish extending to the right.

Paul James
Secretary for Local Government