Water Services Information Disclosures FAQs

As part of the Government's water services reforms, water service providers are required to publicly disclose information about how water services are funded, charged for and governed. These FAQs are intended to help explain the information published by Gisborne District Council's Water Services Business Unit.

About the Water Services Business Unit

1.0 Why are these disclosures being published?

Water services providers are required to publicly disclose certain information under the new water services regulatory framework. These disclosures help provide transparency about how water services are funded and managed.

2.0 What does financial "ring-fencing" water services actually mean?

Financial ring-fencing means that water services finances and performance will be **reported on separately from other Council activities**. This includes:

- clearer tracking of revenue and expenditure
- stand-alone regulatory reporting
- stronger governance focus
- improved transparency for the community.

Council will still own the water assets and retain strategic control of service delivery. Ring-fencing helps ensure that revenue collected for water services is used to support water services.

3.0 Does this mean water services are separate from Council?

No.

The Water Services Business Unit remains part of Gisborne District Council and is owned and governed by the Council. **The business unit has separate financial reporting and regulatory obligations but remains a Council-operated service.**

4.0 Will Council take money from my water charges for other Council activities?

No.

Revenue collected for water services is financially ring-fenced and must be used for water services activities, including operating, maintaining, renewing and improving water infrastructure and services. **Water service revenue cannot be used to fund unrelated Council activities.**

5.0 What is the difference between a Dividends Policy and a Dividends Statement?

A Dividends Policy is typically used by a separate organisation, such as a council-controlled organisation (CCO), to set out how dividends may be paid to its shareholders.

As Gisborne District Council's Water Services Business Unit is an internal business unit and not a separate legal entity, it is not required to have a Dividends Policy. Instead, Council publishes a Dividends Statement that explains its approach to dividends and confirms whether any distributions will be made from water services revenue.

In Gisborne's case, no dividends are paid from the Water Services Business Unit to Council. Revenue collected for water services is retained within the water services activity and used to fund the operation, maintenance, renewal and improvement of water infrastructure and services.

6.0 Does this mean water services are being privatised?

No.

Gisborne District Council's Water Services Business Unit remains publicly owned and operated by Council. The disclosure requirements are designed to improve transparency and accountability and do not change Council ownership of water assets or services.

Funding Growth

7.0 Why doesn't Gisborne District Council have a separate Policy for Funding Growth for water services?

As an internal Water Services Business Unit, Gisborne District Council already has a range of existing policies and planning documents that guide how growth-related infrastructure is funded.

Rather than adopting a separate standalone Policy for Funding Growth, Council has published a Funding Growth Statement that explains the approach used to fund growth-related water infrastructure.

This approach is supported through existing Council documents, including:

- **The Development Contributions Policy**

- **The Long-Term Plan**
- **Infrastructure and asset management planning documents**
- **Water services planning and investment documents**

Where appropriate, development contributions are used to recover the cost of infrastructure required to support growth, helping ensure that growth contributes toward the costs it creates.

For more detailed information on how growth-related infrastructure costs are assessed and funded, please refer to Council's Development Contributions Policy.

8.0 How is growth-related water infrastructure funded?

Growth-related water infrastructure is funded through a combination of development contributions, user charges, borrowing and other funding sources, depending on the nature of the project.

Council's Development Contributions Policy sets out when and how contributions are collected from new developments to help fund the infrastructure required to support growth. Existing customers are generally responsible for funding the renewal and ongoing operation of existing infrastructure, while growth-related costs are allocated in accordance with Council's funding and revenue policies.

9.0 Are existing ratepayers paying for new developments?

The Council's Development Contributions Policy is designed to ensure that growth-related infrastructure costs are recovered from development where appropriate.

Where projects include a combination of growth, renewal and level-of-service improvements, only the growth component is recovered through development contributions.

10.0 What are development contributions?

Development contributions are charges paid by developers when creating new lots, buildings or developments that increase demand on Council infrastructure and services.

These contributions help fund the additional infrastructure required to support growth.

Water Charges Disclosure

11.0 What is the Water Charges Disclosure?

The Water Charges Disclosure is a regulatory requirement that provides information about the charges used to fund water services.

It is intended to improve transparency by showing how water services are funded and the charges that apply within the district.

12.0 Why are water charges being disclosed separately?

The Government's water services reforms require greater transparency around the costs of delivering water services.

Separate disclosure helps customers understand how water services are funded, what charges apply, and how revenue is used to support the delivery of drinking water, wastewater and stormwater services.

This supports greater accountability while ensuring that water service funding remains visible and transparent to the community.

13.0 Does this disclosure mean my water charges are changing?

Not necessarily.

The Water Charges Disclosure provides information about current charges and funding arrangements. Any future changes to water charges would be considered through Council's normal planning and decision-making processes and, where required, public consultation.

14.0 How are water charges set?

Water charges are set by Council through its planning and budgeting processes.

Charges are based on the costs of delivering safe and reliable drinking water, wastewater and stormwater services, including operating costs, maintenance, renewals, regulatory requirements and future infrastructure investment.

15.0 Why do water charges need to increase over time?

Like all infrastructure, water networks require ongoing maintenance, renewal and investment.

Factors that can influence future charges include:

- Replacing ageing infrastructure.
- Meeting new regulatory requirements.
- Supporting population growth and development.
- Managing increasing operating and construction costs.
- Improving resilience and service levels.

Any proposed changes would be considered through Council's planning processes.

16.0 Are water charges the same as rates?

Water services may currently be funded through a combination of targeted rates, uniform charges, fees and other revenue sources.

The Water Charges Disclosure explains the funding mechanisms that apply to water services and how those charges contribute to delivering water services.

17.0 Where can I find more information about water charges?

Further information can be found in:

- Water Charges Disclosure
- Council's Revenue and Financing Policy
- Long-Term Plan
- Annual Plan

You can also contact Council if you have questions about how water services are funded in Gisborne District.

18.0 Will these disclosures be updated in the future?

Yes.

Water services providers are required to make regular disclosures under the new regulatory framework. Updated information will be published as required so the community can continue to access information about water services funding, charges and performance.