



SOUTH WAIRARAPA
DISTRICT COUNCIL
Kia Reretahi Tātau

Water Services Consultation
7 March - 6 April 2025

LOCAL WATER DONE WELL

Have your say on who will manage South Wairarapa District's water in the future



LOCAL WATER DONE WELL – The Future of Water Services

Contents – *Please note this will be amended*

Mayor’s Message	Error! Bookmark not defined.
Have your say on how your water services are delivered	3
What is Local Water Done Well?.....	4
Why do we need to change?	4
Our Water Services	5
<i>Drinking water</i>	Error! Bookmark not defined.
<i>Wastewater</i>	Error! Bookmark not defined.
<i>Stormwater</i>	Error! Bookmark not defined.
<i>Investment Required</i>	5
New delivery models for water services.....	6
Legislative obligations and opportunities	7
What are our options?	8
Service Level implications for option 1:	10
Service Level implications for option 2:	12
Other Matters	14
Stormwater	14
Water charges over time.....	14
Relying on Wellington Water Cost Estimates.....	14
Assumptions.....	14
Timeline.....	17
Key Dates and Actions.....	17
How to make a Submission	18
Frequently Asked Questions (FAQs).....	19
Where to Find information	21

Te Ora o ngā mea kātoa, ko te Wai;
ki te kore te Wai, kāore he painga o ngā mea kātoa

The life of all things is Water;
without Water nothing can thrive



Recital from the Ancient Whare Wananga 1865

Welcome

Have your say on how your water services are delivered

Tēnā koutou katoa,

How South Wairarapa's drinking water, wastewater services and stormwater network will be managed is changing. This is one of the biggest decisions for councils in decades.

The Government's Local Water Done Well programme is designed to facilitate the provision of reliable and safe water services to communities within a regulatory framework. Throughout New Zealand, councils have been facing the reality of cost increases for water services delivery, alongside aging water infrastructure. We now have the opportunity to operate differently with new tools to deliver safe and reliable water services effectively in a financially sustainable manner.

Local Water Done Well recognises the importance of local decision making and flexibility for communities and councils to decide how their water services will be delivered in the future. In making that decision, new legislation requires all councils to consult with their communities on how they will manage and deliver water services. We're asking you to share feedback on two options:

1. A Wairarapa-Tararua option – here we would form a Council-Controlled Organisation with our neighbouring councils of Carterton, Masterton and Tararua.
2. Our existing water services delivery model (Wellington Water Ltd)

This document will step you through how we got here, what your options are, what it will cost, and how to share your feedback. We invite you to have your say on which model option you would choose before 6 April 2025.

Mayor Martin Connelly and the South Wairarapa District Councillors

What is Local Water Done Well?

Local Water Done Well is the central Government plan to address New Zealand's water infrastructure challenges. The provision of reliable and safe water services to communities will be done within a new regulatory framework, focused on meeting economic, environmental and water quality needs.

New regulations are being put in place that require water services providers to generate sufficient revenue to meet the costs of delivering water services (i.e. be financially sustainable¹), separate from other Council activity, meet new standards, and protect the ownership of water services assets against privatisation.

Why do we need to change?

Water infrastructure in New Zealand is increasingly expensive to provide. This is due to several factors including aging pipes leaking more often and needing repair or replacement, and population growth resulting in higher demand for water services. At the same time, resource consents for operating wastewater treatment plants are due for renewal as treatment standards for wastewater plants are becoming stricter. In addition, intense storm events challenge stormwater systems, and dry summers require water conservation and planning for secure water storage for drinking water supply.

Councils have been grappling with water service delivery cost increases and underinvestment in asset renewals and upgrades for some time. There is a shared appetite to operate differently to deliver safe and reliable water services effectively in a financially sustainable manner.

¹ Refer to the FAQs for a definition of Financially Sustainable

Our water services



Drinking water

Sourced from underground bores and rivers, and treated to remove bacteria and chemicals before being distributed to homes and businesses.

161,602 metres of pipe 11 resevoirs

1041 valves 609 hydrants

5 water supply treatment plants



Wastewater

Collected from homes and businesses through the sewer system, treated at the wastewater treatment plant, and then discharged to land to prevent contamination of waterways.

81,561 metres of pipe

15 wastewater pump stations

4 wastewater treatment plants



Stormwater

Rainwater that runs off roads, roofs, and other surfaces, entering drains before flowing into rivers and streams

17,925 metres of pipe

20,151 metres of channel

Highlight the following info

Investment Required

- \$220m of capital expenditure is required over the next nine years to upgrade and renew our water assets
- \$160m of operational expenditure is required to maintain and operate our water network over the next nine years. This averages out to \$18m per year – 40% higher than the 2024/25 financial year.
- 45% of total rates goes towards funding our water network.

New delivery models for water services

Councils have new options for delivering water services. They can choose to establish or be part of new water organisations that can be owned by councils and/or consumer trusts. Whatever option is chosen will be subject to new requirements set out to manage water services.

Minimum requirements

There are new minimum requirements for local government water services providers set by legislation.

Economic regulation

A new economic regulation regime for local government water services providers will be implemented by the Commerce Commission providing protections for consumers and an independent view of affordability.

Drinking water regulation

Changes are being made to improve the efficiency and effectiveness of the drinking water regulatory regime. This includes the approach the Water Services Authority, Taumata Arowai takes to regulating the regime.

Urban stormwater management

A new approach to managing urban stormwater is being introduced. This includes changes to improve the management of overland flow paths and watercourses in urban areas.

Wastewater standards

Changes are being made to wastewater environmental performance standards and national engineering design standards.

Water Services Delivery Plans

Each territorial authority must prepare and submit a Water Services Delivery Plan to the Government outlining how they intend to comply with requirements and how all standards will be met.

Local Water Done Well recognises the importance of local decision making and flexibility for communities and councils to decide how their water services will be delivered in the future. We have been going through a process of looking at all practicable options and reducing those options down to the best proposals for the community.

Legislative obligations and opportunities

This consultation process regarding the selection of a proposed model to deliver water services also serves to communicate what to expect from the change process within a regulated environment.

The new regulations require water services to be financially sustainable and "ring-fenced" from other Council activity. Financial sustainability of the chosen model must be demonstrated within the water services delivery plan (WSDP), which will be submitted to the Secretary of Local Government for consideration and approval by 3 September 2025. If councils are not able to deliver an acceptable WSDP, the Act provides powers to the Minister of Local Government to facilitate arriving at an acceptable solution.

The Government has indicated a preference for regional solutions in achieving a sustainable water services delivery model. To make this more accessible, the Local Government (Water Services Preliminary Arrangements) Act 2024 (the Act) provides an alternative consultation process to that set out in the Local Government Act 2002.

The alternative process for decision-making requires that local councils must identify both the existing approach and the proposed option for water service delivery; may identify other options; and must assess the advantages and disadvantages of all options considered. This analysis must be made publicly available when consulting on the change proposal.

The Act provides that under the alternative consultation approach, consultation need only be carried out once before a decision is made to join a multi-council owned water organisation or another model. In providing for a streamlined consultation process, the Government expects that communities have a good understanding of the implications of the proposal.

As enacted in the legislative processes, the community is now being asked to consider the merits of two model options set by Council. To inform your choice, we have outlined the likely effect on rates, debt, levels of service and water service charges for each option.

The Act provides several model options for Councils to choose from. It requires that the existing service delivery model is compared with another option (or more if appropriate). Potential models include:

- In-house
- Multi council-controlled organisation
- Independent consumer trust
- Single council-controlled organisation

What are our options?

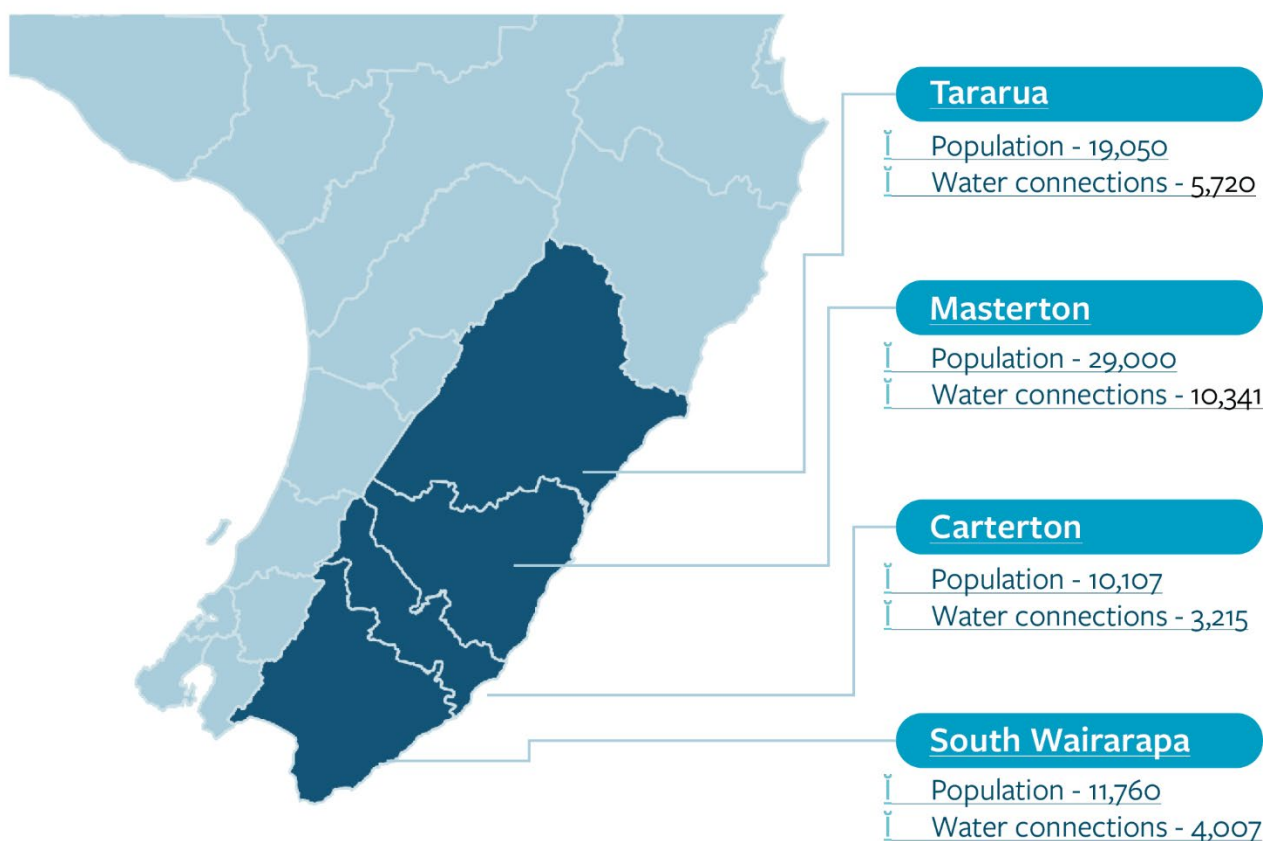
Council has considered the factors affecting water services delivery together with long-term goals for the region and community. The decision-making processes to date are on our website at [Local Water Done Well - SWDC](#)

Option 1

A multi-council Council-Controlled Organisation (CCO) [This is our proposed option]

A jointly owned water organisation by the three Wairarapa district councils (Masterton, South Wairarapa, Carterton) and Tararua District Council known as “Wairarapa - Tararua”. These four councils have similar-sized communities, face like challenges and share iwi cultural ties.

Each of these councils have considered the merits of the existing service delivery model as compared to a multi-council CCO. With the new financial tools made available to a CCO under new regulation, there are clear long-term benefits for financially sustainable water asset management.



Ownership	CCO jointly owned by the Masterton, South Wairarapa, Carterton, and Tararua District Councils. The assets for water and wastewater would be owned by Councils through their shareholding of the water organisation.
Governance	Independent Board of Directors, iwi and joint council shareholders committee
Delivery	The committee provides oversight by setting priorities and performance expectations, to represent the community and give direction to the Board
Accountability	Board Chair reports to oversight committee, which reports to councils

	Accountable to the community through consumer protection requirements New requirements for financial reporting
Funding	Financially separate from councils Water revenues will pay for borrowing costs, and all investment requirements Consumers will pay water charges to the new entity

The multi-council option is financially sustainable as required by legislation. The analysis indicates that a joint “Wairarapa-Tararua” model would be financially viable using Long-Term Plan (LTP) projected levels of revenue, debt and investment. Each council has different investment requirements and costs of service. The analysis retains these regional differences to ensure that charges reflect the direct cost to each district.

“Wairarapa-Tararua” would enable significant benefits to councils and their communities from the Local Water Done Well initiative and the new financial tools for water CCO’s.

In respect of each shareholding council, this model enables increased scale, provides access to improved borrowing, and other funding opportunities, and establishes a more professional utility-focused arrangement that can plan for and deliver sustainable water services infrastructure investment over time.

The Wairarapa-Tararua model would be 100% council owned by the shareholding councils. Water management and maintenance activities would be undertaken with an asset-centric approach with a focus on rights and obligations related to assets and services. The focus would be on managing obligations and administering service delivery to ensure transparency regarding meeting regulatory standards and financial sustainability requirements.

This model is a good fit for the shareholding councils given the strong relationship between the districts, with similarities in size, geography, climate and challenges for resilience. The ability to fund required levels of water services investment, with scope to increase or accelerate funding as needed, provides improved financial resilience for water services delivery in our regions.

As a multi-council CCO, additional debt financing is accessible from the Local Government Funding Agency (LGFA) of up to 500% of operating revenues (subject to lending criteria). This is a significantly higher borrowing facility than an individual council can access for delivery of water services in-house. The development and implementation of an efficient funding strategy for water services coupled with continued investment at increased speed of delivery would drive improved network performance. This model will give consumers peace of mind that sufficient revenue is being collected and spent on water infrastructure to ensure long-term investment in delivering water services, while meeting all regulatory standards and requirements, particularly as related to public health and the environment.

The advantages of this model include:

Advantages
Joint ownership of and direction setting for infrastructure water services at a greater scale
The reform of the water services sector creates opportunities for access to increased levels of capital and operating efficiencies for water Council Controlled Organisations (CCOs)
Will meet the financial sustainability requirements of revenue, investment and financial sufficiency
The effective use of additional debt funding will enable improved financial resilience for water services and councils
Increased or accelerated investment in water infrastructure – more than what councils can currently fund
Will build local economic capacity and jobs for local businesses (keeping it local)
With the number of consents coming up for renewal across the Wairarapa – Tararua region the entity could enable scale and efficiency opportunities.

The disadvantages of this model include:

Disadvantages
Establishing a water services entity to serve multiple locations will be a complex task
All borrowing is subject to approval, there is some risk associated with a multi-council Council Controlled Organisation's debt levels and agreement of those levels on establishment
Loss of internal council expertise and understanding of water services over time
No direct council control over the management of water assets and how services are delivered

Service Level implications for option 1:

Requirements	Implications
Water Service	Would meet legal requirements and likely improve water services that are planned over the long term due to scope and scale efficiencies
Impact on other council services	Revenue from, and delivery of, water services will be separated from the territorial authority's other functions and activities (ring-fenced)
Growth and development	Expect a better ability to prepare for and manage future growth needs
Climate change mitigation	With advantage of scale, improved efficiencies and an increase in borrowing capacity, more climate change mitigation such as water storage and a water resilience strategy are feasible
Civil defence response	Part of Wellington Regional Emergency Management (WREMO) and Horizons Regional Council Emergency Coordination Centre (ECC)

Under this option, Water Services Council-Controlled Organisations (WSCCOs) have access to far higher debt limits, provided they can demonstrate financial prudence. This access would enable a WSCCO to finance the critical renewals, upgrades, and capacity improvements our network requires over the next nine years—an essential period where most of our investment is needed. After this intensive phase of infrastructure development, our network will reach a more stable maintenance level. Without the ability to fund these projects affordably, our community risks falling behind in essential water infrastructure, potentially impacting service reliability and future costs.

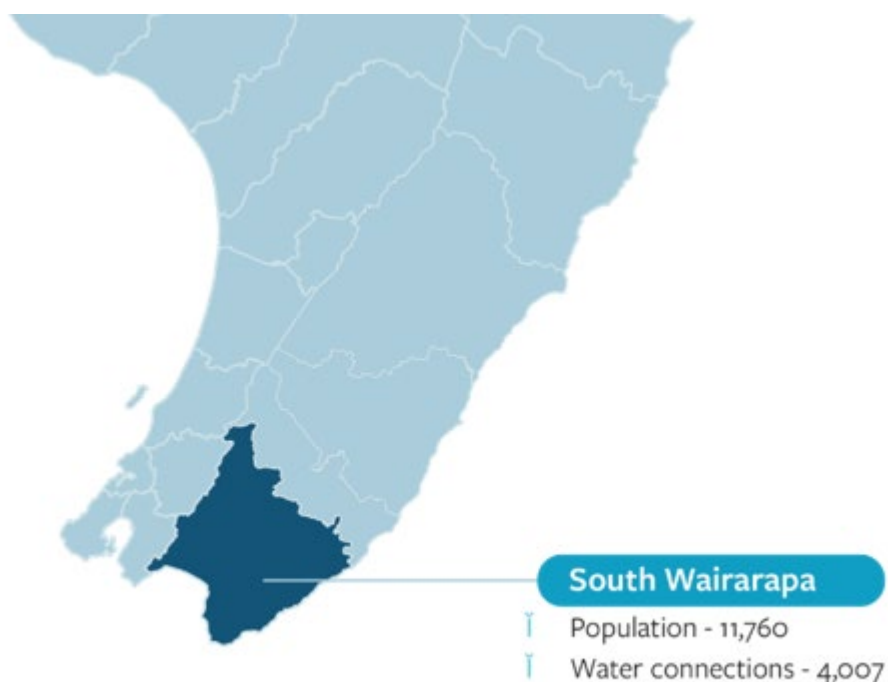
The full investment programme required for our water services over the next 9 years (uninflated) totals \$220M. This includes all our key projects such as required upgrades at all four wastewater treatment plants.

The water organisation would be responsible for water services and the funding of them, it would also be responsible for the assets. We would transfer \$36M (uninflated) of current Council debt to them to pay back, assuming a start date of Year 2 of our LTP, 1 July 2026. We would also be able to remove all proposed water debt from our Long-Term Plan from that date. This is approx. \$207M over the remaining 8 years of the Long-Term Plan.

Removing that spending and forecast revenue from the remaining 8 years of the Long-Term Plan results in an increase of our available debt headroom meaning we would not need to get a credit rating to increase the headroom. Removing waters in June 2026 saves \$47M of interest costs over the following 8 years, which is an average of \$6M less rates required each year to pay for that interest.

Option 2

The existing approach for delivering water services



Ownership	Owned by South Wairarapa District Council, Upper Hutt City Council, Hutt City Council, Porirua City Council, Wellington City Council, and Greater Wellington Regional Council
Governance	Wellington Water Board and Water Committee
Delivery	Water Committee sets priorities and performance expectations, which the company responds to
Accountability	Board Chair reports to the Water Committee, which has representation from each shareholding council
Funding	Set by shareholding councils, recovered through targeted rates

The Wellington Water Limited model (existing approach) delivers water services through a management CCO. Wellington Water Limited manages but does not own or control the assets. Shareholding councils continue to own assets and fund and be accountable for water debt. We cannot presume what other Wellington Water Councils will decide in their own consultation processes and so SWDC's existing approach for water services for the purposes of this consultation is a non-asset owning CCO similar in structure and ownership to Wellington Water with at least one shareholder, being SWDC.

Wellington Water is 100% council owned with SWDC being a part owner, along with other councils in the Wellington district that contract their water management and maintenance activities through Wellington Water. Services are delivered via a Trusted Advisor Model rather than a Contract Management Model. This means that the nature of the relationship is based on the partnership between the client and service provider, which is based on trust and performance. The focus is on delivering quality services while ensuring reliability, security, and reporting against performance metrics and risk. There is a strong emphasis placed on risk

management as the service provider is responsible for ensuring the delivery of services. Under the Wellington Water Limited model, the shareholding councils carry all service cost and delivery risks. This current operating model does not easily align with the Local Water Done Well legislation and is likely to require amendments to meet the Government’s legislative requirements.

To continue operating under the existing approach for delivering water services could result in regulatory compliance issues because of the fragmented accountability framework and the constraints in funding requirements. The new planning and accountability framework for water services has been designed to improve transparency and accountability and support an enhanced focus on water services. Regardless of the model chosen, all local government water service providers will have to meet clear minimum requirements set out in legislation.

The advantages of this option include:

Advantages
Established model
Some economies of scale and integration across metro councils
Existing relationships and processes in place
Existing technical knowledge and expertise within the organisation

The disadvantages of this option include:

Disadvantages
Accountabilities between Wellington Water Limited and shareholding councils are fragmented. No one party has full accountability and control of water services due to asset ownership, funding and investment decision-making being distributed between individual shareholding councils and the water services provider in a non-transparent framework.
Constrained funding across shareholding councils with restricted borrowing limit to enable required network investment. LGFA funding limit debt to revenue ratio of 280%.
Dependent on council decision-making processes to set investment funding levels. Independent decision-making by council owners leads to a lack of integration and alignment of infrastructure investment and strategic planning.

Service Level implications for option 2:

Requirements	Implications
Water Services	Would struggle to meet basic legal requirements
Impact on other council services	Little impact on other council services as under the existing service model, water services are effectively separate from other services
Growth and development	Limited funding for water services could slow growth and development in SWDC towns
Climate change mitigation	Difficult due to cost pressures
Civil Defence Response	Status quo – would remain part of WREMO

Under option 2, our existing approach, we are facing significant financial challenges in delivering our planned water infrastructure programme. Our ability to fund these critical upgrades and renewals through borrowing

is becoming increasingly constrained. If we continue our current path, we will breach our debt limits, making it more expensive to borrow the necessary funds or forcing us to impose dramatic rate increases to cover the shortfall. From around 2030 onwards, we will no longer have the capacity to fund any further capital works through debt, severely limiting our ability to maintain and improve our water infrastructure.

The plan to meet our strategic responses in our Infrastructure and Financial Strategies is not financially sustainable under this option because of this we would expect that the government would step in and work with Council towards an acceptable solution.

DRAFT

Other Matters

Stormwater

Councils will have the flexibility to choose the delivery arrangements that best suit their circumstances going forward. This includes transferring all or some aspects of stormwater service provision to a water services organisation (i.e. the multi-council CCO) or contracting to a water organisation to provide services. Pending legislation, it is anticipated that councils will be required to prepare stormwater risk management plans and stormwater bylaws to protect critical stormwater assets and support actions to identify how risk to the network and the community can be managed.

Water charges over time

Each district council charges for water services differently. Under a joint CCO model, there is no requirement for water charges to be standardised (charging all consumers the same) across the districts. Councils would prefer a joint WSCCO to first focus on operational improvements and financial sustainability before considering standardising charges.

The Government also plans to remove property value-based water charges which is likely to see water services charges under both the existing approach and joint WSCCO options change over time.

Any future decisions on standardising charges would be made by the CCO with councils providing oversight.

Financial modelling of costs, capital investment, debt and revenue (charges) is more reliable for the next 10 years, based on councils' Long-Term Plans. Projections beyond 20-30 years become less certain due to evolving regulations, population growth, and other factors. The projected estimates are high-level and based on various assumptions, which are detailed in the FAQ's available on our website.

Relying on Wellington Water cost estimates

We have relied on advice received from Wellington Water Limited that has been used in the preparation of our Long-Term Plan 25/34 for both operational and capital expenditure estimates.

On 3 March 2025, an independent report was released by Wellington Water Limited indicating that their cost estimates were significantly more than what was being paid at comparable councils.

We have not revised our financial modelling based on the 3 March 2025 report but expect that the projected charges in both option 1 and option 2 in this consultation document are conservative based on the reported findings.

Assumptions

- We have assumed in our financial modelling that the new water entity will be collecting revenue on behalf of the four councils and managing the stormwater assets under a service arrangement, so the financial projections include these cost and revenue streams for stormwater.
- We have assumed a start date for the new water services organisation of 1 July 2026.
- We have assumed that efficiency improvements for a new CCO entity will take effect in year 4.
- We have assumed a \$5, million cost to establish the new entity that will be debt funded by the new entity.
- The models assume new regulatory charges will take effect from 1 July 2025 for the two new regulators: Water Services Agency - Taumata Arowai and the Commerce Commission.

- The models assume that for Option 1, establishment costs will be incurred to create a joint water organisation, and for Option 2, the existing approach will incur additional compliance costs not previously included in councils' Long-Term Plans.

DRAFT

Which option's model is the most cost effective?

In preparing these financial projections it should be noted that option 1 and option 2 represent two different funding models. Each are enabled by legislation, the input data and the output numbers are 'apples-to-apples', and the results reflect the charges to those connected under the respective legislative framework.

Under the Local Government Act LGA 2002 (LGA), councils fund depreciation from income and use the resulting funds to pay for water asset renewals (option 2). The Wairarapa - Tararua joint model (option 1) funds renewals from loans and ensures debt is repaid from income. This allows the spreading of debt over more years and balances debt; it is a utilities infrastructure funding model, enabled by legislation.

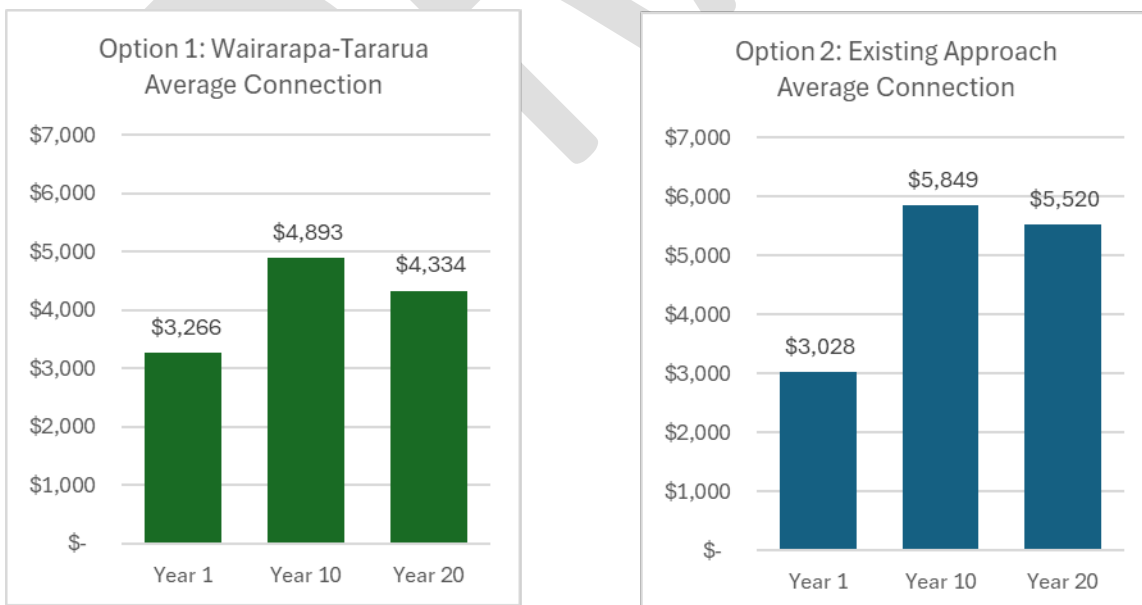
Water charges

We have modelled the two options over a twenty-year period to arrive at a projected annual charge for an average connected consumer receiving access to all water services (drinking water, wastewater, and stormwater management).

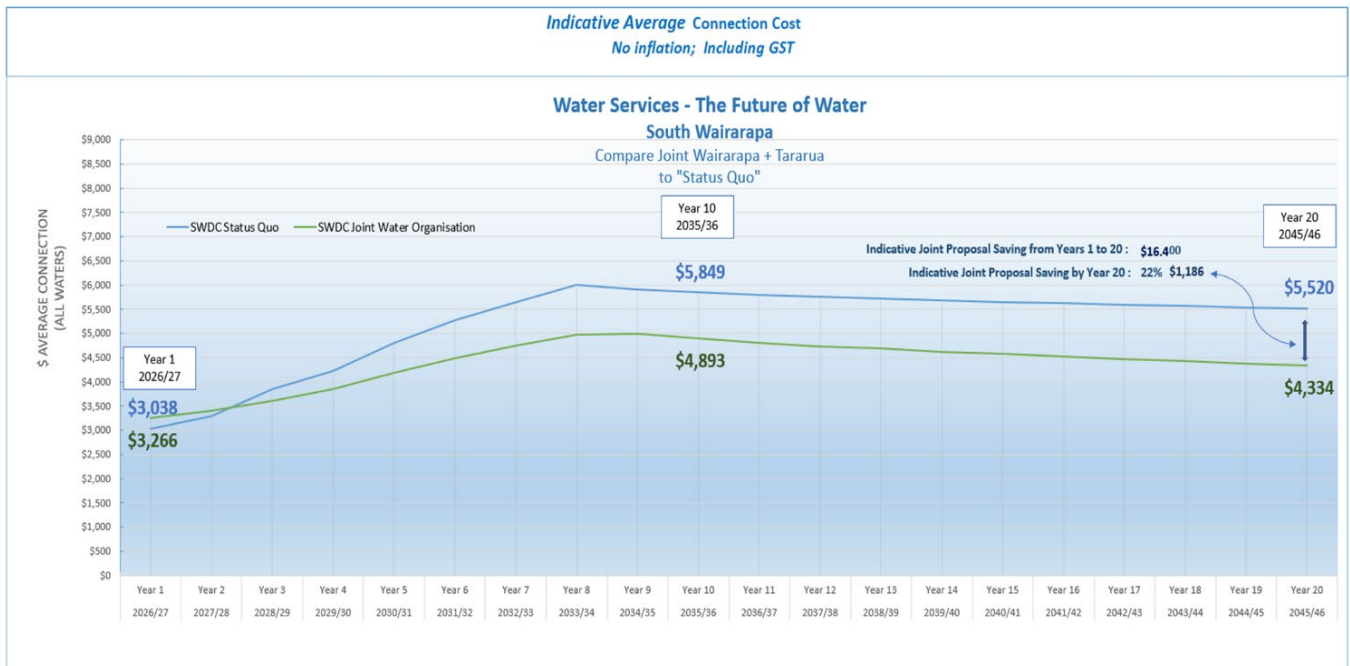
Average connection cost has been calculated by dividing all costs for each service of water, wastewater, and stormwater by the current and then projected number of connected users for each service. This factors in existing and future levels of service and growth. In both models, consumers will see a difference in how they pay for water services in that their water bill will be separate from other services.

- Under Option 1, the water services CCO would have the ability to set charges directly to the consumer and may determine how those may be paid.
- Under Option 2 water services revenues are [recovered through targeted rates].

The comparative projected charge to be paid by an average connected consumer at years 1, 10 and 20 for option 1 – a multi-council owned water services organisation, and option 2 – our existing approach are:



Note – graph will be updated for easier readability



This graph indicates that after transition and establishment of the new entity in years 1 – 4, a savings of \$956 annually in Year 10 and \$1,186 (or 22%) in Year 20. Over the 20 years, the cumulative cost savings for the average household are projected to be \$16,400.

Financial modelling of costs, capital investment, debt and revenue is more reliable for the first 10 years of the graph as it has been based on councils' Long-Term Plans. Projections beyond 10 years become less certain due to evolving regulations, population growth, and other factors. The projected estimates are high-level and based on various assumptions.

Conclusion

Proceeding with the multi-council Council-Controlled Organisation of Wairarapa-Tararua (Option 1) is proposed for South Wairarapa because of the advantages it offers.

Remaining with the existing water services delivery approach of Wellington Water Limited (Option 2) would be of concern due to the higher water charge indications and implications for financial sustainability.

Timeline

Key Dates and Actions

- 7 March – 6 April Community consultation
- 23 April Hearing of submissions
- May – June 2025 Council decides future of water management
- By 3 September 2025 Council adopts Water Services Delivery Plan and submits to Government
- By ~ 1/11/2025 Advice from Government on acceptability of WSDP
- From 2026/27 Establishment of Water Services Organisation or Status Quo compliance
- 30 June 2028 Water Services Organisation or councils must prove financial sustainability

How to have your say

This is one of the biggest decisions that council's will make in decades. It will impact on how three major services will be delivered in the future – drinking water, wastewater, and stormwater.

We know you may have questions, and we're here to help answer them. We have a range of ways for you to get in touch with us, and to make your submission.

Let us know by Sunday 6 April 2025.

You can make a submission in three easy ways:

1. On our website haveyoursay.swdc.govt.nz/local-water-done-well
2. Fill in a hardcopy form from one of our Martinborough Council office or libraries and drop it in a box in person
3. Fill in a hardcopy form below and post it to us:
LWDW Consultation
South Wairarapa District Council
PO Box 6, Martinborough

Have your say – Submission form/Hard copy

This submission form allows you to provide feedback on the South Wairarapa District Council's Local Water Done Well consultation. Tell us what you think between Friday 7 March and Sunday 6 April 2025.

Privacy Statement

Your name and feedback will be in public documents. All other personal details will remain private. The Privacy Act 2020 applies when we collect personal details. Any details that are collected will only be used for the purposes stated. You have the right to access and correct any personal information we hold.

First and last name (required)

Email address (required)

Phone number

Which ward do you live in?

Featherston | Greytown | Martinborough | Outside of district

Is your property connected to/can be connected to the town water supply?

Yes | No

Are you submitting on behalf of an organisation?

Yes | No If yes, which organisation?

Do you wish to speak at hearings on 23 April?

You'll be presenting your submission to Council and the meeting will be livestreamed. If you select yes, please ensure you provide your phone number so we can contact you.

Which option do you prefer?

Option 1 – a multi-council Council-Controlled Organisation (CCO)

Option 2 – The existing approach for delivering water services

Frequently Asked Questions (FAQs)

Our Frequently Asked Questions will be will continuously be updated at haveyoursay.swdc.govt.nz/local-water-done-well

What does Local Water Done Well mean for district councils?

Local Water Done Well introduces a new regulatory regime for water services delivery. There will be new rules for investment, borrowing and pricing and new options for how we deliver water services. This new environment requires councils to prepare a water services delivery plan by 2 September 2025 to demonstrate how water services delivery (drinking water, wastewater and stormwater services) will meet new water quality and infrastructure standards, support growth and urban development and be financially sustainable by June 2028.

What will happen if one of the Wairarapa & Tararua councils chooses the existing service model instead?

Councils are free to make their own decisions. The Wairarapa & Tararua Councils have agreed that certain key decisions must be made within a timeline that allows each Council to meet the new legislative requirements. If required, the Department of Internal Affairs (DIA) advises that councils can request that a Crown Facilitator be appointed to assist with the identification and development of solutions that address financial sustainability or affordability issues. This could include working with a group of councils to facilitate or negotiate a joint Plan if those councils would benefit from someone external to help 'broker' and coordinate this during the water services delivery plan process.

What does financially sustainable water services mean?

Financial sustainability means water services revenue is sufficient to meet the costs of delivering water services. The costs of delivering water services include meeting all regulatory standards, and long-term investment in water services. How councils approach achieving financial sustainability can be different depending on local circumstances and require councils to consider the balance between three key factors.

These factors are:

Revenue sufficiency – is there sufficient revenue to cover the costs (including servicing debt) of water services delivery?

Investment sufficiency – is the projected level of investment sufficient to meet levels of service, regulatory requirements and provide for growth?

Financing sufficiency – are funding and finance arrangements sufficient to meet investment requirements? Further information about financial sustainability is available in the Guidance for preparing water services delivery plans.

The Year 1 charges in this document do not match what is on my current rates bill. Why?

There are many ways that ratepayers and industrial users are currently being charged for water services. For the purposes of this consultation to compare options, we have pulled together the total revenue requirements and divided this by the number of connections for each option to reflect a projected annual charge for an average connected consumer receiving access to all water services (drinking water, wastewater and stormwater management) under a consistent set of assumptions.

Where do water races fit within Local Water Done Well if our races are part of the storm water network?

The Local Government (Water Services) Bill, likely to become legislation by mid-2025 contemplates green water services infrastructure within the context of stormwater service (page 140). Green water services infrastructure means a natural, semi-natural or engineered area, feature or process that mimics natural areas, features, or processes that are planned or managed to provide water services (Part 1 Preliminary provisions, s 4 Interpretation).

Further work will be done on stormwater services, including water races, within the preparation of the water services delivery plan in September 2025.

What assurances do we have that the financial modelling being used is fit for purpose?

The status quo and joint WSCCO options have been modelled from each council's Long-Term Plans. The South Wairarapa model is based on a draft unaudited Long-Term Plan. All capital works, including those from years 9 to 20, are based on Council Infrastructure Strategies and underlying asset management plans.

Both options assume additional regulatory charges will take effect from 1 July 2025 for the two new regulators being Water Services Agency - Taumata Arowai and the Commerce Commission. These additional regulatory costs will impact future water services charges regardless of which option council decides.

The joint WSCCO option includes \$5m estimate for establishment, and a further \$2.8m operational cost, compared to the existing approach option.

Model outputs consolidate water services connections for household and commercial users, as well as aggregating average water charges for each council, to improve readability and comparisons. The average water services charges shown in this Consultation Document should not be taken as predicted future household water services charges.

National Infrastructure Funding and Financing (NIFF) and the Local Government Funding Agency (LGFA) have provided input and oversight throughout the development of the financial model. Early versions of the existing services model and joint WSCCO models have also been reviewed by the Department of Internal Affairs (DIA) and found to be consistent with the LWDW legislation. The final version of the model is materially consistent with the earlier versions reviewed by DIA.

Why have you shown uninflated numbers in your modelling?

The inflation rate chosen and applied for twenty years will significantly impact on the projected average connection charges and is a significant unknown today. It was determined that a better approach was to use uninflated numbers consistently across the modelling to enable a comparison of options.

For estimates of projected charges including assumed inflationary impacts, please find these in the supporting documents.

What happens next?

Elected members will decide on the future of water services delivery after the consultation process is completed (see Timeline section). Once the decision is made the preferred option will be incorporated into the water services delivery plan as the proposed delivery model. The WSDP must be submitted to the Secretary for Local Government by 3 September 2025 and if accepted by the Secretary, the new entity will be established. In our modelling we have assumed a start date for any new entity of 1 July 2026. An Establishment Plan has not yet been developed as this must come after the consultation process and decision on the preferred option.

Where to find further information

You can find supporting reports and existing communications by Councils on Local Water Done Well on our websites:

- South Wairarapa District Council –
at [Local Water Done Well - SWDC](#) or accessed by going into Projects and Consultations on the home page, and then into Local Water Done Well. Content consists of a joint statement from 10 July 2024 then links to submissions and a further link to our options reports from “Wairarapa - Tararua”.
- Carterton District Council –
at [Three Waters Reform | Carterton District Council](#)
or accessed by going into Services on the home page, and then into Water and then there is a Local Water Content includes links to news and updates (media releases, information on public workshops) as well as some FAQs on Three Waters and Water Reform. In the Where can I find out more FAQ there are links to external web sites such as DIA.
- Masterton District Council –
at [Local Water Done Well - Masterton District Council](#)
This consists of background from the DIA and the Minister, the 10 July statement, key documents and useful links. The actual location of the information is under roads-water-and-rubbish/water/local-water-done-well.
- Tararua District Council
at [Local Water Done Well | Tararua District Council](#)
This has included key documents, presentations, FAQs, news and useful links
- DIA website links:
<https://www.dia.govt.nz/Water-Services-Policy-Technical-Advisory-Group>
<https://www.dia.govt.nz/Water-Services-Policy-News-and-updates>
<https://www.dia.govt.nz/Water-Services-Policy-legislation-and-process>
<https://www.dia.govt.nz/Water-Services-Policy-and-Legislation>