

Waikato Water Done Well

Consultation

14 April - 5 May 2025

Let's
kōrero
wai

Talk water



South
Waikato
District
Council

Introduction

We are inviting submissions on a new model for delivering water services being considered by the following Councils:

- o South Waikato District Council
- o Matamata-Piako District Council
- o Ōtorohanga District Council
- o Hauraki District Council
- o Taupō District Council
- o Waipā District Council
- o Waitomo District Council

The new model involves creating a joint Council-Controlled Organisation (CCO) to manage and deliver water and wastewater services.

A CCO is an organisation owned by participating councils that delivers services on their behalf – like Watercare in Auckland. You can find more details about the model on page 5 of this document or at www.waikatowaters.co.nz.

Here at South Waikato District Council we have reviewed the options available to us and are proposing Waikato Water Done Well (a CCO) as our preferred option.

In Brief

The South Waikato District Council has approved Waikato Water Done Well as its preferred option for the future management of water services, in response to the Government's Local Water Done Well reform.

The community are now invited to provide feedback on the preferred option, which is a multi-Council approach involving South Waikato, Waipā, Matamata-Piako, Waitomo, Ōtorohanga, Hauraki, and Taupō District Councils.

Council has investigated the options available thoroughly and deemed that a Council-Controlled Organisation (CCO) makes the most sense, both financially and in terms of quality service delivery for our communities, but need feedback from our community before making any final decisions.

Waikato Water Done Well allows Council to retain the equity of our assets through our shareholding and retain influence on what work occurs in the District through the statement of expectations to the Board.

Financial modelling also suggests that Waikato Water Done Well will present a reduced burden on ratepayers compared to other options.

You can find out more about Waikato Water Done Well in this document and by visiting www.waikatowaters.co.nz.

As the Government requires councils to present information about other options considered, the preferred option is being presented to the community alongside the current approach (running water services delivery out of an internal business unit or division), although analysis to date suggests that maintaining the status quo is not considered to be a financially sustainable option.

All up seven Councils have signed the heads of agreement and investigated WWDW as an option. In the case of our Council, alongside Waipā, Waitomo and Ōtorohanga, we have formally resolved for it to be our preferred option. Other councils are in the process of deciding their preferred option.



The Why

As a community, we have a big decision to make about how drinking water and wastewater services are delivered. Doing this requires large scale infrastructure like treatment plants and reticulation pipes that need to be paid for.

We need to think about keeping things affordable for residents and looking after the environment too.

The Government has introduced its Local Water Done Well (LWDW) policy, replacing the previous government's Three Waters reform programme.

LWDW aims to:

- address how waters infrastructure across New Zealand is funded and delivered in a financially sustainable manner
 - introduce a new regulatory regime for water services delivery, which sets out increased environmental, economic and human health standards and regulations
 - support a sustainable workforce that is able to deliver on the forward investment programme and governance requirements
- Under the policy, all councils need to develop

water services delivery plans by 3 September 2025. These plans must provide a current and long-term assessment of councils' water infrastructure, outline the necessary investment required to deliver on projected population growth and development needs, and detail how they plan to finance and deliver these plans through their preferred water services delivery model.

Like all councils, we are facing a number of complex issues when it comes to delivering South Waikato's drinking water, wastewater and stormwater services, and it is going to get more expensive.

Our District is growing. We want to look after what we've got, some of which is getting old and needing replacement, protect our precious environment and continue to make good on our vision of a thriving community and robust economy that outpaces the rest of New Zealand.

That's where you come in. Your feedback on our preferred option will help inform the final decision on what the future of water services delivery looks like for South Waikato.

What about Stormwater?

Stormwater is the water that runs off surfaces when it rains. Council operates and maintains stormwater infrastructure across the district to limit the impact of flooding and to ensure that stormwater discharges to waterways are free from contaminants. Our stormwater assets are linked to and maintained across various council activities such as transportation and parks and reserves. Our stormwater system helps drain the water away. Stormwater is not included in Local Water Done Well. We haven't decided how this service will be provided in the future, but one option is to contract stormwater services out to the CCO if it is formed as there are lots of benefits in delivering all water services together.

We've done our homework

We want what is best for South Waikato. We know Local Water Done Well will significantly change the way water services are delivered in New Zealand, and who we are as a council too.

We have done a lot of work and analysis, obtained expert advice, and undertaken the due diligence needed to understand our options for water services delivery, and what is required to satisfy the requirements for a water services delivery plan. The Government identified these models for councils to consider:

- **An internal business unit**
- **A single council water organisation**
- **A multi-council water organisation**
- **A consumer trust**

We investigated in detail two options for South Waikato:

- A standalone South Waikato District Council water services business unit
- A Waikato Water Done Well asset-owning CCO, with other rural/provincial councils in the region.

Following further work and careful consideration of the options, Waikato Water Done Well has emerged as the Council's preferred option.

You can find more about the options analysis at southwaikato.govt.nz/our-services/water-services or by scanning the QR code here:



Affordability

In the options within this consultation document, we refer to affordability. The legislation requires us to consider affordability as one of the things that prove the financial sustainability of our options.

We understand that affordability means different things to different people, and some may not see any of the options as affordable. In our explanations, we have outlined the cost differences between the options, showing one is more affordable than others.

There is no official definition of affordable water costs in New Zealand, but international indicators suggest that there is an affordability challenge if drinking water and wastewater services cost more than two percent of average household income. Our preferred option has been modelled on that basis.

WWDW Timeline



Borrowing

Council needs to borrow to fund big infrastructure projects. Like a mortgage, this helps spread the cost over the generations that will benefit from them. There are clear rules for borrowing money depending on whether councils keep their water services in-house or join up to form a multi-council water organisation.

New water organisations can borrow more money to fund infrastructure projects than what councils can now. Currently we can borrow 1.75 times our revenue (or up to 175 percent debt to revenue ratio). Water organisations will be able to borrow up to five times revenue (up to 500 percent debt to revenue ratio) for water construction projects.

Workforce Challenges

Because of our size, South Waikato District Council has always struggled to retain critical waters staff – technical, engineering and experienced team members. This will be put under more pressure given competition from other potential employers (including internationally) and an environment of ongoing uncertainty.

Civil construction contractors (the people who build and construct large infrastructure projects) have an uncertain pipeline of work as individual council priorities shift or change. This can make retention of good staff difficult and investment certainty for equipment very challenging.

Let's take a look at the options:

Waikato Water Done Well - our preferred option

“Council has investigated the options available to us thoroughly. The one which makes the most sense, both financially and in terms of quality service delivery for our communities, is Waikato Water Done Well. This option is quite different from the previous Government’s 3 Waters proposals which Council opposed.”

South Waikato Mayor Gary Petley

We are proposing to create a water organisation that is jointly-owned with six other district councils: Matamata-Piako, Hauraki, Ōtorohanga, Waitomo, Waipā and Taupō.

In 2023, Waikato councils identified some common waters issues they were facing. This included ageing infrastructure, population growth, rising costs, new regulations and limited funding options.

Their response to this was to co-design a joined-up approach for water and wastewater services, now called Waikato Water Done Well. It is seen as a way for councils to collaborate on sustainable, high-quality waters services while maintaining a local voice. A heads of agreement provides the basis for a Waikato waters entity. The heads of agreement is available at www.waikatowaters.co.nz.

Hamilton City and Waikato District Council are consulting on forming a separate CCO.





Waikato Water Done Well addresses these issues by...

- 1 **Financial Sustainability**
- 2 **Leading workforce**
- 3 **Customer focus**
- 4 **Local influence**
- 5 **Delivering on expectations**



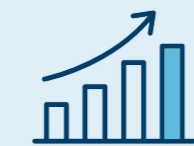
Key waters assets

-  Water Facilities
-  Wastewater Facilities

Together these seven councils have...



41%
of the region's population
(205,000 people)



growth higher than the national average of 2.07% - ranging between 3% to 10.2% over the last five years

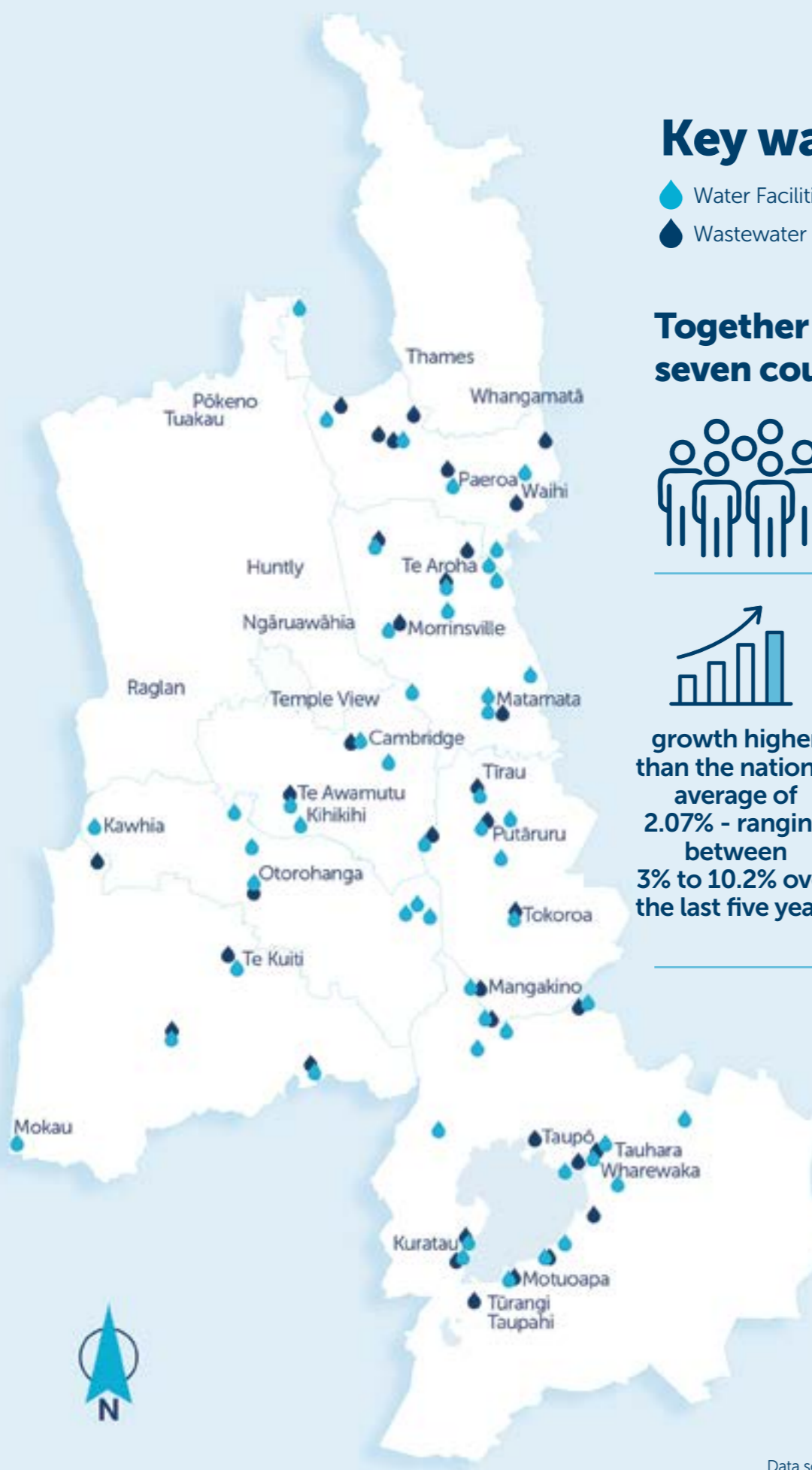


40%
of the region's water and wastewater connections (>129,000)



45%
of the region's water services annual revenue (excluding development contributions)

Data sources are LINZ, ESRI and Stats NZ



People, place and the environment

Healthy Water, Healthy People, Te Mana o Te Wai, Te Mana o Te Tangata. That's the vision of Waikato Water Done Well.

Under this option, the CCO would be responsible for all of the activities needed to deliver drinking water, wastewater services and, for those councils who choose to, stormwater services to their communities. This includes sourcing, treating and discharging water, planning for future repairs and upgrades.

The CCO would be a legal entity, owned and controlled by the shareholding councils, and employ the staff to deliver the services across the districts they serve. The CCO would also be responsible for informing the community and involving it in future water decisions, and ensuring that the mandated environmental standards are met.

We see other benefits from this model as:

South Waikato, as a founding council, can play a defining role (with other shareholder councils) in shaping the CCO.

This lets us align with, and give effect to, multiple Treaty settlements, including but not limited to Te Ture Whaimana - the vision and strategy of the Waikato and Waipā Rivers - alongside supporting future Hauraki Catchment settlements focused on improving environmental outcomes.

It allows us to better attract and retain talent in the region, particularly in relation to the workforce needs of rural and provincial councils.

It provides greater certainty, consistency and smoother investment processes for the civil contracting sector.

A large rural and provincial model will boost economic and development partnerships for multiple iwi to engage with.

The CCO would have independent directors, appointed by shareholding councils, and operate under the legislation and regulatory framework set out by the Government.





Potential pros



Legal compliance - meets legal requirements.



Community affordability - most affordable of all options, including status quo.



Scale - achieving efficiencies of scale (the cost advantage a company gains when it increases its production output) is a key objective of the CCO. This includes opportunities for service and delivery improvements through the consolidation of operations and maintenance, procurement, workforce optimisation and enhanced relationship.



Climate change mitigation - with enhanced efficiencies and increased borrowing capacity, there is greater potential to improve our climate change response.



Debt capacity - the CCO has the greatest debt capacity of all options, including status quo.



Workforce - sustainability, attraction and retention issues across the broader region are expected to improve, particularly in rural and provincial councils.



Potential cons

Perception of a loss of control - ratepayers as consumers will still have the ability to influence the Council as shareholders through its planning processes, and also directly with the CCO. All consumers will also have rights under the Commerce Commission.

What does this mean for me...

| | Under the CCO model | Under the status quo |
|--|---|---|
| Who provides the water from my tap? | Water services would be provided by Waikato Waters Ltd | Water services are delivered by your Council |
| Who looks after wastewater (the stuff that goes down the sink and through the toilet) | Wastewater services would be provided by Waikato Waters Ltd | Wastewater services are delivered by your Council |
| Who do I call if I have a problem? | Waikato Waters Ltd – once it is up and running. The changes will occur over time but you will always be able to call your council as your first port of call if you are unsure | Your Council |
| Who has control over decision about waters infrastructure? | The Board makes decisions having regard to a Statement of Expectations agreed to by Councils and regulatory requirements. This is the “what, when, where and how” for future infrastructure expenditure | The Mayor and Councillors having regard to regulatory requirements |
| What will it cost | Costs will increase – these costs are going up no matter what. But under the CCO model, significant savings begin to be made after 10 years | Costs will increase – these costs are going up no matter what. Under the current model, many councils cannot do what needs to be done in a timely way, that is affordable for their communities |
| Will I get charged differently? | Yes There will be a separate invoice for water and wastewater services over time | Yes – if you don’t already receive a separate charge for waters. The full costs of water and wastewater services will need to be ring-fenced and charged separately to rates |



The dollars and cents - about the finances

Rates

Water charge increases of about **four percent** per year for the eight years from July 2026 to the end of June 2034 are indicated. This includes the margin for inflation over that period. This is lower than the status quo.



| | Water charges per residential connection (incl. GST) | | |
|--------------------------|--|---------|---------|
| | 2024/25 | 2029/30 | 2033/34 |
| Waikato Waters Ltd (CCO) | \$1,695 | \$2,442 | \$2,753 |
| Status Quo* | \$1,695 | \$3,310 | \$4,152 |

*Based on 2024-34 LTP

Debt

The CCO would be responsible for all water and wastewater services and assets. The forecast debt relating to those assets as at 30 June 2026 is approximately \$44 million. This debt would transfer to the water organisation to pay back. All the councils in the CCO would do this too.

All future water and wastewater debt would be the responsibility of the water organisation. This is estimated to peak at around \$76M in 2029/30. Removing the spending and forecast revenue from Council results in an increase of debt headroom from July 2026, which reduces financial risk.

Levels of service

The Waikato Water Done Well CCO will be responsible for ensuring there will not be a detrimental impact on levels of service. If anything the investment in identifying efficiencies should improve the customer experience.

Pricing

All financial modelling to date for the Waikato Water Done Well CCO assumes existing pricing structures and work programmes forecast in Council LTPs remain in place, after the transition of water services to the CCO.

The responsibility for setting future pricing will lie with the CCO Board and management under the governance of the Shareholder Representation Forum. When, and to what extent, prices are aligned across the council districts in the future is not yet known. However, it is expected that on day one there will be no change to forecast prices included in council LTPs.

Key Points about this option

The CCO would own the water and wastewater assets. Council will be a shareholder and the people of South Waikato would continue to be the beneficiaries of South Waikato's water assets.

Stormwater assets would be retained under council ownership. We haven't decided yet how we would provide this service but contracting the CCO to do this is an option.

The board of the water organisation would make the decisions. This would be informed by the statement of expectations from the shareholding councils.

Iwi involvement is still to be confirmed. We believe that iwi should play a strong role in water management. It is critical that our Treaty Settlement, Joint Management Agreements, and other partnership obligations and responsibilities are recognised and protected.

A catchment-based approach. This model allows for a large catchment-based approach to enhancing water quality throughout the Waikato Region and promotes innovation on resource consents and water services delivery.

Councils would have no day-to-day involvement in water service delivery. The shareholding councils would create a 'statement of expectations' which would be monitored closely and reported on regularly. It is likely during the transition phase councils would continue to offer some support services. The long-term vision is for a standalone entity.

Councils and water organisations would work together on what a Civil Defence response would look like. Based on how Civil Defence works with other lifeline services, we expect the organisation would look after the water and we would look after you - our community.

What would it mean for me?

Water will still flow from your tap and your toilet will still flush! It's who provides the services and ultimately who you would pay that would change.

Once the transition of the services are complete, you would receive a bill for your water and wastewater services from the CCO instead.





Our Other Option

The status quo

We've been providing your water and wastewater services since we were established in 1989.

Every time you turn on your tap or flush the toilet, there are teams of council staff behind the scenes making sure everything is working the way it should.

Our dedicated waters teams are made of 30 staff. This does not include the staff whose roles also support the delivery of waters services in some way eg. the finance and customer services teams.

Providing the infrastructure, meeting compliance and providing the service costs a lot.

In our 2024-2034 Long Term Plan, we have budgeted \$117 million for water and wastewater for the next nine years.

The dollars and cents - about the finances

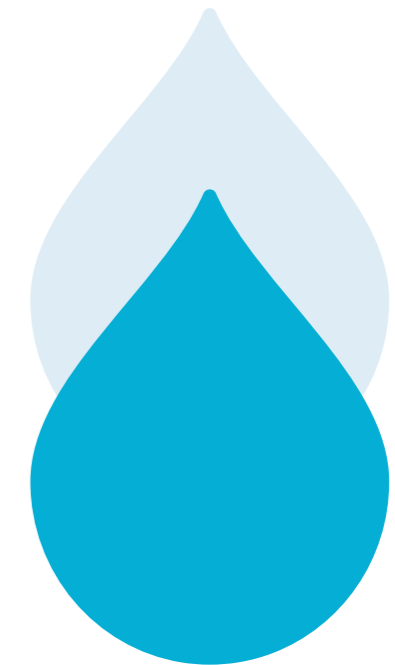
Water related charges required to recover the full cost of running the water and wastewater activities as well as to meet council's current debt to revenue ratio requirements, need increases of an **average of 10.5 percent per year** for the remaining nine years of the Long Term Plan. This includes the margin for inflation over that period.

Council debt levels under this option are modelled to be similar to the 2024-34 Long-Term Plan. Total council debt would peak in 2029/30 at just over \$126M, of which approximately \$76M would be water and wastewater debt. However we expect there will be further capital requirements identified, which are associated with our growth.



Potential pros

- Council will be responsible for day-to-day decision making.
- Community input will be through the Long Term Plan and Annual Plan budget consultation processes.
- It Is a familiar model that people understand.
- Iwi and Civil Defence arrangements remain the same



Potential cons

- **Legal compliance.** The status quo is unlikely to meet new financial requirements.
- **Community affordability.** This will cost more each year than the preferred option.
- **Financial challenges.** There are potential investment challenges relating to environmental regulatory standards, increasing in the future. Likely price increases mean that water services might not be affordable for some households.
- **Workforce.** It is anticipated that keeping staff will become difficult as other regional CCOs are formed.
- **Environmental outcomes.** There will be less ability to achieve enhanced environmental outcomes through lack of scale and catchment-based approach.

Key Points

Council (and therefore ratepayers) would continue to own the water assets

Council will continue to make decisions through the Long Term Plan process. But decisions will also be subject to regulatory oversight.

Iwi involvement – Status quo South Waikato is committed to, and values, its current and future relationships with iwi and mana whenua.

Civil Defence – Status quo We will continue to look after our water and our community in an emergency.

This option is unlikely to meet new financial requirements and is therefore not regarded as viable, however we are still required to share it with you.



Water



5 water treatment plants supplying water to 8150 properties



276 kilometres of water mains and pipes.

Treating 2,981 megalitres of water annually

\$64.2 million

Funding in the LTP to be spent on improvements and renewals

*Denotes the quantity treated in the 2023/24 financial year

Wastewater

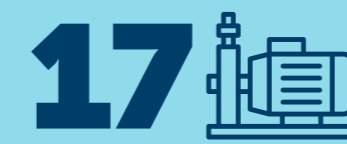


4 wastewater treatment plants

- one each in Tīrau, Arapuni, Putāruru and Tokoroa.



Treating wastewater from **7,808** properties



17 pump stations

Treating 3486 megalitres of wastewater*



171km

of wastewater mains

\$46 million

Funding in the LTP to be spent on improvements and renewals

*Denotes the quantity treated in the 2023/24 financial year

The other options available to us

A single council-owned water organisation – this was considered an option, but would only provide some limited scale benefits with some additional cost and implementation risk. Given this, we did not further investigate this option.

A Trust – This was considered as an option however it would add additional costs and would not attract the favourable borrowing terms that are available to other options. We didn't investigate this option any further.

The who - about this consultation

Consultation on the delivery model is being undertaken under the Water Services Preliminary Arrangements Act 2024, to inform the development of the Water Services Delivery Plan.

The Council is required to adopt the plan and submit it for final approval by the Secretary for Local Government no later than 3 September 2025. We are not required to consult on the plan itself.

Under the legislation, we are required to consult with our community on how we will manage and delivery water services in the future. We must consult on our current approach to delivering water services, even though this option is not considered to be financially sustainable. We have identified our preferred water services delivery option for you to consider.

If the decision is made to proceed with the Waikato Water Done Well option, it is proposed South Waikato's water assets transfer to the CCO on 1 July 2026. This would require an amendment to the Long-Term Plan to reflect that decision.

Long-term Outcomes

Councils engaged in discussions about the future water services delivery model have expressed a preference for a single Waters CCO for the Waikato region in the medium to long term (possibly within five to ten years).

If two CCOs are established in the short term (Hamilton City and Waikato District have proposed their own CCO), the goal would be to create a pathway for their eventual merger, enabling the provision of services across most, if not all, of the Waikato region. This approach would maximise benefits for water consumers through efficiencies gained from greater scale, along with a range of other advantages. While this vision cannot be realised in the short term, it is important to consider the best pathway for South Waikato at this stage to help achieve this long-term objective.



Council is required to present you with our preferred option, which is the one outlined in this document. You can get more detailed information at www.waikatowaters.co.nz, or copies of the full proposal are also available at council offices and libraries across the District.

Analysis of the alternative model we investigated (the status quo) is also available at <https://www.southwaikato.govt.nz/our-services/water-services/local-water-done-well>

The question we are asking is....

Do you support Council's preferred option of establishing a joint CCO for water services?

You may make your submission on the page provided or by going to <https://www.southwaikato.govt.nz/our-services/water-services/local-water-done-well>



Local Water Done Well

Submission form



Submissions close: 5pm Monday 5 May 2025

Full name: _____

Organisation: (if applicable) _____

Address for correspondence: _____

Email: _____

Phone: _____

[Click here to submit online](#)

Privacy statement: All submissions (including names and contact details) may be provided in full to Elected Members. Submissions (including names but not contact details) may be made available to the public at our office and on our website. Your personal information may also be used for the administration of the consultation process, including informing you of the outcome of the consultation. All information collected will be held by Waipā District Council, 101 Bank Street, Te Awamutu with submitters having the right to access and correct personal information.

I acknowledge that I have read the privacy statement and am happy to proceed.

Question time

We want to hear what you think.

Do you agree with our preferred option? Yes No

Is there any other feedback you would like to share?

If you need more space, please feel free to attach additional pages.

Submissions can be:

Online:
[southwaikato.govt.nz](https://www.southwaikato.govt.nz/our-services/water-services/local-water-done-well)
<https://www.southwaikato.govt.nz/our-services/water-services/local-water-done-well>

Delivering it to Council locations:

| | |
|--|--|
| Tokoroa Council Office 8 Torphin Crescent, Tokoroa | Putāruru Library & Office 1 Overdale Street, Putāruru |
| Tokoroa Library Leith Place | Tirau Information Centre (The Dog) State Highway 1, Tirau |

or



A graphic of a white water drop with a dark blue shadow underneath, set against a background of blue wavy lines representing water. The text 'Let's kōrero wai' is inside the drop, and 'Talk water' is in the shadow.

Let's
kōrero
wai

Talk water