

Notice is hereby given that an extraordinary meeting of Horowhenua District Council will be held on:

**Date:** Wednesday 5 March 2025  
**Time:** 11:00 am  
**Meeting Room:** Council Chambers  
**Venue:** 126-148 Oxford St  
Levin

---

## **Council OPEN AGENDA**

---

### **MEMBERSHIP**

<b>Mayor</b>	His Worship The Mayor Bernie Wanden
<b>Deputy Mayor</b>	Councillor David Allan
<b>Councillors</b>	Councillor Mike Barker
	Councillor Rogan Boyle
	Councillor Ross Brannigan
	Councillor Clint Grimstone
	Councillor Nina Hori Te Pa
	Councillor Sam Jennings
	Councillor Paul Olsen
	Councillor Jonathan Procter
	Councillor Justin Tamihana
	Councillor Alan Young

Contact Telephone: 06 366 0999  
Postal Address: Private Bag 4002, Levin 5540  
Email: [enquiries@horowhenua.govt.nz](mailto:enquiries@horowhenua.govt.nz)  
Website: [www.horowhenua.govt.nz](http://www.horowhenua.govt.nz)

**Full Agendas are available on Council's website**  
[www.horowhenua.govt.nz](http://www.horowhenua.govt.nz)

**Full Agendas are also available to be collected from:**  
**Horowhenua District Council Service Centre, 126 Oxford Street, Levin**  
**Te Awahou Nieuwe Stroom, Foxton,**  
**Shannon Service Centre/Library, Plimmer Terrace, Shannon**  
**and Te Takeretanga o Kura-hau-pō, Bath Street, Levin**

---

**Note:** The reports contained within this agenda are for consideration and should not be construed as Council policy unless and until adopted. Should Members require further information relating to any reports, please contact the Chief Executive Officer or the Chairperson.



**ITEM TABLE OF CONTENTS PAGE**  
**KARAKIA TIMATANGA**

Whakataka te hau ki te uru	Cease the winds from the west
Whakataka te hau ki te tonga	Cease the winds from the south
Kia mākinakina ki uta	Let the breeze blow over the land
Kia mātaratara ki tai	Let the breeze blow over the ocean
E hī ake ana te atakura	Let the red-tipped dawn come with a sharpened air.
He tio, he huka, he hau hū	A touch of frost, a promise of a glorious day.
Tīhei mauri ora!	

**PROCEDURAL**

<b>1</b>	<b>Apologies</b>	<b>5</b>
<b>2</b>	<b>Late Items</b>	<b>5</b>
<b>3</b>	<b>Declarations of Interest</b>	<b>5</b>

**REPORTS**

<b>4</b>	<b>Reports for Decision</b>	
	<b>4.1 Endorsement of Local Waters Done Well Consultation Document</b>	<b>7</b>

**KARAKIA WHAKAMUTUNGA**

Kia whakairia te tapu	Restrictions are moved aside
Kia wātea ai te ara	so the pathway is clear
Kia turuki whakataha ai, kia turuki whakataha ai	To return to everyday activities
Haumi e, hui e, taiki e!	Draw together, affirm!





**1 Apologies**

**2 Late Items**

To consider, and if thought fit, to pass a resolution to permit the Council to consider any further items which do not appear on the Agenda of this meeting and/or the meeting to be held with the public excluded.

Such resolution is required to be made pursuant to Section 46A(7) of the Local Government Official Information and Meetings Act 1987, and the Chairperson must advise:

- (i) The reason why the item was not on the Agenda, and
- (ii) The reason why the discussion of this item cannot be delayed until a subsequent meeting.

**A late item will be issued prior to the Council Meeting. This late item will be in relation to State Highway speed limit reduction submission and will be published as a late agenda item on the Council's website. This item could not be produced in time for the agenda and officers are still developing the draft submission. This matter can not wait until the next ordinary meeting of Council due to the closed date of submissions.**

**3 Declarations of Interest**

Members are reminded of their obligation to declare any conflicts of interest they might have in respect of the items on this Agenda.



File No.: 25/68

## 4.1 Endorsement of Local Waters Done Well Consultation Document

Author(s)	Justine Moore <b>Principal Advisor - Infrastructure   Kaihautū Whakamahere Tūāhanga</b>
	Rob Benefield <b>Commercial &amp; Operations Manager   Kaiwhakahaere o ngā Kawenga Mahi</b>
	Pei Shan Gan <b>Financial Controller   Kaiwhakahaere Tahua Pūtea</b>
	Lisa Campbell <b>Strategic Communications Manager   Tumu Rautaki Whakawhiti Kōrero</b>
	Daniel Haigh <b>Group Manager Community Infrastructure   Tumu Rangapū, Tūāhanga Hapori</b>
	Jacinta Straker <b>Group Manager Organisation Performance   Tumu Rangapū, Tutukinga Whakahaere</b>
Approved by	Monique Davidson <b>Chief Executive Officer   Tumuaki</b>

### PURPOSE | TE PŪTAKE

1. The purpose of this report is to endorse that the attached draft consultation document – ‘Have your say on Who Manages Local Water Services?’ – be approved for community consultation between 10 March and 10 April 2025.
2. Horowhenua District Council (HDC) will adhere to the simplified consultation process for decision making outlined in the Local Government (Water Services Preliminary Arrangements) Act 2024.

#### **This matter relates to Local Water Services Done Well**

Position Council for future changes to Local Waters Done Well waters arrangements.

### EXECUTIVE SUMMARY | TE WHAKARĀPOPOTOTANGA MATUA

3. Under the Local Government (Water Services Preliminary Arrangements) Act, Council is required to consult on options for the future delivery of water services. Council has previously considered what options are to be included as part of the proposal outlined in the draft consultation document and the completed document is attached for approval.
4. Council is continuing to actively collaborate with neighbouring councils to explore joint water services delivery options to address infrastructure challenges, recognising that significant investment is needed to restore the region’s water systems. Through analysis of the implications of each option and aligning with the options proposed by our neighbouring councils, some of the previously considered options have needed to be altered to remain fit for purpose.

### SIGNIFICANCE ASSESSMENT | HE AROMATAWAI MATUA

5. This matter is assessed as significant in terms of s76 of the Local Government Act.
6. HDCs water supply, wastewater and stormwater networks are classified as a strategic asset making any changes to its delivery significant for the community. It is assessed as being of

significant interest to the public and there will be a significant impact on the public due to the changes proposed.

7. The Local Government (Water Services Preliminary Arrangements) Act 2024 provides a more streamlined consultation process to give effect to the matter of significance.

### **RECOMMENDATION | NGĀ TAUNAKITANGA**

- A. That Report 25/68 Endorsement of Local Waters Done Well Consultation Document be received.
- B. That this matter or decision is recognised as significant in terms of S76 of the Local Government Act.
- C. That Council notes its previous preferred option a Joint Council Water Services Arrangement with Kāpiti Coast District Council is no longer a practicable option.
- D. That Council endorse Option 1: A Water Services Organisation jointly owned by Horowhenua District Council, Palmerston North City Council, Manawatū District Council, and Kāpiti Coast District Council as preferred option.
- E. That Council adopt for consultation the draft consultation document – ‘Have your say on Who Delivers Local Water Services?’ - for consultation, attached as Attachment A.
- F. That Council consults with the community following the streamlined process for consultation and decision making regarding the transfer of water services outlined in the Local Government (Water Services Preliminary Arrangements) Act 2024.
- G. That the hearings of any submissions on this matter be heard by Council.
- H. That the Council delegates to the Chief Executive to make minor editorial changes to the consultation document.

### **BACKGROUND | HE KŌRERO TŪĀPAPA**

8. The Government has repealed the previous Three Waters legislation and developed a replacement model under the Local Water Done Well policy. Under the Local Government (Water Services Preliminary Arrangements) Act 2024 (the Act), Council is required to consult on options for the future delivery of Water Services.
9. It is a Top Priority to ensure that Council is positioned for future changes to Local Water Done Well waters arrangements.

#### **Council Meeting 27 November 2024**

10. At the 27 November 2024 Council Meeting, Council considered which options for the delivery of water services should be further explored by officers and also confirmed which

options Council does not wish to consider further. This Council Meeting was open to the public and live streamed. The recording is available on [HDC's youtube page here](#).

11. At this meeting the Chief Executive was instructed to report back to Council with a Statement of Proposal and the relevant consultation documentation prior to the commencement of formal consultation (Resolution Number CO/2024/362).
12. The three options that Council resolved to include in the document for community consultation, continue to participate in discussions around, and continue to assess the viability and implications of include:
  - The Multi Council Joint Water Services Arrangement which includes: Horowhenua District Council, Manawatū District Council, Palmerston North City Council, and Kāpiti Coast District Council (Resolution Number CO/2024/354)
  - A Joint Council Water Services Arrangement with Kāpiti Coast District Council (Resolution Number CO/2024/355). This option was identified as the preferred option at the time of the Council Meeting on 27 November 2024 (Resolution Number CO/2024/361).
  - Status quo (CO/2024/359)
13. In addition, it was determined that Council continue to pursue a Multi Council Controlled Organisation with willing partners that caters for any combination of two or more Councils for consideration in place of any redundant preferred options if for any reason any of the Councils relied upon for the preferred options do not pursue those options (Resolution Number CO/2024/357).

### **Council Workshops**

14. Since the Council Meeting on 27 November 2024, workshops were held with Elected Members on 22 January 2025, 29 January 2025, 5 February 2025 and 12 February 2025, which outlined the progress made by officers as the options for delivery of water services were explored.
15. These workshops provided an opportunity for Elected Members to provide feedback and direction on the service delivery options being developed and to shape the Consultation Document as presented.

### **Water Services Delivery Plan (WSDP)**

16. The Act requires all councils prepare a Water Services Delivery Plan (WSDP) including an adopted service delivery model. This will be developed once Council has adopted a proposed service delivery model.
17. If the adopted service delivery model is through a multi-council owned water service delivery organisation this will be completed jointly with the other relevant councils. The WSDP will then be submitted to the DIA for approval no later than 3 September 2025.
18. Following confirmation that the WSDP is compliant with the requirements of the Act, Council will be required to publish it online and begin implementation.

### **Final Water Services Bill**

19. The Local Government (Water Services) Bill (the Bill) establishes the enduring settings for the new water services system. The objectives of the Bill are to ensure water services are safe, reliable, environmentally resilient, customer responsive and delivered at the least cost to consumers and businesses.
20. The Bill was introduced to Parliament in December 2024. It reflects key policy decisions announced by the Government in August 2024.

21. The Bill sets out key details relating to the water service delivery system, including:
  - Structural arrangements such as establishment, ownership, and governance of water organisations
  - Operational matters such as arrangements for changing bylaws and management of stormwater networks
  - Planning, reporting and financial management
  - A new economic regulation and consumer protection regime based on the existing economic regulation regime in Part 4 of the Commerce Act which currently applies to electricity lines services, gas pipeline services, and airport services.
  - Changes to the water quality regulatory framework and the water services regulator including:
    - Changes to the Water Services Act 2021 to reduce the regulatory burden of the drinking water quality regime and improve proportionality in the application of regulatory powers;
    - A change to Te Mana o te Wai;
    - A new single standard for wastewater and stormwater environmental performance.
22. The Bill contains standalone provisions and amendments to a number of other Acts including, but not limited to the Civil Defence Emergency Management Act, Commerce Act, Income Tax Act, Local Government Act, and the Water Services Act.
23. Officers have prepared a submission on the Bill and it is expected that the Bill will be enacted mid-2025.

## **DISCUSSION | HE MATAPAKINGA**

### **Consultation Document**

24. Council Officers have drafted the consultation document outlining three proposals, in line with Elected Member feedback.
25. Where legal or financial advice has been received this has been incorporated following discussion with Elected Members.

### **Water Service Delivery Options**

26. Council has continued to actively collaborate with neighbouring councils to explore joint water service delivery options. In addition, financial and legal advice has been received to

assess the viability and implications of each option. This section outlines the recommended amendments following analysis of this advice.

**Removal of the Option for a Joint Water Services Arrangement with Kāpiti Coast District Council**

27. Kāpiti Coast District Council (KCDC) have advised HDC that they are no longer going to include a joint council water services arrangement between KCDC and HDC in their consultation document.
28. Therefore, the previous decision where Council resolved to include in the Statement of Proposal the option of a joint water services arrangement with KCDC is now null and void (Resolution Number CO/2024/355).
29. It also follows on that the resolution where this was identified as the preferred option is now also null and void (Resolution Number CO/2024/361). It is recommended that the consultation document identify a new recommended option.

**Option 1: A Water Services Organisation jointly owned by Horowhenua District Council, Palmerston North City Council, Manawatū District Council, and Kāpiti Coast District Council**

30. This option has not changed since the Council Meeting on 27 November 2024.
31. This option has been included in the draft consultation documents as the recommended option. The previous preferred option is now null and void and legal advice was received that a recommended option is required. Following discussion with Elected Members at council workshops, this option was identified as the option to be presented as the recommended option in the consultation document.
32. Further detail on this option is included in the draft consultation document attached. It is recommended that this option be the preferred option.

**Option 2: A Water Services Organisation jointly owned by all willing councils from the Manawatū Whanganui and Kāpiti Regions.**

33. This option has been included in the draft consultation document to reduce the likelihood that Council would be required to re-consult with the community in the event that Option 1 is not viable due to other councils being unwilling to partner with HDC. It is possible the potential delay would result in the September 3 deadline for submitting the WSDP to the DIA would be missed.
34. Further detail on this option is included in the draft consultation document attached.

**Option 3: Status Quo**

35. HDC is required to consult with the community on the status quo option. This option has also not changed since the Council Meeting on 27 November 2025.
36. Further detail on this option is included in the draft consultation document attached.

**Options | Ngā Kōwhiringa**

37. Council officers have developed a draft consultation document with Elected Members input and feedback. Throughout this process, Council Officers have continued to carry out work to fully assess the viability and implications of each options presented in the document.

• Options   Ngā Kōwhiringa	• Benefits   Ngā Whiwhinga	• Risks   Ngā Mōrearea
Option A (recommended) <ul style="list-style-type: none"> <li>• Adopt the draft consultation document and</li> </ul>	<ul style="list-style-type: none"> <li>• This option would meet the legal requirements outlined in the Local</li> </ul>	<ul style="list-style-type: none"> <li>• Central Government is working at pace to develop new legislation.</li> </ul>

<p>start community consultation in March 2025.</p>	<p>Government (Water Services Preliminary Arrangements) Act and would support the required timeframes being met.</p> <ul style="list-style-type: none"> <li>This option would also allow HDC to be completing community engagement activities at the same time as Palmerston North City Council, Manawatū District Council, and Kāpiti Coast District Council. This would enable all Councils to be making decisions about the options at a similar time.</li> </ul>	<p>The continually changing political landscape presents some uncertainty about future requirements. Council Officers are mitigating this risk by frequently engaging with Central Government Departments to continue to develop an understanding of the environment and any changes.</p> <ul style="list-style-type: none"> <li>If an additional option is required that has not yet been considered, a new consultation document will be required and community consultation will need to reoccur.</li> </ul>
<p>Option B (status quo)</p> <ul style="list-style-type: none"> <li>No action taken.</li> <li>Not adopting the consultation document will prevent community consultation from occurring.</li> </ul>	<ul style="list-style-type: none"> <li>This would be the cheapest option as there would be no costs associated with community consultation.</li> </ul>	<ul style="list-style-type: none"> <li>Significantly delaying or not undertaking community consultation would put HDC out of step with other council's consultation activities. This has the potential to lead to reputational risk for HDC.</li> <li>HDC would not meet the timeframes required to complete a WSDP and submit prior to the DIA prior to 3 September 2025.</li> <li>Would not meet the legal requirements outlined in the Local Government (Water Services Preliminary Arrangements) Act.</li> </ul>

## ENGAGING WITH MĀORI | TE MAHI TAHI KI TE MĀORI

38. For Māori, water is the essence of life, like the blood of Papatūānuku (Earth mother) who supports all people, plants and wildlife. Enhancing the health and wellbeing of our waterways is a priority for many iwi.
39. It is acknowledged that mana whenua, and more broadly Māori with respect to Council's obligations under The Treaty of Waitangi - Te Tiriti o Waitangi, are concerned about the protection of environmental and cultural interests in the Horowhenua. It is specifically acknowledged that this includes Horowhenua's water services. The decision currently being made is one component of a much wider conversation about how Horowhenua District



Council partners with Māori and incorporates the Te Ao Māori world view into decision making and day-to-day ways of working.

40. Council Officers have reached out to Iwi and Hāpu through a number of mediums (including emails, texts, phone calls, and in-person conversations) while Council has been developing the options for consultation and consultation document. Iwi and Hāpu have acknowledged the significance of the decision, and while we have not received any direct feedback on the water service delivery models proposed, Council Officers will continue to engage with iwi partners and will welcome the opportunity to engage directly and incorporate any feedback into the ongoing process.
41. The development of the WSDP will uphold councils' responsibilities under the Local Government Act 2002, promoting Māori participation in decision making throughout the process.

### **CLIMATE CHANGE | NGĀ ĀHUARANGI HURIHURI**

42. The decision regarding the adoption of the draft consultation document and direction for subsequent community consultation does not directly have any implications for climate change. However, future decisions on the provision of water services are highly likely to have an impact and will continue to be carefully considered through the ongoing process.
43. The consultation document includes further details on the climate change and resilience implications for each proposed option.

### **FINANCIAL AND RESOURCING | TE TAHUA PŪTEA ME NGĀ RAUEMI**

44. The detail of the estimated financial impacts for each option is included within the consultation document attached.
45. The four Councils have been working together closely to develop the options and largely this has been done using existing officer time. Morrison Low have been contracted on behalf of the four councils to provide modelling support and this cost has been shared across the Councils. This has been funded using existing budgets for 2024/25
46. \$500,000 in debt funded expenditure will be included in the Annual Plan budget for 2025/26 as a placeholder. This will be for estimated costs to contribute towards a potential future water services organisation if this is recommended following consultation.

### **LEGAL AND RISK | TE TURE ME NGĀ MŌREAREATANGA**

47. Legal advice on the consultation document, including the options presented, was sought from Simpson Grierson. Where appropriate, their advice has been incorporated into the consultation document.
48. There continues to be a risk that Council may choose to pursue a joint arrangement with other councils, and that, through their own decision-making processes, those other councils may opt to pursue alternative options independently of HDC. This would result in HDC no longer having a joint arrangement to pursue. To mitigate this risk, 'Option 2: A Water Services Organisation jointly owned by all willing Councils from the Manawatū Whanganui and Kāpiti Regions', has been included.

### **COMMUNICATIONS AND ENGAGEMENT | TE WHAKAWHITI PĀRONGO ME TE MAHI**

49. Community engagement on the proposed consultation documents will need to follow the streamlined process for consultation and decision making regarding the transfer of water services through the Local Government (Water Services Preliminary Arrangements) Act

2024. Part 3 of this Act sets out the modified consultation and decision-making requirements in the Local Government Act 2002 (the 'alternative requirements').

50. The 'alternative requirements' are a simplified process to assist with the preparation, consultation and adoption of a WSDP. It is a relaxation of the usual requirements for option identification and assessment and consequential streamlining for consultation.
51. To comply with this requirement:
  - Council must prepare, adopt and make publicly available the proposal, an explanation of the proposal, and the reasons for the proposal;
  - An analysis of the reasonably practicable options included in the proposal;
  - How proceeding with the proposal is likely to affect the authorities rates, debt, levels of service, and any charges for water services;
  - How not proceeding with the proposal is likely to affect the authorities rates, debt, levels of service, and any charges for water services;
  - If the proposal involves establishing or joining a joint water services council controlled organisation the implications for communities throughout the joint service area of the joint Water Service Council Controlled Organisation (WSCCO);
  - If the proposal involves transferring ownership or control of a strategic asset to the WSCCO a description of any accountability or monitoring arrangements the authority will use to assess the performance of the WSCCO in regard to the asset;
  - Any other relevant implications of the proposal that the authority considers will be of interest to the public.
52. It is proposed that community consultation occur between 10 March and 10 April 2025. Meeting these timeframes will allow Palmerston North City Council, Kāpiti Coast District Council, and Manawatū District Council to all complete community consultation activities at similar times

### Communicating with our Community | Te Whakawhiti Pārongo ki te Hapori

53. During community consultation the full consultation document outlining the proposal and supporting information will be on our website and available to be reviewed in person at the Civic Building, Te Takeretanga o Kura-hau-pō, Te Awahou Nieuwe Stroom, and Shannon Library. Supporting documents including a one page summary, Horowhenua Fact Sheet, and the DIA and Morrison Low financial modelling reports will also be published online and available to review in person.
54. During the community consultation period, there will be a wide range of radio, digital, newspaper and social media promotion. This will include media releases, Community Connection story, social media posts on Facebook, Tiktok, and LinkedIn, and a scheduled Facebook Live event.
55. In person activities are also scheduled including a citizens panel workshop and the regular cuppa with a councillor sessions.
56. People will be able to fill out submission forms on our website or by completing a paper-based submission. Support will be provided to assist people to make submissions if required.
57. Manawatū, Kāpiti Coast, Palmerston North City and Horowhenua District Councils are continuing to communicate with each other and will share information and provide assistance if queries occur about other communities to ensure correct information is

provided. Council Officers will also be made available for engagement sessions in other communities if requested.

## NEXT STEPS | HEI MAHI

58. Pending approval by Council of the Consultation Document for community consultation, community engagement is scheduled to commence Monday 10 March to Thursday 10 April 2025.
59. Hearings are scheduled to be heard by Council on Wednesday 30 April 2025.
60. It is scheduled that a report will then be presented to Council Wednesday 14 May 2025 to allow for decision making around the proposed options.

### **Confirmation of statutory compliance**

In accordance with sections 76 – 79 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their advantages and disadvantages, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

## ATTACHMENTS | NGĀ TĀPIRINGA KŌRERO

No.	Title	Page
<a href="#">A</a>	Local Waters Done Well - Consultation Document - for Council adoption	16
<a href="#">B</a>	Local Waters Done Well - One Page Summary	56





This will be one of the most important decisions we'll make for our district, as it will impact on the way we deliver our water for decades to come  
**Have your say before Thursday 10 April**

HAVE YOUR SAY ON

# Who Delivers Local Water Services

Read the options, pros and cons, and the potential costs at [letskorero.horowhenua.govt.nz/LWDW](https://letskorero.horowhenua.govt.nz/LWDW)





Have your say before  
**Thursday 10 April**

Water is the lifeblood of our communities - nourishing our people, land, and wellbeing - while holding deep whakapapa connections as a taonga, sustaining the mauri of our environment and future generations.



## Contents

<b>Who should deliver water services in the future?</b>	<b>2</b>
Te Reo	
<b>A word from the Chief Executive</b>	<b>3</b>
Te Reo	
<b>We've looked after our district's water needs</b>	<b>4</b>
Te Reo	
<b>Our water situation today</b>	<b>6</b>
Te Reo	
<b>Water Service Delivery - Our key objectives</b>	<b>8</b>
Te Reo	
<b>Important things to know before you see the options</b>	<b>9</b>
Te Reo	
<b>How will our regulatory environment change?</b>	<b>12</b>
Te Reo	
<b>OPTION 1 - COUNCIL'S PREFERRED OPTION</b>	<b>14</b>
<b>OPTION 2</b>	<b>20</b>
<b>OPTION 3: STATUS QUO</b>	<b>22</b>
<b>How do the options compare?</b>	<b>28</b>
Te Reo	
<b>Charging for water services in the future</b>	<b>31</b>
Te Reo	
<b>Some other points for you to consider</b>	<b>33</b>
Te Reo	
<b>Timeline</b>	<b>35</b>
Te Reo	
<b>Let's Kōrero - Have your say</b>	<b>36</b>
Te Reo	



## Who should deliver water services in the future?



**Bernie Wanden, JP**  
Horowhenua District  
Council Mayor

**This is one of the biggest decisions our Council will make for our district. As part of the Government's Local Water Done Well programme and new legislation, every council must consult with their communities on how we deliver water services in the future.**

New Zealand is facing significant challenges when it comes to maintaining and upgrading essential infrastructure like roads, water, and electricity. The costs of this work is putting pressure on both government agencies and local councils, which ultimately impacts taxpayers and ratepayers. We need to consult on how we deliver our water services into the future.

**Drinking water in particular is absolutely essential to maintaining life, and the costs for treating and transporting or reticulating water to our communities are significant.**

Our current approach will place significant financial barriers on Council and will impact levels of service for other Council activities. We've developed two alternative options for you to consider, along with projected costs for the coming decades. You can read more about these on pages 14 and 20.

Each option has its pros and cons, but one thing is clear. The more people who help share the cost of water services in the future, the better for everyone.

We know this is a complicated issue, but it's essential that you get involved and have your say about the options available for the future delivery of our water services.

Have your say before  
**Thursday 10 April**

We're not happy with the tight timeframes set by the Government, but we're committed to providing you with the best information we have, advocating for you, and answering your questions.

We encourage you to join us at one of our Cuppa with a Councillor sessions, a Citizens' Panel workshop, watch our Facebook Lives, chat to us online, and submit your feedback before 10 April.

Together, we can ensure local water services delivered well for the future.



**Bernie Wanden, JP**  
Horowhenua District Council Mayor

## A word from the Chief Executive



**Monique Davidson**  
Chief Executive

**Under the Government's Local Water Done Well programme and associated legislation, all councils must consult with their communities on how they will deliver their water services in the future.**

**In 2016, the Havelock North water crisis raised concerns about water management in New Zealand and the high costs to communities to ensure all Kiwis had safe drinking water.**

Water is going to cost all communities a lot more in the future – regardless of what option we proceed with. That's due to a range of things such as:

- Compliance with new standards, e.g. drinking water
- Government policy
- Mitigation for the impact of climate change
- The need to provide new infrastructure to service population growth and new development
- Replacing or upgrading aging infrastructure
- Health requirements

The previous Labour government proposed four large organisations to manage water across the country. Closer to the general election that changed to a proposed model of ten entities that would have seen one Water Services Organisation for councils in the Horizons region.

The current government changed the water reforms. It introduced new legislation and called its version 'Local Water Done Well.' It keeps water assets

council-owned and lets each council choose the best way to deliver water services for its community.

Council completed an initial high level assessment of other options, which included a single council CCO (ie. HDC only), and an independent consumer trust. Both options were ruled out at an early stage as they were either more unaffordable, or could not benefit from any additional lending from LGFA, which was considered necessary. This consultation therefore does not include those options, and is focussed only on Options 1, 2 and 3.

The Government's reforms will require councils ensure water service delivery is:

1. Fit for purpose,
  2. Financially sustainable, and;
  3. Subject to more oversight and regulations on quality and cost.
- There is also legislation guiding how any future Water Services Organisation operates.

For the past few years, Council staff and Elected Members have worked hard on the reforms to ensure our community

is well taken care of in the future. In Horowhenua, we've been thinking that there would be advantages to working together in collaboration with others, and we started talking to other councils about this some time ago.

**We've looked at everything from our assets, proposed work, structures of organisations, impact on existing staff, Iwi/hāpu involvement, community involvement, legal aspects, digital and software needs, and of course the financial implications. We've prepared for water reform by bringing local waters in house saving \$1m on operational costs and giving us the best possible opportunity to be reform ready.**



# We've looked after our district's water needs

We're proud to have taken good care of water for Horowhenua meaning you have safe and resilient water infrastructure. The reality though, is that we have major investment required which would mean we couldn't invest in other Council Services if we continue to deliver water services alone.

4



### Drinking Water

Council provides safe and reliable drinking water to 13,700 residential, industrial and commercial properties in Levin, Foxton, Foxton Beach, Shannon and Tokomaru. Council also provides water for firefighting capability.

We supply **5 billion litres of safe drinking water** each year.

We have **11 reservoirs** to hold your treated water and handle emergencies.

We have **327km of pipes** – enough to stretch from Levin to Wairoa.

**5 treatment plants.**



### Wastewater

Council's Wastewater (sewage) reticulation network and pump stations collect sewage from households, businesses and industrial customers. It is then transported to wastewater treatment plants (Levin, Foxton, Foxton Beach, Shannon, Tokomaru and Waitāre Beach) where it is biologically treated and the treated effluent is then applied to land.

We have **252km of pipes** – enough to stretch to New Plymouth.

**52 wastewater pump stations** help move wastewater to the treatment plant.

We have **6 treatment plants.**

**5 discharge to land sites.**

**9 oxidation ponds** to help treat your wastewater.



### Stormwater

Council's Stormwater Activity provides piped and open drainage systems to collect the stormwater from roads, footpaths and hard standing surfaces from residential and commercial properties. The water is discharged to piped stormwater drainage systems and open and culverted watercourses.

We have **102km of underground pipes**

## Our water situation today

---

30% of Council's total expenditure relates growth.

---

Water assets make up about 51% of Council assets.

---

Day to day water costs are about 30% of Council's operating costs, and this includes all the staff that support water services.

---

Water projects make up around half of our capital work in the next ten years. For many of our larger construction projects, we use loans to fund them and then pay back over time like a mortgage.

---

Some businesses who use a lot of water also pay for their water consumption and wastewater treatment separately. When new development in the district occurs, the developers are also required to contribute to the costs of infrastructure through development contributions.

---

Horowhenua requires investment of \$284m on water projects over the next 10 years. With a further \$340m investment anticipated for the following 20 years.

We currently spend an average of \$6m for maintenance and supply per year.

**In 2024/25, connected ratepayers pay:**



**\$500**

**For Drinking Water**

\$359 if in Foxton Beach



**\$724**

**For Wastewater**



**\$206**

**For Stormwater**

Based on a property with an average capital value of \$600,000. Exact amount depends on Capital value of each property.

Targeted rates contribute towards the day-to-day costs of looking after your water needs, including the replacement of the assets we currently own. Your rates also help cover the cost of repaying the debt for large construction projects.

**Did you know that water pipes only need to be replaced around every 80 years?**

What we build in large water construction projects will last many decades. This means the investment helps our community now, and for generations to come.

**That's why this decision is so important.**

# Water Service Delivery

## Our key objectives

**Deliver three waters services through a model that is affordable and enduring**

**Deliver three waters services that enable growth and economic activity and at the same time are responsive to natural events and climate change**

**Deliver three waters services through a model that is responsive to the local needs of our communities**

**Provide efficient and effective services through a model that delivers value**



### Considerations for owner, asset steward and service provider

- Enough funding is raised (through charges, grants, debt or other means) to cover cost, invest in needed infrastructure and service any debt
- Model allows for the ongoing, sustainable, provision of three waters services
- Scalable and adaptable
- Scale benefits have been a focus, and as a result multi council options and being pursued.
- Meets the requirements of an economic regulator
- Services will be compliant with all consents, regulatory standards and drinking water standards

- Three waters services and assets are resilient
- Economic and population growth is enabled and supported through the provision of infrastructure and services
- Enables effective investment planning
- User pays for development

- Services provision recognises the diversity in need for three waters infrastructure across our communities
- Support local visibility and accountability for service delivery

- Seen to provide reliable, continuous services
- Optimise available efficiencies and encourages effective investment planning
- Supports improved retention and recruitment of skilled resources required
- The financial capacity of Council to invest in community infrastructure is enhanced



### Environmental considerations

- Service provision reflects our role as kaitiaki for the natural environment
- Investments consider the long term environmental impacts to reduce whole of life costs
- The health of marine, estuary and freshwater environments is reflected through our approach to network management and service provision

- The intergenerational impacts of investment are considered
- Investment decisions balance growth demands against environmental outcomes
- Improves resilience to environmental impacts

- A delivery model that allows for effective engagement with stakeholders
- Respects the cultural significance of water and receiving environments
- Investment planning and service delivery recognises differences in the local environments of our communities

- Provides opportunities for tangata whenua to meaningfully contribute to decision making
- Access to a broad range of skills and resources supports innovation and investment planning that produces good environmental outcomes

# Important things to know before you see the options

## Soon we'll be showing you the options we're proposing, but there's some things you need to know first.

The Government legislation has clear rules for borrowing money depending on whether councils keep their water services in-house or join up to form a multi-council Water Services Organisation.

It's important to acknowledge the situation we find ourselves in where four councils all have different preferred options and while legislation technically says we could set up a joint committee (to make decision making easier), the limited time between the legislation coming into law and the need to adopt a Water Services Delivery Plan, means no council in New Zealand has had the time to form a joint committee.

### Option 1 and 2

#### **If water is managed under jointly owned Water Services Organisations:**

The new legislation allows new Water Services Organisations to borrow more money to fund infrastructure projects than councils.

**Currently we can borrow 2.8 times our revenue (or up to 280% debt to revenue ratio). As part of setting our financial strategy, we have a limit of 250%. This makes sure there is room to borrow if something happens that isn't planned for.**

Water Services Organisations will have leverage up to a level equivalent of 500% of operating revenues, subject to meeting prudent credit criteria.

### Option 3 - STATUS QUO

#### **If water remains in-house:**

##### **Status quo (financially constrained)**

This option would see Council continue to deliver our District's water services. However, this option will become more challenging with increased economic regulation and challenges of ensuring we are providing essential infrastructure for growth.

While under our current financial and infrastructure strategies, we are just able to deliver the growth infrastructure in time and maintain our programme of renewing and maintaining our assets, it means that we are not able to invest in our other community assets when we ideally would like, and we don't have much room to accommodate changing standards and regulation.

### Option 4

#### **Removed option**

Horowhenua District Council (HDC) modelled an option with just Kāpiti Coast District Council (KCDC) and HDC, which was originally our preferred option. KCDC opted to not include this as an option in their consultation with community, removing it as a viable option for us also.

**We've modelled a range of different scenarios to determine potential costs for you.**

The legislation requires us to have a Water Services Delivery Plan. As part of our plan we will need to be able to prove that the model we choose is financially sustainable and provide transparent modelling that demonstrates long term affordability and resilience. This includes clear projections of revenue and expenditure, plans for maintaining infrastructure, and mechanisms to manage debt and respond to emergencies. Modelling for the next ten years is likely to be more accurate than 30 years due to changing needs/legislation and population.

Financial and levels of service impacts - given the magnitude and complexity of the proposed changes, the content provided in this consultation is indicative. It may change as we work through further implications of finalised legislation, compliance requirements, investment priorities and affordability for the community.

To be able to model potential costs we have had to make a range of assumptions. These include things like projects after 2035, inflation, interest rates, size of organisation, revenue etc. You can view and read about the assumptions and modelling on our website.

It's important to note that the costs we refer to are very high-level because of those assumptions.

**Some information that is still unknown.**

- The proposed governance structure and makeup is not part of this consultation, and is yet to be worked through.
- No work has occurred yet to determine any possible impact on cultural outcomes/governance as the remaining legislation continues to be developed.
- We believe Iwi/hāpu should play a strong role in water management, however this still needs to be confirmed.
- A jointly owned water services organisation may be required to

consult with the public on major projects, pricing structures, or changes in service levels.

- The board of the Water Services Organisation will make decisions that will be informed by a Statement of Expectation from shareholding councils. Depending on which councils are involved, they will need to work together to develop and agree on a joint Statement of Expectations and we do not yet know how this would work.
- Local Water Done Well is a bit of a moving feast. In other words, this consultation is being undertaken at a time when further legislation to complete the Local Water Done Well reforms is still to be finalised; some key aspects of the options and details contained in this consultation material may change as a result of the final legislation which is expected to be enacted in mid 2025.

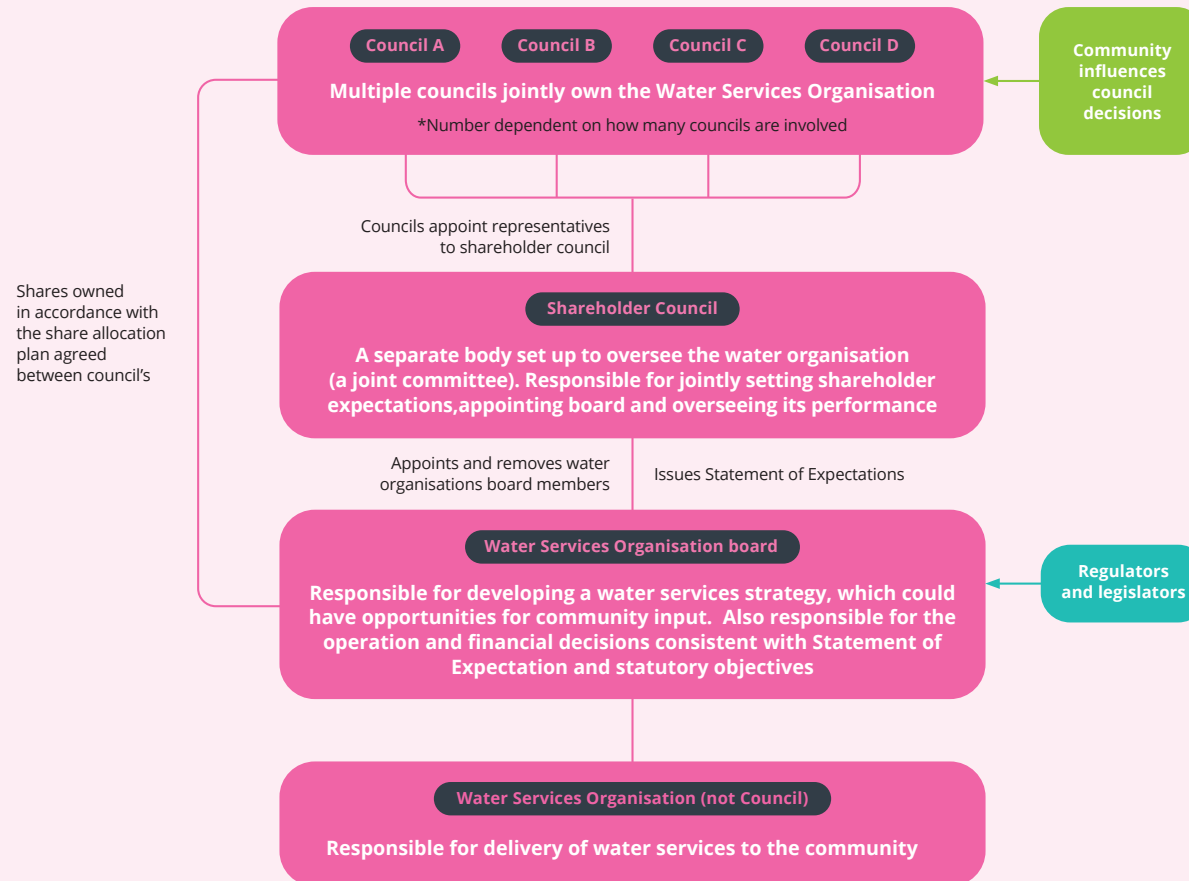
**Iwi and hāpu engagement**

Partnership with Tangata Whenua is the most important community outcome that underpins everything we do. Enhancing Māori relationships by way of a Māori Engagement Framework gives effect to this and is one of Council's top 12 priorities.

We understand that iwi and hāpu engagement and advice is critical to our community and the way we care for our water. The decisions on how this will be provisioned for/designed will be the responsibility of the board.

Council in its role on the shareholding Council (expected to have an equal shareholding across councils) and through the Statement of Expectation process will allow our Elected Members to outline their expectations on behalf of the community for meaningful iwi and hāpu engagement. During the consultation process we will be meeting together with all Iwi and hāpu partners to ensure Iwi aspirations and tikanga Māori are incorporated into the way the Water Services Organisation will manage water in the future on behalf of our partners and communities.

## Potential structure of a jointly owned Water Services organisation



**Please note:** We expect Iwi/hāpu to have a role in the future of water management. It has not been determined where this would be in this diagram at this stage.



# How will our regulatory environment change?

**As New Zealand moves into a new era of Water Service Delivery, we must be careful to ensure that our natural resources and water assets are protected and nurtured in an environmentally and financially sustainable manner, while also safeguarding the consumer both today and for generations to come.**

Taumata Arowai	Commerce Commission	Regional Councils	Water Services Organisation
<p><b>Role</b> Water Services Authority</p>	<p><b>Role</b> Economic Regulator and Consumer Protection</p>	<p><b>Role</b> Environmental Regulator</p>	<p><b>Role</b> Water Services Delivery</p>
<p><b>Responsibility</b> Oversees and enforces standards for drinking water safety, ensuring that all communities have access to safe and reliable drinking water. This includes setting and monitoring compliance with drinking water standards, providing guidance to water suppliers, and taking enforcement actions when necessary.</p> <p>Monitors and reports on the environmental performance of wastewater and stormwater networks. This involves assessing how these systems impact the environment and public health, and ensuring that operators adhere to regulatory requirements.</p>	<p><b>Responsibility</b> Will oversee the economic regulation and consumer protection aspects of the water services sector. This involves acting as a watchdog to ensure that the newly established water services entities operate efficiently, maintain service quality, and provide transparent information to consumers.</p> <p>Responsible for monitoring pricing practices, enforcing compliance with regulatory standards, and safeguarding consumer interests in the delivery of drinking water, wastewater, and stormwater services.</p>	<p><b>Responsibility</b> Will continue to manage land use activities to protect drinking water sources from potential contamination and monitor compliance of wastewater and stormwater discharges to ensure they meet environmental standards.</p> <p>Responsible for implementing the Resource Management Act (RMA), which involves granting resource consents and enforcing environmental regulations related to water resources.</p>	<p><b>Responsibility</b> Will be guided by a comprehensive governance framework designed to ensure effective management, accountability, and community representation. Key elements include – legislative foundation, governance structure, regional representation, regulatory oversight and public ownership and accountability.</p>



## Option 1

### Council's Preferred Option

A Water Services Organisation jointly owned by Horowhenua District Council, Palmerston North City Council, Manawatū District Council, and Kāpiti Coast District Council.



**We would establish a joint Water Services Organisation to deliver water services in these areas. We already have council-controlled organisations (CCOs) in our district, so this model is familiar to us. The Manawatū-Whanganui Local Authority Shared Service Limited and the Shannon Community Development Trust are managed in this way.**

This option is the most affordable for our community. With more people, the cost of delivering our local waters services becomes more affordable over time. That's because the organisation could create scale through things like procurement (purchasing pipes and treatment chemicals), software, vehicles, streamlined decision making due to a focus solely on Local Water Done Well and much more. This option is likely to continue to attract and retain specialist staff.

**Councils would work together to set up the Water Services Organisation.**

If this option is selected, the four councils would work together on a transition plan. It would appoint representatives to a joint committee known as a Shareholder Council. This group would then set up the new organisation by appointing a skills-based Board of Directors.

The Shareholder Council committee would also create a Statement of Expectations.

The Statement of Expectations would outline expectations, determine priorities, and set the strategic direction that would inform decisions and actions of the organisation. Legislation also requires that the organisation

prepare a water services strategy which would detail its approach to water management. That strategy would be reviewed every three years and relates to a period of at least 10 financial years. It would act like a Council long term plan, but would not require consultation as that will be for the shareholding councils to determine. The transition plan would include topics such as the expected start date, Iwi/hāpu involvement, scope of delivery services, location, customer experience and staff transitions.

**Council's wouldn't be involved in day-to-day decisions.**

Unlike Council management (Option 3 status quo), no Council staff or Elected Members would be involved in the organisation's daily decisions. It would be independent of Council.

**The Water Services Organisation would be responsible for its own funding and for charging customers.**

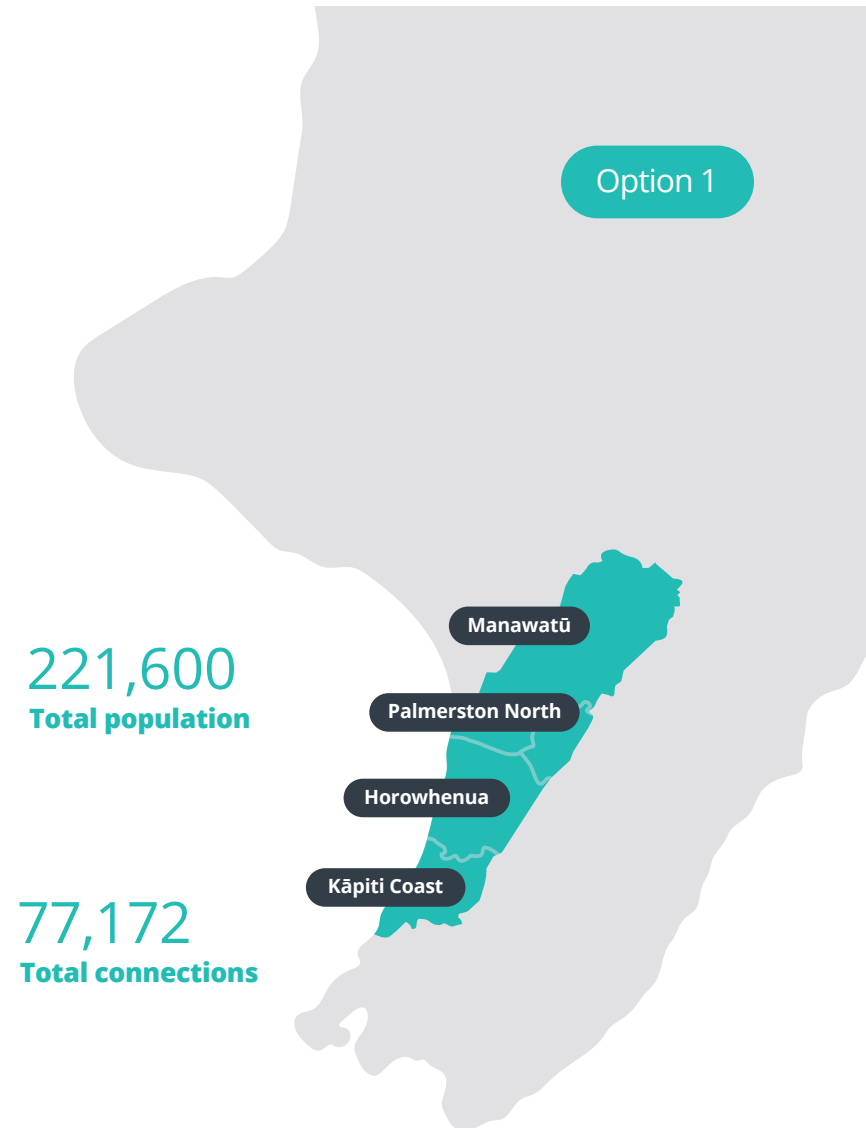
The legislation requires that the new organisation must determine funding for water services. It would be responsible for all levels of service.

This will, over time, be by way of charges and through the collection of development contributions to fund water related capital investment.

This includes sourcing, treating, and discharging water, planning for future repairs and upgrades, charging for water, and keeping you, our community informed and involved.

As the water assets get transferred to the Water Services Organisation it takes on our water related debt.

It can also borrow money for water construction (capital costs) separate from council borrowing. Currently councils must balance water spending with other services they manage.



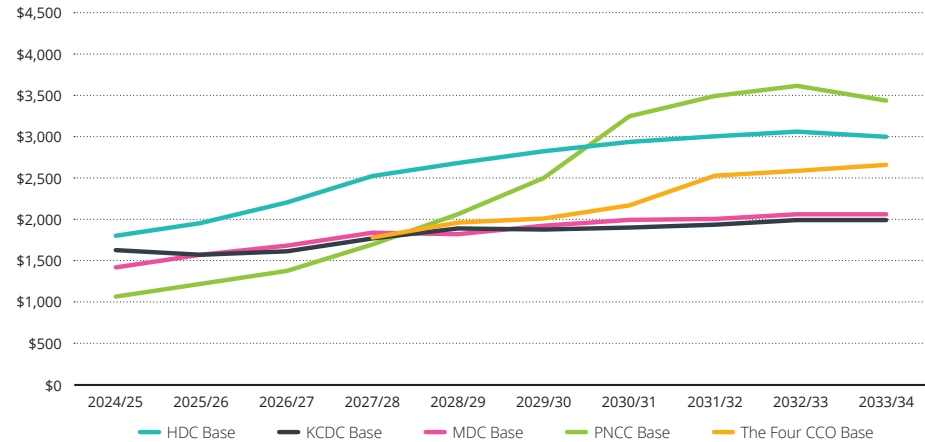
**WHAT WOULD THE COSTS LOOK LIKE?**

Indications are the average Horowhenua household would pay \$735 less per year for Water Services Delivery by 2027/28 under a jointly owned Water Services Organisation with all four councils if councils decide to share pricing equally (harmonise) on day one.

Horowhenua District Council has the highest average household charge amongst all four councils. This is largely due to depreciation and interest. This is linked to the spread out nature of our assets and low relative population. We have a high value of assets because of this and less people to share these costs compared to other councils.

In the short term the debt for a joint Water Services Organisation is higher as result of initial establishment costs and the ability for the Water Services Organisation to borrow more. Over time the debt under the Water Services Organisation is lower as a result of both capital efficiencies and lower borrowing costs.

**COUNCILS' AVERAGE HOUSEHOLD WATER SERVICES CHARGES COMPARISON**



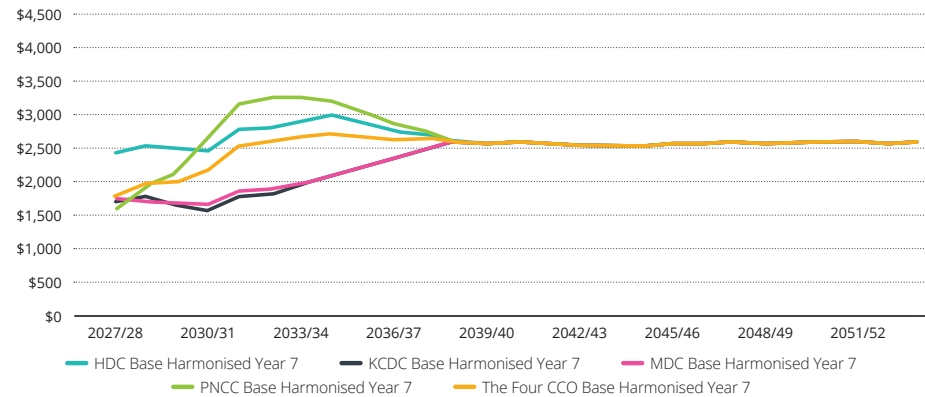
**RATES HARMONISATION**

We've modelled what it could look like if water services rates were harmonised. Harmonisation would align how water services rates are charged across all councils that join the new organisation. Since different councils may currently have different ways of setting water rates, harmonisation ensures that ratepayers contribute equally under a single, consistent system.

There is still a degree of uncertainty around whether rates/charges are harmonised, and over what time period.

Horowhenua ratepayers would benefit from harmonisation, as our water services delivery costs are higher than others.\*

**ALL INDIVIDUAL COUNCILS HARMONISED AT YEAR 7 VS BASE CASE OPTION 1**



\* Palmerston North City Council's water services delivery costs are expected to increase steeply from 2027/28 to pay for their Nature Calls Wastewater Project.

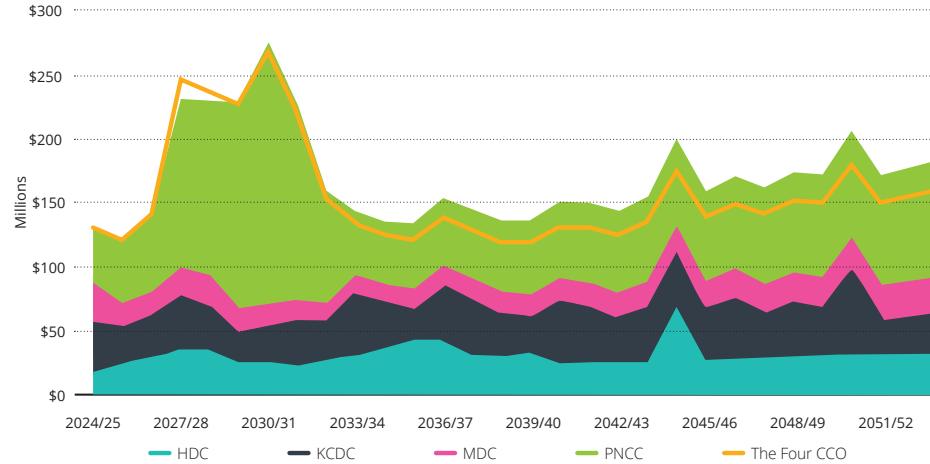
**CAPITAL EXPENDITURE**

Indications are Capital expenditure of the Water Services Organisation in the short term would be higher as a result of initial establishment costs but over time the capital efficiencies will improve and make it cheaper to invest.

There are large peaks of expenditure for a number of councils over the period. These represent significant renewal, replacement and/or upgrade projects:

- Horowhenua District Council - Growth related upgrades to the Levin Wastewater Treatment Plant (\$41m) in 2044/2045.
- Kāpiti District Council – A new water storage dam in 2050 through 2052.
- Palmerston North City Council – The ‘Nature Calls’ project to upgrade the Palmerston North City wastewater treatment system 2027/31.
- Manawātū District Council – Has recently undertaken major upgrade projects so no peaks show over this period.

**COUNCILS’ CAPITAL EXPENDITURE COMPARISON**



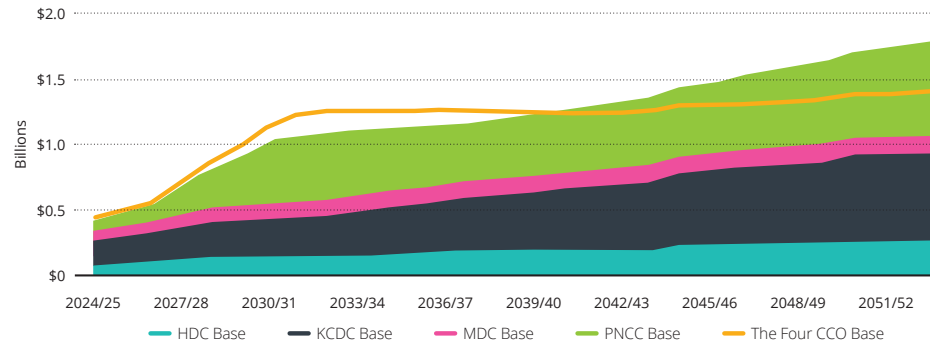
**WHAT WOULD COUNCIL’S BORROWINGS LOOK LIKE?**

The joint Water Services Organisation would be responsible for water services and the funding of them. Indications are we would transfer \$119M of Council debt to them to pay back.

In the short term the debt is higher for the jointly owned Water Services Organisation as a result of initial establishment costs and the Water Services Organisation’s ability to borrow more. Over time the debt under the Water Services Organisation is lower as a result of both capital efficiencies and lower borrowing costs.

The separation of water services into a Water Services Organisation would create approximately \$40 million of new borrowing headroom for Council’s non-water services.

**COUNCILS’ DEBT COMPARISON**





### Option 1 – Advantages and Disadvantages

- 
- ✓ This option is the most affordable for Horowhenua Ratepayers in the long term. By 2027/28 ratepayers could expect to be charged \$735 less per year for water services delivery compared to the status quo.

---

  - ✓ This is the largest Water Services Organisation proposed and is therefore likely to have the most benefits relating to economies of scale. The Water Services Organisation would manage resources across the shared areas, this could improve staff opportunities and financial stability. This is likely to result in gaining efficiencies for delivering services to all communities.

---

  - ✓ We would be able to transfer the current water related debt to the new Water Services Organisation. This would mean that Council is able to borrow more if needed for other needs such as transport, rubbish and recycling, parks, and community facilities, in the future.

---

  - ✓ The Water Services Organisation would be able to access higher levels of debt funding from the New Zealand Local Government Funding Agency (LGFA).

---

  - ✓ Meets legal requirements.

---

  - ✓ This option is likely to allow more climate change mitigation actions than Options 3 (Status Quo) due to the advantages of scale, improved efficiencies and an increase in borrowing capacity.

---

  - ✓ Would provide for a better ability to prepare for and manage future growth needs than Option 3 (Status Quo).

---

  - ✗ The community would have less opportunity to feed into the decision making process of the new entity.

---

  - ✗ Our needs in Horowhenua would be assessed against those in the joint service area and may at times be lower down a list of priorities.

---





## Option 2

A Water Services Organisation jointly owned by all willing council's from the Manawatū Whanganui and Kāpiti regions.



**Under this option Horowhenua District Council would establish a jointly owned Water Services Organisation in partnership with any willing Council's from the Manawatū Whanganui and Kāpiti regions.**

Each Council is required to consult with their communities and then decide who they partner with, or if they partner with other councils at all. It is possible that our Council may decide to form a Water Services Organisation jointly owned by Horowhenua, Palmerston North City, Manawatū District, and Kāpiti Coast District Council, however one or more of the other councils may decide that they do not want to be part of this Water Services Organisation. If this happens, our Council needs to decide whether we still want to go ahead and form a Water Services Organisation with the remaining councils that agree to.

For example, Kāpiti Coast District Council and Manawatū District Council may decide that they do not want to be part of a Water Services Organisation with Palmerston North City Council and Horowhenua District Council. If this happens, Horowhenua District Council needs to decide whether we would partner with Palmerston North City Council or not.

The benefits of this option are that we are still able to form a Water Services Organisation with another council and our community would still benefit from some economies of scale. We would still need to have a Board of Directors

who would be appointed based on skill. The Water Services Organisation would still be able to borrow money for water construction projects separate from Council borrowing.

We are not able to provide as much certainty around how much ratepayers would be paying per year under this option as it would vary depending on what council's partnered together.

An example of this option could include Horowhenua District Council partnering with Palmerston North City Council to form a jointly owned Water Services Organisation.

## Option 2 – Advantages and Disadvantages

- ✓ Retains benefits relating to some economies of scale. The Water Services Organisation would manage resources across the shared areas, this could continue to improve staff opportunities and financial stability. This is likely to result in gaining efficiencies for delivering services to the communities involved.
  - ✓ Able to transfer the current water related debt to the new Water Services Organisation.
  - ✓ Able to access high levels of debt funding from the New Zealand Local Government Funding Agency (LGFA).
  - ✓ Would meet legal requirements.
  - ✓ This option is likely to allow more climate change mitigation actions than Options 3 (Status Quo) due to the advantages of scale, improved efficiencies and an increase in borrowing capacity.
  - ✓ Would provide for a better ability to prepare for and manage future growth needs than Option 3 (Status Quo).
- 
- ✗ Depends on the combination of councils that decide on a joint Water Services Organisation model, for example this could leave us in a position where it is just Palmerston North City Council and ourselves, so additional modelling has been done to understand the impacts of this. View the Morrison Low report in supporting documents for more information.
  - ✗ This option would be smaller compared to Option 1, and there would be fewer benefits from economies of scale.
  - ✗ Our needs in Horowhenua would need to be assessed against those in the joint service area and may at times be lower down a list of priorities.

## Option 3: Status Quo

(financially constrained)



**Legislation requires us to include the status quo as an option, however Council doesn't believe this option is financially sustainable.**

This option would see Council continue to deliver our District's water services. However, for the reasons following, this option will become more challenging with increased economic regulation and challenges of ensuring we are providing essential infrastructure for growth.

While under our current financial and infrastructure strategies, we are just able to deliver the growth infrastructure in time and maintain our programme of renewing and maintaining our assets, it means that we are not able to invest in other community assets when we ideally would like, and we don't have much room to accommodate changing standards and regulation.

**LIMITED BORROWING WOULD RESTRICT INVESTMENT IN OTHER COUNCIL AREAS.**

The new legislation won't allow us to borrow any additional money for water projects if we keep water services

in-house. This means we have to work within our existing borrowing restrictions, which will be tough when there are so many pressures and regulatory requirements. In the other options where a Water Services Organisation is proposed, the legislation allows a Water Services Organisation to borrow significantly more money than we currently can to maintain and upgrade infrastructure.

Water Services have strict rules and regulations, and our water infrastructure also needs to be upgraded in a timely manner to prevent water pipes bursting, ensure safe drinking water and meet new economic regulation rules. This means

Council may need to increase its current planned investment in water projects, placing more pressure on other activities in the Council to invest less so that we can invest in water. With pressure also on funding for our roading budgets with Waka Kotahi reducing funding, our funding for essential services is strained.

While in the short term continuing to deliver water services in-house may seem affordable because council wouldn't need to factor in transition costs for a new Water Services Organisation, it will place significant pressure on the remaining Council services and may affect service levels for other activities.

This would affect primarily large infrastructure services, and would see large reductions in the replacement, maintenance and potentially any new infrastructure for our transport, rubbish, recycling, housing, cemeteries, and parks and properties.

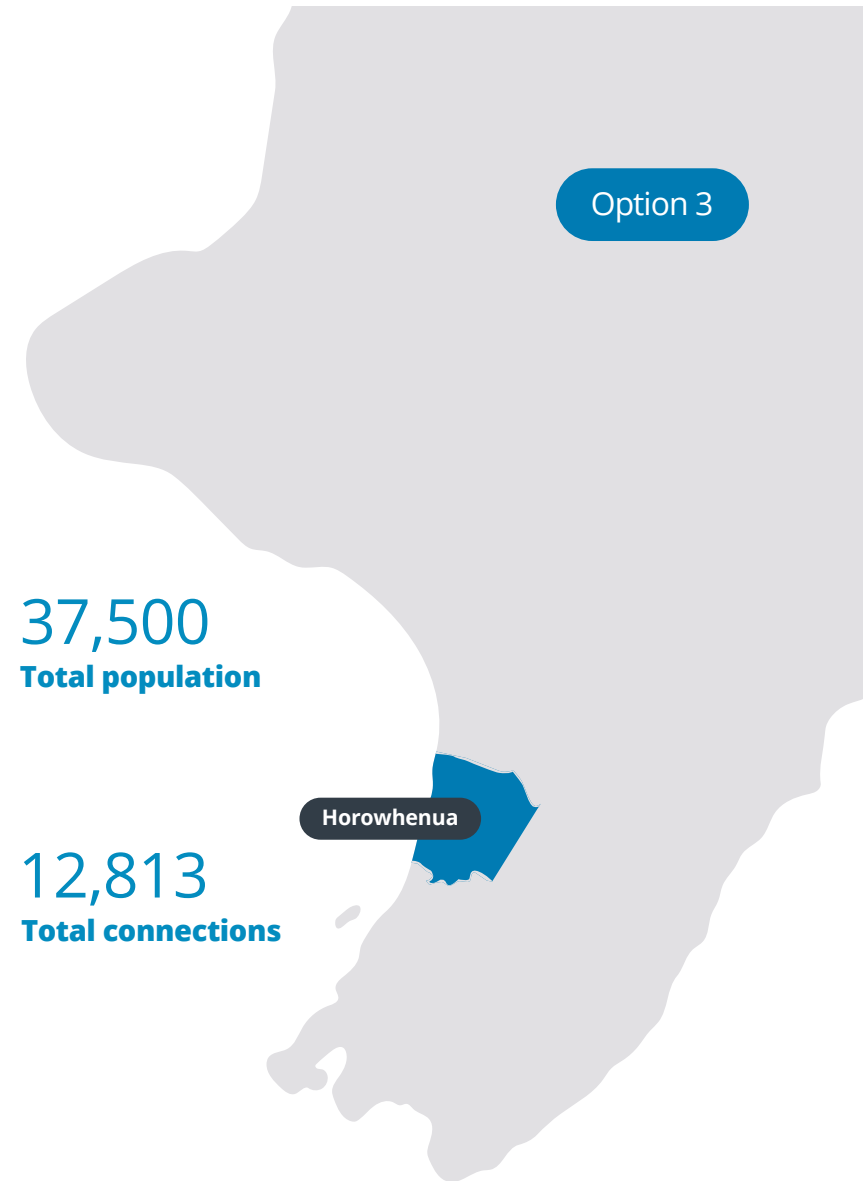
We have not yet determined the extent of what that could look like for our community, but we would need to spend a lot of time considering options for changes to service levels and get your feedback if these things were to change on a significant scale.

What we've explained may sound unsettling but we're not alone. Most councils are facing the same difficulties with the rising costs of providing water services under current funding models.

As with our current infrastructure and financial strategies, the Government's Local Water Done Well legislation requires us to ensure financial sustainability for the future.

**This option is not unlikely to be affordable for our Council nor our ratepayers in the long term.**

An important consideration also is that the Government would prefer we collaborate with other councils on water services. It is not yet clear what would occur if we did not follow that direction, but it may affect future government funding opportunities, for example our eligibility to benefit from regional deals.

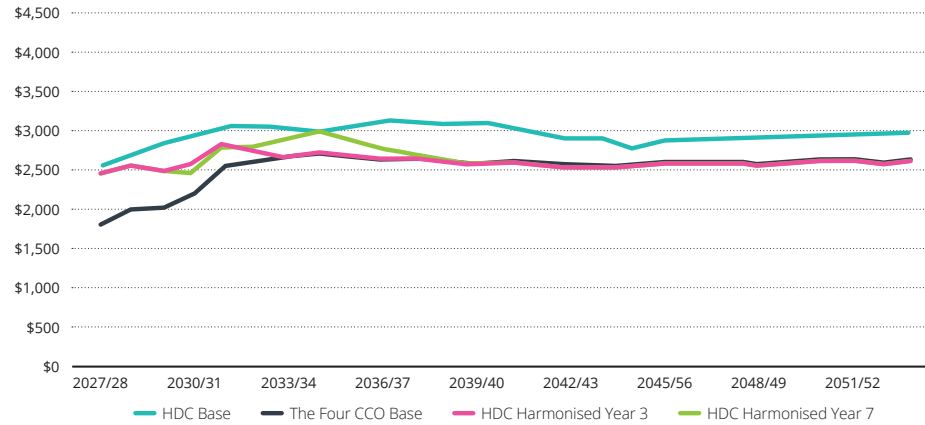


**WHAT WOULD THE COSTS LOOK LIKE?**

This is the most expensive option as our rates for the next 5 years are higher than the other council. This is largely due to depreciation and interest linked to spreadout nature of our assets and low relative population.

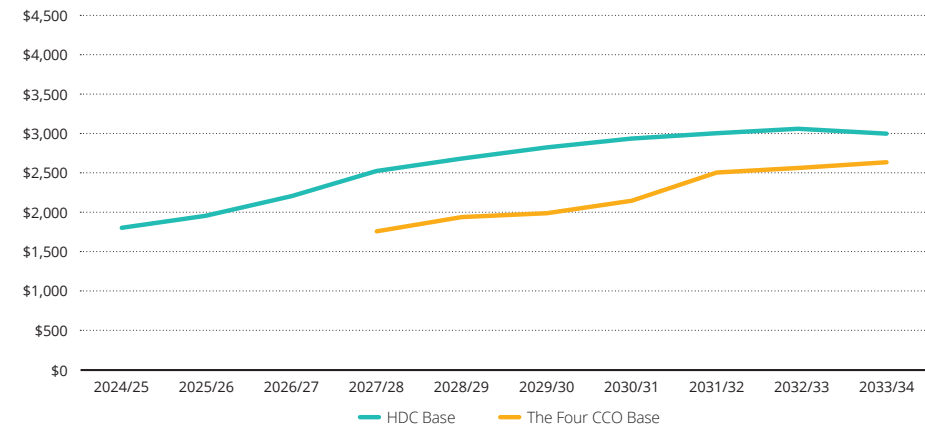
We're also playing catch up, as for years we haven't fully funded our operating costs (including depreciation which is used to fund our debt repayments).

**AVERAGE HOUSEHOLD WATER CHARGES COMPARED TO THE FOUR JOINTLY OWNED WATER SERVICES ORGANISATION**



The average Horowhenua household would pay \$735 more per year for Water Services Delivery by 2027/28 if we stay with the status quo.

**THREE WATERS HOUSEHOLD CHARGES - STATUS QUO COMPARED TO JOINTLY OWNED WATER SERVICES ORGANISATION**



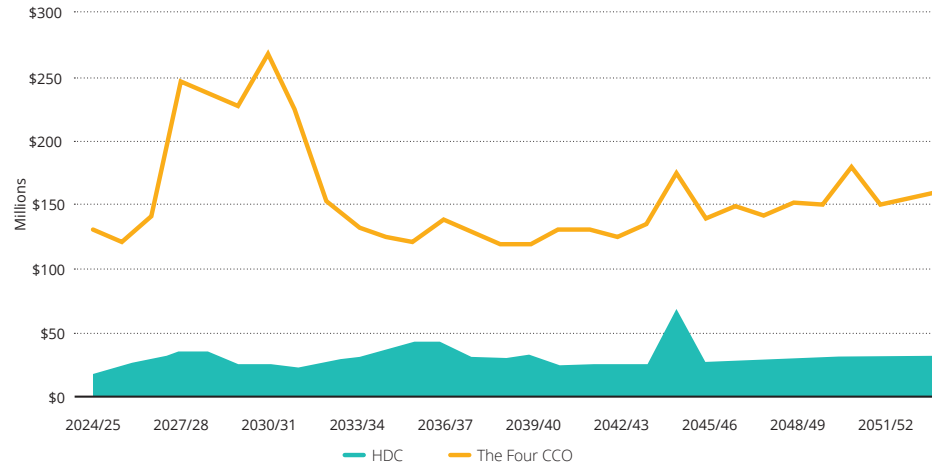
**CAPITAL EXPENDITURE**

Indications are capital expenditure required for our infrastructure and community assets for growth, levels of service and renewals, averages \$42 million each year as stated in our Long Term Plan. 30% of our capital expenditure relates growth. We would ideally like to invest more on renewing and upgrading our assets, but are mindful of our debt levels.

Council debt levels under this option would be a stretch. We would need to monitor closely and reprioritise regularly our capital investments to better manage our debts.

Joining a water services entity will likely mean that the directors of the new entity will decide to harmonise prices (make them the same) over time. We as a community will benefit from harmonisation in the short term as our prices are relatively higher than our potential partners.

**COUNCILS' CAPITAL EXPENDITURE COMPARISON**



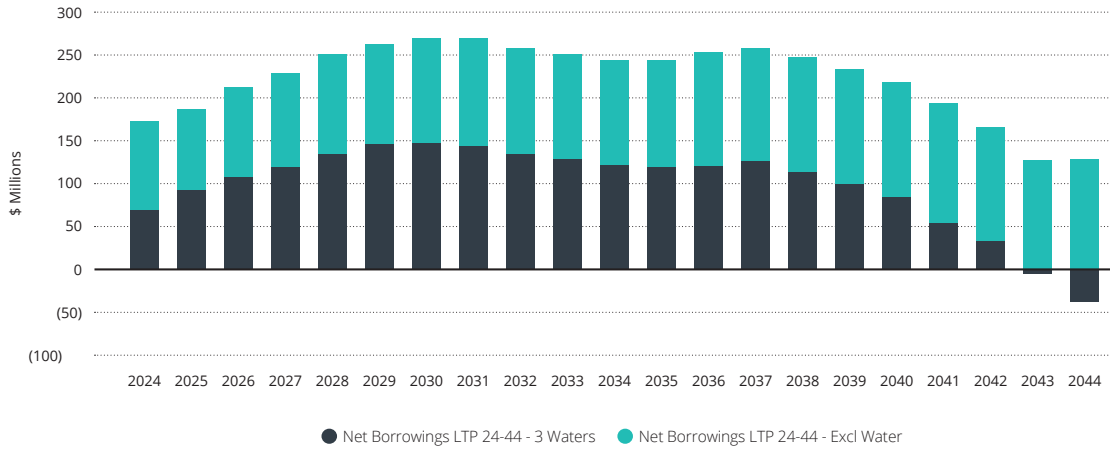
**WHAT WOULD COUNCIL'S BORROWINGS LOOK LIKE?**

Council uses borrowings (debt) to pay for new infrastructure for growth and increases to levels of service. This ensures future generations (including new properties) pay their share of the cost of the new assets which they will use. We also currently use debt to pay for some operating costs but this is planned to finish in 2028 when we will be fully funding our operating costs and catching up for all the years where we didn't.

Our increasing population is putting pressure on our infrastructure. This includes the necessity for improvements to our current state highway network with the Ō2NL expressway, securing a new water source for Levin, upgrading the Levin water and wastewater treatment plants and upgrading our parks and reserves. Our infrastructure is ageing and therefore we need to invest more to make sure we are renewing our assets when they need it, particularly for the water and wastewater networks. This will help to make sure that we can continue to deliver the levels of service our community expects.

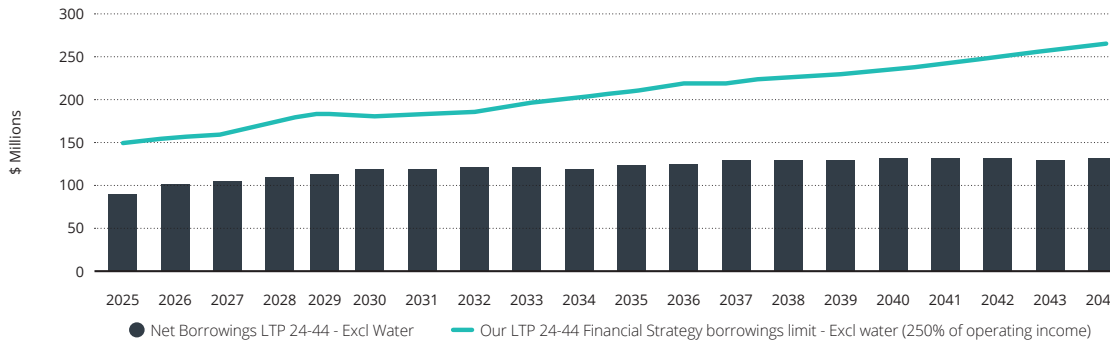


**THREE WATERS BORROWINGS**



Three Waters borrowings are significantly higher than the borrowing levels for the rest of the Council activities and these activities are the main reason for our debt increasing significantly over the next six years.

**BORROWINGS EXCLUDING THREE WATERS**



The transfer of Three Waters borrowings to the Water Services Organisation will potentially create an opportunity to invest in other infrastructure areas such as transport, rubbish and recycling, parks, community facilities, if we needed to. Indications are our net debt excluding three waters would reach a maximum of 242% of our operating income in 2041.

### Option 3: Status quo – Advantages and Disadvantages

- 
- ✓ Under this option the assets for water, wastewater and stormwater would be owned by the Council. Council will continue to be responsible for the work programme and day to day management.

---

  - ✓ Council will continue to make decisions as they do now.

---

  - ✓ Community remains involved in decision making through the Long Term Plan process.

---

  - ✓ As this is how we are currently operating, there is less unknown information.

---
- 
- 
- ✗ While this is an option for our community in the short term, in the long term it would be challenging as there is very limited capacity to borrow the amount we would need to.

---

  - ✗ Reduced investment in community assets as Council will need to focus on essential infrastructure.

---

  - ✗ Reduced ability to financially prepare for and manage future growth needs.

---

  - ✗ Council would still look at the services we provide through subsequent Long Term Plans and seek public feedback, however in the long term we would have less ability to borrow to fund capital projects.

---

  - ✗ Less attractive to Government when considering allocation Regional Deals.

---

  - ✗ Increased regulatory environment could prove more challenging for stand alone council's delivering water services.









---












## How do the options compare?

	Under a jointly owned Water Services Organisation	Council owned (Status Quo)
 <b>Who owns the assets?</b>	The Water Services Organisation (of which Council will be a shareholder) would own and manage all water, wastewater and stormwater assets.	Council will continue to own and manage all water, wastewater and stormwater assets. Council will continue to be responsible for the work programme and day to day management.
 <b>Who makes decisions?</b>	The board of the Water Services Organisation. But informed by Statement of Expectation from Capital Shareholding Councils. If stormwater is retained, Council will be the decision maker.	Council will continue to make decisions as they do now.
 <b>Community involvement in decision making</b>	There will be consultations from time to time. Community would need to advocate for service like they do for power/phone/ internet etc. However, councils can influence the organisation through the Statement of Expectations and as shareholders.	Community will continue to be involved in decision making through the Long Term Plan processes.
 <b>Legal compliance</b>	Meets legal requirements , but will still be subject to significant economic regulation.	Would be subject to significant economic regulation, the impacts of which are yet to be quantified, but may mean this option is not financially sustainable.
 <b>Community affordability</b>	This is the most affordable for Horowhenua ratepayers.	As part of our Capital Long Term Plan our water rates are planned to almost double in the next 7 years. This is to make sure that we are continuing to invest where we need to and catching up for the years when we haven't recovered the full cost of providing water services through our rates. Instead we have used debt. We will also have the extra costs of economic regulation which can't yet be quantified.
 <b>Environmental outcomes</b>	With the advantage of scale, improved efficiencies and an increase in borrowing capacity, better environmental outcomes could occur. Regulations also protect our environment.	There is unlikely to be any change for environmental outcomes and other than those legislated by new regulations.
 <b>Social impact</b>	Better social impacts than option 3, as Council can maintain to invest in other areas and help create connectedness.	Reduced social impacts, as council will likely need to reduce investment in other areas in the long term.
 <b>Cultural outcomes</b>	No work has occurred so far to determine impact on cultural outcomes/governance.	Due to the financial constraints associated with this option, it may prevent us from meeting community and tangata whenua aspirations.
 <b>Iwi/hāpu involvement</b>	Needs to be confirmed.	Iwi and hāpu play a key role in our water service delivery decisions, including advice, historical insights, strategic direction, and provide a valuable Mātauranga Māori world view. Our Iwi and hāpu partnerships help us to contribute towards enhancing the mauri (lifeforce) of our lakes, streams and rivers.

	Under a jointly owned Water Services Organisation	Council owned (Status Quo)
 <b>Water service</b>	<p>Would meet legal requirements. Likely improve water services that are planned over the long term due to scale.</p>	<p>We'd meet basic legal requirements, but limited ability to improve services e.g. higher treatment quality.</p>
 <b>Civil defence response</b>	<p>We expect the Water Services Organisation would be responsible for managing the water and restoring water supplies. But councils would continue to look after people during a response through civil defence centres. This would work similar to how Council works with a power company during a storm. Better ability to prepare for and manage future growth needs.</p>	<p>We will continue to look after our water and our community in an emergency.</p>
 <b>Growth and development</b>	<p>Council may still choose to look at services we provide through subsequent Long Term Plans and seek public feedback.</p>	<p>Due to more limited lending capacity, reduced ability to financially prepare for and manage future growth needs.</p>
 <b>Impact on other council services</b>	<p>It is unlikely to have negative impacts as seen in option 3.</p>	<p>Maintaining the status quo for water services could severely impact other Council services due to taking up some of Council's debt headroom and the new legislation requiring ring-fencing for water services revenue.</p>
 <b>Climate change mitigation</b>	<p>With the advantage of scale, improved efficiencies and an increase in borrowing capacity, more climate change mitigation could be likely.</p>	<p>Difficult due to cost pressures.</p>

# Charging for water services in the future

Under the Local Water Done Well legislation, an economic regulator will monitor the pricing of water under any option.

The legislation asks us to explain to you how water can be funded in different ways. Under the options it will be up to either Council or a new organisation to determine how to do this in the future.

### Fixed water charges

This is what we do currently in Horowhenua. Residents connected to our water and wastewater networks pay a fixed (targeted) rate each year for each service. Everyone in our district pays a proportional amount for stormwater management, determined on their land value. Some people don't think this is a fair way to manage water as some homes use very little water but pay the same as those who use large amounts of water and may have things like outdoor irrigation, pools etc. These charges pay the day-to-day costs of getting you water, treatment and discharge of wastewater and replacing some assets.

#### WE'D HAVE TO SPEND SOME MONEY TO SET UP A NEW ORGANISATION.

There would be some large initial costs to set up a new organisation. They include things like transferring some legal responsibilities, transferring assets, setting up an office, buying software, hiring staff, work vehicles, billing processes, customer service and much more.

Estimates are around \$14 million for this. These costs wouldn't apply for option 3. For Options 1 and 2, most of the costs would be paid for by the Water Services Organisation. These costs are included in the examples in Option 1 and 2.

### Water meters

Water meters will be connected to each property and measure the volume of water used. That then determines how much a property pays for water.

#### Our Council adopted a Districtwide Water Metering project in June 2023

The water meter project is an important demand management and leak detection system, with an aim of a reduction of water demand through the identification of private side leaks and raising of customer awareness of their consumption. Alleviating the pressure on water treatment plants that are nearing capacity during periods of peak demand and provide time for the planning and implementation of strategic upgrades. In the long term, water metering will ensure the continued focus on conservation efforts through customer behavioural change and provide a mechanism to charge customers if required.

Some people view meters as a fairer option as you only pay for what you use, and therefore are incentivised to use less water. It also means people with pools or irrigation systems pay for those large volumes of water.

### How water will be charged for in future

If councils collaborate to create a Water Services Organisation there will need to be conversations about how water is charged to ensure it is consistent. We suspect that at some point in the future water meters will be likely for all councils. The Government has indicated that if councils collaborate, an organisation may also set different fees for different communities but the legislation does say that customers from different regions will now be able to expect more consistent pricing across areas.

The legislation also requires that any organisation adopts pricing structures that reflect the cost of the services, while promoting equitable access to water, and that all revenue must be re-invested. This is to avoid excessive profit-making.

Under all options, the legislation allows for charging people connected to the drinking water and wastewater networks, as they are now. We would also expect that all properties (regardless of if they're connected to the water supply) would continue to contribute towards the cost of stormwater management. The legislation requires that the costs for each are itemised, as they are now. It also allows for charges to be applied to properties not connected to the network but within the service area to reflect the cost of maintaining the service.

We expect that commercial water users, and our trade waste (wastewater) customers will also continue to pay for their water. Any new Water Services Organisation would look at how this works across the wider region to ensure it's consistent.

Currently, your water costs are charged as part of your rates. Under Option 1 or 2 with other areas being involved, we expect that in time you would receive a separate invoice from the Water Services Organisation. This would be like your power/phone/internet bills where you may receive an invoice monthly or quarterly.

You'd also talk to that organisation directly for any concerns or feedback about water or bill payments. The legislation allows for late fees for unpaid charges.

It's important to note that Council have not yet made any decisions about how the way we share costs and charge for water services might change in the future when all our properties are metered.

## Some other points for you to consider

### **The law is clear on keeping water assets publicly owned.**

The legislation includes several requirements to ensure water assets cannot be sold or transferred to private entities without extensive legislative and community consent.

### **Stormwater management is very important to us.**

Stormwater is a unique part of our water system – because unlike wastewater or the drinking water supply, some of the critical parts of the system are shared across other services. For example, the roads hold stormwater (heavy rainfall) as they drain. Our parks and reserves are designed to have lots of green space to help hold onto as much water as possible in heavy rain events. Both of these aspects help reduce the chances of flooding.

Water reforms will exclude stormwater services related to the road Network. Stormwater management is factored into the modelling. That includes things like upgrading pipes, clearing drains and grates etc.

We expect all stormwater assets and responsibility for the work programme and day to day management will be moved to the new Water Services Organisation if we were to join with other councils.

Our Council is passionate about good stormwater management and doing all we can to mitigate the impacts of climate change for our community. We're working on a strategy and flood models currently to help us in that space.

### **We considered a range of things when looking at options.**

While cost is the big driver, we considered several other aspects to help determine a preferred option. These include impact on other council services, innovation, the service you get, cultural

input, your ability to have a say, growth, climate change and the environment. In your submission, we'll be asking you to have a say on these too, so we know what matters most to you.

### **We've been keeping Iwi/hāpu updated.**

We've continued to keep our partners involved through our regular interactions with them. Iwi/hāpu from across the region have also met for some group hui. We will continue to work with and seek feedback from Iwi/hāpu partners throughout the process. This process will need to carefully consider Iwi/hāpu interests and involvement, especially if there are differing objectives across the wider area. We believe Iwi/hāpu must play a role in water management.

### **All options will be subject to a range of regulations**

#### **UNDER OPTION 1, 2 AND 3:**

If we were to join other councils, the organisation would still be subject to strong oversight.

Firstly, there's the shareholding councils who create a Statement of Expectation about what is expected, which the organisation has to respond to with a plan.

With our current council-controlled organisations, they also report regularly to Council and Elected Members can ask questions of them. The organisation would also be required to create annual reports and other public reporting of their work and financial position.

#### **FOR ALL OPTIONS:**

Under the new legislation, regulators would also be established. There would be one who looked at finances and pricing.

The other regulator, The Water Services Authority, which independently tests water to ensure it meets legislated standards for drinking water.

Lastly, there are still a wide range of other laws that the organisation would be subject to, including the Resource Management Act which helps protect our environment.



**A bigger population doesn't mean a bigger say in joint organisations.**

Under Options 1 and 2, the Water Services Organisation would make decisions. Our Elected Members have not made any resolutions about the governance expectations for a potential joint organisation.

**We believe your water service could improve.**

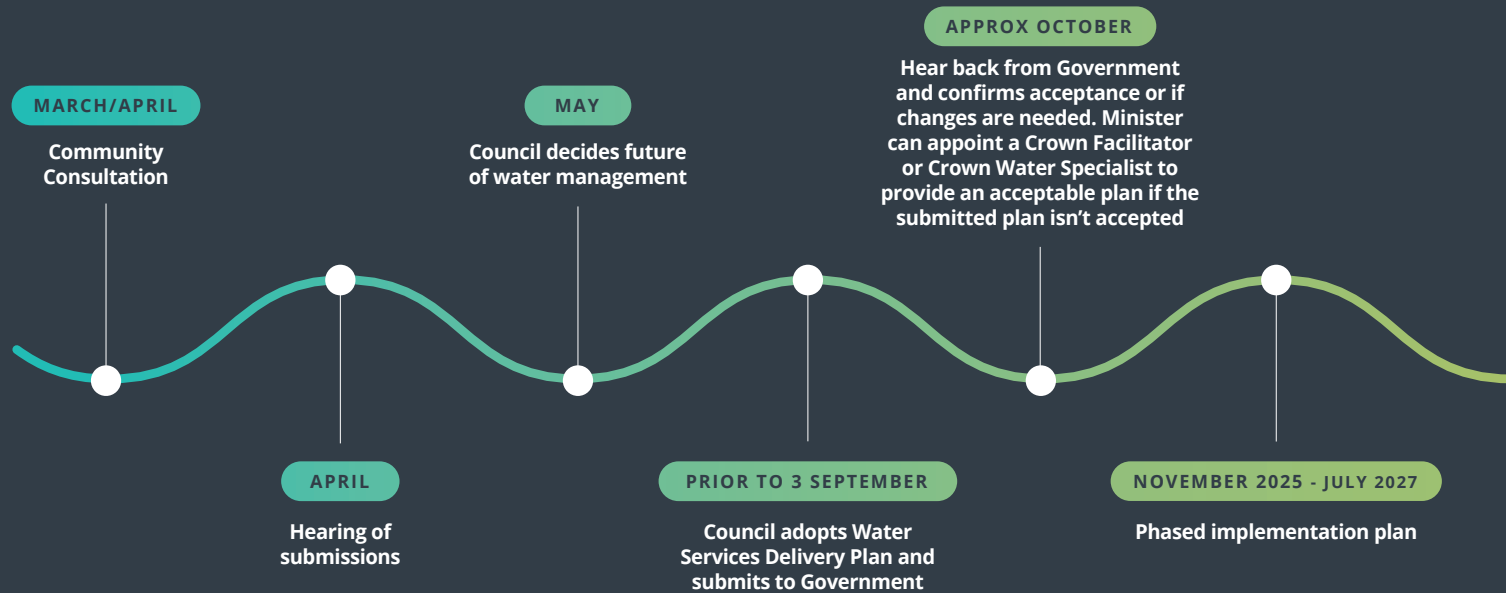
Under Options 1 and 2, we expect your water services will improve if we join with others. With more people paying for water improvements they can likely occur faster than what we would have been able to do.

Being an semi urban area, our community does have a high expectation of service and we'll be advocating for maintained or improved levels of service with any organisation.

With more people to pay there will also likely be a push for innovation and better environmental outcomes.



# Timeline





# Let's Kōrero - Have your say



## Come to a drop in session



### Cuppa with a Councillor

Te Takeretanga o Kura-hau-pō and Te Awahou Nieuwe Stroom, 13 March  
10.30am to 12.30pm, and Shannon Library from 1pm to 2.30pm



### Citizens Panel Workshop

More details to come



## Make a submission!

Making a submission is the most important thing you can do. It also means that if you'd like, you can choose to speak to Elected Members about your views at our hearings. Simply tick the box on the submission form to do that and we will be in touch to arrange a time.

### You can make a submission in three easy ways:

- 1 On our website [letskorero.horowhenua.govt.nz/LWDW](https://letskorero.horowhenua.govt.nz/LWDW)
- 2 Fill in a hardcopy form from one of our libraries or customer service centre and drop it in a box in person
- 3 Fill in a hardcopy form and post or email it to us:

#### Post to:

Horowhenua District Council Submission – LWDW  
Private Bag 4002  
HOROWHENUA 5540

#### Email to:

[Submissions@horowhenua.govt.nz](mailto:Submissions@horowhenua.govt.nz)





- @enquiries@horowhenua.govt.nz
- horowhenua.govt.nz
- HorowhenuaDC
- 06 366 0999
- Private Bag 4002, Levin 5540
- 126 Oxford St, Levin 5510

## How do the options compare and what are the key considerations?

We've been working hard to determine the best option for our community, considering factors like affordability for ratepayers, operational and capital efficiencies, the impact of strict regulations, the number of ratepayers

to share costs, and environmental, social, and cultural effects. We're also looking at asset value, debt, planned capital investments, and which option will make us more appealing for regional government deals. At a high level,

Here's how Option 1 - a jointly owned water services organisation stacks up against the status quo - how we currently deliver water services.

