


Have your say

Ngā ratonga wai o te anamata mō Te Awa Kairangi ki Tai The future of water services for Lower Hutt

This is the **most important decision**
we'll make for our city in decades.





This document has been developed to help residents understand the options and give feedback to guide Hutt City Council's decision on the future of water services.

Alongside the other metro Councils and Greater Wellington Regional Council, we are presenting two options for consideration – our preferred option of a multi-council-owned water services organisation, or the status quo of Wellington Water Ltd, modified to meet new Government requirements.

In this document, you will see two sections. Part A covers background and key information about the options, and Part B includes a comparison of the options with financial details, levels of services and statutory information.

Visit hutt.city/futurewater to find out more and have your say by completing the survey before 20 April 2025.

Ngā hua o roto

Contents

He Kupu nā te Koromatua Introduction from the Mayor	4
---	---



Wāhanga A: Te horopaki me ngā kōwhiringa matua Part A: Background and key information about the options	6
---	---

Kia pai ake ngā ratonga wa ā muri ake nei Delivering better water services for the future	7
---	---

He aha te raru o ngā ratonga wai? What's the problem with water services?	7
---	---

Te whakahaere o ngā ratonga wai How it works now	8
--	---

Pūrongo Whaihua Pūtea Wellington Water Ltd Value for Money Reports	9
--	---

He aha te take me whakahou ai ngā ratonga wai? Why is water reform needed?	9
--	---

Me pēhea hā mātou ratonga wai hei ngā rā o te anamata? What is the best way to deliver our water services in the future?	10
--	----

Te kōwhiri i te rātonga pai rawa Choosing the best service delivery model	11
---	----

He aha mātou e hiahia ai i te tōpūtanga hou ā ngā Kaunihera maha Why we prefer a new multi-council-owned organisation	12
---	----

Te mahere mō ngā ratonga wai o te anamata, me te whakahaere utu The plan for future water services and managing costs	15
---	----

Ngā pārongo More information	15
--	----

Tukuna mai hō whakaaro How you can have your say	16
--	----

He aha te whai ake nei? What happens next?	16
--	----



Wāhanga B: He whakatauritenga o ngā kōwhiringa, o te ahumoni, o te taumata o te ratonga me ngā pārongo ā-ture Part B: Comparison of the options with financial details, levels of service and statutory information	18
---	----

He whakatauritenga me te tirohanga whānui o ngā kōwhiringa Comparison and overview of the options	20
---	----

He aha ngā ritenga ā-pūtea me ngā utu o ia kōwhiringa? What are the financial impacts and costs of each option?	22
---	----

He aha ngā ritenga mō ngā hapori i te rohe ratonga hou? What are the implications for communities throughout the proposed new organisation's service area?	27
--	----

Me pēhea te aroturuki o te hinonga hou me tōna kawenga e te Kaunihera? How would the new organisation be monitored and kept accountable by the Council?	29
---	----

He Kupu nā te Koromatua

Introduction from the Mayor



Kia ora, welcome to our consultation document on the future of water services

Now more than ever, we need to consider what our water services look like – not just in Lower Hutt, but across our region.

Decades of underinvestment and an ageing network means our water infrastructure is not coping with current demand; let alone the future population growth we are expecting in years to come.

You've probably noticed leaks in your neighbourhood. While we've made progress in repairing them, the reality is that ageing pipes make this a temporary fix. The real solution is large-scale pipe replacement.

The investment required into our wastewater treatment plant and other major water assets is significant over the next 20–30 years. There is a lot of work to do, but affordability is a challenge. Councils can't afford this within the current structure without imposing steep rate increases on residents.

This isn't unique to Lower Hutt; communities up and down New Zealand are grappling with similar issues.

We need a reliable, sustainable and safe network in place for future generations.

This document presents two options that we want residents to review and give feedback on.

Our preferred option would give ownership of public water assets and services to a new multi-council-owned company. The new entity would be able to borrow more than Council currently can, helping spread the cost across over a longer period of time.

I've been saying for over five years that the current Wellington Water Ltd structure is not fit for purpose, and the reality is that we've been delayed in making the changes necessary due to frequent updates in government policy, but now is our opportunity to improve what we have.

It's really important to have your say. Councils will need to make decisions about the future of water services by 27 June 2025, and your feedback will help shape those choices.

I encourage you to take time to read this consultation document and tell us your thoughts on the two options we have put forward.

Ngā mihi nui,



Campbell Barry
Te Koromatua o Te Awa Kairangi ki Tai
Mayor of Lower Hutt



Wāhanga

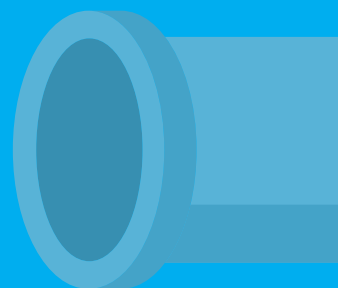
Part:



A

Te horopaki me ngā kōwhiringa matua

Background and key
information about the options



Kia pai ake ngā ratonga wa ā muri ake nei

Delivering better water services for the future

The future of water services in the Wellington region is at a crossroads. To ensure clean, safe, and sustainable water for generations to come, we are seeking community feedback on two options for reform.

Our preferred option is a new multi-council-owned water organisation, which would take ownership of public water assets and services. This model allows for better long-term planning, investment, and environmental protection while keeping costs to consumers lower.

The alternative is a modified version of the current Wellington Water Ltd model, where Councils retain asset ownership while Wellington Water Ltd manages services. While this maintains the status quo, it may limit future investment, efficiency, sustainability and lead to higher costs to consumers.

Regardless of the chosen approach, water infrastructure will remain publicly owned and managed on behalf of ratepayers. We have outlined the challenges facing our water network, the need for reform, and the details of both options.



We are seeking community feedback on two options for reform

He aha te raru o ngā ratonga wai?

What's the problem with water services?

Like many parts of the country, our water networks face significant challenges. We experience water leaks, ageing infrastructure, and water shortages during the summer months. Our wastewater plants sometimes fail to meet quality standards, and many waterways remain in poor condition.

It's challenging to meet the long-term needs of our growing population for drinking water, wastewater and stormwater systems. Adding to these challenges, climate change means we have storm events that are more frequent and more devastating, putting pressure on water networks.

The Government's Local Water Done Well reform introduces new regulatory standards for water services that all councils must meet, as well as mandatory planning and accountability mechanisms for new water organisations.

The amount of money Councils have set aside in their Long Term Plans (LTP) is not enough to keep our water networks up to scratch. This puts all of us

at risk if services were to fail. While we've put more funding into water services, especially for leaks and repairs, our efforts are limited by what ratepayers can afford and our ability to borrow for necessary upgrades and renewals.

Here in the Wellington region, we are also limited by the cumbersome and inefficient arrangements underpinning our current way of delivering water services through Wellington Water Ltd.

As a country, we have not been paying enough for water services, so whatever happens, water is going to cost more than it has previously. We must address these issues urgently and over time, but in a way that is fit for purpose and most affordable.



Te whakahaere o ngā ratonga wai

How it works now

Councils own the water networks in their own area. Greater Wellington owns the drinking water treatment plants, main pumps, and pipelines to get water to the city reservoirs.

Wellington Water Ltd is the water services provider for Councils. It is fully funded by and delivers services to Councils that own it: Hutt, Porirua, Upper Hutt and Wellington City Councils, South Wairarapa District Council and Greater Wellington.

Wellington Water Ltd is governed by a board of independent directors.

A representative from each Council sits on the Wellington Water Ltd Committee, which provides overall direction for the organisation and appoints its directors.

While all our current Council plans show increased investment in water, we know this is not enough to maintain supplies that meet standards and more will be required.

New multi-council-owned water organisation

This includes:

- Lower Hutt City Council
- Porirua City Council
- Wellington City Council
- Upper Hutt City Council
- Greater Wellington Regional Council

Wellington Water Ltd (current model)



Pūrongo Whaihua Pūtea

Wellington Water Ltd Value for Money Reports

In early March 2025, Wellington Water Ltd released reports they had commissioned to identify better value for money through the investment made by its shareholding councils, which includes Hutt City Council.

At this stage, we do not know the implications of these reports on our financial modelling. We will share updates on this with our community through our usual channels as soon as we can. In the meantime, we encourage you to please have your say on the new model proposed for water services included in this consultation document.

It's really important to have your say so that whatever model is in place in the future meets community needs and expectations for quality water provision.

He aha te take me whakahou ai ngā ratonga wai?

Why is water reform needed?

To address challenges facing water around the country, the Government has now introduced Local Water Done Well, which aims to:

→ **Strengthen the regulation of water services by:**

Implementing new water quality and wastewater standards regulated by the Water Services Authority – Taumata Arowai.

Introducing economic regulation covering price, quality and affordability issues through the Commerce Commission.

→ **Enable water services to continue being delivered locally** - with a mixture of measures that encourage Councils to work together in new water Council Controlled Organisations (CCOs), ringfence the money going into water (to prevent cross subsidisation of other Council activities) and have greater borrowing ability to better spread costs over the life of water assets.

Under Local Water Done Well, the Government has committed that water services remain in public ownership. Councils and water organisations will not be able to privatise water services.

Me pēhea hā mātou ratonga wai hei ngā rā o te anamata?

What is the best way to deliver our water services in the future?

Under Local Water Done Well, every local authority in New Zealand is now required to consider its future service delivery model, keeping in mind:



Water quality risks

Leaks and pollution of waterways must be addressed. New water standards set by the Water Services Authority – Taumata Arowai will help to improve drinking water quality and stormwater and wastewater networks over time.



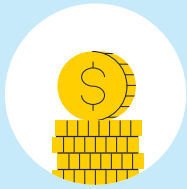
Growing populations put pressure on core infrastructure

Investment is needed to keep pace.



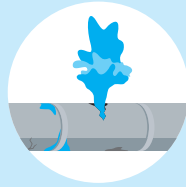
Financial sustainability

More investment is needed for the long term, and the current model is unsustainable.



Affordability

Paying for water services will increase no matter what. Which option is going to be less costly for ratepayers over time?



Ageing infrastructure

Major upgrades and renewals are required.



Environmental impact and sustainability

We know that expectations and regulatory standards are increasing and that we need to be prepared to invest if we are to meet our aspirations in this area.



Government requirements

A service model must be submitted to the Department of Internal Affairs by 3 September 2025.

Te kōwhiri i te rātonga pai rawa

Choosing the best service delivery model

As part of Local Water Done Well, the Government has mandated that councils review how water services are delivered based on a range of options.

This consultation is to help guide the decision about the type of organisation best suited to deliver water services. Five Councils have agreed to work together – Hutt City, Upper Hutt City, Porirua City, Wellington City and Greater Wellington. We have worked in partnership with Iwi to consider and test a range of delivery model options (the South Wairarapa District Council has decided to work with other Wairarapa Councils rather than this side of the Remutaka Hill).

These five Councils have worked together for 10 years with Wellington Water Ltd as our water services provider. Each Council has considered the issue and separately arrived at a common view that it's time to change how we deliver our water services.

Hutt City Council is keen to explore this issue with our communities, so we are asking you to consider and give feedback on two options:

★ Preferred

New multi-council-owned water organisation

A new multi-council-owned water organisation that will own and operate public water, wastewater and stormwater assets/networks.

Modified status quo

A modified version of Wellington Water where asset ownership and investment decisions remain with each individual Council. As the existing Wellington Water model would not comply with all aspects of the new legislation, this option has been updated to comply with legislation.



He aha mātou e hiahia ai i te tōpūtanga hou ā ngā Kaunihera maha

Why we prefer a new multi-council-owned organisation

We know there are several challenges with our current delivery model and believe there are a number of benefits and opportunities from our preferred model.



Future charges for water

One of the key issues for our community is how much each model will cost to run and how much this will cost you.

Two things are clear:

- 1 Costs are going to be high under each delivery model, given the backlog of investment and the poor state of our water services infrastructure. Under either option set out in this document, what communities pay for water services will need to increase to address the challenges we face.
- 2 Based on our high-level modelling, the preferred option would mean water charges are about a third less than the modified status quo by 2033/34. Note that these are estimates only and subject to change as plans progress further, but water charges are still expected to be lower under the preferred model.

There are several reasons for this, in particular:

- The organisation would own all the water services infrastructure covered by the five councils and be able to generate its own income and manage its own debt. It would be expected to deliver economies of scale and have a strong focus on efficiency and value for money.
- The new organisation would have a greater ability to borrow money than councils currently do. This means that costs to fund assets that typically have very long lives and serve many generations of consumers will be able to be spread over a longer period.

More information on the financial impacts and costs are in [Part B](#).



Regional approach and independence

Our region has an interconnected water system, with drinking water from the Hutt Valley supplying the whole metropolitan area and communities sharing wastewater treatment plants.

The organisation would have the resources, independence, and region-wide perspective to effectively manage and improve our drinking water, wastewater and stormwater networks for current and future communities, rather than being limited by council funding and electoral and decision-making cycles. This is a big advantage compared to the current service delivery model.

Wellington Water Ltd currently takes direction from six different councils (five under the modified Wellington Water model), meaning it is constantly reacting to issues within each area. The new water organisation would consider the networks as a whole, enabling a holistic and longer-term approach to planning and resulting in a more reliable water network.



Ability to meet regulation

While ownership of the water networks and control over its own revenue and financing will give the new water organisation the ability to make decisions itself, it would operate in a much more regulated environment. This will provide a strong focus on water and service quality, customer-focused delivery and value for money.



Support of Iwi

The preferred approach has been developed jointly by the five councils working in partnership with Iwi.

Key outcomes sought by Iwi are:

- That wai needs to be protected and managed for the benefit of current and future generations.
- There will be an enduring focus on the best possible outcomes for wai, taking a holistic approach across the whole water system.
- There will be a commitment to achieving the outcomes articulated in Te Mana o te Wai, as these endure beyond changing political cycles and direction.
- Iwi will have an active role in all levels of the water services eco-system – from long-term planning, governance, operations/management, through to engagement with communities.
- The approach will be tūpuna-led and mokopuna focused, meaning that we need to be driven by the goal of creating a thriving environment for future generations.
- A culture where committing to and resourcing these outcomes will be at the core of any new water organisation, partnership or agreement.

To deliver these outcomes, Iwi have confirmed a joint council-owned water organisation as their preference. The primary drivers for this are:

- Water sources across Wellington are connected and for Māori are considered as one, from the water source of Te Awa Kairangi / Hutt River through to Te Whanganui-a-Tara / Wellington Harbour, Te Awarua-o-Porirua Harbour and the south coast.
- Working with one single organisation for water services would enable consistency across the region (supporting end-to-end protection and management) and will remove duplication of similar work across multiple organisations or councils.



Other benefits

- ✓ **Focus on accountability** – The preferred model is a new dedicated water organisation that takes full responsibility and accountability. Owning its assets helps the organisation deliver better financial results and service to customers, shareholders, Iwi, and government regulators.
- ✓ **Simplicity** – the preferred model is a one-stop shop for customers to get their water issues sorted.
- ✓ **Effectiveness in decision making** – The preferred model will ensure clear, aligned long-term decision-making and reduce these variations.
- ✓ **Efficiencies through economies of scale** – We know that a single larger organisation can achieve greater efficiency and better value for money and will be able to plan and invest more effectively.
- ✓ **Better access to debt financing** – means we can spread cost over a longer period.
- ✓ **The new model better provides for the involvement of Iwi** – For this reform, Iwi have been around the table from the start, and the new model will continue this practice.



Te mahere mō ngā ratonga wai o te anamata, me te whakahaere utu

The plan for future water services and managing costs

Under the new legislation, each Council must prepare a Water Services Delivery Plan (WSDP) that:

- Identifies the state of our water assets (pipes, reservoirs, pumping stations, wastewater treatment plants)
- Meets all regulatory water quality standards
- Is financially sustainable
- Supports population growth
- Covers 10 years

We are working on this plan, and it will be July 2025 before we have the final figures. We have done some preliminary work to enable us to compare different delivery models, but the costs need more work before we finalise our WSDP.

Under either delivery model, we plan to:

- + Continue to review our capital investment programme. We are reluctant to make significant changes at this stage of the process because we know this work is urgent, and some have already been delayed.
- + Drive efficiencies through more joined up decisions, better procurement practices, process improvements and a strong focus on value for money.
- + Use longer term debt and the greater borrowing ability of the new water organisation to smooth these costs.
- + Look at other funding sources and ways to structure debt.
- + Look at how pricing is applied to different users and parts of the region to ensure that this is fair and reasonable.

Ngā pārongo More information

- + Further information on financial and level of service impacts:
[Section B](#)
- + Full details, FAQs and online survey:
hutt.city/futurewater
- + Background to water reform including council reports:
hutt.city/LWDW
- + Water services policy and legislation:
dia.govt.nz

Legal Disclaimer:

This consultation is being undertaken at a time when further legislation to complete the Local Water Done Well reforms is still being finalised. Some key aspects of the options and details contained in this consultation may change as a result of the final legislation which is expected to be enacted mid 2025.



Tukuna mai hō whakaaro

How you can have your say



Head to hutt.city/futurewater – to find supporting information and complete the survey before 20 April 2025.



Visit any Hutt City Council Neighbourhood Hub to fill out a survey form before 20 April 2025.



Scan the QR code to fill out a survey form online.



He aha te whai ake nei?

What happens next?



20 March 2025

Consultation opens



20 April 2025

Consultation closes



27 June 2025

Hutt City Councillors decide on the new water services delivery model



3 September 2025

Water Services Delivery Plan submitted to Department of Internal Affairs



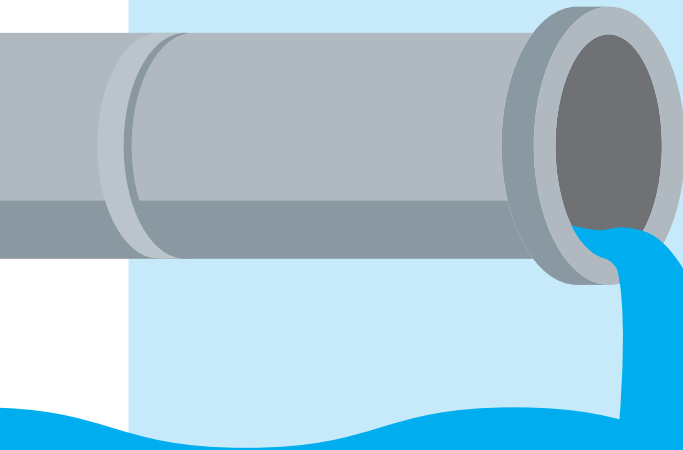
Approx. October 2025

Government confirms acceptance or requests changes to the Water Services Delivery Plan



1 July 2026

New model takes effect (if approved)



We're teaming up with the Councils that would be part of the proposed new water services organisation, each gathering feedback from our communities to inform our decisions.





Wāhanga

Part:



B

**He whakatauritenga o ngā
kōwhiringa, o te ahumoni, o
te taumata o te ratonga me
ngā pārongo ā-ture**

Comparison of the options
with financial details, levels
of service and statutory
information



He whakatauritenga me te tirohanga whānui o ngā kōwhiringa

Comparison and overview of the options

	★ Preferred	
	New multi-council-owned water organisation	Modified status quo (Wellington Water modified to meet legislative requirements)
Asset ownership <small>(i.e. the pipes, pump stations, reservoirs, wastewater treatment plants etc)</small>	Assets are owned by the new organisation	Assets are owned by each individual Council
Ownership of the organisation	The shareholders are the individual Councils.	The shareholders are the individual Councils.
Decisions on spending in a new regulatory environment	<p>The Board of the new organisation will make decisions based on input from Councils through a statement of expectation.</p> <p>Stricter regulation on price and quality (Commerce Commission) and water quality and wastewater standards (Taumata Arowai).</p>	<p>Individual Councils make decisions based on the advice provided by Wellington Water Ltd. We consult through our planning – Long Term Plans/ Annual Plans.</p> <p>Stricter regulation on price and quality (Commerce Commission) and water quality and wastewater standards (Taumata Arowai).</p>
Charging for services	The water services will be removed from rates, and the new organisation will bill property owners separately. There may be some interim arrangements for each Council as the new organisation gets established.*	Currently, all water services are paid through each Council's rates. There would be no change to this under the modified status quo.
Water meters	Highly likely to be introduced.	Highly likely to be introduced

*The new organisation would set charges.

	★ Preferred	
	<p>New multi-council-owned water organisation</p>	<p>Modified status quo (Wellington Water modified to meet legislative requirements)</p>
<p>Costs to customers</p>	<p>Based on our high-level financial modelling, the preferred option results in water charges that are about a third less than the modified status quo by 2033/34 but are still challenging from an affordability perspective.</p>	<p>Early indicative estimates are that the costs to customers will go up substantially.</p> <p>Based on current estimates, by 2034, the average cost per connection under a full capital programme will be significantly higher than the preferred option.</p>
<p>Debt capacity (noting that debt pays for long term assets to reflect the intergenerational benefits for these long run assets)</p>	<p>Water reforms will allow higher borrowing capacity for new water organisations based on funds from operations as a proportion of debt. This is expected to be equivalent to around five times revenue. This higher borrowing capacity enables costs to be spread over a longer period.</p>	<p>Currently, we can borrow 2.8 times our revenue (or up to 280% debt to revenue ratio).**</p> <p>Our financial strategy shows that Council is heavily indebted, and there is constrained investment and ability to make the appropriate investments over the long term.</p>
<p>Customer enquiries</p>	<p>The new organisation would be the single point of contact for all service requests.</p>	<p>The first point of contact is the individual Council, which passes these to Wellington Water</p>
<p>Population growth</p>	<p>Will improve the ability to meet population growth through access to greater borrowing.</p>	<p>May restrict new housing development. Without substantial investment to increase network capacity, some parts of Lower Hutt have limited ability to add new housing.</p>
<p>Board appointments</p>	<p>A decision by shareholder Councils and Iwi on an oversight group. The details of this are still being worked through.</p> <p>For more information visit dia.govt.nz</p>	<p>A unanimous decision by the Wellington Water Ltd shareholding Councils</p>

**While a 280% ratio is allowed, Hutt City Council has set a lower borrowing limit in the Long Term Plan 2024-2034 at 250% of debt to revenue, as we consider it essential to maintain headroom and the ability to fund the impacts of significant natural disasters should they occur, such as extreme weather events or earthquakes.

He aha ngā ritenga ā-pūtea me ngā utu o ia kōwhiringa?

What are the financial impacts and costs of each option?

Our work so far is based on high-level modelling and indicative estimates of costs. The modelling is intended to help compare options and does not represent final costs, water charges and investment programmes.

The coloured headings in this section will show which option is being discussed.

New multi-council-owned water organisation

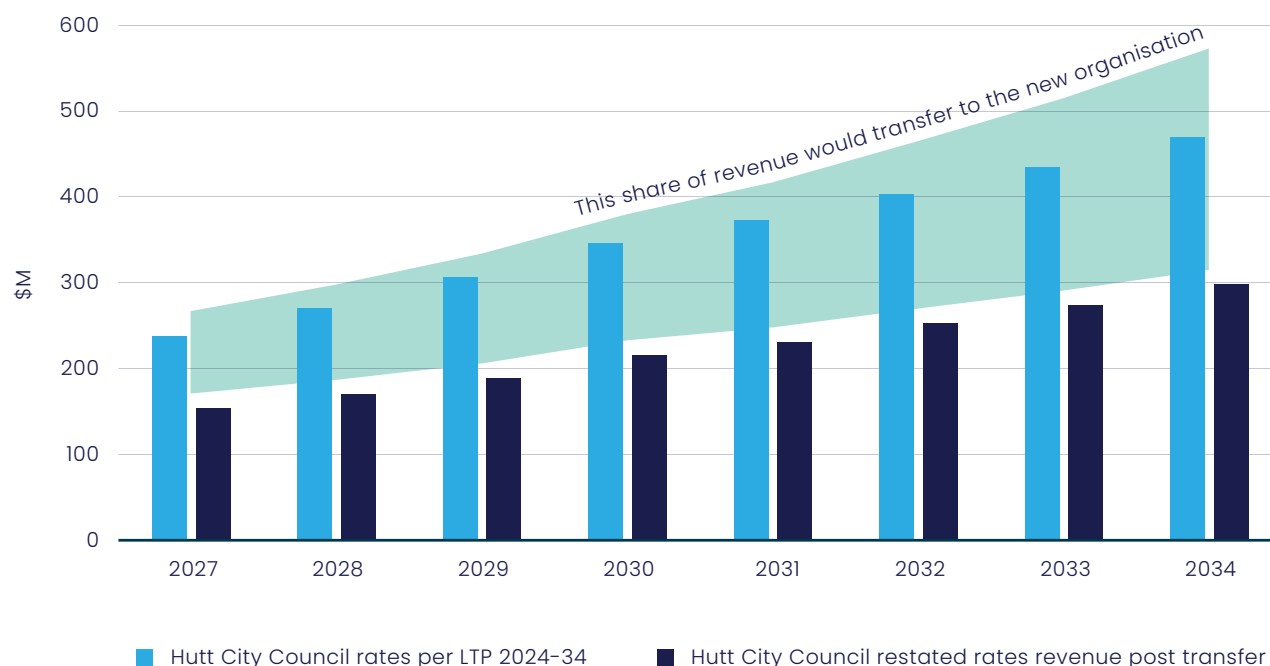
★ Preferred

Council rates

If the preferred option proceeds, Council would no longer fund water services through rates. This would result in lower rates revenue for Council (all things being equal) as shown in the following graph. This compares the rates revenue forecast in the Long Term Plan 2024-34 with rates revenue after the transfer of the water assets to a new regional organisation (assumed 1 July 2026):

Graph 1 – Rates revenue impact

While water services would no longer be funded through Council rates, a separate water charge would be billed to water customers by the new organisation.



Water Charges

Under either option set out in this document, the amount communities pay for water services needs to increase to address the challenges we face.

Under the preferred option, the new water organisation would provide all services directly to water customers and bill directly for water usage and services provided. Customers would no longer pay rates to Council to fund the cost of water services.

Charges will be determined by the board of the new water organisation, under the oversight of an economic regulator (Commerce Commission) to ensure that these are fair, reasonable and provide appropriate levels of service.

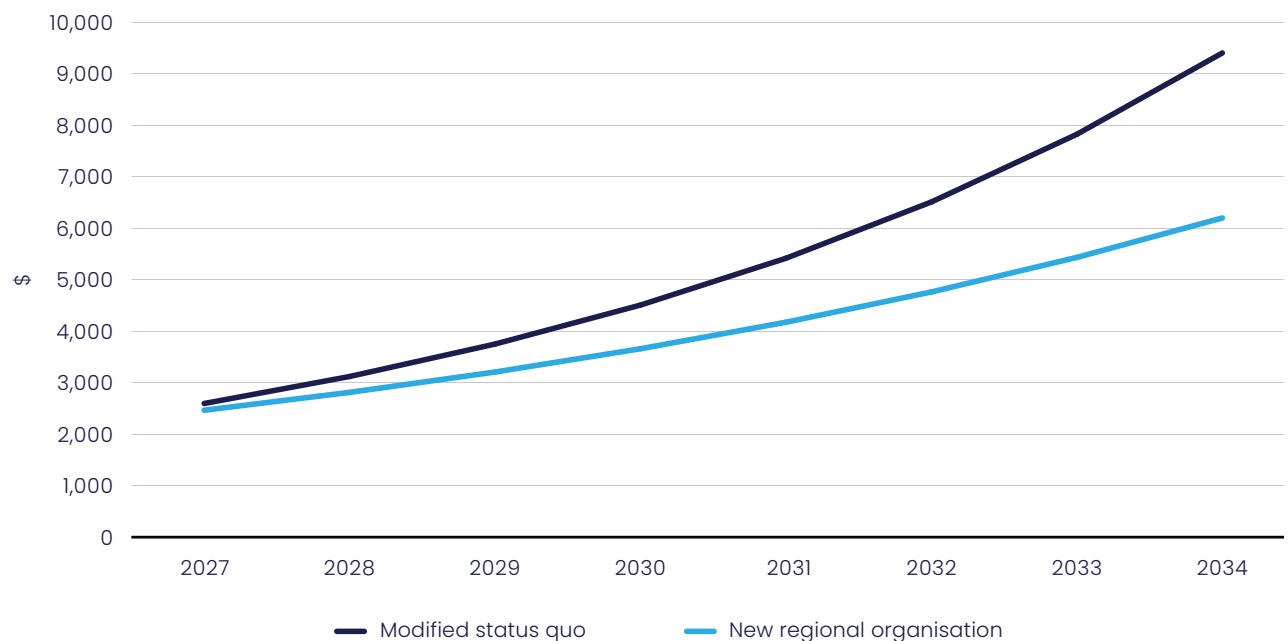
Council will likely have some influence over the water organisation's pricing and charging approach through the statement of expectations and water services strategy.

The high-level financial modelling completed so far indicates the multi-council-owned water organisation option will likely provide the most efficient and effective financial solution.

This is due to greater efficiencies and economies of scale and additional borrowing capacity available to the multi-council-owned water organisation.

Indicative average water charges per connection (including inflation and GST) are shown in the graph below. The preferred option is estimated to be about a third lower than the status quo over time based on the same investment program.

Graph 2 – Indicative average water charges per water connection (including inflation and GST)



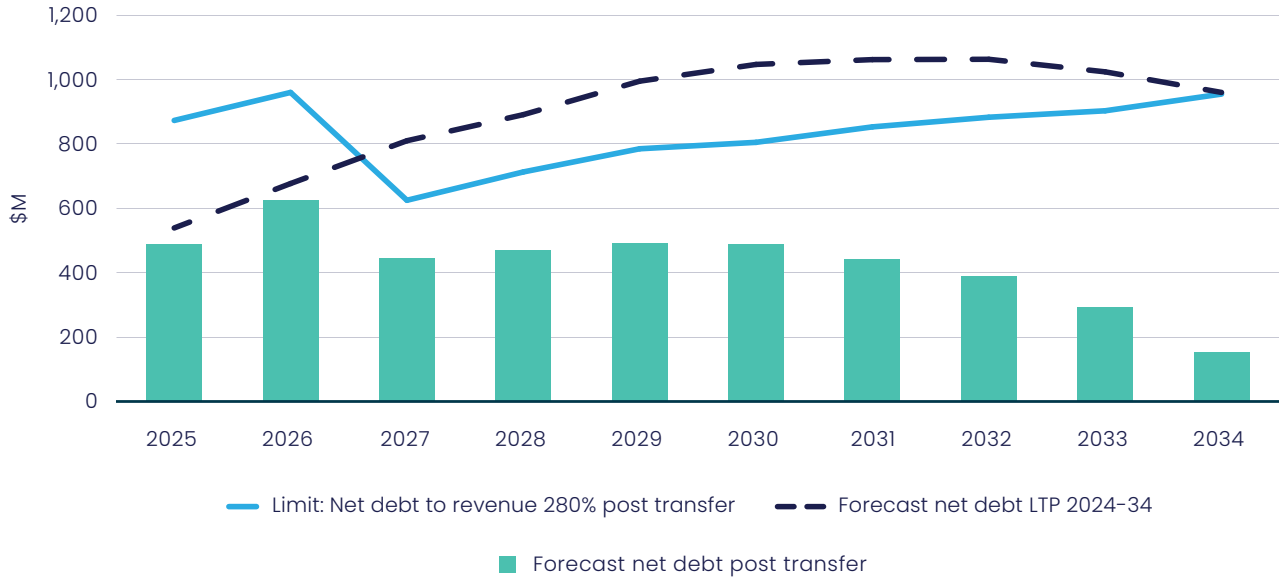
Note: These charges are indicative only and are provided to compare delivery options. The information is subject to change as we further work through the implications of finalised legislation, compliance requirements, investment priorities, cost impacts, and affordability for communities.

Council Debt under the preferred option

Under the preferred option, the debt associated with water assets would be removed from Council books and transferred to the proposed new water organisation on establishment (assumed 1 July 2026).

The graph below shows the impact of the water services transfer on debt compared to the Long Term Plan. This assumes water services debt is transferred to the new water organisation on 1 July 2026, with a drop in forecast debt levels for Council.

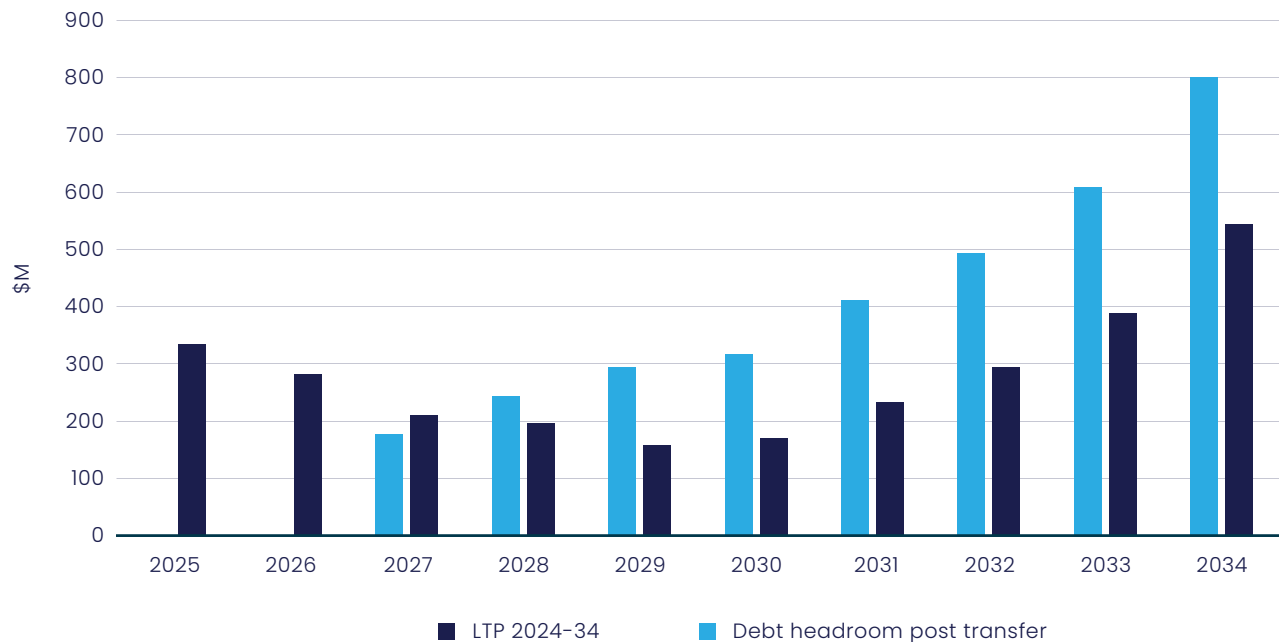
Graph 3 – Forecast net debt for Hutt City Council



Note: the financial modelling assumes a debt limit of 280% net debt to revenue ratio.

As a result of lower debt and revenue, Council's remaining borrowing capacity would change. Based on the Long Term Plan, this would mean a more favourable position for the Council. This position assumes all debt would be repaid when the new regional organisation is set up on 1 July 2026. Should the debt be repaid over a longer period, the position would be less favourable.

Graph 4 – Forecast residual borrowing capacity



Levels of service

All the water service assets, money we receive, and debt will be transferred to the new water organisation.

The new water organisation will be responsible for all planning and delivery functions, including providing appropriate levels of service for communities.

This will enable the new water organisation to improve asset management and investment across the whole network, from source to tap in the case of water, and from businesses and households to treatment and discharge in the case of wastewater.

Access to increased borrowing will enable the water organisation to better manage key risks and deliver major long-term infrastructure that is currently unaffordable for councils. Borrowing will allow increased investment in water quality, growth and compliance activity.

Addressing the challenges and risks for water will take 20 – 30 years of ongoing investment. This will result in better levels of service for communities through reduced leaks, outages and unplanned disruptions while also enabling growth and delivering cleaner harbours and waterways.

While decisions on service levels are ultimately for the new water organisation to make, the changes outlined in the previous paragraph are expected to lead to the following improvements in service levels over time:

- Increased reliability and availability of water services to customers and reduced outages. This will be achieved slowly over the short term as we catch up on replacing assets.
- Improved water use efficiency and conservation with universal water metering rolled out for all councils.
- Improvement in regional water security, including new water storage lakes.
- Compliance issues with the Seaview outfall pipe will be addressed.
- Improved water quality and reduced compliance risks at all the wastewater treatment plants.
- Cleaner streams and harbours.
- Population growth can be supported across the region rather than in pockets within some councils.

As this will take time and ongoing investment, not all risks will be managed immediately, with some ongoing challenges regarding water supply, environmental compliance and seismic resilience in the short to medium term. The new water organisation will be better placed than individual councils and Wellington Water Ltd currently are to manage these risks as it will have greater scale and borrowing capacity.

Modified status quo

Council Rates

Under the modified status quo, Council would continue to fund water services through rates. Council would need to ringfence water services revenue for water supply, wastewater and stormwater activities.

Rates for water services would be determined via Council's long term planning processes, adjusted to meet the new planning and accountability framework for water services under Local Water Done Well, including the oversight of the economic regulator (Commerce Commission).

The modelled impact on rates is based on the same investment programme used in the preferred option, which allows a like-for-like comparison to be made. Based on high-level modelling, rates for water services will be significantly higher.

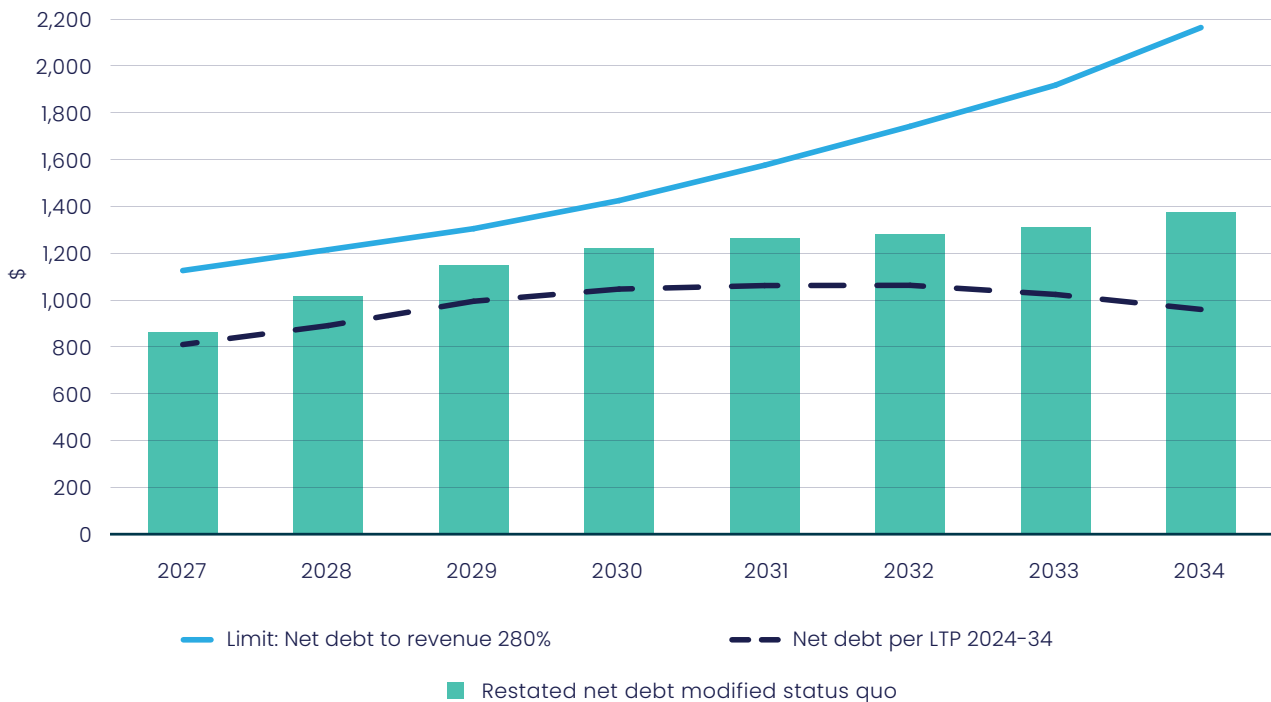
This is shown in Graph 2 above. The preferred option is estimated to result in water charges that are about a third less than the modified status quo by 2033/34.

Council Debt

Debt associated with water assets would continue to be held within Council and would need to be managed within Council's borrowing limits.

The graph below shows the impact of retaining water services on debt compared to the long term plan forecast. Forecast debt would be higher than in the Long Term Plan, reflecting higher investment to meet new regulatory requirements.

Graph 5 – Forecast net debt



Levels of Service

All the water service assets, revenues (such as targeted rates, any metering charges, development contributions) and debt remain with each council. Councils would continue to have significant constraints on increasing debt, meaning increases in rates to pay for required work.

Under the current model, Wellington Water Ltd must agree on maintenance, capital works and funding programmes separately with each council. This reduces Wellington Water Ltd's ability to make the most of investment across the network.

We have modelled the same investment programme for this option as for the preferred option. If water charges were considered unaffordable, investment levels would need to be reduced.

This would mean that network risks may increase, and levels of service would likely continue to deteriorate as it would be challenging to fund high-cost infrastructure while also continuing to increase investment in repairs and replacements, water quality, growth and compliance activity.

Over time, this may have a poor effect on environmental compliance, water supply and seismic resilience.

It is likely that there would be ongoing level of service challenges such as leaks, outages and unplanned disruptions with constraints on growth and continued impacts on water quality of harbours and waterways.

He aha ngā ritenga mō ngā hapori i te rohe ratonga hou?

What are the implications for communities throughout the proposed new organisation's service area?

The new water organisation can be expected, in time, to result in the delivery of more consistent levels of service to communities across its entire service area (Porirua, Wellington City, Hutt and Upper Hutt).

This will be due to its ability to take a strategic, network-wide approach to investment and prioritise parts of the network that are in the greatest need of renewal or repair. The organisation can also be expected to take a more

consistent approach to charging for water services across the region: currently, the average household or commercial water user in Porirua, Wellington, Hutt and Upper Hutt pays different amounts for water services through the rates set by each council.

Communities across the region can also expect the same approach to invoicing, customer enquiries and complaints from the new water organisation, regardless of where they live.



Me pēhea te aroturuki o te hinonga hou me tōna kawenga e te Kaunihera?

How would the new organisation be monitored and kept accountable by the Council?

★ Preferred

New multi-council-owned water organisation

The board of the new water organisation will be appointed by and accountable to shareholders (Councils), who are accountable to and represent their communities and consumers.

Under the Government's Local Water Done Well policy and Local Government (Water Services Preliminary Arrangement) Act, all water organisations are required to meet a minimum set of expectations about how they plan and deliver water services, which will ensure they are held accountable.

The Commerce Commission and Water Services Authority – Taumata Arowai will also oversee key aspects of the organisation's performance (and they will still be subject to existing public health safe drinking water and environmental regulation).

The proposed multi-council-owned organisation will be owned by shareholder Councils, who will each appoint representatives to a joint Council oversight body.

This body will enable the coordination of multiple Council interests, lead the development of the statement of expectations, appoint directors to the water organisation's board, and oversee the water organisation's performance (including in regard to strategic assets).

This will ensure that a high-quality service is provided to everyone across the region. The participating Councils will enter into a shareholders' agreement to set out how they will work together effectively.

Modified status quo

This would happen in a similar way to the current arrangements, with adjustments as necessary to reflect the new legislation.

This would include oversight from the Wellington Water Committee (that is made up of Council representatives), who deliver an annual statement of expectations and receive quarterly reporting on performance. Councils (via the Wellington Water Committee) would appoint the Wellington Water Board as they currently do.

Councils would continue to set the budget for Wellington Water Ltd through their long term plans with oversight from the Commerce Commission as the economic regulator.

