



If calling, please ask for Democratic Services

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## Council

Thursday 13 March 2025, 9.30am

Taumata Kōrero - Council Chamber, Greater Wellington Regional Council,  
100 Cuba St, Te Aro, Wellington

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*Quorum: Seven Councillors*

### Members

#### Councillors

Daran Ponter (Chair)

Adrienne Staples (Deputy Chair)

David Bassett

Ros Connelly

Quentin Duthie

Penny Gaylor

Chris Kirk-Burnnand

Ken Laban

David Lee

Thomas Nash

Hikitia Ropata

Yadana Saw

Simon Woolf

**Recommendations in reports are not to be construed as Council policy until adopted by Council**

# Council

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Thursday 13 March 2025, 9.30am

Taumata Kōrero, Council Chamber, Greater Wellington Regional Council  
100 Cuba St, Te Aro, Wellington

## Public Business

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**Council**  
**13 March 2025**  
**Report 25.54**



**For Decision**

## **LOCAL WATER DONE WELL – PUBLIC CONSULTATION**

### **Te take mō te pūrongo**

#### **Purpose**

1. To advise Council of the content for Greater Wellington Regional Council's (Greater Wellington) public consultation on the bulk water components of Local Water Done Well.

### **He tūtohu**

#### **Recommendations**

That Council:

- 1 **Notes** that in accordance with the Local Government (Water Services Preliminary Arrangements) Act 2024, Council is required to consider and consult on a future water services delivery model as part of preparing a Water Services Delivery Plan (WSDP).
- 2 **Notes** that at its meeting of 31 October 2024, Council agreed to consult on two options, being the status quo (mandatory), with changes to meet the new legal requirements, and its preferred option of a new regional asset owning water services CCO model, in partnership with Upper Hutt, Hutt City, Porirua and Wellington City Councils.
- 3 **Notes** the preparation of the consultation material at [Attachment 1](#) has been undertaken collectively by the five councils working together on the joint water services planning group (Upper Hutt, Hutt City, Porirua and Wellington City Councils and Greater Wellington) to ensure consistency of information.
- 4 **Notes** that the consultation approach has been developed in partnership with mana whenua governance members. Mana whenua representatives will consider how to directly engage with their whānau and hapū.
- 5 **Notes** that the financial modelling is based on an investment programme that is higher than what is in the Long-term Plan, to include critical regional projects such as the Seaview Outfall Pipe Renewal and the full costs of the Pākuratahi Storage Lakes.
- 6 **Notes** that consultation is being undertaken at a time when further legislation to complete the Local Water Done well reforms is still be finalised, and that some

key aspects of the options and details in the consultation material may change as a result of the final legislation which is expected to be enacted mid-2025.

- 7 **Agrees** to follow the alternative consultation requirements provided for under the Local Government (Water Services Preliminary Arrangements) Act 2024 sections 60 – 64 to consult on Council’s water services delivery model options.
- 8 **Adopts** the Local Water Done Well Water Services Delivery Model consultation document content (Attachment 1) for consultation purposes in accordance with the Local Government (Water Services Preliminary Arrangements) Act 2024.
- 9 **Agrees** to the public consultation period being from 20 March 2025 to 22 April 2025.
- 10 **Notes** that consultation for all participating councils is planned to occur between mid- to late-March 2025 and mid- to late-April 2025.
- 11 **Authorises** the Chair and Council Chief Executive to make minor editorial changes to the consultation document (Attachment 1) prior to publication.

## **Te tāhū kōrero**

### **Background**

#### ***The Government’s Local Water Done Well initiative***

2. This paper outlines the next step in the Local Water Done Well work, public consultation on the preferred option. Work has been ongoing following the shift in policy direction under the current Government.
3. The Local Government (Water Services Preliminary Arrangements) Act 2024 establishes the Local Water Done Well framework and the preliminary arrangements for the new water services system. All legislation to support the implementation of Local Water Done Well is expected to be passed by mid-2025 – ahead of the local government elections in October 2025.
4. Submissions recently closed on the third Water Services Bill (Bill 3). Greater Wellington’s submission can be seen here<sup>1</sup> and the joint council submission here<sup>2</sup>. With Select Committee for this third Bill ongoing, there is some ongoing regulatory uncertainty. In the meantime, councils continue to progress this work as per earlier legislation as encouraged by the Department of Internal Affairs.
5. The end deadline remains the same. All councils are required to submit Water Service Delivery Plans to the Government by 3 September 2025.
6. If a council fails to submit a WSDP by the statutory deadline, the Minister of Local Government may appoint someone to prepare a WSDP on that council’s behalf, and (if necessary) to direct the council to adopt and submit this WSDP (a ‘regulatory backstop’ power). Any expenses associated with this appointee and the preparation of the WSDP would be covered by the council.

<sup>1</sup> <https://www.gw.govt.nz/assets/Documents/2025/02/Local-Government-Water-Services-Bill-GWRC-submission-Feb25.pdf>

<sup>2</sup> <https://www.gw.govt.nz/assets/Documents/2025/02/Final-Wtgn-joint-submission-Bill-3.210225.pdf>

***The joint council response***

7. Councils around New Zealand are facing significant challenges to meet the investment needed for drinking water, wastewater, and stormwater infrastructure.
8. The need for change to how water services are funded and delivered has been the subject of several major reviews, policy processes and legislative reform since at least 2016. Three major reviews (the Havelock North Drinking Water Inquiry 2016-2017, the Three Waters Review - 2017-2019, WCC Mayoral Task Force on Three Waters 2020), all concluded that councils were struggling to maintain and renew their ageing water infrastructure.
9. The region, especially across the metropolitan area, faces significant failure and deterioration in water infrastructure, with a risk of network fault runaway in parts of the network<sup>3</sup>. There are significant constraints to growth and new housing in many areas, with the need to meet regulatory standards and compliance requirements for water, and to build better seismic, network, and climate resilience. Challenges with the current delivery model include lack of scale, workforce skills and capacity, and cumbersome decision making and funding arrangements. Councils across the region have been working together to ensure a consistent and coordinated response.
10. While not all councils have the same issues, all councils in the region have major challenges to address. About 45% of all drinking water in the metropolitan area of Wellington is lost to leaks. While the quality of asset condition information is very poor, across the region an average of about 21% of the total three water pipes infrastructure has been assessed as worn out. Wastewater is generally in the worst condition with about 33% of the pipes worn out. Many wastewater treatment plants are failing to meet compliance requirements and need large-scale replacement or investment, with immediate risks of structural failure of some wastewater pipes.
11. Responding to a number of Wellington Water service shortcomings over recent years, a range of reviews and reports have shown that the current operating model is no longer fit for purpose. The recent release of a series of reports<sup>4</sup> looking into Wellington Water's management of expenditure, organisational structure and supporting systems and processes has highlighted the need for better oversight and the right organisational arrangements to ensure good value for money for the councils that own it and for the reliability of services it provides.
12. In addition, Greater Wellington's whaitua programme has articulated the expectations of mana whenua and local communities regarding the state of water in their area. In most cases, especially urban areas, significant improvements in water quality are required (sometimes to only meet bottom lines). The renewal of

<sup>3</sup> Network fault runaway occurs when the operational capacity to fix faults is exceeded by the fault rate. The consequences of this include extended periods of water outages, sewage spills, and localised flooding.

<sup>4</sup> See 'Summary Reports' under <https://www.wellingtonwater.co.nz/about-us/news-and-media/cost-underestimation-review>

assets is part of this issue, leaking or cracked pipes allow untreated sewage to leak into the environment – posing both a health and environmental risk.

13. For Greater Wellington, investment coordination is particularly important for the connected metro water networks of Wellington City, Porirua City, Hutt City and Upper Hutt City councils where bulk water supply, wastewater treatment, and stormwater solutions are shared across city boundaries. This is proving very challenging under the current service delivery model because:
  - a Service delivery is devolved from councils to a council-controlled organisation (CCO) that can only recommend but not require investment levels, leading to inconsistent and uncoordinated decision making on shared infrastructure across territorial authority boundaries.
  - b Each shareholding council prioritises CAPEX and OPEX expenditure on water service delivery differently, leading to different funding arrangements with the CCO.
  - c Large scale infrastructure renewals and upgrades require planning and investment spanning many years into the future. These long-term horizons can often look further than the Long-term Plan horizon of 10 years.
14. Therefore, any future water service model must be enabled to deliver a strategically planned and consistently higher level of investment throughout the region. This will need a model that is able to borrow, and over time can increase revenue from water users to a level where this sustainably covers the true costs of services. This could be through some form of charges or rates with a crucial consideration of ensuring that this is fair, affordable, and delivers value for money for the community.

#### ***Collaborative process to date***

15. Anticipating a change in approach from central government, council members of the Wellington Regional Leadership Committee established a joint governance oversight group called the Advisory Oversight Group (AOG) to fund, coordinate and guide a regional response alongside mana whenua partners. Council previously agreed to participate and fund this regional approach (11 April 2024, Report 24.167 - Regional collaboration of a Water Services Delivery Plan). This process has produced its first deliverable which sets out the recommended model for the region. The findings were workshopped with Councillors on 17 September 2024. The report outlines the scale of the challenge, implications around funding and pricing and is intended to support councils and councillors for significant decisions ahead (see report 24.582 Local Water Done Well – update and preferred model).

#### ***Council decisions and the shape of current consultation***

16. Council agreed, at the 31 October 2024 meeting, to continue with the collaborative process to develop a joint regional option for a Water Services Council Controlled Organisation.
17. Council also agreed to consult on two options:
  - a a new regional asset owning Water Services Council Controlled Organisation, as proposed; and

- b the status quo (mandatory), with changes to meet new legislative requirements, of a non-asset owning Council Controlled Organisation, as currently exists with Wellington Water Limited.
18. Council adopted in principle, as its preferred option for consultation, the proposed Water Services Council Controlled Organisation model requiring a joint Water Services Delivery Plan. At the same time, councils from around the region made similar decisions as to whether to stay in a regional model or not. The shape of the joint approach now looks like:
- a In: Greater Wellington, Wellington City, Porirua City, Hutt City, Upper Hutt City
  - b Out: Kāpiti, South Wairarapa, Carterton, Masterton district councils. These councils will pursue their own models.
19. The supporting structures, AOG, Chief Executives group and supporting officers' groups have been adjusted to reflect this change.

## **Te tātaritanga Analysis**

### ***Approach to consultation***

20. Consultation across Greater Wellington and the city councils has been aligned as closely as possible. For some councils, this aligns with Annual Plan consultation, Long-term Plan consultation or as a stand-alone consultation (as in Greater Wellington's case). Content for consultation documents has been developed collaboratively to ensure there is as much consistency as possible to reduce potential for public confusion and has been legally reviewed. It has also been shared with officials from the Department of Internal Affairs to check it will meet expectations. Any proposed changes should be focused on concerns on omissions or errors.
21. The consultation document and the collateral have been compiled to assist residents and ratepayers better understand the two realistic options available to Council for the future delivery of water services. It also undertakes to communicate the advantages and disadvantages of each option and their financial implications, using a consistent investment scenario.
22. There has been a balance between providing sufficient information for respondents to adequately understand what is being proposed while not inhibiting them from engaging with the issue with information overload. This balance also needs to ensure Council is meeting its legal responsibilities in respect to the level of information provided as set out in the Local Government Act 2002 and the new Water Services legislation.
23. In addition to the two options, the consultation document also discusses the broad implications of having a new regional water entity and seeks early comment on whether Greater Wellington should remain a shareholder in the new entity. At this stage, and without detailed knowledge of the costs and resourcing, this is an open question, asking for initial feedback. Further consultation will be required if Greater

Wellington considers exiting prior to the stand-up of the new entity or at any time during its operation.

24. It is important to note that Māori/iwi governance members have developed a statement for councils to include in their consultation documents. The simultaneous consultation process is transaction heavy for partners. Māori/iwi will consider how to directly engage with their communities (noting there could be opportunities to work together on this). Each council has led the consultation material content drafting themselves. The statement reads:

The proposed approach for a regional water organisation has been developed jointly by the five councils working in partnership with our iwi / Māori partners Ngāti Toa Rangatira and Taranaki Whānui ki Te Upoko o Te Ika.

This has been guided by a shared goal of ensuring the delivery of safe, reliable, environmentally and financially sustainable water services so the region can be resilient, restoring te mana o te wai, and enabling new homes and the well-being of communities.

Our iwi / Māori partners have been working alongside mayors and elected members on the Advisory Oversight Group for the regional approach to water services. Key outcomes sought by iwi / Māori are:

- 1) That wai needs to be protected and managed for the benefit of current and future generations.
- 2) 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 entity, partnership or agreement.

To deliver these outcomes, Ngāti Toa Rangatira and Taranaki Whānui ki Te Upoko o Te Ika have confirmed a joint council-owned water organisation as their preference. The primary drivers for this are:

- 1) 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.
- 2) 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.



## Nga kōwhiringa Options

### *Two options being formally consulted on*

25. As per paragraph 17, Council agreed to consult on two options:
- a a new regional asset owning Water Services Council Controlled Organisation, as proposed [preferred]; and
  - b the status quo (mandatory), with changes to meet new legislative requirements, of a non-asset owning Council Controlled Organisation, as currently exists with Wellington Water Limited.
26. Councils' decisions at the end of the 2024 has meant that a sub-regional model (Wellington metro area) will need to be consulted on rather than the full regional model (Wellington, Wairarapa and Kāpiti/Horowhenua).
27. These options are consistent across all councils, with some adding a third option if required. An overview comparison of the options is reproduced from the consultation content below:

	<b>Preferred option – new water services organisation</b>	<b>Modified status quo – Wellington Water modified to meet legislative requirements</b>
<b>Asset ownership (i.e. the pipes, pump stations, reservoirs, wastewater treatment plants etc)</b>	Assets are owned by the new company	Assets are owned by each individual council
<b>Ownership of the organisation</b>	The shareholders are the individual councils.	The shareholders are the individual councils.
<b>Decisions on spending in a new regulatory environment for water services</b>	The Board of the new company will make decisions based on input from councils through a statement of expectation, and stricter regulation on price and quality (Commerce Commission) and water quality and wastewater standards (Taumata Arowai)	Individual councils make decisions based on the advice provided by Wellington Water Ltd. We consult through our planning – Long Term Plans/ Annual Plans.  Stricter regulations would apply to the status quo.
<b>Charging for services</b>	The water services will be removed from rates and the new company 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 city council's rates and this would continue.
<b>Costs to customers</b>	Based on our modelling, the preferred option result in water charges that are about a third less than the status quo by 2033/34 but still challenging from an affordability perspective.	Early estimates are that the costs to customers will go up substantially.  Based on current estimates, by 2034 the average cost per

		connection under a full capital programme would be significantly higher than the preferred option.
<b>Debt capacity (noting that debt pays for long term assets to reflect the intergenerational benefits for these long run assets)</b>	Local Water Done Well will allow for higher borrowing capacity for new water entities based on funds from operations as a proportion of debt. This enables water organisations to spread costs over a longer period.	Currently we can borrow 2.8 times our revenue (or up to 280% debt to revenue ratio).  Our financial strategy shows that the Council is more constrained in our ability to invest appropriately over the long term than a new water entity would be.
<b>Water meters</b>	Highly likely to be introduced.	Highly likely to be introduced
<b>Customer enquiries</b>	The new organisation would be the single point of contact for all service requests.	First point of contact is the individual city council, which passes these to Wellington Water
<b>Population growth</b>	Will improve the ability to meet population growth through access to greater borrowing.	May restrict new housing development. Without substantial investment to increase network capacity, some parts of the region have limited ability to add new housing.
<b>Board appointments</b>	A decision by shareholder councils and lwi on an oversight group. The details of this are still being worked through.  For more information visit <a href="http://dia.govt.nz">dia.govt.nz</a>	A unanimous decision by the Wellington Water Ltd shareholding councils.

28. If the preferred model were to be implemented, it would have the following key features:
- a Wellington Water would be disestablished.
  - b The new organisation would deliver three waters services (drinking water, wastewater and stormwater) across the Hutt City, Porirua, Upper Hutt, and Wellington City council areas.
  - c The councils would transfer their water services assets to the new organisation which would then own all assets (e.g. pipes), revenues (money generated through water billing) and liabilities (debt as a result of money borrowed).
  - d Greater Wellington would retain ownership of the water collection land and regional parkland on which water supply plant and equipment is located.
  - e Greater Wellington would be a shareholder in this water organisation alongside Hutt City, Porirua, Upper Hutt, and Wellington City Councils.

- f Having councils as shareholders of the organisation means water services will continue to be in public ownership. Legislation will prevent privatisation of water services.
29. With the following implications for local communities:
- a Councils will no longer be responsible for planning, funding or delivering water services.
  - b Property owners will no longer pay for water services through council rates. Instead the new water organisation will invoice property owners directly, much like gas, phone or power companies do.
  - c Those charges will be determined by the board of the new water organisation, under the oversight of an economic regulator (the Commerce Commission).
  - d It is intended that charges will be based on what it costs to provide water services to each community. Over time, prices may be adjusted to be more consistent across the area being serviced by the water entity.
  - e All service requests and queries on water supply, wastewater, and stormwater will go directly to the new water organisation to address, rather than to councils.
  - f A commitment to establish a customer charter (or equivalent) has been agreed to across the five participating councils. This charter will protect and communicate the rights of local water users, for example by ensuring a customer focus and ensuring a guaranteed water supply in the event of non-payment.
  - g Council shareholders will have some ongoing role in direction-setting and performance monitoring of the water organisation, although the details of that will be determined in future legislation (especially the current Bill 3).
  - h Over time it is expected that levels of service for water will improve and provide a high quality, consistent approach for communities across the metropolitan Wellington region.

***Alternative models are more expensive for water users***

30. As part of the combined work programme, financial modelling had been undertaken to determine the impact of the two options across each city council. Note that this modelling will be refined as the joint process continues and these figures may change. The key finding to date is that the modified status quo is 15 – 35% more expensive for water users than the preferred option.

**Ngā hua ahumoni**

**Financial implications**

31. There are no immediate financial implications from the matters for decision in this report.
32. Council has previously agreed to fund the initial stages of the regional collaborative process (Report 24.167). As part of the 2025/26 Annual Plan process a contribution

of up to \$500,000 will be provided towards Greater Wellington's share of the ongoing work required to September 2025 to progress the proposed joint model and submit a joint WSDP by 3 September. The costs for the development of collateral and the consultation process are being met from baseline for 2024/25.

33. Presuming that Greater Wellington remains involved at least in the early stages of a regional entity, it is likely that future stages would incur higher costs and internal time commitment than the current design phase. Financial analysis and implications will be reported to Council as the process evolves.
34. The medium to longer term implications of legislative change and any future WSDP are expected to be significant. These will be a key consideration for the process and any future decisions required of Council.

### **Ngā Take e hāngai ana te iwi Māori Implications for Māori**

35. Freshwater is a taonga (treasure) and Te Tiriti o Waitangi guaranteed to Māori their continued tino rangatiratanga (authority) over this taonga. Since then, Māori have sought to protect and assert their rights and interests in freshwater, including through the courts. Tribunal and court jurisprudence has found that successive policy, legislation (including the Resource Management Act 1991), and practice have consistently undermined those rights and interests. The Freshwater Tribunal found in 2012 that Māori rights in water are akin to ownership and that 'If the claimants and the interested parties have residual proprietary rights (as the case examples suggest that they do), then the Crown's Treaty duty is to undertake in partnership with Māori an exercise in rights definition, rights recognition, and rights reconciliation'.<sup>5</sup>
36. This exercise has not occurred. Therefore, any changes to water management are of significant interest to mana whenua and Māori. We understand key Māori concerns include: the need to uphold water quality requirements through Te Mana o te Wai; the extent to which the various models might impact – or protect and provide for – Māori participation, control and authority in freshwater management; and, preserving the ability to recognise rights and provide for future economic benefit, for example through allocation, proprietary redress and/or royalties.
37. Through this process, Council can seek to strengthen the level of involvement and influence that mana whenua partners have at all levels of the design process and in any proposed new model. This is especially important during the establishment phase of any new entity.

<sup>5</sup> Waitangi Tribunal, *The Stage 1 Report on the National Freshwater and Geothermal Resources Claim*, Wai 2358, 2012, p. 80.

## **Te huritao ki te huringa o te āhuarangi**

### **Consideration of climate change**

38. The impact of a changing climate will be significant for any new water entity. Increasing extremes such as drought and periods of intense rainfall will put water infrastructure and storage capacity under pressure.
39. Any new entity will need to consider resilience as part of its work. Ensuring a response to climate change can also be set out in any statement of expectations in relation to a new CCO. This will be explored in the next steps towards a WSDP.

## **Ngā tikanga whakatau**

### **Decision-making process**

40. The matters requiring decision in this report were considered by officers against the decision-making requirements of Part 6 of the Local Government Act 2002.

## **Te hiranga**

### **Significance**

41. Officers considered the significance (as defined by Part 6 of the Local Government Act 2002) of these matters, taking into account Council's *Significance and Engagement Policy* and Greater Wellington's *Decision-making Guidelines*. Officers consider that these matters are of medium significance for the following reasons:
  - a The decisions at this stage are still 'in principle' and require consultation to be completed before committing to a final entity model.
  - b Councils in the region are also having this discussion simultaneously meaning that the final shape of water entity(s) is not known.
  - c Council will make future decisions which will be of high significance following this step of community engagement.
  - d It is envisaged this decision will be made at the Council meeting on 26 June 2025.

## **Te whakatūtakitaki**

### **Engagement**

42. This paper seeks the approval of material for public consultation (Attachment 1). Public consultation will occur between 20 March and 22 April 2025.
43. Once final, the document design will be completed for public release. This design will be consistent with the engagement collateral.
44. All consultation material will be made available on the Have your Say and Greater Wellington website, supported by engagement collateral and social media.
45. During consultation any issues raised that are relevant to other councils will be shared, consistent with our approach to information privacy.

## Ngā tūāoma e whai ake nei

### Next steps

46. Following approval of the content of the consultation document (Attachment 1) and subsequent publishing work, the final proof will be completed by 19 March with consultation beginning on 20 March 2025.
47. Officers have recommended delegating the power to the Chair and Chief Executive to make minor editorial adjustments as needed to finalise the consultation document.
48. Upon completion of the consultation phase, submissions will be analysed and summarised. Consistent with previous discussions with Council, no hearings will be held on this specific issue. Council will make a final decision on the water services delivery model at the Council meeting on 26 June 2025. The other participating councils are following the same steps on a similar timeframe.
49. Following this step, the final Water Services Delivery Plan is due to the Department of Internal Affairs by 3 September 2025.

## Ngā āpitihanga

### Attachments

Number	Title
1	<a href="#">Local Water Done Well consultation document content</a>

## Ngā kaiwaitohu

### Signatories

Writers	<p>Matt Hickman – Kaitohutohu Mātāmua   Principal Advisor, Strategy, Policy and Regulation</p> <p>Amanda Cox – Kaitohutohu Matua ki te Heamana me te Tumu Whakarae   Principal Advisor to the Chair and Chief Executive</p> <p>Verity Smith – Principal Advisor Te Tiriti, Te Hunga Whiriwhiri</p>
Approvers	<p>Julie Knauf – Group Manager, Corporate Services   Kaiwhakahaere Matua Ratonga Rangapū</p>

<b>He whakarāpopoto i ngā huritaonga Summary of considerations</b>
<p><b><i>Fit with Council's roles or with Committee's terms of reference.</i></b></p> <p>With Greater Wellington being the current supplier of bulk water services to relevant territorial authorities and a shareholder in the current water services CCO this report falls squarely within Council's current statutory obligations and role.</p>
<p><b><i>Contribution to Annual Plan / Long Term Plan / Other key strategies and policies</i></b></p> <p>This decision itself has no effect on the Annual or Long-term Plans or any other key strategies and policies. Any future decisions may have considerable impact and will be the subject matter of future reports to Council.</p>
<p><b><i>Internal consultation</i></b></p> <p>Internal consultation has been undertaken between Corporate Services (as responsible for bulk water supply) and Finance, Te Hunga Whiriwhiri and Environment Group Rōpū Taiao.</p>
<p><b><i>Risks and impacts - legal / health and safety etc.</i></b></p> <p>There is low risk with the decision associated with this report. Council agreed to fund this process which has resulted in a recommended option. Full legal and financial analysis will be required as the Water Services Delivery Plan is drafted.</p>

Cover page:

Have your say on

**The future of water services for Greater Wellington**

This is the most important decision we'll make in decades. Have your say by 22 April 2025.



Page: **Introduction**

Over the last couple of years, our water treatment and supply problems across the region have become much more visible. Water shortages, leaking pipes, rāhui over our harbours due to pollution – all signs that the system isn't working as it should be.

Our region's water supply is interconnected and best thought of as a whole system, rather than defined by city boundaries. When someone does a load of laundry or has a shower in the Wellington metropolitan region (Wellington City, Lower Hutt, Upper Hutt and Porirua), that wastewater is processed in one of four plants at Moa Point, Karori, Porirua and Seaview. When you turn on your tap for a drink in Wellington city, you're drinking water from the Hutt River. When you flush your toilet in Johnsonville, your wastewater will travel to Porirua for treatment.

Greater Wellington has a unique position, being the only regional council in Aotearoa New Zealand with a dual role in water services delivery. Its role includes being the environmental regulator which means issuing and monitoring resource consents to councils to extract and treat water for drinking supply, allow treated wastewater to be released and discharge stormwater. It also has a unique role for a regional council in providing drinking water to city councils for them to distribute to houses and businesses (also called 'bulk drinking water supply'). Under the Wellington Region Water Board Act 1972, we provide bulk drinking water to four councils (Wellington, Hutt, Upper Hutt and Porirua City Councils). Those local councils fund the bulk drinking water services that we provide and include this cost as part of your rates.

Greater Wellington has been working with other councils across the region, and mana whenua iwi representatives, considering all the challenges and exploring a range of delivery options for how water services could be delivered differently in the future. In late 2024, Greater Wellington provisionally decided, subject to consultation, that the best way forward is to work with other councils (Porirua City, Hutt City, Wellington City, and Upper Hutt City) to establish a multi-council-owned water organisation to deliver water services in the region. This would replace the current arrangement whereby Wellington Water delivers these services on our behalf. We are seeking your feedback on this proposal.

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**Daran Ponter**

Chair, Greater Wellington

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**Ros Connelly**

Councillor, Greater Wellington and  
Deputy Chair, Wellington Water  
Committee

## PART A [KEY INFORMATION AND QUESTIONS]

### 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 considering two options for the delivery of water services which we are seeking feedback from you on.

Our preferred option is a new multi-council-owned water organisation, which would take ownership of public water 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 model, where councils retain asset ownership while Wellington Water manages services. While this maintains the status quo, it may limit future investment, 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 and the community. We have outlined the challenges facing our water network, the need for reform, and the details of both options.

### 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. 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 a 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 council 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 all put more funding into water services, especially for leak repairs, our efforts are limited by what ratepayers can afford, and our ability to borrow for necessary upgrades and renewals. Here in Wellington, we are also limited by the cumbersome and inefficient arrangements underpinning our current way of delivering water services.

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

### How it works now

The local councils own the water networks in their areas. Greater Wellington owns the drinking water treatment plants and main pumps and pipelines to get water to the city reservoirs in Wellington, Upper Hutt, Lower Hutt and Porirua. Greater Wellington also issues and monitors resource consents to councils to extract and treat water for drinking supply, allow treated wastewater to be released and to discharge stormwater. Greater Wellington does not have any role in supplying bulk water in the Wairarapa or Kāpiti, this is handled by their local councils.

Wellington Water Limited is the water services provider for the councils. It is fully funded by and delivers water services to the Councils that currently own it: Hutt, Porirua, Upper Hutt and Wellington City Councils, South Wairarapa District Council and Greater Wellington. Wellington Water provides safe and healthy drinking water, collects and treats wastewater, and ensures the stormwater network is well managed.

A representative from each council sits on the Wellington Water Committee that provides overall direction for the company.

Wellington Water is governed by a board of independent directors.

While all of 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.



This diagram illustrates the bulk water supply pipes that Greater Wellington owns and maintains.

**Key:**

- A- Te Mārua water treatment plants
- B- Waterloo treatment plant
- C- Gear Island treatment plant (a backup plant)
- D- Wainuiomata treatment plant
- White circles- Catchment areas -the area where water is naturally channel down to the river.

**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 will remain in public ownership. Councils and water organisations will not be able to privatise water services.

### 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:

- **Ageing infrastructure** – Major upgrades and renewals are required.
- **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. What option is going to be less costly for ratepayers over time?
- **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 delivery model must be submitted to the Department of Internal Affairs by 3 September 2025.

### 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 that is 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 our mana whenua partners Ngāti Toa Rangatira and Taranaki Whānui ki Te Upoko o Te Ika to consider and test a range of delivery model options. The South Wairarapa District Council has decided to work with other Wairarapa Councils and Wairarapa mana whenua, while Kāpiti District Council is also exploring options with other councils and local mana whenua outside of the Wellington Region.

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

Greater Wellington is asking you to consider and give feedback on two options:

1. **Our preferred approach** – a new multi-Council-owned water organisation which will own and operate public water, wastewater and stormwater assets/networks. This means the responsibility for providing bulk water services would be delivered by the new organisation
2. **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.

### Why we prefer a new multi-Council-owned organisation

We know there are a number of challenges with our current delivery model and think that 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 financial projections, the preferred option would mean water charges are about a third less than the modified status quo by 2033/34.** Note these are estimates only and subject to change as plans are further progressed, but water charges are still expected to be lower under the preferred model when compared to the alternative.

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 more 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 [here](#) [link to Part B]

#### *Regional approach and independence*

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

The new organisation would have the resources, independence, and a wider 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, 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 with oversight from the Commerce Commission (pricing), Greater Wellington (environmental impacts/resource consents) and Taumata Arowai (safe and secure drinking water supply). This will provide a strong focus on water and service quality, customer-focused delivery and value for money.

#### *Support of our mana whenua partners*

The preferred approach has been developed jointly by the five councils working in partnership with our mana whenua partners Ngāti Toa Rangatira and Taranaki Whānui ki Te Upoko o Te Ika.

Key outcomes sought by mana whenua 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 entity, partnership or agreement.

To deliver these outcomes, Ngāti Toa Rangatira and Taranaki Whānui ki Te Upoko o Te Ika 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 will be able to plan and invest more effectively.
- **Efficiencies through economies of scale** - We know that a single larger organisation can achieve greater efficiency and better value for money, through more depth and breadth of skills and expertise, and holding a greater asset base.
- **Better access to debt financing** - means we can spread cost over a longer period
- **The new model better provides for the involvement of mana whenua Iwi** – For this reform mana whenua partners have been around the table from the start and the new model will continue this practice.

#### **The plan for future water services and managing costs**

Under the new legislation each Council must prepare a Water Services Delivery Plan (WSDP) by 3 September 2025 that:

- Identifies the state of our water assets (intakes, treatment plants, storage lakes, pumping stations, bridges, bulk water pipelines.)
- Meets all regulatory water quality standards
- Is financially sustainable
- Supports population growth
- Covers 10 years.

The councils are working together on this plan and it will be July 2025 before we have 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 Water Services Delivery Plan.

Under either delivery model we plan to:



- Continue to deliver our capital investment programme like upgrades to the Te Marua water treatment plant to increase supply. We are reluctant to make significant changes at this stage of the process because we know this work is urgent.
- 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.

### Should Greater Wellington remain an owner of a new water services organisation?

We're also interested to hear from you about whether you think Greater Wellington should stay as an owner in any new water services organisation, once it has been established. Currently, Greater Wellington is both the environmental regulator under the Resource Management Act 1991 and the provider of bulk water services. Councillors have expressed an interest in achieving a clear separation between these roles – by stepping away from the new water organisation at some point. This ensures there is no actual or perceived conflict of interest.

We would like to hear your early thoughts on this. Should Greater Wellington stay as an owner in any new regional water services organisation? While we can't provide exact figures at the moment, we would expect that there would be a cost to rate payers of this choice. These costs will include set up costs for the new organisation, support for governance of the organisation and ongoing organisational costs associated with being involved as an owner of a Council Controlled Organisation.

Provide your thoughts in [our survey link](#).

No matter what the future decision may be, Greater Wellington intends to retain ownership of all water collection areas and regional parkland on which water services facilities are located. This is to ensure we retain public recreational access and continue our biodiversity and pest control activities.

### How you can have your say

Visit <https://www.gw.govt.nz/localwaterdonewell> by 22 April 2025 to share your feedback. Your local council will also be consulting on the future of water. We encourage you to participate in both consultations, as while we are working together, they cover different aspects of the water network.

Survey questions

**Which option do you believe is the best for delivering reliable drinking water services?**

- Option 1 – Multi-council-owned water organisation (Council’s preferred option)
- Option 2 – Modified version of the current Wellington Water model (with a new planning, regulatory and accountability framework)

**Should Greater Wellington stay as an owner in any new regional water services organisation?**

(Open text box)

Greater Wellington will collect, store, use and/or share your personal information in accordance with the [Greater Wellington — Privacy statement](#).

We don't require your name and contact details as part of your feedback for this survey. All responses will be deidentified as part of the analysis, before overall themes are shared with the general public and the other Councils in the region consulting on options for a water organisation.

**What happens next**

- Consultation opens: 20 March – 22 April 2025
- Greater Wellington Councillors make a decision on the new water services delivery model: 26 June 2025
- Water Services Delivery Plan submitted to Department of Internal Affairs: 3 September 2025
- Government confirms acceptance or requests changes to the Water Services Delivery Plan
- Establishment planning: mid-2025 to mid-2026
- New model takes effect (if approved): 1 July 2026

*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.*

## PART B [COMPARISON OF OPTIONS / FINANCIAL / LEVEL OF SERVICE / STATUTORY INFORMATION]

### Comparison and overview of the options

The following table provides more information about the options.

	<b>Preferred option – new water services organisation</b>	<b>Modified status quo – Wellington Water modified to meet legislative requirements</b>
<b>Asset ownership (i.e. the pipes, pump stations, reservoirs, wastewater treatment plants etc)</b>	Assets are owned by the new company	Assets are owned by each individual Council
<b>Ownership of the organisation</b>	The shareholders are the individual Councils.	The shareholders are the individual Councils.
<b>Decisions on spending in a new regulatory environment for water services</b>	The Board of the new company will make decisions based on input from Councils through a statement of expectation, and stricter regulation on price and quality (Commerce Commission) and water quality and wastewater standards (Taumata Arowai)	Individual Councils make decisions based on the advice provided by Wellington Water Ltd. We consult through our planning – Long Term Plans/ Annual Plans.  Stricter regulations would apply to the status quo.
<b>Charging for services</b>	The water services will be removed from rates and the new company 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 and this would continue.
<b>Costs to customers</b>	Based on our modelling, the preferred option result in water charges that are about a third less than the status quo by 2033/34 but still challenging from an affordability perspective.	Early estimates are that the costs to customers will go up substantially.  Based on current estimates, by 2034 the average cost per connection under a full capital programme would be significantly higher than the preferred option.
<b>Debt capacity (noting that debt pays for long term assets to reflect the intergenerational benefits for these long run assets)</b>	Local Water Done Well will allow for higher borrowing capacity for new water entities based on funds from operations as a proportion of debt. This enables water organisations to spread costs over a longer period.	Currently we can borrow 2.8 times our revenue (or up to 280% debt to revenue ratio).  Our financial strategy shows that the Council is more constrained in our ability to invest appropriately over the long term than a new water entity would be.

## Attachment 1 to Report 25.54

<b>Water meters</b>	Highly likely to be introduced.	Highly likely to be introduced
<b>Customer enquiries</b>	The new organisation would be the single point of contact for all service requests.	First point of contact is the individual city council, which passes these to Wellington Water
<b>Population growth</b>	Will improve the ability to meet population growth through access to greater borrowing.	May restrict new housing development. Without substantial investment to increase network capacity, some parts of the region have limited ability to add new housing.
<b>Board appointments</b>	A decision by shareholder Councils and mana whenua on an oversight group. The details of this are still being worked through.  For more information visit <a href="http://dia.govt.nz">dia.govt.nz</a>	A unanimous decision by the Wellington Water Ltd shareholding Councils.

### What are the financial impacts and costs of each option?

Our work so far is based on financial modelling and estimates of costs. The modelling is intended to help comparison of options, and does not represent final costs, water charges and investment programmes.

Our modelling approach and financial estimates have been independently reviewed to ensure robustness.

*Under the preferred option: a new multi-Council-owned water organisation*

#### Key Points

The proposed transfer of Greater Wellington's bulk water activities to a new water entity will include all water-related infrastructure assets and operations, including plant and equipment, investments, revenue, and debt. Greater Wellington's general overhead costs will not be included in the transfer, nor will the land it owns for water collection and treatment. The new water organisation will have accountability for and provide all services directly to water customers and bill directly for water usage and services provided.

The costs for preparing for this consultation process and setting up the new organisation are being shared between Greater Wellington and the Territorial Authorities.

This change will not have a significant impact on Greater Wellington rates, as water costs are currently charged directly through a levy to the Territorial Authorities that use the water.

The transfer will free up debt capacity for Greater Wellington to invest in other key projects, such as flood protection and public transport. This is because the water-related debt currently relies on revenue from other sources (e.g. rates, grants) to meet funding benchmarks.

The higher debt/revenue ratio proposed for the new water entities will enable these entities to take on the debt required to invest in infrastructure for the future.

This means the new water entity will be able to take on higher levels of debt, supported by its revenue, to fund future infrastructure investments. Financial modelling suggests that this new structure is likely to be the most effective way to manage water services and infrastructure in the long term.

### **Rating Impact**

#### **1. Direct water costs**

The transfer of direct water costs will not impact Greater Wellington rates. Currently water is charged via levy to the Territorial Authorities as a volumetric charge set in July at the beginning of each financial year. The volume forecast is based on the previous year's usage. At the end of the financial year, a "wash-up" adjusts for any difference between forecasted and actual water usage. Territorial Authorities include this levy in their water rates.

Under the new water entity, these costs will still be recovered from the same group of ratepayers and water users. The charges will be set by the new entity's Board, with oversight from the Commerce Commission to ensure fairness and accountability.

#### **2. Greater Wellington Overheads**

Currently the Water activity contributes to GW overheads and corporate support. This will have a minor effect on GW rates. In 25/26, it will amount to \$3.5 million, leading to a one-time rate increase of 1.1% in that year.

#### **3. Set up costs**

The costs of developing data models, preparing for the consultation process, and setting up the new water entity are being shared between Greater Wellington and the Territorial Authorities. These costs are still estimates and may change. Greater Wellington has allocated \$1 million from general reserves in 2024/25 to fund the reporting, data analysis, and consultation work, ensuring no additional rates are required.

The cost to establish the new entity over 2025/26, 2026/27 and 2027/28 is estimated at \$76 million. Greater Wellington's estimated share of \$11.4 million, will be debt-funded, with interest covered by reserves for the 2025/26 and 2026/27 financial years. This debt is expected to be transferred to the new entity and be repaid over time through water charges.

If the debt transfer to the new entity for the set-up costs does not occur, it will be repaid over 5 years through a new targeted rate applied to ratepayers in Wellington, Porirua,

Hutt City, and Upper Hutt City. This would result in a rate increase starting in 2027/28 of approximately 0.51% for a 5-year loan.

This amount is separate from the debt for capital investments outlined in the following section on debt headroom.

### Debt headroom

The transfer of water activities will provide Greater Wellington with increased capacity to borrow for other core capital projects, such as flood protection or public transport. Currently, the higher debt-to-revenue ratio for water activities exceeds Greater Wellington's benchmark, meaning other revenue sources are subsidising debt capacity for bulk water investments.

Greater Wellington's maximum allowable debt-to-revenue ratio is 285%. The new organisation would be able to raise long-term debt via the New Zealand Local Government Funding Agency (LGFA), significantly higher than what councils can currently fund or deliver. The new water entity expected debt-to-revenue ratio is proposed to be set at a maximum of 500%.

This higher ratio will allow the new entity to take on the necessary debt to invest in critical water infrastructure.

### The tables below illustrate the debt-to-revenue ratios:

<b>BULK WATER \$'000</b>	<b>Actual 23/24</b>	<b>Budgeted 24/25</b>	<b>Budgeted 25/26</b>	<b>Budgeted 26/27</b>
Revenue	56,535	70,823	78,924	83,781
Net Debt	246,337	340,146	374,827	393,768
Ratio	436%	485%	475%	470%

<b>GREATER WELLINGTON \$'000</b>	<b>Actual 23/24</b>	<b>Budgeted 24/25</b>	<b>Budgeted 25/26</b>	<b>Budgeted 26/27</b>	<b>Budgeted 26/27 without water</b>
Revenue	567,488	729,089	797,468	870,996	787,215
Net Debt	711,281	1,115,586	1,336,640	1,421,221	1,027,453
Ratio	125%	153%	168%	163%	131%
Maximum allowable Ratio	290%	285%	280%	280%	280%

The source of these numbers are the actuals are from the Greater Wellington 2023-24 Annual Report and the budgeted numbers are from the Greater Wellington Long Term Plan 2024-34

### Financial Accountability

The new water services legislation includes the principle that ‘water revenues should be spent on water services’. The new water entity would be required to develop standalone financial statements for all water services (drinking water, wastewater, stormwater, and aggregated water services). These statements will separate water services charges, expenses and liabilities from other council activities.

The standalone financial statements will provide accountability and transparency relating to water charges and expenditure, and evidence that water services revenues are being spent on water services. They will also provide transparency and accountability over the amount of council debt that is allocated to water services.

***Modified status quo – a modified version of Wellington Water***

If Greater Wellington keeps its bulk water activities instead of transferring them to a new water entity, the following impacts will occur:

*Ownership and Operations*

Greater Wellington would continue owning and managing bulk water-related infrastructure, plant, equipment, and investments. Water services would still be provided via the current system, with costs recovered through a levy to the Territorial Authorities.

*Accountability and Billing*

Accountability for bulk water services would remain with Greater Wellington, and the current system of charging water costs via a volumetric levy to the Territorial Authorities would continue. Decisions about water billing would remain with the territorial authority.

*Avoided Setup Costs*

The over three years \$76 million in setup costs for the new water entity, including Greater Wellington’s \$11.4 million share, would be avoided.

*Debt Constraints*

Water-related debt would remain part of Greater Wellington’s financial structure, keeping its debt-to-revenue ratio under pressure. This would limit borrowing capacity for other projects, such as flood protection and public transport.

*Limited Water Investment Capacity*

Greater Wellington’s ability to invest in future water infrastructure would remain constrained by its financial limits, as it would not benefit from the higher debt capacity (up to 500% debt-to-revenue) proposed for the new water entity.

*Transparency and Financial Reporting*

Financial reporting under the status quo would continue under each of the authorities delivering water and not be consolidated in a new entity

*Rating Impact of Maintaining the Status Quo*

### Direct Water Costs

Water costs would continue to be charged as a volumetric levy to the Territorial Authorities, with no changes to Greater Wellington rates. The current system of forecasting and annual wash-ups based on usage would remain unchanged.

The below table provides the Greater Wellington Long Term Plan water levy revenue which will be recovered on an actual volume bases from the territorial authorities each year.

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
<b>Water supply levy</b>	53,140	67,731	75,963	80,739	85,057	92,612	99,927	107,622	115,023	122,119	129,938
<b>Percent increase</b>		27.46%	12.15%	6.29%	5.35%	8.88%	7.90%	7.70%	6.88%	6.17%	6.40%

### Overhead Contributions

Greater Wellington's overhead costs would continue to be partially funded by water activities, avoiding the 1.1% rate increase projected for 2026/27 under the transfer scenario.

### Conclusion

Maintaining the status quo (assuming all councils also agree to a modified status quo option) avoids the setup costs and structural changes of a transfer but has more limited capacity to invest in water infrastructure. The current system would be constrained by existing debt limits, reducing opportunities for long-term improvements.

The current structure would preserve the existing financial framework but forego the potential long-term benefits of a specialised and financially independent water entity. There would also need to be substantial investment made in the operating systems, governance and processes at Wellington Water in order to ensure it is set up for success over the long term.

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

*Under the preferred option:*

The board of the new water organisation will be appointed by and accountable to shareholders (the 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 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 (see below), appoint directors to the water organisation's board, and oversee the water organisation's performance (including in regard to strategic assets). This will ensure a high-quality service is provided to everyone across the region. The participating councils will enter into a shareholders' agreement, which will set out how they will work together effectively.

*Under the 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 through their long-term plans with oversight from the Commerce Commission as the economic regulator and Greater Wellington as the environmental regulator.

**PART C: FREQUENTLY ASKED QUESTIONS – ALL AVAILABLE ONLINE (NOT IN THIS DOC)****How are water services delivered in the Wellington region now?**

Currently, each city council owns the infrastructure (reservoirs, pipes, wastewater treatment plants and other facilities) within their city or area. Greater Wellington owns the drinking water collection, treatment and bulk water distribution pumps and pipe network, and charges the city councils a levy to pay for the cost of these shared facilities. For example, Hutt City Council owns the pipes underneath Lower Hutt, and shares ownership of Seaview Wastewater Treatment Plant with Upper Hutt City Council. Each city council funds the maintenance and development of water infrastructure and does this by collecting rates. They are also responsible for the debt taken on to fund maintenance and improvement of the water network.

Service delivery (the actual work of maintaining the pipes, supplying drinking water, treating wastewater, managing stormwater, and improving the water network), is managed by Wellington Water Ltd, an organisation jointly owned and funded by six councils (Hutt City Council, Wellington City Council, Porirua City Council, Upper Hutt City Council, Greater Wellington, and South Wairarapa District Council). Wellington Water Ltd receives funding from each council, but that funding is to be spent only on that council's own pipes, rather than across the whole water system in the region.

Because Wellington Water relies on money from councils, their work programme is restricted by how much they receive and the most immediate needs of each area, making them more reactive than proactive. Also, because money from each council must be spent only in that council's area, Wellington Water is constrained in being able to plan a work programme that enables efficient and effective management and improvement of the whole system.

**What is Greater Wellington's role in water supply?**

While Wellington Water Ltd manages the day-to-day water supply on behalf of shareholding councils, Greater Wellington is still ultimately responsible for collecting, treating and distributing safe and healthy drinking water across the region.

Greater Wellington owns and manages the large areas of land used for our metropolitan water supply – the Hutt and Wainuiomata/ Orongorongo Water Collection Areas and Kaitoke Regional Park. We also own land designated for future Water Collection Areas – the Pākuratahi (former AgResearch) farm at Kaitoke, and the Akatarawa and Pākuratahi Forests.

Greater Wellington also owns the assets associated with supplying this water – that's 187 km of distribution pipework, four treatment plants, 9km of tunnels, three water storage dams, 15 pump stations, 45km of roads and tracks, 2,688 raw water intakes and wells, 18 aquifer wells, plus all the catchment lands (land where water collects and drains into bodies of water like rivers). The water provided by Greater Wellington goes to reservoirs owned by each city. From there, the water moves from the reservoir to local homes and businesses through council-owned pipes.

This large network of water collection areas, treatment plants, pumping stations and pipelines that supply drinking water is referred to as bulk water supply. Providing the water to the city councils involves managing a network of infrastructure, ensuring safe, high-quality, secure, and reliable water sources, and ensuring that our freshwater is sustainable. The councils fund Greater Wellington's supply of these water services through a charge (called the bulk water levy) which is calculated based on each city or district's water usage.

### **Why can't things stay as they are?**

Much of New Zealand has significantly underinvested in water infrastructure and water services over several decades. Councils around the country now face stark challenges to meet the investment needed to ensure safe and reliable drinking water, wastewater, and stormwater infrastructure.

The level of investment required to improve the water network is high. For the Wellington region, we set up Wellington Water Ltd to run the region's water networks. This hasn't worked, due to a range of governance and management related system-wide issues. All five councils are now proposing another model that will provide governance robustness and the financial capacity to address decades of underinvestment.

### **Is this a step towards privatisation of water?**

No. Under Local Water Done Well, the Government has committed that water services will remain in public ownership. Councils and water organisations will not be able to privatise water services. The Local Government (Water Services) Bill states that a water organisation must be owned by a council (or councils) and/or a consumer trust.

Additionally, the Bill introduces a range of restrictions against privatisation. For example, it is proposed that a water service provider may not use water assets as security on a loan.

### **Why are only these options being considered, and not others?**

Under the Government's Local Water Done Well reforms, there are [five delivery model options](#) for Councils to choose from. Over the last 12 months, all councils have been working through the pros and cons of these options, considering the advantages and disadvantages for ratepayers. Wellington's five partner councils have determined that the preferred option is best placed to deliver the long-term outcomes needed – a safe, reliable and affordable water network. You can read more about how we got to this stage at Greater Wellington LWDW page (<https://www.gw.govt.nz/environment/freshwater/local-water-done-well/>). The councils are required by legislation to consult on at least two options – the status quo (mandatory) and the preferred option.

### **How is the preferred option of a multi council-owned water organisation different to Wellington Water?**

- The proposed new multi-council-owned water organisation would own all the pipes, plant and facilities in the region covered by the councils for Lower Hutt,

Upper Hutt, Porirua, Wellington and Greater Wellington, and be able to generate its own income and manage its own debt.

- Wellington Water is a management-only council-controlled organisation. It does not own the water assets and is reliant upon the councils for strategic direction and resources.
- Wellington Water currently takes direction from six different councils, meaning it is responding to issues within each area and is limited by council funding and funding cycles.
- The new water organisation would be able to view the network as a whole and be more proactive in planning for the long term, resulting in more efficient investment thus enabling a more reliable water network.
- The proposed new water organisation would have the resources, the independence, and the region-wide perspective to effectively manage and improve our water network, for current and future communities, rather than being limited by council funding and funding cycles.
- Because Wellington Water Ltd relies on money from councils, their work programme is restricted by how much they receive and the most immediate needs of each area, making them more reactive than proactive. Also, because money from each council must be spent only in that council's area, they are constrained in being able to plan a work programme that enables efficient and effective management and improvement of the whole system.
- Wellington Water's reliance on council funding means they need to regularly request funding to do the work required, through Long Term Plan and Annual Plan processes.
- While it would have much more independence than the current joint council-owned Wellington Water, the new water organisation will be required by law to operate in a much more regulated environment, which will provide a strong focus on water and service quality, customer-focused delivery and value for money.

**How will the preferred option of a multi council-owned water organisation address the challenges that have arisen under the existing approach?**

Whatever option is agreed, it will operate in a much more regulated environment due to new government legislation, which will provide a strong focus on assurance, quality, delivery and value for money. The primary relationship of the organisation will be with its customers, not its shareholders (or owners).

Council direction and oversight would be less than under the current Wellington Water model, giving the new organisation the independence and accountability to deliver. The new organisation will have an increased ability to borrow money, compared to a Council, and it will be able to deliver their investment programme more efficiently.

**Why is this happening so quickly?**

The issues with water services have been known for many years, and the need for significant change is now overdue. The Government has given all councils in New Zealand a deadline to submit Water Services Delivery Plans that demonstrate

commitment to deliver water services that meet regulatory requirements. These plans must be submitted to the Government by 3 September 2025 and councils must start delivering on the plans as soon as they are submitted.

**What is happening to Wellington Water? Is it involved in this process?**

Under the proposal for a new multi-council-owned water organisation, Wellington Water would be disestablished following transition of staff, operations, work in progress, facilities, plant and equipment to the new water organisation.

Wellington Water is not responsible for the establishment of the new water organisation – they do however have an integral role supporting and advising councils with the development of the water services delivery plan and would support with the establishment of the proposed water organisation.

**Under the preferred option of a multi-council-owned water organisation, will rate payers now get two bills – one for water and one for other council services?**

Yes. The proposed water organisation would have a direct relationship with customers. Property owners will no longer pay for water services in council rates bills and instead the new water organisation will invoice property owners directly, much like gas, phone or power companies do.

**Would direct billing for water services affect tenants?**

Water meters are expected to be introduced across the region over the coming years. Until that happens, the new water organisation is likely to charge a fixed amount for water services regardless of usage or whether the property is occupied or not. The landlord (owner) would be directly responsible for paying those charges.

If charges for volumetric water use (how much you use) are introduced in future (via water meters), landlords will be able to require those costs to be met by tenants.

**As the new water organisation would be taking over water delivery from the councils, does that mean council rates will decrease?**

Greater Wellington does not charge ratepayers directly for bulk water services. However, the water services component would be removed from your City Council rates bill and you would be charged directly by the new organisation.

**Will I be paying more for water?**

To date, Councils have not set aside enough money to fund everything that is needed for our water services to operate safely and effectively. Under any delivery model, water bills will need to increase to meet the needs of our ageing network. The key thing is that we adopt a water service delivery model that allows for increasing investment into the network in a manageable and sustainable way. Based on financial modelling the proposed model will result in lower water charges for ratepayers than the modified status quo.

**Does this mean all properties will get a water meter?**

Water meters are highly likely under all possible future models of water services delivery as they are already being investigated by councils and Wellington Water Ltd. Water meters are critical to helping identify where water loss is occurring, and to help people manage their water usage.

The government has signaled, via proposed legislation, that in future, water charges will have to be based on levels of use rather than being based on property values (as they generally are now) and water meters help to identify usage.

**Will I have to pay to fix issues in other areas?**

Under the preferred option of a multi-council-owned water organisation, water would be managed with the whole network in mind, as opposed to focusing separately on each city's needs. Our water network is connected, so investments made in one area benefit another.

**What role will Iwi have in the proposed new multi-council-owned water organisation?**

The approach for the proposed new organisation has been developed jointly by the five councils working in partnership with mana whenua Iwi.

Iwi have advised that a joint council-owned water organisation is their preferred option. The primary drivers for this are that 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.

The water organisation will have a range of relationships with Iwi which will be confirmed through foundational documents such as the constitution and shareholders' agreement. The Board would also need to have suitable competencies and skills in relation to te ao Māori and the Treaty of Waitangi.

**What would be the implications for the preferred approach of a multi-council-owned water organisation if one of the five councils decides to pull out ahead of the required Water Services Delivery Plan being submitted to Government?**

If, following public consultation, a council does not adopt the currently preferred service delivery option, the remaining councils will continue to work towards a joint Water Services Delivery Plan. This would require recalculation of a range of things, including of the levels of investment needed to ensure a financially sustainable plan.

Because our region has a connected water network, the exit of one council would also require the development of arrangements and agreements around shared or interconnected infrastructure.

It would require a significant reworking of the Water Services Delivery Plan, and it is highly likely the remaining councils would need to seek an extension from the

Government for submitting the joint plan. It would also likely delay the establishment of the proposed water organisation and could increase costs as they would be distributed across fewer rate payers.

**Why are five councils consulting at the same time but separately?**

Greater Wellington and the Councils for Lower Hutt, Wellington, Upper Hutt and Porirua are consulting on Local Water Done Well reform options around the same time. These five councils have each identified a multi-council-owned water organisation as the preferred option for how water services are delivered.

Government legislation requires each council to consult with their communities on the planned changes to water services delivery. It is critical that consultation is carried out in line with legislated requirements to ensure the Government's key deadline of 3 September 2025 can be achieved.

**How can the shareholding councils keep the new organisation accountable and influence its direction?**

The new legislation is proposing that the councils who own the new organisation will be able to influence the direction of the new water organisation through a statement of expectations, the ability to comment on and potentially modify the water services strategy that the water organisation prepares and board appointments

The preferred option involves transferring ownership of the councils' water supply network assets to the new water organisation. Schedule 1 of Greater Wellington's Significance and Engagement Policy defines strategic assets which includes regional bulk water supply network including storage lakes, treatment plants, pipelines and water supply catchments.

The statement of expectations will inform the water organisation's long-term water services strategy (prepared every three years), which will outline how they plan to deliver on these expectations and priorities, and their intended approach to pricing and charging consumers.

The water organisation will be required to provide an annual report to the shareholding councils. The shareholding councils will have the power to require the organisation to provide additional reports such as an asset management plan or quarterly reports, if they wish. The shareholding councils will appoint directors to the board of the water organisation and will be able to remove directors or decide not to renew their appointments.

Councils will need to introduce ways to kōrero with communities on water needs and concerns, so that can be fed into the statement of expectations.

At a minimum, the new water organisation will be required to prepare an annual budget and performance report to the owning councils. It is highly likely that the owning councils will require more frequent performance reporting to ensure a strong focus on quality customer service, delivery and management of assets.

**Attachment 1 to Report 25.54**

In addition, any consents issued under the Resource Management Act 1991 will be monitored and enforced by Greater Wellington. This will include consents to use water, take water and discharge into water. Non-compliance will be investigated and dealt via the usual regulatory processes.



**Council**  
**13 March 2025**  
**Report 25.88**



**For Decision**

## **APPOINTMENT OF MEMBER TO THE REGIONAL TRANSPORT COMMITTEE**

### **Te take mō te pūrongo**

#### **Purpose**

1. To advise Council of a change in appointment to the Regional Transport Committee (the Committee).

### **He tūtohu**

#### **Recommendations**

That Council

- 1 **Revokes** the appointment of Deputy Mayor Melissa Sadler-Futter as the South Wairarapa District Council member on the Regional Transport Committee.
- 2 **Appoints** Councillor Aaron Woodcock as the member for South Wairarapa District Council on the Regional Transport Committee.

### **Te horopaki**

#### **Context**

2. The Land Transport Management Act 2003 and the Committee's Terms of Reference provide for members to be appointed from each of the territorial authorities in the Wellington Region.
3. South Wairarapa District Council has advised Greater Wellington that there has been a change in its member for the Committee, replacing Deputy Mayor Melissa Sadler-Futter with Councillor Aaron Woodcock.

### **Te tātaritanga**

#### **Analysis**

4. At its meeting on 12 February 2025, South Wairarapa District Council resolved that Councillor Aaron Woodcock replace Deputy Mayor Melissa Sadler-Futter as its member on the Committee. Greater Wellington was advised of this change on 18 February 2025.
5. As the Committee is a Council committee, Council is required to make this appointment.

**Ngā hua ahumoni**  
**Financial implications**

6. There are no financial implications arising from this report as members are remunerated by their own agency.

**Ngā Take e hāngai ana te iwi Māori**  
**Implications for Māori**

7. There are no implications for Māori arising from this report, as this is giving effect to a statutory appointment put forward by South Wairarapa District Council.

**Ngā tikanga whakatau**  
**Decision-making process**

8. The matters requiring decision in this report were considered by officers against the decision-making requirements of Part 6 of the Local Government Act 2001.

**Te hiranga**  
**Significance**

9. Officers considered the significance (as defined by Part 6 of the Local Government Act 2001) of the matters for decision, taking into account Council's *Significance and Engagement Policy* and Greater Wellington's *Decision-making Guidelines*. Officers consider that these matters are of low significance due to their administrative nature.

**Te whakatūtakitaki**  
**Engagement**

10. Due to the low significance of the decision, community engagement was not necessary.

**Ngā tūāoma e whai ake nei**  
**Next steps**

11. Officers will advise South Wairarapa District Council of the appointment, and the appointed member will receive notification of relevant scheduled meetings and workshops for the remainder of the 2022-25 triennium.

**Ngā kaiwaitohu  
Signatories**

Writer	Lucas Stevenson – Kaitohutohu Ratonga Manapori   Democratic Services Advisor
Approvers	Elizabeth Woolcott – Kaiwhakahaere Matua Ratonga Manapori   Manager, Democratic Services Francis Ryan – Kaiwhakahaere Mana Urungi, Manapori   Head of Governance and Democracy Luke Troy – Kaiwhakahaere Matua Rautaki   Group Manager Strategy

<p style="text-align: center;"><b>He whakarāpopoto i ngā huritaonga Summary of considerations</b></p>
<p><b><i>Fit with Council’s roles or with Committee’s terms of reference</i></b></p> <p>Council is responsible for making appointments to its committees.</p>
<p><b><i>Contribution to Annual Plan / Long Term Plan / Other key strategies and policies</i></b></p> <p>Making the appointment will enable South Wairarapa District Council to be represented on the Committee and included in preparing the Regional Land Transport Plan.</p>
<p><b><i>Internal consultation</i></b></p> <p>No internal consultation was required in preparing this report.</p>
<p><b><i>Risks and impacts - legal / health and safety etc.</i></b></p> <p>There are no known risks or impacts in making the proposed appointment.</p>

**Council**  
**13 March 2025**  
**Report 25.78**



**For Decision**

## **RESOLUTION TO EXCLUDE THE PUBLIC**

That Council excludes the public from the following parts of the proceedings of this meeting, namely:—

Entry into Relationship Agreement and Commercial Development Agreement for Te Awa Kairangi (RiverLink) – Report PE25.79

The general subject of each matter to be considered while the public is excluded, the reasons for passing this resolution in relation to each matter and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 (the Act) for the passing of this resolution are as follows:

<b>Entry into Relationship Agreement and Commercial Development Agreement for Te Awa Kairangi (RiverLink) – PE25.79</b>	
<i>Reason for passing this resolution in relation to each matter</i>	<i>Ground(s) under section 48(1) for the passing of this resolution</i>
<p>Certain information contained in this report relates to Te Awa Kairangi (RiverLink) Project legal advice, commercial information and costs. Release of this information would be likely to prejudice or disadvantage the ability of Greater Wellington to carry on negotiations without prejudice (section 7(2)(i)).</p> <p>Greater Wellington has not been able to identify a public interest favouring disclosure of this information in public proceedings of the meeting that would override the need to withhold the information.</p>	<p>The public conduct of this part of the meeting is excluded as per section 7(2)(i) of the Act to enable Greater Wellington to carry on, without prejudice or disadvantage, negotiations.</p>

This resolution is made in reliance on section 48(1)(a) of the Act and the particular interest or interests protected by section 6 or section 7 of that Act or section 6 or section 7 or section 9 of the Official Information Act 1982, as the case may require, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public.

That Council permits Wayne O'Donnell, former Programme Director, to remain at this meeting, after the public has been excluded, because of his knowledge of the matters under consideration for the Entry into Relationship Agreement and Commercial Development

Agreement for Te Awa Kairangi (RiverLink) report. This knowledge, which will be of assistance in relation to this matter to be discussed, is relevant to that matter because of his knowledge of the RiverLink programme and partner relationships.

That Council permits Mathew Brown, Partner, Bell Gully, to remain at this meeting, after the public has been excluded, because of his knowledge of the matters under consideration for the Entry into Relationship Agreement and Commercial Development Agreement for Te Awa Kairangi (RiverLink) report. This knowledge, which will be of assistance in relation to this matter to be discussed, is relevant to that matter because of his knowledge of the original agreements and the drafting of the new agreements, and the legal risks associated with the Agreements.