

Have your say on
**how water
services
should be
delivered**

in the Ōpōtiki District

**Have
Your Say**

Connect
Hono Mai

before 4pm
Tuesday 3 June

Find out about the options at odc.govt.nz



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Mayor's foreword

How should we manage water services in the future?

That's the important question we need to answer by September, and we need your feedback to help us find the right solution for our district.

Aotearoa is facing major challenges in maintaining and upgrading infrastructure such as roads, water, and energy. Local Water Done Well is the government's proposed solution to this national issue, requiring councils to find a way forward that meets the strict legislative requirements around debt and affordability.

Here in Ōpōtiki, we have generally managed our water assets well, with particular investment in the most recent decade. However, the costs of maintaining and improving this infrastructure into the future will put pressure on ratepayers across the district.

We must consult on two options for delivering our water services – our preferred option and an alternative. You can read more about them in this document. You will note that our preferred option is to continue to deliver water services through the Council via a standalone internal (water services) business unit (option 1), while exploring the establishment of a joint water services organisation (option 2). Both options have pros and cons and different cost implications that are outlined here.

This is a complex issue with many moving parts and challenges. The timeframes set by government are also extraordinarily tight for such a big decision. But I would encourage you to take the time to understand the details and get involved because this decision will have consequences for many years in the future.

So please ask questions, dig into the details and talk to your councillors to better understand this topic. Together we can make sure water services are done well and sustainability now and in the future.

David Moore, Ōpōtiki Mayor



Introduction to Local Water Done Well and three waters

What is Local Water Done Well?

Local Water Done Well is the Government's plan to address New Zealand's longstanding water infrastructure challenges.

Everyone wants safe drinking water and to protect the environment from contaminants.

The government's approach puts the onus on councils to choose the best way to deliver water services to their communities, so long as regulatory requirements are met.

For our Council, the changes provide an opportunity to take stock and think about how we are able to serve our community long term.

Under the changes, councils need to meet stricter regulatory standards and address funding challenges associated with necessary upgrades to water infrastructure.

Longstanding challenges continue, such as building climate-resilient infrastructure and managing population growth.

We have assessed our current water service delivery arrangements, the upgrades and maintenance that will be necessary in the future, and how we are placed to finance this investment. We are using this thinking to help shape the options available for our community.

Read more about Local Water Done Well on the Department of Internal Affairs website: www.dia.govt.nz/Water-Services-Policy-and-Legislation

Local Water Done Well requires Ōpōtiki District Council to produce a Plan

Under the legislation, Council must:

- Meet new financial and regulatory requirements, ensuring water services are ring-fenced (for example the financial administration of water services must be kept separate from the rest of council);
- Invest in infrastructure to address long-standing issues and set fair prices that reflect the cost of delivering water services;
- Develop a fit-for-purpose Water Services Delivery Plan by early September 2025 outlining how they will meet these requirements. These plans must cover 10 years.

To do this well, we need your input.

There are two main models for delivering water services available to the Ōpōtiki District:

1. Continuing to deliver water services through a standalone business unit within the Council
2. Establishing a water services council-controlled organisation to deliver water services in partnership with other councils.

Council's preferred option is to continue to deliver through the Council via a standalone internal (water services) business unit (option 1), while continuing to explore establishing a joint water services organisation (option 2).

Your feedback on these options will help shape the decisions that Councils will need to make before we are required to submit our Water Services Delivery Plan in early September.

This consultation is not a vote or referendum. It will be up to Elected Members to decide which model they proceed with.

More information about the requirements of Local Water Done Well is in the appendix and there is material, including reports and background information on the council website.

What are “three waters”?

“Three waters” refers to:

- (i) water supply (also called drinking water), (ii) wastewater, and (iii) stormwater; and
- the networks of pipes and other infrastructure that allow water to be treated, transported and discharged.

It is important to understand that this is not related to water as a resource or the water take within an individual catchment. It is also not about drinking water standards or other issues such as fluoridation or chlorination. More about these topics can be found on the Ministry of Health or Taumata Arowai websites.

What this means for you

What this means for you if council currently provides your water services:

- Your water services will continue to be safe and reliable.
- You will have a better understanding of what it costs to deliver water services as there will be specific reporting from the Council, or the water organisation.
- Prices might need to rise over time, but you will have more information and independent checks on the quality and cost of your water services.

If you have a private supply:

- There are no immediate changes to your arrangements.
- Your feedback is still important – You may also need help from the water services provider (whether that be the Council, or a water organisation) if there are any big problems in supplying you with safe drinking water.

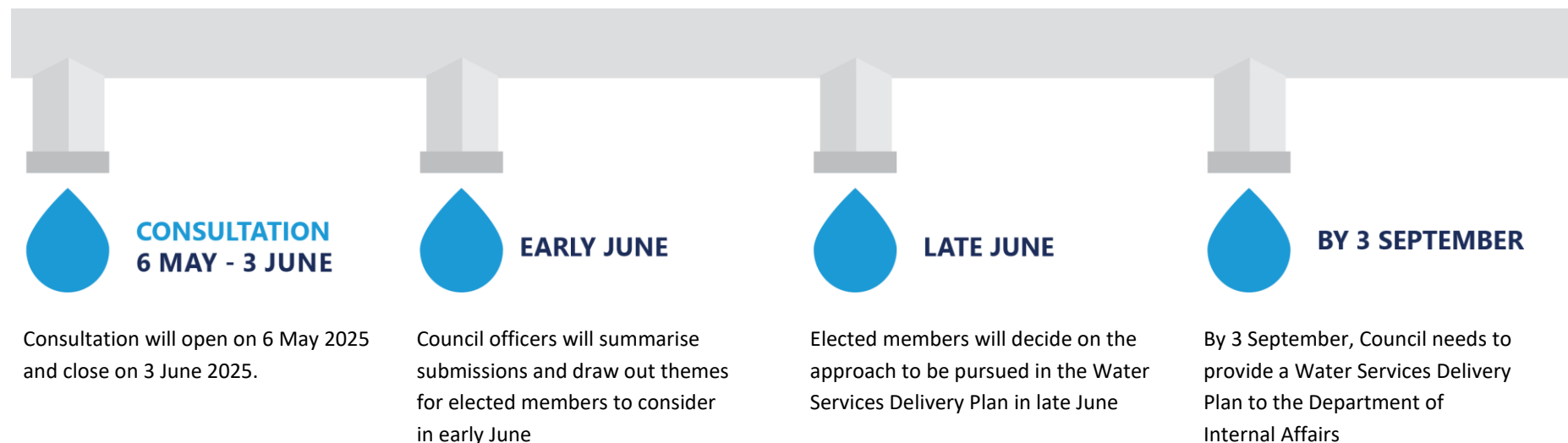
We want your feedback

Whatever option we choose, it is highly likely that the cost of delivering water services is going to increase to ensure our assets are maintained and that we can meet regulatory standards and future challenges like climate change.

We want your feedback on which option you prefer for managing water infrastructure and delivering water services in future, considering the pros and cons of each options, and the costs.

If you have a private water supply, there are no immediate changes to your arrangements, but your feedback is still important as this may change in future, and your supplier may need help from the water services provider if they face difficulties complying with regulatory requirements.

Timeline of milestones



Ōpōtiki District water services today

Three waters in the Ōpōtiki District:



Water supply

Contribution to local community outcomes
To provide safe, reliable, cost-effective drinking water

Services

We have **2,800 drinking water connections**

Assets

- **three water supply schemes** – Ōpōtiki, Te Kaha, Ōhiwa
- **3 treatment plants**
- **4 pump stations**
- **9 water storage sites**
- Approximately **112km of water supply pipelines**
- There are **three consents associated with the take and use of water.**

Replacement asset value
\$49m



Wastewater

Contribution to local community outcomes
To protect public health, property and the environment.

Services

We have **1,735 wastewater connections**

Assets

- **two wastewater schemes** – Ōpōtiki/ Hukutaia, Waihou Bay
- **one treatment plant** at Ōpōtiki with primary and secondary treatment and disposal to land
- **one septic tank** at Waihou Bay with disposal to land
- about **46km of wastewater pipelines**
- There are **five consents associated with the treatment of wastewater.**

Replacement asset value
\$30m



Stormwater

Contribution to local community outcomes
To protect public health, property and the environment.

Services

We have **1,735 stormwater connections**

Assets

- **Manage the urban stormwater network** in Ōpōtiki which interfaces with the Bay of Plenty Regional Council flood protection scheme.
- **12 pump stations**
- **21 flood gates**
- **2 wetlands**
- **29km of stormwater pipelines**
- **20km of open drains**
- There are **seven consents associated with the treatment of stormwater.**

Replacement asset value
\$32m

Current charges

In 2025, the average cost per connection in the district was \$2,254 for water services. This includes:



\$804 for drinking water



\$857 for wastewater



\$593 for stormwater.

The district faces challenges

Whatever the future model for water services delivery, the district faces challenges across each of its water networks, typical of challenges faced across the motu.

- Significant investment required to maintain the condition of assets, maintain consents, and improve levels of service across the three waters
- Meeting demands from population growth
- Some schemes service small communities making it difficult to keep services affordable
- Managing the more frequent and severe storms expected in Ōpōtiki, noting some of our settlements are low lying and at risk of inundation and floods
- Ensuring we have robust, reliable infrastructure while managing funding and financing challenges and ensuring affordability for ratepayers.

In the future, the way we fund water services needs to be separated from other council activities

Local Water Done Well will require us to 'ringfence' all revenue we collect for water services. This means all revenue and costs relating to water supply, wastewater, and stormwater services, must be separated from other council services. This helps to ensure the community understands the true cost of delivering water services.

Under new regulations, the council will need to prepare separate plans for water services delivery that we will be audited against. The government is also creating a special economic regulator, who will monitor compliance with these ring-fencing requirements.

Changes are required

Local Water Done Well requires us to demonstrate that our water services delivery will be financially sustainable by 30 June 2028. The way we do things now will need to change, whether we change delivery models or not, to meet the requirements of Local Water Done Well.

Options for water services delivery

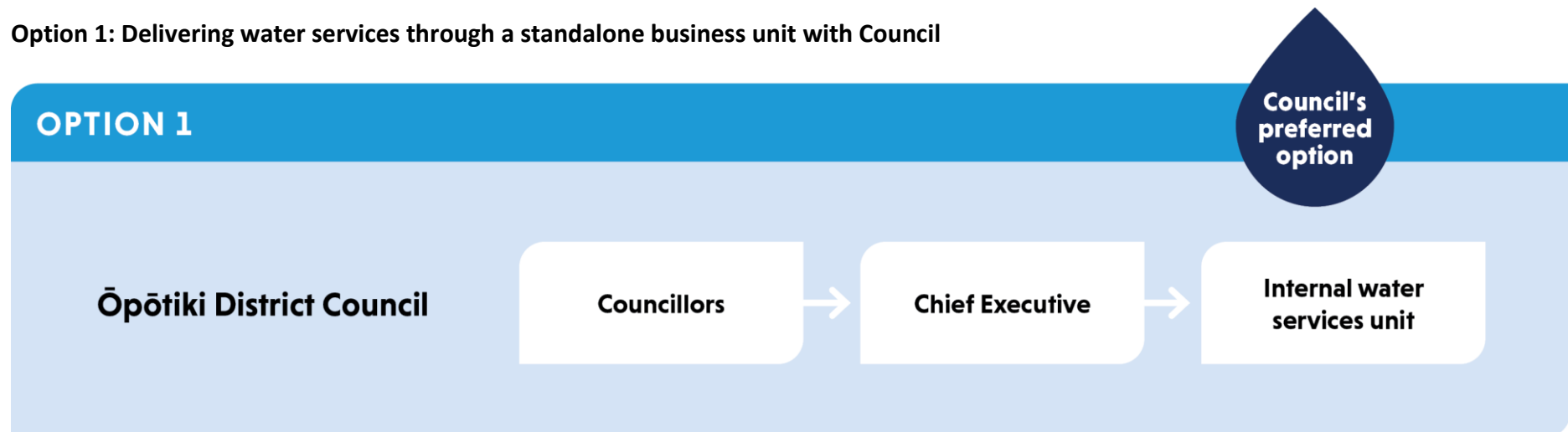
We have looked at a range of options. After careful consideration, there are two broad options we are seeking your views on.

1. Delivering water services through a standalone business unit within Council while we continue to explore establishing a joint water services organisation.
2. Joining a new water services organisation.

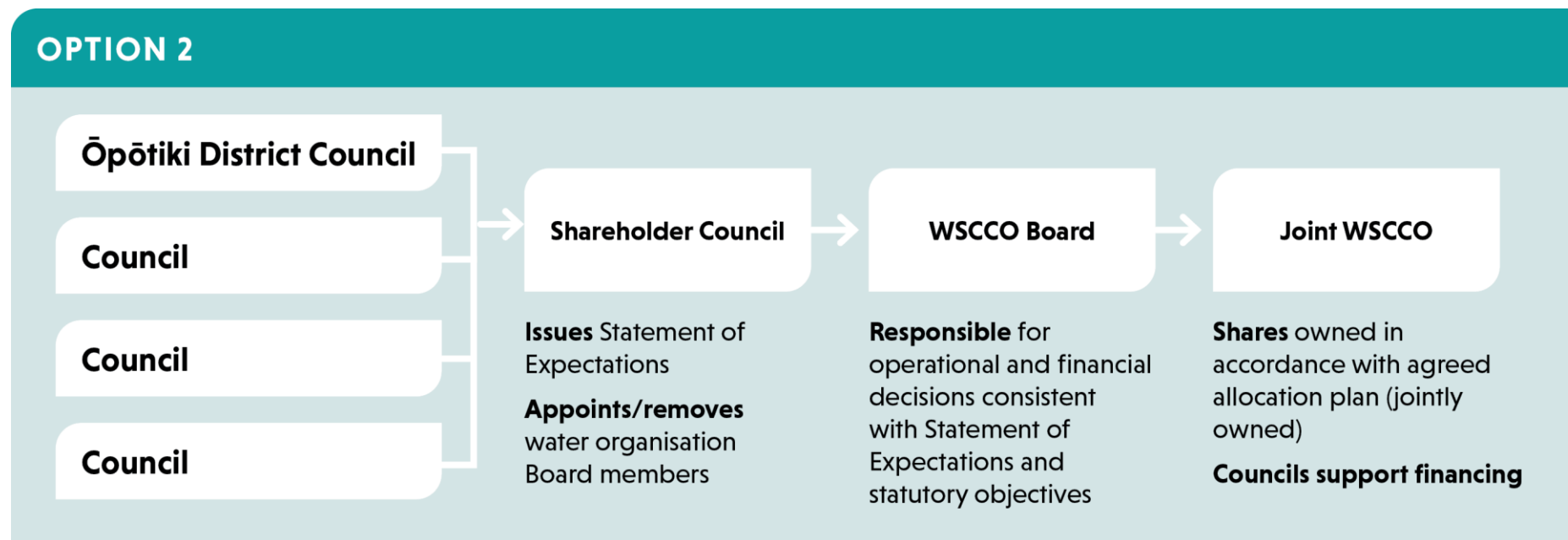
Council's preferred option is to continue to deliver through the Council via a standalone internal (water services) business unit, while continuing to explore establishing a joint water services organisation.

The two options are shown below.

Option 1: Delivering water services through a standalone business unit with Council



Option 2: Joining a new water services organisation



Other options considered

We also considered the option to establish a consumer trust organisation, which is either partly owned by council and a trust, or wholly owned by a trust. We decided these options weren't right for us as the organisation would likely have to borrow money from banks which is more expensive, and we would have less control over critical decisions than in other options. Further, as the only viable partner trust in our district, Horizon Networks confirmed it is only able to fund electricity-related investments under its Deed.

We also considered the option of setting up a water services organisation on our own, however we'd be unlikely to see efficiency benefits, and would face higher costs associated with running a separate water services organisation.

Option 1: Delivering water services through a standalone business unit within Council while we continue to explore establishing a joint water services organisation (preferred option)

Under this option, the average residential ratepayer could pay....

\$4,210 to \$4,430 by 2034, depending on how much debt the Council takes on to specifically fund water services

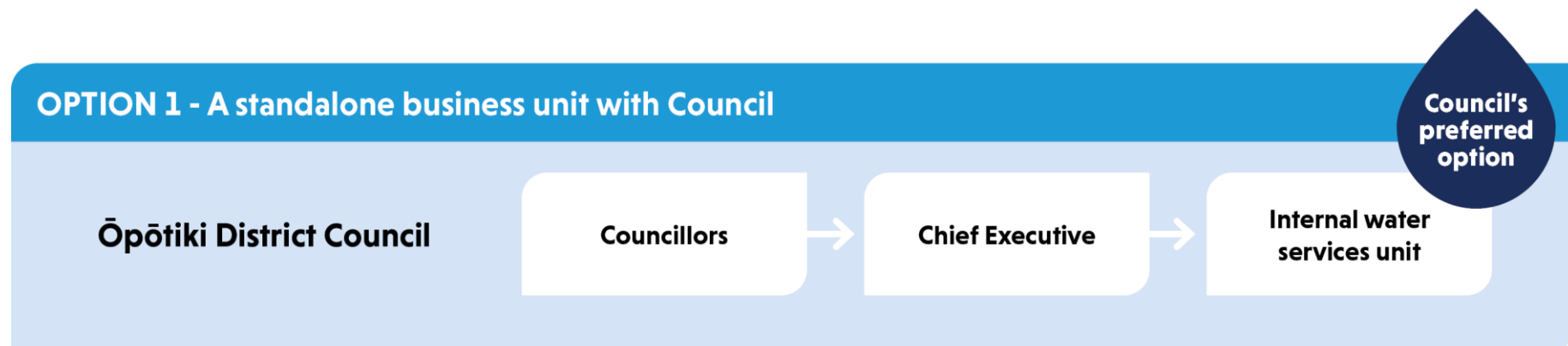
Compared with around \$2,254 today.

Overview

Under this option, we would continue to manage and deliver water services on our own, without partnering with other councils. We would be fully responsible for all day-to-day operations, maintenance, planning for future water needs, and repaying any water-related debt.

To help meet new government requirements, we would operate water services through a ringfenced delivery unit within our existing structure. We could share certain services with other councils or contract some operations to an external water services organisation, but this would not provide the same level of cost savings as being a part of a joint water services organisation.

This is Council's preferred option in the first instance. While pursuing this option, Council would continue to explore the impacts and opportunity a joint water services organisation (option 2) would have for our district.



Overview of key elements

Ownership	Council-owned (no change to current arrangements)
Governance arrangements	Council oversight
Decision making	Elected members continue to decide on levels of service and investment intentions (within legal requirements)
Accountability	Accountable to the public through the legal framework Accountable to elected members through existing mechanisms
Community involvement in decision making	Through submissions processes and access to councillors
Approach to allocation of costs, revenues and efficiencies	Water revenues would be ringfenced and targeted, that is, separated from general rates Council will access borrowing for water infrastructure via the Local Government Funding Authority, subject to its limits
Tangata whenua involvement	Council can use existing mechanisms for tangata whenua involvement
Legal compliance	Meets legal requirements but will be subject to new ringfencing requirements and economic regulation



Summary of key advantages, risks and disadvantages

Key advantages	Key risks and disadvantages
• Local decision-making: The Council would decide on services and investments, solely focussed on the needs of the District. • Seamless integration: Water services can be easily coordinated with our other responsibilities (such as district planning and transport). • Community accountability: Communication remains straightforward, with us continuing to engage directly with residents on water issues. • Familiar structure: Day-to-day operations remain largely as they are now, which can help minimise transition costs or confusion. • Opportunity to share services: We could share services with other councils to try and reduce costs or contract another water organisation to deliver services on our behalf. This is not expected to lead to significant cost savings.	• Higher prices: Analysis indicates that this option would be more expensive than if we joined a water services organisation. While the average cost per connection looks similar over the next ten years, after that a joint water services organisation is expected to become noticeably cheaper. • Limited financial flexibility: Our investment plans require substantial borrowing and may limit our ability to invest in other important areas. • Longer-term challenges need to be funded: We need to fund major water infrastructure upgrades over the next 15–30 years, which could become more expensive over time. • Increasing requirements: We must meet tougher government regulations on our own, which may lead to higher water charges and more borrowing in the future. • Limited opportunity for efficiencies: We wouldn't benefit from economies of scale that might come from partnering with other councils, potentially raising our long-term operating costs.

Summary of key metrics

How the option will impact Ōpōtiki District Council...	
Rates	Rates will increase to cover the cost of water services.
Debt	Council debt relating to water services will be high and could constrain the amount Council can borrow for other activities.
Levels of service	We expect levels of service to improve under this option but the focus over the next ten years is on achieving compliance with regulatory requirements.
Charges for water services	Charges for water services will continue to be collected through general rates system but will be separately identified on rates bills. Volumetric charging will continue through water rates billing.



Option 2: Joining a new water services organisation

Under this option, the average residential ratepayer could pay....

Up to \$4,230 per annum within 10 years, depending on the mix of councils involved, compared with around \$2,254 today.

However, this option is expected to be cheaper in the long-term.

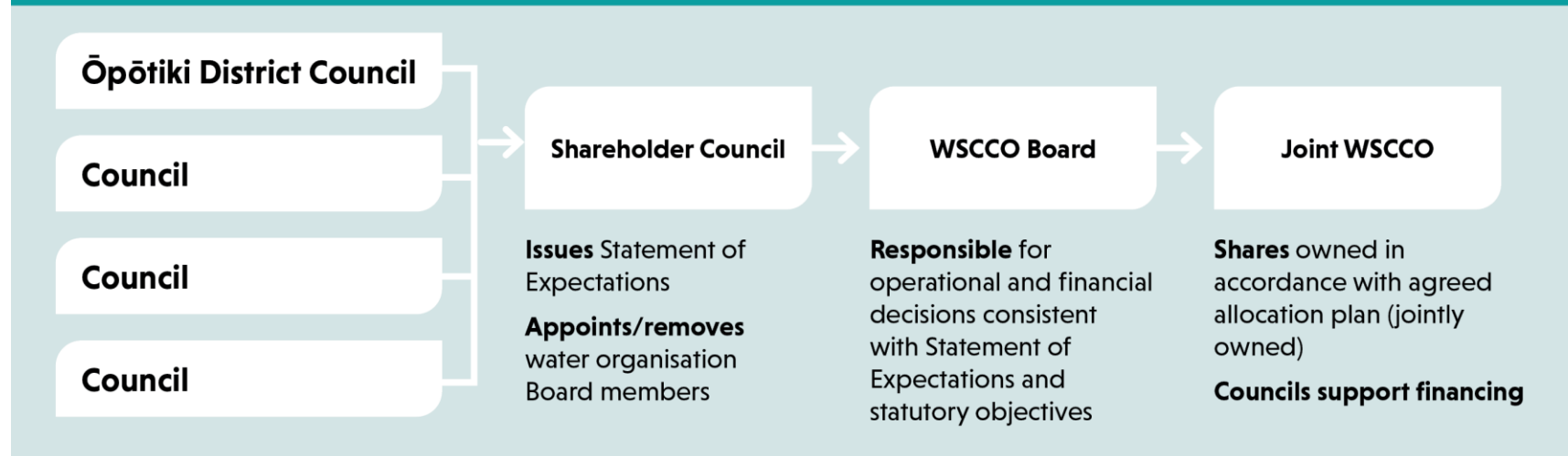
Overview

This option would see Ōpōtiki District Council and other participating councils form a new water services organisation. This organisation would handle water services across all participating areas and take on each council's water-related debt and assets.

A professional board of directors appointed by the shareholding councils, would govern the organisation and appoint a chief executive. While we could guide the board through a Statement of Expectations and retain some key decisions, we wouldn't control every aspect of its work.

Council's preference is to deliver water services via a standalone internal (water services) business unit while we continue to explore establishing a joint water services organisation. If this work showed we have willing partners and a joint water services organisation would provide clear benefits to the Ōpōtiki region, Council could look to pursue this option in several years.

OPTION 2 - A joint water services organisation



Overview of key elements

Ownership	Jointly owned by Ōpōtiki District Council and other participating councils
Governance arrangements	Governed by a board comprising independent, professional directors. Board members would be appointed by a shareholder council, with members of the shareholder council appointed by shareholding councils
Decision making	The board and management of the joint water services organisation makes decisions, and must give effect to the Statement of Expectations issued by the Shareholder Council.
Accountability	The Board would report to owners quarterly, prepare an audited annual report, and act consistently with statutory objectives.

Community involvement in decision making	No direct involvement. However, Councils can appoint and remove directors to the Board and issue the Statement of Expectations.
Approach to allocation of costs, revenues and efficiencies	Joint water services organisation would charge users Organisation could borrow up to the equivalent of approximately 500% of revenue from the Local Government Funding Agency. ¹
Tangata whenua involvement	Mechanisms for this would need to be confirmed. Each council will define the requirements for iwi engagement that the joint water services organisation will need to meet.
Legal compliance	Meets legal requirements but will be subject to new ringfencing requirements and economic regulation.

Who would we partner with?

If we decide to move forward with a new water services organisation, we'd join forces with one or more other participating councils.

We have been exploring options with a sub-regional grouping of councils in the East Bay of Plenty, including Rotorua Lakes Council, Kawerau District Council, and Whakatāne District Council.

The largest benefits are likely to come from working with a larger council (such as Rotorua Lakes Council). However, the inclusion of a larger partner may make it harder for a joint water services organisation to prioritise our District's interests. This could be exacerbated if there are a large number of councils involved. This may also make it harder to determine common goals and resolve differences.

Regardless of the councils we could work with, we will attempt to negotiate the best arrangement for the Ōpōtiki District. If we were to work with other councils, our goal would be to draw on shared expertise and economies of scale, while still reflecting each area's local priorities. This would include seeking a commitment from partner councils and the new entity to ensure it follows through on the planned investment in our 10-year plan, to ensure Ōpōtiki District gets a fair deal for our communities.

We'd work alongside partner councils to make a plan for delivering water services that benefits all participating communities in the long run.

¹ The Local Government Funding Agency has indicated it will lend at between 8% to 12% of funds from operations to debt. This is a different metric to debt to revenue, but for many councils it will equate to approximately 500% debt to revenue.

Within our region, we share common challenges with our other councils, including challenges meeting drinking water quality and environmental standards, improving resilience of our low lying and coastal communities in the face of climate change, and providing for growth. Working collectively to address these challenges often makes more sense than trying to solve these problems alone.

Summary of key advantages, risks and disadvantages

Key advantages	Key risks and disadvantages
• Lower prices: Analysis indicates that this option would likely be cheaper than if we continued to deliver water services on our own. Customers could potentially save hundreds of dollars per year by 2034 with savings expected to increase over time. • Specialist oversight: A professional, expert board can make informed decisions and respond quickly to service needs. • Greater capacity: A larger combined organisation can hire more specialised staff and manage assets and new projects more effectively. • Continuity of investment plans: The organisation would likely adopt the Council's investment plans in relation to water, noting the programme of investment in the long-term plan has been updated through this process to meet legislative requirements. • Long-term savings: By combining resources (such as maintenance services) across multiple councils, the organisation can drive down costs over time. • Efficient borrowing: The organisation can borrow at similar rates to councils but takes a different financing approach that makes it easier to invest in infrastructure and maintain quality standards affordably. • Greater financial flexibility for our Council: With water debt removed from its books, we will have increased flexibility to use our available financial capacity to invest in other priorities as needed.	• Less local control: We would share decision-making and control with other councils. Decision-making may feel distant to residents in smaller communities. • Transition challenges: Establishing the organisation is a large task, and coordinating the transition of water services, staff and debt may be complex. We would also need to manage any impact on other council activities. • Stranded costs: Some costs that are currently shared with water services may not be able to be transferred to the organisation meaning the Council could be left with some ongoing obligations, depending on what transition arrangements we agree with the water services organisation. • Uncertainty: There is uncertainty around who we would partner with. We would need to negotiate how the organisation is established and how our District's needs are met.

Summary of key metrics

How the option will impact Ōpōtiki District Council...	
Rates	Over time, council rates will decrease as the new joint water services organisation charges separately for water services. If we pursue this option, it will take some time to transfer billing for water services to the new entity.
Debt	This option provides Council with more financial flexibility, including lower council debt and a greater ability to borrow to invest in non-water activities.
Levels of service	We expect levels of service to improve under this option but the focus over the next ten years is on achieving compliance with regulatory requirements.
Charges for water services	Charges for water services are likely to be lower in the long run under this option compared to option 1.

How to have your say

Your feedback will help us make an informed decision on how our water services should be delivered in the future

Please note, this is a formal consultation process and all submissions will be made publicly available on Council's website with the names of submitters included.

Please choose the water service delivery model that you support.

1. **Stand-Alone Business Unit** (Our preferred option) – Ōpōtiki District Council continues to deliver drinking water, wastewater, and stormwater services after making all necessary changes to meet new requirements, while we continue to explore establishing a joint water services organisation.
2. **Water Services Organisation** – Ōpōtiki District Council becomes part of a shared water service organisation which manages and delivers water services independently, with Council as shareholder.
3. **Don't know/Other**

Please explain why you support this option and comment on anything else you think is important.



**Have
Your Say**
Connect
Hono Mai

Online

You can complete an online submission on our engagement website, Connect | Hono Mai: connect.odc.govt.nz

Email

You can send an email to connectadmin@odc.govt.nz. Make sure you put 'Submission Local Water Done Well' in the subject line.

Submission forms

You can cut out and post (or scan and email) the submission form on page 23. Forms can also be downloaded from connect.odc.govt.nz, or you can pick one up from Te Tāhuhu o Te Rangi, our main office at 108 Saint John St, Ōpōtiki, or the isite at 70 Bridge Street, Ōpōtiki.

Write a letter

Send a letter to PO Box 44, Ōpōtiki 3162.

Appendix: Government requirements determine the options open to Council

Key elements of Local Water Done Well

The Government's Local Water Done Well policy will significantly change the operating environment for water services in New Zealand, with significant implications for Council service delivery.

New regulatory requirements, coupled with new structural and financing tools, will lead to significant changes in service provision over time, including the adoption of new service delivery models.

Local Water Done Well has some key features:

- **Water Service Delivery Plans** – Plans need to show how councils will meet water quality and infrastructure rules, while being financially sustainable. Plans need to include information about assets and finances, the investment required to maintain services, and the proposed service delivery arrangements.
- **Financial sustainability** – Plans need to show that:
 - water revenue is sufficient to cover maintenance, financing costs and depreciation
 - planned capital investment is sufficient to meet regulatory requirements and provide for growth
 - available financing does not constrain investment required to support service delivery
- **Ringfencing** – Councils will be required to ringfence their water services from other Council activities.
- Councils will be required to meet **new information disclosure and reporting requirements**.
- **Ability to borrow to fund water services** – the Local Government Funding Agency sets limits on the debt funding that different councils and council-controlled organisations delivering water services can access.

Local Water Done Well also creates consultation obligations for councils. Consultation must:

- identify at least two options for delivering water services. Additional options may be identified. An assessment of the advantages and disadvantages of all options identified is required.
- Describe the impact of the options on the council's rates, debt, levels of service, and charges for water services.

- If the council is considering a joint water services organisation option (whether establishing, or joining), it must also describe the implications for communities throughout the joint service area, and describe any accountability or monitoring arrangements the council will use to assess the performance of the water services organisation.

Description of the provisions for accessing borrowing

The Local Government Funding Agency has confirmed that it will provide financing to support water council-controlled organisations established under Local Water Done Well and look to assist high growth councils with additional financing. LGFA will extend its existing lending to Council Controlled Organisations (CCOs) to new water organisations that are CCOs and are financially supported by their parent council or councils. The ability of councils to establish water organisations will be provided for by the Local Government (Water Services) Bill.

- LGFA will support leverage for water organisations up to a level equivalent to 500 percent of operating revenues (around twice that of existing councils), subject to water organisations meeting prudent credit criteria. LGFA will treat borrowing by water organisations as separate from borrowing by parent council or councils.
- LGFA will lend to multiply-owned water organisations, who are supported by the parent councils.
- LGFA will make available to water organisations its existing suite of financial products that are currently made available to councils and CCOs. These include green and sustainable loans and climate action loans, short and long-term loans and standby facilities.

Councils will also retain the ability to borrow through LGFA should they choose to keep water services 'in house' rather than establish a water organisation.

LGFA has various requirements that councils need to meet and stay within to access LGFA funding. These requirements are to preserve the credit quality of the LGFA lending book in order to maintain its AAA credit rating. A key requirement is that total council debt cannot be more than 280 percent of council operating revenues for rated councils (from 1 July 2025) and 175 percent for unrated councils, plus there are interest cover ratios based on rates and total council revenues.

Many councils will need to increase borrowing in order to make the necessary investments to bring water infrastructure up to standard and support new housing. Some councils are already close to their LGFA debt limits.

Submission form

Privacy Act note: Submissions form part of the public consultation process so they will be copied and attached to a publically available agenda and stay on Council minute records.

Name:

Organisation (if applicable):

Postal address:

Phone (daytime):

Email:



Ōpōtiki District Council
STRONG COMMUNITY STRONG FUTURE

**Submissions close 4pm,
Tuesday 3 June 2025.**

We will let you know that we have received your submission. All submissions will be made available to the Mayor and councillors, who will take them into consideration when finalising the Water Services Delivery Plan.

Your feedback For more information on each option please view the consultation document and/or the supporting information on our website. Please tick the option you support.

Local water Done Well

OPTION 1
Delivering water services through a standalone business unit within Council, while we continue to explore establishing a joint water services organisation (preferred option)

OPTION 2
Joining a new water services organisation (alternative option to continue exploring)

OPTION 3
Don't know / Other

You can get this submission form back to us by:

POST PO Box 44, Ōpōtiki 3162

DELIVER
Council office or Ōpōtiki Library

SCAN AND EMAIL
info@odc.govt.nz

Other feedback

Thank you for taking the time to have your say



For more information visit odc.govt.nz