



TE KAUNIHERA Ā-ROHE O
ŌTOROHANGA
DISTRICT COUNCIL

KŌRERO WAI

LET'S TALK WATER

LOCAL WATER DONE WELL CONSULTATION DOCUMENT

9 APRIL – 6 MAY 2025



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KŌRERO WAI – LET'S TALK WATER



THE WHY

We, alongside our communities, face an important decision about the future of our water and wastewater services. This isn't just about the water you drink or what goes down the drain - it's about ensuring our water services remain sustainable and well-managed for generations to come.

Water reforms have been a hot topic for about a decade now. In 2016, the Havelock North water crisis (where an estimated 5,500 people became ill with campylobacteriosis after drinking the town's water supply) and the rising cost of maintaining infrastructure raised concerns about water management in New Zealand - prompting the need for change.

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

LWDW AIMS TO:

- Address how water infrastructure across New Zealand is funded and delivered in a financially sustainable manner
- Introduce a new regulatory regime for water services delivery, which sets out increased environmental, economic and human health standards and regulations
- Support a sustainable workforce that is able to deliver on the forward investment programme and governance requirements.

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

Like all councils, we are facing a number of complex issues when it comes to delivering Ōtorohanga's drinking water and wastewater services. The reality is the LWDW policy means water is going to get more expensive, regardless of what option we choose. This is due to new monitoring fees, stricter regulations, and the need for additional investment in infrastructure and upgrades.

WHAT ABOUT STORMWATER?

Stormwater is the water that runs off surfaces when it rains.

Council operates and maintains stormwater infrastructure across the district to limit the impact of flooding and to ensure that stormwater discharges to waterways safely. Our stormwater assets are linked to and maintained across various council activities such as transportation and parks and reserves. Our stormwater and flood protection systems help drain the water away. Stormwater is not currently included in the Waikato Water Done Well option.

LOCAL WATER DONE WELL CONSULTATION

LWDW TIMELINE

SEPTEMBER 2024

legislation introduced to direct councils on next steps [Local Government \(Water Services Preliminary Arrangements\) Act 2024 \(Preliminary Arrangements Act\)](#)

DECEMBER 2024

the [Water Services Bill](#)

MARCH-MAY 2025

councils consulting on preferred options

BY 30 JUNE 2025

councils adopt preferred option

BY 3 SEPTEMBER 2025

Water Services Delivery Plans submitted to Department of Internal Affairs for approval

BY 1 JULY 2026

start operating under the Water Services Delivery Plan

WE'VE DONE OUR HOMEWORK

We want what is best for Ōtorohanga. We know Local Water Done Well will significantly change the way water services are delivered in New Zealand, and who we are as a council too. The fact of the matter is – Central Government has told us we can't keep things as they currently are.

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

1. A multi-council controlled (CCO) water organisation
2. A single council controlled (CCO) water organisation
3. An internal business unit
4. A consumer trust

We explored all available options and identified only two that were viable for Ōtorohanga. We then conducted a more in-depth investigation of the following options:

- **A Waikato Water Done Well asset-owning CCO**, with other rural/provincial councils in the region (Option 1 above). You can find out more on [page 8](#)
- **An internal business unit**, referred to as “**Enhanced Status Quo**” (Option 3 above). You can find out more on [page 14](#)

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

You can find out more about our options analysis here engage.otodc.govt.nz/local-water-done-well

WHAT'S A CCO?

A CCO is an organisation owned by participating councils that delivers services on their behalf – like Watercare in Auckland. Ōtorohanga District Council is a shareholder in Waikato Regional Airport Ltd – this is a CCO.

AFFORDABILITY

In the options within this consultation document, we refer to affordability. The legislation requires us to consider affordability as one of the things that prove the financial sustainability of our options. In other words – we need to prove we will be able to pay for our water not just now, but over the years and generations to come.

We recognise that affordability means different things to different people. There's no official definition of affordable water costs in New Zealand, but international guidelines suggest affordability can become a challenge when the cost of drinking water and wastewater services exceeds 2.5% of a household's income. The Waikato Water Done Well and the Enhanced Status Quo options are modelled on this basis.

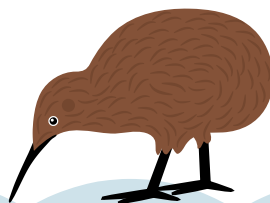
To measure affordability, we use median household income instead of average household income. Median income is the middle number when all incomes are sorted from lowest to highest. This means half of the households earn less than this amount, and half earn more.

This is especially important in Ōtorohanga District, where our rural and urban incomes can vary. Many of our rural households aren't on metered water, so their costs and affordability concerns are different from those in town.

BORROWING

Borrowing is one of the few financing tools councils can use to fund big infrastructure projects and, like a mortgage, it helps spread the cost over the generations that will benefit from them. There are clear rules for borrowing money depending on whether councils keep their water services in-house or join up to form a multi-council water organisation.

Water organisations can borrow more money to fund infrastructure projects than what councils can now. Currently we can borrow up to 175% of our total revenue. Water organisations will be able to borrow up to 500% of total revenue for water construction projects.



WHAT ABOUT THE RURAL WATER SCHEMES?

If you are on a Rural Water Scheme, what happens next depends on your type of supply. If your supply provides drinking water, you will be looked after by WWDW if we go with that option. If your supply is for stock only, ŌDC will continue to manage it. As for Rural Water Scheme committees, they will no longer be required under WWDW. However, under ESQ, they will continue to exist but will no longer have the ability to influence rates.





LOCAL WATER DONE WELL CONSULTATION

LET'S TAKE A LOOK AT THE OPTIONS

The background of the slide is a scenic photograph of a large body of water, likely Lake Taupo, with rolling hills in the distance under a blue sky with scattered white clouds. Overlaid on the image are decorative, semi-transparent blue wavy lines that resemble stylized water or kaitiaki (Māori ferns).

OPTION ONE

WAIKATO WATER DONE WELL

OUR PREFERRED OPTION

OPTION ONE

OUR PREFERRED OPTION

WAIKATO WATER DONE WELL

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

Their response to this was to co-design a unified approach for water and wastewater services – now known as Waikato Water Done Well (throughout this document we will often refer to this as “WWDW” or “the CCO”). This is a way for councils to collaborate on sustainable, high-quality waters services while still keeping a local voice. There are six other district councils who have signed a Heads of Agreement (a non-binding document outlining key terms of a deal before a formal contract is signed) for this option. They are: Matamata-Piako, Hauraki, Waipā, Waitomo, South Waikato and Taupō.

HAVE YOUR SAY

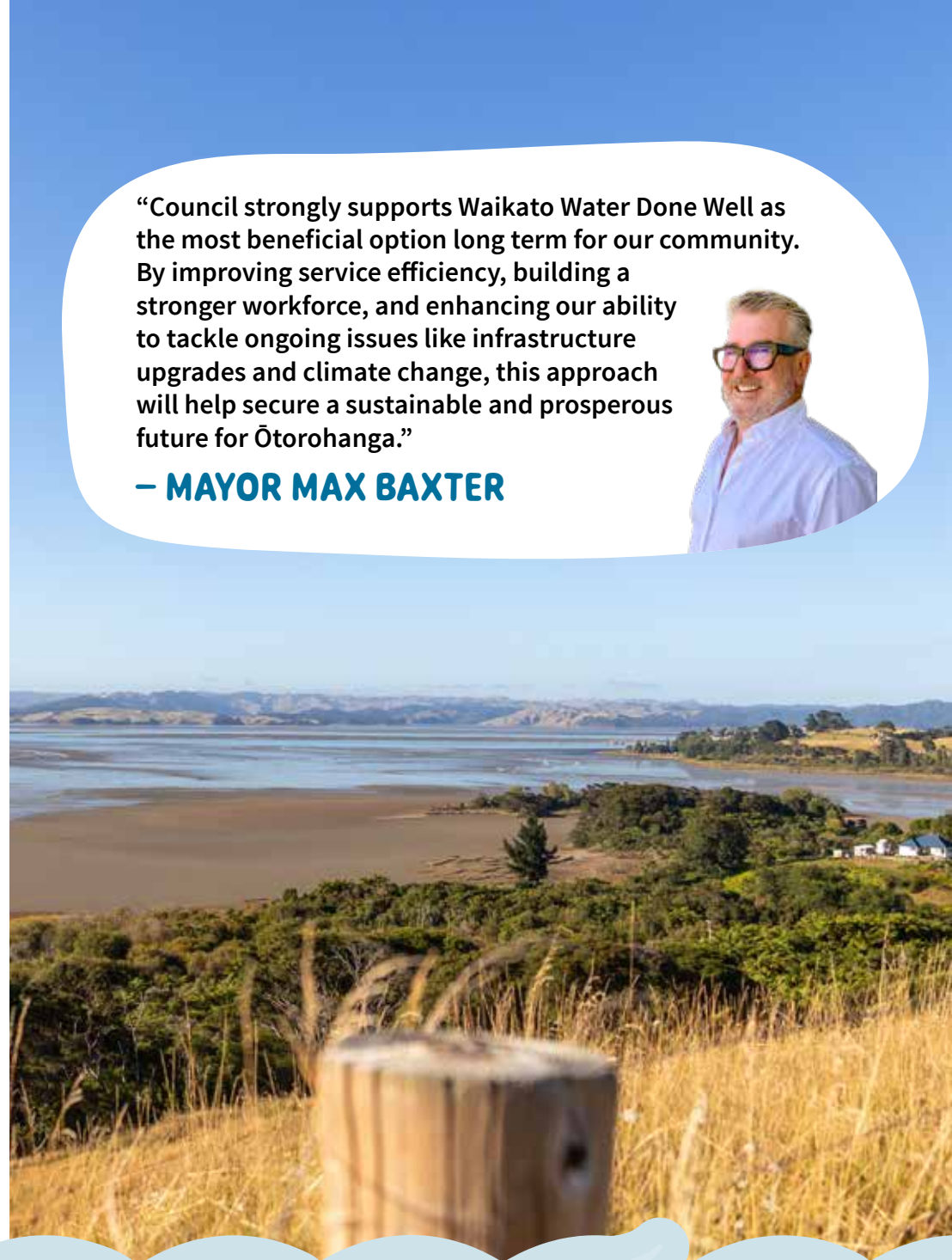
Share your feedback and help us shape the future of local water.

FEEDBACK
WILL CLOSE 9AM

6 MAY
2025

“Council strongly supports Waikato Water Done Well as the most beneficial option long term for our community. By improving service efficiency, building a stronger workforce, and enhancing our ability to tackle ongoing issues like infrastructure upgrades and climate change, this approach will help secure a sustainable and prosperous future for Ōtorohanga.”

– **MAYOR MAX BAXTER**



KEY WATER ASSETS



TOGETHER THESE 7 COUNCILS HAVE:



GROWTH HIGHER THAN THE NATIONAL AVERAGE OF 2.07%
ranging between 3% to 10.2% over the last five years



41%
OF THE REGION'S POPULATION

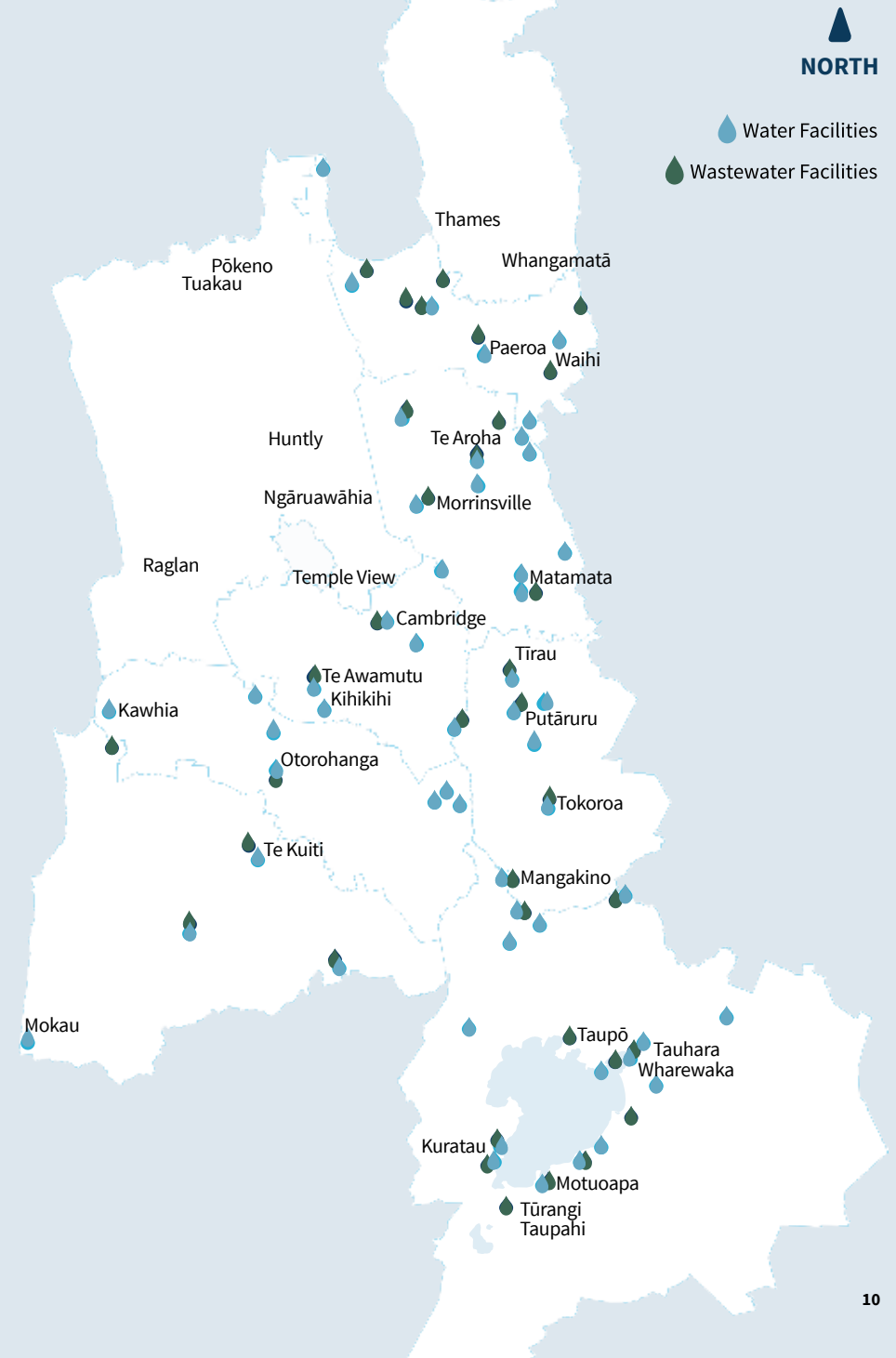
(205,000 people)



40%
OF THE REGION'S WATER AND WASTEWATER CONNECTIONS



45% **OF THE REGION'S WATER SERVICES ANNUAL REVENUE**
(excluding development contributions)



PEOPLE, PLACE, AND THE ENVIRONMENT

Healthy Water, Healthy People | Te Mana o Te Wai, Te Mana o Te Tangata – this is the vision of Waikato Water Done Well.

Under this model, the CCO would manage drinking water and wastewater. The CCO would be responsible for everything from sourcing and treating water to maintaining infrastructure, planning for future upgrades, and ensuring high environmental standards are met.

The CCO would be a separate legal entity, owned by the shareholding councils and operated by an independent board. While councils would no longer be directly involved in water service delivery, they would set a statement of expectations, which lays out responsibilities and performance standards, to guide the CCO's decisions, with regular monitoring and reporting.

KEY POINTS OF WAIKATO WATER DONE WELL

OWNERSHIP & CONTROL

The CCO would own and manage drinking water and wastewater assets, but the people of Ōtorohanga would remain the ultimate beneficiaries.

IWI INVOLVEMENT

We believe iwi should play a strong role in water management. It is essential that Treaty Settlements, Joint Management Agreements, and existing partnerships are upheld and strengthened.

CATCHMENT-BASED APPROACH

In this context “catchment” refers to a geographical area where water is collected by the natural landscape, typically including rivers, lakes, and groundwater systems. Managing water at a large, regional scale allows for a more holistic approach to improving water quality, protecting our natural resources, and enabling innovative solutions for resource consents and service delivery.

GOVERNANCE & DECISION MAKING

The CCO would be led by a board of independent directors, appointed by the shareholding councils. Councils would influence key decisions through their statement of expectations and oversight role, ensuring accountability.

LONG TERM VISION

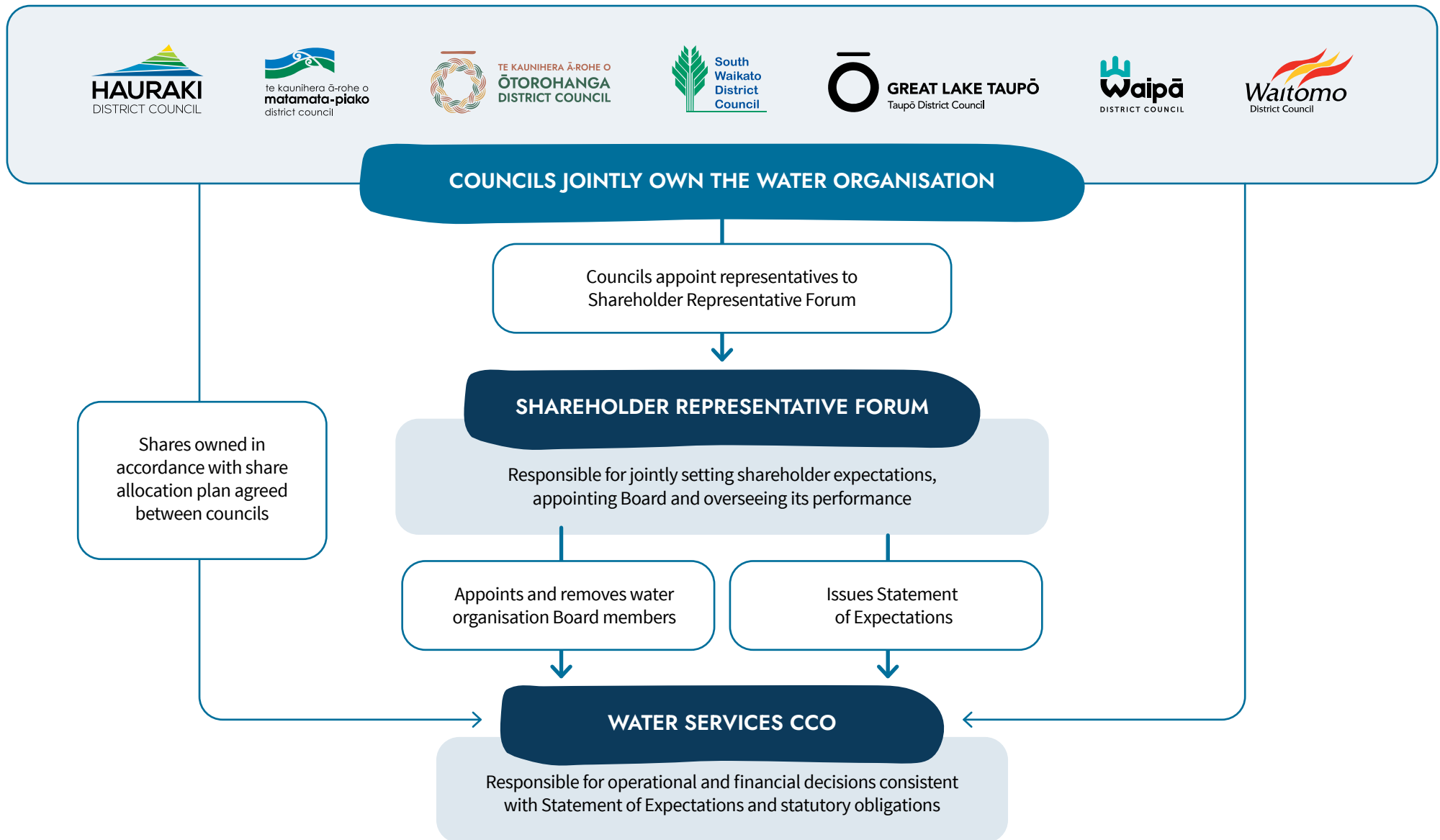
Initially, councils may provide some support services during the transition, but the goal is a fully independent and efficient organisation, focused on delivering high-quality water services.

CIVIL DEFENCE

In the event of an emergency, councils and the CCO would work together to ensure water services are maintained. The CCO would manage the water network, while councils focus on supporting and protecting the community.

This model ensures that our water services are reliable, and environmentally responsible, while keeping councils involved in key decisions and giving our communities a strong voice in the future of water management.

OWNERSHIP AND ACCOUNTABILITY DIAGRAM OF THE PROPOSED CCO



ADVANTAGES OF WAIKATO WATER DONE WELL

- **Shaping the future:** Ōtorohanga, as a founding council, is well-positioned to shape (with other shareholder councils) the establishment and transition of the CCO.
- **Value alignment:** this CCO is made up of primarily rural/provincial councils, this means doing what is best for our communities will remain a top priority.
- **Resilience through shared resources:** by partnering with larger councils, we can pool resources and share the financial burden of major unforeseen events, ensuring quicker recovery and minimising the impact on water services, costs, and rates.
- **Treaty alignment:** this model provides an opportunity to align with and give effect to multiple Treaty settlements, including Te Ture Whaimana, the vision and strategy of the Waikato and Waipā Rivers, as well as honouring our Joint Management Agreements with iwi in our rohe.
- **Iwi engagement:** this model provides opportunity for development of economic partnerships, investment, and workforce opportunities.
- **Civil contracting sector:** scale will provide greater certainty and consistency for the civil contracting sector, which is a vital partner in water service delivery.
- **Legal compliance:** complies with the water legislation.
- **Community affordability:** this is the most affordable option in the long term.
- **Scale:** achieving efficiencies of scale is a key objective of the CCO. This includes opportunities for service and delivery improvements through the consolidation of operations and maintenance, procurement, workforce optimisation, and enhanced relationships.
- **Climate change mitigation:** with enhanced efficiencies and increased borrowing capacity, there is greater potential for improving climate change mitigation.
- **Debt capacity:** the CCO has the greatest debt capacity of either option.
- **Workforce:** sustainability, attraction, and retention issues of skilled staff are expected to be better with a regional model compared to rural and provincial councils standing alone.

DISADVANTAGES OF WAIKATO WATER DONE WELL

- **Perception of a loss of control:** Residents may feel they no longer have a say in how assets, funded by their rates, are managed.
- **Stranded costs:** These are costs for essential services like IT, finance, and communications that Council still needs to pay for. Currently, these costs are shared across different areas of council, including water services. If water services are transferred to the CCO, we will lose that portion of funding, but the costs for the essential services will remain.
- **Service delivery challenges:** Coordinating work could become more difficult. For example, if one council team is laying new wastewater pipes and another is responsible for road improvements, it's easier to time the work when they're part of the same organisation. If they aren't, we risk digging up the same road twice. This isn't an impossible problem to solve, but different organisations may have different priorities, which can make coordination more challenging.
- **Conflicting priorities:** Regional goals may compete with local council needs, leading to potential disagreements.
- **Limited Scope of WWDW:** WWDW will only manage drinking water supply and wastewater services. Council will still be responsible for other water-related activities not included in the WWDW model, such as flood protection, stock water-only schemes, and stormwater management. This means Council will need to continue funding and overseeing these services separately.

**YOU CAN CHECK OUT MORE ABOUT
THE FINANCES ON PAGE 17**

**WANT TO KNOW MORE ABOUT WAIKATO
WATER DONE WELL?**

Head to www.waikatowaters.co.nz



OPTION TWO

ENHANCED STATUS QUO

OPTION TWO

ENHANCED STATUS QUO

HAVE YOUR SAY

Share your feedback and help us shape the future of local water.

FEEDBACK
WILL CLOSE 9AM

6 MAY
2025

The Enhanced Status Quo (ESQ) option means Ōtorohanga District Council will continue to provide water, wastewater and stormwater services, but in a different way to what we are doing now. Under this model, water services would be financially ring-fenced from general council operations.

This is one of the viable options we considered for Ōtorohanga, and while this approach offers continuity and familiarity, it comes with significant financial and regulatory challenges. The costs of maintaining infrastructure, meeting compliance standards, and investing in water services may exceed what the district can afford in the long term, and because of this – Enhanced Status Quo is not our preferred option.

KEY POINTS OF ENHANCED STATUS QUO

OWNERSHIP & GOVERNANCE:

Council retains full ownership and oversight of all water service assets.

DECISION-MAKING:

Council remains responsible for decisions, with regulatory oversight.

SERVICE DELIVERY:

Council provides water services to the community while managing capital works, procurement, and project management.

FINANCIAL STRUCTURE:

All water service expenditures are ring-fenced and funded separately through targeted rates, water-specific charges, and financial/development contributions.

IWI INVOLVEMENT:

Council will continue to be committed to maintaining and strengthening relationships with iwi and mana whenua.

CIVIL DEFENCE:

Emergency response and resilience planning remain unchanged.

DEBT LIMITATIONS:

The debt-to-revenue ratio will increase from the current 175% threshold to 285%, subject to full economic regulation that may require price adjustments.

COMMUNITY ENGAGEMENT:

Public input will be gathered through legislative consultation procedures, the Water Services Strategy will be reviewed every three years.

ADVANTAGES OF ENHANCED STATUS QUO

- **Ownership:** Council maintains full responsibility for day-to-day decision-making, although economic regulation will restrict some council decisions.
- **Community input:** Having your say on water services would continue to happen through our current consultation processes.
- **Familiarity:** Familiar and well-understood model.

DISADVANTAGES OF ENHANCED STATUS QUO

- **Vulnerability to major events:** As a small council, a major event like a natural disaster could overwhelm our water services, causing costly infrastructure damage and forcing sudden rate hikes or debt increases to fund emergency repairs.
- **Workforce issues:** Attracting and retaining skilled staff may become harder as regional water service entities are formed that offer more attractive career development opportunities.
- **Environmental outcomes:** Limited ability to achieve enhanced environmental outcomes due to a lack of scale and ability to take a catchment-based approach.
- **Lost influence:** If we choose to join the CCO later or are required to by Central Government, we may face significantly higher costs and miss the opportunity to help shape its establishment and operations of the CCO.

While the Enhanced Status Quo option allows Council to retain direct control, it presents financial and regulatory risks that could impact long term service affordability and environmental sustainability.

YOU CAN CHECK OUT MORE ABOUT THE FINANCES ON PAGE 17





LOCAL WATER DONE WELL CONSULTATION

ABOUT THE FINANCES

LOCAL WATER DONE WELL CONSULTATION

ABOUT THE FINANCES

We've talked a lot about the non-financial benefits, but we know that cost is an important factor too. No matter which option we choose, the cost of water services will go up, this is due to new government rules. These rules are in place to keep our drinking water safe and to ensure our wastewater is properly treated in order to protect the environment.

Our cost estimates are based on different assumptions, so the results can vary. In some cases, WWDW seems like the cheaper option, while in others, ESQ comes out ahead.

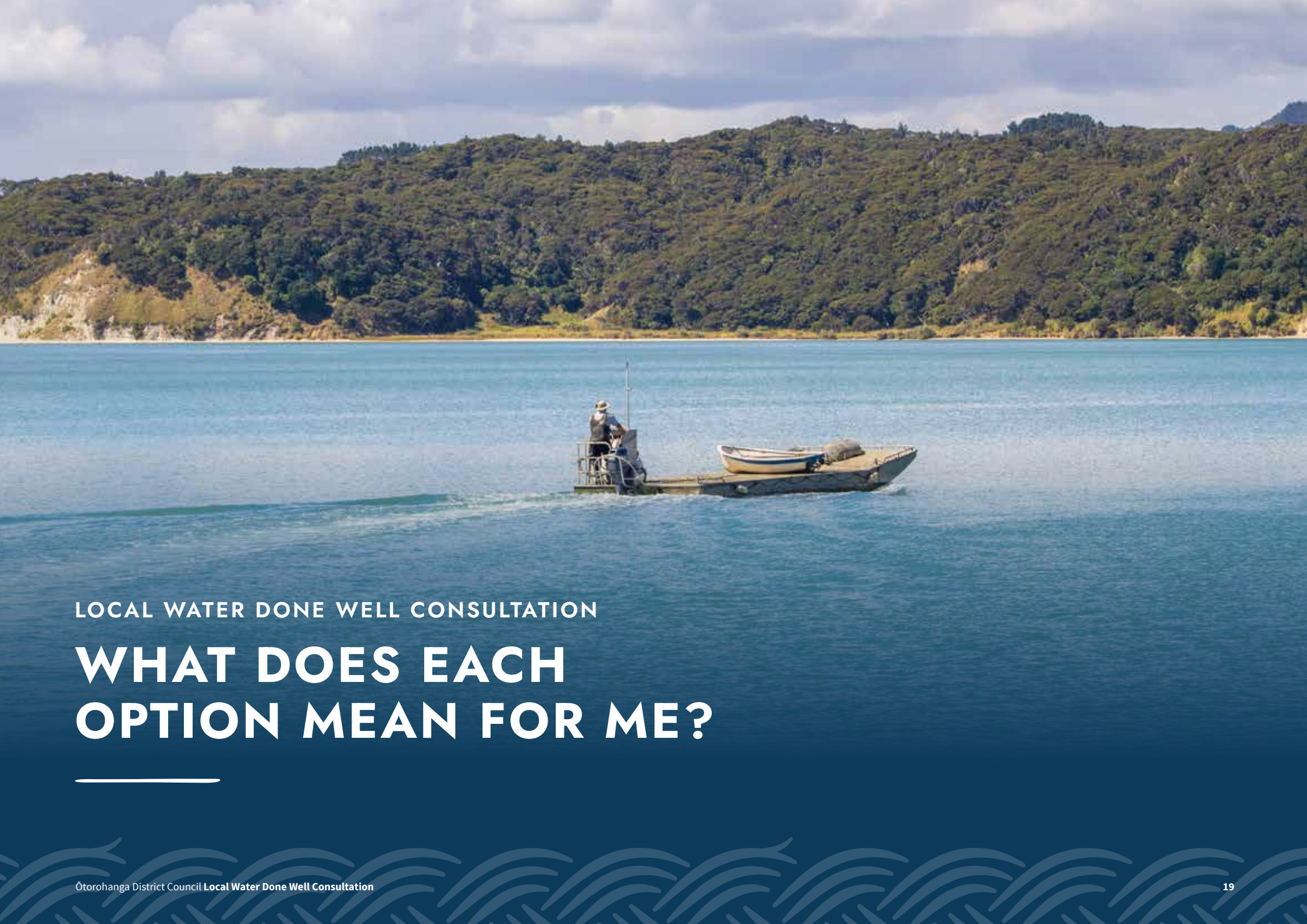
What we do know is that we don't want our community to be worse off financially if we go with WWDW - especially since it offers more non-financial benefits.

So, how do we move forward with so much uncertainty? If we choose WWDW, we'll make sure our agreement includes a condition that guarantees our community won't be worse off financially than they would be under the ESQ model. That way we get to have our cake and eat it too. We get the benefits of WWDW, as well as the assurance that financially our people get the best deal possible.

YOU CAN FIND OUT MORE ABOUT OUR OPTIONS ANALYSIS HERE

engage.otodc.govt.nz/local-water-done-well





LOCAL WATER DONE WELL CONSULTATION

WHAT DOES EACH OPTION MEAN FOR ME?

OUR PREFERRED OPTION

UNDER THE CCO MODEL

UNDER THE ESQ MODEL

Who provides the water from my tap?	Water services would be provided by WWDW.	Water services are delivered by Ōtorohanga District Council.
Who looks after wastewater (the stuff that goes down the sink and through the toilet)?	Wastewater services would be provided by WWDW.	Wastewater services are delivered by Ōtorohanga District Council.
Who looks after stormwater?	Stormwater is not part of WWDW, it will remain with Ōtorohanga District Council.	Stormwater services are delivered by Ōtorohanga District Council.
Our household is not connected to water services, what does this mean for us?	There is little to no impact on residents who are not connected to water or wastewater services. Stormwater will continue to be charged through ŌDC rates.	There is little to no impact on residents who are not connected to water or wastewater services. Stormwater will continue to be charged through your rates as it is now
Who do I call if I have a problem?	Eventually WWDW – once this part of the business it is up and running. The changes will occur over time but you will always be able to call us if you are unsure.	Ōtorohanga District Council.
Who would make decisions on what infrastructure is needed?	The Board of the CCO (independent, professional and qualified directors approved by the Mayors and Elected Members of the shareholding councils).	The Mayor and Elected Members.
What will it cost?	Costs will increase – these costs are going up no matter what. But under the CCO model, savings begin to be made after 10 years.	Costs will increase – While this option will be slightly less expensive in the short term costs and infrastructure upgrades will likely become unaffordable as prices increase.
Will I get charged differently?	Yes. There will be a separate invoice for drinking water and wastewater services.	Yes – if you don't already receive a separate charge for water. The full costs of drinking water and wastewater services will need to be ring-fenced and charged separately to rates.
Will I be able to have a say on water and wastewater services?	Yes – through a new Water Services Strategy prepared by the CCO.	Yes – through our current consultation processes.

WHEN WOULD ALL THESE CHANGES TAKE PLACE?

If Council decides to proceed with WWDW following the consultation period, the transfer of assets and responsibility of delivery would not take place until 1 July 2027. This means that for the next two years, Council will continue to be responsible for water service delivery.



LOCAL WATER DONE WELL CONSULTATION

**TELL US WHAT YOU
THINK**

HAVE YOUR SAY

TELL US WHAT YOU THINK

Your feedback on our preferred option will help inform the final decision on what the future of water services delivery looks like for Ōtorohanga.

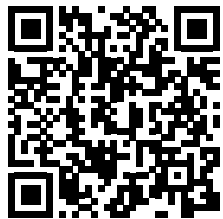
Now that you've read our consultation document, we would like to hear what you think!

Public consultation is open from 9 April through to 6 May 2025.

HAVE YOUR SAY BY USING ONE OF THE FOLLOWING:

- **Online** – go to engage.otodc.govt.nz/local-water-done-well
- **Hard copy** – use the submission form included in this document and drop it off to our council office or one of our libraries
- **Visit** – one of our Public Meetings. See details in the green box on the right.

Submissions close at 9am, 6 May 2024.



SCAN THE QR
CODE TO HAVE
YOUR SAY ONLINE



WHAT HAPPENS NEXT?

9 April to 6 May 2025 - You tell us what you think. You can submit your feedback to us during this time.

27 May- You can present your submission to us (optional)

The Council meets to listen to people who want to present their submission in person.

10 June - We consider your feedback

The Council meets to consider all of the submissions received.

24 June - We make final decisions and adopt the model for our water services.

The Council meets to formally approve the model for our water services – including any potential changes made as a result of the submissions received.

WANT TO KNOW MORE? LET'S TALK!

Come along to one of our Public Meetings, here you will get the opportunity to talk to our Elected Members and staff in person about any further information or question you may have:

ŌTOROHANGA

Ōtorohanga Club, 107 Maniapoto Street,
Ōtorohanga
Wednesday, 9 April 2025, 7pm

AROHENA

Arohena Hall, 18 Pukewhau Road
Thursday, 10 April 2025, 7pm

KĀWHIA

Kāwhia Hall, 141 Jervois St, Kāwhia
Tuesday, 15 April 2024, 7pm

HAVE YOUR SAY

SUBMISSION FORM

Full Name:

Organisation: (if applicable)

Address:

Email:

Do you want to speak to your submission?

☐

Yes

☐

No

*If you would like to speak to councillors about your submission,
please provide your phone number so we can contact you with the date and time.*

Phone:

Is there anything else you would like us to know?

DO YOU AGREE WITH OUR PREFERRED OPTION OR DO YOU SUPPORT ANOTHER OPTION?

OUR PREFERRED OPTION



OPTION ONE

WAIKATO WATER DONE WELL

Asset-owning CCO, with other rural/
provincial councils in the region

Learn
more on
page 8

OR



OPTION TWO

ENHANCED STATUS QUO

Internal business unit

Learn
more on
page 14

Take note: For your submission to be valid, you must include your full name, a postal address or email address. All submissions (including your name, address and contact details) are provided to Council staff and Elected Members for the purpose of analysing feedback. Your personal information will also be used for the administration of the engagement and decision-making process. Submissions (with the individual's name and organisation only) will be available online. If requested, submitter details may be released under the Local Government Official Information and Meetings Act 1987 unless there are grounds to withhold this information. If there are good reasons why your name and/or submission should be kept confidential please contact us by emailing info@otodc.govt.nz.

WEAVING THE
FUTURE, TOGETHER
KOTAHITANGA



TE KAUNIHERA Ā-ROHE O
ŌTOROHANGA
DISTRICT COUNCIL