

Consultation Document

Te ora o ngā mea katoa ko te wai, ā, ki te kore, kāore e taea te tupu.
The life of all things is water, and without it nothing can thrive.

Local Water Done Well

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Message from Hon. Ron Mark, Mayor of Carterton



Carterton District Council faces a major decision, how to deliver water services in the future. This is our biggest decision in decades.

The Government requires all councils to ensure financial sustainability, and we must choose the best option for our community.

We have two choices.

- **Join a regional water entity with Masterton, South Wairarapa, and Tararua, pooling resources and increasing borrowing capacity, or;**
- **Continue delivering water services as we do now.**

This decision affects costs, service quality, and long-term sustainability. Your input will help shape Carterton's future.

Councils across New Zealand are facing huge challenges in providing water services. The increase in population results in more demand, more waste and higher standards.

This is New Zealand's first experience with "end-of-long-life-assets", and the addition of climate change responses means we must have our eyes on the future.

In Carterton, our water assets are resilient and much of our water supply and wastewater services have been upgraded and reinforced in recent years.

Our council has been future-focused, and ratepayers may have seen a rise in costs, but have also seen improved services.

However, we must again look to the future to be resilient and double-down on our financial prudence.

Costs are rising due to compliance and infrastructure needs, and new regulations require water services to be financially self-sustaining.

Partnering with other councils could improve efficiency, and increase funding access—but also means some loss of direct control.

Although no decision has been made yet, working with other councils could help deliver water services more efficiently and cost-effectively.

Other advantages include a stronger negotiating position, having improved access to funding, and combined resources, leading to more efficient and consistent service delivery.

This choice will shape the future of water services in our District for generations to come.

Have your say by Tuesday 22 April to help guide this critical decision.

A handwritten signature in blue ink, appearing to be 'Ron Mark', written over a faint horizontal line.

Major (rtd), HW, the Hon Ron Mark, OSRE (Oman), DSPA (MFO), JP.

About Local Water Done Well



How your council drinking water, wastewater services, and stormwater network will be delivered is changing.

This is one of the biggest decisions for councils in decades. It will impact on how these major services will be delivered in the future. Your views on the model options are important.

What is Local Water Done Well?

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

The provision of reliable and safe water services to communities will be done within a new regulatory framework, focused on meeting economic, environmental and water quality needs.

New regulations are being put in place that require water services providers to generate sufficient revenue to meet the costs of delivering water services: i.e. be financially sustainable, separate from other Council activity, meet new standards, and protect the ownership of water services assets against privatisation.

Why do we need to change?

Water infrastructure in New Zealand is increasingly expensive to provide. This is due to several factors including aging pipes requiring repair or replacement, and population growth resulting in higher demand for water services.

At the same time, resource consents for operating wastewater treatment plants are due for renewal and treatment standards for wastewater plants are becoming stricter.

- intense storm events challenge stormwater systems.
- dry summers require water conservation.
- planning is needed for secure water storage for drinking water supplies.

In addition:

Councils have been grappling with water service delivery cost increases and underinvestment in asset renewals and upgrades for some time.

There is a shared appetite to operate differently to deliver safe and reliable water services effectively in a financially sustainable manner.

Legislative obligations and opportunities

This consultation process regarding the selection of a proposed model to deliver water services also serves to communicate what to expect from the change process within a regulated environment.

The new regulations require water services to be financially sustainable and "ring-fenced" from other Council activity. Financial sustainability of the chosen model must be demonstrated within the water services delivery plan (WSDP), which will be submitted to the Secretary of Local Government for consideration and approval by 3 September 2025. If councils are not able to deliver an acceptable WSDP, the Act provides powers to the Minister of Local Government to facilitate arriving at an acceptable solution.

The Government has indicated a preference for regional solutions in achieving a sustainable water services delivery model. To make this more accessible, the Local Government (Water Services Preliminary Arrangements) Act 2024 (the Act) provides an alternative consultation process.

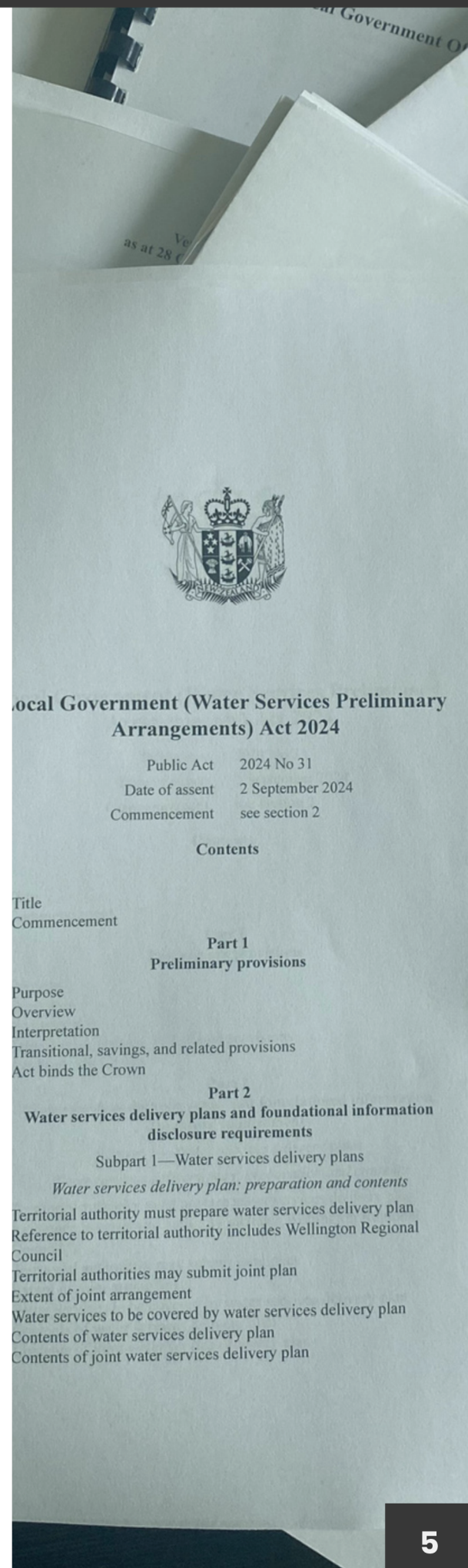
The alternative process for decision-making requires that local councils must identify both the existing approach and the proposed option for water service delivery; may identify other options; and must assess the advantages and disadvantages of all options considered. This analysis must be made publicly available when consulting on the change proposal.

The Act provides that under the alternative consultation approach, consultation need only be carried out once before a decision is made to join a multi-council owned water organisation or another model. In providing for a streamlined consultation process, the Government expects that communities have a good understanding of the implications of the proposal.

What this means for Carterton

As enacted in the legislative processes, the community is now being asked to consider the merits of two model options set by Council.

To inform your choice, we have outlined the likely effect on rates, debt, levels of service and water service charges for each option.



New delivery models for water services



Under the new legislation, Councils can now have different setups, like owning water organisations together or with consumer trusts.

Minimum requirements

New legal requirements now apply to local government water services providers.

Economic regulation

The Commerce Commission will be keeping an eye on how local water services are run with new economic rules.

Drinking water regulation

Changes are being made to how we deal with drinking water to make it more efficient and effective. This includes how the Water Services Authority, also known as Taumata Arowai, regulates the system.

Wastewater standards

Wastewater standards are getting an upgrade too. There'll be new engineering guidelines to inform design processes and ensure the environment is protected.

Urban stormwater regulation

Urban stormwater management is also under review. This includes better ways to handle overland flow paths and watercourses.

Water services delivery plan

Councils must develop a water services delivery plan and submit it to the Government. This plan will show how they will meet all legal requirements and standards.

Councils can either continue managing water services themselves, or join with other councils to share services

Carterton's Water Services

Drinking Water

Sourced from underground bores and streams, and treated to remove bacteria and chemicals before being distributed to homes and businesses.

Assets

- 91km of water supply pipes
- 2 water treatment plants
- 1 water pump station

Priority Projects

- *Upgrading aging pipes to reduce water loss and improve reliability.*
- *Securing long-term water supply access through Kaipatangata resource consent.*
- *Monitoring and reducing nitrate contamination.*

Wastewater

Collected from homes and businesses through the sewer system, treated at the wastewater treatment plant.

Assets

- 72km of wastewater pipes
- 1 wastewater treatment plant
- 17 wastewater pump stations

Priority Projects

- *Replacing old wastewater pipes to improve system efficiency.*
- *Treatment Plant Headworks: Modernising treatment facilities to meet environmental standards.*
- *Revitalisation of oxidation ponds to improve wastewater treatment performance.*

Stormwater

Rainwater that runs off roads, roofs, and other surfaces, entering drains before flowing into rivers and streams.

Assets

- 21km of stormwater Pipes
- 535 stormwater Sumps
- No stormwater Pump Stations

Priority Projects

- *Replacing and improving stormwater infrastructure.*
- *Discharge Resource Consent: Ensuring stormwater systems comply with environmental standards.*

Mana whenua engagement



Mana whenua engagement in Carterton

Ngāti Kahukuraāwhitia are mana whenua of the immediate area of surrounding the Carterton wastewater treatment plant and the Kaipātangata water catchment.

Councils and any potential new water services entity will continue to engagement with local hapū.

Ngāti Kahukuraāwhitia are also landowners directly impacted by the development of the wastewater treatment plant.

Through the creation of a growing relationship and development of a memorandum of understanding between Carterton District Council, Greater Wellington Regional Council, and Ngāti Kahukuraāwhitia, it is envisaged by all parties that mana whenua will continue to be engaged and have a presence in all matters pertaining to their natural resources and taonga.

Mana whenua engagement in Wairarapa-Tararua

Ngāti Kahungunu ki Wairarapa and Rangitāne o Wairarapa have been actively involved in the "Local Water Done Well" initiative, collaborating with local councils to explore sustainable water service delivery models for the Wairarapa and Tararua regions. Both iwi are represented on the Advisory Oversight Group (AOG), which is responsible for developing joint water services delivery options.

The AOG, comprising elected members from the participating councils and iwi representatives, meets regularly to prepare consultation documents and assess potential water service delivery models. This collaborative approach ensures that the perspectives and cultural values of mana whenua are integrated into decision-making processes.

Option 1 Wairarapa-Tararua Council Owned Organisation

Our preferred option

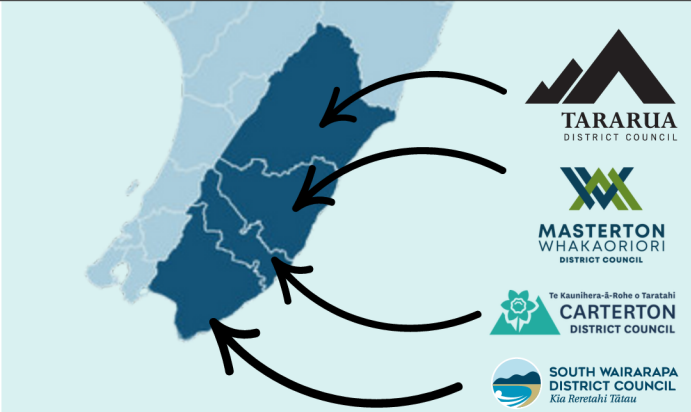
A jointly-owned water organisation by Tararua, Masterton, South Wairarapa, and Carterton District Councils, known as Wairarapa – Tararua.

These four councils have similar-sized communities, face similar challenges and share iwi cultural ties. This option is financially sustainable, as required by law. A joint Wairarapa – Tararua model would be viable based on Long-Term Plan (LTP) projections for revenue, debt, and investment. Each council has different service costs and investment needs, and this model keeps those differences so pricing fairly reflects costs in each district.

This approach would bring meaningful benefits to councils and communities through new financial tools for water services. The CCO allows councils to work together at a larger scale, access better borrowing and funding options, and create a focused water services structure for long-term infrastructure investment. The Wairarapa-Tararua model would be fully council-owned.

Separating Water Activities from Council

If Council delivers water services through a joint CCO, a transition will follow, moving water assets, debt, reserves, revenue, costs, operations, and staff into a separate legal entity. This separation will impact remaining Council activities, creating stranded overheads. Council must decide how to manage these overheads and restructure activities if a joint CCO proceeds.



What is a CCO?

A Council-Controlled Organisation [CCO] manages services for one or more councils. This model suits Wairarapa and Tararua, ensuring effective asset management, transparency, and legal compliance. It secures funding for essential water services while allowing flexibility for increased investment when needed.

Assumptions

- The new water entity will be collecting revenue on behalf of the four councils.
- Financial projections include these cost and revenue streams for stormwater.
- A proposed start date for the new water services organisation of 1 July 2026.
- Efficiency improvements for a new CCO entity will take effect in year 4.
- The joint WSCCO model includes a \$5m establishment estimate and \$2.8m in extra operational costs compared to the status quo.

Suggested approach

Governance

Independent board of directors; shareholder committee including councils and iwi.

Delivery

Shareholder committee sets priorities & performance expectation to represent the community & direct board.

Funding

Financially separate from councils. Water revenues will pay for borrowing costs, and investment.

Accountability

Board Chair to shareholder committee to Councils and community. New legislation and financial responsibility rules.

Option 2 Standalone Carterton Water Services

Carterton District Council will retain full responsibility for water services, requiring a Government-approved Water Services Delivery Plan.

Funding will come from rates, user charges, and borrowing.

Efficiency measures will offset standalone costs. Public consultation will ensure community input before a final decision.

The status quo model is financially sustainable, as required by law. It would be funded using Long-Term Plan (LTP) projections for revenue, debt, and investment.

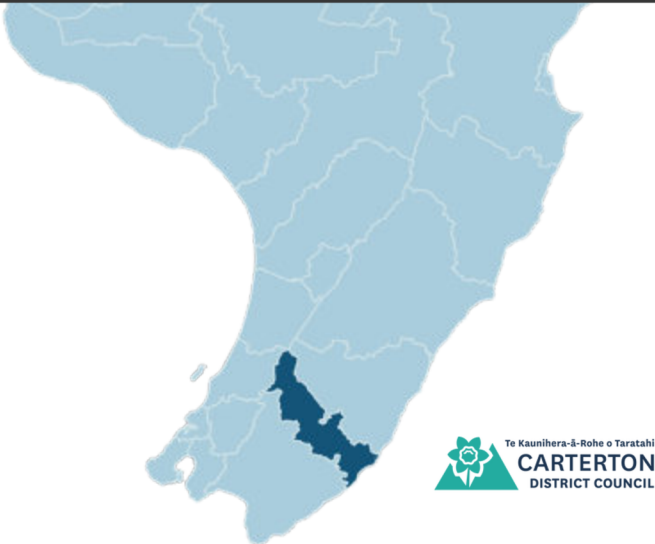
Carterton’s water service costs and investment needs would be managed within the district, ensuring that rates directly reflect the cost of providing services.

This approach keeps full local control over water services, ensuring decisions are made with Carterton’s specific needs in mind.

It maintains direct accountability to ratepayers and allows investment to focus on local priorities, including network resilience, infrastructure upgrades, and compliance with national water standards.

Under this model, Carterton District Council would continue to own and deliver all water services. Operations and maintenance would focus on asset management, financial sustainability, and meeting legal and environmental requirements.

Council would oversee service delivery, ensuring transparency and compliance with regulatory standards.



Suggested approach

Governance

Water services will be managed within the council structure, maintaining local decision-making and operational oversight.

Delivery

Council sets priorities and performance expectations, representing the community and guiding service management.

Funding

Financially managed within the council, with water revenues covering service costs, borrowing, and investment in infrastructure.

Accountability

- Council oversees water services
- Community
- Legislation

Pros and cons of each option

Our preferred option

Option 1

Wairarapa-Tararua Council Owned Organisation

Pros

- Shared ownership and decision-making for water services on a larger scale.
- Cost savings through a joint Council Controlled Organisation [CCO].
- Meets financial sustainability requirements for revenue, investment, and long-term sufficiency.
- Using additional debt funding wisely can strengthen financial resilience for water services and councils.
- More funding for water infrastructure than councils can provide alone.
- Creates jobs and supports local businesses [keeping it local].
- A larger organisation can handle upcoming consent renewals more efficiently across Wairarapa and Tararua.
- Borrowing limit debt to revenue ratio of 500%.

Cons

- Setting up a multi-council water entity is complex.
- Borrowing depends on approval, and there's some risk in managing shared debt.
- Councils may lose internal expertise in water services over time.
- Councils won't have direct control over water assets or service delivery.

Option 2

Standalone Carterton Water Services

Pros

- Established model.
- Existing relationships and processes in place.
- Existing technical knowledge and expertise within the organisation.
- No cost of change.
- Meets financial sustainability requirements for revenue, investment, and long-term sufficiency.
- Agility to make decisions quickly.

Cons

- Constrained funding with restricted borrowing limit debt to revenue ratio of 175%.
- Dependent on council decision-making processes to set investment funding levels.
- Lack of economies of scale.
- Limited capacity to manage unplanned events.
- Risk of staff moving to a bigger or other water entity so we wouldn't have the staffing resources to deliver.

Water charges

Cost per connection projections 2026 to 2046

Each District Council retains their own unique water rates. A joint CCO model does not require standardised pricing across districts. Councils prefer a joint CCO to focus first on operational improvements and financial sustainability before considering price changes.

The Government plans to remove property value-based water charges, meaning pricing under both the status quo and WSCCO models will change over time. Usage-based pricing does not guarantee uniform prices across the region.

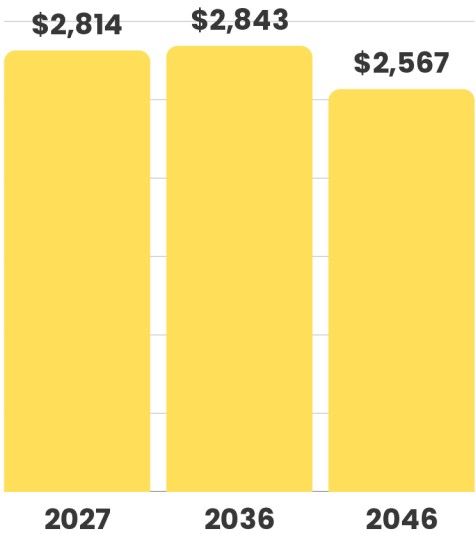
Any future standardisation decisions would be made by the CCO, with councils providing oversight.

Financial modelling for costs, capital investment, debt, and revenue is reliable for the next 10 years, based on councils' Long-Term Plans. However, projections beyond 10 years become less certain due to changing regulations, population growth, and economic factors.

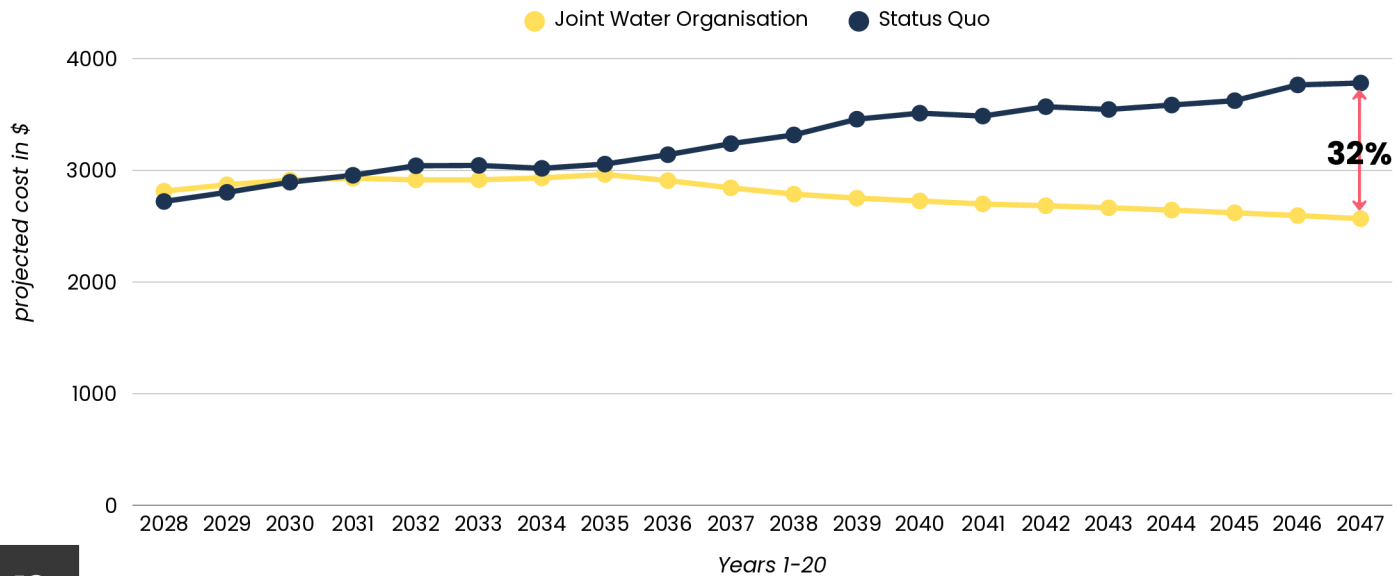
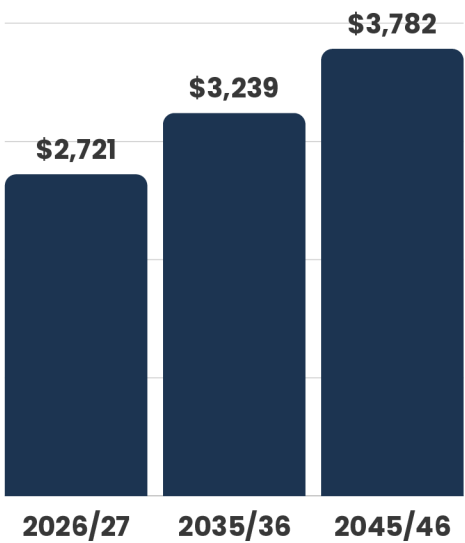
A joint CCO could provide efficiencies, but councils must ensure sustainable funding. Future decisions on pricing and investment will need to balance affordability, service quality, and long-term resilience.

This pricing is an average of all water charges within Carterton District, cost per connection includes an aggregate of industrial, commercial and urban and not reflective residential usage.

Option 1: CCO costs in 2027, 2036, and 2037



Option 2: Carterton Water Services costs in 2027, 2036, and 2046



Where to find out more

Visit **cdc.govt.nz/localwater** for further information on the proposals. Keep an eye out for drop in events.

Contact Your Council

Carterton District Council

- Website: **cdc.govt.nz**
- Email: **info@cdc.govt.nz**
- Phone: 06 379 4030
- PO Box 9, Carterton 5743



Masterton District Council

- Website: **mstn.govt.nz**
- Email: **admin@mstn.govt.nz**
- Phone: 06 370 6300
- PO Box 444, Masterton 5840



South Wairarapa District Council

- Website: **swdc.govt.nz**
- Email: **enquiries@swdc.govt.nz**
- Phone: 06 306 9611
- PO Box 6, Martinborough 5741



Tararua District Council

- Website: **tararuadc.govt.nz**
- Email: **info@tararuadc.govt.nz**
- Phone: +64 6 374 4080
- PO Box 115, Dannevirke 4942



Go Online

Commerce Commission

Water Pricing Regulations

- www.comcom.govt.nz/regulated-industries/water-wai

Department of Internal Affairs

Water Services Policy & Legislation

- www.dia.govt.nz/Water-Services-Policy-and-Legislation

WaterNZ

Performance Dashboard

- www.waternz.org.nz/NationalPerformanceReview

Taumata Arowai

Drinking Water Regulator

- www.taumataarowai.govt.nz

Chat with an Elected Representative



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Local Water Done Well: Have Your Say

Return this form by Tuesday 22 April.

- Post or deliver your paper copy to your local council office
- Complete one of our online submission forms at www.cdc.govt.nz/haveyoursay
- Email your submission or feedback to: submissions@cdc.govt.nz

Name Phone
Email
Organisation represented [if any]

Do you live within the Carterton District Council boundary?

Yes ☐ No ☐

Does Carterton District Council provide your drinking water and/or wastewater?

Yes ☐ No ☐

Are you a Carterton District Council trade waste or commercial water customer?

Yes ☐ No ☐

[You are a business that pays for metered water and/or trade waste separately to your rates]

Would you like to speak to Elected Members about your submission at a hearing?

Yes ☐ No ☐

What matters most to you about local water?

Please tick the factors that are most important to you when considering delivery of water services.

Maintaining other council services

Can the Council still fund roads, parks, and libraries?

☐

Climate resilience

Water services must withstand climate impacts.

☐

Investment in water infrastructure

Can we afford major upgrades?

☐

Growth planning

Preparing for population and business growth.

☐

Innovation

Using new technologies for efficiency and sustainability.

☐

Cultural input

Ensuring mana whenua involvement in water decisions.

☐

Community involvement

Your ability to have a say in decisions.

☐

Future water costs

How much will you pay?

☐

Which option do you prefer?

☒ Tick one only

Carterton District Council works with Masterton, South Wairarapa, and Tararua District Councils on a joint water entity.

☐

OR

Standalone Carterton District Council Water Services.

☐

What do you LIKE about the Joint Wairarapa + Tararua option?

What do you DISLIKE about the Joint Wairarapa + Tararua option?

What do you LIKE about the Carterton District standalone water services option?

What do you DISLIKE about the Carterton District standalone water services option?

Any other comments? [Please feel free to use extra paper/other document.]