

Te Kaunihera-ā-Rohe o Ruapehu  
Ruapehu District Council

**Local Water Done Well : Water Services Delivery Model**

# Charting a Sustainable Water Course

Have your say on the future of  
Council water services in Ruapehu



[ruapehudc.govt.nz](http://ruapehudc.govt.nz)

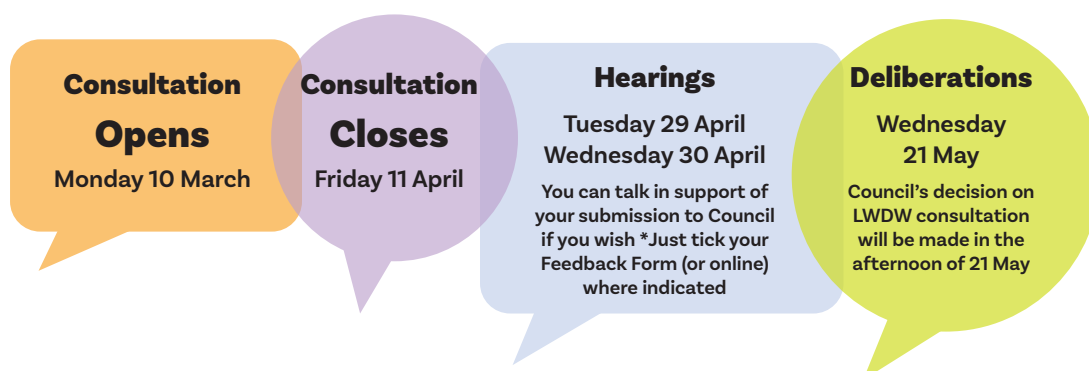


## **Mangawhero River - Ohakune Mountain Road**

Our manuga and the Central Plateau are the source of headwaters for many significant regional waterways on which our environment, economy and way-of-life depend.

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# Mayor's message

Everyone deserves access to safe drinking water, protection from pollution, and effective stormwater management.

## Future Water Services in Ruapehu

Council is seeking community feedback on our proposed **Water Services Delivery Model** for delivering safe, reliable, and affordable water services - drinking water, stormwater, and wastewater - under the government's **Local Water Done Well** reform.

A key feature of this reform is that councils can choose how they deliver water services - provided the model is **financially sustainable** (self-funded through water charges) and meets **legislative requirements** for meeting the drinking water and wastewater standards and effective and efficient service delivery.

## Exploring the Best Approach for Ruapehu

The government approved **five possible Water Services Delivery Models** for councils, ranging from operating independently to collaborating with others. Over the past six months, Council has carefully evaluated these options, including in-depth discussions with neighbouring councils about potential partnerships.

## Collaboration Strongly Encouraged

While councils can choose to manage water services alone, the **government is strongly encouraging collaboration** to create larger water entities that can **lower costs** whilst meeting the drinking water and wastewater standards, and **better fund infrastructure** needed for housing and future growth.

## Key Considerations in Council's Thinking

Our decision-making has been guided by **three key factors**:

- 1. Financial sustainability**  
The model must have the borrowing capacity to fund required water service improvements.
- 2. Achieving scale and efficiency**  
A larger, multi-council model can keep water charges as affordable as possible.
- 3. Collaboration opportunities**  
Assessing other councils' willingness to work with Ruapehu on joint service delivery.

## Our Proposed Water Services Delivery Model

Based on this analysis, the **preferred option** is a **Council-Controlled Organisation (CCO)** in partnership with **Ruapehu, Rangitikei, and Whanganui District Councils**.

This approach offers:

- The **lowest cost option** for ratepayers available at this time.
- Strong alignment with **regional relationships** and **catchments**.
- Maximum **financial capacity** to meet the drinking water and wastewater standards and maintain and improve services



## Comparing the Options

The LWDW legislation requires us to present at least **two options for comparison**. Alongside our proposed three-council Water Services CCO, we are providing **two standalone 'status-quo' options** for comparison against our proposed model. These are:

- **Standalone Business Unit Model.**
- **Single council Water Services - Council Controlled Organisation (WS-CCO)** with only Ruapehu.

These comparisons will help water users understand how each model impacts water charges, rates for other council services, debt, and service levels.

## Have Your Say

We encourage you to review our proposal, explore the comparison options, and **share your thoughts** during the consultation period.

Your feedback will **help ensure we choose the most sustainable and effective model** - balancing cost, service quality, iwi/hapū preferences, and long-term strategic benefits.

Together, we can **shape a future-proofed water services delivery model** that reflects local needs and values while **keeping water safe, sustainable, and affordable** for Ruapehu.



**Weston Kirton**

MAYOR  
RUAPEHU DISTRICT COUNCIL

# What is Local Water Done Well?

Local Water Done Well is the coalition government's approach to improving the management of drinking water, wastewater, and stormwater services. It will affect how water services are delivered, maintained, and regulated.

The **Local Water Done Well** reform replaces Labour's previous Affordable Water model (commonly known as Three Waters). It focuses on **keeping decision-making** over water services and assets **at a more local level**, while **strengthening regulatory oversight**.

## Why Water Reform is Needed?

New Zealand has long faced **water infrastructure challenges**, including aging assets, under investment, and rising costs. Local Water Done Well aims to address these by:

- Improving the **quality, sustainability, and affordability** of water services nationwide.
- Ensuring **water services** are **future-proofed** and **financially sustainable** (able to pay for themselves).
- Introducing **new economic** and **quality regulations** to raise service standards.
- Making water service delivery **more effective** and **efficient**.

## What This Means for Ruapehu

Council's **30-Year Infrastructure Strategy** estimates that Ruapehu will need to invest around **\$293 million** in water infrastructure over this period to meet regulatory standards.

Without reform, this would lead to **unaffordable cost increases** for households. A **new approach is needed** to minimise these costs while maintaining service quality.

## Key Changes Under Local Water Done Well

The Local Water Done Well reforms will affect how water services are delivered, maintained, and regulated. **Councils will need to:**

- Ensure water services are **financially sustainable** (self-funded through water charges).
- Invest in **infrastructure upgrades** to address historical under investment and meet new standards.
- Set **fair pricing reflecting the true cost** of delivering water services.
- Develop a **Water Services Delivery Plan** for **Ministerial approval by September 2025**, demonstrating how the proposed Ruapehu, Rangitikei, and Whanganui Water Services CCO (WS-CCO) will meet these goals.

These changes will shape how water services are delivered, maintained, and regulated in the years ahead.

Your feedback on the proposed model is essential to ensuring the best outcome for Ruapehu.

# Water reform: unfinished business?

## ‘Affordable Water’ to ‘Local Water Done Well’

The need to reform New Zealand’s water infrastructure took on added urgency after the **2016 campylobacter outbreak** in Havelock North, which caused widespread illness and several deaths.

This event highlighted **serious vulnerabilities** in the country’s water systems and prompted the Labour government to propose the **Affordable Water (Three Waters)** model.

Under this approach, individual councils would no longer manage water services. Instead, **four large multi-regional entities** would take over responsibility for drinking water, wastewater, and stormwater services across the country.

Labour argued that this **centralised approach** was needed to **address funding shortfalls** and improve the state of New Zealand’s aging water infrastructure.

However, many councils opposed forced centralisation and the accompanying loss of control. In response to **widespread opposition**, Labour abandoned the proposal for four large entities and instead proposed establishing **ten new entities divided along traditional regional lines**, while also delaying the start date by two years.

Despite these adjustments, concerns over centralisation and loss of control persisted. The National Party and Act vowed to repeal Labour’s three waters legislation and return water assets to councils if elected.

**Local Water Done Well**, is the coalition government’s replacement for Labour’s previous Affordable Water model (commonly known as Three Waters).

It focuses on keeping water services **decisions at a more local level**, while **strengthening regulatory oversight** to improve the management of drinking water, wastewater, and stormwater services.


Under the Local Water Done Well approach, councils retain ownership of their water assets and have the **flexibility to choose their own Water Services Delivery Model** - the key focus of the current consultation.

While there are key differences between Labour’s Affordable Water Three-Waters model and Local Water Done Well - particularly regarding transition funding, mandatory centralisation, and the emphasis on locally-led, council-controlled models with voluntary joint service arrangements - their core goals are aligned:

***Delivering safe, sustainable, and affordable water services for all communities in New Zealand.***



# Ruapehu's water infrastructure - Challenges & future needs



Council's water infrastructure provides safe drinking water, wastewater treatment, and stormwater management, but faces challenges in meeting higher compliance standards, managing environmental impacts, and funding upgrades.





## Drinking Water Supply

Ruapehu's drinking water network serves approximately 5,615 rateable properties and includes:

- Six drinking Water Treatment Plants – located in Waimarino (National Park), Ohakune, Ōhura, Ōwhango, Raetihi, and Taumarunui.
- 13 treated water storage reservoirs.
- Four pump stations.
- 210 km of water mains, with 831 hydrants, 1,148 valves, and 459 meters.
- In Waiōuru, the New Zealand Defence Force supplies bulk water, which the Council then distributes to end customers.

### Drinking Water Challenges & Planned Upgrades

- Four plants (Ohakune, Ōwhango, Raetihi, and Taumarunui) have been upgraded to meet water standards.
- Ōhura Water Treatment Plant upgrade is in planning, while Waimarino (National Park) upgrade is budgeted for 2028/29.
- Strict regulatory requirements (Drinking Water Assurance Rules, Water Services Act) create ongoing budget and service delivery challenges.



## Wastewater Services

Council operates six Wastewater Treatment Plants located in Taumarunui, Waimarino (National Park), Ohakune, Pipiriki, Raetihi, and Rangataua, with:

- 21 pump stations.
- 110 km of wastewater pipes.
- 1,448 manholes.
- Council also works with the New Zealand Defence Force in Waiōuru to provide wastewater services.

### Wastewater Challenges & Future Needs

- All wastewater treatment plants discharge into waterways, which mana whenua find unacceptable.
- Major upgrades are required to meet higher environmental standards and prepare for expected government regulations (due in late 2025).
- New resource consents are required for all wastewater treatment plants.
- Council's current borrowing capacity is insufficient to fund necessary investment.



## Stormwater Management

Council provides and services stormwater infrastructure for 11 townships, including:

- 50 km of stormwater pipes, and 12.3 km of public drains.
- 32.9 km of watercourses, and 19.1 km of open drains.
- 1,149 culverts, 629 manholes, and 878 sumps.

### Stormwater Challenges & Future Needs

- No resource consents currently exist for stormwater discharges.
- All stormwater discharges flow into rivers, streams, or creeks, requiring future work to be undertaken in partnership with iwi/hapū.
- Historical under-investment means significant upgrades will be needed in the coming decades.

# Government expectations

The government's stated position is for councils:

*“To work together on joint water services arrangements where that makes sense to support financial sustainability, ease upward pressure on rates, and provide for new infrastructure to support housing growth.”*

While councils have the **flexibility to choose** how they will deliver water services, the government has made it clear that it has **a strong preference for councils to collaborate and form larger water entities** with the financial capacity to invest in three-waters infrastructure.

**By partnering with other councils and achieving scale, councils can:**

- ✓ **Improve efficiency** in water service delivery
- ✓ **Access more borrowing** capacity to fund infrastructure upgrades
- ✓ **Keep water services more affordable** for local communities

## Advantages of a Larger Water Services Delivery Model

As a small rural council, Ruapehu faces significant challenges in funding and maintaining its drinking water, wastewater, and stormwater infrastructure. Adopting a **larger-scale Water Services Delivery Model** - in partnership with other councils - **offers several key advantages** while also aligning with government expectations for collaboration and efficiency.

### Key Benefits:

- ✓ **Cost Efficiency** - Larger entities benefit from economies of scale, reducing per-user costs for infrastructure investment, maintenance, and regulatory compliance.
- ✓ **Shared Expertise** - Pooling resources allows councils to access a wider range of technical expertise, skilled staff, and operational capabilities, leading to better service quality and innovation.
- ✓ **Enhanced Resilience** - A larger-scale model provides greater capacity to respond to emergencies, manage risks, and adapt to future challenges such as climate change.
- ✓ **Improved Investment Capability** - Larger entities have stronger financial positions, allowing them to secure better funding, spread costs over a wider base, and invest in critical infrastructure upgrades. This is especially important for Ruapehu, given our small rating base.
- ✓ **Regulatory Compliance** - Scaling up enables more efficient implementation of health, environmental, and economic regulations, ensuring compliance with evolving government standards.
- ✓ **Equitable Financial Outcomes** - Combining councils spreads costs more evenly, reducing financial pressure on smaller, rural communities. However, the approach to 'price harmonisation'—where all water users in a joint Water Services Council-Controlled Organisation (WS-CCO) pay the same rates—still needs to be determined.

The proposed **three-council WS-CCO model with Rangitikei, and Whanganui District Councils** offers significant financial, technical, and operational advantages, ensuring **long-term water security** for our district.

# Ruapehu's investment challenge

While working hard to upgrade our water infrastructure to meet new regulatory standards - Council also recognises that many ratepayers cannot afford the level of future investment required without water reform.

## The Scale of Ruapehu's Water Investment Challenge

Meeting expected new regulatory standards is projected to cost Ruapehu around **\$293 million** by 2054 (as outlined in Council's 30-year Infrastructure Strategy).

To meet government-led water reform requirements, Council accelerated its capital works programme to improve compliance with higher standards. At the same time, we have taken **steps to address affordability concerns**, including:

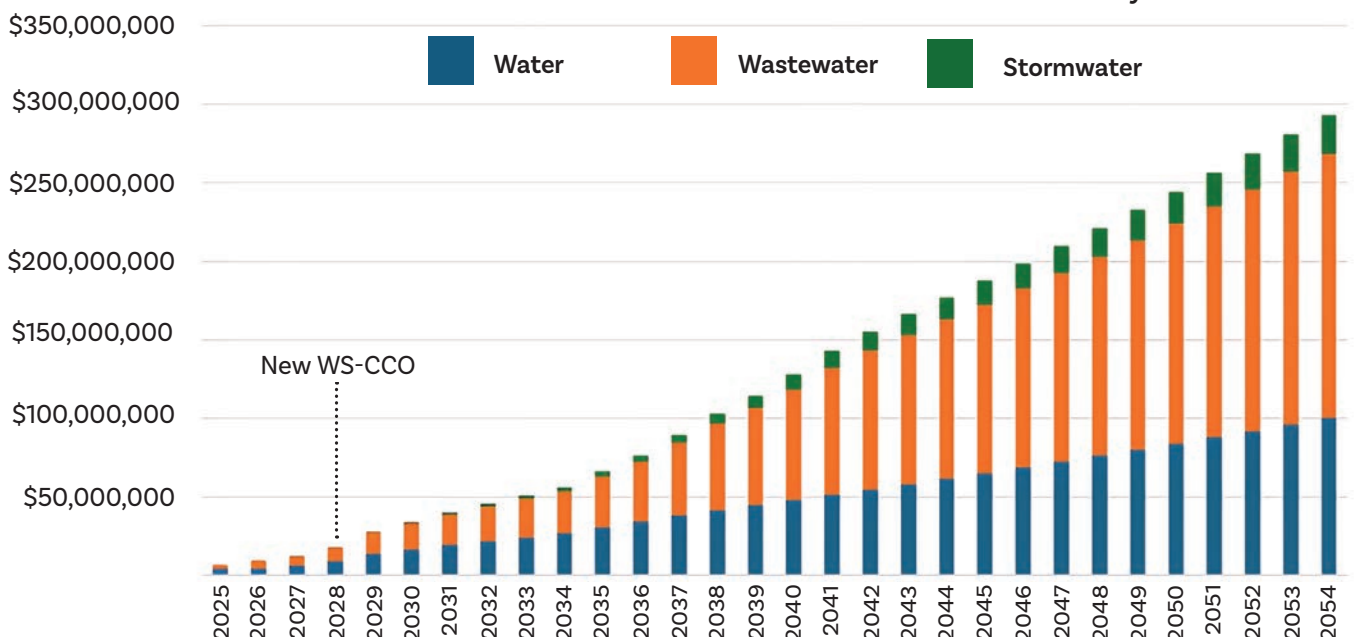
- Introducing **district-wide water rates** to ease financial pressure on smaller communities
- Actively **seeking government funding** to support key water projects

Despite these efforts, the cost of achieving higher compliance standards has significantly increased Council's borrowings, leading to higher water costs for ratepayers.

As of 30 September 2024, Council's **total debt** stood at **\$58.5 million**, with **water-related debt** accounting for **63% (\$36.9 million)**.

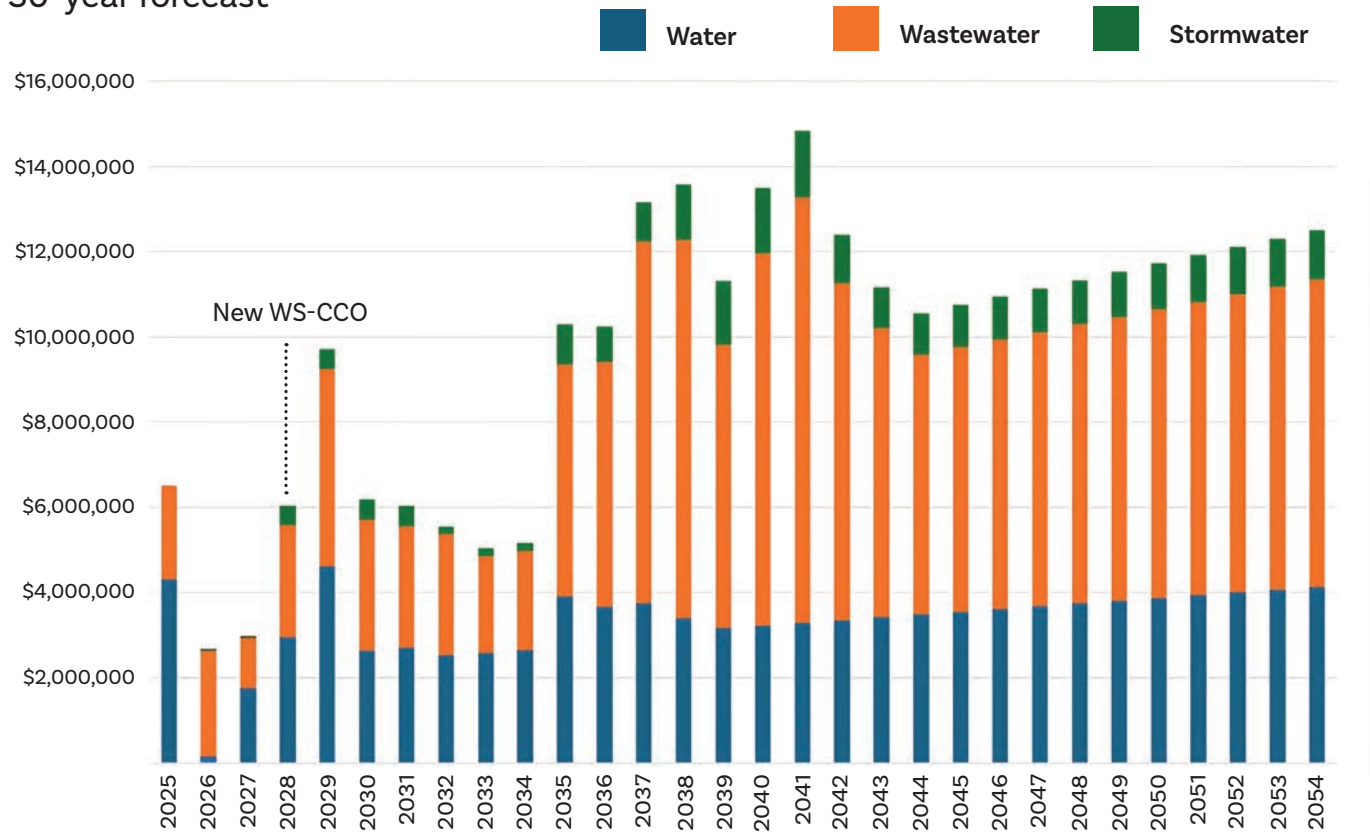
The graph below illustrates accumulated three-waters capital works investment over the next 30 years (to 2054).

## Three-waters capital works accumulated 30-year forecast



# Annual three-waters capital works

30-year forecast



- In the **2024-2034 Long-Term Plan (LTP)**, we have budgeted for completing essential drinking water treatment plant upgrades.
- However, **to keep debt and rates affordable**, some required three-waters infrastructure upgrades - particularly in wastewater - have been programmed after 2034.
- By that time, a new multi-council Water Services Council-Controlled Organisation (WS-CCO) with **greater financial capacity** will be in a **stronger position** to deliver these projects.



The recently commissioned **\$4.2 million Owhango Water Treatment Plant**. The build of the new plant was brought forward and built in just over a year following direction from the drinking water regulator, Taumata Arowai - in response to a cryptosporidiosis outbreak in Queenstown in September 2023 that made several people ill. Taumata Arowai has stated they will be more pro-active in ensuring councils meet water standards.

# Our proposed Water Services Delivery Model

Council's **recommended option** for delivering future water services is a **three-council Water Services Council-Controlled Organisation (WS-CCO)** in partnership **with Rangitikei and Whanganui District Councils**.

## Why a Three-Council WS-CCO?

### Shared Values, Interests, and Objectives

- Both Rangitikei and Whanganui District Councils have identified the three-council model as their **preferred WS-CCO structure**.
- A three-council WS-CCO offers greater **economies of scale** compared to a single-council CCO or an in-house business unit.
- The initial **work programme would align** with each council's 2024-2034 Long-Term Plan and Infrastructure Strategy.
- The three districts share similar **community values** and priorities.
- Many of our contractors and suppliers already operate across these three councils, ensuring **continuity of service**.

### Enhanced Financial Sustainability

A larger-scale WS-CCO would have **greater financial capacity** to fund necessary infrastructure upgrades while keeping water charges as affordable as possible.

### Maintaining Regional Boundaries & Natural Catchments

- The proposed WS-CCO aligns with the region's **natural water catchments**, a preference strongly supported by iwi and hapū.
- The three councils cover most of the catchment area for the **Whanganui, Whangaehu, and Rangitikei Rivers**, allowing for a cohesive, catchment-wide approach to water management.
- The three councils have a **history of working together** in areas such as regional economic development (Accelerate35) and civil defence/emergency management.

### Note on sustainability requirements and our proposed option

There is a possibility that the three-council WS-CCO option (and other options being proposed by other councils in the region) may not be of suitable size to satisfy Department of Internal Affairs financial sustainability requirements. In this case the councils could be instructed to re-start talks with neighbours to establish a larger WS-CCO.

# How the Three-Council WS-CCO would work

## Ownership & Governance

- The WS-CCO would be **100% owned** by its three shareholding councils.
- It would be overseen by an **independent Board of Directors**, appointed jointly by the three councils.
- Directors must be **experienced professionals** with relevant skills and expertise. Council staff and elected members cannot be on the Board.
- Each of the three councils would have **equal decision-making power** in appointing Directors and setting strategic priorities.
- **Note:** The important role of Iwi / Hapū in the Shareholding Council is still to be agreed with Iwi / Hapū and the councils.

## Operational Setup

### The three councils would work together to develop:

- An **Implementation Plan** outlining service delivery, location, customer experience, and staff transitions.
- A **Shareholders' Agreement, Company Constitution**, and a **Statement of Expectations**.
- The WS-CCO would have responsibility for **determining funding needs** and **charging customers** for water services, as required by legislation.
- **Note:** The important role of Iwi / Hapū in developing the detailed design is still to be agreed with Iwi / Hapū and the councils.

## Influencing the WS-CCO

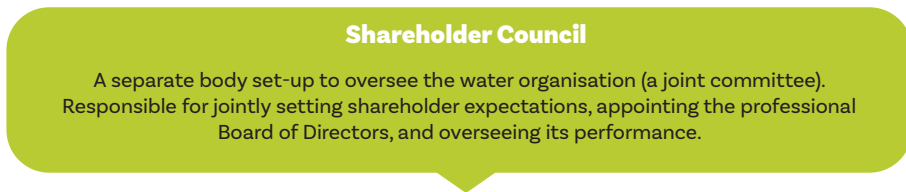
- The **Statement of Expectations** would guide the WS-CCO's priorities, direction, and performance expectations.
- Legislation requires that this statement is **updated every three years** to inform the WS-CCO's Water Services Strategy.
- The **Water Services Strategy**, reviewed every three years, would outline the WS-CCO's approach to managing water services over at least ten financial years, similar to a Council Long-Term Plan.



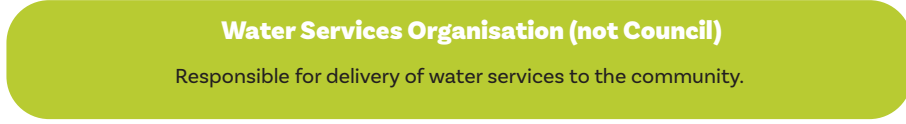
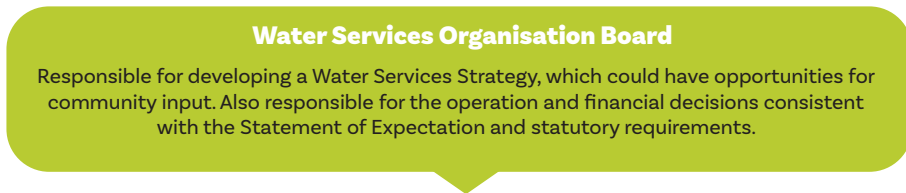
Three Councils appoint representatives to the Shareholder Council



Communities influence council decisions



- Appoints and removes Water Services Organisation Board members.
- Issues Statement of Expectations.



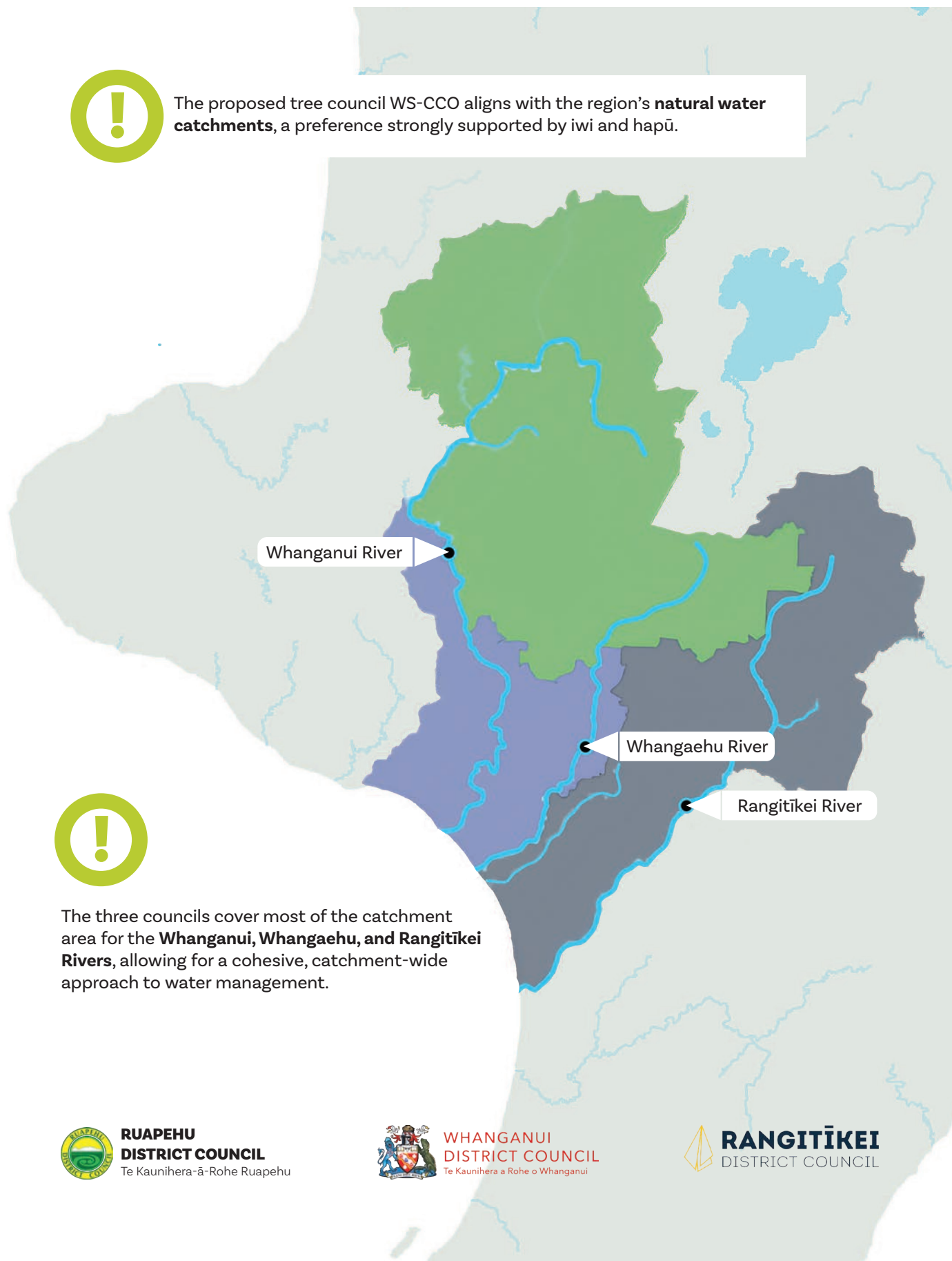
### Note on Iwi/hapū:

As expanded on page 17 we expect **Iwi/hapū** to have a role in the future of water management. Where this fits in this diagram will be determined at the design stage.

# Maintaining Regional Boundaries and Natural Catchments of waterways



The proposed tree council WS-CCO aligns with the region's **natural water catchments**, a preference strongly supported by iwi and hapū.



The three councils cover most of the catchment area for the **Whanganui, Whangaehu, and Rangitikei Rivers**, allowing for a cohesive, catchment-wide approach to water management.



**RUAPEHU DISTRICT COUNCIL**  
Te Kaunihera-ā-Rohe Ruapehu



**WHANGANUI DISTRICT COUNCIL**  
Te Kaunihera a Rohe o Whanganui



**RANGITIKEI DISTRICT COUNCIL**

# Two Waters or Three?

## Should we retain our Stormwater assets & services?

Each council has the flexibility to decide whether to transfer stormwater assets and services to the WS-CCO based on their local priorities and strategic approach.

**Rangitikei and Whanganui** have chosen to transfer their stormwater assets and services to the WS-CCO.

**Ruapehu** has opted to retain stormwater but to review this when details of the Local Government Water Services Bill (which is still in draft form) are known.

- Until the Local Government Water Services Bill is finalized, we won't fully understand its impact on stormwater management. This may affect Council's future decision on retention or transfer.
- Council's current thinking on retaining ownership of our stormwater assets is to be responsible for the stormwater work programme, while contracting the day-to-day management to the WS-CCO. It is thought that by retaining stormwater we would maintain flexibility to manage stormwater services independently while benefiting from WS-CCO expertise and investment capacity.
- Other considerations in retaining stormwater include more complex contract arrangements with partner councils, potential financial risk for increased investment in response to climate change, and uncertainty around transferring stormwater to the WS-CCO at a later date if we wanted to do this.



# What would a three-council WS-CCO mean for water users?

The transition to a WS-CCO will be gradual, ensuring minimal disruption for water users.

Until the new three-council WS-CCO is established Ruapehu District Council will continue to manage, deliver, and invoice for water services, supported by our existing water contractor, Veolia.

As the WS-CCO takes over water services, users will see a **separate billing structure** but will continue to receive the **same level of service**. The transition is expected to take **around three years**, with full implementation projected for 2027/28. Once the WS-CCO is fully operational **water users can expect:**

## Two Invoices

### One for drinking and wastewater and one for rates and stormwater

- Initially, Council will continue invoicing for water charges and transfer this revenue to the WS-CCO.
- Over time, the WS-CCO will take over direct billing, while Council will continue to invoice (rate) for all non-water services.
- If Council retains stormwater management, stormwater charges will continue to be invoiced by Council but will appear as a separate line item from general rates.

## No Change in Service Levels

### Initially, service requests will still be made to Council and gradually shift to the WS-CCO.

- Over time, responsibility for managing service requests will shift to the WS-CCO.
- In Ruapehu, our existing water contractor, Veolia, will continue providing water services until at least 2031, when their current contract will then be under review.

## Engagement with Iwi / Hapū / Māori on WS-CCO design

- Ruapehu District Council believes there is a role for Iwi representation that brings a **Te Ao Māori perspective** to the shareholder decisions.
- The detail of **Iwi and hapū involvement** should be addressed at the **design phase** of any water services council-controlled organisation (WS-CCO), and draw on existing examples of **good practice** from local government and the water sector. This sentiment is shared by both Rangitīkei and Whanganui District Councils in our preferred option.
- Once a model is decided by council, this involvement will be **formalised in partnership** with Iwi and hapū. In the meantime, we will continue to work with Iwi and hapū to identify meaningful opportunities for mana whenua input.

# What prevents Council from continuing to provide Water Services independently?

Council explored all approved options for managing water services alone, but none were financially viable or met legislative requirements without unaffordable rate increases.

The **three ‘standalone’ options** for managing water services permitted by the government are:

1. **Standalone In-House Business Unit** – Council’s current delivery model but financially ring-fenced from general Council operations.
2. **Ruapehu-Only Water Services** - Council-Controlled Organisation (WS-CCO) – A Ruapehu District Council owned organisation responsible for water services.
3. **Consumer Trust Model** – Council’s water assets would be transferred to a trust owned by water consumers.

## Why Were These Options Not Viable?

### Standalone In-House Business Unit

- Would require major financial modifications to meet legislated financial sustainability requirements.
- Would lead to significant increases in annual water charges, making water services unaffordable for many ratepayers.

### Ruapehu-Only WS-CCO

- Does not have the borrowing capacity needed to fund required upgrades and meet government-mandated financial sustainability requirements.
- Council’s existing financial arrangements and small operational scale further limit its ability to manage services independently.

### Consumer Trust Model

- Would not be able to access borrowing through the Local Government Funding Authority (LGFA), which is Council’s primary debt funding source.
- Would reduce Council’s ability to influence strategic direction and make key decisions about water services.

## Other Challenges of ‘Going It Alone’

### Limited Skills & Staffing Capacity

- Ruapehu has insufficient internal resources to manage three-waters services effectively.
- Although Veolia provides contracted services, maintaining specialist staff and expertise is costly for a small rural council.

### Funding Constraints & Affordability Issues

- Upgrading the district’s water systems to meet legislative and debt allowance standards would be extremely costly.
- Ruapehu’s small rating base makes it difficult to spread costs among ratepayers.
- Historic underinvestment in stormwater infrastructure has compounded the funding challenge.

# Comparing Water Service Delivery options

As part of this consultation, we are required to compare at least two options, including the proposed three-council WS-CCO model.

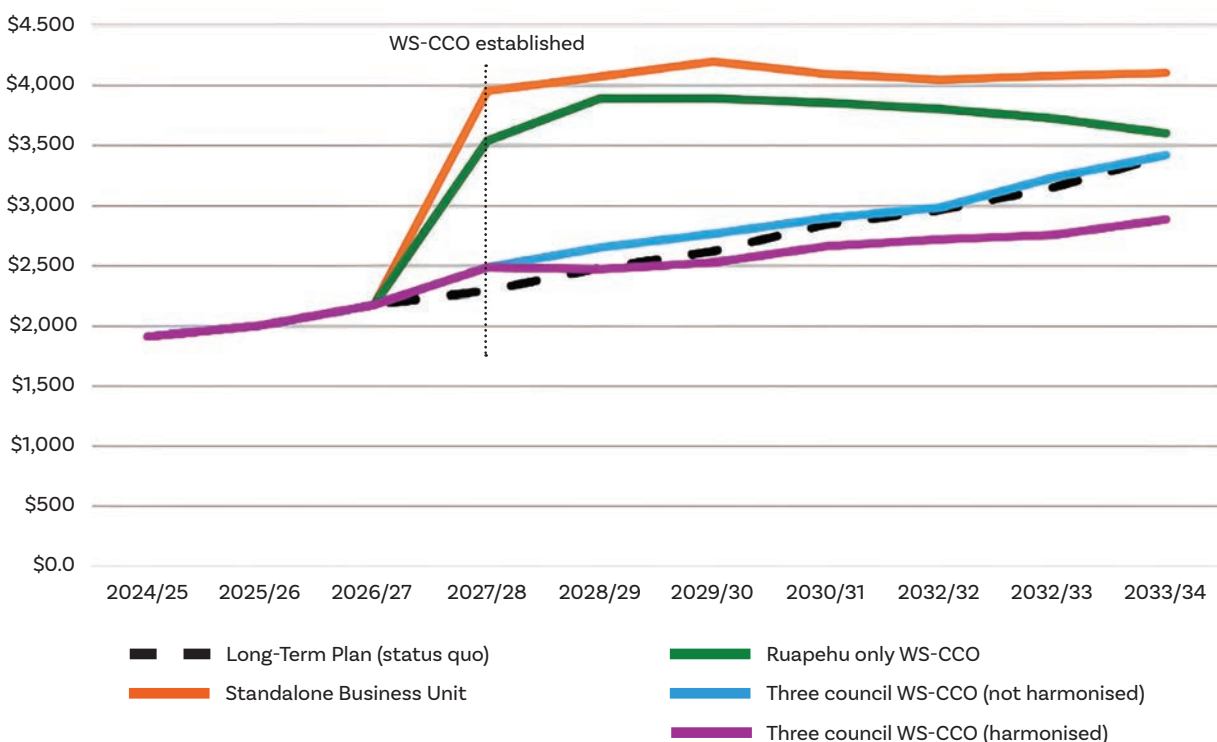
To help water users understand the **potential impacts** of adopting, or not adopting, the Ruapehu, Rangitīkei, and Whanganui WS-CCO, we have provided a comparison with two **standalone (status quo)** alternatives: These are:

1. **Standalone Business Unit Model** - Ruapehu continues managing water services internally as a ring-fenced unit within Council.
2. **Single-Council WS-CCO** - A Ruapehu-only Water Services Council-Controlled Organisation (WS-CCO).

The comparison examines how each option would affect **rates, debt levels, service quality, and water service charges**. This will allow water users to make an informed decision about the best long-term approach for delivering safe, reliable, and affordable water services in Ruapehu.

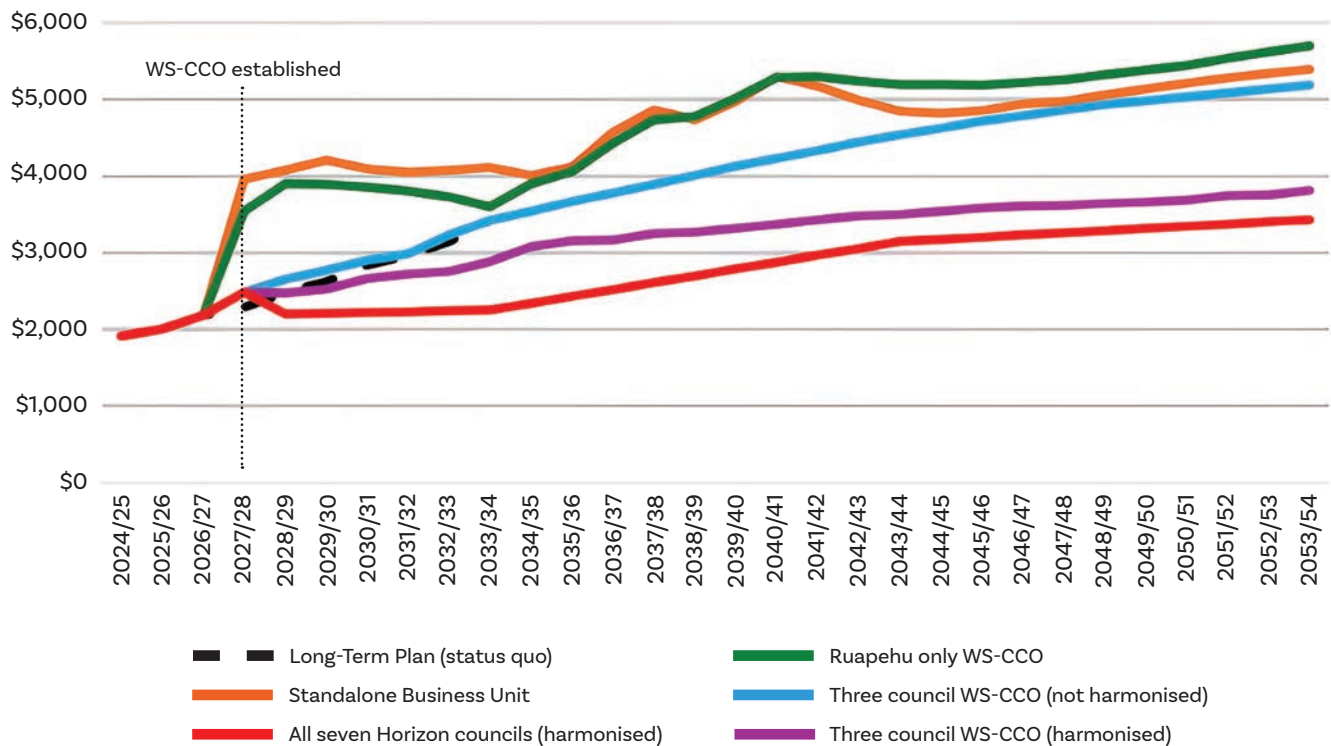
## Avg. annual water charges per model

Pricing per connection - until end of current ten-year Long-Term Plan



# Avg. annual water charges per model

Pricing per connection - over next 30-years



- Funding water infrastructure upgrades will continue to put pressure on water charges.
- When comparing costs to the Long-Term Plan, water costs will increase to meet new compliance and quality standards set by Taumata Arowai (the Water Services Authority). These cost increases will apply to all possible delivery models, but the proposed three-council WS-CCO offers the lowest projected future water charges for users.
- A three-council WS-CCO (without price harmonisation) is expected to have similar water charges to those in the Long-Term Plan. This is because efficiency gains from the WS-CCO will help offset the additional costs of setting up and running the organisation.
- A three-council WS-CCO (with price harmonisation) will result in significantly lower accumulated water charges compared to a non-harmonised model over time.
- Standalone models would require much higher charges due to financial constraints and increased compliance costs.

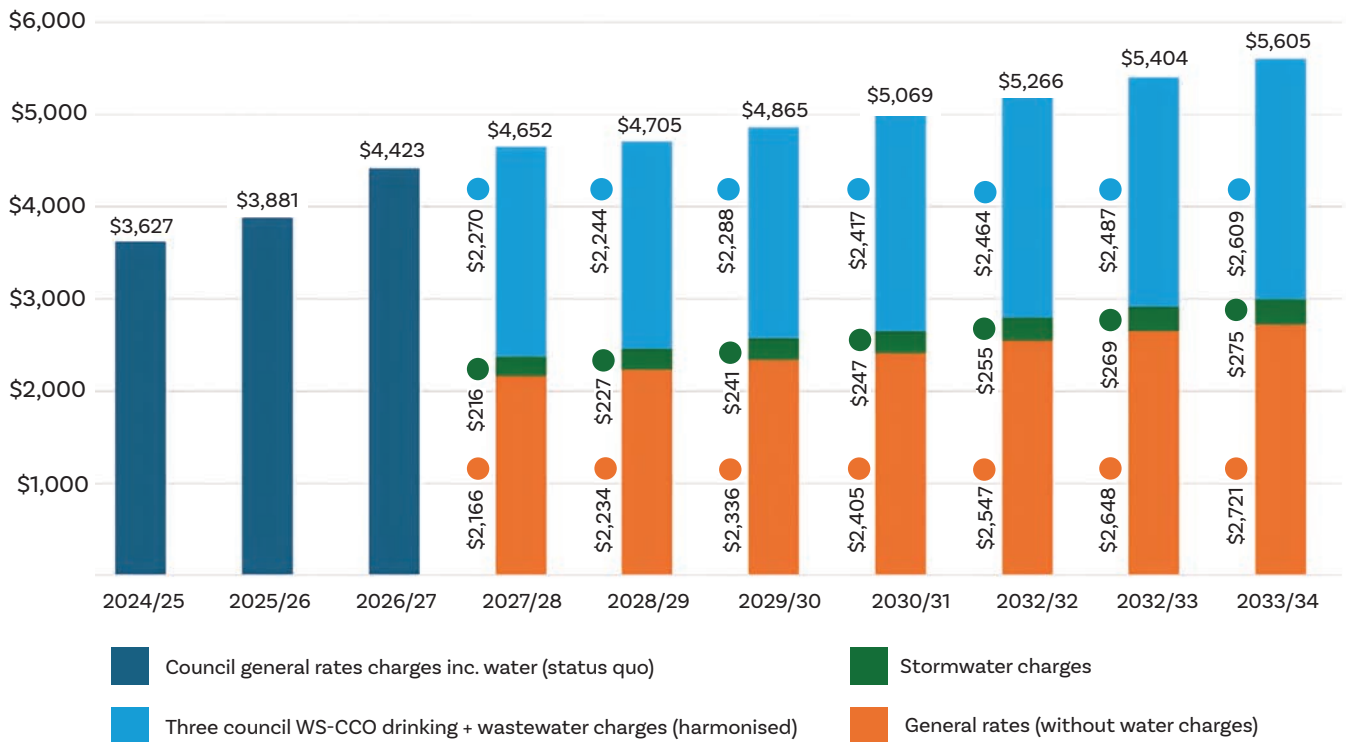
# What will the three-council WS-CCO mean for Water Charges?



## Three council WS-CCO

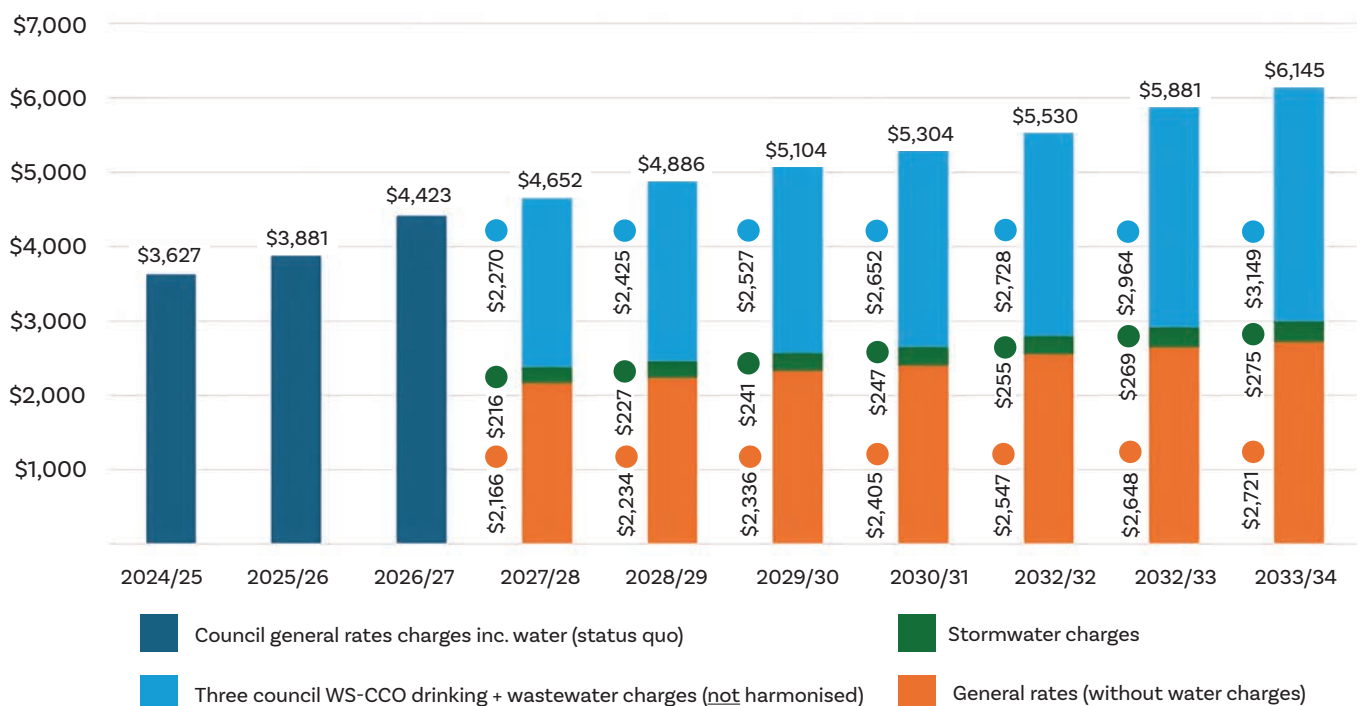
### Average water charges - harmonised + General rates

- Pricing is based on per connection
- Three-council WS-CCO anticipated to start by July 2027
- Price harmonisation anticipated to start from July 2028



## Three council WS-CCO

### Average water charges - not harmonised + General rates



## Note on three-council WS-CCO graphs

- These graphs show annual **water charges** and **Council rates** for the **three-council WS-CCO** (for both harmonised and not harmonised pricing).
- Water charges are for **drinking, storm and wastewater** and include the cost of complying with various legislation and funding debt associated with capital improvements.
- There is a steady increase in both the Council **general rates** (excluding water) from 2026/27 and similar steady increase in **water charges** from the water entity from 2027/28.

## How Will Charges Work?

- Water and wastewater charges will be set and invoiced by the WS-CCO, including for metered customers.
- Stormwater services will remain under Council control, with costs and income ring-fenced separately from other Council activities.
- Stormwater charges will appear as a separate charge on Council's rates bill.
- Council will continue to rate and charge for all other services separately.

## Note on Price Harmonisation

- A key principle of the three-council WS-CCO model is price harmonisation, which aims to ensure that all water users in the WS-CCO pay the same regardless of what district they live in.
- Harmonisation would begin no earlier than 2027/28, when the WS-CCO is expected to take full responsibility for service delivery.
- Over time, this approach is expected to reduce costs for Ruapehu water customers.
- *It should be noted however that the **efficiency gains** of a **three-council WS-CCO** are enough to make **all water users better off** compared to 'going it alone' **even without harmonisation**.*

## Three council WS-CCO - with and without price harmonisation

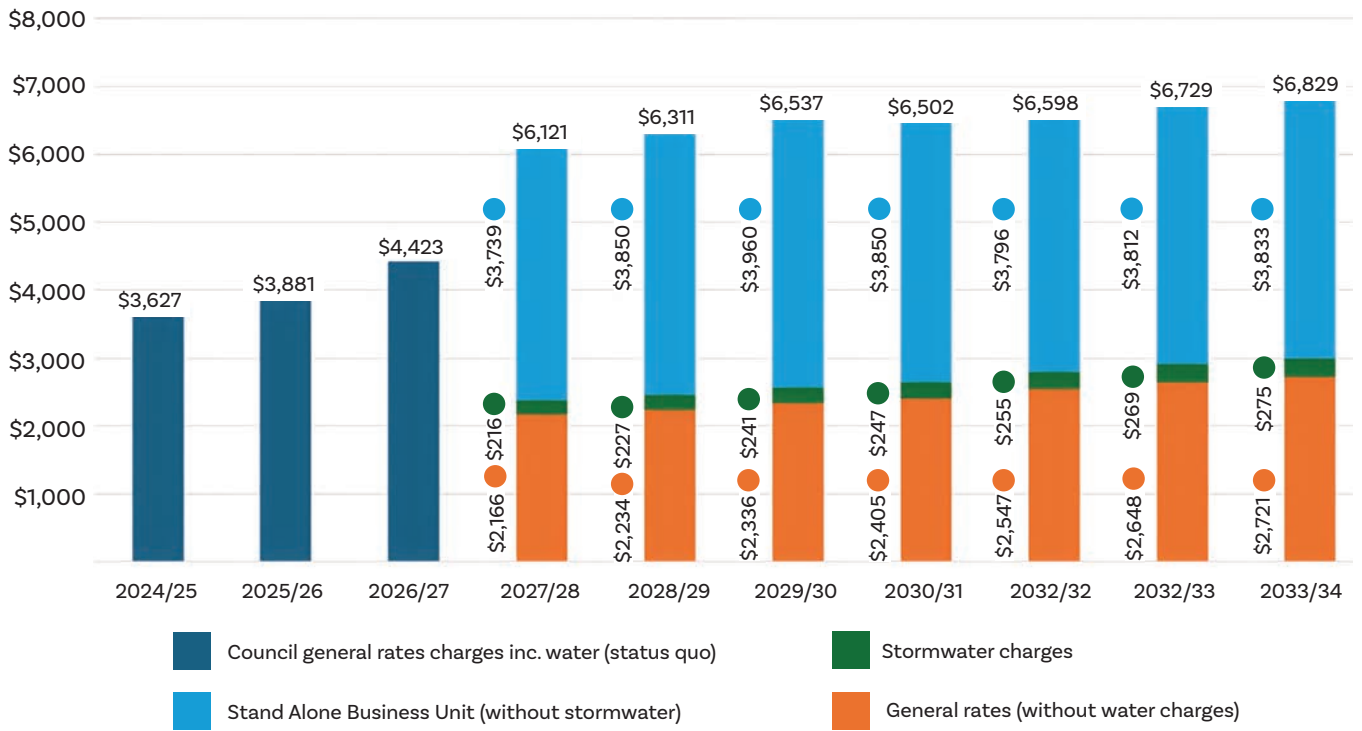
Scenario	2024/25 (current)	2033/34 (projected)	Average Annual Water & Wastewater Charge (2027/28-2033/34)
Three-council WS-CCO (with price harmonisation)	\$3,627	\$5,605	<b>\$2,397 per year</b>
Three-council WS- CCO (without price harmonisation)	\$3,627	\$6,145	<b>\$2,674 per year</b>

- **With price harmonisation**, the average annual water and wastewater charge over the **first seven years** of the WS-CCO (2027/28 to 2033/34) is projected to be **\$2,397** per year.
- **Without price harmonisation**, the average annual charge over the same period would be **\$2,674** per year, or **\$277 more** per year compared to a WS-CCO with price harmonisation.

These projections highlight the importance of **collaboration** and **economies of scale** in keeping water services **affordable and sustainable** for our community.

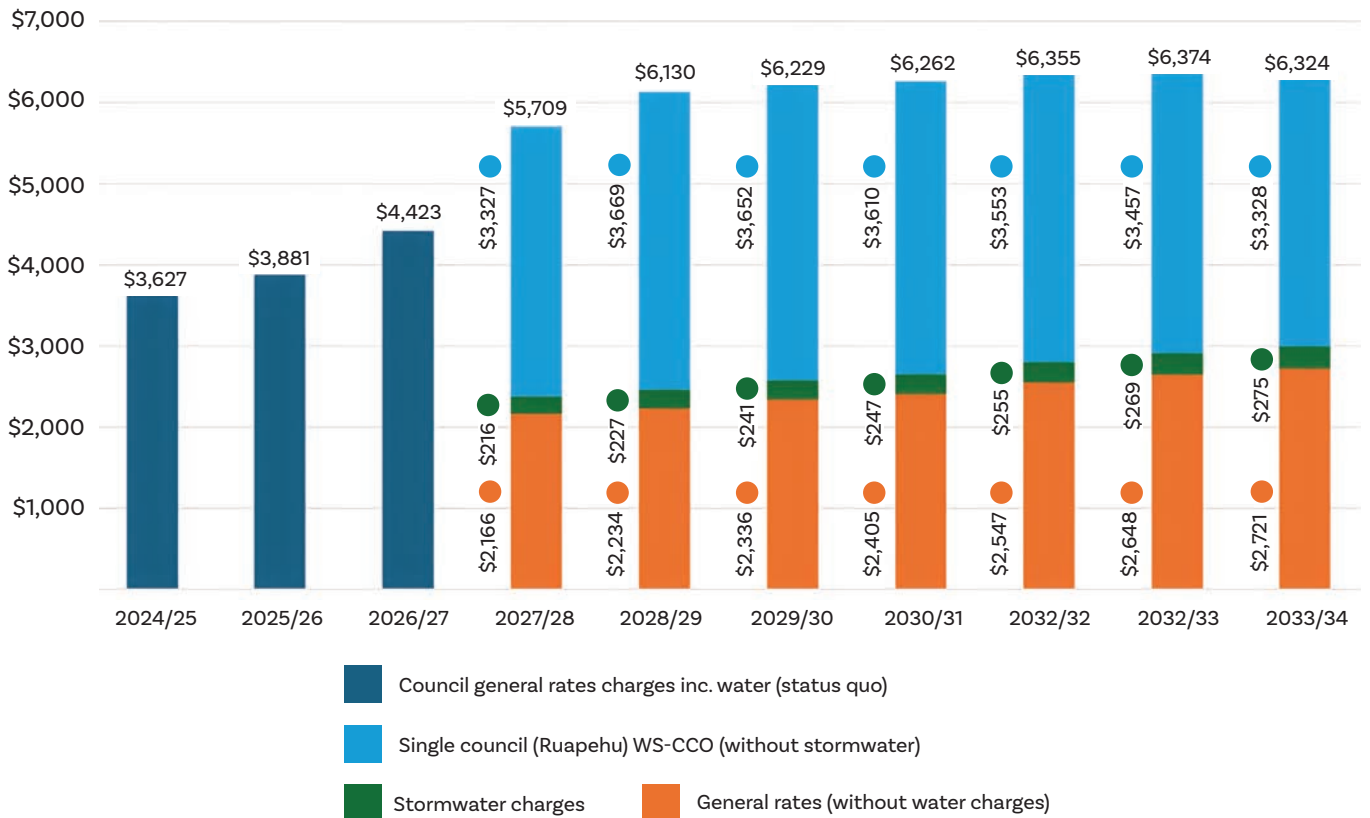
# Standalone Business Unit

## Average water charges + General rates per connection



# Ruapehu only WS-CCO

## Average water charges + General rates per connection



# Water charge comparison:

## Three-Council WS-CCO models vs. Standalone & Single-Council Models

Scenario	2024/25 (current)	2033/34 (projected)	Average Annual Water & Wastewater Charge (2027/28-2033/34)	Difference compared to Three-Council WS-CCO (with price harmonisation)
Standalone Business Unit	\$3,627	\$6,829	\$3,834 per year	+ \$1,739 per year
Single-Council WS-CCO	\$3,627	\$6,324	\$3,514 per year	+ \$1,419 per year
Three-council WS-CCO (without price harmonisation)	\$3,627	\$6,145	\$2,674 per year	\$277 more per year than the harmonised model
Three-council WS-CCO (with price harmonisation)	\$3,627	\$5,605	\$2,397 per year	Lowest projected cost

## Key Comparisons & Financial Viability of Models

### Standalone Business Unit Model

- Projected costs: Increase from \$3,627 in 2024/25 to \$6,829 in 2033/34.
- Average water and wastewater charge (2027/28 - 2033/34): \$3,834 per year.
- Financial impact: \$1,437 more per year than the three-council WS-CCO (with price harmonisation).

#### Why it's not viable:

- Would require substantial modifications to meet legislated financial sufficiency requirements.
- Would lead to significant and unaffordable rate increases for many ratepayers.

### Single-Council WS-CCO Model (Ruapehu Only)

- Projected costs: Increase from \$3,627 in 2024/25 to \$6,324 in 2033/34.
- Average water and wastewater charge (2027/28 - 2033/34): \$3,514 per year.
- Financial impact: \$1,117 more per year than the three-council WS-CCO (with price harmonisation).

#### Why it's not viable:

- Lacks sufficient debt capacity to meet legislated financial sustainability requirements.
- Council's small scale of operations and existing financial arrangements limit its ability to fund necessary upgrades.

### Three-Council WS-CCO (without price harmonisation)

- Projected costs: Increase from \$3,627 in 2024/25 to \$6,145 in 2033/34.
- Average water and wastewater charge (2027/28 - 2033/34): \$2,674 per year.
- Financial impact: \$277 more per year than the harmonised WS-CCO model.

### Three-Council WS-CCO (with price harmonisation)

- Projected costs: Increase from \$3,627 in 2024/25 to \$5,605 in 2033/34.
- Average water and wastewater charge (2027/28 - 2033/34): \$2,397 per year.

#### Why it's the most cost-effective option:

- Lowest projected charges due to shared costs and efficiencies across three councils.
- Stronger financial position to invest in infrastructure upgrades.

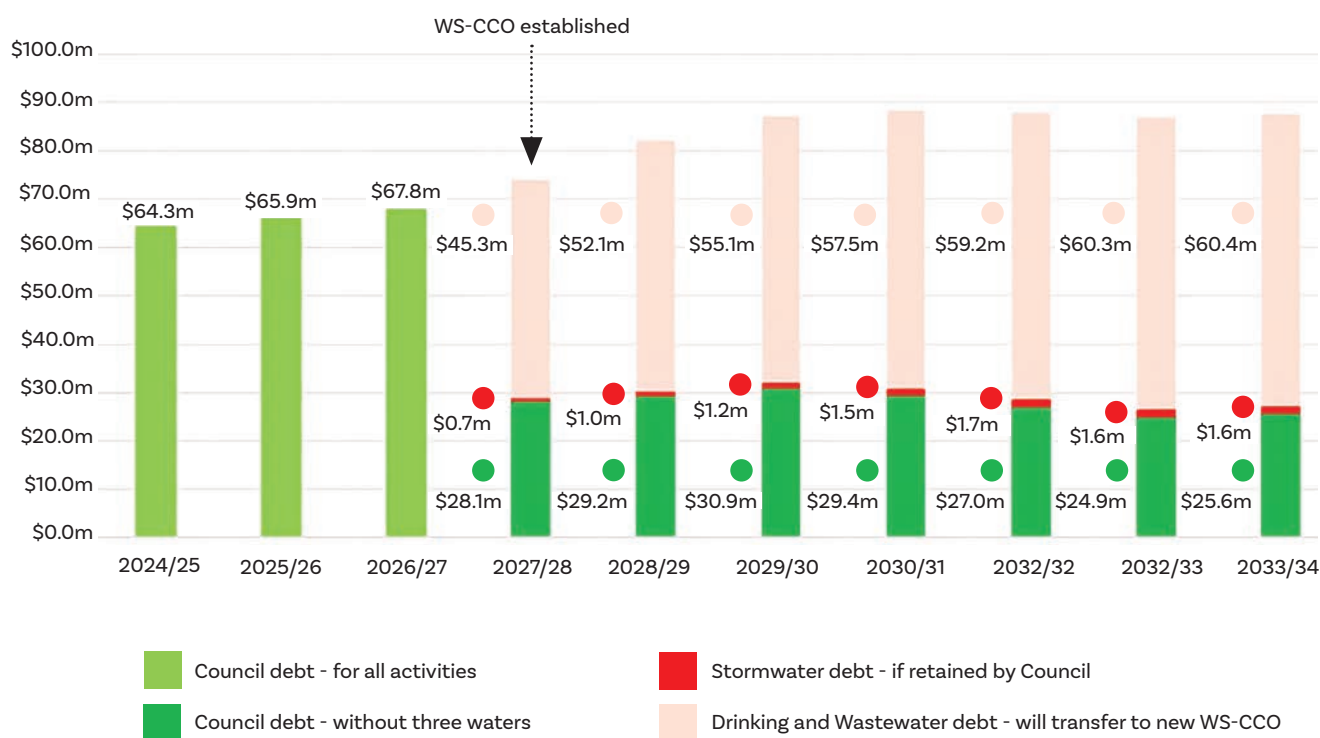
## Summary

- The **Standalone Business Unit** and **Single-Council WS-CCO** models are **not financially sustainable**, requiring significant and unaffordable rate increases to meet government regulations.
- The **Three-Council WS-CCO (with price harmonisation)** is the **most cost-effective option**, offering the lowest projected water charges for Ruapehu residents.
- **Price harmonisation** further reduces costs, ensuring **fairer and more balanced charges** across all three councils. Even without price harmonisation, the Three-Council WS-CCO remains more affordable than standalone models.



# Council debt profile

- Before and after establishment of the WS-CCO.
- Based on Long-Term Plan projections.

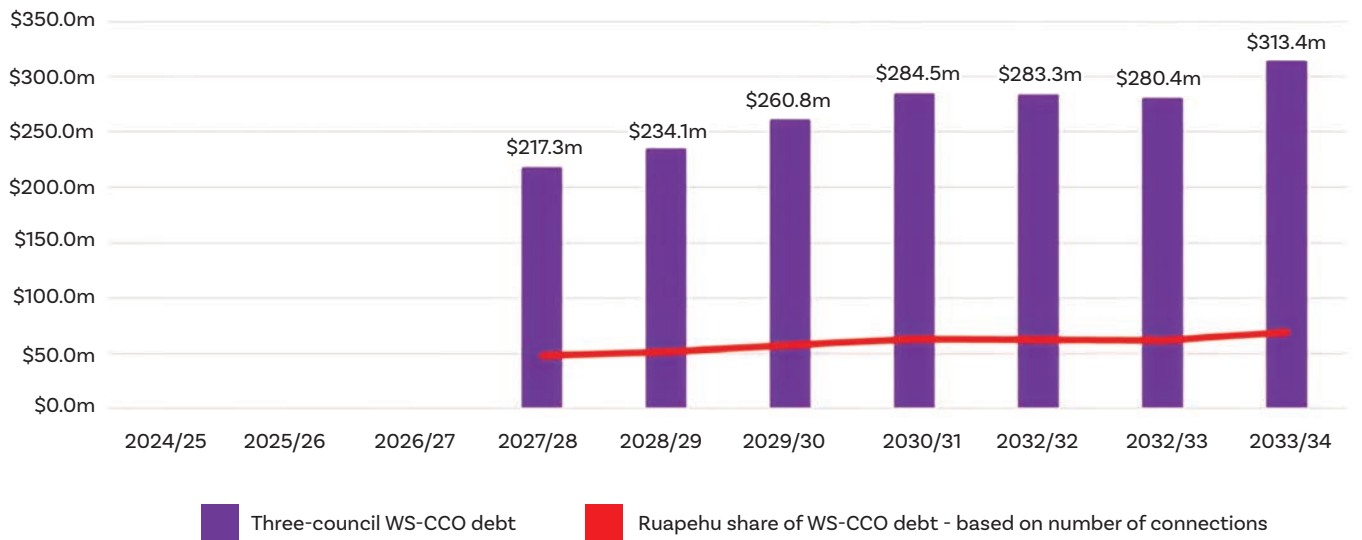


**Graph shows Council’s debt profile including three-waters (drinking, storm and wastewater) up until 2026/27 - and then from 2027/28 following the establishment of the new WS-CCO entity.**

- It is intended that Council’s drinking water and wastewater **debt will transfer** to the new WS-CCO in **2027/28**.
- Council is **proposing to retain stormwater** assets and associated stormwater debt in-house which is shown in red above. Stormwater debt is shown separate to rest of Council debt as it needs to be “financial ring-fenced”.
- As at **1 July 2027**, total **council debt** would have been **\$74.1 million** (\$45.3m + \$28.1m + \$0.7m prior to the new WS-CCO being established).
- The **transfer of water debt** (\$45.3 million) to the WS-CCO will see total Council **debt reduce to \$28.1 million**. Plus an additional amount of \$0.7 million of ring-fenced debt associated with the stormwater assets which Council is proposing to retain. Note that the stormwater debt is expected to increase to \$7.1 million by 2053/54.
- Over the WS-CCO “transition period” (2026/27) debt for non-water related activities increases by \$2.6 million and water debt (if not removed from Council would increase by \$3.7 million).
- The gradual decrease in Council debt from 2030/31 reflects Council increasing our allowable rates revenue from the Local Government Cost Index (LGCI) +2% to LGCI +3% (as consulted on) which will allow the repayment of some debt in the later years of the Long-Term Plan.

## Ruapehu's share of three-council WS-CCO debt

Based on Long-Term Plan projections



This graph shows the total projected debt for the three-council WS-CCO through to the end of the current Long-Term Plan. Ruapehu's share of the debt is indicated by the red line and is based on the number of connections.

## Finding out more and having your say

### Join elected members and Council staff

Over the consultation period we have organised a number of **community hui** where you can talk to elected members or Council staff about **Local Water Done Well** and our proposal for a three council WS-CCO to deliver future water services in Ruapehu.

Monday 10 March	5:30pm - 8pm	Mōrero Marae, Taumarunui
Wednesday 19 March	5:30pm - 8pm	Taumarunui Chambers
Monday 24 March	5:30pm - 8pm	Ōhura Hall
Tuesday 25 March	5:30pm - 8pm	The Centre - Raetihi Baptist Church
Tuesday 1 April	5:30pm - 8pm	Te Puke Marae, Raetihi
Monday 7 April	5:30pm - 8pm	Ohakune Chambers
Wednesday 9 April	5:30pm - 8pm	The Park Hotel, Waimarino(National Park)



Also see [ruapehudc.govt.nz](https://ruapehudc.govt.nz) where you will find more background information on Local Water Done Well inc. FAQ's and links to government websites.

# Can't make it to one of the community hui?

If you are unable to attend one of the community hui you can also contact your elected members directly to discuss Council's proposed Water Services Delivery Model.



Weston Kirton  
**Mayor**  
027 250 8465



Vivienne Hoeta  
**Deputy Mayor**  
027 658 8320



Brenda Ralph  
**General Ward Councillor**  
027 663 4128



Janelle Hinch  
**General Ward Councillor**  
022 385 8683



Lyn Neeson  
**General Ward Councillor**  
027 353 7907 (texts only)  
07 896 7659



Robyn Gram  
**General Ward Councillor**  
027 389 1912



David (Rabbit) Nottage  
**General Ward Councillor**  
021 111 6514



Fiona Hadley-Chase  
**Māori Ward Councillor**  
027 357 7255



Korty Wilson  
**Māori Ward Councillor**  
027 255 7230

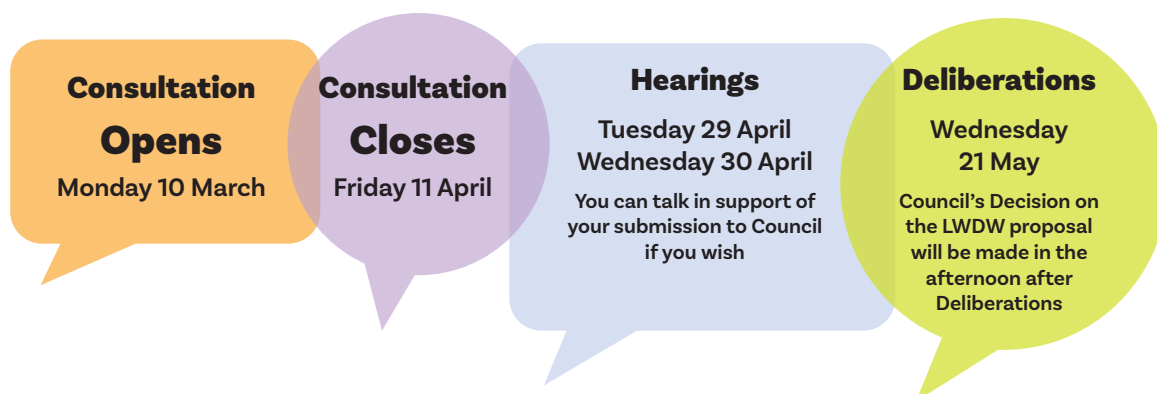


Channey Iwikau  
**Māori Ward Councillor**  
027 214 7162

# Feedback:

Te Kaunihera-ā-Rohe o Ruapehu  
Ruapehu District Council

## Local Water Done Well : Water Services Delivery Model



- Thank you for taking the time to consider the issues raised in our Consultation Document and providing your feedback on our proposal for a three council Water Services - Council Controlled Organisation (WS-CCO) with Rangitīkei and Whanganui District Councils - for future water services delivery.
- While we are seeking feedback on specific questions you can provide feedback on any aspect of our proposed plan that you like.

**If you prefer provide feedback on-line at: [ruapehudc.govt.nz](http://ruapehudc.govt.nz) or use the QR code**

Name:

.....

Organisation (if applicable):

.....

Postal address:

.....

Best daytime contact number:

.....

Email:

Keep me advised of future consultations

Would you like to support your feedback by speaking to Council during the Hearings?

Yes

No

If you ticked 'yes' we will contact you to arrange a speaking date and time.

The Hearings are scheduled for Tue 29<sup>th</sup> April (Taumarunui) and Wed 30<sup>th</sup> April (Ohakune/Raetihi). You can choose to speak at either or online.

A maximum of two speakers and ten (10) minutes of total speaking time per submission is permitted.

**1. Do you support Ruapehu joining with Rangitīkei and Whanganui District Councils in establishing a three-council WS-CCO to provide drinking and wastewater services?**

Yes.

No.

Tell us why or any other option you prefer:

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**2. Do you support Council retaining stormwater assets and services rather than transferring to a three-council WS-CCO to deliver?**

Yes.

No.

Tell us why or any other option you prefer:

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