RĀRANGI TAKE
AGENDA

Additional Kaunihera | Council Meeting

I hereby give notice that a Meeting of the Kāpiti Coast District Council will be held on:

Te Rā | Date:	**Tuesday, 27 May 2025**
Te Wā | Time:	**9:30 am**
Te Wāhi | Location:	**Council Chamber Ground Floor, 175 Rimu Road Paraparaumu**

Darren Edwards

Chief Executive

Kāpiti Coast District Council

Notice is hereby given that a meeting of the Kāpiti Coast District Council will be held in the Council Chamber, Ground Floor, 175 Rimu Road, Paraparaumu, on Tuesday 27 May 2025, 9:30 am.

Kaunihera | Council Members

Mayor Janet Holborow	Chair
Deputy Mayor Lawrence Kirby	Deputy
Cr Glen Cooper	Member
Cr Martin Halliday	Member
Cr Sophie Handford	Member
Cr Rob Kofoed	Member
Cr Liz Koh	Member
Cr Jocelyn Prvanov	Member
Cr Kathy Spiers	Member
Cr Shelly Warwick	Member
Cr Nigel Wilson	Member

Te Raupapa Take | Order Of Business

1 NAU MAI | WELCOME

2 KARAKIA A TE KAUNIHERA | COUNCIL BLESSING

I a mātou e whiriwhiri ana i ngā take kei mua i ō mātou aroaro	*As we deliberate on the issues before us,*
E pono ana mātou ka kaha tonu ki te whakapau mahara huapai mō ngā hapori e mahi nei mātou.	*We trust that we will reflect positively on the communities we serve.*
Me kaha hoki mātou katoa kia whaihua, kia tōtika tā mātou mahi,	*Let us all seek to be effective and just,*
Ā, mā te māia, te tiro whakamua me te hihiri	*So that with courage, vision and energy,*
Ka taea te arahi i roto i te kotahitanga me te aroha.	*We provide positive leadership in a spirit of harmony and compassion.*

3 WHAKAPĀHA | APOLOGIES

4 TE TAUĀKĪ O TE WHAITAKE KI NGĀ MEA O TE RĀRANGI TAKE | DECLARATIONS OF INTEREST RELATING TO ITEMS ON THE AGENDA

Notification from Elected Members of:

4.1 – any interests that may create a conflict with their role as an elected member relating to the items of business for this meeting, and

4.2 – any interests in items in which they have a direct or indirect pecuniary interest as provided for in the Local Authorities (Members' Interests) Act 1968

5 HE WĀ KŌRERO KI TE MAREA MŌ NGĀ MEA E HĀNGAI ANA KI TE RĀRANGI TAKE | PUBLIC SPEAKING TIME FOR ITEMS RELATING TO THE AGENDA

6 NGĀ TAKE A NGĀ MEMA | MEMBERS' BUSINESS

(a) Leave of Absence

(b) Matters of an Urgent Nature (advice to be provided to the Chair prior to the commencement of the meeting)

7 PŪRONGO | REPORTS

7.1 LOCAL WATER DONE WELL DELIVERY MODEL

Kaituhi | Author: **Tamara Silk, Executive Assistant**

Kaiwhakamana | Authoriser: **Sean Mallon, Group Manager Infrastructure and Asset Management**

TE PŪTAKE | PURPOSE

1 This paper seeks a decision by the Council on the future direction for the delivery of water services for Kāpiti Coast District Council and for this decision to inform the Council's Water Services Delivery Plan.

HE WHAKARĀPOPOTO | EXECUTIVE SUMMARY

2 Kāpiti Coast District Council consulted on two potential future water services delivery models, as required by the Local Government Water Services Preliminary Arrangements Act 2024.

3 Option 1 is to remain as an in-house business unit (with some changes), which was Council's preferred option, and option 2 "The Four" was to set up a jointly owned council water services organisation with Horowhenua District Council (HDC), Manawatu District Council (MDC), and Palmerston North City Council (PNCC).

4 Council consulted on these options from 10 March to 13 April 2025 and received 521 submissions. A hearing was held on 1 May 2025 for six people who wished to speak to their submission. All submissions were reviewed and analysed by independent public consultation experts, Public Voice, and a summary of submissions report was provided.

5 94% of submissions supported option 1, the in-house model, with 6% supporting option 2. Preferences for option 1 were closely represented across all age groups, property ownership, location and ratepayers and non-ratepayer groups.

6 197 out of the 521 submissions received also included additional comments which have been grouped into themes. 182 comments focus on the strengths of option 1, with 5 comments indicating concern. 16 comments focussed on the strengths of option 2, with 125 highlighting concerns. The full analysis is contained in the independent Summary of Submissions Report attached (Attachment 3).

7 Iwi representatives of Te Whakaminenga o Kāpiti also expressed their support for option 1 (in-house business unit) for water management in their hāpori.

8 Submitters were also asked to rank priorities when deciding on their preferred option. Safe and reliable water services ranking the highest (89%), followed by public ownership (81%, financial sustainability (69%), resilience (61%), local priorities (52%), and mana whenua aspirations (40%).

9 The advantages and disadvantages of each option remain unchanged from the original assessment used to determine the preferred option for consultation. However, with MDC resolving to retain water services in-house on 15 May 2025 they are now excluded from the four-council model (Option 2). This means the average cost of water services for the remaining three councils will now be higher than originally modelled.

TE TUKU HAEPAPA | DELEGATION

10 Under section A.1 of the 2022-2025 Triennium Governance Structure and Delegations, Council has authority to consider this matter.

TAUNAKITANGA | RECOMMENDATIONS

That Council:

A. **Receives** this report and associated attachments, including the Summary of Submissions Report by independent public consultation experts, Public Voice.

B. **Notes** that Council must submit a Water Services Delivery Plan and accompanying Implementation Plan to the Secretary for Local Government by 3 September 2025 under the Local Government Water Services Preliminary Arrangements Act 2024 (Preliminary Arrangements Act).

C. **Notes** that Council must set out the proposed model for water services delivery in its Water Services Delivery Plan.

D. **Notes** that before deciding on its water services model, Council has consulted on two water services delivery model options in accordance with the streamlined arrangements in the Local Government (Water Services Preliminary Arrangements) Act 2024, being an internal business unit (Option 1 the preferred) and a joint council owned organisation with Horowhenua District Council, Manawatu District Council, and Palmerston North City Council (Option 2 “the Four”).

E. **Notes** the findings of the Summary of Submissions Report by independent public consultation experts, Public Voice.

F. **Resolves** to retain an in-house business unit (Option 1 in the consultation document) as the proposed water services delivery model (as per option A).

G. **Directs** the Chief Executive to prepare and certify a Water Services Delivery Plan for Council consideration, adoption, and submission with the in-house business unit as the proposed water services delivery model.

TŪĀPAPA | BACKGROUND

11 The Local Government (Water Services Preliminary Arrangements) Act 2004, the second part of legislation delivering the government Local Water Done Well policy, came into effect in early September 2024.

12 The legislation set minimum requirements for service delivery models that include.

12.1 new economic, environmental and water quality regulations

12.2 a new planning, reporting and accountability framework

12.3 financial sustainability requirements

12.4 new statutory objectives consistent for all water providers

12.5 restrictions against privatisation.

13 The Act also requires all councils to prepare a Water Services Delivery Plan (WSDP) and submit the plan to the Department of Internal Affairs (DIA) for approval no later than 3 September 2025. Councils must also give effect to approved WSDPs.

14 Under the Act a key decision required of councils when preparing a WSDP is whether to continue delivering services through existing arrangements (colloquially known as the ‘status quo’) or enter a joint arrangement with other councils. The council can also decide to change the operating model and create a stand-alone or joint Water Services Council Owned Organisation or another suitable model such as consumer trust or shared services.

15 The Act also provides a streamlined consultation process for Water Services Delivery Models as an alternative to the Local Government Act. This allows councils to consult on at least

two delivery models rather than all practicable options required by the Local Government Act. The process must identify the existing arrangement and at least one other, such as a joint-owned water organisation or other joint arrangement.

16 In all cases the revenues, assets, expenses and debt of water services must be separated or ringfenced from all other Council services. This means that revenue captured for the provision of 3 waters service must only be used to fund those services.

17 In December 2024, the Government introduced further detailed legislation, the Local Government (Water Services) Bill, “Bill 3”, which is expected to be enacted by mid-2025. This establishes the enduring settings for the new water system including the economic and regulatory oversight functions.

Water Services Delivery Model options considered and discounted

18 In May 2024, the Council signed a Memorandum of Understanding (MoU) with the eight territorial authorities in the Greater Wellington Region, Greater Wellington Regional Council (GWRC), and HDC to work in a collaborative, non-binding project to recommend a "best for region” water services delivery model for the Wellington Region councils and HDC.

19 Phase one of the project was completed in October 2024, recommending a joint council-owned company with vested ownership of all regional water assets, revenues and liabilities as the best model for the future delivery of water services.

20 In December 2024, the Council resolved to exit the joint Wellington Region Water Services Delivery Plan project and any further development of this option for Kāpiti. At that time, the Council also resolved to exclude several other options from further consideration, including advice and service-only water organisation options, a single Kāpiti District-only water organisation, and consumer trust models.

21 Subsequently, the Council examined two options to establish a joint council-owned water organisation: one with HDC and another with Horowhenua and MDC and PNCC, as potential alternatives to the in-house business unit.

22 In February, the Council agreed to remove the HDC joint water organisation option from further consideration as it didn't provide the benefits of scale available from the four-council organisation option and presented higher initial average costs than both the in-house business unit and the four-council option with Horowhenua, Manawatu Districts and Palmerston North City councils.

23 Independent consultancy firm Morrison Low Ltd has assisted Council with investigating and modelling the various service delivery models outside the Wellington regional project. Refer to Morrison Low Four Council LWDW financial modelling report (Attachment 1).

Community Consultation

24 On 6 March 2025, the Council resolved to consult on two water services delivery model options. Option 1, retaining an in-house business unit (with some changes) and option 2, establishing a joint council-owned water organisation with HDC, MDC and PNCC. The Council also resolved to adopt option 1, the in-house business unit, as its preferred water services delivery model (Attachment 2)

25 The two options were qualitatively evaluated against the identified priorities to provide an overview of their attributes to meet Kāpiti expectations for its future water services. The advantages and disadvantages of each were explained in the consultation document, and the modelled financial performance over time and at 10 and 30 years was set out.

26 The consultation was open from 10 March 2025 and closed at midnight on 13 April 2025. During this period, Council undertook extensive publicity, including community pop-up sessions in Ōtaki, Waikanae, Paraparaumu, Raumati, and Paekākāriki, direct communications to ratepayers via email and rates notices, a social media campaign through Council Channels, and a webinar in addition to the extensive information on the Council’s Have your say consultation platform.

27 521 submissions were received during the consultation period and a hearing was held on 1 May 2025 for the six people who wished to speak to their submissions.

28 All submissions were reviewed and analysed by Public Voice (independent public consultation experts), and the results of the option preferences, ranking of water services priorities, and qualitative analysis of the feedback are provided in the attached report - Public Voice Summary of Submissions Report (Attachment 3).

HE KŌRERORERO | DISCUSSION

Assessment of the two options

29 The considerations for an in-house business unit remain unchanged from those that underpinned it as the preferred delivery model option for consultation. Namely:

29.1 The in-house business unit was assessed as meeting five of the six identified priorities. with some risk related to challenges with organisational resilience of a smaller water-focused unit, both operationally and financially.

29.2 The modelling demonstrates it as a viable, financially sustainable option projected to be around $600 less per customer on average than a four-council water organisation after ten years.

29.3 The many advantages of the in-house model, include retaining direct local control of priorities, efficiencies in being part of the wider Council organisation, such as corporate services support, and being financial sustainability within the Council's borrowing limits of 280% of total council revenue.

30 Conversely, the joint four council-owned water organisation:

30.1 Met only three of the six priorities with challenges realising the aspirations of Mana Whenua, being less financially sound, with a higher projected average cost to consumers in the short to medium term until 2047 and with local priorities having to compete with other shareholder priorities in setting the direction and strategic priorities of any future organisation.

30.2 Would require independent governance, which means a further layer of administration, monitoring, compliance, and reporting costs.

30.3 Presented potential opportunities for economies of scale if efficiencies could be achieved. However, the complexity of maintaining price differentials so Kapiti consumers weren't disadvantaged would reduce the likelihood of achieving all the potential economies of scale.

30.4 Would have access to a higher debt capacity of 500% revenue-to-debt ratio and likely more favourable debt servicing arrangements.

He take | Issues

Results of the consultation

31 The consultation identified that 94% of submitters were in favour of Council's preferred option 1, the in-house business unit with just 6% in support of option 2. This was closely represented across all age groups, property ownership, location and ratepayers and non-ratepayer groups.

32 Regarding the ranking of priorities, Safe and reliable water services were ranked the highest (89%), followed by public ownership (81%), financial sustainability (69%), resilience (61%), local priorities (52%), and mana whenua aspirations (40%).

33 Analysis of the feedback identified:

33.1 182 submissions in support of the strengths of option 1, including having direct control of priorities, continuity of existing systems and expertise, recognition of past investments, general support sentiment and affordability.

33.2 5 submissions with concerns about option 1, including long-term economies of scale and managing unexpected large investments.

33.3 16 submissions in support of the strengths of option 2, including enhanced resilience, cost efficiencies after 2047 and coordinated planning across catchments

33.4 125 submissions with concerns about option 2, including subsidising other districts, high costs, reduced influence on local priorities.

34 These results demonstrate strong support for the Council's preferred in-house service delivery model, option 1 and little support for, a joint council-owned water services organisation, option 2.

Manawatu District Council's Decision to adopt an in-house delivery model

35 MDC resolved to adopt an in-house stand-alone model as its preferred model for delivering water services in the Manawatu District on 15 May 2025. This means the joint four council-owned water service organisation option is now not viable but there is still the potential for the remaining three councils to form a joint council-owned organisation.

36 Excluding MDC from the four-council option (option 2) results in a higher average projected cost for the remaining three councils. This is because Manawatu's modelled costs were lower than the average for the full four council option.

37 Additionally, without Manawatu, the size of any new joint council entity would be reduced, and the economies of scale potentially available through the four-council option would be less achievable.

Price harmonisation

38 One of the significant challenges with progressing a joint council-owned water services organisation for Kāpiti is the higher average cost for customers compared to the modelled in-house option.

39 If pricing were harmonised from day one, the average cost to Kāpiti customers would have to increase markedly over the early period of the new organisation to meet the establishment costs, additional costs for governance and management, and the level of revenue required to support debt.

40 There have been no pricing or price harmonisation decisions, but a range of possible scenarios have been modelled including one where theoretically no council is worse off. This would require the new entity to maintain cost and price differentials, which would introduce significant complexities and likely reduce the potential for achieving economies of scale.

41 This would also require higher-cost councils to pay higher costs until 2047, which is considered unlikely to be agreeable. In any option short of this, Kāpiti customers would be paying more than they would otherwise be projected to under an in-house model.

42 There is no certainty that a pricing differential arrangement could be developed or agreed upon, and this would delay the development of a Water Services Delivery Plan and most likely exceed 3 September 2025 the submission deadline.

43 Advice received from the DIA at a recent regional meeting (08/05) in Palmerston North was that there was no longer an option for Councils to ask for an extension to the current 03 September 2025 deadline for delivery of a WSDP.

The standing orders relating to water services ownership and management and a referendum

44 If Council adopt the preferred in-house delivery model (option 1) the matter of standing order 9.16 provisions relating to any significant changes to water services delivery would <u>not</u> need to be considered in the decision.

45 However, if Council decided to pursue option 2, and establish a joint council-owned water organisation with other Councils, it would need to consider how to address standing order

9.16 because it would require transferring water assets, debt and liabilities to any new organisation. The consultation document presented three potential options for this, including:

45.1 Holding a referendum to further inform Council of the views of the community

45.2 Update standing order 9.16 to remove the referendum requirement but retain the 75% majority vote for any decision to change the management or ownership of Kāpiti Coast water services

45.3 Remove standing order 9.16 altogether and all its provisions.

Ngā kōwhiringa | Options

46 The decision before the Council is to adopt a preferred model for the future delivery of 3 waters services for Kāpiti.

Table 1: Recommended actions.

Kōwhiringa | Options	Hua | Benefits	Tūraru | Risks
Option A (RECOMMENDED) Adopt the in-house business unit as the future delivery model for KCDC water services.	The option is viable and has been modelled as financially sustainable. It meets five of the six priorities and presents the lowest average cost option until 2047, when costs for the four-council option are projected to be similar. The option doesn't require significant investment or disruption to the organisation during setup.	Higher resilience risk due to smaller size of organisation.
Option B Resolve to pursue negotiations on arrangements to join a joint water services organisation with the remaining councils from the "Four Council" proposal consulted on.	Potential long-term efficiencies from economies of scale. Potential reduced organisational resilience risks with a larger organisation Potential access to higher water-specific debt limits.	Public scrutiny of a decision that is contrary to the majority preference for option 1 that came through the consultation process. A favourable pricing differential might not be agreed, and consumers would face substantially higher water services bills. Exceeding the deadline for Water Services Plans to be submitted due to negotiations, regardless of the outcome with potential Government intervention. There may be a community expectation for further consultation on option 2 with fewer councils and a referendum.

Mana whenua

47 Mana Whenua have actively participated in Council meetings and briefings to ensure a clear understanding of the implications of the Local Water Done Well policy and associated legislation. In addition, Te Whakaminenga o Kāpiti was briefed on Local Water Done Well matters separately on 18 February 2025.

48 Council's Iwi Partnerships team have worked with representatives of Te Whakaminenga o Kāpiti who have expressed the significant cultural and spiritual value of wai for Mana Whenua, their responsibility for managing and protecting our water resources.

49 Iwi representatives of Te Whakaminenga o Kapiti have formally expressed their support for maintaining the existing in-house model for water management in our hāpori.

Panonitanga Āhuarangi me te Taiao | Climate change and Environment

50 All future water services providers must account for mitigating or adapting to climate change effects as part of the long-term planning and development of any water services strategy.

51 Therefore, the decision on a preferred future delivery model doesn't impact climate change planning positively or negatively.

Ahumoni me ngā rawa | Financial and resourcing

52 Additional funding of $325,000 has been included in operational budgets for the 2025/26 year to cover Taumata Arowai and Commerce Commission water levies, which commence in that year.

53 Funding in year 2026/27 would need to be confirmed through the Annual Plan process. This would be dependant on the proposed model adopted by Council for delivery of the 3 water services.

54 Those estimated costs of both options are included in the Morrison Low Four Council LWDW financial modelling report (Attachment 1).

Tūraru ā-Ture me te Whakahaere | Legal and Organisational Risk

55 Elected members have raised the potential liability risk for individuals and organisations that do not comply with proposed economic regulation for the sector, which will be regulated directly by the Commerce Commission.

56 The Local Water Done Well legislation allows for various forms of economic regulation (price-quality, quality and performance). The Local Government (Water Services) Bill 2024 ("the Bill") expands on this to information disclosure and price threshold regulation. This regulation will apply to both in-house delivery providers and water services organisations (i.e. CCOs).

57 The provisions of the Bill engage the Commerce Act giving rise to the possibility of pecuniary penalties and offences. As currently drafted, there is a route to liability for all forms of regulation, except price threshold regulation, and the provisions are broad enough to potentially expose Councillors, directors and staff to different forms of liability. Information disclosure regulation is likely to be of low concern to Councils who currently discharge a range of other annual reporting requirements.

58 While the final provisions remain a work in progress and could change, it is currently considered that the offence and pecuniary penalty provisions present a low risk to elected members. This is because it is considered unlikely that the Commerce Commission would pursue individual elected members in either a civil or criminal capacity due to collective decision-making in a Council setting. Initially, it seems likely that the Commerce Commissions will be focused on ensuring compliance with the new forms of economic regulation introduced, rather than on enforcement.

59 The Local Government Act 2002 provide broad indemnities for Elected Members discharging their duties in good faith within their authority. The notable exclusion to this indemnity in the Commerce Act is for cartel behaviour.

60 The future economic regulation regime and Bill remain under development and therefore, it is unclear whether current provisions in the Bill will remain as proposed. The exact form of the information disclosure and revenue threshold regulations and how they will apply to local authorities and/or joint water services organisation has not yet been determined. This will be determined by the Commerce Commission after the Bill is enacted. As much of the detail remains unclear, the scope of actual liability risk will remain uncertain until these future decisions are made. Local authorities may have the opportunity for further input into these are work progresses.

Ngā pānga ki ngā kaupapa here | Policy impact

61 Council will continue to assess any policy impacts from the implementation of the Local Water Doing Well suite of legislation, particularly any implications from the adoption of the third bill into law, which is expected later this year.

62 While not the preferred consultation option, any decision to pursue and establish a joint council-owned water services organisation would be a significant decision and would require the review of all policies and bylaws associated with water, wastewater, and stormwater management.

TE WHAKAWHITI KŌRERO ME TE TŪHONO | COMMUNICATIONS & ENGAGEMENT

Te mahere tūhono | Engagement planning

63 Council was required to consult on the decision about Kāpiti's future water services delivery model options under the Local Government (Water Services Preliminary Arrangements) Act 2004.

64 The consultation was open from 10 March 2025 and closed at midnight on 13 April 2025. During this period, Council undertook extensive publicity, including community pop-up sessions in Ōtaki, Waikanae, Paraparaumu, Raumati, and Paekākāriki, direct communications to ratepayers via email and rates notices, a social media campaign through Council Channels, and a webinar in addition to the extensive information on the Councils Have your say consultation platform.

65 Staff have also been kept informed of Local Water Done Well developments and will continue to be updated as decisions are being made.

Whakatairanga | Publicity

66 Communications officers will prepare a media statement and supporting communications to confirm Council's decision on a future water service delivery model for Kāpiti. A targeted communication will also be issued to those who took the time to make a submission during the consultation period.

NGĀ ĀPITIHANGA | ATTACHMENTS

1. Attachment 1 - Morrison Low Four Council LWDW financial modelling report FINAL ⇩
2. Attachment 2 – Local Water Done Well – Consultation Document ⇩
3. Attachment 3 – Public Voice - Summary of Submissions Report ⇩

Updated Local Water Done Well Modelling

Horowhenua, Kāpiti Coast and Manawatū District and Palmerston North City councils

February 2025

Document status

Job #	Version	Written	Reviewed	Approved	Report Date
294101	001	S. Cross, C. Murray and J. Williams-Shigeeda	D.Bonifant	D.Bonifant	30 January 25
294101	002	S. Cross, C. Murray and J. Williams-Shigeeda	D.Bonifant	D.Bonifant	3 February 25
294101	003	S. Cross, C. Murray and J. Williams-Shigeeda	D.Bonifant	D.Bonifant	17 February 25
294101	FINAL	S. Cross, C. Murray and J. Williams-Shigeeda	D.Bonifant	D.Bonifant	25 February 25

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Figures

Introduction

Purpose of this report

In late 2024 Morrison Low provided support and advice to Palmerston North City and Manawatū, Horowhenua and Kāpiti District councils (referred to as the "Group of Four") relating to Local Water Done Well. Prior to Christmas 2024 each of the Councils individually identified a four-council water CCO as one of the options they would consult with their community on under Local Water Done Well. Each Council also has other options identified for consultation.

This report summarises recent financial modelling work commissioned by the Group of Four councils to update and review the data collected and analysed in previous studies.

The intention was to update data and make adjustments to the modelling approach and assumptions for all of the options being considered by the four councils so that all four consultation documents are consistent in the information presented and the basis on which the information has been developed.

This report sets that out in the following structure.

- The main report 'Regional Results' sets out a comparison of each Council's base case with the four council CCO including providing updated information around capital programmes, debt profiles, the impacts of economic and price regulation, impacts on commercial customers and introduces some scenarios for changing the time frame for harmonising prices or not harmonising prices at all.
- Sensitivity analysis is set out in **Appendix One.**
- Detailed financial modelling assumptions are outlined in **Appendix Two.**
- Comparison of modelling approaches between Morrison Low and the Department of Internal Affairs is set out in **Appendix Three.**
- Alternative scenarios (that do not apply to all of the councils) are set out in **Appendix Four.**
- A data sheet providing all of the outputs as data is provided in **Appendix Five.**

This updated report introduces new harmonisation scenarios in the main report. Specifically:

- Price harmonisation starting in year 10 and taking 3 years
- Price harmonisation starting in year 5 and taking 5 years, and
- Scenarios where all council household charges are at or less than the Council Base Case price path creating a scenario where all households can benefit from a regional water CCO.

This report shows that regionalising costs for three waters under a combined CCO covering all four councils immediately would mean that the costs of that service would increase in some areas and reduce in others. The report provides examples of ways in which this impact can be reduced by harmonising prices over time and/or using the savings created by a water CCO for the benefit of all customers of three waters services. The report demonstrates that should the four councils determine that a combined water CCO is the preferred delivery model for three waters services then there is opportunity to establish the CCO in a way that benefits all customers.

Economic and price regulation

The requirement on councils to develop Water Services Delivery Plans is part of the transitional arrangements (under The Local Government (Water Services Preliminary Arrangements) Act 2004). This information will then be shared with the Commerce Commission as it works towards implementing the indicated economic regulation regime.

The economic regulation regime is proposed under the Local Government (Water Services) Bill (Bill 3) currently before Parliament. This is expected to come into effect by mid-2025 and other aspects from 2026 (revenue thresholds, quality regulation, performance, price quality).

The settings for economic regulation are aimed at Water Service Providers (WSPs), including councils and water organisations, who are responsible for making core decisions about capital and operating expenditure, revenue recovery, and charging levels.

The aim is to address water infrastructural challenges through influencing price and quality, protecting both consumer interests and promoting sufficient revenue recovery for investment and maintenance of water infrastructure.

This will apply firstly to all local government drinking water and wastewater services, with some flexibility on stormwater to be added at a later date.

This model is the extension of the existing economic regulation regime (which currently applies to electricity lines services, gas pipeline services, and airport services) in the Commerce Act 1986 to water services. The Commerce Commission (the Commission) will therefore be tasked with overseeing the economic regulation and consumer protection regime.

The Commission will be provided with a range of tools (enforcement and regulation-making) to ensure that WSPs providers collect sufficient revenue and make efficient investment decisions to maintain and develop infrastructure.

The Commerce Commission will have a number of options:

- Information disclosure: local government water services providers must disclose information to promote transparency and inform the need for further regulatory intervention based on performance.
- Revenue thresholds: revenue thresholds can be set by the Commission to ensure that WSPs collect enough revenue to operate, maintain and develop water infrastructure.
- Quality standards: the Commission can set specific standards and performance requirements for WSPs aimed at quality improvements.
- Price-quality regulation: a maximum or minimum revenue or pricing levels that WSPs can collect may be set ensuring that water services are delivered at a quality that communities expect.

The Commission will also enforce financial “ringfencing” where revenue collected for regulated water services (initially drinking and wastewater) must be spent on water services along with financial penalties available if breached. Noting the ringfencing is not by type of water, it is the waters package.

In support of this economic regime, the proposed consumer protection regime will require the Commission to monitor the treatment of consumers by WSPs. Where there are existing issues revealed in information disclosures a range of additional regulations on complaints, dispute resolution may be deployed alongside, service quality guidelines and mandated service quality codes.

Regional results

The following section presents the impact of creating a four-council water CCO on households that receive three waters services. All charts and figures are presented as nominal (or inflated) and as an average household charge excluding GST[1]. References to years are to LTP years unless otherwise stated.

Modelling projections of future household costs over 30 years has an inherent and increased uncertainty over the long term. Sensitivity analysis is contained in Appendix 1 to highlight which assumptions the modelling outcomes are most sensitive to changes in.

A number of scenarios are also shown to demonstrate a range of possible outcomes that could be achieved. Results are shown in this report for:

- A base case for each Council which assumes three waters services continue to be provided by each Council.
- A regional household cost based on harmonising prices at the creation of the water CCO.
- Scenarios where household costs for three waters are harmonised in the future using different timeframes.
- Scenarios where household costs for three waters are harmonised based on no community paying more than the base case (i.e. so no community is financially disadvantaged).
- A scenario where household costs for three waters are never harmonised and continue to be different in each council area in perpetuity.

Ultimately how the CCO charges for three waters and how the financial benefits of the CCO model are shared will be a matter for the Councils (as owners to guide), the CCO itself and overseen by the Commerce Commission (economic regulator).

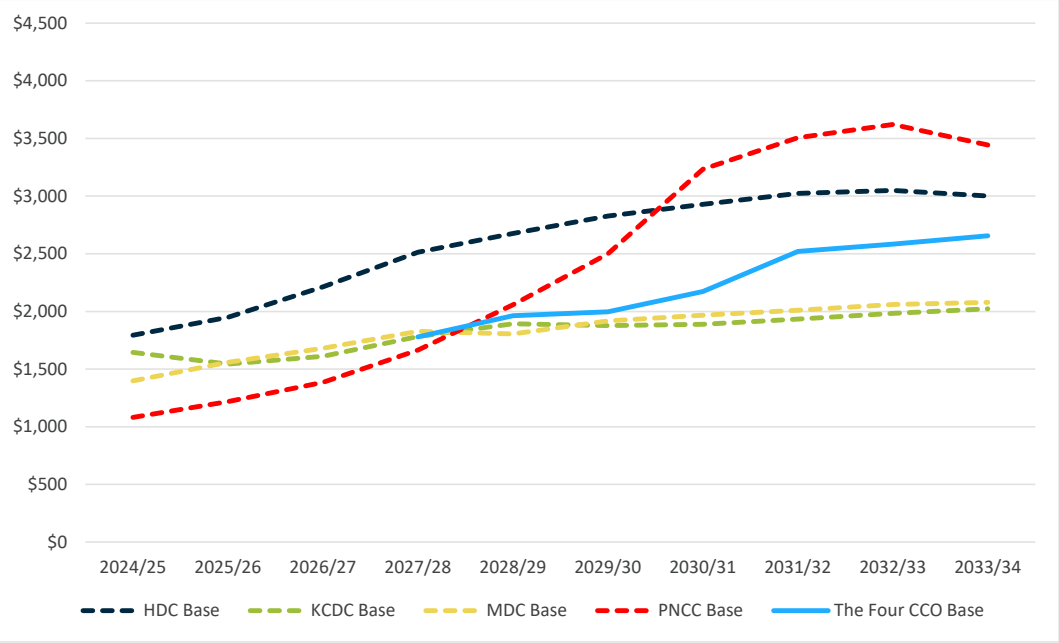
[1] In previous reports household charges have been expressed as Real (uninflated) and including GST

Three waters charges are harmonised at the start of the CCO

The charts below presents the base case for each council against the average combined regional charge for the four council CCO.

Figure 1 shows the average household charges across the ten-year 2024/25 Long Term Plan cycle and Figure 2 across thirty years to 2053/54. In both cases household costs are assumed to be regionalised from the start of the CCO.

Figure 1: Three waters household charges - base cases versus water service entity across 10 years



The chart above shows most 58% of water consumers are likely to experience lower water bills under the four council CCO in 2028.

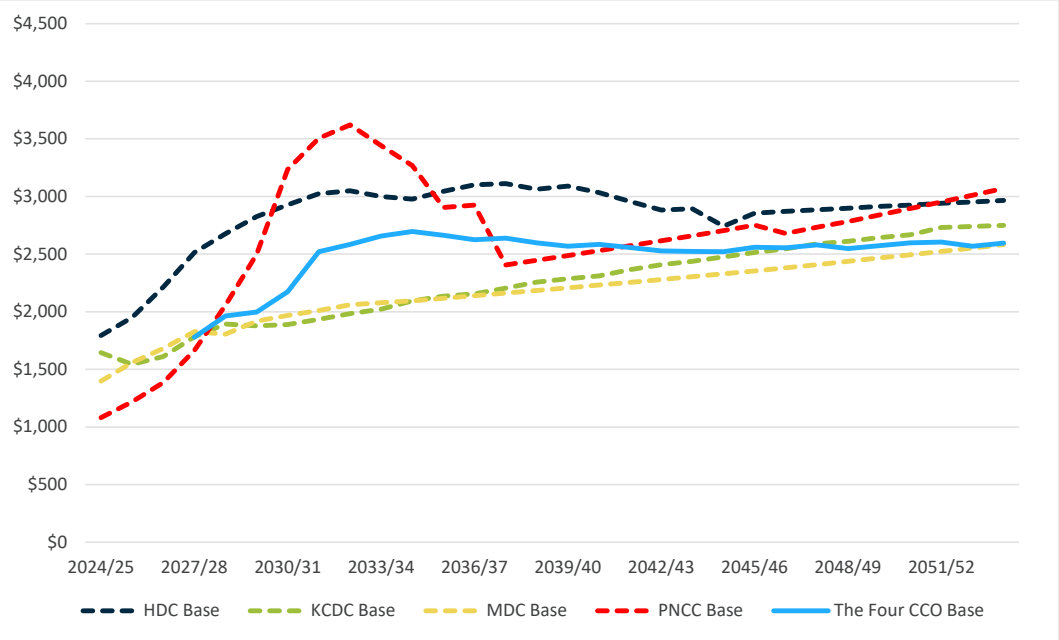
For Horowhenua households the CCO represents a 29% decrease in charges on establishment, or an average of 21% across the seven years.

Average household charges for Palmerston North City Council households reach the highest average increase in year 2032/33 with a 235% increase on 2024/25 charges. Across the seven years from CCO establishment the average household charges are 22% higher than under the CCO model.

Manawatū District Council households are projected to have higher charges under the CCO model, averaging 14% over the seven years from CCO establishment.

Kāpiti Coast District Council households are also projected to have higher household costs under the CCO model during the initial 10 years averaging 17% over the seven years from CCO establishment.

Figure 2: Three waters household charges - base cases versus water service entity across 30 years



By 2052 all councils would have water charges that are the same or higher than the average household for the four council CCO.

The chart above shows most 89% of water consumers are likely to experience lower water bills under the four council CCO in 2048.

Kāpiti and Manawatū have charges that are below the average household for the four council CCO. This changes by 2046 for Kāpiti and by 2052 for Manawatū.

Modelling over 30 years shows that the entity is likely to remain more affordable for the majority of water consumers over the long term.

Three waters charges are harmonised using specific years as a target

While the four council CCO price path is presented as an average charge across the combined regions in the Figures above, we note that this price path could instead be regionalised, or 'harmonised' over time (or not at all).

In exploring this, each council's base case for average household charges is compared against the four Council CCO:

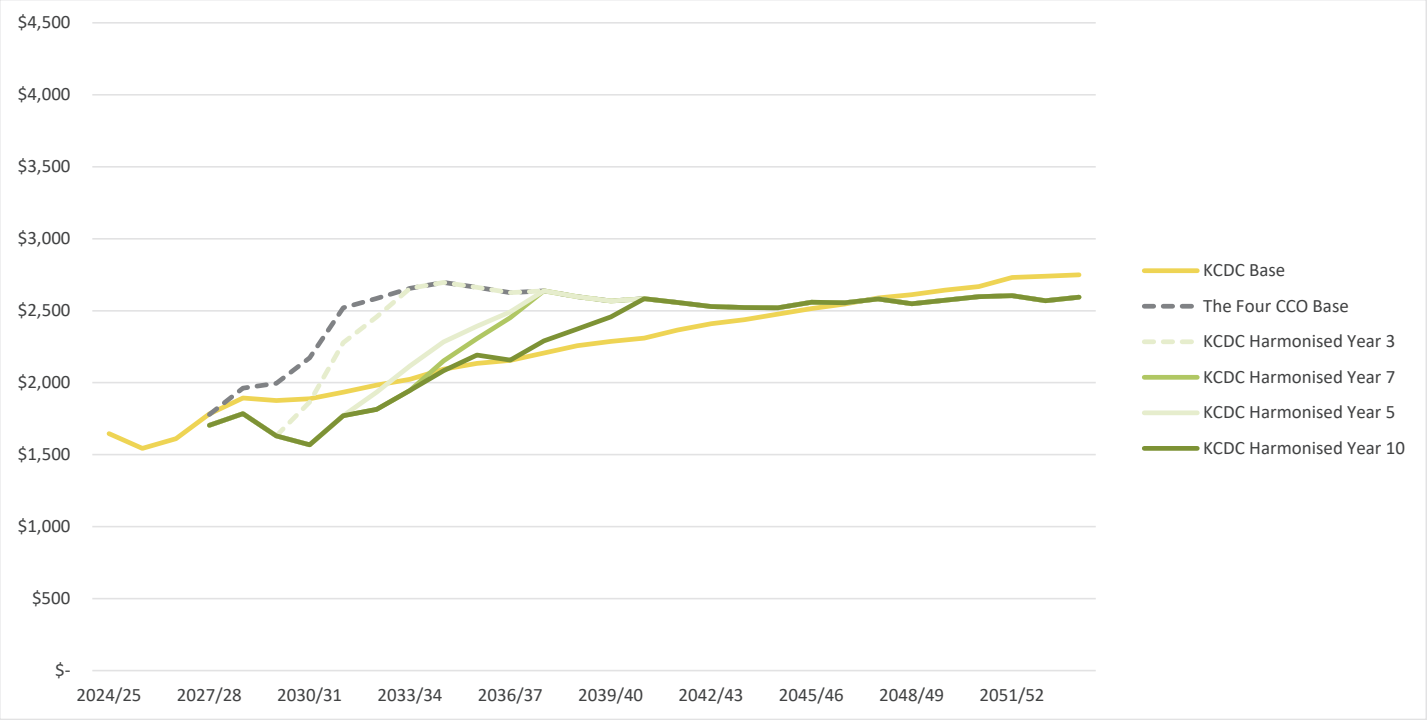
- Base case.
- Price harmonisation for the respective council starting in year three of the CCO (2029/30) and taking three years to harmonise.
- Price harmonisation for the respective council starting in year seven of the CCO (2033/34) and taking three years to harmonise.
- Price harmonisation for the respective council starting in year ten of the CCO (2029/30) and taking three years to harmonise.
- Price harmonisation for the respective council starting in year five of the CCO (2033/34) and taking five years to harmonise.

They are presented to test whether altering the timeframe or 'flatten' the curve makes a difference to the outcome. They introduce a complexity that does not exist under the simple regionalised cost scenario but they are presented to demonstrate that different outcomes can be achieved with different approaches to pricing.

The initial reduction in household charges under the harmonisation scenarios when compared to the base cases is driven in part by the reduction in total revenue required under the CCO model and the modelling approach which apportions revenue requirements to each council area and then to households, as opposed to the regionalising of costs where the revenue requirement is shared across all households equally regardless of location.

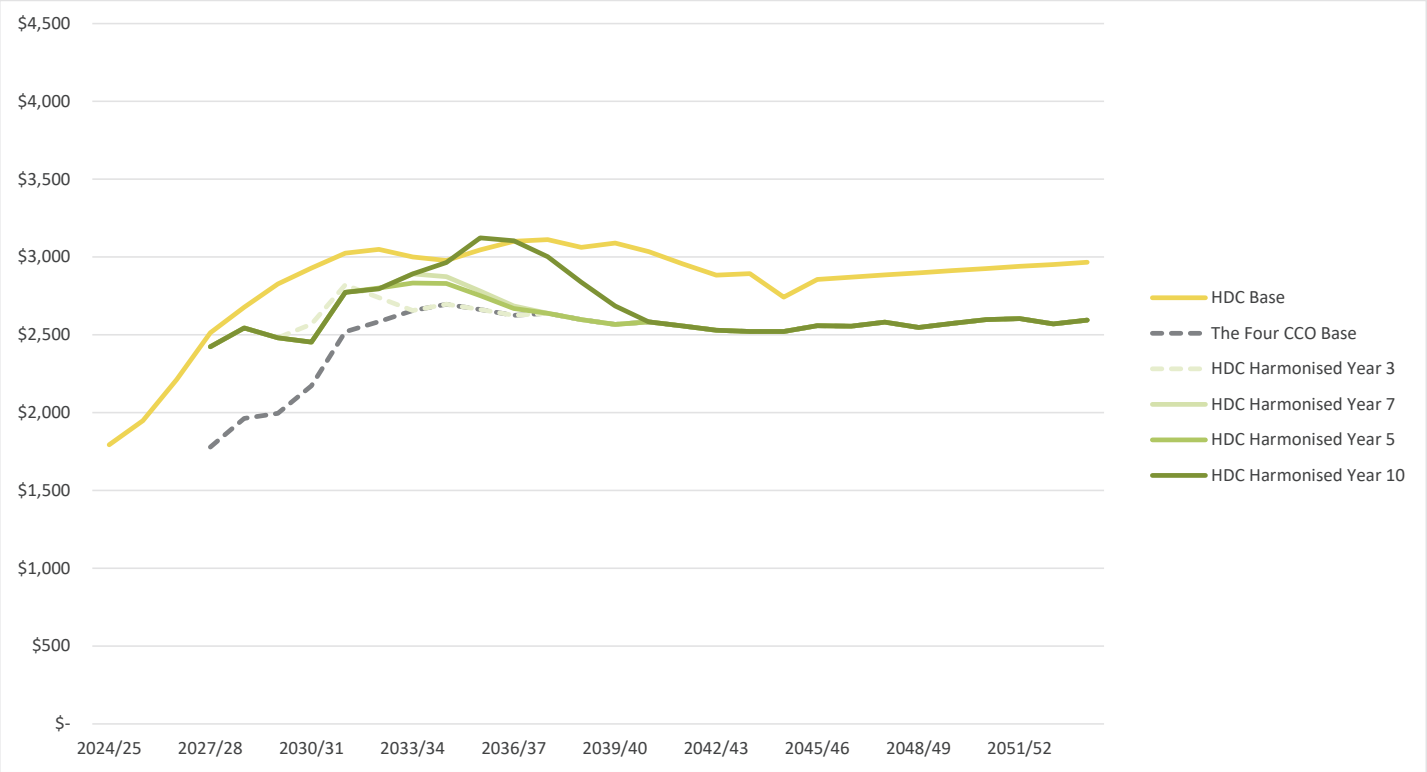
Kāpiti Coast District Council (KCDC)

Figure 3: Kāpiti Coast average household charges – base case compared to three CCO scenarios



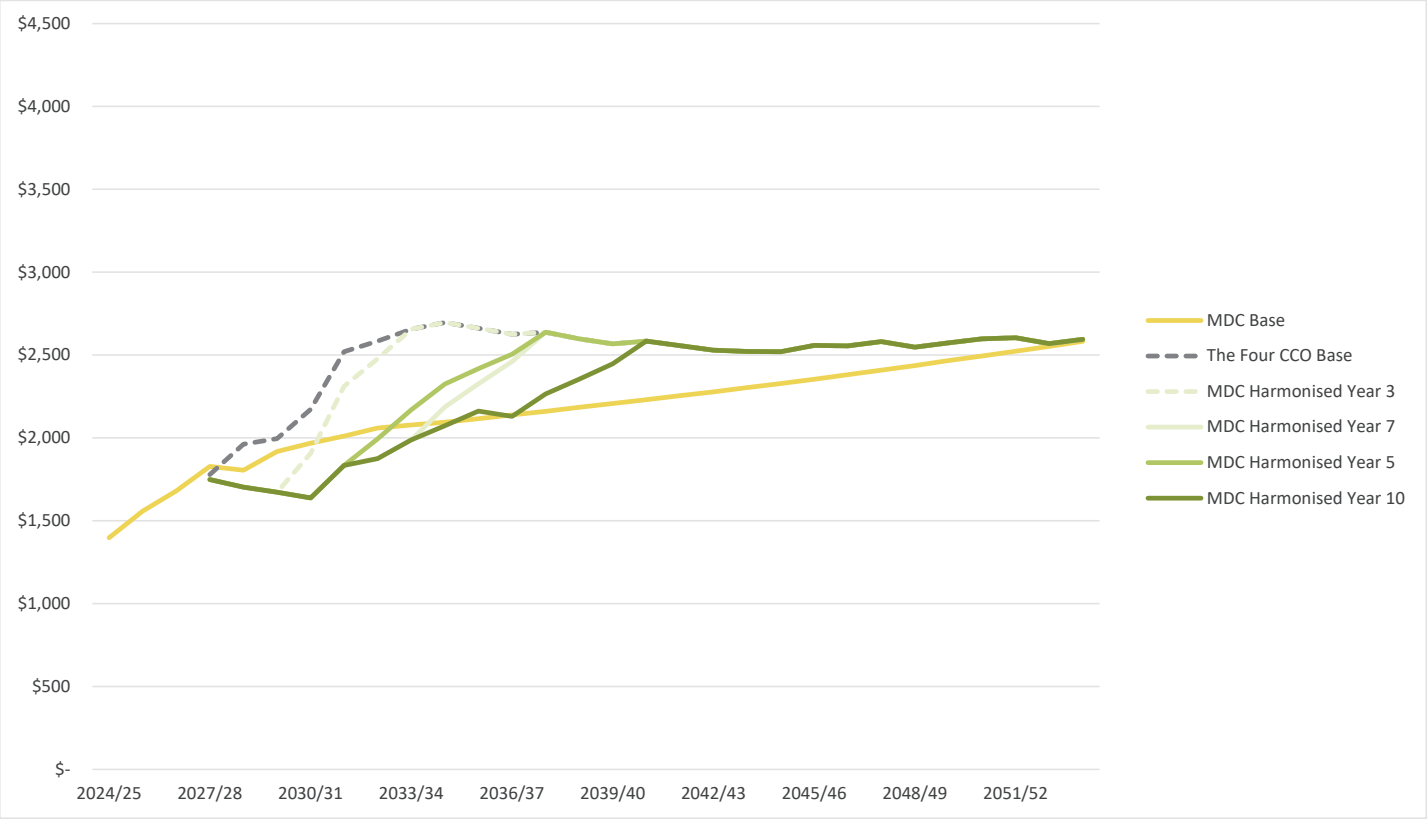
Horowhenua District Council (HDC)

Figure 4: Horowhenua average household charges - base case compared to three CCO scenarios



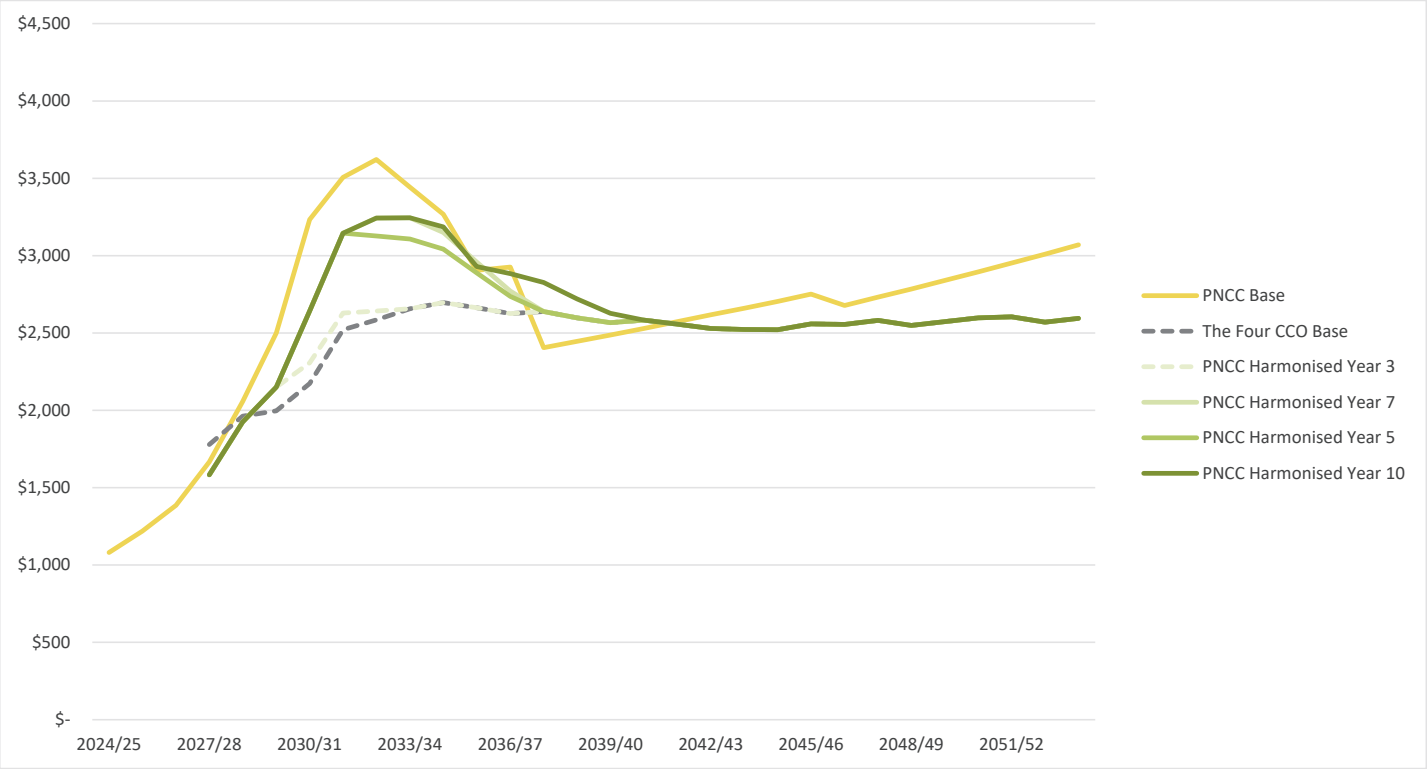
Manawatū District Council (MDC)

Figure 5: Manawatū average household charges - base case compared to three CCO scenarios



Palmerston North City Council (PNCC)

Figure 6: Palmerston North average household charges - base case compared to three CCO scenarios

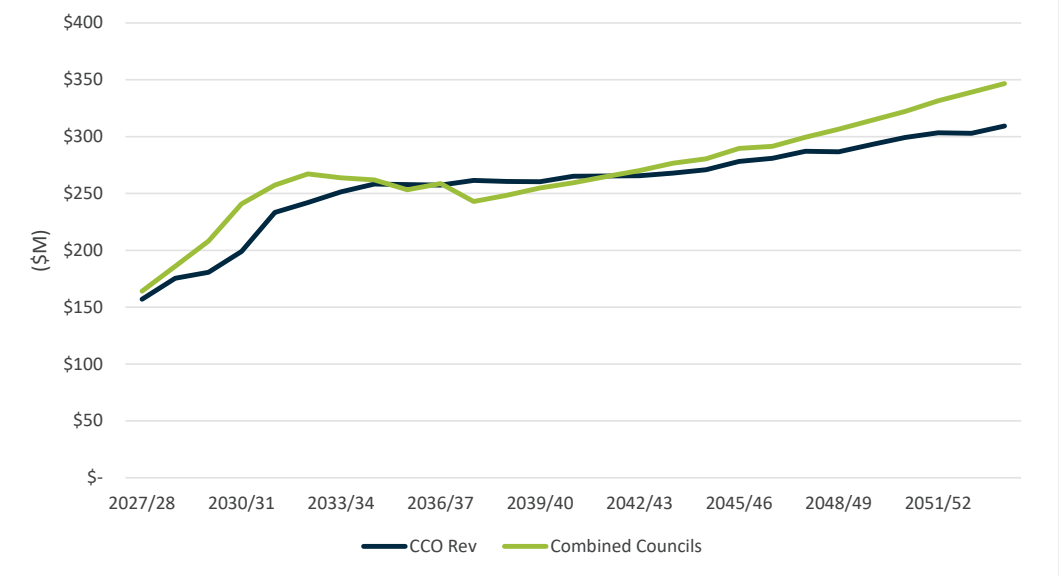


Harmonisation so households pay no more than base case

Another approach is to harmonise the household charges over time and to use the financial benefits created by the CCO to mitigate cost increases so that households do not pay more than they otherwise would under each councils' base case. Again, this adds complexity to the operations of the water CCO but is used to demonstrate that different outcomes can be achieved.

The chart below demonstrates that over time the CCO is expected to be a lower cost model for delivery three waters services than the individual councils combined. Initially there is an impact from financing efficiency that reduces the revenue required to support the combined debt. Operationally the CCO becomes more efficient and is more efficient at delivering capital and over time those efficiencies translate into lower operating costs than the individual councils combined. Over 30 years this is estimated at a total of $330M. It is this regional financial benefit that is shared across all council areas to the point of harmonisation.

Figure 7: Comparison of annual revenue requirements 'CCO v combined Councils'



Results of smoothing the harmonisation price path

In these charts the council household cost price path for each council under a CCO scenario, until the point of harmonisation, is no more than that council base case. This example, which is simply one way in which this could be achieved, demonstrates that it is possible for a regional water CCO to deliver three waters services in a way that means no council customers pay more than they otherwise would.

Scenarios based on a 20 and 30 year path to a regional price have been shown.

Figure 8: Smoothed price path over 20 year v base case

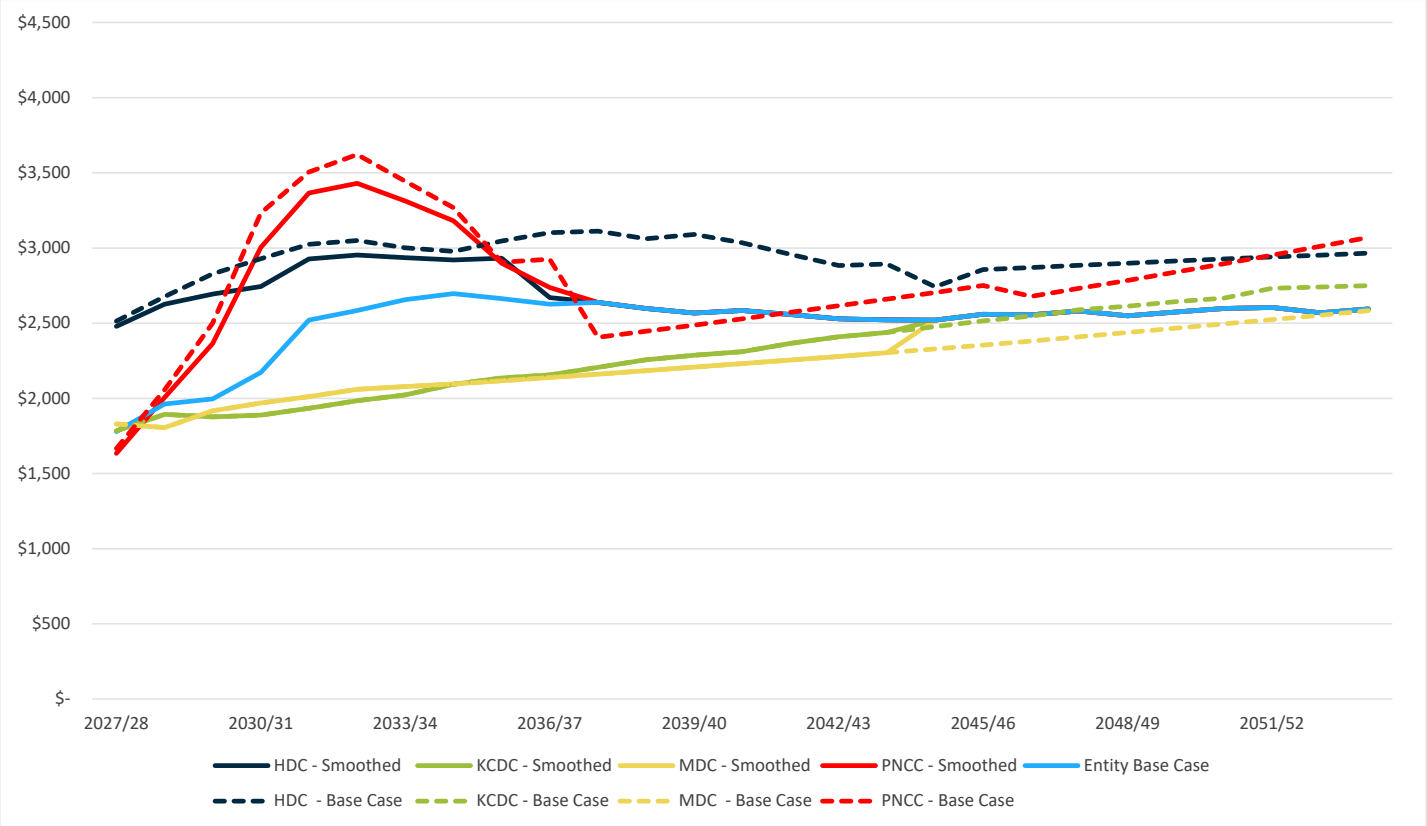


Figure 9: Smooth price path over 20 years

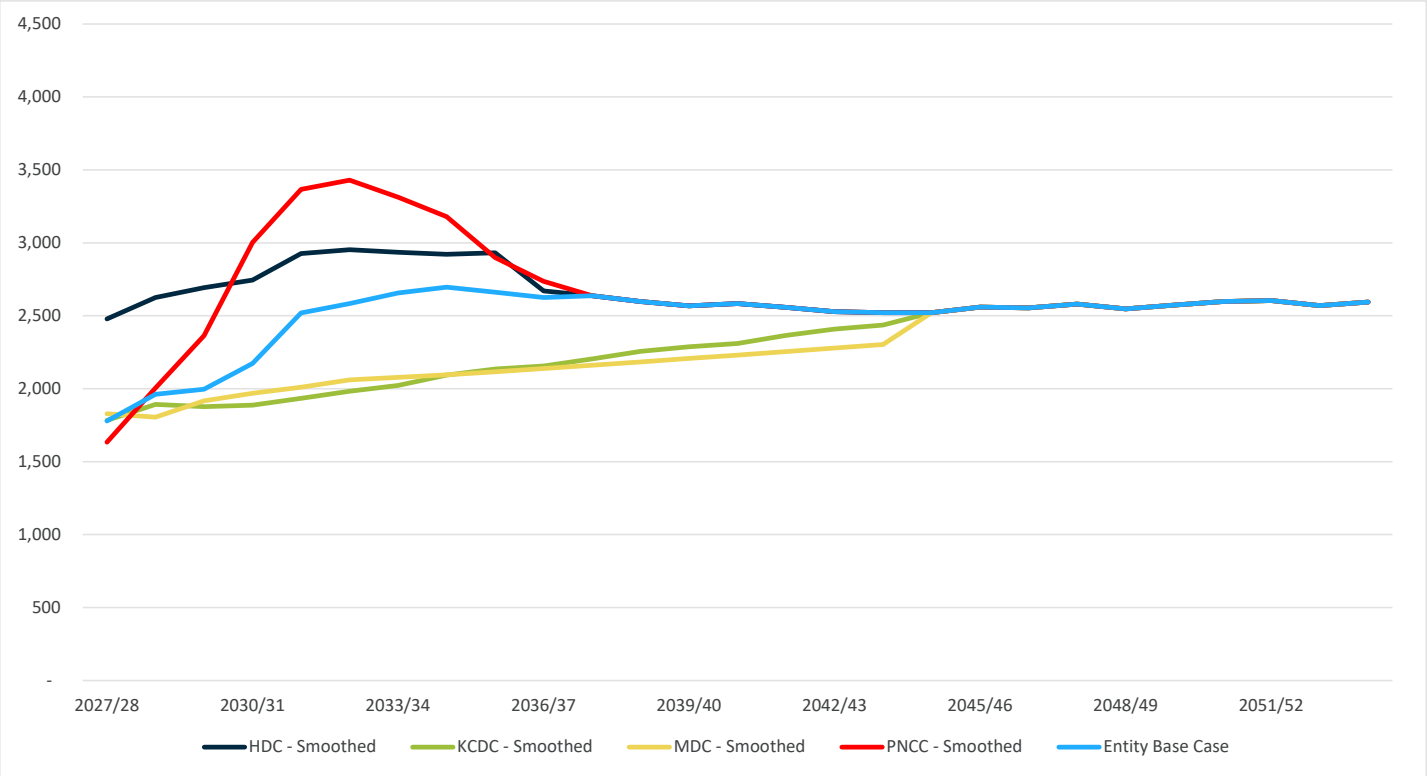


Figure 10: Smoothed price path over 30 year v base case

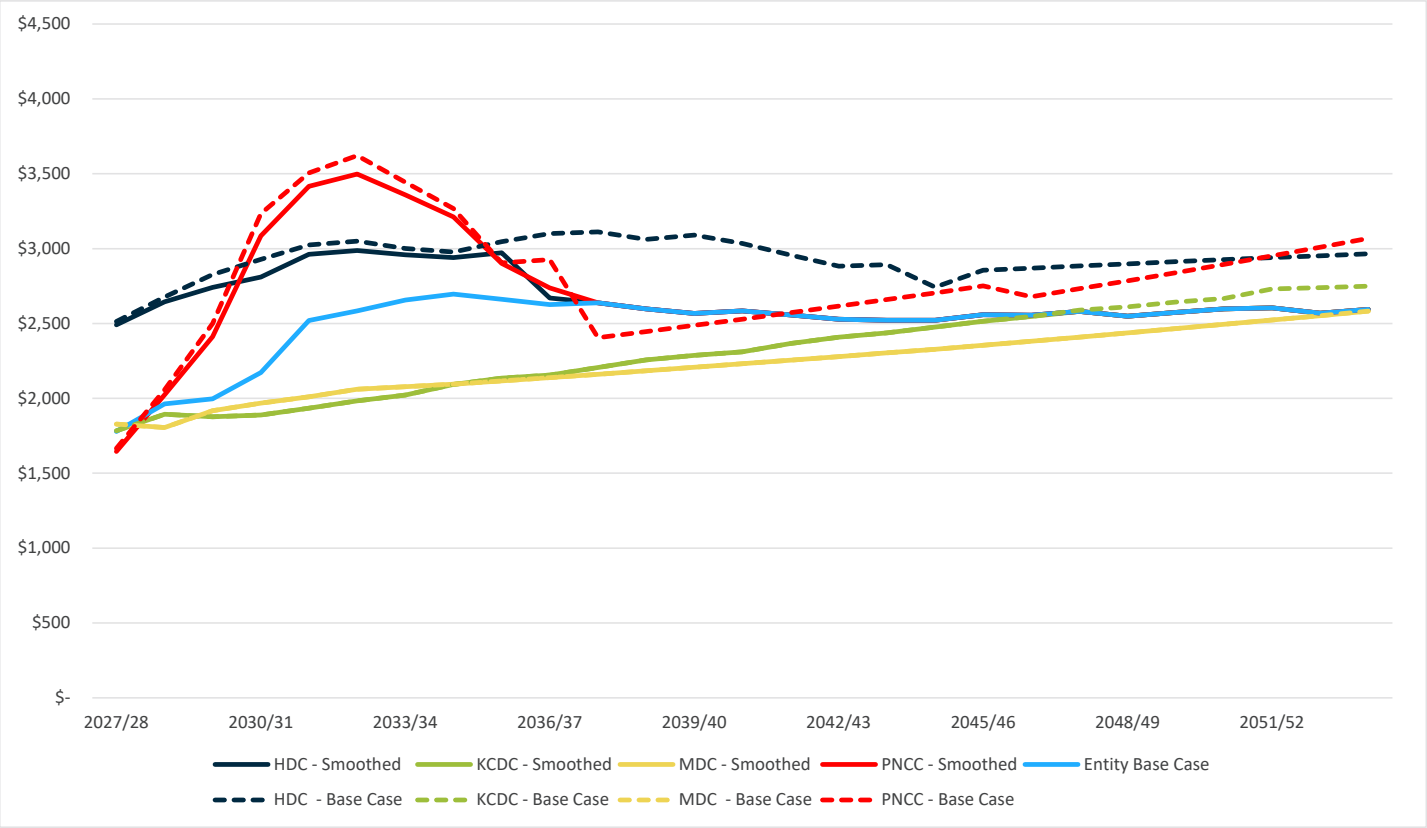
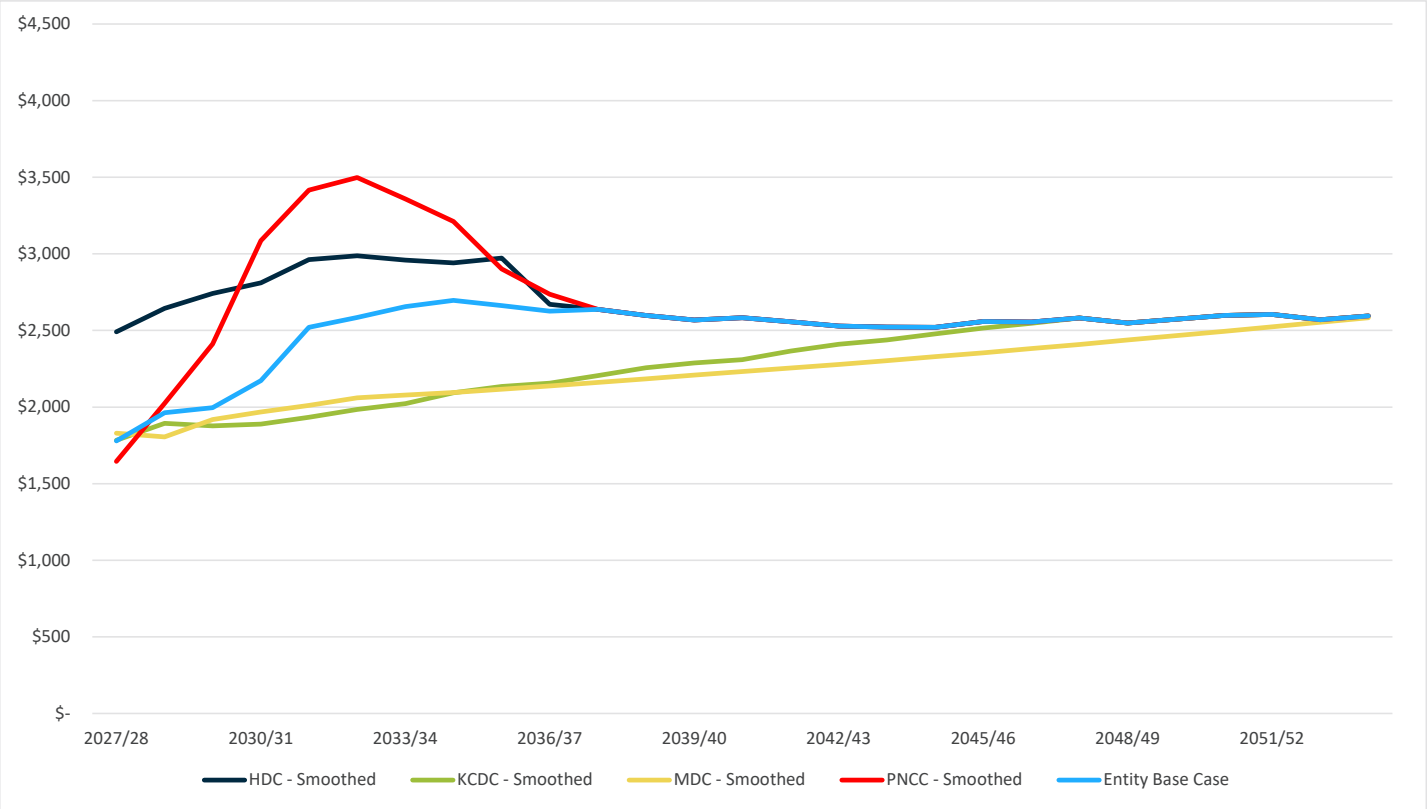


Figure 11: Smoothed price path over 30 year

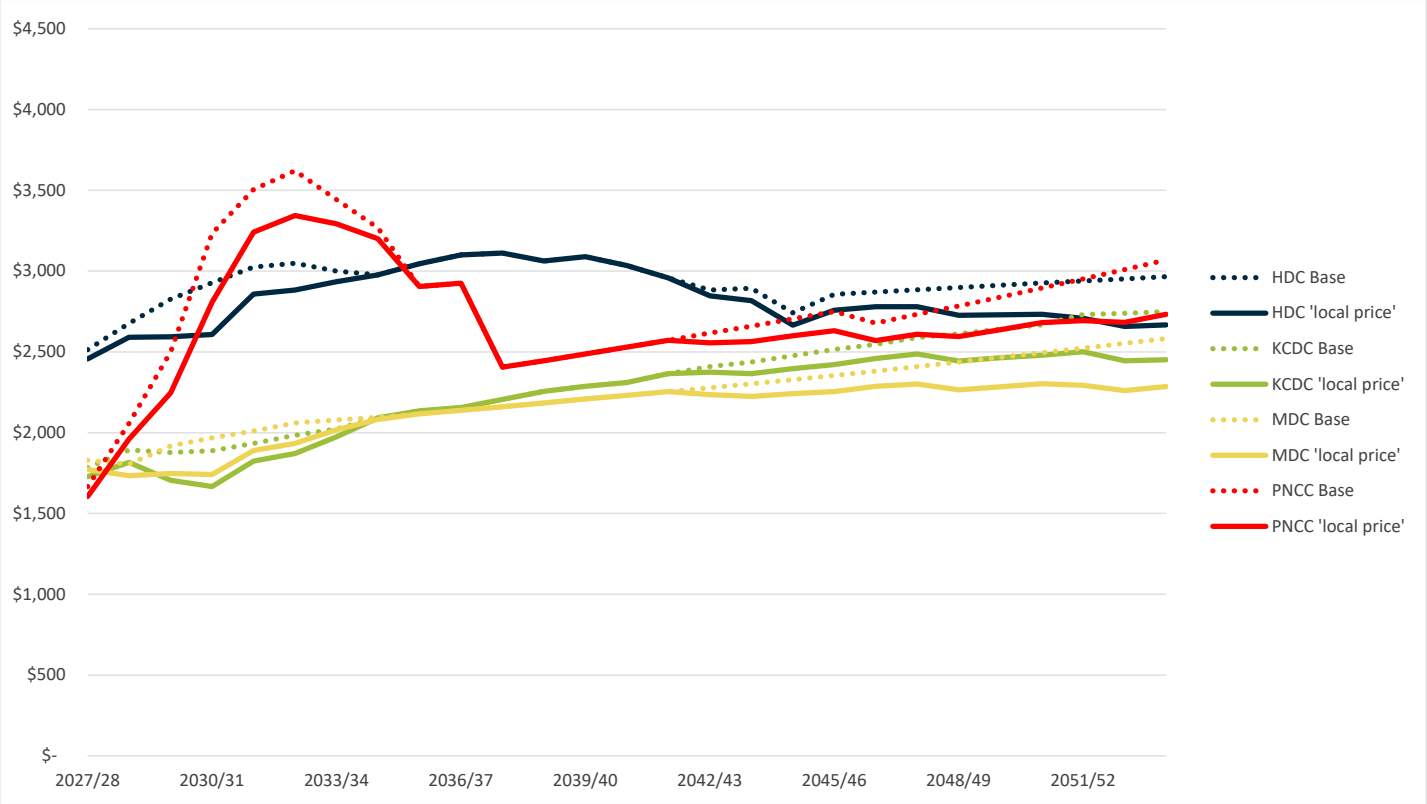


Three waters charges are never harmonised

This scenario assumes household cost are never harmonised. Like the previous scenario this chart demonstrates that over time the CCO is expected to be a lower cost model for delivery three waters services than the individual councils combined, and this regional financial benefit is shared across all council areas to achieve a lower household cost for all councils.

This scenario would add complexity to the operations of the CCO and there is significant uncertainty over whether a Water CCO could and would operate with such an approach to pricing over the long term but it does demonstrate that lower household costs for three waters can be achieved for all households. In year 10 household costs are projected to be lower in all council areas by between 2 and 4% and by year 30 that increases. Three waters household costs are lower in all council areas by between 10 – 12%.

Figure 12: Base Case v no harmonisation in perpetuity

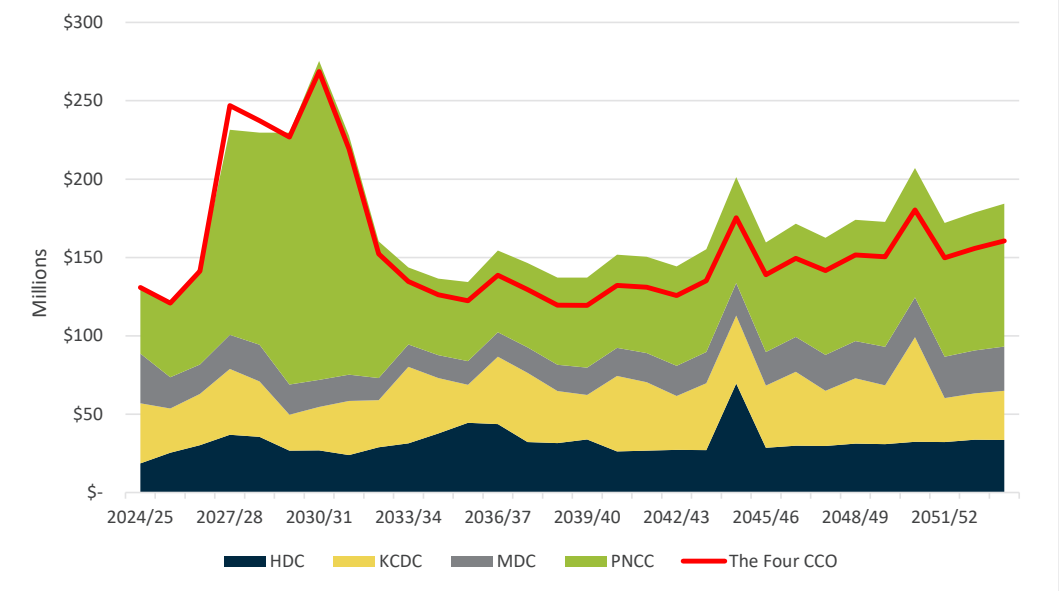


Capital expenditure

The chart below shows each councils' capital expenditure under the base case compared to the CCO. In the short term the capital expenditure is higher as a result of initial establishment costs but over time the capital efficiencies reduce the value of the programme.

The large peak of investment in the initial ten years is largely driven by the PNCC Nature Calls project.

Figure 13: Total Capex - CCO versus councils' base cases



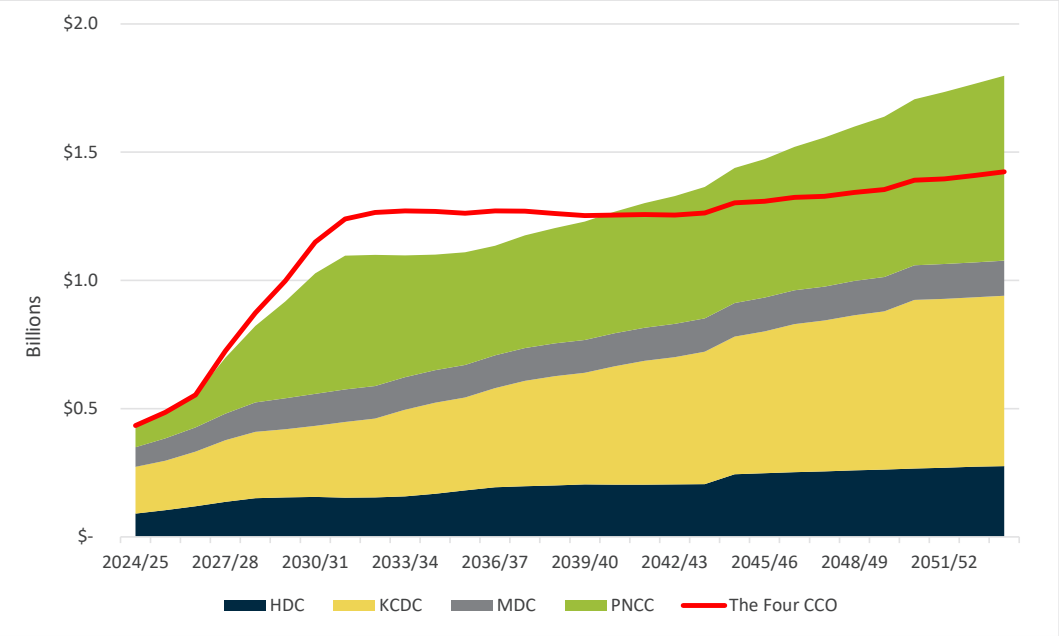
The charts shows some large peaks of expenditure for a number of councils over this period. These represent significant renewal, replacement and/or upgrade projects:

- Horowhenua District Council – Growth related upgrades to the Levin Wastewater Treatment Plant and renewals for the Shannon, Foxton and Waitarere Beach Wastewater Treatment Plants in 2044/2045.
- Kāpiti District Council – A new water storage dam in 2050 through 2052.
- Palmerston North City Council – The 'Nature Calls' project to upgrade the Palmerston North City wastewater treatment system.
- Manawatū District Council – has recently undertaken major upgrade projects so no further peaks show over this period.

Debt

The chart below shows each councils' debt under the base case compared to the CCO. In the short term the debt is higher as a result of initial establishment costs and the CCO being more highly leveraged but over time the debt under the CCO is lower as a result of both capital efficiencies and lower borrowing costs.

Figure 14: Total debt - CCO versus councils' base cases



Debt is assumed to be used to fund capital projects not otherwise funded by depreciation or development contributions as well as CCO establishment costs.

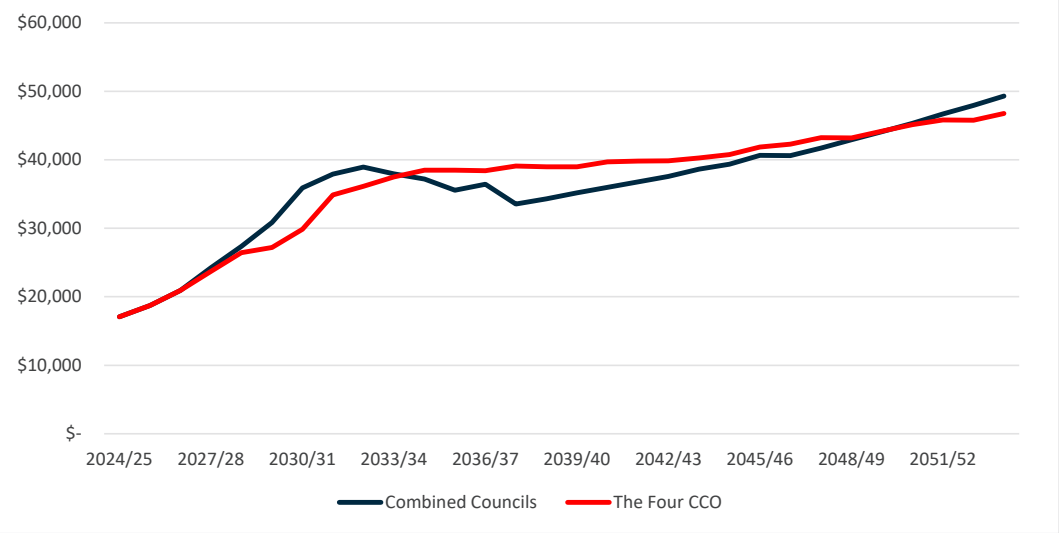
All models are based on fully funding the depreciation charge and a break even accounting surplus. Cash flow from operations (effectively depreciation) is applied first to capital expenditure requirements and secondly to debt repayment. No specific rate is levied for debt repayment. If operating cash flows are insufficient to fund capital expenditure, borrowings are increased. Debt is managed against debt to revenue or FFO ratios as relevant.

Impact on commercial customers

Morrison Low's approach focussed on the impact of residential consumers, expressing the impact through an average household cost. While commercial revenue only accounts for approximately 15% of the total revenue of the CCO, it is still important to show the likely impact on commercial users.

Commercial customers can vary significantly in size and scale and the associated cost for three waters varies accordingly. As a result we cannot simply express an average commercial charge, instead the chart below shows the impact on commercial customers by reference to the change in total revenue requirement from commercial customers over the 30 year period. This is then expressed as a likely change in % of commercial charges at the key years of year 10 and year 30. Implied in this is that the relative proportion of income from commercial customers remains similar, although any decisions like this would be made by the CCO.

Figure 15: Movement in commercial users revenue ($000)



Likely movement in commercial charges	% Movement	
	Yr1 to Yr10	Yr1 to Yr30
Combined councils	122%	189%
The Four CCO	120%	174%

Appendix One – Sensitivity testing

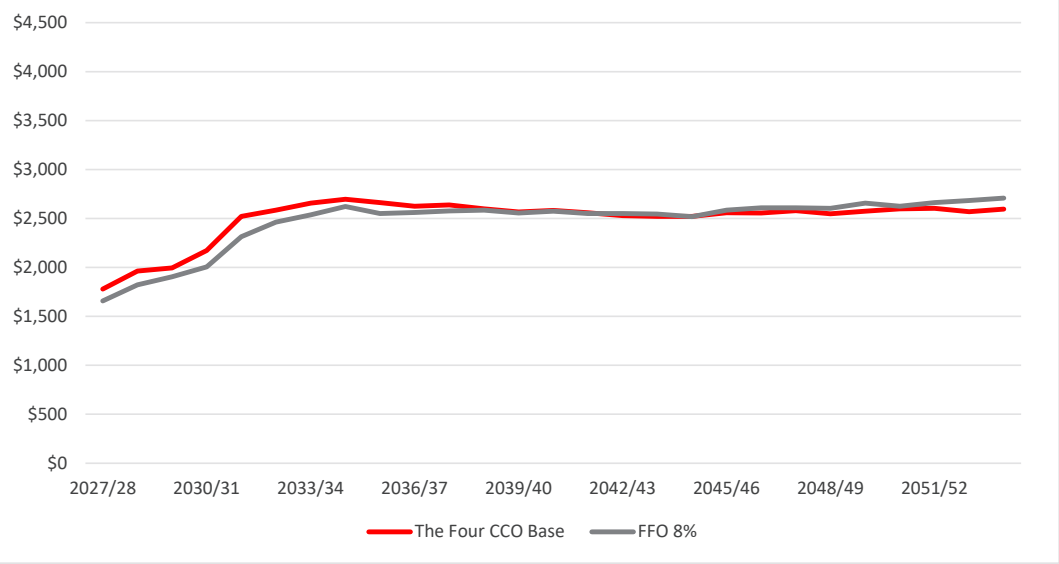
A number of scenarios have been modelled for the four council CCO to test the sensitivity to various assumptions used. These are:

- FFO to debt ratio[2] at 8 %
- Interest rate changes
- Capital investment
- Efficiencies

FFO to debt ratio at 8 %

Our base case modelling uses a conservative FFO ratio of 10%. This scenario tests the impact of using a more aggressive FFO ratio of 8% (still within the guidance as to what would be available to a combined council water CCO) on household costs.

Figure 16: Impact of changing FFO percentage on CCO base case

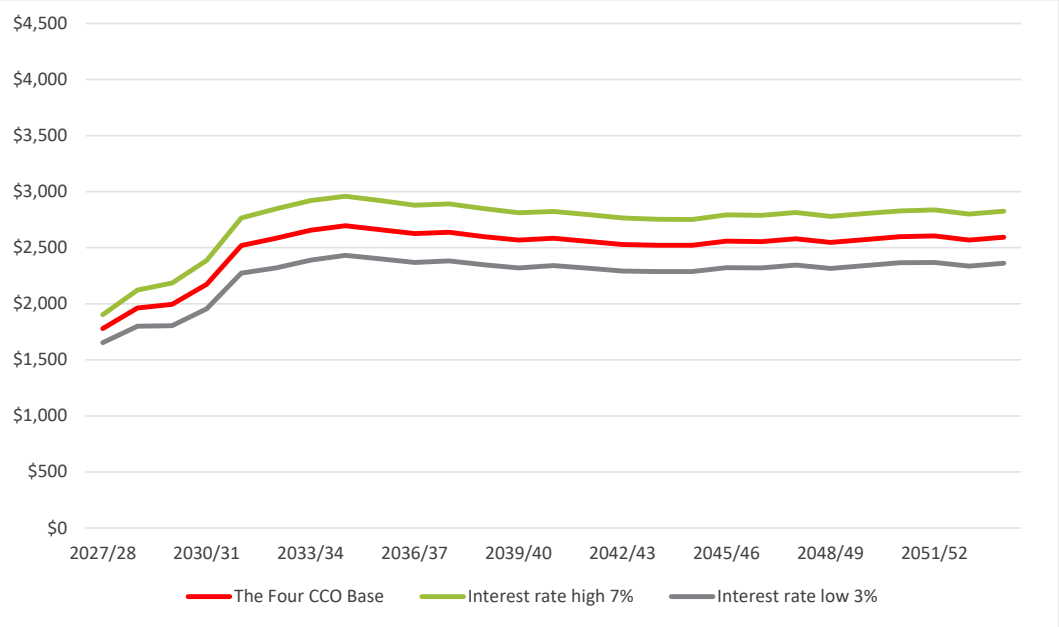


[2] 'Funds from Operations to debt' is the covenant that LGFA has indicated will apply to jointly owned council water CCOs rather than debt to revenue which has commonly been applied to all of council debt

Interest rate changes

Our base case modelling uses a long-term interest rate of 5%. Two scenarios have been modelled to test the sensitivity of higher (7%) or lower (3%) interest rates on household costs.

Figure 17: Impact of changing interest rates on CCO base case



Capital investment

Overall changes in size and scale of capital programme

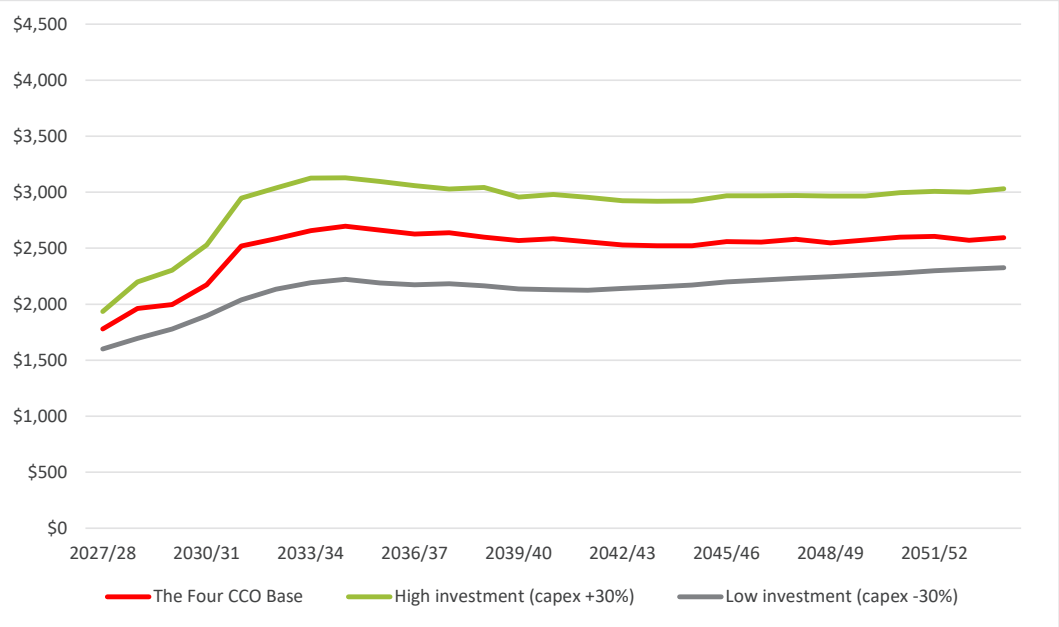
Our base case modelling uses the best available data for the council capital programmes. LTP's and Infrastructure Strategies are the base with each Council given opportunity to update and adjust to reflect changes or additional investment not factored in at the time.

Two scenarios have been modelled to test the sensitivity of higher (+30%) or lower (-30%) capital programmes.

These results show the significant impact that the capital investment programmes have on household costs.

The +30% scenario sees household costs increase by an average of 15% over the base case in the first ten years of the CCO and the -30% investment sees household costs being on average 15% less over the first ten years.

Figure 18: Impact of changing investment on CCO base case

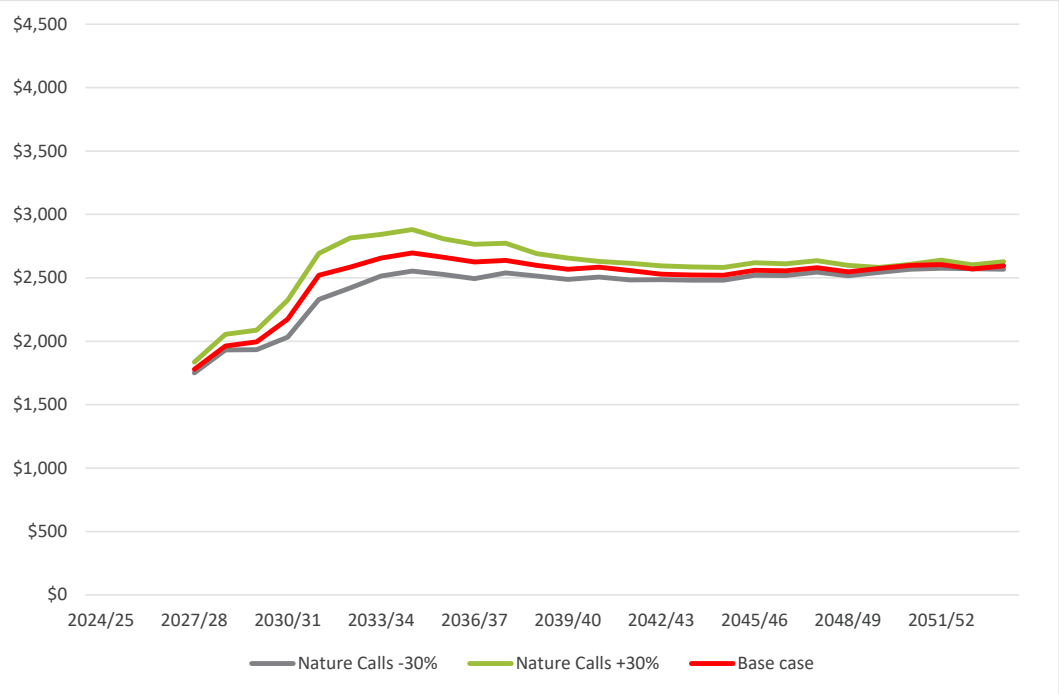


Change in size and scale of specific project

The Nature Calls project is significant. Its scale dwarfs any other projects in the individual or combined capital programmes. Two scenarios have been modelled to test the sensitivity of this one project being more expensive (+30%) or less expensive (-30%) than expected.

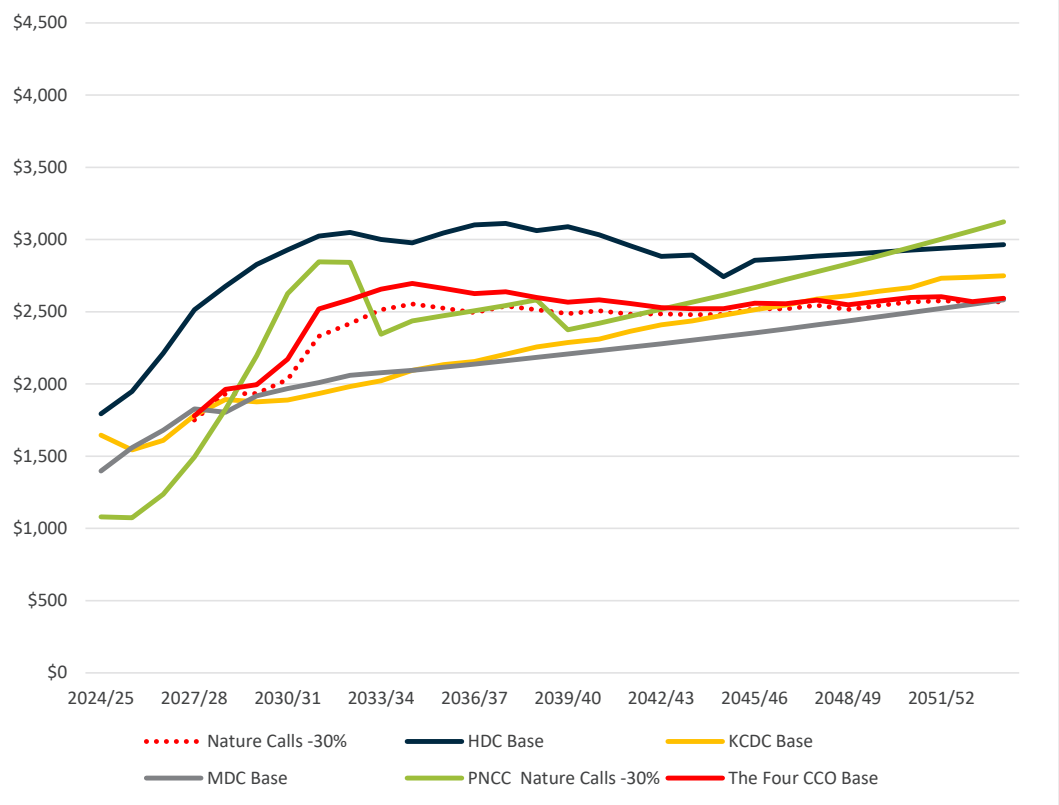
The results show how significant this single project is. The -30% scenario sees household costs reduce by an average of 5% over the first 10 years of the CCO and +30% sees costs increase by an average of 6% over the first 10 years.

Figure 19: Impact of changes in costs of Nature Calls



The -30% nature calls scenario has been compared with the councils' base cases in the Chart below including the impact on the PNCC base case of that scenario. This demonstrates the scale of the impact on PNCC as well as on the CCO.

Figure 20: Impact of Nature calls at -30% including changes in PNCC base case

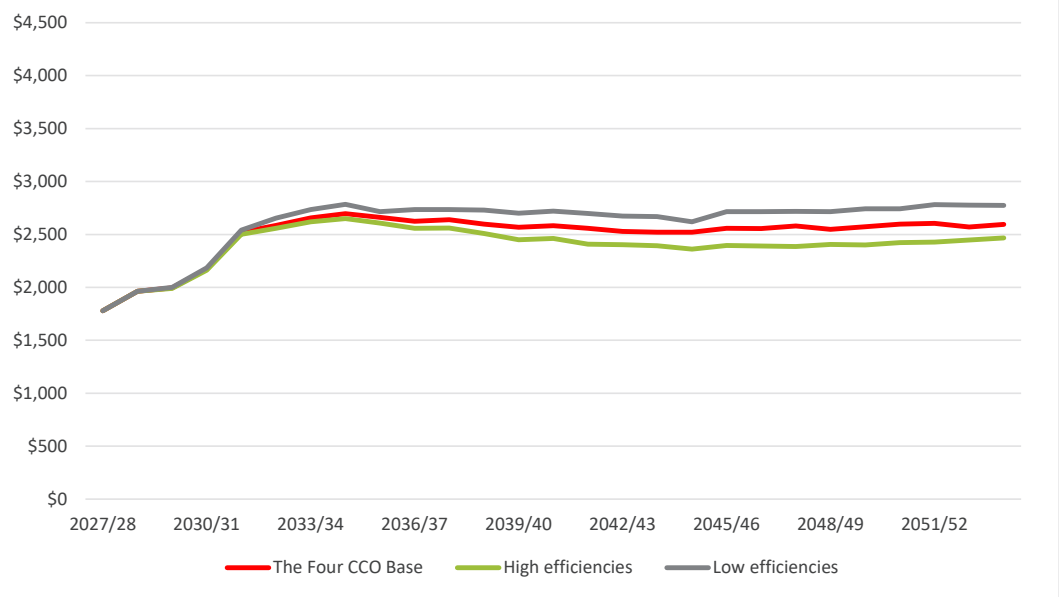


Efficiencies

Our base case modelling assumes that efficiency can be generated from the creation of four council CCO. 14% capital and 13% operational are assumed to be achieved, introduced progressively from year 3.

Two scenarios have been modelled to test the impact of achieving greater (150%) or lesser (50%) efficiencies on household costs.

Figure 21: Impact of cost efficiencies on CCO base case



Appendix Two – Modelling assumptions

Assumptions applied to 'Base Case' scenarios

In order to enable a like for like comparison between regional delivery options and the existing delivery model, we have made adjustments to financial and capital investment programmes provided by each council as the 'status quo'. These adjustments ensure that differences between regional delivery models are not purely the result of a different approach to managing revenue, debt and expenditure, or differences to underlying assumptions across the individual models.

It is also important to note that this also means that the comparator scenarios presented in our modelling may not mirror an individual councils' current long term plan projections and some changes in household costs may be solely the result of the changes we have made to standardise the models.

We have endeavoured to ensure that our approach aligns with the requirements of a water services delivery plan. This means that some councils may wish to use the comparator case from this modelling as a starting point for a water services delivery plan (WSDP) for in-house delivery. This is however a "best endeavours" approach, and councils may further refine capital programmes before preparing their WSDP.

Where councils are undertaking detailed asset and investment planning work this should then be used to inform their WSDP.

To assist councils in understanding the alignment of our comparator case with their own WSDP or LTP work, we have outlined the key adjustments and changes we have made below.

Operating expenditure

Our modelling of the comparator case scenarios for operating expenditure predominantly relies on each council's own operating budgets, as provided through our information request. Adjustments have been made to:

- Reverse the impact of any internal transfers or overhead activities that occur between water, wastewater and stormwater activities. We have retained overhead allocations from other council activities to/from each of the waters activities.
- Recalculate interest costs based on any amendments made to the capital works programme (refer below) and any additional revenue generated in order to stay within borrowing limits.
- Recalculate interest rates using a common interest rate across all councils. The rate used will be the weighted average interest rate across the councils currently. We have applied an interest rate of 5% in our modelling. Interest is calculated off the previous year's closing balance, meaning the effective interest rate is slightly lower than this when current year movements are considered.
- Recalculate depreciation based on any amendments made to the capital works programme. The depreciation rate applied to the recalculation is based on each council's average depreciation rate. Depreciation rates are set at 1.48% for water supply, 1.62% for wastewater, and 1.32% for stormwater.
- Assets are revalued at 2% per annum and depreciation recalculated based off revalued asset base (including additions).
- Inflation is modelled at 2% per annum for years 11 – 30.

Capital expenditure

Our modelling of the base case scenarios for capital expenditure focuses on ensuring that each council's comparator case is able to meet the requirements of a water services delivery plan, being:

- The requirement to meet all relevant regulatory quality standards for its water services.
- The requirement to meet all drinking water quality standards.
- Supports the territorial authority's housing growth and urban development, as specified in the territorial authority's long-term plan.
- The need to demonstrate financial sustainability through:
  - generating sufficient revenue to ensure long term investment in delivering water services.
  - being financially able to meet all regulatory standards and requirements for the delivery of water services.

All Councils have reviewed the capital programmes and made adjustments from the initial LTP and Infrastructure Strategy programmes.

Renewals

Water Services Delivery Plan templates indicate some of the key measures that DIA expect to be reported in relation to these tests, and therefore what may be expected by the Department. In particular:

- The need to report on combined capital expenditure versus depreciation, indicating a desire from the Department for capex to exceed depreciation. We don't anticipate this being an issue for any councils over the ten year period.
- The need to report on an "asset sustainability index" which compares renewals expenditure with depreciation, and notably, where renewals expenditure is not equal to depreciation, why that approach is appropriate.
- The need to report on an asset consumption ratio, and note why that ratio may deteriorate over time (if it does). This is unlikely to be a problem for councils that are spending more than their depreciation on capital investment each year. This ratio again is intended to ensure their adequacy of a renewals programme.

All Councils have reviewed the renewal programmes and confirmed them as appropriate.

No other changes have been made to renewals programmes in our base case other than changes applied through sensitivity testing.

Upgrades

Councils are also required to demonstrate and assert that their WSDPs contain sufficient investment to meet regulatory requirements and respond to growth.

For all Councils our approach to reviewing this and making revisions to the status quo was to check with each council that:

- Investment is provided for any drinking water treatment plants that are not currently compliant with Drinking water standards. We did not identify any significant missing expenditure through this process.

- Investment is provided for any wastewater treatment plants that have consents expiring during the period. We did not identify any significant missing expenditure through this process.
- Any upgrade projects that have been deferred beyond the 10 year LTP period. Where these are identified, we will confirm whether these should be moved back into the 10 year planning period.
- In the case of KCDC additional upgrades were identified through a capex workshop that also identified additional opex that was added into the modelling.

Growth

For all Councils:

- We sought confirmation that the growth investment proposed in the LTP responds to the WSDP requirements, and for any significant projects to be identified if they are not already identified in AMPs/LTPs.
- We have not included any sensitivity testing on increased/decreased growth rates, however our model does allow for this to be completed if needed. In our model, sensitivity testing of growth assumes planned capex scales proportionally to the change in the number of new properties being connected.
- Scaling is applied to original growth capital expenditure forecasts at the same rate as the uplift or decrease in connections on an annual basis. The cumulative impact of this is that if sensitivity testing results in 20% more properties over 10 years, the total capital expenditure will have been increased by 10%.
- It is recognised that growth projects do not neatly scale in real life. The scaling recognises that there is likely to be some uplift, or advancement of timing, and that, at the least, increased or decreased rates of growth impact the capacity life of infrastructure.

Revenue

Water Services Delivery Plan templates indicate some of the key measures that DIA expect to be reported in relation to these tests, and therefore what may be expected by the Department. In particular:

- A chart demonstrating projected revenue versus projected costs including depreciation, and net operating surplus or loss. We anticipate that DIA are expecting revenue to at least equal total expenditure including depreciation based on the examples provided.
- An operating surplus ratio. DIA guidance notes that “Where this ratio percentage is negative, this represents the percentage increase required for revenues to cover costs”. Costs in this ratio include depreciation.

Based on these questions, and additional commentary within the WSDP templates, we intend to model status quo arrangements to be fully funding depreciation from the 2028 financial year onwards. Councils that are not currently fully funding depreciation will be modelled to move to a fully funded scenario evenly over the remaining years.

In addition, from 2028 and beyond:

- Revenue has been modelled to “break even” before accounting for development contributions, vested assets and grants and subsidies.

- Additional revenue has been calculated to ensure that the council remains in borrowing limits. This revenue line is recovered through water/wastewater/stormwater charges and is calculated to be no more than the amount needed to remain within agreed debt caps.
- The additional debt repayment/control revenue is modelled to ensure that debt caps are not breached over the life of the modelling period, however the additional revenue is modelled over the entire modelling period, meaning revenue is collected in anticipation of debt otherwise exceeding limits. This will impact price paths, where councils may have otherwise deferred increases in revenue to a later year than our modelling. Our modelling smooths the impact of this increase.
- Development contribution revenue has been modelled to scale proportionally with changes in growth capital expenditure. Scaling is completed annually.

Debt and borrowing costs

Revisions to capital works programmes, revenue, and expenditure all impact the amount of debt required by councils to fund their three waters activity. Our modelling recalculates three waters debt under the base case scenarios to ensure comparability with regional delivery models.

To calculate debt, we have:

- Assumed each councils' starting debt position is correct.
- Identified the cash surplus available from operations, development contribution receipts, and capital and operating subsidies.
- Subtracted the cost of capital works from the cash surplus.
- Identified ongoing working capital requirements and any shortfalls in cash balances to meet those requirements.
- Where this value is negative, we have increased borrowings to fund the difference.
- Where this value is positive, we have modelled a debt repayment.

We have not assumed any "regular" debt repayments under a table loan facility. Council's typically borrow through bond issues that are repaid on maturity date. Our modelling effectively assumes that these bonds are renewed if needed. Our modelling also assumes that in any given year there will be sufficient bonds expiring that council will have the opportunity to repay debt if it holds surplus cash.

Assumptions applied to base data

We've also made the following minor additional assumptions to base data provided by Councils. These adjustments impact projections in the "status quo" modelling.

- The percentage of water, wastewater and stormwater revenue received from residential customers is assumed to be consistent with the percentage split across these activities as provided to WICS in their RFI of 2021.
- Where specific projections of the number of connections has not been provided, we've assumed connection growth continues at the rate of growth in rateable units.
- We've assumed the proportion of residential to non-residential customers is consistent with WICS RFI where detailed breakdown of these projections has not been provided.
- In all models, we have assumed that council revenue and debt relating to non-three waters activities is unchanged under all investment scenarios. That is, even where three waters investment, charges,

or debt increase, we have assumed that there is no consequential or offsetting reduction in the corresponding expenditure/charge for non-three waters activities.

- In 30 years modelling, we have relied on capital programmes from infrastructure strategies or long term capital works plans provided to us by participating councils as the initial base. Each Council has reviewed and adjusted those based on changes since those estimates were made or confirmed them as still valid. In the case of HDC the 30 year projections showed a considerable drop off in investment beyond year 10. Years 11 – 20 contain a total investment of 20% less than the first 10, and years 21 -30 represented a further 30% drop. To mitigate this we have modelled HDC annual capital investment over yeas 11 – 30 based on the mid-point between the original projections (low) and the average annual investment over years 1 – 10 (high).
- Corporate costs, as provided, have been retained in the base case. Some of these costs may represent "stranded overhead" in individual councils, however we note that the amount of cost allocated varies greatly across councils, and assessment of the amount of stranded overhead in each council would not be possible without a detailed assessment of the cost allocation and apportionment approaches used by each council.

Harmonisation over time

Under the scenarios where harmonisation occurs over time the following approach has been used

- **Period where household charges are not harmonised**: Costs are initially apportioned to each council area in proportion to their share of the total revenue on Day 1 of the CCO, that amount is then apportioned across the number of connections in that Council area.
- **Period where all household charges are harmonised**: Costs are apportioned based on the number of connections across the entire region.
- **Transitional period:** Transition between the two different approaches as shown in the graphic below.

Before Harmonisation	Year 1 of harmonisation	Year 2 of harmonisation	Year 3 of harmonisation	After harmonisation
No charges harmonised	1/3 of charges harmonised	1/3 of charges harmonised	1/3 of charges harmonised	All charges harmonised
	2/3 of charges not harmonised	2/3 of charges harmonised	2/3 of charges harmonised	
	2/3 of charges not harmonised	1/3 of charges not harmonised	3/3 of charges not harmonised	

CCO assumptions

To create the CCO options we have modelled transitional and organisational costs based on a ground up approach. The full details of costs included in our model are outlined below.

Operating and capital efficiencies

Efficiencies have been modelled using the efficiency data produced by the Water Industry Commission of Scotland (WICS) for the Department of Internal Affairs (DIA) as a base case, noting the following adjustments:

- The total achievable efficiency identified by WICS were scaled back by 75% and this was compared to our bottom-up estimates of potential efficiencies for multiple council CCOs. These two approaches produced similar outcomes. Using that, Morrison Low then developed a population based scale for efficiencies using the logarithmic scale of connections approach of WICs, but not based on their estimated efficiencies. This allows for cost effective and efficient estimates for indicative modelling such as that used in this report[3].
  - KCDC, HDC, MDC & PNCC CCO: 14% capital and 13% operating efficiencies.
- We've assumed that these efficiencies are achievable over a 10 year period, commencing two years after the establishment of the entity.
- Efficiencies are assumed to arise from:
  - Ability to employ specialists that are otherwise contracted out at an individual level
  - Limited opportunities to combine networks
  - Spend to save investment due to increased borrowing capacity and improved asset management focus
  - Bundled procurement and panel arrangements. We have examples of where this approach has resulted in significant reduction of costs
  - Decreased competition for resources between councils
  - Increased market attractiveness
  - Reduction of duplicated systems, processes and roles
  - Streamlined investment decision making due to dedicated focus on three waters services
- Efficiencies are less than the rate of inflation. Inflation (2%) is applied to all costs before any efficiencies are applied in the modelling. Efficiencies are applied at a compounding 1.21 capex and 1.28 opex until they reach 14% and 13% respectively.
- Sensitivity testing has been undertaken with 50% and 150% of the expected efficiencies being able to be realised.

Borrowing

The Government and the Local Government Funding Agency (LGFA) jointly announced that water entities would be able to borrow up to a 500% debt to revenue ratio. The fine print of that announcement noted that entities will actually be measured based on an FFO to debt ratio, with the intention that lending covenants would be set at such a level that the entity could maintain an "investor grade" credit rating.

[3] These are rounded in the description below

Our modelling adopts the Moody's credit rating approach, with non-financial components being set based on Moody's assessment of water entities in the United Kingdom, and based on their published guidance.

The result of the credit rating approach is that it is likely that the CCOs considered would be able to maintain an investment grade credit rating with an FFO to debt ratio of 10% or higher. Our modelling assumes a 10% minimum threshold and includes additional modelled revenue, where necessary, to support that.

Sensitivity testing has been undertaken using an 8% ratio as well.

Costs of change

Corporate overhead from each council has been replaced with costs for the CCO, and transition costs have been included as set out in the tables that follow:

- Transitional costs to establish the CCO (assumed to be borne by the CCO).
- Increased compliance costs associated with regulatory reforms (recognising the role and requirements to report to both a service and economic regulator) has been applied to base cases and any options modelled.
- Any change is assumed for modelling purposes to take place on 1 July 2026/7.
- Costs have been indexed using BERL inflation rates for water services through 2034, and 2% per annum thereafter.

Transitional costs to establish a CCO

Item	Value ($000)	Rationale
Transition team	$ 2,325	Develop initial transition plan, implement & resource it. Transition lead, 6 workstream leads (7 x $150K, plus $500K of resources). Full time for one year, part time for one year.
New entity set up	$ 785	Established and resourced. Set up shell CCO with CEO, Tier 2 and Board appointed six months ahead of operations (CEO remuneration based on Tier 2 of Wellington Water, Directors at 70% of that x 6 months), plus Board (5 Dir, Ave of WWL and Watercare $40K pa, Chair gets double x 6 months).
Business process	$ 500	Transformation costs for merging staff from several organisations together and designing a new operating model with associated structure.
Comms and engagement	$ 500	Additional engagement with stakeholders throughout process.
Rebrand	$ 200	New logo and brand creation in different formats.
Restructuring costs	$ 650	Assume existing three waters staff and support roles to be similar enough to transfer to new organisation, allow for some restructuring costs as some staff may choose not to transfer. 10% of existing staff at avg $100K at 6 months.
Finance & funding	$ 500	Establish new entity financial structure, balance sheet, debt arrangements, charging and pricing etc.
Legal & compliance	$ 500	Transfer of all titles, duties, rights & obligations.
ICT systems, process & data migration	$ 7,000	Consolidation of the multiple systems will be required. CCOs will be required or will choose to purchase their own corporate (GL, billing, payroll etc), asset management, CRM and customer service. Process redesign and data migration. Estimate uses the average of two NZ Council ERP implementation processes - differences in scale, complexity of system but offset by complexity in multiple councils. 50% of costs incurred in set up, rest in year 1.
Office set up	$ 1,230	Floor area based on 15m2 per staff member x state service guide fitout allowance of $600 per m^2.
Total	**$ 14,190**	

Additional ongoing CCO Costs

Item	Value ($000)	Rationale
Governance	$ 180	Five Directors including Chair. Director fees based on avg of WWL and Watercare $40K pa, Chair gets double.
Stakeholder governance	$ 300	Costs of supporting shareholder Councils & Māori to develop and implement accountability framework.
Executive team costs	$ 1,350	CEO & Four Directors – CEO remuneration based on Tier 2 of Wellington Water, Directors at 70% of that.
IT infrastructure & systems	$ 7,773	Uses Watercare IT budget as the basis and scaled based on population served.
Auditor costs	$ 200	Additional costs for audit.
Council rates	$ 1,521	The cost of paying rates to councils for water assets located on council land.
Additional resources	$ 1,536	Additional staff to create support structure. Includes HR, IT, Finance, health and safety and customer service + operational staff where required. Based on 12% of additional roles created in the organisational structure developed for Hawke's Bay Water CCO x $100K per additional staff member.
Accommodation - office rent	$ 645	15m^2 per staff member based on reviewing average office rental in Provincial centres ($250m^2) used. Allowance for all staff to have office space provides for costs of multiple locations.
Office overheads	$ 65	10% of office Accommodation cost for insurance, electricity etc.
Regulatory compliance	$ 1,711	Budget of Taumata Arowai ($19M) doubled to represent economic regulation to represent levies (apportioned by population served) and includes a further allowance for additional internal costs for meeting compliance reporting. [Exists in comparator case as well]
Total costs	**$ 15,281**	

Sensitivity to key assumptions

The table below sets out some of the key assumptions contained in our modelling, and highlights the risk of the assumption being incorrect and its likely impact.

Assumption	Risk	Likely impact
Capital investment included within long term plans and infrastructure strategies is sufficient to meet future regulatory standards.	**Medium - High** All Council programmes have been reviewed and updated. Future standards are unknown.	**High** High and Low capex scenarios have been modelled as part of sensitivity testing.
Disposal of treated wastewater to land will not be required and that costs savings are available as a result. That small schemes will be able to generate cost savings due to standardised design.	**Medium** Government information releases strongly indicate that requirement to dispose of treated wastewater to land will be relaxed. Costs savings of some scale should be available.	**Moderate** Any changes would be consistent across all scenarios. High and Low capex scenarios have been modelled as part of sensitivity testing.
Depreciation rates used in modelling are accurate and reflective of true economic depreciation.	**Low** Depreciation rates are based on weighted average rates across the combined regions, reducing the impact of any one council having rates that are too high or low.	**Minor** Any changes to depreciation rates would be consistent across all scenarios and would be reflected in changing debt profiles and funding requirements.
Interest rates used in modelling are accurate and reflective of likely future borrowing costs.	**Moderate** Interest rates are difficult to predict and are based on a range of external economic circumstances.	**Minor** High and Low interest rate scenarios have been modelled as part of sensitivity testing.
Operating and capital efficiencies included in our modelling can be achieved.	**Moderate** The extent to which any CCO is able to achieve efficiencies will only be known in the event that it is established.	**Minor** Efficiencies contained in modelling are modest compared to those suggested by analysis undertaken for the Department of Internal Affairs by the Water Industry Commission of Scotland. High and Low efficiency scenarios have been modelled as part of sensitivity testing.
Establishment and operating costs for a CCO are reflective of likely true costs.	**Moderate** Establishment and ongoing costs have been re-estimated using a ground up approach and benchmarking with established entities and establishment processes, reducing these from earlier reports.	**Minor** Further refinement of costs and sensitivity testing can be undertaken once options are narrowed down.

Assumption	Risk	Likely impact
A CCO will be able to leverage debt up to an FFO ratio of 10% or higher.	**Low** The 10% FFO ratio used has been determined based on a review of Moody's credit rating matrix for water services utilities. The ratio is more conservative than ratios actually applied by international water utilities in many jurisdictions.	**Major** If a CCO is unable to borrow to the extent included in our modelling then charges will need to be substantially higher and its overall viability would likely be undermined. An 8% FFO scenario has been modelled as part of sensitivity testing.

Approach to Smoothing the Harmonisation Path

Step one

Base case price path = Council IBU

CCO price path = The Four, base case

Harmonised Price Path = start at Year 7, take 3 years

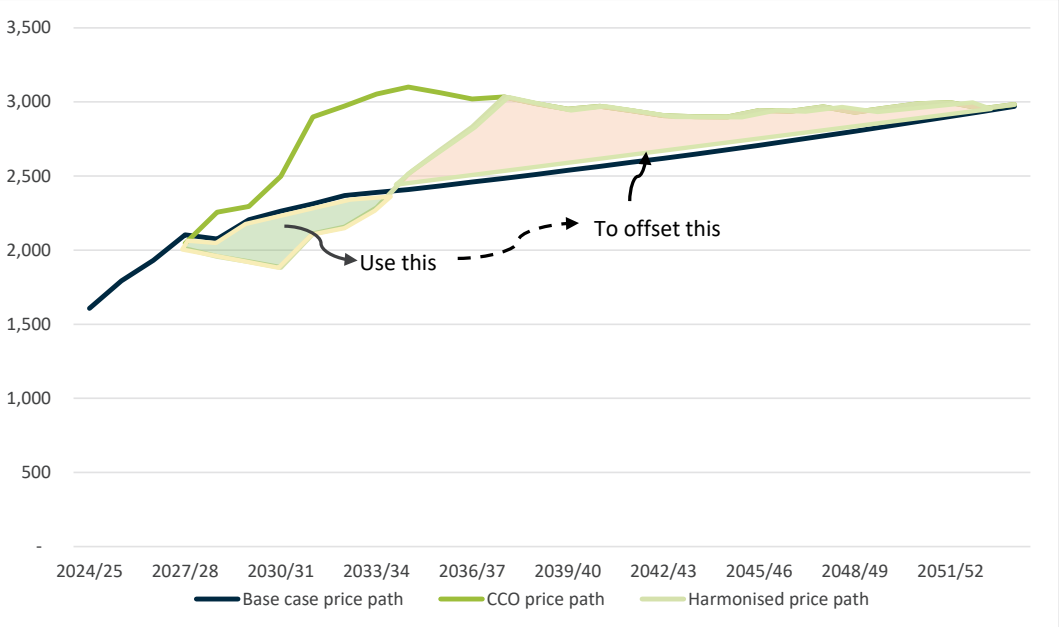
Benefits = the period of time when the Harmonised Price Path is less than the Base Case Price Path

Costs = the period of time when the Harmonised Price Path is higher than the Base Case Price Path

Approach is to use the value of the benefits to offset the costs for each council individually by smoothing the price path:

- Quantify the respective values of the area on the chart both above and below the Base Case price path and Harmonised Price Path for MDC and KCDC (PNCC and HDC do not experience years with costs).
- Smooth the Harmonised price path so that the line mirrors the base case.
- Use the early benefits to offset the later costs until Base Case Price Path and CCO Price Path intersect.
- If there is no intersection point, move to step 2.

Figure 22: Illustrative example of Step 1 of smoothing the price path



Step two

Contributor = Where a Base Case household cost is less than the CCO Household Cost

Beneficiary = Where a Base Case household cost is greater than the CCO Household Cost

Smooth CCO Price Path = Modified Price Path for the CCO with different Household Cost for each Council, smoothed and intersecting at a Regional Cost at some point

Approach is to net off the value of Contributors and Beneficiaries where that is necessary so that each Council's household cost under the CCO is no more than the Base Case Price Path:

- Quantify the respective value of Contributors and Beneficiaries over time.
- Offset Contributors with Beneficiaries so that the CCO Price Path line mirrors the base case.
- When Beneficiaries offset contributors over time, seek every council better scenario.

The chart below demonstrates that generally, and over time the CCO is a lower cost model for three waters delivery services than the individual councils combined. Initially there is an impact from financing efficiency that reduces the revenue required to support the combined debt. Operationally the CCO becomes more efficient over time and is more efficient at delivering capital. Over 30 years this is estimated at a total of $330M. It is this regional financial benefit that is shared across all council areas to the point of harmonisation.

Figure 23: Comparison of revenue requirements CCO v combined Councils

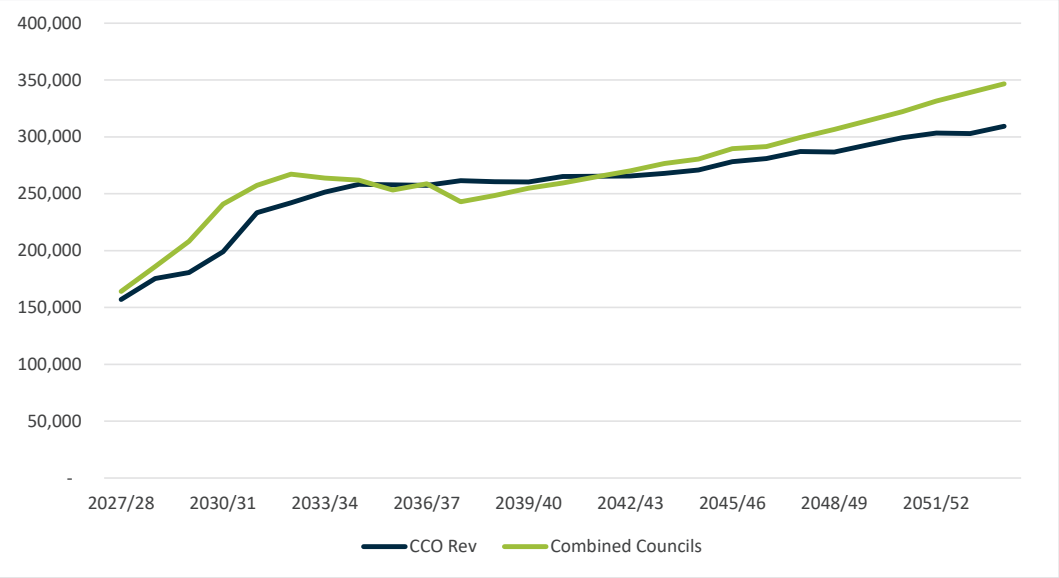
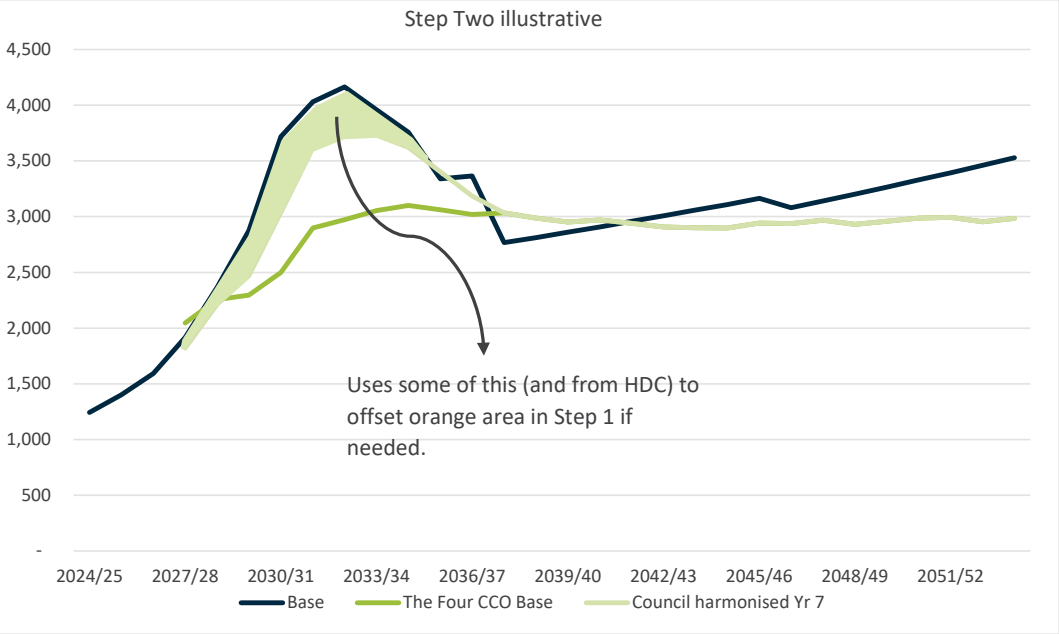


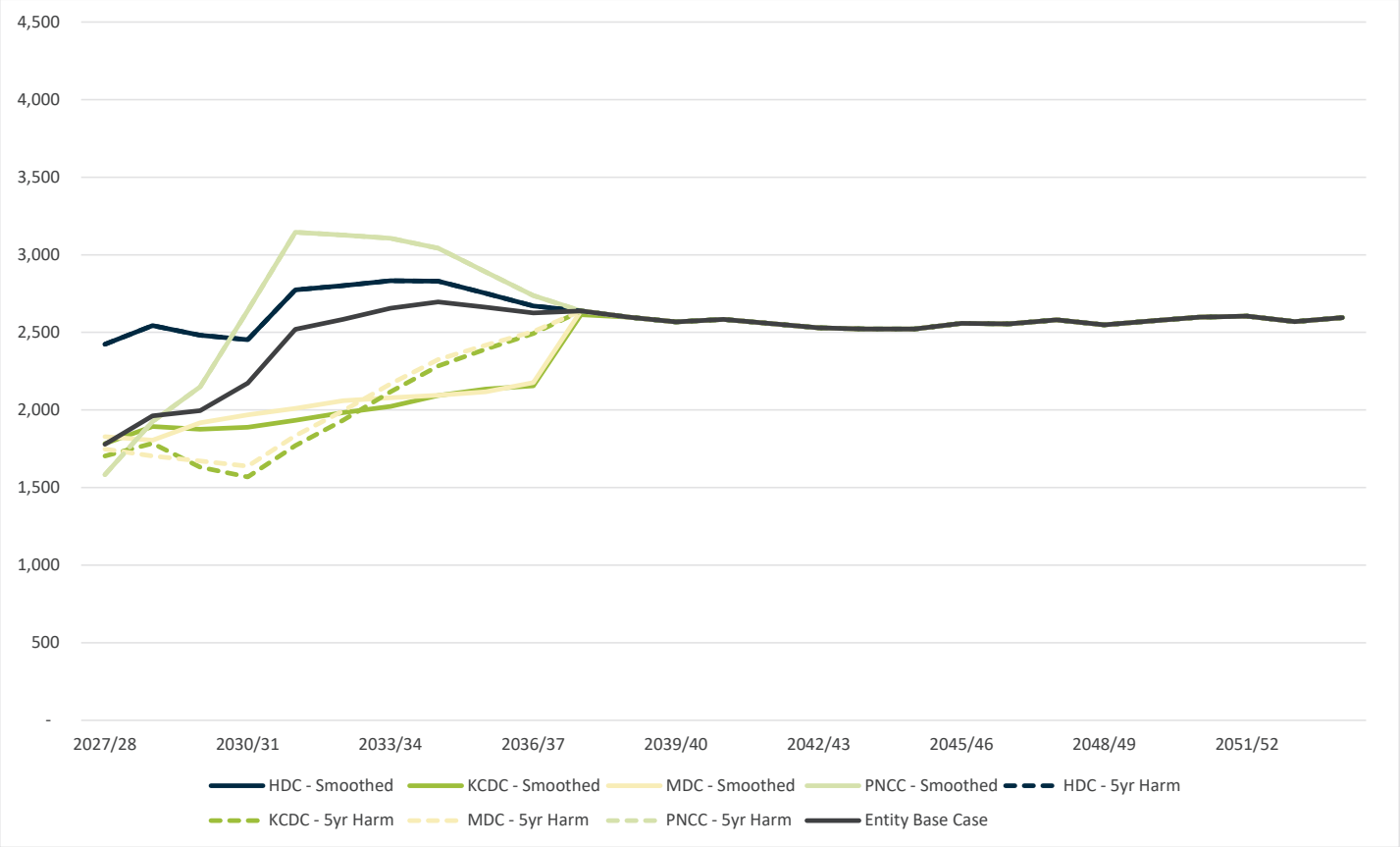
Figure 24: Illustrative example of Step 2 of smoothing the harmonisation path (PNCC)



The following chart shows how step one would function for the four councils. As anticipated it shows that not all councils 'can pay no more' if only the savings accumulated by that council area are used to offset additional costs.

As a result the smoothing requires the financial benefits from the creation of the CCO to achieve the desired outcome of 'no group of customers paying more' than they otherwise would. That is step two described above under smoothing.

Figure 25: Household charges smoothing using own accumulated savings only



Appendix Three – Comparison of modelling approach with DIA

Comparison of the approach used between Morrison Low and Department of Internal Affairs.

The following table compares key aspects of the modelling undertaken by Morrison Low and the Department of Internal Affairs for the four councils. It is intended to be an objective comparison and not a critique. Both provide useful information for the Councils but the extent of the differences in what they are intended to show, the approach used and what they represent means the results are not directly comparable but nor should they be read as being inconsistent with each other.

Aspect of Model	Morrison Low	Department of Internal Affairs	Impact of Difference	Materiality
Timeframe	30 Years	10 Years	ML model uses 30 years as there is often investment beyond the LTP period that should be considered.	Minor - Moderate
Base Data	LTPs as adjusted by each Council & infrastructure strategies	Council LTPs	ML model includes additional capital investment for all Councils over both the initial 10 year period and years 11 – 30. For example additional investment for Councils is: Council / LTP period / Years 11 - 30 HDC / $0 / $147M KCDC / $27M / $0 MDC / $11M / $0 PNCC / $41M / $0	Major - Significant
Approach to debt in the base case IBU option	250% of total Council debt/revenue	FFO ring fenced for three waters – variable	As most of the borrowing for Councils is in three waters, ring fencing the debt like this will increase the revenue required to support existing and projected debt and therefore costs to consumers. This approach makes the IBU option more comparable to the individual Council CCO. The current advice from LGFA is that under the IBU option Councils will continue to be able to borrow as a consolidated Council using current borrowing covenants based on total council debt/revenue.	Significant
Approach to debt in the CCO Options	FFO ring fenced for three waters – 10%	FFO ring fenced for three waters - variable	Same approach is used, except to note that DIA adjust the FFO ration depending on the size of the CCO. ML produces sensitivity analysis to show this impact.	Minor
Basis of projected costs/charges	Average three waters household charge. (inflated, excl GST)	Cost per connection (inflated, excl GST)	ML figure excludes both commercial revenue and commercial customers to focus on impact on households. Including both commercial revenue and customers is likely to show a higher cost as there is a small number of commercial customers who typically pay a much higher charge than a residential property.	Minor
What is the basis of the Regional CCO	All three waters services of all Councils combined together into consolidated programme, standardised and adjusted for costs and benefits of change.	Each council three waters services as per the base case IBU options recalculated using a lower FFO ratio achievable with a regional CCO.	Means that the projections are very different and are intended to be different. DIA projections are intended to show the financing efficiency available under a CCO, which they do. ML projections are intended to show the estimated impact on customers of a change in delivery model and all that that entails – costs and benefits.	Significant
Harmonisation of charges of regional CCO	Base case harmonises on Day 1 with sensitivity analysis to shows impact of harmonising over 3 year period starting in Year 3 and year 7 respectively.	None	Means that the projections are very different and are intended to be different. DIA projections are intended to show the financing efficiency available under a CCO, which they do. ML projections show the impact of harmonising charges should the CCO (and the Council owners) choose to do that. Noting that there is no requirement to, but historically within Councils and following mergers the trend is for that to occur over time.	Significant

Aspect of Model	Morrison Low	Department of Internal Affairs	Impact of Difference	Materiality
Costs of change	Additional costs are estimated for transition and for operation of new CCOs including levies for regulators.	Not included	ML model does include costs ($14M for establishment) and additional ongoing costs associated with CCO. These costs are however minor in comparison to the capital investment programmes and associated debt, and the impact they have on cost projections.	Minor – Moderate (has more impact for smaller CCOs and in particular individual council CCOs)
Efficiencies/Benefits	Efficiencies and cost savings are estimated for CCOs and introduced progressively.	Not included	ML model does include cost savings from the commercial model and from regionalisation of the service. However, these costs are modest in comparison to the capital investment programmes and associated debt, and the impact they have on cost projections.	Minor
Reconciliation of different approaches and assumptions in each Council e.g. depreciation, renewals, opex	Standardised in all options	Assumptions remain as set out in Council LTPs	ML standardises these so that any differences between the base case IBU option and the CCO are not the result of different assumptions about how the CCO would operate.	Moderate
Nature calls	Costs includes as per LTP, funded in each case by debt and costs met by customers of the Council or CCO.	Costs includes as per LTP, funded by IFF	Means the costs of servicing the debt for Nature Calls are show in the ML model (both for PNCC ratepayers in the base case IBU option and all households in the CCOs) but are not shown in the DIA model.	Significant
Changes in assumptions	Sensitivity testing for different • Interest rates • FFO ratio • Investment scenarios • Efficiencies	Assumptions remain as set out in Council LTPs	The DIA model is not intended to use the LTP base data and apply as few assumptions as possible whereas ML is approach intended to highlight which assumptions have the greatest impact the projected outcomes and therefore areas of risk.	Minor

Appendix Four - Alternative scenarios

In addition to the base case Group of Four CCO, we have also completed updated modelling for three additional scenarios. These scenarios were those identified by the respective councils as options for consultation under LWDW.

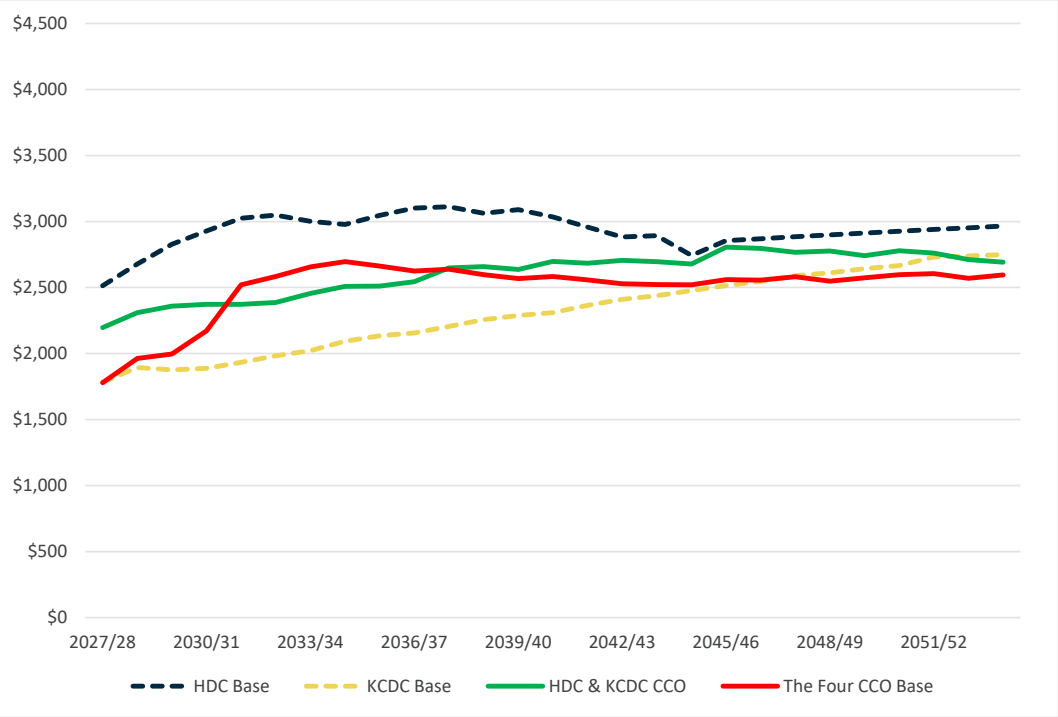
We have used a consistent approach to modelling these alternative scenarios as for the base cases for each council and the four council CCO. The alternative scenarios are:

- Horowhenua and Kāpiti Coast CCO
  - HDC & KCDC CCO: 4% capital and 4% operating efficiencies
  - Establishment cost : $8.8M
- Manawatū and Palmerston North CCO
  - MDC & PNCC CCO : 6% capital and 7% operating efficiencies
  - Establishment cost : $8.9M
- Manawatū - Whanganui CCO (Horowhenua, Manawatū, Palmerston North with Whanganui, Rangitikei, Ruapehu and Tararua)
  - MDC & PNCC CCO : 14% capital and 14% operating efficiencies
  - Establishment cost : $22.7M

Horowhenua and Kāpiti Coast CCO

The modelling below shows that for the vast majority of the time the lower cost CCO is the larger group of four CCO. The only period where this does not occur is in line with the peak investment for the four council CCO. While over the long term the projections show lower household costs for both KCDC and HDC households under either CCO model it does take almost 20 years for KCDC households to have lower costs under a CCO. Further sensitivity testing, particularly around timing of price harmonisation may change this.

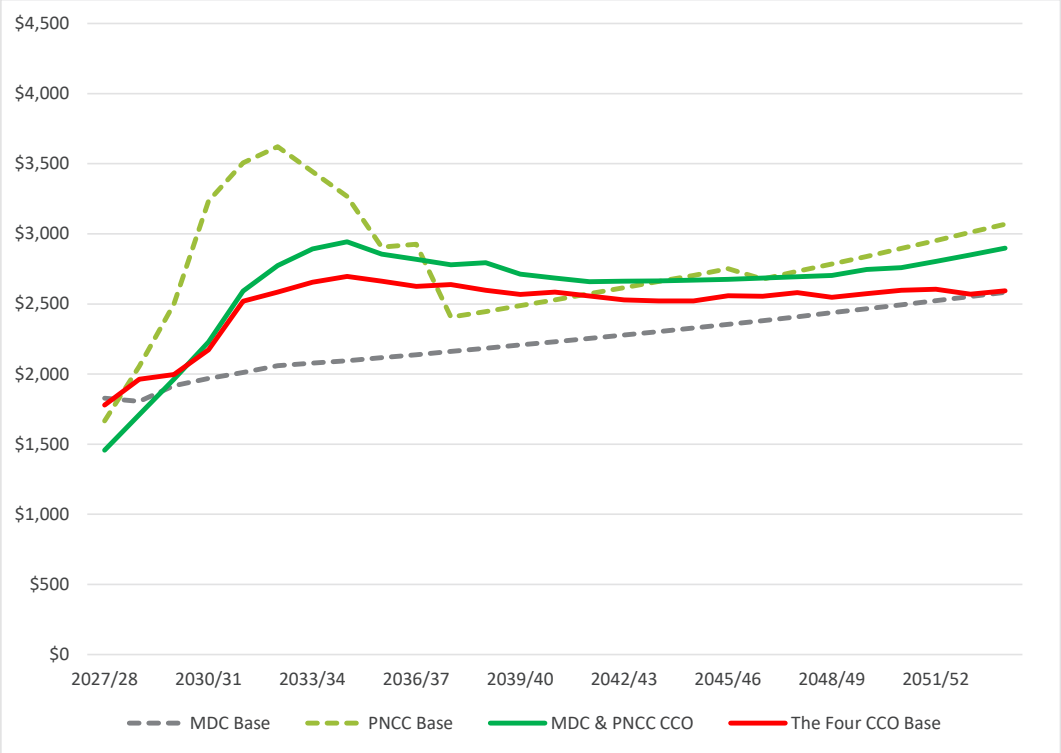
Figure 26: Horowhenua and Kāpiti Coast CCO compared with base scenarios



Manawatū and Palmerston North CCO

The modelling below shows that for the almost the entire 30 years the lower cost CCO is the larger group of four CCO. While over the long term the projections eventually show lower household costs for both MDC and PNCC households under the larger four council CCO it does take almost the entire 30 years for MDC households to have lower costs under a CCO. Further sensitivity testing, particularly around timing of price harmonisation may change this.

Figure 27: Manawatū and Palmerston North CCO compared with base scenarios



The Manawatū – Whanganui CCO

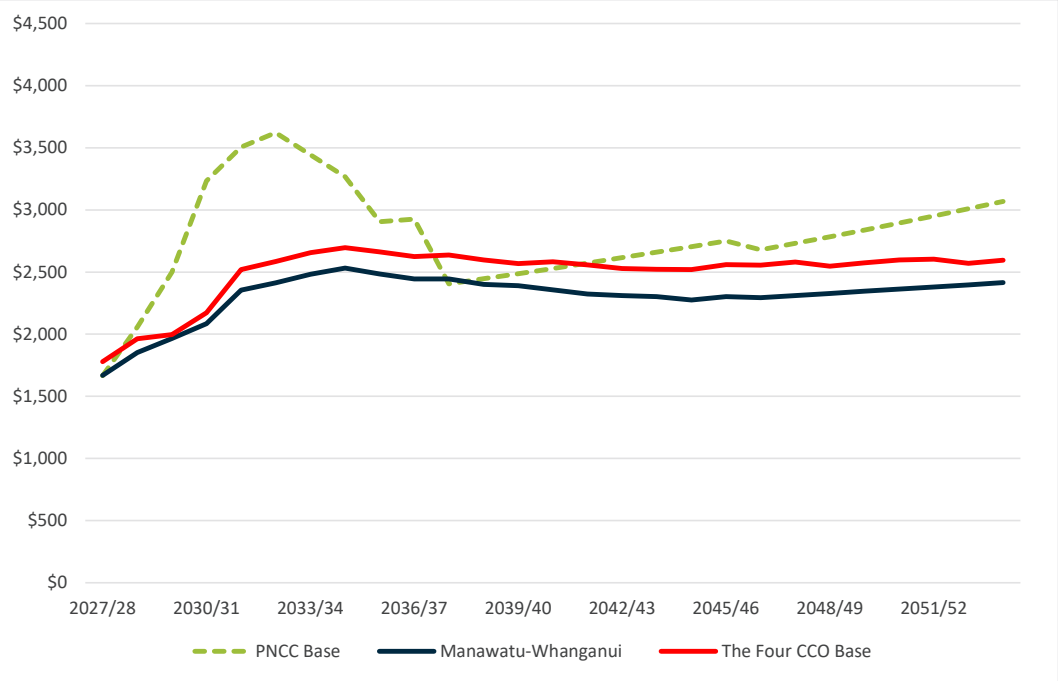
This option includes the following seven councils: Palmerston North City and Horowhenua, Manawatū, Whanganui, Rangitikei, Ruapehu and Tararua District councils.

The change of approach when Morrison Low has modelled this group using the same assumptions and approach has resulted in a changed forecast of household cost over the longer term than was previously advised.

There are many factors creating the different projections including how debt is treated, the investment scenarios used, household costs v connections but a significant amount of the difference is how the financial modelling has been undertaken.

As a result of this change in approach household costs are now projected to be lower under the Manawatū-Whanganui CCO than under the four council CCO.

Figure 28: Manawatū-Whanganui CCO compared with base case scenarios



Appendix Five – Data sheet

Part A : All figures are inflated (nominal) and exclude GST

Entity	Scenario	Metric	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
HDC Base	Base	HH Charges	1,794	1,949	2,214	2,514	2,677	2,827	2,929	3,025	3,049
KCDC Base	Base	HH Charges	1,645	1,544	1,610	1,783	1,893	1,877	1,888	1,934	1,984
MDC Base	Base	HH Charges	1,398	1,559	1,680	1,829	1,805	1,918	1,968	2,011	2,060
PNCC Base	Base	HH Charges	1,081	1,219	1,386	1,666	2,057	2,500	3,234	3,506	3,621
MDC & PNCC CCO	Base	HH Charges	#N/A	#N/A	#N/A	1,457	1,710	1,963	2,229	2,592	2,774
HDC & KCDC CCO	Base	HH Charges	#N/A	#N/A	#N/A	2,197	2,311	2,359	2,372	2,372	2,386
The Four CCO Base	Base	HH Charges	#N/A	#N/A	#N/A	1,779	1,963	1,996	2,173	2,520	2,584
The Four CCO	FFO 8%	HH Charges	#N/A	#N/A	#N/A	1,907	2,095	2,191	2,306	2,660	2,831
The Four CCO	High investment (capex +30%)	HH Charges	#N/A	#N/A	#N/A	2,225	2,529	2,650	2,909	3,389	3,493
The Four CCO	Low investment (capex -30%)	HH Charges	#N/A	#N/A	#N/A	1,840	1,950	2,045	2,180	2,344	2,453
The Four CCO	High efficiencies	HH Charges	#N/A	#N/A	#N/A	2,046	2,257	2,290	2,486	2,877	2,941
The Four CCO	Low efficiencies	HH Charges	#N/A	#N/A	#N/A	2,046	2,257	2,301	2,512	2,922	3,052
The Four CCO	Interest rate high 7%	HH Charges	#N/A	#N/A	#N/A	2,188	2,441	2,514	2,746	3,181	3,273
The Four CCO	Interest rate low 3%	HH Charges	#N/A	#N/A	#N/A	1,901	2,071	2,074	2,249	2,614	2,669
						1,547	1,707	1,736	1,889	2,192	2,247
Nature Calls Scenarios											
PNCC	Nature Calls -30%	HH Charges	$ 1,081	$ 1,074	$ 1,238	$ 1,495	$ 1,825	$ 2,196	$ 2,626	$ 2,846	$ 2,842
PNCC	Nature Calls +30%	HH Charges	$ 1,081	$ 1,078	$ 1,245	$ 1,817	$ 2,519	$ 3,058	$ 3,941	$ 4,127	$ 4,051
The Four CCO	Nature Calls -30%	HH Charges	#N/A	#N/A	#N/A	$ 1,751	$ 1,932	$ 1,933	$ 2,032	$ 2,331	$ 2,419
The Four CCO	Nature Calls +30%	HH Charges	#N/A	#N/A	#N/A	$ 1,836	$ 2,055	$ 2,087	$ 2,323	$ 2,693	$ 2,814
Harmonise											
HDC Harmonised Year 3	HDC	Consol	#N/A	#N/A	#N/A	$ 2,424	$ 2,545	$ 2,481	$ 2,568	$ 2,821	$ 2,739
KCDC Harmonised Year 3	KCDC	Consol	#N/A	#N/A	#N/A	$ 1,704	$ 1,785	$ 1,631	$ 1,865	$ 2,278	$ 2,458
MDC Harmonised Year 3	MDC	Consol	#N/A	#N/A	#N/A	$ 1,748	$ 1,703	$ 1,672	$ 1,907	$ 2,312	$ 2,478
PNCC Harmonised Year 3	PNCC	Consol	#N/A	#N/A	#N/A	$ 1,583	$ 1,925	$ 2,149	$ 2,306	$ 2,629	$ 2,641
HDC Harmonised Year 7	HDC	Consol	#N/A	#N/A	#N/A	$ 2,424	$ 2,545	$ 2,481	$ 2,453	$ 2,774	$ 2,796
KCDC Harmonised Year 7	KCDC	Consol	#N/A	#N/A	#N/A	$ 1,704	$ 1,785	$ 1,631	$ 1,568	$ 1,770	$ 1,815
MDC Harmonised Year 7	MDC	Consol	#N/A	#N/A	#N/A	$ 1,748	$ 1,703	$ 1,672	$ 1,638	$ 1,835	$ 1,876
PNCC Harmonised Year 7	PNCC	Consol	#N/A	#N/A	#N/A	$ 1,583	$ 1,925	$ 2,149	$ 2,642	$ 3,145	$ 3,244
HDC Harmonised Year 10	HDC	Consol	#N/A	#N/A	#N/A	$ 2,424	$ 2,545	$ 2,481	$ 2,453	$ 2,774	$ 2,796
KCDC Harmonised Year 10	KCDC	Consol	#N/A	#N/A	#N/A	$ 1,704	$ 1,785	$ 1,631	$ 1,568	$ 1,770	$ 1,815
MDC Harmonised Year 10	MDC	Consol	#N/A	#N/A	#N/A	$ 1,748	$ 1,703	$ 1,672	$ 1,638	$ 1,835	$ 1,876
PNCC Harmonised Year 10	PNCC	Consol	#N/A	#N/A	#N/A	$ 1,583	$ 1,925	$ 2,149	$ 2,642	$ 3,145	$ 3,244
HDC Harmonised Year 5	HDC	Consol	#N/A	#N/A	#N/A	$ 2,424	$ 2,545	$ 2,481	$ 2,453	$ 2,774	$ 2,801
KCDC Harmonised Year 5	KCDC	Consol	#N/A	#N/A	#N/A	$ 1,704	$ 1,785	$ 1,631	$ 1,568	$ 1,770	$ 1,933
MDC Harmonised Year 5	MDC	Consol	#N/A	#N/A	#N/A	$ 1,748	$ 1,703	$ 1,672	$ 1,638	$ 1,835	$ 1,994
PNCC Harmonised Year 5	PNCC	Consol	#N/A	#N/A	#N/A	$ 1,583	$ 1,925	$ 2,149	$ 2,642	$ 3,145	$ 3,128
HDC 'Pay no more' 20 years	HDC	HH Charges	#N/A	#N/A	#N/A	$ 2,479	$ 2,626	$ 2,693	$ 2,744	$ 2,927	$ 2,953
KCDC 'Pay no more' 20 years	KCDC	HH Charges	#N/A	#N/A	#N/A	$ 1,783	$ 1,893	$ 1,877	$ 1,888	$ 1,934	$ 1,984
MDC 'Pay no more' 20 years	MDC	HH Charges	#N/A	#N/A	#N/A	$ 1,829	$ 1,805	$ 1,918	$ 1,968	$ 2,011	$ 2,060
PNCC 'Pay no more' 20 years	PNCC	HH Charges	#N/A	#N/A	#N/A	$ 1,634	$ 2,006	$ 2,364	$ 3,004	$ 3,366	$ 3,430
HDC 'Pay no more' 30 years	HDC	HH Charges	#N/A	#N/A	#N/A	$ 2,491	$ 2,644	$ 2,741	$ 2,810	$ 2,962	$ 2,987
KCDC 'Pay no more' 30 years	KCDC	HH Charges	#N/A	#N/A	#N/A	$ 1,783	$ 1,893	$ 1,877	$ 1,888	$ 1,934	$ 1,984
MDC 'Pay no more' 30 years	MDC	HH Charges	#N/A	#N/A	#N/A	$ 1,829	$ 1,805	$ 1,918	$ 1,968	$ 2,011	$ 2,060
PNCC 'Pay no more' 30 years	PNCC	HH Charges	#N/A	#N/A	#N/A	$ 1,645	$ 2,024	$ 2,412	$ 3,086	$ 3,416	$ 3,498
HDC 'local price'		HH Charges	#N/A	#N/A	#N/A	$ 2,456	$ 2,591	$ 2,594	$ 2,607	$ 2,859	$ 2,883
KCDC 'local price'		HH Charges	#N/A	#N/A	#N/A	$ 1,727	$ 1,817	$ 1,705	$ 1,667	$ 1,824	$ 1,871
MDC 'local price'		HH Charges	#N/A	#N/A	#N/A	$ 1,772	$ 1,734	$ 1,748	$ 1,741	$ 1,891	$ 1,934
PNCC 'local price'		HH Charges	#N/A	#N/A	#N/A	$ 1,605	$ 1,960	$ 2,247	$ 2,807	$ 3,242	$ 3,344
Manwatu-Whanganui	Base	HH Charges	#N/A	#N/A	#N/A	$ 1,669	$ 1,852	$ 1,966	$ 2,085	$ 2,354	$ 2,414

Entity	Scenario	Metric	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40	2040/41	2041/42	2042/43	2043/44
HDC Base	Base	HH Charges	3,001	2,977	3,046	3,101	3,112	3,062	3,090	3,034	2,957	2,883	2,893
KCDC Base	Base	HH Charges	2,023	2,094	2,135	2,155	2,205	2,256	2,287	2,310	2,366	2,409	2,437
MDC Base	Base	HH Charges	2,078	2,095	2,117	2,138	2,161	2,184	2,208	2,231	2,255	2,279	2,303
PNCC Base	Base	HH Charges	3,442	3,268	2,905	2,926	2,406	2,446	2,487	2,529	2,573	2,617	2,660
MDC & PNCC CCO	Base	HH Charges	2,892	2,943	2,855	2,817	2,780	2,794	2,713	2,685	2,660	2,662	2,665
HDC & KCDC CCO	Base	HH Charges	2,456	2,510	2,510	2,543	2,649	2,658	2,637	2,698	2,684	2,706	2,696
e	Base	HH Charges	2,656	2,696	2,662	2,626	2,638	2,598	2,567	2,584	2,557	2,529	2,522
The Four CCO	FFO 8%	HH Charges	2,917	3,017	2,932	2,945	2,963	2,974	2,941	2,961	2,934	2,932	2,926
The Four CCO	High investment (capex +30%)	HH Charges	3,594	3,598	3,561	3,519	3,483	3,499	3,400	3,425	3,396	3,363	3,357
The Four CCO	Low investment (capex -30%)	HH Charges	2,520	2,556	2,518	2,500	2,509	2,488	2,456	2,448	2,444	2,463	2,478
The Four CCO	High efficiencies	HH Charges	3,012	3,047	2,997	2,943	2,944	2,885	2,818	2,832	2,770	2,763	2,751
The Four CCO	Low efficiencies	HH Charges	3,145	3,202	3,123	3,144	3,145	3,139	3,107	3,130	3,103	3,074	3,069
The Four CCO	Interest rate high 7%	HH Charges	3,358	3,403	3,360	3,312	3,325	3,276	3,235	3,248	3,215	3,179	3,168
The Four CCO	Interest rate low 3%	HH Charges	2,749	2,797	2,762	2,725	2,741	2,699	2,669	2,693	2,665	2,635	2,631
			2,309	2,345	2,315	2,283	2,294	2,259	2,233	2,247			
Nature Calls Scenarios													
PNCC	Nature Calls -30%	HH Charges	$ 2,345	$ 2,438	$ 2,472	$ 2,508	$ 2,544	$ 2,582	$ 2,375	$ 2,421	$ 2,469	$ 2,518	$ 2,566
PNCC	Nature Calls +30%	HH Charges	$ 3,306	$ 3,255	$ 2,995	$ 3,015	$ 2,895	$ 2,922	$ 2,660	$ 2,697	$ 2,737	$ 2,623	$ 2,667
The Four CCO	Nature Calls -30%	HH Charges	$ 2,513	$ 2,554	$ 2,526	$ 2,494	$ 2,539	$ 2,515	$ 2,488	$ 2,506	$ 2,484	$ 2,485	$ 2,481
The Four CCO	Nature Calls +30%	HH Charges	$ 2,842	$ 2,881	$ 2,808	$ 2,765	$ 2,774	$ 2,691	$ 2,656	$ 2,629	$ 2,616	$ 2,595	$ 2,586
Harmonise													
HDC Harmonised Year 3	HDC	Consol	$ 2,656	$ 2,696	$ 2,662	$ 2,626	$ 2,638	$ 2,598	$ 2,567	$ 2,584	$ 2,557	$ 2,529	$ 2,522
KCDC Harmonised Year 3	KCDC	Consol	$ 2,656	$ 2,696	$ 2,662	$ 2,626	$ 2,638	$ 2,598	$ 2,567	$ 2,584	$ 2,557	$ 2,529	$ 2,522
MDC Harmonised Year 3	MDC	Consol	$ 2,656	$ 2,696	$ 2,662	$ 2,626	$ 2,638	$ 2,598	$ 2,567	$ 2,584	$ 2,557	$ 2,529	$ 2,522
PNCC Harmonised Year 3	PNCC	Consol	$ 2,656	$ 2,696	$ 2,662	$ 2,626	$ 2,638	$ 2,598	$ 2,567	$ 2,584	$ 2,557	$ 2,529	$ 2,522
HDC Harmonised Year 7	HDC	Consol	$ 2,892	$ 2,874	$ 2,781	$ 2,685	$ 2,638	$ 2,598	$ 2,567	$ 2,584	$ 2,557	$ 2,529	$ 2,522
KCDC Harmonised Year 7	KCDC	Consol	$ 1,946	$ 2,152	$ 2,306	$ 2,451	$ 2,638	$ 2,598	$ 2,567	$ 2,584	$ 2,557	$ 2,529	$ 2,522
MDC Harmonised Year 7	MDC	Consol	$ 1,989	$ 2,186	$ 2,327	$ 2,461	$ 2,638	$ 2,598	$ 2,567	$ 2,584	$ 2,557	$ 2,529	$ 2,522
PNCC Harmonised Year 7	PNCC	Consol	$ 3,245	$ 3,149	$ 2,959	$ 2,771	$ 2,638	$ 2,598	$ 2,567	$ 2,584	$ 2,557	$ 2,529	$ 2,522
HDC Harmonised Year 10	HDC	Consol	$ 2,892	$ 2,965	$ 3,123	$ 3,105	$ 3,002	$ 2,838	$ 2,686	$ 2,584	$ 2,557	$ 2,529	$ 2,522
KCDC Harmonised Year 10	KCDC	Consol	$ 1,946	$ 2,083	$ 2,192	$ 2,157	$ 2,291	$ 2,372	$ 2,457	$ 2,584	$ 2,557	$ 2,529	$ 2,522
MDC Harmonised Year 10	MDC	Consol	$ 1,989	$ 2,073	$ 2,161	$ 2,129	$ 2,266	$ 2,354	$ 2,447	$ 2,584	$ 2,557	$ 2,529	$ 2,522
PNCC Harmonised Year 10	PNCC	Consol	$ 3,245	$ 3,187	$ 2,930	$ 2,883	$ 2,826	$ 2,720	$ 2,627	$ 2,584	$ 2,557	$ 2,529	$ 2,522
HDC Harmonised Year 5	HDC	Consol	$ 2,833	$ 2,831	$ 2,752	$ 2,670	$ 2,638	$ 2,598	$ 2,567	$ 2,584	$ 2,557	$ 2,529	$ 2,522
KCDC Harmonised Year 5	KCDC	Consol	$ 2,116	$ 2,284	$ 2,392	$ 2,493	$ 2,638	$ 2,598	$ 2,567	$ 2,584	$ 2,557	$ 2,529	$ 2,522
MDC Harmonised Year 5	MDC	Consol	$ 2,169	$ 2,324	$ 2,418	$ 2,505	$ 2,638	$ 2,598	$ 2,567	$ 2,584	$ 2,557	$ 2,529	$ 2,522
PNCC Harmonised Year 5	PNCC	Consol	$ 3,107	$ 3,042	$ 2,889	$ 2,737	$ 2,638	$ 2,598	$ 2,567	$ 2,584	$ 2,557	$ 2,529	$ 2,522
HDC 'Pay no more' 20 years	HDC	HH Charges	$ 2,936	$ 2,921	$ 2,932	$ 2,670	$ 2,638	$ 2,598	$ 2,567	$ 2,584	$ 2,557	$ 2,529	$ 2,522
KCDC 'Pay no more' 20 years	KCDC	HH Charges	$ 2,023	$ 2,094	$ 2,135	$ 2,155	$ 2,205	$ 2,256	$ 2,287	$ 2,310	$ 2,366	$ 2,409	$ 2,437
MDC 'Pay no more' 20 years	MDC	HH Charges	$ 2,078	$ 2,095	$ 2,117	$ 2,138	$ 2,161	$ 2,184	$ 2,208	$ 2,231	$ 2,255	$ 2,279	$ 2,303
PNCC 'Pay no more' 20 years	PNCC	HH Charges	$ 3,312	$ 3,180	$ 2,899	$ 2,737	$ 2,638	$ 2,598	$ 2,567	$ 2,584	$ 2,557	$ 2,529	$ 2,522
HDC 'Pay no more' 30 years	HDC	HH Charges	$ 2,959	$ 2,941	$ 2,973	$ 2,670	$ 2,638	$ 2,598	$ 2,567	$ 2,584	$ 2,557	$ 2,529	$ 2,522
KCDC 'Pay no more' 30 years	KCDC	HH Charges	$ 2,023	$ 2,094	$ 2,135	$ 2,155	$ 2,205	$ 2,256	$ 2,287	$ 2,310	$ 2,366	$ 2,409	$ 2,437
MDC 'Pay no more' 30 years	MDC	HH Charges	$ 2,078	$ 2,095	$ 2,117	$ 2,138	$ 2,161	$ 2,184	$ 2,208	$ 2,231	$ 2,255	$ 2,279	$ 2,303
PNCC 'Pay no more' 30 years	PNCC	HH Charges	$ 3,359	$ 3,211	$ 2,901	$ 2,737	$ 2,638	$ 2,598	$ 2,567	$ 2,584	$ 2,557	$ 2,529	$ 2,522
HDC 'local price'		HH Charges	$ 2,934	$ 2,977	$ 3,046	$ 3,101	$ 3,112	$ 3,062	$ 3,090	$ 3,034	$ 2,957	$ 2,847	$ 2,818
KCDC 'local price'		HH Charges	$ 1,975	$ 2,092	$ 2,135	$ 2,155	$ 2,205	$ 2,256	$ 2,287	$ 2,310	$ 2,366	$ 2,374	$ 2,365
MDC 'local price'		HH Charges	$ 2,018	$ 2,082	$ 2,117	$ 2,138	$ 2,161	$ 2,184	$ 2,208	$ 2,231	$ 2,255	$ 2,235	$ 2,225
PNCC 'local price'		HH Charges	$ 3,292	$ 3,200	$ 2,905	$ 2,926	$ 2,406	$ 2,446	$ 2,487	$ 2,529	$ 2,573	$ 2,557	$ 2,563
Manwatu-Whanganui	Base	HH Charges	$ 2,482	$ 2,532	$ 2,485	$ 2,445	$ 2,445	$ 2,401	$ 2,390	$ 2,356	$ 2,322	$ 2,312	$ 2,302

Entity	Scenario	Metric	2044/45	2045/46	2046/47	2047/48	2048/49	2049/50	2050/51	2051/52	2052/53	2053/54
HDC Base	Base	HH Charges	2,743	2,856	2,870	2,885	2,899	2,913	2,926	2,940	2,952	2,966
KCDC Base	Base	HH Charges	2,477	2,515	2,547	2,589	2,612	2,643	2,667	2,732	2,740	2,749
MDC Base	Base	HH Charges	2,328	2,355	2,381	2,409	2,437	2,466	2,495	2,523	2,553	2,583
PNCC Base	Base	HH Charges	2,704	2,751	2,678	2,732	2,784	2,839	2,895	2,951	3,010	3,069
MDC & PNCC CCO	Base	HH Charges	2,669	2,676	2,685	2,694	2,704	2,746	2,759	2,803	2,850	2,898
HDC & KCDC CCO	Base	HH Charges	2,678	2,806	2,795	2,766	2,776	2,740	2,779	2,762	2,712	2,691
The Four CCO Base	Base	HH Charges	2,521	2,559	2,555	2,581	2,548	2,574	2,598	2,604	2,570	2,594
The Four CCO	FFO 8%	HH Charges	2,896	2,972	2,999	2,999	2,994	3,056	3,019	3,061	3,087	3,114
The Four CCO	High investment (capex +30%)	HH Charges	3,361	3,414	3,413	3,415	3,410	3,410	3,446	3,459	3,451	3,485
The Four CCO	Low investment (capex -30%)	HH Charges	2,497	2,530	2,547	2,567	2,583	2,601	2,618	2,644	2,659	2,675
The Four CCO	High efficiencies	HH Charges	2,717	2,756	2,749	2,745	2,767	2,762	2,787	2,791	2,813	2,837
The Four CCO	Low efficiencies	HH Charges	3,012	3,124	3,122	3,125	3,122	3,155	3,154	3,199	3,193	3,190
The Four CCO	Interest rate high 7%	HH Charges	3,165	3,214	3,207	3,237	3,197	3,226	3,253	3,264	3,222	3,250
The Four CCO	Interest rate low 3%	HH Charges	2,632	2,670	2,668	2,697	2,662	2,692	2,721	2,725	2,687	2,716
Nature Calls Scenarios												
PNCC	Nature Calls -30%	HH Charges	$ 2,615	$ 2,667	$ 2,723	$ 2,778	$ 2,831	$ 2,887	$ 2,945	$ 3,003	$ 3,062	$ 3,123
PNCC	Nature Calls +30%	HH Charges	$ 2,712	$ 2,759	$ 2,811	$ 2,863	$ 2,912	$ 2,963	$ 3,017	$ 3,071	$ 3,127	$ 3,183
The Four CCO	Nature Calls -30%	HH Charges	$ 2,482	$ 2,521	$ 2,519	$ 2,546	$ 2,516	$ 2,542	$ 2,568	$ 2,576	$ 2,571	$ 2,568
The Four CCO	Nature Calls +30%	HH Charges	$ 2,582	$ 2,618	$ 2,611	$ 2,635	$ 2,599	$ 2,582	$ 2,606	$ 2,641	$ 2,603	$ 2,627
Harmonise												
HDC Harmonised Year 3	HDC	Consol	$ 2,521	$ 2,559	$ 2,555	$ 2,581	$ 2,548	$ 2,574	$ 2,598	$ 2,604	$ 2,570	$ 2,594
KCDC Harmonised Year 3	KCDC	Consol	$ 2,521	$ 2,559	$ 2,555	$ 2,581	$ 2,548	$ 2,574	$ 2,598	$ 2,604	$ 2,570	$ 2,594
MDC Harmonised Year 3	MDC	Consol	$ 2,521	$ 2,559	$ 2,555	$ 2,581	$ 2,548	$ 2,574	$ 2,598	$ 2,604	$ 2,570	$ 2,594
PNCC Harmonised Year 3	PNCC	Consol	$ 2,521	$ 2,559	$ 2,555	$ 2,581	$ 2,548	$ 2,574	$ 2,598	$ 2,604	$ 2,570	$ 2,594
HDC Harmonised Year 7	HDC	Consol	$ 2,521	$ 2,559	$ 2,555	$ 2,581	$ 2,548	$ 2,574	$ 2,598	$ 2,604	$ 2,570	$ 2,594
KCDC Harmonised Year 7	KCDC	Consol	$ 2,521	$ 2,559	$ 2,555	$ 2,581	$ 2,548	$ 2,574	$ 2,598	$ 2,604	$ 2,570	$ 2,594
MDC Harmonised Year 7	MDC	Consol	$ 2,521	$ 2,559	$ 2,555	$ 2,581	$ 2,548	$ 2,574	$ 2,598	$ 2,604	$ 2,570	$ 2,594
PNCC Harmonised Year 7	PNCC	Consol	$ 2,521	$ 2,559	$ 2,555	$ 2,581	$ 2,548	$ 2,574	$ 2,598	$ 2,604	$ 2,570	$ 2,594
HDC Harmonised Year 10	HDC	Consol	$ 2,521	$ 2,559	$ 2,555	$ 2,581	$ 2,548	$ 2,574	$ 2,598	$ 2,604	$ 2,570	$ 2,594
KCDC Harmonised Year 10	KCDC	Consol	$ 2,521	$ 2,559	$ 2,555	$ 2,581	$ 2,548	$ 2,574	$ 2,598	$ 2,604	$ 2,570	$ 2,594
MDC Harmonised Year 10	MDC	Consol	$ 2,521	$ 2,559	$ 2,555	$ 2,581	$ 2,548	$ 2,574	$ 2,598	$ 2,604	$ 2,570	$ 2,594
PNCC Harmonised Year 10	PNCC	Consol	$ 2,521	$ 2,559	$ 2,555	$ 2,581	$ 2,548	$ 2,574	$ 2,598	$ 2,604	$ 2,570	$ 2,594
HDC Harmonised Year 5	HDC	Consol	$ 2,521	$ 2,559	$ 2,555	$ 2,581	$ 2,548	$ 2,574	$ 2,598	$ 2,604	$ 2,570	$ 2,594
KCDC Harmonised Year 5	KCDC	Consol	$ 2,521	$ 2,559	$ 2,555	$ 2,581	$ 2,548	$ 2,574	$ 2,598	$ 2,604	$ 2,570	$ 2,594
MDC Harmonised Year 5	MDC	Consol	$ 2,521	$ 2,559	$ 2,555	$ 2,581	$ 2,548	$ 2,574	$ 2,598	$ 2,604	$ 2,570	$ 2,594
PNCC Harmonised Year 5	PNCC	Consol	$ 2,521	$ 2,559	$ 2,555	$ 2,581	$ 2,548	$ 2,574	$ 2,598	$ 2,604	$ 2,570	$ 2,594
HDC 'Pay no more' 20 years	HDC	HH Charges	$ 2,521	$ 2,559	$ 2,555	$ 2,581	$ 2,548	$ 2,574	$ 2,598	$ 2,604	$ 2,570	$ 2,594
KCDC 'Pay no more' 20 years	KCDC	HH Charges	$ 2,521	$ 2,559	$ 2,555	$ 2,581	$ 2,548	$ 2,574	$ 2,598	$ 2,604	$ 2,570	$ 2,594
MDC 'Pay no more' 20 years	MDC	HH Charges	$ 2,521	$ 2,559	$ 2,555	$ 2,581	$ 2,548	$ 2,574	$ 2,598	$ 2,604	$ 2,570	$ 2,594
PNCC 'Pay no more' 20 years	PNCC	HH Charges	$ 2,521	$ 2,559	$ 2,555	$ 2,581	$ 2,548	$ 2,574	$ 2,598	$ 2,604	$ 2,570	$ 2,594
HDC 'Pay no more' 30 years	HDC	HH Charges	$ 2,521	$ 2,559	$ 2,555	$ 2,581	$ 2,548	$ 2,574	$ 2,598	$ 2,604	$ 2,570	$ 2,594
KCDC 'Pay no more' 30 years	KCDC	HH Charges	$ 2,477	$ 2,515	$ 2,547	$ 2,581	$ 2,548	$ 2,574	$ 2,598	$ 2,604	$ 2,570	$ 2,594
MDC 'Pay no more' 30 years	MDC	HH Charges	$ 2,328	$ 2,355	$ 2,381	$ 2,409	$ 2,437	$ 2,466	$ 2,495	$ 2,523	$ 2,553	$ 2,583
PNCC 'Pay no more' 30 years	PNCC	HH Charges	$ 2,521	$ 2,559	$ 2,555	$ 2,581	$ 2,548	$ 2,574	$ 2,598	$ 2,604	$ 2,570	$ 2,594
HDC 'local price'		HH Charges	$ 2,666	$ 2,758	$ 2,779	$ 2,779	$ 2,727	$ 2,730	$ 2,734	$ 2,707	$ 2,658	$ 2,667
KCDC 'local price'		HH Charges	$ 2,397	$ 2,421	$ 2,459	$ 2,487	$ 2,444	$ 2,464	$ 2,479	$ 2,501	$ 2,445	$ 2,451
MDC 'local price'		HH Charges	$ 2,242	$ 2,254	$ 2,287	$ 2,301	$ 2,266	$ 2,285	$ 2,303	$ 2,294	$ 2,261	$ 2,285
PNCC 'local price'		HH Charges	$ 2,600	$ 2,631	$ 2,571	$ 2,609	$ 2,595	$ 2,637	$ 2,681	$ 2,694	$ 2,684	$ 2,733
Manwatu-Whanganui	Base	HH Charges	$ 2,275	$ 2,302	$ 2,294	$ 2,310	$ 2,327	$ 2,346	$ 2,362	$ 2,379	$ 2,397	$ 2,416

Part B : All figures are deflated (real) and exclude GST

Entity	Scenario	Metric	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Inflation Index			1.00	1.03	1.05	1.08	1.11	1.13	1.16	1.18	1.21	1.23
HDC Base	Base	HH Charges	$ 1,794	$ 1,901	$ 2,103	$ 2,327	$ 2,418	$ 2,496	$ 2,528	$ 2,554	$ 2,522	$ 2,431
KCDC Base	Base	HH Charges	$ 1,645	$ 1,506	$ 1,530	$ 1,651	$ 1,710	$ 1,657	$ 1,630	$ 1,633	$ 1,641	$ 1,639
MDC Base	Base	HH Charges	$ 1,398	$ 1,521	$ 1,596	$ 1,693	$ 1,631	$ 1,693	$ 1,699	$ 1,698	$ 1,704	$ 1,684
PNCC Base	Base	HH Charges	$ 1,081	$ 1,189	$ 1,317	$ 1,543	$ 1,858	$ 2,207	$ 2,791	$ 2,961	$ 2,996	$ 2,789
MDC & PNCC CCO	Base	HH Charges	#N/A	#N/A	#N/A	$ 1,349	$ 1,545	$ 1,734	$ 1,924	$ 2,189	$ 2,294	$ 2,343
HDC & KCDC CCO	Base	HH Charges	#N/A	#N/A	#N/A	$ 2,034	$ 2,087	$ 2,083	$ 2,048	$ 2,003	$ 1,973	$ 1,990
The Four CCO Base	Base	HH Charges	#N/A	#N/A	#N/A	$ 1,647	$ 1,817	$ 1,848	$ 2,012	$ 2,334	$ 2,393	$ 2,459
The Four CCO	FFO 8%	HH Charges	#N/A	#N/A	#N/A	$ 1,765	$ 1,893	$ 1,935	$ 1,990	$ 2,246	$ 2,342	$ 2,363
The Four CCO	High investment (capex +30%)	HH Charges	#N/A	#N/A	#N/A	$ 2,060	$ 2,285	$ 2,340	$ 2,511	$ 2,862	$ 2,889	$ 2,912
The Four CCO	Low investment (capex -30%)	HH Charges	#N/A	#N/A	#N/A	$ 1,704	$ 1,761	$ 1,806	$ 1,882	$ 1,980	$ 2,029	$ 2,041
The Four CCO	High efficiencies	HH Charges	#N/A	#N/A	#N/A	$ 1,894	$ 2,039	$ 2,022	$ 2,146	$ 2,430	$ 2,433	$ 2,440
The Four CCO	Low efficiencies	HH Charges	#N/A	#N/A	#N/A	$ 1,894	$ 2,039	$ 2,032	$ 2,168	$ 2,467	$ 2,525	$ 2,548
The Four CCO	Interest rate high 7%	HH Charges	#N/A	#N/A	#N/A	$ 2,026	$ 2,205	$ 2,220	$ 2,371	$ 2,686	$ 2,708	$ 2,721
The Four CCO	Interest rate low 3%	HH Charges	#N/A	#N/A	#N/A	$ 1,761	$ 1,871	$ 1,832	$ 1,941	$ 2,208	$ 2,208	$ 2,227
Nature Calls Scenarios												
PNCC	Nature Calls -30%	HH Charges	$ 1,081	$ 1,048	$ 1,176	$ 1,384	$ 1,648	$ 1,939	$ 2,267	$ 2,403	$ 2,351	$ 1,900
PNCC	Nature Calls +30%	HH Charges	$ 1,081	$ 1,051	$ 1,183	$ 1,682	$ 2,275	$ 2,700	$ 3,401	$ 3,486	$ 3,351	$ 2,678
The Four CCO	Nature Calls -30%	HH Charges	#N/A	#N/A	#N/A	$ 1,621	$ 1,745	$ 1,707	$ 1,754	$ 1,968	$ 2,001	$ 2,036
The Four CCO	Nature Calls +30%	HH Charges	#N/A	#N/A	#N/A	$ 1,700	$ 1,856	$ 1,843	$ 2,005	$ 2,274	$ 2,327	$ 2,303
Harmonise												
HDC Harmonised Year 3	HDC	Consol	#N/A	#N/A	#N/A	$ 2,244	$ 2,299	$ 2,191	$ 2,216	$ 2,383	$ 2,266	$ 2,152
KCDC Harmonised Year 3	KCDC	Consol	#N/A	#N/A	#N/A	$ 1,577	$ 1,612	$ 1,440	$ 1,610	$ 1,924	$ 2,033	$ 2,152
MDC Harmonised Year 3	MDC	Consol	#N/A	#N/A	#N/A	$ 1,619	$ 1,538	$ 1,476	$ 1,646	$ 1,953	$ 2,049	$ 2,152
PNCC Harmonised Year 3	PNCC	Consol	#N/A	#N/A	#N/A	$ 1,466	$ 1,739	$ 1,898	$ 1,991	$ 2,220	$ 2,185	$ 2,152
HDC Harmonised Year 7	HDC	Consol	#N/A	#N/A	#N/A	$ 2,244	$ 2,299	$ 2,191	$ 2,118	$ 2,343	$ 2,313	$ 2,343
KCDC Harmonised Year 7	KCDC	Consol	#N/A	#N/A	#N/A	$ 1,577	$ 1,612	$ 1,440	$ 1,354	$ 1,495	$ 1,501	$ 1,577
MDC Harmonised Year 7	MDC	Consol	#N/A	#N/A	#N/A	$ 1,619	$ 1,538	$ 1,476	$ 1,414	$ 1,549	$ 1,552	$ 1,611
PNCC Harmonised Year 7	PNCC	Consol	#N/A	#N/A	#N/A	$ 1,466	$ 1,739	$ 1,898	$ 2,280	$ 2,656	$ 2,683	$ 2,629
HDC Harmonised Year 10	HDC	Consol	#N/A	#N/A	#N/A	$ 2,244	$ 2,299	$ 2,191	$ 2,118	$ 2,343	$ 2,313	$ 2,343
KCDC Harmonised Year 10	KCDC	Consol	#N/A	#N/A	#N/A	$ 1,577	$ 1,612	$ 1,440	$ 1,354	$ 1,495	$ 1,501	$ 1,577
MDC Harmonised Year 10	MDC	Consol	#N/A	#N/A	#N/A	$ 1,619	$ 1,538	$ 1,476	$ 1,414	$ 1,549	$ 1,552	$ 1,611
PNCC Harmonised Year 10	PNCC	Consol	#N/A	#N/A	#N/A	$ 1,466	$ 1,739	$ 1,898	$ 2,280	$ 2,656	$ 2,683	$ 2,629
HDC Harmonised Year 5	HDC	Consol	#N/A	#N/A	#N/A	$ 2,244	$ 2,299	$ 2,191	$ 2,118	$ 2,343	$ 2,317	$ 2,295
KCDC Harmonised Year 5	KCDC	Consol	#N/A	#N/A	#N/A	$ 1,577	$ 1,612	$ 1,440	$ 1,354	$ 1,495	$ 1,599	$ 1,715
MDC Harmonised Year 5	MDC	Consol	#N/A	#N/A	#N/A	$ 1,619	$ 1,538	$ 1,476	$ 1,414	$ 1,549	$ 1,650	$ 1,757
PNCC Harmonised Year 5	PNCC	Consol	#N/A	#N/A	#N/A	$ 1,466	$ 1,739	$ 1,898	$ 2,280	$ 2,656	$ 2,587	$ 2,517
HDC 'Pay no more' 20 years	HDC	HH Charges	#N/A	#N/A	#N/A	$ 2,295	$ 2,372	$ 2,378	$ 2,369	$ 2,472	$ 2,443	$ 2,379
KCDC 'Pay no more' 20 years	KCDC	HH Charges	#N/A	#N/A	#N/A	$ 1,651	$ 1,710	$ 1,657	$ 1,630	$ 1,633	$ 1,641	$ 1,639
MDC 'Pay no more' 20 years	MDC	HH Charges	#N/A	#N/A	#N/A	$ 1,693	$ 1,631	$ 1,693	$ 1,699	$ 1,698	$ 1,704	$ 1,684
PNCC 'Pay no more' 20 years	PNCC	HH Charges	#N/A	#N/A	#N/A	$ 1,513	$ 1,812	$ 2,087	$ 2,593	$ 2,843	$ 2,837	$ 2,684
HDC 'Pay no more' 30 years	HDC	HH Charges	#N/A	#N/A	#N/A	$ 2,306	$ 2,388	$ 2,420	$ 2,425	$ 2,502	$ 2,471	$ 2,397
KCDC 'Pay no more' 30 years	KCDC	HH Charges	#N/A	#N/A	#N/A	$ 1,651	$ 1,710	$ 1,657	$ 1,630	$ 1,633	$ 1,641	$ 1,639
MDC 'Pay no more' 30 years	MDC	HH Charges	#N/A	#N/A	#N/A	$ 1,693	$ 1,631	$ 1,693	$ 1,699	$ 1,698	$ 1,704	$ 1,684
PNCC 'Pay no more' 30 years	PNCC	HH Charges	#N/A	#N/A	#N/A	$ 1,523	$ 1,828	$ 2,130	$ 2,663	$ 2,885	$ 2,894	$ 2,721
HDC 'local price'		HH Charges	#N/A	#N/A	#N/A	$ 2,274	$ 2,340	$ 2,290	$ 2,250	$ 2,414	$ 2,384	$ 2,377
KCDC 'local price'		HH Charges	#N/A	#N/A	#N/A	$ 1,599	$ 1,641	$ 1,505	$ 1,439	$ 1,541	$ 1,548	$ 1,600
MDC 'local price'		HH Charges	#N/A	#N/A	#N/A	$ 1,641	$ 1,566	$ 1,543	$ 1,502	$ 1,597	$ 1,600	$ 1,635
PNCC 'local price'		HH Charges	#N/A	#N/A	#N/A	$ 1,486	$ 1,770	$ 1,984	$ 2,423	$ 2,738	$ 2,766	$ 2,667
Manwatu-Whanganui	Base	HH Charges	#N/A	#N/A	#N/A	$ 1,545	$ 1,673	$ 1,736	$ 1,800	$ 1,988	$ 1,997	$ 2,011

Entity	Scenario	Metric	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40	2040/41	2041/42	2042/43	2043/44
Inflation Index			1.26	1.28	1.31	1.34	1.36	1.39	1.42	1.45	1.48	1.50
HDC Base	Base	HH Charges	$ 2,365	$ 2,372	$ 2,368	$ 2,329	$ 2,247	$ 2,223	$ 2,140	$ 2,045	$ 1,954	$ 1,923
KCDC Base	Base	HH Charges	$ 1,663	$ 1,662	$ 1,645	$ 1,651	$ 1,656	$ 1,645	$ 1,629	$ 1,636	$ 1,633	$ 1,620
MDC Base	Base	HH Charges	$ 1,664	$ 1,648	$ 1,633	$ 1,617	$ 1,603	$ 1,589	$ 1,574	$ 1,559	$ 1,545	$ 1,531
PNCC Base	Base	HH Charges	$ 2,595	$ 2,262	$ 2,234	$ 1,801	$ 1,795	$ 1,789	$ 1,784	$ 1,779	$ 1,774	$ 1,768
MDC & PNCC CCO	Base	HH Charges	$ 2,338	$ 2,224	$ 2,151	$ 2,081	$ 2,050	$ 1,952	$ 1,894	$ 1,839	$ 1,805	$ 1,771
HDC & KCDC CCO	Base	HH Charges	$ 1,993	$ 1,955	$ 1,942	$ 1,983	$ 1,951	$ 1,897	$ 1,903	$ 1,856	$ 1,835	$ 1,792
The Four CCO Base	Base	HH Charges	$ 2,496	$ 2,465	$ 2,431	$ 2,443	$ 2,406	$ 2,377	$ 2,392	$ 2,368	$ 2,341	$ 2,335
The Four CCO	FFO 8%	HH Charges	$ 2,396	$ 2,283	$ 2,248	$ 2,217	$ 2,182	$ 2,115	$ 2,089	$ 2,028	$ 1,987	$ 1,944
The Four CCO	High investment (capex +30%)	HH Charges	$ 2,858	$ 2,773	$ 2,686	$ 2,607	$ 2,567	$ 2,446	$ 2,416	$ 2,348	$ 2,280	$ 2,231
The Four CCO	Low investment (capex -30%)	HH Charges	$ 2,030	$ 1,961	$ 1,909	$ 1,878	$ 1,826	$ 1,767	$ 1,727	$ 1,690	$ 1,670	$ 1,647
The Four CCO	High efficiencies	HH Charges	$ 2,420	$ 2,334	$ 2,247	$ 2,204	$ 2,117	$ 2,027	$ 1,997	$ 1,916	$ 1,873	$ 1,828
The Four CCO	Low efficiencies	HH Charges	$ 2,543	$ 2,432	$ 2,400	$ 2,354	$ 2,303	$ 2,235	$ 2,207	$ 2,146	$ 2,084	$ 2,040
The Four CCO	Interest rate high 7%	HH Charges	$ 2,703	$ 2,616	$ 2,529	$ 2,489	$ 2,404	$ 2,327	$ 2,291	$ 2,223	$ 2,155	$ 2,105
The Four CCO	Interest rate low 3%	HH Charges	$ 2,222	$ 2,151	$ 2,080	$ 2,052	$ 1,980	$ 1,920	$ 1,899	$ 1,843	$ 1,787	$ 1,749
Nature Calls Scenarios												
PNCC	Nature Calls -30%	HH Charges	$ 1,936	$ 1,925	$ 1,914	$ 1,904	$ 1,895	$ 1,708	$ 1,708	$ 1,708	$ 1,707	$ 1,706
PNCC	Nature Calls +30%	HH Charges	$ 2,585	$ 2,332	$ 2,301	$ 2,167	$ 2,144	$ 1,913	$ 1,903	$ 1,892	$ 1,778	$ 1,773
The Four CCO	Nature Calls -30%	HH Charges	$ 2,029	$ 1,967	$ 1,904	$ 1,900	$ 1,845	$ 1,790	$ 1,768	$ 1,718	$ 1,685	$ 1,649
The Four CCO	Nature Calls +30%	HH Charges	$ 2,288	$ 2,186	$ 2,111	$ 2,076	$ 1,975	$ 1,911	$ 1,854	$ 1,809	$ 1,759	$ 1,719
Harmonise												
HDC Harmonised Year 3	HDC	Consol	$ 2,142	$ 2,073	$ 2,004	$ 1,975	$ 1,907	$ 1,847	$ 1,822	$ 1,768	$ 1,714	$ 1,676
KCDC Harmonised Year 3	KCDC	Consol	$ 2,142	$ 2,073	$ 2,004	$ 1,975	$ 1,907	$ 1,847	$ 1,822	$ 1,768	$ 1,714	$ 1,676
MDC Harmonised Year 3	MDC	Consol	$ 2,142	$ 2,073	$ 2,004	$ 1,975	$ 1,907	$ 1,847	$ 1,822	$ 1,768	$ 1,714	$ 1,676
PNCC Harmonised Year 3	PNCC	Consol	$ 2,142	$ 2,073	$ 2,004	$ 1,975	$ 1,907	$ 1,847	$ 1,822	$ 1,768	$ 1,714	$ 1,676
HDC Harmonised Year 7	HDC	Consol	$ 2,283	$ 2,166	$ 2,050	$ 1,975	$ 1,907	$ 1,847	$ 1,822	$ 1,768	$ 1,714	$ 1,676
KCDC Harmonised Year 7	KCDC	Consol	$ 1,709	$ 1,796	$ 1,871	$ 1,975	$ 1,907	$ 1,847	$ 1,822	$ 1,768	$ 1,714	$ 1,676
MDC Harmonised Year 7	MDC	Consol	$ 1,736	$ 1,812	$ 1,879	$ 1,975	$ 1,907	$ 1,847	$ 1,822	$ 1,768	$ 1,714	$ 1,676
PNCC Harmonised Year 7	PNCC	Consol	$ 2,501	$ 2,304	$ 2,115	$ 1,975	$ 1,907	$ 1,847	$ 1,822	$ 1,768	$ 1,714	$ 1,676
HDC Harmonised Year 10	HDC	Consol	$ 2,355	$ 2,432	$ 2,370	$ 2,247	$ 2,083	$ 1,933	$ 1,822	$ 1,768	$ 1,714	$ 1,676
KCDC Harmonised Year 10	KCDC	Consol	$ 1,654	$ 1,707	$ 1,647	$ 1,715	$ 1,741	$ 1,767	$ 1,822	$ 1,768	$ 1,714	$ 1,676
MDC Harmonised Year 10	MDC	Consol	$ 1,646	$ 1,683	$ 1,626	$ 1,696	$ 1,728	$ 1,760	$ 1,822	$ 1,768	$ 1,714	$ 1,676
PNCC Harmonised Year 10	PNCC	Consol	$ 2,531	$ 2,281	$ 2,201	$ 2,115	$ 1,996	$ 1,890	$ 1,822	$ 1,768	$ 1,714	$ 1,676
HDC Harmonised Year 5	HDC	Consol	$ 2,248	$ 2,143	$ 2,038	$ 1,975	$ 1,907	$ 1,847	$ 1,822	$ 1,768	$ 1,714	$ 1,676
KCDC Harmonised Year 5	KCDC	Consol	$ 1,814	$ 1,863	$ 1,903	$ 1,975	$ 1,907	$ 1,847	$ 1,822	$ 1,768	$ 1,714	$ 1,676
MDC Harmonised Year 5	MDC	Consol	$ 1,846	$ 1,883	$ 1,913	$ 1,975	$ 1,907	$ 1,847	$ 1,822	$ 1,768	$ 1,714	$ 1,676
PNCC Harmonised Year 5	PNCC	Consol	$ 2,416	$ 2,250	$ 2,090	$ 1,975	$ 1,907	$ 1,847	$ 1,822	$ 1,768	$ 1,714	$ 1,676
HDC 'Pay no more' 20 years	HDC	HH Charges	$ 2,320	$ 2,283	$ 2,038	$ 1,975	$ 1,907	$ 1,847	$ 1,822	$ 1,768	$ 1,714	$ 1,676
KCDC 'Pay no more' 20 years	KCDC	HH Charges	$ 1,663	$ 1,662	$ 1,645	$ 1,651	$ 1,656	$ 1,645	$ 1,629	$ 1,636	$ 1,633	$ 1,620
MDC 'Pay no more' 20 years	MDC	HH Charges	$ 1,664	$ 1,648	$ 1,633	$ 1,617	$ 1,603	$ 1,589	$ 1,574	$ 1,559	$ 1,545	$ 1,531
PNCC 'Pay no more' 20 years	PNCC	HH Charges	$ 2,526	$ 2,257	$ 2,090	$ 1,975	$ 1,907	$ 1,847	$ 1,822	$ 1,768	$ 1,714	$ 1,676
HDC 'Pay no more' 30 years	HDC	HH Charges	$ 2,336	$ 2,315	$ 2,038	$ 1,975	$ 1,907	$ 1,847	$ 1,822	$ 1,768	$ 1,714	$ 1,676
KCDC 'Pay no more' 30 years	KCDC	HH Charges	$ 1,663	$ 1,662	$ 1,645	$ 1,651	$ 1,656	$ 1,645	$ 1,629	$ 1,636	$ 1,633	$ 1,620
MDC 'Pay no more' 30 years	MDC	HH Charges	$ 1,664	$ 1,648	$ 1,633	$ 1,617	$ 1,603	$ 1,589	$ 1,574	$ 1,559	$ 1,545	$ 1,531
PNCC 'Pay no more' 30 years	PNCC	HH Charges	$ 2,551	$ 2,259	$ 2,090	$ 1,975	$ 1,907	$ 1,847	$ 1,822	$ 1,768	$ 1,714	$ 1,676
HDC 'local price'		HH Charges	$ 2,365	$ 2,372	$ 2,368	$ 2,329	$ 2,247	$ 2,223	$ 2,140	$ 2,045	$ 1,930	$ 1,873
KCDC 'local price'		HH Charges	$ 1,661	$ 1,662	$ 1,645	$ 1,651	$ 1,656	$ 1,645	$ 1,629	$ 1,636	$ 1,610	$ 1,572
MDC 'local price'		HH Charges	$ 1,654	$ 1,648	$ 1,633	$ 1,617	$ 1,603	$ 1,589	$ 1,574	$ 1,559	$ 1,515	$ 1,479
PNCC 'local price'		HH Charges	$ 2,542	$ 2,262	$ 2,234	$ 1,801	$ 1,795	$ 1,789	$ 1,784	$ 1,779	$ 1,733	$ 1,704
Manwatu-Whanganui	Base	HH Charges	$ 2,011	$ 1,935	$ 1,867	$ 1,830	$ 1,762	$ 1,719	$ 1,662	$ 1,606	$ 1,567	$ 1,530

Entity	Scenario	Metric	2044/45	2045/46	2046/47	2047/48	2048/49	2049/50	2050/51	2051/52	2052/53	2053/54
Inflation Index			1.53	1.57	1.60	1.63	1.66	1.69	1.73	1.76	1.80	1.83
HDC Base	Base	HH Charges	$ 1,787	$ 1,824	$ 1,798	$ 1,772	$ 1,745	$ 1,719	$ 1,693	$ 1,668	$ 1,642	$ 1,617
KCDC Base	Base	HH Charges	$ 1,614	$ 1,607	$ 1,595	$ 1,590	$ 1,572	$ 1,560	$ 1,543	$ 1,549	$ 1,524	$ 1,499
MDC Base	Base	HH Charges	$ 1,517	$ 1,504	$ 1,491	$ 1,479	$ 1,467	$ 1,456	$ 1,443	$ 1,431	$ 1,420	$ 1,408
PNCC Base	Base	HH Charges	$ 1,762	$ 1,757	$ 1,677	$ 1,678	$ 1,676	$ 1,675	$ 1,675	$ 1,674	$ 1,674	$ 1,673
MDC & PNCC CCO	Base	HH Charges	$ 1,739	$ 1,709	$ 1,681	$ 1,654	$ 1,628	$ 1,621	$ 1,596	$ 1,590	$ 1,585	$ 1,580
HDC & KCDC CCO	Base	HH Charges	$ 1,745	$ 1,792	$ 1,751	$ 1,699	$ 1,671	$ 1,617	$ 1,608	$ 1,567	$ 1,508	$ 1,467
The Four CCO Base	Base	HH Charges	$ 2,334	$ 2,369	$ 2,366	$ 2,390	$ 2,359	$ 2,383	$ 2,406	$ 2,411	$ 2,379	$ 2,402
The Four CCO	FFO 8%	HH Charges	$ 1,887	$ 1,899	$ 1,878	$ 1,841	$ 1,802	$ 1,803	$ 1,747	$ 1,736	$ 1,717	$ 1,698
The Four CCO	High investment (capex +30%)	HH Charges	$ 2,190	$ 2,181	$ 2,137	$ 2,097	$ 2,053	$ 2,012	$ 1,994	$ 1,962	$ 1,919	$ 1,900
The Four CCO	Low investment (capex -30%)	HH Charges	$ 1,627	$ 1,616	$ 1,595	$ 1,576	$ 1,555	$ 1,535	$ 1,515	$ 1,500	$ 1,479	$ 1,458
The Four CCO	High efficiencies	HH Charges	$ 1,770	$ 1,761	$ 1,722	$ 1,686	$ 1,666	$ 1,630	$ 1,612	$ 1,583	$ 1,565	$ 1,547
The Four CCO	Low efficiencies	HH Charges	$ 1,963	$ 1,995	$ 1,955	$ 1,919	$ 1,879	$ 1,862	$ 1,825	$ 1,815	$ 1,776	$ 1,739
The Four CCO	Interest rate high 7%	HH Charges	$ 2,062	$ 2,053	$ 2,009	$ 1,987	$ 1,924	$ 1,904	$ 1,882	$ 1,851	$ 1,792	$ 1,772
The Four CCO	Interest rate low 3%	HH Charges	$ 1,715	$ 1,706	$ 1,671	$ 1,656	$ 1,603	$ 1,589	$ 1,574	$ 1,546	$ 1,494	$ 1,481
Nature Calls Scenarios												
PNCC	Nature Calls -30%	HH Charges	$ 1,704	$ 1,704	$ 1,705	$ 1,706	$ 1,704	$ 1,704	$ 1,704	$ 1,703	$ 1,703	$ 1,703
PNCC	Nature Calls +30%	HH Charges	$ 1,767	$ 1,763	$ 1,761	$ 1,758	$ 1,753	$ 1,749	$ 1,746	$ 1,742	$ 1,739	$ 1,735
The Four CCO	Nature Calls -30%	HH Charges	$ 1,617	$ 1,610	$ 1,578	$ 1,563	$ 1,514	$ 1,500	$ 1,486	$ 1,461	$ 1,430	$ 1,400
The Four CCO	Nature Calls +30%	HH Charges	$ 1,682	$ 1,672	$ 1,635	$ 1,618	$ 1,565	$ 1,524	$ 1,508	$ 1,498	$ 1,447	$ 1,432
Harmonise												
HDC Harmonised Year 3	HDC	Consol	$ 1,643	$ 1,635	$ 1,600	$ 1,585	$ 1,534	$ 1,519	$ 1,503	$ 1,477	$ 1,429	$ 1,415
KCDC Harmonised Year 3	KCDC	Consol	$ 1,643	$ 1,635	$ 1,600	$ 1,585	$ 1,534	$ 1,519	$ 1,503	$ 1,477	$ 1,429	$ 1,415
MDC Harmonised Year 3	MDC	Consol	$ 1,643	$ 1,635	$ 1,600	$ 1,585	$ 1,534	$ 1,519	$ 1,503	$ 1,477	$ 1,429	$ 1,415
PNCC Harmonised Year 3	PNCC	Consol	$ 1,643	$ 1,635	$ 1,600	$ 1,585	$ 1,534	$ 1,519	$ 1,503	$ 1,477	$ 1,429	$ 1,415
HDC Harmonised Year 7	HDC	Consol	$ 1,643	$ 1,635	$ 1,600	$ 1,585	$ 1,534	$ 1,519	$ 1,503	$ 1,477	$ 1,429	$ 1,415
KCDC Harmonised Year 7	KCDC	Consol	$ 1,643	$ 1,635	$ 1,600	$ 1,585	$ 1,534	$ 1,519	$ 1,503	$ 1,477	$ 1,429	$ 1,415
MDC Harmonised Year 7	MDC	Consol	$ 1,643	$ 1,635	$ 1,600	$ 1,585	$ 1,534	$ 1,519	$ 1,503	$ 1,477	$ 1,429	$ 1,415
PNCC Harmonised Year 7	PNCC	Consol	$ 1,643	$ 1,635	$ 1,600	$ 1,585	$ 1,534	$ 1,519	$ 1,503	$ 1,477	$ 1,429	$ 1,415
HDC Harmonised Year 10	HDC	Consol	$ 1,643	$ 1,635	$ 1,600	$ 1,585	$ 1,534	$ 1,519	$ 1,503	$ 1,477	$ 1,429	$ 1,415
KCDC Harmonised Year 10	KCDC	Consol	$ 1,643	$ 1,635	$ 1,600	$ 1,585	$ 1,534	$ 1,519	$ 1,503	$ 1,477	$ 1,429	$ 1,415
MDC Harmonised Year 10	MDC	Consol	$ 1,643	$ 1,635	$ 1,600	$ 1,585	$ 1,534	$ 1,519	$ 1,503	$ 1,477	$ 1,429	$ 1,415
PNCC Harmonised Year 10	PNCC	Consol	$ 1,643	$ 1,635	$ 1,600	$ 1,585	$ 1,534	$ 1,519	$ 1,503	$ 1,477	$ 1,429	$ 1,415
HDC Harmonised Year 5	HDC	Consol	$ 1,643	$ 1,635	$ 1,600	$ 1,585	$ 1,534	$ 1,519	$ 1,503	$ 1,477	$ 1,429	$ 1,415
KCDC Harmonised Year 5	KCDC	Consol	$ 1,643	$ 1,635	$ 1,600	$ 1,585	$ 1,534	$ 1,519	$ 1,503	$ 1,477	$ 1,429	$ 1,415
MDC Harmonised Year 5	MDC	Consol	$ 1,643	$ 1,635	$ 1,600	$ 1,585	$ 1,534	$ 1,519	$ 1,503	$ 1,477	$ 1,429	$ 1,415
PNCC Harmonised Year 5	PNCC	Consol	$ 1,643	$ 1,635	$ 1,600	$ 1,585	$ 1,534	$ 1,519	$ 1,503	$ 1,477	$ 1,429	$ 1,415
HDC 'Pay no more' 20 years	HDC	HH Charges	$ 1,643	$ 1,635	$ 1,600	$ 1,585	$ 1,534	$ 1,519	$ 1,503	$ 1,477	$ 1,429	$ 1,415
KCDC 'Pay no more' 20 years	KCDC	HH Charges	$ 1,643	$ 1,635	$ 1,600	$ 1,585	$ 1,534	$ 1,519	$ 1,503	$ 1,477	$ 1,429	$ 1,415
MDC 'Pay no more' 20 years	MDC	HH Charges	$ 1,643	$ 1,635	$ 1,600	$ 1,585	$ 1,534	$ 1,519	$ 1,503	$ 1,477	$ 1,429	$ 1,415
PNCC 'Pay no more' 20 years	PNCC	HH Charges	$ 1,643	$ 1,635	$ 1,600	$ 1,585	$ 1,534	$ 1,519	$ 1,503	$ 1,477	$ 1,429	$ 1,415
HDC 'Pay no more' 30 years	HDC	HH Charges	$ 1,643	$ 1,635	$ 1,600	$ 1,585	$ 1,534	$ 1,519	$ 1,503	$ 1,477	$ 1,429	$ 1,415
KCDC 'Pay no more' 30 years	KCDC	HH Charges	$ 1,614	$ 1,607	$ 1,595	$ 1,585	$ 1,534	$ 1,519	$ 1,503	$ 1,477	$ 1,429	$ 1,415
MDC 'Pay no more' 30 years	MDC	HH Charges	$ 1,517	$ 1,504	$ 1,491	$ 1,479	$ 1,467	$ 1,456	$ 1,443	$ 1,431	$ 1,420	$ 1,408
PNCC 'Pay no more' 30 years	PNCC	HH Charges	$ 1,643	$ 1,635	$ 1,600	$ 1,585	$ 1,534	$ 1,519	$ 1,503	$ 1,477	$ 1,429	$ 1,415
HDC 'local price'		HH Charges	$ 1,737	$ 1,762	$ 1,741	$ 1,707	$ 1,641	$ 1,611	$ 1,582	$ 1,536	$ 1,478	$ 1,454
KCDC 'local price'		HH Charges	$ 1,562	$ 1,547	$ 1,540	$ 1,527	$ 1,471	$ 1,454	$ 1,434	$ 1,419	$ 1,360	$ 1,336
MDC 'local price'		HH Charges	$ 1,461	$ 1,440	$ 1,432	$ 1,413	$ 1,364	$ 1,348	$ 1,333	$ 1,301	$ 1,257	$ 1,246
PNCC 'local price'		HH Charges	$ 1,694	$ 1,681	$ 1,610	$ 1,602	$ 1,562	$ 1,556	$ 1,551	$ 1,528	$ 1,492	$ 1,490
Manwatu-Whanganui	Base	HH Charges	$ 1,482	$ 1,471	$ 1,437	$ 1,418	$ 1,401	$ 1,385	$ 1,367	$ 1,349	$ 1,333	$ 1,317

Who should manage Kāpiti Coast water services in the future?

Kāpiti Coast DISTRICT COUNCIL
Me Huri Whakamuri, Ka Titiro Whakamua

Summary of submissions

May, 2025

PublicVoice

About PublicVoice

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Contents

Introduction

Kāpiti Coast District Council (Council) is the provider of safe, reliable, and cost-effective water services to its communities. In response to the Government's **Local Water Done Well** policy and the new legislative requirements, Council consulted between 10 March and 13 April 2025 with the community on the future management and delivery of three water services (drinking water, wastewater, and stormwater). This consultation explored two primary options for water service delivery and sought to identify the key factors that the community considered when weighing up the options.

This report summarises the submissions received during the formal consultation period and outlines the themes that emerged. The feedback provided useful insight into community views on how water services should be delivered over the coming decades.

1 Current water services arrangement

At the time of consultation, Kāpiti Coast water services are managed by Council through an in-house structure for the full spectrum of water supply, and wastewater and stormwater management. Key aspects of the current arrangement include:

- **Direct management of water assets:** The Council owns and controls all water infrastructure.
- **Established service delivery operations:** Systems and processes ensure the ongoing provision of safe drinking water, effective wastewater treatment, and efficient stormwater management.
- **Legislative compliance:** Three waters services operate under a regulatory framework that will be updated in line with the Government's Local Water Done Well policy and associated legislation.

2 Proposed options

As required by legislation, Council presented two options to the community for the future management of water services:

Option 1 – In-house delivery ('The One')
Continue managing water services within the Council but with additional effort and resourcing to meet new regulatory requirements. This option retains direct control over assets and operations with necessary adjustments for compliance.

Option 2 – Joint council-owned organisation ('The Four')
Establish a joint council-owned water services organisation in partnership with Horowhenua, Manawatū, and Palmerston North. This option would involve transferring water assets to the new organisation of which Council would be a shareholder. This option could achieve efficiencies of scale and improved organisational resilience over the long term.

3 Changes to legislation affecting water services

In 2024, the Government introduced a revised legislative framework to underpin the Local Water Done Well policy. These changes affected water services by:

- Introducing new regulatory requirements for monitoring, reporting, and compliance.
- Adjusting financial sustainability measures, including modifications in borrowing limits and funding arrangements.
- Enhancing consumer protections to safeguard water delivery service quality and affordability.

These legislative changes were the driver behind the consultation. They required Council to consult with the community on the current delivery model and an alternative arrangement.

4 Consultation objectives

The primary objectives of the consultation were to:

- Inform the community about the implications of the new legislative framework and the Local Water Done Well policy.
- Present options for future water service delivery that outlined the advantages and disadvantages of each option and the impacts on rates, debt and levels of service.
- Gather submissions from ratepayers and stakeholders to help inform Council's decision.

5 Methodology

This section outlines the approach used to conduct the consultation on the future management and delivery of Kāpiti Coast water services.

5.1 Survey design

A submission form was designed to gather community feedback on the proposed water services delivery options. The form was straightforward, focusing on two key questions with additional space for open comments.

Key areas addressed in the submission form included:

- Ranking of Council's six priorities for future water services management and delivery
- Preference between the two water service options (Option 1 'The One' - In-house delivery vs. Option 2 'The Four' - joint council-owned water services organisation)
- An open question for additional comments

5.2 Data collection

5.2.1 Survey distribution

The consultation materials, including a comprehensive consultation document and submission form, were made accessible to the community in both electronic and hard-copy formats to ensure broad reach:

- **Online platform:** Submissions could be made via the dedicated consultation website (haveyoursay.kapiticoast.govt.nz/LocalWater)
- **Physical copies:** Paper submission forms were available at drop-in sessions throughout the district and Council libraries and service centres and could be returned to these locations or posted.

The consultation was advertised through a variety of channels including a dedicated ratepayer email, radio, in print, and online.

Additionally, consultation activities included drop-in sessions at various locations around the district to allow community members to ask questions of Council staff and elected members and provide feedback

5.2.2 Timeframe

The consultation was open for responses from Monday 10 March to midnight on Sunday 13 April 2025.

5.3 Data analysis

5.3.1 Quantitative analysis

Quantitative data from closed-ended questions were analysed using descriptive statistics, including:

- Frequency distributions
- Cross-tabulations.

Note on response rates: While the consultation received 521 total submissions, not all submitters answered every question, resulting in varying response totals across different questions. This is normal in survey research and explains why the totals for individual questions may not always sum to 521. The analysis for each question uses the actual number of responses received for that specific question rather than the total number of submissions.

5.3.2 Qualitative analysis

Open-ended responses were analysed using thematic analysis. This method followed five main steps:

1. **Data familiarisation** – Analysts read the responses multiple times to grasp the content.
2. **Initial coding** – data is sorted into labelled segments that highlights key points.
3. **Theme identification** – Similar segments were grouped into broader themes.
4. **Theme review and refinement** – Themes were checked for relevance and clarity.
5. **Theme definition and naming** – Each theme was carefully defined, with appropriate sub-themes noted.

In the qualitative analysis, themes mentioned by five or more submitters were included to ensure significant community sentiments were captured while filtering out isolated opinions. Both strengths and weaknesses of each option were analysed, with additional feedback on future planning, cultural partnerships, governance, consultation process, and fiscal management presented in the following sections.

5.3.3 Reporting

Tables illustrating the frequency of key themes were produced to demonstrate the significance of each theme. Reporting of the closed-ended quantitative questions was presented in the form of charts, indicating both the overall number of responses and the percentage of responses that supported particular positions.

5.3.4 Broader feedback outside the scope of Council decision

In addition to the targeted submission questions, broader feedback was also received that fell outside of the current legislative parameters for water services delivery. This broader feedback included:

- Concerns over potential cost increases and financial impacts on ratepayers
- Opinions on the long-term sustainability and infrastructure renewal needs for water services
- Feedback regarding community engagement and the transparency of decision-making processes.

6 Key findings

521 submissions were received during the consultation period (10 March to 13 April 2025). The following key findings were identified:

Preferred option

Of the 521 submissions received, 480 (94%) supported Option 1 ('The One' – keeping water services in-house), while 30 (6%) preferred Option 2 ('The Four' – a joint council-owned water services organisation). The remaining 11 submitters did not indicate a preference between the two options.

Category	Count	Percentage
Option 1 – 'The One': Keeping our water services delivery in-house	480	94%
Option 2 – 'The Four': A four council-owned water services organisation	30	6%

Priorities

The table below displays the ranking of priorities from the submissions received during the consultation period. Submitters were asked to rank six key factors in order of importance for future water services delivery:

Rank	Priority	Score
1	Safe and reliable water services – our community continues to receive safe, reliable, efficient and effective water services	89%
2	Public ownership – our water assets remain in public ownership	81%
3	Financial sustainability – our water services are financially sustainable and maintain affordable, fair and transparent charging for customers	69%
4	Resilience – our water services model is resilient; it remains strong and functional in all circumstances	61%
5	Local priorities – our water services model recognises local priorities in planning for the future and catering for growth	52%
6	Mana whenua aspirations – Mana whenua aspirations and concepts have meaningful influence in managing our water	40%

Summary of submissions

7 Option preferences

Submitters were asked to indicate their preference between Option 1 ('The One' – Keep water services in-house) and Option 2 ('The Four' – A joint council-owned water services organisation with Horowhenua, Manawatū, and Palmerston North).

The results show a preference for Option 1 ('The One'), with 94% of respondents favouring keeping water services in-house. This represents general consensus from the community against the proposed four-council organisation model. Only 6% of respondents supported Option 2 ('The Four'), indicating limited community interest for the joint council-owned structure despite it being presented as a viable alternative. This preference for maintaining local control of water services is a trend observed both in the quantitative data and in qualitative feedback.

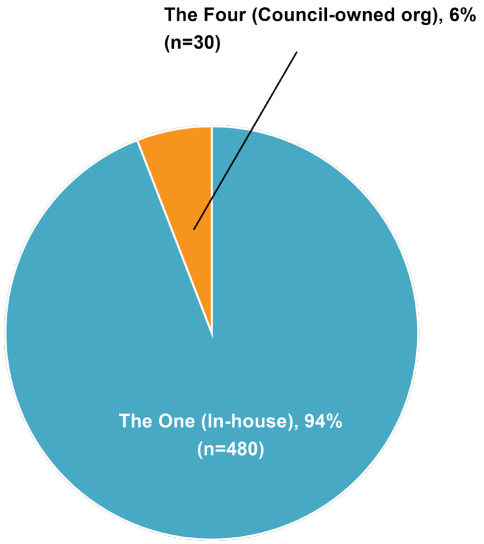

Figure 1: *Distribution of preferences for water service delivery options*

Category	Count	Percentage
Option 1 – 'The One': Keeping our water services delivery in-house	480	94%
Option 2 – 'The Four': A four council-owned water services organisation	30	6%

Table 1: Summary of preferences for water service delivery options

7.1.1.1 Age group

Table 2 shows **preferred option** by **age group**:

The preference for Option 1 ('The One') remains consistent across all age demographics, ranging from 93% to 95% support. This indicates that the sentiment for keeping water services in-house transcends generational differences, with younger residents (30 and under) showing 95% support for maintaining local control. The consistency across age groups suggests that community views on water management are similar regardless of age.

Response	30 and under n = 39	40s n = 49	50s n = 69	60s n = 124	70s n = 152	80+ n = 48
Option 1: The One	95% 37	94% 46	93% 64	94% 116	95% 145	94% 45
Option 2: The Four	5% 2	6% 3	7% 5	6% 8	5% 7	6% 3

Table 2: Summary of preferences for water service delivery options by age group:

7.1.1.2 Property owner

Table 3 shows **preferred option** by **property owner**:

The data shows that 94% of property owners prefer Option 1 ('The One'). The sole non-property owner in the sample also selected Option 1. The overwhelming representation of property owners (485) in the consultation highlights that the feedback predominantly comes from those with a direct financial stake in the district's infrastructure decisions.

Response	No (Not Property Owner) n = 1	Yes (Property Owner) n = 485
Option 1: The One	100% 1	94% 457
Option 2: The Four	0% 0	6% 28

Table 3: Summary of preferences for water service delivery options by property owner

7.1.1.3 Property location

Table 4 shows **preferred option** by **property location**:

While Option 1 ('The One') has majority support across all geographical areas, there are variations. Paekākāriki-Raumati shows support for keeping services in-house at 97%, followed by Paraparaumu at 95%. Ōtaki has support for Option 1 at 87%, and preference for Option 2 at 13% – double the district average. This geographical variation may reflect different experiences with current water services delivery or different perspectives on regional cooperation, with Ōtaki residents showing more openness to the joint council-owned water services organisation.

Response	Paekākāriki-Raumati n = 109	Paraparaumu n = 131	Waikanae n = 155	Ōtaki n = 47	Other n = 68
Option 1: The One	97% 106	95% 125	93% 144	87% 41	94% 64

Response	Paekākāriki-Raumati n = 109	Paraparaumu n = 131	Waikanae n = 155	Ōtaki n = 47	Other n = 68
Option 2: The Four	3% 3	5% 6	7% 11	13% 6	6% 4

Table 4: Summary of preferences for water service delivery options by property location

7.1.1.4 Ratepayer

Table 5 shows **preferred option** by **ratepayer**:

Ratepayers, who make up the majority of respondents (474), show a 94% preference for Option 1 ("The One'). Non-ratepayers (only 12 respondents) show a slightly lowered preference at 92%. The minimal difference between these groups suggests that direct financial contribution to Council services does not significantly impact views on water service management. The small sample of non-ratepayers limits the reliability of comparisons between these groups.

Response	No (Not Ratepayer) n = 12	Yes (Ratepayer) n = 474
Option 1: The One	92% 11	94% 447
Option 2: The Four	8% 1	6% 27

Table 5: Summary of preferences for water service delivery options by ratepayer

7.1.1.5 3-waters service users

Table 6 shows respondents' **preferred option** among those who receive each of the three service types: drinking water, wastewater and trade waste.[1]

Each column gives the percentage and count of users of that service who chose Option 1 ('The One') or Option 2 ('The Four'). Service connections do not meaningfully alter overall opinion: drinking water and wastewater users both show 94% favouring Option 1, while the small number of trade waste users unanimously choose the in-house model.

Response	Drinking Water n = 457	Trade Waste n = 16	Wastewater n = 393
Option 1: The One	94% 430	100% 16	94% 371
Option 2: The Four	6% 27	0% 0	6% 22

Table 6: Summary of preferences for water service delivery options by 3-waters service users

[1] Note: Stormwater services were intentionally omitted as an option from the submission form. Unlike drinking water and wastewater services which are more readily identifiable by property owners, many residents may not be aware of the specific stormwater infrastructure and provisions that relate to their properties, such as culverts, drainage easements, and overland flow paths. This decision was made to avoid potentially misleading data on service usage.

8 Priority rankings

Submitters were asked to rank various priorities when deciding on their preferred option for future of water services delivery:

- **Safe and reliable water services:** Ensuring high-quality drinking water, wastewater treatment and stormwater management that meet national regulator standards for safety, reliability, efficiency and effectiveness.
- **Public ownership:** Keeping all water assets in public hands so that the community retains direct ownership and control over their water infrastructure and services.
- **Financially sound**: Delivering water services in a way that's financially sustainable—maintaining fair, transparent charging and ensuring revenues cover costs (including debt servicing and renewals).
- **Resilience:** Building a water services model robust enough to remain functional in all circumstances, from routine operations through emergencies and natural events.
- **Local priorities**: Recognising and embedding the needs of Kāpiti Coast—planning for growth, local development, and community values in how water services are managed.
- **Mana whenua aspirations:** Incorporating mana whenua (iwi and hapū) interests, cultural outcomes and tikanga into water management, ensuring Māori input in decision-making.

Table 7 shows the full ranking order, number of responses, and scores[2] for each priority.

Rank	Priority	Score
1	Safe and reliable water services – our community continues to receive safe, reliable, efficient and effective water services	89%
2	Public ownership – our water assets remain in public ownership	81%
3	Financial sustainability – our water services are financially sustainable and maintain affordable, fair and transparent charging for customers	69%
4	Resilience – our water services model is resilient; it remains strong and functional in all circumstances	61%
5	Local priorities – our water services model recognises local priorities in planning for the future and catering for growth	52%
6	Mana whenua aspirations – mana whenua aspirations and concepts have meaningful influence in managing our water	40%

Table 7: Ranking of priorities for water services delivery

[2] **Note on priority scores:** The score is calculated using a formula where items ranked first receive higher value. For a 6-item ranking, first-place rankings receive 6 points, second-place rankings receive 5 points, and so on down to sixth-place rankings receiving 1 point. The score shown is the sum of these values across all respondents, normalised to a 0-100 scale, where 100 would indicate that every respondent ranked the item in first place. This method provides a more nuanced measure of overall preference than simple averages.

9 Qualitative feedback

197 out of 521 submissions received included additional open feedback comments. In the qualitative analysis, all themes from these comments were analysed and categorised. Both strengths and weaknesses of each option were captured, with additional feedback on future planning, cultural partnerships, governance, consultation process, and fiscal management presented in the following sections.

9.1 Overview of feedback on Option 1 - strengths & weaknesses

Table 8 outlines the themes identified in submissions regarding the strengths and weaknesses of Option 1 (In-house delivery - 'The One').

Theme	Subtheme	Frequency
OPTION 1 STRENGTHS		182
	Support: Direct local control of water priorities	55
	Support: Continuity of existing systems/expertise	53
	Support: Recognition of past Kāpiti investments	39
	Support: General support for option 1	14
	Support: Not fixing what is not broken	11
	Support: Affordability is key	5
	Support: Lower costs for ratepayers until 2047	4
	Support: Avoiding complex transition disruptions	1
OPTION 1 WEAKNESSES		5
	Concern: Limited long-term economies of scale	3
	Concern: Managing unexpected large investments	2

Table 8: Overview of feedback on Option 1 - strengths & weaknesses

9.1.1.1 Strengths of Option 1 ('The One')

Of those that indicated a preference for Option1, submitters emphasise the benefits of keeping water services in-house, citing Kāpiti's track-record of effective, locally-governed management.

- **Support: Direct local control of water priorities** *(55 submitters)*
  Local oversight ensures responsiveness to community needs and protects past investments, whereas a regional merger could introduce unnecessary complexity.

  > *"It is really important that decisions about and control of local services remains with local communities"*

- **Support: Continuity of existing systems/expertise** *(53 submitters)*
  Satisfaction with the established water treatment plants, reservoir network and in-house laboratory, and warned that changing the delivery model risks interrupting a working system.

  > *"We, the ratepayers, resisted when our water was overhauled and meters installed, but it was done anyway. Since then, it has worked, and water is one thing Council has done well. I see no reason to change anything"*

- **Support: Recognition of past Kāpiti investments** *(39 submitters)*
  The decades of infrastructure upgrades led by Kāpiti Coast District Council, noting these have delivered first-class systems and arguing it would be unwise to dilute that expertise by joining other councils.

> *"The district Council invested heaps years back. If we join with other Councils that have invested less, we will pay for their mismanagement"*

- **Support: General support for option 1** *(14 submitters)*
  No compelling reason to change, saying that local delivery remains the most efficient and accountable approach.

> *"Option one is the only logical viable option for the ratepayers of Kāpiti Coast"*

- **Support: Not fixing what is not broken** *(11 submitters)*
  Retain status quo: if local delivery has worked for years, why change the status quo?

> *"I feel it is important to keep such a vital commodity within the local sphere of operations. The current water service package is good, so if it ain't broken there is no need to fix it"*

9.1.1.2 Weaknesses of Option 1 ('The One')

The feedback identifies two main weaknesses with Option 1 (in-house delivery). Submitters expressed concern about the limited long-term economies of scale in the in-house model, suggesting that potential cost efficiencies might be lost compared to the joint council option.

There were also worries about the council's ability to manage unexpected large investments in water infrastructure independently.

9.2 Overview of feedback on Option 2 - strengths & weaknesses

Table 9 outlines the themes identified in submissions regarding the strengths and weaknesses of Option 2.

Theme	Subtheme	Frequency
OPTION 2 WEAKNESSES		125
	Concern: Kāpiti subsidising other districts' needs	32
	Concern: Higher establishment & operating costs	29
	Concern: Kāpiti priorities outweighed by others	25
	Concern: Replicating Wellington Water problems	19
	Concern: Reduced local influence over decisions	13
	Concern: Horowhenua water infrastructure	6
	"Suggest: Must include all 4"	1
OPTION 2 STRENGTHS		16
	Support: Enhanced system resilience & resources	5
	Support: Cost efficiencies through scale post-2047	4
	Support: Coordinated planning across catchments	3
	Support: General support for option 2	2
	Support: Better access to technical specialists	1
	Support: Greater borrowing capacity (500% cap)	1

Table 9: Overview of feedback on Option 2 - strengths & weaknesses

9.2.1.1 Weaknesses of Option 2 ('The Four')

Feedback on the joint council-owned organisation was overwhelmingly negative, with comments focused on cost, control and accountability.

- **Concern: Kāpiti subsidising other districts' needs** *(32 submitters)*
  There was opposition to cross-subsidy, especially where neighbouring Councils have under-invested in their water assets.

  > *"KCDC does not need to pay for Wellington's water pipes or the rehabilitation of Lake Horowhenua. We have enough water pressure being placed on housing densification to worry about"*

- **Concern: Higher establishment & operating costs** *(29 submitters)*
  There was concern that the new entity's setup and governance layer would drive costs above what Kāpiti ratepayers currently pay.

  > *"I do not believe the four-Council model will be an efficient use of money. The geographical spread under the four-Council model will negatively impact Kāpiti Coast ratepayers. Kāpiti Coast has a relatively dense network of services, which drives better value for money by minimising travel time between regions."*

- **Concern: Kāpiti priorities outweighed by others** *(25 submitters)*
  There was concern that Kāpiti's long-term planning and investments would be subordinated to the combined organisations broader agenda.

  > *" It is important that decision making is undertaken by our Council, for the benefit of all citizens of the Kāpiti Coast; not diluted by the need of other regions, or by the undue consideration of small pressure groups"*

- **Concern: Replicating Wellington Water problems** *(19 submitters)*
  Wellington Water's challenges were mentioned—it was felt a regional model would risk inheriting those inefficiencies.

  > *"The joint Council-owned Wellington Water reflects the ineffectiveness of the governance model in ensuring such organisations are run efficiently and effectively. Unless Kāpiti water has the need to borrow significant capital in the next decade, I suggest you avoid the joint model"*

- **Concern: Reduced local influence over decisions** *(13 submitters)*
  There was concern that a larger board would dilute Kāpiti Coast's voice, slowing responsiveness to urgent local issues.

  > *"If we rely on other Councils, we cannot control things. And as a smaller Council than some others we will have less voice. Also, the bigger the bureaucracy, the more inefficient, as has been proven over history"*

- **Concern: Horowhenua water infrastructure** *(6 submitters)*
  There was concern regarding Horowhenua's aging assets, fearing Kāpiti would inherit both the liabilities and repair costs.

  > *"Don't join with Horowhenua. Our water system works well but we will take on others' problems if we merge"*

9.2.1.2 Strengths of Option 2 ('The Four')

Submitters identified several advantages of Option 2 ('The Four' - joint council-owned organisation). A small number of submitters highlighted the potential for enhanced system resilience and improved resource sharing across the four councils. Some noted that cost efficiencies through economies of scale might be realised in the longer term (post-2047), while others emphasised the benefits of coordinated planning across water catchments.

Additional advantages mentioned by individual submitters included better access to technical specialists and greater borrowing capacity under a larger organisation structure.

Overall, these perceived strengths were mentioned by fewer submitters compared to those expressing concerns about Option 2, aligning with the community preference (94%) for keeping water services in-house under Option 1.

9.2.1.3 Conclusion

Overall, the community favours maintaining an in-house model (Option 1 'The One'), citing performance, local accountability and protection of past investments. The four-council joint model (Option 2 'The Four') is viewed as introducing cost, complexity and risk to service quality. The majority of those that submitted, recommend Council maintain its local in-house delivery model.

9.3 Other thematic feedback

Table 10 shows additional thematic feedback from submitters on topics beyond the option preferences.

Theme	Subtheme	Frequency
GOVERNANCE & ACCOUNTABILITY		64
	Concern: Lacking transparent decision process	19
	Suggest: Independent experts / advisors	13
	Support: Full transparency in water decisions	8
	Concern: Non-elected officials making decisions	6
	Support: Binding referendum on water decisions	6
	Concern: Council management	5
	Concern: Poor quality of consultation process	5
	Suggest: National government oversight	2
CONSULTATION PROCESS		53
	Concern: Survey structure	17
	Concern: Council bias in consultation	9
	Concern: Insufficient detail on options	9
	Concern: Public input ignored	6
	Consider: Ranking unhelpful too important	6
	Suggest: Extend consultation time & depth	6
FUTURE PLANNING		49
	Concern: Infrastructure capacity for population	14
	Concern: Move to privatisation / large authorities	9
	Suggest: Long-term drought resilience measures	7
	Support: Continual upgrades and maintenance	7
	Support: Preparing for climate change impacts	7
	Support: Dam & reservoir development for security	3
	Support: Generational sustainability	2
CULTURAL PARTNERSHIPS		38
	Consider: People and community	12
	Concern: Co-governance decision-making models	9
	Suggest: Clarifying iwi partnership expectations	7

Theme	Subtheme	Frequency
	Support: Incorporating te ao Māori perspectives	4
	Concern: Insufficient mana whenua engagement	3
	Support: Balanced engagement with mana whenua	3
FISCAL MANAGEMENT		36
	Suggest: Clearer long-term financial projections	15
	Support: Developers paying for capacity upgrades	8
	Concern: Rising costs from new regulations	6
	Concern: Underestimated regulatory costs	3
	Support: Separate water finances from rates	2
	Concern: Balancing "needs" versus "wants" spend	1
	Suggest: External funding	1
ENVIRONMENTAL CONCERNS		15
	Support: Protection of waterways & wetlands	6
	Suggest: Prioritising environmental outcomes	5
	Concern: Wastewater affecting other water	3
	Support: Recognition of cross-boundary systems	1
CONSUMER CONCERNS		12
	Concern: Mandatory water fluoridation programme	4
	Concern: Water pricing	3
	Support: Fair pricing systems across user groups	3
	Concern: Resilient water supply	1
	Support: Off-grid properties without fixed charges	1

Table 10: Other feedback

9.3.1 Governance & accountability

Summary: There was a call for full transparency in decision-making and financial reporting, plus independent expert oversight to ensure credibility and trust.

- **Concern: Lacking transparent decision process** *(19 submitters)*
  The need for transparency in the decision-making processes related to water governance, and for complete openness regarding costs, consultation processes, and the implications of various options presented.

  > *"The community needs to be fully informed about how decisions regarding water services are made, by whom, and based on what criteria"*

- **Suggest: Independent experts/advisors** *(13 submitters)*
  The need for independent experts and advisors in the consultation and decision-making process, as well as in water governance, to ensure efficient management and cost-effectiveness, particularly for local services.

  > *"Governance and oversight of water services with qualified technical and financial people is also needed at the Council table – perhaps by way of an independent advisor."*

- **Support: Full transparency in water decisions** *(8 submitters)*
  Full transparency in all water-related decisions, ensuring that the public is kept informed about financial operations and accountability measures.

> *"Ensure high levels of transparency and accountability around decision-making."*

9.3.2 Consultation process

Summary: Concern the consultation materials lacked depth and were biased. 6 submitters objected to ranking what they felt were equally important options and called for a more transparent, inclusive, and extended engagement.

- **Concern: Survey structure** *(17 submitters)*
  Concern about the survey design, saying it was leading and limiting in scope, which hampered genuine feedback.

> *"The survey design limited our ability to express nuanced views on these complex issues"*

- **Concern: Council bias in consultation** *(9 submitters)*
  Concern Council was biased in the consultation process, indicating that the consultation documents are poorly crafted and designed to lead the public towards a predetermined option.

> *"I have chosen not to use the online survey provided as I believe it is too limited in scope. The format appears to guide respondents toward pre-determined outcomes, which undermines genuine public engagement. I am also concerned about the broader consultation process"*

- **Concern: Insufficient detail on options** *(9 submitters)*
  Concern there was insufficient detail provided on the options. They felt the lack of comprehensive information and transparency prevented them from making informed decisions.

> *"I don't support either option at this time, because I believe the Council has failed to provide enough detail and analysis for me to make an informed decision. This is particularly so in regard to 1. Financial forecasts; and 2. Future planning and development…"*

9.3.3 Future planning

Summary: With climate change and population growth looming, submitters cited local control and strategic resilience measures—rainwater harvesting, improved drainage, and proactive infrastructure upgrades.

- **Concern: Infrastructure capacity for population** *(14 submitters)*
  Concern about the infrastructure capacity to cope with population growth in the Kāpiti region, mentioning the need for adequate planning and investment to avoid future crises.

> *"We do need to keep up with growth in the area & make sure our facilities can cope with that. If not hit pause on growth until proper infrastructure is in place – it's not rocket science if you grow to fast without having infrastructure in place everything implodes"*

- **Concern: Move to privatisation / large authorities** *(9 submitters)*
  Concern over the potential move towards privatisation and larger authorities, noting the importance of maintaining public control over essential services like water.

> *"We need to maintain local ownership and control of our water assets to prevent any future privatisation attempts"*

- **Suggest: Long-term drought resilience measures** *(7 submitters)*
  Importance of long-term drought resilience measures that include mandatory rainwater tanks for homes and improved local water management strategies to address climate change's impact on weather extremes.

  > *"It should be mandatory for every house to have a rain tank for drought conditions and disaster risks."*

- **Support: Continual upgrades and maintenance** *(7 submitters)*
  The importance of ongoing maintenance and upgrades to the water supply system, saying it minimises failures and enhances resilience, especially in the context of climate change.

  > *"Investment in maintenance and upgrades must be ongoing to ensure our water infrastructure remains at a high standard for future generations"*

- **Support: Preparing for climate change impacts** *(7 submitters)*
  The need for localised water management to prepare for increasing climate change impacts, to enhance sustainability and resilience during extreme weather events.

  > *"Water Management is not only about managing water delivery in 'normal' conditions but presumably also in extreme events such as storms/droughts etc that will be an increasing in the future…"*

9.3.4 Cultural partnerships

Summary: Submitters want genuine, transparent co-governance with mana whenua, clear expectations for iwi partnerships, and accountability in cultural decision-making.

- **Consider: People and community** *(12 submitters)*
  Water management should focus on people and community, with decision-making that directly benefits local residents.

  > *"Water decisions should prioritize the well-being of all community members and future generations"*

- **Concern: Co-governance decision-making models** *(9 submitters)*
  Concern the co-governance decision-making models were ineffective and lacked transparency, particularly regarding the role of mana whenua.

  > *"I would like KCDC to be more transparent about the role of mana whenua In any decision-making. It seems to me that there is a lack of transparency about the degree of control or decision-making that has been delegated in that area…"*

- **Suggest: Clarifying iwi partnership expectations** *(7 submitters)*
  The need for clear communication and collaboration between iwi and local authorities regarding water management and partnership expectations.

  > *"…if Option One is approved, it must not be seen as a reason for KCDC to become complacent. Instead, it should be viewed as a call to strengthen their commitment to mana whenua and work more diligently towards the future."*

9.3.5 Fiscal management

Summary: Feedback asked for clear, long-term financial planning, ensuring developers pay their fair share to avoid burdening ratepayers. Calls for transparent projections to hold Council accountable were common.

- **Suggest: Clearer long-term financial projections** *(15 submitters)*
  Clearer long-term financial projections to enhance transparency and accountability in fiscal management, advocating for detailed financial forecasts that accurately reflect costs and rate impacts.

  > *"More detailed figures need to be supplied to ratepayers. The impact on future rate rises, outside of the those already included in the LTP must be provided to ratepayers to enable an informed decision of which option is suitable…"*

- **Support: Developers paying for capacity upgrades** *(8 submitters)*
  Developers fairly contribute to the costs of water service upgrades associated with new developments, ensuring that local ratepayers are not disproportionately burdened.

  > *"New developments must pay their fair share of water services costs"*

9.3.6 Environmental concerns

Summary: Submitters expressed concern about water infrastructure capacity keeping pace with Kāpiti's population growth. There were calls for mandatory rainwater tanks and improved water management strategies to address drought and climate change impacts. There was support for ongoing maintenance to "ensure our water infrastructure remains at a high standard for future generations" and for developers to "pay their fair share of water services costs." Respondents prioritised local, democratic management of water resources that safeguards both community needs and environmental protection.

10 Respondent profile

While the consultation received 521 total submissions, it's important to note that not all submitters answered every question on the feedback form. This results in varying response totals across different questions in the analysis. For example, while 492 respondents indicated they were property owners, only 487 specified their age group, and 486 indicated their property location.

This variation in response rates is common in consultation processes and explains why the totals for individual questions may not always sum to 521. The analysis for each question uses the actual number of responses received for that specific question rather than the total number of submissions, ensuring accurate representation of the data provided.

The percentages shown in graphs and tables are calculated based on the number of valid responses to each specific question, providing the most accurate picture of community sentiment among those who chose to answer each particular question.

10.1 Submission type

Most submissions received were from individuals rather than organisations, with individual submissions (511, 99%) accounting for the majority of feedback received during the consultation period.

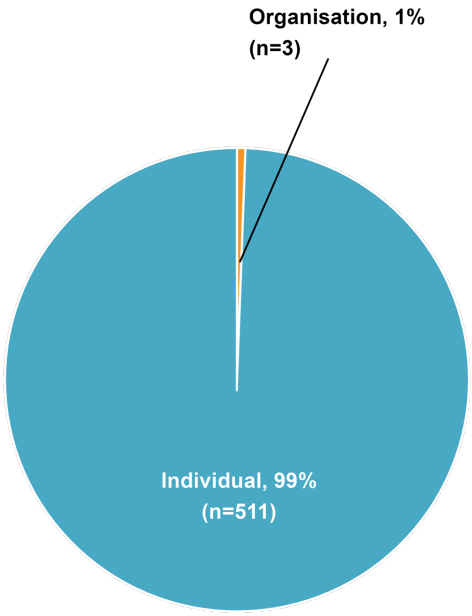

Figure 2: *Submission type*

Category	Count	Percentage
Individual	511	99%
Organisation	3	1%

Table 11: Submission type

10.2 Age

Most submitters were in their 60s (124, 26%) and 70s (154, 32%), reflecting engagement from older segments of the community. The fewest submissions were received from younger age groups, particularly those under 30 (only 5 submissions, or 1%).

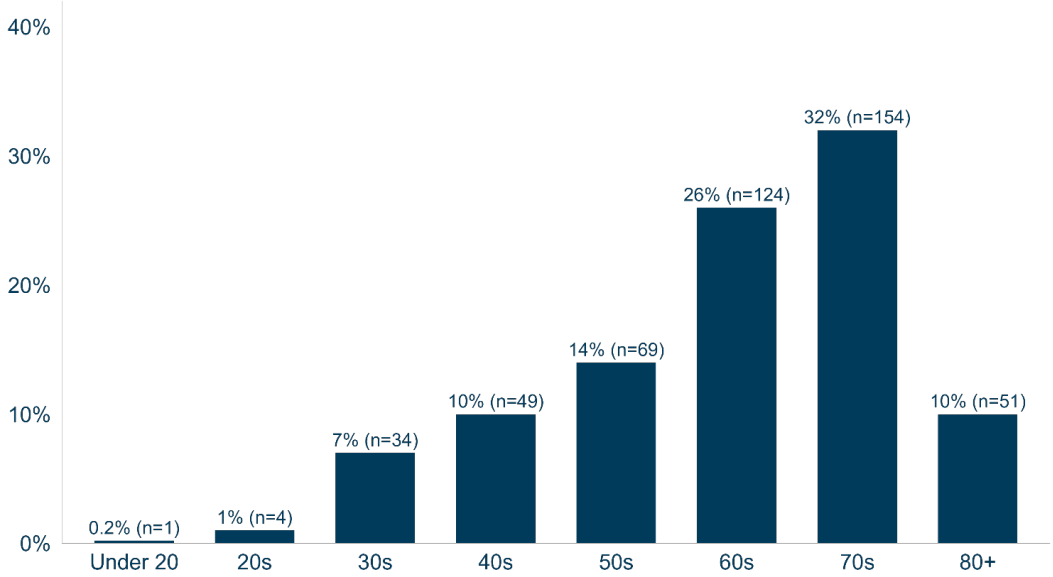

Figure 3: *Age group*

Category	Count	Percentage
Under 20	1	0.2%
20s	4	1%
30s	34	7%
40s	49	10%
50s	69	14%
60s	124	26%
70s	154	32%
80+	51	10%

Table 12: Age group

10.3 Home ownership

Nearly all submitters owned property in the Kāpiti Coast District.

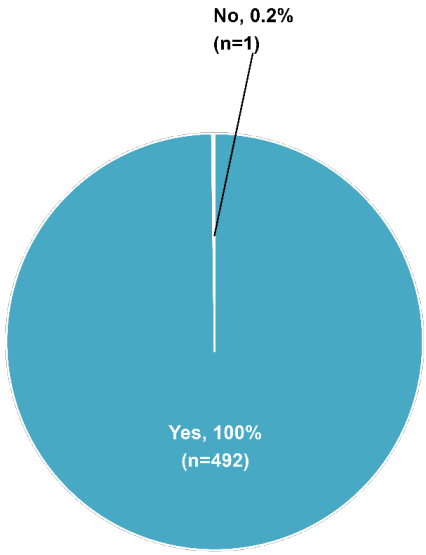

Figure 4: *Property owner*

Category	Count	Percentage
Yes	492	99.8%
No	1	0.2%

Table 13: Property owner

10.4 Home location

The largest share of submitters were from Waikanae (158, 33%) and Paraparaumu (132, 28%).

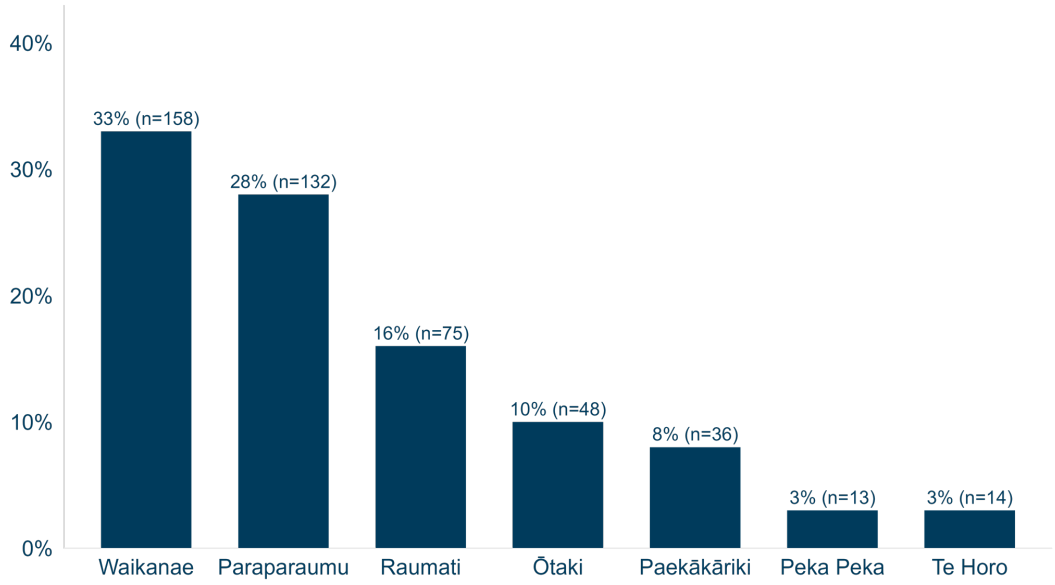

Figure 5: *Property location*

Category	Count	Percentage
Waikanae	158	32%
Paraparaumu	132	27%
Raumati	75	15%
Ōtaki	48	10%
Paekākāriki	36	7%
Te Horo	14	3%
Peka Peka	13	3%
Otaihanga	9	2%
Hautere	2	<1%
Reikōrangi	2	<1%

Table 14: Property location

10.5 Feedback to other Councils

When asked if their feedback could be shared with their local council, 72% of respondents (141 people) from Horowhenua, Manawatū, or Palmerston North districts indicated they were comfortable with this information sharing.

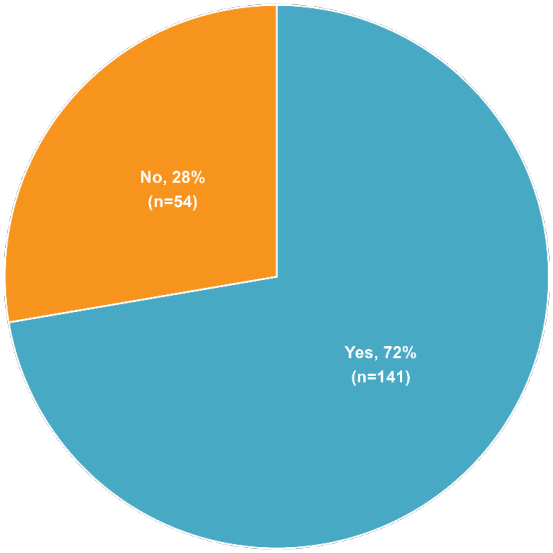

Figure 6: *Feedback to other Councils*

Category	Count	Percentage
Yes	141	72%
No	54	28%

Table 15: Feedback to other Councils

10.6 Ratepayers

Almost all submitters were Kāpiti Coast ratepayers (480, 98%).

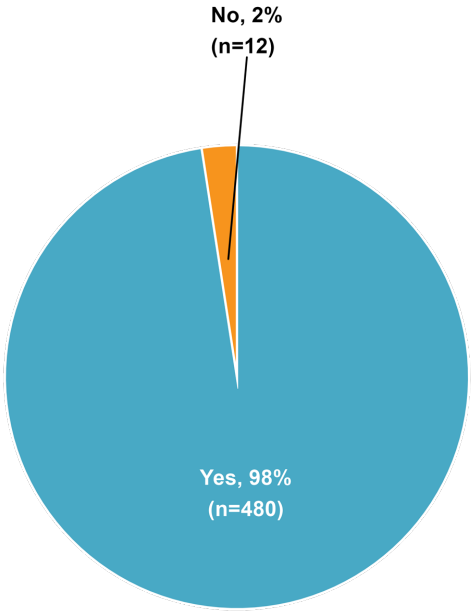

Figure 7: *Ratepayer*

Category	Count	Percentage
Yes	480	98%
No	12	2%

Table 16: Ratepayer

10.7 Water and wastewater services

Most submitters received drinking water services from Kāpiti Coast District Council (462, 89%). A large majority also used wastewater services (398, 77%). Only a small percentage reported trade waste connections (16, 3%), which is consistent with the primarily residential nature of submissions.

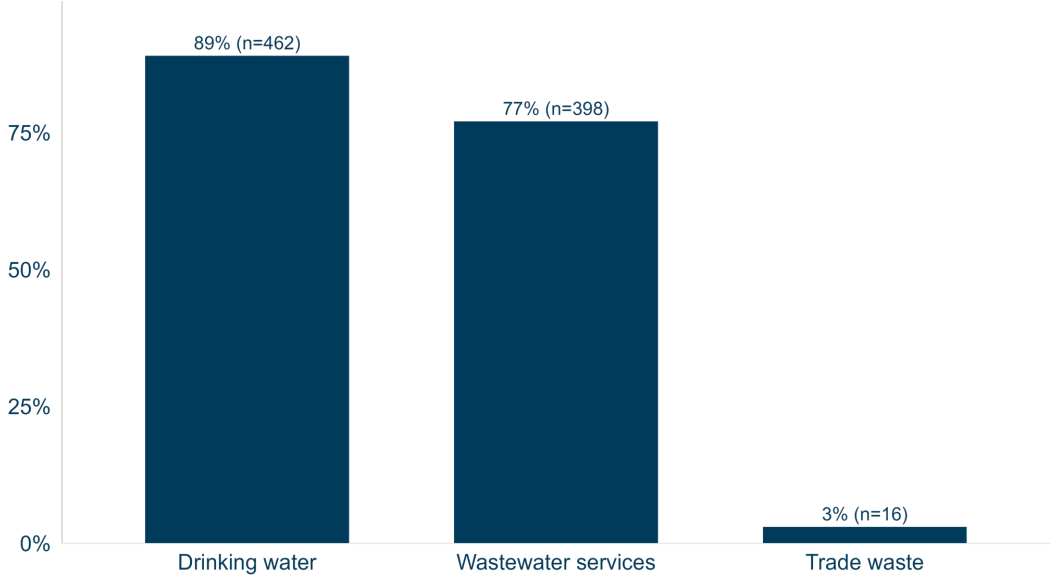

Figure 8: *Water and waste services*

Category	Count	Percentage
Drinking water	462	89%
Wastewater	398	77%
Trade waste	16	3%

Table 17: Water and waste services

10.8 Speaking in support of submission

A relatively small proportion of submitters (only 10, 2%) indicated they would like to speak to Council at the public hearings scheduled for early May 2025. The majority (477, 98%) declined this opportunity.

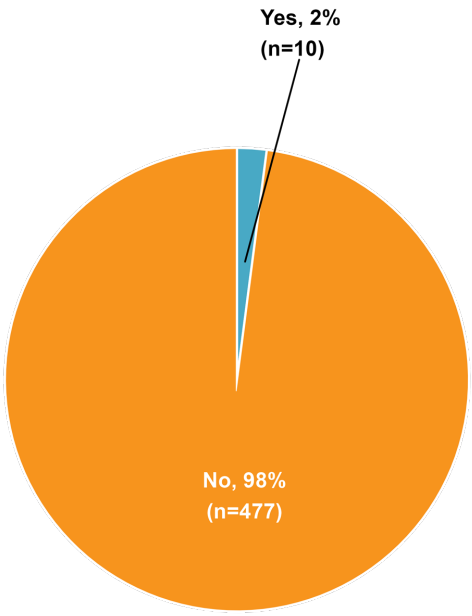

Figure 9: *Speaking in support of submission*

Category	Count	Percentage
No	477	98%
Yes	10	2%

Table 18: Speaking in support of submission

10.9 How submitters heard about the consultation

The Council website (69, 13%), direct communications (letters or emails from Council – 302, 58%), and social media (66, 13%) were among the most effective channels for reaching community members. Local newspapers (13, 3%) and word-of-mouth through family and friends (24, 5%) also played a role in raising awareness about the consultation.

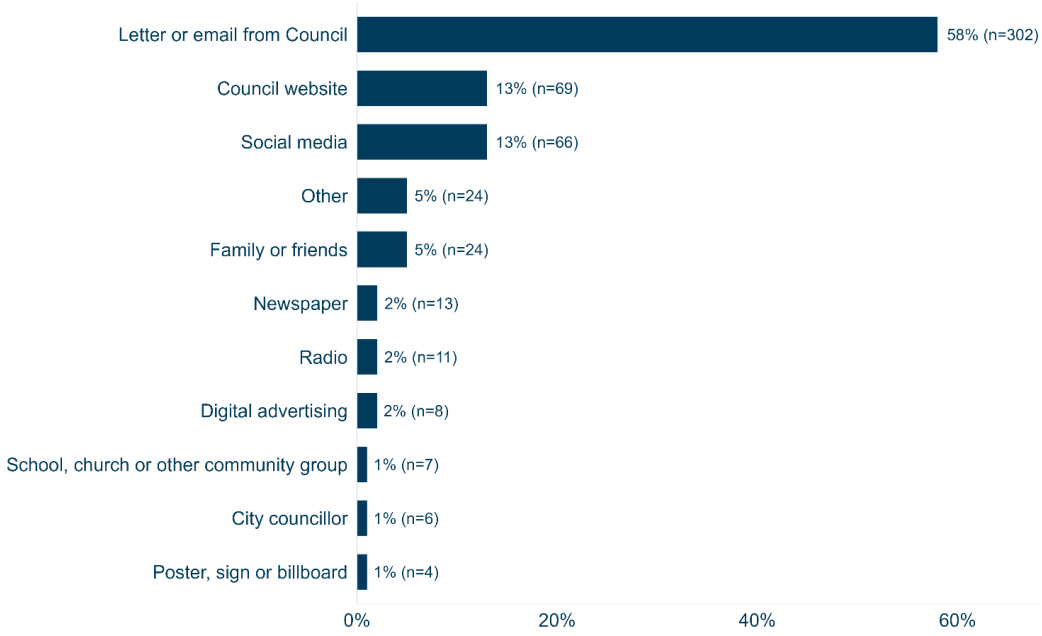

Figure 10: *How submitters heard about the consultation*

Category	Count	Percentage
Letter or email from Council	302	58%
Council website	69	13%
Social media	66	13%
Family or friends	24	5%
Other (please specify)	24	5%
Newspaper	13	3%
Radio	11	2%
Digital advertising e.g. an advert on YouTube, Google etc	8	2%
School, church or other community group or network	7	1%
City Councillor	6	1%
Poster, sign or billboard	4	1%

Table 19: How submitters heard about the consultation

11 Summary of hearings

The Council held public hearings on submissions to the Local Water Done Well consultation on May 1, 2025. Six submitters presented their views on the future water services delivery options for Kāpiti Coast District.

11.1 Overview of hearings

Below are the key themes identified during the hearings:

Transparency and information gaps

- Submitters criticised the lack of detailed information and analysis in the consultation document
- Questions about the unexplained $1.4 million increase in operating costs under Option 1
- Concerns that the consultation process appeared biased toward the council's preferred option (Option 1)
- Requests for more detailed cost analysis and comparison between options

Local control versus economies of scale

- Debate over the potential benefits of economies of scale in the joint council model (Option 2)
- Concerns about loss of local control under Option 2
- Questions about governance structures and decision-making processes in both options
- Discussion of long-term versus short-term cost implications

Financial implications and costs to ratepayers

- Concerns about increased costs to residents regardless of which option is chosen
- Questions about cross-subsidisation and differential pricing under Option 2
- Debate over whether Option 1 or Option 2 would be more cost-effective in the long term
- Concerns about debt servicing and infrastructure investment needs

Ringfencing of water services

- Discussion of the need for transparency in how water services are funded
- Questions about how stormwater management would be handled under both options
- Concerns about fair allocation of costs based on service levels and benefits received
- Discussion of user-pays principles versus general rating approaches

Consultation process and timeframes

- Criticism of tight timeframes imposed by central government legislation
- Requests to extend the consultation period to allow for more thorough community engagement
- Concerns that the water services delivery plan process is already underway before consultation is completed
- Questions about the council's approach to consultation and its openness to community feedback

11.2 Conclusion

The hearings highlighted community concern about both the consultation process and the options presented for future water services delivery. While submitters expressed various perspectives on the relative merits of Option 1 (in-house) versus Option 2 (joint council organization), there was a consistent call for greater transparency, more detailed financial analysis, and clearer information about governance structures and cost implications.

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Who should manage Kāpiti Coast water services in the future?

HAVE YOUR SAY

Mā wai ngā ratonga wai o Kāpiti e whakahaere hei anamata?

'Local Water Done Well' consultation document | March 2025

Kāpiti Coast DISTRICT COUNCIL
Me Huri Whakamuri, Ka Titiro Whakamua

Have your say!
Kōrero mai!

We're looking forward to hearing from you

E hīkaka ana mātou ki te rongo kōrero i a koe

This consultation document provides you with information about the Government's 'Local Water Done Well' policy and new legislative requirements for councils.

We're required to consult with you on two options for delivering your water services in the future.
In anticipation of this, we spent several months in 2024 talking to neighbouring councils about the feasibility and options for combining our water services delivery operations. We started wide and have now shortlisted two options for you to consider and provide feedback on.

You can provide your feedback any time before **midnight Sunday 13 April 2025** by doing any of the following:

- complete your submission online at haveyoursay.kapiticoast.govt.nz/LocalWater
- email us at haveyoursay@kapiticoast.govt.nz
- fill in a submission form and drop it into one of our libraries or services centres or post to:
  Local Water Submissions,
  Kāpiti Coast District Council
  Private Bag 60601
  Paraparaumu 5254
- talk to us at our drop-in sessions in various locations around the district. Details are at: haveyoursay.kapiticoast.govt.nz/LocalWater – we're here to answer your questions.

For full details and more information, including digital copies of this document, go to: haveyoursay.kapiticoast.govt.nz/LocalWater

Contents

For more information or to make a submission please go online to haveyoursay.kapiticoast.govt.nz/LocalWater or email us at haveyoursay@kapiticoast.govt.nz

Janet Holborow
Kāpiti Coast District Mayor

Who should manage and make decisions about Kāpiti Coast's water in the future?

That's the big question we need your feedback on by **Sunday 13 April.**

The Government is requiring us to consult with you on its Local Water Done Well policy and associated legislation on how we will manage and deliver your water services in future.

Drinking water, wastewater, and stormwater are known collectively as the 'three waters'. Water supply, wastewater collection, treatment and discharge, and stormwater management are 'water services', and they're critically important to our community.

From water quality issues and aging infrastructure to rising construction, inflation and insurance costs, water services have become expensive and unaffordable for some councils.

Under new legislation being brought in by Government's 'Local Water Done Well' policy, we could keep our water services in-house as they are now, but with some changes to meet the new legislation. Or we could set up an independently run 'water organisation', which we would own – either by ourselves or jointly with other councils – to deliver our water services.

We've looked at all scenarios (see p33 for more on why we discounted some). We've now shortlisted two options for you to consider:

1. Keep our water services in-house but with some changes ('The One') – our preferred option.
2. A four council-owned water services organisation with Horowhenua, Palmerston North, and Manawatū ('The Four'). This option would require us to transfer our water assets to the new organisation of which Council would be a shareholder.

It's complex and there are many unknowns. Financial projections to support this decision require many assumptions that may or may not play out.

Kāpiti has invested significantly in our water services over the past decade. Our current arrangements have served us well and we see no need to make significant changes, at least in the short to medium-term.

That's why keeping our water services in-house is our preferred option for now.

But it's important to note there'll be increased costs regardless of what model we choose due to Government's additional regulatory requirements.

Our preferred in-house model provides the lowest average cost to customers (for example households and businesses with connections) until 2047. The average cost to customers is projected to be higher for a joint council-owned water services organisation due to establishment costs, additional costs for governance and management, and the level of revenue required to support debt.

Efficiencies of scale means we expect water costs will be about the same for both options by 2047.

We're now looking to respond to the Government within very short timeframes and while some of the legislation is yet to be confirmed. We must decide our final water services option by late May and submit a water services delivery plan to the Government by 3 September 2025. The plan will need to show how our water services delivery will be financially sustainable by 1 July 2028.

This is one of the most important decisions we'll make in the coming decades.

Elected members want to hear all perspectives to ensure our decision provides you with the best water services solution for the future.

We urge you to read this consultation document, come along to our drop-in sessions, and have your say by midnight on **Sunday 13 April 2025**.

Janet Holborow
Kāpiti Coast District Mayor

We need your feedback by **Sunday 13 April**

Timeline

10 March 2025
Consultation opens.

13 April
Consultation closes.

Early May
Hearings held.

22 May
Council decision on water services delivery model.

June – July
Council adopts water services delivery plan.

3 September
Water services delivery plan due to Government.

November 2025
Council to publish final water service delivery plan.

July 2028
Government deadline for all new arrangements in place.


Wetlands

Iwi and hapū engagement

We acknowledge water as an important taonga for mana whenua, iwi, and hapū. Their engagement and advice are critical to our community and the way we care for this precious resource. We believe iwi have a role to play in water management and how this will work depends on the model we choose for future water services delivery.

We've continued to keep our iwi partners involved through regular interactions and will continue to seek their feedback. This process needs to carefully consider how iwi interests, involvement, aspirations and tikanga Māori are incorporated into the way water services will be managed on behalf of our partners and communities.

If we keep our existing in-house model, our long standing partnership agreements with Ngāti Toa Rangatira, Te Ātiawa ki Whakarongotai, and Ngāti Raukawa ki te Tonga are likely to be retained as the appropriate avenues for meaningful engagement.

If we choose a joint council-owned water services organisation, work would be needed to determine iwi aspiration's, cultural outcomes, and governance arrangements. We believe this would be part of the establishment work of any future organisation and expressed in the Statement of Expectation set out by shareholding councils on behalf of their communities.

Selecting our options

We believe Kāpiti wants a water services delivery model that serves local priorities and meets our community's needs now, in emergencies, and for generations to come.

Council has identified six priorities to guide our decision on how our water services should be delivered.

Public ownership
Our water assets remain in public ownership.

Safe and reliable water services
Our community continues to receive safe, reliable, efficient and effective water services.

Mana whenua aspirations
Mana whenua aspirations and concepts have meaningful influence in managing our water.

Financially sound
Our water services are financially sustainable and maintain affordable, fair and transparent charging for customers.

Local priorities
Our water services model recognises local priorities in planning for the future and catering for growth.

Resilience
Our water services model is resilient – it remains strong and functional in all circumstances.

The legislation also requires our water services to:

1. meet all regulatory obligations and requirements,
2. be financially sustainable, and
3. be subject to more oversight and regulations on quality and cost.

There's also legislation guiding how any future water services organisation operates.

Our preferred option is to continue with an in-house model to ensure we retain direct ownership of our assets and service delivery, and to provide the lowest average cost to our 'customers' – you our community – in the medium-term.

The options

Using Government's criteria and our priorities as a guide, we assessed a number of options available to us.

We've looked at everything from our assets, work programmes, organisational structures, staffing impacts, mana whenua aspirations and involvement, community needs, legal aspects and financial implications. And we've talked with our neighbouring councils to the south and the north of our district.

We've landed on two options we'd like you to consider:

1. Keep our water services in-house but with some changes ('The One') – our preferred option; or
2. A joint council-owned water services organisation with Horowhenua District, Manawatū District and Palmerston North City Councils ('The Four').

Waikanae water treatment plant

What it's all about

Water reform has been a hot topic for close to a decade

In 2016, the Havelock North campylobacter outbreak raised concerns about water management in New Zealand and the high costs to communities to ensure safe drinking water.

The outbreak demonstrated the need for a dedicated new water services regulator, and in 2021 Taumata Arowai was established under the new Water Services Act. As part of their water reforms, the previous Government also proposed four large organisations to manage three waters services across the country. That then changed to a proposed model of ten entities (the 'Affordable Water' reforms). The current Government has changed the approach again, set out in its 'Local Water Done Well' policy, and has brought in new legislation to deliver their policy.

What the new legislation requires

The new legislation requires us to consult with you on a minimum of two options. Councils can continue to directly provide water services in-house but with changes to meet the legislation. Alternatively, we could set up a consumer trust (an option we've discounted – see page 33), or we could establish a council-owned water services organisation to own the water assets and carry out water services functions. The water organisation can be either be owned by a single council or by multiple councils.

A council-owned water services organisation must be a limited liability company. It would be accountable to its shareholders – the owner council/s – but run independently, with independent management, governance, and finances.

The legislation also sets out how future water service providers (whichever model is adopted) must operate. This includes requirements for public ownership, governance, planning, reporting, financial arrangements and accountability.

Alongside the new legislation, the Department of Internal Affairs (DIA) and Local Government Funding Agency (LGFA) have jointly advised the borrowing limits that will apply to future water service providers.

Council-owned organisations will be able to borrow up to 500% of total revenue for water services, while council in-house water services will continue to be able to borrow up to 280% of total revenue, measured at a whole-of-council level (i.e. total council debt over total council revenue), as we do now.

Greater regulation

The legislation introduces more regulation of water supply and wastewater services. The intent is to protect consumers by ensuring their water services are healthy, safe, and financially sustainable.

Under all options, the water services provider would be monitored by the Water Services Authority, Taumata Arowai, (for water quality and environmental performance oversight) and the Commerce Commission (for water services performance and consumer protection).

Consumer protection

The Commerce Commission will ensure your water services provider is reinvesting enough of your water rates or charges on water infrastructure, and that its services are effective and efficient. The Commission will have a range of regulatory tools to do this, including mandatory information disclosure, and investment, service quality, and price regulation. The Commission will also be able to prevent water services providers from overcharging for water services.

Protection from privatisation

The legislation protects against privatisation, keeping water services in public ownership. Any new water services organisation will have to be the direct provider of water services – they are not allowed to enter into franchise or concession agreements. We know this is an important topic for our community. **Read more about this on pages 12–14.**

Future of stormwater services

Council will be able to choose whether to retain all, some, or none of its stormwater management; or transfer all assets and operations to the new water services organisation. If we choose option 2, our financial modelling assumes all assets and operations would be transferred to the new organisation.

Consultation requirements

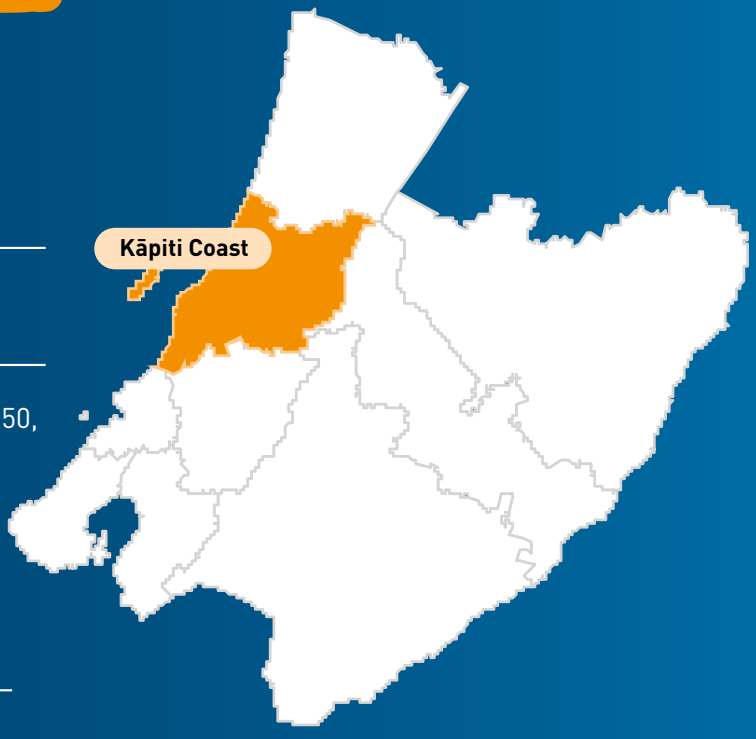
The legislation has introduced a streamlined consultation option for 'Local Water Done Well'. It requires us to consult on *a minimum of two options* rather than *all reasonably practicable options* as we would in a normal consultation under the Local Government Act (see more about the discounted options on page 33). One of the options has to be the model we're using now (in-house delivery) but with changes necessary to meet requirements in the new legislation, such as ring-fencing our water-related finances and operations.

We must provide information comparing the rates, debt, and levels of service for each option. We have modelled this based on current information and assumptions.

Ōtaki reservoir

Our water story

Kāpiti snapshot



40 km of coastline

Covers just over **730 km²**

Almost **77 km² is urban**

Population of 58,750, expected to reach **80,924** by 2054

2 major waterways
Waikanae and Ōtaki Rivers

Water supply
Wai

We protect the health and wellbeing of our communities by supplying high-quality drinking water across four schemes: Ōtaki, Hautere/Te Horo, Waikanae/Paraparaumu and Paekākāriki, and water to fight fires when needed.

17.2 million litres of water supplied every day (about as much as 7 Olympic-size swimming pools)

2 river intakes

5 water treatment plants

24,663 water connections

15 groundwater bores

588 kilometres of water pipes (would reach from here to Auckland)

9 pump stations

27.3 million litres of water storage in 18 reservoirs

2,423 water hydrants

Wastewater
Wai para

Wastewater is collected through an underground pipe network and pump stations, and treated at treatment plants at Paraparaumu and Ōtaki. Wastewater is treated to an acceptable standard to be released into the environment under strict controls.

10.9 million litres of wastewater treated every day

2 wastewater treatment plants

354 kilometres of pipes (would reach from here to Taupō)

153 pump stations

6,242 manholes

5 storage ponds

21,057 service connections

2 biosolid treatment facilities

Stormwater and flood protection
Wai āwhā

We manage stormwater to protect the environment, ensure water quality, and reduce risks to people's health and property from flooding.

216 kilometres of stormwater drainage pipes

52.7 kilometres of open waterways

18 pump stations

3,029 service lines

soakpits, ponds and wetlands form a major part of our stormwater network

Our water services are in reasonable shape

We've strategically invested in our water assets over past years.

Our three waters assets had a book value at June 2024 of $499 million or 22% of our total asset value. Most of them are in fair to good condition, although many of our pipes underground are middle-aged.

We've invested in core infrastructure and put in place many elements that contribute to managing our water well such as: water meters, a river recharge system, rainwater and grey water tank requirements, new reservoirs, and upgrades to our drinking water and wastewater treatment plants and stormwater networks.

As a result, our district enjoys high quality drinking water and effective wastewater collection and treatment. Our work on water supply means we have consistently avoided water restrictions for over a decade. Our approach to managing water demand and the long-term supply of safe drinking water has been widely recognised, including by the Office of the Auditor General.

Water meters cut leaks

We started universal water metering and volumetric charging in 2014. Customers are charged a fixed charge plus an amount per cubic metre of water used. This regime has encouraged water conservation, improved our water management practices, and helped to identify leaks in the network.

Strong partnerships ensure healthy water

We work closely with local and central government agencies, mana whenua, and environmental groups on activities like Waikanae ki uta ki tai and Waikanae Jobs for Nature, which uphold and nurture 'te mana o te wai' ('the mana of the water') – referring to the importance of clean, healthy water for the benefit of people and the environment.

Our state-of-the-art lab improves water management

Seven days a week, our IANZ accredited water testing laboratory tests our drinking water quality and that we're meeting our resource consent conditions for managing stormwater and discharging treated wastewater back into the environment. Our specialist staff monitor leachates from the Otaihanga landfill and operate a commercial service checking the safety of private water supplies from bores and roofs around our district. Greater Wellington Regional Council contracts our lab to monitor our district's rivers and beaches for bacteria and toxic algae to check they're safe to swim in.

We're one of the few councils in Aotearoa to still operate our own lab. Having our own lab onsite means we can immediately check and respond to any unexpected results, improving our safety and water quality management.

We have challenges ahead

Future investment will be needed

Right now, our water services assets are in reasonable condition. We've continued to replace and upgrade some parts of our networks, and have assigned $248 million for stormwater, $609 million for drinking water, and $275 million for wastewater renewals, replacements and upgrades as part of our Infrastructure Strategy 2024–54.

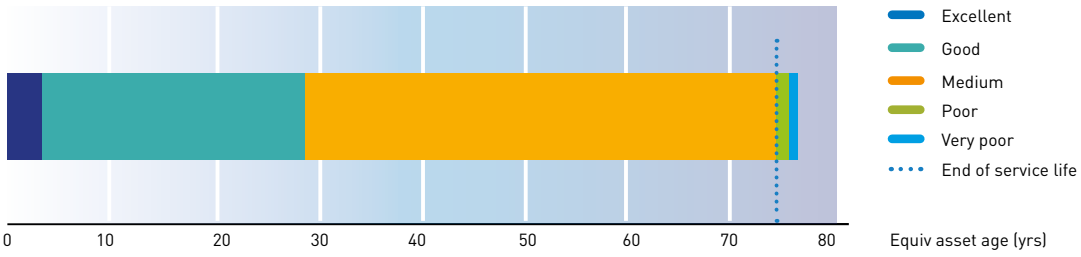
However, we recognise some of our water infrastructure will need significant renewal, replacement and upgrading over the next 20–50 years. Our Long-term Plan 2024–34, Financial Strategy 2024–34, and Infrastructure Strategy 2024–54 include long-range planning for investment in three water assets. This includes resource consent renewals for the Ōtaki bore water take and Paraparaumu wastewater discharge, new water storage reservoirs in 2050–2052, and asset renewals and network upgrades to maintain levels of service and build capacity for growth.

Key considerations

We're in a good position when it comes to our water services assets and delivery. But we still have plenty to think about for the future.

- We need to plan for an estimated population growth of 22,000 people by 2054.
- From about 2040 onwards as our water infrastructure ages, we'll need to start increasing our network renewals.
- We need to consider how we will mitigate the impact of climate change and continue upgrading our stormwater networks to cope with increased flooding.
- The water services model we adopt must continue to attract the right staff and contractors. This may be more difficult for a smaller organisation.
- Councils will incur increased costs. These include for developing a water services delivery plan by 3 September 2025, meeting increased monitoring, reporting and environmental regulatory requirements, paying new levies to fund the regulators, and costs of setting up a new entity (if that option is chosen).
- We must adopt a water services model that's financially sustainable for the future and able to fund investment requirements within applicable financing arrangements.

An overview of the age and condition of our water assets' Initial Cumulative Asset Service Life



Paraparaumu wastewater treatment plant

Protecting water assets against privatisation

We're clear we want to keep water assets in public ownership, and that local priorities are met for the health, wellbeing, and resilience of our community.

Our water services referendum

When we started the water meters discussion in 2011, our community expressed strong concern that water metering was a step towards privatisation and that Council could lose control of its water services.

In recognition of this concern, we updated our standing orders at that time to say that any changes to the ownership, governance, or management of the district's water assets or services must be backed by a 75% majority of councillors and their decision should be informed by a (non-binding) referendum of the community.

These provisions were added as clause 9.16 of our standing orders (SO 9.16).

- Under the scenario of a joint water organisation (option 2), we would be transferring our water assets and liabilities, including water-related debt, to a council-owned organisation. We would retain a shareholding along with other participating councils. Shareholder councils must guarantee the debt of the organisation.
- Under the in-house scenario (option 1) our water assets, liabilities and operations would remain directly owned and managed by Council.

Read more about ownership and control of water assets under a joint water organisation on page 25.

Privatisation protections in place

The proposed legislation has embedded strong protections against privatisation of water assets. Water revenue is ring-fenced, will be regulated, and may only be spent on water services. These privatisation protections also say water organisations must:

- be owned by one or more territorial authority (council) or consumer trust
- not do anything other than provide water services or related activities
- have an independent competency-based board.

Additionally, franchise and concession contracts are expressly prohibited.

We fully support these legislative protections as they respond to the concerns raised by our community in 2011.

Options for the referendum

Given the possibility a referendum won't be needed if we decide to go with our preferred option of an in-house water services (option 1), Council has agreed to consider SO 9.16's referendum requirement when we determine our future water services delivery model in May. Should Council decide to progress option 2 (a joint council-owned water services organisation) we will have three options:

1. **Hold a referendum**, which we estimate will require four months and $150,000 of ratepayer funding to complete. While it may be a duplication of consultation on the decision, this would provide you the opportunity to participate in a non-binding referendum to further inform the decision. This approach risks Council missing the Government's mandated deadline for submitting a water services delivery plan by 3 September 2025. It may also mean being excluded from joint arrangements with other councils who must press on with other partners.
2. **Update SO 9.16 to remove the referendum requirement**. This would retain the need for a 75% majority around the Council table. It resolves the timing issue and accepts this consultation as sufficient for gauging your views on transferring water assets to the new organisation without duplicating the process through a referendum.
3. **Remove SO 9.16 altogether.** This would acknowledge the new legislation contains existing protections against privatisation and this consultation has provided an adequate opportunity for you to express your views.

Tight timeframes must be met

The new legislation requires all councils to have decided and committed to their future delivery model and to have lodged a water services delivery plan with central government by 3 September this year. It also sets out the consultation process we must follow. This does not allow for our referendum requirements.

The need for a referendum

As we consult with you under the provisions in the new legislation, we want to ensure you're being given the same opportunity to express your views as you would in a non-binding referendum under SO 9.16 – without the time delay and added expense.

Titoku Stream

Our options

With the legislation, issues and our priorities in mind, we're seeking your feedback on two options:

Option 1

'The One'

Keep our water services delivery in-house as we do now, but with additional effort and resourcing required to ensure we meet regulatory requirements.

Option 2

'The Four'

A four council-owned water services organisation with Horowhenua, Palmerston North, and Manawatū. This option would require Council to transfer its water assets to the new organisation of which Council would be a shareholder.

Read the details of each option on pages 18–28.

Calculating future costs

We've modelled the costs of future water services delivery for our two shortlisted options. The modelling was jointly commissioned by the four councils involved and undertaken by an independent consultancy. The modelling considers many factors likely to impact future water services delivery. These include:

- the capital investment profile necessary to meet future requirements of water services delivery, including regulatory requirements, renewals and growth;
- estimated operating costs, including interest costs and depreciation;
- the level of additional cost required to establish and operate standalone council-owned organisations;
- the level of additional efficiency and benefits of scale that may be available to larger, standalone council-owned organisations;
- the effects of inflation on future construction and operating costs;
- the level of revenue required to fund operating costs and comply with borrowing limits under the different options; and,
- for the joint council-owned organisation option, the period of time over which current price differences across the combined area will transition towards standard average prices.

See pages 21, 27 and 30 for more on the financial comparisons of the options.

Access to funding

Rather than going it alone in the commercial finance markets, councils use their collective financial muscle to access funding for big infrastructure projects at preferential rates through the Local Government Funding Agency (LGFA). Government and the LGFA have announced water organisations that are joint council-owned or controlled will have higher debt limits (revenue x 500%) and therefore a greater ability to borrow, than individual councils (revenue x 280%). If we choose the joint council-owned organisation (option 2) the higher limit will apply to that organisation. If we choose our preferred option of an in-house delivery model our current borrowing limit of revenue x 280% will continue to apply across council as a whole.

What any changes will mean for you

You're unlikely to notice any significant change in the day-to-day delivery of water services under either option. You will still get quality, treated water when you turn on your tap, your wastewater will be treated to the same high standard, and when the rain falls our stormwater network will channel the runoff. The changes will be more at an organisational level and will impact what you pay.

Our modelling shows regardless of what option we choose, the cost will need to go up to meet increased compliance, monitoring, reporting and regulation requirements. Projected future water charges will also vary as communities pay different amounts for water across the country.

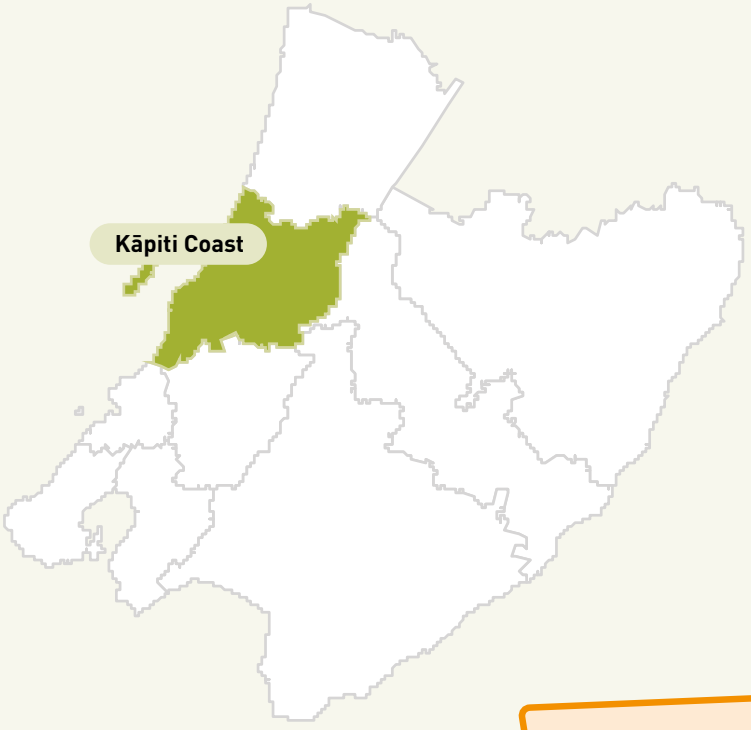
Our preferred in-house model provides the lowest average cost to customers up until 2047. The average costs to customers are projected to be higher for a joint council-owned water services organisation due to establishment costs, additional costs for governance and management, and the level of revenue required to support debt.

A joint council-owned organisation might choose to maintain each district's different water charges for a period to mitigate the initial impact on customers, or they may look to harmonise the charges at some point, which means charging everyone the same amount.

Councils could have some influence on this, possibly through the new organisation's constitution or through the shareholders' statement of expectations.

At around 2047, water charges are modelled to be about the same for both options as joint council-owned organisations are assumed to achieve efficiencies of scale. Government regulation will set limits on future water charges.

Read about our **discounted options** on page 33.



Option 1

'The One'

Keep our water services in-house, but with some changes

Our preferred option

Current number of connections: **24,663**

Current population: **58,750**

Modelled average cost to customer for all three water services:

2025 **$1,645** per annum

2034 ***$2,023** per annum

2054 ***$2,749** per annum

**including inflation*

Meeting Kāpiti Coast's priorities

Public ownership

Our water assets remain in public ownership.

- Council retains direct ownership of assets and service delivery.

Financially sound

Our water services are financially sustainable and maintain affordable, fair and transparent charging for customers.

- Provides the lowest financially sustainable average cost to customers until 2047.

Safe and reliable water services

Our community continues to receive safe, reliable, efficient and effective water services.

- The performance of water services delivery is required to be within bounds set by national regulators.

Local priorities

Our water services model recognises local priorities in planning for the future and catering for growth.

- Council retains direct control of the priorities and delivery of water services.

Mana whenua aspirations

Mana whenua aspirations and concepts have meaningful influence in managing our water.

- Our existing iwi relationship arrangements are maintained.

Resilience

Our water services model is resilient – it remains strong and functional in all circumstances.

- There are vulnerabilities due to smaller scale.

KEY good some challenges significant challenges serious challenges

Your water services would be delivered directly by Council 'in-house' much as they are now.

We would need to make some organisational changes as the legislation introduces new monitoring, reporting and financial sustainability requirements.

Council would direct the priorities and delivery of water services through a water services strategy, similar to what we already have. This would be like a Long-term Plan for water services and would include half yearly and annual reports and standalone financial statements.

Income would continue to be generated through a combination of general and targeted rates and development contributions issued by Council.

Advantages of keeping water services in-house

- We would continue to direct strategies, investment and service levels according to local priorities.
- We would continue to operate our existing in-house water services delivery systems.
- We could use existing resources, like governance support and financial and administrative systems, to help set up and manage any changes needed to meet the new laws.
- We would retain direct ownership of the water services assets.
- Our financial modelling indicates we can fund future investment requirements within Council's usual borrowing limits (revenue x 280%). It's noted the Board of the Local Government Funding Agency (LGFA) has discretion to approve bespoke debt limits for high growth councils (which includes Kāpiti) up to a maximum of 350% of revenue. This offers a potential pathway to access further debt funding if we need it in the future.
- Our Financial Strategy 2024–34 positions us to fund everyday operations from everyday revenue and to actively reduce our debt while also providing the financial capacity to effectively manage our existing assets and to build new assets.
- We might be able to set up alternative shared services arrangements with other councils to achieve benefits of scale.

Disadvantages of keeping water services in-house

- A small business unit could be stretched in terms of staff and financial resources, and the ability to attract skilled staff.
- We wouldn't get the resilience and efficiency benefits that may come with economies of scale.
- We wouldn't be able to access the elevated levels of debt funding (revenue x 500%) from the LGFA, available to joint council-owned water services organisations.
- If we face significant unplanned capital investment requirements in the future, our ability to fund these requirements could be constrained.

What this option means for rates, debt and levels of service

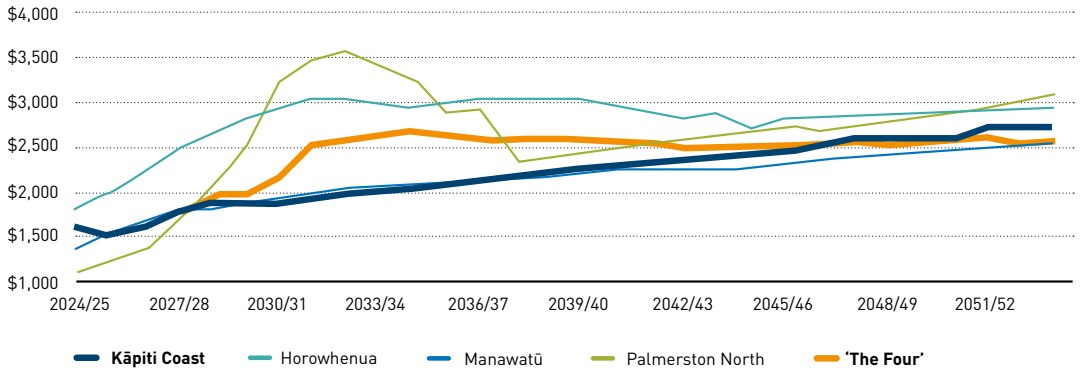
What would your charges look like?

Up until 2047, the average cost to Kāpiti Coast customers is projected to be lower under the in-house model than the four council option. This is because the four council-owned organisation requires establishment costs, additional costs for governance and management, and a higher level of revenue required to support debt.

Significant capital investment in its early years will also require high levels of borrowing.

In the longer term, the larger council-owned organisation is expected to achieve efficiencies of scale and beneficial financing arrangements that are modelled to be at a slightly lower cost to customers by around 2047.

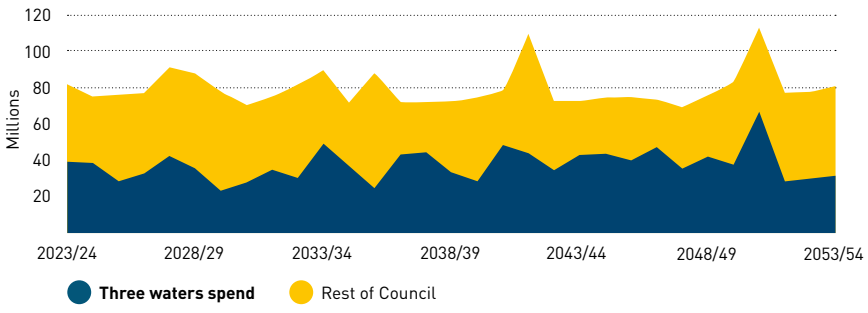
Councils' average customer water costs comparison – 30 years



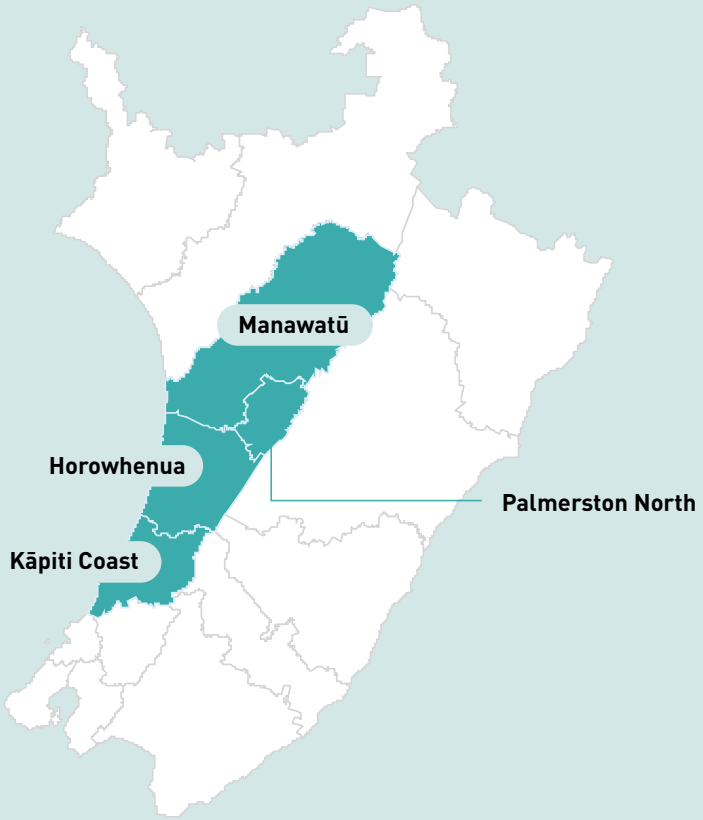
Our future water spend

The graph (right) shows a relatively consistent forecast capital expenditure due to our past and ongoing investment in water infrastructure.

Kāpiti Coast District Council – Capital Expenditure



For more on debt see 'Useful links and documents' at haveyoursay.kapiticoast.govt.nz/LocalWater



Option 2

'The Four'

A joint council-owned water services organisation with Kāpiti Coast, Horowhenua, Manawatū, and Palmerston North

Current number of connections: **71,212**

Current population: **223,000**

Modelled average cost to customer for all three water services:

2034 ***$2,656** per annum

2054 ***$2,594** per annum

**including inflation*

This option would require us to transfer our water assets to the new organisation of which Council would be a shareholder.

Meeting Kāpiti Coast's priorities

Public ownership

Our water assets remain in public ownership.

- Water assets would be transferred to a joint council-owned water organisation in which participating Councils, such as ours, would have a shareholding.

Financially sound

Our water services are financially sustainable and maintain affordable, fair and transparent charging for customers.

- The average cost to customers is projected to be higher due to establishment costs, additional costs for governance and management, and the level of revenue required to support debt.

Safe and reliable water services

Our community continues to receive safe, reliable, efficient and effective water services.

- The performance of water services delivery is required to be within bounds set by national regulators.

Local priorities

Our water services model recognises local priorities in planning for the future and catering for growth.

- The direction and strategic priorities would be set in conjunction with other shareholder councils' priorities.

Mana whenua aspirations

Mana whenua aspirations and concepts have meaningful influence in managing our water.

- Iwi relationships relating to water services would be with the joint council-owned organisation.

Resilience

Our water services model is resilient – it remains strong and functional in all circumstances.

- There would be greater long-term organisational resilience in a larger delivery organisation.

KEY good some challenges significant challenges serious challenges

We would partner with all willing councils from Horowhenua, Manawatū and Palmerston North to establish a joint council-owned water services organisation.

Each council is required to consult with their community then decide who they partner with if this option is chosen. It's possible one or more of the other councils may decide not to join this council-owned organisation. If this happens our Council would need to decide whether we want to still go ahead with this option.

Our water-related assets and debt would transfer to the new council-owned water services organisation.

The organisation would be able to access higher levels of debt funding (up to 500% of debt to income) from the LGFA.

The average cost to customers is projected to be higher for a joint council-owned water services organisation due to establishment costs, additional costs for governance and management, and the level of revenue required to support debt. Efficiencies of scale means water charges are assumed to be about the same as the in-house model (option 1) by 2047.

A joint council-owned organisation might decide to maintain each district's different water charges, or look to charge everyone the same amount in the future.

Paraparaumu stormwater upgrade

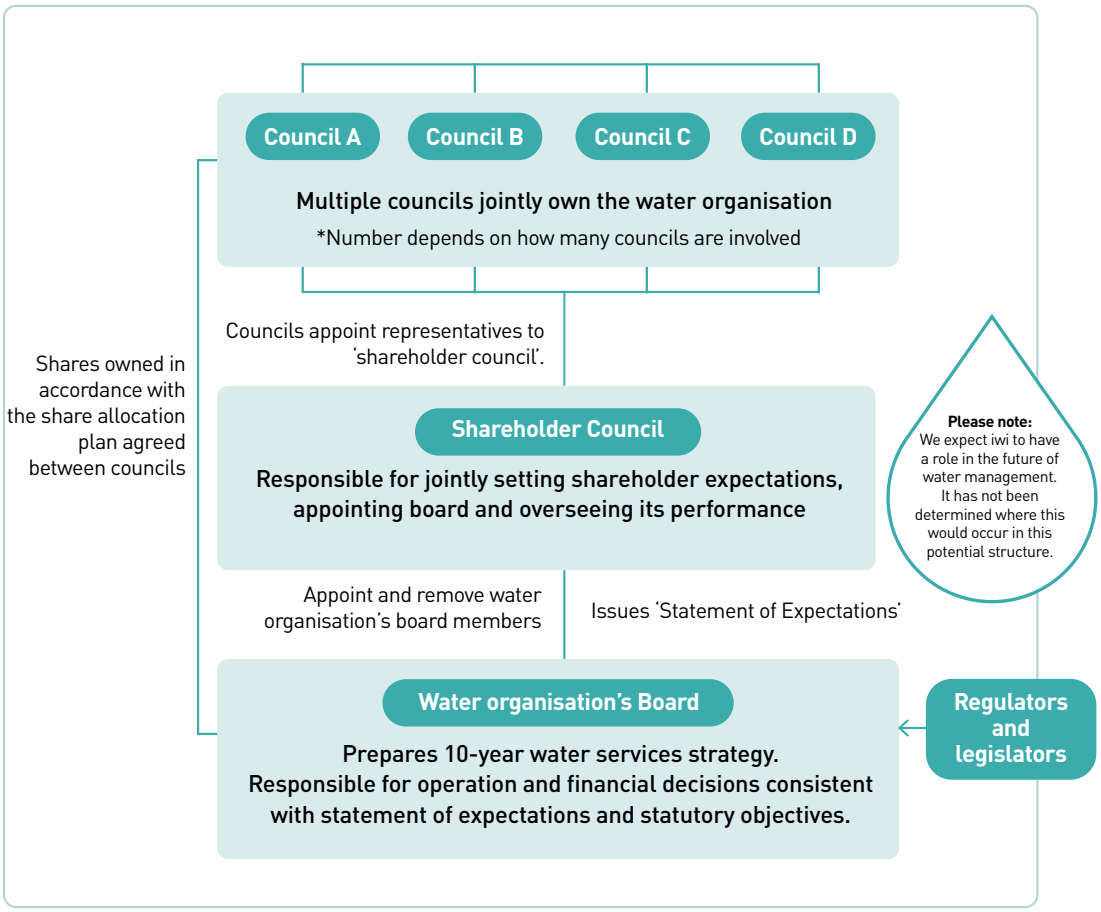
How it might work

A new organisation would be owned by participating councils, have an independent competency-based board, and shareholders would issue a Statement of Expectations. The final structure and processes are as yet undetermined. Below is a how a joint council-owned water organisation could be structured.

Regardless of the governance structure, the new organisation would be independent of Council.

No council staff or elected members would be involved in the organisation's daily decisions; however, all four councils may have some influence as shareholders. The community would not be directly involved in decisions, although you may be consulted from time to time.

The organisation would be responsible for its own funding, for all levels of service, and for charging customers.



Advantages of a joint council-owned water organisation with 'the four'

- This option would offer greater opportunities for economies of scale and streamlined systems and processes.
- A larger organisation presents improved operational resilience and opportunities for staff.
- A council-owned water services organisation would be able to access higher levels of debt funding (revenue x 500%) from the LGFA.

Disadvantages of a joint council-owned water organisation with 'the four'

- It requires independent governance, which means a further layer of administration, monitoring, compliance, and reporting costs. As a result, the set up and operational costs for a joint council-owned water services organisation are greater than for an in-house unit.
- Financial modelling projects the average cost per customer under this option to be higher than an in-house delivery model up until 2047.
- Our needs would be assessed against those of the joint service area and may slip down the list of priorities.
- Horowhenua is planning and implementing water metering and considering volumetric charging, while Palmerston North uses meters for commercial water users and to measure properties' water usage. This may introduce difficulties in charging between areas that may disadvantage Kāpiti Coast customers.
- Our district may have to compete for resources in a bigger region.

What this option means for rates, debt and levels of service

What would customer charges look like?

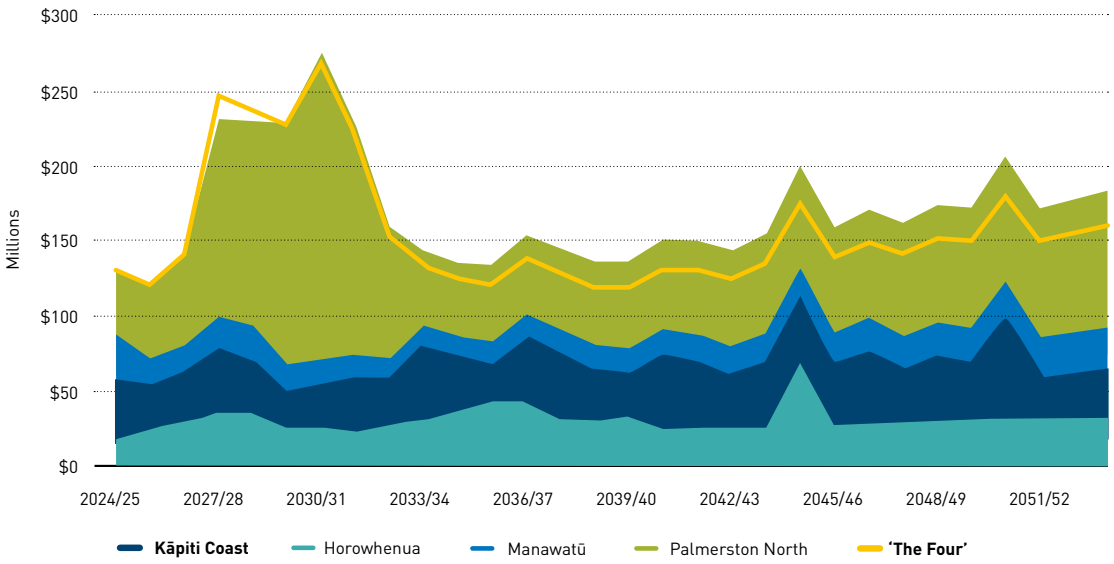
The average cost to Kāpiti Coast customers is projected to be higher under the joint council-owned organisation option than for an in-house business unit up until 2047. This is because the four council-owned organisation has additional set up and operating costs, and significant capital investment requirements initially – requiring high levels of borrowing and therefore higher levels of revenue to sustain this. In the longer term, the joint council-owned organisation is expected to achieve efficiencies of scale and have access to more favourable financing arrangements than the in-house option, resulting in slightly lower average costs to customers after 2047.

The graph on page 21 (under option 1) also shows the projected costs for 'The Four" (option 2) over 30 years.

What would our water spend look like?

The chart below shows the combined capital expenditure programmes for the four participating councils:

Councils' capital expenditure comparison



The chart shows some large peaks of expenditure coming up for the four councils. These represent significant renewal, replacement and/or upgrade projects:

- Palmerston North City Council – the 'Nature Calls' project to upgrade the city's wastewater treatment system.
- Horowhenua District Council – growth-related upgrades to the Levin Wastewater Treatment Plants and renewals for the Shannon, Foxton, and Waitārere Beach Wastewater Treatment Plants in 2044/45.
- Kāpiti Coast District Council – new water storage reservoirs from 2050 through to 2052.
- Manawatū District Council – has recently undertaken major upgrade projects so no further peaks show over this period.

In the short to medium-term, capital expenditure and debt is higher for the joint council-owned water services organisation because of initial establishment costs and investment requirements across the combined region. In the longer term, debt under the joint water organisation is lower because of both capital efficiencies and lower borrowing costs.

For more on debt see 'Useful links and documents' at haveyoursay.kapiticoast.govt.nz/LocalWater

Kāpiti stormwater garden

Waikanae water treatment plant

Other things to consider

Water is going to cost more in the future

Water is going to cost all communities more in the future regardless of which option we go with due to:

- compliance with new standards, e.g. drinking water
- increased resourcing to respond to the new economic regulations
- mitigating and adapting to climate change
- population and industrial growth, and
- replacing or upgrading aging infrastructure.

The joint council-owned organisation option carries additional set-up and ongoing costs for governance, staffing, and information technology infrastructure and systems.

Because of the level of capital investment required – and in particular Palmerston North City Council's 'Nature Calls' wastewater treatment plant project – this option requires a higher level of debt in the short to medium-term. This in turn requires a higher level of revenue to meet the necessary funding ratios.

The in-house delivery model, which deals only with Kāpiti Coast's investment requirements, does not face the same significant spikes. Our projected capital investment programme is more consistent and can be managed within council funding limits.

These factors combined mean average prices are projected to be higher for the joint council-owned organisation option for about 22 years, before becoming slightly lower in the longer term as efficiencies of scale are achieved.

Key metrics for our two options are summarised in the following table:

	'The One' (Option 1)	'The Four' (Option 2)
Connections	24,663	71,212
Set up costs	N/A	$14.2 million
Additional annual operating costs	$1.4 million	$15.3 million
Debt / revenue limit	280%	500%
Average customer price 2034	$2,023	$2,656
Average customer price 2054	$2,749	$2,594

New levies are coming our way

Cost recovery for water services regulation

Government is proposing the water services regulator Taumata Arowai will recover most of its costs from public water services providers through a new levy from 1 July this year. It will be up to water services providers to determine how to recover this cost from customers. The levy for Kāpiti is expected to be about $230,000 a year.

Cost recovery for Commerce Commission

Under the new legislation, the Commerce Commission will have a role monitoring water services providers' performance. Government is proposing to fund this activity by levying the water services providers. The levy for Kāpiti is expected to be about $73,000 a year.

Councils may not agree on a joint option

Going into consultation, Horowhenua District and Palmerston North City Councils' preferred option is option 2, the joint council-owned organisation ('The Four': Horowhenua, Manawatū, and Kāpiti Coast District and Palmerston North City Councils). Manawatū District Council's preferred option is to go it alone.

There's a risk that the other councils may not choose to pursue a joint arrangement, or that they may opt for a model that doesn't include Kāpiti. All councils face this risk. We are continuing to talk to each other.

It takes a lot to set up a new model

Ring-fencing and changing our in-house system to meet the legislation is a big job, but setting up a joint arrangement with other councils is another level again and may take years – all while delivering your water services as usual. It will involve separating our water assets, debt, costs, and revenues from other council activities, dealing with impacts on staff, and modelling the financial impacts on the rest of Council.

Requirement for a water services delivery plan and strategy

We will need to develop a 'water services delivery plan' outlining how the chosen option will be governed and operate. This must be delivered to the Government by 3 September 2025. The plan will need to show how our water services delivery will be financially sustainable by 1 July 2028. It will have to show how it will achieve:

- 'investment sufficiency' – projected investment to meet levels of service, regulatory requirements and provide for growth,
- 'revenue sufficiency' – revenue to cover the costs (including servicing debt) of water services delivery, and
- 'financial sufficiency' – funding and financing arrangements to meet investment requirements.

Once the new water services plan has been implemented and the new arrangements are in place, a strategy based on the owner councils' direction and priorities will be produced. This strategy is essentially the provider's 'Long-term Plan' and must be updated every five years.

Ōtaki wastewater sewer

A brief word about our discounted options

We investigated a Wellington region option first

Our district has historically looked to the Wellington region for jobs, entertainment, and business. We're also covered by Greater Wellington's public transport network and environmental management. For all these reasons, it made sense to explore our water services delivery options with councils in the Wellington region plus Horowhenua.

In November 2024 Council decided against this option because the modelled costs to Kāpiti Coast ratepayers were more than double those of other options locally and to the north.

Other discounted options

We've also carefully considered then discounted the following options:

- **A local (Kāpiti-only) council-owned organisation.** This option was discounted due to the high set up and additional ongoing higher operating costs compared to operating an in-house model.
- **A consumer trust** (similar to the Electra power provider familiar to Kāpiti and Horowhenua residents). This option was discounted due to the high set up and operational costs, and that it wouldn't be eligible for the preferential borrowing rates available to councils and council-owned organisations through the LGFA.
- **A two-council option with Horowhenua District Council.** The key benefits of a joint arrangement are economies of scale in terms of greater resilience, financial impacts and customer base. This option was considered at the same time we examined the four council-owned organisation but discounted because it didn't provide sufficient benefits of scale to offset the costs that the four council-owned organisation (option 2) presents.

HAVE YOUR SAY

Join the conversation

Kōrero mai | Have your say

Help shape the future of Kāpiti Coast's water services by submitting before

midnight Sunday 13 April 2025!

Your voice matters and getting involved is quick and easy. Register today to share your thoughts on this and other topics that matter most to you at haveyoursay.kapiticoast.govt.nz

Stay informed

Stay up to date with all council activities – go to kapiticoast.govt.nz/follow-us

Enquiries

Contact us at freephone **0800 486 486** or email kapiti.council@kapiticoast.govt.nz

Find us at 175 Rimu Road, Paraparaumu 5032, New Zealand

Kāpiti Coast DISTRICT COUNCIL
Me Huri Whakamuri, Ka Titiro Whakamua

8 KARAKIA WHAKAMUTUNGA | CLOSING KARAKIA

Kia tau ngā manaakitanga ki runga i a tātou katoa,	*May blessings be upon us all,*
Kia hua ai te mākihikihi, e kī ana	*And our business be successful.*
Kia toi te kupu	*So that our words endure,*
Kia toi te reo	*And our language endures,*
Kia toi te wairua	*May the spirit be strong,*
Kia tau te mauri	*May mauri be settled and in balance,*
Ki roto i a mātou mahi katoa i tēnei rā	*Among the activities we will do today*
Haumi e! Hui e! Taiki e!	*Join, gather, and unite! Forward together!*