

**Have
your say!**

**15 May - 6 June
2025**

Our **Water** Done Well

Consulting with our community on the future
of water services in our district.

This guide explains what the Government's Local Water Done Well reforms require all councils in Aotearoa New Zealand to do, and it sets out the options that are available to our district.

No matter what we do and which option we choose, changes are coming and we want you to be a part of them.

Tell us what you think.



Timaru
District Council
Te Kaunihera a-rohe
O Te Tihi o Maru

timaru.govt.nz/water



What does the future of water services look like for our district?

It's time to have your say on water

Welcome to our consultation document on the long term future of how we deliver water services in the Timaru District, and possibly beyond.

This is one of the most important consultations that we'll undertake as it will have a critical and long lasting influence on how we deliver one of our core services.

Timaru was one of the lead campaigners against the original 'Three Waters' plan through Communities 4 Local Democracy, and we're pleased that through the Local Water Done Well policy that we are able to shape our own ideas for delivering sustainable water services that continue to be **locally owned and locally controlled**.

It's been a long road in enabling you to have a say in this matter, and I'm really pleased that you're now able to today.

While Timaru District is in a good position as far as water is concerned, we face long-term challenges for affordability and ensuring that water remains a priority in the face of many other competing services.

This is one of the reasons that we're proposing moving to a Council Controlled Water Services Organisation as part of this consultation.

In this scenario, we create a professionally run council owned organisation solely focused on delivering high quality and affordable water services for urban, rural, commercial and industrial customers. One that is led by a professional board, but still owned by and accountable to the community through your elected council.

Affordability is one of the key measures of the success of our proposal. Independent modelling has shown that in the long-term water rates will be less expensive if services come from a CCO, and even cheaper if we combine services with our neighbours.

This efficiency, and the ability to share scarce staffing resources, is the reason that we're proposing to work with neighbouring councils on a joint company that will provide services across the Central South Island region. I feel that together we're a lot stronger than the sum of our parts.

As you read through this document I hope you keep an open mind to the possibilities that it presents.

We're not proposing selling off any assets or removing local control. This isn't a pathway to privatisation or amalgamation. Our proposal is to create a council owned organisation that will be solely focused on benefiting our community and, hopefully, our neighbours as well.

Our councils have a history of working together well, whether that's through our existing arrangements on water through the Downlands Rural Scheme to smaller collaborations on waste, roads, liquor licencing and environmental health.

As a council we fought hard for communities all over the country to have their say, so please take the time to have a read of this document and then tell us what you think.



Mayor Nigel Bowen

Snapshot of the reforms

Local Water Done Well is a government initiative to help ensure that communities have safe, reliable, and resilient water services.

We will be required to make changes to how we manage drinking water, stormwater, and wastewater. But we have choices about how we make these changes, and we want you to take the opportunity to help shape those choices.

We've looked closely at the options the Government has provided to all councils, and we believe there are three options available to us that will work for our communities today and into the future.

Option 1

Keeping water services in-house and overseen by our Council, but with changes to ensure we meet new government requirements.

Option 2

Setting up our own separate water organisation, to be responsible for the day-to-day operation of water services but 100% owned by the Council.

Option 3

Joining with neighbouring councils to set up a new water organisation to manage our water services across three or four districts, based on what communities need and want, jointly owned by the partner councils.

Regardless of which option is chosen, water services will continue to be delivered to our community and water services and assets will continue to be owned by the Council or a group of councils, either directly, or via a council owned organisation.

We're asking you to tell us which option you think will best serve our community in the long run.

This is your chance to help influence real change.

Want to find out more?

This consultation booklet has the key information you need, but you can find more information, including technical reports and council reports, on our Council's Local Water Done Well webpage timaru.govt.nz/water

What is Local Water Done Well?

Water Services Policy and Legislation

What is financial sustainability?

Financial principles for water service providers

How did the Council arrive at its preferred option?

How would a water services organisation borrow?

Financing water services delivery through establishing new water council-controlled organisations

How to have your say

Have your say on the best option for our district

Please read through this consultation document carefully.

We'll also be holding information sessions where you can ask questions: keep on eye on timaru.govt.nz/water for more information.

Give us your feedback

You can read more information and have your say online.

Scan the QR code or visit timaru.govt.nz/water

You can pick up a copy of this document, complete the form on the back page, and drop in a hard copy form to any of your libraries or service centres, or post to:

Freepost Authority number 95136

Water Consultation

Timaru District Council

PO Box 522

TIMARU 7940



What is Local Water Done Well?

Local Water Done Well is the Government’s plan to address long-standing problems it sees with water services.

This plan keeps water assets locally owned and recognises the importance of local decision making, so that communities and councils have the flexibility to choose the best way to deliver their water services.

The Government is putting a strong emphasis on keeping water services financially separate from other local services, and introducing economic regulation of water service providers to ensure they’re efficient and charging fair prices. It is also strongly emphasising environmental and water-quality requirements.

The Government has placed emphasis on meeting economic, environmental and water quality requirements. Some things will not change for our district, regardless of the way we move forward:

- Water services and assets will continue to be owned by the Council, either directly, or via a council owned organisation as the Local Water Done Well legislation prevents them being privatised.
- Our drinking water will be safe.
- The environment will be protected.
- Our community’s needs will be met.
- Work to adapt to climate change will continue.



What will change?

The Government has introduced new rules and strengthened some existing ones.

No matter which option we choose for delivering water services, we must make sure we:

- Meet legal requirements to keep drinking water safe and protect the environment.
- Manage our water services efficiently and effectively.
- Invest in maintaining and upgrading important infrastructure like pipes, pumps, and treatment plants, so they stay in good condition and can handle risks like natural disasters and climate change.

The Government will also be keeping an eye on prices and investment through a process called “economic regulation”. This is designed to protect customers by making sure that prices are fair and that enough money is invested to provide safe, reliable water services.

If councils choose to continue delivering water services themselves (instead of joining a new water organisation), there are extra requirements to make things more transparent.

Councils running in-house services must:

- Keep money for water services separate from other council funds (this is called “ring-fencing”), meaning money collected for water can only be used for water.
- Prepare separate plans and public reports on how water services are managed and funded.

We need to show the Government how we will deliver these changes

Like all councils across the country, we must prepare a **Water Services Delivery Plan** and submit it to the Government by **3 September 2025**.

The plan must set out:

- how we are currently delivering our water services
- how our preferred option will deliver water services in a financially sustainable way
- how we will meet future economic, health, and environmental regulations
- what we will need to do to meet regulatory requirements and address future growth

- where we will invest to meet service and regulatory requirements
- how we will finance these investments.

We also need to guarantee that the funds we allocate to our water services will be ring-fenced, as explained above. Depending on which option we choose, we can borrow more to invest in the infrastructure we need.

As we develop our **Water Services Delivery Plan**, we will also make sure we:

- Meet community expectations for water services
- Honour our Treaty of Waitangi commitments
- Continue providing the other council services our communities rely on.

You can find out more about the Government’s Local Water Done Well programme on the Department of Internal Affairs website: dia.govt.nz/Water-Services-Policy-and-Legislation

What the changes will mean for you.

If the Council currently provides your water services:

- Your water services will continue to be safe and reliable.
- After the changes, you will have a better understanding of what it costs to provide water services as there will be specific reports on this from either the Council or the water organisation, if one is set up.
- Prices might need to increase over time, but you will have more information and independent checks on the quality and cost of your water services.

If you have a private supply:

- There will be no immediate changes to your arrangements.
- However, you will still have a stake in the choice of options, and your feedback on the options is still important, as you may need help from the water services provider (whether it’s the Council or a new water organisation) if there are any big problems in your supply in the future. affect the other services we deliver.

Timeline and next steps

Thursday MAY 15	Consultation opens	Friday JUNE 06	Submissions close 5pm
JUNE-JULY	We will summarise submissions and draw out themes for our elected councillors to consider when they make their decisions, which is expected to happen in early July 2025.		
Wednesday SEPT 03	By 3 September 2025, the Council needs to provide a Water Services Delivery Plan to the Government. This Plan must identify the Council’s preferred model for delivering water services and should also include a plan for implementing this preferred approach.		
2026 ONWARDS	2026 onward	The Council will implement its preferred approach.	



More information on the following pages...

Our water services

Water services delivery includes services for the “three waters” – water supply, wastewater, and stormwater. It includes the networks of pipes and other infrastructure that allow water to be treated, transported, and disposed of.



Water Supply

To provide safe, reliable and sustainable water supply to the district.



Wastewater

To provide services to collect, treat, and dispose of wastewater in a safe and sustainable way that protects public health and doesn't compromise ecosystems.



Stormwater

To protect people and property from the effects of flooding, and safeguard public health and the environment from the adverse effects of stormwater run-off.

\$1,500
per year

The average cost in 2025 of water services for connected properties paid through your rates.

Based on the Council's Long-term Plan, this was expected to reach about \$1,900 a year in 2034 as we invest to meet our needs.

How are we doing, and what lies ahead?

We expect to be able to meet the new financial sustainability test for our water services, but like many councils across the country, we face some longer-term challenges in meeting the new requirements.

We need to keep renewing our water infrastructure, as some of this will be coming to the end of its life in the next 30 years. Some of our treatment plants will need to have their consents renewed over the next 30 years, and new standards may mean we need to invest more. This could mean we need to make some bigger investments in the next few decades, and these will add up. We are currently expecting to invest nearly \$1 billion over the next 30 years.

- Climate change is putting pressure on our stormwater and wastewater networks – they need to be resilient against the effects of climate change such as sea-level rise and more frequent and severe weather events..
- Tougher requirements for water services need to be met to protect health and the environment – this includes our responsibility to help community suppliers if they have significant problems, and to report more on how we are performing.

- We have large industrial and commercial users – these users consume roughly 50% of our water supply, and we need to think about how we continue to support these users.
- We must also make sure that water continues to be affordable for our communities.

As a council we must also make sure we meet our Treaty commitments, and that changes to water services don't mean we stop providing other services such as parks, roads, and rubbish.



Things to think about

All options would meet the new requirements.

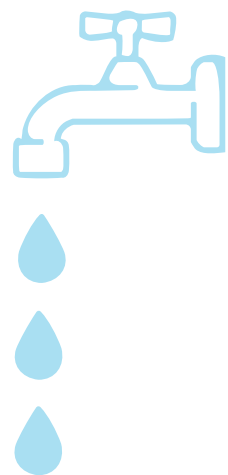
Any option would mean changes in the way we operate, to meet the new requirements from the Government. The differences between the options come down to differences in how much direct control our Council will have over water services, and whether we will have access to efficiencies through economies of scale, a dedicated focus on water services, and alternative ways of financing water services.

A water organisation would face similar borrowing costs to councils.

Water services require big investments, which most councils fund through a combination of borrowing and rates. As a council we can borrow relatively cheaply and affordably, through an organisation known as the Local Government Funding Agency (LGFA). New water organisations would be able to access the LGFA too, which would keep borrowing costs similar to ours. However, there are some differences in how a council borrows and how a water organisation would borrow.

- Councils have borrowing limits, based on rules set by the Local Government Funding Agency. The limits are expressed in terms of the ratio of a council's borrowing compared to its revenue. Our debt-to-revenue ratio under the LGFA rules is 280%, but our own rules also mean we keep debt below 250% to give us a buffer for a rainy day.
- Water organisations aren't like councils – they're more like utility companies (electricity lines companies for example) in that they would borrow in a different way. Most investment would be funded by debt rather than a combination of debt and water rates (which is how councils fund works). This means investment is paid back over a longer period, and by those who benefit from it.
- A water organisation would be able to borrow to much greater levels than councils, at around 5 times their income vs 2.8x for councils, while still being financially healthy and sustainable.

Your options for water service delivery



The Government has provided councils across the country with five options for delivering water services in their districts.

None of the options would result in privatising water services. Councils have been evaluating the options to work out which is best for their communities. We have been looking closely at the options available to us, including discussing the options with our neighbouring councils and getting some expert advice. We think there are three viable options, all of which are expected to meet the Government’s requirements.

It’s important to note that under all the options considered below, the water assets remain in public ownership, either directly in the council or in a council owned organisation. The amounts quoted are estimates based on future costs and projected savings and efficiencies.

All figures below are estimates of residential water price in 2034 **and are not harmonised across districts**.

Option 1

Keeping water services in-house and overseen by our Council

Water services would continue to be delivered through the Council, but with some changes to meet the Government’s new requirements. We would probably set up an internal water services unit within the Council to help us meet these requirements.

\$1,900 per year

Option 2

Establishing our own separate water organisation

This new water organisation would be separate from our Council, but we would own 100% of it and appoint its directors. The new organisation would be fully responsible for all day-to-day operations, maintenance, planning for future water needs, and repaying any water-related debt.

\$1,860 per year

Option 3

Joining with neighbouring councils to set up a new water services organisation

The new joint organisation would own, operate, and maintain water services for all the shareholding councils. We would own part of this organisation with the partner councils. We would also give it direction through a special “Statement of Expectations”, which the councils would develop jointly, and which the organisation would need to give effect to.

We’ve modelled two potential combinations:

3a.

Waimate, Mackenzie & Timaru districts.

\$1,670 per year

3b.

Waimate, Mackenzie, Timaru & Waitaki districts

\$1,640 per year

We think Option 3 would best support our community

Option 3 is our preferred option because it provides us with the best long-term benefits. We think it would enable more investment, better spread out fixed costs such as compliance, and joining with others would create efficiencies that would help to drive down prices.

There is potential for a different mix of councils to join in this water organisation, and we have outlined the two options that we think are more likely to happen. If we do continue with this option, who we work with will also depend on the outcomes of their consultation.

Other options considered

We also considered the option of establishing a consumer trust organisation, either partly owned by the Council and partly by a trust, or wholly owned by a trust.

We decided these options weren’t right for us as the organisation would probably have to borrow money from banks, which would be more expensive than borrowing through the Local Government Funding Agency. Under these options, we would also have less control over critical decisions affecting water services compared with the other options.



More about our preferred option on the next page...

Our preferred option

Option 3

Joining with neighbouring councils to set up a new water services organisation

\$1,500

2025

This is what ratepayers could expect to pay on average for water (drinking water, stormwater, wastewater) under the proposed option.¹

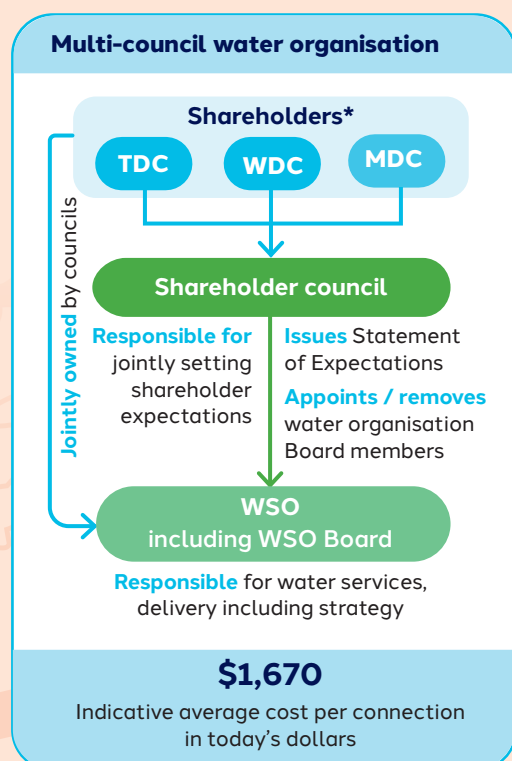
\$1,670

2034

Our preferred option would see our Council join with others to form a new water services organisation. This organisation would handle water services across all participating districts and take on each council's water-related assets and debt. The Company would be owned jointly by the partner councils.

A professional board of directors, appointed by the councils, would run the organisation day to day. While we and the other shareholding councils could guide the board and continue to make some key decisions, we wouldn't control every aspect of the organisation's work. Over time, we expect this new organisation would bill customers directly for its services, but in the meantime, we expect that councils would continue to collect water revenues through rates bills, similar to how we bill on behalf of Environment Canterbury.

How would it be setup?



*A four council variation could include Waitaki District

¹This is an indicative average cost in today's dollars, and has been calculated by excluding commercial supply and trade waste revenues to make it more representative of costs to a typical residential customer and rural ratepayer. There will be individual differences between communities as the cost is not harmonised.

How would our district have a say in a joint water organisation?

If we do decide to join up with others, we will still get to make decisions about how the arrangement could work.

There are ways for us to monitor and direct the organisation to make sure that your water services are being delivered well and that our district's needs are being met.

This would include:

- ♦ **Appointing the board of directors**, jointly with the other councils, so we can make sure the board has the skills and experience we want.
- ♦ **Jointly issuing a Statement of Expectations**, to set priorities for the organisation and specify how progress against them would be measured. The Statement would guide the organisation's decisions and actions, and the organisation would need to give effect to the Statement and report against it.
- ♦ **Requiring regular reporting** from the water organisation on how it's performing, including through an annual report on progress, service standards, and financial performance.
- ♦ **Negotiating a number of additional protections** to include in the organisation's constitution, such as consulting with our community.

Key advantages

- ♦ **Lower prices:** This option would probably be cheaper than if we continued to deliver water services on our own – potentially reducing the costs to customers by around \$230 a year by 2034.
- ♦ **Specialist oversight:** A professional, expert board can make informed decisions and respond quickly to changing needs.
- ♦ **Greater capacity:** A larger combined organisation can hire more specialised staff and manage assets and new projects more efficiently.
- ♦ **Delivering our investment plans:** The organisation would probably adopt the Council's current investment plans, which have been independently reviewed. These plans may need further investment over the next 10-30 years.
- ♦ **Long-term efficiency:** By combining resources (such as maintenance services) across multiple councils, having a bigger investment need, the organisation can drive down costs over time.
- ♦ **Efficient borrowing:** The organisation can borrow at similar rates to councils but takes a different borrowing approach that makes it easier to invest in the long term in infrastructure and maintain quality standards affordably.
- ♦ **Better financial flexibility for the Council:** With significant water debt removed from its books, the Council can redirect its financial capacity to other priorities as needed.

Key disadvantages

- ♦ **Less local control:** We would share decision-making and control with other councils. This decision-making may feel distant to residents in smaller communities.
- ♦ **Transition challenges:** Establishing the new water organisation is a big task, and coordinating the transition of water services, staff and debt could be complicated. We would also need to manage any impact on other council activities (like planning or customer service).
- ♦ **Stranded costs:** Some costs that are currently shared with water services may not be able to be transferred to the organisation meaning the Council could be left with some ongoing obligations.
- ♦ **Risk of the council being less effective:** There is a risk that the transfer of waters staff and assets could weaken the Council's ability to function effectively.

You can find out more about each Council's consultation options on this issue on their own websites.

Waimate Council waimatedc.govt.nz
Mackenzie Council mackenzie.govt.nz
Waitaki Council waitaki.govt.nz

Who could we partner with?

We can't confirm which councils we would partner with as they need to make their decisions too, but we'd work alongside them to establish clear governance arrangements and a unified plan for delivering water services – so that all participating communities benefit in the long run.

If we decide to move forward with a new water services organisation, we'd join forces with one or more of our neighbouring councils. Two groupings we have been investigating include:

- ♦ **A four-council option,** Timaru District working together with Waimate, Mackenzie and Waitaki districts.
- ♦ **A three-council option,** Timaru District working together with Waimate and Mackenzie districts.

Whichever option we proceed with, it will need to be a balanced arrangement that serves our district's interests.



Alternative options

Option 1

Keeping water services in-house and overseen by our Council

\$1,500
2025

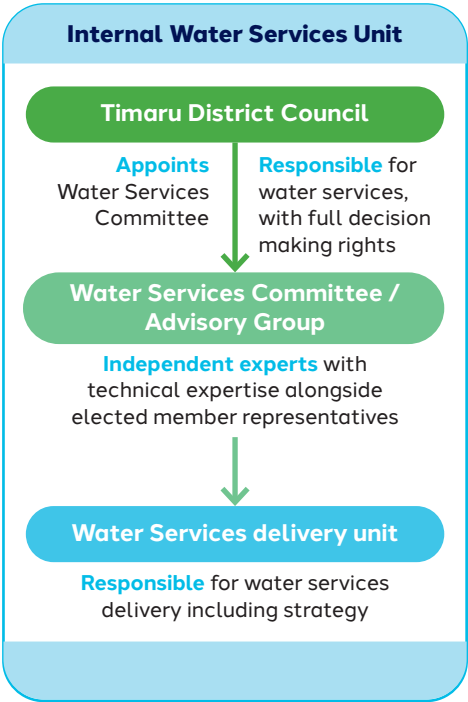
\$1,900
2034

Under this option, we would continue to manage and deliver water services on our own, without partnering with other councils.

We would be fully responsible for all day-to-day operations, maintenance, planning for future water needs, and repaying any water-related debt.

To help meet new government requirements, we would probably set up a dedicated water services delivery unit within the Council.

We could share certain services with neighbouring councils or contract some operations to an external water services organisation. However, that would not provide the same cost savings as being part of a joint water services organisation.



Key advantages

- Local decision-making
Our Council, which is familiar with local conditions, would decide on services and investments.
- Seamless integration
Water services can be easily coordinated with our other responsibilities (such as district planning and transport).
- Community accountability
Communication with our community would continue to be straightforward, with us engaging directly with residents on water issues.
- Familiar structure
Day-to-day operations would continue largely as they are now, which can help minimise transition costs and confusion.

Key disadvantages

- Highest Cost Option
This option would probably be more expensive than if we joined a water services organisation – potentially costing customers an extra \$230 a year more.
- Longer-term challenges need to be funded
We would need to fund major water infrastructure investment over the next 15 to 30 years, and those costs are likely to become more expensive over time. Council debt is limited to 2.8 times its income, so substantial borrowing for water limits our ability to invest in other important areas like roads, parks, and playgrounds..
- Increasing requirements
We would need to meet tougher government regulations on our own, and this could lead to higher rates or more borrowing.
- Limited opportunity for efficiencies
We wouldn't benefit from economies of scale that might come from partnering with other councils, potentially increasing our long-term operating costs.
- Competition for staff and contractors

Option 2

Setting up our own separate water organisation

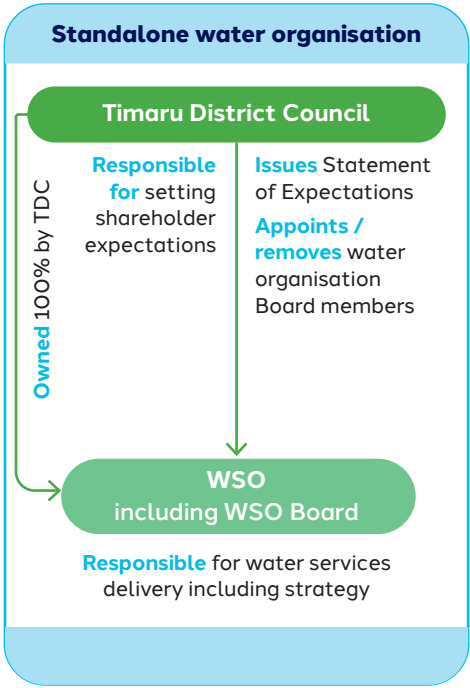
\$1,500
2025

\$1,860
2034

Under this option, we would set up our own water organisation, which would be separate from our Council, but 100% owned by us.

The organisation would be fully responsible for all day-to-day operations, maintenance, planning for future water needs, and repaying any water-related debt.

We would be able to directly appoint the organisation's directors and issue a Statement of Expectations to guide the organisation.



Key advantages

- Local decision-making
The water organisation would be focused solely on our district.
- Seamless integration
The organisation would be able to easily coordinate with our Council and share services.
- Accountability to Timaru only
Reporting and accountability would be to the Council and to you as customers, through a combination of mechanisms.
- Easing of the Council's debt burden
Water-related debt would move to the water organisation. However, the same community would be responsible for this borrowing.

Key disadvantages

- More expensive option:
This option would probably be more expensive than if we joined a water services organisation – potentially increasing prices by around \$190 a year.
- Limited opportunity for efficiencies
We wouldn't benefit from economies of scale that might come from partnering with other councils, potentially increasing our long-term operating costs.
- Competition for staff and contractors
The organisation would need to compete with other larger water organisations for staff and contractors with expertise in water services.

Local
Water
Done Well

Tell us what you think! →

Tell us what you think

Your details

First name:.....

Surname:.....

Organisation (if applicable):.....

Phone (landline or mobile):.....

Email address:.....

Postal address:.....

.....

.....

.....

Do you want to speak about your submission at a Council Hearing, 24 June 2025?

☐ Yes ☐ No

If you do not indicate, we will assume you do not wish to speak

*we require your email address and/or your physical postal address.

How to return this form

Complete the form, and drop in a hard copy to any of your libraries or service centres, or post to:

Freepost Authority number 95136
Water Consultation
Timaru District Council
PO Box 522
TIMARU 7940

Give us your feedback online

You can also read more information and have your say online.

Scan the QR code or visit
timaru.govt.nz/water



What is your preferred option?

Please tick the drop next to the option that you prefer.

☐ **Option 1**
Keeping water services in-house and overseen by our Council

☐ **Option 2**
Establishing our own separate water organisation

☒ **Option 3**
Joining with neighbouring councils to set up a new water services organisation (**preferred option**)

Any other comments?

Tell us what's important to you

We'd like to know which factors were the most important for you when you chose your preferred option. Please rank the following factors by putting a number, 1 to 4, in the circle next to each factor, **with 1 being the most important and 4 the least important.**

☐ **Affordability**
Ensuring that water services are delivered safely and sustainably, while managing prices to consumers.

☐ **Community influence**
Your ability to shape water services decisions.

☐ **Cultural input**
Hapū and iwi input into water decisions.

☐ **Access to finance**
More access to financing for water services and other Council activities.

Submissions are public information

All submissions are public information and will be included on Council's website and/ or in public documents located at Council offices and Libraries/Service Centres. This will include your name and, if applicable, the organisation you represent.

The contact information (phone number and/or email address and/ or postal address) that you provide will be accessible to and used by Council staff only for feedback administration purposes; it will not be made publicly available. However, the content of any attachments that you provide with your feedback - including any private and contact information - may not be redacted.

Please contact us via submission@timdc.govt.nz if you have any questions about this, before providing your feedback.

All information is held by Council in accordance with the Privacy Act 2020. You have the right to access and correct personal information. Nothing in this Privacy Statement overrides, or will prevent Council meeting its obligations under, the Local Government Official Information and Meetings Act 1987, or any other relevant legislation.

