TE KAUNIHERA Ā ROHE O WHAKAAHURANGI
STRATFORD DISTRICT COUNCIL

Our reference
F19/13/03-D21/26182

10 April 2025

Extraordinary Meeting of Council

Notice is hereby given that an Extraordinary Meeting of Council will be held in the **Council Chambers, Stratford District Council, 63 Miranda Street, Stratford** on ***Tuesday 15 April 2025*** beginning at **3.00 pm.**

Timetable for 15 April 2025 as follows:

3.00pm	Extraordinary meeting

Yours faithfully

Sven Hanne
Chief Executive

Stratford District
In the heart of Taranaki

63 Miranda Street, PO Box 320, Stratford 4352
Phone. 06 765 6099 | **stratford.govt.nz**

2025 - Agenda - Extraordinary - April (Water Services Delivery Consultation Document)

15 April 2025 03:00 PM

Agenda Topic | Page

AGENDA
Extraordinary

F22/55/05 – D25/12166

Date: Tuesday 15 April 2025
Venue: Council Chambers, 63 Miranda Street, Stratford

1. Welcome

1.1 Opening Karakia
D21/40748 Page 4

1.2 Health and Safety Message
D21/26210 Page 5

2. Apologies

3. Announcements

4. Declarations of members interest

Elected members to declare any real or perceived conflicts of interest relating to items on this agenda.

5. Attendance Schedule

Page 6

Attendance schedule for Ordinary and Extraordinary Council meetings.

6. Decision Report – Adoption of Consultation Document for Water Services Delivery Options

D25/11816 Page 7

Recommendations

1. THAT the report be received.
2. THAT Council adopts the Consultation Document for Water Services Delivery Options.
3. THAT Council releases for public consultation the Consultation Document for Water Services Delivery Options once design work has been completed.

Recommended Reason
The adoption of a Consultation Document for Water Services Delivery Options as part of Local Water Done Well is an essential element of legislative compliance.

/
Moved/Seconded

7. Questions

8. Closing Karakia

D21/40748 Page 38

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TE KAUNIHERA Ā ROHE O WHAKAAHURANGI
STRATFORD DISTRICT COUNCIL

Our reference
F19/13/03-D21/40748

Karakia

Kia uruuru mai	I draw in (to my being)
Ā hauora	The reviving essence
Ā haukaha	The strengthening essence
Ā haumāia	The essence of courage
Ki runga, Ki raro	Above, Below
Ki roto, Ki waho	Within, Around
Rire rire hau Paimārire	Let there be peace.

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TE KAUNIHERA Ā ROHE O WHAKAAHURANGI
STRATFORD DISTRICT COUNCIL

Our reference
F19/13/03-D22/17082

Health and Safety Message

In the event of an emergency, unless guided to an alternative route by staff, please exit through the main entrance. Once outside the building please move towards the War Memorial Centre congregating on the lawn area outside the front of the council building.

If there is an earthquake, please drop, cover and hold where possible. Remain indoors until the shaking stops and you are sure it is safe to exit or remain where you are until further instruction is given.

Stratford District
In the heart of Taranaki

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5. Attendance schedule for 2025 Ordinary and Extraordinary Council meetings.

Date	011/02/25	25/02/25	11/03/25	08/04/25	15/04/25	13/05/25	10/06/25	08/07/25	12/08/25	02/09/25	07/10/25
Meeting	O	E	O	O	E	O	O	O	O	O	O
Neil Volzke	✓	✓	✓	✓							
Steve Beck	✓	✓	✓	✓							
Grant Boyde	✓	✓	✓	✓							
Annette Dudley	✓	✓	✓	✓							
Jono Erwood	✓	✓	✓	✓							
Ellen Hall	✓	✓	✓	✓							
Amanda Harris	✓	✓	✓	✓							
Vaughan Jones	A	✓	✓	✓							
Min McKay	✓	✓	✓	✓							
John Sandford	✓	✓	✓	✓							
Clive Tongaawhikau	A	A	✓	A							
Mathew Watt	✓	✓	✓	✓							

Key	
O	Ordinary Meeting
E	Extraordinary Meeting
EM	Emergency Meeting
✓	Attended
A	Apology/Leave of Absence
AB	Absent
S	Sick
(AV)	Meeting held, or attended by, by Audio Visual Link

DECISION REPORT

F22/55/04 – D25/11816

To: Council – Extraordinary Meeting
From: Chief Executive
Date: 15 April 2025
Subject: Adoption of Consultation Document for Water Services Delivery Options

Recommendations

1. THAT the report be received.

2. THAT Council adopts the Consultation Document for Water Services Delivery Options.

3. THAT Council releases for public consultation the Consultation Document for Water Services Delivery Options once design work has been completed.

Recommended Reason
The adoption of a Consultation Document for Water Services Delivery Options as part of Local Water Done Well is an essential element of legislative compliance.

/
Moved/Seconded

1. Purpose of Report

The matter for consideration by the Council is the adoption of the Consultation Document (CD) for Water Services Delivery Options as part of Local Water Done Well (LWDW).

2. Executive Summary

Council officers recommend that Council adopts the attached CD (draft CD) to seek the community's feedback on Water Services Delivery Options.

This approach will help to shape the Council's decisions and ensure the Council meets the consultation requirements in the Local Government (Water Services) Bill.

The draft CD includes the two water service delivery options that Council has previously agreed to present for public consultation:

a) Enhanced Status Quo – in-house service delivery

b) A Joint Taranaki WSCCO (preferred option).

At an extraordinary meeting of council on 25 February 2025, council identified the preferred option being a Joint Taranaki WSCCO that owns assets and works with South Taranaki and New Plymouth District Councils for water and wastewater services. The Council will still own and manage stormwater assets.

The draft CD seeks community feedback on the proposed water service delivery model. Feedback is not limited to the proposed model and the public may also comment on other options in the draft CD.

Public consultation will run from 30 April to 30 May 2025.

3. Local Government Act 2002 – Section 10

<table>
<tr><td colspan="4">Under section 10 of the Local Government Act 2002, the Council's purpose is to "enable democratic local decision making by and on behalf of communities; as well as promoting the social, economic, environmental, and cultural well-being of communities now and into the future"</td></tr>
<tr><td colspan="2">Does the recommended option meet the purpose of the Local Government 4 well-beings? And which:</td><td colspan="2">Yes</td></tr>
<tr><th>Social</th><th>Economic</th><th>Environmental</th><th>Cultural</th></tr>
<tr><td>✓</td><td>✓</td><td>✓</td><td>✓</td></tr>
</table>

Water and public water services delivery traverses all wellbeing areas.

4. Background

4.1 The Local Government (Water Services) Bill requires local authorities to prepare and adopt a CD for public consultation as part of the LWDW initiatives.

4.2 The draft CD needs to provide a fair representation of the water service delivery model options and encourage the community to provide their feedback.

4.3 The draft CD identifies :

a) Council's Preferred Model
A joint organisation (WSCCO) owned by South Taranaki, Stratford, and New Plymouth Councils for water and wastewater services.
Stormwater services will remain with the Council, with possible contracting to the WSCCO.

b) The duration of consultation (30 April to 30 May 2025)

4.4 The draft CD includes the following information

- Current Water Services (and the reasons for change)
- Local Water Done Well (the legislative requirements for water services)
- Consultation Topics (the best options for delivering water services to meet community and government requirements).
- How the delivery model options were created and assessed.
- Facts and explanations to clarify details (myth busting)
- Options being consulted on:
    - Joint council-controlled organization.
    - Keeping water services within SDC (status quo).
- Comparison of Options (including ownership, governance, pros and cons, impact on charges, rates, debts, and service levels)
- Summary and Key Dates
- While electronic submissions are preferred, the CD will contain a submission form for community feedback.

4.5 The draft CD is attached as **Appendix 1**.

5. Consultative Process

5.1 **Public Consultation - Section 82**

Public consultation is a legislative requirement for this process. The draft consultation document is attached to this report and the overall process is outlined in section 4 above.

5.2 **Māori Consultation - Section 81**

The Taranaki Water Service Delivery Project has involved iwi/mana whenua through:

- PSGE members in the Steering Group.
- Pou Taiao staff in the Project and Technical Working Groups.
- Briefings to Taranaki Iwi Chairs.

6. Risk Analysis

6.1 There are no known risks associated with adoption of the CD.

6.2 Not adopting a consultation document within the legislative time frame would lead to legislative breach and most likely result in central government intervention.

6.3 The content of any consultation document is determined by elected members but has to comply with the overall requirements and time frame of applicable legislation.

7. Sustainability Consideration

Sustainability and climate change aspects are covered within the Water Services Delivery Plans for the individual options consulted on.

8. Decision Making Process – Section 79

8.1 **Direction**

	Explain
Is there a strong link to Council's strategic direction, Long Term Plan/District Plan?	No, this process falls outside council's existing strategic documents but was highlighted in past documents and will influence future plans.
What relationship does it have to the communities current and future needs for infrastructure, regulatory functions, or local public services?	It does impact future ownership and operation of core infrastructure.

8.2 **Data**

While there will be future stages of legislative change impacting the delivery of water services via either option covered within the consultation document, there is no information currently outstanding that is essential to making the decision sought by this report.

8.3 **Significance**

	Yes/No	Explain
Is the proposal significant according to the Significance Policy in the Long Term Plan?	No	The final decision to retain water services delivery or move this activity to a regional CCO is significant, the adoption of the associated consultation material, while part of the overall process however is not.
Is it: • considered a strategic asset; or	Indirectly impacted	
• above the financial thresholds in the Significance Policy; or	No	
• impacting on a CCO stakeholding; or	No	
• a change in level of service; or	No	
• creating a high level of controversy; or	Potentially	
• possible that it could have a high impact on the community?	No	

In terms of the Council's Significance Policy, is this proposal of high, medium, or low significance?		
High	**Medium**	**Low**
	✓	

8.4 **Options**

There are two reasonably practicable options:

Option 1 Adopt the Consultation Document.

Option 2 Adopt an amended Consultation Document.

Both options have been assessed together below.

The Local Government (Water Services) Bill requires the Council to consult on their proposals for water services.

Adopting the draft CD ensures compliance with legislative requirements. There are no known disadvantages.

Any substantive amendments to the draft CD may require further assessment to identify any implications, including the timeframes for consultation.

This report recommends Option 1- adopt the CD for addressing the matter.

8.5 **Financial**

The adoption of the consultation document has no material financial implications on council. The subject matter consulted on however has significant implications on council finances, including debt and asset ownership. This is discussed in detail in the associated Water Services Delivery Plans for the relevant options and has been outlined to elected members throughout the reform process.

8.6 **Prioritisation & Trade-off**

This is a legislative requirement and has therefore given the required prioritisation. Other matters have been delayed along the way to free up the required resources.

8.7 **Legal Issues**

Legislation requires councils to ensure robust community engagement and transparency in our decision-making processes. This is governed by the Local Government Water Services Bill and the Local Government (Water Services Preliminary Arrangements) Act 2024.

8.8 **Policy Issues - Section 80**

There are no known policy issues and as this is a legislative requirement, it would override any policy position held.

<u>Attachments</u>

Appendix 1 Draft Consultation Document

Sven Hanne
Chief Executive **Date 10 April 2025**

APPENDIX 1

Local Water Done Well

Have your say on the future delivery of water and wastewater services in Stratford

We're consulting on the best option for delivering water and wastewater services in a way that will meet the needs of our community and the Government's new rules and regulations under the Local Water Done Well reforms.

We need your feedback by 5pm Friday 30 May 2025.

Message from your Mayor – Neil Volzke

TO COME

Contents:

Our proposal for water services delivery

We are proposing that the best way to deliver safe, reliable and affordable drinking water and wastewater services for the Stratford District over the next 30-plus years is through a council-controlled organisation that is jointly owned by the South Taranaki, Stratford and New Plymouth district councils.

This document sets out why that is, and how you can have your say about the options.

Notes on the proposal:

1. The proposal affects consumers who are provided drinking water and wastewater services by their council. It does not directly affect those who self-supply both those services.
2. Stormwater services will remain with the individual councils. A council may choose to contract out some or all of their stormwater related services, including to a future jointly owned water services organisation.

1. What's happening with water services?

Safe drinking water and the safe disposal of wastewater have made massive differences to our health and wellbeing, even in the past few decades. How we care for water affects not just us and the environment today, but our future.

It's not surprising then that managing community water services is one of the biggest items in the Council's budget. And meeting the costs of delivering these community water services is increasing. Some reasons for that are:

- old pipes and infrastructure wearing out
- increases in labour and materials
- increased community expectations
- environmental and health standards
- population and economic growth.

Since March 2024 we have been looking at several different options for the future delivery of water services including delivering water independently, as well as working with the South Taranaki and New Plymouth district councils to consider what joint water services delivery could look like in Taranaki.

This is due to the introduction of **Local Water Done Well (LWDW)**, the Government's plan to address New Zealand's water infrastructure challenges.

After a lot of work and thorough investigation by all councils **we are proposing that the best way to deliver safe, reliable and affordable water services over the next 30-plus years is through a regional council-controlled organisation. This would be jointly owned by the South Taranaki, Stratford and New Plymouth district councils.**

We'd like your thoughts about this proposal, and the **alternative option of keeping water services within the Stratford District Council.**

Community water services include:

Drinking water - *what comes out of the tap that you drink, cook or clean with.*

Wastewater - *what goes down the drain when you use your bathroom, laundry and kitchen.*

Stormwater* – *rainwater that flows over urban areas, into streams, rivers and the sea.*

*Stormwater service delivery is not included in the proposed regional model

Stormwater services work closely with many other council services and activities, including roading and parks. They also directly impact land management and growth planning. They are very different between each Taranaki council, and at this stage will be best delivered individually.

The three Taranaki district councils have agreed that for this proposed regional model, stormwater services will remain as an in-house service for each council. This proposal for a joint Taranaki water service delivery model is for **drinking water and wastewater services only.**

2. Local Water Done Well – and what that means

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

It aims to provide local councils with the **choice** of how they will provide reliable and safe water services to their communities over the next 30 years and beyond.

Under LWDW councils can choose to deliver water services themselves, with other councils, or through other arrangements so long as they can show their choice will meet the Government's core requirements. These include cost effectiveness and affordability, financial sustainability, and compliance with legislation. Councils and water organisations **will not** be able to privatise water services under LWDW.

Water and wastewaster delivery needs to meet the following:

- Will be **financially sustainable** – meaning income from water services delivery meets all costs, including service, investment and finance costs.
- Ensures **sufficient investment** to meet the needs for replacement and renewal of existing infrastructure, and building new to meet future demand.
- **Is cost-effective and affordable,** with prices that reflect the costs of delivery.
- Is **ringfenced,** or completely separate from the rest of Council's income and expenditure.
- Meets other **new financial and regulatory requirements.**

Councils must complete a **Water Services Delivery Plan (WSDP)** by early September 2025, showing how their proposed choice meets these requirements. We've produced draft WSDPs for both options considered in this document and both are viable under the existing legislation.

Funding water services delivery

One of the features of LWDW is that water services organisations that are separate from councils can borrow up to five times the amount of revenue they receive. This is about twice the ratio that most councils are permitted.

Borrowing (using debt) to fund infrastructure investment spreads the cost of something that can be very expensive over the entire time of its useful life. That means it's paid for by all the people who benefit from it. Debt can spread costs over many years, keeping charges to consumers fairer and more affordable.

Any borrowing by a water service organisation must be guaranteed by its owner council or councils.

If you want to dive a bit deeper, there is a lot of information about Local Water Done Well, as well as links to the new regulation and the current Water Services Bill on the Government's Department of Internal Affairs website **- www.dia.govt.nz/Water-Services-Policy-and-Legislation**

3. What are we consulting on?

This proposal is about deciding on the best option for delivering **water services** in a way that will meet the needs of the community and the Government's new financial sustainability and water regulatory requirements.

About our water services

- We currently provide water services to 71% of the district's residents and wastewater services to 61%.
- This covers 3,125 water connections and 2,765 wastewater connections.
- We have 3 water supplies: Stratford, Midhirst and Toko; 1 wastewater scheme and stormwater systems throughout urban areas. To service this, we have 3 water treatment plants, 1 wastewater treatment plant; 7 reservoirs and tanks; 5 pump stations; approximately 212 km of pipes.
- The assets are currently worth $74 million and would cost $151 million to replace.
- Total litres drinking water supplied – 934,5699 m3
- Water, wastewater and stormwater services cost around $4 million each year to operate and represents about 14% of Councils total annual expenditure.
- Due to significant capital works planned, the water services debt is expected to increase from $11 million to $31 million over the 10 years of the Long Term Plan (LTP) 2024-2034.

Key investments in the next 10 years include:

- New water storage $9.4 million;
- Reticulation and safety renewals $8.5 million;
- New Pātea River crossing for trunk main $5 million;
- Replacement of the 100 year old grit tank and raw water delivery line $4.2 million;
- Desludging of our wastewater pond to increase capacity and improve discharge quality $3.4 million; and
- Completion of the universal water metering project $1.5 million.

SDC has no renewal backlog. We have historically invested in essential services as appropriate to ensure a general aligning of our renewal budget with our replacement profile. We're preparing for our most significant project in living memory, with the upgrade of the wastewater treatment plant to an advanced treatment system. This project is anticipated to cost $50 million and to be completed over an 8-year period, commencing with the renewal of our wastewater resource consent in Year 9 of the LTP.

4. What are the options?

Under Local Water Done well, there were several options we could investigate. These included keeping delivery in-house; establishing a consumer trust; or setting up a single (SDC only) or jointly (SDC, STDC and NPDC) owned council-controlled organisation.

Not all options were suitable for Stratford, such as establishing a consumer trust or setting up a council-controlled organisation on our own - so these options were ruled out. This left us with two, financially sustainable options to further investigate; establishing a Taranaki water services council-controlled organisation (WSCCO) with New Plymouth and South Taranaki district councils or keeping water services delivered in-house within Stratford District Council.

As part of this process the three Taranaki councils worked together to identify objectives for water services delivery that would meet our communities' needs, and which model would be best suited to deliver those while also meeting Government requirements.

These community objectives are:

- **Sustainably funded** – having enough income to meet standards while remaining affordable
- **Operationally efficient** – keeping costs down
- **Attractive for investment** and growth - to keep the community and business strong
- **Supportive of Te Mana o te Wai** – taking care of water in the environment
- **Well maintained and compliant** with regulations
- Supported by **a capable and resilient workforce**
- **Understanding of local needs** and responding quickly

The Government also made it clear that it was expecting councils to work together to see if regional models would be suitable. With new legislation in place, each council chose which options were best to investigate for their district.

Any proposed model and plan has to meet Government criteria. If the Government is not satisfied that a preferred plan meets requirements, it can step in to help.

Our proposal

We are proposing that the best way to deliver safe, reliable and affordable water services over the next 30 plus years is through:

A) A council-controlled organisation that is jointly owned by the South Taranaki, Stratford and New Plymouth district councils.

With the alternative option being to;

B) Keep the delivery of water services within Stratford District Council (also known as an in-house business unit).

Each option has its own advantages, disadvantages and impacts, which is why we'd like your feedback.

Understanding the perspective of our community is an important part of our decision-making process and your views will help the Elected Members decide the best way forward for our community.

5. Mythbusting!

- **Costs are increasing –** no matter what option you choose, **the cost of delivering water and wastewater services** will increase over time. Increasing compliance costs are part of this.
- **Water services will remain in council ownership and cannot be privatised** – this is set out in the legislation, along with the requirements for future water service delivery models
- **Councils are not amalgamating** – this consultation is about choosing a water services delivery option only.
- **Under a regional model, the larger district will not control the decisions of a regional organisation** – the way the proposed regional model is set up means no single Council would have a majority vote.

6. Our Options

Option 1- Joint regional model (Proposed option)

A Water Services Council Controlled Organisation (WSCCO) jointly owned by the three Taranaki district councils, is set up to deliver water and wastewater services across the region.

How it would work

Each council would be a shareholder in the new jointly owned organisation. They would create a committee to oversee the organisation. The make-up of the committee would include representatives of each council and iwi mana whenua. The committee would appoint a Board comprised of independent, professional directors, chosen for their skills and experience in relevant areas. The Board would be responsible for ensuring the organisation meets the expectations and levels of service set by the shareholders, as well as all legal and regulatory requirements. This means operational and investment decisions would sit with the WSCCO, rather than with elected members from each council.

Impact on the community

Pooling our resources gives us greater access to the finance, people and systems that will ensure our water services are safe and support communities and businesses. A regional approach will improve the ability to coordinate investment in infrastructure, take advantage of new national engineering standards and design solutions, and plan delivery more efficiently. A larger number of consumers mean the organisation will have greater access to funding for investment or to meet unexpected events, and help to keep costs to individual consumers lower than the alternative. A larger customer base means the increasing costs of water infrastructure will be spread across a greater number of customers.

We recognise that some people, especially in smaller communities, may be concerned that 'bigger isn't always better'. However, it is important to remember that a water service organisation must meet national requirements for quality and service, and council requirements for current levels of service to our communities regardless of size.

Some communities and customers will continue to have different levels of service. For instance some customers are on restricted flow connections; others do not get wastewater services. The proposed model means that consumers will continue to pay for what they use, at a fair cost based on their level of service.

From page X of this document we discuss the impact on levels of service, rates and debt.

This is the proposed model for all three Taranaki district councils

Having considered the Government's plans under Local Water Done Well, and the options available, all three councils believe their communities will be best served in the long run by a jointly-owned organisation focused on delivering water services.

Water services at a regional level

- The Joint WSCCO would provide water services to 79% of the district's residents and wastewater services to 72%. This covers 45,899 water connections and 40,913 wastewater connections.
- The Joint WSCCO would cover 17 water supplies and 12 wastewater schemes with 2773km of pipes.
- These assets are worth $1.2 billion and would cost $2.2 billion to replace
- Water and wastewater services cost around $75 million per year to operate.
- The water and wastewater services debt are expected to increase from $266 million to $429 million over the 10 years from 2024-2034.
- Key Investment required – All councils have a significant investment programme in renewals. South Taranaki and Stratford district councils have major wastewater treatment plant upgrades while NPDC has a drinking water treatment plant upgrade, and improvements to Waitara and Inglewood drinking water networks planned.

Option 2 - An in-house business unit within Stratford District Council, modified to meet new requirements

A council business unit, dedicated to delivering water, wastewater and stormwater services across the district.

We would continue to deliver water services from an in-house department, but make changes to the way this department is set up to meet the new rules and regulations set by Government.

How it would work

Water services delivery would remain the responsibility of council. Under this model, any revenue we get, either through rates or other charges, for providing water service would be ringfenced and used specifically to pay for the cost of delivering those water services, which is similar to what we do now.

We would prepare a water services strategy, setting out priorities and ensuring the business unit has the funding it needs. The business unit will prepare separate performance and financial reports for council.

Impact on the community

Keeping water and wastewater services in-house is a viable option for us because it is financially sustainable in the long-term, and therefore meets the latest rules and regulations set by Government.

Our community would continue to receive compliant and reliable water services by a team who understand local issues. Elected members would continue to have direct influence on future decisions relating to water services for the Stratford district, and community members would be able to influence these decisions through annual and long term planning processes, just as they can do now.

We can still continue to work in collaboration with other Taranaki councils to gain efficiencies over time.

From page X of this document we discuss the impact on levels of service, rates and debt.

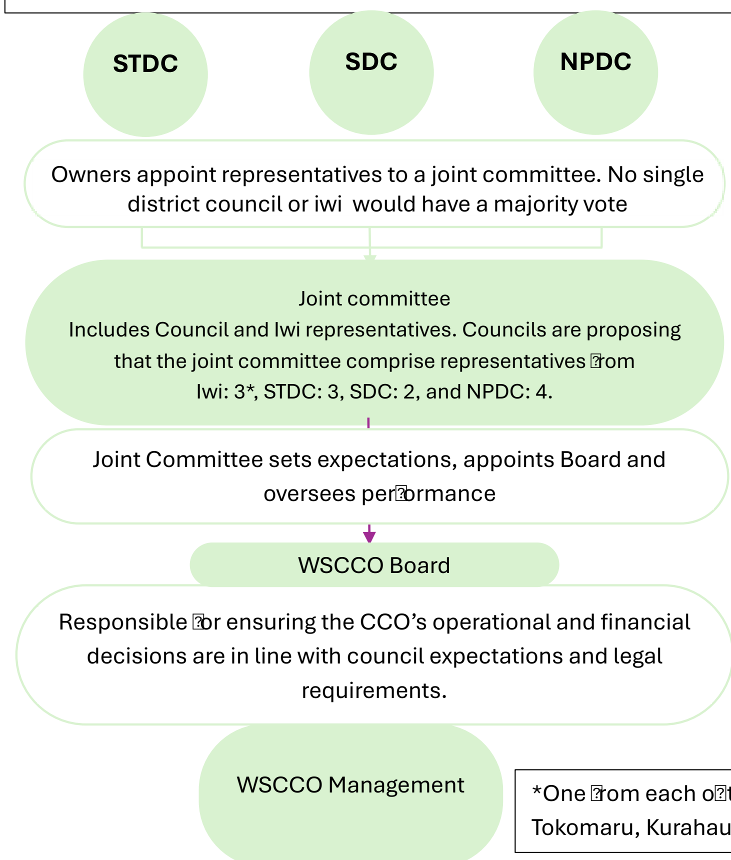
7. Let's compare the options:

1) Ownership and control

Feature	Option 1 - A jointly owned Water Services Council Controlled Organisation (WSCCO)	Option 2 - SDC in-house business unit
Who owns the water infrastructure assets?	The Regional WSCCO will own the assets. The WSCCO is owned by the South Taranaki, Stratford and New Plymouth district councils. A WSCCO cannot be privatised.	No change, Council will continue to own all infrastructure assets.
Who is accountable for performance?	An independent Board oversees the WSCCO, and is accountable to a joint committee made up of representatives from each owner council and iwi mana whenua.	The Council sets overall direction and priorities.
Who decides what work gets done?	The joint committee agrees priorities and expectations for the organisation. The Board prepares a water services strategy to achieve these, and ensures the organisation is focused on delivery.	A water services strategy is developed by Council outlining the priorities for service delivery and future investment. The business unit manages the delivery of services.
How does the community have a say?	Community feedback processes for the WSCCO will be determined by the shareholding councils	The business unit reports to Council just like now. Delivery is accountable to the public through usual democratic processes; community consultation and feedback on Council planning documents.
How does the funding work?	Consumers pay water charges to the WSCCO. A WSCCO can borrow up to 500% of its revenue. Any loans are guaranteed by shareholding councils – not by water assets.	Funding for water remains part of overall Council revenue and debt, but fully separated (ringfenced) from all other Council work. Water charges are paid to Council.
How are fees and charges set?	Fees, charges and water tariffs are set by the WSCCO and will become standardised across the region.	Fees, charges and water tariffs will be set by Council for the Stratford District only. These are likely to be different from what is set by neighbouring councils or council-controlled organisations.

2) Governance and Accountability

Jointly owned water services council-controlled organisation (WSCCO) Shareholder agreements set out ownership and priorities.

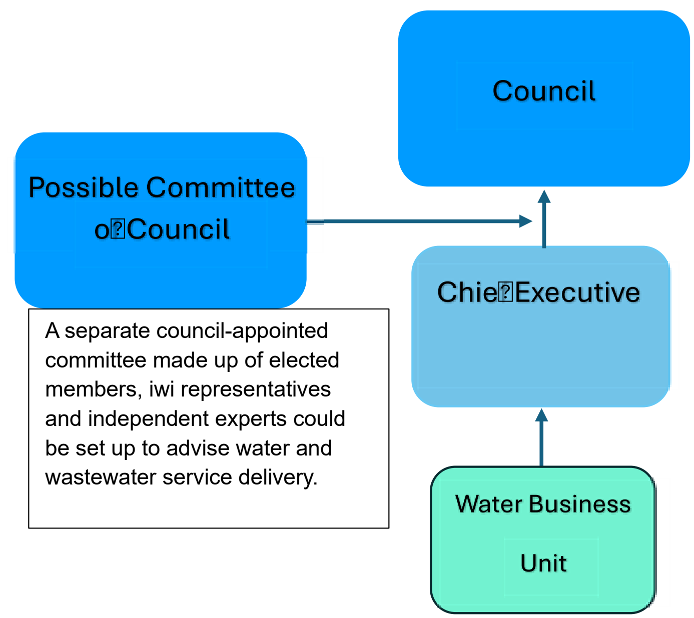


*One from each of the 3 waka: Tokomaru, Kurahaupō, and Aotea

In-house business unit

Water service delivered through internal business unit or division, with ring-fencing of revenue and expenditure.

New planning and reporting framework for water service providers will apply to the inhouse option as well.



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3) Advantages and Disadvantages

Each model has its own characteristics. Note that some people may think of something as an advantage that others see as a disadvantage.

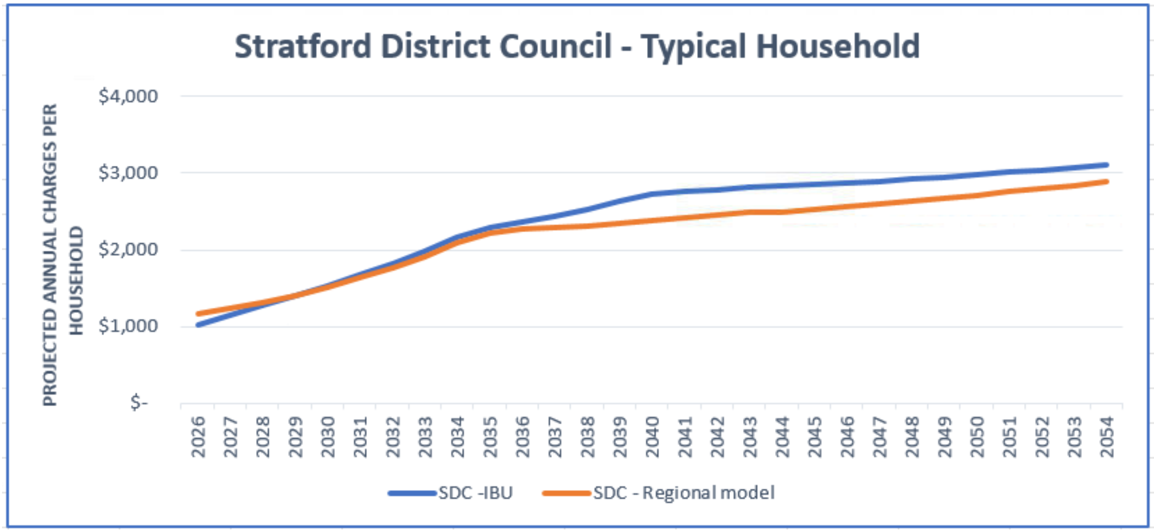
Option 1 - A jointly owned Water Services Council Controlled Organisation (WSCCO)	**Option 2 - SDC in-house business unit**
Advantages - Combines the resource and customer base of all three councils - Has the ability to borrow more for investment, which improves affordability - Removing debt servicing costs from Council accounts will improve Council's capacity to service loans for other activities - Provides a clear separation between Council and water services governance, management and finances. - A regional programme of work will provide a more attractive market for suppliers, better opportunities for efficiencies, and offer better opportunities for staff - Compliance costs are shared, and service levels will be standardised across the region - Greater capacity to respond to emergencies **Disadvantages** - Costs to establish and operate the new entity - Potential impact on council staff and other council business units - Costs of remaining council services will increase to cover shortfall currently funded via water services revenue - Reduced ability for Elected Members or the community to influence decisions relating to water and wastewater services - Higher level of uncertainty - Difficult to return to an in-house model in the future	**Advantages** - Least disruptive in the short term - Avoids costs of establishing and operating a new entity - Retains council officer knowledge and management of council water assets - Maintains the community's direct link to the people who control investment decisions, i.e. elected members - Transition to a joint model in the future is possible if required **Disadvantages** - Less opportunity to achieve the benefits of scale - Smaller customer base to pay for services - May limit the ability to attract and to keep good staff - May limit the ability of council to respond to an emergency - Increased compliance and reporting requirements will be met by council alone

4) Impact on rates and charges

These notes about impacts on rates and charges are based on assumptions about what may or may not happen in the future. They are provided for guidance only. The actual numbers will be a result of decisions made by councils and any future organisation.

Option 1 - A jointly owned Water Services Council Controlled Organisation (WSCCO)	Option 2 - SDC in-house business unit
Customers will pay water service charges to the WSCCO. Ratepayers would see a drop in their rates bill, as their payments for water services would be made to the WSCCO. However, it is unlikely that your overall rates bill would reduce by exactly the same amount you currently pay for water services. This is because we'd continue to manage stormwater services in-house, and in the short term might need to provide services on behalf of the new organisation such as Information Technology, finance, human resources or customer service support. Over time, these services and costs would likely transfer to the new entity. There may also be some overhead costs that were previously funded from water services, which could increase the rates charged for other Council activities. Financial modelling* suggests that due to the benefits of scale, willingness to carry more debt, and a larger base of customers, increases on charges would be lower under a regional WSCCO. For example, a customer paying about $900 a year for their drinking and wastewater services in 2025 would pay about $2200 in 10 years, and $2,900 in 30 years under this option.	Water service charges will continue to be paid to Council. The amount you pay for all water services will be clearly set out on your rates bill. We've already mentioned the cost of delivering water services is getting more expensive, so we'd expect the water service charges on your rates bill will continue to increase to reflect this. This will also be caused by increased compliance and reporting costs for council to meet as part of Government legislation. Financial modelling* suggests that due to the benefits of scale not being realised and with a smaller base of customers to cover new compliance requirements, increases on charges will be higher than the regional WSCCO over the long run. For example, a customer paying about $900 a year for their drinking and wastewater services in 2025 would pay about $2300 in 10 years, and $3,100 in 30 years under this option.

The graph compares what a typical Stratford household (2.7 people) could expect to pay on average for water and wastewater services between the SDC in-house business model and the joint Taranaki model over 30 years.



An important note about these numbers

When making projections about the future we have to make certain assumptions, which may or may not turn out to be accurate. The information used for making financial projections is based on things like past history, the experiences of others, efficiencies achieved through economies of scale and willingness to take on significant debt under a regional model, budgets and projects from our Councils' Long-Term Plans, Asset Management Plans and 30-year infrastructure strategies. They also include the assumption of price harmonisation of water and residential wastewater services over 10 – 15 years. While the numbers may vary from what will actually happen, the graphs are useful for comparative purposes.

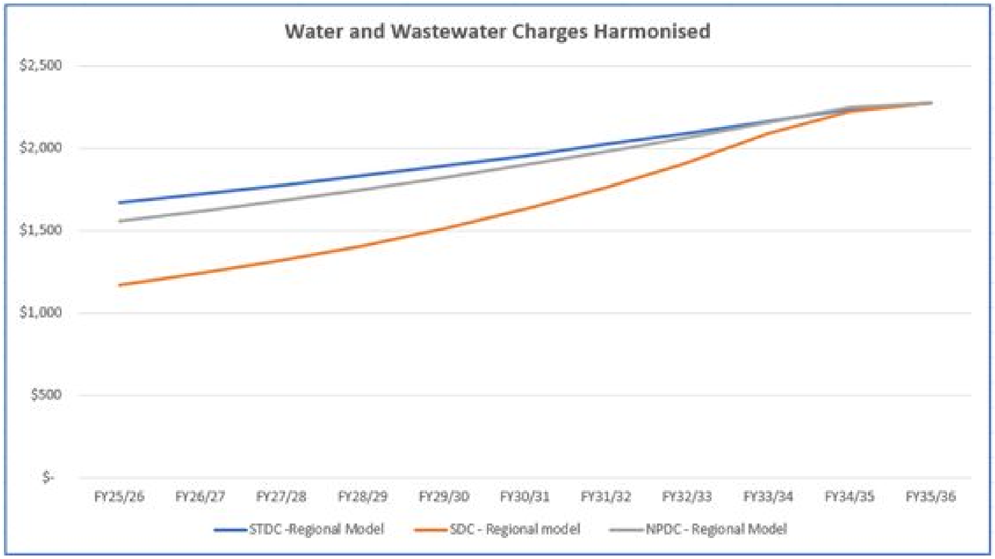
Standardising charges

Currently in the Stratford district there are a couple of ways properties pay for water supply. Most town (urban) properties pay a flat charge each year for water (called a water targeted rate), while rural and high users pay water supply by the amount they use (called volumetric charging) on top of the flat charge.

Under a regional model water and wastewater charges would be standardised (price harmonisation) over a period of 10-15 years. This means everyone in the service area will pay the same price for the same service, and the harmonisation will be gradual to avoid large price increases all at once.

Our water and wastewater charges are already standardised across the Stratford district, so under an in-house business unit price harmonisation will continue, and future charges would be determined by Council.

Forecasts of this kind of “price harmonisation” effect is shown in the Water and Wastewater Charges Harmonised graph below.



5) Impact on debt

One of the benefits that Local Water Done Well introduces is the ability for a separate water services entity to borrow more money based on its revenue, than a council can. This is particularly helpful in a case where a council is at or near its borrowing limits. This isn't the case for the three Taranaki districts, which all have sufficient borrowing capacity to meet forecast water infrastructure investment needs.

However, creating a WSCCO, and moving existing debt related to two waters off the council balance sheet, would improve each council's ability to service its remaining debt (a bit like a smaller mortgage would leave more money in the household budget). Inherited, and any new debt, would now be carried and serviced by the WSCCO.

	Total debt ($m)	Two waters debt ($m)	Water debt as a % of total debt
STDC	181	92	51%
SDC	42	10	24%
NPDC	448	194	43%
Numbers based on each council's long term plan, as at 30 June 2025 (rounded)			

Option 1 - A jointly owned Water Services Council Controlled Organisation (WSCCO)	Option 2 - SDC in-house business unit
Along with the revenue from water service charges, all existing drinking water and wastewater services-related debt would be transferred to the regional WSCCO. This would improve the ability of each council to service its remaining debt. Under LWDW, a WSCCO can borrow more money to fund infrastructure projects than councils can, based on the same revenue. For the financial modelling, it was assumed that the WSCCO's debt position would be significantly higher than the current combined council debt.	There would be very little change in debt for the council with an in-house business unit in the short term. Over time, debt would change in line with the requirements of upgrades, growth and replacements of key assets, as set out in council's Long Term Plan. For the financial modelling, it was assumed that Council's debt position after 30 years would be similar to now To date Council has limited its borrowing to reduce the impact on ratepayers, and our current debt position would allow us to borrow for significant infrastructure projects as required.

7) Impact on Levels of Service

Option 1 - A Joint Taranaki Council Controlled Organisation	Option 2 – SDC In-house business unit
No change is expected to levels of service. **Water services** Over time, it is likely that service levels would standardise across greater numbers of customers. New national standards and regulations around water quality, engineering and customer service would also be met. **Other Council services** Would be unaffected, although some services may be needed to support the establishment of the WSCCO. **Growth** With a larger customer and revenue base, the regional WSCCO would be better able to deliver investment to support growth, and manage the growing water services network. The decisions on where investment is focused would sit with the WSCCO rather than with individual councils. **Climate change** A larger organisation will be better able to plan for and work with councils to mitigate potential climate change effects. **Civil defence** A regional WSCCO will be better placed to respond to emergencies relating to water and wastewater services.	No change is expected to the levels of service. **Water services** These would not change, except for meeting the increased reporting and compliance requirements under Local Water Done Well. New national standards and regulations around water quality, engineering and customer service would be also be met. **Other Council services** Would be unaffected. **Growth** Investment in new infrastructure would continue to be decided by elected members in line with priorities set out in the Long Term Plan. **Climate change** We don't expect any changes to current levels of investment to address climate change impacts. **Civil defence** No change

Benefits of scale

The Government has repeatedly talked about the need for councils to work together to achieve scale in the delivery of water services and keep costs to consumers down. In general, it is more efficient, effective, and sustainable to deliver water services to a larger number of consumers than a smaller one. A regional WSCCO offers:

Cost Efficiency: Larger organisations reduce per-user costs for infrastructure investment, maintenance, and compliance with regulatory standards. This is because costs are spread across a larger customer base.

Shared Expertise: Pooling resources allows access to a broader range of technical expertise, skilled staff, and operational capabilities, improving service quality and driving innovation.

Better Resilience: A larger-scale model provides greater capacity to respond to emergencies, manage risks, and adapt to future challenges like climate change.

Improved Investment Capability: The bigger the entity, the greater the ability to access better funding, spread costs over a wider base, and invest in critical infrastructure upgrades.

Better Regulatory Compliance: Scaling up enables more efficient implementation of stringent health, environmental, and economic regulations. This means a greater focus on securing good environmental outcomes through more resourcing for compliance monitoring including consent conditions, and increased ability to meet compliance standards.

By achieving greater scale, councils can deliver more sustainable, affordable, high-quality water services for their communities.

Timeline and next steps

- 30 April - Community consultation opens
- 30 May – Community consultation closes
- 24 June – Hearing and deliberations meetings
- 8 July - SDC decision on water services delivery model
- 3 September - Water Services Delivery Plan submitted to Government

Further information

To find more information about this proposal, the consultation process or the Government's Local Water Done Well reforms you can:

Visit **YourSay.Stratford.govt.nz**

Visit the Department of Internal Affairs website: **www.dia.govt.nz/Water-Services-Policy-and-Legislation**

Phone us on 06 765 6099

Email us at **submissins@stratford.govt.nz**

What do you think about the different water service delivery options and our proposal for change?

It's important to add your voice to this decision. Please take the time to get involved and have your say.

Here's how you can tell us your views:

Online

The easiest way to let us know what you think is by completing our online submission form at **YourSay.Stratford.govt.nz**

You can also provide comments by emailing us at **submissions@ stratford.govt.nz**

In writing

Fill in the submission form at the end of this document. Post your completed submission form to Council, or drop it to one of our facilities. Additional forms are available from the Library and Visitor Information Centre, Wai o Rua - Stratford Aquatic Centre, Council offices.

In person

You can present your thoughts to Council by speaking to your submission in person. If you'd like to do this, put in a submission outlining the key points you'll refer to. On your submission form, make sure you select the option to speak to your submission.

If you're interested in speaking to elected members or staff before you make your submission, you can do that too. Elected Member contact details are online at Stratford.govt.nz/Council and you can contact staff on 06 765 6099 or by emailing StratfordDC@stratford.govt.nz

Submissions close on 30 May 2025

10. Submission Form – tell us what you think by 30 May

Need clarification on any of the information in this document? Give us a call before making your submission on 06 765 6099.

PLEASE NOTE: We collect your personal information so we can contact you throughout this consultation process. Any submissions received play an important role in the decision-making process. Any personal information, e.g. your name and statements made in your submission will be publicly available. Providing your personal information is optional, however Council will be unable to contact you regarding important dates, the process or provide a response to your submission and any outcomes. You have the right to ask for a copy of any personal information we hold about you and, if applicable, request correction of that information. If you want to check personal information that we hold about you please contact us at privacy@stratford.govt.nz

Optional Demographic Information.

This is kept confidential for analysis only.

Your details

Full name:

I am submitting feedback (please tick):

- As an individual
- On behalf of an organisation

Name of Organisation (if applicable):

Address

Phone

Mobile

Email

☐ **Please tick this box if you would like to speak to your submission at the Council hearing on XX June. Someone will contact you to confirm this.**

Age:
- ☐ <25
- ☐ 25-34
- ☐ 35-44
- ☐ 45-54
- ☐ 55-64
- ☐ 65>

Gender:
- ☐ Female
- ☐ Male
- ☐ Other
- ☐ Prefer not to say

Ethnicity: ____________________

Do you live in the Stratford district?
- ☐ Yes - where? ________________
- ☐ No - where? ________________

How did you hear about this LTP consultation?
- ☐ Newspaper
- ☐ Email
- ☐ Website
- ☐ Meeting
- ☐ Social media
- ☐ Other __________

1. Do you support the proposal (OPTION #1) for SDC to join a Taranaki multi council-controlled organisation (with NPDC and STDC) to provide drinking water and wastewater services?

- ☐ *Yes (add any comments you feel are relevant below)*
- ☐ *No – I support the option (OPTION #2) of providing water services in the Stratford district through an in-house SDC business unit. (add any comments you feel are relevant below)*

Comments:

2. Do you have any comments on the inclusion or exclusion of stormwater in the proposed regional model?

Do you have any other comments?

We need to receive your feedback by 5pm Friday 30 May 2025.

TE KAUNIHERA Ā ROHE O WHAKAAHURANGI
STRATFORD DISTRICT COUNCIL

Our reference
F19/13/03-D21/40748

Karakia

Kia uruuru mai	I draw in (to my being)
Ā hauora	The reviving essence
Ā haukaha	The strengthening essence
Ā haumāia	The essence of courage
Ki runga, Ki raro	Above, Below
Ki roto, Ki waho	Within, Around
Rire rire hau Paimārire	Let there be peace.

Stratford District
In the heart of Taranaki

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