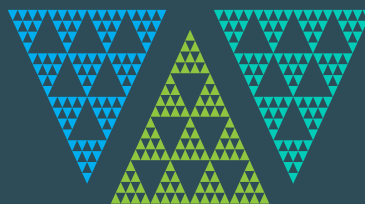


LOCAL WATER DONE WELL



Te Kaunihera o Te Tairāwhiti
GISBORNE
DISTRICT COUNCIL

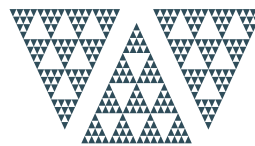
CONSULTATION DOCUMENT

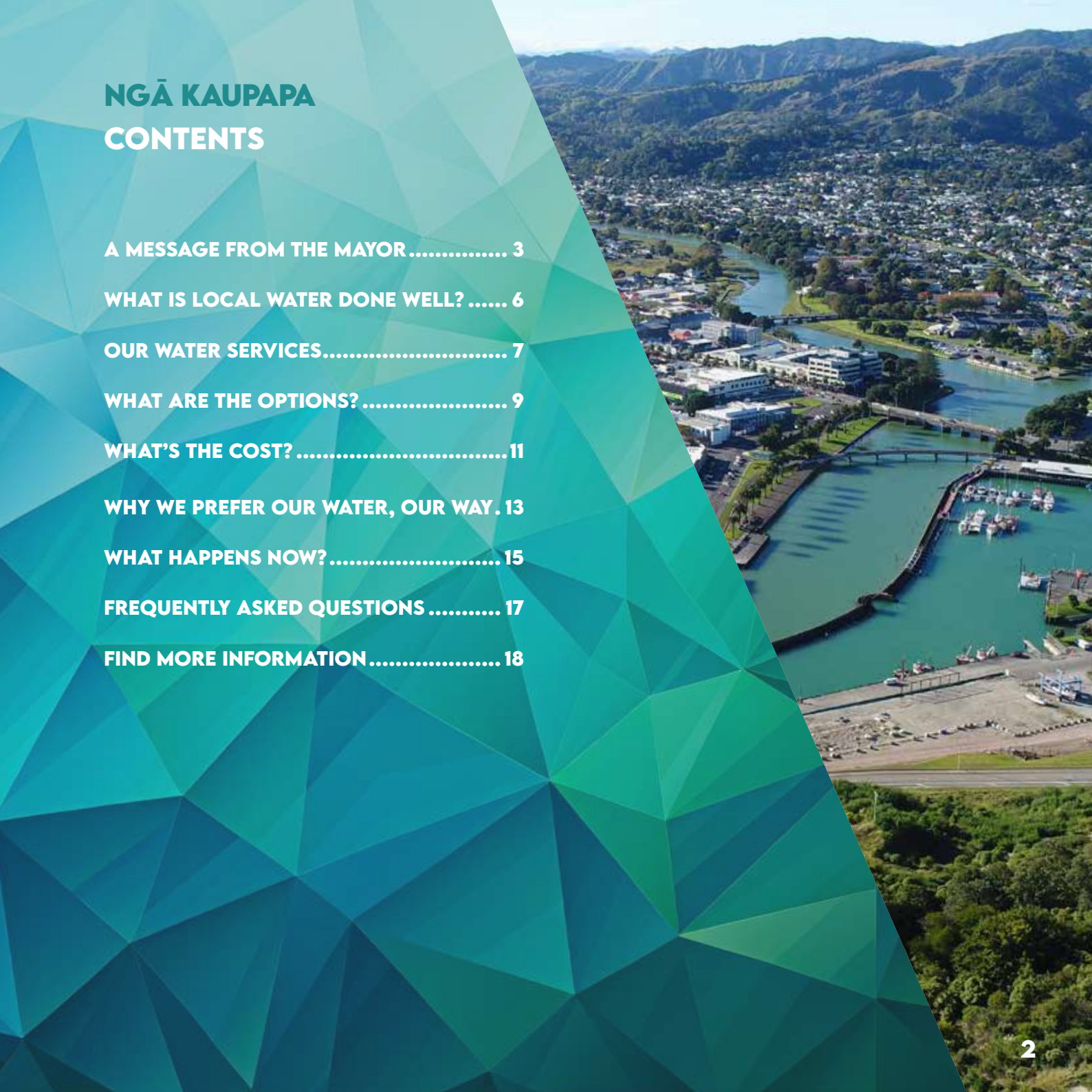
APRIL 2025

In response to Government's Local Water Done Well policy, Council must decide how we will provide and fund reliable, high-quality water services for Te Tairāwhiti in the future.

We've identified two options that we want your feedback on to determine the best option for how water services will be delivered in our region from 2027.

**LOCAL
WATER**
DONE WELL





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HE KUPU WHAKATAKI NĀ TE KAHURANGI

A MESSAGE FROM THE MAYOR

Ko te wai te ora o ngā mea katoa.

Water is essential for everyone—for the health of our people, environment and economy.

Government has presented us with a clear task –to rethink how we will manage our water infrastructure in the future.

Every council in Aotearoa must decide how drinking water, wastewater and stormwater services will be managed and funded from 2027. This consultation is about making that significant decision together.

Gisborne District Council has consistently invested in our critical water infrastructure, including \$77m in upgrades to our wastewater treatment plant. We have a proven track record for providing safe drinking water – and we want to keep it that way.

We're in a better position than many councils, however we face major challenges. With tighter regulations and the risk of increasing severe weather events, significant investment is needed to ensure our water services remain reliable, sustainable and affordable for our communities in the long term.

Why now? By September 2025, in response to Government's Local Water Done Well policy, we must submit a Water Services Delivery Plan, outlining how we will meet these challenges.

Our preferred choice is Our Water, Our Way. This model keeps control of water services under Council's direct management. Every dollar set aside for water will be spent on water services—nothing else. This approach keeps decisions local and allows us to plan for the unique needs of our region with direct input from our community.

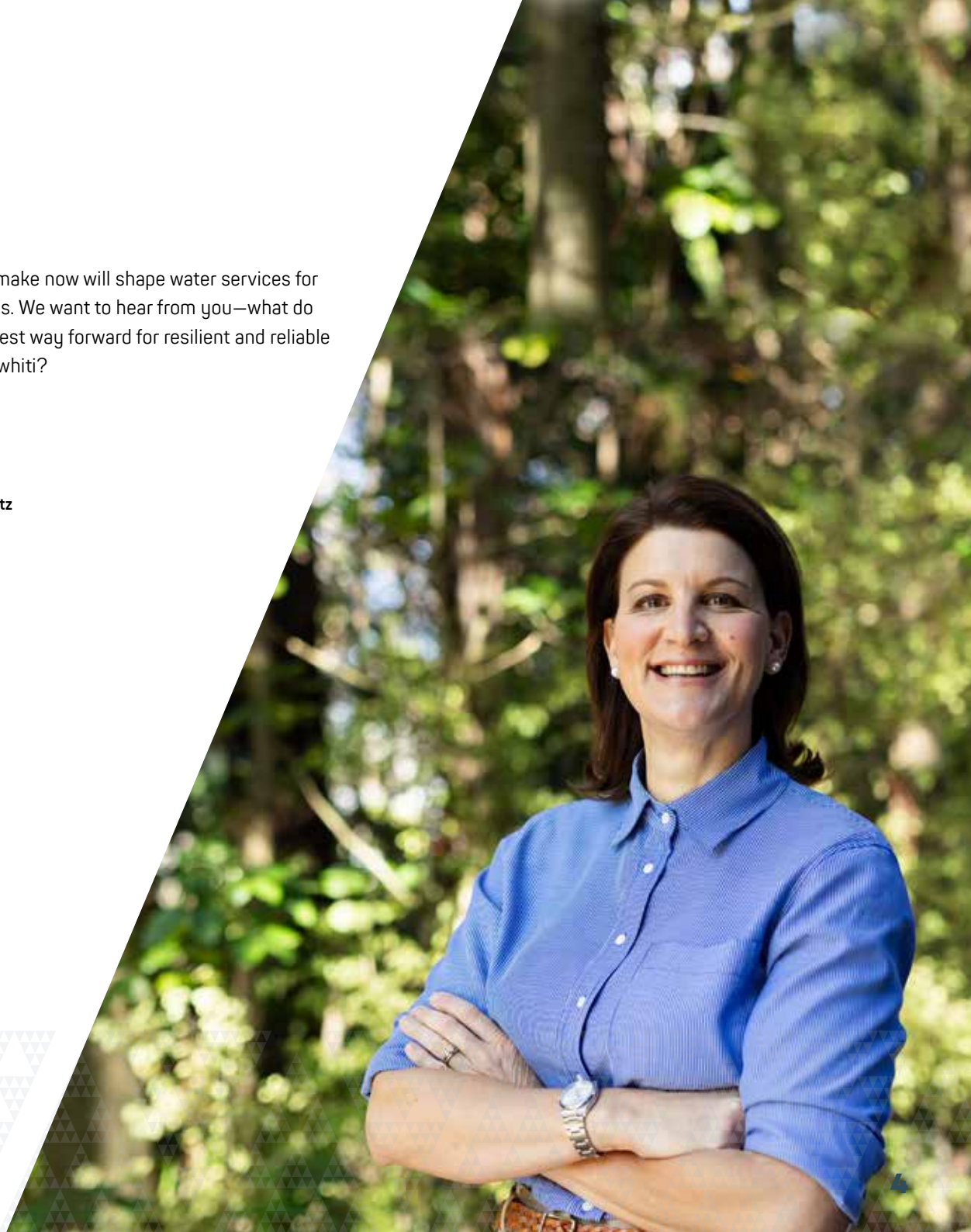
Another option is creating a Council-Controlled Organisation (CCO), owned by Council, but managing water services separately. While this could provide access to more funding for faster upgrades, it would require higher upfront costs, introduce extra governance layers and reduce direct oversight of how our services are run.

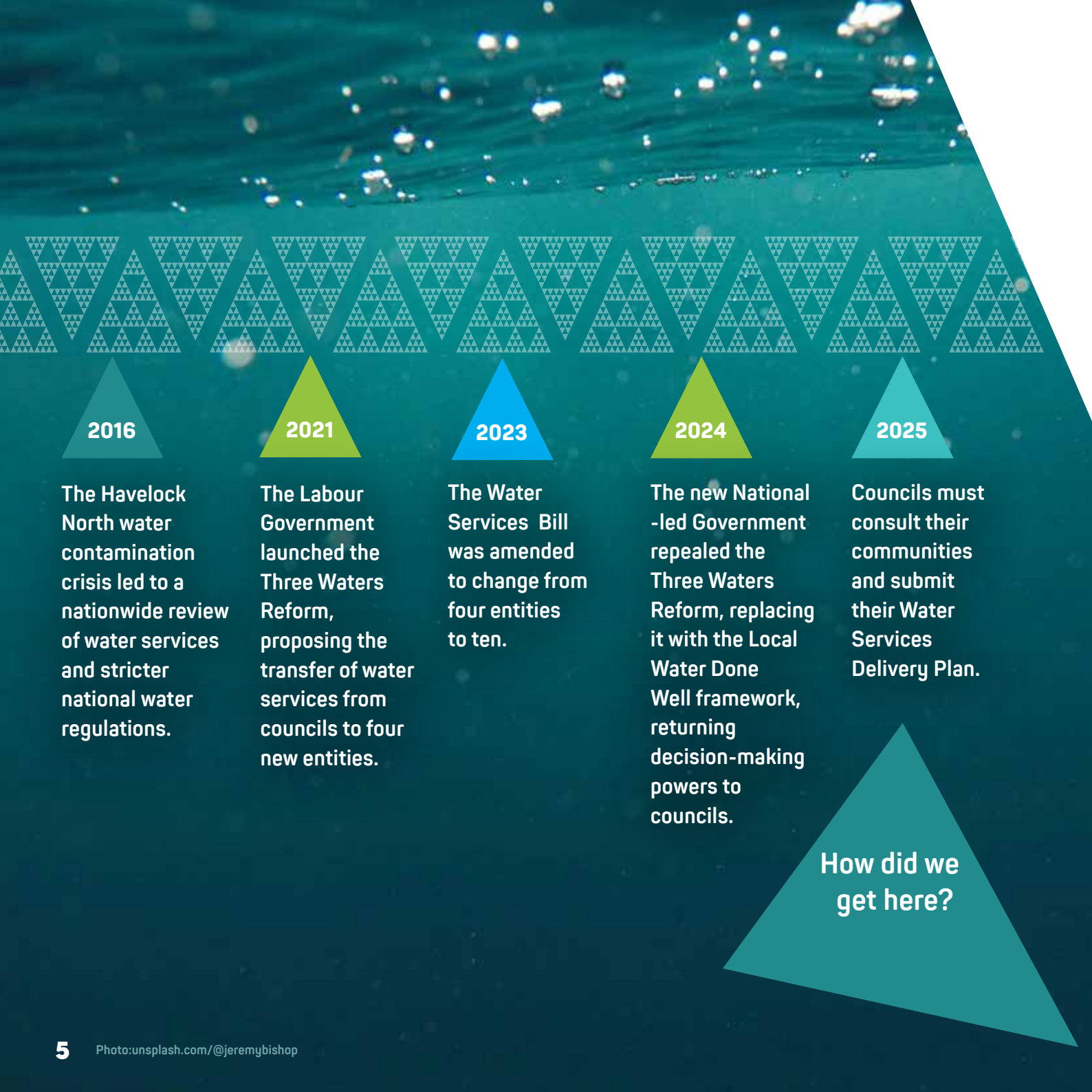
Both options allow for potential partnerships with other councils in the future if they benefit our region, but for now, keeping control of our own water services gives us flexibility to respond to change while focusing on recovery and resilience.

The decision we make now will shape water services for future generations. We want to hear from you—what do you think is the best way forward for resilient and reliable water for Te Tairāwhiti?

RStoltz

Mayor Rehette Stoltz





2016

The Havelock North water contamination crisis led to a nationwide review of water services and stricter national water regulations.

2021

The Labour Government launched the Three Waters Reform, proposing the transfer of water services from councils to four new entities.

2023

The Water Services Bill was amended to change from four entities to ten.

2024

The new National-led Government repealed the Three Waters Reform, replacing it with the Local Water Done Well framework, returning decision-making powers to councils.

2025

Councils must consult their communities and submit their Water Services Delivery Plan.

**How did we
get here?**

HE AHA TE KAUPAPA WAI MĀORI TAIRĀWHITI KEI WHEA MAI!

WHAT IS LOCAL WATER DONE WELL?

Under Local Water Done Well, Council will continue to own our drinking water, wastewater and stormwater assets, but we need to determine a delivery model that is sustainable, affordable and meets compliance requirements.

Every council must submit a Water Services Delivery Plan by 3 September 2025. These plans must outline:

- ▶ The current state of our drinking water, wastewater and stormwater systems.
- ▶ The level of investment required and how it will be funded.
- ▶ How we will meet regulatory requirements, support regional growth and ensure financial sustainability.

We've independently assessed the challenges for our water services and future needs for growth and resilience. Then we completed an analysis of the various delivery models Government provided and potential cost of these models.

The models included delivering water services in-house with separate funding, establishing a separate water organisation, or establishing a joint arrangement with other councils.

Only two options are realistic for Tairāwhiti, taking into account what is most cost-effective for our community and practical in the timeframes, while still allowing us to retain control of our assets and ensure local accountability.

We've also engaged our iwi partners to weigh in on the options so that we ensure future water management is aligned with our Tiriti responsibilities and te ao Māori values.

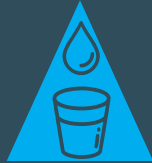
Submissions from our community will be considered during April – May, before Council makes a decision on 26 June 2025.

Changing to the new model and separating the funding for water services from other Council operations must be in place by 1 July 2027.

Ō TĀTAU RATONGA WAI

OUR WATER SERVICES

Drinking water



What we do

- ▶ Source water from local catchments and dams (Mangapoike Dams/ Te Arai Bush Catchment) and treat it at our water treatment plants.
- ▶ Manage drinking water supply for Gisborne city and supplement supply for Te Karaka, Whatatūtū, Mākaraka, Muriwai and Manutūkē.
- ▶ Provide safe drinking water for homes, businesses and essential services like hospitals and firefighting.



Waterpipes: **250 km**

Water reservoirs: **7**

Water storage operating capacity: **38,300m³**

Water treatment plants: **4**

Total Assets: \$154.3 million

Wastewater



What we do

- ▶ Collect, treat and dispose of wastewater from Gisborne city, the western industrial zone and Te Karaka.
- ▶ Maintain wastewater pipes, pump stations and treatment plants to ensure safe disposal.
- ▶ Regulate and manage trade waste to protect the environment and public health.



Pump stations: **46**

Wastewater pipes: **234 km**

Wastewater manholes: **3007**

Wastewater treatment plants: **1**

Oxidation pond (Te Karaka): **1**

Total Assets: \$161 million

Stormwater

What we do



- ▶ Manage stormwater systems in Gisborne city, Wainui/Okītū, Mākaraka and 12 rural communities.
- ▶ Maintain stormwater pipes, drains and channels to reduce flooding and protect waterways.
- ▶ Work with tāngata whenua to improve water quality in rivers and coastal areas.

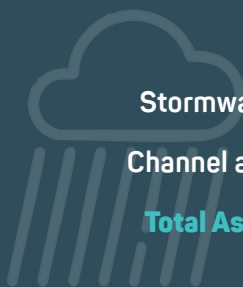


Sumps: **6390**

Stormwater pipes: **172 km**

Channel and swales: **32 km**

Total Assets: \$83.7 million



HE AHA NGĀ KŌWHIRINGA? WHAT ARE THE OPTIONS?



Our
preferred
option

Option 1: Our Water, Our Way

This option keeps water services 'in-house' under direct Council control. We'll manage operations the same way we do now, but with modifications to financial reporting and planning.

Funding for all water services will be 'ring-fenced' – separated from other Council operations – to show transparently how funds are exclusively used for water services.

Water charges will be removed from the general rate and instead appear on rates bills as a targeted rate. Only those who use or access water services in the reticulated boundary will pay for them and Council will need to decide on introducing water metering for rating based on usage.

Some properties will see an increase (compared to rates forecasted for 2024-2027) while others may see a decrease if they are not connected to certain water services.

Advantages

- ▶ **Local decision-making remains with Council** ensuring community input and direct accountability for services and investment decisions.

- ▶ **Least disruption** – Water services stay as they are, with minimal disruption to operations and no major changes to how things work.
- ▶ **Lowest cost to set up** – Avoids expensive transition costs, keeping rates lower in the short term.
- ▶ **Financial transparency** through separated water funding, reporting and planning.
- ▶ **Simple and easy to implement** and no complex set up or governance changes.
- ▶ **Makes rate increases predictable**, with the ability to smooth impacts of increases over time, avoiding sharp increases for properties.

Challenges

- ▶ **Less borrowing flexibility** compared to a CCO, Council has less room to borrow for big water projects, which may slow down major upgrades.
- ▶ **Limited by other Council needs** – Since borrowing is shared across all Council services, water projects might take longer to complete and cost more over time.

Option 2: Single Council CCO

This option establishes a separate entity to manage drinking water and wastewater services, owned by Council but governed and operated independently, with its own CEO and board of directors.

Initially Council will collect charges on behalf of the CCO, but in time properties with connections will receive a separate bill for water charges, removing them from Council rates, also moving to user pays water metering for those connected or in the reticulated boundary.

Under a CCO, stormwater charges will remain as a separate targeted rate with Council due to the close link needed to manage our stormwater assets with other services such as roads and parks.

The CCO would come with higher initial costs and debt in the short term to set it up. Within the first ten years properties connected to the services are likely to pay more.

Beyond ten years, the costs for services are likely to level out and be slightly cheaper than the in-house unit.

Advantages

- ▶ **More borrowing capacity for upgrades** – The CCO can access more funding for water infrastructure by charging for services, without affecting Council's overall borrowing limits.

- ▶ **Faster and more cost-effective projects** – With fewer debt restrictions, upgrades can be completed sooner, spreading costs over a longer period and potentially reducing overall expenses.

Challenges

- ▶ **Independent management and decision-making** means less direct influence from elected councillors.
- ▶ **Harder to set up** – establishing a separate entity with its own governance and administration will be challenging to set up within the statutory timeline .
- ▶ **User charges are higher** in the short-medium term due to the need to match debt requirements and higher start up costs.
- ▶ **Cost of borrowing may be more** than what it would be to Council because user charges are less secure than Council rates.
- ▶ **Council will need to provide underwriting** to support financial stability.
- ▶ **Changes to other Council rates** may be needed as Council has a legal requirement to keep its revenue from fixed uniform charges under 30% of total revenue.

HE AHA TE UTU? WHAT'S THE COST?

How much different properties will pay in the future will depend on:

- ▶ The delivery model (Our Water, Our Way or a CCO).
- ▶ The level of investment identified in our Water Service Delivery Plan.
- ▶ Consultation on revenue and financing in Council's 2027 – 2037 Long Term Plan.

The Plan must show that the delivery of our water services can be financially sustainable, meaning there's sufficient revenue from water services, investment set aside for future improvements and the ability to borrow money if needed.

While the level of investment in the Plan is still being completed, we've estimated what the cost could be over

time for Our Water, Our Way vs a CCO to replace old infrastructure, make upgrades and build resilience.

Costs will increase and move to user pays water metering, but in the short-medium term, charges to the average household doing Our Water, Our Way are lower than those from a CCO model by about \$200 – 300.

In the long term, because costs are spread out over time, charges with a CCO could eventually become the same or slightly cheaper.

Most commercial and industrial properties already pay for drinking water based on their usage (via a water meter) and this won't change. Like households, these properties will also see separate charges for wastewater and stormwater, and the same comparative difference in cost.

Differences in debt

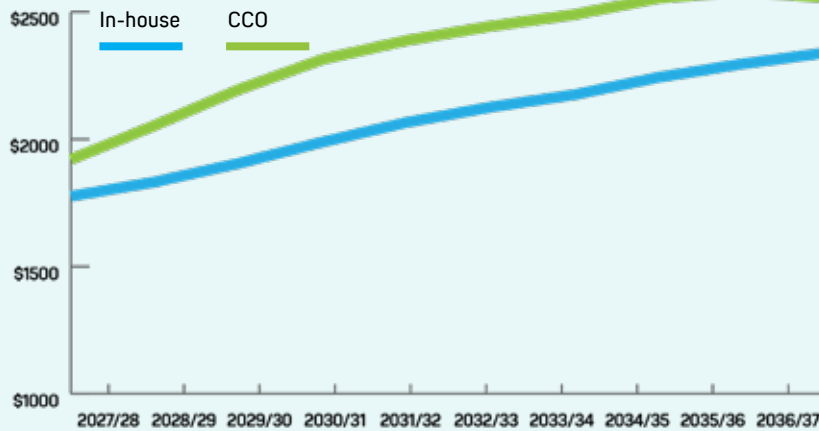
Council has a maximum borrowing limit, much like a credit card limit. With the level of debt needed to invest in replacements and resilience, doing Our Water, Our Way, we will still be able to borrow money and have enough room under the 280% debt cap for future borrowing or unexpected events like natural disasters.

A CCO will initially have slightly higher debt compared to Our Water, Our Way, due to the higher investment needed during the CCO's startup. This affects the overall affordability of a CCO model in the early years.

It must also earn at least 10% of its debt, which means it needs to charge higher user fees in the beginning to meet this requirement. Council will need to provide financial backing, such as an underwriting or uncalled capital, to support the CCO's financial stability.

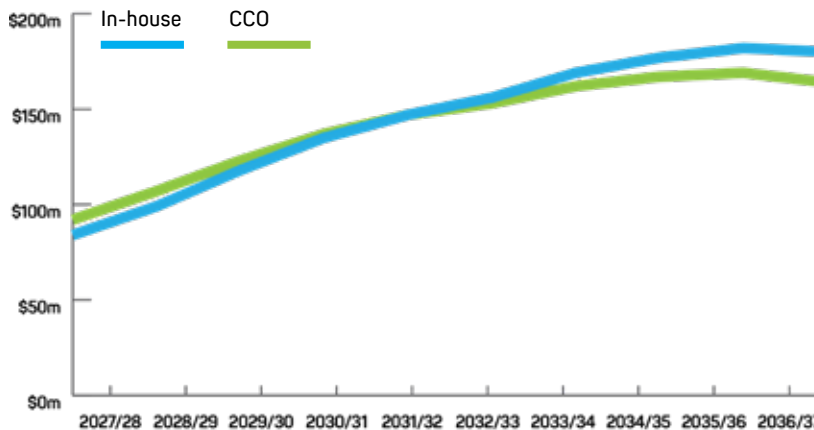
However after the first 10 years, debt levels will be about the same for both and over the long term, debt under the CCO is expected to be lower than the in-house model.

Average household water charges over 10 years



The actual amount different properties will pay would be determined through consultation on our next Long Term Plan.

Total debt Our Water, Our Way vs CCO



TE TAKE MŌ TĀTAU AKE TŌ TĀTAU WAI Ō TĀTAU WAI

WHY WE PREFER OUR WATER, OUR WAY

With both options, replacements, planned improvements and resilience upgrades will go ahead. Under both options we have to do more so there will be cost increases and a move to user pays. The difference with a CCO is the initial higher set-up and operational costs, with the potential to complete projects faster.

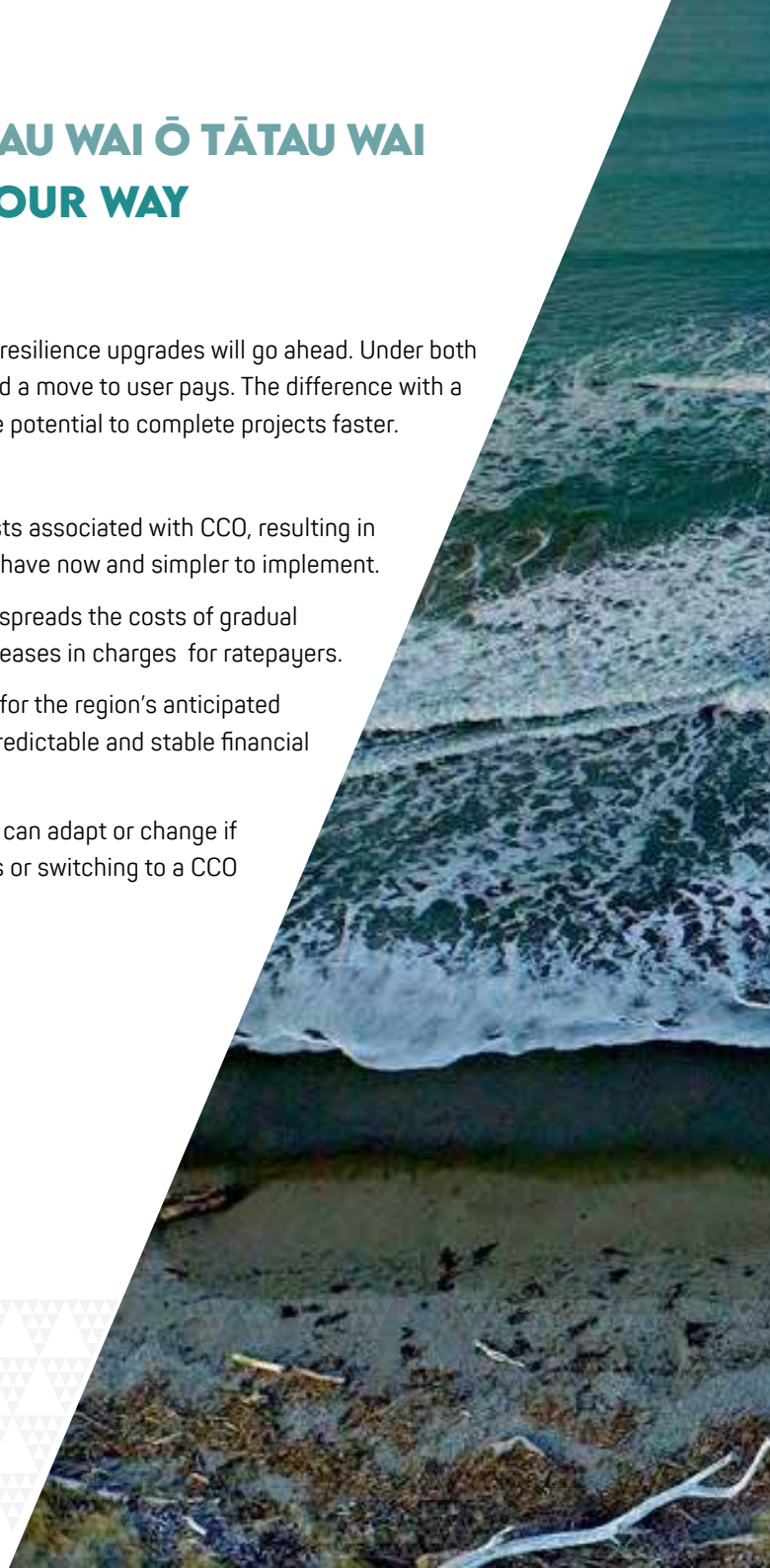
We know affordability matters for our communities.

Our preferred option avoids the high set-up and transition costs associated with CCO, resulting in the lowest short-term impact on rates. It's similar to what we have now and simpler to implement.

It maintains local control, ensures financial transparency and spreads the costs of gradual improvements over time, without front-loading or sudden increases in charges for ratepayers.

Borrowing capacity, capped at 280% of revenue, is sufficient for the region's anticipated investment needs. As an in-house model, it offers the most predictable and stable financial approach.

This option also doesn't lock us into one model forever, so we can adapt or change if another approach, like a joint arrangement with other councils or switching to a CCO if there's a better opportunity in the future.





KA PĒHEA ĪNĀIANEI? WHAT HAPPENS NOW?

Council must decide how we will provide and fund reliable, high-quality water services for Te Tairāwhiti in the future.

We've outlined the options, and our preferred option is Our Water, Our Way.

Now we need your feedback to determine the best option for how water services will be delivered in our region from 2027.

Have Your Say - Make a submission **by 1 May**



See dates
and locations
on our
website

- ▶ Join a community conversation:
- ▶ Complete the online form:
- ▶ Send feedback:
Email: ourwater@gdc.govt.nz
Post: PO Box 747, Gisborne 4040

Your feedback
will shape the future
of water services
in Tairāwhiti.

Key dates





NGĀ PĀTAI E KAWATAU ANA

FREQUENTLY ASKED QUESTIONS

Why are changes needed now?

The Government want more transparency around the cost of waters services. All councils will be required to separate revenue and expenditure for water supply, wastewater and stormwater from other council activities by 1 July 2027.

Will rates go up?

Yes, but under Our Water, Our Way, increases will be gradual and manageable to avoid sudden financial shocks.

Who will own our water assets?

Council will retain ownership of all our water assets. Under Our Water, Our Way investment decisions will be made by elected councillors rather than an appointed board of directors.

What happens if we don't act?

Ageing infrastructure and new national regulations demand immediate action to plan and pay for sustainable infrastructure for the future. Delays could result in infrastructure failures and penalties for non-compliance with national water regulations.

How does this help the environment?

Under the new legislation we're required to invest in infrastructure to meet higher health and environmental standards for drinking water, wastewater and stormwater.

HE WHAKAMĀRAMA ANŌ FIND MORE INFORMATION



- ▶ Gisborne District Council - Local Water Done Well Business Case
- ▶ Gisborne District Council - Webpage
- ▶ Department of Internal Affairs - Water Services Policy and Legislation

**LOCAL
WATER**
DONE WELL



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