



Have your say on **Who Manages Manawatū Districts Water In The Future?**

MDC Local Water Done Well
Consultation Document 2025



www.mdc.govt.nz/localwaterdonewell



Local Water Done Well for Manawātū District – have your say!

As part of the Government's Local Water Done Well programme and new legislation, every council must consult with their communities on options for the delivery of 3 water services (drinking water, wastewater, storm water) going forward.

This is a critical decision – one of the most significant decisions Councils will make in the years to come.

The Manawātū District Council (MDC) has for many years prioritised the effective management of our three waters, which has led to high urban rates. Through strategic investment and careful planning, we have ensured that not only is our water supply reliable, but our environmental impact remains minimal. Central to all of this has been doing the basics well and managing costs responsibly. Many other Councils have not invested as well and now face large costs and rates increases ahead of them. The Department of Internal Affairs has rated MDC's current three waters infrastructure as 'exceeding expectations' – a complimentary assessment of past and present investment by Council.

As legislation by central government has evolved over the past five years, my colleagues and I have been instrumental in advocating to ensure that the proposed legislation is reasonable and reflective of the needs of local Councils, particularly here in our region. Central government is now providing Councils the flexibility to determine how water services will be owned, governed, managed and delivered.

As required by government, our Council has investigated a number of different models and have reduced our options to the three most favourable options for our District ratepayers and residents. These are:

- In-house model (our preferred option),
- A multi-council Water Services Council Controlled Organisation jointly owned by Manawātū District Council and Palmerston North City Council for the delivery of water services in the Manawātū District.
- A Water Services Council Controlled Organisation jointly owned by Horowhenua District Council, Kāpiti Coast District Council, Manawātū District Council, Palmerston North City Council.

As you review the consultation options, please consider the financial, governance, ownership, management and delivery implications as key to the decision-making process.

Council looks forward to receiving your opinion, which we will seriously consider before a final decision is made on the best option for the Manawātū District.

A handwritten signature in blue ink, which appears to read 'Helen Worboys'.

Helen Worboys, Mayor
Manawātū District Council

Flowing Forward with one of three options

Choosing a water service delivery plan is not a temporary decision. This is one of the largest legislatively required consultations that Councils across New Zealand have been involved in for many years and can't be reversed.

It's important to understand the options and 'have your say' on which option you think is best.

Extensive investigative work was completed to ensure that the most viable options were presented to Council. The partnership assessment included the size of the Council, the geographical proximity to the Manawatū, the current infrastructure needs of the Council and the financial implications to our Manawatū ratepayers.

The investigation included assessing an in-house business unit, a single council Water Services Council Controlled Organisation, a multi-council Water Services Council Controlled Organisation, a consumer trust model, a mixed council consumer trust, and a multi-council joint arrangement.

Thoroughly investigated was a multi-council Water Services Council Controlled Organisation between seven neighbouring Councils which included Palmerston North City Council, Horowhenua District Council, Kapiti Coast District Council, Rangitīkei District Council, Tararua District Council and Manawatū District Council. What was found was a bigger grouping of ratepayers does not always mean it's the best investment for all parties. This seven council Water Services Council Controlled Organisation option was not financially beneficial to Manawatū District ratepayers and was subsequently discounted by Manawatū District Council.

At the Council meeting on 19 December 2024 meeting, Elected Members resolved three different water service delivery options for consultation and voted to decide Council's preferred option.

Preferred Option

Option One Status quo with changes

This option would see Manawatū District Council continuing to manage and deliver the District's water services. This is Council's preferred method.

Option Two 'The Two'

A multi-council Water Services Council Controlled Organisation jointly owned by Manawatū District Council and Palmerston North City Council for the delivery of water services in the Manawatū District.

Option Three 'The Four'

A Water Services Council Controlled Organisation jointly owned by Horowhenua District Council, Kāpiti Coast District Council, Palmerston North City Council, Manawatū District Council for the delivery of water services in the Manawatū District.

Why are we consulting?

The new Local Government Water Services legislation will ensure water assets remain publicly owned – not privately owned – but is requiring Councils to choose the best way to deliver its water services for its community.

The delivery model must ensure a strong emphasis on meeting economic, environmental, water quality and economic regulatory requirements.

Local Water Done Well

Central government has placed a strong focus on ensuring that drinking water, wastewater and stormwater services across New Zealand are fit for purpose, financially sustainable, meet environmental and public health requirements and remain in public ownership. They've called this legislative programme 'Local Water Done Well'.

Although the Local Government (Water Services) legislation is new, these key principles have already been integrated into Manawatū District

Council's workplan over the past 15 years to ensure that our District has been proactive in its management and delivery of water, wastewater and stormwater services.

Council has been deliberate with its investment over consecutive Long-term Plans, with a future focus on environmental and financially sustainable water services for current ratepayers and the ratepayers of tomorrow.



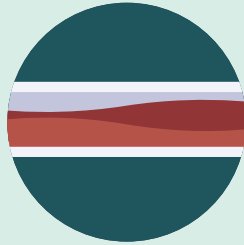
Terms of Reference

Water Services includes all three water activities



Drinking water

which includes all fresh water used on your property, like in your shower, washing machine or watering the garden.



Wastewater

which includes water from places like your toilet, washing machine, dishwasher, industrial and commercial waste such as from hairdressers, cafés, and freezing works.



Stormwater

which includes all water that originates from rainfall.

Water Service Delivery Plan

This is a strategic document that outlines how water services (drinking water, wastewater and stormwater) will be managed. This water service delivery plan is what central government is requiring Councils to produce after assessing different models and deciding on the option that is best suited to their communities.

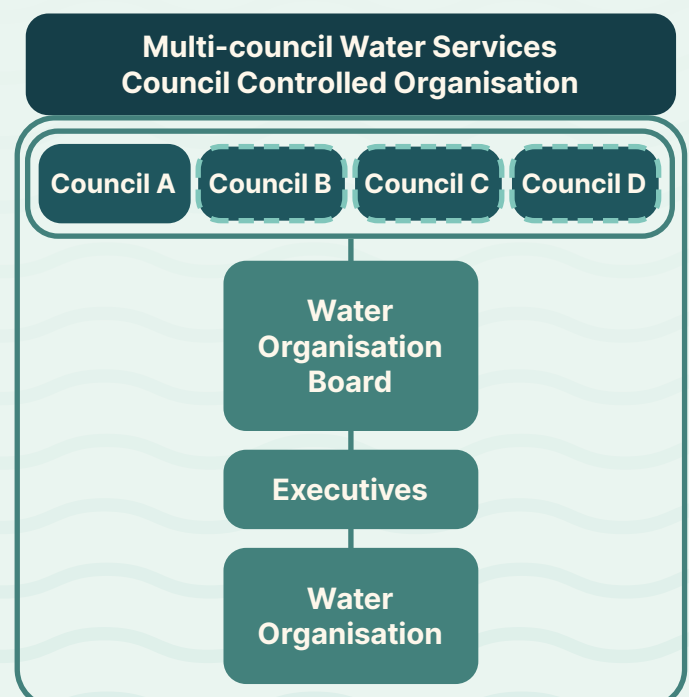
Water service delivery plans aren't something new and Manawatū District Council has operated a proactive and future focused plan for the last 15 years.

Water Rates versus Water Service Charge

Manawatū District Council currently refers to charges applied for water as water rates. Under a Water Services Council Controlled Organisation jointly owned by two or four Councils, the fee applied would be charged independently. This would then be considered a water service charge. You'll see in option one it is referred to as a water rate, and switches in options two and three to water service charges as this would be external from Manawatū District Council and invoiced independently.

Water Organisation

Central government refers to the water service delivery plan being managed by a 'water organisation'. The structure for the organisation has been outlined by the legislation and follows the framework depicted in the diagram below. This structure would be the same across options two and three.



Understanding Our Current Water Flow: Three Key Streams



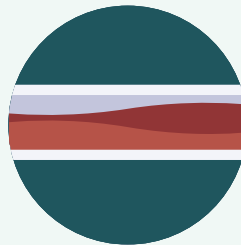
Drinking Water

Manawatū District utilises multiple sources to fill the District's drinking water requirements and extensive planning and investment

ensures that the components are fit for years to come. This plan is titled the Feilding Water Resilience Project in addition to our smaller community water schemes like Sanson and NZDF Base Ohakea.

The project has a keen eye on our environmental impact with particular emphasis on protecting the Oroua River. To help minimise the amount of water extracted from the river, a third bore has been constructed at Roots Street in Feilding to supplement the Campbell Road and Newbury Line bores. In addition, a second reservoir at MacDonald Heights was installed, while the existing reservoir was earthquake strengthened.

The Feilding Water Resilience Project improves the endurance of our drinking water supply, while helping to cater for current and future demands based on local growth. Most importantly, the project caters to our local community needs while ensuring the health of the Oroua River.



Wastewater

The Wastewater Centralisation Programme has seen the greatest impact on the overall environmental and day to day management

of the three waters. Having already upgraded the Manawatū Wastewater Treatment Plant, Council committed to a significant programme of works to centralise the treatment of village wastewater into Feilding.

For Sanson and NZDF Base Ohakea, this has included a substantial network of pipes, pumpstations and underground storage resulting in the first flush and full operation in 2024. Rongotea is currently underway, with Halcombe up next.

Financially, centralisation meant that consenting, operations and maintenance costs will only be required at one treatment plant instead of multiple, small, older facilities across the district.

Environmentally, centralising the process enables all wastewater to be consistently managed, treated and discharged to an equally high standard. The Feilding Wastewater Treatment Plan includes dual discharge with irrigation to land over the summer months (weather permitting) and via a native plant wetlands to the Oroua River over the winter months.





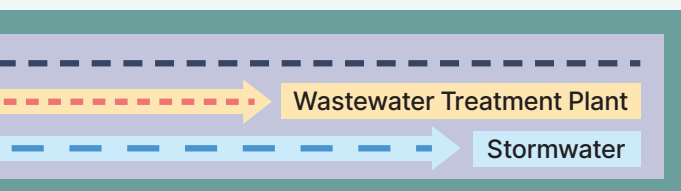
Stormwater

As part of the 2018-2028 Long-term Plan, Manawātū District Council adopted a village focused stormwater improvement programme

which included Tangimoana, Himatangi Beach, Rongotea, Sanson, Halcombe and Cheltenham. It was a significant financial investment to assure that both proactive and reactive stormwater management was implemented. The plans took a local focus, responding to the needs of each community and ensuring that the improvements were fit for the overall village.

Population and industrial growth has the most significant impact on stormwater. In Council's 2024-34 Long-term Plan, a \$20+ million Feilding focused stormwater upgrade programme was approved as well as additional investment into the village stormwater improvement programme. This is an ambitious but exciting project to ensure the management of stormwater is reflective of the growing population and developing areas within the District.

- Water Supply
- - - Stormwater
- - - Wastewater



Stanway-Halcombe Water Reservoir



Stormwater upgrades Rongotea



Sanson Wastewater Station



MDC Wastewater Treatment Plant



Roots Street Construction



Roots Street stage 2 Churcher intersection to Echo Place

13.7kms of pipeline climbing 85m higher than Sanson itself
connect Sanson's wastewater to the Manawatū Wastewater Treatment Plant.



Sanson Wastewater Station



Stanway-Halcombe Water Reservoir



Maewa Growth Precinct Stormwater Detention Pond

Not only does irrigation ensure our rural landscape is well nurtured, the pasture is then cut and carried by a local agricultural contractor creating income for Council and partially offsetting the targeted wastewater rates.



WWTP Irrigation

With over 86,500 native plants in 4.3 hectares the Manawatū Wetlands are the largest known constructed wetland for wastewater treatment in New Zealand.



Wetlands Area



Wetlands Area

MDC wants to hear from you!



Our water delivery service model is a big decision that affects every single person in our district. It is not a temporary decision. It's complex and each Council has their own ideas on consultation options and preferred models.

Extensive work has been undertaken to review a variety of options based on the financial impact on the ratepayers of the Manawatū District, environmental impacts, government policy, population and industrial growth, health requirements and current infrastructure.

At the Council meeting on 19 December 2024, Elected Members resolved three water service delivery options for consultation and voted to decide Council's preferred option.

Preferred Option

Option One Status quo with changes

This option would see Manawatū District Council continuing to manage and deliver the District's water services. This is Council's preferred method.

Option Two 'The Two'

A multi-council Water Services Council Controlled Organisation jointly owned by Manawatū District Council and Palmerston North City Council for the delivery of water services in the Manawatū District.

Option Three 'The Four'

A Water Services Council Controlled Organisation jointly owned by Horowhenua District Council, Kāpiti Coast District Council, Palmerston North City Council, Manawatū District Council for the delivery of water services in the Manawatū District.

Preferred Option

Option One Status quo with changes

This option would see Manawātū District Council continuing to own, manage and deliver the District's urban and rural water services. This is Council's preferred method.

Although we say status quo, a few changes would still be required. Legislation requires Councils to 'ring-fence' all money spent on water services. This means separating all water-related revenue and costs from other council services. This isn't much of a change to the way MDC currently manages our water services and budgets.

This option would continue to allow decisions to be made that best suit the Manawātū District and its ratepayers. Option one gives greater weight to the voices in our District and ensures conversations with local communities, iwi / hapū, and stakeholders remain local.

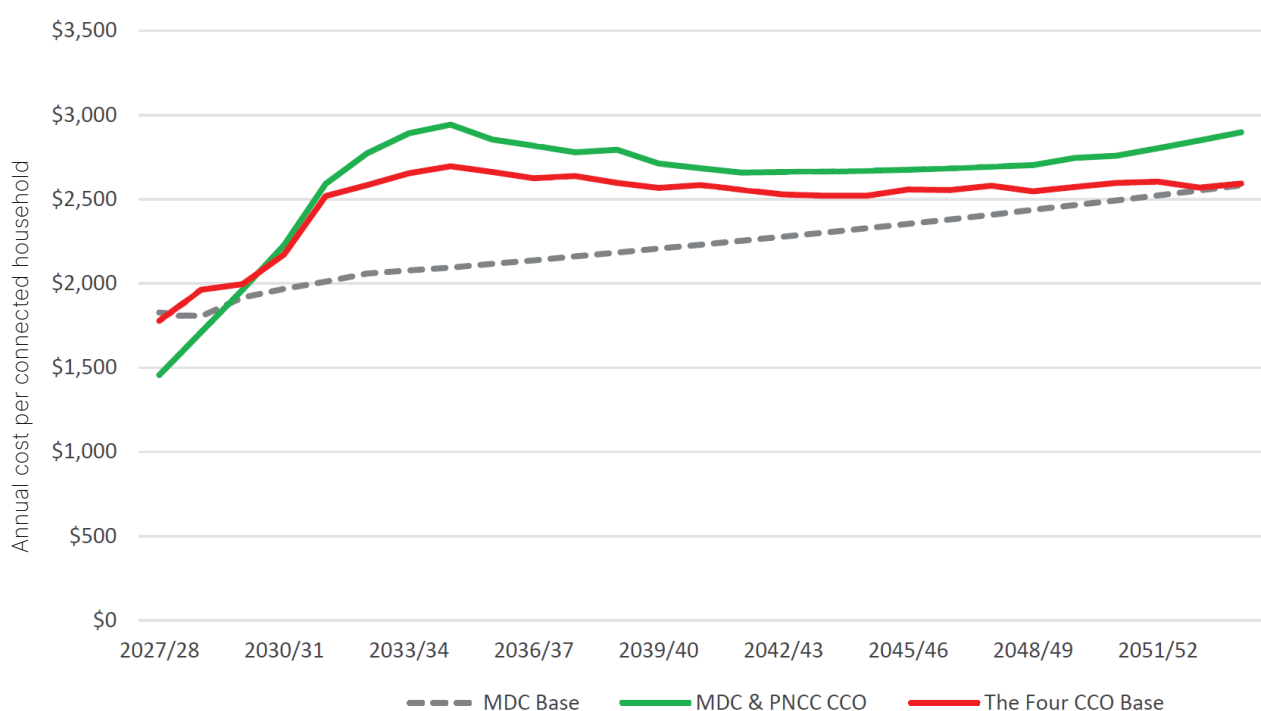
Making sense of the financial implications

Extensive modelling has been completed and determines that option one is financially the best option for our ratepayers. The graph below compares the MDC's base water rates against the other consultation options and illustrates that the MDC base consistently sits lower across the length of the modelling.

This means that a stand alone model allows water rates to be lower, yet have a greater impact as they will be applied solely and directly within the Manawātū District.

Although water rates will still be lower in the projected modelling within option one, government levies are being applied by the Commerce Commission and the Water Services Authority, which are beyond our local control. This is estimated to be \$187,000 per year charged to Manawātū District and will apply to all options.

Figure 1 Manawātū and Palmerston North CCO compared with base scenarios



Joining with others

Local Water Done Well legislation suggests that it could be advantageous for Councils to join together on their water services delivery plan as a higher number of ratepayers contributing to the water service delivery plan should help the cost of upgrading and maintaining assets over time to become more affordable.

Two different jointly owned Water Services Council Controlled Organisations are being presented for consultation.

Option Two ‘The Two’

A multi-council Water Services Council Controlled Organisation jointly owned by Manawatū District Council and Palmerston North City Council for the delivery of water services in the Manawatū District.

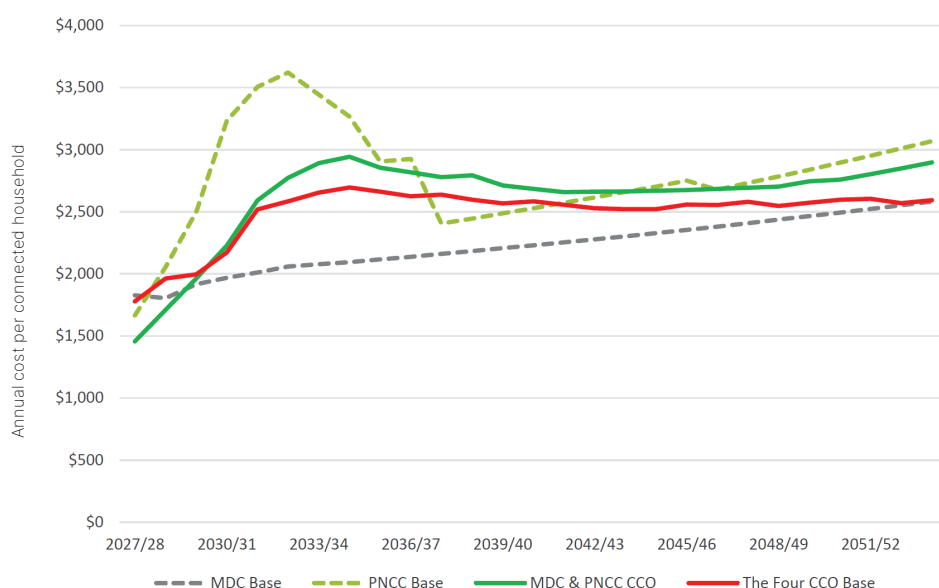
This option would see Manawatū District Council and Palmerston North City Council join together to create a Water Services Council Controlled Organisation.

This option would result in the connected households of the Manawatū District paying a water service charge which is:

- 💧 on average **\$421 more per year** than the status quo **over the first 10 years**
- 💧 on average **\$426 more per year** than the status quo **over the first 20 years.**

The water service charge would peak at almost \$850 more than the status quo in year eight of the Water Services Council Controlled Organisation. This dramatic increase is largely due to considerable capital projects required by Palmerston North City Council. In a joint model, Manawatū District Council would be subsidising these projects throughout the 30 year period that was modeled. At the end of this period, the household charge for a connected property in the Manawatū District would still be higher than the status quo.

Figure 2



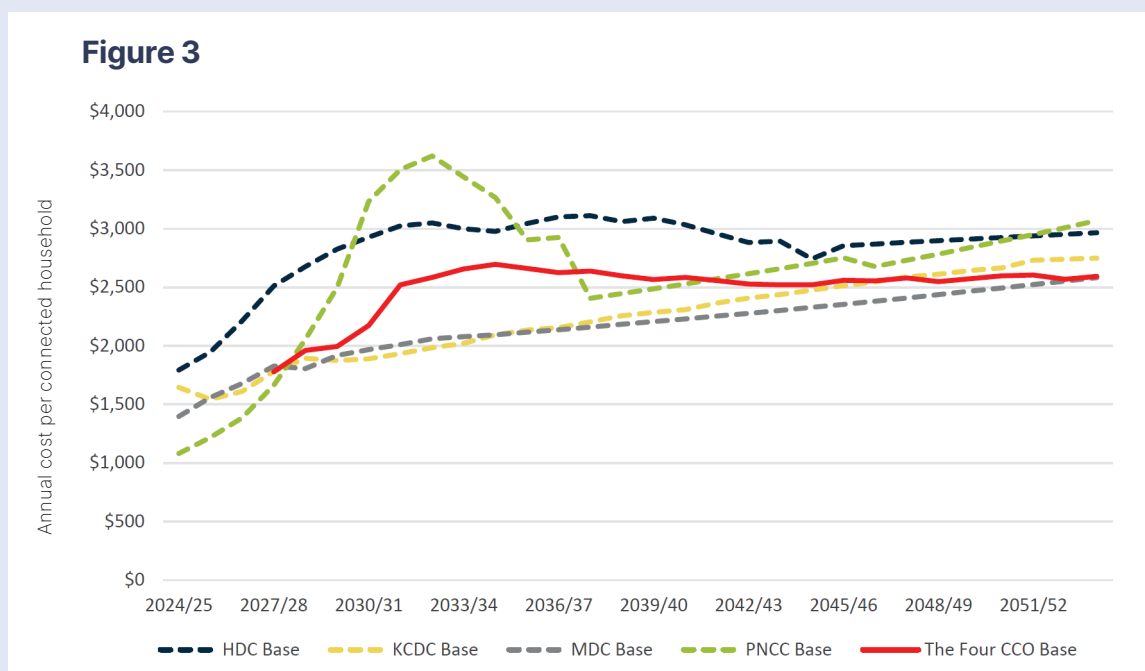
Option Three ‘The Four’

A Water Services Council Controlled Organisation jointly owned by Horowhenua District Council, Kāpiti Coast District Council, Palmerston North City Council, Manawātū District Council.

This option would result in the connected households of the Manawātū District paying a water service charge which is:

- 💧 on average **\$364 more per year** than the status quo **over the first 10 years**
- 💧 on average **\$329 more per year** than the status quo **over the first 20 years.**

The water service charge would peak at over \$600 more than the status quo in year eight of the Water Services Council Controlled Organisation.



Options Two and Option Three would have a similar outcome

- Water services would be removed from each individual Council and be managed under an independent Board of Directors.
- All Councils would agree to a Statement of Expectations that would outline priorities and set the strategic direction.
- Unlike Council management, no Council staff or Elected Members would be involved in the organisations' daily decisions. This would be fully independent of Council.
- Iwi involvement is yet to be confirmed as this would be determined by the Water Services Council Controlled Organisation.
- Decisions made and the schedule of work programmes would be decided by the Water Services Council Controlled Organisation.
- Future consultations would not take place through Manawātū District Council.
- The removal of water services from MDC would result in the relocation of some Council overhead costs. This stranded overhead is currently included in the three-water services charge funded through connected properties in Feilding and the villages. Within options two and three, a proportion of this overhead cost may need to be distributed District wide. This is a decision Council would need to make.
- Option two and option three would remove decision making from Council and would require a balance of voices between partnering councils and other stakeholders.
- As illustrated in these graphs financial modelling indicates that across both option two and three, water service charges for the Manawātū District would increase dramatically.

Making sense of the financial implications from joining with others

Extensive financial modelling has been done to evaluate the feasibility of each option. For both options two and three, the financial analysis shows that water service charges applied to Manawātū District would increase more under a jointly owned Water Services Council Controlled Organisation.

If such an organisation is established, a pricing plan for each council and its water users would need to be set. The four councils have worked with external consultant, Morrison Low to explore various options, including delaying the harmonisation of the water service charge.

Harmonisation, sometimes referred to as cross-subsidisation, means that connected households across all partnered Councils' contribute the same amount to the Water

Services Council Controlled Organisation. This would result in a rise in household charges for those in the Manawātū District in order to meet the costs of the Water Services Council Controlled Organisation and the required investment programme across all partnered Councils.

Until the Water Services Council Controlled Organisation is established, it is not fully known how the exact charges would be applied across the two or four councils.

The only option where Manawātū District connected households aren't financially disadvantaged is option one the status quo, where water rates consistently sit lower across the 30-year period as indicated in Figure 3.

To read the full Morrison Low report visit:
www.mdc.govt.nz/localwaterdonewell

Learn more about the councils named in our consultation document:

Horowhenua District Council
Kapiti Coast District
Palmerston North City Council

horowhenua.govt.nz
kapiticoast.govt.nz
pncc.govt.nz

For more detailed information regarding the legislation and modelling work that has been referred to visit:



Department of Internal Affairs
www.dia.govt.nz/Water-Services-Policy-and-Legislation



Morrison Low Report
www.mdc.govt.nz/localwaterdonewell

Share your opinion to help shape our future

The delivery of Manawatū District's water services will impact everyone financially for years to come. It's vital that you get to tell Council which of the three options you think is best and why.

We have many ways you can provide your feedback:

Online



Scan the QR code or visit:

www.mdc.govt.nz/localwaterdonewell

Phone

06 323 0000

Submission

By scanning the QR code above which will take you directly to our online submission form

- Filling in the hardcopy form included in this booklet.

Hardcopy forms are also available from:

- Manawatū Community Hub Libraries
64 Stafford St, Feilding.
- Makino Aquatic Centre,
10 Council Place, Feilding.

Hardcopy forms can be:

- drop off to the MDC Customer Service team temporarily based at the Makino Aquatic Centre,
10 Council Place, Feilding.
- posted to:
Submissions
135 Manchester Street
Private Bag 10001
Feilding 4743

**Consultation is open
from Monday 10 March
to Friday 11 April 2025**

As part of your feedback you can request to speak to your submission. If you indicate that you would like to speak to your submission, a Council Officer will be in touch to provide you with the date and time.

Timeline



10 March: Consultation Opens



11 April: Consultation Closes



28, 29 & 30 April: Hearings
and Deliberation



15 May: Final decision by Council

**Council will resolve
the final decision on
Thursday 15 May 2025**

To follow along on the consultation,
or to attend one MDC's public drop
in sessions to learn more visit:

www.mdc.govt.nz/localwaterdonewell



www.mdc.govt.nz