Fact Sheet

GO RURAL CITY LIVING

Southern water done well

How do our Options compare?

Rising water service costs, ageing infrastructure and historical underinvestment in asset renewals and maintenance mean we need to rethink how we deliver water services, not only now but for future generations.

The Government has set clear expectations in Local Water Done Well about addressing New Zealand's long-standing water infrastructure challenges.

We've been working hard to identify the best option for the future delivery of water services.

We carefully weighed factors such as the financial impact on ratepayers, operational and capital efficiencies, and regulatory requirements.

Irrespective of the option we choose, we will need to borrow significantly to fund necessary infrastructure renewals and maintenance.

Here's an overview of how our options for water services delivery compare:

	Option 1 ✓	Option 2	Option 3
Delivery Model	**Jointly owned Council Controlled Organisation** *(our preferred option)*	**Stand-alone Council Controlled Organisation**	**In-house business unit** *(status quo but with significant changes)*
Who owns the asset?	The assets would be transferred to a CCO but still belong to the public through the councils' shareholding. The CCO would manage the assets. Councils would jointly appoint board members. The law prevents privatisation.	The assets would be transferred to a CCO but still belong to the public through the council's shareholding. The CCO would manage the assets. Councils would appoint board members directly. The law prevents privatisation.	Councils would continue to own and manage three waters assets.
Who makes the decisions?	The organisation would have an independent board responsible for overseeing operations, ensuring efficiency, and meeting service standards. Councils jointly set clear expectations for performance and accountability through the Statement of Expectations.	The organisation would have an independent board responsible for overseeing operations, ensuring efficiency, and meeting service standards. Councils will set clear expectations for performance and accountability through the Statement of Expectations.	Councils would continue to make decisions as they do now. The three-year election cycle has the potential to impact decision-making.
Legal compliance	Meets legal requirements but would be subject to significant compliance and economic oversight.	Meets legal requirements but would be subject to significant compliance and economic oversight.	Subject to significant compliance and economic oversight. May not meet financial sustainability requirements.

Consumer costs	Water services costs will increase regardless of the delivery model. However, consumers would pay less for water services under a joint CCO than under the other two options.	Water services costs will increase regardless of the delivery model. A stand-alone CCO would produce the highest costs for consumers.	Water services rates are projected to double, on average, and potentially triple in some areas.
Environmental outcomes	The advantages of scale, improved efficiencies, and increased borrowing capacity could lead to better environmental outcomes. Regulations also protect our environment.	With no advantages of scale or improved efficiencies, environmental outcomes other than those legislated by new regulations are unlikely to change.	With no advantages of scale or improved efficiencies, environmental outcomes other than those legislated by new regulations are unlikely to change.
Social impact	Positive social impact, as councils would have financial capacity for community investment.	Positive social impact, as councils would have financial capacity for community investment.	Reduced social impact due to financial constraints.
Levels of service	Would meet legal requirements. Due to scale, water services would likely be improved over the long term.	Would meet legal requirements.	Would meet legal requirements.
Growth and development	By working together, councils can plan water services more effectively, creating a steady pipeline of projects. The efficiencies, secure funding, and scale mean better infrastructure, which helps attract businesses, support growth, and boost the local economy.	Working alone means the CCO would likely lack financial and workforce resilience, as it would be smaller than existing councils and have a smaller revenue base. The limitations are unlikely to attract businesses or support growth.	Due to more limited lending capacity, the ability to financially prepare for and manage future growth needs would be reduced.
Impact on other council services	Removing three waters debt from the books means Council would have the capacity to continue investing in parks, roads, community facilities, and other important services if it wanted to.	Removing three waters debt from the books means Council would have the capacity to continue investing in parks, roads, community facilities, and other important services if it wanted to.	Could severely impact other services due to the level of investment in water services pushing Council's debt up to or through its debt-to-revenue limit, and new legislation requiring ring-fencing for water services revenue.
Civil defence response	The CCO would be responsible for managing water services and restoring water supplies. Councils would continue to look after people during a response. This would work similarly to how the Council works with a power company during a storm.	The CCO would be responsible for managing water services and restoring water supplies. Councils would continue to look after people during a response. This would work similarly to how the Council works with a power company during a storm.	Councils would continue to look after water and communities in an emergency.
Climate change mitigation	More climate change mitigation would be possible given the advantages of scale, improved efficiencies and an increased borrowing capacity.	An increased borrowing capacity may allow more climate change mitigation. However, there are no advantages of scale.	Challenging due to cost pressures.