

# Metropolitan Wellington

## Water Services Delivery Plan: An overview

This document provides an overview of main points from the metropolitan Wellington Water Services Delivery Plan.

### Introduction to the Water Services Delivery Plan

The metropolitan Wellington Water Services Delivery Plan (WSDP) sets out plans for a new approach to delivering water, wastewater and reticulated stormwater services.

The five councils covering the Wellington metropolitan area - Hutt City Council, Porirua City Council, Upper Hutt City Council, Wellington City Council and Greater Wellington Regional Council – have jointly developed this plan.

It is a requirement of the Government's Local Water Done Well policy and legislation, and beyond that is a road map for delivering safe, reliable and environmentally and financially sustainable water services. The WSDP is a one-off transitional document with a purpose and contents specified by legislation. It must be provided to Government by 3 September 2025.

The key points in the WSDP are as follows.

### There will be a new approach to funding and delivering three waters in metropolitan Wellington

The five councils have agreed to establish a joint water services council-owned organisation that will own and operate public drinking water, wastewater and reticulated stormwater assets for a population of around 432,000, within the territorial boundaries of Hutt City Council, Porirua City Council, Upper Hutt City Council and Wellington City Council.

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*The goal is to ensure the delivery of safe, reliable, environmentally and financially sustainable water services so the region can be resilient, restore te mana o te wai and enable new homes and the well-being of communities.*

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The new council-owned organisation is intended to operate from 1 July 2026 (Day One). It will have legal status as a water organisation under the Local Government (Water Services) Act 2025. Its interim name is Metro Water, for planning and practical purposes, but this is likely to change.

### Mana whenua are partnering with councils

Mana whenua iwi Ngāti Toa Rangatira and Taranaki Whānui ki Te Upoko o Te Ika are partnering with councils in this new approach to three waters delivery.

To achieve the goal of restoring te mana o te wai, expectations include that:

- mana whenua will have an active role at all levels of water services planning and delivery from long-term planning, governance, operations/management through to engagement with communities
- the approach will be tūpuna-led and mokopuna focused, meaning that we need to be driven by the goal of creating a thriving environment for future generations.

## **There will be benefits for communities and the environment**

Metro Water will have the resources, independence, and region-wide perspective to effectively manage and improve drinking water, wastewater and reticulated stormwater services for current and future communities, rather than being limited by council funding, electoral and decision-making cycles.

It will deliver better services for the community; meaning safe and reliable water supply and wastewater management for a growing population - reduced leaks, outages and unplanned disruptions - and cleaner harbours and waterways.

## **Metro Water will become the public steward for almost \$18 billion worth of assets that are in variable condition**

Three waters assets will remain in public ownership with protections against future privatisation.

The three waters infrastructure stewardship will be transferred from councils to Metro Water. This includes over 6,700 km of pipelines, four drinking water treatment plants, four wastewater treatment plants, 140 reservoirs for drinking water storage, and 321 pump stations to maintain pressure and manage water, wastewater and stormwater flow across the region. Together, these assets have a replacement value of \$17.96 billion<sup>1</sup> with the pipe network accounting for over 70 percent of that.

As in many parts of the country, the three waters infrastructure faces significant challenges, mainly due to a lack of sufficient investment over a long period.

There are known issues with water leaks, frequent wastewater overflows and flooding. Frequent and increasing numbers of asset failures are occurring due to asset deterioration and historic insufficient investment in asset renewals. When it comes to meeting regulatory standards, there is mixed performance across water supply, wastewater, and stormwater activities.

The population is expected to grow by around 30 percent over the next 30 years, requiring extended and new water services infrastructure.

## **Investment of about \$25 billion will be required over 30 years**

To catch up on decades of under-investment, address growth, meet new regulatory standards, and deliver reliable and environmentally sustainable water services, requires sustained investment – anticipated at \$6.82 billion<sup>2</sup> capital investment over 10 years and about \$25 billion over 30 years.

For the first year after establishment, Metro Water will operate within the budgets set in the councils' Long Term Plans. Investment is expected to peak in the mid-2030s.

Metro Water will be able to access increased funding, allowing major infrastructure to be progressed while also increasing investment in renewals, water quality, growth and compliance activity more quickly than councils could afford. However, it will be challenging to achieve all the improvements needed in 10 years and so the WSDP also sets out a 30-year programme.

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<sup>1</sup> Optimised replacement cost in 2025 dollars based on each councils' latest valuations.

<sup>2</sup> Uninflated and pre-efficiency assumptions.

## **Costs for water users will rise and will need to be carefully managed**

Average residential charges are forecast to rise from \$2,100 per connection today to between \$4,800 and \$5,700 by 2034. The range depends on the pace of delivering maintenance and upgrades, and the level of cost recovery from new developments.

These forecast cost increases are around a third less than increases likely if the status quo continued, because of Metro Water's financing strategy and efficiency gains, but will still present a challenge for many households.

The challenge will be greater in areas with higher infrastructure investment needs and more residential users compared to commercial users. There will be a transition over time from pricing based on cost-to-serve (that is, localised pricing that reflects the actual costs in an area) to price harmonisation (where pricing is substantially the same across the whole metropolitan area).

The WSDP recommends a strong ongoing focus on managing price increases, including early engagement with the Commerce Commission. Metro Water is expected to investigate options to help low-income households afford water services.

## **Greater clarity on costs will emerge over time**

In practice, actual investment and financing arrangements and charges are likely to land between the target level of investment and the lower-end scenario outlined in the WSDP.

Government policy requires Metro Water to be financially sustainable, requiring it to balance the scale and timing of investment, the structure and prudence of financing, and the community's ability to fund services through water charges.

The exact amount charged to each user will be decided by Metro Water and depend on factors including:

- the scheduling of upgrade works and level of investment
- how costs are shared between commercial water users and households
- moving to more consistent charges across the metropolitan area.

Metro Water will develop and refine its plans, responding to direction set in the Statement of Expectations, the needs of communities and environmental and economic regulation. Before Metro Water starts operations on 1 July 2026 it will outline prices, charges and planned investment in its Water Services Strategy.

## **Metro Water will answer to councils (representing communities) and mana whenua**

Metro Water will be accountable to a Partners' Committee of representatives from each shareholding council and mana whenua representatives. This committee will also appoint the Metro Water Board.

Metro Water's direction will be set by councils and mana whenua through a Statement of Expectations which will be given effect to via a Water Services Strategy as required by legislation. It will operate in line with a Customer Charter (to be developed by Metro Water), rules and standards set by the Water Services Authority-Taumata Arowai, Greater Wellington Regional Council (as environmental regulator), and the Commerce Commission.

## **Transition planning will see new leadership and direction put in place while ensuring critical work continues**

The new governance and ownership arrangements and the appointment of a new Board and Chief Executive will provide strategic direction and leadership that will distinguish Metro Water from the current service provider Wellington Water.

For pragmatic reasons, Metro Water will on Day One absorb the current operational and support teams from Wellington Water (tier 3 managers and below), to ensure critical work continues.

Metro Water will be responsible for its own finances – investment planning, financing and collecting revenue through charges.

There will also be a strengthened customer function, as meeting customer needs (both commercial and residential) will inform decision making and investment planning.

Transition planning is underway with Metro Water set to be incorporated by 1 October 2025.

## **Councils are confident statutory requirements are being met**

Council officers have worked with advisors including legal and financial specialists to ensure the Metropolitan Wellington Water Services Delivery Plan meets statutory requirements under the Local Government (Water Services Preliminary Arrangements) Act 2024.

Councils are confident that this plan provides a pathway to deliver water services in a way that:

- will meet all relevant regulatory quality standards for its water services
- is financially sustainable
- will meet all drinking water quality standards, and
- supports housing growth and urban development, as specified in the councils' long-term plans.