



**Te Kaunihera
o Te Hiku o te Ika**
Far North District Council

AGENDA

Supplementary Report Ordinary Council Meeting

Thursday, 12 December 2024

Time: 10:00am

Location: Te Ahu, Kaitiāia

Cnr State Highway 1 and Mathews Avenue

Membership:

Kahika - Mayor Moko Tepania - Chairperson

Kōwhai - Deputy Mayor Kelly Stratford

Cr Ann Court

Cr Felicity Foy

Cr Hilda Halkyard-Harawira

Cr Babe Kapa

Cr Penetaui Kleskovic

Cr Steve McNally

Cr Mate Radich

Cr Tāmāti Rākena

Cr John Vujcich

Te Paeroa Mahi / Order of Business

8	Ngā Pūrongo Taipitopito / Information Reports.....	4
8.1	Local Water Done Well.....	4

8 NGĀ PŪRONGO TAIPITOPITO / INFORMATION REPORTS

8.1 LOCAL WATER DONE WELL

File Number: A5013301

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TAKE PŪRONGO / PURPOSE OF THE REPORT

To confirm Councils Local Waters Done Well delivery options to be consulted on following a workshop held on 4th December 2024.

WHAKARĀPOOTO MATUA / EXECUTIVE SUMMARY

- Local Waters Done Well plans to address New Zealand's long-standing water infrastructure challenges.
- Key components of Local Water Done Well are ensuring fit for purpose service delivery models and financing tools, ensuring water services are financially sustainable and introduces greater central government oversight with economic and quality regulation.
- Councils are required to consult on at least two options, one of which shall be the status quo.
- A workshop held on 4th December 2025 provided an overview of delivery models.
- The five delivery models were considered and Council discussed an internal business unit or division, single council-owned, and multi-council owned water organisation, being those options that Council will consult on.

TŪTOHUNGA / RECOMMENDATION

That Council:

1. **confirm the three water service delivery options to be consulted on are:**
 - a. **Internal Business Unit ("status quo");**
 - b. **Single Council-owned water organisation;**
 - c. **Multi-Council owned water organisation; and**
2. **request staff hold another workshop on the three options in January 2025 and provide a further report on the preferred option to the February 2025 Council meeting.**

TĀHUHU KŌRERO / BACKGROUND

Overview

Local Water Done Well aims to address significant underinvestment in waters infrastructure, ringfencing waters revenue. Councils must demonstrate baseline information about water services including operations, assets, revenue and expenditure, as well as necessary financing arrangements, as a first step towards economic regulation.

Requirements shall be demonstrated in Water Services Delivery Plans and are required by 3 September 2025.

Quality standards continue to be developed through wastewater environmental performance standards, national engineering design standards and changes to the Water Services Act 2021.

Legislation timeline

The Local Water Done Well legislation is being implemented in three stages, each with its own piece of legislation.

1. Repeal of previous water services legislation
2. Establish framework and preliminary arrangements for the new water services system and
3. Establish enduring settings

The previous legislation was repealed in February 2024 with the Water Services Preliminary Arrangements enacted on 2 September 2024. The introduction of a third Bill is due to be introduced by the reading of this report by Council.

Financial modelling

Initial financial projections were included in the workshop to inform potential service delivery models. In accordance with Water Service Delivery Plan requirements, engineering assessments will be required to validate Councils future waters infrastructure requirements.

Service Delivery Models

There are five proposed water service delivery models under Local Water Done Well. Councils can choose from a range of service delivery models including:

Internal business unit:

Water services 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.

Ownership	Part of Council No new organisation is established
Governance	Internal business unit responsible to Council through mechanisms under the Local Government Act 2002
Strategic direction	Council must prepare a Water Services Strategy
Accountability	Council must act consistently with statutory objectives Water business unit reports through to Council Council prepares separate annual reporting and audited financial statements Subject to economic regulation
Financing	Borrowing undertaken by Council eg: via Local Government Funding Agency with water activity groups meeting their share of financing costs
Balance sheet treatment	On balance sheet

Single council-owned water organisation

Council transfers assets and staff to a new company, appointing representatives of committee or can appoint directly to a governance board.

Ownership	Limited liability company 100% owned by Council Ownership arrangement and rights set out in constitution
Governance	Council appoints and removes board members Governed by independent, professional directors who are responsible for all operational and financial decisions
Strategic direction	Shareholding council issues Statement of Expectations Water organisation prepares Water Services Strategy
Accountability	Water organisation must act consistently with statutory objectives Reports regularly to shareholders on performance eg: quarterly Must produce annual reports containing audited financial statements Subject to economic regulation
Financing	Borrowing via Council or from Local Government Funding Agency directly supported by Council guarantee or uncalled capital
Balance sheet treatment	On balance sheet

Multi-council water organised

Multiple councils jointly own the water organisation with councils appointing representatives to a shareholder council or similar body. Councils will be responsible for jointly setting shareholder expectations, appointing a board and overseeing its performance. The Water Organisation Board will be responsible for operational and financial decisions consistent with the Statement of Expectations and statutory objectives.

Ownership	Limited liability company with share allocation agreed between shareholding councils. Councils jointly approve a constitution
Governance	Shareholder Council established to appoint and remove board members Governed by independent, professional directors who are responsible for all operational and financial decisions
Strategic direction	Parent councils jointly issue a Statement of Expectations Water organisation prepares a Water Services Strategy
Accountability	The water organisation must act consistently with statutory objectives Reports regularly to shareholders on performance eg: quarterly Must produce an annual report containing audited financial statements Subject to economic regulation
Financing	Borrows via Local Government Funding Authority if parent council provides a guarantee and satisfies Local Government Funding Authority lending requirements Can borrow from banks and/or capital markets without council support, subject to achieving investment grade credit rating

Balance sheet treatment	Contingent liability ie: impact on council credit rating depends on council and water organisation revenue and debt
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Mixed council/consumer trust owned water organisation

One or more councils own part of the shares with a consumer trust also owning part of the shares. The consumer trust then provides services to consumers. The shareholder councils will be responsible for setting a Statement of Expectations, appointing the board directors and for monitoring performance. The Water Company Board will be responsible for the operational and financial decisions consistent with the Statement of Expectations and any statutory objectives.

Ownership	Limited liability company owned by a consumer trust, with one or more councils owning the remainder of the shares Ownership arrangements and rights set out in constitution and/or shareholder agreement
Governance	Council(s) and the consumer trust appoint a shareholder council to appoint board directors Governed by independent, professional directors who are responsible for all operational and financial decisions
Strategic direction	Shareholders agree the process for issuing a joint Statement of Expectations Water organisation prepares a Water Services Strategy
Accountability	Water organisation must act consistently with statutory objectives Reports regularly to shareholders on performance eg: quarterly Must produce an annual report containing audited financial statements Subject to economic regulation
Financing	Borrows independently of local authorities eg: from banks or capital markets, subject to achieving sufficient credit-quality and track record
Balance sheet treatment	Contingent liability, likely no impact on council credit rating

Consumer trust owned water organisation

Council transfers responsibility for water services delivery to entity owned by a consumer trust. A consumer trust would be established to own shares of the water organisation and be responsible for appointing a board and monitoring performance. The water company board would be responsible for the operational and financial decisions consistent with the Statement of Expectations and statutory objectives.

Ownership	Limited liability company 100% owned by a consumer trust Councils would jointly approve a Constitution
Governance	Trustees would appoint and remove board members Governed by independent, professional directors who are responsible for all operational and financial decisions

Strategic direction	Trustees issue a Statement of Expectations Water organisation prepares a Water Services Strategy
Accountability	Water organisation must act consistently with statutory objectives Reports regularly to shareholders on performance eg: quarterly Must produce an annual report containing audited financial statements Subject to economic regulation
Financing	Borrows independently of local authorities eg: from banks or capital markets, is subject to achieving sufficient credit-rating quality and track record No council financial support to water services organisation
Balance sheet treatment	Off balance sheet

Consultation

Councils are required to undertake consultation as part of Water Service Delivery Plans. Status quo and a minimum of one other option is required to be consulted on. Council’s can consult on more than one option other than the status quo.

The workshop provided direction for consultation on the status quo, a single council owned water organisation and a multi-council owned water organisation.

Consultation will be co-ordinated where possible with Annual Plan consultation.

MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND NEXT STEPS

Staff will continue to work at pace on asset condition and engineering validation to confirm investment requirements as required in the Water Service Delivery Plans.


A briefing paper on the 4th December Workshop will be circulated to Te Kuaka Te Ao Māori Committee.

PĀNGA PŪTEA ME NGĀ WĀHANGA TAHUA / FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION

A Local Water Done Well support package funding agreement has been signed with any surplus government funding redirected to support the delivery of Local Water Done Well work.

Financial modelling will continue through the consulting phase and final projections will accompany the February 2025 report.

ĀPITIHINGA / ATTACHMENTS

1. **LWDW - Workshop Presentation - 4 Dec 2024 - A5013271** [↓](#) 
2. **Overview-of-water-services-delivery-models-(August-2024) - A5017641** [↓](#) 
3. **Water-services-delivery-models-Guidance-for-local-authorities-(August-2024) - A5017642** [↓](#) 

Local Waters Done Well

4th December 2024



Agenda

1. Purpose of Workshop
2. Overview
3. Kevan Scott
4. Financial modelling
5. Waters standards
6. Next steps and timeline

Purpose

To confirm consultation options

Overview

- Local Water Done Well is being implemented in three stages, each with its own piece of legislation:
 1. Repeal of previous water services legislation
 2. Establish framework and preliminary arrangements for the new water services system
 3. Establish enduring settings

Key areas included in the Act are:

- Develop Water Service Delivery Plans by 3 September 2025
- Plans need to demonstrate future water services delivery arrangements, and an implementation plan
- Plans to include baseline information about operations, assets, revenue, expenditure, pricing, and projected capital expenditure and financing arrangements
- Streamlined consultation and decision-making processes for setting up future water services delivery arrangements

