

AGENDA

Extraordinary Council Meeting

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 Tāmati Rākena

Cr John Vujcich

Wednesday 2 April 2025

**Time: 12:30pm
Council Chamber,
Memorial Ave, Kaikohe**



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

Far North District Council
Extraordinary Council Meeting
will be held in the Council Chamber, Memorial Ave, Kaikohe on:
Wednesday 2 April 2025 at 9:30 AM

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1 KARAKIA TIMATANGA / OPENING PRAYER

Ka tuku mātou kia kaha mai ngā māngai kua whiriwhirihia mō Te Kaunihera o Te Hiku o te Ika ki te mahi me te ngākau auaha me te whakamahi i ngā pūkenga me te mātauranga i roto i ngā wānanga me ngā whakataunga kia whakatūria ai tētahi Hapori e matatika ana, e tū kotahi ana ka mutu ka whakapiki anō i te oranga o tō tātou rohe, ka whakatau anō i ngā take o te rohe i runga i te tika me te pono.

We ask that through Council discussions and decisions the representatives we have elected may govern the Far North District with imagination, skill and wisdom to achieve a fairer and more united Community that enhances the wellbeing of our district and solves the District's problems efficiently and effectively.

2 NGĀ WHAKAPĀHA ME NGĀ PĀNGA MEMA / APOLOGIES AND DECLARATIONS OF INTEREST

Members need to stand aside from decision-making when a conflict arises between their role as a Member of the Council and any private or other external interest they might have. This note is provided as a reminder to Members to review the matters on the agenda and assess and identify where they may have a pecuniary or other conflict of interest, or where there may be a perception of a conflict of interest.

If a Member feels they do have a conflict of interest, they should publicly declare that at the start of the meeting or of the relevant item of business and refrain from participating in the discussion or voting on that item. If a Member thinks they may have a conflict of interest, they can seek advice from the Chief Executive Officer or the Manager - Democracy Services (preferably before the meeting).

It is noted that while members can seek advice the final decision as to whether a conflict exists rests with the member.

[Elected Member - Register of Interests](#)

3 NGĀ TONO KŌRERO / DEPUTATIONS

No requests for deputations were received at the time of the Agenda going to print.

4 NGĀ KŌRERO A TE KAHIKA / MAYORAL ANNOUNCEMENTS

5 NGĀ PŪRONGO / REPORTS

5.1 PUBLIC CONSULTATION ON THE DRAFT VERSION OF THE LOCAL WATER DONE WELL CONSULTATION DOCUMENT

File Number: A5142938

Author: Margriet Veenstra, Manager - Property Information & Business Compliance

Authoriser: Charlie Billington, Group Manager - Corporate Services

TAKE PŪRONGO / PURPOSE OF THE REPORT

To seek approval from Council to undertake public consultation for Local Water Done Well (LWDW) as required under the Local Government (Water Services) Bill, between 3 April 2025 and 4 May 2025 on the draft Local Water Done Well consultation document.

WHAKARĀPOPOTO MATUA / EXECUTIVE SUMMARY

- Following the 2023 general election, the new government replaced the Three Waters Reform with the LWDW framework.
- The LWDW framework was developed to provide councils with greater autonomy while ensuring regulatory compliance and sustainable water service management.
- Workshops were held with Councillors in December, February and March to discuss water service delivery options (WSDO), legislation and asset management planning, and share updated financial modelling.
- Council must now determine their preferred governance and WSDO through public consultation before implementing any changes.
- Section 28 of the Act mandates that councils must consult with their communities on the proposed delivery models.
- The consultation document outlines key considerations, including governance models, financial implications, and WSDOs identified by Council at the 13 March 2025 Council Meeting.
- The consultation process will provide an opportunity for the community to have their say on the future of local water service delivery, ensuring that Council can make informed decisions incorporating public feedback.

TŪTOHUNGA / RECOMMENDATION

That Council approve:

- a) the draft Local Water Done Well consultation document, detailed in attachment 1 for public consultation to take place between 3 April 2025 and 4 May 2025, and
- b) any grammatical, graphical or other minor corrections to the draft Consultation Document and/or supporting information may be approved in writing by either the Chief Executive or Mayor, prior to publication of the draft on 3 April 2025.

1) TĀHUHU KŌRERO / BACKGROUND

The Government's LWDW reform programme replaces the former Three Waters legislation and provides a new framework for how councils plan, fund, and deliver drinking water, wastewater, and stormwater services.

The framework enables councils to retain local ownership and control of water services, while ensuring delivery models meet strengthened national requirements. Councils can continue to manage services in-house, form standalone or joint water service providers (e.g. council-controlled organisations).

Key features of the framework include:

- **Structural Flexibility:** Councils can choose from several service delivery models, including retaining water services in-house or establishing a new water service provider independently or in partnership with other councils.
- **Financial Separation and Borrowing Capacity:** Water service providers must be financially separate from general council operations. The Local Government Funding Agency (LGFA) will lend to eligible water providers with support from parent councils. Water CCOs can borrow up to 500% of their water-related revenue, while council borrowing limits remain capped at 280% of total revenue (under current LGFA rules).
- **Public Ownership:** Water service providers must remain publicly owned.
- **Economic Regulation:** The Commerce Commission will regulate the financial performance of water service providers, including monitoring whether charges are reasonable, and revenue is sufficient to support required investment.
- **Drinking Water Oversight:** Taumata Arowai remains the national water regulator for drinking water safety.
- **Minimum Requirements:** All water service providers must meet new minimum requirements under the Water Services Entities Amendment Act 2024, including:
 - Financial sustainability.
 - Regulatory compliance.
 - Transparent and ring-fenced funding.
 - Asset management and investment planning.
 - Public reporting and performance monitoring.
 - Strong iwi/Māori and community engagement.

These reforms will take full effect once final legislation is passed. Councils must develop a 10-year Water Services Delivery Plan by 3 September 2025 that outlines how their chosen model will meet these requirements.

2) MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND OPTIONS

Consultation

Section 28 of the Act mandates that councils must consult with their communities on the proposed delivery models. This consultation ensures that the community's views are considered in decisions that will impact public health, environmental sustainability, and economic development.

The consultation process must include making relevant information publicly available, such as the proposed model or arrangements for delivering water services, an analysis of at least two options (including the proposed arrangements/model), and potential impacts of proceeding or not proceeding with the proposal, including on rates, debt, levels of service, and any charges for water services.

Engaging in this consultation process is vital for councils to ensure that decisions regarding water service delivery are transparent, well-informed, and reflective of the community's needs and preferences.

A proposed Local Water Done Well (LWDW) engagement plan has been created and attached to this report (attachment 3).

Discussion of options

The Local Water Done Well consultation document can be found in attachment 1. As per resolution 2025/17 and 2025/18, council will consult on two delivery options:

1. Internal business unit ("status quo") (preferred)
2. Multi-Council CCO water organisation.

Council directed the Chief Executive Officer to prepare a Statement of Intent (SOI) by 31 March 2025 to enter into a Heads of Agreement with Whangarei District Council (WDC) and Kaipara District Council (KDC) for the potential future formation of a Multi-Council CCO water Organisation. A copy of the SOI is attached (attachment 2).

Option 1: Council approve the draft Local Water Done Well consultation document, detailed in attachment 1 for public consultation using the Special Consultative Procedure to take place between 3 April 2025 and 4 May 2025 (recommended).

Advantages

- Ensures that the public consultation proceeds as scheduled, allowing for timely community input and feedback.
- Proceeding with consultation between 3 April 2025 and 4 May 2025, will ensure that the Far North District Council's consultation timeline is in alignment with Whangarei District Council (WDC) and Kaipara District Council (KDC).
- An Elected Member steering group can be formed to guide discussions for the potential future formation of a Multi-Council CCO water organisation can commence with WDC and KDC, avoiding delays in decision-making and implementation, as the three Councils are aligned in their stage and timing of decision making.

Disadvantages

- If the public does not fully understand the options as outlined in the consultation document, the feedback may be less useful or misinterpreted, complicating the decision-making process.

Option 2: Council does not approve the draft Local Water Done Well consultation document, detailed in attachment 1 for public consultation using the Special Consultative Procedure to take place 3 April 2025 and 4 May 2025.

Advantages

- Allows additional time for further review of the consultation document.

Disadvantages

- Defers the opportunity to gather insights and feedback from the community between 3 April 2025 and 4 May 2025.
- Failing to consult between 3 April 2025 and 4 May 2025 will misalign the Far North District Council with Whangarei and Kaipara District Councils. This may complicate discussions on forming a Multi-Council CCO water organisation due Councils differing stages in their decision-making processes.




TAKE TŪTOHUNGA / REASON FOR THE RECOMMENDATION

Public engagement is a legal requirement under section 28 of the Local Government (Water Services) Bill. Elected Members have been involved in several workshops that have contributed to the refinement of the consultation document. Proceeding with consultation between 7 April 2025 and 2 May 2025, will ensure that the Far North District Council's consultation timeline is in alignment with Whangarei District Council (WDC) and Kaipara District Council (KDC). An Elected Member steering group can be formed to guide discussions for the potential future formation of a Multi-Council CCO water organisation can commence with WDC and KDC, avoiding delays in decision-making and implementation, as the three Councils are aligned in their stage and timing of decision making.

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

Please refer to the Consultation Document (CD) (attachment 1) and the Statement of Intent (SOI) (attachment 2) for financial details. Further information will also be made available on the FNDC website.

ĀPITIHINGA / ATTACHMENTS

1. **Layout LWDW CD draft 4 14032025 1 - A5143376** [↓](#) 
2. **LWDW Statement of Intent - A5143094** [↓](#) 
3. **LWDW Engagement Plan - A5142996** [↓](#) 

Hōtaka Take Ōkawa / Compliance Schedule:

Full consideration has been given to the provisions of the Local Government Act 2002 S77 in relation to decision making, in particular:

1. A Local authority must, in the course of the decision-making process,
 - a) Seek to identify all reasonably practicable options for the achievement of the objective of a decision; and
 - b) Assess the options in terms of their advantages and disadvantages; and
 - c) If any of the options identified under paragraph (a) involves a significant decision in relation to land or a body of water, take into account the relationship of Māori and their culture and traditions with their ancestral land, water sites, waahi tapu, valued flora and fauna and other taonga.
2. This section is subject to Section 79 - Compliance with procedures in relation to decisions.

He Take Ōkawa / Compliance Requirement	Aromatawai Kaimahi / Staff Assessment
State the level of significance (high or low) of the issue or proposal as determined by the Council's Significance and Engagement Policy	High significance in accordance with our Significance and Engagement Policy
State the relevant Council policies (external or internal), legislation, and/or community outcomes (as stated in the LTP) that relate to this decision.	Local Government (Water Services) Bill Local Government (Water Services Preliminary Arrangements) Act 2024 Water Services Acts Repeal Act Water Services Entities Act 2022. (repealed) Water Services Legislation Act 2023. (repealed) Water Services Economic Efficiency and Consumer Protection Act 2023. (repealed)
State whether this issue or proposal has a District wide relevance and, if not, the ways in which the appropriate Community Board's views have been sought.	The proposal has District wide relevance
State the possible implications for Māori and how Māori have been provided with an opportunity to contribute to decision making if this decision is significant and relates to land and/or any body of water. State the possible implications and how this report aligns with Te Tiriti o Waitangi / The Treaty of Waitangi.	There are wide reaching implications for Māori, whenua Māori, awa and moana. Contact will be made with Te Kahu o Taonui before public consultation commences to help ensure awareness is filtered to hapū.
Identify persons likely to be affected by or have an interest in the matter, and how you have given consideration to their views or preferences (for example – youth, the aged and those with disabilities).	As this a district wide service, there will be a wide-ranging number of people & groups who will be affected and their views will be considered as part of the consultation process
State the financial implications and where budgetary provisions have been made to support this decision.	Please refer to the Consultation Document (CD) (attachment 1) and the Statement of Intent (SOI) (attachment 2) for financial details. Further information will also be made available on the FNDC website.
Chief Financial Officer review.	This report was not reviewed by the CFO, although the Consultation Document was reviewed by the CFO.



Me pēhea te tuku i ngā ratonga wai?

How should we deliver water services?





Adopted XX APRIL 2025

**We have a big
decision to
make about
the future of
our water
service
delivery**

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1

Far North District Council | Me pēhea te tuku i ngā ratonga wai? | How should we deliver water services?

HE PĀNUI NĀ TE KAUNIHERA

Kia ora koutou

Ngā manaakitanga.

Te Kaunihera o Te Hiku o te Ika



A MESSAGE FROM YOUR COUNCIL

Kia ora koutou

We have an important decision to make about the future of water services in the Far North. Drinking water, wastewater, and stormwater (our “three waters”) are crucial for our wellbeing, but ageing infrastructure and rising costs make it more challenging to deliver them reliably and affordably.

Under Local Water Done Well, we must submit a Water Services Delivery Plan by 3 September 2025. This plan will set out how water services will be delivered in the future, including the water services delivery option, how we will invest in our water infrastructure, and how we will meet new regulatory standards.

We have two options for you to consider:

1. ‘Te pēke’ A strengthened in-house model – **our preferred option**
2. ‘Te kete’ A three-council water services organisation with Whangārei and Kaipara.

Because a multi-council approach could provide regional benefits such as commercial governance, improved investment capacity, operational efficiencies, and stronger resilience, our Chief Executive has prepared a Statement of Intent. It outlines how we plan to explore establishing a three-council water services organisation. This document is available on our website (link provided) and discusses in more detail both the potential benefits—and the challenges—of forming a three-council water services organisation.

For now, **our current preferred option is to continue managing water services internally**, ensuring local oversight and decision-making while we make the improvements required under Local Waters Done Well. We also plan to collaborate further with our neighbours to understand how a three-council water services organisation could work, and if we can ensure it meets your needs.

We are operating under tight government deadlines, but we remain committed to keeping you informed and advocating on your behalf. Your feedback will help our elected members decide which delivery model best serves the Far North. Please read this document, join our drop-in sessions, and have your say by 4 May 2025. Visit [insert link/QR code] or see page XX for more on how to provide feedback.

Thank you very much.

Far North District Council



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XX THE CONNECTION BETWEEN TE AO MĀORI AND WATER

We recognise water as a vital taonga for mana whenua, hapū, and iwi. Their involvement is essential to both our community and the care of this taonga.

We believe that hapū and iwi play a key role in water management, and the approach to this will depend on the model chosen for future water service delivery.

We have maintained regular engagement with our hapū and iwi partners and will continue to seek their input.

This process must carefully consider how the interests, involvement, aspirations, and tikanga Māori of hapū and iwi are integrated into the management of water services for our partners and communities.

XX ENGAGING WITH IWI AND HAPŪ

The council has a legal and ethical responsibility to engage meaningfully with Māori, as required under Te Tiriti o Waitangi and the Local Government Act 2002 (LGA). The Council values our relationships with hapū and iwi in Te Tai Tokerau and is committed to authentic engagement. In addition, the Te Pae o Uta framework recognises tangata whenua and ensures their rights, interests, and aspirations are upheld in the council's decision-making.

No matter which model we choose — staying in-house or joining with other councils — we are committed to involvement of mana whenua. Honouring kaitiakitanga, supporting Māori aspirations, and building respectful relationships which will continue to be part of how we manage water.



ME WHAI KŌRERO KOE HAVE YOUR SAY

We are asking our communities to help shape the future of water services in the Far North. This consultation is part of preparing a Water Services Delivery Plan, which must be finished by September 2025.

After weighing up several options, we have narrowed it down to two:

1. Te pēke' A strengthened in-house model – **our preferred option**
2. Te kete' A three-council water services organisation with Whangārei and Kaipara.

We want to hear what you think about these options and how they could affect our district now and for generations to come. Your input will guide the council's final decision.

You'll find more details inside this document. Check out page XX for how to make a submission.

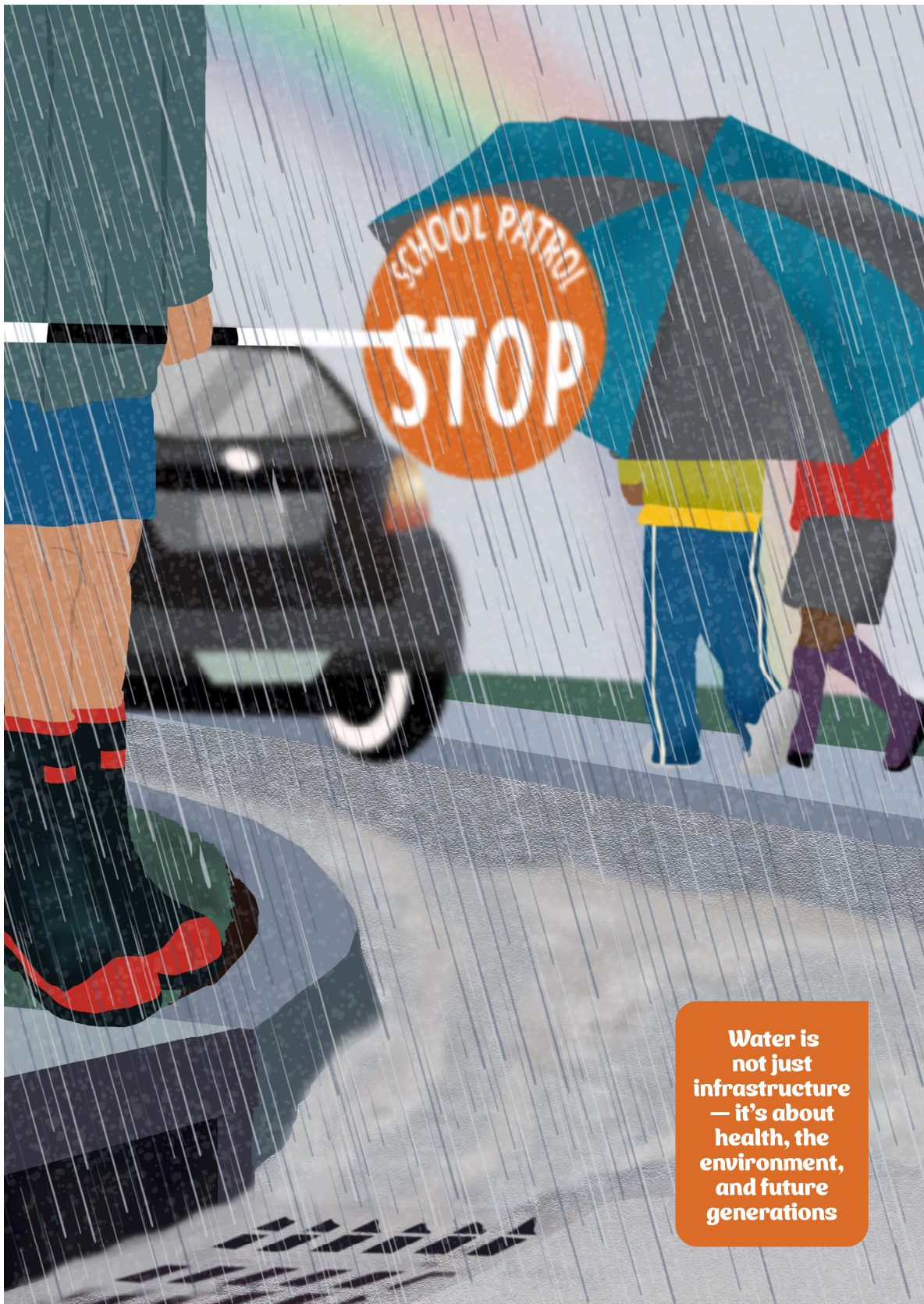
We've chosen the terms 'Te pēke' and 'Te kete' to represent the two options for the Local Water Done Well consultation, reflecting the values of each model.

Te pēke | The bag
represents the strengthened in-house model, where services stay with the council, tightly managed and locally controlled.

Te kete | The basket
represents the three-council water services organisation, where resources and responsibility are shared for greater efficiency and wider collaboration.

NGĀ RĀ KEY DATES

- **3 APRIL - 4 MAY**
Consultation with our communities starts
- **EARLY MAY**
Verbal submissions
- **22 MAY**
Deliberations
- **5 JUNE**
Plan decision adopted



Water is not just infrastructure — it's about health, the environment, and future generations

TE TĪMATATANGA INTRODUCTION

The Government has introduced a new system for managing drinking water, wastewater, and stormwater. This is now called 'Local Water done Well'.

Under this system, councils keep ownership of water assets, but must now meet tougher financial, environmental, and safety standards. Every council must submit a Water Services Delivery Plan by 3 September 2025, showing how it will meet these rules.

Whatever model is chosen, the goal is the same. We need safe, reliable, and affordable water services that are well-managed and built to last.

Why the change?

Across Aotearoa, ageing infrastructure, climate change, and past underinvestment have left many water systems stretched. Inconsistent service between communities and growing populations add even more pressure.

At the same time, global standards for water quality are rising. New Zealand must catch up.

Local Water Done Well aims to keep water in public hands while improving funding, accountability, and environmental protection. The council must now prove it can maintain safe, reliable, and sustainable services into the future.

What is changing?

The new system brings some important changes:

- Water services will remain publicly owned
- Stricter environmental, safety, and financial rules now apply
- Councils must decide whether to manage stormwater separately or together with other water services. For more information, please see page XX
- The Commerce Commission will monitor service quality and ensure fair use of public money
- Taumata Arowai will continue to regulate drinking water safety
- Water providers must actively involve communities and tangata whenua in decision-making.



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Far North District Council | Me pēhea te tuku i ngā ratonga wai? | How should we deliver water services?

XX OUR CURRENT SITUATION

Like many councils, Far North District Council faces growing pressure to improve the way we deliver water services. Spread-out communities, ageing pipes, and rising costs make providing reliable and affordable services harder.

Our district covers a vast area with a small population. This means it costs more to build, run, and maintain water infrastructure than it does in bigger cities. Some of our key treatment plants and networks are also overdue for major upgrades.

On top of this, climate change is already making its mark. Droughts and severe weather events are placing extra strain on water, wastewater, and stormwater systems. The council also carries a backlog of work due to past underinvestment.

Despite the challenges, the council is in a relatively strong financial position. Our debt levels are low, and we already separate most water revenue from other council funds, which is a key requirement under the new system.

The work has already started. We are improving asset management, investment planning, and how we meet compliance standards. This will continue, no matter which model we choose.

Assets and replacement value (as of 1 March 2025)

Activities	Asset	Replacement cost
Water supply	<ul style="list-style-type: none"> • 391,082m of pipes • 1,254 hydrants • 11,185 water meters • 23 treatment water storage • 11 treatment plants • 17 pump stations • 11 water sources 	\$225,846,990
Wastewater	<ul style="list-style-type: none"> • 355,632m gravity mains • 180,448m pressure pipes • 15,005 service connections • 1,552 domestic pump stations • 16 treatment plants • 174 pump stations • 16 treatment plants • 12 wetlands • 1 borefield • 93 septic tanks 	\$329,597,302
Stormwater	<ul style="list-style-type: none"> • 182,321m of line assets (culverts, channels, pipes) • 6,898 point assets (catchpits, manholes, soak holes) • 30 other assets (spillways, grills, inlets/outlet structures) • 69 floodgates • 2 pump station • 29 ponds 	\$176,694,480
Asset total		\$732,138,771

Current average costs for ratepayers (2024/25)

Service	Average annual charge (inc GST)
Water Supply	\$295 base rate + \$700 (average metered usage) + \$15 public good rate
Wastewater	\$1,265 + \$15 public good rate
Stormwater (if applicable)	\$375 or \$187.50 based on land use, + \$10 public good rate

The average combined cost for drinking water and wastewater is around \$2300 a year, but this varies depending on location and property type.

Other considerations

Looking ahead, some big challenges are shaping our next steps:

- Increased localised population: we expect greater population growth in popular locations
- Infrastructure is ageing: more investment is needed to meet modern standards
- Climate change: upgrades are needed to handle more extreme weather
- Skilled workers: finding the people to deliver these projects remains tough.

Investing in water — the next 10 years

The council is planning to invest about \$470 million in water infrastructure over the next decade. This work will upgrade drinking water, wastewater, and stormwater systems to meet modern standards and support future growth.

While the current Long Term Plan only covers three years, the Water Services Delivery Plan looks much further ahead making sure we are ready for the next 10 to 25 years.

Area	3-year investment	10-year investment
Kaitiāia	\$17.4 million	\$63.2 million
Kaikohe	\$42.4 million	\$73.4 million
Kerikeri - Waipapa	\$28.0 million	\$100.1 million

This investment will deliver safer, more reliable, and more resilient water services across the district.

Planning for growth

The Far North is expected to grow by around 12,000 people by 2054, especially in the Bay of Islands-Whangaroa Ward. The council is preparing now to make sure water services keep pace with this growth.

We are planning to:

- Build new pipelines
- Install more pump stations for drinking water and wastewater
- Upgrade stormwater systems to handle more severe weather
- Maintain and strengthen existing infrastructure.

This work will help future-proof water services as the district grows and changes.

XX OUR OPTIONS

Our priorities

The council must select a water services model that can reliably fund, govern, and deliver services into the future. It also needs to reflect the unique needs of the Far North and deliver outcomes that matter to our communities.

We've assessed a range of options using both government criteria and our own local priorities. Our local priorities include:



Community at the core
Locally owned, community guided



Iwi / hapū aspirations
Iwi/hapū voices influence how our water services are managed



Dependable and safe
Our communities will receive quality water services that are safe, dependable and efficient



Caring for what sustains us
Our water services reflect kaitiakitanga — care and guardianship for the environment



Financially sustainable
Financially stable, transparent, and focused on affordability



Future proofed
Better asset management to keep services reliable even in extreme conditions

The options

After considering several options, two have been short-listed by elected members for consultation:

1. 'Te pēke' A strengthened in-house model: the council continues to deliver water services directly, with improvements to delivery, governance, compliance, and financial management. **This is the current preferred option.**
2. 'Te kete' A three-council water services organisation: the council would join Whangārei and Kaipara District Councils to form a three-council water services organisation. This option is still being explored.

Other models, such as a standalone council-controlled organisation or a consumer trust, were ruled out due to complexity, higher costs, and financing limitations.



Other considerations

Beyond financial and technical details, there are broader factors to consider. These include how decisions will be made, who makes them, how a transition would work if a new model is chosen, and what these changes could mean for you as a resident or ratepayer.

Governance and oversight

Each option involves a different approach to governance.

If services stay in-house, elected members will remain responsible for performance and decision-making. However, delivering modern water services under new national standards is complex and needs dedicated focus. To meet these challenges, the council is considering setting up a dedicated water committee, which may include independent professional members. This would strengthen long-term planning, financial oversight, and regulatory compliance.

If a multi-council organisation is created, governance would shift to an independent board of directors with commercial and technical expertise. Councils would appoint the board and retain influence through shareholder agreements and joint expectations. This model can improve service delivery focus but would require strong safeguards to make sure local priorities, including Māori participation, remain central.

Legal and transitional planning

The final Local Water Done Well legislation is not yet in place, but the framework is largely understood. Some details are still being confirmed.

If the three-council water services organisation is chosen, the transition would be complex. It would require:

- Careful planning to ensure services continue without disruption
- Transferring staff and retaining essential knowledge
- Aligning IT systems, asset data, and management tools
- Standardising policies and practices across councils
- Formal legal agreements covering governance, decision rights, and ownership shares.

The council recognises that this work is significant. If this option is supported, the transition would be carefully staged, well resourced, and informed by community input. A full business case would be prepared before anything proceeds.

Costs and compliance

All councils will face rising costs due to new national standards and stricter compliance rules. Local Water Done Well requires:

- Separate (ringfenced) water revenues and expenses
- Detailed infrastructure and investment planning
- Stronger monitoring of environmental, safety, and performance outcomes
- Public reporting on service levels and financial results
- Better governance and clearer separation between operations and oversight
- Contributions to fund the new regulators, Taumata Arowai and the Commerce Commission

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These requirements apply no matter which option is chosen. However, the scale, capability, and structure of the provider will influence how well these requirements can be met.

There will also be additional planning and transition costs. This includes preparing the Water Services Delivery Plan, setting up new compliance systems, and, if a joint organisation is chosen, costs to establish it.

Future water charges

If you are connected to the council's water services, or could be in the future, you will continue to receive drinking water, wastewater, and stormwater services under either option. Charges will change depending on the model.

- If the council keeps services in-house, charges may rise steadily as costs are shared among fewer people.
- If a joint organisation is created, charges may be higher at first due to set-up costs, but could reduce over time as costs are spread across more councils. Both options are expected to result in similar charges after about 20 years.

Charges may differ between districts unless councils later agree to standardise them, which would require consultation.

Financial sustainability and access to funding

Both options must deliver affordable and sustainable water services.

- Under the in-house model, the council can borrow up to 280 per cent of total revenue, but this limit applies to all council activities, not just water.
- A joint organisation could borrow up to 500 per cent of its own water-related revenue, giving greater flexibility for future investment.

The council's current low debt allows early investment under either option, but the joint model may provide more borrowing capacity in the long term.

Compliance with water standards

Meeting drinking water and environmental standards is a core requirement under Local Water Done Well. Taumata Arowai will continue to regulate drinking water quality, while the Commerce Commission will oversee economic performance and consumer protection.

All water service providers, whether council-run or a joint organisation, must publicly report on their performance, investment, and compliance. These reports will be benchmarked to promote transparency and continuous improvement.

Choosing a model that can consistently meet these expectations is vital to avoid non-compliance, enforcement action, or reduced service quality. Local input will remain essential, no matter which model is chosen. The council currently works with local groups to help shape planning, investment, and service decisions. Any future model must continue to:

- Enable community input
- Uphold Te Tiriti o Waitangi
- Reflect local priorities when planning and delivering water services.

Strong partnerships with mana whenua and community voices will continue to guide how water services are managed.





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OPTION

1

'TE PĒKE'

THE IN-HOUSE MODEL – COUNCIL CONTINUES TO DELIVER WATER SERVICES THE SAME (WITH A FEW IMPORTANT CHANGES)



Under this option, the council would continue to deliver water services directly. While the structure stays familiar, new national rules mean some important changes are required.

The council would need to:

- Keep water-related funding fully separate from other council finances
- Maintain separate financial records for water
- Produce an annual audited water report
- Meet stricter financial and operational performance standards.

To strengthen oversight, the council is considering creating a dedicated water committee, including independent members. This would improve planning, financial discipline, and compliance.

This is the council's **current preferred option**, as it offers affordability, easier implementation, and keeps decision-making local. It also leaves the door open to join a regional model later if needed.

While services would stay in-house, this option still requires more formal planning, stronger governance, and clear reporting.

Levels of service

Current service levels for water are set in our Long Term Plan. In the short term, the proposed models won't change these levels.

If a three-council water services organisation is formed, service levels may be adjusted for consistency, to meet new regulations, and to find cost savings. It would also improve emergency response and recovery coordination across the region.

Estimated additional costs

Under the in-house model, the council would face additional operating costs, including:

- Additional audit costs
- Governance (committee establishment and independent members)
- Regulator levies
- Other compliance-related administration.

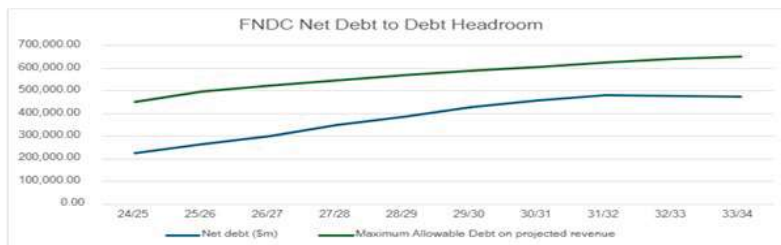
These costs are estimated to be between \$800,000 and \$1,000,000 per year.



**Rates cost to customer in today's dollars
(for water and wastewater only)**

Year	Rates
2024/25	\$2,933
2025/26	\$3,324
2026/27	\$3,492
2027/28	\$3,609
2028/29	\$3,634
2029/30	\$3,697
2030/31	\$3,748
2031/32	\$3,741
2032/33	\$3,721
2033/34	\$3,644

Debt



Net debt: Borrowings less repayments

Maximum allowable debt on projected revenue: The quantified limit is that net debt be no higher than 280% of revenue excluding subsidies

Levels of service

No change

Alignment with the council priorities



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Far North District Council | Me pēhea te tuku i ngā ratonga wai? | How should we deliver water services?

Advantages

- Simple and least disruptive
- Lowest implementation costs
- Local control maintained
- No disruption to service delivery
- Community and iwi relationships stay the same
- Flexibility to transition to a regional model later

Disadvantages

- Financial constraints
- Potential credit rating impact
- Ratepayer cost pressures
- Governance focus may compete with other priorities
- Limited efficiency gains



6 KARAKIA WHAKAMUTUNGA / CLOSING PRAYER

7 TE KAPINGA HUI / MEETING CLOSE