

District-wide targeted rates for water and wastewater

Statement of proposal

August 2022

Mihi

Kia hiwa rā, kia hiwa rā
Kia hiwa rā i tēnei tuku
Kia hiwa rā i tērā tuku
Kia hiwa rā, kia hiwa rā

Ko ngā rārangi maunga tū te ao, tū te pō
Ko ngā rārangi tāngata, ngaro noa, ngaro noa
Ka huri ki ngā tai awatea
E ngā mana, e ngā reo, e te tī, e te tā e ngā kūaka mārangranga o Ngā Tai o Tokerau – tēnā koutou katoa.

1. Introduction: the challenge of funding affordable water and wastewater

In this statement of proposal we address the challenge to adequately fund reticulated water supply wastewater treatment in the Far North.

The cost of these services is high, regardless of where you live in New Zealand. The Far North faces challenges of geography and small, dispersed settlements combined with a low ratepayer base. Since 2020, when we consulted on the Long Term Plan, costs for maintaining water services have increased steeply. This is because aging infrastructure requires renewal and upgrade, compliance requirements are increasing and supply chain issues push costs up. Inflation rates do not help.

It is *really tough* to fund these services in an affordable and equitable manner. Something must change to ensure council can deliver the levels of service it is committed to.

Currently these services are funded through capital and operational targeted rates, calculated on a scheme-by-scheme basis. Two years ago, we reviewed the structure of our rating system. As part of that review we proposed a shift to district-wide targeted rating for reticulated water and wastewater services because we knew that for communities with a small number of ratepayers, the scheme-based costs were becoming unaffordable. The proposal was rejected, potentially because it was wrapped up in a suite of other proposals aimed at improving overall affordability and the benefits not truly understood

Since then, costs continue to increase, assets continue to age, and stricter compliance requires a higher level of service (than budgeted for). We also have a clearer picture of the future impacts of *not* taking immediate action to resolve water infrastructure issues.

So, we think it's time to revisit the proposal for district-wide targeted rating for water and wastewater services, to find a way to spread the costs so people are not rated out of their homes.

This statement of proposal outlines what we are proposing, how different schemes will be impacted by the proposed change via a Funding Impact Statement and explains why we believe that this is most effective way forward.

The Local Government (Rating) Act 2002 (LGRA) provides councils with powers to set, assess and collect rates to fund local government activities. Any major changes to the rate methodology need to be consulted on under S78 and S79 of the Local Government Act 2002. This can be done at any time and will form the basis of a Long Term Plan amendment for the 2023/24 Annual Plan.

2. Proposal: introducing a targeted district-wide rate for water services

The proposal is to remove the current scheme-based targeted rates for water and wastewater and replace them with a district-wide targeted rate for water supply and a district-wide targeted rate for wastewater treatment. This will impact ratepayers connected to (or able to connect to) the 15 wastewater schemes and those properties receiving piped water from our nine water treatment plants. Some ratepayers will experience a net increase in their rates. Others will experience a decrease. See section five to find out how different areas are impacted by the proposal.

This proposal will not affect ratepayers who are not connected to (or not able to connect to) any Council wastewater or water scheme.

This proposed change will support us to achieve that critical balance in wellbeing. It will help us to invest enough money to make sure that our plants are compliant, which in turn supports the environmental and cultural wellbeing of our District. It will enable us to develop fit-for-purpose networks that can be extended to enable growth, thus addressing social and economic outcomes. While this alone won't make the affordability issue disappear, it will go some way towards relieving the burden for many.

3. The why

Another way to look at this is to ask what will happen if we don't change our rating methodology?

Compliance

We currently have four plants that are non-compliant with abatement notices in place. This is having a detrimental effect on our communities and the environment. The

regulating authority Northland Regional Council has advised Far North District Council that ongoing non-compliance is not acceptable; these issues must be fixed. We need to activate programmes of work to address the issues while we are still in control of the problem. If we don't resolve the issues, the Environment Court will intervene and determine what needs to be done and by when. If we are not able to comply, we may end up incurring court costs and lose control of the process. We need to face the problem square-on.

We are proposing this change to how we rate for water supply and wastewater to make sure we:

- Achieve compliance
- Support growth
- Manage affordability
- Prepare our communities for Three Waters Reform

Affordability

To address the problem means accepting costs. At present, the costs of upgrades and ongoing operations falls to the community that benefits directly from the service – if you are connected or could be connected, you pay your share of the cost. The total cost of upgrades is not relative to the number of connections on a network. That means a small community will experience a far greater cost burden than a larger community, where the costs are spread more widely. By moving to a district-wide targeted rate, the burden is spread across a much larger number of ratepayers. If we continue to pursue a scheme-based rating methodology, some communities will not be able to afford their rates

and could be forced to move. If the ownership cost of a scheme is too high, Council may need to think about disestablishing some schemes, but this means home-owners installing their own tanks and septic systems.

Growth

. This includes unmet demand and future growth. We have a certain amount of funding to support this growth, but those places in which houses are to be built (and the infrastructure network extended) cannot be expected to carry the burden of the costs alone.

So, where to from here? We have a good feel for the build opportunities in the Far North. Often the missing ingredient is the ability to connect these proposed houses to the core infrastructure network, primarily wastewater. Our engineers and planners are modelling each network so we can provide pragmatic and innovative solutions to specific problems. We think our role is to develop a strategic framework to create better housing outcomes for our District.

A district-wide targeted rating method would be a far more equitable basis to support funding of these improved housing outcomes.

4. Informed decision-making

Our immediate focus is on what we know we can achieve. At this stage, that is enabling community wellbeing through improved core infrastructure and service delivery.

Compliance, future capacity and quality assets are the goals, but there is a price tag. Financial prudence is critical to our success. We are looking closely at funding arrangements to make best use of every dollar of revenue and show how our actions in service delivery are optimal in terms of time, cost and quality.

The purpose of local government is to enable democratic local decision-making and action by, and on behalf of, communities. To that end, we encourage Far North ratepayers impacted by this proposal to participate in this special consultative procedure. Your input will help our mayor and councillors understand community preferences on this important rating issue so they can make a decision that is informed by the views of those they represent.

5. Funding impact of what we are proposing

DISTRICT WIDE BY LOCATION CHARGE FOR WASTEWATER AND WATER RATES

LOCATION	WASTEWATER RATE (connected and operating charge)			WATER RATE (connected and operating charge)			COMBINED CHANGE
	OUR RECOMMENDATION	STATUS QUO	DIFFERENCE	OUR RECOMMENDATION	STATUS QUO	DIFFERENCE	
AHIPARA	DISTRICT-WIDE \$997.22	AP 2022/23 \$945.33	CHANGE \$51.89	DISTRICT-WIDE \$0.00	AP 2022/23 \$0.00	CHANGE \$0.00	DIFFERENCE \$51.89
EAST COAST	DISTRICT-WIDE \$997.22	AP 2022/23 \$909.91	CHANGE \$87.31	DISTRICT-WIDE \$0.00	AP 2022/23 \$0.00	CHANGE \$0.00	DIFFERENCE \$87.31
HIHI	DISTRICT-WIDE \$997.22	AP 2022/23 \$1,189.02	CHANGE -\$191.80	DISTRICT-WIDE \$0.00	AP 2022/23 \$0.00	CHANGE \$0.00	DIFFERENCE -\$191.80
KĀEO	DISTRICT-WIDE \$997.22	AP 2022/23 \$1,267.43	CHANGE -\$270.21	DISTRICT-WIDE \$0.00	AP 2022/23 \$0.00	CHANGE \$0.00	DIFFERENCE -\$270.21
KAIKOHE	DISTRICT-WIDE \$997.22	AP 2022/23 \$872.07	CHANGE \$125.15	DISTRICT-WIDE \$290.57	AP 2022/23 \$287.76	CHANGE \$2.81	DIFFERENCE \$127.96
KAITĀIA & AWANUI	DISTRICT-WIDE \$997.22	AP 2022/23 \$872.49	CHANGE \$124.73	DISTRICT-WIDE \$290.57	AP 2022/23 \$452.62	CHANGE -\$162.05	DIFFERENCE \$37.32
KAWAKAWA	DISTRICT-WIDE \$997.22	AP 2022/23 \$1,065.15	CHANGE -\$67.93	DISTRICT-WIDE \$290.57	AP 2022/23 \$345.13	CHANGE -\$54.56	DIFFERENCE -\$122.49
KERIKERI	DISTRICT-WIDE \$997.22	AP 2022/23 \$1,276.05	CHANGE -\$278.83	DISTRICT-WIDE \$290.57	AP 2022/23 \$173.69	CHANGE \$116.88	DIFFERENCE -\$161.95
KOHUKOHU	DISTRICT-WIDE \$997.22	AP 2022/23 \$1,190.76	CHANGE -\$193.54	DISTRICT-WIDE \$0.00	AP 2022/23 \$0.00	CHANGE \$0.00	DIFFERENCE -\$193.54

DISTRICT WIDE BY LOCATION CHARGE FOR WASTEWATER AND WATER RATES

LOCATION	WASTEWATER RATE (connected and operating charge)			WATER RATE (connected and operating charge)			COMBINED CHANGE
	OUR RECOMMENDATION	STATUS QUO	DIFFERENCE	OUR RECOMMENDATION	STATUS QUO	DIFFERENCE	
ŌKAIHAU	DISTRICT-WIDE \$0.00	AP 2022/23 \$0.00	CHANGE \$0.00	DISTRICT-WIDE \$290.57	AP 2022/23 \$307.37	CHANGE -\$16.80	DIFFERENCE -\$16.80
ŌPONONI & ŌMAPERE	DISTRICT-WIDE \$997.22	AP 2022/23 \$881.30	CHANGE \$115.92	DISTRICT-WIDE \$290.57	AP 2022/23 \$525.66	CHANGE -\$235.09	DIFFERENCE -\$119.17
PAIHIA	DISTRICT-WIDE \$997.22	AP 2022/23 \$1,065.51	CHANGE -\$68.29	DISTRICT-WIDE \$290.57	AP 2022/23 \$183.61	CHANGE \$106.96	DIFFERENCE \$38.67
RANGIPUTA	DISTRICT-WIDE \$997.22	AP 2022/23 \$892.59	CHANGE \$104.63	DISTRICT-WIDE \$0.00	AP 2022/23 \$0.00	CHANGE \$0.00	DIFFERENCE \$104.63
RĀWENE	DISTRICT-WIDE \$997.22	AP 2022/23 \$1,128.57	CHANGE -\$131.35	DISTRICT-WIDE \$290.57	AP 2022/23 \$254.87	CHANGE \$35.70	DIFFERENCE \$95.65
RUSSELL	DISTRICT-WIDE \$997.22	AP 2022/23 \$1,025.20	CHANGE -\$27.98	DISTRICT-WIDE \$0.00	AP 2022/23 \$0.00	CHANGE \$0.00	DIFFERENCE -\$27.98
WHANGAROA	DISTRICT-WIDE \$997.22	AP 2022/23 \$1,175.28	CHANGE -\$178.06	DISTRICT-WIDE \$0.00	AP 2022/23 \$0.00	CHANGE \$0.00	DIFFERENCE -\$178.06
WHATUWHIWHI	DISTRICT-WIDE \$997.22	AP 2022/23 \$938.24	CHANGE \$58.98	DISTRICT-WIDE \$0.00	AP 2022/23 \$0.00	CHANGE \$0.00	DIFFERENCE \$58.98

NOTE:

Water by meter charge at \$3.87 per cubic metre

6. Making a submission

Anyone can make a submission regarding the amendments proposed in this document, and we encourage you to let us know your views. You may submit in writing online or in hard copy, or you can make an oral submission in person. The submission period opens 9am Tuesday, 16 August and closes 11pm on Monday, 12 September 2022. Oral submissions will be held on Thursday, 7 September. Those who wish to present their submission orally will be contacted directly to make arrangements: please supply a mobile contact number. Submissions can be:

- Made online www.fndc.govt.nz/yoursay
- Emailed to submissions@fndc.govt.nz.
Subject heading: District-wide rates for water/wastewater 2022
- Posted to Far North District Council, Private Bag 752, Kaikohe 0440
Attention: Jo Boyd
- Delivered to Any of our service centres

KAIKOHE

5 Memorial Avenue
Open Monday-Friday 8am-5pm

KAEO

Leigh St
Open Monday-Friday 8am-4.30pm
(closed 12.30-1pm)

PAIHIA

i-SITE Visitor Centre
The Wharf, Marsden Rd
Open 7 days 8.30am-5pm

RAWENE

11 Parnell St
Open Tuesday and Thursdays 8am-4.30pm (closed 12.30-1pm)

KAITAIA

Te Ahu, corner Matthews Ave & South Rd
Open Monday-Friday 8.30am-5pm

KERIKERI

John Butler Centre, 60 Kerikeri Rd
Open Monday-Friday 8am-5pm

KAWAKAWA

Te Hononga, Gillies St
Open Monday-Friday 8am-4.30pm

OPONONI

i-SITE Visitor Centre
29-31 SH12
Open 7 days 8.30am-4pm

7. What happens next?

Following the closing of submissions, all submissions will be reviewed by the mayor and councillors. Council will formally consider the proposal in light of submissions at the 22 September 2022 Council meeting and make a decision.

Council staff will acknowledge each submission received and make sure submitters are informed about the outcome. Email submissions@fndc.govt.nz with any questions.

**Remember submissions must be received
by 11pm on Monday 12 September**
