

**Meeting:** Extraordinary Council

**Meeting Date:** 14 May 2025

**Subject:** **Local Water Done Well Engagement 2025 - Comprehensive Consultation Document**

**File No.:** 404000

## **1 Purpose**

The purpose of this report is for Council to receive the comprehensive consultation document prepared for the engagement processes being undertaken as part of the Local Water Done Well legislation.

## **2 Background**

Local Water Done Well is the Coalition Government's plan to address New Zealand's long-standing water infrastructure challenges. Local Water Done Well covers drinking water, wastewater and stormwater. This legislation requires all councils to establish a corporate structure to deliver water services that must be financially sustainable, which includes having enough debt room to renew infrastructure.

The Local Water Done Well legislation recognises the importance of local decision-making, outlines the framework for delivery of water services and aims to ensure a strong focus on investing sufficiently, ring-fencing funding for water services and meeting economic, environmental and water quality regulatory requirements.

For the past year, since the new coalition government announced the changes, all the Bay of Plenty Councils, including Kawerau, have been working on the viability of a Bay of Plenty model. Initially, this model comprised all the territorial authorities in the Bay of Plenty region.

More recently, the model has been amended to comprise Kawerau, Ōpōtiki, Whakatāne and Rotorua Lakes District Councils. The multi-council model helps form a useful comparison for the community with our current in-house water service delivery.

Under the Government's Local Water Done Well legislation we must consult on our "preferred option" and an "alternative" option. These options are outlined in full within the comprehensive consultation document attached.

## **3 Options Considered**

In February 2025, Council resolved to consult with our community about retaining water services delivery via an internal (in-house) business unit which is our preferred option.

The alternative option we are consulting on is delivery of water services via a multi-council controlled organisation comprising Kawerau, Whakatāne, Ōpōtiki and Rotorua Lakes Districts.

#### **4 Policy and Plan Considerations**

The Water Services Delivery Plans are a requirement under the Local Government (Water Services Preliminary Arrangements) Act 2024 and must be submitted for approval by 3 September 2025.

In addition, Council has developed its Long Term Plan 2025-2034, which outlines the move to targeted water and wastewater rates as a consultation topic. Our preferred option is to transition to targeted water and wastewater rates over a longer-9 year timeframe, which has less impact on the community. The impact of transitioning more quickly moves the burden proportionately to lower-cost properties, which has a higher impact.

#### **5 Significance and Engagement**

The delivery of water services to the Kawerau community is considered as high significance, and as such, Council has scheduled a comprehensive plan of consultation and engagement. This includes providing information, and reaching out to engage via formal and informal meetings with Tangata Whenua, stakeholders and the community.

Community consultation opened on Friday, 11 April and closes on 23 May 2025. All submissions will be received and heard by Council on 18 June 2025. Following this, the Council will deliberate on the feedback and incorporate this into the current draft Water Services Delivery Plan.

#### **6 Financial Considerations**

The separation of Water Services Delivery and ring-fencing of water services, and the movement to targeted water and wastewater rates form an integral part of the current Long Term Plan 2025-2034 that Council is also consulting on with the community.

Given the magnitude and complexity of the scenarios, the content provided in the comprehensive consultation document is indicative only. Financial forecasts have been provided via the Department of Internal Affairs with regard to the options of delivering water services to Kawerau via the multi-council controlled organisation and the in-house business unit.

Please note: Financial data will be updated once the Long Term Plan 2025-2034 is confirmed and adopted at the Council Meeting on 25 June 2025.

#### **7 Legal Considerations**

Council is required by the Department of Internal Affairs to consult with the community regarding at least two options for the delivery of water services to

the Kawerau district. In addition, Council must complete and submit a Water Services Delivery Plan.

The new Water Service Delivery Plan that Council adopts, and submits must demonstrate that whichever structure chosen to deliver water services to its community must:

- Meet new financial and regulatory requirements, ensuring water services are ring-fenced (for example the financial administration of water services must be kept separate from the rest of council);
- Invest in infrastructure to address long-standing issues and set fair prices that reflect the cost of delivering water services;
- Develop a fit-for-purpose Water Services Delivery Plan by 3 September 2025 outlining how they will meet these requirements. These plans must cover 10 years.

## **RECOMMENDATIONS**

1. That the report “Local Water Done Well Engagement 2025 - Comprehensive Consultation Document” be received.
2. That the “Local Water Done Well Comprehensive Consultation Document” be received for ongoing consultation with the community, pending any edits or updates received.



Morgan Godfery

**Tumu Whakarae | Chief Executive**

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KAWERAU  
DISTRICT COUNCIL  
Te Kaunihera ā rohe o Kawerau

Kōrero  
mai  
Let's talk  
wai

# LOCAL WATER DONE WELL

CONSULTATION DOCUMENT





Kō Pūtauaki te Maunga  
Kō Te Aotahi te Tangata  
Kō Te Takanga i o Apa te wai  
Kō Tūwharetoa te Iwi  
Kō Te Arawa te Waka  
Tihei Mauri Ora

⋮ Pūtauaki is the mountain  
⋮ Te Aotahi is the guardian  
⋮ Te Takanga i o Apa is the water  
⋮ Tūwharetoa is the tribe  
⋮ Te Arawa is the canoe  
⋮ There is Life





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# Introduction

## From the Mayor and Chief Executive

**Tēnā tātau katoa | warm greetings to you all, our community on behalf of  
Te Kaunihera ā rohe o Kawerau to the Local Water Done Well consultation document.**

Local Water Done Well is the Coalition Government's plan to address New Zealand's long-standing water infrastructure challenges. Local Water Done Well covers drinking water, wastewater and stormwater. This legislation requires all councils to establish a corporate structure to deliver water services that must be financially sustainable, which includes having enough debt head-room to renew infrastructure.

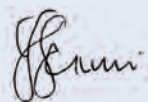
The Local Water Done Well legislation recognises the importance of local decision-making, outlines the framework for delivery of water services and aims to ensure a strong focus on investing sufficiently, ring-fencing funding for water services and meeting economic, environmental and water quality regulatory requirements.

For the past year, since the new coalition government announced the changes, all the Bay of Plenty Councils, including Kawerau, have been working on the viability of a Bay of Plenty model. Initially, this model comprised all the territorial authorities in the Bay of Plenty region. More recently, the model has been amended to comprise Kawerau, Ōpōtiki, Whakatāne and Rotorua Lakes District Councils. The multi-council model helps form a useful comparison for the community with our current in-house water service delivery.

Under the Government's Local Water Done Well legislation we must consult on our "preferred option" and an "alternative option".

In February, Council resolved to consult with our community about retaining water services delivery via an internal (in-house) business unit which is our preferred option. The alternative option we are consulting on is delivery of water services via a multi-council controlled organisation comprising Kawerau, Whakatāne, Ōpōtiki and Rotorua Lakes Districts.

We welcome the community's feedback and input to shape Council's decision-making for Local Water Done Well.



**Faylene Tunui**  
Mayor | Kahika



**Morgan Godfery**  
Chief Executive | Tumu Whakarae



# Background

**Due to concerns about the water quality and asset management in New Zealand during the past 10 years and the high cost to communities, the previous Government started the three waters reforms.**

Initially the Three Waters Reform proposed four large organisations across the country, which would work independently and take ownership of water assets, with some input from councils. That later changed to a proposed model of 10 entities. In addition, Taumata Arowai was set up as an independent water regulator that introduced national water quality standards and reporting to increase water quality for consumers.

Following the general election, the current coalition government repealed the Three Water Reform Bills and introduced Local Water Done Well legislation covering service delivery systems, economic regulation and consumer protection for water services and changes to the water quality regulatory framework. Taumata Arowai remains the national water quality regulator for all water standards.

Under Local Water Done Well legislation, councils decide on the delivery model, choosing from the five options that are available or developing their own. The five options suggested by the Department of Internal Affairs which is working with territorial authorities (councils) to enact the government legislation comprise:

1. Internal (in-house) business unit
2. Single-Council Controlled Organisation (CCO)
3. Multi-Council Controlled Organisation (CCO)
4. Council and Consumer Owned Organisation
5. Consumer trust

With the new Water Service Delivery Plans, Councils must demonstrate that whichever structure chosen to deliver water services to its community must:

- Meet new financial and regulatory requirements, ensuring water services are ring-fenced (for example the financial administration of water services must be kept separate from the rest of council);
- Invest in infrastructure to address long-standing issues and set fair prices that reflect the cost of delivering water services;
- Develop a fit-for-purpose Water Services Delivery Plan by 3 September 2025 outlining how they will meet these requirements. These plans must cover 10 years.

In February 2025, Kawerau elected members directed council staff to start creating a water services delivery plan based on an in-house model while also continuing to explore other potential arrangements. Council decided the in-house option was its preferred delivery model to take out to community consultation, which is outlined in this document.

The alternative delivery model, which is required under the legislation, is the multi-council controlled organisation comprising Kawerau, Whakatāne, Ōpōtiki and Rotorua Lakes Districts. More information about this model also follows. Although, it must be noted that as community consultation must take place prior to Council's finalising their water service delivery plans, operational and financial details of the multi-council controlled organisation are not yet fully scoped.



# Engagement with Iwi

**Kawerau District Council is committed to an open dialogue and relationship with Māori, Tangata Whenua and Iwi and is working to grow these relationships.**

Council acknowledges Ngāti Tūwharetoa ki Kawerau as Tangata Whenua of Kawerau and as the official statutory organisation representing Tangata Whenua and Iwi in the rohe. Te Rūnanga o Ngāti Awa and Ngāti Rangitihi are also recognised by Council as Iwi consultation partners as both Ngāti Awa and Ngāti Rangitihi have a historical tribal interest and own land in the Kawerau District. A significant proportion of Māori residents in Kawerau are from other Iwi. Council enables those people to contribute to decision-making as Māori by engaging with the committee of Rautahi Marae, an urban Marae in the District. The Rautahi Marae committee is another of Council's consultation partners. Council considers Māori Investments Limited (MIL) a significant consultation partner, as the organisation is governed by Ngāti Tūwharetoa ki Kawerau, and also because it is the kaitiakitanga and landowner of Umukaraka Spring that has long supplied wai | water to the Kawerau community. Council recognises and acknowledges Māori Investments Limited (MIL) for their ongoing support of Council and the community with this valuable resource.

In addition, Council considers Tūwharetoa ki Kawerau Hauora and Putauaki Trust as Iwi significant consultation partners within our rohe | district.

Council acknowledges that for Tangata Whenua, the health and wellbeing of the water is directly linked to the health and wellbeing of the people. The concept of kaitiakitanga | guardianship is a central relationship with water, emphasising the responsibility to protect and preserve its mauri | life for future generations.

Information has been shared with Iwi who could not attend the workshops. The Mayor and elected members, and Council staff are available to engage further on request. Council acknowledges the importance of Local Water Done Well and will endeavour to maintain an ongoing kōrero as we continue to develop the future delivery of water services.





## What Councils must do

**As well as deciding on how water services will be delivered (the service delivery model), as part of Local Water Done Well Councils must develop Water Services Delivery Plans that have to demonstrate their commitment to delivering water services, meet regulatory requirements, support growth and urban development and remain financially sustainable.**

Through these plans, Councils will provide an assessment of the district's current water infrastructure, what investment is needed in the future and how we plan to finance and deliver these via the preferred service delivery model.

The plans are a requirement under the Local Government (Water Services Preliminary Arrangements) Act 2024 and must be submitted for approval by 3 September 2025.

In addition, Council has developed its Long Term Plan 2025-2034 which outlines the move to targeted water and wastewater rates. Our preferred option is to transition over a longer-9 year timeframe, which has less impact on the community. The impact of transitioning more quickly moves the burden proportionately to lower-cost properties which has a higher impact. For more information about the move to targeted rates, which is also required under the Local Water Done Well legislation, please check the Council website or view documents in the Council Office, isite and Library.



## About our water services and infrastructure

Kawerau District Council owns and manages water services infrastructure assets valued at about \$36.3 million (current net book value as at 30 June 2024). These are listed as strategic assets and the Council funds depreciation for the ongoing future renewal of these assets. The replacement value of these assets is \$101,954,140.

The Three Waters assets provide essential water supply, wastewater and stormwater services to Kawerau residents and businesses.



**2,906** rateable properties  
in Kawerau District (residential,  
commercial and industrial)

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Council delivers **potable (drinkable)**  
**water** to **2,906** residential and  
commercial properties

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**30** properties rated for  
**water-by-meter**

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Council provides **2,880**  
**wastewater connections**  
for residential and commercial  
properties

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Water assets make up  
**30.3%** of Council assets



**77km**

drinking water pipes

**31.5km**

stormwater channels

**62.8km**

wastewater pipes

**3** water sources**1** water supply  
treatment plant**2** water pump stations**3.2km** of gravity pipelines**1** wastewater treatment plant  
(Capacity for population of 10,000)**6** wastewater pump stations**24.7 hectares**Rapid Infiltration Basins (RIBs)  
for wastewater disposal  
(zero discharge into waterways)Total water assets **\$36.3 million** (net book value as at 30 June 2024)Drinking  
Water  
\$15.96mWastewater  
\$14.33mStormwater  
\$5.97m**Over the next  
9 years we  
plan to invest  
\$24.19 million**

INCLUDES:

Water reticulation pipe renewal project  
2021-2028:

- **39km** new drinking water pipes already completed
- **38km** of drinking water pipes will be replaced

**22.8km** Wastewater pipes renewals  
2025-2034 costing \$11.512 million





# Looking to the future

## – water infrastructure overview

**Infrastructure is a priority for Council and the 2025 – 2034 Long Term Plan, especially continued investment in drinking water, wastewater reticulation (pipes) and assets.**

The Local Water Done Well reforms may significantly change the way the three waters services are delivered and funded, with the potential that this change could result in significant funding and resourcing implications for the rest of the Council.

At 30 June 2024, the Annual rates revenue collected to maintain and renew the water comprises: \$1.4m for water, \$1.68m for wastewater and \$67k for stormwater.

The carrying value of Council's three waters assets as at 30 June 2024 was Water \$15.96m, Wastewater \$14.33m and Stormwater \$5.97m.

As the town is only 71 years old, Kawerau is unusual in that much of the reticulation infrastructure was constructed around the same time. Council's focus to date has been on maintenance, but as infrastructure ages, it needs to be replaced and due to the uniformity in age means that this will occur in large chunks and create expenditure 'spikes'. To reduce the burden of these large spikes on ratepayers, planning for renewals has prioritised drinking water renewals, then wastewater pipe renewals over a period of more than a decade.

Our forecast renewals for stormwater and wastewater have presumed the worst-case scenario using the minimum asset lifespan.

A planned programme of asset evaluation will continue to determine the actual renewal programme required for stormwater and wastewater.

We will continue to use this formal and informal knowledge to reprioritise replacement and preventative maintenance programmes, and to ensure we manage the risk of failure.

However, areas that are known to have accelerated deterioration rates, such as pipes in the geothermal areas, have been replaced according to the minimum asset lifespan, over the previous two years.

The purpose of Council's Infrastructure Strategy is to assist the Council and community make informed decisions about the major infrastructure decisions and investments required over the next 30 years.

The Strategy outlines:

- Key infrastructure issues over the next 30 years
- Best options for dealing with those issues
- Implications of those options for residents and businesses in terms of cost and service delivery; and
- Council's preferred scenario for managing the issues and implications.



# Planned Waters Infrastructure Renewals 2025-2034

## Cost of replacement programme for water, stormwater\*\* and wastewater 2025-2034

This forms part of Council's 30-year infrastructure strategy. The Three Waters renewals replacement costs are:

Renewal	Most likely scenario \$
Water: toby, valves and hydrant replacement (2025-2034)	\$1,606,550
Water (drinking) pipe replacements (2025-2034)	\$9,397,160
UV Plant (Ultra Violet water plant renewals, upgrades) (2025-2034)	\$678,306
Other water reticulation renewals (2025-2034)	\$266,282
Wastewater reticulation pipe replacement (2025-2034)	\$11,512,050
Wastewater Treatment Plant Renewals (2025-2034)	\$2,508,160
Installation of manganese removal plant for Te Wai o Marukaa	\$1,072,460

\*These other water reticulation renewals exclude the drinking water pipe replacements which will be funded from loans projected to total \$12 million.

\*\*Stormwater renewals and investment is planned from 2034.

Further details available in the Council Infrastructure Strategy via [kaweraudc.govt.nz](http://kaweraudc.govt.nz).



# Local Water Done Well delivery model options

**After investigating the various delivery models, Council agreed that there are two potential delivery models which are viable and these have guided the two options we are consulting with the Kawerau community about.**

To model the potential costs there have been a range of assumptions made including, the levels of inflation and interest rates. The Department of Internal Affairs has completed the financial modelling for the two options, using data extracted from Kawerau District Council and the other councils that form part of the multi-council controlled organisation option.

## Financial levels of service impacts

Given the magnitude and complexity of the scenarios the content provided in this document is indicative only. It may change as we work through further implications, finalised legislation, compliance requirements, investment priorities and affordability for the community.

## Targeted Water and Wastewater Rates

The new Local Water Done Well legislation requires Council to ring fence the finances collected via rates and invested into three waters activities and infrastructure.

In addition, the legislation requires a move to targeted water and wastewater rates to fund the total delivery of water and wastewater services. Council proposed increasing the targeted water and wastewater rates gradually over a nine-year period in the recent the Long Term Plan 2025-2034. This is Council's preferred option as it has a lower rates impact overall (see below for the different options that Council consulted with the community). The alternative is to increase the targeted water and wastewater rates over a five year period.





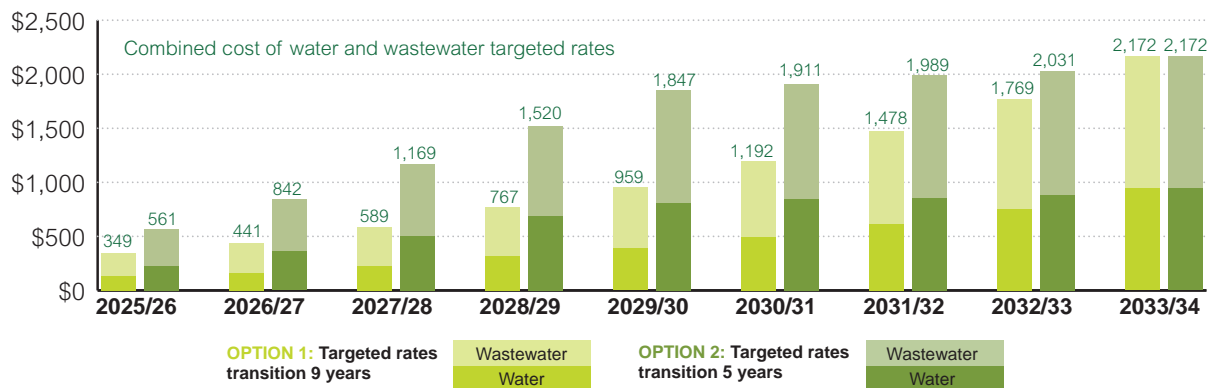
Submissions for the Long Term Plan 2025-2034 close on 12 May 2025, with the hearing taking place on 28 May. Any impacts of changes following the Long Term Plan submission and hearing process will be fed back into Council's Water Service Delivery Plan.

## Overview: Moving to targeted water and wastewater rates

- Longer transition preferred over nine years to fund the delivery of water and wastewater services means a gradual impact on lower value properties.
- In 2024-2025, Kawerau residents pay \$84.50 per property for drinking water and \$170 for wastewater services. This is only 15% and 23% of the total cost (respectively) with the rest funded from the general rate.
- Increasing targeted rates moves to 'user pays' so that the properties using the service are paying for that service.

*Note: the increase in the targeted rates for water and wastewater is offset (in both options of nine or five years) by the decrease of the funds used from the general rate to fund these services.*

**Transition to targeted water and wastewater rates per property**



# Potential delivery models

**Potential delivery model 1:**  
In-house business unit  
(Council's preferred option) page 15

**Potential delivery model 2:**  
Multi-Council Controlled  
Organisation  
(Council's alternative option) page 17

## Potential delivery model 1: In-house business unit (Council's preferred option)

<b>Ownership</b>	Wholly council owned, operating as the in-house three waters business unit for Council and serving the Kawerau district.
<b>Governance</b>	Kawerau District Council has direct operational and governance, decision-making and oversight.
<b>Relationships</b>	Council will work with Tangata Whenua and the owners   kaitiaki of the water sources.
<b>Strategy</b>	Council will prepare a water services delivery strategy that meets all legal requirements and consult with its communities before adoption and implementation.
<b>Accountability</b>	<ul style="list-style-type: none"> <li>In-house three waters business unit will report to Council as per existing processes including with a Statement of Intent and Audited Annual Report.</li> <li>Water service delivery will be subject to the usual local democratic processes and performance accountability expectations established through Long Term Plans.</li> <li>In-house three waters business unit will adhere to Taumata Arowai water quality operational standards and reporting.</li> <li>An annual water services' report will include financial statements on water supply, wastewater and stormwater. These will continue to evolve and be adjusted as required to enhance and/or improve currently known requirements.</li> </ul>
<b>Borrowing</b>	Council is currently borrowing from the Local Government Funding Agency (LGFA) to replace the drinking water pipes. This will result in \$12 million in loans to renew the 77kms of drinking water pipes across the district.

## The financials

Council will set the price and invoice customers. Pricing will be subject to regulation from the Commerce Commission.

### Projected Average Annual Water Charges per Residential Household

2024/25	\$1,200
2025/26	\$1,300
2026/27	\$1,500
2027/28	\$1,600
2028/29	\$1,800
2029/30	\$1,850
2030/31	\$1,900
2031/32	\$1,950
2032/33	\$2,000
2033/34	\$2,050

*\*Financial projections have been supplied by the Department of Internal Affairs.*

*Note: Financial data will be updated once the Long Term Plan is confirmed and adopted on 25 June 2025.*

## Debt capacity

### 175% of total council revenue

Under this option, debt continues to be measured at a total council level and debt servicing costs are limited to 10% of council revenue under Council's Liability Management Policy, which is a council-set limit.

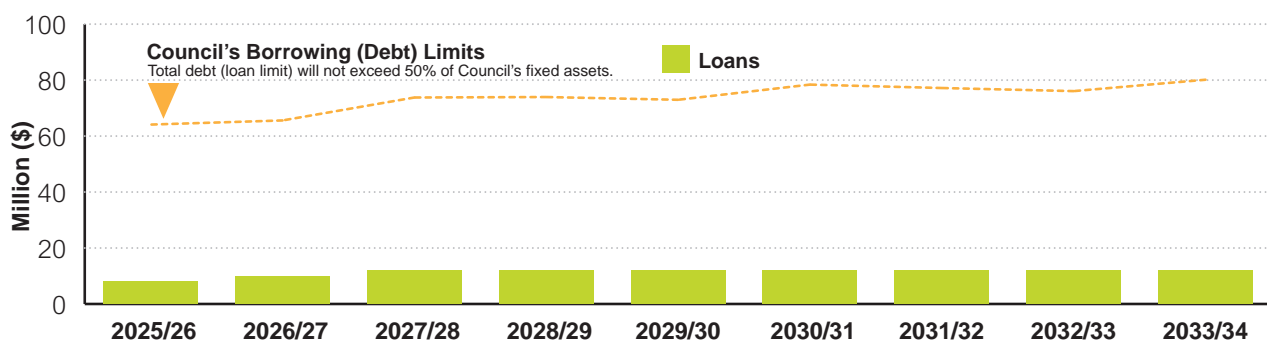
Local Government Funding Agency (LGFA)\* borrowing rules allow council to borrow up to a maximum of 175% of its revenue.

Council's debt is forecast to be 1.6% of its revenue at 30 June 2025.

Council is limited in its ability to borrow to fund any investment outside of projects already funded in its Long Term Plan.

The graph shows there is considerable room for additional borrowing should Council require further loans. However, the \$11.5 million renewal of the wastewater reticulation will be funded from depreciation reserves during the next nine years.

## Proposed borrowing and debt levels



*\*Council joined LGFA in 2021, after the community and council agreed to progress the renewals of all the district's drinking water pipes (reticulation). This entails borrowing \$12 million from LGFA. LGFA provides council with better lending rates than traditional banks.*

## Potential delivery model 2: Multi-Council Controlled Organisation (Council's alternative option)

<b>Ownership</b>	Ownership is shared across member councils. Councils will retain ownership via shares in the Multi-Council Controlled Organisation. Only councils will own shares. Privatisation is not possible.
<b>Governance</b>	An Appointed Board will comprise independent, professional directors accountable to the elected members of the owner councils. A professional board based on skills will oversee the Multi-Council Controlled Organisation rather than elected members. Elected members provide direction to the Board annually via a Statement of Intent.
<b>Relationships</b>	The Multi-Council Controlled Organisation will be required to work with Tangata Whenua. Existing formal agreements between councils and Iwi would be honoured by the Multi-Council Controlled Organisation.
<b>Strategy</b>	<p>Shareholding Councils agree the process for issuing a combined statement of expectations to the Multi-Council Controlled Organisation.</p> <p>The Board will prepare a water services strategy and consult with shareholding Councils before adoption and implementation.</p>
<b>Accountability</b>	<ul style="list-style-type: none"> <li>The Multi-Council Controlled Organisation Board directly manages operations, is accountable to council shareholders and will report regularly on performance (shareholder councils are accountable to their communities).</li> <li>The Multi-Council Controlled Organisation will be required to work to a statement of expectations agreed by all shareholder councils and meet relevant statutory requirements.</li> <li>Shareholder councils (Kawerau, Whakatāne, Rotorua Lakes and Ōpōtiki District Council in this instance) retain the ability to dismiss or replace the Board of Directors for unsatisfactory performance, subject to collective agreement to take such action.</li> <li>The Multi-Council Controlled Organisation would provide an annual report, including financial statements and information on performance against the agreed statement of expectations, and any other matters outlined in the adopted water services strategy.</li> <li>The Multi-Council Controlled Organisation will adhere to Taumata Arowai water quality operational standards and reporting.</li> </ul>



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**Borrowing**

Borrowing arrangements and credit rating implications dependant on whether shareholder councils provide direct or guarantee financial support.

Higher borrowing levels and the impacts of financing costs will be reflected in the water services charges/rates.

The \*debt allocation for multi-council controlled organisations is yet to be finalised (i.e., how the 500% debt capacity is allocated to each of the member councils).

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**The financials**

There is no requirement for price harmonisation where everyone across the districts covered by the Multi-Council Controlled Organisation would pay the same amount.

The Multi-Council Controlled Organisation will set the price and invoice customers directly. Pricing will be subject to regulation from the Commerce Commission.

The average charge per residential household would vary depending on which Councils partnered together. The following is based on four Bay of Plenty Councils.

**Projected Average Annual Water Charges per Residential Household**

2024/25	\$1,200	<i>*Financial projections have been supplied by the Department of Internal Affairs.</i>
2025/26	\$1,300	
2026/27	\$1,500	
2027/28	\$1,600	
2028/29	\$1,800	
2029/30	\$1,850	<i>Note: Financial data will be updated once the Long Term Plan is confirmed and adopted on 25 June 2025.</i>
2030/31	\$1,900	
2031/32	\$1,950	
2032/33	\$2,000	
2033/34	\$2,050	

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**Debt capacity**

**Multi-council controlled organisation debt capacity: approximately 500% of revenue of the combined councils\***

A multi-council controlled organisation will have a reasonable amount of borrowing capacity to fund future investment without the need to increase revenue significantly.

Kawerau District Council debt capacity: 175% of revenue

Council's current borrowing capacity of 175% of revenue after waters are removed would also increase debt capacity.

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*\*How the debt capacity may be allocated within the multi-council controlled organisation is yet to be finalised. I.e., How the 500% debt capacity is allocated to each of the member councils is not finalised.*

# Consultation options – what are the choices for our community?

We are consulting the Kawerau community about the following options, which are guided by the potential delivery models.

## Option 1 Internal – An in-house business unit (our preferred option)

This means we keep delivering water services with our internal (in-house) business unit. This is our preferred option. Operationally, the most significant changes are in finance. All rates revenue from water must be “ring fenced”. For the three waters team, the focus will remain on maintaining excellent service delivery to the community. There will be an increased reporting requirement. Council currently reports to Taumata Arowai, but it would also need to supply data to the Commerce Commission.

## Option 2 Multi-Council Controlled Organisation (our alternative option)

Join with our neighbours Whakatāne, Ōpōtiki and Rotorua Lakes District Councils to form multi-Council Controlled Organisation and deliver water services to our districts. This is our alternative option.

	Preferred Option Internal in-house business unit	Alternative Option Multi-Council Controlled Organisation
Advantages	<ul style="list-style-type: none"> <li>Allows us to upgrade our infrastructure faster and cheaper.</li> <li>Maintains better value for ratepayers.</li> <li>Maintains excellent service response to the community.</li> <li>Meets the demand for growth in our district.</li> <li>Elected members keep decision making authority.</li> <li>Transition to targeted water and wastewater rates will mean users pay for the resource.</li> </ul>	<ul style="list-style-type: none"> <li>Meets the demands of a growing district.</li> <li>Maintains better value for ratepayers.</li> <li>This option aligns with central government's expectations.</li> <li>Higher levels of debt up to 500% are available.</li> <li>Transition to targeted water and wastewater rates will mean users pay for the resource.</li> </ul>
Disadvantages	<ul style="list-style-type: none"> <li>This option does not align with central government's expectations that Councils pursue Multi CCO and may impact on the relationship that this Council wants to have with the government on a range of different issues.</li> <li>Give Kawerau District a lower debt ceiling of 175% of the total revenue.</li> <li>Kawerau may not fully realise leverage from purchasing power of multiple councils.</li> </ul>	<ul style="list-style-type: none"> <li>Council will have less direct control over a Multi CCO than an internal business unit.</li> <li>There could be a level of disconnection from other Council planning.</li> <li>Our water service response to the community may be slower (depending on where the workforce is situated and other demands)</li> <li>Upgrading our infrastructure could be more expensive.</li> <li>Upgrading our infrastructure may not be prioritised in the same way with other councils' priorities taking precedence.</li> </ul>





# Local Water Done Well

## – Frequently Asked Questions

### Charging for water by meter

In the Kawerau district 30 properties are currently metered but the majority of urban residential properties are not. Kawerau District Council's current policy is not to meter residential users.

Water meters may be introduced in future across Kawerau's urban areas, but this is dependent on future decisions.

Metering water is a way to reduce the overall volume consumed by the district which would be positive as Kawerau uses twice as much water as Napier with 60,000 plus people.

Water metering would mean that those who use the resource, would pay for it.

Lowering the overall use of water, would make Kawerau better stewards of the resource and would lower processing costs of the water just by lowering the volume consumed.

Under the Local Water Done Well legislation New Zealand's independent economic regulator, the Commerce Commission, will monitor the pricing of water under any delivery model adopted.

Water meters may be introduced in some areas of New Zealand that currently don't have these. Meters are a way to accurately measure water use, help detect leaks, increase awareness of water consumption and encourage water conservation and charge only for actual water used per consumer. It would invoke better environmental stewardship | kaitiātanga.

### Ownership of water assets under Local Water Done Well

Under the new legislation there are safeguards and requirements to ensure water assets can't be sold or transferred to private entities.

### Monitoring and regulation of water services

Under Local Water Done Well changes are being introduced to better monitor services, quality and cost.

The Department of Internal Affairs is overseeing the implementation of the new legislation and providing support to councils.

The Commerce Commission will have an ongoing role around pricing through economic regulation.

Taumata Arowai – the Water Services Authority ensures drinking water meets national standards and will also implement new wastewater discharge standards that will come into effect around August 2025.

Councils or their water entities will have to pay additional costs now for these regulators. This coming year that includes \$42,000 to the Commerce Commission.

A range of other proposed legislation changes would also influence water services, such as the Resource Management Act (RMA) and new standards for wastewater treatment which are expected to reduce costs.



## What are the pros and cons of the two options?

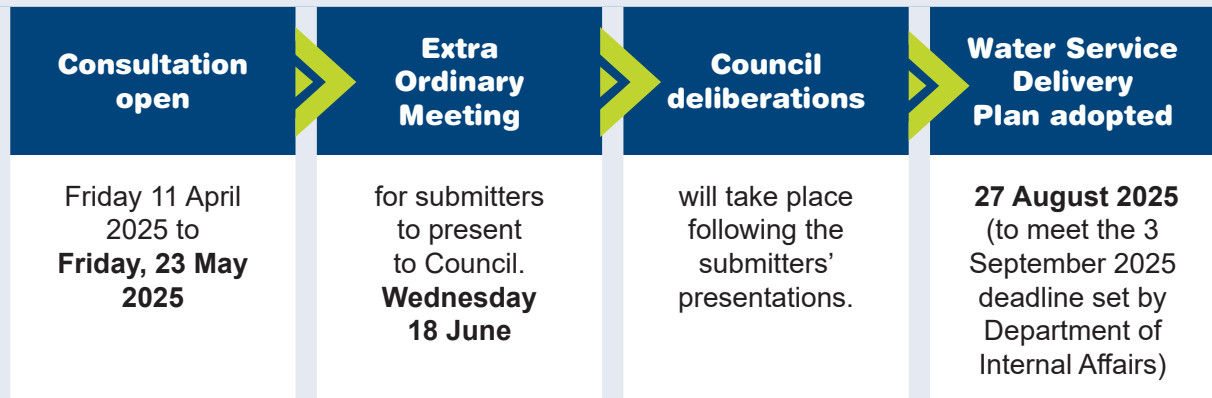
Here's how our internal business unit stacks up against the multi-council controlled organisation...

	In-house business unit	Multi Council company (CCO)
Upgrade new drinking water infrastructure faster and cheaper	✓	—
Complete an \$11.5 million upgrade of wastewater network using depreciation reserves over coming nine years	✓	—
Maintain better value for ratepayers	✓	✓
Maintain excellent service response	✓	—
Meet the demand for growth in the district	✓	✓
Independent organisations monitor water quality and charges	✓	✓
Ability to sell off water assets (privatise)	✗	✗
Elected Members keep decision-making authority of water services delivery	✓	✗
Requires targeted rates for waters in 2025-2026 and beyond	✓	✓

✓ YES    — SOMEWHAT    ✗ NO



# Timeline



## How to have your say

**Do you support the preferred option of Council continuing to provide water services in-house or our alternative option of joining a Multi-Council Controlled Organisation with four Bay of Plenty Councils? Why/why not?**

There are various ways you can provide feedback for the Council to consider in its decision making:

- **Go online** to: [www.kaweraudc.govt.nz/local-water-done-well](http://www.kaweraudc.govt.nz/local-water-done-well)
- **Send your submission or feedback** to Kawerau District Council:  
Chief Executive Officer, Kawerau District Council, Private Bag 1004, Kawerau 3169
- **Drop off** a submission or feedback to the Council Offices, isite or District Library
- **Email us** at [submissions@kaweraudc.govt.nz](mailto:submissions@kaweraudc.govt.nz) with the subject line 'Local Water Done Well'
- **Direct message us on Facebook** @KawerauDistrictCouncil
- **Phone us** on 07 323 9009
- **Talk to us at one of our community events** – keep an eye out on Kawerau District Council channels for event information.

You are welcome to also share your views in any way that suits you.

Please add your name and contact details and email it to us or submit it online.

scan to make  
an online  
submission





Kawerau District Council, Ranfurly Court, Kawerau

Waea **Phone** 07 306 9009

Īmēra **Email** [kaweraudc@kaweraudc.govt.nz](mailto:kaweraudc@kaweraudc.govt.nz)

Pukamata **Facebook** [KawerauDistrictCouncil](#)

Pae Tukutuku **Website** [kaweraudc.govt.nz](http://kaweraudc.govt.nz)