

Shaping our TOMORROW

Ngā rā anamata

LONG TERM PLAN 2018-28

- FACT SHEET -



'EQUALISATION' PROPOSED FOR MURUPARA

Background

Historically, Murupara's water and wastewater schemes have not been 'equalised', because they have been relatively cheap to maintain and operate, compared with other schemes around the district. Murupara ratepayers paid the actual costs for their schemes, which was a major factor in the lower water and wastewater rates – and overall rates bills – for properties in the town.

That situation will change in the coming years, however, as the resource consents the schemes operate under have to be replaced by 2026. The wastewater treatment system in particular will require expensive upgrading (estimated at more than \$11 million) to meet the quality standards now expected of a modern sewerage system. This could involve a new and more efficient treatment plant and disposal of treated effluent to land rather than the Rangitāiki river.

The town's water supply also requires upgrading to comply with the water safety plan for the scheme. The Council recently decided not to go ahead with chlorine treatment, at the community's request. But to make the reticulation system as safe as possible, we agreed to install backflow prevention devices on all connections, to stop any possible contamination sources within the reticulation network. This work is expected to cost \$475,000 during the 2018/19 year.

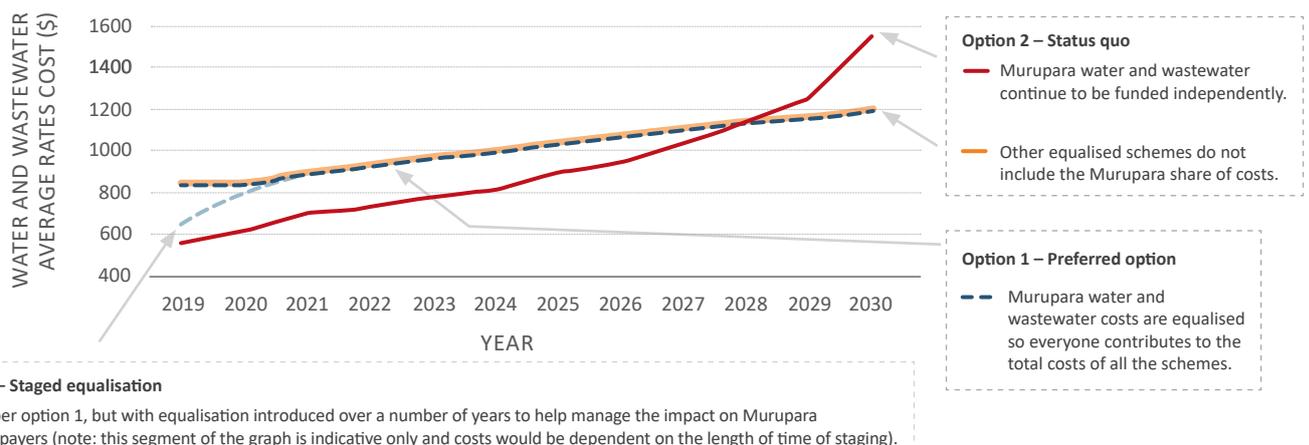
What is 'equalisation'?

Equalisation of our water and wastewater schemes means all operating, maintenance and upgrade costs are shared across the district, so every connected property pays the same cost for the same level of service. Essentially, this takes any 'cost shocks' out of play, because if any one scheme requires a major investment, the cost involved is shared by all connected properties, making it more affordable for everyone in the long-run.

Why equalise Murupara's schemes now?

Without equalisation, the known future upgrade costs for Murupara's water and wastewater systems would result in a huge cost increase for connected properties in the next decade and beyond (see the red line on the graph below). If the town's schemes are not equalised, Murupara could continue to have lower water and wastewater rates for some years to come, but it would not be fair to ask other ratepayers to pick up the costs of the future upgrades needed if Murupara ratepayers are not also contributing to the overall costs of all District schemes.

OPTIONS FOR EQUALISATION OF MURUPARA WATER AND WASTEWATER RATES



What is a fair way of funding the expensive upgrades which will be needed for Murupara's water and wastewater systems?

OPTION 1

Equalise the costs of Murupara Water and Wastewater from 2018/19

- + Murupara would be exposed to much lower rates increases over the long-term, with an average rating increase of \$57 per year over the next 12 years.
- + Communities receiving the same water and wastewater service would all be paying the same amount for that service.
- Murupara would face a \$200 jump in rates for water and wastewater in 2018/19.

PREFERRED OPTION

OPTION 2

Do not equalise the costs of Murupara Water and Wastewater

- + The Murupara community would continue pay lower rates for their water and wastewater in the short-term.
- + Rates increases for other equalised connections in the District would not be impacted by Murupara's upgrade costs.
- The Murupara community would be exposed to large rates increases in the long-term, with an average increase of \$94 a year over the next 12 years.
- Communities receiving the same water and wastewater service would not all be paying the same amount for that service.

STATUS QUO

OPTION 3

Equalise Murupara Water and Wastewater over a number of years

- + Murupara would be exposed to much lower rates increases over the long-term.
- + Murupara would face less of a rates jump in 2018/19, with the increase smoothed out over a number of years.
- + Communities receiving the same level of service for water and wastewater would all be paying the same amount for that service.
- The Murupara community would face an increase in rates for water and wastewater from 2018/19, although the immediate cost would be lower than under option 1.



What is fair?

Council elected members did not think it was fair to expect Murupara ratepayers to pick up huge rates increases when their schemes are upgraded in the future. However, they also felt it would not be fair to equalise the town's schemes when those upgrades come along, and expect property owners connected to other schemes to pick-up Murupara's costs.

The two feasible alternatives to retaining the current approach are therefore to equalise Murupara's schemes now; or to equalise them over a number of years to smooth out the cost increase.

Our Long Term Plan consultation document – 'Shaping our tomorrow – Ngā rā anamata' – is seeking Murupara's feedback on what it sees as the fairest way to proceed. Ratepayers connected to other water and wastewater schemes will also have a chance to say what approach they think is fair.

This is your chance to 'have your say' before Council members decide on the best way forward.

Tell us what you think by 5pm Monday, 23 April 2018

Shaping our Tomorrow Ngā rā anamata LONG TERM PLAN 2018-28

 **WHAKATĀNE**
District Council
Kia Whakatāne au i ahau

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