

24 December 2024

Hon. Simeon Brown
Minister of Local Government
Parliament Buildings
Wellington
By email: S.Brown@ministers.govt.nz

Dear Minister

LOCAL WATERS DONE WELL – WHAKATĀNE DISTRICT COUNCIL UPDATE

I am writing to update you on several matters relating to Local Water Done Well and to request your support for Whakatāne District Council as we consider options for future water services delivery.

My Council has made good progress in preparing for its submission of a Water Services Delivery Plan, including by:

- undertaking an assessment of the viability and financial sustainability of our current service delivery model; and
- undertaking a high-level assessment of the future service delivery model options available under LWDW.

Like many other rural and provincial councils, Whakatāne District Council faces some significant challenges in meeting the financial sustainability requirements of Local Water Done Well while also ensuring services remain affordable for our communities, which has an average level of deprivation above much of NZ and includes particular areas of very high socio-economic deprivation (NZDep > 9).

Given this situation the Council faces both immediate and longer-term challenges in meeting the requirements for financial sustainability under the Local Government (Water Services Preliminary Arrangements) Act 2024. These challenges include:

- upgrades to four of our six wastewater treatment plants will likely be required to meet replacement consent requirements – current consents expire in 2026, and compliance requirements are currently set at a ‘basic level’;
- the Council’s LTP does not provide funding allocation for anticipated works, which Council officers currently estimate may require an additional \$200 million given the age of existing consents and should standards become increasingly stringent; and
- if we were to include this investment in our Water Services Delivery Plan to ensure compliance should future regulatory requirements become more stringent, this would require significant increases in borrowing and water revenues which would be unaffordable for our communities.

We attach a copy of the report produced by consultancy, MartinJenkins, which sets out these challenges and an assessment of the viability and sustainability of our current service delivery model.

Given the challenges identified, we are undertaking further work to explore how we could meet LWDW requirements on a standalone basis (i.e., continuing with our existing service delivery model) while continuing to deliver affordable water services.

We have engaged engineering consulting firm Tonkin and Taylor to assess the council's capex and opex profile in our 2024/34 Long Term Plan, including developing options for a staged approach to achieving compliance.

We are also assembling an entity called the 'Mayor's Taskforce for Water' which will harness local water engineering expertise at no cost with a view to advise on ways of achieving economies.

We anticipate that it will be challenging to meet the requirements for financial sustainability while simultaneously keeping water services affordable and wish to engage with the Department of Internal Affairs, the Bay of Plenty Regional Council and the Water Services Authority about the acceptability of achieving compliance with drinking water and environmental requirements over a longer-period.

In addition, the Council has also resolved to explore opportunities with Tauranga City Council and Western Bay of Plenty District Council for a potential joint water services council-controlled organisation. We have begun exploratory conversations with these councils but we are conscious that, under LWDW, there is nothing that requires these councils to work with us and there is currently no formal commitment to jointly explore a potential joint arrangement involving WDC.

For that reason, we would like to request support from the Department of Internal Affairs to facilitate progress on joint arrangements with other councils, including potentially the appointment of a Crown Facilitator (*if required*) to help WDC explore potential joint arrangements with Tauranga City Council and Western Bay of Plenty District Council (and potentially others). We consider this support could help accelerate the consideration of sub-regional or regional water services, which would allow us to publicly consult on this option prior to deciding on future service delivery arrangements next year.

Thank you for your consideration and we look forward to hearing from you.

Sincerely,



Dr Victor Luca

Mayor/Koromatua