



Council Briefing

Hui Whakamōhio

Wednesday, 25 June 2025
Wenerei, 25 Pipiri 2025

Tōtara Room, Whakatāne District Council
14 Commerce Street, Whakatāne
Commencing at 9:00 am



Chief Executive: Steven Perdia | Publication Date: 19 June 2025

Recording the Briefing - *Ka hopuhia te hui**Recording the Briefing - Ka hopuhia te hui***PLEASE NOTE**

The **public section** of this briefing will be recorded.

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A *Membership - Mematanga*

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Councillor John Pullar

Councillor Ngapera Rangiaho

Councillor Nándor Tánczos

B Briefing Purpose - *Te Take o te hui***B** *Briefing Purpose - Te Take o te hui*

Councillors have many complex issues about which to make decisions and rely on the advice they receive from the administration. Complex issues often require more extensive advice processes which culminate in the council report. Briefings are a key feature to help prepare Councillors with the appropriate background and knowledge for robust decision making during future meetings. They are sessions during which Councillors are provided with detailed oral and written material, and which provide Councillors with the opportunity to discuss the issues between themselves and with senior council staff.

Briefings are scheduled monthly; however due to the nature of Council business, additional Briefings may be held.

Briefings cannot be used to make final decisions, as final decisions and resolutions cannot lawfully be made outside the context of a properly constituted meeting.

TABLE OF CONTENTS

1	Karakia	7
2	Briefing Notices - <i>Ngā Pānui o te hui</i>	7
3	Apologies - <i>Te hunga kāore i tae</i>	7
4	Presentations - <i>Whakaaturanga</i>	8
4.1	3Waters Rating Review	8
5	Reason to Exclude the Public - <i>Te take kia awere te marea</i>	39

1 Karakia

[1](#) [Karakia](#)

[2](#) [Briefing Notices - Ngā Pānui o te hui](#)

1. Recording

Welcome to members of the public who have joined us today.

Council Briefings are recorded. Public gallery attendees' presence implies your consent to being broadcast.

Recordings are available upon request.

2. Health and Safety

In case of an emergency, please follow the building wardens or make your way to the nearest exit. The meeting point is located at Peace Park on Boon Street.

Bathroom facilities are located opposite the Chambers Foyer entrance.

3. Acknowledgements

[3](#) [Apologies - Te hunga kāore i tae](#)

4 Presentations - *Whakaaturanga*

[4](#) [Presentations - *Whakaaturanga*](#)

[4.1](#) [3Waters Rating Review](#)

Bevan Gray, Philip Jones and Greg Robinson will speak to the attached presentation.

4.1 3Waters Rating Review(Cont.)

3Waters Rating Review - Water

Council Briefing: 25 June 2025

Presented by: Bevan Gray, Philip Jones & Greg Robinson



whakatane.govt.nz

Better Together Toitū te Kotahitanga



4.1 3Waters Rating Review(Cont.)

Topics for today



- Confirm the direction we need from you today.

- Agree principles for:

Water supply

- Should all connected properties be metered?
- What is preferred option for allocation percentage of fixed versus variable costs?

Stormwater

- Should all commercial/industrial properties (outside of Whakatane) have the 2.2 differential applied?
- What is the preferred option for allocation percentage fixed targeted rate (UAC) and capital value?
- If we have a district wide contribution, rather a community contribution what is the rationale?

Wastewater, water supply and stormwater

- Equalisation - yes or no, if yes or over what time?



4.1 3Waters Rating Review(Cont.)

What are our guiding principles?



- Ensure compliance with legislation.
- Honouring our obligations under Te Tiriti o Waitangi.
- Alignment to our strategic goals.
- Ensuring we maintain financial prudence and sustainability.
- Delivering community outcomes.
- Water conservation considerations.
- Fair and equitable charging.
- Users pay their fair share of costs.
- Budget considerations.
- Consideration of affordability.

3



4.1 3Waters Rating Review(Cont.)

Next steps



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Final impacts and equalisation transitions	30 July 25
Formal report to Finance and Performance Committee which will consider all options considered to date for decision(s) as a recommendation for the new Council for consultation as part of the 2026/27 Annual plan	28 August 25
Data refinement	

4.1 3Waters Rating Review(Cont.)

Water supply - direction sought



- Should all connected properties be metered?
- What is preferred option for allocation percentage of fixed versus variable costs?
- Should those with higher capacity pay more ? – based on size of connection.



4.1 3Waters Rating Review(Cont.)

Volumetric charging



All the literature endorses metering.

Volumetric Charging can be steady – constant amount per cubic metre used. Or:

- Increasing – Amounts above a certain quantity attract a higher rate.
- Decreasing – Amounts above a certain quantity come with a discounted rate.



Volumetric – increasing or decreasing?



Why you might have an increasing or decreasing rate depending on usage.

Increasing rate
Strongly promotes conservation
Useful for finite resource – e.g. water supply dam
Responds to climate extremes

Decreasing rate
Recognises important district enterprise
Can bring in extra revenue
Protects your revenue stream



4.1 3Waters Rating Review(Cont.)

Current funding model



Whakatāne, Ōhope, Edgecumbe, Tāneatua, Te Mahoe (all schemes excluding Murupara) (\$)	
798.34	fixed amount per connection connected and non-metered
285.85	fixed amount per rating unit availability – non connected (capable of connection)
285.85	fixed amount per connection connected and metered
2.23	per cubic metre of all water supplied to each rating unit connected and metered

Murupara (\$)	
625.06	fixed amount per connection connected and non-metered
257.84	fixed amount per rating unit availability – non connected (capable of connection)
257.84	fixed amount per connection connected and metered
1.60	per cubic metre of all water supplied to each rating unit connected and metered

25% increase cf 23/24

26% increase

32% increase



4.1 3Waters Rating Review(Cont.)

Current funding model - continued



Plains (\$)		
294.79	fixed amount per connection connected and non-metered	9% decrease
0.50	per cubic metre of all water supplied to each rating unit connected and metered	22% increase

The Council sets an additional targeted rate for any excess water consumed that is over and above the purchased entitlement for each property connected to the Plains water supply scheme. An overuse targeted rate is set for the excess volume consumed over and above the purchased entitlement of **\$0.90** per cubic metre.

No change

Note: where properties meet the definition of being contiguous either under legislation or Council policy, the entitlements for such properties will be aggregated prior to an imposition of the overuse penalty.



4.1 3Waters Rating Review(Cont.)

'Fixed' based on connection size?



Possible 'fixed'
charge model

Connection dia. (mm)	Count	Rate	Flow rate litres/min
15	5360	\$ 286	30
20	3984	\$ 286	30
25	2094	\$ 286	30
32	88	\$ 731	72
40	70	\$ 1,142	113
50	59	\$ 1,785	177
63	11	\$ 2,833	281
80		\$ 4,569	452
100	13	\$ 7,139	707
125	2	\$ 11,154	1,104
150	5	\$ 16,062	1,590
180	3	\$ 23,130	2,290



4.1 3Waters Rating Review(Cont.)

Water Supply - Fixed vs Variable rate charges



- The privilege of having water available, is approx. 75% of costs.
- How much water is produced/consumed is approx. 25% of costs.
- Therefore, how much should each property pay for the privilege of having water available? The crux of the fixed vs variable debate.
- Higher usage requires more electricity, chemicals, parts and maintenance , staff time etc.
- Lower usage reduces those mentioned costs but does not really reduce the cost of providing the network itself.



4.1 3Waters Rating Review(Cont.)

Water Supply -Having HIGH fixed rates and LOW variable



Positives

- Financial certainty, the number of connections does not change much, council will be able to collect with reasonable certainty.
- Deviations from budgeted usage, don't cause large losses or overcharges.
- High fixed rates mirror the cost of the network, so 75% of costs are fixed network costs, higher fixed rates recovers this via the privilege of having water available.
- Within the remaining variable usage rates, high users are paying a high share.

Negatives

- Does not drive water conservation.
- Increased consumption may have adverse effect on the network.



4.1 3Waters Rating Review(Cont.)

Water Supply - Having LOW fixed rates and HIGH variable



Positives

- Promotes water conservation.
- Supports the user pays ideology .
- Enables users more control over household costs.

Negatives

- Financially uncertain, leaves council open to unbudgeted losses/over charges (mitigated as we have a 40:60 split already).
- Little contribution towards the cost of the network for low users.

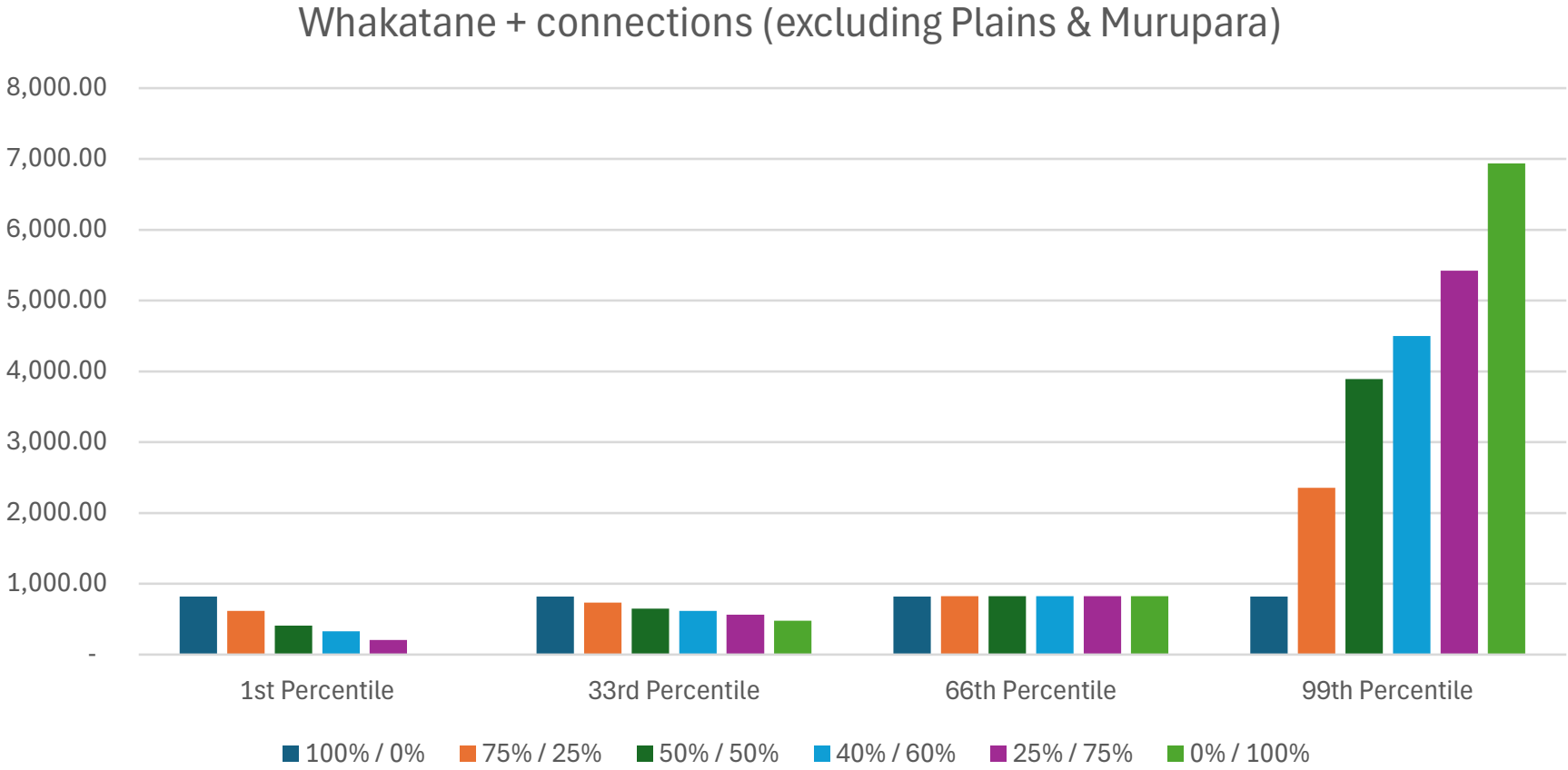


4.1 3Waters Rating Review(Cont.)

Water Supply - Moving the fixed/variable slider



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4.1 3Waters Rating Review(Cont.)

Water Supply - Impacts of moving the fixed/variable slider



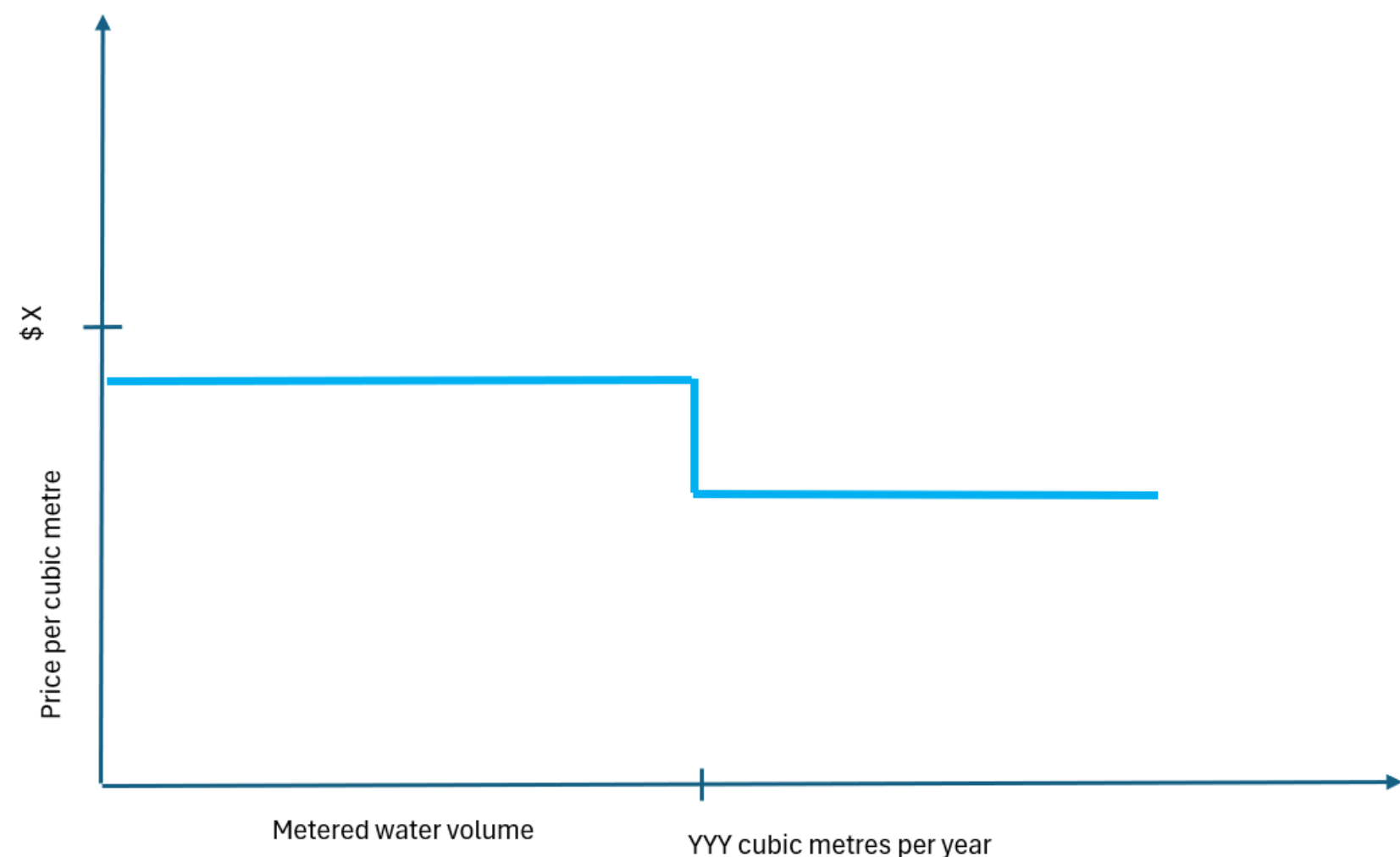
- 10,000 connections lined up from lowest to highest usage.
- 66th Percentile (number 6,600) it does not matter what the fixed and variable split is, as they will always pay the same amount.
- 99th Percentile (number 9,900) the impact is rather large as the slider is adjusted between fixed and variable.
- Closer you are to 66th percentile, the lesser the impact of the slider.
- Further away from 66th percentile, the greater the impact of sliding.
- The potential range for the lowest user is \$0 and \$821.
- The potential range for the highest Whakatāne user is \$821 and \$178,625.



4.1 3Waters Rating Review(Cont.)

Example of decreasing block volume charging





16



4.1 3Waters Rating Review(Cont.)

Stormwater Direction sort



- Should all commercial/industrial properties (outside of Whakatane) have the 2.2 differential applied?
- What is the preferred option for allocation percentage fixed targeted rate (UAC) and capital value?
- If we have a district wide contribution, rather a community contribution what is the rationale?



4.1 3Waters Rating Review(Cont.)

Stormwater



- Councillors requested we model district wide **2.2 commercial factoring** and also 30% General rates stormwater funding, district wide.
- Rolling out district wide 2.2 commercial factoring will redistribute \$120K from residential to commercial, it would require doubling the number of stormwater rate codes and complicate things further.
- Easy to roll out if stormwater was equalised.
- Have not modelled due to any notable changes only impacting a small group.
- Collecting up to **30% of stormwater from general rates**, would generate up to \$1.5 million from outside the current stormwater schemes.
- Stormwater needs to be equalised to support modeling its impact.

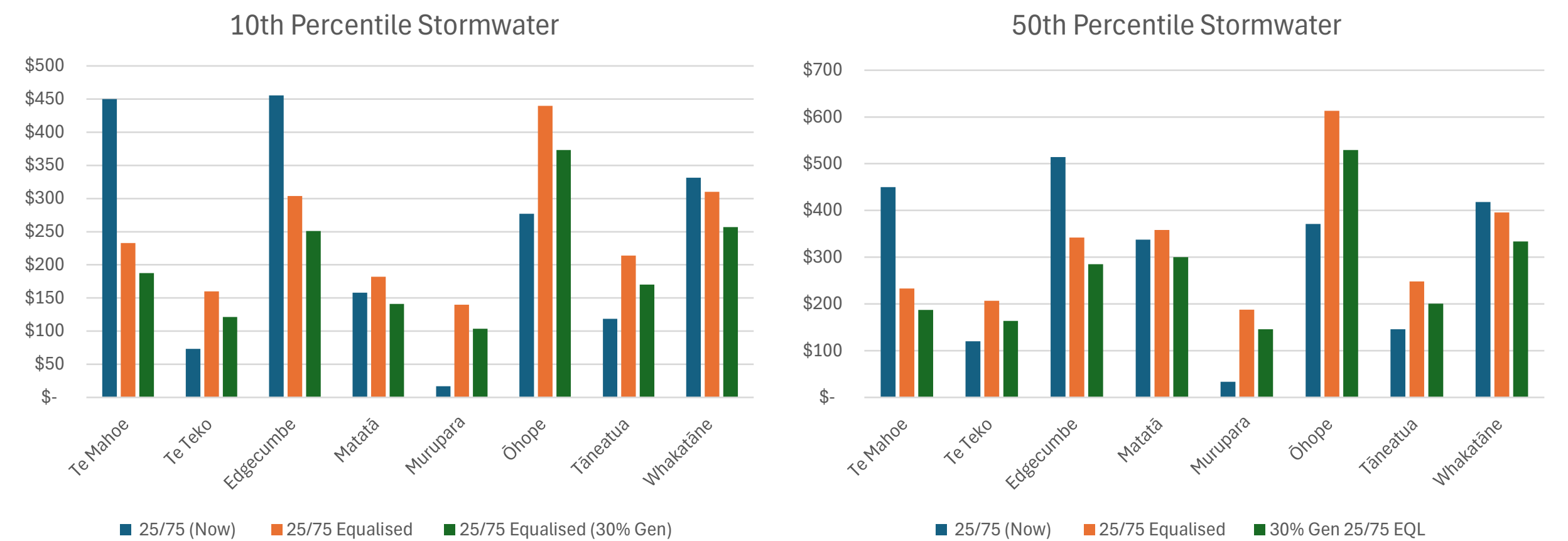


4.1 3Waters Rating Review(Cont.)

Stormwater – 10th & 50th Percentile Residential



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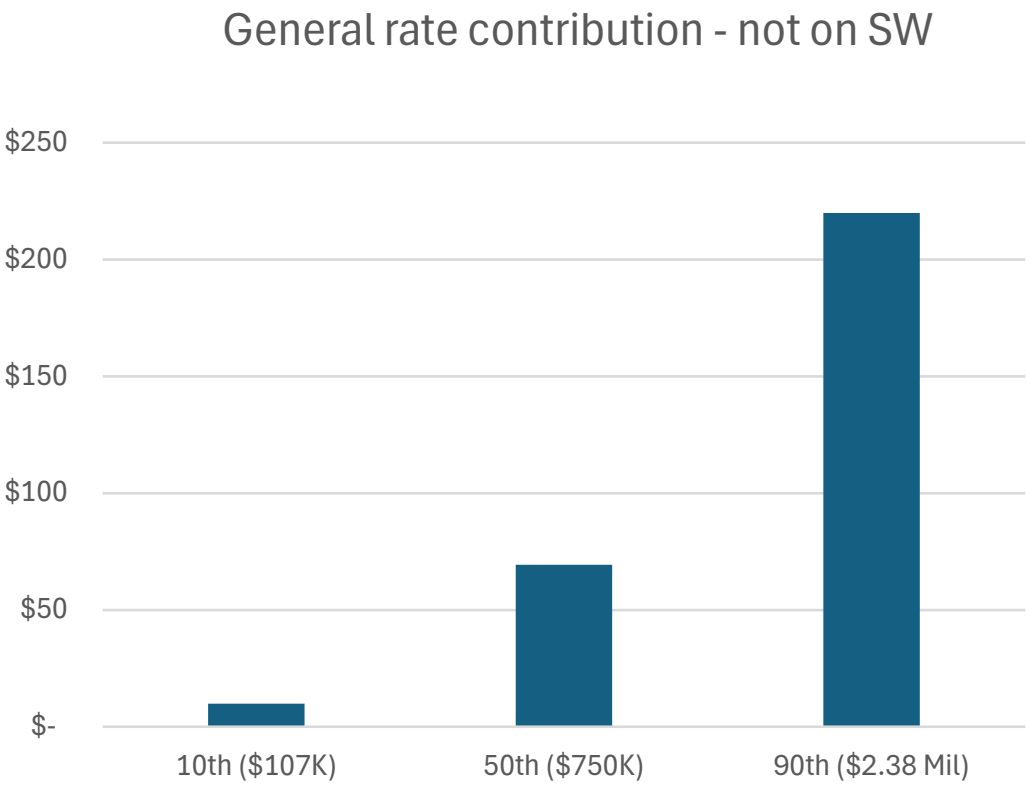
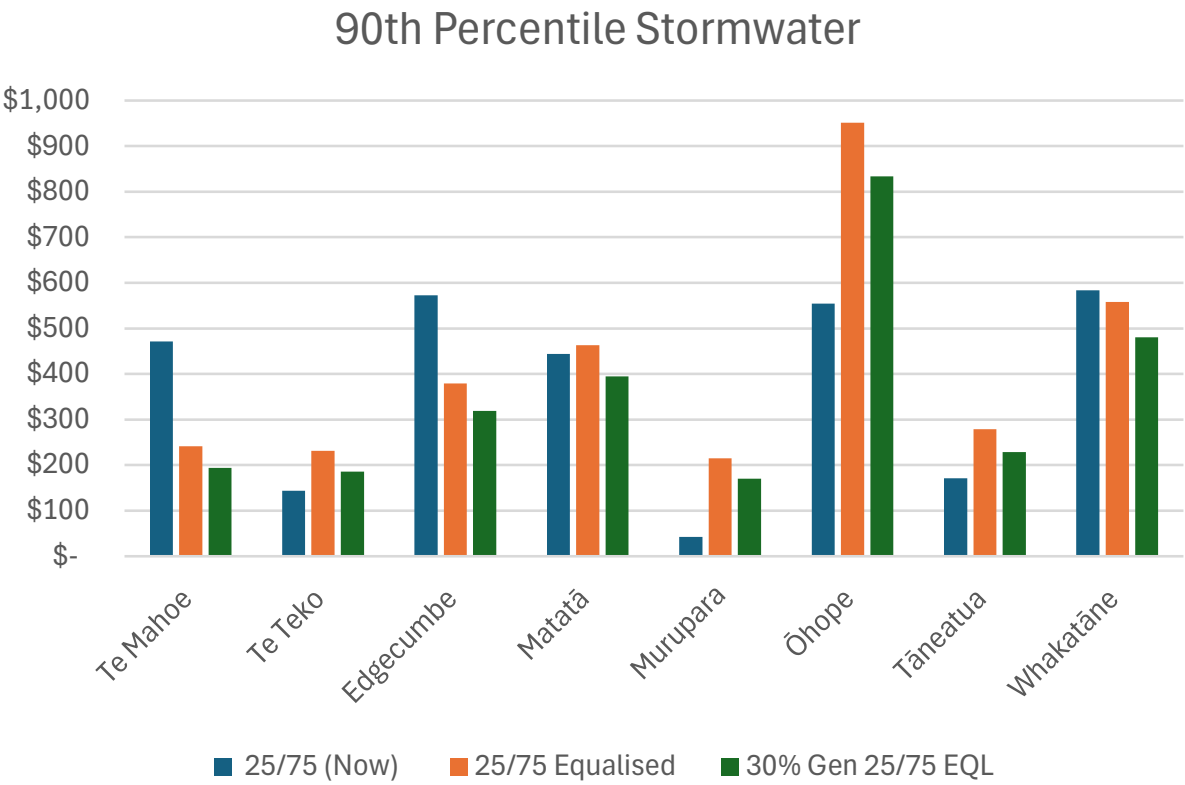


4.1 3Waters Rating Review(Cont.)

Stormwater – 90th Percentile Residential and General rate contribution for non SW



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4.1 3Waters Rating Review(Cont.)

Stormwater – Fixed vs Variable slider

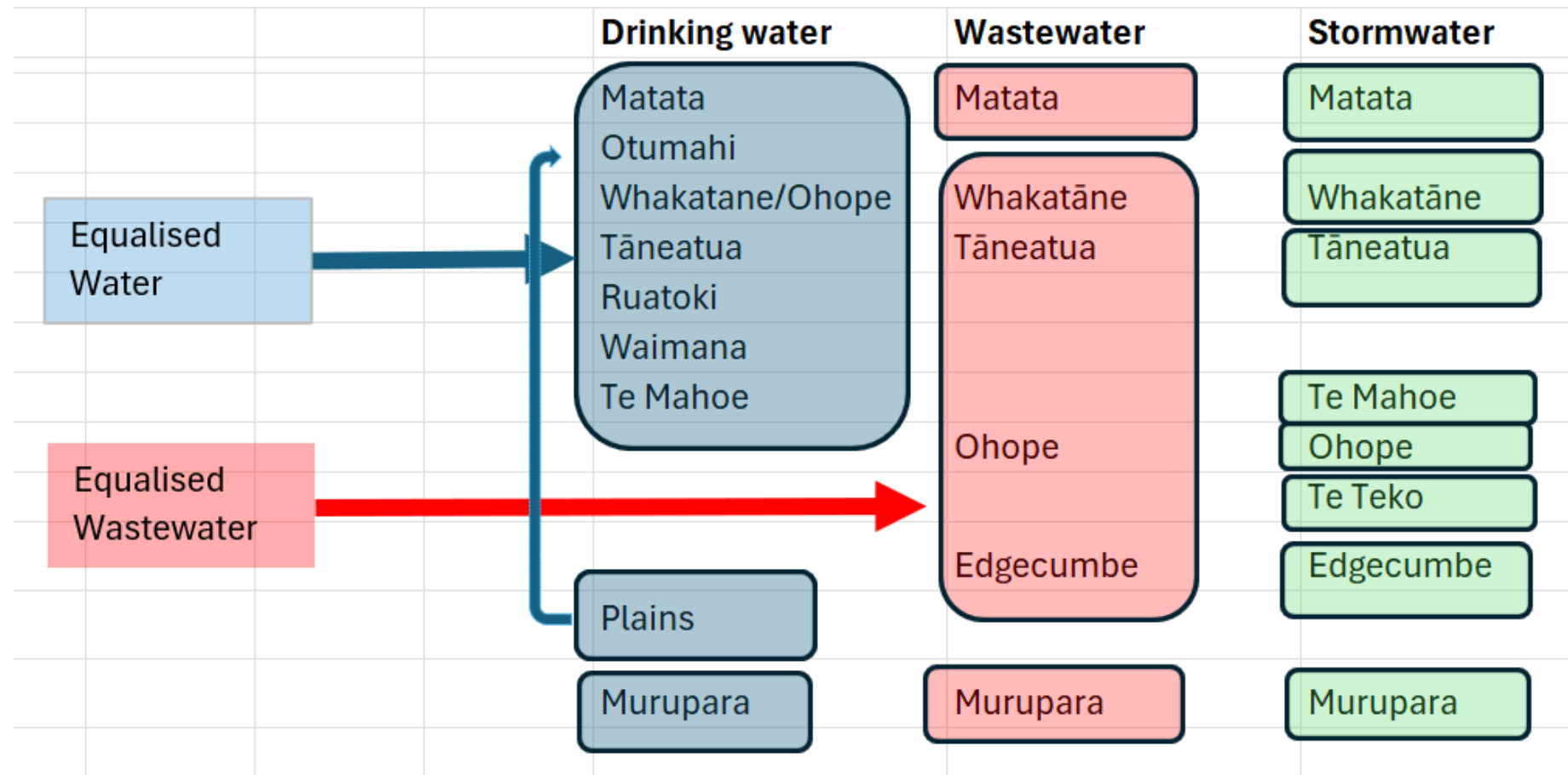


- Currently 25% fixed and 75% on Capital Value (CV).
- Unlike water supply, moving the slider does not alter user behavior (rate payers CV is fixed and there is no choice to use more/less).
- Increasing the fixed portion above 25% will increase the rates on lower value properties and reduce the rates on higher valued properties.
- Increasing the variable portion above 75% will decrease rates on lower valued properties and increase rates on higher valued properties.



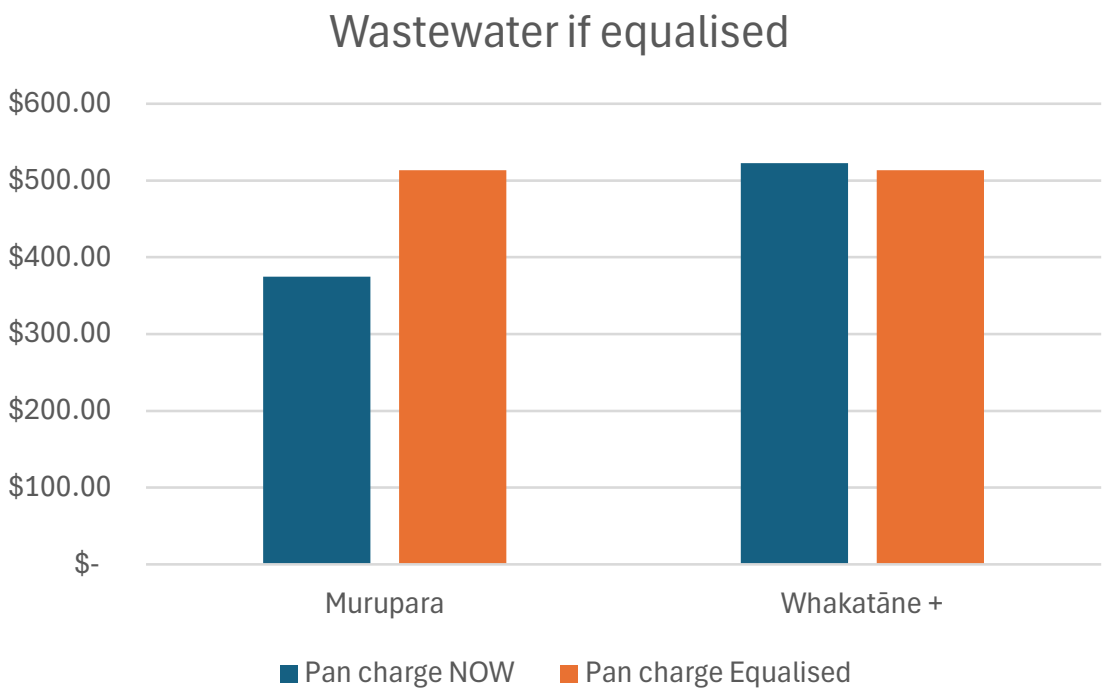
4.1 3Waters Rating Review(Cont.)

Reminder – Current arrangements



4.1 3Waters Rating Review(Cont.)

Wastewater - Impacts of Equalisation



- Murupara faces significant capital works in the near future.
- Less than 800 connections to spread that cost over makes it unaffordable.
- The rest of the district's wastewater is already equalized.



4.1 3Waters Rating Review(Cont.)

Plains Water Supply - Further considerations



- While only 42yrs young, the pipes used were farm grade, supplying the original 195 properties. Now they supply almost 2,000 properties, are small in diameter and not high pressure. They are not what a modern water utility would install and no longer fit for purpose.
- This has led to large amounts of leaks, resulting in large leak remissions and constant complaints from users of low water pressure.
- Due to supply issues, Otumahi helps supply the Plains, but none of the costs associated with Otumahi are passed onto the Plains as there is not an easy way to directly meter actual usage.



4.1 3Waters Rating Review(Cont.)

Plains Water Supply - Further considerations



- Depreciation is on cheaper small farm grade pipes, when in reality larger, high pressure, high grade pipes will replace them.
- CAPEX to upgrade the Plains has previously been deemed unaffordable and undeliverable. Despite the Plains currently and historically paying significantly cheaper for water.
- Equalisation will allow the Plains to move forward.
- Higher variable water charges will drive conservation and help some of the short term issues the Plains face.



4.1 3Waters Rating Review(Cont.)

Water Supply - Impacts of equalisation



- Murupara would see a slight increase as 95% are non metered.
- Plains connections would see ascending increases based on usage, so higher users would see much larger overall % increase than the low users.

	10th Percentile	50th Percentile	90th percentile
Plains Equalised	24%	73%	140%
Whakatāne Equalised	-9%	-17%	-22%

- A step-down variable rate would help resolve the large increases for high users on the Plains.
- Moving the fixed /variable slider towards more fixed, less variable would help resolve large increases to high users on the Plains. (This is inconsistent with our principles).
- Introducing fixed charges based on connection size will have a small impact on the majority of connections, but would impact the 2% with larger connections who would pay more than the are currently.

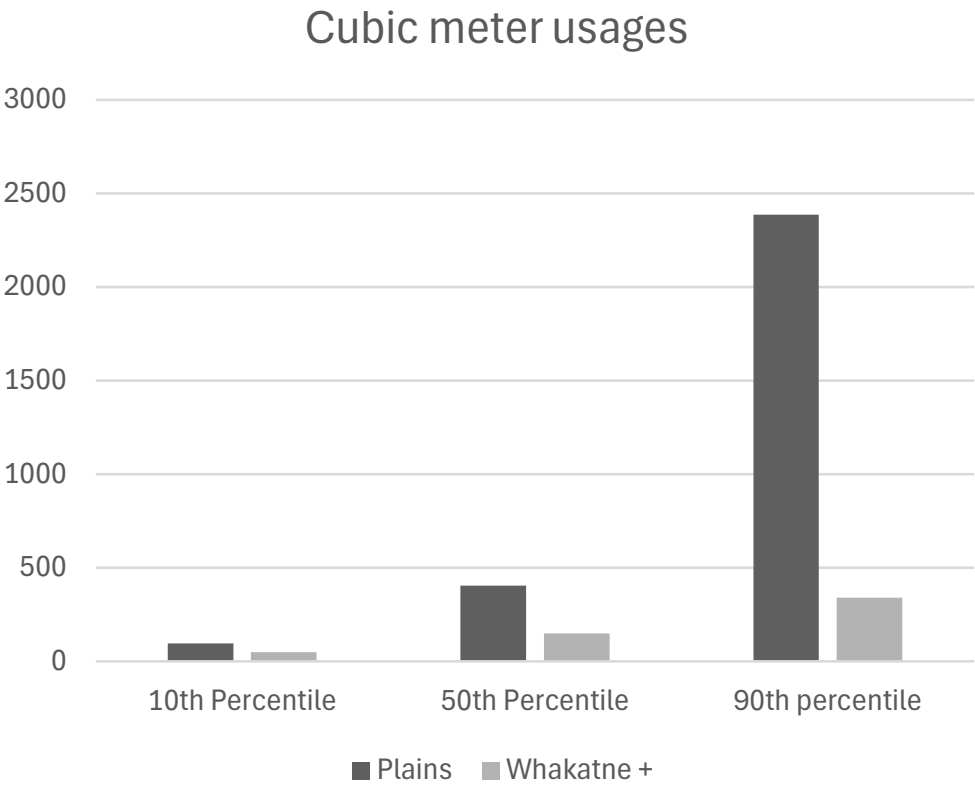
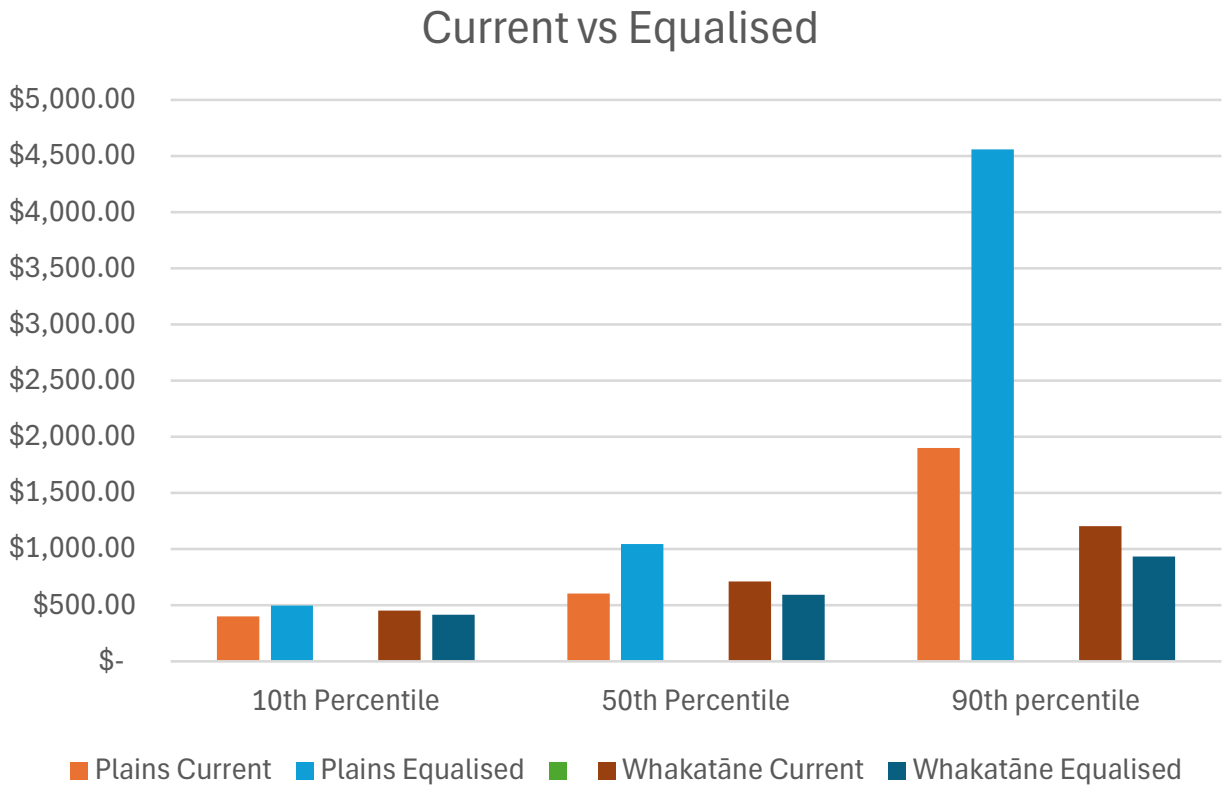


4.1 3Waters Rating Review(Cont.)

Water Supply - Impacts of Equalisation



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95% of Murupara is not metered. Current \$718.92 vs Equalised \$736.05

4.1 3Waters Rating Review(Cont.)

Stormwater – Equalisation and 30% General rate



- Stormwater has district wide benefits rather than being directly isolated and attributable to the immediate properties within each stormwater scheme.
- Equalising stormwater recognises that having district wide access to our roads, businesses, friends, family and wider community, benefits more than just the people directly situated within each stormwater scheme.
- Introducing up to 30% general rate funding for stormwater, recognises similar principles as equalisation, but recognizes those benefits apply also to people outside one of the current 8 schemes.



4.1 3Waters Rating Review(Cont.)

50th Percentile RESIDENTIAL & LIFESTYLE snapshot of full equalisation including 30% general rates funding for stormwater



	Capital value	Pan count	Water cbm	Total 3W now	Stormwater	Wastewater	Water supply	Total Change	Total 3W Equalised
Te Mahoe	\$ 280,000	1	149	\$1,684.16	-\$262.55	-\$9.61	-\$118.14	-\$390.30	\$1,294.06
Te Teko	\$ 217,500	1	149	\$1,354.37	\$43.77	-\$9.61	-\$118.14	-\$83.98	\$1,270.58
Edgumbe	\$ 540,000	1	149	\$1,748.41	-\$229.11	-\$9.61	-\$118.14	-\$356.86	\$1,391.74
Matatā	\$ 580,000	1	149	\$1,571.69	-\$37.37	-\$9.61	-\$118.14	-\$165.12	\$1,406.76
Murupara	\$ 170,000	1	230	\$1,127.00	\$112.70	\$138.68	\$17.13	\$268.51	\$1,395.62
Ōhope	\$ 1,190,000	1	149	\$1,605.21	\$158.27	-\$9.61	-\$118.14	\$30.52	\$1,635.93
Tāneatua	\$ 315,000	1	149	\$1,379.85	\$54.91	-\$9.61	-\$118.14	-\$72.84	\$1,307.21
Whakatāne	\$ 670,000	1	149	\$1,652.52	-\$84.39	-\$9.61	-\$118.14	-\$212.14	\$1,440.57
Plains	\$ 750,000	1	404	\$1,125.53	\$69.00	\$0.00	\$441.27	\$510.27	\$1,626.64

- Based on 50th percentile capital value for each town/settlement.
- Based on 1 pan per property.
- Based on current 50th percentile residential/lifestyle water usage in cubic meters per scheme.
- 95% Murupara is unmetered and therefore charged based on a fixed 230 cbm.
- Murupara becoming metered would allow savings for those who decide to conserve water.
- Water conversation for the Plains would reduce their increases.



4.1 3Waters Rating Review(Cont.)

Next steps



Final impacts and equalisation transitions	30 July 25
Formal report to Finance and Performance Committee which will consider all options considered to date for decision(s) as a recommendation for the new Council for consultation as part of the 2026/27 Annual plan Data refinement	28 August 25

5 Reason to Exclude the Public - *Te take kia aware te marea*

5 *Reason to Exclude the Public - Te take kia aware te marea*

Prevent or mitigate material loss to members of the public Section 7(2)(e).