

Department feedback on Whakatāne District Council Draft Water Services Delivery Plan

This is an initial review of the draft water services delivery plan you have provided and does not constitute formal assessment or acceptance of the plan. Once your final plan is submitted, the Secretary for Local Government holds responsibility for accepting or not accepting Plans.

The document that has been reviewed is named “Water Services Delivery Plan – DRAFT 31 July 2025 - Whakatāne District Council” and was provided to the Department on 31 July 2025.

General Comment

The draft plan appears to meet the content requirements set out in section 13 of the Local Government (Water Services Preliminary Arrangements) Act 2024 (the Act).

We have noted some areas where some further detail and clarification is needed for a full view on financial sustainability to be formed. We would recommend these areas are addressed ahead of submission of your final plan.

Legislative compliance

Section 8 of the Act requires that a water services delivery plan is financially sustainable.

Financially sustainable means, in relation to delivery of water services, that:

- the revenue applied to the authority’s delivery of those water services is sufficient to ensure the authority’s long-term investment in delivering water services; and
- the authority is financially able to meet all regulatory standards and requirements for the authority’s delivery of those water services.

Our financial sustainability assessment has identified some matters for your consideration as you finalise your plan. Clarification of these matters in your final plan will help inform our assessment.

Financial sustainability

In order to assess investment sufficiency, we consider whether the projected water services investment is sufficient to meet levels of service, regulatory requirements and provide for growth.

Our assessment has identified some risks to the financial sustainability of the proposed in-house business unit delivery model outlined below.

We note that some of these financial sustainability challenges could be addressed by establishing a joint water services organisation. We understand that Whakatāne District Council intends to continue to work with your neighbouring councils in the east Bay of Plenty to explore the viability and benefits of establishing a joint water services organisation.

Non-compliance of wastewater infrastructure with regulatory standards

- Page 5 of the draft plan states that the wastewater infrastructure will be non-compliant with regulatory standards until 2032. Please provide more detail on the cause of non-compliance and the capital projects required to achieve compliance.
- The draft plan shows that there is debt headroom available. Total Wastewater capital expenditure spend to FY2031/32 is \$116.3m, and \$44.9m will be spent by FY2027/28. Has a financial model scenario been done where wastewater infrastructure compliance is achieved by 2028?
- Resource consents listed have zero non-compliance. However, we note there are 6 water take consents that are due to expire in 2026 which were granted in the 1970's and 1980's. We also note there are 8 wastewater discharge consents that are due to expire in 2026 and were granted at least 20 years ago. Please provide commentary on likely issues to overcome with the new consents and ensure that the new regulatory standards are met.
- Please provide commentary on the items in the 30-year plan for wastewater "compliance upgrades" (pages 82 and 83).
- Please ensure the capital expenditure budget itemises consent renewals, and anticipated wastewater upgrades – we note this might change if the new wastewater discharge standards are released before your final plan is submitted.
- Please ensure that all information presented for resource consents aligns. Can the tables on pages 81 and 82 be consolidated into the details on pages 72 - 77?

Revenue Sufficiency

- We note the steady increase in revenue and that the stand-alone business unit only achieves an operating surplus in year 10. Operating and overhead expenses appear high based on a percentage of assets approach. Has there been any work done on efficiencies and cost savings to achieve a surplus earlier?

Additional comments and feedback on the plan

The below points were noted by our reviewers as additional matters that could be addressed when finalising your plan.

Capital expenditure

- We note there are some significant projects listed on pages 142 – 147, but these do not align with the LTP information or the discussion on pages 84 - 86 regarding additional capital projects identified.
- We also note that capital expenditure budget lines have not been provided for water, wastewater, stormwater consenting, valuations, condition assessments, network modelling, or leak detection.
- In the final plan, please ensure the capital expenditure list is consolidated and indicates capital expenditure for compliance requirements and the items listed above.

Asset management

- Please provide more detail on the Council's asset management system:
 - Which software systems/tools are used?
 - What is the progress on the objectives listed on page 70?
 - Has the future asset management approach been provisioned for in budgets (for example the costs of running regular asset condition assessments)?

Other matters

- Please include the annual connection numbers for commercial and residential in table 4 (page 18-19) in the final plan, to make it easier to follow the average charge per connection calculations.
- Table 13 Valuation of assets (page 49) – please clarify if the two tables are split between Linear Assets and Point and Plant Assets.