



Date: Tuesday, 2 November 2021
Time: 1.30pm
Location: Council Chamber, Wairoa District Council,
Coronation Square, Wairoa

AGENDA

Late Reports

Infrastructure Committee Meeting

2 November 2021

MEMBERSHIP: His Worship the Mayor Craig Little, Cr Chaans Tumataroa-Clarke, Cr Denise Eaglesome-Karekare, Cr Hine Flood (Deputy Mayor), Mr Chris Olsen

The agenda and associated papers are also available on our website: www.wairoadc.govt.nz

For further information please contact us 06 838 7309 or by email info@wairoadc.govt.nz

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1 GENERAL ITEMS

1.1 THREE WATERS REFORM - NEW ENTITY C

Author: Stephen Heath, Pouwhakarae – Hua Pūmau Hapori me te Ratonga Group Manager Community Assets and Services

Authoriser: Kitea Tipuna, Tumu Whakarae Chief Executive

Appendices: Nil

1. PURPOSE

1.1 This report provides information for Committee on possible implications, complexities and transition for Wairoa District Council when the new Waters Entity's take over responsibility for three waters service delivery from local authorities, effective from July 2024. No decisions are required by Committee at this stage.

1.2 This information report has been requested by Councils CEO.

RECOMMENDATION

The Pouwhakarae – Hua Pūmau Hapori me te Ratonga Group Manager Community Assets and Services RECOMMENDS that Committee receive the report.

2. WDC THREE WATERS COMPLEXITIES:

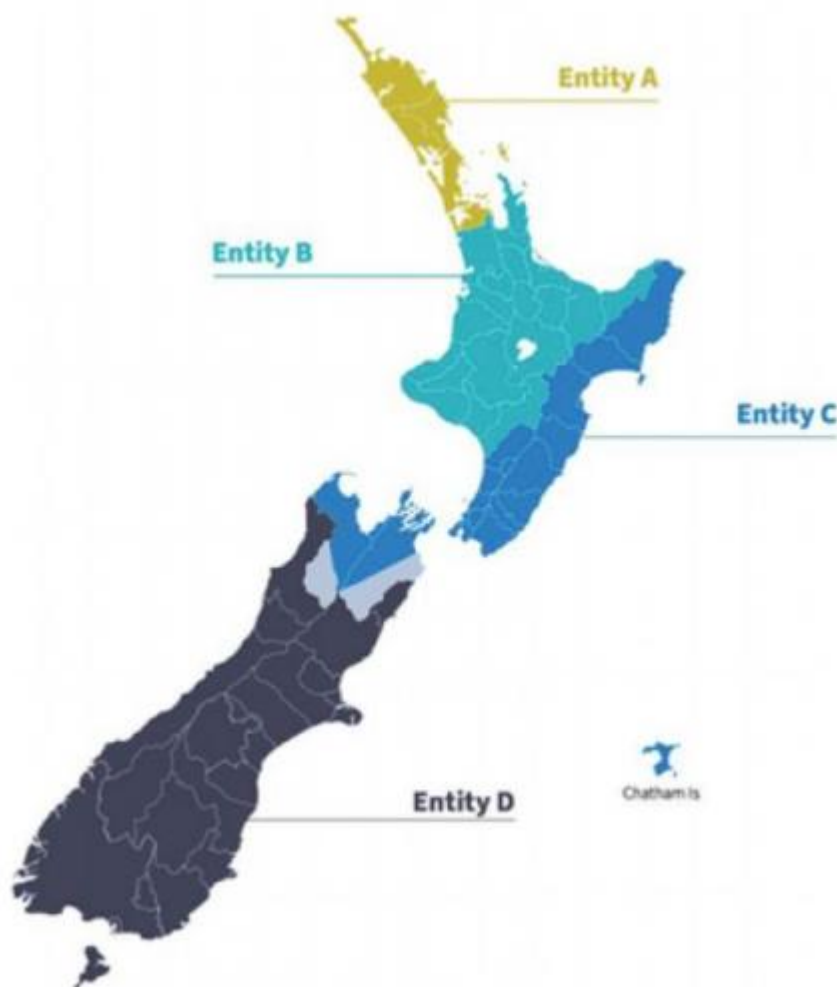


2.1 There will be six Wairoa District Council staff who deal directly with three waters and will eventually transition over to the new entity, i.e. Utilities Manager, Infrastructure Engineers x 2, Environmental Engineer-wastewater, Water production Business Unit Manager, Water treatment Plant operator. Where they will be located and **interaction** with Wairoa District Council is at this stage unclear.

2.2 There is a lot of existing three waters **interaction** with other Council staff, Council departments, and Committees such as, Customer Services, IT, Finance, Regulatory,

Roading, Property, and Projects. The Maori Standing Committee has been critical in getting project traction, such as resource consent for Tuai water take, Blue Bay sewer upgrade, Blue Bay vehicle waste station.

- 2.3 Council's Three Waters **interaction** extends to the wider community. Three Waters staff currently service and support the Community Centre swimming pools; Council also helps with advice and limited support to Raupunga private water scheme; Councils three waters staff often support community events with free use of a generator.
- 2.4 Councils three waters **interaction** extends to commercial businesses, Affco invested millions into water infrastructure and currently receive a subsidised water rate.
- 2.5 Councils three waters contractor **interaction** has been strong and with smaller business-like Paul Jarden Engineering Ltd and bigger players such as Fulton Hogan and to a lesser degree QRS-however under government rules of sourcing with broader outcomes in mind, has seen QRS benefit with recent three waters work in not only civil works, but also installation of a new sewer line.
- 2.6 Councils three waters consultant's **interaction** has been refined to a few such as WSP, LEI.
- 2.7 WDC's three waters **interaction** with the IANZ water testing Laboratory which services the public water supplies and benefits the wider community-(refer point 3)
- 2.8 At this stage it is unclear what Council's direct **interaction** with Entity C will look like.
- 2.9 Entity C will be made up of Carterton, Central Hawke's Bay, Chatham Islands, Gisborne, Hastings, Horowhenua, Kapiti Coast, Lower Hutt, Manawatu, Marlborough, Masterton, Napier, Nelson, Palmerston North, Porirua, South Wairarapa, Tararua, Tasman, Upper Hutt, Wairoa, Wellington City.



3. I.A.N.Z ACCREDITED WDC WATER TESTING LABORATORY

- 3.1 Currently Council is operating an I.A.N.Z accredited Level 2 water testing laboratory that carries out testing for compliance with the New Zealand Drinking Water Standards. The Laboratory is at the Frasertown Water Treatment Plant, and not only serves the public reticulated water supplies, but others such as contractors, schools, farms, and Marae.
- 3.2 The WDC's Environmental Health Officer (EHO) has responsibilities for this facility and reports to the Regulatory Manager. This Officer fulfils a mandatory role on behalf of Council. This function includes potable water sampling and monitoring of results and may require liaison with the CAAS Manager, Manager Water Production, Ministry of Health, and other agencies including the management of the annual I.A.N.Z laboratory audit.
- 3.3 The laboratory has approximately 2 years' operating as a recognised level 2 laboratory before it becomes a fully accredited Level 1 laboratory or it will need to be upgraded to ensure compliance under new legislation. New compliance requirements have been now determined by the new water regulator, Te Taumata Arowai
- 3.4 To achieve IANZ level 1, estimates are the operational costs will increase by \$160K per year. This includes 1 x additional staff member, however there may be opportunities to partner with other laboratories and explore amortisation to reduce operating costs.
- 3.5 At this stage, come 2024 when Entity C is stood up as the new three waters service provider, it is unclear who will be responsible for this laboratory.

4. LONG TERM PLAN:

- 4.1** WDC have spent a lot of time and resource over the past 18 months developing the Long-Term Plan (LTP), which has had sign off from OAG. This has been a significant piece of work, however over the next 3 years, three waters will be stripped out of the organisation, so a reversal and review of the entire LTP needs to start soon, this is a significant piece of work, consideration for costs to do this extra piece of work **has not been budgeted for by WDC.**
- 4.2** The table below summarises WDC's projected spend across years 1-3 of the Long-term plan up to 2024.

| | 2021-2024 (\$) |
|---------------------------|-----------------------|
| Land Transport (Total) | 65,452,377 |
| Water Supply | 10,212,194 |
| Wastewater | 15,272,312 |
| Stormwater | 2,431,556 |
| Solid Waste | 7,379,517 |
| Open Spaces | 4,994,106 |
| Built spaces | 4,611,671 |
| Airport | 601,274 |
| Total spend | 110,955,007 |
| Council Spend | 61,200,481 |
| Waka Kotahi | 38,714,526 |
| 3-Waters Stimulus package | 11,040,000 |

- 4.3** The table below shows WDC's total expected capital and operational expenditure for each infrastructure activity over the 30-year period 2021 to 2051.

| Infrastructure Activity | Operational Expenditure | Capital Expenditure |
|-------------------------|-------------------------|---------------------|
| Water supply | \$46.4 million | \$28.5 million |
| Wastewater | \$49.8 million | \$47.2 million |
| Stormwater | \$27.28 million | \$6.59 million |
| Roads and footpaths | \$292.3 million | \$208.9 million |
| Solid waste | \$93.19 million | \$7.34 million |
| Wairoa Airport | \$6.30 million | \$2.57 million |
| Total | \$466 million | \$302 million |

- 4.4** With the New Entity C, statistically Wairoa is small and makes up 1%, - see the following table below. Please note, the yellow highlighted section indicate those TA's who are above the average of 5% for debt/revenue and FTE's.

proposed Entity C = 21 Territorial Authorities - TA (Councils)

| | Debt \$millions | revenue \$ millions | FTE's | Debt % per TA | revenue % per TA | FTE % per TA | Debt/revenue/FTE average % per TA |
|-----------------|--------------------|------------------------|--------------|------------------|---------------------|-----------------|--------------------------------------|
| Caterton | 14 | 1 | 12 | 1% | 0% | 1% | 1% |
| Central HB | 25 | 8 | 3 | 3% | 2% | 0% | 1% |
| Chatham Islands | 0 | 1 | 4 | 0% | 4% | 0% | 2% |
| Gisborne | 29 | 26 | 27 | 3% | 5% | 3% | 4% |
| Hastings | 140 | 24 | 68 | 14% | 5% | 7% | 9% |
| Horowhenua | 62 | 15 | 198 | 6% | 3% | 19% | 9% |
| Kapiti Coast | 54 | 22 | 61 | 5% | 5% | 6% | 5% |
| Lower Hutt | 55 | 54 | 55 | 6% | 11% | 5% | 7% |
| Manawatu | 21 | 15 | 30 | 2% | 3% | 3% | 3% |
| Marlborough | 68 | 24 | 136 | 7% | 5% | 13% | 8% |
| Masterton | 47 | 12 | 12 | 5% | 2% | 1% | 3% |
| Napier | 46 | 18 | 12 | 5% | 4% | 1% | 3% |
| Nelson | 40 | 29 | 38 | 4% | 6% | 4% | 5% |
| Palmerston Nth | 42 | 20 | 98 | 4% | 4% | 9% | 6% |
| Porirua | 58 | 20 | 36 | 6% | 4% | 3% | 4% |
| South Wairarapa | 19 | 5 | 6 | 2% | 1% | 7% | 3% |
| Tararua | 25 | 10 | 19 | 3% | 2% | 2% | 2% |
| Tasman | 120 | 31 | 86 | 12% | 6% | 8% | 9% |
| Upper Hutt | 38 | 22 | 23 | 4% | 5% | 2% | 4% |
| Wairoa | 10 | 4 | 11 | 1% | 1% | 1% | 1% |
| Wellington | 84 | 124 | 99 | 8% | 26% | 10% | 15% |
| Totals | 997 | 485 | 1,034 | | | | 5% average over 21 TA |

5. CONCLUDING COMMENTS.

This latest decision to mandate four new water entities has been disappointing as all Councils embarked on this journey in good faith and Council's believed that feedback would be considered and Councils would still have a choice to opt in or opt out.

Over the last year or so having worked with DIA, the flavour has been that this is a done deal, and government will push ahead. Central Government's move to mandate has ignored over 90% of Councils that did not support the reforms proposal, who either strongly opposed or had concerns and wanted to pause. Central Government's approach has potentially created a relational tension between TA's and Government. WDC's CEO has reassured job security for council staff and while they remain optimistic there is still a feeling of unknown outcomes and some concern.

Wairoa District Council has been incredibly proactive in striving for best practice in the Three Waters space and has achieved significant milestones over the last four years. Council still has various projects on hold such as Blue Bay water scheme and Mahanga water scheme upgrade. It also has on gong projects such as the new wastewater discharge consent conditions to meet, Tuai wastewater sand beds upgrade, Tuai water treatment plant land occupancy agreements, Mahia stormwater, Wairoa stormwater consent, and local established relationships like QRS, Fulton Hogan, Affco.

WDC's LTP 3 year spend in operational and capital costs for three waters up to 2024 is approx. \$28 million. This includes the \$11 million stimulus package which makes up 40% of the \$28 million. WDC have used this \$11 million stimulus money to pull 5 years' worth of capital projects forward to help reset the bow wave of projects that had been deferred due to financial constraints.

Come 2024, WDC will have received a further \$18 million to help promote a 'better off and no worse off' situation when the new entity C is stood up; This is another opportunity to re-invest this money into the wider Wairoa district and consideration and planning for what this fund should be allocated and used for should start soon.

The real challenge over the next 2 – 3 years prior to 2024, not only for WDC, but for all of New Zealand is to remain focused and continue with BAU, begin transition arrangements, staff retention, and capital projects.

Further Information

DIA web site, MIBIE.

References (to or from other Committees)

[\[List any instances this report or previous reports on this topic have gone to Council/Committee\]](#)

1.2 LEVELS OF SERVICE TRUE-UP FOR LAND TRANSPORT SCENARIOS

Author: Kimberley Tuapawa, Pouwhakarae – Pārongo / Wheako Kiritaki Group Manager Information and Customer Experience

Authoriser: Kitea Tipuna, Tumu Whakarae Chief Executive

Appendices: Nil

1. PURPOSE

- 1.1 This report presents a true-up to the Long Term Plan 2021-2031 (LTP) consultation **levels of service** scenarios for land transport, following confirmation of funding from Waka Kotahi.

RECOMMENDATION

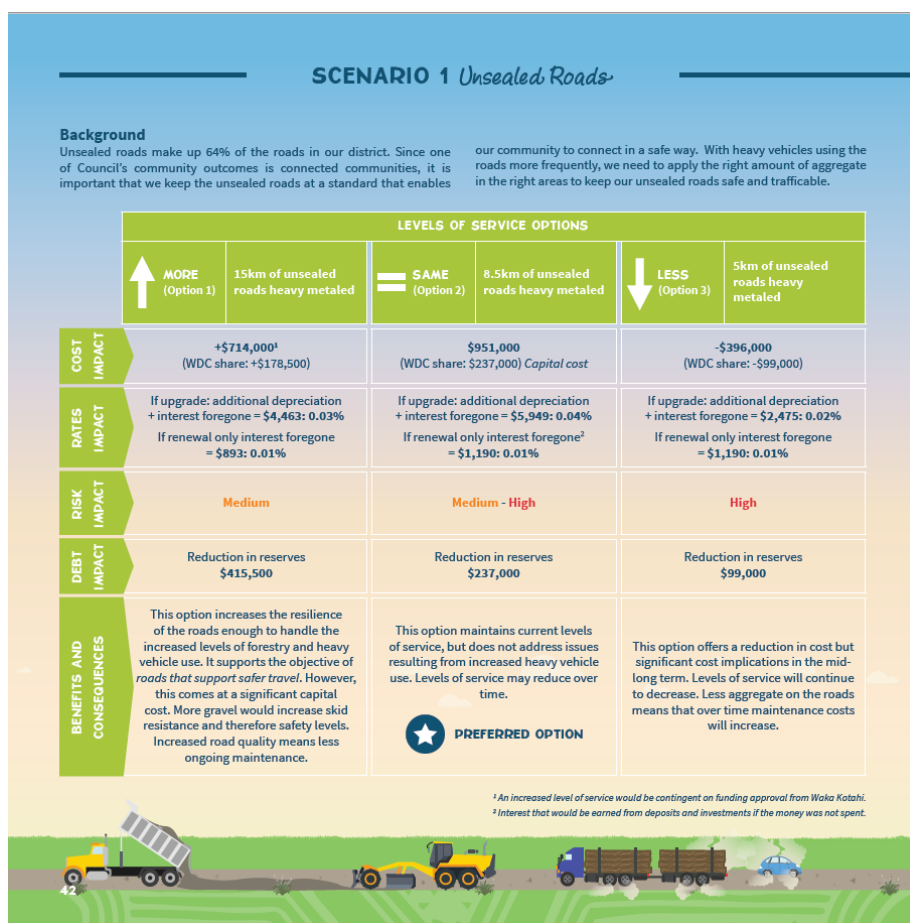
The Pouwhakarae – Pārongo / Wheako Kiritaki Group Manager Information and Customer Experience RECOMMENDS that Committee receive the report.

2. BACKGROUND

- 2.1 Council's Long Term Plan 2021-2031 (LTP) consultation process provided an opportunity for those in the community to tell Council how they would like the district to look over the next 10 years. It took a **Levels of Service** scenario-based approach where people were able to choose from a sample of services whether to spend more, the same, or less and see how that decision impacted cost, rates, risk and debt.
- 2.2 Out of the eight scenarios presented, three focussed on Land Transport. These were unsealed roads, sealed road resurfacing, and footpaths. Each scenario presented Council's preferred option, reflecting its focus on balancing cost, sustainability and compliance across activities.
- 2.3 With Council having received confirmation of funding allocations through the NLTP, it was considered timely to provide a high-level update on how this funding aligns to Council's preferred options presented during consultation.
- 2.4 Below is a visual comparison between planned levels of service and what work will be actioned. Screenshots of these scenarios from Council's LTP Consultation Document help contextualise this data.

3. OUTCOME SCENARIO 1: UNSEALED ROADS

- 3.1 Budget set 2021/2022: \$951,000
Funding received: \$951,000. This supports Council's preferred option.
Action plan: Council will be able to deliver 8.5km – 10km of unsealed roads between October – December, 2021.

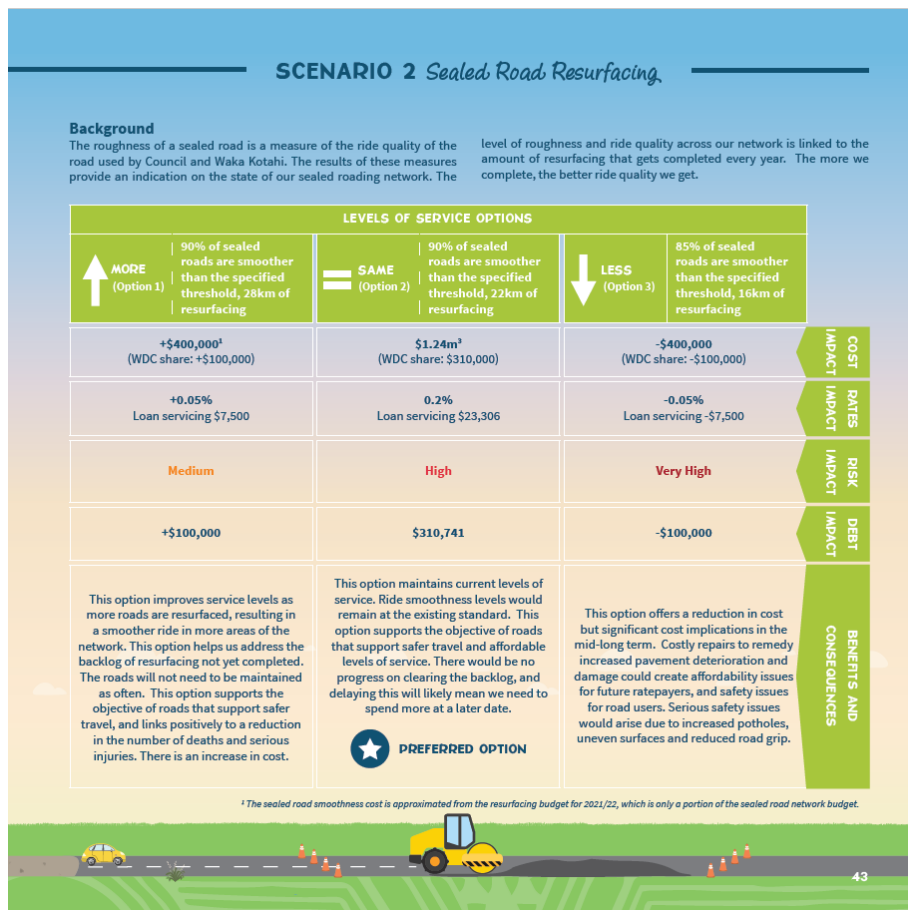


4. OUTCOME SCENARIO 2: SEALED ROAD RESURFACING

4.1 Budget set 2021/2022: \$1.24M

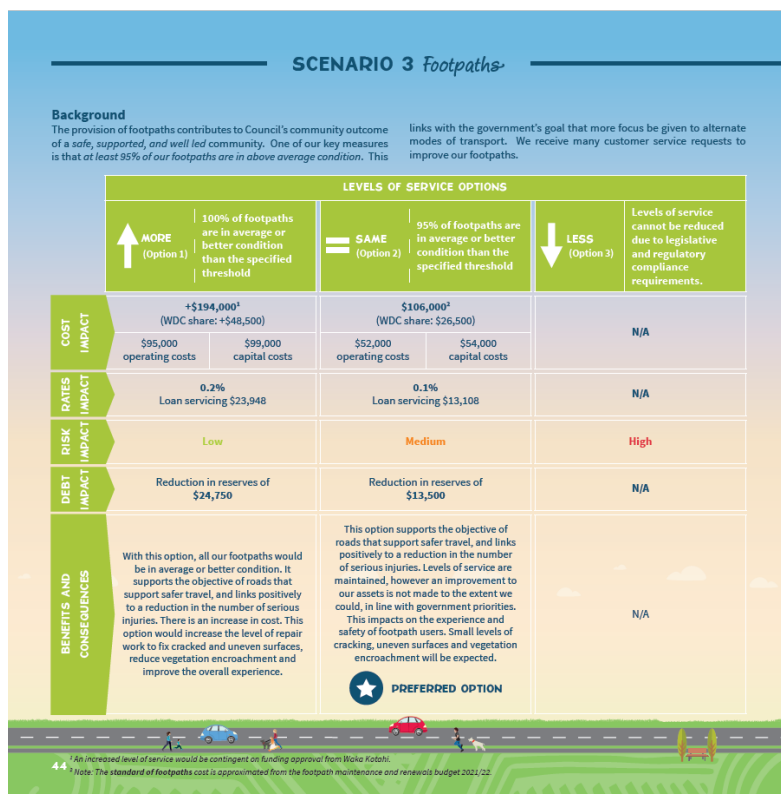
Funding received: \$1.1M. This supports Council's preferred option and with a slight reduction in expected funding it means that Council will deliver slightly less than planned.

Action plan: Council will be able to deliver 18-22km (pricing being completed by contractor) between November – December, 2021.



5. OUTCOME SCENARIO 3: FOOTPATHS

- 5.1 Budget set 2021/2022: \$106,000 (\$52,000 operating, \$54,000 capital)
 Funding received: \$106,000. This supports Council's preferred option.
 Action plan: Council will be able to achieve 95% of footpaths in average or better condition than the threshold between November 2021 - March 2022.



References (to or from other Committees)

- Extraordinary Council. 30 June 2021. Adoption of Long Term Plan 2021-2031.
- Extraordinary Council. 30 April 2021. Adoption of Long Term Plan 2021-2031 Consultation Document.
- Extraordinary Council. 13 April 2021. Progress Update on Development of Long Term Plan.
- Extraordinary Council. 13 April 2021. Levels of Service Scenarios.