



# Extra-Ordinary Council

## *Hui a te Kaunihera*

Thursday, 19 December 2024

*Rāpare, 19 Hakihea 2024*

Totara Room, Whakatāne District Council  
14 Commerce Street, Whakatāne  
Commencing at 1:00 pm

Chief Executive: Steven Perdia  
Publication Date: 16 December 2024



**Live Streaming the Meeting - *Ka whakapāho mataora te hui***

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**A Membership - *Mematanga***

**A      Membership - *Mematanga***

Mayor Dr V Luca

Deputy Mayor L N Immink

Councillor T Boynton

Councillor G L Dennis

Councillor A V Iles

Councillor W B James

Councillor J C Jukes

Councillor T O'Brien

Councillor J W Pullar

Councillor N Rangiaho

Councillor N S Tánczos

**B Powers of the Council - *Ngā mana o te Kaunihera*****B Powers of the Council - *Ngā mana o te Kaunihera***

The Council will meet Eight weekly to make decisions on all matters that cannot be delegated, that it has not delegated or that it has had referred to it by staff or a committee. Extraordinary Council meetings will be called when required in between the Eight weekly cycle for specific purposes such as hearing the Annual Plan submissions.

**The powers that cannot be delegated by the Council are:**

- a. the power to make a rate
- b. the power to make a bylaw
- c. the power to borrow money, or purchase or dispose of assets, other than in accordance with the long-term plan
- d. the power to adopt a Long-term plan, Annual plan or Annual report
- e. the power to appoint a Chief executive
- f. the power to adopt policies required to be adopted and consulted on under the Local Government Act 2002 in association with the long-term plan or developed for the purpose of the Local Governance Statement
- g. the power to adopt a remuneration and employment policy

**The powers that can be delegated but which the Council retains:**

- a. Approve the Council's recommendation to the Remuneration Authority for the remuneration of additional positions of responsibility for elected members and elected members expenses rules
- b. Approve the Local Governance Statement (called "A Guide to the Whakatāne District Council") produced following the triennial election of members
- c. Resolve those decisions required to be made by a local authority under the Local Electoral Act 2001 including the appointment of electoral officer.
- d. Determine whether or how to fill any extraordinary Council vacancies within 12 months of an election
- e. Review and make decisions on Council membership and the basis for elections through representation reviews
- f. Set the direction for the Long-Term Plan
- g. Hearing of submissions on the Long-Term Plan and, if required, the Annual Plan
- h. Appoint and discharge trustees, directors or office holders to Council's Council-Controlled organisations and to other external bodies
- i. Agree the final Statement of Intent for Council's Council-Controlled organisations
- j. Adopt the Half Yearly and Full Year Annual Report of the Whakatāne Airport
- k. Approve the purchase, sale and disposal of Council property
- l. Approve a proposed plan or a change to a District Plan under Clause 17 of the First Schedule of Resource Management Act 1991 (RMA); A1827586 April 2021 Page 14 of 37.
- m. Approve changes to the status or revoke the status of a reserve as defined in the Reserves Act 1977
- n. Authority to name or rename a reserve in accordance with the Reserves Management Plan;

**B Powers of the Council - *Ngā mana o te Kaunihera* (Cont.)**

- o. Authorise any unbudgeted expenditure that exceeds the delegation levels provided to officers, committees or other subordinate decision-making bodies of Council
- p. Approve recommendations from relevant Committees for new fees and charges for services provided, outside of the Annual Plan or Long Term Plan process.

**Procedural matters exercised by Council:**

- a. Receive minutes and recommendations, and make decisions on any recommendations from:
  - Standing Committees, Joint Committees and Joint Forums
  - Iwi Chairs Forum
  - Commercial Advisory Board
  - Toi Economic Development Agency
  - Any other Council appointed advisory board or forum with Council as the parent committee
- b. Consider any matters referred to it from any of the Committees, the Mayor, or Chief Executive.

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**1 Prayer - *Karakia***

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**2 Meeting Notices - *Ngā Pānui o te hui***

**1. Live Streaming**

The Whakatāne District Council livestreams Council and Standing Committee meetings held in Tōtara Room, within the Council building. The webcast will live stream directly to Council's YouTube channel in real time. The purpose of streaming meetings live is to encourage transparency of Council meetings.

Welcome to members of the public who have joined online and to those within the public gallery.

By remaining in the public gallery, it is understood your consent has been given if your presence is inadvertently broadcast. Please be aware the microphones in Totara Room are sensitive to noise, so please remain quiet throughout the meeting unless asked to speak.

**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 (the entrance off Margaret Mahy Court).

**3. Other**

**3 Apologies - *Te hunga kāore i tae***

No apologies were recorded at the time of compiling the agenda.

**4 Acknowledgements / Tributes - *Ngā mihi mihi***

An opportunity for members to recognise achievements, to notify of events, or to pay tribute to an occasion of importance.



**5 Conflicts of Interest - *Ngākau kōnatunatu***

**5 Conflicts of Interest - *Ngākau kōnatunatu***

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as an elected member and any private or other external interests they might have.

The Elected Member Register of Interest is available on the Whakatāne District Council website. If you wish to view the information, please click this [Register link](#).

# Annual Plan 2025/26 Draft Budget Options

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To: **Whakatāne District Council**

Date: **Thursday, 19 December 2024**

Author: **H Allison / Senior Strategic Policy Analyst**

Authoriser: **B Gray / General Manager Finance and Commercial Services**

Reference: **A2805724**

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## 1 Reason for the report - *Te Take mō tēnei rīpoata*

The purpose of this report is to update Council on the Annual Plan 25/26 process and for Council to provide a preference for any budget savings achieved. The Council should note the guidance provided through this paper will enable the Executive Leadership Team to develop a full draft budget for review in February 2025.

## 2 Recommendations - *Tohutohu akiaki*

1. THAT the Annual Plan 2025/26 Draft Budget Options report be **received**; and,
2. THAT the Council discuss and debate the options outlined in Section 5 of this report and **direct** staff on its preference for using any budget savings achieved in the annual plan; and,
3. THAT the Council **notes** that the guidance and preferences provided by Councillors to the Executive Leadership Team at this meeting, will be used to prepare a first version of the Annual Plan 2025/26 budget for presentation to Council in February 2025; and,
4. THAT the Council **notes** the process described in the next steps section of the report for subsequent reviews of the budget work programme and when Council will determine if community consultation is required.

## 3 Background - *He tirohanga whakamuri*

The Local Government Act 2002 (LGA) requires the adoption of an Annual Plan prior to the start of each financial year. As such, the Council is required to adopt an Annual Plan for 2025/26 on or before 30 June 2025.

The Annual Plan 2025/26 will look to update and implement the second year of the Whakatāne District Council Long Term Plan 2024-34 (LTP). The purpose of an Annual Plan is to allow for variations to a LTP, outline the proposed annual budget and funding impact statement for the year; provide integrated decision making and co-ordination of the resources of the Council; and contribute to the accountability of the Council to the community. If proposed variations for 2025/26 are not of a significant or material magnitude compared to the LTP, consultation on the Annual Plan is not automatically required (LGA s95(2A)).

### 3.1 Work to date

On 7 November 2024, Council approved the proposed approach to the 2025/26 Annual Plan. This approach acknowledged that the adoption of the Long-Term Plan recently set budgets and work programmes for the coming year and that significant changes to work programmes and budgets were not desired. Direction provided also proposed the increase to rates outlined in the LTP for the 2025/26 year were to be maintained or slightly reduced.

Budget assumptions that were set in the LTP have been reviewed and changes presented at the 4 December briefing to Council. These assumptions included Local Waters Done Well inflation, interest rates, and transport funding and are outlined in more detail below in section 4.1 of this report.

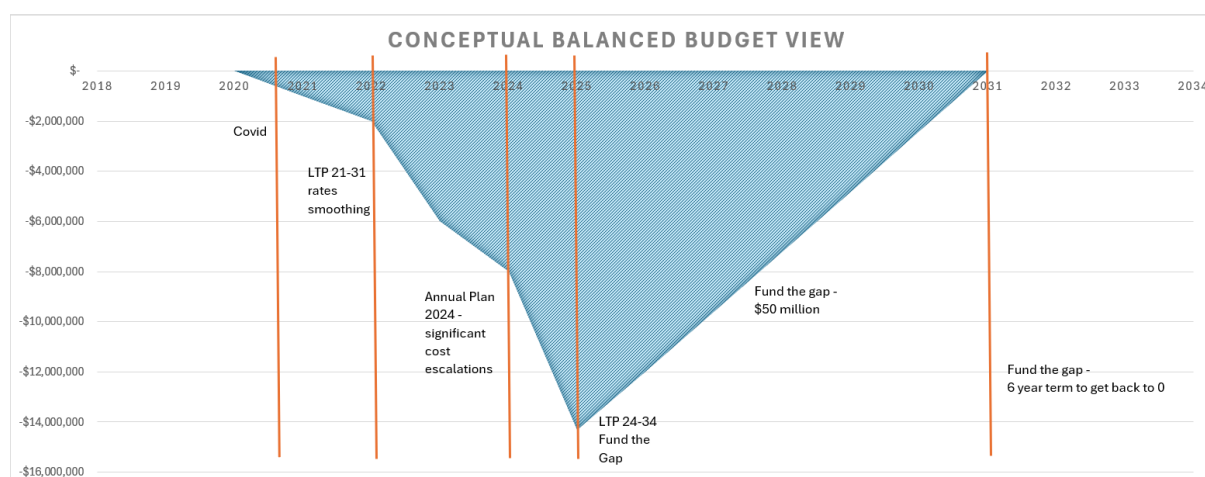
### 3.2 Operating expenditure funding deficit

Year two of the LTP set a rates increase of 12.7% to maintain activities and levels of service. However, despite this increase, Council is budgeting an operating deficit for 2026 as forecast in the LTP. This deficit means that Council is continuing to borrow annually to meet operational costs, a position that is not financially sustainable. The LTP set out a recovery process ('mind the gap') to return to a sustainable balanced budget position.

This situation arose, and has been compounded, by decisions made during the COVID-19 pandemic, where rates increases were deferred over several years to support the community through economic hardship. While these decisions were made for the right reasons at the time, the cumulative effect of several years of insufficient rates increases, coupled with significant inflation and interest rates, has resulted in this substantial financial operating deficit.

Community feedback during the LTP indicated a preference for a gradual six-year deficit recovery plan to minimise the immediate burden on ratepayers. The six-year period covers the timing of the draw down of loans to cover annual operating deficits and the full loan term is 25 years in the LTP.

It would be financially prudent to reduce the term of the loan by either increasing rates or using any windfall or savings to get back to a balanced budget quicker and reduce the scale of the loan Council is developing.



The above illustration shows how historical deferred rates increases, at some stage, will need to be recovered by Council from the community to get back to a balanced operating budget. This is unless there is a reduced level of service to significantly drop operating expenditure, however the deferred rates increases weren't delivered to the community on the premise that there would be a future levels of service reduction.

## 4 Subject – *Kaupapa*

### 4.1 Budget assumptions and cost impact

Since the adoption of the LTP, which set the budget and assumptions for year two (2025/26), both inflation and interest rates have come down. Inflation has decreased by an average of 2.5%, and interest rates have fallen to date from 4.8% to 4.18%. While these reductions influence the overall budget, it is important to note that they do not directly translate into equivalent reductions in Council rates. This is because of differing inflation rates and funding mechanisms applied to each group of activities. Although a direct correlation cannot be drawn, these changes will still have an impact on the rating requirement.

### 4.2 Work programme and budget variances from Long-Term Plan

As part of the Annual Planning review process, a number of activities and associated budgets have been identified that are either no longer required for 2025/26 or need to be varied within the budget and work programme. A high overview of these key changes is included in the tables below. It should be noted that the review of budgets, work programme and resourcing requirements are still being undertaken and are subject to change prior to the version one budget in February.

*Table one: Capital expenditure variances*

Activity group	Activity	Indicative variance
Parks and reserves	Renewal of cremator needs to be bought forward from 2031 to 2025/26 due to consent requirements from the BOPRC Natural Resources Plan	\$800,000
Economic development	Wally Sutherland building upgrade for tenancy standards to be met	\$51,000
Transport connections	NTA funding not obtained or fully obtained for footpath renewals, repairs, and cleaning, Keepa Road improvements, Active Whakatāne, road renewals and maintenance for special purpose roads, repairs to cycle paths, resilience programme business case	-\$8,331,000
Waste water	Works required at Ohope Wastewater Treatment Plant (waveband, wetland investigation, aerators, monitoring, transfer pipe, pump housing)	\$375,000
Water supply	New pipe bridge over Rangitaiki River and associated pipework	\$200,000
Transport connections	Repair to under slip on Rewatu Road	\$620,000
Transport connections	Resilience works on Tāneatua Road	\$1,600,000

*Table two: Operational expenditure variances*

Activity group	Activity	Indicative variance
Building and resource management	Additional budget required for building consent processing (correction to LTP budget)	\$150,000
Democracy	Local Elections 2025 increased costs	\$150,000
Economic development	Reduced funding towards external agencies	-\$155,000
Corporate services	Microsoft Licensing cost increase	\$100,000
Corporate services	Shortfall for licensing operating costs for digital services – moving to cloud-based software to support new enterprise resource planning system	\$308,000
Corporate services	Moving internal Geospatial platform	\$60,000
Waste management	Increase in waste levy (\$5 per tonne) with landfill waste continuing to increase	\$200,000
Waste management	Removal of kerbside food waste collections and associated new bins that are no longer required	-\$834,000
Waste management	Collection of glass, recycling, and green waste, composting green waste, concrete crushing overbudgeted in LTP	-\$430,000
Waste management	Reduction in cost of operation of Whakatāne and Murupara Resource Recovery Centres	-\$250,000
Economic development	Demolition of Council owned building at 2 The Strand to complete floodwall	\$150,000
Economic development	Property Disposals (correction to LTP budget)	\$100,000
Transport connections	Additional river crossing business case	\$100,000

### 4.3 Outstanding costs under review

Staff are reviewing the approved FTE staff increases in the LTP. The approved increases were:

- Year 1 – 10.75 FTE
- Year 2 – 16.25 FTE
- Year 3 – 5.5 FTE

It is expected that by February when the full budget forecast is presented to Council this will include and update on the status of approved FTE.

#### **4.4 Approaches to respond to a reduced budget**

The LTP sets the ten-year rates forecast which enables the community and businesses to integrate future planned rates into their own budgets. The Council's planned rates as indicated in the LTP 24/34 for year 2 is a 12.7% increase.

Our work to date has identified some savings in the vicinity of 2-3%. This provides the Council with an opportunity to decide how to allocate these savings, which in turn will impact on the budget that is presented in February 2025 for approval.

Council can either use the savings to provide immediate reductions to the Year 2 rates increase set in the LTP. Alternatively, Council could apply savings to move to a balanced budget sooner and reduce the debt being developed to cover operating costs.

The options analysis below outlines advantages and disadvantages of each approach and includes a mixed model.

## **5 Options analysis - *Ngā Kōwhiringa***

### **5.1 Option 1: Recover from operating deficit to a balanced budget as soon as possible with significant rates increase in Year 2 of the LTP.**

This option was considered by Council during the Long-Term Plan and in previous Annual Plans and has consistently been rejected. As a result, staff have discounted this option as unlikely so have not completed a financial analysis to present to Council.

#### *Advantages:*

- It is the quickest approach to moving Council back to a balanced budget.
- This option significantly reduces long-term borrowing for operational costs.
- Reduces rate increases in the out years in the LTP as the deficit is now recovered.

#### *Disadvantages:*

- A significant rates increase in one year for the community to absorb.

### **5.2 Option 2: No change to the rates increase in year two of the LTP (12.7%), apply any savings to the operating deficit.**

Under this option, any identified cost savings would be directed towards reducing the annual operating deficit ('mind the gap'), allowing the Council to achieve a balanced budget sooner than forecast. This approach reduces long term debt that is developing and provides the flexibility to establish a contingency fund for unexpected costs that could arise in 2025/26.

#### *Advantages:*

- Accelerates progress towards a balanced budget, reducing long-term reliance on borrowing for operational costs.
- Opportunity to reduce the 'mind the gap' repayment term from 25 years down to 10 years, so future ratepayers aren't required to fund the current rating shortfalls.
- Enabling the creation of a contingency fund, allowing the Council to address unforeseen expenses.

- Noting that the post COVID-19 rates increases were kept artificially low leading to today's significant operating deficit. Maintaining the current high rates trajectory reduces the likelihood of further rate increases in future years.

*Disadvantages:*

- The 12.7% increase is high for households and business, although it has already been communicated through the LTP.

**5.3 Option 3: Reduce year two rates by a small amount and apply some of the savings to reducing the operating deficit.**

Under this option, some savings identified would be applied to reducing the forecast rates increase by up to 1% and, applying some of the savings to reducing the annual operating deficit ('mind the gap') or towards contingency planning for unforeseen circumstances. Clarity on the amounts and how to apply would be detailed in the detailed budget paper Council receives in late February 2025.

*Advantages:*

- The best of both worlds, some rates relief and some reduction in the operating deficit.
- Reduced rates level for year two of the LTP.
- Still able to reduce the 'mind the gap' loans (by approximately a year).
- There might be some potential for Council to allocate some budget towards unexpected costs that may arise in 2025/26.

*Disadvantages:*

- Council is maintaining an operating deficit and increasing its borrowing for operating expenses rather than applying all savings to this option.

**5.4 Option 4: Apply any savings achieved to reduce the year two rates increase in the LTP.**

Under this option, any savings identified would be used solely to reduce the year two rates increase from 12.7% by up to 2-3%. The funding shortfall ('mind the gap') would remain as outlined in the LTP, with no provision for contingency planning.

*Advantages:*

- Provides immediate financial relief to households and businesses by decreasing the year two rates increase, which would help to reduce financial burden.
- Aligns with the community preference expressed during consultation of the LTP to close the funding gap in the medium term and ease the burden of rates.

*Disadvantages:*

- Lost opportunity to return Council's financial status back to a balanced budget sooner.
- Lost opportunity to reduce Council's growing long term debt that is used to cover operating expenses, and reduce the loan term from 25 years down to 10 years.
- Applying all savings identified to a rates reduction limits funds available for unforeseen expenses or emergencies, increasing Council's financial risk.
- Reducing the rates increase in year two could result in higher rates increases in later years if risks such as inflation shift upwards.

## **5.5 Option 5: Allocate savings to fund Long-Term Plan items that were requested by the community but remained unfunded.**

Under this option, Council may choose to allocate any savings achieved to fund those projects or initiatives that were raised during community consultation and hearings, but were not able to be funded in the LTP 2024-34. Council signalled to the community that those requests would remain listed and then would be reviewed as part of the 25/26 Annual Plan process to maintain as low rates as possible at the time.

Attached to this report is a list of potential projects that could be considered for inclusion in the Annual Plan. Council will need to weigh the value of advancing these projects against the long-term benefits of reducing debt and achieving a balanced budget earlier and, against the value of reducing rates for year 2 of the LTP. If this option is chosen, Council will need to spend time prioritising the list to determine where it allocates its savings.

### *Advantages:*

- Responds to emerging community needs, priorities, or opportunities as identified during LTP deliberations.

### *Disadvantages:*

- Lost opportunity to return Council's financial status back to a balanced budget sooner.
- Lost opportunity to reduce Council's growing long-term debt that is used to cover operating expenses, and reduce the loan term from 25 years down to 10 years.
- Applying all savings identified to additional items limits the funds available for unforeseen expenses or emergencies, increasing Council's financial risk.

## **6 Significance and Engagement Assessment - *Aromatawai Pāhekoheko***

### **6.1 Assessment of Significance**

The decisions and matters of this report are assessed to be of low significance in accordance with the Council's Significance and Engagement Policy. However, this report is part of the broader Annual Plan 2025/26 process and will be assessed to be for significance when the budget and work programme is ready for consultation.

### **6.2 Engagement and community views**

Engagement on this matter is not being undertaken at this stage. Community consultation may occur determinant to the significance of engagement assessment in February 2025 when the budget and work programme is presented.

## **7 Considerations - *Whai Whakaaro***

### **7.1 Financial/budget considerations**

The budget options were presented to Council in a workshop briefing on 4 December 2025. Feedback, direction and guidance received at that briefing will be used to shape a version one of the budget and work programme which will be presented to Council for further discussion in early 2025.



## **7.2 Strategic alignment**

No inconsistencies with any of the Council's policies or plans have been identified in relation to this report.

## **7.3 Climate change assessment**

The decisions and matters of this report are assessed to have low climate change implications and considerations, in accordance with the Council's Climate Change Principles.

## **7.4 Risks**

There are no known risks associated with the matters of this report.

# **8 Next steps - *Ahu whakamua***

The Annual Plan 2025/25 budget options were presented to Council in a workshop briefing on 4 December 2024. The feedback and direction from Council will be used to review the proposed work programme and prepare a draft budget for consideration by Council on 19 February 2025.

A final draft work programme and budget will be presented to Council on 20 March 2025, with a determination if community consultation is required. If so, the community consultation document will also be approved to be used for consultation between March and April 2025.

After consultation, hearings and deliberations which will take us through to April 2025 and will allow the Annual Plan 2025/26 to be adopted by Council on the 28 June 2025 to meet legislative requirements.

### **Attached to this report:**

- Appendix 1 - Long-Term Plan 2024-34 Community Requests

## Appendix 1 – Long-Term Plan 2024-34 Community Requests

### 1.1 Management Recommendations on Other General Requests

#### Management comments:

Requests that are either already included in the proposed LTP, covered through LTP Key Themes or can be incorporated as part of current activity and service delivery without budget implications have not been included in the below table.

Enhancing the safety, wellbeing and vibrancy of communities <i>Me mātua whakanui i te marutau, te orange, me tew ana o ngā hapori</i>
Introduce an 'Award for Service' to recognise local heroes - a certificate, a portrait for the Council Hall of Fame, and a small Mayoral award ceremony.
Partially or fully fund security patrols in town using the Harbour Endowment Fund as a landlord investment in protecting tenants and sub-tenants; in a partial-funding scenario, consider a targeted rate, or user pays system to fund the shortfall.
Develop Wally Sutherland building as an Arts Hub to provide a community meeting place, festival location, performance space, conference centre, office space and arts facility (co-funded with external private funding partners).
Expedite and fund a process to remove rough sleepers and anti-social behaviour from town.
Review and consult on District Plan regarding social service activities being conducted from ground floor CBD premises in the long term.
A drop-in box at Council offices.
Hold more meetings like the ones held during the LTP consultation process – great opportunity for community to know Councillors and staff.
Consider a variation to the lease at 340/1 Harbour Road, Ōhope to enable the Lions Club to undertake maintenance and future proof their community work.
Install public rubbish bins and public toilets near the shops in Awakeri (one particular submitter offering to subdivide small piece of land for this purpose).
Add paid showers to public toilet facilities.
Purchase a portable access toilet for events.
Provide a toilet in Edgecumbe.
Provide a toilet at Mokoroa Hill carpark at start of bird walk.
Provide 8 concrete-based plexicushion pickleball courts adjacent to tennis club.
Town bridge – wash, paint and remove fence on the bridge.
Provide for indoor netball courts in Poroporo with rugby fields.
Explore following options for Matatā: Picnic and seating facilities around Matata lagoon Further developing and showcasing walking tracks Promote and support English and Te Reo signage Review speed limits along Pakeha St + safe crossing for pedestrians
Consider facilitating the following with Ōtamakaokao Kaitiaki Trust: Bus shelter along Awatapu Drive Community centre/hub in Awatapu

Support to develop 'Caring for Communities Emergency Plan'
Extend hours of animal control officers/rangers or provide further funding to employ 2 more animal control officers in Murupara.
Provide funding for employment-related costs of existing Animal Control Officers funded by Ngati Manawa.
<b>Shaping a green district <i>Kia toitū te rohe</i></b>
Plant more trees.
A programme with schools, maybe in association with teacher Dave Dobbin on reducing emissions.
Council audit of plastic use.
More EV chargers.
Establish an internationally recognised Dark Sky Reserve.
Waste transfer opportunity to create biproducts to therefore reuse within our network to reestablish, maintain and create new infrastructure.
Encourage and assist use of rainwater holding tanks.
<b>Building climate change and natural hazard resilience, including our infrastructure <i>Me mātua whakakaha i te aumangea ki te huringa āhuarangi me ngā tūraru matepā taiao tae ana ki te hangaroto</i></b>
Purchase Otakiri Springs for future drinking water.
Development of a Business Continuity Plan with Chamber of Commerce.
Upgrade Ohope shop front.
Streamline tiny homes – new source of rates and solution to housing problem.
Support with spatial planning for Eco-tourism venture with REKA.
<b>Facilitating economic regeneration and responding to development pressures <i>Me mātua whakahaere i te tipuranga o te taiōhanga me ngā tonotono whare</i></b>
Maintenance dredging in harbour navigation channel (adjacent to yacht club).
Consider supporting accommodation for the ageing population including: Encouraging developers to establish retirement areas eg in Kawerau beside mountain view Advertise district as a retirement mecca Consider Māori-centric retirement village that upholds mana
Support development of a multi-use convention centre.
Consider selling the holiday park as not considered a core Council service.
Fund a feasibility study into a manufacturing facility for renewable energy technologies in Murupara/Galatea.

# Mayor's Task Force for Water

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To: **Whakatāne District Council**

Date: **Thursday, 19 December 2024**

Author: **S Perdia / Chief Executive**

Authoriser: **Dr V Luca / Mayor**

Reference: **A2807391**

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## 1 Reason for the report - *Te Take mō tēnei rīpoata*

Acting on a request from Mayor Dr Victor Luca, the Chief Executive is establishing an advisory group of local people with technical skills to assist the Council with the viable and sustainable delivery of water services into the future.

## 2 Recommendations - *Tohutohu akiaki*

1. THAT the Mayor's Task Force for Water report be **received**; and
2. THAT the Council **notes** that the Chief Executive will be establishing an advisory group – the Mayor's Task Force for Water.

## 3 Background - *He tirohanga whakamuri*

The Government's Local Water Done Well programme is increasing expectations on the Council to meet regulatory requirements and demonstrate that the delivery of water services is sustainable.

The Council's recent Long Term Plan balanced affordability concerns against 3Waters funding needs. On one hand the district's water infrastructure was seen to be in comparatively good shape. The Council proceeded to approve a \$180m 3Waters Capex budget over 10 years that will deliver a significant programme of renewals and upgrades (a 50% increase on capital).

However, a "Needs Based 3Waters Programme" requested \$440m of capital for the LTP 10-year period. Affordability concerns saw the Council push out \$260m of that request beyond the 10-year period.

Approving the \$180m constrained budget allowance meant that some difficult decisions had to be made:

- No budget was included in the initial 10-year period for the implementation of wastewater treatment plant upgrades to support re-consenting assuming current regulatory requirements are not substantially changed (a \$7m re-consenting programme is funded). No budget was included for the management of wastewater sludge from wastewater treatment ponds. The funding for renewals, as recommended from asset management plans, of existing 3 waters infrastructure was reduced to 70% of what was requested. The funding for compliance and resilience-based projects was reduced to 50% of what the asset management plan recommended.

- Recent Council officer reporting to the Council's 28 November 2024 Finance and Performance Committee meeting highlighted the compliance status of the district's nine drinking water schemes for the first quarter of the financial year.
- Five out of nine of the Council's drinking water supplies complied with Part 4 of the Drinking Water Standards (bacteria compliance criteria). Four out of nine supplies complied with Part 5 of the Drinking Water Standards (protozoal compliance criteria). Reasons for non-compliance included brief instances of low FAC (free available chlorine) and the required chlorine contact time not being achieved; a UVT analyser malfunctioning; a lack of continuous FAC, pH, and turbidity monitoring not occurring in a required location; instances of low UV; a flow meter malfunctioning; and no protozoal treatment for several schemes.

Council is investigating alternative water sources for two drinking water schemes and making the improvements it can to supervisory control and the data acquisition system.

In terms of existing wastewater and stormwater reporting standards, the Council is meeting its targets. Councils are waiting to see if the government's future wastewater standards, which are expected to be released in March next year, will further lift the compliance bar. If the bar is not lifted, then significant change to current practices will not be required. There are non-compliance issues with existing resource consent conditions for some of the district's wastewater schemes, which need to be investigated and addressed.

The recent Martin Jenkins '*Current state review and high-level options assessment for water services delivery*' report to Council on 12 December 2024, covered some of the above background. It should be noted that Martin Jenkins specialises in economic, business and financial advice and they do not have technical expertise in water service provision which is the realm of water and wastewater engineering. The report concluded with recommendations for undertaking further work around an internal business unit with possible shared service arrangements (an enhanced status quo option) and a regional/sub-regional asset owning water organisation.

## 4 Issue/subject – *Kaupapa*

### 4.1 Mayor's Taskforce for Water

With this background, of difficulties meeting 3Waters regulatory standards and an unaffordable programme of 3Waters infrastructure work, Mayor Luca is proposing the establishment of a group of local technical experts in science, technology and water engineering who volunteer their time free of charge to provide assistance and advice for the Council's delivery of water services into the future.

It is envisaged that the Mayor's Task Force for Water advisory group would be similar in nature to the Climate Change Technical Advisory group set up in March of 2023. This group was comprised of people with technical expertise from the local community.

### 4.2 Terms of Reference

The Mayor's Task Force for Water (MTFW) will be an advisory group, with no decision-making authority. The advisory group will provide feedback and advice to Council 3Waters officers on technical issues they are addressing within the 3Waters area.

### 4.3 Objectives

The Mayor has defined the objectives of the Advisory group to be:

1. Put a science and technological focus on the development of district water infrastructure and water services delivery.

2. Focus on infrastructure and environmental aspects.
3. Ensure the needs of the community are met.
4. Focus on achieving cost effective solutions that meet regulatory requirements.
5. Consider alternative solutions where conventional solutions are not feasible or realistic.
6. Be data and evidence based.
7. Provide advice to council to achieve a technically and financially sustainable water services delivery plan.
8. Result in no significant additional cost to council.

These may be refined as a Terms of Reference is developed for the group.

#### **4.4 Membership**

The Mayors Task Force for Water advisory group will be sourced predominantly from community members with appropriate expertise. The intent is to leverage technical skills already present in the community at no cost. Mayor Luca will Chair the group. The Mayor has made initial approaches to several other local people to gauge their interest in being part of the group.

In order to keep costs low, the advisory group will be supported by one or two Council officers with a good working knowledge of the district's 3Waters infrastructure, who will provide information to the advisory group and interact with it. The commitment of staff resource to the Advisory group will need to be managed.

The membership of the group is intended to be about six people. However, if other relevant expertise within the community emerges or resignations occur, the Mayor will be responsible for making appointments.

#### **4.5 Quorum**

The Chair and three community members.

#### **4.6 Meetings**

Meetings will be arranged periodically through the Mayor's office as participants commitments allow.

#### **4.7 Other considerations**

The Chief Executive supports the establishment of the advisory group and will ensure any Council officer time commitment is reasonable, given other work commitments.

The establishment of the advisory group will not interfere with Council officers tendering for service and/or engaging technical experts whose work forms a necessary component of approved Council projects and work programmes. Similarly, the advisory group will operate separately from the work of the 3Waters consenting Programme Steering Group (chaired by Cr John Pullar), which has a vacant role for an independent representative with a technical/planning background.

## **5 Options analysis - *Ngā Kōwhiringa***

The Council is being informed of the Mayor's decision to establish a Mayor's Task Force for Water. There is no Council decision being sought. Therefore, there are no options that need to be considered.

## **6**      Significance and Engagement Assessment - *Aromatawai Pāhekoheko*

### **6.1**      **Assessment of Significance**

The matters in this report are assessed to be of low significance in terms of the Council's Significance and Engagement Policy. The advisory group will not have any decision-making powers but will instead inform, through advice, other reports to Council Committees.

### **6.2**      **Engagement and community views**

The establishment of the Mayor's Task Force for Water advisory group will allow Council officers to consider the views of local technical experts in science, technology and water engineering when designing projects, carrying out work programmes or trying to solve technical issues. It may be regarded as a citizen's jury only with technical competencies.

## **7**      Considerations - *Whai Whakaaro*

### **7.1**      **Financial/budget considerations**

Advisory group members will volunteer their time free of charge. The intent of the initiative is to save the Council money through finding value for money solutions and put a community-based technical lens on water delivery. There will be some staff time commitment to support the advisory group.

### **7.2**      **Strategic alignment**

While the purpose of the advisory group is to consider alternative and/or more cost-effective ways of delivering our Three Waters Services, that is considered to be consistent with Council's strategic direction and considerations around financial sustainability in the Three Waters space.

### **7.3**      **Climate change assessment**

One of the factors that can be considered in reviewing and testing of projects and thinking in the Three Waters Activities is the consistency of proposals with our climate change aspirations. That could include consideration of investment of infrastructure located in vulnerable locations as well as alternative means of managing stormwater from urban areas, and encouraging conservation of water, more self-sufficient means to manage the adverse effects of wastewater and the like.

The decision and matters of this report are assessed to have a low to moderate impact on climate change, in accordance with the Councils Climate Change Principles.

### **7.4**      **Risks**

There is a risk that the advisory group's views on any matter will not be consistent with Council officers and/or their technical experts' views. The focus will be on understanding different positions and seeing if "win-win" solutions can be found.

Similarly, the advisory group is not intended to interfere with the work of the recently formed 3Waters reconsenting Programme Steering Group (chaired by Cr John Pullar). This group is more focused on community engagement as opposed to technical matters. The two groups are therefore expected to be complementary. It is also felt that there are plenty of opportunities within the 3Waters space for the advisory group members to provide assistance which sit outside the Terms of Reference of the Programme Steering Group.

Finally, the nature of the information shared with the advisory group will need to be managed so confidential information is not made available, compromising the Council's ability to meet its obligations under LGOIMA, particularly to negotiate or maintain legal privilege or commercial sensitivities.

## 8 Next steps - *Ahu whakamua*

It is envisaged that the first meeting of the Mayor's Task Force for Water would occur in the new year.



# Whakatāne District Council Annual Report 2023/24 Adoption Deferred



To: **Whakatāne District Council**

Date: **Thursday, 19 December 2024**

Author **S Ellis / Senior Strategic Policy Analyst**  
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File Reference: **A2807855**

## 1 Reason for the report - *Te Take mō tēnei rīpoata*

The purpose of this report is to update Council that the Whakatāne District Council Annual Report 2023/24 will not be adopted as planned due to the ongoing process with Audit New Zealand.

## 2 Recommendations - *Tohutohu akiaki*

1. **THAT** the Council **notes** that due to the continuation of audit, the 2023/24 Annual Report will not be adopted at this Council Meeting.

## 3 Background - *He tirohanga whakamuri*

The Whakatāne District Council Annual Report 2023/24 is a legislative requirement under the Local Government Act 2002 (LGA) aimed at comparing actual activities and performance for the year with those set out in the Long-Term Plan and Annual Plan, while promoting accountability to the community for decisions made. The LGA typically requires the report to be adopted within four months of the financial year-end (by 31 October 2024). However, due to a legislative change, the adoption deadline was extended to 31 December 2024 for authorities that adopted their 2024-2034 Long-Term Plan between 1 July and 30 September 2024, which includes the Council.

### 3.1 Work to date

A draft version of the Annual Report was presented to the Finance and Performance Committee in August 2024 which included a narrative of the activities and accomplishments throughout the year, along with the results of our non-financial performance measures that were set in our Long-Term Plan 21-31. Delegated authority was given to the chair of the finance and performance committee and Deputy Mayor, and their feedback was incorporated prior to the draft annual report going to audit.

## 4 Discussion - *Kaupapa*

### 4.1 Audit process for the 2023/24 Annual Report

Due to resourcing issues at Audit New Zealand, the commencement of this year's audit was delayed, and the auditing process began on 21 October 2024. Typically, a planning and interim audit would occur before the final audit. However, for this year's annual report these two separate audit processes have ran concurrently. During this time Council staff worked with Audit NZ to provide all the necessary information requested.

We anticipate we will receive a (qualified) audit opinion following on from the 2022/23 Annual Report which identified an error in how we were reporting against a measure that is externally sourced. Audit identified that the Council and its afterhours call centre provider were not recording and classifying complaints in accordance with the Department of Internal Affairs guidance and the method of recording was likely to have understated the actual number of complaints received. A solution was sought during the 2023/24 year. While it was not able to be resolved in the 2023/24 financial year, the solution has been implemented in the 2024/25 financial year.

Due to the continuation of the audit processthe Annual Report is not able to be adopted today and will be brought to Council in the new year.

## 5 Significance and Engagement Assessment - *Aromatawai Pāhekoheko*

### 5.1 Assessment of Significance

The decisions and matters of this report are assessed to be of low significance, in accordance with the Council's Significance and Engagement Policy, noting there is a significant public interest in the Annual Report.

### 5.2 Engagement and community views

Engagement on this matter is not being undertaken in accordance with Section 4.2 of the Council's Significance and Engagement Policy. The decision to adopt the Annual Report is a statutory requirement. No consultation is considered necessary as the intent of the Annual Report is to inform the community. The annual report will be released to the public when it has been approved by audit, and adopted by Council.

## 6 Considerations - *Whai Whakaaro*

### 6.1 Financial/budget considerations

There are no budget considerations associated with the recommendations of this report.

### 6.2 Strategic alignment

No inconsistencies with any of the Council's policies or plans have been identified in relation to this report.

### 6.3 Climate change assessment

The decisions and matters of this report are assessed to have low climate change implications and considerations, in accordance with the Council's Climate Change Principles.

#### 6.4 Risks

Failure to adopt the 2024 Annual Report within the statutory timeframe breaches legal obligations under the Local Government Act 2002, potential resulting in regulatory scrutiny or intervention.

Delays may also affect the Council's reputation, reducing public confidence in its governance, transparency, and operational effectiveness.

The extended timelines can also strain relationships with our auditors, potentially leading to increased audit costs.

Delays may also disrupt financial planning and budgeting processes related to the Annual Plan.

### 7 Next steps - *Ahu whakamua*

Audit process to continue until completion. Once complete, the full annual report will be brought to Council in the new year for adoption.