

Better Off Funding and Transition Support funding arrangements to support Local Water Done Well

Meeting: Kaipara District Council
Date of meeting: 29 May 2024
Reporting officer: Hayley Worthington - General Manager Customer Experience
Anin Nama - General Manager Infrastructure Services

Purpose | Ngā whāinga

To seek approval to redirect existing uncommitted externally funded Better Off and Transition Funding to three waters infrastructure and the future Local Water Done Well programme.

Executive summary | Whakarāpopototanga

The Minister of Local Government provided an update on the next stage of Local Water Done Well (LWDW) and provided direction to Councils on any uncommitted externally funded better off and the transition support funds be redirected towards three waters infrastructure and to support the Government direction on Local Water Done Well.

A sum of \$4,152,500 is available, made up from the better off (\$4,040,000) and remaining transition funds (\$112,500). Previously Council had approved the use of \$404,000 towards two community hubs in Mangawhai and Dargaville with works continuing on the community engagement, conceptual designs, and land feasibility studies. The previous Government also provided funding for the former waters reform programme and a sum of \$112,500 remains uncommitted.

The Government has now replaced the water reform programme with a new Local Water Done Well programme. To ensure Kaipara District Council (KDC) has sufficient funding to transition to a new water's delivery model without burden on the ratepayer, a sum of \$500,000 is set aside from this external funding to support this programme. This leaves a sum of \$3,248,500 to be redirected to three waters infrastructure, to projects that are funded by debt which reduces the rates or provide additional funding to projects identified in the LTP.

An assessment of the 2024-27 capital programme identified two projects that are funding by debt, with the remaining projects funded by depreciation reserve or development contributions, with both not directly impacting rates.

It is proposed the sum of \$3,248,500 is redirected and additional funding provided to the following:

- Water systems renewals (Debt funded) - replace Council funding of \$500,000 with remaining funds and provide additional funding of \$100,000.
- Maungaturoto Treatment Plant upgrade (Debt funded) - replace Council funding of \$1,500,000 with remaining funds and provide additional funding of \$100,000.
- Wastewater systems renewals – (Additional funding) of \$248,500.
- Mangawhai subsurface irrigation (Golf Course) – (Additional funding) of \$800,000.

The total impact of the redirection of funding to the above projects is not expected to be more than 1%. Note, this will only impact water rating.

Recommendation | Ngā tūtohunga

That the Kaipara District Council:

- a) Approves redirection of Better Off and Transition Funding of \$3,248,500 to deliver increased investment to the following projects:

- Water systems renewals (Debt funded) - replace Council funding of \$500,000 with remaining funds and provide additional funding of \$100,000.
- Maungaturoto Treatment Plant upgrade (Debt funded) - replace Council funding of \$1,500,000 with remaining funds and provide additional funding of \$100,000.
- Wastewater systems renewals (Additional funding) of \$248,500.
- Mangawhai Golf Course subsurface irrigation (Additional funding) of \$800,000.

b) Agrees that \$500,000 of the Better off Funding be retained for the purpose of transitioning to the Local Waters Done Well model.

Context | Horopaki

The Minister of Local Government provided an update (**Attachment A**) on the next stage of Local Water Done Well (LWDW) and provided direction to Councils on the use of the uncommitted Better Off and Transition Funding. The Minister has advised that any uncommitted funds, should be redirected towards three waters infrastructure and to support the Government direction on Local Water Done Well.

Following the Minister's announcement, the Department of Internal Affairs (DIA) wrote to the Chief Executive providing next steps, and requested KDC identify whether any opportunities exist for council to redirect unspent Better Off funding to increase investment in water infrastructure or to help establish new water services delivery organisations (**Attachment B**). KDC responded (**Attachment C**) advising of impacts of the redirection of uncommitted and unspent funds and agreed to take the decision to Council.

Discussion | Ngā kōrerorero

The first tranche of the Better Off funding of \$4,040,000 has been provided to Council for community hubs in Mangawhai and Dargaville. A sum of \$404,000 is committed towards two community hubs in Mangawhai and Dargaville with works continuing on the community engagement, conceptual designs, and land feasibility studies. To support the delivery of this work, KDC employed a fixed term Project Manager to deliver both initiatives.

Engagement with the Kaipara community is currently underway to gain direction and expectations from residents for the design and facilities within the hubs. The previous Government also provided funding for the former waters reform programme and a sum of \$112,500 remains uncommitted. It is also proposed that a sum of \$500,000 is set aside to support any work on the Local Water Done Well programme. This leaves a sum of \$3,248,500 to be redirected to three waters infrastructure, to projects that are funded by debt which reduces the rates or provide additional funding to projects identified in the LTP.

An assessment of the 2024-27 capital programme identified two projects that are funding by debt, with the remaining projects funded by depreciation reserve or development contributions, with both not directly impacting rates.

It is proposed that \$2,000,000 of debt funded projects are replaced with the uncommitted funds and the remaining sum of \$1,248,500 is allocated (refer table 1) as follows:

- Water systems renewals (Debt funded) - replace Council funding of \$500,000 with uncommitted funds and provide additional funding of \$100,000.
- Maungaturoto Treatment Plant Upgrade (Debt funded) - replace Council funding of \$1,500,000 with uncommitted funds and provide additional funding of \$100,000
- Wastewater systems renewals – provide additional funding of \$248,500.
- Mangawhai Golf Course subsurface irrigation – provide additional funding of \$800,000

	Budget		
Better off fund	\$ 4,040,000		
Remaining transitional fund	\$ 112,500		
Sub total	\$ 4,152,500		
Committed funding (Community Hubs)	\$ 404,000		
Local Water Done Well	\$ 500,000		
Uncommitted fund to redirect to three waters infrastructure	\$ 3,248,500		
Projects	Replace debt funded projects FY 2024	Additional Investment	Total
Water systems Renewals - reticulation	\$ 500,000	\$ 100,000	
Maungaturoto - Treatment Plant Upgrade	\$ 1,500,000	\$ 100,000	
Mangawhai subsurface irrigation (Golf Course)		\$ 800,000	
Wastewater system Renewals - reticulation		\$ 248,500	
Total	\$ 2,000,000	\$ 1,248,500	\$ 3,248,500

Table 1

Options

Option 1: Approve redirection of the remaining uncommitted Transition and Better Off Funding to the three waters projects as outlined in table 1.

This is the recommended option.

Option 2: Retain \$500,000 for the Local Water Done Well programme and use the remaining uncommitted funds to finalise design work and consenting for the Community Hubs, and as funds allow progress to the next stages.

Financial implications

Central Government has indicated that there are no further funding channels to support the transition to Local Waters Done Well. The Government have asked all Councils to consider redirecting remaining Better Off and Transition Funding, or alternatively to create additional budget through annual or long-term planning for this cost to be incurred in the 2024/25 – 2026/27 financial years.

As a result of redirecting these uncommitted funds there will be savings of interest by funding water reticulation and the Maungaturoto Water Treatment Plant upgrade of approximately \$150,000 per year to the LTP.

Risks and mitigations

	Risk	Mitigation
Long Term Plan Consultation	LTP Engagement is underway with community and residents. Expectations have been set with the community to deliver the Community Hubs with design work, consenting, and initial site works / preparation "Shovel Ready" – As per Tranche 1 Funding requirements	Project team is working to ensure key design work can be completed which could support consenting and initial site works.
In-flight Project Delivery - Project Management	Both Hubs are in-flight projects being delivered by a Fixed Term Project Manager	Project Manager contract is tied to BOF and Hub projects. P&C and line management are working with impacted PM to ensure understanding and transparency.

In-flight Project Delivery – Cost commitments	Both Hubs are in-flight projects with the \$404,000 BOF being committed to deliver: <ul style="list-style-type: none"> - Project management salary - Library concepts - Site feasibility - Hub conceptual designs - Community engagement - Iwi design principles 	Project team believe committed costs will deliver key design and feasibility documentation, which could be utilised by projects - Mangawhai in year 3, and Dargaville through a Trust establishment.
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Significance and engagement | Hirahira me ngā whakapāpā

The decisions or matters of this report are considered to have a low degree of significance in accordance with Council's Significance and Engagement Policy. No feedback is required, and the public will be informed of Council's decision via the agenda and minutes publication of this meeting, on the website and through other channels if appropriate.

Next steps | E whaiake nei

Kaipara District Council is required to communicate its direction and decision to the Department of Internal Affairs. If Council agrees to redirect funding, staff will be required to prepare and submit variation documentation confirming our intending spend allocation.

Attachments | Ngā tapiritanga

	Title
A	Letter Hon Simeon Brown - Local Water Done Well stage 2: Establishing the framework and transitional arrangements for the new water services system
B	Transitioning Better Off and Council Transition Support funding arrangements - Kaipara District Council (DIA Request)
C	Transitioning Better Off and Council Transition Support funding arrangements to support LWDW (KDC Response)