

# Water Quality Targeted Rate Proposal

## Purpose

1. To propose increased investment in the water quality improvement programmes by extending the duration of current Water Quality Targeted Rate for an additional three years.

## Summary of proposal

2. We are proposing to increase investment to accelerate our water quality improvement programmes, to accelerate improvements to harbour water quality. The two major programmes we are looking to accelerate are:
  - Southern Catchments Alignment Programme: to improve water quality in the Manukau Harbour by aligning the timing of stormwater improvements with other scheduled major infrastructure projects
  - Eastern Isthmus Programme: sewer separation and stormwater treatment to improve coastal water quality from Hobson's Bay to St Heliers
3. In addition to the two new programmes of work, the increased investment will also enable the continuation of the current regional water quality programs of contaminant removal, stream rehabilitation, septic tank monitoring and safe networks.
4. The proposed additional investment through the Water Quality Targeted Rate (WQTR) is set out in the table below:

Proposal	Additional Investment Raised	Projects to be funded and outcomes
Extend the duration of current Water Quality Targeted Rate for an additional three years, through to 30 June 2031	\$149.7 million from, 2028/29 to 2030/31	<p>Enables us to start the Eastern Isthmus Water Quality Improvements programme in 2029.</p> <p>Enables us to undertake stormwater improvements alongside major infrastructure projects occurring in Manukau from 2028/2029 to 2030/2031 (Southern Catchments Alignment Program).</p> <p>Enables the continuation of the current regional water quality work programmes (contaminant removal, stream rehabilitation, septic tank monitoring and safe networks).</p> <p>Outcomes: Improvements to water quality in Manukau Harbour, Tāmaki Estuary and along coast between Hobson's Bay to St Heliers from 2029 onwards, continues regional water quality improvements.</p>

5. Without this extension we will not be able to start either the Eastern Isthmus or Southern Catchments Alignment programmes until after 2031. The Western Isthmus Program will be completed but the regional water quality programmes will stop from 2028.
6. To deliver the major projects on the Eastern Isthmus in 2029, planning and design will need to begin earlier than 2029. There are also ageing sections of the stormwater network that will need to be renewed in advance of the major projects in Eastern Isthmus programme. The planning and enabling renewals can be undertaken within the existing stormwaters renewals programme.

## Background

7. The WQTR was introduced in the 10-year Budget (long-term plan) 2018-2028 to fund a Water Quality Improvements Programme of work that increased investment to clean up the water quality at our beaches. This was a response to strong public concern at the state of Auckland's beaches and harbours, which are being impacted by a very large number of wet weather sewage overflows.
8. The dedicated funding of the WQTR has led to significant progress in water quality projects, including:
  - stormwater upgrades and wastewater/stormwater separation in the Western Isthmus
  - infrastructure for stormwater contaminant removal across the region
  - rehabilitation of urban and rural streams
  - introduction of a proactive regional septic tank monitoring programme
  - safe networks investigations to track down illegal cross connections.
9. Good progress has been made since 2018 in implementing major projects under the WQTR including the St Marys Bay outfall, Daldy Street outfall and Picton Street separation. Pollution loads flowing into our harbours are decreasing as a result of the WQTR and will continue to do so. Permanent no swimming signage has been removed from five beaches through the safe swim and safe networks investigations and significant point source pollution issues have been located and rectified at Langholm, Browns Bay, Milford and Takapuna.
10. The Western Isthmus is the most concentrated site of significant water quality breaches. This is predominantly, but not exclusively, a consequence of old combined sewer networks installed decades ago. As a result, 80 per cent of current WQTR investment has been allocated to this area, with projects contributing to the effectiveness of the Central Interceptor expected to reduce the number of overflow events from 200 per year to between two and six per year (a 95% swimmability result). While addressing the water quality problems in the Western Isthmus was the priority for the initial investment, there is still a need for further investment in our other harbours and waterways.
11. There is now an opportunity to extend the success of the WQTR to other necessary water quality improvements, and to achieve efficiencies by integrating projects into the works schedules of other major transport projects, such as the South Western Gateway Transport Programme.

## Options

12. The additional revenue from extending the WQTR to 2031 (to align with the 10-Year Budget 2021-2031) is set out in the table below.

WQTR	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025	2025/ 2026	2026/ 2027	2027/ 2028	2028/ 2029	2029/ 2030	2029/ 2031	Total
Extra revenue								\$49.0m	\$49.9m	\$50.8m	\$149.7m

13. The following table identifies the key outcomes for each investment option, and the rates impact:

Option	Outcomes
<b>Status Quo:</b> WQTR finishes in 2028	<p>Provides an accelerated water quality improvement programme, as committed to in the 2018 Long-term Plan. The Western Isthmus programme will be completed, predominantly benefiting the Waitematā Harbour. The other regional programmes would stop from 2028.</p> <p>The Eastern Isthmus and Southern Catchments Alignment programmes will not be able to be started until after 2031, subject to future long-term plan decisions.</p>
<b>Proposal:</b> Extend WQTR 2028 to 2031	<p>Allows some new projects to start to improve water quality in other areas such as the Eastern Isthmus and Manukau and Tāmaki River (Southern Catchment Alignment Programme) from 2028 onward. The current regional work programmes (contaminant removal, stream rehabilitation, onsite wastewater and safe networks) will be able to continue from 2028.</p> <p>Under this proposal the average residential ratepayer will continue to pay \$65.80 each year over the three-year period 2028/2029 to 2030/2031. The average business property will pay continue to \$304 each year over the same period.</p>

14. Further background detail on the eastern isthmus and the southern catchments alignment programme is detailed below.
15. The overall Water Quality Targeted Rate investment for each option and approximate programme timelines are shown in the following table. The timing of the proposed new programmes need to coincide with the timing of Watercare (for the Eastern Isthmus) and Auckland Transport or Waka Kotahi (for the Southern Catchments). All options include the completion of the Western Isthmus programme. In order to deliver the major projects some planning, and design must begin prior to years when budget is available for construction. The early planning and design can be prioritised within the Healthy Waters regional planning budgets if the budgets available for construction are certain.

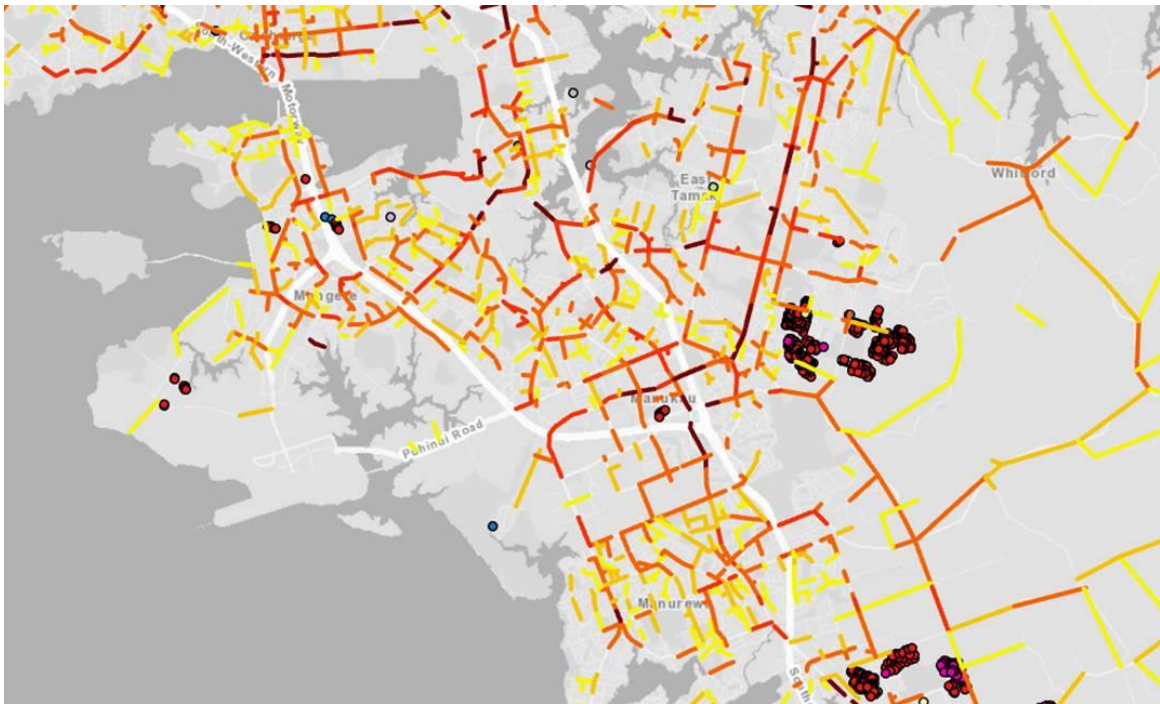
Financial year ending	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Total 10yrs
<b>Status Quo: Baseline</b>	29.55	36.45	38.61	58.55	52.84	48.93	54.71	0.00	0.00	0.00	320
<b>Western Isthmus</b>	<i>Delivery (aligned with Watercare), completed 2028</i>										
<b>Eastern Isthmus</b>								<i>Planning and design for major projects</i>			
					<i>Enabling works – critical renewals that enable and support stormwater separation and capacity improvements</i>						
<b>Southern Catchments Alignment</b>									<i>Planning and design</i>		
<b>Regional Water Quality Programmes</b>	<i>Delivery of existing regional programmes – such as contaminant removal for the Manukau Harbour, Kaipara Harbour, Mahurangi Harbour and North Eastern Beaches</i>										

Financial year ending	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Total 10yrs	
<b>Proposal:</b>	29.55	36.45	38.61	58.55	52.84	48.93	54.71	49.00	49.90	50.80	469	
<b>Extend until 2031</b>												
<b>Western Isthmus</b>	<i>Delivery (aligned with Watercare), completed 2028</i>											
<b>Eastern Isthmus</b>					<i>Planning and design for major projects</i>			<i>Delivery of major projects</i>				
	<i>Enabling works – critical renewals that enable and support stormwater separation and capacity improvements</i>											
<b>Southern Catchments Alignment</b>						<i>Planning and design</i>		<i>Delivery</i>				
<b>Regional Water Quality Programmes</b>	<i>Delivery of existing regional programmes – such as contaminant removal for the Manukau Harbour, Kaipara Harbour, Mahurangi Harbour and North Eastern Beaches</i>							<i>Delivery extended enabling additional projects from 2028</i>				

### Southern Catchments Alignment Programme

16. Numerous opportunities exist to improve water quality in the Manukau Harbour and Tāmaki River, reducing stormwater pollutants and enhancing the habitat and biodiversity of the waterways. Increased investment in both urban and rural catchments could reduce the annual loads of key contaminants such as heavy metals, sediment, nutrients and pathogens.
17. There has been significant public advocacy to improve water quality in the Manukau Harbour for many years. There is a persistent view that the Manukau has not been a priority catchment and is a poor cousin to the Waitematā.
18. Roads and urban development are key contributors to water quality issues in the Manukau Harbour, and can be part of the solution too. This alignment project proposes to implement water quality improvements alongside other scheduled infrastructure improvements, to minimise disruptions, maximise efficiencies and achieve better water quality outcomes than might otherwise be possible.
19. A number of major transportation projects are planned in the next decade though southern and eastern Auckland such as the South Western Gateway Transport Programme that includes Airport to Botany, upgrades to State Highway 20B and Te Irirangi Drive. These projects have water quality mitigation components to them and there is an opportunity to align additional investment with these transport projects to get extra water quality benefits for the wider catchment more cost effectively while also reducing the number of disruptions for road users.
20. If funded through an extension to the WQTR, this programme could enable water quality investment to expand and enhance stormwater quality and stream improvements the transport projects are required to undertake, providing wider catchment benefits rather than just mitigating the effects of the road. It will also enable stormwater treatment to be implemented for some existing high use roads that would not otherwise be treated.
21. Figure 1 below shows the Auckland Transport high use roads in south Auckland that the programme could help to improve and augment water quality outcomes alongside the road upgrades. The colour coding goes from yellow to orange to red and dark red to indicate the most use. The dots show where there are stormwater treatment systems in place.

22. Figure1: High Use Roads South Auckland

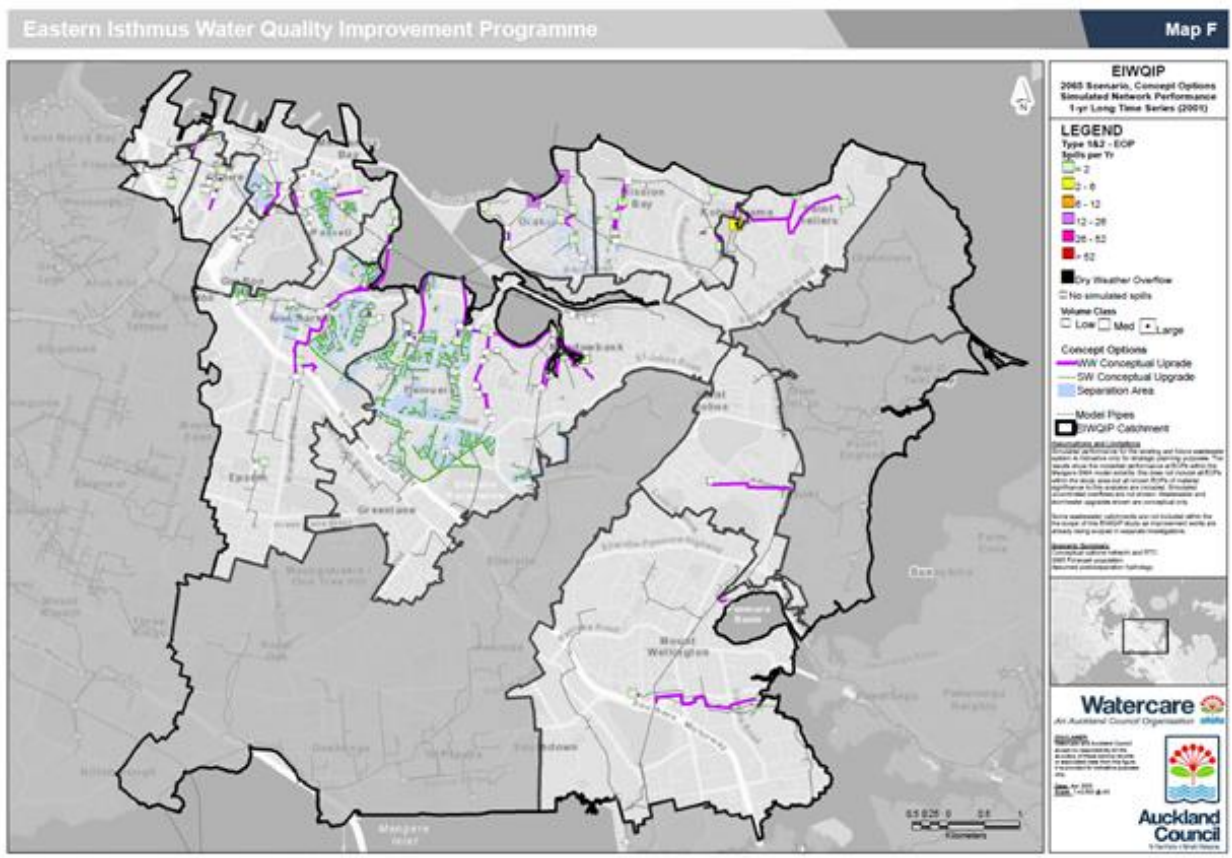


23. Panuku's Transform Manukau programme has developed a strong vision for the Puhinui Stream and there are some good opportunities to align water quality investment with the urban growth planned in the catchment. Similar to the transport projects, there is an opportunity to improve water quality for larger areas of existing catchment rather than just mitigating the effects of development areas. This can be achieved in an efficient and cost-effective way if funding is available to top up the developer investment.
24. Aligning water quality improvements with other projects is time-sensitive and needs to allow for design and development work in conjunction with Watercare, Waka Kotahi, Auckland Transport and Panuku's schedules. This has ramifications for when funding is needed. An extension of the targeted rate would enable alignment with projects after 2028. Under the status quo, alignment opportunities could only be enabled after 2031, subject to future long-term plan decisions.

### The Eastern Isthmus Programme

25. The Eastern Isthmus area has significant water quality issues affecting coastal environments from Hobson Bay to St Heliers. Similar to the Western Isthmus programme, investment in stormwater infrastructure is necessary to complement Watercare's investment in the wastewater network to reduce overflows and pollution loads. This involves building stormwater infrastructure to enable sewer separation and stormwater treatment.
26. Figure 2 below shows the potential extent of the network upgrades envisaged for the programme. Purple lines indicate potential wastewater upgrades, the green lines show stormwater opportunities, and the blue are draft separation areas.

Figure 2: System upgrade for the Eastern Isthmus



27. The Eastern Isthmus would be delivered in a similar way to the western Isthmus. As Watercare deliver new wastewater infrastructure projects such as the Newmarket Gully Tunnel, Healthy Waters would undertake stormwater upgrades and stormwater separation with Watercare to optimise the investment. The Central Interceptor is also a key enabling project for the Eastern Isthmus, as capacity is freed up in the Orakei main sewer, capacity upgrades to the local network can be made to reduce overflows.
28. There are parts of the stormwater network that will require renewal in advance of Eastern Isthmus project, these renewals will be planned so their timing enables future separation and capacity upgrades that will be built for the Eastern Isthmus. It will take many years to work through the catchments that make up the Eastern Isthmus and the programme will extend beyond 2031.

**Attachments**

No.	Title
A	Options analysis table



## Attachment A: Options Table

	Rationale	Impact on Rates	Impact on Debt	Impact on level of service
<b>Status Quo:</b>	<i>Status quo – maintain rates at same level</i>	None	None	None
<b>Option One: Extend the Water Quality Targeted Rate to 2031</b>	<p><i>Allows the Eastern Isthmus and Southern Catchments Alignment programmes to be brought forward to 2028/2029. Benefits of improved water quality in the Hobson Bay to St Heliers, Manukau Harbour and Tāmaki Estuary catchments three years earlier.</i></p> <p><i>Allows current regional water quality work programmes to continue beyond 2028</i></p>	<p>\$149.7m in additional rates. The average residential ratepayer will continue to pay \$65.80 each year over the three-year period 2028/2029 to 2030/2031. The average business property will pay continue to \$304 each year over the same period.</p>	<p>This proposal will have no impact on the council's debt as any additional revenue is offset by additional expenditure</p>	<p>The Eastern Isthmus Programme Southern Catchment Alignment Programme enabled from 2028</p> <p>Extend the current regional water quality work programmes (contaminant removal, stream rehabilitation, septic tank monitoring and safe networks).</p> <p>Improved water quality in the following catchments:</p> <ul style="list-style-type: none"> <li>• Hobson Bay to St Heliers</li> <li>• Manukau Harbour</li> <li>• Tāmaki Estuary</li> </ul>