Water Services Delivery Plan

1 September 2025

WHAKATĀNE District Council
Kia Whakatāne au i ahau

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Part A: Statement of financial sustainability, delivery model, implementation plan and assurance

Statement that water services delivery is financially sustainable

Statement that water services delivery is financially sustainable
Financially sustainable water services provision

The Whakatāne District Council can confirm that it will be financially sustainable as an in-house business unit ahead of 30 June 2028. Confirmation of financial sustainability includes confirmation that the Council has:

- Investment sufficiency through a capital programme produced with the help of independent consultants Tonkin + Taylor that includes sufficient investment to meet regulatory requirements and provide for a combination of improving levels of service, accommodating growth, and providing for renewals.
- Revenue sufficient to deliver the water services required in the capital programme and service associated debt.
- Financing sufficient to fund the capital programme, within the Council's approved debt limits.

Details and evidence to support the Council's judgements about financial sustainability are included in Part D.

Investment Sufficiency

The Long Term Plan 2024-34 (LTP) proposed a capital programme totalling $190 million (in real terms) over the forecast period, with just over half of this forecast to renew existing assets and the vast majority of the remainder to improve levels of service.

Tonkin + Taylor was engaged to review the LTP capex programme to determine additional investment required to meet regulatory requirements, particularly regarding wastewater infrastructure. This was further refined by Council officers following discussions with the Water Services Authority (Taumata Arowai) and the Bay of Plenty Regional Council (BOPRC). This capital programme was subsequently reviewed by Beca for consistency with proposed national wastewater environmental performance standards, noting there remains some uncertainty regarding the final form and application of new national standards.

The final capital programme totals $215.7 million over 10 years (in real terms) and forms the basis for financial modelling undertaken for this options assessment.

Under this final capital programme, drinking water infrastructure will be compliant with regulatory requirements by 2028, and wastewater infrastructure will be compliant by 2032 (noting there is some uncertainty with the final wastewater standards).

In setting this strategy, the Council engaged directly with the regulators to discuss the approach, with a clear direction of travel to become compliant ahead of other needs at a pace that is affordable for our community and that contractors can respond to.

Meetings were held with BOPRC and Taumata Arowai and looked at the proposed requirements, key investment challenges and a review of the capex programme. The agreed outcome is a pragmatic approach to delivering on the legislative requirements to deliver water and wastewater services that meet regulatory standards and to implement the outcomes of the Council's reconsenting programme.

The $215.7 million 10-year capital programme in today's dollars equates to $261.7 million in inflated dollars. This programme includes:

- $87.2 million in water supply assets
- $156.7 million in wastewater assets
- $17.8 million in stormwater assets.

The investment profile has been smoothed so real expenditure is relatively even, year-on-year.

Revenue Sufficiency

Council has projected to generate sufficient revenue to meet the full cost of water services delivery, including operating expenditure, asset renewals, and debt servicing. Total operating revenue is projected to increase year-on-year throughout the 10 years of the Water Services Delivery Plan from FY25. This drives the projection for operating deficits to generally reduce over the first nine years of the Plan, before operating surplus is achieved in FY34. Similarly, the operating cash surpluses are projected to increase from $5.2 million in FY25 to $18.5 million in FY34. In general, the revenue metrics show constant improvement in financial health over the 10-year period of this Plan, setting Council up to sustainably deliver water services in the next decade and beyond.

For the Whakatāne District Council, average water charges per connection are forecast to increase from around $2,041 in FY25 to around $4,411 in FY34 (in nominal terms). This is a significant increase and could present affordability challenges to some ratepayers in the outer years of the Plan. This is one reason the Council has committed to explore forming a joint water services organisation with Rotorua Lakes Council, Ōpōtiki District Council, and Kawerau District Council (see next section).

The revenue projections:

- are based on revenue required to meet the investment profile the Council developed with the help of advice from Tonkin + Taylor, Beca, and regulators.
- meet additional operating costs included for Council to ensure adequate allowance for overheads, financing costs, and additional costs associated with exploring whether to establish or join a joint water services organisation. A copy of the underlying assumptions can be found in the Appendices.

Financing Sufficiency

As noted, nearly $261.7 million of capital investment is forecast over the Water Services Delivery Plan period. Total net water borrowings peak at $217.7 million in FY34. However, net water debt peaks at 461% of net water revenue in FY30 and trends downwards thereafter. The Council can manage the borrowing required within the applicable borrowing limits as presented in Parts D and E of the WSDP.

Borrowing will be undertaken through the New Zealand Local Government Funding Agency (LGFA)Council can access whole-of-Council debt up to 280% of net revenue. The projection presented in this Plan ensures whole-of-Council debt would not exceed 246% (in FY30), leaving adequate debt headroom to deal with unexpected events.

Transitional arrangements

The Council needs to meet the ring-fencing requirements to deliver water services through an in-house business unit that truly stands alone. The Implementation Plan describes the steps that the Council will take to ensure ring-fencing.

Proposed delivery model

Proposed model to deliver financially sustainable water services

The proposed model to deliver water services

The Council will deliver water services through an in-house business unit while continuing to work with neighbouring councils in the eastern Bay of Plenty to explore the viability and benefits of establishing a joint water services organisation.

Analysis informed the preferred option

Analysis of potential options for water services delivery by MartinJenkins focused on the two most viable options:

- an internal water services unit
- a joint water services organisation (WSO) with councils in the eastern Bay of Plenty.

The analysis showed the impact on affordability for ratepayers over the 10-year period of this Plan was similar, assuming price harmonisation could not be achieved across a multi-council WSO. While a joint WSO would allow the Council to access more debt finance for non-water projects, it would also entail establishment costs and give the Council less direct control over water service delivery in the Whakatāne District. The options had pros and cons, so the Council found the options relatively evenly balanced.

The Council decided to pursue an internal business unit as this option provides the Whakatāne District with the greatest control over its own water service delivery.

Revenue collection

Part C of this Plan sets out the approach to charging. Revenue will be collected through general and targeted rates, fees and charges, and subsidies and grants. It will be ring-fenced and tracked with separate General Ledger codes in the Council's accounting systems. The Council will investigate storing revenues for each water in separate bank accounts.

Ring-fencing

Opening debt balances have been allocated to each of the three waters activities. Debt will be separately tracked against water activities. Interest on internal debt balances will be attributed to water services on an "arm's length" (commercial) basis based on the average of the Council's cost of borrowing. The Council will allocate shared overhead costs to each water activity based on a Council-approved cost allocation policy. The Council will set up a separate chart of accounts within its General Ledger to enable full sets of auditable financial statements to be produced, with the intention that the Council will be in a position to meet ring-fencing and separated reporting requirements by 1 July 2027.

Delivery

As a Water Services Provider operating under the soon-to-be enacted Local Government (Water Services) Bill, the Council will be responsible for how assets will be operated and maintained on a day-to-day basis to:

- Achieve adequate level of service performance targets
- Meet resource consent conditions requirements
- Ensure the capacity of three waters assets is maintained
- Deliver three waters services at the required level
- Ensure effective control of water and support water conservation and efficiency
- Protect public health and safety.

The Council has 35 FTE staff members within the three waters activities who will continue to deliver three waters services mainly through in-house three waters operational staff, with support through outsourcing minor service contracts. Physical operations and maintenance works will be mainly covered by the internal three waters staff. Capital delivery projects will be managed by Project Delivery Managers and delivered through our adopted procurement process. There will be Service Level Agreements with additional Council activities that will support the Three Waters Activities, such as finance, customer services, people and capability and IT support. The service delivery model is presented below.

Table 1. Whakatāne District Council service delivery model for three waters

Service delivery function	Internal service delivery team	Internal capabilities	External service delivery
Design	Project Management and Asset Teams – concept design	Currently 9 FTE across the two teams	Local consultants for detailed and construction design
Construction	New capex delivery via procurement process Council procurement team	Project Management team manages delivery, Will require Service Agreement with Procurement team.	Local contractors and water industry market delivery

Operations	Three waters operational and maintenance teams Customer services team	Currently 25 FTE across Reticulation, Water Treatment and Administration Support functions. Will require Service Agreement with Procurement team	Local contractor to monitor SCADA systems After hours Request for Services (RFS) via external contractor
Maintenance	Three waters operational and maintenance teams	Currently 25 FTE across Reticulation, Water Treatment and Administration Support functions.	Local contractor for SCADA systems activities Local contractors for Three Waters "Green Space' activities New Zealand contractor for Asset Management System upgrades
Planning and reporting	Asset Team for planning and WDC corporate services for assistance with reporting	Currently 5 FTE within Asset Team and regulatory compliance Will require Service Agreement with Planning and Strategy teams.	Consultants
Financial management	Rates team for billing Financial Team with support from Asset Team	Will require Service Agreement with Finance team.	Contractors for valuation process
Regulatory compliance	Internal operations staff for regulatory sampling. Compliance officers for regulatory requirements Trade Waste Officer	Internal operations staff for regulatory sampling. Compliance officers for regulatory requirements, trade waste. Planning staff for resource consent monitoring, and preparation of consents. Will require Service Agreement with Planning team.	NATA accredited laboratories for sampling Consultants for laboratory compliance reporting Consultants for Audit compliance component

Implementation plan

Implementing the proposed service delivery model

There are two main aspects of this implementation plan

The Whakatāne District Council needs to proceed on the basis it will deliver water services through an internal business unit for at least the short-term, noting it may form a joint water services organisation if further exploration shows this to be the best approach.

Therefore, this implementation plan concerns two main aspects:

- The process for meeting the legal requirements for an internal business unit
- The process for exploring a joint water services organisation with neighbouring councils.

We describe each in turn.

The process for meeting the legal requirements for an internal business unit

As an internal business unit delivering water services, the Whakatāne District Council will need to meet the following requirements:

- Planning and reporting changes
    - Water Services Strategy
    - Water Services Annual Budget
    - Water Services Annual Report
- Accounting changes to support the planning and reporting changes, for example:
    - Separate financial statements for water services
    - Annual audit of financial statements
- Economic regulation
    - Ring-fencing
    - Information disclosure
- Other requirements
    - Trade waste plan
    - Stormwater network risk management plan

The Council will meet these requirements by taking the following steps.

Table 2. Milestones for Whakatāne District Council to meet the legal requirements for an internal business unit

Milestone	Timing
Recruit additional resource to help meet planning and reporting requirements	1 July 2025 – 30 June 2026
Investigate requirements necessary to completely ring-fence water services in financial and reporting systems	1 July 2025 – 30 June 2026

Milestone	Timing
Implement changes identified in the previous stage to enable water services to be ring-fenced and billed separately	1 July 2026 – 30 June 2027
Draft the Water Services Strategy	2026
Prepare any proposed changes to the Development Contributions Policy and Revenue and Financing Policy (noting potential Development Levy regime may impact this action)	1 July 2026 – 31 December 2026
Consult on draft Water Services Strategy in line with consultation on the Long-Term Plan 2027 – 2037	March – April 2027
Consult on any changes to the Development Contributions Policy, Revenue and Financing Policy and Fees and Charges Schedule in line with consultation on the Long-Term Plan 2027 – 2037	March – April 2027
Consult on the draft Trade Waste Discharge Plan	March – April 2027
Fully ring-fenced Three Waters Activities commences	1 July 2027
Water Services Strategy takes effect	1 July 2027
Adopt final Trade Waste Discharge Plan	Late-2027
First Annual Water Services Budget prepared	January – June 2028
Consult on the draft Stormwater Network Risk Management Plan	Early-2028
First Annual Water Services Budget applies	1 July 2028 – 30 June 2029
Adopt final Stormwater Network Risk Management Plan	October 2028
First Water Services Annual Report adopted	By October 2029

The process for exploring a joint water services organisation with neighbouring councils

The Whakatāne District Council will continue to explore the feasibility of forming a joint water services organisation with councils in the Eastern Bay of Plenty with the Ōpōtiki District Council and Kawerau District Council, and with Rotorua Lakes Council. This does not preclude other councils also being part of these discussions. The information below has been agreed and aligns with the WSDPs for these partner councils for proposed service delivery model.

In the 2025- 1 July 2028 triennium – Whakatāne District Council only.

From 1 July 2028 to 2034:

- Multi-council WSO operating as a CCO – including Whakatāne District Council and may also include Rotorua Lakes Council, Kawerau and Opotiki District Councils. This does not preclude other interested councils (such as Western Bay of Plenty and Taupō District Council) from being part of the working group.
- Or continuing with Whakatāne District Council operating as a standalone in-house business unit.

1. Process for delivering the proposed model

The first process step is to gain interest from other councils to fully participate in the study, including joint funding, consultation, and decision making.

There will be ongoing engagement with the other interested councils including sharing plans and relevant information particularly in the set-up phase.

2. LWDW Programme (post 3 September 2025):

There are various LWDW programme tasks required throughout the process including:

- Set up a Waters Working Group for interested councils.
- Sign Heads of Agreement for participating councils.
- Establish project governance for the LWDW programme (potential to continue to set up of WSO).
- Set the preliminary study scope and programme.

Ongoing oversight role throughout process.

3.Governance decisions – Elected Members:

The major governance decisions required by elected members for participating councils after the Local Government elections are:

- Elected members induction - to familiarise them on study purpose, community and iwi engagement, and their upcoming decision on WSO. Councillors approve the overall process for the detailed study and engagement to be undertaken.
- Elected members decision making process - each participating council decides if it is required to consult on preferred option (based on study outcomes).
- Each participating council decides on future of water services delivery after consultation.

4. Undertake detailed study:

An early step for exploring moving to a multi-council WSO will be to undertake a detailed study of a multi-council water organisation. This study would cover:

- Financial modelling for individual councils; Whakatāne District Council in-house business unit and joint WSO for comparison using 10 and 30 year time horizons.
- Agreement on criteria / strategic objectives to assess viability.
- Capture lessons from the process of setting up WSOs nationally such as Waikato Water, Southern Water and Selwyn District Council as examples.
- Agreement on cost efficiency factors (operational cost savings) to be applied and to which year, in order to be transparent and defendable for decision making.
- Alternative scenario testing including the implications if individual Councils (particularly larger Councils) decide not to join the WSO.

The key study inputs (including financial and non-financial data, and operational and capital programmes) will be based on the adopted WSDPs from the individual participating councils.

5. Community and iwi engagement:

- Early in the process, develop an engagement plan.
- Partner with mana whenua *throughout the process* on best long-term option.
- Inform the Whakatāne District's communities progressively about the work of the Waters Working Group.
- The Waters Working Group to report back to the Council's elected members on a quarterly basis.

- Based on each participating council's decision to consult on a preferred option (informed by study outcomes), engage with community and stakeholders on the best long-term option.
- Feedback consultation results to Working Group for governance decision at each participating council.
- Ongoing stakeholder engagement throughout the WSO set up transition.

6. Set up of WSO (multi-council):

- Set up a Transitional body, with appropriate governance and staff.
- Develop a detailed transition plan covering:
  - Governance structure for board.
  - Stakeholder governance – shareholding councils and iwi.
  - IT infrastructure and systems – what needs to be set up before Day 1 and what can be implemented over time, and what needs to be provided by the council in the transition period.
  - Finance and funding - establish new entity financial structure, balance sheet, debt arrangements, charging and pricing.
  - Legal and compliance - transfer of all titles, duties, rights and obligations.
  - Resources during transition, backfill at each council for key roles, and in new structure.
- Undertake various key establishment tasks:
  - Resources to manage the programme of change, stakeholder engagement and support councils to backfill key roles.
  - Prepare founding documents - Transfer Agreement and Constitution.
  - Develop key documents – Statement of Expectations, Shareholder Agreement, Joint WSDP, Water Services Annual Report.
  - Financial review / actions - overhead allocation methodology review; set up timesheet process for capturing operations.
  - Organisational structure established.
  - Key management roles progressively start.

7. Future decision making

To support design making with a potential multi-council WSO, a decision-making framework will be developed to ensure there is clarity about:

- A strong emphasis on decisions being made by consensus.
- Matters that will be brought to the Waters Working Group for decision making before seeking formal elected members approval at respective councils.
- How the interested councils will make those decisions through the Waters Working Group.

8. Timeframes and key milestones (effective after WSDP submitted on 3 September 2025)

Refer to the detailed timeline for key milestone at task level. Key milestone dates are:

8.1. LWDW Programme (post 3 September 2025):

- October to December 2025 – various early process tasks including:
  - Set up the Waters Working Group.
  - Sign Heads of Agreement.
  - Chair appointed for the Waters Working Group.
  - Set preliminary study scope and programme.
- January 2026 to May 2028:
  - Ongoing oversight role throughout process.

8.2. Governance decisions – Elected Members:

- February / March 2026 – Elected members induction - orientation.
- August 2026 - Elected members decision making process, including if consultation is required on a preferred option.
- Early 2027 – Decide on future of water services after consultation.

8.3. Undertake detailed study:

- January to July 2026:
  - Undertake the study.
  - Capture lessons from other WSOs set up nationally.
- July 2026 – Final report ready for governance decisions.

8.4. Community and iwi engagement:

- January to February 2026 - Develop engagement plan.
- March to September 2026:
  - Partner with mana whenua throughout process.
  - Inform the Whakatāne District's communities progressively about the work of the Waters Working Group.
  - The Waters Working Group to report back to the Council's elected members on a quarterly basis.
- September to October 2026 - Engage with the community and stakeholders on the best long-term option.
- November 2026 – Feedback consultation results to the Waters Working Group for governance decision.

8.5. Set up of WSO – post governance decision (early 2027):

- May to August 2027 - Set up of transition body.
- May to June 2027 - Develop detailed transition plan.
- July 2027 to May 2028 - Undertake various key establishment tasks.
- March 2027 to June 2028 - Ongoing change management and stakeholder engagement throughout process.
- April to May 2028 – Progressive transition of people and services to the new WSO.
- April to June 2028 – Backfill any key council staff positions vacant and still required post WSO.
- June 2028 – Staff and services fully transitioned to the new WSO.
- 1 July 2028 – Day 1 operational start date for a new water services organisation.

Consultation and engagement

Consultation and engagement

Consultation and engagement undertaken

The Council ran a two-phase engagement process in accordance with its Communications and Engagement Strategy.

- Phase 1 involved a three waters public education campaign to equip our communities with information about how our water services currently work.

- Phase 2 solely focused on public consultation regarding the Council's preferred water services delivery option and the most promising alternative.

Phase 1: Education

Education was delivered in Phase 1 through a dedicated website. This webpage and key messages regarding water services were promoted via a three-week digital campaign that utilised short form videos (reels), and a "call to action" for the upcoming consultation. These were supported via static messaging and infographics. Education was provided on the legislation and how the Council will need to apply it, compliance requirements, decision making, cost of services (affordability), asset ownership, and future investment to meet growth. Our primary goal was to educate our communities about what water services are and why they are important, so they were prepared to respond to consultation.

Phase 2: Consultation

The Council released a consultation document on 17 April 2025, seeking submissions by 18 May 2025. The Council indicated its preferred option was to form a joint water services organisation with neighbouring councils. It also consulted on an alternative option: delivering water services through a standalone in-house business unit.

Submitters could submit through digital channels or in hard copy.

Promotional activity supported consultation across social media, print media, radio, digital noticeboards, and other channels.

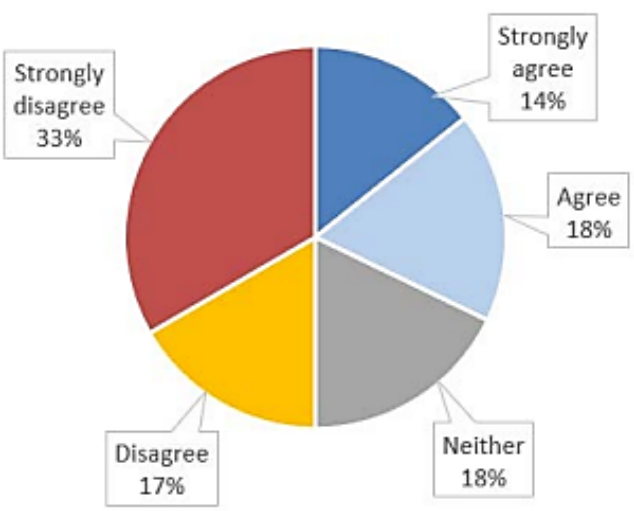
Community "pop-in" sessions were run through this period to inform the public and hear their views. Public hearings enabled submitters to present to the Council.

Consultation was undertaken in accordance with Part 3 of the Local Government (Water Services Preliminary Arrangements) Act.

Results from consultation process

Overall, the submissions show mixed support in terms of the two options put forward for consultation. A larger proportion of submitters (50%) 'opposed' the Council's preferred option (for a multi council CCO) - this is indicative of the views toward the preferred option but not necessarily an indication of support for the alternative proposal for a standalone business unit. A lower proportion (32%) showing support for the preferred option.

Figure 1. Breakdown of submissions on the consultation document



Do you agree with the preferred option (joining a multi-council CCO):

- 50% strongly oppose/oppose.
- 32% strongly support/support.
- 18% neither agree nor disagree.

Engagement with Tangata Whenua

Within the Whakatāne District, 48% of the population are Māori, with eight iwi - Ngati Awa, Ngati Rangitihi, Ngai Tūhoe, Ngati Whare, Ngati Manawa, Tūwharetoa ki Kawerau, Ngāti Makino and Whakatōhea. The Council engaged regularly with tangata whenua partners to ensure a Te Ao Māori view was understood and was considered when decisions were made.

Engagement with Iwi commenced early in the process ahead of the formal consultation process.

Engagement involved direct senior management conversations and information sharing between the Council and Iwi Rūnanga. A number of Iwi representatives from within the district Rohe, alongside our Mayor and Chief Executive, attended a DIA organised hui at Rotorua Lakes Council on 12 May 2025 to discuss LWDW. This included presentations from DIA and the Commerce Commission. Conversations between the Council and Iwi have also been supported by Te Au o Te Awa Punga (Council-Iwi Policy Hub). The Council received submissions from Te Au o Te Awa Punga on behalf of their representation as well as from Te Rūnanga o Ngāti Awa, Te Rūnanga o Ngāti Manawa, Te Rūnanga o Ngāti Whare, and Te Mana o Ngāti Rangitihi. The Chief Executive of Te Uru Taumatua (Ngāi Tūhoe) was informed through regular updates as we have progressed through the consultation process.

Key sentiments from Iwi feedback

Overall: Feedback from Iwi was in the main cautiously open to options. Feedback tended to focus on strong expectations and principles expected in any future service delivery arrangements.

Preferred model: Two of the submissions from Iwi mentioned the more localised options for better control, accountability and established relationships with Iwi. This included an Eastern Bay of Plenty CCO (Whakatāne, Kawerau and Ōpōtiki) with strong iwi governance and the ring-fenced internal business unit.

Partnership and governance: Iwi feedback has strong emphasis on co-governance, Treaty obligations, and Iwi representation in any water entity. There is concern about the erosion of Māori governance roles.

Cultural-environmental integrity: Submissions refer to water as a taonga, some submissions note strong opposition to ocean outfall, mention is made of the need for environmental and catchment restoration, services must uphold Te Mana o Te Wai, services must support cultural practices and uphold traditional knowledge systems. Need for bespoke local solutions is also mentioned.

Equity: Concern that larger scale reorganisation may prioritise urban growth zones and lose focus on smaller rural Māori communities that have seen historic underinvestment. Submissions stress that cost models must not disproportionately burden vulnerable communities.

Assurance and adoption of the Plan

Assurance and adoption of the Plan

Through the development of the Water Service Delivery Plan (WSDP), The Council has leveraged external parties to provide advice and support.

The Council engaged Tonkin + Taylor to review the Long Term Plan capex programme to determine additional investment required to meet regulatory requirements, particularly in regard to wastewater infrastructure. This was further refined by council officers following discussions with the Water Services Authority (Taumata Arowai) and Bay of Plenty Regional Council. This capital programme was subsequently reviewed by Beca for consistency with proposed national wastewater environmental performance standards, noting there remains some uncertainty regarding the final form and application of new national standards.

From late-2024 MartinJenkins was engaged to support the Council to help identify suitable options for future water service delivery. MartinJenkins' reports concluded that the two most likely options available to the Council to meet legislative requirements for the delivery of future water services were:

- An internal business unit within the Council
- A joint WSO with other neighbouring councils

On 25 June 2025, the Council resolved to deliver water services through an internal business unit in the first instance, while continuing to explore a potential joint Water Services Organisation (WSO) with Rotorua Lakes Council and other councils. This WSDP has been prepared on this basis.

Through the development of the WSDP, relevant Council officers have reviewed their relevant sections and confirmed this as being true and accurate.

The Council has shared a copy of the WSDP with DIA to seek initial feedback. Feedback was incorporated as appropriate.

Council resolution to adopt the Plan

This Water Services Delivery Plan was tabled with the Council for approval on 14 August 2025. The Council approved this WSDP, and a copy of the Council's resolutions are contained in Appendix A.

Certification of the Chief Executive of Whakatāne District Council

I certify that this Water Services Delivery Plan:

- complies with the Local Government (Water Services Preliminary Arrangements) Act 2024, and
- the information contained in the Plan is true and accurate.

Signed: 

Name: Steven Perdia

Designation: Chief Executive

Council: Whakatāne District Council

Date: 1 September 2025

Part B: Network performance

Investment to meet levels of service, regulatory standards and growth needs

Investment required in water services

Serviced population

The table below sets out the population of the Whakatāne District and the population projections into the future.

Table 3. Population projections for the Whakatāne District

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2038	2043	2048	2053
Projected total district population	39,665	40,105	40,550	41,000	41,276	41,554	41,834	42,116	42,400	42,618	43,500	44,500	45,300	46,020

The population of the district was 37,150 at the 2023 Census. Roughly half the district population lives within the Whakatāne Urban Ward which includes Whakatāne, Coastlands and Ōhope. The percentage of the district population provided by this Ward is expected to increase over time. Changes in the district's population are driven by natural increase (births minus deaths) and net migration. The Whakatāne District's growth rate has lagged that of New Zealand since the turn of the millennium. Migrants have tended to move to larger urban areas. There is optimism for population growth for our District and the wider Eastern Bay of Plenty in relation to our lifestyle offering, and economic development initiatives currently being progressed. At the same time, with some of our (generally smaller) communities in population decline we need to ensure that our planning is realistic and that services remain agile to adapt where needed.

Under these projections, the district could expect to have 1,250 additional households by 2034.

The next table sets out the population in the Whakatāne District that receives Council water services and the population that does not, projected through to FY34.

Table 4. Serviced population in the Whakatāne District

Projected serviced population	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Projected total district population	39,665	40,105	40,550	41,000	41,276	41,554	41,834	42,116	42,400	42,618
Percentage receiving drinking water services	76%	76%	77%	77%	78%	78%	79%	79%	80%	80%

Projected serviced population	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Serviced population – drinking water	30,145	30,480	31,224	31,570	32,195	32,412	33,049	33,272	33,920	34,094
Population not receiving drinking water services*	9,520	9,625	9,327	9,430	9,081	9,142	8,785	8,844	8,480	8,524
Percentage receiving wastewater services	61%	61%	62%	62%	63%	63%	64%	64%	65%	65%
Serviced population – wastewater	24,196	24,464	25,141	25,420	26,004	26,179	26,774	26,954	27,560	27,702
Population not receiving wastewater services*	15,469	15,641	15,409	15,580	15,272	15,375	15,060	15,162	14,840	14,916
Percentage receiving stormwater services	78%	78%	79%	79%	80%	80%	81%	81%	82%	82%
Serviced population – stormwater	30,939	31,282	32,034	32,390	33,021	33,243	33,885	34,114	34,768	34,947
Population not receiving stormwater services*	8,726	8,823	8,516	8,610	8,255	8,311	7,949	8,002	7,632	7,671

*Note: The estimates of "population not receiving" a service are subject to statistical uncertainty and increases in population not receiving a service once included are unlikely.

Stormwater network services are primarily based in urban areas, but across the district, road reserves provide stormwater benefit by collecting and diverting or directing runoff and complementing overland flow networks. Only a limited number of properties in the district have direct connection to our stormwater network (less than 5%). Properties with a permitted connection are those that are subject to natural slip hazards and poor soakage. The majority of properties have onsite soak holes and detention tanks that discharge in time to the roading network, which supplements overland flow paths.

Rating for stormwater is currently based on nine defined urban networks plus a commercial network charge. A rating review is currently underway, and this may lead to a district wide contribution towards stormwater based on the services provided under reserves and within townships.

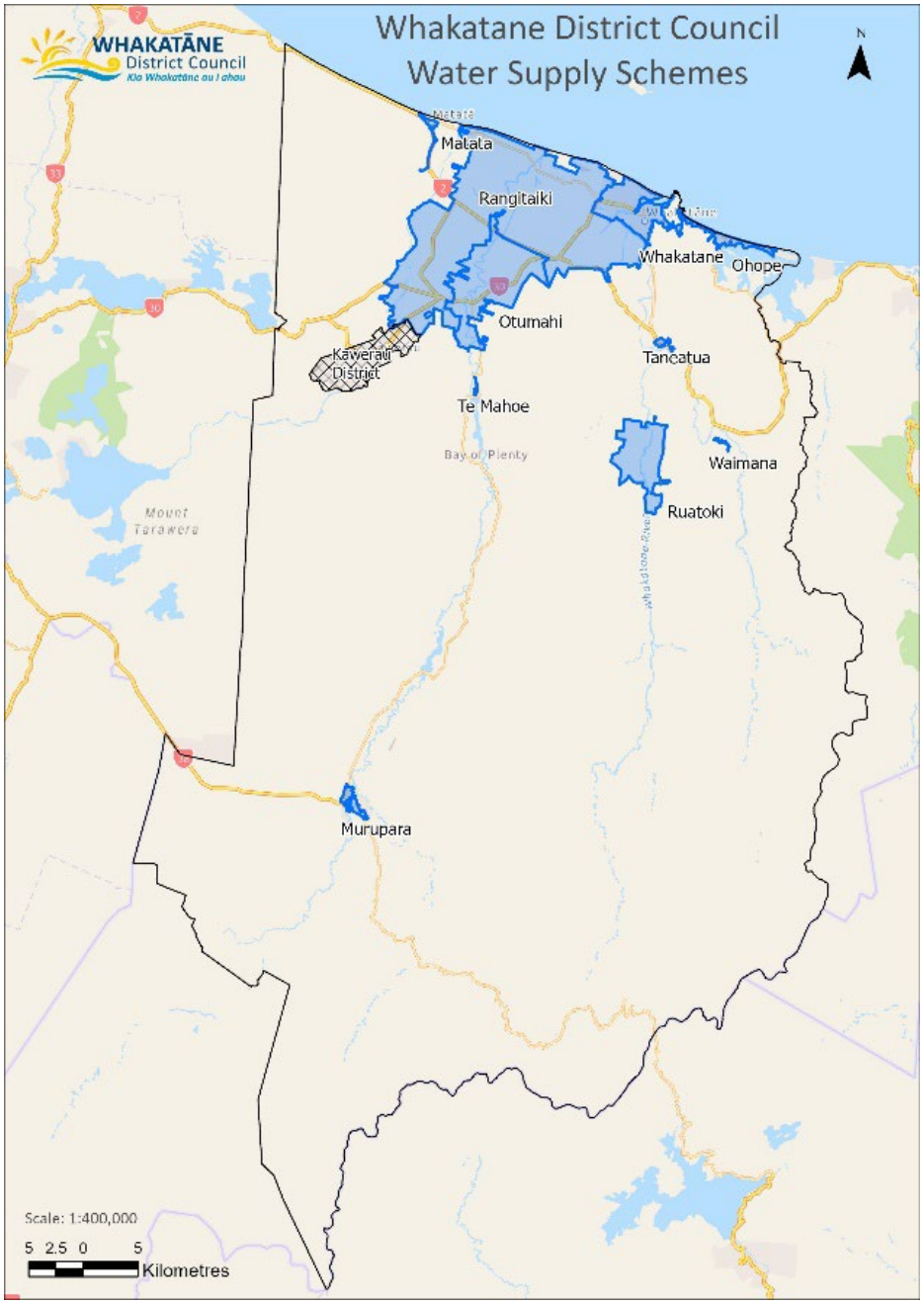
Residential and commercial connection numbers are provided in the first section of Part C.

Serviced areas

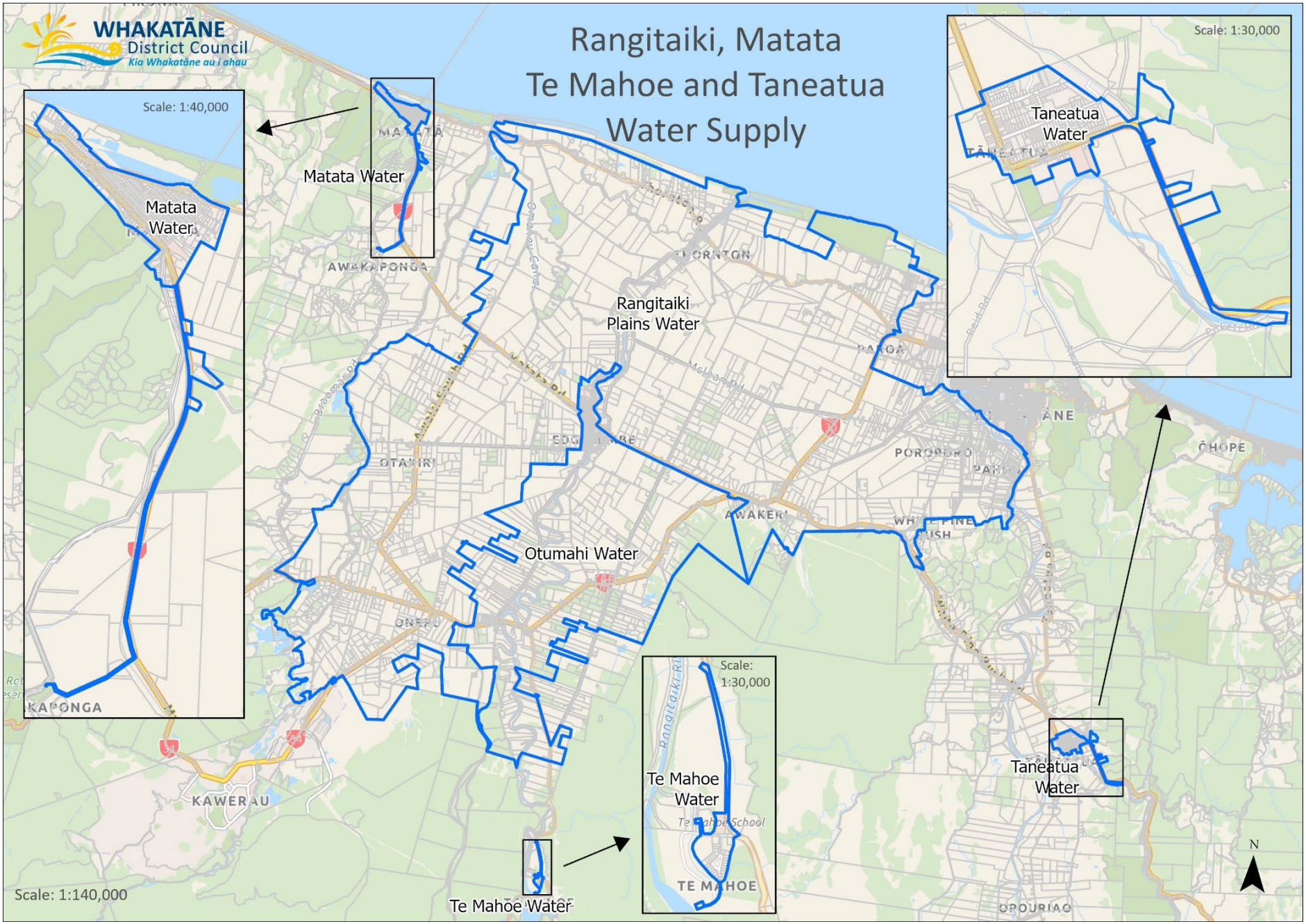
The maps below show the areas of the district that receive water services and the areas that do not receive water services.

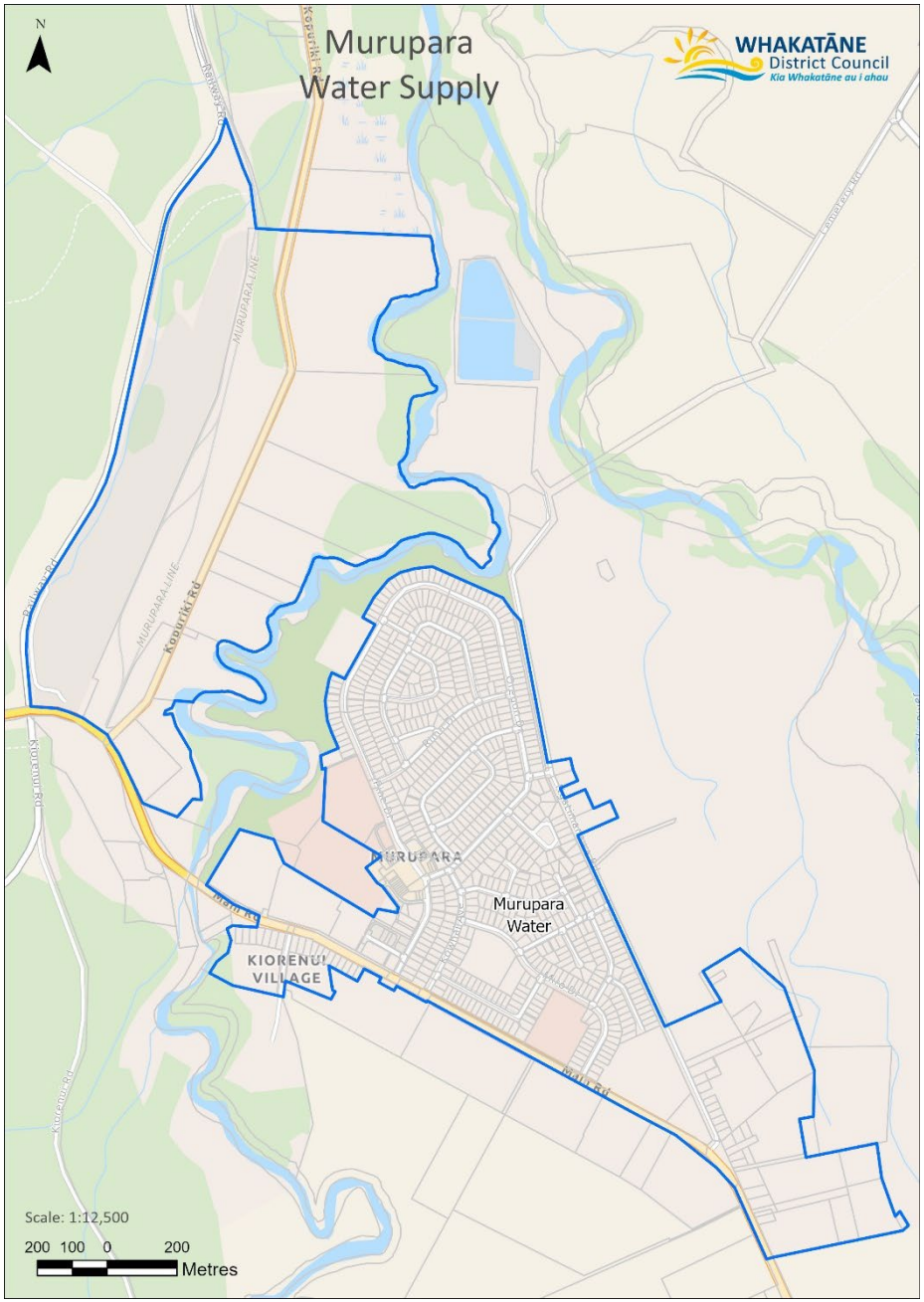
Water supply

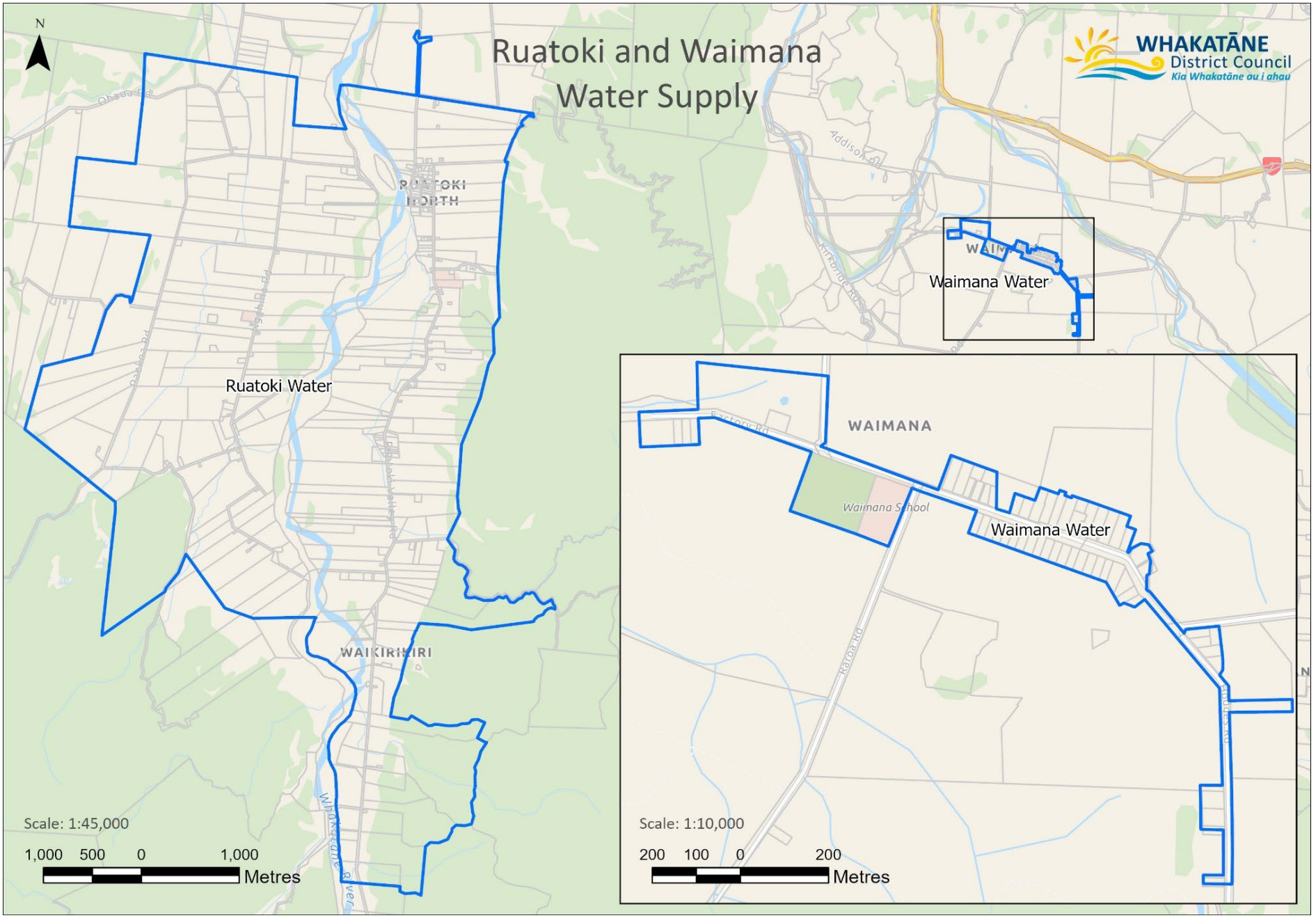
The map below shows blue areas delineating those areas of the Whakatāne District supplied with drinking water. Rural areas outside of the blue areas but within the district boundary do not have drinking water supplied by the Council. Individual water supply zone maps are shown on the following pages.


Whakatane District Council
Water Supply Schemes
WHAKATĀNE
District Council
Matata
Rangitaiki
Whakatane
Ohope
Otumahi
Kawerau District
Tarawera
Te Mahoe
Bay of Plenty
Waimana
Ruatoki
Mount Tarawera
Murupara
Scale: 1:400,000
5 2.5 0 5
Kilometres


Whakatāne / Ōhope
Water Supply
WHAKATĀNE
District Council
Kia Whakatāne au i ahau
N
COASTLANDS
PIRIPAI
PARUA
Whakatane
Water
Kohi Point
Reserve
WHAKATĀNE
Whakatane River
Mokorua Bush
Reserve
Ōhope Reserve
ŌHOPE
Ohope Water
POROPORO
PAHOU
Scale: 1:45,000
N
Pohutukawa Ave
ŌHOPE
Ohope Water
Otao Domain
Reserve
PORT ŌHOPE
Ocean Rd
Ōhope Reserve
Ohakana Island
Ōhiwa
Harbour
Scale: 1:36,000

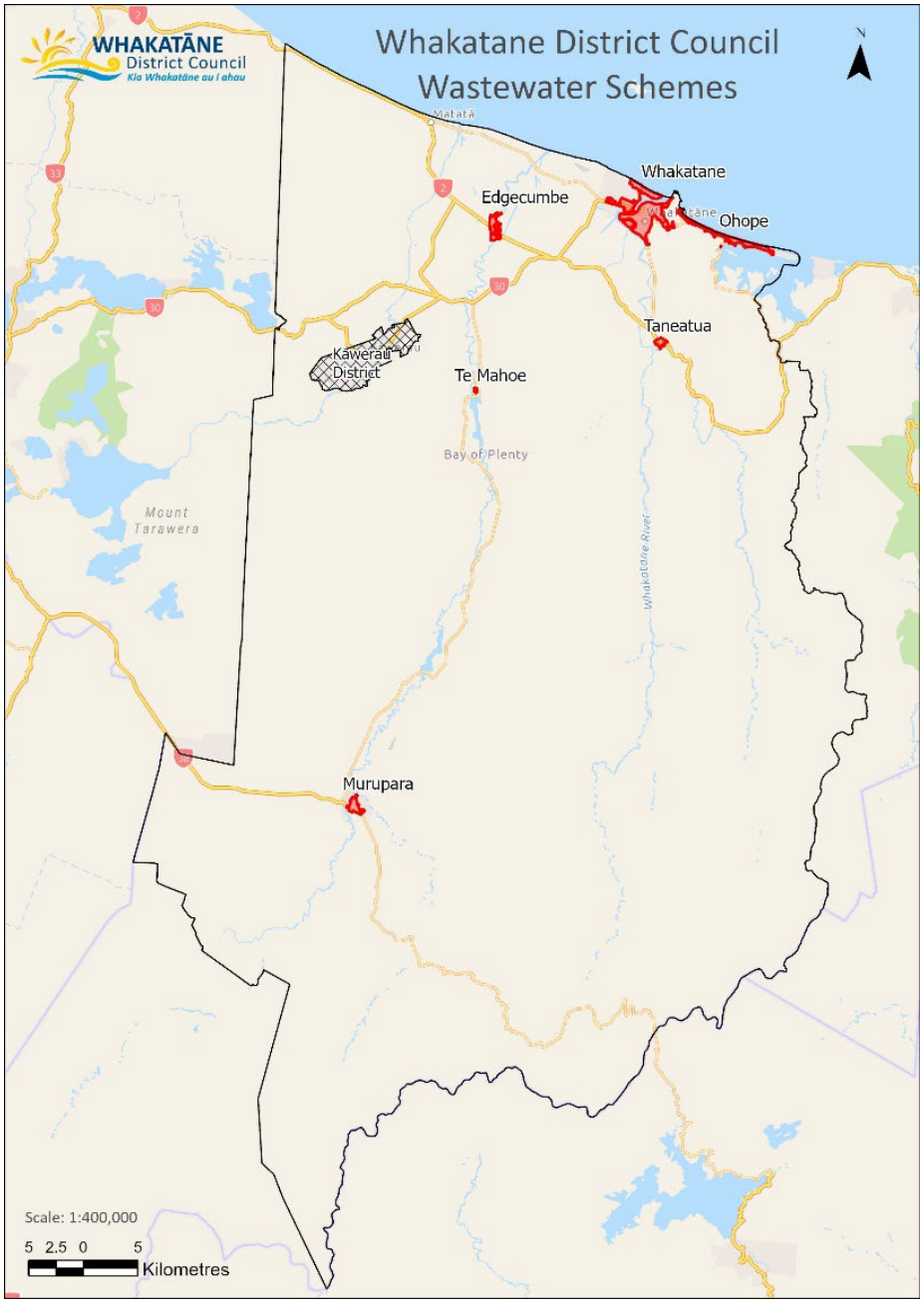

WHAKATĀNE
District Council
Kia Whakatāne au i ahau
Rangitaiki, Matata
Te Mahoe and Taneatua
Water Supply
Scale: 1:40,000
Matata
Water
Matata Water
Rangitaiki
Plains Water
Scale: 1:30,000
Taneatua
Water
Otumahi Water
Scale:
1:30,000
Te Mahoe
Water
Te Mahoe Water
Taneatua
Water
Scale: 1:140,000
N
KAWERAU
AWAKAPONGA
OTAMARI
EDGECUMBE
POROPORO
AWAKERI
TE MAHOE
OPOURIAO


Murupara
Water Supply
WHAKATĀNE
District Council
Kia Whakatāne au i ahau
N
Kopuriki Rd
MURUPARA LINE
Kopuriki Rd
MURUPARA
Murupara
Water
KIORENUI
VILLAGE
Scale: 1:12,500
200 100 0 200
Metres

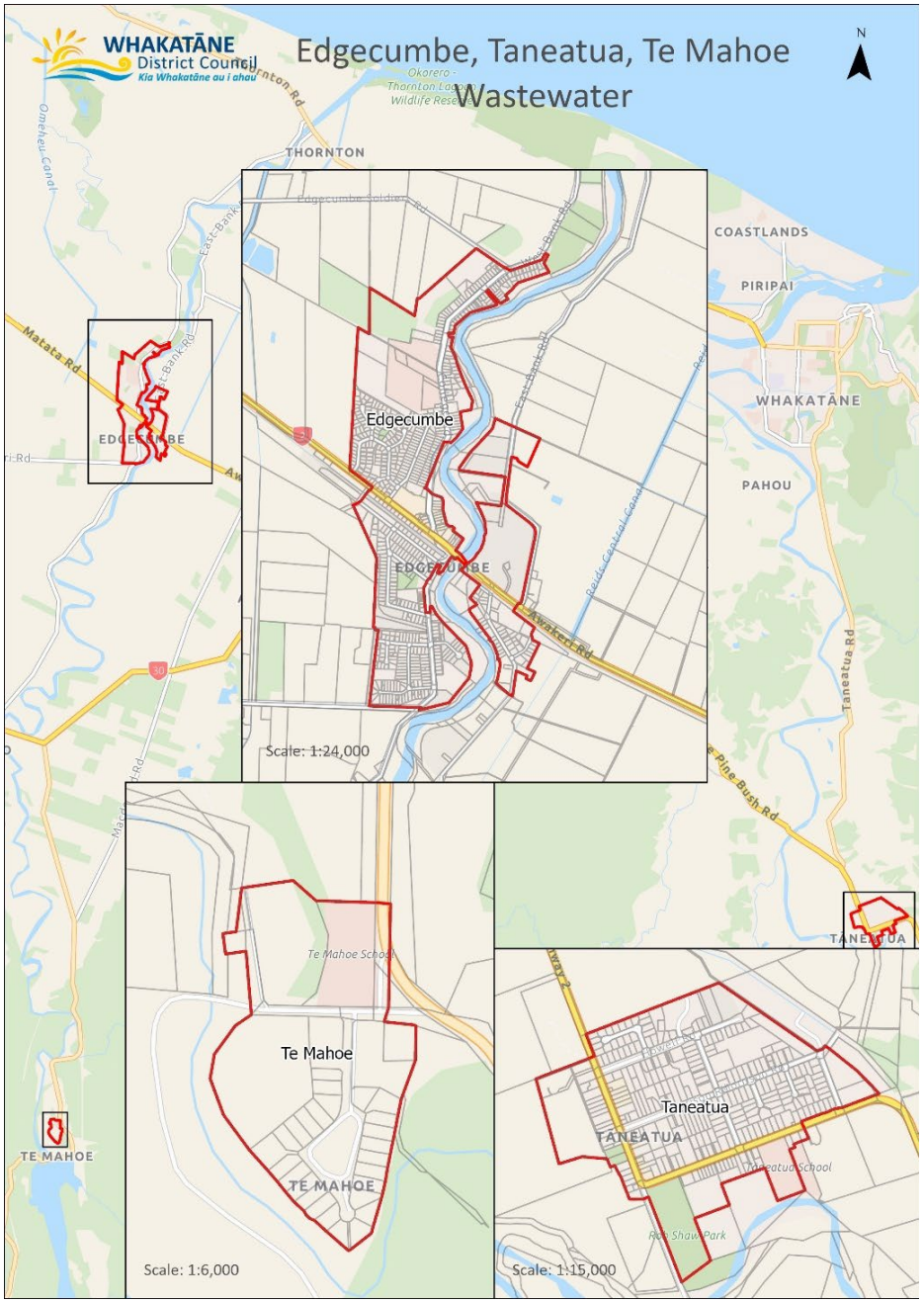

Ruatoki and Waimana
Water Supply
WHAKATĀNE
District Council
Kia Whakatāne au i ahau
N
Ruatoki Water
Waimana Water
WAIMANA
Waimana School
Factory Rd
Karioi Rd
WAIKIRIKIRI
Scale: 1:45,000
1,000 500 0 1,000
Metres
Scale: 1:10,000
200 100 0 200
Metres

Wastewater

The map below shows red areas delineating those areas of the Whakatāne District serviced by wastewater schemes. Rural areas outside of the red areas but within the district boundary do not have a wastewater service supplied by the Council. Individual wastewater scheme boundary maps are shown on the following pages.


WHAKATĀNE
District Council
Kia Whakatāne au i ahau
Whakatane District Council
Wastewater Schemes
Matata
Whakatane
Edgecumbe
Ohope
Taneatua
Kawerau
District
Te Mahoe
Bay of Plenty
Mount
Tarawera
Whakatane River
Murupara
Scale: 1:400,000
5 2.5 0 5
Kilometres

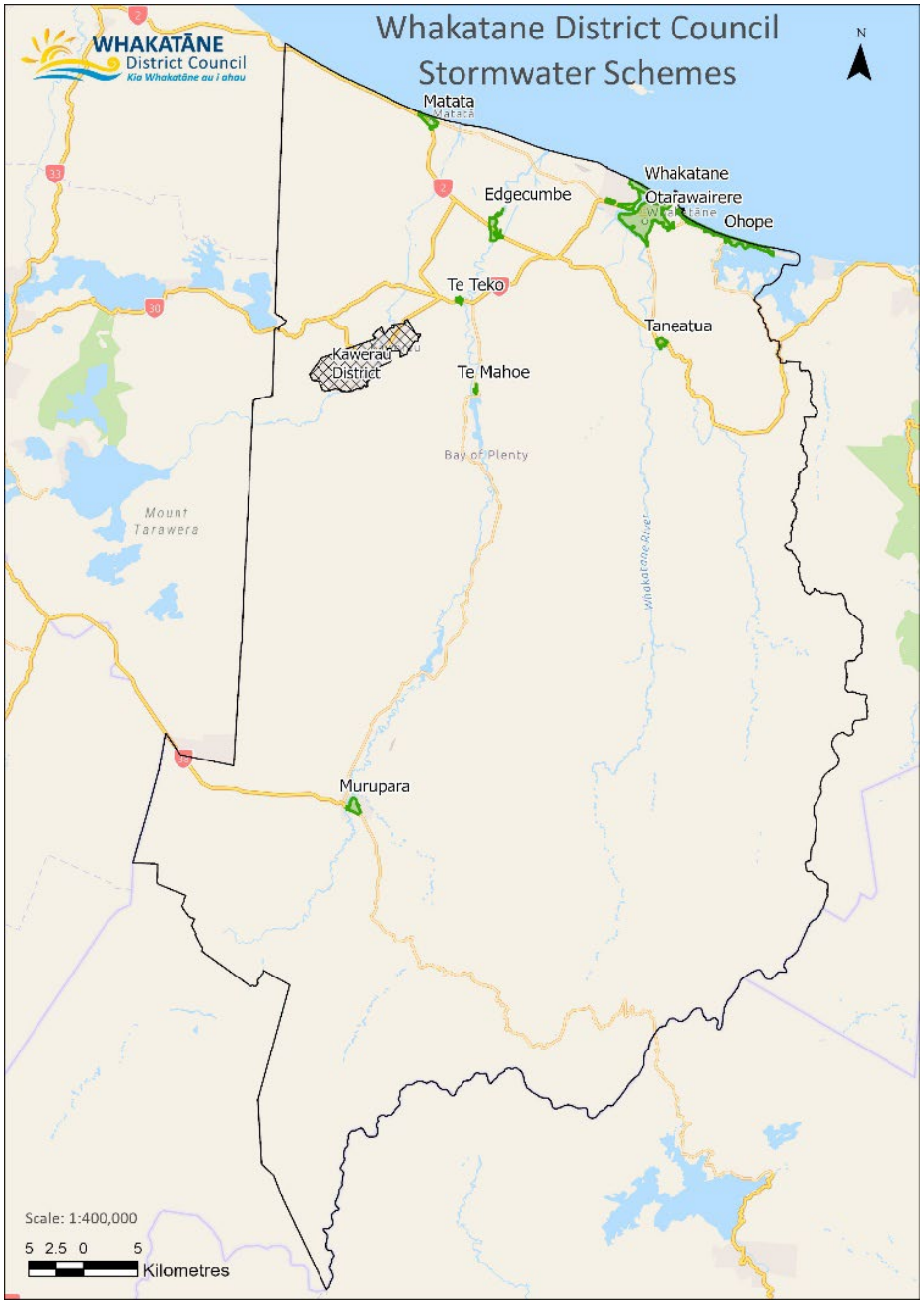

Whakatāne / Ōhope
Wastewater
WHAKATĀNE
District Council
Kia Whakatāne au i ahau
N
COASTLANDS
PIRIPAI
PAROA
Kope Canal Rd
Fortuna Rd
Whakatane River
Whakatane
WHAKATĀNE
POROPORO
PAHOU
Kohi Point Reserve
Ohope
Ohope Rd
Pohutukawa Ave
ŌHOPE
Mokorua Bush Reserve
Ōhope Reserve
Scale: 1:40,000
N
Pohutukawa Ave
Ohope
ŌHOPE
Ocean Rd
Otao Domain Reserve
PORT OHOPE
Scale: 1:36,000


WHAKATĀNE
District Council
Kia Whakatāne au i ahau
Edgecumbe, Taneatua, Te Mahoe
Wastewater
N
THORNTON
COASTLANDS
PIRIPAI
WHAKATĀNE
PAHOU
Edgecumbe
Matata Rd
Awakeri Rd
Pine Bush Rd
Taneatua Rd
Scale: 1:24,000
Te Mahoe
TE MAHOE
Scale: 1:6,000
Taneatua
TANEATUA
Scale: 1:15,000


Murupara
Wastewater
WHAKATĀNE
District Council
Kia Whakatāne au i ahau
N
Railway Rd
MURUPARA LINE
Kopuriki Rd
Kiorenui Rd
Oregon Dr
Pine Dr
Murupara Area School
MURUPARA
Murupara
Main Rd
KIORENUI VILLAGE
Kowhai Ave
Mirfield Dr
Whirinaki River
Scale: 1:11,000
200 100 0 200
Metres

Stormwater

The map below shows green areas delineating those areas of the Whakatāne District supplied with a stormwater system. Rural areas outside of the green areas but within the district boundary do not have a reticulated stormwater system supplied by the Council. Individual stormwater scheme maps are shown on the following pages.


Whakatane District Council
Stormwater Schemes
WHAKATĀNE
District Council
Kia Whakatāne au i ahau
N
Matata
Whakatane
Edgecumbe
Otarawairere
Ohope
Te Teko
Taneatua
Kawerau
District
Te Mahoe
Bay of Plenty
Mount
Tarawera
Whakatane River
Murupara
Scale: 1:400,000
5 2.5 0 5
Kilometres


Whakatāne / Ōhope
Stormwater
WHAKATĀNE
District Council
Kia Whakatāne au i ahau
N
COASTLANDS
PIRIPAI
PAROA
Kope Canal Rd
Kohi Point Reserve
Otarawairere
Whakatane
WHAKATĀNE
Whakatane River
Ohope Rd
Ohope
Pohutukawa Ave
ŌHOPE
Mokorua Bush Reserve
Ōhope Reserve
POROPORO
PAHOU
Scale: 1:40,000
N
Otarawairere
Pohutukawa Ave
ŌHOPE
Ohope
Otao Domain Reserve
PORT ŌHOPE
Whakatane
Scale: 1:30,000


WHAKATĀNE
District Council
Kia Whakatāne au i ahau
Matata, Edgecumbe, Te Teko
Taneatua & Te Mahoe
Stormwater
N
Matata
Scale: 1:25,000
Edgecumbe
Scale: 1:24,000
Te Teko
Scale: 1:11,000
Te Mahoe
Scale: 1:10,000
Taneatua
Scale: 1:11,000
MATATA
EDGECUMBE
OTAKIRI
ONEPU
TE TEKO
TE MAHOE
TĀNEATUA
MATAHINA
Arawa St
Pakeha St
Awaiti South Rd
Matata Rd
Otakiri Rd
Mclean Rd
East Bank Rd
Reids Canal Rd
White Pine Bush Rd
Te Kura o Te Teko
Te Teko Reserve
Te Mahoe School
Taneatua School
Rob Shaw Park


Murupara
Stormwater
WHAKATĀNE
District Council
Kia Whakatāne au i ahau
N
Railway Rd
MURUPARA LINE
Kopuriki Rd
Kiorenui Rd
Murupara Area School
Murupara
MURUPARA
Main Rd
KIORENUI VILLAGE
Whirinaki River
Scale: 1:11,000
200 100 0 200
Metres

Community water and wastewater supplies

With large areas of our district being rural, and in some cases isolated, many households have independent systems supplying their own needs.

The Council has some information on these schemes, but it is under review to fully understand the quantum of community supplies within the district. A project will commence during the latter part of 2025, with full understanding of independent systems by July 2026. The most recent data from 2024 indicates that two private water supplies now have customers connected to a Council controlled water supply, and there are 23 private and community supplies in the district, including a range of commercial premises, schools and community supplies. Data from 2025 shows that there 67 marae within the district. Of these, 34 are connected to a Council water supply, and only four are connected to a Council wastewater scheme. The Council does not have information on the water sources or sewage disposal systems for most marae.

The last formal Assessment of Water and Sanitary Services for the Whakatāne District was undertaken in 2011 and concluded there was a lack of information on the sanitary status of small supplies in the district upon which to assess risk.

Current levels of service and performance

Water supply

Wai Comply (a drinking water quality compliance company) carried out an independent assessment of the Council's performance as a water supplier against the Drinking Water Quality Assurance Rules (DWQAR) and Water Services (Drinking Water Standards for New Zealand) Regulations 2022 (DWS) for the period of 1 July 2023 – 30 June 2024. Please refer to the performance assessment summary table for a breakdown of compliance by scheme.

The Council has also engaged Wai Comply to undertake the 2024-25 assessment. The report is expected to be delivered shortly.

Table 5. Water supply performance results

Performance measure	2024	2023	2022	Target
The extent to which the Council's drinking water supplies comply with Part 4 of the Drinking Water Standards (bacteria compliance criteria)	1 scheme compliant	3 schemes compliant	5 schemes compliant	All 9 schemes compliant
The extent to which the Council's drinking water supplies comply with Part 5 of the Drinking Water Standards (protozoal compliance criteria)	1 scheme compliant	1 scheme compliant	4 schemes compliant	8 of 9 schemes compliant
Notes on this table Please review 'further information on areas where rules were not met' section to place results in context of compliance rules.				

DWQAR Performance Assessment Summary

A summary of performance for the Council's nine water supplies is included in the table below.

Table 6. Council performance against the Drinking Water Quality Assurance Rules from 1 July 2023 to 30 June 2024

Water supply	Component	DWQA Rule	Rule set(s)	Outcome
Whakatāne Water Supply	Whakatāne Water Treatment Plant (WTP)	T3 Bacterial	Chlorine OR UV Disinfection, General Rules	Met
		T3 Protozoa	Protozoal Rules, Conventional Filtration 4.0 log OR Conventional Filtration 3.0 log and UV Disinfection, and General Rules	Met
	Whakatāne Zone	D3	Residual Disinfection	Met
			Microbiological	Met
	Ōhope Zone	D3	Residual Disinfection	Met
			Microbiological	Met
Matatā Water Supply	Awakaponga WTP	T3 Bacterial	Chlorine OR UV Disinfection, General Rules	Not met
		T3 Protozoa	Protozoal Rules, UV Disinfection, and General Rules	Not met
	Matatā Zone	D3	Residual Disinfection	Met
			Microbiological	Met
Murupara Water Supply	Murupara WTP	T3 Bacterial	Chlorine, General Rules	Not met
		T3 Protozoa	Protozoal Rules and General Rules	Not met
	Murupara Zone	D3	Residual Disinfection	Not met
			Microbiological	Met
Otumahi Water Supply	Paul Rd WTP	T3 Bacterial	Chlorine, General Rules	Met
		T3 Protozoa	Protozoal Rules and General Rules	Not met
	Te Teko WTP	T3 Bacterial	Chlorine OR UV Disinfection, General Rules	Not met
		T3 Protozoa	Protozoal Rules, UV Disinfection, and General Rules	Not met
	Otumahi Zone	D3	Residual Disinfection	Met

			Microbiological	Met
Rangitāiki Plains Water Supply	Braemar WTP	T3 Bacterial	Chlorine OR UV Disinfection, General Rules	Not met
		T3 Protozoa	Protozoal Rules, UV Disinfection, and General Rules	Not met
	Johnson Rd WTP	T3 Bacterial	Chlorine, General Rules	Not met
		T3 Protozoa	Protozoal Rules and General Rules	Not met
	Rangitāiki Plains Zone	D3	Residual Disinfection	Met
			Microbiological	Met
Rūātoki Water Supply	Rūātoki WTP	T3 Bacterial	Chlorine OR UV Disinfection, General Rules	Not met
		T3 Protozoa	Protozoal Rules, UV Disinfection, and General Rules	Not met
	Rūātoki Zone	D3	Residual Disinfection	Met
			Microbiological	Met
Tāneatua Water Supply	Tāneatua WTP	T3 Bacterial	UV Disinfection, General Rules	Not met
		T3 Protozoa	Protozoal Rules, UV Disinfection, and General Rules	Not met
	Tāneatua Zone	D3	Residual Disinfection	Met
			Microbiological	Met
Te Mahoe Water Supply	Te Mahoe WTP	T3 Bacterial	Chlorine OR UV Disinfection, General Rules	Not met
		T3 Protozoa	Protozoal Rules and General Rules	Not met
	Te Mahoe Zone	D2	Residual Disinfection	Met
			Microbiological	Met
Waimana Water Supply	Waimana WTP	T3 Bacterial	Chlorine OR UV Disinfection, General Rules	Not met
		T3 Protozoa	Protozoal Rules, UV Disinfection and General Rules	Not met
	Waimana Zone	D2	Residual Disinfection	Met
			Microbiological	Met

Table 7. Further information on areas where DWQAR were not met

Matatā Water Supply	
Awakaponga WTP	The required online UVT monitoring (DWQAR T3.15 Table 22 and T3.91 Table 32) was not in place for part of the assessment period. The Council provided evidence that online UVT monitoring was installed in November 2023.
	WaterOutlook reports indicated that the requirements for UV disinfection were not met for two out of 366 days. During these events rules related to chlorine disinfection were also not met.
Murupara Water Supply	
Murupara WTP	A protozoa barrier meeting the DWQAR was not in place for the annual assessment period. A bacterial barrier meeting the DWQAR was not in place for part of the annual assessment period. Chlorination was implemented in December 2023. For the six-month period from January to June 2024, WaterOutlook reports indicated that chlorine performance demonstration was not met for 19 out of 182 days.
Murupara Zone	Chlorine residual was not in place for part of the annual assessment period. For the six-month period from January to June 2024, there were seven results where FAC was less than 0.1 mg/L, the maximum interval between FAC samples was exceeded five times (five or six days when the requirement is not more than four days), and one week where only two samples were reported (where three per week is the requirement).
Otumahi Water Supply	
Paul Road WTP	A protozoa barrier meeting the DWQAR was not in place for the annual assessment period.
Te Teko WTP	The required online UVT monitoring (DWQAR T3.15 Table 22 and T3.91 Table 32) was not in place for part of the annual assessment period. The Council provided evidence that online UVT monitoring was installed in November 2023. WaterOutlook reports indicated that UV disinfection performance was not met for four out of 366 days. Chlorination is in place at the Te Teko WTP and contact time is provided in a reservoir. However, FAC, pH, and turbidity were continuously monitored post treatment plant, rather than at the point after the prescribed disinfection contact time has elapsed as required by the DWQAR.
Rangitāiki Plains Water Supply	
Braemar WTP	UV disinfection system was installed as part of WTP upgrades and was in place for the annual assessment period but monitoring and reporting of performance data in the form required by the DWQAR was only in place from March 2024 onwards.
Johnson Rd WTP	A protozoa barrier meeting the DWQAR was not in place for the annual assessment period. Chlorination is in place at Johnson Road WTP. There is no chlorine contact tank at Johnson Road WTP. Contact time is provided in the rising main. However, FAC, pH, and turbidity were continuously monitored post treatment plant, rather than at the point after the prescribed disinfection contact time has elapsed as required by the DWQAR.
Rūātoki Water Supply	

Rūātoki WTP	The required online UVT monitoring (DWQAR T3.15 Table 22 and T3.91 Table 32) was not in place for part of the annual assessment period. UVT monitoring was installed in November 2023. WaterOutlook reports indicated that UV Disinfection performance was not met for 14 out of 366 days. Chlorination is in place at Rūātoki WTP and contact time is provided in a reservoir. However, FAC, pH, and turbidity were continuously monitored post treatment plant, rather than at the point after the prescribed disinfection contact time has elapsed as required by the DWQAR.
Tāneatua Water Supply	
Tāneatua WTP	The required online UVT monitoring (DWQAR T3.15 Table 22 and T3.91 Table 32) was not in place for part of the annual assessment period. Online UVT monitoring was installed in November 2023. Chlorination is in place at Tāneatua WTP and contact time is provided in a reservoir. However, FAC, pH, and turbidity were continuously monitored post treatment plant, rather than at the point after the prescribed disinfection contact time has elapsed as required by the DWQAR.
Te Mahoe Water Supply	
Te Mahoe WTP	UV disinfection was only in place for part of the annual assessment period. A UV disinfection treatment system was installed in March 2024 in addition to the cartridge filtration already in place. Chlorination is in place at Te Mahoe WTP and contact time is provided in a reservoir. However, FAC, pH, and turbidity were continuously monitored post treatment plant, rather than at the point after the prescribed disinfection contact time has elapsed as required by the DWQAR.
Waimana Water Supply	
Waimana WTP	The required online UVT monitoring (DWQAR T3.15 Table 22 and T3.91 Table 32) was not in place for part of the annual assessment period. WDC provided evidence that online UVT monitoring was installed in November 2023. Chlorination is in place at Waimana WTP and contact time is provided in a reservoir. However, FAC, pH, and turbidity were continuously monitored post treatment plant, rather than at the point after the prescribed disinfection contact time has elapsed as required by the DWQAR.

Table 8. Performance measures for water supply service delivery

Performance measures (How we measure service delivery)	2024	2023	2022	Target
The total number of complaints per 1,000 connections, received by the Council about any of the following: • **Drinking water clarity** • **Drinking water taste** • **Drinking water odour** • **Drinking water pressure of flow** • **Continuity of supply** • **The Councils response to any of these issues**	14.18	16.3	14.82	Less than 30 overall
	Note: The process used by the Council's afterhours call centre service did not allow all calls to be recorded and classified as required by the Non-Financial Performance Measures Rules 2013. *Although the Council has recorded the number of planned and unplanned shutdowns to water supply, it has not recorded the number of calls received in relation to these shutdowns.* *In respect of calls received by the afterhours call centre service, the Council was not able to determine the volume of calls received, nor the classification in respect of events with multiple calls.*			
Satisfaction with the water supply and quality of drinking water (supplied by Council) Note: Margin of error ±4%	63%	72%	69%	70%
	In 2024, four-in-five residents (79%) reported being connected to the Council's water supply (similar to 78% in 2023). ▪ *Of those residents on the Council's water provision, 68% were satisfied with the supply overall (6.7 average rating), although decreasing from the recent peak of 76% in 2023.* ▪ *Differences were apparent between areas, with satisfaction notably lower in Tāneatua-Waimana. Residents aged under 65 also remained less satisfied with the Council's water supply than did older residents.* *57% of residents connected to a Council water supply were satisfied with the quality of their drinking water. This is a decrease from 68% in 2023. Quality concerns were particularly noted from Galatea-Murupara and Tāneatua-Waimana residents.*			
Median response time to attend urgent callouts for areas supplied by the Council, from the time that the local authority receives notification to the time that the service personnel reach the site	0.47 hours	0.6 hours	0.77 hours	Less than 1 hour

Median response time to resolve urgent callouts for areas supplied by the Council, from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption	2.55 hours	2.92 hours	2.43 hours	Less than 8 hours
Median response time to attend non-urgent callouts for areas supplied by the Council, from the time that the local authority receives notification to the time that service personnel reach the site	15.65 hours	16.73 hours	18.43 hours	Less than 24 hours
Median response time to resolve non-urgent callouts for areas supplied by the Council, from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption	18.83 hours	20.28 hours	22.53 hours	Less than 48 hours
Average consumption of drinking water per day per resident in the district for metered areas supplied by the Council	419.6 litres	430.8 litres	414 litres	2023 and 2024: Less than 260 litres 2022: Less than 270 litres
	A number of factors can contribute to the Council not meeting the target, including properties with internal leaks. As the Council is continuing to install water meters throughout the district, a number of newly metered properties have shown to have previously undetected internal leaks. Meters are installed on properties in both urban and rural areas, and a number of farm connections are high water users.			
Average consumption of drinking water per day per resident in the district for unmetered areas supplied by the Council	344.9 litres	345 litres	376 litres	Less than 350 litres
	13.6%	20.7%	19%	Less than 20%

Percentage of real water loss from Council- networked reticulation system for metered schemes based on the standard International Water Association (IWA) water balance	*Note: Percentage of metered properties for water systems within the Whakatāne District: Whakatāne and Ōhope 100%; Plains 100%; Murupara 5%; Rūātoki 100%; Tāneatua 94%; Matatā 9%; Waimana 100%; Te Mahoe 100%. Council staff have been trained to undertake water loss data analysis based on industry best practice, utilising the International Water Association (IWA) methodology, Benchloss New Zealand software and Water NZ Waterloss Guidelines. Real water losses are dependent upon the size of a water supply system, water pressure, total length of pipes and whether metered or unmetered. Metered supplies use the recorded production volume and the consumption volume of water, with adjustments made for expected unavoidable water losses. Small, unmetered water supplies are calculated using minimum night flow assessment reduced by the estimated night-time consumption. At times the Council engages third-party consultants to review and validate Council data and processes.*			
Percentage of real water loss from Council-networked reticulation system for unmetered schemes	55.2%	38.3%	42%	Less than 60%

Wastewater

Table 9. Performance measures for wastewater service delivery

Performance measures (How we measure service delivery)	2024	2023	2022	Margin of error	Target
Satisfaction with the sewage system for areas supplied by the Council	75%	77%	74%	+/-4%	75%
	58% of surveyed residents reported being connected to the Council sewerage systems. 75% of these residents were satisfied with the sewerage system (average rating 7.5); consistent with results observed over recent years. Satisfaction was notably lower in both Tāneatua-Waimana and Rangitāiki.				
Total number of complaints received per 1,000 connections about any of the following: - sewage odour - sewerage system faults - system blockages - the Council's response to any of these issues	8	10.88	13.29	N/A	Less than 40
	The process used by the Council's afterhours call centre service did not allow all calls to be recorded and classified as required by the Non-Financial Performance Measures Rules 2013. In respect of calls received by the afterhours call centre service, the Council was not able to determine the volume of calls received, nor the classification in respect of events with multiple calls.				

Median response time to attend a sewage overflow resulting from a blockage or other fault in the Council's sewerage system, from the time that the Council receives notification to the time that service personnel reach the site	0.51 hours	0.67 hours	0.49 hours	N/A	Less than 2 hours
Median response time to resolve a sewage overflow resulting from a blockage or other fault in the Council's sewerage system, from the time that the Council receives notification to the time that service personnel confirm resolution of the blockage or other fault	4.26 hours	3.75 hours	1.93 hours	N/A	Less than 8 hours
Number of dry weather sewage overflows from the Council's sewerage system per 1,000 connections to that sewerage system	1.24	0.86	1.18	N/A	Less than 3 overflows
Number of abatement notices received by the Council in relation to the resource consents for discharge from our sewerage systems	Zero	Zero	Zero	N/A	Zero
Number of infringement notices received by the Council in relation to the resource consents for discharge from our sewerage systems	Zero	Zero	Zero	N/A	Zero
Number of enforcement orders received by the Council in relation to the resource consents for discharge from our sewerage systems	Zero	Zero	Zero	N/A	Zero
Number of convictions received by the Council in relation to the resource consents for discharge from our sewerage systems	Zero	Zero	Zero	N/A	Zero

Stormwater

Table 10. Performance measures for stormwater service delivery

Performance measures (How we measure service delivery)	2024	2023	2022	Margin of error	Target
Number of flooding events in the District	No flooding event	No flooding event	No flooding event	N/A	Less than 3
	Note: The DIA requires results for these measures to be presented according to the following definitions: 'Flooding event' - an overflow of stormwater from a territorial authority's stormwater system that enters a habitable floor. 'Stormwater system' - the pipes and infrastructure (excluding roads) that collect and manage rainwater run-off, from the point of connection to the point of discharge.				
For each flooding event, the number of habitable floors affected (per 1,000 properties connected to the Council's stormwater system)	No flooding event	No flooding event	No flooding event	N/A	Less than 10
	Note: The DIA requires results for these measures to be presented according to the following definitions: 'Flooding event' - an overflow of stormwater from a territorial authority's stormwater system that enters a habitable floor. 'Stormwater system' - the pipes and infrastructure (excluding roads) that collect and manage rainwater run-off, from the point of connection to the point of discharge.				
The median response time to attend a flooding event, measured from the time that the territorial authority receives notification to the time that service personnel reach the site	Zero	Zero	Zero	N/A	Less than 3 hours
The number of complaints received about the performance of the stormwater system, expressed per 1,000 properties connected to the territorial authority's stormwater system	6.02	8.50	9.49	N/A	Less than 10
	Note: The process used by the Council's afterhours call centre service did not allow all calls to be recorded and classified as required by the Non-Financial Performance Measures Rules 2013. In respect of calls received by the afterhours call centre service, the Council was not able to determine the volume of calls received, nor the classification in respect of events with multiple calls.				
Number of abatement notices received by the Council in relation to the resource consents for discharge from our stormwater system	Zero	Zero	Zero	N/A	Zero

Number of infringement notices received by the Council in relation to the resource consents for discharge from our stormwater system	Zero	Zero	Zero	N/A	Zero
Number of enforcement orders received by the Council in relation to the resource consents for discharge from our stormwater system	Zero	Zero	Zero	N/A	Zero
Number of convictions received by the Council in relation to the resource consents for discharge from our stormwater system	Zero	Zero	Zero	N/A	Zero

Population growth and development capacity

Whakatāne is not a high growth district.

The Council's specific assumptions on population growth are provided in Table 3. These growth projections are considered moderate and therefore with respect to the Financial Strategy and organisational operating or capital expenditure, are not anticipated to have significant impact. No specific capital projects were included in the Long-Term Plan, in response to population growth demands, although allowance is made within the renewal of existing assets or capital projects to improve services to allow for what growth is anticipated.

In saying that, the three waters capital expenditure was reprofiled as part of preparing this Plan. Providing for growth is a partially contributing factor driving some investment but it is not the sole factor for any single project.

The Council has, along with Kawerau and Ōpōtiki District Councils (and BOPRC), recently adopted the Eastern Bay of Plenty Spatial Plan. This is now being implemented through a Local Growth Strategy due to be completed in February 2026. The Spatial Plan has identified two possible growth areas within the Whakatāne District, which will now be further investigated through the Local Growth Strategy. The provision of required infrastructure will be identified and provision for three water services will generally be funded by developers of these growth areas. The Spatial Plan identifies ongoing infill development within townships with accommodating intensification development, and a growth hub in Awakeri to accommodate a possible 2,000 new dwellings. There is the possibility of some growth at Matatā which would be supported by a planned wastewater scheme, although the Council is yet to make a final decision on this project.

There is scope to explore integration of some water schemes, both for resilience purposes and to support growth. The Council is developing a Waters' Strategy, particularly focussing on the Whakatāne-Rangitāiki Plains, to support these decisions and to assist with the necessary reconsenting of several water takes and wastewater treatment and disposal consents due for renewal in 2026.

There will be capital expenditure renewal projects ongoing throughout this period. Where these renewals are part of the Whakatāne-Rangitāiki Plains Waters Strategy and within the identified growth nodes in the Eastern Bay of Plenty Spatial Plan and Local Growth Strategy, the Council will consider upgrading infrastructure in anticipation of growth and fund it through development contribution or development levies.

Table 11. Information on serviced areas in the Whakatāne District

Serviced areas (by reticulated network)	Water supply # schemes (physical connections)	Wastewater # schemes (physical connections)	Stormwater # catchments (physical connections)
Residential areas	• Whakatāne/Ōhope - 8,311 connections (7,823 residential) • Otumahi - 1,165 connections (1,013 residential) • Rangitāiki Plains – 1,307 connections (912 rural residential) • Tāneatua – 270 connections (261 residential • Te Mahoe - 32 connections (28 residential) • Murupara - 688 connections (669 residential) • Waimana - 59 connections (56 residential) • Matatā - 273 connections (253 residential) • Rūātoki - 175 connections (152 residential)	• Whakatāne - 6,048 connections (residential, commercial, industrial) • Ōhope - 1,726 connections (residential, commercial) • Edgecumbe – 632 connections (residential, commercial, industrial) • Tāneatua – 253 connections (residential, commercial) • Te Mahoe - 27 connections (residential, commercial) • Murupara - 641 connections (residential, commercial)	• Whakatāne - 169 connections (residential, commercial, rural residential, industrial) • Ōhope (inc. Ōtarawairere) - 263 connections (residential, rural residential, commercial, industrial) • Edgecumbe (soakage) - 0 connections (residential, industrial, commercial) • Te Teko (soakage) - 0 connections (residential, commercial) • Tāneatua (soakage) - 0 connections (residential, commercial) • Te Mahoe (soakage) - 0 connections (residential, commercial) • Murupara (soakage) - 0 connections (residential, commercial) • Matatā (soakage) - 0 connections (residential, commercial)

Non-residential areas	• Whakatāne/Ōhope 488 - commercial, rural residential & industrial connections • Otumahi - 152 rural residential, commercial & industrial connections • Rangitāiki Plains – 395 rural agriculture (dairy) & commercial connections • Tāneatua – 9 rural residential & commercial connections • Te Mahoe - 4 commercial & dam connections • Murupara - 20 rural residential & commercial connections • Waimana – 3 rural residential & commercial connections • Matatā – 20 rural residential & commercial connections • Rūātoki - 23 rural residential & commercial connections		
Mixed-Use rural drinking water schemes (where these schemes are not part of the Council's water services network)	None	n/a	n/a

Areas that do not receive water services (If more than one, identify separately)	Rural areas through the district	• Rural areas through the district • Rūātoki • Waimana • Matatā • Rangitāiki Plains	• Rural areas through the district • Rūātoki • Waimana • Rangitāiki Plains
Proposed growth areas • Planned (as identified in the District Plan) • Infrastructure enabled (as identified and funded in Long Term Plan)	• Whakatāne Plan Change 8 – 175 HEU • Infrastructure from Developers	• Whakatāne Plan Change 8 – 175 HEU • Infrastructure from Developers	• Whakatāne Plan Change 8 – 175 HEU • Infrastructure from Developers

Assessment of the current condition and lifespan of the water services network

Overview of asset condition and lifespan

Table 12. Overview of asset condition

Parameters	Drinking supply	Wastewater	Stormwater
Average age of Network Assets	Average age of pipe network is 35 years	Average age of pipe network is 49 years	Average age of pipe network is 43 years
Critical Assets	**11 water treatment plants**: Whakatāne, Paul Road, Tahuna, Johnson Road, Braemar, Te Mahoe, Tāneatua, Awakaponga, Rūātoki, Waimana, Murupara **23 water storage reservoirs**: Whakatāne A, Whakatāne B, Whakatāne C, Ōtarawairere, Ngāti Awa, Melville, Kowhai A, Kowhai B, Braemar, Matatā A, Matatā B, Awakeri, Tahuna, Te Mahoe, Tāneatua A, Tāneatua B, Rūātoki A, Rūātoki B, Waimana A, Waimana B, Murupara A, Murupara B, Murupara C **5 water pumping stations**: Bridger Glade, Melville Drive, Ōtarawairere, Pukiti and Matatā	**6 wastewater treatment plants**: Whakatāne, Coastlands; Ōhope; Edgecumbe; Te Mahoe; Tāneatua; Murupara **14 pond facilities**: Whakatāne (4) 28ha; Ōhope (4) 6.4ha; Edgecumbe (2) 3.5ha; Te Mahoe (field) 0.5ha; Murupara (2) 7.2ha; Tāneatua (2) 4.8ha **49 wastewater pumping stations**	**20 pump stations** **21 storage/retention ponds** **59 floodgates** **21km of open channels**

Above ground assets • Percentage or number of above ground assets with a condition rating • Percentage of above ground assets in poor or very poor condition	**11 treatment plants, 23 storage reservoirs, 5 water pumping stations** 95% of above ground water supply assets have a condition rating 19% of above ground water supply assets are in poor or very poor condition	**6 treatment plants, 14 pond facilities, 49 wastewater pumping stations** 92% of pump stations and treatment plants have a condition rating. 30% of above ground wastewater assets have components that are in poor or very poor condition.	**20 pump stations, 21 storage/retention ponds, 59 floodgates** 17 of stormwater pumping stations have a condition rating of good to very good and the remaining 3 pumping stations don't have a condition score within the asset management system.
Below ground assets • Total km of reticulation • Percentage of network with condition grading • Percentage of network in poor or very poor or non-graded condition	609 km of pipe 95% of the network has a condition grading 14% of the network is in poor or very poor condition, or has not been graded	246 km of pipe 95% of the network has a condition grading 14% of the network is in poor or very poor condition, or has not been graded	94 km of pipe (does not include drains, open channels or streams) 70% of the network has a condition grading 25% of the network is in poor or very poor condition, or has not been graded

Valuation of assets

The Council has budgeted to undertake valuation reporting of our Three Water Assets on a regular basis, with the next valuation scheduled for 30 June 2026. With the upgrade of Three Waters Asset Management software in late 2025, we intend to have the capability to run in-house asset valuations on a regular basis from 2026 onwards, with independent peer review.

Our most recent valuation of our Three Waters infrastructure assets (fair value assessment) was completed on 30 June 2023.

The past valuation was completed by Aon New Zealand (Aon) and is based on the principles of the NZ Public Benefit Entity International Public Sector Accounting Standard 17 Property, Plant and Equipment (PBE IPSAS 17), International Valuation Standard 2017 and The New Zealand Infrastructure Asset Valuation and Depreciation Guidelines 2006.

Key outputs from this report include:

- Gross Replacement Cost (GRC)

- Depreciated replacement cost (DRC)
- Annual Depreciation (AD)

The following asset groups have been included in the 2023 Valuation:

Table 13. Asset groups

Water	Linear Assets	Mains
		Service Line
	Points and Plant Assets	Hydrants
		Meters
		Valves
		Intakes
		Nodes
		Treatment Plant
		Pump Stations
		Storage/Reservoir
Wastewater	Linear Assets	Mains
		Service Line
	Points and Plant Assets	Manholes
		Valves
		Nodes
		Pump Stations
		Treatment Plant/Outfalls
		Oxidation Ponds
Stormwater	Linear Assets	Mains/Culverts
		Laterals/Connections
	Points and Plant Assets	Manholes/Chambers
		Pump Stations
		Retention Ponds
		Valves
		Nodes
		Open Channel

Table 14. Valuation of assets: 2023 (uninflated dollars)

Three Waters Infrastructure Assets (Linear Assets) – 30 June 2023

Activity	GRC	DRC	AD
Stormwater	$129,479,261	$77,068,718	$1,345,121
Wastewater	$115,914,855	$48,936,606	$1,436,377
Water	$209,370,507	$119,211,234	$2,493,988
3 Waters	**$454,764,623**	**$245,216,558**	**$5,275,486**

Three Waters Infrastructure Assets (Point and Plant Assets) – 30 June 2023

Activity	GRC	DRC	AD
Stormwater	$30,530,390	$14,550,156	$489,162
Wastewater	$91,247,554	$38,503,641	$1,217,646
Water	$77,505,644	$25,483,203	$1,866,744
3 Waters	**$199,283,588**	**$78,536,999**	**$3,573,551**

Water supply asset condition

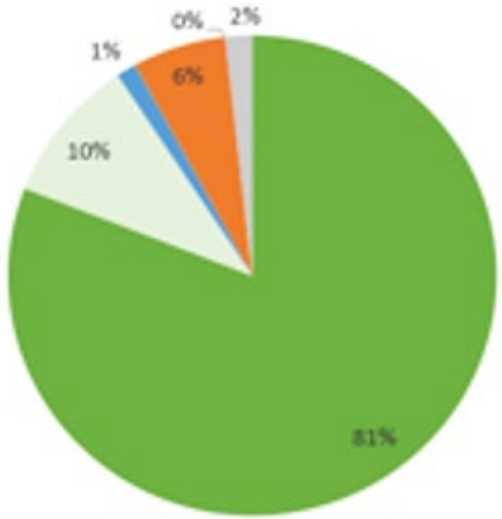
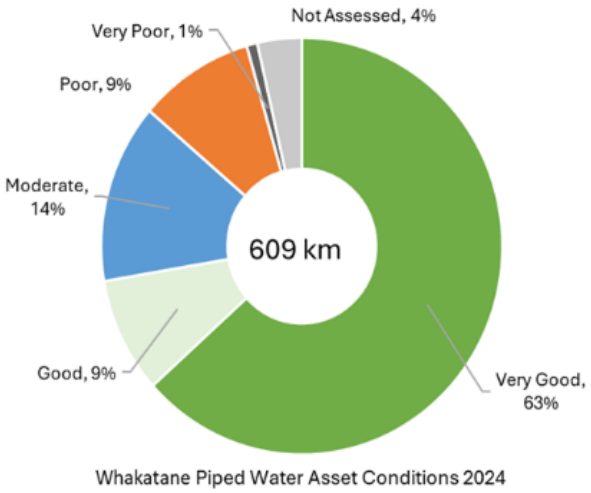
Water supply asset condition overview

Our water supply assets are relatively younger than for wastewater and stormwater with peak installation during the 1990s.

There is good understanding of the condition of all water supply assets. Approximately 95% of the piped drinking water supply network has a condition rating based on age of asset (2020 WSP assessment) or by pipe samples (ongoing CT scan of pipes), and around 14% percent falls into the poor or very poor or non-graded category based on the International Infrastructure Management Manual (IIMM) principles and age.

13% of the Council's reservoirs have been assessed as being in poor or very poor condition.

Table 1513. Water supply asset condition information

Condition of piped water supply assets (2024) by length – trunk, main, scour	Condition of piped water supply assets (2024) – rider, riser	Water supply piped assets
		

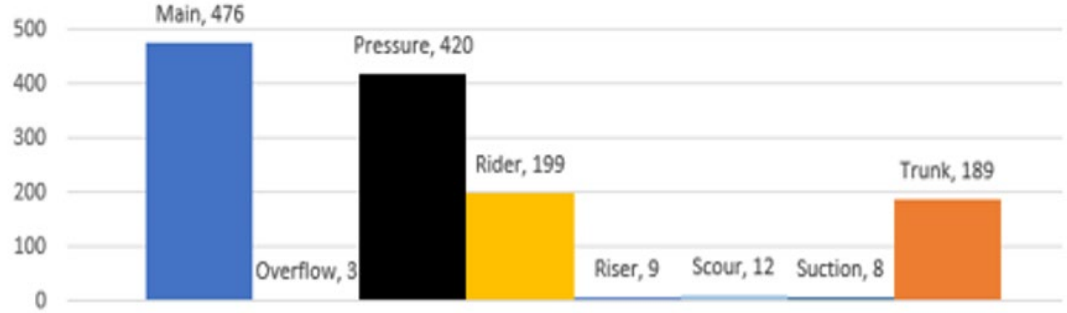
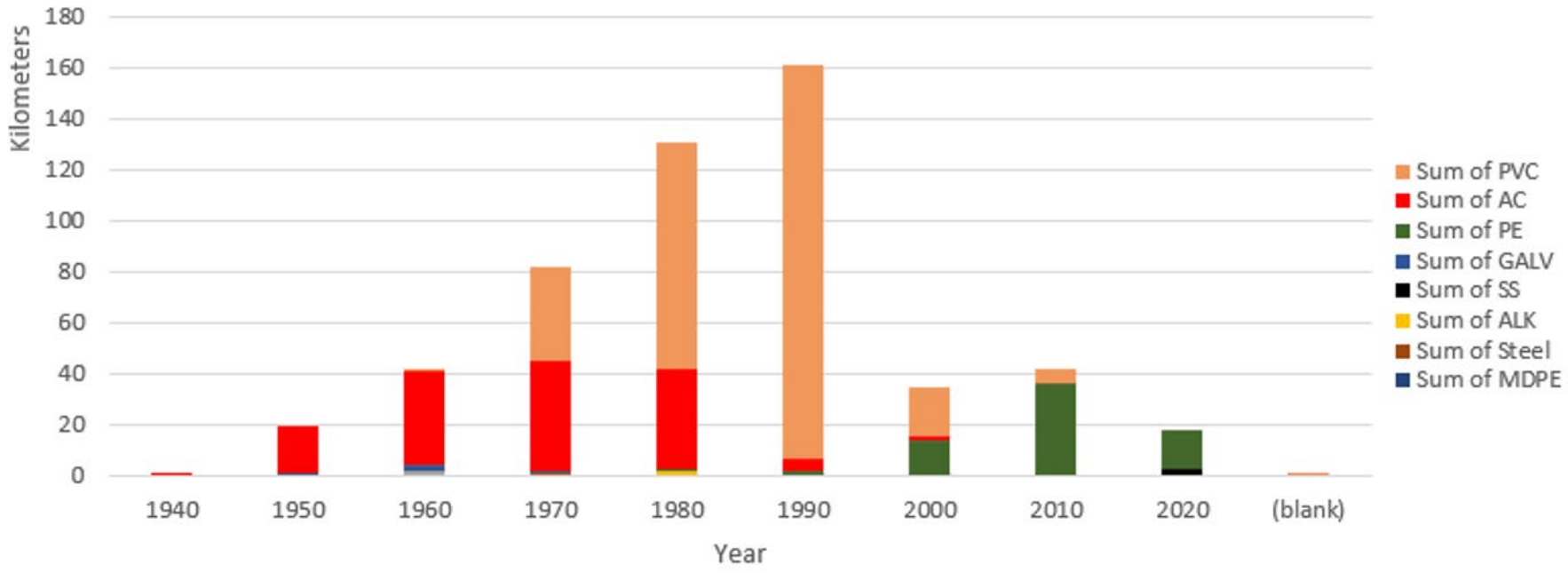
Count of water supply assets in poor or very poor condition (2024)


Table 16. Water supply asset age summary

Water supply		% of asset stock	Average age	Average life remaining
Linear	Asbestos Cement	22%	53	12
	PVC/PE	72%	30	70
	Other	5%	41	39
	Unknown (missing data attributes, i.e. install date)	1%		
Point and plant		28%	27	17

- Point and Plant percentages are a ratio to linear assets based on value.

Figure 2. Whakatāne District water pipe material by year of installation



The average age of water pipelines is based on regulator guidelines as shown below:

2.32 AVERAGE AGE OF WATER PIPELINES (years) WSA3 [Taumata Arowai Code:R9]

Weighted average age of all water pipelines within all of the network operators drinking water networks. This should be calculated by taking into account the length and age (in years) of pipelines as follows.

$$\frac{\sum(length\ of\ pipeline\ \times age\ of\ pipeline)}{\sum length\ of\ pipeline}$$

Linear assets

We have assigned condition ratings to most of the piped assets for drinking water. These were derived from the 2020 condition assessment based on the remaining useful life and pipe material. The assessment was based on actual pipe sample data from our pipe network within the region and using deterioration modelling.

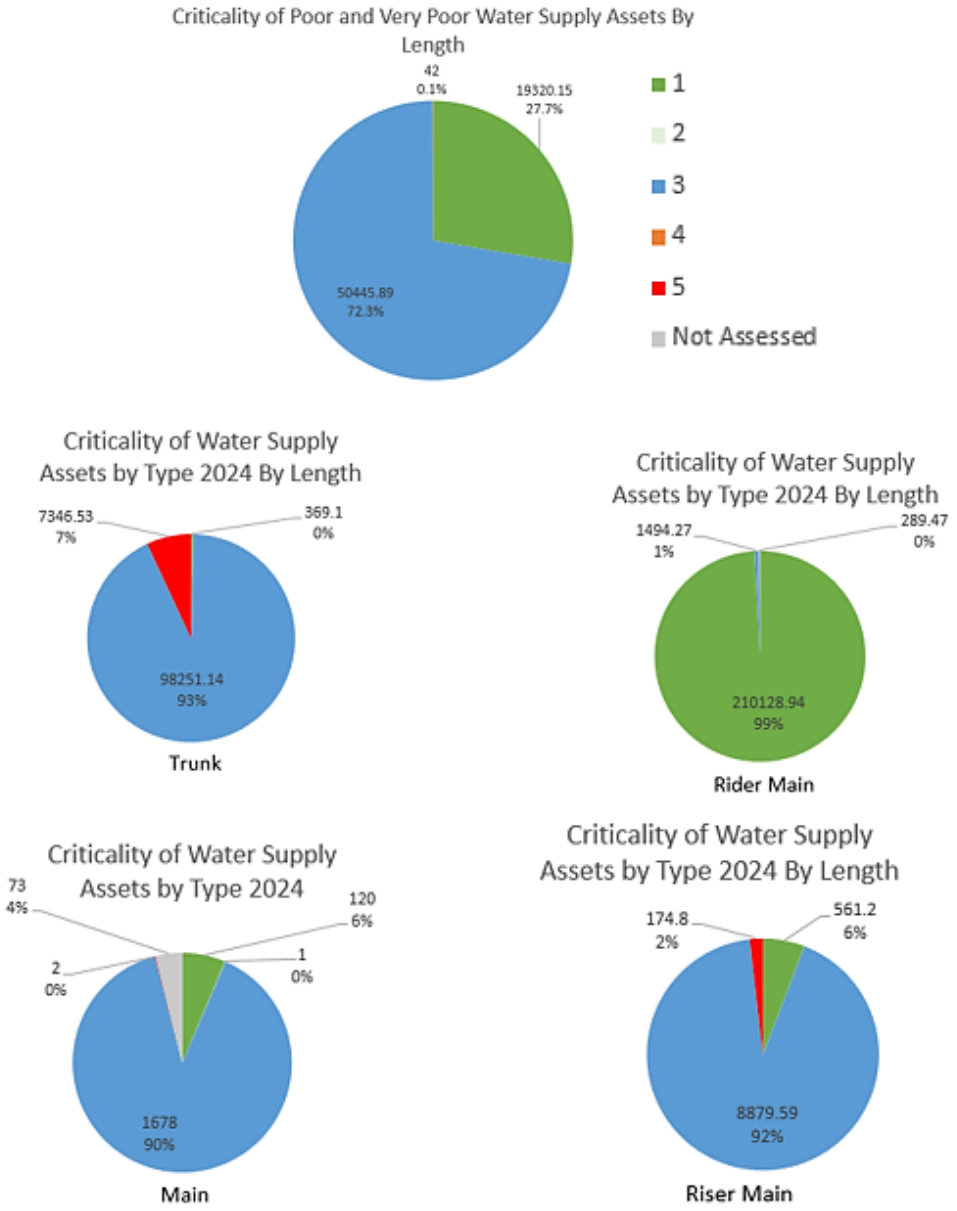
Point assets – Reservoirs

In 2020, the Council engaged consultants to complete condition, seismic and isolation assessment for concrete and timber reservoirs.

Point assets – Plants

With a couple of exceptions, our drinking water treatment plants produce drinking water every single day. Our drinking water treatment plants are considered to be in good to very good condition. The Council has critical spares on hand and has built resilience into water treatment plants.

Figure 2. Summary of condition of critical water supply assets



Wastewater asset condition

Wastewater asset condition overview

Wastewater assets are generally older than both water supply and stormwater assets, with the peak decade of installation occurring in the 1960s.

There is good understanding of the condition of the piped wastewater network, with condition assessments completed for 95% of assets. Only 14% of these assets are assessed as being in poor or very poor condition or are non-graded based on IIMM principles and asset age.

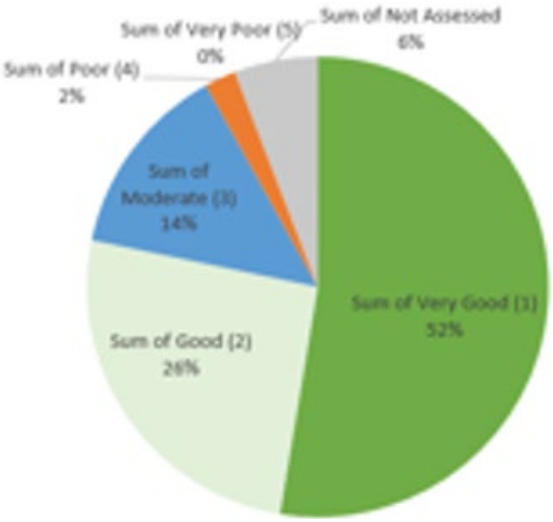
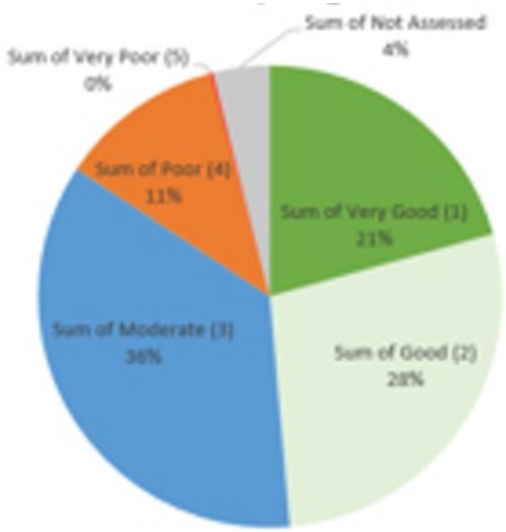
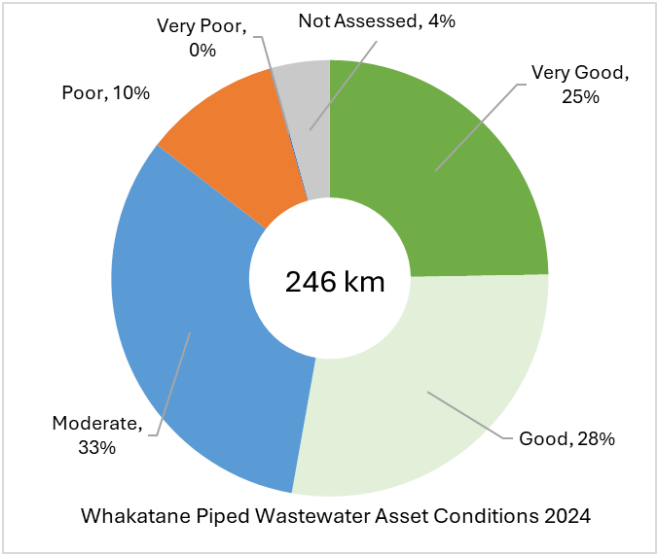
A condition assessment programme for wastewater pumping stations was undertaken in 2024. It concluded that 42% of pumping stations have components assessed as being in poor or very poor condition.

Treatment plants, most of which are simple oxidation pond systems, have not been condition assessed and are nearing the end of their consented lives. The exception to this is Te Mahoe, which has sand filters and a land application field.

A significant proportion of both wastewater and water supply pipes are older asbestos cement pipes (22% and 38% by type respectively). These pipes pose a resilience problem for the Council, as they become brittle with age and are prone to longitudinal cracking, which makes repairs difficult.

The Council has a dedicated in-house CCTV team able to undertake camera condition assessments of all underground wastewater pipes and manholes. These condition assessments are uploaded to our external software provider ReticManager® and are one of the key inputs into the Council's programming for pipe renewals. We are completing a wastewater network assessment based on criticality and risk, and then we will be able to assess our piped stormwater network up to 750mmØ pipes, which comprise the majority of our network.

Table 147. Wastewater asset condition information

Condition of piped wastewater assets (2024) by length – rising	Condition of wastewater assets (2024) – trunk, gravity, scour	Wastewater piped assets
		

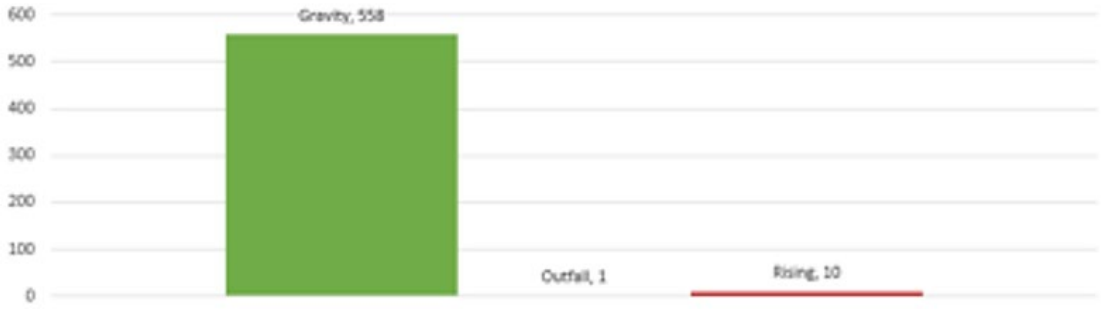
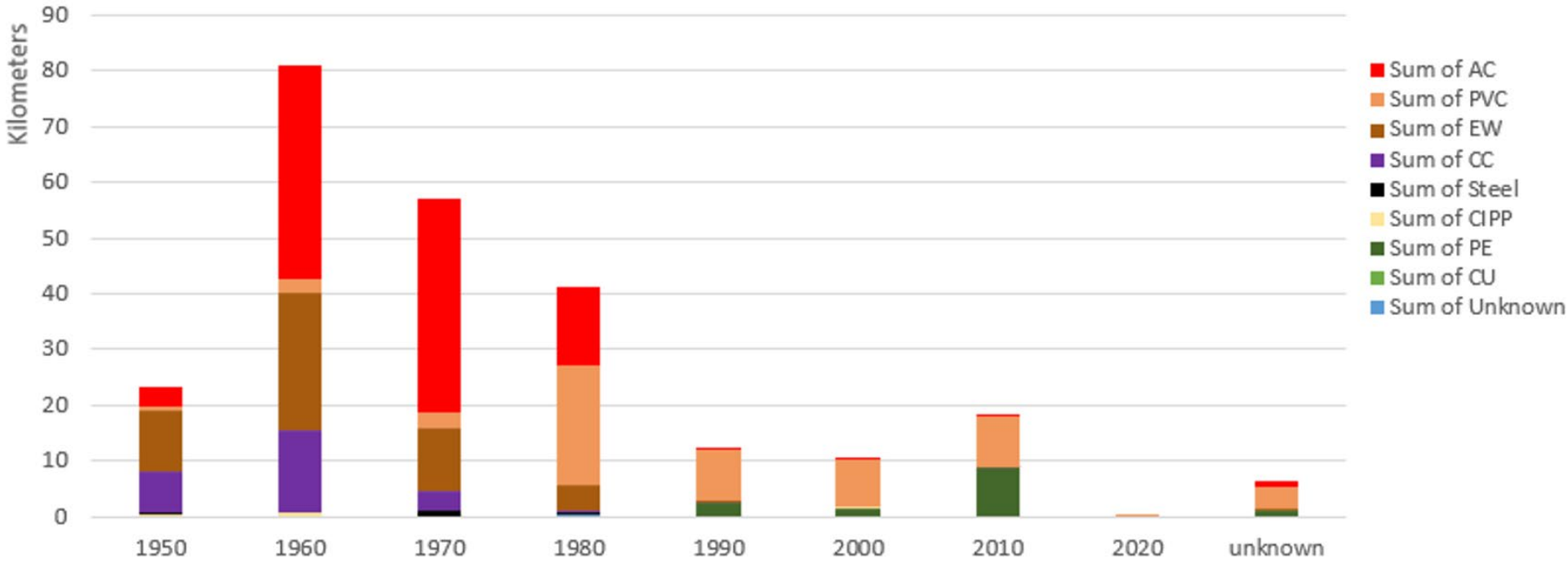
Count of wastewater assets in poor or very poor condition (2024)


Table 158. Wastewater asset age summary

Wastewater		% of asset stock	Average age	Average life remaining
Linear	Asbestos Cement	38%	55	10
	PVC/PE (Plastics, etc.)	27%	29	71
	Other (Earthenware, concrete, steel, etc.)	33%	61	39
	Unknown (missing data attributes, i.e. install date)	2%		
Point and plant		44%	27	26

Point and Plant percentages are a ratio to linear assets based on value.

Figure 3. Whakatāne District wastewater pipe material by year of installation



The average age of wastewater pipelines is based on regulator guidelines as shown below:

3.30 AVERAGE AGE OF WASTEWATER PIPELINES (years) WWA3

Weighted Average Age of All Pipelines within the total wastewater serviced area.

This should be calculated by taking into account the length and age of pipelines as follows.

$$\frac{\sum(length\ of\ pipeline\ \times age\ of\ pipeline)}{\sum length\ of\ pipeline}$$

Linear assets

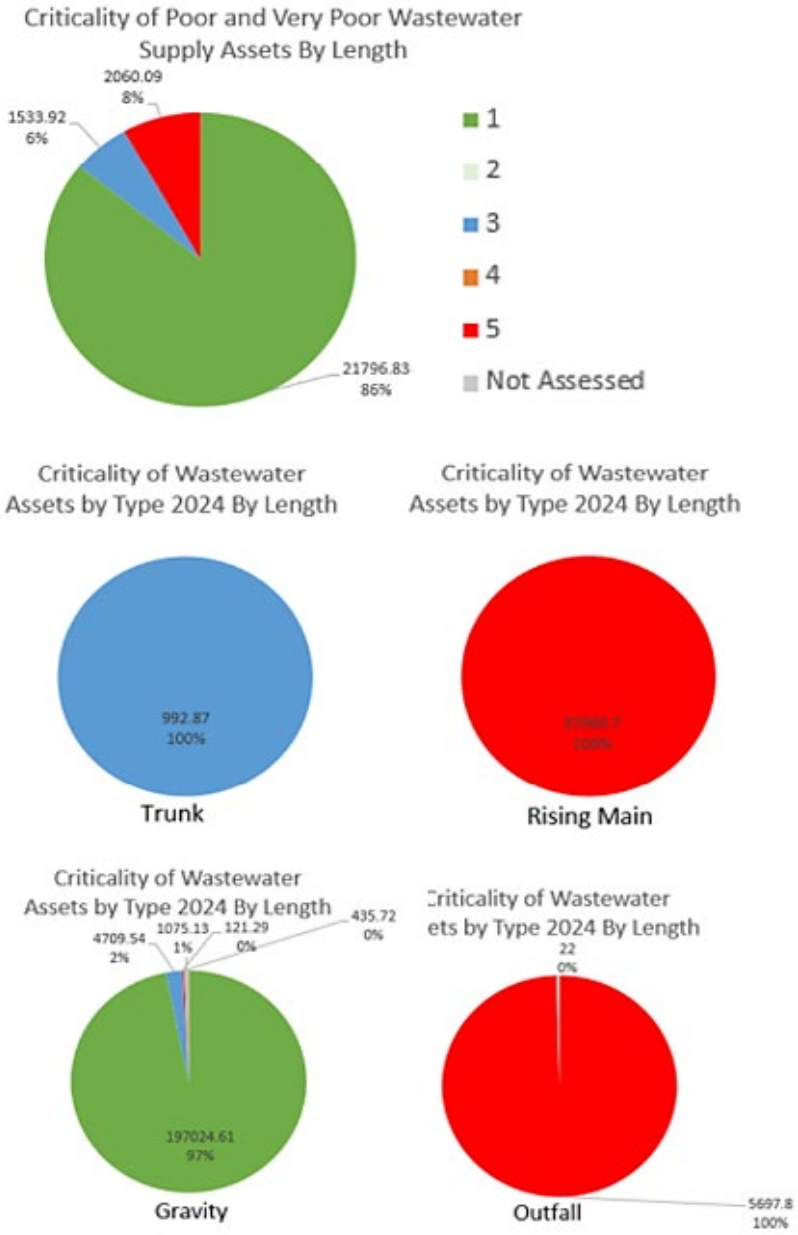
We have assigned condition ratings to most of the piped assets for wastewater. These were derived from the 2020 condition assessment based on the remaining useful life and pipe material. The assessment was based on actual pipe sample data from our pipe network and within the region and using deterioration modelling.

Point assets

Wastewater point assets include pump stations and treatment plants. Pump stations operate many times per day making any performance issue immediately noticeable. In addition, we engaged external expertise to carry out a higher-level analysis of pump station condition with a view to identifying possible upgrade works.

The treatment plants are known to be of a rudimentary mid-20th century style. Individual components are on maintenance schedules and have been operating for many years with ongoing maintenance. We are in the process of securing critical spares for treatment plant mechanical items to assist if any unforeseen breakdowns occur.

Figure 4. Summary of condition of critical wastewater assets



Stormwater asset condition overview

While relatively young by New Zealand standards, portions of the network are now 'mature'. The 1970s was the decade with the greatest installation length.

There is relatively good understanding of the condition of above ground stormwater assets (for example pumps and floodgates) with over 70% been assessed but poor understanding for underground piped stormwater assets. Around 25% of the assessed piped network has been categorised as being in poor or very poor condition or is non-graded based on IIMM principles and age.

As referenced under *Wastewater asset condition* above, the Council has a dedicated in-house CCTV crew with equipment and capability to undertake a camera assessment of the piped stormwater network up to 750mmØ pipes, which comprise the majority of our network. The CCTV crew is currently concentrating on undertaking wastewater pipe assessments, but it can undertake stormwater asset assessments as required. These ongoing CCTV programmes will assist further verification of the condition of piped assets.

Stormwater drainage assets differ from drinking and wastewater assets in that they are predominately concrete. Concrete is generally robust with a long lifespan.

Table 19. Stormwater asset condition information

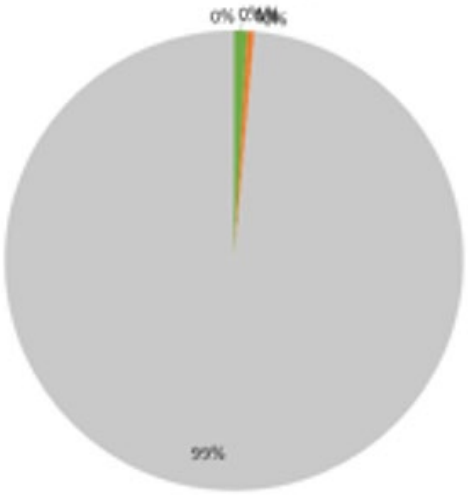
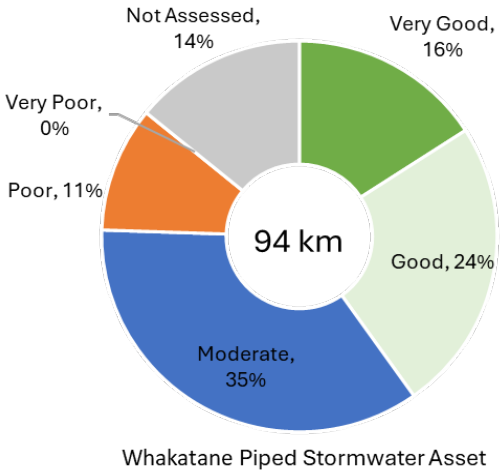
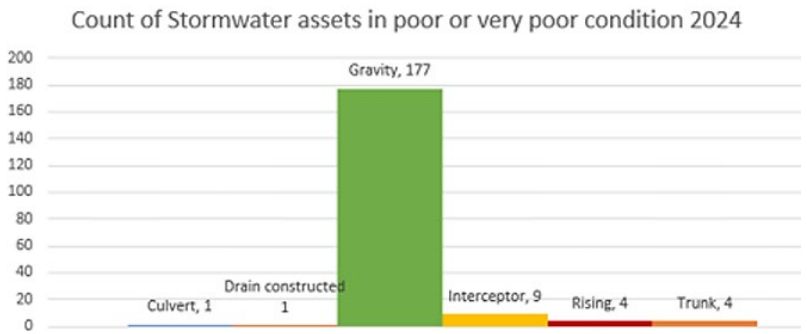
Condition of piped stormwater assets (2024) – culvert, drain	Stormwater piped assets	Count of stormwater assets in poor or very poor condition (2024)
		

Table 20. Stormwater asset age summary

Stormwater		% of asset stock	Average age	Average life remaining
Linear	Concrete	83%	44	36
	Plastic	6%	20	80
	Other	1%	38	41
	Unknown (missing data attributes, i.e. install date)	10%		
Point and plant		44%	27	26

Point and Plant percentages are a ratio to linear assets based on value. The average age of stormwater pipelines is based on regulator guidelines as shown below:

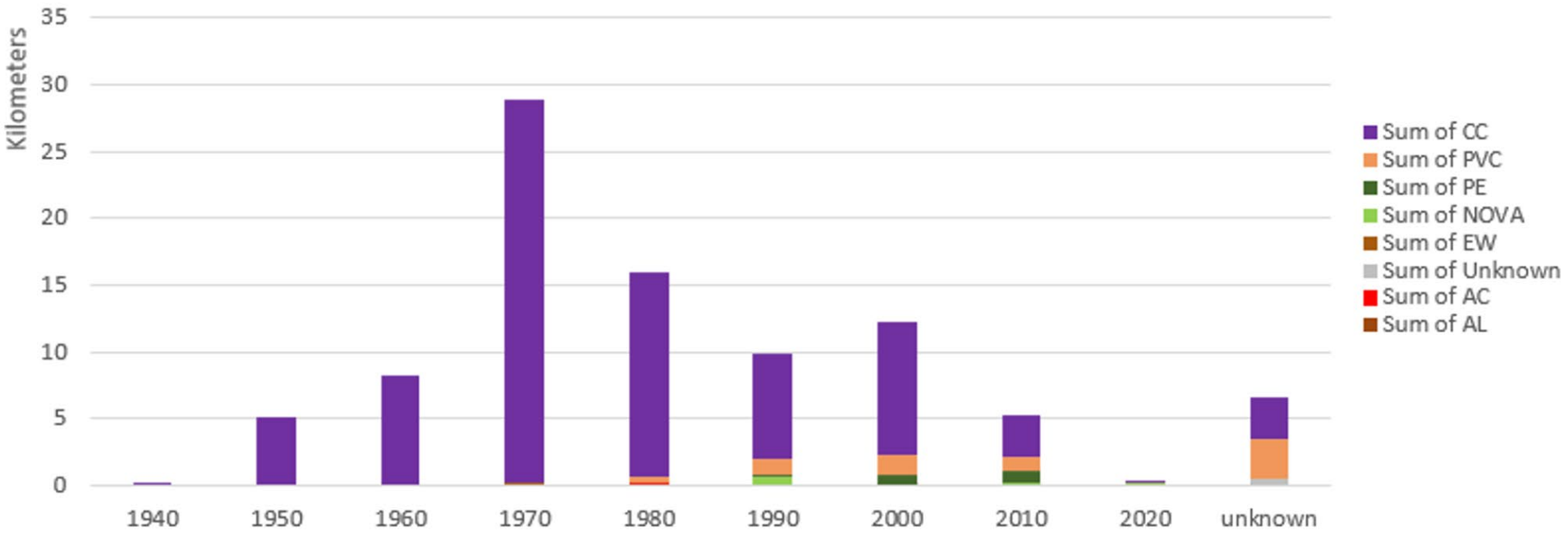
4.9 AVERAGE AGE OF STORMWATER PIPELINES (years) SWA3

Weighted Average Age of All Pipelines within the total stormwater serviced area.

This should be calculated by taking into account the length and age of pipelines as follows.

$$\frac{\sum(length\ of\ pipeline\ \times age\ of\ pipeline)}{\sum length\ of\ pipeline}$$

Figure 5. Whakatāne District stormwater pipe material by year of installation



Linear assets

We have assigned condition ratings to most of the piped assets for stormwater. These were derived from the 2020 condition assessment based on the remaining useful life and pipe material. The assessment was based on actual pipe sample data from our pipe network and within the region and using deterioration modelling.

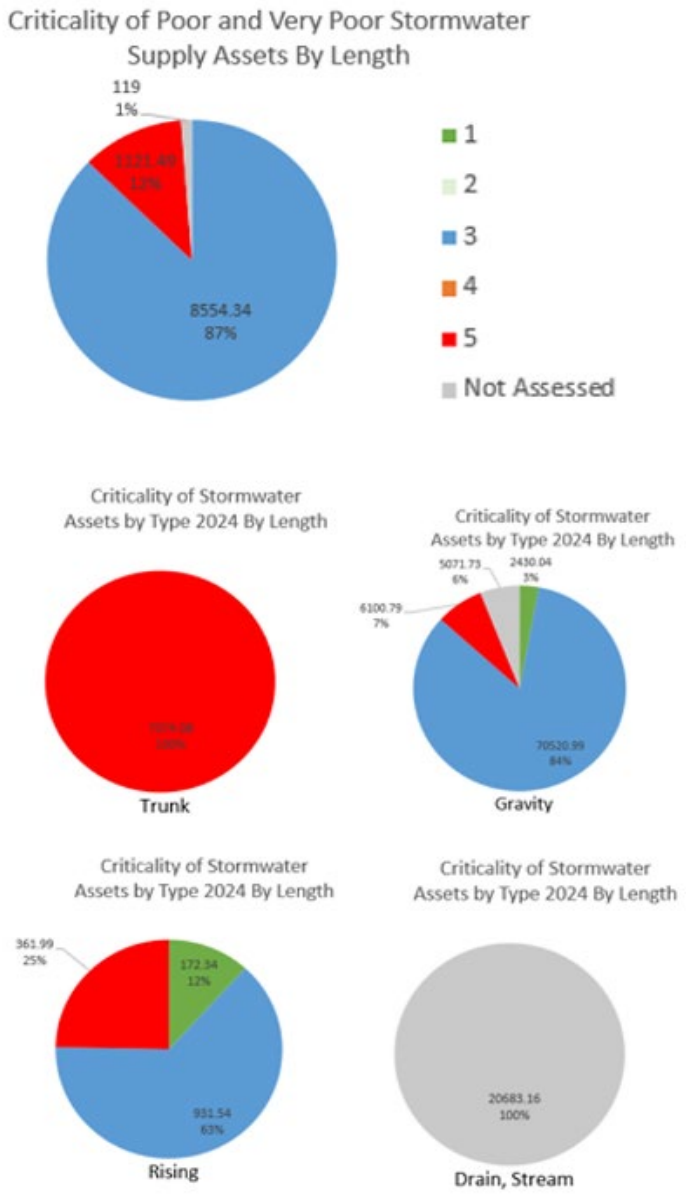
The open drain and overland flow path network also comprise a vital part of the stormwater network. Because the assets are all visible their condition is relatively easy to discern at any time. In general, regular maintenance identifies any condition abnormalities and maintenance interventions required.

Point assets

Stormwater point assets include mainly pump stations and detention/retention treatment ponds. Pump stations operate much less frequently than wastewater pump stations meaning that a different operating regime is required. We assessed stormwater pumpstation condition and capacity for our critical older stations.

The ponds are passive assets designed to operate without human intervention. Individual components are on maintenance schedules and operate routinely. Their performance is of vital importance during rainfall events hence their performance characteristics and condition are generally very well known.

Figure 6. Summary of condition of critical stormwater assets



Comments on criticality

Critical assets are defined as those which have a high consequence of failure causing significant loss or reduction in service provision. Typically, assets that service more customers or facilities have a higher criticality rating. Examples of a facility with high criticality are hospitals, schools, emergency centres.

A high-level list of three waters asset types and their typical level of criticality in providing services is shown in the following table: Level 5 indicates the most critical asset. Level 1 indicates the least critical asset.

Table 21. Water supply asset criticality overview

Asset type	Description of criteria	Base approach critical rating
Pipes	Less than 100mmØ 100mmØ to 300mmØ Greater than 300mmØ All falling and rising mains to and from sources, reservoirs and pump stations Pipes that are important to supply critical customers Single pipes serving more than 1,000 customers Potential pipe failures which may cause significant social, environmental or economic impact	Low (1) Medium (3) High (5) High (5) High (5) High (5) High (5)
Valves	Valves located along the critical water pipes All other valves	High (5) Low (1)
Pumpstations	Water pumpstations without resilience (no backup alternative power supply) Water pumpstations with resilience (backup alternative power supply)	High (5) Medium (3)
Reservoirs	All water reservoirs	High (5)
Treatment plants	All water treatment plants	High (5)

Table 22. Wastewater asset criticality overview

Asset type	Description of criteria	Base approach critical rating
Pipes	Less than 250mmØ 250mmØ to 375mmØ Greater than 375mmØ All rising mains Outfall mains Potential pipe failures which may cause significant social, environmental or economic impact	Low (1) Medium (3) High (5) High (5) High (5) High (5)
Valves and fixtures	All – including air, non-return, isolation valves	High (5)
Manholes	Manholes on critical pipes (pipes greater than 375mmØ) All other manholes	High (5) Low (1)
Pumpstations	Wastewater pumpstations without resilience (no backup alternative power supply and/or by-pass pumping arrangement) Wastewater pumpstations with resilience (backup alternative power supply, by-pass pumping arrangement)	High (5) Medium (3)
Treatment plants / Oxidation Pond	All	High (5)

Table 23. Stormwater asset criticality overview

Asset type	Description of criteria	Base approach critical rating
Pipes	Less than 150mmØ 150mmØ to 600mmØ Greater than 600mmØ	Low (1) Medium (3) High (5)
Open drains/channels, stream and watercourse banks	Minor drains/channels Medium drains/channels, minor stream and watercourse banks Large drains/channels, all other stream and watercourse banks	Low (1) Medium (3) High (5)
Stormwater outlets	Stormwater outlet to 'dry' stream/watercourse Stormwater outlet to 'wet' stream/watercourse	Low (1) High (5)
Storage Pond/ retention dams	Dry Wet	Low (1) High (5)
Manholes	Manholes on critical pipes (pipes greater than 600mmØ) All other manholes	High (5) Low (1)

Floodgates and wingwalls	Floodgates and wingwalls at 'dry' locations Floodgates and wingwalls at 'wet' active locations	Low (1) High (5)
Pump stations	All	High (5)

Comments on renewals

The Council's renewal approach aims to renew assets when they reach the end of their useful lives. Proactive renewal work has primarily targeted those assets assessed as being in poor or very poor condition. Renewal decision making is not simple given the variety of factors that need to be weighed.

The Council is developing a renewals framework for piped assets based on international and local standards to support renewals decisions. The framework allows decision makers to weigh:

- most recent physical condition assessment, based on pipe sampling, CCTV and opportunistic in-field assessment
- the consequence and likelihood of failure – including social, environmental and economic impacts, and based on understanding of the condition and performance of the assets
- capacity requirements of the network – for future growth and current constraints
- opportunities for cost efficiency – for example, planned roading upgrades, adjoining pipe network renewals, etcetera.

In the context of our Long Term Plan 2024-2034, the Council decided to defer investment, including reducing renewals of existing assets down to 70 percent of what the needs-based Asset Management Plan recommends.

Renewals backlog

In recent years, water infrastructure renewals have fallen short of depreciation, indicating that asset age is increasing, potentially indicating a deterioration in asset condition that may impact on future levels of service.

Council analysis estimates a $96 million renewals backlog:

- Water supply – $55.8 million
- Wastewater – $36.7 million
- Stormwater – $3.3 million.

These estimates are based on assets' theoretical end-of-life rather than actual asset performance.

Renewals and depreciation

While renewals investment requirements are lumpy over time, reflecting the uneven pattern of historic development, over the longer-term renewals investment should come into line with the level of depreciation expense. We note that depreciation is based on asset replacement values that make no allowance for asset optimisation (for example relining pipes rather than full asset replacement).

The Council spent $25 million on three waters renewals over the last six years compared with depreciation expense of $39 million (renewals capex averaging of 64% depreciation).

Over the next 10 years, the Council is planning to spend $156.4 million on renewals (in nominal/inflated terms).

Asset management approach

Current service delivery model and asset management practices

In-house resources

Water services have been primarily delivered by the Three Waters team located within the Council's Infrastructure Group.

The Three Waters Manager leads a team of approximately 35 staff delivering:

- Operations and maintenance
- Asset management
- Capital works delivery (project management)
- Administration support (trade waste and meter reading sit in this group).

Compliance monitoring and reporting, including managing resource consents, sits in the Planning, Regulatory and Infrastructure Group.

A number of other teams across the Council support the delivery of water services, including but not limited to finance (budgeting and financial reporting, rates, and procurement), information services (systems), strategy (strategies, planning and reporting), and human resources.

The following table shows the parts of Council with responsibility for areas of service delivery.

Table 24. Whakatāne District Council service delivery model for three waters

Service delivery function	Internal service delivery team	Internal capabilities	External service delivery
Design	Project Management and Asset teams – concept design	Currently 9 FTE across the two teams	Local consultants for detailed and construction design
Construction	New capex delivery via procurement process Council procurement team	Project Management team manages delivery, Will require Service Agreement with Procurement team.	Local contractors and water industry market delivery
Operation	Three waters operational and maintenance teams Customer Services team	Currently 25 FTE across Reticulation, Water Treatment and Administration Support functions. Will require Service Agreement with Procurement team	Local contractor to monitor SCADA systems After hours Request for Services (RFS) via external contractor
Maintenance	Three waters operational and maintenance teams	Currently 25 FTE across Reticulation, Water Treatment and Administration Support functions.	Local contractor for SCADA systems activities Local contractors for Three Waters "Green Space' activities New Zealand contractor for Asset Management System upgrades
Planning and reporting	Asset Team for planning and Corporate Services for assistance with reporting	Currently 5 FTE within Asset team and regulatory compliance Will require Service Agreement with Planning and Strategy teams.	Consultants
Financial management	Rates team for billing Financial team with support from Asset team	Will require Service Agreement with Finance team.	Contractors for Valuation process

Regulatory compliance	Internal operations staff for regulatory sampling. Compliance officers for regulatory requirements Trade Waste Officer	Internal operations staff for regulatory sampling. Compliance officers for regulatory requirements, trade waste. Planning staff for resource consent monitoring, and preparation of consents. Will require Service Agreement with Planning team.	NATA accredited laboratories for sampling Consultants for laboratory compliance reporting Consultants for Audit compliance component

Asset Management Plan

The Council has a single Asset Management Plan across the waters which was developed under the framework provided by the International Infrastructure Management Manual (IIMM) 2020. IIMM is the global benchmark for infrastructure asset management and Council uses 'Adapt Solutions' platform software for meeting all our asset management requirements.

The objectives of this plan are to:

- Set out how we prioritise investment for infrastructure assets including how we renew current infrastructure and plan for new assets.
- Highlight our approach to managing long life assets by providing clear descriptions, objectives and targets for them.
- Be transparent with our stakeholders, particularly around the risks inherent in our networks and the systematic processes in place to mitigate those risks.
- Explain the challenges we face as an organisation and how these will be addressed by our funding application.
- Demonstrate the links between the plan objectives, our Asset Management Policy, Strategic Asset Management Plan, corporate goals, business planning processes, and plans.
- Provide visibility of forecast investment programmes to external users of the plan.
- Provide updates to stakeholders on improvements to our asset management practices.

The current asset management approach is set out in the Asset Management Plan. The approach to asset maintenance and renewals is described above.

Outsourced delivery

The Council contracts delivery of capital projects to suitable providers.

The current service delivery model will continue with improvements

The Council intends to deliver water services through an in-house business unit until 30 June 2028 at the earliest. Therefore, the arrangements for service delivery will continue. It is important to note some recent changes have been made to strengthen water services delivery.

The Council is making strategic shifts to procurement and project delivery processes that will assist capital delivery. The project budget allocation process has been changed requiring activity managers to phase project budgets by stages instead of solely at project onset. An infrastructure Project Management Office (PMO) went live in April 2025 which will assist water services project managers deliver projects and provide improved visibility of the team's progress towards delivering the three waters capital programme. The PMO system assists making proactive decisions concerning matters such as resourcing constraints, cost escalations, and schedule shifts.

A new Enterprise Project Management Office has also now been established within Council to uplift overall project management maturity and facilitate successful project delivery. Further, a panel of three General Managers has been formed that meet regularly to review procurement requests and practices. The changes are anticipated to bolster the Council's capability to achieve its capital expenditure programme moving forward. Nevertheless, some level of carry forwards can be anticipated each year as several of the larger budgeted capital projects involve a variety of options and community agreement components before planning and delivery of capital works can occur.

Comment on asset management maturity

We assess our current level of maturity to be moderate. A future action is to apply a formal maturity model and broaden this assessment in order to validate the level of maturity. This will also reveal focus areas and discrete actions to be adopted.

Statement of regulatory compliance

Resource consents

The tables below set out the status of key resource consents.

Table 25. Resource consents relating to drinking water supply

Permit Number	Permit Activity Type	Permit Purpose	Permit Location	Permit Granted Date	Permit Expiry Date
20094	Take	Take and use water for the purpose of water supply to Edgecumbe Township and Rangitāiki Plains	Braemar Spring, adjacent to left bank of Tarawera River	5/04/1973	1/10/2026
20114	Take	Take and use water from an underground stream for public water supply purposes	An underground stream adjacent to the Rangitāiki River situated in State Forest No.1 Murupara	6/09/1973	1/10/2026

Permit Number	Permit Activity Type	Permit Purpose	Permit Location	Permit Granted Date	Permit Expiry Date
20198	Take	Take and use water from the Whakatāne River for a municipal water supply and also a right to discharge wastewater to the river	Adjacent to Whakatāne Water Treatment Plant	3/07/1975	1/10/2026
20280	Take	Take water from a spring at Awakaponga for community water supplies	Spring, Manawahe Road, Awakaponga	2/12/1976	1/10/2026
20283	Take	Take water from a well for the Waimana water supply	Well on the Grantee's property at Hodges Road, Waimana	2/12/1976	1/10/2026
21044	Take	Take water from bores adjacent to the Waimana River for the Tāneatua Town water supply	Bores adjacent to the Waimana River	2/12/1982	1/10/2026
62627	Take	Take water from a bore for community water supply	Rūātoki	14/06/2004	Continuing under Section 124 of the RMA
66359.0.02-WT+	Take	Take and use of groundwater from bore BN-11692 for municipal supply of the Whakatāne District Council's reticulation system, at 124 Paul Road, Te Teko	124 Paul Road, Te Teko	1/11/2010	30/09/2045
66359.0.03-WT	Take	Take and use of groundwater from bore BN21-0079 for municipal supply of the Whakatāne District Council's reticulation system, at 124 Paul Road, Te Teko	124 Paul Road, Te Teko	1/11/2010	30/09/2045
RM15-0017-WT.01	Take	Take of water for municipal supply	58A Johnson Road, Otakiri	15/12/2016	31/12/2031
RM15-0017-WT.02	Take	Take of water for municipal supply	58A Johnson Road, Otakiri	15/12/2016	31/12/2031
RM15-0017-WU.01	Use cold ground water	Use of water from well no. 2510 and well no. 2511 for municipal supply	58A Johnson Road, Otakiri	15/12/2016	31/12/2031
RM18-0540-WT.01	Take	Take and use of groundwater from a bore for municipal supply of the Otumahi Water Supply Scheme	Tahuna Road, Te Teko	20/12/2018	30/09/2045

Permit Number	Permit Activity Type	Permit Purpose	Permit Location	Permit Granted Date	Permit Expiry Date
RM22-0032-WT.01	Take	Take and use of groundwater from BN-11204 for the municipal supply of the Te Mahoe Village, at 1B Te Mahoe Village Road, Te Mahoe	Te Mahoe Village, Matahina	04/05/2022	30/04/2037

Table 26. Resource consents relating to wastewater

Permit Number	Permit Activity Type	Permit Purpose	Permit Location	Permit Granted Date	Permit Expiry Date
20049.0.01-DC	Discharge wastewater	Discharge wastewater from oxidation ponds to be constructed at Tāneatua into the natural waters of the Whakatāne River	Whakatāne River at a point downstream of Tāneatua	6/04/1971	1/10/2026
20368	Discharge wastewater	Discharge treated effluent from oxidation ponds into the Bay of Plenty (Pacific Ocean)	Whakatāne urban area	8/06/1978	1/10/2026
20702	Discharge wastewater	Discharge effluent from Edgecumbe oxidation ponds into the Omeheu Canal	Soldiers Road, Edgecumbe	1/05/1980	1/10/2026
20778	Discharge wastewater	Discharge effluent from the Murupara Borough oxidation ponds into the Rangitāiki River (Note: Murupara Borough amalgamated with the Whakatāne District Council in 1989)	Murupara Borough oxidation ponds into the Rangitāiki River	5/03/1981	1/10/2026
62656	Discharge to air	Discharge odorous gases from the Murupara sewage treatment facility to the air	Murupara sewage treatment facility	1/11/2004	30/09/2026
62657	Discharge to air	Discharge odorous gases from the Edgecumbe sewage treatment facility to the air	Edgecumbe sewage treatment facility located at Edgecumbe Soldiers Road, Edgecumbe	1/11/2004	30/09/2026
62658	Discharge to air	Discharge odorous gases from the Tāneatua sewage treatment facility to the air	Tāneatua sewage treatment facility	1/11/2004	30/09/2026
62659	Discharge to air	Discharge odorous gases from the Whakatāne sewage treatment facility to the air	Kopeopeo Canal Road, Whakatāne	8/08/2006	30/10/2026

Permit Number	Permit Activity Type	Permit Purpose	Permit Location	Permit Granted Date	Permit Expiry Date
RM16-0143-DC.01	Discharge to land	To discharge treated wastewater to land	16 Te Mahoe School Road, Lake Matahina, Te Mahoe	28/07/2016	30/06/2051
65984.0.01-DC	Discharge Other	Discharge of treated effluent from the Ōhope wastewater treatment plant to the Pacific Ocean	Ōhope wastewater treatment plant	23/11/2016	30/09/2035
65984-CC.01	Discharge Other	Occupy space in the common marine and coastal area for a discharge structure associated with the Ōhope wastewater treatment plant.	Ōhope wastewater treatment plant	23/11/2016	30/09/2035
RM21-058-AP	Discharge To Air	Authorise and set conditions for the discharge of contaminants (gases and aerosols) to air from the Ōhope wastewater treatment plant	Wainui Road, Ōhope	15/02/2022	30/09/2035

Table 27. Consents relating to stormwater

Consent #	Purpose	Granted date	Expiry date	Location
20183	For the purpose of stormwater runoff from a proposed subdivision at Mokorua, Whakatāne.	6/03/1975	1/10/2026	White Horse Drive, Mokorua, Whakatāne
20210	For the purpose of discharging stormwater from a 53-acre area of the Tāneatua stormwater drainage system into a watercourse on the property of S L Mayne, Tāneatua.	2/10/1975	1/10/2026	Tāneatua stormwater drainage system
20267	For the disposal of stormwater from the Awatapu urban area.	2/09/1976	1/10/2026	Awatapu urban area, Whakatāne
20319	Discharging stormwater from the Grantees' subdivision adjacent to State Highway 2 at Whakatāne. Discharge stormwater from an industrial subdivision at Whakatāne.	1/09/1977	1/10/2026	Kopeopeo Canal, Whakatāne
21117	For the purpose of discharging stormwater from a residential subdivision adjacent to Harbour Road opposite Tuati Street, Ōhope.	7/04/1983	1/10/2026	Adjacent to Harbour Road Opposite Tuati Street, Ōhope
21785-1	Discharge stormwater from a subdivision into the Waiewe Stream	5/12/1985	1/10/2026	Waiewe Stream, Whakatāne
21785-2	Discharge stormwater from a subdivision into a gully leading to the Wainui Te Whara Stream	5/12/1985	1/10/2026	Waiewe Street, Whakatāne

Consent #	Purpose	Granted date	Expiry date	Location
24283	Discharge stormwater to the Whakatāne River.	16/10/1995	31/08/2004	From an outfall at the Whakatāne Gardens to the Whakatāne River
24801	Discharging stormwater containing sediment from a catchment incorporating 1.9 hectares of earthworks during the construction of a residential subdivision to Waiewe Stream and to discharge clean stormwater from the completed subdivision to Waiewe Stream.	4/12/1996	30/11/2011	Waiewe Stream, Whakatāne
40251	Discharge stormwater to Ōhiwa Harbour.	20/12/1996	30/11/2006	Ōhiwa Harbour, Ōhope
24943	Discharging clean stormwater from the Waterford Estate subdivision and adjacent road and residential areas to the Maraetōtara Stream. Discharge stormwater to water.	15/07/1997	30/06/2012	An outfall on the Maraetōtara Stream within the Maraetōtara Reserve, Ōhope
60053	Discharging stormwater from the 1.2 hectare residential subdivision on Walnut Grove, Whakatāne into the Awatapu Lagoon.	15/10/1998	31/10/2008	Walnut Grove, Whakatāne
60171	For the purpose of discharging stormwater from a 4400 square metre catchment at Port Ōhope, Ōhiwa Harbour.	20/01/1999	30/12/2033	Port Ōhope, Ōhiwa Harbour
60344	To authorise the discharge of sediment contaminated stormwater from sediment retention ponds during earthworks operations, and continuing until the site is fully rehabilitated, and to authorise the discharge of treated stormwater from an urban residential subdivision. Discharge treated sediment contaminated stormwater to Ōhiwa Harbour, and to land where it may enter Ōhiwa Harbour; and treated stormwater to Ōhiwa Harbour, and to land where it may enter Ōhiwa Harbour.	14/09/1999	31/08/2014	Ōhiwa Harbour
61841	For the purpose of diverting stormwater, detaining stormwater in a stormwater detention pond, and discharging stormwater from a stormwater detention pond to land where it may enter the Wainui Te Whara stream.	10/12/2002	30/11/2022	White Horse Drive, Wainui Te Whara Stream, Whakatāne
62713	For the purpose of authorising and setting conditions on the placement and use of an outlet structure in the bed of the Whakatāne River, and the discharge of stormwater from a commercial development into the Whakatāne River via a pump station. Constructing and using an outlet structure in the bed of the Whakatāne River, and the discharge of stormwater from a commercial development into the Whakatāne River via a pump station.	27/02/2005	30/06/2015	The discharge point is located on the Whakatāne River, Whakatāne

Consent #	Purpose	Granted date	Expiry date	Location
63352	Discharge storm water to the Kopeopeo Canal	26/10/2005	30/09/2030	The Hub, State Highway 30, Whakatāne
64930	For the purpose of implementing a reticulated stormwater system for the residential areas above the escarpment at Cliff Road, Brown Road, and Ōtarawairere Village and discharging stormwater.	20/09/2007	30/09/2027	Ōhope West End escarpment
65353	To provide for the construction of a stormwater outfall structure in the bed of the Wainui Te Whara stream and for the permanent discharge of up to 1,000 litres per second at the maximum pumping rate. The proposal will provide increased stormwater capacity and will reduce the risk of flooding in the adjacent residential catchment.	29/05/2008	30/04/2028	Adjacent to 35 Douglas Street, Whakatāne
65617	To authorise earthworks, the damming and diversion of stormwater, the discharge of stormwater to water and the installation of structures to protect Edgecumbe from surface and stormwater flooding from land to the west and from direct rainfall.	22/09/2009	31/08/2044	Pump station at corner of Otakiri Rd and Te Teko Rd, culverts in southwest Edgecumbe, Rangitāiki Plains
65604	For the purpose of authorising the discharge of stormwater to the Whakatāne River and the placement, use and maintenance of associated discharge structures and erosion protection.	1/06/2010	30/04/2045	Whakatāne riverbank, adjacent to 2 Keepa Road, Whakatāne
66394	To authorise and set conditions on the extension and use of stormwater outlets on Ōhope Beach, the discharge of stormwater to the coastal marine area (see advice note 12), the scraping of beach from the sand to cover extended outlets, and occupation of space in the coastal marine area.	29/09/2010	31/08/2020	Several locations along Ōhope Beach
65835	To authorise the regrading of existing stormwater drains to increase capacity, the discharge of stormwater to water from a new pump station in the north-west of Edgecumbe and associated in-stream structures.	20/01/2011	31/12/2045	Rangitāiki Plains/ Edgecumbe
67409	For the purpose of authorising the discharge of stormwater to a drain.	12/03/2013	28/02/2048	Open drain at 98B College Road, Edgecumbe
67420	For the purpose of authorising the discharge of stormwater to Sullivan Lake and works associated with the formation of the stormwater outlet.	12/03/2013	28/02/2048	Sullivan Lake, Whakatāne

Consent #	Purpose	Granted date	Expiry date	Location
68000	To authorise and set conditions for the removal of existing stormwater outlet and erosion protection structures and construction of new stormwater outlet and erosion protection structures.	19/11/2014	30/11/2049	Maraetōtara Stream, Ōhope
68057	Discharge stormwater to a tributary of the Whakatāne River and the Whakatāne River	4/08/2015	4/08/2040	Whakatāne Recycling Park, 60 Te Tahi Street to a tributary of the Whakatāne River and Whakatāne River
RM16-0450-DC.01	To authorise and specify the conditions associated with the discharge of stormwater from Ōhope recreation reserve to ground soakage via subsurface stormwater chambers, and during heavy rain events to the Maraetōtara Stream via subsurface conveyance and an open swale.	15/12/2016	3/08/2051	251B-291 Pohutukawa Avenue and 5 Te Akau Street, Ōhope, Whakatāne
RM20-0113-DC.01	To authorise and set conditions for the discharge of residential stormwater to land soakage.	13/05/2020	1/05/2055	Ocean Road, Ōhope
RM20-0493-DC.01	Discharge of stormwater to surface water, or to land where the discharge enters surface water, where the rate of discharge is greater than 125 litres per second for a 10-minute duration 10% AEP storm event.	30/10/2020	30/10/2023	Orini Canal and Keepa Road Reserve, 80 m north of the Fergusson Road and Keepa Road intersection, Whakatāne

Note: the shaded consents in the stormwater table above will become inclusive within the Whakatāne urban catchment comprehensive stormwater consent (CSC). The CSC is an active consent application – see Table 28 below.

Comments on compliance

Reconsenting Programme

The Council has funded a reconsenting programme because a number of resource consents for water takes and wastewater/air discharge consents lapse in October 2026 as a result of the 35-year limit under the Resource Management Act 1991. The total programme budget within the Long-Term Plan 2024-34 (LTP) is $7,227,356 to obtain new resource consents for water and wastewater consents. This budget will enable monitoring environmental impacts, establishing co-design groups, preparing specialist reports and applications for resource consent, and to have the applications notified, heard and decided.
The replacement consents are as follows.

Table 28: New Resource Consent Applications

Consent Replacement	Approx Timing	Current consent(s)	Project status	Progress Update
WATER CONSENTS				
Whakatāne / Ōhope Water	2024 - 2026	20198	Yet to start	A planning assessment is underway in the first instance, via a consultant, to inform the scope and consenting requirements for the project.
• **Rangitāiki Plains** • **Matatā** • **Murupara** • **Waimana**	• 2025 – 2026 • 2025- 2027 • 2025-2026 • 2025-2026	• 20094 • 20280 • 20114 • 20283	Yet to start	These projects are currently being commenced with a mix of inhouse and consultant delivery.
Tāneatua	2025 – 2026	21044	On track	Consultant engaged to prepare the consent application. Draft prepared and is currently under review by Council staff. Engagement underway with Te Uru Taumatua and Ngāti Awa to identify any cultural effects that should be acknowledged and (where possible) mitigated as part of the application.
Rūātoki Water	N/A	62627 (s124)	In progress	An alternative water supply is being sought due to resilience issues. It is currently uncertain whether the existing supply will be maintained, and thus, mitigated as part of the application.
Consent Replacement	**Approx Timing**	**Current consent(s)**	**Project status**	**Progress Update**
WASTEWATER CONSENTS				
Whakatāne wastewater	2024 - 2027	20368 62659	Early scoping underway.	Early project scoping underway. LWDW and wastewater standards to be enacted by the Local Government Water Services Bill will inform the scope and consenting requirements for this project along with the Whakatāne Waters Strategy.

Consent Replacement	Approx Timing	Current consent(s)	Project status	Progress Update
Edgecumbe wastewater	2024 - 2027	20702 62657	Early scoping underway.	Early project scoping underway. LWDW and wastewater standards to be enacted by the Local Government Water Services Bill will inform the scope and consenting requirements for this project along with the Whakatāne Waters Strategy. Further direction is expected later in 2025.
Tāneatua wastewater	2024 - 2027	20049.0.01 -DC 62658	Underway	Project being established. Glenn Cooper has been contracted to lead this project with support from a Project Manager from Te Uru Taumatua.
Murupara wastewater	2024 - 2027	20778 62656	On track	The project is underway and will be reset with Ngāti Manawa in July 2025. The internal project team have met to scope out elements of phase one of the project plan, including project structure, resourcing requirements, and stakeholder mapping.

Consent Replacement	Approx Timing	Current consent(s)	Project status	Progress Update
STORMWATER CONSENTS				
Whakatāne CSC (RM23-0010-AP)	TBC	Will replace consents 20183, 20267, 20319, 21785-1, 21785-2, 24283, 24801, 60053, 61841, 62713, 63352, 65353, 65604, 67420, 68057 and RM20-0493-DC.01 (purple coloured) identified in Table 26	Consent application on hold Remains lawful under s124 of the Resource Management Act.	On 16 January 2023, the Council lodged an application for a comprehensive stormwater consent (CSC) for the Whakatāne Township. The resource consents sought are: • To discharge stormwater to land, wetlands, and water from multiple locations within the urban areas and settlements subject to the application. • To undertake associated land disturbing activities and activities within the Coastal Marine Area (CMA) and/or watercourses. • To undertake maintenance activities on the stormwater network, including ongoing operations and upgrades (replacements, demolition and improvement works). The application was publicly notified, with six submissions received by the Bay of Plenty Regional Council by the closing date of 19 June 2024. Processing of the application has been suspended at the Council's request to enable it to respond to the section 42A report and prepare evidence for the upcoming hearing (date to be confirmed). Upon approval of the CSC, existing individual stormwater discharge consents held by the Council for the Whakatāne urban area will be surrendered.
Ōhope CSC	TBC	Will replace consents 20210, 21117, 40251, 24943, 60171, 60344, 64930, 66394, 68000, RM16-0450-DC.01, RM20-0113-DC.01 listed in Table 26	Yet to commence	The Council intends to progress a CSC for Ōhope following completion of the Whakatāne CSC.

Table 29: Compliance Overview (Resource Consents)

The table below summarises the number of resource consents the Council has in respect to its infrastructural assets, the expiry dates for consents (also outlined in Tables 25 to 27), the active resource consent applications (Table 28), and the level of compliance/enforcement action that has occurred over time.

Parameters	Drinking Water Schemes	Wastewater Schemes	Stormwater Schemes/Catchment
Resource Management • Significant consents (note if consent is expired and operating on S124)	20094 20114 20198 (incl. right to discharge wastewater) 20223 20280 20283 21044 21451 62627 (S.124) 66359.0.02-WT+ 66359.0.03-WT RM15-0017-WT.01 RM15-0017-WT.02 RM15-0017-WU.01 RM18-0540-WT.01 RM22-0032-WT.01	**Wastewater discharge to water** 20049.0.01.DC 20368 20702 20778 65984.0.01-DC **Wastewater discharge to land** RM16-0143-DC.01 **Discharge to air** 62656 62657 62658 62659 RM21-0058-AP	43 stormwater discharge consents (including 10 operating under S124; note: some are outside of scheme areas and/or authorise temporary discharge of stormwater associated with works) Zero network consents
• Expire in the next 10 years	20094 20114 20198 (incl. right to discharge wastewater) 20223 20280 20283 21044 21451 62627 (S.124) 66359.0.02-WT+ 66359.0.03-WT RM15-0017-WT.01 RM15-0017-WT.02 RM15-0017-WU.01	20049.0.01.DC 20368 20702 20778 62656 62657 62658 62659	13

• Non-compliance:
  • Significant risk non-compliance
  • Moderate risk non-compliance
  • Low risk non-compliance
	For period from 1 July 2023 to 30 June 2024
	1 for RM15-0017-WT.01+
	1 for RM15-0017-WT.02
	1 for 21044.0.02-WT+
	6 for 20094.0.02-WT+
	1 for 21451.0.02-WT+
	3 for RM15-0017-WT.01+
	3 for RM15-0017-WT.02
		For period from 1 July 2023 to 30 June 2024
		Zero
		4
		15
			For period from 1 July 2023 to 30 June 2024
			Zero
			Zero
			Zero

• Active resource consent applications (see Table 27)	1 - RM25-0410 (Replacement for 21044)	Several in planning stages	1 – RM23-0010-AP Whakatāne comprehensive stormwater consent

• Compliance actions (last 24 months):
  • Warning
  • Abatement notice
  • Infringement notice
  • Enforcement order
  • Convictions
	Zero
	Zero
	Zero
	Zero
	Zero
		Zero
		Zero
		Zero
		Zero
		Zero
			Zero
			Zero
			Zero
			Zero
			Zero

Table 30. Compliance overview (Water compliance)

The table below summarises compliance of our drinking water schemes:

Parameters	Drinking supply schemes	Wastewater schemes	Stormwater Schemes/catchments
• Bacterial compliance (*E. coli*)	Yes – 1 scheme; no – 8 schemes (compliance with DWQAR T3 bacterial rules for the period 1 July 2023 to 30 June 2024)	n/a	n/a
• Protozoa compliance	Yes – 1 scheme; no – 8 schemes (compliance with DWQAR T3 protozoal rules for the period 1 July 2023 to 30 June 2024)		
• Chemical compliance	Yes – 9 schemes (no chemical MAVs exceeded in treatment plant sampling for the period 1 July 2023 to 30 June 2024)		
• Boiling water notices in place	3 notices issued in last 3 years (Murupara water supply – February 2023; Rūātoki water supply – May 2023, and June-July 2025)		
• Fluoridation	Yes – 1 scheme (Whakatāne); no – 8 schemes		
• Average consumption of drinking water	363.3 l/person/day (per the draft Water Loss Report for the period 1 July 2024 to 30 June 2025)		
• Water restrictions in place (last 3 years)	One (March 2025) – precautionary		
• Firefighting sufficient	Yes		

Capital expenditure required to deliver water services and ensure that water services comply with regulatory requirements

Revised Capital Works Programme

The Council worked with Tonkin + Taylor, Taumata Arowai, Bay of Plenty Regional Council and Beca to develop a capital programme that will comply with relevant regulatory requirements. This is a change from the planned capital works programme in our Long Term Plan 2024-2034. The main changes relate to bringing forward and appropriately funding projects that will ensure our drinking water supplies are compliant with the Drinking Water Standards by 2028, and our wastewater treatment and disposal facilities are compliant by 2032 once the Council has obtained the necessary new resource consents from the regional council and the wastewater standards are finalised. A copy of the Tonkin + Taylor report titled *30 Year Capital Expenditure Re-profiling* dated March 2025 is attached as Appendix B.

The district faces compliance challenges in meeting the DWQAR and obtaining resource consents relating to drinking water and wastewater services. Significant investment is planned for anticipating upgrade works.

Major Capital Projects

The table below lists major capital projects over the next 30 years. The major capital projects over the next 10 years are listed in the *Additional information* section at the end of this Plan.

Table 31. Major capital projects to 2054

	Project	Driver for investment (compliance, level of service, renewal, growth)	Timeframe	Capital expenditure to 2054 (uninflated dollars)
Water supply	– Equalised water network renewals	Renewal	2025 – 2054	$59,381,734
	Equalised water storage	LOS and growth	2026 – 2027	$745,434
	Whakatane District condition and improvements - reservoirs	Renewal	2028 – 2029	$9,565,000
	– Equalised new water source and treatment	Renewal	2027 – 2034, 2041 – 2047	$111,374,000
	Otumahi water storage pipelines	LOS	2025	$3,566,832

	Plains Water Safety Plan system improvements	LOS and growth	2025 – 2028	$2,016,000
	Minor projects - profiled over 30 years, includes projects such as network modelling, asset condition assessment, leak detection, water demand and pressure management, monitoring, etc.	Various	2025 – 2054	$92,985,946
	Minor projects - profiled from Years 11-30 (Additions from T+T)	Various	2035 – 2054	$6,843,306
Wastewater	– Equalised pump station renewals and upgrades	LOS and Renewal	2025 – 2054	$16,526,400
	Equalised sewer network renewals	Renewal	2025 – 2054	$50,524,000
	New wastewater treatment plant incorporates Whakatāne and Edgecumbe	Compliance	2028 – 2031, 2047 – 2054	$90,289,500
	New wastewater treatment plant Tāneatua	Compliance	2026	$1,450,000
	Wastewater ponds desludging	Compliance	2028 – 2031, 2047 – 2054	$10,000,000
	Wastewater - rising main renewals	Renewal	2026 – 2039	$17,718,000
	Matatā wastewater scheme	LOS improvement and growth	2025 – 2026, 2033 - 2037	$37,301,786
	– Murupara WWTP renewal and upgrade	Compliance	2026 – 2033	$30,300,000
	Minor projects - profiled over 30 years, includes projects such as network modelling, asset condition assessment, network monitoring, etc.	Various	2025 – 2054	$37,038,769
	Minor projects - profiled from Years 11-30 (Additions from T+T)	Various	2035 – 2054	$3,360,560
Stormwater	Edgecumbe SW - Stormwater study	LOS	2027 – 2029, 2044, 2054	$3,928,590

	Minor projects - profiled over 30 years, includes projects such as network modelling, asset condition assessment, network treatment devices, monitoring, etc.	Various	2025 – 2054	$35,699,809
	Minor projects - profiled from Years 11-30 (Additions from T+T)	Various	2035 – 2054	$20,729,138

Notes on the capital expenditure programme

Our capital expenditure projections have been revised by Council officers to ensure compliance with regulatory requirements, while also considering achievability and affordability.

The Long Term Plan proposed a capital programme totalling $190 million (in real terms) over the forecast period, with just over half of this forecast to renew existing assets and the vast majority of the remainder to improve levels of service.

Tonkin + Taylor was engaged to review the LTP capex programme to determine additional investment required to meet regulatory requirements, particularly in regard to wastewater infrastructure. This was further refined by Council officers following discussions with the Water Services Authority (Taumata Arowai) and Bay of Plenty Regional Council. This capital programme was subsequently reviewed by Beca for consistency with proposed national wastewater environmental performance standards, noting that there remains some uncertainty regarding the final form and application of new national standards. Additionally, budgets have been increased to reflect the operational costs needed to support the capital delivery programme investment.

The final capital programme totals $215.7 million over 10 years (in uninflated dollars).

Under this final capital programme, drinking water infrastructure will be compliant with regulatory requirements by 2028, and wastewater infrastructure will be compliant by 2032 (noting there is some uncertainty with the final wastewater standards).

The revised capex programme represents an explicit strategy of balancing required investment with the ability to deliver effectively, while keeping borrowing to prudent levels and keeping pricing affordable. The Council has considered overall debt headroom at a whole-of-Council level, acknowledging that there are also other priorities across other Council activities, such as community facilities, roading and solid waste management, and to respond to emergency events.

This strategy focusses on improving drinking water supplies ahead of meeting wastewater compliance standards, for three main reasons:

- The water standards are certain while the wastewater standards are still being finalised. While we are required to gain several new resource consents for water takes from the Bay of Plenty Regional Council (BOPRC), these are generally "like for like" consents and are anticipated to be more straightforward to obtain. The Council has also already budgeted improvements to other drinking water schemes to make them compliant and these works are underway. Examples are the introduction of UV treatment for the Otumahi Water Scheme and Johnson Road bore, and the budget set aside this financial year for Murupara water treatment improvements ($3.8M) and Rūātoki water supply for a new bore and treatment facility ($2.7M).

- The Council's reconsenting programme includes four wastewater consents (discharge consents to water/land and to air). The Council is committed to a co-design process with iwi and that may take longer and be more complex because of the age of our current wastewater plants, expectations from the community concerning environmental impacts and cultural values associated with rivers with statutory acknowledgement, and the uncertainty around the wastewater standards. We are anticipating upgrading our wastewater network to meet modern conditions of consent, but these may be quite different depending on the wastewater standards and the co-design recommendations on preferred options. There is considerable variability in the outcome and uncertainty around the cost because of these factors.

- The Council is looking to be compliant as soon as possible having regard to affordability (rising to 3.5% of average household income). We also endeavour to spread the capex programme more evenly over time, so our contractors gain certainty through a visible pipeline of work encouraging investment in plant and people.

Key changes made to the capital profile (as a result of the T+T review) are summarised below.

Table 32. Major water supply capital projects adjusted through preparing this plan

Project name	Comment
Plains Water Safety Plan system improvements.	• This project comprises Rangitāiki Plains - Johnson Road upgrades to meet higher arsenic treatment requirements, UV installation and to assist with growth in the Plains. • The project budget and timing has been changed to reflect the needs-based Infrastructure Strategy timing and cost estimate. • The project budget is $2 million.

Whakatāne District condition and improvements - reservoirs	• This renewals programme includes major renewals of one-off assets such as Whakatāne 1, 2 and 3 reservoirs, Ngāti Awa reservoir and Te Teko reservoir. • This programme is primarily condition driven based on a condition assessment undertaken by GHD in 2020. • Subsequent additional cost estimates are available as part of the Water Strategy work undertaken by Warren Mckenzie Consulting Ltd in 2022. • The adjustments in budgets have been largely to revert to Infrastructure Strategy budgets with the exception that the Whakatāne 2 reservoir has inclusion of remedial strengthening works prior to renewal originally being included twice. • There have been no adjustments to the timing of projects. • The project budget is $9.6 million.
Equalised water storage	• This programme is for improved levels of service and growth • The project budget and timing changed and included in the New Water Source and Treatment. • The project budget is $0.745 million.

Table 33. Major wastewater capital projects adjusted through preparing this plan

Project name	Comment
New wastewater treatment plant incorporates Whakatāne and Edgecumbe	• Resource consents for Whakatāne and Edgecumbe expire in 2026 but may be extended to three years after the enactment of the Local Government (Water Services) Bill, as has been proposed by the Select Committee. • As part of the Council's three water consent replacement programme, an options assessment was undertaken by Pattle Delamore Partners (PDP) prior to the wastewater standards being drafted. This explored a range of treatment and discharge options with costs ranging from $ 82 million to $ 109 million. This was based on conveyance of Edgecumbe wastewater to Whakatāne, upgrades to the Whakatāne WWTP and either ocean or land-based disposal. • Taumata Arowai released its draft wastewater standards for consultation on 25 February 2025. Analysis of the Whakatāne Wastewater Treatment Plant's effluent quality indicated it is likely to comply with the proposed standards. • Recent discussions held between the Council and regulators have identified that the anticipated upgrades to the Whakatāne WWTP may not be required under the newly proposed wastewater performance standards. This is due to the existing wastewater discharge quality being compliant with the proposed new standards. The budget has been amended to reflect the proposed standard. This position remains contingent on the finalisation of the standards, which are currently in draft form and address only one aspect of consenting. Community engagement, including iwi through a co-design process, could influence both the consenting outcome and budget. • The proposed Edgecumbe upgrade (and budget) remains as the plant currently experiences some non-compliance. • We have adjusted the timing of this project to be in years 2028–2031, and anticipating further upgrade works may be required in later years (2047 – 2054). • The project budget is $90,289,500.
Murupara WWTP renewal and upgrade	• Resource consents for Murupara expire in 2026 but may be extended to three years after the enactment of the Local Government (Water Services) Bill, as has been proposed by the Select Committee. • Step change upgrades may be required to comply with the proposed wastewater performance standards. At this stage, this WWTP is not expected to be classed as a small scheme under these new standards. • We have adjusted the timing of this project to be included in Years 1 – 10 from 2026 through to 2033. • The project budget is $30 million.

Tāneatua WWTP renewal and upgrade	• Resource consents for Tāneatua expire in 2026 but may be extended to three years after the enactment of the Local Government (Water Services) Bill, as has been proposed by the Select Committee. • At this stage, this WWTP is expected to be classed as a small scheme under these new standards. • The project budget in the Long Term Plan was $30 million, due to this plant expected to meet the new standards for small schemes the budget for this project was reduced to $1.45 million for minor improvements which have been included in Years 1 – 10. • This position remains contingent on the finalisation of the standards, which are currently in draft form and address only one aspect of consenting. Community engagement, including iwi through a co-design process, could influence both the consenting outcome and budget.
Wastewater ponds desludging	• This project was originally included in the AMP budgets to coincide with the WWTP upgrades. The step change required in treatment for these upgrades would likely render the current oxidation ponds obsolete. • This project allows for the desludging and disposal of material and rehabilitation of the ponds. • Based on information outlined in the Whakatāne and Edgecumbe WWTP upgrade Options Assessment report, we understand that the level of desludging required at Whakatāne and Edgecumbe is less than originally estimated as these ponds can be utilised as flow balance ponds. • We have adjusted the timing of this project to be included in Years 1 – 10 to match the proposed WWTP upgrade staging from 2028 through to 2031 and 2047-2054. • The project budget is $10 million.

Table 34. Major stormwater capital projects adjusted through preparing this plan

Project name	Comment
Edgecumbe stormwater study	• This project aims to address known historic flooding issues and loss of levels of service for properties in Edgecumbe. • The project is likely to involve undertaking groundwater monitoring and possible associated modelling to determine the viability of low-lying areas in Edgecumbe that are susceptible to flooding in low ARI flood events. • In addition, design and upgrades have been allowed for that and may involve implementing a combined stormwater and wastewater system. • This monitoring component of the project has been moved forward to 2027 through to 2029 and the remaining works to 2054. • The project budget is $3.9 million

Projected investment in water services is shown below. Numbers are shown in ($000) and inflated over time.

Table 35. Projected investment in water services ($000)

Projected investment in water services	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Drinking Water										
Capital expenditure - to meet additional demand	-	-	760	-	-	-	-	-	-	-
Capital expenditure - to improve levels of services	3,897	204	1,789	1,175	0	0	0	0	0	0
Capital expenditure - to replace existing assets	11,503	10,064	4,670	12,532	10,094	5,841	5,976	6,107	6,236	6,366
Total projected investment for drinking water	**15,401**	**10,268**	**7,219**	**13,707**	**10,094**	**5,841**	**5,976**	**6,107**	**6,236**	**6,366**
Wastewater										
Capital expenditure - to meet additional demand	1,133	5,575	-	-	-	-	-	-	3,961	14,418
Capital expenditure - to improve levels of services	118	1,991	10,838	4,316	7,912	13,272	13,489	13,745	10,655	0
Capital expenditure - to replace existing assets	4,356	6,642	4,666	5,326	5,927	5,468	5,682	5,848	5,388	6,007
Total projected investment for wastewater	**5,608**	**14,208**	**15,504**	**9,642**	**13,839**	**18,740**	**19,171**	**19,593**	**20,004**	**20,424**
Stormwater										
Capital expenditure - to meet additional demand	-	-	-	-	-	-	-	-	-	-
Capital expenditure - to improve levels of services	-	-	125	94	96	-	-	-	-	-
Capital expenditure - to replace existing assets	4,853	2,157	1,198	1,230	1,260	1,289	1,319	1,348	1,376	1,405
Total projected investment for stormwater	**4,853**	**2,157**	**1,324**	**1,324**	**1,357**	**1,289**	**1,319**	**1,348**	**1,376**	**1,405**

Total projected investment in water services	**25,861**	**26,633**	**24,047**	**24,672**	**25,289**	**25,871**	**26,466**	**27,048**	**27,616**	**28,196**

Historical delivery against planned investment

Comments on historic delivery

The Council has historically delivered well against budgets as summarised in Table 33. In saying that, it is noted that historically Council's work programme has:

- Been focused on maintaining existing infrastructure and undertaking renewals based on limited asset data.
- Been limited by resourcing and budget constraints, but also the time required to engage and consult with partners, Iwi and the public.
- Reflected limited need to provide for additional capacity as a result of growth as development has generally been able to be absorbed by existing infrastructure
- Not made substantial progress in obtaining new resource consents that will expire in 2026 for water takes for municipal supplies and wastewater treatment and disposal (noting it is currently proposed the expiry date will be extended to three years post enactment of the Local Government (Water Services) Bill).
- Not improved compliance of drinking water schemes where temporary interruptions (turbidity or power outages) were often the cause.
- Needed to spend resources as required on fixing unplanned breakages.
- Been supplemented by Government funding after Covid 19.

Table 36. Historic delivery against planned investment ($000)

Delivery against planned investment	Renewals investment for water services ($k)				Total investment in water services ($k)			
	FY2024/25	FY21/22 - FY23/24	FY18/19 - FY20/21	Total	FY2024/25	FY21/22 - FY23/24	FY18/19 - FY20/21	Total
Total planned investment (set in the relevant LTP)	**11,613**	**16,465**	**6,946**	**35,024**	**25,861**	**47,621**	**20,624**	**94,106**
Total actual investment	**11,054**	**15,656**	**9,362**	**36,072**	**26,177**	**37,425**	**19,379**	**82,981**
Delivery against planned investment (%)	**95%**	**95%**	**135%**	**101%**	**101%**	**79%**	**94%**	**88%**

Note that the way some projects were categorised for the Long-Term Plan is different to the way they have been categorised for purposes of projecting future capex requirements. Hence renewals spend for FY25 appears lower in the table above than it does in other parts of this document.

Comments on future delivery

As noted in an earlier section, the Council is making strategic shifts to procurement and project delivery processes that will assist capital delivery:

- The project budget allocation process has been changed requiring activity managers to phase project budgets by stages instead of solely at project onset.
- An Infrastructure Project Management Office went live in April 2025 which will assist water services project managers deliver projects and provide improved visibility of the team's progress towards delivering the three waters capital programme. The PMO system assists making proactive decisions concerning matters such as resourcing constraints, cost escalations, and schedule shifts.
- A new Enterprise Project Management Office has also now been established within Council to uplift overall project management maturity and facilitate successful project delivery.
- A panel of three General Managers has been formed that meet regularly to review procurement requests and practices.
- A programme of work is underway to obtain the required resource consents by 2026 (or to be able to use s124 RMA) with a budget of $7 million.

- A Waters Strategy is being developed to consider better integration of our water and wastewater services on the Rangitāiki Plains and the potential to integrate with the Whakatāne/Ōhope scheme(s).
- Investigating the benefits of combined water service delivery through discussions with Rotorua Lakes Council, Ōpōtiki and Kawerau District Councils.

Collectively, these changes are anticipated to bolster the Council's capability to achieve its capital expenditure programme moving forward. Regardless, some level of carry forwards can be anticipated each year as several of the larger budgeted capital projects involve a variety of options and engagement with the affected community and iwi before planning and delivery of capital works can occur.

The rephasing of the work programme is intended to ensure the delivery of our capital programme is workable, realistic and meets expectations of Taumata Arowai and the Bay of Plenty Regional Council.

Part C: Revenue and financing arrangements

Revenue and charging arrangements

Revenue and charging arrangements

Charging and billing arrangements

Approach to current charges

The 'Funding Impact Statement - Rating' sets out the detail behind each of the various rating categories. Rating units defined as 'Commercial and Industrial' are any properties zoned or used for commercial or industrial purposes. Rating units defined as 'Residential' are any properties zoned or used for residential purposes. 'Rural' is defined as all rural zoned land, except commercial and industrial properties as defined above.

Rateable connections

Table 37: Rateable Connections

NUMBER OF CONNECTIONS	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Connections rat- drinking water	13,200	13,346	13,474	13,603	13,680	13,757	13,835	13,913	13,992	14,054
Connections - wastewater	12,240	12,386	12,514	12,643	12,720	12,797	12,875	12,953	13,032	13,094
Connections - stormwater	10,674	10,820	10,948	11,077	11,154	11,231	11,309	11,387	11,466	11,528
Connections - drinking water	13,200	13,346	13,474	13,603	13,680	13,757	13,835	13,913	13,992	14,054
Residential	11,390	11,516	11,627	11,738	11,804	11,871	11,938	12,006	12,074	12,127
Commercial	1,810	1,830	1,847	1,865	1,876	1,886	1,897	1,907	1,918	1,927
Connections - wastewater	12,240	12,386	12,514	12,643	12,720	12,797	12,875	12,953	13,032	13,094
Residential	9,476	9,589	9,688	9,788	9,848	9,907	9,968	10,028	10,089	10,137
Commercial	2,764	2,797	2,826	2,855	2,872	2,890	2,907	2,925	2,943	2,957
Connections - stormwater	10,674	10,820	10,948	11,077	11,154	11,231	11,309	11,387	11,466	11,528
Residential	9,927	10,063	10,182	10,302	10,373	10,445	10,517	10,590	10,663	10,721
Commercial	747	757	766	775	781	786	792	797	803	807

1) Residential rateable connections refers to residential and lifestyle properties.
2) Commercial rateable connections refers to all other properties.
3) We currently only define commercial connections for one Stormwater rate code and one Wastewater rate code.
4) "Stormwater – Whakatāne Commercial and Industrial", as they have a differential of 2.2. And Wastewater "commercial / industrial properties" as they are charged per pan.

Water supply rates

The water supply rates fund the water supply activity including associated maintenance. The Council sets water rates for each scheme on a differential based on provision of service. The targeted rates are set as a fixed amount per connection for connected properties and per rating unit for properties for which the service is available. Targeted rates are also set based on the volume of water supplied at a rate per m^3. The differential categories of service for the targeted rate for water supply are:

- Connected – any rating unit that is connected directly or indirectly to Council-operated waterworks.
- Available – any rating unit that is not connected to Council-operated waterworks but is within 100 metres of such waterworks.

Table 38. Water supply rates

	Per connection $	Rate $
Plains and Awakeri Extension		
Connected - metered	380.86	
Water by meter		0.75
Excess water by meter*		0.90
Murupara		
Connected – metered	307.92	
Connected – non-metered	735.90	
Available – not connected	307.92	
Water by meter		1.86
All other schemes**		
Connected – metered	294.60	
Connected – non-metered	883.99	
Available – not connected	294.60	
Water by meter		2.56
*The Council sets an additional targeted rate for any excess water consumed that is over and above the purchased entitlement for each rating unit connected to the Plains and Awakeri Extension water supply scheme. An overuse targeted rate is set for the excess volume consumed over and above the purchased entitlement of $0.90 per cubic metre.		
**Whakatāne, Ōhope, Edgecumbe, Matatā, Tāneatua, Rūātoki, Waimana, Te Mahoe		

All figures are GST exclusive.

Wastewater rates (sewage disposal)

The Council sets sewage disposal rates for each scheme on land use and provision of service to fund sewage disposal. Land use is classified as residential, rural, or commercial/industrial.

For residential and rural rating units, the Council sets fixed targeted rates per separately used or inhabited part (SUIP) of a rating unit. That means any part of a rating unit that is or is able to be separately used or inhabited by the ratepayer, or by any other person or body having a right to use or inhabit that part by virtue of a tenancy, lease, licence, or other agreement. Commercial/industrial properties are charged per pan.

There are also charges based on whether a rating unit is directly or indirectly connected to a public sewer drain or a public sewerage drain is within 30 metres of such a drain, but the rating unit is currently not connected.

Table 39. Wastewater rates

	Differential	Rate $
Available – all schemes* (excluding Murupara)	0.5	300.74
Connected – all schemes (excluding Murupara)	1	601.47
Available – Murupara	0.5	205.58
Connected – Murupara	1	211.15
*Whakatāne, Ōhope, Edgecumbe, Tāneatua, Te Mahoe		

All figures are GST exclusive.

Stormwater rates

The stormwater rates fund the stormwater activity including drainage and disaster mitigation (excluding Matatā). The Council sets a fixed targeted rate and a rate on the capital value on properties connected to a scheme or located in that scheme area, as follows (differentially for Whakatāne).

Table 40. Stormwater rates

	Fixed targeted rate per rateable unit ($)	Differential	$ per CV$
Whakatāne	162.32	1.0	0.00051048
Whakatāne commercial and industrial*	162.32	2.2	0.00112305
Matatā	95.61	1.	0.00051048
Ōhope	97.79	1.0	0.00021642
Edgecumbe	153.59	1.0	0.00060310
Tāneatua	42.86	1.0	0.00034649
Murupara	8.84	1.0	0.00015074
Te Mahoe Land Drainage	126.03	1.0	0.00127806
Te Teko Land Drainage	30.64	1.0	0.00042365
*A differential targeted rate calculated on capital value is charged for Whakatāne Commercial and Industrial rating units, due to the greater level of impermeable surfaces putting greater pressure on stormwater systems.			

All figures are GST exclusive.

Proposed charging approach

The Council will decide whether to pursue a joint water services organisation in early 2027 and will continue to deliver services through an in-house business unit until 30 June 2028 if a joint water services organisation is established.

The intention is to investigate what is required to ring-fence the financial components of our Three Waters operations by 1 July 2026 and to implement ring-fencing, including a separate invoice for waters, by 1 July 2027. Water services revenue will be ring-fenced and tracked with separate General Ledger codes in the Council's accounting systems. The Council will investigate storing revenues for each water in separate bank accounts.

The Council is also investigating options around a rating review that could lead to changes in how rates are set for all Three Waters Activities, including further equalisation of water and wastewater schemes.

How revenue from water services will be separated

The Council understands the financial principles in the Local Government (Water Services) Bill require:

- Councils to spend revenue from water services on providing water services
- revenue to be sufficient to sustain long-term investment in providing water services
- revenue to be transparent

- Councils to be accountable to community

Therefore:

- water revenues must be separately identifiable from other revenues
- Councils must have sufficient internal controls around water revenue
- cashflows for water services must be tracked and reconciled with cash balances retained for future spending on water services.
- Water revenue will be separately identifiable on the Council's balance sheet. Separate bank accounts will be established for revenues relating to each water.

The Implementation Plan describes the steps that the Council will take to comply with the ring-fencing requirements.

Water services revenue requirements and sources

Revenue requirements

The revenue required under the plan for all three waters is set out in the financial template and reproduced below.

Table 41. Revenue required under this Plan ($000)

	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31	FY 31/32	FY 32/33	FY 33/34
General rates	517	505	507	509	517	519	521	523	512	514
Targeted rates	21,299	24,518	27,245	29,724	32,422	35,370	38,583	42,087	45,920	50,086
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	239	565	324	332	158	162	164	231	235	239
Fees and charges	336	335	359	368	437	446	457	401	410	418
Total operating funding	**22,391**	**25,923**	**28,435**	**30,934**	**33,535**	**36,496**	**39,725**	**43,242**	**47,077**	**51,257**
Other revenue	422	409	444	455	467	477	488	499	509	519

Total revenue	**22,813**	**26,332**	**28,879**	**31,389**	**34,001**	**36,973**	**40,213**	**43,741**	**47,586**	**51,776**

Based on current forecasts, the Council anticipates water services operating revenues to exceed water services operating expenses by FY34. Further, the forecast expects cash surpluses to be generated every year.

Table 42. Operating surpluses under this Plan ($000)

	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31	FY 31/32	FY 32/33	FY 33/34
Operating revenue	22,391	25,923	28,435	30,934	33,535	36,496	39,725	43,242	47,077	51,257
Other revenue	422	409	444	455	467	477	488	499	509	519
Total revenue	**22,813**	**26,332**	**28,879**	**31,389**	**34,001**	**36,973**	**40,213**	**43,741**	**47,586**	**51,776**
Operating expenses	8,505	9,311	9,662	10,005	10,510	10,935	11,151	12,161	12,529	13,543
Finance costs	3,552	4,487	6,564	7,529	8,500	9,434	10,305	11,106	11,823	12,431
Overheads and support costs	5,548	6,246	6,495	6,535	6,564	6,831	6,896	7,051	7,289	7,336
Depreciation & amortisation	10,531	11,315	12,030	12,762	13,514	14,285	15,074	15,881	16,704	17,545
Total expenses	**28,136**	**31,359**	**34,751**	**36,831**	**39,087**	**41,485**	**43,426**	**46,199**	**48,345**	**50,855**
Net surplus / (deficit)	**(5,323)**	**(5,026)**	**(5,872)**	**(5,442)**	**(5,086)**	**(4,511)**	**(3,214)**	**(2,457)**	**(759)**	**921**
Revaluation of infrastructure assets	8,793	0	16,447	0	19,939	0	21,235	0	23,362	0
Total comprehensive income	**3,470**	**(5,026)**	**10,574**	**(5,442)**	**14,853**	**(4,511)**	**18,021**	**(2,457)**	**22,603**	**921**

Cash surplus / (deficit) from operations (excluding depreciation)	**5,208**	**6,289**	**6,158**	**7,320**	**8,428**	**9,774**	**11,861**	**13,424**	**15,945**	**18,466**

All figures are GST exclusive.

Revenue sources

Water supply, wastewater and stormwater services are currently funded through a variety of revenue sources.

Operating costs are generally funded through:

- General rates, including uniform annual general charges
- Targeted rates, including fixed targeted rates
- Fees and charges
- Subsidies and grants.

Capital expenditure is generally funded through:

- Loans
- Subsidies and grants
- Development contributions and financial contributions.

After allowing for revenue from the sources above, the balance of capital expenditure is generally funded from depreciation from reserves and borrowing.

Charging and collection methodology

Charging and collection is currently done through rates invoices.

As ring-fencing is established, charges for water services will be clearly identifiable on rates invoices.

Existing and projected commercial and industrial users' charges

Current charging and collection methodology for water services

Information on the approach to collection and charging for residential and non-residential consumers is provided above.

Projected charges

The Annual Plan for FY26 – contains indicative rates impacts for residential, commercial and industrial ratepayers. While this does not indicate projected charges over the 10-year period of the Plan, it does show the range of charges different categories of ratepayers will face in FY26, and the likely relativity of charges across different categories in outyears.

Table 43. Three waters rates signalled in the Annual Plan 25-26

Indicative property type	Capital value ($)	Water supply rates	Wastewater rates	Stormwater rates
Whakatāne residential				
Low (1%)	290,000	883.99	601.47	310.35
Lower quartile (25%)	550,000	883.99	601.47	443.08
Median (50%)	670,000	883.99	601.47	504.34
Upper quartile (75%)	830,000	883.99	601.47	586.01
High (99%)	1,730,000	883.99	601.47	1,045.44
Ōhope residential				
Low (1%)	430,000	883.99	601.47	190.85
Lower quartile (25%)	950,000	883.99	601.47	303.39
Median (50%)	1,180,000	883.99	601.47	353.16
Upper quartile (75%)	1,500,000	883.99	601.47	422.42
High (99%)	2,780,000	883.99	601.47	699.44
Other residential				
Edgecumbe median (50%)	540,000	883.99	601.47	479.26
Matatā median (50%)	590,000	883.99		396.79
Murupara median (50%)	170,000	735.90		34.46
Tāneatua median (50%)	310,000	883.99	601.47	150.27
Te Teko median (50%)	210,000	552.64		119.61

Rural residential median (50%)	240,000	883.99		
Lifestyle median (50%)	1,210,000			
Commercial				
Low (1%) 1 pan	900,000	883.99	601.47	1,173.06
Lower quartile (25%) 3 pans	1,160,000	883.99	1,804.41	1,465.06
Median (50%) 6 pans	1,720,000	883.99	3,608.82	2,093.96
Upper quartile (75%) 8 pans	2,790,000	883.99	4,811.76	3,295.63
High (99%) 10 pans	23,000,000	883.99	6,014.70	25,992.50
Industrial				
Low (1%) 1 pan	900,000	883.99	601.47	1,173.06
Lower quartile (25%) 2 pans	1,000,000	883.99	1,202.94	1,285.37
Median (50%) 3 pans	1,400,000	883.99	1,804.1	1,734.59
Upper quartile (75%) 5 pans	1,950,000	883.99	3,007.35	2,352.27
High (99%) 25 pans	36,800,000	883.99	15,036.76	41,490.61

All figures presented are GST exclusive. GST will apply at the current rate of 15%.

The affordability of projected water services charges for communities

The median household income and median personal income in the Whakatāne District are both lower than the national average. The unemployment rate is higher than the national average. These factors mean the Council is very concerned about the affordability of projected water charges, both on their own and sitting alongside other Council costs for other activities that are required to be provided.

Average water related charges per connection are projected to increase from $2,041 in FY25 to approximately $4,411 in FY34, representing an increase of 144% over the 10-year period.

Water charges as a percentage of average household income are projected to grow over the 10-year period, from 2.2% in FY25 to 3.6% in FY34.

The affordability of services will be a central consideration in all future planning and investment decisions. It will be a key consideration for the Council regarding whether it decides to form a multi-council water services organisation in partnership with Rotorua Lakes Council, Ōpōtiki District Council and Kawerau District Council.

Average water charges per connection are shown below.

Table 44. Average charge per connection

	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31	FY 31/32	FY 32/33	FY 33/34
Average water supply bill (including GST)	946	1,073	1,202	1,295	1,369	1,421	1,473	1,524	1,573	1,602
Average wastewater bill (including GST)	586	664	728	814	940	1,117	1,317	1,542	1,796	2,105
Average Stormwater bill (including GST)	509	576	604	619	646	661	675	687	696	704
Average charge per connection (including GST)	**2,041**	**2,313**	**2,534**	**2,728**	**2,954**	**3,199**	**3,465**	**3,753**	**4,065**	**4,411**
Projected increase	12.9%	13.3%	9.5%	7.7%	8.3%	8.3%	8.3%	8.3%	8.3%	8.5%
Water charges as % of household revenue	**2.2%**	**2.5%**	**2.6%**	**2.7%**	**2.8%**	**3.0%**	**3.1%**	**3.2%**	**3.4%**	**3.6%**

All figures are GST exclusive.

Funding and financing arrangements

Funding and financing arrangements
Water services financing requirements and sources

Borrowing requirements

Over the forecast period, water services in the Whakatāne District are forecast to require $261.7 million in capital investment to meet regulatory, growth, service level, and renewal obligations. To support this investment, net debt reaches $217.741 million in FY34. The remaining funding comes from water services revenue and development contributions. The table below identifies net debt by individual water service.

Table 45. Net debt by individual waters ($000)

	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31	FY 31/32	FY 32/33	FY 33/34
Water supply net debt	36,657	43,659	47,138	56,508	61,833	62,500	62,826	62,785	62,525	62,087
Wastewater net debt	20,628	33,740	48,610	57,272	69,749	86,337	101,956	117,102	130,606	142,482
Stormwater net debt	22,283	22,513	22,053	21,373	20,432	19,274	17,933	16,453	14,880	13,172

Borrowing limits

Whole of Council

Whole of Council debt is managed within the following limits.

Table 46. Whakatāne District Council debt limits

Item	Limit
Net external debt as a percentage of total revenue – LGFA covenant	<280%
Net external debt as a percentage of total revenue – internal council policy limit	<250%
Net interest on external term debt as a percentage of annual rates income – LGFA covenant	<30%
Net interest on external term debt as a percentage of annual rates income – internal council policy limit	<15%
Net interest on external debt as a percentage of total revenue	<20%
Liquidity ratio (total external term debt plus unutilised portion of committed debt facilities plus liquid funds over external debt	>110%

Water debt

The Council does not have a separate borrowing limit for water services as borrowing requirements for water activities are combined with other activities and managed at a whole-of-council level. However, the financing strategy adopted for this water services delivery plan aims to keep water debt below 500% of water services revenue in the long-term.

Water services working capital requirements

As water services are a business unit of the Council, the Council will provide cashflow liquidity.

No separate water cash reserves are needed as the net cash requirement is offset against water services debt (added or subtracted based on net cash per each water services cashflow statement).

Projected borrowings against limits

Projected borrowings are comfortably within the whole-of-council debt to revenue limit established by the LGFA covenant and under the threshold set by the Council's internal policy, with whole-of-council debt projected to peak at 246% in FY30. Water borrowings peak at 461% of water revenues, comfortably below the 500% limit adopted through the financing strategy for this plan.

Debt repayment strategy

The Council will utilise debt financing for long-lived capital expenditure, such as infrastructure upgrades and compliance-driven projects. Short-term liquidity needs may also be met through borrowing; however, operating costs will primarily be funded through water revenues. This approach supports intergenerational equity and aligns with sound financial management principles.

While the Council's forecasts are structured to show debt aligned with investment needs, rather than explicitly modelling principal repayments, the debt strategy assumes the use of the ratio of net debt to total revenue as the primary mechanism for managing debt over time.

In practice, this means the Council will treat its debt portfolio as a flexible facility to support ongoing investment, while using excess operational cashflows to manage debt within overall LGFA covenant limits. The focus will be on maintaining liquidity, servicing interest costs comfortably, and ensuring that debt levels remain aligned with long-term revenue capacity, infrastructure need, and intergenerational equity.

The tenor of new borrowings will depend on the best deals available to the Council when borrowing is undertaken.

The Council will manage interest rate and refinancing risk through:

- regular engagement with the LGFA
- use of interest rate swaps, hedging instruments, forward rate agreements, interest rate options, and other tools
- using interest rate control limits
- spreading debt across financial institutions and maturity dates
- managing variable debt to appropriate percentage levels
- dealing with and investing in credit worthy counterparties
- evaluating project finance options on their merits.

Internal borrowing arrangements

Internal borrowing is actively managed within the Council's financial system.

Internal borrowing will be separately tracked against water activities. Interest on internal debt balances will be attributed to water services on an "arm's length" (commercial) basis based on the average of the Council's cost of borrowing. The Council will ensure there is a sufficient breakdown of costs and revenues in a newly set up separate chart of accounts within its General Ledger to enable full sets of auditable financial statements to be produced, with the intention that the Council will be in a position to meet ring-fencing and separated reporting requirements by 1 July 2026.

However, any internal borrowing will be on an unsecured basis.

Determination of debt attributed to water services

The Council currently borrows from LGFA directly and allocates that borrowing to the respective activities within Council. Debt attributable to water services is tracked through internal borrowings. The ledger has loans tracked by year of drawdown and cost centre. The total value of borrowings for water services as of 30 June 2024 was $61.003 million comprising:

- $25.330 million for water supply
- $13.861 million for wastewater
- $21.812 million for stormwater.

Water services net debt to operating revenue as of 30 June 2024 was 251%.

The debt allocated to each of drinking water, wastewater and stormwater is readily available and has been included in the relevant forecasts. Actual year end closing balances will be used to determine opening balances in support of the transfer of assets and liabilities following the completion of the current financial year and preparation of Council's Annual Report.

Insurance arrangements

The Council currently holds a range of policies that incorporate three waters assets.

Table 47. Insurance policies held by Whakatāne District Council relating to water services

Policy	Notes	Cover
Infrastructural Assets Policy	Exclusively a three waters policy covering underground assets	$250M
Material Damage and Business Interruption	Above ground assets – buildings, fixtures and fittings, plant and equipment, IT assets	$900M
Motor Vehicles	Damage to motor vehicles	$5.4M
Cyber Liability	Damage from cyber crime	$2.5M
Crime Policy	Damage from crime	$2M
Machinery Breakdown	Exclusively a three waters policy covering pumps	$24M
Public Liability	Damage in respect to personal injury or property damage	$15M
Professional Indemnity	Cost and expenses incurred in the defence or settlement of any valid claim	$15M

All policies are subject to various sub-limits and deductibles.

Insurance risk assessments are carried out across the organisation, but not specifically in relation to three waters.

The Council, in conjunction with other Bay of Plenty Local Authority Shared Services (BOPLASS)[1] councils, has commissioned AON to carry out a loss modelling exercise. Results are expected shortly after this plan is submitted. AON currently holds three waters asset information because it administers the infrastructure assets policy. The loss modelling exercise focuses on underground assets and the probability of various possible catastrophic events.

Level of insurance cover

The last full valuation (asset by asset) was performed in 2023 by AON valuation services.

For 2024 and 2025, AON has done "fair value assessments" which recommend inflationary factors to apply to replacement costs for each of the years.

A further full valuation will be carried out in June 2026. These are undertaken every three years.

Notes for the 2025 infrastructural asset insurance are below.

Table 48. Insurance valuations for three waters assets as at 30 June 2025

Gross replacement cost	FVA of insurance value		
	2025 Values – Linear Assets	**2025 Values – Point and Plant**	**Totals**
Water supply	239,434,878.43	103,469,431.80	342,904,310.23
Wastewater	131,658,531.90	109,243,729.18	240,902,261.08
Stormwater	146,773,029.10	38,772,304.65	185,545,333.75
TOTAL	**517,866,439.43**	**251,485,465.64**	**769,351,905.06**

A key assumption underpinning the infrastructural asset policy is that central government will cover 60% of losses from a catastrophic event and council should hold cover for approximately 40%. There is no direct link to the disaster policy to mitigate insurance losses.

Roles and delegations

A summary of insurance policies is presented to the Risk and Assurance Committee of the Council on an annual basis.

Representatives from the Council's Finance team attend meetings with the BOPLASS group of councils to discuss insurance, and this is provided through BOPLASS on behalf of all Councils.

All notifiable events are reported to the financial team, who then notify AON Services.

AON Services deal directly with relevant insurance companies.

[1] BOPLASS Ltd is a company owned by nine councils – Bay of Plenty Regional Council, Rotorua Lakes Council, Western Bay of Plenty District Council, Kawerau District Council, Tauranga City Council, Ōpōtiki District Council, Whakatāne District Council, Taupō District Council and Gisborne District Council. The company has been established to promote shared services between local authorities in the Bay of Plenty/Gisborne regions and elsewhere.

Part D: Financial sustainability assessment

Confirmation of financially sustainable delivery of water services

Financially sustainable water services provision
Confirmation of financially sustainable delivery of water services by 30 June 2028

The Whakatāne District Council can confirm that it will be financially sustainable as an in-house business unit ahead of the required date of 30 June 2028. Confirmation of financial sustainability includes confirmation that the Council has:

- **Investment sufficiency** through a capital programme described above and produced with the help of independent consultants Tonkin + Taylor that includes sufficient investment to meet regulatory requirements and provide for a combination of improving levels of service, accommodating growth, and renewals.
- **Revenue sufficient** to cover the costs of operating water services including debt servicing costs.
- **Financing sufficient** to fund the capital programme, within the debt limits and financial covenants agreed with LGFA.

Details and evidence of financial sustainability are included in the remaining sections of Part D.

Investment Sufficiency

The Long Term Plan proposed a capital programme totalling $190 million (in real terms) over the forecast period, with just over half of this forecast to renew existing assets and the vast majority of the remainder to improve levels of service.

Tonkin + Taylor was engaged to review the Long Term Plan capex programme to determine additional investment required to meet regulatory requirements, particularly in regard to wastewater infrastructure. This was further refined by Council officers following discussions with the Water Services Authority (Taumata Arowai) and Bay of Plenty Regional Council. This capital programme was subsequently reviewed by Beca for consistency with proposed national wastewater environmental performance standards, noting there remains some uncertainty regarding the final form and application of new national standards.

The final capital programme totals $215.7 million over 10 years (in real terms) and forms the basis for financial modelling undertaken for this options assessment.

Under this final capital programme, drinking water infrastructure will be compliant with regulatory requirements by 2028, and wastewater infrastructure will be compliant by 2032 (noting there is some uncertainty with the final wastewater standards).

The $215.7 million 10-year capital programme in today's dollars equates to $261.7 million in inflated dollars. This programme includes:

- $87.2 million in water supply assets
- $156.7 million in wastewater assets
- $17.8 million in stormwater assets.

The investment profile has been smoothed so real expenditure is relatively even, year-on-year.

Revenue Sufficiency

The Council has projected to generate sufficient revenue to meet the full cost of water services delivery, including operating expenditure, asset renewals, and debt servicing. Total operating revenue is projected to increase year-on-year throughout the 10 years of the Plan from FY25. This drives the projection for operating deficits to generally reduce over the first nine years of the Plan, before operating surplus is achieved in FY34. Similarly, the operating cash surpluses are projected to increase from $5.2 million in FY25 to $18.5 million in FY34. In general, the revenue metrics show constant improvement in financial health over the ten-year period of this Plan, setting up the Council to sustainably deliver water services in the next decade and beyond.

For the Council, average water charges per connection are forecast to increase from around $2,041 in FY25 to around $4,411 in FY34 (in nominal terms). This is a significant increase and could present affordability challenges to some ratepayers in the outer years of the plan. This is one reason the Council has committed to explore forming a joint water services organisation with Rotorua Lakes Council, Ōpōtiki District Council, and Kawerau District Council (see next section).

The revenue projections:

- are based on revenue required to meet the investment profile the Council developed with the help of advice from Tonkin + Taylor, Beca, and regulators.
- meet additional operating costs included for the Council to ensure adequate allowance for overheads, financing costs, and additional costs associated with exploring whether to establish or join a joint water services organisation. A copy of the underlying assumptions can be found in the Appendices.

Financing Sufficiency

As noted, nearly $261.7 million of capital investment is forecast over the WSDP period. Total net water borrowings peak at $217.7 million in FY34. However, net water debt peaks at 461% of net water revenue in FY30 and trends downwards thereafter. The Council can manage the borrowing required within the applicable borrowing limits as presented in Parts D and E of the WSDP.

Borrowing will be undertaken through the LGFA. The Council can access whole-of-council debt up to 280% of net revenue. The projection presented in this Plan ensures whole-of-council debt would not exceed 246% (in FY30), leaving adequate debt headroom to deal with unexpected events.

Actions required to achieve financially sustainable delivery of water services

All water services will achieve financial sustainability requirements by 30 June 2028. No additional actions are required to achieve financial sustainability of water services by 30 June 2028 beyond the steps already provided for in the Implementation Plan.

The WSDP demonstrates a price path that increases average water charges per connection (in nominal terms) to ensure from $2,041 in FY25 to $4,411 in FY34 with revenues sufficient to deliver decreasing operating deficits (and improving operating surplus ratios) until an operating surplus is achieved in FY34. Revenue is sufficient through the WSDP period to:

- Ensure alignment with ringfencing and financial reporting requirements under the Local Water Done Well framework
- Cover expenses in conjunction with financing across the first nine years of the Plan, and cover all operating expenses, finance costs, overheads and support costs, and depreciation by FY34.

Investment sufficiency is met with capital investment over the forecast period targeted to meet levels of service, renewals, comply with regulatory requirements, and accommodate moderate growth. Investment is relatively smooth across the years of the plan, because of the smoothing work undertaken by Tonkin + Taylor. Tonkin + Taylor worked with the Council on the investment profile to ensure it is sufficient to meet the needs described above.

Financing sufficiency is also met, with forecast debt levels projected to remain well below the Council's LGFA borrowing limit. Water supply, wastewater, and stormwater debt will each be separated from general council debt as part of the transition to a ring-fenced structure.

Risks and constraints to achieving financially sustainable delivery of water services

While the Water Services Delivery Plan sets a credible path to financial sustainability by 30 June 2028, there are several risks, that could impact, set out in the table below:

Table 49. Risks and mitigations

Risk	Mitigation

Cost escalation
 	
There is a risk that actual costs, particularly for large and/or new projects, may exceed estimates. Factors contributing to this include rising construction costs, increased material and labour prices, changes in project scope due to unforeseen requirements, and uncertainty of consent processes, particularly around wastewater standards.
	The Council will manage this risk through:
	• continuing to explore opportunities for joint procurement, working with the other members of BOPLASS
	• meetings with local contractors to tell them about works coming up so they can prepare competitive bids
	• capital delivery controls, for example
	  ○ robust project governance and oversight
	  ○ strong project execution plans
	  ○ monitoring and reporting of project progress.

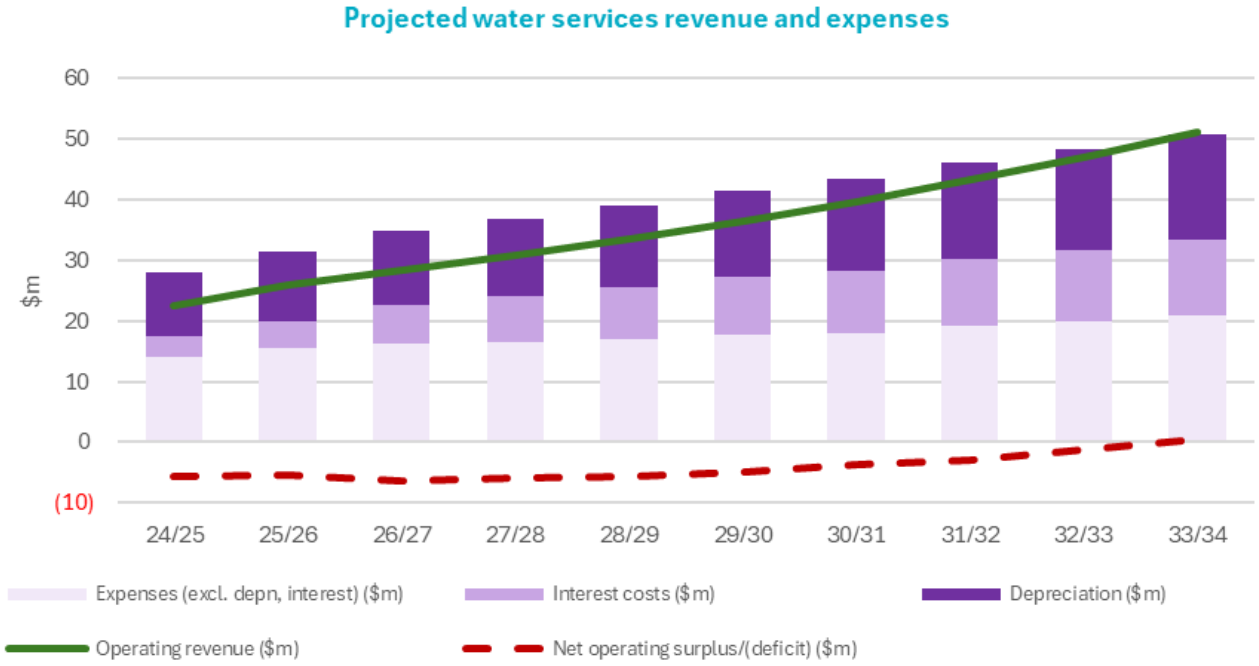
Inflation and interest rate volatility Higher-than-forecast inflation or adverse interest rate movements may increase the cost of borrowing, placing upward pressure on water charges. Rapid rate increases or extended high-rate environments could affect financial sustainability and constrain future capital investment or lead to price increases.	The Council will manage this risk through: • regular engagement with the LGFA • use of interest rate swaps, hedging instruments, forward rate agreements, interest rate options, and other tools • using interest rate control limits • spreading debt across financial institutions and maturity dates • managing variable debt to appropriate percentage levels • dealing with and investing in credit worthy counterparties • evaluating project finance options on their merits.

Risk	Mitigation
Revenue constraints and affordability pressure Projected price paths are designed to balance cost recovery with community affordability. However, sustained increases in charges may encounter public resistance, particularly among fixed-income households. Any delays or political adjustments to planned price increases could create funding shortfalls.	The Council will manage this risk through: • education and communication to advise the community of legal requirements, the benefits of higher prices (the enablement of more investment), and ensuring Council is not constraining growth • continue to review funding to ensure equalisation of schemes where appropriate and to review financial strategy and related policies, such as development contributions (or levies) to ensure costs fall where they should. • continuing to explore the formation of a joint water services organisation.
Regulatory or compliance shocks New or revised drinking water, wastewater, or stormwater regulations could trigger additional unplanned investment. More stringent compliance measures introduced within the forecast period could impact both operating costs and capital priorities. In particular, the incoming wastewater standards have not been finalised at the time of writing. This plan has been prepared on the assumption that the wastewater standards will undergo no more than minimal changes before they are finalised and that we can obtain consents successfully based on those standards.	The Council will manage this risk through: • providing dedicated resourcing for regular engagement with regulators • ensuring new resource consent applications are credible and robust to ensure greater clarity of outcome and certainty of conditions. • staying up to date with technological changes and water sector developments that could help the Council meet requirements in more affordable or comprehensive ways.
Supply chain and delivery constraints Availability of skilled staff, contractors, engineers, and materials could impact the Council's (and WSO's) ability to deliver the operational programme and/or capital programme on time. Delays can lead to cost inflation and deferment of service improvements.	The Council will manage this risk through: • meetings with local contractors to tell them about works coming up so they can ensure they have the right resources • being clear about the programme of capital works and upcoming operational projects so parties can confidently allocate resources • developing innovative procurement policies, particularly where shared services are possible.
Incomplete or evolving asset data Investment decisions are based on the best available asset condition data, but gaps or outdated information could lead to misalignment between investment timing and actual asset needs. This could result in inefficient allocation of capital or emergency spending.	The Council will manage this risk by: • running regular asset condition assessments. • Utilising our CCTV cameras to ensure conditions assessments are up to date.
Issues within other councils Up to four councils need to collaborate to explore a joint WSO. A delay or distraction within a potential partner council could delay exploration work yet be out of the direct control of the Whakatāne District Council.	The Council will manage this risk by: • meeting regularly with potential partner councils as a working group to progress the investigation into forming a joint water services organisation.

Financial sustainability assessment - revenue sufficiency

Assessment of revenue sufficiency

Projected water services revenues cover the projected costs of delivering water services



Average projected charges for water services over FY2024/25 to FY2033/34

The table below summarises the projected average charge per connection for three waters in the Whakatāne District over the period of this plan.

Table 50. Average charge per connection for three waters in the Whakatāne District

Projected average charge per connection / rating unit (including GST)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Drinking water	946	1,073	1,202	1,295	1,369	1,421	1,473	1,524	1,573	1,602
Wastewater	586	664	728	814	940	1,117	1,317	1,542	1,796	2,105
Stormwater	509	576	604	619	646	661	675	687	696	704
Average charge per connection / rating unit	**2,041**	**2,313**	**2,534**	**2,728**	**2,954**	**3,199**	**3,465**	**3,753**	**4,065**	**4,411**
Increase in average charge	12.9%	13.3%	9.5%	7.7%	8.3%	8.3%	8.3%	8.3%	8.3%	8.5%
Water services charges as % of median household income	**2.2%**	**2.5%**	**2.6%**	**2.7%**	**2.8%**	**3.0%**	**3.1%**	**3.2%**	**3.4%**	**3.6%**

These figures are based on the following assumptions:

- For median household income, we have taken the figure calculated from 2023 Census data and applied an allowance of one percentage point for labour productivity growth above consumer price index inflation projections used by Council.
- To project the number of connections we took the actual number of connections in 23/24 and applied a percentage annual increase based on historical averages:
    - 0.739% for drinking water
    - 0.757% for wastewater
    - 0.795% for stormwater
- All connections are included in the modelling, including residential and non-residential.

Projected operating surpluses/(deficits) for water services

Operating surplus ratio at the three waters level is presented in the table below.

Table 51. Operating surplus ratio ($000)

Operating surplus ratio (whether revenues cover costs)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Operating surplus/(deficit) excluding capital revenues – combined water services	(5,745)	(5,435)	(6,316)	(5,897)	(5,553)	(4,988)	(3,701)	(2,956)	(1,268)	402
Operating revenue – combined water services	22,391	25,923	28,435	30,934	33,535	36,496	39,725	43,242	47,077	51,257
Operating surplus ratio	**(25.7%)**	**(21.0%)**	**(22.2%)**	**(19.1%)**	**(16.6%)**	**(13.7%)**	**(9.3%)**	**(6.8%)**	**(2.7%)**	**0.8%**

Operating deficits

The financial model delivers operating deficits starting at 25.7% of operating revenue in FY25 and decreasing over the first nine years of the plan until an operating surplus of 0.8% of operating revenue is delivered in FY34. This reflects the significant increase in operating revenue collected over the duration of the plan against a relatively stable capital investment programme. Inclusion of full depreciation expenses in operating costs also contributes to operating deficits.

The decreasing deficits and achievement of surplus show water services are on a stable financial footing.

Operating and overhead cost projections are based on past experience and are intended to be conservative. The Council will further explore opportunities to identify cost savings and efficiencies through the process of developing the Council's first Waters' Services Strategy.

Depreciation recovery policy

The Council currently aims to fully fund depreciation on water services assets through operating revenues. However, the Council also considers the level of revenue required to adequately fund renewals, taking into account actual asset condition.

Use of surpluses

Where an operating surplus is generated, it will be retained within the water activity to support the renewal of existing infrastructure and reduce reliance on borrowing. Financial projections in this plan assume that cash surpluses are applied against internal borrowing balances.

Rationale for operating deficits

Operating deficits in the first nine years are considered appropriate given the following:

- Depreciation is included in costs, but not fully funded in cash terms
- The use of some debt funding for renewals spreads costs across generations, in line with the intergenerational equity principle
- Planned deficits are within prudent levels, decrease over time until surplus is reached, and are supported by sufficient borrowing capacity.

Projected operating cash surpluses for water services

Operating cash ratio at the three waters level is presented in the table below.

Table 52. Operating cash ratio ($000)

Operating cash ratio (whether revenues cover costs)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Operating surplus/(deficit) + depreciation + interest costs - capital revenues	8,338	10,366	12,279	14,394	16,461	18,731	21,678	24,030	27,259	30,378
Operating revenue – combined water services	22,391	25,923	28,435	30,934	33,535	36,496	39,725	43,242	47,077	51,257
Operating cash ratio	**37.2%**	**40.0%**	**43.2%**	**46.5%**	**49.1%**	**51.3%**	**54.6%**	**55.6%**	**57.9%**	**59.3%**

Operating Cash Ratio is a financial metric that measures an entity's ability to pay off its current liabilities using the cash generated from its core business operations.

Operating cashflows

The projected operating cash ratio for three waters improves throughout the forecast period, starting at 37.2% in FY25 and rising to 59.2% in FY34. This indicates that operating activities are forecast to generate stronger results year-on-year, starting with reduced operating deficits until an operating surplus is reached.

Operating surpluses/(deficits) + depreciation + interest costs – capital revenue follows this trajectory, improving from $8.3 million in FY25 to $30.4 million in FY34.

These figures reflect the underlying cash-generating strength of water activities.

Application of operating cash surpluses

Operating cash surpluses generated from operating activities will primarily be applied to:

- Renewals and upgrades of critical water infrastructure, reducing the reliance on new debt.
- Servicing and repaying existing debt, especially where renewals have been funded through borrowing in prior years.
- Building resilience by supporting contingency and asset management provisions in the face of regulatory change, growth, or climate-related risks.

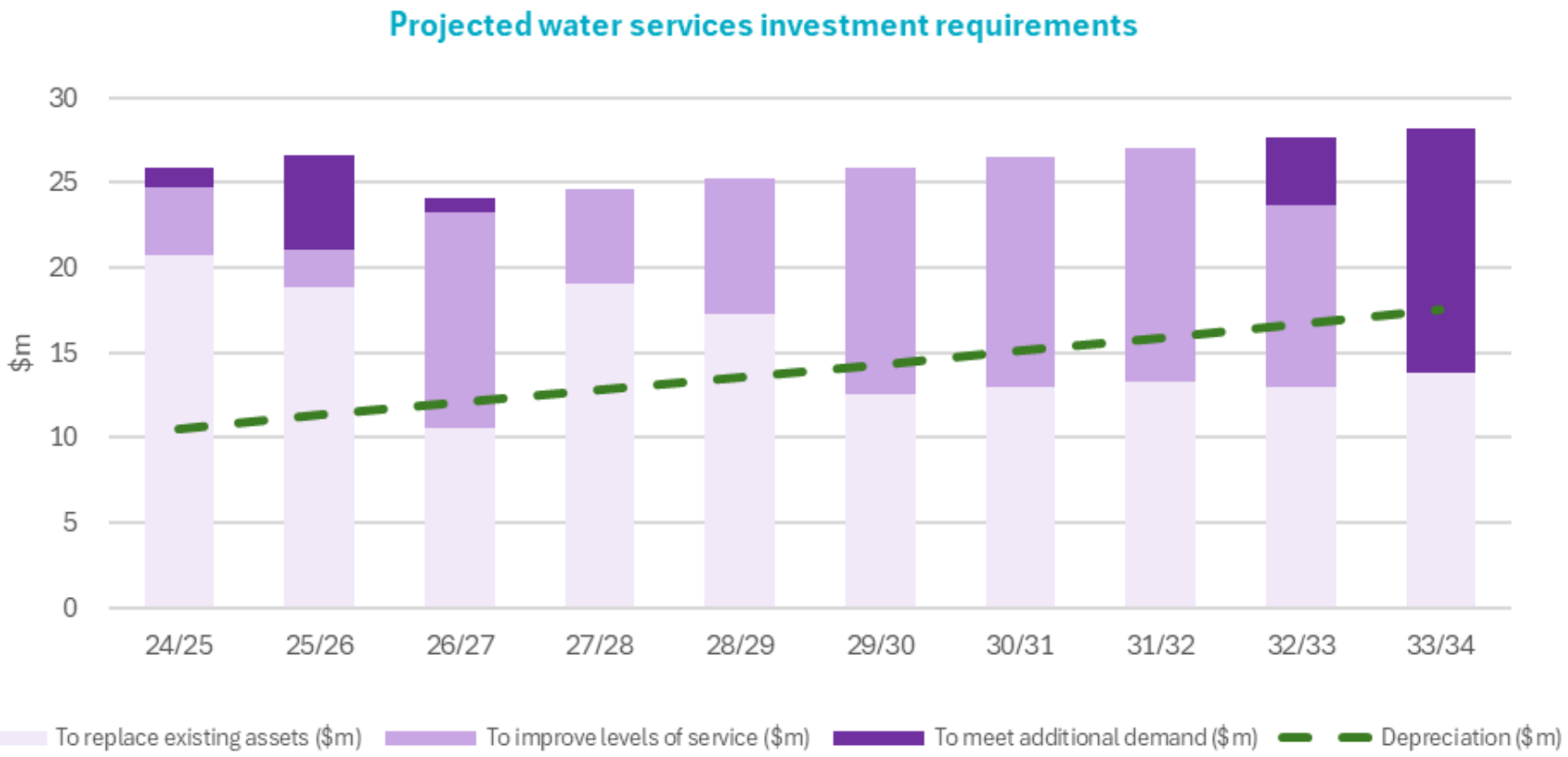
Sufficiency of operating cashflows

Projected operating cashflows are sufficient to meet:

- Scheduled renewals requirements, particularly for network and plant assets nearing the end of their useful life.
- Debt servicing obligations, including interest and principal repayments, ensuring compliance with Treasury policy limits and maintaining financial sustainability.
- Operating cost requirements.
- Financial covenants.

Financial sustainability assessment - investment sufficiency

Assessment of investment sufficiency
Projected water services investment is sufficient to meet levels of service, regulatory requirements and provide for growth



Renewals requirements for water services

Table 53. Asset sustainability ratio

Asset sustainability ratio	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Capital expenditure on renewals – all water services assets	20,712	18,863	10,534	19,087	17,281	12,599	12,977	13,303	13,000	13,778
Depreciation – all water services assets	10,531	11,315	12,030	12,762	13,514	14,285	15,074	15,881	16,704	17,545
Asset sustainability ratio	**96.7%**	**66.7%**	**(12.4%)**	**49.6%**	**27.9%**	**(11.8%)**	**(13.9%)**	**(16.2%)**	**(22.2%)**	**(21.5%)**

Asset Sustainability Ratio is a financial metric used primarily in public sector accounting and infrastructure management to assess whether an organisation is replacing its assets at the rate they are wearing out.

The proposed levels of renewals investment have been developed through an evidence-based planning process, underpinned by the technical expertise and operational insights of senior engineering staff. This approach ensures that investment decisions are grounded in a practical understanding of asset condition, performance trends, and service delivery risks.

Engineering judgement has been applied alongside asset data and lifecycle modelling to determine what investments are required and when. This ensures that the timing and scale of renewals are both technically justified and operationally viable.

The proposed renewals investment profile is directly aligned with the work undertaken by Tonkin + Taylor to develop a practical capex profile that met the investment needs across renewals, level of service improvements, growth and regulatory requirements.

Rationale for renewals investment below depreciation

Depreciation exceeds renewals capex in six of the 10 years in the Plan. Across the life of the Plan there is an asset sustainability ratio of 8.9%.

This is considered appropriate for two main reasons:

- **Timing of renewals**: The renewals investment profile is weighted towards some years (primarily the years with a positive asset sustainability ratio). This reflects the actual condition and expected remaining useful life of key assets, consistent with asset management planning and lifecycle modelling.
- **Classification of investment**: Some capital investments span multiple categories (renewals, level of service, growth). This makes precise categorisation challenging.

Total water services investment required over 10 years

Table 54. Asset investment ratio

Asset investment ratio	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Total capital expenditure – all water services assets	25,861	26,633	24,047	24,672	25,289	25,871	26,466	27,048	27,616	28,196
Depreciation – all water services assets	10,531	11,315	12,030	12,762	13,514	14,285	15,074	15,881	16,704	17,545
Asset investment ratio	**145.6%**	**135.4%**	**99.9%**	**93.3%**	**87.1%**	**81.1%**	**75.6%**	**70.3%**	**65.3%**	**60.7%**

Determining the proposed levels of investment

The Asset Investment Ratio measures how much an organisation is investing in new or replacement assets relative to its existing asset base. It is often used to assess whether an entity is expanding, maintaining, or underinvesting in its infrastructure or capital assets.

As described above, the proposed capital expenditure profile was developed with Tonkin + Taylor to develop a capex profile that met the investment needs across renewals, level of service improvements, growth and regulatory requirements. Capex in this profile exceeds the projections in the long-term plan by approximately $25 million in real terms. More information on the approach underpinning the capital programme is in Part B.

The proposed levels of investment have been developed through an evidence-based planning process, underpinned by the technical expertise and operational insights of senior engineering staff. This approach ensures that investment decisions are grounded in a practical understanding of asset condition, performance trends, and service delivery risks.

Engineering judgement has been applied alongside asset data and lifecycle modelling to determine what investments are required and when. This ensures that the timing and scale of renewals are both technically justified and operationally viable.

The asset investment ratio decreases across the 10-year period

The asset investment ratio decreases across the period. It starts at 145.6% in FY25 and falls year-on-year to 60.7% in FY34. This reflects the quantum of depreciation increasing while capex remains relatively stable.

This pattern is intentional and reflects the practical realities of delivering a large-scale capital programme while maintaining revenue sufficiency and financing sufficiency. The programme has been sequenced to ensure both deliverability and affordability across the 10-year horizon.

Alignment with strategic documents

The asset investment ratio shows an increase in investment activity compared to historic levels as a result of the reprofiling of planned expenditure and to ensure the capital programme is consistent with investment sufficiency. The current Asset Management Plan and Infrastructure Strategy were developed before the legislation to give effect to Local Water Done Well was promulgated. While much of these strategic documents remains relevant, the heightened focus on investment sufficiency from LWDW means this capital programme exceeds the approach described in the AMP or Infrastructure Strategy.

Average remaining useful life of network assets

Table 55. Asset consumption ratio

Asset consumption ratio	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Book value of water infrastructure assets	338,158	353,476	381,939	393,849	425,563	437,148	469,774	480,941	515,215	525,867
Replacement value of water infrastructure assets	720,195	746,828	805,624	830,296	897,619	923,490	994,815	1,021,863	1,099,117	1,127,313
Asset consumption ratio	**47.0%**	**47.3%**	**47.4%**	**47.4%**	**47.4%**	**47.3%**	**47.2%**	**47.1%**	**46.9%**	**46.6%**

The Asset Consumption Ratio is a financial indicator used to assess the age and condition of an organisation's assets, particularly in public sector organisations or infrastructure-heavy entities. It shows the proportion of the asset's value that has been consumed (depreciated) over time.

The Water Services Delivery Plan proposes a sustained programme of capital investment to renew, enhance and expand the district's water infrastructure. Over the forecast period, the book value of water infrastructure assets increases from $338.158 million to $525.867 million, while the replacement value grows from $720.195 million to $1,127.313 million. This reflects both ongoing investment and inflationary revaluation of the asset base.

There is minor variation in the asset consumption ratio across the 10 years of the Plan. This is not unexpected and reflects that while renewals are occurring, some key asset groups are still partway through their lifecycle and are not yet due for major replacement. The minor variation in asset consumption ratio is immaterial.

The renewals investment profile has some variability. Renewals investment is lowest in FY27 with $10.534 million to be invested that year, and highest in FY25 with $20.712 million invested. This aligns with conditions assessments and asset age profiles. As noted elsewhere, the overall capital profile is relatively smooth.

Financial sustainability assessment – financing sufficiency

Assessment of financing sufficiency
Confirmation that sufficient funding and financing can be secured to deliver water services

Council borrowing limits

Projected total Council borrowings, including those relating to water services, remain within the Council's borrowing limits. As a credit rated local authority and a member of the LGFA, the Council maintains a whole-of-council borrowing cap of 280% net debt-to-revenue, with an internal policy limit of 250%.

Water services borrowing limits

Total water borrowings are projected to peak at $217.7 million in FY34. These water borrowings are required to meet investment needs and meet financial covenants over the forecast period. This quantum remains within the LGFA covenants for the Council as outlined in this Part. For comparison, the maximum allowable net debt in FY34 is projected to be $256.3 million.

Financing sufficiency test

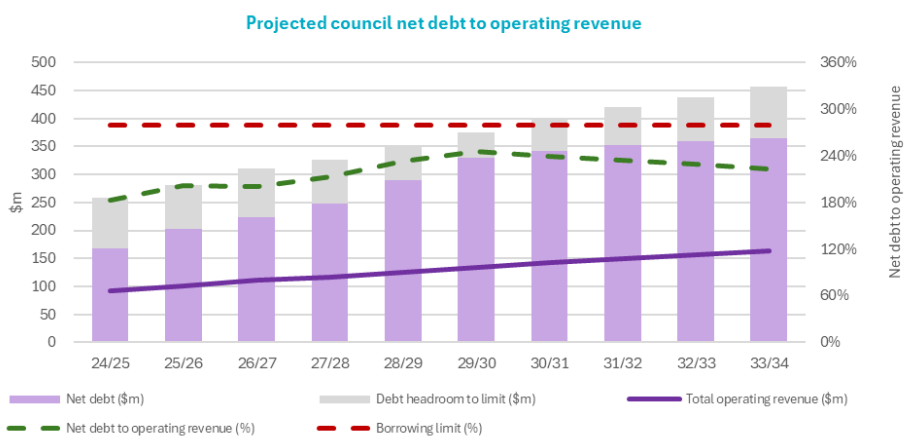
On the basis of the above, the Council confirms that the WSDP satisfies the financing sufficiency test:

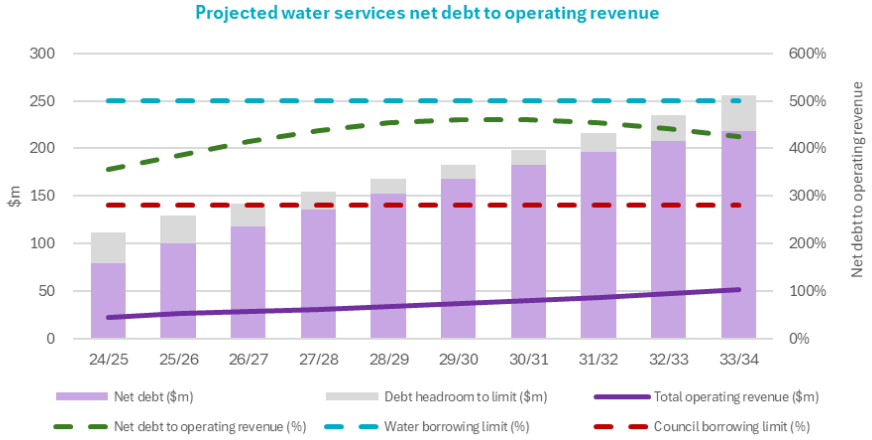
- Total Council borrowings are projected to be within the relevant borrowing limits.
- Borrowing capacity exists to meet forecast capital investment, with allowance for additional headroom to provide for unforeseen contingencies.
- Operating balances improve and financial covenants remain robust and sustainable over the forecast period.

The proposed financing approach provides the necessary flexibility, liquidity, and resilience to support full delivery of the water services programme while maintaining compliance with fiscal and risk management parameters.

This part sets out performance against the relevant metrics.

Projected council borrowings against borrowing limits	Projected water services borrowings against borrowing limits





Projected borrowings for water services

Table 56. Net water debt to net water operating revenue

Net debt to operating revenue	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Net debt attributed to water services (gross debt less cash)	79,568	99,912	117,801	135,153	152,014	168,111	182,715	196,340	208,011	217,741
Operating revenue – combined water services	22,391	25,923	28,435	30,934	33,535	36,496	39,725	43,242	47,077	51,257
Net debt to operating revenue %	**355%**	**385%**	**414%**	**437%**	**453%**	**461%**	**460%**	**454%**	**442%**	**425%**

Total net debt increases across the duration of this plan. However, net debt to operating revenue increases from $355% in FY25 to $461% in FY30 before subsiding to $425% in FY34.

The trajectory of net debt to operating revenue reflects that increases in total net debt exceed increases in operating revenue in the early years of the plan before the trend is reversed from FY31.

As set else elsewhere, capex is relatively stable across the 10-year period.

The increase in total net debt is consistent with the Council's investment plans, and the Council remains within its covenants.

The Council confirms that:

- All water-related borrowing remains within the Council's financial strategy limits for water services.
- These debt levels are considered prudent and sustainable, given the long-life nature of infrastructure assets and the intergenerational equity of funding renewals through debt. Net debt to operating revenue is trending down from FY31.
- Borrowing escalates to deliver a capital programme that is reasonably stable and consistent year-on-year and exceeds historic delivery.

If the Council joins a multi-council water services organisation it expects the WSO to adopt its own prudent debt policies and manage borrowing requirements in accordance with its statutory funding framework, based on LGFA covenants. Council will continue to monitor debt servicing capacity and revenue sufficiency throughout the WSDP period to ensure financial sustainability.

Borrowing headroom/(shortfall) for water services

Table 57. Borrowing headroom against 500% limit

Borrowing headroom/(shortfall) against limit	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Operating revenue	22,391	25,923	28,435	30,934	33,535	36,496	39,725	43,242	47,077	51,257
Debt to revenue limit for water services (%)	500%	500%	500%	500%	500%	500%	500%	500%	500%	500%
Maximum allowable net debt at borrowing limit	**111,955**	**129,617**	**142,175**	**154,668**	**167,673**	**182,482**	**198,624**	**216,212**	**235,387**	**256,283**
Projected net debt attributed to water services	79,568	99,912	117,801	135,153	152,014	168,111	182,715	196,340	208,011	217,741

Borrowing headroom/(shortfall) against limit	**32,387**	**29,705**	**24,373**	**19,515**	**15,659**	**14,372**	**15,908**	**19,872**	**27,376**	**38,542**

Across the full FY25-FY34 period, all water services activities remain within borrowing limits, with no projected shortfalls against the indicative threshold of water debt remaining under 500% of water revenue. For combined water services, borrowing headroom against this limit remains throughout, ranging from $14.4 million at its lowest in in FY30 to $38.5 million in FY34. This provides a buffer to manage delivery risks, timing variations, or cost escalation in the capital programme.

Borrowing headroom is even greater at the whole-of-council level against the 280% limit. Under the projections for water, whole-of-council debt headroom is no lower than $45.6 million in FY30.

As noted, revenue and operating funding increase throughout the 10 years of the plan to ensure the ratio of debt-to-revenue is on a financially sustainable footing.

Free funds from operations

Table 58. Free funds from operations to net debt ratio

Free funds from operations (FFO)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Projected net debt attributed to water services	79,568	99,912	117,801	135,153	152,014	168,111	182,715	196,340	208,011	217,741
Projected free funds from operations – water services	4,786	5,880	5,714	6,866	7,961	9,297	11,373	12,925	15,436	17,947
Free funds from operations to net debt ratio	**6.0%**	**5.9%**	**4.9%**	**5.1%**	**5.2%**	**5.5%**	**6.2%**	**6.6%**	**7.4%**	**8.2%**

FFO to net debt ratio is less important for water services delivery through a standalone internal business unit than it is for a water services organisation. This plan does not model a WSO scenario.

For the standalone Council projections, the FFO to net debt ratio ranges from a low of 4.9% in FY27 to a high of 8.2% in FY34. This improvement in gearing broadly tracks with the ratio of net debt to operating revenue.

Part E: Projected financial statements for water services

Projected financial statements – for drinking water, wastewater, stormwater and combined water services

Projected funding impact statement

Table 59. Combined water services funding impact statement ($000)

Projected funding impact statement - water services	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Sources of operating funding										
General rates	517	505	507	509	517	519	521	523	512	514
Targeted rates	21,299	24,518	27,245	29,724	32,422	35,370	38,583	42,087	45,920	50,086
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other	239	565	324	332	158	162	164	231	235	239
Fees and charges	336	335	359	368	437	446	457	401	410	418
Total sources of operating funding	**22,391**	**25,923**	**28,435**	**30,934**	**33,535**	**36,496**	**39,725**	**43,242**	**47,077**	**51,257**
Applications of operating funding										
Payments to staff and suppliers	8,505	9,311	9,662	10,005	10,510	10,935	11,151	12,161	12,529	13,543
Finance costs	3,552	4,487	6,564	7,529	8,500	9,434	10,305	11,106	11,823	12,431
Internal charges and overheads applied	5,548	6,246	6,495	6,535	6,564	6,831	6,896	7,051	7,289	7,336
Other operating funding applications	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	**17,605**	**20,044**	**22,721**	**24,068**	**25,573**	**27,199**	**28,352**	**30,318**	**31,641**	**33,310**
Surplus/(deficit) of operating funding	**4,786**	**5,880**	**5,714**	**6,866**	**7,961**	**9,297**	**11,373**	**12,925**	**15,436**	**17,947**
Source of capital funding										
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	422	409	444	455	467	477	488	499	509	519
Increase/(decrease) in debt	20,653	20,344	17,889	17,352	16,861	16,097	14,605	13,624	11,671	9,730
Gross proceeds from sales of assets	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	**21,075**	**20,753**	**18,333**	**17,807**	**17,328**	**16,574**	**15,093**	**14,123**	**12,180**	**10,249**
Applications of capital funding										
Capital expenditure - to meet additional demand	1,133	5,575	760	0	0	0	0	0	3,961	14,418
Capital expenditure - to improve levels of services	4,015	2,195	12,753	5,585	8,008	13,272	13,489	13,745	10,655	0

Capital expenditure - to replace existing assets	20,712	18,863	10,534	19,087	17,281	12,599	12,977	13,303	13,000	13,778
Increase/(decrease) in reserves	0	0	0	0	0	0	0	0	0	0
Increase/(decrease) in investments	0	0	0	0	0	0	0	0	0	0
Total applications of capital funding	**25,861**	**26,633**	**24,047**	**24,672**	**25,289**	**25,871**	**26,466**	**27,048**	**27,616**	**28,196**
Surplus/(deficit) of capital funding	**(4,786)**	**(5,880)**	**(5,715)**	**(6,866)**	**(7,961)**	**(9,297)**	**(11,373)**	**(12,925)**	**(15,436)**	**(17,947)**
Funding balance	**0**	**0**	**(0)**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Table 60. Water supply funding impact statement ($000)

Projected funding impact statement - water supply	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Sources of operating funding										
General rates	0	0	0	0	0	0	0	0	0	0
Targeted rates	10,856	12,452	14,082	15,323	16,285	17,004	17,722	18,439	19,143	19,573
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other	108	166	76	77	79	80	82	83	85	86
Fees and charges	60	59	64	66	68	69	72	72	74	75
Total sources of operating funding	**11,024**	**12,677**	**14,222**	**15,467**	**16,432**	**17,153**	**17,876**	**18,594**	**19,302**	**19,734**
Applications of operating funding										
Payments to staff and suppliers	4,807	5,114	5,392	5,514	5,685	5,838	6,029	6,169	6,432	6,553
Finance costs	1,677	2,021	2,735	3,258	3,570	3,628	3,668	3,688	3,691	3,684
Internal charges and overheads applied	2,280	2,496	2,593	2,603	2,660	2,770	2,793	2,857	2,958	2,973
Other operating funding applications	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	**8,764**	**9,631**	**10,720**	**11,375**	**11,915**	**12,236**	**12,490**	**12,714**	**13,082**	**13,209**
Surplus/(deficit) of operating funding	**2,260**	**3,046**	**3,501**	**4,092**	**4,517**	**4,918**	**5,386**	**5,880**	**6,220**	**6,524**
Source of capital funding										
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0

Development and financial contributions	227	220	239	245	252	257	263	269	275	280
Increase/(decrease) in debt	12,914	7,002	3,479	9,370	5,325	667	327	(41)	(260)	(438)
Gross proceeds from sales of assets	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	**13,141**	**7,222**	**3,718**	**9,615**	**5,577**	**924**	**590**	**228**	**15**	**(158)**
Applications of capital funding										
Capital expenditure - to meet additional demand	0	0	760	0	0	0	0	0	0	0
Capital expenditure - to improve levels of services	3,897	204	1,789	1,175	0	0	0	0	0	0
Capital expenditure - to replace existing assets	11,503	10,064	4,670	12,532	10,094	5,841	5,976	6,107	6,236	6,366
Increase/(decrease) in reserves	0	0	0	0	0	0	0	0	0	0
Increase/(decrease) in investments	0	0	0	0	0	0	0	0	0	0
Total applications of capital funding	**15,401**	**10,268**	**7,219**	**13,707**	**10,094**	**5,841**	**5,976**	**6,107**	**6,236**	**6,366**
Surplus/(deficit) of capital funding	**(2,260)**	**(3,046)**	**(3,502)**	**(4,092)**	**(4,517)**	**(4,918)**	**(5,386)**	**(5,880)**	**(6,220)**	**(6,524)**
Funding balance	**0**	**0**	**(0)**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Table 61. Wastewater funding impact statement ($000)

Projected funding impact statement - wastewater	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Sources of operating funding										
General rates	175	172	170	171	176	177	179	180	181	182
Targeted rates	6,061	6,981	7,753	8,778	10,217	12,251	14,564	17,189	20,166	23,791
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other	27	123	28	29	(31)	(31)	(33)	31	31	31
Fees and charges	276	276	295	302	369	377	385	329	336	343
Total sources of operating funding	**6,539**	**7,552**	**8,246**	**9,280**	**10,731**	**12,774**	**15,095**	**17,729**	**20,714**	**24,347**

Applications of operating funding										
Payments to staff and suppliers	2,941	3,338	3,347	3,545	3,869	4,105	4,108	4,944	5,005	5,870
Finance costs	796	1,355	2,465	2,946	3,649	4,588	5,489	6,348	7,148	7,856
Internal charges and overheads applied	1,731	1,948	2,002	2,015	2,062	2,145	2,168	2,217	2,290	2,307
Other operating funding applications	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	**5,467**	**6,641**	**7,813**	**8,506**	**9,580**	**10,838**	**11,764**	**13,509**	**14,443**	**16,034**
Surplus/(deficit) of operating funding	**1,072**	**911**	**433**	**774**	**1,151**	**1,936**	**3,331**	**4,220**	**6,271**	**8,313**
Source of capital funding										
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	191	185	201	206	211	216	221	226	230	235
Increase/(decrease) in debt	4,344	13,112	14,870	8,662	12,477	16,588	15,619	15,146	13,504	11,876
Gross proceeds from sales of assets	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	**4,535**	**13,297**	**15,071**	**8,868**	**12,688**	**16,804**	**15,840**	**15,372**	**13,734**	**12,111**
Applications of capital funding										
Capital expenditure - to meet additional demand	1,133	5,575	0	0	0	0	0	0	3,961	14,418
Capital expenditure - to improve levels of services	118	1,991	10,838	4,316	7,912	13,272	13,489	13,745	10,655	0
Capital expenditure - to replace existing assets	4,356	6,642	4,666	5,326	5,927	5,468	5,682	5,848	5,388	6,007
Increase/(decrease) in reserves	0	0	0	0	0	0	0	0	0	0
Increase/(decrease) in investments	0	0	0	0	0	0	0	0	0	0
Total applications of capital funding	**5,608**	**14,208**	**15,504**	**9,642**	**13,839**	**18,740**	**19,171**	**19,593**	**20,004**	**20,424**
Surplus/(deficit) of capital funding	**(1,072)**	**(911)**	**(433)**	**(774)**	**(1,151)**	**(1,936)**	**(3,331)**	**(4,220)**	**(6,271)**	**(8,313)**
Funding balance	**(0)**	**(0)**	**0**	**(0)**	**0**	**0**	**0**	**0**	**0**	**0**

Table 62. Stormwater funding impact statement ($000)

Projected funding impact statement - stormwater	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Sources of operating funding										
General rates	342	333	337	338	341	342	342	343	331	332
Targeted rates	4,382	5,085	5,410	5,622	5,920	6,115	6,296	6,459	6,611	6,723
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other	104	276	221	226	111	113	115	117	119	122
Fees and charges	0	0	0	0	0	0	0	0	0	0
Total sources of operating funding	**4,827**	**5,694**	**5,967**	**6,187**	**6,372**	**6,569**	**6,753**	**6,919**	**7,062**	**7,176**
Applications of operating funding										
Payments to staff and suppliers	758	858	923	946	956	992	1,014	1,048	1,092	1,119
Finance costs	1,079	1,111	1,365	1,325	1,280	1,219	1,149	1,069	983	891
Internal charges and overheads applied	1,537	1,802	1,900	1,916	1,842	1,915	1,935	1,977	2,041	2,056
Other operating funding applications	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	**3,373**	**3,771**	**4,187**	**4,187**	**4,078**	**4,126**	**4,097**	**4,094**	**4,116**	**4,067**
Surplus/(deficit) of operating funding	**1,454**	**1,923**	**1,780**	**2,000**	**2,293**	**2,443**	**2,656**	**2,825**	**2,946**	**3,109**
Source of capital funding										
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	4	4	4	4	4	4	4	4	4	4
Increase/(decrease) in debt	3,395	230	(460)	(680)	(941)	(1,158)	(1,341)	(1,480)	(1,573)	(1,708)
Gross proceeds from sales of assets	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	**3,399**	**234**	**(456)**	**(676)**	**(937)**	**(1,154)**	**(1,337)**	**(1,477)**	**(1,569)**	**(1,704)**
Applications of capital funding										
Capital expenditure - to meet additional demand	0	0	0	0	0	0	0	0	0	0

Capital expenditure - to improve levels of services	0	0	125	94	96	0	0	0	0	0
Capital expenditure - to replace existing assets	4,853	2,157	1,198	1,230	1,260	1,289	1,319	1,348	1,376	1,405
Increase/(decrease) in reserves	0	0	0	0	0	0	0	0	0	0
Increase/(decrease) in investments	0	0	0	0	0	0	0	0	0	0
Total applications of capital funding	**4,853**	**2,157**	**1,324**	**1,324**	**1,357**	**1,289**	**1,319**	**1,348**	**1,376**	**1,405**
Surplus/(deficit) of capital funding	**(1,454)**	**(1,923)**	**(1,780)**	**(2,000)**	**(2,293)**	**(2,443)**	**(2,656)**	**(2,825)**	**(2,946)**	**(3,109)**
Funding balance	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Projected statement of comprehensive revenue and expense

Table 63. Combined water services projected statement of revenue and expense ($000)

Projected statement of profit and loss - water services	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Revenue										
Operating revenue	22,391	25,923	28,435	30,934	33,535	36,496	39,725	43,242	47,077	51,257
Other revenue	422	409	444	455	467	477	488	499	509	519
Total revenue	**22,813**	**26,332**	**28,879**	**31,389**	**34,001**	**36,973**	**40,213**	**43,741**	**47,586**	**51,776**
Expenses										
Operating expenses	8,505	9,311	9,662	10,005	10,510	10,935	11,151	12,161	12,529	13,543
Finance costs	3,552	4,487	6,564	7,529	8,500	9,434	10,305	11,106	11,823	12,431
Overheads and support costs	5,548	6,246	6,495	6,535	6,564	6,831	6,896	7,051	7,289	7,336
Depreciation and amortisation	10,531	11,315	12,030	12,762	13,514	14,285	15,074	15,881	16,704	17,545
Total expenses	**28,136**	**31,359**	**34,751**	**36,831**	**39,087**	**41,485**	**43,426**	**46,199**	**48,345**	**50,855**
Net surplus/(deficit)	**(5,323)**	**(5,026)**	**(5,872)**	**(5,442)**	**(5,086)**	**(4,511)**	**(3,214)**	**(2,457)**	**(759)**	**921**
Revaluation of infrastructure assets	8,793	0	16,447	0	19,939	0	21,235	0	23,362	0
Total comprehensive income	**3,470**	**(5,026)**	**10,574**	**(5,442)**	**14,853**	**(4,511)**	**18,021**	**(2,457)**	**22,603**	**921**
Cash surplus/(deficit) from operations (ex-non-cash items)	**5,208**	**6,289**	**6,158**	**7,320**	**8,428**	**9,774**	**11,861**	**13,424**	**15,945**	**18,466**

Table 64. Water supply projected statement of revenue and expense ($000)

Projected statement of profit and loss - water supply	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Revenue										
Operating revenue	11,024	12,677	14,222	15,467	16,432	17,153	17,876	18,594	19,302	19,734
Other revenue	227	220	239	245	252	257	263	269	275	280
Total revenue	**11,251**	**12,897**	**14,461**	**15,712**	**16,684**	**17,410**	**18,139**	**18,863**	**19,577**	**20,014**
Expenses										
Operating expenses	4,807	5,114	5,392	5,514	5,685	5,838	6,029	6,169	6,432	6,553
Finance costs	1,677	2,021	2,735	3,258	3,570	3,628	3,668	3,688	3,691	3,684
Overheads and support costs	2,280	2,496	2,593	2,603	2,660	2,770	2,793	2,857	2,958	2,973
Depreciation and amortisation	5,264	5,573	5,790	6,202	6,506	6,682	6,862	7,046	7,234	7,425
Total expenses	**14,028**	**15,204**	**16,510**	**17,577**	**18,421**	**18,918**	**19,352**	**19,760**	**20,315**	**20,634**
Net surplus/(deficit)	**(2,777)**	**(2,307)**	**(2,050)**	**(1,866)**	**(1,738)**	**(1,508)**	**(1,213)**	**(897)**	**(738)**	**(621)**
Revaluation of infrastructure assets	3,943	0	7,425	0	8,907	0	9,112	0	9,466	0
Total comprehensive income	**1,166**	**(2,307)**	**5,375**	**(1,866)**	**7,169**	**(1,508)**	**7,899**	**(897)**	**8,728**	**(621)**
Cash surplus/(deficit) from operations (ex-non-cash items)	**2,487**	**3,266**	**3,740**	**4,337**	**4,769**	**5,175**	**5,649**	**6,149**	**6,495**	**6,804**

Table 65. Wastewater projected statement of revenue and expense ($000)

Projected statement of profit and loss - wastewater	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Revenue										
Operating revenue	6,539	7,552	8,246	9,280	10,731	12,774	15,095	17,729	20,714	24,347
Other revenue	191	185	201	206	211	216	221	226	230	235
Total revenue	**6,730**	**7,737**	**8,447**	**9,486**	**10,942**	**12,990**	**15,316**	**17,955**	**20,944**	**24,582**
Expenses										
Operating expenses	2,941	3,338	3,347	3,545	3,869	4,105	4,108	4,944	5,005	5,870
Finance costs	796	1,355	2,465	2,946	3,649	4,588	5,489	6,348	7,148	7,856
Overheads and support costs	1,731	1,948	2,002	2,015	2,062	2,145	2,168	2,217	2,290	2,307
Depreciation and amortisation	3,170	3,602	4,074	4,367	4,788	5,357	5,940	6,536	7,144	7,765
Total expenses	**8,638**	**10,243**	**11,887**	**12,873**	**14,367**	**16,195**	**17,704**	**20,045**	**21,587**	**23,799**
Net surplus/(deficit)	**(1,907)**	**(2,506)**	**(3,440)**	**(3,387)**	**(3,425)**	**(3,205)**	**(2,388)**	**(2,089)**	**(643)**	**783**
Revaluation of infrastructure assets	2,396	0	4,699	0	6,197	0	7,337	0	8,970	0
Total comprehensive income	**489**	**(2,506)**	**1,260**	**(3,387)**	**2,772**	**(3,205)**	**4,949**	**(2,089)**	**8,327**	**783**
Cash surplus/(deficit) from operations (ex-non-cash items)	**1,263**	**1,096**	**634**	**980**	**1,362**	**2,152**	**3,552**	**4,446**	**6,501**	**8,548**

Table 66. Stormwater projected statement of revenue and expense ($000)

Projected statement of profit and loss - stormwater	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Revenue										
Operating revenue	4,827	5,694	5,967	6,187	6,372	6,569	6,753	6,919	7,062	7,176
Other revenue	4	4	4	4	4	4	4	4	4	4
Total revenue	**4,831**	**5,698**	**5,971**	**6,191**	**6,376**	**6,573**	**6,757**	**6,923**	**7,066**	**7,180**
Expenses										
Operating expenses	758	858	923	946	956	992	1,014	1,048	1,092	1,119
Finance costs	1,079	1,111	1,365	1,325	1,280	1,219	1,149	1,069	983	891
Overheads and support costs	1,537	1,802	1,900	1,916	1,842	1,915	1,935	1,977	2,041	2,056
Depreciation and amortisation	2,097	2,140	2,167	2,193	2,220	2,246	2,272	2,299	2,327	2,355
Total expenses	**5,471**	**5,912**	**6,354**	**6,380**	**6,298**	**6,372**	**6,370**	**6,394**	**6,443**	**6,422**
Net surplus/(deficit)	**(639)**	**(213)**	**(383)**	**(190)**	**77**	**201**	**387**	**529**	**623**	**758**
Revaluation of infrastructure assets	2,455	0	4,322	0	4,835	0	4,786	0	4,926	0
Total comprehensive income	**1,815**	**(213)**	**3,940**	**(190)**	**4,912**	**201**	**5,173**	**529**	**5,548**	**758**
Cash surplus/(deficit) from operations (ex-non-cash items)	**1,458**	**1,927**	**1,784**	**2,004**	**2,297**	**2,447**	**2,660**	**2,828**	**2,950**	**3,113**

Projected statement of cashflows

Table 67. Combined water services projected statement of cashflows ($000)

Projected statement of cashflows - water services	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Cashflows from operating activities										
Cash surplus/(deficit) from operations	5,208	6,289	6,158	7,320	8,428	9,774	11,861	13,424	15,945	18,466
(Other items)										
Net cashflows from operating activities	**5,208**	**6,289**	**6,158**	**7,320**	**8,428**	**9,774**	**11,861**	**13,424**	**15,945**	**18,466**
Cashflows from investing activities										
Capital expenditure – infrastructure assets	(25,861)	(26,633)	(24,047)	(24,672)	(25,289)	(25,871)	(26,466)	(27,048)	(27,616)	(28,196)
(Other items)										
Net cashflows from investing activities	**(25,861)**	**(26,633)**	**(24,047)**	**(24,672)**	**(25,289)**	**(25,871)**	**(26,466)**	**(27,048)**	**(27,616)**	**(28,196)**
Cashflows from financing activities										
New borrowings	20,653	20,344	17,889	17,352	16,861	16,097	14,605	13,624	11,671	9,730
Repayment of borrowings										
Net cashflows from financing activities	**20,653**	**20,344**	**17,889**	**17,352**	**16,861**	**16,097**	**14,605**	**13,624**	**11,671**	**9,730**
Net increase/(decrease) in cash and cash equivalents	**0**	**0**	**(0)**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Cash and cash equivalents at beginning of year	2,088	2,088	2,088	2,088	2,088	2,088	2,088	2,088	2,088	2,088
Cash and cash equivalents at end of year	**2,088**	**2,088**	**2,088**	**2,088**	**2,088**	**2,088**	**2,088**	**2,088**	**2,088**	**2,088**

Table 68. Water supply projected statement of cashflows ($000)

Projected statement of cashflows - water supply	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Cashflows from operating activities										
Cash surplus/(deficit) from operations	2,487	3,266	3,740	4,337	4,769	5,175	5,649	6,149	6,495	6,804
(Other items)										
Net cashflows from operating activities	**2,487**	**3,266**	**3,740**	**4,337**	**4,769**	**5,175**	**5,649**	**6,149**	**6,495**	**6,804**
Cashflows from investing activities										
Capital expenditure – infrastructure assets	(15,401)	(10,268)	(7,219)	(13,707)	(10,094)	(5,841)	(5,976)	(6,107)	(6,236)	(6,366)
(Other items)										
Net cashflows from investing activities	**(15,401)**	**(10,268)**	**(7,219)**	**(13,707)**	**(10,094)**	**(5,841)**	**(5,976)**	**(6,107)**	**(6,236)**	**(6,366)**
Cashflows from financing activities										
New borrowings	12,914	7,002	3,479	9,370	5,325	667	327	(41)	(260)	(438)
Repayment of borrowings										
Net cashflows from financing activities	**12,914**	**7,002**	**3,479**	**9,370**	**5,325**	**667**	**327**	**(41)**	**(260)**	**(438)**
Net increase/(decrease) in cash and cash equivalents	**0**	**0**	**(0)**	**0**	**0**	**0**	**(0)**	**0**	**(0)**	**(0)**
Cash and cash equivalents at beginning of year	1,587	1,587	1,587	1,587	1,587	1,587	1,587	1,587	1,587	1,587
Cash and cash equivalents at end of year	**1,587**	**1,587**	**1,587**	**1,587**	**1,587**	**1,587**	**1,587**	**1,587**	**1,587**	**1,587**

Table 69. Wastewater projected statement of cashflows ($000)

Projected statement of cashflows - wastewater	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Cashflows from operating activities										
Cash surplus/(deficit) from operations	1,263	1,096	634	980	1,362	2,152	3,552	4,446	6,501	8,548
(Other items)										
Net cashflows from operating activities	**1,263**	**1,096**	**634**	**980**	**1,362**	**2,152**	**3,552**	**4,446**	**6,501**	**8,548**
Cashflows from investing activities										
Capital expenditure – infrastructure assets	(5,608)	(14,208)	(15,504)	(9,642)	(13,839)	(18,740)	(19,171)	(19,593)	(20,004)	(20,424)
(Other items)										
Net cashflows from investing activities	**(5,608)**	**(14,208)**	**(15,504)**	**(9,642)**	**(13,839)**	**(18,740)**	**(19,171)**	**(19,593)**	**(20,004)**	**(20,424)**
Cashflows from financing activities										
New borrowings	4,344	13,112	14,870	8,662	12,477	16,588	15,619	15,146	13,504	11,876
Repayment of borrowings										
Net cashflows from financing activities	**4,344**	**13,112**	**14,870**	**8,662**	**12,477**	**16,588**	**15,619**	**15,146**	**13,504**	**11,876**
Net increase/(decrease) in cash and cash equivalents	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Cash and cash equivalents at beginning of year	(2,423)	(2,423)	(2,423)	(2,423)	(2,423)	(2,423)	(2,423)	(2,423)	(2,423)	(2,423)
Cash and cash equivalents at end of year	**(2,423)**	**(2,423)**	**(2,423)**	**(2,423)**	**(2,423)**	**(2,423)**	**(2,423)**	**(2,423)**	**(2,423)**	**(2,423)**

Table 70. Stormwater projected statement of cashflows ($000)

Projected statement of cashflows - water services	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Cashflows from operating activities										
Cash surplus/(deficit) from operations	1,458	1,927	1,784	2,004	2,297	2,447	2,660	2,828	2,950	3,113
(Other items)										
Net cashflows from operating activities	**1,458**	**1,927**	**1,784**	**2,004**	**2,297**	**2,447**	**2,660**	**2,828**	**2,950**	**3,113**
Cashflows from investing activities										
Capital expenditure – infrastructure assets	(4,853)	(2,157)	(1,324)	(1,324)	(1,357)	(1,289)	(1,319)	(1,348)	(1,376)	(1,405)
(Other items)										
Net cashflows from investing activities	**(4,853)**	**(2,157)**	**(1,324)**	**(1,324)**	**(1,357)**	**(1,289)**	**(1,319)**	**(1,348)**	**(1,376)**	**(1,405)**
Cashflows from financing activities										
New borrowings	3,395	230	(460)	(680)	(941)	(1,158)	(1,341)	(1,480)	(1,573)	(1,708)
Repayment of borrowings										
Net cashflows from financing activities	**3,395**	**230**	**(460)**	**(680)**	**(941)**	**(1,158)**	**(1,341)**	**(1,480)**	**(1,573)**	**(1,708)**
Net increase/(decrease) in cash and cash equivalents	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Cash and cash equivalents at beginning of year	2,924	2,924	2,924	2,924	2,924	2,924	2,924	2,924	2,924	2,924
Cash and cash equivalents at end of year	**2,924**	**2,924**	**2,924**	**2,924**	**2,924**	**2,924**	**2,924**	**2,924**	**2,924**	**2,924**

Projected statement of financial position

Table 71. Combined water services projected statement of financial position ($000)

Projected statement of financial position	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Assets										
Cash and cash equivalents	2,088	2,088	2,088	2,088	2,088	2,088	2,088	2,088	2,088	2,088
Other current assets	0	0	0	0	0	0	0	0	0	0
Infrastructure assets	338,158	353,476	381,939	393,849	425,563	437,148	469,774	480,941	515,215	525,867
Other non-current assets	0	0	0	0	0	0	0	0	0	0
Total assets	**340,246**	**355,564**	**384,027**	**395,937**	**427,650**	**439,236**	**471,862**	**483,029**	**517,303**	**527,954**
Liabilities										
Borrowings – current portion	0	0	0	0	0	0	0	0	0	0
Other current liabilities	0	0	0	0	0	0	0	0	0	0
Borrowings – non-current portion	81,656	102,000	119,889	137,241	154,101	170,198	184,803	198,428	210,098	219,829
Other non-current liabilities	0	0	0	0	0	0	0	0	0	0
Total liabilities	**81,656**	**102,000**	**119,889**	**137,241**	**154,101**	**170,198**	**184,803**	**198,428**	**210,098**	**219,829**
Net assets	**258,590**	**253,564**	**264,138**	**258,696**	**273,549**	**269,038**	**287,059**	**284,602**	**307,205**	**308,126**
Equity										
Revaluation reserves	8,793	8,793	25,239	25,239	45,178	45,178	66,413	66,413	89,775	89,775
Other reserves	249,797	244,771	238,899	233,457	228,371	223,859	220,646	218,189	217,430	218,350
Total equity	**258,590**	**253,564**	**264,138**	**258,696**	**273,549**	**269,038**	**287,059**	**284,602**	**307,205**	**308,126**

Table 72. Water supply projected statement of financial position ($000)

Projected statement of financial position	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Assets										
Cash and cash equivalents	1,587	1,587	1,587	1,587	1,587	1,587	1,587	1,587	1,587	1,587
Other current assets										
Infrastructure assets	154,884	159,579	168,433	175,938	188,432	187,591	195,817	194,879	203,347	202,288
Other non-current assets										
Total assets	**156,471**	**161,166**	**170,020**	**177,524**	**190,018**	**189,178**	**197,404**	**196,465**	**204,934**	**203,875**
Liabilities										
Borrowings – current portion										
Other current liabilities										
Borrowings – non-current portion	38,244	45,246	48,725	58,095	63,419	64,086	64,413	64,372	64,112	63,674
Other non-current liabilities										
Total liabilities	**38,244**	**45,246**	**48,725**	**58,095**	**63,419**	**64,086**	**64,413**	**64,372**	**64,112**	**63,674**
Net assets	**118,227**	**115,920**	**121,295**	**119,430**	**126,599**	**125,091**	**132,991**	**132,094**	**140,822**	**140,201**
Equity										
Revaluation reserves	3,943	3,943	11,367	11,367	20,274	20,274	29,387	29,387	38,853	38,853
Other reserves	114,284	111,978	109,928	108,062	106,325	104,817	103,604	102,707	101,969	101,348
Total equity	**118,227**	**115,920**	**121,295**	**119,430**	**126,599**	**125,091**	**132,991**	**132,094**	**140,822**	**140,201**

Table 73. Wastewater projected statement of financial position ($000)

Projected statement of financial position	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Assets										
Cash and cash equivalents	(2,423)	(2,423)	(2,423)	(2,423)	(2,423)	(2,423)	(2,423)	(2,423)	(2,423)	(2,423)
Other current assets										
Infrastructure assets	90,397	101,003	117,133	122,408	137,656	151,039	171,606	184,664	206,494	219,154
Other non-current assets										
Total assets	**87,974**	**98,580**	**114,710**	**119,985**	**135,233**	**148,616**	**169,183**	**182,241**	**204,071**	**216,731**
Liabilities										
Borrowings – current portion										
Other current liabilities										
Borrowings – non-current portion	18,205	31,317	46,187	54,849	67,326	83,914	99,533	114,679	128,183	140,059
Other non-current liabilities										
Total liabilities	**18,205**	**31,317**	**46,187**	**54,849**	**67,326**	**83,914**	**99,533**	**114,679**	**128,183**	**140,059**
Net assets	**69,769**	**67,263**	**68,522**	**65,136**	**67,907**	**64,702**	**69,651**	**67,562**	**75,889**	**76,672**
Equity										
Revaluation reserves	2,396	2,396	7,095	7,095	13,292	13,292	20,629	20,629	29,599	29,599
Other reserves	67,373	64,867	61,427	58,040	54,615	51,410	49,022	46,933	46,289	47,073
Total equity	**69,769**	**67,263**	**68,522**	**65,136**	**67,907**	**64,702**	**69,651**	**67,562**	**75,889**	**76,672**

Table 74. Stormwater projected statement of financial position ($000)

Projected statement of financial position	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Assets										
Cash and cash equivalents	2,924	2,924	2,924	2,924	2,924	2,924	2,924	2,924	2,924	2,924
Other current assets										
Infrastructure assets	92,877	92,894	96,373	95,504	99,475	98,518	102,351	101,399	105,374	104,424
Other non-current assets										
Total assets	**95,801**	**95,818**	**99,297**	**98,428**	**102,399**	**101,442**	**105,275**	**104,323**	**108,298**	**107,348**
Liabilities										
Borrowings – current portion										
Other current liabilities										
Borrowings – non-current portion	25,207	25,437	24,977	24,297	23,356	22,198	20,857	19,377	17,804	16,096
Other non-current liabilities										
Total liabilities	**25,207**	**25,437**	**24,977**	**24,297**	**23,356**	**22,198**	**20,857**	**19,377**	**17,804**	**16,096**
Net assets	**70,594**	**70,381**	**74,320**	**74,131**	**79,043**	**79,244**	**84,417**	**84,946**	**90,494**	**91,253**
Equity										
Revaluation reserves	2,455	2,455	6,777	6,777	11,612	11,612	16,397	16,397	21,323	21,323
Other reserves	68,140	67,926	67,544	67,354	67,431	67,633	68,020	68,549	69,172	69,930
Total equity	**70,594**	**70,381**	**74,320**	**74,131**	**79,043**	**79,244**	**84,417**	**84,946**	**90,494**	**91,253**

Water Services Delivery Plan: additional information

Significant capital projects

We list all capital projects below that generate cost in the ten-year period of the plan. All values are shown in nominal dollars.

Where a project relates to more than one category (of the three categories: growth, level of service, and renewals) it has been apportioned across the categories to ensure consistency with the financial template.

Significant capital projects

Significant capital projects – drinking water

Table 75. Significant drinking water capital projects ($000)

Significant capital projects – drinking water	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Projects to meet additional demand										
Minor projects - growth portion			760							
Total investment to meet additional demand			**760**							
Projects to improve levels of services										
EQ Water Storage		204	644							
Otumahi Water Storage Pipeline Rd Water Main	3,880									
Plains water - water safety plans	17		1,145	1,175						
Total investment to meet improve levels of services	**3,897**	**204**	**1,789**	**1,175**	**0**	**0**	**0**	**0**	**0**	**0**
Projects to replace existing assets										

EQ Water Network Renewals	2,322	2,654	2,244	2,302	2,360	2,414	2,470	2,534	2,577	2,631
Reservoir renewals				6,961	4,383					
Minor projects - renewals portion	9,181	7,410	2,426	3,269	3,350	3,427	3,506	3,583	3,659	3,735
Total investment to replace existing assets	**11,503**	**10,064**	**4,670**	**12,532**	**10,093**	**5,841**	**5,976**	**6,117**	**6,236**	**6,366**
Total investment in drinking water assets	**15,400**	**10,268**	**7,219**	**13,707**	**10,093**	**5,841**	**5,976**	**6,117**	**6,236**	**6,366**

Significant capital projects – wastewater

Table 76. Significant wastewater capital projects ($000)

Significant capital projects – wastewater	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Projects to meet additional demand										
Matatā Wastewater Scheme	1,133	5,575							3,961	14,418
Total investment to meet additional demand	**1,133**	**5,575**							**3,961**	**14,418**
Projects to improve levels of services										
Murupara Wastewater Treatment Plant upgrade			7,793			945	4,982	13,745	10,655	
New Wastewater Treatment Plant incorporates Whakatāne and Edgecumbe				3,729	7,310	11,711	7,877			
New Wastewater Treatment Plant - Tāneatua		1,617								
EQ STandD Pump Station – level of service portion	118	374	3,045							
Wastewater ponds desludging				587	602	616	630			
Total investment to meet improve levels of services	**118**	**1,991**	**10,838**	**4,316**	**7,912**	**13,272**	**13,489**	**13,745**	**10,655**	**0**
Projects to replace existing assets										
Minor projects - collectively significant	2,909	3,542	1,275	1,309	1,341	1,372	1,404	1,435	1,465	1,496
EQ Sewer Network Renewals	1,447	1,483	1,957	2,008	2,059	2,106	2,154	2,202	2,248	2,295

EQ STandD Pump Station - renewals portion				539	1,020	448	547	600	29	536
Whakatāne Wastewater Rising Main Renewal		1,617	1,433	1,470	1,507	1,542	1,577	1,612	1,646	1,680
Total investment to replace existing assets	**4,356**	**6,642**	**4,665**	**5,326**	**5,927**	**5,468**	**5,682**	**5,849**	**5,388**	**6,007**
Total investment in wastewater assets	**5,607**	**14,208**	**15,503**	**9,642**	**13,839**	**18,740**	**19,171**	**19,594**	**20,004**	**20,425**

Significant capital projects – stormwater

Table 77. Significant stormwater capital projects ($000)

Significant capital projects – stormwater	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Projects to meet additional demand										
N/A										
Total investment to meet additional demand										
Projects to improve levels of services										
311501 - Edge SW - Stormwater Study			125	94	96					
Total investment to meet improve levels of services			**125**	**94**	**96**					
Projects to replace existing assets										
310125 - Stormwater pump station assets	4,352	1,043								
Network renewals across district	501	1,114	1,199	1,230	1,260	1,289	1,319	1,348	1,376	1,405
Total investment to replace existing assets	**4,853**	**2,157**	**1,199**	**1,230**	**1,260**	**1,289**	**1,319**	**1,348**	**1,376**	**1,405**
Total investment in stormwater assets	**4,853**	**2,157**	**1,324**	**1,324**	**1,356**	**1,289**	**1,319**	**1,348**	**1,376**	**1,405**

Risks and assumptions

Disclosure of risks and material assumptions for water services delivery

Table 78. Key risks and assumptions

Parameters	Drinking supply	Wastewater	Stormwater
Key Risks for individual waters	• Contamination or deterioration of source water quality • Asbestos cement pipes become brittle with age and are prone to longitudinal cracking, making repair difficult • Reservoirs are ageing and not earthquake compliant • Ongoing failure to meet Drinking Water Quality Assurance Rules on a consistent basis, particularly in places like Murupara	• Unauthorised trade waste discharge • Insufficient capacity during weather events • Asbestos cement pipes become brittle with age and are prone to longitudinal cracking, making repair difficult • Uncertainty around the incoming wastewater standards	• Adverse weather can strain a stormwater network, particularly in Edgecumbe • Climate change is increasing the frequency and severity of adverse weather events

Key risks that apply across all waters	• Delay in obtaining consents, loss of consents, or non-compliance in the operation of consents • Difficulty meeting any requirements by 1 July 2026 to obtain consents • Issues within other councils - up to four councils need to collaborate to explore a joint WSO. A delay or distraction within a potential partner council could delay exploration work • Council uncertainty to adopt reprofiled budget during development of Long Term Plan 2027 -2037 • Affordability if a joint WSO cannot be formed – cost per connection projections are similar across service delivery models over a 10-year period. However, cost per connection projections become steeper for an internal business unit if that service delivery model is maintained beyond 10 years • Capacity of in-house Three Waters staff to determine project specifics and tender requirements in a timely manner • Capacity of local contracting market to delivery work, particularly noting that holders of key skills may be enticed with opportunities at a joint WSO in the western Bay of Plenty • Risk of impaired relations between iwi/hapū and Council, noting some iwi have initially indicated opposition to direct discharge of treated water into any waterway • Large renewals backlog is difficult to respond to • Demanding capital schedule against historic delivery levels • Vulnerability to natural hazards - For example the Whakatāne township water treatment plant is located on a fault line and beside a river prone to flooding		
Significant assumptions for individual waters	• Population growth occurs at projected rates • Per capita water demand is broadly consistent with historic levels • Consent renewals allow access to adequate quantity of water supply • Water losses in the network can be identified and remediated quickly	• Population growth occurs at projected rates • Per capita production of wastewater is broadly consistent with historic levels • The capital programme will be able to meet the wastewater standards once they are finalised, however the capital works programme may need to be updated	• Peak demand on the stormwater network will continue to increase due to climate change • The Council's application for a comprehensive Whakatāne urban catchment stormwater consent will be successful

<table>
<tr><td>Key assumptions that apply across waters</td><td>

The capital programme approved through the next Long Term Plan is adequate to maintain and/or obtain necessary regulatory compliance including resource consents
The capital programme can be delivered to schedule (despite the risks that come with capital delivery)
External funding and development contributions are obtained as projected
Any new regulatory requirements (beyond those we know to expect) are manageable
Potential partner councils will explore forming a joint WSO in good faith

</td></tr>
<tr><td>Key assumptions that apply to the financial projections</td><td>
<table>
<tr><th>Assumption</th><th>Agreed approach</th></tr>
<tr><td>Long Term Plan</td><td>• The Long Term Plan informed the metrics for FY25</td></tr>
<tr><td>Interest rate on debt</td><td>• The latest LGFA-advised 10-year rate was used with an applicable borrower margin (as a Guarantor Council)</td></tr>
<tr><td>Capital expenditure</td><td>• Used the programme developed by Tonkin + Taylor</td></tr>
<tr><td>Debt and revenue</td><td>• The combination of debt and revenue to meet costs was initially modelled using a 500% water debt-to-revenue ratio, and then manually adjusted to smooth the revenue path and ensure whole-of-council debt track remains within internal limits.</td></tr>
<tr><td>Extra operating expenditure</td><td>• Used the quantum of regulator levies as signalled by regulators
• Added $100k per annum for audit costs in years where the Water Services Annual Report requires auditing
• Added $150k per annum (representing 1 FTE) allowance for additional resource to support financial reporting, planning and compliance requirements (from FY26)
• Added $100k allowance for additional resource to support the exploration of a joint water services organisation (FY26 – FY28)</td></tr>
<tr><td>Operating expenditure profile</td><td>• Used the operating expenditure profile in the Long Term Plan plus a consequential opex allowance for new growth and LOS capex</td></tr>
<tr><td>Median household income changes</td><td>• 2023 Census data inflated at a rate of “CPI+1%”</td></tr>
<tr><td>Inflation</td><td>• As per the Long Term Plan</td></tr>
</table>
</td></tr>
</table>

Action Sheet – Whakatāne District Council 14 August 2025

WHAKATĀNE District Council Kia Whakatāne au i ahau	Resolution or Recommendation	**Resolution**
	To be confirmed as a true and correct record at:	**2 October 2025**
	File Reference:	**A2948507**

10 REPORTS

10.1 Local Water Done Well – Adopt Final WSCP

Refer to pages 56-213 of the agenda and pages 213a-c of the tabled items.

GM Planning, Regulatory and Infrastructure summarised the development process of the Water Services Delivery Plan (WSDP). He highlighted the financial investments for water services, via the Long Term Plan process, would need to be increased, and he spoke to the operating revenue and the impact on costs to customers.

The draft plan was shared with the Department of Internal Affairs (DIA) on 31 July 2025, and resulting from feedback received, the draft plan did require further amendments. The GM Planning, Regulatory and Infrastructure proposed updated recommendations to reflect this.

If Council moved to a CCO model detailed work would need to be carried out regarding setup and operating costs. Direction would be determined through the Long Term Plan process in 2026.

Actions:

- An in-depth explanation be provided to Elected Members regarding Revenue Sufficiency.
- Insurance premium cover for water assets to be provided to Members.

Moved Councillor James / Seconded Councillor Tánczos

RESOLVED:

That the Whakatāne District Council:

1. **Receives** the "Local Water Done Well – Water Services Delivery Plan for approval" report; and,
2. **Approves** the attached Water Services Delivery Plan (WSDP) for submission to the Department of Internal Affairs by 3 September 2025, subject to changes as requested by the DIA and any other minor changes that might be required; and,
3. **Provides** delegation to the Chief Executive to make changes as requested by the DIA and any other minor changes to the attached WSDP, should these be needed to enable certification of the Plan; and,
4. **Notes** the WSDP is subject to approval by the Department of Internal Affairs before becoming the established pathway for future delivery of water services in the Whakatāne District.

CARRIED

Attendance: A Horwood left meeting at 10:08 am.

AFTER MEETING ACTION:

	Position	**Date**
	GM Planning, Regulatory and Infrastructure	21 August 2025

REPORT

Tonkin+Taylor

30 Year Capital Expenditure Re-profiling

Impact and Risk analysis

Prepared for
Whakatāne District Council
Prepared by
Tonkin & Taylor Ltd
Date
March 2025
Job Number
1097114.0000 v2

Together we create and sustain a better world
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Document control

Title: 30 Year Capital Expenditure Re-profiling – Impact and Risk analysis					
Date	**Version**	**Description**	**Prepared by:**	**Reviewed by:**	**Authorised by:**
28/02/2025	1	Draft	B Senior	G McIntosh	K Macdonald
7/03/2025	2	Final	B Senior	G McIntosh	K Macdonald

Distribution:

Whakatāne District Council	1 electronic copy
Tonkin & Taylor Ltd (FILE)	1 electronic copy

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Executive summary

Tonkin and Taylor Ltd (T+T) have previously produced a Local Water Done Well (LWDW) compliant budget for three water services after reviewing Whakatāne District Council's (WDC's) Long Term Plan (LTP) budgets. The purpose of this work was to develop a baseline budget that meets the investment requirements of LWDW while ensuring that the "needs" underpinning the projects have been tested for spending that can be deferred to improve affordability.

As part of the LWDW workstream, WDC engaged Martin, Jenkins & Associates Limited (MartinJenkins) to evaluate WDC current state under the new legislation. MartinJenkins's draft findings highlighted debt funding constraints and affordability concerns that questioned the viability of WDC using a standalone business unit delivery model.

WDC have since undertaken a Capital Expenditure (CAPEX) re-profiling exercise to determine what projects from the compliant budget can fit within an affordability envelope that WDC finance team have identified over the next 30 years. This exercise has been undertaken by WDC to provide a basis for discussions with regulators around what compliance-based projects could be deferred (or not), and ultimately whether there is a realistic path to adopting a standalone three waters business unit under LWDW. During this process, WDC have met with regulators (Taumata Arowai, Bay of Plenty Regional Council) who have provided advice on the investment requirements for compliance based on proposed new wastewater performance standards that were released for consultation in early March 2025.

Our input has been to review this re-profiled 30 Year CAPEX budget and highlight the impact and risk of the changes to budgets against the LWDW compliant budget. These have been discussed across three categories:

- Major project impacts.
- Minor project impacts.
- Profile level impacts.

The main findings of the impact and risk analysis for Council to consider are:

- **The budget has reduced overall.** The overall 30-year budget for the re-profiled CAPEX budget has reduced by $25.5 million from $601.5 million to $576 million when compared against the LWDW compliant budget.
- **There are no major compliance or environmental based risks associated with Wastewater Treatment Plant (WWTP) projects.** The re-profiled budget is largely in line with the LWDW compliant budget in respect to WWTP investment. The LWDW compliant budget has been informed by recent discussions WDC have had with regulators, who have provided advice on the investment requirements for compliance based on proposed new wastewater performance standards that were released for consultation in early March 2025. We note that the proposed wastewater performance standards that have been released for consultation could change before they are finalised. This may have a significant impact on overall WWTP costs with upgrades possibly being required if standards and plant category sizes are increased. This may consequently make the re-profiled budget non-compliant.
- **Edgecumbe flooding impacts remain.** Edgecumbe currently has known flooding issues that result in wet weather wastewater overflow events. The re-profiled budget seeks to investigate this and determine a solution in the same timeframe as the LWDW compliant budget, however, physical works have been deferred from 2030 to 2054. There is a risk that deferring upgrades to mitigate flooding impacts will have a secondary environmental impact where known wet weather wastewater discharges (due to illegal cross-connections) will continue to occur and likely at an increased frequency over time.

- **Many changes to the other Major Projects have only minor impacts on environmental or regulatory risks.** The remaining project changes in the re-profiled budget have either had little to no impact across environmental and regulatory categories.
- **There are a range of other impacts for Council to consider due to deferral or removal of projects across three waters.** The remaining impacts and risks for Council to consider are categorised under 'Other impacts'. These are summarised as follows:
  - Removing provisions for growth in some projects (such as The Plains water supply capacity and Te Teko/Awakeri water supply growth provisions) may increase the risk of negative reputational impacts for Council and affect Councils relationship with these communities.
  - This may also result in developers being deterred from investing in development within these areas due to inadequate capacity.
  - Deferred investment across the Minor Projects over a longer period may result in a reduction in LOS to the community as a result of degradation of asset condition and performance. This may be perceived negatively by the community increasing the reputational risk to Council.
  - Similarly, across the Minor Projects, deferral of investment may also result in developers being deterred from investing in development within the district due to degraded network capacity and performance, and insufficient infrastructure to connect to.

1 General

Tonkin and Taylor Ltd (T+T) has been engaged by Whakatāne District Council (WDC) to review the recently adopted 2024 – 2034 Long Term Plan (LTP) budgets and create an updated "stress-tested" compliant budget for Local Water Done Well (LWDW) decision making and to ensure that budgets meet requirements of regulators and LWDW legislation. Following on from this, WDC have engaged T+T for further input to review a re-profiled 30 Year Capital Expenditure (CAPEX) budget that has been amended to fit an affordability envelope.

1.1 Background

T+T have previously produced a LWDW compliant budget for three water services[1] after reviewing WDC's LTP budgets. The purpose of this work was to develop a baseline budget that meets the investment requirements of LWDW while ensuring that the "needs" underpinning the projects have been tested for spending that can be deferred to improve affordability.

As part of the LWDW workstream, WDC engaged Martin, Jenkins & Associates Limited (MartinJenkins) to evaluate WDC current state under the new legislation. To complete this work, MartinJenkins used the LTP budget, moderating the key assumptions above to approximate compliance with LWDW investment requirements. MartinJenkins's draft findings highlighted debt funding constraints and affordability concerns that questioned the viability of WDC using a standalone business unit delivery model.

WDC have since undertaken a CAPEX re-profiling exercise to determine what projects from the compliant budget can fit within an affordability envelope that WDC finance team have identified over the next 30 years. This exercise has been undertaken by WDC to provide a basis for discussions with regulators around what compliance-based projects could be deferred (or not), and ultimately whether there is a realistic path to adopting a standalone three waters business unit under LWDW. During this process, WDC have met with regulators (Taumata Arowai, Bay of Plenty Regional Council) who have provided advice on the investment requirements for compliance based on proposed new wastewater performance standards that were released for consultation in early March 2025.

Our input has been to review this re-profiled 30 Year CAPEX budget and highlight the impact and risk of the changes to budgets against the LWDW compliant budget.

1.2 Scope

Our scope of services provided to WDC included the following:

- Provided budget inputs to the 30 Year CAPEX re-profiling workshop undertaken by Whakatāne District Council (WDC)
- Provide review commentary for WDC's consideration as part of finalising the re-profiled 30 Year CAPEX budget
- Undertake an impacts analysis of the changes in the re-profiled 30 Year CAPEX budget versus the 30 Year compliant budget. This included:
  - Holding a two-hour workshop with WDC staff involved in the development of the re-profiled 30 Year CAPEX budget to understand the prioritisation, trade-offs and risk considerations made.
  - Undertaking an impacts analysis covering high-level profile level impacts, minor projects impacts and then specific major projects impacts.

[1] Water Service Delivery Plan Support – Three Waters Indicative Compliant Budget, March 2025. Tonkin & Taylor Ltd (ref. 1097114.0000 v4).

- Preparation of a short report (this document) outlining the review and impact and risk analysis of the CAPEX reprofiling exercise undertaken by WDC.

1.3 Purpose

The purpose of this report is to support discussions with regulators primarily in regard to the environmental and regulatory impacts and risks associated with the re-profiled 30 Year CAPEX budget.

2 Capital delivery context

WDC have increased the delivery of three waters capital investment from $5.4 million in 2019/2020 through to $13.3 million in the last financial year 2023/2024. Both the LWDW compliant CAPEX budget and the re-profiled CAPEX budget represent a step change in delivery.

The LWDW compliant budget was largely prepared without a specific lens on deliverability, the primary driver being compliance with LWDW legislation around investment sufficiency. The re-profiled budget is based on what is affordable in a standalone business unit for WDC, and whilst this has necessitated changes versus the compliant budget, the re-profiled budget is still targeting capital investment of $21 million per year. This represents a commitment to increase investment by over 50 % compared to last financial year.

3 Review approach

In keeping with the purpose of this report, we have primarily considered the environmental and compliance impacts and risks associated with changes made in the re-profiled budget. Other impacts have also been noted where relevant, however these are generally Council orientated impacts, and not directly relevant to discussions with regulators. A description of the impacts considered is outlined in Table 3.1.

To inform the analysis of impacts and risks, we held a workshop with WDC three waters and asset management staff on 19 February 2025 to understand the process, prioritisation and decision-making undertaken by staff in compiling the re-profiled budget. These discussions along with the re-profiled budget provided by WDC (Appendix A) has formed the basis for our qualitative impact and risk analysis.

Table 3.1: Impacts considered

Impact	Description
Environmental	Increased impact on the environment (e.g., more frequent wastewater overflows leading to degradation of the receiving environment).
Regulatory	Compliance related impacts (e.g., non-conformance and abatement notices).
Other	This includes: • Health & Safety: Adverse impact on people (e.g., degraded condition or reduced performance of plant leading to increased operator H&S events). • Financial: Direct or indirectly causing financial implications to Council (e.g., deferred CAPEX investment/renewals causing an increase in OPEX). • Levels of service: Degradation of service provided (e.g., deferred investment/renewals resulting in reduced reliability of service). • Relationship: The impact on Council's relationship with stakeholders due to decisions made (e.g., reduction in community trust in Council – could be caused by any of the above impacts).

4 Impact and risk analysis

Our impact and risk analysis of the WDC re-profiled CAPEX budget is split across the following three areas:

- Major project impacts: more detailed overview of impacts and risks to the 15 identified major projects from the LWDW compliant budget.
- Minor project impacts: commentary on the remaining minor projects and the impact considering these as a programme of works.
- Profile level impacts: high-level commentary on impacts other than environmental and compliance for Council to consider.

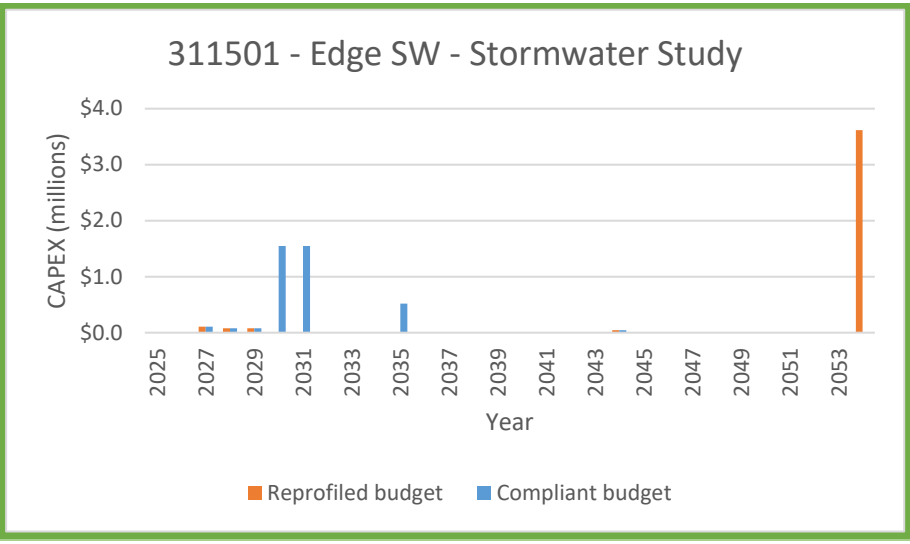
4.1 Major project impacts

The primary focus of this section is to comment on the environmental and compliance impacts associated with changes to major projects within the CAPEX profile, and where relevant other impacts have been highlighted. The tables below outline the background of the project, changes in scope and timing versus the compliant budget, and the associated impacts for each major project.

311501 - Edge SW - Stormwater Study

Background

- This project aims to address known historic flooding issues and loss of Level of Service (LOS) for properties in Edgecumbe.
- The project is likely to involve undertaking groundwater monitoring and possible associated modelling to determine the viability of low-lying areas in Edgecumbe that are susceptible to flooding in low ARI flood events.
- In addition, design and upgrades have been allowed for that are dependent on the outcome of the monitoring and modelling.

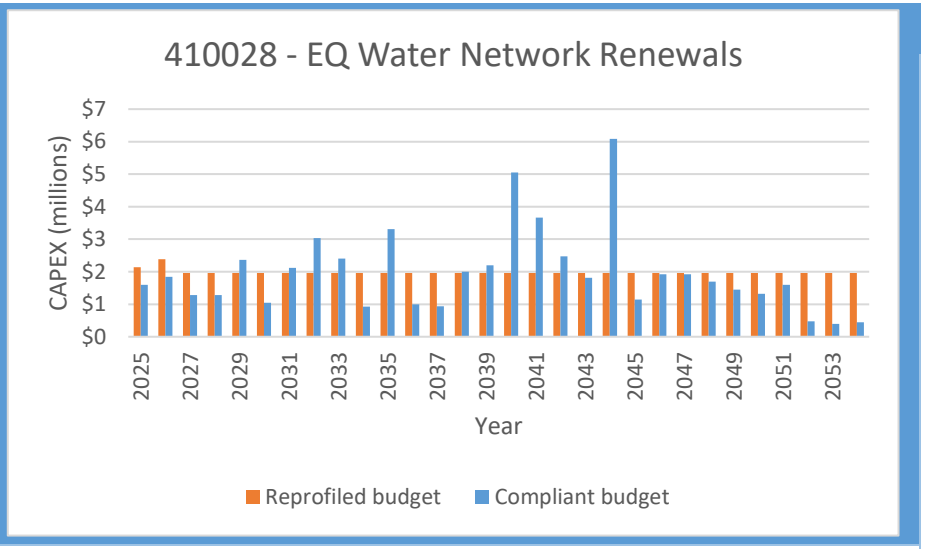


Changes		Impacts	
Scope	No change.	**Environmental**	Deferring upgrades to mitigate flooding impacts will have a secondary environmental impact where known wet weather wastewater discharges (due to illegal cross-connections) will continue to occur and likely at an increased frequency over time.
Timing	The proposed design and physical works have been moved from 2030 to 2054.	**Regulatory**	Depending on the outcome of the ongoing Comprehensive Discharge Consent and associated approved conditions, Council risks future non-compliance with continued and more frequent wet weather wastewater overflows discharging via the stormwater network during these events.
Budget	No change over 30-year period.	**Other**	The primary impact of the change in timing is that flooding effects will not be mitigated for another 20+ years. With climate change expected to increase rainfall event intensity and frequency, there is a risk that flood events will cause significant damage to properties. This represents a relationship and level of service risk to Council that would be difficult to manage without undertaking physical works or advancing wider discussions on climate change adaptation pathways (of which retreat may be considered). There is a potential wider financial risk to Council in terms of possible demands by householders for compensation and/or buy out of affected properties.

410028 - EQ Water Network Renewals

Background

- This renewals programme includes general network renewals for water supply (excluding Murupara and the Plains).
- These renewals are considered medium to high priority for the network noting that there is a backlog of water supply renewals that is not fully quantified.
- Many of the pipe renewals are for asbestos cement (AC) pipes that have reached end of life.

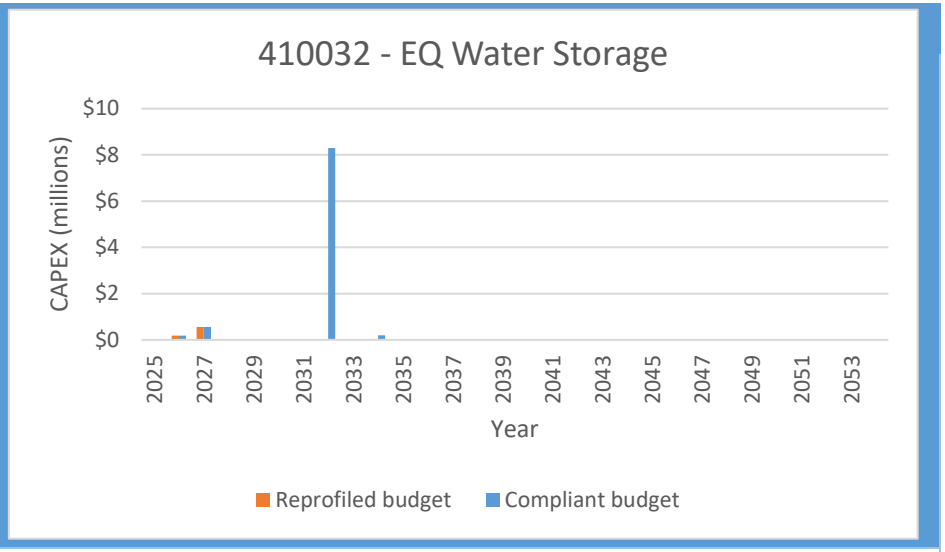


Changes		Impacts	
Scope	No change in overall scope. The programme of works has been smoothed over the 30-year period. In practice this may require careful staging of larger projects over multiple years or if not possible, trading off investment in other projects to undertake a larger project in any given year.	**Environmental**	The smoothing of the project budget is not expected to have an impact. Construction of larger diameter pipes in a staged manner will have to be managed to ensure that no adverse impacts occur as a result.
Timing	No change.	**Regulatory**	The smoothing of the project budget is not expected to have an impact. Construction of larger diameter pipes in a staged manner will have to be managed to ensure that no adverse impacts occur as a result.
Budget	Minor reduction of $0.5 million due to changes in the 2025 and 2026 budgets adopted.	**Other**	No other specific impacts noted.

410032 - EQ Water Storage

Background

- This project is primarily related to capacity upgrades required for Whitepine reservoir to be able to continue to provide existing LOS for the community.
- A secondary driver of the project is to provide for growth in Te Teko/Awakeri.



Changes		Impacts	
Scope	Moved Whitepine reservoir upgrade to Project 410123, reduced scope of Te Teko/Awakeri growth provision.	**Environmental**	No impact.
Timing	No change when considering Whitepine reservoir is included in Project 410123.	**Regulatory**	No impact
Budget	Reduction of $8.5 million.	**Other**	Removing provisions for growth in Te Teko/Awakeri may increase the risk of negative reputation for Council and affect Council's relationship with this community. However, this growth is over and above what has been forecasted in the 2024 – 2034 Long Term Plan.

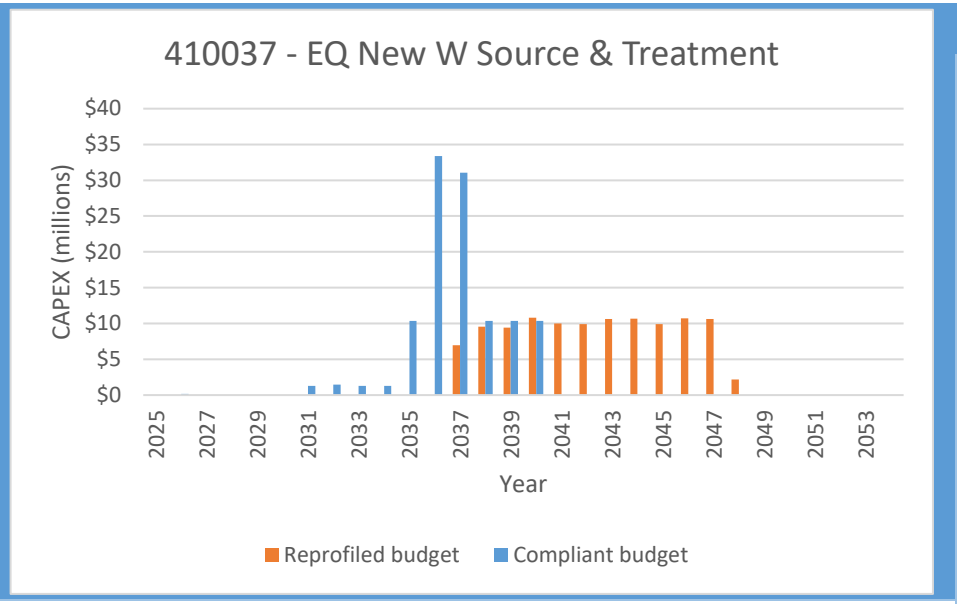
410037 - EQ New W Source & Treatment

Background

This project comprises a series of upgrades and new infrastructure to support the wider Water Strategy for WDC. This strategy has been developed to link in with other strategic plans such as the Spatial Plan and Wastewater consent renewals plan to provide water supply services that ensure schemes are affordable and economically sustainable into the future. This strategy will also allow better alignment with Iwi environment plans.

Therefore, the capital investment drivers for the programme are a mix of:

- Maintaining LOS or resolving known LoS issues in some schemes (Thornton, Taiwhakea),
- Improving LoS in other areas by providing redundancy and resilience,
- Allowing opportunities to provide for growth where new infrastructure is constructed, and
- To address vulnerabilities in parts of the network and at the Whakatāne treatment plant.

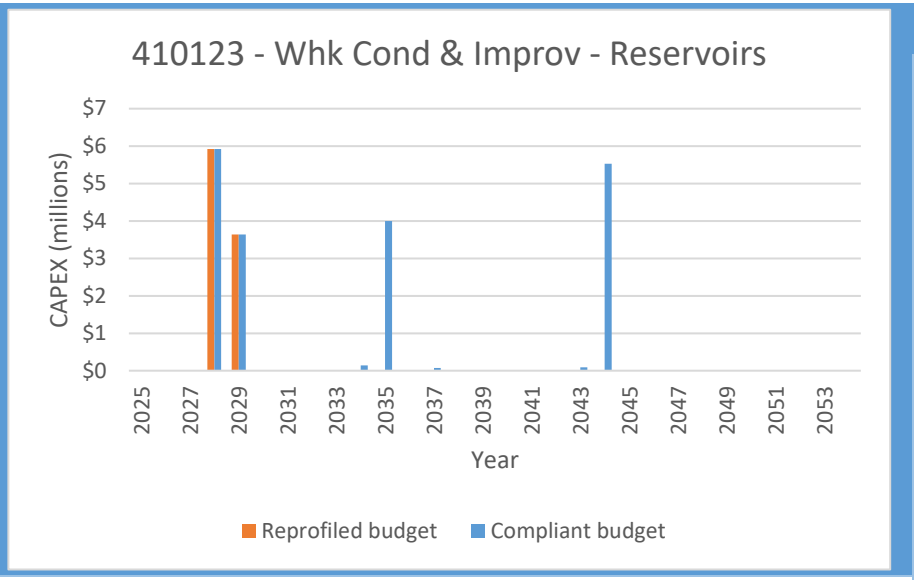


Changes		Impacts	
Scope	The overall scope remains unchanged, however, the project has been deferred and spread out over a longer period.	**Environmental**	No impact.
Timing	The project starts later than the LWDW compliant budget moving from 2031 to 2037 and extends further, with the completion date moved from 2040 to 2048.	**Regulatory**	A new water source that is desired for resilience will not be secured until later. There is a risk of capacity constraints during emergency events that may result in damage to water source headworks. The works for Whakatāne Water Treatment Plant (WTP) has moved from 2035 to now starting in 2037. The upgrades are now staged over a longer period of time. There is a risk of changes in capacity assumptions that may require this to be adjusted ahead of time. However, there is no compliance risk identified at this change.
Budget	No overall change over the 30-year period.	**Other**	Removing provisions for growth in Te Teko/Awakeri may increase the risk of negative reputation for Council and affect Council's relationship with this community. There is a risk of increased asset maintenance with the Te Teko reservoir needing to be 'sweated' beyond the expected useful life. This comes with an increased risk of failure of the reservoir leading to reduce capacity or inability to provide service for a period of time.

410123 - Whk Cond & Improv - Reservoirs

Background

- This renewals programme includes major renewals of one-off assets such as Whakatāne 1, 2 and 3 reservoirs, Ngatiawa reservoir and Te Teko reservoir.
- This programme is primarily condition driven based on a condition assessment undertaken by GHD in 2020.

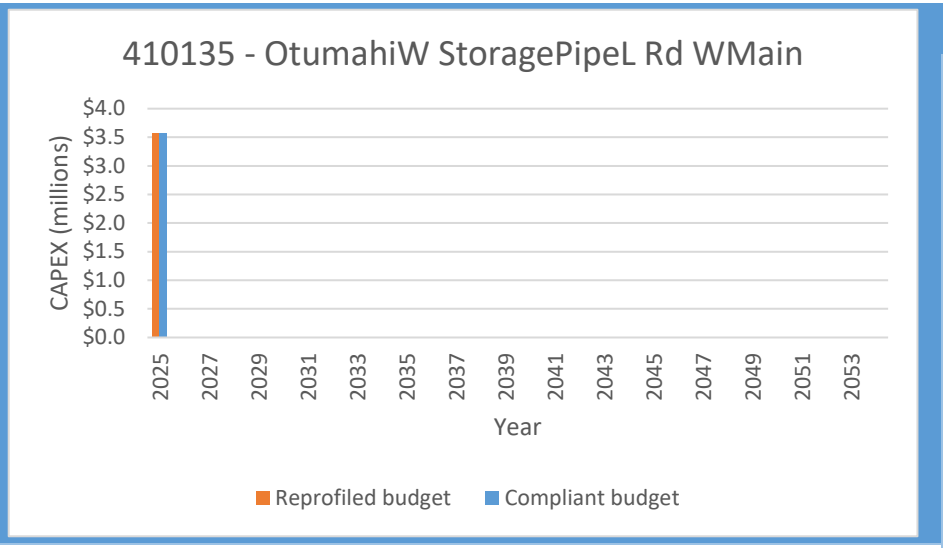


Changes		Impacts	
Scope	This project now includes the Whitepine reservoir but has removed the provision of growth for Te Teko/Awakeri.	**Environmental**	No impact.
Timing	The project only occurs in 2028 and 2029 with the outer years programme being removed.	**Regulatory**	No immediate impact but an elevated risk of failure of Te Teko reservoir leading to non-compliance with drinking water provisions for this community if loss of service is experienced. This will be mitigated by undertaking minor works to keep the reservoir operational.
Budget	Reduction of $9.8 million.	**Other**	Removing provisions for growth in Te Teko/Awakeri may increase the risk of negative reputation for Council and affect Council's relationship with this community. There is a risk of increased asset maintenance with the Te Teko reservoir needing to be 'sweated' beyond the expected useful life. This comes with an increased risk of failure of the reservoir leading to reduce capacity or inability to provide service for a period of time.

410135 - OtumahiW StoragePipeL Rd WMain

Background

- This project is largely complete with a new reservoir and pipeline completed in 2024 to provide additional capacity.
- The remaining budget is projected to be spent this financial year.

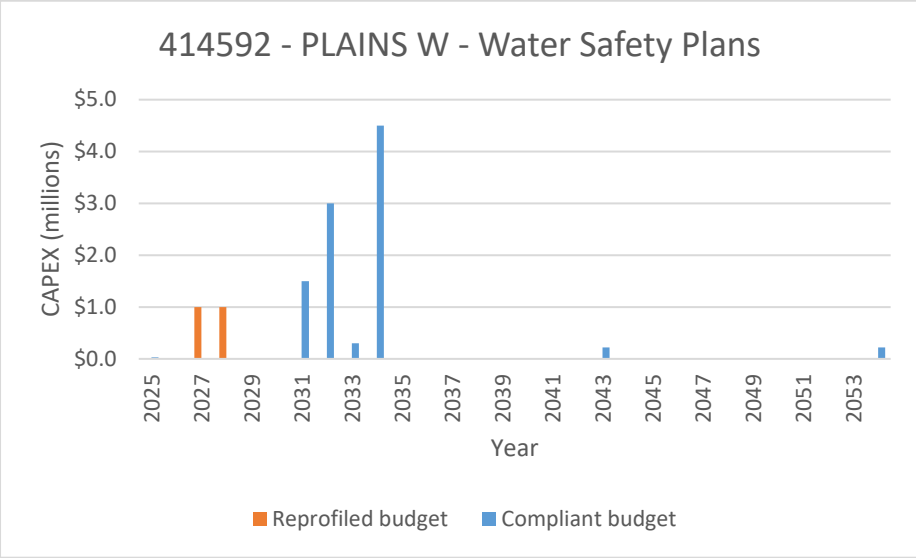


Changes		Impacts	
Scope	No change	**Environmental**	No impact as there is no change to the project.
Timing	No change	**Regulatory**	No impact as there is no change to the project.
Budget	No change	**Other**	No impact as there is no change to the project.

414592 - PLAINS W - Water Safety Plans

Background

- This project comprises Rangitāiki Plains - Johnson Road upgrades to meet higher arsenic treatment requirements, UV installation and to assist with growth in the Plains.
- This project also feeds into the wider Water Strategy developed by WDC.

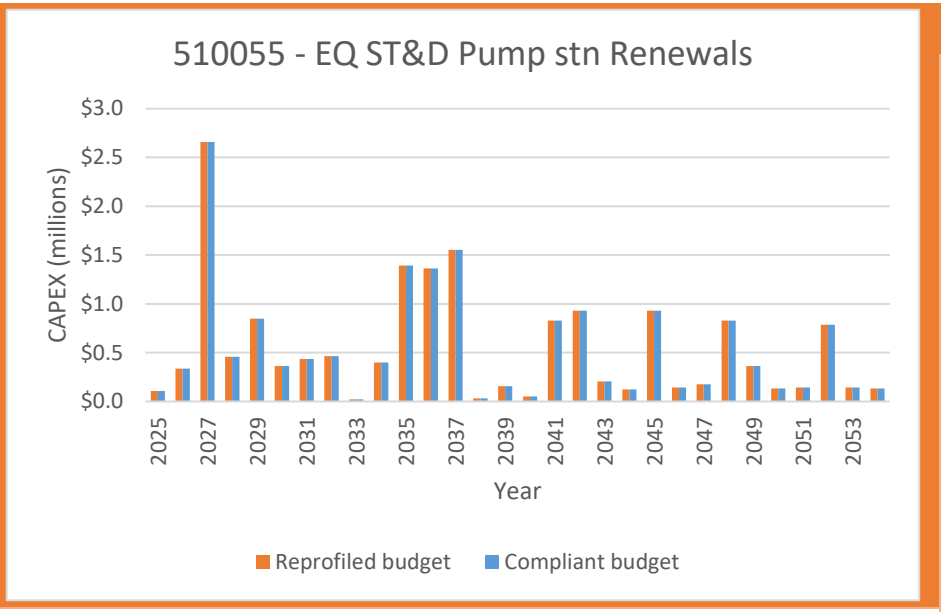


Changes		Impacts	
Scope	This project now only includes upgrades for UV treatment at Johnson Road with arsenic removal upgrades and upgrades to provide for growth not included.	**Environmental**	No impact.
Timing	The project only occurs in 2027 and 2028 with the outer years programme being removed.	**Regulatory**	With the removal of treatment upgrades for arsenic concerns, this will now be managed by achieving appropriate mixing of water sources to be compliant. There may be a period of time of non-compliance while this system is set up, however, there is not expected to be any adverse outcomes for the community. UV treatment upgrades will be undertaken earlier than the LWDW compliant budget and therefore the impact of this change is an increase in compliance earlier.
Budget	Reduction of $7.7 million.	**Other**	Removing provisions for growth in the Plains may increase the risk of negative reputation for Council and affect Council's relationship with this community. This may also result in developers being deterred from investing in development within the Plains due to inadequate capacity.

510055 - EQ ST&D Pump stn Renewals

Background

- This project is a district-wide programme of wastewater pump station renewals and upgrades required to continue to provide existing wastewater LOS.
- This is seen as critical to compliance in terms of reducing the risk of wet weather overflows.
- The LWDW compliant budget has been matched to allocated depreciation for at least the first 10 years to demonstrate commitment to not making renewals any 'worse off'.

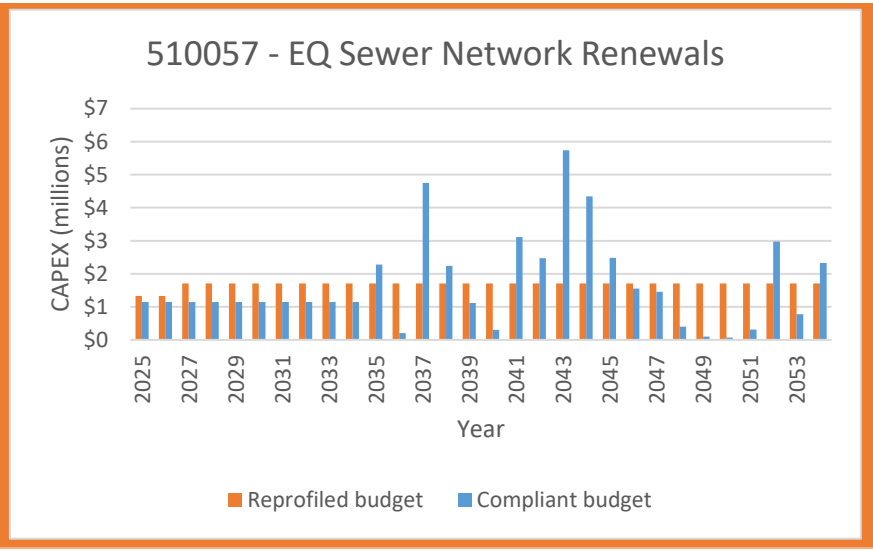


Changes		Impacts	
Scope	No change	**Environmental**	No impact as there is no change to the project.
Timing	No change	**Regulatory**	No impact as there is no change to the project.
Budget	No change	**Other**	No impact as there is no change to the project.

510057 - EQ Sewer Network Renewals

Background

- This project includes district-wide wastewater network renewals.
- These renewals are critical for the network noting that there is a backlog of wastewater renewals in the order of $11 million.
- The LWDW compliant budget has been matched to allocated depreciation for at least the first 10 years to demonstrate commitment to not making renewals any 'worse off'.

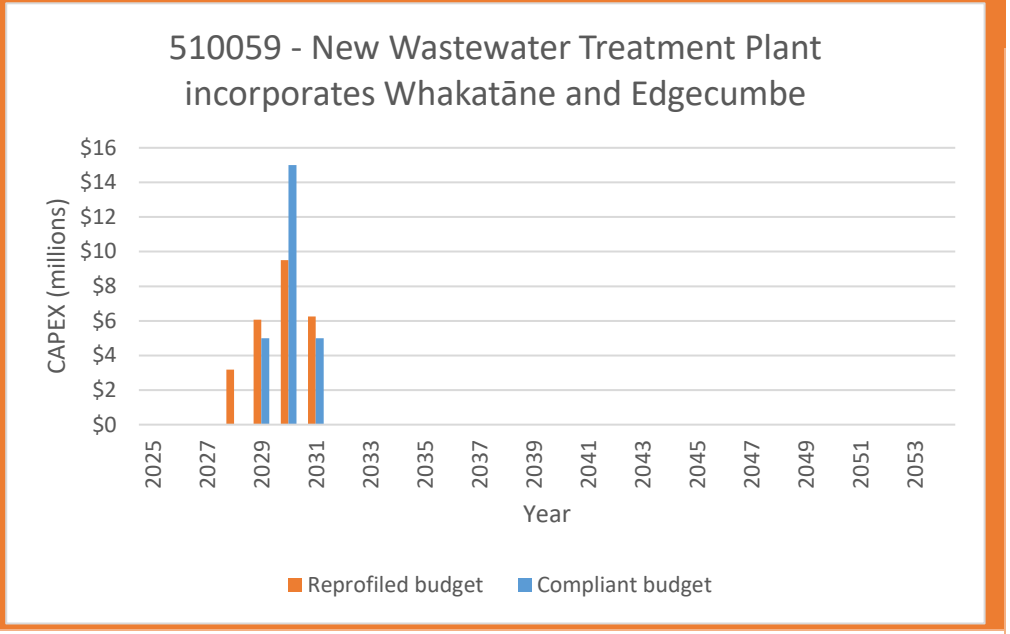


Changes		Impacts	
Scope	No change in overall scope. The programme of works has been smoothed over the 30-year period. In practice this may require careful staging of larger projects over multiple years or if not possible, trading off investment in other projects to undertake a larger project in any given year.	**Environmental**	The smoothing of the project budget is not expected to have an impact. Construction of larger assets in a staged manner will have to be managed to ensure that no adverse impacts occur as a result.
Timing	No change.	**Regulatory**	The smoothing of the project budget is not expected to have an impact. Construction of larger assets in a staged manner will have to be managed to ensure that no adverse impacts occur as a result.
Budget	No overall change over the 30-year period.	**Other**	No other specific impacts noted.

510059 - New Wastewater Treatment Plant incorporates Whakatāne and Edgecumbe

Background

- The discharge consents for Whakatāne and Edgecumbe WWTP expire in 2026.
- These plants are generally compliant with their existing consents noting non-compliance at Edgecumbe with recent abatement notices issued.
- Recent discussions held between WDC and regulators have identified that the proposed upgrades to Whakatāne WWTP would no longer be required under the newly proposed wastewater performance standards. This is due to the existing ocean outfall meeting these proposed new standards. Therefore, based on this advice, this upgrade has been excluded from the budget.
- The Edgecumbe upgrades are to remain as the plant currently experiences some non-compliance.

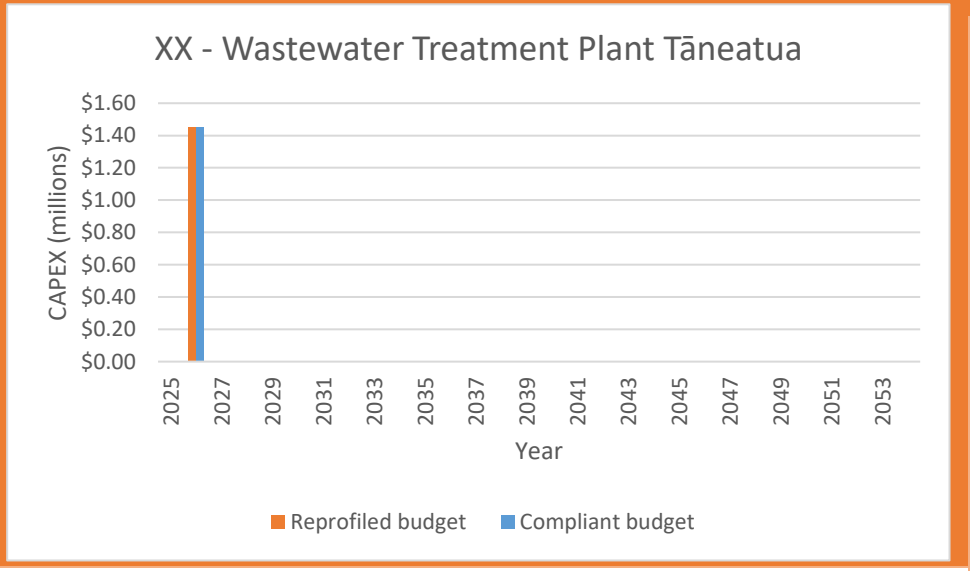


Changes		Impacts	
Scope	No change.	**Environmental**	Improvements to existing impacts at Edgecumbe will be achieved a year sooner. There is expected to be no change to environmental outcomes currently provided by the Whakatāne WWTP with discharges being managed to existing consent conditions. New consent condition are expected to be in line with existing.
Timing	The project start date has moved forward one year to 2028	**Regulatory**	No impact.
Budget	No change.	**Other**	No other specific impacts noted.

XX - Wastewater Treatment Plant Tāneatua

Background

- The discharge consent for Tāneatua WWTP expires in 2026.
- The plant is generally compliant with the existing consents.
- A co-design working group is establishing what the WWTP design may look like. This work is ongoing.
- Recent discussions held between WDC and regulators have identified that this scheme may qualify as a smaller scheme under the new proposed wastewater performance standards. Some budget remains in 2026 for reconsenting and any minor upgrades.
- We note that WDC are currently getting an independent assessment to confirm if this scheme meets the above definition and would be subject to the wastewater performance standards being implemented as proposed.

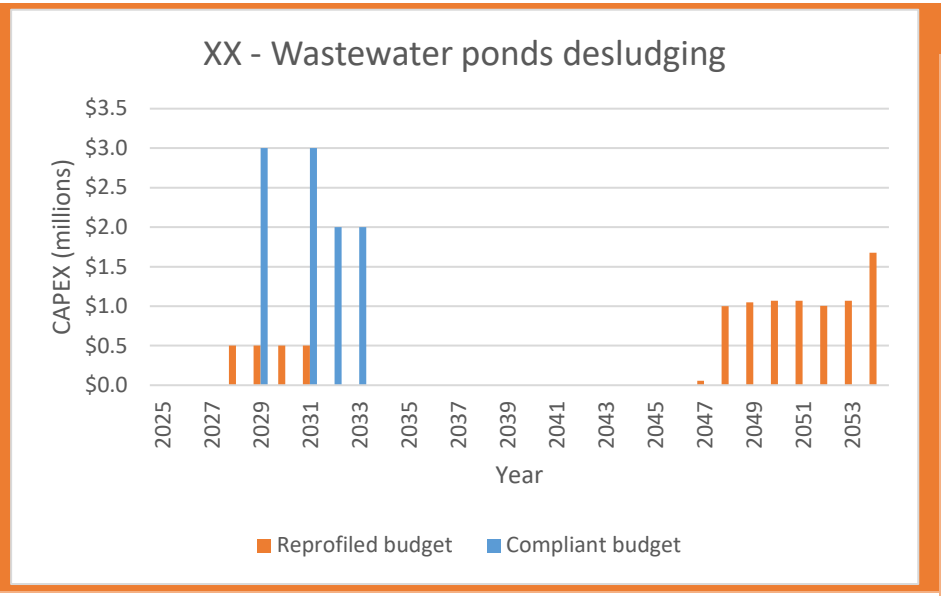


Changes		Impacts	
Scope	No change.	**Environmental**	No impact as there is no change to the project.
Timing	No change.	**Regulatory**	No impact as there is no change to the project.
Budget	No change.	**Other**	No impact as there is no change to the project.

XX - Wastewater ponds desludging

Background

- This project is for the desludging of the existing ponds at the Whakatāne, Edgecumbe, Murupara and Tāneatua WWTPs. The assumed step change required in treatment associated with the upgrades at these plants would likely render the current oxidation ponds obsolete.
- This project allows for the desludging and disposal of material and rehabilitation of the ponds.
- Based on information outlined in the Whakatāne and Edgecumbe WWTP upgrade Options Assessment report, the level of desludging required at Whakatāne and Edgecumbe has been moderated to allow the ponds to be utilised as flow balance ponds.
- The desludging activity is directly related to the timing of WWTP upgrades.

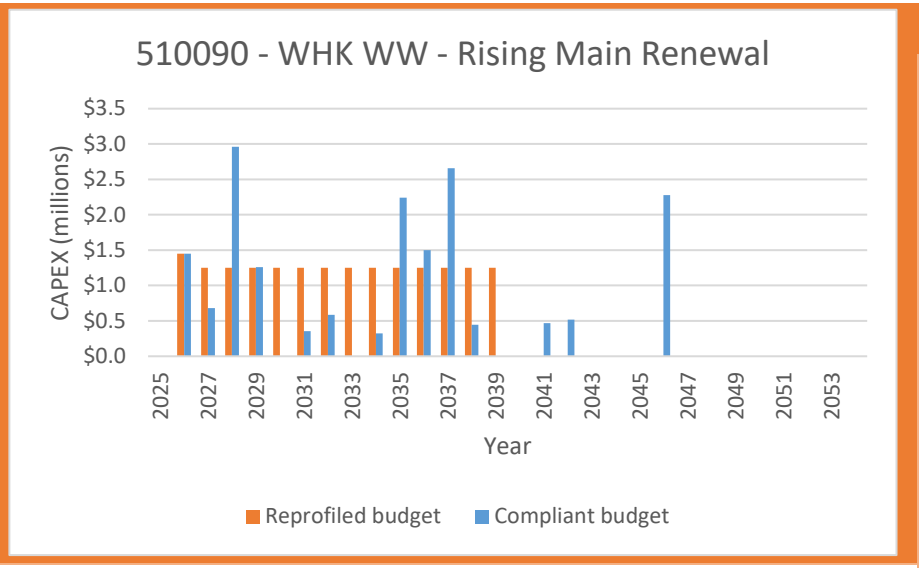


Changes		Impacts	
Scope	No change.	**Environmental**	There is no impact identified for the Edgecumbe ponds. Deferring the desludging and rehabilitation of the ponds for the remaining WWTPs does not have an inherent environmental impact so long as the ponds are managed in their 'dormant' state up until when they are decommissioned and rehabilitated.
Timing	Moved Edgecumbe desludging earlier by one year to 2028 with the remaining of the programme pushing desludging works out from 2031 – 2033 to 2048 – 2054.	**Regulatory**	The assumption of the LWDW compliant budget is that more stringent WW performance standards may result in resource consents that require rehabilitation or at the least demonstration of management processes for the un-used oxidation ponds. If it is the former then there is a risk of possible non-compliance without addressing the pond desludging, if the latter then there is no immediate compliance impact.
Budget	No change over 30-year period.	**Other**	Increased operational and monitoring requirements to manage the obsolete ponds at Murupara and Tāneatua.

510090 - WHK WW - Rising Main Renewal

Background

- This project includes district wide rising main renewals.
- These renewals are critical for the network and function of the schemes with multiple critical rising mains at end of life and key river crossings required.

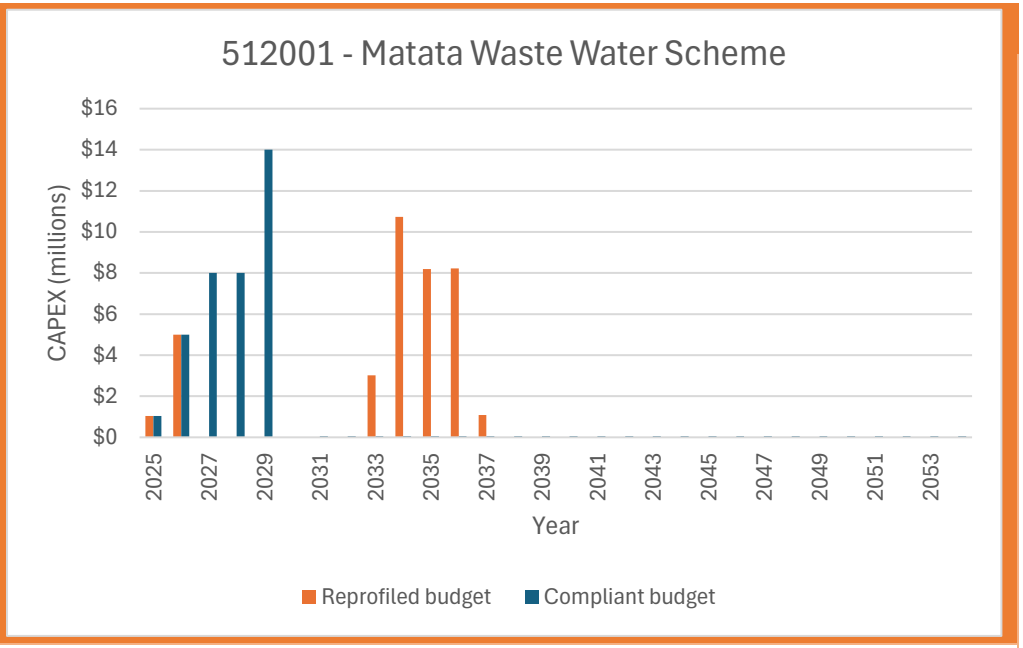


Changes		Impacts	
Scope	No change in overall scope with a level of smoothing of the profile that may require management of staging of larger rising main renewals.	**Environmental**	This project complements the upgrade and renewal of pump stations (Project 510055) and therefore contributes to reducing the risk of wet weather overflows in the network. Recent condition assessment data notes that the rising mains are condition 5 (significant issues and require intervention – either replacement or significant maintenance) and therefore require renewal earlier than the LWDW compliant budget. This change in the re-profiled budget results in a positive impact.
Timing	The programme of works has been brought forward to occur in the first 15 years compared against a 30-year programme.	**Regulatory**	No impact.
Budget	No overall change.	**Other**	Positive impact on Council relationships and potential better level of service outcomes as a result of bringing the programme of works forward.

512001 - Matatā Wastewater Scheme

Background

- This is a long-standing project that has been planned for over 20+ years and involves the installation of a reticulated wastewater scheme.
- This is to address wider environmental and public health effects from often ineffective on-site wastewater systems.
- WDC does not currently provide any wastewater services to Matatā. The primary driver therefore is to include Matatā in a WDC reticulated network and treatment based on general concerns for the adequacy of the current on-lot land disposal system, and is a response to a community desire for a centralised treatment system.
- As this project is primarily classed as being a new LOS (i.e., WDC do not currently provide wastewater services to Matatā) there is a case to say this is not required as per LWDW investment sufficiency tests. However, we note that there are other drivers (growth, community desire and wider environmental concerns) that have meant the project was included in the LWDW compliant budget.

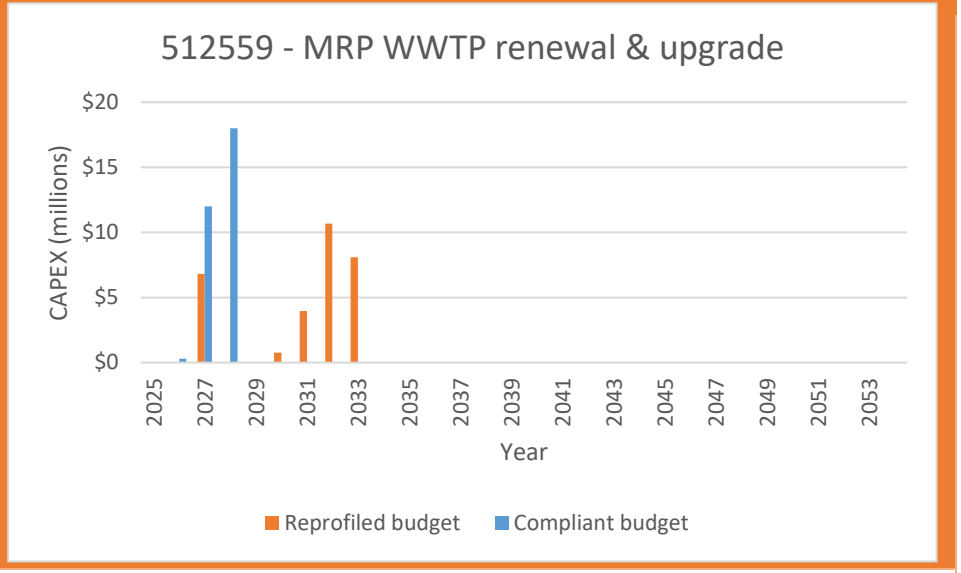


Changes		Impacts	
Scope	No change in scope.	**Environmental**	Deferring the project means that the Matatā Scheme will continue to have environmental impacts with the current on-lot WW disposal systems.
Timing	The earlier concept design and reconsenting remains in 2025 and 2026. The physical works have been deferred from 2027 to 2033.	**Regulatory**	There are timing issues to consider around compliance of the wider scheme with the deferral. However, with a path to implementation of a reticulated network are parties are better able to manage impacts until construction begins in 2033. There may still be some interim costs for Council particularly in terms of approvals under the Building Act. This is related to maintenance zone requirements, with responsible parties yet to be confirmed. However, again, this is a timing issue that could be reasonably managed by all parties even with investment deferred.
Budget	No change over 30-year period.	**Other**	There is a some risk of a negative relationship impact on Council's relationship with stakeholders and in particular the Matatā community due to the deferral of the upgrades.

512559 - MRP WWTP renewal & upgrade

Background

- The discharge consent for Murupara WWTP expires in 2026.
- The plant is generally compliant with the existing consents.
- A co-design working group is establishing what the WWTP design may look like. This work is ongoing.
- This project is for the upgrade works required for compliance with **the proposed** new **wastewater performance standards. At this stage, this WWTP is not expected to be classed as a small scheme under these new standards.**



Changes		Impacts	
Scope	No change.	**Environmental**	The improvement to quality of effluent discharges from the Murupara WWTP upgrade will be deferred from 2027 to 2030. However, there is expected to be no change to environmental outcomes at Murupara with discharges to be managed to existing consent condition levels. This is in keeping with a no 'worse-off' pragmatic approach.
Timing	The project has been pushed out from 2027 to 2030 with construction proposed to be staged over four years as opposed to two years in the LWDW compliant budget.	**Regulatory**	The WWTP will be compliant by 2032/2033 which is in line with expectations communicated by regulators to WDC and legislation requirements. There may still need to be a need for a bridging consent for the intervening years. No compliance impact identified.
Budget	No change over 30-year period.	**Other**	There are residual Council relationship impact and risks to be managed with the local community and iwi co-design partners with the timing of completion pushing out by five years.

4.2 Minor project impacts

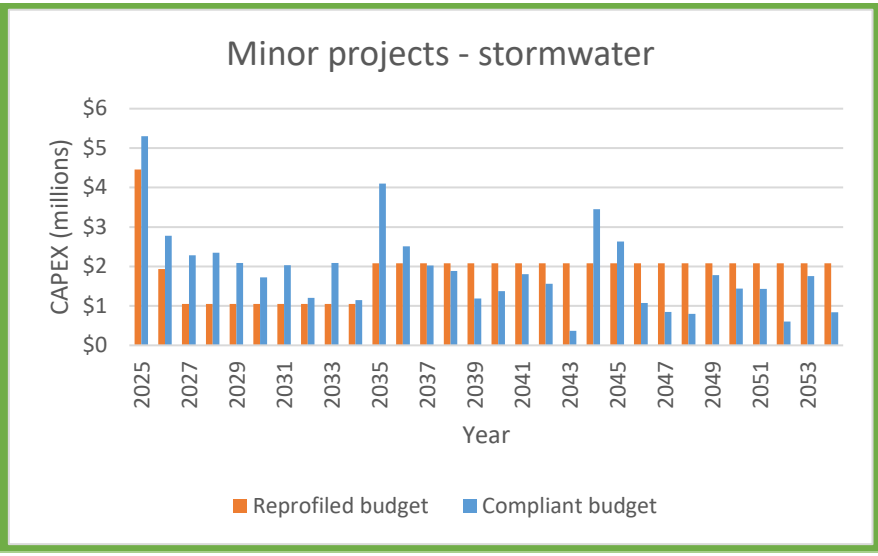
This section outlines the environmental and compliance impacts associated with changes to minor projects within the CAPEX profile, and where relevant other impacts have been highlighted. The tables below outline the background of the project, changes in scope and timing versus the compliant budget, and the associated impacts for each minor project. The minor projects have been treated as a programme of works in the re-profiled budget and therefore our analysis has been kept to an overarching programme level for each three-water service.

Minor projects - stormwater

Background

The LWDW compliant budget has a variety of minor projects over the 30-year budget period that address renewal and LOS capital investment. These are spread out across stormwater service areas and include projects such as:

- Network renewals.
- Pipe upgrades.
- Stormwater pump replacements.
- Reactive emergency renewals.
- Comprehensive SW consent and associated upgrades.
- SW modelling.
- Resource consent monitoring.



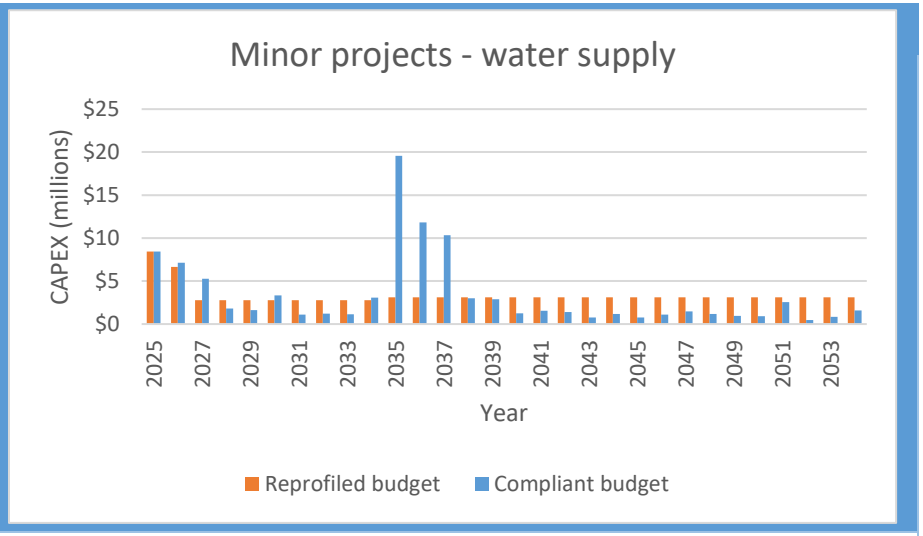
Changes		Impacts	
Scope	No change in overall scope. The programme of works for minor projects are likely to be managed together across all three waters to allow trade-offs and prioritisation in larger minor projects where required. In practice this may mean less (or more) stormwater investment is undertaken in any given year.	**Environmental**	A network with lower level of renewal is likely to experience an increase in breakages. Treatment assets are not expected to be impacted by the re-profiling of budget and therefore there is no specific environmental impact caused by changes to the minor project budgets.
Timing	The minor projects have been combined into a programme of works and spread out over the 30-year period.	**Regulatory**	There is a risk that deferring renewals and upgrades to parts of the network will lead to degradation of assets resulting in Council being in breach of some RMA obligations. In terms of compliance this is most likely to be in the area of increased flooding due to poor performing network assets.
Budget	No overall change over the 30-year period. The profile smoothing results on average in a reduction from 2025 to 2034, whereas the final 20 years from 2035 to 2054 has increased on average.	**Other**	Deferred investment over a longer period may result in a reduction in LOS to the community as a result of degraded asset condition and performance. This may be perceived negatively by the community increasing the reputational risk to Council. This may also result in developers being deterred from investing in development within the district due to degraded network capacity and performance.

Minor projects – water supply

Background

The LWDW compliant budget has a variety of minor projects over the 30-year budget period that address renewal and LOS capital investment. These are spread out across water supply service areas and include projects such as:

- Network renewals and upgrades.
- Water loss/leak detection.
- Water take consents.
- Pump station renewals.
- Modelling and calibration.
- Reactive emergency renewals.
- Minor reservoir upgrades.
- Pump station civil, mechanical and electrical renewals.



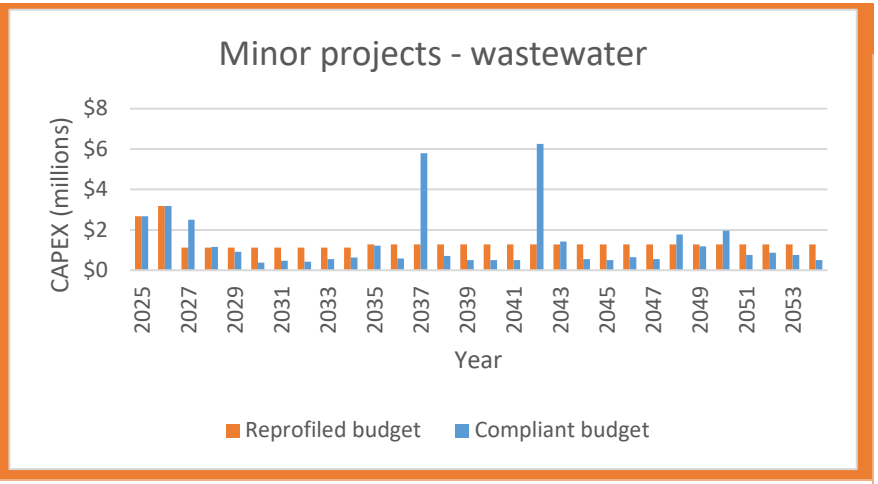
Changes		Impacts	
Scope	No change in overall scope. The programme of works for minor projects are likely to be managed together across all three waters to allow trade-offs and prioritisation in larger minor projects where required. In practice this may mean less (or more) water supply investment is undertaken in any given year.	**Environmental**	A network with lower level of renewal is likely to experience an increase in breakages which could lead to increased water losses in the network. However, this is not expected to have an environmental impact. Treatment assets are not expected to be impacted by the re-profiling of budget and therefore there is no specific environmental impact caused by changes to the minor project budgets.
Timing	The minor projects have been combined into a programme of works and spread out over the 30-year period.	**Regulatory**	No expected compliance impacts due to a change in budgets. Drinking water regulatory requirements are covered by Major Projects.
Budget	No overall change over the 30-year period. The profile smoothing results on average in a reduction from 2025 to 2034, whereas the final 20 years from 2035 to 2054 has increased on average. The spike in 2035 for the LWDW compliant budget is due to deferral of minor works until Year 11. The re-profiled budget represents a more deliverable profile.	**Other**	Deferred investment over a longer period may result in a reduction in LOS to the community as a result of degraded asset condition and performance. This may be perceived negatively by the community increasing the reputational risk to Council. This may also result in developers being deterred from investing in development within the district due to degraded network capacity and performance.

Minor projects – wastewater

Background

The LWDW compliant budget has a variety of minor projects over the 30-year budget period that address renewal and LOS capital investment. These are spread out across wastewater service areas and include projects such as:

- Minor upgrades to Whakatāne and Te Mahoe WWTPs.
- Ohope WWTP renewals and upgrades.
- Wastewater model network updates.
- Sampling and condition assessment of network.
- Resource consenting for wastewater discharge.
- Mobile generator/pumps and trailers.
- Reactive emergency renewals.



Changes		Impacts	
Scope	No change in overall scope. The programme of works for minor projects are likely to be managed together across all three waters to allow trade-offs and prioritisation in larger minor projects where required. In practice this may mean less (or more) wastewater investment is undertaken in any given year.	**Environmental**	A network with lower level of renewal is likely to experience an increase in breakages which could lead to increased wastewater overflows. Therefore, there is an increased risk of detrimental impact on the environment. Treatment assets are not expected to be impacted by the re-profiling of budget.
Timing	The minor projects have been combined into a programme of works and spread out over the 30-year period. The spikes in the LWDW compliant budget are due to one-off larger projects. The smoothing of this will have to be staged appropriately in the re-profiled budget as outlined in the scope changes above.	**Regulatory**	In a future scenario with assumed increased wastewater performance standards, network performance may be included in specific consent conditions and therefore there is the possibility of future non-compliance due to the risk of increased overflows. However, this risk is mitigated partially by the provision of pump station renewals (Project 510055) that help reduce wet weather overflow likelihood, but less so for dry weather overflows.
Budget	No overall change over the 30-year period. The profile smoothing results on average in a reduction from 2025 to 2034, whereas the final 20 years from 2035 to 2054 has increased on average.	**Other**	Deferred investment over a longer period may result in a reduction in LOS to the community as a result of degraded asset condition and performance. This may be perceived negatively by the community increasing the reputational risk to Council. This may also result in developers being deterred from investing in development within the district due to degraded network capacity and performance.

4.3 Profile level impacts

This section covers high-level commentary and observations of possible other impacts and risks associated with the re-profiled budget.

The driver for the re-profiled budget is to determine the maximum capital investment that is affordable in a standalone business unit delivery model. This necessitates spending up to an annual maximum every year ($21 million) and therefore capital investment is expected to be delivered at the 'limit' with no debt headroom available up until 2048.

Therefore, if adopted, any changes to the spend profile of this revised budget are likely to result in negative financial impacts to Council (e.g., exceeding LGFA debt limit metrics, possible one-off rates increases). These could be caused or exacerbated by 'unknown unknowns' occurring which have significant financial impacts to WDC. Examples of this could include future major changes to regulation requirements that have not been planned for, significant natural events or a major shift in growth and demographics with WDC. This is a function of 30-year capital planning where often a budget profile may miss or understate outer year investment requirements, however, generally there is debt headroom capacity to absorb or reallocate budget to meet this additional expenditure. This is not the case for the re-profiled budget up until 2048 where the financial impact will be immediate. However, the final six years of the 30-year budget varies between $11 - $16 million in investment per annum leaving some capacity to absorb financial impacts in these outer years.

A large portion of the re-profiled budget requires the smoothing of expenditure over 30 years to fit within the $21 million affordability envelope. This results in the deferral of investment across renewals and levels of service (as highlighted for the Minor Projects). Therefore, there is an elevated risk of degradation of assets, particularly in network assets, and therefore a reduction in level of service provided across each of the three waters. This is particularly relevant in that the LWDW compliant assumed a 'no worse off' approach to renewals where renewals have been matched to levels of depreciation for at least the first 10 years but does not explicitly address the backlog of renewals across three waters. Under the re-profiled budget there is continued deferral of renewals with no ability to address any backlog.

There is also a risk of a negative impact on Council's relationship with stakeholders due to decisions made in prioritising capital investment within the re-profiled budget. This is likely to impact how Council is perceived by the public, the willingness of partners to participate in future co-design and the level of engagement by the wider community.

5 Summary

WDC have undertaken a CAPEX re-profiling exercise to determine what three waters projects can fit within an affordability envelope that WDC finance team have identified over the next 30 years. The basis of this exercise was using a LWDW compliant 30-year CAPEX budget prepared by T+T recently.

We have reviewed this re-profiled 30 Year CAPEX budget and highlighted the impact and risk of the changes to budgets against the LWDW compliant budget. These have been discussed across three categories:

- Major project impacts.
- Minor project impacts.
- Profile level impacts.

The main findings of the impact and risk analysis for Council to consider are:

- **The budget has reduced overall.** The overall 30-year budget for the re-profiled CAPEX budget has reduced by $25.5 million from $601.5 million to $576 million when compared against the LWDW compliant budget.
- **There are no major compliance or environmental based risks associated with WWTP projects.** The re-profiled budget is largely in line with the LWDW compliant budget in respect to WWTP investment. The LWDW compliant budget has been informed by recent discussions WDC have had with regulators, who have provided advice on the investment requirements for compliance based on proposed new wastewater performance standards that were released for consultation in early March 2025. We note that the proposed wastewater performance standards that have been released for consultation could change before they are finalised. This may have a significant impact on overall WWTP costs with upgrades possibly being required if standards and plant category sizes are increased. This may consequently make the re-profiled budget non-compliant.
- **Edgecumbe flooding impacts remain.** Edgecumbe currently has known flooding issues that result in wet weather wastewater overflow events. The re-profiled budget seeks to investigate this and determine a solution in the same timeframe as the LWDW compliant budget, however, physical works have been deferred from 2030 to 2054. There is a risk that deferring upgrades to mitigate flooding impacts will have a secondary environmental impact where known wet weather wastewater discharges (due to illegal cross-connections) will continue to occur and likely at an increased frequency over time.
- **Many changes to the other Major Projects have only minor impacts on environmental or regulatory risks.** The remaining project changes in the re-profiled budget have either had little to no impact across environmental and regulatory categories.
- **There are a range of other impacts for Council to consider due to deferral or removal of projects across three waters.** The remaining impacts and risks for Council to consider are categorised under ‘Other impacts’. These are summarised as follows:
  - Removing provisions for growth in some projects (such as The Plains water supply capacity and Te Teko/Awakeri water supply growth provisions) may increase the risk of negative reputational impacts for Council and affect Councils relationship with these communities.
  - This may also result in developers being deterred from investing in development within these areas due to inadequate capacity.
  - Deferred investment across the Minor Projects over a longer period may result in a reduction in LOS to the community as a result of degradation of asset condition and

performance. This may be perceived negatively by the community increasing the reputational risk to Council.

- Similarly, across the Minor Projects, deferral of investment may also result in developers being deterred from investing in development within the district due to degraded network capacity and performance, and insufficient infrastructure to connect to.

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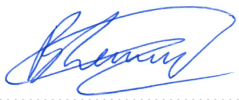
6 Applicability

This report has been prepared for the exclusive use of our client Whakatāne District Council, with respect to the particular brief given to us and it may not be relied upon in other contexts or for any other purpose, or by any person other than our client, without our prior written agreement.

Tonkin & Taylor Ltd
Environmental and Engineering Consultants

Report prepared by:



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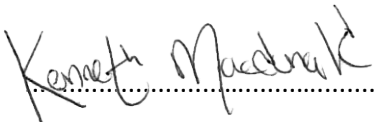
Ben Senior
Water Resources Engineer

Authorised for Tonkin & Taylor Ltd by:



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Ken Macdonald
Project Director

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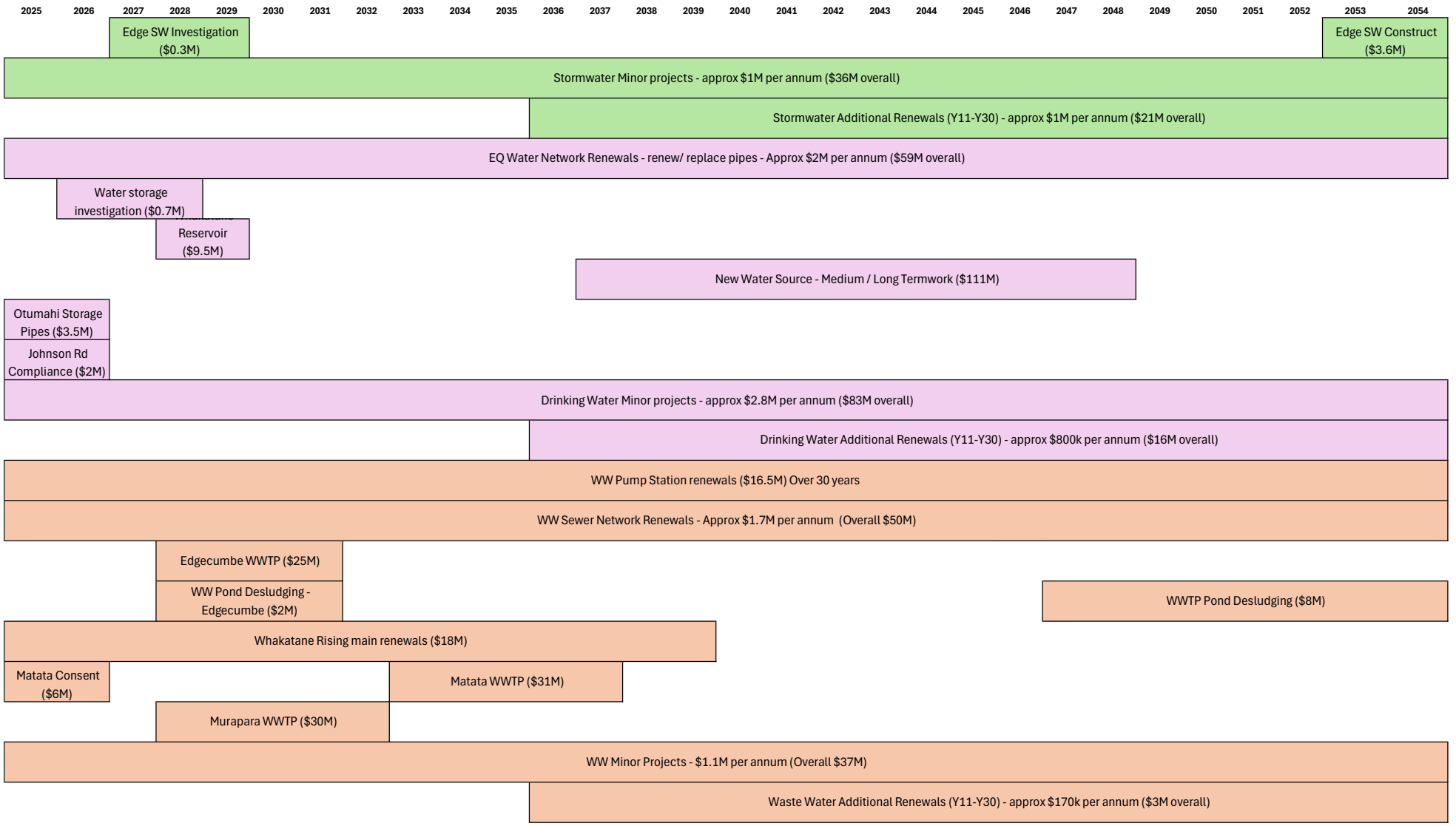
Appendix A Re-profiled 30 Year CAPEX Budget

- **This budget summary has been provided by WDC and is reproduced in this report to give context to the impact and risk analysis.**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Edge SW Investigation ($0.3M)
Edge SW Construct ($3.6M)
Stormwater Minor projects - approx $1M per annum ($36M overall)
Stormwater Additional Renewals (Y11-Y30) - approx $1M per annum ($21M overall)
EQ Water Network Renewals - renew/ replace pipes - Approx $2M per annum ($59M overall)
Water storage investigation ($0.7M)
Reservoir ($9.5M)
New Water Source - Medium / Long Termwork ($111M)
Otumahi Storage Pipes ($3.5M)
Johnson Rd Compliance ($2M)
Drinking Water Minor projects - approx $2.8M per annum ($83M overall)
Drinking Water Additional Renewals (Y11-Y30) - approx $800k per annum ($16M overall)
WW Pump Station renewals ($16.5M) Over 30 years
WW Sewer Network Renewals - Approx $1.7M per annum (Overall $50M)
Edgecumbe WWTP ($25M)
WW Pond Desludging - Edgecumbe ($2M)
WWTP Pond Desludging ($8M)
Whakatane Rising main renewals ($18M)
Matata Consent ($6M)
Matata WWTP ($31M)
Murapara WWTP ($30M)
WW Minor Projects - $1.1M per annum (Overall $37M)
Waste Water Additional Renewals (Y11-Y30) - approx $170k per annum ($3M overall)

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REPORT

Tonkin+Taylor

Water Service Delivery Plan Support

Three Waters Indicative Compliant Budget

Prepared for
Whakatāne District Council
Prepared by
Tonkin & Taylor Ltd
Date
March 2025
Job Number
1097114.0000 v4

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Document control

Title: Water Service Delivery Plan Support					
Date	**Version**	**Description**	**Prepared by:**	**Reviewed by:**	**Authorised by:**
16/01/2025	1	Draft report framework for Client feedback	E Bond B Senior	G McIntosh	K Macdonald
31/01/2025	2	Final report	E Bond B Senior	G McIntosh	K Macdonald
10/02/2025	3	Updated final report	E Bond B Senior	G McIntosh	K Macdonald
7/03/2025	4	Updated final report based on regulator advice provided to WDC	E Bond B Senior	G McIntosh	K Macdonald

Distribution:

Whakatāne District Council	1 PDF copy
Tonkin & Taylor Ltd (FILE)	1 electronic copy

Table of contents

Executive summary

Tonkin & Taylor Ltd (T+T) has been engaged by Whakatāne District Council (WDC) to review the recently adopted 2024 – 2034 Long Term Plan (LTP) budgets and create an updated "stress-tested" compliant budget for Local Water Done Well (LWDW) decision making and to ensure that budgets meet requirements of regulators and LWDW legislation. This work aimed to specifically identify potential savings across Capital Expenditure (CAPEX) and Operational Expenditure (OPEX) budgets to support WDC's ability to continue operating as an internal standalone three waters business unit under LWDW.

Our approach to this review has been materiality based – focusing on the largest project investment areas that have the greatest impact on the overall budget. This '80/20' approach was adopted to focus effort given the tight timeframes and desire from WDC to focus on main areas where budget changes could be made (this roughly correlated to 20 % of projects that contribute 80 % of the expenditure across the 10 and 30 year time horizons).

A key assumption underpinning our review is that the budgets must be sized for the following legislative requirements:

- Sustainable investment (we have taken this as investment matches depreciation).
- Enables projected growth.
- Achieves regulatory compliance (Taumata Arowai and Bay of Plenty Regional Council).

For our review comparison, we have adopted the following baseline budgets:

- The baseline budget for Years 1 – 10 is the adopted LTP budget.
- The baseline budget for Years 11 – 30 uses the corresponding budget from the 2024 – 2054 Infrastructure Strategy which has not had financial constraints applied.

WDC have met with regulators (Taumata Arowai, Bay of Plenty Regional Council) who have provided advice on the investment requirements for compliance based on proposed new wastewater performance standards that were released for consultation in early March 2025. The advice provided by the regulators has been incorporated into finalising our LWDW compliant budget.

Our review has highlighted a number of main budget changes and key considerations (all figures provided in this report are uninflated). The following summarises the main budget changes compared against the baseline WDC budgets reviewed:

- The total three waters CAPEX investment over 30 years is $601.5 million. In comparison, the 2024 – 2054 Infrastructure Strategy CAPEX investment was $744 million.
- The $142.5 million reduction in CAPEX investment is primarily driven by decreases in the Whakatāne, Edgecumbe and Tāneatua Wasterwater Treatment Plant (WWTP) budget which was originally $156 million in the Infrastructure Strategy and is now $26.5 million with only Edgecumbe WWTP upgrade required and some reconsenting cost allowance for Tāneatua. In addition, there has been a reduction of $8 million in assumed wastewater pond desludging requirements. The remaining $5 million reduction is based on minor changes to various major projects and adjustments in renewals across Years 1 – 10 to match depreciation.
- The total three waters OPEX investment over 30 years is $1.03 billion. This is an increase of $52 million on the OPEX information provided for review and is wholly driven by the inclusion of consequential OPEX for new and upgraded WWTPs and WTPs.

The key considerations and assumptions of our review are:

- In general, our review found that the assessed major projects are not considered "gold plated" except for the Matatā Wastewater Scheme which has been highlighted for further consideration. This is based on WDC not currently servicing this township and therefore there is no existing regulatory compliance driver to construct the scheme. We note that there are other drivers (growth, community desire and wider environmental concerns) that warrant this project remaining in the budget. The existing $36 million for this project has been left in the budget at this stage.
- Whakatāne and Tāneatua WWTP upgrade projects have been removed based on recent discussions held between WDC and regulators. The advice provided by the regulators to WDC was in light of newly proposed wastewater performance standards released for consultation in early March. Confirmation that Tāneatua does not require an upgrade is subject to an independent assessment that WDC have commissioned to determine if the WWTP meets the definition of a small WWTP in the new proposed wastewater performance standards. $1.4 million remains in 2026 for Tāneatua WWTP for reconsenting costs and any possible minor upgrades required.
- While the above advice has been incorporated into the LWDW compliant budget we note that the proposed wastewater performance standards that have been released for consultation could change before they are finalised. This may have a significant impact on overall WWTP costs with upgrades possibly being required if standards and plant category sizes are increased.
- Wastewater pond desludging projects have been decreased by $8 million on the basis that recent concept designs for Edgecumbe WWTP upgrade utilise the existing ponds for flow balancing. Therefore, desludging requirements have been assumed to be lower than initially estimated.
- Various Water Treatment Plant (WTP) and water reservoir renewals projects have been increased back to original Infrastructure Strategy budget amounts as they cannot be scaled in the same way as other network renewals.
- Renewals across three waters have had a minor net increase of $1 million over Years 1 – 10 when compared against projected depreciation levels.
- The renewals assessment approach does not address any of the backlog over 30 years (approximately $96 m as highlighted by MartinJenkins). This assumption would need to be tested with both the regulator and DIA.
- Our review approach only focussed on 15 major projects and programmes that contribute approximately 80 % of the indicative compliant budget in Years 1 – 10. The remaining smaller CAPEX projects amount to $197 million spread out over Years 1 – 30 and should be reviewed before submitting a Water Service Delivery Plan.
- Additional consequential OPEX costs have been included that relates to new and upgraded WWTP and WTPs. This equates to $52 million additional over 30 years. We note that WDC expectations are that OPEX costs in the network will reduce as a result of increased renewals (compared to historic renewals levels) which may offset this increase in treatment costs. This assumption has not been tested or included into our overall OPEX assessment but could be explored further.

There are several additional levers and investigation avenues that could be explored to further revise the timing, scope and costs of key projects. The three immediate opportunities include:

- Assess and confirm the implications of the proposed wastewater performance standards on the remaining WWTP upgrade for Murupara as well as confirmation that Tāneatua WWTP does not require an upgrade as it meets the definition of a small WWTP in the new proposed wastewater performance standards.

- Consideration of timeframes for iwi-led treatment project requirements and possibility of deferring, especially waste to land.
- Specific discussion and assessment of Matatā Wastewater Scheme including the drivers for the project and compliance requirements.

1 General

Tonkin & Taylor Ltd (T+T) has been engaged by Whakatāne District Council (WDC) to review the recently adopted 2024 – 2034 Long Term Plan (LTP) budgets and create an updated "stress-tested" compliant budget for Local Water Done Well (LWDW) decision making and to ensure that budgets meet requirements of regulators and LWDW legislation. This work aimed to specifically identify potential savings across Capital Expenditure (CAPEX) and Operational Expenditure (OPEX) budgets to support WDC's ability to continue operating as an internal standalone three waters business unit under LWDW.

1.1 Background

The 2024 LTP budget that WDC recently adopted was constrained to balance community affordability against a needs-based budget requested by staff. The adopted budget for the 10-year LTP period was $180 million while the requested needs-based budget was $440 million. The main assumptions that WDC made in reducing the 10-year budgets were as follows:

- No wastewater treatment plant (WWTP) upgrades would be required to support re-consenting of four WWTPs.
- Renewals budgets could be reduced to 70 % of the requested needs-based assessment.
- Budgets for compliance, resilience projects, and other levels of service upgrades could be reduced to 50 % of what was requested in the needs-based assessment.

The LWDW legislation introduces financial requirements that are different from the LGA (ring fencing and minimum investment levels) and WDC must use these new requirements as it develops a preferred scenario and plan.

As part of the LWDW workstream, WDC engaged Martin, Jenkins & Associates Limited (MartinJenkins) to evaluate WDC current state under the new legislation. To complete this work, MartinJenkins made broad adjustments to the LTP budget, moderating the key assumptions above to approximate compliance with LWDW investment requirements. MartenJenkins's draft findings highlighted debt funding constraints and affordability concerns that questioned the viability of WDC using a standalone business unit delivery model.

The budgets used are foundational inputs to all of the subsequent analysis and consultation. The purpose of this work is to develop a baseline budget that meets the investment requirements of LWDW while ensuring that the "needs" underpinning the projects have been tested for spending that can be deferred to improve affordability.

1.2 Scope

Our scope of services provided to WDC included the following:

- Ingest and understand WDC budget data.
- Identify the projects that represent the majority of the works programme (80/20 approach) and focus on these for subsequent steps.
- Hold workshops with key three waters and asset management staff to understand budget development, assumptions and constraints.
- Review of additional information provided by WDC.
- Develop baseline budgets that meet the compliance, growth, and renewal investment requirements but exclude deferrable budget.
- Workshop draft findings with executive level staff.

- Prepare a report summarising our findings (this document) and issue an updated 30-year CAPEX and OPEX budget.

1.3 Exclusions/limitations

This section outlines specific exclusions of our assessment, noting that the timeframes and level of detail of our approach necessitates that the budget review is high-level only.

These exclusions and limitations are as follows:

- Modifying the baseline budget for other constraints, for example deliverability or debt headroom.
- We assumed the reliability of the underlying technical analysis that WDC staff used to prepare the unconstrained budgets. We did not review, for example, asset baselives /condition scores /cost estimates, or rebuild budgets from first principles (for example, bottom-up, criticality-based renewals forecasting).
- Review of proposed works for alignment with specific WDC strategies. For example, we assumed the adequacy of the resilience projects specified in the Asset Management Plans (AMPs) and Infrastructure Strategy (IS).
- OPEX impact of interfacing between two organisations under a change to service delivery has not been assessed.
- Based on our materiality approach of reviewing budgets with largest proposed expenditure, we have not reviewed each LTP project on a line-by-line basis. Therefore, these smaller projects have not been checked against LWDW investment sufficiency tests.
- There has been no bottom-up cost estimation. All cost estimates provided by WDC have been sensed checked at a high-level against recent public industry costs and known similar project costs.

2 Regulator discussions and CAPEX re-profiling assessment

We note that WDC have undertaken a CAPEX re-profiling exercise to determine what projects can fit within an affordability envelope that WDC finance team have identified over the next 30 years. Our understanding is that this envelope equates to $21 million (nominal) per year and represents the level of investment possible in a standalone three waters business unit scenario. This exercise has been undertaken by WDC to provide a basis for discussions with regulators around what compliance-based projects could be deferred (or not), and ultimately whether there is a realistic path to adopting a standalone three waters business unit under LWDW.

WDC have since met with regulators (Taumata Arowai, Bay of Plenty Regional Council) who have provided advice on the investment requirements for compliance based on the consultation version of proposed new wastewater performance standards that were released by Taumata Arowai in early March 2025. The advice provided by the regulators has been incorporated into finalising our LWDW compliant budget.

While the above advice has been incorporated into the LWDW compliant budget we note that the proposed wastewater performance standards that have been released for consultation could change before they are finalised. This may have a significant impact on overall WWTP costs with upgrades possibly being required if standards and plant category sizes are increased.

3 Approach

3.1 Overview

Our approach to this review has been materiality based – focusing on the largest project investment areas that have the greatest impact on the overall budget. A key assumption underpinning our review is that the budgets must be sized for the following legislative requirements:

- Sustainable investment (we have taken this as investment matches depreciation).
- Enables projected growth.
- Achieves regulatory compliance (Taumata Arowai and Bay of Plenty Regional Council).

In general, our approach included the following:

- An '80/20' approach to focus effort given the tight timeframes and desire from WDC to focus on main areas where budget changes could be made (this roughly correlated to 20 % of projects that contribute 80 % of the expenditure across the 10 and 30 year time horizons).
- The MartinJenkins draft report identified that the main CAPEX constraints are wastewater related in Years 11 – 20.
- From this, 15 key projects have been identified to review in further detail. The 15 major projects and programmes are outlined in Appendix A.
- We held three workshops with WDC staff (Michael Van Tilburg – Acting Manager Three Waters and Cullyn Tutua – Asset Engineer Three Waters) on the following dates:
  - 11 December 2024 (Wastewater CAPEX focus).
  - 18 December 2024 (Water supply CAPEX focus).
  - 14 January 2025 (Stormwater CAPEX and three waters OPEX focus).
- We held a workshop with WDC Executive level staff and project sponsors to incorporate any wider feedback.
- The development of the three waters indicative compliant budget was therefore undertaken in cooperation with inputs from WDC staff and relied on background knowledge and explanation of the budgets originally allowed in the AMPs and Infrastructure Strategy.

The approach to each specific area is expanded on in Sections 3.4 and 3.5.

3.2 Information provided by WDC

The primary inputs into our review included the following information sources provided by WDC:

- WDC 2024 – 2034 LTP document.
- Infrastructure Strategy assumptions including OPEX budgets at the service level and inflation rate factors.
- 10-year adopted LTP CAPEX budget.
- 30-year mostly constrained CAPEX budget, aligned to the changes made for the adopted LTP budget structure.
- 30-year unconstrained CAPEX budget with some projects aggregated.
- 10-year adopted LTP OPEX budget (aggregated under Direct Costs, Indirect Costs and OPEX project specific costs).
- Supporting information as identified during our workshops with staff:
  - Current state review and high-level options assessment for water services delivery (Draft), November 2024. Martin, Jenkins & Associates Limited (MartinJenkins).

- Whakatāne District Wastewater Management Options Assessment (Commercial and Confidential), December 2024. Pattle Delamore Partners Ltd (PDP).
- Whakatāne DC – Statement on Drinking Water Quality Performance – July to September 2024, December 2024. WDC.
- Whakatāne Water Supply Strategy – Concept Working Plan (Project No. 153, Dwg No. 01), December 2022. Warren McKenzie Consulting Ltd.
- Whakatāne Water Supply Strategy – Conceptual Costing spreadsheet, December 2022. Warren McKenzie Consulting Ltd.
- Whakatāne District Reservoir Assessment Report (Contract 20-025, A1693855), October 2020. GHD Ltd.
- Water Reservoirs Assessment Report October Inspection and Capital Renewal Works Programme (A1809453), October 2020. GHD Ltd.
- Current wastewater consents for all WWTPs.
- Example OPEX costs for Braemar and Otumahi Water Treatment Plant (WTP) upgrades.
- Braemer WTP capacity information.
- Otumahi reservoir and pipe costs.

3.3 Baseline WDC budgets

For our review comparison, we have adopted the following baseline budgets:

- The baseline budget for Years 1 – 10 is the adopted LTP budget.
- The baseline budget for Years 11 – 30 uses the corresponding budget from the 2024 – 2054 Infrastructure Strategy which has not had financial constraints applied.

3.4 CAPEX

3.4.1 Growth driven projects

Growth driven projects were assessed against proposed growth areas in the LTP to determine if sufficient projects exist to unlock this growth. We note that none of the identified major projects are primarily growth driven. However, the following projects have growth as a sub-driver:

- Matatā Wastewater Scheme (Project 512001 - Matatā Wastewater Scheme).
- Rangitāiki Plains - Johnson Road WTP upgrades (included in Project 414592 - PLAINS W - Water Safety Plans).
- Whitepine reservoir (included in Project 410032 - EQ Water Storage).

3.4.2 Compliance driven projects

- The identified major projects that are primarily driven by regulatory compliance were all related to WWTP upgrades to support re-consenting of existing WWTPs.
- Our review involved a high-level assessment of current resource consents compared against likely new consent conditions and any resulting upgrades that may be required. These WWTPs include:
  - Whakatāne.
  - Edgecumbe.
  - Murupara.
  - Tāneatua.

- The Water Services Authority – Taumata Arowai has recently released proposed new wastewater performance standards (National Wastewater Environmental Performance Standards) that set the proposed compliance level requirements for WWTPs. We have not reviewed the proposed standards as part of our assessment. We note that these are at the consultation stage and have not yet been adopted.
- WDC have since met with regulators who have provided advice on the investment requirements for compliance based on new proposed wastewater performance standards that were released in early March. The advice provided by the regulators has been incorporated into finalising our LWDW compliant budget (refer section 4.2 below).
- The recent Whakatāne and Edgecumbe combined WWTP upgrade options assessment and cost estimates[1] provided by WDC has been used in conjunction with other recent WWTP cost estimation that T+T has been involved in as the primary source for reviewing WWTP budgets.

3.4.3 Other Levels of Service (LOS) projects

The high-level approach to assessing minimum required spend for LOS projects that aren't compliance driven involved determining if the project is going to increase LOS or whether the project is a required upgrade to maintain an already established LOS. If it is the former, then this project can be considered "gold plated" (refer Section 3.4.5). If it is the latter, then the project can be considered necessary. We note that many of the major projects that fall into this category have growth and resilience drivers in addition to upgrades required to maintain existing LOS.

3.4.4 Renewals

- We have assumed that for renewals to be compliant under LWDW then at a minimum investment levels are required to match depreciation.
- On this basis, a high-level three waters portfolio analysis has been undertaken comparing depreciation amounts against budgeted renewals across each water service.
- We note that this has only been undertaken for Years 1 – 10 where depreciation information has been provided by WDC.
- We have also identified renewal-based projects that can't be scaled (e.g., water reservoirs).

3.4.5 Gold plating checks

The following high-level qualitative criteria have been applied in our approach to identifying "gold plated" projects that might be deferred. These criteria have been applied in general across all CAPEX projects:

- Is the project primarily about improving level of service (e.g., resilience), as opposed to enabling growth, compliance, or justifiable minimum renewals?
- Does the project exceed the minimum compliance requirements?
- Has appropriate staging been assessed or allowed for?

To assist the gold plating checks, the information obtained from workshop discussions with WDC staff has been relied upon as staff have first-hand knowledge and experience of the three waters networks. In addition, any provided cost estimates have been sensed checked against known industry costs or recent T+T projects.

[1] Whakatane District Wastewater Management Options Assessment (Commercial and Confidential), December 2024. Pattle Delamore Partners Ltd (PDP).

In general, our review found that the assessed major projects are not considered "gold plated" except for the Matatā Wastewater Scheme which has been flagged for further consideration to determine overall project drivers (refer Section 4.3 for further details).

3.5 OPEX

From the information provided, OPEX costs are split into the following categories at WDC:

- Indirect OPEX costs.
- Direct OPEX costs.
- OPEX project budgets.

For Indirect OPEX and Direct OPEX costs we have been provided water service activity level budgets over 30 years.

We have only been provided OPEX project costs for Years 1 – 10. In lieu of not having OPEX specific project costs for Years 11 – 30 we have assumed that OPEX project costs would be maintained at the average of Years 1 – 10. In keeping with the wider '80/20' approach we have concentrated our OPEX project review on consequential OPEX noting that these costs are often significant compared to other OPEX project costs.

3.5.1 OPEX trends

OPEX trends have been assessed against LTP reported levels and in conjunction with recent financial modelling undertaken by MartinJenkins[2]. We have relied upon this financial modelling for insights into historic OPEX costs as we have not sighted historic OPEX costs as part of our review.

For future trends we have assessed the nominal projected OPEX costs over the 2024 – 2034 LTP period based on information provided by WDC. In addition, the workshops with staff identified examples of recent OPEX costs related to upgrades which is discussed further in Section 3.5.2 below.

3.5.2 Consequential OPEX

Existing OPEX projects were reviewed to determine if appropriate consequential OPEX has been included for major CAPEX investment. In addition, where the timing for a major CAPEX project has been revised, any consequential OPEX has been shifted accordingly.

As noted previously, the WWTP cost estimates provided by WDC provide a good indication of likely CAPEX and OPEX costs to comply with new wastewater performance standards. The following high-level assumptions have been made for consequential OPEX with these costs starting the year following completion of physical works:

- Murupara WWTP upgrade $0.5 million per year additional (starting 2029).
- Matatā new WWTP $0.75 million per year (starting 2030).
- Edgecumbe WWTP upgrade $0.5 million per year additional (starting 2032).

For WTP consequential OPEX, an assessment of recent upgrades at Braemar WTP showed that average annual OPEX costs had increased from $40,000 to $340,000. Therefore, the following high-level assumptions have been applied:

- Whakatāne WTP upgrade $0.5 million per year additional (starting 2038).

[2] Current state review and high-level options assessment for water services delivery (Draft), November 2024. Martin, Jenkins & Associates Limited (MartinJenkins).

We note that WDC expectations are that OPEX costs in the network will reduce as a result of increased renewals (compared to historic renewals levels). This assumption has not been included in our overall OPEX assessment as it is out of scope. This could be explored further by WDC to determine what additional OPEX cost savings could be made.

4 Findings - CAPEX projects

This section outlines the main findings related to the 15 major CAPEX projects. Any reference to adjustments in timing or budget value are in relation to what WDC have adopted in their LTP and what was allowed for in the Infrastructure Strategy. All values stated are nominal (uninflated). Additional detail on each major project can be found in Appendix A.

4.1 Growth driven projects

As outlined earlier, none of the major projects are primarily growth driven and therefore there are no findings to note.

4.2 Compliance driven projects

The main compliance driven budget findings are as follows:

- The following WWTPs are up for reconsent in 2026:
  - Whakatāne WWTP
  - Edgecumbe WWTP
  - Murupara WWTP
  - Tāneatua WWTP
- Of the above WWTPs, Edgecumbe and Murupara will likely require a step change in treatment levels to meet the newly proposed wastewater performance standards and associated likely new consent conditions.
- Recent discussions held between WDC and regulators have identified that the proposed upgrades to Whakatāne WWTP would no longer be required under the newly proposed wastewater performance standards. This is due to the existing ocean outfall meeting these proposed new standards. Therefore, based on this advice, this upgrade has been excluded from the budget.
- Similarly, WDC and regulators have identified that Tāneatua WWTP may qualify as a small scheme under the new proposed wastewater performance standards. Therefore, based on this advice, this project has been excluded from the budget. We note that WDC are currently getting an independent assessment to confirm if this scheme meets the above definition and would be subject to the wastewater performance standards being implemented as proposed with no amendments to the definition of a small WWTP. $1.4 miilion remains in 2026 for Tāneatua WWTP for reconsenting costs and any possible minor upgrades required.
- Therefore, WWTP upgrades totalling $55 million have been moved into Years 1 – 10 that had been deferred to Years 11 – 30.
- Wastewater pond desludging projects have been decreased by $8 million on the basis that recent concept designs for the Whakatāne and Edgecumbe combined WWTP upgrade utilise the existing ponds for flow balancing. Therefore, desludging requirements have been assumed to be lower than initially estimated.

4.3 Other Levels of Service (LOS) projects

The main findings for projects driven by other LOS considerations are as follows:

- Matatā Wastewater Scheme has been highlighted for further consideration based on WDC not currently servicing this township and therefore there is no existing regulatory compliance driver to construct this scheme. We note that there are other drivers (growth, community desire and wider environmental concerns) that warrant this project remaining in the budget. The existing $36 million for this project has been left in the budget at this stage.
- Various WTP and water reservoir projects have been increased back to original Infrastructure budget amounts.
- The Edgecumbe stormwater study project which aims to address known historic flooding issues and loss of LOS for properties in Edgecumbe has been moved forward to 2028 from 2031 and the budget reinstated to $3.4 million (adopted budget was reduced by 50 %).

4.4 Renewals

The main findings for renewals driven projects are as follows:

- Renewals across thre e waters have had a minor net increase of $1 million over Years 1 – 10 when compared against projected depreciation levels. This shows that the proposed renewals over the LTP period is largely consistent with depreciation. This level of assessment has not been undertaken for Years 11 – 30 as no depreciation information was available. We note that renewals budgets for Years 11 – 30 have been matched to Infrastructure Strategy budgets on the basis that these are primarily driven by asset system information as informed by known condition information.
- Individual asset renewals programmes for water reservoirs and WTPs have generally been adjusted to match budget levels in the Infrastructure Strategy after being sensed checked against recent reservoir and WTP upgrade costs. These comprise one-off reservoir and WTP renewals that cannot be scaled over time.
- The renewals assessment approach does not address any of the backlog over 30 years (approximately $96 m as highlighted by MartinJenkins). This assumption would need to be tested with both the regulator and Department of Internal Affairs (DIA).

5 Findings - OPEX spend

The main findings of our OPEX spend review are as follows:

- Indirect and direct OPEX budgets provided by WDC have been reviewed at the water service activity level. Excluding OPEX projects, general OPEX cost has been projected to increase in the 2024 – 2034 LTP from approximately $25.4 million to $29.3 million over Years 1 – 10. This is a modest increase and is well below annual historic OPEX cost increases as outlined in recent financial modelling by MartinJenkins.
- Based on this modest increase over 30 years, there have been no adjustments made to the base level OPEX costs.
- OPEX projects have been provided for Years 1 – 10 only. In lieu of not having OPEX specific project costs for Years 11 – 30 we have assumed that OPEX project costs would be maintained at the average of Years 1 – 10. This equates to $3.8 million per year. Our review highlighted that no allowance has been made for consequential OPEX related to WWTP and WTP upgrades.
- Additional consequential OPEX costs have been included that relates to new and upgraded WWTP and WTPs. This equates to $52 million additional OPEX over 30 years which is a significant increase. We note that WDC expectations are that OPEX costs in the network will reduce as a result of increased renewals (compared to historic renewals levels) which may

offset this increase in treatment costs. This assumption has not been tested or included into our overall OPEX assessment but could be explored further.

- Our workshop discussions with WDC staff highlighted that external consultant costs have increased significantly due to Water Reform requirements dating back to 2019. Due to the level of involvement required as part of Water Reform and now LWDW, external resourcing was required and has only increased in recent years. Until LWDW reforms are finalised, this trend is expected to continue into the near future.
- Newer technology upgrades to assets results in higher operational costs. This is supported in part based on our review of recent upgrades at Braemer WTP which noted that annual average OPEX costs have increased from $40,000 to $310,000 since upgrades were installed in 2023. Higher treatment requirements with greater associated monitoring necessitates more complex technology and use of treatment consumables. This trend is set to continue into the future across both water and wastewater treatment systems.

6 Indicative compliant budget

The following figures Figure 6.1 and Figure 6.2) show the indicative compliant budget profiles for CAPEX and OPEX over 30 years. The values shown are nominal (uninflated).

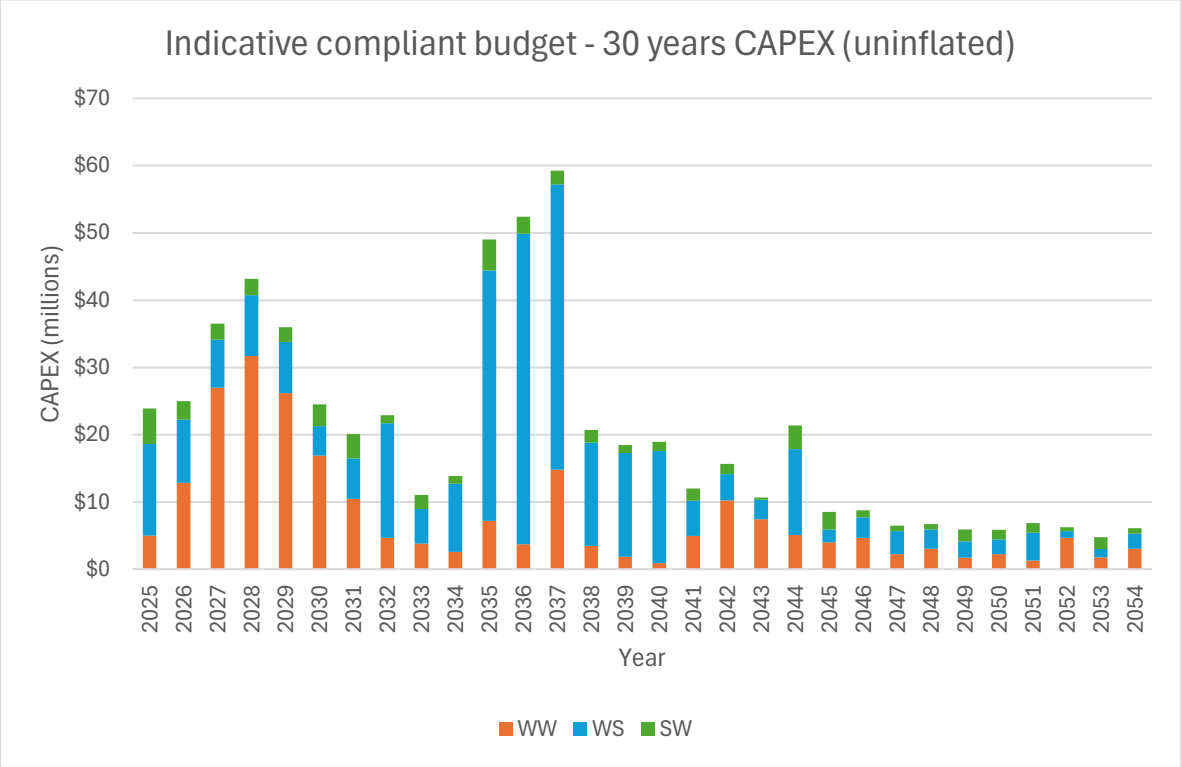

Figure 6.1: Indicative compliant budget – 30 years CAPEX.

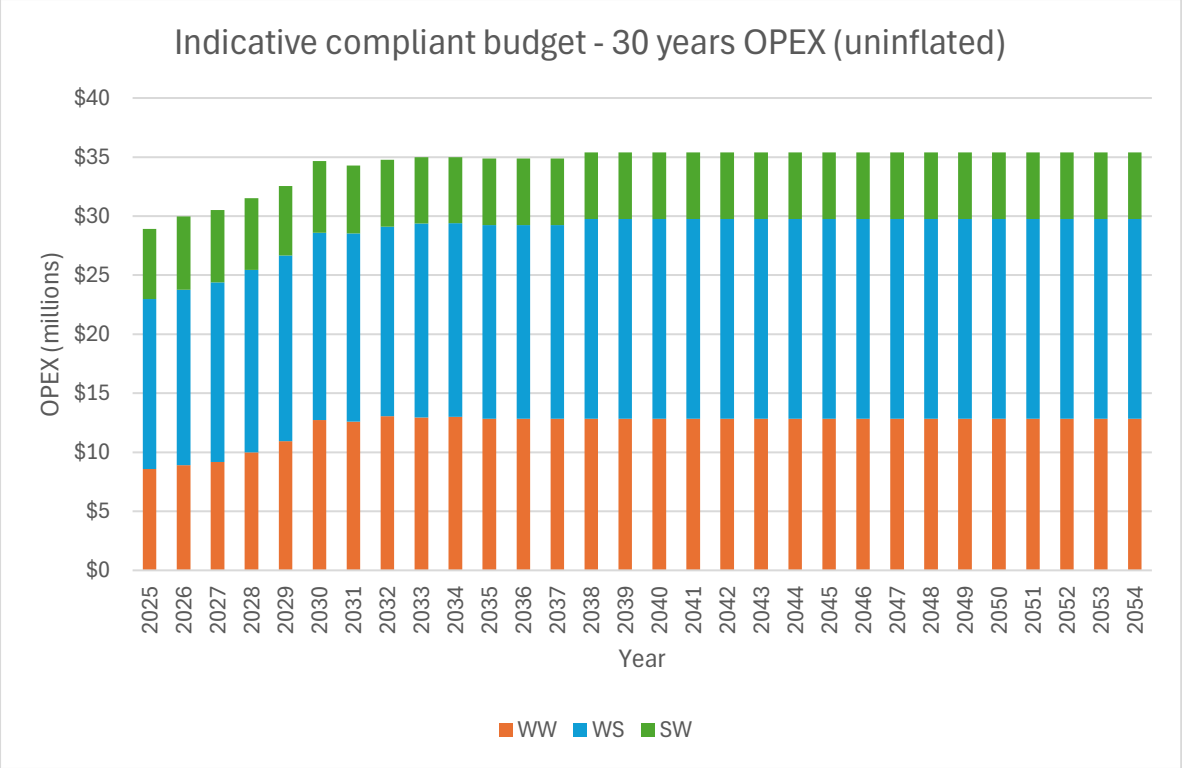

Figure 6.2: Indicative compliant budget – 30 years OPEX.

7 Summary

7.1 Main budget changes and key considerations

Our review has highlighted a number of main budget changes and key considerations.

The following summarises the main budget changes compared against the baseline WDC budgets reviewed:

- The total three waters CAPEX investment over 30 years is $601.5 million. In comparison, the 2024 – 2054 Infrastructure Strategy CAPEX investment was $744 million.
- The $142.5 million reduction in CAPEX investment is primarily driven by decreases in the Whakatāne, Edgecumbe and Tāneatua WWTP budget which was originally $156 million in the Infrastructure Strategy and is now $26.5 million with only Edgecumbe WWTP upgrade required and some reconsenting cost allowance for Tāneatua. In addition, there has been a reduction of $8 million in assumed wastewater pond desludging requirements. The remaining $5 million reduction is based on minor changes to various major projects and adjustments in renewals across Years 1 – 10 to match depreciation.
- The total three waters OPEX investment over 30 years is $1.03 billion. This is an increase of $52 million on the OPEX information provided for review and is wholly driven by the inclusion of consequential OPEX for new and upgraded WWTPs and WTPs.

Key considerations and assumptions:

- In general, our review found that the assessed major projects are not considered “gold plated” except for the Matatā Wastewater Scheme which has been highlighted for further consideration. This is based on WDC not currently servicing this township and therefore there is no existing regulatory compliance driver to construct the scheme. We note that there are other drivers (growth, community desire and wider environmental concerns) that warrant this

project remaining in the budget. The existing $36 million for this project has been left in the budget at this stage.

- Whakatāne and Tāneatua WWTP upgrade projects have been removed based on recent discussions held between WDC and regulators. The advice provided by the regulators to WDC was in light of newly proposed wastewater performance standards released for consultation in early March. Confirmation that Tāneatua does not require an upgrade is subject to an independent assessment that WDC have commissioned to determine if the WWTP meets the definition of a small WWTP in the new proposed wastewater performance standards. $1.4 million remains in 2026 for Tāneatua WWTP for reconsenting costs and any possible minor upgrades required.
- While the above advice has been incorporated into the LWDW compliant budget we note that the proposed wastewater performance standards that have been released for consultation could change before they are finalised. This may have a significant impact on overall WWTP costs with upgrades possibly being required if standards and plant category sizes are increased.
- Wastewater pond desludging projects have been decreased by $8 million on the basis that recent concept designs for Edgecumbe WWTP upgrade utilise the existing ponds for flow balancing. Therefore, desludging requirements have been assumed to be lower than initially estimated.
- Various WTP and water reservoir renewals projects have been increased back to original Infrastructure Strategy budget amounts as they cannot be scaled in the same way as other network renewals.
- Renewals across three waters have had a minor net increase of $1 million over Years 1 – 10 when compared against projected depreciation levels.
- The renewals assessment approach does not address any of the backlog over 30 years (approximately $96 m as highlighted by MartinJenkins). This assumption would need to be tested with both the regulator and DIA.
- Our review approach only focussed on 15 major projects and programmes that contribute approximately 80 % of the indicative compliant budget in Years 1 – 10. The remaining smaller CAPEX projects amount to $197 million spread out over Years 1 – 30 and should be reviewed before submitting a Water Service Delivery Plan.
- Additional consequential OPEX costs have been included that relates to new and upgraded WWTP and WTPs. This equates to $52 million additional over 30 years. We note that WDC expectations are that OPEX costs in the network will reduce as a result of increased renewals (compared to historic renewals levels) which may offset this increase in treatment costs. This assumption has not been tested or included into our overall OPEX assessment but could be explored further.

7.2 Further levers and investigation

The following additional levers and investigation could be undertaken to further revise the timing, scope and costs of key projects. These include:

- Consideration of timeframes for iwi-led treatment project requirements and possibility of deferring, especially waste to land.
- Specific discussion and assessment of Matatā Wastewater Scheme including the drivers for the project and compliance requirements.
- Reshaping of profiles for deliverability or other constraints.
- Budget profiling to meet constraints for debt/affordability or potential funding mechanisms.

- Reprofiling consequential OPEX.
- More detailed assessment into available cost estimates for the identified key projects.
- Confirmation that Tāneatua WWTP does not require an upgrade is subject to an independent assessment that WDC have commissioned to determine if the WWTP meets the definition of a small WWTP in the new proposed wastewater performance standards.
- Undertake a review of remaining smaller projects not assessed as part of this review. These projects comprise $197 million of the 30-year indicative compliant three waters budget.

8 Applicability

This report has been prepared for the exclusive use of our client Whakatāne District Council, with respect to the particular brief given to us and it may not be relied upon in other contexts or for any other purpose, or by any person other than our client, without our prior written agreement.

Tonkin & Taylor Ltd
Environmental and Engineering Consultants

Report prepared by:

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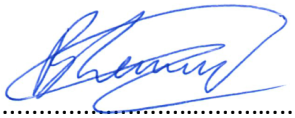
Eirlys Bond
Water Resources Engineer



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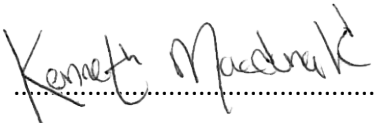
Ben Senior
Water Resources Engineer

Report authorised for Tonkin & Taylor by:



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Ken Macdonald
Project Director

7-Mar-25
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Appendix A Identified major CAPEX projects and programmes

Compliance driven projects	
Project No. and Name	**Detailed observations and findings**
510059 - New Wastewater Treatment Plant incorporates Whakatāne and Edgecumbe	• Resource consents for Whakatāne and Edgecumbe expire in 2026. • The design and consenting for this project is underway with a draft Options Assessment report completed by PDP that considers a range of possible combined WWTP upgrades. Refinements to assumptions are ongoing at the time of our review. • Recent discussions held between WDC and regulators have identified that the proposed upgrades to Whakatāne WWTP would no longer be required under the newly proposed wastewater performance standards. This is due to the existing ocean outfall meeting these proposed new standards. Therefore, based on this advice, this upgrade has been excluded from the budget. • The Edgecumbe upgrades are to remain as the plant currently experiences some non-compliance. • We have adjusted the timing of this project to be included in Years 1 – 10 from 2029 through to 2031. • The project budget is $25 million.
XX - Wastewater Treatment Plant Tāneatua	• Resource consents for Tāneatua expire in 2026. • We understand that a co-design arrangement has been established with local Iwi and concept level designs are to be initiated in the near future. • Recent discussions held between WDC and regulators have identified that this scheme may qualify as a smaller scheme under the new proposed wastewater performance standards. Therefore, based on this advice, this project has been excluded from the budget with the exception of $1.4 million in 2026 for reconsenting and any minor upgrades. • We note that WDC are currently getting an independent assessment to confirm if this scheme meets the above definition and would be subject to the wastewater performance standards being implemented as proposed.
512559 - MRP WWTP renewal and upgrade	• Resource consents for Murupara expire in 2026. • Step change upgrades may be required to comply with the proposed wastewater performance standards. At this stage, this WWTP is not expected to be classed as a small scheme under these new standards. • We understand that a co-design arrangement has been established with local Iwi and concept level designs are to be initiated in the near future. • We have adjusted the timing of this project to be included in Years 1 – 10 from 2026 through to 2028. • The project budget is $30 million.

Compliance driven projects	
Project No. and Name	**Detailed observations and findings**
XX - Wastewater ponds desludging	• This project was originally included in the AMP budgets to coincide with WWTP upgrades. The step change required in treatment for these upgrades would likely render the current oxidation ponds obsolete. • This project allows for the desludging and disposal of material and rehabilitation of the ponds. • Based on information outlined in the Whakatāne and Edgecumbe WWTP upgrade Options Assessment report, we have assumed that the level of desludging required at Whakatāne and Edgecumbe is less than originally estimated as these ponds can be utilised as flow balance ponds. • We have adjusted the timing of this project to be included in Years 1 – 10 to match the proposed WWTP upgrade staging from 2029 through to 2033. • The project budget is $10 million.

Other Levels of Service (LOS) projects	
Project No. and Name	**Detailed observations and findings**
311501 - Edge SW - Stormwater Study	• This project aims to address known historic flooding issues and loss of LOS for properties in Edgecumbe. • The project is likely to involve undertaking groundwater monitoring and possible associated modelling to determine the viability of low-lying areas in Edgecumbe that are susceptible to flooding in low ARI flood events. • In addition, design and upgrades have been allowed for that may involve implementing a combined SW and WW system. • This project has been moved forward to 2028 from 2031 and the budget reinstated to $3.4 million (adopted budget was 50 %).
410032 - EQ Water Storage	• This project is primarily related to capacity upgrades required for Whitepine reservoir to be able to continue to provide existing LOS for the community. • The project budget has adopted the original Infrastructure Strategy budget. • There have been no changes to project timing. • The project budget is $9.2 million.
410135 - OtumahiW StoragePipeL Rd WMain	• This project is largely complete with a new reservoir and pipeline completed in 2024. • The remaining budget is projected to be spent this financial year. • No changes made in our review.
414592 - PLAINS W - Water Safety Plans	• This project comprises Rangitāiki Plains - Johnson Road upgrades to meet higher arsenic treatment requirements, UV installation and to assist with growth in the Plains. • The project budget and timing has been changed to reflect the needs-based Infrastructure Strategy timing and cost estimate. • The project budget is $9.8 million.
512001 - Matatā Wastewater Scheme	• This is a long-standing project that has been planned for over 20+ years. • The primary driver is to include Matatā in a WDC reticulated network and treatment based on general concerns for the adequacy of the current on-lot land disposal system, and is a response to a community desire for a centralised treatment system.

Other Levels of Service (LOS) projects	
Project No. and Name	**Detailed observations and findings**
	• We note that based on this project being a new LOS (i.e., WDC do not currently provide wastewater services to Matatā) there is a case to say this is not required as per LWDW investment sufficiency tests. • However, we note that there are other drivers (growth, community desire and wider environmental concerns) that warrant this project remaining in the budget. • The existing $36 million for this project has been left in the budget at this stage.

Renewals	
Project No. and Name	**Detailed observations and findings**
410028 - EQ Water Network Renewals	• This renewals programme includes general network renewals (excluding Murupara and the Plains). • Our renewals assessment approach has identified that the overall wastewater renewals in Years 1 – 10 is greater than the LTP depreciation levels by $5.4 million. Therefore, we have further reduced this renewals programme by $0.54 million per year in Years 1 – 10. • Without any further depreciation information available for Years 11 – 30, we have assumed that renewals will increase back to AMP budget levels. • The project budget is $58.8 million.
410037 - EQ New W Source and Treatment	• This renewals programme is driven by both renewals and LOS. It covers projects related to finding new water sources to replace existing and to upgrade and renew WTPs. • The project is dominated by a WTP upgrade and associated pipeline upgrades to support WDC's overarching Water Strategy. • There have been no adjustments to the timing and budget when compared to Infrastructure Strategy. • The project budget is $111 million.
410123 - Whk Cond and Improv - Reservoirs	• This renewals programme includes major renewals of one-off assets such as Whakatāne 1, 2 and 3 reservoirs, Ngatiawa reservoir and Te Teko reservoir. • This programme is primarily condition driven based on a condition assessment undertaken by GHD in 2020. • Subsequent additional cost estimates are available as part of the Water Strategy work undertaken by Warren Mckenzie Consulting Ltd in 2022. • The adjustments in budgets have been largely to revert to Infrastructure Strategy budgets with the exception that there appeared to be a double up with Whakatāne 2 reservoir originally being included twice. • There have been no adjustments to the timing of projects. • The project budget is $19.4 million.
510055 - EQ ST&D Pump stn Renewals	• This includes district wide wastewater pump station renewals and upgrades required to continue to provide existing wastewater LOS. • Our renewals assessment approach has identified that the overall wastewater renewals in Years 1 – 10 is greater than the LTP depreciation levels by $1.8 million.

Renewals	
Project No. and Name	**Detailed observations and findings**
	• Due to the relative budget size of this programme and the fact that this programme contains discrete pump station renewals that cannot be reduced, we have made no changes to the LTP budget in Years 1 – 10. • We note that the budgets have reverted to Infrastructure Strategy investment levels for Years 11 – 30. • The project budget is $16.5 million.
510057 - EQ Sewer Network Renewals	• This includes district wide wastewater network renewals. • As discussed above, our renewals assessment approach has identified that the overall wastewater renewals in Years 1 – 10 is greater than the LTP depreciation levels by $1.8 million. • We have apportioned this reduction across this programme for Years 1 – 10. • We note that the budgets have reverted to Infrastructure Strategy investment levels for Years 11 – 30. • The project budget is $50.5 million.
510090 - WHK WW - Rising Main Renewal	• This includes district wide wastewater rising main renewals. • The budget and timing has been changed to match the Infrastructure Strategy budget which is considered appropriate. • The project budget is $17.7 million.

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