Water Services Delivery Plan

Wairoa District Council

November 2025

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Introduction

In addition to internal assurance processes, this plan has been legally reviewed against the requirements in the Act. It has been prepared using independent analysis of financial sustainability by *Castalia*.

DIA feedback was sought on a draft Water Service Delivery Plan (WSDP) and that feedback has been integrated into this Final WSDP.

Council resolution to adopt the WSDP

The Water Services Delivery Plan was adopted by Wairoa District Council at the meeting of 2nd of September 2025.

RESOLUTION 2025/51 – moved by Cr Benita Cairns – seconded by Cr Jeremy Harker

That Council

A. Adopts the Water Services Delivery Plan subject to finalisation following receipt of feedback from DIA and,
B. Instructs the Chief Executive to
    a. Submit the finalised plan to DIA no later than 3 September 2025, and
    b. Subject to the Minister's approval, including any amendments that do not alter the intent of the plan, implement the plan and initiate the establishment of a Water Services Controlled Organisation to which water services and assets, in accordance with the plan, shall transfer on or before 1 July 2017.
    c. Continue to explore collaborations with other water service provides, and to pursue all measures that will achieve efficiencies and reduce costs.

Certification of the Chief Executive of Wairoa 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: Matthew Lawson
Chief Executive, Wairoa District Council
Date: 7 November 2025

Statement that water services delivery is financially sustainable

Financially sustainable water services provision

Background

This Water Services Delivery Plan (WSDP) sets out the plan for the delivery of water services in Wairoa District following Wairoa District Council's decision to proceed with a standalone Wairoa based Council - controlled organisation.

Wairoa District Council (WDC) had been party to the extensive investigation of a regional services delivery plan involving regional CCO encompassing Wairoa District, Napier City Council, Hastings District Council and Central Hawke's Bay District Council. The investigation of the regional option progress to the point where a joint draft WSDP appeared and submitted to the Department of Internal Affairs for preliminary comment.

However, attempts to reach a finalised shareholders agreement detailing issues that were fundamental to Wairoa District Council led to WDC developing a "Plan B" involving the development of a standalone, Wairoa based CCO. *Castalia* was engaged to model the standalone option. That modelling resulted in the conclusion by Castalia that:

> ***WaterCO will need to meet the financial requirements set out by the Local Government Funding Agency (LGFA) to borrow from LGFA for its capital programme. We modelled tariffs to ensure compliance with LGF 's financial covenants, including a Funds From Operations FFO -to-Gross Debt ratio averaging 12.5% from 2029 (above the 12% minimum), and an FFO-to-Cash Interest ratio averaging 2.1 (exceeding the 2.0 requirement). These outcomes reflect financial headroom and indicate that WaterCo can be creditworthy and financially sustainable.***

The issues that were of fundamental importance to Council and which it wanted addressed in a shareholders' agreement were:

i. Voting rights in the new company structure. WDC was of the view that the Regional Water CCO involved four Councils of equal legal standing, all with the same imperative of making decisions for and on behalf of its community.[1] In the absence of agreed "reserved matters" on which unanimous, or at the very least special resolution type voting requirements were mandated, the 'simple majority Vote" approach had the potential to impinge on any Council's ability to make decisions in the best interests of its community. Agreement was not reached as to what matters should be reserved for special resolution.

ii. While there was agreement that it "made sense" for a depot to be maintained in Wairoa, there was no commitment as to what that depot would entail. The potential for major centralisation of services and support was of concern to WDC given its potential isolation in severe weather events arising from the, at times tenuous, roading links. In 2023 Cyclone Gabrielle closed all roading links from Gisborne to Wairoa for a week, with SH2 to the south (i.e. to any potential resources in a HB CCO) being impassable for 13 weeks. Given that weather events that close state highways are likely to impact water services, maintaining comprehensive services capable of reinstating and operating water services in periods of isolation was a fundamental issue for Wairoa District Council.

iii. The ability to maintain some flexibility and local autonomy in negotiating water supply agreements with key users. The Affco Freezing works is the major employer in Wairoa and has a high water consumption. Affco has been a strategic partner in the development of the Wairoa reticulated water supply, contributing capital toward infrastructure development. Wairoa District Council wanted some autonomy/discretion to be retained by individual councils to pursue key strategic relationships.

Agreement on these fundamental issues could not be reached.

The existence of a viable option for a Wairoa based CCO and the absence of a shareholders agreement addressing the fundamental concerns held by WDC lie at the heart of the WDC decision to pursue a standalone CCO. This also reflects the reality that, in the absence of agreed harmonisation and/or cross subsidisation between Councils participating in a regional model, the reality is that Wairoa water service users were paying the full cost of those services. The WWSCCO allows those services to be delivered in a more cost-effective way.

A further major consideration is that the Wairoa township water treatment process involves a river take with chemical flocculation to remove silt and contaminants before chlorination. This water treatment process is not replicated in any of the Napier, Hastings or Central Hawke's Bay water supplies (which are predominantly artesian water supplies with limited use of springs), limiting the potential for efficiencies or economies of scale. In contrast, Gisborne District Council has the same type of river take, utilises the same water treatment processes and has a water treatment plant that replicates the equipment utilised by WDC. A co-operation arrangement already exists with Gisborne District Council at an operational level, with combined purchasing/direct importing of flocculating agents and chemicals required for the respective treatment plants in each District. Staff from each council already provide operational and management back-up to each other as required.

It is the intention to formalise these arrangements in a High-Level Heads of Agreement with Gisborne District Council

Similarly, the wastewater treatment processes operated Wairoa are completely different to those operated by Napier, Hastings and Central Hawke's Bay but the potential exists to work with other Council's operating similar wastewater plants to achieve efficiencies and economies of scale through targeted cooperation.

Being stand alone and small focuses attention on Wairoa's operations but also provides an opportunity for Council to be flexible and nimble in pursuing future opportunities for cooperation, sharing of information and expertise, and the development of economies of scale with Water Operations undertaking similar operations (such as Gisborne District Council) and/or with other entities that are not necessarily geographically adjacent. As noted in the analysis undertaken by *Castalia:*

[1] Section 10 of the Local Government act 2002

Strategic benefits and flexibility

Setting up WaterCo as a financially sustainable, standalone CCO gives WDC more flexibility and more control over how it delivers water services in the future. Specifically:

iv. WaterCo's structure allows for future integration into a regional water entity, should an agreement with other councils be reached. This could be with Hawkes Bay councils, but it also gives WDC options to work with other councils such as Gisborne or Whakatane.

v. WDC could contract out day-to-day operations to a specialist service provider, while retaining strategic oversight via the WaterCo board.

Section 13 of the Local Government (Water Services Preliminary Arrangements) Act 2024

Section 13 of the Local Government (Water Services Preliminary Arrangements) Act 2024 sets out the information that must be included in a water services delivery plan. Those matters are:

Provision	Requirement	Location in this Plan
Section 13(1)_	A territorial authority's water services delivery plan must contain the following information in relation to the water services delivered in the authority's district:	
(a)	a description of the current state of the water services network:	Page 8 and Part B page 22 et seq
(b)	a description of the current levels of service relating to water services provided:	Page 8 and Part B page 22 et seq
(c)	a description of— (i) the areas in the district that receive water services (including a description of any areas in the district that do not receive water services); and (ii) the water services infrastructure associated with providing for population growth and development capacity:	Page 8 and Part B page 22 et seq
(d)	whether and to what extent water services— (i) comply with current regulatory requirements: (ii) will comply with any anticipated future regulatory requirements	Part B at Page 22 et seq
(e)	if any water services do not comply with current regulatory requirements or will not comply with any anticipated future regulatory requirements,— (i) a description of the non-compliance; and (ii) a description of how the anticipated or proposed model or arrangements provided under paragraph (k) will assist to ensure water services will comply:	Part B at Page 22 et seq
(f)	details of the capital and operational expenditure required— (i) to deliver the water services; and (ii) to ensure that water services comply with regulatory requirements:	Part B Page 28 et seq
(g)	financial projections for delivering water services over the period covered by the plan, including— (i) the operating costs and revenue required to deliver water services; and (ii) projected capital expenditure on water services infrastructure; and (iii) projected borrowing to deliver water services:	Part C page 32 et seq

(h)	an assessment of the current condition, lifespan, and value of the water services networks:	Part B page 22 et seq
(i)	a description of the asset management approach being used, including capital, maintenance, and operational programmes for delivering water services:	Part B page 25-28
(j)	a description of any issues, constraints, and risks that impact on delivering water services:	Page 11 and Part C page 45-47
(k)	the anticipated or proposed model or arrangements for delivering water services (including whether the territorial authority is likely to enter into a joint arrangement under section 10 or will continue to deliver water services in its district alone):	Page 14 and Part B page 25
(l)	an explanation of how the revenue from, and delivery of, water services will be separated from the territorial authority's other functions and activities:	Page 15 – 16 and Part C at page 35 et seq
(m)	a summary of any consultation undertaken as part of developing the information required to be included in the plan under paragraph (k):	Page 15
(n)	an explanation of what the territorial authority proposes to do to ensure that the delivery of water services will be financially sustainable by 30 June 2028:	Part C at page 28 and Part D at page 38
(o)	an implementation plan— (i) for delivering the proposed model or arrangements described under paragraph (k); and (ii) if a territorial authority is proposing to deliver water services itself and not as part of a joint arrangement for delivering water services, that sets out the action that the territorial authority will take to ensure its delivery of water services will be financially sustainable by 30 June 2028	Part A Page 13
(p)	any other information prescribed in rules made by the Secretary under section 16	N/A
(2)(a)	For the purposes of subsection (1)(o), an implementation plan must include the following:	
(a)	a process for delivering the proposed model or arrangements:	Part A
(b)	a commitment to give effect to the proposed model or arrangements once the plan is accepted:	Part A
(c)	the name of each territorial authority that commits to delivering the proposed model or arrangements:	Part A
(d)	the time frames and milestones for delivering the proposed model or arrangements	Part A

Water services delivered in Wairoa District

The water services currently provided by WDC are detailed in the three aerial photos attached. Water supply is depicted by blue lines, stormwater in green and wastewater depicted by red lines.

The services reflect the low density patterns of settlement with water supply, wastewater and stormwater services being available in Wairoa township and Tuai, a non-potable water supply being provided in Mahanga, and wastewater schemes being provided in the settlements of Opoutama and Mahia Beach. As can be seen from the aerial photographs, the areas serviced are quite limited with the vast majority of the district not receiving water services and therefore relying on on-site provision being made using systems such as septic tanks/on-site wastewater disposal, and collection and storage of rainwater.

Historically, there has been limited population growth in Wairoa district and with the exception of wastewater at Mahia Beach, foreseeable population growth and development capacity can be accommodated within existing infrastructure. At Mahia Beach there is a planned extension to the land based effluent disposal fields to accommodate development pressure at this seaside settlement.

As detailed below, opportunities exist for cooperation and coordination with other water service authorities however due to the limited nature and isolation of Wairoa District's water services, it is likely that Wairoa District Council will continue to deliver water services in its district alone.

Issues, Constraints or Risks

Regarding water supply, the issues, constraints and risks arise from aging reticulation leading to water loss, compliance uplifts in Tuai and Mahanga and incorporating resilience into the infrastructure to provide for resilient communications between plants and pump stations in extreme weather events such as cyclone Gabrielle. These issues are addressed by leakage management and the ongoing programmed maintenance and renewal of water mains and reservoirs. Compliance uplifts will be achieved by introducing chlorination/ UV treatment of the Tuai water supply (currently under consultation and planning) and further assessment of the sustainability of providing a non-potable water supply at Mahanga.

For wastewater, the issues, constraints and risks are infiltration and ingress into the Wairoa reticulated system leading to surcharging during wet weather conditions. These are addressed through programmed network renewals and targeted pump station capacity upgrades. Like water supply, establishing resilient communication links to ensure continued operation in extreme weather events is ongoing.

Stormwater issues, constraints and risks are focused on the application for global consents for the discharge of stormwater from the Wairoa township drainage reticulation. This is not seen as a significant issue except in locations where septic tanks remain in use and where making provision for climate change requires capacity upgrades. Minor matters such as inclusion of litter traps and interceptors before final discharge to the river will be incorporated as part of ongoing maintenance. Removal of septic tanks within Wairoa Township where reticulated services are available is ongoing.

All these issues, constraints and risks would be considered relatively normal, business as usual activities for any authority undertaking water services.

Financial Sustainability

The initial baseline model was created on the basis that the WWSCCO would take on the amount of debt ($23 million) contemplated in the LTP for 3 waters and would need to set an aggressive price path in order to meet investment, revenue and debt benchmarks. This approach, whilst effective, created exposure to significant price increases for customers above what they have already experienced in the last 2 years.

We have now overlaid the actual results for 2023-24 and 2024-25 and the Annual Plan for 2025-26 and constructed a plan that comfortably meets the benchmarks in a much more affordable way. On 1 July 2027, Wairoa District Council would transfer water assets with an estimated replacement cost of $208 million (formal valuation 31 March 2025 = $185 million) and the CCO will resume an investment programme that catches up with renewals and improvements not completed in recent years, primarily due to disruptions caused by severe weather events and a focus on what investment is fundamentally required to deliver compliant services at desired levels of service.

Much of the renewals programme can be funded by including the full charge of depreciation in the tariffs, something Council has not always been able to do as it balanced financial pressures of delivering all of its activities. Ring-fencing water services will provide assurance that every dollar received will be used to fund these services. There will also be a substantial borrowing requirement to meet the acceleration of the renewals programme along with upgrades for growth and meeting new regulations. Although gross borrowing doubles to $46 million this is well within prescribed covenants and a conservative price path from the actual level in 2025-26 is set.

Despite the challenges arising from the financing of improved water services, the analysis in parts C and D demonstrate that the WWSCCO will be able to deliver water services in a financially sustainable manner, with all prescribed metrics being achieved from the date of transfer.

As ever, this will be achieved by prudent financial management, sound policy and equitable decision making. In pursuing the option of a WWSCCO, Council has the precedent of its very successful CCTO, Quality Roading Solutions (Wairoa) Ltd (QRS) to demonstrate the advantages of tailored strategic governance and management to establish successful and profitable business units. While the WWSCCO may not have the same profit imperatives, sound, commercially savvy governance and management will promote efficiencies and cost savings.

Modelling undertaken to support this plan promotes the WWSCCO becoming financially self-reliant with Council involvement being injections of working capital (via on-lending) as required and provision of management and administrative support via shared service arrangements between the Council, QRS and the new WWSCCO. This will leave sufficient capacity across the group to manage risk and improve procurement outcomes. It also provides opportunities for efficiencies and synergies which have not been apparent in other options.

These canons have sustained the delivery of water services by Council over the years and means that the following provisions can be made to ensure continuing sustainability:

i. Council has significant debt headroom that can be made available to support the investment programme, particularly as these activities were driving 80% of the debt loading included in the Council's Long-Term Plan. The investment programme will be substantially funded by new borrowings, and the use of Council's debt headroom will assist with treasury planning and efficiency, whilst managing interest rate risk.

ii. The funding of the capital investment will preserve and even improve intergenerational equity in the following ways:
    a. Including a full charge for depreciation over the average useful lives of the assets. Whereas councils accumulate unspent revenue for depreciation charges in reserves for future renewals, the CCO will apply any surpluses to repay debt, thus regenerating headroom and reducing the overall cost of servicing borrowing.
    b. The initial debt that transfers from the council will be charged over the remaining useful lives of the assets that transfer, estimated at an average of 28 years based on the 2025 valuation.
    c. New borrowings will be charged over the lives of the corresponding assets.

In the financial modelling the main source of revenue will be charged to connected customers on volumetric or fixed charge bases. Since 2021, Council's Revenue and Financing Policy has allowed for a contribution from the whole community via the general rate. To the extent that the Local Government Act allows, this is expected to continue. The prospective financial statement included in this plan include this revenue as general rate, but it is recognised that it will be in the form of a subsidy or similar, being revenue rated by the council and passed onto the CCO.

Currently the council also set a rate for rural wastewater, being a rate for the treatment of effluent from septic tanks at the Wairoa wastewater treatment plant. This is slightly more complex and although not currently included in the modelling it is intended that a mechanism will be explored.

As a CCO, WWSCCO would have the ability to leverage favourable borrowing terms via its relationship with Council and the Local Government Funding Agency. As 100% shareholder in the proposed entity Wairoa District Council would retain overall responsibility for ensuring repayment of debt, as guarantor, and the WWSCCO would be accountable to the Council for continuity of supply of water services to the community of Wairoa. Although not necessary for the viability of either, we anticipate on-lending facilities from council to the CCO will be available to optimise the group position and manage short-term working capital requirements.

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

Proposed delivery model

Proposed model to deliver financially sustainable water services

The proposed model to deliver water services

Wairoa District Council has had a successful experience with a Council Controlled Organisation in Quality Roading Services (Wairoa) Ltd (QRS) and this model will be used to develop a Wairoa Water Services Company with responsibility for delivering Drinking Water, Stormwater and Wastewater services to the residents of the Wairoa District Council boundaries. The proposed CCO has been given a working title of WWSCCO.

WWSCCO would be set up as a company which would be 100% owned by Wairoa District Council (as is QRS) but with governance being provided by three directors with relevant experience in waters service delivery/ engineering, financial/business acumen (possibly in common with QRS) with the third director being representative of community.

Directors may be engaged in partnership with other water service entities anywhere in the country, achieving synergies and economy.

As already noted, existing Drinking Water, Stormwater and Wastewater assets held by Wairoa District Council will be transferred to the new company along with staff currently dedicated to these services from within the Council's infrastructure group. Engineering oversight of water services will be provided by the WDC General Manager Assets & Infrastructure via shared service/job splitting arrangements with protocols to ensure that all management of water services is under the governance and direction of the WWSCCO board. It is the intention that water services are not burdened by overheads, that stranded overheads are minimised and that any synergies with other non-water related functions of WDC are exploited. Currently the water activities are charged a share of the Council overhead based in large part on asset value and total expenditure, which are second only to roading. In our WSCCO model we have estimated a management fee on a consumption basis, which will be considerably lower because it is removed from the complexity of the council structure.

Notwithstanding the use of shared service arrangements, the WWSCCO will operate as an independent, standalone company in the same way as QRS has for many years. The revenues from water services will be revenues of the WWSCCO. Full financial accounts will be maintained ensuring that revenues from water services will be separated from council's other functions. The successful operation of QRS since June 1994 demonstrates Wairoa district councils experience and expertise in this regard.

Any additional staff would be recruited as required thus creating employment opportunities within the district.

It is expected that all service and maintenance contracts and subcontracts currently held by Wairoa District Council for water services will be transferred to this new entity and the financial analysis has been prepared on this basis.

Implementation Plan

Implementing the proposed service delivery model

The Water Services Delivery Plan outlined in this plan only applies to current and future services which fall within the boundaries of Wairoa District Council.

This Water Services Delivery Plan will be implemented through the setting up of a new company (current working title is WWSCCO), this company would be 100% owned by Wairoa District Council making it a Council Controlled Organisation.

Establishment costs will be paid by Council, as owner, and are expected to be a maximum of $100,000. Water services related assets (Drinking Water, Stormwater and Wastewater) currently held by Council would be transferred to this company along with currently held Water Services Related Debt.

The new entity will be initially staffed by transferring WDC Water Services Staff, shared services agreements between Council, QRS and the new WWSCCO will be developed to provide administrative functions (finance, human resources, payroll services etc) in a similar way as these functions are currently performed by WDC and QRS teams and shared service arrangements.

Options for the housing of staff for this new entity will need to be agreed upon with initial investigations suggesting either utilisation of available space in the current Council Infrastructure Building or space in the newly developed QRS offices and depot, thereby minimising overhead costs and stranded overheads.

The changes in structure will be incorporated into the Wairoa District Councils Long Term Plan 2027-37, avoiding the need for and cost of additional special consultative procedures.

The proposed implementation plan is set out below.

IMPLEMENTATION PLAN Wairoa Water Services CCO - Draft

Purpose

This plan outlines the activities, responsibilities, and timelines for transitioning Wairoa District Council's drinking water, wastewater, and stormwater services into a Council-Controlled Organisation (CCO). It ensures a structured, legally compliant, and well-communicated process that maintains service continuity.

Objectives

- Ensure a smooth transfer of assets, staff, and functions.
- Maintain full compliance with Taumata Arowai and other regulators during the transition.
- Protect service continuity for the community.
- Provide timely, transparent communication to stakeholders.
- Minimise operational and reputational risk.

Scope

In Scope:

- Transfer of operational responsibilities for water, wastewater, stormwater.
- Transfer of asset and infrastructure ownership.
- Staff transfer (Employment Relations Act 2000 compliance).
- Integration of WWSCCO into newly established shared service arrangements.
- Contract novation (e.g., Fulton Hogan, QRS, laboratory services).
- Governance structure establishment (board recruitment, constitution, SOI).

Out of Scope:

- Changes to other council services (e.g., roading, solid waste).
- Changes to private water suppliers.

Transition Steering Group

A Transition Steering group will be set up to oversee this project with the project led by an experienced project manager. Steering group members will be determined by the CEO of Wairoa District Council.

TIMELINE

Step	By When
CCO Established	July 2026
CCO Office Location identified	November 2026
Staff Transfer	March 2027 (dependent upon HR Change Management Processes)
Service and Maintenance Contract Transfer,	Begins March 2027 – may need a notice period

Debt and Asset Transfer	1 July 2027 (start of financial year)
Service and Maintenance Contract Transfer	1 July 2027 – to avoid a LTP amendment

IDENTIFIED DEPENDENCIES

Dependencies	Control
Governance Members required for new WWSCCO	3 board members covering 3 water expertise/experience, finance/business experience and Māori /community representation.
CCO housing	The housing of the proposed WWSCCO at either WDC or QRS facilities will be undertaken so as to reduce establishment costs.
Asset Management Systems and other Information Technology requirements	The WWSCCO will use the existing and operational asset management and IT systems operated by Council. Future development of asset management and IT systems will be under the governance of the WWSCCO Board.
Transfer of Staff from Council to WWSCCO	Human Resources Change Management Process will be required as this change involves the transferring of current Council staff. The legislation provides for the seamless transfer of staff.
Debt and Asset Transfer	Assets and debt related to those assets will be transferred to the WWSCCO. Future borrowing will be accommodated within WDC existing debt headroom. Impacts on Council's financial framework for future years will need to be incorporated into the LTP 2027-37.
Service and Maintenance Contract Transfer	Current Service contracts have been extended out to 30 September 2027. With 1 July 2027 proposed as the establishment date of the new entity, service contracts will need to be established before this date.
Wairoa District Council Long Term Plan 2024-27	The current Long-Term Plan expires 30 June 2027. A change of this nature would trigger a Long-Term Plan amendment process, to avoid this an establishment date of 1 July 2027 is proposed.

Consultation and engagement

Consultation and engagement

Consultation and engagement undertaken

Wairoa District Council (WDC) opened a consultation period from 12 May to 15 June 2025 to engage with the Wairoa community on the options before us for how we deliver our water services for the future. Three options were presented – a Regional CCO (preferred choice), a Wairoa District Council CCO, and an In-house delivery option.

A series of community meetings and drop-in sessions with staff and elected members were held at various locations across the district. Meeting notices were published on Council's website, Facebook page and in the weekly publication of the local newspaper (Wairoa Star).

A total of 12 submissions were received. Six submissions favoured a regional CCO, four favoured a Wairoa District Council CCO and two submissions appeared to favour both the regional CCO and WDC CCO options. Hearings and deliberations were held 24 June 2025. One submitter spoke to their submission, and another was to attend but delivered a written statement instead.

Assurance and adoption of the Plan

Assurance and adoption of the Plan

As evidenced by the success of QRS over the past 30 years, Wairoa District Council is well experienced in utilising a Council Controlled Organisation to maximum advantage. Over this time the organisation has grown into one of the region's largest employers and consistently returns dividends to Council. There is an opportunity to leverage off this success and build a successful water supply service for the people of the Wairoa District.

The establishment of a Water Services Council Controlled Organisation will potentially provide another employer in Wairoa, a district lacking in employment opportunities and will also help to ensure the resilience of water services to our region. Given the isolated nature of the district, it is important we maintain the skills and knowledge to maintain a safe and secure water supply to our people.

Modelling of the potential success of a Wairoa District Council Water Services CCO has been undertaken by an external agency Castalia Advisors which supports Councils view to establish a Local Water Services company.

Council resolution to adopt the Plan

RESOLUTION 2025/51 – moved by Cr Benita Cairns – seconded by Cr Jeremy Harker – meeting date 2 September 2025

That Council

A. Adopts the Water Services Delivery Plan subject to finalisation following receipt of feedback from DIA and,
B. Instructs the Chief Executive to
    a. Submit the finalised plan to DIA no later than 3 September 2025, and
    b. Subject to the Minister's approval, including any amendments that do not alter the intent of the plan, implement the plan and initiate the establishment of a Water Services Controlled Organisation to which water services and assets, in accordance with the plan, shall transfer on or before 1 July 2017.
    c. Continue to explore collaborations with other water service provides, and to pursue all measures that will achieve efficiencies and reduce costs.

Part B: Network performance

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

Investment required in water services

Serviced population

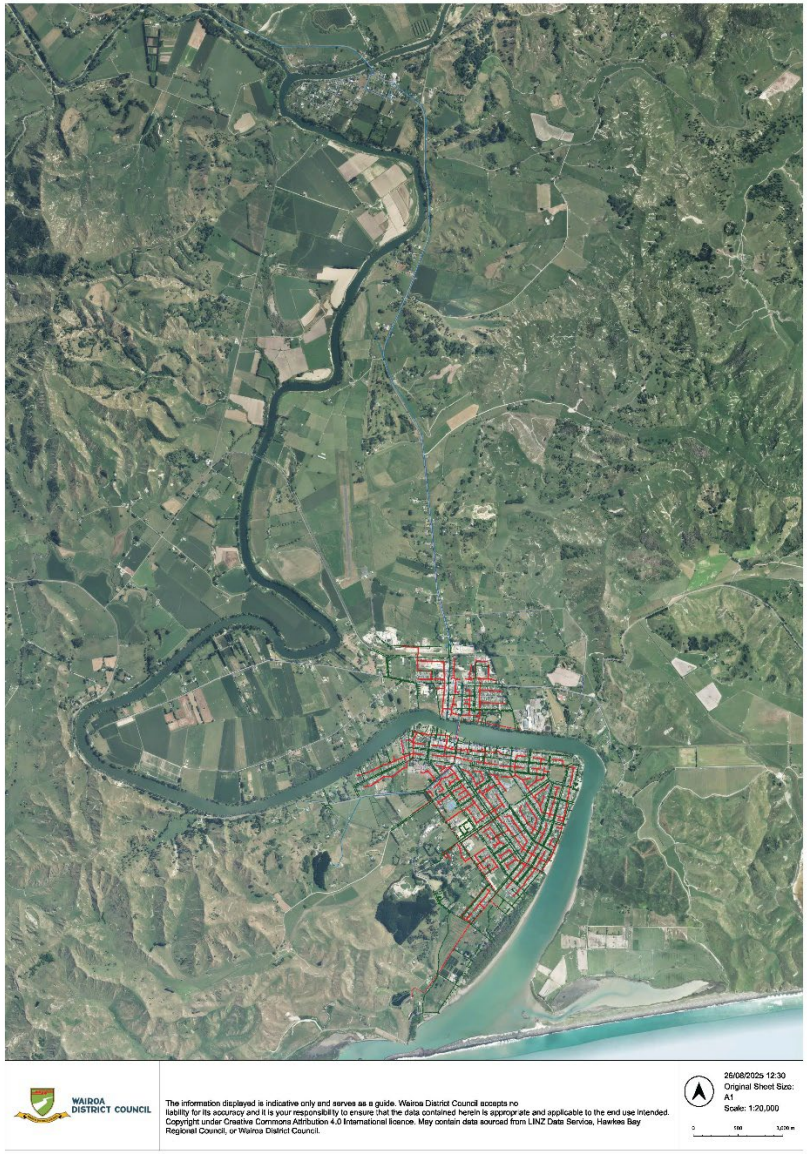
Projected serviced population- Wairoa District	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Serviced population	6,024	6,114	6,206	6,299	6,394	6,490	6,587	6,686	6,786	6,888
Residential connections	2,310	2,311	2,312	2,313	2,314	2,315	2,316	2,317	2,318	2,319
Non-residential connections	397	397	397	397	397	397	397	397	397	397

Serviced areas

The water services currently provided by WDC are detailed in the three aerial photos attached with drinking water depicted by blue lines, stormwater in green and wastewater depicted by red lines.

Serviced areas (by reticulated network)	Water supply # schemes	Wastewater #schemes	Stormwater # catchments
Residential areas serviced	Wairoa: 1,748 Tuai: 59 Mahanga: 40	Wairoa: 1,630 Tuai: 60 Opoutama: 50 Mahia: 440	Wairoa: 1,600 Tuai 60
Non-residential areas	397	Not specified as residential and non-residential	Not specified as residential and non-residential
Areas that do not receive water services	As can be seen in the aerial photos, the vast majority of Wairoa District does not receive water services.		
Proposed growth areas • Planned (as identified in district plan) • Infrastructure enabled (as identified and funded in LTP)		Mahia - plan to expand the wastewater irrigation fields.	Mahia – limited stormwater network is a series of open drains with a small amount of pipework.

Wairoa and Frasertown



Mahia, Mahanga, Opoutama

Tuai


WAIROA
DISTRICT COUNCIL
The information displayed is indicative only and serves as a guide. Wairoa District Council accepts no liability for its accuracy and it is your responsibility to ensure that the data contained herein is appropriate and applicable to the end use intended. Copyright under Creative Commons Attribution 4.0 International licence. May contain data sourced from LINZ Data Service, Hawkes Bay Regional Council, or Wairoa District Council.
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Assessment of the current condition and lifespan of the water services network			
Parameters- Wairoa Township	**Drinking Water Supply - Wairoa**	**Wastewater Services - Wairoa**	**Stormwater Services - Wairoa**
Average age of Network Assets	70 years	65 years	60 years
Critical Assets			
Above ground assets • Treatment plant/s • Percentage or number of above ground assets with a condition rating • Percentage of above –ground assets in poor or very poor condition	1 Treatment plant situated at Frasertown involving chemical flocculation and chlorination. • Storage includes Boundary Reservoirs 3,000 m³, Tawhara Reservoirs 5,780 m³, Frasertown 13 m³, Tuai 3×13 m³, Mahanga 13 m³. Nuhaka Domain 25000L	Wairoa treatment plant at Kopu Road Wairoa involving one oxidation pond and one facultative pond with river/estuary discharge. N/A N/A – Kopu Road PS poor condition	0 N/A N/A
Below ground assets • Total Km of reticulation • Percentage of network with condition grading • Percentage of network in poor or very poor condition	95.5km 100% 45%	36.9km 100% 20%	41.86km 100% 53%
Parameters - Tuai	**Drinking supply - Tuai**	**Wastewater - Tuai**	
Average age of Network Assets	55 years	47 years	
Critical Assets			
Above ground assets • Treatment plant/s • Percentage or number of above ground assets with a condition rating • Percentage of above –ground assets in poor or very poor condition	1 N/A N/A	1 N/A N/A	
Below ground assets • Total Km of reticulation • Percentage of network with condition grading • Percentage of network in poor or very poor condition	10km 100% 40%	4.5km 100% 80%	

Parameters - Mahanga	Drinking supply - Mahanga		
Average age of Network Assets	47 years		
Critical Assets			
Above ground assets • Treatment plant/s • Percentage or number of above ground assets with a condition rating • Percentage of above –ground assets in poor or very poor condition	 1 N/A 1 Reservoir very poor condition. This is currently a non-potable water supply, the continuation of which will be reviewed.		
Below ground assets • Total Km of reticulation • Percentage of network with condition grading • Percentage of network in poor or very poor condition	 2.0km 100% 50%		
Parameters - WDC		**Wastewater - Mahia**	
Average age of Network Assets		10 years	
Critical Assets			
Above ground assets • Treatment plant/s • Percentage or number of above ground assets with a condition rating • Percentage of above –ground assets in poor or very poor condition		 1 N/A N/A	
Below ground assets • Total Km of reticulation • Percentage of network with condition grading • Percentage of network in poor or very poor condition		 11.3km 100% 0%	
Parameters - WDC		**Wastewater – Opoutama**	
Average age of Network Assets		15 years	
Critical Assets			
Above ground assets • Treatment plant/s • Percentage or number of above ground assets with a condition rating • Percentage of above –ground assets in poor or very poor condition		 1 N/A N/A	
Below ground assets			

• Total Km of reticulation • Percentage of network with condition grading • Percentage of network in poor or very poor condition		5.0km 100% 0%	

Asset management approach

Wairoa District Council undertook an Asset Management Maturity review in 2023. This review found that all areas of asset management have progressed into either the Developing or Competent levels of maturity. These results provide a level of assurance that the assets being transferred from Council to WWSCCO are of acceptable quality and which are not in need of immediate replacement which in turn would allow for sufficient borrowing against those assets.

Systems and Standards

Wairoa District Council currently use an asset management system called Univerus (formerly AssetFinda). It is proposed that the new entity continue using this system. Any change in asset management system would be the prerogative of the WWSCCO Board.

The Council is in the process of implementing renewals planning software that will enable efficient coordination with other activities and identify potential efficiencies. Over time, as our capital works programme continues to develop, we expect this approach will create opportunities for cost savings and more streamlined delivery. We anticipate the following benefits:

1. Coordinated Capital Works

Aligning water, wastewater, and stormwater renewals with Council's transport forward works programme is one of the most effective ways to achieve cost savings. Typically, each asset renewal involves excavation, reinstatement, and traffic management—activities that can be duplicated when works are done separately. By coordinating with roading projects, these costs are shared across activities, and roads are opened only once.

This approach reduces the frequency of trenching, limits repeated asphalt or pavement reinstatement, and decreases temporary traffic management and engineering supervision costs. It also minimises disruption to the community and reduces the overall environmental footprint of construction. Over time, coordinated delivery enables Council to extend the lifespan of new surfaces, avoid premature reinstatement, and achieve better integration of underground services.

2. Shared Trenching and Reinstatement

Collaboration with other utility providers such as power, telecommunications, and fibre companies (e.g., Chorus) creates opportunities for shared trenching and reinstatement. Rather than each utility excavating the same corridor at different times, joint projects allow shared use of trenches, backfilling, and surface reinstatement.

This coordinated approach significantly reduces cumulative construction costs, avoids duplicate reinstatement, and enhances safety by reducing the total number of excavation events in public areas. It also minimises disruption to businesses and residents and improves the overall efficiency of infrastructure delivery. Shared reinstatement projects can reduce total project costs by up to 20–30% in some cases, depending on the number of participating utilities and the nature of the works.

3. Optimised Contractor Mobilisation

Cost savings are achieved through improved coordination of contractor mobilisation across multiple renewal projects. Traditionally, each project involves separate mobilisation and demobilisation activities—establishing site access, traffic management, and plant setup. By grouping works within the same area or timeframe, Council can package renewals into larger, coordinated work programmes.

This reduces repetitive overheads, allows for bulk material procurement, and maximises the efficiency of equipment and staff. It also results in shorter construction durations, improved productivity, and more competitive pricing due to better contractor engagement. Over time, coordinated mobilisation contributes to lower per-metre installation costs and higher value for money.

4. Evidence-Based Renewal Timing

Integrating condition data (including pipe sampling) and hydraulic performance modelling into the renewals tool ensures that assets are renewed based on actual need rather than age alone. Pipe sampling provides physical evidence of material degradation, wall thickness loss, or corrosion, helping to validate modelled deterioration rates.

This approach enables the deferral of renewals for assets still performing adequately, while ensuring that those in poor condition are prioritised. Avoiding premature replacement prevents unnecessary capital expenditure, while timely renewal of critical assets reduces the risk of costly emergency repairs or failures. Over a full asset lifecycle, this evidence-based targeting significantly reduces total renewal expenditure and improves service reliability.

5. Reduced Reactive Maintenance

Improved renewal planning leads to fewer unplanned failures and emergency call-outs. Unplanned maintenance is often several times more expensive than planned works due to after-hours labour rates, expedited material procurement, and the need for immediate traffic management.

By targeting renewals based on condition and performance data, Council can progressively reduce the frequency of reactive interventions. This results in savings in operational budgets, better asset reliability, and more predictable service levels for the community. Additionally, reduced reactive work improves health and safety outcomes by lowering the frequency of emergency responses and after-hours fieldwork.

6. Improved Long-Term Investment Planning

Data integration across multiple sources supports lifecycle cost optimisation, allowing Council to plan renewals based on whole-of-life cost rather than short-term budget constraints. The renewals planning tool enables scenario testing—such as comparing deferred vs. immediate replacement—to identify the most cost-effective timing of interventions.

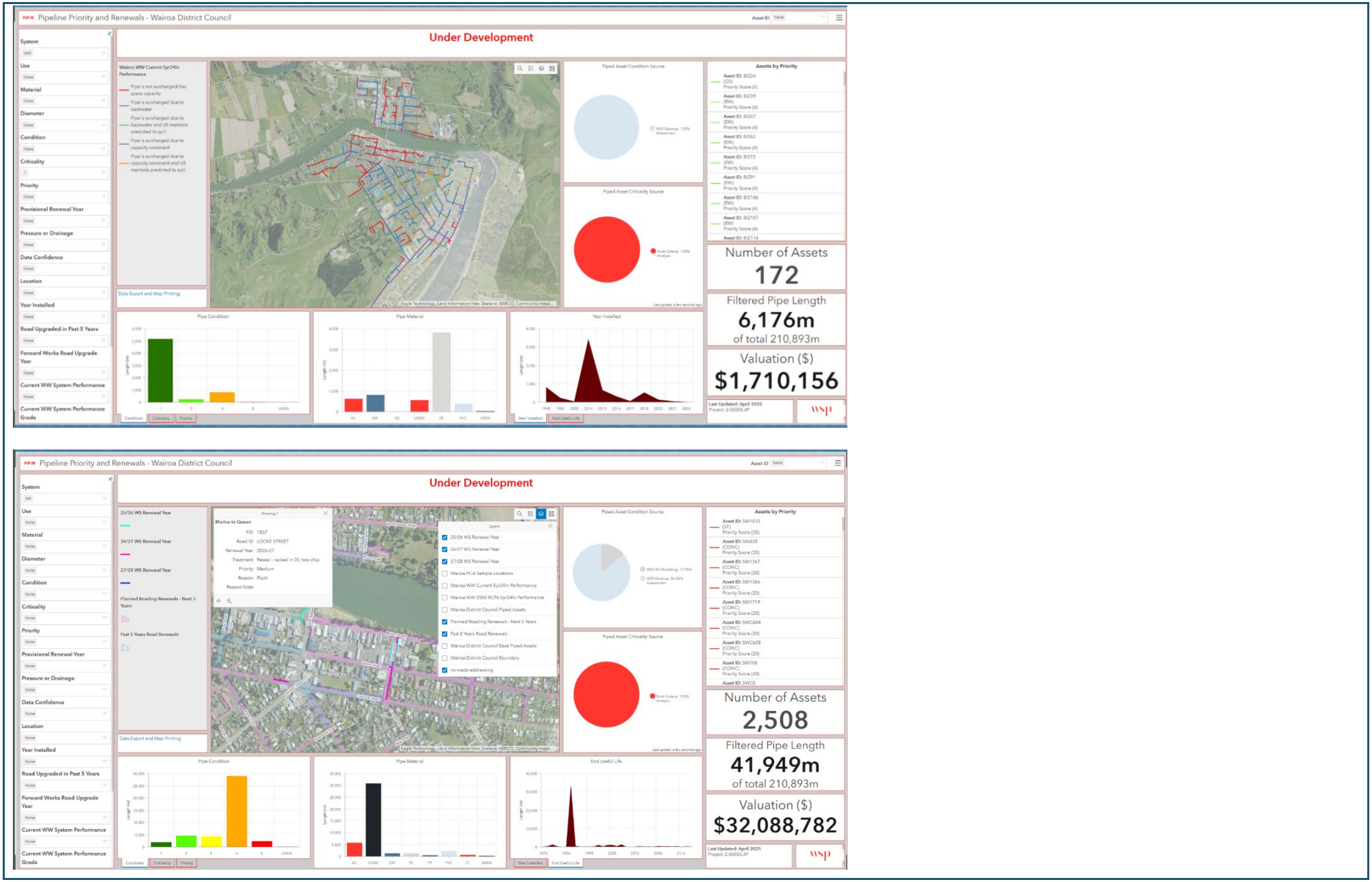
This longer-term, data-driven approach improves financial sustainability by smoothing expenditure profiles, avoiding budget spikes, and reducing borrowing pressure. It also provides transparent, defensible decision-making—critical for audit, DIA review, and the future transition to a Council Controlled Organisation (CCO).

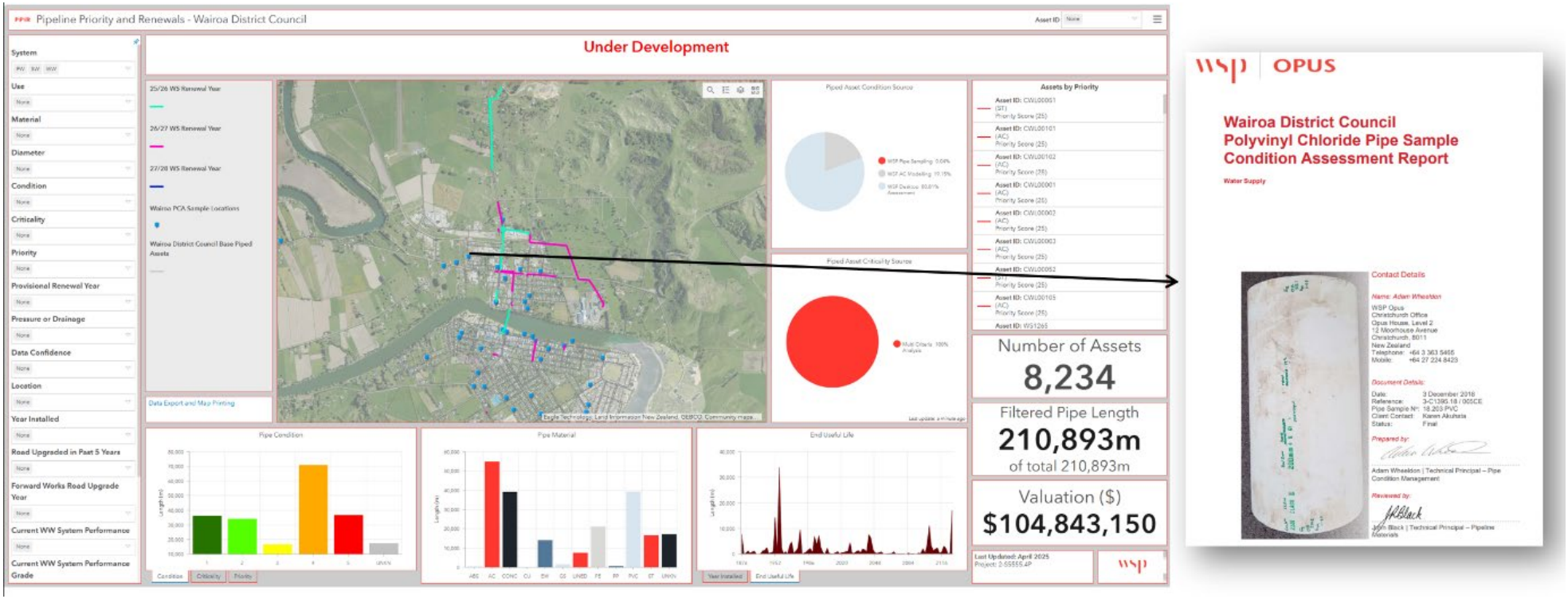
Closing Summary

Collectively, these efficiency measures directly support the objectives of the Water Services Delivery Plan by improving affordability, resilience, and financial sustainability of Wairoa's three waters services. The renewals planning tool provides a framework for smarter, evidence-based investment decisions that maximise the value of every dollar spent. By embedding coordinated delivery practices, sharing data across utilities, and leveraging condition-based renewal planning, Council is establishing systems and processes that are scalable, transparent, and ready to integrate into a future Council Controlled Organisation (CCO) model. This approach positions Wairoa to deliver sustainable, efficient, and well-managed water services aligned with national reform expectations and community affordability goals.

The Wastewater Model

See 3x images below.


Pipeline Priority and Renewals - Wairoa District Council
Under Development
Number of Assets
172
Filtered Pipe Length
6,176m
of total 210,893m
Valuation ($)
$1,710,156
Pipeline Priority and Renewals - Wairoa District Council
Under Development
Number of Assets
2,508
Filtered Pipe Length
41,949m
of total 210,893m
Valuation ($)
$32,088,782



Current and Proposed Service Delivery Model – 3 Waters Maintenance

Wairoa District Council currently contracts Fulton Hogan to deliver 3 Waters network maintenance services, including mechanical, civil, and electrical components. Operation of the Water Treatment and Wastewater Treatment Plants remains an in-house function, with maintenance services provided by Fulton Hogan and technical support for wastewater from external specialists. Network maintenance services contracts and existing asset management contracts currently in place will be transferred to the new CCO. Given the predominance of stormwater services being located in road reserves, management of Councils current Stormwater Assets will continue to be managed jointly by the WWSCCO waters team and the WDC Transport services teams. This allows the coordination of stormwater works with planned roading work and/or for the minimisation of disruption to the roading network arising for stormwater infrastructure.

Statement of regulatory compliance

Parameters - WDC	Drinking supply schemes	Wastewater schemes	Stormwater Schemes/catchments
Drinking water supply • Bacterial compliance (E. coli) • Protozoa compliance • Chemical compliance • Boiling water notices in place • Fluoridation • Average consumption of drinking water • Water restrictions in place (last 3 years) • Firefighting sufficient	The Wairoa, Frasertown and Tuai drinking water supplies currently meet the Drinking water Standards – Part 4 bacterial compliance criteria. The Wairoa and Frasertown networks also meet the part 5 protozoal compliance criteria. We currently have 2 boil water notices in place at Tuai and Mahanga. The Tuai Boiled water notice arises from the absence of any chlorination or other treatment of the supply. The Mahanga water supply is a non-potable supply. No, the Wairoa Water Supply is not currently fluoridated. Drinking water consumption rates in Wairoa average 431.67 litres per person per day over the past 3 years (355 in 2021/22, 405 in 2022/23 and 535 in 2023/24). Mahanga water usage has been restricted over summer. Wairoa restrictions when river NTUs are up or when the wastewater system starts being overwhelmed (don't rush to flush notices etc) Yes, the firefighting water supply capacity remains sufficient to respond to emergency events.	n/a	n/a
Resource Management • Significant consents (note if consent is expired and operating on S124) • Expire in the next 10 years • Non-compliance: • Significant risk non-compliance • Moderate risk non-compliance • Low risk non-compliance • Active resource consent applications • Compliance actions (last 24 months): • Warning • Abatement notice • Infringement notice • Enforcement order • Convictions	Tuai and Mahanga consents have expired, HBRC have granted a two-year extension so engagement with iwi can commence. 2 0 0 0 2 0 0 0 0 0	Tuai (AUTH-107267-02), Opoutama (AUTH-118685-03), Wairoa (AUTH-123608-02) and Mahia (AUTH-118701-04). Network 0 2 0 1 (Wairoa) 1 (Opoutama) 0 0 0 0 0 0	Wairoa District Council currently has no stormwater resource consent in place. N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A

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

The table below outlines the proposed capital expenditure over the next ten years to sustain current service levels across the three waters services in the Wairoa District. These projections are based on the asset review conducted in 2023.

Investment in drinking water services is exclusively allocated to the replacement of existing assets, as anticipated growth in the Wairoa District remains within the capacity of the current infrastructure. An average annual expenditure of approximately $2 million is forecasted for drinking water infrastructure.

For wastewater services, an average of $4.3 million per year is proposed to support necessary upgrades to existing systems. A significant increase in expenditure—estimated at $10.4 million—is projected for the 2031/32 financial year, driven by the need to replace assets reaching the end of their operational life.

Stormwater investment is primarily focused on enhancing service levels, with funding allocated to meet increased demand and asset renewal requirements over the next decade. The average annual investment proposed for stormwater improvements across the Wairoa District is approximately $1.4 million.

In total, the projected capital investment across all water services over the ten-year period amounts to $76.5 million. Of this, 25% is designated for maintaining drinking water assets, 57% for upgrading the wastewater network, and 18% for stormwater enhancements. These figures reflect the necessary upgrades and replacements required to maintain existing service levels.

Capital expenditure is a key area where a dedicated water services Council-Controlled Organisation (CCO) is expected to focus efforts and deliver efficiencies.

Projected investment in water services	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Drinking water										
Capital expenditure - to meet additional demand	0	0	0	0	0	0	0	0	0	0
Capital expenditure - to improve levels of services	36	276	0	0	0	0	0	0	0	0
Capital expenditure - to replace existing assets	1,134	3,583	3,428	2,037	2,220	1,684	1,422	1,047	1,253	1,449
Total projected investment for drinking water	1,170	3,859	3,428	2,037	2,220	1,684	1,422	1,047	1,253	1,449
Wastewater										
Capital expenditure - to meet additional demand	0	0	2,723	1,373	1,747	346	354	1,600	405	1,250
Capital expenditure - to improve levels of services	107	2,598	1,111	1,702	338	2,314	2,004	37	0	0
Capital expenditure - to replace existing assets	408	792	692	366	2,774	1,734	1,961	8,841	2,339	3,350
Total projected investment for wastewater	515	3,390	4,526	3,440	4,858	4,394	4,319	10,478	2,744	4,600

Stormwater										
Capital expenditure - to meet additional demand	0	0	0	0	0	0	0	0	0	0
Capital expenditure - to improve levels of services	233	2,080	1,614	1,274	1,139	1,167	1,192	1,216	1,227	1,250
Capital expenditure - to replace existing assets	472	68	603	71	73	0	0	0	0	0
Total projected investment for stormwater	705	2,148	2,217	1,345	1,212	1,167	1,192	1,216	1,227	1,250
Total projected investment in water services	**2,390**	**9,397**	**10,171**	**6,822**	**8,291**	**7,245**	**6,933**	**12,741**	**5,223**	**7,299**

Historical delivery against planned investment

Delivery against planned investment	Renewals investment for water services				Total investment in water services			
	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)	$9,228	$6,234	$5,532	$20,994	$9,984	$12,018	$7,305	$29,307
Total actual investment	$2,905	$4,551	$4,750	$12,206	$2,973	$8,889	$7,011	$18,900
Delivery against planned investment (%)	**31%**	**73%**	**86%**	**58%**	**30%**	**74%**	**96%**	**64%**

The actual investment in FY 21/22 - FY 23/24 disclosed above relates to capital expenditure only. Total expenditure was in fact very close to budget but included a significant amount relating to a wastewater reconsenting process that was not capitalised.

Investment in 2024/25 has been partially compromised by the recovery from 2 significant weather events in the district, with expenditure and effort concentrated on flushing silt filled pipes and treatment ponds, and reinforcing intakes, and clearing drains. The impacts on the water assets however were not as severe as the roading network, which has required an augmented repair, reinstatement and rehabilitation programme whilst in the waste management activity the landfill neared capacity, meaning and the plans to transport some waste out of the district were brought forward and the rollout of Council's Waste Minimisation Plan was deferred. The most notable difference is that the Council received significant amounts of external subsidies for the roading and waste management recovery programmes, and this was not the case for the water activities.

Part C: Revenue and financing arrangements

Revenue and charging arrangements

Charging and billing arrangements

WWSCCO water charges have been modelled on the basis that the existing WDC rating regime for water services will be transitioned into water services charges payable to the WWSCCO. The current rating regime is as follows.

Water Supply

The Wairoa township currently has approximately 650 metered delivery points with volumetric billing accounts. At present, around half of these accounts appear to be inactive. The township is equipped with Smart Meters, facilitating streamlined management and supporting future growth.

AFFCO Limited benefits from a bulk supply agreement that includes a substantial discount. The primary term of this agreement is set to expire on 30 June 2028.

Rating units that are connected but not metered in Wairoa, the Wairoa Urban Periphery, and Frasertown are charged a uniform rate per connection. Units within the scheme catchment that are not connected are rated at 50% of the connected rate.

In Tuai and Mahanga, connected rating units are also charged a uniform rate per connection, specific to each location. Non-connected units within these scheme catchments are rated at half the connected rate. These rates are calculated based on historical estimates of the relative costs associated with operating each scheme.

Wastewater

All connected rating units across the district are charged a uniform rate per connection, except for land used for temporary accommodation that includes multiple connections.

Non-connected rating units within scheme catchments are rated at 50% of the connected rate.

Rating units with septic tanks that are not connected to a scheme are charged a 'rural wastewater' rate, which reflects the estimated cost of treatment—approximately 12.5% of the connected rate.

Stormwater

Rating units located in Wairoa and Mahia that fall within the catchment areas of the stormwater schemes are charged a uniform rate per unit. These rates are location-specific and based on estimated cost recovery.

Based on current legislation it is likely that these mechanisms will remain in place for the foreseeable future. It is noted that Council's Revenue and Financing Policy provides for a contribution from the wider community, and this will be a matter for policy going forward. This WSDP assumes that the council will be able to continue with general rate subsidisation of WWSCCO income streams recognising that there is still a wider community benefit from safe compliant water infrastructure.

The modelling does not currently include the rural wastewater rate but a reliable mechanism for recovering the cost of treating this effluent will be explored.

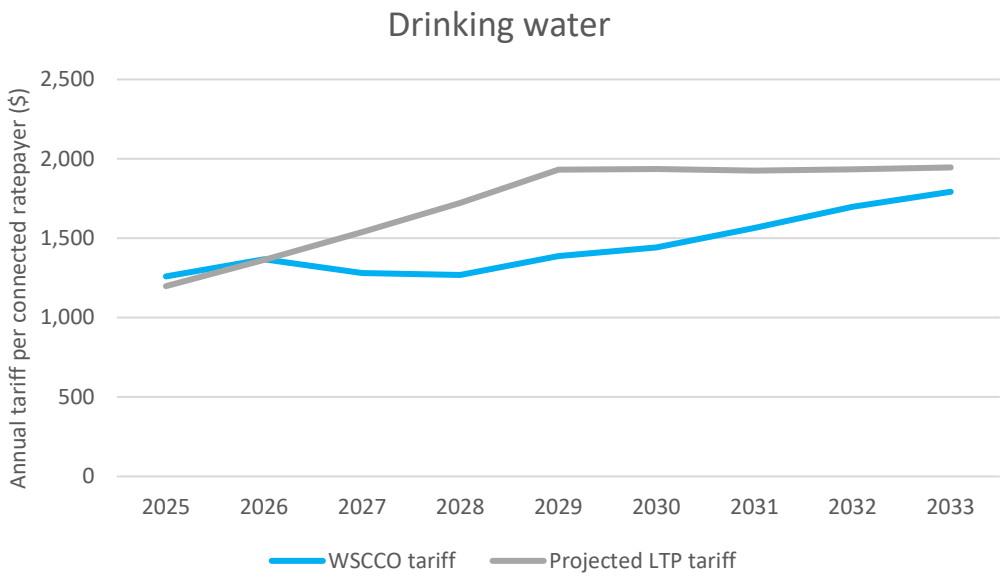
Water services revenue requirements and sources

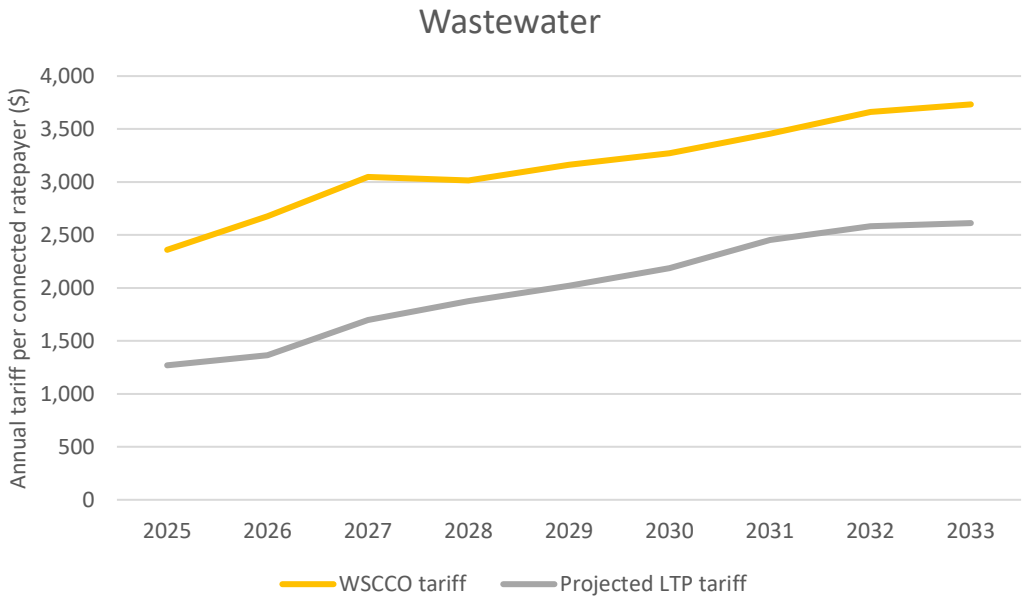
The primary source of revenue for these activities is rates, as outlined above. Additional funding is received through central government initiatives, including programmes such as the Better Off Funding. The WSDP has been modelled excluding the prospect of external funding grants.

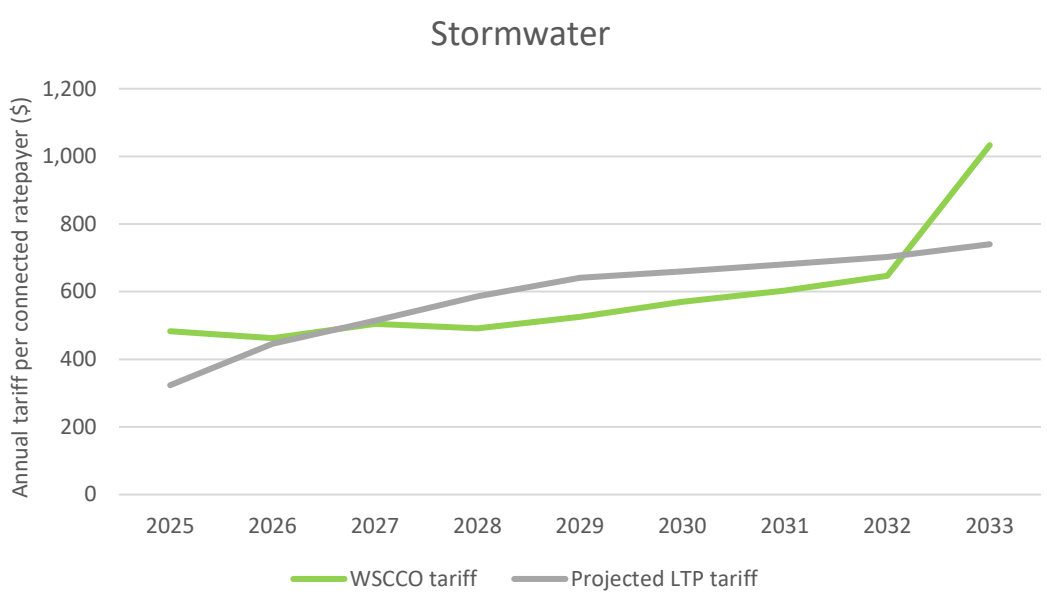
Connection fees are also a source of revenue for water services —these comprise an administrative charge and actual cost recoveries—these fees are applied to all new service connections.

Wairoa District Council has currently deferred the implementation of a Development Contributions Policy. The future charging of development contributions to recover additional loads and demands being placed on infrastructure by new development remains a future funding alternative.

The graphs below illustrate the WWSCCO price paths compared to the Council's LTP 2024, which has been extrapolated based on data underpinning the infrastructure strategy.


Drinking water
Annual tariff per connected ratepayer ($)
2,500
2,000
1,500
1,000
500
0
2025
2026
2027
2028
2029
2030
2031
2032
2033
WSCCO tariff
Projected LTP tariff


Wastewater
Annual tariff per connected ratepayer ($)
4,000
3,500
3,000
2,500
2,000
1,500
1,000
500
0
2025
2026
2027
2028
2029
2030
2031
2032
2033
WSCCO tariff
Projected LTP tariff



Existing and projected commercial and industrial users' charges

160 (140 active) of the rating units with metered water identified above have land use coded as Commercial, Industrial or Utility.

144 rating units coded as Commercial, Industrial or Utility are assessed for a water rate on a uniform basis. In 2024 Council adopted a high user policy and it is likely that these customers will be prioritised for conversion to metered billing.

The affordability of projected water services charges for communities

Current Water costs per household in the Wairoa District are 4.3% of household annual income per Stats NZ published estimates, or 2.1% according to similar reports provided by Infometrics. Based on the current income growth rates this is projected to increase 0.2% per year before levelling out at 5.8%, or 4.1%.

This is unsurprising and has more to do with income levels and size of population than cost of delivery, but Wairoa's remoteness and geography are factors in the latter. Wairoa median household income is ¾ of the Hawke's Bay median and less than 2/3 the national level, of which the average cost would be 3.5%.

In the later years increases in revenues is needed to continue to meet the prescribed revenue and investment sufficiency metrics.

Funding and financing arrangements

Funding and financing arrangements

Water services financing requirements and sources

Historically Wairoa District Council has rated for a proportion of depreciation and balanced its investment requirements through borrowing, particularly where compliance, growth and inflation have required more than like for like replacement. In the Council's long-term plan, it was estimated that total debt attributable to water infrastructure would be $23.3 million, relating expenditure funded from borrowing less any amount recovered through rates.

Investment over the following 10 years has been forecast at $71.6 million. Of this $12 million will be covered by a return of capital, being cash inflows generated from the inclusion of depreciation expense in the tariffs and the remainder ($54.6 million) will be funded by new borrowing along with an additional $8 million of refinancing to cover working capital requirements.

To keep within the Debt to Revenue Covenant a repayment tenor of 10 years has been planned. To meet this obligation a return on capital averaging 3.5% has been included in the tariff structure.

By 30 June 2033 gross debt will have more than doubled to $42.6 million.

The business will generate sufficient cash revenues to pay its operating expenses and contribute to capital expenditure. Some refinancing will be required to meet working capital requirements. This balances affordability pressures on tariffs. Internal loan mechanisms will be available in the early stages, particularly if quarterly billing cycles are retained.

Statement of cashflows ($000)	FY24/25	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Cashflows from operating activities											
Cash surplus / (deficit) from operations	195	1,202	1,491	1,767	2,284	2,945	3,171	3,687	4,469	4,803	4,934
[other items]											
Net cashflows from operating activities	195	1,202	1,491	1,767	2,284	2,945	3,171	3,687	4,469	4,803	4,934

Cashflows from investment activities											
[other items]											
Capital expenditure	(994)	(2,390)	(9,397)	(10,171)	(6,822)	(8,291)	(7,245)	(6,933)	(12,741)	(5,223)	(7,299)
Net cashflows from investment activities	(994)	(2,390)	(9,397)	(10,171)	(6,822)	(8,291)	(7,245)	(6,933)	(12,741)	(5,223)	(7,299)
Cashflows from financing activities											
New borrowings	778	1,390	6,397	8,041	5,272	5,331	4,345	3,586	9,371	961	2,925
Repayment of borrowings	(2,501)	0	0	(73)	(334)	(430)	(523)	(602)	(668)	(817)	(845)
Net cashflows from financing activities	(1,723)	1,390	6,397	7,968	4,938	4,900	3,822	2,984	8,703	144	2,080
Net increase/(decrease) in cash and cash equivalents	(2,522)	202	(1,509)	(437)	400	(446)	(253)	(261)	431	(276)	(285)
Cash and cash equivalents at beginning of year	11,169	6,844	7,046	5,537	5,100	5,501	5,055	4,803	4,542	4,973	4,696
Cash and cash equivalents at end of year	8,647	7,046	5,537	5,100	5,501	5,055	4,803	4,542	4,973	4,696	4,411

Borrowing limits for water services and all Council business.

- To date the Council has maintained its borrowings within its financial strategy limits and within the LGFA non guarantor limit of $20 million. This position provides sufficient headroom for any debt that the Council may need to underwrite in the future, and the transfer of water revenues and debt will significantly increase this. Based on the forecast revenue for the year ending 30 June 2026 Council's debt limit would become $109 million after it becomes a guarantor with LGFA.
- There are two main covenants with which a WWSCCO will be required to comply and with fewer than 5,000 connections the Wairoa WWSCCO will need to achieve a FFO to Cash Interest Coverage Ratio of 2.0 and a FFO to Gross Debt Ratio of 12%.

Whether projected borrowings are within borrowing limits.

Over the 10 years both the council and the WSCCO will remain comfortably within borrowing limits.

Sustainability measures: Financing sufficiency											
Net debt	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Total borrowings	8,533	9,923	14,229	22,048	24,500	31,137	32,237	37,562	44,032	47,035	47,064
Less: cash and financial assets	(8,647)	(7,046)	(5,537)	(5,100)	(5,501)	(5,055)	(4,803)	(4,542)	(4,973)	(4,696)	(4,411)
Net debt	(114)	2,877	8,692	16,947	18,999	26,082	27,434	33,020	39,059	42,339	42,653
Net debt to operating revenue	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Total net debt (gross debt less cash)	(114)	2,877	8,692	16,947	18,999	26,082	27,434	33,020	39,059	42,339	42,653
Operating revenue	5,266	7,291	7,484	8,159	8,903	9,475	10,130	10,800	11,930	12,667	13,088
Net debt to operating revenue	(2%)	39%	116%	208%	213%	275%	271%	306%	327%	334%	326%
Borrowings headroom/(shortfall) against limit	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating revenue	5,266	7,291	7,484	8,159	8,903	9,475	10,130	10,800	11,930	12,667	13,088
Debt to revenue limit	500%	500%	500%	500%	500%	500%	500%	500%	500%	500%	500%
Maximum allowable net debt	26,330	36,455	37,420	40,796	44,513	47,373	50,650	54,001	59,652	63,337	65,442
Total net debt	(114)	2,877	8,692	16,947	18,999	26,082	27,434	33,020	39,059	42,339	42,653
Borrowing headroom/ (shortfall) against limit	26,444	33,578	28,728	23,848	25,513	21,292	23,216	20,981	20,592	20,998	22,789

Financial strategy for financing water services investment and operating expenditure.

Council rarely draws down borrowings in advance of a project commencement so there will be limited surplus funds to transfer to the WWSCCO. Any cash available will likely be needed for initial working capital and an on-lending mechanism will allow for further liquidity coverage. As such it is assumed that all initial investment will be financed by borrowing and that tariffs, in the form of the equivalent of targeted rates and volumetric charges, will be priced to cover all operating expenses and servicing of the debt utilised for ongoing investment in infrastructure.

Expected tenor of new borrowings and how interest rate and refinance risk will be managed.

Historically when Council has borrowed to invest in infrastructure it has rated for the servicing of those borrowings over the lives of the corresponding assets. However, the refinancing of that debt has typically taken place at intervals of five years or fewer, subject to interest rates.

Council has calculated that even a modest sum of debt refinanced on shorter tenors can make a material difference to total finance costs. However, with more significant sums the risk of adverse movements could be damaging and this must be managed. Council has a liability management policy which prescribes limits for debt maturities and types and similar suitable policy settings will be applied to the WWSCCO to ensure it is not exposed to significant adverse impacts of interest rate movements.

Debt repayment strategy.

Debt that transfers from Council will be repaid over remaining useful lives of the corresponding assets, average estimated at 28 years, while new borrowings will be recovered over the lives of the corresponding assets, i.e. 70 - 90 years.

Internal borrowing arrangements

Any current internal borrowing arrangements between water services and other Council business, including whether finance costs are charged on these arrangements and repayment mechanics.

Debt will be managed as a portfolio. Focus on a clearly defined delivery plan will enable a structured financing and treasury programme. Internal borrowings will be used where appropriate, and where it meets economic and policy objectives. Any internal lending will be at the Council's WACC, with a management fee for processing.

Whether it is proposed that internal borrowing arrangements will be used up to 30 June 2028.

It is most likely that internal borrowings will be required to support working capital and to continue to fund projects that are already in progress at the time of transition, whether or not external debt has been drawn down in respect of those projects.

Whether it is proposed that internal borrowing arrangements will be used beyond 30 June 2028

It is expected that the WWSCCO will be self-funding before the end of 30 June 2028. Internal borrowing facilities will still be available beyond this date as a mechanism for managing group capital efficiently.

How internal borrowings will be managed to ensure compliance with ringfencing requirements.

An inter-entity agreement will be established along with drawdown schedules that documents the terms of any internal borrowings. These borrowings will be recorded as internal receivables in the books of the Council and as internal borrowings in those of the CCO.

Determination of debt attributed to water services

As with all Local authorities Water related debt has been identified and has been earmarked for transfer to the water entity set out in this plan. Total current gross debt levels relating to water currently is around $8 Million with this debt forecast to reach $43 Million in the next 10 years in this plan. At its peak net debt for the WSCCO reaches 334% of operating revenue.

These figures are based on Wairoa District Council's LTP and refreshed using actual results for the years 2023/24 and 2024/25 per the respective Annual Reports and the updates contained in the Annual Plan 2025/26 as the starting position. The opening debt is derived from the accumulation of capital expenditure funded by borrowings in Council's funding impact statements and any operating deficits. Modelling shows this debt level to remain within acceptable borrowing headroom levels. For the WWSCCO debt will be maintained at below 400% of revenue.

Insurance arrangements

Confirm that the asset owning organisation in the proposed service delivery arrangement will hold the necessary insurance policies.

Council currently purchases material damage and business interruption (MDBI) insurance for above ground assets as a member of a local authority shared service (LASS) and it is envisaged that this relationship will continue with the WWSCCO effectively becoming a new member of the LASS group. There will be the option of the WWSCCO sourcing its own insurance if that is shown to be is the more economical and practical. For underground network assets it is assumed that existing arrangements with the National Emergency Management Agency that cover 60% of losses resulting from an event will continue. For the remaining 40%, Council is a member of the Local Authority Protection Programme (LAPP), and it has been confirmed that WWSCCO will be eligible to become members of this programme as at the date of transfer. It is likely that the entity will be required to hold its own liability and other policies.

Describe whether annual insurance risk assessments are undertaken – and if not annually, when the last review of insurance cover was completed.

Annual insurance risk assessments are conducted internally and as part of the renewals process with the LASS and main broker.

Describe whether risk evaluation and assessment identifies probability of loss and cost under scenarios (distinguishing between above and below ground assets).

MDBI insurance is purchased collectively by the Hawke's Bay Councils group and is subject to group loss limits. LAPP purchases reinsurance on a Probable Maximum Loss basis. In both areas these assessments include risk evaluation using local knowledge and informed by modelling undertaken by the Hawke's Bay CDEM agency and Aon.

Describe the level of insurance cover for the network, including the basis for valuation of water assets and how insurance cover is calculated for insurable water services assets.

All of Council's water assets are included in insurance schedules at 100% of estimated replacement cost based on most recent independent valuations and fair value assessments with allowances for indexation and additions.

Briefly summarise the insurance management policy for water services, including Insurance review policy and asset identification standards.

Council has a low risk tolerance for its lifeline assets, which is why the full portfolio is insured in full. This has been reinforced following two significant weather events in Wairoa in 18 months.

Any link with Council's disaster policy response to mitigate insurance losses; and Delegations and reporting on insurance.

Insurance is administered for the Council by the Group Manager: Finance and Corporate Support who reports regularly to Council and its Finance Assurance and Risk Committee. Risk management for the assets is undertaken by the utilities team within the Assets and Infrastructure group.

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 proposed establishment date for WWSCCO is 1 July 2027 which would mean achieving financial sustainability by 30 June 2028, its first year of operation. The graphs and tables set out in this plan show WWSCCO to achieve an operating surplus and positive cashflow ratios from establishment. The financial plan for the WWSCCO is based around a lean cost base, prudent investment and a tariff mechanism that ensures obligations are met. The level of capital expenditure identified by Wairoa District Council for the next 10 years will allow for the upkeep of existing assets and purchasing of replacement assets where required. Council as sole shareholder my provide support to WWSCCO in its early stages. Contributions may take the form of funding assistance, borrowing assistance or non-monetary contributions such as low-cost office rentals.
Actions required to achieve financially sustainable delivery of water services
To summarise the measures described earlier in this document, financial sustainability will be achieved through: 1. Low administration and support costs via shared services model 2. Disciplined debt repayment schedule and use of surpluses to offset debt 3. Targeted rates increases for ring fenced Water Services charges, retaining ability to supplement via general rates 4. Prioritised transition to metered billing for high volume users, including potential applications for wastewater 5. High asset investment in infrastructure allowing depreciation expense to be spread over a longer period 6. Treasury and Revenue and Financing policy development and alignment 7. Utilisation of Council resources and debt headroom.
Risks and constraints to achieving financially sustainable delivery of water services
The following sets out known risks and constraints that may prevent the delivery of a financially sustainable water services entity for the Wairoa District.

1. Initial Financial Viability of the Proposed CCO

As noted earlier in this plan modelling by Castalia shows that the proposed Council-Controlled Organisation, will require financial assistance from Wairoa District Council for at least the first five years of operation. The level to which early-stage capital contributions from its shareholder is required will depend on the level of capital expenditure savings an entity solely focused on water services can deliver.

2. Tariff Sufficiency and Affordability

The current water-related rates are insufficient to meet the financial performance benchmarks. Significant increases in these tariffs are required to ensure positive cash flow. As with the risk above any savings the CCO can make in reducing required capital expenditure would be expected to reduce the level of tariffs/rates paid by Wairoa Water Consumers.

It is emphasised that this plan is drafted to demonstrate how the Wairoa WSCCO can quickly achieve all the prescribed parameters towards sustainable delivery of water services on a standalone basis, and it is acknowledged that this comes with price pressure that would cause affordability challenges. However, these challenges are present in all practicable models and a plan that promotes a Wairoa WWSCCO comes with opportunities that are not present in other models, whilst retaining options for effective combinations with other providers in the future. Discussions continue in those areas. Furthermore, as shown in the projected financial statements in Part E, the significant rates increases already happened through Council in 2024/25, and the price path under the WSCCO is not steep.

Our original modelling showed an opening debt balance of $23 million. This is now $8 million and while it does increase steadily over the years the lower starting position means it can be managed more economically. Any surpluses achieved by fully pricing depreciation will be used to pay off debt earlier and further reducing price acceleration.

3. Climate and Infrastructure Resilience

Recent events like Cyclone Gabrielle and subsequent flooding have severely impacted water infrastructure. These climate-related disruptions increase operational costs and complicate long-term planning.

4. Regulatory Compliance and Reform Uncertainty

The evolving regulatory landscape requires Councils to meet higher standards for water quality, environmental protection, and financial transparency. Uncertainty around the final shape of these reforms adds complexity to financial planning.

5. Reliance on External Funding

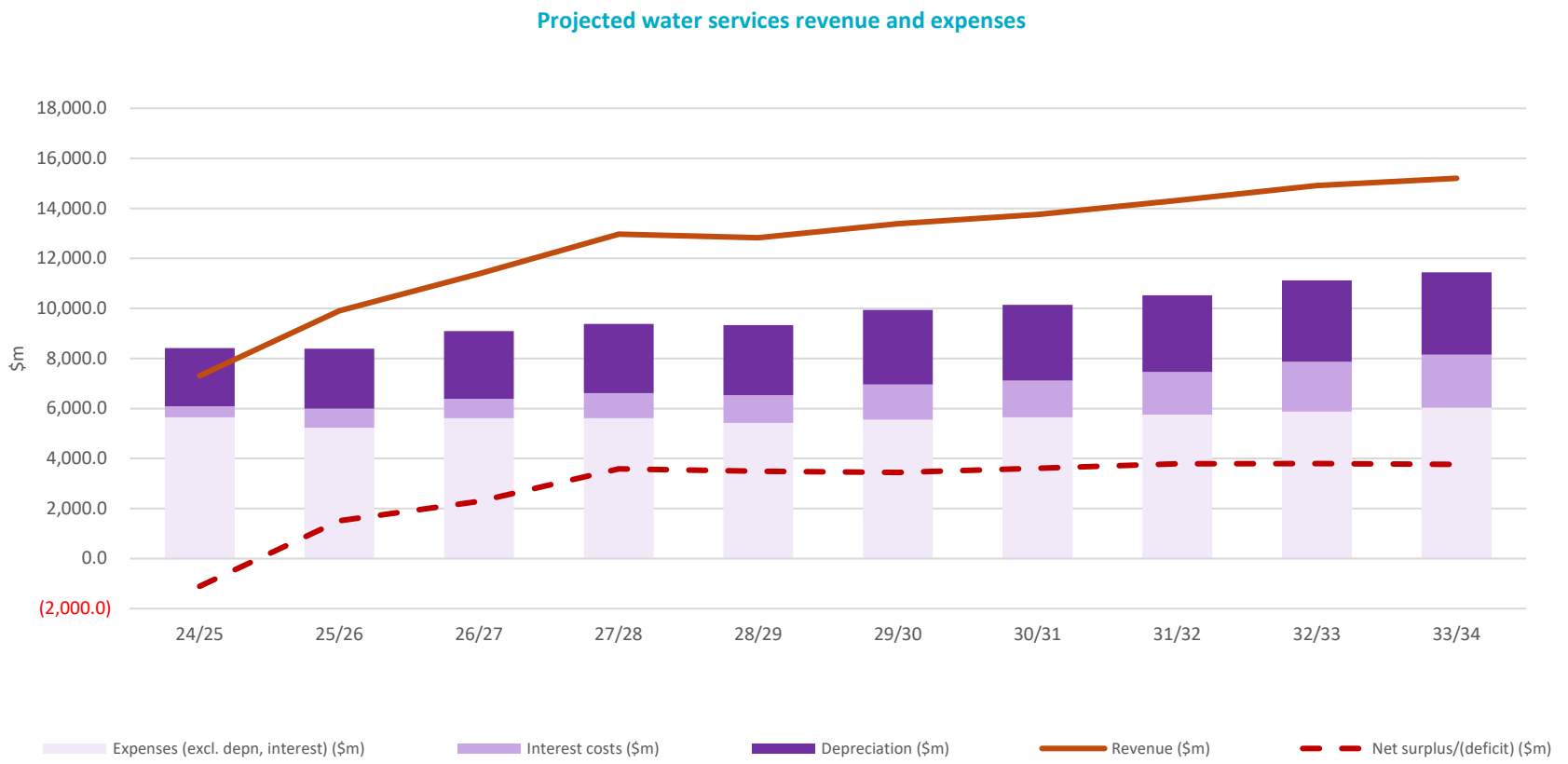
Wairoa District Council's financial strategy and long-term plans acknowledge a high dependency on external subsidies (e.g., from the Provincial Growth Fund or central government). Any reduction or delay in these funds could jeopardise planned investments and service levels.

Financial sustainability assessment - revenue sufficiency

Assessment of revenue sufficiency

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

The financial projections below for a Wairoa District Council Controlled water services entity show a positive financial outlook for the period 2024/25 to 2033/34 period. Modelling suggests revenue is projected to increase steadily to keep within revenue sufficiency requirements and reach $13 million in 2033/34. As expected, expenses including operating costs, interest and depreciation are all modelled to increase however at a lower rate than revenue pointing to a financially sustainable model.



Average projected charges for water services over FY2024/25 to FY2033/34 (Baseline without Council / Ratepayer input)

Sustainability measures: Revenue sufficiency											
Average charge per connection including GST	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Average drinking water bill (including GST)	847	1,149	1,260	1,367	1,281	1,269	1,387	1,441	1,566	1,697	1,793
Average wastewater bill (including GST)	944	1,297	1,270	1,364	1,696	1,874	2,021	2,187	2,454	2,581	2,612
Average stormwater bill (including GST)	183	307	409	483	462	505	492	525	570	603	647
Average charge per connection including GST	1,974	2,753	2,938	3,214	3,440	3,648	3,901	4,154	4,590	4,881	5,052
Projected increase		39.5%	6.7%	9.4%	7.1%	6.0%	6.9%	6.5%	10.5%	6.3%	3.5%
Projected number of connections	2,264	2,265	2,265	2,267	2,269	2,271	2,273	2,275	2,277	2,279	2,281
Projected median household income - Stats NZ	65,278	66,584	68,582	70,639	72,758	74,941	77,189	79,505	81,890	84,347	86,877
Water services charges as % of household income	3.0%	4.1%	4.3%	4.5%	4.7%	4.9%	5.1%	5.2%	5.6%	5.8%	5.8%
Projected median household income - Infometrics	92,872	94,729	97,571	100,498	103,513	106,619	109,817	113,112	116,505	120,000	123,600
Water services charges as % of household income	2.1%	2.9%	3.0%	3.2%	3.3%	3.4%	3.6%	3.7%	3.9%	4.1%	4.1%

Our baseline household income is taken from Stats NZ census survey estimates from 2023. However, we have observed that numerous councils in their WSDP have used figures published by Infometrics that estimated significantly higher income levels. Wairoa District Council used this source in its Annual Report 2024, and so for consistency we have presented this alternative calculation, which significantly reduces the estimated % of household income.

Projected operating surpluses/(deficits) for water services

The Table below shows the projected operating surplus for WWSCCO to be steadily increasing over the next 10 years. Over the life of the plan the perennial operating deficits absorbed by the council in the past become prudent surpluses from 2027/28 onwards. These projections indicate that the establishment of a Wairoa Water Services entity is a viable financial option.

Operating surplus ratio	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating surplus/(deficit) excluding capital revenues	(2,042)	(1,124)	(906)	(938)	(478)	141	185	655	1,401	1,551	1,651
Total operating revenue	5,266	7,291	7,484	8,159	8,903	9,475	10,130	10,800	11,930	12,667	13,088
Operating surplus ratio	(38.8%)	(15.4%)	(12.1%)	(11.5%)	(5.4%)	1.5%	1.8%	6.1%	11.7%	12.2%	12.6%

Projected operating cash surpluses for water services

The table below shows WWSCCO to be projected to have a retain a positive operating cash ratio across the first 10 years of its operation. These positive ratios provide assurance that a CCO is a financially viable option to deliver water services to the people of the Wairoa District.

Operating cash ratio	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating surplus/(deficit) + depreciation + interest costs - capital revenue	600	1,640	2,248	2,547	3,288	4,056	4,581	5,147	6,168	6,794	7,059
Total operating revenue	5,266	7,291	7,484	8,159	8,903	9,475	10,130	10,800	11,930	12,667	13,088
Operating cash ratio	11.4%	22.5%	30.0%	31.2%	36.9%	42.8%	45.2%	47.7%	51.7%	53.6%	53.9%

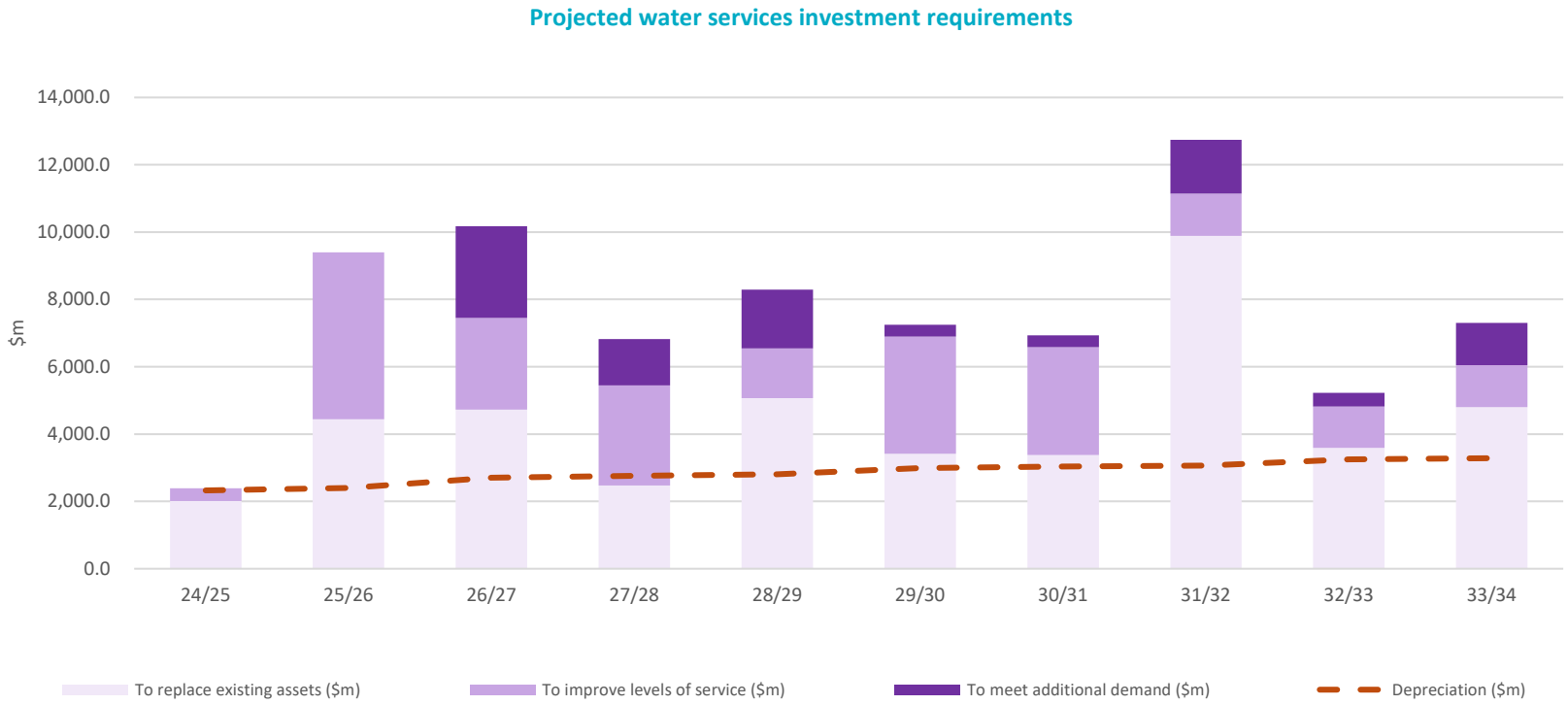
Financial sustainability assessment - investment sufficiency

Assessment of investment sufficiency

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

This graph shows an expected average annual spend of around $7.6 million will be required over the next 10 years to maintain current levels of service across the three water areas.

No specific spend to meet additional demand has been identified as been required in the Wairoa District as the current capacity levels of our 3 water networks are deemed sufficient to handle the low levels of demand increase predicted across the region.



Renewals requirements for water services

This table compares capital expenditure on renewals with depreciation. This ratio helps assess whether assets are being renewed at a rate that sustains their long-term functionality. Calculated ratios for spend across the Wairoa District demonstrate a strong reinvestment across most years. Years with a negative ratio tend to be those years where significant reinvestment to replace water assets at the end of their usable life. It is expected that these ratios will be smoothed out with the transferring of these assets to a water services CCO with a sole focus on these areas.

Asset sustainability ratio	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33
Capital expenditure on renewals	354	2,014	4,443	4,723	2,473	5,067	3,418	3,383	9,887	3,591
Depreciation	2,237	2,326	2,397	2,705	2,762	2,804	2,986	3,032	3,068	3,252
Asset sustainability ratio	(84.2%)	(13.4%)	85.4%	74.6%	(10.5%)	80.7%	14.5%	11.6%	222.3%	10.4%

Total water services investment required over 10 years

This table compares total capital expenditure with depreciation of these assets over the next 10-years. The ratio reflects the level of investment in new or upgraded assets relative to the rate at which existing assets are wearing out. Years with ratios above 100% indicate that the level of investment required will exceed depreciation, suggesting replacement or improvements have been scheduled to be made to the assets.

The current projected investment rates show a strong commitment to asset development. It is expected this ethos will be continue by the proposed CCO.

Asset investment ratio	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33
Capital expenditure	994	2,390	9,397	10,171	6,822	8,291	7,245	6,933	12,741	5,223
Depreciation	2,237	2,326	2,397	2,705	2,762	2,804	2,986	3,032	3,068	3,252
Asset investment ratio	(55.6%)	2.8%	292.0%	276.0%	147.0%	195.7%	142.7%	128.6%	315.2%	60.6%

Average remaining useful life of network assets

This table compares the book value of current water infrastructure assets to their replacement value over a 10-year period.

The calculated asset consumption ratios for Wairoa Water Services infrastructure over the next 10 years show a gradual increase over time as would be expected with ageing infrastructure, it is expected that these ratios would changes with a dedicated water services CCO having a sole focus on investment in waters services infrastructure.

Asset consumption ratio	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33
Book value of infrastructure assets	75,498	75,201	82,201	97,065	101,125	106,611	120,466	124,366	134,039	148,073
Total estimated replacement value of infrastructure assets	180,028	185,429	190,383	203,229	207,578	210,802	224,224	227,774	230,627	244,322
Asset consumption ratio	41.9%	40.6%	43.2%	47.8%	48.7%	50.6%	53.7%	54.6%	58.1%	60.6%

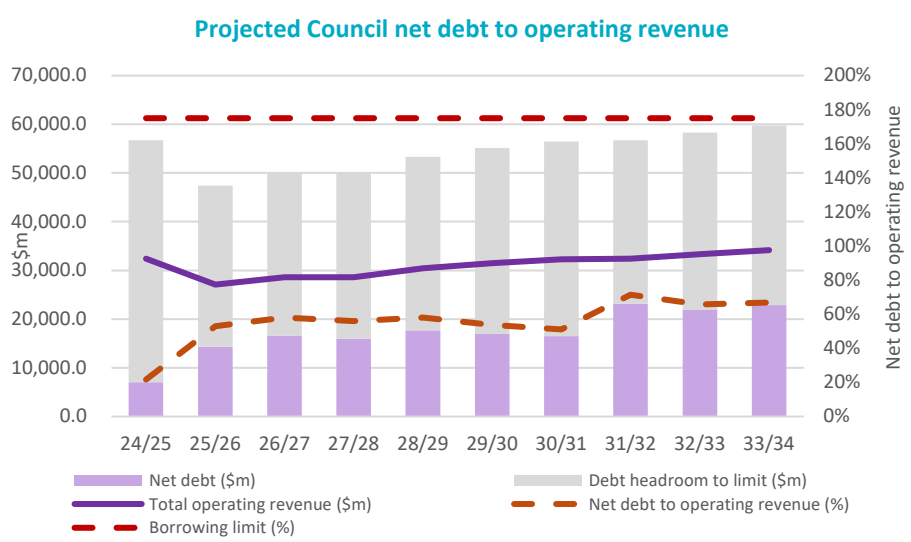
Financial sustainability assessment - financing sufficiency

Assessment of financing sufficiency

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

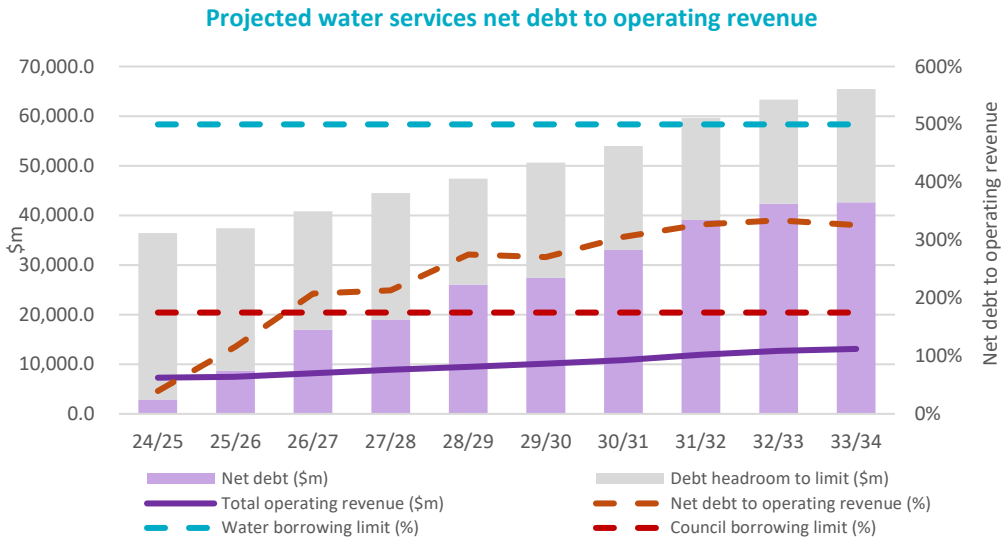
Projected Council borrowings against borrowing limits

The graph below shows projected Council net debt to remain within the prescribed debt headroom based on modelling of operating revenue increasing and net debt falling over the 10 years shown below.



Projected water services borrowings against borrowing limits

The graph below shows projected net debt for WWSCCO over the next 10 years. As can be seen below total borrowings are projected to remain well within the prescribed debt headroom.



Projected borrowings for water services

The table below shows the projected debt to operating revenue for WWSCCO. As can be seen in the table below both net debt and operating revenue are projected to increase over the next 10 years however net debt levels are projected to outpace the projected increased revenue.

The net debt to operating revenue ratio is projected to remain under the 500% debt ceiling for water entities showing a Wairoa Water services entity to be a financially viable option. The board and management of this entity would be expected to make decisions on how best to ensure the debt to operating revenue ratio remains within acceptable debt ceilings.

Net debt to operating revenue	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Total net debt (gross debt less cash)	(114)	2,877	8,692	16,947	18,999	26,082	27,434	33,020	39,059	42,339	42,653
Operating revenue	5,266	7,291	7,484	8,159	8,903	9,475	10,130	10,800	11,930	12,667	13,088
Net debt to operating revenue	(2%)	39%	116%	208%	213%	275%	271%	306%	327%	334%	326%

Borrowing headroom/(shortfall) for water services

As can be seen in the table below borrowings will be required to ensure WWSCCO remains a financially viable operation. Projections show a doubling of operating revenue in the first 10 years of operation of the new entity. As operating revenues increase the maximum allowable borrowings also increase and projections show the expected borrowings for this entity to also be required to increase but remain within the acceptable debt ceiling. Projections also show this entity to retain an acceptable level of borrowing headroom to allow it to respond to emergency situations as they occur.

Borrowings headroom/(shortfall) against limit	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating revenue	5,266	7,291	7,484	8,159	8,903	9,475	10,130	10,800	11,930	12,667	13,088
Debt to revenue limit	500%	500%	500%	500%	500%	500%	500%	500%	500%	500%	500%

Maximum allowable net debt	26,330	36,455	37,420	40,796	44,513	47,373	50,650	54,001	59,652	63,337	65,442
Total net debt	(114)	2,877	8,692	16,947	18,999	26,082	27,434	33,020	39,059	42,339	42,653
Borrowing headroom/ (shortfall) against limit	26,444	33,578	28,728	23,848	25,513	21,292	23,216	20,981	20,592	20,998	22,789

**500% debt to revenue limit for water services has been taken from: https://www.dia.govt.nz/diawebsite.nsf/Files/Water-Services-Policy/$file/LWDW-guidance-Water-services-delivery-models-(updated-December-2024).pdf -page 13.*

Free funds from operations

The Free Funds from Operations to Net Debt Ratio for water services is projected to remain steady over the next 10-years. It is expected that the Water Services CCO would address this by improving operational performance of the services to increase its free funds and reduce or better manage debt levels. A CCO has traditionally been seen as the most favoured option of Councils to achieve better outcomes when faced with issues of this nature.

Free funds from operations (FFO) to debt ratio	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Total net debt	(114)	2,877	8,692	16,947	18,999	26,082	27,434	33,020	39,059	42,339	42,653
Funds from operations	195	1,202	1,491	1,767	2,284	3,191	3,424	3,948	4,738	5,080	5,219
FFO to debt ratio	(171.1%)	41.8%	17.2%	10.4%	12.0%	12.2%	12.5%	12.0%	12.1%	12.0%	12.2%

Part E: Projected Financial Statements for Water Services

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

Projected funding impact statement

Funding impact statement ($000)	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Sources of operating funding											
General rates	482	671	712	778	0	0	0	0	0	0	0
Targeted rates	4,338	6,045	6,402	7,000	7,615	8,121	8,703	9,297	10,305	10,960	11,329
Subsidies and grants for operating purposes	13	33	0	0	846	902	967	1,033	1,145	1,218	1,259
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	0	0	0	0	0	0	0	0
Fees and charges	433	542	370	381	442	451	460	470	480	490	500
Total operating funding	5,266	7,291	7,484	8,159	8,903	9,475	10,130	10,800	11,930	12,667	13,088
Applications of operating funding											
Payments to staff and suppliers	3,763	4,587	3,933	4,715	5,614	5,173	5,296	5,393	5,493	5,597	5,744
Finance costs	405	438	757	780	1,004	1,111	1,410	1,459	1,699	1,990	2,125
Internal charges and overheads applied	903	1,064	1,303	898	0	0	0	0	0	0	0
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	5,071	6,089	5,993	6,392	6,618	6,284	6,706	6,852	7,192	7,588	7,869
Surplus/(deficit) of operating funding	195	1,202	1,491	1,767	2,284	3,191	3,424	3,948	4,738	5,080	5,219
Sources of capital funding											
Subsidies and grants for capital expenditure	0	4	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Increase/(decrease) in debt	(154)	1,390	6,397	7,968	4,938	4,900	3,822	2,984	8,703	144	2,080

Gross proceeds from sales of assets	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	(154)	1,394	6,397	7,968	4,938	4,900	3,822	2,984	8,703	144	2,080
Applications of capital funding											
Capital expenditure - to meet additional demand	0	0	0	2,723	1,373	1,747	346	354	1,600	405	1,250
Capital expenditure - to improve levels of services	640	376	4,954	2,725	2,976	1,477	3,481	3,196	1,253	1,227	1,250
Capital expenditure - to replace existing assets	354	2,014	4,443	4,723	2,473	5,067	3,418	3,383	9,887	3,591	4,799
Increase/(decrease) in reserves	(953)	206	(1,509)	(437)	0	0	0	0	0	0	0
Increase/(decrease) in investments	0	0	0	0	400	(200)	0	0	700	0	0
Total applications of capital funding	41	2,596	7,888	9,734	7,222	8,091	7,245	6,933	13,441	5,223	7,299
Surplus/(deficit) of capital funding	(195)	(1,202)	(1,491)	(1,766)	(2,284)	(3,190)	(3,424)	(3,948)	(4,738)	(5,080)	(5,219)

Projected statement of comprehensive revenue and expense

Statement of comprehensive revenue and expense ($000)	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating revenue	5,266	7,291	7,484	8,159	8,903	9,475	10,130	10,800	11,930	12,667	13,088
Other revenue											
Total revenue	5,266	7,291	7,484	8,159	8,903	9,475	10,130	10,800	11,930	12,667	13,088
Operating expenses	3,763	4,587	3,933	4,715	5,375	5,173	5,296	5,393	5,493	5,597	5,744
Finance costs	405	438	757	780	1,004	1,111	1,410	1,459	1,699	1,990	2,125
Overheads and support costs	903	1,064	1,303	898	239	246	253	261	269	276	285
Depreciation & amortisation	2,237	2,326	2,397	2,705	2,762	2,804	2,986	3,032	3,068	3,252	3,283
Total expenses	7,308	8,415	8,390	9,098	9,381	9,334	9,945	10,145	10,530	11,117	11,438
Net surplus/(deficit)	(2,042)	(1,124)	(906)	(938)	(478)	141	185	655	1,401	1,551	1,651
Revaluation of infrastructure assets	1,588	0	0	7,398	0	0	9,595	0	0	12,063	0
Total comprehensive income	(454)	(1,124)	(906)	6,460	(478)	141	9,780	655	1,401	13,614	1,651
Cash surplus/(deficit) from operations (ex-non-cash items)	195	1,202	1,491	1,767	2,284	2,945	3,171	3,687	4,469	4,803	4,934

Projected statement of cashflows

Statement of cashflows ($000)	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Cashflows from operating activities											
Cash surplus / (deficit) from operations	195	1,202	1,491	1,767	2,284	2,945	3,171	3,687	4,469	4,803	4,934
[other items]											
Net cashflows from operating activities	195	1,202	1,491	1,767	2,284	2,945	3,171	3,687	4,469	4,803	4,934
Cashflows from investment activities											

[other items]											
Capital expenditure	(994)	(2,390)	(9,397)	(10,171)	(6,822)	(8,291)	(7,245)	(6,933)	(12,741)	(5,223)	(7,299)
Net cashflows from investment activities	(994)	(2,390)	(9,397)	(10,171)	(6,822)	(8,291)	(7,245)	(6,933)	(12,741)	(5,223)	(7,299)
Cashflows from financing activities											
New borrowings	778	1,390	6,397	8,041	5,272	5,331	4,345	3,586	9,371	961	2,925
Repayment of borrowings	(2,501)	0	0	(73)	(334)	(430)	(523)	(602)	(668)	(817)	(845)
Net cashflows from financing activities	(1,723)	1,390	6,397	7,968	4,938	4,900	3,822	2,984	8,703	144	2,080
Net increase/(decrease) in cash and cash equivalents	(2,522)	202	(1,509)	(437)	400	(446)	(253)	(261)	431	(276)	(285)
Cash and cash equivalents at beginning of year	11,169	6,844	7,046	5,537	5,100	5,501	5,055	4,803	4,542	4,973	4,696
Cash and cash equivalents at end of year	8,647	7,046	5,537	5,100	5,501	5,055	4,803	4,542	4,973	4,696	4,411

Projected statement of financial position

Statement of financial position ($000)	FY24/25	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Assets											
Cash and cash equivalents	8,647	7,046	5,537	5,100	5,501	5,055	4,803	4,542	4,973	4,696	4,411
Other current assets											
Infrastructure assets	75,498	75,201	82,201	97,065	101,125	106,611	120,466	124,366	134,039	148,073	152,088
Other non-current assets											
Total assets	84,145	82,247	87,738	102,166	106,626	111,667	125,268	128,908	139,011	152,769	156,499
Liabilities											
Borrowings - current portion	0	0	100	(261)	(195)	(195)	(195)	(195)	(195)	(195)	(195)
Other current liabilities											
Borrowings - non-current portion	8,533	9,923	14,129	22,309	24,695	31,332	32,431	37,757	44,227	47,230	47,259
Other non-current liabilities											
Total liabilities	8,533	9,923	14,229	22,048	24,500	31,137	32,237	37,562	44,032	47,035	47,064
Net assets	75,612	72,324	73,509	80,118	82,125	80,530	93,032	91,346	94,979	105,734	109,435
Equity											
Revaluation reserve		42,643	42,643	50,041	50,041	50,041	59,636	59,636	59,636	71,700	71,700
Other reserves	75,612	29,681	30,866	30,077	32,084	30,488	33,395	31,710	35,343	34,034	37,736
Total equity	75,612	72,324	73,509	80,118	82,125	80,530	93,032	91,346	94,979	105,734	109,435

Water Services Delivery Plan: additional information

The Information set out in this section has been taken from the 2024-27 Long Term Plan. This section refers to renewal or capital projects and does not include ongoing maintenance to existing water assets.

Significant capital projects

Significant capital projects

Significant capital projects – drinking water

Significant capital projects - drinking water	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Projects to meet additional demand										
Total investment to meet additional demand	0	0	0	0	0	0	0	0	0	0
Projects to improve levels of services										
WT4069. Safety Improvement	$0	$10,920	$0	$0	$0	$0	$0	$0	$0	$0
WT4999. Future Capital Requirements	$35,773	$0	$0	$0	$0	$0	$0	$0	$0	$0
WT4106. Install Chlorination & Monitoring Tuai Water Supply	$0	$214,644	$0	$0	$0	$0	$0	$0	$0	$0
Total investment to improve levels of services	36	226	0	0	0	0	0	0	0	0
Projects to replace existing assets										
WR4000. WAIROA PIPELINES RENEWALS	$1,054,864	$3,187,600	$3,321,480	$1,817,190	$2,038,782	$1,427,886	$1,303,974	$815,634	$1,209,822	$592,500
WR4010. WAIROA METERS - RENEWALS	$4,203	$104,000	$0	$0	$0	$0	$0	$0	$0	$687,500
WR40191. VALVE REPLACEMENTS	$2,179	$83,200	$85,440	$87,840	$90,160	$92,320	$94,320	$18,045	$18,405	$18,750
WR4030. WAIROA RESERVOIRS - RENEWALS	$41,693	$104,000	$0	$109,800	$0	$115,400	$0	$118,000	$0	$125,000

WR4300. MAHANGA PIPELINES - RENEWALS	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
WR4011. MARINE PARADE REPLACEMENT MAIN	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
WT4022. RENEWAL EXPENDITURE	$30,068	$20,800	$21,360	$21,960	$22,540	$23,080	$23,580	$23,060	$24,540	$25,000
WT40221. Replacement SCADA HP Mini i7 Desktop	$0	$2,556	$0	$0	$3,500	$0	$0	$4,000	$0	$0
WT4061. Purchase Vehicle	$0	$61,440	$0	$0	$0	$0	$0	$68,520	$0	$0
WT4067. Boundary Valves Pump Station	$0	$65,208	$0	$0	$65,208	$0	$0	$0	$0	$0
WT4084. Mahanga Tank and Pump Repairs	$746	$5,200	$0	$0	$0	$0	$0	$0	$0	$0
WT4089. Mahanga Water Chlorine Equipment	$512									
Tuai chlorine equipment renewal						$25,000				
WT4095. Sheetpile Protection of Intake	$207									
WT4200. Property	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total investment to replace existing assets	1,134	3,634	3,428	2,037	2,220	1,684	1,422	1,047	1,253	1,449
Total investment in drinking water assets	1,170	3,860	3,428	2,037	2,220	1,684	1,422	1,047	1,253	1,449

Significant capital projects – wastewater

Significant capital projects - wastewater	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Projects to meet additional demand										
SG4200. MAHIA BEACH SEWERAGE SYSTEM	$19,817	$1,246,266	$1,068,000	$0	$338,100	$346,200	$353,700	$1,599,990	$404,910	$500,000
SG7200. Wairoa Reticulation New	$0	$0	$1,655,400	$1,372,500	$1,408,750	$0	$0	$0	$0	$750,000
Total investment to meet additional demand	20	1,246	2,723	1,373	1,747	346	354	1,600	405	1,250
Projects to improve levels of services										
SG402655. Storage - Lowe Environmental	$6,453	$1,352,000	$1,100,040	$1,701,900	$338,100	$2,313,770	$2,004,300	$1,203	$0	$0
SG4013. Mortuary waste system	$4,081	$50,000								
SG42012. Upgrade Opoutama Scheme	-$3,220									
SG4039. Step Filter	$41,187	$0	$10,680	$0	$0	$0	$0	$36,090	$0	$0
Total investment to improve levels of services	49	1,402	1,111	1,702	338	2,314	2,004	37	0	0
Projects to replace existing assets										
SG4009. RENEWAL MAINTENANCE TUAI	$0	$0	$0	$0	$0	$0	$235,800	$3,248,100	$122,700	$1,250,000
SG4014. TELEMETRY BASE SETS WAIROA	$35,193	$0	$0	$0	$0	$0	$0	$0	$0	$0
SG4026. Consent	$0	$5,200	$0	$5,490	$0	$5,770	$0	$6,015	$0	$312,500
SG4040. Renewal Pump Stations	$411,285	$332,800	$352,440	$0	$0	$0	$0	$0	$0	$0
SG4103. Road Reseal Wairoa Waste Water Plant	$0	$0	$0	$0	$409,101	$0	$1,179,000	$0	$0	$0
SG4041. Purchase of Vehicles	$0	$61,440	$0	$0	$0	$0	$0	$68,520	$0	$0
SG7000. WAIROA RETICULATION - RENEWALS	$0	$342,160	$339,624	$360,144	$942,172	$272,344	$545,877	$5,518,161	$2,215,962	$1,787,500
SG7100. TUAI RETICULATION - RENEWALS	$0	$0	$0	$0	$1,422,274	$1,456,348	$0	$0	$0	$0
Total investment to replace existing assets	446	742	692	366	2,774	1,734	1,961	8,841	2,339	3,350
Total investment in wastewater assets	515	3,390	4,526	3,440	4,858	4,394	4,319	10,478	2,744	4,600

Significant capital projects – stormwater

Significant capital projects - stormwater	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Projects to meet additional demand										
	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total investment to meet additional demand	0	0	0	0	0	0	0	0	0	0
Projects to improve levels of services										
SD4210. NEW - LITTATRAP INSTALLATION	$0	$0	$11,748	$12,078	$12,397	$12,694	$12,969	$13,233	$0	$0
SD4600. PIPING OPEN DRAINS - WAIROA	$61,429	$0	$0	$1,262,700	$1,127,000	$1,154,000	$1,179,000	$1,203,000	$1,227,000	$1,250,000
SD4212. NEW - IMPROVEMENTS - RESILIENCE AND CAPACITY	$109,845	$1,560,000	$1,602,000	$0	$0	$0	$0	$0	$0	$0
SD4052. CCTV	$61,238	$67,600	$69,420	$71,370	$73,255	$0	$0	$0	$0	$0
end point treatment devices										
Total investment to improve levels of services	233	1,628	1,683	1,346	1,213	1,167	1,192	1,216	1,227	1,250
Projects to replace existing assets										
SD4200. MAHIA BCH PIPELINES RENEWALS	$1,667									
SD4210. NEW - LITTATRAP INSTALLATION	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
SD4214. WAIROA PIPELINES RENEWALS	$469,965	$520,000	$534,000	$0	$0	$0	$0	$0	$0	$0
Total investment to replace existing assets	472	520	534	0	0	0	0	0	0	0
Total investment in stormwater assets	704	2,148	2,217	1,346	1,213	1,167	1,192	1,216	1,227	1,250

The total actual and planned investment for the period of this plan is $76.5 million. This expenditure is summarised as follows;

*this table does not include the potential savings

10-Year Capital Programme by Driver Category (All Schemes)			
Driver Category	Total Budget (NZD)	% of Total Capex	Summary Commentary
Renewals	$44,337,705	57.94%	The majority of investment is directed toward renewal of aging three-waters assets (pipelines, reservoirs, valves, telemetry, pump stations, and treatment components). These projects focus on maintaining service reliability, reducing water losses and infiltration, and extending asset life in line with the WDC Infrastructure Strategy and 3 Waters AMP. Renewals underpin compliance with the Water Services Act 2021, Taumata Arowai standards, and regional discharge consents, and address the backlog of deferred renewals due to reform uncertainty, resource shortages, and weather-related disruptions.
Levels of Service (LoS)	$21,110,149	27.58	LoS projects are primarily compliance and resilience-driven — including chlorination at Tuai, stormwater improvements, open drain piping, LittaTrap installations, telemetry upgrades, and wastewater storage for land-based irrigation. These investments enhance environmental outcomes, public health protection, and operational safety, aligning with HBRC consent conditions, Te Mana o te Wai, and community resilience objectives.
Growth	$11,063,633	14.45%	Growth-related works include the Māhia Beach Wastewater System Upgrades and the Wairoa Wastewater Network Expansion to connect remaining septic-serviced properties. These projects increase service coverage and capacity, supporting sustainable growth and improved environmental protection in sensitive areas. Growth investment is carefully targeted, driven by compliance, environmental, and cultural considerations rather than expansion for development alone.
TOTAL	$76,511,487	100%	Represents the complete 10-year investment across Wairoa District's Three Waters portfolio under the Water Services Delivery Plan (WSDP) 2024/25–2034/35.

Key Narrative for WSDP Section 4.3

Over the next ten years, Council plans to invest approximately $76.5 million across Wairoa District's three-waters infrastructure. The majority of this investment (57.9%) is directed toward renewals, addressing aging and high-risk assets to maintain service reliability, reduce water losses and infiltration, and ensure compliance with the Water Services Act 2021, Taumata Arowai Drinking Water Quality Assurance Rules, and regional discharge consents.

Around 27.6% of expenditure supports level-of-service improvements focused on compliance, resilience, and environmental enhancement—such as chlorination at Tuai, stormwater improvements, open-drain piping, and wastewater storage for land-based irrigation.

The remaining 14.5% is targeted toward growth-related works, primarily the Māhia Beach Wastewater System Upgrade and the Wairoa Wastewater Network Expansion, to improve capacity, reduce contamination risks, and support sustainable development. Collectively, this balanced programme reflects Council's commitment to delivering safe, reliable, and resilient water services that protect public health, uphold Te Mana o te Wai, and ensure the long-term wellbeing of the Wairoa community.

This explained in more detail as follows:

Scheme / Location	Project Code	Project Title	Primary Driver	Description / Rationale	Budget (2024/25 – 2034/35)	Compliance / Strategic Link
Wairoa	WR4000	Pipelines Renewals	Renewal	**Waterpipe renewals in the Wairoa Township** Renewal of aging and high-risk water mains across the Wairoa township to maintain service reliability, reduce water losses, and meet compliance requirements under the *Water Services Act 2021*. Many existing mains are asbestos cement or cast iron, nearing end of life. Targeted renewals reduce break frequency, improve pressure management, and ensure ongoing delivery of safe drinking water. This work aligns with Council's infrastructure strategy and 3 Waters Activity Management Plan objectives.	16,769,731.96	Water pipe renewals within the Wairoa township directly support Council's statutory obligations under the Water Services Act 2021 and Taumata Arowai Drinking Water Standards, ensuring the ongoing provision of safe, reliable, and compliant drinking water. Renewing aging and high-risk mains reduces the likelihood of bursts, contamination, and supply interruptions, aligning with Council's duties under the Health Act 1956 and Local Government Act 2002 to manage infrastructure prudently for the long-term benefit of the community. Strategically, the renewals align with the Wairoa District Council Infrastructure Strategy and 3 Waters Activity Management Plan by prioritising resilience, efficiency, and sustainable investment in core assets. These works also demonstrate delivery capability under the DIA Water Services Delivery Plan framework, contributing to national reform readiness and compliance confidence. Renewed networks enhance public health protection, improve operational efficiency, and strengthen the township's resilience to climate-related and service continuity risks.

Wairoa	WR4010	Wairoa Meters Renewals	Renewal	**Replacement of water meters in the Wairoa Township** Ongoing replacement of water meters to maintain measurement accuracy, equitable billing, and demand management capability. Meters degrade over time, leading to under-registration and non-revenue water. Modern meters improve efficiency, enable remote reading, and support fair cost recovery under user-pays principles. This programme safeguards revenue and ensures compliance with *Taumata Arowai* expectations for accountable water management.	795,703	Ongoing replacement of water meters is essential to ensure the accuracy, efficiency, and fairness of the water supply system. Over time, meters deteriorate and lose precision, leading to under-registration of actual consumption and reduced ability to identify leaks or non-revenue water. Regular renewal of meters maintains data integrity for billing and demand management, enabling Council to fairly recover costs and support evidence-based decision-making for infrastructure planning. Modern meters also provide opportunities for digital or automated reading, improving operational efficiency and customer transparency. By maintaining a structured meter replacement programme, Council safeguards revenue, ensures equitable user-pays principles, and strengthens compliance with the Water Services Act 2021 and Taumata Arowai performance expectations for sustainable, accountable water service delivery.
Wairoa	WR40191	Valve Replacements	Renewal	**Renewal of Water Valves in the Wairoa Township**	590,659	Regular valve replacement is a critical component of maintaining a resilient and operable water network. Valves enable isolation of sections of the system during maintenance, emergencies, or pipe failures, minimising service interruptions and water loss. Over time, valves corrode, seize, or lose sealing integrity, making them difficult or impossible to operate when needed.

				Replacement of seized or non-operational valves to maintain system control, minimise outage areas during repairs, and strengthen network resilience. Valves are critical for isolating sections of the network during maintenance or emergencies; replacing aged units ensures effective pressure management and operational flexibility, reducing the risk of prolonged supply disruptions.		Systematic replacement ensures that key control points remain functional, supporting network reliability, emergency response, and compliance with operational standards under the Water Services Act 2021. Reliable valves also allow for targeted shutdowns rather than large-scale outages, protecting customer service levels and reducing environmental and financial impacts from uncontained leaks or bursts. Maintaining an ongoing valve replacement programme demonstrates sound asset management practice and strengthens the resilience and operational efficiency of the Wairoa water supply network.
Wairoa	WR4030	Reservoir Renewals	Renewal	**Reservoir and Reservoir Component Renewals** Refurbishment and component replacement at key storage reservoirs to maintain structural integrity, prevent contamination, and extend asset life. Renewal of inlet/outlet pipework, valves, linings, roofs, and sensors ensures compliance with *Drinking Water Standards for New Zealand* and enhances operational resilience during high-demand or emergency events.	613,893	Water reservoirs are critical assets within the supply network, providing storage capacity to balance daily demand, maintain pressure, and ensure supply continuity during outages, firefighting, or peak use. Over time, key components such as inlet and outlet pipework, valves, roof structures, linings, and level sensors deteriorate through corrosion, UV exposure, and material fatigue. Proactive replacement and refurbishment of these components are essential to maintain structural integrity, prevent contamination, and comply with the Taumata Arowai Drinking Water Standards and Water Services Act 2021. Regular inspections and planned component renewals extend the operational life of reservoirs, reduce the risk of leaks or service interruptions, and support network resilience during natural hazards or treatment plant downtime. By investing in ongoing reservoir and component replacement, Council ensures the reliability, safety, and sustainability of Wairoa's drinking water storage infrastructure.

All	WT4022	Renewal Expenditure	Renewal		235,988	
All	WT40221	Replacement PC	Renewal	**Computer Replacement** Replacement of outdated SCADA computers to maintain secure and reliable monitoring and control of water and wastewater assets. Upgrades address hardware obsolescence, software compatibility, and cybersecurity risks, ensuring uninterrupted real-time telemetry, alarm response, and compliance reporting. Modern systems integrate with Starlink and telemetry networks to improve visibility and control across all sites.	10,056	Replacing SCADA PCs is essential to maintain the reliability, security, and performance of Wairoa's water treatment and distribution monitoring systems. As hardware ages, processing capability, operating systems, and software compatibility decline, increasing the risk of system failures, data loss, and cybersecurity vulnerabilities. Upgrading SCADA PCs ensures continued compatibility with evolving control software and communication protocols, supports real-time monitoring and alarm functionality, and strengthens resilience against cyber threats. Modern PCs also enable better integration with remote telemetry units and Starlink connectivity, improving visibility across remote treatment plants and reservoirs. Proactive replacement of SCADA hardware demonstrates good asset management practice, reduces operational risk, and ensures the ongoing safe and efficient operation of Council's water and wastewater networks in compliance with the Water Services Act 2021 and Taumata Arowai operational performance expectations.
All	WT4061	Vehicle Replacement	Renewal	**Fleet Vehicle Replacements**	129,960	Regular vehicle replacement is vital to maintaining the operational efficiency, safety, and reliability of the water services team. Service vehicles are essential for responding promptly to network faults, undertaking maintenance, and transporting staff, equipment, and materials across the district. As vehicles age, they become less reliable, more costly to maintain, and less fuel-efficient, increasing the risk of downtime and impacting response capability.

				Progressive renewal of the 3 Waters vehicle fleet to ensure operational readiness, safety, and efficiency. Aging vehicles increase maintenance costs, risk breakdowns, and reduce response capability. Replacing vehicles at planned intervals supports safe working conditions, reduces emissions, and aligns with Council's sustainability goals and service level expectations for rapid incident response and fieldwork mobile		A structured vehicle replacement programme ensures that fleet assets remain fit for purpose, comply with health and safety requirements, and align with Council's sustainability and emissions reduction goals. Modern vehicles also offer improved safety features, lower operating costs, and reduced environmental impact. Investing in timely vehicle renewal supports service continuity, staff wellbeing, and the efficient delivery of core water, wastewater, and stormwater operations across Wairoa.
Wairoa	WT4067	Boundary Valves Pump Station	Renewal	Renewal of assets and components at the boundary pump station	130,416	Renewal of assets and components at the boundary pump station
Mahanga	WT4084	Mahanga Tank and Pump Repairs	Renewal	Renewal of assets and components for the Mahanga tanks and pumps	5,946	Renewal of assets and components for the Mahanga tanks and pumps
All	WT4069	Safety Improvements	LOS	Various renewal items for H&S compliance i.e. gantry certification etc	10,920	Various renewal items for H&S compliance i.e. gantry certification etc

Tuai	WT4106	Install Chlorination and Monitoring TUAI	LOS	The installation of chlorination at Tuai addresses a key compliance gap in the current treatment system and aligns with the national requirement for residual disinfection across small community supplies. Chlorination provides assurance of water safety throughout the reticulation, particularly where long or remote pipelines increase risk of regrowth or recontamination. This investment reduces operational and public health risk, ensures compliance with regulatory standards, and demonstrates proactive management of the supply in line with Council's commitment to safe, reliable, and sustainable water services.	214,644	Chlorination of the Tuai water supply is a key improvement to ensure the ongoing safety and compliance of the community's drinking water. The Tuai supply is sourced from a high-quality but surface-fed catchment, which remains vulnerable to contamination from natural events, animal activity, or infrastructure failure. Introducing chlorination provides a continuous barrier against microbiological contaminants such as *E. coli*, supporting compliance with the Taumata Arowai Drinking Water Standards and the Water Services Act 2021. This enhancement strengthens public health protection, increases network resilience following storm or power events, and aligns with national expectations for multiple-barrier treatment systems. Engagement with local iwi and community representatives ensures the process reflects cultural values while maintaining the highest level of water safety for all consumers.
TUAI	NEW	tuai chlorine renewal	Renewal	The Tuai Water Supply currently operates under a boil water notice and is programmed for ongoing chlorination upgrades to meet the Drinking Water Quality Assurance Rules set by Taumata Arowai. Renewal of key chlorination components, including dosing and monitoring equipment, is required to ensure reliable disinfection performance, accurate residual monitoring, and regulatory compliance. Upgrading these assets will support consistent treatment, improved data reliability, and enable Council to progress toward the eventual removal of the boil water notice while ensuring public health protection for the Tuai community.	25,000	This project directly supports Council's strategic objectives under the Water Services Act 2021 and Te Mana o te Wai to deliver safe, compliant, and sustainable drinking water services. Renewal of the chlorination system aligns with the Water Services Delivery Plan focus on addressing non-compliant supplies and strengthening treatment resilience across small rural networks. It demonstrates Council's commitment to continuous improvement, public health protection, and partnership with iwi and the Tuai community to ensure the mauri of local water sources is respected while meeting statutory obligations for safe drinking water.
All	WT4999	Future Capital Requirements	LOS		35,773	

Mahanga	WT4089	Water Chlorine Equipment	LOS	The Mahanga Water Supply is a chlorinated system; however, it continues to operate under a boil water notice as it does not yet meet all requirements of the Taumata Arowai Drinking Water Quality Assurance Rules. The existing chlorination and monitoring equipment require renewal to ensure consistent dosing accuracy, continuous residual monitoring, and data reliability. Upgrading this critical equipment will enable Council to meet its obligation to treat and verify water safety, address ongoing compliance gaps, and support the eventual lifting of the boil water notice.	512	This renewal aligns with Council's strategic objectives under the Water Services Act 2021 and Te Mana o te Wai, ensuring the continued delivery of safe, compliant, and resilient drinking water services. It supports the Water Services Delivery Plan by targeting high-risk supplies and advancing regulatory compliance across rural schemes. The project also reflects Council's commitment to continuous improvement in public health protection and demonstrates partnership with iwi and the community in upholding the mauri of local water sources while meeting statutory treatment obligation
Wairoa	WT4095	Sheetpile Protection of Intake	LOS		207	
Wairoa	SD4052	CCTV	Renewal	The CCTV programme provides critical data for asset condition grading and renewal forecasting, enabling Council to move from reactive to proactive stormwater management. By accurately identifying defects and high-risk sections, Council can target renewals and maintenance where they are most needed, reducing long-term costs and improving service reliability. This work supports compliance with future HBRC stormwater consent conditions, aligns with the 3 Waters Activity Management Plan, and strengthens resilience against climate-related storm events.	342,883	CCTV inspection of the stormwater network is an essential activity for understanding the true condition and performance of underground assets. Many of Wairoa's stormwater pipes are aging, with limited records of material, size, or structural integrity. Using CCTV technology allows Council to identify blockages, root intrusions, joint failures, and infiltration points that contribute to flooding, erosion, or reduced system capacity. This information supports evidence-based maintenance planning, renewal prioritisation, and compliance with environmental and discharge consent requirements. Regular CCTV inspections also help to prevent service disruptions, protect property from flooding, and improve the resilience and performance of the overall drainage system.

Wairoa	SD4210	Littatrap Installation	LOS	LittaTraps directly support Council's stormwater Level of Service objectives by reducing contaminants discharged into the environment, meeting **Hawke's Bay Regional Council stormwater consent conditions**, and responding to community expectations for cleaner waterways. The devices are low-cost, high-impact interventions that improve water quality outcomes and demonstrate Council's proactive approach to sustainable stormwater management. Implementing a structured LittaTrap programme also provides measurable environmental performance data and complements broader stormwater renewal, maintenance, and compliance initiatives.	75,119	The installation of LittaTraps within Wairoa's stormwater network is a proactive measure to improve stormwater quality and protect the receiving environment from litter, plastics, and other gross pollutants. Positioned within key catchpits, particularly in high-traffic and commercial areas, LittaTraps capture debris before it enters the piped network or waterways, supporting cleaner streams, estuaries, and coastal environments. This initiative aligns with Council's environmental stewardship goals and regional consent requirements, demonstrating a tangible commitment to reducing urban pollution, enhancing community amenity, and contributing to the overall health of Wairoa's aquatic ecosystems.
Wairoa	SD4212	Improvements, resilience	LOS	Investment in stormwater resilience ensures the network can safely convey and treat runoff during extreme weather events, reducing the social, environmental, and economic impacts of flooding. Upgrades align with the Wairoa District Council Infrastructure Strategy and 3 Waters Activity Management Plan goals to provide reliable, compliant, and future-ready infrastructure. Enhancing network capacity, condition, and treatment capability supports compliance with HBRC stormwater consents, meets community expectations for flood protection, and strengthens Wairoa's ability to adapt to climate variability and urban intensification over the long term.	3,271,845	Ongoing stormwater improvement works are essential to strengthen the resilience and performance of Wairoa's urban drainage network in the face of increasing rainfall intensity, ageing infrastructure, and climate change impacts. Many parts of the network were built decades ago with limited capacity to manage current and future storm events, leading to localised flooding and surface ponding. Targeted upgrades — including larger pipe capacity and the integration of treatment devices such as LittaTraps and swales — enhance both the functionality and environmental performance of the system. These improvements protect public safety, reduce property damage, and support sustainable urban growth while aligning with Council's objectives for climate adaptation and community resilience.

Wairoa	SD4214	Pipeline Renewals	Renewal	The stormwater pipe renewal programme will support compliance with Stormwater discharge consents and aligns with the WDC Infrastructure Strategy and 3 Waters Activity Management Plan objectives for resilient and efficient infrastructure. Renewing deteriorated pipelines reduces blockages and failures, improves public safety, and mitigates flood risks during high-intensity weather events. Proactive investment based on CCTV inspection and condition data provides long-term cost savings, optimises asset performance, and ensures the stormwater network continues to meet community expectations for reliable drainage and environmental protection.	1,523,965	Renewal of stormwater pipes is essential to maintain the functionality and resilience of Wairoa's urban drainage system. Many stormwater mains are decades old and have deteriorated through corrosion, joint failure, or root intrusion, reducing their ability to convey runoff efficiently during rainfall events. Targeted replacement of these aging assets ensures the network can manage increasing storm intensity, protect public and private property from flooding, and reduce environmental impacts such as erosion and sediment discharge. Upgrading to modern materials and larger diameters where required also enhances hydraulic performance and supports future urban growth. These works form a vital part of Council's wider programme to deliver reliable, sustainable, and climate-resilient stormwater services.
Wairoa	SD4600	Piping Open Drains	LOS	The piping of open drains mitigates health and safety hazards, enhances stormwater conveyance capacity, and reduces maintenance requirements associated with vegetation and sediment build-up. Enclosing drains aligns with HBRC stormwater consent conditions and WDC Infrastructure Strategy objectives for improved environmental outcomes and community wellbeing. Strategically piping drains in high-risk or high-traffic areas supports flood mitigation, protects adjacent properties and roads, and contributes to a more resilient and efficient drainage network capable of adapting to increased rainfall and climate change pressures.	8,464,129	Piping open drains improves the safety, reliability, and efficiency of Wairoa's stormwater network, particularly within residential and urban areas where open channels pose risks to public safety, property, and environmental health. Converting open drains to enclosed piped systems reduces blockages, erosion, and mosquito breeding, while improving hydraulic performance and land usability. Piped systems also reduce the risk of contamination from surface runoff and provide better control of stormwater discharge to receiving environments. This work supports urban development, enhances amenity, and aligns with Council's long-term vision for resilient and sustainable stormwater infrastructure.

Tuai	SG4009	Re-Consenting of Tuai WW Consent	Renewal	Maintaining and improving the Tuai wastewater discharge system ensures continued compliance with Hawke's Bay Regional Council discharge consent conditions and supports the objectives of the Water Services Act 2021 and Te Mana o te Wai. The system plays a vital role in protecting local waterways and community wellbeing while providing a practical, low-impact means of effluent management. Investment in ongoing monitoring, maintenance, and potential upgrades is necessary to address environmental risks, demonstrate good stewardship of local taonga (natural resources), and uphold Council's commitment to sustainable, culturally respectful wastewater management in partnership with mana whenua.	4,856,600	The Tuai wastewater discharge system serves a small but environmentally sensitive catchment, requiring careful management to protect the surrounding land and waterways. The current discharge arrangement involves the controlled release of treated effluent to land, with performance monitored to ensure compliance with consent conditions and to safeguard both public health and the natural environment. Given the cultural and ecological significance of the Tuai area, ongoing optimisation of the discharge system is essential to balance operational needs, environmental protection, and community expectations. Future improvements may include refining irrigation management, upgrading treatment processes, or exploring alternative disposal methods that align with local iwi values and long-term sustainability goals.
Wairoa	SG4014	Telemetry base sets	LOS	Replacement and standardisation of telemetry base sets are necessary to maintain reliable data transmission and ensure compatibility with modern control systems. Aging telemetry units can cause data loss, communication failures, or delays in alerting operators to faults, increasing operational and compliance risks. Upgrading this equipment supports Council's compliance obligations under the Water Services Act 2021 and Taumata Arowai operational performance requirements, while improving network visibility, response times, and environmental monitoring accuracy. This investment strengthens the resilience, safety, and efficiency of Wairoa's three waters operations.	35,193	Telemetry base sets are essential components of Wairoa's remote monitoring and control systems for water, wastewater, and stormwater networks. These systems collect real-time operational data from treatment plants, reservoirs, and pump stations, enabling staff to monitor performance, identify faults, and respond quickly to system issues. Upgrading and standardising telemetry base sets improves data accuracy, communication reliability, and system integration with SCADA and Starlink networks. This enhances operational efficiency, reduces downtime, and supports proactive management of critical infrastructure across the district — particularly in remote areas where on-site access can be difficult or delayed.

Wairoa	SG4026	Consent	Renewal	Maintaining compliance with the Wairoa wastewater discharge consent is fundamental to Council's statutory obligations. The consent sets measurable environmental performance standards, requiring Council to monitor, report, and mitigate potential effects of treated wastewater on the receiving environment. Ongoing investment in treatment performance, infrastructure upgrades, and cultural engagement ensures the system remains fit for purpose and aligned with current and future regulatory expectations. This approach protects the Wairoa River, supports community confidence, and demonstrates Council's commitment to sustainable and culturally responsive wastewater management.	334,975	The Wairoa wastewater discharge consent governs the operation and environmental performance of the township's wastewater treatment system. It enables the lawful discharge of treated effluent while setting conditions to protect the Wairoa River, surrounding ecosystems, and community health. The consent framework balances public health requirements, environmental protection, and cultural values, particularly given the significance of the river to mana whenua and the wider community. Ongoing compliance monitoring, performance reporting, and improvement planning are essential to demonstrate responsible management and continuous enhancement of treatment outcomes. The consent also provides a platform for collaborative engagement with iwi, regulators, and stakeholders to ensure the discharge aligns with Te Mana o te Wai, environmental sustainability, and long-term community wellbeing.

All	SG4040	Renewal Pump Stations	Renewal	Pump station renewals are a key investment to mitigate operational risk, maintain compliance with HBRC discharge consents and the Water Services Act 2021, and ensure system reliability under normal and extreme conditions. Replacing deteriorated mechanical and electrical components improves efficiency, reduces reactive maintenance costs, and extends the life of associated network infrastructure. Renewal projects are prioritised based on condition, criticality, and capacity assessments to ensure effective use of funding and alignment with the 3 Waters Activity Management Plan and WDC Infrastructure Strategy. Maintaining modern, reliable pump stations safeguards public health, protects the environment, and ensures the continuity of essential water services for the Wairoa community.	1,096,525	Renewal of wastewater pump stations is essential to maintain reliable service delivery and prevent environmental or public health risks associated with system failures. Many of Wairoa's pump stations are aging, with components such as pumps, switchboards, pipework, and telemetry nearing the end of their service life. Renewing these assets ensures continued performance, energy efficiency, and compliance with modern safety and electrical standards. Upgraded pump stations reduce the likelihood of overflows, infiltration, and unplanned outages, supporting the resilience of both the wastewater and stormwater networks. Proactive renewal also enables the integration of improved monitoring and control systems, strengthening operational responsiveness and system optimisation across the district.
Wairoa	SG4103	Road Reseal WWWTP	Renewal	Reseal of road for access	1,588,101	Reseal of road for access
All	SG4041	Vehicle Purchase	LOS	replacement vehicle	129,960	Vehicle for DW staff

Wairoa	SG7000	Mains Renewals	Renewal	The wastewater main relining programme is a cost-effective solution for renewing deteriorated assets while maintaining service continuity. Relining reduces infiltration, protects groundwater and receiving environments, and decreases treatment plant loading, supporting compliance with HBRC discharge consents and the Water Services Act 2021. It also minimises operational disruptions and reinstatement costs, providing long-term resilience and sustainability benefits. This approach aligns with the WDC 3 Waters Activity Management Plan and Infrastructure Strategy objectives of extending asset life, reducing reactive maintenance, and managing infrastructure efficiently to protect community health and the environment.	12,323,944	Relining wastewater mains is a key rehabilitation method that restores the structural integrity and performance of aging pipelines without the need for full excavation and replacement. Many wastewater pipes within the Wairoa network are approaching the end of their service life, showing signs of cracking, infiltration, and root intrusion. By inserting a resin-lined sleeve within the existing pipe, Council can extend asset life, reduce infiltration and inflow, and minimise environmental impacts associated with construction. This trenchless approach is particularly effective in built-up or sensitive areas where open-cut replacement would be costly and disruptive. Relining enhances network reliability, reduces the risk of overflows, and supports compliance with consent conditions for the safe and sustainable conveyance of wastewater.
Tuai	SG7100	Mains Renewals	Renewal	As above but for Tuai	2,878,622	As above but for Tuai

Wairoa	SG402655	Storage	LOS	Storage is a fundamental requirement for the success of a land-based irrigation system, enabling Council to manage variable weather, soil conditions, and irrigation schedules while maintaining full compliance with HBRC discharge consents and Te Mana o te Wai principles. Without adequate storage, the system risks breaching consent conditions or discharging untreated effluent during unsuitable periods. Investing in well-designed, appropriately sized storage ensures operational continuity, environmental protection, and resilience under changing climatic conditions. It also supports a culturally aligned approach to wastewater management, providing a sustainable and future-proof solution for Wairoa's long-term wastewater disposal strategy.	8,817,766	As Wairoa transitions to a land-based wastewater irrigation system, the provision of adequate storage is critical to ensure consistent and compliant operation. Land irrigation cannot occur during periods of high rainfall, saturated soil conditions, or when maintenance or cultural restrictions apply. Establishing dedicated wastewater storage — such as lined ponds or modular containment tanks — allows effluent to be temporarily held until irrigation can safely resume. This ensures continuous treatment plant operation, prevents overflows, and maintains environmental protection standards. The storage system forms an essential buffer that supports the reliability, flexibility, and compliance of the land-based disposal scheme while respecting environmental and cultural values.
Wairoa	SG4039	Step Filter	Renewal	Systematic replacement of worn or damaged step filter components is a cost-effective way to preserve the integrity and performance of the wastewater treatment process. By maintaining optimal operation of the filter, Council reduces operational risks, improves process efficiency, and prevents potential consent non-compliance due to poor solids separation. This work aligns with the Water Services Act 2021, Taumata Arowai operational performance expectations, and HBRC discharge consent conditions, ensuring the treatment plant continues to meet environmental and public health standards. Regular component renewal also supports the WDC 3 Waters Activity Management Plan objective of sustaining reliable, resilient, and high-performing wastewater treatment infrastructure.	87,957	The replacement of step filter components at the Wairoa Wastewater Treatment Plant is essential to maintain the efficiency and reliability of the filtration process. Over time, key parts such as screens, drive mechanisms, bearings, and spray nozzles experience wear from continuous operation and exposure to wastewater solids. Regular replacement ensures that the filter continues to operate effectively, preventing solids carryover into downstream treatment stages and maintaining consistent effluent quality. Proactive maintenance of the step filter safeguards treatment performance, reduces the likelihood of unplanned downtime, and supports ongoing compliance with regional discharge requirements and environmental standards.

Mahia	SG4200	MBSS	Growth	Investment in upgrading the Māhia Beach wastewater system is essential to accommodate growth and ensure long-term service reliability and environmental compliance. The upgrades align with the Water Services Act 2021, Taumata Arowai performance requirements, and HBRC discharge consents, ensuring the system continues to operate safely and sustainably as demand increases. Enhancements to capacity and treatment performance will reduce operational stress during peak periods, improve effluent quality, and protect the coastal marine environment. This project supports the WDC Infrastructure Strategy and 3 Waters Activity Management Plan objectives of enabling responsible development, improving network resilience, and safeguarding community wellbeing and environmental values at Māhia.	5,876,983	Upgrades to the Māhia Beach wastewater system are required to support current and projected population growth, seasonal demand fluctuations, and increased development pressure in the area. The existing system, while functional, operates near capacity during peak visitor periods and requires enhancement to ensure continued compliance with environmental and public health standards. Planned upgrades will improve network capacity, treatment efficiency, and system resilience through targeted pipe renewals, pump station improvements, and potential expansion of treatment and disposal infrastructure. These works will future-proof the wastewater network, reduce overflow risks, and support sustainable growth while protecting the sensitive coastal and cultural environment surrounding Māhia.
Wairoa	SG7200	Wairoa	Growth	Connecting remaining septic-serviced properties to the Wairoa wastewater network will significantly reduce potential contamination and improve the overall performance of the town's wastewater management system. The expansion supports compliance with HBRC discharge consent conditions, Taumata Arowai regulatory expectations, and the principles of Te Mana o te Wai by protecting freshwater and public health. It also aligns with the WDC Stormwater Consent requirement for compliant discharges by reducing cross-contamination and overland flow of untreated wastewater during rainfall events. This investment contributes to a more resilient, sustainable, and future-ready wastewater system that supports both community wellbeing and environmental protection.	5,186,650	Expanding the Wairoa wastewater network to capture properties in the township still serviced by septic tanks is an important step toward improving public health, environmental protection, and regulatory compliance. Many of these older on-site systems are located in areas with high groundwater or limited separation to surface water, increasing the risk of contamination to the Wairoa River and surrounding environment. Extending the reticulated network will allow these properties to discharge to the central wastewater treatment system, ensuring controlled treatment and compliant disposal. This initiative also supports urban growth, reduces cumulative environmental impacts, and aligns with Council's long-term goal of achieving a fully networked, environmentally sustainable wastewater system for Wairoa.

Wairoa	SG4013	Mortuary Waste System	LOS	The removal of the mortuary waste consent condition recognises that mortuary waste is a culturally sensitive matter requiring mana-enhancing and tikanga-aligned management rather than treatment through the general wastewater system. Historically, mortuary waste has been co-disposed with general sewage, which does not reflect the cultural values or practices of tangata whenua, nor align with Te Mana o te Wai principles. By separating mortuary waste from the municipal wastewater stream, Council acknowledges the spiritual significance of human remains and associated materials, ensuring their management respects tikanga Māori, particularly around tapu and noa. In addition, the condition's removal allows for site-specific solutions—such as dedicated mortuary waste disposal areas—that provide environmental protection, reduce operational complexity, and ensure compliance through culturally appropriate management methods.	54,081	The removal of the mortuary waste consent condition aligns strongly with Council's strategic direction to embed Te Mana o te Wai and uphold cultural values in all aspects of water and waste management. It demonstrates a commitment to meaningful partnership with iwi and hapū by recognising the cultural and spiritual significance of mortuary waste and ensuring its management reflects tikanga Māori. This approach not only enhances cultural integrity and community trust but also supports compliance with the Water Services Act 2021 and Resource Management Act principles that require decision-making to give effect to Te Tiriti o Waitangi. By separating mortuary waste from general wastewater, Council is advancing its strategic goal of culturally responsive, environmentally sustainable, and community-led infrastructure management.
Opoutama	SG42012	Upgrade Opoutama Scheme	Renewal		-3,220	
					$ 76,511.49	

Although the total expenditure primarily relates to catching up with renewals and essential expenditure to meet standards and regulations, it includes $15.6 million of expenditure that may not be required, may be deferred or may be significantly rescoped.

These are explained below;

Scheme / Location	Project Code	Project Title	Primary Driver	Description / Rationale	Budget (2024/25 - 2034/35)	Compliance / Strategic Link	Line Ref	Potential Savings	Comments
Wairoa	SD4600	Piping Open Drains	LOS	The piping of open drains mitigates health and safety hazards, enhances stormwater conveyance capacity, and reduces maintenance requirements associated with vegetation and sediment build-up. Enclosing drains aligns with HBRC stormwater consent conditions and WDC Infrastructure Strategy objectives for improved environmental outcomes and community wellbeing. Strategically piping drains in high-risk or high-traffic areas supports flood mitigation, protects adjacent properties and roads, and contributes to a more resilient and efficient drainage network capable of adapting to increased rainfall and climate change pressures.	8,464,129	Piping open drains improves the safety, reliability, and efficiency of Wairoa's stormwater network, particularly within residential and urban areas where open channels pose risks to public safety, property, and environmental health. Converting open drains to enclosed piped systems reduces blockages, erosion, and mosquito breeding, while improving hydraulic performance and land usability. Piped systems also reduce the risk of contamination from surface runoff and provide better control of stormwater discharge to receiving environments. This work supports urban development, enhances amenity, and aligns with Council's long-term vision for resilient and sustainable stormwater infrastructure.	Tab 3. Investment, Line(s) E102 to K102	$8,402,700.00	While the majority of Wairoa's stormwater network is already piped, several open drains remain on the urban periphery and in low-lying areas where they serve an important hydraulic and environmental function. Further piping of these remaining drains is not always warranted due to the limited additional benefit relative to cost and risk. Open drains in Wairoa provide essential overland flow paths and storage during heavy rainfall, helping to reduce pressure on the piped system and mitigate flooding in a township already constrained by flat topography, high groundwater, and limited outfall capacity to the Wairoa River. iping these sections would significantly reduce surface storage capacity and increase flow velocity, potentially shifting flooding downstream and creating new pinch points. The works would also involve high construction and reinstatement costs, disruption to adjacent properties, and loss of natural treatment and infiltration benefits. From a maintenance perspective, open drains are easier and more cost-effective to inspect and clear, whereas enclosed systems require specialised equipment and are harder to access in emergencies. Environmentally and culturally, open drains contribute to Te Mana o te Wai outcomes by maintaining visible water pathways and natural filtering functions that support aquatic health and biodiversity.

Wairoa	SG402655	Storage	LOS	Storage is a fundamental requirement for the success of a land-based irrigation system, enabling Council to manage variable weather, soil conditions, and irrigation schedules while maintaining full compliance with HBRC discharge consents and Te Mana o te Wai principles. Without adequate storage, the system risks breaching consent conditions or discharging untreated effluent during unsuitable periods. Investing in well-designed, appropriately sized storage ensures operational continuity, environmental protection, and resilience under changing climatic conditions. It also supports a culturally aligned approach to wastewater management, providing a sustainable and future-proof solution for Wairoa's long-term wastewater disposal strategy.	8,817,766	As Wairoa transitions to a land-based wastewater irrigation system, the provision of adequate storage is critical to ensure consistent and compliant operation. Land irrigation cannot occur during periods of high rainfall, saturated soil conditions, or when maintenance or cultural restrictions apply. Establishing dedicated wastewater storage — such as lined ponds or modular containment tanks — allows effluent to be temporarily held until irrigation can safely resume. This ensures continuous treatment plant operation, prevents overflows, and maintains environmental protection standards. The storage system forms an essential buffer that supports the reliability, flexibility, and compliance of the land-based disposal scheme while respecting environmental and cultural values.	Tab 3. Investment, Line(s) D75 and E75	$ 2,801,940.00	As discussed, iwi have approached Council and now acknowledge the limitations around securing suitable land for wastewater irrigation and the affordability challenges this presents for the community. The agreed focus is therefore on enhancing treatment quality to support a compliant and culturally sensitive discharge to the river, ensuring both environmental protection and community sustainability.

Wairoa	SG7200	Wairoa	Growth	Connecting remaining septic-serviced properties to the Wairoa wastewater network will significantly reduce potential contamination and improve the overall performance of the town's wastewater management system. The expansion supports compliance with HBRC discharge consent conditions, Taumata Arowai regulatory expectations, and the principles of Te Mana o te Wai by protecting freshwater and public health. It also aligns with the WDC Stormwater Consent requirement for compliant discharges by reducing cross-contamination and overland flow of untreated wastewater during rainfall events. This investment contributes to a more resilient, sustainable, and future-ready wastewater system that supports both community wellbeing and environmental protection.	5,186,650	Expanding the Wairoa wastewater network to capture properties in the township still serviced by septic tanks is an important step toward improving public health, environmental protection, and regulatory compliance. Many of these older on-site systems are located in areas with high groundwater or limited separation to surface water, increasing the risk of contamination to the Wairoa River and surrounding environment. Extending the reticulated network will allow these properties to discharge to the central wastewater treatment system, ensuring controlled treatment and compliant disposal. This initiative also supports urban growth, reduces cumulative environmental impacts, and aligns with Council's long-term goal of achieving a fully networked, environmentally sustainable wastewater system for Wairoa.	Tab 3. Investment, Line(s) D70 to F70	$ 4,436,650.00	Expansion of the wastewater network into areas affected by Cyclone Gabrielle is currently on hold due to ongoing flood mitigation works within the township. These works must be completed before any further network expansion can occur to ensure compatibility with new stormwater and flood protection infrastructure. As a result, the planned wastewater extension has been deferred into the following 10-year period. The allocated $750,000 in Year 10 will instead be utilised for investigations and planning once the flood mitigation construction is completed, ensuring that any future expansion is fully integrated, resilient, and cost-effective.

In the 10 years that follow the conclusion of this plan, the forecast investment is $50 million.

Risks and assumptions

Disclosure of risks and material assumptions for water services delivery

The risks and assumptions in the table below have been taken from risks already identified by the Wairoa District Council 3 Waters Team. This list is not intended to be an exhaustive list. Operational risks have been identified and are currently being managed by the Water Services Team of Wairoa District Council. Those risks and mitigations have not been included in this plan due to their operational nature. It is expected WWSCCO will regularly review and update risks on a business-as-usual basis.

Parameters	Drinking supply		Wastewater	Stormwater
Key Risks • Future water service delivery • Network performance • Regulatory compliance • Delivery of Capital Programme • Organisational capacity • Long term issues e.g. providing for growth, climate change.	Small team may struggle to meet increased compliance and reporting demands.	Risk that large projects are delayed, affecting system resilience.	Limited capital planning may delay essential upgrades, increasing flood exposure.	
Significant assumptions • Future water service delivery • Network performance • Regulatory compliance • Delivery of Capital Programme • Organisational capacity • Long term issues e.g. providing for growth, climate change.	Assumes WDC can attract contractors and manage delivery within allocated budgets.	Assumes staged renewals will proceed on schedule with support from external delivery partners.		Assumes stormwater upgrades will be incorporated into wider infrastructure or roading works.
Risk Mitigation	Pre-plan procurement: break works into deliverable packages.		Monitor project milestones; apply for co-funding; manage scope effectively.	Include stormwater in renewal programmes.