KAWERAU DISTRICT COUNCIL

Water Services Delivery Plan

September 2025

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Glossary of Terms

Ring-fencing

The separation of a service's finances from the other Council functions and activities. This means separate projected financial statements are consistent and reconcilable, revenue (including rates and charges) are separately identifiable and are only spent on that service, and cash surpluses that are retained for future expenditure for that service.

Water Supply Network

The infrastructure and processes used to provide a drinking water supply.

Wastewater Network

The infrastructure and processes used to collect, store, transmit through reticulation, treat, and discharge wastewater.

Stormwater Network

The infrastructure and processes used to collect, treat, drain, reuse, and discharge stormwater in an urban area and include an overland flow path.

Acronyms and Abbreviations

AMP	Asset Management Plan
BOPRC	Bay of Plenty Regional Council
ECOP	Engineering Code of Practice
KDC	Kawerau District Council
LoS	Level of Service
LGA	Local Government Act 2002
LGFA	Local Government Funding Agency
LTP	Kawerau District Long Term Plan 2025-2034
NZ	New Zealand
RIBs	Rapid Infiltration Basins
WSDP	Water Service Delivery Plan

References

Title	Date	Author/Review
Water Supply Asset Management Plan 2025	6 March 2025	Riaan Nel
Wastewater Asset Management Plan 2025	26 March 2025	Riaan Nel
Stormwater Asset Management Plan	26 March 2025	Riaan Nel
Water Supply Management Plan	27 March 2024	Hanno van der Merwe

Version History

Version	Date	Notes	Author
2025a	30/06/2025	New Document	Hanno van der Merwe
2025b	3/07/2025	Draft submission to DIA	Riaan Nel
2025c	3/09/2025	Submission to DIA	Riaan Nel

Certification

I certify that this Water Services Delivery Plan:

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

Signed: _____

Name: *Morgan Godfery*

Designation: *Chief Executive Officer*

Council: *Kawerau District Council*

Date: *3 September 2025*

SECTION ONE
1. Overview

1.1. THE WATER SERVICES DELIVERY PLAN

1.1.1. Local Water Done Well

Local Water Done Well embodies the Coalition Government's strategic response to New Zealand's persistent challenges concerning water infrastructure. This initiative emphasises the significance of local decision-making, granting communities and councils the necessary flexibility to determine the future delivery of their water services. The overarching objective is to achieve these aims while maintaining strict adherence to economic, environmental, and water quality standards.

The scope of Local Water Done Well encompasses all three council water services: water supply, wastewater management, and stormwater management. It mandates that territorial authorities (councils) substantiate the appropriateness and effectiveness of their service delivery arrangements by formulating comprehensive plans for water service delivery.

Local Water Done Well is being implemented in three stages, each with its own piece of legislation:

1. **Water Services Acts Repeal Act** (enacted February 2024):
   This Act repealed the previous Government's water services legislation, restored continued council ownership and control of water services, disestablished any Water Services Entities created under the Water Services Entities Act 2022, and amended the Local Government Act 2002 to make transitional arrangements for local authorities' Long Term Plans.
2. **Local Government (Water Services Preliminary Arrangements) Act** (enacted 2 September 2024):
   This Act established the Local Water Done Well framework and the preliminary arrangements for the new water services system.
3. **Local Government Water Services Act** (enacted 16 July 2025):
   This Act establishes the enduring settings for the new water services system.

1.1.2. Water Services Delivery Plans

The Water Services Delivery Plan (WSDP) is a requirement under the Local Government (Water Services Preliminary Arrangements) Act 2024 ("the Act"). The Act mandates that councils must prepare a WSDP by 2 September 2025.

The WSDP must address all three water services: water supply, wastewater, and stormwater, and include the following components:

Identify Current State of Water Services

The plan must identify the current state of the council's water services, including:

- Geographical range and distribution of services;
- Operations and Services provided;
- Levels of Service;
- Infrastructure and Assets;
- Asset Management systems and plans;
- Financial viability and sustainability; and
- Regulatory and Environmental compliance.

Outline Future Water Service Delivery Arrangements

The plan must outline future arrangements by:

- Developing suitable delivery arrangement options;
- Consulting with local communities and stakeholders; and
- Selecting a preferred delivery option promoting the long-term benefits for water service consumers.

Development of the Selected Delivery Option

The chosen delivery option must be:

- **Environmentally sustainable**: Compliant with all regulations and consents.
- **Safe and healthy**: Meeting all quality and health standards.
- **Financially viable**: Generating sufficient revenue through rates and charges to cover all costs.
- **Financially sustainable**: Supported by independent long-term plans to meet future community needs.
- **Innovative and investment-ready**: Enabling replacements, upgrades, and new assets to improve service delivery.

Demonstrate Public Commitment and Implementation

The Council must publicly demonstrate its commitment to delivering water services that:

- Meet all relevant regulatory, quality and environmental standards.
- Are financially viable and sustainable.
- Support housing growth and urban development, as outlined in the Council's Long Term Plan.
- Are adopted, committed to, and implemented through the WSDP's implementation plan.

Plan Duration

The WSDP needs to cover at least 10 consecutive financial years, starting with the 2024-25 financial year. This requires the development of a 10-year Water Services Long Term Plan, separate from Council's general Long Term Plan (LTP). This will underpin the financial sustainability of the Water Service arrangement.

Consultation and Adoption

The Water Service Delivery Plan (WSDP) does not require public consultation; however, the Water Service Delivery arrangement does require consultation. Council may choose to engage in consultation regarding the WSDP or specific sections of it.

The WSDP must be formally ratified by the Council through a resolution and submitted to the Secretary for Local Government for approval by September 2, 2025. Once approved, it is essential for the Council to publish the WSDP, as it is also responsible for implementing it through the corresponding implementation plan.

1.2. THE KAWERAU DISTRICT

The Kawerau district is a compact urban community located in the Eastern Bay of Plenty region of New Zealand. It is home to approximately 8,000 residents, 200 businesses, 5 heavy industries, and 12 light industries. The district lies 100 kilometres southeast of Tauranga and 58 kilometres east of Rotorua.

Kawerau is an enclave of 22 square kilometres, entirely surrounded by the Whakatāne district. The land use is predominantly urban, industrial, and commercial, with only a small portion designated as rural.

Community and Services

The Kawerau district comprises four schools, a rest home facility, and two retirement villages. There are also two medical clinics, but no hospitals in the area. The district faces high levels of social deprivation and has a stable yet aging population. Local government heavily relies on contributions from businesses and industries to fund operational expenses, infrastructure development, and maintenance through rates and charges.

Natural Resources and Environment

Kawerau possesses an abundance of natural resources, prominently featuring the Kawerau Geothermal Field, the Tarawera River, and numerous natural springs that yield a substantial supply of high-quality water. The region's geology has been significantly influenced by the eruption of Mount Tarawera. The soils within the district are predominantly composed of ash and pumice, characteristics that render them highly porous yet poorly compacted. This unique soil composition facilitates the efficient disposal of stormwater and treated wastewater directly into the ground.

Climate and Recreation

Kawerau experiences warm summers and moderate winters. During the summer months, the average daily maximum temperature reaches 23.7 degrees Celsius, with certain days surpassing 30 degrees Celsius. As a result, Kawerau is recognised as one of the warmer locations in New Zealand. This favourable climate facilitates year-round utilisation of public parks, reserves, and recreational areas, which are actively frequented by both residents and visitors alike.

1.2.1. The Kawerau District Council

The Kawerau District Council serves as the local authority tasked with the provision of all local government services within the district, encompassing drinking water, wastewater, and stormwater management. The Council is composed of nine elected representatives who, in accordance with the Local Government Act, deliver vital services to the community.

Council formulates strategies and enacts policies and bylaws that serve to guide and direct these essential services. The elected representatives appoint a Chief Executive Officer (CEO) to oversee the implementation of services in alignment with the needs of the community. The CEO is responsible for establishing the organisational structure and appointing the Senior Leadership Team.

The Senior Leadership Team bears the responsibility for developing and executing the requisite policies and strategies to ensure effective service delivery. This team is tasked with managing all Council services efficiently through the application of suitable policies and procedures.

Managers and staff are responsible for the execution of bylaws, policies, and systems pertinent to finance, quality management, and asset management, in addition to overseeing all associated operations and services.

1.2.2. Future development needs

Land Use and Development in Kawerau District

The Kawerau district is a landlocked area completely encircled by the Whakatāne district. It is a well-developed region characterised by limited opportunities for the expansion and intensification of housing and industrial activities.

Growth and Demand for Water Services

The district has experienced, and is anticipated to continue experiencing, low growth in the demand for additional water services.

There remain undeveloped residential areas within the town; however, even with full development of these areas, the current water supply infrastructure is equipped to accommodate the projected increase in demand.

Industrial Development

In 2012, the district purchased more industrial land from the Whakatāne district, known as the Putauaki Block. This area is planned for development over the next decade. It is not expected to require significant upgrades or expansion of existing water services infrastructure.

Residential Development

Two key areas have been identified for future housing development:

1. Stoneham Park Development: The former football fields at Stoneham Park are being converted into residential land as outlined in the 2024 District Plan. The Council is developing this area into a neighbourhood with 104 lots.
2. River Road Development: A subdivision consisting of approximately 30 lots is planned for the former school and sports fields located on River Road.

Commercial Development

The only area identified for potential commercial development is a 5,000 m² site (the former ‘Circus Paddock’) located adjacent to the Ron Hardie Recreation Centre. This site could potentially be developed into a small shopping area, though no formal plans are currently in place.

Future Potential Developments

There is also the potential to develop small sections of the Tuwharetoa Farm into residential zones. The development of both the Circus Paddock and Tuwharetoa Farm is not currently under formal consideration and is not included in the Council’s LTP or in this plan.

New Infrastructure

For all new developments, be they residential, commercial, or industrial; developers are responsible for the installation of:

- Drinking water infrastructure;
- Wastewater infrastructure; and
- Stormwater collection and delivery systems.

At completion of any development, the infrastructure is vested to Council for ongoing maintenance and operation.

This plan therefore only considers the needs to connect new reticulation to the existing networks and the capacity of existing supply, treatment and disposal infrastructure.

1.2.3. Water Services capacity to provide current and future needs

Drinking Water

The Kawerau district's water supply network is currently well-equipped to meet existing demand and has excess capacity to accommodate reasonable future growth.

Water Sources and Treatment Capacity

Current resource consents allow the extraction of 12,000 m^3 water per day. All drinking water is extracted from three water sources:

- Umukaraka Spring
- Pumphouse Spring
- Tarawera Park Borefield

It is unlikely future resource consenting will permit higher extraction rates. The UV treatment plant has been scaled accordingly and can treat 12,000 m^3 of drinking water per day with sufficient pump and UV-reactor redundancy.

Water Demand

The average daily demand is 4,110 m^3 per day with peaks of up to 12,000 m^3 per day during extreme hot and dry summers. High usage days above 10,000 m^3 per day are rare and for more than 95% of all days, usage is below 8,000 m^3 per day.

Storage and Reticulation

The three reservoirs provide 11,250 cubic metres of storage, equating to 2.7 days of supply at the current average demand of 4,110 m3 per day, or one day at current peak demand. The oldest reservoir is planned to be replaced in 2035.

The existing reticulation is able to meet the demands of the community distributing sufficient volumes of water at acceptable pressures during peak usage times.

Recent and Planned Improvements

Council just completed significant capital works to upgrade the pump station at the treatment plant. The installation of electronic controls and telemetry for the bores, the springs and all pump stations will provide additional resilience around supply volumes. Ongoing reticulation programming is renewing all reticulation older than the Year 2000. Once completed, further renewals will not be required for the duration of this plan.

The drinking water network is able to supply sufficient water for all considered growth scenarios and no further upgrades, enhancements or new infrastructure are planned for the next 10 years.

Wastewater

The Kawerau district's wastewater network is currently adequate for existing demands and has spare capacity to accommodate future growth.

Treatment and Disposal Capacity

Current resource consents allow the treatment and disposal of 22,000 m^3 of treated sewerage per week for a population of less than 8,000 people. The current average weekly disposal is 12,000 m^3 with a historic peak of 15,800 m^3 per week. The current consents would therefore support a population of at least 10,000 people.

The wastewater treatment plant capacity is constrained by the centrifuge's ability to process the final concentrated effluent. The centrifuge is currently operated 6 hours a day, four days a week and will

be able to process the 22,000 m^3 consent limit by operating 6 days a week and 7.33 hours per day. This volume may be increased by running the centrifuge for longer periods each day.

The treatment plant capacity can be increased to 15,000 people through the installation of additional screens and clarifiers. The Rapid Infiltration Basins (RIBs) are underutilised and approximately 25% of the RIBS are not utilised at all. The RIBs reticulation and disposal points were expanded in 2021 and there is sufficient treatment capacity.

The consented worm farm can process solids generated by a population of 15,000 under existing conditions.

Industrial Wastewater

In 2012, a boundary adjustment was conducted, which initiated the development of a new industrial park. Consequently, the local Council implemented a service line to connect the new park located on State Highway 34. The Waiū Dairy factory commenced operations and, in June 2019, obtained consent for the disposal of trade waste. This Trade Waste consent permits Waiū Dairy to discharge up to 400 cubic metres per day, with a solid's concentration of 200 grams per cubic metre. This volume corresponds to the wastewater output generated by a population of 1,700, which the treatment plant accommodates. The wastewater network is equipped to efficiently manage the collection, treatment, and disposal of wastewater under all potential growth scenarios evaluated. No additional upgrades, enhancements, or new infrastructure developments are projected for the forthcoming ten years.

Stormwater

The Kawerau district's stormwater network is generally adequate for current rainfall runoff demands, with spare capacity in most areas.

Soil and Drainage Characteristics

The soil in the Kawerau district is predominantly composed of Tarawera ash and pumice, resulting in exceptional drainage properties. As a consequence, instances of standing water are minimal. This feature enables the stormwater management system to effectively collect rainfall primarily from the roadways. With the exception of a limited number of structures located in the central business district (CBD), all buildings redirect their stormwater into soak hole systems situated within their respective property boundaries.

Flood Mitigation and Improvements

A small number of small flood prone areas had been identified during significant rainfall events during recent years. These previously flood prone areas were all addressed and are no longer a concern:

- Blundell Street: Flooding mitigated by constructing detention basins to manage runoff from Tuwharetoa Farm.
- Valley Road and Hardie Avenue: Detention Basins were constructed in the farmland at the southern end of both roads.
- Fraser Street: The River Road culverts carrying the Pumphouse Spring overflow stream were found to be a significant cause of flooding in the Fraser Street area. Culverts that provided a larger free flowing structure were designed and installed.
- Subsurface water flooding in Hardie Avenue: Subsurface flooding was reduced through installation of groundwater drainage connected to the Hilldale Reserve stormwater system.

Stormwater Management for New Developments

The planned industrial park on SH34 (Putauaki Block) is required to manage stormwater by soakage into the ground, as there are no nearby streams for discharge to the Tarawera River. The new residential developments will discharge all stormwater by soakage into the ground. New roads in the developments will discharge into the existing roading stormwater system where there is sufficient spare capacity.

Future Planning

After completing all the upgrades and improvements mentioned above, the current stormwater systems are considered adequate, and no additional capacity upgrades to the network are expected during the lifespan of this Plan. Any issues arising from changes in land use will be addressed on a case-by-case basis, and these will typically be funded by the developer.

1.3. WATER SERVICES

All water services are currently managed and executed internally by the Council through its personnel. This approach is efficient because it involves local employees, leading to cost-effective services and the most competitive water rates and charges in the region.

Funding for water services primarily derives from rates, encompassing both general and targeted rates, as delineated in the Council's Revenue and Financing Policy. Historically, general rates were allocated for the maintenance of facilities and equipment, while operational expenses were covered by targeted rates. However, the Council intends to transition to funding water supply and wastewater disposal services exclusively through targeted rates over the next eight years. Furthermore, the Council may seek external funding opportunities for the expansion or enhancement of facilities and plants as they become available.

Council employs in-house Asset Management and Project Management staff to manage and maintain all infrastructure and supply systems. For specialised engineering services, external consultants and contractors are engaged as necessary. Major infrastructure upgrades, replacements, and installations are predominantly contracted out to external firms.

Drinking Water

The primary objective of the drinking water service in the Kawerau district is to deliver a high-quality and reliable water supply while ensuring the sustainable and efficient maintenance of the associated infrastructure and facilities.

To accomplish this objective, several key elements are essential:

- Security of long-term water sources
- Adherence to all legal, cultural, environmental, and water safety standards
- Assurance of the ongoing operation of all facilities and infrastructure in a sustainable manner

In accordance with the Local Government Act of 2002, Council is mandated to provide water supply services to the communities within its jurisdiction. It serves as the exclusive provider of potable drinking water in the region, with no alternative suppliers available.

All properties within the district are connected to the Council's potable water supply, and there are no independent private or onsite potable water treatment systems in the area. Major industries possess separate water source consents for industrial use, independent of Council's supply. Refer to *Figure 1* below for the potable water reticulation layout.

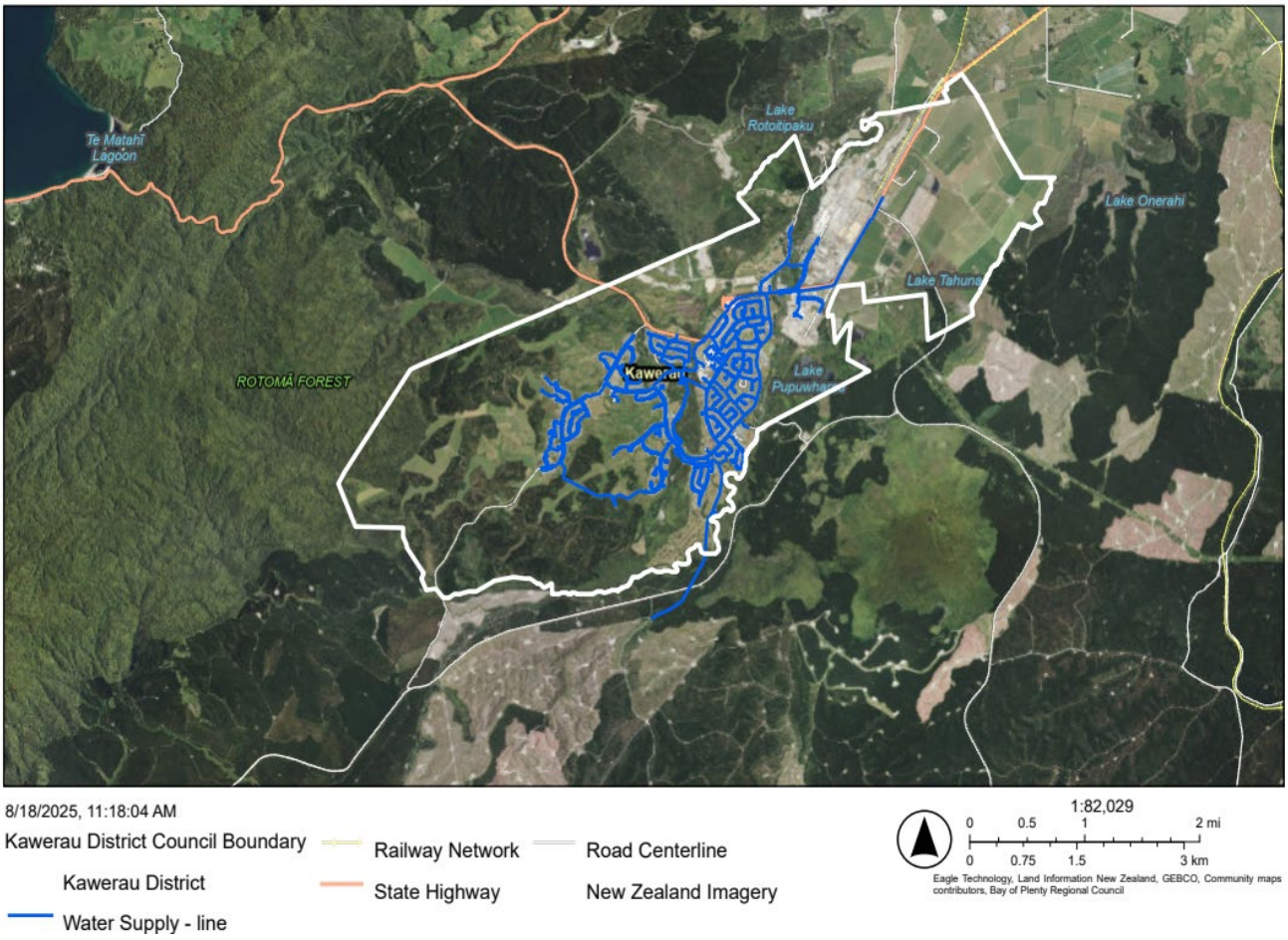


Figure 1: Kawerau District Water Reticulation Layout

The service encompasses a comprehensive system consisting of springs, boreholes, pumps, treatment facilities, reservoirs, and pipelines that collectively produce and distribute potable water to households, industrial establishments, and commercial entities.

Current service delivery practices include:

- Securing and maintaining suitable water sources and relevant resource consents
- Extracting, treating, and distributing drinking water
- Managing water supply assets and monitoring water quality
- Repairing or replacing pipes, structures, and equipment as necessary
- Planning for future needs and enhancing operational efficiencies

Wastewater

The goal of the wastewater service is to establish an effective, efficient, and sustainable system for collecting, treating, and disposing of wastewater. This service is essential for preventing environmental harm, minimising public nuisance, and protecting the health and safety of the community.

To achieve this goal, the following measures are necessary:

- Effective management and maintenance of infrastructure and operational capabilities
- Compliance with all relevant regulations, including consent, cultural, environmental, and wastewater safety standards
- Assurance of sustainable operation of facilities and infrastructure

Under the Local Government Act of 2002, the Council is required to provide sanitary services and a waste management plan. Additionally, the Council is obligated by the Health Act 1956 and the Building Act 2004 to deliver wastewater services. Specifically, Section 23 of the Health Act 1956 imposes a general duty on councils to improve, promote, and protect public health within their district. Section 23(c) highlights the Council's responsibility to take all necessary steps to eliminate any nuisances or conditions that could threaten public health. It would be nearly impossible for the Council to fulfil this obligation without a reticulated wastewater system in urban areas.

Kawerau District Council is the sole provider of wastewater services in the district, and there are no alternative suppliers.

All properties within the district are integrated into the Council's wastewater network, and there are no independent or onsite wastewater treatment systems present in the area. Major industries manage the treatment of their industrial wastewater onsite, distinctly from the Council's system. Please refer to *Figure 2* below for an illustration of the layout of the wastewater network.

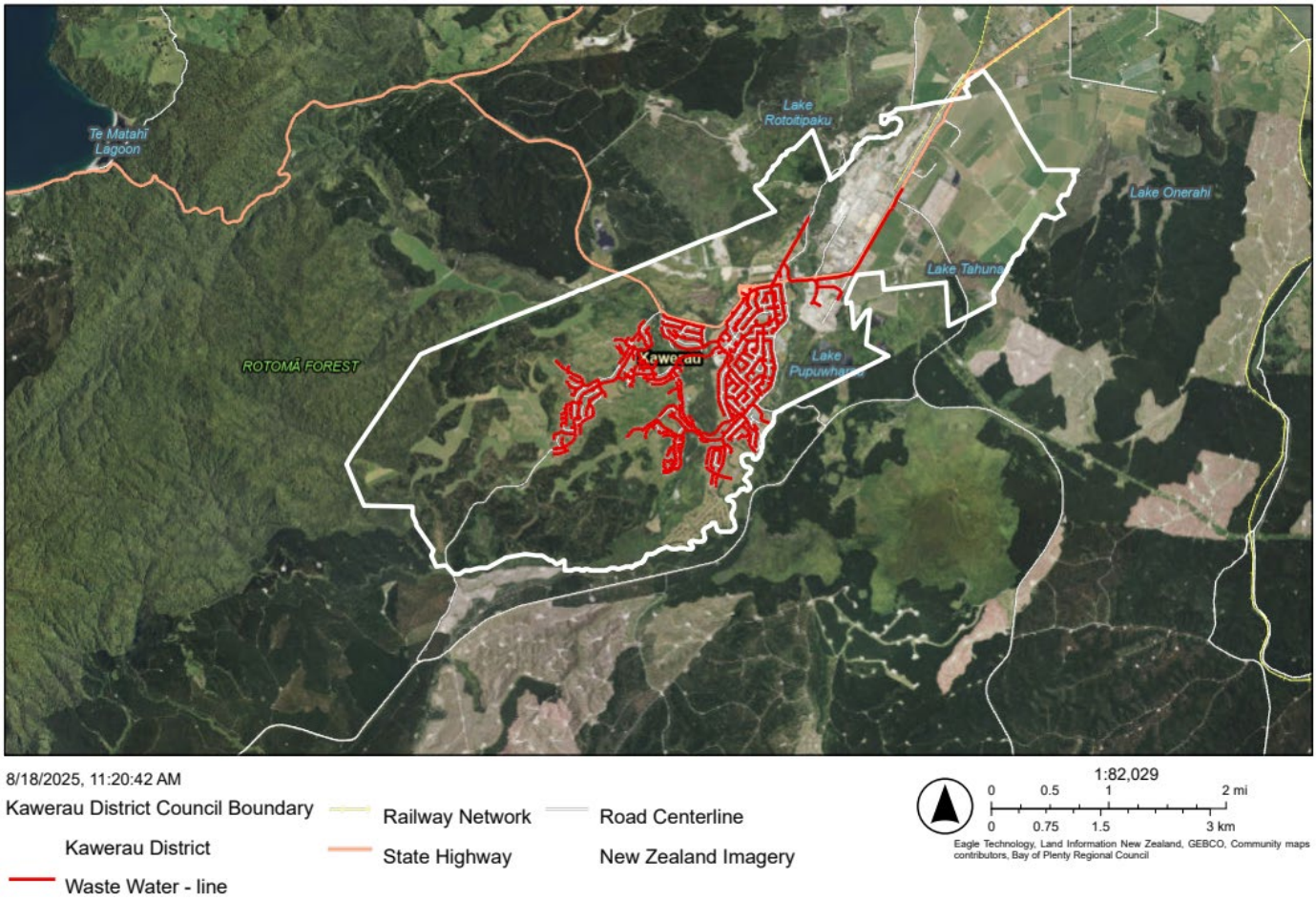


Figure 2: Kawerau District Wastewater Network Layout

The wastewater service includes a network of connection points, pipes, pump stations, and access points that collect wastewater from 2,760 households, four large industries, and approximately 160 businesses, serving a population of nearly 8,000 people. All collected wastewater is treated and disposed of appropriately.

Current services include:

- Providing sewer access points at all necessary locations
- Collecting and transporting sewage to the treatment plant

- Treating and disposing of treated wastewater and solids by operating a wastewater treatment plant
- Managing wastewater assets and monitoring compliance with disposal regulations
- Repairing or replacing pipes, pumps, structures, and treatment plant equipment
- Planning to meet future needs and improve operations.

Stormwater

The goal of the stormwater service is to manage stormwater from the road network in an environmentally responsible way. This approach aims to minimise negative impacts on the community, the environment, and other infrastructure and services in the district. Achieving this goal requires:

- Management and maintenance of stormwater infrastructure, and
- Adherence to all consent, cultural, environmental and wastewater safety requirements in a sustainable way.

Several legislative requirements regulate the collection and disposal of stormwater. These include the Local Government Act 2002, the Resource Management Act 1991, the Health Act 1956, and the Council's District Plan.

In the Kawerau District, a network of pipes mainly collects stormwater from the roading network and directs it into natural waterways. With the exception of a few buildings in the Central Business District (CBD), most properties are not connected to the stormwater network and instead drain into soak holes on their premises.

The Kawerau District Council is the sole provider of stormwater services in the area, which are closely linked to road services. There are no alternative suppliers for stormwater management within this region.

The current services are delivered:

- Collection and removal of stormwater from the roading network.
- Management and maintenance of stormwater assets and monitoring disposal compliance.
- Repairing or replacing cesspits, pipes, manholes and outlets.
- Planning to meet future requirements and improve operations.

Please refer to *Figure 3* below for an illustration of the layout of the stormwater network.

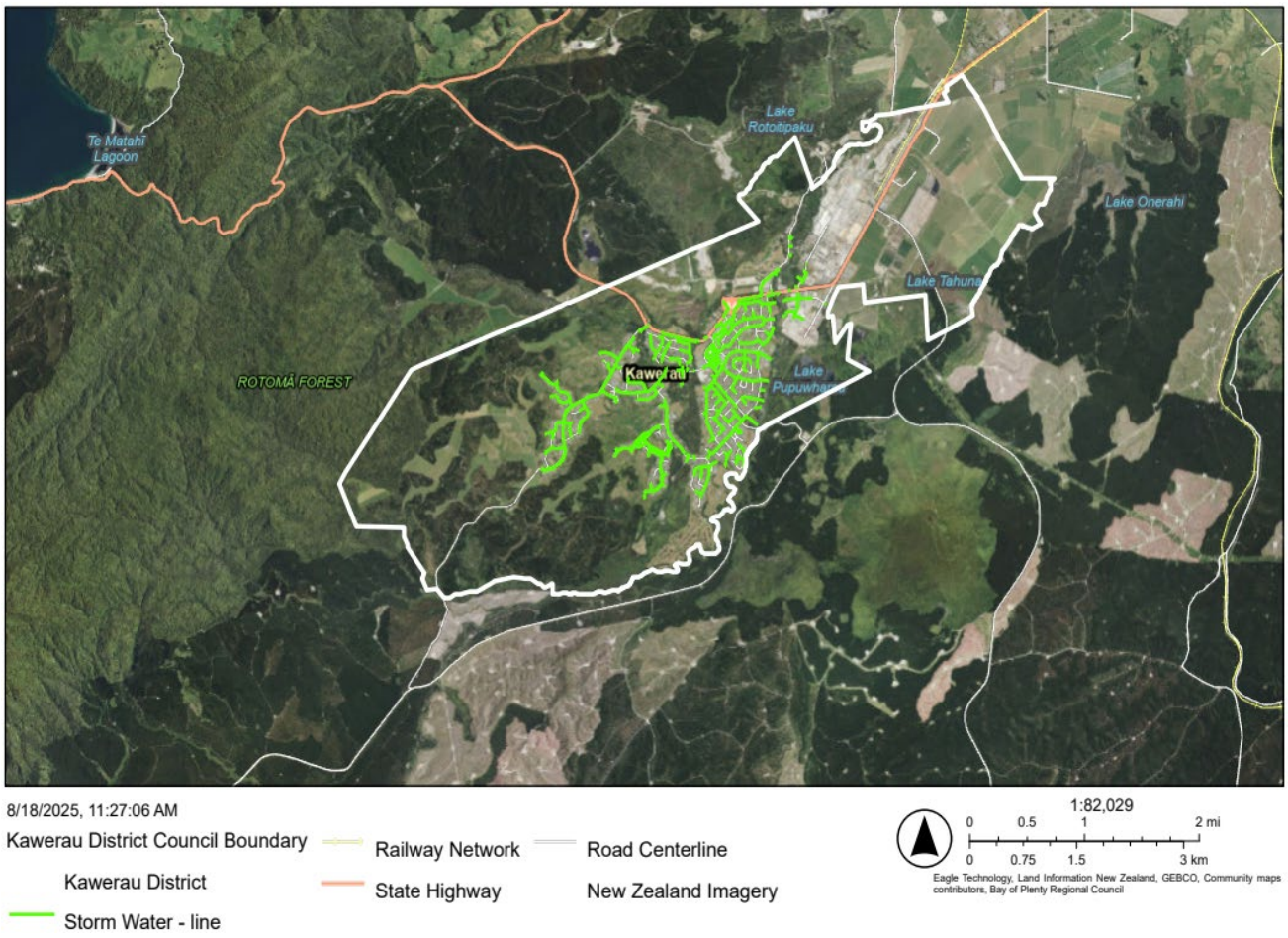


Figure 3: Kawerau District Stormwater Network Layout

1.3.1. Customers and Communities

The Council provides essential water services to the Kawerau community, which comprises 2,700 households, five significant industries, and approximately 175 businesses. Additionally, it offers limited services to residents in the Whakatāne district near its borders, where access to Whakatāne services is unavailable. With the exception of two residences located on a farm block, all households and businesses within the Kawerau district are integrated into the Council's water supply and wastewater networks.

According to the 2023 census, the estimated population of the Kawerau district stands at 7,820, representing a 4.8% increase since the 2018 census, which translates to approximately 1% annual population growth. Statistics NZ projects that the population will remain relatively stable over the next two decades under a medium projection scenario, approaching just under 8,000 by the year 2043. Nevertheless, the growth rate may exceed these projections as Kawerau continues to generate employment opportunities through industrial development and provides affordable housing options.

Table 1: Statistics NZ Population Projections – Kawerau District

Population Change 2006–2043 (NZ Stats)								
Projected Range	2006 *Census*	2013 *Census*	2018 *Census*	2023	2028	2033	2038	2043
High					8,410	8,650	8,830	8,970
Medium	6,921	6,363	7,460	7,820	8,000	8,020	7,970	7,860
Low					7,610	7,410	7,140	6,800

Kawerau currently has a higher proportion of both older and younger people compared to the rest of the country. Population projections indicate that over the next 15 years (until 2038), the number of young people (under 15 years old) is expected to decrease by 12.7 percent, while the number of individuals aged over 65 is projected to increase by 46.2 percent.

Note: For detailed population and serviced connection, projections refer to **Table 32: Projected Serviced Population.**

1.3.2. Levels of Service

Council monitors and reports its actual performance against measures and targets contained in the LTP. All reporting is presented through quarterly reports to the Council by the Group Manager, Finance and Corporate Services. Council targets include community satisfaction, number of complaints, regulatory compliance, service requests and time taken to respond as well as number of service disruptions.

Levels of Service (LoS) are evaluated and set every three years as part of the Section 17A (Local Government Act 2022) reviews of the water services. There are three Levels of Service categories addressing customer needs, technical requirements and with specific regard to Stormwater; NZ Transport Agency agreed requirements.

Levels of Service are described in more detail within the respective service Asset Management Plans including discussions on specific constraints to the Levels of Service.

The Levels of Service are summarised as follows:

Drinking Water

The Water Supply Service has the following Levels of Service:

- **Community is satisfied with the Water Supply Service.**

  Customer satisfaction is measured through a Triennial Residents survey and an independent survey conducted by SIL Research.

  The 2023 Triennial Residents survey achieved an approval rating of 40% (73% NZ benchmark). The low community satisfaction was caused by dirty water in the supply network. This issue has since been resolved.

- **Total number of complaints received.**

  Complaints are registered in the Request for Service database. Complaints are categorised as follows:

  - Clarity, no more than 4 per 1000 connections.
  - Taste, no more than 2 per 1000 connections.

- Odour, no more than 1 per 1000 connections.
- Pressure, no more than 2 per 1000 connections.
- Continuity, no more than 2 per 1000 connections.
- Response time, no more than 0 per 1000 connections.

- **Safety of drinking water.**

  Council water supply must comply with the Taumata Arowai Drinking Water Quality Assurance Rules 2022 and Water Services (Drinking Water Standards for New Zealand) Regulations 2022. Water quality is monitored through water treatment plant instrumentation and through water sample testing in the reticulation.

  - T3, bacterial compliance, no instances of non-compliance
  - D3, protozoal compliance, no instances of non-compliance

The extent to which the drinking water supply complies with the following parts of the drinking water quality assurance rules – 100% compliance:

- 4.10.1 T3 Bacterial Rules
- 4.10.2 T3 Protozoal Rules
- 4.11.5 D3 29 Microbiological Monitoring Rules

- **Maintenance of the reticulation network.**

  The loss of water from the reticulation is calculated using the minimum night flow method.

  - Loss of water from the reticulation is less than 200 litres per connection per day.

- **Demand management.**

  The total water production is metered and includes losses and unauthorised use.

  - Average consumption is less than 0.6 m^3 per resident per day.

- **Fault response times.**

  The time it takes to attend a request for service or fault/unplanned interruption is recorded in the Request for Service database.

  - Urgent call outs, attendance less than 2 hours
  - Urgent call outs, resolution less than 8 hours
  - Non-urgent call outs, attendance less than 24 hours
  - Non-urgent call outs, resolution less than 48 hours

- **Reliability of water supply.**

  The number of planned and un-planned supply interruptions are recorded in the Water Team Leader Work Roster.

  - Number of unplanned reticulation shutdowns, no more than 12 per year.
  - Number of unplanned pump station shutdowns, no more than 0 per year.
  - Number of water reticulation breaks, no more than 8 per year.

- **Environmental effects.**

  Water is taken from the sources under consents granted by the Bay of Plenty Regional Council.

  - Compliance with all consent conditions.

Wastewater

The Wastewater Service has the following Levels of Service:

- **Community is satisfied with the Wastewater Service.**

  Customer satisfaction is measured through a Triennial Residents survey.

  - The 2023 Triennial Residents survey achieved an approval rating of 82% (74% NZ benchmark).

- **Total number of complaints received.**

  Complaints are registered in the Request for Service database. Complaints are categorised as follows:

  - Odour, no more than 1 per 1000 connections.
  - Faults, no more than 15 per 1000 connections.
  - Blockages, no more than 15 per 1000 connections.
  - Response time complaints, no more than 0 per 1000 connections.

- **System adequacy.**

  Council wastewater system is able to deal with normal operational requirements. This is measured by the number of non-weather related sewage overflows.

  - Zero dry weather overflows per year.

- **Fault response times.**

  The time it takes to attend a request for service or fault/unplanned interruption is recorded in the Request for Service database.

  - Call out attendance less than 1 hour.
  - Call outs resolution less than 8 hours.

- **Reliability of the service.**

  The number of planned and un-planned service interruptions are recorded in the Water Team Leader Work Roster

  - Number of unplanned service interruptions, no more than 15 per year.

- **Environmental effects.**

  Wastewater is treated and disposed of under resource consents.

  - Compliance with all consent conditions
  - No notices, infringements, orders or convictions.

Stormwater

The Stormwater Service has the following Levels of Service:

- **Total number of complaints received.**

  Complaints are registered in the Request for Service database.

  - No complaints received.

- **System adequacy.**

  Council stormwater system is able to deal with normal operational requirements. This is measured by the number of flooding events that occur and the impact they have.

- No more than 10 flood events that occur in the district.

- **Flooding response times.**

  The time it takes to attend a request for service for flooding is recorded in the Request for Service database.

  - Call out attendance less than 1 hour.

- **Environmental effects.**

  Stormwater is treated and disposed of under resource consents.

  - Compliance with all consent conditions.
  - No notices, infringements, orders or convictions.

1.4. WATER SERVICE INFRASTRUCTURE

Council provides water services through three fully developed infrastructure networks.

1.4.1. Drinking Water

The Kawerau district water supply network comprises springs, pumps, reservoirs and pipes. It distributes potable (drinkable) water to around 2,700 households, 5 large industrial plants and approximately 160 businesses. The network serves a resident population of 7,820 people (as recorded in the 2023 Census).

Kawerau's water is sourced from the Tarawera Park Borefield and two springs: Umukaraka/Holland Spring located on the Tarawera Falls Road and the Pumphouse Spring on River Road. From source, the water is treated in an ultraviolet (UV) treatment plant, neutralised, chlorinated and fluorinated (since 1 September 2024), and then pumped to three reservoirs, two on Monika Lanham Reserve and the third above Beattie Road.

The water supply network is split into two pressure zones. Water is then delivered to consumers by gravity. The Beattie Road reservoir supplies properties situated in the upper Valley Road area. The Monika Lanham reservoirs supply the balance of the town. Large users of water have metered supplies.

The table below summarises the key components of the system.

Table 2: Key information of the water supply network

Parameters	**Drinking supply**
Average age of Network Assets	20
Critical Assets	Section 1.4.1
Above-ground assets • Treatment plant and pumping station Percentage or number of above-ground assets with a condition rating • Percentage of above–ground assets in poor condition	 1 100 0
Below-ground assets • Total Km of reticulation • Percentage of network with condition grading • Percentage of the network in poor or deplorable condition	 73.311 100 0
Population served	7,820

Parameters	Drinking supply
Number of properties connected	2,917
Length of reticulation (km)	73
Number of pumping stations	2
Number of treatment plants	1
Number of water sources	3

Critical assets

Borefield

There are three fully developed bores in the Tarawera Park. They are owned by Council and are on Council owned land, fenced and protected in steel containers. This greatly reduces any risk of contamination from the bores.

Springs

There are two springs (Umukaraka/Holland and Pumphouse), both of which are natural resources. Umukaraka/Holland Spring is in private ownership and Pumphouse Spring is owned by Council. Headworks consisting of rocks, wooden walls, plastic covers, pipes and coarse filters have been constructed to capture the water. The sites are fenced.

Pumps

Water from the bores and the springs is piped to the Pumphouse water treatment plant by gravity pipes. The water, following treatment, is then pumped to the two reservoirs in Monika Lanham Reserve from the treatment plant. There are four main supply pumps in total, whose use varies according to seasonal demand.

Water Treatment Equipment

Located in the water treatment plant, the equipment is used for pH correction, UV treatment, chlorination and fluoridation. Correction of pH involving caustic soda dosing to target levels of 7.0 – 8.5 pH, log 3 UV treatment, chlorination to a target level of 0.5 parts per million to safeguard the reticulation and fluorination to 1 parts per million as ordered by the Ministry of Health.

Reservoirs

Water is stored in three concrete reservoirs. Two reservoirs are located at the Monika Lanham reserve. The third reservoir is located on a Council owned parcel in private owned land. The two Monika Lanham reservoirs are directly fed from the treatment plant. The third reservoir is fed from reticulation via a pump station located on Beattie Road.

Pipes

Pipes are used to transport water from the sources to the Pumphouse water treatment plant, from the treatment plant to reservoirs and from reservoirs to properties. There are approximately 7 km of pipes from the springs to the reservoirs, ranging in diameter from 250 mm to 450 mm. The reticulation comprises 73 km of pipes with diameters from 50 mm to 250 mm (see *Figure 4* below). From the reservoirs, all water is distributed by gravity.

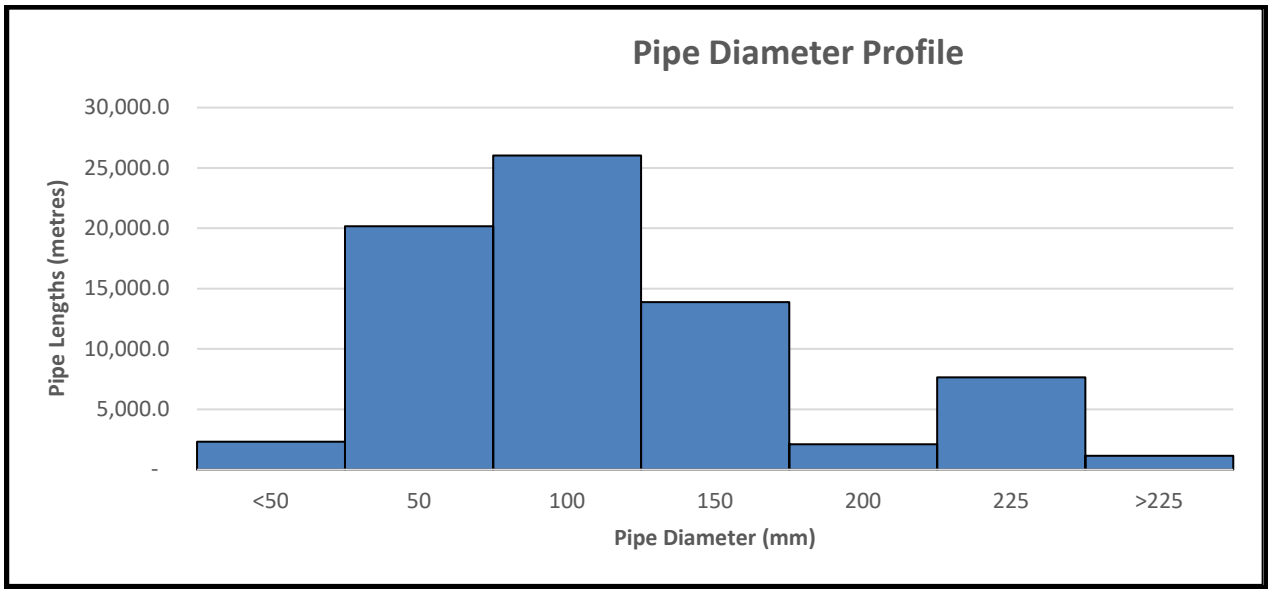


Figure 4: Diameter profile of water supply pipes

Other Assets

Other assets are the Beattie Road pump station (two in-line pumps), telemetry systems, valves, fire hydrants, service connections, meters, backflow preventers and the Pumphouse treatment plant with UV, caustic soda and chlorine/fluorine buildings.

Telemetry

Water levels, flows, pumps operating, UV levels, chlorine/fluorine, pH and other data are electronically monitored. If monitoring detects levels are outside set parameters, alarms are triggered and any problems rectified. Information can be remotely viewed by computer and is collected continuously and stored for analysis as required.

Valves

Valves are installed throughout the water supply network to facilitate sections of the pipe to be isolated for maintenance. The valves are predominantly gate valves, and the diameter of the valve is the same as the pipe to which the valve is connected.

Fire Hydrants

Fire hydrants are provided for firefighting purposes. Hydrant box covers are painted yellow and painted triangles are located at the road centre line. Blue reflective centre line markers have been installed as an additional indicator of hydrant position to assist with location at night.

Service Connections

Each property is provided with a service connection to the water main outside the property. The connection consists of a length of pipe to the property boundary and a gate valve. Typically, the service connection is 20mm in diameter. The location of the service connection is noted by a white mark on the kerb.

Meters

There are approximately 50 properties that have water meters installed because of the potential to use above average quantities of water.

Backflow Preventers

All metered properties are fitted with backflow preventers. Low risk properties are fitted with non-testable devices. Large industries or industries with chemical or biological on-site risks are fitted with testable

devices. Unmetered properties are being fitted with non-testable backflow preventers during the reticulation replacement works.

Buildings

Water supply buildings are the Pumphouse pump station structure, and the UV and chlorine/fluorine treatment plant building. These are constructed of concrete blocks and are regularly maintained.

New assets

Water supply capacity in the existing residential network is anticipated to be static for the duration of the planning period. The reticulation system was extended by approximately 2 kilometres in 2018 to service the new industrial subdivision located to the north/east of town on the Putauaki block. Additional lines and points were installed to service the two new residential subdivisions Porritt Glade and Central Cove.

Maintenance activities

Maintenance activities include daily checks of the springs, pumps, telemetry system, pipes and the pH system at the UV treatment plant. Screens are cleaned and pumps greased on a weekly basis. The tops of the reservoirs are inspected, backflow preventers checked, buildings inspected, and network pipes are flushed annually. Preventative maintenance is carried out on the valves, service connections and water meters. In addition, repairs are undertaken as faults are reported. The NZ Fire Service undertakes regular flow tests of fire hydrants.

Renewal/Replacement

With the exception of Kawerau's town centre zone, being an area of geothermal activity, pipes are broadly deteriorating approximately 24% faster than National Asset Management Steering Group (NAMS) guidelines.

Council's objective is to maximise asset life without compromising service. Replacement decisions are based on the condition, reliability and maintenance cost and risk profile of an asset as well as its age. The age and material profile of water supply pipes are presented in *Figure 5* below.

Due to observed increased degradation of asbestos cement pipes and some steel pipes, a decision was adopted by Council in 2018 to replace all asbestos cement pipes and valves and steel pipes older than those installed in 1996. Large scale water reticulation replacement is currently underway. The age material profile will be updated at the end of this renewal programme. The water supply reticulation replacement program is running from 2020 to 2029.

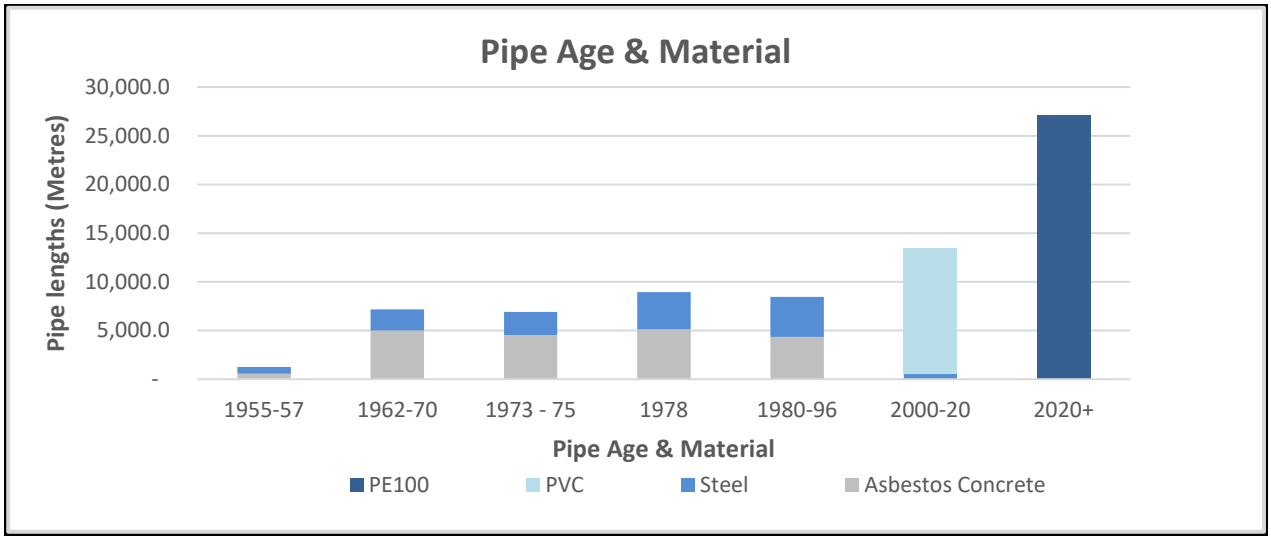


Figure 5: Age/Material profile of water supply pipes @ 30 June 2024

The water treatment plant pump station was rebuilt in 2024 with new modern pumps, valves and pipes.

The spring headworks each have wooden retaining walls around rocks allowing water to flow from the ground and be collected. Failure will be gradual and will not interrupt the ability to use the water. The headworks for Umukaraka Spring was rebuilt in 2024.

The gravity main from Umukaraka Spring to the treatment plant via the Tarawera Park Borefield was installed in 1968. Testing undertaken in 2007 suggested the pipe appeared to be deteriorating at the anticipated rate. The replacement of this critical pipe has been programmed to occur in 2037-39. The approximate cost of replacement projected to be $4.2 million.

The remaining life of the Tarawera Park bore pumps is currently estimated at 25 years. The bore liners were inspected in 2016 and found to be in excellent condition. The bore headworks were rebuilt in 2019, and their estimated life is 60 years.

The expected life of concrete reservoirs is 80 years. Examination of the reservoirs indicates they are in good condition and can be expected to outlive that expected life. Before altering the life in the asset register, an analysis of the concrete deterioration was required. Replacement of the three reservoirs is currently programmed to occur in 2034/35 (upgrading to 4.5 mil litres), 2058/59 and 2063/64 – at a cost of $2.0 mil each (in 2023 costs).

Deferred Maintenance and Disposal Plan

Council policy is to avoid any deferred maintenance and currently there is no known deferred maintenance for the water supply network. Similarly, there are no specific disposals identified in the Plan. Pipes no longer required or are replaced due to failure will not be retrieved as they have no value. Normally old pipes will be replaced by new pipes in the same location. If pipes are not replaced, they will be made safe in situ.

1.4.2. Wastewater

The community is served by a wastewater system designed to manage wastewater collection, treatment and disposal. Properties connect to the public reticulation system through small pipes. Larger pipes and manholes are used in the network where changes in gradient and direction occur. There are also five pump stations. All wastewater is brought to the treatment plant via the pipe and pump collection network. Treatment and the discharge of water to ground are carried out in accordance with resource consent requirements and to maintain a healthy environment. Septic tanks are used for the few properties in the district not connected to the network.

The table below summarises the key components of the system.

Table 3: Key information of the wastewater network

Parameters	Wastewater
Average age of Network Assets	**51**
Critical Assets	See Section 1.4.2
Above-ground assets • Treatment plant/s • Percentage or number of above-ground assets with a condition rating • Percentage of above–ground assets in poor condition	 1 100 0
Below-ground assets • Total Km of reticulation • Percentage of network with condition grading • Percentage of the network in poor or deplorable condition	 55.803 100 0

Parameters	Wastewater
Number of properties connected	2,922
Length of reticulation (km)	62.6
Number of pumping stations	6
Number of treatment plants	1
Manholes	772
Wastewater treated (avg m^3/d)	2,200

Critical assets

Most components of the wastewater asset are able to fail for a period of 24 hours before intervention is required. Intervention is simple and relatively inexpensive and therefor only a small number of pipes, one pump station and the treatment plant are considered critical.

Service connections

Service connections connect properties and businesses wastewater lines to gravity reticulation pipes. Service connections may be Asbestos Cement (AC), glazed earthenware, Polyvinyl Chloride/Plastic (PVC), Polyethylene (HDPE), concrete lined steel or concrete, depending on when a property was developed.

Gravity reticulation pipes

Gravity lines connect the service connections of properties and businesses to pump stations and eventually to the treatment plant. The network of pipes are typically between 100mm and 450mm in diameter. Most of the reticulation is in the range of 150mm to 200mm that collect effluent and feed them to trunk mains (300mm to 450mm). The wastewater network pipe diameter profile is presented in *Figure 6*.

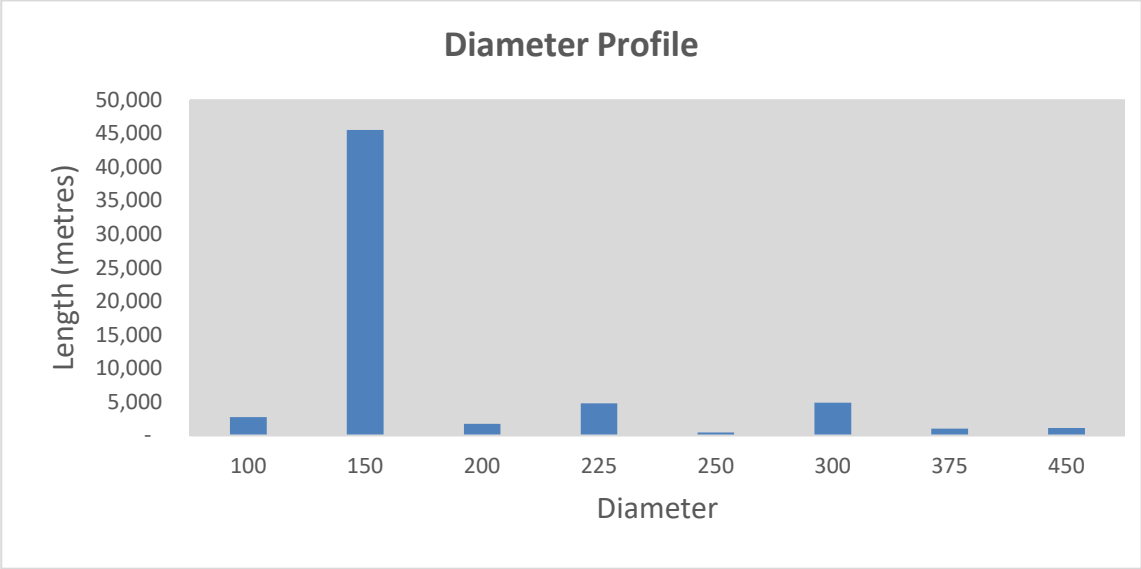


Figure 6: Diameter profile of wastewater pipes

Depending on location, the pipes are asbestos cement, concrete, concrete lined steel, PVC, HDPE or glazed earthenware. A large percentage of the network pipes were installed in the period 1955 to 1975. This is expected to give rise to a significant increase of renewals as the pipes reach the end of their effective lives. The age and material profile of wastewater pipes are presented in *Figure 7*.

Generally, pipes installed pre-1970 are concrete and from 1970 onwards were asbestos concrete. Glazed earthenware, HDPE, PVC and other materials were used only in small quantities, primarily in geothermal or unstable areas. Pipes installed after the Year 2000 were primarily PVC and HDPE.

Rising pipes.

Rising pipes are pressurised pipes that connect pumping stations (both Council and private) to receiving gravity reticulation pipes.

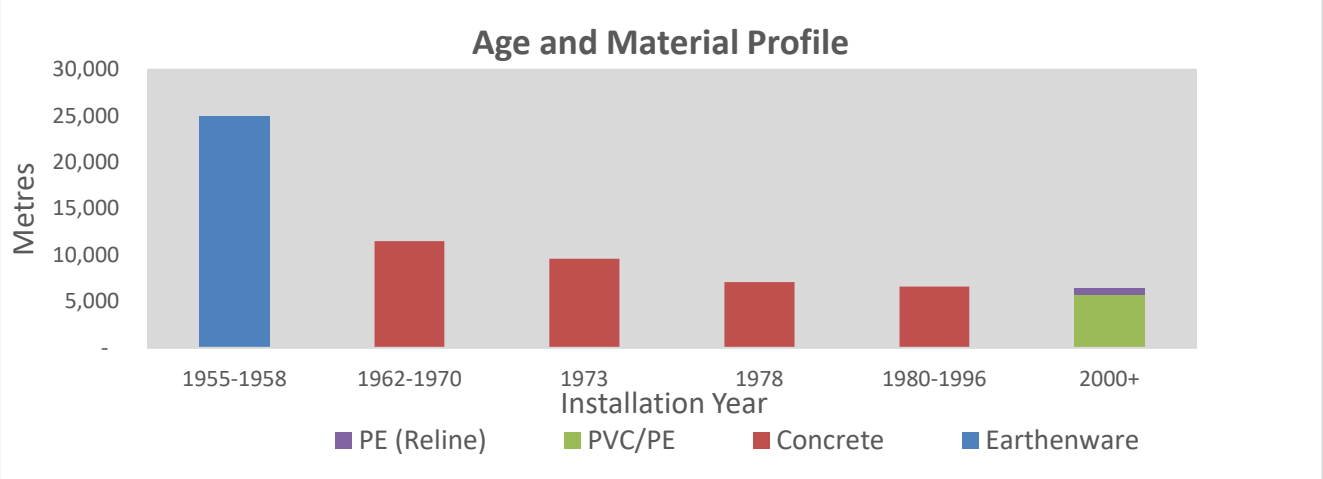


Figure 7: Age and material profile of wastewater pipes

Pump stations

There are six pump stations. Two pump effluent from Council facilities at Tarawera Park and Firmin Field. One pumps trade waste from the industrial block on the site of the Waiū Dairy factory in the newly developed Putauaki industrial land adjacent to SH34. A further two pump wastewater from low-lying housing areas in Blundell Avenue (80 houses) and the new retirement subdivision 'Porritt Glade' at Piripiri Crescent. Finally, one pumps wastewater from an out of district marae and attached dwelling.

The pump stations are of reinforced concrete construction and house twin pumps (duty and standby). The stations can also be emptied using portable pumps or sucker trucks in the event of a significant failure.

Treatment plant

There is a single modern plant that removes solids from the wastewater. The solids (30 tonnes per week) are disposed of by vermiculture whilst the effluent (1,800 to 2,400 m^3 per day) is discharged to the RIBs.

The treatment plant treats raw sewerage through several processes requiring specific infrastructure and equipment. Sewerage is received in the raw sewerage pit from where it is pumped by three primary pumps, two aerators, two screened wastewater pumps, two large concrete tanks and two 1 mm slot size contra sheer screens to remove rough solids that are disposed to landfill.

The fine solids are removed chemically through alum ($AlSO_4$) and anionic and cationic polymers. The process uses four stainless vessels, chemical mixing equipment, four peristaltic pumps, centrifuge, and monitoring equipment. This thickens the solids to facilitate removal with a centrifuge. The solids are then transported to a worm farm where they are digested over 18 months into a usable soil conditioner.

The clear liquid is pumped by two pumps from the drain tank to the RIBs.

Manholes

Manholes are used at changes in pipeline gradient, direction, and diameter or at multiple service connections. They are also spaced in order to ensure easy access to the full length of the pipe. They are generally constructed of circular reinforced pre-cast concrete. The concrete bases have benching or faring from inlet pipe/s to outlet pipe to improve effluent flow.

Manhole lids, generally pre-cast reinforced concrete, span the manhole and provide support for the cast iron frames and circular cast iron access covers.

New assets

The two resource consents for the wastewater treatment plant extend beyond the length of this Plan so there is no requirement to improve its efficiency during the life of the Plan. The proposed new industrial park and residential developments are not expected to increase flows by more than five percent.

Any new network assets from land developments are to be vested in Council.

Maintenance activities

Following the recent renewal of pipes in the geothermal area of town, the wastewater network is in a good state of repair. The wastewater reticulation in the geothermal area was mostly relined with polyethylene pipes and lined manholes between 2018 and 2023.

Council intends to operate, maintain and renew the network to ensure it continues to provide the level of service required in the future. Regular, ongoing maintenance including further removal of problematic street trees will allow the existing levels of service to continue indefinitely.

Detailed maintenance activities are described in the operational management plans and documents for each component of the wastewater network.

Renewal/Replacement

Pipes generally deteriorate in line with the National Asset Management Steering Group (NAMS) guidelines with the exception of an area of geothermal activity that includes Kawerau's town centre.

Council's objective is to maximise asset life without compromising service. Replacement decisions are based on the condition, reliability and maintenance cost and risk profile of an asset as well as its age.

The network has been divided into Nine zones based on location and the estimated average date of development. Pipes and valves have a 70 to 80-year estimated life and each zone is given the same installation date and the same replacement date. Council is proposing to replace all the pipes that were originally installed in 1956 (21.3 kms) over a ten year period (2024 – 34). After this, replacement of pipes will be based on their age as well as sampling pipe lengths to confirm they have reached their end of life.

Renewal/replacement funding for each zone is usually averaged over a period of six to eight years. This allows for the spread of installation dates and different rates of deterioration due to installation methods, material quality, water quality and tree roots.

Deferred Maintenance and Disposal Plan

Council policy is to avoid any deferred maintenance and currently there is no known deferred maintenance for the wastewater network. Similarly, there are no specific disposals identified in the Plan.

1.4.3. Stormwater

The Kawerau community is served by a Council owned and maintained stormwater system designed to manage rainfall runoff and mitigate surface water flooding. Stormwater is collected almost exclusively from the roading network and channelled through a network of pipes into natural waterways.

It currently consists of approximately 39.6 km of stormwater pipes and together with cesspits, manholes, stormwater outfalls, and other components are managed as part of the stormwater asset.

The table below summarises the key components of the system including additional infrastructure vested to Council following the residential developments of Porritt Glade and Central Cove.

Table 4: Key information of the stormwater network

Parameters	Stormwater
Average age of Network Assets	56
Critical Assets	See Section 1.4.3
Above-ground assets • Treatment plant/s • Percentage or number of above-ground assets with a condition rating • Percentage of above–ground assets in poor condition	 0 100 0
Below-ground assets • Total Km of reticulation • Percentage of network with condition grading • Percentage of the network in poor or very poor condition	 42.004 100 0
Length of reticulation (km)	39.6
Number of cesspits	783
Number of outfalls	20
Number of Manholes	538

<u>Critical Assets</u>

Of the stormwater assets, only the network in the Town Centre as considered critical. The culverts in River Road are also a critical stormwater asset; however, it is managed with the other structures in the Roading asset management group.

Culverts, Cesspits and Outfalls

Five major culverts under roads are included under Roading Asset Management and are funded and maintained under the Roading business unit.

The asset register records 783 cesspits. The majority of these are part of the roading network and are maintained under that function. All are constructed of concrete with a cast iron grate, often including an open back entry to minimise blockage from accumulated debris. Cast iron grates, in frames permitting them to be opened for cleaning, are concreted in place over the cesspit. The bottom level of the cesspit is below the outlet pipes to allow silt, stones and other debris to be trapped.

The outlet asset group includes 20 outfalls recorded on the asset register. An outfall is where a stormwater pipe discharges into a natural water course.

Pipes

The asset register records 39.6 km of pipe in 1,376 lengths. The stormwater pipe network is made up of pipe from 225mm to 1,200mm in diameter. A large proportion of the pipes are less than 450mm in diameter. The pipe diameter profile is presented in *Figure 8*.

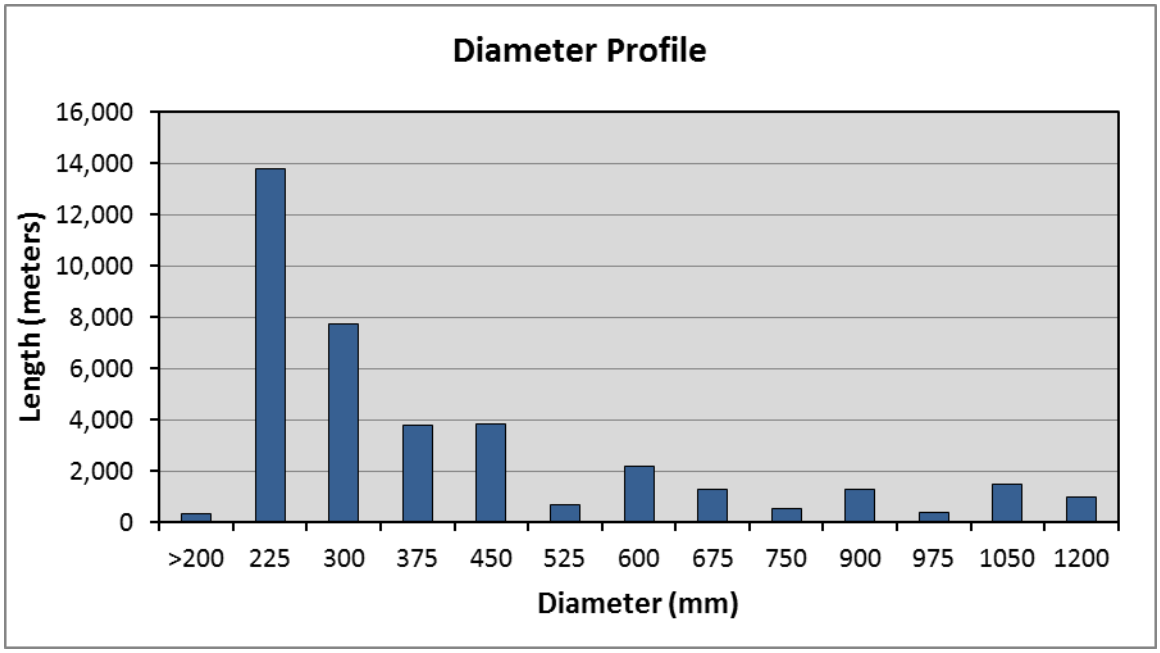
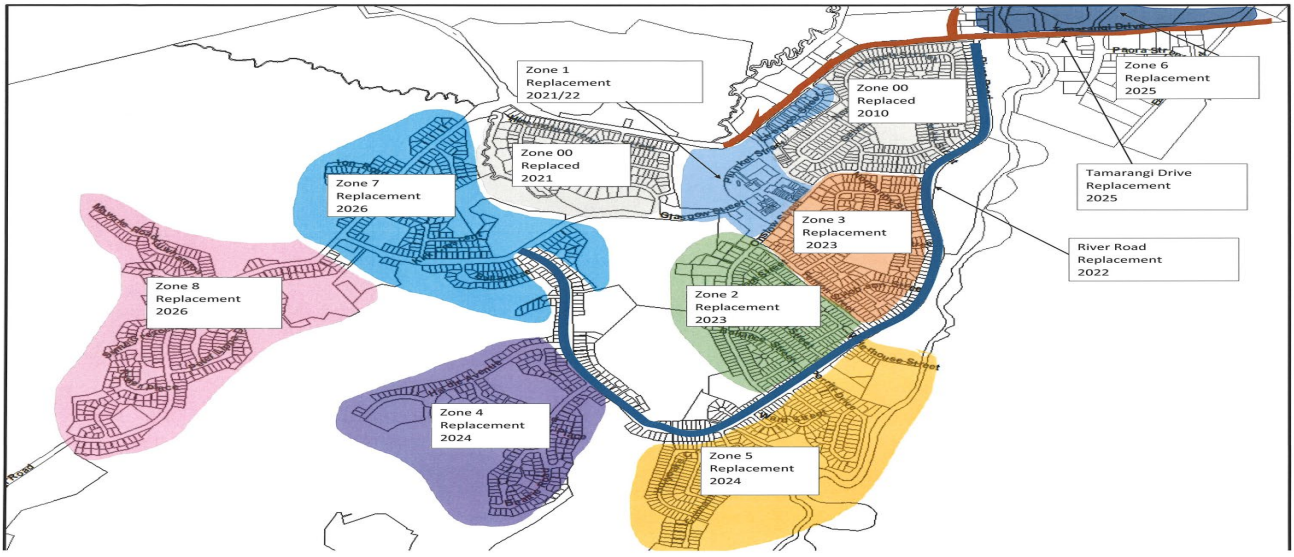


Figure 8: Diameter profile of stormwater pipes

Almost all pipes are rubber-ring jointed centrifugally-moulded steel-reinforced concrete. The pipes in the geothermal area are a mixture of High Density Poly Ethylene (HDPE), glazed earthenware, PVC and reinforced concrete. The subsoil drains in the Beattie and Hardie Avenue area are 100-150mm diameter slotted drain coil.

The network has been divided into the same nine zones as water and wastewater, which are based on location and the estimated average date each zone was developed. Zone one is the geothermal area where concrete pipes have recently been relined with PE pipes.

The zones are:



Historically, all assets in a zone are given the same installation date and therefore will have the same replacement date. To allow for the spread of installation dates and due to a range of reasons pipes will deteriorate at different rates, the renewal funding for each zone has been averaged over six to eight years. The objective is to maximise the life of the asset without compromising service. Extending the asset life reduces the overall cost to the Community. The age and material profile of stormwater pipes are presented in *Figure 9*.

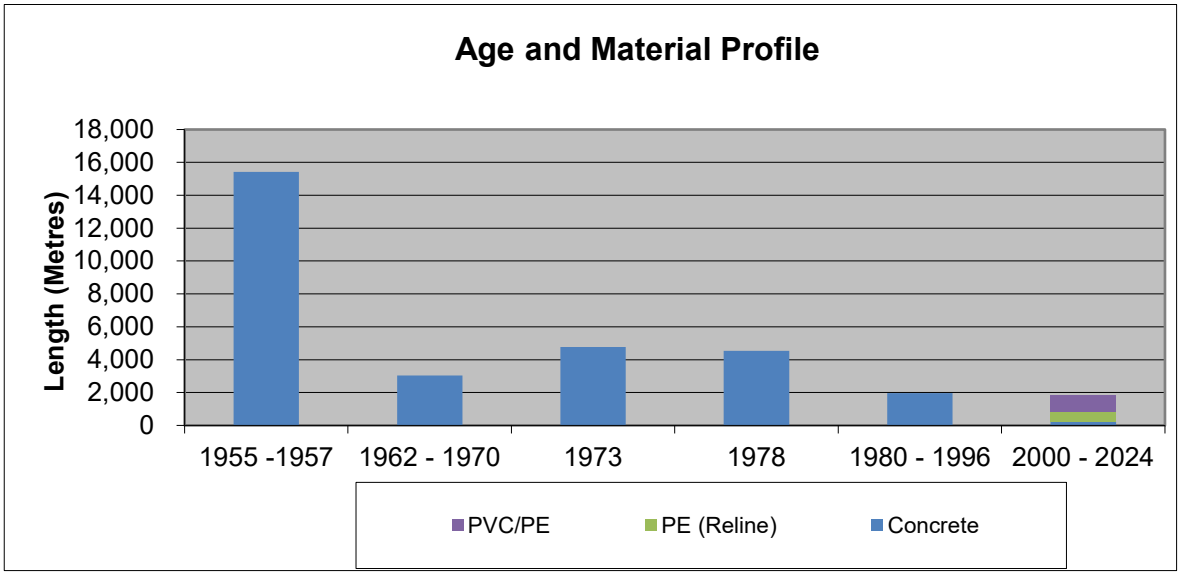


Figure 9: Age and material profile of stormwater pipes

Manholes

The asset register records 538 manholes in service, generally installed at changes in pipe direction or grade or at junctions of two or more pipes. Most are of standard 1,050mm diameter, made of precast reinforced concrete with cast iron lids. There are galvanised iron rungs in the sides of the manholes for access.

New assets

Stormwater capacity in the existing residential network is anticipated to be static for the duration of the planning period.

A small number of additional assets are to be constructed as part of the new housing development in Stoneham Park and will be owned by Council.

Maintenance activities

Most stormwater maintenance is currently performed on an "as needed" basis. The low level of public complaints about flooding indicates that the maintenance of these assets is generally successful.

Cesspits are regularly cleared of debris during autumn and continuously prior to forecast rain events, with ongoing clearing during these events as well.

Minimal preventative maintenance is required for stormwater pipes. Faults and blockages are addressed as they are reported, and asset information is updated as part of the operational process. Investigative camera work is conducted occasionally, mainly in areas upstream and downstream of the geothermal zone.

Regular maintenance of manholes is deemed unnecessary. Reactive maintenance involves clearing occasional blockages and replacing broken lids and frames.

Renewal/Replacement

Stormwater pipes degraded in geothermal areas have been relined in 2018 to 2024.

There are no other renewals and replacements planned for the duration of this plan.

Deferred Maintenance and Disposal Plan

Council policy is to avoid any deferred maintenance and currently there is no known deferred maintenance for the stormwater network. Similarly, there are no specific disposals identified in the Plan.

1.5. REGULATORY COMPLIANCE

Drinking Water

Water Take Consent

Drinking water is taken from the Tarawera Park Borefield under BOPRC Consent 20329. It allows 12,000 m^3 to be taken daily and will expire on 1 October 2026. Council is in the process of applying for a new water take consent.

As part of its District-wide reticulation renewal project, Council is upgrading its tobies to ensure universal water metering can take place affordably and efficiently. Council Officers judged it prudent to create the conditions to allow water metering, but any future decision to install those meters rest on Elected Member resolutions. Bay of Plenty Regional Council indicates KDC's allowable take will reduce to 12,000m3 per day.

Legislative Responsibilities

Council has a number of legislative responsibilities relating to the supply of water. One is the duty under the Health Act 1956 to improve, promote, and protect public health within the district. This implies, in the case of the provision of potable water, Council has an obligation to identify where such a service is required and to provide it.

Water Safety Plan

Water quality is ensured through the Kawerau Water Safety Plan. Drinking water supply is assessed against Taumata Arowai Drinking Water Quality Assurance Rules 2022 and Water Services (Drinking Water Standards for New Zealand) Regulations 2022. Compliance T3 bacterial and protozoal rules are used for bacterial compliance criteria for water leaving the treatment plant and D3 microbiological monitoring rules is used for bacterial compliance in the distribution zone.

Water quality sampling to drinking water standard DRQAR 2022 and DWSNZ 2022 is undertaken by an independent contractor.

A log 3 credit requirement for the Kawerau UV treatment plant fed from the Tarawera Park bores, Umukaraka/Holland Spring source and the Pumphouse Spring source was confirmed in 2017 by the drinking water assessor.

The P2 determinants arsenic and cadmium were removed in 2017 and currently only lead is monitored.

Compliance

Council's drinking water service is complying with the consent and all regulatory conditions. Historical non-compliances were technical in nature, primarily communication failures between telemetry components and not actual water quality or consent exceedances.

There are no foreseen consent or regulatory conditions or requirements unable to be met or may restrict or inhibit the drinking water service.

Any future water service arrangement is expected to utilise the current drinking water service's infrastructure, procedures and processes and hence should not have any issues complying with any current or future condition or requirement.

Wastewater

Resource Consents

Treated wastewater is discharged under BOPRC resource consent 6508. It allows the discharge of 22,000 m^3 of treated wastewater over a 7 day period to the rapid infiltration basins (RIBs) at the wastewater treatment plant. The consent requires the monitoring and reporting of discharging effluent volumes and levels of contamination in the released effluent and nearby groundwater and surface water.

Extracted biosolids are processed and disposed under BOPRC resource consent 67265. It allows the processing and disposal of all biowaste generated in the district and the wastewater treatment plant. This consent has similar monitoring and reporting condition as BOPRC resource consent 6508.

Both resource consents expire on 31 October 2032. Groundwater monitoring for both consents are reported on a quarterly basis. Surface water monitoring and studies are reported every 5 years.

Council's wastewater service is complying with the consents, standards and all regulatory conditions. Historical non-compliances were due to upstream failures at trade waste consented industrial and commercial businesses. These non-compliances are managed through the respective trade waste consents.

The district operates a wastewater treatment plant that processes raw sewage and wastewater. This system discharges treated wastewater to land through Rapid Infiltration Basins. Currently, the National Wastewater Environmental Performance Standards are under review and consultation, and preliminary indications suggest that the proposed standards will focus on low-rate infiltration arrangements rather than on systems that discharge into Rapid Infiltration Basins.

Future standards will be developed to address the discharge of treated wastewater to land. It is expected that establishing limits on nutrient and pathogen loads for rapid infiltration systems will necessitate detailed, site-specific assessments. Due to the complex nature of land discharge to rapid infiltration basins, further technical work is needed, and rapid infiltration systems will be covered in a future standard.

The new standard, once developed, may pose a risk for the district, as significant changes could lead to the need for expensive upgrades to the treatment plant.

Any future water service arrangement is expected to utilise the current wastewater service's infrastructure, procedures and processes and hence should not have any issues complying with any current or future condition or requirement.

Stormwater

Resource Consents

Council currently holds resource consents from the BOP Regional Council (BOPRC) for seven stormwater discharges into the Tarawera River and Ruruanga Stream. Conditions relate to the volume and quality of discharge and require Council to maintain cesspits. A further 17 discharges are covered by existing use rights and are the subject of an application for a comprehensive consent.

Council's current resource consents are shown in the table below.

Table 5: Stormwater resource consents

Consent No.	Name	Purpose	Expiry Date
63046	Tarawera River - Manukorihi Drive	Stormwater discharge	31 March 2025
20227	Ruruanga Stream – Valley Road 200m downstream from culvert	Stormwater discharge	1 October 2026
20757	Ruruanga Stream – Valley Road just downstream from culvert	Stormwater discharge	1 October 2026
24138	To land where it may enter water – Kawerau Landfill	Stormwater discharge	31 December 2035
RM19-0181	Tarawera River – Porritt Glade	Stormwater discharge	30 April 2054
67265	To land where it may enter water – Kawerau Wastewater Treatment Plant	Stormwater discharge	31 October 2032
68135	To land and surface water – Transfer Station	Stormwater discharge	1 December 2030

Table 6: Stormwater resource consent conditions

Consent No.	Conditions
63046	Maximum discharge, maximum suspended solids, free of certain substances, maintain structure.
20227	Maximum discharge, substantially free from suspended solids and certain substances, cesspits to be adequately maintained.
20757	Maximum discharge, substantially free from suspended solids and certain substances, cesspits to be adequately maintained.
24138	Substantially free from certain substances, cesspits to be adequately maintained.
RM19-0181	Maximum discharge, substantially free from suspended solids and certain substances, cesspits to be adequately maintained
67265	Maximum discharge, substantially free from certain substances
68135	Maximum discharge, substantially free from suspended solids and certain substances, cesspits to be adequately maintained

Council's stormwater service is complying with the consents and all regulatory conditions. Historical non-compliances are very rare with the high heavy metal contamination at the transfer station being the only notable example. These non-compliances were resolved by restoring and expanding the wetland gardens, replacing old sheds and removing redundant structures.

There are no foreseen consent or regulatory conditions or requirements unable to be met or may restrict or inhibit the stormwater service.

Any future stormwater service arrangement is expected to utilise the current stormwater service's infrastructure, procedures and processes and hence should not have any issues complying with any current or future condition or requirement.

1.5.1. Performance to Regulatory Measures

Water Supply

Council has demonstrated strong operational performance and responsiveness across its water supply services over the past three years. While most performance standards were met, some non-compliances were recorded under the drinking water safety rules. The following outlines actual performance and key trends:

- **Performance Measure 1: Safety of Drinking Water**

  Council is dedicated to providing a safe and reliable drinking water supply that meets the Drinking Water Quality Assurance Rules (DWQAR) and New Zealand drinking water standards. However, full compliance was not achieved during the reporting period due to transitional challenges and new monitoring requirements.

  In 2022-23, the newly introduced DWQAR required continuous monitoring of UV transmittance (UVT), prompting the installation of an online UVT analyser, which became operational in October 2023. Council conducted UV sensor checks, updated reporting practices, and reviewed monitoring schedules. Fortunately, no Maximum Acceptable Value (MAV) exceedances were reported in the Kawerau or Upper Valley Zones.

  Data from July to December 2024 showed compliance with T3 Bacterial Rules, although there was one instance on October 1, 2024, where UVT fell below the 95% threshold, noted as “Not Met” under T3 Protozoal Rules. Council maintained compliance with Bay of Plenty Regional Council water supply resource consents over the past three years.

  Service reliability remained strong, with fewer than 12 reticulation shutdowns per year, despite an increase in unplanned shutdowns in 2024-25 due to contractors accidentally striking water mains during renewal works. works.

- **Performance Measure 2: Maintenance of the Reticulation Network**

  Real water loss remained below the target of 200 litres per connection per day, with a consistent downward trend. This improvement is attributed to ongoing reticulation renewals across the district, reflecting enhanced network efficiency and proactive asset management.

- **Performance Measure 3: Response Times**

  The Three Waters Team consistently met targets for fault response times. Over the course of three years, the median attendance and resolution times for urgent callouts ranged from 16-31 minutes, and 1.5-5.5 hours respectively. Consequently, the median attendance and resolution times for non-urgent callouts ranged from 1.5-2 hours, and 3.8-8.5 hours respectively. These results reflect strong service coordination and responsiveness.

- **Performance Measure 4: Customer Satisfaction**

  Most complaint categories remained within target thresholds, except for drinking water clarity in 2022-23 and 2023-24. In 2022-23, Council received 38.01 brown water complaints per 1,000 connections, linked to high manganese levels from Pumphouse Spring due to heavy rainfall. This source is now inactive, and a manganese removal plant is being considered.

  In 2023-24, brown water complaints dropped significantly to 6.51 per 1,000 connections, though still above the threshold. By 2024-25, complaints further decreased to 3.42 per 1,000 connections, now within the target range. Other complaint types remained well below thresholds throughout the years.

- **Performance Measure 5: Demand Management**

  The average daily water consumption per resident remained below the threshold of 0.6 m3/day and averaged to 0.44 m3/day from 2022-2025. This reflects effective conservation messaging and system planning.

Wastewater

Council has consistently met its wastewater service targets over the past three years, demonstrating strong performance across system adequacy, environmental compliance, fault response, and customer satisfaction. The results as follows:

- **Performance Measure 1: System Adequacy**

  Council has consistently met its target of zero dry weather sewerage overflows across all three reporting years. This reflects a strong network integrity and effective preventative maintenance practices. The absence of dry weather overflows indicates that the system is performing reliably under normal operating conditions, with no adverse impacts on public health or the environment.

- **Performance Measure 2: Discharge Compliance**

  Council fully complied with its wastewater discharge consents, receiving no notices or convictions. Annual reports to BOPRC confirmed adherence to all conditions, demonstrating effective operational management and proactive environmental risk management.

- **Performance Measure 3: Fault Response Times**

  Response times for sewerage overflows remained within target thresholds, averaging 17 to 26 minutes, well below the one-hour goal. Resolution times also met the eight-hour target, ranging from 2 to 2.5 hours. These results highlight effective coordination between customer services and the Three Waters Team, contributing to fast responses that minimise service disruptions and environmental risks.

- **Performance Measure 4: Customer Satisfaction**

  Customer complaints were low across all categories, with only two odour complaints in 2024-25. Blockage-related complaints peaked in 2023-24 but remained below the allowable threshold. There were no complaints about the Council's response or service disruptions, indicating high community satisfaction and effective communication.

Stormwater

Over the past three years, Council has consistently met all applicable DIA performance standards for stormwater services. The results are as follows:

- **Performance Measure 1: System Adequacy**

  No flooding events were recorded in the district during the 2022-23, 2023-24, or 2024-25 period. Consequently, no habitable floors were affected, and the performance target of fewer than 10 flooding events per year was fully met across all three years.

- **Performance Measure 2: Discharge Compliance**

  Council has maintained full compliance with its stormwater discharge resource consents. No abatement notices, infringement notices, enforcement orders, or convictions were received in relation to stormwater discharge during the reporting periods.

- **Performance Measure 3: Response Times**

  As no flooding events occurred, the median response time to attend a flooding event was not applicable. The absence of events reflects the effectiveness of the stormwater network and emergency response coordination.

- **Performance Measure 4: Customer Satisfaction**

  No complaints were recorded regarding the performance of the stormwater system during the reporting period. This indicates a high level of service delivery and public satisfaction.

1.6. FUNDING

Council's Revenue and Financing Policy explains who pays and why and outlines how council activities are funded to meet the requirements of the Local Government Act. The level of funding for each activity is set in the LTP to cover all planned and projected costs and expenses including depreciation costs for that activity to ensure long term sustainability of each activity.

Costs and funding for each activity are kept separate from other activities. In future water services delivery arrangements, including the proposed arrangement in this plan, will be ring-fenced, planned in separate Annual and Long Term Plans and reported in a separate annual report.

Operational expenses are fully funded each year from rates and charges. Depreciation reserves and loan replacements are funded from rates. Capital expenditure is funded from depreciation reserves or external loans where there are not sufficient reserves.

Council currently funds its water services through general rates, targeted rates and fees and charges as determined by the Rating Policy. Council is currently phasing-in the funding of its water and wastewater services totally from targeted rates (fully funded by 2033/34).

Significant drinking water users are metered and pay per cubic meter water consumed. Significant trade waste consent holders who dispose significant quantities of trade waste to the wastewater network, are metered and pay per cubic meter disposed fee.

1.6.1. Depreciation

Since 1998/99 Council has funded the annual depreciation expense of strategic assets, apart from depreciation on non-critical assets. Council's infrastructure assets significantly increased in value following the last revaluation in June 2022. From this Council's depreciation expenditure has also risen. Council's balancing of the budget is impacted by any non-funding of depreciation and in recent years has impacted the rates requirement.

In 2023/24 Council resolved to fund 65% of depreciation for all critical and significant assets, due to the need to make rates affordable for the community following the 2022 revaluations. With the revaluation of Council assets increasing depreciation and the inflationary impacts increasing the rates requirement, the deprecation funding levels were key to rates affordability. Council intends to gradually increase the funding of deprecation annually by 3% from 2026/27 (year two of the LTP). The funding of depreciation has been consulted with the community in the LTP Consultation Document.

Council is aware the impact of not fully funding depreciation has on the balanced budget.

1.7. FUTURE ARRANGEMENT

1.7.1. Considered Arrangements

Under the Local Water Done Well program, councils have the flexibility to determine the optimal structure and delivery method for their water services.

Councils will be able to design their own alternative delivery arrangements, as long as these arrangements meet the following minimum requirements:

1. Comply with economic, environmental and water quality regulations as well as any statutory objectives.

2. Produce stand-alone financial statements for water supply, waste water and stormwater.
3. Generate appropriate revenue from water services sufficient for maintenance, renewals and growth.
4. Ring-fence water services to ensure long-term viability.
5. Prohibit losing control, sell or disposing of significant infrastructure. This includes prohibiting the use of water service assets as security.

In addition to the minimum requirements applicable to all water services providers, additional requirements apply to water organisations affecting their ownership, governance, and structural arrangements. These additional requirements are not relevant where councils continue with direct service delivery (in-house delivery).

Available Options

There are five proposed water services delivery arrangements available to Council. Council may also elect to develop its own arrangements.

1. **Internal business unit or division of Council.**

   Water services will be provided in-house through an internal business unit. The minimum requirements for water service providers will apply. Borrowing will be limited to 280% of water services revenue.

2. **Single Council owned organisation.**

   Requires establishment of new company with independent professional directors. Borrowing will be limited to 500% of water services revenue.

3. **Multi-Council owned organisation.**

   Requires establishment of new company with independent professional directors. Council lose independent control of water service delivery and costs.

4. **Mixed Council/Consumer trust organisation.**

   Requires creation of a consumer trust with shared ownership with Council.

5. **Consumer Trust owned organisation.**

   Requires Council to transfer assets to new organisation. New organisation financially independent from Council.

The Consumer Trust owned organisation is a highly complex model, only suitable for the largest cities. It is not applicable for regional or rural districts and therefore is not considered. It involves transferring Council owned assets to a new local body with elected trustees.

Similarly, the mixed council/consumer trust water organisation model requires a sufficiently large regional population to justify the costs of water company board directors and a management team. It will require Council to join several neighbouring councils and create a regional consumer trust.

The multi-council owned organisation model will require Council to join several neighbouring councils to create a shareholders trust that appoints a water organisation board. Kāhu Manawa presented this model to the Mayoral Forum on 3 May 2024 for the Bay of Plenty region. Considering the large current variations in water services rates between the participating councils, water rates for Kawerau residents may significantly increase.

Council may create a new limited liability company fully owned by Council. It will require additional costs to appoint independent and professional directors who are responsible for all operational and financial decisions. Council staff will also need to be transferred to the new company and a dedicated three waters CEO and team will need to be appointed. This will significantly increase the cost of providing water services. However, the loan to revenue ratio will increase from 280% to 500% allowing the water service to borrow significantly more money if needed.

Due to its small size and integration in the council organisation, the most cost effective option would be to retain the water services as part of Council. In other words, the service is to be delivered in-house by a separate business unit. All the current and expected future legal and regulatory requirements can be met by creating an internal business unit.

Analysis of proposed Options

A single council owned organisation would be the simplest way to increase Council's ability to borrow more funds to develop and expand the water services network.

A multi-council owned organisation would be a way to share the costs of creating and running a council owned organisation. Comprehensive council to council benchmarking exercises during the Three Waters Reform program between 2021 and 2022 showed operating costs and long-term infrastructure investment for Kawerau water services are significantly less than for its neighbouring councils. A multi-council owned organisation will then require a complex funding and service agreement to recognise the differences in operational costs and required infrastructure investment versus the required funding required from each region.

An in-house council business unit may be delivered by current staff responsible for water service delivery. They will manage the business unit while current operational staff operate and maintain the assets and provide the service. The rest of Council will support the business unit, for example, customer service will still be provided by the customer service team, communications by the communications team, contract management, asset management and projects management will still be provided by the contract, asset management and project management offices.

Council will need to separately produce Annual and Long Term Plans for the business unit and report in a separate annual report. The finance team will therefore need to ring fence the water service delivery business unit by creating an additional financial system in parallel with the current system. This additional financial system may be operated inside the current system utilising the same software as long as there is clear separation between the accounts to allow separate bookkeeping and reporting. This is however still significantly less work and less expensive than developing and creating a separate water service delivery organisation.

An in-house business unit will be limited to a loan to revenue ratio of 280%. The projected renewals in the 2025 30-year Infrastructure Plan project required loans below the 280% loan to revenue ceiling, and therefore there is no need to create a new organisation to qualify for more borrowing.

1.7.2. Public and Stakeholder Consultation

The following stakeholders have been identified as having interests in water services:

Internal stakeholders

Elected members

The elected members are the governors of the water services. Elected members are consulted through Council agendas and papers presented and discussed during Council Briefings, Regulatory & Services meetings, and monthly Council meetings.

Council senior leadership team

The Council leadership team has a joint responsibility to ensure all Council policies, procedures, Bylaws and decisions are implemented. The leadership team is involved in the initial development of the water service delivery options.

Council staff

Staff not directly involved with the provision of water services were engaged during staff meetings. Water services staff were engaged through business improvement meetings and one on one discussions with the three waters/engineering manager.

External stakeholders

Ratepayers and residents (community) of the District

Consumers are active partners when levels of service are defined and aesthetic properties of water services supplied are considered.

Consumers and the community are continuously engaged through the council newsletter, Council's website, social media and through Council public forums.

Specific questions and options are presented to the community and stakeholders during Annual and Long Term Plan consultation.

Community requests and questions are assigned to service requests with a unique identifier and managed by Council's customer service officers.

Water services issues and information are communicated to the community through Council's communication office. Various communication methods are utilised including the fortnightly community newsletter, electronic media and notices in the local newspaper.

Industry and commercial users

Industry and commercial entities are significant partners in the district and are engaged formally through e-mail and written communication. Specific questions and options are presented to the community and stakeholders during Annual and Long Term Plan consultation.

Local Iwi and nearby landowners

Kawerau District Council is committed to an open dialogue and relationship with Māori, Tangata Whenua and Iwi and is working to grow these relationships. Four iwi and hapū have been formally recognised in the Kawerau district water supply catchment area and are consulted during all resource consent applications. These groups are:

- Ngāti Tūwharetoa ki Kawerau as Tangata Whenua of Kawerau, recognised as having cultural statutory rights regarding the Tarawera River and its tributaries, the lands inside the Kawerau district, and areas adjacent to the district that may be affected by any activities in the district.
- Te Rūnanga o Ngāti Awa, recognised as having cultural statutory rights regarding the Tarawera River and its tributaries.
- Ngāti Rangitihi, recognised as having cultural statutory rights regarding the Tarawera River and its tributaries.
- Tuhourangi, recognised as having cultural statutory rights regarding the Tarawera River and its tributaries.

A significant proportion of Māori residents in Kawerau are from other Iwi. Council enables those people to contribute to decision-making as Māori by engaging with the committee of Rautahi Marae, an urban marae in the district. The Rautahi Marae committee is another of Council's consultation partners.

Council considers Māori Investments Limited (MIL) a significant consultation partner, as the organisation is governed by Ngāti Tūwharetoa ki Kawerau, and also because it is the kaitiakitanga and landowner of the Umukaraka Spring, having long supplied wai | water to the Kawerau community. Council recognises and acknowledges Māori Investments Limited (MIL) for their ongoing support of Council and the community with this valuable resource.

In addition, Council considers Tūwharetoa ki Kawerau Hauora and Putauaki Trust as significant Iwi consultation partners within our district.

Regulatory stakeholders

The District Health Board and the Ministry of Health have overall authority and responsibility for public health in the district and are consulted on the health effects of water supply.

The Water Services Authority / Taumata Arowai is the national drinking water safety regulator and is consulted on water quality requirements and compliance.

The Bay of Plenty Regional Council is responsible for resource consents regarding water supplies, wastewater disposal and stormwater and are the consenting authority for water takes in the district. The Bay of Plenty Regional Council is consulted on all water services resource consent applications, monitoring and reporting.

Water services delivery arrangements consultation

Internal stakeholders

Internal stakeholder consultation was conducted in November and December 2024. Senior staff developed delivery options, discussed with affected staff in business improvement meetings and one on one discussions.

Elected members were presented with a workshop on 27 November 2024 on the Local Water Done Well programme. During this workshop the various delivery options were discussed.

The single council owned organisation has limited benefits and significant additional costs when compared to an in-house business unit and was not further considered.

During the 2021-2031 LTP consultation process, Council received 231 submissions regarding participation in the Three Waters Reform program. 228 submissions opposed Council joining the proposed Three Water Entity and three submissions supported. Considering this overwhelming response, Council decided not to consult again on water service arrangements that include joining external non-Council entities. The mixed council and consumer trust organisations were therefore not further considered.

A Bay of Plenty region-wide water services council controlled organisation (CCO) was evaluated by the Department of Internal Affairs as a potential water services provider. The CCO would be developed as a multi-council owned venture where the new organisation is jointly owned by the six district councils in the Bay of Plenty Region.

The CCO is proposed to be 100% owned by councils with the value of water assets invested in by communities reflected in each council’s share value. Only councils can hold shares and so privatisation is not possible. Kawerau District Council is expected to hold approximately 2% to 5% of shares depending on the share allocation model.

Councils will continue to own and control water assets but in a new governance framework with a professional Board appointed by councils based on competency and capability. Councils will inform and guide Board decision making and thereby protect local voice and achieve mutually beneficial outcomes.

Council approved the two water services options for community consultation, an in-house business unit and multi-owned council controlled organisation, at a special Council meeting in February 2025. These options were proposed to the community and stakeholders for consultation from 11 April 2025 to 23 May 2025.

External stakeholders

The community were consulted on the water services options in parallel but separately during the 2025-2034 LTP consultation process. Kawerau District Council prides itself on ensuring robust community engagement programmes with feedback informing decision-making for special consultative processes and matters of importance. Council developed consultation documentation that was distributed to every household in the district.

Supplementary information, including the consultation document were available via the website and provided via regular updates on social media, Council Pānui (Newsletter), advertisements in the Beacon newspaper, the Echo and Eastern Bay radio stations. During the formal engagement period, Council continued a high level of communication to residents and stakeholders and staff, via the Council communication channels in conjunction with formal stakeholder meetings.

The industry and commercial users were e-mailed directly to obtain their views on the two delivery options. Council encouraged feedback and formal submissions via a variety of channels to ensure the opportunity to provide feedback was provided to all of the community. These channels included social media, online submission forms, email and hard copy submission forms available from the Council Offices, library and Kawerau isite visitor information centre.

While there is no statutory requirement to separately consult with recognised iwi and hapū on the proposed delivery options, all recognised iwi and hapū were invited to submit their views on the proposals.

Engagement meetings and events comprised a number of internal (staff) briefings, followed by external events with Council's valued stakeholders and community members:

- 1 April, 2 April and 3 April 2025 – Council staff engagement meetings with the Three Waters team, Council office staff, and the Operations team;
- 11 April 2025 - Grey Power Kawerau and Districts Meeting (attended by approx. 50 people).
- 14 April 2025 – Industrial Symbiosis Kawerau (ISK) hosted Hui with industry and business leaders.
- 15 April 2025 – Kawerau business forum hosted by Council at the Concert Chamber (attended by approx. 30 people).
- 15 April 2025 – 5:15pm evening meeting for the public at Concert Chamber (attended by approx. 4 people).
- 17 April 2025 – Morning meeting for the public at Rautahi Marae (attended by approx. 6 people).
- 8 May 2025 – Drop in session at the Kawerau Market, Circus Paddock.
- 18 June 2025 – Hearing for Submitter on Water Service Delivery options. Three submitters indicated they wanted to speak at the hearing, however there was one apology on the day, with two submitters speaking to their submissions.

Council acknowledges the support of Council Iwi Liaison and Cultural Advisor Te Haukakawa Te Rire, and the community for the assistance and feedback provided throughout this process

Consultation outcome

Council received 107 responses from the community. Council received 4 responses from the industry and commercial businesses. No responses were received from iwi and hapū.

Of the107 submissions were received, 103 submissions were in support of the in-house business unit delivery model, two submissions supported the multi-council owned company, and two submissions did not state a preference.

Following this consultation, Council adopted the in-house business unit water service delivery model as the preferred delivery model. Council also resolved to continue to explore collaboration options and opportunities with Rotorua Lakes Council, Whakatāne District Council and Ōpōtiki District Council.

1.7.3. Proposed Arrangement

Delivery model

Council resolved that it proposes to deliver water services through an in-house business unit.

Services

The water service business unit will provide all water services in the district as well as limited services to a few customers in the Whakatāne district near the border of the district. Water services will include:

- All drinking water supply services
- All wastewater services
- All road related stormwater services

Governance

The water services will be owned and governed by Council. The Kawerau District Council is the local government for the district and provides all local government services to the district, including all drinking water, wastewater and stormwater services. Council consists of nine Elected Members who under the Local Government Act, provide essential services to the local community.

The Council develops strategies and adopt policies and bylaws that specify and direct the water services in the district.

Management responsibilities

The Elected Members appoint a Chief Executive Officer (CEO) to provide the water services according to legislative and the community's needs. The CEO develops an organisational structure and appoints the Senior Leadership who is responsible to develop and implement the necessary policies and strategies to provide the required services.

The Senior Leadership ensures through policies and actions the effective management of water services. Specifically, the Group Manager Operations and Services (GMOS) is responsible to develop and maintain an in-house business unit tasked to manage and provide the water services.

The in-house business unit manager (supported by the GMOS and other senior leaders) is responsible to develop and maintain the following services:

Drinking Water

1. Local Government legislation as well as the Bylaw: Water Supply,
2. A drinking water quality management system described in the Water Safety Plan,
3. A drinking water supply management system described in the Water Supply Management Plan,
4. A system of suitable water sources, providing water to meet the needs of the district,
5. A system to treat and distribute drinking water to all residents, businesses, and industries, and
6. An asset management system described in an Asset Management Plan.

Wastewater

1. Local Government legislation as well as the General Bylaw Parts 8, 9 and 10.
2. A wastewater quality management system described in the Wastewater Management Plan.
3. A system to collect wastewater from all residents, businesses, and industries,
4. A system to treat and dispose wastewater to consented environments, and
5. An asset management system described in an Asset Management Plan.

Stormwater

1. Local government legislation as well as requirements included in the District Plan,
2. A Stormwater management system described in the Stormwater Strategy,
3. A system to collect stormwater from roads and overflow paths,
4. A system to treat and dispose stormwater to consented environments, and
5. An asset management system described in an Asset Management Plan.

The managers and staff in the in-house business are responsible to implement the legislative requirements, bylaws, policies, quality management and asset management systems, treatment and distribution systems, and all associated operations and services.

The Group Manager Finance and Corporate Services (supported by the business unit manager) is responsible to:

1. Develop and maintain a ring-fenced financial system for the water services,
2. Develop financial plans for the water services including the 30-year Infrastructure Plan, Long Term Plan and Annual Plan,
3. Collect all rates and charges related to the water services, and
4. Produce auditable annual reports for water services.

Financial system

Water services will be planned by a separate 30-year Infrastructure Strategy, Long Term Plan and Annual Plan. Financial performance will be reported in a separate annual report.

Water services revenue will be ring-fenced and only used on water service related operational expenses, depreciation and capital expenses. The water services will pay Council for support services provided through internal transfers.

Council support

The in-house business unit is further supported by other Council departments, functional groups and activities including:

1. Health and safety
2. Human resources
3. Customer services
4. Communications
5. Payroll and creditors
6. Asset management
7. Project management
8. Contracts management
9. Facilities management
10. Solid waste processing and disposal

Operational management

The water services business unit will have the following management structure and staff. All staff will be seconded from Council either full time or part time (full time equivalents [FTE]) as follows:

- Group Manager, Operations and Services (0.25 FTE)
    - Responsible for creating and overseeing the water services
- Three Waters/Engineering Manager (0.75 FTE)
    - Responsible for managing the water services and all staff.
- Three Waters Engineer (1 FTE)
    - Responsible for projects, resource consents, monitoring, and reporting
- Procurement and Contracts Officer (0.5 FTE)
    - Responsible for asset management plans, tenders, and contract administration
- Team Leader, Three Waters (1 FTE)
    - Responsible for all water services operations.
- Water and Wastewater Operators (3 FTE)
    - Water services team members.

1.7.4. Transitional Arrangements

Water services will be delivered in-house in the existing financial and management system until 30 June 2026. The current Council LTP (2025 – 2034) includes water services for the duration of the plan.

Operations of the water services will be transferred to the in-house water services business unit on 1 July 2026 (following DIA approval) with continued support from other staff in the Operations and Services department, the Finance department and other supporting staff such as the Health and Safety Officer, the Communications Manager, Human Resources business partner as well as the project, contract and asset management officers.

The three water services activities: drinking water, wastewater and stormwater including overheads will be funded from water services rates and charges.

The Council LTP for 2027-2037 will exclude the water service and a separate LTP will be developed for it. Concurrently, a separate Infrastructure Strategy for water service infrastructure will be developed for the period 2027-2037. All applicable AMPs, Policies, By-laws and Plans will be updated to reflect the new arrangement.

The in-house water service business unit will operate as a fully independent business unit from 1 July 2028 with its own Annual and Long Term Plans. It will pay other Council departments and officers for support and management services.

1.7.5. Financial Sustainability

The financial sustainability of the water services delivery models has been analysed in Section 4.2.

Through all the projected financial years, sufficient rates and charges are collected to meet the costs of water service delivery and is financially able to meet all regulatory standards and requirements for the Council's delivery of those water services.

There is sufficient revenue to cover all costs (including servicing debt) of water service delivery.

The projected level of investment is sufficient to meet regulatory requirements and provide for growth.

Funding and finance arrangements are sufficient to meet investment requirements.

1.8. IMPLEMENTATION PLAN

The Implementation Plan is described in section 5.

Implementation uncertainties

There are still uncertainties regarding the full impacts and requirements the Local Water Done Well legislation, will have on the delivery of three waters. The preferred option being, Council will continue to have overall ownership, decision-making and accountability of the three waters service delivery. Council has prepared the LTP on the basis, the three waters services will continue to be delivered by Council for the nine year period.

The full implementation plan will be developed when the final Local Water Done Well Legislation is enacted and detail within the Act is understood.

Implementation Period

The full Implementation Plan will be implemented over a 9 year period.

Rates

Funding water services will be moved from General to Targeted rates gradually over a 9 year period. This long transition period will have a gradual impact on lower value properties.

Implementation Milestones

The main implementation milestones are as follows:

1 July 2025 – Water services delivered in-house in the existing financial and management system until 30 June 2026.

1 July 2026 – Operations of the water services will be transferred to an in-house water services business unit on 1 July 2026 with continued support from other Council departments and functions.

30 June 2027 – Separate Water Services Long Term Plan 2027-37 and concurrent separate Infrastructure Strategy will be developed and implemented for year commencing 1 July 2026

1 July 2028 – Establishment of independent Water Services business unit.

1 July 2029 – All toby's upgraded and available to install meters.

1 July 2033 –Transition to fully fund Water Services from Targeted rates completed.

1.9. LINKS AND RELATIONSHIPS TO OTHER COUNCIL DOCUMENTS & PLANS

The documentation describing processes and procedures created during the development of the drinking water quality management system is described in the Water Safety Plan.

The Health and Safety aspects of the drinking water supply management system are described in the Kawerau District Council Health and Safety Policy.

The procurement aspects of the drinking water supply management system is described in Kawerau District Council Procurement Policy.

All the assets of the drinking water supply managements\ system are described in the Asset Management Plan for water services.

The asset management of the water services network is planned in the 30-year Infrastructure Strategy and described in the three water services Asset Management Plans.

Other Council documents pertaining to this strategy:

- Significance and Engagement Policy
- Revenue and Financing Policy
- Climate Change Policy
- Procurement Policy
- The Kawerau District Plan
- Climate Change Strategy
- Infrastructure Strategy
- Long Term Plan
- Annual Plan

SECTION TWO
2. Asset Management

2.1. ASSET MANAGEMENT OF THREE WATERS INRASTRUCTURE

Asset Management is Council's strategies for the management of its water services assets and enables Council to meet the present and expected needs of the community over a ten year period (according to the LTP) and into the future (according to the 30 year Infrastructure Strategy).

The asset management system is described in each services' Asset Management Plan (AMP). The plans detail the assets Council owns and describes how the maintenance, renewal and replacement of these assets will be managed and funded to meet required levels of service for Council's water services in the most cost effective way for households and businesses.

The AMPs collate high level management, financial, engineering and technical information from various sources into a single document. It is a tool for communicating complex asset management information and strategies with stakeholders and interested parties.

After considering the complexity, size and risks of Council's water services, Council asset management policy is to manage assets at an intermediate level.

The broad objectives of asset management are:

- To optimise the life of the assets
- To minimise life cycle costs
- To maintain agreed levels of service

Responsibility for asset management outcomes

The Engineering Manager is responsible for identifying, budgeting, planning, programming, and executing the necessary work for the maintenance and renewal of the Council's water services assets. This role also involves developing asset management plans and ensuring the accuracy and integrity of the Council's asset information.

The Group Manager of Finance & Corporate Services oversees the development of asset management plans, ensuring that future projects are integrated into the Council's Long-Term Plan (LTP) and that consistency is maintained across these documents.

The Group Manager of Operations and Services is responsible for delivering the outcomes related to the water services activity. This includes ensuring that the assets are properly maintained and operated according to the Council's requirements, with sufficient budget allocation for maintenance, operating expenses, and improvement costs.

Asset management maturity levels

An independent auditor evaluated the level of provision of asset management for water services assets in 2017. The appropriate level was recommended to be raised from the Council's asset management policy of "Core" to "Intermediate" due to the higher risk to the health and well-being of the community in the event of water services assets failing to deliver an appropriate level of service.

The previous assessment of the asset management level and the level required for "Intermediate" showed a gap of 11 percent overall for water supply. Asset management improvement actions were identified in 2021 and completed by 2024 to close this gap. The remaining and newly identified improvement actions are discussed in the AMPs.

Accounting and asset management systems

Council uses the Ozone software for its accounting and billing systems. Univerus software is used for asset inventory reports, asset information (location, installation date, materials' construction etc.). Council in-house accounting systems are used to calculate depreciation values, and annual depreciation.

Hard copy plans contain layout details of the structures and all known pipes comprising the water supply network. Over time, these will become obsolete as new information is held on Univerus.

Univerus is the software used to manage and produce asset inventory reports. It is integrated with 'Map Info' data tables to permit input, querying, reporting and financial modelling using the asset register data. The spatial location of the water supply, wastewater and stormwater assets can be laid over aerial maps, and property boundaries.

Key information flows and processes

Key information flows and process linkages are those relating to the incorporation of Kawerau's Community Outcomes, the preparation and adherence to Council's annual budgets, environmental monitoring and compliance and to ongoing asset management that maintains appropriate levels of service to the community.

Key information flows and process linkages include:

- Translating the Community Outcomes into detailed levels of service, embodied into Asset Management Plans
- Preparation of annual budgets, and ongoing reporting
- Updating asset data as information becomes available through maintenance and service repairs
- Ongoing compliance monitoring and reporting of environmental performance
- Ongoing management of the asset to ensure service levels are maintained

Improvement actions

The main asset management improvement actions identified are: maintaining and expanding the Univerus database and functionality. All improvement actions, costs and timelines are detailed in the respective AMPs.

2.1.1. Assessment of current condition and lifespan of water services assets

The theoretical end of life of all pipes is based on the installation date and life expectancy. However, life expectancy can vary due to the following:

- Different lives for pipes of the same material but different diameters.
- Local ground conditions cause different deterioration rates.
- Quality of the pipe installed (different manufacturers produced different quality pipes.)
- Operating pressures etc.

Drinking water

Condition assessment undertaken in 2007, 2017 and 2018 determined that overall, the deterioration rate was faster than the National Asset Management Steering Group (NAMS) manual guidelines. Low pH weakens AC pipes by leaching cement from them. The pH value of the water was lower than the optimum level until lime dosing was commenced in 1997.

A portion (19%) of the reticulation consist of steel or ductile iron. Sections of pipe installed in 1957 show deterioration levels are fair and in line with National Asset Management Steering Group (NAMS) manual guidelines, while steel connections and fittings are showing significant deterioration.

Pipe replacement commenced in 2009 and it is planned to replace all AC and steel pipes 2021 - 2028. Pipe sizes are reviewed during renewal design. Issues such as any existing flow problems and future demands over the life of the asset are taken into account.

When pipes require replacement, it is most economical to replace the associated assets at the same time. Valves, fire hydrants and service connections are therefore renewed as part of the replacement programme.

Wastewater

The oldest wastewater pipes in Kawerau, installed in 1957, are nearing 68 years old. There have been no collapses reported, except in geothermal areas like the Town Centre. In 2015, a 225mm concrete sewer pipe was tested and rated Grade 3, indicating moderate condition. Tests on asbestos cement (AC) water mains showed greater external deterioration compared to the concrete sewer pipe, likely due to sewage effects on the AC pipe's interior.

AC sewage lines, introduced around 1973, have also not reported collapses. Council evaluates assets earmarked for renewal based on age and anticipated lifespan, that is determined by conducting visual inspections, sampling, historical failure data and CCTV assessments to determine which segments need replacement or relining. AC pipes are expected to last about 70 years, and all sewer pipes from 1957 are set for replacement in the next decade.

Since 1995, plastic pipes (PVC and PE) have been used, with an expected lifespan of 100 years. Visual inspections of concrete sewer manholes show minimal deterioration, suggesting a lifespan of 100 years as well.

The treatment plant, primarily stainless steel and relatively new, requires no major replacements during the ten-year plan, while pumps are either rebuilt or replaced when they fail, based on economic factors.

Stormwater

The oldest of the pipes are currently 68 years old (installed in 1957). There have been no collapses of stormwater pipe in Kawerau with the exception of areas impacted by geothermal activity (Town Centre). Regular CCTV inspections are conductive on representative samples of the network that are that contribute to the life span and remaining life conditions of the assets. There has been no sign of deterioration of the internals of the pipes when inspections have been undertaken for blockage reasons.

A stormwater pipe has no water in it for over 90% of its life and when there is water present it is a lot less aggressive than wastewater. It could reasonably be assumed the minimum rate of deterioration occurring on the inside of the wastewater pipe would be occurring in a stormwater pipe. Phenolphthalein testing on 50 mm cores in 2012 showed very little reduction on cement content of pipes.

Council evaluates assets earmarked for renewal based on age and anticipated lifespan, conducting visual inspections, sampling, failure history and CCTV assessments to determine which segments need replacement or relining. Based on the results the assets, considered a conservative life for concrete stormwater pipes would be at least 80 years.

The life expectancies used to calculate depreciated values are listed in Table 7.

Table 7: Asset Life Expectancy Years

Asset	Drinking Water	Wastewater	Stormwater
Buildings and structures	80	80	80
AC pipes	70	70	-
PVC/PE pipes	100	100	100
Pipes in Geothermal Zone	40	40	40
Concrete & lined iron pipes	80	100	80
Manholes	-	70	70

Asset	Drinking Water	Wastewater	Stormwater
Valves	60		-
Telemetry	25	25	-
Meters	40	40	-
Pumps	25	25	-
Bores	60	-	-
Hydrants, sumps and cesspits	60	-	120
Reservoirs and tanks	80	80	-
Treatment plant - pipework	40	40	-
Treatment plant – electronics	25	25	-

2.1.2. Replacement Costs

The projected replacement costs and depreciated values shown in the table below have been derived from Council's asset register. Further work identified in the improvement plan, will be carried out to verify the condition of the assets and the potential need for future replacement.

Table 8: Replacement Costs and Depreciated Values – Drinking Water

Asset Type	Gross Replacement	Depreciated Replacement
Supply & treatment	$2,174,000	$1,035,900
Storage	$13,731,000	$4,023,950
Distribution	$19,574,500	$8,036,080
TOTAL	**$35,479,500**	**$13,095,930**

Table 9: Replacement Costs and Depreciated Values – Wastewater

Asset Type	Gross Replacement	Depreciated Replacement
Pipelines	$22,882,400	$6,188,090
Laterals	$881,500	$392,270
Manholes	$3,410,640	$785,590
Pumping Station	$568,000	$424,720
Screening	$2,679,630	$1,914,880
Treatment Plant	$7,223,100	$4,108,400
TOTAL	**$37,645,270**	**$13,813,950**

Table 10: Replacement Costs and Depreciated Values – Stormwater

Asset Type	Gross Replacement	Depreciated Replacement
Pipes Network	$22,213,690	$5,970,034
TOTAL	**$22,213,690**	**$5,970,034**

Council's practice for calculating pipeline replacement costs is:

- All water supply pipe replacements would be carried out using Polyethylene pipe . Stormwater and wastewater pipes will be relined with polyethylene pipes where possible..
- The construction environment is brown field (replacement of existing rather than green field construction.
- Unit rates for replacement are derived from recent tenders and peer review.
- Replacement includes valves, fittings, and house connections. Unusual pipe sizes will be replaced with the next size up.
- No optimisation or efficiencies in pipe size or lengths have been allowed for in replacement costs

2.2. INVESTMENT

Council plans to invest in replacing water services infrastructure as the assets reach their end of life. The replacement/renewal projects for water services for the period 2025 to 2034 are as follows:

Additional investment of $2.3 million is planned for the Stoneham Park Development.

The main investment programs for drinking water is the ongoing reticulation replacement of all steel and AC pipes ($9.4 million remaining from the $16 million program) and replacing valves and treatment plant components. A Manganese removal plant is planned to be installed in 2026. A total of $0.44 million of drinking water reticulation is planned to be installed in the Stoneham Park development. A total of $13.5 million is planned to be invested in drinking water assets up to 2033/34

Wastewater investment is primarily reticulation replacements estimated at $12.3 million and treatment plant component replacements of $2.5 million. A total of $0,74 million of wastewater reticulation is planned to be installed in the Stoneham Park development. A total of $15.0 million is planned to be invested in the wastewater network.

Stormwater pipes in the high geothermal degradation areas were relined between 2019 and 2023. The stormwater network is being evaluated by Council staff and investment is delayed due to slower degradation than expected. A total of $1.05 million of stormwater reticulation is planned to be installed in the Stoneham Park development.

In total Council plans to invest approximately $30 million in water services assets.

The total planned investment is discussed in detail in section 3.3.1 and in Table 18, Table 19 and Table 20.

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SECTION THREE
3. Financial Arrangements

3.1. INCOME ANALYSES

The Revenue and Financing Policy sets out how Council's activities are funded. This policy has been developed to meet the requirements of the Local Government Act (LGA) 2002.

Council has identified a substantial intergenerational component (i.e. benefits arise over time). Water services infrastructure has a long life, so more than the current generation of ratepayers benefit from these assets. Therefore, Council wishes to ensure future ratepayers meet some of the cost. This is achieved by funding of depreciation over the life of the assets. Also, Council has borrowed funds to replace the steel and AC pipes. These loans will be repaid over a 50 year period, ensuring the costs are spread over the different generations that benefit from these assets.

All assets' depreciation is not fully funded and strategic assets are currently only funded to 65%. A timeframe to fully fund the depreciation on Council's strategic assets was proposed during the annual plan consultation process. A plan to increase funding for depreciation by 3% from 2026-27 up to 100% over the next 12 years.

As the Depreciation Reserves grow, increased interest revenue from the investment of these reserves lowers the amount of depreciation funding required from rates. Inflation is recognised through the revaluation of the assets in a three-yearly cycle.

Conversely, if loans are required to fund investment, the interest payable on these loans increases the amount of funding required.

The water supply network infrastructure is valued by a competent valuer on a three-yearly valuation cycle. Assets are valued at fair value determined on a depreciated replacement cost basis. The most recent revaluation is effective as at 30 June 2022.

3.1.1. Rating policy

Council has a rating policy that ensures rates are fair, equitable and affordable.

The objectives of this policy are to enable Council to:

- Generate sufficient revenue to ensure activities are adequately funded
- Operate a rating system that is fair and equitable to the community of Kawerau; and
- Charge rates that are affordable for ratepayers

For water services, the rating policy allows a general rate, a targeted rate and charges for metered water and significant wastewater disposal (trade waste).

Council plans to transition from a general rate to targeted water and wastewater rates to fully fund these activities. This transition is planned over the next nine years.

General rates consist of the uniform annual general charge (UAGC) and a differential rate based on the capital value of the rating unit. The UAGC is charged on every separately used or inhabited part of a rating unit and is the "minimum contribution" towards the cost of those activities funded by the General Rate. The purpose is to spread the cost of general rates more evenly across all ratepayers. The differential general rate is set so as to retain the ratio between commercial/industrial properties and residential properties general rates revenue of 52:48.

Water services targeted rates are a fixed amount levied on each separately used or inhabited part of a rating unit to which Council provides water services.

Council sets charges for metered water and trade waste disposal (only for significant trade waste consents). Metered water users do not pay the fixed targeted rate for water supply and all their service use costs are recovered from the meter charge.

3.1.2. Water services revenue requirements and sources

Council has broken its business down to activity level. Each activity needs to be funded to cover all operational costs, depreciation, interest and overheads.

Expenses

Maintenance costs and operating costs are expensed in the year they occur. The capitalisation threshold for water assets has been set at $1,000 or the actual value of individual components where they are identified by Univerus.

Water services activities are funded from general and targeted rates as well as charges for significant users. Charges are generally by cubic meter of water take or sewerage released. Significant drinking water users are metered and pay for actual volume consumed and do not pay the fixed targeted rate for water supply. Holders of trade waste consents are charged for trade waste released to the sewer reticulation or in some cases at specific receptacles at the treatment plant.

The following assumptions were made in deriving expenses and costs:

- All expenditure is stated in 2025/26 values, with allowance made for the inflation over the planning period.
- All costs are GST exclusive.
- Operational costs generally increase by the rate of inflation.
- Renewal costs are based on anticipated replacement requirements.
- The costs of insurance and risk mitigation are included in the forecasts.
- Climatic and other environmental trends are expected to continue as they have in the recent past.
- The plan provides scope for some growth in industrial/commercial demand.

Changes in asset valuation

The costs associated with renewing assets and providing new or improved asset infrastructure are capitalised and depreciated in accordance with the assessed economic life of each asset. This applies also, where a developer provides infrastructure to be taken over as public assets by Council.

Capitalisation Threshold

The following definitions are used for asset management purposes and the financial treatment is summarised below:

Maintenance is work undertaken of an operational nature contributing to the asset life reaching its maximum potential but neither increases the value nor extends the remaining life of any asset.

Renewal is work undertaken to replace an existing asset. The cost of replacement must be recorded as a capital expenditure, be greater than $1,000 and recorded in the asset register as a new asset with a unique identifier.

If the asset replaced is discarded or sold, it is removed from the asset register and any residual value is written off.

Every new asset is uniquely identified, and recorded in the asset register. The record in the asset register includes an assessment of the asset's remaining life expectancy (based on straight-line depreciation or estimated remaining life).

In the case of water pipelines, the condition is taken as being directly related to its age unless the testing done indicates otherwise. The testing of samples from repairs on pipes provides additional information.

3.1.3. Water services revenue sources

The total revenue for the three water services are listed in Table 11, Table 12 and Table 13.

Rates and charges

Council recovers the majority of its required revenue from rates and charges. Rates and charges are set according to the Rating Policy (section 3.1.1).

Charges for water use is determined by the actual costs to produce and deliver drinking water.

Charges for wastewater disposal under trade waste consents are dependent on the quality and volume of the trade waste and is set under each individual trade waste consent agreement.

Development Contributions

Section 106 of the Local Government Act 2002 requires local authorities to adopt development contributions or financial contributions policies.

Spare capacity in Council's infrastructure means it can cope with some growth. Therefore, Council does not need to extend infrastructure to cope with increasing demand.

Council's policy is to not assess development contributions but to retain the provisions of the District Plan that allow the assessment of financial contributions.

New subdivisions or developments may require the extension of Council infrastructure networks for water supply, wastewater disposal and roading. Council's financial contributions policy provides that the cost of these extensions is the responsibility of those who create the demand. Subdividers and developers would be required to make financial contributions to meet the full cost of additional infrastructure necessary to support their subdivision or development.

Grants and external funds

Council applies for applicable grants and external funds when available. Various grants have been received from NZ Lotteries or obtained from government initiatives and utilised for the water services delivery projects and programmes.

3.1.4. Charging and billing arrangements

. For water supply consumers who are not metered pay general and targeted rates. Metered users are charged for actual use and also pay general rates.

The proposed delivery model will utilise a similar charging and billing arrangement. The water services component of the general rate will be allocated to the water services financial system. The full targeted rate and all charges for water services will be allocated to the water services financial system.

3.1.5. Existing and projected commercial and industrial users' charges

Commercial and industrial users are billed for water services as part of their local government rates invoices.. Most commercial and industrial users pay charges for their actual water consumption as metered and wastewater disposal as per their trade waste consents.

3.1.6. The affordability of projected water services charges for communities

Water service delivery costs to residents in the Kawerau district is the lowest in the region and among the lowest in New Zealand. This is offset by the low median household income in the district.

Currently, the average water services costs are 1.0% of the median household income. It is expected to gradually increase to 2.0% of median household income over the life of this plan. The average water bills for the three water services, projected increases, and water charges as a % of household income is listed in Table 14 below.

Due to the low socio-economic profile of the district, per household the contribution to water services is significant. Council has a long-term goal to contain water services costs to an equivalent of 2% of median household income. This goal is complicated by the recent increases in regulatory compliance, monitoring and treatment requirements for drinking water. Future regulatory requirements for wastewater and stormwater is also expected to increase the cost of providing water services to the district.

This is further amplified by the large contribution of the heavy industries to the water services rates of Council. Five heavy industries contribute over 52% of the total general rates income and closure of any of the large manufacturing plants will have a significant impact on the rates required from the remaining industries and the community.

For example, the closure of the Norske Skog Tasman Mill in 2021 reduced the industrial general rate income by almost 20%. The remaining heavy industries have endured most of the resulting rates increase and are now at the limit what can be reasonably charged. Council hopes to attract more industries to the region with economic development initiatives, such as the development of a new industrial park and promotion of the natural environment.

Council plans to move gradually from mostly funding water services from the general rate to fully funding water services from targeted rates. This will mean households will contribute 96,5% of water services required funding. This will reduce the overly reliance on industry and business to subsidise the water service and the accompanied risk if an industry closes.

However, this does mean the charges for water services will significantly increase over the next 9 years for the average household.

Table 11: Revenue sources – Drinking Water ($000)

	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34	Total
General rates	1,569	1,859	1,803	1,822	1,766	1,482	1,217	848	434	0	12,800
Targeted rates	210	322	417	567	783	948	1,214	1,511	1,849	2,312	10,133
Subsidies and grants	0	0	0	0	0	0	0	0	0	0	0
Local authorities receipts/Vested	28	43	162	143	104	237	276	202	289	308	1,792
Water by Meter Charges	65	99	129	176	242	294	376	468	572	716	3,137
Total operating funding	1,872	2,323	2,510	2,708	2,895	2,960	3,082	3,028	3,145	3,335	27,860

Table 12: Revenue sources – Wastewater ($000)

	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34	Total
General rates	1,430	1,665	1,557	1,510	1,353	1,198	969	702	361	0	10,745
Targeted rates	430	555	699	926	1,153	1,464	1,799	2,224	2,647	3,218	15,115
Subsidies and grants	0	0	0	0	0	0	0	0	0	0	0
Local authorities receipts/Vested	0	0	200	80	0	189	196	0	73	0	737
Fees and charges	100	106	111	117	122	127	132	136	139	142	1,231
Total operating funding	1,960	2,326	2,567	2,632	2,628	2,977	3,094	3,061	3,219	3,360	27,826

Table 13: Revenue sources – Stormwater ($000)

	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34	Total
General rates	128	166	202	264	278	290	323	335	347	382	2,715
Targeted rates	0	0	0	0	0	0	0	0	0	0	0
Subsidies and grants	62	32	32	24	25	26	26	27	28	28	310
Local authorities receipts/Vested	0	0	275	240	0	221	230	0	85	0	1,051
Fees and charges	0	0	0	0	0	0	0	0	0	0	0
Total operating funding	190	198	509	528	303	536	578	361	459	410	4,073

Table 14: Affordability of water services

Residential Properties

Average charge per connection - Residential	**FY24/25**	**FY25/26**	**FY26/27**	**FY27/28**	**FY28/29**	**FY29/30**	**FY30/31**	**FY31/32**	**FY32/33**	**FY33/34**
Average drinking water bill (GST Incl)	381	463	516	580	653	663	716	757	803	897
Average wastewater bill	432	573	577	658	713	802	881	994	1,082	1,228
Average stormwater bill	24	31	38	49	52	54	59	61	63	70
Average charge per connection	837	1,068	1,130	1,287	1,418	1,518	1,657	1,812	1,948	2,195
Projected increase	25.1%	27.5%	5.8%	13.9%	10.2%	7.0%	9.2%	9.3%	7.5%	12.7%
Projected number of connections (Water)	2,917	2,930	2,942	2,955	2,968	2,981	2,994	3,008	3,021	3,034
Projected median household income	89,841	91,548	93,288	95,060	96,866	98,707	100,582	102,493	104,440	106,425
Water services charges as % of household income	0.9%	1.2%	1.2%	1.4%	1.5%	1.5%	1.7%	1.8%	1.9%	2.1%

Commercial and Industrial Properties

	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Drinking Water Targeted Rate per property	$84	$130	$168	$228	$315	$382	$489	$608	$744	$897
Drinking Water meter rate per m3	$0.27	$0.41	$0.53	$0.72	$1.00	$1.21	$1.55	$1.92	$2.35	$2.94
Drinking Water percentage of total general rate contribution*	11%	12%*	11%	11%	11%	9%	8%	5%	3%	0%
Wastewater Targeted Rate per property	$170	$219	$277	$366	$452	$570	$695	$859	$1,013	$1,228
Wastewater percentage of total general rate contribution	10%	10%	10%	9%	8%	7%	6%	4%	2%	0%
Stormwater percentage of total general rate contribution	0.9%	1.1%	1.3%	1.6%	1.7%	1.8%	2.0%	2.1%	2.3%	3%

* There are significant increases in costs for 2025/26, 2026/27, 2027/28 and 2028/29 years particularly due to the debt servicing costs of the loans.

There are 167 Commercial and Industrial properties in the District and if connected to a water or wastewater supply the same targeted rate applies as that for residential properties. The range of capital values within the Commercial and Industrial is significant ranging from a capital value of $170,000 to $46m, therefore an average or a median would not be fully reflective of the contribution. The percentage of the general rate that contributes to water and wastewater will decrease to zero, as the target rate increases to being fully targeted rate funded by 2033/34.

Those Commercial and Industrial properties that are large consumers of water, have a water meter connection and are charged by the cubic meter, rather than the targeted rate. As with the transition to full funding of water services by target rates, the water by meter rate is also increasing over this period to reflect user pays. Council also collects trade waste from some industrial businesses.

Additionally many of the large industrial users have separate Resource Consents for water take via the Resource Management Act for their operational requirements (managed currently by the Regional Council).

3.2. COSTS ANALYSES

The total costs for the three water services are listed in Table 15,

Table 16 and Table 17 for the duration of this plan.

The Kawerau district maintains some of the lowest water services costs in New Zealand, and the lowest in the Bay of Plenty region. This is largely due to:

- The district's compact geographical layout
- Initial infrastructure investment by heavy industry
- Prudent asset management practices

Cost Projections

For all three services, increases in staff and suppliers costs are expected in line with expected inflation rates (1.9% to 3.4% per year).

Drinking water service costs are expected to almost double in the next decade (80% increase) primarily due to borrowing costs for the water supply reticulation replacement program and also additional compliance costs

Wastewater service costs are expected to increase by one third (33%) over the next 10 years due to increased provisions for depreciation.

Stormwater service costs are expected to increase significantly (120%) due to increased depreciation. Stormwater renewals were previously subsidised by the New Zealand Transport Agency (NZTA) and 75% of depreciation was not funded (subsidy %). This funding ended in 2023 and depreciation is now funded by Council. In the plan, funding of depreciation for stormwater assets is gradually increased every year to reduce large rate increases in any given year.

Overall Outlook

The total water services costs are expected to increase by 60% in the next 10 years, primarily due to increased depreciation costs. However, at the end of the 10-year period, all assets will be fully fund depreciation, the external loans will be considerably repaid, and only small rates increases are foreseen in the next two decades after the conclusion of this plan.

Table 15: Expenses, Depreciation and Amortization – Drinking Water ($000)

	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34	Total
Payments to staff and suppliers *	624	731	712	731	838	772	793	808	828	935	7,772
Finance costs	345	455	495	605	660	660	660	660	660	660	5,860
Internal charges and overheads applied	456	674	685	693	739	732	737	751	773	800	7,040
Depreciation & amortisation	686	709	749	857	887	888	971	973	977	1,055	8,751
Total	2,110	2,569	2,641	2,887	3,123	3,052	3,160	3,192	3,238	3,450	29,422

* Every five to six years Council has additional operational expenditure to clear out reservoirs (Council has 3 Reservoirs). The projected costs for this expenditure for 2028/29 and 2033/34 are $83k and $94k respectively, which does add peaks and lows to the expenditure for payments to staff and suppliers. This scheduled work forms part of the robust asset maintenance programme.

Table 16: Expenses, Depreciation and Amortization – Wastewater ($000)

	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34	Total
Payments to staff and suppliers	796	840	826	891	893	956	950	1,009	998	1,053	9,212
Finance costs	0	0	0	0	0	0	0	0	0	0	0
Internal charges and overheads applied	738	1,040	1,076	1,123	1,174	1,248	1,286	1,365	1,437	1,514	12,001
Depreciation & amortisation	650	680	680	754	754	755	824	825	826	890	7,638
Total	2,184	2,560	2,582	2,768	2,822	2,959	3,060	3,199	3,260	3,456	28,851

Table 17: Expenses, Depreciation and Amortization – Stormwater ($000)

	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34	Total
Payments to staff and suppliers**	82	52	43	32	33	34	35	36	37	38	422
Finance costs	0	0	0	0	0	0	0	0	0	0	0
Internal charges and overheads applied	27	17	15	11	11	11	11	11	12	12	138
Depreciation & amortisation	321	320	320	350	350	350	378	378	378	406	3,551
Total	430	390	378	393	394	395	424	426	427	456	4,111

** With regards to Stormwater payments to staff and suppliers, for the 2024/25 budget there was additional budgets for one off expenditures for resource consent and consultants $30k, hence the reduction in 2025/26 from $82k to $52k. The 2025/26 budget includes a further $10k for one off resource consent expenses, which then further reduces the staff and suppliers' costs from 2026/27 onwards. This expenditure is then consistent from 2026/27 onwards. While the percentage changes are high, the movement in actual expenditure between 2025/26 and years following is less than $10.4k.

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3.3. CAPITAL EXPENDITURE

Infrastructure capital works are planned in the 30-year Infrastructure Strategy and included in the Long Term Plan and Annual Plans. The LTP is consulted with the community and stakeholders according to the Local Government Act requirements.

Capital works are also planned to meet possible future population growth, current and future compliance requirements as well as levels of service. Aging infrastructure is replaced in the renewals programme as described in each water services asset management plan.

New subdivisions and industrial areas will be developed by developers who will install and commission all required water services infrastructure as part of the subdivision development. Financial contributions will be levied where Council may need to incur costs to develop specific infrastructure for new subdivisions.

3.3.1. Projected 10 year Investment

The projected capital investment for the three water services are described in the LTP and listed in Table 18, Table 19 and Table 20.

The current infrastructure meets all existing and proposed levels of service as well as all existing and proposed regulatory requirements. There is sufficient spare capacity in all networks for expected population growth and expansion. Additional reticulation and other assets is planned to be installed for the Stoneham Park Development.

Therefore, projected investment included in the LTP is to replace existing aging infrastructure according to the asset management plans, and the development of Stoneham Park.

Drinking water

Renewal works are primarily to complete the current water supply reticulation replacement programme. This programme includes replacing valves and renewing the Beattie Road pump station in 2027 and the water treatment plant in 2026.

A manganese removal plant is planned for 2026/27 at a cost of $1.1 mil to improve the quality and resilience of water supply.

Replacement of all plant and components ensuring water quality and safety proceeds as recommended by manufacturers and regulatory requirements.

Wastewater

The renewal of all remaining concrete and earthenware pipes installed in 1957 is planned for the next 10 years. as well as renewals of the wastewater treatment plant planned in 2026 and 2030.

Minor works are also planned on the rapid infiltration basins (RIBs) to ensure continued compliance to resource consent conditions.

Stormwater

The reticulation renewal around geothermal area was completed in 2024 and it is proposed to renew all stormwater pipes installed in 1957 over a 10 year period commencing 2034.

Significant stormwater works are planned for the Stoneham Park Development.

Table 18: Significant investment – Drinking water ($000)

	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34	Total
Reticulation Program (including Stoneham Dev)	2,050	2,050	2,303	2,701	2,728	167	173	60	104	63	12,399
Pumps & Valves	75	46	34	71	17	40	18	19	165	20	505
Headworks, Dosing & Hydrants & Manganese Removal Plant	15	133	1,755	94	97	115	106	109	160	114	2,698
Total investment	2,140	2,229	4,092	2,866	2,842	322	297	188	429	197	15,602

Table 19: Significant investment – Wastewater ($000)

	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34	Total
Reticulation	765	1,117	1,358	1,275	1,233	1,457	1,500	1,338	1,444	1,527	13,014
Pumps	-	45	65	-	-	-	15	-	-	24	148
Treatment	-	580	741	602	138	355	-	31	61	-	2,508
Total investment	765	1,742	2,163	1,878	1,371	1,812	1,514	1,369	1,505	1,551	15,670

Table 20: Significant investment – Stormwater ($000)

	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34	Total
Reticulation	0	0	275	240	0	221	230	0	85	0	1051
Manholes	0	0	0	0	0	0	0	0	0	0	0
Total investment	0	0	275	240	0	221	230	0	85	0	1051

3.3.2. Long-term projected capital investment

Capital investment during the next 20 years following the current 2025-2034 LTP is described in the Infrastructure Strategy.

Drinking water

The Monica Lanham reserve small water reservoir is planned to be replaced in 2035 with a large reservoir increasing the total storage capacity by 20%.

The next significant water supply reticulation replacement programme is planned for 2042 and 2043

Wastewater

Council is planning to renew 19 km of reticulation over the next 9 years and a further 29 km from 2034 to 2049.

A significant renewals of the waste water treatment plant is planned for 2042, 2046 and 2048.

Stormwater

Stormwater outfalls are scheduled to be replaced or renewed between 2036 and 2038. There is planned the renewal of the stormwater manholes installed prior to 1966 over a 10 year period from 2034 to 2045. Finally, there is stormwater reticulation replacement planned for the following 20 years after the current LTP starting in 2035.

3.3.3. Historical Delivery against Planned Investment

The historical delivery of investment versus the planned investment as per the LTP is listed in Table 21. Significant investments decisions were made during 2018 (replacement of drinking water reticulation) and again 2023 (development of Stoneham Park and upgrades to treatment plants), and more investments were made during the 2019/20, 2020/21 and 2024/25 financial years than planned.

Delivery of planned capital investment for water services has been fairly good with the actual delivery of investment being 94% overall for the last 7 years. The COVID – 19 pandemic did impact the delivery of water service renewals. Council has recently engaged more resources to ensure that all planned projects can be delivered when programmed

Table 21: Delivery against planned investment

	Investment in water services			
	FY2024/25	**FY21/22 - FY23/24**	**FY18/19 - FY20/21**	**Total**
Total planned investment	2,905	11,668	2,698	17,271
Total actual investment	4,005	8,985	3,207	16,197
Delivery against planned investment (%)	138%	77%	119%	94%

Within the Infrastructure Strategy, large water services renewals and other capital works are smoothed over 3 to 10 year period where possible to spread out the project management and contractor workload. This ensures investment peaks are limited and a high level of investment delivery can realistically be achieved.

3.3.4. Water services financing requirements and sources

The projected funding requirements over the 10-year period to deliver the level of investment are listed in Table 22. The net debt to operating revenue ratios and borrowing limits are listed in Table 23. The detailed revenue to debt ratios are listed in Table 24.

The borrowing limits for the water services will be the same as for all of Council and limited to 280% of revenues. All planned borrowing in the 2025 – 34 LTP and the 30-year Infrastructure Strategy for water services are within the borrowing limit.

All operating expenditure, depreciation, and loan repayments (capital and interest payments) will be funded through rates, fees and charges.

All loans are planned to be raised through the Local Government Funding Agency (LGFA).

Internal borrowing arrangements

There are no internal borrowing arrangements.

Determination of debt attributed to water services

All external Council loans were raised to fund the water supply reticulation replacement works. Council has no other loans.

3.3.5. The net debt to operating revenue ratio for water services over the period of the 2025 – 34 LTP ranges from 53% to 229%, which is within the borrowing limit of 280%. This indicates Council is able to fiscally manage the water services in-house.

Council has the appropriate insurance in place to cover the replacement and/or repair of buildings, infrastructure and other water services assets that are damaged due to disaster. Insurance risks assessments are undertaken every three years during the review of each service's AMP. The water services network infrastructure is valued by a competent valuer on a three yearly valuation cycle. Assets are valued at fair value determined on a depreciated replacement cost basis. The most recent revaluation was as at 30 June 2022.

Table 22: Financing Requirements and Sources ($000)

	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34	Total
Investment Drinking Water	2,140	2,229	4,092	2,866	2,842	322	297	188	429	197	15,603
Investment Wastewater	765	1,742	2,163	1,878	1,371	1,812	1,515	1,369	1,505	1,551	15,671
Investment Stormwater	0		275	240	0	221	230	0	85	0	1,051
Total investment	**2,905**	3,971	6,530	4,983	4,214	2,355	2,041	1,557	2,019	1,748	32,323
Capital revenues	0	0	0	0	0	0	0	0	0	0	0
Movements in workings capital	50	(934)	(2,795)	(1,201)	(2,735)	(294)	242	254	61	347	(7,006)
Less: Net cashflow from operating	(955)	(1,037)	(1,735)	(1,783)	(1,479)	(2,060)	(2,283)	(1,811)	(2,079)	(2,095)	(17,317)
Total borrowing requirement	**2,000**	**2,000**	**2,000**	**2,000**	**0**	**0**	**0**	**0**	**0**	**0**	**8,000**

Table 23: Projected Net Debt to Operating Revenue for Water Services ($000)

	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Total operating revenue	4,023	4,847	5,586	5,869	5,826	6,474	6,755	6,451	6,823	7,106
Net debt	(344)	2,590	7,385	10,586	13,321	13,615	13,373	13,120	13,059	12,712
Debt headroom to limit	11,607	10,981	8,257	5,846	2,993	4,511	5,541	4,944	6,046	7,185
Net debt to operating revenue	(9%)	53%	132%	180%	229%	210%	198%	203%	191%	179%
Borrowing limit (%)	280%	280%	280%	280%	280%	280%	280%	280%	280%	280%

Table 24: Debt to Revenue Ratios by Water Service ($000)

Debt to revenue by water service	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Drinking water - operating revenue	1,872	2,323	2,510	2,708	2,895	2,960	3,082	3,028	3,145	3,335
Drinking water - net debt	2,496	4,261	7,735	9,923	12,106	11,631	11,036	10,415	9,959	9,216
Drinking water - debt to revenue	133%	183%	308%	366%	418%	393%	358%	344%	317%	276%
Wastewater - operating revenue	1,960	2,326	2,567	2,632	2,628	2,977	3,094	3,061	3,219	3,360
Wastewater - net debt	(2,268)	(971)	526	1,785	2,596	3,634	4,291	4,973	5,693	6,450
Wastewater - debt to revenue	-116%	-42%	20%	68%	99%	122%	139%	162%	177%	192%
Stormwater - operating revenue	190	198	509	528	303	536	578	361	459	410
Stormwater - net debt	(572)	(700)	(877)	(1,122)	(1,381)	(1,651)	(1,953)	(2,268)	(2,593)	(2,954)
Stormwater - debt to revenue	-301%	-354%	-172%	-212%	-455%	-308%	-338%	-627%	-565%	-720%
Three Waters - debt to revenue	-9%	53%	132%	180%	229%	210%	198%	203%	191%	179%

SECTION FOUR

4 Sustainability Assessment

4.1. NON-FINANCIAL SUSTAINABILITY

The Kawerau District Council water service delivery division's vision and mission is to supply secure and safe as well as environmentally and financially sustainable drinking water, wastewater disposal and stormwater services for the Kawerau community.

4.1.1. Water Supply

The Kawerau drinking water supply is provided by two springs and a borefield.

The drinking water supply management system is described in the Water Supply Management Plan.

The drinking water quality management system is described in the Water Safety Plan.

The water supply strategy is to develop and maintain an effective drinking water supply management system by the following means:

- Having an efficient water supply system providing safe and secure drinking water to the residents, businesses, and industries in the district,
- Having an accepted Water Safety Plan that explains and directs the drinking water quality management system,
- Appointing appropriate staff to key positions in the water supply system,
- Adequately train all staff operating and managing the water supply system,
- Providing sufficient financial resources to operate, maintain, upgrade, and expand the water supply system as needed, and
- Reporting the performance of the water supply system to the Elected Members and other shareholders.

The Water Supply Management Plan established a long-term strategy to provide for the water requirements of communities, businesses, and industries of the district. The Plan assessed the rate and volume of water required, the efficiency and effectiveness of the water taken, and future increases or changes to the water needs and requirements. It is an essential part of applying for new water take consents, or renewal or changing existing water take consents.

Kawerau's water is principally sourced from the Borefield in Tarawera Park and the two springs: Umukaraka Spring located on the Tarawera Falls Road and Pumphouse Spring on River Road. The location of the water sources are shown in *Figure 10*.

A Catchment Risk Assessment was completed for the supply on 31 July 2014 and updated on 15 September 2017. There were no risks identified that would significantly impact the quantity and quality of the water supply sources.

All water is taken under Resource Consent 20329 for the boreholes. The consents to take water from the two springs expired in 2012, and a new comprehensive water take consent was submitted in 2024. The water supply is ample for the district's needs. Even severe climate change scenarios are not likely to impact the supply sufficiently to restrict the district's needs.

The Tarawera Park bores along with the Umukaraka and Pumphouse Springs provide sufficient water for the Kawerau District's current and projected future needs.

The Kawerau District has one water treatment plant connected to all the water supply sources. The district has one water supply network, divided into two distribution zones to which all properties are connected. The network comprises of pumps, reservoirs, pipes and connection points to all properties.

All infrastructure required to collect, treat, store and distribute drinking water in the district is described and planned in the Water Supply Asset Management plan. The 10-year operational, maintenance and expansion and improvement requirements are included in the LTP.

The 30-year infrastructure expansion and improvement requirements are included in the 30-year Infrastructure Strategy.

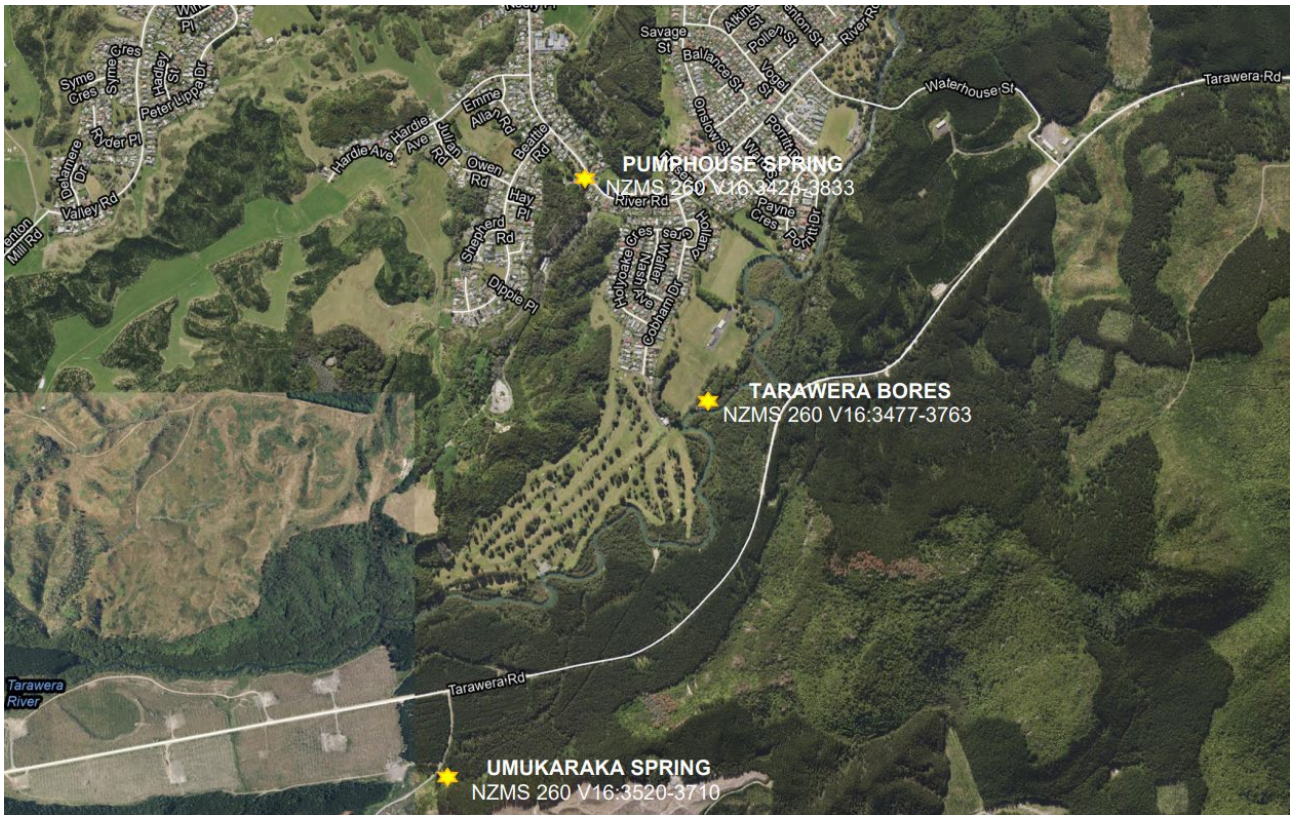

Figure 10: Kawerau water source locations

4.1.2. Water Supply Risk

Table 25: Water Supply Risk Mitigation provides an overview of risks related to water supply and the measures to mitigate them. Each risk is analysed for its potential impact on the system, while the strategies outlined aim to minimize or prevent the effect. This approach promotes proactive planning to ensure sustainability of the water supply network. The identified risk and mitigations align with the current Water Supply Asset Management Plan.

Table 25: Water Supply Risk Mitigation

Key Exposure	Class of Risk Probability	Residual Exposure Consequence	Mitigation
Physical			
Seismic Event	Medium	High	Earthquake design standards
			Spare capacity
			Special Insurance cover (LAPP scheme)
			Monitor spring water quality after EQ
			Bore fields can supply essential demands
			Water restrictions can be put in place
Flood Event	Low	Low	Storage capacity of reservoirs
			Valves can isolate breaks in pipes

Key Exposure	Class of Risk Probability	Residual Exposure Consequence	Mitigation
Damage by Others	High	Moderate	Staff available 24/7
			Test water for contamination
			Head works and Pumphouse security fenced
Failure due to the deterioration of assets	High	Low	Scheduled plant maintenance
			Staff available 24/7
			Water restrictions options
			Spare capacity at pump stations
			An asset replacement programme
			Standby generator available within 8 hours
			Pump maintenance programme
Firefighting demands during peak flow	Medium	Moderate	Domestic users to be alerted to quickly reduce consumption (upper Valley Road area)
Financial			
New large consumer	Moderate	Low	Regular meetings with development agency
			Not all available water used
			Developments take time, which allows negotiations to take place
			Developments require Council consent
Loss of large consumer	Moderate	Low	Regular meetings with large industries
			Plant can operate on lower flows efficiently
Loss of water source	High	High	Investigate options to secure ownership/supply
			Find another water source
Health and Safety			
Injury to persons or property due to operations	Low	Low	Health and safety practices in place
			Trained staff
			Insurance to cover costs
Sabotage	Low	Moderate	Plant security
			Robust plant
Injury to the public	Low	Low	Access denied to treatment plant site
			Significant portion of asset underground

4.1.3. Wastewater

The wastewater system collects, treats and dispose of wastewater (sewage) from properties in the district. Its components are a network of underground pipes, pumping stations and a treatment plant with soakage basins. Wastewater enters the network from properties in built-up parts of the district and is conveyed to the treatment plant. Here the solids are removed and the liquid soaks to ground in rapid infiltration basins where the soil removes bacteria. The discharge of water to ground and the treatment of the removed solids are carried out to meet resource consent requirements and maintain a healthy environment.

The rapid infiltration basins have the capacity to process and dispose of 3000 m^3 per day, sufficient for a population of 15,000. Reserve basins are not used and may be developed to expand disposal to 4000 m3 per day. The RIBs layout is presented in Figure 11.

Two four metre deep pits were dug into the RIBs in 2022 to evaluate the condition of the basins. There were no signs of deterioration or build-up of material after 70 years of use. It is expected the basins will be useful for at least a further 100 years.

The large filtered solids are compressed and landfilled. The polymerised fine solid waste is worm farmed and subsequently used as a ground cover on the existing landfill to maintain the landfill cap.

All wastewater treatment operations are regulated by resource consents and the effects of the operations and disposal of treated products are monitored through nearby boreholes and evaluations of the Tarawera River. Borehole and river sampling points are marked in the Figure 11.

All infrastructure required to collect, treat and dispose wastewater in the district is described and planned in the Wastewater AMP.

The 10-year operational, maintenance and expansion and improvement requirements are included in the LTP.

The 30-year infrastructure expansion and improvement requirements are included in the Infrastructure Strategy.

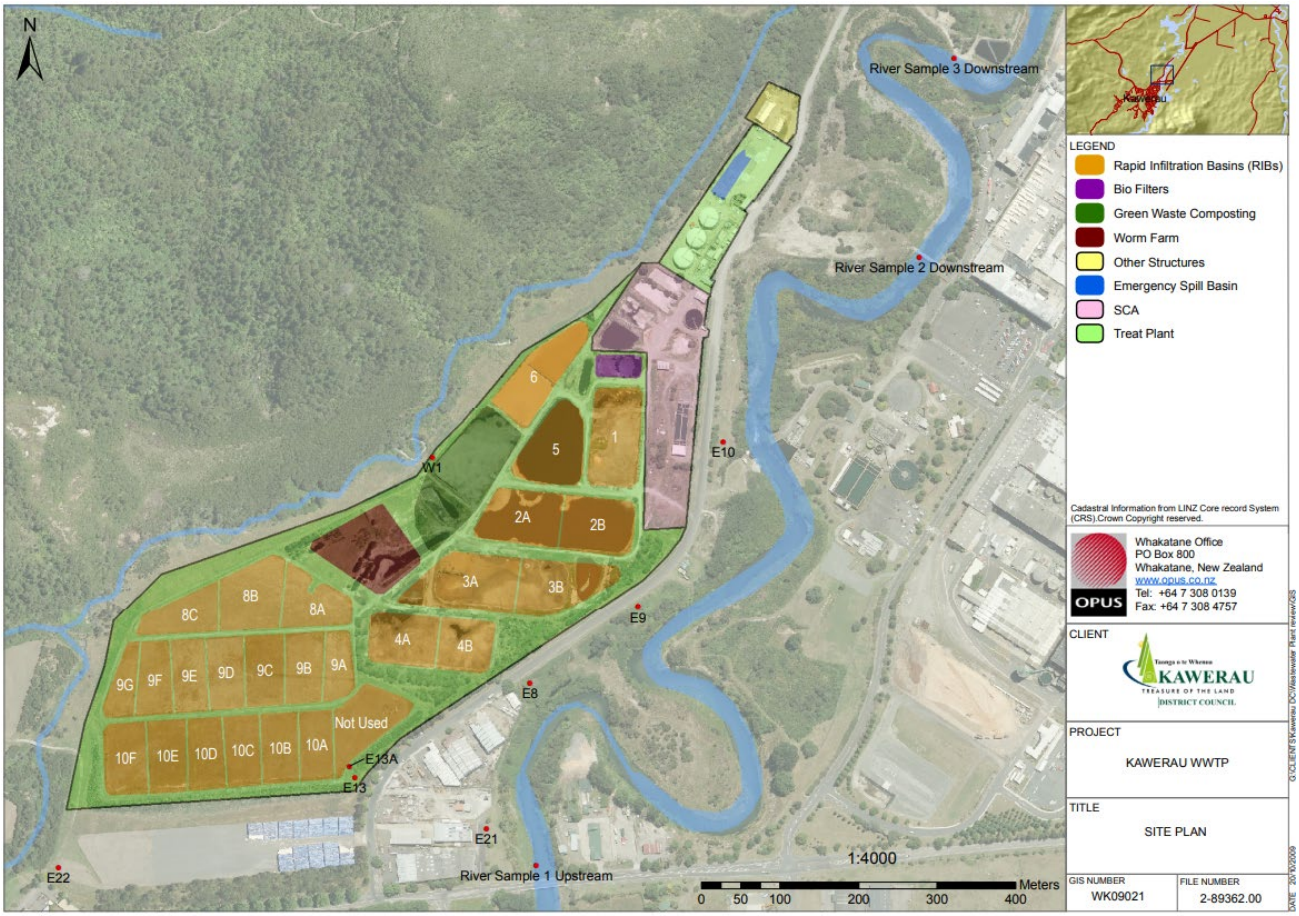

Figure 11: Rapid Infiltration Basins

4.1.4. Waste Water Network Risk

Table 26: Wastewater Network Risk Mitigation provides an overview of risks related to waste water network and the measures to mitigate them. Each risk is analysed for its potential impact on the system, while the strategies outlined aim to minimize these challenges. This approach promotes

proactive planning to ensure sustainability of the wastewater network. The identified risk and mitigations align with the current Waste Water Network Asset Management Plan.

Table 26: Wastewater Network Risk Mitigation

Key Exposure	Class of Risk Probability	Residual Exposure Consequence	Mitigation
Physical			
Seismic Event	Medium	High	Earthquake design standards
			Spare capacity
			Special Insurance cover
Flood Event	Low	Low	Storage capacity at treatment plant
			Ongoing search for stormwater ingress
Damage by Others	High	Moderate	Staff available 24/7
Failure due to deterioration of assets	High	Low	Regular treatment plant maintenance
			Staff available 24/7
			Renewal Programme
			Spare capacity at treatment plant and pump stations
			Asset performance monitoring
Power interruption	High	Low	Standby generator available at treatment plant
			Spill basin can store incoming effluent under gravity flow for one day
			Pump stations small and alternative pumps available
Chemical non delivery	Moderate	Moderate	Material ordered before stock runs out.
			Significant storage on site
Financial			
New large consumer	Moderate	Low	Regular meetings with development agency
			Existing plant has 30% reserve capacity
			Developments take time allowing negotiations to take place
			Developments require Council consent
Loss of large consumer	Moderate	Low	Regular meetings with large industries
			Plant can operate on lower flows efficiently
Health and Safety			
Injury to persons or property due to operations	Low	Low	Health and safety practices in place
			Trained staff
			Insurance to cover costs
Sabotage	Low	Moderate	Plant security
			Robust plant
Injury to public	Low	Low	Access denied to treatment plant site
			Significant portion of asset underground
Environmental			
Overflow of wastewater due to pipe blockages or treatment plant failures	Moderate	Moderate	Staff available 24/7 to attend to blockages
			Treatment plant has storage capacity for one day's flow
			Plant has surplus capacity

Key Exposure	Class of Risk Probability	Residual Exposure Consequence	Mitigation
			Monitoring plant performance
			Monitor blockages in pipework

4.1.5. Stormwater

The Kawerau district stormwater system collects surface water from the roading network and channel excess rainwater through a network of pipes to outfalls into natural waterways. Stormwater discharges are regulated by resource consents and all flow quantities and water quality is monitored.

Stormwater collection and discharge has minimal effect on the environmental well-being of the community. Although stormwater carries contaminants from road surfaces, the receiving water is a large body of water, clear and fast flowing, capable of dealing with the discharges without any significant adverse effects.

It is possible if climate change continues to occur, that rainfall intensities and storm durations may increase, and the assets may require enhancement to cope with the increased flows.

A small number of small flood prone areas had been identified during significant rainfall events during recent years. Increasing the capacity (either installing additional drainage or increasing current drainage capacity) in these areas was considered.

In the Blundell Street area, the less invasive and more cost effective option of a series of detention basins were designed in order to arrest any sudden volume of runoff from the Tuwharetoa Farm land. Detention Basins were also constructed in the farmland at the southern end of both Valley Road and Hardie Avenue.

The design of the River Road culverts carrying the Pumphouse Spring overflow stream was found to be a significant cause of flooding in the Fraser Street area. Designs were commissioned for replacement culverts that provided a larger free flowing structure. These new culverts were installed in April 2021.

Subsurface water flooding in Hardie Avenue was mitigated by installing additional drainage in the berms in 2023 and 2024.

There is a greater emphasis on the need to ensure streams are more proactively maintained with a regular clearing of vegetation, in particular, the Overflow Stream and Ruruanga Stream as it runs behind The Village on Tamarangi Drive.

Other than those addressed above, the current stormwater systems are deemed sufficient and no other upgrades of capacity in the network are planned

4.1.6. Stormwater Network Risk

Table 27: Stormwater Network Risk Mitigation summarises potential risks in the stormwater network and corresponding mitigation strategies. Each risk is analysed for its impact, while the proposed actions focus on minimising these risks. This structured approach promotes proactive planning to ensure the sustainability of the stormwater network. The identified risk and mitigations align with the current Stormwater Network Asset Management Plan.

Table 27: Stormwater Network Risk Mitigation

Key Exposure	Risk Probability	Residual Exposure Consequence	Mitigation
Physical			
Seismic Event	Medium	Significant	Earthquake design Standards
			Redundancy in reticulation
			Insurance cover
Flood Event	High	Medium	Well built and maintained outfalls
			Surface flows paths defined and well maintained
			Insurance cover
Damage by Others	Low	Moderate	Staff available 24/7
			Respond to reports of damaged or missing manhole lids
			Insurance cover
Failure due to deterioration of assets	High	Low	Asset performance monitoring
			Staff available 24/7
			Renewal Programme
Financial			
Funding not available when renewals required	Low	Low	Reserves are set aside annually and only a small amount of borrowing to date.
Health and Safety			
Injury to persons or property due to operations	Moderate	Low	Employ reputable contractors/qualified staff
			Insurance cover
Damage to property, injury or death due to assets being in public places or during flood	Low	Moderate	Topography of District and soil permeability reduces risk of flooding
			Outlets well established and no failure history during previous rain events
			Insurance cover
			Staff available 24/7 to attend to blockages
Environmental			
Stormwater quality	Moderate	Moderate	Spills on road cleaned up as soon as detected
			Staff trained in handling notified spills
			Tarawera River quick flowing
Regulatory			
Failure to comply with resource consents	Low	Low	Monitoring of consent conditions to ensure compliance
Change of consent conditions	Low	Low	EBOP negotiates consent conditions before changing and allows agreed time frames to comply

4.2. FINANCIAL SUSTAINABILITY

The Kawerau District Council water service, as a ring-fenced business unit is financially sustainable and will remain financially sustainable under projected costs and income models in the 2025-2034 LTP.

Sufficient revenue is planned to be collected to cover all costs, including servicing debt, of water services delivery. Similarly, projected investment is sufficient to meet levels of service, regulatory requirements and to provide for growth. Funding and financing arrangements are sufficient to meet investment requirements.

Council's infrastructure assets significantly increased in value, by $18m following the revaluation in June 2022, which also significantly increased the depreciation expense, particularly for water services infrastructure assets. At the same time as the impact of increased depreciation, there were the impacts of high inflation, which increased operational expenditure across all Council activities. This combination resulted in a large increase in the rates requirement in 2023, which was at the same time the whole community were challenged with impacts of the cost of living crisis following COVID.

Council resolved from 1 July 2023 to reduce the level of depreciation funding for strategic assets so rates were more affordable for the community. Council consulted with the community on the levels of depreciation funding and the community fully supported the reduction.

For the past two annual plans and for the Long Term Plan 2025-2034, Council has consulted with the community on the level of funding for depreciation from rates. Following community feedback, Council lowered the level of deprecation funding so rates were more affordable for the community. As part of the Long Term Plan 2025 - 2034 Council consulted with the community on the options of returning to fully funded depreciation over a seven year (a 5% increase p.a.) period or a twelve year (a 3% increase p.a.) period. The community overwhelmingly preferred the twelve year timeframe, which Council supported.

Overall, for the Revenue sustainability, the impact of not fully funding depreciation is on the operating surplus ratio. Council has been investing significantly in renewing water infrastructure assets and in particular the water reticulation project. Approximately 60% of the water reticulation network is new. The only borrowing Council holds is to fund the significant water reticulation renewals project, which began in 2022. Other capital renewals, including wastewater renewals, have been funded from the depreciation reserves.

Council has and is continuing to invest significantly in water and wastewater renewals. Council has resolved and is committed to transitioning back to fully funding depreciation.

4.2.1. Revenue Sufficiency

The revenue from general and targeted rates, the operating surplus ratio and the operating cash ratio are listed in Table 29 and presented in *Figure 12*.

Projected revenue is sufficient to cover the costs (including servicing debt) of water services delivery, and to finance the required level of investment. A positive operating cash ratio is projected every year, with the ratios being between 30.8% and 38.8% over the next nine years. The operating surplus ratio, which reflects all expenditure including depreciation, results in negative ratios in some years which is due to Council transitioning back to fully funding depreciation. The years of 2025/26, 2028/29 and 20231/32 are the years following the assets revaluations, that subsequently increases the projected depreciation expenditure, resulting in small negative ratios in the operating surplus ratio, while Council is balancing the impact of the rates increases to the community by transitioning back to fully funding depreciation. All surpluses will be applied to waters services cash and cash equivalents.

Council is committed to fully funding depreciation with a transitional approach. The operating cash ratio is projected to be positive throughout and while depreciation funding has an impact in some years, Council is satisfied that overall, the water services plan passes the revenue sufficiency test.

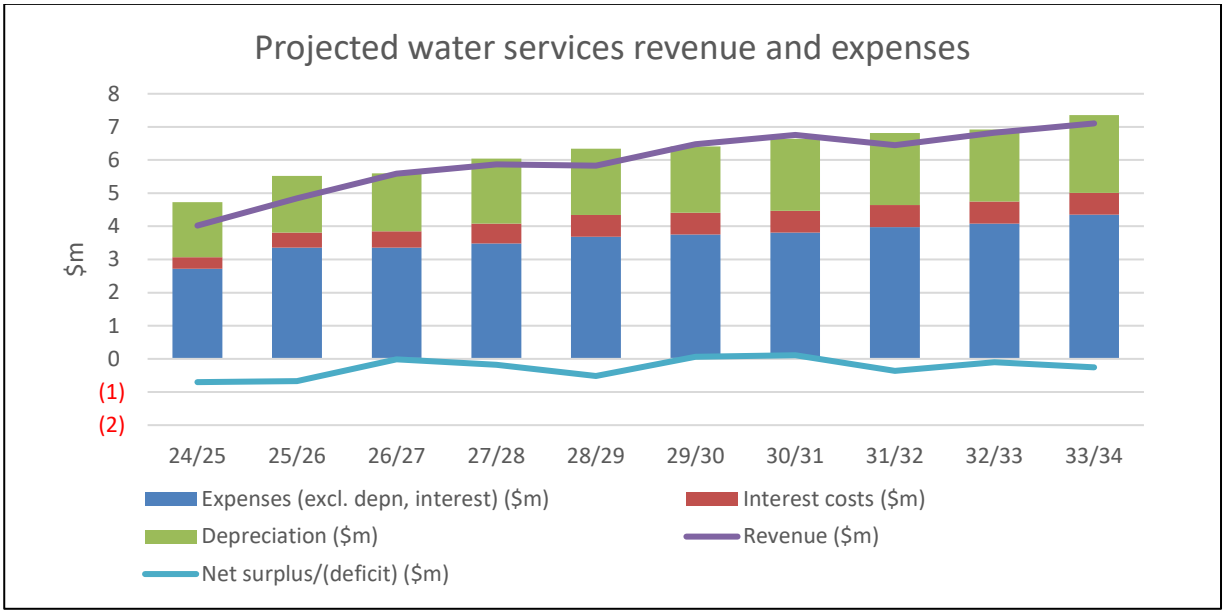

Figure 12: Projected water services revenue and expenses

The projected average charges for water services per connected property are listed in Table 14. Currently (2024/25), residents contribute 53% of water services rates and 47% is contributed by industries and businesses. The ratio contributed to by residential ratepayers will increase over the life of the plan with the increase in funding from targeted rates.

4.2.2. Investment Sufficiency

The water services infrastructure is valued by a competent valuer on a three-yearly valuation cycle. Assets are valued at fair value determined on a depreciated replacement cost basis. The most recent revaluation is effective as at 30 June 2022. Valuation of water assets are done on the following basis:

Table 28: Valuation Basis – Water Assets

Asset Type	Valuation Basis
Land	Market value
Buildings	DRC
Plant	ODRC
Reticulation	ODRC

The Depreciated Replacement Cost (DRC) refers to today's cost of replacing the asset with the same or a similar asset and depreciated over the life of the asset.

The Optimised Depreciated Replacement Cost (ODRC) refers to today's cost of replacing the asset with another asset that provides the same level of service most efficiently and depreciated over the life of the asset to reflect its current value and remaining economic life.

The optimised replacement cost assigned to each asset has been determined by suitably qualified and experienced professional persons and has been peer reviewed.

The Infrastructure Strategy describes the level of investment required to meet levels of service, regulatory requirements and provide for growth. The levels of investment for each asset class was developed in each assets class respective Asset Management Plan. The planned investment over the life of the Infrastructure Strategy meets all required and expected costs.

The planned investment in water services is listed in Table 30 and presented in Figure *13*. Asset renewals will use all depreciation reserves and planned loans by the end of the 2028/29 financial year. Asset renewals after 2029 will be mostly funded from depreciation reserves and additional rates and/or short term loans.

Over the life of this plan, the overall asset sustainability ratio is 45.5%and the asset investment ratio is 62.1%.

The asset sustainability and asset investment ratios are very high in the first five years of the plan and then reduce to negatives up to (30.9%) for the following five year period to 2034. The large movement in these ratios is due to the significant capital renewals expenditure that is being invested, particularly in the water supply and wastewater reticulation system from 2024 to 2029. The following years, 2029 onwards have negative ratios, as Council has had significant investment in the first five years of the plan. The water reticulation programme is significant in that Council is replacing all steel and asbestos cement reticulation pipes in the district, which is also being funded by a $12m loan. While the renewals expenditure from 2029 onwards is less than the depreciation expenditure, this is not because of under investment, but due to high investment in the preceding years.

The investment in asset renewals and new assets are sustainable over the life of the plan and over the life of the 30-year Infrastructure Strategy.

The asset consumption ratio ranges from 36.0% to 39.7% over the 10 year period. In the 30-year Infrastructure Strategy, asset consumption ratios remain between 35% and 40%.

Council's Stormwater assets consist of mainly reticulation pipes. The update of the Asset Management Plans in May 2025 identified, through data analysis and asset condition assessments, that the Stormwater assets have a much longer life than initially projected. It has been determined that the useful life of these assets is better reflected at 80 years than the previous 70 years lifespan. These assets therefore still have over ten years of life left. Council does not want to replace these assets before it needs to. Per the Stormwater Asset Management Plan, renewals are scheduled from 2035 onwards. Council's Infrastructure Strategy and Asset Management Plan projects the investment in Stormwater renewals from 2035-2040 is $8.94m and $8.84m from 2040 to 2045. Therefore, the asset consumption rate for Stormwater assets is much lower than replacement value due to higher consumption previously being recognised. Given that the Stormwater assets are closer to the end of their useful life than other water assets, this does decrease the overall asset consumption percentages.

The revaluation of the water services infrastructure assets is underway and being prepared by an independent valuer on Council's behalf. The revaluation results are effective as at 30 June 2025; however, this latest data is not available at the time of presenting this report.

The water services plan therefore passes the investment sufficiency test.

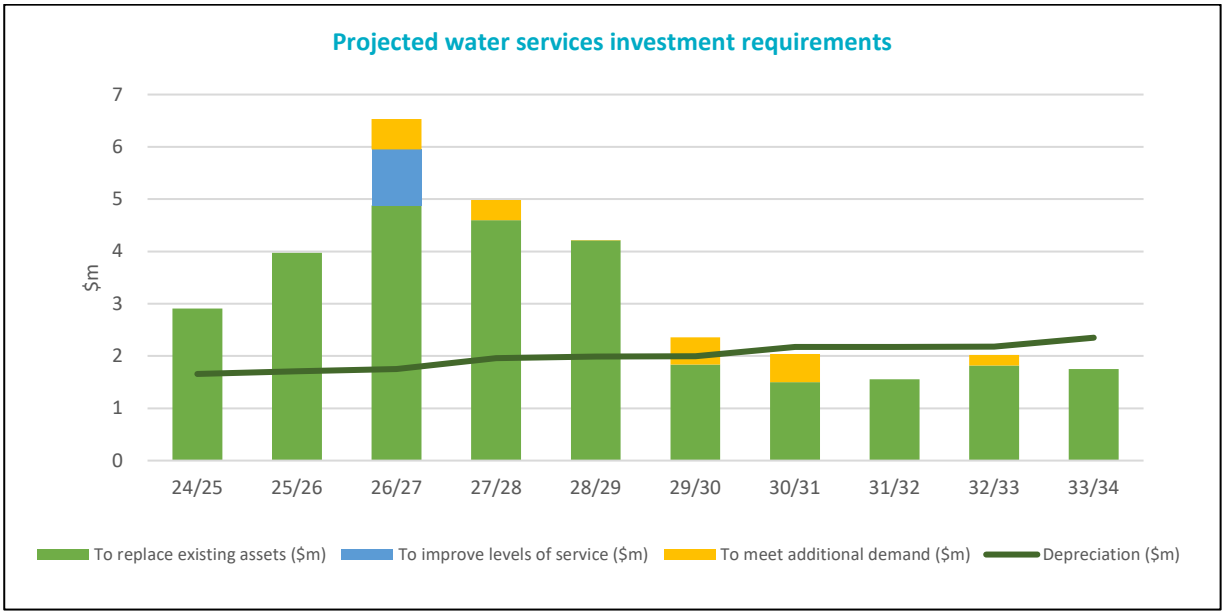

Figure 13: Projected water services investment requirements

4.2.3. Financing Sufficiency

Council is required under the Local Government Act 2002 to ensure each year's projected operating revenues are set at a level to meet each year's operating costs. Council is further required to manage its revenues, expenses, assets, liabilities, investments and general dealings in a prudent manner, promoting the current and future interests of the community.

The increased capital expenditure programme means corresponding increases in costs in these areas especially as Council will be borrowing an additional $6.0 million over the next nine years. The additional borrowing will be exclusively to fund water services capital projects.

The LTP includes an overall rate increase of 8.5 percent for 2025/26 and between 1.5 and 4.9 percent for each of the following eight years. The corresponding water services rates increase is 21.7% for 2025/6 and between 2.0% and 9.5% for the following 8 years. The cumulative increase over the 10 years of the plan is 110.3%%.

Council's borrowings are managed per Council's Liability Management Policy. Borrowings are generally used to fund capital projects that include an element of service enhancement or where the project is significant in value greater than depreciation reserves available. Borrowing for significant capital projects allows Council to ensure there is intergenerational equity, enabling the spread of the cost over the life of the asset.

The in-house water services financing will be managed by the same principles as per the Liability Management Policy.

All current and planned borrowings are funded through loans obtained through the Local Government Finance Association. The water services' borrowing will be limited to 280% of the operating revenue (for an in-house business unit).

The net debt to operating revenue ratio, and free funds to debt ratio is listed in Table 31. The projected water services net debt to operating revenue is graphically presented in *Figure 14*.

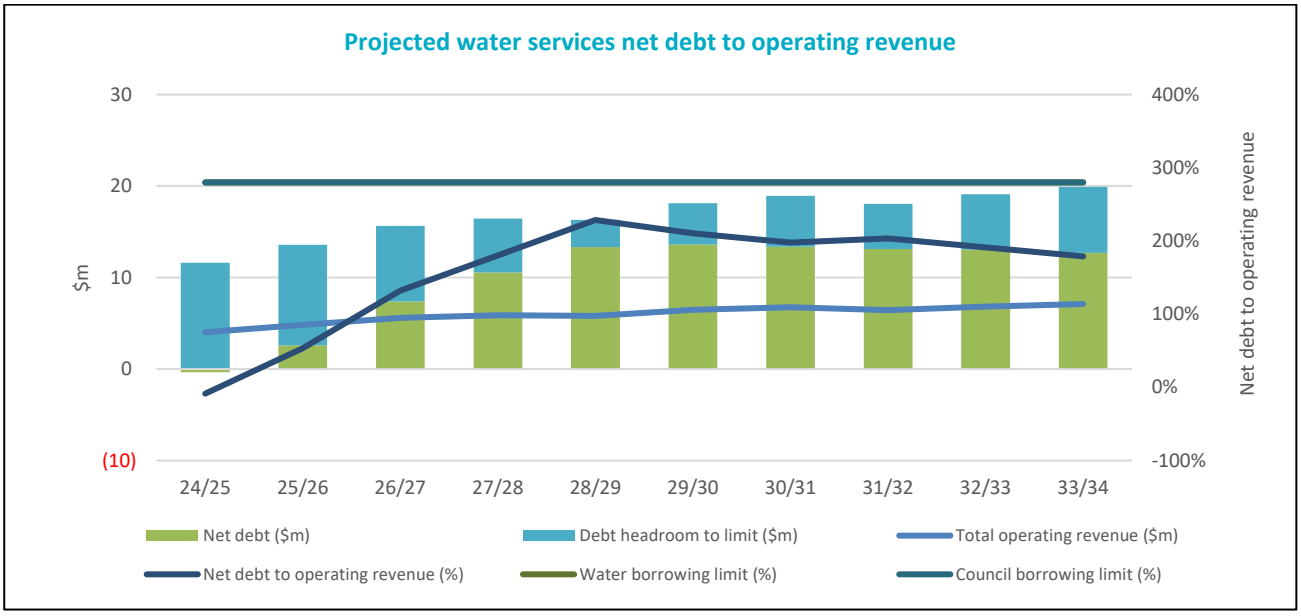

Figure 14: Projected water services net debt to operating revenue

The net debt to operating revenue remains within the 280% limit.

Council, who will be underwriting the in-house water service business unit, has significant borrowing capacity. Council decided to limit its total debt to operating revenue ratio to 175%. The total Council net debt to operating revenue, including water services debt, does not exceed 55% during the current LTP therefore Council has a reasonable amount of headroom for additional borrowing. Council's net debt peaks in 2028/29, however will still have over $51.5m of borrowing headroom, equivalent to more than 200% of total Council operating revenue. The projected water services net debt to operating revenue is graphically presented in *Figure 15*.

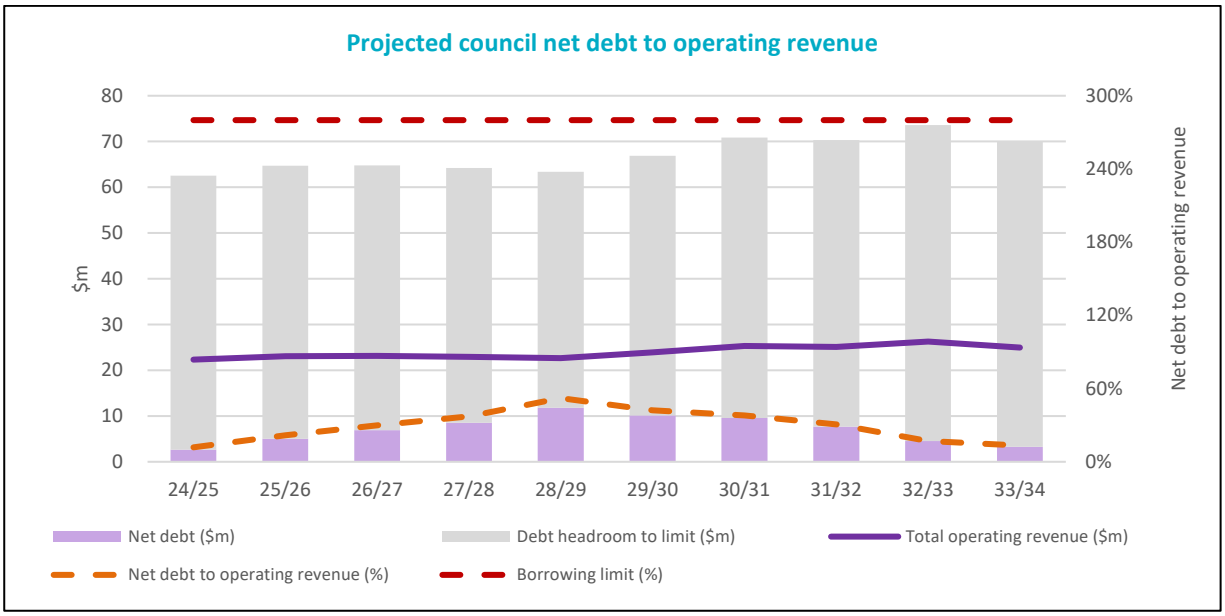

Figure 15: Projected Council net debt to operating revenue

The water services plan therefore passes the financing sufficiency test.

Table 29: Revenue Sufficiency ($000)

	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
General and targeted rates	3,833	4,667	4,806	5,264	5,575	5,674	5,896	6,087	6,210	6,628
Projected increase	21.6%	21.7%	3.0%	9.5%	5.9%	1.8%	3.9%	3.2%	2.0%	6.7%
Operating surplus/(deficit) excluding capital revenues	(702)	(672)	(14)	(179)	(512)	67	110	(365)	(102)	(255)
Total operating revenue	4,023	4,847	5,586	5,869	5,826	6,474	6,755	6,451	6,823	7,106
Operating surplus ratio	(17.5%)	(13.9%)	(0.3%)	(3.0%)	(8.8%)	1.0%	1.6%	(5.7%)	(1.5%)	(3.6%)
Operating surplus/(deficit) + depreciation + interest costs - capital revenue	1,300	1,492	2,230	2,388	2,139	2,720	2,943	2,471	2,739	2,755
Total operating revenue	4,023	4,847	5,586	5,869	5,826	6,474	6,755	6,451	6,823	7,106
Operating cash ratio	32.3%	30.8%	39.9%	40.7%	36.7%	42.0%	43.6%	38.3%	40.1%	38.8%

Table 30: Investment Sufficiency ($000)

	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Capital expenditure on renewals	2,905	3,971	4,876	4,596	4,213	1,835	1,502	1,557	1,819	1,748
Depreciation	1,657	1,710	1,749	1,961	1,991	1,994	2,173	2,176	2,181	2,350
Asset sustainability ratio	75.3%	132.3%	178.7%	134.3%	111.6%	(8.0%)	(30.9%)	(28.4%)	(16.6%)	(25.6%)
Capital expenditure	2,905	3,971	6,530	4,983	4,214	2,355	2,041	1,557	2,019	1,748
Depreciation	1,657	1,710	1,749	1,961	1,991	1,994	2,173	2,176	2,181	2,350
Asset investment ratio	75.3%	132.3%	273.3%	154.1%	111.6%	18.1%	(6.1%)	(28.4%)	(7.4%)	(25.6%)
Book value of infrastructure assets	44,379	46,640	51,421	62,771	64,993	65,354	72,738	72,119	71,957	76,563
Total estimated replacement value of infrastructure assets	123,182	127,153	133,683	159,364	163,578	165,932	186,329	187,886	189,905	205,044
Asset consumption ratio	36.0%	36.7%	38.5%	39.4%	39.7%	39.4%	39.0%	38.4%	37.9%	37.3%

Table 31: Financing Sufficiency ($000)

	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Total borrowings	6,000	8,000	10,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Less: cash and financial assets	(6,344)	(5,410)	(2,615)	(1,414)	1,321	1,615	1,373	1,120	1,059	712
Net debt	(344)	2,590	7,385	10,586	13,321	13,615	13,373	13,120	13,059	12,712
Total net debt (gross debt less cash)	(344)	2,590	7,385	10,586	13,321	13,615	13,373	13,120	13,059	12,712
Operating revenue	4,023	4,847	5,586	5,869	5,826	6,474	6,755	6,451	6,823	7,106
Net debt to operating revenue	(9%)	53%	132%	180%	229%	210%	198%	203%	191%	179%
Debt to revenue limit	280%	280%	280%	280%	280%	280%	280%	280%	280%	280%
Maximum allowable net debt	11,263	13,571	15,642	16,432	16,314	18,126	18,915	18,063	19,105	19,897
Total net debt	(344)	2,590	7,385	10,586	13,321	13,615	13,373	13,120	13,059	12,712
Borrowing headroom/ (shortfall) against limit	11,607	10,980	8,257	5,846	2,993	4,511	5,541	4,944	6,046	7,185

	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Free funds from operations (FFO) to debt ratio										
Operating revenue (minus interest income)	4,023	4,847	5,586	5,869	5,826	6,474	6,755	6,451	6,823	7,106
Less Expenses (minus depreciation and non-cash items)	(3,068)	(3,809)	(3,851)	(4,086)	(4,348)	(4,413)	(4,472)	(4,641)	(4,744)	(5,011)
Free funds from operations	955	1,037	1,735	1,783	1,479	2,060	2,283	1,811	2,079	2,095
Total net debt	(344)	2,590	7,385	10,586	13,321	13,615	13,373	13,120	13,059	12,712
Funds from operations	955	1,037	1,735	1,783	1,479	2,060	2,283	1,811	2,079	2,095
FFO to debt ratio	(277.8%)	40.0%	23.5%	16.8%	11.1%	15.1%	17.1%	13.8%	15.9%	16.5%

SECTION FIVE
5. IMPLEMENTATION PLAN

5.1. IMPLEMENTING THE PROPOSED SERVICE DELIVERY MODEL

Council's preferred option for delivering water services is an in-house business unit. This Plan is prepared on this basis.

Council's active Long Term Plan (2025–2034) includes water service functions that remain financially viable through the life of the plan.

The key dates according to the in-house business unit plan are:

- **1 July 2025 to 30 June 2026**
    - Council will continue delivering water services in-house according to existing financial and management systems until 30 June 2026. At the time of writing water services are delivered via Council's operations and services department.
- **1 July 2026 to 30 June 2027**
    - From 1 July 2026, Council's water services will transfer to a structurally separate in-house business unit. The in-house business unit will operate separate from, but with the continued support of, Council's operations and services department, finance and corporate services department, and health and safety department. Water services will continue to contribute to Council overhead funding via water service rates and charges.
    - On 30 June 2027, Council will adopt a separate Long Term Plan for water services. In the year to 30 June 2027, Council will also adopt a separate Infrastructure Strategy, Asset Management Plan, and any other necessary policy and planning separations.
- **1 July 2028**
    - The in-house business unit will operate as a structurally separate business unit with its own Annual and Long Term Plans, its own strategies, management plans, and supporting policies, and its own finance structure. The in-house business unit will pay other Council departments and business units for support and management services via an overhead allocation to Council.

5.1.1. Transition period

Structural separation in operations and planning and reporting occur over a 3-year period to 30 June 2028. The rating transition will be implemented over a 9-year period (as shown below).

5.1.2. Moving from General to Targeted rates

Funding water services will be moved from General to Targeted rates gradually over a 9-year period. This long transition period will have a gradual impact on lower value properties. *Figure 13* depicts the impact of the gradual move from General to Targeted rates over the 9 year period.

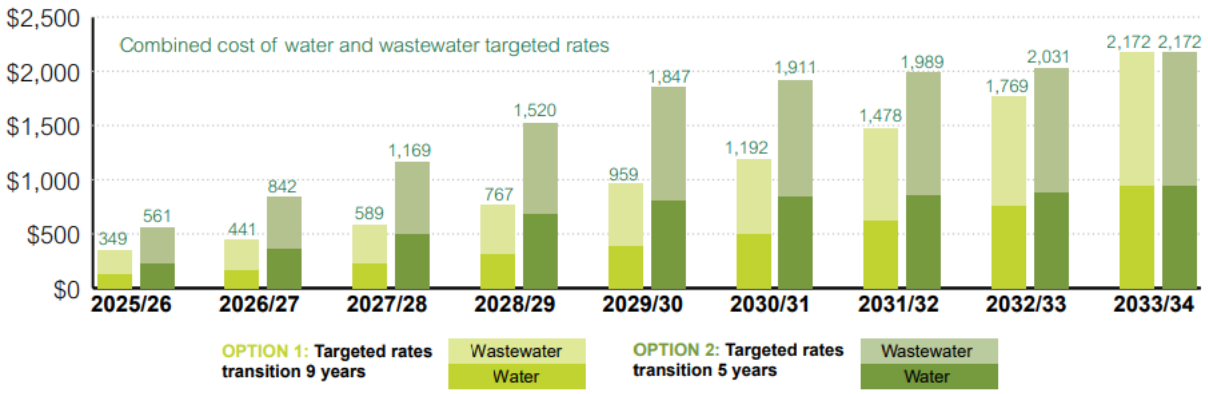

Figure 16: Transition to targeted water and wastewater rates per property

5.1.3. Water Services Multi-Council Controlled Organisation (WSMCCO)

Elected Members acknowledge an asymmetry in information when considering the merits of an internal business unit against the merits of a WSMCCO. To address this information gap Elected Members will resolve to join a Working Group with Rotorua Lakes Council, Whakatāne District Council, Ōpōtiki District Council, and any other partner Councils who wish to join. The purpose of the Working Group will be to undertake a study to model potential WSMCCO arrangements. The study will include financial modelling for individual councils across a 10 to 30 year time horizon, outline shared strategic objectives, and capture early lessons from other WSMCCOs (e.g. Waikato Water). In modelling capital investments and operational costs over the 10 to 30 year time horizon the study can draw on each Council's respective Water Service Delivery Plan.

As the Working Group undertakes its study Council will provide quarterly updates to its Elected Members, community, and iwi stakeholders. For the Working Group to maintain social license it will require regular communication. To main political license the Working Group will be made up of Elected Members from Council and its partners with technical advice from Council staff and dedicated personnel at Rotorua Lakes Council.

The key dates according to this off ramp are:

- 3 September to 31 December 2025
    - Establish the Working Group and negotiate a Heads of Agreement for participating Councils, agree to a scope and programme, and appoint a Chair.
- 1 January to 1 July 2026
    - The Working Group undertakes its study with a report due post-1 July 2026.
- 1 July to 31 December 2026
    - Council considers the final report and informs the community of the findings. Targeted consultation occurs with important stakeholders including (but not limited to) iwi and local business.
- 24 February 2027
    - Elected Members consider the final report in light of community consultation.
- Period to 24 June 2027

- Council resolves to join (or not) the WSMCCO. If Elected Members resolve not to join the WSMCCO then Council will continue on the basis of an internal business unit as presented in this Water Service Delivery Plan.

If Elected Members resolve to join the WSMCCO then Council will begin a transition period beginning 1 July 2027 and ending 30 June 2028.

If Elected Members resolve not to join the WSMCCO then Council will continue its transition to a structurally separate internal business unit according to the financial and operational plan presented in this Water Service Delivery Plan.

5.2. ASSURANCE AND ADOPTION PLAN

This plan will be submitted to the Secretary for Local Government for acceptance and will include a certification by the Chief Executive of the Kawerau District Council.

5.2.1. Council resolution

Council will adopt this Plan by resolution on 3 September 2025.

5.2.2. Certification of the Chief Executive

The Chief Executive Officer will certify this plan at the beginning of this document.

SECTION SIX
ADDITIONAL INFORMATION

6.1. Projected financial statements for water services

6.1.1. Projected Funding Impact Statement

Table 32: Projected Serviced Population

	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Total Drinking Water Residential connections	2,750	2,763	2,775	2,788	2,801	2,814	2,827	2,841	2,857	2,867
Total Drinking Water Non-Residential Connections	167	167	167	167	167	167	167	167	167	167
Total Drinking Water Services Connections	2,917	2,930	2,942	2,955	2,968	2,981	2,994	3,008	3,021	3,034
Total Wastewater Residential connections	2,760	2,773	2,785	2,798	2,811	2,824	2,837	2,851	2,864	2,877
Total Wastewater Non-Residential Connections	162	162	162	162	162	162	162	162	162	162
Total Wastewater Services Connections	2,922	2,935	2,947	2,960	2,973	2,986	2,999	3,013	3,026	3,039

Table 33: Funding Impact Statement – Drinking Water ($000)

Drinking Water	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	1,569	1,859	1,803	1,822	1,766	1,482	1,217	848	434	0
Targeted rates	275	422	546	743	1,025	1,242	1,590	1,979	2,422	3,027
Subsidies and grants for operating	0	0	0	0	0	0	0	0	0	0
Other Income	28	43	162	143	104	237	276	202	289	308
Fees and charges	0	0	0	0	0	0	0	0	0	0
Total operating funding	1,872	2,323	2,510	2,708	2,895	2,960	3,082	3,028	3,145	3,335
Applications of operating funding										
Payments to staff and suppliers	624	731	712	731	838	772	793	808	828	935
Finance costs	345	455	495	605	660	660	660	660	660	660
Internal charges & overheads applied	456	674	685	693	739	732	737	751	773	800
Other operating funding applications	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	1,424	1,860	1,893	2,029	2,236	2,164	2,190	2,219	2,261	2,395
Surplus/(deficit) of operating funding	448	463	618	679	659	797	893	809	884	940
Sources of capital funding										
Increase/(decrease) in debt	2,000	2,000	2,000	2,000	0	0	0	0	0	0
Total sources of capital funding	2,000	2,000	2,000	2,000	0	0	0	0	0	0
Applications of capital funding										
Capex - additional demand	0	0	106	68	0	110	114	0	42	0
Capex - improved levels of services	0	0	1,073	0	0	0	0	0	0	0
Capex - to replace existing assets	2,140	2,229	2,913	2,798	2,842	212	183	188	386	197
Increase/(decrease) in reserves	308	235	(1,474)	(187)	(2,183)	475	596	621	455	743
Total applications of capital funding	2,448	2,464	2,618	2,679	659	797	893	809	884	940
Surplus/(deficit) of capital funding	(448)	(464)	(618)	(679)	(659)	(797)	(893)	(809)	(884)	(940)
Funding balance	0	0	0	0	0	0	0	0	0	0

Table 34: Funding Impact Statement – Wastewater ($000)

Wastewater	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Sources of operating										
General rates	1,430	1,665	1,557	1,510	1,353	1,198	969	702	361	0
Targeted rates	430	555	699	926	1,153	1,464	1,799	2,224	2,647	3,218
Subsidies and grants for	0	0	0	0	0	0	0	0	0	0
Other Income	0	0	200	80	0	189	196	0	73	0
Fees and charges	100	106	111	117	122	127	132	136	139	142
Total operating funding	1,960	2,326	2,567	2,632	2,628	2,977	3,094	3,061	3,219	3,360
Applications of operating										
Payments to staff and	796	840	826	891	893	956	950	1,009	998	1,053
Finance costs	0	0	0	0	0	0	0	0	0	0
Internal charges &	738	1,040	1,076	1,123	1,174	1,248	1,286	1,365	1,437	1,514
Other operating funding	0	0	0	0	0	0	0	0	0	0
Total applications of	1,534	1,880	1,902	2,014	2,067	2,204	2,237	2,374	2,435	2,567
Surplus/(deficit) of	426	446	666	619	561	773	858	687	785	794
Sources of capital funding										
Increase/(decrease) in debt	0	0	0	0	0	0	0	0	0	0
Total sources of capital	0	0	0	0	0	0	0	0	0	0
Applications of capital										
Capex - additional demand	0	0	200	80	0	189	196	0	73	0
Capex - improved levels of	0	0	0	0	0	0	0	0	0	0
Capex - to replace existing	765	1,742	1,963	1,798	1,371	1,623	1,319	1,369	1,433	1,551
Increase/(decrease) in	(339)	(1,297)	(1,497)	(1,259)	(811)	(1,039)	(657)	(682)	(721)	(757)
Total applications of	426	446	666	619	561	773	858	687	785	794
Surplus/(deficit) of capital	(426)	(446)	(666)	(619)	(561)	(773)	(858)	(687)	(785)	(794)
Funding balance	0	0	0	0	0	0	0	0	0	0

Table 35: Funding Impact Statement – Stormwater ($000)

Stormwater	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	128	166	202	264	278	290	323	335	347	382
Targeted rates	0	0	0	0	0	0	0	0	0	0
Subsidies and grants for operating purposes	62	32	32	24	25	26	26	27	28	28
Other Income	0	0	275	240	0	221	230	0	85	0
Fees and charges	0	0	0	0	0	0	0	0	0	0
Total operating funding	190	198	509	528	303	536	578	361	459	410
Applications of operating funding										
Payments to staff and suppliers	82	52	43	32	33	34	35	36	37	38
Finance costs	0	0	0	0	0	0	0	0	0	0
Internal charges & overheads applied	27	17	15	11	11	11	11	11	12	12
Other operating funding applications	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	109	69	57	43	44	46	46	47	49	49
Surplus/(deficit) of operating funding	81	129	451	485	259	491	532	314	411	361
Sources of capital funding										
Increase/(decrease) in debt	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	0	0	0	0	0	0	0	0	0	0
Applications of capital funding										
Capex - additional demand	0	0	275	240	0	221	230	0	85	0
Capex - improved levels of services	0	0	0	0	0	0	0	0	0	0
Capex - to replace existing assets	0	0	0	0	0	0	0	0	0	0
Increase/(decrease) in reserves	81	128	176	245	259	270	303	314	326	361
Total applications of capital funding	81	128	451	485	259	491	532	314	411	361
Surplus/(deficit) of capital funding	(81)	(128)	(451)	(485)	(259)	(491)	(532)	(314)	(411)	(361)
Funding balance	0	0	0	0	0	0	0	0	0	0

Table 36: Funding Impact Statement – Water Services ($000)

Water Services	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	3,128	3,690	3,561	3,596	3,397	2,969	2,508	1,885	1,142	382
Targeted rates	705	977	1,245	1,669	2,177	2,705	3,388	4,203	5,069	6,246
Subsidies and grants for operating purposes	62	32	32	24	25	26	26	27	28	28
Other Income	28	43	637	463	104	646	701	202	447	308
Fees and charges	100	105	111	117	122	127	132	136	139	142
Total operating funding	4,023	4,847	5,586	5,869	5,826	6,474	6,755	6,451	6,823	7,106
Applications of operating funding										
Payments to staff and suppliers	1,502	1,624	1,581	1,654	1,764	1,762	1,778	1,853	1,862	2,026
Finance costs	345	455	495	605	660	660	660	660	660	660
Internal charges & overheads applied	1,221	1,731	1,775	1,827	1,924	1,991	2,034	2,128	2,222	2,325
Other operating funding applications	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	3,068	3,809	3,851	4,086	4,348	4,413	4,472	4,641	4,744	5,011
Surplus/(deficit) of operating funding	955	1,037	1,735	1,783	1,479	2,060	2,283	1,811	2,079	2,095

Sources of capital funding										
Increase/(decrease) in debt	2,000	2,000	2,000	2,000	0	0	0	0	0	0
Total sources of capital funding	2,000	2,000	2,000	2,000	0	0	0	0	0	0

Applications of capital funding										
Capex - additional demand	0	0	581	388	0	520	539	0	200	0
Capex - improved levels of services	0	0	1,073	0	0	0	0	0	0	0
Capex - to replace existing assets	2,905	3,971	4,876	4,596	4,213	1,835	1,502	1,557	1,819	1,748
Increase/(decrease) in reserves	50	(934)	(2,795)	(1,201)	(2,735)	(294)	242	254	60	347
Total applications of capital funding	2,955	3,037	3,735	3,783	1,479	2,060	2,283	1,811	2,079	2,095

Surplus/(deficit) of capital funding	(955)	(1,037)	(1,735)	(1,783)	(1,479)	(2,060)	(2,283)	(1,811)	(2,079)	(2,095)

Funding balance	0	0	0	0	0	0	0	0	0	0

6.1.2. Projected Statement of Comprehensive Revenue and Expense

Table 37: Comprehensive revenue and expenses – Drinking Water ($000)

	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating revenue	1,872	2,323	2,510	2,708	2,895	2,960	3,082	3,028	3,145	3,335
Total revenue	1,872	2,323	2,510	2,708	2,895	2,960	3,082	3,028	3,145	3,335
Operating expenses	624	731	712	731	838	772	793	808	828	935
Finance costs	345	455	495	605	660	660	660	660	660	660
Overheads and support costs	456	674	685	693	739	732	737	751	773	800
Depreciation & amortisation	686	709	749	857	887	888	971	973	977	1,055
Total expenses	2,110	2,569	2,641	2,887	3,123	3,052	3,160	3,192	3,238	3,450
Net surplus / (deficit)	(238)	(246)	(131)	(179)	(228)	(92)	(78)	(163)	(93)	(114)
Revaluation of infrastructure assets	3,353	0	0	4,486	0	0	3,972	0	0	2,614
Total comprehensive income	3,115	(246)	(131)	4,307	(228)	(92)	3,894	(163)	(93)	2,500
Cash surplus / (deficit) from operations	448	463	618	679	659	797	893	809	884	940

Table 38: Comprehensive revenue and expenses – Wastewater ($000)

	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating revenue	1,960	2,326	2,567	2,632	2,628	2,977	3,094	3,061	3,219	3,360
Total revenue	1,960	2,326	2,567	2,632	2,628	2,977	3,094	3,061	3,219	3,360
Operating expenses	796	840	826	891	893	956	950	1,009	998	1,053
Finance costs	0	0	0	0	0	0	0	0	0	0
Overheads and support costs	738	1,040	1,076	1,123	1,174	1,248	1,286	1,365	1,437	1,514
Depreciation & amortisation	650	680	680	754	754	755	824	825	826	890
Total expenses	2,184	2,560	2,582	2,768	2,822	2,959	3,060	3,199	3,260	3,456
Net surplus / (deficit)	(224)	(235)	(14)	(135)	(194)	18	34	(138)	(41)	(96)
Revaluation of infrastructure assets	2,698	0	0	3,350	0	0	3,164	0	0	2,311
Total comprehensive income	2,474	(235)	(14)	3,215	(194)	18	3,198	(138)	(41)	2,215
Cash surplus / (deficit) from operations	426	446	666	619	561	773	858	687	785	794

Table 39: Comprehensive revenue and expenses – Stormwater ($000)

	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating revenue	190	198	509	528	303	536	578	361	459	410
Total revenue	190	198	509	528	303	536	578	361	459	410
Operating expenses	82	52	43	32	33	34	35	36	37	38
Finance costs	0	0	0	0	0	0	0	0	0	0
Overheads and support costs	27	17	15	11	11	11	11	11	12	12
Depreciation & amortisation	321	320	320	350	350	350	378	378	378	406
Total expenses	430	390	378	393	394	396	425	426	427	455
Net surplus / (deficit)	(240)	(192)	131	135	(91)	141	154	(64)	32	(45)
Revaluation of infrastructure assets	690	0	0	492	0	0	380	0	0	283
Total comprehensive income	450	(192)	131	627	(91)	141	534	(64)	32	238
Cash surplus / (deficit) from operations	81	128	451	485	259	491	532	314	411	361

Table 40: Comprehensive revenue and expenses – Water Service ($000)

	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating revenue	4,023	4,847	5,586	5,869	5,826	6,474	6,755	6,451	6,823	7,106
Total revenue	4,023	4,847	5,586	5,869	5,826	6,474	6,755	6,451	6,823	7,106
Operating expenses	1,502	1,624	1,581	1,654	1,764	1,762	1,778	1,853	1,862	2,026
Finance costs	345	455	495	605	660	660	660	660	660	660
Overheads and support costs	1,221	1,731	1,775	1,827	1,924	1,991	2,034	2,128	2,222	2,325
Depreciation & amortisation	1,657	1,710	1,749	1,961	1,991	1,994	2,173	2,176	2,181	2,350
Total expenses	4,725	5,519	5,601	6,047	6,339	6,407	6,645	6,817	6,925	7,361
Net surplus / (deficit)	(702)	(672)	(14)	(179)	(512)	67	110	(365)	(102)	(255)
Revaluation of infrastructure assets	6,741	0	0	8,328	0	0	7,516	0	0	5,208
Total comprehensive income	6,039	(672)	(14)	8,149	(512)	67	7,626	(365)	(102)	4,953
Cash surplus / (deficit) from operations	955	1,037	1,735	1,783	1,479	2,060	2,283	1,811	2,079	2,095

6.1.3. Projected Statement of Cashflows

Table 41: Statements of Cashflows – Drinking Water ($000)

	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	448	464	618	679	659	797	893	809	884	940
Net cashflows from operating activities	448	464	618	679	659	797	893	809	884	940
Cashflows from investment activities										
Capital expenditure	(2,140)	(2,229)	(4,092)	(2,866)	(2,842)	(322)	(297)	(188)	(429)	(197)
Net cashflows from investment activities	(2,140)	(2,229)	(4,092)	(2,866)	(2,842)	(322)	(297)	(188)	(429)	(197)
Cashflows from financing activities										
New borrowings	2,000	2,000	2,000	2,000	0	0	0	0	0	0
Repayment of borrowings	0	0	0	0	0	0	0	0	0	0
Net cashflows from financing activities	2,000	2,000	2,000	2,000	0	0	0	0	0	0
Net increase/(decrease) in cash & cash equivalents	308	235	(1,474)	(187)	(2,183)	475	596	621	455	743
Cash and cash equivalents at beginning of year	3,196	3,504	3,739	2,265	2,077	(106)	369	964	1,585	2,041
Cash and cash equivalents at end of year	3,504	3,739	2,265	2,077	(106)	369	964	1,585	2,041	2,784

Table 42: Statements of Cashflows – Wastewater ($000)

	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	426	446	666	619	561	773	858	687	785	794
Net cashflows from operating activities	426	446	666	619	561	773	858	687	785	794
Cashflows from investment activities										
Capital expenditure	(765)	(1,742)	(2,163)	(1,878)	(1,371)	(1,812)	(1,515)	(1,369)	(1,505)	(1,551)
Net cashflows from investment activities	(765)	(1,742)	(2,163)	(1,878)	(1,371)	(1,812)	(1,515)	(1,369)	(1,505)	(1,551)
Cashflows from financing activities										
New borrowings	0	0	0	0	0	0	0	0	0	0
Repayment of borrowings	0	0	0	0	0	0	0	0	0	0
Net cashflows from financing activities	0	0	0	0	0	0	0	0	0	0
Net increase/(decrease) in cash & cash equivalents	(339)	(1,297)	(1,497)	(1,259)	(811)	(1,039)	(657)	(684)	(721)	(757)
Cash and cash equivalents at beginning of year	2,607	2,268	971	(526)	(1,785)	(2,596)	(3,634)	(4,291)	(4,973)	(5,693)
Cash and cash equivalents at end of year	2,268	971	(526)	(1,785)	(2,596)	(3,634)	(4,291)	(4,973)	(5,693)	(6,450)

Table 43: Statements of Cashflows – Stormwater ($000)

	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	81	128	451	485	259	491	532	314	411	361
Net cashflows from operating activities	81	128	451	485	259	491	532	314	411	361
Cashflows from investment activities										
Capital expenditure	0	0	(275)	(240)	0	(221)	(230)	0	(85)	0
Net cashflows from investment activities	0	0	(275)	(240)	0	(221)	(230)	0	(85)	0
Cashflows from financing activities										
New borrowings	0	0	0	0	0	0	0	0	0	0
Repayment of borrowings	0	0	0	0	0	0	0	0	0	0
Net cashflows from financing activities	0	0	0	0	0	0	0	0	0	0
Net increase/(decrease) in cash & cash equivalents	81	128	176	245	259	270	303	314	326	361
Cash and cash equivalents at beginning of year	491	572	700	877	1,122	1,381	1,651	1,953	2,268	2,593
Cash and cash equivalents at end of year	572	700	877	1,122	1,381	1,651	1,953	2,268	2,593	2,954

Table 44: Statements of Cashflows – Water Service ($000)

	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	955	1,037	1,735	1,783	1,479	2,060	2,283	1,811	2,079	2,095
Net cashflows from operating activities	955	1,037	1,735	1,783	1,479	2,060	2,283	1,811	2,079	2,095
Cashflows from investment activities										
Capital expenditure	(2,905)	(3,971)	(6,530)	(4,983)	(4,214)	(2,355)	(2,041)	(1,557)	(2,019)	(1,748)
Net cashflows from investment activities	(2,905)	(3,971)	(6,530)	(4,983)	(4,214)	(2,355)	(2,041)	(1,557)	(2,019)	(1,748)
Cashflows from financing activities										
New borrowings	2,000	2,000	2,000	2,000	0	0	0	0	0	0
Repayment of borrowings	0	0	0	0	0	0	0	0	0	0
Net cashflows from financing activities	2,000	2,000	2,000	2,000	0	0	0	0	0	0
Net increase/(decrease) in cash & cash equivalents	50	(934)	(2,795)	(1,201)	(2,735)	(294)	242	254	61	347
Cash and cash equivalents at beginning of year	6,294	6,344	5,410	2,615	1,414	(1,321)	(1,615)	(1,373)	(1,120)	(1,059)
Cash and cash equivalents at end of year	6,344	5,410	2,615	1,414	(1,321)	(1,615)	(1,373)	(1,120)	(1,059)	(712)

6.1.4. Projected statement of financial position

Table 45: Statements of Financial Position – Drinking Water ($000)

	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	3,504	3,738	2,265	2,077	(106)	369	964	1,585	2,041	2,784
Infrastructure assets	20,894	22,414	25,757	32,251	34,207	33,641	36,939	36,154	35,606	37,363
Total assets	24,398	26,152	28,021	34,329	34,101	34,009	37,903	37,740	37,647	40,146
Liabilities										
Borrowings - non-current portion	6,000	8,000	10,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Total liabilities	6,000	8,000	10,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Net assets	18,398	18,152	18,021	22,329	22,101	22,009	25,903	25,740	25,647	28,146
Equity										
Revaluation reserve	10,658	10,658	10,658	15,144	15,144	15,144	19,116	19,116	19,116	21,730
Other reserves	7,740	7,494	7,363	7,185	6,957	6,865	6,787	6,624	6,531	6,416
Total equity	18,398	18,152	18,021	22,329	22,101	22,009	25,903	25,740	25,647	28,146

Table 46: Statements of Financial Position – Wastewater ($000)

	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	2,268	971	(526)	(1,785)	(2,596)	(3,634)	(4,291)	(4,973)	(5,693)	(6,450)
Infrastructure assets	17,145	18,207	19,690	24,164	24,781	25,837	29,692	30,236	30,915	33,888
Total assets	19,413	19,178	19,164	22,379	22,185	22,203	25,401	25,263	25,222	27,437
Liabilities										
Borrowings - non-current portion	0	0	0	0	0	0	0	0	0	0
Total liabilities	0	0	0	0	0	0	0	0	0	0
Net assets	19,413	19,178	19,164	22,379	22,185	22,203	25,401	25,263	25,222	27,437
Equity										
Revaluation reserve	8,938	8,938	8,938	12,288	12,288	12,288	15,452	15,452	15,452	17,763
Other reserves	10,475	10,240	10,226	10,091	9,897	9,915	9,949	9,811	9,770	9,674
Total equity	19,413	19,178	19,164	22,379	22,185	22,203	25,401	25,263	25,222	27,437

Table 47: Statements of Financial Position – Stormwater ($000)

	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	572	700	877	1,122	1,381	1,651	1,953	2,268	2,593	2,954
Infrastructure assets	6,339	6,019	5,974	6,356	6,005	5,876	6,107	5,729	5,436	5,313
Total assets	6,911	6,719	6,850	7,477	7,386	7,527	8,061	7,997	8,029	8,267
Liabilities										
Borrowings - non-current portion	0	0	0	0	0	0	0	0	0	0
Total liabilities	0	0	0	0	0	0	0	0	0	0
Net assets	6,911	6,719	6,850	7,477	7,386	7,527	8,061	7,997	8,029	8,267
Equity										
Revaluation reserve	3,802	3,802	3,802	4,294	4,294	4,294	4,674	4,674	4,674	4,957
Other reserves	3,110	2,918	3,049	3,184	3,093	3,233	3,387	3,323	3,355	3,311
Total equity	6,911	6,719	6,850	7,477	7,386	7,527	8,061	7,997	8,029	8,267

Table 48: Statements of Financial Position – Water Service ($000)

	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	6,344	5,410	2,615	1,414	(1,321)	(1,615)	(1,373)	(1,120)	(1,059)	(712)
Infrastructure assets	44,379	46,640	51,421	62,771	64,993	65,354	72,738	72,119	71,957	76,563
Total assets	50,722	52,050	54,036	64,185	63,673	63,739	71,365	71,000	70,898	75,851
Liabilities										
Borrowings - non-current portion	6,000	8,000	10,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Total liabilities	6,000	8,000	10,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Net assets	44,722	44,050	44,036	52,185	51,673	51,739	59,365	59,000	58,898	63,851

	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Equity										
Revaluation reserve	23,398	23,398	23,398	31,726	31,726	31,726	39,242	39,242	39,242	44,450
Other reserves	21,325	20,652	20,638	20,459	19,947	20,013	20,123	19,758	19,656	19,401
Total equity	44,722	44,050	44,036	52,185	51,673	51,739	59,365	59,000	58,898	63,851

6.1.5. Water Services Metrics

Table 49: Water Service Metrics

Metrics	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Rates increase	21.6%	21.7%	3.0%	9.5%	5.9%	1.8%	3.9%	3.2%	2.0%	6.7%
Operating revenue increase	15.2%	20.5%	15.3%	5.1%	-0.7%	11.1%	4.4%	-4.5%	5.8%	4.1%
Operating expenses increase	0.5%	23.2%	0.1%	3.7%	5.9%	1.8%	1.6%	4.4%	2.6%	6.5%
Depreciation rate	4.6%	3.9%	3.8%	3.8%	3.2%	3.1%	3.3%	3.0%	3.0%	3.3%
Effective interest rate	6.9%	6.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
Net debt to operating revenue	-8.5%	53.4%	132.2%	180.4%	228.6%	210.3%	198.0%	203.4%	191.4%	178.9%
FFO to net debt	-277.8%	40.1%	23.5%	16.8%	11.1%	15.1%	17.1%	13.8%	15.9%	16.5%

6.1.6. Risks and Constraints related to Financially Sustainable Water Services

Table 50: Risks and Constraints

Risk	Mitigation
Actual inflation is higher than projected, which also impacts interest borrowing rates	Through budget reviews for the Annual Plans and the next Long Term Plan 2027-2037, both operational and asset renewal expenditure will be reviewed and adjusted to reflect external impacts of inflation. While Council does not have high levels of debt, there is a risk that the interest rates may increase significantly. The current water loans that Council have are fixed with maturity dates of May 2028 and April 2029, which does mitigate the impacts of interest rate changes. As with inflation fluctuations, the interest costs will be reviewed as part of budget reviews for the Annual Plans and Long Term Plans.
Revaluation of infrastructure assets significantly impacts depreciation expenditure.	Council has a revaluation of infrastructure assets as at 30 June 2025, which the Valuers are currently completing. The Long Term Plan and the Water Services Delivery Plan account for increases in depreciation due to an increase in the valuation of water infrastructure assets. There is a risk that the movement in asset values and depreciation expenses will be greater or lower than forecasted. As Council moves to fully fund the water services depreciation, if there are significant increases to depreciation this will impact the rates requirement.
Network Performance or Unexpected water asset failure due to deterioration of assets	Council has completed and continues to complete significant asset renewals for both water reticulation and the wastewater reticulation and treatment plant systems. This investment reduces the risk of future system failures. Council's Asset Management Plans, with key data on infrastructure conditions, are of assistance in management of any failure risks. Regular asset performance monitoring and maintenance also helps with management of this risk.
Legislative changes and uncertainties	Council operations are set to meet current legislative requirements. There is a potential risk that new or changing regulatory requirements impacts the current situation. Any changes could potentially require additional levels of services, processes, systems or upgrades not currently anticipated or budgeted, that could increase expenditure and debt. The intended implementation of a legislative requirement of a rates cap could impact on the ability for Council to continue increasing the level of depreciation funding or funding increasing interest costs which directly increases the overall rates requirement.

Risk	**Mitigation**
Natural Disasters could cause damage to water infrastructure and financial pressure to fund repairs.	The major disaster risks are earthquake and/or storm damage as Kawerau is not situated by the coast. Council currently has infrastructure insurance that would assist in funding any significant repairs should key infrastructure be damaged through a natural disaster. Council as a whole, does have additional loan capacity should loan funding be required. From an operational perspective Council have business as usual (continuity) planning in place, and back up options such as generators to keep infrastructure working. The major risk is earthquake and/or storm damage as Kawerau is not situated by the coast.
In-house Business Transition Complexities	There is a low risk that transitioning to the arm's length water services business unit may have unforeseen complexities and require additional resources. Planning and collaboration will be carried out to mitigate this risk. Council has appropriate technical resources to carry this out.
Responding to Growth	There is low risk that population growth will be significant. Council has excess capacity for water and wastewater to support residential growth. The growth projections are small and can be serviced within Council's current capacity. Also, mitigating growth is the small geographic area of the district.