Draft Infrastructure Strategy 2024-34

Te tuhinga hukihuki Rautaki Hangaroto 2024-34

Long Term Plan 2024-34 - Consultation
Te Mahere Pae Tawhiti 2024-34 - He Uiuinga

WHAKATĀNE District Council
Kia Whakatāne au i ahau

DRAFT INFRASTRUCTURE STRATEGY 2024-2054

MARCH 2024 – FOR CONSULTATION

Contents

Part A: Introduction

Overview

Reliable, high-quality infrastructure is essential to support the Whakatāne District community's health, safety and prosperity. It is also necessary to allow the community to grow. Infrastructure is the term used for pipes, treatment plants, pump stations, roads, footpaths, and other assets that are essential for our communities to live in, move around, do business in and recreate.

Like many districts across New Zealand, the Whakatāne District faces a number of infrastructure challenges over the coming years, including:

- Funding and financing of infrastructure
- Maintaining our assets
- Responding to the regulatory environment
- Meeting the demands of future growth
- Improving resilience and responding to climate change.

Addressing these challenges will require significant planning and investment decisions and action. Council will need to ensure that we balance affordability with the delivery of essential services and prioritisation of critical improvements that will enhance our district and help achieve our vision and communities' aspirations.

Purpose of the Infrastructure Strategy

A significant portion of Council's business is in the operation and maintenance of its infrastructure, with assets valued at $1.04 billion. Many of these assets have a very long life which means there is a long planning horizon for initial provision and renewal, both of which can present cost peaks that are best planned for well in advance.

The Infrastructure Strategy outlines how Council intends to manage infrastructure assets over the next 30 years, with a particular focus on the first ten years. It outlines the Council's vision for our communities, identifies the significant infrastructure challenges and drivers in achieving that vision, and how the Council intends to address these through our long term planning and investment.

Whakatāne District's Infrastructure Strategy focuses on the critical assets of:

- Drinking water supply
- Wastewater collection, treatment and disposal
- Stormwater management
- Transport connections.

The Infrastructure Strategy outlines:

- The significant infrastructure challenges that must be addressed
- The principal options available to address these
- The cost and service delivery implications of these options for the community
- How the Council intends to manage its infrastructure assets over the next 30 years
- The most likely scenario for Council infrastructure investment, including potential projects that may or may not proceed subject to funding decisions made through the Long Term Plan process.

About Whakatāne

Whakatāne District is located in the eastern Bay of Plenty and comprises a total area of 4,465 square kilometres. Sandy beaches line much of the 54 kilometres of coastland that stretches from Ōtamarākau in the west to Ōhiwa in the east. Central areas include fertile lowlands and farming areas on the Rangitāiki Plains through to Murupara and Te Urewera in the south. It's main centre of Whakatāne has won "Supreme award" and "Large Town" awards in the New Zealand Beautiful contest in the last five years.

The district has a population of 38,800 (2023), of which approximately 20,200 people live in Whakatāne town, which is the major service and administrative centre for the Eastern Bay of Plenty. Whakatāne town is physically constrained to a large extent, by the escarpment to the east and the Whakatāne River to the west. The Hub and Coastlands lie on the west bank of the river. A number of smaller dormitory towns and suburbs are located around the district which predominantly rely on Whakatāne for services and supply. Ōhope has a population of 2,800, while other settlements include Murupara (1,950), Edgecumbe (1,700), Tāneatua (750), Te Teko (600) with the remainder living in rural areas across the district. Dairy and horticulture are key activities on the Rangitaiki and Galatea Plains. The river valleys contain some dairy on the lower levels, with dry stock and forestry occupying the foothills and ranges. The southeast of the district is dominated by the ranges of Te Urewera and the southwest incorporates the massive forest plantations of the Central Plateau.

Significant industrial activity includes the Fonterra Dairy Factory in Edgecumbe, the Whakatāne Paperboard Mill and two of the country's largest aluminium boat builders. The neighbouring Kawerau District is also home to other mills, industry and geothermal power stations.

Planning for Growth

The medium (most likely) population projection estimates that the population will continue to grow year-on-year between now and 2055. Whakatāne is projected to add 7,720 residents to its 2023 population of approximately 38,800, for a projected 2053 population of 46,020. See below for forecasts:

Year	2018	2022	2023	2024	2025	2026	2027	2034	2053
Source	Census	NZ Stats (Subnational Population TA)						MR Cagney	
Population	35,700	38,500	38,800	39,227	39,658	40,094	40,534	42,574	46,020
+/- % p.a.	1.78%	-2.28%	0.78%	1.10%	1.10%	1.10%	1.10%	0.53%	0.66%
AR Rating Units	15,800	17,039	17,081	17,269	17,459	17,651	17,845	18,742	19,011
LTP/AP Rating Assessments	14,764	15,922	16,046	16,080	16,257	16,435	16,616	17,452	17,702

Table 1 – Population Projections

Eastern Bay of Plenty Spatial Plan

Whakatāne, Kawerau and Ōpōtiki Councils are working collectively with project partners comprising mana whenua representatives, government departments and the Bay of Plenty Regional Council to prepare a spatial plan for the Eastern Bay of Plenty. The Plan is due for completion in mid-2025.

The spatial plan will provide strategic direction based on shared outcomes that recognise spatial differences, constraints and opportunities from a Four Wellbeing's approach (economic, social, cultural and environmental). In doing so, the Spatial Plan will guide growth and development in the Whakatāne, Kawerau and Opotiki districts. Significant planning and investment in supporting infrastructure will be required to enable this growth to occur.

The spatial plan is exploring a long-term option for one or more new development areas away from the existing town locations due to natural hazards and other constraints. Key aspects of evaluating these options include Three Waters infrastructure (costs and environmental limits), transport links, access to jobs and services, and resiliency and climate change impacts. In particular, new development areas are likely to require new wastewater and water infrastructure, which will be confirmed in time for the next Long Term Plan/Infrastructure Strategy.

A number of infrastructure planning projects have been included in years 1-3 of the Long Term Plan 2024-34 to better inform the scope, cost and timing of the supporting infrastructure required to enable the

growth, as well as a number of key projects included in outer years which will be further refined in the Long Term Plan 2027-37 and Infrastructure Strategy 2027-57 when the Spatial Plan is complete.

Our Changing Context

Whakatāne is going through a time of change, which brings an increased level of uncertainty about the future impacts on our district.

In particular, key areas of change are:

1. **Government direction in water reforms** has meant responsibility of three waters is retained by local government with the repealing of the enabling legislation. The coalition government has advised that the 'Local Water Done Well' policy development will occur in 2024 with possible regional or sub-regional groupings of willing participants. The re-inclusion of Three Waters back into Council's Long-Term Plan and Infrastructure Strategy brings significant levels of service, funding and financing challenges.
2. **Escalating costs of maintaining and delivering essential infrastructure** is continually challenging when faced with other cost escalations in our communities. Council needs to ensure that all options of funding and financing are investigated and that decisions deliver value for money where affordability is front of mind.
3. **Continued population growth** is putting pressure on the district's infrastructure. Annual population increases and business activities are placing increased demand on our Three Waters and transport systems. Some of which are nearing end-of-life or are nearing their capacity. As the district grows, the Council needs to prepare and invest prudently for growth, while at the same time ensuring current assets are well maintained and operated.
4. **Climate Change** poses additional challenges for infrastructure management, including the need to adapt to more frequent extreme weather events and rising sea levels. Building resilience against these impacts requires substantial investment in infrastructure upgrades and mitigation measures.

Key input documents

A number of key input documents guide our decision-making and approach to maintaining and investing in our infrastructure.

Three Waters Asset Management Plan

Quality drinking water supply, wastewater and stormwater services are essential for protecting public health, safeguarding the environment, respecting Te Mana o te Wai, complying with regulations, and enhancing community wellbeing.

We aim to manage infrastructure in a sustainable way to provide an adequate level of service and resilience. We operate under resource consents granted by the regional council and are required to meet drinking water standards and other key legislation.

We deliver services to agreed levels and ensure these are met by:

- Operating and maintaining assets
- Investing capital in response to increasing demands for growth (greenfield and infill)
- Investing where appropriate in renewal
- Investing where appropriate in improving the level of service.

Transport Asset Management Plan

The Transport Asset Management Plan includes a vision of "Better Alignment = Greater Benefits for Minimised Cost" meaning *Benefits are maximised and cost minimised when there is greater alignment between community expectation, network needs and funded programme.*

This is focused on the alignment of three key areas including:

- **Community Expectations** – the Long Term Plan strategic priorities represent our community's reasonable expectations and needs.
- **Our funded programme** – the Regional Land Transport Plan (RLTP) represents regional priorities and is consistent with the GPS for Land Transport.
- **Network Priorities** – defines and prioritises the key problems and opportunities in the network and the benefits we want to achieve through investment.

The Council's Vision and Strategic Priorities

Planning for the Long Term

The Council's Long-Term Plan 2024-34 sets out the strategic direction, including the vision and strategic priorities, for the future of our district.

The strategic direction has been developed to recognise community aspirations for the future of our district and to address big challenges and opportunities facing our communities. This infrastructure strategy seeks to address the challenges and opportunities and deliver on the strategic direction as it pertains to Council's infrastructure assets (information about specific infrastructure challenges can be found later in this strategy).

The Council's strategic direction, and this infrastructure strategy, acknowledge that our context is changing rapidly, and the resulting uncertainty means that as we learn more, our plans will need to adapt. This is not a concept new to infrastructure planning with many assets having a long life (i.e. 80 - 100 years), requiring the Council to plan for, invest in, maintain, and renew assets over a long-term horizon.

Council's Vision

The Council's Vision and Community Outcomes are set out below. These set the high-level direction and goals that the Council works towards to support and enhance the well-being of Whakatāne District and its people.

The Vision statement recognises that the Whakatāne District offers a great quality of life. It also embraces the Council's role in supporting the community to flourish, fulfil their potential and live life to its fullest. To have an impact on those things that are most important to all of us requires a strong, resilient, and enabled Council organisation.

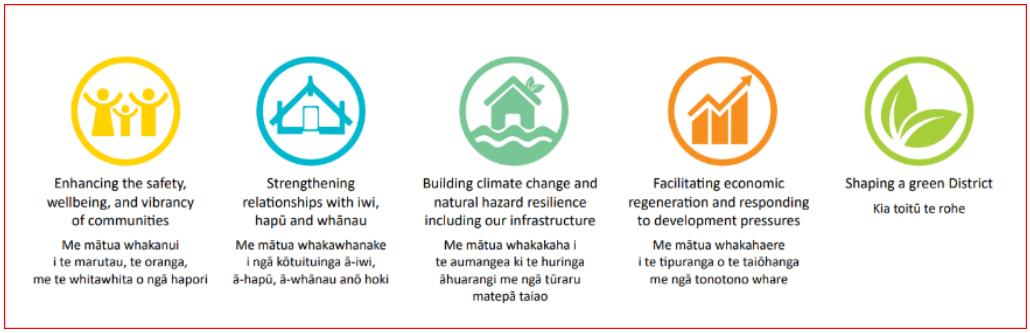
Our vision: More life in life

Working together to make living better for our communities, now and in the future

Strong, resilient Council organisation focused on continuous improvement

Council's Strategic Priorities

The Council has identified five Strategic Priorities that underpin the development of the LTP 2024-2034. These drive the priorities and projects the Council is proposing over the next 30 years and form the basis of both the LTP 2024-34 and the Council's Financial Strategy. The five Strategic Priorities are supported by significant strategies, programmes of work, and projects.



Council's approach to asset management

Council seeks to achieve best-practice asset management to meet the agreed levels of service for the community and takes a coordinated approach across the entire lifecycle of all its assets. The comprehensive asset management plans for drinking water supply, wastewater, stormwater and transport are reviewed and updated every three years. A significant part of asset management is to operate, maintain and manage existing assets. Renewals planning includes the collection of an extensive amount of asset data, including as-built information, maintenance costs, failure analysis and condition assessments. This data informs forecasts and renewals strategies to ensure assets are renewed at the optimum and most cost-effective time.

Council's Three Waters Activity and Assets

The Council provides drinking water to over 13,490 households and businesses throughout the district. The drinking water supply systems treat raw water to make sure it is safe to drink and continuously supply to customers at a suitable pressure and quantity. The Council's drinking water supply system also provides water for fire services in urban areas.

The wastewater system collects wastewater from connected houses and businesses (generally in urban areas), treats it and disposes of it. This activity also includes the Council's trade waste function which includes the monitoring and management of high volume and/or high strength wastewater from approximately 300 businesses.

The Council manages eight stormwater schemes which cover over 1,700 hectares of land and 78% of the population in the district. The stormwater systems are designed to take stormwater away from built-up urban areas and disperse it within our waterways to minimise the effects of flooding on property and the risk to human life.

Council's Transport Activity

The Council provides and manages a safe, integrated, and efficient transport system for the Whakatāne District, including provision for private vehicles, freight, public transport, walking, cycling and pedestrians. Council also manages on-street and off-street parking facilities.

Arterial roads make up only 5% of the network length but carry 60% of the traffic. At the other end of the scale, 50% of our network is access/low volume and carries less than 10% of our traffic.

The transport maintenance and renewals programme also gives Council the opportunity to optimise assets, where appropriate, and to support Council's environmental protection and climate change initiatives. Council works closely with Waka Kotahi NZ Transport Agency on the future planning and investment of the transport system, including the continued monitoring of population growth and development demands.

Part B: Infrastructure Challenges

Responding to our challenges

Council needs to ensure that we maintain, operate, and invest in core infrastructure to enable our District to grow and our communities to prosper. An evolving regulatory environment continued maintaining of our assets, and annual population growth brings significant infrastructure challenges that we must focus on and address over the coming years.

This strategy identifies five significant infrastructure challenges for the district over the next 30 years.

Challenge	**Implications for our District**
Challenge 1: **Funding and financing of infrastructure**	• The provision of infrastructure required to support our centres and communities is extensive, and with that comes significant costs. • Costs to maintain and deliver new infrastructure have significantly increased, meaning more funding is required each year to deliver. • Increased costs for essential infrastructure are placing significant pressure on families and our communities at a time where affordability and cost of living is an everyday challenge. • Current funding sources within New Zealand to support the provision and operation of infrastructure, are stretched and access to alternative funding sources is limited. **OUTCOME SOUGHT** ***Identify, investigate, and explore funding and financing opportunities to support the future needs of our communities.***
Challenge 2: **Maintaining our assets**	• A large number of Council's core infrastructure assets are coming to the end of their useful life and will need replacing within the 30-year period of this strategy. There are also a number of source water supply issues and vulnerabilities that need to be addressed. • Robust Asset Management Plans ensure that core infrastructure is maintained and that a long-term prioritised programme of works, along with' whole of life' costs are balanced and shared across multiple planning periods. • A number of projects and programmes ensure that the Council is able to maintain and upgrade infrastructure as required in order to deliver core transport and three waters services. **OUTCOME SOUGHT** ***Maintain current levels of service within budget limitations.***

Challenge 3: **Responding to the regulatory environment**	• Three Waters reforms are being repealed. This hands three waters management back to Councils. • Environmental standards regarding the quality of water continue to increase. New and upgraded infrastructure is needed to meet these standards. • There are no nationally consistent standards for the discharge of treated wastewater, which creates significant uncertainty during planning stages. • Tightening of environmental discharge rules will affect renewal of wastewater consents i.e. the National Policy Statement for freshwater management (NPS-FM) was updated in 2024. This contains specific requirements (Cl. 3.34) for the Bay of Plenty. • Updated health and safety regulations for temporary traffic management activities have increased costs to the Council. • The Economic and performance oversight regulatory framework for Three Waters is unclear and still developing. **OUTCOME SOUGHT** ***Council has flexibility and agility to cope with a changing regulatory environment.***
Challenge 4: **Meeting the demands of future growth**	• Forecasts show that Whakatāne's population is expected to grow by nearly 7,200 people (over 3,000 households) by 2053. Much of the challenge is forecasting where this growth will occur. Agility is required. • The National Policy Statement on Urban Development (NPS-UD) requires land to be zoned and infrastructure provided for such development, and costs to be recouped where possible. • Growth in primary industries will result in more heavy vehicles on our roading network leading to increased deterioration of the network. **OUTCOME SOUGHT** ***Delivery of assets do not impose limitations on planned growth.***
Challenge 5: **Improving resilience and responding to climate change**	• Climate change is expected to generate more frequent and more severe weather events which cause increased flooding, coastal inundation and erosion, and droughts. • Large parts of the district are low-lying and prone to flooding while changes to groundwater levels could have a significant impact on Council's transport and three waters infrastructure and assets. • Extreme temperatures and drought will affect three waters operations while the capacity of the stormwater network will need to be increased to manage more severe and more frequent storms. **OUTCOME SOUGHT** ***Improve resilience across our asset base.***

These challenges have been distilled down into five significant investment decisions. Three options are presented for each decision.

Infrastructure Challenge	Significant Issue	Significant Investment Decisions
Funding and financing of infrastructure	How should Council endeavour to tackle its infrastructure deficit – in particular the funding and financing tools for three waters?	• Do nothing. Continue with current funding and delivery model for three waters infrastructure. • Investigate and agree an alternative delivery and funding model for three waters infrastructure (e.g. rating, water charging, alternatively debt options)
Maintaining our assets	Is our asset renewal program right sized?	• Invest aggressively in renewals to get ahead of the curve. • Renew selectively based on asset condition, level of service delivered and criticality. • Scale back renewal program.
Responding to the regulatory environment	How should Council tackle the requirement for new wastewater and water abstraction consents?	• Progress full reconsenting within mandated timeframes. Not possible with funding constraints. • Understand and assess risks. Prepare consenting plan. Engage with consenting authority. Propose delayed implementation. • Apply for renewals. No further action.
Meeting the demands of future growth	How proactively should Council invest in infrastructure for growth? (Note that growth is largely private sector initiated and it is very difficult to establish a direct linkage to any particular capacity constraint.)	• Invest fully in infrastructure to enable growth. • Limited investment in identified areas to assist growth. • No pro-active investment for growth.
Improving resilience and responding to climate change	How actively should Council be investing in managing resilience and climate change risks?	• Invest significantly to address resilience and climate change risks. • Limited investment to mitigate some risk. • No investment to manage resilience and climate change risks.

Supporting notes for significant challenges section

Cost Scale of Options	Low Up to $5 million Medium $5 – $20 million High Over $20 million
Financial Forecasts	Projects proposed in the early years of the Infrastructure Strategy have a higher degree of financial and timing certainty, often due to the work being planned, scoped and estimated. Project estimates in the later years of the Infrastructure Strategy (years 11 – 30) are less certain financially and in terms of timing. The cost and timings defined in this strategy are the Council's reasonable expectation of the capital investment required to maintain, grow and operate our critical infrastructure assets, based on best available information.
Most Likely Scenario	Each significant decision outlines the most likely scenarios for managing our infrastructure including Council's preferred options to inform capital works and funding. Forecasts for the first three years are more detailed, while those in years four to ten are a reasonable outline of the most likely scenario. Forecasts beyond year ten are indicative and will be modified via future long term plans and Annual Plans and as more information becomes available.

Challenge 1: Funding and financing infrastructure

Introduction to Challenge 1

Managing infrastructure is a core responsibility for local government authorities across New Zealand, encompassing essential services such as water supply, wastewater treatment, stormwater management, roading, and footpaths. However, ensuring the adequacy and sustainability of this infrastructure presents numerous funding and financing challenges. From balancing limited financial resources to addressing the growing demand for infrastructure upgrades and maintenance, local councils face a complex landscape of fiscal constraints and regulatory requirements.

Funding and Financing Challenges

There are a number of funding and financing challenges confronting local government in New Zealand. Council will need to explore potential strategies for overcoming these obstacles to build resilient and sustainable infrastructure for communities nationwide.

- **Limited Funding Sources:** Local governments in New Zealand primarily rely on rates, user charges, government grants, and borrowing to finance infrastructure projects. However, these funding sources may not always be sufficient to meet the growing demand for infrastructure upgrades and maintenance, especially in rapidly expanding urban areas.
- **Infrastructure Deficit:** Many local authorities face an infrastructure deficit, where the existing infrastructure is aging and inadequate to meet current and future needs. Addressing this deficit requires substantial investment, which may strain the financial resources of councils.
- **Affordability**: Increasing infrastructure costs coupled with constraints on rates and user charges can pose affordability challenges for ratepayers. Balancing the need for essential infrastructure upgrades with the ability of ratepayers to afford higher rates or charges is a delicate balancing act for councils.
- **Asset Management and Maintenance:** Proper asset management and ongoing maintenance are essential to ensure the longevity and efficiency of infrastructure assets. However, limited funding can result in deferred maintenance, leading to asset deterioration and increased long-term costs.
- **Regulatory Compliance and Standards:** Local governments are required to comply with regulatory standards for water, wastewater, stormwater, and roading infrastructure. Meeting these standards, which often change, involves significant capital investment, which may strain Council budgets.
- **Climate Change Resilience:** Climate change poses additional challenges for infrastructure management, including the need to adapt to more frequent extreme weather events and rising sea levels. Building resilience against these impacts requires substantial investment in infrastructure upgrades and mitigation measures.

- **Uncertainty in Funding Streams:** Changes in government policy or funding priorities can create uncertainty for councils in planning and financing infrastructure projects. This uncertainty can make long-term planning and investment decisions more challenging.

Addressing these funding and financing challenges requires a combination of innovative funding mechanisms, collaboration between government agencies and private sector partners, efficient asset management practices, and a focus on long-term sustainability and resilience.

Supporting Council strategies and plans

- **Council's Water Strategy** sets the long-term strategy to provide improved and sustainable water schemes across the Whakatāne, Ohope and Plains areas.
- **Council's Financial Strategy** supports the delivery of Council activities and services to address rates affordability and ensure that the Council remains in a long-term stable financial position. Focuses on balanced investment in priority areas to support the district's development and communities' aspirations, while also ensuring Council's long-term financial position is strong, prudent and fair.
- **Council's Development Contributions Policy** to enable development contributions to be taken that ensure developers make a fair and equitable contribution to the development of network infrastructure, community infrastructure and reserves required to maintain an accepted level of service as development increases demand in the district.
- **Council's Revenue and Financing Policy** describes how each of Council's activities will be funded and the reasons for. Funding sources may include general rates, targeted rates, fees and charges, and others.

Three Waters Reform

The previous Government's "Three Waters Reform" aimed to address the financing and funding challenges related to three waters infrastructure within councils by establishing new Water Services Entities (WSEs) to take responsibility for delivering safe and sustainable drinking water, wastewater, and stormwater services. These entities would be separate (have balance sheet separation) from local councils and would have dedicated governance and management structures focused solely on water service delivery.

By consolidating water services under regional or national entities, the reform aimed to achieve economies of scale and efficiency gains. This includes streamlining administrative processes, reducing duplication of services, and optimising resource allocation to deliver cost-effective and sustainable water services.

As part of the information gathering to support the three waters reform, a draft Asset Management Plan (AMP) was developed by each Council. This AMP identified all projects and programmes considered necessary to meet Whakatane's needs and aspiration`s over the planning period. This was labelled the

'Needs Based Three Waters Programme'. This programme totalled $440 million of investment over the ten year period, which would have represented a very ambitious programme of capital works and funding.

With the change in government direction around Three Wates reform post-election, and the subsequent repealing of enabling legislation, Council's three water activities are now re-included into the Long Term Plan 2024-34 development and prioritisation processes. This change in structure, delivery and funding model, comes with significant funding constraints.

Impacts on Council's Capital Works Programme

Council has a financially constrained allowance of some $180 million available for three waters capex over Y1-Y10 of the planning period. Therefore, Council proposes to defer the balance – i.e. $260 million until the latter years of the planning period – i.e. Y11-Y30. This is due to the debt constraints on Council from our primary lender LGFA.

For Y1-Y10 this has resulted in:

- No budget for the implementation of Wastewater Treatment Plant upgrades to support re-consenting.
- No budget for management of wastewater sludge from treatment ponds.
- Reduced renewals of existing infrastructure assets down to 70% of what the needs based asset management plan recommends.
- Reduced compliance and resilience-based projects down to 50 per cent of what the needs-based asset management plan recommends.

We are forecasting our opening depreciation reserve balances for the Long Term Plan 2024-34 to be $4.5 million overdrawn, which means we are already on the back foot for funding asset renewals. We need to acknowledge, heading into a Long Term Plan that forecasts a significant increase in capital expenditure, that the current depreciation funding model is not sustainable and no longer fit for purpose.

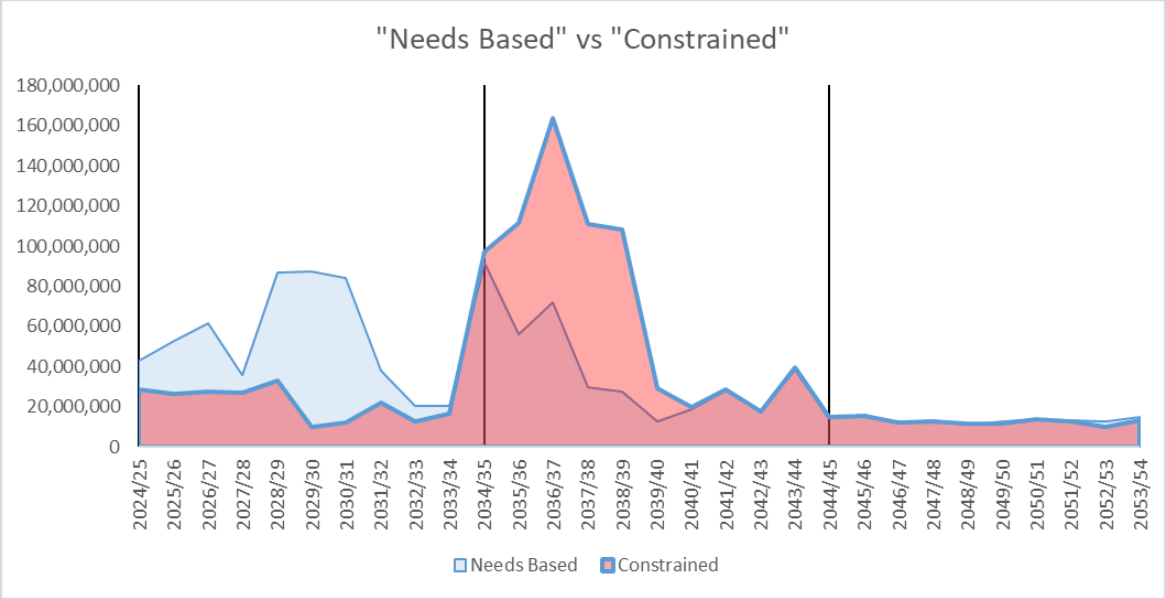


Figure 1 – Capital Investment, Needs Based v Constrained

Significant investment decision – Investigate alternative delivery and funding models for three waters infrastructure?

The Local Government sector generally funds infrastructure through a combination of Borrowing, Depreciation Reserves, Rates, User Fees and Charges, Grants and Subsidies, and Development or Financial Contributions. Capital works are predominantly funded through borrowing, reserves, and rates, whilst operating expenditure is largely funded through rates.

New infrastructure is largely funded by borrowing, and the loans repaid by ratepayers over a term of 20 to 30 years. The new infrastructure is capitalised when commissioned and depreciated along with existing infrastructure assets. Asset management practices outline when existing infrastructure assets are required to be renewed. It is common practice that these are largely funded by depreciation reserves, resulting in one of the most challenging issues, as depreciation reserves are often insufficient to cater for the level of renewals required.

Acknowledging the challenges we are facing, and that fundamentally the current method of building reserves to fund the renewal of critical infrastructure is broken, we need to consider alternatives to the funding model that are more sustainable.

Date decisions required: 2024/25.

Key options for decisions

Option(s)	Positive Implications	Negative implications	Cost scale of option
Continue with current funding and delivery model for three waters infrastructure.	Perceived to be "fairer" - typically by those currently exposed to lower costs.	• Continued complicated model that treats and funds capital projects differently across the district. • Funding model that does not support a fair and equitable allocation of costs across communities.	Low
Investigate and agree an alternative delivery and funding model for three waters infrastructure. **This option is the preferred and most likely scenario.**	• Simple and transparent funding model that treats and funds all capital projects the same way. • Promotes the principle of inter-generational equity and allocates a fair share of infrastructure costs to ratepayers. • Takes into account the nuances of funding long life infrastructure assets. • Allows more flexibility in accounting for and recovering costs from drivers for the project.	• Possible increases, and decreases, in rates for properties, to achieve a more fair and equitable approach.	Low

Risk Management

With a constrained budget, come a number of key risks that Council must effectively manage across the three waters programme. The following outlines these risks including identifying relevant projects that won't be delivered or only partially delivered in the first ten years of the Long Term Plan. The Specific risks Identified are outlined below:

1. **Failure to meet current regulatory requirements**

- Failures to meet current discharge consent conditions [Accept]
- Failure to meet current Drinking Water Quality Assurance Rules [Accept]

2. **Deferral of treatment plant upgrades**

- Failures due to age and condition [Manage using limited budget]
- Consents expire 2026. Propose to use RMA s124 to operate on expired consents [Accept]
- Negative iwi/community perception – discharging into rivers [Accept]

3. **Deferral of desludging**

- Degraded pond performance [Accept]
- Increased odours – residents [Accept]
- Infringement / Abatement notices [Accept]
- Note: staff reviewing potential options to mitigate

4. **Limited magnitude of wastewater network renewals**

- Increase in blockages/pipe collapses/breaks/spills [Manage using limited budget]

5. **Various smaller projects**

- Lack of resilience – storm events [Accept]
- Potential rising main failures result in environmental consequences [Manage using limited budget]
- Budgets could be exceeded if storm events/significant failures [Accept]
- Limited magnitude of wastewater network renewals

6. **Limited magnitude of drinking water network renewals**

- Increased pipe failures, reactive cost more expensive [Manage using limited budget]

7. **Limited drinking water treatment plant upgrades/renewals (excludes Ruatoki & Murupara, both included in Y1-Y3)**

- All other issues (moderate/minor) from Water Safety Plans [Manage using limited budget]
- Taste issues at Whakatane plant [Accept}
- Risk of rural pollution, saline intrusion and possible cyanobacterial event at Whakatāne plant [Accept].

8. **Johnson road upgrades**

- May be able to re-scope or reduce. This will become clearer as we learn about the performance of the newly upgraded Braemar plant and consent renewal implications. [Manage]

9. Various smaller projects

- Reservoirs ageing & not earthquake complaint – risk of damage or failure during seismic events [Accept]
- Coastlands watermain – lack of resilience & configuration issues [Accept]
- Budgets could be exceeded due to a storm event/significant failure [Accept]

10. Edgecumbe drainage improvements

- Poor performance SW network in Edgecumbe [Accept]
- Budgets could be exceeded due to storm events/significant failures [Accept]

Drinking water supply projects that are not **substantially** in the first ten years of the Long-Term Plan

Project Name	**Risks with not delivering**	**Mitigation to manage the risks**
410037 - District Wide - Equalised New Drinking Water Treatment Plant. (Y1-10 $5.545M Y11-20 $105.829M)	Dissatisfaction with performance of existing plant, nearing end-of-life. Continuing taste issues due to surface water source. No flexibility of separated, non-interconnected plants. Plant prone to saline, cyanobacteria and rural runoff pollution events.	Agile and active management of existing plant. (Upgrade funds programmed for Y7-Y15). Accept risk of rural pollution, saline intrusion and possible cyanobacterial events. Accept continuing taste issue.

Wastewater projects that are not **substantially** in the first ten years of the Long Term Plan

Project Name	**Risks with not delivering**	**Mitigation to manage the risks**
511054 - Ōhope Wastewater Treatment Plant upgrade. (Y1-10 $1.106M Y11-20 $5.175M)	Plant is relatively modern.	Actively manage and monitor performance of existing plant. (Renewal funds programmed for Y13).
New Wastewater Treatment Plants: Whakatāne, Edgecumbe, Tāneatua ($156M)	Failures due to age of plants. Operating with expired consents.	Likely need to invest in end-of-life-asset (to keep it running). Carry out planning and scientific work to identify future options.

	Negative iwi/community perception – e.g. discharge to surface waters.	Actively and openly communicate with interested parties about the situation that Council finds itself in.
New Wastewater Treatment Plant Murupara ($30M)	As above.	As above.
Wastewater ponds desludging ($17M)	Reduced pond performance. Increasing odours. Infringement abatement notices.	Agile and active management. Communicate challenges to the community. Engage up-front with Regional Council.
Climate Change Adaption plan actions – PV generation and others ($4.62M)	Concern that Council is not implementing its own plans	Explore options for staged implementation. Communicate options with community.

There are no particular, critical stormwater projects that are not currently in the first ten years of the LTP.

See risk management section above for further information about risks, consequences and proposed management responses.

Roads and Footpaths

The transportation programme included in the Infrastructure Strategy and Long-Term Plan has been developed on a need's basis. This mostly focuses on a maintenance and renewals programme, supplemented with an improvements programme. There are more improvements projects identified, than what we have funding to deliver in the next ten years. However, improvements are more the 'nice to haves' rather than the 'must haves'.

The programme developed will provide for the needs of the transport activity, and the level of improvements funding included will contribute towards the identified problems and benefits, at an affordable and cost-effective level.

Challenge 2: Maintaining our Assets

Introduction to challenge 2

The Council has robust Asset Management Plans in place for core infrastructure to ensure it's well-maintained, has a long-term prioritised programme of works and that the 'whole of life' costs are balanced and shared across multiple planning periods. The Council undertakes continuous monitoring of its assets, including forecasting models to plan long-range renewal requirements and to ensure appropriate funding is in place.

Over the last three years, Council has undertaken significant scientific analysis, engagement and consultation with whānau, hapū and iwi, and the community to better understand Council's infrastructure assets. This work has enabled the Council to build increased knowledge and confidence in the design life of each asset including better understanding of how the asset is performing, what challenges the asset is facing and therefore the timing and appropriate level of planning and investment required to manage risk and the ongoing operations.

Level of service measures provide a good snapshot of how Council is performing in relation to some level of metrics. Examples are responsiveness measures when network faults are reported, and issue resolution times. While it's not complete, it gives some insight into network conditions and therefore the effectiveness of the renewal strategy.

Supporting Council strategies and plans

- **Asset Management Plans** provide an outline of the work required for each of the key asset activities, in order to prudently manage infrastructure and deliver essential services to the community.

Significant investment decisions – Renewing our aging assets

Council has an ongoing programme of renewals for its infrastructure assets. During each Long-Term Plan, Council is required to reconfirm the level of funding for these.

Where appropriate, renewals for Three Waters are undertaken as a 'like for like' replacement, however in many cases, especially in the rural environment, renewal of assets is also requiring an upsizing in capacity to respond to increased resilience and climate change events as well as future proofing for growth over the long term. This upsizing means increased costs to renew.

Council has been underinvesting in road surfacing renewals for the last decade, due to funding constraints, and has a significant backlog of overdue resurfacings. Council currently has capacity in the lower classification roads condition ratings to absorb some managed decrease in levels of service. However, our higher classification roads are already showing signs of deterioration and require increased surfacing renewals to bring them back in line, deal with the overdue renewals and reduce the risk of large scale (and far more costly), premature failure of the underlying road pavements.

Date decisions required: 2024 onwards.

Key options for decisions

Three Waters renewal program

Option(s)	Positive Implications	Negative implications	Cost scale of option
Lower scale implementation of renewals programme. i.e. lower investment than that described in the significant projects table below.		• Level of service decreases – water – drinking water standards compliance and water losses. • Level of service decreases – wastewater – satisfaction, dry weather overflows and resource consent breaches. • Lower system and infrastructure standards achieved. • Increased risk of failure with operations and maintenance implications	Medium
Medium scale implementation of renewals programme. i.e. investment described in the significant projects table below. **This option is the preferred and most likely scenario.**	• No change to level of service. • Bring system and infrastructure up to a higher standard at a quicker pace. • Decreased risk of failure	•	High
Higher scale implementation of renewals programme. i.e. higher investment than that described in the significant projects table below.	• Level of service – increases water. • Level of service – increases wastewater – satisfaction, dry weather overflows and resource consent breaches. • Deliver robust fit-for purpose system and infrastructure.	• Significant investment required that could be potentially unaffordable for the district.	High

	• Decreased operational and maintenance costs over time.		

Transport Maintenance and Renewal Programme

Option(s)	Positive Implications	Negative implications	Cost scale of option
Proactive response - focuses primarily on renewals and more frequent maintenance to reduce failure risk on all corridors.	• Improve the level of service on higher classification roads. • Maintain level of service on lower classification roads.	• Higher up-front cost	High
Balanced response provides a proactive approach to higher classification roads and a reactive approach to lower classification roads. **This option is the preferred and most likely scenario.**	• Frequent maintenance through a proactive response.	• Decrease in level of service on lower classification roads.	High
Reactive response - focuses on maintaining the higher classification roads and only undertaking repair works to lower classification roads when they fail.	• Lower upfront cost	• Failure of lower classification roads before maintenance is carried out. • Increased costs to bring roads back to appropriate level of service.	High

Project/ programme	Project type	Years 1-3 ($000)	Years 4-10 ($000)	Years 11-20 ($000)	Years 21-30 ($000)
Transport renewals. • Pavements • Surfacing	• Renewal	$30,411	$70,492	$90,640	$125,640
Transport renewals. • Structures • Drainage • Traffic Services • Active Modes • Carparking	• Renewal	$8,803	$16,032	$38,399	$44,067
Wastewater renewals *(uninflated)*	• Renewal	$9,634	$18,281	$41,853	$19,427
Drinking Water renewals *(uninflated)*	• Renewal	$7,947	$22,663	$42,190	$18,530
Stormwater pump station and other renewals *(uninflated)*	• Renewal	$4,044	$2,908	$10,605	$4,275

Challenge 3: Responding to the regulatory environment

Environmental standards continue to increase, in terms of the discharge of gaseous, liquid and solid waste streams to the environment. All three apply to wastewater, with less impact for stormwater and drinking water treatment plants. Conforming to these higher standards will be a requirement within the term of the Long Term Plan 2024-34 for Three Waters services, which will necessitate a significant amount of work. This will include upgrades to our treatment processes and plants in order to gain consent from Bay of Plenty Regional Council.

In terms of transport, there are moderate impacts, including increased resource consent conditions, national environmental standards for freshwater i.e., culvert renewal costs, and increased general construction costs due to health and safety and traffic management requirements. These cost escalations are across the whole transport programme, rather than specific projects.

Three Waters reform and beyond

Between 2020 and 2023 New Zealand explored Three Waters reform. It proposed that responsibility for the management of drinking water, wastewater and stormwater services be removed from Council responsibility and handed to newly created, specialist, geographically based "entities".

The main trigger for the proposed reform was the 2016 Havelock North campylobacter drinking water contamination event. The entities would have been excised from Council control and were to have balance sheet separation from the Councils. It was considered that the newly formed entities would have much greater debt-carrying capacity than Councils. As a result of increased debt, it was considered possible to take a stepe in addressing a nationwide Three Waters infrastructure deficit.

This raised concerns with various parties, and it did not survive the October 2023 election. The newly elected coalition government moved quickly to repeal the enabling legislation. At the time of writing – February 2024 – Three Waters' responsibility lies squarely with Whakatane District Council (WDC) without any prospect of future entity responsibility shift.

The new coalition government has a recent policy - "Local Water Done Well". The direction, form and content of this is currently unknown. This Infrastructure Strategy is prepared as at February 2024 with the assets fully owned and operated by Council.

Prior to legislative repeal, considerable resource was committed to how reform might be accomplished. A national transition unit was established, and significant work was carried out across a number of workstreams. Like most other Councils, Whakatane District Council took part in this work programme. WDC was part of Entity B – one of four and then later one of ten.

Prior to being shelved, Council contributed to exploring what a Waikato/BOP water entity might look like. Of particular interest, an early draft capital investment programme was prepared. For this work, the opportunity was taken to think afresh about what best-practice customer service and asset management might be delivered. This was labelled as the *needs based unconstrained model.*

The input work for this was Council sourced. The other participants were the other neighbouring councils and external expertise was used to conduct a first cut of "harmonisation" across the various participants. This work did not reach a conclusion. However, it provides a very good unconstrained view of investment opportunities.

The challenge for Council is to take this unconstrained world view and tailor it to the particular circumstances that apply to the Whakatāne District as-at February 2024. The result of this tailoring work forms the basis of this Infrastructure Strategy.

Supporting Council strategies and plans

- **Whakatāne District Plan**

This provides a rulebook guiding development in the district.

- **Eastern Bay of Plenty Spatial Plan** (**in development – due mid 2025)**

This will set out a comprehensive long-term strategy for the future growth and development of Whakatāne and immediate neighbours Opotiki & Kawerau.

- **District Plan Review**(**to be developed – notification forecast for 2027/28)**

This is required by statute. It will also be required to implement or *give teeth to* the spatial plan.

- **Transport System Programme (to be developed)**

This is in the form of a programme business case (PBC), covering the transport response to enable the spatial plan outputs. The PBC will provide a programme of identified new transport investments, projects and their expected timeframes for delivery, based on the expected growth patterns and locations.

Significant investment decision – Expiring consents. Carry out all necessary analysis, science, consultation and engagement to support robust consent applications?

Date decisions required: 2024 onwards.

Key options for decisions

Option(s)	Positive Implications	Negative implications	Cost scale of option
Do not apply for consent renewals.	• Low cost	• This course of action is bordering on reckless. • Regional Council actions may follow.	Low
Apply for S124 consent renewals – basic level.	• Low cost	• S92 requests for further information would follow. • There is a risk that the consenting authority would return the applications as insufficient S104(6). • Regional Council actions may follow.	Low
Prepare and lodge "best-practice standard" consent applications. **This option is the preferred and most likely scenario.**	• A credible application will be provided for serious consideration. • An improvement plan will be prepared and considered.	• The lack of time bound actions will make it difficult to issue consents. • Moderate cost.	Moderate

Council needs to obtain new drinking water abstraction consents as well as new wastewater consents, with severalexisting consents expiring in 2026. Robust, evidence-based applications are required to allow consenting authority review and consideration. Obtaining these consents will result in updated consent conditions and upgrades that will meet new compliance and legislative requirements. This includes Council giving effect to Te Mana o te Wai when implementing the National Policy Statement for Freshwater Management 2020 (NPS-FM).

Te Mana o te Wai refers to the vital importance of water. When managing freshwater, it ensures the health and well-being of the water is protected and human health needs are provided for before enabling other uses of water.

Bay of Plenty Regional Council agreed in February 2024 to defer regional NPSFM limit setting from December 2024 to December 2025. The new government has indicated that it will review the current NPSFM (2020) and make changes to this by 2027. This will include reviewing Te Mana o Te Wai included in the NPS.

Once limits are set through, NPSFM-specific discharge limits will likely be placed on the Wastewater consents that WDC hold.

As part of obtaining new consents for both wastewater and water supply, consent conditions and upgrades will need to be updated.. This includes Council giving effect to Te Mana o te Wai when implementing the National Policy Statement for Freshwater Management 2020 (NPS-FM).

Te Mana o te Wai refers to the vital importance of water. When managing freshwater, it ensures the health and well-being of the water is protected and human health needs are provided for before enabling other uses of water.

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The new government has indicated that it will review the current NPSFM (2020) and make changes to this by 2027. This will include reviewing Te Mana o te Wai included in the NPS.

Significant investment decisions – Expiring consents. Include new wastewater consent related cost allowances for physical works in Y1-Y10 of the LTP?

Ordinarily, freshly issued consent conditions outline and require a series of upgrade steps. For a wastewater discharge consent these would apply to gaseous, solid and liquid discharges, and might include:

- Implementation timetable for the offered physical works
- Environmental Management Plans
- Inspections
- Maintenance
- Monitoring
- Notifications
- Signage
- Complaints process
- Review requirements
- Consent performance review committees/structures
- Linkages back to the “promises” in the consent application

It is expected that it will be difficult to progress consent applications beyond a certain point without budget to implement these requirements.

Date decisions required: 2024 onwards.

Key options for decisions

Option(s)	Positive Implications	Negative implications	Cost scale of option
Include new wastewater consent related cost allowances for physical works in Y1-Y10 of the LTP.	• This option would ordinarily be used. • Consent application processing and issuance would be more straightforward.	• This course of action is not possible given Council's financial position. • Will make consent processing more straightforward.	Extremely high
Do not include new wastewater consent related cost allowances for physical works in Y1-Y10 of the LTP. **This option is the preferred and most likely scenario.**	• Low cost. • Can be modified as time passes, and further information becomes available in relation to the consent application and financial implications.	• Will make consent processing difficult.	Low

Significant investment decision – Implement short term upgrades to carry plant performance through until implementation of future consent condition related works?

Date decisions required: 2025/26.

Key options for decisions

Option(s)	Positive Implications	Negative implications	Cost scale of option
Retain current infrastructure without upgrades.	• Lower cost	• Ongoing challenges to meet current discharge requirements. • Likely odour issues • Regulator may become assertive –	Low

		abatement/infringement etc.	
Implement limited upgrades to extend plant performance. **This option is the preferred and most likely scenario.**	• Cost to be between low and moderate. • Demonstrates resolve to make environmental investment.	• No improvement compared to current situation	Low
Implement upgrades to improve plant performance.	• Quality of discharges may improve	• Moderate cost, possibly for little observed benefit. • May result in over-capitalising end-of-life assets.	Moderate

Significant projects / programmes

Key projects that will occur over the course of this strategy include:

Project/ programme	**Project type**	**Years 1-3 (S,000)**	**Years 4-10 (S,000)**	**Years 11-20 (S,000)**	**Years 21-30 (S,000)**
Wastewater RMA reconsenting (excludes physical works) *(uninflated)*	• Level of service	$5,000	$300	$280	$2,619
Drinking water RMA reconsenting (excludes physical works) *(uninflated)*	• Level of service	$870	$100	$206	$856
Wastewater treatment plant interim upgrades *(uninflated)*	• Level of service	$537	$762	$5,175	$673
Boundary backflow prevention *(uninflated)*	• Level of service	$1,514	Nil	Nil	Nil

Challenge 4: Meeting the demand of future growth

Forecasts from Statistics New Zealand following the 2013 Census indicated that the population of Whakatane would increase slightly before declining steadily in the medium to long term. However, since 2016 the reverse has happened. The Whakatāne District has experienced moderate population growth.

The population of Whakatāne District is expected to continue growing over the longer term due tonatural increase and migration. The table below shows predicted population trends for the district.

Year	2018	2022	2023	2024	2025	2026	2027	2034	2053
Source	Census	NZ Stats (Subnational Population TA)						MR Cagney	
Population	35,700	38,500	38,800	39,227	39,658	40,094	40,534	42,574	46,020
+/- % p.a.	1.78%	-2.28%	0.78%	1.10%	1.10%	1.10%	1.10%	0.53%	0.66%
AR Rating Units	15,800	17,039	17,081	17,269	17,459	17,651	17,845	18,742	19,011
LTP/AP Rating Assessments	14,764	15,922	16,046	16,080	16,257	16,435	16,616	17,452	17,702

Table 2 – Population Projections

The District is understood to be experiencing a housing shortage at present. Anecdotal reports indicate that the number of building consents being issued is currently in decline. Factors such as this interact with the pure population numbers to affect dwelling supply.

The current infrastructure services the current population base and determined locations. Infill and the greenfield development (including the location of the new greenfield development) place different demands on existing infrastructure. Catering for growth requires an investment in upgrades and extensions to existing infrastructure, as well as the provision of new infrastructure to service new development areas.

The National Policy Statement on Urban Development (NPS-UD) requires that land is zoned, and that infrastructure is provided for such development and costs to be recouped where possible. This has financial implications for the Council due to new infrastructure needing to be constructed before costs can be recouped, either through rates or development and/or financial contributions.

Council is yet to identify specific locations for future development. However, the Council is currently working with our regional partners on an Eastern Bay of Plenty Spatial Plan which will identify locations

within the district and wider sub-region to be considered for future development. This work will be completed in mid-2025.

On its own, the spatial plan will not dictate where growth must occur. At best it can guide growth and make it easier for it to occur in specified urban growth areas - it ispotentially more challenging for it to occur in an ad-hoc manner in less favoured areas. The intervention mechanism for this to be put into effect is the District Plan. It needs to undergo a comprehensive review ending in 2027-28. The incorporation of the spatial plan initiatives can occur as part of this process.

Because of the lack of current locational signals for growth it can and does occur wherever the market chooses for it to occur. For this reason, critical infrastructure constraints have not been identified. Accordingly, each separate development proposal must be assessed on its own merits with its own impacts on infrastructure. Macro level impacts (say treatment plant capacity issues) are not captured via current RMA processes for growth. Once the spatial plan work and associated District Plan review are in place, Council will be better positioned to steer growth and to potentially capture more of the costs that growth triggers via development or financial contributions.

Accordingly, this Infrastructure Strategy contains few discrete projects attributable to growth pressures.

Supporting Council strategies and plans

- **Whakatāne District Plan** provides a rulebook guiding development in the district.
- **Eastern Bay of Plenty Spatial Plan** (in development – due mid 2025) will set out a comprehensive long-term strategy for the future growth and development of Whakatāne and immediate neighbours Opotiki & Kawerau.
- **District Plan Review** (to be developed – notification forecast for 2027/28). This is required by statute. It will also be required to implement or *give teeth to* the spatial plan.
- **Transport System Programme (to be developed)** in the form of a programme business case (PBC), covering the transport response to enable the spatial plan outputs. The PBC will provide a programme of identified new transport investments, projects and their expected timeframes for delivery, based on the expected growth patterns and locations.

Significant investment decision – New Wastewater Scheme at Matatā?

The Council has been investigating options to implement a new reticulated wastewater scheme for the Matatā community over a number of years. The scheme will help mitigate health and environmental risks from current practices, support whānau, hapū and iwi aspirations for environmental protection and

increase the security and resilience of the system. Continued work has been undertaken to consider options that are fit for purpose.

Date decisions required: 2024 - 2027.

Key options for decisions

Option(s)	Positive Implications	Negative implications	Cost scale of option
Continue with the current wastewater system operations and practices in Matatā i.e. septic tanks.	• Lower capital costs.	• Increased public health and environmental risks. • Won't meet Bay of Plenty Regional Council regulations and compliance. • Cultural sensitivities with the operations and management of wastewater. • Won't support any future growth opportunities (if appropriate).	Low
Implement a new solution to manage and dispose of wastewater in Matatā. **This option is the preferred and most likely scenario.**	• Increased resilience in the system. • Decreased environmental and public health incidents and risks. • Support cultural sensitivities with the operations and management of wastewater. • Meet Bay of Plenty Regional Council new standards and regulations. • Allow for future growth opportunities, if relevant.	• Considerable capital cost.	High

Significant investment decision – Significant upgrade of Johnson Road Drinking Water Scheme?

Date decisions required: 2026.

Key options for decisions

Option(s)	Positive Implications	Negative implications	Cost scale of option

Renewal Johnson Road drinking water scheme assets in near term Y1-Y3	Provides greater operational flexibility. Greater reliability	Medium capital cost. Could deliver assets to early before operational requirements are fully understood and scoped.	Medium
Upgrade Johnson Road drinking water scheme assets in medium term Y4-Y10 **This option is the preferred and most likely scenario.**	Allows time to bed-in the new Braemar treatment plant. Will provide greater reliability and flexibility - albeit slightly delayed.	Medium capital cost	Medium
Do not upgrade Johnson Road drinking water scheme assets	Low capital cost	Higher opex costs likely. More reactive maintenance and outages. Less flexibility.	Low

Significant investment decision – Significant upgrade of Coastlands Watermains?

Date decisions required: 2026.

Key options for decisions

Option(s)	Positive Implications	Negative implications	Cost scale of option
Upgrade Coastlands watermains in near term Y1-Y3	Provides greater operational flexibility. Greater reliability	Medium capital cost. Could deliver assets too early before operational requirements are fully understood and scoped.	Low
Upgrade Coastlands watermains in medium term Y4-Y10 **This option is the preferred and most likely scenario.**	Will provide greater reliability and flexibility - albeit slightly delayed.	Medium capital cost	Low
Do not upgrade Coastlands watermains	Low capital cost	Higher opex costs likely. More reactive maintenance and outages. Less flexibility.	Low

Significant investment decision – Upgrade Keepa Road?

Keepa Road is located on the edge of the Whakatāne urban area and is the main access to the business and residential growth areas of Coastlands and Piripai. It will also support the new Boat Harbour Development on the Whakatāne riverfront. Keepa Road requires investment to upgrade the road's overall network function and capacity to support the district's growth.

Date decisions required: 2024 - 2026.

Key options for decisions

Option(s)	Positive Implications	Negative implications	Cost scale of option
Continue with current levels of service for maintenance and operations programme on strategically identified transport corridors.	• Low capital cost.	• Decreased Level of service as use increases resulting in increased safety, resilience, congestion and efficiency issues. • Increased impacts on operations and maintenance of key strategic routes. • Does not plan or cater for projected growth.	Low
Increase levels of service including improvements, maintenance and operations on strategically identified transport corridors. **This option is the preferred and most likely scenario.**	• Caters to and plans for projected growth. • Ensures efficient movement of people and goods within and through Whakatāne. • Meets the NZ Transport Agency Waka Kotahi classification standards and customer levels of service.	• Increase in capital cost.	Medium

Significant investment decision – Transport planning to enable growth?

Council is undertaking three transport planning activities in the first three years of the Long Term Plan 2024-34 to support development and delivery of the Easten Bay of Plenty Spatial Plan. These include Transport System Programme, Modelling and further investigation for a Second River Crossing. These transport planning activities will lead to growth-related transport improvements, progressively rolled out over the next 30 years, aligned with growth.

The current bridge into Whakatāne town continues to be of high community interest because of peak congestion and vulnerability to natural hazards. The existing Landing Road bridge is a Waka Kotahi NZ Transport Agency asset as part of the state highway network. However, an additional bridge, would likely be a new local road asset. Waka Kotahi NZ Transport Agency may co-invest into an additional bridge as they do with our general transport assets. This requires the formation of the business case to support the need for this significant investment. An estimated cost for the additional bridge and associated roading infrastructure to provide connection with the bridge has been included within the 30 year budgets for reference. However, the cost and timing of this key investment will be further updated through the business case process.

Date decisions required: 2024 - 2026.

Key options for decisions

Option(s)	Positive Implications	Negative implications	Cost scale of option
Do not undertake transport planning and respond to growth reactively	• No cost implications.	• Reactive approach to growth management resulting in unaligned infrastructure to support growth. • Increased overall costs and increased uncertainty in future investments. • Likely increases in safety risks, emissions and other transport problems, due to reactive approach.	Low
Undertake transport planning activities to support growth planning. **This option is the preferred and most likely scenario.**	• Enables a methodological response to anticipated growth. • Increases ability to implement measures at the optimal time to enable, rather than react to growth. • Provides the evidence cases to attract national funding opportunities. • Enables, informed decision making for investment values and timing in growth related infrastructure. • Increases ability to support a safe, efficient and lower emission transport system	• Minor cost implications.	Low

Significant projects / programmes

Project/ programme	Project type	Years 1-3 ($000)	Years 4-10($000)	Years 11-20 ($000)	Years 21-30 ($000)
Matata Wastewater Scheme *(uninflated)*	• Level of service/growth	$14,041	$22,210	$750	$750

Johnson Road drinking water upgrades *(uninflated)*	• Upgrade/growth	$202	$4,720	$327	$223
Coastlands watermain upgrade *(uninflated)*	• Level of Service/growth	$0	$2,350	$2,500	$0
Keepa Road upgrade *(uninflated)*	• Growth	$4,800	$6,570	$0	$0
Transport Planning *(uninflated)* • Transport System Programme • Modelling • Second River Crossing	• Planning	$1,150	$0	$0	$0
Transport System Business Case Implementation Including Second River Crossing *(uninflated)*	• Level of service • Growth	$0	$15,700	$166,400	$38,000

Challenge 5: Improving resilience and responding to climate change

Introduction to challenge 5

Our communities expect certain levels of service from Council-provided services, many of which have a strong health and safety focus. Protecting public health and keeping people safe is a high priority for the Council. We recognise that new processes and procedures will need to be developed to fully deal with known issues such as saline source water, arsenic contamination and possible cyanobacterial contamination. The Council's storage of treated drinking water is considered to be less than desirable in terms of volume, offering less than 24 hours supply.

Improving the safety of road users is a Council priority. Some of the Council's main arterial roads are poorly aligned, have out-of-context curves and widths that are no longer appropriate for the amount of traffic they carry. Together with poor driver behaviour, these factors have resulted in an increase in the district's predicted and actual crash risk. Regular road safety inspections are undertaken on all the District's roads, with identified safety deficiencies assessed, costed and prioritised.

Climate change is already affecting our communities with impacts expected to increase in magnitude and extent over time. Climate change risks are likely to be significant in parts of the Whakatāne District, such as inundation and erosion risk to our coastal areas. Large parts of the district are low-lying and susceptible to flooding, while periods of drought and extreme temperatures are also impacting our three waters operations.

In addition to climate change, natural disasters and events also pose a serious challenge for the Whakatāne District and often result in significant ongoing costs. Council needs to ensure our infrastructure networks can withstand these events and don't fail. As much of the Rangitāiki Plains is low-lying, changes to groundwater levels could have a significant impact on Council's transport and three waters infrastructure and assets.

Supporting Council strategies and plans

- **Climate Change Strategy** provides clear direction, including a range of action plans that identify initial actions the Council is committed to undertaking over the short-term, medium-term and long-term to increase the resilience of our transport and three waters infrastructure against the potential impacts of climate change.
- **Climate Change Adaptation Plan** will build on the Climate Change Strategy and identify communities and Council infrastructure at highest risk from climate change, prioritise risk and identify appropriate community-led adaptation plans and works required to Council's infrastructure. This will inform the Infrastructure Strategy 2024-54.

- **Comprehensive stormwater catchment strategy** outlines the best options and techniques for the future management of stormwater. It also supports Council's Comprehensive Stormwater Consent processes with Bay of Plenty Regional Council.
- **Water loss, Pressure and Demand Management Strategy** to reduce levels of leakage and demand.
- **Inflow and Infiltration Reduction Strategy** to economically target a reduction in the levels of wet weather flows.
- **Transport System Programme (to be developed)** in the form of a programme business case (PBC), covering the transport response to enable the spatial plan outputs. The PBC will provide a programme of identified new transport investments, projects and their expected timeframes for delivery, based on the expected growth patterns and locations.

Significant investment decision – Improve Edgecumbe gravity drainage system?

Date decisions required: 2024 – onwards.

Key options for decisions

Option(s)	Positive Implications	Negative implications	Cost scale of option
Invest in Edgecumbe drainage system upgrade in near term Y1-Y10.	Improved stormwater drainage performance. Wastewater network less prone to overflows.	Moderate cost. May result in stranded assets due to climate change.	Medium
Invest in Edgecumbe drainage system upgrade in medium term Y4-Y20. **This option is the preferred and most likely scenario.**	Improved stormwater drainage performance. Wastewater network less prone to overflows.	Moderate cost. May result in stranded assets due to climate change. Delayed benefits realisation.	Medium
Do not invest in Edgecumbe drainage system upgrade.	Low cost. No potentially stranded assets.	Poor performance of wastewater and stormwater drainage systems.	Low

		Resource consent breaches.	

At Rūātoki the Whakatāne River has changed course in the vicinity of the bore that supplies source water for the scheme. The riverbed has now effectively moved to engulf the bore at high-level events. Turbidity issues occur potentially rendering the UV system ineffective. This occurs multiple times per year. In such instances staff are unable to adhere to the water safety plan. Emergency measures are taken to address the situation. A new site for a new bore is required. Depending on the bore site a new treatment plant may also be required.

Significant investment decision – Improve Rūātoki drinking water scheme?

Date decisions required: 2024.

Key options for decisions

Option(s)	**Positive Implications**	**Negative implications**	**Cost scale of option**
Invest in Rūātoki drinking water scheme upgrade in near term Y1-Y10. **This option is the preferred and most likely scenario.**	Improved system resilience. Less emergency intervention required. Ability to adhere to water safety plan.	It may be necessary to purchase some land for a bore and/or treatment plant.	Low
Invest in Rūātoki drinking water scheme upgrade in medium term Y4-Y20	Expenditure is delayed.	Council is not able to comply with the water safety plan at present. Water of poor quality (and potentially contaminated with pollutants) enters the scheme.	Low
Do not invest in Rūātoki drinking water scheme.	Expenditure is avoided.	An ongoing poor level of service for scheme customers.	Low

		Council is not able to comply with the water safety plan at present. Water of poor quality (and potentially contaminated with pollutants enters the scheme.	

Significant investment decision – Commit budget to deal with unforeseen, emergency reactive recovery works – three waters?

Climate change and its consequences is making Council's Three Waters assets at greater risk of damage when events occur.

Date decisions required: 2024 – onwards.

Key options for decisions

Option(s)	**Positive Implications**	**Negative implications**	**Cost scale of option**
Allocate budget for emergency, unforeseen reactive works. **This option is the preferred and most likely scenario.**	Council is positioned to carry out prompt, efficient recovery works.	Medium cost. In some years funds may not be required. Inefficient use of (un-used) budget	Medium
Do not allocate budget for emergency, unforeseen reactive works.	Lower cost.	Time may be spent determining options and course of action in the wake of weather events. Due to delayed response Council may appear slow-moving.	High

Significant investment decision – Improve risk and resilience to cope with roading flooding events?

Date decisions required: 2024 – onwards.

Key options for decisions

Option(s)	**Positive Implications**	**Negative implications**	**Cost scale of option**
Do nothing	No additional capital cost.	• Re-occurring flooding of key access routes, resulting in frequent road closures. • Impacts on communities to access key services (food, health, work, education) • On-going operational costs to respond to flood events, road closures and impact on the roading asset (pavement and surfacing)	Low
Undertake resilience improvements on identified routes (Tāneatua and Rūātoki), undertake further resilience focused transport planning to identify and prioritise other resilience improvements across the transport network. **This option is the preferred and most likely scenario.**	• Basic access to key services is retained during severe weather events. • Transport Planning work allows a proactive and methodical approach to resilience improvements, enabling better value for money and timed investments.	• Considerable capital cost and transport planning cost.	High

Significant investment decision – Improving mode shift in our urban areas?

As Whakatāne grows, moving people differently from private vehicles to alternative modes (public transport, cycling, walking, micro-mobility) has become increasingly important for the District, especially within and connecting our town centres and communities.

Implementing the Active Whakatāne Strategy is a key Council priority to help create a healthier, more active community, achieve our climate change targets and increase the safety of non-vehicle users getting around our District.

Date decisions required: On-going 2024-34 (and beyond)

Key options for decisions

Option(s)	**Positive Implications**	**Negative implications**	**Cost scale of option**
Continue with primarily roading improvement-related interventions that prioritises vehicles.	• No additional costs.	• Not aligned with government direction and priorities around mode shift, emission reduction and alternative transport choice. • Increased congestion on key transport corridors as more people drive. • Increased costs to operate and maintain the transport system over time.	Low
Increase transport options and choice within the Whakatāne District. **This option is the preferred and most likely scenario.**	• Aligns with local and government direction and priorities. • Supports and plans for growth-related travel. • Increases community's choice and options to access and be able to live, learn, work and play	• Capital investment required.	Medium

Significant projects / programmes

Project/ programme	Project type	Years 1-3 ($000)	Years 4-10 ($000)	Years 11-20 ($000)	Years 21-30 ($000)
Otumahi drinking water storage *(uninflated)*	Levels of service	$7,625	$6,243	Nil	Nil
Edgecumbe stormwater, inflow & infiltration *(uninflated)*	Levels of service	$966	$2,227	$5,737	$739
Emergency, unforeseen, reactive works – Three Waters *(uninflated)*	Levels of service	$1,770	$4,130	$8,200	$8,200
Ruatoki drinking water *(uninflated)*	Levels of service	$3,855			
Tāneatua and Rūātoki network resilience improvements *(uninflated)*	• Levels of service	$3,260	$2,000	$0	$0
Transport Planning Network Resilience Programme Business Case and expected future implementation costs *(uninflated)*	• Levels of service	$500	$8,400	$12,000	$12,000
Active Whakatāne implementation *(uninflated)*	• Levels of service • Growth	$1,370	$8,400	$12,000	$12,000

Part C: Infrastructure Activities Summary

Drinking Water Supply

Overview of this activity

Council is responsible for the abstraction, treatment, storage, distribution and management of the district's drinking water supply, where a community drinking water supply scheme exists.

This activity provides safe, reliable and sustainable drinking water. This currently includes provision of 13,493 water connections to the district's 18,893 properties for domestic, industrial, commercial and agricultural use. Water is also provided for urban firefighting requirements. With large areas of our District being rural and, in some cases, isolated, many households have independent systems supplying their own needs.

Further information about this activity, including level of service performance measures, can be found in the 'Our Groups of Activities' section of this Long Term Plan.

Key focus

Maintaining the supply of drinking water and adhering to legislation, consents and other regulations.

Summary context

There are ten different drinking water supply schemes across the district (Whakatāne/Ōhope, Otumahi/Edgecumbe, Rangitāiki Plains, Tāneatua, Murupara, Matatā, Waimana, Rūātoki, and Te Mahoe).

Asset condition

The condition of the piped drinking water supply network has been largely assessed. This amounts to between 92% and 100% of the asset (having been assessed) depending on asset type. The results of the assessment are shown below in Table 1. Between 6% and 17% falls into the poor or very poor category depending on the different asset types.

Inspection of this non-gravity asset is relatively difficult, hence there is a lower degree of confidence in this condition assessment. This is in comparison to the gravity drainage assets where internal CCTV inspection is possible.

As it is a pressure network, its performance is less forgiving compared to the gravity assets. Leaks or their effects can often be observed relatively quickly. Within the District a large proportion of supplies are metered. This assists greatly with leak detection – particularly leaks on private property.

A renewal programme is deployed year-on-year to renew aged or inferior assets and to cope with the demands placed on the system. A feature of the system is that while the quality of the asset itself may be adequate, there are difficulties with the water sources at times. These are primarily saline intrusion, farm runoff and potential cyanobacteria presence in source waters. Over time, interventions are proposed to address these issues.

In 2020, the Council carried out a condition assessment and seismic assessment of all the critical reservoirs in the District including four timber reservoirs. The visual condition assessment was undertaken in accordance with the Visual Assessment Manual guidelines provided by the New Zealand Water and Wastes Association, and the seismic resilience assessment was undertaken in accordance with NZS 3106: 2009 – Design of Liquid Storage Structures. The five reservoirs at Melville Place have since been removed and the remaining condition data is shown in Table 3 below.

In 2020, the Council also carried out a condition assessment of drinking water mains, incorporating information about forecast remaining life and pipe material. The assessment was based on actual pipe sample data from both the Council pipe network and within the region, as well as deterioration modelling. The desktop assessment is being used to prepare asset condition assessment programs for piped assets. The results of the exercise are shown below. Overall assessment of pump stations and treatment plants is difficult as components typically vary in condition across the spectrum.

Drinking Water supply reticulation asset condition profile (in metres)

Asset Type	Very good (1)	Good (2)	Moderate (3)	Poor (4)	Very poor (5)	Unknown Condition	Total
Trunk Mains (metres)	36,755	13,000	39,418	15,508	15	1,148	**105,844**
Other Mains (metres)	102,568	17,558	36,950	34,243	916	12,002	**204,238**
Service lines (metres)	62,223	4,730	7,425	5,668	663	6,872	**87,582**
Reservoirs (each)	1	2	8	8	0	4	**23**
Pump Stations (each)	10	6	1	2	1	0	**20**
Bore Pumps (each site)	3	1	7	0	1	0	**12**
Treatment Plants (each)	4	3	1	1	0	0	**8**

Table 3 - Drinking Water supply asset condition profile

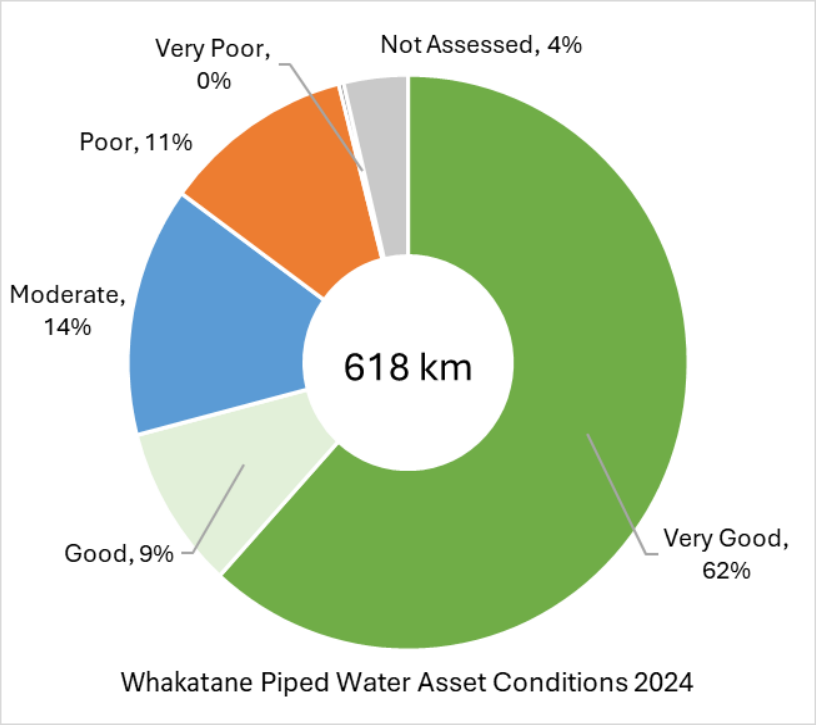


Figure 2 – Drinking water piped assets condition ratings.

Critical Assets

The selection criteria for drinking water supply critical assets include size and functionality of assets as set out in the table below. Further work in developing site-specific criticality is required; Council is in the process of improving the criticality criteria assessment of assets with most appropriate industry practices and will include assets located in areas where disruptions would have a high economic impact, assets supplying customers including critical users, and assets that will have a significant environmental impact in case of failure.

Critical asset selection criteria

Asset Type	**Description of criteria**	**Base Approach Rating**
Pipes	✓ Less than 100mmØ ✓ 100mmØ to 300mmØ ✓ Greater than 300mmØ ✓ All falling and rising mains to and from sources, reservoirs and pump stations ✓ Pipes that are important to supply critical customers ✓ Single pipes serving more than 1,000 customers	Low (1) Medium (3) High (5) High (5) High (5)

	✓ Potential pipe failures which may cause significant social, environmental or economic impact	High (5) High (5)
Valves	Valves located along the critical water mains All other valves	High (5) Low (1)
Water pump stations	Drinking water pump stations without resilience (i.e. backup alternative power supply) Drinking water pump stations with resilience (i.e. backup alternative power supply)	High (5) Medium (3)
Water reservoirs	Active drinking water reservoirs Decommissioned/ unused water reservoirs	High (5) Medium (3)
Water treatment plants	All drinking water treatment plants	High (5)

Table 4 - Critical asset selection criteria – drinking water

Asset renewal

Asset renewal programmes are prepared following a number of criteria, including:

- The base life of the assets – from the asset management system
- The maintenance history and expenditure – from the asset management system and Council's request for service (RFS) system
- The condition assessment of assets – routine inspections, pipe sampling, visual inspection, etc.
- Applying a risks-based approach – criticality of the asset, public safety
- External factors such as:
    - Natural disaster events
    - Opportunistic working with other council department programmes i.e. transportation renewal programme, places and open spaces
    - Third-party works within the same asset corridor i.e. telecommunications, power
    - Regulatory requirements (i.e. safety improvement)
    - Construction and installation defects. Renewal prior to end-of-life but out of warranty period. This is becoming more common i.e. water meter renewals
    - Aggressive soils / environment etc.

Asset summary

Asset data confidence and asset reliability information have been developed for various asset classes and are detailed within the drinking water supply asset management plan.

Asset age

The indicative age of the assets is shown below; also showing is the associated scheme. This displays a relatively young asset with peak installation during the 1990s – 30 years ago.

2023 data (excluding laterals)

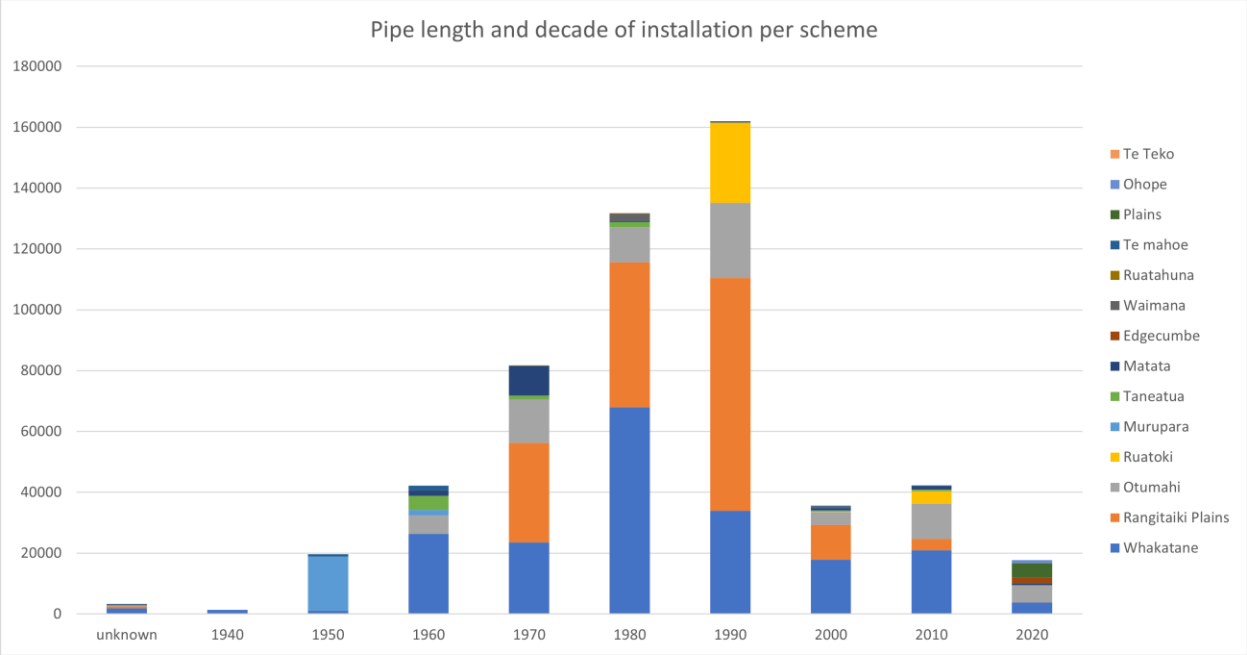


Figure 3 – Drinking Water Assets – Age Profile

Infrastructure level of service (LoS) – Drinking Water Supply

There is a significant suite of measures used to score the LoS delivered by drinking water supply schemes. These include absence of bacteria and protozoa, turbidity, UV intensity, chlorine availability, data integrity, complaints, customer satisfaction, responsiveness to callouts, issue resolution times, water consumption, percentage water loss.

The LoS material below has been sourced from the 22-23 Annual Report. As can be seen, it is quite challenging to meet **all of the measures** for **all of the schemes/plants for all of the time**. For the most recent reporting year, Council does not meet many of the measures.

Meeting some of the not met measures does not require additional investment, while some measures will require additional investment in order to meet the required standard.

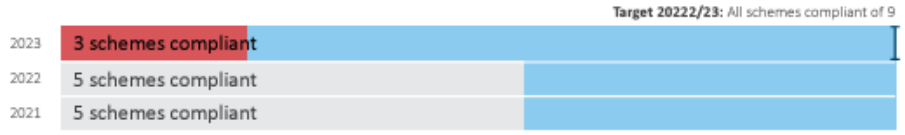
The two largest sources of risk to the community are the Ruatoki and Murupara schemes. Significant capital investment is shown in the early years of the Long Term Plan to lift the level of service for these schemes. Other non-compliance is considered to be less critical, and improvements are continually underway based on available budget.

Performance measures (how we will measure our service delivery)

The regulatory framework for drinking water transitioned in the 2022/23 year from the Drinking-water Standards (Revised 2018) (DWSNZ 2018) to the Drinking Water Quality Assurance Rules (DWQAR), which came into effect on 14 November 2022. Compliance against both requirements was independently assessed and verified by Wai Comply.

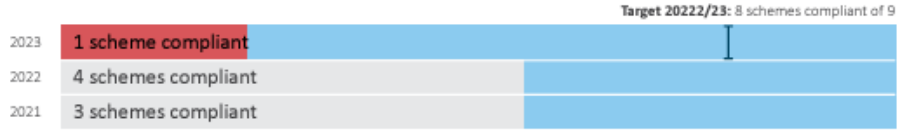
The first two performance measures below are mandated by the Department of Internal Affairs which we are required to report against in this Annual Report. There are currently no mandated performance measures pertaining to the new DWQAR and as such the results below are against the DWSNZ 2018 for the full financial year.

The extent to which Council's drinking water supplies comply with Part 4 of the Drinking Water Standards (bacteria compliance criteria) (M).



Note: Please refer to the table on the next page for a breakdown of compliance by scheme.

The extent to which Council's drinking water supplies comply with Part 5 of the Drinking Water Standards (protozoal compliance criteria) (M)



Note: Please refer to the table on the next page for a breakdown of compliance by scheme.

The bacterial compliance criteria (part 4) in the former DWSNZ 2018 applied to water leaving the treatment plants and water in the distribution zones. Water leaving the treatment plants was assessed against one of five criteria based on the type of disinfection employed. Water in the distribution zones was monitored for the presence of E. coli and met the bacterial compliance criteria when the number of samples in which E. coli was found was equal to or less than the allowable exceedances listed in the DWSNZ. Taumata Arowai is notified if any samples are positive for E. coli.

The protozoal compliance criteria (part 5) in the former DWSNZ 2018 were assessed at the treatment plants. A scheme was determined to achieve protozoal compliance if all treatment plants supplying the scheme during the reporting period met the criteria. Protozoal treatment of water is typically achieved through filtration and/or ultraviolet (UV) disinfection. However, if treatment is interrupted during the reporting period (for example due to power outages or flood events that cause periodic high turbidity issues), compliance with the protozoal criteria will not be met. As such, some Council schemes did not meet the part 5 criteria. To ensure a safe drinking water supply if treatment is interrupted, all Council water supplies are monitored with alarm systems which alert staff or automatically shut down the water supply if necessary for cases of high turbidity or low levels of free available chlorine equivalent (FACE).

(M) – This performance measure is mandatory for all Councils to report on, set under the 'Non-Financial Performance Measures Rules 2013' in accordance with section 261b of the Local Government Act 2002.

Council's drinking water supplies compliance

Wai Comply Limited completed an independent assessment of the performance of Whakatāne District Council as a "water supplier" for the period of 1 July 2022 – 30 June 2023. The assessment was undertaken against the standards and regulatory framework outlined in the below table.

Performance standard and general criteria

Period	Performance standard(s)	General assessment criteria
July to December 2022	Drinking Water Standards for New Zealand 2005 (Revised 2018) (DWSNZ 2018)	Section 4 Bacterial Compliance Criteria Section 5 Protozoal Compliance Criteria
January to June 2023	Drinking Water Quality Assurance Rules 2022 (DWQAR)	General Rule G17 T1, T2 & T3 Bacterial Rules T1, T2 & T3 Protozoal Rules D1, D2 & D3 Bacterial Rules
	Water Services (Drinking Water Standards for New Zealand) Regulations 2022 (DWSNZ 2022)	*E. coli* maximum acceptable value (MAV)

Assessment summary

Water Supply Scheme	Section and Component	DWSNZ 2018 Jul-Dec 2022	DWQAR outcome Jan-Jun 2023	*E. coli* review outcome Jan-Jun 2023
Whakatāne	Bacterial criteria • 1 treatment plant • 2 zones	**Met**	**Met**	**Met**
	Protozoa criteria • 1 treatment plant	**Met**	**Met**	**N/A**
Matatā	Bacterial criteria • 1 treatment plant • 2 zones	**Met**	**Not met** No UV disinfection was in place for several days in March 2023 due to a major treatment plant upgrade. Treatment plant chlorine rules were not met on one or more days during the audit period. No online UVT monitoring was in place during the audit period.	**Met**
	Protozoa criteria • 1 treatment plant	**Not met** Low UV intensity event in July 2022.	**Not met** No UV disinfection was in place for several days due to a major treatment plant upgrade. No online UVT monitoring was in place during the audit period.	**N/A**
Murupara	Bacterial criteria • 1 treatment plant • 1 zone	**Met**	**Not met** No bacterial treatment option was in place, zone residual disinfection rules not met during the audit period.	**Not met** E. coli detected at multiple locations on the 8th and 9th of February 2023, and the 28th of February.
	Protozoa criteria • 1 treatment plant	**Not met** No recognised protozoa barrier in place during the audit period.	**Not met** No recognised protozoa barrier in place during the audit period.	**N/A**

Water Supply Scheme	Section and Component	DWSNZ 2018 Jul-Dec 2022	DWQAR outcome Jan-Jun 2023	*E. coli* review outcome Jan-Jun 2023
Otumahi	Bacterial criteria • 1 treatment plant • 1 zone	**Met**	**Not met** Low chlorine event in April 2023 and high turbidity across several days in April 2023 that were suspected to be a monitoring equipment issue.	**Met**
	Protozoa criteria • 2 treatment plants	**Met**	**Not met** Paul Road Treatment Plant: no DWQAR-recognised protozoa barrier in place during the audit period. Te Teko Treatment Plant: no online UVT monitoring was in place during the audit period.	**N/A**
Rangitāiki Plains	Bacterial criteria • 2 treatment plants • 1 zone	**Not met** Johnson Road Treatment Plant: data loss event 8 and 9 September 2022.	**Not met** Braemar Treatment Plant and the Johnson Road Treatment Plant: treatment plant DWQAR chlorine rules were not met on one or more days during the audit period.	**Met**
	Protozoa criteria • 2 treatment plants	**Not met** Braemar Treatment Plant and the Johnson Road Treatment Plant: no protozoa barrier in place during the audit period.	**Not met** Braemar Treatment Plant and the Johnson Road Treatment Plant: no DWQAR-recognised protozoa barrier in place during the audit period.	**N/A**
Rūātoki	Bacterial criteria • 1 treatment plant • 1 zone	**Not met** The maximum interval between E. coli samples exceeded the requirement each month between July and November 2022.	**Not met** Multiple days during the audit period, usually associated with events where poor-quality source water overwhelmed the treatment plant processes, affecting chlorine and UV disinfection rules, no online UVT monitoring was in place during the audit period.	**Met**
	Protozoa criteria • 1 treatment plant	**Not met** Multiple days during the audit period, usually associated with events where poor-quality (high turbidity) source water overwhelmed the treatment plant processes.	**Not met** Multiple days during the audit period, usually associated with events where poor-quality (high turbidity) source water overwhelmed the treatment plant processes, no online UVT monitoring was in place during the audit period.	**N/A**

Water Supply Scheme	Section and Component	DWSNZ 2018 Jul-Dec 2022	DWQAR outcome Jan-Jun 2023	*E. coli* review outcome Jan-Jun 2023
Tāneatua	Bacterial criteria • 1 treatment plant • 1 zone	**Not met** High turbidity and low UV intensity events between July and November 2022.	**Not met** Low chlorine event in June 2023.	**Met**
	Protozoa criteria • 1 treatment plant	**Not met** High turbidity and low UV intensity events between July and November 2022.	**Not met** No online UVT monitoring was in place during the audit period.	**N/A**
Te Mahoe	Bacterial criteria • 1 treatment plant • 1 zone	**Met**	**Met**	**Met**
	Protozoa criteria • 1 treatment plant	**Met**	**Not met** No DWQAR-recognised protozoa barrier in place during the audit period.	**N/A**
Waimana	Bacterial criteria • 1 treatment plant • 1 zone	**Met**	**Met**	**Met**
	Protozoa criteria • 1 treatment plant	**Met**	**Not met** No online UVT monitoring was in place during the audit period.	**N/A**

E. coli transgressions in Murupara during 2022/23

Samples collected from the Murupara distribution zone on 8 February 2023 tested positive for E. coli. There were further E. coli transgressions in samples collected on 9 February 2023. The Council issued a boil water notice and began dosing with sodium hypochlorite. Daily sampling was carried out from 10 to 23 February, returning to the usual frequency after no further positive results were obtained. A water tanker was provided as an alternative supply to the community.

On 28 February 2023, a positive E. coli result of 1 MPN/100mL was detected in a sample collected from the Murupara distribution zone. The system was dosed with sodium hypochlorite and daily sampling was carried out on 1, 2 and 3 March 2023. Sampling returned to the usual frequency after no further positive results were obtained.

Upgrades during 2022/23

During 2022/23, the Awakaponga drinking water treatment plant (which supplies the Matatā township) was upgraded including the installation of an upgraded UV treatment system and chlorine contact tank.

The Braemar Spring drinking water treatment plant was upgraded with a new plant to include UV treatment and arsenic removal using an adsorptive media process in addition to chlorination.

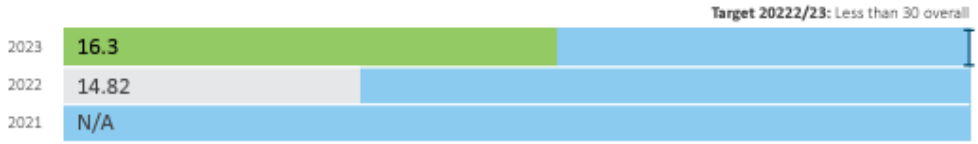
Planned future upgrades include installation of UVT sensors where required and installation of UV treatment at Te Mahoe and Paul Road drinking water treatment plants. Council is investigating

alternative water sources for the Ruatoki supply. Consultation is underway with iwi and the community in Murupara regarding drinking water treatment options for the Murupara supply.

Performance measures (how we will measure our service delivery)

The total number of complaints per 1,000 connects, received by the Council about any of the following:

- Drinking water clarity
- Drinking water taste
- Drinking water odour
- Drinking water pressure of flow
- Continuity of supply
- The Council's response to any of these issues (M)

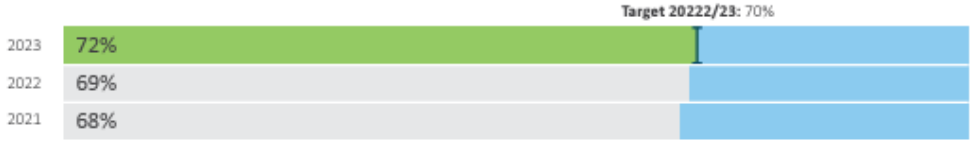


Note: The 2022 and 2021 previous year results have been restated from 6.33 and N/A to better align with the DIA performance measure guidelines. This change in calculation has seen Council include complaints where we have found no problem on inspection of the complaint, and calculate the number of connections by rating system. Total number of connections as of 1 July 2022 was 13,360.*

**The method of restatement has enabled a comparative to be completed for 2021.*

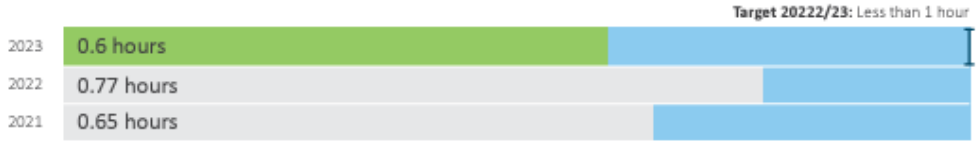
The processes used by the Council and its afterhours call centre service did not allow all calls to be recorded and classified as required by the Non-Financial Performance Measures Rules 2013. Although Council has recorded the number of planned and unplanned shutdowns to water supply, it has not recorded the number of calls received in relation to these shutdowns. In respect of calls received by the afterhours call centre service, Council were not able to determine the volume of calls received, nor the classification in respect of events with multiple calls.

Satisfaction with the water supply and quality of drinking water (supplied by Council).

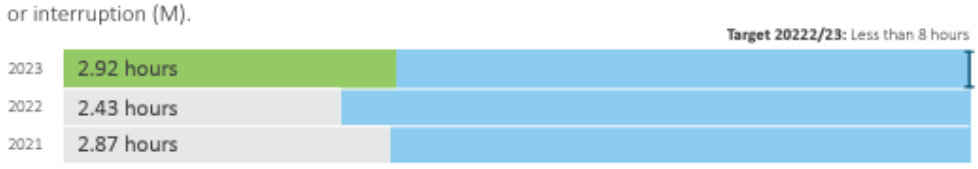


Note: Margin of error 4%.

Median response time to attend urgent callouts for areas supplied by Council, from the time that the local authority receives notification to the time that the service personnel reach the site (M).



Median response time to resolve urgent callouts for areas supplied by Council, from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption (M).

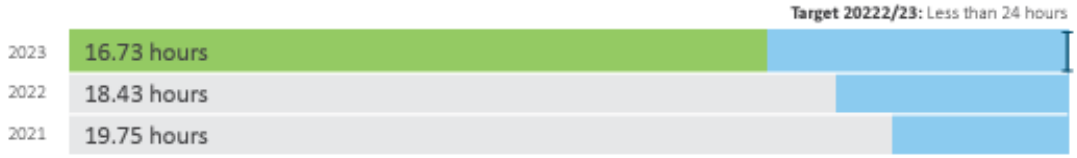


(M) – This performance measure is mandatory for all Councils to report on, set under the 'Non-Financial Performance Measures Rules 2013' in accordance with section 261b of the Local Government Act 2002.

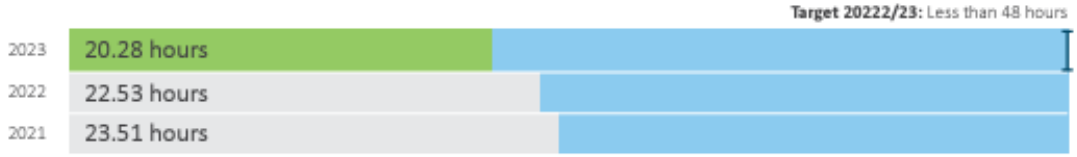
How we performed Ā mātau mahi

Performance measures (how we will measure our service delivery)

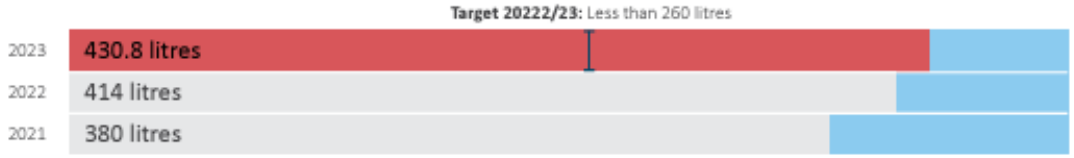
Median response time to attend non-urgent callouts for areas supplied by Council, from the time that the local authority receives notification to the time that service personnel reach the site (M).



Median response time to resolve non-urgent callouts for areas supplied by Council, from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption (M).

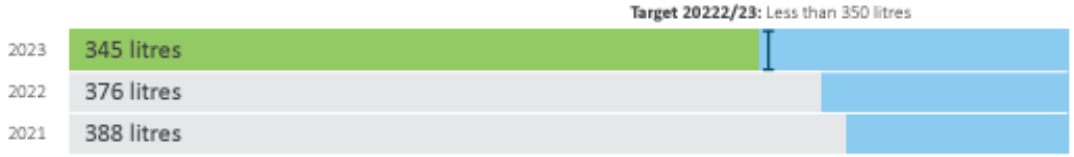


Average consumption of drinking water per day per resident in the district for metered areas supplied by Council (M).



Note: A number of factors can contribute to council not meeting the target, including properties with internal leaks. As council is continuing to install water meters throughout the district a number of newly metered properties have shown to have previously undetected internal leaks. Meters are installed on properties in both urban and rural area and a number of farm connections are high water users.

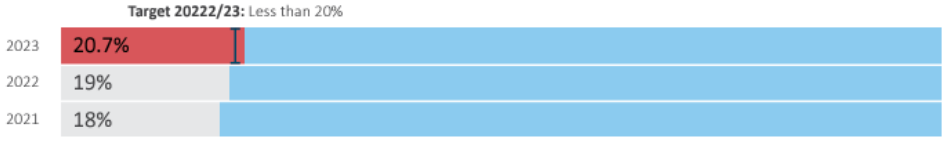
Average consumption of drinking water per day per resident in the district for unmetered areas supplied by Council (M)



How we performed Ā mātau mahi

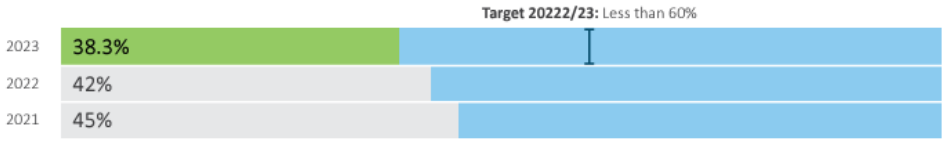
Performance measures (how we will measure our service delivery)

Percentage of real water loss from Council-networked reticulation system for metered schemes based on the standard International Water Association (IWA) water balance (M).



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

Percentage of real water loss from Council-networked reticulation system for unmetered schemes (M).



Capital expenditure

The chart below shows the capital expenditure for the Drinking Water Supply Activity during the 30-year period.

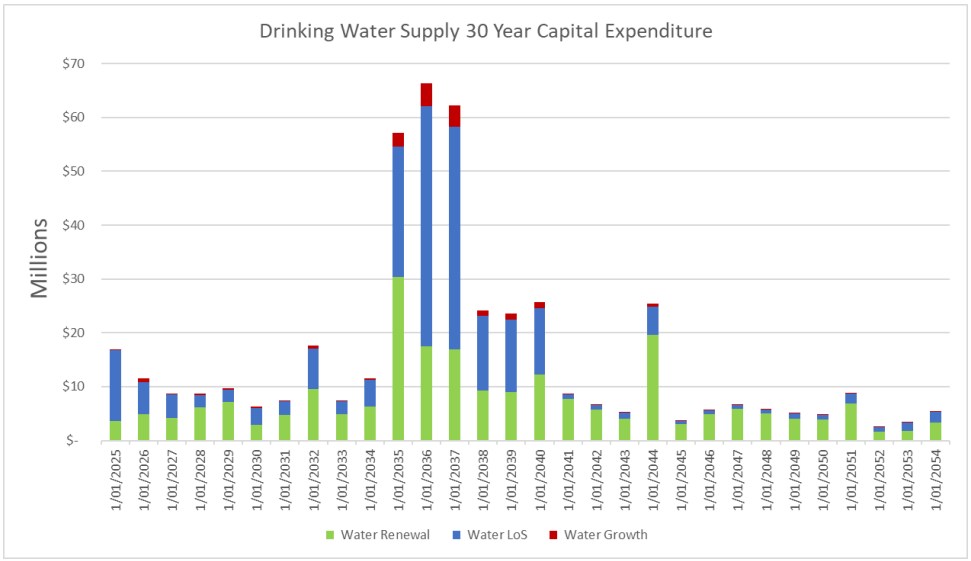


Figure 4 – Drinking Water – Capital Investment Profile

Stormwater

Overview of this activity

This activity helps to protect people and property from the impacts of stormwater run-off and flooding. It includes collection, conveyance and limited treatment of stormwater run-off.

Further information about this Group of Activities, including level of service performance measures, can be found in the 'Our Groups of Activities' section of this Long Term Plan.

Key focus

The key focus is to manage runoff and stormwater volumes to deal with significant rainfall events. An increasing urbanised and impermeable district places more and more demand on the existing infrastructure. Climate change increases event intensity and frequency.

Summary context

There are eight stormwater schemes covering 1,700 hectares of land and 78% of the population in the District.

Stormwater Assets	Unit	Quantity (source: 2024 AMS)
Connections	each	644
Main	km	101
Open Channel	km	21
Pump Stations	each	23
Resource Consents	each	38

Table 5 – Stormwater Assets

Asset condition

The condition of the piped stormwater network has been largely assessed. This amounts to approx. 80% of the asset (having been assessed). The results of the assessment are shown in the below table. Approx. 10% falls into the poor or very poor category.

A CCTV inspection programme is underway to verify the condition of the gravity drainage elements of the network. While relatively young by Aotearoa New Zealand standards, portions of the network are now 'mature'. The 1970s was the decade with the greatest installation length.

The network generally delivers as per expectations – it accepts stormwater and conveys it away. A characteristic of the stormwater system for the towns of Whakatāne and Edgecumbe is that they are protected by stopbanks from the Whakatāne and Rangitāiki rivers. The stopbanks incorporate a series of floodgates and pumps. These protective flood schemes are generally under the control of the Bay of Plenty Regional Council. To ensure the successful interface between District and Regional schemes and assets it is necessary to ensure very close operational linkages between the two organisations. Previous flood events have tested these linkages, generally with very positive outcomes.

The table below shows the condition profile for piped assets following an exercise into asset condition. Note that in 2019, the Council carried out a condition assessment and capacity assessment of all the critical stormwater pump stations in the District. The results of that assessment are not reflected on the table at this time.

Stormwater supply asset condition profile

Asset Type	Very good (1)	Good (2)	Moderate (3)	Poor (4)	Very poor (5)	Unknown Condition	Total
Gravity mains (metres)	15,453	23,141	32,203	9,413	0	19,417	99,627
Rising mains (metres)	287	540	28	0	0	611	1,466
Drains/channels (metres)	103	0	0	80	0	20,855	21,038
Pump Stations (each)	0	0	0	0	0	19	19
Ponds/storage (each)	0	0	0	0	0	12	12
Floodgates (site)	0	0	0	0	0	45	45

Table 6 - Stormwater linear asset condition profile

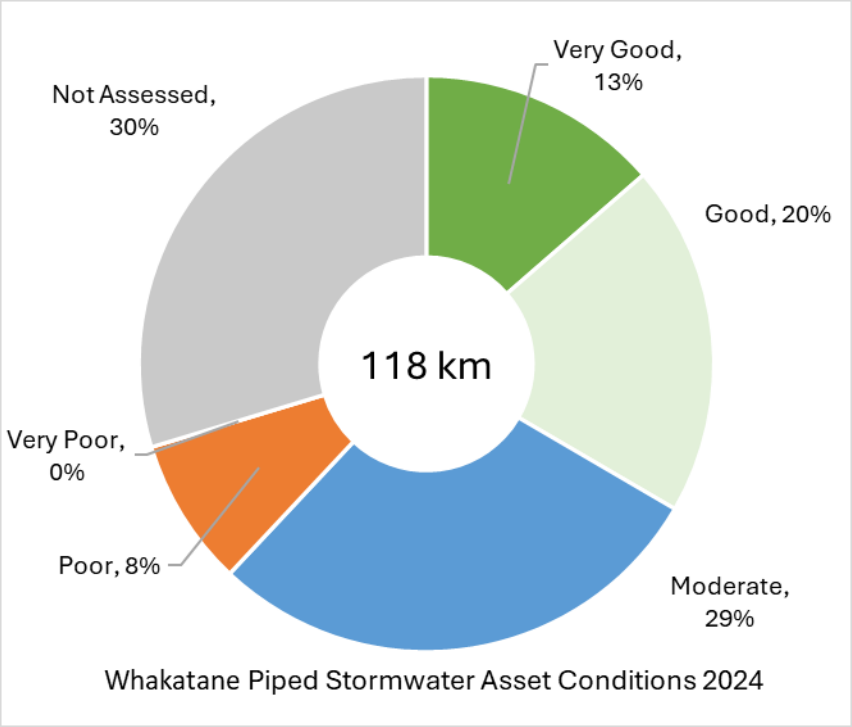


Figure 5 – Stormwater piped assets condition ratings

Critical Assets

The selection criteria for stormwater critical assets include size and functionality of assets as set out in Table below. In the future, it may be possible to also add criteria for significant environmental impact or significant, specific vulnerability.

Critical asset selection criteria

Asset Type	**Description of Criteria**	**Base Approach Rating**
Pipes	✓ Less than 150mmØ ✓ 150mmØ to 600mmØ ✓ Greater than 600mmØ	Low (1) Medium (3) High (5)
Open drains/ channels, stream and watercourse banks	Minor drains/channels Medium drains/channels, minor stream and watercourse banks Large drains/channels, all other stream and watercourse banks	Low (1) Medium (3) High (5)

Stormwater outlets	Stormwater outlet to 'dry' stream/watercourse Stormwater outlet to 'wet' stream/watercourse	Low (1) High (5)
Storage pond/ retention dams	Dry Wet	Low (1) High (5)
Manholes	Manholes on critical pipes (pipes greater than 600mmØ) All other manholes	High (5) Low (1)
Floodgates	Floodgates at 'dry' locations Floodgates at 'wet locations	Low (1) High (5)
Pump stations	All	High (5)

Table 7 - Critical asset selection criteria - stormwater

Asset renewal

Stormwater drainage assets differ from drinking and wastewater assets in that they are predominately concrete. Concrete is generally robust with a long lifespan. The manholes, junctions and sump connections are often of very poor quality however requiring more frequent renewal. The open drain network requires ongoing maintenance rather than traditional renewal. Floodgates and pumping facilities require both frequent inspection and maintenance and renewal.

Asset renewal programmes are prepared following a number of criteria, including:

- The base life of the assets – from the asset management system
- The maintenance history and expenditure – from the asset management system and Council's request for service (RFS) system
- The condition assessment of assets – routine inspections, pipe sampling, CCTV assessment, visual inspection, etc.
- Applying a risks-based approach – criticality of the asset, public safety.
- External factors such as:
    - Natural disaster events
    - Opportunistic working with other council department programmes i.e. transportation renewal programme, places and open spaces
    - Third-party works i.e. Bay of Plenty Regional Council, telecommunications, power
    - Regulatory requirements (i.e. safety improvement)
    - Construction and installation defects
    - Aggressive soils / environment etc.

Asset summary

Asset data confidence and asset reliability information have been developed for various asset classes and are detailed within the stormwater asset management plan.

Asset Age

The indicative age of the assets is shown below; also showing the associated scheme. The peak decade for stormwater installation was the 1970s. This places it midway between the drinking water asset (youngest) and the wastewater asset (oldest).

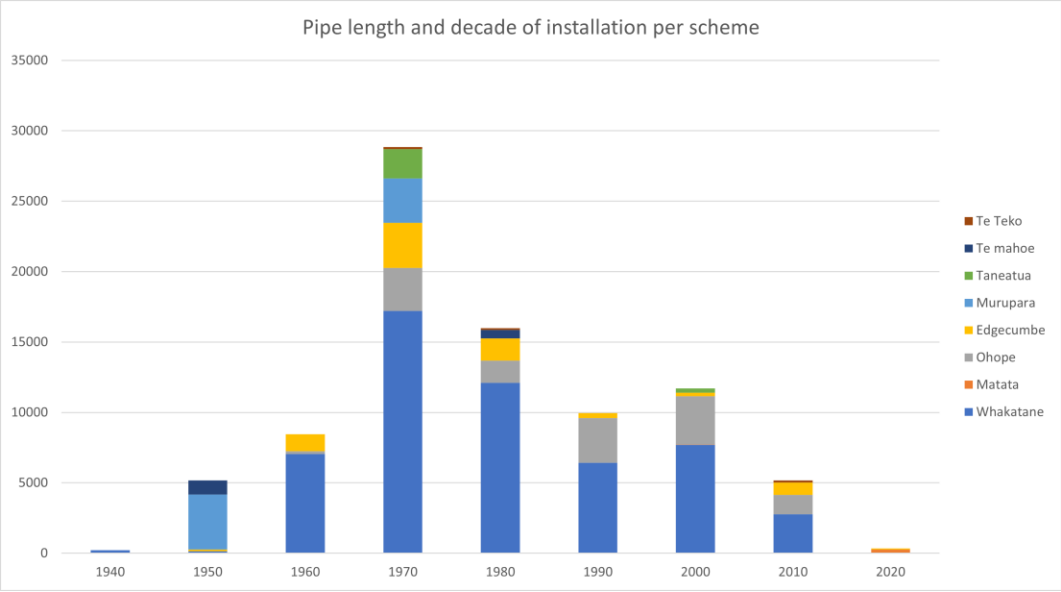


Table 8 – Age profile of piped stormwater asset

Infrastructure level of service (LoS) – Stormwater

There is a suite of measures used to score the LoS delivered by storm water schemes. These include flooding events, habitable floors flooded, complaints, customer satisfaction, responsiveness to callouts, issue resolution times, infringement/enforcement/conviction events.

The LoS material below has been sourced from the 22-23 Annual Report. All measures were achieved for 2022/23. Aiding this level of compliance is the fact that the District managed to substantially avoid events such as Cyclone Gabrielle during the year.

The material below has been sourced from the 22-23 Annual Report

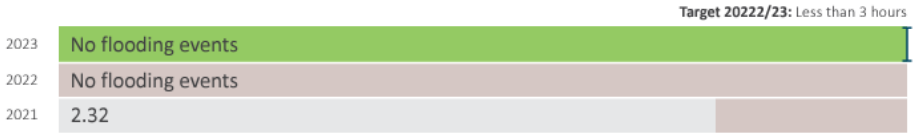
How we performed *Ā mātau mahi*

Performance measures (how we will measure our service delivery)

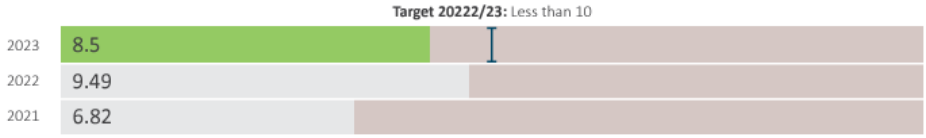
Number of flooding events* in the district.

For each flooding event*, the number of habitable floors affected (per 1,000 properties connected to the Council's stormwater system) (M).

Median response time to attend a flooding event* (M).

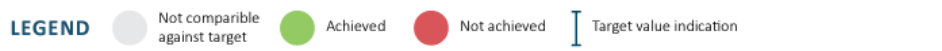


The number of complaints received about the performance of the stormwater system, expressed per 1,000 properties connected to the Council's stormwater system (M).



Note: The 2022 and 2021 previous year results have been restated from 11.57 and 2.03 to better align with the DIA performance measure guidelines. This change in calculation has seen Council include complaints where we have found no problem on inspection of the complaint, and calculate the number of connections by rating system. The number of properties connecting to the stormwater system as of 1 July 2022 was 10,435.

The process used by the Council's afterhours call centre service did not allow all calls to be recorded and classified as required by the Non-Financial Performance Measures Rules 2013. In respect of calls received by the afterhours call centre service, Council were not able to determine the volume of calls received, nor the classification in respect of events with multiple calls.



(M) – This performance measure is mandatory for all Councils to report on, set under the 'Non-Financial Performance Measures Rules 2013' in accordance with section 261b of the Local Government Act 2002.

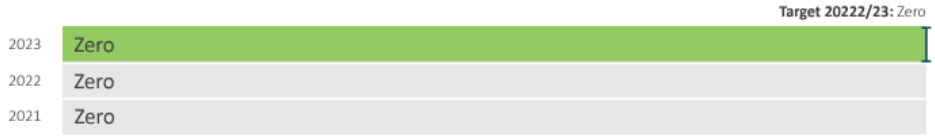
**The DIA requires results for these measures to be presented according to the following definitions:*

'Flooding event' - an overflow of stormwater from a territorial authority's stormwater system that enters a habitable floor. 'Stormwater system' - the pipes and infrastructure (excluding roads) that collect and manage rainwater run-off, from the point of connection to the point of discharge.

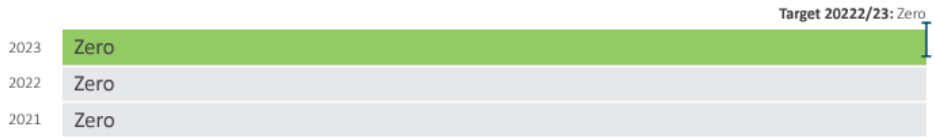
How we performed *Ā mātau mahi*

Performance measures (how we will measure our service delivery)

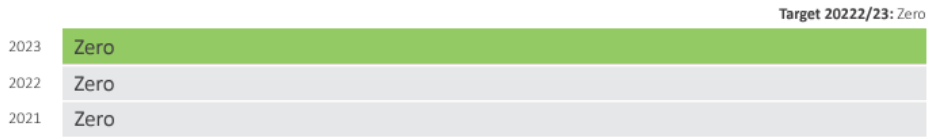
Number of infringement notices received by the Council in relation to the resource consents for discharge from our stormwater system (M).



Number of enforcement orders received by the Council in relation to the resource consents for discharge from our stormwater system (M).



Number of convictions received by the Council in relation to the resource consents for discharge from our stormwater system (M).



Capital expenditure

The chart below shows the capital expenditure for the Stormwater Activity during the 30-year period.

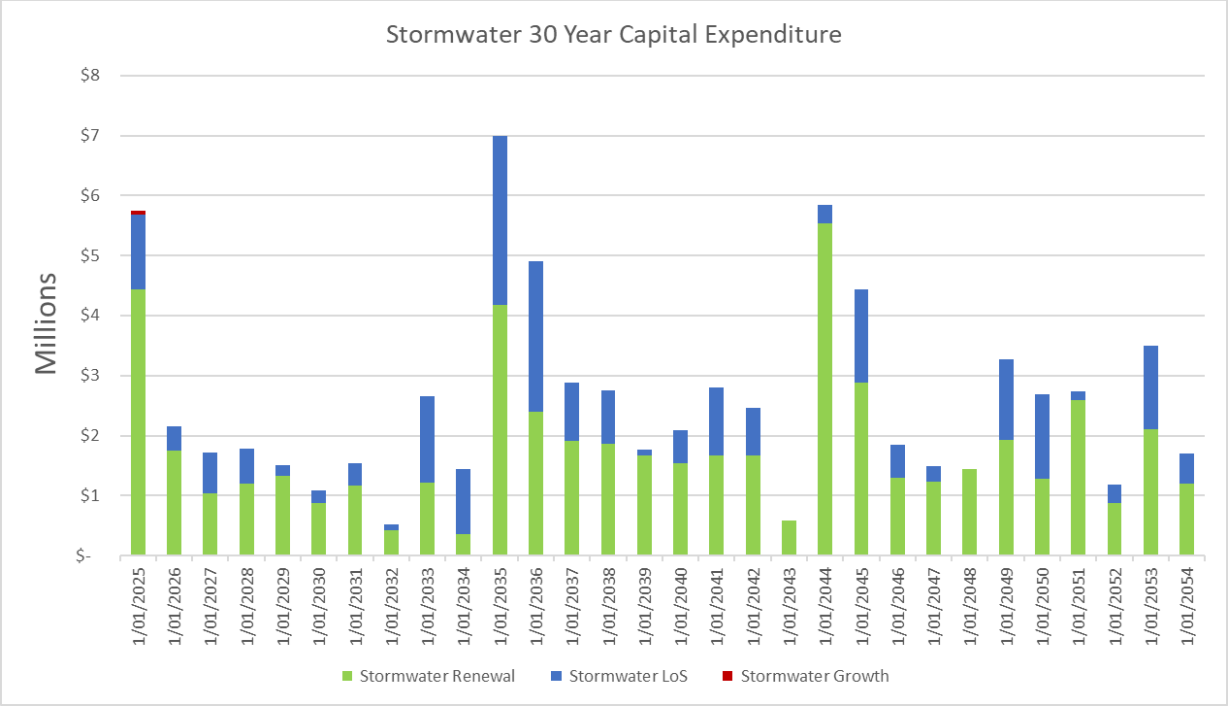


Figure 6 - Stormwater – Capital Investment Profile

Wastewater

Overview of this activity

Council is responsible for the collection, conveyance, treatment and disposal of wastewater, where a community wastewater scheme exists.

This activity collects, treats and disposes of wastewater in a safe and sustainable way that protects public health and doesn't compromise ecosystems.

Further information about this activity, including level of service performance measures, can be found in the 'Our Groups of Activities' section of this Long Term Plan.

Key focus

Maintaining the current system, expanding schemes to other communities and renewing resource consents.

Summary context

There are six wastewater schemes covering with 8,992 customer connections covering 1,690 hectares of land which provide wastewater services within the urban and residential areas of Whakatāne, Edgecumbe, Tāneatua, Ōhope, Te Mahoe and Murupara.

Asset condition

The condition of the piped wastewater network has been largely assessed. This amounts to between 95% and 100% of the asset (having been assessed) depending on asset type. The results of the assessment are shown below in Table 9. Between zero and 14% falls into the poor or very poor category depending on the different asset types.

The network generally delivers as per expectations – it accepts wastewater and conveys it away. Treatment plants are variants of simple oxidation ponds, have not been condition assessed and are nearing the end of their consented lives. Treatment plant upgrades are typically structured around consenting processes for the various waste streams – liquid, solid and odour.

In 2020, the Council also carried out a desktop condition assessment of wastewater piped assets (mains only) based on the remaining useful life and pipe material. The assessment was based on actual pipe sample data from both Council pipe network and within the region as well as deterioration modelling. The assessment is being used by the Council to prepare asset condition assessment programs for piped assets.

Asset Type	Very good (1)	Good (2)	Moderate (3)	Poor (4)	Very poor (5)	Unknown Condition	Total
Gravity mains (metres)	43,321	57,794	72,881	23,651	307	10,268	**206,788**
Outfall (metres)	52	2,199	2,664	800	0	5	**5,720**
Rising mains (metres)	19,166	9,748	5,194	835		2,224	**37,167**
Pump Stations (each)						55	**55**
Treatment Plants (each)						6	**6**

Table 9 – Wastewater asset condition profile

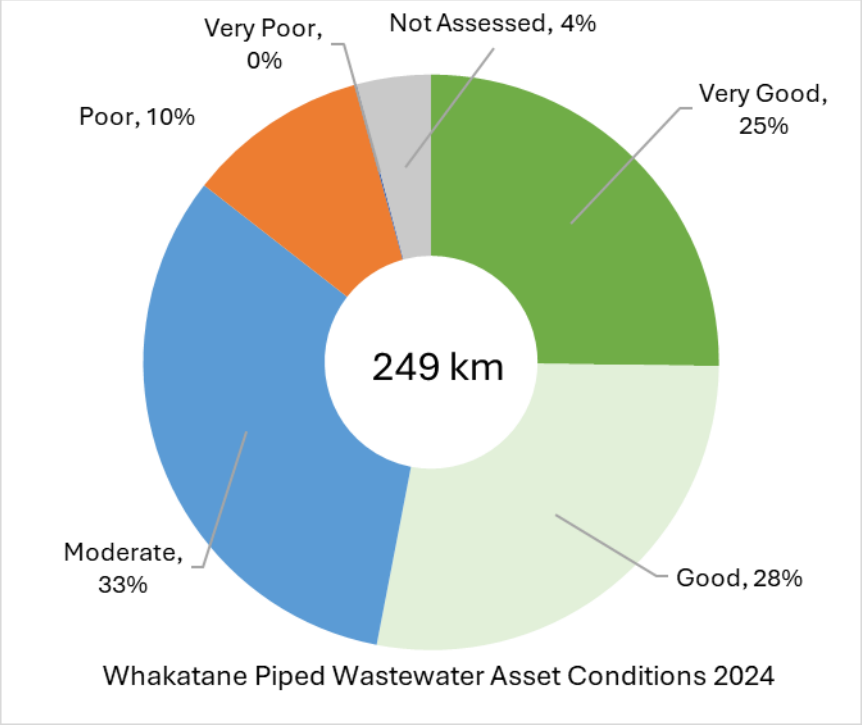


Figure 7 – Wastewater piped assets condition ratings.

Critical Assets

The selection criteria for wastewater critical assets include size and functionality of assets as set out in the table below. In the future, it may be possible to also add criteria for significant environmental impact or significant, specific vulnerability.

Critical asset selection criteria

Asset Type	Description of Criteria	Base Approach Rating
Pipes	✓ Less than 250mmØ ✓ 250mmØ to 375mmØ ✓ Greater than 370mmØ ✓ All rising mains ✓ Outfall mains ✓ Potential pipe failures which may cause significant social, environmental or economic impact	Low (1) Medium (3) High (5) High (5) High (5) High (5)
Treatment plants/ oxidation ponds	All	High (5)
Manholes	Manholes on critical pipes (pipes greater than 375mmØ) All other manholes	High (5) Low (1)
Pump stations	Wastewater pump stations without resilience (i.e. backup alternative power supply, by-pass pumping arrangement) Wastewater pump stations with resilience (i.e. backup alternative power supply, by-pass pumping arrangement)	High (5) Medium (3)

Table 10 - Critical asset selection criteria - wastewater

Asset renewal

Asset renewal programmes are prepared following a number of criteria, including:

- The base life of the assets – from the asset management system
- The maintenance history and expenditure – from the asset management system and Council's request for service (RFS) system
- The condition assessment of assets – routine inspections, pipe sampling, CCTV assessment, visual inspection, etc.
- Applying a risks-based approach – criticality of the asset, public safety
- External factors such as:
    - Natural disaster events
    - Opportunistic working with other council department programmes i.e. transportation renewal programme, places and open spaces
    - Third-party works i.e. Bay of Plenty Regional Council, telecommunications, power

- Regulatory requirements (i.e. safety improvement)
- Construction and installation defects
- Aggressive soils / environment etc.

Asset summary

Asset data confidence and asset reliability information have been developed for various asset classes and are detailed within the wastewater asset management plan.

Asset Age

The indicative age of the assets is shown below; also showing the associated scheme. The peak decade for wastewater asset installation was the 1960s. This is older than the drinking water or stormwater assets.

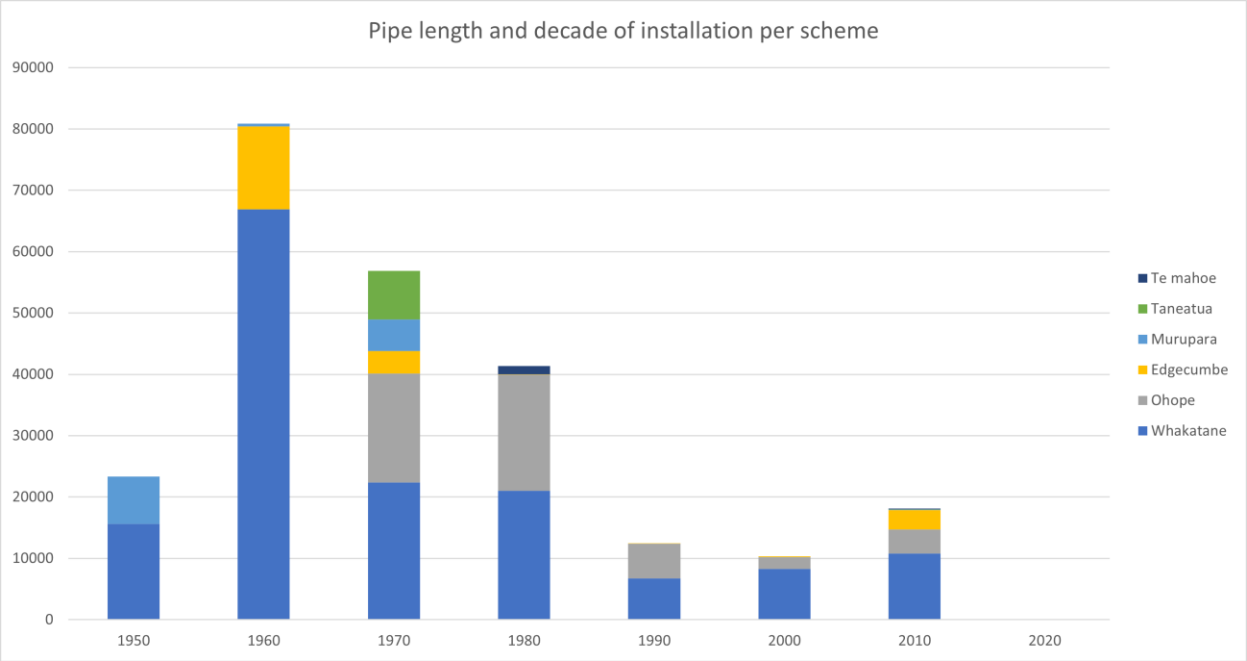


Figure 8 – Age profile of wastewater piped asset.

Infrastructure level of service (LoS) – Wastewater

There is a suite of measures used to score the LoS delivered by wastewater networks. These include complaints, customer satisfaction, responsiveness to callouts, issue resolution times, dry weather overflows and abatement/infringement/enforcement/conviction events.

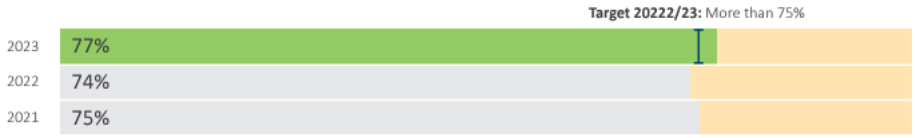
The LoS material below has been sourced from the 22-23 Annual Report. All measures were achieved for 2022/23.

Note that adherence to consent conditions is measured outside this framework. For 2022/23 there were instances of not meeting consent conditions.

How we performed Ā mātau mahi

Performance measures (how we will measure our service delivery)

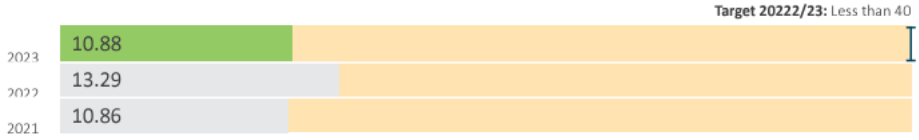
Satisfaction with the sewage system for areas supplied by the Council.



Note: Margin of error 4%.

Total number of complaints received per 1,000 connections about any of the following:

- sewage odour
- sewerage system faults
- system blockages
- the Council's response to any of these issues (M).



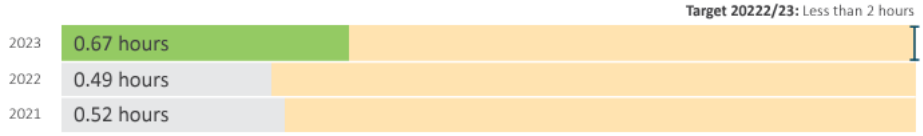
Note: The 2022 and 2021 previous year results have been restated from 9.42 and N/A to better align with the DIA performance measure guidelines. This change in calculation has seen Council include complaints where we have found no problem on inspection of the complaint, and calculate the number of connections by rating system. Total number of connections as of 1 July 2022 was 12,557.*

**The method of restatement has enabled a comparative to be calculated for 2021.*

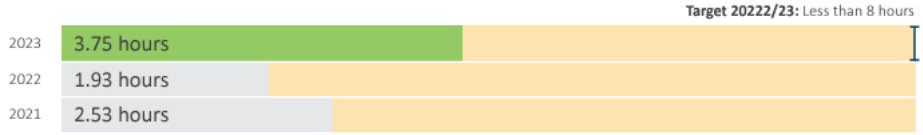
The process used by the Council's afterhours call centre service did not allow all calls to be recorded and classified as required by the Non-Financial Performance Measures Rules 2013.

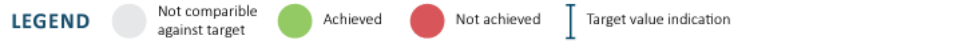
In respect of calls received by the afterhours call centre service, Council were not able to determine the volume of calls received, nor the classification in respect of events with multiple calls.

Median response time to attend a sewage overflow resulting from a blockage or other fault in the Council's sewerage system, from the time that the Council receives notification to the time that service personnel reach the site (M).



Median response time to resolve a sewage overflow resulting from a blockage or other fault in the Council's sewerage system, from the time that the Council receives notification to the time that service personnel confirm resolution of the blockage or other fault (M).



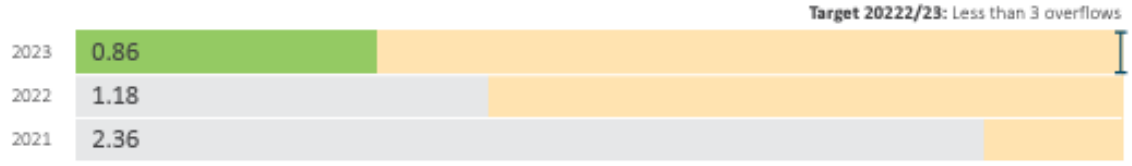


(M) – This performance measure is mandatory for all Councils to report on, set under the 'Non-Financial Performance Measures Rules 2013' in accordance with section 261b of the Local Government Act 2002.

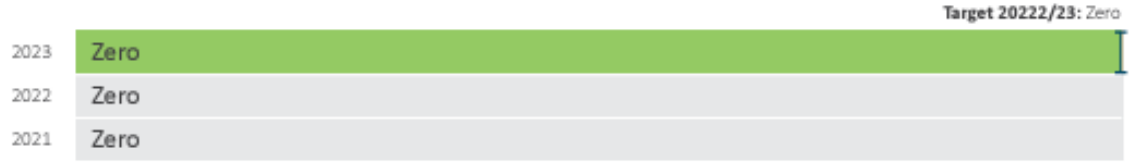
How we performed *Ā mātau mahi*

Performance measures (how we will measure our service delivery)

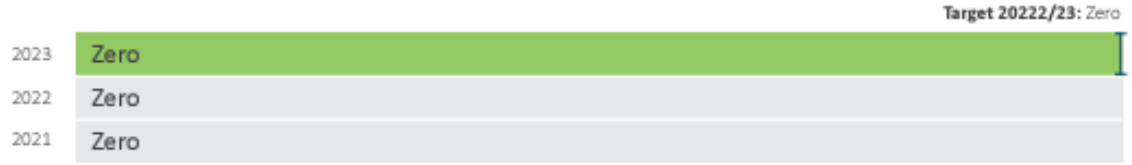
Number of dry weather sewage overflows from the Council's sewerage system per 1,000 connections to that sewerage system (M).



Number of abatement notices received by the Council in relation to the resource consents for discharge from our sewerage systems (M).



Number of infringement notices received by the Council in relation to the resource consents for discharge from our sewerage systems (M).



Number of enforcement orders received by the Council in relation to the resource consents for discharge from our sewerage systems (M).

Number of convictions received by the Council in relation to the resource consents for discharge from our sewerage systems (M)

Capital expenditure

Figure 9, below shows the capital expenditure for the Wastewater Activity during the 30-year period.

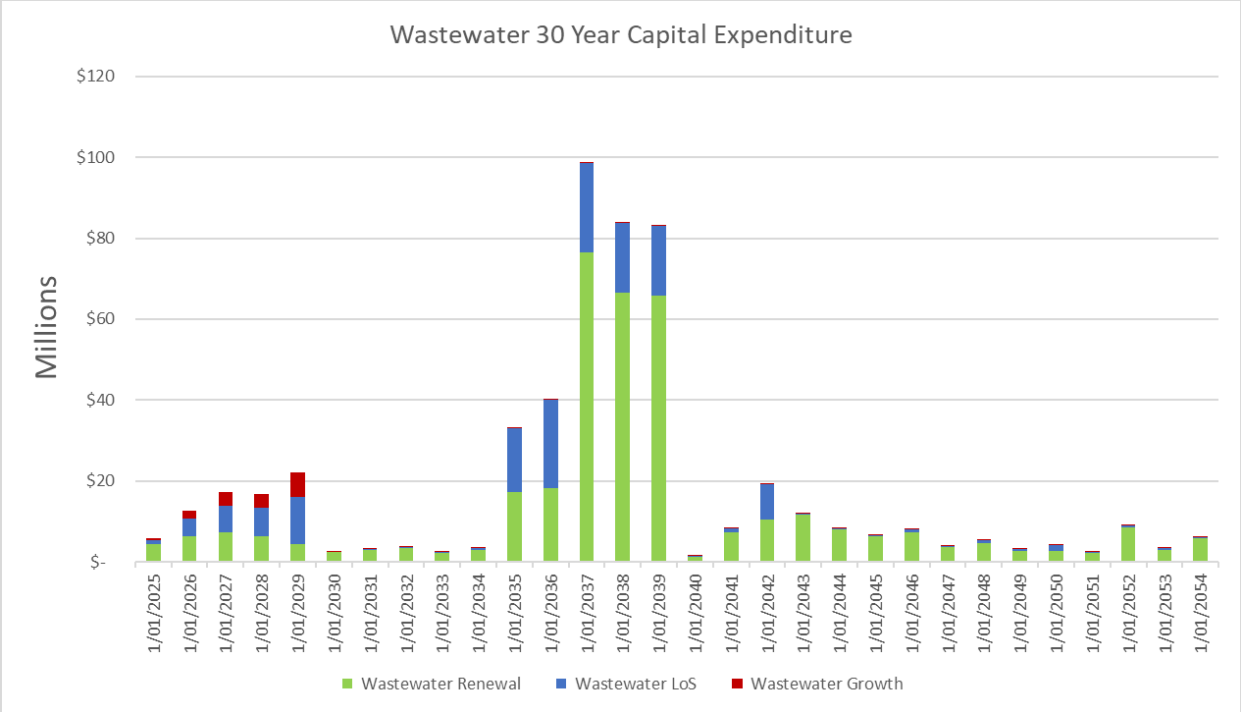


Figure 9 - Wastewater – Capital Investment Profile

Transport Connections

Overview of this activity

Council provides and manages a safe, integrated and efficient transport system for Whakatāne including provision for private vehicles, freight, public transport, walking, cycling and pedestrians. Council also manages on-street and off-street parking facilities.

This group of activities aims to provide a safe, reliable and sustainable transport system that is accessible to everyone and caters to a variety of transport choices including increasingly for pedestrians, cyclists and the mobility impaired. We aim to deliver a well-functioning transport system that keeps people and places connected, supports a vibrant economy, and allows for the efficient day-to-day running of communities.

The transport maintenance and renewals programme also gives Council the opportunity to optimise assets, where appropriate, and to support Council's environmental protection and climate change initiatives.

Council works closely with Waka Kotahi NZ Transport Agency on the future planning and investment of the transport system, including the continued monitoring of population growth and development demands.

Further information about this Group of Activities, including level of service performance measures, can be found in the 'Our Groups of Activities' section of this Long Term Plan and within the Transportation Activity Management Plan.

Key focus

Continue to manage and operate the transport network while focusing on alternative modes of transport and road safety (Road to Zero) in line with Waka Kotahi NZ Transport Agency priorities.

Summary context

The transport system is made up of:

Figure 10 – Transportation Assets

Critical Assets

Council's transport system is classified using the Waka Kotahi NZ Transport Agency 'One Network Framework' (ONF), in terms of the function-specific roads needed to deliver within the district's transport system. The ONF also has clear performance measures for each classification that the Council takes into account through asset management planning and investment.

Examples of critical assets being our arterial routes; Thornton Road, Landing Road, Commerce St, Gorge Road, Ōhope Road, Pohutukawa Ave, Wainui Road and supporting state highways.

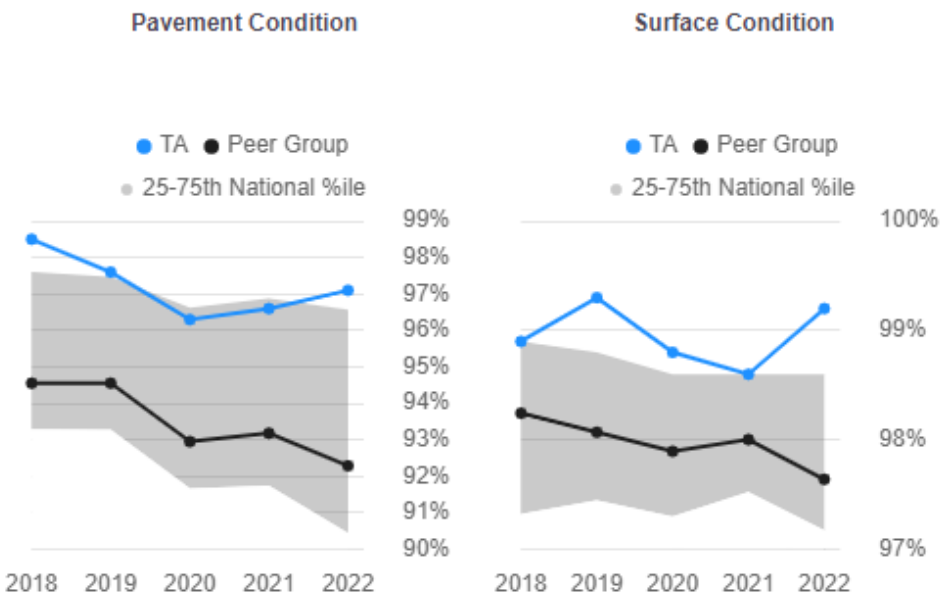
Asset condition

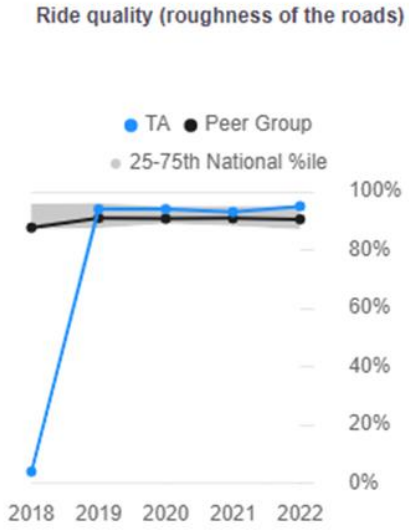
Pavements and Surfacing: Good

Three principal measures are used to monitor and benchmark pavement and surfacing condition at a network level. These are:

1. Pavement Condition Index (PCI). This combines a range of condition and fault data to indicate the overall performance of the structural base layers of the road.
2. Surface Condition Index (SCI). This combines a range of condition and fault data to indicate the overall performance of the surfacing layers of the road.
3. Smooth Travel Exposure (STE). This calculates the percentage of travel on smooth roads (defined as road roughness below a prescribed value for different road classes). It is a proxy for user experience.

Figures 11,12,13 – Pavement Metrics





There is an anomaly in the pavement data. PCI and SCI had both shown a declining trend for some years, then in the current year there has been an apparent large improvement. The high-speed data indicates a significant improvement in rutting and shoving; however, this does not align with observation of the network which visibly shows increasing rutting and shoving.

Condition rating also shows increasing potholes, edgebreak, and cracking which is consistent with observed changes. A change in rutting and shoving of the extent indicated implies a significant investment in pavement renewals, which has not occurred. Rutting and shoving are a significant component of SCI and PCI and has potentially impacted these measures.

Footpaths and Cycleways: Good

- **Indicator:** 88% of footpath sections record no faults. Only 3% of total footpath sections record grade 4 (poor) or 5 (very poor) faults.

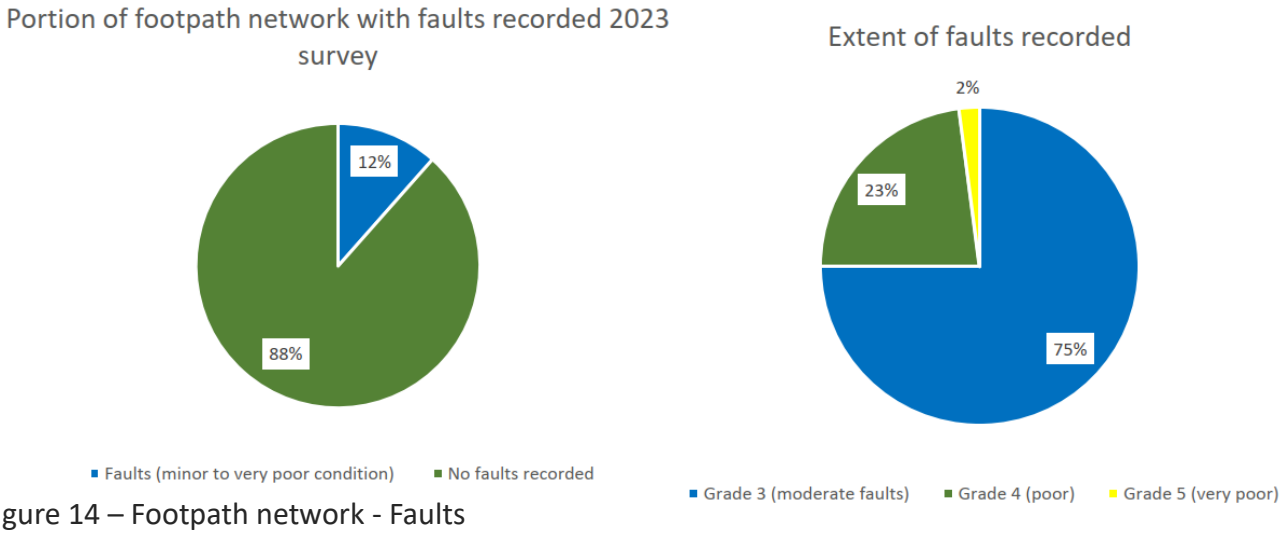


Figure 14 – Footpath network - Faults

Bridges and Structures: Good

- **Indicator:** Three bridges (out of 157 total) posted below class 1 or 50MAX (restricted loading), affecting one percent of the network. Zero bridges require replacing in the 10-year programme.
- **Indicator:** Two retaining walls (out of 287 total) require replacing in the 10-year programme.

Drainage: Good

The figure below shows condition rating results for the previous ten years from full network surveys. The results of an increased focus on drainage maintenance over the previous two Long Term Plan periods (2018 – 2024) can be seen.

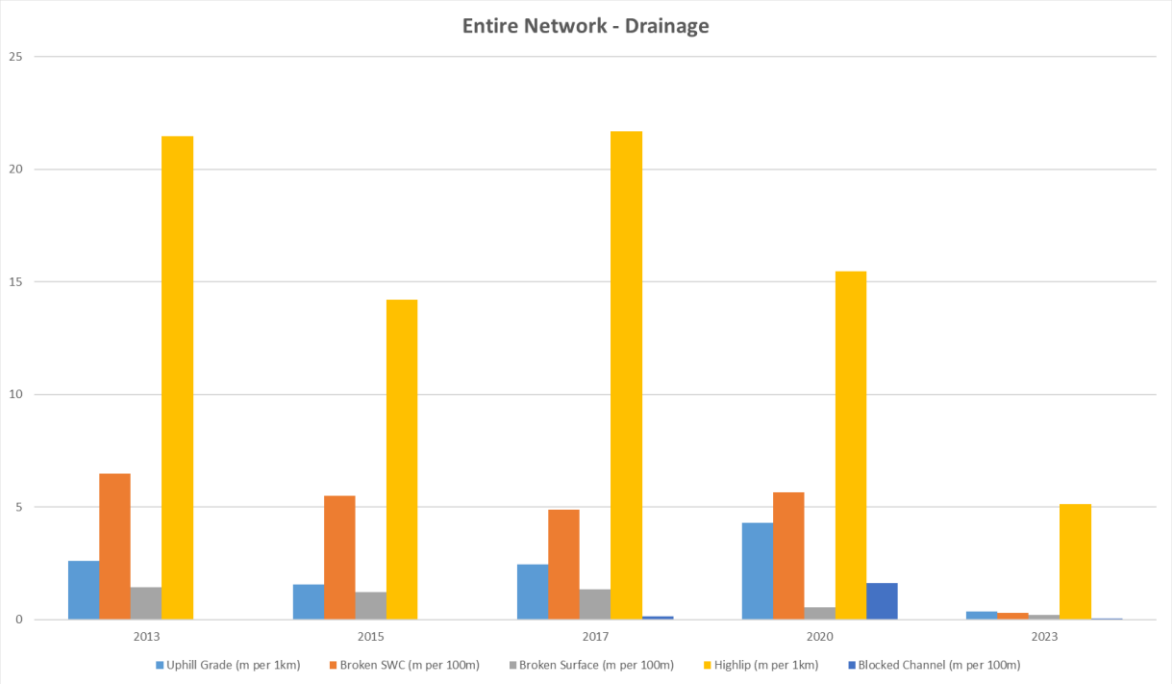


Figure 15 – Transportation Network - Drainage

Traffic Services: Good

- **Indicator:** 99 percent of signs rate at grade 3 (good/moderate faults) or better. 95 percent of rails rate at grade 3 (good/ moderate faults) or better.
- **Indicator:** Streetlights: Recently completed LED replacement programme for 100 percent of the network.

Rating	Description of Condition
1. Excellent condition	No faults
2. Very good	Minor faults
3. Good	Moderate faults
4. Poor	Significant faults
5. Very Poor	Failed

Table 11 – Traffic Services Assets – Ratings|Conditions

Customer levels of service (LoS) – Transport Connections

The benefits and measures associated with delivery of the transport activity are described in the tables below. This is currently a work in progress with the recent change from the One Network Road Classification (ONRC) Framework to the new One Network Framework (ONF) as per the Waka Kotahi NZ Transport Agency direction. An improvement item is included in our Transport Activity Management Plan, Improvement Plan section, to determine methods for capturing current performance, trend, and benchmarking for these new measures.

Pavements

Benefits	Measures	Measure Description	ILM ?	Target	Current Performance	Trend	Benchmarking
Improved environmental performance	9.1.1 Resource Efficiency	Proportion of sustainable & recycled materials	Y	Increasing			
		Waste minimisation	Y	Improving			
	9.1.2 Embodied carbon	Tonnes of CO2 equivalents emitted		Decreasing			
A resilient, future-proofed transport system	4.1.1 Availability of alternative to high risk/impact routes routes	Percentage of high-risk & high-impact routes with a viable alternative	Y	Increasing			
	4.1.2 Level of service & risk	Percentage of network assessed as having a major or extreme risk rating		Decreasing			
Improved accessibility, connectivity, and travel reliability	5.2.6 Access to key economic and social destinations - all modes	Proportion of population living within travel threshold of economic opportunities by different modes	Y	Increasing			
	5.1.4 Temporal availability - road	Number & duration of resolved road closures		Decreasing			
	2.1.1 Access - perception	Perception of safety & ease of walking & cycling	Y	Improving			
Increased user health and safety	1.1.3 Deaths and serious injuries	Number of deaths & serious injuries	Y	Decreasing			
	1.2.1 Road assessment rating	Infrastructure risk rating		Improving			

Table 12 – Pavements - LoS

Structures

Benefits	Measures	Measure Description	ILM ?	Target	Current Performance	Trend	Benchmarking
Improved environmental performance	9.1.1 Resource Efficiency	Proportion of sustainable & recycled materials	Y	Increasing			
		Waste minimisation	Y	Improving			
	9.1.2 Embodied carbon	Tonnes of CO2 equivalents emitted		Decreasing			
A resilient, future-proofed transport system	4.1.1 Availability of alternative to high risk/impact routes routes	Percentage of high-risk & high-impact routes with a viable alternative	Y	Increasing			
	4.1.2 Level of service & risk	Percentage of network assessed as having a major or extreme risk rating		Decreasing			
Improved accessibility, connectivity, and travel reliability	5.2.6 Access to key economic and social destinations - all modes	Proportion of population living within travel threshold of economic opportunities by different modes	Y	Increasing			
	5.1.4 Temporal availability - road	Number & duration of resolved road closures		Decreasing			
	2.1.1 Access - perception	Perception of safety & ease of walking & cycling	Y	Improving			
Increased user health and safety	1.1.3 Deaths and serious injuries	Number of deaths & serious injuries	Y	Decreasing			
	1.2.1 Road assessment rating	Infrastructure risk rating		Improving			

Table 13 – Structures - LoS

Drainage

Benefits	Measures	Measure Description	ILM ?	Target	Current Performance	Trend	Benchmarking
Improved environmental performance	9.1.1 Resource Efficiency	Proportion of sustainable & recycled materials	Y	Increasing			
		Waste minimisation	Y	Improving			
	9.1.2 Embodied carbon	Tonnes of CO2 equivalents emitted		Decreasing			
A resilient, future-proofed transport system	4.1.1 Availability of alternative to high risk/impact routes routes	Percentage of high-risk & high-impact routes with a viable alternative	Y	Increasing			
	4.1.2 Level of service & risk	Percentage of network assessed as having a major or extreme risk rating		Decreasing			
Improved accessibility, connectivity, and travel reliability	5.1.4 Temporal availability - road	Number & duration of resolved road closures		Decreasing			

Table 14 – Drainage - LoS

Traffic Services

Benefits	Measures	Measure Description	ILM ?	Target	Current Performance	Trend	Benchmarking
Improved environmental performance	7.2.1 Biodiversity	Roadside wilding trees and pest plants		Improving			
	9.1.1 Resource Efficiency	Proportion of sustainable & recycled materials	Y	Increasing			
		Waste minimisation	Y	Improving			
	9.1.2 Embodied carbon	Tonnes of CO2 equivalents emitted	Y	Decreasing			
Improved accessibility, connectivity, and travel reliability	2.1.1 Access - Perception	Perception of safety & ease of walking & cycling	Y	Improving			
	5.2.6 - Access to key economic and social destinations - all modes	Proportion of population within travel threshold	Y	Increasing			
Increased user health and safety	1.1.3 - Deaths and serious injuries	Number of Deaths and serious injuries	Y	Decreasing			
	1.2.1 - Road assessment rating	Infrastructure risk rating		Decreasing			

Table 15 – Traffic Services - LoS

Footpaths and Active Modes

Benefits	Measures	Measure Description	ILM ?	Target	Current Performance	Trend	Benchmarking
Improved environmental performance	8.1.1 Greenhouse gas emissions	Tonnes of CO2 equivalents emitted	Y	Improving			
Facilitating economic regeneration & responding to development pressures	10.2.3 Spatial coverage - cycle lanes and paths	Percent completion of the strategixc cycling network	Y	Increasing			
Improved accessibility, connectivity, and travel reliability	2.1.1 Access - Perception	Perception of safety & ease of walking & cycling	Y	Improving			
	10.2.1 People - mode share	Number of pedestrians, cyclists, PT boardings and motor vehicles x PPV		Increasing			
Increased user health and safety	1.1.3 - Deaths and serious injuries	Number of Deaths and serious injuries vulnerable users	Y	Decreasing			
	3.1.1 Physical health benefits from active modes	TBA		Improving			

Table 16 – Footpaths & Active Modes – LoS

Capital expenditure.

The chart below shows the capital expenditure for the Transport Activity during the 30-year period.

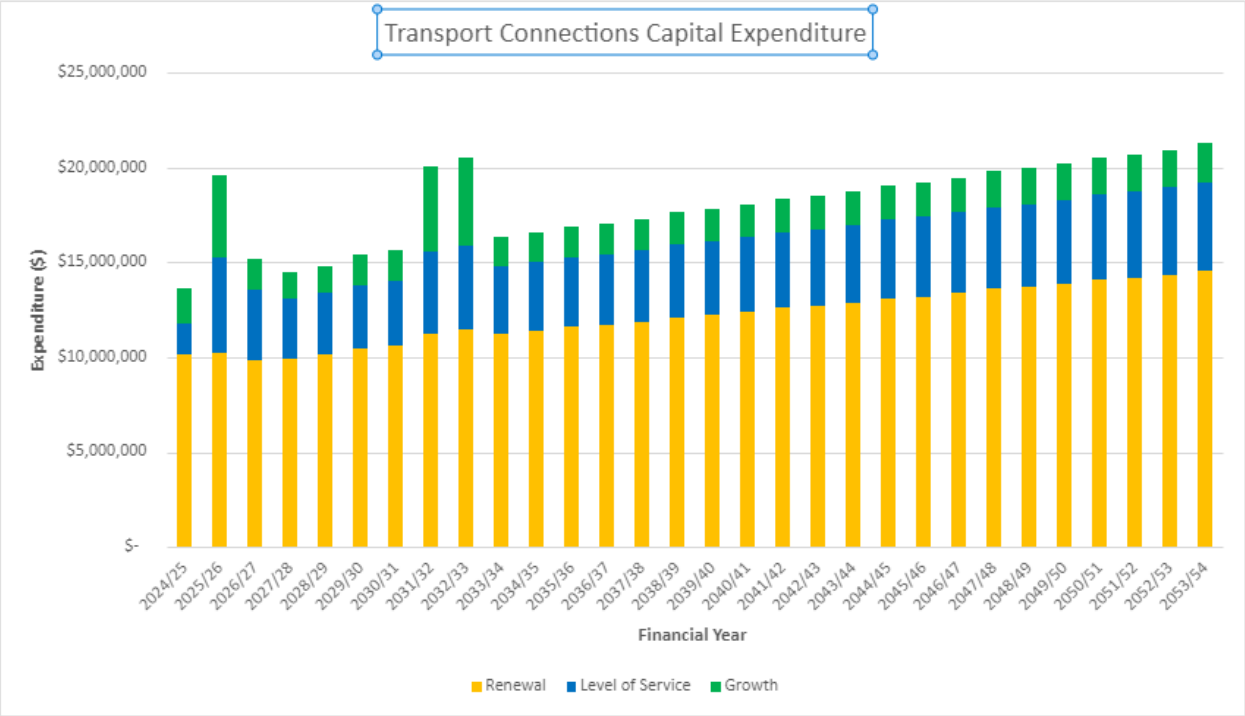


Figure 12 – Transport Connections – Capital Investment Profile

Part D: Financial Forecasts

Overall expenditure summary

This section summarises the total capital and operational expenditure forecast for each infrastructure activity over the next 30 years, as proposed through this strategy. Council has included the four infrastructure activities that require significant investment and delivery including drinking water supply, wastewater, stormwater and transport connections.

This strategy is based on the best information available at this time; however, the strategy will be updated in three years alongside the 2027-37 Long Term Plan. Decisions regarding major infrastructure projects will be considered in line with the 'dates decisions required' information within this strategy.

Balancing the work programme against cost and capacity

The strategy has a focus on investment in Three Waters infrastructure, predominantly wastewater and drinking water activities to ensure Council achieves compliance, delivers security and resilience of networks, meets agreed levels of service and standards, plans for increased demand through population growth and development and manages the impact on our environment.

Over the next 30 years, there are a number of significant challenges and decisions required to deliver the overall plan. Addressing all of these challenges will require significant planning and investment. Council will need to ensure that we balance affordability with the delivery of essential services and prioritise critical improvements that will enhance the District and help achieve our vision and communities' aspirations.

Ensuring that Council is able to deliver on the programme of works is another key consideration. Council is taking steps to develop and deliver an achievable work program. This includes prioritising the work programme, sequencing projects, building capacity within Council, managing our project pipeline, having a long-term view of rates and debt, and staying flexible.

Total projected capital expenditure 2024-2054

Figure 17, below, shows the expected expenditure year-on-year up to 2054 by the main cost driver for projects (asset renewal, level of service change (LoS) or growth).

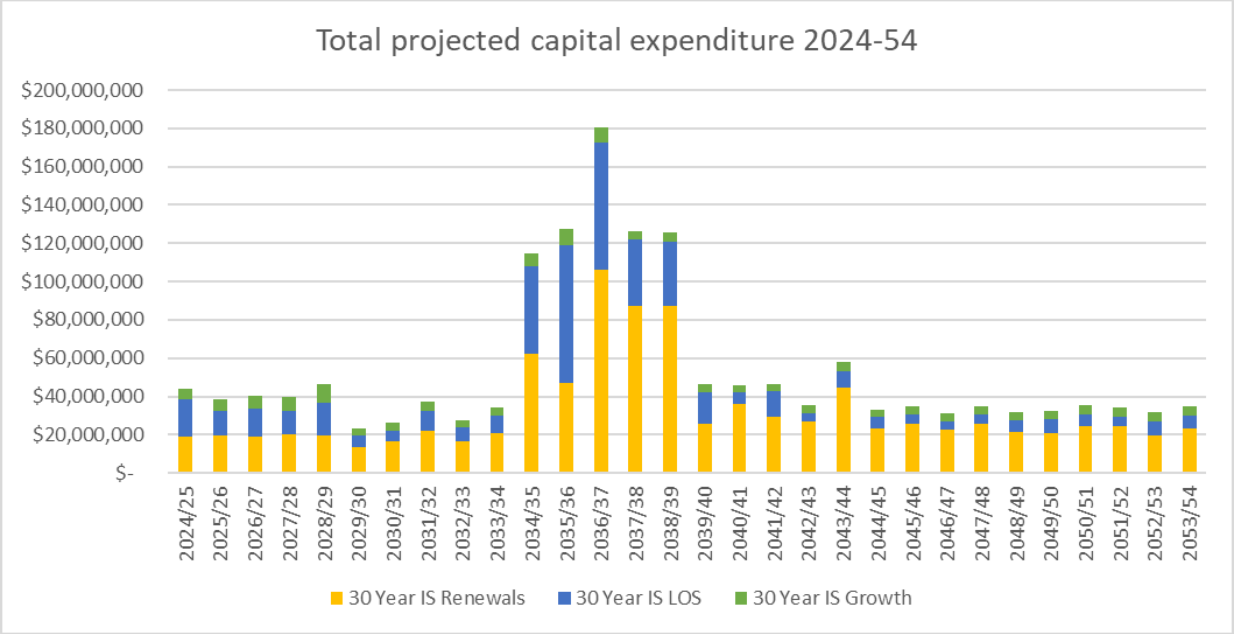


Figure 17 – Capex – 30 year – Transport & Waters – by Driver

Projected infrastructure capital expenditure by activity classification 2024-2054

Figure 18, below shows expected capital expenditure year-on-year up to 2054 by infrastructure activity area classification (i.e. for transport, water, wastewater, and stormwater).

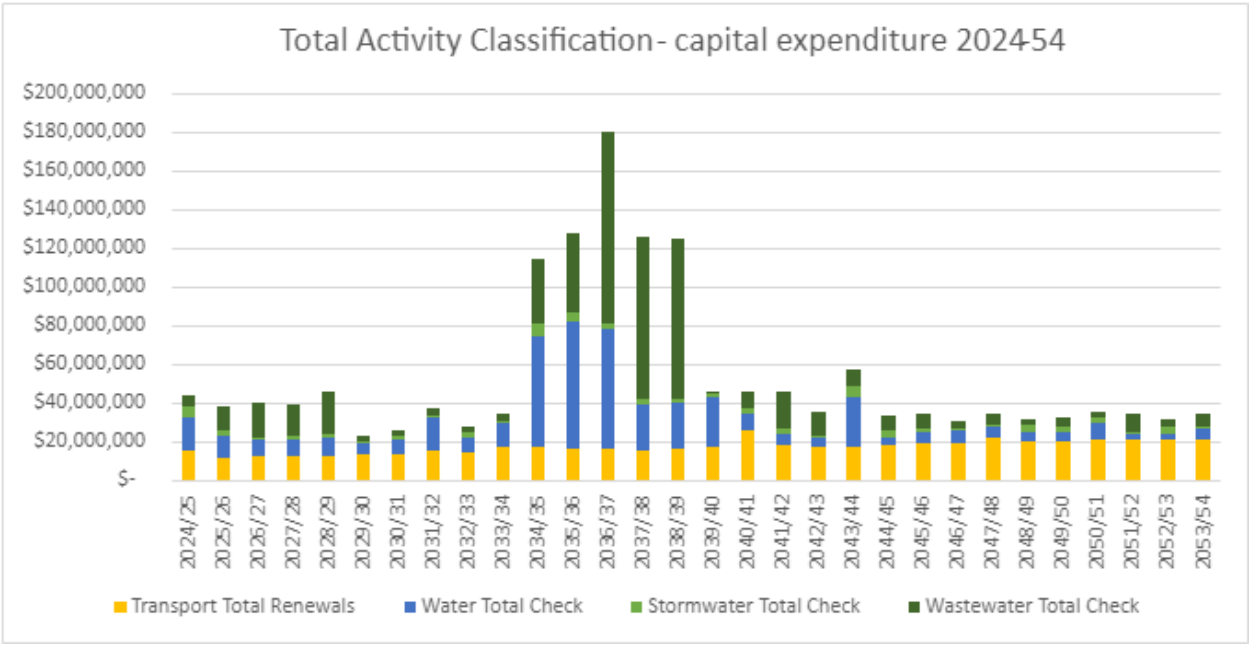


Figure 18 – Capex – 30 year – Transport & Waters – by Activity

Projected operational expenditure by activity classification 2024-2054.

Figure 19, below shows expected operating expenditure year-on-year up to 2054 by infrastructure activity area classification (i.e. for transport, water, wastewater, and stormwater).

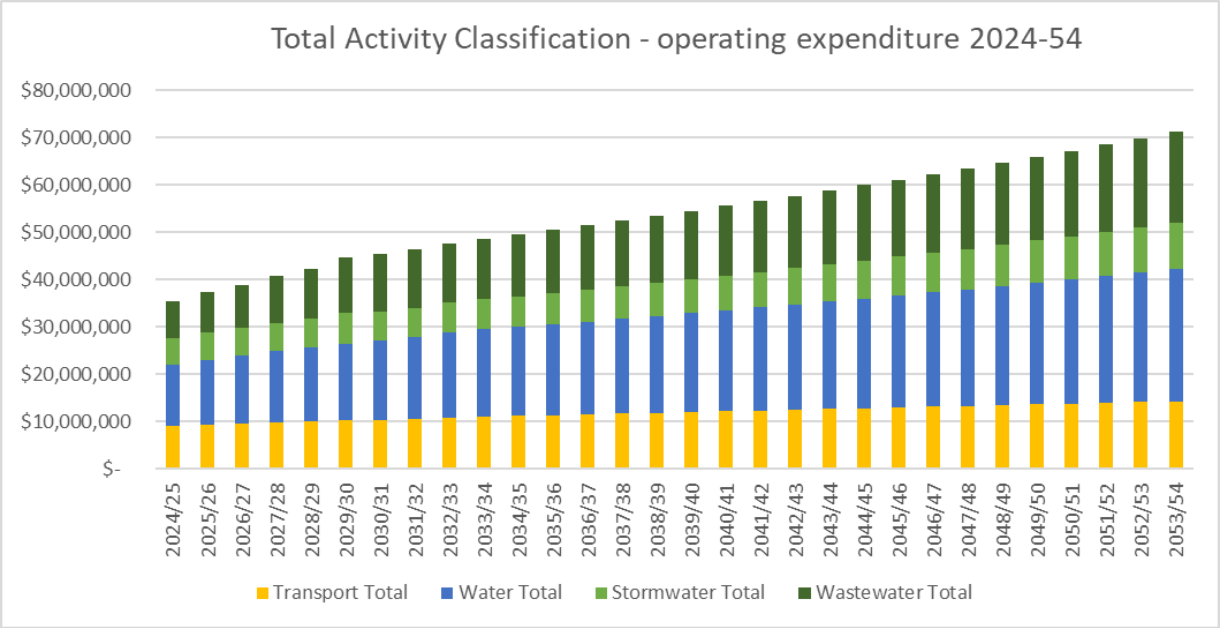


Figure 19 – Opex – 30 year – Transport & Waters

Significant assumptions

The Infrastructure Strategy has been prepared using the following assumptions, which are consistent with the significant forecasting assumptions for the Long Term Plan 2024-34.

Draft Significant Forecasting Assumptions: Long Term Plan 2024-34

In order to prepare a work plan and budget for the next ten years, Whakatāne District Council needs to make a number of assumptions. While things might not happen as we have assumed, we need to plan our costs and activities based on what we think is the most likely scenario. Over the next ten years, actual events may differ substantially from these assumptions. If this occurs, the result may be a significant change in costs and our work plan. This document lists the assumptions that we have made to inform the development of the Long Term Plan 2024-34. It also identifies the level of uncertainty and potential effect on the financial estimate if the assumption is incorrect. In addition to the assumptions below, we have also made some assumptions about how long significant assets are expected to last and the future replacement of these assets. Further information on these assumptions can be found as part of the draft Long Term Plan Financial Information.

COVID-19/Pandemic

Assumption type and why we make it	Assumption for this Long Term Plan	Level of uncertainty	Potential effect on the financial estimates (if assumption is incorrect)
COVID-19 pandemic Council makes this assumption because in the recent past the COVID-19 pandemic has significantly disrupted our district, communities, economy, and Council service delivery. The disruption and the need for subsequent response and recovery has substantial financial implications for Council.	For the purposes of planning and budgeting our work over the next ten years, Council has made the assumption that a pandemic will not result in significant disruptions that would impact our ability to provide our services. We have not forecasted any additional demand for Council services and facilities as a direct result of a new pandemic. We have also not forecasted any reduction in revenue resulting from a pandemic. There continues to be the possibility that future pandemic events could impact our ability to access the materials or labour we need for key projects. We have assumed that we will be able to deliver the projects set in the Long Term Plan, but this would need to be assessed on a project by project basis at the time of any future developments. The cost of rates for the community continues to be a key consideration through the development of the Long Term Plan, particularly given the economic implications of COVID-19.	Medium	High

People, where they live and what they will need

<table>
<tr><th>Assumption type and why we make it</th><th>Assumption for this Long Term Plan</th><th>Level of uncertainty</th><th>Potential Effect on the financial estimates (if assumption is incorrect)</th></tr>
<tr><td>Population Growth

Population projections impact both the supply (rating base) and the demand for Council services.

Population projections will affect things like how we fund the replacement of long term assets, how we manage future debt and rates, and what infrastructure we need to invest in.</td><td>The assumption for this Long Term Plan is that the population of the District will continue to grow as set out below:

<table><tr><th>Year</th><th>Population</th></tr><tr><td>2022</td><td>38,500</td></tr><tr><td>2023</td><td>38,800</td></tr><tr><td>2024</td><td>39,230</td></tr><tr><td>2025</td><td>39,665</td></tr><tr><td>2026</td><td>40,105</td></tr><tr><td>2027</td><td>40,550</td></tr><tr><td>2028</td><td>41,000</td></tr><tr><td>2029</td><td>41,276</td></tr><tr><td>2030</td><td>41,554</td></tr><tr><td>2031</td><td>41,834</td></tr><tr><td>2032</td><td>42,116</td></tr><tr><td>2033</td><td>42,400</td></tr><tr><td>2034</td><td>42,618</td></tr><tr><td>2038</td><td>43,500</td></tr><tr><td>2043</td><td>44,500</td></tr><tr><td>2048</td><td>45,300</td></tr><tr><td>2053</td><td>46,020</td></tr></table></td><td>Low</td><td>Medium</td></tr>
</table>

Assumption type and why we make it	Assumption for this Long Term Plan	Level of uncertainty	Potential Effect on the financial estimates (if assumption is incorrect)
	Source : for 2022 and 23: Subnational population estimates (TA, SA2), by age and sex, at 30 June 1996-2023 (2023 boundaries) (stats.govt.nz) Source for 2024 onwards- Population Forecast – MR Cagney EBOP housing needs research. - 'Medium' assessed projections have been used. (with extrapolation for years between reference points)		

Assumption type and why we make it	Assumption for this Long Term Plan	Level of uncertainty	Potential Effect on the financial estimates (if assumption is incorrect)
Population Age Council makes this assumption because age might influence people's ability to afford rates. The age of our community will also determine the types of services we need to provide.	The assumption for the Long Term Plan is that the median age of the overall population in the District will continue to rise. It is expected that the percentage of older people overall will continue to increase while the percentage of people in the younger cohorts will decline. People aged 65+ are expected to make up 30% of the population by 2043. Implications of an ageing population include a changing demand for Council services, labour availability, changing housing needs and demand on health services and aged cared facilities. In contrast, the median age of Māori (who make up nearly 50% of the population) is 26.3 years compared to 39.8 years for the total population. The largest cohort of Māori is aged 14 years and below which has implications for housing demand.	Low	Low

Assumption type and why we make it	Assumption for this Long Term Plan	Level of uncertainty	Potential Effect on the financial estimates (if assumption is incorrect)
Climate Change (adaptation & mitigation) Council makes this assumption because climate change represents a threat to a range of Council infrastructure assets, and the wellbeing of our communities.	The assumption for the Long Term Plan is that climate change will occur in line with the Intergovernmental Panel on Climate Change (IPCC) 'Representative Concentration Pathways (RCP) 8.5 scenario.' This scenario is set out in the IPCC's Climate Change 2014 Synthesis Report, and represents 'business as usual,' with greenhouse gas emissions continuing at current rates. In this scenario, in the Bay of Plenty, mean temperature is projected to increase by 0.5-1.0°C by 2040 under RCP 8.5, except in autumn where it is projected to warm up by 1.0-1.5°C. By 2090, under RCP8.5, warming is projected to be around 2.5-3.0°C for most of the region at the annual scale (with some isolated areas projecting 3.0-3.5°C of warming, and eastern areas projecting 1.5-2.5°C of warming).[1] For more information about how climate change is likely to impact the Bay of Plenty, refer to 'Climate change projections and impacts for the Bay of Plenty Region.'	Low	High
Occurrence of natural hazards Council makes this assumption because historically natural hazard events have substantially impacted our district and communities. For	The assumption under the Long Term Plan is that we will likely continue to face a similar, if not increased, number and intensity of natural hazards than we have over the past decade. With this being said, as they are difficult to predict, we have not assumed any natural disasters will occur in the course of the Long Term Plan. No specific funding of a natural disaster response and recovery reserve has been provided for in the financial	Medium	High

[1] NIWA, 2019, *Climate change projections and impacts for the Bay of Plenty Region* < https://atlas.boprc.govt.nz/api/v1/edms/document/A3434328/content> accessed 18/02/2021

Assumption type and why we make it	Assumption for this Long Term Plan	Level of uncertainty	Potential Effect on the financial estimates (if assumption is incorrect)
Council, substantial events disrupt service delivery and work programmes, while generating new unplanned costs for response and recovery.	projections covered by the 10 years of the Long Term Plan. Some minor annual funding is set aside for storm damaged roading.		

The Council's Mandate and Direction

Assumption type and why we make it	Assumption for this Long Term Plan	Level of uncertainty	Potential Effect on the financial estimates (if assumption is incorrect)
Purpose, structure and functions of local government sector Council makes this assumption because no substantive policy decisions about the future structure, roles, functions or funding of the sector have been implemented following the Future For Local Government review (FFLG).	The assumption is that the purpose, structure and functions of the Local Government Sector will remain as they are. The Future for Local Government review (FFLG) identified how our system of local democracy needs to evolve over the next 30 years to improve the well-being of Aotearoa New Zealand communities and the environment, and actively embody the Te Tiriti o Waitangi – the Treaty of Waitangi partnership. The change in government following the 2023 general election has resulted in repeals to substantial reforms programmes that were underway. Within the next ten years covered by our Long Term Plan there are aspects of our service delivery that could change if our role and obligations change. We assume the status quo	Low	Medium

Assumption type and why we make it	Assumption for this Long Term Plan	Level of uncertainty	Potential Effect on the financial estimates (if assumption is incorrect)
	because we have no visibility or certainty on this (except some direction for Three Waters and RMA).		
Water Services Reform Programme Following a change in government in the 2023 general election, the three waters reforms progressed by the previous government are being repealed. The impact of this (and assumption for this Long Term Plan) is that the Long Term Plan will have to fully reinstate responsibility, planning and funding for three waters. This replaces the previous assumption that Council would retain waters services for 'up to' a two years period only.	The Long Term Plan will be prepared on the basis that Council retains 'ongoing' service delivery, planning and funding responsibilities for three waters. This includes across the ten-year period of the Long Term Plan and 30 years of the infrastructure strategy. Legislation has come into effect 17 February 2024 to repeal the Three Waters reform legislation. Further legislation is expected in mid-2024 and 2025 providing details around streamlined requirements for establishing CCO's, structural finance tools to support financial sustainability and further regulatory changes. The assumption is that these changes will not impact LTP24-34 in years 1-3 substantially and we will incorporate changes in LTP27-37.	Medium	High
National Waste Initiatives Council makes this assumption because several national waste initiatives are being progressed, including the New Zealand Waste Strategy which aims to reduce emissions from waste	The assumption for the Long Term Plan is that Local Government will work with Central Government to implement the strategy and the process to develop an action and investment plan. No new legislation is likely to be passed by the time the 2024-34 Long Term Plan is implemented. The assumption is that in relation to recycling in the district, changes will be made to the recycling collected (prior to the Long Term Plan implementation) and Council will be	Low	Low

Assumption type and why we make it	Assumption for this Long Term Plan	Level of uncertainty	Potential Effect on the financial estimates (if assumption is incorrect)
and embed circular systems that will focus on reusing and reducing waste and litter.	implementing kerbside food waste collection and processing during the term of the Long Term Plan.		
Resource Management Act Council makes this assumption because Council has received a letter in early 2024 from the Minister Responsible for RMA Reform, Hon Chris Bishop, advising us of the Government's planned RMA reforms. These reforms follow on from the repeal of the Natural and Built Environment Act and the Spatial Planning Act in late 2023.	The assumption for this Long Term Plan is this activity will remain with Council and that the Resource Management Act (RMA) will be amended to introduce a permanent fast-track consenting process for locally, regionally and nationally significant infrastructure projects. Following this, amendment work will begin on the new resource management laws based on the enjoyment of property rights. There will also be changes to the National Policy Statement for Freshwater Management (NPS-FM) including changes to the hierarchy of obligations in the short term and a review and replacement of the NPS-FM later in the parliamentary term. The timing of the reforms and the scope of the interim changes to the RMA and NPS-FM are such that Council do not anticipate that significant changes will need to be made to the Long Term Plan. The interim changes relate to the application of the NPS-FM which has greater implications for regional rather than district councils, while the RMA fast-track consenting changes relates to the process by which certain applications are assessed. The costs and timings of Council activities are not expected to be significantly affected by these. Longer term the replacement of the RMA with new resource management laws based on the enjoyment of property rights may require future amendments to the Long Term Plan. However, these are not likely to occur until after 2027 and can therefore be included in a future Long Term Plan.	Low	Low

Revenue streams

<table>
<tr><th>Assumption type and why we make it</th><th>Assumption for this Long Term Plan</th><th>Level of uncertainty</th><th>Potential Effect on the financial estimates (if assumption is incorrect)</th></tr>
<tr><td>Rating base

The Council's rating requirement (the amount we need to collect from rates) is divided among the available 'rateable properties' in the District. Certain types of properties, like schools, churches, and recreation reserves, are not rateable.</td><td>The assumption for the the rating base will in the table below.

The table shows the for each year of the unit projections

<table><tr><th>Year</th><th>Rating units</th></tr><tr><td>2022</td><td>17,039</td></tr><tr><td>2023</td><td>17,081</td></tr><tr><td>2024</td><td>17,308</td></tr><tr><td>2025</td><td>17,538</td></tr><tr><td>2026</td><td>17,771</td></tr><tr><td>2027</td><td>17,975</td></tr><tr><td>2028</td><td>18,181</td></tr><tr><td>2029</td><td>18,303</td></tr><tr><td>2030</td><td>18,426</td></tr><tr><td>2031</td><td>18,549</td></tr><tr><td>2032</td><td>18,674</td></tr><tr><td>2033</td><td>18,799</td></tr><tr><td>2034</td><td>18,898</td></tr></table>
Long Term Plan is that increase as reflecting

projected rating units Long Term Plan. Rating</td><td>Low</td><td>Medium</td></tr>
</table>

Assumption type and why we make it	Assumption for this Long Term Plan	Level of uncertainty	Potential Effect on the financial estimates (if assumption is incorrect)
Rating revenue realisation Council makes this assumption because rates are the most substantial and consistent portion of revenue to fund Council services. The realisation of revenue may be impacted by levels of affordability and/or willingness to pay.	The assumption in this Long Term Plan is that rates arrears and defaults will be in keeping with historical levels experienced in recent years. Much of the local government sector throughout Aotearoa New Zealand is facing the need to increase rates revenue more than historical levels, and these increases may persist over a number of years. Alongside this, inflationary cost related to other goods and services is impacting communities, as are increasing mortgage interest rates. The economy is also entering a weak cycle at the time of drafting this Long Term Plan and unemployment levels (across New Zealand) are expected to rise. The combined risk is lower discretionary income for homeowners, landowners and business owners. Alongside this risk is a longer-term trend of overall aging in our population structure – this will result a greater proportion of older population on fixed incomes. The risk is that rates costs become more challenging to meet for some property owners and we may see a greater level of rate payments in arrears/default. In other cases there may be arrears arising from a political position, rather than an affordability position.	Medium	Medium

Assumption type and why we make it	Assumption for this Long Term Plan	Level of uncertainty	Potential Effect on the financial estimates (if assumption is incorrect)
External funding / Subsidies It is mandatory for Council to make an assumption concerning sources of funds for the future replacement of significant assets and key projects.	The assumption for the Long Term Plan is that external funding/subsidies will be secured where these have been budgeted for. The Council has a number of projects planned that are contingent upon a significant level of external funding alongside rates (sponsors, grants and fund raising from central government, regional government and community sources). A significant portion of subsidies relate to our transport connection activities. The assumption is that Waka Kotahi funding assistance rates will be at 65%.	Low	**Low**
Revenue from fees and charges Council makes this assumption because revenue from fees and charges has an ongoing impact on Council's budget, especially when cost is not fully recovered.	The assumption for the Long Term Plan is that fees and charges will be established in line with a new Revenue and Finance Policy with a broad intent to shift from rate subsidy to a more cost recovery-based model. Inflation and market rates will be considered to reflect true cost.	Low	Low

Assumption type and why we make it	Assumption for this Long Term Plan	Level of uncertainty	Potential Effect on the financial estimates (if assumption is incorrect)
Development contributions Council makes this assumption because Council use development contributions to recover from developers a fair, equitable, portion of costs of capital expenditure needed to service growth.	The assumption for the Long Term Plan is that revenue from development contributions will be in line with the budget and the Development Contributions Policy.	Low	Medium
Investments and Harbour Endowment Property It is mandatory for Council to make an assumption concerning sources of funds for the future replacement of significant assets.	The assumption for the Long Term Plan is that Council continues to receive income similar to the LTP 21/31 from Council's harbour lease properties and other properties with commercial leases.	Medium	Medium

Renewal of assets

Assumption type and why we make it	Assumption for this Long Term Plan	Level of uncertainty	Financial risk (if assumption is incorrect)
Lifecycle of assets This is a mandatory assumption under the Local Government Act.	The assumption is that the lifecycle of assets is as stated in the Statement of Accounting Policies in the 'Our Finances' section of this Long Term Plan, and that asset lifecycles will align with forecast and be used as the basis of depreciation.	High	Medium
Revaluation of assets This is a mandatory assumption under the Local Government Act.	The assumption for the Long Term Plan is that revaluations will be in line with projections, and reflect ongoing assumed levels of inflation in capital costs. All operational assets including land, buildings, library, museum, roading and three waters infrastructure assets are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from their fair value, and at least every three years. Other assets like forestry, investment property and non-current assets held for sale, as well as the derivative financial instruments, are revalued annually. Fair value is the amount at which asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.	Low	Low
Funded depreciation / revaluations This is a mandatory assumption under the Local Government Act as a source of funding asset replacement.	The assumption for the Long Term Plan is that depreciation is based on correct values, and aligned to the lifecycle of assets and periodic revaluations.	Medium	Medium

Assumption type and why we make it	Assumption for this Long Term Plan	Level of uncertainty	Financial risk (if assumption is incorrect)
Future replacements of assets (related to below) Council makes this assumption because it must be able to demonstrate that it has budgeted its costs prudently.	The assumption for the Long Term Plan is that assets will be replaced at the end of their useful life (based on condition and/or performance) with a 'like-for-like' equivalent except where noted in Long Term Plan.	Medium	Medium
Project costs (related to above) Council makes this assumption because it must be able to demonstrate that it has budgeted its costs prudently.	The assumption for the Long Term Plan is that costs of projects and replacements have been accurately budgeted where not like for like (similar to above).	Medium	Medium
Reserve levels Council makes this assumption because if funds are not available, other mechanisms of funding must be explored, for example drawing down debt. These are not budgeted.	The assumption for the Long Term Plan is that reserves will be managed over the ten year timeframe of the Long Term Plan, and that by 2034 funding of depreciation through depreciation reserves will be sufficient to meet the renewal costs of assets. During the year where it is otherwise indicated in our financial statement that reserves are not available, it is assumed that the drawing down of debt will temporarily support the cost of renewal of assets.	Medium	Medium

Borrowing costs and inflation

<table>
<tr><th>Assumption type and why we make it</th><th>Assumption for this Long Term Plan</th><th>Level of uncertainty</th><th>Financial risk (if assumption is incorrect)</th></tr>
<tr><td>Interest Rates

Council makes this assumption because this will affect the level of rates required to service debt (and ROI).</td><td>The assumption for the Long Term Plan is that interest rates will be provided by PWC Treasury.
<table><tr><th></th><th>2025</th><th>2026</th><th>2027</th><th>2028</th><th>2029</th><th>2030</th><th>2031</th><th>2032</th><th>2033</th><th>2034</th></tr><tr><td>Interest</td><td>5.22</td><td>4.95</td><td>4.79</td><td>4.92</td><td>5.33</td><td>5.45</td><td>5.58</td><td>5.73</td><td>5.84</td><td>5.94</td></tr></table></td><td>High</td><td>High</td></tr>
<tr><td>Credit rating

Council makes this assumption because becoming credit rated is being considered, and should let Council borrow at more favourable rates, and affect the level of rates required to service debt.</td><td>The assumption for the Long Term Plan is that the Council will obtain a credit rating.

The credit rating outcome will be known by the end of the 2024 financial year or early in the 2025 year. The Long Term Plan interest expense will be calculated on the assumption that the Council is credit rated. This will affect the cost of all debt uplifted from the 2025 financial year onwards.</td><td>Low</td><td>High</td></tr>
<tr><td>Inflation

Council makes this assumption because inflation impacts the community’s ability to pay and Council’s forecast expenditure.</td><td>There is more sensitivity to the uncertainty around inflation levels following recent economic conditions.

It is assumed that inflation will be in line with BERL’s ‘mid’ scenario, in the BERL Local Government Cost Adjustor Forecasts. The uncertainty around inflation levels is reflected in BERL releasing more than one scenario for the first time. As part of the review of financial assumptions following the release of the BERL Local Government Adjustor Forecasts we will seek to include comparatives of other council assumptions, and other economic updates such as those provided through LGFA for assumption testing.</td><td>High</td><td>High</td></tr>
</table>

<table>
<tr><th>Assumption type and why we make it</th><th>Assumption for this Long Term Plan</th><th>Level of uncertainty</th><th>Financial risk (if assumption is incorrect)</th></tr>
<tr><td></td><td>
<table>
<tr><th></th><th>2025</th><th>2026</th><th>2027</th><th>2028</th><th>2029</th><th>2030</th><th>2031</th><th>2032</th><th>2033</th><th>2034</th></tr>
<tr><td>Water</td><td>3.6</td><td>2.5</td><td>2.7</td><td>2.6</td><td>2.5</td><td>2.3</td><td>2.3</td><td>2.2</td><td>2.1</td><td>2.1</td></tr>
<tr><td>Roading</td><td>2.9</td><td>2.0</td><td>2.3</td><td>2.3</td><td>2.2</td><td>2.1</td><td>2.0</td><td>2.0</td><td>2.0</td><td>1.9</td></tr>
<tr><td>Property</td><td>2.3</td><td>1.9</td><td>2.0</td><td>1.8</td><td>1.8</td><td>1.7</td><td>1.7</td><td>1.6</td><td>1.6</td><td>1.6</td></tr>
<tr><td>Staff</td><td>2.4</td><td>2.2</td><td>2.1</td><td>2.1</td><td>2.0</td><td>1.9</td><td>1.9</td><td>1.9</td><td>1.8</td><td>1.8</td></tr>
<tr><td>Other</td><td>2.4</td><td>2.1</td><td>2.1</td><td>2.0</td><td>1.9</td><td>1.9</td><td>1.8</td><td>1.8</td><td>1.8</td><td>1.7</td></tr>
</table>
</td><td></td><td></td></tr>
</table>

Service delivery

Assumption type and why we make it	Assumption	Level of uncertainty	Financial risk (if assumption is incorrect)
Level of Service Council makes this assumption because this will impact forecast expenditure.	The assumption for the Long Term Plan is that existing service delivery methods and levels of service will continue unless specified. While it is likely that some of our service delivery may look different over the period of the Long Term Plan, Council can only budget for known changes.	Low	Medium
Staff and contractors Council makes this assumption because staff and contractor availability impacts our ability to deliver our work programme.	The assumption for the Long Term Plan is that due to a shortage in parts of the labour market, the Council will compete with other workplaces to attract workforces and this will need to be factored in the Long Term Plan work programme to ensure Council can continue to attract staff and contractors.	Low	Low

Ends

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WHAKATĀNE District Council
Kia Whakatāne au i ahau