Preliminary advice to Hutt City Council regarding proposed three waters capital and operational expenditure budgets for the 2025/26 financial year and triennium

TO	Jenny Livschitz, Group Chief Financial Officer, Hutt City Council; Bruce Hodgins, Strategic Advisor, Hutt City Council
COPIED TO	Pete Wells, Head of Service Planning, Wellington Water; Wayne Maxwell, General Manager Business Services, Wellington Water
FROM	Julie Alexander, Group Manager Network Strategy and Planning, Wellington Water
DATE	28 November 2024

Action sought

	Action
Jenny Livschitz, Group Chief Financial Officer, Hutt City Council	**Note** the contents of this memo. **Meet** with Wellington Water to discuss the recommendations and issues raised within the memo.

Contact for telephone discussion (if required)

Name	**Position**		**1st Contact**
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Purpose

1. This paper informs Hutt City Council (Council) of:
    - Annual planning advice, including proposed updates to the Long Term Plan 2024-34 with a focus on the current triennium;
    - key areas where Wellington Water recommends additional investment in FY2025/26 and the triennium; and
    - the additional investment required into Wellington Water's corporate capabilities in order to better manage the region's assets and services.

Recommended actions

It is recommended that Council:

a. **confirms** Council's proposed approach to FY2024/25 capital budget carry overs;

b. **notes** the revised FY2024/25 Capital Expenditure (Capex) forecast that will be further updated in Stage 2 advice;

c. **approves** budget changes for specific FY2024/25 initiatives to enable completion of required work within this financial year;

d. **considers** the indicative proposed Capex and Operational Expenditure (Opex) budgets for FY2025/26;

e. **notes** the indicative Capex budget requirement for FY2026/27 and across the remaining seven years of the Long Term Plan 2024-34;

f. **considers** the specific risks presented in this memo;

g. **notes** the requirement for investments needed to implement a range of organisational capability improvements, and for essential systems and technology improvements at Wellington Water in order to better manage the region's assets and services;

h. **notes** that in order to support your FY2025/26 annual planning processes, Wellington Water will update our advice in mid-late February 2025 based on Council's draft funding decisions, and provide final detailed advice in May 2025; and

i. **notes** that in line with agreed policies on transparency and information sharing, this memo will be published on Wellington Water's public website, subject to any redactions consistent with the Local Government Official Information and Meetings Act 1987, once Council has considered and made decisions regarding this advice.

Executive Summary

2. This advice proposes updates to the annual plan for FY2025/26, and to the triennium view of the approved Long Term Plan (LTP) to reflect current knowledge of programmes and any recommended changes.

3. The following key issues underpin our advice, and affect all councils. Any additional investment in these areas will support improved outcomes in delivering water services for our communities:

    - increasing investment in pipe network planned and reactive renewals to address backlogs over a 30-year period and reduce them to a long-term sustainable level;
    - regional alignment to address the critical water supply risk, with coordinated investments in storage, metering, and leak repairs; and
    - ensuring investment to meet increasing regulatory requirements, with a focus on Wastewater Treatment Plants.

4. The level of Capex funding agreed in Council's Long Term Plan (LTP) for 2025/26 (including Council agreed carry overs from FY2023/24) was $105.3M, and a total of $331.1M over the triennium. Since the LTP was agreed, Wellington Water (WWL) has updated our forecast to reflect the most up to date view of costings and programmes. Based on this, we are now recommending a decrease for 2025/26 to $94.2M[1] (a decrease of $11.1M) and an increase to $345.2M[2] over the triennium (an increase of $14.1M).

5. The level of Opex funding agreed in Council's LTP for 2025/26 was $37.3M. WWL is in the process of updating its operational budgets forecast. Based on our early stage view we are recommending an increase in programme funding of $1.54M for 2025/26, with the majority of the increase relating to Monitoring and Investigation activities[3].

6. The active risks identified in WWL's 2024-34 LTP close out advice, of 15 August 2024, continue to be relevant; noting that the LTP funding agreed by Council for Opex across the current triennium exceeded WWL's recommended levels, but agreed funding for Capex was below recommended levels.

7. In response to recommendations from the 2024 independent review into WWL's capital programme estimating and budgeting systems (the 2024 review), we have brought forward our business planning cycle to align with Council's annual planning cycle. To feed into this first stage of advice to councils, the base corporate budgets for WWL have been developed at a high level and this shows a lift in investment is needed above what was agreed in the 2024-34 LTP.

8. There are also further investments needed to provide for critical systems updates and to lift corporate capability and maturity, as recommended in the 2024 review.

Background and context to our advice

9. WWL's shareholding councils have been clear in their expectations of us to demonstrate value for money and find efficiencies and improvements to the way we deliver water services for their communities. Councils need to be confident that WWL is financially prudent and a 'smart purchaser' of services on their behalf.

10. Additionally, findings in the recent independent review highlighted significant capability improvements needed to prevent errors from reoccurring and lift our organisation's maturity to better deliver on our responsibilities to our councils.

[1] Before FY2025/26 corporate cost adjustments

[2] Before FY2025/26 corporate cost adjustments

[3] This figure does not include the investment uplift needed for the organisational capability improvements required in response to the 2024 independent review, or the investment needed for essential technology systems and improvements

11. Significant investment is also needed to implement core technology systems and improvements that are required for any effective and efficient water utility organisation. This was also highlighted in the independent review.

12. When it comes to organisational capability, maturity, and technological systems – we are far behind on where we need to be. Wellington Water is not right sized for the work that we need to deliver for our shareholders or to deal with the challenges the region faces with water infrastructure. Our programme of work and responsibility has grown over the past ten years but the investment into the organisation to support this work has not.

13. To support this increase in work we have over the years relied heavily on our consultants and suppliers and an outsourcing model. This has raised concerns with our shareholders around value for money.

14. Additionally, we haven't communicated our organisational need or position well over many years. We are doing this differently this year and for future years.

15. We have been making rapid and immediate changes over the past few months to address councils' concerns and meet expectations. We are making fundamental changes to the way we work. We are shifting to a 'value-add' mindset in how we deliver water services. This is about:

    - building internal capability to deliver our work instead of outsourcing work, which is cheaper and more efficient;
    - retaining knowledge and control of our information;
    - maturing our approach to managing our contracts; and
    - increasing capability so we can proactively look for and implement efficiencies across the organisation.

16. Urgently increasing our corporate capability is vital to deliver councils' operational and capital programmes – not doing so will open us up to risks of errors and issues, like the recent cost estimation error, reoccurring.

17. Since WWL identified the Corporate Cost error in capital budgeting advice, we have conducted a review into corporate cost allocations to check and validate if the $51M gap in funding was correct and identify any further impacts on councils' programmes. We have advised Council of the high-level impacts in October 2024. For HCC this amounted to a net reduction in Corporate Charges of $3.0M over the triennium period. This has been included in the programme as an offsetting budget line.

18. Deloitte is providing on-going advice during the annual planning process to further refine the corporate cost methodology.

19. Additionally, the 2024 review of WWL's capital programme estimation and budgeting systems highlighted significant capability improvements needed to prevent errors from reoccurring and lift our organisation's maturity to better deliver on our responsibilities to our councils. As a result, further investment is needed in order for WWL to:

    - purchase and implement core technology systems;
    - lift our organisational capability; and
    - increase funding for WWL's corporate services to ensure we are able to deliver the FY2025/26 programme well and effectively.

Section One: Annual Plan

Annual Planning approach

20. This advice proposes updates to the triennium view of Council's approved LTP, to reflect current understanding of the LTP programme and any recommended changes.
21. The advice builds on the final LTP advice provided to Council on 15 August 2024, which set out the 2024-34 LTP investment programme adopted by the Council. As signalled in our final advice, WWL has continued to engage with Council on changes and updates that may be required to the adopted LTP programme to accommodate emerging needs.
22. WWL has aimed to update the Capex programme to be compliant with the existing LTP funding envelopes. Where necessary, funding has been re-prioritised to accommodate arising needs or revised scope and costings, with the programme balanced by deferring some projects until after the triennium.
23. This advice also outlines recommended changes and additions to the current approved LTP Operational Expenditure budget, and identifies areas of risk if the current level of funding is maintained across the full LTP programme.
24. WWL will continue to work with Council to refine our annual plan advice based on your feedback.

Capital Expenditure Plan

25. Since the LTP budget was approved in mid-2024, WWL has made significant progress in delivering water services and renewing Council's water assets. Some highlights include:
    - 8.2km of forecasted pipe renewals in FY2024/25
    - 1,122 leaks fixed in the current financial year (since 1 July 2024), as at end of October 2024
    - Work on the biofilter replacement at the Seaview Wastewater Treatment Plants was delivered on time and now focus is on delivering work to replace the sludge dryer.
    - Urgently renewing drinking water pipes in Point Howard following the 2023 failure and slip.

Revisions to forecast capital expenditure for FY2024/25

26. The level of capital funding agreed in the LTP for FY2024/25, including Council-approved carry overs is $85.4M. The updated delivery forecast for the FY2024/25 programme, including proposed changes is $82.48M.
27. A summary of significant changes to the FY2024/25 capital programme is shown below, and a detailed breakdown of the amended programme is included within **Appendix A**. Additional detailed information on any of the proposed changes is available on request.
28. The significant changes proposed to the FY2024/25 capital programme are:
    - $2.7M increase in Drinking Water pipe network reactive renewals to support leak repair activities
    - $7.5M increase in FY 24/25 budgets to bring forward Watermain Renewals for Rata St and Stokes Valley and Wainuiomata Galvanised Iron Ridermain Renewals

- $0.5M to bring forward LTP budget for Te Mome Pump Station Renewal and Optimisation for upgrading and replacing highest priority pumps at the end of its asset life to mitigate flooding risks in Alicetown and Petone
- WWJV - $5.2M of LTP allocated funding for Western Hills Trunk Urgent Works (VHCA) brought forward into the triennium, to fund the high risk renewal, as discussed with the Council
- WWJV - Additional $2M of funding for unexpected costs incurred from Days Bay pump station incident
- Provision of funding for Jackson Street renewals programme.

29. Please note that the Seaview WWTP JV Planned Renewals "bundled" budget line has been unwound to show individual line items - unless specified in this memo, this does not constitute a project cost increase.

30. WWL asks Council to **approve** the revised Capital Expenditure (Capex) forecast for FY2024/25, in order to proceed with completing the required work within this financial year. Our programme leads are already engaging with Council officers on approval of changes for some specific items such as drinking water network renewals.

31. Annual Planning advice has assumed that the requested changes for FY2024/25 are able to be approved. In the event that some, or all, changes are not approved, amendments will be required to the FY2025/26 programme.

Carry over of funding from FY2024/25

32. In previous years, WWL has utilised the ability to carry over unspent allocated funds to allow for fluctuations in annual budgets. Any changes or limitations to this ability could potentially restrict WWL's flexibility to efficiently deliver the proposed triennium programme. Therefore, WWL asks Council to confirm their proposed approach to carry overs from FY2024/25 into FY2025/26 and FY2026/27, and advise if there are any limitations that will apply.

FY2025/26 and Triennium capital expenditure

33. The level of capital funding agreed in the LTP, including Council agreed carry overs, was $105.3M for FY2025/26 and $331.1M over the triennium. Based on WWL's updated forecasts for FY2025/26, we are now recommending a decrease in the FY2025/26 budget to $94.2M but an overall increase to $345.2M across the triennium, the details of which are shown in the updated LTP programme attached as **Appendix A**.

34. Table 1 sets out a summary of approved and proposed expenditure levels of the FY2025/26 and Triennium capital delivery plan, by water type and Local Government Act 2002 (LGA) classification.

Table 1: Summary of approved vs proposed capital expenditure for FY2025/26 and Triennium, by water and LGA classification ($)

		FY2025/26 Approved Budget ($)	Proposed FY2025/26 Budget ($)*	Changes between FY2025/26 Approved and Proposed Budget	Approved Triennium Budget ($)	Proposed Triennium Budget ($)	Triennium Projects for Council Consideration ($)
Drinking Water		**26.25M**	**27.09M**	**0.83M**	**98.63M**	**116.06M**	**2.46M**
	Growth	0.10M	3.62M	3.52M	21.50M	22.29M	
	Level of Service	9.03M	9.75M	0.71M	36.57M	38.11M	
	Renewal	17.12M	13.72M	(3.40)M	40.55M	55.65M	2.46M
Stormwater		**13.82M**	**5.54M**	**(8.28)M**	**27.45M**	**25.11M**	**5.53M**
	Growth	3.83M	1.93M	(1.90)M	7.36M	3.87M	
	Level of Service	3.76M	1.50M	(2.26)M	8.72M	6.34M	
	Renewal	6.23M	2.11M	(4.12)M	11.37M	14.90M	5.53M
Wastewater		**5.38M**	**10.35M**	**4.97M**	**34.65M**	**33.74M**	**2.51M**
	Growth	1.03M	1.59M	0.56M	11.91M	8.31M	
	Level of Service	1.18M	1.10M	(0.08)M	4.59M	3.64M	
	Renewal	3.17M	7.67M	4.49M	18.15M	21.80M	2.51M
Wastewater JV		**59.85M**	**51.24M**	**(8.60)M**	**170.31M**	**170.37M**	**0.00M**
	Growth	1.31M	1.30M	(0.01)M	3.09M	3.09M	
	Level of Service	0.00M	0.00M	0.00M	4.74M	0.26M	
	Renewal	58.54M	49.95M	(8.59)M	162.48M	167.02M	
Total		**105.30M**	**94.22M**	**(11.08)M**	**331.04M**	**345.27M**	**10.49M**
Corporate Cost adjustments**					(3.00)M	(3.00)M	
Urgent capability improvements for FY2025/26***						**0.97M**	
Net programme savings from replacing contractors						(0.97M)	
Grand Total		**105.30M**	**94.22M**	**(11.08)M**	**328.04M**	**342.27M**	**10.49M**

** There may be further movements based on cost changes that need approval and some uncertainty around the timing of the treatment plant programme*
*** Corporate cost adjustment from the review as advised in October*
**** Investment needed to lift corporate capability and maturity from FY25/26*

35. **Appendix A** provides a detailed breakdown of initiatives that make up Council's FY2025/26 capital delivery plan, the triennium programme, and the adopted 2024-34 LTP.

36. The significant changes proposed to the LTP capital programme for the triennium are:

- ($12M) – Sludge Dryer Replacement re-phased to continue outside the triennium
- ($3M) – Petone Collecting Sewer re-phased outside the triennium

- $5.2M funding brought forward for Western Hills JV Pipe Urgent Works
- $6M funding brought forward for Te Mome pump station renewal
- $4M additional funding for Watermain renewal packages
- $7.2M additional funding for Seaview backup power supply renewal
- New initiative in the LTP - $8M funding included for Jackson Street (Drinking water and Wastewater) pipe renewal over the triennium
- $4.5M for Network Reactive Drinking Water renewals to support leak repair activity.

37. WWL has identified some additional projects where we are requesting that Council consider additional funding. These projects include:
    - $8.2M - Reactive renewal budget increase for all waters to reflect need to respond to incidents and failures
    - $2.3M - Hutt Park Road Stormwater VHCA Renewals new initiative in FY2025/26.
38. In addition, if additional funding for pipe renewals can be made available, WWL has identified a number of projects which are design-ready but are unfunded, that could be delivered. These include water network renewals in Ava Street and Wainuiomata and Wastewater renewals in Gracefield, Avalon and Wainui Road and Rishworth Street.

Seaview Wastewater Treatment Plant – timing and phasing

39. There are a number of very significant projects and activities that fall within the Seaview Wastewater Treatment Plant programme of work, and we are working to optimise project delivery schedules to get these critical projects delivered as quickly as we can.
40. Based on updated knowledge of project delivery forecasts and expected cashflows, our advice includes proposals to rephase some activities outside the triennium. This rephasing is not based on delays or deferrals to projects, but reflects a better understanding of the timeframes in which these phases of work will be completed, and costs will be realised. We will continue to urgently progress critical projects, including the sludge dryer, odour control, and UV renewals work.

Universal Residential Smart Metering

41. A programme of work is underway to develop a business case for the delivery of residential smart metering across the four metropolitan Councils of the region. This is due to be completed in FY2024/25.
42. Council allocated Capex funding in the 2024-34 LTP for the roll out of universal residential smart meters – a total of $26.7M over the Triennium, and $73.7M over the ten year period of the LTP.
43. As the programme progresses over the coming months, WWL will be able to provide Council with further updates and more certainty around timeframes and costs. We expect to provide an update in February 2025, and again in mid-2025 when the draft business case is due to be completed.

FY2025/26 Operational Expenditure

44. The level of funding for operational expenditure approved in the LTP for FY2025/26 was $37.3M. While the annual planning process is still underway, our early advice based on

forecasts is that an increase in funding of up to $1.54M is recommended in order to meet additional costs, as detailed below.

45. Table 2 summarises how Council's FY2025/26 operational expenditure budget is currently allocated, and sets out the proposed revisions based on updated forecasts.

Table 2: Summary of approved and proposed operational expenditure for FY2025/26 ($) by water and investment category

HCC Draft Council OPEX Annual Plan 25/26		25/26 Approved LTP budget ($)	Proposed funding increase to meet recommendations ($)	Variance between approved budget & recommended increase
Drinking Water	Monitoring & Investigations	2.78M	3.66M	0.88M
	Operations	0.07M	0.07M	0.00M
	Planned Maintenance	2.64M	1.70M	(0.94)M
	Reactive Maintenance	7.26M	7.24M	(0.02)M
	Management & Advisory Services	1.15M	1.23M	0.08M
Total Drinking Water		13.91M	13.90M	0.00M
Stormwater	Monitoring & Investigations	1.14M	1.49M	0.35M
	Operations	0.04M	0.04M	0.00M
	Planned Maintenance	1.37M	1.53M	0.16M
	Reactive Maintenance	1.42M	1.41M	0.00M
	Management & Advisory Services	0.58M	0.62M	0.04M
Total Stormwater		4.55M	5.09M	0.55M
Wastewater	Monitoring & Investigations	2.19M	2.33M	0.14M
	Operations	0.11M	0.09M	(0.01)M
	Planned Maintenance	0.78M	1.13M	0.35M
	Reactive Maintenance	1.58M	1.56M	(0.02)M
	Treatment Plant	0.29M	0.29M	0.00M
	Management & Advisory Services	0.58M	0.62M	0.04M
Total Wastewater		5.53M	6.03M	0.49M
Wastewater Joint Venture	Monitoring & Investigations	0.72M	1.08M	0.37M
	Operations	0.02M	0.02M	0.00M
	Planned Maintenance	0.74M	0.81M	0.06M
	Reactive Maintenance	0.40M	0.40M	0.00M
	Treatment Plant	9.94M	9.91M	(0.02)M
	Management & Advisory Services	1.54M	1.64M	0.10M
Total Wastewater Joint Venture		13.36M	13.86M	0.51M
Total		37.35M	38.89M	**1.54M**
	Urgent capability improvements for FY25/26*		0.49M	
	Net programme savings from replacing contractors		(0.49)M	
Grand Total		**37.35M**	**38.89M****	**1.54M**

**Investment needed to lift Corporate Capability – this will be offset by corresponding savings from bringing services in house and reducing spending on consultants and contractors*

***This total does not include additional investment for System Enhancements and Organisational Capability – please see Table 4 in Section Three of the memo for detailed information on investments required in Organisational Capability and Systems*

46. **Appendix B** provides a breakdown of the categories of Council's agreed budget for operational expenditure in the 2024-34 LTP.

47. The largest factors in the revised operational expenditure forecasts for the current and future financial years are in the areas of Monitoring and Investigations. This is driven by the following:

- Increases to regional sustainable water supply and demand activities following improvements in our understanding of the effectiveness of different interventions, in particular, proactive leak detection activity as well as educational and data work
- Increases to support condition assessment activities, including WWJV condition assessment activity for the Western Trunk Main
- Increases to strategic studies and general investigations, including a Hutt Valley Wastewater strategic study
- Increases to monitoring budgets for increased sampling costs as well as meter reading activity.

Section Two: Funding levels and residual risks

48. The final approved budgets for capital and operational expenditure across the full ten years of the 2024-34 LTP period were below the levels recommended by WWL:

- Capital expenditure - WWL recommendation of $2,238M vs Council agreed investment of $1,306M for capital development activities such as replacing and upgrading ageing water assets in Lower Hutt.
- Operational expenditure - WWL recommendation of $394.5M vs Council agreed investment of $382.8M, for key operational activities including supplying safe drinking water, collecting & treating wastewater, fixing leaks and maintenance. While the programme was fully funded for FY2024/25, including an additional $1.4M for additional investment in leak repairs, and close to fully funded in FY2025/26, the flatline budget in outyears means overall funding is $11.7M less than recommended.

49. There are a number of risks resulting from the current levels of funding for capital (and, in out-years, operational) expenditure:

- In FY2023/24, the total renewal rate was 15.3km, and based on current forecasts, the total projected renewal rate for FY2024/25 is 8.2km. The current level of network renewals within the programme is below the level necessary to achieve a renewals rate of around 40km per year, which is the level required to sustainably renew the three waters networks.
- Increased investment is required for reactive network renewals activity to enable sufficient capital to be available to respond to the observed level of faults and failures in the network. This reflects the risk of 'network fault runaway' due to historic underinvestment in renewing aging water network assets and the increasing backlog of renewals with corresponding increase leaks and faults, as pipes continue to degrade faster than they are being renewed.
- Investment is required to address the critical water supply risk, including the limited water storage in reservoirs and the risk of asset failures until remediation and growth projects (such as the Eastern Hills Reservoir and pipeline) are completed.
- The condition of the Seaview Wastewater Treatment Plant (WWTP) assets means that there will continue to be compliance issues until the funded renewals are complete. In

addition, there is not enough capacity at the Seaview WWTP to meet full compliance when major maintenance is needed.

- Reconsenting the intermittent discharge from Seaview WWTP to Waiwhetū Stream is complex because the discharge is impacted by the changing standards required to reduce overflows from the upstream network, as well as the capacity of the treatment plant and main outfall pipeline. A strategic plan is being developed to address the system-level challenge, and this will also provide the direction needed to inform discharge consent activities.
- Taita Rock requires further investigation to assess the level of risk.
- The Network Discharges Programme planned investment packages included in the LTP will need to be re-assessed following the conclusion of the Plan Change one process.

Section Three: Uplifting Capability

50. As a result of the changes we have made following the 2024 review, we have brought forward our business planning cycle to align with Council's annual planning cycle. The first stage of advice to councils indicates that an increase to corporate budgets is required above what was agreed in the 2024-34 LTP.

51. There are also further investments needed to provide for critical systems updates and to lift corporate capability and maturity, as recommended in the 2024 review.

52. When it comes to organisational capability, maturity, and technological systems – we are far behind on where we need to be. Wellington Water is not right sized for the work that we need to deliver for our shareholders or to deal with the challenges the region faces with water infrastructure. Our programme of work and responsibility has grown over the past ten years but the investment into the organisation to support this work has not. For example, in FY2018/19 we were responsible for a capital programme of $65M and in FY2023/24 we were responsible for a capital programme of $329M. That's around 400% increase in delivery in five years, but investment in corporate support, systems, and processes has not kept pace.

53. Table 3 below sets out the additional investment needed at a Council level in FY2025/26 and FY2026/27. This includes $4.45M for System Enhancements in FY2025/26 ($1.87M in FY2026/27) and $1.01M for Organisational Capability Improvements in FY2025/26.

Table 3: Investments required in Organisational Capability and Systems at a Council level

Hutt City Council - anticipated additional investment	**25/26 Proposed ($)**	**26/27 Proposed ($)**
Additional Management & Advisory Services *(Included in Base Opex programme)*	0.26M	0.67M
System Enhancements	4.45M	1.87M
Annual Operating costs post implementation	0.07M	0.67M
Organisational Capability	1.01M	0.00M
Total	**5.79M**	**3.21M**

Corporate Budget

54. In FY2024/25 we reduced our Management & Advisory Services Fee (MAS) by 5% from our original advice in response to cost-cutting requirements of councils. However, in taking a 'value add' mindset we have looked at the resourcing needed for councils' capital and operational programmes for the upcoming years and revised the way we will deliver this work. As a result, we have reassessed our staffing needs and intend to add 40 additional roles.

55. 28 of these roles will be to bring in FTEs to reduce our spend on consultants on project work and to deliver three waters services and deliver this work internally for cheaper. The remaining 12 new roles are to respond to councils' expectation to be more efficient and effective and include two additional senior leadership roles. Some of these roles, over time, will also have an impact on reducing consultancy spend.

56. This increase in headcount, with flow-on increases in IT licences, vehicles, accommodation, consumables etc, plus continued high inflation of costs, means that our forecast expenditure for 25/26 has increased by $6.7M.

57. The majority of these costs will be charged to councils' Capex and Opex budgets as they are linked to delivery of these activities, and these costs will be offset by reduced use of consultants. Councils will see benefit in value for money through bringing work in house, building internal capability, reducing inefficiencies and increasing level of service.

58. We are still applying internal pressure to manage costs, however due to the urgent need to progress some of the required improvements we are forecasting a $1M regional budget overrun in the current 2024/25 year. We are requesting that this is retrospectively funded through a requested increase of $1.5M regionally to our MAS for FY2025/26 (HCC share is incorporated in the Opex investment advice).

59. We will continue to look for opportunities to bring work that is currently outsourced in-house and a apply a 'value for money' lens in the way we deliver our services. However, there are some distinct pieces of work that require specialist skills which we will use consultants for, as it is more prudent for us to bring in consultants for short periods of time to support these activities. This mainly relates to our corporate space and covers activities such as compliance, expert advice to help us make improvements, and to review our systems and processes.

Investments required in Organisational Capability and Systems

Technology systems investment

60. Over the last three years, WWL has made only very limited, 'no regrets' investment in technology systems, as it was expected that Affordable Water reform would deliver new technology systems for the proposed new water services entities. At the same time there has been significant growth in the organisation's activities and therefore the technology systems it uses are no longer fit for purpose.

61. This has led to a current state where decisions can be made based on incomplete or out of date information, there is inefficiency in day-to-day task execution and high risk of operational error and asset failure. Further delay in investment will also lead to increased risk of successful cyber-attack and critical data loss due to systems reaching end of life. This means they are no longer being supported by vendors or kept up to date with security protections.

62. These issues have been highlighted by the recent capital programme estimating error, where deficiencies in systems were identified as a contributing factor. The 2024 review also noted that WWL should no longer wait for water reform to resolve issues with its current

organisational capability but ensure any changes made now are pragmatic and keep the future new entity in mind.

63. In line with the WWL's Statement of Intent 2024-2027[4] (the SOI), WWL has prepared technology systems investment options. These are focused on supporting resolution of current efficiency and effectiveness issues and enabling asset management improvements that can benefit a new water services model. The recommended investment option has been endorsed by the Wellington Water Committee and the details of this option are set out below.

64. In total, WWL requires $37.5M over two financial years, with an ongoing operating cost of $4-5M per annum investment to deliver the following critical systems, the associated business change necessary for their successful adoption, and their ongoing operation:

- Construction Project Management System
- Documents and Records (content) Management System
- Health & Safety System
- Asset Management System
- Finance System
- Customer Relationship Management System.

65. This is the set of systems recommended to address the critical issues. These are also essential tools for a new regional Water Services Council Controlled Organisation (WSCCO). If WWL remains as an organisation, further investment will be required.

66. Notable benefits of this investment include:

- Mitigation of significant operational and cyber risk
- The ability to be more efficient in building, operating, and maintaining the water assets and the services they deliver
- Increased ability to monitor WWL's operations and performance more effectively, and therefore be transparent in its reporting on the delivery of safe, reliable, complaint and affordable drinking water, stormwater, and wastewater services.

Organisational Capability Plan

67. The 2024 review exposed gaps and risks, particularly around WWL's compliance, commercial capability, and systems, and highlighted the need for significant capability uplift.

68. In response, WWL developed an Organisational Capability Plan (provided to Councils at the Wellington Water Committee on 27 September 2024), to enhance controls and assurance, improve operational effectiveness, identify value for money opportunities, and strengthen culture and ways of working. The plan aims to consolidate all necessary activities over the next two years, ensuring WWL has the right capability to deliver on councils' capital delivery programme while preparing for transition to a new entity.

69. This investment is critical; without it, WWL will not be able to make the necessary foundational improvements needed to successfully deliver on its responsibilities.

[4] *Our water, our future – Statement of Intent 2024-27*: https://www.wellingtonwater.co.nz/assets/Reports-and-Publications/Wellington-Water-Statement-of-Intent-2024-27.pdf

Next steps

70. WWL is committed to working with Council and we are keen to meet with Council Officers to discuss the content of the memo. In addition, following upcoming Council meetings, please advise WWL of relevant decisions so that these can be incorporated into the ongoing work to support your annual planning process.

Appendix A : Detailed Triennium and LTP Capex programme

	2024/25 ($)	2025/26 ($)	2026/27 ($)	Triennium ($)	TOTAL LTP ($)
Approved Revised LTP Budget - 1st July 2024	85,446,495	105,301,446	140,294,829	**331,042,770**	**1,316,203,806**
WWL Proposed Programme (excludes corporate cost adjustment for Years 1-3)	82,476,773	94,223,552	168,573,108	**345,273,433**	**1,338,223,460**
Corporate Cost Adjustment for Triennium	300,000	300,000	(3,600,000)	**(3,000,000)**	
Urgent capability improvements				**968,175**	
Net programme savings from replacing contractors				**(968,175)**	
Proposed additional projects to consider	2,751,109	4,996,586	2,744,291	**10,491,986**	**10,491,986**

Council	Water	LGA	Project Description	2024/25 ($)	2025/26 ($)	2026/27 ($)	Triennium ($)	TOTAL LTP ($)
HCC	Drinking Water	Growth	HCC Reactive Growth Development Projects - Drinking Water	105,830	103,500	103,500	**312,830**	**1,012,830**
HCC	Drinking Water	Growth	Manor Park Water Storage Reservoir	0	0	0	**0**	**16,649,325**
HCC	Drinking Water	Growth	Naenae No 2 Reservoir and Outlet Main	700,000	3,000,000	16,758,600	**20,458,600**	**55,458,600**
HCC	Drinking Water	Growth	Naenae No2 Reservoir Pipeline		519,540	1,000,000	**1,519,540**	**25,219,540**
HCC	Drinking Water	Growth	Wainuiomata Water Supply Storage and Network Upgrades	0	0	0	**0**	**1,600,000**
HCC	Drinking Water	Level of service	Gracefield Reservoir Replacement	0	0	0	**0**	**30,603,500**
HCC	Drinking Water	Level of service	HCC Capital Carbon Modelling - Drinking Water	10,583	10,350	10,350	**31,283**	**101,283**
HCC	Drinking Water	Level of service	HCC Drinking Water Network Modelling	370,405	51,750	51,750	**473,905**	**1,123,905**
HCC	Drinking Water	Level of service	HCC Management of Fire Hydrant Use	1,058,299	750,000		**1,808,299**	**1,808,299**
HCC	Drinking Water	Level of service	HCC New Smart Services - Drinking Water	15,874	15,525	15,525	**46,924**	**151,924**
HCC	Drinking Water	Level of service	HCC Pressure Management Stage 2	237,469	1,000,000	2,000,000	**3,237,469**	**5,237,469**
HCC	Drinking Water	Level of service	HCC Pressure Management Urgent Works	1,500,000	390,000		**1,890,000**	**1,890,000**
HCC	Drinking Water	Level of service	HCC Reservoir Level of Service Improvements	224,963	337,852	255,645	**818,460**	**2,618,095**
HCC	Drinking Water	Level of service	HCC Rezoning Package 2a Rata and Sunville	1,550,000			**1,550,000**	**1,550,000**
HCC	Drinking Water	Level of service	HCC Security Locks Reservoirs	19,974	19,974	19,910	**59,858**	**143,241**
HCC	Drinking Water	Level of service	HCC Universal Residential Smart Metering	1,474,211	7,137,360	18,154,935	**26,766,506**	**73,792,506**
HCC	Drinking Water	Level of service	HCC Water Loss Level of Service Improvements (backflow prevention)	34,924	34,155	34,155	**103,234**	**334,234**
HCC	Drinking Water	Level of service	Install Bypass smart flow meter				**0**	**10,202,000**
HCC	Drinking Water	Level of service	Kamahi Street Pressure Control Valve Installation	1,328,690			**1,328,690**	**1,328,690**
HCC	Drinking Water	Level of service	Smart DMA Actuated Boundary Shut Valves (tell if open/close or partial open)				**0**	**4,973,000**
HCC	Drinking Water	Level of service	Smarter Water Network by installing network metering loggers (Water Loss)				**0**	**1,935,000**
HCC	Drinking Water	Renewal	Gracefield Reservoir Urgent Structural Repairs	2,884			**2,884**	**2,884**
HCC	Drinking Water	Renewal	HCC District Meter Area Renewals	462,400	500,000	550,000	**1,512,400**	**3,207,718**
HCC	Drinking Water	Renewal	HCC DW Control Systems Renewals	52,915	31,050	51,050	**135,015**	**365,015**

HCC	Drinking Water	Renewal	HCC Pipe Network Planned Renewals - Drinking Water	0	0	0	**0**	**102,852,971**
HCC	Drinking Water	Renewal	HCC Pipe Network Reactive Renewals - Drinking Water	3,734,993	2,948,780	3,006,025	**9,689,798**	**23,826,798**
HCC	Drinking Water	Renewal	HCC Pressure Reducing Valve (PRV/PCV) Renewals	445,000	250,000	250,000	**945,000**	**1,562,996**
HCC	Drinking Water	Renewal	HCC Reservoir Renewals	115,674	109,795	87,574	**313,043**	**829,963**
HCC	Drinking Water	Renewal	HCC Residential smart meter renewals	0	0	0	**0**	**2,198,310**
HCC	Drinking Water	Renewal	HCC VHCA Reservoir Water Quality Renewals	1,616,100	936,870	0	**2,552,970**	**2,552,970**
HCC	Drinking Water	Renewal	HCC Water Pump Station Renewals	382,237	230,236	250,000	**862,473**	**3,224,483**
HCC	Drinking Water	Renewal	HCC Water Service Connection Renewals	1,034,000	1,000,000	1,000,000	**3,034,000**	**6,034,000**
HCC	Drinking Water	Renewal	HCC WM Renewals Package 2 Rata St (Naenae Rd to Hay St)	7,241,442			**7,241,442**	**7,241,442**
HCC	Drinking Water	Renewal	HCC WM Renewals Package 3 Waddington Dr (Prouse Cres to Judd Cres)	100,000	1,970,000	0	**2,070,000**	**2,070,000**
HCC	Drinking Water	Renewal	HCC WM Renewals Package 3 Waddington Dr (Prouse Cres to Judd Cres) - cost increase element only	0	0	4,000,000	**4,000,000**	**4,000,000**
HCC	Drinking Water	Renewal	HCC WM Renewals Package 5 Howard Rd and Church Lane	5,104,047			**5,104,047**	**5,104,047**
HCC	Drinking Water	Renewal	Jackson Street Renewals - Drinking water main	169,400	338,800	5,313,000	**5,821,200**	**15,864,200**
HCC	Drinking Water	Renewal	Maungaraki Reservoir Replacement				**0**	**5,600,000**
HCC	Drinking Water	Renewal	Maungaraki Reservoir Structural Repairs	434,280			**434,280**	**434,280**
HCC	Drinking Water	Renewal	Naenae Reservoir Number 1 replacement				**0**	**3,520,886**
HCC	Drinking Water	Renewal	Stokes Valley and Wainuiomata Galvanised Iron Ridermain Renewals	6,500,000	5,400,000	0	**11,900,000**	**11,900,000**
HCC	Drinking Water	Renewal	Wilkie Cres Watermains Renewal and Upgrade	31,749			**31,749**	**31,749**
HCC	Stormwater	Growth	HCC Reactive Growth Development Projects - Stormwater	105,830	103,500	103,500	**312,830**	**1,012,830**
HCC	Stormwater	Growth	Hutt City - SW Network - Hutt Central North Flooding	0	0	0	**0**	**6,385,500**
HCC	Stormwater	Growth	Hutt City - SW Network - Hutt Central South Flooding	100,000	300,000	300,000	**700,000**	**900,000**
HCC	Stormwater	Growth	Hutt City - SW Network - Wainuiomata - Black Creek Flooding	0	0	258,750	**258,750**	**25,438,750**
HCC	Stormwater	Growth	Hutt City - SW Network - Wainuiomata - Lowry	0	0	0	**0**	**250,000**
HCC	Stormwater	Growth	Hutt City - SW Network - Wainuiomata - Parkway Flooding	0	0	0	**0**	**250,000**
HCC	Stormwater	Growth	Hutt City - SW Network - Waiwhetu Stream Flooding	0	0	0	**0**	**250,000**
HCC	Stormwater	Growth	Hutt City - SW Network - Wingate Flooding	0	0	0	**0**	**250,000**
HCC	Stormwater	Growth	RiverLink SW Outlets Upsized		1,529,041	1,070,000	**2,599,041**	**2,599,041**
HCC	Stormwater	Level of service	Dowse Dr Stormwater Improvement	31,749			**31,749**	**31,749**
HCC	Stormwater	Level of service	HCC Capital Carbon Modelling - Stormwater	10,583	10,350	10,350	**31,283**	**101,283**
HCC	Stormwater	Level of service	HCC Climate Resilience Model - Alicetown/Petone	0	0	388,125	**388,125**	**776,250**
HCC	Stormwater	Level of service	HCC Climate Resilience Model - Eastbourne	0	0	258,750	**258,750**	**517,500**
HCC	Stormwater	Level of service	HCC Climate Resilience Model - Seaview	0	0	388,125	**388,125**	**776,250**
HCC	Stormwater	Level of Service	HCC Global consent for operations and maintenance works in streams	30,000	30,000	0	**60,000**	**60,000**
HCC	Stormwater	Level of service	HCC New Smart Services - Stormwater	0	25,000	26,910	**51,910**	**396,910**
HCC	Stormwater	Level of service	HCC Stormwater Network Modelling	264,575	258,750	258,750	**782,075**	**2,532,075**
HCC	Stormwater	Level of service	HCC SW Drainage Improvement Projects	117,490	410,500	410,500	**938,490**	**3,038,490**
HCC	Stormwater	Level of service	Hutt City - SW Network - Butterfly Creek Flooding	0	0	0	**0**	**250,000**
HCC	Stormwater	Level of service	Hutt City - SW Network - Cornish Street Flooding	0	0	0	**0**	**250,000**
HCC	Stormwater	Level of service	Hutt City - SW Network - Days Bay North Flooding	0	0	0	**0**	**2,558,750**

HCC	Stormwater	Level of service	Hutt City - SW Network - Days Bay South Flooding	0	0	0	**0**	**2,558,750**
HCC	Stormwater	Level of service	Hutt City - SW Network - Hair St Flooding	0	0	0	**0**	**250,000**
HCC	Stormwater	Level of service	Hutt City - SW Network - Konini St Flooding	0	0	0	**0**	**250,000**
HCC	Stormwater	Level of service	Hutt City - SW Network - Oroua St Flooding	0	0	0	**0**	**250,000**
HCC	Stormwater	Level of service	Hutt City - SW Network - Petone Flooding	0	0	0	**0**	**41,250,000**
HCC	Stormwater	Level of service	Hutt City - SW Network - Rona Bay North Flooding	0	0	0	**0**	**200,000**
HCC	Stormwater	Level of service	Hutt City - SW Network - Seaview Flooding	0	0	0	**0**	**250,000**
HCC	Stormwater	Level of service	Hutt City - SW Network - Stokes Valley Flooding	0	0	0	**0**	**600,000**
HCC	Stormwater	Level of service	Hutt City - SW Network - Taita Flooding	0	0	0	**0**	**250,000**
HCC	Stormwater	Level of service	Hutt City - SW Network - Western Hills Flooding	0	0	0	**0**	**250,000**
HCC	Stormwater	Level of service	Hutt City - SW Network - Woburn Flooding	0	0	0	**0**	**250,000**
HCC	Stormwater	Level of service	Improvement to fish passage	0	0	0	**0**	**10,000**
HCC	Stormwater	Level of service	Muritai Rd (92-96) Rona St, Marine Parade (19) Stormwater Upgrades	200,000	0	0	**200,000**	**2,200,000**
HCC	Stormwater	Level of service	NDP: Resource consent for stormwater discharges	529,150	517,500	517,500	**1,564,150**	**1,564,150**
HCC	Stormwater	Level of service	NDP: SW Subcatchment Asset Management Plan - Black Creek	148,162	144,900	1,035,000	**1,328,062**	**22,088,062**
HCC	Stormwater	Level of service	NDP: SW Subcatchment Asset Management Plan - Hutt City A				**0**	**4,280,000**
HCC	Stormwater	Level of service	NDP: SW Subcatchment Asset Management Plan - Hutt City B				**0**	**2,280,000**
HCC	Stormwater	Level of service	NDP: Water quality modelling (Re-named)	105,830	103,500	103,500	**312,830**	**7,046,830**
HCC	Stormwater	Level of service	Wellesley College stream inlet and outlet erosion protection			5,175	**5,175**	**5,175**
HCC	Stormwater	Renewal	Buller Grove - Naenae - Investigations	400,000			**400,000**	**400,000**
HCC	Stormwater	Renewal	HCC Pipe Network Planned Renewals - Stormwater			0	**0**	**6,065,000**
HCC	Stormwater	Renewal	HCC Pipe Network Reactive Renewals - Stormwater	492,889	532,994	582,994	**1,608,877**	**7,955,877**
HCC	Stormwater	Renewal	HCC SW Control Systems Renewals	21,166	10,350	30,350	**61,866**	**151,866**
HCC	Stormwater	Renewal	HCC SW Drainage Investigations Water Quality Renewals	518,078	543,375	570,285	**1,631,738**	**6,345,738**
HCC	Stormwater	Renewal	HCC SW Pump Stations Renewals	490,000	108,613	143,451	**742,064**	**11,593,454**
HCC	Stormwater	Renewal	Jackson Street Renewals - Stormwater		48,400	3,586,000	**3,634,400**	**9,827,400**
HCC	Stormwater	Renewal	Knights Road - Colin Grove E Coli - Stormwater	691,500			**691,500**	**691,500**
HCC	Stormwater	Renewal	Seaview Road SW Upgrade	100,000	0		**100,000**	**100,000**
HCC	Stormwater	Renewal	Te Mome Pump Station Renewal and Optimisation	534,000	865,000	4,627,000	**6,026,000**	**10,626,000**
HCC	Wastewater	Growth	Alicetown Wastewater (excl JV) pump station and storage improvements	0	0	512,325	**512,325**	**3,482,325**
HCC	Wastewater	Growth	Boulcott Wastewater (excl JV) Pipe Upgrade	0	0	86,112	**86,112**	**1,646,112**
HCC	Wastewater	Growth	HCC Reactive Growth Development Projects - Wastewater	105,830	103,500	103,500	**312,830**	**1,012,830**
HCC	Wastewater	Growth	Hutt Central Wastewater (excl JV) Network Improvements	100,000	220,000	200,000	**520,000**	**520,000**
HCC	Wastewater	Growth	Korokoro Wastewater (excl JV) Pipe Upgrades	0	0	0	**0**	**158,400**
HCC	Wastewater	Growth	Maungaraki Wastewater (excl JV) Storage Improvements	0	0	0	**0**	**10,038,600**
HCC	Wastewater	Growth	Naenae Wastewater (excl JV) Storage Improvements - Seddon St WW Storage				**0**	**3,930,300**
HCC	Wastewater	Growth	Stokes Valley Wastewater (excl JV) Network Improvements - Hawthorn Cres Sewer Connection	0	0	0	**0**	**1,148,400**
HCC	Wastewater	Growth	Stokes Valley Wastewater (excl JV) Pipe Improvements - Richard Gr Intrsctn Sewer	0	0	0	**0**	**564,300**

HCC	Wastewater	Growth	Wainuiomata North Wastewater Trunk Network Upgrade	5,100,000	1,262,445		**6,362,445**	**6,362,445**
HCC	Wastewater	Growth	Wainuiomata Wastewater (excl JV) Storage Upgrades - Fraser St EOP Storage			512,325	**512,325**	**9,917,325**
HCC	Wastewater	Growth	Waiwhetu Wastewater (excl JV) Storage Improvements - Whites Line WW Storage				**0**	**495,000**
HCC	Wastewater	Growth	Waterloo Wastewater (excl JV) Pipes Upgrades				**0**	**366,300**
HCC	Wastewater	Growth	Woburn Wastewater (excl JV) Pump Station Improvements				**0**	**257,400**
HCC	Wastewater	Level of service	Epuni and Woburn WW Network Upgrades	31,749			**31,749**	**31,749**
HCC	Wastewater	Level of service	HCC Capital Carbon Modelling - Wastewater	10,583	10,350	10,350	**31,283**	**101,283**
HCC	Wastewater	Level of service	HCC New Smart Services - Wastewater	0	25,000	45,540	**70,540**	**565,540**
HCC	Wastewater	Level of service	HCC Wastewater Network Modelling	211,660	207,000	465,750	**884,410**	**2,734,410**
HCC	Wastewater	Level of service	HCC WW Control Systems Renewals	31,749	31,050	51,750	**114,549**	**344,549**
HCC	Wastewater	Level of service	HCC WW Drainage Improvement Projects			0	**0**	**5,691,920**
HCC	Wastewater	Level of service	NDP: Resource consent for dry weather overflows	317,490	310,500	310,500	**938,490**	**938,490**
HCC	Wastewater	Level of service	NDP: Resource consent for wet weather overflows	529,150	517,500	517,500	**1,564,150**	**1,564,150**
HCC	Wastewater	Level of service	NDP: ww overflows universal measures				**0**	**700,000**
HCC	Wastewater	Level of service	NDP: WWNO subcatchment reduction plan - Hutt City A				**0**	**33,860,000**
HCC	Wastewater	Level of service	NDP: WWNO subcatchment reduction plan - Hutt City B				**0**	**8,690,000**
HCC	Wastewater	Renewal	HCC Pipe Network Planned Renewals - Wastewater				**0**	**39,617,000**
HCC	Wastewater	Renewal	HCC Pipe Network Reactive Renewals - Wastewater	811,629	927,315	1,086,690	**2,825,634**	**14,948,634**
HCC	Wastewater	Renewal	HCC WW Drainage Investigations Water Quality Renewals	909,806	912,870	926,000	**2,748,676**	**10,288,676**
HCC	Wastewater	Renewal	HCC WW Pump Station Renewals	469,620	650,000	2,235,336	**3,354,956**	**3,354,956**
HCC	Wastewater	Renewal	Knights Road - Colin Grove E Coli - Wastewater	4,145,000	4,910,660		**9,055,660**	**9,055,660**
HCC	Wastewater	Renewal	Stokes Valley Rd WW Renewal	423,320			**423,320**	**423,320**
HCC	Wastewater	Renewal	Wainui Hay St and Lees Gr WW Renewals	1,300,000			**1,300,000**	**1,300,000**
HCC	Wastewater	Renewal	Wainui Road and Rishworth Street Sewer Renewals				**0**	**1,200,000**
HCC	Wastewater	Renewal	Jackson Street Renewals - Wastewater	157,300	266,200	1,666,500	**2,090,000**	**5,434,000**
HCC	Wastewater JV	Growth	Seaview WWTP JV Wastewater Storage (Waiwhetu Stream Discharge Consent Renewal)	500,000	1,295,984	1,295,984	**3,091,968**	**3,091,968**
HCC	Wastewater JV	Level of service	HCC WWJV Control Systems Upgrades - HUVA	88,000			**88,000**	**307,430**
HCC	Wastewater JV	Level of service	Seaview WWTP JV Treatment System Modification (consent required)				**0**	**4,500,000**
HCC	Wastewater JV	Level of service	Totara Park Road Seismic Resilience WW	175,000			**175,000**	**5,360,000**
HCC	Wastewater JV	Renewal	Consent renewal - Seaview WWTP (maintenance) (exp 2031)				**0**	**600,000**
HCC	Wastewater JV	Renewal	Consent renewal - Seaview WWTP coastal discharge (exp 2031)				**0**	**4,000,000**
HCC	Wastewater JV	Renewal	Consent renewal - Seaview WWTP coastal occupation (exp 2029)				**0**	**400,000**
HCC	Wastewater JV	Renewal	Consent renewal - Seaview WWTP Discharge to air (exp 2031)				**0**	**1,500,000**
HCC	Wastewater JV	Renewal	HCC Pipe Network Planned Renewals - Wastewater JV				**0**	**194,080,000**
HCC	Wastewater JV	Renewal	HCC WWJV - Major Pump Stations Renewals	2,750,226	758,655	758,655	**4,267,536**	**8,505,186**
HCC	Wastewater JV	Renewal	HCC WWJV - Pipe Network Reactive renewals	120,000	200,000	300,000	**620,000**	**2,020,000**
HCC	Wastewater JV	Renewal	Petone Collecting Sewer Rising Main Renewal (Stages 1 and 2)	1,159,013	1,933,678	22,909,910	**26,002,601**	**83,055,947**
HCC	Wastewater JV	Renewal	Seaview WWTP JV Aeration System Renewal	1,000,000	500,000	2,000,000	**3,500,000**	**14,700,000**

HCC	Wastewater JV	Renewal	Seaview WWTP JV Backup Power Supply	500,000	8,500,000	1,000,000	**10,000,000**	**10,000,000**
HCC	Wastewater JV	Renewal	Seaview WWTP JV Centrifuge Dewatering Renewal	500,000	200,000	0	**700,000**	**700,000**
HCC	Wastewater JV	Renewal	Seaview WWTP JV Clarifier Renewal	500,000		500,000	**1,000,000**	**6,000,000**
HCC	Wastewater JV	Renewal	Seaview WWTP JV Effluent Pump Motor Renewal	330,000	0	0	**330,000**	**330,000**
HCC	Wastewater JV	Renewal	Seaview WWTP JV General Blower Refurbishment	220,000	330,000	0	**550,000**	**550,000**
HCC	Wastewater JV	Renewal	Seaview WWTP JV General Instrumentation Replacement	398,200	550,000		**948,200**	**948,200**
HCC	Wastewater JV	Renewal	Seaview WWTP JV Grit Removal	220,000	550,000		**770,000**	**8,100,000**
HCC	Wastewater JV	Renewal	Seaview WWTP JV Main Effluent Outfall Renewal (planning phase only)	400,000	2,000,000	2,000,000	**4,400,000**	**20,000,000**
HCC	Wastewater JV	Renewal	Seaview WWTP JV MCC Component Renewal	151,800	0	0	**151,800**	**151,800**
HCC	Wastewater JV	Renewal	Seaview WWTP JV Milliscreen Replacement	1,380,500	3,297,677	2,761,000	**7,439,177**	**7,439,177**
HCC	Wastewater JV	Renewal	Seaview WWTP JV Odour Control Renewal	4,773,758	7,483,163	1,539,794	**13,796,715**	**13,796,715**
HCC	Wastewater JV	Renewal	Seaview WWTP JV Outfall Medium Term Renewal	275,000	470,830	470,830	**1,216,660**	**1,216,660**
HCC	Wastewater JV	Renewal	Seaview WWTP JV Planned Renewals				**0**	**4,979,187**
HCC	Wastewater JV	Renewal	Seaview WWTP JV Primary Sedimentation Renewal	1,045,000	550,000	0	**1,595,000**	**1,595,000**
HCC	Wastewater JV	Renewal	Seaview WWTP JV Process Model Development	100,000	50,000	57,000	**207,000**	**757,000**
HCC	Wastewater JV	Renewal	Seaview WWTP JV RAS RAS Pump Replacement	220,000	0	0	**220,000**	**220,000**
HCC	Wastewater JV	Renewal	Seaview WWTP JV RAS System Renewal	500,000	1,500,000	500,000	**2,500,000**	**2,500,000**
HCC	Wastewater JV	Renewal	Seaview WWTP JV Reactive Renewals	562,723	562,723	562,723	**1,688,169**	**6,428,169**
HCC	Wastewater JV	Renewal	Seaview WWTP JV Screening Wash Press Replacement	220,000	550,000	0	**770,000**	**770,000**
HCC	Wastewater JV	Renewal	Seaview WWTP JV Sludge Dryer Replacement	1,000,000	13,000,000	55,400,000	**69,400,000**	**92,200,000**
HCC	Wastewater JV	Renewal	Seaview WWTP JV Sludge Handling Pump Renewal	300,000	300,000	0	**600,000**	**600,000**
HCC	Wastewater JV	Renewal	Seaview WWTP JV Sludge Handling Renewal and Capacity Upgrade				**0**	**5,250,000**
HCC	Wastewater JV	Renewal	Seaview WWTP JV UV Major Refurbishment	715,000	0	0	**715,000**	**715,000**
HCC	Wastewater JV	Renewal	Seaview WWTP JV UV Renewal	1,068,322	6,359,142	0	**7,427,464**	**7,427,464**
HCC	Wastewater JV	Renewal	Seaview WWTP Dryer Component Replacement	500,000	300,000	200,000	**1,000,000**	**1,000,000**
HCC	Wastewater JV	Renewal	Silverstream Wastewater (JV) storage				**0**	**3,351,150**
HCC	Wastewater JV	Renewal	VHCA-Western Hills Trunk	5,200,000	0	0	**5,200,000**	**9,960,000**
			Total	**82,476,773**	**94,223,552**	**168,573,108**	**345,273,433**	**1,338,223,460**

Projects removed from the LTP

Council	Water	LGA	Project Description	2024/25 ($)	2025/26 ($)	2026/27 ($)	Triennium ($)	TOTAL LTP ($)
HCC	Drinking Water	Level of service	Critical pipelines seismic upgrade - Maungaraki Reservoir inlet main				0	**0**
HCC	Drinking Water	Level of service	HCC Authorised Tanker Fill Points				0	**0**
HCC	Drinking Water	Level of service	HCC Water supply rebuild, recalibration and Zone management plan				0	**0**
HCC	Drinking Water	Level of service	Kingsley Reservoir Seismic replacement				0	**0**
HCC	Drinking Water	Level of service	Rata and Sunville Rezoning				0	**0**
HCC	Stormwater	Level of service	HCC Freshwater Management tool - Build				0	**0**
HCC	Stormwater	Level of service	HCC Stormwater Pump Stations Energy Conservation				0	**0**
HCC	Stormwater	Growth	Melling Stormwater Pumpstation and Pipe Upgrades				0	**0**

HCC	Wastewater	Growth	North Wainuiomata new WW Pump Station and Rising Main (Greenfield)				0	**0**
HCC	Wastewater	Growth	Wainuiomata Wastewater (excl JV) Network Improvements				0	**0**
HCC	Wastewater JV	Level of service	HCC - Odour modelling				0	**0**
HCC	Wastewater JV	Renewal	Seaview WWTP JV Critical Spares				0	**0**
HCC	Wastewater JV	Renewal	Seaview WWTP JV Site Services and Building Renewal				0	**0**

Under Consideration projects

Council	Water	LGA	Project Description	2024/25 ($)	2025/26 ($)	2026/27 ($)	Triennium ($)	TOTAL LTP ($)
HCC	Drinking Water	Renewal	HCC Pipe Network Reactive Renewals - Drinking Water	714,807	851,220	893,975	2,460,002	**2,460,002**
HCC	Stormwater	Renewal	HCC Pipe Network Reactive Renewals - Stormwater	1,177,111	967,006	1,067,006	3,211,123	**3,211,123**
HCC	Stormwater	Renewal	Hutt Park Road Stormwater VHCA Renewals	0	2,315,675	0	2,315,675	**2,315,675**
HCC	Wastewater	Renewal	HCC Pipe Network Reactive Renewals - Wastewater	859,191	862,685	783,310	2,505,186	**2,505,186**
			Total	**2,751,109**	**4,996,586**	**2,744,291**	**10,491,986**	**10,491,986**

Appendix B: LTP approved operating expenditure programme

HCC		24/25 Council	25/26 Council	26/27 Council	Triennium Council	10 Year Council
Drinking Water	Monitoring & Investigations	2,567,221	2,780,397	2,674,796	8,022,414	26,481,402
	Operations	71,548	71,548	71,548	214,644	729,480
	Planned Maintenance	1,785,251	2,638,501	3,126,546	7,550,298	34,585,617
	Reactive Maintenance	9,159,593	7,260,302	7,392,323	23,812,218	77,047,061
	Management & Advisory Services	1,154,820	1,154,820	1,154,820	3,464,460	11,548,200
Total Drinking Water		14,738,433	13,905,568	14,420,033	43,064,034	150,391,760
Stormwater	Monitoring & Investigations	1,131,748	1,142,098	1,099,904	3,373,750	11,083,872
	Operations	36,089	36,089	36,089	108,267	374,890
	Planned Maintenance	1,374,274	1,374,274	1,374,274	4,122,822	13,742,740
	Reactive Maintenance	1,416,349	1,419,093	1,509,739	4,345,181	14,889,040
	Management & Advisory Services	577,410	577,410	577,410	1,732,230	5,774,100
Total Stormwater		4,535,870	4,548,964	4,597,416	13,682,250	45,864,642
Wastewater	Monitoring & Investigations	2,038,586	2,193,568	2,012,224	6,244,378	20,309,765
	Operations	106,934	106,934	106,934	320,802	1,097,340
	Planned Maintenance	780,919	780,919	780,919	2,342,757	7,809,190
	Reactive Maintenance	1,536,623	1,581,684	1,623,715	4,742,022	15,599,451
	Treatment Plant	290,150	293,336	296,663	880,149	2,952,220
	Management & Advisory Services	577,410	577,410	577,410	1,732,230	5,774,100
Total Wastewater		5,330,622	5,533,851	5,397,865	16,262,338	53,542,066
Wastewater Joint Venture	Monitoring & Investigations	687,983	715,581	697,983	2,101,547	6,147,428
	Operations	23,000	23,000	23,000	69,000	244,000
	Planned Maintenance	742,981	742,981	742,981	2,228,943	7,429,810
	Reactive Maintenance	399,657	399,657	399,657	1,198,971	3,996,570
	Treatment Plant	9,848,738	9,937,683	10,028,350	29,814,771	99,856,573
	Management & Advisory Services	1,539,760	1,539,760	1,539,760	4,619,280	15,397,600
Total Wastewater Joint Venture		13,242,119	13,358,662	13,431,731	40,032,512	133,071,981
Total		37,847,044	37,347,045	37,847,045	113,041,134	382,870,449