

26 April 2026

Dear Mayor and Taupo District Councilors,

As you make your deliberations on the Draft Annual Plan towards finalising the rates increase for the coming year here is something for you to consider –

The Omori Water Main Renewal Project - Was this Essential Spending or could the project have been deferred ?

I recently questioned why Taupo District Council were renewing water mains in Omori, at a cost of \$1.6m, when to the best of my knowledge, there had been no mains failures. To be fair to Council staff I did receive a comprehensive and detailed reply explaining why \$1.613m was being spent. However the explanation and justification for the renewal of these water mains did give me some cause for concern.

The key points of the Council response are (in italics):

- *The project was first identified in 2021 as part of a pipeline renewal prioritisation project completed by WSP Consultants*

Comment - Why are we paying highly for "Qualified Engineering" staff and then using consultants?

- *The project was brought forward in advance of plans to remedy subsidence issues on Omori Road,*

Comment - Why would you do this? Normal engineering practice and common sense would be to examine and assess the subsidence/stabilisation details once they were known, consider the impact on the water main and act appropriately. If the main is not affected leave it where it is and save money. If the main is affected, save costs and relay it in conjunction with the road works - not replace it in advance and risk having to move it again.

- *There are budgets in place to enable replacement of AC pipes of which there are 150kms. This means prioritisation of our renewal programme is critical.*

Comment - Agreed - no problem with this approach

- *At present renewal programmes are determined based on many factors inc age, modelled conditions etc etc using "AC Lifetime Prediction Modelling" (ACLPM) and lots of other considerations and include pipeline criticality to determine priority.*

Comments - No problem, I am familiar with ACLPM

- *The 3.5 km of AC mains are not unsafe but do pose some risks if not renewed including traversing a known subsidence area where the consequence of a failure could be far more significant for the transport network in the area.*

Comments - In other words and layman terms - the main could fail, blow out and wash out the only road feeding into a community of 1000 properties. Yes, possible, however a far more important water main not identified for renewal - the pressurised pumping main to the reservoir did blow out multiple times in 2024 and was replaced under urgency. If this main did not cause interruption to the road network (and both mains are laid in close proximity) it is extremely unlikely that a blow out of the gravity AC main would be a risk. Surely Council engineers would be fully aware of this? **The important point to note is that Council modelling forecasts the AC main to be at risk but none have failed BUT Council modelling did not identify the much newer uPVC pumping main failure!**

- *The Omori AC pipeline to be renewed was predicted to have reached end of life 3 to 20 years ago.*

Comments - This statement rings alarm bells!! The pipe was laid in 1971 and was predicted to have reached end of life between 2006 and 2023! (The pipe is 55 years old). This highlights the problem of consultants doing desk top modelling without any detailed condition assessments, coupled with little or no knowledge of the network. Thank goodness it was not replaced 20 years ago at ratepayers expense! There is factual evidence to suggest that AC water mains can still safely operate for 70+ years and some larger diameter thicker walled pipes for 100+years. **In fact there are 100 mm AC mains still functioning in Taupo town that were laid in 1958 (68 years old).** If it isn't broken why fix it?

- *At present programmes are determined based on many factors including age, modelled condition (**noting that the condition reported on the GIS system is based on age only**), condition from opportunistic and planned sampling, pipeline operating pressure, pipeline criticality, water main failures and consideration of other factors.*

Comments - Fair enough, this is as it should be and is in accordance with standard good practice for asset management. However, it is very apparent that the modelling data used in this case is flawed and suggests a Level 1 desktop "condition assessment" by the consultant, with limited input or oversight by Council engineering staff.

- *We have included a snip below (map) from our pipeline priority and renewals planning model which shows that the pipelines part of the project in question as very high or high priority for renewal. The model utilises calculated useful life (using ACLPM) and pipeline criticality in determining priority.*

Comments - This information, without any supporting data seems to be a standard response, that sounds impressive, to justify the project. As stated above I consider this to be a desk top assessment only. If a level 2 condition assessment - which is an external physical examination of pipe and surrounding ground conditions or, better still, a Level 3 condition assessment - which involves examining and testing samples of cut pipe or extracted coupons for deterioration and reduced wall thickness had actually been done it would have confirmed the actual and true condition of the pipe and whether or not it was in need of immediate replacement.

Omori is a holiday home area and does it really make sense to spend \$1.6 m to renew AC pipes to 130 properties, of which I calculate only 15 to be permanent residences, when there are streets in Taupo town with 2 to 3 times the density of housing and AC pipes that are 13 years older that could have been targeted?(Rotokawa, Pihanga, Tonga and Scannel Streets - for example). Surely this would have given better value for your ratepayer dollar!

- *Council does have in place a renewal programme for the replacement of its water mains and has committed to spend \$66m over 10 years, primarily to replace older Asbestos Cement (AC) and galvanized water pipes. The Omori Water Main Renewal Project is part of this programme and the cost benefits were outlined as part of the wider renewal programme.*

Cost Benefit Analysis - *Option 3 was approved, because staff recommended this as the best option - Capex of \$6m/yr for years 1 to 4 and Capex \$7m/yr for years 5 to 10 and Opex of \$300k reducing to \$60k after 10 years.*

Comments - The justification for the expense and the business case is weak and seriously questions the validity of the Water Renewals Program. I do not object to the planned renewal of any underground pipes as long as it is done in a way that maximizes the life of the asset and minimizes the cost to ratepayers. The pipes are being replaced because of their age, (NOT their actual condition) and because they are considered to have reached the end of their useful life - even though they may not be leaking.

What appears to happen is council staff make a recommendation to Councilors and promote the most expensive option, which councilors are expected to "box tick" and sign off on without being allowed to

question staff. What we are repeatedly told is that Councilors are responsible for governance and staff for operational matters and that staff should not be questioned on their decisions. It is my opinion that efficient governance requires staff to provide accurate and timely information and back up their recommendations with sound and factual evidence so that Councillors can make valued and informed decisions for the benefit of all ratepayers. This does not appear to be happening. When Council staff are working on a network renewal plan and make the statement that the pipes should have been replaced 3 to 20 years ago and yet the pipes have not failed, then you know the plan is seriously flawed.

Conclusions :-

- **What this clearly confirms is that a desk top assessment has limitations and uncertainties and in this case substantially understated the life of the AC pipe.**
- **The condition reported on the GIS system is based on age only AND all AC pipes are reported as being in "Very Poor Condition" This is extremely deceptive and clearly untrue.**
- **The Auditor General severely criticised Wellington City Council for adopting a policy of renewal based on age, and Councilors should be aware of this risk.**

Recommendations :-

- **Instruct the CEO and staff to update all GIS and other council records to accurately record the condition of AC Water mains as 'Unknown', unless there is proven evidence to confirm otherwise.**
- **Make it mandatory for all street renewals to be subject to a full Level 3 condition assessment, with substantiated evidence, to prove that ratepayers are getting value for money.**
- **Reduce the water main renewal budget, and the Mayor and Councilor's could make a strategic, governance decision to push for this to be halved, down to \$3m a year, until such time as fact based data informs otherwise.**
- **Establish a Spending Review Committee to offer recommendations and advice, so that elected Councilor's can truly make informed decisions.**

I suggest that you make your own judgement on whether you consider the \$1.6m spent on this project truly gave ratepayers value for their hard earned dollar.

I thank you for your time

Regards

Phil Shields