Te Kaunihera-ā-Rohe o Taratahi
CARTERTON
DISTRICT COUNCIL

AGENDA

Late Reports

Ordinary Council Meeting

Date: **Wednesday, 20 August 2025**

Time: **2:30 pm**

Location: **Carterton Events Centre**
50 Holloway St
Carterton

Mayor R Mark
Deputy Mayor S Cretney
Cr B Deller
Cr R Cherry-Campbell
Cr S Laurence
Cr G Ayling
Cr L Newman
Cr S Gallon

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8 REPORTS

8.2 WATER SERVICES DELIVERY PLANS - SOUTH WAIRARAPA, MASTERTON AND TARARUA DISTRICT COUNCILS

1. PURPOSE

To provide Council with the Water Service Delivery Plans from South Wairarapa, Masterton and Tararua District Councils.

2. RECOMMENDATION

That the Council:

1. **Receives** the reports.

File Number: **479624**

Author: **Geoff Hamilton, Chief Executive**

Attachments:

1. **SWDC WSDP - 20 August 2025** ⇩
2. **Masterton District Council WSDP - 20 August 2025** ⇩
3. **Tararua DC WSDP - 20 August 2025** ⇩

Water Services Delivery Plan

Wairarapa Tararua Water Services Organisation

South Wairarapa District Council

Draft for SWDC adoption - August 2025

Draft for Council adoption

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

A1: Statement of financial sustainability

South Wairarapa, Tararua, Masterton and Carterton District Councils (Partner Councils), together with Rangitāne and Ngāti Kahungunu, have undertaken to establish a Water Services Council Controlled Organisation (WSCCO) on or before 1 July 2027. This includes all necessary transitional arrangements, governance documentation, service level and operational agreements, and operationalising a planning and accountability framework that meets legislative and regulatory requirements

South Wairarapa District Council (SWDC) confirms that this Water Services Delivery Plan (WSDP) ensures the financially sustainable delivery of water services by 30 June 2028. This confirmation is based on financial modelling and assessments included in Part D, E and F of this Plan. This WSDP demonstrates that by FY28:

Wairarapa Tararua WSCCO

- Water services revenue will meet operational, capital and compliance costs. Per connection revenue requirements in the WSCCO financial statements are average requirements across the four Councils; Councils have decided to ring-fence prices for the period of the WSDP so per connection revenue requirements and charges vary between Councils.
- Sufficient investment will be delivered to meet levels of service requirements, regulatory requirements, and increased levels of demand. There is sufficient borrowing capacity to deliver on the combined capital programme (under Councils' current phasing).
- The WSCCO will meet a 10% FFO to debt target by FY32. It will meet the 9% LGFA covenant by FY31. The WSCCO meets the ICR requirement from year one of operation and maintains this throughout the WSDP period.

South Wairarapa District Council within the WSCCO

- SWDC within the WSCCO is projected to generate sufficient revenue to meet the full cost of water services delivery, including operating expenditure, asset renewals, and debt servicing. This is underpinned by a shift to a WSCCO with a target capital structure generating sufficient revenues over the forecast period. It is acknowledged that this will require price increases that will challenge affordability.
- SWDC average water charges per connection are forecast to increase from around $3,000 in FY25 to around $6,605 in FY34 (in nominal terms), around 4.8% of median household income in the district. These increases are required due to the Council's starting debt position, capital programme over the WSDP period, and decision to ring-fence prices. This is an acknowledged affordability challenge which will need to be managed, and this plan proposes a review of the capital programme as part of the transition to identify opportunities to manage cost.
- South Wairarapa's transition to the 10% FFO target has been modelled over four years (i.e., by FY32) to smooth required price increases for the community; LGFA has reviewed the WSCCO's and SWDC's financial position and has confirmed they would support the WSCCO and SWDC through this transition period.
- Operating surpluses over the 10-year period are forecast at $13.4m, with an operating deficit in years 1 and 2 of the WSCCO (FY28 and FY29) and increasing surpluses from FY30.
- The WSDP includes $150m in forecast capital investment over the 10-year period, including renewals to maintain existing levels of service and asset reliability, upgrades to achieve compliance with

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drinking water standards and to improve network resilience, and growth-related projects to service projected increases in demand. This value of this programme has been reduced to $150m on the basis of an independent assurance review of Wellington Water's costing approach. This review is attached as Appendix 3.

- This WSDP, unless stated otherwise, presents SWDC's position within the proposed WSCCO. A combine set of financial statements for the WSCCO can be found in Part F.

The financial statements and forecast position of the WSCCO are based on the Partner Councils' existing investment programmes as set out in their respective Long-Term Plans (LTP) and Annual Plans, with current priorities and phasing. (Note the SWDC programme is included in the 2025/34 LTP for the first two years and removed from years 3 onwards given the expected establishment of the WSCCO. The programme has been included in this WSDP, with a cost reduction following an independent review of the programme – Appendix 3). The model also makes key assumptions about levels of operational efficiency that the WSO will achieve, financing costs, FFO to debt target, and additional overhead costs incurred by the WSO (refer Appendix 2). In general terms, the modelling takes a conservative approach to the assumptions to demonstrate financial sustainability.

The WSCCO will have choices about how it manages the capital programme and Councils consider there would be benefit in an early assessment of the phasing and priorities of works to manage costs for customers, achieve efficiencies through bundling of work, or to better reflect a regional view of necessary investment. South Wairarapa has a particular affordability challenge given its starting debt position and large capital programme, and this plan proposes a reassessment of that part of the programme through the transition, with a particular emphasis on non-compliance related or essential renewal work, to effectively manage delivery and costs for the community.

A2: Proposed delivery model

South Wairarapa, Tararua, Masterton and Carterton District Councils, together with Rangitāne and Ngāti Kahungunu, are proposing to establish a WSCCO under the Local Government (Water Services) Bill to deliver water services to their districts.

This three-waters entity will have approximately 25,000 connections and be responsible for drinking, waste and stormwater services. Responsibilities for water services will transfer from the Partner Councils to the WSCCO on or before 1 July 2027. This will include associated revenue, expenditure, assets and liabilities.

Figure 1 below provide a snapshot of the communities in the Wairarapa-Tararua region and the scope of existing water services which would transfer to the WSCCO. Currently the region's water services are delivered directly under contract by three of the four Councils (Carterton, Masterton, and Tararua District Councils) and via Wellington Water Limited (the current Wellington regional CCO) for South Wairarapa District Council.

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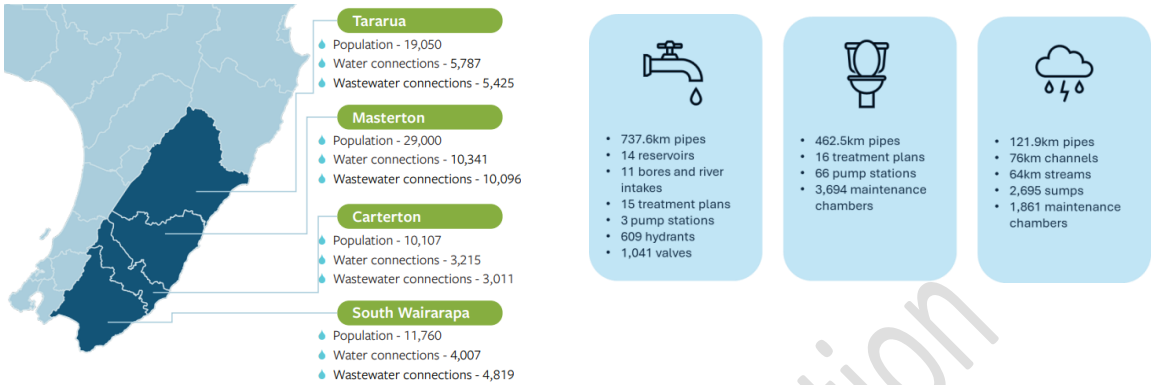
Figure 1: Wairarapa Tararua region and water services



Establishment and transition activities have begun, with ways of working and commercial terms agreed and set out in the appended Commitment Agreement (Appendix 1). The Commitment Agreement confirms Councils' commitment to work with iwi and implement this WSDP and establish the WSCCO once the WSDP is accepted. Work is expected to accelerate following the acceptance of this WSDP by the Secretary for Local Government.

Why a joint Water Services Organisation?

The proposal to establish a regional WSCCO was taken after careful consideration of other models and engagement with the community and iwi on the benefits of different approaches. The detail of the consultation undertaken is summarised later in this section.

The Partner Councils have similar sized communities, geography and climate and face similar infrastructure challenges and opportunities. Rangitāne and Ngāti Kahungunu are mana whenua iwi across Wairarapa and Tararua, and both iwi have general and specific rights and interests in fresh-water bodies across our region arising from their respective Treaty Settlements. These circumstances making a grouping of these four Councils and two iwi a logical choice when it came to considering the future of water services delivery.

Through their collective consideration of potential delivery models, the four Councils and two iwi have identified the following benefits of the Wairarapa Tararua model:

1. more affordable and resilient water services for communities,
2. increased access to finance to enable delivery of necessary investment programmes,
3. operational efficiency and cost savings resulting from a single entity planning, contracting and delivering works across the region,
4. regional employment opportunities from a larger, locally based infrastructure provider, and
5. enabling an entity solely focused on water services delivery.

Establishment principles

The following principles or objectives have guided the Councils and iwi in their consideration of the proposed delivery model and will continue to be used to direct the establishment of and transition to the new entity. These principles are included in the appended Commitment Agreement.

- Deliver **long-term benefits to the region** (recognising these benefits take time to accrue)
  - Efficient operational delivery
  - Affordable water services
  - Adequate investment in infrastructure through time

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  - Financially resilient and sustainable
  - Working with iwi
- Manage **shorter-term transition impact** on individual shareholding communities and Councils
  - Manage any cost/price changes
  - Ensure transparency in transition pathways
  - Maintain service continuity and reliability for customers and minimise staff disruption
  - Manage Councils' operational and/or financial risk
- Ensure **statutory and regulatory compliance**
  - Operate within statutory planning and accountability framework
  - Meet DIA and Commerce Commission financial sustainability requirements
  - Meet regional Council and Taumata Arowai environmental standards
- Where possible, **provide flexibility in the design** for the new entity and Councils to adapt to changing circumstances over time.
- Recognise the **independence of the new entity** and provide it with the autonomy to make decisions necessary for success
- Keep it simple, with **straightforward arrangements** easy for the community to understand.

Ownership and governance arrangements

The WSCCO will be structured under the Local Government Act 2002 and the Local Government (Water Services) Act 2025 (WSA25) (once the Local Government (Water Services) Bill is enacted). A summary of the governance and ownership arrangements is provided here and the appended Commitment Agreement. These arrangements will be developed further and are expected to be confirmed in Q4 2025 (refer *Implementation Plan*).

The WSCCO would be owned by the four Councils according to the following shareholding arrangements based on the connections within each Council district. Table 1 provides an indicative shareholding allocation; this would be updated and confirmed through the transition. The Shareholders' Agreement will contain principles for the entry and exit of shareholders, including in the eventuality of future Council amalgamation or expansion of the WSCCO, and other situations which may require adjustments to shareholdings. The basis for rebalancing shareholding over time will be determined through the transition.

Table 1: Indicative shareholding allocation

Shareholding Council	**Indicative shareholding**	**Estimated day 1 connections**
Masterton District Council	44%	10,911
Tararua District Council	23%	5,716
South Wairarapa District Council	**20%**	**4,935**
Carterton District Council	13%	3,203
Total	**100%**	**24,765**

Figure 2 summarises the governance and oversight arrangements for the WSCCO. Councils and iwi have chosen to establish a Stakeholders' Forum as the mechanism by which they coordinate ownership rights and responsibilities and to enable effective partnership with iwi, Rangitāne and Ngāti Kahungunu.

The Stakeholders' Forum is expected to have a fixed membership of six members, one from each Shareholding Council and one from each of Rangitāne and Ngāti Kahungunu. Members are appointed to the Forum by an appointment process determined by the appointing party. SWDC anticipates appointment by resolution of the Council.

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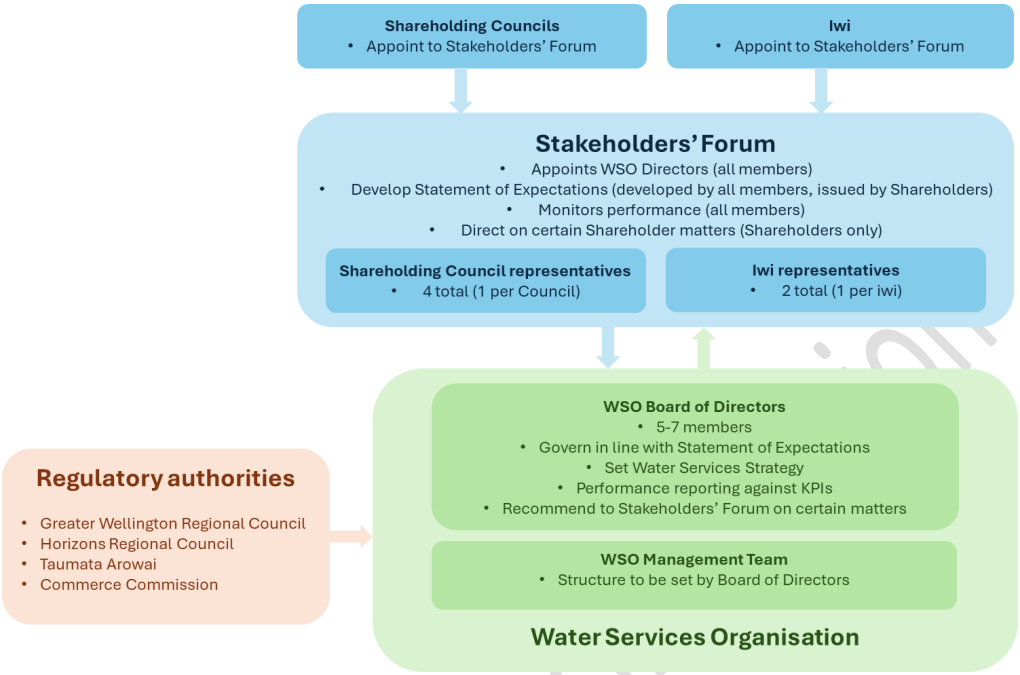
Figure 2: WSCCO governance and oversight arrangements



The Board of the WSCCO, once operational, would have flexible membership of five to seven members; this flexibility reflects the need to balance meeting skills requirements and ensuring diversity of views for quality decision making, with managing costs of governance, ensuring effective and efficient decision making, and providing the ability to adjust overtime according to the priorities or lifecycle of the Company.

Appointment of Board members is expected to be staggered through the two stages of the programme. During the establishment period, at least two directors are expected to be appointed by March 2026 with remaining Directors appointed ahead of operational transition. It is anticipated that appointment terms of the initial Board members will be varied to ensure future staggered turnover and to enable initial Directors to be appointed who have expertise in standing up/establishing new organisations.

Councils and iwi have determined the following skills are required on the Board and these will be reflected in the Constitution. This reflects the skills that are required on the Board as a whole, not requirements for all individuals to meet.

- Governance and senior leadership experience
- Experience in utilities and infrastructure industries, preferably water
- Commercial and financial expertise, including Director(s) with relevant qualifications to chair the Audit and Risk Committee
- Understanding of the relevant public accountability, legislative and regulatory context
- Asset management experience
- Commitment to partnership and upholding the Treaty of Waitangi, tikanga and te ao Māori
- Knowledge and experience in te ao Māori and te taiao Māori and Treaty of Waitangi principles and implementation, including the Treaty Settlements of Rangitāne and Ngāti Kahungunu
- Understanding and commitment to the four communities the organisation serves
- Commitment to strong stakeholder management with the four Shareholding Councils.

Service delivery, pricing and charging

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The WSCCO will provide all drinking water, wastewater and storm water services within the four Councils' jurisdictions, where these are currently provided by Councils. Currently services are delivered directly by Tararua, Carterton and Masterton District Councils and via Wellington Water Limited (existing multi-Council owned CCO) for South Wairarapa District Council.

All related water assets will be transferred to the WSCCO with limited exceptions, based on their primary purpose. Water race assets will continue to be owned by Councils. Any other details on transfer arrangements for specific assets will be developed through the preparation of the Transfer Agreement.

Part C of this plan sets out the Council's current pricing structures for water services. Prior to the transfer of water services to the WSCCO, the Council will continue to collect water revenues according to its own pricing structures. These arrangements would be retained by the WSCCO at establishment and the WSCCO will then determine the future tariff structure, as required under the Local Government (Water Services) Bill.

Through transition planning it will be determined whether the Council will continue to collect water charges on behalf of the WSCCO for a period, or whether the WSCCO will charge customers directly from day one. However, the WSCCO will be responsible for determining the amount of revenue to collect and advising on the tariffs to be applied, consistent with the current tariff structure. It is intended that the WSCCO will directly charge and invoice customers in the future with the timing of billing transition to be determined through establishment and transition planning.

Pricing principles

Pricing was a key concern raised by communities through consultation processes. To respond to community feedback, Councils have determined a set of pricing principles to be incorporated into the Constitution to ensure the WSCCO is considering issues of importance to Councils and communities in making its pricing decisions. These principles include:

- Ensure transparency between pricing and investment requirements
- Undertake appropriate engagement with communities in setting or changing pricing
- Manage/smooth the transition impact of any changes to pricing
- Balance affordability for customers with investment and financial sustainability requirements
- Consider the distributional impacts of pricing decisions, and
- Adopt a cost-to-serve approach, with a future review point.

Councils have agreed that the WSCCO will operate a cost-to-serve model for nine years, after which time the matter will be reviewed by the Board and Shareholding Councils. Concern about subsidising across Council jurisdictional boundaries was a particular issue raised in consultation by Masterton and Carterton communities.

The decision to move away from a cost-to-serve approach and adopt harmonised pricing is retained by the Shareholding Councils, with advice to be received from the WSCCO Board, and would be subject to any legislative or regulatory direction. A review of pricing will be undertaken after nine years and will several factors, including:

- That there is sufficient reliable information available about future investment requirements to provide reliable and transparent estimates of costs to ratepayers
- The impact of any proposed changes on each shareholder's customers (including distributional impacts within and between Council districts)
- Other benefits and costs of the new proposed approach relative to current approach (e.g., impact on operating costs/efficiencies for the entity)
- Whether other compensatory measures could be put in place to manage any significant impact (if any) on subsets of customers.

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While prices are non-harmonised, the board of the WSCCO will be responsible for determining the revenue to be collected from each Council district, including advising the Council of the level of charges to be set for each scheme and category of customer, consistent with Councils' existing tariff structures. Councils will supply information from their rating databases to the WSCCO for this purpose, as provided for within the Local Government (Water Services) Bill.

SWDC notes that there are affordability challenges associated with water services. Through the development of the first Water Services Strategy, the Council expects the WSCCO to review the investment programme and identify early opportunities for efficiencies and savings.

Meeting ring-fencing requirements

As part of the establishment of the WSCCO, water services revenues and expenses will be separated from other Council financials. Separate financial management systems will be established for the WSCCO, and, if adopted, any shared services arrangements between the WSCCO and Shareholding Councils will be at arm's length and on commercial terms. The WSCCO will be responsible for preparing the Water Services Strategy, Annual Budgets and Annual Reports.

Financing arrangements

The WSCCO will borrow from the LGFA and be managed within the LGFA's specified financial covenants. Parts D and E of this WSDP demonstrate that SWDC within the WSCCO can operate within financial sustainability requirements. Part F of this WSDP demonstrates that the WSCCO can operate within financial sustainability requirements.

Financial modelling prepared for this WSDP targets a more conservative 10% FFO-to-debt target, compared to the LGFA's 9% covenant requirement. Achievement of the 10% target has been phased in over a four-year period post WSCCO establishment, by adjusting revenue requirements to manage affordability for the South Wairarapa community. Masterton, Carterton and Tararua Councils can meet the 10% target by FY30; South Wairarapa can meet the target by FY32. This results in the WSCCO achieving 9% by FY31 and 10% by FY32. This phasing has been tested with the LGFA who have confirmed they would support this approach as part of their commitment to assist WSOs meet their covenants over a transition period.

It is anticipated that the Council will transfer water-related debt to the WSCCO over a transition period as tranches of debt mature and hedging is unwound. Interest costs incurred by the Council on retained water-related debt over this period will be met by the WSCCO. Establishment costs will be borrowed by Councils and transferred to the WSCCO. Final transfer arrangements will be included in any future Transfer Agreement.

While the WSCCO operates a cost-to-serve model, Councils anticipate guaranteeing the WSCCO debt based on the value of debt outstanding for each jurisdiction. If, or when, the Board advises shareholders on an alternative approach to pricing, the Board will also be required to advise shareholders on an appropriate ongoing approach to the guarantee of debt (e.g., based on shareholding).

The Councils have agreed that the WSCCO will not pay dividends to shareholding Councils for at least nine to 12 years; and that any surpluses would be used to either reduce prices for customers across the region and/or to accelerate priority investment across the region. The governing arrangements will leave the possibility of future dividend payments open.

A3: Implementation plan

Councils have agreed that the WSCCO will be legally established on or before 1 July 2026 and operational on or before 1 July 2027. The accompanying Commitment Agreement sets out the governance and management arrangements for the Programme to ensure the entity is established and operational within these timeframes.

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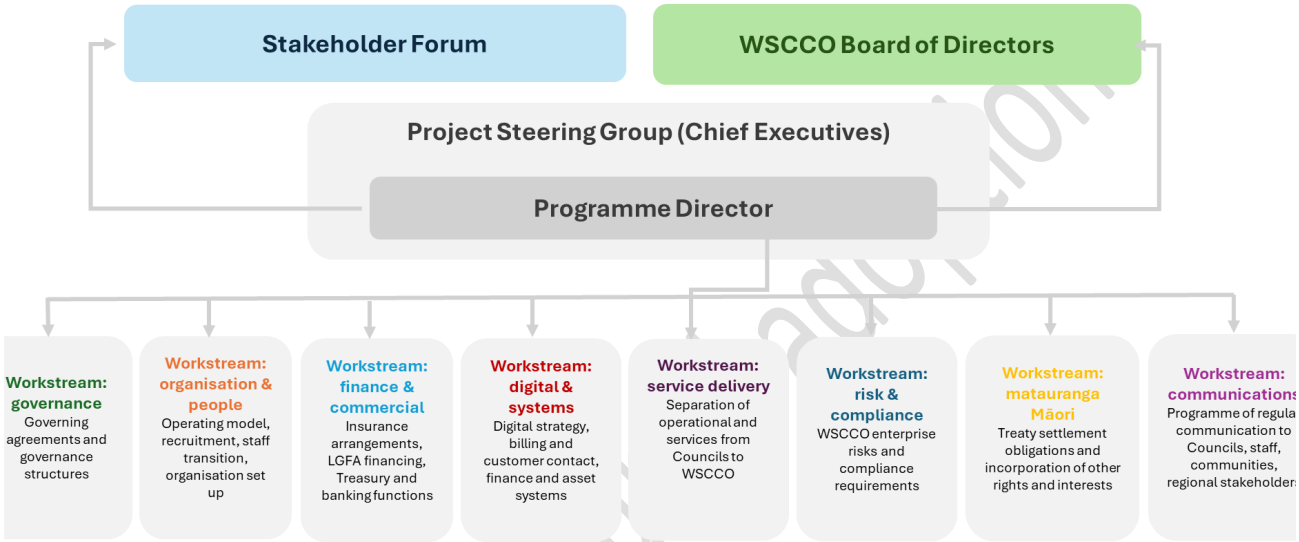
The transition will be governed by a Project Steering Group (PSG) and the project led by a Programme Director, reporting to the PSG, supported by a Project Team of Council staff, iwi representatives and external legal and advisory support. Workstream leads will be assigned for each Programme workstream (refer Figure 3).

Following the local body elections, the Stakeholders' Forum would be established, and this group would work alongside the PSG to provide oversight to the transition going forward. When the WSCCO initial Directors are appointed, the transition will be jointly overseen by the Stakeholders' Forum and the WSCCO Board, with programme reporting provided to both governance bodies.

Figure 3: Programme governance and management



Programme workstreams

The key workstreams for the programme are expected to include:

- **Governing documentation and establishment** – this workstream includes the preparation and negotiation of all relevant governing agreements (Constitution, Shareholders' Agreement, Stakeholders' Forum Terms of Reference, Statement of Expectations, and Transfer Agreements), the establishment of new governance structures (Stakeholders' Forum and WSCCO Board), and approach to Treaty Settlement obligations.
- **Organisation and people** – this workstream includes development of the organisation's operating model and management structure, recruitment of Chief Executive and Tier 2 leadership roles, transition of Council staff and contractors (other than long-term physical works contracts) to the WSCCO, the development of organisational policies, new regulatory reporting requirements, and establishment of the physical office.
- **Finance and commercial** – this workstream includes the determination of new insurance arrangements for the entity, confirmation of financing arrangements with LGFA and Council parent guarantee, debt transfer arrangements, financing strategies and establishment of treasury and banking functions
- **Digital, systems and customer** – this workstream covers the digital strategy, development of billing arrangements, customer contact, finance, compliance and asset management systems for the WSCCO

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and the transition from existing Council systems to new arrangements, including any transitional or shared services arrangements that may apply for a time limited period.

- **Operations and service delivery** – this workstream covers the scoping, planning and delivery of the separation of the operational and service requirements from Councils and their transfer to the new entity (except staff transition which is managed separately). It will also include integration with Council planning requirements, including district plans, growth and development strategies, and LTPs, and any corresponding changes required in Council policies.
- **Mātauranga Māori** – this workstream includes the review of Treaty Settlement obligations, Iwi Environmental Management Plans and other iwi rights and interests and incorporation of these, as relevant, across the other workstreams. It also includes details of how the WSCCO will report to iwi and how treaty obligations will be considered within the asset management plans.
- **Risk and compliance** – this workstream determines the WSCCO's enterprise risks and controls and establishes the compliance requirements, including DWSQAR, RMA and health and safety**.**
- **Communications** – a communications plan will be developed to support the programme, which will include regular reporting for the four Councils and iwi governing bodies and executive leadership teams, Council staff and contractors, ratepayers and communities, and key regional stakeholders.

Once Directors are appointed, the Programme Director will work with Councils and the WSCCO Board to confirm any Council operational decisions relating to water services (e.g., changes in the capital programme) that will be taken in the transition period that require the agreement of the WSCCO Board, and these decisions will be included as part the transition programme.

Transition milestones

The programme will be delivered in two stages in line with Council commitments on establishment dates:

- Stage 1 (legal establishment) will run from the adoption of the WSDP by the four Councils in August and be complete at the legal incorporation of the WSCCO and the appointment of initial/establishment Directors. This will be achieved by the end of 2025/26 at the latest; the intention is to deliver earlier.
- Stage 2 (transition) will run from legal establishment through to the end of 2026/27 at the latest; the programme will be developed to achieve milestones at the earliest opportunity.

Wherever possible, the transition will be expedited to mitigate the impact of two significant change process for South Wairarapa District Council, given the Council's pending exit from Wellington Water Limited, and the operational transition of Wellington Water to Metro Water (new Wellington WSCCO). Metro Water is currently intended to be operational ahead of the Wairarapa Tararua WSCCO creating a need for an interim solution for South Wairarapa for the 2026/27 year. The Council is currently working with Wellington Water and its shareholders, and other Wairarapa Tararua Councils on options for interim arrangements. The pace of the programme will be determined by risk.

Figure 4 shows high level timing for the programme and Table 2 sets out the priorities and milestones for establishment and transition stages. These represent an overall view of the required work and milestones; further work on detailed roles and responsibilities will be developed in the transition planning. Any changes to these milestones will be agreed by the PSG prior to agreement/confirmation by the WSCCO Board and/or Stakeholders' Forum, as appropriate.

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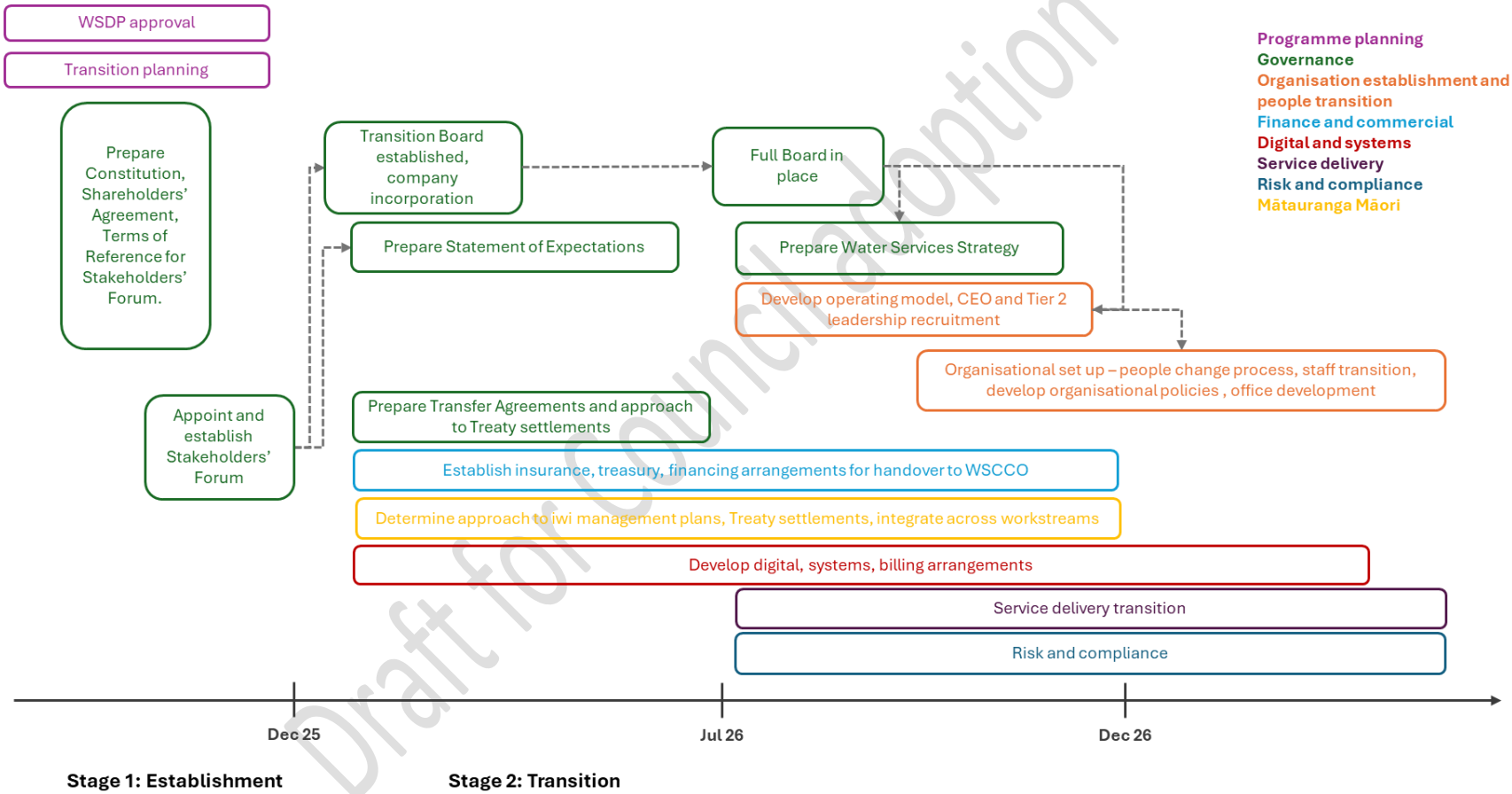
Figure 4: Programme timing



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ensitivity: General

Table 2: Programme priorities and milestones

Programme stage	Priorities and milestones	Indicative timeframe
Legal establishment	• Achieve acceptance of WSDP by Secretary for Internal Affairs and publish WSDP	December 2025
	• Plan and prepare for operational transition according to priority workstreams above (with transition expected to begin following appointment of Directors). This will include initiation of key work in financial and commercial and systems workstreams to prepare for handover for completion to WSCCO Board.	December 2025
	• Appoint members to Stakeholders' Forum following election and induction of new Councils	November/December 2025
	• Complete and approve Shareholders' Agreement, Constitution, Stakeholders' Forum Terms of Reference	September 2025
	• Complete recruitment for two (minimum) initial Directors	March 2026
	• Complete legal incorporation and required registrations – including Companies Office, Deed of Indemnity for Directors	March 2026
Operational transition	• Prepare Statement of Expectations for discussion with WSCCO Board	June 2026
	• Transition SWDC operations from Wellington Water Limited to new transitional arrangements (to be confirmed)	June 2026
	• Complete governing documentation (i.e., Transfer Agreements) and negotiate agreement with WSCCO Board. Complete adoption of Transfer Agreement by each of the four Councils.	September 2026
	• Undertake staff change process to confirm roles and staff that will transition to the new entity. Timing for movement/transfer of staff to be confirmed ahead of operational transition.	December 2026
	• Development of future systems requirements, including temporary billing arrangements to be administered by Councils (if this is the confirmed approach)	December 2026
	• Develop entity insurance, treasury and financing arrangements, with WSCCO Board to confirm and finalise	December 2026
	• WSCCO Board to develop WSO operating model and undertake, Chief Executive and Tier 2 role recruitment	December 2026
	• WSCCO Board to prepare Water Services Strategy to give effect to Statement of Expectations	December 2026

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ensitivity: General

	• WSCCO Board to set up the new organisation, including office location, corporate policies, bank accounts, brand, website etc.	June 2027
	• Transfer assets, contracts, responsibilities, remaining staff following Council and Board confirmation of readiness for go live.	June 2027

A4: Consultation and engagement

The Wairarapa Tararua Councils have explored the options for future water services delivery over two key phases, both in partnership with iwi, Rangitāne and Ngāti Kahungunu, and in consultation with communities. An Advisory Oversight Group comprising elected member representatives from each Council and iwi representatives oversaw this process.

In 2024 (phase 1) Wairarapa Tararua Councils initiated work on a potential Wairarapa Tararua delivery option to enable the three Wairarapa Councils to consider it against the Wellington region 10 Council option they were also exploring, and Tararua District Council to consider it against a Manawatu Whanganui Councils option. Through this project Council staff and iwi representatives jointly undertook a Multi Criteria Analysis to determine the outcomes they were seeking from a new delivery model. Councils then assessed the Wellington region and Manawatu/Whanganui region options against the Wairarapa Tararua option, and standalone/status quo options for each Council. The conclusion of this work was that the Wairarapa Tararua Councils decided to consult with their communities on a Wairarapa Tararua arrangement alongside the status quo option for each Council. Information on that process is available here Local Water Done Well - SWDC.

In 2025 (phase 2), the four Councils carried out community consultation on two options – the Wairarapa Tararua Water Services Organisation and the status quo delivery model (or form of status quo delivery). This consultation occurred over the following dates and consultation documents are available in Table 3.

- MDC – 21 March to 22 April 2025
- TDC – 14 March to 22 April 2025
- CDC – 14 March to 22 April 2025
- SWDC – 7 March to 6 April 2025

Table 3: Council consultation documents and findings

Masterton	LWDW Consultation Document Agenda of Ordinary Council Meeting - Wednesday, 21 May 2025
South Wairarapa	162dd310c98c6daf6013e02d621fc603_LWDW Consultation_final_digital.pdf https://sthwaidc-my.sharepoint.com/:b:/g/personal/comsec3_swdc_govt_nz/ERshbc5N7k5KnrUgcOA5SeYB4zUC5w7o-_kIWYv_LLV15Q?e=I3uZE3
Carterton	Carterton District Council – Local Water Done Well Consultation (14 March 2025) https://carterton.infocouncil.biz/Open/2025/05/CO_20250514_MIN_3416.PDF
Tararua	LWDW-Consultation-One-Pager-14-March-2025.pdf Agenda of Extraordinary Council meeting - Wednesday, 11 June 2025

Community feedback from all four Councils' consultations show support for a regional water services organisation – **88% SWDC submitters**, 65% Tararua submitters, 70% Carterton submitters and 60% Masterton submitters supported the Wairarapa Tararua regional model.

Key themes from the community feedback included the importance of local delivery and accountability, pricing structures and affordability for communities, reliable and quality water services, trust in the new delivery model, and recognising past investment in services and infrastructure in the region's communities. This feedback has informed the Councils' development of the WSDP and the operating model for the new organisation.

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ensitivity: General

A5: Assurance and adoption of this Water Services Delivery Plan

On 8 May (SWDC), 6 June (TDC), 9 July (MDC) and 9 July (CDC), Partner Councils agreed to progress a joint WSCCO. This SWDC WSDP has been prepared on this basis.

The development of this WSDP has been overseen by the Wairarapa Tararua Councils' Chief Executives and prepared according to each Council's internal assurance processes. The starting point for the plans is the latest 2025/34 LTP for South Wairarapa District Council, with appropriate adjustments to reflect a move to a WSCCO. The operating model and implementation plan within Part A is common to all four Councils' plans and sets out how the four Councils and iwi will work together to establish the WSCCO.

Parts B to E of the WSDP, represent the financial position of water services for the Council, on the assumption that it is part of a WSCCO. A consolidated set of financial statements for the Wairarapa Tararua WSCCO can be found in Part F. Individual Council and combined WSCCO financial information throughout this plan have been prepared using a common financial model and agreed set of assumptions.

The following external reviews and assurance have been undertaken:

- Financial modelling and assessment of financial sustainability has been undertaken by independent advisors
- Modelling assumptions were developed in consultation with independent advisors, reviewed by Council CFOs and Infrastructure General Managers, and signed off Chief Executives. These assumptions are included as Appendix 2 of this plan.
- A generally conservative approach has been taken to setting assumptions and targets (e.g., in relation to the target capital structure, the costs of finance and assumed efficiencies) to demonstrate the viability of the WSCCO and scope for the WSCCO to make choices once the entity is operational
- Additional modelling scenarios have been tested internally for key issues to provide Council, community and regulatory confidence in the entity (e.g., price paths for South Wairarapa, and testing the impact of Masterton priority investments occurring beyond the WSDP period)
- Preliminary conversations have been had with LGFA on the need for targeted transition support to achieve LFGA covenants and enable a smoother price path for South Wairarapa District Council.

In addition to the external assurance provided to all Councils, SWDC sought an independent assurance review of its capital programme costs, which resulted in the costs of the programme being reduced and these numbers are the basis of the programme in this plan. This review is provided in Appendix 3.

Council resolutions to adopt the WSDP

Council resolutions to adopt this WSDP were achieved on the dates set out in the Table 4.

Table 4: Council WSDP adoption resolutions

Council	Date	Resolution
Masterton District Council	20 August 2025	
South Wairarapa District Council	20 August 2025	
Carterton District Council	20 August 2025	
Tararua District Council	20 August 2025	

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South Wairarapa District Council Chief Executive Certification

I certify that:

- This Water Services Delivery Plan complies with the Local Government (Water Services Preliminary Arrangements) Act 2024; and
- The information contained in this plan is true and accurate.

_____

Janice Smith
Chief Executive

Date:

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South Wairarapa District Council

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Part B: Network performance

B1: Investment to meet levels of service, regulatory standards and growth needs

Serviced population

The current population of South Wairarapa is just over 11,800 (2023 Census data). Properties receiving all three waters services (water supply, wastewater and stormwater) total 3,681. Properties with water connections total 4,402, wastewater connections 4,109 and 4,000 properties are serviced by the urban stormwater network. The current population that does not receive water services are generally located outside the urban areas of Martinborough, Featherston, Greytown, and Pirinoa.

The South Wairarapa District encompasses an area of 248,455 hectares; it is a sparsely populated district and one of the smaller local authorities. Population growth is predicted to increase slightly over the period of the 2025/34 LTP, from strong internal migration. The projections indicate that the district's resident population will grow from just over 11,800 in 2023 to 13,011 in 2032 and 14,811 by 2052. This represents an average growth of 1.1% over the life of the LTP and 1.3% from 2023 to 2052.

SWDC Table 1: Serviced properties

Projected serviced properties	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Serviced by Water Supply	4,083	4,128	4,169	4,211	4,253	4,296	4,338	4,382	4,426	4,470
Serviced by Wastewater	4,378	4,426	4,470	4,515	4,560	4,606	4,652	4,698	4,745	4,793
Serviced by Stormwater	3,984	4,028	4,068	4,109	4,150	4,191	4,233	4,276	4,318	4,362
Total properties with one or more waters	**4,696**	**4,719**	**4,766**	**4,814**	**4,862**	**4,911**	**4,960**	**5,010**	**5,060**	**5,111**
Total residential properties with one or more waters	4,179	4,200	4,242	4,284	4,327	4,371	4,414	4,459	4,503	4,549
Total commercial properties with one or more waters	517	519	524	530	535	540	546	551	557	562

Note: SWDC does not currently split water connections between residential and non-residential, as the Revenue & Financing Policy does not differentiate between these categories. We have used an assumption of 89% residential and 11% non-residential based on the commercial & residential split of land use in the urban areas of the district.

Serviced areas

South Wairarapa has four serviced areas of Martinborough, Greytown, Featherston and Pirinoa. The total cost for water services is not split into regions, rather a total cost allocated across all towns and divided by the total number of connections gives us a rate per SUIP (Separately Used or Inhabited Part). For properties that have the potential to connect to services the charge is 50% of the rate; in 2023/24 there were 198 serviceable connections across the public water supply systems.

Water services is a significant activity with several key performance indicators over the life of the 2025/2034 Long-term Plan. In 2019, Council agreed to become a shareholder of Wellington Water Ltd (WWL). This means that WWL currently manages Council's three waters assets, but Council retains ownership and responsibility for the assets.

Water supply – the water supply activity goals are to: provide reliable and sustainable reticulated water supplies to the townships of Greytown, Featherston, Martinborough and Pirinoa, to provide stock water supply networks, and encourage conservation of this valuable resource.

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SWDC Table 2: Water supply assets (note information on connections by water source is not available)

Water Sources	Urban	Rural	Treatment	Pump Stations	Reservoirs	Network
Featherston	Boar Bush Gully Catchment – operated as an emergency supply only Taits Creek Intake Weir – operated as an emergency supply only Waiohine River	Tauwharenikau (Longwood Water Race)	UV (4-log protozoa, bacteriological) + Chlorine gas	4 Bore Pumps	8ML treated water reservoir 0.4ML reservoir	Gravity fed from reservoir
Martinborough	Ruamāhanga Wells Huangarua – operated as an emergency supply only Pirinoa bore		UV (4-log protozoa, bacteriological) + Chlorine gas + Greensand filtration	3 Bore Pumps	4 x 0.4ML reservoirs	Gravity fed from reservoir
Greytown	Waiohine River Memorial Park	Waiohine River (Moroa Water Race)	UV (4-log protozoa, bacteriological) + Chlorine gas	1 Bore Pump	None	Directly fed from bore pump

Statement of Service Performance – Water Supply

Performance indicators will transfer to the WSCCO following transition and will be reported by the WSCCO from the 2027/28 year.

SWDC Table 3: Performance indicators – water supply

Service Level	Key Performance Indicators	Performance Targets (for the financial year)							How it will be measured
		Baseline	**2023/24 (actual)**	**2024/25 (target)**	**2025/26**	**2026/27**	**2027/28**	**2028-34**	
The water provided is safe to drink	The extent to which the local authority's drinking water supply complies with the following parts of the drinking water quality assurance rules: (a) 4.4 T1 Treatment Rules; (b) 4.5 D1.1 Distribution System Rule: (c) 4.7.1 T2 Treatment Monitoring Rules; (d) 4.7.2 T2 Filtration Rules. (e) 47.3 T2 UV Rules;	Not fully compliant	Not fully compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	National Water Information Database

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	(f) 4.7.4 T2 Chlorine Rules; (g) 4.8 D2.1 Distribution System Rule; (h) 4.10.1 T3 Bacterial Rules; (i) 4.10.2 T3 Protozoal Rules; and (j) 4.11.5 D3.29 Microbiological Monitoring Rule.								

Service Level	**Key Performance Indicators**	**Performance Targets (for the financial year)**							**How it will be measured**
		Baseline	**2023/24 (actual)**	**2024/25 (target)**	**2025/26**	**2026/27**	**2027/28**	**2028-34**	
Maintenance of the reticulation network	Percentage of real water loss from the Council's networked reticulation system (calculated using minimum night flow)	42%	42%	40%	40%	39%	38%	Maintain or improve on 38%	The information is recorded by Wellington Water Limited.
Customer satisfaction	Number of complaints received about drinking water clarity, taste, odour, pressure or flow, continuity of supply and local authority response on these issues	18.4	18.4	Less than 20 per 1000 connections	Less than 20 per 1000 connections	Less than 20 per 1000 connections	Less than 20 per 1000 connections	Less than 20 per 1000 connections	The information is recorded by Wellington Water Limited.
Potable water demand	Average consumption of drinking water per day per resident within the district	583 litres	583 litres	Less than 575 litres	Less than 575 litres	Less than 575 litres	Less than 575 litres	Less than 575 litres	The information is recorded by Wellington Water Limited.

Service Level	**Key Performance Indicators**	**Performance Targets (for the financial year)**							**How it will be measured**
		Baseline	**2023/24 (actual)**	**2024/25 (target)**	**2025/26**	**2026/27**	**2027/28**	**2028-34**	
Fault response times where the Council attends a call-	Median response time to call-outs to a fault or unplanned interruption to the network								
	a) Attendance at urgent call outs	58mins	58mins	Median response time of 60 minutes or less	Median response time of 60 minutes or less	Median response time of 60 minutes or less	Median response time of 60 minutes or less	Median response time of 60 minutes or less	The information is recorded by Wellington Water Limited

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out in response to a fault or unplanned interruption to the network reticulation system	b) Resolution of urgent call outs	3.4hrs	3.4hrs	Median response time of 8 hours or less	Median response time of 8 hours or less	Median response time of 8 hours or less	Median response time of 8 hours or less	Median response time of 8 hours or less	The information is recorded by Wellington Water Limited
	c) Attendance at non-	3days	3 days	Median response time of 2 working days or less	Median response time of 2 working days or less	Median response time of 2 working days or less	Median response time of 2 working days or less	Median response time of 2 working days or less	The information is recorded by Wellington Water Limited
	d) Resolution of non-urgent call outs	3 days	3 days	Median response time of 5 working days or less	Median response time of 5 working days or less	Median response time of 5 working days or less	Median response time of 5 working days or less	Median response time of 5 working days or less	The information is recorded by Wellington Water Limited

Wastewater

The wastewater activity goal is to collect, treat and dispose of wastewater from the urban areas of Featherston, Greytown, Martinborough and Lake Ferry –to provide public health protection with minimal effects on the environment. The wastewater schemes provided for properties in the district (excluding those premises with their own septic tanks) are the urban schemes of Featherston, Greytown, and Martinborough. Lake Ferry is a rural scheme servicing the Lake Ferry settlement. These systems include pipes, pumps, ponds and plant facilities to collect and discharge the wastewater. In South Wairarapa district, there are four wastewater systems, to which 4,870 pans are serviced and 193 properties that are serviceable (able to connect).

SWDC Table 4: Wastewater system

Featherston - Urban	**Greytown - Urban**
Gravity system (95%) minor pumping 5% Primary & Secondary oxidation ponds with a total surface area of 38,000 – clay sealing layer, polyethylene sealed sides and wavebands. Ultra-violet pond effluent disinfection which is discharged via an open channel to Donald's Creek. The Featherston WWTP is subject to a new 10-year consent application (lodged 2024), which anticipates use of Council owned land for the trial of disposal of treated effluent. Council's goal is to discharge 100% of wastewater to land by 2039 and a process is under way to seek resource consents for the discharge of Featherston wastewater.	Gravity system (95%) minor pumping 5% 90% of Greytown urban area is connected to the wastewater system, the balance is on septic tanks. Wastewater gravity flows from individual connections through mains to primary and secondary ponds. Pond 1 has an area of 18,500m2 and Pond 2 15,000m2. Both ponds are clay lined and have concrete wavebands. An internal boulder wall filter was constructed in 2000 for Pond 2, as a resource consent requirement to improve effluent quality.

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	Effluent discharges into the Papawai Stream, which flows into the Ruamāhanga River, some 1,500m downstream of the effluent discharge point. Actions: Council has purchased 116ha of farmland adjacent to the current Papawai site as part of the consent process to irrigate to land. UV disinfection was commissioned in 2020 and irrigation to 30ha of this land to eliminate discharges to water during low flow conditions has been commissioned. The Council plan to discharge 100% of wastewater to land by 2041. Greytown wastewater treatment plant capacity was designed for 2,220 connections, the 2024 estimate of current connections stands at 2,780. WWL have advised that no further connections can be made, which impacts growth.
Martinborough - Urban	**Lake Ferry Settlement**
Martinborough operates entirely as a gravity system. Wastewater flows from individual connections through the mains to a single oxidation pond. The pond has an area of 16,300m2 and incorporates a clay sealing layer and waveband. Mechanical aerators were installed in 1998, and four maturation ponds were constructed in 2006 to improve effluent quality. There is an UV disinfection plant after the maturation ponds. Treated effluent is discharged via an outlet structure into the Ruamāhanga River, except in low flow conditions when the treated effluent is irrigated to 6ha of land adjacent to the plant. Council's goal is to discharge 100% of wastewater to land by 2041. In August 2022, an abatement notice was received for the plant requiring Council to place a freeze on new connections. Desludging (reactivation) and capacity modelling is under way. This has since been removed.	This small community system services properties at the Lake Ferry settlement and was commissioned in 2007. Serviced properties retain on-site septic tank systems and the effluent from the septic tanks is either pumped or gravitated, depending on location, to local pump stations and then to a centralised treatment lant and disposal field east of the settlement.

Statement of Service Performance – Wastewater

Performance indicators will transfer to the WSCCO following transition and will be reported by the WSCCO from the 2027/28 year.

SWDC Table 5: Performance indicators – wastewater

Service Level	Key Performance Indicators	Performance Targets (for the financial year)	How it will be measured

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		Baseline	2023/24 (actual)	2024/25 (target)	2025/26	2026/27	2027/28	2028-34	
Council provides wastewater services that effectively collect and dispose of wastewater	Number of dry weather sewerage overflows from the Council's system.	1.1	1.1	Less than 10 per 1000 connections	Less than 10 per 1000 connections	Less than 10 per 1000 connections	Less than 10 per 1000 connections	Less than 10 per 1000 connections	The information is recorded by Wellington Water Limited. It is reported by council as a Breach of Consent.
	Median response time to sewerage overflow resulting from a blockage or other fault to the Council's sewerage system								
	Attendance time (from time of notification to the time service personnel arrive onsite).	65 mins	65 mins	Median response time of 60 minutes or less	Median response time of 60 minutes or less	Median response time of 60 minutes or less	Median response time of 60 minutes or less	Median response time of 60 minutes or less	The information is recorded by Wellington Water Limited.
	Resolution time (from time of notification to resolution of fault).	3.6 hours	3.6 hours	Median response time of 4 hours or less	Median response time of 4 hours or less	Median response time of 4 hours or less	Median response time of 4 hours or less	Median response time of 4 hours or less	The information is recorded by Wellington Water Limited.

Service Level	Key Performance Indicators	Performance Targets (for the financial year)							How it will be measured
		Baseline	2023/24 (actual)	2024/25 (target)	2025/26	2026/27	2027/28	2028-34	
Wastewater disposal does not create any smells, or health issues and causes minimal impact on the environment	Compliance with the Council's resource consents for discharge from its sewerage system measured by the number of: abatement notices, infringement notices, enforcement orders or convictions received by the Council in relation to those resource consents	3	3	0 notices, orders or convictions	0 notices, orders or convictions	0 notices, orders or convictions	0 notices, orders or convictions	0 notices, orders or convictions	The information is recorded by Wellington Water Limited. It is reported by council as a Breach of Consent.

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	Number of complaints received about any of the following: sewerage odour, sewerage system faults, sewerage system blockages and the Council's response to issues with its sewerage system.	21	21	less than 30 per 1000 connections	less than 30 per 1000 connections	less than 30 per 1000 connections	less than 30 per 1000 connections	less than 30 per 1000 connections	The information is recorded by Wellington Water Limited

Stormwater

The stormwater activity goal is to provide and maintain waterways to collect and dispose of excess surface water to protect amenities, reduce flooding, avoid erosion and establish a safe environment. The overall level of stormwater protection is provided by a combination of a primary and a secondary stormwater system. The primary stormwater system consists of reticulation pipes, culverts, open drains and access chambers. It is designed to collect stormwater resulting from moderate rainfall and discharge it into watercourses.

The primary stormwater system is intended to minimise what is often termed as nuisance flooding. The secondary system generally comprises overland flow-paths designed to convey excess floodwater with a minimum of damage when the primary system is unable to cope; roads often serve as secondary flow-paths. Secondary flow-paths are generally provided for at the time of subdivision. Over the long-term, Council intends to provide protection of properties in all urban areas and to ensure stormwater is contained in channels, pipes and structures to direct the flow in a controlled manner across Council-owned/vested land to a waterway or other suitable discharge points. Council's policy is that unused stormwater is disposed of onsite through appropriate means.

Stormwater Assets (urban)	**Metres of pipe**	**Metres of channel**
Featherston, Martinborough, and Greytown	17,925	20,151
The overall level of stormwater protection is provided by a combination of a primary and a secondary stormwater system. The primary stormwater system is the system of reticulated pipes, culverts, open drains and access chambers. It is designed to collect stormwater resulting from moderate rainfall and discharge into watercourses. Based on operational knowledge, critical stormwater assets include culverts, dams. And where pipe intersects state highway carriageway. There is further work to be undertaken regarding urban stormwater networks when the Water Services Authority release stormwater performance measures.		

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Statement of Service Performance - Stormwater

Performance indicators will transfer to the WSCCO following transition and will be reported by the CCO from the 2027/28 year.

SWDC Table 6: Performance indicators – stormwater

Service Level	Key Performance Indicators	Performance Targets (for the financial year)							How it will be measured
		Baseline	2023/24 (actual)	2024/25 (target)	2025/26	2026/27	2027/28	2028-34	
Stormwater drains are well operated and maintained by the Council	Number of flooding events that occur in the district. Dept of Internal Affairs defines a flooding event as an overflow of stormwater from a territorial authority's stormwater system that enters a habitable floor.	0	0	10 events or less achieved	10 events or less achieved	10 events or less achieved	10 events or less achieved	10 events or less achieved	The information is recorded by our contractor Wellington Water Limited.
	For each flooding event, the number of habitable floors affected.	0	0	Less than or equal to 1/1000 connections	Less than or equal to 1/1000 connections	Less than or equal to 1/1000 connections	Less than or equal to 1/1000 connections	Less than or equal to 1/1000 connections	The information is recorded by our contractor Wellington Water Limited.

Service Level	Key Performance Indicators	Performance Targets (for the financial year)							How it will be measured
		Baseline	2023/24 (actual)	2024/25 (target)	2025/26	2026/27	2027/28	2028-34	
Consent Compliance	Compliance with Council resource consents for discharge from its stormwater system, measured by the number of abatement notices, infringement notices, enforcement orders and convictions received by	100%	100%	100%	100%	100%	100%	100%	The information is recorded by our contractor Wellington Water Limited and monitored by Greater Wellington Regional Council.

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	the Council in relation to those consents								
	Median response time to attend a flooding event (from time of notification to the time service personnel arrive onsite)	No flooding events	No flooding events	3 hours or less	3 hours or less	3 hours or less	3 hours or less	3 hours or less	The information is recorded by our contractor Wellington Water Limited.
	Number of complaints received about the performance of the Council's stormwater system	New baseline to be established	N/A	No more than 3 per 1000	No more than 3 per 1000	No more than 3 per 1000	No more than 3 per 1000	No more than 3 per 1000	Council records

SWDC Table 7: water services schemes

Serviced areas (by reticulated network)	**Water supply** **# schemes**	**Wastewater** **#schemes**	**Stormwater** **# catchments**
Residential areas (If more than one identify separately)	Featherston 1,360 serviced and 52 serviceable Greytown 1,579 serviced and 102 serviceable Martinborough and Pirinoa 1,487 serviced and 38 serviceable water connections	Featherston 1,280 serviced and 56 serviceable Greytown 1,473 serviced and 111 serviceable Martinborough and Lake Ferry 1,316 serviced and 41 serviceable water connections	Stormwater is considered part of the general rate across the urban areas. SW 3,984 total connections across urban Featherston, Greytown, and Martinborough
Non-residential areas (If more than one identify separately)	N/A	N/A	N/A
Mixed-Use rural drinking water schemes (where these schemes are not part of the council's water services network)	N/A	N/A	N/A
Areas that do not receive water services (If more than one identify separately)	The majority of rural zoned land is not serviced by Water Supply networks.	The majority of rural zoned land is not serviced by Wastewater networks.	No widespread provision of stormwater in rural areas (not serviced).
Proposed growth areas • Planned (as identified in district plan) • Infrastructure enabled (as identified and funded in LTP)	Featherston, Greytown and Martinborough brownfields development Extra dwellings by 2051: Greytown – 434 dwellings Featherston – 418 dwellings Martinborough – 283 dwellings Tauherenikau – 147 dwellings Aorangi Forest – 111 dwellings	Featherston, Greytown and Martinborough brownfields development. Martinborough and Greytown WWTP planned works Extra dwellings by 2051: Greytown – 434 dwellings Featherston – 418 dwellings Martinborough – 283 dwellings Tauherenikau – 147 dwellings	Featherston, Greytown and Martinborough brownfields development Extra dwellings by 2051: Greytown – 434 dwellings Featherston – 418 dwellings Martinborough – 283 dwellings Tauherenikau – 147 dwellings Aorangi Forest – 111 dwellings

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	Kahutara – 100 dwellings	Aorangi Forest – 111 dwellings Kahutara – 100 dwellings	Kahutara – 100 dwellings

Source for connections: SWDC – Rating Database Extracts – Rates Factors _4 June 2025

Growth

South Wairarapa has a growing population, with a demographic shift. Featherston has been identified as a Growth Node in the South Wairarapa Spatial Plan and is expected to have greater diversity in youth and ethnicity going forward. The Featherston Masterplan is an example of how the council is preparing for future growth.

The 2025-34 LTP is based on Sense Partners' median growth projections. South Wairarapa is not a high or medium growth district for the purposes of the National Policy Statement for Urban Development and in terms of local economic growth. However, Sense Partners' projections are that South Wairarapa population will grow 1.4 times more than the average of the Wellington Region, and 1.2 times the national average. Because of this, the medium growth scenario is more likely over the life of the 2025-34 LTP. Significant investment is needed, especially in the wastewater network and treatment plants to enable growth to occur.

SWDC is acutely aware that the current impact of the capacity constraints (no further connections) for both Martinborough and Greytown wastewater treatment plants restricts future growth aspirations. The Council has kept the water investment programme within the 2025-34 Infrastructure Strategy for the first three financial years of the Strategy outlining the infrastructure issues the district is facing. The funding for these years has been retained at the levels recommended by Wellington Water. Funding levels of the remainder of the WSDP period (i.e., after transition to the WSCCO) have been adjusted on the basis of the independent assurance review undertaken by the Council. The focus of the Infrastructure Strategy has been to put building blocks in place for three waters assets to support sound decision making. The collection of additional information to improve underlying asset data is essential to adequately prepare for operational transition to a new water services provider.

The Martinborough and Greytown WWTPs Growth and Capacity Study (2024) assesses the capacity of the Martinborough and Greytown wastewater treatment plants (WWTP's) to cater for future population growth while complying with their resource consent requirements. The current consents, granted in 2016, assumed zero population growth over the 35-year consent duration. Martinborough's resident population is now projected to grow from 1,900 in 2024 to 2,600 by 2051. Greytown's resident population is expected to grow from 2,800 to 3,700 by 2051. This will require additional capital investment in the WWTP and irrigation systems.

Following planned improvement works to address compliance issues at both plants over the next five years, irrigation modelling indicates that the expected population growth (medium growth scenario) and associated increased flows can be catered for on the current planned Stage 2A irrigation areas by increasing the winter storage volume over what was originally envisaged in the consent applications. Alternatively, additional irrigation areas could be developed instead of increased storage. The current plan is to expedite stage 2A and discharge a greater proportion of wastewater effluent to land. In doing this it is expected that resource consent compliance will improve and consequently promote the case for allowing new connections to resume.

Asset condition

SWDC Table 8: Asset condition information

Parameters	Drinking supply	Wastewater	Stormwater
Average age of Network Assets	Treatment plant assets are between 1 and 30-years old, which is quite young. 14.0 years old for pipes	Treatment plant assets have a design life of 50 years – a significant portion of treatment plant assets will require renewal in the next 20 years.	37.5 years for pipes 53.0 years for channels

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	29.0 years old for hydrants 23.7 years old for valves 17.1 years old for reservoirs 12.6 years old for treatment plants	 29.3 years old for pipes 16.3 years old for pump stations 24.8 years old for treatment plants	
Critical Assets	Very High Criticality Assets (VHCA) 19km of pipe assets, about 10% of pipes 127 or about 25% of water treatment plant assets, and 11 reservoirs.	15 pump stations 81.1km pipes	[identified / not identified] Moroa water race, which flows through Greytown Dorsett Square stormwater grate, Featherston
Above ground assets • Treatment plant/s • Percentage or number of above ground assets with a condition rating • Percentage of above –ground assets in poor or very poor condition	5 [<20%]* [<1%]** Limited condition surveys have been completed of the water supply assets to assess the current state. A hybrid approach was adopted using the multiple data sets and condition inferred – based on the % of remaining useful life. Approximately $7m replacement value of reservoirs are in poor condition.	4 [<20%]* [<5%]** Limited condition surveys have been completed to assess the current asset state. The inferred asset condition is based on the percentage of remaining useful life. Undertaking planned condition surveys of the above and below ground wastewater assets is a high priority to inform future renewals.	17.9 km of pipes, 20.2 km of channels [<20%]* [36%]** Asset condition has not been formally assessed for the stormwater network to date. Inferred stormwater condition is based on the percentage of remaining useful life.
Below ground assets • Total Km of reticulation • Percentage of network with condition grading • Percentage of network in poor or very poor condition	Pipes 161.6 Km - which accounts for approximately 70% of replacement value. Approximately $24m water service pipes are in poor or very poor condition. Valves - 1,041 Hydrants – 609 Reservoirs – 11 (pg. 34 IS) Note: while most pipe assets have not reached their theoretical design life, based on operational and technical knowledge, there are approximately $30m worth of renewals up to 2040.	Pipes 81.651 km – which accounts for approximately 65% of the portfolio in replacement value. Approximately $10m replacement value of wastewater pipes are in poor condition and less than $1m in very poor condition. (Note: the inferred condition of the WW Treatment Plants is Fair with approximately $50m replacement value ascribed)	Pipes – 17,927m (17.9 km) Channels – 20,151m (20.1 km) Channel and SW pipes $3M replacement value in poor condition.

Source: 3 Waters Asset Data for Infrastructure Strategy.xlsx
Date: December 2024
**Currently, only limited condition surveys of three water assets have been completed to assess the current asset state.*
***The percentage of assets in poor or very poor condition is calculated based on an aged, inferred condition as % remaining useful life (RUL). The grades for categorising inferred conditions are: Poor - 40% > % of RUL ≥ 10%, Very poor - % of RUL < 10%.*

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Asset management approach

At time of writing, Wellington Water Ltd is the operator and carrying out asset renewals under the master service agreement Management Services Agreement (MSA) shared with other Wellington councils. SWDC has recently (1 July 2025) taken over capital project delivery for system renewals and upgrades for levels of service and growth. Since 2019, Wellington Water Ltd has had responsibility for managing and providing three waters services to Council. This has involved providing advice to Council on investment priorities it its planning processes. The current split between asset ownership and operation causes significant challenges and inconsistencies in asset management approach. It has also meant that SWDC has relatively limited information on the condition of the assets and resulting limited ability to scrutinise the capital programme. The Council's priority in the transition will be to build a better understanding of asset condition and resulting prioritising of the capital programme. This will help inform the WSO's determination of a regional programme and to the manage the costs for the SWDC customers.

Asset management practices have been at a basic maturity level, based on operational knowledge. The 2024-2025 Infrastructure Strategy (IS) addresses the key issues in managing these assets over the next two years, prior to the WSCCO becoming operative in 2027. It outlines options to address these issues, alongside cost and delivery implications. The IS also outlines the most likely scenario for the management of our infrastructure assets during its 31- year period, the estimated costs of managing those assets, the nature and timing of expected significant capital expenditure decisions and the assumptions on which the scenarios are based. Within the context of water reform, the focus for the 2024 Strategy has been to establish the requisite building blocks to prepare for the future and improve practices for managing three water assets, particularly improving data reliability. Good planning work has been done for managing three water assets, but it is recognised that the practices for managing the three water assets still need to improve.

The Council decided to take the water capital works programme management has been taken back in-house from Wellington Water Ltd from 1 July 2025. Council voted to keep operational expenditure with the water management entity for another year. This decision was made with the assumption that alternative options would be explored and implemented for service provision for the 2026/27 financial year – these options are being actively explored but are not yet resolved at the time of submitting this plan. The benefits of managing capital expenditure in-house include more cost control, cost efficiency, on-time delivery, and local contractor delivery. It will also lend itself to programme optimisation leading into the new entity as part of the transition process with partner councils. Over the 2025/26 year, the priorities for the capital programme are preparation of resource consent applications, completing work programmes to return to compliance with the existing resource consent conditions, refining the capital programme and ensuring that water infrastructure requirements for our communities are clearly articulated to support the development of the WSCCO's delivery strategy.

The Council will transfer responsibility for water services to the WSCCO on or before 1 July 2027. It is expected that the WSCCO will develop its own AMP based on industry best practice and expected levels of service, informed by the work the Council does in the transition period to review asset condition and the capital programme.

Statement of regulatory compliance

Within SWDC's 2025/34 Long-Term Plan, water services have been funded for the continued safe maintenance and operation of our water assets. Critical investigations are being completed to ensure the water supply and wastewater services meet the minimum regulatory standards set by the Water Services Act 2021. Other actions include all monitoring activity being carried out to comply with our consent conditions, running automated control systems that a critical to core operation of the water networks, and limited planned maintenance activities on the high priority assets, such as ultraviolet treatment on our wastewater treatment plants.

It is acknowledged that reliably maintained and functioning equipment is a key part of consent compliance. To that end, appropriate maintenance is being undertaken at our wastewater treatment plants for continuous improvement towards compliance. Featherston and Lake Ferry wastewater treatment plants are compliant; however, Greytown and Martinborough wastewater treatment plants have compliance matters that are being managed and require major investment to support growth. All four SWDC drinking water plants are compliance drinking water standards.

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Wastewater

SWDC is addressing wastewater consenting renewal as a priority. It is acknowledged that consent condition compliance with aged wastewater infrastructure may be restrictive and costly for the community. There are also significant challenges with future upgrades and affordability issues for ratepayers. This means that the prudent way forward is to commit to addressing the long-standing wastewater issues that will be fit-for-purpose into the long-term and foster growth. Interrelated issues to consider include growth, freshwater management and the new Water Services Authority Taumata Arowai performance measures. It will take some time to develop a robust long-term investment plan for wastewater, with a view to improving freshwater quality of the receiving environment. In the intermediary period, SWDC will further consenting projects and work towards actively addressing growth constraints due to lack of wastewater plant capacity. A key outcome is to be able to accept new wastewater connections in Martinborough and Greytown.

On 4 July 2025, SWDC received a request for investigation from GWRC into non-compliant effluent quality discharged from the Greytown WWTP [consent WAR080254]. The query related to ongoing exceedances of effluent quality standards over the last 16 months on various occasions. In addressing this matter, SWDC are moving at pace towards discharge to land anticipated as stage 2A in the Greytown and Martinborough resource consents and the 2011 SWDC Wastewater Strategy. On 31 July 2025, SWDC received advice that the To Do Abatement Notice A1099 requirements had been fulfilled. This relates to Martinborough WWTP Dewatering Consents WAR250002 [39756].

SWDC Table 9: Resource consent information

Service Type	Project & Consent #	Background & Timeline	Key Outcomes
Wastewater	Featherston WWTP Discharge and ancillary consents WAR970080 [2625] WAR970080 [23139]	The resource consent process has been ongoing since 2012. Resource consents WAR970080 [2625][23139] expired in 2012 and an application lodged for replacement consents in that same year. GWRC concerns with the application resulted in an alternative application being lodged and publicly notified in May 2018. The alternative application also had on-going concerns for GWRC. As a result, in 2020 SWDC withdrew the alternative application in favour of preparing and lodging a third application with GWRC in 2020. Resource consent application WAR230290 was lodged with GWRC on 1 May 2023. This was publicly notified in October 2024 and has progressed to the hearing stage - July 2025.	The purpose of the consenting project is replacement of expired consents. The consent duration is 10-years (likely expiry 2035). A decision is expected mid-2025. Proposed improvements offered as consent conditions: 2025/26 Field investigations, early construction works and procurement. 2026/27 Construction - DAF 2027/28 Construction – Stage 1 land application 2028/29 No capex activity 2029/30 Re-mobilise / design 2030/31 Stage 2 land application
Wastewater	Martinborough WWTP Dewatering Consents WAR250002 [39756]	The GWRC consent (WAR250002 [39756]) was granted on 27 September 2024. This construction consent expires on 27 September 2029. Martinborough's WWTP has not been cleared of sludge since the 1970s, which has contributed to treated wastewater quality compliance issues at the WWTP. To address the compliance issues, the plan is to remove the sludge and dewater in geotextile bags within a lined and drained bund. This required an earthworks resource consent from GWRC and an Outline Plan of Works. SWDC sought no changes to the Plan.	The purpose of the consenting project is to de-sludge WWTP ponds and improve treated wastewater quality. The laydown area was constructed in 2025. Desludging was completed in July 2025. Dewatering of the sludge is expected to take 3-5 years.

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Service Type	Project & Consent #	Background & Timeline	Key Outcomes
Wastewater	Martinborough & Greytown WWTP Growth and Capacity Study (2024)	The Martinborough and Greytown WWTPs Growth and Capacity Study (2024) assesses the capacity of the Martinborough and Greytown wastewater treatment plants (WWTP's) to cater for future population growth while complying with their resource consent requirements. It is a high-level growth planning exercise to determine upgrades required at both the Martinborough and Greytown WWTP to accommodate growth in the catchment. Work to date indicates likelihood of needing to revisit resource consents for both WWTPs to accommodate growth.	The Martinborough & Greytown WWTP Growth and Capacity Study sets out the preferred WWTP upgrade strategies for both communities to cater for forecast growth to 2050. Planned Improvement Works: 2025-2030 Addressing compliance issues at both WWTPs through: A) Pond desludging B) Inlet screens C) UV replacement (Martinborough only) D) Pond hydraulic improvements E) Nitrogen removal upgrades F) Stage 2A irrigation schemes 2030 – 2040 Constructing Stage 2B winter storage lagoons and or additional irrigation areas to manage increased wastewater volumes and comply with consent river discharge limits. Under the resource consent conditions, this work must be completed by 2035 (Martinborough) and 2039 (Greytown). Irrigation modelling indicates that the expected population growth (medium growth scenario) and associated increased flows can be catered for on the current planned Stage 2A irrigation areas by increasing the winter storage volume over what was originally envisaged in the consent applications. Alternatively, additional irrigation areas could be developed instead of increased storage.
Wastewater	Resource consent compliance issues	The main issues relate to: discharge volume to river non-compliances, nitrogen non-compliance, *E.coli* non-compliances, and Stage 2B irrigation capacity.	Discharge volume to the river - high levels of infiltration/inflow and issues with the current irrigation systems lead to exceedances of annual volume limits to the Ruamāhanga River (Martinborough) and Papawai Stream (Greytown). The non-compliances will likely continue until commissioning of the Stage 2A irrigation schemes, currently scheduled for completion in 2030.

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Service Type	Project & Consent #	Background & Timeline	Key Outcomes
			Nitrogen non-compliances – both WWTPs struggle to meet their treated wastewater total and ammoniacal nitrogen standards. The pond treatment plants were not designed to remove ammonia or total nitrogen, and upgrades are needed to achieve compliance.
			E.coli non-compliances - The UV system at Martinborough performs poorly and is to be replaced soon.
			Stage 2B irrigation capacity – Stage 2B operation has significantly reduced river availability for Martinborough and none for Greytown, requiring the construction of winter storage lagoons. The Stage 2 irrigation schemes were designed based on current populations and did not envisage population growth. Additional winter storage and/or land area will be required to cater for growth.
Wastewater	Greytown WWTP Discharge Consents WAR080254 [26633], [33180] [33181] [33182]	The Greytown WWTP Discharge Consents were granted in 2016 and are due to expire in February 2051.	The consent conditions of the Greytown WWTP Discharge Consents include key milestone dates for upgrades.
Stormwater	Discharge permit: Stormwater to land/water WAR220186 [38049] South Wairarapa Stage 1 Stormwater Consent	The Stormwater discharge permit was granted on 17 April 2025 and expires on 17 April 2030. Within six-months of granting of the consent (October 2025) the Stormwater Monitoring Plan (SMP) is to be submitted for certification. No later than 31 December 2026 the Stormwater Management Strategy progress report is due. No later than 30 July 2029 the draft Stormwater Management Strategy (SMS) is due with GWRC. This 5-year global consent is a stage 1 consent required under the Natural Resources Plan (R52). It was lodged in 2021 and the application started November 2024. Work towards lodging another consent application would likely commence in 2027.	Discharge of stormwater from the South Wairarapa District Council owned stormwater network to freshwater and land where it may enter water. The area that this applies to are the various water courses and land around the urban centres of the South Wairarapa District, Wairarapa, including Featherston, Greytown, and Martinborough. The SMP (based on the 15 October 2024 draft) will serve to establish the baseline state of the receiving water into which stormwater from the urban stormwater network discharges into, to monitor the contaminant concentrations of the stormwater discharged, and to monitor and manage acute effects to human health. No later than 31 December 2025, a written report is required detailing the known interaction between the reticulated wastewater network (including pumpstations) and the urban stormwater network for Featherston, Greytown, and Martinborough.

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Service Type	Project & Consent #	Background & Timeline	Key Outcomes
Water Supply	Greytown (Memorial Park) Water Take Consents	Existing resource consent granted by GWRC in 2012 for the take of water associated with the existing bore (WAR120244[31689]) and allows for a take of up to 900,000m3/year, up to 5,184m3/day from September to May inclusive and up to 3,000m3/day from June to August inclusive, at a maximum pumping rate of 60 litres/second. It also includes water being taken from the existing Greytown Memorial Park bore.	A variation for this consent will be sought by November 2025 to install a second bore pump for the Greytown (Memorial Park) water treatment plant.
Water Supply	Greytown and Featherston Water Take Consents WAR200062 [36429] WAR120244 [31689]	The Greytown and Featherston water take consents expire in September 2037. The water supply for Greytown and Featherston is sourced from four bores next to the Waiohine River WAR200062 [36429]. WAR120244 [31689] provides water supply to Greytown only, via a groundwater bore.	A new resource consent application for water take would need to be lodged in March 2037.
Water Supply	Martinborough Water Supply takes WAR120245[31690]	The Martinborough Water Supply takes consents expire in November 2037. Three bores next to the Ruamāhanga River provide water supply to Martinborough.	A new resource consent application for water supply take would need to be lodged in May 2037.
Water Supply	Pirinoa Water Supply Take WAR250221	The existing consent expires on 30 September 2040.	Minor works needed.
Water Race	SWDC water take consents back-up supply WAR120050[31362] [31366] WAR120051 [31366]	These consents expire September 2030 and provide for the take and back-up use of water for Featherston and Martinborough.	There is no intent to renew these water take consents. The existing infrastructure supporting the potential occasional use of this water supply would need assessment and investment to be considered a preferred water source.
Water Race	SWDC water race consents WAR200185[36638-36641] Longwood - Featherston	The Longwood water race consents expire on 30 September 2029. The Longwood water race is 40km long and services 1500ha of farmland.	Application for renewal of consent would have to be lodged by 30 March 2029. Flow monitoring, customer survey projects and bylaw renewal not yet started.
Water Race	SWDC water race consents WAR010200 [21378][21379] [21586][21587] Moroa – Greytown	The Moroa water race consent expired on 13 April 2025. Consent application WAR250088 was lodged on 11 October 2024, six months in advance of expiry. This has ensured continuance of operation through the consenting journey. On 3 December 2024 GWRC confirmed acceptance of the consent application. Council has responded to all questions regarding the s92 Additional Information request.	SWDC has applied for the renewal of the resource consents WAR010200 to take water from the Waiohine River to operate the Moroa Water Races.

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SWDC Table 10: Regulatory compliance

Parameters	Drinking supply	Wastewater	Stormwater
Drinking water supply		**n/a**	**n/a**
• Bacterial compliance (E.coli) *	3 WTPs compliant T3, D3 rules, 1 via T2, D2		
• Protozoa compliance *	3 WTPs compliant via T3 rules, 1 via T2		
• Chemical compliance *	4 WTPs compliant via G rules		
• Boiling water notices in place	0		
• Fluoridation	No schemes are fluoridated		
• Average consumption of drinking water	[583 litres/person/day]		
• Water restrictions in place (last 3 years)	Yes		
• Firefighting sufficient	No – Featherston and Greytown		
Resource Management			
• Significant consents (note if consent is expired and operating on S124)	Water supply take [6] Water discharge [0]	Wastewater discharge water/land/air [12] Network [0]	Stormwater discharge 0 Network 1
• Expire in the next 10 years	2 (Longwood & Moroa Water Race consents)	4 (Featherston WWTP)	1 (Global SW Consent)
• Non-compliance:			
○ Significant risk non-compliance	0	2	0
○ Moderate risk non-compliance	0	0	0
○ Low risk non-compliance	0	2	0
• Active resource consent applications	0	2	0
• Compliance actions (last 24 months):			
○ Warning	0	1	0
○ Abatement notice	0	4	0
○ Infringement notice	0	0	0
○ Enforcement order	0	0	0
○ Convictions	0	0	0

*Note G, D1-3, T1-3, S1-3 relate to modules of the New Zealand Drinking Water Quality Assurance Rules 2022 (revised 2024)

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Capital expenditure required to deliver water services

The significant capital investments are identified in the Additional Information in this plan. In summary, the general trend of capital investment over the coming ten years and beyond is that of renewal and improvement to existing assets in the short to medium term, followed by a return to focus on growth in the later part of the period. There are significant upgrades planned to water supply infrastructure in Greytown, and to wastewater infrastructure, particularly treatment plants, in all three towns within the district.

Wellington Water has advised Council on investment priorities in its planning processes and Council has made the final investment decisions. Council took a largely hands-off approach under this arrangement, with reliance on Wellington Water to provide requisite information to aid decision making. This means that Wellington Water has not always been actively scrutinised by Council as the client and asset owner.

In bringing project management of capital projects back in-house from Wellington Water from 1 July 2025, Council will be actively reviewing investment priorities and planning processes towards identifying and furthering opportunities for enhancements in programme delivery. The advantages to bringing the capital works programme back in-house are:

- Tighter programme control – allows more cost control, cost efficiency, on-time delivery, local contractor delivery of the overall programme
- Programme optimisation – allows for an optimised programme, with costs and risks, to be prepared leading into the new entity
- Data quality – direct control of the capital works programme ensures that as built are up-to-date in the Council's system.

SWDC is actively taking ownership of its capital investment programme in the lead-up to transition. We are independently reviewing the investment required to meet consent conditions, regulatory obligations, and future growth, drawing on new and emerging information (e.g., updated growth projections, evolving regional council requirements, changes in national regulation, and independent expert advice) to ensure we are well placed to provide sound investment information to the WSCCO.

Following independent advice on the level of capital spend (Appendix 3), a 45% reduction adjustment (relative to the Council's LTP programme) has been made to the projected capital costs in outer years from the 2027/28 financial year onwards. This adjustment was based on external assurance work commissioned by Council due to concerns relating to Wellington Water's cost estimates. Wellington Water (WWL) has an established method for cost estimation. Where projects are at early stages of development, there is a large degree of contingency and funding risk applied; WWL uses a 40% contingency and 60% Funding Risk for Level One Estimates. In addition, WWL allocates a 10% cost to all capital project for the overall programme management of the capital programmes, including providing Strategic Advisory memos. A 10% management fee is considered at the higher end of industry practice. Contingencies and funding risk allocations applied during the early stages of cost estimation can exceed 100% of the project's base cost, effectively more than doubling the overall cost estimate. This substantial uplift is driven by a theoretical approach to risk-based cost estimating, rather than grounded in practical three waters expertise. Furthermore, the WWL risk assessment appears to be broadly based on project value and a general risk profile, rather than being proportionate to the actual complexity of the project. Note the programme (i.e., projects and phasing) has been retained as provided by Wellington Water; it is the costs of the programme that have been adjusted based on the independent review.

SWDC Table 11: Water services investment requirements

Projected investment in water services	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Drinking water										
Capital expenditure - to meet additional demand	0	0	0	0	0	0	0	0	0	0
Capital expenditure - to improve levels of services	4,397	3,829	2,736	534	1,846	1,866	2,068	2,036	2,041	1,742
Capital expenditure - to replace existing assets	4,955	5,187	4,163	1,394	1,394	2,083	2,443	2,720	2,787	3,235
Total projected investment for drinking water	9,352	9,016	6,899	1,928	3,241	3,949	4,510	4,756	4,829	4,977

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Wastewater										
Capital expenditure - to meet additional demand	0	993	2,984	5,225	3,300	2,199	0	0	0	0
Capital expenditure - to improve levels of services	3,110	2,251	8,954	8,870	11,021	5,478	5,503	5,983	2,344	3,819
Capital expenditure - to replace existing assets	646	936	577	378	295	2,382	2,364	2,433	2,353	2,342
Total projected investment for wastewater	3,756	4,180	12,515	14,473	14,617	10,059	7,867	8,416	4,697	6,161
Stormwater										
Capital expenditure - to meet additional demand	0	0	0	0	0	0	0	0	0	0
Capital expenditure - to improve levels of services	0	0	0	110	385	935	1,649	2,199	1,786	1,181
Capital expenditure - to replace existing assets	206	293	293	162	201	187	187	186	186	186
Total projected investment for stormwater	206	293	293	272	586	1,122	1,836	2,385	1,972	1,366
Total projected investment in water services	13,315	13,488	19,708	16,674	18,443	15,130	14,214	15,557	11,498	12,504

Historical delivery against planned expenditure

The overall capital works programme for water services has been delivered at levels indicated in the Council's LTPs, with variation by investment type.

- Investment has been concentrated in water supply and wastewater assets, reflecting strategic priorities and community needs. Focus has been more on renewals than improvements or growth due to prioritising replacement of aging network. Renewals also reduce the frequency of operating costs on repairs and maintenance.
- Actual delivery has varied across years and asset types, with water supply assets showing a mix of under- and over-achievement relative to planned targets.
- Delivery has been influenced by factors such as contractor availability, project readiness, and resource constraints.

Over the next two financial years, Council will enhance asset planning and project scoping to better define and confirm the capital programme for the 2025/26 and 2026/27 years. The Annual Plan process will be used to refine and update capital investment figures annually, ensuring alignment with current priorities and delivery capacity. The Council aims to refine the investment profile as we better understand our water services assets. Undertaking planned condition surveys is a high priority, which will inform future renewals. We have made provisions in our renewal budget to enable works to be undertaken as we progress. This information will be shared with the WSO to inform regional asset management planning and programme.

Our renewal forecast has been developed to address our future asset needs. It has considered the following factors:

- Council's debt ceiling in the first two years for capital works
- Additional renewals as asset conditions are better understood
- Cost smoothing to reduce financial impact on Council
- Capital works achievability based on historical performance and
- Outputs from the latest asset valuation to inform the cost of renewal.

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SWDC Table 12: Delivery against planned investment

Delivery against planned investment	Renewals investment for water services				Total Investment in water services			
	FY2024/25	FY21/22 - FY23/24	FY18/19 - FY20/21	Total	FY2024/25	FY21/22 - FY23/24	FY18/19 - FY20/21	Total
Total planned investment (set in the relevant LTP)	1,366	3,180	2,648	7,195	17,404	16,799	6,147	40,351
Total actual investment	1,068	10,322	8,028	19,417	5,471	17,557	17,673	40,700
Delivery against planned investment (%)	78%	325%	303%	270%	31%	105%	287%	101%

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Part C: Revenue and financing arrangements

C1: Revenue and charging arrangements

Note for reader
As set out in Part A, proposed charging arrangements for water services will be subject to further discussions between the Partner Councils and the WSCCO. These arrangements will reflect the legislative requirements signalled in the Local Government (Water Services) Bill. Current charging structures are expected to continue under the WSCCO for a period – the WSCCO will be responsible for determining the amount of revenue to collect according to financial sustainability requirements and existing tariff structures. The WSCCO will review tariff structures, including consideration of metering, as required under the Local Government (Water Services) Bill. The feasibility of the WSCCO directly billing and invoicing customers from day one will be determined through establishment and transition planning.

Charging and billing arrangements

Currently, SWDC water services are charged uniformly across all supply schemes and catchments. Rates are levied in four instalments annually, and water usage is treated as a rate, invoiced annually for most properties, with an additional mid-year invoice issued to high-use properties. There is no differentiation in charging based on scheme, geographic area, or property usage category. Other water-related income is invoiced and collected directly by the Council. Charging is done on a per cubic metre rate and adjusted each year, based on the BERL LGCI.

In the future, it will be the responsibility of the WSCCO to charge for water services. The specific charging mechanisms for each supply scheme or catchment are yet to be determined. Whether the current charging approach is retained or revised will be decided by the WSCCO, which will also be fully responsible for revenue collection. Part A of this plan notes the WSCCO will be required to review and confirm its tariff structure as required by the Local Government (Water Services) Bill.

Responsibility for revenue collection from day 1 will be determined through the transition planning – as Part A indicates, it is yet to be determined exactly how billing arrangements are established for the WSCCO, however, if feasible, shareholding councils will work towards the entity to be enabled to independently bill for day one. The current assumption is that Councils will collect revenue on the WSCCO's behalf for a determined period to manage the risk of transition (with revenue requirements set by the WSCCO to meet financial sustainability requirements). In any interim arrangement, councils would act solely as agents, with no liability for collection, and all revenue would be passed through to the WSCCO via Council balance sheets in a manner consistent with the treatment of regional council rates. During the transition, any payments mistakenly made to Council will be transferred to the WSCCO and will not be treated as Council revenue.

Water services revenue requirements

Under this Plan, water services require significant revenue to meet financial sustainability requirements, support ongoing operations, meet regulatory standards, and fund capital investment. These requirements are currently met through a combination of targeted rates, user charges, development contributions, and government grants.

- Water Supply: Council levies a fixed targeted rate for water supply, applied differentially based on service availability. Properties not connected but serviceable receive a 50% discount. Each serviced property is allocated 250 m^3 of water annually, with an additional targeted rate applied for usage exceeding this threshold.

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- Wastewater: A fixed targeted rate is levied, also applied differentially. Non-connected serviceable properties receive a 50% discount, and non-residential properties pay an additional rate per extra pan.
- Stormwater: Funded via a targeted rate based on capital value, applied to properties within urban zones. No differentials are applied.
- Other Revenue: Council collects financial contributions from development for capital expenditure related to infrastructure growth.

Based on current forecasts, SWDC anticipates water services operating expenses (excluding depreciation) of $XX million over the WSDP period, against $XX million in operating revenues, generating $XX million in cash surpluses. Individual Funding Impact Statements in Part E set out the projected level of revenue by expected source. Capital revenues are a combination of development contributions and debt. The information in the table below identifies sources of revenue.

As **SWCO** is transitioning water services to a WSCCO, the WSCCO will be required to meet the LGFA's financial covenants, including FFO-to-debt and interest coverage ratios, with the **partner councils** setting a target capital structure that maintains an FFO-to-debt at 10%, against the LGFA covenant of 9%. By moving to this capital structure, the WSCCO will not need to fund depreciation from cash / revenue in the same way as **SWDC,** instead the WSO will use debt to finance investment to ensure equitable sharing of costs over time, while maintaining borrowing within prudent limits to be determined by the board of the WSO, consistent with LGFA limits and agreed council support arrangements.

Future sources of revenue

Sources of revenue in the future will be set by the WSCCO but are expected to be similar to current arrangements for a transition period. Initially charging and billing is likely to be undertaken by **SWDC** and passed through to the WSCCO, with the Board responsible for determining the amount of revenue to collect and advising on the tariffs to be applied consistent with the current tariff structure.

As outlined earlier, it is intended that the WSCCO will directly charge and invoice customers in the future with the timing of billing transition to be determined through the establishment and transition planning stage. Part E outlines the forecast split and sources of operating and capital revenues for each water service. Foundational principles of the charging framework are expected to ensure transparency and equity in charging. The framework aligns with the principles of cost recovery, water conservation, and affordability.

Note to the reader

This section has been completed based on the Council's current approach to charging and pricing, as set out in the 2025/34 LTP, with some adjustments which have been applied across the four Councils. Key adjustments have been made to ensure conservatism in the forecasts, include Taumata Arowai and Commerce Commission levies, incremental costs associated with a WSCCO including audit, board and management costs, and debt funding establishment costs, and incorporate changes in financing cost assumptions to align with current LGFA rates. A summary of modelling assumptions can be found in Appendix 2.

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SWDC Table 13: Forecast water services funding impact statement

Funding impact statement ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Sources of operating funding										
General rates	87	58	59	0	0	0	0	0	0	0
Targeted rates	10,843	11,815	12,819	15,157	17,409	19,991	22,957	26,357	25,757	26,706
Subsidies and grants for operating purposes	1,000	542	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	126	0	0	0	0	0	0	0	0
Fees and charges	45	40	40	40	40	40	40	40	40	40
Total operating funding	11,975	12,580	12,918	15,196	17,449	20,031	22,996	26,396	25,796	26,746
Applications of operating funding										
Payments to staff and suppliers	8,754	8,746	7,233	7,268	8,882	7,959	7,194	7,976	7,211	7,993
Finance costs	951	1,530	2,236	4,154	5,056	5,814	6,281	6,597	6,753	6,812
Internal charges and overheads applied	1,018	980	998	857	856	883	874	881	876	880
Other operating funding applications	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	10,723	11,257	10,467	12,280	14,794	14,656	14,349	15,454	14,840	15,685
Surplus/(deficit) of operating funding	1,252	1,324	2,451	2,916	2,655	5,375	8,647	10,942	10,957	11,061
Sources of capital funding										
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	416	400	400	400	400	400	400	400	400	400
Increase/(decrease) in debt	10,610	11,765	16,857	14,607	15,388	9,355	5,166	4,214	142	1,044
Gross proceeds from sales of assets	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	11,025	12,165	17,257	15,007	15,788	9,755	5,566	4,614	542	1,443
Applications of capital funding										
Capital expenditure - to meet additional demand	0	993	2,984	5,225	3,300	2,199	0	0	0	0
Capital expenditure - to improve levels of services	7,507	6,080	11,690	9,514	13,253	8,278	9,221	10,218	6,172	6,742
Capital expenditure - to replace existing assets	5,807	6,415	5,034	1,934	1,890	4,652	4,993	5,339	5,327	5,762
Increase/(decrease) in reserves	(1,037)	0	0	0	0	0	0	0	0	0
Increase/(decrease) in investments	0	0	0	1,250	0	0	0	0	0	0
Total applications of capital funding	12,278	13,488	19,708	17,924	18,443	15,130	14,214	15,557	11,498	12,504
Surplus/(deficit) of capital funding	(1,252)	(1,324)	(2,451)	(2,916)	(2,655)	(5,375)	(8,647)	(10,942)	(10,957)	(11,061)
Funding balance	(0)	0	0	0	(0)	0	0	0	0	0

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Affordability for communities

South Wairarapa District faces a unique set of affordability challenges in delivering water services. The district's infrastructure is fragmented, with separate treatment plants and networks for each town, much of which is aging and in need of critical upgrades over the next decade. With a relatively low number of households and businesses to share the cost, the financial burden of maintaining and improving this infrastructure is high. Based on this, SWDC is projecting prices to increase from $3,000 in FY25 to $6,605 (in nominal (inflated) terms) by FY34 (or $5,170 in real (uninflated) terms), noting this price path is based on the reduced size of the capital programme. This is an acknowledged affordability challenge that will require management – however, SWDC is not financially sustainable on a standalone basis and prices in a WSCCO model are less than they would be under an alternative in-house model.

Whether or not South Wairarapa participates in the WSCCO, these investments must be made to meet regulatory and service level requirements. However, the WSCCO offers a financially sustainable pathway that Council alone cannot achieve. Unlike Council, which is constrained by the Local Government (Rating) Act 2002 and LGFA borrowing covenants, the WSCCO has access to financial tools and mechanisms that allow it to smooth the impact of investment over time and across a broader base. This includes the ability to manage debt and revenue in ways that reduce sharp price increases for individual communities.

Councils have adopted a cost-to-serve, ring-fenced pricing approach for nine years, ensuring that each Council's pricing reflects its own infrastructure needs while still meeting the overall financial sustainability requirements of the WSDP. In summary, while water service costs will inevitably rise due to necessary infrastructure investment, the WSCCO provides the only financially sustainable option for SWDC to manage these costs in a way that protects affordability for households and businesses. However, to achieve this SWDC requires a four-year transition path post WSCCO establishment, to meet the 10% FFO-to-debt target to manage affordability impacts. A shorter, 2-year transition was considered, but increased costs to communities.

The WSCCO will be able to further consider the South Wairarapa capital programme to determine whether there are options to manage these price increases. The Council will begin the work of assessing the programme through the transition period to consider whether there are changes to phasing or prioritisation that could be made, particularly for projects that are not compliance related or core renewals work.

SWDC Table 14: Average charge per connection

Average charge per connection including GST	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Average drinking water bill (including GST)	1,578	1,644	1,760	1,884	2,142	2,136	2,253	2,299	2,309	2,329
Average wastewater bill (including GST)	1,172	1,400	1,519	1,945	2,225	2,824	3,347	3,993	3,713	3,827
Average stormwater bill (including GST)	250	167	168	174	185	193	250	346	413	449
Average charge per connection including GST	3,000	3,211	3,447	4,003	4,551	5,152	5,850	6,637	6,435	6,605
Water services charges as % of household income	2.9%	3.0%	3.2%	3.5%	3.9%	4.3%	4.7%	5.1%	4.8%	4.8%

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C2: Funding and financing arrangements

Borrowing requirements

Over the WSDP period, SWDC requires substantial capital investment to meet regulatory standards, maintain service levels, and support growth. This will necessitate significant borrowing, particularly in the early years, with projected debt peaking during the initial infrastructure upgrades and network renewals. While this may exceed Council's current debt covenants with LGFA, the Council does not require individual services to adhere to the Council's parent debt to revenue, and the investment is essential to meet minimum standards and future-proof infrastructure in anticipation of changing consent conditions and regulatory requirements. Over the forecast period, water services are forecast to require $150m in capital investments (a reduction of 45% on the initial programme). To support this investment, borrowing of approximately $78.5m is required, supported by $4m in development contributions and the balance funded from revenue. The tables below identify investment required and net debt, with net debt associated with water services transferred to the WSCCO in FY28.

SWDC Table 15: Water services borrowing requirements and net debt

Net debt to operating revenue	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Total net debt (gross debt less cash)	34,072	45,837	62,694	77,301	92,689	102,044	107,210	111,425	111,566	112,610
Operating revenue	11,975	12,580	12,918	15,196	17,449	20,031	22,996	26,396	25,796	26,746
Net debt to operating revenue	285%	364%	485%	509%	531%	509%	466%	422%	432%	421%

Projected water services debt headroom (FFO)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Water services FFO covenant (LGFA)	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Free funds from operations (LGFA) ($m)	1.5	1.5	2.7	3.1	2.9	5.6	8.8	11.1	11.2	11.3
Net debt ($m)	34.1	45.8	62.7	77.3	92.7	102.0	107.2	111.4	111.6	112.6
Debt headroom to FFO covenant ($000s)	(17.8)	(28.9)	(33.2)	(42.7)	(61.0)	(40.1)	(8.9)	12.4	12.4	12.5

SWDC became responsible for delivery of its capital programme from 1 July 2025. The Council is independently reviewing the investment required to meet consent conditions, regulatory obligations, and future growth, drawing on new and emerging information. This includes updated growth projections, evolving regional council requirements, changes in national regulation, and independent expert advice (beyond that provided during budgeting) to ensure investment decisions are robust, future-focused, and tailored to the district's specific needs.

SWDC required investment can be accommodated within the WSCCO's borrowing limits but does have implications for affordability for SWDC customers as noted above. Further consideration will be given during the transition to the phasing of the capital programme to manage affordability without compromising compliance.

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Financial strategy and debt repayment

The WSO will arrange borrowings through the LGFA, supported by a Council guarantee or uncalled capital, with the final security arrangements and financial covenants to be agreed between the participating Councils and the LGFA. In doing so, the expectation is the water organisation will be required to comply with two key LGFA financial covenants:

- FFO-to-debt ratio: The ratio of FFO- to-debt must remain above 9%. This metric incorporates 50% of Development Contribution revenues in the FFO calculation, based on LGFA guidance.
- Interest coverage ratio (ICR): The ICR must be maintained above 1.5x, based on LGFA covenants.

Overall, the WSCCO achieves 10% FFO-to-debt by FY32. This approach has been tested with the LGFA, who have indicated that this is within their expectations and guidance on transitioning to a new capital structure.

Financial projections for SWDC's components of the WSCCO indicate that both covenants will be met over the planning horizon, targeting a 10% FFO-to-debt ratio against the LGFA covenant of 9% and an interest coverage ratio above the 1.5x covenant. SWDC is anticipated to take four years to meet the 10% target (by FY32), however this is consistent with LGFA expectations and guidance issued to Councils in April 2025. 9% FFO-to-debt is achieved in FY32 as well.

As part of its broader financial governance, the Council will continue to adhere to its Treasury Management Policy, which sets a whole-of-Council borrowing limit of 175% net debt to revenue during the transition period. The transfer of water services to the WSCCO is expected to improve Council's position against this benchmark, creating additional headroom for future non-water investments. Further information is outlined in Part D.

The WSCCO will utilise debt financing for long-lived capital expenditure, such as infrastructure upgrades and compliance-driven projects. Short-term liquidity needs may also be met through borrowing; however, operating costs will be funded through water revenues. This approach supports intergenerational equity and aligns with sound financial management principles. While the WSCCO's forecasts are structured to show debt aligned with investment needs, rather than explicitly modelling principal repayments, the debt strategy assumes the use of FFO as the primary mechanism for managing debt over time.

In practice, this means the WSCCO will treat its debt portfolio as a flexible facility to support ongoing investment, while using excess operational cashflows to manage debt within overall LGFA covenant limits and shareholder expectations. The focus will be on maintaining liquidity, servicing interest costs comfortably, and ensuring that debt levels remain aligned with long-term revenue capacity, infrastructure need, and intergenerational equity. By maintaining debt within its borrowing limits and targeting FFO, the WSO can manage its debt exposure without prematurely constraining its investment programme or placing undue burden on current ratepayers.

Comprehensive treasury and financing policies will be developed as part of the transition as part of the financial and commercial workstream. This will include policies for managing liquidity and interest rate risks, and arrangements for transactional banking, working capital and loan facilities.

Internal borrowing

SWDC does not employ any internal borrowing arrangements and does not expect to do so prior to the transition to the WSCCO. Any internal borrowing would be recorded and managed through Council's financial systems to ensure full compliance with ringfencing requirements. This includes clear separation of water service finances from other council activities and regular reporting to maintain transparency.

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Attribution of debt related to water services

Historically, SWDC has adopted a project-specific borrowing methodology, ensuring that debt is directly attributable to the activities it funds. This approach has provided clarity and transparency in financial management, particularly for water services. During earlier rounds of water reform, this methodology was reviewed and endorsed by DIA, confirming its appropriateness for ringfencing and accountability purposes. As at 30 June 2024, the net debt attributable to water services was $22.4 million.

Insurance arrangements

Currently, SWDC purchases the following insurance cover for water services - machinery breakdown, environmental liability, and material damage. Above-ground assets are insured at 100% replacement value and underground assets are insured at 40%, with the remaining risk covered by central government disaster recovery provisions. Asset insurance valuations are conducted biennially, with adjustments made for demolition costs and inflation to ensure accurate coverage levels. Delegations and reporting on insurance are the responsibility of the Chief Executive and CFO respectively.

Following transition, the WSCCO will be the asset-owning entity and will therefore be responsible for holding appropriate insurance policies for water services assets, conducting valuations, and developing risk and insurance management policies. The WSCCO will need some new insurances not currently held by Councils e.g., Directors' and Officers' liability cover. WSCCO insurance requirements will be developed through the financial and commercial transition workstream.

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Part D: Financial sustainability assessment

Note for reader

Part A confirms the financial sustainability of the WSCCO by 30 June 2028. Given the decision to adopt cost-to-serve pricing, this Part D section refers to the financial sustainability of SWDC within the WSCCO. Financial statements included as Part E provide the detail for SWDC financial sustainability and Part F provides the detail to support the statements regarding the WSCCO's financial sustainability.

Revenue projections are based on revenue required to meet the Council's investment plans as set out in latest LTP, with a transition to a WSO in FY28 for water services. Additional operating costs are included for the WSCCO to ensure adequate allowance for overheads, financing costs, and additional overheads associated with a WSO (e.g. Board, management and audit costs). A copy of the underlying assumptions can be found in Appendix 2.

D1: Confirmation of financially sustainable delivery of water services

This Part D confirms that SWDC, within the WSCCO, achieves the financially sustainable delivery of water services by 30 June 2028, assuming acceptance by the LGFA of the proposed transition period to meet the FFO-to-debt covenant of 9%.

Revenue sufficiency

SWDC (from FY28) is projected to generate sufficient revenue to meet the full cost of water services delivery, including operating expenditure, asset renewals, and debt servicing. This is underpinned by a shift to a WSCCO with a target capital structure generating sufficient revenues over the forecast period.

Operating surpluses (including depreciation) over the 10-year period are forecast at $13.4m, with deficits expected until FY30 when a return to surplus is expected. Strong operating cashflow surpluses over the period are forecast at $104m, underpinned by price increases, to fund required investment and meet the FFO-to-debt covenant.

SWDC average water charges per connection are forecast to increase from around $3,000 in FY25 to around $6,605 in FY34 (in nominal terms) (or $5,170 in real terms), which is forecast to represent around 4.8% of median household income in the district. This is an acknowledged affordability challenge that will require management – however, SWDC is not financially sustainable on a standalone basis and prices in a WSCCO model are less than they would be under an alternative in-house model.

Investment sufficiency

The WSDP includes $150.5m in forecast capital investment over the 10-year period (this programme value reflects the adjusted cost based on the independent review undertaken by the Council). This programme includes:

- Renewals to maintain existing levels of service and asset reliability.
- Upgrades to achieve compliance with drinking water standards and to improve network resilience.
- Growth-related projects to service projected increases in demand.

SWDC requires substantial infrastructure upgrades to meet drinking water, wastewater, and stormwater performance expectations. These investments are front-loaded, with critical work needed in the early years to address regulatory compliance, consent conditions, and service reliability.

The proposed investment meets the investment sufficiency test and is fully funded by forecast revenues and access to finance. The projects in the proposed programme have been determined and prioritised by Wellington Water to meet compliance and levels of service requirements. Projected growth requirements come towards the end of the programme and the requirements for investment to meet these projections has also been incorporated by Wellington Water as the entity responsible for operating the Council's water assets.

The cost and structure of the programme have been independently reviewed by Morrison Low, providing assurance

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that the investment is both reasonable and sufficient. Their review supports the conclusion that the programme is financially sound and aligned with best practice.

Financing sufficiency

Over the WSDP period, over $150.5m of capital investment is forecast, with approximately $78.5m of this expected to be debt funded, with total debt reaching around $112.6m in FY34. Borrowing by the WSCCO, once established, will be undertaken through the LGFA and guaranteed by the participating Councils while:

- Targeting or maintaining an FFO-to-debt ratio of 10%, compared to the LGFA covenant of 9%.
- Maintaining an interest coverage ratio above the 1.5x covenant.

SWDC's water services will meet the targeted 10% FFO to debt ratio by FY32 and the ICR requirement from transition. The transition to the 10% target has been phased to smooth the required price increases for the community, which are required due to the Council's starting debt position and capital programme over the WSDP period. Financial covenants are achieved from FY32 as presented in Part D and Parts E of this plan. LGFA has reviewed the WSCCO's and SWDC's financial position and has confirmed they would support the WSCCO and SWDC through this transition period. The LGFA noted that it would look at the WSCCO as a whole, and that a transition period of up to 5-years would generally be acceptable.

Actions to achieve financially sustainable delivery of water services

SWDC cannot achieve financially sustainable delivery of water services on a standalone basis – it has consulted with the community and chose to join the other Wairarapa and Tararua Partner Councils to form a WSCCO. This decision has benefits for SWDC (as well as the other Partner Councils) which are discussed in Part A of this plan.

Even within a WSCCO model, due to the ring-fencing of water services, each council faces a unique transition path to financial sustainability, with SWDC experiencing the most challenging transition. For SWDC, modelling shows that financial sustainability targets can be met through phased revenue increases. These increases are necessary to support capital investment, meet service delivery standards, and comply with borrowing covenants and financial sustainability requirements.

The modelling underpinning this plan is based on the SWDC's existing investment programmes as set out in the LTP, with a reduction in the water services capital programme of 45%, following independent advice (see Appendix 3). The WSCCO will have choices about how it manages the programme and may undertake an early assessment of the phasing and priorities of works to manage costs, achieve efficiencies through bundling of work, or to better reflect a regional view of necessary investment. Given SWDC's affordability challenge, this plan proposes a reassessment of that part of the programme to manage costs for the community and to determine whether there is work that is not compliance or core renewal related that could be reprioritised or rephased over a longer period to spread costs more evenly between current and future customers.

Risks to achieving financially sustainable water services

SWDC has a particular challenge to achieve financially sustainable water services given the combination of ageing, town-specific infrastructure, low population density, existing debt levels, large necessary capital programme and resulting high per-connection investment requirements.

In the short term (years 1 to five of the WSDP), SWDC requires significant capital investment, with resulting higher debt levels, and higher customer pricing. In the following years, capital expenditure will stabilise, improved asset condition will reduce operating costs and enhance service reliability, operational efficiencies of the regional model will be accruing, and revenue requirements will stabilise.

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- **Capital investment requirements** – SWDC requires substantial infrastructure upgrades to meet drinking water, wastewater, and stormwater to comply with performance expectations. These investments are front-loaded, with critical work needed in the early years to address regulatory compliance, consent conditions, and service reliability. The district's fragmented infrastructure—separate treatment plants and networks for each town—combined with a small customer base, creates a high cost-to-serve and places pressure on cash flow, borrowing capacity, and financial ratios. SWDC is proactively taking control of its capital investment programme ahead of transition. The Council is independently assessing the investment required to meet regulatory and growth needs, informed by updated growth studies, evolving regional council consent requirements, national regulatory changes, and independent expert advice in order to determine opportunities to manage costs.
- **Price differences across Councils** – Partner Councils have agreed not to harmonise water pricing during the initial nine-year period. For SWDC, this means that water prices will continue to reflect the district's high infrastructure investment needs. While price increases are expected, they will be lower than if SWDC were to operate water services independently, due to the WSCCO's ability to spread financial impacts and manage debt more effectively.
- **Financial targets** – until FY32, the SWDC (and consequently WSCCO) FFO to debt ratio is below the 10% targeted; however this slower phasing to manage community price increases has been discussed with the LGFA who are supportive of the arrangement.
- **Revenue tools** – the WSCCO will have access to a broader and more flexible set of revenue tools than Councils do currently. This flexibility enhances its ability to achieve revenue sufficiency while managing affordability and equity across different customer groups. The WSCCO will be able to consider how best to use volumetric charging, differentiated pricing, and targeted cost recovery to manage through a period of significant early investment (particularly for SWDC) and maintain longer-term sustainable financial metrics.

There are several other risks to financially sustainable services, which are common across the four Partner Councils:

- **Cost escalation** - actual costs, particularly for large projects, may exceed estimates. Factors contributing to this include rising construction costs, increased material and labour prices, and changes in project scope due to unforeseen asset conditions.
- **Inflation and interest rate volatility** - Higher-than-forecast inflation or adverse interest rate movements may increase the cost of borrowing, placing upward pressure on water charges. Rapid rate increases or extended high-rate environments could affect financial sustainability and constrain future capital investment or lead to price increases.
- **Revenue constraints and affordability** - projected price paths are designed to balance cost recovery with community affordability. However, sustained increases in charges may encounter public resistance, particularly among fixed-income households. Any delays or political adjustments to planned price increases could create funding shortfalls.
- **Regulatory shocks** - new or revised drinking water, wastewater, or stormwater regulations could trigger additional unplanned investment. More stringent compliance measures introduced within the forecast period could impact both operating costs and capital priorities.
- **Supply chain constraints** - availability of skilled staff, contractors, engineers, and materials could impact the Council's and WSO's ability to deliver the capital programme on time. This has already been observed during past weather and pandemic events. Delays can lead to cost inflation and deferment of service improvements.
- **Incomplete or evolving asset data** - investment decisions are based on the best available asset condition data, but gaps or outdated information could lead to misalignment between investment timing and actual asset needs. This could result in inefficient allocation of capital or emergency spending.
- **Transition and governance risks** - establishment of a new WSO involves changes in governance, systems, and accountability. Any delays or misalignment in these transitions, particularly around financial systems or staffing, could temporarily affect delivery capacity or financial controls.
- **Climate change and resilience** – climate change and natural disaster risk (e.g., earthquake) poses increasing risks to water services through more frequent extreme weather events, rising sea levels, and changing rainfall patterns. These impacts can damage assets, raise costs, and disrupt service delivery. Building resilience into planning and asset management will help avoid unplanned costs and protect service reliability.

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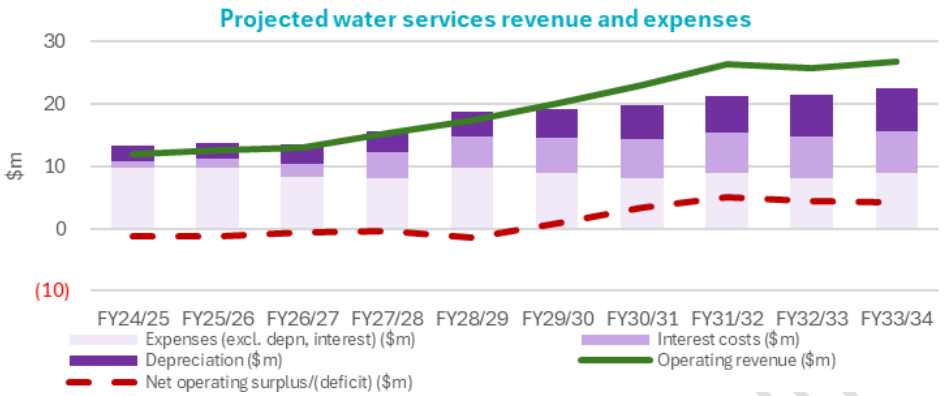
D2: Financial sustainability assessment - revenue sufficiency

SWDC Figure 1: Water services revenue and expenses



Average projected charges for water services

SWDC Table 17: Average projected charges for water services

Average charge per connection including GST	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Average drinking water bill (including GST)	1,578	1,644	1,760	1,884	2,142	2,136	2,253	2,299	2,309	2,329
Average wastewater bill (including GST)	1,172	1,400	1,519	1,945	2,225	2,824	3,347	3,993	3,713	3,827
Average stormwater bill (including GST)	250	167	168	174	185	193	250	346	413	449
Average charge per connection including GST	3,000	3,211	3,447	4,003	4,551	5,152	5,850	6,637	6,435	6,605
Projected increase	26.2%	7.0%	7.4%	16.1%	13.7%	13.2%	13.5%	13.5%	-3.1%	2.6%
Projected number of connections	4,148	4,194	4,236	4,278	4,321	4,364	4,408	4,452	4,496	4,542
Projected median household income	102,233	105,607	109,303	113,129	117,088	121,069	125,185	129,442	133,843	138,393
Water services charges as % of household income	2.9%	3.0%	3.2%	3.5%	3.9%	4.3%	4.7%	5.1%	4.8%	4.8%

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Projected operating surpluses/(deficits) for water services

Operating surpluses over the 10-year period are forecast at $13.4m. SWDC has an operating deficit in years 1 and 2 of WSCCO (FY28 and FY29) and returns to surplus in FY30, within increasing surpluses over the period. Surpluses generated are expected to be retained within the WSCCO to manage prices, accelerate investment or reduce reliance on borrowing. These early years deficits are accounting, not cash, deficits. SWDC within the WSCCO generates strong operating cashflow surpluses over the period of $104m.

SWDC Table 13: Projected operating surpluses/(deficits) for water services

Operating surplus ratio	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34	Total
Operating surplus/(deficit) excluding capital revenues	(1,238)	(1,201)	(519)	(348)	(1,338)	962	3,308	5,100	4,384	4,276	13,386
Total operating revenue	11,975	12,580	12,918	15,196	17,449	20,031	22,996	26,396	25,796	26,746	192,084
Operating surplus ratio	(10.3%)	(9.5%)	(4.0%)	(2.3%)	(7.7%)	4.8%	14.4%	19.3%	17.0%	16.0%	7.0%

Projected operating cash surpluses for water services

SWDC Table 14: Projected operating cash surpluses for water services

Operating cash ratio	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34	Total
Operating surplus/(deficit) + depreciation + interest costs - capital revenue	2,203	2,853	4,687	7,071	7,711	11,189	14,929	17,539	17,709	17,873	103,764
Total operating revenue	11,975	12,580	12,918	15,196	17,449	20,031	22,996	26,396	25,796	26,746	192,084
Operating cash ratio	18.4%	22.7%	36.3%	46.5%	44.2%	55.9%	64.9%	66.4%	68.7%	66.8%	54.0%

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D3: Financial sustainability assessment - investment sufficiency

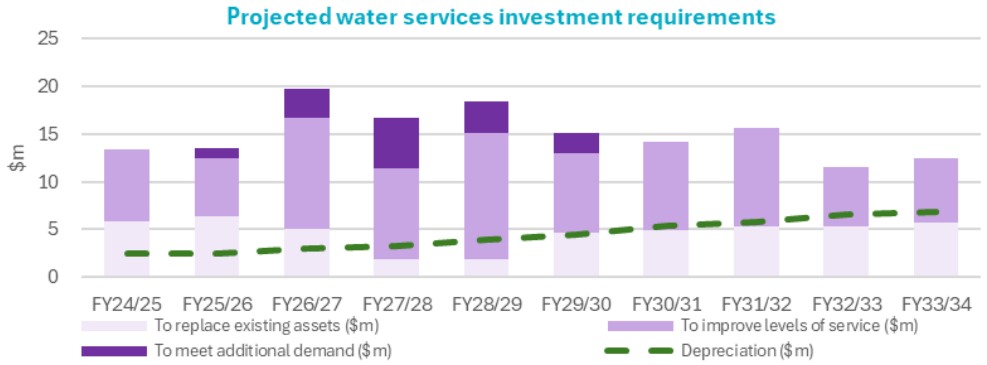
Figure 2 an investment programme with significant investment:

- Asset replacement
- Service level improvements
- Growth-related demand

The proposed investment is intended to meet current service levels, comply with regulatory standards, and support future growth. Using depreciation as a proxy for available funding from existing asset values in the early years, total investment exceeds depreciation, indicating a need for additional funding through revenue or financing. By the later years of the plan, depreciation exceeds renewals investment, suggesting a potential surplus in funding capacity for asset replacement.

Growth investment is critical for South Wairarapa, particularly in Greytown and Martinborough, where temporary suspensions on new network connections are currently preventing further development. This constraint not only limits housing and business expansion but also restricts the ability to collect financial contributions from developers—funds that are essential for upgrading and expanding network capacity. Without these contributions, the district faces a vicious cycle: insufficient infrastructure limits growth, and limited growth restricts the funding needed to improve infrastructure.

SWDC Figure 2: Water services investment requirements



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Renewals requirements for water services

The proposed renewals investment plan has been developed in alignment with SWDC's Infrastructure Strategy and asset management planning. In the early years of the plan (FY2024/25 to FY2026/27), capital expenditure on renewals significantly exceeds depreciation, resulting in a positive asset sustainability ratio. This reflects a deliberate strategy to address the aging condition of the network and reduce the backlog of deferred renewals, ensuring critical assets are replaced or refurbished to maintain service levels and regulatory compliance.

From FY2027/28 onward, the asset sustainability ratio turns negative, indicating that renewals investment falls below projected depreciation. This trend is not necessarily a sign of underinvestment but reflects a shift in focus following the initial surge in renewal activity. It is also influenced by the revised capital programme, which was adjusted downwards by 45% following an independent assurance review of initial budgeted programme cost structures. That review found conservative margins and contingencies in previous estimates, allowing SWDC to recalibrate its investment while still meeting infrastructure needs.

While the lower ratio in later years suggests a slower pace of renewal relative to asset aging, this is considered appropriate given the front-loaded investment and the expected improvement in asset condition. SWDC and the WSCCO will continue to monitor asset performance and adjust renewal planning as new information becomes available, ensuring long-term sustainability and alignment with lifecycle asset management principles.

SWDC Table 15: Renewal requirements for water services

Asset sustainability ratio	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34	Total
Capital expenditure on renewals	5,807	6,415	5,034	1,934	1,890	4,652	4,993	5,339	5,327	5,762	47,154
Depreciation	2,490	2,524	2,970	3,265	3,993	4,413	5,340	5,842	6,572	6,785	44,194
Asset sustainability ratio	133.2%	154.2%	69.5%	(40.7%)	(52.7%)	5.4%	(6.5%)	(8.6%)	(19.0%)	(15.1%)	6.7%

Total required water services investment

The levels of investment have been refined following an independent assurance review of the capital programme's cost structures, which identified that early design processes had applied conservative margins and contingencies. As a result, SWDC has adjusted its capital investment programme downward by approximately 45%, and these revised costs have been incorporated into the financial modelling underpinning this WSDP. SWDC is actively taking ownership of its capital investment programme in the lead-up to transition. We are independently reviewing the investment required to meet consent conditions, regulatory obligations, and future growth, drawing on new and emerging information. This includes updated growth projections, evolving regional council requirements, changes in national regulation, and independent expert advice—beyond that provided for budgeting —to ensure our investment decisions are robust, future-focused, and tailored to the district's specific needs.

SWDC Table 16: Total water services investment

Asset investment ratio	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34	Total
Capital expenditure	13,315	13,488	19,708	16,674	18,443	15,130	14,214	15,557	11,498	12,504	150,530
Depreciation	2,490	2,524	2,970	3,265	3,993	4,413	5,340	5,842	6,572	6,785	44,194
Asset investment ratio	434.7%	434.4%	563.6%	410.7%	361.9%	242.9%	166.2%	166.3%	75.0%	84.3%	240.6%

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ensitivity: General

Average remaining useful life of network assets

The increased focus on renewals in the early years of SWDC's investment plan reflects the aging condition of the district's network assets. While this targeted investment is expected to improve the serviceability and reliability of critical infrastructure, the overall asset consumption ratio is projected to decline over the 10-year period. This indicates that, despite increased renewals, the network's book value is decreasing relative to its replacement value—highlighting the scale of aging infrastructure and the need for sustained investment beyond FY2033/34. SWDC's Infrastructure Strategy approach supports ongoing renewal planning to ensure long-term asset replacement needs are met and service levels maintained.

SWDC Table 17: Average remaining useful life of network assets

Asset consumption ratio	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Book value of infrastructure assets	140,888	151,852	175,655	189,064	213,085	223,802	243,548	253,262	270,490	276,210
Total estimated replacement value of infrastructure assets	164,313	177,801	205,782	222,455	252,160	267,290	294,487	310,044	336,603	349,108
Asset consumption ratio	85.7%	85.4%	85.4%	85.0%	84.5%	83.7%	82.7%	81.7%	80.4%	79.1%

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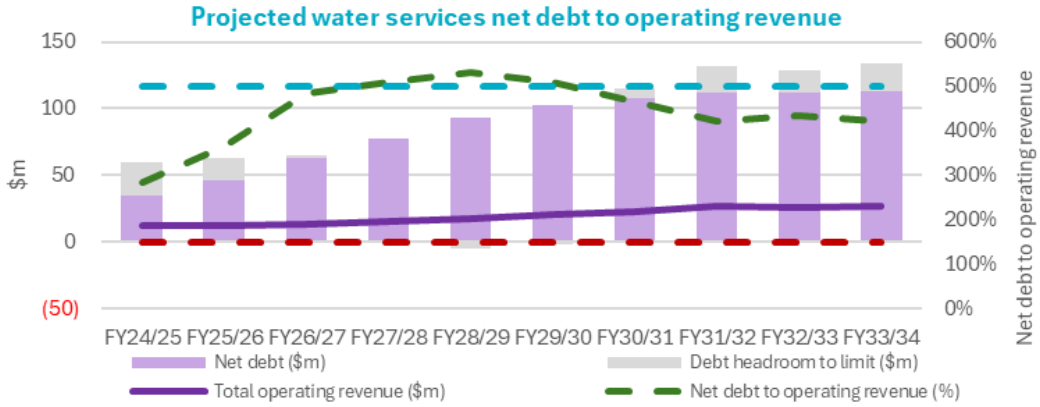
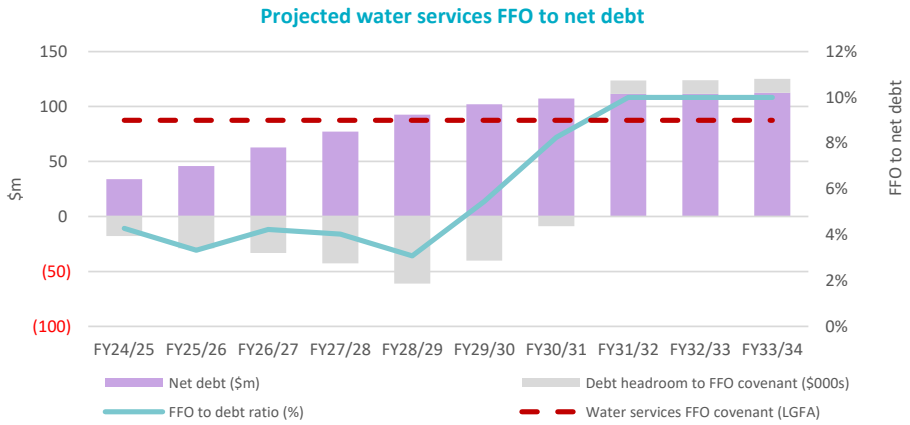
ensitivity: General

D4: Financial sustainability assessment - financing sufficiency

SWDC Figure 4: Water services borrowings against limits





ensitivity: General

Council borrowing against limits

SWDC cannot sustainably retain its water services as Council borrowing limits are significantly exceeded through the full WSDP period. SWDC can only meet financial sustainability requirements by shifting to a WSCCO structure with the other Partner Councils. Even within the WSCCO, SWDC has a challenging transition to sustainability, as evidenced by the projected water borrowings path and the price impacts for the community.

Projected borrowings for water services

The profile of borrowings aligns with the timing of investment requirements, as operating expenses (including interest and depreciation) increase in step with capital investment needs. The projected net debt to operating revenue narrows significantly in FY26 and FY27 and exceeds borrowing limits in the short term of WSCCO operations (FY28-FY30), reflecting the upfront investment required to meet regulatory standards, maintain service levels and support growth. However, borrowing returns to within limits from FY31 onwards (under a debt to revenue assessment) and to within FFO to debt target from FY32, as operating revenues grow and capital pressures ease.

Importantly, SWDC has recently undertaken an independent assurance review of the programme's costs structures. This review concluded that early estimates included conservative margins and contingencies, and as a result, SWDC has reduced its capital investment programme by approximately 45%. These revised costs have been incorporated into the financial modelling, improving projected debt levels and increasing borrowing headroom in the outer years of the plan.

While the reassessment of the programme has improved borrowing position and affordability, risks remain—particularly in the early years where borrowing headroom is minimal or limits exceeded. This limits flexibility to respond to unforeseen events or cost escalations. To mitigate these risks, SWDC will continue to refine its capital programme as new information becomes available. This includes updated growth forecasts, evolving regulatory requirements, and independent infrastructure advice as the individual components of the programme design are refined. This adaptive approach ensures that investment decisions remain fit-for-purpose and financially sustainable.

SWDC Table 18: Projected borrowings for water services

Net debt to operating revenue	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Total net debt (gross debt less cash)	34,072	45,837	62,694	77,301	92,689	102,044	107,210	111,425	111,566	112,610
Operating revenue	11,975	12,580	12,918	15,196	17,449	20,031	22,996	26,396	25,796	26,746
Net debt to operating revenue	285%	364%	485%	509%	531%	509%	466%	422%	432%	421%

Borrowing headroom/(shortfall) for water services

SWDC Table 19: Projected borrowing headroom/(shortfall) for water services

Borrowings headroom/(shortfall) against limit	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating revenue	11,975	12,580	12,918	15,196	17,449	20,031	22,996	26,396	25,796	26,746
Debt to revenue limit	500%	500%	500%	500%	500%	500%	500%	500%	500%	500%
Maximum allowable net debt	59,875	62,901	64,590	75,982	87,245	100,154	114,981	131,982	128,981	133,730
Total net debt	34,072	45,837	62,694	77,301	92,689	102,044	107,210	111,425	111,566	112,610
Borrowing headroom/ (shortfall) against limit	25,803	17,064	1,896	(1,319)	(5,444)	(1,890)	7,771	20,557	17,415	21,120

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Projected water services debt headroom (FFO)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Water services FFO covenant (LGFA)	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Free funds from operations (LGFA) ($m)	1.5	1.5	2.7	3.1	2.9	5.6	8.8	11.1	11.2	11.3
Net debt ($m)	34.1	45.8	62.7	77.3	92.7	102.0	107.2	111.4	111.6	112.6
Debt headroom to FFO covenant ($000s)	(17.8)	(28.9)	(33.2)	(42.7)	(61.0)	(40.1)	(8.9)	12.4	12.4	12.5

Free funds from operations

The WSCCO will borrow from the LGFA, guaranteed by the participating Councils (with the form of the guarantee to be agreed through transition), under the following limits:

- Targeting or maintaining an FFO-to-debt ratio of 10%, compared to the LGFA covenant of 9%.
- Maintaining an interest coverage ratio above the 1.5x covenant.

SWDC within the WSCCO will meet the targeted 10% FFO to debt ratio by FY32 and the ICR requirement from transition. The transition to the 10% target has been phased to smooth the required price increases for the community, which are required due to the Council's starting debt position and capital programme over the WSDP period. LGFA has reviewed the WSCCO's and SWDC's financial position and has confirmed they would support the WSCCO and SWDC through this transition period.

SWDC Table 20: Free funds from operations

Free funds from operations (FFO) to debt ratio	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Total net debt	34,072	45,837	62,694	77,301	92,689	102,044	107,210	111,425	111,566	112,610
Funds from operations	1,460	1,523	2,651	3,116	2,855	5,574	8,847	11,142	11,157	11,261
FFO to debt ratio	4.3%	3.3%	4.2%	4.0%	3.1%	5.5%	8.3%	10.0%	10.0%	10.0%

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Part E: Projected financial statements for water services

SWDC Table 21: Funding impact statement – water services

Funding impact statement ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Sources of operating funding										
General rates	87	58	59	0	0	0	0	0	0	0
Targeted rates	10,843	11,815	12,819	15,157	17,409	19,991	22,957	26,357	25,757	26,706
Subsidies and grants for operating purposes	1,000	542	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	126	0	0	0	0	0	0	0	0
Fees and charges	45	40	40	40	40	40	40	40	40	40
Total operating funding	11,975	12,580	12,918	15,196	17,449	20,031	22,996	26,396	25,796	26,746
Applications of operating funding										
Payments to staff and suppliers	8,754	8,746	7,233	7,268	8,882	7,959	7,194	7,976	7,211	7,993
Finance costs	951	1,530	2,236	4,154	5,056	5,814	6,281	6,597	6,753	6,812
Internal charges and overheads applied	1,018	980	998	857	856	883	874	881	876	880
Other operating funding applications	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	10,723	11,257	10,467	12,280	14,794	14,656	14,349	15,454	14,840	15,685
Surplus/(deficit) of operating funding	1,252	1,324	2,451	2,916	2,655	5,375	8,647	10,942	10,957	11,061
Sources of capital funding										
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	416	400	400	400	400	400	400	400	400	400
Increase/(decrease) in debt	10,610	11,765	16,857	14,607	15,388	9,355	5,166	4,214	142	1,044
Gross proceeds from sales of assets	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	11,025	12,165	17,257	15,007	15,788	9,755	5,566	4,614	542	1,443
Applications of capital funding										
Capital expenditure - to meet additional demand	0	993	2,984	5,225	3,300	2,199	0	0	0	0
Capital expenditure - to improve levels of services	7,507	6,080	11,690	9,514	13,253	8,278	9,221	10,218	6,172	6,742
Capital expenditure - to replace existing assets	5,807	6,415	5,034	1,934	1,890	4,652	4,993	5,339	5,327	5,762
Increase/(decrease) in reserves	(1,037)	0	0	0	0	0	0	0	0	0
Increase/(decrease) in investments	0	0	0	1,250	0	0	0	0	0	0
Total applications of capital funding	12,278	13,488	19,708	17,924	18,443	15,130	14,214	15,557	11,498	12,504
Surplus/(deficit) of capital funding	(1,252)	(1,324)	(2,451)	(2,916)	(2,655)	(5,375)	(8,647)	(10,942)	(10,957)	(11,061)
Funding balance	(0)	0	0	0	(0)	0	0	0	0	0

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SWDC Table 22: Funding impact statement – drinking water

Funding impact statement ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Sources of operating funding										
General rates	0	0	0	0	0	0	0	0	0	0
Targeted rates	5,603	5,901	6,381	6,899	7,921	7,979	8,497	8,759	8,885	9,053
Subsidies and grants for operating purposes	800	542	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	126	0	0	0	0	0	0	0	0
Fees and charges	11	10	10	10	10	10	10	10	10	10
Total operating funding	6,414	6,578	6,391	6,909	7,931	7,989	8,508	8,769	8,895	9,063
Applications of operating funding										
Payments to staff and suppliers	4,825	4,776	4,093	4,072	4,910	4,111	4,126	4,134	4,151	4,162
Finance costs	149	352	666	1,466	1,601	1,585	1,345	1,178	1,157	1,174
Internal charges and overheads applied	497	483	492	310	301	315	304	308	300	303
Other operating funding applications	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	5,471	5,611	5,250	5,848	6,812	6,011	5,774	5,620	5,609	5,639
Surplus/(deficit) of operating funding	943	967	1,141	1,061	1,119	1,978	2,733	3,149	3,286	3,424
Sources of capital funding										
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	178	171	171	171	171	171	171	171	171	171
Increase/(decrease) in debt	9,061	7,877	5,587	1,215	1,950	1,800	1,606	1,435	1,371	1,381
Gross proceeds from sales of assets	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	9,239	8,049	5,758	1,387	2,122	1,971	1,777	1,607	1,542	1,553
Applications of capital funding										
Capital expenditure - to meet additional demand	0	0	0	0	0	0	0	0	0	0
Capital expenditure - to improve levels of services	4,397	3,829	2,736	534	1,846	1,866	2,068	2,036	2,041	1,742
Capital expenditure - to replace existing assets	4,955	5,187	4,163	1,394	1,394	2,083	2,443	2,720	2,787	3,235
Increase/(decrease) in reserves	829	0	0	0	0	0	0	0	0	0
Increase/(decrease) in investments	0	0	0	519	0	0	0	0	0	0
Total applications of capital funding	10,182	9,016	6,899	2,447	3,241	3,949	4,510	4,756	4,829	4,977
Surplus/(deficit) of capital funding	(943)	(967)	(1,141)	(1,061)	(1,119)	(1,978)	(2,733)	(3,149)	(3,286)	(3,424)
Funding balance	0	0	0	0	0	0	0	0	0	0

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SWDC Table 23: Funding impact statement – wastewater

Funding impact statement ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Sources of operating funding										
General rates	0	0	0	0	0	0	0	0	0	0
Targeted rates	4,461	5,389	5,903	7,637	8,821	11,310	13,537	16,313	15,322	15,952
Subsidies and grants for operating purposes	200	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	0	0	0	0	0	0	0
Fees and charges	34	30	30	30	30	30	30	30	30	30
Total operating funding	4,695	5,418	5,932	7,667	8,850	11,339	13,567	16,342	15,351	15,981
Applications of operating funding										
Payments to staff and suppliers	3,461	3,625	2,805	2,830	3,618	3,559	2,779	3,554	2,773	3,545
Finance costs	811	1,178	1,570	2,583	3,314	4,048	4,689	5,048	5,090	5,043
Internal charges and overheads applied	444	423	430	466	472	484	485	488	490	491
Other operating funding applications	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	4,716	5,226	4,806	5,880	7,404	8,091	7,954	9,090	8,352	9,079
Surplus/(deficit) of operating funding	(21)	192	1,127	1,787	1,446	3,248	5,613	7,252	6,999	6,902
Sources of capital funding										
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	238	229	229	229	229	229	229	229	229	229
Increase/(decrease) in debt	1,931	3,759	11,160	12,945	12,942	6,582	2,025	935	(2,530)	(969)
Gross proceeds from sales of assets	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	2,168	3,987	11,389	13,173	13,170	6,811	2,254	1,164	(2,302)	(741)
Applications of capital funding										
Capital expenditure - to meet additional demand	0	993	2,984	5,225	3,300	2,199	0	0	0	0
Capital expenditure - to improve levels of services	3,110	2,251	8,954	8,870	11,021	5,478	5,503	5,983	2,344	3,819
Capital expenditure - to replace existing assets	646	936	577	378	295	2,382	2,364	2,433	2,353	2,342
Increase/(decrease) in reserves	(1,609)	0	0	0	0	0	0	0	0	0
Increase/(decrease) in investments	0	0	0	487	0	0	0	0	0	0
Total applications of capital funding	2,147	4,180	12,515	14,961	14,617	10,059	7,867	8,416	4,697	6,161
Surplus/(deficit) of capital funding	21	(192)	(1,127)	(1,787)	(1,446)	(3,248)	(5,613)	(7,252)	(6,999)	(6,902)
Funding balance	0	0	0	0	0	0	0	0	0	0

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SWDC Table 24: Funding impact statement – stormwater

Funding impact statement ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Sources of operating funding										
General rates	87	58	59	0	0	0	0	0	0	0
Targeted rates	779	526	535	621	668	702	922	1,285	1,550	1,702
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	0	0	0	0	0	0	0
Fees and charges	0	0	0	0	0	0	0	0	0	0
Total operating funding	866	584	595	621	668	702	922	1,285	1,550	1,702
Applications of operating funding										
Payments to staff and suppliers	468	346	335	366	355	289	289	288	287	286
Finance costs	(9)	0	0	105	140	181	247	370	505	595
Internal charges and overheads applied	77	75	76	81	82	84	85	85	86	86
Other operating funding applications	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	535	420	412	553	578	554	621	743	878	967
Surplus/(deficit) of operating funding	331	164	183	68	90	148	301	541	672	735
Sources of capital funding										
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0
Increase/(decrease) in debt	(382)	129	110	447	496	974	1,535	1,844	1,301	632
Gross proceeds from sales of assets	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	(382)	129	110	447	496	974	1,535	1,844	1,301	632
Applications of capital funding										
Capital expenditure - to meet additional demand	0	0	0	0	0	0	0	0	0	0
Capital expenditure - to improve levels of services	0	0	0	110	385	935	1,649	2,199	1,786	1,181
Capital expenditure - to replace existing assets	206	293	293	162	201	187	187	186	186	186
Increase/(decrease) in reserves	(257)	0	0	0	0	0	0	0	0	0
Increase/(decrease) in investments	0	0	0	243	0	0	0	0	0	0
Total applications of capital funding	(51)	293	293	516	586	1,122	1,836	2,385	1,972	1,366
Surplus/(deficit) of capital funding	(331)	(164)	(183)	(68)	(90)	(148)	(301)	(541)	(672)	(735)
Funding balance	(0)	0	0	0	0	0	0	0	0	0

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SWDC Table 25: Projected statement of comprehensive revenue and expenses – water services

Statement of comprehensive revenue and expense ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating revenue	11,975	12,580	12,918	15,196	17,449	20,031	22,996	26,396	25,796	26,746
Other revenue	416	400	400	400	400	400	400	400	400	400
Total revenue	12,391	12,980	13,318	15,596	17,849	20,431	23,396	26,796	26,196	27,146
Operating expenses	8,754	8,746	7,233	7,268	8,882	7,959	7,194	7,976	7,211	7,993
Finance costs	951	1,530	2,236	4,154	5,056	5,814	6,281	6,597	6,753	6,812
Overheads and support costs	1,018	980	998	857	856	883	874	881	876	880
Depreciation & amortisation	2,490	2,524	2,970	3,265	3,993	4,413	5,340	5,842	6,572	6,785
Total expenses	13,213	13,781	13,437	15,545	18,787	19,069	19,688	21,296	21,412	22,470
Net surplus / (deficit)	(822)	(801)	(119)	51	(938)	1,362	3,708	5,500	4,784	4,676
Revaluation of infrastructure assets	3,543	0	7,065	0	9,571	0	10,871	0	12,302	0
Total comprehensive income	2,721	(801)	6,946	51	8,634	1,362	14,579	5,500	17,087	4,676
Cash surplus / (deficit) from operations (excl depreciation)	1,668	1,723	2,851	3,316	3,055	5,774	9,047	11,342	11,357	11,461

SWDC Table 26: projected statement of comprehensive revenue and expenses – drinking water

Statement of comprehensive revenue and expense ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating revenue	6,414	6,578	6,391	6,909	7,931	7,989	8,508	8,769	8,895	9,063
Other revenue	178	171	171	171	171	171	171	171	171	171
Total revenue	6,592	6,749	6,562	7,080	8,102	8,161	8,679	8,941	9,066	9,235
Operating expenses	4,825	4,776	4,093	4,072	4,910	4,111	4,126	4,134	4,151	4,162
Finance costs	149	352	666	1,466	1,601	1,585	1,345	1,178	1,157	1,174
Overheads and support costs	497	483	492	310	301	315	304	308	300	303
Depreciation & amortisation	1,310	1,486	1,744	1,813	2,024	2,091	2,348	2,423	2,656	2,730
Total expenses	6,781	7,097	6,994	7,661	8,836	8,102	8,122	8,043	8,264	8,369
Net surplus / (deficit)	(189)	(348)	(432)	(581)	(734)	58	557	897	802	865
Revaluation of infrastructure assets	1,376	0	3,075	0	3,768	0	3,948	0	4,358	0
Total comprehensive income	1,186	(348)	2,642	(581)	3,034	58	4,505	897	5,160	865
Cash surplus / (deficit) from operations (excl depreciation)	1,121	1,138	1,312	1,232	1,290	2,150	2,905	3,320	3,458	3,596

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SWDC Table 27: projected statement of comprehensive revenue and expenses – wastewater

Statement of comprehensive revenue and expense ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating revenue	4,695	5,418	5,932	7,667	8,850	11,339	13,567	16,342	15,351	15,981
Other revenue	238	229	229	229	229	229	229	229	229	229
Total revenue	4,933	5,647	6,161	7,895	9,079	11,568	13,795	16,571	15,580	16,210
Operating expenses	3,461	3,625	2,805	2,830	3,618	3,559	2,779	3,554	2,773	3,545
Finance costs	811	1,178	1,570	2,583	3,314	4,048	4,689	5,048	5,090	5,043
Overheads and support costs	444	423	430	466	472	484	485	488	490	491
Depreciation & amortisation	850	874	1,042	1,269	1,763	2,106	2,733	3,117	3,538	3,629
Total expenses	5,566	6,100	5,848	7,148	9,167	10,196	10,686	12,207	11,890	12,709
Net surplus / (deficit)	(633)	(453)	313	747	(88)	1,371	3,109	4,363	3,690	3,501
Revaluation of infrastructure assets	1,417	0	2,709	0	4,334	0	5,380	0	6,148	0
Total comprehensive income	783	(453)	3,022	747	4,246	1,371	8,489	4,363	9,838	3,501
Cash surplus / (deficit) from operations (excl depreciation)	217	421	1,355	2,016	1,675	3,477	5,842	7,480	7,227	7,130

SWDC Table 28: projected statement of comprehensive revenue and expenses – stormwater

Statement of comprehensive revenue and expense ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating revenue	866	584	595	621	668	702	922	1,285	1,550	1,702
Other revenue	0	0	0	0	0	0	0	0	0	0
Total revenue	866	584	595	621	668	702	922	1,285	1,550	1,702
Operating expenses	468	346	335	366	355	289	289	288	287	286
Finance costs	(9)	0	0	105	140	181	247	370	505	595
Overheads and support costs	77	75	76	81	82	84	85	85	86	86
Depreciation & amortisation	330	164	183	183	206	216	259	302	379	425
Total expenses	865	584	595	736	783	770	880	1,045	1,257	1,392
Net surplus / (deficit)	1	0	0	(115)	(116)	(68)	41	239	293	309
Revaluation of infrastructure assets	750	0	1,282	0	1,470	0	1,544	0	1,797	0
Total comprehensive income	751	0	1,282	(115)	1,354	(68)	1,586	239	2,090	309
Cash surplus / (deficit) from operations (excl depreciation)	331	164	183	68	90	148	301	541	672	735

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SWDC Table 29: projected statement of cashflows – water services

Statement of cashflows ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Cashflows from operating activities										
Cash surplus / (deficit) from operations	1,668	1,723	2,851	3,316	3,055	5,774	9,047	11,342	11,357	11,461
[other items]										
Net cashflows from operating activities	1,668	1,723	2,851	3,316	3,055	5,774	9,047	11,342	11,357	11,461
Cashflows from investment activities										
[other items]	0	0	0	(1,250)	0	0	0	0	0	0
Capital expenditure	(13,315)	(13,488)	(19,708)	(16,674)	(18,443)	(15,130)	(14,214)	(15,557)	(11,498)	(12,504)
Net cashflows from investment activities	(13,315)	(13,488)	(19,708)	(17,924)	(18,443)	(15,130)	(14,214)	(15,557)	(11,498)	(12,504)
Cashflows from financing activities										
New borrowings	11,646	11,765	16,857	14,607	15,388	9,355	5,166	4,214	142	1,044
Repayment of borrowings										
Net cashflows from financing activities	11,646	11,765	16,857	14,607	15,388	9,355	5,166	4,214	142	1,044
Net increase/(decrease) in cash and cash equivalents	(0)	0	0	0	0	0	0	0	0	(0)
Cash and cash equivalents at beginning of year	0	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Cash and cash equivalents at end of year	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)

SWDC Table 30: projected statement of cashflows – drinking water

Statement of cashflows ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Cashflows from operating activities										
Cash surplus / (deficit) from operations	1,121	1,138	1,312	1,232	1,290	2,150	2,905	3,320	3,458	3,596
[other items]										
Net cashflows from operating activities	1,121	1,138	1,312	1,232	1,290	2,150	2,905	3,320	3,458	3,596
Cashflows from investment activities										
[other items]				(519)						
Capital expenditure	(9,352)	(9,016)	(6,899)	(1,928)	(3,241)	(3,949)	(4,510)	(4,756)	(4,829)	(4,977)
Net cashflows from investment activities	(9,352)	(9,016)	(6,899)	(2,447)	(3,241)	(3,949)	(4,510)	(4,756)	(4,829)	(4,977)
Cashflows from financing activities										
New borrowings	8,232	7,877	5,587	1,215	1,950	1,800	1,606	1,435	1,371	1,381
Repayment of borrowings										
Net cashflows from financing activities	8,232	7,877	5,587	1,215	1,950	1,800	1,606	1,435	1,371	1,381
Net increase/(decrease) in cash and cash equivalents	0	0	0	0	0	0	0	0	0	0

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Cash and cash equivalents at beginning of year	0	0	0	0	0	0	0	0	0	0
Cash and cash equivalents at end of year	0	0	0	0	0	0	0	0	0	0

SWDC Table 31: projected statement of cashflows – wastewater

Statement of cashflows ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Cashflows from operating activities										
Cash surplus / (deficit) from operations	217	421	1,355	2,016	1,675	3,477	5,842	7,480	7,227	7,130
[other items]										
Net cashflows from operating activities	217	421	1,355	2,016	1,675	3,477	5,842	7,480	7,227	7,130
Cashflows from investment activities										
[other items]				(487)						
Capital expenditure	(3,756)	(4,180)	(12,515)	(14,473)	(14,617)	(10,059)	(7,867)	(8,416)	(4,697)	(6,161)
Net cashflows from investment activities	(3,756)	(4,180)	(12,515)	(14,961)	(14,617)	(10,059)	(7,867)	(8,416)	(4,697)	(6,161)
Cashflows from financing activities										
New borrowings	3,540	3,759	11,160	12,945	12,942	6,582	2,025	935	(2,530)	(969)
Repayment of borrowings										
Net cashflows from financing activities	3,540	3,759	11,160	12,945	12,942	6,582	2,025	935	(2,530)	(969)
Net increase/(decrease) in cash and cash equivalents	0	0	0	0	0	0	0	0	0	0
Cash and cash equivalents at beginning of year	0	0	0	0	0	0	0	0	0	0
Cash and cash equivalents at end of year	0	0	0	0	0	0	0	0	0	0

SWDC Table 32: projected statement of cashflows – stormwater

Statement of cashflows ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Cashflows from operating activities										
Cash surplus / (deficit) from operations	331	164	183	68	90	148	301	541	672	735
[other items]										
Net cashflows from operating activities	331	164	183	68	90	148	301	541	672	735
Cashflows from investment activities										
[other items]	0	0	0	(243)	0	0	0	0	0	0
Capital expenditure	(206)	(293)	(293)	(272)	(586)	(1,122)	(1,836)	(2,385)	(1,972)	(1,366)
Net cashflows from investment activities	(206)	(293)	(293)	(516)	(586)	(1,122)	(1,836)	(2,385)	(1,972)	(1,366)
Cashflows from financing activities										

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New borrowings	(125)	129	110	447	496	974	1,535	1,844	1,301	632
Repayment of borrowings										
Net cashflows from financing activities	(125)	129	110	447	496	974	1,535	1,844	1,301	632
Net increase/(decrease) in cash and cash equivalents	(0)	0	0	0	0	0	0	0	0	0
Cash and cash equivalents at beginning of year	0	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Cash and cash equivalents at end of year	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)

SWDC Table 33: projected statement of financial position – water services

Statement of financial position ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Assets										
Cash and cash equivalents	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Other current assets	0	0	0	0	0	0	0	0	0	0
Infrastructure assets	140,888	151,852	175,655	189,064	213,085	223,802	243,548	253,262	270,490	276,210
Other non-current assets	0	0	0	1,250	1,250	1,250	1,250	1,250	1,250	1,250
Total assets	140,888	151,852	175,655	190,314	214,335	225,052	244,797	254,512	271,740	277,459
Liabilities										
Borrowings - current portion	0	0	0	0	0	0	0	0	0	0
Other current liabilities	0	0	0	0	0	0	0	0	0	0
Borrowings - non-current portion	34,072	45,836	62,693	77,301	92,688	102,044	107,210	111,424	111,566	112,610
Other non-current liabilities	0	0	0	0	0	0	0	0	0	0
Total liabilities	34,072	45,836	62,693	77,301	92,688	102,044	107,210	111,424	111,566	112,610
Net assets	106,816	106,015	112,961	113,013	121,646	123,008	137,587	143,087	160,174	164,850
Equity										
Revaluation reserve	3,543	3,543	10,608	10,608	20,179	20,179	31,051	31,051	43,353	43,353
Other reserves	103,273	102,473	102,353	102,405	101,467	102,829	106,537	112,037	116,821	121,497
Total equity	106,816	106,015	112,961	113,013	121,646	123,008	137,587	143,087	160,174	164,850

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SWDC Table 34: projected statement of financial position – drinking water

Statement of financial position ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34

ensitivity: General

Assets										
Cash and cash equivalents	0	0	0	0	0	0	0	0	0	0
Other current assets										
Infrastructure assets	58,550	66,079	74,309	74,424	79,408	81,266	87,376	89,709	96,239	98,486
Other non-current assets	0	0	0	519	519	519	519	519	519	519
Total assets	58,550	66,079	74,309	74,943	79,927	81,785	87,896	90,228	96,759	99,005
Liabilities										
Borrowings - current portion										
Other current liabilities										
Borrowings - non-current portion	10,877	18,754	24,341	25,556	27,507	29,306	30,912	32,347	33,718	35,100
Other non-current liabilities										
Total liabilities	10,877	18,754	24,341	25,556	27,507	29,306	30,912	32,347	33,718	35,100
Net assets	47,673	47,325	49,968	49,387	52,421	52,479	56,984	57,881	63,040	63,906
Equity										
Revaluation reserve	1,376	1,376	4,450	4,450	8,218	8,218	12,165	12,165	16,523	16,523
Other reserves	46,297	45,950	45,518	44,937	44,203	44,261	44,818	45,715	46,517	47,383
Total equity	47,673	47,325	49,968	49,387	52,421	52,479	56,984	57,881	63,040	63,906

SWDC Table 35: projected statement of financial position – wastewater

Statement of financial position ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Assets										
Cash and cash equivalents	0	0	0	0	0	0	0	0	0	0
Other current assets										
Infrastructure assets	54,915	58,221	72,403	85,608	102,795	110,748	121,262	126,561	133,869	136,400
Other non-current assets	0	0	0	487	487	487	487	487	487	487
Total assets	54,915	58,221	72,403	86,095	103,282	111,236	121,750	127,048	134,356	136,888
Liabilities										
Borrowings - current portion										
Other current liabilities										
Borrowings - non-current portion	23,315	27,073	38,234	51,178	64,120	70,702	72,727	73,663	71,132	70,163
Other non-current liabilities										
Total liabilities	23,315	27,073	38,234	51,178	64,120	70,702	72,727	73,663	71,132	70,163
Net assets	31,601	31,148	34,169	34,916	39,162	40,533	49,022	53,386	63,223	66,725
Equity										

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Revaluation reserve	1,417	1,417	4,125	4,125	8,459	8,459	13,839	13,839	19,987	19,987
Other reserves	30,184	29,731	30,044	30,791	30,703	32,074	35,183	39,547	43,236	46,738
Total equity	31,601	31,148	34,169	34,916	39,162	40,533	49,022	53,386	63,223	66,725

SWDC Table 36: projected statement of financial position – stormwater

Statement of financial position ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Assets										
Cash and cash equivalents	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Other current assets										
Infrastructure assets	27,423	27,551	28,943	29,032	30,882	31,788	34,909	36,992	40,382	41,323
Other non-current assets	0	0	0	243	243	243	243	243	243	243
Total assets	27,422	27,551	28,943	29,275	31,125	32,031	35,152	37,235	40,626	41,567
Liabilities										
Borrowings - current portion										
Other current liabilities										
Borrowings - non-current portion	(120)	9	119	566	1,062	2,036	3,571	5,414	6,715	7,347
Other non-current liabilities										
Total liabilities	(120)	9	119	566	1,062	2,036	3,571	5,414	6,715	7,347
Net assets	27,542	27,542	28,824	28,709	30,064	29,996	31,581	31,821	33,910	34,220
Equity										
Revaluation reserve	750	750	2,032	2,032	3,502	3,502	5,046	5,046	6,843	6,843
Other reserves	26,792	26,792	26,792	26,677	26,562	26,494	26,535	26,775	27,067	27,377
Total equity	27,542	27,542	28,824	28,709	30,064	29,996	31,581	31,821	33,910	34,220

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Water Services Delivery Plan: additional information

Significant capital projects

SWDC Table 37: drinking water projects

Significant capital projects - drinking water	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Projects to meet additional demand										
Total investment to meet additional demand	0	0	0	0	0	0	0	0	0	0
Projects to improve levels of services										
Greytown WTP upgrades stage 3	3,141	2,131	2,101							
Greytown WTP upgrades stage 2	104									
PW Tanker fill points	52				28	55	275	275	275	0
Waiohine WTP stage 3 upgrade	1,047		1,632							
Fire fighting upgrades				121	1,819	1,819	1,819	1,819	1,819	1,819
WTP wellfeild security	52	99	746	413						
Resource consent for Pirinoa water take - reconsenting		79	99							
Total investment to improve levels of services	4,396	2,309	4,578	534	1,847	1,874	2,094	2,094	2,094	1,819
Projects to replace existing assets										
FSTN water main renewals	211	1,926	1,999	2,077	2,141					
Tauwhareniikau pipeline crossing	3,485	2,047								
SWDC drinking water pipe renewals						1,724	2,069	2,387	2,387	2,387
Boar Bush PW trun main and resrvoir outlet	52	149	1,492							
Annual recurring projects	743	655	657	363	363	365	388	363	363	363
consenting of water races (Moroa)		248	149							
SWDC VHCA reservoir water quality renewals		199								
Waiohine WTP filtration	52								83	550
SWDC VHCA reservoir water quality renewals	157									
Total investment to replace existing assets	4,700	5,224	4,297	2,440	2,504	2,089	2,457	2,750	2,833	3,300
Total investment in drinking water assets	9,096	7,533	8,875	2,974	4,351	3,963	4,551	4,844	4,927	5,119

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SWDC Table 38: wastewater projects

Significant capital projects - wastewater	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34

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Projects to meet additional demand										
MTB WWTP growth capacity upgrade		496	1,492	1,650	1,650	1,100				
GTN WWTP growth capaicty upgrade		496	1,492	1,650	1,650	1,100				
GTN Papawai road wastewater upgrade stage 2				1,925						
Total investment to meet additional demand	0	992	2,984	5,225	3,300	2,200	0	0	0	0
Projects to improve levels of services										
MTB WWTP compliance upgrades - stage 2b winter storage							275	550	1,100	3,300
FSTN WWTP long-term consent stage 2 and major plant upgrade 2									275	550
FSTN WWTP consent renewal	1,256									
GTN WWTP compliance upgrades - stage 2a land irrigaiton	806	1,072	3,482	2,200	2,200	2,200	1,760	715	440	
Construction works from consent - lake ferry					110	440	825	825	550	
FSTN pressure wastewater system - stage 1						176	704	2,816		
MTB WWTP compliance upgrades - stage 2a land irrigiation		596	3,979	1,730	2,665	2,665	1,950	1,100		
FSTN WWTP consent renewal and upgrades	1,047	834	1,493	4,941	6,047					
Total investment to improve levels of services	3,109	2,502	8,954	8,871	11,022	5,481	5,514	6,006	2,365	3,850
Projects to replace existing assets										
Annually recurring projects	444	506	507	281	281	281	281	281	281	281
Waterwater pipe renewals						2,079	2,079	2,079	2,079	2,079
Reconsenting lake ferry treatment plant	202	50	50							
Total investment to replace existing assets	646	556	557	281	281	2,360	2,360	2,360	2,360	2,360
Total investment in wastewater assets	3,755	4,050	12,495	14,377	14,603	10,041	7,874	8,366	4,725	6,210

SWDC Table 39: stormwater projects

Significant capital projects - stormwater	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Projects to meet additional demand										
Total investment to meet additional demand	0	0	0	0	0	0	0	0	0	0
Projects to improve levels of services										
Flooding improvements				110	385	935	1,650	2,200	1,788	1,183
Total investment to improve levels of services	0	0	0	110	385	935	1,650	2,200	1,788	1,183
Projects to replace existing assets										
Annually recurring projects		293	293	162	201	187	187	187	187	187
Total investment to replace existing assets	0	293	293	162	201	187	187	187	187	187
Total investment in stormwater assets	0	293	293	272	586	1,122	1,837	2,387	1,975	1,370

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Risks and assumptions

SWDC is in a unique position transitioning from Wellington Water Ltd as a shareholding council to the Wairarapa-Tararua WSCCO. In the interim, Council is actively taking ownership of its capital investment programme in the lead-up to transition.

We are independently reviewing the investment required to meet consent conditions, regulatory obligations, and future growth, drawing on new and emerging information. This includes growth projections, evolving regional council requirements, changes in national regulation, and independent expert advice. This work will be completed to ensure that our investment decisions are robust, future-focused, and tailored to the district's specific needs. As SWDC works through the hand-over information provided by Wellington Water Ltd, it is expected that it will be possible to make micro adjustments within the final five years of our capital programme regarding delivery timeframes of approximately $32m– with a view to improve pricing impacts where possible. However, our primary assumption is that future water service delivery for our community is contingent on the imminent requirement to address consenting and infrastructure upgrades (as outlined within this WSDP).

The following table summarises the key issues/constraints, risks and assumptions within the operation of water services delivery. Key issues and constraints are matters which have been addressed or considered within asset management planning and the programme outlined in this WSDP. Council's Infrastructure Strategy 2024-2055 includes a priority to prepare for the future and improve the practices for managing here water assets, particularly data reliability. The approaches adopted for the 2024 Strategy set the foundations to improve the underlying asset data (bottom up).

SWDC Table 40: risks and assumptions

Parameters	Drinking supply	Wastewater	Stormwater
Key Risks/Constraints • Future water service delivery • Network performance • Regulatory compliance • Delivery of Capital Programme • Organisational capacity • Long term issues e.g. providing for growth, climate change	• Source water capacity and supporting growth in the district • Managing growth • Regulatory change and compliance • Pipe renewals • Economic impacts were not quantified for the 2025 LTP.	• Wastewater (sewage treatment and disposal) • Inflow and Infiltration • Adapting to climate change and reducing emissions • Pipe renewals • Economic impacts were not quantified for the 2025 LTP.	• Stormwater management areas to facilitate growth • Management of overland flow paths • Economic impacts were not quantified for the 2025 LTP.
Significant assumptions • Future water service delivery • Network performance • Regulatory compliance • Delivery of Capital Programme • Organisational capacity • Long term issues e.g. providing for growth, climate change	Council will continue to implement strategies to manage leaks to an acceptable level as per the Infrastructure Strategy 2024-2055 The 2027 Infrastructure Strategy will include risks and consequences of economic impacts on infrastructure.	Bringing capital expenditure back in-house brings with it the following benefits: more cost control, cost efficiency, on-time delivery, local contractor delivery. It will also allow for programme optimisation leading into the new entity as part of the negotiations with the partner councils. The 2027 Infrastructure Strategy will include risks and consequences of economic impacts on infrastructure.	The Featherston Masterplan considered climate change factors. The implementation plan includes improvements to strengthen the resilience of stormwater infrastructure. The 2027 Infrastructure Strategy will include risks and consequences of economic impacts on infrastructure.

Draft for Council adoption

ensitivity: General

Part F: Wairarapa Tararua WSCCO combined financial summary

WSCCO Table 1: Funding impact statement – water services

Funding impact statement ($000)	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Sources of operating funding											
General rates	1,283	751	855	982	990	1,058	1,122	1,186	1,162	1,171	1,202
Targeted rates	36,869	42,816	48,131	53,282	60,080	66,096	73,004	77,416	81,525	81,617	82,784
Subsidies and grants for operating purposes	623	1,911	1,083	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	680	147	272	152	154	158	162	165	169	172	185
Fees and charges	2,012	2,303	2,047	1,938	1,988	2,039	2,088	2,136	2,184	2,231	2,278
Total operating funding	41,466	47,928	52,388	56,353	63,213	69,352	76,376	80,903	85,040	85,191	86,448
Applications of operating funding											
Payments to staff and suppliers	19,232	21,693	21,845	19,934	21,533	23,468	22,854	22,414	23,342	22,802	23,839
Finance costs	4,556	5,279	5,786	7,354	14,772	17,150	18,520	19,349	19,919	20,168	20,255
Internal charges and overheads applied	5,690	7,105	7,533	7,650	7,630	7,839	8,105	8,207	8,427	8,642	8,766
Other operating funding applications	37	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	29,514	34,077	35,164	34,938	43,936	48,457	49,479	49,971	51,688	51,613	52,860
Surplus/(deficit) of operating funding	11,952	13,851	17,224	21,414	19,278	20,894	26,897	30,932	33,351	33,579	33,588
Sources of capital funding											
Subsidies and grants for capital expenditure	3,098	1,770	0	0	0	0	0	0	0	0	0
Development and financial contributions	1,243	835	825	830	834	837	838	840	842	844	846
Increase/(decrease) in debt	7,827	19,518	24,864	29,792	36,378	30,358	13,372	10,181	9,618	4,151	6,852
Gross proceeds from sales of assets	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	12,169	22,123	25,689	30,622	37,212	31,195	14,210	11,021	10,460	4,995	7,698
Applications of capital funding											
Capital expenditure - to meet additional demand	5,037	1,070	6,622	4,341	7,802	4,485	4,488	1,255	1,993	344	351
Capital expenditure - to improve levels of services	13,151	11,421	15,880	25,977	25,395	26,831	12,016	13,071	13,587	7,754	9,519
Capital expenditure - to replace existing assets	18,123	29,033	30,722	27,124	30,567	21,734	25,575	30,247	24,078	28,610	24,662
Increase/(decrease) in reserves	(9,866)	(5,550)	(10,310)	(5,406)	(12,274)	(961)	(971)	(2,620)	4,155	1,866	6,754
Increase/(decrease) in investments	155	0	0	0	5,000	0	0	0	0	0	0
Total applications of capital funding	26,600	35,974	42,913	52,036	56,490	52,090	41,107	41,953	1	38,574	41,285
Surplus/(deficit) of capital funding	(14,431)	(13,851)	(17,224)	(21,414)	(19,278)	(20,894)	(26,897)	(30,932)	10,459	(33,579)	(33,588)
Funding balance	(2,479)	(0)	(0)	0	(0)	0	0	0	43,811	0	0

Draft for consultation

ensitivity: General

WSCCO Table 2: Funding impact statement – drinking water

Funding impact statement ($000)	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Sources of operating funding											
General rates	262	183	257	312	341	365	387	423	434	434	448
Targeted rates	16,157	18,677	21,050	22,978	26,077	30,452	33,241	34,646	35,055	35,463	35,745
Subsidies and grants for operating purposes	521	1,234	836	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	290	94	220	98	100	103	105	107	110	112	114
Fees and charges	699	610	658	511	525	539	553	566	579	592	605
Total operating funding	17,929	20,798	23,021	23,899	27,044	31,459	34,286	35,743	36,178	36,600	36,912
Applications of operating funding											
Payments to staff and suppliers	9,366	11,050	11,492	10,311	11,061	12,052	11,367	11,571	11,641	11,758	11,907
Finance costs	1,152	1,384	1,626	2,401	5,902	6,731	6,883	6,663	6,482	6,330	6,248
Internal charges and overheads applied	2,788	3,041	3,279	3,284	3,155	3,237	3,351	3,387	3,482	3,569	3,623
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	13,307	15,475	16,397	15,996	20,117	22,019	21,601	21,622	21,605	21,657	21,778
Surplus/(deficit) of operating funding	4,623	5,323	6,624	7,903	6,927	9,440	12,685	14,121	14,573	14,943	15,134
Sources of capital funding											
Subsidies and grants for capital expenditure	421	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	280	306	302	305	307	309	310	311	313	314	316
Increase/(decrease) in debt	4,335	18,786	15,293	13,175	14,476	10,963	4,217	3,319	2,548	2,422	2,301
Gross proceeds from sales of assets	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	5,036	19,092	15,595	13,481	14,783	11,272	4,527	3,631	2,861	2,737	2,617
Applications of capital funding											
Capital expenditure - to meet additional demand	1,069	532	3,004	556	2,022	609	1,688	631	1,749	92	94
Capital expenditure - to improve levels of services	2,363	6,425	6,993	10,868	9,713	8,947	4,905	5,305	2,762	2,872	2,492
Capital expenditure - to replace existing assets	8,594	20,228	20,006	14,660	18,225	11,041	12,449	16,583	11,737	15,614	12,022
Increase/(decrease) in reserves	(1,855)	(2,769)	(7,784)	(4,700)	(10,232)	115	(1,829)	(4,768)	1,185	(900)	3,141
Increase/(decrease) in investments	(112)	0	0	0	1,982	0	0	0	0	0	0
Total applications of capital funding	10,059	24,415	22,219	21,384	21,710	20,712	17,212	17,751	1	17,678	17,749
Surplus/(deficit) of capital funding	(5,023)	(5,323)	(6,624)	(7,903)	(6,927)	(9,440)	(12,685)	(14,120)	2,860	(14,942)	(15,132)
Funding balance	(400)	0	0	0	(0)	0	0	0	17,433	1	2

Draft for consultation

ensitivity: General

WSCCO Table 3: Funding impact statement – wastewater

Funding impact statement ($000)	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Sources of operating funding											
General rates	529	449	500	565	600	644	685	711	676	684	699
Targeted rates	18,831	21,085	23,830	26,685	30,310	31,777	35,694	38,274	41,465	40,744	41,442
Subsidies and grants for operating purposes	102	677	247	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	377	52	52	53	54	55	57	58	59	60	71
Fees and charges	1,311	1,691	1,387	1,424	1,461	1,497	1,532	1,568	1,602	1,637	1,670
Total operating funding	21,151	23,954	26,016	28,727	32,425	33,974	37,968	40,610	43,802	43,125	43,882
Applications of operating funding											
Payments to staff and suppliers	8,663	9,481	9,216	8,556	9,269	10,206	10,317	9,663	10,510	9,835	10,714
Finance costs	3,340	3,786	4,039	4,759	8,140	9,570	10,668	11,568	12,143	12,365	12,384
Internal charges and overheads applied	2,163	3,300	3,448	3,537	3,626	3,731	3,859	3,911	4,015	4,121	4,177
Other operating funding applications	37	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	14,203	16,567	16,703	16,852	21,034	23,507	24,844	25,142	26,668	26,320	27,274
Surplus/(deficit) of operating funding	6,947	7,387	9,313	11,875	11,391	10,466	13,124	15,469	17,134	16,805	16,608
Sources of capital funding											
Subsidies and grants for capital expenditure	2,498	1,770	0	0	0	0	0	0	0	0	0
Development and financial contributions	942	505	498	500	501	502	502	503	503	504	504
Increase/(decrease) in debt	4,107	905	8,082	15,325	20,532	18,312	6,977	4,524	4,420	(725)	2,126
Gross proceeds from sales of assets	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	7,547	3,180	8,579	15,824	21,032	18,814	7,479	5,027	4,923	(222)	2,629
Applications of capital funding											
Capital expenditure - to meet additional demand	2,514	281	2,921	3,517	5,780	3,877	2,800	624	244	252	256
Capital expenditure - to improve levels of services	10,788	4,997	7,799	13,995	14,946	17,028	5,694	5,624	8,626	3,095	5,846
Capital expenditure - to replace existing assets	9,071	7,861	9,437	9,628	10,420	8,723	11,054	11,781	10,460	11,061	10,662
Increase/(decrease) in reserves	(7,224)	(2,572)	(2,263)	559	(992)	(348)	1,055	2,465	2,727	2,175	2,472
Increase/(decrease) in investments	275	0	0	0	2,268	0	0	0	0	0	0
Total applications of capital funding	15,423	10,566	17,893	27,699	32,423	29,280	20,603	20,495	1	16,584	19,237
Surplus/(deficit) of capital funding	(7,876)	(7,387)	(9,313)	(11,875)	(11,391)	(10,466)	(13,124)	(15,468)	4,922	(16,805)	(16,608)
Funding balance	(929)	0	(0)	0	0	0	0	0	22,056	0	0

Draft for Discussion

ensitivity: General

WSCCO Table 4: Funding impact statement – stormwater

Funding impact statement ($000)	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Sources of operating funding											
General rates	492	119	97	104	49	49	50	52	52	53	55
Targeted rates	1,881	3,055	3,250	3,619	3,694	3,868	4,069	4,496	5,006	5,410	5,596
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	12	1	0	1	0	0	0	0	0	0	0
Fees and charges	1	2	2	2	2	2	2	2	2	2	2
Total operating funding	2,386	3,177	3,350	3,726	3,745	3,919	4,121	4,550	5,060	5,466	5,654
Applications of operating funding											
Payments to staff and suppliers	1,202	1,162	1,137	1,067	1,204	1,210	1,170	1,180	1,191	1,210	1,218
Finance costs	63	110	121	194	731	849	969	1,118	1,294	1,474	1,624
Internal charges and overheads applied	739	763	806	829	850	871	895	909	930	952	966
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	2,004	2,035	2,063	2,090	2,785	2,930	3,033	3,207	3,415	3,635	3,807
Surplus/(deficit) of operating funding	382	1,141	1,287	1,636	960	988	1,088	1,343	1,645	1,830	1,846
Sources of capital funding											
Subsidies and grants for capital expenditure	179	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	22	24	25	25	26	26	26	26	26	26	26
Increase/(decrease) in debt	(615)	(173)	1,490	1,292	1,371	1,083	2,178	2,337	2,650	2,455	2,426
Gross proceeds from sales of assets	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	(414)	(149)	1,515	1,317	1,397	1,109	2,204	2,363	2,676	2,481	2,452
Applications of capital funding											
Capital expenditure - to meet additional demand	1,454	257	697	268	0	0	0	0	0	0	0
Capital expenditure - to improve levels of services	0	0	1,088	1,115	736	855	1,416	2,142	2,199	1,786	1,181
Capital expenditure - to replace existing assets	459	944	1,279	2,836	1,921	1,970	2,073	1,882	1,881	1,935	1,979
Increase/(decrease) in reserves	(786)	(209)	(262)	(1,265)	(1,050)	(727)	(197)	(317)	242	591	1,140
Increase/(decrease) in investments	(8)	0	0	0	750	0	0	0	0	0	0
Total applications of capital funding	1,118	993	2,802	2,954	2,357	2,098	3,292	3,707	1	4,312	4,300
Surplus/(deficit) of capital funding	(1,532)	(1,142)	(1,287)	(1,636)	(960)	(988)	(1,088)	(1,343)	2,675	(1,832)	(1,848)
Funding balance	(1,150)	(0)	(0)	0	0	0	0	(1)	4,320	(1)	(2)

Draft for public consultation

ensitivity: General

WSCCO Table 5: Projected statement of comprehensive review and expenses – water services

Statement of comprehensive revenue and expense ($000)	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating revenue	41,466	47,928	52,388	56,353	63,213	69,352	76,376	80,903	85,040	85,191	86,448
Other revenue	4,341	2,605	825	830	834	837	838	840	842	844	846
Total revenue	45,808	50,533	53,213	57,183	64,047	70,189	77,214	81,743	85,882	86,035	87,294
Operating expenses	19,269	21,693	21,845	19,934	21,533	23,468	22,854	22,414	23,342	22,802	23,839
Finance costs	4,556	5,279	5,786	7,354	14,772	17,150	18,520	19,349	19,919	20,168	20,255
Overheads and support costs	5,690	7,105	7,533	7,650	7,630	7,839	8,105	8,207	8,427	8,642	8,766
Depreciation & amortisation	0	16,563	17,166	19,298	20,118	21,732	23,448	24,753	25,798	27,276	27,729
Total expenses	29,514	50,640	52,330	54,236	64,053	70,189	72,926	74,723	77,487	78,889	80,589
Net surplus / (deficit)	16,293	(107)	883	2,947	(6)	(1)	4,287	7,020	8,395	7,147	6,705
Revaluation of infrastructure assets	0	8,561	16,219	16,765	17,685	22,196	19,414	24,416	20,139	27,074	21,223
Total comprehensive income	16,293	8,454	17,102	19,711	17,679	22,195	23,701	31,436	28,534	34,220	27,928
Cash surplus / (deficit) from operations (excl depreciation)	16,293	16,456	18,049	22,244	20,111	21,731	27,735	31,772	34,193	34,423	34,434

WSCCO Table 6: Projected statement of comprehensive review and expenses – drinking water

Statement of comprehensive revenue and expense ($000)	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating revenue	17,929	20,798	23,021	23,899	27,044	31,459	34,286	35,743	36,178	36,600	36,912
Other revenue	701	306	302	305	307	309	310	311	313	314	316
Total revenue	18,630	21,104	23,324	24,204	27,351	31,768	34,597	36,054	36,491	36,915	37,228
Operating expenses	9,366	11,050	11,492	10,311	11,061	12,052	11,367	11,571	11,641	11,758	11,907
Finance costs	1,152	1,384	1,626	2,401	5,902	6,731	6,883	6,663	6,482	6,330	6,248
Overheads and support costs	2,788	3,041	3,279	3,284	3,155	3,237	3,351	3,387	3,482	3,569	3,623
Depreciation & amortisation	0	7,531	7,722	8,660	8,940	9,651	10,258	10,789	11,196	11,940	12,113
Total expenses	13,307	23,006	24,120	24,656	29,056	31,670	31,859	32,410	32,801	33,597	33,891
Net surplus / (deficit)	5,324	(1,902)	(796)	(451)	(1,706)	98	2,737	3,644	3,690	3,317	3,337
Revaluation of infrastructure assets	0	3,788	5,125	7,926	5,928	10,157	7,009	10,779	7,385	12,045	7,822
Total comprehensive income	5,324	1,886	4,329	7,475	4,222	10,255	9,746	14,423	11,076	15,362	11,159
Cash surplus / (deficit) from operations (excl depreciation)	5,324	5,629	6,927	8,209	7,234	9,749	12,995	14,432	14,886	15,257	15,450

Draft for Council Review

ensitivity: General

WSCCO Table 7: Projected statement of comprehensive review and expenses – wastewater

Statement of comprehensive revenue and expense ($000)	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating revenue	21,151	23,954	26,016	28,727	32,425	33,974	37,968	40,610	43,802	43,125	43,882
Other revenue	3,440	2,275	498	500	501	502	502	503	503	504	504
Total revenue	24,590	26,229	26,514	29,227	32,926	34,475	38,469	41,113	44,304	43,629	44,386
Operating expenses	8,700	9,481	9,216	8,556	9,269	10,206	10,317	9,663	10,510	9,835	10,714
Finance costs	3,340	3,786	4,039	4,759	8,140	9,570	10,668	11,568	12,143	12,365	12,384
Overheads and support costs	2,163	3,300	3,448	3,537	3,626	3,731	3,859	3,911	4,015	4,121	4,177
Depreciation & amortisation	0	7,463	7,990	9,045	9,516	10,323	11,317	12,015	12,562	13,117	13,325
Total expenses	14,203	24,030	24,693	25,898	30,550	33,830	36,161	37,157	39,230	39,437	40,600
Net surplus / (deficit)	10,387	2,198	1,821	3,329	2,375	645	2,308	3,956	5,074	4,192	3,786
Revaluation of infrastructure assets	0	3,298	8,846	6,310	9,293	9,087	9,774	10,561	10,030	11,590	10,588
Total comprehensive income	10,387	5,497	10,666	9,639	11,668	9,732	12,082	14,517	15,104	15,782	14,374
Cash surplus / (deficit) from operations (excl depreciation)	10,387	9,661	9,811	12,374	11,891	10,968	13,626	15,971	17,636	17,309	17,111

WSCCO Table 8: Projected statement of comprehensive review and expenses – stormwater

Statement of comprehensive revenue and expense ($000)	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating revenue	2,386	3,177	3,350	3,726	3,745	3,919	4,121	4,550	5,060	5,466	5,654
Other revenue	201	24	25	25	26	26	26	26	26	26	26
Total revenue	2,587	3,201	3,375	3,751	3,771	3,945	4,147	4,576	5,086	5,492	5,680
Operating expenses	1,202	1,162	1,137	1,067	1,204	1,210	1,170	1,180	1,191	1,210	1,218
Finance costs	63	110	121	194	731	849	969	1,118	1,294	1,474	1,624
Overheads and support costs	739	763	806	829	850	871	895	909	930	952	966
Depreciation & amortisation	0	1,568	1,454	1,593	1,662	1,758	1,872	1,949	2,040	2,219	2,291
Total expenses	2,004	3,604	3,517	3,683	4,447	4,689	4,906	5,156	5,456	5,854	6,098
Net surplus / (deficit)	583	(403)	(142)	69	(676)	(744)	(758)	(580)	(370)	(363)	(418)
Revaluation of infrastructure assets	0	1,475	2,248	2,528	2,464	2,952	2,631	3,076	2,723	3,439	2,813
Total comprehensive income	583	1,072	2,106	2,597	1,788	2,208	1,872	2,496	2,354	3,076	2,395
Cash surplus / (deficit) from operations (excl depreciation)	583	1,165	1,312	1,661	986	1,014	1,114	1,369	1,671	1,856	1,872

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WSCCO Table 9: Projected statement of cashflows – water services

Statement of cashflows ($000)	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Cashflows from operating activities											
Cash surplus / (deficit) from operations	16,293	16,456	18,049	22,244	20,111	21,731	27,735	31,772	34,193	34,423	34,434
[other items]											
Net cashflows from operating activities	16,293	16,456	18,049	22,244	20,111	21,731	27,735	31,772	34,193	34,423	34,434
Cashflows from investment activities											
[other items]	(155)	0	0	0	(5,000)	0	0	0	0	0	0
Capital expenditure	(36,311)	(41,524)	(53,223)	(57,442)	(63,763)	(53,050)	(42,078)	(44,573)	(39,657)	(36,708)	(34,532)
Net cashflows from investment activities	(36,466)	(41,524)	(53,223)	(57,442)	(68,763)	(53,050)	(42,078)	(44,573)	(39,657)	(36,708)	(34,532)
Cashflows from financing activities											
New borrowings	17,693	25,068	35,174	35,198	48,652	31,319	14,344	12,801	5,464	2,285	98
Repayment of borrowings											
Net cashflows from financing activities	17,693	25,068	35,174	35,198	48,652	31,319	14,344	12,801	5,464	2,285	98
Net increase/(decrease) in cash and cash equivalents	(2,479)	(0)	(0)	0	(0)	0	0	0	0	0	0
Cash and cash equivalents at beginning of year	(12,789)	(15,268)	(15,268)	(15,268)	(15,268)	(15,268)	(15,268)	(15,268)	(15,268)	(15,268)	(15,268)
Cash and cash equivalents at end of year	(15,268)	(15,268)	(15,268)	(15,268)	(15,268)	(15,268)	(15,268)	(15,268)	(15,268)	(15,268)	(15,268)

WSCCO Table 10: Projected statement of cashflows – drinking water

Statement of cashflows ($000)	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Cashflows from operating activities											
Cash surplus / (deficit) from operations	5,324	5,629	6,927	8,209	7,234	9,749	12,995	14,432	14,886	15,257	15,450
[other items]											
Net cashflows from operating activities	5,324	5,629	6,927	8,209	7,234	9,749	12,995	14,432	14,886	15,257	15,450
Cashflows from investment activities											
[other items]					(1,982)						
Capital expenditure	(12,026)	(27,184)	(30,003)	(26,083)	(29,960)	(20,597)	(19,042)	(22,519)	(16,248)	(18,579)	(14,608)
Net cashflows from investment activities	(12,026)	(27,184)	(30,003)	(26,083)	(31,942)	(20,597)	(19,042)	(22,519)	(16,248)	(18,579)	(14,608)
Cashflows from financing activities											
New borrowings	6,190	21,555	23,077	17,875	24,708	10,848	6,046	8,087	1,363	3,323	(841)
Repayment of borrowings											
Net cashflows from financing activities	6,190	21,555	23,077	17,875	24,708	10,848	6,046	8,087	1,363	3,323	(841)
Net increase/(decrease) in cash and cash equivalents	(512)	0	0	0	(0)	0	0	0	1	1	2

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Cash and cash equivalents at beginning of year	1,223	711	711	711	712	711	711	711	712	713	714
Cash and cash equivalents at end of year	711	711	711	712	711	711	711	712	713	714	716

WSCCO Table 11: Projected statement of cashflows – wastewater

Statement of cashflows ($000)	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Cashflows from operating activities											
Cash surplus / (deficit) from operations	10,387	9,661	9,811	12,374	11,891	10,968	13,626	15,971	17,636	17,309	17,111
[other items]											
Net cashflows from operating activities	10,387	9,661	9,811	12,374	11,891	10,968	13,626	15,971	17,636	17,309	17,111
Cashflows from investment activities											
[other items]					(2,268)						
Capital expenditure	(22,372)	(13,139)	(20,156)	(27,140)	(31,146)	(29,628)	(19,548)	(18,030)	(19,330)	(14,408)	(16,765)
Net cashflows from investment activities	(22,372)	(13,139)	(20,156)	(27,140)	(33,414)	(29,628)	(19,548)	(18,030)	(19,330)	(14,408)	(16,765)
Cashflows from financing activities											
New borrowings	4,107	3,477	10,345	14,766	21,523	18,660	5,922	2,059	1,693	(2,901)	(347)
Repayment of borrowings											
Net cashflows from financing activities	4,107	3,477	10,345	14,766	21,523	18,660	5,922	2,059	1,693	(2,901)	(347)
Net increase/(decrease) in cash and cash equivalents	(7,878)	0	(0)	0	0	0	0	0	0	0	0
Cash and cash equivalents at beginning of year	(8,849)	(16,727)	(16,727)	(16,727)	(16,727)	(16,727)	(16,727)	(16,727)	(16,727)	(16,727)	(16,727)
Cash and cash equivalents at end of year	(16,727)	(16,727)	(16,727)	(16,727)	(16,727)	(16,727)	(16,727)	(16,727)	(16,727)	(16,727)	(16,727)

WSCCO Table 12: Projected statement of cashflows – stormwater

Statement of cashflows ($000)	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Cashflows from operating activities											
Cash surplus / (deficit) from operations	583	1,165	1,312	1,661	986	1,014	1,114	1,369	1,671	1,856	1,872
[other items]											
Net cashflows from operating activities	583	1,165	1,312	1,661	986	1,014	1,114	1,369	1,671	1,856	1,872
Cashflows from investment activities											
[other items]					(750)						
Capital expenditure	(1,913)	(1,201)	(3,064)	(4,219)	(2,657)	(2,825)	(3,489)	(4,024)	(4,079)	(3,721)	(3,160)
Net cashflows from investment activities	(1,913)	(1,201)	(3,064)	(4,219)	(3,407)	(2,825)	(3,489)	(4,024)	(4,079)	(3,721)	(3,160)
Cashflows from financing activities											

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New borrowings	(615)	36	1,752	2,557	2,421	1,811	2,375	2,655	2,408	1,863	1,285
Repayment of borrowings											
Net cashflows from financing activities	(615)	36	1,752	2,557	2,421	1,811	2,375	2,655	2,408	1,863	1,285
Net increase/(decrease) in cash and cash equivalents	(1,944)	(0)	(0)	0	0	0	0	(1)	(1)	(1)	(2)
Cash and cash equivalents at beginning of year	2,692	748	748	747	747	747	747	747	747	746	745
Cash and cash equivalents at end of year	748	748	747	747	747	747	747	747	746	745	743

WSCCO Table 13: Projected statement of financial position – water services

Statement of financial position ($000)	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Assets											
Cash and cash equivalents	(15,268)	(15,268)	(15,268)	(15,268)	(15,268)	(15,268)	(15,268)	(15,268)	(15,268)	(15,268)	(15,268)
Other current assets	0	0	0	0	0	0	0	0	0	0	0
Infrastructure assets	621,550	655,073	707,349	762,258	823,589	877,104	915,148	959,385	993,382	1,029,888	1,057,914
Other non-current assets	0	0	0	0	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Total assets	606,282	639,805	692,081	746,990	813,321	866,836	904,880	949,117	983,114	1,019,620	1,047,646
Liabilities											
Borrowings - current portion	0	0	0	0	0	0	0	0	0	0	0
Other current liabilities	0	0	0	0	0	0	0	0	0	0	0
Borrowings - non-current portion	114,435	139,504	174,678	209,876	258,528	289,847	304,191	316,992	322,455	324,741	324,839
Other non-current liabilities	0	0	0	0	0	0	0	0	0	0	0
Total liabilities	114,435	139,504	174,678	209,876	258,528	289,847	304,191	316,992	322,455	324,741	324,839
Net assets	491,847	500,301	517,403	537,114	554,793	576,988	600,690	632,125	660,659	694,879	722,807
Equity											
Revaluation reserve	0	8,561	24,780	41,545	59,230	81,426	100,840	125,256	145,395	172,469	193,692
Other reserves	491,847	491,740	492,623	495,569	495,563	495,562	499,849	506,869	515,264	522,411	529,115
Total equity	491,847	500,301	517,403	537,114	554,793	576,988	600,690	632,125	660,659	694,879	722,807

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WSCCO Table 14: Projected statement of financial position – drinking water

Statement of financial position ($000)	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Assets											
Cash and cash equivalents	711	711	711	712	711	711	711	712	713	714	716
Other current assets											
Infrastructure assets	232,318	255,760	283,166	308,516	335,465	356,568	372,360	394,870	407,308	425,991	436,308
Other non-current assets		0	0	0	1,982	1,982	1,982	1,982	1,982	1,982	1,982
Total assets	233,029	256,471	283,877	309,228	338,158	359,261	375,054	397,564	410,003	428,687	439,006
Liabilities											
Borrowings - current portion											
Other current liabilities											
Borrowings - non-current portion	33,637	55,193	78,270	96,145	120,853	131,701	137,747	145,835	147,197	150,520	149,679
Other non-current liabilities											
Total liabilities	33,637	55,193	78,270	96,145	120,853	131,701	137,747	145,835	147,197	150,520	149,679
Net assets	199,392	201,279	205,608	213,083	217,305	227,560	237,307	251,730	262,805	278,167	289,326
Equity											
Revaluation reserve	0	3,788	8,913	16,840	22,768	32,925	39,934	50,713	58,099	70,143	77,965
Other reserves	199,392	197,490	196,694	196,243	194,537	194,635	197,373	201,016	204,707	208,024	211,361
Total equity	199,392	201,279	205,608	213,083	217,305	227,560	237,307	251,730	262,805	278,167	289,326

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WSCCO Table 15: Projected statement of financial position – wastewater

Statement of financial position ($000)	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Assets											
Cash and cash equivalents	(16,727)	(16,727)	(16,727)	(16,727)	(16,727)	(16,727)	(16,727)	(16,727)	(16,727)	(16,727)	(16,727)
Other current assets											
Infrastructure assets	291,804	300,778	321,789	346,194	377,117	405,510	423,515	440,090	456,888	469,769	483,796
Other non-current assets		0	0	0	2,268	2,268	2,268	2,268	2,268	2,268	2,268
Total assets	275,077	284,051	305,062	329,467	362,659	391,051	409,056	425,631	442,429	455,310	469,338
Liabilities											
Borrowings - current portion											
Other current liabilities											
Borrowings - non-current portion	79,408	82,886	93,231	107,996	129,520	148,180	154,102	156,161	157,854	154,954	154,607
Other non-current liabilities											
Total liabilities	79,408	82,886	93,231	107,996	129,520	148,180	154,102	156,161	157,854	154,954	154,607
Net assets	195,669	201,165	211,832	221,471	233,139	242,871	254,954	269,471	284,575	300,357	314,731
Equity											
Revaluation reserve	0	3,298	12,144	18,454	27,747	36,834	46,608	57,169	67,199	78,789	89,377
Other reserves	195,669	197,867	199,688	203,017	205,392	206,037	208,345	212,301	217,376	221,568	225,354
Total equity	195,669	201,165	211,832	221,471	233,139	242,871	254,954	269,471	284,575	300,357	314,731

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WSCCO Table 16: Projected statement of financial position – stormwater

Statement of financial position ($000)	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Assets											
Cash and cash equivalents	748	748	747	747	747	747	747	747	746	745	743
Other current assets											
Infrastructure assets	97,428	98,535	102,394	107,548	111,007	115,026	119,273	124,424	129,187	134,128	137,810
Other non-current assets		0	0	0	750	750	750	750	750	750	750
Total assets	98,176	99,283	103,141	108,296	112,505	116,523	120,771	125,921	130,682	135,622	139,302
Liabilities											
Borrowings - current portion											
Other current liabilities											
Borrowings - non-current portion	1,390	1,426	3,178	5,735	8,156	9,966	12,341	14,996	17,404	19,267	20,552
Other non-current liabilities											
Total liabilities	1,390	1,426	3,178	5,735	8,156	9,966	12,341	14,996	17,404	19,267	20,552
Net assets	96,786	97,857	99,964	102,561	104,349	106,557	108,429	110,925	113,279	116,355	118,750
Equity											
Revaluation reserve	0	1,475	3,723	6,251	8,715	11,667	14,298	17,374	20,097	23,536	26,349
Other reserves	96,786	96,383	96,241	96,309	95,634	94,890	94,131	93,551	93,182	92,819	92,400
Total equity	96,786	97,857	99,964	102,561	104,349	106,557	108,429	110,925	113,279	116,355	118,750

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Sensitivity: General

Appendix 1: Commitment Agreement

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Appendix 2: Modelling assumptions

In the development of the WSDP and supporting financials, the Council used 2024/34 LTPs and 2025/26 Annual Plans as the base dataset, with some key adjustments and assumptions to reflect the proposed shift to a WSCCO including operating costs, efficiencies and the cost of borrowing. Additional allowances were also made to reflect the costs associated with Local Water Done Well. These assumptions are as follows:

Assumption	Commentary	Basis of assumption / source
Financing	LGFA has indicated that for multi-council WSOs the borrowing margin would be based on the weighted average borrowing margin of the participating councils. LGFA 10-year bond rate for unrated councils + 5bps (6%)	LGFA
Target covenant	LGFA guidance indicates that the WSO would have FFO-to-debt floor of 9%. The model targets 10% FFO-to-debt.	LGFA
Governance and incremental costs	Additional opex associated with a WSO include additional management costs, board fees, audit and other costs. These are assumed at approx.. $1.5m p.a.	
Establishment costs (one-off)	There are a series of capital costs associated with establishing an entity (fit out, staff IT equipment/networks etc.). Councils have provided an assumption of $5 million, split equally between Councils.	Note: It is assumed that operating costs associated with establishment will be debt funded.
Levies	Commerce Commission and Taumata Arowai levies will be built into the base case.	Commerce Commission and Taumata Arowai + population statistics
Operating efficiencies	Operating efficiencies are driven by a number of factors, including productivity gains arising from effective management practices, purchasing power, and more streamlined operations and maintenance. Efficiencies are modelled to being two years after the entity's establishment (FY30) and ramp to 0.35% p.a. (the midpoint of the efficiency range) until peak operating efficiency is achieved at FY44.	Martin Jenkins case study research
Capital efficiencies	Capital efficiencies reflect reductions in real unit costs from prudent investment decisions, streamlined cost structures, and market power from a larger entity having long-term investment policies. They are modelled to begin two years after the entity's establishment (FY3) and ramp to 0.4% p.a. (the midpoint of the efficiency range) until peak capital efficiency is achieved in FY44.	Martin Jenkins case study research
Price harmonisation	No price harmonisation*	Agreed by Councils
Establishment date	Joint WSO is operational from 1 July 2027.	Agreed by Councils
Three waters	Water supply, wastewater and stormwater transferred to the entity.	Agreed by Councils

** Determining a non-harmonised price path.*

1. *The model takes the initial debt, revenues, and expenditures for each constituent council, effectively ringfencing borrowing, revenues, and expenditures.*
2. *Establishment costs and ongoing incremental costs are allocated back to each council using the agreed basis for apportionment. E.G. If the costs are $5 million, and Council A's apportionment is 20%, then $1 million is allocated to Council A.*
3. *Entity level efficiency assumptions are applied each individual council's forecast opex and capex projections.*
4. *In summary, the net cashflow impact of the establishment and incremental costs are allocated back to each council's starting operating and debt positions. The price path for each council is then recalculated by solving, at the council level, for the revenues required to maintain the FFO-to-debt ratio at 10%.*
   Note, this calculation is performed for each council, resulting in varying revenue per connection at council level.

This approach has the effect of sharing the net benefits of efficiency savings with each district, by lowering prices relative to their standalone price path, but does not result in cost sharing between districts.

for Consideration

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Appendix 3: Capital programme assurance report

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Water Services Delivery Plan

Wairarapa Tararua Water Services Organisation

Masterton District Council

August 2025

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

A1: Statement of financial sustainability

South Wairarapa, Tararua, Masterton and Carterton District Councils (Partner Councils), together with Rangitāne and Ngāti Kahungunu, have undertaken to establish a Water Services Council Controlled Organisation (WSCCO) on or before 1 July 2027. This includes all necessary transitional arrangements, governance documentation, service level and operational agreements, and operationalising a planning and accountability framework that meets legislative and regulatory requirements.

Masterton District Council (MDC) confirms that this Water Services Delivery Plan (WSDP) ensures the financially sustainable delivery of water services by 30 June 2028. This confirmation is based on financial modelling and assessments included in Part D, E and F of this Plan. This WSDP demonstrates that by FY28:

Wairarapa Tararua WSCCO

- Water services revenue will meet operational, capital and compliance costs. Per connection revenue requirements in the WSCCO financial statements are average requirements across the four Councils; Councils have decided to ring-fence prices for the period of the WSDP so per connection revenue requirements and charges vary between Councils.
- Sufficient investment will be delivered to meet levels of service requirements, regulatory requirements, and increased levels of demand. There is sufficient borrowing capacity to deliver on the combined capital programme (under Councils' current phasing).
- The WSCCO will meet a 10% FFO to debt target by FY32. It will meet the 9% LGFA covenant by FY31. The WSCCO meets the ICR requirement from year one of operation and maintains it through the WSDP period.

Masterton District Council within the WSCCO

- MDC within the WSCCO (from FY28) can meet the revenue sufficiency test, with sufficient projected revenue to meet the full cost of water services delivery, including operating expenditure, asset renewals, and debt servicing. This is underpinned by a shift to a WSCCO with a target capital structure generating sufficient revenues over the forecast period, with water services generating cumulative operating cash surplus ratio of 37% of operating revenues, indicating sufficient revenues to meet expenses. Operating cashflow surpluses over the 10-year period are forecast at around $99.7 million, providing sufficient headroom to meet interest costs and liquidity needs.
- Water charges per connection are affordable with forecast increases from $1,650 in FY25 to $1,924 in FY34 (or around $1,500 in real terms) – a reduction from 1.9% household median income to 1.7% over the period. Prices can be sustainably increased further in response to large-scale investment that falls outside the WSDP period and/or to manage risk or unforeseen shocks.
- The WSDP includes $97 million in forecast capital investment based on the Council's Infrastructure Strategy, and Asset Management Plans and Policy. This programme includes renewals to maintain existing levels of service and asset reliability, upgrades to achieve compliance with drinking water standards and improve network resilience, and growth-related projects to service projected increases in demand.
- The Council within the WSCCO can meet the financing sufficiency test, has adequate borrowing capacity to fund proposed investments and revenue forecasts incorporate manageable staged increases to maintain financial covenants at prudent levels. MDC will meet the targeted 10% FFO to debt ratio and the ICR requirement from FY28, and over the full WSDP period.

- This WSDP, unless stated otherwise, presents MDC's position within the proposed WSCCO. A combined set of financial statements for the WSCCO can be found in Part F.

The financial statements and forecast position of the WSCCO are based on the Partner Councils' existing investment programmes as set out in their respective Long-Term Plans (LTP) and Annual Plans, with current priorities and phasing. The model also makes key assumptions about levels of operational efficiency that the WSO will achieve, financing costs, FFO to debt target, and additional overhead costs incurred by the WSCCO (refer Appendix 2). In general terms, the modelling takes a conservative approach to the assumptions to demonstrate financial sustainability.

The WSCCO will have choices about how it manages the capital programme and Councils consider there would be benefit in an early assessment of the phasing and priorities of works to manage costs for customers, achieve efficiencies through bundling of work, or to better reflect a regional view of necessary investment. South Wairarapa has a particular affordability challenge given its starting debt position and large capital programme, and this plan proposes a reassessment of that part of the programme through the transition, with a particular emphasis on non-compliance related or essential renewal work, to effectively manage delivery and costs for the community.

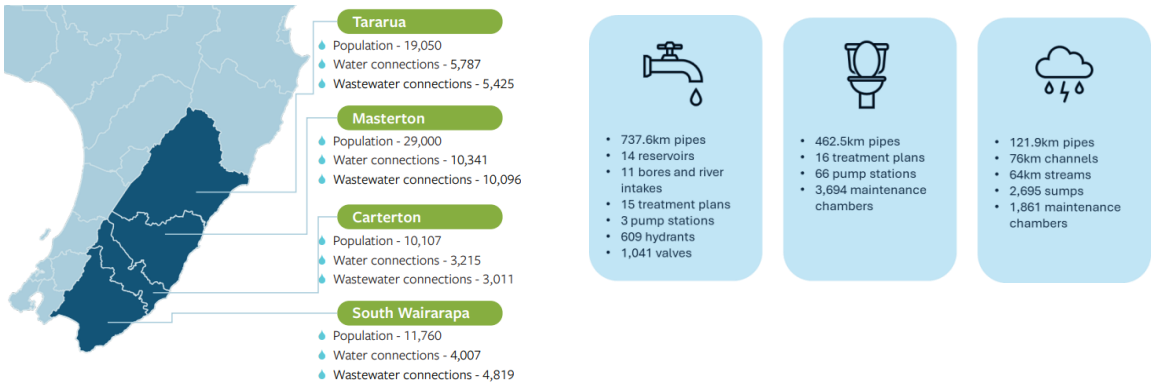
A2: Proposed delivery model

South Wairarapa, Tararua, Masterton and Carterton District Councils, together with Rangitāne and Ngāti Kahungunu, are proposing to establish a WSCCO under the Local Government (Water Services) Bill to deliver water services to their districts.

This three-waters entity will have approximately 25,000 connections and be responsible for drinking, waste and stormwater services. Responsibilities for water services will transfer from the Partner Councils to the WSCCO on or before 1 July 2027. This will include associated revenue, expenditure, assets and liabilities.

Figure 1 below provides a snapshot of the communities in the Wairarapa-Tararua region and the scope of existing water services which would transfer to the WSCCO. Currently the region's water services are delivered directly under contract by three of the four Councils (Carterton, Masterton, and Tararua District Councils) and via Wellington Water Limited (the current Wellington regional CCO) for South Wairarapa District Council.

Figure 1: Wairarapa Tararua region and water services



Establishment and transition activities have begun, with ways of working and commercial terms agreed and set out in the appended Commitment Agreement (Appendix 1). The Commitment Agreement confirms Councils' commitment to work with iwi and implement this WSDP and establish the WSCCO once the WSDP is accepted. Work is expected to accelerate following the acceptance of this WSDP by the Secretary for Local Government.

Why a joint Water Services Organisation?

The proposal to establish a regional WSCCO was taken after careful consideration of other models and engagement with the community and iwi on the benefits of different approaches. The detail of the consultation undertaken is summarised later in this section.

The Partner Councils have similar sized communities, geography and climate and face similar infrastructure challenges and opportunities. Rangitāne and Ngāti Kahungunu are mana whenua iwi across Wairarapa and Tararua, and both iwi have general and specific rights and interests in fresh-water bodies across our region arising from their respective Treaty Settlements. These circumstances making a grouping of these four Councils and two iwi a logical choice when it came to considering the future of water services delivery.

Through their collective consideration of potential delivery models, the four Councils and two iwi have identified the following benefits of the Wairarapa Tararua model:

1. more affordable and resilient water services for communities,
2. increased access to finance to enable delivery of necessary investment programmes,
3. operational efficiency and cost savings resulting from a single entity planning, contracting and delivering works across the region,
4. regional employment opportunities from a larger, locally based infrastructure provider, and
5. enabling an entity solely focused on water services delivery.

Establishment principles

The following principles or objectives have guided the Councils and iwi in their consideration of the proposed delivery model and will continue to be used to direct the establishment of and transition to the new entity. These principles are included in the appended Commitment Agreement.

- Deliver **long-term benefits to the region** (recognising these benefits take time to accrue)
    - Efficient operational delivery
    - Affordable water services
    - Adequate investment in infrastructure through time
    - Financially resilient and sustainable
    - Working with iwi
- Manage **shorter-term transition impact** on individual shareholding communities and Councils
    - Manage any cost/price changes
    - Ensure transparency in transition pathways
    - Maintain service continuity and reliability for customers and minimise staff disruption
    - Manage Councils' operational and/or financial risk
- Ensure **statutory and regulatory compliance**
    - Operate within statutory planning and accountability framework
    - Meet DIA and Commerce Commission financial sustainability requirements
    - Meet regional Council and Taumata Arowai environmental standards
- Where possible, **provide flexibility in the design** for the new entity and Councils to adapt to changing circumstances over time.
- Recognise the **independence of the new entity** and provide it with the autonomy to make decisions necessary for success

- Keep it simple, with **straightforward arrangements** easy for the community to understand.

Ownership and governance arrangements

The WSCCO will be structured under the Local Government Act 2002 and the Local Government (Water Services) Act 2025 (**WSA25**) (once the Local Government (Water Services) Bill is enacted). A summary of the governance and ownership arrangements is provided here and the appended Commitment Agreement. These arrangements will be developed further and are expected to be confirmed in Q4 2025 (refer *Implementation Plan*).

The WSCCO would be owned by the four Councils according to the following shareholding arrangements based on the connections within each Council district. Table 1 provides an indicative shareholding allocation; this would be updated and confirmed through the transition. The Shareholders' Agreement will contain principles for the entry and exit of shareholders, including in the eventuality of future Council amalgamation or expansion of the WSCCO, and other situations which may require adjustments to shareholdings. The basis for rebalancing shareholding over time will be determined through the transition.

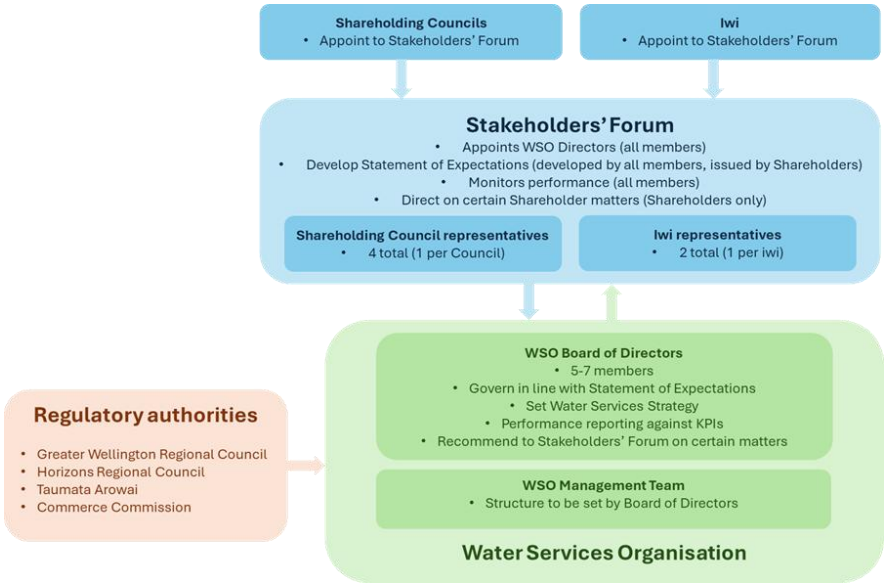
Table 1: Indicative shareholding allocation

Shareholding Council	Indicative shareholding	Estimated day 1 connections
Masterton District Council	**44%**	**10,911**
Tararua District Council	23%	5,716
South Wairarapa District Council	20%	4,935
Carterton District Council	13%	3,203
Total	**100%**	**24,765**

Figure 2 summarises the governance and oversight arrangements for the WSCCO. Councils and iwi have chosen to establish a Stakeholders' Forum as the mechanism by which they coordinate their ownership rights and responsibilities and enable effective partnership with iwi, Rangitāne and Ngāti Kahungunu

The Stakeholders' Forum is expected to have a fixed membership of six members, one from each Shareholding Council and one each from Rangitāne and Ngāti Kahungunu. Members can be appointed to the Forum by an appointment process determined by the appointing party. MDC anticipates appointment by resolution of the Council.

Figure 2: WSCCO governance and oversight arrangements



The Board of the WSCCO, once operational, would have flexible membership of five to seven members; this flexibility reflects the need to balance meeting skills requirements and ensuring diversity of views for quality decision making, with managing costs of governance, ensuring effective and efficient decision making, and providing the ability to adjust overtime according to the priorities or lifecycle of the Company.

Appointment of Board members is expected to be staggered through the two stages of the programme. During the establishment period, at least two directors are expected to be appointed by March 2026 with remaining Directors appointed ahead of operational transition. It is anticipated that appointment terms of the initial Board members will be varied to ensure future staggered turnover and to enable initial Directors to be appointed who have expertise in standing up/establishing new organisations.

Councils and iwi have determined the following skills are required on the Board and these will be reflected in the Constitution. This reflects the skills that are required on the Board as a whole, not requirements for all individuals to meet.

- Governance and senior leadership experience
- Experience in utilities and infrastructure industries, preferably water
- Commercial and financial expertise, including Director(s) with relevant qualifications to chair the Audit and Risk Committee
- Understanding of the relevant public accountability, legislative and regulatory context
- Asset management experience
- Commitment to partnership and upholding the Treaty of Waitangi, tikanga and te ao Māori
- Knowledge and experience in te ao Māori and te taiao Māori and Treaty of Waitangi principles and implementation, including the Treaty Settlements of Rangitāne and Ngāti Kahungunu
- Understanding and commitment to the four communities the organisation serves
- Commitment to strong stakeholder management with the four Shareholding Councils.

Service delivery, pricing and charging

The WSCCO will provide all drinking water, wastewater and storm water services within the four Councils' jurisdictions, where these are currently provided by Councils. Currently services are delivered directly by Tararua, Carterton and Masterton District Councils and via Wellington Water Limited (existing multi-Council owned CCO) for South Wairarapa District Council.

All related water assets will be transferred to the WSCCO with limited exceptions, based on their primary purpose. Water race assets will continue to be owned by Councils. Any other details on transfer arrangements for specific assets will be developed through the preparation of the Transfer Agreement.

Part C of this plan sets out the Council's current pricing structures for water services. Prior to the transfer of water services to the WSCCO, the Council will continue to collect water revenues according to its own pricing structures. These arrangements would be retained by the WSCCO at establishment and the WSCCO will then determine the future tariff structure, as required under the Local Government (Water Services) Bill.

Through transition planning it will be determined whether the Council will continue to collect water charges on behalf of the WSCCO for a period, or whether the WSCCO will charge customers directly from day one. However, the WSCCO will be responsible for determining the amount of revenue to collect and advising on the tariffs to be applied, consistent with the current tariff structure. It is intended that the WSCCO will directly charge and invoice customers in the future with the timing of billing transition to be determined through establishment and transition planning.

Pricing principles

Pricing was a key concern raised by communities through consultation processes. To respond to community feedback, Councils have determined a set of pricing principles to be incorporated into the Constitution to ensure the WSCCO is considering issues of importance to Councils and communities in making its pricing decisions. These principles include:

- Ensure transparency between pricing and investment requirements
- Undertake appropriate engagement with communities in setting or changing pricing
- Manage/smooth the transition impact of any changes to pricing
- Balance affordability for customers with investment and financial sustainability requirements
- Consider the distributional impacts of pricing decisions, and
- Adopt a cost-to-serve approach, with a future review point.

Councils have agreed that the WSCCO will operate a cost-to-serve model for nine years, after which time the matter will be reviewed by the Board and Shareholding Councils. Concern about subsidising across Council jurisdictional boundaries was a particular issue raised in consultation by Masterton and Carterton communities.

The decision to move away from a cost-to-serve approach and adopt harmonised pricing is retained by the Shareholding Councils, with advice to be received from the WSCCO Board, and would be subject to any legislative or regulatory direction. A review of pricing will be undertaken after nine years and will several factors, including:

- That there is sufficient reliable information available about future investment requirements to provide reliable and transparent estimates of costs to ratepayers
- The impact of any proposed changes on each shareholder's customers (including distributional impacts within and between Council districts)
- Other benefits and costs of the new proposed approach relative to current approach (e.g., impact on operating costs/efficiencies for the entity)

- Whether other compensatory measures could be put in place to manage any significant impact (if any) on subsets of customers.

While prices are non-harmonised, the board of the WSCCO will be responsible for determining the revenue to be collected from each Council district, including advising the Council of the level of charges to be set for each scheme and category of customer, consistent with Councils' existing tariff structures. Councils will supply information from their rating databases to the WSCCO for this purpose, as provided for within the Local Government (Water Services) Bill.

Meeting ring-fencing requirements

As part of the establishment of the WSCCO, water services revenues and expenses will be separated from other Council financials. Separate financial management systems will be established for the WSCCO, and, if adopted, any shared services arrangements between the WSCCO and Shareholding Councils will be at arm's length and on commercial terms. The WSCCO will be responsible for preparing the Water Services Strategy, Annual Budgets and Annual Reports.

Financing arrangements

The WSCCO will borrow from the LGFA and be managed within the LGFA's specified financial covenants. Parts D and E of this WSDP demonstrate that SWDC within the WSCCO can operate within financial sustainability requirements. Part F of this WSDP demonstrates that the WSCCO can operate within financial sustainability requirements.

Financial modelling prepared for this WSDP targets a more conservative 10% FFO-to-debt target, compared to the LGFA's 9% covenant requirement. Achievement of the 10% target has been phased in over a four-year period post WSCCO establishment, by adjusting revenue requirements to manage affordability for the South Wairarapa community. Masterton, Carterton and Tararua Councils can meet the 10% target by FY30; South Wairarapa can meet the target by FY32. This results in the WSCCO achieving 9% by FY31 and 10% by FY32. This phasing has been tested with the LGFA who have confirmed they would support this approach as part of their commitment to assist WSOs meet their covenants over a transition period.

It is anticipated that the Council will transfer water-related debt to the WSCCO over a transition period as tranches of debt mature and hedging is unwound. Interest costs incurred by the Council on retained water-related debt over this period will be met by the WSCCO. Establishment costs will be borrowed by Councils and transferred to the WSCCO. Final transfer arrangements will be included in any future Transfer Agreement.

While the WSCCO operates a cost-to-serve model, Councils anticipate guaranteeing the WSCCO debt based on the value of debt outstanding for each jurisdiction. If, or when, the Board advises shareholders on an alternative approach to pricing, the Board will also be required to advise shareholders on an appropriate ongoing approach to the guarantee of debt (e.g., based on shareholding).

The Councils have agreed that the WSCCO will not pay dividends to shareholding Councils for at least nine to 12 years; and that any surpluses would be used to either reduce prices for customers across the region and/or to accelerate priority investment across the region. The governing arrangements will leave the possibility of future dividend payments open.

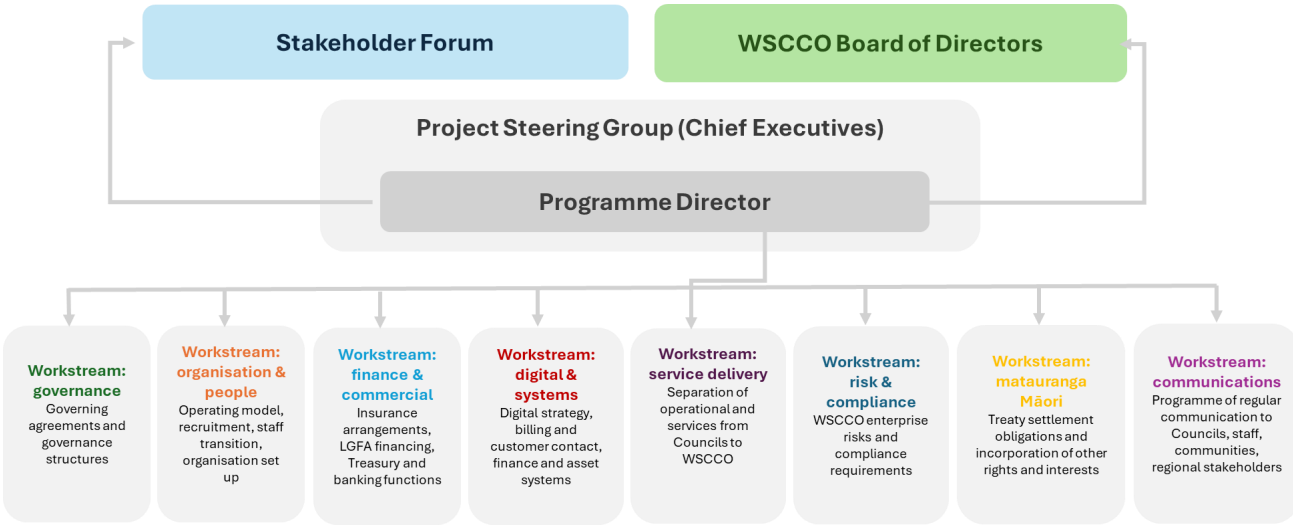
A3: Implementation plan

Councils have agreed that the WSCCO will be legally established on or before 1 July 2026 and operational on or before 1 July 2027. The accompanying Commitment Agreement sets out the governance and management arrangements for the Programme to ensure the entity is established and operational within these timeframes.

The transition will be governed by a Project Steering Group (PSG) and the project led by a Programme Director, reporting to the PSG, supported by a Project Team of Council staff, iwi representatives and external legal and advisory support. Workstream leads will be assigned for each Programme workstream (refer Figure 3).

Following the local body elections, the Stakeholders' Forum would be established, and this group would work alongside the PSG to provide oversight to the transition going forward. When the WSCCO initial Directors are appointed, the transition will be jointly overseen by the Stakeholders' Forum and the WSCCO Board, with programme reporting provided to both governance bodies.

Figure 3: Programme governance and management



Programme workstreams

The key workstreams for the programme are expected to include:

- **Governing documentation and establishment** – this workstream includes the preparation and negotiation of all relevant governing agreements (Constitution, Shareholders' Agreement, Stakeholders' Forum Terms of Reference, Statement of Expectations, and Transfer Agreements), the establishment of new governance structures (Stakeholders' Forum and WSCCO Board), and approach to Treaty Settlement obligations.
- **Organisation and people** – this workstream includes development of the organisation's operating model and management structure, recruitment of Chief Executive and Tier 2 leadership roles, transition of Council staff and contractors (other than long-term physical works contracts) to the WSCCO, the development of organisational policies, new regulatory reporting requirements, and establishment of the physical office.
- **Finance and commercial** – this workstream includes the determination of new insurance arrangements for the entity, confirmation of financing arrangements with LGFA and Council parent guarantee, debt transfer arrangements, financing strategies and establishment of treasury and banking functions
- **Digital, systems and customer** – this workstream covers the digital strategy, development of billing arrangements, customer contact, finance, compliance and asset management systems for the WSCCO and the transition from existing Council systems to new arrangements, including any transitional or shared services arrangements that may apply for a time limited period.

- **Operations and service delivery** – this workstream covers the scoping, planning and delivery of the separation of the operational and service requirements from Councils and their transfer to the new entity (except staff transition which is managed separately). It will also include integration with Council planning requirements, including district plans, growth and development strategies, and LTPs, and any corresponding changes required in Council policies.
- **Mātauranga Māori** – this workstream includes the review of Treaty Settlement obligations, Iwi Environmental Management Plans and other iwi rights and interests and incorporation of these, as relevant, across the other workstreams. It also includes details of how the WSCCO will report to iwi and how treaty obligations will be considered within the asset management plans.
- **Risk and compliance** – this workstream determines the WSCCO's enterprise risks and controls and establishes the compliance requirements, including DWSQAR, RMA and health and safety**.**
- **Communications** – a communications plan will be developed to support the programme, which will include regular reporting for the four Councils and iwi governing bodies and executive leadership teams, Council staff and contractors, ratepayers and communities, and key regional stakeholders.

Once Directors are appointed, the Programme Director will work with Councils and the WSCCO Board to confirm any Council operational decisions relating to water services (e.g., changes in the capital programme) that will be taken in the transition period that require the agreement of the WSCCO Board, and these decisions will be included as part the transition programme.

Transition milestones

The programme will be delivered in two stages in line with Council commitments on establishment dates:

- Stage 1 (legal establishment) will run from the adoption of the WSDP by the four Councils in August and be complete at the legal incorporation of the WSCCO and the appointment of initial/establishment Directors. This will be achieved by the end of 2025/26 at the latest; the intention is to deliver earlier.
- Stage 2 (transition) will run from legal establishment through to the end of 2026/27 at the latest; the programme will be developed to achieve milestones at the earliest opportunity.

Wherever possible, the transition will be expedited to mitigate the impact of two significant change process for South Wairarapa District Council, given the Council's pending exit from Wellington Water Limited, and the operational transition of Wellington Water to Metro Water (new Wellington WSCCO). Metro Water is currently intended to be operational ahead of the Wairarapa Tararua WSCCO creating a need for an interim solution for South Wairarapa for the 2026/27 year. The Council is currently working with Wellington Water and its shareholders, and other Wairarapa Tararua Councils on options for interim arrangements. The pace of the programme will be determined by risk.

Figure 4 shows high level timing for the programme and Table 2 sets out the priorities and milestones for establishment and transition stages. These represent an overall view of the required work and milestones; further work on detailed roles and responsibilities will be developed in the transition planning. Any changes to these milestones will be agreed by the PSG prior to agreement/confirmation by the WSCCO Board and/or Stakeholders' Forum, as appropriate.

Figure 4: Programme timing

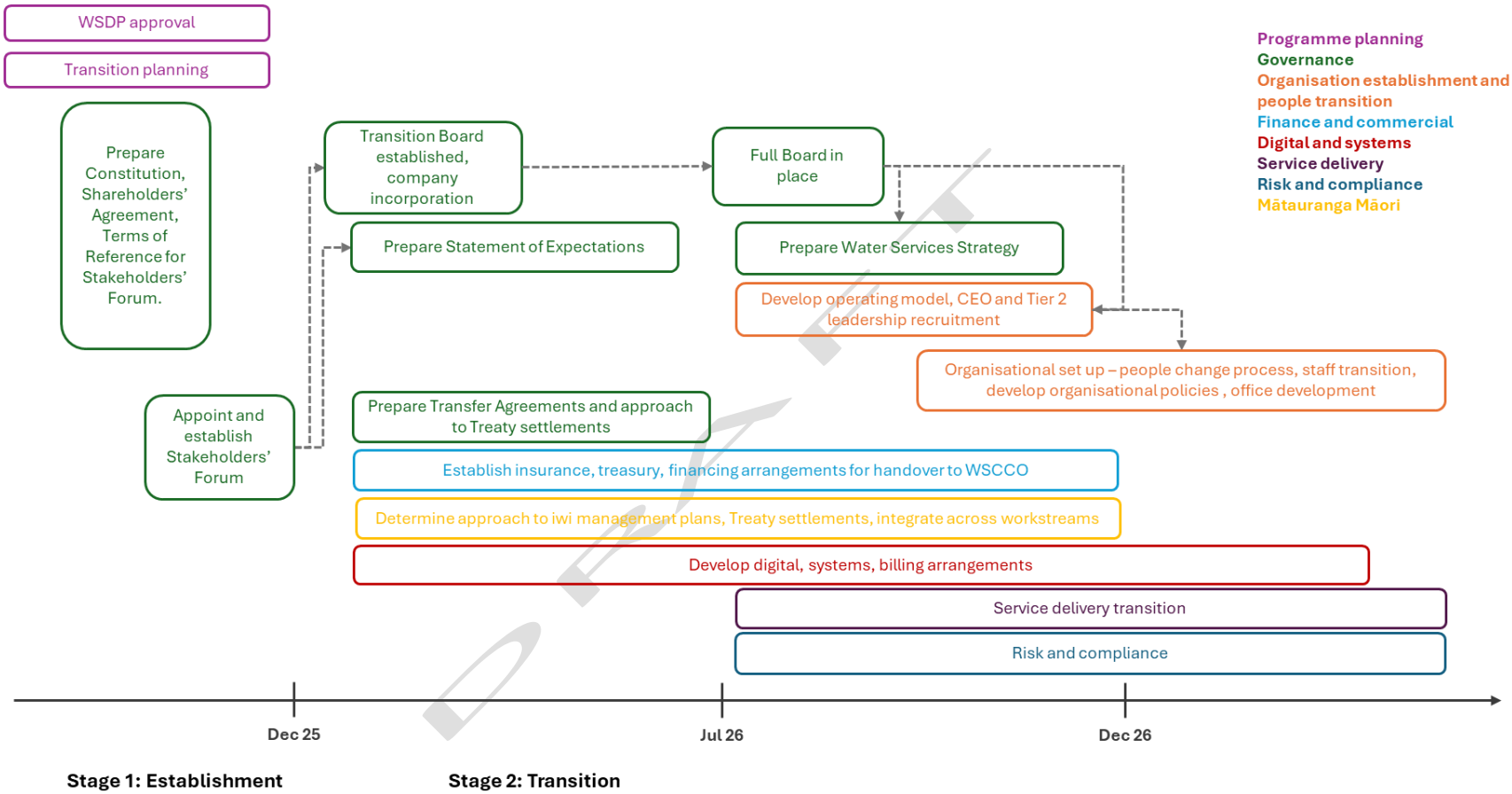


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Table 2: Programme priorities and milestones

Programme stage	Priorities and milestones	Indicative timeframe
Legal establishment	• Achieve acceptance of WSDP by Secretary for Internal Affairs and publish WSDP	December 2025
	• Plan and prepare for operational transition according to priority workstreams above (with transition expected to begin following appointment of Directors). This will include initiation of key work in financial and commercial and systems workstreams to prepare for handover for completion to WSCCO Board.	December 2025
	• Appoint members to Stakeholders' Forum following election and induction of new Councils	November/December 2025
	• Complete and approve Shareholders' Agreement, Constitution, Stakeholders' Forum Terms of Reference	September 2025
	• Complete recruitment for two (minimum) initial Directors	March 2026
	• Complete legal incorporation and required registrations – including Companies Office, Deed of Indemnity for Directors	March 2026
Operational transition	• Prepare Statement of Expectations for discussion with WSCCO Board	June 2026
	• Transition SWDC operations from Wellington Water Limited to new transitional arrangements (to be confirmed)	June 2026
	• Complete governing documentation (i.e., Transfer Agreements) and negotiate agreement with WSCCO Board. Complete adoption of Transfer Agreement by each of the four Councils.	September 2026
	• Undertake staff change process to confirm roles and staff that will transition to the new entity. Timing for movement/transfer of staff to be confirmed ahead of operational transition.	December 2026
	• Development of future systems requirements, including temporary billing arrangements to be	December 2026

	administered by Councils (if this is the confirmed approach)	
	• Develop entity insurance, treasury and financing arrangements, with WSCCO Board to confirm and finalise	December 2026
	• WSCCO Board to develop WSO operating model and undertake, Chief Executive and Tier 2 role recruitment	December 2026
	• WSCCO Board to prepare Water Services Strategy to give effect to Statement of Expectations	December 2026
	• WSCCO Board to set up the new organisation, including office location, corporate policies, bank accounts, brand, website etc.	June 2027
	• Transfer assets, contracts, responsibilities, remaining staff following Council and Board confirmation of readiness for go live.	June 2027

A4: Consultation and engagement

The Wairarapa Tararua Councils have explored the options for future water services delivery over two key phases, both in partnership with iwi, Rangitāne and Ngāti Kahungunu, and in consultation with communities. An Advisory Oversight Group comprising elected member representatives from each Council and iwi representatives oversaw this process.

In 2024 (phase 1) Wairarapa Tararua Councils initiated work on a potential Wairarapa Tararua delivery option to enable the three Wairarapa Councils to consider it against the Wellington region 10 Council option they were also exploring, and Tararua District Council to consider it against a Manawatu Whanganui Councils option. Through this project Council staff and iwi representatives jointly undertook a Multi Criteria Analysis to determine the outcomes they were seeking from a new delivery model. Councils then assessed the Wellington region and Manawatu/Whanganui region options against the Wairarapa Tararua option, and standalone/status quo options for each Council. The conclusion of this work was that the Wairarapa Tararua Councils decided to consult with their communities on a Wairarapa Tararua arrangement alongside the status quo option for each Council. Information on that process is available here Local Water Done Well - SWDC.

In 2025 (phase 2), the four Councils carried out community consultation on two options – the Wairarapa Tararua Water Services Organisation and the status quo delivery model (or form of status quo delivery). This consultation occurred over the following dates and consultation documents are available in Table 3.

- **MDC – 21 March to 22 April 2025**
- TDC – 14 March to 22 April 2025
- CDC – 14 March to 22 April 2025
- SWDC – 7 March to 6 April 2025

Table 3: Council consultation documents and findings

Masterton	LWDW Consultation Document Agenda of Ordinary Council Meeting - Wednesday, 21 May 2025
South Wairarapa	162dd310c98c6daf6013e02d621fc603_LWDW Consultation_final_digital.pdf https://sthwaidc-my.sharepoint.com/:b:/g/personal/comsec3_swdc_govt_nz/ERshbc5N7k5KnrUgcOA5SeYB4zUC5w7o-_kIWYv_LLV15Q?e=I3uZE3
Carterton	Carterton District Council – Local Water Done Well Consultation (14 March 2025) https://carterton.infocouncil.biz/Open/2025/05/CO_20250514_MIN_3416.PDF
Tararua	LWDW-Consultation-One-Pager-14-March-2025.pdf Agenda of Extraordinary Council meeting - Wednesday, 11 June 2025

Community feedback from all four Councils' consultations show support for a regional water services organisation – 88% SWDC submitters, 65% Tararua submitters, 70% Carterton submitters and **60% Masterton submitters** supported the Wairarapa Tararua regional model.

Key themes from the community feedback included the importance of local delivery and accountability, pricing structures and affordability for communities, reliable and quality water services, trust in the new delivery model, and recognising past investment in services and infrastructure in the region's communities. This feedback has informed the Councils' development of the WSDP and the operating model for the new organisation.

A5: Assurance and adoption of this Water Services Delivery Plan

On 8 May (SWDC), 6 June (TDC), 9 July (MDC) and 9 July (CDC), Partner Councils agreed to progress a joint WSCCO. This SWDC WSDP has been prepared on this basis.

The development of this WSDP has been overseen by the Wairarapa Tararua Councils' Chief Executives and prepared according to each Council's internal assurance processes. The starting point for the plans is the latest LTP for MDC, with appropriate adjustments to reflect a move to a WSCCO. The operating model and implementation plan within Part A is common to all four Councils' plans and sets out how the four Councils and iwi will work together to establish the WSCCO.

Parts B to E of the WSDP, represent the financial position of water services for the Council, on the assumption that it is part of a WSCCO. A consolidated set of financial statements for the Wairarapa Tararua WSCCO can be found in Part F. Individual Council and combined WSCCO financial information throughout this plan have been prepared using a common financial model and agreed set of assumptions.

The following external reviews and assurance have been undertaken:

- Financial modelling and assessment of financial sustainability has been undertaken by independent advisors
- Modelling assumptions were developed in consultation with independent advisors, reviewed by Council CFOs and Infrastructure General Managers, and signed off Chief Executives. These assumptions are included as Appendix 2 of this plan.
- A generally conservative approach has been taken to setting assumptions and targets (e.g., in relation to the target capital structure, the costs of finance and assumed efficiencies) to demonstrate the viability of the WSCCO and scope for the WSCCO to make choices once the entity is operational
- Additional modelling scenarios have been tested internally for key issues to provide Council, community and regulatory confidence in the entity (e.g., price paths for South Wairarapa, and testing the impact of Masterton priority investments occurring beyond the WSDP period)

- Preliminary conversations have been had with LGFA on the need for targeted transition support to achieve LFGA covenants and enable a smoother price path for South Wairarapa District Council.

Council resolutions to adopt the WSDP

Council resolutions to adopt this WSDP were achieved on the dates set out in the Table 4.

Table 4: Council WSDP adoption resolutions

Council	Date	Resolution
Masterton District Council	20 August 2025	
South Wairarapa District Council	20 August 2025	
Carterton District Council	20 August 2025	
Tararua District Council	20 August 2025	

Masterton District Council Chief Executive Certification

I certify that:

- This Water Services Delivery Plan complies with the Local Government (Water Services Preliminary Arrangements) Act 2024; and
- The information contained in this plan is true and accurate.

_____

Kym Fell
Chief Executive

Date:

Sensitivity: General

Masterton District Council

ensitivity: General

Part B: Network performance

B1: Investment to meet levels of service, regulatory standards and growth needs

Serviced population

Masterton's serviced population is projected to increase from 29,100 in FY25 to 33,273 in FY34 at the end of this WSDP period. The Council's LTP sets out that the district expects to see annual average population growth of 1.5% over the LTP period. Projections through to 2052 see the population increase to 42,100 by 2052 (+45.6% over the 30-year forecast or +1.52% average growth per annum) compared to the 2022 base.

The population will age faster than the New Zealand average. Infometrics data shows Masterton has more people aged 65+ (22.7% in Masterton compared to 16.5% in NZ); similar numbers of people aged under 15 (18.2% compared to 18.5%) and a smaller proportion of 'working age' (15-64 years - 59.1% compared to 64.9%) compared to the New Zealand average. Statistics NZ forecasts growth in the Masterton population aged 65+, from an estimated 6,600 people in 2023 to 8,900 in 2048 (35% increases). Youth (under 15 years of age) and working age' groups are expected to remain at similar levels throughout this period. Household numbers are forecast to grow from 12,352 in 2022 to 18,902 in 2054. This equates to an average annual growth of 1.66% to 2054, with higher growth of approximately 1.95% expected in the first ten years and lower growth in the latter years.

Masterton has capacity for growth within its key infrastructure and services. This is based on a high level assessment considering population growth, resilience and climate change. The 2024 asset management plans indicated the district could accommodate housing growth up to 1.5% per annum without significant impacts. This will continue to be tested as the Council develops its Growth Strategy/Spatial Plan and undertakes detailed network and treatment plant capacity assessments. Some areas with future urban development potential will require network extensions and pipe size upgrades, but there is not sufficient certainty of cost or timing to include any provision in the capital investment programme.

MDC Table 1: Serviced population

Projected serviced population	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Serviced population	29,100	29,537	29,980	30,429	30,886	31,349	31,819	32,296	32,781	33,273
Water Supply Connections										
Total WS residential connections (SUIPs)	9,622	9,742	9,839	9,938	10,037	10,138	10,239	10,341	10,445	10,549
Total WS non-residential connections (SUIPs)	677	687	697	708	719	729	740	751	763	774
Total WS Connections (SUIPs)	10,299	10,419	10,523	10,628	10,735	10,842	10,950	11,060	11,171	11,282
Wastewater Connections										
Total WW residential connections (SUIPs)	10,048	10,166	10,268	10,370	10,474	10,579	10,685	10,791	10,899	11,008
Total WW non-residential connections (SUIPs)	690	700	711	722	732	743	754	766	777	789
Total WW Connections (SUIPs)	10,738	10,855	10,964	11,073	11,184	11,296	11,409	11,523	11,638	11,754
Stormwater Connections										
Total residential properties serviced by SW	8,823	8,908	8,997	9,087	9,178	9,270	9,362	9,456	9,551	9,646

ensitivity: General

Projected serviced population	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Total non-residential properties serviced by SW	592	601	610	619	628	638	647	657	667	677
Total SW connections (CV Rated)	9,415	9,506	9,601	9,697	9,794	9,892	9,991	10,091	10,192	10,294

Serviced areas

Water supply

MDC operates three public water supply schemes: one servicing the Masterton urban area, its surrounds, and the Waingawa industrial area in Carterton District; one servicing the village of Tīnui and another serving Wainuioru. The Wainuioru water supply is registered as a drinking water supply with MDC and operated by the users through a formal user agreement. MDC is working with Taumata Arowai regarding this arrangement to ensure responsibilities are adequately formalised (at this point TA have indicated a declaration from users is acceptable). In addition, there are two Council-owned non-potable rural water supplies serving Taueru, and the public toilets at Castlepoint (managed by the Facilities Department).

Several private water supply schemes operate in the district, including Fernridge/Upper Plain, and Ōpaki. Riversdale Beach, Castlepoint, Mataikona, and Whakataki do not have reticulated water supply schemes.

Wastewater

MDC manages four public wastewater schemes, the main scheme services the Masterton urban area, surrounds and the Waingawa industrial area. Separate schemes service Riversdale Beach, Castlepoint, and Tīnui. The remainder of the district is not connected to a public wastewater system.

Stormwater

Stormwater management includes the urban areas of Masterton with some assets at Castlepoint and Riversdale Beach (although these are considered roading assets) and lengths of stop banks on the Waipoua River through the Masterton urban reach and on the Ruamahanga River protecting the Homebush wastewater treatment plant.

MDC Table 2: Water services schemes

Serviced areas (by reticulated network)	Water supply # schemes	Wastewater #schemes	Stormwater # catchments
Residential areas (If more than one, identify separately)	Masterton, 9,310 • Residential 8651, • Commercial 479, • Rural 180 Tīnui, 26	Masterton, 9,139 • Residential 8609, • Commercial 494, • Rural 36 Riversdale, 345 Castlepoint, 176 Tīnui, 19	Masterton, 9,532 paying stormwater urban charges • Residential 8935, • Commercial 597

ensitivity: General

Serviced areas (by reticulated network)	Water supply # schemes	Wastewater #schemes	Stormwater # catchments
Non-residential areas (If more than one, identify separately)	Waingawa industrial area (in Carterton District) commercial 70	Waingawa industrial area (Carterton District) commercial 71	Various commercial area subdivisions include stormwater assets eg 'The Poplars'
Mixed-Use rural drinking water schemes (where these schemes are not part of the council's water services network)	There are Council owned non-potable rural water supplies at: Wainuioru, 127 Taueru, 15 (incl. church and hall) Castlepoint serving the public toilets which are managed by the Facilities department. With private schemes at: Fernridge, approx. 100 and Ōpaki (# unknown)	n/a	n/a
Areas that do not receive water services (If more than one identify separately)	Castlepoint, Riversdale Beach Mataikona Whakataki	Wainuioru Fernridge Mauriceville Ōpaki Taueru Mataikona Whakataki	Within the boundaries of Masterton District Council, the majority of rural communities do not have any formal stormwater drainage. These communities include: • Rural Settlements (including Tauweru and Wainuioru) • Rural Schools • Private Water Scheme Communities • Rural Marae • Rural Recreational Facilities (e.g. golf clubs) Rural Homestays/ pubs/ cafes etc.
Proposed growth areas • Planned (in district plan) • Infrastructure enabled (as identified and funded in LTP)	Planned Masterton growth areas (Waingawa Industrial Estate (CDC), Chamberlain Road, Cashmere Oaks, Millard Ave, in-fill housing) Water infrastructure is enabled, however, extensions to water supply reticulation are needed and expected to be largely funded by developer contributions. Treatment plant capacity is considered sufficient for the expected growth (increase in raw and treated water holdings is primarily focused on resilience), particularly after the implementation of charging for water-by-meter which is expected to reduce demand.	Planned Masterton growth areas (Waingawa Industrial Estate (CDC), Chamberlain Road, Cashmere Oaks, Millard Ave, in-fill housing) Wastewater infrastructure is enabled, but extensions to the network are needed and expected to be largely funded by developer contributions. Wastewater treatment plant capacity is considered sufficient for the expected growth, particularly due to the recent focus on I/I reduction into the network through mains and lateral renewals and re-lining.	Greenfields development areas need to provide and fund their own stormwater assets. The capital investment programme provides for some upgrading to provide higher levels of protection from surface water inundation in targeted locations, but it does not allow for greater capacity across the urban area. Changing environmental standards eg for improved quality of stormwater discharge, have not been factored into the capital investment programme in any significant way.

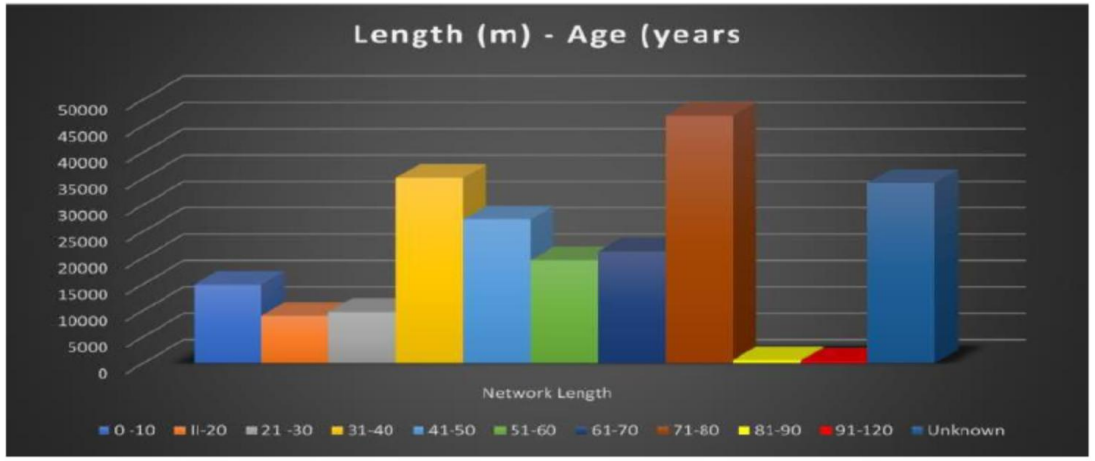
ensitivity: General

Serviced areas (by reticulated network)	Water supply # schemes	Wastewater #schemes	Stormwater # catchments
		Riversdale Beach, Castlepoint and Tinui are not currently under development pressure and their wastewater schemes have sufficient capacity for the predicted growth.	

Asset condition

Water Supply

The water supply network comprises approximately 218km of pipelines, and the age and condition of these assets varies considerably. While overall capacity is currently sufficient, ongoing asset renewals will be required to maintain service levels and avoid performance decline. The data set has not been queried to provide an "average age of network", the data available are represented in the graph.



Council staff have assessed the condition of the Masterton Water Treatment Plant's components and scheduled maintenance accordingly. Condition assessment of the wider water supply network commenced in 2009 using the NZ Infrastructure Asset Management Manual (IIMM) and is ongoing. A combination of methods is used to assess condition, including contractor service records, physical inspections, condition rating scoring, water main samples and analysis, operational performance, and historical repair data. Council is also analysing maintenance history to identify high-risk assets, and a list of Grade 5 (very poor condition) water mains has been developed to guide renewals planning. No formal condition assessment has been undertaken for the Tīnui Water Supply system to date.

ensitivity: General

The Assetic asset management system and integrated Predictor modelling have been used to support long-term investment decisions, including lifecycle costing and optimised renewal planning. Future work will rely on the Adapt asset management system which has been adopted and implemented by MDC. Leak detection and minimum night flow studies further inform asset performance and condition trends across the network. Decisions about the WSCCO's approach to asset management and systems will be taken through the transition. However, the asset management approach, strategy and plans will be consistent with the relevant legislation including Local Government Act and Treaty Settlement Acts.

Wastewater management

The wastewater network comprises approximately 213.7 km of wastewater reticulation, 2,538 manholes, 13 pump stations, and 4 treatment facilities, including oxidation ponds at Homebush, Castlepoint, Riversdale, and Tīnui. Although the capacity of Masterton's reticulation network is adequate to meet current and forecast demand for wastewater treatment, a lot of the networks age and condition varies considerably. There is a proportion where the age of the pipes are an assumed age. Continuing work verifying pipe age is being undertaken. The network includes pipework dating back to the early 1900's, which remains in service and is prioritised for renewal through the 30-year wastewater strategy.

Council staff have assessed the condition of key components at the Wastewater Treatment Plant and scheduled maintenance accordingly. Approximately 44.4 km of wastewater pipes have been inspected by CCTV and assigned structural and service condition grades. This CCTV programme is ongoing and is used to progressively update Council's understanding of pipe condition and inform renewal priorities.

Condition assessments are based on multiple inputs, including CCTV inspections, contractor service reports, planned smoke testing, operational performance data, condition rating scoring, and modelling through the Assetic system. Asset renewal planning is supported by an Optimised Renewal Decision-Making (ORDM) framework and predictive deterioration modelling, which enables prioritisation based on risk, condition, and criticality. Future work will rely on the Adapt asset management system which has been adopted and implemented.

The Castlepoint (1990s) and Riversdale Beach network (commissioned in 2011), have not yet required condition assessments due to their relatively recent installation. The Tīnui scheme was fully renewed between 2007 and 2011 and is also considered to be in good condition.

Stormwater management

The stormwater system comprises approximately 55km of pipes, 734 manholes, 149 soak-pits, 734 manholes/sumps, stop banks, and a retention dam. These assets predominantly service the urban areas of Masterton with some assets at Castlepoint and Riversdale (although these are considered roading assets) and stop banks on the Waipoua River through the Masterton urban reach and Ruamahanga near the Homebush wastewater treatment plant. A series of streams and lakes, including Henley Lake and the Lake of Remembrance in QE Park, make up part of the stormwater management in Masterton. These assets are owned and managed by the Facilities Department and are intended to remain in Council ownership.

Although the capacity of Masterton's reticulation is adequate to meet current and forecast demand for stormwater collection, a lot of its age and condition does vary considerably.

The condition of the stormwater network assets is monitored by an ongoing CCTV inspection programme and the stop banks are inspected on an as required basis to ensure ongoing performance. A number of the stormwater assets are natural channels. A planned maintenance programme is in place for clearing the natural channels.

Critical Assets

MDC has identified several critical assets for each activity in its 2024 Asset Management Plans including:

ensitivity: General

Water Supply

- The Kaituna Water Treatment Plant.
- The trunk main from Kaituna to the Masterton urban area.
- Urban water storage reservoirs at Upper Plain, Titoki Street and Manuka Street.
- Tinui Treatment plant and reservoir

Wastewater Management

- Colombo Road Pump Station
- Homebush Wastewater Treatment and Disposal Facility
- The Wastewater trunk mains network in Masterton
- Urban pump stations
- Wastewater reticulation & treatment schemes at Riversdale Beach & Castlepoint.

Stormwater Management

- Chapel Street stormwater trunk; the Town drain; and stormwater connections through the Waipoua stop bank
- Various streams running west to east across urban Masterton
- Fifth Street retention pond.

Asset valuations include component level granularity, but as part of the implementation of the Adapt Asset Management System staff are working on improving the level of granularity of asset data stored and assessed in the system. This will enable a more refined list of critical assets to be produced.

ensitivity: General

MDC Table 3: Asset condition information

Parameters	Drinking supply	Wastewater	Stormwater
Average age of Network Assets	The age and condition of these assets varies considerably and the pipe information is presented in terms of length-age. MDC applies an optimised renewal decision-making (ORDM) framework to assess risk of failure. Structural failure probability includes the age, material and soli type profiles. The data set has not been queried to provide an average age of network assets value.	Continuing work verifying pipe age is being undertaken. There is a proportion where the age of the pipes are an assumed age. The structural grading of the pipes is based on age, maintenance records and defect severity. The data set has not been queried to provide an average age of network assets value.	The condition of the stormwater network assets is monitored by an ongoing CCTV inspection programme and the stop banks are inspected on an as required basis to ensure ongoing performance. An average age of network assets value is not available.
Critical Assets	Identified	Identified	Identified
Above ground assets • Treatment plant/s • Percentage or number of above ground assets with a condition rating • Percentage of above –ground assets in poor or very poor condition	2 Kaituna (Masterton) and Tīnui Assessments undertaken for various components of Masterton WTP by Council WTP Staff. This assessment is based on operational knowledge and not a formal assessment. % rated not specified % gradings not specified	4 Masterton, Riversdale Beach, Castlepoint and Tīnui Assessments undertaken on various components at all WWTPs by Council WWTP Staff. This assessment is based on operational knowledge and not a formal assessment. % rated not specified % gradings not specified	n/a
Below ground assets • Total Km of reticulation • Percentage of network with condition grading • Percentage of network in poor or very poor condition	Approx. 218km 84.4% of Masterton scheme pipes have a condition grading 23.5% of Masterton scheme pipes are graded 4 or 5 Tīnui scheme pipes were due for inspection in 2021 and are still due.	Approx. 213km Approx 21% of Masterton scheme pipes have a condition grading 39% of those pipes have been graded as structural grade 4 or 5 Castlepoint scheme pipes – relatively new so has not been CCTV inspected to date (and is cleaned twice a year). Tīnui scheme pipes – completely renewed from 2007-2011. Riversdale scheme pipes – relatively new (2009 - 2011) so has not been CCTV inspected to date.	Approx. 55.1km % rated not specified % gradings not specified

ensitivity: General

Asset management approach

Existing service delivery model

Treatment plant (both water and wastewater) service delivery and asset & contract management is via an inhouse (MDC) operations team, reticulation (water, wastewater and stormwater) service delivery is via contract to Citycare Water which is due to expire in 2026. A one-year extension is currently being sought from Council to 30 June 2027.

Asset management systems and policy statement

The objective of asset management is to create, operate, maintain, rehabilitate and replace assets at the required level of service for present and future customers in a cost effective and sustainable manner.

MDC has recently moved from the AMS Assetic to the use of Adapt, by Adapt Solutions as its current asset management system. Until the point of transition to the WSCCO, MDC will use the Adapt system as a central strategic register and asset management system for all asset classes. It includes in-built reporting, works tracking and life-cycle costing and allows for end-to-end integration from the GIS, Customer Service Requests through to the Finance System. Adapt will provide a complete Strategic Asset Management planning and operational framework capable of holding all three waters asset information. Decisions about ongoing asset management approach and systems for the WSCCO will be taken as part of the transition and the responsibility of the WSCCO post-transition. However, the asset management approach, strategy and plans will be consistent with the relevant legislation including Local Government Act and Treaty Settlement Act's.

Two hydraulic models have been developed and implemented for development and future planning purposes for water and wastewater.

Asset maturity statement

MDC have self-assessed current practice with appropriate and best asset management practice. (Based on International Infrastructure Management Manual - IIMM guidelines). The latest assessment was 2018. It was a light self-assessment with no formal assessment results. This assessment has not been independently audited.

Statement of regulatory compliance

MDC have adopted and implemented the compliance management tool, Infrastructure Data (ID). ID is an automated tool integrated with SCADA, GWRC and Taumata Arowai. It is used to manage, monitor and report on all DWS and Resource Consent compliance requirements. Full compliance with the Drinking Quality Assurance Rules is being achieved. Compliance with the RMA is very high. There currently four minor non compliances under review by council staff.

Resource consents

MDC holds consents for water abstractions and discharges from its treatment plants. It is currently renewing the consent for Masterton Urban water abstraction, which is operating under section 124 of the Resource Management Act 1991. The consents for three of the four wastewater treatment plant discharges and discharges of supernatant from the Masterton water treatment plant are due for renewal in the coming ten years.

ensitivity: General

Allowances have been made in the current LTP for Urban Water Treatment (WTP) consent renewals, Homebush WWTP consent renewal and potential new stormwater discharge consents. The Homebush plant's consent renewal process is scheduled to begin in 2032, but any significant capital investment that may be required will be beyond the 10 year timeframe of this WSDP.

The council is monitoring the regulatory environment for future implications of changes to the environmental compliance standards, particularly the National Wastewater Environmental Performance Standards being developed by Taumata Arowai.

Water supply levels of service

In 2023/24 Council met five of the nine water supply performance measures. The performance measures that were not met were for drinking water technical issues and high leakage and consumption:

- Customer Complaints 2.58 per 1,000 connections (target ≤6 per 1000 connections)
- Urgent Call-Out Attendance: Achieved – 28 minutes (target ≤60 minutes).
- Urgent Call-Out Resolution: Achieved – 61 minutes (target ≤480 minutes).
- Non-Urgent Call-Out Attendance: Achieved – 74 minutes (target ≤7 days).
- Non-Urgent Call-Out Resolution: Achieved – 140 minutes (target ≤3 months).

Four of the measures weren't met including:

- Bacterial Compliance (Part 4) Masterton was compliant, Tīnui was only partially compliant due to technical issues.
- Protozoal Compliance (Part 5) Masterton was compliant, Tīnui was only partially compliant due to technical issues.
- Water Loss was 45% against a 32.4% target, however the measure was based on the new water balance method rather than the historical minimum night flows, against which the original target was set.
- Average water consumption was 664 litres per person against a target of ≤578 litres per person per day.
- Note - The Winter Water Use methodology has been applied for the most recent consumption analysis, now that water meters are installed. The results are consumption is 405 litres/person/day, losses are 30%.

Wastewater levels of service

In 2023/24 Council meet all six wastewater performance measures, including:

- Sewerage Complaints: Achieved – 6.56 complaints per 1,000 connections (target ≤8).
- Attendance at Sewerage Overflows: Achieved – 25 minutes (target ≤6 hours).
- Resolution of Sewerage Overflows: Achieved – 161 minutes / 2.68 hours (target ≤12 hours).
- Dry Weather Sewerage Overflows: Achieved – 1.01 per 1,000 connections (target ≤2).

ensitivity: General

- Compliance with Resource Consents: Achieved – 100% compliant (target = 100%).
- Alternative System Provided (>24hr outage): Achieved – 0.2 per 1,000 connections (target ≤1).

Stormwater levels of service

In 2023/24 Council met four of the five stormwater performance measures. The performance measure that was not met was for the number of customer complaints and this is always an area for improvement.:

- Flooding Events: Achieved – 0 flooding events (target ≤10).
- Habitable Floors Affected by Flooding: Achieved – 0 per 1,000 connections (target ≤1).
- Compliance with Stormwater Consents: Achieved – 100% compliance (target = 100%).
- Flooding Event Response Time: Achieved – N/A (no flooding events to respond to; target ≤60 minutes).

One measure wasn't met

- Stormwater Complaints: Not Achieved – 3.22 complaints per 1,000 connections (target ≤3).

MDC Table 4: Regulatory compliance

Parameters	Drinking supply schemes	Wastewater schemes	Stormwater schemes/catchments
Drinking water supply • Bacterial compliance (E.coli) • Protozoa compliance • Chemical compliance • Boiling water notices in place • Fluoridation • Average consumption of drinking water • Water restrictions in place (last 3 years) • Firefighting sufficient	**Bacterial compliance (E.coli)** Masterton: Yes Tinui: No **Protozoa compliance** Masterton: Yes Tinui: No **Chemical compliance** Masterton: Yes Tinui: Yes **Boiling water notices in place** Wainuioru (non-potable supply) - Permanent BWN **Fluoridation** Masterton: Yes Tinui: No **Average consumption of drinking water** 664 l/person/day **Water restrictions in place (last 3 years)** Water restrictions in place most summers **Firefighting sufficiency**	n/a	n/a

ensitivity: General

Parameters	Drinking supply schemes	Wastewater schemes	Stormwater schemes/catchments
	Council believes it has sufficient capacity within its Masterton water supply infrastructure to continue to supply the current levels of potable water from Kaituna and Tinui to service and absorb possible expansions in its water network. This has not been formally assessed.		
Resource Management • Significant consents (note if consent is expired and operating on S124) • Expire in the next 10 years • Non-compliance: o Significant risk non-compliance o Moderate risk non-compliance o Low risk non-compliance • Active resource consent applications • Compliance actions (last 24 months): o Warning o Abatement notice o Infringement notice o Enforcement order o Convictions	**Water supply takes** Greater Wellington Regional Council (GWRC) consents include: **WAR 170176 expired)** **Waingawa River** Expiry 23 April 2023 Operating under Section 124 conditions and renewal in progress. To take up to 40,000m³ of water/day (463 L/P/S) from the Waingawa River for public water supply. **WAR 010244** **Whareama River Catchment Tinui** Expiry 21 Sept 2036 To take up to 90m³ of water/day Telemetered water take data is supplied to GWRC on request. **Water discharge** **WAR 120241** **Upper Plain Road, Masterton** Expiry 16 Sept 2029 To discharge supernatant into water **Non-Compliances 2023/24 Year** **WAR 170176** - Moderate risk non-compliance. Syphon intake screen to be installed. **WAR 120241** - Low and Moderate risk non-compliances for flow and Al concentration exceedances. **Compliance actions** No compliance actions	**Wastewater discharge water/land/air** Greater Wellington Regional Council (GWRC) consents **WAR090066** **Homebush wastewater treatment plant.** Expiry 08 Dec 2034 **WAR090356** **Riversdale's wastewater treatment facility.** Expiry 30 Sep 2039 **WAR050019** **Tinui's wastewater treatment facility** Expiry 30 Sep 2030 **WAR080010** **Castlepoint's wastewater treatment facility.** Expiry 10 Apr 2029 **Network – no consent** No active resource consent applications **Non Compliances 2023/24 Year** **WAR080010** - Low risk non-compliance for discharges to land and water. No field sheets for April and May, exceedances for suspended solids and late annual report submission etc.	**Stormwater discharge – Granted Stage 1** Stormwater Monitoring Consent. Network – Granted Stage 1 Stormwater Monitoring Consent. **Non Compliances** No resource consent breaches (2021-23 **Compliance actions** No compliance actions

ensitivity: General

Parameters	Drinking supply schemes	Wastewater schemes	Stormwater schemes/catchments
		WAR090066 - Low and Moderate risk non-compliances. Late annual report, Review report not received, minor discharge dilution and E.coli exceedances, sampling issues etc. **Compliance actions** Abatement notice (2022/2023) Infringement notice (2021/2022)	

Capital expenditure required to deliver water services

MDC plans for capital expenditure across drinking water, wastewater, and stormwater services to ensure infrastructure remains fit for purpose and meets community needs. Investment is categorised into three main areas:

- To meet additional demand, driven by growth in population or industry
- To improve levels of service, addressing quality, reliability, or compliance requirements
- To replace existing assets, ensuring aging infrastructure is maintained or renewed

Capital investment decisions are determined by the following considerations:

- When should existing infrastructure be replaced?
- When should the Council invest in improving the existing service?
- How much needs to be invested to provide infrastructure for a growing community?
- The Asset Management Plans for each infrastructure activity provide the details of the renewal programme.

Table 5 below sets out the specific projects for each water service that will be undertaken over the WSDP period and Table 6 below outlines the projected capital investment across each water service, broken down by purpose and year.

ensitivity: General

MDC Table 5: Specific investment projects by water service

Water Supply investment ($51.2 million over 10 years)	Wastewater investment ($30.84 million over 10 years)	Stormwater investment ($12.0 million over 10 years)
• Urban WTP - plant & equipment upgrades $920,000 over ten years – ensure adequate and compliant treatment • Raw water storage reservoir capacity increase $8,370,000 by 2028 • Water metering $250,000 – 2025/26 complete installation and implement charging regime – to reduce demand and provide headroom for growth • Water trunk main renewal $5,060,000 over 5 years until 2029 • Annual water mains & laterals reticulation renewals total $23,820,000 over 10 years of the LTP • Urbanisation of Millard Ave $863,000 – Provide for greenfield growth and infill • Reservoir upgrades $7,910,000 in 2026-2028 – provide increased storage of treated water for growth and resilience	• Annual wastewater mains & laterals reticulation renewals total $22,712,000 over 10 years of the LTP • Homebush WWTP investment in engineering design options for reconsenting, $5,040,000 from 2031 to provide for future growth and environmental standards changing • There is potential for an estimated $55 million additional investment needed beyond 2034 if significant upgrading is required to gain a new consent • Millard Ave sewer extension $1,414,400 2026 – Provide for greenfield growth and infill	• Annual investment in stormwater assets totals $7,000,000 over 10 years of the LTP • Provision of $1,902,000 allowed over 3 years from 2028 for facilities to improvement of stormwater • Urbanisation of Millard Ave $435,200 – Provide for greenfield growth and infill

MDC Table 6: Projected investment in water services

Projected investment in water services	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Drinking water										
Capital expenditure - to meet additional demand	0	1,513	0	0	0	0	0	0	0	0
Capital expenditure - to improve levels of services	200	1,350	7,102	6,720	2,828	(0)	(0)	(0)	21	(0)
Capital expenditure - to replace existing assets	5,030	4,666	2,359	4,690	3,685	3,061	2,379	2,474	3,734	2,482
Total projected investment for drinking water	5,230	7,529	9,461	11,410	6,513	3,060	2,379	2,474	3,755	2,482
Wastewater										
Capital expenditure - to meet additional demand	0	1,414	0	0	0	0	0	0	0	0
Capital expenditure - to improve levels of services	0	0	0	0	0	(0)	(0)	2,513	618	1,888
Capital expenditure - to replace existing assets	2,710	1,891	2,161	2,333	2,394	2,450	2,575	2,551	2,593	2,646
Total projected investment for wastewater	2,710	3,306	2,161	2,333	2,394	2,450	2,575	5,064	3,211	4,534

ensitivity: General

Projected investment in water services	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Stormwater										
Capital expenditure - to meet additional demand	0	435	0	0	0	0	0	0	0	0
Capital expenditure - to improve levels of services	0	1,088	1,115	626	470	482	493	(0)	(0)	(0)
Capital expenditure - to replace existing assets	310	653	1,087	716	705	722	738	753	769	784
Total projected investment for stormwater	310	2,176	2,202	1,341	1,175	1,204	1,231	753	769	784
Total projected investment in water services	8,250	13,011	13,824	15,084	10,082	6,714	6,186	8,291	7,734	7,800

Historical delivery against planned expenditure

MDC has a good record of achievement against its renewal capital works delivery targets. The key steps MDC has taken to maintain and improve its delivery of capital works are:

- Maintain a consistent forward programme of contracted reticulation renewals to ensure the work is spread across multiple contractors to maintain a competitive market and so those contractors can retain skilled staff by having a forward programme of work. Contracts have traded off flexible timing/delivery for best value-for-money in the procurement process.
- Improved internal systems and processes to support strong delivery of capital works.

MDC Table 7: Historic delivery against planned expenditure (7 years)

Historical capital delivery performance – Water renewals

Delivery against planned investment - $000's	Renewals investment for Water services			
	FY2024/25	FY21/22 - FY23/24	FY18/19 - FY20/21	Total
Total planned investment (set in the relevant LTP)	$5,030	$6,836	$5,088	$16,954
Total actual investment	$4,425	$6,734	$3,126	$14,285
Delivery against planned investment (%)	88%	99%	61%	84%

Historical capital delivery performance - Wastewater renewals

Delivery against planned investment -$000's	Renewals investment for Wastewater services			
	FY2024/25	FY21/22 - FY23/24	FY18/19 - FY20/21	Total
Total planned investment (set in the relevant LTP)	$2,710	$7,111	$3,626	$13,447
Total actual investment	$2,424	$10,093	$4,568	$17,085
Delivery against planned investment (%)	89%	142%	126%	127%

ensitivity: General

Historical capital delivery performance - Stormwater renewals

Delivery against planned investment - $000's	Renewals investment for Stormwater services			
	FY2024/25	FY21/22 - FY23/24	FY18/19 - FY20/21	Total
Total planned investment (set in the relevant LTP)	$310	$1,827	$1,070	$3,207
Total actual investment	$277	$1,252	$ 492	$2,021
Delivery against planned investment (%)	89%	69%	46%	63%

Historical capital delivery performance - All Water Services

Delivery against planned investment $000's	Renewals investment for All Water Services				Total investment in All Water Services			
	FY2024/25	FY21/22 - FY23/24	FY18/19 - FY20/21	Total	FY2024/25	FY21/22 - FY23/24	FY18/19 - FY20/21	Total
Total planned investment (set in the relevant LTP)	$8,050	$15,774	$9,784	$33,608	$8,250	$26,099	$17,517	$51,866
Total actual investment	$7,126	$18,079	$8,184	$33,389	$7,285	$24,764	$12,319	$44,368
Delivery against planned investment (%)	89%	115%	84%	99%	88%	95%	71%	86%

ensitivity: General

Part C: Revenue and financing arrangements

C1: Revenue and charging arrangements

Note for reader

As set out in Part A, proposed charging arrangements for water services will be subject to further discussions between the Partner Councils and the WSCCO. These arrangements will reflect the legislative requirements signalled in the Local Government (Water Services) Bill. Current charging structures are expected to continue under the WSCCO for a period – the WSCCO will be responsible for determining the amount of revenue to collect according to financial sustainability requirements and existing tariff structures. The WSCCO will review tariff structures, including consideration of metering, as required under the Local Government (Water Services) Bill. The feasibility of the WSCCO directly billing and invoicing customers from day one will be determined through establishment and transition planning.

Charging and billing arrangements

Water supply charges

MDC has two public water supply schemes servicing the Masterton urban area, surrounds, and Tīnui village.

The Masterton scheme is funded by direct charges and rates. The rates required are split 30/70 as follows:

- 30% by a targeted services charge (Urban Water Supply Charge for Masterton) for each Separately Used or Inhabited Part of a rating unit (SUIP) and
- 70% from a Targeted Capital Value (CV) rate charged on serviceable properties, with a 2x differential applied to non-residential properties (schools and retirement villages are charged at the residential rate).

Direct charges are revenue offsetting costs before the rates are set and include connected rural and Waingawa properties charged the targeted service charge and by usage through meters. Tinui is funded by a targeted service charge per connected property.

The Tīnui water supply services 28 properties, and the full costs of the supply make it uneconomic to charge full cost recovery; hence, a general rural ratepayer subsidy (c.75%) is helping to fund the scheme through a Sundry Facilities and Services rate.

The Masterton Urban Scheme provides water to the Waingawa industrial area in Carterton. The connection is metered, and each connected property is metered, and Masterton charges the Carterton District Council based on water supplied and the Urban Water Supply Charge per SUIP for Masterton. Carterton DC charges their ratepayers.

Rural properties beyond the Masterton Urban boundary that are connected to the urban supply are metered and charged based on water supplied and the Urban Water Supply Charge per SUIP for Masterton.

Council also charges for a range of services related to new water supply connections directly via fees and charges, which are reviewed annually.

ensitivity: General

New connections to the Masterton Urban and Tīnui Water supplies are subject to Infrastructure contribution service fees. The Council is progressing the implementation of a Wairarapa Combined District Plan. Once operative, new connections to the Masterton Urban scheme will be charged a buy-in price reflecting a proportion of the scheme's capital value. Under the WSCCO model, it is expected that the setting and collection of these contributions will remain with the Council, but the revenue will be passed over to the WSCCO.

Wastewater charges

Masterton has four public wastewater schemes servicing Masterton urban area and surrounds, Riversdale Beach community, Castlepoint and Tīnui village.

The Masterton urban wastewater scheme rates required is funded as follows:

- 30% by a targeted services charge per SUIP and
- 70% by a Targeted Capital Value rate charged on serviceable properties, with a 2x non-residential differential.

There are individual targeted charges for each of the four schemes: Urban Wastewater targeted charge (Masterton, 30% of costs per above), Castlepoint Sewerage Charge (100% of costs), Riversdale Beach Sewerage Charge (connected and serviceable) 100% of costs, and Tīnui Sewerage Charge (50% of costs). The Riversdale Beach scheme has separate targeted charges for connected versus unconnected but serviceable properties. Masterton urban commercial properties are charged a two-times multiplier on the 70% CV rate portion; however, schools and retirement villages are charged at the residential rate. The charges for the rural schemes of Castlepoint, Riversdale Beach and Tīnui are based on direct costs only and don’t currently include any cost recovery for Council overheads.

Trade waste customers are charged application and annual consent fees based on categorising their discharges as small, medium or large, with provision for flow strength and suspended solids charging as appropriate to consent conditions. Trade waste charges and septic tank waste disposal charges generate income before the rates required from all serviced properties are calculated.

The Masterton Wastewater Scheme also collects and treats wastewater from the Waingawa industrial area (in Carterton). Masterton District Council charges the Carterton District Council based on the Masterton Urban wastewater rates. Carterton collects the rates from its ratepayers.

A general rural ratepayer Sundry Facilities and Services rate is helping to fund (c.50%) of the Tīnui wastewater scheme, keeping the cost affordable for the limited number of properties connected.

The Council also charges for a range of services related to new wastewater connections directly via fees and charges, which are reviewed annually. New connections to the wastewater schemes are subject to an Infrastructure contribution service fee. For Castlepoint and Riversdale Beach this fee is based on recovering a share of the scheme's historical cost. For Riversdale Beach and Tīnui, some individual properties that were charged a capital contribution in 2012 for the scheme and upgrades, are still paying this off.

The Council is progressing the implementation of a Wairarapa Combined District Plan. Once operative, new connections to the Masterton Urban scheme will be charged a buy-in price reflecting a proportion of the scheme's capital value.

ensitivity: General

Stormwater management charges

The Masterton urban stormwater network is charged through a Targeted Capital Value rate for properties in the Masterton urban area. Masterton urban commercial properties are charged a two-times multiplier on the CV rate; however, schools and retirement villages are charged at the residential rate. Minor stormwater works costs for Riversdale Beach and Castlepoint are charged back to the wastewater scheme costs and recovered through those schemes.

Commercial and industrial user charges

Commercial and industrial ratepayers are currently charged a two-times multiplier of the residential CV rates for water and wastewater services. Additionally, trade waste charges are levied for trade waste customers based on a discharge category. Flow strength and load charges are in place but are not currently required.

Ringfencing of costs and revenue

Council currently tracks and records direct costs against each water activity and by scheme to ensure costs are accurately recovered in line with the Revenue and Financing Policy. This includes charges for depreciation, interest and debt repayment against each scheme. An allocation of the Council overheads is charged to Masterton urban networks; however, the rural schemes are currently only charged for direct costs such as operations, labour, materials, debt repayment and financing costs. It is expected that the WSCCO will implement its own overhead allocation model to incorporate cost allocation across all schemes.

Stormwater costs for Masterton, Castlepoint and Riversdale Beach are not recovered through directly charging properties that receive the stormwater services. The charging mechanism using a CV rate or the beach wastewater schemes will be reviewed to determine how this will be implemented. The Council may need to continue collecting rates for the WSCCO if no equitable charging mechanism can be determined for stormwater.

Tinui water supply and wastewater are currently subsidised by a rural Sundry Facilities and Services rate contributions. The subsidisation of these schemes will be reviewed and alternative source of subsidisation considered from within each of the respective water and wastewater activities.

Future charging arrangements

The Council has installed water meters and intends implementing charging for water using the per property usage information that is available. It is expected that 2026/27 will be the first year that charges for water used will be implemented and there will be a two-year transition to allow the change away from CV rating to be implemented without significant impacts at the individual property level. The new arrangements would be mid-transition so would be expected to be fully transitioned by the WSCCO at establishment and the WSCCO will then determine the future tariff structure, as required under s63 of the Local Government (Water Services) Bill. The wastewater charging model, using CV rating for 70% of the revenue from rates, is not expected to be sustainable under the WSCCO as the WSCCO will not have the ability to levy rates on CV. The same applies to the revenue requirements to fund stormwater.

In the future, it will be the responsibility of the WSCCO to charge for water services. The specific charging mechanisms for each supply scheme or catchment are yet to be determined. Whether the current charging approach is retained or revised will be decided by the WSCCO, which will also be fully responsible for revenue collection. Part A of this plan notes the WSCCO will be required to review and confirm its tariff structure as required by the Local Government (Water Services) Bill. There is a transition risk of significant change to what low value residential properties pay if the WSCCO moves away from CV rating (with a commercial differential) to targeted uniform charging for wastewater and stormwater services.

ensitivity: General

Responsibility for revenue collection from day 1 will be determined through the transition planning – as Part A indicates, it is yet to be determined exactly how billing arrangements are established for the WSCCO, however, if feasible, shareholding councils will work towards the entity to be enabled to independently bill for day one. The current assumption is that Councils will collect revenue on the WSCCO's behalf for a determined period to manage the risk of transition (with revenue requirements set by the WSCCO to meet financial sustainability requirements). In any interim arrangement, councils would act solely as agents, with no liability for collection, and all revenue would be passed through to the WSCCO via Council balance sheets in a manner consistent with the treatment of regional council rates. During the transition, any payments mistakenly made to Council will be transferred to the WSCCO and will not be treated as Council revenue. Councils have agreed that the WSCCO will operate a cost-to-serve model for nine years, after which time the matter will be reviewed by the Board and Shareholding Councils.

Water services revenue requirements

Note to the reader

This section has been completed based on the Council's current approach to charging and pricing, as set out in the 2024/34 LTP, with some adjustments which have been applied across the four Councils. Key adjustments have been made to ensure conservatism in the forecasts, include Taumata Arowai and Commerce Commission levies, incremental costs associated with a WSCCO including audit, board and management costs, and debt funding establishment costs, and incorporate changes in financing cost assumptions to align with current LGFA rates. A summary of modelling assumptions can be found in Appendix 2.

The Council's traditional means of setting revenue requirements comes from the Council's planning documents (LTP & Annual Plans) where they set out to achieve an operating break-even i.e., operating revenue equals operating expenditure. Rates revenue is the balancing figure after any external revenue is taken account of. Debt repayment is factored into the revenue figures as well. Capital expenditure is funded from depreciation reserve funds, new borrowing and external capital contributions.

Current revenue sources:

- Targeted services charges and rates based on property Capital Values
- Activity connection fees and charges
- Development contributions
- Trade waste category charges
- Water meter volumetric charges for rural properties connected to the urban schemes.
- Infrastructure contributions for connections to Masterton, Riversdale Beach, Tīnui and Castlepoint schemes, subject rates set by the Wairarapa Combined District Plan and via Council's LTP and Annual Plan
- External revenue from the charges to Carterton for the Waingawa industrial area water supply and wastewater disposal. c.$240k for water and $100k for sewer.

Future revenue sources

From 1 July 2027, the WSCCO will be fully responsible for charging and collecting revenue for water services, including setting revenue requirements for each Council based on the cost-to-serve pricing approach. The existing arrangements (Council rating) could be retained by the WSCCO at establishment and the WSCCO will then determine the future tariff structure, as required under s63 of the Local Government (Water Services) Bill, in a later year.

It is yet to be determined how future charges will be structured across supply schemes and catchments, however Masterton does have water meters and charging for water based on use is expected; the WSCCO may introduce differentiated charges or categories of charges for consumers in future, which are not currently applied by Council. Charging for the

ensitivity: General

costs of both wastewater and stormwater services remains to be determined as the WSCCO will not have the ability to levy charges based on property values and uniform charges will not sufficiently reflect the benefits provided to higher valued properties.

The Council currently has the ability to charge non-residential properties a differential on the value-based rates for wastewater and stormwater. Moving away from this regime will inevitably shift the costs from non-residential and high value properties to medium to lower value residential properties.

The WSDP is conservative in its forecast of revenue from development contributions, but the new Wairarapa Combined District Plan includes increased infrastructure contributions that have the potential to generate more revenue than has previously been achieved under the old regime.

ensitivity: General

MDC Table 8: Forecast water services funding impact statement

Funding impact statement ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Sources of operating funding										
General rates	0	0	0	0	0	0	0	0	0	0
Targeted rates	15,017	16,007	17,197	17,818	17,852	17,874	17,972	18,385	18,755	19,039
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	144	146	151	154	158	162	165	169	172	175
Fees and charges	1,490	1,218	1,085	1,114	1,143	1,171	1,198	1,226	1,252	1,279
Total operating funding	16,651	17,371	18,433	19,086	19,153	19,207	19,335	19,779	20,178	20,494
Applications of operating funding										
Payments to staff and suppliers	4,837	5,009	4,661	5,386	5,503	5,638	5,723	5,822	5,902	5,996
Finance costs	2,002	1,707	2,077	3,262	3,632	3,734	3,732	3,771	3,850	3,907
Internal charges and overheads applied	3,006	3,299	3,267	3,350	3,468	3,613	3,677	3,809	3,941	4,001
Other operating funding applications	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	9,845	10,015	10,005	11,999	12,602	12,985	13,132	13,401	13,693	13,905
Surplus/(deficit) of operating funding	6,805	7,356	8,428	7,088	6,551	6,222	6,203	6,377	6,485	6,589
Sources of capital funding										
Subsidies and grants for capital expenditure	1,270	0	0	0	0	0	0	0	0	0
Development and financial contributions	170	170	170	170	170	170	170	170	170	170
Increase/(decrease) in debt	(1,251)	(571)	4,209	5,775	2,582	(718)	(462)	1,925	1,495	2,075
Gross proceeds from sales of assets	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	189	(401)	4,379	5,945	2,752	(548)	(292)	2,095	1,665	2,245
Applications of capital funding										
Capital expenditure - to meet additional demand	0	3,363	0	0	0	0	0	0	0	0
Capital expenditure - to improve levels of services	200	2,438	8,217	7,346	3,298	481	491	2,500	639	1,867
Capital expenditure - to replace existing assets	8,050	7,210	5,607	7,739	6,784	6,233	5,695	5,792	7,096	5,933
Increase/(decrease) in reserves	(1,255)	(6,056)	(1,018)	(3,301)	(779)	(1,040)	(274)	181	416	1,035
Increase/(decrease) in investments	0	0	0	1,250	0	0	0	0	0	0
Total applications of capital funding	6,995	6,955	12,806	13,033	9,303	5,674	5,911	8,472	8,151	8,834
Surplus/(deficit) of capital funding	(6,805)	(7,356)	(8,427)	(7,088)	(6,551)	(6,222)	(6,203)	(6,377)	(6,485)	(6,589)
Funding balance	0	(0)	0	(0)	0	0	0	0	0	0

ensitivity: General

Affordability for communities

Councils have adopted a cost-to-serve, ring-fenced pricing approach for nine years, ensuring that each Council's pricing reflects its own infrastructure needs while still meeting the overall financial sustainability requirements of the WSDP. The charges for water services that are being paid by Masterton ratepayers currently vary because of the rating model that uses 70% on CV and a differential of 2x times on those CV rates charged to commercial properties. CV rating with differentials will not be available to the WSCCO, so a re-distribution of the revenue requirements will occur which is expected to be through transitional period.

The affordability of the three waters services in the Masterton district is considered to be good, with a low average charge per connection projected to be below $2,000 (in nominal terms) through until 2034 and that cost being at or below 2% or less as a percentage of median household income across the WSDP period.

MDC Table 9: Average charge per connection

Average charge per connection including GST	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Average drinking water bill (including GST)	619	665	704	750	898	934	916	907	905	896
Average wastewater bill (including GST)	901	928	985	966	816	760	763	792	810	827
Average stormwater bill (including GST)	130	148	163	188	180	187	194	196	199	201
Average charge per connection including GST	1,650	1,741	1,852	1,904	1,894	1,880	1,872	1,896	1,914	1,924
Water services charges as % of household income	1.9%	2.0%	2.0%	2.0%	1.9%	1.9%	1.8%	1.8%	1.7%	1.7%

C2: Funding and financing arrangements

Borrowing requirements

Over the 10-year planning period, MDC has planned a number of substantial capital investment projects to both renew assets to maintain service levels, increase resilience and support growth. This will be funded by way of both current revenue and debt. Council's debt will continue to stay below the current debt covenants with LGFA. Over the forecast period, water services are forecast to require $96.9m in capital investments. To support this investment, net debt is expected to increase from $39.5m to $66.7m, with the remaining funding to come from water services revenue and development contributions. The tables below identify investment required and net debt by individual water service, with net debt associated with water services transferred to the WSCCO in FY28.

MDC Table 10: Investment by water services

Investment by water service ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Drinking water	5,230	7,529	9,461	11,410	6,513	3,060	2,379	2,474	3,755	2,482
Wastewater	2,710	3,306	2,161	2,333	2,394	2,450	2,575	5,064	3,211	4,534
Stormwater	310	2,176	2,202	1,341	1,175	1,204	1,231	753	769	784
Total investment	8,250	13,011	13,824	15,084	10,082	6,714	6,186	8,291	7,734	7,800

ensitivity: General

MDC Table 11: Net debt by water services

Debt to revenue by water service ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Drinking water - net debt	8,000	13,261	20,083	29,837	33,305	33,059	32,217	31,537	32,085	31,427
Wastewater - net debt	31,301	29,809	26,609	25,038	24,303	24,243	24,303	26,620	27,041	28,624
Stormwater - net debt	296	2,012	3,616	4,509	5,137	5,765	6,360	6,467	6,577	6,692

Financial strategy and debt repayment

The WSO will arrange borrowings through the LGFA, supported by a Council guarantee or uncalled capital, with the final security arrangements and financial covenants to be agreed between the participating Councils and the LGFA. In doing so, the expectation is the water organisation will be required to comply with two key LGFA financial covenants:

- FFO-to-debt ratio: The ratio of FFO- to-debt must remain above 9%. This metric incorporates 50% of Development Contribution revenues in the FFO calculation, based on LGFA guidance.
- Interest coverage ratio (ICR): The ICR must be maintained above 1.5x, based on LGFA covenants.

Overall, the WSCCO achieves 10% FFO-to-debt by FY32, and 9% FFO-to-debt by FY31. This approach has been tested with the LGFA, who have indicated that this is within their expectations and guidance on transitioning to a new capital structure.

Financial projections for MDC's components of the WSCCO indicate that both covenants will be met over the planning horizon, targeting a 10% FFO-to-debt ratio against the LGFA covenant of 9% and an interest coverage ratio above the 1.5x covenant. MDC is anticipated to meet the 10% target from year one of operation.

As part of its broader financial governance, the Council will continue to adhere to its Treasury Management Policy, which sets a whole-of-Council borrowing limit of 175% net debt to revenue during the transition period. The transfer of water services to the WSCCO is expected to improve Council's position against this benchmark, creating additional headroom for future non-water investments. Further information is outlined in Part D.

The WSCCO will utilise debt financing for long-lived capital expenditure, such as infrastructure upgrades and compliance-driven projects. Short-term liquidity needs may also be met through borrowing; however, operating costs will be funded through water revenues. This approach supports intergenerational equity and aligns with sound financial management principles. While the WSCCO's forecasts are structured to show debt aligned with investment needs, rather than explicitly modelling principal repayments, the debt strategy assumes the use of FFO as the primary mechanism for managing debt over time.

In practice, this means the WSCCO will treat its debt portfolio as a flexible facility to support ongoing investment, while using excess operational cashflows to manage debt within overall LGFA covenant limits and shareholder expectations. The focus will be on maintaining liquidity, servicing interest costs comfortably, and ensuring that debt levels remain aligned with long-term revenue capacity, infrastructure need, and intergenerational equity. By maintaining debt within its borrowing limits and targeting FFO, the WSO can manage its debt exposure without prematurely constraining its investment programme or placing undue burden on current ratepayers.

Comprehensive treasury and financing policies will be developed as part of the transition as part of the financial and commercial workstream. This will include policies for managing liquidity and interest rate risks, and arrangements for transactional banking, working capital and loan facilities.

ensitivity: General

Internal borrowing

MDC has used some internal borrowing to fund capital expenditure for three waters activities in past years. All transactions have been recorded, and borrowings are tracked separately for each water, wastewater, and stormwater scheme. Principal and interest payments have been monitored at both the scheme and activity level, ensuring accurate debt attribution and financial transparency. The approach to repaying internal debt has been the same as for external debt. Notional loan tables have been used and the debt repayment is progressively funded from revenue, generally over 25 years. Internal loans are charged interest at the midpoint of the rolling average interest rate earned on investments and interest paid on external debt.

The internal borrowings will be included in the net debt number transferred to the WSCCO. Once that debt is part of the WSCCO, the repayment and accounting for it will be subject to the requirements of 'ring fencing' three waters costs, revenues and debt so as to be able to deliver on upcoming regulatory requirements. Interest on internal borrowings has been charged at a rate set at the midpoint between Council's external borrowing costs and term deposit investment returns.

Attribution of debt related to water services

To ensure that water supply and wastewater costs are allocated appropriately to beneficiaries of the services, the Council records and tracks debt funding for each water, wastewater, and stormwater scheme individually. Principal and interest payments are also allocated at the scheme and activity level, allowing for accurate debt calculation and attribution. Debt funding for capital works undertaken on the various schemes is attributed to the respective activity and scheme. Debt repayments are tracked to maintain an accurate balance of remaining debt against each activity and scheme.

As of 30 June 2024, the Council's total external debt was $62.6 million, including $7.6 million of prefunding, with a net debt of $37.7 million. In addition the Council had $7.8 million of internal loans/investments. The net debt attributed to the three waters activities as at 30 June 2024 is $39.6 million. This includes both internal and external borrowings offset by reserve funds (represented by cash assets) that have arisen from water services funding.

Insurance arrangements

Insurance Management for Water Services

Future WSCCO insurance arrangements are yet to be confirmed but appropriate arrangements will be determined and put in place as part of the transition. Following transition, the WSCCO will be the asset-owning entity and will therefore be responsible for holding appropriate insurance policies for water services assets, conducting valuations, and developing risk and insurance management policies. The WSCCO will need some new insurances not currently held by Councils e.g., Directors' and Officers' liability cover.

In the interim, MDC remains an asset-owning and delivering organisation. It will maintain appropriate insurance cover for all three waters assets as part of its wider risk management and financial assurance framework. Responsibility for managing water services insurance is delegated to the General Manager of Finance, who reports twice yearly to the Risk and Audit Committee. Below ground pipe networks are covered for disasters through the LAPP group scheme (Local Authority Protection Programme) - see below.

Current Insurance Policies and Coverage

Council has insurance for its above-ground three-water assets, including treatment plants and reservoirs, through its property portfolio on a full replacement value basis. This policy covers material damage and is based on market and valuation data. The new WSCCO will be expected to arrange cover from the asset transfer date.

ensitivity: General

Below-ground assets, such as water, wastewater, and stormwater reticulation networks, are insured through the Local Authority Protection Programme (LAPP). This provides disaster cover for up to 40% of the asset valuation, in accordance with national disaster recovery cost-sharing arrangements for underground infrastructure. Council provides updated asset data, including GIS layers, condition attributes, and replacement valuations, to support renewal assessments and reinsurance through the London insurance markets.

It is assumed current arrangements will continue as part of the transition to the WSCCO but this decision will be considered and taken as part of the transition programme. The LAPP scheme (administered by Aon) has indicated they will continue to make cover available to members who transfer their assets to a WSCCO.

Insurance Risk Assessments and Modelling

Council renews its insurance policies for water services assets on an annual basis. To support these renewals, risk scenarios and maximum probable loss modelling have been undertaken to inform cover levels and balance between risk exposure and insurance needs.

Valuation and Insurance Calculations

Water services assets are revalued on a three-year cycle, with above-ground and below-ground assets valued separately. Below-ground assets were most recently revalued as of 30 June 2023, and above-ground assets as of 30 June 2024, in line with the revaluation of the Council's broader property portfolio. Valuations form the basis for insured values, supported by asset information. The next revaluation of MDC's infrastructural assets is scheduled for 30 June 2026.

ensitivity: General

Part D: Financial sustainability assessment

Note for reader

Part A confirms the financial sustainability of the WSCCO by 30 June 2028. Given the decision to adopt cost-to-serve pricing, this Part D section refers to the financial sustainability of MDC within the WSCCO. Financial statements included as Part F provide the detail to support the statements regarding the WSCCO's financial sustainability.

Revenue projections are based on revenue required to meet the Council's investment plans as set out in latest LTPs or Annual Plans, with a transition to a WSCCO in FY28 for water services. Additional operating costs are included for the WSCCO to ensure adequate allowance for overheads, financing costs, and additional overheads associated with a WSCCO (e.g. Board, management and audit costs). A copy of the underlying assumptions can be found in Appendix 2.

D1: Confirmation of financially sustainable delivery of water services

This Part D confirms that MDC, within the WSCCO, achieves the financially sustainable delivery of water services by 30 June 2028.

Revenue sufficiency

MDC (including its component of the WSCCO from FY28 is projecting sufficient revenue to meet the full cost of water services delivery, including operating expenditure, asset renewals, and debt servicing. This is underpinned by a shift to a WSCCO with a target capital structure generating sufficient revenues over the forecast period, with MDC water services generating cumulative operating cash surplus ratio of 52.6% of operating revenues, indicating sufficient revenues to meet expenses. Operating cashflow surpluses over the 10-year period are forecast at around $99.7 million, providing sufficient headroom to meet interest costs and liquidity needs.

Note, the WSCCO is targeting 10% FFO-to-debt, against a covenant of 9%, which provides headroom if revenue forecasts are not achieved.

For the Masterton community, average water charges per connection are forecast to increase from $1,650 in FY25 to $1,924 in FY34 (in nominal terms), which represents an average of 1.9% of median household income in the district across the 10 years, with potential to further increase revenue, if required, to manage risk or respond to unforeseen costs. This is based on a cost-to-serve principle throughout the WSDP period.

Investment sufficiency

The WSDP includes $97 million in forecast capital investment over the 10-year period. This programme includes:

- Renewals to maintain existing levels of service and asset reliability
- Upgrades to achieve compliance with drinking water standards and to improve network resilience
- Growth-related projects to service projected increases in demand.

Further commentary regarding investment sufficiency is included in D3 below. This commentary focuses on what assets are targeted for renewals, what the driver is for investment in increased levels of service (resilience and environmental standards).

Financing sufficiency

Over the WSDP period, close to $97 million of capital investment is forecast for MDC and total debt related to MDC reaching around $66.7 million in FY34. The Council within the WSCCO, can manage the borrowing required within the applicable limits, with additional headroom available each year, as modelled and presented later in this Part and Part E of the WSDP.

Borrowing by the WSCCO, once established, will be undertaken through the LGFA and guaranteed by the participating Councils while:

ensitivity: General

- Targeting or maintaining an FFO-to-debt ratio of 10%, compared to the LGFA covenant of 9%.
- Maintaining an interest coverage ratio above the 1.5x covenant.

MDC meets the targeted 10% FFO to debt ratio from year one and will also meet the ICR (interest coverage ratio) requirement from year one (FY28).

With borrowing within limits, available headroom through the plan period, operating surpluses and potential to increase revenue further, MDC within the WSCCO can meet the financing sufficiency test.

Actions to achieve financially sustainable delivery of water services

To ensure the delivery of financially sustainable water services by 30 June 2028, the Council is transitioning water services to a WSCCO to better manage investment and development of in the infrastructure, maintain affordability for ratepayers, and support intergenerational equity in funding and service delivery. All water services will achieve financial sustainability requirements by FY28.

Risks to achieving financially sustainable water services

There are several risks to financially sustainable services, which are common across the four Partner Councils:

- **Cost escalation** - actual costs, particularly for large projects, may exceed estimates. Factors contributing to this include rising construction costs, increased material and labour prices, high costs to meet new resource consent conditions and changes in project scope due to unforeseen asset conditions.
- **Inflation and interest rate volatility** - Higher-than-forecast inflation or adverse interest rate movements may increase the cost of borrowing, placing upward pressure on water charges. Rapid rate increases or extended high-rate environments could affect financial sustainability and constrain future capital investment or lead to price increases.
- **Revenue constraints and affordability** - projected price paths are designed to balance cost recovery with community affordability. However, sustained increases in charges may encounter public resistance, particularly among fixed-income households and smaller communities. Any delays or political adjustments to planned price increases could create funding shortfalls.
- **Regulatory shocks** - new or revised drinking water, wastewater, or stormwater regulations could trigger additional unplanned investment. More stringent compliance measures or resource consent-imposed conditions that are introduced within the forecast period could impact both operating costs and capital priorities.
- **Supply chain constraints** - availability of skilled staff, contractors, engineers, and materials could impact the Council's and WSO's ability to deliver the capital programme on time. This has already been observed during past weather and pandemic events. Delays can lead to cost inflation and deferment of service improvements. Availability of skilled management and governance could also impact the WSO's establishment progress.
- **Incomplete or evolving asset data** - investment decisions are based on the best available asset condition data, but gaps or outdated information could lead to misalignment between investment timing and actual asset needs. This could result in inefficient allocation of capital or emergency spending.
- **Transition and governance risks** - establishment of a new WSO involves changes in governance, systems, and accountability. Any delays or misalignment in these transitions, particularly around financial systems or staffing, could temporarily affect delivery capacity or financial controls.
- **Climate change and resilience** – climate change and natural disasters (e.g., earthquake) poses increasing risks to water services through more frequent extreme weather events, rising sea levels, and changing rainfall patterns. These impacts can damage assets, raise costs, and disrupt service delivery. Building resilience into planning and asset management will help avoid unplanned costs and protect service reliability.

ensitivity: General

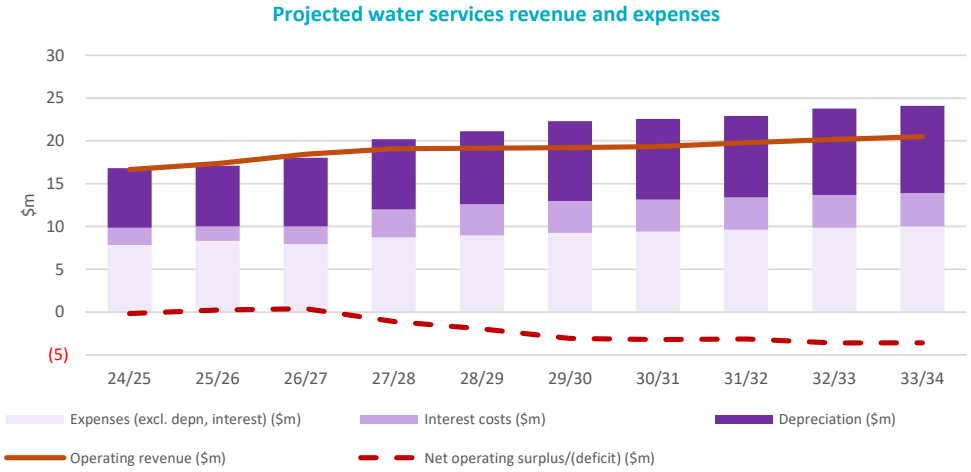
D2: Financial sustainability assessment - revenue sufficiency

MDC within the WSCCO (from FY28) is projected to generate sufficient revenue to meet the full cost of water services delivery, including operating expenditure, asset renewals, and debt servicing. This is underpinned by a shift to a WSCCO with a target capital structure generating sufficient revenues over the forecast period, with water services generating cumulative operating cash surplus ratio of 36% of operating revenues, indicating sufficient revenues to meet expenses. Operating cashflow surpluses over the 10-year period are forecast at $99.7 million, providing sufficient headroom to meet interest costs and liquidity needs.

Water services are in operating balance until FY27. The operating deficits from FY28 are accounting deficits, not cash deficits, driven by inclusion of full depreciation expense, with a WSCCO expected to debt fund capital renewals. MDC within the WSCCO generates strong cash surpluses, and deficits are relatively modest with available supporting borrowing capacity available to the Council.

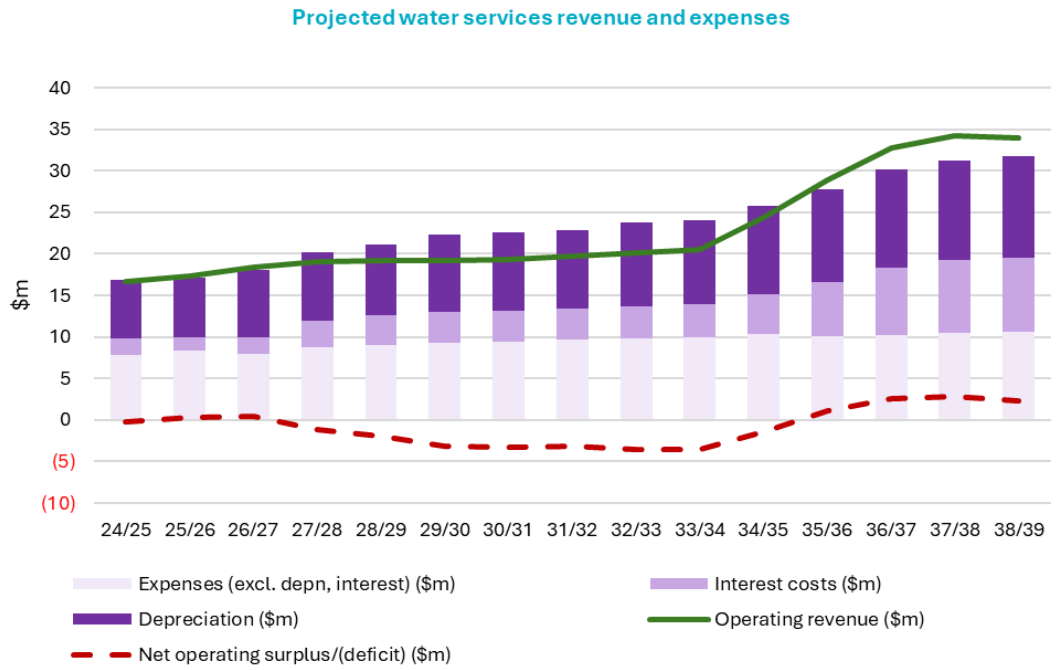
MDC has required investment in the Homebush treatment plant upgrade which falls outside the WSDP period (in FY35-39), which will see the need for revenue to increase to keep borrowing within prudent levels. This investment has been tested through additional modelling done to confirm the Council's financial position within the WSCCO, and the increases associated with the investment can be affordably managed across the relevant financial sustainability tests.

MDC Figure 1: Projected water services revenue and expenses



ensitivity: General

MDC Figure 2: Projected water services revenue and expenses beyond the WSDP period



Projected operating surpluses/(deficits) for water services

MDC Table 12: Projected operating surpluses/(deficits) for water services

Operating surplus ratio	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34	Total
Operating surplus/(deficit) excluding capital revenues	(166)	254	396	(1,108)	(1,971)	(3,087)	(3,220)	(3,144)	(3,608)	(3,594)	(19,248)
Total operating revenue	16,651	17,371	18,433	19,086	19,153	19,207	19,335	19,779	20,178	20,494	189,686
Operating surplus ratio	(1.0%)	1.5%	2.1%	(5.8%)	(10.3%)	(16.1%)	(16.7%)	(15.9%)	(17.9%)	(17.5%)	(10.1%)

ensitivity: General

Projected operating cash surpluses for water services

MDC Table 13: Projected operating cash surpluses for water services

Operating cash ratio	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34	Total
Operating surplus/(deficit) + depreciation + interest costs - capital revenue	8,808	9,063	10,505	10,350	10,182	9,956	9,935	10,148	10,335	10,497	99,780
Total operating revenue	16,651	17,371	18,433	19,086	19,153	19,207	19,335	19,779	20,178	20,494	189,686
Operating cash ratio	52.9%	52.2%	57.0%	54.2%	53.2%	51.8%	51.4%	51.3%	51.2%	51.2%	52.6%

Average projected charges for water services

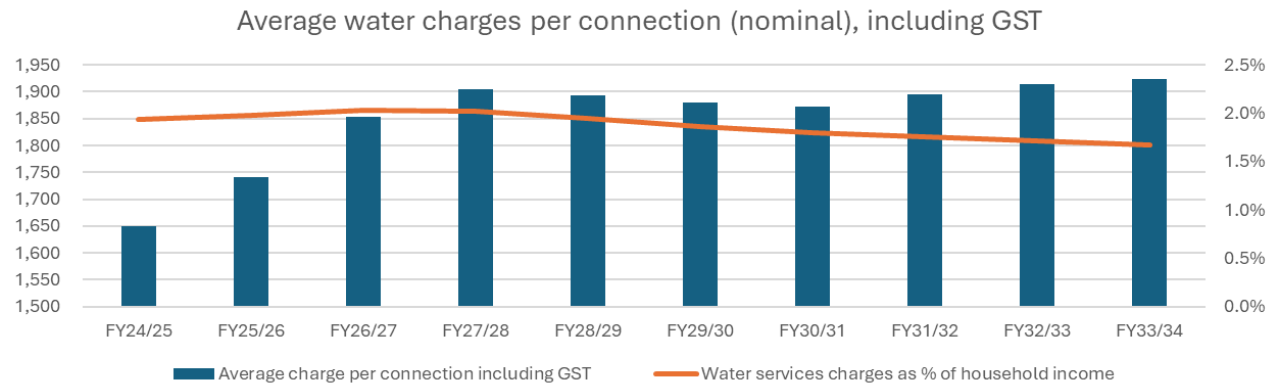
For the Council, average water charges per connection are forecast to increase from $1,650 in FY25 to $1,924 in FY34 (in nominal terms), which represents around 1.9% of median household income in the district in FY25 and 1.7% in FY34. These are modest, steady increases which maintain good levels of affordability for the community. The reduction in charge as a percentage of household income reflects the benefits of the expected improvements in operating and capital efficiency under the combined WSO service delivery model and the utilisation of the WSO's greater capacity to borrow and spread the cost of long-lived infrastructure over time.

MDC Table 14: Average projected charges for water services

Average charge per connection including GST	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Average drinking water bill (including GST)	619	665	704	750	898	934	916	907	905	896
Average wastewater bill (including GST)	901	928	985	966	816	760	763	792	810	827
Average stormwater bill (including GST)	130	148	163	188	180	187	194	196	199	201
Average charge per connection including GST	1,650	1,741	1,852	1,904	1,894	1,880	1,872	1,896	1,914	1,924
Projected increase	9.0%	5.5%	6.4%	2.8%	-0.5%	-0.7%	-0.4%	1.2%	1.0%	0.5%
Water services charges as % of household income	1.9%	2.0%	2.0%	2.0%	1.9%	1.9%	1.8%	1.8%	1.7%	1.7%

ensitivity: General

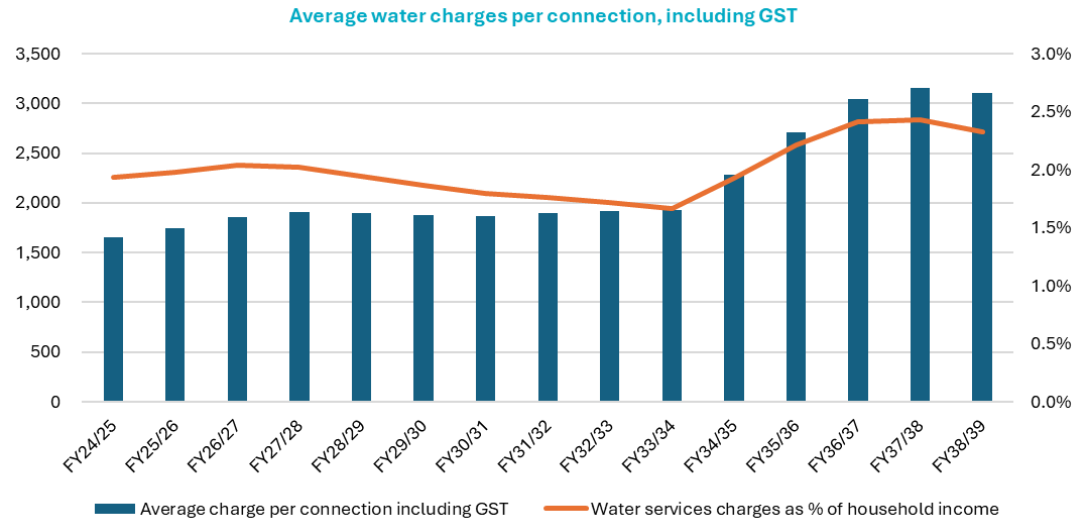
MDC Figure 3: Average projected charges for water services



The Homebush treatment plant upgrade which falls outside the WSDP period (in FY35-39), which will see the need for prices increasing at higher rates than they do through the WSDP period. This investment has been tested through additional modelling done to confirm the Council's financial position in the WSCCO, and the increases associated with the investment can be affordably managed. Despite revenue increases, water charges remain within prudent benchmarks. The significant level of investment projected for FY34-FY39 may lead to increases in costs per connection from $1,924 in FY34 to around $3,100 in FY39 (in nominal terms). However, the Council acknowledges the significant level of uncertainty in projecting investment needs and likely prices over this longer time period.

ensitivity: General

MDC Figure 4: Average projected charges for water services beyond the WSDP period



ensitivity: General

D3: Financial sustainability assessment - investment sufficiency

The WSDP includes $97 million in forecast capital investment over the 10-year period. The investment profile is aligned directly with the Council's Long-Term Plan, Infrastructure Strategy and Asset Management Plan. This programme includes:

- Renewals to maintain existing levels of service and asset reliability
- Upgrades to achieve compliance with drinking water standards and to improve network resilience
- Growth-related projects to service projected increases in demand.

The projected expenditure on renewal of the pipe networks sits close to the value of depreciation annually until FY28. Beyond that, the annual provision to renew the networks is considered to be sufficient based on the Council's asset age profile. The Council has not budgeted the spending on renewals to match the depreciation expense if the networks' performance does not justify the expenditure. Water leak detection (in the water network) and eliminating infiltration (in the wastewater network) are the focus for decisions on prioritising network renewal expenditure. Stormwater renewals are less significant as the network is not as extensive. Water resilience is a key focus of the capital investment programme. Both additional raw water storage and treated water storage are planned to allow for an improved ability to withstand longer periods of low river flow conditions and network supply interruptions.

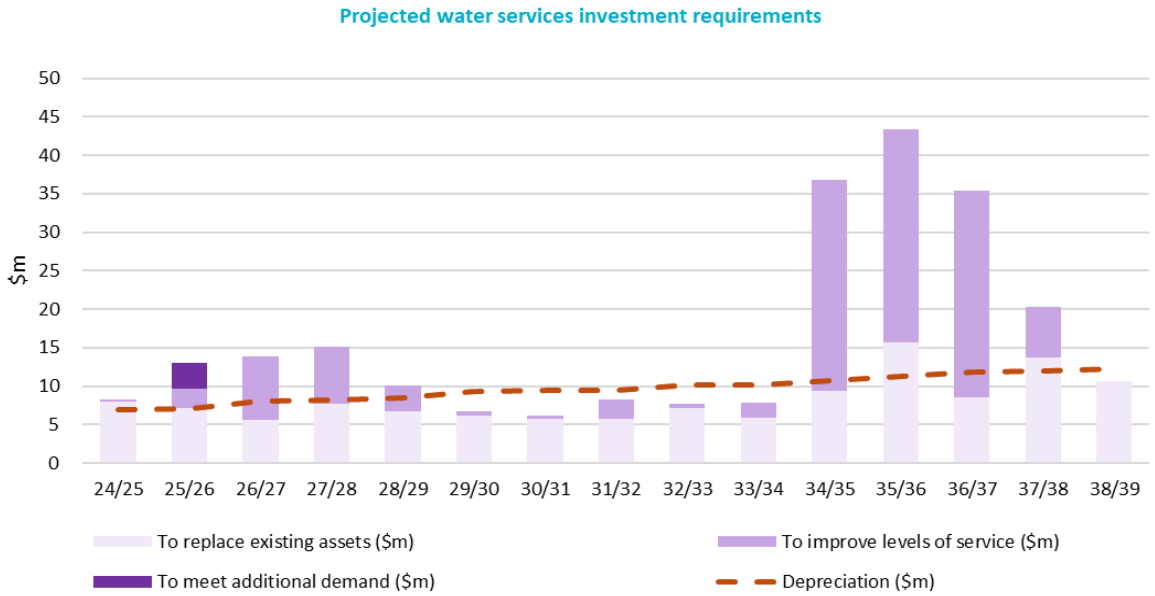
The Masterton water and wastewater treatment plants have had significant investment over the last 20 years and do not need significant renewal expenditure in the next 10 years. The Homebush wastewater treatment plant consent needs to be renewed in 2034/35, and the capital investment programme includes investigative and design work to prepare for the consent renewal process, but a large investment sum is expected from the 2034/35 year. The extent of that investment will be determined by the requirements of the resource consent and the environmental standards that the WSCCO will be required to meet at that time.

The Council anticipates substantially higher levels of investment between FY35-FY39, dominated by a provision for a Homebush plant upgrade, but also potential stormwater upgrades for both increased capacity and environmental standards. While outside the WSDP period, it is noted to demonstrate important required works and shown in Figure 4 above – this investment has been tested in relation to affordability and financial sustainability and is discussed elsewhere in this plan.

Figure 5 below illustrates the scale of the investment that may be needed beyond the WSDP timeframe.

ensitivity: General

MDC Figure 5: Projected water services investment requirements beyond the WSDP period



Renewals requirements for water services

MDC Table 15: Renewal requirements for water services

Asset sustainability ratio	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34	Total
Capital expenditure on renewals	8,050	7,210	5,607	7,739	6,784	6,233	5,695	5,792	7,096	5,933	66,137
Depreciation	6,972	7,102	8,031	8,196	8,522	9,309	9,423	9,522	10,093	10,183	87,353
Asset sustainability ratio	15.5%	1.5%	(30.2%)	(5.6%)	(20.4%)	(33.0%)	(39.6%)	(39.2%)	(29.7%)	(41.7%)	(24.3%)

ensitivity: General

Total required water services investment

MDC Table 16: Total water services investment

Asset investment ratio	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34	Total
Capital expenditure	8,250	13,011	13,824	15,084	10,082	6,714	6,186	8,291	7,734	7,800	96,976
Depreciation	6,972	7,102	8,031	8,196	8,522	9,309	9,423	9,522	10,093	10,183	87,353
Asset investment ratio	18.3%	83.2%	72.1%	84.1%	18.3%	(27.9%)	(34.4%)	(12.9%)	(23.4%)	(23.4%)	11.0%

Average remaining useful life of network assets

MDC Table 17: Average remaining useful life of network assets

Asset consumption ratio	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Book value of infrastructure assets	246,962	265,371	271,164	291,502	293,062	305,003	301,765	315,194	312,835	325,648
Total estimated replacement value of infrastructure assets	447,830	483,508	497,331	537,084	547,165	581,018	587,204	624,020	631,754	670,242
Asset consumption ratio	55.1%	54.9%	54.5%	54.3%	53.6%	52.5%	51.4%	50.5%	49.5%	48.6%

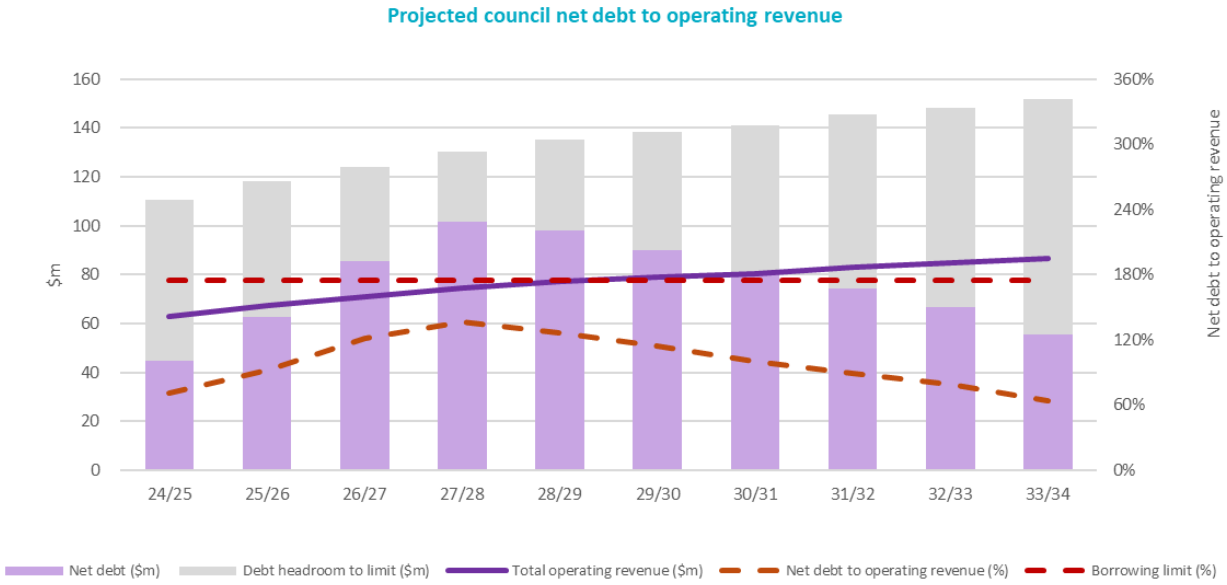
D4: Financial sustainability assessment - financing sufficiency

The Council within the WSCCO can meet the financing sufficiency test and has adequate borrowing capacity to fund proposed investments and revenue forecasts incorporate manageable staged increases to maintain financial covenants at prudent levels. The Council's whole of council debt-to-revenue remains well within the LGFA cap of 175% as shown in Figure 6 below and water services debt also remains comfortably within limits (Figure 9).

The Council's overall financial position is improved with the transfer of water services, with balance sheet pressure eased and greater levels of debt headroom created (Figure 7).

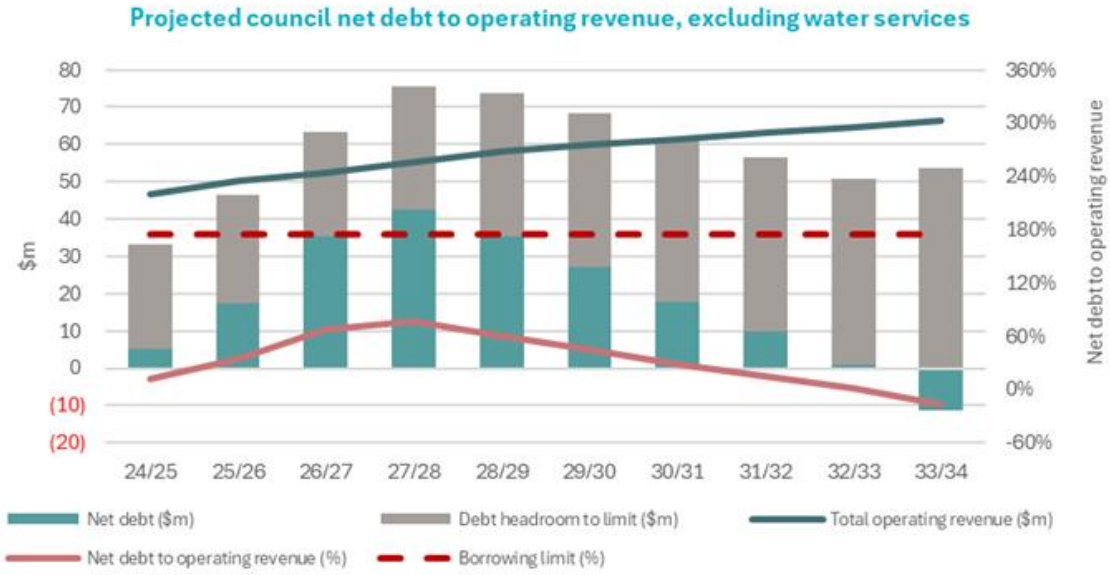
ensitivity: General

MDC Figure 6: Projected Council borrowing limits



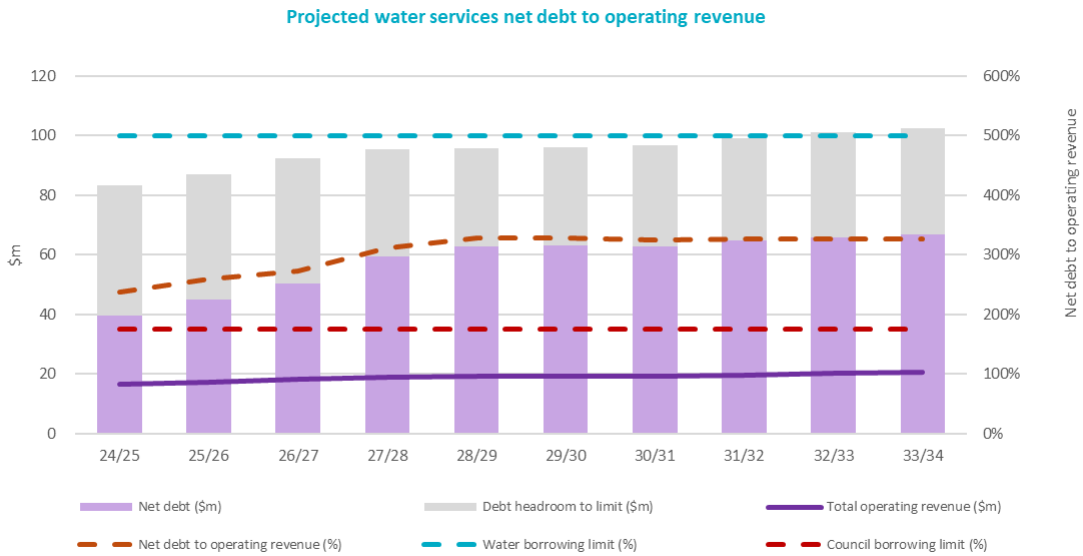
ensitivity: General

MDC Figure 7: Projected Council borrowing limits (excluding water services)



ensitivity: General

MDC Figure 8: Projected water services borrowing limits



Projected borrowings for water services

MDC Table 18: Projected borrowings for water services

Net debt to operating revenue	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Total net debt (gross debt less cash)	39,597	45,081	50,308	59,384	62,745	63,067	62,880	64,624	65,703	66,743
Operating revenue	16,651	17,371	18,433	19,086	19,153	19,207	19,335	19,779	20,178	20,494
Net debt to operating revenue	238%	260%	273%	311%	328%	328%	325%	327%	326%	326%

MDC Table 19: Projected borrowing headroom/(shortfall) for water services

Borrowings headroom/(shortfall) against limit	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating revenue	16,651	17,371	18,433	19,086	19,153	19,207	19,335	19,779	20,178	20,494
Debt to revenue limit	500%	500%	500%	500%	500%	500%	500%	500%	500%	500%

ensitivity: General

Maximum allowable net debt	83,253	86,855	92,163	95,432	95,764	96,036	96,676	98,894	100,892	102,470
Total net debt	39,597	45,081	50,308	59,384	62,745	63,067	62,880	64,624	65,703	66,743
Borrowing headroom/ (shortfall) against limit	43,656	41,774	41,855	36,048	33,019	32,969	33,796	34,270	35,189	35,727

MDC Table 20: Projected borrowing headroom/(shortfall) for water services using FFO covenant

Free funds from operations (FFO) to debt ratio	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Total net debt ($m)	39.6	45.1	50.3	59.4	62.7	63.1	62.9	64.6	65.7	66.7
Funds from operations ($m)	8.2	7.4	8.5	7.2	6.6	6.3	6.3	6.5	6.6	6.7
FFO to debt ratio (%)	20.6%	16.5%	16.9%	12.1%	10.6%	10.0%	10.0%	10.0%	10.0%	10.0%

Free funds from operations

The WSCCO will borrow from the LGFA, guaranteed by the participating Councils (with the form of the guarantee to be agreed through transition), under the following limits:

- Targeting or maintaining an FFO-to-debt ratio of 10%, compared to the LGFA covenant of 9%.
- Maintaining an interest coverage ratio above the 1.5x covenant.

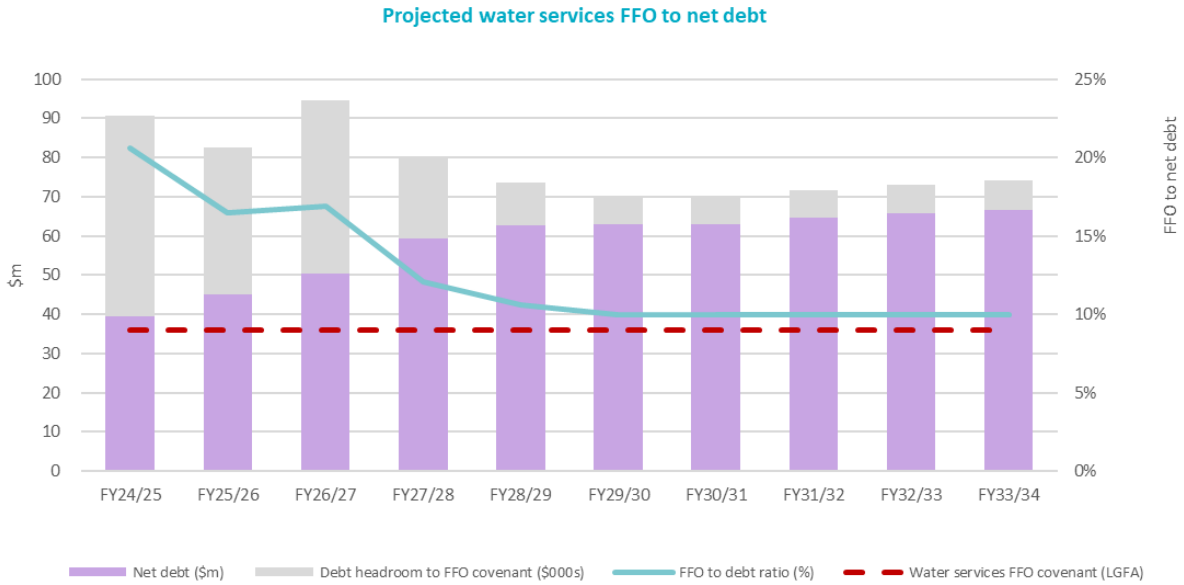
MDC within the WSCCO will meet the targeted 10% FFO to debt ratio through the full WSDP period and exceed it in the early years of the plan. MDC will also meet the ICR requirement from transition.

MDC Table 20: Free funds from operations

Free funds from operations (FFO) to debt ratio	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Total net debt	39,597	45,081	50,308	59,384	62,745	63,067	62,880	64,624	65,703	66,743
Funds from operations	8,160	7,441	8,513	7,173	6,636	6,307	6,288	6,462	6,570	6,674
FFO to debt ratio	20.6%	16.5%	16.9%	12.1%	10.6%	10.0%	10.0%	10.0%	10.0%	10.0%

ensitivity: General

MDC Figure 9: Free funds from operations



ensitivity: General

Part E: Projected financial statements for water services

MDC Table 20: Funding impact statement – water services

Funding impact statement ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Sources of operating funding										
General rates	0	0	0	0	0	0	0	0	0	0
Targeted rates	15,017	16,007	17,197	17,818	17,852	17,874	17,972	18,385	18,755	19,039
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	144	146	151	154	158	162	165	169	172	175
Fees and charges	1,490	1,218	1,085	1,114	1,143	1,171	1,198	1,226	1,252	1,279
Total operating funding	16,651	17,371	18,433	19,086	19,153	19,207	19,335	19,779	20,178	20,494
Applications of operating funding										
Payments to staff and suppliers	4,837	5,009	4,661	5,386	5,503	5,638	5,723	5,822	5,902	5,996
Finance costs	2,002	1,707	2,077	3,262	3,632	3,734	3,732	3,771	3,850	3,907
Internal charges and overheads applied	3,006	3,299	3,267	3,350	3,468	3,613	3,677	3,809	3,941	4,001
Other operating funding applications	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	9,845	10,015	10,005	11,999	12,602	12,985	13,132	13,401	13,693	13,905
Surplus/(deficit) of operating funding	6,805	7,356	8,428	7,088	6,551	6,222	6,203	6,377	6,485	6,589
Sources of capital funding										
Subsidies and grants for capital expenditure	1,270	0	0	0	0	0	0	0	0	0
Development and financial contributions	170	170	170	170	170	170	170	170	170	170
Increase/(decrease) in debt	(1,251)	(571)	4,209	5,775	2,582	(718)	(462)	1,925	1,495	2,075
Gross proceeds from sales of assets	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	189	(401)	4,379	5,945	2,752	(548)	(292)	2,095	1,665	2,245
Applications of capital funding										
Capital expenditure - to meet additional demand	0	3,363	0	0	0	0	0	0	0	0
Capital expenditure - to improve levels of services	200	2,438	8,217	7,346	3,298	482	493	2,513	639	1,888
Capital expenditure - to replace existing assets	8,050	7,210	5,607	7,739	6,784	6,232	5,693	5,778	7,095	5,912
Increase/(decrease) in reserves	(1,255)	(6,056)	(1,018)	(3,301)	(779)	(1,040)	(274)	181	416	1,035
Increase/(decrease) in investments	0	0	0	1,250	0	0	0	0	0	0
Total applications of capital funding	6,995	6,955	12,806	13,033	9,303	5,674	5,911	8,472	8,151	8,834
Surplus/(deficit) of capital funding	(6,805)	(7,356)	(8,427)	(7,088)	(6,551)	(6,222)	(6,203)	(6,377)	(6,485)	(6,589)
Funding balance	0	(0)	0	(0)	0	0	0	0	0	0

ensitivity: General

MDC Table 21: Funding impact statement – drinking water

Funding impact statement ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Sources of operating funding										
General rates	0	0	0	0	0	0	0	0	0	0
Targeted rates	5,546	6,025	6,445	6,934	8,382	8,803	8,721	8,725	8,789	8,792
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	94	94	98	100	103	105	107	110	112	114
Fees and charges	595	644	497	511	525	538	552	565	577	590
Total operating funding	6,235	6,763	7,040	7,545	9,009	9,446	9,380	9,399	9,478	9,496
Applications of operating funding										
Payments to staff and suppliers	2,398	2,794	2,424	2,770	2,826	2,898	2,941	3,001	3,035	3,095
Finance costs	399	354	694	1,430	1,772	1,816	1,767	1,738	1,672	1,675
Internal charges and overheads applied	1,168	1,347	1,282	1,317	1,366	1,426	1,451	1,506	1,562	1,586
Other operating funding applications	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	3,965	4,495	4,401	5,517	5,964	6,140	6,158	6,245	6,270	6,356
Surplus/(deficit) of operating funding	2,270	2,268	2,639	2,028	3,045	3,306	3,222	3,154	3,208	3,140
Sources of capital funding										
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0
Increase/(decrease) in debt	1,626	1,074	6,109	7,157	3,232	(1,015)	(869)	(831)	539	(517)
Gross proceeds from sales of assets	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	1,626	1,074	6,109	7,157	3,232	(1,015)	(869)	(831)	539	(517)
Applications of capital funding										
Capital expenditure - to meet additional demand	0	1,513	0	0	0	0	0	0	0	0
Capital expenditure - to improve levels of services	200	1,350	7,102	6,720	2,828	0	0	0	21	0
Capital expenditure - to replace existing assets	5,030	4,666	2,359	4,690	3,685	3,060	2,379	2,474	3,734	2,482
Increase/(decrease) in reserves	(1,334)	(4,187)	(714)	(2,597)	(236)	(769)	(27)	(152)	(8)	141
Increase/(decrease) in investments	0	0	0	372	0	0	0	0	0	0
Total applications of capital funding	3,896	3,342	8,747	9,186	6,277	2,291	2,353	2,322	3,747	2,622
Surplus/(deficit) of capital funding	(2,270)	(2,268)	(2,638)	(2,029)	(3,045)	(3,306)	(3,222)	(3,154)	(3,208)	(3,140)
Funding balance	0	0	0	(0)	0	0	0	0	0	0

ensitivity: General

MDC Table 22: Funding impact statement – wastewater

Funding impact statement ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Sources of operating funding										
General rates	0	0	0	0	0	0	0	0	0	0
Targeted rates	8,409	8,761	9,392	9,299	7,939	7,467	7,567	7,939	8,200	8,453
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	50	52	53	54	55	57	58	59	60	61
Fees and charges	895	574	588	603	618	633	647	661	675	689
Total operating funding	9,354	9,387	10,033	9,956	8,612	8,156	8,271	8,659	8,935	9,203
Applications of operating funding										
Payments to staff and suppliers	2,165	1,855	1,947	2,274	2,328	2,375	2,416	2,451	2,484	2,518
Finance costs	1,587	1,339	1,307	1,624	1,644	1,687	1,725	1,781	1,919	1,964
Internal charges and overheads applied	1,470	1,565	1,587	1,626	1,682	1,755	1,785	1,849	1,912	1,941
Other operating funding applications	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	5,221	4,759	4,842	5,524	5,653	5,817	5,926	6,082	6,315	6,423
Surplus/(deficit) of operating funding	4,133	4,628	5,191	4,433	2,959	2,339	2,345	2,577	2,620	2,780
Sources of capital funding										
Subsidies and grants for capital expenditure	1,270	0	0	0	0	0	0	0	0	0
Development and financial contributions	170	170	170	170	170	170	170	170	170	170
Increase/(decrease) in debt	(2,834)	(2,861)	(2,940)	(1,592)	(770)	116	266	2,577	700	2,336
Gross proceeds from sales of assets	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	(1,394)	(2,691)	(2,770)	(1,422)	(600)	286	436	2,747	870	2,506
Applications of capital funding										
Capital expenditure - to meet additional demand	0	1,414	0	0	0	0	0	0	0	0
Capital expenditure - to improve levels of services	0	0	0	0	0	0	0	2,513	618	1,888
Capital expenditure - to replace existing assets	2,710	1,891	2,161	2,333	2,394	2,450	2,575	2,551	2,593	2,646
Increase/(decrease) in reserves	29	(1,369)	261	(22)	(35)	175	206	260	279	752
Increase/(decrease) in investments	0	0	0	699	0	0	0	0	0	0
Total applications of capital funding	2,739	1,937	2,421	3,010	2,359	2,625	2,782	5,324	3,490	5,286
Surplus/(deficit) of capital funding	(4,133)	(4,628)	(5,191)	(4,432)	(2,959)	(2,339)	(2,345)	(2,577)	(2,620)	(2,780)
	0	0	0	0	0	0	0	0	0	0
Funding balance	8,409	8,761	9,392	9,299	7,939	7,467	7,567	7,939	8,200	8,453

ensitivity: General

MDC Table 23: Funding impact statement – stormwater

Funding impact statement ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Sources of operating funding										
General rates	0	0	0	0	0	0	0	0	0	0
Targeted rates	1,061	1,221	1,360	1,585	1,531	1,605	1,684	1,721	1,766	1,795
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	0	0	0	0	0	0	0
Fees and charges	0	0	0	0	0	0	0	0	0	0
Total operating funding	1,061	1,221	1,360	1,585	1,531	1,605	1,684	1,721	1,766	1,795
Applications of operating funding										
Payments to staff and suppliers	274	360	290	343	349	364	366	370	382	383
Finance costs	17	14	75	208	216	232	241	251	259	268
Internal charges and overheads applied	368	387	397	407	419	432	440	453	466	474
Other operating funding applications	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	659	761	762	958	985	1,028	1,048	1,075	1,108	1,125
Surplus/(deficit) of operating funding	402	460	598	627	547	576	636	647	658	670
Sources of capital funding										
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0
Increase/(decrease) in debt	(43)	1,216	1,040	211	121	181	141	179	256	256
Gross proceeds from sales of assets	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	(43)	1,216	1,040	211	121	181	141	179	256	256
Applications of capital funding										
Capital expenditure - to meet additional demand	0	435	0	0	0	0	0	0	0	0
Capital expenditure - to improve levels of services	0	1,088	1,115	626	470	482	493	0	0	0
Capital expenditure - to replace existing assets	310	653	1,087	716	705	722	738	753	769	784
Increase/(decrease) in reserves	50	(500)	(565)	(682)	(508)	(446)	(454)	72	145	142
Increase/(decrease) in investments	0	0	0	178	0	0	0	0	0	0
Total applications of capital funding	360	1,676	1,638	838	667	758	777	826	914	926
Surplus/(deficit) of capital funding	(402)	(460)	(598)	(627)	(547)	(576)	(636)	(647)	(658)	(670)
Funding balance	0	(0)	0	0	0	0	0	0	0	0

ensitivity: General

MDC Table 24: Projected statement of comprehensive revenue and expenses – water services

Statement of comprehensive revenue and expense ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating revenue	16,651	17,371	18,433	19,086	19,153	19,207	19,335	19,779	20,178	20,494
Other revenue	1,440	170	170	170	170	170	170	170	170	170
Total revenue	18,091	17,541	18,603	19,256	19,323	19,377	19,505	19,949	20,348	20,664
Operating expenses	4,837	5,009	4,661	5,386	5,503	5,638	5,723	5,822	5,902	5,996
Finance costs	2,002	1,707	2,077	3,262	3,632	3,734	3,732	3,771	3,850	3,907
Overheads and support costs	3,006	3,299	3,267	3,350	3,468	3,613	3,677	3,809	3,941	4,001
Depreciation & amortisation	6,972	7,102	8,031	8,196	8,522	9,309	9,423	9,522	10,093	10,183
Total expenses	16,817	17,117	18,036	20,194	21,124	22,295	22,555	22,923	23,786	24,088
Net surplus / (deficit)	1,274	424	566	(938)	(1,801)	(2,917)	(3,050)	(2,974)	(3,438)	(3,424)
Revaluation of infrastructure assets	0	12,500	0	13,450	0	14,536	0	14,659	0	15,196
Total comprehensive income	1,274	12,924	566	12,512	(1,801)	11,618	(3,050)	11,684	(3,438)	11,772
Cash surplus / (deficit) from operations (excl depreciation)	8,245	7,526	8,598	7,258	6,721	6,392	6,373	6,547	6,655	6,759

MDC Table 25: projected statement of comprehensive revenue and expenses – drinking water

Statement of comprehensive revenue and expense ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating revenue	6,235	6,763	7,040	7,545	9,009	9,446	9,380	9,399	9,478	9,496
Other revenue	0	0	0	0	0	0	0	0	0	0
Total revenue	6,235	6,763	7,040	7,545	9,009	9,446	9,380	9,399	9,478	9,496
Operating expenses	2,398	2,794	2,424	2,770	2,826	2,898	2,941	3,001	3,035	3,095
Finance costs	399	354	694	1,430	1,772	1,816	1,767	1,738	1,672	1,675
Overheads and support costs	1,168	1,347	1,282	1,317	1,366	1,426	1,451	1,506	1,562	1,586
Depreciation & amortisation	2,626	2,753	3,103	3,191	3,448	3,786	3,866	3,910	4,276	4,306
Total expenses	6,591	7,248	7,504	8,708	9,412	9,926	10,024	10,155	10,546	10,663
Net surplus / (deficit)	(356)	(485)	(464)	(1,163)	(403)	(480)	(644)	(756)	(1,068)	(1,167)
Revaluation of infrastructure assets	0	3,723	0	4,385	0	5,162	0	5,199	0	5,356
Total comprehensive income	(356)	3,238	(464)	3,222	(403)	4,682	(644)	4,443	(1,068)	4,190
Cash surplus / (deficit) from operations (excl depreciation)	2,270	2,268	2,639	2,028	3,045	3,306	3,222	3,154	3,208	3,140

ensitivity: General

MDC Table 26: projected statement of comprehensive revenue and expenses – wastewater

Statement of comprehensive revenue and expense ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating revenue	9,354	9,387	10,033	9,956	8,612	8,156	8,271	8,659	8,935	9,203
Other revenue	1,440	170	170	170	170	170	170	170	170	170
Total revenue	10,794	9,557	10,203	10,126	8,782	8,326	8,441	8,829	9,105	9,373
Operating expenses	2,165	1,855	1,947	2,274	2,328	2,375	2,416	2,451	2,484	2,518
Finance costs	1,587	1,339	1,307	1,624	1,644	1,687	1,725	1,781	1,919	1,964
Overheads and support costs	1,470	1,565	1,587	1,626	1,682	1,755	1,785	1,849	1,912	1,941
Depreciation & amortisation	3,736	3,710	4,206	4,245	4,286	4,645	4,659	4,693	4,810	4,857
Total expenses	8,958	8,469	9,048	9,769	9,940	10,462	10,585	10,775	11,125	11,280
Net surplus / (deficit)	1,837	1,088	1,155	357	(1,157)	(2,136)	(2,144)	(1,946)	(2,020)	(1,907)
Revaluation of infrastructure assets	0	6,993	0	7,078	0	7,240	0	7,234	0	7,526
Total comprehensive income	1,837	8,081	1,155	7,435	(1,157)	5,104	(2,144)	5,288	(2,020)	5,620
Cash surplus / (deficit) from operations (excl depreciation)	5,573	4,798	5,361	4,603	3,129	2,509	2,515	2,747	2,790	2,950

MDC Table 27: projected statement of comprehensive revenue and expenses – stormwater

Statement of comprehensive revenue and expense ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating revenue	1,061	1,221	1,360	1,585	1,531	1,605	1,684	1,721	1,766	1,795
Other revenue	0	0	0	0	0	0	0	0	0	0
Total revenue	1,061	1,221	1,360	1,585	1,531	1,605	1,684	1,721	1,766	1,795
Operating expenses	274	360	290	343	349	364	366	370	382	383
Finance costs	17	14	75	208	216	232	241	251	259	268
Overheads and support costs	368	387	397	407	419	432	440	453	466	474
Depreciation & amortisation	610	639	723	759	787	878	898	918	1,008	1,020
Total expenses	1,268	1,400	1,485	1,717	1,772	1,906	1,946	1,993	2,115	2,146
Net surplus / (deficit)	(207)	(179)	(125)	(132)	(241)	(301)	(262)	(272)	(350)	(351)
Revaluation of infrastructure assets	0	1,785	0	1,987	0	2,134	0	2,225	0	2,314
Total comprehensive income	(207)	1,606	(125)	1,855	(241)	1,832	(262)	1,954	(350)	1,963
Cash surplus / (deficit) from operations (excl depreciation)	402	460	598	627	547	576	636	647	658	670

ensitivity: General

MDC Table 28: projected statement of cashflows – water services

Statement of cashflows ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Cashflows from operating activities										
Cash surplus / (deficit) from operations	8,245	7,526	8,598	7,258	6,721	6,392	6,373	6,547	6,655	6,759
[other items]										
Net cashflows from operating activities	8,245	7,526	8,598	7,258	6,721	6,392	6,373	6,547	6,655	6,759
Cashflows from investment activities										
[other items]	0	0	0	(1,250)	0	0	0	0	0	0
Capital expenditure	(8,250)	(13,011)	(13,824)	(15,084)	(10,082)	(6,714)	(6,186)	(8,291)	(7,734)	(7,800)
Net cashflows from investment activities	(8,250)	(13,011)	(13,824)	(16,334)	(10,082)	(6,714)	(6,186)	(8,291)	(7,734)	(7,800)
Cashflows from financing activities										
New borrowings	5	5,485	5,227	9,076	3,361	322	(187)	1,744	1,079	1,040
Repayment of borrowings										
Net cashflows from financing activities	5	5,485	5,227	9,076	3,361	322	(187)	1,744	1,079	1,040
Net increase/(decrease) in cash and cash equivalents	(0)	(0)	0	(0)	0	(0)	0	0	0	0
Cash and cash equivalents at beginning of year	5,294	5,294	5,294	5,294	5,294	5,294	5,294	5,294	5,294	5,294
Cash and cash equivalents at end of year	5,294	5,294	5,294	5,294	5,294	5,294	5,294	5,294	5,294	5,294

MDC Table 29: projected statement of cashflows – drinking water

Statement of cashflows ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Cashflows from operating activities										
Cash surplus / (deficit) from operations	2,270	2,268	2,639	2,028	3,045	3,306	3,222	3,154	3,208	3,140
[other items]										
Net cashflows from operating activities	2,270	2,268	2,639	2,028	3,045	3,306	3,222	3,154	3,208	3,140
Cashflows from investment activities										
[other items]				(372)						
Capital expenditure	(5,230)	(7,529)	(9,461)	(11,410)	(6,513)	(3,060)	(2,379)	(2,474)	(3,755)	(2,482)
Net cashflows from investment activities	(5,230)	(7,529)	(9,461)	(11,782)	(6,513)	(3,060)	(2,379)	(2,474)	(3,755)	(2,482)
Cashflows from financing activities										
New borrowings	2,960	5,261	6,823	9,753	3,468	(245)	(842)	(680)	547	(658)
Repayment of borrowings										
Net cashflows from financing activities	2,960	5,261	6,823	9,753	3,468	(245)	(842)	(680)	547	(658)
Net increase/(decrease) in cash and cash equivalents	0	0	0	(0)	0	0	0	0	0	0
Cash and cash equivalents at beginning of year	3,947	3,947	3,947	3,948	3,947	3,947	3,947	3,947	3,947	3,947
Cash and cash equivalents at end of year	3,947	3,947	3,948	3,947	3,947	3,947	3,947	3,947	3,947	3,947

ensitivity: General

MDC Table 30: projected statement of cashflows – wastewater

Statement of cashflows ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Cashflows from operating activities										
Cash surplus / (deficit) from operations	5,573	4,798	5,361	4,603	3,129	2,509	2,515	2,747	2,790	2,950
[other items]										
Net cashflows from operating activities	5,573	4,798	5,361	4,603	3,129	2,509	2,515	2,747	2,790	2,950
Cashflows from investment activities										
[other items]				(699)						
Capital expenditure	(2,710)	(3,306)	(2,161)	(2,333)	(2,394)	(2,450)	(2,575)	(5,064)	(3,211)	(4,534)
Net cashflows from investment activities	(2,710)	(3,306)	(2,161)	(3,032)	(2,394)	(2,450)	(2,575)	(5,064)	(3,211)	(4,534)
Cashflows from financing activities										
New borrowings	(2,863)	(1,492)	(3,200)	(1,570)	(735)	(60)	60	2,317	421	1,584
Repayment of borrowings										
Net cashflows from financing activities	(2,863)	(1,492)	(3,200)	(1,570)	(735)	(60)	60	2,317	421	1,584
Net increase/(decrease) in cash and cash equivalents	0	(0)	0	0	(0)	(0)	0	0	0	0
Cash and cash equivalents at beginning of year	1,373	1,373	1,373	1,373	1,373	1,373	1,373	1,373	1,373	1,373
Cash and cash equivalents at end of year	1,373	1,373	1,373	1,373	1,373	1,373	1,373	1,373	1,373	1,373

MDC Table 31: projected statement of cashflows – stormwater

Statement of cashflows ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Cashflows from operating activities										
Cash surplus / (deficit) from operations	402	460	598	627	547	576	636	647	658	670
[other items]										
Net cashflows from operating activities	402	460	598	627	547	576	636	647	658	670
Cashflows from investment activities										
[other items]			0	(178)	0	0	0	0	0	0
Capital expenditure	(310)	(2,176)	(2,202)	(1,341)	(1,175)	(1,204)	(1,231)	(753)	(769)	(784)
Net cashflows from investment activities	(310)	(2,176)	(2,202)	(1,520)	(1,175)	(1,204)	(1,231)	(753)	(769)	(784)
Cashflows from financing activities										
New borrowings	(92)	1,716	1,604	893	628	627	595	107	111	115
Repayment of borrowings										
Net cashflows from financing activities	(92)	1,716	1,604	893	628	627	595	107	111	115
Net increase/(decrease) in cash and cash equivalents	0	(0)	0	0	0	0	0	(0)	0	(0)
Cash and cash equivalents at beginning of year	(26)	(26)	(26)	(26)	(26)	(26)	(26)	(26)	(26)	(26)
Cash and cash equivalents at end of year	(26)	(26)	(26)	(26)	(26)	(26)	(26)	(26)	(26)	(26)

ensitivity: General

MDC Table 32: projected statement of financial position – water services

Statement of financial position ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Assets										
Cash and cash equivalents	5,294	5,294	5,294	5,294	5,294	5,294	5,294	5,294	5,294	5,294
Other current assets	0	0	0	0	0	0	0	0	0	0
Infrastructure assets	246,962	265,371	271,164	291,502	293,062	305,003	301,765	315,194	312,835	325,648
Other non-current assets	0	0	0	1,250	1,250	1,250	1,250	1,250	1,250	1,250
Total assets	252,256	270,665	276,458	298,047	299,607	311,547	308,310	321,738	319,380	332,192
Liabilities										
Borrowings - current portion	0	0	0	0	0	0	0	0	0	0
Other current liabilities	0	0	0	0	0	0	0	0	0	0
Borrowings - non-current portion	44,891	50,375	55,602	64,678	68,040	68,362	68,174	69,918	70,997	72,038
Other non-current liabilities	0	0	0	0	0	0	0	0	0	0
Total liabilities	44,891	50,375	55,602	64,678	68,040	68,362	68,174	69,918	70,997	72,038
Net assets	207,366	220,290	220,856	233,368	231,567	243,185	240,136	251,820	248,382	260,155
Equity										
Revaluation reserve	0	12,500	12,500	25,950	25,950	40,486	40,486	55,144	55,144	70,341
Other reserves	207,366	207,790	208,356	207,418	205,617	202,700	199,650	196,676	193,238	189,814
Total equity	207,366	220,290	220,856	233,368	231,567	243,185	240,136	251,820	248,382	260,155

ensitivity: General

MDC Table 33: projected statement of financial position – drinking water

Statement of financial position ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Assets										
Cash and cash equivalents	3,947	3,947	3,948	3,947	3,947	3,947	3,947	3,947	3,947	3,947
Other current assets										
Infrastructure assets	73,550	82,049	88,407	101,011	104,075	108,512	107,026	110,789	110,268	113,800
Other non-current assets	0	0	0	372	372	372	372	372	372	372
Total assets	77,497	85,996	92,355	105,330	108,395	112,832	111,345	115,108	114,588	118,119
Liabilities										
Borrowings - current portion										
Other current liabilities										
Borrowings - non-current portion	11,947	17,208	24,031	33,784	37,252	37,007	36,164	35,485	36,032	35,374
Other non-current liabilities										
Total liabilities	11,947	17,208	24,031	33,784	37,252	37,007	36,164	35,485	36,032	35,374
Net assets	65,550	68,788	68,324	71,546	71,143	75,825	75,181	79,624	78,556	82,745
Equity										
Revaluation reserve	0	3,723	3,723	8,108	8,108	13,270	13,270	18,469	18,469	23,825
Other reserves	65,550	65,066	64,601	63,438	63,035	62,555	61,911	61,155	60,087	58,920
Total equity	65,550	68,788	68,324	71,546	71,143	75,825	75,181	79,624	78,556	82,745

ensitivity: General

MDC Table 34: projected statement of financial position – wastewater

Statement of financial position ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Assets										
Cash and cash equivalents	1,373	1,373	1,373	1,373	1,373	1,373	1,373	1,373	1,373	1,373
Other current assets										
Infrastructure assets	138,152	144,740	142,695	147,861	145,968	151,012	148,928	156,534	154,935	162,138
Other non-current assets	0	0	0	699	699	699	699	699	699	699
Total assets	139,525	146,113	144,068	149,933	148,041	153,085	151,001	158,606	157,007	164,210
Liabilities										
Borrowings - current portion										
Other current liabilities										
Borrowings - non-current portion	32,674	31,182	27,982	26,412	25,676	25,617	25,676	27,993	28,414	29,998
Other non-current liabilities										
Total liabilities	32,674	31,182	27,982	26,412	25,676	25,617	25,676	27,993	28,414	29,998
Net assets	106,851	114,931	116,086	123,521	122,364	127,468	125,325	130,613	128,593	134,213
Equity										
Revaluation reserve	0	6,993	6,993	14,070	14,070	21,310	21,310	28,545	28,545	36,071
Other reserves	106,851	107,938	109,094	109,451	108,294	106,158	104,014	102,068	100,048	98,142
Total equity	106,851	114,931	116,086	123,521	122,364	127,468	125,325	130,613	128,593	134,213

ensitivity: General

MDC Table 35: projected statement of financial position – stormwater

Statement of financial position ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Assets										
Cash and cash equivalents	(26)	(26)	(26)	(26)	(26)	(26)	(26)	(26)	(26)	(26)
Other current assets										
Infrastructure assets	35,261	38,582	40,062	42,631	43,019	45,478	45,811	47,872	47,633	49,710
Other non-current assets	0	0	0	178	178	178	178	178	178	178
Total assets	35,235	38,556	40,035	42,783	43,171	45,630	45,963	48,024	47,785	49,862
Liabilities										
Borrowings - current portion										
Other current liabilities										
Borrowings - non-current portion	270	1,985	3,590	4,483	5,111	5,738	6,333	6,440	6,551	6,666
Other non-current liabilities										
Total liabilities	270	1,985	3,590	4,483	5,111	5,738	6,333	6,440	6,551	6,666
Net assets	34,965	36,571	36,446	38,300	38,060	39,892	39,630	41,584	41,234	43,197
Equity										
Revaluation reserve	0	1,785	1,785	3,772	3,772	5,906	5,906	8,131	8,131	10,445
Other reserves	34,965	34,786	34,661	34,529	34,288	33,986	33,724	33,453	33,103	32,752
Total equity	34,965	36,571	36,446	38,300	38,060	39,892	39,630	41,584	41,234	43,197

ensitivity: General

Water Services Delivery Plan: additional information

Significant capital projects

Over the next 10 years, the Council plans to invest in key projects, including renewing water reticulation and renewing and upgrading reservoirs and treatment plant facilities, as included in the table below.

MDC Table 36: drinking water projects

Significant capital projects – drinking water	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Projects to meet additional demand										
Raw water storage dams		$2,720,000	$2,787,500	$2,862,500						
Urbanisation of Millard Ave		$863,002								
Water meters project	$200,000	$250,000								
Total investment to meet additional demand	$200,000	$3,833,002	$2,787,500	$2,862,500	$-	$-	$-	$-	$-	$-
Projects to improve levels of services										
WTP Consent Renewal			$54,600					$60,800		
Reservoir upgrades			$3,902,500	$4,007,500						
Total investment to meet improve levels of services	$-	$-	$3,957,100	$4,007,500	$-	$-	$-	$60,800	$-	$-
Projects to replace existing assets										
Filter Refurbishment						$602,000				
Mains and connections renewals	$4,670,000	$4,120,256	$1,917,800	$1,969,400	$3,196,000	$2,070,880	$2,119,040	$2,167,200	$3,500,640	$2,196,116
Water main - CBD		$935,680	$1,238,765							
Total investment to replace existing assets	$4,670,000	$5,055,936	$3,156,565	$1,969,400	$3,196,000	$2,672,880	$2,119,040	$2,167,200	$3,500,640	$2,196,116
Total investment in drinking water assets	$4,870,000	$8,638,938	$9,901,165	$8,839,400	$3,196,000	$2,672,880	$2,119,040	$2,228,000	$3,500,640	$2,196,116

ensitivity: General

MDC Table 37: wastewater projects

Significant capital projects – wastewater	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Projects to meet additional demand										
Millard Ave sewer extension		$1,414,400								
Total investment to meet additional demand	$-	$1,414,400	$-	$-	$-	$-	$-	$-	$-	$-
Projects to improve levels of services										
Homebush consent renewal & plant upgrade									$620,500	$1,897,500
Homebush irrigation extension								$2,520,000		
Total investment to meet improve levels of services	$-	$-	$-	$-	$-	$-	$-	$2,520,000	$620,500	$1,897,500
Projects to replace existing assets										
Sewer reticulation renewals	$2,520,000	$1,740,800	$2,007,000	$2,175,500	$2,232,500	$2,287,600	$2,340,800	$2,394,000	$2,445,300	$2,498,500
Homebush plant & equipment renewals	$100,000	$106,900	$109,200	$111,800	$114,300	$116,800	$119,200	$121,600	$124,100	$126,500
Total investment to replace existing assets	$2,620,000	$1,847,700	$2,116,200	$2,287,300	$2,346,800	$2,404,400	$2,460,000	$2,515,600	$2,569,400	$2,625,000
Total investment in drinking water assets	$2,620,000	$3,262,100	$2,116,200	$2,287,300	$2,346,800	$2,404,400	$2,460,000	$5,035,600	$3,189,900	$4,522,500

MDC Table 38: stormwater projects

Significant capital projects – stormwater	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Projects to meet additional demand										
Urbanisation of Millard Ave		$435,200								
Total investment to meet additional demand	$-	$435,200	$-	$-	$-	$-	$-	$-	$-	$-
Projects to improve levels of services										
Stopbank - associated pipe work upgrade		$1,088,000	$1,115,000							
Stormwater treatment				$458,000	$470,000	$481,600	$492,800			
Total investment to meet improve levels of services	$-	$1,088,000	$1,115,000	$458,000	$470,000	$481,600	$492,800	$-	$-	$-

ensitivity: General

Significant capital projects – stormwater	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Projects to replace existing assets										
Stormwater renewal & upgrades	$600,000	$652,800	$669,000	$687,000	$705,000	$722,400	$739,200	$756,000	$772,200	$789,000
Stormwater consent				$167,700						
Total investment to replace existing assets	$600,000	$652,800	$669,000	$854,700	$705,000	$722,400	$739,200	$756,000	$772,200	$789,000
Total investment in drinking water assets	$600,000	$2,176,000	$1,784,000	$1,312,700	$1,175,000	$1,204,000	$1,232,000	$756,000	$772,200	$789,000

Risks and assumptions

CDC Table 39: risks and assumptions

Parameters	Drinking supply	Wastewater	Stormwater
Key Risks • Future water service delivery • Network performance • Treaty Settlement Obligations • Regulatory compliance • Delivery of Capital Programme • Organisational capacity • Long term issues e.g. providing for growth, climate change	**Future water service delivery** The WSO can retain or contract sufficient expertise to maintain the operation of the networks. **Network performance** The planned renewals don't maintain the condition of the networks and the network is exposed to a higher risk of failure. **Regulatory compliance** Reconsenting to abstractions and discharges requires considerably more resources to secure when renewing and significantly greater investment. Upgrades to meet compliance don't proceed or fail to achieve compliance. **Cultural Importance** Decisions are made that contravene the commitments outlined in Treaty Settlement and recognised Iwi Planning documents	**Future water service delivery** The WSO can retain or contract sufficient expertise to maintain the operation of the networks. **Network performance** The planned renewals don't maintain the condition of the networks and the network is exposed to a higher risk of failure. **Regulatory compliance** Reconsenting to abstractions and discharges requires considerably more resources to secure when renewing and significantly greater investment. Upgrades to meet compliance don't proceed or fail to achieve compliance. **Cultural Importance** Decisions are made that contravene the commitments outlined in Treaty Settlement and recognised Iwi Planning documents	**Future water service delivery** The WSO can retain or contract sufficient expertise to maintain the operation of the networks. **Network performance** The planned renewals don't maintain the condition of the networks and the network is exposed to a higher risk of failure. **Regulatory compliance** When the consents for the water take for the urban lakes are renewed, the inflows may be reduced. This may affect the stormwater management function of the lakes. The stormwater ponds and lakes are managed by the Parks Department and contribute to the stormwater system performance. **Cultural Importance**

ensitivity: General

Parameters	Drinking supply	Wastewater	Stormwater
	(including recognition of iwi rights and interests in freshwater generally, and within asset management outcomes) **Delivery of Capital Programme** A lack of construction or internal project management resource delays the capital programme delivery **Organisational capacity** The capacity of the organisation to adequately respond to economic regulation requirements exceeds available resources and expertise. **Long term issues e.g. providing for growth, climate change** More frequent droughts may affect the security of water supply and abstraction consent conditions may be reduced. Currently MDC relies on adequate water flows from the Waingawa River and has no stored water for a prolonged drought. The cost of the small rural schemes exceeds the affordability of the communities they serve. At some stage, the Ōpaki scheme may not be able to support its community, and some Council assistance may be required.	(including recognition of iwi rights and interests in freshwater generally, and within asset management outcomes) **Delivery of Capital Programme** A lack of construction or internal project management resource delays the capital programme delivery **Organisational capacity** The capacity of the organisation to adequately respond to economic regulation requirements exceeds available resources and expertise. **Long term issues e.g. providing for growth, climate change** The cost of the small rural schemes exceeds the affordability of the communities they serve.	Decisions are made that contravene the commitments outlined in Treaty Settlement and recognised Iwi Planning documents (including recognition of iwi rights and interests in freshwater generally, and within asset management outcomes) **Delivery of Capital Programme** A lack of construction or internal project management resource delays the capital programme delivery **Organisational capacity** The capacity of the organisation to adequately respond to economic regulation requirements exceeds available resources and expertise. **Long term issues e.g. providing for growth, climate change**
Significant assumptions • Future water service delivery • Network performance • Regulatory compliance • Delivery of Capital Programme • Organisational capacity • Long term issues e.g. providing for growth, climate change	**Future water service delivery** The levels of service will remain adequate for economic regulation. **Network performance** The proposed renewals programme maintains or improves the average network condition.	**Future water service delivery** The levels of service will remain adequate for economic regulation. **Network performance** The proposed renewals programme maintains or improves the average network condition.	**Future water service delivery** The levels of service will remain adequate for economic regulation. **Network performance** The proposed renewals programme maintains or improves the average network condition.

ensitivity: General

Parameters	Drinking supply	Wastewater	Stormwater
	Regulatory compliance There is no significant change in the abstraction or discharge consent requirements or limits Existing and proposed resourcing is adequate to respond to economic regulation requirements exceeds available resources and expertise. **Delivery of Capital Programme** Sufficient market resources will remain available to deliver the proposed capital programme. **Organisational capacity** Sufficiently experienced local resources remain available to operate the services. **Long term issues e.g. providing for growth, climate change** There are no significant changes in the population projections or additional significant demand required for the Waingawa industrial area. The existing private schemes are not required to be taken over by the WSO in the future	**Regulatory compliance** There is no significant change in the abstraction or discharge consent requirements or limits Existing and proposed resourcing is adequate to respond to economic regulation requirements exceeds available resources and expertise. **Delivery of Capital Programme** Sufficient market resources will remain available to deliver the proposed capital programme. **Organisational capacity** Sufficiently experienced local resources remain available to operate the services. **Long term issues e.g. providing for growth, climate change** There are no significant changes in the population projections or additional significant demand required for the Waingawa industrial area. The existing private schemes are not required to be taken over by the WSO in the future	**Regulatory compliance** There is no significant change in the abstraction or discharge consent requirements or limits Existing and proposed resourcing is adequate to respond to economic regulation requirements exceeds available resources and expertise. **Delivery of Capital Programme** Sufficient market resources will remain available to deliver the proposed capital programme. **Organisational capacity** Sufficiently experienced local resources remain available to operate the services. **Long term issues e.g. providing for growth, climate change** There are no significant changes in the population projections or additional significant demand required for the Waingawa industrial area. The existing private schemes are not required to be taken over by the WSO in the future

ensitivity: General

Part F: Wairarapa Tararua WSCCO combined financial summary

WSCCO Table 1: Funding impact statement – water services

Funding impact statement ($000)	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Sources of operating funding											
General rates	1,283	751	855	982	990	1,058	1,122	1,186	1,162	1,171	1,202
Targeted rates	36,869	42,816	48,131	53,282	60,080	66,096	73,004	77,416	81,525	81,617	82,784
Subsidies and grants for operating purposes	623	1,911	1,083	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	680	147	272	152	154	158	162	165	169	172	185
Fees and charges	2,012	2,303	2,047	1,938	1,988	2,039	2,088	2,136	2,184	2,231	2,278
Total operating funding	41,466	47,928	52,388	56,353	63,213	69,352	76,376	80,903	85,040	85,191	86,448
Applications of operating funding											
Payments to staff and suppliers	19,232	21,693	21,845	19,934	21,533	23,468	22,854	22,414	23,342	22,802	23,839
Finance costs	4,556	5,279	5,786	7,354	14,772	17,150	18,520	19,349	19,919	20,168	20,255
Internal charges and overheads applied	5,690	7,105	7,533	7,650	7,630	7,839	8,105	8,207	8,427	8,642	8,766
Other operating funding applications	37	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	29,514	34,077	35,164	34,938	43,936	48,457	49,479	49,971	51,688	51,613	52,860
Surplus/(deficit) of operating funding	11,952	13,851	17,224	21,414	19,278	20,894	26,897	30,932	33,351	33,579	33,588
Sources of capital funding											
Subsidies and grants for capital expenditure	3,098	1,770	0	0	0	0	0	0	0	0	0
Development and financial contributions	1,243	835	825	830	834	837	838	840	842	844	846
Increase/(decrease) in debt	7,827	19,518	24,864	29,792	36,378	30,358	13,372	10,181	9,618	4,151	6,852
Gross proceeds from sales of assets	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	12,169	22,123	25,689	30,622	37,212	31,195	14,210	11,021	10,460	4,995	7,698
Applications of capital funding											
Capital expenditure - to meet additional demand	5,037	1,070	6,622	4,341	7,802	4,485	4,488	1,255	1,993	344	351
Capital expenditure - to improve levels of services	13,151	11,421	15,880	25,977	25,395	26,831	12,016	13,071	13,587	7,754	9,519
Capital expenditure - to replace existing assets	18,123	29,033	30,722	27,124	30,567	21,734	25,575	30,247	24,078	28,610	24,662
Increase/(decrease) in reserves	(9,866)	(5,550)	(10,310)	(5,406)	(12,274)	(961)	(971)	(2,620)	4,155	1,866	6,754
Increase/(decrease) in investments	155	0	0	0	5,000	0	0	0	0	0	0
Total applications of capital funding	26,600	35,974	42,913	52,036	56,490	52,090	41,107	41,953	1	38,574	41,285
Surplus/(deficit) of capital funding	(14,431)	(13,851)	(17,224)	(21,414)	(19,278)	(20,894)	(26,897)	(30,932)	10,459	(33,579)	(33,588)
Funding balance	(2,479)	(0)	(0)	0	(0)	0	0	0	43,811	0	0

ensitivity: General

WSCCO Table 2: Funding impact statement – drinking water

Funding impact statement ($000)	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Sources of operating funding											
General rates	262	183	257	312	341	365	387	423	434	434	448
Targeted rates	16,157	18,677	21,050	22,978	26,077	30,452	33,241	34,646	35,055	35,463	35,745
Subsidies and grants for operating purposes	521	1,234	836	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	290	94	220	98	100	103	105	107	110	112	114
Fees and charges	699	610	658	511	525	539	553	566	579	592	605
Total operating funding	17,929	20,798	23,021	23,899	27,044	31,459	34,286	35,743	36,178	36,600	36,912
Applications of operating funding											
Payments to staff and suppliers	9,366	11,050	11,492	10,311	11,061	12,052	11,367	11,571	11,641	11,758	11,907
Finance costs	1,152	1,384	1,626	2,401	5,902	6,731	6,883	6,663	6,482	6,330	6,248
Internal charges and overheads applied	2,788	3,041	3,279	3,284	3,155	3,237	3,351	3,387	3,482	3,569	3,623
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	13,307	15,475	16,397	15,996	20,117	22,019	21,601	21,622	21,605	21,657	21,778
Surplus/(deficit) of operating funding	4,623	5,323	6,624	7,903	6,927	9,440	12,685	14,121	14,573	14,943	15,134
Sources of capital funding											
Subsidies and grants for capital expenditure	421	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	280	306	302	305	307	309	310	311	313	314	316
Increase/(decrease) in debt	4,335	18,786	15,293	13,175	14,476	10,963	4,217	3,319	2,548	2,422	2,301
Gross proceeds from sales of assets	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	5,036	19,092	15,595	13,481	14,783	11,272	4,527	3,631	2,861	2,737	2,617
Applications of capital funding											
Capital expenditure - to meet additional demand	1,069	532	3,004	556	2,022	609	1,688	631	1,749	92	94
Capital expenditure - to improve levels of services	2,363	6,425	6,993	10,868	9,713	8,947	4,905	5,305	2,762	2,872	2,492
Capital expenditure - to replace existing assets	8,594	20,228	20,006	14,660	18,225	11,041	12,449	16,583	11,737	15,614	12,022
Increase/(decrease) in reserves	(1,855)	(2,769)	(7,784)	(4,700)	(10,232)	115	(1,829)	(4,768)	1,185	(900)	3,141
Increase/(decrease) in investments	(112)	0	0	0	1,982	0	0	0	0	0	0
Total applications of capital funding	10,059	24,415	22,219	21,384	21,710	20,712	17,212	17,751	1	17,678	17,749
Surplus/(deficit) of capital funding	(5,023)	(5,323)	(6,624)	(7,903)	(6,927)	(9,440)	(12,685)	(14,120)	2,860	(14,942)	(15,132)
Funding balance	(400)	0	0	0	(0)	0	0	0	17,433	1	2

ensitivity: General

WSCCO Table 3: Funding impact statement – wastewater

Funding impact statement ($000)	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Sources of operating funding											
General rates	529	449	500	565	600	644	685	711	676	684	699
Targeted rates	18,831	21,085	23,830	26,685	30,310	31,777	35,694	38,274	41,465	40,744	41,442
Subsidies and grants for operating purposes	102	677	247	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	377	52	52	53	54	55	57	58	59	60	71
Fees and charges	1,311	1,691	1,387	1,424	1,461	1,497	1,532	1,568	1,602	1,637	1,670
Total operating funding	21,151	23,954	26,016	28,727	32,425	33,974	37,968	40,610	43,802	43,125	43,882
Applications of operating funding											
Payments to staff and suppliers	8,663	9,481	9,216	8,556	9,269	10,206	10,317	9,663	10,510	9,835	10,714
Finance costs	3,340	3,786	4,039	4,759	8,140	9,570	10,668	11,568	12,143	12,365	12,384
Internal charges and overheads applied	2,163	3,300	3,448	3,537	3,626	3,731	3,859	3,911	4,015	4,121	4,177
Other operating funding applications	37	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	14,203	16,567	16,703	16,852	21,034	23,507	24,844	25,142	26,668	26,320	27,274
Surplus/(deficit) of operating funding	6,947	7,387	9,313	11,875	11,391	10,466	13,124	15,469	17,134	16,805	16,608
Sources of capital funding											
Subsidies and grants for capital expenditure	2,498	1,770	0	0	0	0	0	0	0	0	0
Development and financial contributions	942	505	498	500	501	502	502	503	503	504	504
Increase/(decrease) in debt	4,107	905	8,082	15,325	20,532	18,312	6,977	4,524	4,420	(725)	2,126
Gross proceeds from sales of assets	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	7,547	3,180	8,579	15,824	21,032	18,814	7,479	5,027	4,923	(222)	2,629
Applications of capital funding											
Capital expenditure - to meet additional demand	2,514	281	2,921	3,517	5,780	3,877	2,800	624	244	252	256
Capital expenditure - to improve levels of services	10,788	4,997	7,799	13,995	14,946	17,028	5,694	5,624	8,626	3,095	5,846
Capital expenditure - to replace existing assets	9,071	7,861	9,437	9,628	10,420	8,723	11,054	11,781	10,460	11,061	10,662
Increase/(decrease) in reserves	(7,224)	(2,572)	(2,263)	559	(992)	(348)	1,055	2,465	2,727	2,175	2,472
Increase/(decrease) in investments	275	0	0	0	2,268	0	0	0	0	0	0
Total applications of capital funding	15,423	10,566	17,893	27,699	32,423	29,280	20,603	20,495	1	16,584	19,237
Surplus/(deficit) of capital funding	(7,876)	(7,387)	(9,313)	(11,875)	(11,391)	(10,466)	(13,124)	(15,468)	4,922	(16,805)	(16,608)
Funding balance	(929)	0	(0)	0	0	0	0	0	22,056	0	0

ensitivity: General

WSCCO Table 4: Funding impact statement – stormwater

Funding impact statement ($000)	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Sources of operating funding											
General rates	492	119	97	104	49	49	50	52	52	53	55
Targeted rates	1,881	3,055	3,250	3,619	3,694	3,868	4,069	4,496	5,006	5,410	5,596
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	12	1	0	1	0	0	0	0	0	0	0
Fees and charges	1	2	2	2	2	2	2	2	2	2	2
Total operating funding	2,386	3,177	3,350	3,726	3,745	3,919	4,121	4,550	5,060	5,466	5,654
Applications of operating funding											
Payments to staff and suppliers	1,202	1,162	1,137	1,067	1,204	1,210	1,170	1,180	1,191	1,210	1,218
Finance costs	63	110	121	194	731	849	969	1,118	1,294	1,474	1,624
Internal charges and overheads applied	739	763	806	829	850	871	895	909	930	952	966
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	2,004	2,035	2,063	2,090	2,785	2,930	3,033	3,207	3,415	3,635	3,807
Surplus/(deficit) of operating funding	382	1,141	1,287	1,636	960	988	1,088	1,343	1,645	1,830	1,846
Sources of capital funding											
Subsidies and grants for capital expenditure	179	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	22	24	25	25	26	26	26	26	26	26	26
Increase/(decrease) in debt	(615)	(173)	1,490	1,292	1,371	1,083	2,178	2,337	2,650	2,455	2,426
Gross proceeds from sales of assets	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	(414)	(149)	1,515	1,317	1,397	1,109	2,204	2,363	2,676	2,481	2,452
Applications of capital funding											
Capital expenditure - to meet additional demand	1,454	257	697	268	0	0	0	0	0	0	0
Capital expenditure - to improve levels of services	0	0	1,088	1,115	736	855	1,416	2,142	2,199	1,786	1,181
Capital expenditure - to replace existing assets	459	944	1,279	2,836	1,921	1,970	2,073	1,882	1,881	1,935	1,979
Increase/(decrease) in reserves	(786)	(209)	(262)	(1,265)	(1,050)	(727)	(197)	(317)	242	591	1,140
Increase/(decrease) in investments	(8)	0	0	0	750	0	0	0	0	0	0
Total applications of capital funding	1,118	993	2,802	2,954	2,357	2,098	3,292	3,707	1	4,312	4,300
Surplus/(deficit) of capital funding	(1,532)	(1,142)	(1,287)	(1,636)	(960)	(988)	(1,088)	(1,343)	2,675	(1,832)	(1,848)
Funding balance	(1,150)	(0)	(0)	0	0	0	0	(1)	4,320	(1)	(2)

ensitivity: General

WSCCO Table 5: Projected statement of comprehensive review and expenses – water services

Statement of comprehensive revenue and expense ($000)	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating revenue	41,466	47,928	52,388	56,353	63,213	69,352	76,376	80,903	85,040	85,191	86,448
Other revenue	4,341	2,605	825	830	834	837	838	840	842	844	846
Total revenue	45,808	50,533	53,213	57,183	64,047	70,189	77,214	81,743	85,882	86,035	87,294
Operating expenses	19,269	21,693	21,845	19,934	21,533	23,468	22,854	22,414	23,342	22,802	23,839
Finance costs	4,556	5,279	5,786	7,354	14,772	17,150	18,520	19,349	19,919	20,168	20,255
Overheads and support costs	5,690	7,105	7,533	7,650	7,630	7,839	8,105	8,207	8,427	8,642	8,766
Depreciation & amortisation	0	16,563	17,166	19,298	20,118	21,732	23,448	24,753	25,798	27,276	27,729
Total expenses	29,514	50,640	52,330	54,236	64,053	70,189	72,926	74,723	77,487	78,889	80,589
Net surplus / (deficit)	16,293	(107)	883	2,947	(6)	(1)	4,287	7,020	8,395	7,147	6,705
Revaluation of infrastructure assets	0	8,561	16,219	16,765	17,685	22,196	19,414	24,416	20,139	27,074	21,223
Total comprehensive income	16,293	8,454	17,102	19,711	17,679	22,195	23,701	31,436	28,534	34,220	27,928
Cash surplus / (deficit) from operations (excl depreciation)	16,293	16,456	18,049	22,244	20,111	21,731	27,735	31,772	34,193	34,423	34,434

WSCCO Table 6: Projected statement of comprehensive review and expenses – drinking water

Statement of comprehensive revenue and expense ($000)	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating revenue	17,929	20,798	23,021	23,899	27,044	31,459	34,286	35,743	36,178	36,600	36,912
Other revenue	701	306	302	305	307	309	310	311	313	314	316
Total revenue	18,630	21,104	23,324	24,204	27,351	31,768	34,597	36,054	36,491	36,915	37,228
Operating expenses	9,366	11,050	11,492	10,311	11,061	12,052	11,367	11,571	11,641	11,758	11,907
Finance costs	1,152	1,384	1,626	2,401	5,902	6,731	6,883	6,663	6,482	6,330	6,248
Overheads and support costs	2,788	3,041	3,279	3,284	3,155	3,237	3,351	3,387	3,482	3,569	3,623
Depreciation & amortisation	0	7,531	7,722	8,660	8,940	9,651	10,258	10,789	11,196	11,940	12,113
Total expenses	13,307	23,006	24,120	24,656	29,056	31,670	31,859	32,410	32,801	33,597	33,891
Net surplus / (deficit)	5,324	(1,902)	(796)	(451)	(1,706)	98	2,737	3,644	3,690	3,317	3,337
Revaluation of infrastructure assets	0	3,788	5,125	7,926	5,928	10,157	7,009	10,779	7,385	12,045	7,822
Total comprehensive income	5,324	1,886	4,329	7,475	4,222	10,255	9,746	14,423	11,076	15,362	11,159
Cash surplus / (deficit) from operations (excl depreciation)	5,324	5,629	6,927	8,209	7,234	9,749	12,995	14,432	14,886	15,257	15,450

ensitivity: General

WSCCO Table 7: Projected statement of comprehensive review and expenses – wastewater

Statement of comprehensive revenue and expense ($000)	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating revenue	21,151	23,954	26,016	28,727	32,425	33,974	37,968	40,610	43,802	43,125	43,882
Other revenue	3,440	2,275	498	500	501	502	502	503	503	504	504
Total revenue	24,590	26,229	26,514	29,227	32,926	34,475	38,469	41,113	44,304	43,629	44,386
Operating expenses	8,700	9,481	9,216	8,556	9,269	10,206	10,317	9,663	10,510	9,835	10,714
Finance costs	3,340	3,786	4,039	4,759	8,140	9,570	10,668	11,568	12,143	12,365	12,384
Overheads and support costs	2,163	3,300	3,448	3,537	3,626	3,731	3,859	3,911	4,015	4,121	4,177
Depreciation & amortisation	0	7,463	7,990	9,045	9,516	10,323	11,317	12,015	12,562	13,117	13,325
Total expenses	14,203	24,030	24,693	25,898	30,550	33,830	36,161	37,157	39,230	39,437	40,600
Net surplus / (deficit)	10,387	2,198	1,821	3,329	2,375	645	2,308	3,956	5,074	4,192	3,786
Revaluation of infrastructure assets	0	3,298	8,846	6,310	9,293	9,087	9,774	10,561	10,030	11,590	10,588
Total comprehensive income	10,387	5,497	10,666	9,639	11,668	9,732	12,082	14,517	15,104	15,782	14,374
Cash surplus / (deficit) from operations (excl depreciation)	10,387	9,661	9,811	12,374	11,891	10,968	13,626	15,971	17,636	17,309	17,111

WSCCO Table 8: Projected statement of comprehensive review and expenses – stormwater

Statement of comprehensive revenue and expense ($000)	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating revenue	2,386	3,177	3,350	3,726	3,745	3,919	4,121	4,550	5,060	5,466	5,654
Other revenue	201	24	25	25	26	26	26	26	26	26	26
Total revenue	2,587	3,201	3,375	3,751	3,771	3,945	4,147	4,576	5,086	5,492	5,680
Operating expenses	1,202	1,162	1,137	1,067	1,204	1,210	1,170	1,180	1,191	1,210	1,218
Finance costs	63	110	121	194	731	849	969	1,118	1,294	1,474	1,624
Overheads and support costs	739	763	806	829	850	871	895	909	930	952	966
Depreciation & amortisation	0	1,568	1,454	1,593	1,662	1,758	1,872	1,949	2,040	2,219	2,291
Total expenses	2,004	3,604	3,517	3,683	4,447	4,689	4,906	5,156	5,456	5,854	6,098
Net surplus / (deficit)	583	(403)	(142)	69	(676)	(744)	(758)	(580)	(370)	(363)	(418)
Revaluation of infrastructure assets	0	1,475	2,248	2,528	2,464	2,952	2,631	3,076	2,723	3,439	2,813
Total comprehensive income	583	1,072	2,106	2,597	1,788	2,208	1,872	2,496	2,354	3,076	2,395
Cash surplus / (deficit) from operations (excl depreciation)	583	1,165	1,312	1,661	986	1,014	1,114	1,369	1,671	1,856	1,872

ensitivity: General

WSCCO Table 9: Projected statement of cashflows – water services

Statement of cashflows ($000)	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Cashflows from operating activities											
Cash surplus / (deficit) from operations	16,293	16,456	18,049	22,244	20,111	21,731	27,735	31,772	34,193	34,423	34,434
[other items]											
Net cashflows from operating activities	16,293	16,456	18,049	22,244	20,111	21,731	27,735	31,772	34,193	34,423	34,434
Cashflows from investment activities											
[other items]	(155)	0	0	0	(5,000)	0	0	0	0	0	0
Capital expenditure	(36,311)	(41,524)	(53,223)	(57,442)	(63,763)	(53,050)	(42,078)	(44,573)	(39,657)	(36,708)	(34,532)
Net cashflows from investment activities	(36,466)	(41,524)	(53,223)	(57,442)	(68,763)	(53,050)	(42,078)	(44,573)	(39,657)	(36,708)	(34,532)
Cashflows from financing activities											
New borrowings	17,693	25,068	35,174	35,198	48,652	31,319	14,344	12,801	5,464	2,285	98
Repayment of borrowings											
Net cashflows from financing activities	17,693	25,068	35,174	35,198	48,652	31,319	14,344	12,801	5,464	2,285	98
Net increase/(decrease) in cash and cash equivalents	(2,479)	(0)	(0)	0	(0)	0	0	0	0	0	0
Cash and cash equivalents at beginning of year	(12,789)	(15,268)	(15,268)	(15,268)	(15,268)	(15,268)	(15,268)	(15,268)	(15,268)	(15,268)	(15,268)
Cash and cash equivalents at end of year	(15,268)	(15,268)	(15,268)	(15,268)	(15,268)	(15,268)	(15,268)	(15,268)	(15,268)	(15,268)	(15,268)

WSCCO Table 10: Projected statement of cashflows – drinking water

Statement of cashflows ($000)	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Cashflows from operating activities											
Cash surplus / (deficit) from operations	5,324	5,629	6,927	8,209	7,234	9,749	12,995	14,432	14,886	15,257	15,450
[other items]											
Net cashflows from operating activities	5,324	5,629	6,927	8,209	7,234	9,749	12,995	14,432	14,886	15,257	15,450
Cashflows from investment activities											
[other items]					(1,982)						
Capital expenditure	(12,026)	(27,184)	(30,003)	(26,083)	(29,960)	(20,597)	(19,042)	(22,519)	(16,248)	(18,579)	(14,608)
Net cashflows from investment activities	(12,026)	(27,184)	(30,003)	(26,083)	(31,942)	(20,597)	(19,042)	(22,519)	(16,248)	(18,579)	(14,608)
Cashflows from financing activities											
New borrowings	6,190	21,555	23,077	17,875	24,708	10,848	6,046	8,087	1,363	3,323	(841)
Repayment of borrowings											
Net cashflows from financing activities	6,190	21,555	23,077	17,875	24,708	10,848	6,046	8,087	1,363	3,323	(841)
Net increase/(decrease) in cash and cash equivalents	(512)	0	0	0	(0)	0	0	0	1	1	2

ensitivity: General

Statement of cashflows ($000)	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Cash and cash equivalents at beginning of year	1,223	711	711	711	712	711	711	711	712	713	714
Cash and cash equivalents at end of year	711	711	711	712	711	711	711	712	713	714	716

WSCCO Table 11: Projected statement of cashflows – wastewater

Statement of cashflows ($000)	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Cashflows from operating activities											
Cash surplus / (deficit) from operations	10,387	9,661	9,811	12,374	11,891	10,968	13,626	15,971	17,636	17,309	17,111
[other items]											
Net cashflows from operating activities	10,387	9,661	9,811	12,374	11,891	10,968	13,626	15,971	17,636	17,309	17,111
Cashflows from investment activities											
[other items]					(2,268)						
Capital expenditure	(22,372)	(13,139)	(20,156)	(27,140)	(31,146)	(29,628)	(19,548)	(18,030)	(19,330)	(14,408)	(16,765)
Net cashflows from investment activities	(22,372)	(13,139)	(20,156)	(27,140)	(33,414)	(29,628)	(19,548)	(18,030)	(19,330)	(14,408)	(16,765)
Cashflows from financing activities											
New borrowings	4,107	3,477	10,345	14,766	21,523	18,660	5,922	2,059	1,693	(2,901)	(347)
Repayment of borrowings											
Net cashflows from financing activities	4,107	3,477	10,345	14,766	21,523	18,660	5,922	2,059	1,693	(2,901)	(347)
Net increase/(decrease) in cash and cash equivalents	(7,878)	0	(0)	0	0	0	0	0	0	0	0
Cash and cash equivalents at beginning of year	(8,849)	(16,727)	(16,727)	(16,727)	(16,727)	(16,727)	(16,727)	(16,727)	(16,727)	(16,727)	(16,727)
Cash and cash equivalents at end of year	(16,727)	(16,727)	(16,727)	(16,727)	(16,727)	(16,727)	(16,727)	(16,727)	(16,727)	(16,727)	(16,727)

WSCCO Table 12: Projected statement of cashflows – stormwater

Statement of cashflows ($000)	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Cashflows from operating activities											
Cash surplus / (deficit) from operations	583	1,165	1,312	1,661	986	1,014	1,114	1,369	1,671	1,856	1,872
[other items]											
Net cashflows from operating activities	583	1,165	1,312	1,661	986	1,014	1,114	1,369	1,671	1,856	1,872
Cashflows from investment activities											
[other items]					(750)						
Capital expenditure	(1,913)	(1,201)	(3,064)	(4,219)	(2,657)	(2,825)	(3,489)	(4,024)	(4,079)	(3,721)	(3,160)
Net cashflows from investment activities	(1,913)	(1,201)	(3,064)	(4,219)	(3,407)	(2,825)	(3,489)	(4,024)	(4,079)	(3,721)	(3,160)

ensitivity: General

Statement of cashflows ($000)	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Cashflows from financing activities											
New borrowings	(615)	36	1,752	2,557	2,421	1,811	2,375	2,655	2,408	1,863	1,285
Repayment of borrowings											
Net cashflows from financing activities	(615)	36	1,752	2,557	2,421	1,811	2,375	2,655	2,408	1,863	1,285
Net increase/(decrease) in cash and cash equivalents	(1,944)	(0)	(0)	0	0	0	0	(1)	(1)	(1)	(2)
Cash and cash equivalents at beginning of year	2,692	748	748	747	747	747	747	747	747	746	745
Cash and cash equivalents at end of year	748	748	747	747	747	747	747	747	746	745	743

WSCCO Table 13: Projected statement of financial position – water services

Statement of financial position ($000)	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Assets											
Cash and cash equivalents	(15,268)	(15,268)	(15,268)	(15,268)	(15,268)	(15,268)	(15,268)	(15,268)	(15,268)	(15,268)	(15,268)
Other current assets	0	0	0	0	0	0	0	0	0	0	0
Infrastructure assets	621,550	655,073	707,349	762,258	823,589	877,104	915,148	959,385	993,382	1,029,888	1,057,914
Other non-current assets	0	0	0	0	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Total assets	606,282	639,805	692,081	746,990	813,321	866,836	904,880	949,117	983,114	1,019,620	1,047,646
Liabilities											
Borrowings - current portion	0	0	0	0	0	0	0	0	0	0	0
Other current liabilities	0	0	0	0	0	0	0	0	0	0	0
Borrowings - non-current portion	114,435	139,504	174,678	209,876	258,528	289,847	304,191	316,992	322,455	324,741	324,839
Other non-current liabilities	0	0	0	0	0	0	0	0	0	0	0
Total liabilities	114,435	139,504	174,678	209,876	258,528	289,847	304,191	316,992	322,455	324,741	324,839
Net assets	491,847	500,301	517,403	537,114	554,793	576,988	600,690	632,125	660,659	694,879	722,807
Equity											
Revaluation reserve	0	8,561	24,780	41,545	59,230	81,426	100,840	125,256	145,395	172,469	193,692
Other reserves	491,847	491,740	492,623	495,569	495,563	495,562	499,849	506,869	515,264	522,411	529,115
Total equity	491,847	500,301	517,403	537,114	554,793	576,988	600,690	632,125	660,659	694,879	722,807

ensitivity: General

WSCCO Table 14: Projected statement of financial position – drinking water

Statement of financial position ($000)	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Assets											
Cash and cash equivalents	711	711	711	712	711	711	711	712	713	714	716
Other current assets											
Infrastructure assets	232,318	255,760	283,166	308,516	335,465	356,568	372,360	394,870	407,308	425,991	436,308
Other non-current assets		0	0	0	1,982	1,982	1,982	1,982	1,982	1,982	1,982
Total assets	233,029	256,471	283,877	309,228	338,158	359,261	375,054	397,564	410,003	428,687	439,006
Liabilities											
Borrowings - current portion											
Other current liabilities											
Borrowings - non-current portion	33,637	55,193	78,270	96,145	120,853	131,701	137,747	145,835	147,197	150,520	149,679
Other non-current liabilities											
Total liabilities	33,637	55,193	78,270	96,145	120,853	131,701	137,747	145,835	147,197	150,520	149,679
Net assets	199,392	201,279	205,608	213,083	217,305	227,560	237,307	251,730	262,805	278,167	289,326
Equity											
Revaluation reserve	0	3,788	8,913	16,840	22,768	32,925	39,934	50,713	58,099	70,143	77,965
Other reserves	199,392	197,490	196,694	196,243	194,537	194,635	197,373	201,016	204,707	208,024	211,361
Total equity	199,392	201,279	205,608	213,083	217,305	227,560	237,307	251,730	262,805	278,167	289,326

ensitivity: General

WSCCO Table 15: Projected statement of financial position – wastewater

Statement of financial position ($000)	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Assets											
Cash and cash equivalents	(16,727)	(16,727)	(16,727)	(16,727)	(16,727)	(16,727)	(16,727)	(16,727)	(16,727)	(16,727)	(16,727)
Other current assets											
Infrastructure assets	291,804	300,778	321,789	346,194	377,117	405,510	423,515	440,090	456,888	469,769	483,796
Other non-current assets		0	0	0	2,268	2,268	2,268	2,268	2,268	2,268	2,268
Total assets	275,077	284,051	305,062	329,467	362,659	391,051	409,056	425,631	442,429	455,310	469,338
Liabilities											
Borrowings - current portion											
Other current liabilities											
Borrowings - non-current portion	79,408	82,886	93,231	107,996	129,520	148,180	154,102	156,161	157,854	154,954	154,607
Other non-current liabilities											
Total liabilities	79,408	82,886	93,231	107,996	129,520	148,180	154,102	156,161	157,854	154,954	154,607
Net assets	195,669	201,165	211,832	221,471	233,139	242,871	254,954	269,471	284,575	300,357	314,731
Equity											
Revaluation reserve	0	3,298	12,144	18,454	27,747	36,834	46,608	57,169	67,199	78,789	89,377
Other reserves	195,669	197,867	199,688	203,017	205,392	206,037	208,345	212,301	217,376	221,568	225,354
Total equity	195,669	201,165	211,832	221,471	233,139	242,871	254,954	269,471	284,575	300,357	314,731

ensitivity: General

WSCCO Table 16: Projected statement of financial position – stormwater

Statement of financial position ($000)	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Assets											
Cash and cash equivalents	748	748	747	747	747	747	747	747	746	745	743
Other current assets											
Infrastructure assets	97,428	98,535	102,394	107,548	111,007	115,026	119,273	124,424	129,187	134,128	137,810
Other non-current assets		0	0	0	750	750	750	750	750	750	750
Total assets	98,176	99,283	103,141	108,296	112,505	116,523	120,771	125,921	130,682	135,622	139,302
Liabilities											
Borrowings - current portion											
Other current liabilities											
Borrowings - non-current portion	1,390	1,426	3,178	5,735	8,156	9,966	12,341	14,996	17,404	19,267	20,552
Other non-current liabilities											
Total liabilities	1,390	1,426	3,178	5,735	8,156	9,966	12,341	14,996	17,404	19,267	20,552
Net assets	96,786	97,857	99,964	102,561	104,349	106,557	108,429	110,925	113,279	116,355	118,750
Equity											
Revaluation reserve	0	1,475	3,723	6,251	8,715	11,667	14,298	17,374	20,097	23,536	26,349
Other reserves	96,786	96,383	96,241	96,309	95,634	94,890	94,131	93,551	93,182	92,819	92,400
Total equity	96,786	97,857	99,964	102,561	104,349	106,557	108,429	110,925	113,279	116,355	118,750

Appendix 1: Commitment Agreement

Commitment Agreement

PARTIES

Carterton District Council

Masterton District Council

South Wairarapa District Council

Tararua District Council

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AGREEMENT dated 2025

PARTIES

Carterton District Council
Masterton District Council
South Wairarapa District Council
Tararua District Council
together, the "**Councils**".

INTRODUCTION

A. The Councils each voted on 13 August 2025 and 20 August 2025 to adopt a Water Services Delivery Plan("**WSDP**") for a joint operating model between the Councils in respect of the Service Areas.

B. The Councils are required to submit a joint Water Services Delivery Plan to the Secretary for Local Government (Department of Internal Affairs) by 3 September 2025 on how water services will be delivered in the Council's district as required under the Local Governance (Water Services Preliminary Arrangements) Act 2024.

C. This Commitment Agreement has been developed to be submitted to the Department of Internal Affairs alongside the WSDP to demonstrate the Councils' and iwi, Rangitāne and Ngāti Kahungunu, commitment to working together to:

(a) develop a joint operating model for the delivery of water services for each Council's community to inform the WSDP; and

(b) establish the WO for the joint operating model in accordance with the accepted WSDP.

D. Each Council agrees to undertake the activities and responsibilities allocated to it in this agreement to achieve the Objectives and to work together with iwi in the planning and establishment of the WO.

E. The Council have entered into this agreement to record the terms of their commitment to achieve the joint operating model and Objectives. This Commitment Agreement applies on and from the Commencement Date, instead of the previous Commitment Agreement entered into between the Councils dated 11 June 2025.

SIGNATURES

SIGNED for and on behalf of

CARTERTON DISTRICT COUNCIL
By:

Signature of Authorised Signatory	Signature of Authorised Signatory
Name of Authorised Signatory	Name of Authorised Signatory
Date	Date

MASTERTON DISTRICT COUNCIL
By:

Signature of Authorised Signatory	Signature of Authorised Signatory
Name of Authorised Signatory	Name of Authorised Signatory
Date	Date

SOUTH WAIRARAPA DISTRICT COUNCIL
By:

Signature of Authorised Signatory	Signature of Authorised Signatory
Name of Authorised Signatory	Name of Authorised Signatory
Date	Date

TARARUA DISTRICT COUNCIL
By:

Signature of Authorised Signatory	Signature of Authorised Signatory
Name of Authorised Signatory	Name of Authorised Signatory
Date	Date

SCHEDULE 1

Agreement Details

Commencement Date (*Clause 6.1, Schedule 2*)	This agreement commences on the date it is last signed by all Councils.
Expiry Date (*Clause 6.1, Schedule 2*)	This agreement expires on establishment of the WO in accordance with LG (WS) Act.
Service Areas (*Background A*)	Service Areas as defined by the four Councils' district Council boundaries.
Project Steering Group (*Clause 4, Schedule 2*)	**Members**: The members of the Project Steering Group are: • South Wairarapa District Council member(s): Chief Executive • Carterton District Council member(s): Chief Executive • Masterton District Council member(s): Chief Executive • Tararua District Council member(s): Chief Executive **Meetings**: The Project Steering Group will meet at least monthly, or more frequently as required by the Programme Director. **Project Budget**: The Project Steering Group will set and approve the Project Budget.
Project Team *(clause 4 and 5.4, Schedule 2)*	**Members**: Members of the Project Team (and/or workstream leads) are expected to include the following, working together as relevant in Programme workstreams: • Programme Director • Infrastructure Managers, or other nominated Council lead, for each Council (one per Council) • Iwi representatives • Other project staff, contractors, or consultants (e.g., workstream leads) as required. **Meetings**: The Project Team will meet as required.
Commercial Terms Sheet *(clause 4.7, Schedule 5)*	The Councils and iwi have finalised the attached commercial terms sheet to support the development of relevant governing documentation, in particular the Constitution and Shareholders' Agreement. These documents will be developed and brought to Councils for approval in September 2025.

Project Funding *(clause 5.2, Schedule 2)*	Each Council will contribute an Initial Contribution of $1.25m minus any costs incurred by the Councils during the previous phase of work preparing the WSDP (as covered by the Councils' previous Commitment Agreement). Previous costs incurred by Councils exclude use of the $250,000 funding provided by the Department of Internal Affairs, which Councils agreed would be spent first before Councils incurred any costs. Under this agreed formulation, as at the date of this agreement, the Initial Contribution to be made by each Council is below. Costs incurred to the date of this agreement are anticipated to be covered by the Department of Internal Affairs funding. South Wairarapa District Council – $1.25m Masterton District Council – $1.25m Carterton District Council – $1.25m Tararua District Council – $1.25m	
Address for notices *(clause 10, Schedule 2)*	**South Wairarapa District Council** 19 Kitchener Street, Martinborough 5711 PO Box 6, Martinborough 5741 New Zealand Email: james.oconnor@swdc.govt.nz Attention: James O'Connor	**Masterton District Council** 161 Queen Street, Masterton PO Box 444, Masterton Email: maseina.koneferenisi@mstn.govt.nz Attention: Maseina Koneferenisi
	Carterton District Council 28 Holloway Street, Carterton. P.O. Box 9 Carterton 5743 Email: johannes@cdc.govt.nz Attention: Johannes Ferreira	**Tararua District Council** 26 Gordon Street, Dannevirke PO Box 115, Dannevirke 4942 Email: peter.wimsett@tararuadc.govt.nz Attention: Peter Wimsett

SCHEDULE 2

Agreement Terms and Conditions

1. DEFINITIONS AND INTERPRETATION

1.1 **Definitions**: In this agreement the following definitions apply:

"**Agreement Details**" means Schedule 1 of this agreement.

"**Business Day**" means any day other than a Saturday, Sunday or a statutory public holiday in the Service Area(s) identified in the Agreement Details, New Zealand.

"**Commencement Date**" has the meaning given to that term in the Agreement Details.

"**Confidential Information**" means any of the following (whenever it was obtained):

(a) all information of a confidential nature (reasonably determined) obtained by one Council from another Council under or in connection with this agreement;

(b) all information relating to the operations and affairs of another Council; and

(c) all information obtained by a Council in respect of all activities or information undertaken, produced or discussed under the umbrella of the Project.

"**Councils**" means the councils who are named as counterparties to this agreement and who continue to be a participant of this agreement.

"**Existing Material**" means, in respect of any Council, all documentation and other materials used or provided by the Council under or in connection with this agreement that are:

(a) owned by, or licensed to, that Council prior to the date of this agreement; or

(b) developed independently from this agreement by that Council, and that are not developed, commissioned or created under or in connection with this agreement.

"**Expiry Date**" has the meaning given to that term in the Agreement Details.

"**Initial Contribution**" has the meaning given to that term in the Agreement Details.

"**Intellectual Property Rights**" means, in respect of any person, all intellectual and industrial property rights and interests (including common law rights and interests) owned or held by that person, or lawfully used by that person, including:

(a) patents, trade marks, service marks, copyright, registered designs, trade names, symbols and logos;

(b) patent applications and applications to register trade marks, service marks and designs; and

(c) formulae, methods, plans, data, drawings, specifications, characteristics, equipment, designs, inventions, discoveries, improvements, know-how,

experience, software products, trade secrets, price lists, costings, brochures and other information used by that person.

"**LGOIMA**" means the Local Government Official Information and Meetings Act 1987.

"**LG(WS) Act**" means the legislation which at the date of this agreement is to be enacted, titled the Local Government (Water Services) Act 2024 under clause 1 of the Local Government (Water Services) Bill.

"**LG(WSPA) Act**" means the Local Governance (Water Services Preliminary Arrangements) Act 2024.

"**Objectives**" has the meaning given to that term in clause 2.1.

"**Scope and Project Plan**" has the meaning given to that term in clause **Error! Reference source not found.**.

"**WO**" means the water organisation (as defined in the LG(WS) Act) to be established by the parties to this agreement.

"**WSDP**" has the meaning given to that term in paragraph B of the Introduction section of this agreement.

1.2 **Interpretation**: In this agreement unless the context otherwise requires:

(a) headings are for convenience only and do not affect interpretation;

(b) the singular includes the plural and vice versa, and a gender includes other genders;

(c) another grammatical form of a defined word or expression has a corresponding meaning;

(d) reference to a party, person or entity includes:

(i) an individual, firm, company, trust, partnership, joint venture, association, corporation, body corporate, , estate, state, government or any agency thereof, municipal or local authority and any other entity, whether incorporated or not (in each case whether or not having a separate legal personality); and

(ii) an employee, agent, successor, permitted assign, executor, administrator or other representative of such party, person or entity.

(e) a reference to dollars or $ is to New Zealand currency and excludes every tax and duty;

(f) a reference to a clause or schedule is to a clause or schedule of this agreement;

(g) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;

(h) references to the word 'include' or 'including' are to be construed without limitation;

(i) references to any form of law is to New Zealand law, including as amended or re-enacted;

(j) a reference to a document or instrument includes reference to that document or instrument as novated, altered, supplemented, or replaced from time to time;

(k) "written" and "in writing" include any means of reproducing words, figures or symbols in a tangible and visible form;

(l) any obligation falling due for performance on or by a day other than a Business Day shall be performed on or by the Business Day immediately following that day; and

(m) an obligation not to do something includes an obligation not to allow or cause that thing to be done.

1.3 **Previous Commitment Agreement:** This Commitment Agreement applies on and from the Commencement Date, instead of the previous Commitment Agreement entered into between the Councils dated 11 June 2025.

2. PROJECT OVERVIEW

2.1 **Objectives**: The key objectives of this agreement ("**Objectives**") are:

(a) to effectively establish the WO for the joint operating model in accordance with the accepted WSDP;

(b) to facilitate the Councils making decisions in a timely manner to ensure the joint operating model can progress in a timely way to meet the requirements of the WSDP and other requirements under the LG(WSPA) Act and the LG(WS) Act;

(c) to enable the Councils to consider how they would operate together in a way that facilitates an effective and efficient use of the Councils' resources, providing optimum benefit to the parties' ratepayers.

2.2 **Relationship principles**: The Councils will:

(a) work together collaboratively and in good faith;

(b) ensure communication between them is open, proactive, transparent and inclusive, to avoid any surprises;

(c) make every effort to understand the other Council's needs and objectives for the joint operating model, and make all reasonable endeavours to ensure the joint operating model meets such needs and objectives;

(d) raise any issues that arise in connection with this agreement at the earliest opportunity, for joint resolution;

(e) resolve disagreements between them promptly and amicably; and

(f) as a courtesy and in the interest of clear and consistent communication, consult with the other Councils before commenting publicly on the joint operating model or this agreement.

2.3 Establishment principles: The Councils have agreed the following principles will apply to the establishment of the WO and the operational transition:

(a) Deliver **long-term benefits** to **the region** (recognising these benefits take time to accrue)

(i) Efficient operational delivery

(ii) Affordable water services

(iii) Adequate investment in infrastructure through time

(iv) Financially resilient and sustainable

(v) Working with iwi

(b) **Manage shorter-term transition** impact on individual shareholding communities and Councils

(i) Manage any cost/price changes

(ii) Ensure transparency in transition pathways

(iii) Maintain service continuity and reliability for customers and minimise staff disruption

(iv) Manage financial and/or operating risks for Councils

(c) Ensure **statutory and regulatory compliance**

(i) Operate within statutory planning and accountability framework

(ii) Meet DIA and Commerce Commission financial sustainability requirements

(iii) Meet regional Council and Taumata Arowai environmental standards

(d) Where possible, **provide flexibility** in the design for the new entity and Councils to adapt to changing circumstances over time.

(e) Recognise the **independence** of the new entity and provide it with the autonomy to make decisions necessary for success

(f) Keep it **simple**, with straightforward arrangements easy for the community to understand.

3. KEY ACTIVITIES

3.1 **Council responsibilities**: Each Council will:

(a) work with the other Councils to:

(i) develop and document the Council's technical, operational, legal and other requirements for the joint operating model ("**Requirements**") and to agree reasonable and realistic timeframes for delivery of the joint operating model; and

(ii) plan and deliver the joint operating model to meet the Requirements of all Councils to the extent practicable, including at such time(s) agreed between the Councils.

(b) make decisions in relation to matters for the project, within the indicative timeframes listed in the Scope and Project Plan;

(c) provide subject matter experts where relevant to assist with the development and delivery of the joint operating model;

(d) provide a dedicated single point of contact for that Council for the management of the project delivery (ideally a project manager, who will also be the person authorised to make decisions (for example, approvals of proposed public comments on the project) on behalf of that Council);

(e) provide a dedicated and senior level 'sponsor' for the project;

(f) attend those meetings agreed by the Councils as appropriate or necessary for the effective governance of and/or the delivery of the joint operating model;

(g) where there are any changes in Government policy or direction, which affects the purposes and activities of this agreement, inform the other Councils of those changes at the earliest possible opportunity thereafter, and the Councils agree to renegotiate, where necessary, any aspects of this agreement that has been or will be affected by this policy change;

(h) equally fund and provide all necessary resources and input to ensure the delivery of the project under this Agreement; and

(i) be responsible for complying with any requirements to undertake consultation or reporting in respect of its own council and local government processes.

3.2 **Council individual responsibilities not affected**: Each Council acknowledges that the Councils' commitment to the obligations under this agreement does not limit or pre-empt each Council's own obligations as local government authorities at law, including in respect of decision-making responsibility and public consultation obligations.

3.3 **Lead council responsibilities**:

(a) The Councils unanimously agree that the South Wairarapa District Council will be the project lead ("**Lead Council**") with the following responsibilities:

(i) Employment matters in relation to the Programme Director

(ii) Processing of invoicing and payments

(iii) Key contact or engagement point for engagement with Department or Internal Affairs or parties on behalf of Councils, as required.

(b) The Project Steering Group ("**PSG**") may, from time to time, agree to replace the Lead Council, after which time, the relevant Council will assume the responsibilities of the Lead Council under this Agreement.

3.4 **Development expectations and timelines**:

(a) Each Council acknowledges that the other Council(s) will be providing funding and resources to develop and design the joint operating model and has an interest in ensuring a consistency of approach in the development and design of the joint operating model and establishment of the WO.

(b) Accordingly, any Council may submit a request to the other Council(s), via the Programme Director, for consideration and agreement by all the Councils, to:

(i) adjust expected timelines and/or reprioritise resources allocated to the development and design of the joint operating model and establishment of the WO as necessary to manage resource and funding constraints, subject to not compromising the achievement of the Objectives; and/or

(ii) change the Requirements that are not reasonably viable in order for a Council to meet its own needs, and the Councils will work together to agree and implement any agreed change to the joint operating model or establishment of the WO, including any consequential changes to the Requirements for that joint operating model.

3.5 **Project communications**: The Councils agree that media releases, public announcements and public disclosures by any Council relating to this agreement or its subject matter (including informational or promotional, but not including any announcement intended solely for internal distribution or any disclosure required by legal, accounting or regulatory requirements beyond the reasonable control of such Council) shall be co-ordinated with, and approved by, the Programme Director (who will consult with other Councils as appropriate), provided that this does not apply to any media release, public announcement or public disclosure made by a Council (the "**Announcing Council**"):

(a) which does not identify any other Council to this agreement; or

(b) about the Announcing Council's business and operations or the Announcing Council's Confidential Information, excluding anything about or in connection with this agreement.

3.6 **Government communications**: The Councils agree that no Council may communicate directly with the Department of Internal Affairs in relation to the content of the joint WSDP or establishment of the WO without the prior written consent of the other Councils or the Programme Director.

4. PROJECT GOVERNANCE

4.1 **Governance structure**: The governance model for the project comprises the following:

(a) PSG;

(b) Project Team(s) as required for project workstreams

4.2 **Decisions made by the governance groups**:

(a) Each Council will be responsible for their own decision-making using the Project Team's advice and assistance, and relevant external advice as determined by the Programme Director and approved by the PSG.

(b) The PSG and Project Team(s) will make decisions on a consensus basis.

(c) Where consensus is not possible, decisions will be made by the majority, or in the event that any representative on the PSG or Project Team (as applicable) objects to a majority decision, escalated to the next governance level for decision.

(d) No decision of the PSG or Project Team binds any Council to enter into a document contemplated by the Scope and Project Plan in Schedule 3 or the Commercial Terms Sheet in Schedule 5, with such decision to be made only by each Council having regard to its commitments and obligations set out in this Commitment Agreement.

4.3 **Meeting administration**: Each of the governance meetings will be scheduled by the Programme Director, who will circulate agenda items and decisions to be discussed ahead of the meeting date.

4.4 **Project Steering Group**: The PSG shall be responsible for:

(a) providing strategic directions and decisions on the project;

(b) engaging with respective Councils' elected representatives, drawing on advice from the Programme Director, Project Team(s), iwi, and external advisers;

(c) addressing issues that have been escalated to it by the Project Team;

(d) reviewing and approving any proposed changes to the direction of the project;

(e) appointing members to the Project Team;

(f) ensuring the strategic direction of the project continues to align with the Objectives and each Council's obligations under this agreement; and

(g) approving the Project Budget.

4.5 The responsibilities Project Steering Group may need to be reviewed over the course of the transition when other governance forums (e.g., Stakeholder Forum and WSO Board) are operational.

4.6 **Programme Director**: The Programme Director shall be responsible for:

(a) preparing a detailed scope of work and project plan (including project milestones) to deliver on the Objectives ("**Scope and Project Plan**"). The Scope and Project plan may take the form set out in Schedule 3. The project plan and progress against the Scope and Project plan will be reported to the PSG on a monthly basis;

(b) developing and maintaining a Project Budget;

(c) engaging external expertise as required;

(d) preparing agendas and scheduling governance meetings for the project;

(e) preparing reporting for governance meetings for the project;

(f) preparing stakeholder/engagement framework ensuring all appropriate parties are included on an ongoing basis;

(g) working with the Project Team to prepare workshops with the Councils' elected members as required to achieve the project and Objectives;

(h) working with the Project Team to deliver on the joint WSDP in accordance with legislative requirements and each Council's requirements; and

(i) other responsibilities, if/as agreed, through project documentation approved by the Project Steering Group.

4.7 **Programme workstreams:** the Programme will be set up in workstreams that are relevant for establishment and transition. Detailed planning for these workstreams will be undertaken following submission of the WSDP and will be subject to discussion between Councils and iwi.

4.8 **Commercial Terms Sheet**: Councils and iwi have agreed the terms sheet set out at Schedule 5 that outlines the key commercial terms relating to the WO. Any material changes required to the overall terms in the Terms Sheet would be discussed between Councils and iwi.

5. COST SHARING

5.1 **Cost sharing principles**: The Councils agree to fund the costs of the project in equal parts in accordance with the amounts and frequency of cost contributions agreed by the governance group for the project under clause 5.2.

5.2 **Project funding**: By no later than 20 Business Days after the date of this agreement, the Councils will (through the Project Team) prepare a project funding budget for approval by the PSG, that covers:

(a) the Initial Contribution for the activities under this agreement;

(b) the ongoing contribution by the Councils for the ongoing costs of the Project for the duration of work covered by this Agreement; and

(c) costs for the Lead Council to provide a Programme Director for the duration of the Project; and

(d) costs for any internal and external consultants

(e) costs for the iwi authorities, as required

(together, the "**Project Budget**").

5.3 **Project Budget**: The Councils agree that the Project Team will record the Project Budget in the form set out in Schedule 4, or such other form as the Project Team determines.

5.4 **Programme Director delegation**: The Programme Director will have delegated authority to spend up to the approved Project Budget. Costs that exceed the approved Project Budget will require approval by the PSG.

5.5 **Council Exit**: If a Council exits this agreement, that Council remains responsible for their share of all costs incurred up to that date, including any committed costs which cannot be mitigated by the remaining participating Councils.

6. TERM

6.1 **Term**: This agreement commences on the Commencement Date and continues until the Expiry Date, unless terminated earlier by all Councils in accordance with clause 6.2.

6.2 **Termination by agreement**: This agreement may be terminated at any time with immediate effect by agreement of all current Councils to this agreement for any reason, including if there is a material change of law or policy direction that affects the Councils' obligations under the LG(WSPA) Act and LG(WS) Act.

6.3 **Council withdrawal**:

(a) Subject to clauses 5.5 and 6.3(b), any Council may withdraw its participation in this agreement at any time immediately by giving written notice to the other Councils.

(b) Before a Council exercises its withdrawal right under subclause (a), that Council must use reasonable endeavours to:

(i) provide as early as possible notification to the other Councils that the Council is considering, or intending to withdraw from the project, including to provide the other Council(s) with sufficient time to respond to and agree on any public releases in accordance with clause 3.5;

(ii) provide the other Council(s) an explanation for the withdrawing Council's reason(s) for the withdrawal; and

(iii) support remaining Council(s) with any necessary engagement with the Department of Internal Affairs that may be required as a result of the withdrawal.

(c) Where any Council (**Breaching Council**) breaches a material obligation, or persistently does not perform its obligations, under this agreement, then the other Council(s) may request that such Breaching Council withdraws its participation from this agreement, in which case the parties will promptly discuss the next steps following such request. Failing agreement of all parties to continue this agreement, within 20 Business Days of the first discussion of the parties under this clause 6.3(c), the other Councils will continue this agreement (with such amendments as may reasonably be required to give effect to the change in parties) and the Breaching Council will be deemed to have withdrawn its participation under this agreement.

6.4 **Effect of termination**: In addition to any other rights, powers or remedies a Council may have under this agreement or at law:

(a) if this agreement ends or is terminated, the following will apply:

(i) each Council is released from its obligations under this agreement, except clauses 3.5, 3.6, 5.5, this clause 6.4, 7, 8, 9, 10 and 12 that shall survive expiry or termination of this agreement;

(ii) each Council retains the rights and obligations it has accrued under this agreement as at the date of expiry or termination;

(iii) each Council is obligated to fund their share of commitments made up to the date of termination; and

(iv) each Council must return any Confidential Information of another Council in its possession to that other Council or, if requested by the other Council, destroy the Confidential Information, except to the extent that it is required to retain the Confidential Information in order to meet its legal, contractual and governance obligations.

(b) if a Council withdraws its participation in this agreement:

(i) clause 6.4(a) will apply only in respect of that Council; and

(ii) this agreement continues in force as between the remaining Councils.

7. DISPUTE RESOLUTION

7.1 **Notice in writing**: If a Council claims that a dispute has arisen, that Council must give written notice to the other Councils(s). The written notice must specify the nature of the dispute.

7.2 **Negotiation**:

(a) On receipt of a notice delivered in accordance with clause 7.1 and before any Council may refer a dispute to mediation, the Chief Executives of the respective Councils must, in good faith and acting reasonably, do their best to resolve the dispute quickly and efficiently through negotiation.

(b) If the dispute has not been resolved within 20 Business Days (or within such other period as agreed by the Councils) of the date of the notice referred to in clause 7.2, any Council may submit the dispute to mediation.

7.3 **Mediation**:

(a) If the Councils do not resolve the dispute by negotiation, the Councils must, in good faith and acting reasonably, do their best to resolve the dispute by participating in mediation with an independent mediator.

(b) If the Councils do not agree on a mediator, then the mediator will be appointed by the New Zealand Dispute Resolution Centre.

(c) The Councils must mediate the dispute in accordance with principles agreed between them or, if no agreement can be reached, the New Zealand Dispute Resolution Centre Mediation Rules.

(d) Unless the Councils agree otherwise, the mediator's fee and any other costs of the mediation itself (such as for venue hire or refreshments) will be shared equally between the parties, but the parties will each pay their own costs of preparing for and participating in the mediation (such as for travel and legal representation).

7.4 **Arbitration**

(a) If the dispute has not been resolved within 40 Business Days (or within such other period as agreed by the parties) of the dispute being referred to mediation, any Council (the "**Initiating Council**") may refer such dispute to binding arbitration by issuing a written notice ("**Arbitration Notice**") to the other Council(s) (together with the Initiating Council, the "**Disputing Council(s)**") for final resolution in accordance with the provisions of this clause 7.4 and in accordance with the provisions of the Rules of Arbitration of the New Zealand Dispute Resolution Centre, as amended or modified from time to time ("**NZDRC Rules**").

(b) The arbitral panel shall consist of one arbitrator. The arbitrator will be appointed by the agreement of the Disputing Council(s) or, failing agreement within 10 Business Days of the date of the Arbitration Notice, in accordance with the NZDRC Rules.

(c) The seat of arbitration shall be Masterton, New Zealand and the arbitration shall be conducted in the English language.

(d) The award of the arbitration shall be in writing and must include reasons for the decision.

(e) The award of the arbitration shall be final and binding on the Councils. No Council may appeal to the High Court under Clause 5 of the Second Schedule of the Arbitration Act 1996 on any question of law arising out of an award.

(f) The award shall allocate or apportion the costs of the arbitration as the arbitrator deems fair.

(g) Neither the existence of any dispute nor the fact that any arbitration is pending hereunder shall relieve any of the Councils of their respective obligations under this agreement.

7.5 **Implementation of agreement**: The Councils must do whatever is reasonably necessary to put into effect any negotiated or mediated agreement, arbitral award or other resolution. This includes exercising voting rights and other powers as required.

7.6 **Rights and obligations during a dispute**: During a dispute, each Council must continue to perform its obligations under this agreement.

7.7 **Interlocutory relief and right to terminate**: This clause does not restrict or limit the right of a Council to obtain interlocutory relief, or to immediately terminate this agreement where this agreement provides such a right.

8. CONFIDENTIALITY AND INFORMATION DISCLOSURE

8.1 **Confidentiality**: Each Council will keep confidential and secure all Confidential Information, and no Council shall disclose the other Councils' Confidential information to any person, or use the other Councils' Confidential Information, other than:

(a) to the extent that use or disclosure is necessary for the purposes of giving effect to or exercising the rights and benefits of this agreement (which for the purpose of each Council, may involve disclosure to that council's elected members and staff);

(b) if the discloser of the information has obtained the prior written approval of the providing Council to the use or disclosure;

(c) if the use or disclosure is required by law including under the Local Government Official Information and Meetings Act 1987 ("**LGOIMA**"), or the Local Government Act 2002, provided that prior to that Council making a disclosure, that Council will use reasonable endeavours to promptly consult in good faith with the other Councils:

(i) regarding the requirement under which that Council is required to disclose the Confidential Information; and

(ii) so that the other Councils are informed to arrive at a view on whether those Councils would also be required to make such disclosure if a request is made of them; or

(d) in relation to disclosure, if the information has already become public, other than through a breach of the obligation of confidentiality by one of the Councils.

8.2 **LGOIMA**: Each Council acknowledges that the other Council(s) are subject to the LGOIMA. Accordingly, notwithstanding anything else in this agreement, each Council agrees to cooperate fully in providing the other Council(s) with any documents or other information that the other Council is required to provide pursuant to a request made under the LGOIMA.

9. INTELLECTUAL PROPERTY RIGHTS

9.1 **Existing Intellectual Property Rights**: Notwithstanding any of the provisions of this agreement, each Council or its licensors retain ownership of all Intellectual Property Rights, including in Existing Material belonging to that Council or its licensors at the Commencement Date ("**Existing Intellectual Property Rights**").

9.2 **New Intellectual Property Rights**: Any new Intellectual Property Rights which are created as a result of, or in connection with, the provision of the Services or Deliverables, or otherwise in connection with this agreement, shall be jointly owned by the Councils, unless otherwise agreed by the parties.

9.3 **Licence**: If any Council's Existing Intellectual Property Rights is included in any new Intellectual Property Rights, then that Council grants to the other Council(s) and the other Councils accept, a worldwide, perpetual, non-exclusive, transferable, sub-licensable licence during the term of this agreement to use the Council's Existing Material for the purposes relating to giving effect to and performing its obligations under this agreement. That licence will expire immediately on expiry or termination of this agreement.

10. LIMITATION OF LIABILITY

10.1 Each party shall be liable for its own acts or omissions under this agreement. Under no circumstances whatsoever shall any party be liable to any other party under this agreement for any indirect or consequential loss and/or expense whether arising in contract, tort (including negligence), or otherwise.

10.2 The limitations set out in this clause shall not apply to:

(a) liability arising from a party's fraud, gross negligence, or wilful misconduct; or

(b) liability for breach of confidentiality (clause 8) or Intellectual Property Rights (clause 9).

11. NOTICES

11.1 **Giving notices**: Any notice or communication given to a Council under this agreement is only given if it is in writing and sent in one of the following ways:

(a) Delivered or posted to that Council at its address and marked for the attention of the relevant department or officer (if any) set out in Schedule 1.

(b) Emailed to that Council at its email address and marked for the attention of the representative set out in Schedule 1.

11.2 **Change of details**: If a Council gives the other Council three Business Days' notice of a change of its postal address or email address, any notice or communication is only given by that other Council if it is delivered, posted or emailed to the latest postal address or email address.

11.3 **Time notice is given**: Any notice or communication is to be treated as given at the following time:

(a) If it is delivered, when it is left at the relevant address.

(b) If it is sent by post, five Business Days after it is posted.

(c) If it is sent by email, when it is received in readable form addressed in the manner specified above.

However, if any notice or communication is given, on a day that is not a Business Day or after 5pm on a Business Day, in the place of the Council to whom it is sent it is to be treated as having been given at the beginning of the next Business Day.

12. GENERAL

12.1 **No partnership, joint venture**: Nothing in this agreement shall create or evidence any partnership, joint venture, agency, trust or employer/employee relationship between any of the Councils, and a Council may not make, or allow to be made, any representation that any such relationship exists between any of the Councils. A Council shall not have authority to act for, or to incur any obligation on behalf of, any other Shareholder, except as expressly provided for in this agreement.

12.2 **No privity**: Other than as expressly provided for in this agreement, this agreement is not intended to confer a benefit on any person or class of persons who is not a party to it.

12.3 **Counterparts**: This agreement is deemed to be signed by a Council if that Council has signed or attached that Council's signature to any of the following formats of this agreement:

(a) an original;

(b) a photocopy; or

(c) an electronic copy,

and if every Council has signed or attached that Council's signature to any such format and delivered it to the other Council(s), the executed formats shall together constitute a single binding agreement between the Councils.

12.4 **Entire agreement**: This agreement contains everything the parties have agreed in relation to the subject matter it deals with. No Council can rely on an earlier written agreement or anything said or done by or on behalf of another Council before this agreement was executed.

12.5 **Severance**: If any provision of this agreement is, or becomes unenforceable, illegal or invalid for any reason it shall be deemed to be severed from this agreement without affecting the validity of the remainder of this agreement and shall not affect the enforceability, legality, validity or application of any other provision of this agreement.

12.6 **Further assurance**: Each Council shall make all applications, execute all documents and do or procure all other acts and things reasonably required to implement and to carry out its obligations under, and the intention of, this agreement.

12.7 **Variation**: No variation of this agreement will be of any force or effect unless it is in writing and signed by each Council to this agreement.

12.8 **Assignments and transfer**: A Council must not assign or transfer any of its rights or obligations under this agreement without the prior written consent of the other Council(s).

12.9 **Costs**: Except as otherwise set out in this agreement, each Council must pay its own costs and expenses, including legal costs and expenses, in relation to preparing, negotiating, executing and completing this agreement and any document related to this agreement.

12.10 **Waivers**:

(a) A waiver of any right, power or remedy under this agreement must be in writing signed by the Council granting it. A waiver only affects the particular right, obligation or breach for which it is given. It is not an implied waiver of any other right, obligation or breach or an implied waiver of that right, obligation or breach on any other occasion.

(b) The fact that a Council fails to do, or delays in doing, something the Council is entitled to do under this agreement does not amount to a waiver.

12.11 **Governing law**: This agreement is governed by the laws of New Zealand and the Councils submit to the non-exclusive jurisdiction of the courts of New Zealand in respect of any dispute or proceeding arising out of this agreement.

SCHEDULE 3

Scope and Project Plan

Programme stage and milestones	Indicative timeframe
Stage 1: Legal establishment	
• Complete and approve Shareholders' Agreement, Constitution, Stakeholders' Forum Terms of Reference	September 2025
• Achieve acceptance of WSDP by Secretary for Internal Affairs and publish WSDP	December 2025
• Programme planning for transition	December 2025
• Appoint members to Stakeholders' Forum	November/December 2025
• Complete recruitment for two (minimum) initial Directors	March 2026
• Complete legal incorporation and required registrations	March 2026
Stage 2: Operational transition	
• Prepare Statement of Expectations	June 2026
• Transition SWDC operations from Wellington Water Limited to new transitional arrangements	June 2026
• Complete governing documents (i.e., Transfer Agreements)	September 2026
• WSCCO Board to prepare Water Services Strategy	December 2026
• Chief Executive and Tier 2 role recruitment	December 2026
• Undertake staff change process to confirm roles and staff that will transition to the new entity	December 2026
• Development of future systems requirements, and insurance, treasury and financing arrangements	December 2026
• Transfer assets, contracts, responsibilities, remaining staff following Board confirmation of readiness for go live.	June 2027

SCHEDULE 4

Funding Commitment Plan

Funding commitment	Payment date	Payment share for each Council
$250,000 from Department of Internal Affairs provided to Council groups pursuing a regional entity	Upon signing a Funding Agreement prior to 30 June 2025	N/A
$1.25m per Council to be used after funding from DIA is exhausted.	On delivery of invoices from SWDC to individual Councils, for agreed work by PSG. Funding from DIA will be used first before any costs are incurred by individual Councils.	$1.25m

SCHEDULE 5

Wairarapa Tararua WSO Commercial Terms Sheet

This terms sheet is subject to further legal advice, including in relation to the Select Committee report back on the Local Government (Water Services) Bill and in relation to the operation of the Stakeholder Forum under existing LGA provisions.

Issue	Agreement between Councils
General	

Principles to guide establishment and transition decision making	These principles will be included in the Commitment Agreement to guide the establishment of the Water Services Organisation:
	• Deliver long-term benefits to the region (recognising these benefits take time to accrue)
	  ○ Efficient operational delivery
	  ○ Affordable water services
	  ○ Adequate investment in infrastructure through time
	  ○ Financially resilient and sustainable
	  ○ Working with iwi
	• Manage shorter-term transition impact on individual shareholding communities and Councils
	  ○ Manage any cost/price changes
	  ○ Ensure transparency in transition pathways
	  ○ Maintain service continuity and reliability for customers and minimise staff disruption
	  ○ Manage financial and/or operating risk for Councils
	• Ensure statutory and regulatory compliance
	  ○ Operate within statutory planning and accountability framework
	  ○ Meet DIA and Commerce Commission financial sustainability requirements
	  ○ Meet regional Council and Taumata Arowai environmental standards
	• Where possible, provide flexibility in the design for the new entity and Councils to adapt to changing circumstances over time.
	• Recognise the independence of the new entity and provide it with the autonomy to make decisions necessary for success
	• Keep it simple, with straightforward arrangements easy for the community to understand.

Governance and oversight	
Stakeholders' Forum	• Councils agree to establish a Stakeholders' Forum as the basis for coordinating the shareholder activity and for the four Councils to exercise certain of their shareholding rights and responsibilities.
Iwi participation	• Councils agreed that iwi will be members of the Stakeholders' Forum (while not shareholders) to give effect to Councils' commitment to partner with iwi in oversight of the water organisation.
Size and composition of Stakeholder Forum	• Total membership will be 6 members – 1 member from each Shareholding Council and 1 each of from Rangitāne and Ngāti Kahungunu.
Size and composition of Water Services Organisation Board	• Water Services Organisation will have a flexible Board size of five to seven members, with all members appointed according to the skills matrix.

<table>
<tr><td>Board member appointment term and reappointment</td><td>

Initial Directors appointments terms will be varied to enable staggering of replacements and to enable appointment of initial Directors with entity start-up experience.
After the initial directors, general appointments will be for three-year terms, with up to two possible reappointment terms. Reappointment is subject to a formal process.
Reappointment beyond three terms will be at the Stakeholders' Forum's discretion but expected to be on an exceptional basis e.g., to retain an essential specialist skill set.

</td></tr>
<tr><td>Board skills requirements</td><td>The Constitution will include the following skills requirements for the Water Services Organisation Board:

Governance and senior leadership experience
Experience in utilities and infrastructure industries, preferably water
Commercial and financial expertise, including Director(s) with relevant qualifications to chair an Audit and Risk Committee
Understanding of the relevant public accountability, legislative and regulatory context
Asset management experience
Commitment to partnership and upholding the Treaty of Waitangi, tikanga and te ao Māori
Knowledge and experience in te ao Maori and te taiao Maori and Treaty of Waitangi principles and implementation
Understanding and commitment to the four communities the organisation serves
Commitment to strong stakeholder management with the four Shareholding Councils

</td></tr>
<tr><td>Decision making framework for key decisions involving shareholding councils</td><td>The decision table below sets out the decision-making mechanisms for key decisions, including whether those decisions are taken by Shareholding Councils only or by Councils plus iwi. By way of summary iwi vote on appointment of Directors and performance monitoring only, and they are involved in the preparation of the Statement of Expectations but do not vote on its adoption. All other votes are for Shareholding Councils only.
<table>
<tr><th>Decision</th><th>Decision making mechanism</th><th>Decision making threshold</th></tr>
<tr><td colspan="3">Issues relating to governance and governing documents</td></tr>
<tr><td>Appointment of Directors (including Chair)</td><td>Decision by Stakeholders' Forum (Councils plus iwi)
One Council, one vote
One vote per iwi representative</td><td>Simple majority (i.e., >50% of votes cast)</td></tr>
<tr><td>Approving Statement of Expectations</td><td>Statement developed by Stakeholders' Forum (Councils plus iwi)
Decision to issue the SOE to the Water Services Organisation will be made by Shareholder members of the Stakeholders' Forum
One Council, one vote</td><td>Special majority (i.e., 75% votes cast)</td></tr>
<tr><td>Monitoring performance</td><td>Decision by Stakeholders' Forum (Councils plus iwi)
One Council, one vote</td><td>Simple majority (i.e., >50% votes cast)</td></tr>
</table>
</td></tr>
</table>

	• One vote per iwi representative • Note Shareholders still receive reports as a shareholding right	
Changes to the Constitution (all matters except harmonisation review)	• Recommendation by the Board • Decision by Shareholders with voting based on a shareholding basis at either Stakeholders' Forum or Councils	Special majority (i.e., 75% votes cast)
Issues of community interest		
Review of cost-to-serve/price harmonisation	For nine years: • Recommendation by Board • Decision by Councils After nine years: • Include review point after nine years to reconsider the issue and whether the cost to serve principle should be removed from the pricing principles in Constitution • Decision at this review point made by Councils on a shareholding basis, with advice to be provided by the Board • If cost to serve principle removed, any future decision on the issue would be a Board decision from year 10 onwards	Unanimous agreement (for nine years) Special majority (i.e., 75% votes cast) for review point
Issues relating to shareholding		
Shareholder entry	• Recommendation by Board and Stakeholders' Forum based on a proposal for entry • Shareholder entry principles would apply • Decision by Councils	Unanimous agreement
Shareholder exit	• Recommendation by Board and Stakeholders' Forum based on a proposal for exit • Shareholder exit principles would apply • Decision by Councils	Unanimous agreement by non-exiting Shareholders (exiting Shareholder does not vote)
New share issue to existing shareholders (i.e., company request for new funding)	• Board decision to request funding from shareholders • Decision by Councils to decide to grant funding • Details need to be worked through on implications of	Each Council makes its own decision

		Council decisions at the time of any request	
	Other issues		
	Selected major transactions	• Major transactions (e.g., by value of $100m or greater) will be subject to consideration by shareholders • Decision by Stakeholders' Forum on shareholding basis	Special majority (i.e., 75% votes cast)
	Ceasing operations of the company	• Recommendation by Board and Stakeholders' Forum • Decision by each Council • One Council, one vote	Special majority (i.e., 75% votes cast)
Shareholder role in Water Services Strategy and Annual Budget	• Shareholders will not approve the Water Services Strategy or Budget. Their role will focus on the development and approval of the Statement of Expectations		
Ownership			
Share allocation	• Shareholding will be allocated based on network connections. Consideration will be given to if/when adjustments are needed and how this would be aligned with relevant decisions (e.g., development of the Water Services Strategy).		
Shareholder entry	The Shareholders' Agreement will include the following principles in relation to future new Council joining as a shareholder (which will apply unless the shareholders agree otherwise at the time): • Shareholders are open to considering admission of new council shareholders • Proposal from a potential new council shareholder would be considered by the Board of Directors and recommendation made to the Stakeholders' Forum who could approve/not approve the admission or recommend to the four Councils to approve/not approve • New council shareholders' shareholding will be determined using the same method as used by the original shareholders • The terms of transfer of assets for a new council shareholder shall not be more favourable to the new council shareholder than to the original shareholders • As part of the decision to admit a new council shareholder, the existing shareholders will consider the position to ensure appropriate iwi participation for the larger service area • As part of the decision to admit a new council shareholder, the existing shareholders will need to review and agree changes to the company Constitution and Shareholders' Agreement • The addition of a new council shareholder must not materially worsen the Water Organisation's financial position or forecast financial position, or result in the Water Organisation failing to meet its regulatory obligations to be financially sustainable • Each party will bear its own costs of considering and redocumenting the arrangements for a new council shareholder joining • An appropriate timeline and transition plan will be developed (with at least one year's lead time) and agreed by the Board and Stakeholders' Forum • Any legislative consultation requirements will be complied with		

Shareholder exit	The Shareholders' Agreement will include the following principles in relation to shareholder exit (which will apply unless the continuing shareholders agree otherwise at the time): • It will be possible for a shareholding Council to exit from the water services organisation and implement a new operating model • A detailed exit plan will be developed and agreed between the Board and Stakeholders' Forum (with a three-year time period between notification and exit) • As part of the decision for a Shareholder's exit, the existing shareholders will undertake a review to agree any changes to the company Constitution and Shareholders' Agreement • The exit of a shareholder must not materially worsen the Water Organisation's financial position or forecast financial position, or result in the Water Organisation failing to meet its regulatory obligations to be financially sustainable • Other principles to be developed for: treatment of assets, joint assets, consideration, stranded assets or liabilities, transactions costs • Any legislative consultation requirements will be complied with
Pricing and financial sustainability	
Pricing principles	The Constitution will include the following principles in relation to pricing: • Transparency between pricing and investment requirements • Engagement with communities in setting or changing pricing • Managing/smoothing the transition impact of any changes to pricing • Balancing affordability for customers with investment and financial sustainability requirements • Consideration of distributional impacts of pricing decisions • Adoption of cost-to-serve approach, with review point after nine years

Price harmonisation	• Councils agree to ringfence pricing for nine years to respond to Council and community concerns (i.e., each jurisdiction will operate on a cost-to-serve basis)
	• Every three years (i.e., in line with the LTP cycle), the Board could provide a case to Shareholders to consider amending the pricing, should it choose to do so (with the decision sitting with Shareholders as requiring unanimous agreement)
	• The Board's case to shareholders should include consideration of the factors:
	  ○ Demonstrate there is sufficient reliable information available about future investment requirements to provide reliable and transparent estimates of costs to ratepayers
	  ○ Consider the impact of any proposed changes on each shareholder's ratepaying population (including distributional impacts within and between Council districts)
	  ○ Consider other benefits and costs of the new proposed approach relative to current approach (e.g., impact on operating costs/efficiencies for the entity)
	  ○ Consider whether other compensatory measures could be put in place to manage any significant impact (if any) on subsets of ratepayers.
	• After nine years, the issue will be reconsidered. If the cost-to-serve principle is removed from the Constitution at this point, the issue becomes the responsibility of the Board and no longer a matter for Council decision.

Debt transfer	Councils agree to the following principles in relation of transfer of debt to the Water Services Organisation (which will apply unless the shareholders agree otherwise at the time):

	• Debt that can be identified by Councils as water-related debt will transfer to the new entity • Debt incurred by the shareholding Councils in relation to the establishment and transition to the new entity from the date of submission of the WSDP to DIA will be transferred to the Water Services Organisation • Cost effective transfer of debt from each Council to the Water Services Organisation will take place over a few years as tranches of debt mature and hedging is unwound • Interest costs incurred by Councils on waters debt after the Water Services Organisation is established (and the revenue is flowing into the Water Services Organisation) will be reimbursed to the Councils by the Water Services Organisation. (Note debt that remains with Councils over the transition period is looked through by LGFA for covenant purposes and assumed to be held by the Water Services Organisation for financial sustainability purposes) • For the nine-year period of no price harmonisation, each Council's guarantee/support of the Water Services Organisation is based on the actual debt outstanding for their jurisdiction • At nine years (or at the point when the Board proposes harmonization), the Board is required to provide advice to the shareholders on proposed allocation of guarantee/support based on the Water Services Organisation's financial position • Assumption would be that any reallocation of the guarantee would default to shareholding, unless Board proposed an alternative approach. • (Note that in the situation of a majority shareholder, the LGFA or lenders would typically treat the majority shareholder as the guarantor)
Dividends	• The Water Services Organisation would not pay dividends to Shareholding Councils for at least the first 9-12 years. The future possibility should be retained/not ruled out to encourage commercial discipline by the Board and management. • Initial priority is for surpluses, if any, generated, to be used by the Board to either reduce costs to consumers or bring forward necessary investment.

Appendix 2: Modelling assumptions

In the development of the WSDP and supporting financials, the Council used 2024/34 LTPs and 2025/26 Annual Plans as the base dataset, with some key adjustments and assumptions to reflect the proposed shift to a WSCCO including operating costs, efficiencies and the cost of borrowing. Additional allowances were also made to reflect the costs associated with Local Water Done Well. These assumptions are as follows:

Assumption	Commentary	Basis of assumption / source
Financing	LGFA has indicated that for multi-council WSOs the borrowing margin would be based on the weighted average borrowing margin of the participating councils. LGFA 10-year bond rate for unrated councils + 5bps (6%)	LGFA
Target covenant	LGFA guidance indicates that the WSO would have FFO-to-debt floor of 9%. The model targets 10% FFO-to-debt.	LGFA
Governance and incremental costs	Additional opex associated with a WSO include additional management costs, board fees, audit and other costs. These are assumed at approx. $1.5m p.a.	
Establishment costs (one-off)	There are a series of capital costs associated with establishing an entity (fit out, staff IT equipment/networks etc.). Councils have provided an assumption of $5 million, split equally between Councils.	Note: It is assumed that operating costs associated with establishment will be debt funded.
Levies	Commerce Commission and Taumata Arowai levies will be built into the base case.	Commerce Commission and Taumata Arowai + population statistics
Operating efficiencies	Operating efficiencies are driven by a number of factors, including productivity gains arising from effective management practices, purchasing power, and more streamlined operations and maintenance. Efficiencies are modelled to being two years after the entity's establishment (FY30) and ramp to 0.35% p.a. (the midpoint of the efficiency range) until peak operating efficiency is achieved at FY44.	Martin Jenkins case study research
Capital efficiencies	Capital efficiencies reflect reductions in real unit costs from prudent investment decisions, streamlined cost structures, and market power from a larger entity having long-term investment policies. They are modelled to begin two years after the entity's establishment (FY3) and ramp to 0.4% p.a. (the midpoint of the efficiency range) until peak capital efficiency is achieved in FY44.	Martin Jenkins case study research
Price harmonisation	No price harmonisation*	Agreed by Councils
Establishment date	Joint WSO is operational from 1 July 2027.	Agreed by Councils
Three waters	Water supply, wastewater and stormwater transferred to the entity.	Agreed by Councils

** Determining a non-harmonised price path.*

1. *The model takes the initial debt, revenues, and expenditures for each constituent council, effectively ringfencing borrowing, revenues, and expenditures.*
2. *Establishment costs and ongoing incremental costs are allocated back to each council using the agreed basis for apportionment. E.G. If the costs are $5 million, and Council A's apportionment is 20%, then $1 million is allocated to Council A.*
3. *Entity level efficiency assumptions are applied each individual council's forecast opex and capex projections.*
4. *In summary, the net cashflow impact of the establishment and incremental costs are allocated back to each council's starting operating and debt positions. The price path for each council is then recalculated by solving, at the council level, for the revenues required to maintain the FFO-to-debt ratio at 10%.*
   Note, this calculation is performed for each council, resulting in varying revenue per connection at council level.

This approach has the effect of sharing the net benefits of efficiency savings with each district, by lowering prices relative to their standalone price path, but does not result in cost sharing between districts.

Water Services Delivery Plan

Wairarapa Tararua Water Services Organisation

Tararua District Council

Draft for TDC adoption - August 2025

DRAFT

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

A1: Statement of financial sustainability

South Wairarapa, Tararua, Masterton and Carterton District Councils (Partner Councils), together with Rangitāne and Ngāti Kahungunu, have undertaken to establish a Water Services Council Controlled Organisation (WSO) on or before 1 July 2027. This includes all necessary transitional arrangements, governance documentation, service level and operational agreements, and operationalising a planning and accountability framework that meets legislative and regulatory requirements

Tararua District Council (TDC) confirms that this Water Services Delivery Plan (WSDP) ensures the financially sustainable delivery of water services by 30 June 2028. This confirmation is based on financial modelling and assessments included in Part D, E and F of this Plan. This WSDP demonstrates that by FY28:

Wairarapa Tararua WSO

- Water services revenue will meet operational, capital and compliance costs. Per connection revenue requirements in the WSO financial statements are average requirements across the four Councils; Councils have decided to ring-fence prices for the period of the WSDP so per connection revenue requirements and charges vary between Councils.
- Sufficient investment will be delivered to meet levels of service requirements, regulatory requirements, and increased levels of demand. There is sufficient borrowing capacity to deliver on the combined capital programme (under Councils' current phasing).
- The WSO will meet a 10% FFO to debt target by FY32. It will meet the 9% LGFA covenant floor by FY31. The WSO meets the ICR requirement from year one of operation and maintains this throughout the WSDP period.

Tararua District Council within the WSO

- TDC (and the WSO) (from FY28) is projected to generate sufficient revenue to meet the full cost of water services delivery, including operating expenditure, asset renewals, and debt servicing. This is underpinned by a shift to a WSO with a target capital structure generating sufficient revenues over the forecast period. It is acknowledged that this will require price increases that will challenge affordability.
- Operating surpluses over the 10-year period are forecast at $22.9m. TDC has an operating deficit in year 1 of the WSDP period, with surpluses from year 2 onwards. Operating cashflow surpluses over the period are forecast at $133.2m, underpinned by necessary price increases.
- For the Council, average water charges per connection are forecast to increase from $2,432 in FY25 to $5,045 in FY34 (in nominal (inflated) terms) (or $3,949 in real (uninflated) terms), which represents around 4.9% of median household income in the district. These charges reach challenging levels for the community, and this is an acknowledged affordability challenge, and the WSO will need to consider how the capital programme could be rephased or prioritised to manage affordability. This work will begin as part of the transition.
- The WSDP includes $150m in forecast capital investment over the 10-year period, including renewals to maintain existing levels of service and asset reliability, upgrades to achieve compliance with drinking water standards and to improve network resilience, and growth-related projects to service projected increases in demand. This level of expenditure was determined only after extensive assessment starting from independent hydraulic modelling and network sizing.

- Over the WSDP period, over $150 million of capital investment is forecast, with approximately $56.2 million of this expected to be debt funded, with total debt reaching around $108.7 million in FY34. The Council within the WSO, can manage the borrowing required within LGFA covenants. TDC will meet the targeted 10% FFO to debt ratio by FY30 and the ICR requirement from FY28.

The financial statements and forecast position of the WSO are based on the Partner Councils' existing investment programmes as set out in their respective Long-Term Plans (LTP) and Annual Plans, with current priorities and phasing. The model also makes key assumptions about levels of operational efficiency that the WSO will achieve, financing costs, FFO to debt target, and additional overhead costs incurred by the WSO (refer Appendix 2). In general terms, the modelling takes a conservative approach to the assumptions to demonstrate financial sustainability.

The WSO will have choices about how it manages the capital programme and Councils consider there would be benefit in an early assessment of the phasing and priorities of works to manage costs for customers, achieve efficiencies through bundling of work, or to better reflect a regional view of necessary investment. South Wairarapa and Tararua have particular affordability challenges given their starting debt positions and large capital programmes, and this plan proposes a reassessment of the programme through the transition, with a particular emphasis on non-compliance related or essential renewal work, to effectively manage delivery and costs for the community.

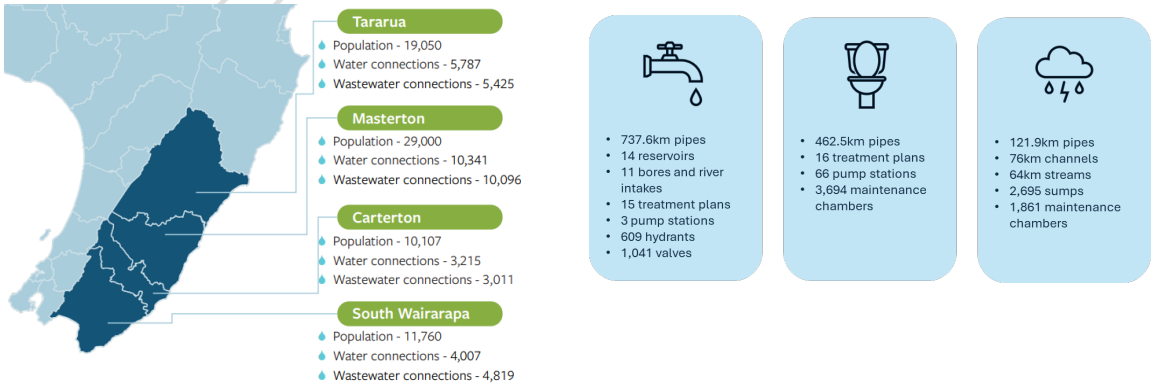
A2: Proposed delivery model

South Wairarapa, Tararua, Masterton and Carterton District Councils, together with Rangitāne and Ngāti Kahungunu, are proposing to establish a WSO under the Local Government (Water Services) Bill to deliver water services to their districts.

This three-waters entity will have approximately 25,000 connections and be responsible for drinking, waste and stormwater services. Responsibilities for water services will transfer from the Partner Councils to the WSO on or before 1 July 2027. This will include associated revenue, expenditure, assets and liabilities.

Figure 1 below provide a snapshot of the communities in the Wairarapa-Tararua region and the scope of existing water services which would transfer to the WSO. Currently the region's water services are delivered directly under contract by three of the four Councils (Carterton, Masterton, and Tararua District Councils) and via Wellington Water Limited (the current Wellington regional CCO) for South Wairarapa District Council.

Figure 1: Wairarapa Tararua region and water services



Establishment and transition activities have begun, with ways of working and commercial terms agreed and set out in the appended Commitment Agreement (Appendix 1). The Commitment Agreement confirms Councils' commitment to work with iwi and implement this WSDP and establish the WSO once the WSDP is accepted. Work is expected to accelerate following the acceptance of this WSDP by the Secretary for Local Government.

Why a joint Water Services Organisation?

The proposal to establish a regional WSO was taken after careful consideration of other models and engagement with the community and iwi on the benefits of different approaches. The detail of the consultation undertaken is summarised later in this section.

The Partner Councils have similar sized communities, geography and climate and face similar infrastructure challenges and opportunities. Rangitāne and Ngāti Kahungunu are mana whenua iwi across Wairarapa and Tararua, and both iwi have general and specific rights and interests in fresh-water bodies across our region arising from their respective Treaty Settlements. These circumstances making a grouping of these four Councils and two iwi a logical choice when it came to considering the future of water services delivery.

Through their collective consideration of potential delivery models, the four Councils and two iwi have identified the following benefits of the Wairarapa Tararua model:

1. more affordable and resilient water services for communities,
2. increased access to finance to enable delivery of necessary investment programmes,
3. operational efficiency and cost savings resulting from a single entity planning, contracting and delivering works across the region,
4. regional employment opportunities from a larger, locally based infrastructure provider, and
5. enabling an entity solely focused on water services delivery.

Establishment principles

The following principles or objectives have guided the Councils and iwi in their consideration of the proposed delivery model and will continue to be used to direct the establishment of and transition to the new entity. These principles are included in the appended Commitment Agreement.

- Deliver **long-term benefits to the region** (recognising these benefits take time to accrue)
    - Efficient operational delivery
    - Affordable water services
    - Adequate investment in infrastructure through time
    - Financially resilient and sustainable
    - Working with iwi
- Manage **shorter-term transition impact** on individual shareholding communities and Councils
    - Manage any cost/price changes
    - Ensure transparency in transition pathways
    - Maintain service continuity and reliability for customers and minimise staff disruption
    - Manage Councils' operational and/or financial risk
- Ensure **statutory and regulatory compliance**
    - Operate within statutory planning and accountability framework
    - Meet DIA and Commerce Commission financial sustainability requirements
    - Meet regional Council and Taumata Arowai environmental standards
- Where possible, **provide flexibility in the design** for the new entity and Councils to adapt to changing circumstances over time.
- Recognise the **independence of the new entity** and provide it with the autonomy to make decisions necessary for success

- Keep it simple, with **straightforward arrangements** easy for the community to understand.

Ownership and governance arrangements

The WSO will be structured under the Local Government Act 2002 and the Local Government (Water Services) Act 2025 (WSA25) (once the Local Government (Water Services) Bill is enacted). A summary of the governance and ownership arrangements is provided here and the appended Commitment Agreement. These arrangements will be developed further and are expected to be confirmed in Q4 2025 (refer *Implementation Plan*).

The WSO would be owned by the four Councils according to the following shareholding arrangements based on the connections within each Council district. Table 1 provides an indicative shareholding allocation; this would be updated and confirmed through the transition. The Shareholders' Agreement will contain principles for the entry and exit of shareholders, including in the eventuality of future Council amalgamation or expansion of the WSO, and other situations which may require adjustments to shareholdings. The basis for rebalancing shareholding over time will be determined through the transition.

Table 1: Indicative shareholding allocation

Shareholding Council	**Indicative shareholding**	**Estimated day 1 connections**
Masterton District Council	44%	10,911
Tararua District Council	**23%**	**5,716**
South Wairarapa District Council	20%	4,935
Carterton District Council	13%	3,203
Total	**100%**	**24,765**

Figure 2 summarises the governance and oversight arrangements for the WSO. Councils and iwi have chosen to establish a Stakeholders' Forum as the mechanism by which they coordinate ownership rights and responsibilities and to enable effective partnership with iwi, Rangitāne and Ngāti Kahungunu.

The Stakeholders' Forum is expected to have a fixed membership of six members, one from each Shareholding Council and one from each of Rangitāne and Ngāti Kahungunu. Members are appointed to the Forum by an appointment process determined by the appointing party. TDC anticipates appointment by Council resolution.

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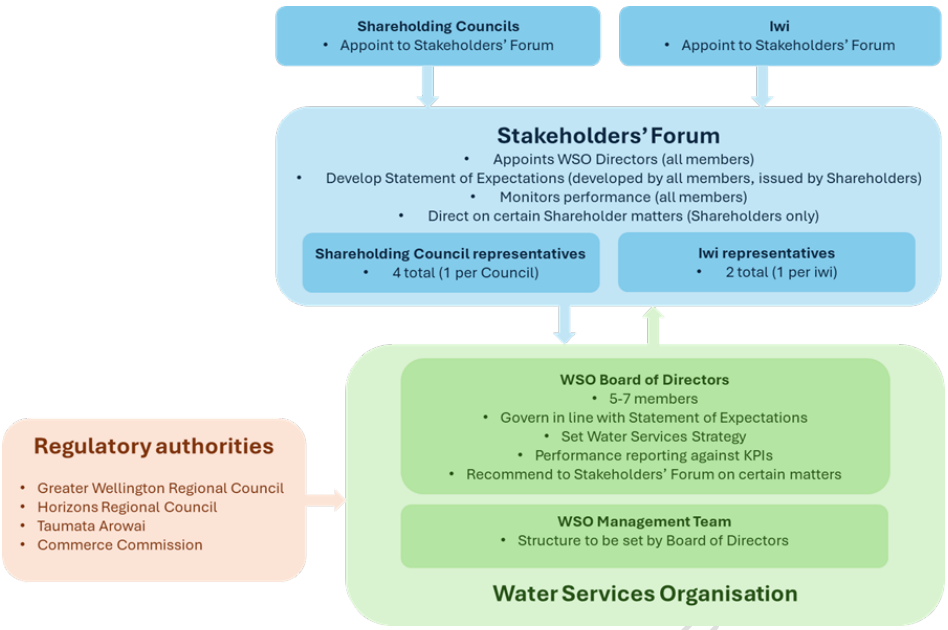
Figure 2: WSO governance and oversight arrangements



The Board of the WSO, once operational, would have flexible membership of five to seven members; this flexibility reflects the need to balance meeting skills requirements and ensuring diversity of views for quality decision making, with managing costs of governance, ensuring effective and efficient decision making, and providing the ability to adjust overtime according to the priorities or lifecycle of the Company.

Appointment of Board members is expected to be staggered through the two stages of the programme. During the establishment period, at least two directors are expected to be appointed by March 2026 with remaining Directors appointed ahead of operational transition. It is anticipated that appointment terms of the initial Board members will be varied to ensure future staggered turnover and to enable initial Directors to be appointed who have expertise in standing up/establishing new organisations.

Councils and iwi have determined the following skills are required on the Board and these will be reflected in the Constitution. This reflects the skills that are required on the Board as a whole, not requirements for all individuals to meet.

- Governance and senior leadership experience
- Experience in utilities and infrastructure industries, preferably water
- Commercial and financial expertise, including Director(s) with relevant qualifications to chair the Audit and Risk Committee
- Understanding of the relevant public accountability, legislative and regulatory context
- Asset management experience
- Commitment to partnership and upholding the Treaty of Waitangi, tikanga and te ao Māori
- Knowledge and experience in te ao Māori and te taiao Māori and Treaty of Waitangi principles and implementation, including the Treaty Settlements of Rangitāne and Ngāti Kahungunu
- Understanding and commitment to the four communities the organisation serves
- Commitment to strong stakeholder management with the four Shareholding Councils.

Service delivery, pricing and charging

The WSO will provide all drinking water, wastewater and storm water services within the four Councils' jurisdictions, where these are currently provided by Councils. Currently services are delivered directly by Tararua, Carterton and Masterton District Councils and via Wellington Water Limited (existing multi-Council owned CCO) for South Wairarapa District Council.

All related water assets will be transferred to the WSO with limited exceptions, based on their primary purpose. Water race assets will continue to be owned by Councils. Any other details on transfer arrangements for specific assets will be developed through the preparation of the Transfer Agreement.

Part C of this plan sets out the Council's current pricing structures for water services. Prior to the transfer of water services to the WSO, the Council will continue to collect water revenues according to its own pricing structures. These arrangements would be retained by the WSO at establishment and the WSO will then determine the future tariff structure, as required under the Local Government (Water Services) Bill.

Through transition planning it will be determined whether the Council will continue to collect water charges on behalf of the WSO for a period, or whether the WSO will charge customers directly from day one. However, the WSO will be responsible for determining the amount of revenue to collect and advising on the tariffs to be applied, consistent with the current tariff structure. It is intended that the WSO will directly charge and invoice customers in the future with the timing of billing transition to be determined through establishment and transition planning.

Pricing principles

Pricing was a key concern raised by communities through consultation processes. To respond to community feedback, Councils have determined a set of pricing principles to be incorporated into the Constitution to ensure the WSO is considering issues of importance to Councils and communities in making its pricing decisions. These principles include:

- Ensure transparency between pricing and investment requirements
- Undertake appropriate engagement with communities in setting or changing pricing
- Manage/smooth the transition impact of any changes to pricing
- Balance affordability for customers with investment and financial sustainability requirements
- Consider the distributional impacts of pricing decisions, and
- Adopt a cost-to-serve approach, with a future review point.

Councils have agreed that the WSO will operate a cost-to-serve model for nine years, after which time the matter will be reviewed by the Board and Shareholding Councils. Concern about subsidising across Council jurisdictional boundaries was a particular issue raised in consultation by Masterton and Carterton communities.

The decision to move away from a cost-to-serve approach and adopt harmonised pricing is retained by the Shareholding Councils, with advice to be received from the WSO Board, and would be subject to any legislative or regulatory direction. A review of pricing will be undertaken after nine years and will consider several factors, including:

- That there is sufficient reliable information available about future investment requirements to provide reliable and transparent estimates of costs to ratepayers
- The impact of any proposed changes on each shareholder's customers (including distributional impacts within and between Council districts)
- Other benefits and costs of the new proposed approach relative to current approach (e.g., impact on operating costs/efficiencies for the entity)
- Whether other compensatory measures could be put in place to manage any significant impact (if any) on subsets of customers.

While prices are non-harmonised, the board of the WSO will be responsible for determining the revenue to be collected from each Council district, including advising the Council of the level of charges to be set for each scheme and category of customer, consistent with Councils' existing tariff structures. Councils will supply information from their rating databases to the WSO for this purpose, as provided for within the Local Government (Water Services) Bill.

TDC notes that there are affordability challenges associated with water services in its district. Through the development of the first Water Services Strategy, the Council expects the WSO to review the investment programme and identify early opportunities for efficiencies and savings.

Meeting ring-fencing requirements

As part of the establishment of the WSO, water services revenues and expenses will be separated from other Council financials. Separate financial management systems will be established for the WSO, and, if adopted, any shared services arrangements between the WSO and Shareholding Councils will be at arm's length and on commercial terms. The WSO will be responsible for preparing the Water Services Strategy, Annual Budgets and Annual Reports.

Financing arrangements

The WSO will borrow from the LGFA and be managed within the LGFA's specified financial covenants. Parts D and E of this WSDP demonstrate that TDC within the WSO can operate within financial sustainability requirements. Part F of this WSDP demonstrates that the WSO can operate within financial sustainability requirements.

Financial modelling prepared for this WSDP targets a more conservative 10% FFO-to-debt target, compared to the LGFA's 9% covenant requirement. Achievement of the 10% target has been phased in over a four-year period post WSO establishment, by adjusting revenue requirements to manage affordability for the South Wairarapa community. Masterton, Carterton and Tararua Councils can meet the 10% target by FY30; South Wairarapa can meet the target by FY32. This results in the WSO achieving 9% by FY31 and 10% by FY32. This phasing has been tested with the LGFA who have confirmed they would support this approach as part of their commitment to assist WSOs meet their covenants over a transition period.

It is anticipated that the Council will transfer water-related debt to the WSO over a transition period as tranches of debt mature and hedging is unwound. Interest costs incurred by the Council on retained water-related debt over this period will be met by the WSO. Establishment costs will be borrowed by Councils and transferred to the WSO. Final transfer arrangements will be included in any future Transfer Agreement.

While the WSO operates a cost-to-serve model, Councils anticipate guaranteeing the WSO debt based on the value of debt outstanding for each jurisdiction. If, or when, the Board advises shareholders on an alternative approach to pricing, the Board will also be required to advise shareholders on an appropriate ongoing approach to the guarantee of debt (e.g., based on shareholding).

The Councils have agreed that the WSO will not pay dividends to shareholding Councils for at least nine to 12 years; and that any surpluses would be used to either reduce prices for customers across the region and/or to accelerate priority investment across the region. The governing arrangements will leave the possibility of future dividend payments open.

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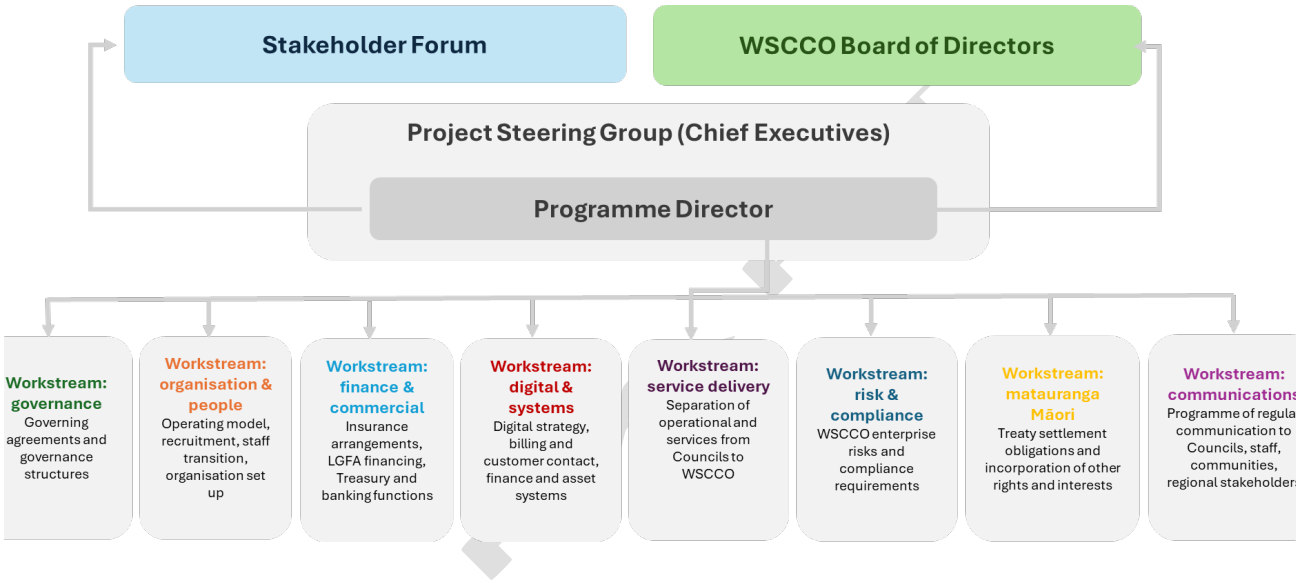
A3: Implementation plan

Councils have agreed that the WSO will be legally established on or before 1 July 2026 and operational on or before 1 July 2027. The accompanying Commitment Agreement sets out the governance and management arrangements for the Programme to ensure the entity is established and operational within these timeframes.

The transition will be governed by a Project Steering Group (PSG) and the project led by a Programme Director, reporting to the PSG, supported by a Project Team of Council staff, iwi representatives and external legal and advisory support. Workstream leads will be assigned for each Programme workstream (refer Figure 3).

Following the local body elections, the Stakeholders' Forum would be established, and this group would work alongside the PSG to provide oversight to the transition going forward. When the WSO initial Directors are appointed, the transition will be jointly overseen by the Stakeholders' Forum and the WSO Board, with programme reporting provided to both governance bodies.

Figure 3: Programme governance and management



Programme workstreams

The key workstreams for the programme are expected to include:

- **Governing documentation and establishment** – this workstream includes the preparation and negotiation of all relevant governing agreements (Constitution, Shareholders' Agreement, Stakeholders' Forum Terms of Reference, Statement of Expectations, and Transfer Agreements), the establishment of new governance structures (Stakeholders' Forum and WSO Board), and approach to Treaty Settlement obligations.
- **Organisation and people** – this workstream includes development of the organisation's operating model and management structure, recruitment of Chief Executive and Tier 2 leadership roles, transition of Council staff and contractors (other than long-term physical works contracts) to the WSO, the development of organisational policies, new regulatory reporting requirements, and establishment of the physical office.
- **Finance and commercial** – this workstream includes the determination of new insurance arrangements for the entity, confirmation of financing arrangements with LGFA and Council parent guarantee, debt transfer arrangements, financing strategies and establishment of treasury and banking functions

- **Digital, systems and customer** – this workstream covers the digital strategy, development of billing arrangements, customer contact, finance, compliance and asset management systems for the WSO and the transition from existing Council systems to new arrangements, including any transitional or shared services arrangements that may apply for a time limited period.
- **Operations and service delivery** – this workstream covers the scoping, planning and delivery of the separation of the operational and service requirements from Councils and their transfer to the new entity (except staff transition which is managed separately). It will also include integration with Council planning requirements, including district plans, growth and development strategies, and LTPs, and any corresponding changes required in Council policies.
- **Mātauranga Māori** – this workstream includes the review of Treaty Settlement obligations, Iwi Environmental Management Plans and other iwi rights and interests and incorporation of these, as relevant, across the other workstreams. It also includes details of how the WSO will report to iwi and how treaty obligations will be considered within the asset management plans.
- **Risk and compliance** – this workstream determines the WSO's enterprise risks and controls and establishes the compliance requirements, including DWSQAR, RMA and health and safety**.**
- **Communications** – a communications plan will be developed to support the programme, which will include regular reporting for the four Councils and iwi governing bodies and executive leadership teams, Council staff and contractors, ratepayers and communities, and key regional stakeholders.

Once Directors are appointed, the Programme Director will work with Councils and the WSO Board to confirm any Council operational decisions relating to water services (e.g., changes in the capital programme) that will be taken in the transition period that require the agreement of the WSO Board, and these decisions will be included as part the transition programme.

Transition milestones

The programme will be delivered in two stages in line with Council commitments on establishment dates:

- Stage 1 (legal establishment) will run from the adoption of the WSDP by the four Councils in August and be complete at the legal incorporation of the WSO and the appointment of initial/establishment Directors. This will be achieved by the end of 2025/26 at the latest; the intention is to deliver earlier.
- Stage 2 (transition) will run from legal establishment through to the end of 2026/27 at the latest; the programme will be developed to achieve milestones at the earliest opportunity.

Wherever possible, the transition will be expedited to mitigate the impact of two significant change process for South Wairarapa District Council, given the Council's pending exit from Wellington Water Limited, and the operational transition of Wellington Water to Metro Water (new Wellington WSO). Metro Water is currently intended to be operational ahead of the Wairarapa Tararua WSO creating a need for an interim solution for South Wairarapa for the 2026/27 year. SWDC is currently working with Wellington Water, its shareholders, and other Wairarapa Tararua Councils on options for interim arrangements. The pace of the programme will be determined by risk.

Figure 4 shows high level timing for the programme and Table 2 sets out the priorities and milestones for establishment and transition stages. These represent an overall view of the required work and milestones; further work on detailed roles and responsibilities will be developed in the transition planning. Any changes to these milestones will be agreed by the PSG prior to agreement/confirmation by the WSO Board and/or Stakeholders' Forum, as appropriate.

Figure 4: Programme timing

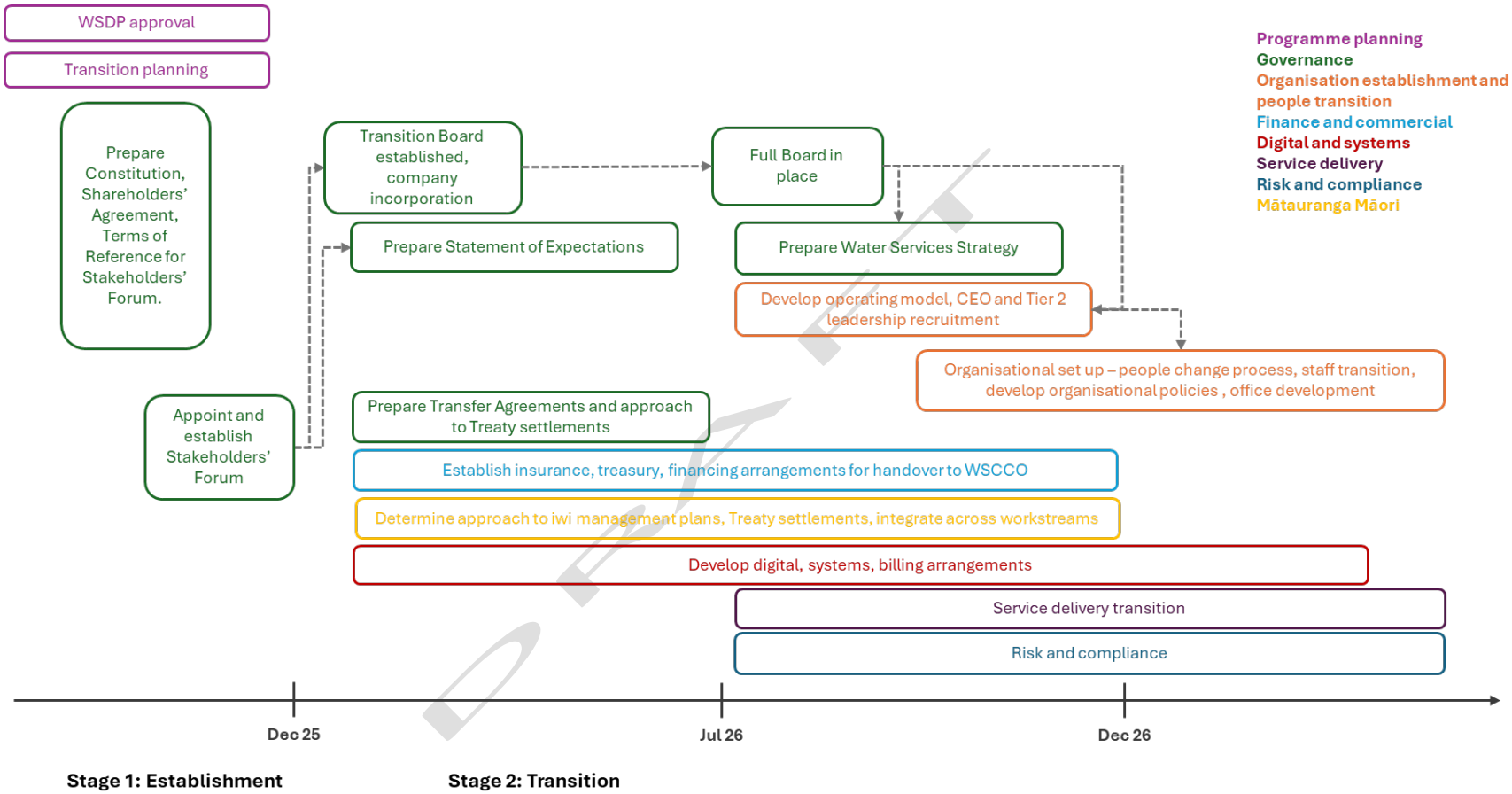


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Table 2: Programme priorities and milestones

Programme stage	Priorities and milestones	Indicative timeframe
Legal establishment	• Achieve acceptance of WSDP by Secretary for Internal Affairs and publish WSDP	December 2025
	• Plan and prepare for operational transition according to priority workstreams above (with transition expected to begin following appointment of Directors). This will include initiation of key work in financial and commercial and systems workstreams to prepare for handover for completion to WSO Board.	December 2025
	• Appoint members to Stakeholders' Forum following election and induction of new Councils	November/December 2025
	• Complete and approve Shareholders' Agreement, Constitution, Stakeholders' Forum Terms of Reference	September 2025
	• Complete recruitment for two (minimum) initial Directors	March 2026
	• Complete legal incorporation and required registrations – including Companies Office, Deed of Indemnity for Directors	March 2026
Operational transition	• Prepare Statement of Expectations for discussion with WSO Board	June 2026
	• Transition SWDC operations from Wellington Water Limited to new transitional arrangements (to be confirmed)	June 2026
	• Complete governing documentation (i.e., Transfer Agreements) and negotiate agreement with WSO Board. Complete adoption of Transfer Agreement by each of the four Councils.	September 2026
	• Undertake staff change process to confirm roles and staff that will transition to the new entity. Timing for movement/transfer of staff to be confirmed ahead of operational transition.	December 2026
	• Development of future systems requirements, including temporary billing arrangements to be administered by Councils (if this is the confirmed approach)	December 2026
	• Develop entity insurance, treasury and financing arrangements, with WSO Board to confirm and finalise	December 2026
	• WSO Board to develop WSO operating model and undertake, Chief Executive and Tier 2 role recruitment	December 2026
	• WSO Board to prepare Water Services Strategy to give effect to Statement of Expectations	December 2026

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	• WSO Board to set up the new organisation, including office location, corporate policies, bank accounts, brand, website etc.	June 2027
	• Transfer assets, contracts, responsibilities, remaining staff following Council and Board confirmation of readiness for go live.	June 2027

A4: Consultation and engagement

The Wairarapa Tararua Councils have explored the options for future water services delivery over two key phases, both in partnership with iwi, Rangitāne and Ngāti Kahungunu, and in consultation with communities. An Advisory Oversight Group comprising elected member representatives from each Council and iwi representatives oversaw this process.

In 2024 (phase 1) Wairarapa Tararua Councils initiated work on a potential Wairarapa Tararua delivery option to enable the three Wairarapa Councils to consider it against the Wellington region 10 Council option they were also exploring, and Tararua District Council to consider it against a Manawatu Whanganui Councils option. Through this project Council staff and iwi representatives jointly undertook a Multi Criteria Analysis to determine the outcomes they were seeking from a new delivery model. Councils then assessed the Wellington region and Manawatu/Whanganui region options against the Wairarapa Tararua option, and standalone/status quo options for each Council. The conclusion of this work was that the Wairarapa Tararua Councils decided to consult with their communities on a Wairarapa Tararua arrangement alongside the status quo option for each Council. Information on that process is available here Local Water Done Well - SWDC.

In 2025 (phase 2), the four Councils carried out community consultation on two options – the Wairarapa Tararua Water Services Organisation and the status quo delivery model (or form of status quo delivery). This consultation occurred over the following dates and consultation documents are available in Table 3.

- MDC – 21 March to 22 April 2025
- TDC – 14 March to 22 April 2025
- CDC – 14 March to 22 April 2025
- SWDC – 7 March to 6 April 2025

Table 3: Council consultation documents and findings

Masterton	LWDW Consultation Document Agenda of Ordinary Council Meeting - Wednesday, 21 May 2025
South Wairarapa	162dd310c98c6daf6013e02d621fc603_LWDW Consultation_final_digital.pdf https://sthwaidc-my.sharepoint.com/:b:/g/personal/comsec3_swdc_govt_nz/ERshbc5N7k5KnrUgcOA5SeYB4zUC5w7o-_kIWYv_LLV15Q?e=I3uZE3
Carterton	Carterton District Council – Local Water Done Well Consultation (14 March 2025) https://carterton.infocouncil.biz/Open/2025/05/CO_20250514_MIN_3416.PDF
Tararua	LWDW-Consultation-One-Pager-14-March-2025.pdf Agenda of Extraordinary Council meeting - Wednesday, 11 June 2025

Community feedback from all four Councils' consultations show support for a regional water services organisation – 88% SWDC submitters, **65% Tararua submitters**, 70% Carterton submitters and 60% Masterton submitters supported the Wairarapa Tararua regional model.

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Key themes from the community feedback included the importance of local delivery and accountability, pricing structures and affordability for communities, reliable and quality water services, trust in the new delivery model, and recognising past investment in services and infrastructure in the region's communities. This feedback has informed the Councils' development of the WSDP and the operating model for the new organisation.

A5: Assurance and adoption of this Water Services Delivery Plan

On 8 May (SWDC), 6 June (TDC), 9 July (MDC) and 9 July (CDC), Partner Councils agreed to progress a joint WSO. This SWDC WSDP has been prepared on this basis.

The development of this WSDP has been overseen by the Wairarapa Tararua Councils' Chief Executives and prepared according to each Council's internal assurance processes. The starting point for the plans is the latest 2024/34 LTP for Tararua District Council, with appropriate adjustments to reflect a move to a WSO. The operating model and implementation plan within Part A is common to all four Councils' plans and sets out how the four Councils and iwi will work together to establish the WSO.

Parts B to E of the WSDP, represent the financial position of water services for the Council, on the assumption that it is part of a WSO. A consolidated set of financial statements for the Wairarapa Tararua WSO can be found in Part F. Individual Council and combined WSO financial information throughout this plan have been prepared using a common financial model and agreed set of assumptions.

The following external reviews and assurance have been undertaken:

- Financial modelling and assessment of financial sustainability has been undertaken by independent advisors
- Modelling assumptions were developed in consultation with independent advisors, reviewed by Council CFOs and Infrastructure General Managers, and signed off Chief Executives. These assumptions are included as Appendix 2 of this plan.
- A generally conservative approach has been taken to setting assumptions and targets (e.g., in relation to the target capital structure, the costs of finance and assumed efficiencies) to demonstrate the viability of the WSO and scope for the WSO to make choices once the entity is operational
- Additional modelling scenarios have been tested internally for key issues to provide Council, community and regulatory confidence in the entity (e.g., price paths for South Wairarapa, and testing the impact of Masterton priority investments occurring beyond the WSDP period)
- Preliminary conversations have been had with LGFA on the need for targeted transition support to achieve LFGA covenants and enable a smoother price path for South Wairarapa District Council.

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Council resolutions to adopt the WSDP

Council resolutions to adopt this WSDP were achieved on the dates set out in the Table 4.

Table 4: Council WSDP adoption resolutions

Council	Date	Resolution
Masterton District Council	20 August 2025	
South Wairarapa District Council	20 August 2025	
Carterton District Council	20 August 2025	
Tararua District Council	20 August 2025	

Tararua District Council Chief Executive Certification

I certify that:

- This Water Services Delivery Plan complies with the Local Government (Water Services Preliminary Arrangements) Act 2024; and
- The information contained in this plan is true and accurate.

_____

Peter Wimsett
Chief Executive

Date:

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Tararua District Council

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Part B: Network performance

B1: Investment to meet levels of service, regulatory standards and growth needs

Serviced population

TDC Table 1: Serviced population

Projected serviced population	FY2024/25*	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Serviced population (Estimated @2.4 people / household Statistics NZ)	**12,955**	**13,061**	**13,164**	**13,270**	**13,375**	**13,483**	**13,591**	**13,699**	**13,810**	**13,920**
Water Supply Connections										
Total WS residential connections	5,516	5,560	5,604	5,649	5,694	5,740	5,785	5,832	5,878	5,925
Total WS non-residential connections	230	232	234	236	238	240	242	244	246	248
Total WS Connections (SUIPs)	**5,746**	5,792	5,838	5,885	5,932	5,980	6,027	6,076	6,124	6,173
Wastewater Connections										
Total WW residential connections	5,099	5,139	5,180	5,221	5,262	5,304	5,346	5,389	5,431	5,475
Total WW non-residential connections	317	320	323	326	329	332	335	338	341	344
Total WW Connections	5,416	5,459	5,503	5,547	5,591	5,636	5,681	5,727	5,772	5,819
Stormwater Connections										
Total residential properties serviced by SW	4,832	4,870	4,909	4,948	4,987	5,027	5,066	5,107	5,147	5,188
Total non-residential properties serviced by SW	201	203	205	207	209	211	213	215	217	219
Total SW connections	5,033	5,073	5,114	5,155	5,196	5,238	5,279	5,322	5,364	5,407
Water Services Average	**5,398**	**5,442**	**5,485**	**5,529**	**5,573**	**5,618**	**5,663**	**5,708**	**5,754**	**5,800**

The Tararua district is located within the Manawatu-Whanganui region, situated on the southeast coast of the North Island, bound to the west by the Ruahine and Tararua Ranges. It covers an area of 4,360km² and has an estimated population of 19,050, with 8,117 residential properties (urban and rural) with drinking water connections of 5,815 on 1 July 2025, (slightly ahead of LTP forecast of 5,792 and for modelling purposes above, **5,746**). These comprise of 5,175 ordinary residential connections and 640 metered extraordinary connections including rural, industrial commercial, farming and lifestyle. At a district household average, this serves close to 13,000 people. The four main towns of Dannevirke, Woodville, Pahiatua, and Eketahuna are service centres for the agricultural sector. In addition, they service other categories of economic activity, e.g. industry and domestic tourism.

Statistics New Zealand's June 2024 population estimate is 19,050, slightly below the Council's 2024-34 LTP assumptions, and the population is forecast to reach 20,981 by 2034 (+10%). Urban growth has been very low over the last two years and population forecasts have been revised down due to lower immigration, birth rates and limited new housing development. BERL forecasts GDP growth to grow by $378 million from 2022 and reach $1.208 billion by 2053 (an average annual increase of 1.2 percent). GDP growth is forecast to be led by rural

ensitivity: General

Tararua District which will see GDP increase by $188 million to reach $631 million by 2053. Dannevirke is expected to grow by $109 million at an annual growth rate of 1.2 percent. Key factors supporting future growth include opening of a major new highway enabling commuting to Palmerston North, new District Plan with growth areas planned, and new lifestyle subdivisions. Refer to Appendix 4 on more expanded explanation of growth and our Tararua growth strategy.

Serviced areas

TDC manages several Water Supplies schemes throughout the district, supplying water to the towns of Dannevirke, Pahiatua, Woodville, Eketahuna, Norsewood, Akitio and Pongaroa. Treatment varies between schemes, from chlorine, microfiltration, ultraviolet, and combinations of these. Over 5,000 residential properties are served through the following individual water supplies:

- 8 water intakes including 2 bores
- 7 water treatment plants
- 1 pump stations, 14 reservoirs
- 267 kilometres of water supply pipelines
- 47 kilometres of laterals

Three privately operated rural (livestock) water supply schemes operate in the district, including at Hinemoa, Pleckville and Makuri.

Wastewater reticulation systems are provided in the urban areas of Dannevirke, Pahiatua, Woodville, Eketahuna, Norsewood, Pongaroa and Ormondville. Rural houses manage their own effluent. Primary treatment is done onsite by industries to comply with trade waste discharge limits set by Council before discharging to the public wastewater system, where it is treated and discharged to land and/or water ultimately discharging to the ocean. Tararua District Council's wastewater network includes:

- 7 treatment plants
- 21 sewer pump stations
- 95 kilometres of wastewater pipeline
- 1,100 maintenance chambers

TDC manages and maintains an urban network of pipes and open channel drains to safely direct stormwater to inland streams and to the ocean. Stormwater reticulation infrastructure is provided in the urban townships of Dannevirke, Pahiatua, Woodville and Eketahuna. TDC's stormwater network includes:

- 28 kilometres of stormwater pipelines
- 26 kilometres of open channel drains and streams
- 1,160 maintenance chambers and sumps

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ensitivity: General

Table 3 below sets out the Council's service performance measures for supply, wastewater and stormwater.

TDC Table 2: Water services schemes

Serviced areas (by reticulated network)	Water supply # schemes	Wastewater #schemes	Stormwater # catchments
Residential areas (If more than one identify separately)	Refer Table 1	Refer Table 1	Refer Table 1
Non-residential areas (If more than one identify separately)	Refer Table 1	Refer Table 1	Refer Table 1
Mixed-Use rural drinking water schemes (where these schemes are not part of the council's water services network)	n/a; Three private rural schemes	n/a	n/a
Areas that do not receive water services (If more than one identify separately)	Ormondville	Akitio : 1 private wastewater scheme	n/a
Proposed growth areas • Planned (as identified in district plan) • Infrastructure enabled (as identified and funded in LTP)	Ex Hillcrest School Pahiatua – Infrastructure Acceleration Fund Completed project	Ex Hillcrest School Pahiatua – Infrastructure Acceleration Fund Completed project	Ex Hillcrest School Pahiatua – Infrastructure Acceleration Fund Completed project

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ensitivity: General

TDC Table 3: Statement of Performance measures – water supply, wastewater and stormwater

	2023/24 Actual	2023/24 Target	2023/24 Performance	2024/25 Actual	2024/25 Target	2024/25 Performance	2025/26 + Target
Water							
Percentage of customers rating water management as "fairly satisfactory" or "very satisfactory" in the community survey.	70%	80%	Failed	48%	80%	Failed	80%
Drinking water pressure or flow	2.6	<4	Achieved	3.4	<4	Achieved	<4
Number of complaints over 1,000 connections to Council's networked reticulation system for Drinking water :							0%
Taste	0.6	<5	Achieved	1.0	<5	Achieved	<5
Clarity	7.3	<5	Not Achieved	7.3	<5	Not Achieved	<5
Odour	1.2	<4	Achieved	-	<4	Achieved	<4
Continuity of supply	11.7	<5	Not Achieved	8.7	<5	Not Achieved	<5
Council's response to the issues above	1.0	<2	Achieved	0.6	<2	Achieved	<2
Total number of recorded complaints	27.1	<25	Achieved	24.3	<25	Achieved	<25
Median response time to attend an urgent call out, measured from the time Council receives notification to the time that service personnel reach the site	0.0	<1 hours	Achieved	0.3	<1 hours	Achieved	<1 hours
Median time to resolve an urgent callout, measured from the time Council receives notification to the time that service personnel confirm he resolution of the fault	1.3	<5 hours	Achieved	0.8	<5 hours	Achieved	<5 hours
Median response time to attend a non-urgent call out, measured from the time Council receives notification to the time that service personnel reach the site	3.1	<8 hours	Achieved	2.9	<8 hours	Achieved	<8 hours
Median time to resolve a non- urgent callout, measured from the time Council receives notification to the time that service personnel confirm the resolution of the fault	10.4	<24 hours	Achieved	6.2	<24 hours	Achieved	<24 hours
The percentage of real water loss from the Council's networked reticulation schemes based on the minimum night flow (MNF) analysis	63%	<20%	Not yet assessed	TBA	<20%	Not yet assessed	<20%
Average consumption of drinking water per day per resident connected to a Council scheme	350	<300 litres	Not yet assessed	TBA	<300 litres	Not yet assessed	<300 litres

ensitivity: General

	2023/24 Actual	2023/24 Target		2024/25 Actual	2024/25 Target		2025/26 + Target
Wastewater							
The number of dry weather sewerage overflows from the wastewater system per 1,000 connections	2.0	<5	Achieved	2.0	<5	Achieved	<5
Percentage of residents rating wastewater management as "fairly satisfactory" or "very satisfactory" in the community survey.	0.8	80%	Achieved	67%	80%	Achieved	80%
Number of enforcement actions against Council for not meeting resource consent conditions for sewage schemes relating to:							0%
Abatement Notices	2.0	-	Not Achieved	-	-	Achieved	0%
Infringement notices	2.0	-	Not Achieved	-	-	Achieved	0%
Enforcement orders	-	-	Achieved	-	-	Achieved	0%
Convictions	-	-	Achieved	-	-	Achieved	0%
Median time to attend a sewage fault, measured from the time Council receives notification to the time that service personnel reach the site	0.0	< 1 hour	Achieved	0.7	< 1 hour	Achieved	< 1 hour
Median time to resolve a sewage fault, measured from the time Council receives notification to the time that service personnel confirm resolution of the fault	0.0	< 5 hours	Achieved	1.7	< 5 hours	Achieved	< 5 hours
Number of complaint received about wastewater per 1,000 connections for:							
Sewerage odour	0.2	<4	Achieved	-	<4	Achieved	<4
Sewerage system faults	3.5	<5	Achieved	4.478	<5	Achieved	<5
Sewerage system blockages	3.9	<7	Achieved	2.646	<7	Achieved	<7
Councils response to the above issues	0.2	<3	Achieved	0.611	<3	Achieved	<3
Total Number of recorded complaints	7.5	<19	Achieved	7.735	<19	Achieved	<19
NEW - Number of schemes with consents which are current				5		New measure	not yet set

ensitivity: General

	2023/24 Actual	2023/24 Target		2024/25 Actual	2024/25 Target		2025/26 + Target
Stormwater							0%
The number of flooding events where an overflow of stormwater had entered a habitable floor.	-	<20	Achieved	2.0	<20	Achieved	<20
For each flooding event, the number of habitable floors affected, expressed per 1,000 properties connected to the stormwater system	-	<5	Achieved	0.4	<5	Achieved	<5
Percentage of residents rating stormwater management as “fairly satisfactory” or “very satisfactory” in the community survey.	60%	70%	Not Achieved	59%	70%	Not Achieved	70%
Number of complaints received by Council about the performance of its stormwater system, expressed per 1,000 properties connected to the stormwater system	10.6	<9	Not Achieved	11.0	<9	Not Achieved	<9
Number of enforcement actions against Council for not meeting resource consent conditions for discharge from the stormwater system relating to:							0%
Abatement Notices	-	-		-	-		0%
Infringement notices	-	-		-	-		0%
Convictions	-	-		-	-		0%
Median time (hours) to attend a flooding event, measured from the time that	-	<2 hours		1.3	<2 hours		<2 hours

Asset condition

The condition of assets is largely based on asset age and vulnerability according to material type and overall, the Council considers it has a ‘medium to high’ confidence in its assessment and data reliability. Regular pipeline and lateral failures on the same length of pipe are physically investigated to determine overall condition and extrapolated to comparable surrounding assets. Non-intrusive and non-destructive technology has been used to determine pipe wall thickness loss where vulnerable types or older materials have been identified. It is important to note that there is historic uncertainty on actual installation date due to legacy data losses. For treatment plants, physical inspections are undertaken to assess the condition of treatment plants and associated components.

For water assets, their condition can be assessed by leak detection, measurement of water loss, demand changes by metered users, customer service requests, plans and physical works. Extensive work on water leak detection has been done since the 2020 drought. Investment in electronic measurement has significantly improved our understanding of the water supply performance and its use. The majority of Wastewater and Stormwater pipes have been recorded, reviewed and rated in detail using Council’s fibre optic camera inspection system. Council has an underground CCTV inspection system, and all open pipes (excluding water reticulation) have been able to be inspected where physically possible over the last ten years, making our knowledge of wastewater and stormwater reticulation more accurate.

ensitivity: General

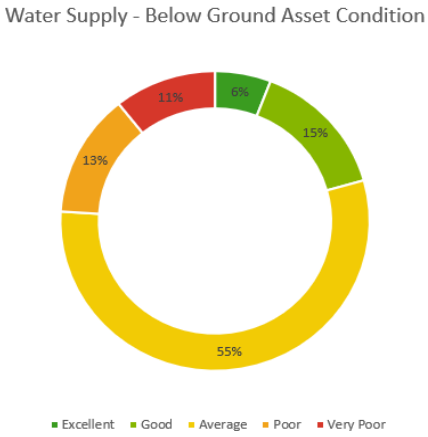
Some data inconsistencies are common in legacy asset database systems where asset ownership has changed or where data has been transferred across different data management systems. Data accuracy is being improved progressively by resolving anomalies as issues are identified. Council is currently transferring data into a new database (RAMM) and itemising plant components, and this is expected to improve data management and identify deficiencies. Council is also considering how to better utilise Customer Request Management data and response and repair works, to efficiently resolve service requests and identify reoccurring asset failures and provide linkage of data between asset databases.

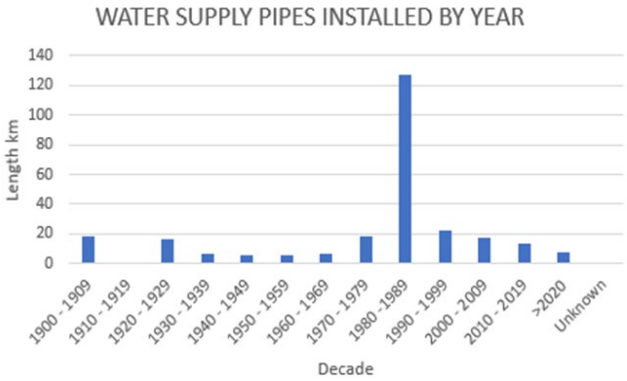
Dataset	Asset Register	Asset Valuations	Asset Condition	Asset Criticality	LOS	Performance measures	Resource Consents	Demand Projections	Risk and Resilience	CAPEX Forecast	OPEX Forecast	Renewals
WS	C	B	C	C	B	B	A	B	C	A	A	B
WW	C	B	C	C	B	B	A	B	C	A	A	B
SW	C	B	D	C	D	E	A	D	C	D	B	B

A - Very High | B - High | C - Medium | D- Low | E - Very Low

Water supply

Treatment Plants have received significant investment over the last six years to meet drinking water standards and increased focus on maintenance schedules is improving asset resilience. For below-ground reticulation assets, 11% of all assets are currently assessed to be in very poor condition, 13% in poor condition, 55% in average condition with 15% in excellent condition.





ensitivity: General

Council has a critical asset register for the Dannevirke, Woodville, Norsewood and Eketahuna water treatment plants that have been identified as critical. These assets are managed in a more pro-active manner including scheduled inspections, monitoring and servicing, and prioritised repairs or other actions taken, for the reticulation network as defined in the Tararua Alliance Operations and Maintenance contract.

Current water demand is high across the main towns during summer months including significant unexplained water losses placing additional stress on source water supplies. With projected growth adding to consumer demand, there is a strong driver to increase efficiency in the reticulation network and in treatment processes to ensure resource consents are met and prevent the need for emergency measures needed to immediately reduce demand by operating in comfortable zones of operational good practice.

Water Supply Management Across Our District

Critical Water Infrastructure Our council maintains a priority list of essential water treatment facilities in Dannevirke, Woodville, Norsewood, and Eketahuna. These critical systems receive extra attention through regular inspections, monitoring, maintenance, and priority repairs as outlined in our Tararua Alliance Operations and Maintenance contract.

Dannevirke Water Supply comes from a covered dam storing untreated water. It experienced problems following the 2020/21 drought when the water inlet failed, which then caused additional failure with the underground drainage system. We successfully completed repairs and conducted thorough engineering assessments. While we continue to monitor the dam closely and operate it at a reduced water level for safety, we're working on several improvements:

- Strengthening the water source
- Upgrading treatment systems to handle turbid water from rain events
- Adding more treated water storage
- Purchasing additional land around the reservoir for protection and management

Aging Water Storage Tanks Several of our water storage reservoirs are reaching the end of their useful life and are at risk during natural disasters:

- Dannevirke: A secondary tank will be installed in 2025/26
- Woodville: Tank replacement postponed from 2025/26 to 2026/27

Water Fluoridation Updates Following a directive from the Director General of Health, Dannevirke's water supply began fluoridation in late 2024. Pahiatua and Woodville will also need to add fluoride to their water supplies, pending Ministry funding.

Improving Water Quality and Public Satisfaction Public satisfaction with urban water supplies is steadily improving thanks to better water quality and security, driven by stricter Drinking Water Standards.

Main Challenges water supply concerns are:

1. Source water quality and quantity - During dry spells, we may not have enough water. During heavy rain, surface water becomes muddy and hard to treat.
2. The Dannevirke dam - This critical facility needs significant work to keep it operational.
3. Aging treated storage tanks – Woodville and Dannevirke are nearing end-of-life and may be vulnerable to seismic damage.

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ensitivity: General

High Summer Demand and Water Loss Water demand peaks during summer months across our main towns. We're also experiencing significant unexplained water losses, putting extra pressure on our water sources. With expected population growth increasing demand, we need to:

- Improve efficiency in our pipe networks
- Upgrade treatment processes
- Meet our resource consent requirements
- Avoid emergency water restrictions by operating within safe limits

Mitigation options used and being explored include:

- Increased potable storage
- Enhanced pre-treatment
- Investigating alternative sources e.g., bores
- Water metering
- Enhanced leak detection investigations
- Pressure management to reduce network losses
- Enhanced monitoring of flows to the reticulation network
- Further development of the Masterplan.

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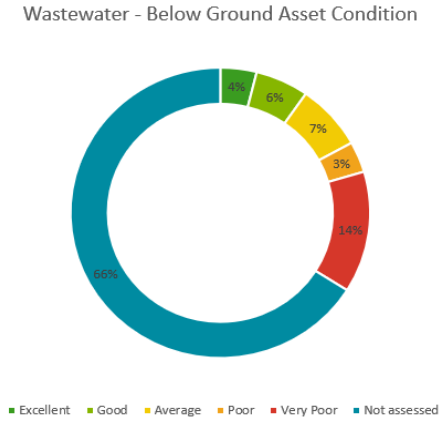
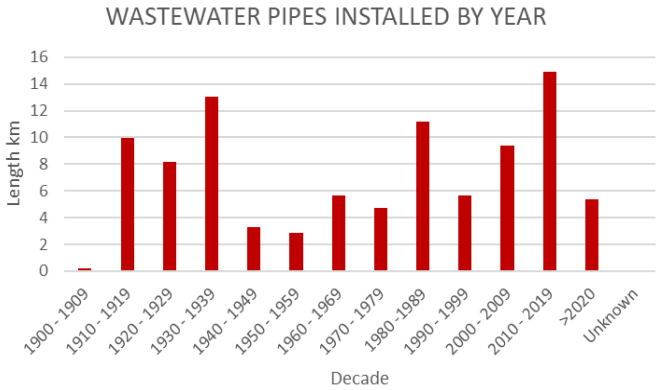
ensitivity: General

Wastewater

Treatment plants are critical at Dannevirke, Woodville, Pahiatua, Eketahuna, Norsewood, Ormondville, and Pongaroa. These assets are managed in a more pro-active manner including scheduled inspections, monitoring and servicing, and prioritised repairs or other actions taken, reticulation network as defined in the Tararua Alliance Operations and Maintenance contract.





The overall satisfaction for wastewater service remains the same as previous years. TDC has been mostly compliant with wastewater levels of service in the last five years. However, Wastewater Treatment Plant has had infringement notices in 2020/21 and 2022/23. There is potential for more due to failing to meet consent conditions, which is why there is a continued focus on investment treatment. The removal of sludge as a pre-treatment process is improving quality of outflow, but this is an expensive process requiring sludge disposal.

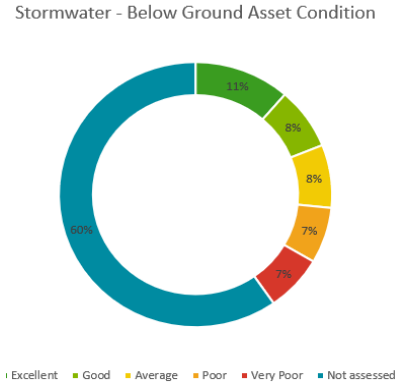
Inflow and infiltration remains a key issue in the network increasing flows beyond design capacity of the network also posing high risk to delivery of upgrades at Wastewater Treatment Plants caused by significant high volumes of stormwater entering the sewerage system which complicates design and significantly increases investment of which there are upgrades required at all wastewater sites in the coming LTP which will be a challenge to meet all conditions. Sludge disposal is also a high priority area that needs to be addressed, caused by a backlog of sludge in wastewater ponds and new processes that require sludge storage and disposal. Lack of storage locations and ability to reduce volumes through drying or dewatering increases cost of disposal to current landfill outlets. Mitigation options include:

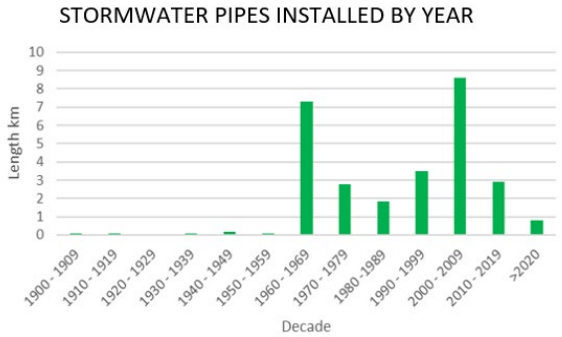
- Increased focus on early engagement for consents
- Sludge Disposal Strategy and storage investigations
- Treatment Plant design optioneering
- Inflow and infiltration reduction strategy investigation
- Increased focus for Treatment Plant operation
- Further development and fine tuning of the Masterplan

ensitivity: General

Stormwater

Most of the Tararua stormwater network is immature in terms of infrastructure layout and design. The network relies on natural water courses and limited connected pipe infrastructure. The overall system is not deemed fit-for-purpose for the future needs of the district, population growth projections and climate change.





Overall system design will be re-assessed against future requirements which may require a complete overhaul and re-design to ensure system capacity will accommodate growth and a changing climate with predictions of greater intense rainfall events fit-for-purpose for future needs of the district. This may lead to assets being abandoned, re-purposed or diverted at which time is an ideal opportunity to eliminate critical at-risk assets or address criticality. For purposes of resilience this may require the introduction of pumping stations, and a full re-evaluation will take place to register Critical assets.

Although a formalised criticality assessment has not been undertaken, the following assets have been identified as critical – Dannevirke culvert (which runs under buildings and the State Highway and through private property and there are limited entry points) and Pahiatua and Town Creek culverts (which also runs under buildings and through private properties and there are limited entry points to maintain). Given the challenges of access, these are difficult to inspect, and the condition is unknown. They would also be difficult to access in the event of a failure with potential for significant damage to surrounding infrastructure.

Stormwater management customer satisfaction is the lowest during periods of significant rainfall events. During heavy rainfall events, there is surface flooding in both public (road reserve and land) and private property, with one habitable floor affected in 2022/23 and some previous incidents in receding years. The stormwater network lacks maturity with limited options for property owners to connect to a robust and resilient network due to limited infrastructure. Mitigation response/key projects include:

- Increased maintenance of open channels
- Further development and fine tuning of the Masterplan with regard to the growth Strategy, draft District Plan review and floodplain modelling
- To include enhancing infrastructure and resilience.

ensitivity: General

There is limited modelled flood data for two areas about Dannevirke. However, from new LiDAR in 2024 we know that most of Dannevirke is relatively elevated above the main waterways, and as such the general flood risk is relatively low. The flood modelling shows that the key flood risk areas around Woodville are to the south and west, which are the lower lying areas, and are relatively close to the Manawatū River. Development in this area will have to consider potential flood mitigation measures. Some localised low spots can be found within the town centre, but these can easily be avoided or managed through site level designs.

The flood modelling data for Pahiatua shows that there are extensive risk areas to the south and west, and to a lesser extent to the north. The Huxley Drain will need to be upgraded to manage any future urban growth, potentially requiring a stormwater channel running east to west across town. Further flood mitigation may be required if urban development is extended to the north. There are no particular flood risks within the built areas of Eketāhuna given its elevation above the surrounding valley floor.

TDC Table 3: Asset condition information

Parameters	Drinking supply	Wastewater	Stormwater
Average age of Network Assets	**48 Years**	**54 Years**	**ars**
Critical Assets	Identified	Dannevirke main siphon	Pahiatua
Above ground assets • Treatment plant/s • Percentage or number of above ground assets with a condition rating • Percentage of above –ground assets in poor or very poor condition	New < ten years old: Dannevirke, Woodville, Pahiatua, Eketahuna Dannevirke – seismic strengthening of existing treated reservoir End of life tank reservoirs at Dannevirke (Treated); Woodville (Treated) – replacement in 2025/26 & 2026/27 Extra tanks being planned for Pongaroa	New DAF at Dannevirke (potential reconsidered at 2028), Woodville – end-of life, except headworks new, Pahiatua DAF – to be , wetlands to be developed; Eketahuna (New Wetland) No mechanised treatment at Pongaroa, Ormondville or Norsewood	Minor (only 1 small pump in district)

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ensitivity: General

Below ground assets

- Total Km of reticulation
- Percentage of network with condition grading
- Percentage of network in poor or very poor condition

Water Pipes	Length (metres)
Un-plasticised PVC	141,306
Cast Iron	41,617
Asbestos Cement	26,756
Modified Polyvinyl Chloride	13,287
Medium Density Polyethylene (MDPE)	12,644
Steel	9,037
Alkathene	7,161
Polyvinylchloride	6,363
Oriented PVC (EG:Blue)	4,688
Galvanised	905
Unknown	587
Grey Cast Iron	367
Low Density Polyethylene	75
Reline Fibreglass	52
Total	**263,763**

Wastewater Pipes	Length (metres)
Glazed Earthenware	27,668
Un-plasticised PVC	21,862
Concrete	16,948
Reline Riblock	8,303
Un-plasticised PVC -Sewer	6,665
Asbestos Cement	3,958
Modified Polyvinyl Chloride	3,713
Reline Fibreglass	1,760
Oriented PVC (EG:Blue)	519
Medium Density Polyethylene (MDPE)	499
Unknown	452
Steel	444
Polyvinylchloride	67
Vitreous Clay (or Earthen	26
Cast Iron	16
Total	**91,893**

Stormwater Pipes	Length (metres)	verage ge (Years)
Asbestos Cement	94	46
Concrete	20,236	35
Glazed Earthenware	812	50
Novaflow	34	19
Polyvinylchloride	451	23
Reline Fibreglass	444	5
Steel	406	60
Unknown	1,879	43
Un-plasticised PVC	3,942	17
Vitreous Clay (or Earthen	91	113
Total	**28,390**	**33**

Asset management approach

The objective of asset management is to create, operate, maintain, rehabilitate and replace assets at the required level of service for present and future customers in a cost effective and sustainable manner. TDC utilises RAMM to manage water services asset data. It can hold schematic data of plant sites, and a full capture of all plant items is nearing completion. Masterplan growth and level of service data is held at an asset level reflecting the hydraulic engineering work. Wastewater and Stormwater underground CCTV inspection has been completed over a period of close to ten years with subsequent condition rating completed.

ensitivity: General

Treatment plant (both water, wastewater) service delivery is via an inhouse (TDC) operations team, reticulation (both water and wastewater) service delivery are via a collaborative alliance contract with Downer NZ where council staff may be seconded to Downer and TDC staff seconded to Downer with full cross-confidentiality agreements, shared data, known profit margins and annual external contract audit. TDC have self-assessed current practice with appropriate and best asset management practice (International Infrastructure Management Manual - IIMM guidelines). The latest assessment was 2018. This assessment has not been independently audited.

Statement of regulatory compliance

Council employs directly a number of staff to conduct monitoring and oversight. SCADA improvements are expected to increase the robustness and security of the system and future reporting. This project will be delivered in 2025.

TDC Table 4: Regulatory compliance

Drinking Water Supply

Compliance 2024/25	**Drinking supply schemes**						
	DANNEVIRKE	**PAHIATUA**	**WOODVILLE**	**EKETAHUNA**	**NORSEWOOD**	**PONGAROA**	**AKITIO**
Parameters							
Bacterial compliance (E.coli)	YES	YES	YES	YES	YES	YES	YES
Protozoa compliance	NO, but Protozoa barrier in place (program error)	YES	YES	YES	NO (Compliance data not available) / but Protozoa barrier in place	NO (Compliance data not available) / but Protozoa barrier in place	NO (Compliance data not available) / but Protozoa barrier in place
Chemical compliance	YES	YES	YES	YES	NO	YES	NO
Boiling water notices in place	0	0	0	0	0	0	0
Fluoridation	YES	N/A	N/A	N/A	N/A	N/A	N/A
Average consumption of drinking water	[312 l/person/day] Estimated from Network Environmental Performance Measures	[304 l/person/day] Estimated from Network Environmental Performance Measures	[329 l/person/day] Estimated from Network Environmental Performance Measures	[359 l/person/day] Estimated from Network Environmental Performance Measures	[324 l/person/day] Estimated from Network Environmental Performance Measures	[510 l/person/day] Estimated from Network Environmental Performance Measures	[103 l/person/day] Estimated from Network Environmental Performance Measures
Water restrictions in place (last 3 years)	YES	YES	YES	YES	YES	NO	YES
Firefighting sufficient	YES	YES	YES	YES	NO	NO	YES

ensitivity: General

Resource Management							
Significant consents (note if consent is expired and operating on S124)	Water supply take [104947]	Water supply take [102781] (surface) Expired 24/1/2022, Operating on S124 and consent [10494] (bore)	Water supply take [102773] Expired 31/5/2021, Operating on S124	Surface Water supply take [101169], Expired 19/11/2019, Operating on S124	Water supply take [number]	Water supply take [4536]	Water supply take [0] (Under 50m3 per day)
	Water discharge [0]	Water discharge [0]	Water discharge [0]	Water discharge [0]	Water discharge [0]	Water discharge [number]	Water discharge [0]
Expire in the next 10 years	[1] Expire 1/07/2026	Expired (Surface Water Take) [1] (Bore) Expire 1/7/2029	Expired	Expired	N/A	Expire 15 August 2029	[N/A]
Non-compliance:							
Significant risk non-compliance	[1]	[1]	[0]	[0]	[0]	[0]	[0]
Moderate risk non-compliance	[0]	[0]	[2]	[0]	[0]	[0]	[0]
Low risk non-compliance	[3]	[0]	[0]	[4]	[0]	[0]	[0]
	[number]	[number]	[number]	[number]	[number]		
Active resource consent applications	[1]Active Resource Consent Application (Surface Water Take)	[2] Active Resource Consent (Bore) & Surface Water Operating on Section 124	[1]Surface Water Take - Operating on section 124		No Active Consent		
				[1]Surface Water Take - Operating on section 124		[1] Active Resource Consent Water Take	
Compliance actions (last 24 months):							
Warning	[0]	[0]	[0]	[0]	[0]	[0]	[0]
Abatement notice	[1]	[1]	[0]	[1]	[0]	[0]	[0]
Infringement notice	[0]	[0]	[0]	[0]	[1]	[0]	[0]
Enforcement order	[0]	[0]	[0]	[0]	[0]	[0]	[0]
Convictions	[0]	[0]	[0]	[0]	[0]	[0]	[0]
	[0]	[number]	[number]	[number]	[number]	[number]	[number]

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ensitivity: General

New SCADA control systems are currently being rolled out across all sites for both water and wastewater to ensure data compliance and security.

Wastewater

Compliance 2024/25	Wastewater schemes						
	DANNEVIRKE	PAHIATUA	WOODVILLE	EKETAHUNA	NORSEWOOD	ORMONDVILLE	PONGAROA
Parameters							
Resource Management							
Significant consents (note if consent is expired and operating on S124)	ATH-2003008378.00 & ATH-2003008379.00	ATH-1995001433.02 & ATH-2016200772.00 & ATH-2016200747.00 & ATH-2017201544.00 & ATH-2017201543.00	ATH-2008008883.03 & ATH-2008011313.03 & ATH-2018202176.00 & ATH-2021204294.00 &ATH-2014015265.01	ATH-2013010987.01 & ATH-2018202081.00 & ATH-2015200247.00 & ATH-2013011395.01 & ATH-2018202078.00 & ATH-2018202079.00 & ATH-2018202080.00	Expired 1/7/2018 ATH-2010009861.01 & ATH-2016200912.00 & ATH-2016200913.00 operating on S124	ATH-2009011932.00; ATH-2009011933.00	Expired 30/04/2019 102885 - ATH-2009010468.00 operating under S124
Expire in the next 10 years	Network [1] [2] Expire 9/12/2027	Network [1] [1] ATH-2017201543.00 will expire 30/11/2025 [4]others will expire 16/08/2033	Network [1] [0]	Network [1] All expire 16/08/2028	Network [1] Expired	Network [1] [2] Consents Expire 20/7/2026	Network [1] Expired
Non-compliance:							
Significant risk non-compliance	[0]	[0 }	[1]	[2]	[1]	[0]	[3]
Moderate risk non-compliance	[0]	[3]	[2]	[14]	[0]	[0]	[2]

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Low risk non-compliance	[2]	[0]	[6]	[2]	[0]	[2]	[1]
Active resource consent applications	[2] Active Resource Consent Application (Discharge to water), (Discharge to Air)	[5] Active Resource Consents (Discharge to Air, Discharge to Water, Discharge to Land, Earthworks)	[5] Active Consents (Discharge to water, Pond & Wetland Seepage, Discharge to Land, Discharge to Air, Earthworks)	[7] Active consents (Discharge to Water, Discharge to Land, Discharge to Air, Earthworks)	[3] Active Consents(Discharge to Water, Pond Seepage Discharge, Discharge to Air) operating on S124	[2] Active Consents(Discharge to Water, Pond Seepage Discharge)	[1] Active Discharge Resource Consent operating on S124
Compliance actions (last 24 months):							
Warning	[0]	[0]	[0]	[0]	[0]	[0]	[1]
Abatement notice	[0]	[0]	[0]	[2] Notice 1399 & 1400	[0]	[0]	[0]
Infringement notice	[1]	[0]	[0]	[2] IN 1127 & 1128	[0]	[0]	[0]
Enforcement order	[0]	[0]	[0]	[0]	[0]	[0]	[0]
Convictions	[0]	[0]	[0]	[0]	[0]	[0]	[0]

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Resource consents

TDC holds consents for water abstractions and discharges from its treatment plants. It is currently renewing the consent for Tararua Urban water abstraction, which is operating under section 124 of the Resource Management Act 1991. The consents for three of the four wastewater treatment plant discharges and discharges of supernatant from the Tararua water treatment plant are due for renewal in the coming ten years.

Location	Consents and Permits	Due	2025/26 Progress
Eketahuna	Source Water consent (Makakahi)	19/11/2019	In progress
Woodville	Source water consent (Mangapapa)	31/05/2021	In progress
Pahiatua	Source water consent (Managatainoka)	24/01/2022	In progress
Akitio	Source water consent renewal	<50 m3	Not required
Dannevirke	Backwash water Resource Consent (new requirement)	2024/25	In progress - evaluating requirements
Pahiatua	Backwash water Resource Consent (new requirement)	2024/25	In progress - evaluating requirements
Woodville	Backwash water Resource Consent (new requirement)	2024/25	In progress - evaluating requirements
Eketahuna	Backwash water Resource Consent (new requirement)	2024/25	In progress - evaluating requirements
Norsewood	Backwash water Resource Consent (new requirement)	2024/25	In progress - evaluating requirements
Dannevirke	Source water consent (Tamaki)	1/07/2026	In progress
Pahiatua	Source Water consent renewal (bore)	1/07/2029	Current
Pongaroa	Source water consent renewal	15/08/2029	Current
Woodville	Dam construction permit (water)	13/03/2030	Current
Pahiatua	Erosion control consent	8/07/2032	Current
Pahiatua	Dam & diversion consent	8/07/2032	Current
Pahiatua	Sediment discharge permit	8/07/2032	Current

ensitivity: General

Wastewater

The council is monitoring the regulatory environment for future implications of changes to the environmental compliance standards, particularly the National Wastewater Environmental Performance Standards being developed by Taumata Arowai.

Location	Consents and Permits	Due	2025/26 Progress
Norsewood	Wastewater discharge Consent	1/07/2018	Awaiting New National Standards - evaluating requirements (Operating under S.124, existing use)
Pongaroa	Wastewater discharge Consent	30/04/2019	Awaiting New National Standards - evaluating requirements (Operating under S.124, existing use)
Pahiatua	Wastewater Wetland	30/11/2025	In Progress - application lodged
Ormondville	Wastewater discharge consent	1/07/2026	Awaiting New National Standards - evaluating requirements
Dannevirke	Wastewater discharge consent	9/12/2027	Awaiting New National Standards - evaluating requirements
Eketahuna	Wastewater discharge Consent	16/08/2028	Awaiting New National Standards - evaluating requirements
Woodville	Wastewater land use consent	14/12/2029	Current
Pongaroa	Wetland Resource consent	30/11/2030	Awaiting New National Standards - evaluating requirements
Pahiatua	Wastewater discharge consent	16/08/2033	Current
Woodville	Woodville Wastewater discharge consent	14/12/2037	Current

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Capital expenditure required to deliver water services

The current scale of operation needs to increase to meet the enlarged renewal programme. Council and Downer NZ partner in a collaborative contract for water services maintenance and there are options to expand the level of service. Further notes are made on the programme later in this WSDP that expands on the work priorities.

TDC Table 5: Projected investment in water services

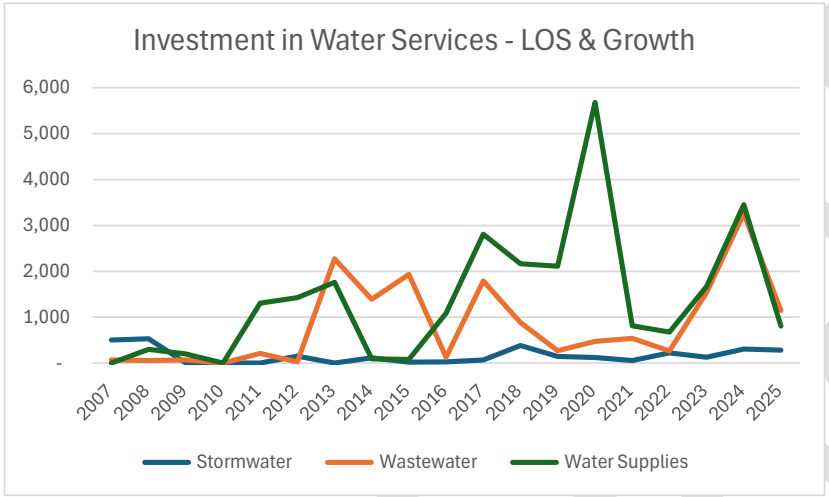
Projected investment in water services	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Drinking water										
Capital expenditure - to meet additional demand	457	1,414	476	1,939	524	1,602	542	1,658	0	0
Capital expenditure - to improve levels of services	1,227	1,711	998	1,360	1,730	741	882	726	810	750
Capital expenditure - to replace existing assets	7,948	7,623	6,679	10,928	3,809	5,382	9,581	3,510	5,179	3,092
Total projected investment for drinking water	9,632	10,749	8,153	14,226	6,063	7,724	11,005	5,894	5,988	3,841
Wastewater										
Capital expenditure - to meet additional demand	281	514	532	555	577	601	624	244	252	256
Capital expenditure - to improve levels of services	1,527	5,268	4,788	6,014	5,941	149	54	54	54	54
Capital expenditure - to replace existing assets	2,305	2,724	2,520	3,457	3,192	3,235	2,900	2,534	3,368	2,981
Total projected investment for wastewater	4,112	8,506	7,840	10,026	9,710	3,985	3,577	2,831	3,674	3,291
Stormwater										
Capital expenditure - to meet additional demand	257	262	268	0	0	0	0	0	0	0
Capital expenditure - to improve levels of services	0	0	0	0	0	0	0	0	0	0
Capital expenditure - to replace existing assets	328	333	1,134	878	894	992	957	941	980	1,009
Total projected investment for stormwater	585	595	1,402	878	894	992	957	941	980	1,009
Total projected investment in water services	14,330	19,850	17,396	25,130	16,666	12,701	15,539	9,666	10,642	8,142

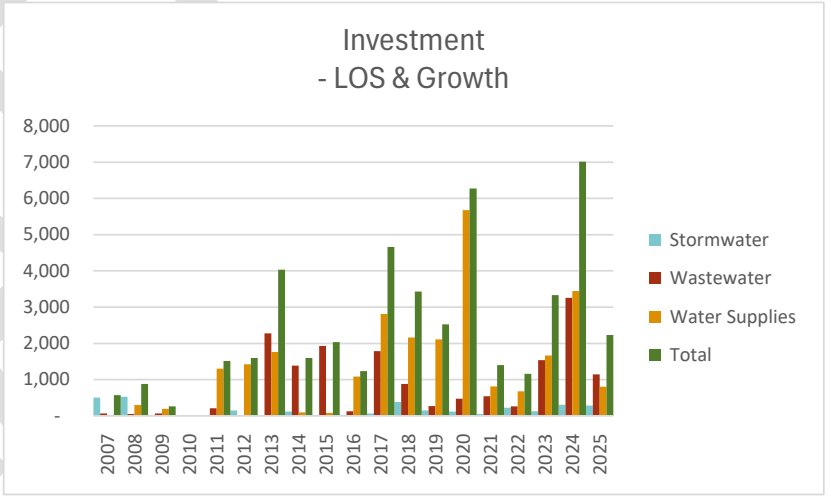
Historical delivery against planned expenditure

Tararua District Council has invested heavily in water and wastewater plant and storage over the past 18 years, with $45m invested and funded from debt, and occasionally subsidy. Refer graph below on Level of Service (LOS) and Growth. This investment excludes most renewal work, which have been funded from depreciation reserves. With $150.4m planned investment (or $134m in $2024 uninflated real value) this is a significant increase in investment that This has addressed drinking water treatment requirements and storage. Lined covered storage for Dannevirke and Woodville increased resilience, and new tanks were installed for Pahiatua, Norsewood, Pongaroa and Eketahuna. New tanks are now underway for Dannevirke and shortly Woodville. Extra land has been acquired for the Dannevirke Impounded Water Supply which was damaged following the 2020/21 drought. This damage has been stabilised but continues to be monitored while we focus on pre-treatment and an additional treated water tank.

ensitivity: General

Wastewater treatment ponds in Dannevirke, Woodville and Pahiatua have been lined. Microfiltration in Dannevirke for Wastewater has been renewed while DAF units for sludge removal have been installed in Dannevirke, Woodville and Pahiatua. A wetland for Eketahuna has been completed and further wetland work has been initiated for Woodville and Pahiatua.





ensitivity: General

TDC Table 6: Historic delivery against planned

Delivery against planned investment	Renewals investment for water services				Total Investment in water services			
	FY2024/25	FY21/22 - FY23/24	FY18/19 - FY20/21	Total	FY2024/25	FY21/22 - FY23/24	FY18/19 - FY20/21	Total
Total planned investment (set in the relevant LTP)	3,690	10,576	7,382	21,648	9,820	27,649	14,703	52,172
Total actual investment	3,403	10,025	10,445	23,873	6,264	21,781	23,076	51,121
Delivery against planned investment (%)	92%	95%	141%	110%	64%	79%	157%	98%

Major Completed Projects Five Years to 30 June 2025

Water	**$000's**	**Wastewater**	**$000's**
Pahiatua Treatment Plant	4,937	Dannevirke Treatment Microfiltration	1,999
Dannevirke Impounded Water Supply	1,700	Eketahuna Wetland	1,206
Eketahuna Storage	157	IAF Growth - Pahiatua Hillcrest	1,108
Woodville Storage	102	Eketahuna Treatment	200
Norsewood Treatment	419	Pahiatua Wetland	159
Dannevirke Treatment	164	Woodville Wetland	297
Eketahuna Treatment	823	Various	741
Woodville Treatment	506		**5,710**
Fluoridation	556	**Stormwater**	
Various	1,541	Various	**691**
	10,905		
		Total	**17,306**

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Part C: Revenue and financing arrangements

C1: Revenue and charging arrangements

Note for reader

As set out in Part A, proposed charging arrangements for water services will be subject to further discussions between the Partner Councils and the WSO. These arrangements will reflect the legislative requirements signalled in the Local Government (Water Services) Bill. Current charging structures are expected to continue under the WSO for a period – the WSO will be responsible for determining the amount of revenue to collect according to financial sustainability requirements and existing tariff structures. The WSO will review tariff structures, including consideration of metering, as required under the Local Government (Water Services) Bill. The feasibility of the WSO directly billing and invoicing customers from day one will be determined through establishment and transition planning.

Charging and billing arrangements

The table below sets out the summary methods of charging for water services in the Tararua. TDC does not have development or financial contributions, although actual costs for new connections may be recovered. Council tracks and records direct costs against each water activity and by scheme. Council applies a "District Wide" rating system with the exception of the Pongaroa rural scheme.

Water supply	Wastewater	Stormwater
• Urban Water Targeted Rate – Connected. Charged to all properties connected or able to connect (within 100m) to the Council system • Urban Water Targeted Rate - Available but not connected • Pongaroa Water Targeted Rate – applies to properties connected to Pongaroa Rural Water Supply Scheme. Each unit (up to 1 cubic metre per day) is charged separately. • Volumetric Water Charges - Metered Rates. Properties pay a fixed rate per property plus a user change for water over 80 cubic metres per quarter • Large users – those using over 2,000 cubic metres per quarter may be charged a different rate, with rates reviewed annually.	• Wastewater General Rate - 5% of Operational Costs are recovered through general rates, comprising the fixed uniform annual general charge and land value charge. The valuation-based charge may be required to be phased out over a period of five years as set out in the Local Government (Water Services) Bill if it proceeds unchanged. • Wastewater Targeted Rate – Connected. Charged to all properties connected or able to connect to the Council's wastewater system (within 100m), except educational and multi-use residential properties. • Wastewater Targeted Rate - Available but not connected. If wastewater is available but not connected, the charge is 50% of the connected rate. • Wastewater Targeted Rate - Multiple Use. 33% of full charge for each toilet/urinal from 4 to 12, with no charge from 13 upwards. • Educational establishments and multi-unit residential properties. Charged per toilet and remissions may apply.	• Stormwater Targeted Rate - Charged as a fixed amount to every property in the stormwater drainage area where stormwater is collected and managed to reduce flood risk.

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Future charging arrangements

In the future, it will be the responsibility of the WSO to charge for water services. The specific charging mechanisms for each supply scheme or catchment are yet to be determined. Whether the current charging approach is retained or revised will be decided by the WSO, which will also be fully responsible for revenue collection. Part A of this plan notes the WSO will be required to review and confirm its tariff structure as required by the Local Government (Water Services) Bill.

Responsibility for revenue collection from day 1 will be determined through the transition planning – as Part A indicates, it is yet to be determined exactly how billing arrangements are established for the WSO, however, if feasible, shareholding councils will work towards the entity to be enabled to independently bill for day one. The current assumption is that Councils will collect revenue on the WSO's behalf for a determined period to manage the risk of transition (with revenue requirements set by the WSO to meet financial sustainability requirements). In any interim arrangement, councils would act solely as agents, with no liability for collection, and all revenue would be passed through to the WSO via Council balance sheets in a manner consistent with the treatment of regional council rates. During the transition, any payments mistakenly made to Council will be transferred to the WSO and will not be treated as Council revenue.

Water services revenue requirements

Note to the reader

This section has been completed based on the Council's current approach to charging and pricing, as set out in the 2024/34 LTP, with some adjustments which have been applied across the four Councils. Key adjustments have been made to ensure conservatism in the forecasts, include Taumata Arowai and Commerce Commission levies, incremental costs associated with a WSO including audit, board and management costs, and debt funding establishment costs, and incorporate changes in financing cost assumptions to align with current LGFA rates. A summary of modelling assumptions can be found in Appendix 2.

Under this Plan, water services require significant revenue to meet financial sustainability requirements, support ongoing operations, meet regulatory standards, and fund capital investment. These requirements are currently met through a combination of general rates, targeted rates and volumetric charges.

Based on current forecasts, TDC anticipates $212.1million in operating revenues over the WSDP period, generating $133.2 million in cash surpluses. TDC generates $22.9m in operating surpluses, incorporating full funding of depreciation. Individual Funding Impact Statements in Part E set out the projected level of revenue by expected source. Capital revenues are exclusively debt, with no development or other contributions. The information in the table below identifies sources of revenue.

As TDC is transitioning water services to a WSO, the WSO will be required to meet the LGFA's financial covenants, including FFO-to-debt and interest coverage ratios, with the partner councils setting a target capital structure that maintains an FFO-to-debt at 10%, against the LGFA covenant of 9%. By moving to this capital structure, the WSO will not need to fund depreciation from cash / revenue in the same way as TDC does now; instead, the WSO will use debt to finance investment to ensure equitable sharing of costs over time, while maintaining borrowing within prudent limits to be determined by the board of the WSO, consistent with LGFA limits and agreed council support arrangements.

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TDC Table 7: Forecast water services funding impact statement

Funding impact statement ($000)	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Sources of operating funding											
General rates		288	303	342	367	397	427	445	404	407	412
Targeted rates		11,240	13,074	14,967	18,017	21,101	24,711	25,418	25,512	25,514	25,258
Subsidies and grants for operating purposes		681	541	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts		3	0	1	0	0	0	0	0	0	9
Fees and charges		210	214	218	223	227	232	236	240	245	249
Total operating funding		12,423	14,132	15,528	18,607	21,725	25,369	26,099	26,156	26,166	25,928
Applications of operating funding											
Payments to staff and suppliers		5,876	5,738	5,575	6,126	6,255	6,372	6,480	6,577	6,673	6,771
Finance costs		1,546	1,549	1,835	5,201	6,074	6,389	6,562	6,638	6,576	6,480
Internal charges and overheads applied		1,408	1,516	1,573	1,615	1,652	1,683	1,711	1,749	1,774	1,807
Other operating funding applications		0	0	0	0	0	0	0	0	0	0
Total applications of operating funding		8,830	8,803	8,983	12,942	13,981	14,443	14,753	14,963	15,023	15,058
Surplus/(deficit) of operating funding		3,592	5,330	6,545	5,665	7,744	10,926	11,346	11,193	11,143	10,870
Sources of capital funding											
Subsidies and grants for capital expenditure		0	0	0	0	0	0	0	0	0	0
Development and financial contributions		0	0	0	0	0	0	0	0	0	0
Increase/(decrease) in debt		7,177	9,619	5,151	10,297	7,292	341	89	2,946	3,002	5,328
Gross proceeds from sales of assets		0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding		0	0	0	0	0	0	0	0	0	0
Total sources of capital funding		7,177	9,619	5,151	10,297	7,292	341	89	2,946	3,002	5,328
Applications of capital funding											
Capital expenditure - to meet additional demand		995	2,190	1,277	2,494	1,100	2,202	1,166	1,902	252	256
Capital expenditure - to improve levels of services		2,754	6,979	5,786	7,373	7,671	890	936	780	864	804
Capital expenditure - to replace existing assets		10,581	10,680	10,333	15,264	7,895	9,608	13,438	6,984	9,527	7,082
Increase/(decrease) in reserves		(3,561)	(4,901)	(5,699)	(10,418)	(1,631)	(1,433)	(4,105)	4,473	3,503	8,056
Increase/(decrease) in investments		0	0	0	1,250	0	0	0	0	0	0
Total applications of capital funding		10,769	14,948	11,696	15,963	15,036	11,267	11,435	14,139	14,145	16,198
Surplus/(deficit) of capital funding		(3,592)	(5,330)	(6,545)	(5,665)	(7,744)	(10,926)	(11,346)	(11,193)	(11,143)	(10,870)
Funding balance		0	0	0	0	0	0	0	0	0	0

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Affordability for communities

Over the WSDP's 10 years, the average charge per connection ranges from $2,398 at 3.2% of the median household income in FY25 to $4,956 at 4.8% of household income in FY34. These are nominal (inflated) numbers; the real (uninflated) FY34 cost is $3,879. These charges are an acknowledged affordability challenge; they reflect the Council's starting debt position and high level of investment programme totalling $150m in inflation adjusted nominal costs, and the requirement to meet financial sustainability targets on a cost-to-serve/ring-fenced basis.

There is little discretionary expenditure included in the investment programme, with the universal water meter project being a key demand management investment with discretion in its timing. However, estimates for work do include an accelerated renewal programme for wastewater pipes that have a poor/failed condition rating of 5 based on visual inspection supported by age analysis.

Through the transition, the Council will take a considered look at the investment programme to determine whether there are opportunities to rephase or prioritise work (particularly in relation to non-compliance related or essential renewal work) in order to manage costs for the community and spread investment between current and future customers. It is also expected that through the development of the Water Services Strategy, the WSO will apply a different lens over the timing and nature of future planned works by considering opportunities for bundling of work to reduce costs, or prioritising work across the wider region. New national engineering standards and changes in wastewater compliance requirements, such as wetland design for Dannevirke and Woodville, are also expected to help manage affordability for the community.

TDC Table 8: Average charge per connection

Average charge per connection including GST	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Average drinking water bill (including GST)	1,067	1,223	1,316	1,695	1,974	2,336	2,420	2,404	2,381	2,356
Average wastewater bill (including GST)	1,119	1,278	1,529	1,752	2,036	2,340	2,340	2,312	2,285	2,228
Average stormwater bill (including GST)	212	261	296	280	313	334	353	368	380	372
Average charge per connection including GST	2,398	2,762	3,140	3,728	4,323	5,010	5,113	5,084	5,046	4,956
Water services charges as % of household income	3.2%	3.6%	3.9%	4.4%	5.0%	5.6%	5.5%	5.3%	5.1%	4.8%

C2: Funding and financing arrangements

Borrowing requirements

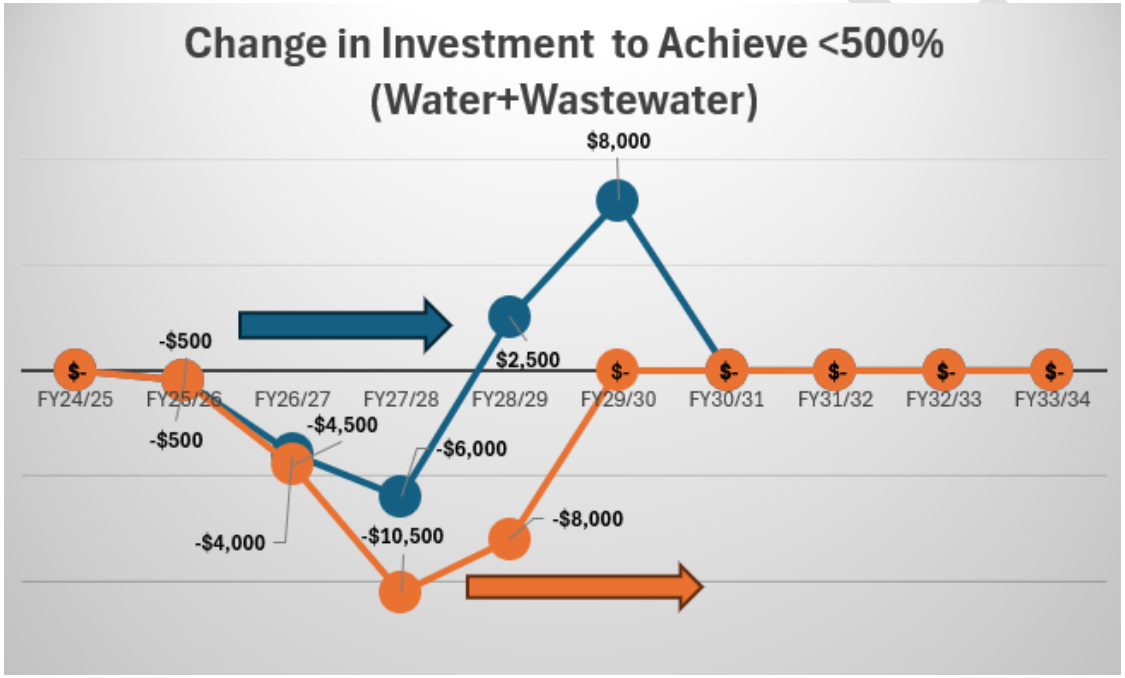
Over the forecast period, water services are forecast to require $150m in capital investments. To support this investment, net debt increases from $52.5m in FY25 to $108.7m in FY34 (an increase of $56.2m), with the remaining funding to come from water services revenue. The tables below the borrowing requirements and net debt for water services, with net debt associated with water services transferred to the WSO in FY28.

Over the 10-year planning period TDC requires substantial capital investment to meet regulatory standards, renew service levels, and support some growth. This will necessitate significant borrowing, particularly in the first five years, with projected debt resulting in a short-term breach of the 500% debt to revenue limit in FY27 and FY28 and achievement of

ensitivity: General

the LGFA 9% FFO to debt target in FY30. When developing the LTP, this was able to be covered within Council's overall borrowing limits and measures. However, ring fencing of water services now indicate this as a breach under the new measures. In respect of options to manage this breech, slight timing changes may be possible to stay within the limits with the first three years reducing expenditure by $10.5m, and the expenditure re-instated in the following two years (refer figure below). This demonstrates that a wider review of the capital programme (at TDC and regional levels) is likely to have an impact in managing both affordability and deliverability.

Change Timing of Capital Programme	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
-$ Reduce Spend; +$ Increase Spend	$ -	-$ 500	-$ 4,000	-$ 6,000	$ 2,500	$ 8,000	$ -	$ -	$ -	$ -
Two Waters - net debt to operating revenue %	441%	498%	498%	499%	499%	485%	487%	476%	465%	457%



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TDC Table 9: Borrowing requirements for water services under debt to revenue and FFO to debt requirements

Projected water services net debt to operating revenue	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Total operating revenue ($m)	12.4	14.1	15.5	18.6	21.7	25.4	26.1	26.2	26.2	25.9
Net debt ($m)	52.5	67.0	77.8	98.6	107.5	109.3	113.5	111.9	111.4	108.7
Debt headroom to limit ($m)	9.6	3.7	(0.2)	(5.5)	1.1	17.6	17.0	18.9	19.4	20.9
Net debt to operating revenue (%)	422%	474%	501%	530%	495%	431%	435%	428%	426%	419%

Projected water services debt headroom (FFO)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Water services FFO covenant (LGFA)	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Free funds from operations (LGFA)	3,592	5,330	6,545	5,665	7,744	10,926	11,346	11,193	11,143	10,870
Net debt ($000)	52,479	66,999	77,850	98,565	107,487	109,262	113,456	111,929	111,429	108,701
Debt headroom to FFO covenant ($000s)	(12,565)	(7,782)	(5,126)	(35,615)	(21,444)	12,140	12,606	12,436	12,381	12,077

Financial strategy and debt repayment

The WSO will arrange borrowings through the LGFA, supported by a Council guarantee or uncalled capital, with the final security arrangements and financial covenants to be agreed between the participating Councils. In doing so, the expectation is the water organisation will be required to comply with two key LGFA financial covenants:

- FFO-to-debt ratio: The ratio of FFO- to-debt must remain above 9%. This metric incorporates 50% of Development Contribution revenues in the FFO calculation, based on LGFA guidance.
- Interest coverage ratio (ICR): The ICR must be maintained above 1.5x, based on LGFA covenants.

Financial projections for TDC's components of the WSO indicate that both covenants will be met over the planning horizon, targeting a 10% FFO-to-debt ratio against the LGFA covenant of 9% and an interest coverage ratio above the 1.5x covenant. TDC meets the 10% target within two years (by FY30). It meets the interest ratio covenant through the full WSDP period.

As part of its broader financial governance, TDC will continue to adhere to its Treasury Policy, which sets a whole-of-Council borrowing limit of 175% net debt to revenue. The transfer of water services to the WSO is expected to improve Council's position against this benchmark, creating additional headroom for future non-water investments. Further information is outlined in Part D.

The WSO will utilise debt financing for long-lived capital expenditure, such as infrastructure upgrades and compliance-driven projects. Short-term liquidity needs may also be met through borrowing; however, operating costs will be funded through water revenues. This approach supports intergenerational equity and aligns with sound financial management

ensitivity: General

principles. While the WSO's forecasts are structured to show debt aligned with investment needs, rather than explicitly modelling principal repayments, the debt strategy assumes the use of FFO as the primary mechanism for managing debt over time.

In practice, this means the WSO will treat its debt portfolio as a flexible facility to support ongoing investment, while using excess operational cashflows to manage debt within overall LGFA covenant limits and shareholder expectations. The focus will be on maintaining liquidity, servicing interest costs comfortably, and ensuring that debt levels remain aligned with long-term revenue capacity, infrastructure need, and intergenerational equity. By maintaining debt within its borrowing limits and targeting FFO, the WSO can manage its debt exposure without prematurely constraining its investment programme or placing undue burden on current ratepayers.

Comprehensive treasury and financing policies will be developed as part of the transition as part of the financial and commercial workstream. This will include policies for managing liquidity and interest rate risks, and arrangements for transactional banking, working capital and loan facilities.

Internal borrowing

TDC uses internal borrowing to fund capital expenditure for three waters activities. All transactions are recorded, and borrowings are tracked separately for each water, wastewater, and stormwater scheme. Principal and interest payments are monitored at both a project and activity level, ensuring accurate debt attribution and financial transparency. Because internal borrowings, repayments, and interest are accounted for individually by service activity, the ringfencing of three waters costs, revenues, and debt is maintained in preparation for upcoming regulatory requirements. This approach will remain in place for as long as Council continues to deliver water services directly. Interest on internal borrowings is charged at forecast deposit investment rate.

Attribution of debt related to water services

Water, wastewater and stormwater costs are not allocated between urban and rural ratepayers. A "network" approach or "District Wide" charging system is applied to ensure small communities are able to meet compliance and service requirements.

As of 30 June 2024, the Council's total internal and external debt for all three waters was $41.74 m. This is projected by Council to rise under the Council's current borrowing policy to $52.5m on 30 June 2025 and up to $67m by 30 June 2026. This will differ to the projections applying the new financial sustainability requirements, where depreciation will not be funded and funds from operation target will drive the pricing model of fees and charges, and resulting debt profile.

Insurance arrangements

Council has insurance for its above-ground three-water assets, including treatment plants and reservoirs, through its property portfolio on a full replacement value basis. This policy covers material damage and is based on market and valuation data. Below-ground assets, such as water, wastewater, and stormwater reticulation networks, are insured through tenders managed through a contract with MW LASS Limited and AON as broker. This provides disaster cover for up to 40% of the asset valuation, in accordance with national cost-sharing arrangements for underground infrastructure. Council provides updated asset data, including GIS layers, condition attributes, and replacement valuations, to support renewal assessments and reinsurance through the London insurance markets.

ensitivity: General

Council renews its insurance policies for water services assets on an annual basis. To support these renewals, risk scenarios and maximum probable loss modelling have been undertaken to inform cover levels and balance between risk exposure and insurance needs.

Water services assets are revalued on an annual basis, with above-ground and below-ground assets valued separately. Assets were most recently revalued as of 30 June 2024 with 30 June 2025 about to commence. Valuations form the basis for insured values, supported by asset information.

Responsibility for managing water services insurance is delegated to the Chief Financial Officer.

Following transition, the WSO will be the asset-owning entity and will therefore be responsible for holding appropriate insurance policies for water services assets, conducting valuations, and developing risk and insurance management policies. The WSO will need some new insurances not currently held by Councils e.g., Directors' and Officers' liability cover. WSO insurance requirements will be developed through the financial and commercial transition workstream.

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ensitivity: General

Part D: Financial sustainability assessment

Note for reader

Part A confirms the financial sustainability of the WSO by 30 June 2028. Given the decision to adopt cost-to-serve pricing, this Part D section refers to the financial sustainability of TDC within the WSO. Financial statements included as Part F provide the detail to support the statements regarding the WSO's financial sustainability.

Revenue projections are based on revenue required to meet the Council's investment plans as set out in latest LTPs or Annual Plans, with a transition to a WSO in FY28 for water services. Additional operating costs are included for the WSO to ensure adequate allowance for overheads, financing costs, and additional overheads associated with a WSO (e.g. Board, management and audit costs). A copy of the underlying assumptions can be found in Appendix 2.

D1: Confirmation of financially sustainable delivery of water services

This Part D confirms that TDC, within the WSO, achieves the financially sustainable delivery of water services by 30 June 2028.

Revenue sufficiency

TDC within the WSO (from FY28) is projected to generate sufficient revenue to meet the full cost of water services delivery, including operating expenditure, asset renewals, and debt servicing. This is underpinned by a shift to a WSO with a target capital structure generating sufficient revenues over the forecast period.

Operating surpluses over the 10-year period are forecast at $22.9m. TDC has an operating deficit in year 1 of the WSDP period and year 1 of the WSO's operation, with operating surpluses in other years through the period. These are accounting, not cash, deficits driven by the full funding of depreciation – the WSO will not fund depreciation from cash as the Council does now and will use debt funding to more equitably spread the cost of investment. Operating cashflow surpluses over the period are forecast at $133.2m, underpinned by price increases, providing sufficient headroom to meet interest costs and liquidity needs.

For the Council, average water charges per connection are forecast to increase from $2,432 in FY25 to $5,045 in FY34 (in nominal (inflated) terms, or $3,949 in real (uninflated) terms), which represents around 4.9% of median household income in the district. These charges reach challenging levels for the community and the WSO, through the development of the Water Services Strategy, will need to consider how the capital programme could be rephased or prioritised to manage affordability, deliverability and efficiency.

Investment sufficiency

The WSDP includes $150 million in forecast capital investment over the 10-year period. This programme includes:

- Renewals to maintain existing levels of service and asset reliability
- Upgrades to achieve compliance with drinking water standards and to improve network resilience
- Growth-related projects to service projected increases in demand.

TDC requires substantial infrastructure upgrades to meet drinking water, wastewater, and stormwater performance expectations. These investments are currently planned to be relatively front-loaded, with critical work needed in the early years to address increased resilience, infiltration and losses resulting from aging water main and the end-of-life of clay wastewater pipes.

ensitivity: General

Wastewater consent expiries require additional investment, and this investment can be re-assessed once the new regulatory and engineering design standards are bedded down. The need for new water-take consents may be affected by an over-allocation of water take by the Regional Council. Proceeding with the installation of universal metering will provide demonstration of both water demand management, leak identification and improve back flow prevention as tobies are replaced.

The proposed investment meets the investment sufficiency test and is fully funded by forecast revenues and access to finance. The projects in the proposed programme have been determined and prioritised by detailed engineering hydraulic modelling by WSP and Woods Consultants, multi criteria analysis for project option prioritisation, reassessment by independent engineering consultants, cross referencing to ten years of in-house full-time condition assessment by underground CCTV camera inspection. Further engineering design by national dam experts, Tonkin and Taylor, Dam Watch and Lutra for the Dannevirke impounded water supply dam. This has been complemented by stormwater Infiltration and inflow studies by Leak Detection Services and many years of studies.

Significant work has been completed on developing a new District Plan that will support growth (set out in Appendix 4). This depended on new town LiDAR in the four main towns and flood plane modelling at various at-risk locations in Dannevirke, and all of Woodville and Pahiatua.

Financing sufficiency

Over the WSDP period, over $150 million of capital investment is forecast, with approximately $56.2 million of this expected to be debt funded, with total debt reaching around $108.7 million in FY34. Both the Council, and the WSO once established, can manage the borrowing required within the applicable limits over a reasonable transition period, as modelled and presented later in this Part and Part E of the WSDP.

Borrowing by the WSO, once established, will be undertaken through the LGFA and guaranteed by the participating Councils while targeting or maintaining an FFO-to-debt ratio of 10%, compared to the LGFA covenant of 9%, and maintaining an interest coverage ratio above the 1.5x covenant. TDC will meet the targeted 10% FFO to debt ratio by FY30 and the ICR requirement from FY28.

Projected water services debt headroom (FFO)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Water services FFO covenant (LGFA)	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Free funds from operations (LGFA)	3,592	5,330	6,545	5,665	7,744	10,926	11,346	11,193	11,143	10,870
Net debt ($000)	52,479	66,999	77,850	98,565	107,487	109,262	113,456	111,929	111,429	108,701
Debt headroom to FFO covenant ($000s)	(12,565)	(7,782)	(5,126)	(35,615)	(21,444)	12,140	12,606	12,436	12,381	12,077

Actions to achieve financially sustainable delivery of water services

To ensure the delivery of financially sustainable water services by 30 June 2028, the Council is transitioning water services to a WSO to better manage investment, maintain affordability for ratepayers, and support intergenerational equity in funding and service delivery. All water services will achieve financial sustainability requirements by FY28.

ensitivity: General

Risks to achieving financially sustainable water services

There are several risks to financially sustainable services, which are common across the four Partner Councils:

- **Cost escalation** - actual costs, particularly for large projects, may exceed estimates. Factors contributing to this include rising construction costs, increased material and labour prices, and changes in project scope due to unforeseen asset conditions.
- **Inflation and interest rate volatility** - Higher-than-forecast inflation or adverse interest rate movements may increase the cost of borrowing, placing upward pressure on water charges. Rapid rate increases or extended high-rate environments could affect financial sustainability and constrain future capital investment or lead to price increases.
- **Revenue constraints and affordability** - projected price paths are designed to balance cost recovery with community affordability. However, sustained increases in charges may encounter public resistance, particularly among fixed-income households. Any delays or political adjustments to planned price increases could create funding shortfalls.
- **Regulatory shocks** - new or revised drinking water, wastewater, or stormwater regulations could trigger additional unplanned investment. More stringent compliance measures introduced within the forecast period could impact both operating costs and capital priorities.
- **Supply chain constraints** - availability of skilled staff, contractors, engineers, and materials could impact the Council's and WSO's ability to deliver the capital programme on time. This has already been observed during past weather and pandemic events. Delays can lead to cost inflation and deferment of service improvements.
- **Incomplete or evolving asset data** - investment decisions are based on the best available asset condition data, but gaps or outdated information could lead to misalignment between investment timing and actual asset needs. This could result in inefficient allocation of capital or emergency spending.
- **Transition and governance risks** - establishment of a new WSO involves changes in governance, systems, and accountability. Any delays or misalignment in these transitions, particularly around financial systems or staffing, could temporarily affect delivery capacity or financial controls.
- **Climate change and resilience** – climate change poses increasing risks to water services through more frequent extreme weather events, rising sea levels, and changing rainfall patterns. Natural disaster risks, such as earthquakes, also pose significant risk to water services. These impacts can damage assets, raise costs, and disrupt service delivery. Building resilience into planning and asset management will help avoid unplanned costs and protect service reliability.

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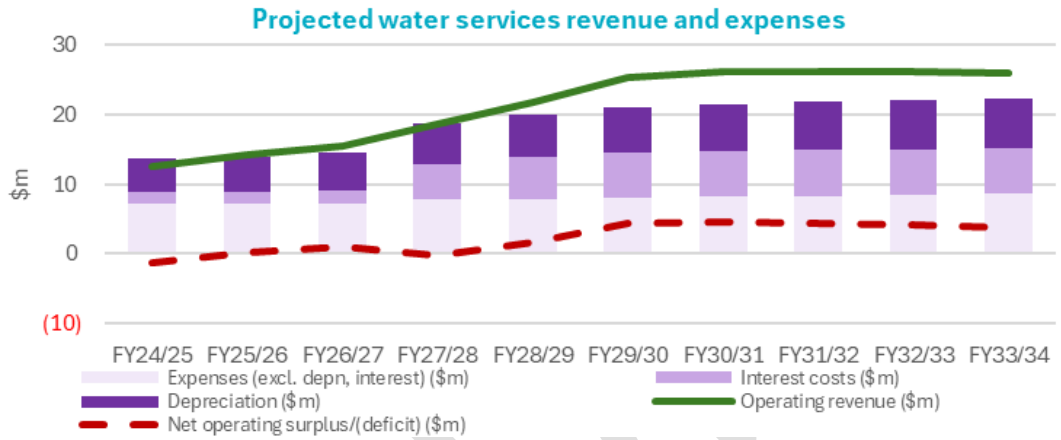
ensitivity: General

D2: Financial sustainability assessment - revenue sufficiency

TDC within the WSO (from FY28) is projected to generate sufficient revenue to meet the full cost of water services delivery, including operating expenditure, asset renewals, and debt servicing. This is underpinned by a shift to a WSO with a target capital structure generating sufficient revenues over the forecast period, with water services generating cumulative operating surplus ratio of 10.8% of operating revenues, indicating sufficient revenues to meet expenses.

Operating surpluses over the 10-year period are forecast at $22.9 million - TDC has a small operating deficit in year 1 of the WSDP and year 1 of the WSO but generates operating surpluses for the remainder of the period TDC generates cash surpluses through the period of $133.2m, providing sufficient headroom to meet interest costs and liquidity needs.



Average projected charges for water services

ensitivity: General

For the Council, average water charges per connection are forecast to increase from $2,432 in FY25 to $5,045 in FY34 (in nominal (inflated) terms, of $3,949 in real (uninflated) terms), which represents around 4.9% of median household income in the district. These charges are at challenging levels for the community levels for the community and the WSO, through the development of the Water Services Strategy, will need to consider how the capital programme (both for TDC and a regional level) could be rephased or prioritised to manage affordability, deliverability and efficiency. In particular, the changes to engineering services standards may allow for reduced cost of proposed capital works. Changing timing of projects including spreading costs over a longer timeframe could have a significant improvement on affordability, as could regional joint procurement and planning of investment programmes, including identifying new opportunities to deliver regional solutions at lower costs.

TDC Table 11: Average projected charges for water services

Average charge per connection including GST	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Average drinking water bill (including GST)	1,139	1,306	1,405	1,810	2,108	2,494	2,584	2,567	2,543	2,515
Average wastewater bill (including GST)	1,103	1,260	1,507	1,728	2,007	2,307	2,307	2,279	2,253	2,197
Average stormwater bill (including GST)	189	233	265	251	280	299	316	330	340	333
Average charge per connection including GST	2,432	2,799	3,176	3,789	4,395	5,100	5,206	5,175	5,135	5,045
Projected increase	20.0%	15.1%	13.5%	19.3%	16.0%	16.0%	2.1%	-0.6%	-0.8%	-1.8%
Projected number of connections* Please note that connection numbers continually change as new connections are added or removed.	5,500	5,544	5,589	5,633	5,678	5,724	5,770	5,816	5,862	5,909

Projected operating surpluses/(deficits) for water services

TDC Table 12: Projected operating surpluses/(deficits) for water services

Operating surplus ratio	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34	Total
Operating surplus/(deficit) excluding capital revenues	(1,238)	185	1,031	(133)	1,682	4,451	4,683	4,355	4,133	3,704	22,854
Total operating revenue	12,423	14,132	15,528	18,607	21,725	25,369	26,099	26,156	26,166	25,928	212,135
Operating surplus ratio	(10.0%)	1.3%	6.6%	(0.7%)	7.7%	17.5%	17.9%	16.7%	15.8%	14.3%	10.8%

Projected operating cash surpluses for water services

TDC Table 13: Projected operating cash surpluses for water services

Operating cash ratio	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34	Total
Operating surplus/(deficit) + depreciation + interest costs - capital revenue	5,139	6,878	8,381	10,867	13,818	17,315	17,907	17,831	17,719	17,350	133,205
Total operating revenue	12,423	14,132	15,528	18,607	21,725	25,369	26,099	26,156	26,166	25,928	212,135
Operating cash ratio	41.4%	48.7%	54.0%	58.4%	63.6%	68.3%	68.6%	68.2%	67.7%	66.9%	62.8%

ensitivity: General

D3: Financial sustainability assessment - investment sufficiency

The WSDP includes $150.4 million in forecast capital investment over the 10-year period (Real value in 2024 of $134m). This programme is based on the Council's 2024/34 LTP and Infrastructure Strategy. This programme includes:

- Renewals to maintain existing levels of service and asset reliability
- Upgrades to achieve compliance with drinking water standards and to improve network resilience
- Growth-related projects to service projected increases in demand

Within this overall programme, $101.3 million is allocated for renewals, against ten-year depreciation charges of $61.5 million, and $49 million investment is provided for improving levels of service and growth. Total proposed water services infrastructure investment is 2.5 times depreciation charges over the period. Significant debt financing and increases in water rates/charges are needed over ten years to fund this level of investment.

Advanced Climate and Technical Modelling

Our planning goes beyond basic assessments to incorporate the most current climate science and technical standards:

Climate Resilience Planning:

Full United Nations International Panel on Climate Change AR6 RCP8.5 1:200-year flood modelling completed for Woodville and Pahiatua

This represents the most comprehensive flood risk assessment, accounting for severe climate change scenarios

LiDAR mapping completed to support accurate growth studies and District Plan development

Comprehensive System Analysis:

Hydraulic modelling completed for all four major towns covering water, wastewater, and stormwater systems

Development of an integrated "three waters masterplan"

This technical foundation provides the planning maturity needed for strategic residential wastewater pipeline renewals

Note: Our District Plan development is currently on hold while central government finalizes Resource Management Act policy changes.

Fully Funded $150 Million Investment Programme

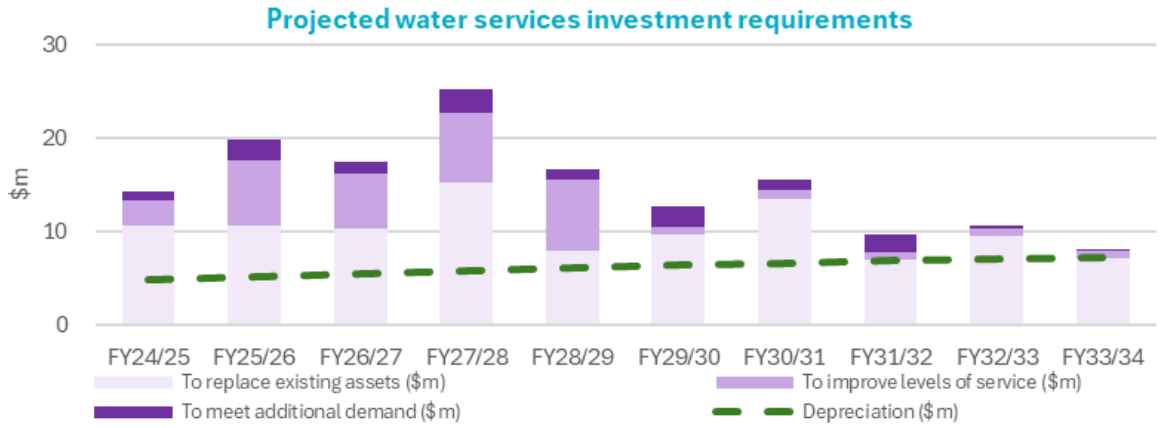
Financial Sustainability: This programme meets all sufficiency tests and is fully funded through:

ensitivity: General

- Strategic revenue increases
- Secure access to financing options

Independent Validation: Our evidence-based approach has been rigorously validated by Audit New Zealand. During their detailed review of our asset renewal programme as part of the Long-Term Plan audit, we received a **clear audit opinion**.

This independent endorsement confirms our $150 million capital programme (in nominal, inflated dollars) will ensure our water services infrastructure continues to serve our communities reliably into the future.



ensitivity: General

Renewals requirements for water services

TDC Table 14: Renewal requirements for water services

Asset sustainability ratio	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34	Total
Capital expenditure on renewals	10,581	10,680	10,333	15,264	7,895	9,608	13,438	6,984	9,527	7,082	101,392
Depreciation	4,830	5,145	5,514	5,798	6,062	6,475	6,662	6,838	7,010	7,166	61,500
Asset sustainability ratio	119.1%	107.6%	87.4%	163.2%	30.2%	48.4%	101.7%	2.1%	35.9%	(1.2%)	64.9%

Total required water services investment

TDC Table 15: Total water services investment

Asset investment ratio	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34	Total
Capital expenditure	14,330	19,850	17,396	25,130	16,666	12,701	15,539	9,666	10,642	8,142	150,062
Depreciation	4,830	5,145	5,514	5,798	6,062	6,475	6,662	6,838	7,010	7,166	61,500
Asset investment ratio	196.7%	285.8%	215.5%	333.4%	174.9%	96.2%	133.2%	41.4%	51.8%	13.6%	144.0%

Average remaining useful life of network assets

TDC Table 16: Average remaining useful life of network assets

Asset consumption ratio	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Book value of infrastructure assets	193,761	208,466	230,047	249,379	272,608	278,835	301,256	304,085	322,488	323,464
Total estimated replacement value of infrastructure assets	359,213	379,063	414,095	439,226	478,128	490,829	530,211	539,877	576,745	584,886
Asset consumption ratio	53.9%	55.0%	55.6%	56.8%	57.0%	56.8%	56.8%	56.3%	55.9%	55.3%

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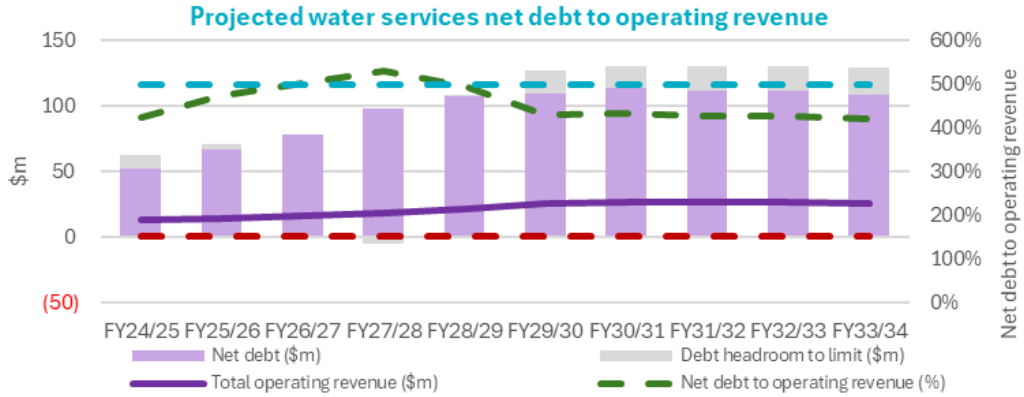
D4: Financial sustainability assessment - financing sufficiency



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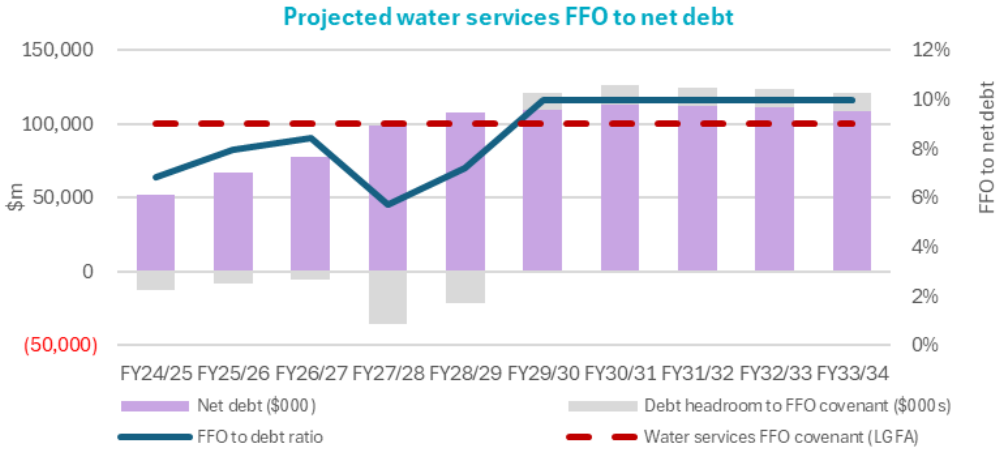

Projected Council borrowings and borrowings for water services

Over the WSDP period, the Council's net debt builds to levels close to the LGFA 175% covenant limit, driven by the large water services investment in the first five years of the WSDP. Although notably the Council does remain within these limits even with the significant programme. Following transfer to the WSO, the Council's balance sheet pressure is substantially eased, and additional headroom of $66m by FY34. This headroom could be used to fund other Council projects currently projected to be revenue funded, improve financial resilience and/or used to offset projected rates increases – the Council will need to consider affordability for the community in considering how the additional debt headroom is allocated, given the projected large cost increases that the WSO will need in order to deliver financially sustainable water services.

Projected water services borrowing requirements operate close to or exceeding 500% over the WSDP period. Changes in timing of investment of $10m within the first five years could keep water and wastewater investment within 500%. Whether timing changes are made or not within the first five years, compliance is achieved in the years 6 to 10, driven by revenue increases over the period. The transfer of TDC's water services into a WSO shows that the full $150 million water services capital investment requirement to be funded sustainably, with TDC within the WSO reaching targeted LGFA covenant levels by FY30 in the WSDP period.

ensitivity: General

Projected borrowings for water services

TDC Table 17: Projected borrowings for water services

Projected water services net debt to operating revenue	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Total operating revenue ($m)	12.4	14.1	15.5	18.6	21.7	25.4	26.1	26.2	26.2	25.9
Net debt ($m)	52.5	67.0	77.8	98.6	107.5	109.3	113.5	111.9	111.4	108.7
Debt headroom to limit ($m)	9.6	3.7	(0.2)	(5.5)	1.1	17.6	17.0	18.9	19.4	20.9
Net debt to operating revenue (%)	422%	474%	501%	530%	495%	431%	435%	428%	426%	419%

TDC Table 18: Projected borrowing headroom/(shortfall) for water services

Projected water services debt headroom (FFO)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Water services FFO covenant (LGFA)	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Free funds from operations (LGFA)	3,592	5,330	6,545	5,665	7,744	10,926	11,346	11,193	11,143	10,870
Net debt ($000)	52,479	66,999	77,850	98,565	107,487	109,262	113,456	111,929	111,429	108,701
Debt headroom to FFO covenant ($000s)	(12,565)	(7,782)	(5,126)	(35,615)	(21,444)	12,140	12,606	12,436	12,381	12,077

Free funds from operations

The WSO will borrow from the LGFA, guaranteed by the participating Councils (with the form of the guarantee to be agreed through transition), under the following limits:

- Targeting or maintaining an FFO-to-debt ratio of 10%, compared to the LGFA covenant of 9%.
- Maintaining an interest coverage ratio above the 1.5x covenant.

TDC within the WSO will meet the targeted 10% FFO to debt ratio by FY30 and the ICR requirement from transition.

TDC Table 19: Free funds from operations

Free funds from operations (FFO) to debt ratio	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Total net debt	52,479.5	66,999.5	77,849.9	98,564.8	107,487.4	109,262.1	113,456.0	111,929.3	111,428.8	108,700.5
Funds from operations	3,592.3	5,329.6	6,545.1	5,665.5	7,743.9	10,926.2	11,345.6	11,192.9	11,142.9	10,870.0
FFO to debt ratio	6.8%	8.0%	8.4%	5.7%	7.2%	10.0%	10.0%	10.0%	10.0%	10.0%

ensitivity: General

Part E: Projected financial statements for water services

TDC Table 20: Funding impact statement – water services

Funding impact statement ($000)	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Sources of operating funding											
General rates		288	303	342	367	397	427	445	404	407	412
Targeted rates		11,240	13,074	14,967	18,017	21,101	24,711	25,418	25,512	25,514	25,258
Subsidies and grants for operating purposes		681	541	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts		3	0	1	0	0	0	0	0	0	9
Fees and charges		210	214	218	223	227	232	236	240	245	249
Total operating funding		12,423	14,132	15,528	18,607	21,725	25,369	26,099	26,156	26,166	25,928
Applications of operating funding											
Payments to staff and suppliers		5,876	5,738	5,575	6,126	6,255	6,372	6,480	6,577	6,673	6,771
Finance costs		1,546	1,549	1,835	5,201	6,074	6,389	6,562	6,638	6,576	6,480
Internal charges and overheads applied		1,408	1,516	1,573	1,615	1,652	1,683	1,711	1,749	1,774	1,807
Other operating funding applications		0	0	0	0	0	0	0	0	0	0
Total applications of operating funding		8,830	8,803	8,983	12,942	13,981	14,443	14,753	14,963	15,023	15,058
Surplus/(deficit) of operating funding		3,592	5,330	6,545	5,665	7,744	10,926	11,346	11,193	11,143	10,870
Sources of capital funding											
Subsidies and grants for capital expenditure		0	0	0	0	0	0	0	0	0	0
Development and financial contributions		0	0	0	0	0	0	0	0	0	0
Increase/(decrease) in debt		7,177	9,619	5,151	10,297	7,292	341	89	2,946	3,002	5,328
Gross proceeds from sales of assets		0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding		0	0	0	0	0	0	0	0	0	0
Total sources of capital funding		7,177	9,619	5,151	10,297	7,292	341	89	2,946	3,002	5,328
Applications of capital funding											
Capital expenditure - to meet additional demand		995	2,190	1,277	2,494	1,100	2,202	1,166	1,902	252	256
Capital expenditure - to improve levels of services		2,754	6,979	5,786	7,373	7,671	890	936	780	864	804
Capital expenditure - to replace existing assets		10,581	10,680	10,333	15,264	7,895	9,608	13,438	6,984	9,527	7,082
Increase/(decrease) in reserves		(3,561)	(4,901)	(5,699)	(10,418)	(1,631)	(1,433)	(4,105)	4,473	3,503	8,056
Increase/(decrease) in investments		0	0	0	1,250	0	0	0	0	0	0
Total applications of capital funding		10,769	14,948	11,696	15,963	15,036	11,267	11,435	14,139	14,145	16,198
Surplus/(deficit) of capital funding		(3,592)	(5,330)	(6,545)	(5,665)	(7,744)	(10,926)	(11,346)	(11,193)	(11,143)	(10,870)
Funding balance		0	0	0	0	0	0	0	0	0	0

ensitivity: General

TDC Table 21: Funding impact statement – drinking water

Funding impact statement ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Sources of operating funding										
General rates	0	0	0	0	0	0	0	0	0	0
Targeted rates	5,330	6,161	6,679	8,675	10,184	12,145	12,681	12,698	12,680	12,645
Subsidies and grants for operating purposes	294	294	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	0	0	0	0	0	0	0
Fees and charges	4	4	4	4	4	4	5	5	5	5
Total operating funding	5,629	6,459	6,683	8,679	10,188	12,149	12,686	12,703	12,685	12,650
Applications of operating funding										
Payments to staff and suppliers	2,832	2,884	2,658	2,920	2,981	3,037	3,089	3,134	3,181	3,227
Finance costs	775	712	755	2,224	2,481	2,502	2,478	2,434	2,358	2,239
Internal charges and overheads applied	621	666	692	711	728	742	754	771	782	797
Other operating funding applications	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	4,227	4,261	4,105	5,855	6,190	6,281	6,320	6,340	6,320	6,263
Surplus/(deficit) of operating funding	1,401	2,198	2,578	2,825	3,998	5,869	6,365	6,363	6,365	6,387
Sources of capital funding										
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0
Increase/(decrease) in debt	5,903	4,422	653	3,354	1,557	(184)	(1,153)	2,022	785	1,495
Gross proceeds from sales of assets	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	5,903	4,422	653	3,354	1,557	(184)	(1,153)	2,022	785	1,495
Applications of capital funding										
Capital expenditure - to meet additional demand	457	1,414	476	1,939	524	1,602	542	1,658	0	0
Capital expenditure - to improve levels of services	1,227	1,711	998	1,360	1,730	741	882	726	810	750
Capital expenditure - to replace existing assets	7,948	7,623	6,679	10,928	3,809	5,382	9,581	3,510	5,179	3,092
Increase/(decrease) in reserves	(2,327)	(4,128)	(4,923)	(8,667)	(508)	(2,040)	(5,792)	2,491	1,162	4,041
Increase/(decrease) in investments	0	0	0	619	0	0	0	0	0	0
Total applications of capital funding	7,305	6,620	3,231	6,179	5,554	5,684	5,213	8,385	7,150	7,882
Surplus/(deficit) of capital funding	(1,401)	(2,198)	(2,578)	(2,825)	(3,998)	(5,869)	(6,365)	(6,363)	(6,365)	(6,387)
Funding balance	0	0	0	0	0	0	0	0	0	0

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ensitivity: General

TDC Table 22: Funding impact statement – wastewater

Funding impact statement ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Sources of operating funding										
General rates	288	303	342	367	397	427	445	404	407	412
Targeted rates	4,983	5,763	6,972	8,086	9,504	11,043	11,115	11,109	11,063	10,862
Subsidies and grants for operating purposes	387	247	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	2	0	0	0	0	0	0	0	0	9
Fees and charges	204	207	212	216	221	225	229	233	238	242
Total operating funding	5,864	6,520	7,526	8,669	10,122	11,695	11,789	11,747	11,708	11,525
Applications of operating funding										
Payments to staff and suppliers	2,739	2,543	2,599	2,850	2,910	2,964	3,015	3,060	3,105	3,151
Finance costs	691	755	987	2,644	3,205	3,455	3,603	3,697	3,695	3,686
Internal charges and overheads applied	553	595	618	634	649	661	673	687	697	710
Other operating funding applications	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	3,984	3,894	4,203	6,128	6,764	7,080	7,290	7,444	7,498	7,548
Surplus/(deficit) of operating funding	1,881	2,627	3,323	2,541	3,358	4,614	4,499	4,303	4,210	3,977
Sources of capital funding										
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0
Increase/(decrease) in debt	1,097	5,024	4,329	6,637	5,521	(202)	886	598	1,616	2,603
Gross proceeds from sales of assets	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	1,097	5,024	4,329	6,637	5,521	(202)	886	598	1,616	2,603
Applications of capital funding										
Capital expenditure - to meet additional demand	281	514	532	555	577	601	624	244	252	256
Capital expenditure - to improve levels of services	1,527	5,268	4,788	6,014	5,941	149	54	54	54	54
Capital expenditure - to replace existing assets	2,305	2,724	2,520	3,457	3,192	3,235	2,900	2,534	3,368	2,981
Increase/(decrease) in reserves	(1,134)	(855)	(188)	(1,306)	(831)	427	1,808	2,069	2,152	3,289
Increase/(decrease) in investments	0	0	0	459	0	0	0	0	0	0
Total applications of capital funding	2,978	7,651	7,652	9,178	8,878	4,412	5,385	4,900	5,826	6,580
Surplus/(deficit) of capital funding	(1,881)	(2,627)	(3,323)	(2,541)	(3,358)	(4,614)	(4,499)	(4,303)	(4,210)	(3,977)
Funding balance	0	0	0	0	0	0	0	0	0	0

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ensitivity: General

TDC Table 23: Funding impact statement – stormwater

Funding impact statement ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Sources of operating funding										
General rates	0	0	0	0	0	0	0	0	0	0
Targeted rates	927	1,150	1,316	1,257	1,413	1,523	1,622	1,704	1,771	1,750
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	1	0	1	0	0	0	0	0	0	0
Fees and charges	2	2	2	2	2	2	2	2	2	2
Total operating funding	930	1,153	1,319	1,259	1,415	1,526	1,624	1,707	1,773	1,752
Applications of operating funding										
Payments to staff and suppliers	305	311	318	357	364	371	377	382	387	393
Finance costs	81	82	94	333	388	431	482	507	524	555
Internal charges and overheads applied	234	255	263	269	275	280	285	290	295	300
Other operating funding applications	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	619	648	675	959	1,027	1,082	1,143	1,180	1,206	1,247
Surplus/(deficit) of operating funding	310	505	644	300	388	443	481	527	568	505
Sources of capital funding										
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0
Increase/(decrease) in debt	176	172	169	306	214	728	356	327	601	1,230
Gross proceeds from sales of assets	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	176	172	169	306	214	728	356	327	601	1,230
Applications of capital funding										
Capital expenditure - to meet additional demand	257	262	268	0	0	0	0	0	0	0
Capital expenditure - to improve levels of services	0	0	0	0	0	0	0	0	0	0
Capital expenditure - to replace existing assets	328	333	1,134	878	894	992	957	941	980	1,009
Increase/(decrease) in reserves	(99)	82	(588)	(445)	(291)	179	(120)	(87)	189	727
Increase/(decrease) in investments	0	0	0	172	0	0	0	0	0	0
Total applications of capital funding	486	677	814	606	603	1,171	837	854	1,169	1,736
Surplus/(deficit) of capital funding	(310)	(505)	(644)	(300)	(388)	(443)	(481)	(527)	(568)	(505)
Funding balance	0	0	0	0	0	0	0	0	0	0

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ensitivity: General

TDC Table 24: Projected statement of comprehensive revenue and expenses – water services

Statement of comprehensive revenue and expense ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating revenue	12,423	14,132	15,528	18,607	21,725	25,369	26,099	26,156	26,166	25,928
Other revenue	0	0	0	0	0	0	0	0	0	0
Total revenue	12,423	14,132	15,528	18,607	21,725	25,369	26,099	26,156	26,166	25,928
Operating expenses	5,876	5,738	5,575	6,126	6,255	6,372	6,480	6,577	6,673	6,771
Finance costs	1,546	1,549	1,835	5,201	6,074	6,389	6,562	6,638	6,576	6,480
Overheads and support costs	1,408	1,516	1,573	1,615	1,652	1,683	1,711	1,749	1,774	1,807
Depreciation & amortisation	4,830	5,145	5,514	5,798	6,062	6,475	6,662	6,838	7,010	7,166
Total expenses	13,660	13,948	14,497	18,740	20,043	20,918	21,416	21,801	22,034	22,224
Net surplus / (deficit)	(1,238)	185	1,031	(133)	1,682	4,451	4,683	4,355	4,133	3,704
Revaluation of infrastructure assets	5,019	0	9,699	0	12,625	0	13,545	0	14,771	0
Total comprehensive income	3,781	185	10,731	(133)	14,307	4,451	18,228	4,355	18,904	3,704
Cash surplus / (deficit) from operations (excl depreciation)	3,592	5,330	6,545	5,665	7,744	10,926	11,346	11,193	11,143	10,870

TDC Table 25: projected statement of comprehensive revenue and expenses – drinking water

Statement of comprehensive revenue and expense ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating revenue	5,629	6,459	6,683	8,679	10,188	12,149	12,686	12,703	12,685	12,650
Other revenue	0	0	0	0	0	0	0	0	0	0
Total revenue	5,629	6,459	6,683	8,679	10,188	12,149	12,686	12,703	12,685	12,650
Operating expenses	2,832	2,884	2,658	2,920	2,981	3,037	3,089	3,134	3,181	3,227
Finance costs	775	712	755	2,224	2,481	2,502	2,478	2,434	2,358	2,239
Overheads and support costs	621	666	692	711	728	742	754	771	782	797
Depreciation & amortisation	2,251	2,429	2,594	2,708	2,817	2,930	3,020	3,105	3,193	3,265
Total expenses	6,479	6,691	6,699	8,563	9,007	9,210	9,341	9,445	9,512	9,528
Net surplus / (deficit)	(850)	(231)	(16)	116	1,181	2,939	3,345	3,258	3,172	3,122
Revaluation of infrastructure assets	2,413	0	4,852	0	6,389	0	6,832	0	7,687	0
Total comprehensive income	1,563	(231)	4,836	116	7,571	2,939	10,177	3,258	10,859	3,122
Cash surplus / (deficit) from operations (excl depreciation)	1,401	2,198	2,578	2,825	3,998	5,869	6,365	6,363	6,365	6,387

TDC Table 26: projected statement of comprehensive revenue and expenses – wastewater

ensitivity: General

Statement of comprehensive revenue and expense ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating revenue	5,864	6,520	7,526	8,669	10,122	11,695	11,789	11,747	11,708	11,525
Other revenue	0	0	0	0	0	0	0	0	0	0
Total revenue	5,864	6,520	7,526	8,669	10,122	11,695	11,789	11,747	11,708	11,525
Operating expenses	2,739	2,543	2,599	2,850	2,910	2,964	3,015	3,060	3,105	3,151
Finance costs	691	755	987	2,644	3,205	3,455	3,603	3,697	3,695	3,686
Overheads and support costs	553	595	618	634	649	661	673	687	697	710
Depreciation & amortisation	2,099	2,216	2,405	2,559	2,700	2,986	3,070	3,148	3,220	3,291
Total expenses	6,083	6,109	6,608	8,687	9,465	10,067	10,360	10,592	10,718	10,839
Net surplus / (deficit)	(218)	411	918	(17)	657	1,628	1,429	1,155	990	687
Revaluation of infrastructure assets	1,882	0	3,601	0	4,754	0	5,181	0	5,442	0
Total comprehensive income	1,664	411	4,519	(17)	5,411	1,628	6,610	1,155	6,432	687
Cash surplus / (deficit) from operations (excl depreciation)	1,881	2,627	3,323	2,541	3,358	4,614	4,499	4,303	4,210	3,977

TDC Table 27: projected statement of comprehensive revenue and expenses – stormwater

Statement of comprehensive revenue and expense ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating revenue	930	1,153	1,319	1,259	1,415	1,526	1,624	1,707	1,773	1,752
Other revenue	0	0	0	0	0	0	0	0	0	0
Total revenue	930	1,153	1,319	1,259	1,415	1,526	1,624	1,707	1,773	1,752
Operating expenses	305	311	318	357	364	371	377	382	387	393
Finance costs	81	82	94	333	388	431	482	507	524	555
Overheads and support costs	234	255	263	269	275	280	285	290	295	300
Depreciation & amortisation	480	500	515	531	545	559	572	585	598	610
Total expenses	1,099	1,148	1,190	1,491	1,572	1,641	1,715	1,764	1,803	1,857
Net surplus / (deficit)	(170)	5	130	(232)	(157)	(116)	(91)	(58)	(30)	(105)
Revaluation of infrastructure assets	724	0	1,247	0	1,482	0	1,532	0	1,642	0
Total comprehensive income	555	5	1,376	(232)	1,325	(116)	1,441	(58)	1,612	(105)
Cash surplus / (deficit) from operations (excl depreciation)	310	505	644	300	388	443	481	527	568	505

TDC Table 28: projected statement of cashflows – water services

ensitivity: General

Statement of cashflows ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Cashflows from operating activities										
Cash surplus / (deficit) from operations	3,592	5,330	6,545	5,665	7,744	10,926	11,346	11,193	11,143	10,870
[other items]										
Net cashflows from operating activities	3,592	5,330	6,545	5,665	7,744	10,926	11,346	11,193	11,143	10,870
Cashflows from investment activities										
[other items]	0	0	0	(1,250)	0	0	0	0	0	0
Capital expenditure	(14,330)	(19,850)	(17,396)	(25,130)	(16,666)	(12,701)	(15,539)	(9,666)	(10,642)	(8,142)
Net cashflows from investment activities	(14,330)	(19,850)	(17,396)	(26,380)	(16,666)	(12,701)	(15,539)	(9,666)	(10,642)	(8,142)
Cashflows from financing activities										
New borrowings	10,737	14,520	10,850	20,715	8,923	1,775	4,194	(1,527)	(501)	(2,728)
Repayment of borrowings										
Net cashflows from financing activities	10,737	14,520	10,850	20,715	8,923	1,775	4,194	(1,527)	(501)	(2,728)
Net increase/(decrease) in cash and cash equivalents	0	0	0	0	0	0	0	0	0	0
Cash and cash equivalents at beginning of year	(22,177)	(22,177)	(22,177)	(22,177)	(22,177)	(22,177)	(22,177)	(22,177)	(22,177)	(22,177)
Cash and cash equivalents at end of year	(22,177)	(22,177)	(22,177)	(22,177)	(22,177)	(22,177)	(22,177)	(22,177)	(22,177)	(22,177)

TDC Table 29: projected statement of cashflows – drinking water

Statement of cashflows ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Cashflows from operating activities										
Cash surplus / (deficit) from operations	1,401	2,198	2,578	2,825	3,998	5,869	6,365	6,363	6,365	6,387
[other items]										
Net cashflows from operating activities	1,401	2,198	2,578	2,825	3,998	5,869	6,365	6,363	6,365	6,387
Cashflows from investment activities										
[other items]				(619)						
Capital expenditure	(9,632)	(10,749)	(8,153)	(14,226)	(6,063)	(7,724)	(11,005)	(5,894)	(5,988)	(3,841)
Net cashflows from investment activities	(9,632)	(10,749)	(8,153)	(14,845)	(6,063)	(7,724)	(11,005)	(5,894)	(5,988)	(3,841)
Cashflows from financing activities										
New borrowings	8,231	8,551	5,576	12,021	2,065	1,856	4,640	(469)	(376)	(2,546)
Repayment of borrowings										
Net cashflows from financing activities	8,231	8,551	5,576	12,021	2,065	1,856	4,640	(469)	(376)	(2,546)

ensitivity: General

Net increase/(decrease) in cash and cash equivalents	0	0	0	0	0	0	0	0	0	0
Cash and cash equivalents at beginning of year	(3,325)	(3,325)	(3,325)	(3,325)	(3,325)	(3,325)	(3,325)	(3,325)	(3,325)	(3,325)
Cash and cash equivalents at end of year	(3,325)	(3,325)	(3,325)	(3,325)	(3,325)	(3,325)	(3,325)	(3,325)	(3,325)	(3,325)

TDC Table 30: projected statement of cashflows – wastewater

Statement of cashflows ($000)	**FY24/25**	**FY25/26**	**FY26/27**	**FY27/28**	**FY28/29**	**FY29/30**	**FY30/31**	**FY31/32**	**FY32/33**	**FY33/34**
Cashflows from operating activities										
Cash surplus / (deficit) from operations	1,881	2,627	3,323	2,541	3,358	4,614	4,499	4,303	4,210	3,977
[other items]										
Net cashflows from operating activities	1,881	2,627	3,323	2,541	3,358	4,614	4,499	4,303	4,210	3,977
Cashflows from investment activities										
[other items]				(459)						
Capital expenditure	(4,112)	(8,506)	(7,840)	(10,026)	(9,710)	(3,985)	(3,577)	(2,831)	(3,674)	(3,291)
Net cashflows from investment activities	(4,112)	(8,506)	(7,840)	(10,485)	(9,710)	(3,985)	(3,577)	(2,831)	(3,674)	(3,291)
Cashflows from financing activities										
New borrowings	2,232	5,879	4,517	7,943	6,352	(630)	(922)	(1,471)	(536)	(686)
Repayment of borrowings										
Net cashflows from financing activities	2,232	5,879	4,517	7,943	6,352	(630)	(922)	(1,471)	(536)	(686)
Net increase/(decrease) in cash and cash equivalents	0	0	0	0	0	0	0	0	0	0
Cash and cash equivalents at beginning of year	(18,266)	(18,266)	(18,266)	(18,266)	(18,266)	(18,266)	(18,266)	(18,266)	(18,266)	(18,266)
Cash and cash equivalents at end of year	(18,266)	(18,266)	(18,266)	(18,266)	(18,266)	(18,266)	(18,266)	(18,266)	(18,266)	(18,266)

TDC Table 31: projected statement of cashflows – stormwater

Statement of cashflows ($000)	**FY24/25**	**FY25/26**	**FY26/27**	**FY27/28**	**FY28/29**	**FY29/30**	**FY30/31**	**FY31/32**	**FY32/33**	**FY33/34**
Cashflows from operating activities										
Cash surplus / (deficit) from operations	310	505	644	300	388	443	481	527	568	505
[other items]										
Net cashflows from operating activities	310	505	644	300	388	443	481	527	568	505
Cashflows from investment activities										

ensitivity: General

[other items]	0	0	0	(172)	0	0	0	0	0	0
Capital expenditure	(585)	(595)	(1,402)	(878)	(894)	(992)	(957)	(941)	(980)	(1,009)
Net cashflows from investment activities	(585)	(595)	(1,402)	(1,051)	(894)	(992)	(957)	(941)	(980)	(1,009)
Cashflows from financing activities										
New borrowings	275	90	758	751	506	549	476	414	412	504
Repayment of borrowings										
Net cashflows from financing activities	275	90	758	751	506	549	476	414	412	504
Net increase/(decrease) in cash and cash equivalents	0	0	0	0	0	0	0	0	0	0
Cash and cash equivalents at beginning of year	(586)	(586)	(586)	(586)	(586)	(586)	(586)	(586)	(586)	(586)
Cash and cash equivalents at end of year	(586)	(586)	(586)	(586)	(586)	(586)	(586)	(586)	(586)	(586)

TDC Table 32: projected statement of financial position – water services

Statement of financial position ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Assets										
Cash and cash equivalents	(22,177)	(22,177)	(22,177)	(22,177)	(22,177)	(22,177)	(22,177)	(22,177)	(22,177)	(22,177)
Other current assets	0	0	0	0	0	0	0	0	0	0
Infrastructure assets	193,761	208,466	230,047	249,379	272,608	278,835	301,256	304,085	322,488	323,464
Other non-current assets	0	0	0	1,250	1,250	1,250	1,250	1,250	1,250	1,250
Total assets	171,584	186,289	207,870	228,452	251,681	257,908	280,329	283,158	301,561	302,537
Liabilities										
Borrowings - current portion	0	0	0	0	0	0	0	0	0	0
Other current liabilities	0	0	0	0	0	0	0	0	0	0
Borrowings - non-current portion	30,302	44,822	55,673	76,388	85,310	87,085	91,279	89,752	89,252	86,524
Other non-current liabilities	0	0	0	0	0	0	0	0	0	0
Total liabilities	30,302	44,822	55,673	76,388	85,310	87,085	91,279	89,752	89,252	86,524
Net assets	141,281	141,466	152,197	152,064	166,371	170,822	189,050	193,405	212,309	216,013
Equity										
Revaluation reserve	5,019	5,019	14,718	14,718	27,343	27,343	40,888	40,888	55,659	55,659
Other reserves	136,263	136,447	137,479	137,346	139,028	143,479	148,163	152,518	156,650	160,354
Total equity	141,281	141,466	152,197	152,064	166,371	170,822	189,050	193,405	212,309	216,013

TDC Table 33: projected statement of financial position – drinking water

ensitivity: General

Statement of financial position ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Assets										
Cash and cash equivalents	(3,325)	(3,325)	(3,325)	(3,325)	(3,325)	(3,325)	(3,325)	(3,325)	(3,325)	(3,325)
Other current assets										
Infrastructure assets	95,961	104,280	114,692	126,210	135,845	140,640	155,456	158,245	168,728	169,304
Other non-current assets	0	0	0	619	619	619	619	619	619	619
Total assets	92,636	100,955	111,367	123,504	133,139	137,934	152,750	155,539	166,022	166,598
Liabilities										
Borrowings - current portion										
Other current liabilities										
Borrowings - non-current portion	25,258	33,808	39,384	51,405	53,470	55,326	59,966	59,496	59,120	56,574
Other non-current liabilities										
Total liabilities	25,258	33,808	39,384	51,405	53,470	55,326	59,966	59,496	59,120	56,574
Net assets	67,378	67,147	71,983	72,099	79,669	82,608	92,785	96,043	106,902	110,024
Equity										
Revaluation reserve	2,413	2,413	7,265	7,265	13,654	13,654	20,486	20,486	28,173	28,173
Other reserves	64,966	64,734	64,718	64,834	66,015	68,954	72,299	75,557	78,730	81,852
Total equity	67,378	67,147	71,983	72,099	79,669	82,608	92,785	96,043	106,902	110,024

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TDC Table 34: projected statement of financial position – wastewater

ensitivity: General

Statement of financial position ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Assets										
Cash and cash equivalents	(18,266)	(18,266)	(18,266)	(18,266)	(18,266)	(18,266)	(18,266)	(18,266)	(18,266)	(18,266)
Other current assets										
Infrastructure assets	71,105	77,395	86,430	93,898	105,661	106,659	112,347	112,031	117,927	117,927
Other non-current assets	0	0	0	459	459	459	459	459	459	459
Total assets	52,839	59,129	68,164	76,091	87,853	88,852	94,540	94,224	100,119	100,120
Liabilities										
Borrowings - current portion										
Other current liabilities										
Borrowings - non-current portion	3,824	9,702	14,219	22,162	28,514	27,885	26,963	25,492	24,955	24,269
Other non-current liabilities										
Total liabilities	3,824	9,702	14,219	22,162	28,514	27,885	26,963	25,492	24,955	24,269
Net assets	49,015	49,426	53,945	53,928	59,339	60,967	67,577	68,732	75,164	75,851
Equity										
Revaluation reserve	1,882	1,882	5,483	5,483	10,236	10,236	15,418	15,418	20,860	20,860
Other reserves	47,133	47,544	48,462	48,445	49,103	50,731	52,160	53,314	54,304	54,991
Total equity	49,015	49,426	53,945	53,928	59,339	60,967	67,577	68,732	75,164	75,851

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TDC Table 35: projected statement of financial position – stormwater

ensitivity: General

Statement of financial position ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Assets										
Cash and cash equivalents	(586)	(586)	(586)	(586)	(586)	(586)	(586)	(586)	(586)	(586)
Other current assets										
Infrastructure assets	26,695	26,791	28,924	29,272	31,102	31,535	33,452	33,808	35,833	36,232
Other non-current assets	0	0	0	172	172	172	172	172	172	172
Total assets	26,109	26,205	28,338	28,858	30,689	31,122	33,039	33,395	35,419	35,818
Liabilities										
Borrowings - current portion										
Other current liabilities										
Borrowings - non-current portion	1,221	1,312	2,069	2,820	3,326	3,875	4,350	4,764	5,177	5,680
Other non-current liabilities										
Total liabilities	1,221	1,312	2,069	2,820	3,326	3,875	4,350	4,764	5,177	5,680
Net assets	24,888	24,893	26,269	26,037	27,363	27,247	28,688	28,631	30,243	30,138
Equity										
Revaluation reserve	724	724	1,971	1,971	3,453	3,453	4,984	4,984	6,627	6,627
Other reserves	24,164	24,169	24,298	24,067	23,910	23,794	23,704	23,646	23,616	23,511
Total equity	24,888	24,893	26,269	26,037	27,363	27,247	28,688	28,631	30,243	30,138

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Water Services Delivery Plan: additional information

Significant capital projects

Past Investment (2006-2024)

Over the past 18 years, Council has invested **$45 million** in capital projects to improve water services across our district. This substantial investment has delivered:

Major Infrastructure Projects:

- Underground water mains throughout the main streets of our four major towns
- New water treatment plants at all locations
- A new dam for Dannevirke (which sustained damage following the 2020/21 drought)
- Reservoir replacements across the district
- Upgraded wastewater management systems

Wastewater Improvements:

- Pond lining completed in Dannevirke, Woodville, and Pahiatua
- Microfiltration system installed for Dannevirke's wastewater (wetland option still being explored)
- Ongoing installation of treatment plants and constructed wetlands

Current Challenges and Ongoing Work

While most major drinking water projects have been completed, our focus has now shifted to three key areas:

1. Building resilience in our water systems
2. Developing new water sources to meet future demand
3. Demand management including a universal water meter project and inflow/infiltration from stormwater into wastewater systems

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4. Renewing aging pipelines that have reached the end of their useful life

For our smaller communities, we continue to use district-wide rating to ensure cost-effective services remain accessible to all residents. As part of our ongoing improvements, we are installing water meters at all connections across the district.

Evidence-Based Planning Approach

Our proposed capital works programme is built on solid data and analysis:

Comprehensive Asset Assessment:

- A decade of continuous camera inspections of wastewater and stormwater pipes. This inspection data proved invaluable when we successfully claimed $2.3m of insurance for earthquake damage in Eketahuna (2014)
- Enhanced telemetry systems providing real-time data on drinking water leakage, helping us prioritise pipe renewal work
- Major telemetry system upgrades, nearing completion in 2025 (also to improve access risk)

Advanced Modelling and Planning:

- Flood modelling completed for Woodville and Pahiatua (our two flood-affected towns)
- LiDAR mapping to support growth planning and our new District Plan development
- Hydraulic modelling for water, wastewater, and stormwater systems across all four major towns
- Development of a comprehensive "three waters masterplan"

Note: Our District Plan development is currently on hold while central government finalizes Resource Management Act policy changes.

This planning approach has given us the technical foundation needed to strategically renew residential wastewater pipelines and plan for future growth.

Looking Forward: $150 Million Investment Programme

Our thorough planning and evidence-based approach has been validated by Audit New Zealand. During their detailed review of our asset renewal programme as part of the Long-Term Plan audit, we received a **clear audit opinion**.

This endorsement supports our proposed **$150 million capital programme** (in nominal, inflated dollars) that will ensure our water services infrastructure continues to serve our communities reliably into the future.

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Forecast Capital Project Report

All Values are Nominal Values – Inflation Applied	Year 01 2024/25	Year 02 2025/26	Year 03 2026/27	Year 04 2027/28	Year 05 2028/29	Year 06 2029/30	Year 07 2030/31	Year 08 2031/32	Year 09 2032/33	Year 10 2033/34	Total Ten Years
Akitio Water	41,120	112,200	-	-	-	-	-	-	-	-	153,320
Akitio Water Concrete Tank Renewal	41,120	33,555	-	-	-	-	-	-	-	-	74,675
Akitio Water Treatment Plant Subsidence Stabilisation	-	78,645	-	-	-	-	-	-	-	-	78,645
Dannevirke Wastewater	-	115,556	293,833	4,749,006	6,208,470	125,815	128,328	130,896	133,386	135,921	12,021,210
Dannevirke Wastewater Discharge Consent	-	-	116,804	491,745	645,201	-	-	-	-	-	1,253,751
Dannevirke Wastewater Land Irrigation Consent	-	-	-	183,994	128,593	-	-	-	-	-	312,587
Dannevirke Wastewater Land Irrigation investigation	-	-	58,938	-	-	-	-	-	-	-	58,938
Dannevirke Wastewater Land Irrigation Purchase	-	-	-	3,678,777	-	-	-	-	-	-	3,678,777
Dannevirke Wastewater Network Development (Extension)	-	115,556	118,090	120,691	123,226	125,815	128,328	130,896	133,386	135,921	1,131,908
Dannevirke Wastewater Treatment Plant Upgrade	-	-	-	273,800	5,311,450	-	-	-	-	-	5,585,250
Dannevirke Water	5,196,175	3,243,250	2,024,298	6,777,125	175,100	2,104,020	6,275,736	379,825	-	-	26,175,529

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All Values are Nominal Values – Inflation Applied	Year 01 2024/25	Year 02 2025/26	Year 03 2026/27	Year 04 2027/28	Year 05 2028/29	Year 06 2029/30	Year 07 2030/31	Year 08 2031/32	Year 09 2032/33	Year 10 2033/34	Total Ten Years
Dannevirke Water Backwash Resource Consent	51,400	-	-	-	-	-	-	-	-	-	51,400
Dannevirke Water Fluoridation	-	-	-	-	55,910	-	-	-	-	-	55,910
Dannevirke Water Gregg Street Booster	-	-	375,060	-	-	-	-	-	-	-	375,060
Dannevirke Water Impounded Supply	5,037,200	2,097,200	-	-	-	-	-	-	-	-	7,134,400
Dannevirke Water Intake Flow Meter	-	209,720	-	-	-	-	-	-	-	-	209,720
Dannevirke Water Network Development (Extension)	107,575	329,190	112,138	493,314	119,190	365,084	124,125	379,825	-	-	2,030,441
Dannevirke Water Rural Main Line Plant to Reservoir 2	-	-	1,537,101	6,283,811	-	-	-	-	-	-	7,820,912
Dannevirke Water Rural Main Line Reservoir 2 to Town	-	-	-	-	-	1,738,936	6,151,611	-	-	-	7,890,547
Dannevirke Water Take Resource Consent	-	82,839	-	-	-	-	-	-	-	-	82,839
Dannevirke Water Treated Reservoir	-	524,300	-	-	-	-	-	-	-	-	524,300
District Wastewater	**671,284**	**643,840**	**1,987,818**	**468,746**	**149,839**	**250,603**	**158,954**	**155,602**	**159,773**	**164,042**	**4,810,501**

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ensitivity: General

All Values are Nominal Values – Inflation Applied	Year 01 2024/25	Year 02 2025/26	Year 03 2026/27	Year 04 2027/28	Year 05 2028/29	Year 06 2029/30	Year 07 2030/31	Year 08 2031/32	Year 09 2032/33	Year 10 2033/34	Total Ten Years
District Wastewater Generators & Emergency	58,596	132,124	102,874	162,090	-	-	-	-	-	-	455,683
District Wastewater Network Unplanned Renewals	27,756	29,361	31,076	32,856	34,664	36,534	38,429	40,385	42,364	44,402	357,828
District Wastewater Plant Aerators	-	-	-	51,474	52,555	53,660	54,732	55,827	56,889	57,970	383,106
District Wastewater Ponds Perimeter Safety Fencing	77,100	78,645	80,370	82,140	-	-	-	-	-	-	318,255
District Wastewater SCADA	215,880	141,561	112,518	85,426	6,709	7,421	7,569	-	-	-	577,084
District Wastewater Security Systems	86,352	-	-	-	-	95,903	-	-	-	-	182,255
District Wastewater Sludge Disposal Facility	-	209,720	1,607,400	-	-	-	-	-	-	-	1,817,120
District Wastewater Treatment Unplanned Renewals	51,400	52,430	53,580	54,760	55,910	57,085	58,225	59,390	60,520	61,670	564,970
Norsewood Wastewater Discharge Consent Renewal	77,100	-	-	-	-	-	-	-	-	-	77,100
Pongaroa Wastewater Discharge Consent Renewal	77,100	-	-	-	-	-	-	-	-	-	77,100
District Water	**1,049,588**	**897,602**	**1,025,655**	**1,128,488**	**759,343**	**823,523**	**959,843**	**890,557**	**1,119,321**	**1,045,619**	**9,699,537**

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ensitivity: General

All Values are Nominal Values – Inflation Applied	Year 01 2024/25	Year 02 2025/26	Year 03 2026/27	Year 04 2027/28	Year 05 2028/29	Year 06 2029/30	Year 07 2030/31	Year 08 2031/32	Year 09 2032/33	Year 10 2033/34	Total Ten Years
District Water Backflow Strategy and Devices	154,200	165,155	175,073	190,175	203,877	-	-	-	-	-	888,479
District Water Generators & Emergency	298,120	29,361	30,005	30,666	-	-	81,515	-	72,624	-	542,290
District Water HAZNO Compliance	5,140	6,292	6,430	6,571	6,709	6,850	8,152	8,315	8,473	8,634	71,565
District Water Health and Safety Renewals	16,448	17,826	18,217	19,714	20,128	21,692	23,290	23,756	25,418	25,901	212,391
District Water Network Universal Metering	20,560	209,720	384,437	392,903	401,154	660,831	707,728	721,889	735,624	749,603	4,984,449
District Water Plant Renewals	221,020	205,526	210,034	337,322	52,555	53,660	54,732	55,827	192,454	172,676	1,555,804
District Water SCADA	215,880	141,561	112,518	85,426	6,709	7,421	7,569	-	-	-	577,084
District Water Service Reservoirs Bulk Meters	51,400	52,430	26,790	-	-	-	-	-	-	-	130,620
District Water Treatment Unplanned Renewals	56,540	58,722	62,153	65,712	68,210	73,069	76,857	80,770	84,728	88,805	715,566
Norsewood Water Network Upgrades	10,280	11,010	-	-	-	-	-	-	-	-	21,290
Eketahuna Wastewater	-	2,097,200	-	-	-	-	-	-	-	-	2,097,200

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ensitivity: General

All Values are Nominal Values – Inflation Applied	Year 01 2024/25	Year 02 2025/26	Year 03 2026/27	Year 04 2027/28	Year 05 2028/29	Year 06 2029/30	Year 07 2030/31	Year 08 2031/32	Year 09 2032/33	Year 10 2033/34	Total Ten Years
Eketahuna Wastewater Treatment Plant Upgrade	-	2,097,200	-	-	-	-	-	-	-	-	2,097,200
Eketahuna Water	254,506	369,862	206,362	1,207,699	42,646	130,626	44,412	135,901	-	-	2,392,015
Eketahuna Water Backwash Resource Consent	51,400	-	-	-	-	-	-	-	-	-	51,400
Eketahuna Water Network Development (Extension)	120,866	369,862	125,992	386,299	42,646	130,626	44,412	135,901	-	-	1,356,605
Eketahuna Water New Bore Resource Consent	41,120	-	-	-	-	-	-	-	-	-	41,120
Eketahuna Water Reservoirs Renewals	41,120	-	80,370	821,400	-	-	-	-	-	-	942,890
Norsewood Wastewater	-	248,518	875,497	260,658	-	-	-	-	-	-	1,384,673
Norsewood Wastewater Treatment Plant	-	-	844,421	-	-	-	-	-	-	-	844,421
Norsewood Wastewater Treatment Plant Design	-	128,978	-	-	-	-	-	-	-	-	128,978
Norsewood Wastewater Wetland Design	-	-	31,076	-	-	-	-	-	-	-	31,076
Norsewood Wastewater Wetland Development	-	-	-	260,658	-	-	-	-	-	-	260,658

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ensitivity: General

All Values are Nominal Values – Inflation Applied	Year 01 2024/25	Year 02 2025/26	Year 03 2026/27	Year 04 2027/28	Year 05 2028/29	Year 06 2029/30	Year 07 2030/31	Year 08 2031/32	Year 09 2032/33	Year 10 2033/34	Total Ten Years
Norsewood Wastewater Wetland Land purchase	-	60,819	-	-	-	-	-	-	-	-	60,819
Norsewood Wastewater Wetland Resource Consent	-	58,722	-	-	-	-	-	-	-	-	58,722
Norsewood Water	51,400	41,944	-	246,420	-	-	-	-	-	-	339,764
Norsewood Water Alternate Source	-	26,215	-	246,420	-	-	-	-	-	-	272,635
Norsewood Water Backwash Resource Consent	51,400	-	-	-	-	-	-	-	-	-	51,400
Norsewood Water Network Pressure Management	-	15,729	-	-	-	-	-	-	-	-	15,729
Ormondville Wastewater	-	374,350	343,984	363,606	421,561	-	-	-	-	-	1,503,502
Ormondville Wastewater Discharge Resource Consent	-	346,038	-	-	-	-	-	-	-	-	346,038
Ormondville Wastewater Treatment Upgrade	-	-	-	331,846	205,749	-	-	-	-	-	537,594
Ormondville Wastewater Treatment Upgrade Design	-	-	136,093	-	-	-	-	-	-	-	136,093
Ormondville Wastewater Wetland Consent	-	-	136,093	-	-	-	-	-	-	-	136,093

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ensitivity: General

All Values are Nominal Values – Inflation Applied	Year 01 2024/25	Year 02 2025/26	Year 03 2026/27	Year 04 2027/28	Year 05 2028/29	Year 06 2029/30	Year 07 2030/31	Year 08 2031/32	Year 09 2032/33	Year 10 2033/34	Total Ten Years
Ormondville Wastewater Wetland Design	-	-	-	31,761	-	-	-	-	-	-	31,761
Ormondville Wastewater Wetland Development	-	-	-	-	215,813	-	-	-	-	-	215,813
Ormondville Wastewater Wetland Investigation	-	28,312	-	-	-	-	-	-	-	-	28,312
Ormondville Wastewater Wetland Land Purchase	-	-	71,797	-	-	-	-	-	-	-	71,797
Pahiatua Wastewater	1,212,012	1,918,728	406,994	32,637	33,322	34,023	34,702	35,396	36,070	36,755	3,780,640
Pahiatua Wastewater Network Development (Extension)	-	31,248	31,934	32,637	33,322	34,023	34,702	35,396	36,070	36,755	306,088
Pahiatua Wastewater Sludge Disposal	-	-	375,060	-	-	-	-	-	-	-	375,060
Pahiatua Wastewater Treatment Plant Upgrade	514,000	1,887,480	-	-	-	-	-	-	-	-	2,401,480
Pahiatua Wastewater Wetland Design	46,260	-	-	-	-	-	-	-	-	-	46,260
Pahiatua Wastewater Wetland Development	579,792	-	-	-	-	-	-	-	-	-	579,792
Pahiatua Wastewater Wetland Pipeline	71,960	-	-	-	-	-	-	-	-	-	71,960

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ensitivity: General

All Values are Nominal Values – Inflation Applied	Year 01 2024/25	Year 02 2025/26	Year 03 2026/27	Year 04 2027/28	Year 05 2028/29	Year 06 2029/30	Year 07 2030/31	Year 08 2031/32	Year 09 2032/33	Year 10 2033/34	Total Ten Years
Pahiatua Water	757,914	1,146,969	676,469	1,225,321	300,938	711,712	304,082	663,243	-	-	5,786,647
Pahiatua Water Backwash Resource Consent	51,400	-	-	-	-	-	-	-	-	-	51,400
Pahiatua Water Bore Re-Development	-	-	-	492,840	-	-	-	-	-	-	492,840
Pahiatua Water Dam and Diversion Consent	-	-	-	-	-	-	29,113	-	-	-	29,113
Pahiatua Water Erosion Control Consent	-	-	-	-	-	-	29,113	-	-	-	29,113
Pahiatua Water Infiltration Gallery Maintenance	-	-	-	191,660	-	-	-	-	-	-	191,660
Pahiatua Water Membrane Renewals	339,240	-	-	-	-	-	-	-	-	-	339,240
Pahiatua Water Network Development (Extension)	134,946	412,949	140,669	540,821	208,127	637,501	216,745	663,243	-	-	2,955,000
Pahiatua Water Old Reservoir Remedials	-	262,150	-	-	-	-	-	-	-	-	262,150
Pahiatua Water Sediment Discharge Permit	-	-	-	-	-	-	29,113	-	-	-	29,113
Pahiatua Water Source Resource Consent	41,120	-	-	-	-	-	-	-	-	-	41,120

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ensitivity: General

All Values are Nominal Values – Inflation Applied	Year 01 2024/25	Year 02 2025/26	Year 03 2026/27	Year 04 2027/28	Year 05 2028/29	Year 06 2029/30	Year 07 2030/31	Year 08 2031/32	Year 09 2032/33	Year 10 2033/34	Total Ten Years
Pahiatua Water Take Bore Resource Consent	-	-	-	-	92,811	-	-	-	-	-	92,811
Pahiatua Water Treatment Plant Rising Main Renewal	51,400	471,870	535,800	-	-	-	-	-	-	-	1,059,070
Pahiatua Water Weir & Infiltration Gallery Investigation	139,808	-	-	-	-	-	-	-	-	-	139,808
Woodville Water Dam Construction Permit	-	-	-	-	-	74,211	-	-	-	-	74,211
Pongaroa Wastewater	84,296	141,561	170,384	502,697	26,837	-	-	-	-	-	925,775
Pongaroa Wastewater Treatment Plant Design	-	-	140,380	-	-	-	-	-	-	-	140,380
Pongaroa Wastewater Treatment Plant Upgrade	-	-	-	269,419	-	-	-	-	-	-	269,419
Pongaroa Wastewater Wetland Consent	56,540	-	-	-	-	-	-	-	-	-	56,540
Pongaroa Wastewater Wetland Design	-	-	30,005	-	-	-	-	-	-	-	30,005
Pongaroa Wastewater Wetland Development	-	-	-	233,278	26,837	-	-	-	-	-	260,114
Pongaroa Wastewater Wetland Investigation	27,756	-	-	-	-	-	-	-	-	-	27,756

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ensitivity: General

All Values are Nominal Values – Inflation Applied	Year 01 2024/25	Year 02 2025/26	Year 03 2026/27	Year 04 2027/28	Year 05 2028/29	Year 06 2029/30	Year 07 2030/31	Year 08 2031/32	Year 09 2032/33	Year 10 2033/34	Total Ten Years
Pongaroa Wastewater Wetland Land Purchase	-	141,561	-	-	-	-	-	-	-	-	141,561
Pongaroa Water	25,700	78,645	107,160	-	92,811	-	-	-	-	-	304,316
Pongaroa Water Network Upgrades	25,700	78,645	-	-	-	-	-	-	-	-	104,345
Pongaroa Water Take Resource Consent	-	-	-	-	92,811	-	-	-	-	-	92,811
Pongaroa Water 3 Day Treated Storage	-	-	107,160	-	-	-	-	-	-	-	107,160
Reticulation Network	3,754,921	5,539,389	4,681,907	6,159,623	6,212,670	6,996,043	6,496,141	5,837,358	8,253,925	5,791,697	59,723,674
District Wastewater Infiltration and Inflow Strategy Implementation	257,000	629,160	535,800	328,560	39,137	39,960	40,758	41,573	42,364	43,169	1,997,480
District Wastewater Manhole Replacements	48,316	49,284	50,365	51,474	52,555	53,660	54,732	55,827	56,889	57,970	531,072
District Wastewater Network Development (Extension)	280,644	294,657	308,621	326,370	343,287	363,061	381,956	-	-	-	2,298,595
District Wastewater Network Renewals	1,355,336	1,618,624	1,478,178	2,266,653	2,291,773	2,975,454	2,644,793	2,279,037	3,122,919	2,727,449	22,760,216
District Wastewater Pump Station Renewals	56,540	58,722	61,081	63,522	65,974	68,502	71,035	73,644	76,255	78,938	674,211

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ensitivity: General

All Values are Nominal Values – Inflation Applied	Year 01 2024/25	Year 02 2025/26	Year 03 2026/27	Year 04 2027/28	Year 05 2028/29	Year 06 2029/30	Year 07 2030/31	Year 08 2031/32	Year 09 2032/33	Year 10 2033/34	Total Ten Years
District Water Network Leakage Strategy	154,200	235,935	-	-	-	-	-	-	-	-	390,135
District Water Network Mains Renewals	1,554,569	2,361,496	1,948,886	3,090,188	3,385,279	3,458,873	3,264,441	3,346,893	4,913,133	2,839,769	30,163,526
District Water Network Pressure Management	20,560	262,150	267,900	-	-	-	-	-	-	-	550,610
District Water Network Unplanned Renewals	27,756	29,361	31,076	32,856	34,664	36,534	38,429	40,385	42,364	44,402	357,828
Stormwater	585,346	595,206	1,401,972	878,361	894,187	992,408	959,440	943,983	985,301	1,014,331	9,250,534
District Stormwater Network Development	257,000	262,150	267,900	-	-	-	-	-	-	-	787,050
District Stormwater Reticulation Renewals	328,346	333,056	1,134,072	878,361	894,187	992,408	959,440	943,983	985,301	1,014,331	8,463,484
Water	86,268	-	-	-	-	-	-	-	-	-	86,268
District Water Security Systems	86,268	-	-	-	-	-	-	-	-	-	86,268
Woodville Wastewater	147,004	315,419	1,327,498	611,998	76,932	78,549	80,118	81,721	83,276	84,858	2,887,372
Woodville Wastewater Network Development (Extension)	-	72,144	73,726	75,350	76,932	78,549	80,118	81,721	83,276	84,858	706,672

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ensitivity: General

All Values are Nominal Values – Inflation Applied	Year 01 2024/25	Year 02 2025/26	Year 03 2026/27	Year 04 2027/28	Year 05 2028/29	Year 06 2029/30	Year 07 2030/31	Year 08 2031/32	Year 09 2032/33	Year 10 2033/34	Total Ten Years
Woodville Wastewater Pond 2 Liner Replacement	61,680	66,062	-	-	-	-	-	-	-	-	127,742
Woodville Wastewater Treatment Plant Design	-	119,540	-	-	-	-	-	-	-	-	119,540
Woodville Wastewater Treatment Plant Upgrade	-	-	953,724	251,896	-	-	-	-	-	-	1,205,620
Woodville Wastewater Wetland Design	85,324	-	-	-	-	-	-	-	-	-	85,324
Woodville Wastewater Wetland Development	-	-	300,048	262,848	-	-	-	-	-	-	562,896
Woodville Wastewater Wetland Pipeline	-	57,673	-	-	-	-	-	-	-	-	57,673
Woodville Wastewater Wetland Resource Consent	-	-	-	21,904	-	-	-	-	-	-	21,904
Woodville Water	412,240	1,969,309	1,865,668	518,069	1,271,835	470,589	159,996	489,591	-	-	7,157,298
Woodville Water Alternate Water Source Resource Consent	102,800	110,103	-	-	1,118,200	-	-	-	-	-	1,331,103
Woodville Water Backwash Resource Consent	51,400	-	-	-	-	-	-	-	-	-	51,400
Woodville Water Network Development (Extension)	93,560	286,306	97,528	518,069	153,635	470,589	159,996	489,591	-	-	2,269,275

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ensitivity: General

All Values are Nominal Values – Inflation Applied	Year 01 2024/25	Year 02 2025/26	Year 03 2026/27	Year 04 2027/28	Year 05 2028/29	Year 06 2029/30	Year 07 2030/31	Year 08 2031/32	Year 09 2032/33	Year 10 2033/34	Total Ten Years
Woodville Water Reservoir Renewal	123,360	1,572,900	1,768,140	-	-	-	-	-	-	-	3,464,400
Woodville Water Source Water Consent	41,120	-	-	-	-	-	-	-	-	-	41,120
Total Forecast Capital Projects	**14,329,774**	**19,849,548**	**17,395,500**	**25,130,453**	**16,666,490**	**12,717,911**	**15,601,752**	**9,744,071**	**10,771,051**	**8,273,223**	**150,479,773**

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ensitivity: General

Significant capital projects – drinking water

Over the next 10 years, the Council plans to invest in key projects, including renewing water reticulation and renewing and upgrading reservoirs and treatment plant facilities, as included in the table above. However, the biggest single programme is the need to renew our pipe networks, as follows:

TDC Table 36: drinking water renewals

Summary	Length (metres)	Total Cost $ Un-inflated		Total Cost $ Inflated
1 Dannevirke	42,106	31,491,453	$	35,615,174
2 Woodville	17,452	6,759,812	$	7,290,633
3 Pahiatua	4,044	1,411,208	$	1,636,089
4 Eketahuna	1,674	743,109	$	882,606
5 Norsewood	102	16,187	$	19,965
Total Water Renewals	**65,377**	**40,421,769**	**$**	**45,444,467**

		Length (metres)	Total Cost $ Un-inflated		Total Cost $ Inflated
Year	Renewals By Year	Length	$		$
2024/25	1	6,442	3,400,735	$	3,495,955
2025/26	2	6,692	2,432,500	$	2,550,718
2026/27	3	8,674	4,196,382	$	4,496,841
2027/28	4	8,755	8,245,262	$	9,030,211
2028/29	5	6,315	2,567,836	$	2,871,351
2029/30	6	7,998	4,396,007	$	5,018,923
2030/31	7	8,095	7,925,237	$	9,228,940
2031/32	8	6,443	2,869,881	$	3,408,847
2032/33	9	4,336	3,016,974	$	3,651,746
2033/34	10	1,627	1,370,955	$	1,690,935
	Total Water Renewals	**65,377**	**40,421,769**	**$**	**45,444,467**

ensitivity: General

Significant capital projects – wastewater

Over the next 10 years, the Council plans to invest in key projects, including renewing wastewater reticulation and renewing and upgrading our treatment facilities, as included in the table above. The renewals programme is as follows:

TDC Table 37: wastewater renewal

Wastewater Renewals

Summary	Length (metres)	Total Cost $ Un-inflated		Total Cost $ Inflated
1 Dannevirke	10,513	11,982,788	$	13,474,223
2 Woodville	3,772	4,242,239	$	5,045,245
3 Pahiatua	3,419	3,643,017	$	4,143,936
4 Eketahuna	80	79,985	$	96,814
Total Wastewater Renewals	**17,785**	**19,948,029**	**$**	**22,760,218**

		Length (metres)	Total Cost $ Un-inflated		Total Cost $ Inflated
Year	Renewals By Year	Length	$		$
2024/25	1	1,146	1,318,420	$	1,355,335
2025/26	2	1,291	1,543,606	$	1,618,627
2026/27	3	1,196	1,379,412	$	1,478,177
2027/28	4	1,615	2,069,625	$	2,266,655
2028/29	5	1,890	2,049,520	$	2,291,774
2029/30	6	2,313	2,606,162	$	2,975,456
2030/31	7	1,956	2,271,184	$	2,644,793
2031/32	8	1,775	1,918,705	$	2,279,039
2032/33	9	2,469	2,580,069	$	3,122,914
2033/34	10	2,135	2,211,326	$	2,727,448
		17,785	**19,948,029**	**$**	**22,760,218**

ensitivity: General

Significant capital projects – stormwater

Over the next 10 years, the Council plans to invest in key projects, including continuous renewals and projects to increase our current level of service to meet the needs of our growing population and economy, as included in the table above, with the renewals programme as follows:.

TDC Table 38: stormwater renewals

Stormwater Renewals

Summary	Length (metres)	Total Cost $ Un-inflated		Total Cost $ Inflated
1 Dannevirke	2,180	3,209,083	$	3,642,121
2 Woodville	512	640,548	$	704,672
3 Pahiatua	1,638	2,219,463	$	2,561,731
4 Eketahuna	1,175	1,352,193	$	1,554,959
Total Stormwater Renewals	**5,504**	**7,421,287**	**$**	**8,463,483**

Proposed summary of all renewals of stormwater over the ten years of the draft Long-Term Plan commencing the 2024/25 financial year. See the following pages for the planned works by location and year.

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ensitivity: General

		Length (metres)	Total Cost $ Un-inflated	Total Cost $ Inflated
Year	Renewals By Year	Length	$	$
2024/25	1	255	319,404	328,348
2025/26	2	301	317,620	333,057
2026/27	3	637	1,058,298	1,134,072
2027/28	4	627	802,009	878,361
2028/29	5	585	799,667	894,187
2029/30	6	445	869,238	992,409
2030/31	7	696	823,906	959,438
2031/32	8	673	794,731	943,979
2032/33	9	606	814,029	985,302
2033/34	10	679	822,385	1,014,330
	Total Stormwater Renewals	**5,504**	**7,421,287**	**$ 8,463,483**

Risks and assumptions

TDC Table 39: risks and assumptions

Key Risks	Caused by	Consequences	Controls and Mitigation	Likelihood	Consequences	Risk Score
Significant unexpected	Natural disaster or another unexpected event such as a critical asset failure, significantly disrupts Council's ability to provide essential 3waters services. Note: we have assumed in the LTP that there will not be a catastrophic disaster in the next 10 years and that Council will have the capacity to mount an effective response to any that do occur.	Impacts on essential 3waters service delivery with resulting impacts on consumers' health from lack of clean drinking water, and/or the safe disposal and treatment of wastewater or Stormwater disruptions flooding or entering properties. As well as the immediate loss of service the consequences for Council and consumer may well stretch into a long recovery from a disaster.	> Develop Business Continuity plan (BCP) (and Water Safety Plans (WSP)where these are not already in place. > Critical services and critical assets are detailed as part of BCP above. The AMP details work to determine critical assets and services. Maintain emergency			

ensitivity: General

Risk Management (Continued)

Key Risks	Caused by	Consequences	Controls and Mitigation	Likelihood	Consequences	Risk Score
Climate Change	The impacts of climate change will be changes to weather patterns including longer dry periods, more intense rainfall, more temperature extremes, and stronger winds. There is significant uncertainty about the extent of change for the Tararua and the risk is that climate change impacts are different to those assumed.	Impact ability to maintain levels of service.	> Ensure most up to date climate change models are utilised for 3waters planning > Ensure climate change resilience is built into 3waters projects.	Possible (25-60%)	Very High (LoS significant reduction over multiple years)	High Risk
Infrastructure compliance cost increases	The risk is that compliance costs could increase significantly due to penalties for not meeting compliance requirements, from new infrastructure projects not meeting compliance requirements on completion, or from increases in compliance standards imposed by government or regulators.	The consequences are direct financial costs or requirements to improve assets	> Capital projects to remedy current non-compliance have been reviewed to ensure they will meet compliance requirements > Council maintains a close relationship with regulators to manage compliance issued in a collaborative manner.	Possible (25-60%)	High ($1-5m)	High Risk
Population Growth	Risk significant growth before infrastructure is upgraded to cater for growth.	Could slowly degrade levels of Service where resources could be stressed or infrastructure is unable to cope with demand needs	> Planning for growth through review and updating the Masterplan > Planning adequate funding to allow necessary and timely upgrades and new service areas > Planning and design to permit timely and efficient construction timeframes	Possible (25-60%)	High ($1-5m) (Levels of service significantly below expectations)	High Risk

ensitivity: General

Risk Management (Continued)

Key Risks	Caused by	Consequences	Controls and Mitigation	Likelihood	Consequences	Risk Score
Non-compliance with statutory requirements	The risk is that Council continues to be non-complaint with statutory requirements and/or there are further significant breaches of statutory requirements	The consequences are around level of service delivery and impacts on community wellbeing, potential financial costs and prosecution, and loss of confidence. Examples would be Eketahuna WWTP, Dannevirke WWTP Land dispersal and Woodville WWTP	> Capital projects to remedy current non-compliance have been reviewed to ensure they will meet compliance requirements. > Council maintains a close relationship with regulators to manage compliance issued in a collaborative manner. > Council has established additional compliance positions to proactively manage compliance requirements and consent renewals. > Insurance > Council keeps the public informed including the use of communications plans.	Highly Probable (we are already non-complaint and likely to remain so during the term of the LTP)	Very High Loss or overrun of >$5m	Severe Risk
Government 3waters Reform	There is uncertainty about the direction government will take with 3waters reform. Decisions are due later in 2024 and legislation in 2025. Issues are around ownership, balance sheet separation, ability to borrow etc.	The consequences are that it is difficult to plan and make decisions about the timing of expenditure etc. There will be direct costs associated with any change in ownership or structure that may not be funded by government.	> Council has budgeted as if retaining 3waters for the term of the LTP (There will be a better financial position if it is removed)	Highly Probable (that there will be additional costs associated with reform)	Medium (up to $1m additional unbudgeted cost – as we are proceeding as if we retain ownership at present)	High Risk
3Waters renewals	The risk is that there will be a shortfall in funds available to replace 3waters assets if asset lives are shorter than forecast. The cause is that there is insufficient data on asset condition.	The consequences are shortfalls in depreciation reserves or budgets for the renewal programme and also potential for a reduction in level of service.	> Updating the risk register for this so far based gathering and improving asset data and planning based on criticality, risk and performance	Possible (25-60%)	Medium (up to $1M)	Moderate Risk

ensitivity: General

Risk Management (Continued)

Key Risks	Caused by	Consequences	Controls and Mitigation	Likelihood	Consequences	Risk Score
Capital works programme	A number of large capital projects have been budgeted to meet compliance and level of service requirements. There have been and likely to continue to be constraints in specialist staff, supply chain, and industry capacity that may impact on the do-ability of the capital works programme. Also other economic impacts such as interest rate and inflation forecasts being too low. There remains significant uncertainty around the Dannevirke impounded supply programme requirements and costs and design programme requirements for key WWTP's and land disposal The Masterplan stage one has been completed however it is yet to account for growth, climate change impacts, and District Plan review, and this could impact on the scope of planned projects and renewals programme.	The consequences are in terms of the timely delivery of projects, the potential for significant cost overruns or additional budget requirements, and for projects to not deliver to meet climate change, growth, or District Plan requirements.	> Projects are tracked and escalated to the Infrastructure, Climate Change, and Emergency Management Committee for high value and/or higher risk projects. > Steering committees are in place for larger projects in line with the Project Management Framework. > Council works collaboratively with supply partners > Masterplan phase 2 is underway in response to the Urban Growth Strategy	Highly Probable (based on history)	Very High ($5m plus based on history)	Severe Risk
Wastewater Private lateral connections	Currently council own water supply laterals from the main to the boundary of the serviced property, wastewater is in reverse where the lateral is the responsibility of the serviced property owner making control over assets in public corridors difficult to manage and control and unmaintainable.	Renewals or upgrades of council's sewer mains means laterals in old and very poor condition will be reconnected to the new main and could be at risk of failing within council's reserve due to age and condition despite mains renewal. Any benefit from renewing a council owned sewer main to resolve inflow may be counteracted by Inflow generated from the lateral connection but outside council's potentially necessitating enforcement through the Bylaw. Owners also face significant on-costs to conduct lateral repairs or renewals.	> Including risk management in the Infiltration & inflow strategy to include mitigation measures > Bylaw enforcement to force owners to repair/ replace lateral > Council considers ownership of the lateral from the Main to the property boundary	Highly Probable (based on history)	Very High (LoS significant reduction over multiple years)	Severe Risk

ensitivity: General

Risk Management (Continued)

Key Risks	Caused by	Consequences	Controls and Mitigation	Likelihood	Consequences	Risk Score
Māori and iwi relationships	The risk is that Council fails to maintain and strengthen iwi and Māori partnerships.	The 3waters activity has particular significance to iwi and Māori and maintaining strong partnerships is important for good outcomes including consent applications.	> Council has partnership agreements with Rangitāne o Tamaki nui-ā-Rua and Ngati Kahungunu ki Tāmaki-nui-a-Rua. > Iwi are invited to governance decision making meetings. > There are regular operations meetings between iwi and Council. > Council is developing internal cultural competency.	Possible based on history	Medium (financial implications regards consents and confidence)	Moderate Risk
Other stakeholder and community engagement risks	The risk is that Council does not sufficiently engage with or inform the community about decisions and information involving 3waters	As a result there could be a loss of confidence and reputation and/or inappropriate decision making.	> Decisions are made in accordance with the Significance and Engagement Policy. > Communications Plans are in place for 3waters decisions, projects, and issues	Possible (based on history	Medium (some impact in confidence, media interest etc)	Moderate Risk

ensitivity: General

Part F: Wairarapa Tararua WSO combined financial summary

WSO Table 1: Funding impact statement – water services

Funding impact statement ($000)	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Sources of operating funding											
General rates	1,283	751	855	982	990	1,058	1,122	1,186	1,162	1,171	1,202
Targeted rates	36,869	42,816	48,131	53,282	60,080	66,096	73,004	77,416	81,525	81,617	82,784
Subsidies and grants for operating purposes	623	1,911	1,083	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	680	147	272	152	154	158	162	165	169	172	185
Fees and charges	2,012	2,303	2,047	1,938	1,988	2,039	2,088	2,136	2,184	2,231	2,278
Total operating funding	41,466	47,928	52,388	56,353	63,213	69,352	76,376	80,903	85,040	85,191	86,448
Applications of operating funding											
Payments to staff and suppliers	19,232	21,693	21,845	19,934	21,533	23,468	22,854	22,414	23,342	22,802	23,839
Finance costs	4,556	5,279	5,786	7,354	14,772	17,150	18,520	19,349	19,919	20,168	20,255
Internal charges and overheads applied	5,690	7,105	7,533	7,650	7,630	7,839	8,105	8,207	8,427	8,642	8,766
Other operating funding applications	37	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	29,514	34,077	35,164	34,938	43,936	48,457	49,479	49,971	51,688	51,613	52,860
Surplus/(deficit) of operating funding	11,952	13,851	17,224	21,414	19,278	20,894	26,897	30,932	33,352	33,579	33,588
Sources of capital funding											
Subsidies and grants for capital expenditure	3,098	1,770	0	0	0	0	0	0	0	0	0
Development and financial contributions	1,243	835	825	830	834	837	838	840	842	844	846
Increase/(decrease) in debt	7,827	19,518	24,864	29,792	36,378	30,358	13,372	10,181	9,618	4,151	6,852
Gross proceeds from sales of assets	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	12,169	22,123	25,689	30,622	37,212	31,195	14,210	11,021	10,460	4,995	7,698
Applications of capital funding											
Capital expenditure - to meet additional demand	5,037	1,070	6,622	4,341	7,802	4,485	4,488	1,255	1,993	344	351
Capital expenditure - to improve levels of services	13,151	11,421	15,880	25,977	25,395	26,831	12,016	13,071	13,587	7,754	9,519
Capital expenditure - to replace existing assets	18,123	29,033	30,722	27,124	30,567	21,734	25,575	30,247	24,078	28,610	24,662
Increase/(decrease) in reserves	(9,866)	(5,550)	(10,310)	(5,406)	(12,274)	(961)	(971)	(2,620)	4,154	1,866	6,754
Increase/(decrease) in investments	155	0	0	0	5,000	0	0	0	0	0	0
Total applications of capital funding	26,600	35,974	42,913	52,036	56,490	52,090	41,107	41,953	43,812	38,574	41,285
Surplus/(deficit) of capital funding	(14,431)	(13,851)	(17,224)	(21,414)	(19,278)	(20,894)	(26,897)	(30,932)	(33,352)	(33,579)	(33,588)
Funding balance	(2,479)	(0)	(0)	0	(0)	0	0	0	0	0	0

ensitivity: General

WSO Table 2: Funding impact statement – drinking water

Funding impact statement ($000)	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Sources of operating funding											
General rates	262	183	257	312	341	365	387	423	434	434	448
Targeted rates	16,157	18,677	21,050	22,978	26,077	30,452	33,241	34,646	35,055	35,463	35,745
Subsidies and grants for operating purposes	521	1,234	836	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	290	94	220	98	100	103	105	107	110	112	114
Fees and charges	699	610	658	511	525	539	553	566	579	592	605
Total operating funding	17,929	20,798	23,021	23,899	27,044	31,459	34,286	35,743	36,178	36,600	36,912
Applications of operating funding											
Payments to staff and suppliers	9,366	11,050	11,492	10,311	11,061	12,052	11,367	11,571	11,641	11,758	11,907
Finance costs	1,152	1,384	1,626	2,401	5,902	6,731	6,883	6,663	6,482	6,330	6,248
Internal charges and overheads applied	2,788	3,041	3,279	3,284	3,155	3,237	3,351	3,387	3,482	3,569	3,623
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	13,307	15,475	16,397	15,996	20,117	22,019	21,601	21,622	21,605	21,657	21,778
Surplus/(deficit) of operating funding	4,623	5,323	6,624	7,903	6,927	9,440	12,685	14,121	14,573	14,943	15,134
Sources of capital funding											
Subsidies and grants for capital expenditure	421	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	280	306	302	305	307	309	310	311	313	314	316
Increase/(decrease) in debt	4,335	18,786	15,293	13,175	14,476	10,963	4,217	3,319	2,548	2,422	2,301
Gross proceeds from sales of assets	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	5,036	19,092	15,595	13,481	14,783	11,272	4,527	3,631	2,861	2,736	2,617
Applications of capital funding											
Capital expenditure - to meet additional demand	1,069	532	3,004	556	2,022	609	1,688	631	1,749	92	94
Capital expenditure - to improve levels of services	2,363	6,425	6,993	10,868	9,713	8,947	4,905	5,305	2,762	2,872	2,492
Capital expenditure - to replace existing assets	8,594	20,228	20,006	14,660	18,225	11,041	12,449	16,583	11,737	15,614	12,022
Increase/(decrease) in reserves	(1,855)	(2,769)	(7,784)	(4,700)	(10,232)	115	(1,829)	(4,768)	1,186	(899)	3,143
Increase/(decrease) in investments	(112)	0	0	0	1,982	0	0	0	0	0	0
Total applications of capital funding	10,059	24,415	22,219	21,384	21,710	20,712	17,212	17,751	17,434	17,679	17,751
Surplus/(deficit) of capital funding	(5,023)	(5,323)	(6,624)	(7,903)	(6,927)	(9,440)	(12,685)	(14,120)	(14,573)	(14,943)	(15,134)
Funding balance	(400)	0	0	0	0	0	0	0	0	0	0

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ensitivity: General

WSO Table 3: Funding impact statement – wastewater

Funding impact statement ($000)	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Sources of operating funding											
General rates	529	449	500	565	600	644	685	711	676	684	699
Targeted rates	18,831	21,085	23,830	26,685	30,310	31,777	35,694	38,274	41,465	40,744	41,442
Subsidies and grants for operating purposes	102	677	247	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	377	52	52	53	54	55	57	58	59	60	71
Fees and charges	1,311	1,691	1,387	1,424	1,461	1,497	1,532	1,568	1,602	1,637	1,670
Total operating funding	21,151	23,954	26,016	28,727	32,425	33,974	37,968	40,610	43,802	43,125	43,882
Applications of operating funding											
Payments to staff and suppliers	8,663	9,481	9,216	8,556	9,269	10,206	10,317	9,663	10,510	9,835	10,714
Finance costs	3,340	3,786	4,039	4,759	8,140	9,570	10,668	11,568	12,143	12,365	12,384
Internal charges and overheads applied	2,163	3,300	3,448	3,537	3,626	3,731	3,859	3,911	4,015	4,121	4,177
Other operating funding applications	37	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	14,203	16,567	16,703	16,852	21,034	23,507	24,844	25,142	26,668	26,320	27,274
Surplus/(deficit) of operating funding	6,947	7,387	9,313	11,875	11,391	10,466	13,124	15,469	17,134	16,805	16,608
Sources of capital funding											
Subsidies and grants for capital expenditure	2,498	1,770	0	0	0	0	0	0	0	0	0
Development and financial contributions	942	505	498	500	501	502	502	503	503	504	504
Increase/(decrease) in debt	4,107	905	8,082	15,325	20,532	18,312	6,977	4,524	4,420	(725)	2,126
Gross proceeds from sales of assets	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	7,547	3,180	8,579	15,824	21,032	18,814	7,479	5,027	4,923	(222)	2,629
Applications of capital funding											
Capital expenditure - to meet additional demand	2,514	281	2,921	3,517	5,780	3,877	2,800	624	244	252	256
Capital expenditure - to improve levels of services	10,788	4,997	7,799	13,995	14,946	17,028	5,694	5,624	8,626	3,095	5,846
Capital expenditure - to replace existing assets	9,071	7,861	9,437	9,628	10,420	8,723	11,054	11,781	10,460	11,061	10,662
Increase/(decrease) in reserves	(7,224)	(2,572)	(2,263)	559	(992)	(348)	1,055	2,465	2,727	2,175	2,472
Increase/(decrease) in investments	275	0	0	0	2,268	0	0	0	0	0	0
Total applications of capital funding	15,423	10,566	17,893	27,699	32,423	29,280	20,603	20,495	22,057	16,584	19,237
Surplus/(deficit) of capital funding	(7,876)	(7,387)	(9,313)	(11,875)	(11,391)	(10,466)	(13,124)	(15,468)	(17,134)	(16,805)	(16,608)
Funding balance	(929)	0	(0)	0	0	0	0	0	0	0	0

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ensitivity: General

WSO Table 4: Funding impact statement – stormwater

Funding impact statement ($000)	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Sources of operating funding											
General rates	492	119	97	104	49	49	50	52	52	53	55
Targeted rates	1,881	3,055	3,250	3,619	3,694	3,868	4,069	4,496	5,006	5,410	5,596
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	12	1	0	1	0	0	0	0	0	0	0
Fees and charges	1	2	2	2	2	2	2	2	2	2	2
Total operating funding	2,386	3,177	3,350	3,726	3,745	3,919	4,121	4,550	5,060	5,466	5,653
Applications of operating funding											
Payments to staff and suppliers	1,202	1,162	1,137	1,067	1,204	1,210	1,170	1,180	1,191	1,210	1,218
Finance costs	63	110	121	194	731	849	969	1,118	1,294	1,474	1,624
Internal charges and overheads applied	739	763	806	829	850	871	895	909	930	952	966
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	2,004	2,035	2,063	2,090	2,785	2,930	3,033	3,207	3,415	3,635	3,808
Surplus/(deficit) of operating funding	382	1,141	1,287	1,636	960	988	1,088	1,343	1,645	1,830	1,845
Sources of capital funding											
Subsidies and grants for capital expenditure	179	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	22	24	25	25	26	26	26	26	26	26	26
Increase/(decrease) in debt	(615)	(173)	1,490	1,292	1,371	1,083	2,178	2,337	2,650	2,455	2,426
Gross proceeds from sales of assets	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	(414)	(149)	1,515	1,317	1,397	1,109	2,204	2,363	2,676	2,481	2,452
Applications of capital funding											
Capital expenditure - to meet additional demand	1,454	257	697	268	0	0	0	0	0	0	0
Capital expenditure - to improve levels of services	0	0	1,088	1,115	736	855	1,416	2,142	2,199	1,786	1,181
Capital expenditure - to replace existing assets	459	944	1,279	2,836	1,921	1,970	2,073	1,882	1,881	1,935	1,979
Increase/(decrease) in reserves	(786)	(209)	(262)	(1,265)	(1,050)	(727)	(197)	(317)	241	590	1,137
Increase/(decrease) in investments	(8)	0	0	0	750	0	0	0	0	0	0
Total applications of capital funding	1,118	993	2,802	2,954	2,357	2,098	3,292	3,707	4,321	4,310	4,297
Surplus/(deficit) of capital funding	(1,532)	(1,142)	(1,287)	(1,636)	(960)	(988)	(1,088)	(1,343)	(1,645)	(1,830)	(1,845)
Funding balance	(1,150)	(0)	(0)	0	0	0	0	0	0	0	0

ensitivity: General

WSO Table 5: Projected statement of comprehensive review and expenses – water services

Statement of comprehensive revenue and expense ($000)	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating revenue	41,466	47,928	52,388	56,353	63,213	69,352	76,376	80,903	85,040	85,191	86,448
Other revenue	4,341	2,605	825	830	834	837	838	840	842	844	846
Total revenue	45,808	50,533	53,213	57,183	64,047	70,189	77,214	81,743	85,882	86,035	87,294
Operating expenses	19,269	21,693	21,845	19,934	21,533	23,468	22,854	22,414	23,342	22,802	23,839
Finance costs	4,556	5,279	5,786	7,354	14,772	17,150	18,520	19,349	19,919	20,168	20,255
Overheads and support costs	5,690	7,105	7,533	7,650	7,630	7,839	8,105	8,207	8,427	8,642	8,766
Depreciation & amortisation	0	16,563	17,166	19,298	20,118	21,732	23,448	24,753	25,798	27,276	27,729
Total expenses	29,514	50,640	52,330	54,236	64,053	70,189	72,926	74,723	77,487	78,889	80,589
Net surplus / (deficit)	16,293	(107)	883	2,947	(6)	(1)	4,287	7,020	8,395	7,147	6,705
Revaluation of infrastructure assets	0	8,561	16,219	16,765	17,685	22,196	19,414	24,416	20,139	27,074	21,223
Total comprehensive income	16,293	8,454	17,102	19,711	17,679	22,195	23,701	31,436	28,534	34,220	27,928
Cash surplus / (deficit) from operations (excl depreciation)	16,293	16,456	18,049	22,244	20,111	21,731	27,735	31,772	34,193	34,423	34,434

WSO Table 6: Projected statement of comprehensive review and expenses – drinking water

Statement of comprehensive revenue and expense ($000)	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating revenue	17,929	20,798	23,021	23,899	27,044	31,459	34,286	35,743	36,178	36,600	36,912
Other revenue	701	306	302	305	307	309	310	311	313	314	316
Total revenue	18,630	21,104	23,324	24,204	27,351	31,768	34,597	36,054	36,491	36,915	37,228
Operating expenses	9,366	11,050	11,492	10,311	11,061	12,052	11,367	11,571	11,641	11,758	11,907
Finance costs	1,152	1,384	1,626	2,401	5,902	6,731	6,883	6,663	6,482	6,330	6,248
Overheads and support costs	2,788	3,041	3,279	3,284	3,155	3,237	3,351	3,387	3,482	3,569	3,623
Depreciation & amortisation	0	7,531	7,722	8,660	8,940	9,651	10,258	10,789	11,196	11,940	12,113
Total expenses	13,307	23,006	24,120	24,656	29,056	31,670	31,859	32,410	32,801	33,597	33,891
Net surplus / (deficit)	5,324	(1,902)	(796)	(451)	(1,706)	98	2,737	3,644	3,690	3,317	3,337
Revaluation of infrastructure assets	0	3,788	5,125	7,926	5,928	10,157	7,009	10,779	7,385	12,045	7,822
Total comprehensive income	5,324	1,886	4,329	7,475	4,222	10,255	9,746	14,423	11,076	15,362	11,159
Cash surplus / (deficit) from operations (excl depreciation)	5,324	5,629	6,927	8,209	7,234	9,749	12,995	14,432	14,886	15,257	15,450

ensitivity: General

WSO Table 7: Projected statement of comprehensive review and expenses – wastewater

Statement of comprehensive revenue and expense ($000)	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating revenue	21,151	23,954	26,016	28,727	32,425	33,974	37,968	40,610	43,802	43,125	43,882
Other revenue	3,440	2,275	498	500	501	502	502	503	503	504	504
Total revenue	24,590	26,229	26,514	29,227	32,926	34,475	38,469	41,113	44,304	43,629	44,386
Operating expenses	8,700	9,481	9,216	8,556	9,269	10,206	10,317	9,663	10,510	9,835	10,714
Finance costs	3,340	3,786	4,039	4,759	8,140	9,570	10,668	11,568	12,143	12,365	12,384
Overheads and support costs	2,163	3,300	3,448	3,537	3,626	3,731	3,859	3,911	4,015	4,121	4,177
Depreciation & amortisation	0	7,463	7,990	9,045	9,516	10,323	11,317	12,015	12,562	13,117	13,325
Total expenses	14,203	24,030	24,693	25,898	30,550	33,830	36,161	37,157	39,230	39,437	40,600
Net surplus / (deficit)	10,387	2,198	1,821	3,329	2,375	645	2,308	3,956	5,074	4,192	3,786
Revaluation of infrastructure assets	0	3,298	8,846	6,310	9,293	9,087	9,774	10,561	10,030	11,590	10,588
Total comprehensive income	10,387	5,497	10,666	9,639	11,668	9,732	12,082	14,517	15,104	15,782	14,374
Cash surplus / (deficit) from operations (excl depreciation)	10,387	9,661	9,811	12,374	11,891	10,968	13,626	15,971	17,636	17,309	17,111

WSO Table 8: Projected statement of comprehensive review and expenses – stormwater

Statement of comprehensive revenue and expense ($000)	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating revenue	2,386	3,177	3,350	3,726	3,745	3,919	4,121	4,550	5,060	5,466	5,654
Other revenue	201	24	25	25	26	26	26	26	26	26	26
Total revenue	2,587	3,201	3,375	3,751	3,771	3,945	4,147	4,576	5,086	5,492	5,680
Operating expenses	1,202	1,162	1,137	1,067	1,204	1,210	1,170	1,180	1,191	1,210	1,218
Finance costs	63	110	121	194	731	849	969	1,118	1,294	1,474	1,624
Overheads and support costs	739	763	806	829	850	871	895	909	930	952	966
Depreciation & amortisation	0	1,568	1,454	1,593	1,662	1,758	1,872	1,949	2,040	2,219	2,291
Total expenses	2,004	3,604	3,517	3,683	4,447	4,689	4,906	5,156	5,456	5,854	6,098
Net surplus / (deficit)	583	(403)	(142)	69	(676)	(744)	(758)	(580)	(370)	(363)	(418)
Revaluation of infrastructure assets	0	1,475	2,248	2,528	2,464	2,952	2,631	3,076	2,723	3,439	2,813
Total comprehensive income	583	1,072	2,106	2,597	1,788	2,208	1,872	2,496	2,354	3,076	2,395
Cash surplus / (deficit) from operations (excl depreciation)	583	1,165	1,312	1,661	986	1,014	1,114	1,369	1,671	1,856	1,872

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ensitivity: General

WSO Table 9: Projected statement of cashflows – water services

Statement of cashflows ($000)	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Cashflows from operating activities											
Cash surplus / (deficit) from operations	16,293	16,456	18,049	22,244	20,111	21,731	27,735	31,772	34,193	34,423	34,434
[other items]											
Net cashflows from operating activities	16,293	16,456	18,049	22,244	20,111	21,731	27,735	31,772	34,193	34,423	34,434
Cashflows from investment activities											
[other items]	(155)	0	0	0	(5,000)	0	0	0	0	0	0
Capital expenditure	(36,311)	(41,524)	(53,223)	(57,442)	(63,763)	(53,050)	(42,078)	(44,573)	(39,657)	(36,708)	(34,532)
Net cashflows from investment activities	(36,466)	(41,524)	(53,223)	(57,442)	(68,763)	(53,050)	(42,078)	(44,573)	(39,657)	(36,708)	(34,532)
Cashflows from financing activities											
New borrowings	17,693	25,068	35,174	35,198	48,652	31,319	14,344	12,801	5,464	2,285	98
Repayment of borrowings											
Net cashflows from financing activities	17,693	25,068	35,174	35,198	48,652	31,319	14,344	12,801	5,464	2,285	98
Net increase/(decrease) in cash and cash equivalents	(2,479)	(0)	(0)	0	(0)	0	0	0	0	0	0
Cash and cash equivalents at beginning of year	(12,789)	(15,268)	(15,268)	(15,268)	(15,268)	(15,268)	(15,268)	(15,268)	(15,268)	(15,268)	(15,268)
Cash and cash equivalents at end of year	(15,268)	(15,268)	(15,268)	(15,268)	(15,268)	(15,268)	(15,268)	(15,268)	(15,268)	(15,268)	(15,268)

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ensitivity: General

WSO Table 10: Projected statement of cashflows – drinking water

Statement of cashflows ($000)	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Cashflows from operating activities											
Cash surplus / (deficit) from operations	5,324	5,629	6,927	8,209	7,234	9,749	12,995	14,432	14,886	15,257	15,450
[other items]											
Net cashflows from operating activities	5,324	5,629	6,927	8,209	7,234	9,749	12,995	14,432	14,886	15,257	15,450
Cashflows from investment activities											
[other items]					(1,982)						
Capital expenditure	(12,026)	(27,184)	(30,003)	(26,083)	(29,960)	(20,597)	(19,042)	(22,519)	(16,248)	(18,579)	(14,608)
Net cashflows from investment activities	(12,026)	(27,184)	(30,003)	(26,083)	(31,942)	(20,597)	(19,042)	(22,519)	(16,248)	(18,579)	(14,608)
Cashflows from financing activities											
New borrowings	6,190	21,555	23,077	17,875	24,708	10,848	6,046	8,087	1,363	3,323	(841)
Repayment of borrowings											
Net cashflows from financing activities	6,190	21,555	23,077	17,875	24,708	10,848	6,046	8,087	1,363	3,323	(841)
Net increase/(decrease) in cash and cash equivalents	(512)	0	0	0	(0)	0	0	0	1	1	2
Cash and cash equivalents at beginning of year	1,223	711	711	711	712	711	711	711	712	713	714
Cash and cash equivalents at end of year	711	711	711	712	711	711	711	712	713	714	716

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ensitivity: General

WSO Table 11: Projected statement of cashflows – wastewater

Statement of cashflows ($000)	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Cashflows from operating activities											
Cash surplus / (deficit) from operations	10,387	9,661	9,811	12,374	11,891	10,968	13,626	15,971	17,636	17,309	17,111
[other items]											
Net cashflows from operating activities	10,387	9,661	9,811	12,374	11,891	10,968	13,626	15,971	17,636	17,309	17,111
Cashflows from investment activities											
[other items]					(2,268)						
Capital expenditure	(22,372)	(13,139)	(20,156)	(27,140)	(31,146)	(29,628)	(19,548)	(18,030)	(19,330)	(14,408)	(16,765)
Net cashflows from investment activities	(22,372)	(13,139)	(20,156)	(27,140)	(33,414)	(29,628)	(19,548)	(18,030)	(19,330)	(14,408)	(16,765)
Cashflows from financing activities											
New borrowings	4,107	3,477	10,345	14,766	21,523	18,660	5,922	2,059	1,693	(2,901)	(347)
Repayment of borrowings											
Net cashflows from financing activities	4,107	3,477	10,345	14,766	21,523	18,660	5,922	2,059	1,693	(2,901)	(347)
Net increase/(decrease) in cash and cash equivalents	(7,878)	0	(0)	0	0	0	0	0	0	0	0
Cash and cash equivalents at beginning of year	(8,849)	(16,727)	(16,727)	(16,727)	(16,727)	(16,727)	(16,727)	(16,727)	(16,727)	(16,727)	(16,727)
Cash and cash equivalents at end of year	(16,727)	(16,727)	(16,727)	(16,727)	(16,727)	(16,727)	(16,727)	(16,727)	(16,727)	(16,727)	(16,727)

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ensitivity: General

WSO Table 12: Projected statement of cashflows – stormwater

Statement of cashflows ($000)	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Cashflows from operating activities											
Cash surplus / (deficit) from operations	583	1,165	1,312	1,661	986	1,014	1,114	1,369	1,671	1,856	1,872
[other items]											
Net cashflows from operating activities	583	1,165	1,312	1,661	986	1,014	1,114	1,369	1,671	1,856	1,872
Cashflows from investment activities											
[other items]					(750)						
Capital expenditure	(1,913)	(1,201)	(3,064)	(4,219)	(2,657)	(2,825)	(3,489)	(4,024)	(4,079)	(3,721)	(3,160)
Net cashflows from investment activities	(1,913)	(1,201)	(3,064)	(4,219)	(3,407)	(2,825)	(3,489)	(4,024)	(4,079)	(3,721)	(3,160)
Cashflows from financing activities											
New borrowings	(615)	36	1,752	2,557	2,421	1,811	2,375	2,655	2,408	1,863	1,285
Repayment of borrowings											
Net cashflows from financing activities	(615)	36	1,752	2,557	2,421	1,811	2,375	2,655	2,408	1,863	1,285
Net increase/(decrease) in cash and cash equivalents	(1,944)	(0)	(0)	0	0	0	0	(1)	(1)	(1)	(2)
Cash and cash equivalents at beginning of year	2,692	748	748	747	747	747	747	747	747	746	745
Cash and cash equivalents at end of year	748	748	747	747	747	747	747	747	746	745	743

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WSO Table 13: Projected statement of financial position – water services

Statement of financial position ($000)	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Assets											
Cash and cash equivalents	(15,268)	(15,268)	(15,268)	(15,268)	(15,268)	(15,268)	(15,268)	(15,268)	(15,268)	(15,268)	(15,268)
Other current assets	0	0	0	0	0	0	0	0	0	0	0
Infrastructure assets	621,550	655,073	707,349	762,258	823,589	877,104	915,148	959,385	993,382	1,029,888	1,057,914
Other non-current assets	0	0	0	0	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Total assets	606,282	639,805	692,081	746,990	813,321	866,836	904,880	949,117	983,114	1,019,620	1,047,646
Liabilities											
Borrowings - current portion	0	0	0	0	0	0	0	0	0	0	0
Other current liabilities	0	0	0	0	0	0	0	0	0	0	0
Borrowings - non-current portion	114,435	139,504	174,678	209,876	258,528	289,847	304,191	316,992	322,455	324,741	324,839
Other non-current liabilities	0	0	0	0	0	0	0	0	0	0	0
Total liabilities	114,435	139,504	174,678	209,876	258,528	289,847	304,191	316,992	322,455	324,741	324,839
Net assets	491,847	500,301	517,403	537,114	554,793	576,988	600,690	632,125	660,659	694,879	722,807
Equity											
Revaluation reserve	0	8,561	24,780	41,545	59,230	81,426	100,840	125,256	145,395	172,469	193,692
Other reserves	491,847	491,740	492,623	495,569	495,563	495,562	499,849	506,869	515,264	522,411	529,115
Total equity	491,847	500,301	517,403	537,114	554,793	576,988	600,690	632,125	660,659	694,879	722,807

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WSO Table 14: Projected statement of financial position – drinking water

Statement of financial position ($000)	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Assets											
Cash and cash equivalents	711	711	711	712	711	711	711	712	713	714	716
Other current assets											
Infrastructure assets	232,318	255,760	283,166	308,516	335,465	356,568	372,360	394,870	407,308	425,991	436,308
Other non-current assets		0	0	0	1,982	1,982	1,982	1,982	1,982	1,982	1,982
Total assets	233,029	256,471	283,877	309,228	338,158	359,261	375,054	397,564	410,003	428,687	439,006
Liabilities											
Borrowings - current portion											
Other current liabilities											
Borrowings - non-current portion	33,637	55,193	78,270	96,145	120,853	131,701	137,747	145,835	147,197	150,520	149,679
Other non-current liabilities											
Total liabilities	33,637	55,193	78,270	96,145	120,853	131,701	137,747	145,835	147,197	150,520	149,679
Net assets	199,392	201,279	205,608	213,083	217,305	227,560	237,307	251,730	262,805	278,167	289,326
Equity											
Revaluation reserve	0	3,788	8,913	16,840	22,768	32,925	39,934	50,713	58,099	70,143	77,965
Other reserves	199,392	197,490	196,694	196,243	194,537	194,635	197,373	201,016	204,707	208,024	211,361
Total equity	199,392	201,279	205,608	213,083	217,305	227,560	237,307	251,730	262,805	278,167	289,326

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ensitivity: General

WSO Table 15: Projected statement of financial position – wastewater

Statement of financial position ($000)	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Assets											
Cash and cash equivalents	(16,727)	(16,727)	(16,727)	(16,727)	(16,727)	(16,727)	(16,727)	(16,727)	(16,727)	(16,727)	(16,727)
Other current assets											
Infrastructure assets	291,804	300,778	321,789	346,194	377,117	405,510	423,515	440,090	456,888	469,769	483,796
Other non-current assets		0	0	0	2,268	2,268	2,268	2,268	2,268	2,268	2,268
Total assets	275,077	284,051	305,062	329,467	362,659	391,051	409,056	425,631	442,429	455,310	469,338
Liabilities											
Borrowings - current portion											
Other current liabilities											
Borrowings - non-current portion	79,408	82,886	93,231	107,996	129,520	148,180	154,102	156,161	157,854	154,954	154,607
Other non-current liabilities											
Total liabilities	79,408	82,886	93,231	107,996	129,520	148,180	154,102	156,161	157,854	154,954	154,607
Net assets	195,669	201,165	211,832	221,471	233,139	242,871	254,954	269,471	284,575	300,357	314,731
Equity											
Revaluation reserve	0	3,298	12,144	18,454	27,747	36,834	46,608	57,169	67,199	78,789	89,377
Other reserves	195,669	197,867	199,688	203,017	205,392	206,037	208,345	212,301	217,376	221,568	225,354
Total equity	195,669	201,165	211,832	221,471	233,139	242,871	254,954	269,471	284,575	300,357	314,731

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ensitivity: General

WSO Table 16: Projected statement of financial position – stormwater

Statement of financial position ($000)	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Assets											
Cash and cash equivalents	748	748	747	747	747	747	747	747	746	745	743
Other current assets											
Infrastructure assets	97,428	98,535	102,394	107,548	111,007	115,026	119,273	124,424	129,187	134,128	137,810
Other non-current assets		0	0	0	750	750	750	750	750	750	750
Total assets	98,176	99,283	103,141	108,296	112,505	116,523	120,771	125,921	130,682	135,622	139,302
Liabilities											
Borrowings - current portion											
Other current liabilities											
Borrowings - non-current portion	1,390	1,426	3,178	5,735	8,156	9,966	12,341	14,996	17,404	19,267	20,552
Other non-current liabilities											
Total liabilities	1,390	1,426	3,178	5,735	8,156	9,966	12,341	14,996	17,404	19,267	20,552
Net assets	96,786	97,857	99,964	102,561	104,349	106,557	108,429	110,925	113,279	116,355	118,750
Equity											
Revaluation reserve	0	1,475	3,723	6,251	8,715	11,667	14,298	17,374	20,097	23,536	26,349
Other reserves	96,786	96,383	96,241	96,309	95,634	94,890	94,131	93,551	93,182	92,819	92,400
Total equity	96,786	97,857	99,964	102,561	104,349	106,557	108,429	110,925	113,279	116,355	118,750

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ensitivity: General

Appendix 1: Commitment Agreement

Refer to attached document

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ensitivity: General

Appendix 2: Modelling assumptions

In the development of the WSDP and supporting financials, the Council used 2024/34 LTPs and 2025/26 Annual Plans as the base dataset, with some key adjustments and assumptions to reflect the proposed shift to a WSO including operating costs, efficiencies and the cost of borrowing. Additional allowances were also made to reflect the costs associated with Local Water Done Well. These assumptions are as follows:

Assumption	Commentary	Basis of assumption / source
Financing	LGFA has indicated that for multi-council WSOs the borrowing margin would be based on the weighted average borrowing margin of the participating councils. LGFA 10-year bond rate for unrated councils + 5bps (6%)	LGFA
Target covenant	LGFA guidance indicates that the WSO would have FFO-to-debt floor of 9%. The model targets 10% FFO-to-debt.	LGFA
Governance and incremental costs	Additional opex associated with a WSO include additional management costs, board fees, audit and other costs. These are assumed at approx.. $1.5m p.a.	
Establishment costs (one-off)	There are a series of capital costs associated with establishing an entity (fit out, staff IT equipment/networks etc.). Councils have provided an assumption of $5 million, split equally between Councils.	Note: It is assumed that operating costs associated with establishment will be debt funded.
Levies	Commerce Commission and Taumata Arowai levies will be built into the base case.	Commerce Commission and Taumata Arowai + population statistics
Operating efficiencies	Operating efficiencies are driven by a number of factors, including productivity gains arising from effective management practices, purchasing power, and more streamlined operations and maintenance. Efficiencies are modelled to being two years after the entity's establishment (FY30) and ramp to 0.35% p.a. (the midpoint of the efficiency range) until peak operating efficiency is achieved at FY44.	Martin Jenkins case study research
Capital efficiencies	Capital efficiencies reflect reductions in real unit costs from prudent investment decisions, streamlined cost structures, and market power from a larger entity having long-term investment policies. They are modelled to begin two years after the entity's establishment (FY3) and ramp to 0.4% p.a. (the midpoint of the efficiency range) until peak capital efficiency is achieved in FY44.	Martin Jenkins case study research
Price harmonisation	No price harmonisation*	Agreed by Councils
Establishment date	Joint WSO is operational from 1 July 2027.	Agreed by Councils
Three waters	Water supply, wastewater and stormwater transferred to the entity.	Agreed by Councils

** Determining a non-harmonised price path.*

1. *The model takes the initial debt, revenues, and expenditures for each constituent council, effectively ringfencing borrowing, revenues, and expenditures.*
2. *Establishment costs and ongoing incremental costs are allocated back to each council using the agreed basis for apportionment. E.G. If the costs are $5 million, and Council A's apportionment is 20%, then $1 million is allocated to Council A.*
3. *Entity level efficiency assumptions are applied each individual council's forecast opex and capex projections.*
4. *In summary, the net cashflow impact of the establishment and incremental costs are allocated back to each council's starting operating and debt positions. The price path for each council is then recalculated by solving, at the council level, for the revenues required to maintain the FFO-to-debt ratio at 10%. Note, this calculation is performed for each council, resulting in varying revenue per connection at council level.*

This approach has the effect of sharing the net benefits of efficiency savings with each district, by lowering prices relative to their standalone price path, but does not result in cost sharing between districts.

ensitivity: General

Appendix 3 Water Services

Water Services

- Water Services comprises supplying (drinking) water and managing wastewater and stormwater to specified population centres.
- All three services will be transferred to a council-controlled organisation, the Water Services Organisation.

Water Supply Te Wai

Overview

- The water supply activity involves the management, operation and maintenance of the district's water supply network. Council is responsible for providing safe, clean drinking water to domestic, commercial, and industrial customers connected to its water supply networks as a matter of public health.

Our Goal

- To ensure a reliable supply of safe drinking water to our communities.

What we do Ā mātau mahi

- We manage water supply schemes to the towns of Dannevirke, Pahiatua, Woodville, Eketāhuna, Norsewood, Ākitio and Pongaroa. Treatment varies between schemes, from chlorine, microfiltration, ultraviolet, and combinations of these. Over 5,000 residential properties are served.

Why we do it Te take o ā mātau mahi

- Effective management of water is critical to supporting human, animal, and plant life, and to supply industrial and economic needs. The Local Government Act 2002 and other legislation mandates local authorities' actions regarding water supply.

How we do it Ka pēhea rā ā mātau mahi

- Water treatment plants have scheduled inspections, monitoring and servicing, and prioritised repairs or other actions taken, for the reticulation network as defined in the Tararua Alliance Operations and Maintenance contract.
- Treatment plants have received significant investment over the last four years to meet Drinking Water Standards, increased focus on maintenance schedules is improving asset resilience. Dannevirke impound dam, being a critical asset, has been assessed at risk, requiring significant investment in 2024 through 2026 to address risk of failure.

Significant Negative Effects Ngā Pānga Kino Nui

- Potential depletion of the natural water resource by over-extraction of water.
- Impacts on waterways from extraction, including limiting the remaining allocation available.
- Cultural impact of groundwater abstraction and network water losses.
- Chemical addition may be required (e.g. fluoridation) as dictated by legislation.

Key Performance Areas

- Water provided is safe to drink
- Maintenance of the reticulation network is effective
- Issues relating to water supplies are responded to
- Customers are satisfied with supplied water
- Water demand is managed effectively

Sensitivity: General

Current Challenges

- Currently unable to meet the NZ Drinking Water Standards for all of our schemes.
- High unaccounted for water (UFW) has been reported. Minimum night flows in some locations are reported to be as high as 50% of daytime demand which is considered high.
- Water restrictions are being implemented due to increased water consumption and low source flows.

Recent Achievements

- Three treatment plants upgraded (Pahiatua, Pongaroa, and Ākitio).
- Installation of backwashing system at Woodville Treatment Plant
- Impounded storage added at Dannevirke 140ML and Woodville 90ML
- Reservoir Storage added at Pahiatua 8ML to reduce periods of water restrictions
- Protocols for managing water restrictions developed to aid community engagement and lessen the impact of water restrictions
- 100 smart meters installed to trial new technology and gain a better understanding of water consumption
- Identified connections without backflow preventors

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ensitivity: General

Statement of Service Performance – Water Supply

Wastewater Te Wai Kino

Overview

- The wastewater activity includes four wastewater schemes serving our urban communities. Council collects, treats and disposes treated wastewater from domestic, commercial and industrial premises.

Our Goal

To ensure efficient and reliable wastewater treatment that meets agreed environmental outcomes.

Key Performance Areas

- Performance indicators will transfer to the WSO following transition and will be reported by the WSO from the 2027/28 year.
- The wastewater system is adequate
- Risks to public health and our natural environment are minimised

What we do Ā mātau mahi

- Wastewater reticulation systems are provided in the urban areas of Dannevirke, Pahiatua, Woodville, Eketāhuna, Norsewood, Pongaroa and Ormondville. Rural houses manage their own effluent.
- Primary treatment is done onsite by industries to comply with trade waste discharge limits set by Council before discharging to the public wastewater system, where it is treated and discharged to land and/or water, ultimately discharging to the ocean.

Why we do it Te take o ā mātau mahi

Effective management of wastewater is critical to supporting human and environmental health, and to support industrial and economic needs. The Local Government Act 2002 and other legislation mandates local authorities' actions regarding wastewater management.

How we do it Ka pēhea rā ā mātau mahi

Wastewater treatment plants have scheduled inspections, monitoring and servicing, and prioritised repairs or other actions taken, for the reticulation network as defined in the Tararua Alliance Operations and Maintenance contract.
Many of the treatment plants are reaching end of lifecycle with new consents due for renewal or recently granted with additional conditions, placing the plants at risk of not being able to treat wastewater to the standards required. This is mainly due to the age of the plants and treatment processes not keeping pace with modern requirements.

Significant Negative Effects Ngā Pānga Kino Nui

- Contamination of waterways associated with wastewater.
- Leakage from system contaminates groundwater.
- Trade waste contaminants inappropriately discharged.
- Odour from poor treatment practices impacts on other landowners.
- Cultural values could be negatively impacted by low quality treated wastewater disposal, namely:
- Wastewater discharge can lead to localised damage of river habitats.
- Discharge to waterways impacts on "mauri", and on traditional fishing sources and recreation sites.

Statement of Service Performance – Wastewater

Performance indicators will transfer to the WSO following transition and will be reported by the WSO from the 2027/28 year.

ensitivity: General

Stormwater Te Wai Ua

Overview

- Stormwater is the runoff of rainwater which requires management and disposal using various drainage systems. Council has stormwater reticulation with associated manholes and sumps, as well as open stormwater channels drains.

Our Goal

- To ensure efficient stormwater network capacity that protects built assets and people from flood events.

Key Performance Areas

- The stormwater system is adequate
- Risks to public health and our natural environment are minimised
- Issues relating to the stormwater system are responded to
- Customers are satisfied with stormwater systems

Current Challenges

- Performance of the network is not formally measured and is based more on staff knowledge and customer requests.
- A stormwater model was developed although suggested that redesign of the current systems is required to enable delivery of current and forecast future customer expectations.

Recent Achievements

- Initial investigations into stormwater network modelling completed
- Pahiatua Town Centre stormwater improvements
- No habitable floors flooded in urban stormwater

What we do Ā mātau mahi

- We manage and maintain an urban network of pipes and open channel drains to safely direct stormwater to inland streams and to the ocean.
- Stormwater reticulation infrastructure is provided in the urban townships of Dannevirke, Pahiatua, Woodville and Eketāhuna.
- Our stormwater network includes:
    - 28 kilometres of stormwater pipelines
    - 26 kilometres of open channel drains and streams
    - 1,160 maintenance chambers and sumps

Why we do it Te take o ā mātau mahi

- Effective management of stormwater is critical to collect and dispose of excess stormwater in order to protect built assets and provide safe urban environments. To comply with the Local Government Act 2002 and other legislation mandates local authorities' actions regarding stormwater management.

How we do it Ka pēhea rā ā mātau mahi

- Stormwater assets have scheduled inspections, monitoring and servicing, and prioritised repairs or other actions taken, for the reticulation network as defined in the Tararua Alliance Operations and Maintenance contract.
- We have 28,390 metres of stormwater pipes and the following have been identified as critical assets:
    - Dannevirke culvert – this is a large diameter brick culvert that runs under buildings and the State Highway and through private property and there are limited entry points.
    - Pahiatua, Town Creek culverts – in various places along the channel's route it runs under buildings and through private properties and there are limited entry points to maintain.
    - Issues and challenge; Ngā raru me ngā wero
    - Stormwater discharges can result in some contaminants from roads and other hard surfaces entering waterways.
    - Increasing flood levels of waterways that stormwater discharges into.
    - Urban development increases the contaminant load in stormwater discharges.
    - Safety issues from open drains, particularly when in high flow conditions.
    - Cultural matters; Te Ritenga

Sensitivity: General

Strategic Alignment Te Whakahāngaitanga Rautaki

Quality community infrastructure is provided to meet the needs of future generations and support our long-term prosperity.

The alignment of water services: drinking water, wastewater and stormwater with our four key strategic themes is assessed as follows:

- Thriving District Medium
- Improving our Environment High
- Connected Communities Medium
- Interactive Council Low

Te Tiriti o Waitangi Alignment Te Whakahāngaitanga o Te Tiriti o Waitangi

Consideration for the Treaty across the activity:

1. **Kāwanatanga governance and the relationship between Treaty partners (shared decision making)**
- Establish regular water liaison meetings with Iwi.

2. **Tino Rangatiratanga the right to be self-determining in all areas (self-determination)**
- Actively seek Iwi input into water related decision making.

3. **Ōritetanga equity between Māori and tangata Tiriti**
- Identify forums to engage with Iwi on water matters.

4. **Te Ritenga protecting the customs, beliefs, values, faiths and aspirations of Māori (whakapono)**
- Seek to better understand Māori customs and practices as they relate to water.

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ensitivity: General

Appendix 4 Tararua Growth

Growth Strategy

To promote growth key changes made are being reflected in Draft District Plan (on hold as the RMA is revised by Government). These are:

Zoning Flexibility

- Adopted "Mixed Use" zoning to replace commercial zones, providing greater flexibility for town centre landowners

Legislative Framework

- Updated legislation framework for Growth Strategy consideration to reflect current Government changes

Urban Development Approach

- Shifted from "guidelines" approach to direct policy integration within the District Plan Review for promoting quality urban development

Dannevirke Expansions

- Expanded residential area west of Dannevirke to preserve space around existing waterways
- Completed flood modelling of Taupata Stream to inform flood avoidance and mitigation for Proposed District Plan Review

Industrial Zoning Removals

- Removed recommended industrial zoning south of Dannevirke to avoid impacts on Māori owned land
- Removed recommended industrial zoning within Pahiatua to avoid effects on neighbouring residents and marae

Minor Adjustments

- Made various smaller location changes to proposed residential zoning in Woodville, Pahiatua and Eketāhuna

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Sensitivity: General

Current Population Trends

The June 2024 population estimate is 19,050, slightly below 2024-34 LTP assumptions. Current Forecast is that this will be 20,981 by 2034 (+10%). Urban growth has been very low over the last two years. Births in 2024 were at 20-year lows, though recovered in March 2025.

- In 2025, Tararua's population is growing at approximately 0.5% annually (around 100 people per year), slower than previous years.
- New house building has declined significantly since late 2023, mirroring national trends where developers cannot achieve profitability.
- Census 2023 - 4% increase on Census 2018 (0.8% a year).
- Consistent with assumptions. Stats NZ latest estimates for June 2023 (18,950) and June 2024 (19,050, +0.5% growth for the year) revised down on lower immigration, lower birth rate and very few new houses.
- Very low urban growth has implications for 3 waters costs.
- The new **Te Ahu a Turanga – Manawatū Tararua Highway** expected to boost growth 2025/26. This was an $823 million project comparing to the entire District rating capital value of $9.3 billion as of 1 September 2023 – i.e. 8.6% of the district value.

Population Distribution

Area	**Split**	**2024 Population**	**Change 2023-24**
Dannevirke		5,680	0.2%
Pahiatua		2,860	-0.7%
Woodville		1,710	1.2%
Eketāhuna		580	0.0%
Four Main Urban Towns	57%	10,830	
Rural/Other	43%	8,220	1.0%
	100%	**19,050**	
2034 Forecast		20,981	10%

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ensitivity: General

Growth by Towns

	Statistics NZ Existing Population	Statistics NZ Projected Population	Council Aspirational Population	Estimated Existing Households	Council Aspirational Households	Estimated Additional Households
	2023	2053	2053	2023	2053	2053
Dannevirke	5,788	6,776	7,000	2,410	3,000	590
Woodville	1,664	2,257	3,000	760	1,250	490
Pahiatua	2,882	3,623	4,000	1,200	1,750	550
Eketahuna	575	723	1,000	290	425	135
Total Towns	**10,909**	**13,379**	**15,000**	**4,660**	**6,425**	**1,765**

PROJECTED POPULATION AND HOUSEHOLDS

	STATS NZ EXISTING POPULATION 2023	ESTIMATED EXISTING HOUSEHOLDS 2023	STATS NZ POPULATION PROJECTION 2053	COUNCIL ASPIRATIONAL POPULATION 2053	COUNCIL ASPIRATIONAL HOUSEHOLDS 2053	ESTIMATED ADDITIONAL HOUSEHOLDS BY 2053
Dannevirke	5,788	2,410	6,776	7,000	3,000	590
Woodville	1,664	760	2,257	3,000	1,250	490
Pahiatua	2,882	1,200	3,623	4,000	1,750	550
Eketāhuna	575	290	723	1,000	425	135
Total Towns	**10,910**	**4,660**	**13,379**	**15,000**	**6,425**	**1,765**

ensitivity: General

Industrial Commercial Growth

Business and Economic Research Ltd ("BERL") has forecast future growth in the commercial and industrial sectors. BERL's "Business As Usual" scenario entailed a district wide forecast based on the Statistics NZ high population growth scenario, and the results of the latest business as usual forecast from BERL's national computable general equilibrium ("CGE") model. District level forecasts were then distributed across Tararua District's four main centres and a combined rural area.

Current land use and occupancy data was provided by the Council for commercial and industrial land. Future occupancy of commercial and industrial land was then estimated assuming the ratios of Full Time Equivalents ("FTE"s) per hectare for each industry will remain constant over the forecast period. Under this scenario, GDP generated in Tararua District is forecast to grow by $378 million from 2022 and reach $1.208 billion by 2053 (an average annual increase of 1.2 percent). GDP growth is forecast to be led by rural Tararua District which will see GDP increase by $188 million to reach $631 million by 2053. Dannevirke is expected to grow by $109 million at an annual growth rate of 1.2 percent.

The greatest proportional growth is expected in Woodville and Eketāhuna where the average annual growth rate over the period is anticipated to be 1.6 percent. The number of full-time equivalent employees (FTEs) is forecast to grow by 1,367 from 2022 to 2053, at an annual growth rate of 0.6 percent. Rural Tararua District and Dannevirke are expected to see the greatest increase in the total number of FTEs, at 480 and 468 respectively. Information on this page was supplied to Tararua District Council by BERL, www.berl.co.nz

The area of commercial and industrial land that is anticipated to be occupied will increase by 56 hectares at an annual growth rate of 1.2 percent. These predictions result in an additional 43 hectares of industrial land required by 2053. In rural Tararua occupied industrial land is expected to grow at 1.6 percent per annum resulting in an additional 31 hectares of occupied industrial land by 2053. Dannevirke is expected to see occupied industrial land grow by seven hectares by 2053. An additional 13 hectares of commercial land will be required by 2053. 7 hectares will be needed in Dannevirke, 3 in Pahiatua, and 1 hectare each in Woodville and Eketāhuna.

Supporting Growth Factors

- New highway enabling commuting to Palmerston North
- Continued rental demand and rent increases
- New District Plan with growth areas planned
- Many new lifestyle block subdivisions

Growth Risks

- Carbon forestry reducing rural population
- Declining birth rate
- Increased overseas emigration
- Housing shortage limiting new residents
- Reduced public housing support

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Sensitivity: General

Migration and Housing

- Net international migration for Tararua shows small losses since 2021, though Stats NZ estimates +90 gain for year to June 2024. Internal NZ migration shows estimated +40 people gain.
- Rental market remains tight with average rents exceeding $450, creating affordability challenges. New housing consents have fallen 50%+ from peak levels, with 60% of new builds now in rural rather than urban areas.

Ageing Population

- Median age is 42.2 years (vs 37.9 nationally). Residents aged 65+ now comprise 21.9% of population (vs 17.7% nationally) and accounted for 75% of population growth since 2018. This group increased 3.1% in the year to March 2025.

Measure	**Change / Result**	**Period**	**Comment**
Population	District - Up 0.5% Urban – up 0.2% Rural – Up 0.9%	Year to June 2024	June 2024 Stats NZ estimate 19,050, June 2023 Est 18,950 (revised down). Urban +0.1% Rural +1.0% 2023 census - up 4% from 2018.
Births and Deaths net gain	+42 +9	Year to March 2025 Year to March 2024	Births declined in 2024 (living costs stress?) but increased in March 2025.
New house consents (new and relocates)	47 = -20% on April 2024	April 2025 year	12 months to April 25 = 47 (21 new and 26 relocate house consents). Compares to 59 (30 new, 29 relocates) April year 24.
Ageing Population – Superannuation numbers	3.1% (NZ up 3.2%)	Year to March 2025 – MSD	Growth trend strong – now 4,179 residents on Super (est. 21.8% of population).
Median Age	42.4 years	2023 Census and June 2024 update	Median age increased from 41.8 in 2018.
Māori share of Population (Māori Descent)	29%	2023 Census	NZ average is 20%. Increasing quickly.
Household Numbers Stats NZ Census	+2.9% +4.2%	2013 – 2018 2018 - 2023	Household occupancy up marginally. Shortage of rentals now easing.
Total Employment (living in Tararua)	-0.3%	As of Dec 2024 – Annual change	8,694 jobs December 2024 – down 0.3% from Dec 2023. NZ down 1.6%.
# of Business Units	-0.7%	As of Feb 2024 – Annual	There were 2751 businesses (separate geographic units) in Feb 2024, down from 2769 in Feb 2023. Farm amalgamations, retail closures. NZ + 0.9%

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