

Water Services Delivery Plan

Wairarapa Tararua Water Services Organisation

South Wairarapa District Council

August 2025



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Overview of this Water Services Delivery Plan

This Water Services Delivery Plan (WSDP) is an individual WSDP for South Wairarapa District Council (SWDC). It should be read alongside the WSDPs for Masterton, Tararua and Carterton District Councils.

The Councils' WSDPs are structured in the following way:

- **PART A – delivery model and implementation plan (common part)** – this section summarises the agreements the four Councils have reached on the WSCCO's operating model and commercial terms, and sets out an implementation plan for how the Councils will work together to establish the WSCCO and transfer water services from Councils to the new entity
- **PART B – network performance (Council-specific part)** – this section summarises the scope and service area of the Council's water services, the water assets and their condition, planned capital investment in the network over the next 10 years, and a statement of regulatory compliance that confirms the Council meets current and anticipated regulatory standards for water services
- **PART C – revenue and financing (Council-specific part)** – this section summarises current and future charging arrangements for customers, financing arrangements, and future revenue requirements
- **PART D – financial sustainability assessment (Council-specific part)** – this section summarises how the Council within the WSCCO will meet DIA's three key financial sustainability measures and confirms the Council within the WSCCO will be financially sustainable by 30 June 2028
- **PART E – projected financial statements for the Council (Council-specific part)** – this section shows the Council's financial position within the WSCCO and demonstrates that the Council can meet the relevant financial sustainability requirements
- **PART F: Integrated/combined financial projections for the water entity (common part)** – this section provides the financial statements for the WSCCO and demonstrates that the WSCCO can meet the relevant financial sustainability requirements
- **Additional information (Council-specific part)** – this section summarises the Council's major capital projects and the risks to their delivery
- **Appendices 1-3 (common part)** – these appendices include the signed Commitment Agreement with key governance and commercial agreements reached between Councils and iwi, and the modelling assumptions underpinning the financial information in the WSDP.

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 (Part F) are average requirements across the four Councils; Councils have decided to ring-fence prices for the period of the WSDP so per connection revenue and charges vary between Councils and these are reflected in Part E for each Council.
- 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

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 4.

- 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. The SWDC 2025/34 LTP is available here [SWDC-2025-34-Long-Term-Plan-Final2.pdf](#) (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 4). The financial model also makes key assumptions about levels of operational efficiency that the WSCCO 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, through the development of the Water Services Strategy, Councils expect to see 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 position and large capital programme, and this WSDP includes a planned 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

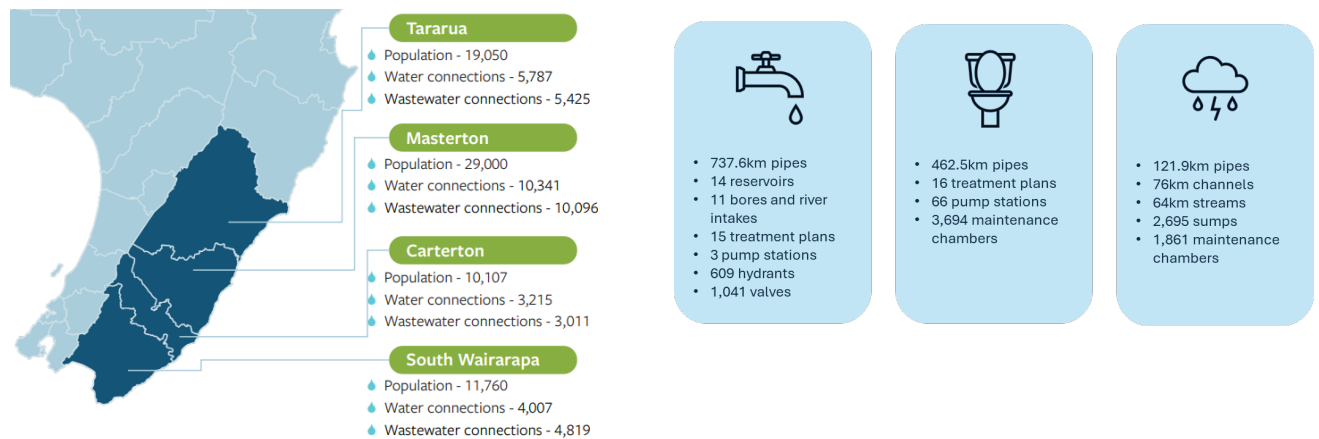
South Wairarapa, Tararua, Masterton and Carterton District Councils, together with Rangitāne and Ngāti Kahungunu, are proposing to establish a WSCCO under the Local Government (Water Services) Bill to deliver water services to their districts.

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.

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.

Figure 1: Wairarapa Tararua region and water services



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 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

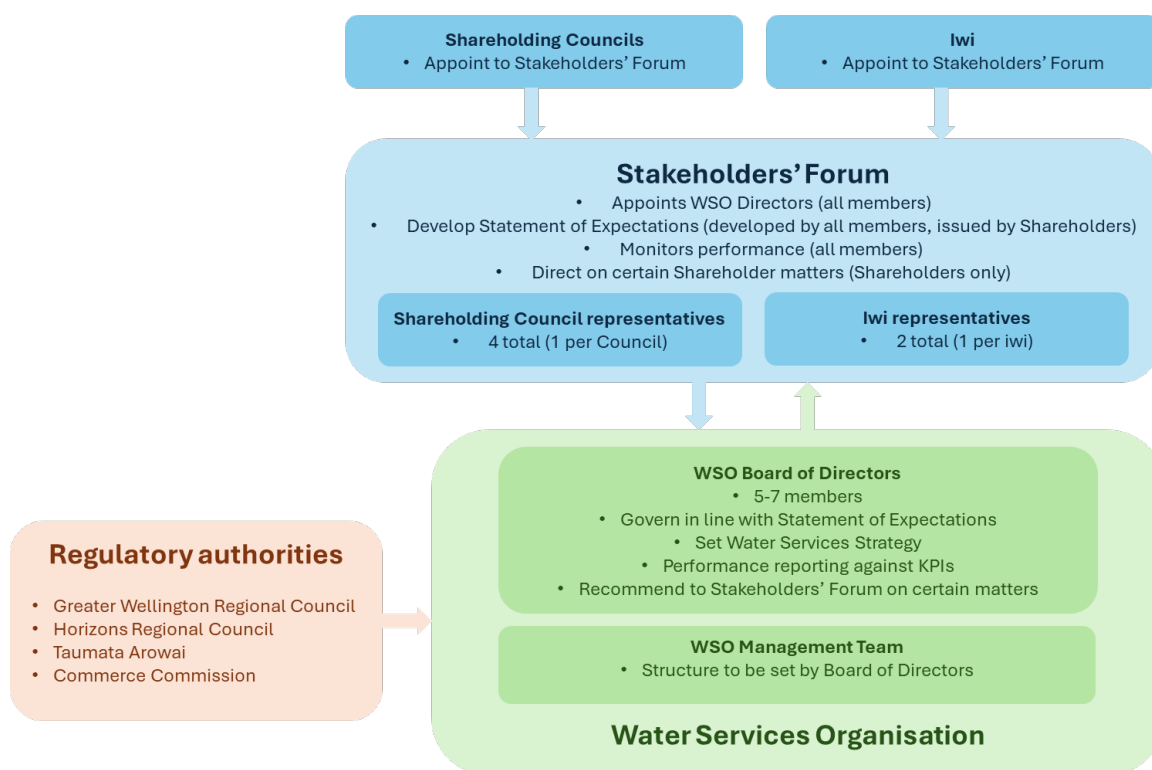
Shareholding Council	Indicative shareholding	Estimated day 1 connections
Masterton District Council	44%	10,911
Tararua District Council	23%	5,716
South Wairarapa District Council	20%	4,935
Carterton District Council	13%	3,203
Total	100%	24,765

Governance and oversight arrangements

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. Figure 2 summarises the roles and responsibilities of the Stakeholders' Forum and the terms sheet in Appendix 1 contains further detail.

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.

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.

Organisational structure

The organisational structure and operating model for the new organisation will be developed as part of the organisation and people workstream in the transition. Councils have not developed this detail at this point as it needs to be developed and agreed with the WSCCO Board once appointed.

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, Councils 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 Councils 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.

SWDC notes that there are affordability challenges associated with its water services. Through the transition, the Council will reassess the capital programme and expects the WSCCO, through the development of the Water Services Strategy, 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.

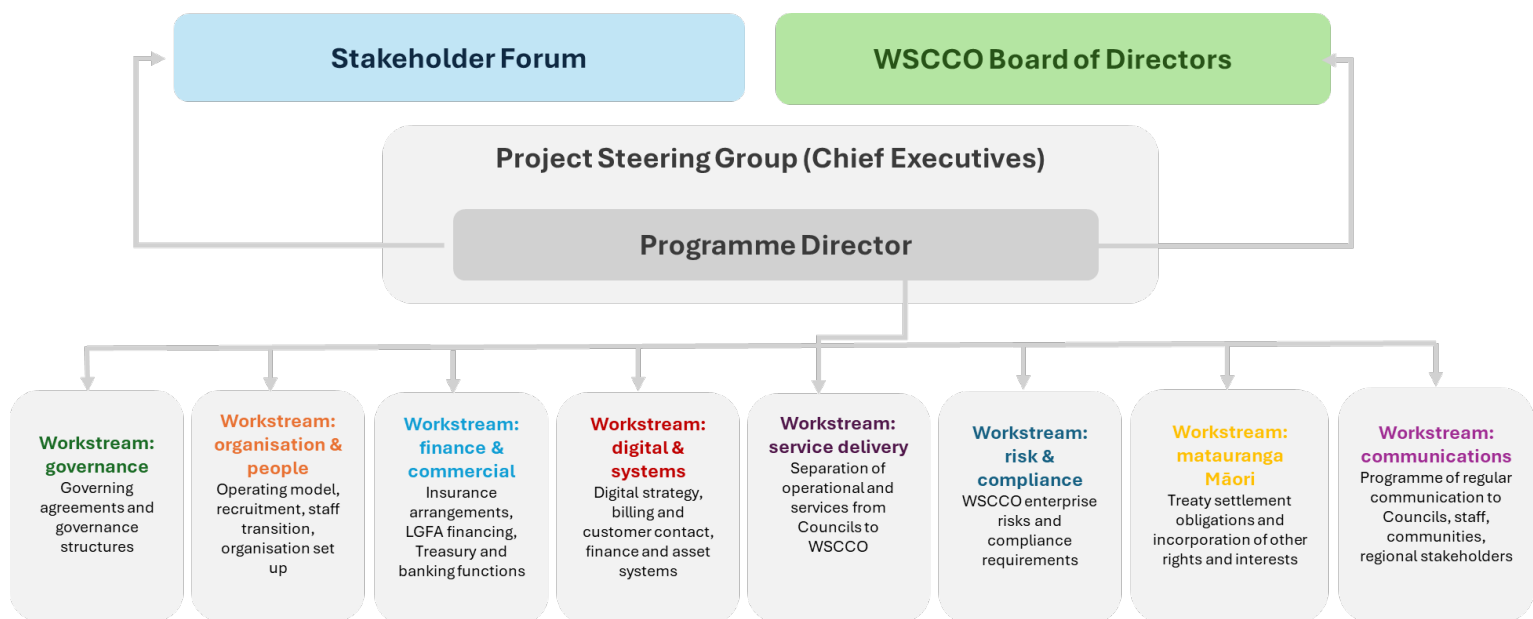
A3: Implementation plan

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 (Appendix 1) 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 also includes development of transition for existing contractual arrangements for the Councils' current service provision, which are expected to be novated over to the WSCCO on transition. 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.

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.

Wherever possible, the transition will be expedited to mitigate the impact of two significant change processes 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). Although the pace of the programme will ultimately balance this specific transition driver with overall programme delivery risk and relevant needs of the other Partner Councils.

Metro Water is currently intended to be operational by July 2026 ahead of the Wairarapa Tararua WSCCO in July 2027, creating a need for an interim solution for South Wairarapa for the 2026/27 year. SWDC is currently working with Wellington Water and its shareholders, and other Wairarapa Tararua Councils on options for these interim arrangements. These options include an interim contractual relationship with MetroWater or a new contractual arrangement delivering SWDC services for a defined period. Any new contract would be novated across to the new Wairarapa Tararua WSCCO on transition, in the same way as Partner Councils' other contractual arrangements.

Figure 4: Programme timing

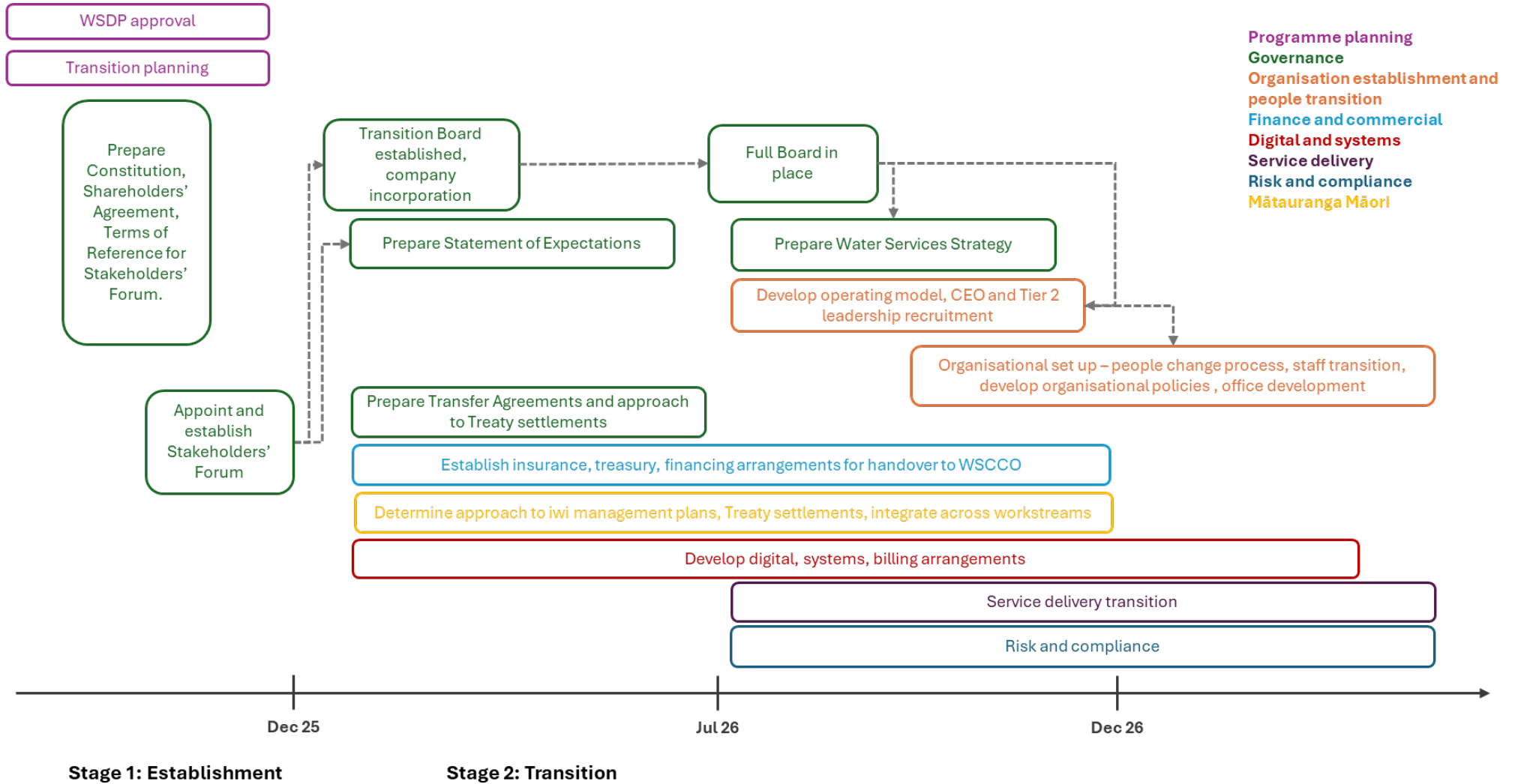


Table 2: Programme priorities and milestones

Programme stage	Priorities and milestones	Indicative timeframe
Legal establishment	<ul style="list-style-type: none"> Achieve acceptance of WSDP by Secretary for Internal Affairs and publish WSDP 	December 2025
	<ul style="list-style-type: none"> 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
	<ul style="list-style-type: none"> Appoint members to Stakeholders' Forum following election and induction of new Councils 	November/December 2025
	<ul style="list-style-type: none"> Complete Shareholders' Agreement, Constitution, Stakeholders' Forum Terms of Reference 	September 2025
	<ul style="list-style-type: none"> Recruit two (minimum) initial Directors 	March 2026
	<ul style="list-style-type: none"> Complete legal incorporation and required registrations – including Companies Office, Deed of Indemnity for Directors 	March 2026
Operational transition	<ul style="list-style-type: none"> Prepare Statement of Expectations for discussion with WSCCO Board 	June 2026
	<ul style="list-style-type: none"> Transition SWDC operations from Wellington Water Limited to new transitional arrangements 	June 2026
	<ul style="list-style-type: none"> 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
	<ul style="list-style-type: none"> 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
	<ul style="list-style-type: none"> Development of future systems requirements, including temporary billing arrangements to be administered by Councils (if confirmed approach) 	December 2026
	<ul style="list-style-type: none"> Develop insurance, treasury and financing arrangements, with WSCCO Board to finalise 	December 2026
	<ul style="list-style-type: none"> WSCCO Board to develop WSO operating model and undertake CEO and Tier 2 role recruitment 	December 2026
	<ul style="list-style-type: none"> WSCCO Board to prepare Water Services Strategy to give effect to Statement of Expectations 	December 2026
	<ul style="list-style-type: none"> WSCCO Board to set up the new organisation, including office location, corporate policies, bank accounts, brand, website etc. 	June 2027
	<ul style="list-style-type: none"> 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://sthwaiddc-my.sharepoint.com/:b/g/personal/comsec3_swdc_govt_nz/ERshbc5N7k5KnrUgcOA5SeYB4zUC5w7o-klWYv_LLV15Q?e=l3uZE3
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-Page-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 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 LGFA 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 4.

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	Not yet available online – refer Appendix 3
South Wairarapa District Council	20 August 2025	Council 20 August 2025 - SWDC
Carterton District Council	20 August 2025	Minutes (PDF)
Tararua District Council	20 August 2025	Minutes of Extraordinary Council meeting - Wednesday, 20 August 2025

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: 28 August 2025

South Wairarapa District Council

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. These rural residents typically manage their own water supply and wastewater systems privately. Water is commonly sourced from rainwater collection systems, stored in tanks, or drawn from bores or streams, depending on location and availability. Wastewater is treated on-site using septic tanks or other private treatment systems, which are maintained by property owners. Stormwater infrastructure is primarily concentrated in urban areas. In rural settings, stormwater is managed through natural drainage features such as roadside ditches and culverts.

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 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.

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;	Not fully compliant	Not fully compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	National Water Information Database

(b) 4.5 D1.1 Distribution System Rule; (c) 4.7.1 T2 Treatment Monitoring Rules; (d) 4.7.2 T2 Filtration Rules. (e) 4.7.3 T2 UV Rules; (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.									
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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
	Median response time to call-outs to a fault or unplanned interruption to the network								

Fault response times where the Council attends a call-out in response to a fault or unplanned interruption to the network reticulation system	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
	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).

Trade waste management is undertaken in-house by Council as required and is not identified as a separate activity within Council services or with any registered costs or income. With trade waste being incorporated with wastewater management under new legislation, it is expected that the new Water Services Organisation would consider trade waste service delivery in terms of new regulatory requirements.

SWDC Table 4: Wastewater system

Featherston - Urban	Greytown - Urban
Gravity system (95%) minor pumping 5%	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.	90% of Greytown urban area is connected to the wastewater system, the balance is on septic tanks.

<p>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.</p> <p>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.</p>	<p>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.</p> <p>An internal boulder wall filter was constructed in 2000 for Pond 2, as a resource consent requirement to improve effluent quality.</p> <p>Effluent discharges into the Papawai Stream, which flows into the Ruamāhanga River, some 1,500m downstream of the effluent discharge point.</p> <p>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.</p> <p>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.</p>
<p>Martinborough - Urban</p>	<p>Lake Ferry Settlement</p>
<p>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.</p> <p>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.</p> <p>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.</p>	<p>This small community system services properties at the Lake Ferry settlement and was commissioned in 2007.</p> <p>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.</p>

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
		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	
	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	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.

Wastewater disposal does not create any smells, or health issues and causes minimal impact on the environment	convictions received by the Council in relation to those resource consents								
	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.

SWDC Table 6: Wastewater system

Stormwater Assets (urban)	Metres of pipe	Metres of channel
Featherston, Martinborough, and Greytown	17,925	20,151
<p>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.</p> <p>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.</p>		

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 7: 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	100%	100%	100%	100%	100%	100%	100%	The information is recorded by our contractor Wellington Water Limited and monitored by Greater Wellington Regional Council.

	orders and convictions received by 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 8: 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 <ul style="list-style-type: none"> 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	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	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 Kahutara – 100 dwellings	Tauherenikau – 147 dwellings Aorangi Forest – 111 dwellings Kahutara – 100 dwellings	Aorangi Forest – 111 dwellings Kahutara – 100 dwellings
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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 ([Final-SWDC-Featherston-Mastertplan-June-2024-compressed.pdf](#)).

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 (here [SWDC-2025-34-Long-Term-Plan-Final2.pdf](#)) 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.¹ 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.

¹ [Greytown Wastewater Treatment Plant connections - SWDC](#) and [Martinborough Wastewater Treatment Plant Connections - SWDC](#)

Asset condition

SWDC Table 9: 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 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	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. 29.3 years old for pipes 16.3 years old for pump stations 24.8 years old for treatment plants	37.5 years for pipes 53.0 years for channels
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 <ul style="list-style-type: none"> 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 <ul style="list-style-type: none"> 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)	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.	Pipes – 17,927m (17.9 km) Channels – 20,151m (20.1 km) Channel and SW pipes \$3M replacement value in poor condition.

	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.	(Note: the inferred condition of the WW Treatment Plants is Fair with approximately \$50m replacement value ascribed)	
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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%.

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. 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 in 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 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)² 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.

South Wairarapa District Council's standard infrastructure financial and insurance valuations are conducted biennially, with the next scheduled revaluation in 2026. Current water assets replacement value at 30 June 2024 was \$146.9m. In preparation, Council has committed to engaging additional engineering assessments, with a particular focus on the condition of treatment plants. To ensure asset values are accurate and up to date at the point of transition, an out-of-cycle revaluation is planned for 2027. This approach will support a robust and transparent transfer of assets to the new entity.

SWDC has recently (1 July 2025) taken over capital project delivery for system renewals and upgrades for levels of service and growth. 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

² [SWDC-2025-34-Long-Term-Plan-Final2.pdf](#)

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. Part of this work involves the preparation of an Implementation Plan, which will detail the programmed work over the next two-years, including timeframes and detailed costings. This will ensure that there is sound understanding of asset condition and prioritised work plans, prior to asset transfer to the WSCCO.

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 asset management policy and approach 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 based on programme advice from Wellington Water to meet regulatory standards and growth needs. 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 are 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 compliant with drinking water standards.

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].

The successful desludging work at the Martinborough Wastewater Treatment Plant involved the removal of 660 tonnes of sludge, the pond now needs time to settle before its new performance can be measured. Greater Wellington Regional Council and South Wairarapa District Council will continue to work together in planning next steps towards maintaining compliance going forward. It is noted that desludging does not increase the capacity of a wastewater treatment plant, however it is an essential step to improve operations, meet compliance requirements and reduce environmental and public health risks. Council is actively exploring options to increase capacity, with funding allocated in the 2025-34 Long-Term Plan.

Preparations are now under way to begin desludging at the Greytown Wastewater Treatment Plant later in 2025. A capacity study has been completed, and the findings will help guide future capacity upgrades. The ability to increase capacity is closely tied to irrigation to land, and funding for this work is included in the 2025-34 Long-Term Plan.

SWDC Table 10: 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.
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.	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:

Service Type	Project & Consent #	Background & Timeline	Key Outcomes
		<p>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.</p>	<p>2025-2030 Addressing compliance issues at both WWTPs through:</p> <ul style="list-style-type: none"> A) Pond desludging B) Inlet screens C) UV replacement (Martinborough only) D) Pond hydraulic improvements E) Nitrogen removal upgrades F) Stage 2A irrigation schemes <p>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.</p>
Wastewater	Resource consent compliance issues	The main issues relate to: discharge volume to river non-compliances, nitrogen non-compliance, <i>E.coli</i> non-compliances, and Stage 2B irrigation capacity.	<p><u>Discharge volume to the river</u> - 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.</p>
			<p><u>Nitrogen non-compliances</u> – 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.</p>
			<p><u>E.coli non-compliances</u> - The UV system at Martinborough performs poorly and is to be replaced soon.</p>

Service Type	Project & Consent #	Background & Timeline	Key Outcomes
			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.
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 900,000m ³ /year, up to 5,184m ³ /day from September to May inclusive and up to 3,000m ³ /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.

Service Type	Project & Consent #	Background & Timeline	Key Outcomes
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.

SWDC Table 11: Regulatory compliance

Parameters	Drinking supply	Wastewater	Stormwater
Drinking water supply <ul style="list-style-type: none"> • 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 	3 WTPs compliant T3, D3 rules, 1 via T2, D2 3 WTPs compliant via T3 rules, 1 via T2 4 WTPs compliant via G rules 0 No schemes are fluoridated [583 litres/person/day] Yes No – Featherston and Greytown	n/a	n/a
Resource Management <ul style="list-style-type: none"> • Significant consents (note if consent is expired and operating on S124) • Expire in the next 10 years • Non-compliance: <ul style="list-style-type: none"> ○ Significant risk non-compliance ○ Moderate risk non-compliance ○ Low risk non-compliance • Active resource consent applications • Compliance actions (last 24 months): <ul style="list-style-type: none"> ○ Warning ○ Abatement notice ○ Infringement notice ○ Enforcement order ○ Convictions 	Water supply take [6] Water discharge [0] 2 (Longwood & Moroa Water Race consents) 0 0 0 0 0 0 0 0 0	Wastewater discharge water/land/air [12] Network [0] 4 (Featherston WWTP) 2 0 2 2 1 4 0 0 0 0	Stormwater discharge 0 Network 1 1 (Global SW Consent) 0 0 0 0 0 0 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)

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. 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. Part of this work involves the preparation of an Implementation Plan, which will detail the programmed work over the next two-years, including timeframes and detailed costings. This will ensure that there is sound understanding of asset condition and prioritised work plans, prior to asset transfer to the WSCCO.

Following independent advice on the level of capital spend (Appendix 4), a 45% reduction adjustment (relative to the Council's LTP programme) has been made to the projected capital costs 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 12: 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
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 WSCCO 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.

SWDC Table 13: 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%

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 m³ of water annually, with an additional targeted rate applied for usage exceeding this threshold.

- 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 \$88.3 million over the WSDP period, against \$192 million in operating revenues, generating \$103.8mmillion 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 WSCCO 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 WSCCO, 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. 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.

SWDC Table 14: 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

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 15: 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%

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 on the basis of independent advice – Appendix 4). 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 required investment can be accommodated within the WSCCO's borrowing limits but does have implications for affordability for SWDC customers as noted above. SWDC will meet the entity's targeted 10% FFO to debt ratio by FY32, a transition which has been confirmed with the LGFA. Further consideration will be given during the transition to the phasing of the capital programme to manage affordability without compromising regulatory compliance.

SWDC Table 16: Water services borrowing requirements and net debt (by debt to revenue ratio and FFO to 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

Financial strategy and debt repayment

The WSCCO 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.

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.

South Wairarapa District Council's standard infrastructure financial and insurance valuations are conducted biennially, with the next scheduled revaluation in 2026. In preparation, Council has committed to engaging additional engineering assessments, with a particular focus on the condition of treatment plants. To ensure asset values are accurate and up to date at the point of transition, an out-of-cycle revaluation is planned for 2027. This approach will support a robust and transparent transfer of assets to the new entity.

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.

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 LGFA acceptance of the proposed transition period to meet the targeted 10% FFO to debt ratio.

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. Note these deficits are accounting, not cash, deficits and are the result of the inclusion of depreciation funding. However, the WSCCO will not fund depreciation from revenue as the Council does now; instead it will use debt funding to more equitably spread the costs of investment over a longer time period. Strong 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 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 4). 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.

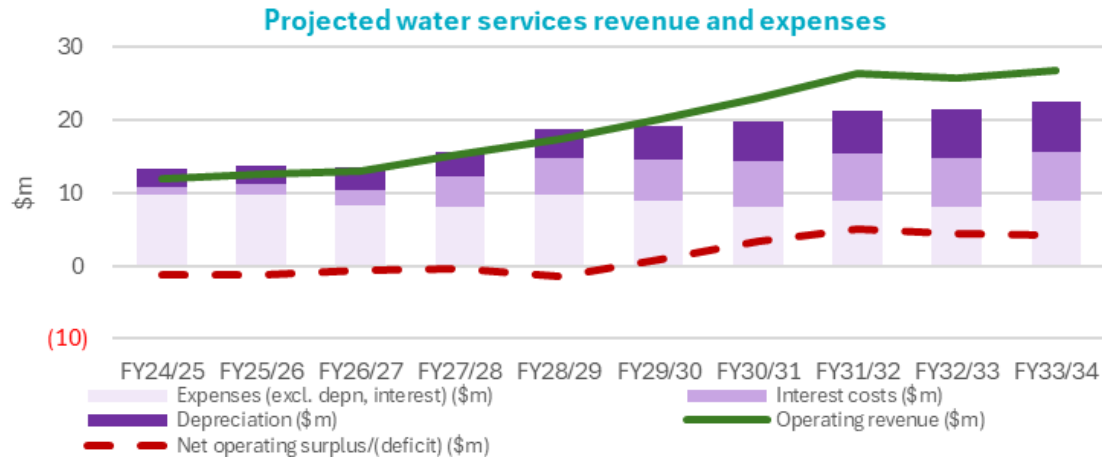
- **Capital investment requirements** – SWDC requires substantial infrastructure upgrades to meet drinking water, wastewater, and stormwater to comply with performance expectations. These investments are front-loaded, with critical work needed in the early years to address regulatory compliance, consent 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.

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											
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%	

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, with 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 and reflect the incorporation of depreciation – but the WSCCO will not fund depreciation from cash as the Council does now. SWDC within the WSCCO generates strong operating cashflow surpluses over the period of \$104m.

SWDC Table 18: 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 19: 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%

D3: Financial sustainability assessment - investment sufficiency

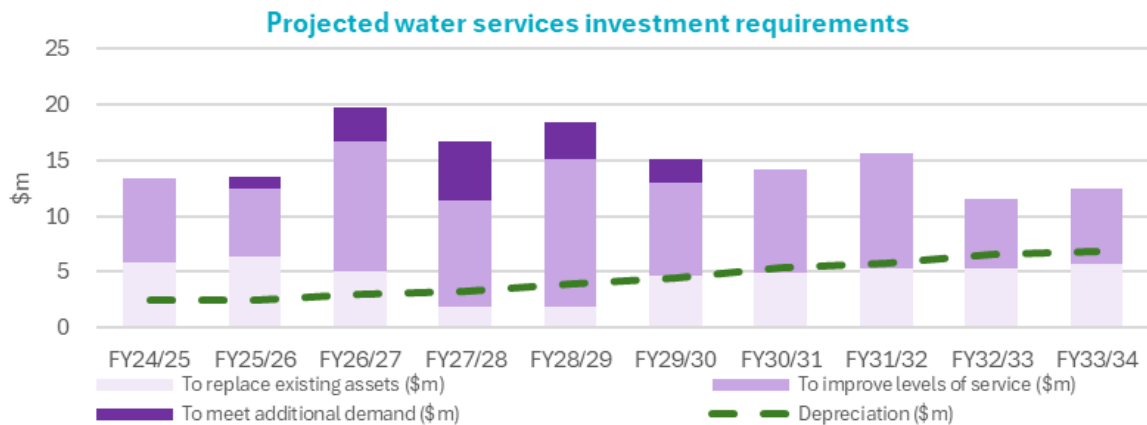
Figure 2 an investment programme with significant investment:

- 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 (and this investment is planned in years 2 to 6 of the WSDP period). 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



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 (to levels of service and growth investment) 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 20: Renewal requirements for water services

	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34	Total
Asset sustainability ratio											
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 21: Total water services investment

	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34	Total
Asset investment ratio											
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%

Average remaining useful life of network assets

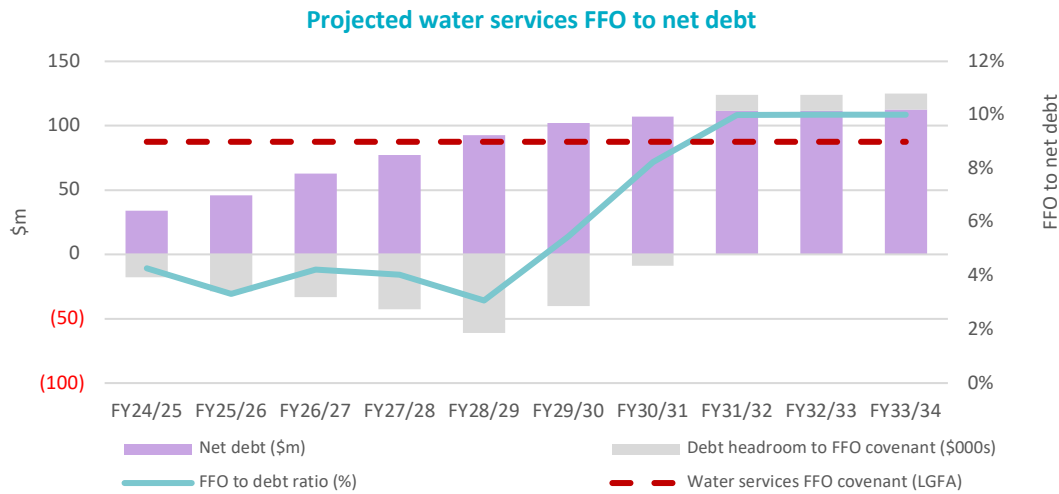
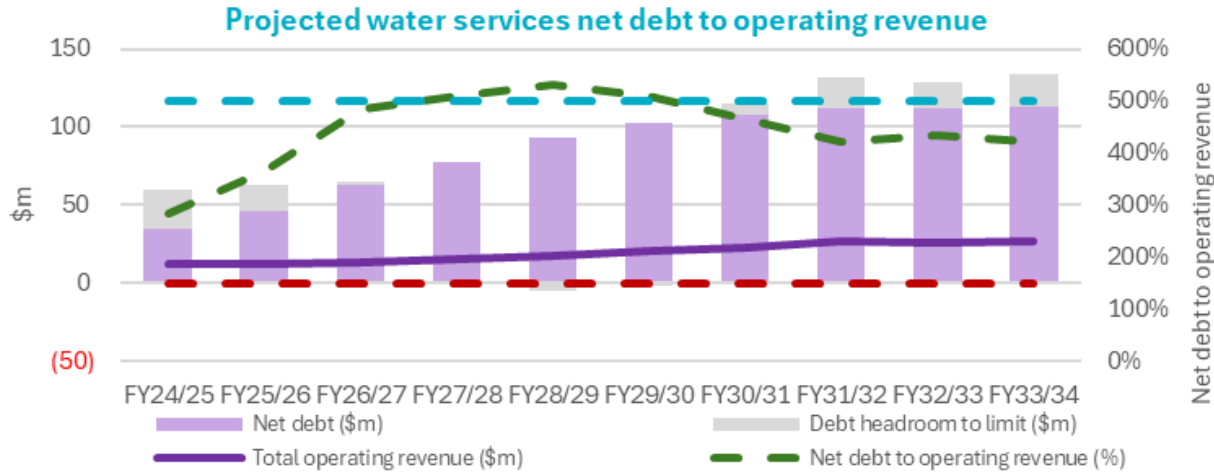
The increased focus on renewals in the early years of SWDC’s investment plan reflects the aging condition of the district’s network assets. While this targeted investment is expected to improve the serviceability and reliability of critical infrastructure, the overall asset consumption ratio is projected 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 22: Average remaining useful life of network assets

	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Asset consumption ratio										
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%

D4: Financial sustainability assessment - financing sufficiency

SWDC Figure 3: Water services borrowings against limits



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 and borrowing headroom/(shortfall)

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 23: Projected borrowings for water services

	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Net debt to operating revenue										
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%

SWDC Table 24: Projected borrowing headroom/(shortfall) for water services (by debt to revenue and FFO to debt)

	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Borrowings headroom/(shortfall) against limit										
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

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 25: 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%

Part E: Projected financial statements for water services

SWDC Table 26: 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

SWDC Table 27: 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

SWDC Table 28: 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

SWDC Table 29: 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

SWDC Table 30: 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 31: 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

SWDC Table 32: 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 33: 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

SWDC Table 34: 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 35: 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
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 36: 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 37: 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										
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 38: 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

SWDC Table 39: 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	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 40: 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										
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 41: 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

Water Services Delivery Plan: additional information

Significant capital projects

SWDC Table 42: 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 wellfield security	52	99	746	413						
Resource consent for Pirinoa water take - re-consenting		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 trunk main and reservoir 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

SWDC Table 43: 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 capacity 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 irrigation	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 irrigation		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 44: 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

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 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 45: risks and assumptions

Parameters	Drinking supply	Wastewater	Stormwater
Key Risks/Constraints <ul style="list-style-type: none"> • Future water service delivery • Network performance • Regulatory compliance • Delivery of Capital Programme • Organisational capacity • Long term issues e.g. providing for growth, climate change 	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • Stormwater management areas to facilitate growth • Management of overland flow paths • Economic impacts were not quantified for the 2025 LTP.
Significant assumptions <ul style="list-style-type: none"> • Future water service delivery • Network performance • Regulatory compliance • Delivery of Capital Programme • Organisational capacity • Long term issues e.g. providing for growth, climate change 	<p>Council will continue to implement strategies to manage leaks to an acceptable level as per the Infrastructure Strategy 2024-2055</p> <p>The 2027 Infrastructure Strategy will include risks and consequences of economic impacts on infrastructure.</p>	<p>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.</p> <p>The 2027 Infrastructure Strategy will include risks and consequences of economic impacts on infrastructure.</p>	<p>The Featherston Masterplan considered climate change factors. The implementation plan includes improvements to strengthen the resilience of stormwater infrastructure.</p> <p>The 2027 Infrastructure Strategy will include risks and consequences of economic impacts on infrastructure.</p>

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	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)	(33,351)	(33,579)	(33,588)
Funding balance	(2,479)	(0)	(0)	0	(0)	0	0	0	0	0	0

WSSCO 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	17,433	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)	(14,572)	(14,942)	(15,132)
Funding balance	(400)	0	0	0	(0)	0	0	0	1	1	2

WSSCO 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

WSSCO Table 4: 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	119	97	104	49	49	50	52	52	53	55
Targeted rates	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
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	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	1,162	1,137	1,067	1,204	1,210	1,170	1,180	1,191	1,210	1,218
Finance costs	110	121	194	731	849	969	1,118	1,294	1,474	1,624
Internal charges and overheads applied	763	806	829	850	871	895	909	930	952	966
Other operating funding applications	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	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	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	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	24	25	25	26	26	26	26	26	26	26
Increase/(decrease) in debt	(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
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	(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	257	697	268	0	0	0	0	0	0	0
Capital expenditure - to improve levels of services	0	1,088	1,115	736	855	1,416	2,142	2,199	1,786	1,181
Capital expenditure - to replace existing assets	944	1,279	2,836	1,921	1,970	2,073	1,882	1,881	1,935	1,979
Increase/(decrease) in reserves	(209)	(262)	(1,265)	(1,050)	(727)	(197)	(317)	242	591	1,140
Increase/(decrease) in investments	0	0	0	750	0	0	0	0	0	0
Total applications of capital funding	993	2,802	2,954	2,357	2,098	3,292	3,707	4,322	4,312	4,300
Surplus/(deficit) of capital funding	(1,142)	(1,287)	(1,636)	(960)	(988)	(1,088)	(1,343)	(1,646)	(1,832)	(1,848)
Funding balance	(0)	(0)	0	0	0	0	(1)	(1)	(1)	(2)

WSSCO 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

WSSCO 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

WSSCO 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

WSSCO Table 8: Projected statement of comprehensive review 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	3,177	3,350	3,726	3,745	3,919	4,121	4,550	5,060	5,466	5,654
Other revenue	24	25	25	26	26	26	26	26	26	26
Total revenue	3,201	3,375	3,751	3,771	3,945	4,147	4,576	5,086	5,492	5,680
Operating expenses	1,162	1,137	1,067	1,204	1,210	1,170	1,180	1,191	1,210	1,218
Finance costs	110	121	194	731	849	969	1,118	1,294	1,474	1,624
Overheads and support costs	763	806	829	850	871	895	909	930	952	966
Depreciation & amortisation	1,568	1,454	1,593	1,662	1,758	1,872	1,949	2,040	2,219	2,291
Total expenses	3,604	3,517	3,683	4,447	4,689	4,906	5,156	5,456	5,854	6,098
Net surplus / (deficit)	(403)	(142)	69	(676)	(744)	(758)	(580)	(370)	(363)	(418)
Revaluation of infrastructure assets	1,475	2,248	2,528	2,464	2,952	2,631	3,076	2,723	3,439	2,813
Total comprehensive income	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)	1,165	1,312	1,661	986	1,014	1,114	1,369	1,671	1,856	1,872

WSSCO 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)

WSSCO 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

WSSCO 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)

WSSCO Table 12: 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	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	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	(1,201)	(3,064)	(4,219)	(2,657)	(2,825)	(3,489)	(4,024)	(4,079)	(3,721)	(3,160)
Net cashflows from investment activities	(1,201)	(3,064)	(4,219)	(3,407)	(2,825)	(3,489)	(4,024)	(4,079)	(3,721)	(3,160)
Cashflows from financing activities										
New borrowings	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	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	(0)	(0)	0	0	0	0	(1)	(1)	(1)	(2)
Cash and cash equivalents at beginning of year	748	748	747	747	747	747	747	747	746	745
Cash and cash equivalents at end of year	748	747	747	747	747	747	747	746	745	743

WSSCO 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

WSSCO 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

WSSCO 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

WSSCO Table 16: 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	748	747	747	747	747	747	747	746	745	743
Other current assets										
Infrastructure assets	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	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	1,426	3,178	5,735	8,156	9,966	12,341	14,996	17,404	19,267	20,552
Other non-current liabilities										
Total liabilities	1,426	3,178	5,735	8,156	9,966	12,341	14,996	17,404	19,267	20,552
Net assets	97,857	99,964	102,561	104,349	106,557	108,429	110,925	113,279	116,355	118,750
Equity										
Revaluation reserve	1,475	3,723	6,251	8,715	11,667	14,298	17,374	20,097	23,536	26,349
Other reserves	96,383	96,241	96,309	95,634	94,890	94,131	93,551	93,182	92,819	92,400
Total equity	97,857	99,964	102,561	104,349	106,557	108,429	110,925	113,279	116,355	118,750

Appendix 1: Commitment Agreement

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.

Appendix 3: MDC 20 August 2025 Council resolution

RESOLUTION 2025/98

Moved by Mayor G Caffell

Seconded by Councillor B Johnson

That Council:

1. **Receives** the Local Water Done Well - Water Services Delivery Plan report.
2. **Adopts** the Water Services Delivery Plan for Masterton District Council including Commitment Agreement (Attachment 1) as part of a Wairarapa Tararua Water Services Council Controlled Organisation.
3. **Notes** the Water Services Delivery Plan will be submitted to the Secretary for Local Government via the Department of Internal Affairs by 3 September 2025.
4. **Approves** \$1.25m of unbudgeted expenditure to meet Masterton District Council's share of the Wairarapa Tararua Water Services Council Controlled Organisation establishment costs as set out in the Commitment Agreement.
5. **Notes** the unbudgeted expenditure will be funded by borrowing and then transferred to the Wairarapa Tararua Water Services Council Controlled Organisation at go live (no later than 30 June 2027) as part of the Council's transfer of water-related debt.
6. **Delegates** authority to the Chief Executive to update the WSDP prior to certification to reflect feedback from the Department of Internal Affairs on matters of consistency and detail which do not alter the Council's intent as reflected in the attached WSDP.
7. **Delegates** to the Chief Executive the preparation of the Water Services Council Controlled Organisation Constitution and Shareholders' Agreement in line with the commercial agreements appended to the Commitment Agreement.
8. **Notes** that final form versions of the Constitution and Shareholders' Agreement will be brought back to the Council for approval in September 2025.

In Favour: Mayor Gary Caffell, Councillor Bex Johnson, Councillor Craig Bowyer, Councillor David Holmes, Councillor Stella Lennox, Councillor Marama Tuuta

Against: Councillor Brent Goodwin, Councillor Tom Hullena, Councillor Tim Nelson

CARRIED 6/3

Appendix 4: Capital programme assurance report