

Water Services Delivery Plan

Wairarapa Tararua Water Services Organisation

Carterton 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 Carterton District Council (CDC). It should be read alongside the WSDPs for Masterton, South Wairarapa and Tararua 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 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

Carterton District Council (CDC) 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.

Carterton District Council within the WSCCO

- CDC within the WSCCO (from FY28) can meet the revenue sufficiency test with sufficient projected revenue to meet the full cost of water services delivery, including operating expenditure, asset renewals, and debt servicing. This is underpinned by a shift to a WSCCO with a target capital structure generating sufficient revenues over the forecast period.
- Water services generate cumulative operating cash surpluses of \$62.8m, indicating sufficient revenues to meet expenses and providing sufficient headroom to meet interest costs and liquidity needs. For the Council, average water charges per connection are forecast to increase from \$2,290 in FY25 to \$4,122 in FY34 (in nominal terms), which represents around 3.5% of median household income in the district, with potential to further increase revenue, if required.
- The WSDP includes \$68.9 million in forecast capital investment over the 10-year period based on the Council's Infrastructure Strategy, and Asset Management Plans and Policy and is considered to meet the investment sufficiency test. 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.
- Council within the WSCCO can manage the borrowing required within the applicable limits, with headroom available in each year of the WSDP for unforeseen contingencies. Operating surpluses and potential to further increase revenue provide additional ability to manage risk. CDC will meet the targeted 10% FFO to debt ratio by FY30 and the ICR requirement from FY28. CDC would meet the 9% minimum covenant from FY28 (year one of the WSCCO operation).

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

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

The WSCCO will have choices about how it manages the capital programme and, 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. Tararua and South Wairarapa have particular affordability challenges given their starting debt positions and large capital programmes and would benefit from a planned reassessment of the programme through the transition, with a particular emphasis on non-compliance related or essential renewal work, to effectively manage delivery and costs for the community.

A2: Proposed delivery model

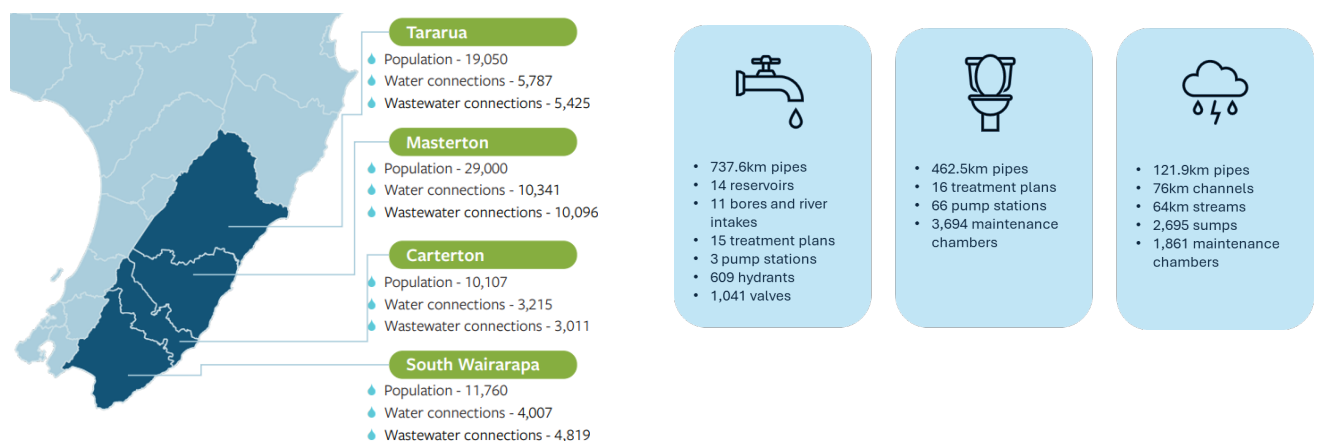
South Wairarapa, Tararua, Masterton and Carterton District Councils, together with Rangitāne and Ngāti Kahungunu, are proposing to establish a WSCCO under the Local Government (Water Services) Bill to deliver water services to their districts.

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

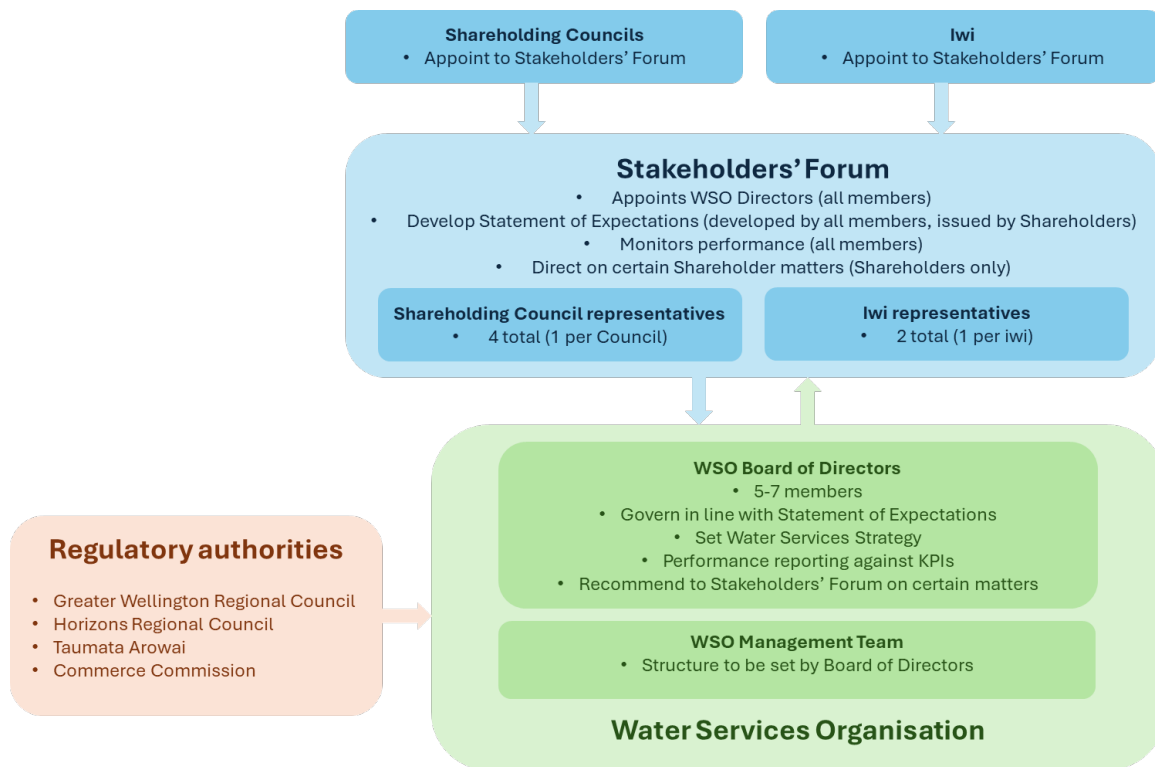
Shareholding Council	Indicative shareholding	Estimated day 1 connections
Masterton District Council	44%	10,911
Tararua District Council	23%	5,716
South Wairarapa District Council	20%	4,935
Carterton District Council	13%	3,203
Total	100%	24,765

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. CDC 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.

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 CDC 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.

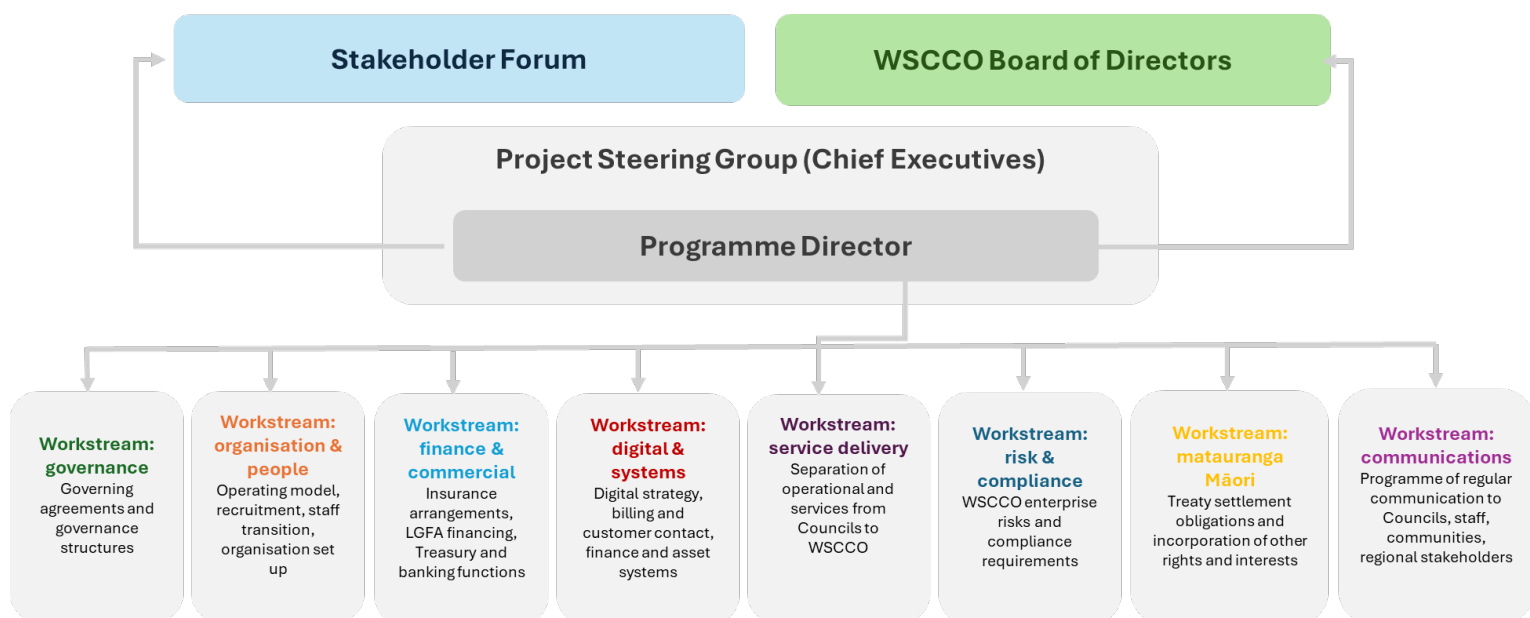
A3: Implementation plan

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.

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 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 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 CDC WSDP has been prepared on this basis.

The development of this WSDP has been overseen by the Wairarapa Tararua Councils' Chief Executives and prepared according to each Council's internal assurance processes. The starting point for the plans is the latest 2024/34 LTP for Carterton District Council (available here [Long Term Plan 2024-34 | Carterton 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.

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

Carterton 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.



Geoff Hamilton
27 / 08 / 2025

Chief Executive

Carterton District Council

Part B: Network performance

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

Serviced population

Carterton District Council (CDC) currently provides water services to a population of approximately 6,279, which represents 62% of the current population, as the remainder of the district's population does not receive water services from CDC. Over the next 10 years, the serviced population is projected to grow to 7,137, an increase of 858 people. Looking ahead 30 years, assuming the current growth trends, an estimated 2,500 to 3,000 additional people will require water services by 2054.

In 2022, WSP was engaged to complete a "Alternative Water Source Study" for Carterton's drinking water supply. The project highlighted that Carterton has sufficient water supply capacity and treatment capability to meet growth demands until 2043. CDC's Wastewater Treatment plant is currently being upgraded in 2025-2026, which will increase the hydraulic and treatment capacity of the already compliant treatment plant. CDC's Infrastructure is in a good position to manage future growth.

CDC Table 1: Serviced population

Projected serviced population	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Serviced population ^[1]	6,279	6,379	6,481	6,585	6,690	6,777	6,866	6,955	7,045	7,137
Total residential connections ^[2]	2,862	2,908	2,954	3,002	3,050	3,089	3,129	3,170	3,211	3,253
Total non-residential connections ^[2]	230	234	237	241	245	248	251	255	258	261

^[1] Population figures within (water) serviced areas derived from 2023 Census totals by topic for individuals by SA1, released November 2024 by Stats NZ. Population projections are based on Sense Partners' March 2023 forecasts for the Wellington Region, predicting Carterton's growth at 1.6% (2018–2028) and 1.3% (2028–2038).

^[2] Derived from Council's rating database – Rates Factors and Rates Transactions. Projected residential and non-residential connections are based on population growth rates from Sense Partners' forecasts.

Serviced areas

Carterton District's water services cover urban Carterton and the Waingawa Industrial Zone, while rural areas remain largely unconnected with around 2,395 properties relying on private water sources. To support projected growth, the council plans infrastructure expansions in Carterton North, East, and Waingawa.

CDC's current levels of service and performance relating to water services focus on reliability, compliance, and timely response.

- Wastewater targets include limiting dry weather overflows to ≤ 5 events per 1,000 connections, resolving faults within 4 hours, and maintaining full environmental compliance.
- Stormwater targets aim to prevent more than one flooding event or habitable floor impact annually while ensuring regulatory compliance.
- Potable water targets include full compliance with Taumata Arowai's T3 rules for treatment performance and D3.29 rules for distribution system monitoring, ensuring effective disinfection and water quality control.

- The council also aims to limit water loss to $\leq 45\%$, respond to urgent faults within 2 hours, and resolve them within 4 hours, ensuring efficient and sustainable service delivery. In the 2023/24 Annual Reported, CDC achieved 13% water loss, however, could only respond to urgent faults in 3.83 hours and resolve urgent faults in 12.17 hours.

CDC's water services infrastructure includes the two water supply sources and treatment facilities, six water and a 94.5 km water reticulation network supplying urban Carterton while Waingawa receives water through a connection with Masterton District. Wastewater infrastructure consists of the Carterton Wastewater Treatment Plant, 75.5 km of wastewater pipelines, and the land disposal site for treated discharge. Stormwater management is supported by a 30 km drainage network along with retention basins and soak pits in flood-prone areas. This infrastructure ensures reliable service for existing residents while supporting future growth in Carterton North, East, and Waingawa. All serviced properties have smart water meters for CDC to measure usage and monitor for private property leaks. Trade waste is accepted and managed through individual trade waste agreements.

CDC Table 2: Water services schemes

Serviced areas (by reticulated network)	Water supply # schemes	Wastewater #schemes	Stormwater # catchments
Residential areas (If more than one identify separately)	Carterton – 2,862 connections	Carterton – 2,610 connections Waingawa – 2 connections	Carterton – 2,657 properties Carterton Rural – 47 properties
Non-residential areas (If more than one identify separately)	Carterton – 180 connections Waingawa – 50 connections	Carterton – 231 connections Waingawa – 66 connections	Carterton Commercial – 105 properties Carterton Industrial – 36 Carterton Other - 36
Mixed-Use rural drinking water schemes (where these schemes are not part of the council's water services network)	None	n/a	n/a
Areas that do not receive water services (If more than one identify separately)	Carterton Rural 2,395 properties not connected	Carterton Rural 2,492 properties not connected	Carterton Rural (including Waingawa) 2,327 properties not served
Proposed growth areas <ul style="list-style-type: none"> Planned (as identified in district plan) Infrastructure enabled (as identified and funded in LTP) 	Carterton North and East ^[3] growth area 1,000 – 1,500 connections Waingawa Structure Plan 400-800 connections ^[4]	Carterton North and East growth area 1,000-1,500 connections Waingawa Structure Plan 400-800 connections	Carterton North and East growth area 1,000-1,500 connections Waingawa Structure Plan 400-800 properties

^[3] The development of the Eastern Growth Area is on hold due to availability of sufficient land within current residential zones to support population growth. This growth area is marked as a "Future Urban Zone" in the proposed Wairarapa Combined District Plan and will be revisited when a growth area is required.

^[4] The Waingawa Structure Plan covers a total area of 115 hectares (excluding roading and buffer areas), designated for industrial development. The proposed Wairarapa Combined District Plan does not set a minimum lot size for subdivision within the General Industrial zone. Based on observed development trends in Waingawa, lot sizes are expected to range from an average of 1,500m² to 3,000 m². This could potentially result in the creation of approximately 400 to 800 lots, each requiring corresponding connections to water services.

Un-serviced areas

CDC's unserved properties are in the rural parts of the district, which are due to proximity to the urban area. The CDC community is satisfied with this level of service and has not indicated any desire to connect to the reticulated network. Unserved properties rely on rainwater harvesting and septic tank systems.

Asset condition

Carterton District's water services infrastructure is aging, with an average asset age of 32 years for water, 37 years for wastewater, and 27 years for stormwater. Condition assessments, are carried out through ongoing inspections and maintenance records, indicate that asbestos-cement (AC) and earthenware (EW) pipes in the water and wastewater networks are deteriorating, leading to leaks, pressure issues, and compliance risks. However, detailed structural assessments remain limited.

Expected lifespans range from 50 to 100 years, with many assets nearing the end of serviceability. The renewal backlog includes approximately 20 km each for water and wastewater reticulated network, contributing to increasing maintenance costs and service reliability concerns. While stormwater assets have lower immediate renewal needs, seismic risks and climate change impacts pose ongoing threats. The council is prioritising resilience planning, compliance upgrades, and targeted replacements to maintain service levels. CDC is focused on improving the overall condition of the network through the annual renewal investment of between 1.5 - 2.5 % of the reticulated network assessed to be in poor condition. This approach should aim to reduce CDC's "poor assets" to roughly 10% of the total network.

Carterton District's critical water services assets include the Kaipaitangata Water Treatment Plant, Lincoln Road Bore Field, Dalefield Water Storage Tanks, and 10.2 km of high-criticality water pipelines, essential for drinking water supply. The wastewater system relies on the Carterton Wastewater Treatment Plant, 17 pump stations, and main sewer pipelines, many of which are aging and require renewal. The stormwater network includes main drains, culverts, retention basins, and soak pits for flood management, with some pipelines at risk due to seismic vulnerability.

CDC has engaged WSP New Zealand Ltd to prepare a financial valuation of the roading and 3 waters assets owned by the Council as at 30 June 2025 for financial reporting purposes. The valuation process has been undertaken in compliance with valuation and financial reporting standards and with the NZ local authority asset management practice. WSP used a cost approach to assess Fair Value. WSP assessed the fair value of the assets using the Optimised Depreciated Replacement Cost (ODRC) approach. The values are presented below, with the change in value from the previous valuation summarised and provided.

Table C 2025 3 Waters Valuation Summary

Asset	ORC (\$)	ODRC (\$)	AD (\$)
Stormwater Network	\$17,759,000	\$9,679,000	\$241,000
Wastewater Network	\$36,272,000	\$17,192,000	\$536,000
Wastewater Treatment Plant	\$19,254,000	\$15,531,000	\$518,000
Water Supply Assets	\$46,730,000	\$17,740,000	\$837,000
Water Supply Treatment Plant	\$11,258,000	\$6,885,000	\$264,000
2025 3 Waters Sub-Total	\$131,273,000	\$67,027,000	\$2,396,000
Work in Progress	\$2,882,000	\$2,882,000	
2025 3 Waters Total Including WIP	\$134,155,000	\$69,909,000	\$2,396,000

Table D 3 Waters Change in Values from 2022 to 2025

Asset	ORC (\$)	ODRC (\$)	AD (\$)	ORC (%)	ODRC (%)	AD (%)
Stormwater Network	\$4,028,000	\$663,000	\$100,000	29%	7%	71%
Wastewater Network	\$12,805,000	\$6,079,000	\$242,000	55%	55%	82%
Wastewater Treatment Plant	\$13,214,000	\$13,085,000	\$367,000	219%	535%	243%
Water Supply Assets	\$12,066,000	\$4,175,000	\$159,000	35%	31%	23%
Water Supply Treatment Plant	\$3,694,000	\$2,919,000	\$71,000	49%	74%	37%
Total Change in Value – 3 Waters Assets	\$45,807,000	\$26,921,000	\$939,000	54%	67%	64%

The overall change in value for 3 Waters assets from the 2022 valuation was **\$45.80 Million** (54%) ORC, **\$26.92 Million** (67%) ODRC, and **\$939 Thousand** (64%) AD.

The main drivers of the change in 3 Waters ODRC from 2022 to 2025 are:

- 2022-2025 data improvements & net quantity changes, net additions (\$23.2M)
- Changes in construction costs (\$15.0M)
- Inclusion of condition data (\$-6.9)
- 3 years' depreciation (-\$4.4M)

CDC Table 3: Asset condition information

Parameters	Drinking supply	Wastewater	Stormwater
Average age of Network Assets	32 years	37 years	27 years
Critical Assets	Kaipaitangata Water Treatment Plant. Frederick Street Water Treatment Plant	Daleton Farm Waste Water Treatment Plant	identified
Above ground assets			
• Treatment plant/s	2	1	0
• Percentage or number of above ground assets with a condition rating	100%	96%	87%
• Percentage of above –ground assets in poor or very poor condition	4%	3%	0%
Below ground assets			
• Total Km of reticulation	94.5Km	75.5Km	30Km
• Percentage of network with condition grading ^[5]	80%	98%	89%
• Percentage of network in poor or very poor condition	29%	43%	6%

^[5] The percentage figures are derived from CDC's asset management system, where registered assets are typically assigned a default condition rating. However, missing or unregistered assets limit the ability to accurately assess the proportion (%) of the network with a condition grading. For registered assets, CDC currently evaluates the condition of water and wastewater infrastructure based on age, material type, and anecdotal knowledge (staff observations). Efforts are underway to enhance accuracy through data-driven assessments.

Asset management approach

CDC adopts a risk-based, proactive asset management approach, prioritising condition assessments, targeted renewals, and long-term network resilience. Recognising that past renewal rates were insufficient, CDC has increased investment to accelerate the replacement of aging infrastructure, particularly in water and wastewater systems, which are highly vulnerable to failure. This approach ensures a sustainable, reliable, and future-ready network while minimising service disruptions and long-term costs. CDC also focuses on improving operational efficiency to make the network both resilient and cost-effective. To manage financial constraints and affordability, capital renewal programs have been phased over time, prioritising the most vulnerable/critical assets for replacement first.

CDC's water services delivery model integrates capital, maintenance, and operational programs to enhance service reliability, address asset renewal backlogs, and adapt to regulatory and environmental requirements. Aligned with CDC's Asset Management Plan (available here [Asset Management Plans | Carterton District Council](#)), the model prioritises cost-effective, sustainable, and resilient infrastructure management. The council employs a hybrid service delivery approach, that combines in-house operations for routine maintenance, contracted services for major projects, and developer-funded infrastructure to support growth, reducing financial impact on ratepayers. This model strikes a cost-effective balance between in-house expertise and external technical capabilities, ensuring compliance with national and regional regulations while maintaining high service standards.

CDC is also committed to continuous improvement through key initiatives:

- **Asset Condition Knowledge:** Moving from age-based assessments to data-driven evaluations, including leak detection and upgraded monitoring tools.
- **Proactive Maintenance:** Investing in predictive maintenance and prioritising renewals based on risk and condition.
- **Long-term Financial Planning:** Ensuring sustainable capital investment for infrastructure resilience.
- **Climate Change Adaptation:** Addressing risks from droughts, extreme weather, and seismic events with proactive measures.

AssetFinda is the primary asset management system used by CDC for managing its water, wastewater, and stormwater assets. It serves as a central strategic register for all asset classes and plays a crucial role in data storage, financial planning, and predictive modelling.

CDC has developed a Waters Asset Management Plan (AMP) to ensure the sustainable management of its infrastructure assets. These plans are aligned with the CDC Asset Management Policy, last reviewed in 2017, which focuses on long-term planning, risk management, regulatory compliance, service optimisation, and continuous improvement. CDC does not currently have a formal Asset Management Maturity Assessment, but acknowledges that implementing one would:

- Benchmark asset management practices against industry best standards
- Identify data gaps & improvement areas
- Support long-term decision-making for renewals, upgrades, and resilience planning.

CDC is committed to integrating maturity assessment frameworks into future AMP updates, ensuring continuous improvement and alignment with national infrastructure planning standards.

Statement of regulatory compliance

CDC currently meets all regulatory requirements and expects to maintain compliance in the future. We are proactively engaged in long-term asset management planning through our risk-based decision-making approach to identify opportunities for continuous improvement and resilience. This effort ensures that we continually strive to improve the quality of our treated water.

CDC Table 4: Regulatory compliance

Parameters	Drinking supply schemes	Wastewater schemes	Stormwater Schemes/catchments
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 	yes yes yes zero notices in place for last 3 years no 326 L/person/day Yes* no	n/a	n/a
Resource Management <ul style="list-style-type: none"> Significant consents (note if consent is expired and operating on S124) 	Water supply take [1] - Active Water supply take [1] - Expired operating on S124 Water discharge [0]	Wastewater discharge water/land/air [1] Network [1]	Stormwater discharge [1] Network [0]
<ul style="list-style-type: none"> Expire in the next 10 years 	[2] WAR020050 – Expired WAR140259 – Active, Expires in 2034	[0] WAR160341 Expires: 17 January 2053	[1] WAR220197 Expires: 15 August 2027
<ul style="list-style-type: none"> Non-compliance: <ul style="list-style-type: none"> Significant risk non-compliance Moderate risk non-compliance Low risk non-compliance 	0 0 0	0 0 0	0 0 0
<ul style="list-style-type: none"> Active resource consent applications 	[1] Kaipaitangata Surface water take – WAR020050 - Expired	[0]	[0] Flatpoint flood protection
<ul style="list-style-type: none"> Compliance actions (last 24 months): <ul style="list-style-type: none"> Warning Abatement notice Infringement notice Enforcement order Convictions 	0 0 0 0 0	0 0 0 0 0	0 0 0 0 0

*CDC enforces water restrictions in summer or high-demand periods to manage supply and meet resource consent requirements. As of December 11, 2024, "Yellow" status allows sprinklers on alternate days.

Capital expenditure required to deliver water services

CDC is planning a significant investment programme in water services infrastructure over the 10-year period, totalling approximately \$69 million to maintain and uplift levels of service, ensure compliance with regulatory standards for public health, environmental protection and resilience, and renew existing assets to maintain safe and reliable services across all communities.

CDC prioritises investments based on the highest risks to service delivery and compliance. Therefore, there is a strong focus on renewing assets that are in poor condition and at risk of failing. CDC takes advantage of opportunities during asset renewals to improve their capacity and effectiveness. Whenever practical, we enhance the materials and treatment types used to ensure better asset lifespan and compliance. The upgrade of the wastewater treatment plant's headworks will not only renew a critical component of the facility but also enhance wastewater treatment and capacity. This improvement will increase compliance headroom and bolster resilience during unplanned events. Additionally, the long-term desludging program will enhance treatment processes and capacity, supporting future compliance and growth. There is also a long-term focus on renewing the reticulation network to ensure the continuity of service delivery and compliance.

CDC Table 5: Projected investment in water services

Projected investment in water services	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Drinking water										
Capital expenditure - to meet additional demand	75	77	80	83	85	86	89	91	92	94
Capital expenditure - to improve levels of services	600	103	32	1,100	2,543	2,298	2,355	0	0	0
Capital expenditure - to replace existing assets	2,295	2,530	1,458	1,213	2,153	1,923	2,181	3,033	3,915	3,213
Total projected investment for drinking water	2,970	2,710	1,570	2,396	4,781	4,308	4,624	3,124	4,007	3,307
Wastewater										
Capital expenditure - to meet additional demand	0	0	0	0	0	0	0	0	0	0
Capital expenditure - to improve levels of services	360	279	253	62	66	68	67	76	80	85
Capital expenditure - to replace existing assets	2,200	3,886	4,371	4,252	2,842	2,987	3,943	2,943	2,747	2,693
Total projected investment for wastewater	2,560	4,165	4,624	4,314	2,908	3,054	4,010	3,019	2,826	2,778
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	0	0	0	0	0	0	0
Capital expenditure - to replace existing assets	100	0	321	165	170	172	0	0	0	0
Total projected investment for stormwater	100	0	321	165	170	172	0	0	0	0
Total projected investment in water services	5,630	6,875	6,515	6,875	7,859	7,534	8,634	6,143	6,833	6,086

Historical delivery against planned expenditure

CDC has enhanced its capital works delivery through a robust procurement process and improved project management. CDC has established long-term renewals construction and professional services contracts, which will ensure the successful execution of the upcoming investment program. In the past, poor project scoping and planning led to higher actual investments compared to the Long-Term Plan (LTP). However, this issue has been addressed through improved processes, resulting in improved outcomes in recent financial years.

CDC Table 6: Historic delivery against planned expenditure

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)	1,074	9,655	2,238	12,967	3,684	14,179	12,015	29,878
Total actual investment	785	8,396	2,943	12,124	3,071	21,969	12,379	37,419
Delivery against planned investment (%)	73%	87%	132%	93%	83%	155%	103%	125%

Part C: Revenue and financing arrangements

C1: Revenue and charging arrangements

Note for reader

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

Charging and billing arrangements

Water supply charges (current)

CDC has two public water supply schemes servicing the Carterton urban area, surrounds, and Waingawa industrial area.

- The Carterton scheme is funded 10% from General Capital Value rate and 90% by a differential targeted services charge (Urban Water Supply Charge) for each Separately Used or Inhabited Part of a rating unit (SUIP). The differential is 100% for connected SUIPS and 50% for SUIPS which water can be, but is not, supplied being a property situated within 100 metres of the water supply. For SUIPs with a water meter, the connection is charged for water usage above 225 cubic metres per year. Rural properties beyond the Carterton Urban boundary that are connected to the urban supply are charged the Urban Water Supply Charge per SUIP for CDC and those that are metered are charged based on water supplied over 225 cubic metres.
- The Waingawa scheme is 100% funded from targeted rates by a targeted services charge (Urban Water Supply Charge) for each Separately Used or Inhabited Part of a rating unit (SUIP). For SUIPs with a water meter, the connection is charged for each cubic meter of water supplied. The Waingawa industrial area in Carterton is supplied by water from the Masterton Scheme. The supply from Masterton connection is metered, and Masterton charges CDC based on water supplied and the Urban Water Supply Charge per SUIP for Masterton.

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

New connections to the Carterton Urban and Waingawa Water supplies are subject to Financial Contributions. The Council is progressing the implementation of a Wairarapa Combined District Plan. Once operative, new connections to the Carterton Urban scheme will be charged based on the total cost of delivery for the service, divided by the total number of connections. The updated Financial Contribution fees charging model incorporates cost price inflation, something that was not possible under the previous Financial Contributions charging regime. The updated mechanism also provides Council with a means to encourage growth in the region, should this be considered desirable.

Wastewater management charges (current)

CDC has two wastewater schemes servicing Carterton urban area and surrounds and Waingawa Industrial area.

- The Carterton wastewater schemes is funded 95% by a targeted differential services charge per SUIP and 5% by a General Capital Value rate. The differential is 100% for connected SUIPS and 50% for SUIPS which wastewater can be, but is not, supplied being a property situated within 30 metres of the wastewater drain.
- The Waingawa wastewater scheme is funded 100% by a targeted services charge per SUIP and a differential targeted rate on capital value on all properties connected or able to be connected to the Waingawa wastewater service. The rate is set on a differential basis over two rating categories: All rating units located in the Waingawa industrial zone of Carterton District, as depicted in the District Plan, that are used primarily for residential purposes and all other rating units in the Waingawa industrial zone of Carterton District.

Trade waste customers are charged application and annual consent fees based on categorising their discharges as small, medium or large, with provision for volume, solids, organic load, nitrogen, phosphorus and sodium as appropriate to consent conditions. Trade waste charges and septic tank waste charges generate income before the rates required from all serviced properties are calculated.

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

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

New connections to the wastewater schemes are subject to an Infrastructure contribution service fee. The Council is progressing the implementation of a Wairarapa Combined District Plan. Once operative, new connections to the Masterton Urban scheme will be charged based on the total cost of delivery for the service, divided by the total number of connections.

Stormwater management charges (current)

The Carterton urban stormwater network is charged through a Targeted Land Value rate for properties in the Carterton urban area or adjacent to the residential zone where stormwater from the property drains to the Council's urban stormwater system

Ringfencing of costs and revenue

Council tracks and records direct costs against each water activity and by scheme to ensure costs are accurately recovered in line with the Revenue and Financing Policy. This includes charges for depreciation, interest and debt against each scheme. An allocation of the Council overheads is charged to Carterton urban networks and Waingawa industrial networks.

Future charging arrangements

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. The CV based component of charging will not be available to the WSCCO, so a re-distribution of the revenue requirements will need to occur and the WSCCO would manage this through a transitional period.

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

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 2025/26 Annual Plan, 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.

Based on current forecasts in the Financial Impact Statements of this WSDP, CDC anticipates water services operating expenses of around \$68 million over the WSDP period, against around \$109 million in operating revenues.

As CDC is transitioning water services to a joint 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 CDC does now. 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.

CDC's current revenue sources include:

- Targeted and General rates
- Activity connection fees and charges
- Trade waste category charges
- Water meter volumetric charges.
- Infrastructure Financial Contributions

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. The existing arrangements would be retained by the WSCCO at establishment and the WSCCO will then determine the future tariff structure, as required under s63 of the Local Government (Water Services) Bill. It is yet to be determined how future charges will be structured across supply schemes and catchments; the WSCCO may introduce differentiated charges or categories of charges for consumers in future, which are not currently applied by Council.

CDC Table 7: 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	376	493	580	623	661	695	741	758	764	790
Targeted rates	5,716	7,235	8,299	9,088	9,735	10,428	11,069	11,272	11,592	11,780
Subsidies and grants for operating purposes	230	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	558	576	595	612	629	645	662	678	695	710
Total operating funding	6,880	8,304	9,474	10,323	11,025	11,768	12,472	12,708	13,051	13,280
Applications of operating funding										
Payments to staff and suppliers	2,227	2,351	2,465	2,753	2,827	2,886	3,017	2,969	3,016	3,078
Finance costs	779	1,000	1,206	2,155	2,389	2,582	2,774	2,913	2,990	3,056
Internal charges and overheads applied	1,673	1,738	1,812	1,808	1,864	1,926	1,945	1,988	2,051	2,078
Other operating funding applications	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	4,679	5,089	5,483	6,715	7,080	7,394	7,736	7,870	8,057	8,212
Surplus/(deficit) of operating funding	2,201	3,215	3,991	3,608	3,944	4,375	4,736	4,839	4,994	5,067
Sources of capital funding										
Subsidies and grants for capital expenditure	500	0	0	0	0	0	0	0	0	0
Development and financial contributions	249	255	260	264	267	268	270	272	274	276
Increase/(decrease) in debt	2,983	4,052	3,575	5,698	5,097	4,393	5,387	533	(488)	(1,595)
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	3,732	4,307	3,835	5,962	5,364	4,661	5,657	805	(214)	(1,319)
Applications of capital funding										
Capital expenditure - to meet additional demand	75	77	80	83	85	86	89	91	92	94
Capital expenditure - to improve levels of services	960	382	285	1,162	2,609	2,366	2,422	76	80	85
Capital expenditure - to replace existing assets	4,595	6,416	6,150	5,630	5,165	5,082	6,123	5,976	6,661	5,906
Increase/(decrease) in reserves	303	647	1,311	1,445	1,449	1,502	1,759	(499)	(2,053)	(2,337)
Increase/(decrease) in investments	0	0	0	1,250	0	0	0	0	0	0
Total applications of capital funding	5,933	7,522	7,826	9,570	9,308	9,036	10,393	5,644	4,780	3,749
Surplus/(deficit) of capital funding	(2,201)	(3,215)	(3,991)	(3,608)	(3,944)	(4,375)	(4,736)	(4,839)	(4,994)	(5,067)
Funding balance	0	0	0	0	0	0	0	0	0	0

Affordability for communities

Over the ten years of the plan, the average charge per connection ranges from \$2,290 at 2.6% of the median household income in FY25 to \$4,122 at 3.5% in FY34 (an average annual increase of approximately 6%). The relatively modest, steady price increases reflect previous investment made in drinking and wastewater and the stable capital programme over the WSDP period. Through the realisation of efficiencies and a move to an alternative capital structure, average costs per connection are expected to improve under a WSCCO, even after accounting for potential establishment costs and additional operational costs associated with a WSCCO.

CDC Table 8: Average charge per connection

Average charge per connection including GST	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Average drinking water bill (including GST)	882	1,176	1,362	1,386	1,512	1,617	1,752	1,772	1,824	1,848
Average wastewater bill (including GST)	1,280	1,528	1,700	1,992	2,048	2,148	2,181	2,168	2,156	2,133
Average stormwater bill (including GST)	128	154	175	107	115	107	117	125	134	141
Average charge per connection including GST	2,290	2,858	3,237	3,485	3,675	3,872	4,050	4,065	4,113	4,122
Water services charges as % of household income	2.6%	3.2%	3.5%	3.6%	3.7%	3.7%	3.8%	3.7%	3.6%	3.5%

C2: Funding and financing arrangements

Borrowing requirements

Over the 10-year planning period, CDC will make capital investments to meet regulatory standards, maintain and improve service levels, and support growth. Previous capital investments in drinking water and wastewater have meant the capital plan over the ten-year period is stable, with peaks in wastewater being pond sludge removal staged over three years, followed by upgrades to remove nitrates from the towns drinking water supply. Total investment is expected to be around \$69 million with approximately \$26 million of this being debt funded.

The capital investment plan includes additional borrowing with projected three waters debt increasing from \$28.6m in FY25 to \$52m in FY34. Council does not anticipate this requirement for borrowing to reach or exceed the LGFA or internal Council imposed borrowing limits, or interest coverage ratios. Table 9 below shows that CDC within the WSCCO retains headroom within the FFO to debt covenant limit through the WSDP period.

CDC Table 9: 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)	28,624	32,029	34,293	38,546	42,194	45,085	48,713	49,745	51,311	52,053
Operating revenue	6,880	8,304	9,474	10,323	11,025	11,768	12,472	12,708	13,051	13,280
Net debt to operating revenue	416%	386%	362%	373%	383%	383%	391%	391%	393%	392%

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)	2,826	3,343	4,121	3,740	4,078	4,509	4,871	4,975	5,131	5,205
Net debt (\$000)	28,624	32,029	34,293	38,546	42,194	45,085	48,713	49,745	51,311	52,053
Debt headroom to FFO covenant (\$000s)	2,771	5,110	11,496	3,007	3,115	5,009	5,413	5,527	5,701	5,784

Financial strategy and debt repayment

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

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

Financial projections for CDC'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. CDC meets the 10% target within two years (by FY30) and the LGFA 9% minimum from year one. It meets the interest ratio covenant through the full WSDP period.

As part of its broader financial governance, the CDC will continue to adhere to its LGFA commitments which sets a whole-of-Council borrowing limit of 175% net debt to revenue. Council's Treasury Policy establishes an internal upper limit of 150% net-debt-to-revenue, which is also expected to be achieved across the plan 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 WSO will treat its debt portfolio as a flexible facility to support ongoing investment, while using excess operational cashflows to manage debt within overall LGFA covenant limits and shareholder expectations. The focus will be on maintaining liquidity, servicing interest costs comfortably, and ensuring that debt levels remain aligned with long-term revenue capacity, infrastructure need, and intergenerational equity. By maintaining debt within its borrowing limits and targeting FFO, the WSO can manage its debt exposure without prematurely constraining its investment programme or placing undue burden on current ratepayers.

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

Internal borrowing

CDC uses internal borrowing to fund capital expenditure for three waters activities. All transactions are recorded, and borrowings are tracked separately for each water, wastewater, and stormwater scheme. Principal and interest payments are monitored at both the scheme and activity level, ensuring accurate debt attribution and financial transparency. Because internal borrowings, repayments, and interest are accounted for individually by service activity, the ringfencing of three waters costs, revenues, and debt is maintained in preparation for upcoming regulatory requirements. This approach will remain in place for as long as Council continues to deliver water services directly. Interest on internal borrowings is charged at a rate set at the midpoint between Council's external borrowing costs and term deposit investment returns.

Attribution of debt related to water services

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

As of 30 June 2024, the Council's total external debt was \$24.6m million, with a net debt of \$11.4 million. Of this, a total of \$25.9 million in net debt (including both internal and external borrowings) is allocated to water services.

Insurance arrangements

Council has insurance for its above-ground three-water assets, including treatment plants and reservoirs, through its property portfolio on a full replacement value basis. This policy covers material damage and is based on market and valuation data.

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

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

Water services assets are revalued on a three-year cycle, with above-ground and below-ground assets valued separately. Below-ground assets were most recently revalued as of 30 June 2022, and above-ground assets as of 30 June 2022, in line with the revaluation of the Council's broader property portfolio. Valuations form the basis for insured values, supported by asset information. Revaluations for the year ending June 2025 have not yet been completed and have not been included in this Water Services Delivery Plan.

Responsibility for managing water services insurance is delegated to the Chief Financial Officer, who reports yearly to the Risk and Audit Committee.

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 CDC within the WSCCO. Financial statements included as Part F provide the detail to support the statements regarding the WSCCO's financial sustainability.

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

D1: Confirmation of financially sustainable delivery of water services

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

Revenue sufficiency

CDC can meet the revenue sufficiency test with sufficient projected revenue to meet the full cost of water services delivery, including operating expenditure, asset renewals, and debt servicing. This is underpinned by a shift to a WSCCO with a target capital structure generating sufficient revenues over the forecast period. Operating surpluses over the 10-year period are forecast at \$10 million, with cash surpluses forecast at \$62.8 million, providing sufficient headroom to meet interest costs and liquidity needs.

For the Council, average water charges per connection are forecast to increase from \$2,290 in FY25 to \$4,122 in FY34 (in nominal terms), which represents around 3.5% of median household income in the district. These revenue projections:

- Are based on revenue required to meet CDC investment plans as set out in the 2024 long-term-plan, with a transition to a WSCCO in FY28 for water services.
- Additional operating costs are included for the WSCCO to ensure adequate allowance for overheads, financing costs, and additional overheads associated with a WSCCO (e.g. Board, management and audit costs). A copy of the underlying assumptions can be found in Appendix 2.

Investment sufficiency

The WSDP includes \$68.9 million in forecast capital investment over the 10-year period. This programme includes:

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

The programme is based on the Council's Infrastructure Strategy, and Asset Management Plans and Policy. CDC has increased investment to accelerate the replacement of aging infrastructure, particularly in water and wastewater systems, to ensure a reliable network while minimising service disruptions and long-term costs. To manage financial constraints and affordability, capital renewal programs have been phased over time, prioritising the most vulnerable/critical assets for replacement first.

Financing sufficiency

Over the WSDP period, over \$68.9 million of capital investment is forecast, with approximately \$26.1 million of this expected to be debt funded, with total debt reaching around \$52 million in FY34. The Council within the WSCCO can manage the borrowing required within the applicable limits, with headroom available in each year of the WSDP for unforeseen contingencies, as modelled and presented later in this Part and Part E of the WSDP.

Borrowing by the WSCCO, once established, will be undertaken through the LGFA and guaranteed by the participating Councils while targeting or maintaining an FFO-to-debt ratio of 10%, compared to the LGFA covenant of 9%, and maintaining an interest coverage ratio above the 1.5x covenant. CDC will meet the targeted 10% FFO to debt ratio by FY30 and the ICR requirement from FY28. CDC would meet the 9% minimum covenant from FY28 (year one of the WSCCO operation).

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

CDC Table 10: Water services borrowing requirements and debt headroom

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)	2,826	3,343	4,121	3,740	4,078	4,509	4,871	4,975	5,131	5,205
Net debt (\$000)	28,624	32,029	34,293	38,546	42,194	45,085	48,713	49,745	51,311	52,053
Debt headroom to FFO covenant (\$000s)	2,771	5,110	11,496	3,007	3,115	5,009	5,413	5,527	5,701	5,784

Actions to achieve financially sustainable delivery of water services

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

Risks to achieving financially sustainable water services

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

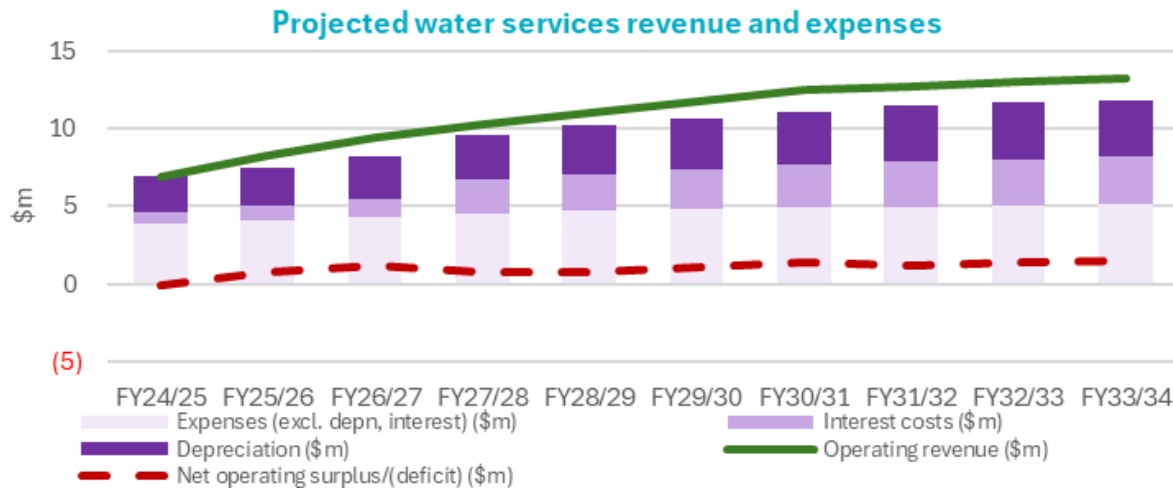
- **Cost escalation** - actual costs, particularly for large projects, may exceed estimates. Factors contributing to this include rising construction costs, increased material and labour prices, and changes in project scope due to unforeseen asset conditions.
- **Inflation and interest rate volatility**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

- **Climate change and resilience** – climate change poses increasing risks to water services through earthquake and more frequent extreme weather events 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

CDC within the WSCCO (from FY28) is projected to generate sufficient revenue to meet the full cost of water services delivery, including operating expenditure, asset renewals, and debt servicing. This is underpinned by a shift to a WSCCO with a target capital structure generating sufficient revenues over the forecast period, with water services generating cumulative operating cash surpluses of \$62.8m, indicating sufficient revenues to meet expenses and providing sufficient headroom to meet interest costs and liquidity needs.

CDC Figure 1: Projected water services revenue and expenses



Average projected charges for water services

For the Council, average water charges per connection are forecast to increase from \$2,290 in FY25 to \$4,122 in FY34 (in nominal terms), which represents around 3.5% of median household income in the district. These relatively steady and manageable increases reflect the previous investments made in drinking and wastewater and the Council’s relatively low starting debt position. There is scope to further increase revenue, if required.

CDC Table 11: Average projected charges for water services

Average charge per connection including GST	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Average drinking water bill (including GST)	882	1,176	1,362	1,386	1,512	1,617	1,752	1,772	1,824	1,848
Average wastewater bill (including GST)	1,280	1,528	1,700	1,992	2,048	2,148	2,181	2,168	2,156	2,133
Average stormwater bill (including GST)	128	154	175	107	115	107	117	125	134	141
Average charge per connection including GST	2,290	2,858	3,237	3,485	3,675	3,872	4,050	4,065	4,113	4,122
Projected increase	-3.0%	24.8%	13.2%	7.7%	5.4%	5.4%	4.6%	0.4%	1.2%	0.2%

Projected number of connections	3,010	3,058	3,101	3,147	3,195	3,243	3,291	3,341	3,391	3,442
Projected median household income	87,613	90,504	93,671	96,950	100,343	103,755	107,283	110,930	114,702	118,602
Water services charges as % of household income	2.6%	3.2%	3.5%	3.6%	3.7%	3.7%	3.8%	3.7%	3.6%	3.5%

Projected operating surpluses/(deficits) for water services

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

Operating surplus ratio	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34	Total
Operating surplus/(deficit) excluding capital revenues	(70)	820	1,208	749	789	1,124	1,408	1,242	1,393	1,473	10,136
Total operating revenue	6,880	8,304	9,474	10,323	11,025	11,768	12,472	12,708	13,051	13,280	109,285
Operating surplus ratio	(1.0%)	9.9%	12.8%	7.3%	7.2%	9.5%	11.3%	9.8%	10.7%	11.1%	9.3%

Projected operating cash surpluses for water services

CDC Table 13: Projected operating cash surpluses for water services

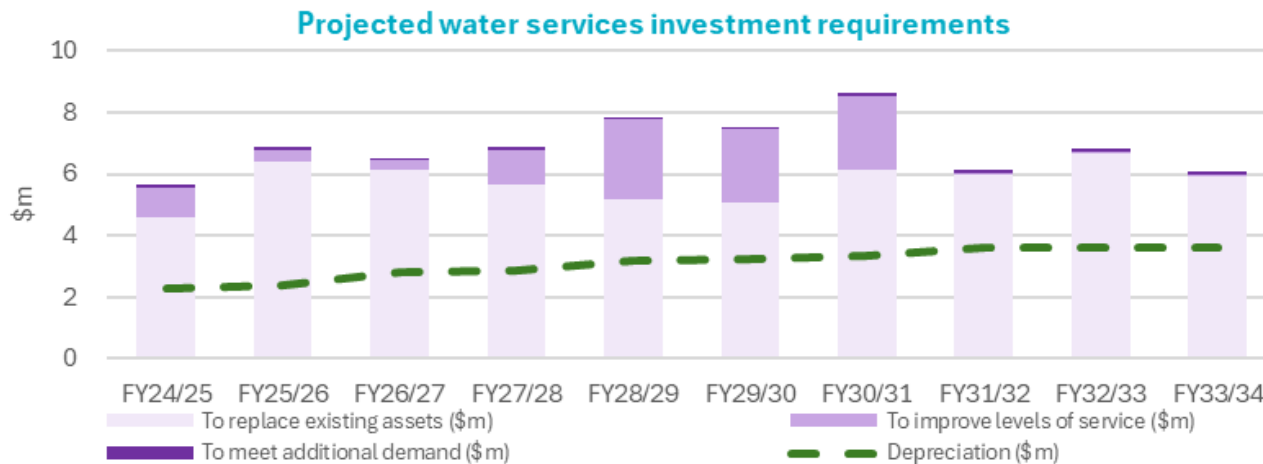
Operating cash ratio	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34	Total
Operating surplus/(deficit) + depreciation + interest costs - capital revenue	2,980	4,215	5,197	5,762	6,333	6,956	7,510	7,752	7,984	8,124	62,814
Total operating revenue	6,880	8,304	9,474	10,323	11,025	11,768	12,472	12,708	13,051	13,280	109,285
Operating cash ratio	43.3%	49.7%	54.9%	56.1%	57.9%	59.8%	60.8%	61.5%	61.6%	61.6%	57.5%

D3: Financial sustainability assessment - investment sufficiency

The WSDP includes \$68.9 million in forecast capital investment over the 10-year period. This programme includes:

- Renewals to maintain existing levels of service and asset reliability
- Upgrades to maintain compliance with drinking water standards and to improve network resilience
- Growth-related projects responding to relatively high growth rates, to service projected increases in demand and undertake necessary infrastructure investment for potential rezoning.

CDC Figure 2: Projected water services investment



Renewals requirements for water services

Renewals cover the progressive replacement of existing assets as they reach the end of their useful life. The rate of asset renewal is intended to maintain the overall condition of the asset system at a standard that ensures the community’s investment is maintained. If existing assets are not replaced with assets of similar standard the ability of the service to deliver the required level of service is reduced. Identification of renewal needs are through staff knowledge of individual assets and associated analysis maintenance records (asset failure and expenditure history), service requests records, and observations.

Projected levels of renewals investment are higher than projected depreciation meaning that assets are being replaced at an appropriate rate. This is consistent with our Asset Management Plan strategies to improve our asset condition, improve the average age of underground assets, and reduce inundation in our wastewater reticulated network, as funding allows.

CDC Table 14: Renewal requirements for water services

Asset sustainability ratio	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34	Total
Capital expenditure on renewals	4,595	6,416	6,150	5,630	5,165	5,082	6,123	5,976	6,661	5,906	57,705
Depreciation	2,271	2,395	2,783	2,859	3,155	3,251	3,328	3,596	3,601	3,595	30,834
Asset sustainability ratio	102.3%	167.9%	121.0%	96.9%	63.7%	56.3%	84.0%	66.2%	85.0%	64.3%	87.2%

Total required water services investment

The proposed levels of investment have been determined using a risk approach as part of the development of the Asset Management Plan. All project work priorities regarding timing of renewal or replacements are based on a risk-based methodology derived from the Carterton's risk management framework which assesses the likelihood of each failure mode (i.e. structural, hydraulic capacity, operational and performance) and the consequence or damages of the failures.

Carterton is currently experiencing relatively high population growth (approximately 2% per annum) and will require investment into the three waters infrastructure to be prepared for any future residential, industrial, or residential re-zoning to occur. Capital works identified as being driven by growth are funded retrospectively through financial contributions. This is consistent with the long-term infrastructure strategy and asset management plan relating to water services asset management.

CDC Table 15: Total water services investment

Asset investment ratio	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34	Total
Capital expenditure	5,630	6,875	6,515	6,875	7,859	7,534	8,634	6,143	6,833	6,086	68,984
Depreciation	2,271	2,395	2,783	2,859	3,155	3,251	3,328	3,596	3,601	3,595	30,834
Asset investment ratio	147.9%	187.1%	134.1%	140.5%	149.1%	131.7%	159.5%	70.8%	89.8%	69.3%	123.7%

Average remaining useful life of network assets

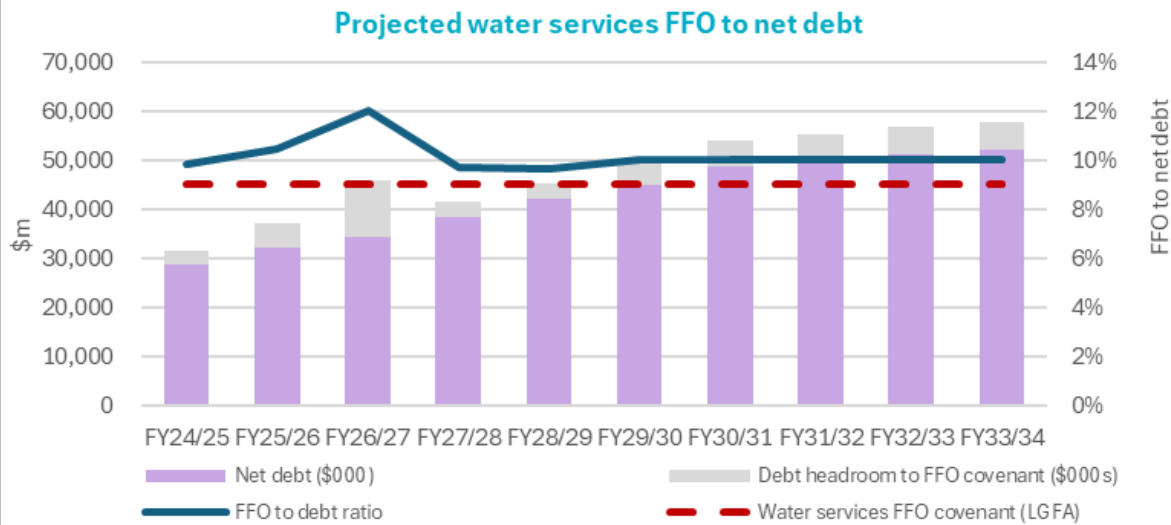
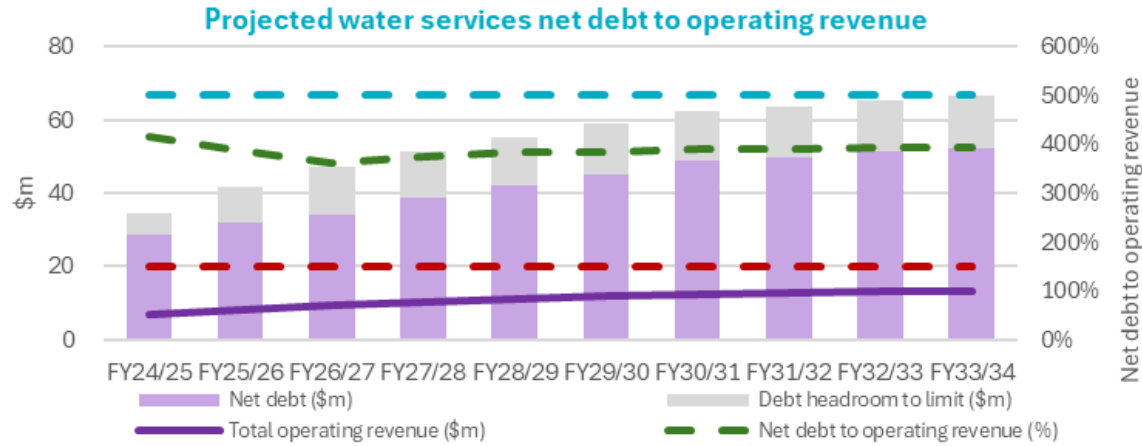
There is a 12% improvement in the overall asset condition with a focus on assets rated Poor. This has a positive impact in the asset condition over the life of the plan.

CDC Table 16: Average remaining useful life of network assets

Asset consumption ratio	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Book value of infrastructure assets	73,462	81,660	85,392	93,644	98,348	107,509	112,815	120,842	124,074	132,592
Total estimated replacement value of infrastructure assets	91,096	102,582	109,097	121,383	129,242	143,186	151,821	165,338	172,172	186,621
Asset consumption ratio	80.6%	79.6%	78.3%	77.1%	76.1%	75.1%	74.3%	73.1%	72.1%	71.0%

D4: Financial sustainability assessment - financing sufficiency

CDC Figure 4: Projected water services borrowing against limits (debt to revenue and FFO to debt)



Projected borrowings for water services

Over the WSDP period, over \$68.9 million of capital investment is forecast, with approximately \$26.1 million of this expected to be debt funded, with total debt reaching around \$52 million in FY34. Particular wastewater headworks upgrades are planned in FY26 and FY27 and drinking water nitrate management upgrades planned in FY29-31, which increase debt levels over these periods. Over the 10-year planning period, projected borrowing remains within the 500% net debt to operating revenue limit for water services, with a consistent allocation of headroom over the WSDP period to manage risks or unforeseen investment needs. Sufficient headroom is also maintained against the LGFA covenant as identified in the graph above and tables below.

CDC Table 17: Projected borrowings for water services

Net debt to operating revenue	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Total net debt (gross debt less cash)	28,624	32,029	34,293	38,546	42,194	45,085	48,713	49,745	51,311	52,053
Operating revenue	6,880	8,304	9,474	10,323	11,025	11,768	12,472	12,708	13,051	13,280
Net debt to operating revenue	416%	386%	362%	373%	383%	383%	391%	391%	393%	392%

CDC Table 18: Projected borrowing headroom/(shortfall) for water services (debt to revenue)

Borrowings headroom/(shortfall) against limit	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating revenue	6,880	8,304	9,474	10,323	11,025	11,768	12,472	12,708	13,051	13,280
Debt to revenue limit	500%	500%	500%	500%	500%	500%	500%	500%	500%	500%
Maximum allowable net debt	34,400	41,520	47,370	51,615	55,123	58,841	62,362	63,542	65,253	66,399
Total net debt	28,624	32,029	34,293	38,546	42,194	45,085	48,713	49,745	51,311	52,053
Borrowing headroom/ (shortfall) against limit	5,776	9,491	13,077	13,068	12,929	13,755	13,648	13,797	13,943	14,346

CDC Table 19: Projected borrowing headroom/(shortfall) for water services (FFO to debt)

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)	2,826	3,343	4,121	3,740	4,078	4,509	4,871	4,975	5,131	5,205
Net debt (\$000)	28,624	32,029	34,293	38,546	42,194	45,085	48,713	49,745	51,311	52,053
Debt headroom to FFO covenant (\$000s)	2,771	5,110	11,496	3,007	3,115	5,009	5,413	5,527	5,701	5,784

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.

CDC within the WSCCO will meet the targeted 10% FFO to debt ratio by FY30 and the ICR requirement from transition. CDC reaches the LGFA's minimum 9% covenant from year one of the WSCCO operation.

CDC Table 20: Free funds from operations

Free funds from operations (FFO) to debt ratio	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Total net debt	28,624	32,029	34,293	38,546	42,194	45,085	48,713	49,745	51,311	52,053
Funds from operations	2,826	3,343	4,121	3,740	4,078	4,509	4,871	4,975	5,131	5,205
FFO to debt ratio	9.9%	10.4%	12.0%	9.7%	9.7%	10.0%	10.0%	10.0%	10.0%	10.0%

Part E: Projected financial statements for water services

CDC Table 21: Funding impact statement – water services

Funding impact statement (\$000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Sources of operating funding										
General rates	376	493	580	623	661	695	741	758	764	790
Targeted rates	5,716	7,235	8,299	9,088	9,735	10,428	11,069	11,272	11,592	11,780
Subsidies and grants for operating purposes	230	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	558	576	595	612	629	645	662	678	695	710
Total operating funding	6,880	8,304	9,474	10,323	11,025	11,768	12,472	12,708	13,051	13,280
Applications of operating funding										
Payments to staff and suppliers	2,227	2,351	2,465	2,753	2,827	2,886	3,017	2,969	3,016	3,078
Finance costs	779	1,000	1,206	2,155	2,389	2,582	2,774	2,913	2,990	3,056
Internal charges and overheads applied	1,673	1,738	1,812	1,808	1,864	1,926	1,945	1,988	2,051	2,078
Other operating funding applications	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	4,679	5,089	5,483	6,715	7,080	7,394	7,736	7,870	8,057	8,212
Surplus/(deficit) of operating funding	2,201	3,215	3,991	3,608	3,944	4,375	4,736	4,839	4,994	5,067
Sources of capital funding										
Subsidies and grants for capital expenditure	500	0	0	0	0	0	0	0	0	0
Development and financial contributions	249	255	260	264	267	268	270	272	274	276
Increase/(decrease) in debt	2,983	4,052	3,575	5,698	5,097	4,393	5,387	533	(488)	(1,595)
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	3,732	4,307	3,835	5,962	5,364	4,661	5,657	805	(214)	(1,319)
Applications of capital funding										
Capital expenditure - to meet additional demand	75	77	80	83	85	86	89	91	92	94
Capital expenditure - to improve levels of services	960	382	285	1,162	2,609	2,366	2,422	76	80	85
Capital expenditure - to replace existing assets	4,595	6,416	6,150	5,630	5,165	5,082	6,123	5,976	6,661	5,906
Increase/(decrease) in reserves	303	647	1,311	1,445	1,449	1,502	1,759	(499)	(2,053)	(2,337)
Increase/(decrease) in investments	0	0	0	1,250	0	0	0	0	0	0
Total applications of capital funding	5,933	7,522	7,826	9,570	9,308	9,036	10,393	5,644	4,780	3,749
Surplus/(deficit) of capital funding	(2,201)	(3,215)	(3,991)	(3,608)	(3,944)	(4,375)	(4,736)	(4,839)	(4,994)	(5,067)
Funding balance	0	0	0	0	0	0	0	0	0	0

CDC Table 22: Funding impact statement – drinking water

Funding impact statement (\$000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Sources of operating funding										
General rates	183	257	312	341	365	387	423	434	434	448
Targeted rates	2,197	2,964	3,474	3,569	3,966	4,315	4,746	4,873	5,109	5,254
Subsidies and grants for operating purposes	140	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	2,520	3,221	3,786	3,910	4,331	4,702	5,169	5,307	5,543	5,702
Applications of operating funding										
Payments to staff and suppliers	995	1,038	1,136	1,300	1,335	1,321	1,416	1,372	1,391	1,423
Finance costs	61	208	286	782	877	979	1,074	1,131	1,143	1,160
Internal charges and overheads applied	755	784	818	816	841	869	878	897	925	938
Other operating funding applications	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	1,811	2,030	2,240	2,897	3,053	3,169	3,369	3,400	3,459	3,520
Surplus/(deficit) of operating funding	709	1,191	1,546	1,013	1,278	1,532	1,800	1,907	2,084	2,181
Sources of capital funding										
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	128	131	134	136	138	139	140	142	143	145
Increase/(decrease) in debt	2,196	1,919	827	2,749	4,224	3,616	3,735	(78)	(273)	(58)
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	2,324	2,050	961	2,885	4,362	3,755	3,875	64	(130)	87
Applications of capital funding										
Capital expenditure - to meet additional demand	75	77	80	83	85	86	89	91	92	94
Capital expenditure - to improve levels of services	600	103	32	1,100	2,543	2,298	2,355	0	0	0
Capital expenditure - to replace existing assets	2,295	2,530	1,458	1,213	2,153	1,923	2,181	3,033	3,915	3,213
Increase/(decrease) in reserves	63	531	937	1,031	859	980	1,051	(1,154)	(2,054)	(1,040)
Increase/(decrease) in investments	0	0	0	471	0	0	0	0	0	0
Total applications of capital funding	3,033	3,241	2,507	3,898	5,640	5,288	5,675	1,970	1,953	2,267
Surplus/(deficit) of capital funding	(709)	(1,191)	(1,546)	(1,013)	(1,278)	(1,532)	(1,800)	(1,906)	(2,083)	(2,181)
Funding balance	0	0	0	0	0	0	0	0	0	0

CDC Table 23: Funding impact statement – wastewater

Funding impact statement (\$000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Sources of operating funding										
General rates	161	197	223	233	247	258	266	272	277	287
Targeted rates	3,231	3,918	4,418	5,287	5,513	5,875	6,055	6,104	6,159	6,176
Subsidies and grants for operating purposes	90	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	558	576	595	612	629	645	662	678	695	710
Total operating funding	4,040	4,691	5,236	6,132	6,389	6,778	6,983	7,054	7,131	7,173
Applications of operating funding										
Payments to staff and suppliers	1,116	1,193	1,205	1,315	1,351	1,419	1,452	1,445	1,472	1,500
Finance costs	697	767	895	1,288	1,407	1,478	1,552	1,617	1,661	1,690
Internal charges and overheads applied	833	865	902	900	928	959	968	990	1,021	1,034
Other operating funding applications	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	2,646	2,825	3,002	3,503	3,686	3,856	3,972	4,052	4,155	4,224
Surplus/(deficit) of operating funding	1,394	1,866	2,234	2,630	2,703	2,922	3,011	3,002	2,976	2,949
Sources of capital funding										
Subsidies and grants for capital expenditure	500	0	0	0	0	0	0	0	0	0
Development and financial contributions	97	99	101	102	103	103	104	104	105	105
Increase/(decrease) in debt	711	2,160	2,775	2,542	620	482	1,346	310	(511)	(1,844)
Gross proceeds from sales of assets	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	1,308	2,259	2,876	2,644	723	585	1,450	414	(406)	(1,739)
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	360	279	253	62	66	68	67	76	80	85
Capital expenditure - to replace existing assets	2,200	3,886	4,371	4,252	2,842	2,987	3,943	2,943	2,747	2,693
Increase/(decrease) in reserves	142	(40)	486	337	518	452	451	398	(256)	(1,569)
Increase/(decrease) in investments	0	0	0	623	0	0	0	0	0	0
Total applications of capital funding	2,702	4,125	5,110	5,274	3,426	3,506	4,461	3,417	2,570	1,209
Surplus/(deficit) of capital funding	(1,394)	(1,866)	(2,234)	(2,630)	(2,703)	(2,922)	(3,011)	(3,002)	(2,976)	(2,949)
Funding balance	3,231	3,918	4,418	5,287	5,513	5,875	6,055	6,104	6,159	6,176

CDC Table 24: Funding impact statement – stormwater

Funding impact statement (\$000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Sources of operating funding										
General rates	32	39	45	49	49	50	52	52	53	55
Targeted rates	288	353	407	231	256	239	268	295	324	350
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	320	392	452	280	305	289	320	347	377	405
Applications of operating funding										
Payments to staff and suppliers	116	120	124	138	141	145	148	151	153	156
Finance costs	21	25	25	85	105	125	148	165	185	206
Internal charges and overheads applied	85	89	92	92	95	98	99	101	105	106
Other operating funding applications	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	222	234	241	315	341	369	395	418	443	468
Surplus/(deficit) of operating funding	98	158	211	(35)	(37)	(80)	(75)	(71)	(67)	(63)
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	76	(27)	(27)	407	253	296	305	301	296	307
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	100	(2)	(2)	433	279	322	331	327	322	333
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	0	0	0	0	0	0	0
Capital expenditure - to replace existing assets	100	0	321	165	170	172	0	0	0	0
Increase/(decrease) in reserves	98	156	(112)	77	72	70	257	257	257	272
Increase/(decrease) in investments	0	0	0	156	0	0	0	0	0	0
Total applications of capital funding	198	156	209	398	242	242	257	257	257	272
Surplus/(deficit) of capital funding	(98)	(158)	(211)	35	37	80	74	70	65	61
Funding balance	0	0	0	0	0	0	0	0	0	0

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

Statement of comprehensive revenue and expense (\$000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating revenue	6,880	8,304	9,474	10,323	11,025	11,768	12,472	12,708	13,051	13,280
Other revenue	749	255	260	264	267	268	270	272	274	276
Total revenue	7,629	8,559	9,734	10,587	11,292	12,036	12,742	12,980	13,325	13,556
Operating expenses	2,227	2,351	2,465	2,753	2,827	2,886	3,017	2,969	3,016	3,078
Finance costs	779	1,000	1,206	2,155	2,389	2,582	2,774	2,913	2,990	3,056
Overheads and support costs	1,673	1,738	1,812	1,808	1,864	1,926	1,945	1,988	2,051	2,078
Depreciation & amortisation	2,271	2,395	2,783	2,859	3,155	3,251	3,328	3,596	3,601	3,595
Total expenses	6,950	7,484	8,266	9,574	10,235	10,645	11,064	11,466	11,657	11,807
Net surplus / (deficit)	679	1,075	1,468	1,013	1,056	1,392	1,678	1,514	1,667	1,749
Revaluation of infrastructure assets	0	3,718	0	4,235	0	4,878	0	5,480	0	6,027
Total comprehensive income	679	4,793	1,468	5,248	1,056	6,270	1,678	6,994	1,667	7,776
Cash surplus / (deficit) from operations (excl depreciation)	2,950	3,470	4,251	3,872	4,211	4,643	5,006	5,111	5,268	5,343

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

Statement of comprehensive revenue and expense (\$000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating revenue	2,520	3,221	3,786	3,910	4,331	4,702	5,169	5,307	5,543	5,702
Other revenue	128	131	134	136	138	139	140	142	143	145
Total revenue	2,648	3,352	3,920	4,046	4,469	4,841	5,309	5,449	5,686	5,847
Operating expenses	995	1,038	1,136	1,300	1,335	1,321	1,416	1,372	1,391	1,423
Finance costs	61	208	286	782	877	979	1,074	1,131	1,143	1,160
Overheads and support costs	755	784	818	816	841	869	878	897	925	938
Depreciation & amortisation	1,344	1,054	1,219	1,227	1,362	1,451	1,555	1,758	1,816	1,811
Total expenses	3,155	3,084	3,459	4,124	4,415	4,620	4,924	5,158	5,275	5,331
Net surplus / (deficit)	(507)	268	461	(78)	54	220	385	291	411	516
Revaluation of infrastructure assets	0	1,402	0	1,543	0	1,847	0	2,187	0	2,466
Total comprehensive income	(507)	1,670	461	1,465	54	2,068	385	2,478	411	2,982
Cash surplus / (deficit) from operations (excl depreciation)	837	1,322	1,680	1,149	1,416	1,671	1,940	2,049	2,228	2,327

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

Statement of comprehensive revenue and expense (\$000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating revenue	4,040	4,691	5,236	6,132	6,389	6,778	6,983	7,054	7,131	7,173
Other revenue	597	99	101	102	103	103	104	104	105	105
Total revenue	4,637	4,790	5,337	6,234	6,492	6,881	7,087	7,158	7,236	7,278
Operating expenses	1,116	1,193	1,205	1,315	1,351	1,419	1,452	1,445	1,472	1,500
Finance costs	697	767	895	1,288	1,407	1,478	1,552	1,617	1,661	1,690
Overheads and support costs	833	865	902	900	928	959	968	990	1,021	1,034
Depreciation & amortisation	778	1,190	1,392	1,444	1,573	1,580	1,553	1,604	1,549	1,549
Total expenses	3,424	4,015	4,394	4,947	5,259	5,436	5,525	5,656	5,704	5,773
Net surplus / (deficit)	1,213	775	943	1,288	1,233	1,445	1,562	1,502	1,532	1,505
Revaluation of infrastructure assets	0	1,853	0	2,215	0	2,534	0	2,796	0	3,062
Total comprehensive income	1,213	2,628	943	3,503	1,233	3,979	1,562	4,298	1,532	4,567
Cash surplus / (deficit) from operations (excl depreciation)	1,991	1,965	2,335	2,732	2,806	3,025	3,115	3,106	3,081	3,054

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

Statement of comprehensive revenue and expense (\$000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating revenue	320	392	452	280	305	289	320	347	377	405
Other revenue	24	25	25	26	26	26	26	26	26	26
Total revenue	344	417	477	306	331	315	346	373	403	431
Operating expenses	116	120	124	138	141	145	148	151	153	156
Finance costs	21	25	25	85	105	125	148	165	185	206
Overheads and support costs	85	89	92	92	95	98	99	101	105	106
Depreciation & amortisation	149	151	172	188	220	220	220	235	235	235
Total expenses	371	385	413	503	561	589	615	653	678	703
Net surplus / (deficit)	(27)	32	64	(197)	(231)	(274)	(269)	(280)	(276)	(272)
Revaluation of infrastructure assets	0	463	0	477	0	497	0	498	0	499
Total comprehensive income	(27)	495	64	280	(231)	223	(269)	218	(276)	227
Cash surplus / (deficit) from operations (excl depreciation)	122	183	236	(9)	(11)	(54)	(49)	(45)	(41)	(37)

CDC Table 29: projected statement of cashflows – water services

Statement of cashflows (\$000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Cashflows from operating activities										
Cash surplus / (deficit) from operations	2,950	3,470	4,251	3,872	4,211	4,643	5,006	5,111	5,268	5,343
[other items]										
Net cashflows from operating activities	2,950	3,470	4,251	3,872	4,211	4,643	5,006	5,111	5,268	5,343
Cashflows from investment activities										
[other items]	0	0	0	(1,250)	0	0	0	0	0	0
Capital expenditure	(5,630)	(6,875)	(6,515)	(6,875)	(7,859)	(7,534)	(8,634)	(6,143)	(6,833)	(6,086)
Net cashflows from investment activities	(5,630)	(6,875)	(6,515)	(8,125)	(7,859)	(7,534)	(8,634)	(6,143)	(6,833)	(6,086)
Cashflows from financing activities										
New borrowings	2,680	3,405	2,264	4,253	3,648	2,891	3,628	1,032	1,565	742
Repayment of borrowings										
Net cashflows from financing activities	2,680	3,405	2,264	4,253	3,648	2,891	3,628	1,032	1,565	742
Net increase/(decrease) in cash and cash equivalents	0	0	0	0	0	(0)	0	0	0	0
Cash and cash equivalents at beginning of year	1,615	1,615	1,615	1,615	1,615	1,615	1,615	1,615	1,615	1,615
Cash and cash equivalents at end of year	1,615	1,615	1,615	1,615	1,615	1,615	1,615	1,615	1,615	1,615

CDC Table 30: projected statement of cashflows – drinking water

Statement of cashflows (\$000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Cashflows from operating activities										
Cash surplus / (deficit) from operations	837	1,322	1,680	1,149	1,416	1,671	1,940	2,049	2,228	2,327
[other items]										
Net cashflows from operating activities	837	1,322	1,680	1,149	1,416	1,671	1,940	2,049	2,228	2,327
Cashflows from investment activities										
[other items]				(471)						
Capital expenditure	(2,970)	(2,710)	(1,570)	(2,396)	(4,781)	(4,308)	(4,624)	(3,124)	(4,007)	(3,307)
Net cashflows from investment activities	(2,970)	(2,710)	(1,570)	(2,867)	(4,781)	(4,308)	(4,624)	(3,124)	(4,007)	(3,307)
Cashflows from financing activities										
New borrowings	2,133	1,388	(110)	1,718	3,365	2,636	2,684	1,076	1,781	982
Repayment of borrowings										
Net cashflows from financing activities	2,133	1,388	(110)	1,718	3,365	2,636	2,684	1,076	1,781	982
Net increase/(decrease) in cash and cash equivalents	0	0	0	0	0	0	0	1	1	2
Cash and cash equivalents at beginning of year	89	89	89	89	89	89	89	89	90	92
Cash and cash equivalents at end of year	89	89	89	89	89	89	89	90	92	94

CDC Table 31: projected statement of cashflows – wastewater

Statement of cashflows (\$000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Cashflows from operating activities										
Cash surplus / (deficit) from operations	1,991	1,965	2,335	2,732	2,806	3,025	3,115	3,106	3,081	3,054
[other items]										
Net cashflows from operating activities	1,991	1,965	2,335	2,732	2,806	3,025	3,115	3,106	3,081	3,054
Cashflows from investment activities										
[other items]				(623)						
Capital expenditure	(2,560)	(4,165)	(4,624)	(4,314)	(2,908)	(3,054)	(4,010)	(3,019)	(2,826)	(2,778)
Net cashflows from investment activities	(2,560)	(4,165)	(4,624)	(4,937)	(2,908)	(3,054)	(4,010)	(3,019)	(2,826)	(2,778)
Cashflows from financing activities										
New borrowings	569	2,200	2,289	2,205	102	30	895	(88)	(255)	(275)
Repayment of borrowings										
Net cashflows from financing activities	569	2,200	2,289	2,205	102	30	895	(88)	(255)	(275)
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	166	166	166	166	166	166	166	166	166	166
Cash and cash equivalents at end of year	166	166	166	166	166	166	166	166	166	166

CDC Table 32: projected statement of cashflows – stormwater

Statement of cashflows (\$000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Cashflows from operating activities										
Cash surplus / (deficit) from operations	122	183	236	(9)	(11)	(54)	(49)	(45)	(41)	(37)
[other items]										
Net cashflows from operating activities	122	183	236	(9)	(11)	(54)	(49)	(45)	(41)	(37)
Cashflows from investment activities										
[other items]	0	0	0	(156)	0	0	0	0	0	0
Capital expenditure	(100)	0	(321)	(165)	(170)	(172)	0	0	0	0
Net cashflows from investment activities	(100)	0	(321)	(321)	(170)	(172)	0	0	0	0
Cashflows from financing activities										
New borrowings	(22)	(183)	85	330	181	226	48	44	39	35
Repayment of borrowings										
Net cashflows from financing activities	(22)	(183)	85	330	181	226	48	44	39	35
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	1,360	1,360	1,360	1,360	1,360	1,360	1,360	1,359	1,359	1,357
Cash and cash equivalents at end of year	1,360	1,360	1,360	1,360	1,360	1,360	1,359	1,359	1,357	1,355

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

Statement of financial position (\$000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Assets										
Cash and cash equivalents	1,615	1,615	1,615	1,615	1,615	1,615	1,615	1,615	1,615	1,615
Other current assets	0	0	0	0	0	0	0	0	0	0
Infrastructure assets	73,462	81,660	85,392	93,644	98,348	107,509	112,815	120,842	124,074	132,592
Other non-current assets	0	0	0	1,250	1,250	1,250	1,250	1,250	1,250	1,250
Total assets	75,077	83,275	87,007	96,509	101,213	110,374	115,680	123,707	126,939	135,457
Liabilities										
Borrowings - current portion	0	0	0	0	0	0	0	0	0	0
Other current liabilities	0	0	0	0	0	0	0	0	0	0
Borrowings - non-current portion	30,239	33,644	35,908	40,161	43,809	46,700	50,328	51,360	52,926	53,668
Other non-current liabilities	0	0	0	0	0	0	0	0	0	0
Total liabilities	30,239	33,644	35,908	40,161	43,809	46,700	50,328	51,360	52,926	53,668
Net assets	44,838	49,631	51,099	56,348	57,404	63,674	65,352	72,346	74,014	81,789
Equity										
Revaluation reserve	0	3,718	3,718	7,954	7,954	12,832	12,832	18,312	18,312	24,339
Other reserves	44,838	45,913	47,381	48,394	49,450	50,842	52,520	54,034	55,702	57,450
Total equity	44,838	49,631	51,099	56,348	57,404	63,674	65,352	72,346	74,014	81,789

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

Statement of financial position (\$000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Assets										
Cash and cash equivalents	89	89	89	89	89	89	89	90	92	94
Other current assets										
Infrastructure assets	27,699	30,757	31,108	33,820	37,239	41,943	45,012	48,565	50,756	54,718
Other non-current assets	0	0	0	471	471	471	471	471	471	471
Total assets	27,788	30,846	31,197	34,380	37,799	42,503	45,573	49,127	51,319	55,283
Liabilities										
Borrowings - current portion										
Other current liabilities										
Borrowings - non-current portion	7,111	8,499	8,389	10,107	13,472	16,109	18,793	19,869	21,650	22,632
Other non-current liabilities										
Total liabilities	7,111	8,499	8,389	10,107	13,472	16,109	18,793	19,869	21,650	22,632
Net assets	20,677	22,347	22,808	24,273	24,327	26,395	26,780	29,258	29,669	32,651
Equity										
Revaluation reserve	0	1,402	1,402	2,945	2,945	4,792	4,792	6,979	6,979	9,444
Other reserves	20,677	20,945	21,406	21,328	21,382	21,603	21,988	22,279	22,691	23,207
Total equity	20,677	22,347	22,808	24,273	24,327	26,395	26,780	29,258	29,669	32,651

CDC Table 35: projected statement of financial position – wastewater

Statement of financial position (\$000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Assets										
Cash and cash equivalents	166	166	166	166	166	166	166	166	166	166
Other current assets										
Infrastructure assets	36,606	41,434	44,666	49,751	51,086	55,095	57,552	61,762	63,039	67,331
Other non-current assets	0	0	0	623	623	623	623	623	623	623
Total assets	36,772	41,600	44,832	50,540	51,875	55,883	58,341	62,551	63,828	68,120
Liabilities										
Borrowings - current portion										
Other current liabilities										
Borrowings - non-current portion	23,073	25,273	27,562	29,767	29,869	29,899	30,794	30,707	30,452	30,177
Other non-current liabilities										
Total liabilities	23,073	25,273	27,562	29,767	29,869	29,899	30,794	30,707	30,452	30,177
Net assets	13,699	16,327	17,270	20,773	22,006	25,985	27,547	31,845	33,376	37,943
Equity										
Revaluation reserve	0	1,853	1,853	4,068	4,068	6,602	6,602	9,398	9,398	12,460
Other reserves	13,699	14,474	15,417	16,705	17,938	19,383	20,944	22,447	23,978	25,483
Total equity	13,699	16,327	17,270	20,773	22,006	25,985	27,547	31,845	33,376	37,943

CDC Table 36: projected statement of financial position – stormwater

Statement of financial position (\$000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Assets										
Cash and cash equivalents	1,360	1,360	1,360	1,360	1,360	1,360	1,359	1,359	1,357	1,355
Other current assets										
Infrastructure assets	9,157	9,469	9,618	10,073	10,023	10,472	10,252	10,514	10,279	10,544
Other non-current assets	0	0	0	156	156	156	156	156	156	156
Total assets	10,517	10,829	10,978	11,588	11,538	11,987	11,767	12,029	11,792	12,055
Liabilities										
Borrowings - current portion										
Other current liabilities										
Borrowings - non-current portion	55	(128)	(43)	287	467	693	741	785	824	859
Other non-current liabilities										
Total liabilities	55	(128)	(43)	287	467	693	741	785	824	859
Net assets	10,462	10,957	11,021	11,302	11,071	11,294	11,025	11,244	10,968	11,195
Equity										
Revaluation reserve	0	463	463	941	941	1,438	1,438	1,936	1,936	2,435
Other reserves	10,462	10,494	10,558	10,361	10,130	9,857	9,588	9,308	9,033	8,761
Total equity	10,462	10,957	11,021	11,302	11,071	11,294	11,025	11,244	10,968	11,195

Water Services Delivery Plan: additional information

Significant capital projects

CDC Table 37: drinking water projects

Significant capital projects – drinking water	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Projects to meet additional demand										
Total investment to meet additional demand										
Projects to improve levels of services										
Frederick Street WTP – PH Correction Upgrade	\$0.6									
Nitrate Management – Kaip Upgrade				\$0,5	\$2,543	\$2,300	\$2,360			
Total investment to meet improve levels of services	\$0.6			\$0,5	\$2,543	\$2,300	\$2,360			
Projects to replace existing assets										
Network Renewal and Replacement	\$2,295	\$1,885	\$1,458	\$1,213	\$2,153	\$1,927	\$2,195	\$3,060	3,959	\$3,265
Backflow devices upgrade		\$0,55								
Total investment to replace existing assets	\$2,295	\$2,435	\$1,458	\$1,213	\$2,153	\$1,927	\$2,195	\$3,060	\$3,959	\$3,265
Total investment in drinking water assets	\$2,695	\$2,435	\$1,458	\$1,713	\$4,696	\$4,227	\$4,555	\$3,060	\$3,959	\$3,265

CDC Table 38: wastewater projects

Significant capital projects – wastewater	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Projects to meet additional demand										
Total investment to meet additional demand										
Projects to improve levels of services										
Total investment to meet improve levels of services										
Projects to replace existing assets										
Network Renewal and Replacement	\$1,290	\$1,350	\$1,413	\$3,736	\$2,862	\$3,058	\$3,293	\$2,980	\$1,996	\$2,817
WWTP Headworks Upgrade	\$0.5	\$2,75	\$3,210							
Total investment to replace existing assets	\$1,790	\$4,100	\$4,623	\$3,736	\$2,862	\$3,058	\$3,293	\$2,980	\$1,996	\$2,817
Total investment in wastewater assets	\$1,790	\$4,100	\$4,623	\$3,736	\$2,862	\$3,058	\$3,293	\$2,980	\$1,996	\$2,817

CDC Table 39: stormwater projects

Significant capital projects – stormwater	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Projects to meet additional demand										
Total investment to meet additional demand										
Projects to improve levels of services										
Total investment to meet improve levels of services										
Projects to replace existing assets										
Stormwater Discharge Resource Consent Renewal			\$0,321							
Total investment to replace existing assets										
Total investment in stormwater assets										

Risks and assumptions

CDC Table 40: risks and assumptions

Parameters	Drinking supply	Wastewater	Stormwater
Key Risks <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"> • Accuracy of Asset Data • Accuracy of Asset Condition Assessment. • Asset achieving design-life. • Natural Disasters 	<ul style="list-style-type: none"> • Accuracy of Asset Data • Accuracy of Asset Condition Assessment. • Asset achieving design-life. • Natural Disasters 	<ul style="list-style-type: none"> • Accuracy of Asset Data • Accuracy of Asset Condition Assessment. • Asset achieving design-life. • Natural Disasters
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 	Demand assumption: <ul style="list-style-type: none"> • District Growth • Resident Population Operating Environment <ul style="list-style-type: none"> • Resource Consents • Natural Disasters Political Environment <ul style="list-style-type: none"> • Policies • Legislation Excluded: Waingawa Process Water, Waingawa Water Storage and Water Races (Carrington and Taratahi race).	Demand assumption: <ul style="list-style-type: none"> • District Growth • Resident Population Operating Environment <ul style="list-style-type: none"> • Resource Consents • Natural Disasters Political Environment <ul style="list-style-type: none"> • Policies • Legislation Excluded: Composting process of sludge biomass.	

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.*

- The model takes the initial debt, revenues, and expenditures for each constituent council, effectively ringfencing borrowing, revenues, and expenditures.*
- 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.*
- Entity level efficiency assumptions are applied each individual council's forecast opex and capex projections.*
- 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