Water Services Delivery Plan

Wairarapa Tararua Water Services Organisation

Masterton District Council

August 2025

TARARUA DISTRICT COUNCIL

MASTERTON WHAKAORIORI DISTRICT COUNCIL

SOUTH WAIRARAPA DISTRICT COUNCIL
Kia Reretahi Tātau

Te Kaunihera-ā-Rohe o Taratahi
CARTERTON DISTRICT COUNCIL

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Overview of this Water Services Delivery Plan

This Water Services Delivery Plan (WSDP) is an individual WSDP for Masterton District Council (MDC). It should be read alongside the WSDPs for Carterton, 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 each Council within the WSCCO will meet DIA's three key financial sustainability measures and confirms that the WSCCO will be financially sustainable by 30 June 2028
- **PART E – projected financial statements for the Council (Council-specific part)** – this section shows each Council's financial position within the WSCCO and demonstrates that Councils 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 Councils' major capital projects and the risks to their delivery
- **Appendices 1 and 2 (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

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

Wairarapa Tararua WSCCO

- Water services revenue will meet operational, capital and compliance costs. Per connection revenue requirements in the WSCCO financial statements (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.

Masterton District Council within the WSCCO

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

increases to maintain financial covenants at prudent levels. MDC will meet the targeted 10% FFO to debt ratio and the ICR requirement from FY28, and over the full WSDP period.

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

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

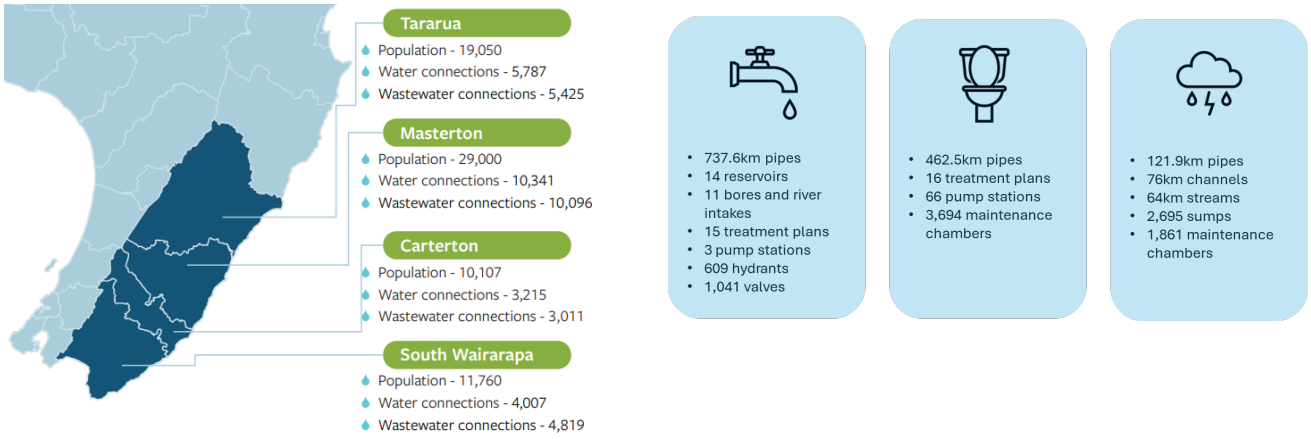
South Wairarapa, Tararua, Masterton and Carterton District Councils, together with Rangitāne and Ngāti Kahungunu, are proposing to establish a WSCCO under the Local Government (Water Services) Bill to deliver water services to their districts.

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

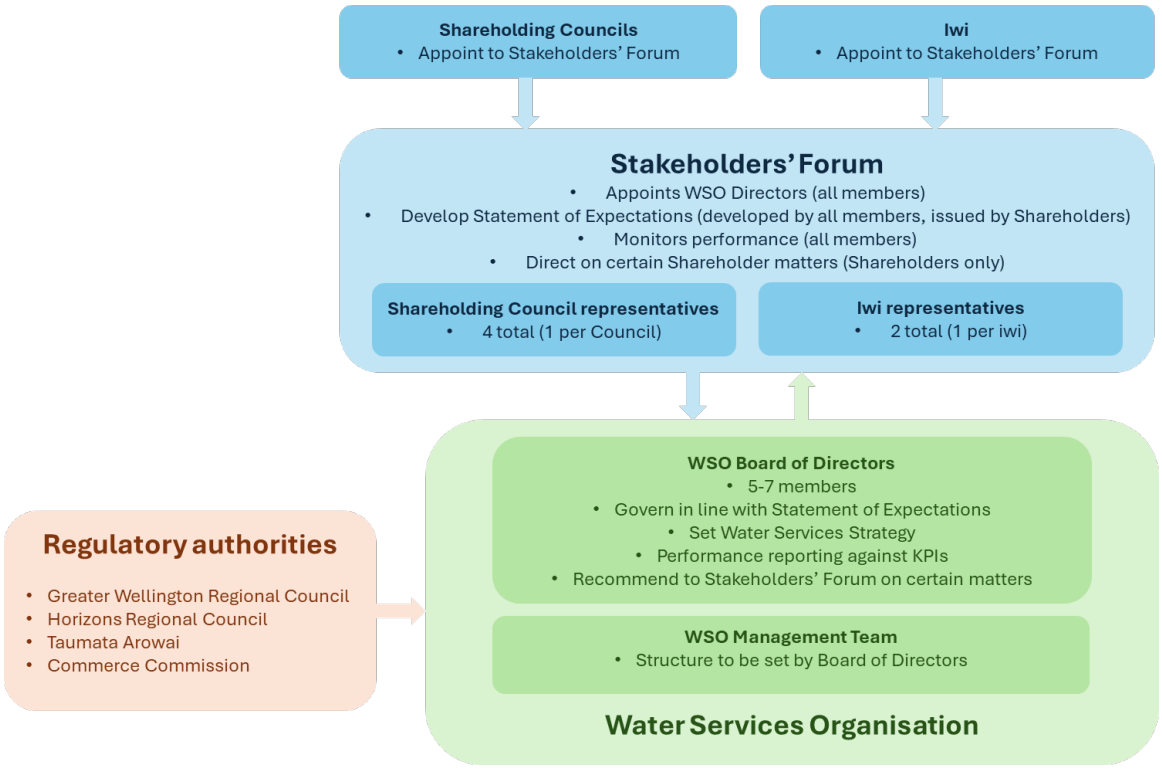
Shareholding Council	Indicative shareholding	Estimated day 1 connections
Masterton District Council	**44%**	**10,911**
Tararua District Council	23%	5,716
South Wairarapa District Council	20%	4,935
Carterton District Council	13%	3,203
Total	**100%**	**24,765**

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. MDC anticipates appointment by resolution of the Council.

Figure 2: WSCCO governance and oversight arrangements



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

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

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

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

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 MDC 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.

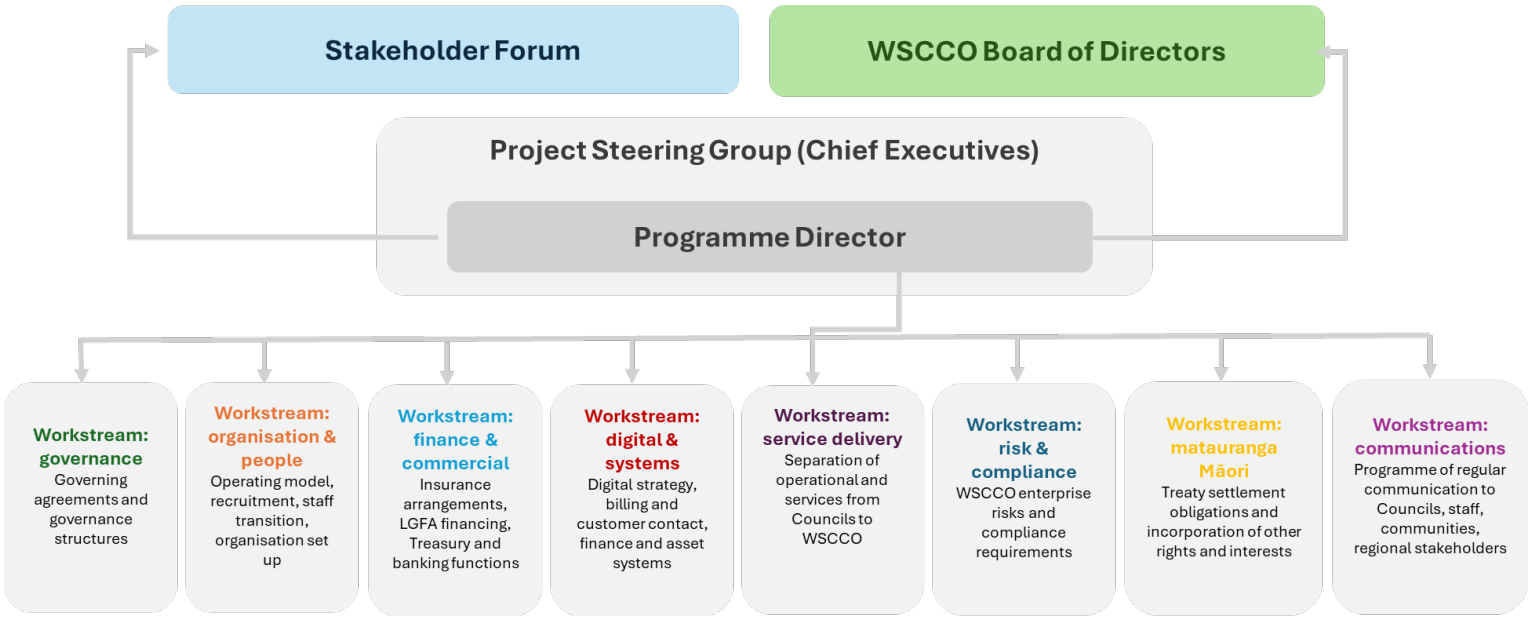
A3: Implementation plan

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 process for South Wairarapa District Council, given the Council's pending exit from Wellington Water Limited, and the operational transition of Wellington Water to Metro Water (new Wellington WSCCO). Although the pace of the programme will ultimately balance this specific transition driver with overall programme delivery risk and relevant needs of the other Partner Councils.

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

Figure 4: Programme timing

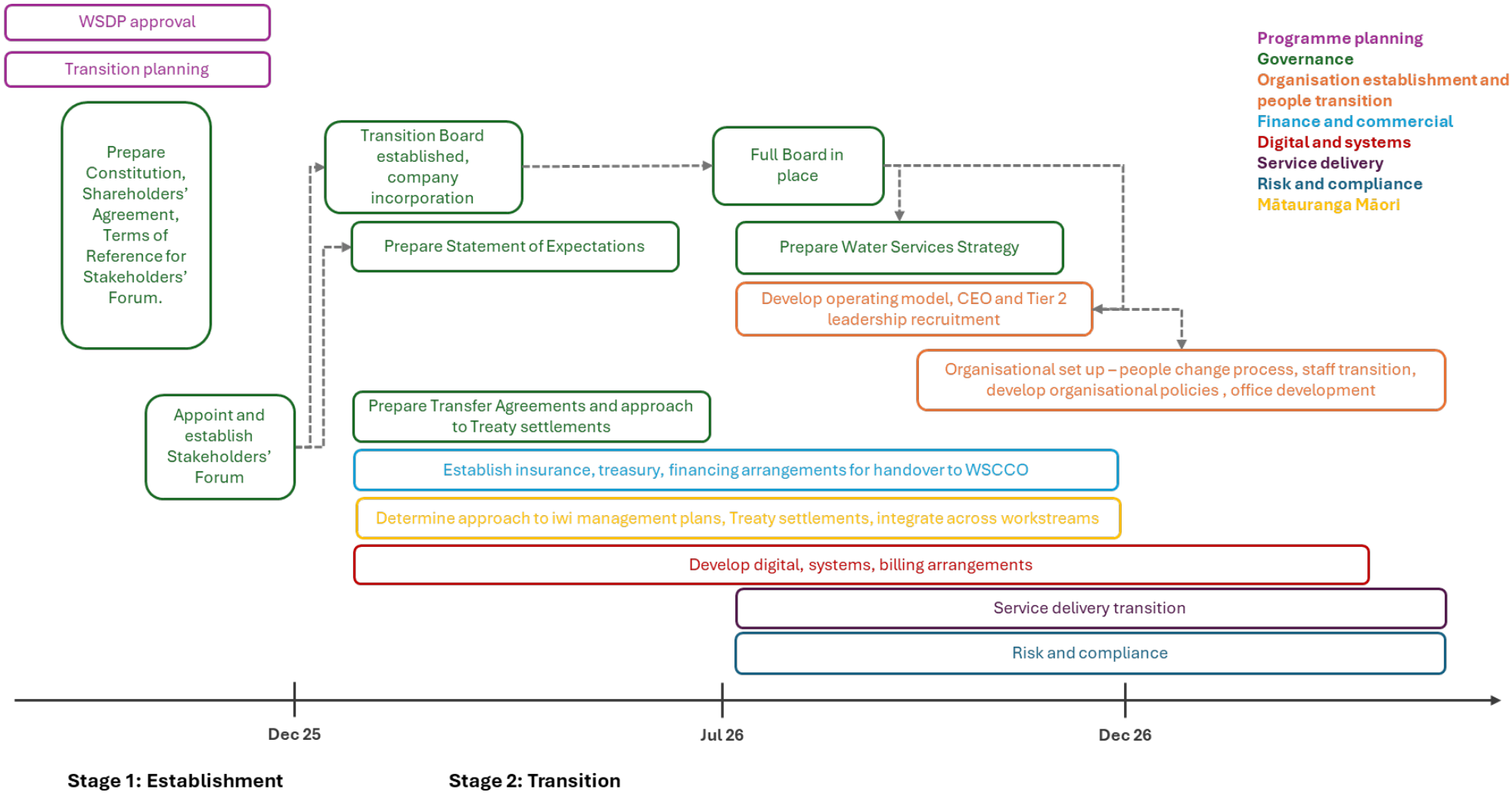


Table 2: Programme priorities and milestones

Programme stage	Priorities and milestones	Indicative timeframe
Legal establishment	• Achieve acceptance of WSDP by Secretary for Internal Affairs and publish WSDP	December 2025
	• Plan and prepare for operational transition according to priority workstreams above (with transition expected to begin following appointment of Directors). This will include initiation of key work in financial and commercial and systems workstreams to prepare for handover for completion to WSCCO Board.	December 2025
	• Appoint members to Stakeholders' Forum following election and induction of new Councils	November/December 2025
	• Complete Shareholders' Agreement, Constitution, Stakeholders' Forum Terms of Reference	September 2025
	• Recruit two (minimum) initial Directors	March 2026
	• Complete legal incorporation and required registrations – including Companies Office, Deed of Indemnity for Directors	March 2026
Operational transition	• Prepare Statement of Expectations for discussion with WSCCO Board	June 2026
	• Transition SWDC operations from Wellington Water Limited to new transitional arrangements	June 2026
	• Complete governing documentation (i.e., Transfer Agreements) and negotiate agreement with WSCCO Board. Complete adoption of Transfer Agreement by each of the four Councils.	September 2026
	• Undertake staff change process to confirm roles and staff that will transition to the new entity. Timing for movement/transfer of staff to be confirmed ahead of operational transition.	December 2026
	• Development of future systems requirements, including temporary billing arrangements to be administered by Councils (if confirmed approach)	December 2026
	• Develop insurance, treasury and financing arrangements, with WSCCO Board to finalise	December 2026
	• WSCCO Board to develop WSO operating model and undertake CEO and Tier 2 role recruitment	December 2026
	• WSCCO Board to prepare Water Services Strategy to give effect to Statement of Expectations	December 2026
	• WSCCO Board to set up the new organisation, including office location, corporate policies, bank accounts, brand, website etc.	June 2027
	• Transfer assets, contracts, responsibilities, remaining staff following Council and Board confirmation of readiness for go live.	June 2027

A4: Consultation and engagement

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

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

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

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

Table 3: Council consultation documents and findings

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

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

Key themes from 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 MDC 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 MDC, with appropriate adjustments to reflect a move to a WSCCO. The operating model and implementation plan within Part A is common to all four Councils' plans and sets out how the four Councils and iwi will work together to establish the WSCCO.

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

The following external reviews and assurance have been undertaken:

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

Council resolutions to adopt the WSDP

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

Table 4: Council WSDP adoption resolutions

Council	Date	Resolution
Masterton District Council	20 August 2025	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

Masterton District Council Chief Executive Certification

I certify that:

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

_____

Kym Fell
Chief Executive

Date: 26/08/2025

Masterton District Council

Part B: Network performance

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

Serviced population

Masterton's serviced population is projected to increase from 29,100 in FY25 to 33,273 in FY34 at the end of this WSDP period. The Council's LTP sets out that the district expects to see annual average population growth of 1.5% over the LTP period. Projections through to 2052 see the population increase to 42,100 by 2052 (+45.6% over the 30-year forecast or +1.52% average growth per annum) compared to the 2022 base.[1]

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

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

MDC Table 1: Serviced population

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

[1] Long-Term Plan 2024-34 - Masterton District Council and Documents and Information - Masterton District Council

Projected serviced population	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Total WW Connections (SUIPs)	10,738	10,855	10,964	11,073	11,184	11,296	11,409	11,523	11,638	11,754
Stormwater Connections										
Total residential properties serviced by SW	8,823	8,908	8,997	9,087	9,178	9,270	9,362	9,456	9,551	9,646
Total non-residential properties serviced by SW	592	601	610	619	628	638	647	657	667	677
Total SW connections (CV Rated)	9,415	9,506	9,601	9,697	9,794	9,892	9,991	10,091	10,192	10,294

Serviced areas

Water supply

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

Several private water supply schemes operate in the rural areas, including Fernridge/Upper Plain and Ōpaki. Rural areas with housing intensity such as Riversdale Beach, Castlepoint, Mataikona, and Whakataki do not have reticulated water supply schemes and the Council does not have plans to implement schemes in these areas due to the high costs which would need to be borne by a small number of properties.

With a 1.5% yearly forecast growth population in the urban area, Council does not expect the demand on water supply quantities to change significantly. The household distribution and urban/rural split will continue to be monitored. If the rural population does continue to increase on the outskirts of the urban area, this growth could be accommodated by expanding existing urban facilities. Some rural areas that have experienced population growth, such as Opaki, have their own water supply service and therefore growth in this area is currently beyond MDC's oversight. However, this may be something the WSCCO will need to consider in the future if development in the Opaki area continues.

Proposed growth areas are captured in Table 2 and growth-related projects for water supply have been captured in Table 5.

Wastewater

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

A 3.5% increase in average wastewater flows is expected in the Masterton urban area over the 10 years, mainly due to forecast increases in trade waste. The population in Masterton urban area is expected to grow by average of 1.5% per year, so reduction in Inflow / infiltration and water demand projects means domestic wastewater is not predicted to increase. The main trunk sewer from the south end of the Masterton urban area was installed with sufficient capacity to serve a potential industrial area immediately south of the Waingawa river. Development in this area will contribute to greater use of the main trunk sewer.

Proposed growth areas are captured in Table 2 and growth-related projects for wastewater have been captured in Table 5.

Stormwater

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

Proposed growth areas are captured in Table 2 and growth-related projects for stormwater have been captured in Table 5.

MDC Table 2: Water services schemes

Serviced areas (by reticulated network)	Water supply # schemes	Wastewater # schemes	Stormwater # catchments
Residential areas (If more than one, identify separately)	Masterton, 9,310 • Residential 8651, • Commercial 479, • Rural 180 Tīnui, 26	Masterton, 9,139 • Residential 8609, • Commercial 494, • Rural 36 Riversdale, 345 Castlepoint, 176 Tīnui, 19	Masterton, 9,532 paying stormwater urban charges • Residential 8935, • Commercial 597
Non-residential areas (If more than one, identify separately)	Waingawa industrial area (in Carterton District) commercial 70	Waingawa industrial area (Carterton District) commercial 71	Various commercial area subdivisions include stormwater assets eg 'The Poplars'
Mixed-Use rural drinking water schemes (where these schemes are not part of the council's water services network)	There are Council owned non-potable rural water supplies at: Wainuioru, 127 Taueru, 15 (incl. church and hall) Castlepoint serving the public toilets which are managed by the Facilities department. With private schemes at: Fernridge, approx. 100 and Ōpaki (# unknown)	N/a	n/a
Areas that do not receive water services (If more than one identify separately)	Castlepoint, Riversdale Beach Mataikona Whakataki	Wainuioru Fernridge Mauriceville Ōpaki Taueru Mataikona Whakataki	Within the boundaries of Masterton District Council, the majority of rural communities do not have any formal stormwater drainage. These communities include: • Rural Settlements (including Tauweru and Wainuioru) • Rural Schools • Private Water Scheme Communities

Serviced areas (by reticulated network)	Water supply # schemes	Wastewater # schemes	Stormwater # catchments
			• Rural Marae • Rural Recreational Facilities (e.g. golf clubs) Rural Homestays/ pubs/ cafes etc.
Proposed growth areas • Planned (in district plan) • Infrastructure enabled (as identified and funded in LTP)	Planned Masterton growth areas (Waingawa Industrial Estate (CDC), Chamberlain Road, Cashmere Oaks, Millard Ave, in-fill housing) Water infrastructure is enabled, however, extensions to water supply reticulation are needed and expected to be largely funded by developer contributions. Treatment plant capacity is considered sufficient for the expected growth (increase in raw and treated water holdings is primarily focused on resilience), particularly after the implementation of charging for water-by-meter which is expected to reduce demand.	Planned Masterton growth areas (Waingawa Industrial Estate (CDC), Chamberlain Road, Cashmere Oaks, Millard Ave, in-fill housing) Wastewater infrastructure is enabled, but extensions to the network are needed and expected to be largely funded by developer contributions. Wastewater treatment plant capacity is considered sufficient for the expected growth, particularly due to the recent focus on I/I reduction into the network through mains and lateral renewals and re-lining. Riversdale Beach, Castlepoint and Tinui are not currently under development pressure and their wastewater schemes have sufficient capacity for the predicted growth.	Greenfields development areas need to provide and fund their own stormwater assets. The capital investment programme provides for some upgrading to provide higher levels of protection from surface water inundation in targeted locations, but it does not allow for greater capacity across the urban area. Changing environmental standards eg for improved quality of stormwater discharge, have not been factored into the capital investment programme in any significant way.

Managing Demand

MDC's proactive programmes to manage demand is summarised, by activity, below.

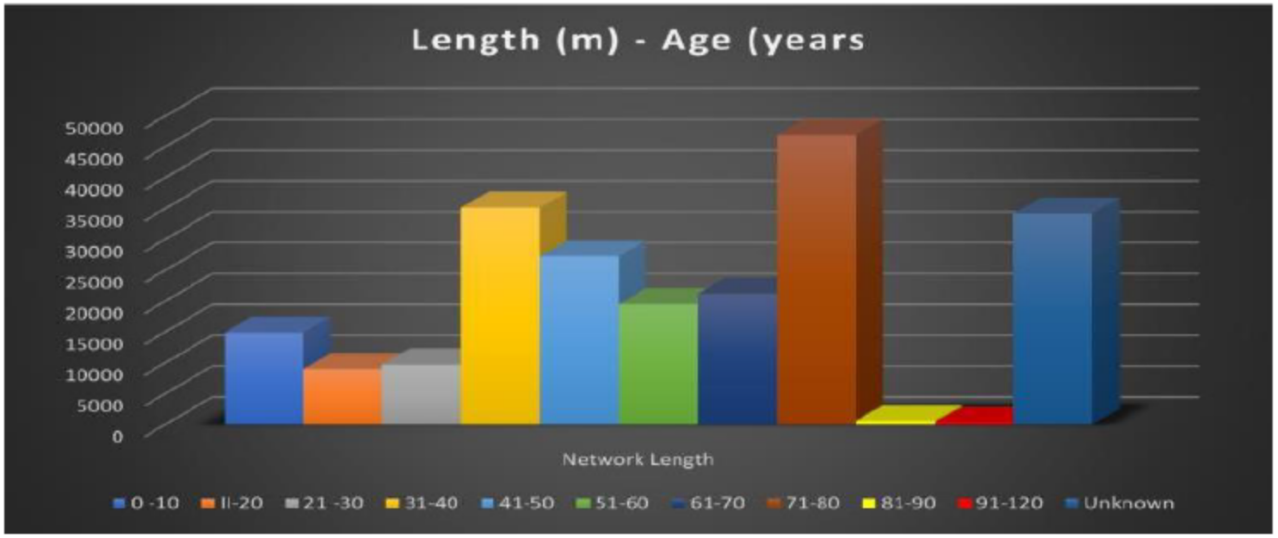
Activity	Programme
Water Supply	Water meters: Water meters have been installed in about 91 per cent Masterton urban residential properties. They help to reduce consumption, identify leaks, and provide better information about water use. All water meters are read at three monthly intervals and any faults recorded for repair. 100% coverage is targeted by 30 June 2026. The water meters project completion is funded at $250K for FY2025/26. The water meters will help MDC to continue to reduce the high-water leakage and customer water consumption.

Water Supply	Leak detection – MDC's leak detection programme commenced in 2008. Ongoing leak detection surveys network condition assessments occur annually. This work helps inform the maintenance and renewal programme.
Wastewater	Trade waste - MDC operates a waste trade programme, an application must be made and inspections are conducted. For 2023, 121 trade waste inspections covering 87% of known trade waste premises were conducted. Whilst domestic waste flows are not projected to increase over the next five years, trade waste flows and loads are expected to increase due to industrial development and expansion at Waingawa. The main trunk sewer from the south end of the Masterton urban area was installed with enough capacity to serve a potential industrial area immediately south of the Waingawa River, so capacity exists to cope with this increase.
Wastewater	Inflow & Infiltration – In July 2009 MDC produced a sewerage inflow and infiltration 10-year reduction management plan. Ongoing CCTV, private property sewer inspections and other investigations have assisted in identifying sewer inflow and infiltration sources. MDC has been working towards rectifying the problems in the Council network with 2019/20 being the ninth year of a substantial pipe and connection replacement programme. Additional funding from the three waters 'Better Off Funding' and resilience funding following Cyclone Gabrielle have been applied between 2022/23 and 2024/25 to the network pipe renewal programme.

Asset condition

Water Supply

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



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

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

Wastewater management

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

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

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

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

Stormwater management

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

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

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

Critical Assets

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

Water Supply

- The Kaituna Water Treatment Plant.

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

Wastewater Management

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

Stormwater Management

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

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

MDC Table 3: Asset condition information

Parameters	Drinking supply	Wastewater	Stormwater
Average age of Network Assets	The age and condition of these assets varies considerably and the pipe information is presented in terms of length-age. MDC applies an optimised renewal decision-making (ORDM) framework to assess risk of failure. Structural failure probability includes the age, material and soli type profiles. The data set has not been queried to provide an average age of network assets value.	Continuing work verifying pipe age is being undertaken. There is a proportion where the age of the pipes are an assumed age. The structural grading of the pipes is based on age, maintenance records and defect severity. The data set has not been queried to provide an average age of network assets value.	The condition of the stormwater network assets is monitored by an ongoing CCTV inspection programme and the stop banks are inspected on an as required basis to ensure ongoing performance. An average age of network assets value is not available.
Critical Assets	Identified	Identified	Identified
Above ground assets • Treatment plant/s	2 Kaituna (Masterton) and Tīnui	4 Masterton, Riversdale Beach, Castlepoint and Tīnui	n/a

Parameters	Drinking supply	Wastewater	Stormwater
• Percentage or number of above ground assets with a condition rating • Percentage of above –ground assets in poor or very poor condition	Assessments undertaken for various components of Masterton WTP by Council WTP Staff. This assessment is based on operational knowledge and not a formal assessment. % rated not specified % gradings not specified	Assessments undertaken on various components at all WWTPs by Council WWTP Staff. This assessment is based on operational knowledge and not a formal assessment. % rated not specified % gradings not specified	
Below ground assets • Total Km of reticulation • Percentage of network with condition grading • Percentage of network in poor or very poor condition	Approx. 218km 84.4% of Masterton scheme pipes have a condition grading 23.5% of Masterton scheme pipes are graded 4 or 5 Tinui scheme pipes were due for inspection in 2021 and are still due.	Approx. 213km Approx 21% of Masterton scheme pipes have a condition grading 39% of those pipes have been graded as structural grade 4 or 5 Castlepoint scheme pipes – relatively new so has not been CCTV inspected to date (and is cleaned twice a year). Tinui scheme pipes – completely renewed from 2007-2011. Riversdale scheme pipes – relatively new (2009 - 2011) so has not been CCTV inspected to date.	Approx. 55.1km % rated not specified % gradings not specified

Asset management approach

Existing service delivery model

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

Asset management systems and policy statement

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

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

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

Asset maturity statement

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

Asset valuation

The asset valuation for each activity has been sourced from the MDC LTP 2024-2034 and is summarised as follows:

Activity	Asset Valuation
Water Supply	The total optimised replacement cost of water assets inclusive of supply, reticulation and rural supplies as of 30 June 2023 was $155,492,646. With an optimised depreciated replacement cost of $70,626,968 (Source - WSP valuation Oct 2023)
Wastewater	The total optimised replacement cost of wastewater assets inclusive of reticulation and treatment as of 30 June 2023 was $224,734,981. With an optimised depreciated replacement cost of $137,028,570 (Source – WSP valuation Oct 2023)
Stormwater	The total optimised replacement cost of stormwater assets as of 30 June 2023 was $63,060,805. With an optimised depreciated replacement cost of $36,819,933. Possible new stormwater assets are also funded from private developments. (Source - WSP valuation Oct 2023)

Statement of regulatory compliance

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

This section covers current compliance status with drinking water requirements and resource consents, and future improvements.

Resource consents

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

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

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

Water supply levels of service

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

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

Four of the measures weren't met including:

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

MDC continues to lift its practices to ensure compliance is met in full and to avoid technical non compliances. Compliance related investments have been captured in Table 5.

Wastewater levels of service

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

- Sewerage Complaints: Achieved – 6.56 complaints per 1,000 connections (target ≤8).
- Attendance at Sewerage Overflows: Achieved – 25 minutes (target ≤6 hours).
- Resolution of Sewerage Overflows: Achieved – 161 minutes / 2.68 hours (target ≤12 hours).
- Dry Weather Sewerage Overflows: Achieved – 1.01 per 1,000 connections (target ≤2).
- Compliance with Resource Consents (no compliance actions): Achieved – 100% compliant (target = 100%).
- Alternative System Provided (>24hr outage): Achieved – 0.2 per 1,000 connections (target ≤1).

There were low and moderate risk non compliances recorded against MDC's resource consents for 2023/2024. These are summarized against the specific resource consents listed in Table 4. MDC continues to lift its practices to ensure compliance is met in full and to avoid such non compliances. Compliance related investments for wastewater have been captured in Table 5.

Stormwater levels of service

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

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

One measure wasn't met:

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

MDC Table 4: Regulatory compliance

Parameters	Drinking supply schemes	Wastewater schemes	Stormwater schemes/catchments
Drinking water supply • Bacterial compliance (E.coli) • Protozoa compliance • Chemical compliance • Boiling water notices in place • Fluoridation	**Bacterial compliance (E.coli)** Masterton: Yes Tinui: No **Protozoa compliance** Masterton: Yes Tinui: No	n/a	n/a

Parameters	Drinking supply schemes	Wastewater schemes	Stormwater schemes/catchments
• Average consumption of drinking water • Water restrictions in place (last 3 years) • Firefighting sufficient	**Chemical compliance** Masterton: Yes Tīnui: Yes **Boiling water notices in place** Wainuioru (non-potable supply) - Permanent BWN **Fluoridation** Masterton: Yes Tīnui: No **Average consumption of drinking water** 664 l/person/day **Water restrictions in place (last 3 years)** Water restrictions in place most summers **Firefighting sufficiency** Council believes it has sufficient capacity within its Masterton water supply infrastructure to continue to supply the current levels of potable water from Kaituna and Tīnui to service and absorb possible expansions in its water network. This has not been formally assessed.		
Resource Management • Significant consents (note if consent is expired and operating on S124) • Expire in the next 10 years • Non-compliance: o Significant risk non-compliance o Moderate risk non-compliance o Low risk non-compliance • Active resource consent applications	**Water supply takes** Greater Wellington Regional Council (GWRC) consents include: **WAR 170176 expired)** **Waingawa River** Expiry 23 April 2023 Operating under Section 124 conditions and renewal in progress. To take up to 40,000m³ of water/day (463 L/P/S) from the Waingawa River for public water supply. **WAR 010244** **Whareama River Catchment Tīnui** Expiry 21 Sept 2036 To take up to 90m³ of water/day Telemetered water take data is supplied to GWRC on request. **Water discharge** **WAR 120241** **Upper Plain Road, Masterton**	**Wastewater discharge water/land/air** Greater Wellington Regional Council (GWRC) consents **WAR090066** **Homebush wastewater treatment plant.** Expiry 08 Dec 2034 **WAR090356** **Riversdale's wastewater treatment facility.** Expiry 30 Sep 2039 **WAR050019** **Tīnui's wastewater treatment facility** Expiry 30 Sep 2030 **WAR080010** **Castlepoint's wastewater treatment facility.** Expiry 10 Apr 2029 **Network – no consent**	**Stormwater discharge – Granted Stage 1** Stormwater Monitoring Consent. Network – Granted Stage 1 Stormwater Monitoring Consent. **Non Compliances** No resource consent breaches (2021-23) **Compliance actions** No compliance actions

Parameters	Drinking supply schemes	Wastewater schemes	Stormwater schemes/catchments
• Compliance actions (last 24 months): ○ Warning ○ Abatement notice ○ Infringement notice ○ Enforcement order ○ Convictions	Expiry 16 Sept 2029 To discharge supernatant into water **Non-Compliances 2023/24 Year** **WAR 170176** - Moderate risk non-compliance. Syphon intake screen to be installed. **WAR 120241** - Low and Moderate risk non-compliances for flow and Al concentration exceedances. **Compliance actions** No compliance actions	No active resource consent applications **Non Compliances 2023/24 Year** **WAR080010** - Low risk non-compliance for discharges to land and water. No field sheets for April and May, exceedances for suspended solids and late annual report submission etc. **WAR090066** - Low and Moderate risk non-compliances. Late annual report, Review report not received, minor discharge dilution and E.coli exceedances, sampling issues etc. **Compliance actions** Abatement notice (2022/2023) Infringement notice (2021/2022)	

Capital expenditure required to deliver water services

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

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

Capital investment decisions are determined by the following considerations:

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

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

MDC Table 5: Specific investment projects by water service

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

MDC Table 6: Projected investment in water services

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

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
Capital expenditure - to meet additional demand	0	435	0	0	0	0	0	0	0	0
Capital expenditure - to improve levels of services	0	1,088	1,115	626	470	482	493	(0)	(0)	(0)
Capital expenditure - to replace existing assets	310	653	1,087	716	705	722	738	753	769	784
Total projected investment for stormwater	310	2,176	2,202	1,341	1,175	1,204	1,231	753	769	784
Total projected investment in water services	8,250	13,011	13,824	15,084	10,082	6,714	6,186	8,291	7,734	7,800

Historical delivery against planned expenditure

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

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

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

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

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

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

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

Part C: Revenue and financing arrangements

C1: Revenue and charging arrangements

Note for reader

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

Charging and billing arrangements

Water supply charges

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

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

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

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

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

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

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

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

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

Wastewater charges

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

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

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

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

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

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

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

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

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

Stormwater management charges

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

Commercial and industrial user charges

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

Ringfencing of costs and revenue

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

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

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

Future charging arrangements

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

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

change to what low value residential properties pay if the WSCCO moves away from CV rating (with a commercial differential) to targeted uniform charging for wastewater and stormwater services.

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 being enabled to independently bill for day one. The current assumption is that Councils will collect revenue on the WSCCO's behalf for a determined period to manage the risk of transition (with revenue requirements set by the WSCCO to meet financial sustainability requirements). In any interim arrangement, councils would act solely as agents, with no liability for collection, and all revenue would be passed through to the WSCCO via Council balance sheets in a manner consistent with the treatment of regional council rates. During the transition, any payments mistakenly made to Council will be transferred to the WSCCO and will not be treated as Council revenue.

Councils have agreed that the WSCCO will operate a cost-to-serve model based on the existing Council boundaries, for nine years, after which time the matter will be reviewed by the Board and Shareholding Councils.

Water services revenue requirements

Note to the reader

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

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

Current revenue sources:

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

Future revenue sources

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

It is yet to be determined how future charges will be structured across supply schemes and catchments, however Masterton does have water meters and charging for water based on use is expected; the WSCCO may introduce differentiated charges or categories of charges for consumers in future, which are not currently applied by Council. Charging for the costs of both wastewater and stormwater services remains to be determined as the WSCCO will not have the ability to levy charges based on property values and uniform charges will not sufficiently reflect the benefits provided to higher valued properties.

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

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

It is unclear if customers of the WSO entity will continue to be eligible for the Central Government-funded Rates Rebate scheme to part-fund their water services costs. MDC has over 10% of ratepayers who are eligible for Rates Rebate Scheme.

MDC Table 8: Forecast water services funding impact statement

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

Affordability for communities

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

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

MDC Table 9: Average charge per connection

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

C2: Funding and financing arrangements

Borrowing requirements

Over the 10-year planning period, MDC has planned a number of substantial capital investment projects to both renew assets to maintain service levels, increase resilience and support growth. This will be funded by way of both current revenue and debt. Council's debt will continue to stay below the current debt covenants with LGFA. Over the forecast period, water services are forecast to require $96.9m in capital investments. To support this investment, net debt is expected to increase from $39.6m to $66.7m, with the remaining funding to come from water services revenue and development contributions. The tables below identify investment required and net debt by individual water service, with net debt associated with water services transferred to the WSCCO in FY28.

MDC Table 10: Water services borrowing requirements and net debt (by debt to revenue ratio and FFO to debt)

Projected water services net debt to operating revenue	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Total operating revenue ($m)	16.7	17.4	18.4	19.1	19.2	19.2	19.3	19.8	20.2	20.5
Net debt ($m)	39.6	45.1	50.3	59.4	62.7	63.1	62.9	64.6	65.7	66.7
Debt headroom to limit ($m)	43.7	41.8	41.9	36.0	33.0	33.0	33.8	34.3	35.2	35.7
Net debt to operating revenue (%)	238%	260%	273%	311%	328%	328%	325%	327%	326%	326%

Projected water services debt headroom (FFO)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Water services FFO covenant (LGFA)	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Free funds from operations (LGFA) ($m)	8.2	7.4	8.5	7.2	6.6	6.3	6.3	6.5	6.6	6.7
Net debt ($m)	39.6	45.1	50.3	59.4	62.7	63.1	62.9	64.6	65.7	66.7
Debt headroom to FFO covenant ($000s)	51.1	37.6	44.3	20.3	11.0	7.0	7.0	7.2	7.3	7.4

Financial strategy and debt repayment

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

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

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

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

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

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

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

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

Internal borrowing

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

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

Attribution of debt related to water services

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

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

Insurance arrangements

Insurance Management for Water Services

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

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

Current Insurance Policies and Coverage

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

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

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

Insurance Risk Assessments and Modelling

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

Valuation and Insurance Calculations

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

Part D: Financial sustainability assessment

Note for reader

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

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

D1: Confirmation of financially sustainable delivery of water services

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

Revenue sufficiency

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

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

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

Investment sufficiency

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

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

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

Financing sufficiency

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

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

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

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

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

Actions to achieve financially sustainable delivery of water services

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

Risks to achieving financially sustainable water services

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

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

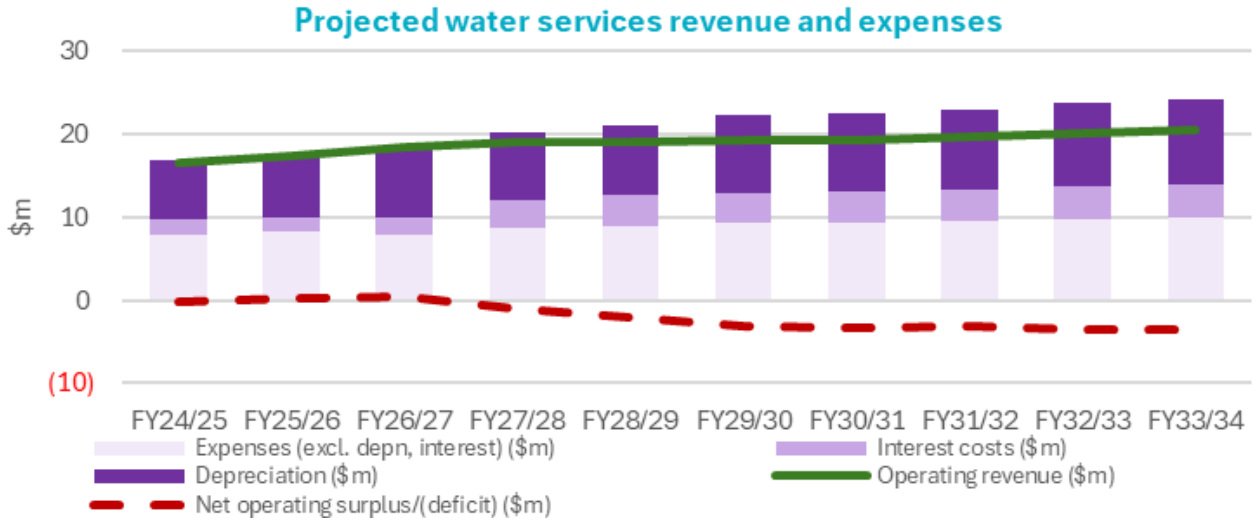
D2: Financial sustainability assessment - revenue sufficiency

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

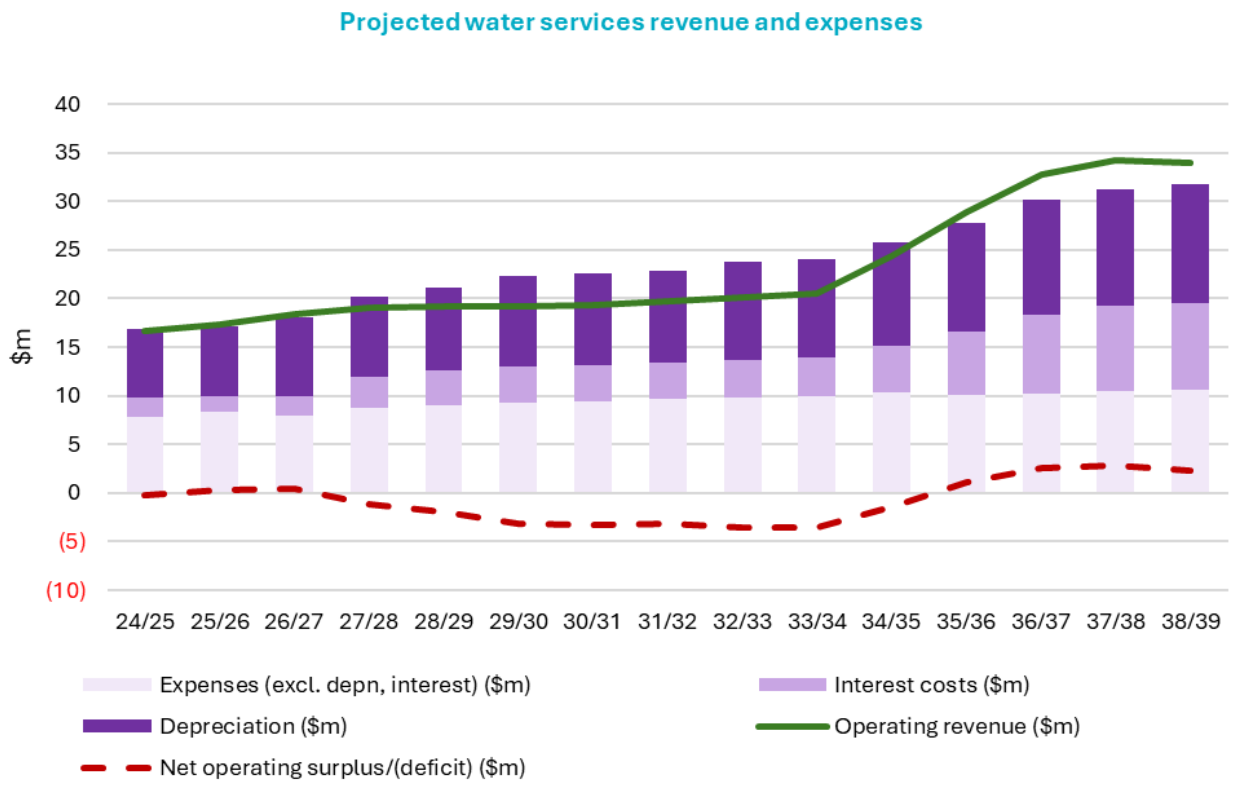
Water services are in operating balance until FY27. The operating deficits from FY28 are accounting deficits, not cash deficits, driven by inclusion of full depreciation expense. However, the WSCCO will not fund depreciation from revenue as the Council does now; instead it will use debt funding to more equitably spread the costs of renewals investment over a longer time period. MDC within the WSCCO generates strong cash surpluses to fund required investment and meet the FFO-to-debt covenant.

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

MDC Figure 1: Projected water services revenue and expenses



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



Projected operating surpluses/(deficits) for water services

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

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

Projected operating cash surpluses for water services

MDC Table 13: Projected operating cash surpluses for water services

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

Average projected charges for water services

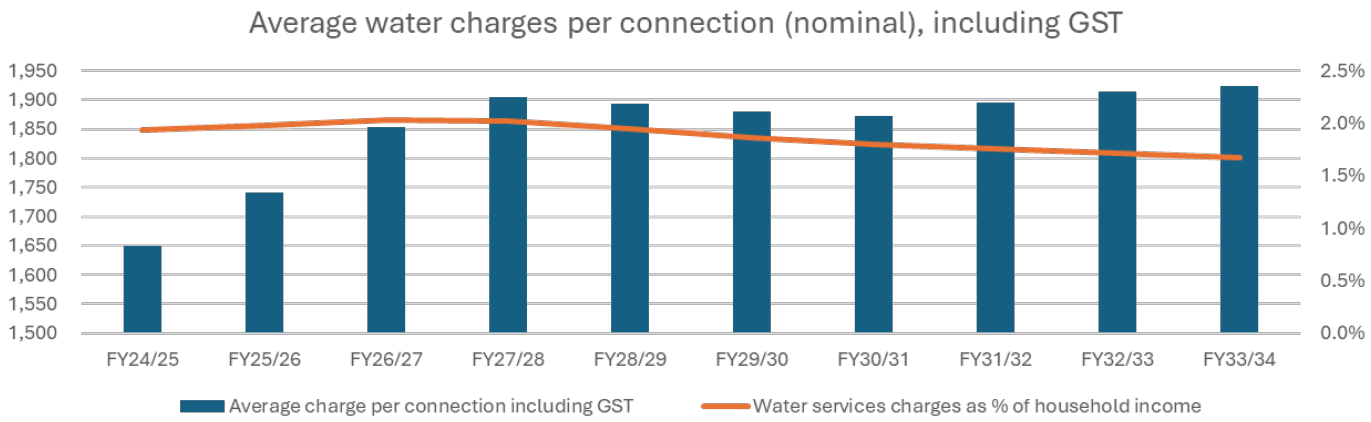
For the Council, average water charges per connection are forecast to increase from $1,650 in FY25 to $1,924 in FY34 (in nominal terms), which represents around 1.9% of median household income in the district in FY25 and 1.7% in FY34. These are modest, steady increases which maintain good levels of affordability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

MDC Table 14: Average projected charges for water services

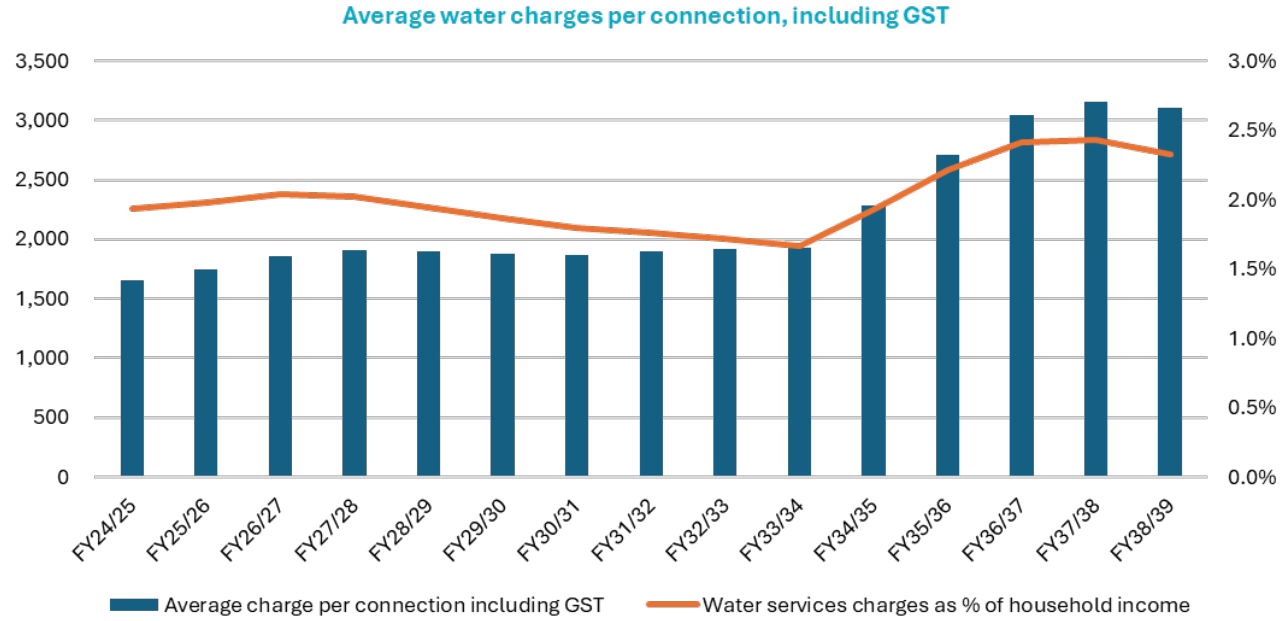
Average charge per connection including GST	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Average drinking water bill (including GST)	619	665	704	750	898	934	916	907	905	896
Average wastewater bill (including GST)	901	928	985	966	816	760	763	792	810	827
Average stormwater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

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

MDC Figure 3: Average projected charges for water services



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



D3: Financial sustainability assessment - investment sufficiency

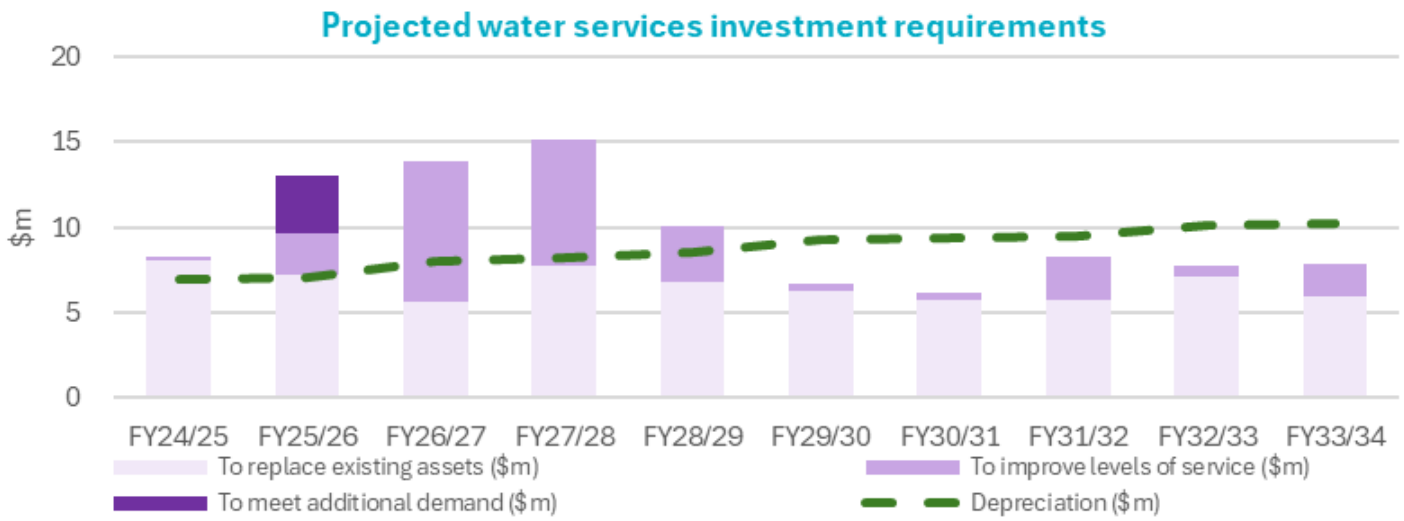
The WSDP includes $97 million in forecast capital investment over the 10-year period. The investment profile is aligned directly with the Council's Long-Term Plan, Infrastructure Strategy and Asset Management Plan. This programme includes:

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

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

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

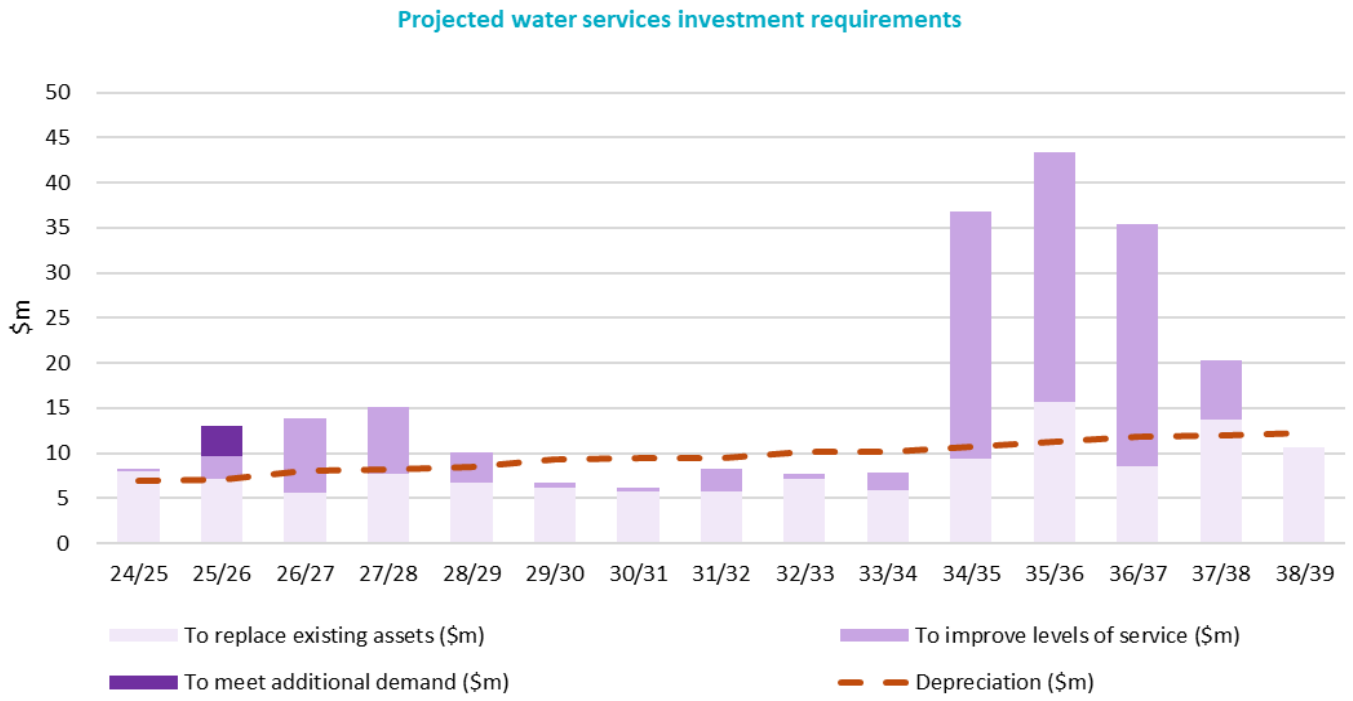
MDC Figure 5: Projected water services investment requirements



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

Figure 6 below illustrates the scale of the investment that may be needed beyond the WSDP timeframe.

MDC Figure 6: Projected water services investment requirements beyond the WSDP period



Renewals requirements for water services

MDC Table 15: Renewal requirements for water services

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

Total required water services investment

MDC Table 16: Total water services investment

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

Average remaining useful life of network assets

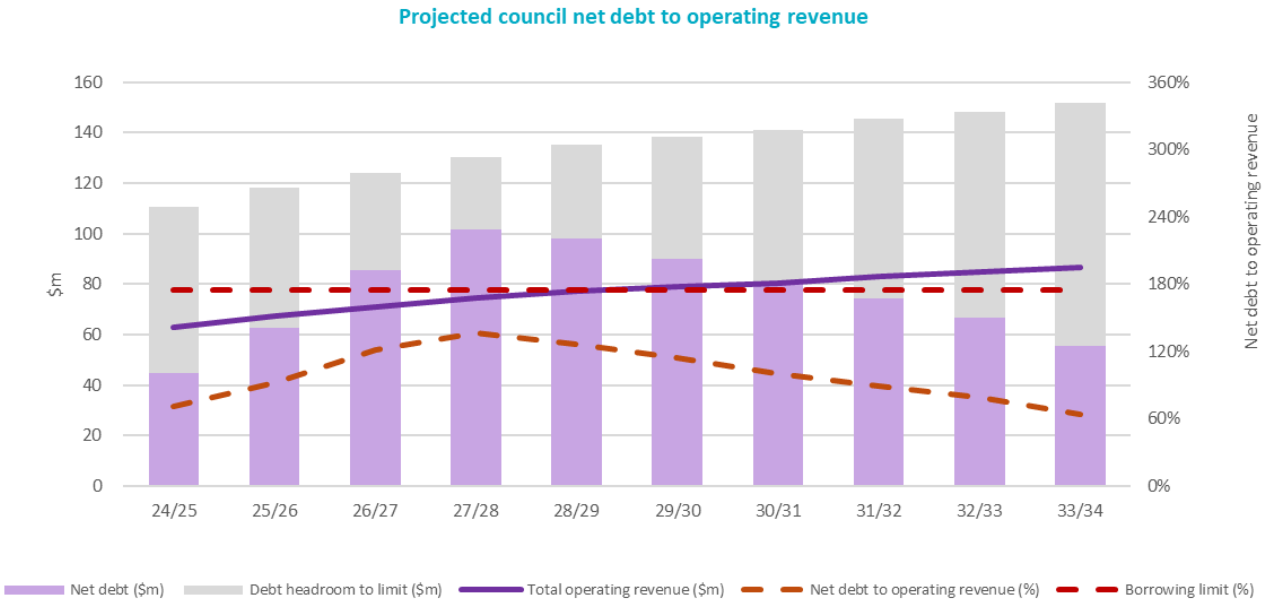
MDC Table 17: Average remaining useful life of network assets

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

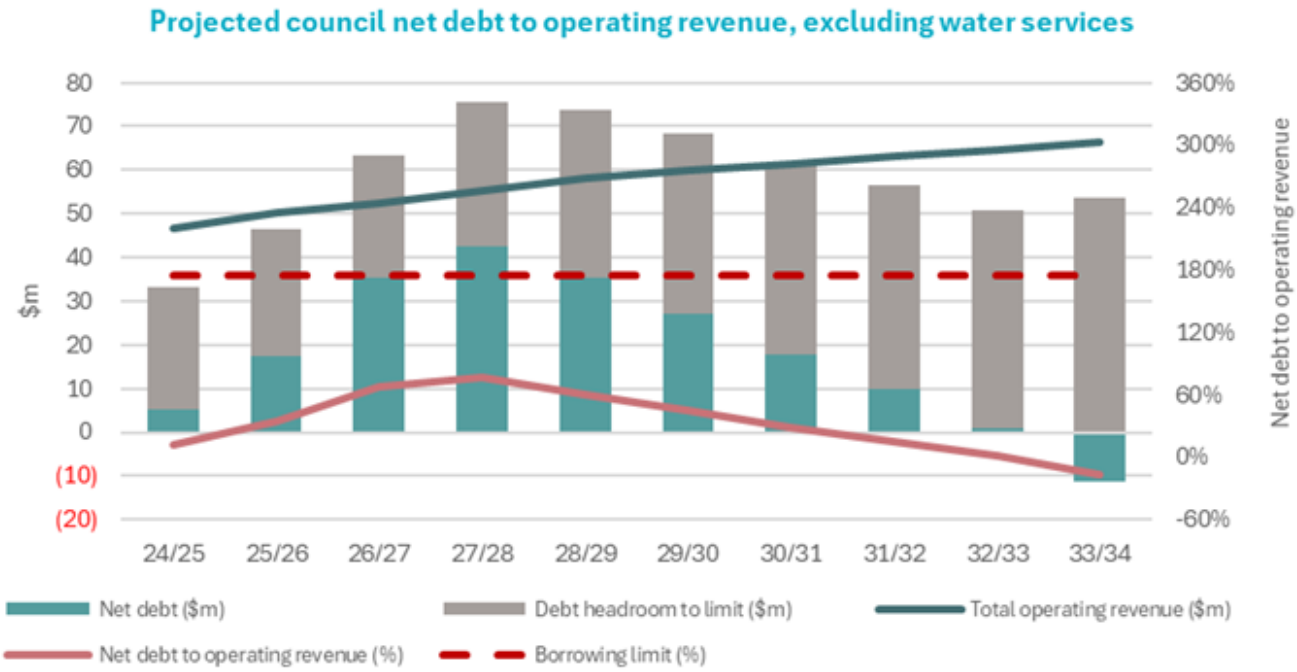
D4: Financial sustainability assessment - financing sufficiency

The Council within the WSCCO can meet the financing sufficiency test and has adequate borrowing capacity to fund proposed investments and revenue forecasts incorporate manageable staged increases to maintain financial covenants at prudent levels. The Council's whole of council debt-to-revenue remains well within the LGFA cap of 175% as shown in Figure 7 below and water services debt also remains comfortably within limits (Figure 9 and Figure 10). The Council's overall financial position is improved with the transfer of water services, with balance sheet pressure eased and greater levels of debt headroom created (Figure 8).

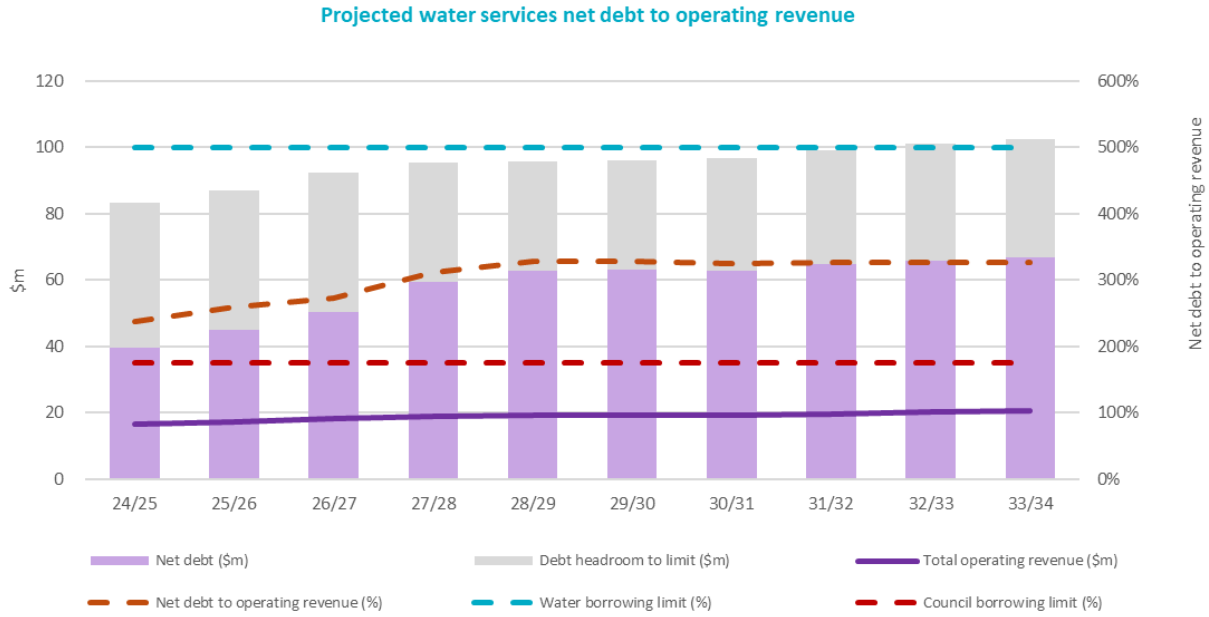
MDC Figure 7: Projected Council borrowing limits



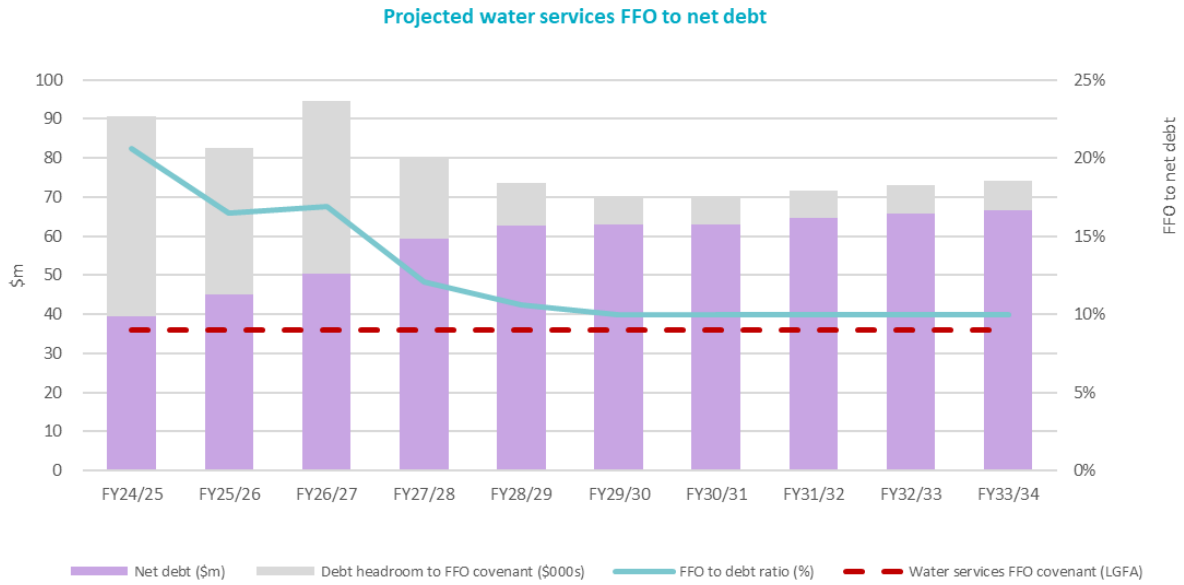
MDC Figure 8: Projected Council borrowing limits (excluding water services)



MDC Figure 9: Projected water services borrowing limits (debt to revenue)



MDC Figure 10: Projected water services borrowing limits (FFO to debt)



Projected borrowings for water services

MDC Table 18: Projected borrowings for water services

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

MDC Table 19: Projected borrowing headroom/(shortfall) for water services (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	16,651	17,371	18,433	19,086	19,153	19,207	19,335	19,779	20,178	20,494
Debt to revenue limit	500%	500%	500%	500%	500%	500%	500%	500%	500%	500%
Maximum allowable net debt	83,253	86,855	92,163	95,432	95,764	96,036	96,676	98,894	100,892	102,470
Total net debt	39,597	45,081	50,308	59,384	62,745	63,067	62,880	64,624	65,703	66,743
Borrowing headroom/ (shortfall) against limit	43,656	41,774	41,855	36,048	33,019	32,969	33,796	34,270	35,189	35,727

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

Projected water services debt headroom (FFO)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Water services FFO covenant (LGFA)	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Free funds from operations (LGFA) ($m)	8.2	7.4	8.5	7.2	6.6	6.3	6.3	6.5	6.6	6.7
Net debt ($m)	39.6	45.1	50.3	59.4	62.7	63.1	62.9	64.6	65.7	66.7
Debt headroom to FFO covenant ($000s)	51.1	37.6	44.3	20.3	11.0	7.0	7.0	7.2	7.3	7.4

Free funds from operations

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

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

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

MDC Table 21: Free funds from operations

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

Part E: Projected financial statements for water services

MDC Table 22: Funding impact statement – water services

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

MDC Table 23: Funding impact statement – drinking water

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

MDC Table 24: Funding impact statement – wastewater

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

MDC Table 25: Funding impact statement – stormwater

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

MDC Table 26: Projected statement of comprehensive revenue and expenses – water services

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

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

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

MDC Table 28: projected statement of comprehensive revenue and expenses – wastewater

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

MDC Table 29: projected statement of comprehensive revenue and expenses – stormwater

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

MDC Table 30: projected statement of cashflows – water services

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

MDC Table 31: projected statement of cashflows – drinking water

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

MDC Table 32: projected statement of cashflows – wastewater

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

MDC Table 33: projected statement of cashflows – stormwater

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

MDC Table 34: projected statement of financial position – water services

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

MDC Table 35: projected statement of financial position – drinking water

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

MDC Table 36: projected statement of financial position – wastewater

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

MDC Table 37: projected statement of financial position – stormwater

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

Water Services Delivery Plan: additional information

Significant capital projects

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

MDC Table 36: drinking water projects

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

MDC Table 37: wastewater projects

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

MDC Table 38: stormwater projects

Significant capital projects – stormwater	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Projects to meet additional demand										
Urbanisation of Millard Ave		$435,200								
Total investment to meet additional demand	$-	$435,200	$-	$-	$-	$-	$-	$-	$-	$-
Projects to improve levels of services										
Stopbank - associated pipe work upgrade		$1,088,000	$1,115,000							
Stormwater treatment				$458,000	$470,000	$481,600	$492,800			
Total investment to meet improve levels of services	$-	$1,088,000	$1,115,000	$458,000	$470,000	$481,600	$492,800	$-	$-	$-
Projects to replace existing assets										
Stormwater renewal & upgrades	$600,000	$652,800	$669,000	$687,000	$705,000	$722,400	$739,200	$756,000	$772,200	$789,000
Stormwater consent				$167,700						
Total investment to replace existing assets	$600,000	$652,800	$669,000	$854,700	$705,000	$722,400	$739,200	$756,000	$772,200	$789,000
Total investment in drinking water assets	$600,000	$2,176,000	$1,784,000	$1,312,700	$1,175,000	$1,204,000	$1,232,000	$756,000	$772,200	$789,000

Risks and assumptions

CDC Table 39: risks and assumptions

Parameters	Drinking supply	Wastewater	Stormwater
Key Risks • Future water service delivery • Network performance • Treaty Settlement Obligations • Regulatory compliance • Delivery of Capital Programme • Organisational capacity • Long term issues e.g. providing for growth, climate change	**Future water service delivery** The WSO can retain or contract sufficient expertise to maintain the operation of the networks. **Network performance** The planned renewals don't maintain the condition of the networks and the network is exposed to a higher risk of failure. **Regulatory compliance**	**Future water service delivery** The WSO can retain or contract sufficient expertise to maintain the operation of the networks. **Network performance** The planned renewals don't maintain the condition of the networks and the network is exposed to a higher risk of failure. **Regulatory compliance**	**Future water service delivery** The WSO can retain or contract sufficient expertise to maintain the operation of the networks. **Network performance** The planned renewals don't maintain the condition of the networks and the network is exposed to a higher risk of failure. **Regulatory compliance**

Parameters	Drinking supply	Wastewater	Stormwater
	Reconsenting to abstractions and discharges requires considerably more resources to secure when renewing and significantly greater investment. Upgrades to meet compliance don't proceed or fail to achieve compliance. **Cultural Importance** Decisions are made that contravene the commitments outlined in Treaty Settlement and recognised Iwi Planning documents (including recognition of iwi rights and interests in freshwater generally, and within asset management outcomes) **Delivery of Capital Programme** A lack of construction or internal project management resource delays the capital programme delivery **Organisational capacity** The capacity of the organisation to adequately respond to economic regulation requirements exceeds available resources and expertise. **Long term issues e.g. providing for growth, climate change** More frequent droughts may affect the security of water supply and abstraction consent conditions may be reduced. Currently MDC relies on adequate water flows from the Waingawa River and has no stored water for a prolonged drought. The cost of the small rural schemes exceeds the affordability of the communities they serve.	Reconsenting to abstractions and discharges requires considerably more resources to secure when renewing and significantly greater investment. Upgrades to meet compliance don't proceed or fail to achieve compliance. **Cultural Importance** Decisions are made that contravene the commitments outlined in Treaty Settlement and recognised Iwi Planning documents (including recognition of iwi rights and interests in freshwater generally, and within asset management outcomes) **Delivery of Capital Programme** A lack of construction or internal project management resource delays the capital programme delivery **Organisational capacity** The capacity of the organisation to adequately respond to economic regulation requirements exceeds available resources and expertise. **Long term issues e.g. providing for growth, climate change** The cost of the small rural schemes exceeds the affordability of the communities they serve.	When the consents for the water take for the urban lakes are renewed, the inflows may be reduced. This may affect the stormwater management function of the lakes. The stormwater ponds and lakes are managed by the Parks Department and contribute to the stormwater system performance. **Cultural Importance** Decisions are made that contravene the commitments outlined in Treaty Settlement and recognised Iwi Planning documents (including recognition of iwi rights and interests in freshwater generally, and within asset management outcomes) **Delivery of Capital Programme** A lack of construction or internal project management resource delays the capital programme delivery **Organisational capacity** The capacity of the organisation to adequately respond to economic regulation requirements exceeds available resources and expertise. **Long term issues e.g. providing for growth, climate change**

Parameters	Drinking supply	Wastewater	Stormwater
	At some stage, the Ōpaki scheme may not be able to support its community, and some Council assistance may be required.		
Significant assumptions • Future water service delivery • Network performance • Regulatory compliance • Delivery of Capital Programme • Organisational capacity • Long term issues e.g. providing for growth, climate change	**Future water service delivery** The levels of service will remain adequate for economic regulation. **Network performance** The proposed renewals programme maintains or improves the average network condition. **Regulatory compliance** There is no significant change in the abstraction or discharge consent requirements or limits Existing and proposed resourcing is adequate to respond to economic regulation requirements exceeds available resources and expertise. **Delivery of Capital Programme** Sufficient market resources will remain available to deliver the proposed capital programme. **Organisational capacity** Sufficiently experienced local resources remain available to operate the services. **Long term issues e.g. providing for growth, climate change** There are no significant changes in the population projections or additional significant demand required for the Waingawa industrial area.	**Future water service delivery** The levels of service will remain adequate for economic regulation. **Network performance** The proposed renewals programme maintains or improves the average network condition. **Regulatory compliance** There is no significant change in the abstraction or discharge consent requirements or limits Existing and proposed resourcing is adequate to respond to economic regulation requirements exceeds available resources and expertise. **Delivery of Capital Programme** Sufficient market resources will remain available to deliver the proposed capital programme. **Organisational capacity** Sufficiently experienced local resources remain available to operate the services. **Long term issues e.g. providing for growth, climate change** There are no significant changes in the population projections or additional significant demand required for the Waingawa industrial area.	**Future water service delivery** The levels of service will remain adequate for economic regulation. **Network performance** The proposed renewals programme maintains or improves the average network condition. **Regulatory compliance** There is no significant change in the abstraction or discharge consent requirements or limits Existing and proposed resourcing is adequate to respond to economic regulation requirements exceeds available resources and expertise. **Delivery of Capital Programme** Sufficient market resources will remain available to deliver the proposed capital programme. **Organisational capacity** Sufficiently experienced local resources remain available to operate the services. **Long term issues e.g. providing for growth, climate change** There are no significant changes in the population projections or additional significant demand required for the Waingawa industrial area.

Parameters	Drinking supply	Wastewater	Stormwater
	The existing private schemes are not required to be taken over by the WSO in the future	The existing private schemes are not required to be taken over by the WSO in the future	The existing private schemes are not required to be taken over by the WSO in the future

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

WSCCO Table 2: Funding impact statement – drinking water

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

WSCCO Table 3: Funding impact statement – wastewater

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

WSCCO 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)

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

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

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

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

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

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

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

Statement of comprehensive revenue and expense ($000)	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

WSCCO Table 9: Projected statement of cashflows – water services

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

WSCCO Table 10: Projected statement of cashflows – drinking water

Statement of cashflows ($000)	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Cashflows from operating activities											
Cash surplus / (deficit) from operations	5,324	5,629	6,927	8,209	7,234	9,749	12,995	14,432	14,886	15,257	15,450
[other items]											
Net cashflows from operating activities	5,324	5,629	6,927	8,209	7,234	9,749	12,995	14,432	14,886	15,257	15,450
Cashflows from investment activities											
[other items]					(1,982)						
Capital expenditure	(12,026)	(27,184)	(30,003)	(26,083)	(29,960)	(20,597)	(19,042)	(22,519)	(16,248)	(18,579)	(14,608)
Net cashflows from investment activities	(12,026)	(27,184)	(30,003)	(26,083)	(31,942)	(20,597)	(19,042)	(22,519)	(16,248)	(18,579)	(14,608)
Cashflows from financing activities											
New borrowings	6,190	21,555	23,077	17,875	24,708	10,848	6,046	8,087	1,363	3,323	(841)
Repayment of borrowings											
Net cashflows from financing activities	6,190	21,555	23,077	17,875	24,708	10,848	6,046	8,087	1,363	3,323	(841)
Net increase/(decrease) in cash and cash equivalents	(512)	0	0	0	(0)	0	0	0	1	1	2
Cash and cash equivalents at beginning of year	1,223	711	711	711	712	711	711	711	712	713	714
Cash and cash equivalents at end of year	711	711	711	712	711	711	711	712	713	714	716

WSCCO Table 11: Projected statement of cashflows – wastewater

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

WSCCO Table 12: Projected statement of cashflows – stormwater

Statement of cashflows ($000)	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

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

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

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

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

WSCCO Table 15: Projected statement of financial position – wastewater

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

WSCCO Table 16: Projected statement of financial position – stormwater

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

Appendix 1: Commitment Agreement

Appendix 2: Modelling assumptions

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

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

** Determining a non-harmonised price path.*

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

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

Appendix 3: MDC 20 August 2025 Council resolution

RESOLUTION 2025/98

Moved by Mayor G Caffell
Seconded by Councillor B Johnson

That Council:

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

In Favour: Mayor Gary Caffell, Councillor Bex Johnson, Councillor Craig Bowyer, Councillor David Holmes, Councillor Stella Lennox, Councillor Marama Tuuta
Against: Councillor Brent Goodwin, Councillor Tom Hullena, Councillor Tim Nelson

CARRIED 6/3