

Mā tō tātou takiwā  
**For our District**

## Council

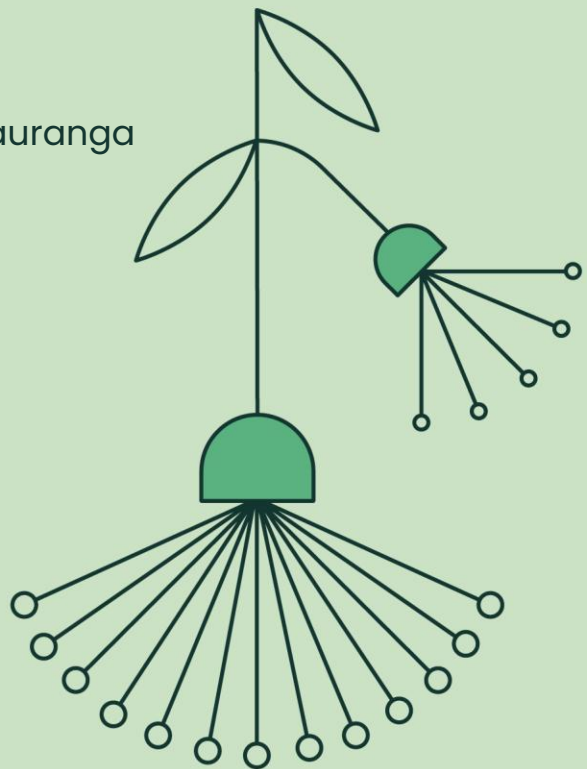
Te Kaunihera

## Tabled Items

CL25-10

Tuesday, 5 August 2025, 9.30am

Council Chambers, 1484 Cameron Road, Tauranga



**Order Of Business**

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## 10      **REPORTS**

### 10.1.1    **TABLED ITEM 1 – WATER SERVICES DELIVERY PLAN**

**File Number:**            A6886203

**Author:**                Ariell King, Strategic Advisor: Legislative Reform and Special Projects

**Authoriser:**           Adele Henderson, General Manager Corporate Services

#### **EXECUTIVE SUMMARY**

As outlined in Report 10.1 of the CL25-10 agenda, the Water Services Delivery Plan was not available at the time of the agenda publication. This information is now attached as **Tabled Item 1**.

#### **ATTACHMENTS**

1.    **Tabled Item 1 – Water Services Delivery Plan**  

Sensitivity: General

# **Water Services Delivery Plan**

**Western Bay of Plenty District Council**

xx August 2025

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

### Statement that water services delivery is financially sustainable

Statement that water services delivery is financially sustainable
<b>Financially sustainable water services provision</b>
<p>Western Bay of Plenty District Council (WBOPDC) 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 comprehensive financial modelling and assessments included in Part D of this Plan, supported by independent advice from MartinJenkins and Beca.</p> <p>The WSDP demonstrates that by FY28:</p> <ul style="list-style-type: none"> <li>• Water services revenue will meet operational, capital, and compliance costs.</li> <li>• Sufficient investment will be delivered to meet levels of service, regulatory obligations, and growth.</li> <li>• Funding and financing arrangements are in place, or able to be put in place to enable investment delivery.</li> </ul> <p>The Council has committed to a phased transition to a joint Water Services Organisation (WSO) with Tauranga City Council (TCC) and Thames Coromandel District Council (TCDC). Water supply and wastewater responsibilities will transfer to the WSO on or before 1 July 2027. Financial analysis has been completed based on all stormwater assets transferring though further work needs to be undertaken to determine the treatment of specific stormwater assets and services consistent with principles set out in this document. Transition planning includes ring-fencing of water services finances, preparing separate water services financial statements, and meeting planning and reporting obligations under the Local Government (Water Services) Bill.</p> <p>This WSDP includes financials for both:</p> <ul style="list-style-type: none"> <li>• WBOPDC under a Multi-Council CCO</li> <li>• Combined financials – TCDC and TCC added to the WBOPDC financials for an entity view.</li> <li>• TCDC Stormwater financials have been excluded from the combined financials.</li> <li>• The financial information from TCDC will have minor changes made subsequent to the finalisation of this WSDP for WBOPDC. The TCDC financials used are the best and latest information at the time of finalisation of this document. These TCDC changes are not expected to be significant and anticipated to have minimal impact to the combined financials, related measures and the conclusions drawn from them in this report.</li> </ul> <p>Each council has prepared financials based on ring-fenced price paths and financial statements.</p> <p><b>Revenue sufficiency</b></p> <p>The WSDP forecasts that water services revenue will be sufficient to meet all delivery costs across the WSDP period and achieve financial sustainability by 30 June 2028.</p> <p>Based on projections using the best available Council information, water services are expected 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 target capital structure generating sufficient revenues over the forecast period, with a cumulative operating cash surplus ratio</p>

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of 43%, indicating sufficient revenues to meet expenses. Operating cashflow surpluses over the 10-year period are forecast at \$273.1million, providing headroom to meet interest costs and liquidity needs.

This is supported by:

- Detailed funding impact statements and revenue forecasts in Part E.
- An assessment of revenue sufficiency in Part D4, which confirms projected revenues exceed operating (cash) and capital cost needs over the planning period.
- Maintenance of operating cash surpluses across all three water services.

It is acknowledged a portion of Free Funds from Operations calculation includes capital revenue from financial contributions (FinCos). In line with LGFA guidance, up to 75% of FinCos included in the FFO may come from such sources where the WSO has greater than 50,000 water connections. The Council acknowledges this risk and will reassess FinCo revenue assumptions as part of the WSO due diligence process.

#### **Investment sufficiency**

WBOPDC investment is sufficient to achieve financial sustainability by 30 June 2028.

Over the WSDP period, over \$360 million of capital investment is forecast. Capital investment has been planned to meet required levels of service, comply with regulatory standards, and support growth.

Key aspects include:

- Early investment to address renewal backlogs, compliance requirements (including environmental and health standards), and growth.
- Capital expenditure is forecast to taper in the later years of the LTP to reflect realistic deliverability and reduce cost pressure.
- Investment supports:
  - Drinking water safety and resilience
  - Wastewater and stormwater compliance
  - Moderate growth-related infrastructure

The investment programme has been informed by asset management planning and is targeted to deliver long-term value while remaining achievable within current market and delivery constraints.

Beca were engaged to provide review of the WBOPDC capital programme. Their review is summarised in Part D.

#### **Financing sufficiency**

WBOPDC funding and financing arrangements are sufficient to meet investment requirements by 30 June 2028.

WBOPDC and the future WSO have adequate borrowing capability and financing strategies to fund proposed investments. The WSDP confirms that projected total Council borrowings, including those relating to water services, remain within the Council's borrowing limits. As a rated local authority and a member of the LGFA, WBOP maintains a whole-of-Council borrowing cap of 280% net debt-to-revenue, with an internal policy limit of 200%. Following the establishment of a joint WSO in FY28, the Council's balance sheet will be significantly deleveraged, with net-debt-to-revenue peaking at 59% in FY34, compared with a peak of 187% in FY28 if services were retained.

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Projected borrowings, detailed in [Part D6](#), show sufficient capacity to fund capital works without breaching fiscal constraints, and remain above the LGFA covenants across the forecast period.

## Proposed delivery model

### Proposed model to deliver financially sustainable water services

#### The proposed model to deliver water services

Following detailed consideration of the various water service delivery models available and consultation with our community and staff, Western Bay of Plenty District Council (**the Council or WBOPDC**) has resolved [\[link to resolution\]](#) to participate in establishing a joint Water Organisation (**WSO**) with Tauranga City Council and Thames Coromandel District Council. The preferred model of a joint WSO will be responsible for all water services across Western Bay of Plenty District and Tauranga City Councils, with Thames Coromandel District Council expected to retain stormwater services. This arrangement is preferred because it satisfies the primary objective of improved financial sustainability and therefore affordability for communities receiving water services best, while also enabling other benefits:

- Includes Councils with common communities of interest facing similar challenges particularly climate resilience (including in a coastal context)
- Creates complementary investment programmes of work
- Provides for stronger shareholder oversight with a broader based for smaller communities
- Provides a good balance to the relationship with a large metro (TCC) and two smaller councils (TCDC and WBOP)

Council has decided that existing developed stormwater infrastructure (manholes, pipes, networked infrastructure) predominantly in urban environments should be considered for transfer to the joint water service organisation as part of the establishment process and that non-urban stormwater infrastructure will be retained by WBOPDC and be managed in conjunction with the primary interface of transport infrastructure. Future developed stormwater infrastructure should be the responsibility of the joint WSO and assets (including land) where the significant purpose is recreation, and open space, should remain with the Council and should not be planned to transfer to the joint Water Service organisation. All financial analysis has been undertaken based on all three water services transferring which is prudent for this phase of decision making.

Upon successful agreement on key establishment and commercial terms it is expected that responsibility for water services will transfer from the Council to the WSO on or before 1 July 2027. This will include associated revenue, expenditure, assets and liabilities.

This process is subject to multiple concurrent Council decision making processes which has been identified as a key project risk.

#### Why a joint Water Organisation?

Based on the analysis the Council undertook, a joint WSO is expected to improve the Councils' ability to continually provide safe, reliable and affordable water services that meet regulatory needs and the expectations of our communities and growth pressures in the future. The analysis highlighted that a joint WSO would likely bring affordability improvements, a stronger ability to meet standards and resilience needs due to greater investment capacity and professional oversight of water services compared with delivering water services in-house. Copies of the supporting reports are available here [\[links to reports\]](#).

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**Proposed WSO ownership and governance arrangements**

To support progress toward a joint WSO, Thames Coromandel District Council, Tauranga City Council and Western Bay of Plenty District Council (collectively, **the Councils**) have entered into a **Commitment Agreement** (refer **Appendix 6**). The following principles have been agreed between Councils as part of the Commitment Agreement to guide the development of the WSO governance arrangements, establishment and are intended to be enduring and guide the onboarding of any other Council to the WSO.

**Table 1: Proposed WSO principles**

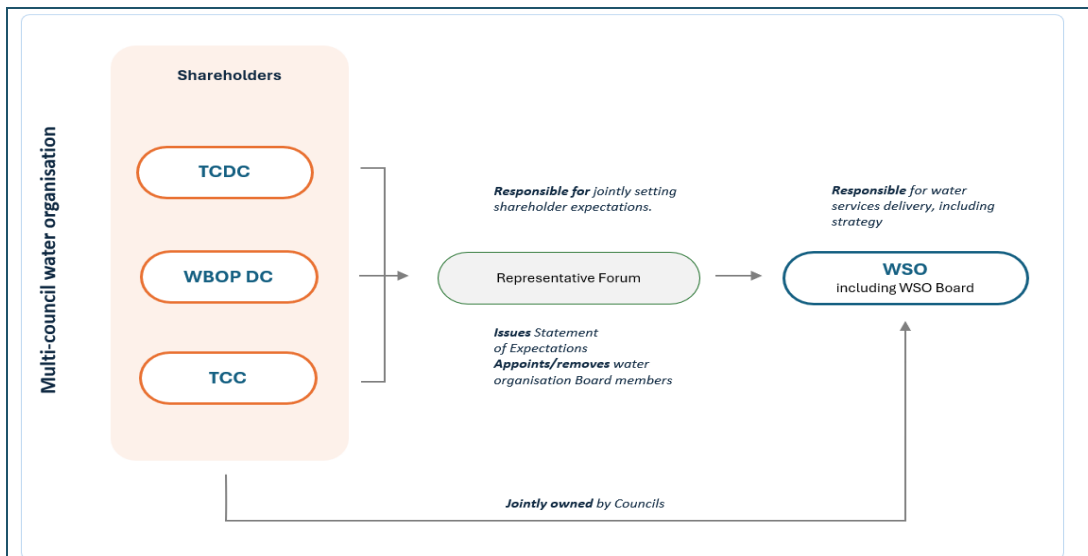
<b>Affordability</b>	The WSO is operated in a way that ensures water services are affordability focused and equitable for all communities, balancing cost-effectiveness with long-term service quality, sustainability and affordability.
<b>Transparency</b>	The WSO will operate with transparency and accountability to its shareholder councils and communities, ensuring clear, timely, and accessible information to build trust and support informed participation
<b>Safe and resilient</b>	The WSO will deliver water services that are safe, reliable, and resilient—protecting public health and adapting to changing environmental, infrastructure, and community needs over time
<b>Environmental Wellbeing</b>	The WSO has a kaitiaki/guardian role caring for the health and wellbeing of water for the benefit of the environment, communities, and future generations
<b>WSO is set up to be successful</b>	The shareholder councils are committed to establishing the joint waters WSO with the right governance, capabilities, and direction to enable long-term operational success and public value from day one
<b>Iwi Hapū</b>	The WSO will uphold Treaty of Waitangi/Te Tiriti o Waitangi obligations and commitments, existing formal relationships, and maintain open engagement through support of established Iwi and Hapū collectives.

Further work, including to agree commercial terms is required, however establishment and transition activities have begun with work expected to accelerate following acceptance of this WSDP by the Secretary for Local Government.

The preferred model for the joint WSO is one that will be structured under the Local Government Act 2002 (**LGA02**) and the Local Government Water Services Act, 2025 (**WSA25**) (once enacted). It would be governed by an independent board, with a shareholder council/representative forum serving as an oversight vehicle for all Shareholding Councils. This forum would perform key functions including appointing the board of the WSO, preparing Shareholder Expectations, and monitoring the performance of the company and its board.

The exact ownership and governance arrangements, including approach to shareholder voting and involvement of iwi, will be developed as signalled in the Commitment Agreement, with arrangements expected to be confirmed in Q4 2025 (refer *Implementation Plan*). This would include finalisation of some of the key terminology used as it will depend on the composition of key governance mechanisms.

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**Figure 1: Proposed WSO structure****Proposed revenue collection methods and tariff overview**

Prior to the transfer of water services to the WSO, the Council will continue to collect water revenues. The WSO is expected to require the Councils to continue collecting water revenues on its behalf for a period, with collection responsibility transitioning to the WSO over time.

A transition plan will be required to guide the new Board, and it is expected that tariffs would not be harmonised between districts, for a period of at least 5-years, with any future decisions on the harmonisation of tariffs requiring agreement from all Councils.

This means that Western Bay communities will only be responsible for the costs to serve the Western Bay community. However, during the transition period the board of the WSO will be responsible for determining the revenue to be collected, including advising the Council on the level of charges to be set for each scheme and category of customer, consistent with Council's existing tariff structure considering the current and future tariff structure and in line with any guidance with the economic regulator. Council will supply information from its rating database to the WSO for this purpose, as provided for within the Local Government (Water Services) Bill. Current charging arrangements are set out in [Part C](#).

**Meeting ring-fencing requirements**

As part of the establishment of the WSO, water services revenues and expenses will be separated from other council financials. The WSO will be responsible for preparing all key accountability documents, including the Water Services Strategy, Annual Budgets, Annual Reports and financial and non-financial performance measures. Separate financial management systems and financial reporting will be undertaken for the WSO, and any shared services arrangements that exist between the WSO and Shareholding Councils will be on arm's length, commercial terms.

Water supply and wastewater revenues and expenses are already recorded separately, within the Council's internal systems and will transition to the WSO from 1 July 2027.

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## Implementation plan

Implementation plan																			
Implementing the proposed service delivery model																			
<p>The Councils committing to delivering the proposed model are:</p> <ul style="list-style-type: none"> <li>• Western Bay of Plenty District Council (WBOPDC)</li> <li>• Tauranga City Council (TCC)</li> <li>• Thames Coromandel District Council (TCDC)</li> </ul> <p>The key milestones and a high-level implementation timeline are set out below. The full Implementation Plan Gantt Chart is in Appendix 4.</p> <p>Ahead of the submission of this WSDP (following Council meetings on 5<sup>th</sup> August to confirm the WSDPs), WBOPDC, TCC, and TCDC entered into a commitment agreement on xx August 2025, that document is available to the public via Council's website – (<a href="#">Link to doc on website when available</a>). This agreement contains the details of the Executive Group, Project Steering Group, and Project Team, costs sharing for transition, together with a comprehensive set of Establishment Principles and Guidelines that have been agreed by the elected members of all councils.</p> <p>The Implementation Plan will be a live document, and we expect that it will change as we work through the various requirements for WBOPDC and partner councils. The due diligence phase that will be entered into by Councils, following the WSDP decisions in August, is likely to highlight areas of complexity where more in-depth analysis is required. These due diligence outputs will likely require further consideration at the project governance level which in turn will require adjusted timing for some key milestones. Management of risks will be critical throughout this period. Risks are set out in Appendix 2.</p> <p><b>Key milestones and indicative timeframes</b></p> <table> <tr> <th>Milestone / Task</th><th>Indicative timeframe</th></tr> <tr> <td>WBOPDC WSDP completed and CEO sign-off</td><td>August 25</td></tr> <tr> <td>Commitment Agreement – Executed/Completed</td><td>End August 25</td></tr> <tr> <td>Develop Tangata Whenua partnership plan</td><td>Aug – Dec 25</td></tr> <tr> <td>Recruit and appoint Joint Programme Director</td><td>August/Sept 25</td></tr> <tr> <td>WSDP – Submission</td><td>3 September 25</td></tr> <tr> <td>Due Diligence process starts, which includes independent review of asset and financial information</td><td>Sept – Dec 25 Continues beyond if necessary</td></tr> <tr> <td>Establish project governance and project team structures for CCO</td><td>Early 2026</td></tr> <tr> <td>Establish Shareholder Council (TCC/WBOPDC/TCDC) if approved</td><td>Commence early 2026</td></tr> </table>		Milestone / Task	Indicative timeframe	WBOPDC WSDP completed and CEO sign-off	August 25	Commitment Agreement – Executed/Completed	End August 25	Develop Tangata Whenua partnership plan	Aug – Dec 25	Recruit and appoint Joint Programme Director	August/Sept 25	WSDP – Submission	3 September 25	Due Diligence process starts, which includes independent review of asset and financial information	Sept – Dec 25 Continues beyond if necessary	Establish project governance and project team structures for CCO	Early 2026	Establish Shareholder Council (TCC/WBOPDC/TCDC) if approved	Commence early 2026
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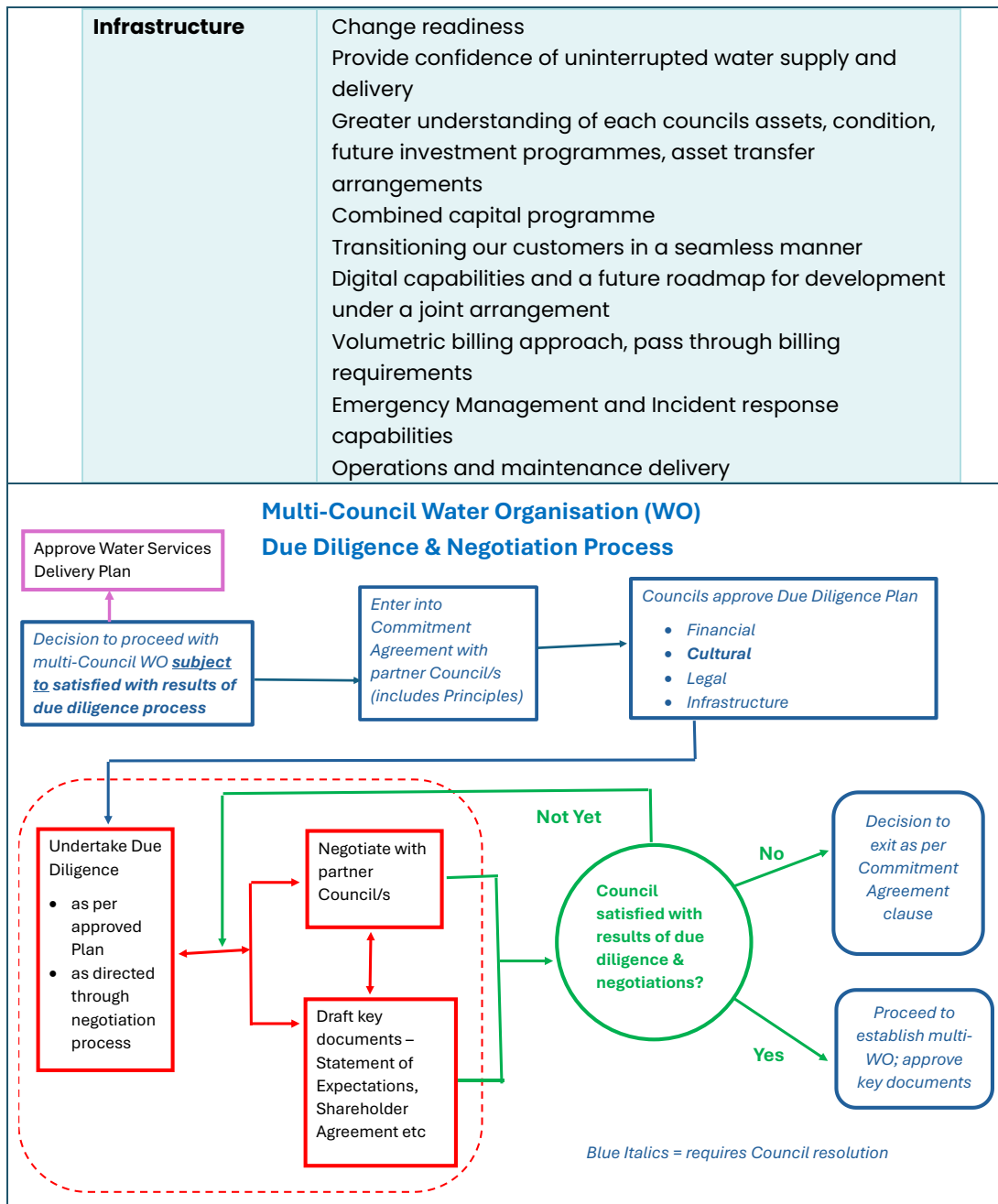
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WSO CCO Shareholder Agreement, Constitution and other key documents	Early 2026
Appoint Independent (Interim) Chairperson	Commence early 2026
Recruit/appoint WSO CCO Board of Directors	Apr-June 26
Recruit key management roles - (either Interim or permanent) CCO CEO, CFO, CDO	Apr - June 26
Key management roles appointed	
Transfer arrangements, Statement of Expectations underway	Jan - Dec 2026

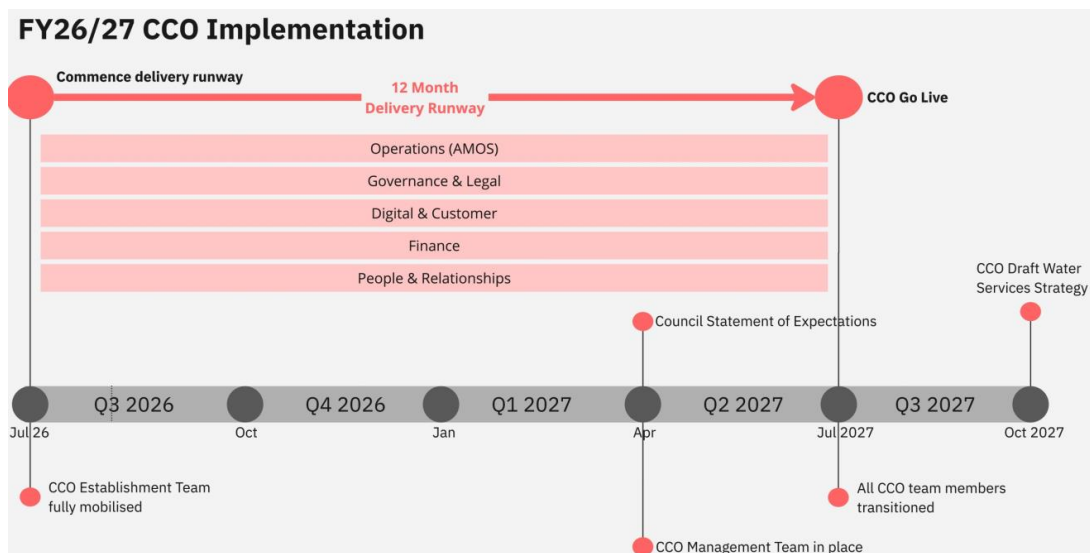
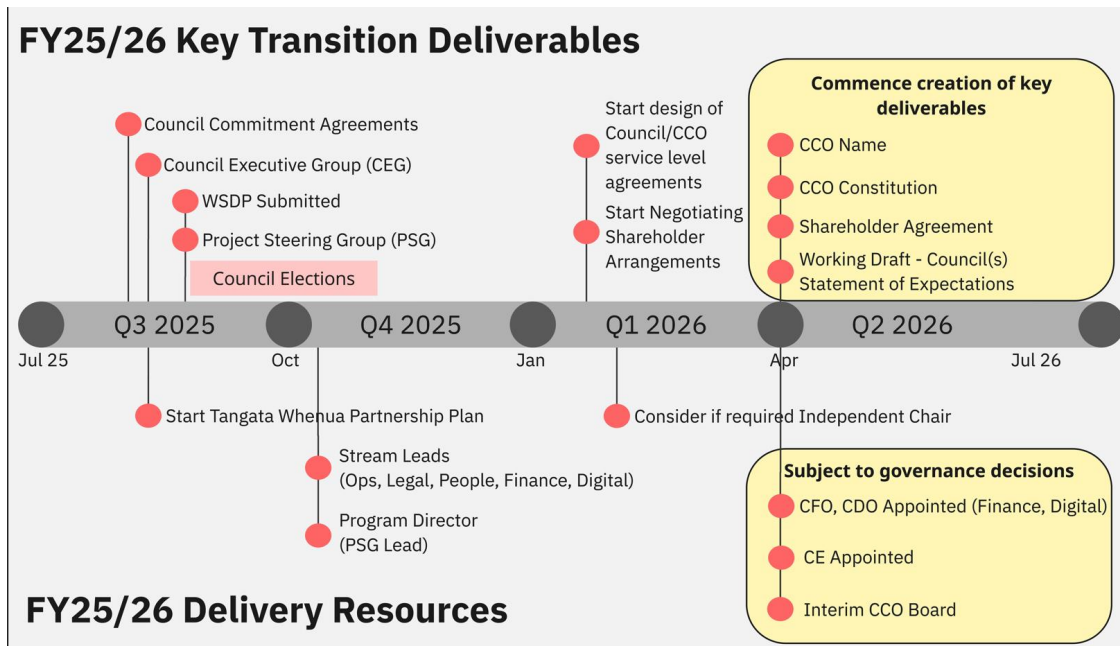
  

<b>Due Diligence Phase</b>							
<p>The Councils have agreed that there will be a robust due diligence phase undertaken. This will commence as soon as the Commitment Agreement is executed (see Appendix 6 for the Commitment Agreement).</p> <p><b>The due diligence is a process to:</b></p> <ul style="list-style-type: none"> <li>• Gain further information</li> <li>• Identify issues that need to be addressed in the formation documents</li> <li>• Put in place mitigations to manage risks or address concerns</li> <li>• Seek to get clarity and agreement among the parties</li> <li>• Enable the Council to make a decision on whether to establish WO</li> </ul> <p><b>Indicative focus areas for due diligence:</b></p> <table> <tr> <td><b>Finance</b></td><td> <p>Establishment costs, residual council stranded costs, Volumetric billing, pass through billing, and fixed charge billing approaches</p> <p>Transfer Arrangements including debt transfer.</p> <p>Early functional design of WO to inform financial considerations</p> </td></tr> <tr> <td><b>Cultural</b></td><td> <p>Identify Tangata Whenua relationship with the WO</p> <p>Identify the key issues of concern to Tangata Whenua and determine where those issues are best addressed.</p> <p>Identify what possible governance arrangements could look like</p> <p>Tangata Whenua partnership plan</p> </td></tr> <tr> <td><b>Legal</b></td><td> <p>Agree project governance and project team structures for CCO</p> <p>Development of agreed key legal instruments:</p> <ul style="list-style-type: none"> <li>- Shareholder agreement</li> <li>- Constitution</li> <li>- Statement of Expectations</li> </ul> <p>Transfer arrangements</p> </td></tr> </table>		<b>Finance</b>	<p>Establishment costs, residual council stranded costs, Volumetric billing, pass through billing, and fixed charge billing approaches</p> <p>Transfer Arrangements including debt transfer.</p> <p>Early functional design of WO to inform financial considerations</p>	<b>Cultural</b>	<p>Identify Tangata Whenua relationship with the WO</p> <p>Identify the key issues of concern to Tangata Whenua and determine where those issues are best addressed.</p> <p>Identify what possible governance arrangements could look like</p> <p>Tangata Whenua partnership plan</p>	<b>Legal</b>	<p>Agree project governance and project team structures for CCO</p> <p>Development of agreed key legal instruments:</p> <ul style="list-style-type: none"> <li>- Shareholder agreement</li> <li>- Constitution</li> <li>- Statement of Expectations</li> </ul> <p>Transfer arrangements</p>
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## Consultation and engagement

Consultation and engagement		
Consultation and engagement undertaken		
<p>On 18 March 2025, Council approved a consultation document to consult on three water service delivery models, including retaining the current model; moving to a single Council Water Services Council-Controlled Organisation; and/or establishing a joint Council Water Services Council-Controlled Organisation (preferred model) (<a href="#">18 March Council Meeting Agenda</a>).</p> <p>Council utilised the alternative requirements set out in s60 – s64 of the Local Government (Water Services Preliminary Arrangements) Act 2024. These provisions provided for a ‘streamlined’ approach that differs from the approach set out in the Local Government Act 2002.</p> <p>Consultation ran from 24 March to 24 April 2025 and was promoted through social media, a district-wide mailout, press releases, print advertising, Council’s e-newsletter, Antenno and six community drop-in sessions. Submissions were received through Council’s Your Place website, via email, at the community drop-in sessions and through hard copy forms available at Council’s five Library and Service Centres.</p> <p>Staff presented on the proposed water service delivery models at Council’s two partnership forum – Te Ihu o te Waka o Te Arawa on 5 March and Te Kāhui Mana Whenua o Tauranga Moana on 19 March 2025. Updates on the Council’s approach and progress on the Local Waters Done Well requirements have also been provided to Te Kāhui Mana Whenua o Tauranga Moana and Te Ihu o te Waka o Te Arawa. Feedback has also been sought and provided from these forums as to how Tangata Whenua could participate in the pre-establishment phase of a joint Council WSCCO and in the ongoing direction and operations of a WSCCO.</p> <p>A total of 124 submissions were received with 15 submitters speaking at a hearing held 13 May 2025. Of those submitters that specifically identified a preferred option, 70.5% supported a joint Council WSCCO, 18% supported a single Council WSCCO, and 11.5% supported the status quo.</p> <p>The analysis of the submissions in terms of the water service delivery model is set out below:</p>		
Water service delivery model	Number	Percentage
Joint Council WSCCO	53	43%
Single Council WSCCO	14	11%
Status quo	8	7%
Model preference unclear or not stated	37	30%
Fluoride	4	3%
Other	6	6%
Total	124	100%

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During the consultation we also asked the community to let us know what was most important when considering the future of water services. Submitters were asked to select their top five from a range of issues. The table below sets out how each of these matters ranked by their importance:

What matters most to you?	Number
Ensuring safe drinking water – Meeting regulatory standards and protecting public health.	95
Consistent water service – Keeping or improving service levels for water, wastewater, and stormwater.	83
Strong governance and expert oversight – Ensuring Water Services are well-managed and meet required standards.	76
Future water costs and investment – Managing the cost of water services and securing infrastructure funding	72
Financial sustainability – Choosing an option that meets Government rules and avoids future financial risks.	69
Community influence – Residents having a strong voice in decision-making.	69
Growth planning – Preparing water services for population growth.	59
Innovation – Using new technology to make water services more efficient and sustainable	55
Climate resilience – Ensuring water services are prepared for climate change impacts (e.g., heavy rainfall and drought).	43
Cultural input – Ensuring Tangata Whenua involvement in water decisions.	36
Environmental benefits – Improving the environmental impact of water services	28

Submitters commented on a range of other matters including backflow protection, cost-effectiveness of a joint Council WSCCO, individual storage of water, efficient use of water, the value of professional directors and that Council should seek expert assistance to appoint directors. Some submitters raised the idea of amalgamation as an alternative option.

Some submitters raised concerns about forming a joint-Council WSCCO, loss of control and the ability to influence decisions that directly affected their community. There were also comments that submitters did not wish to subsidise investment in other communities' water services infrastructure. Submitters were also concerned about the affordability of water services and the potential impact on rates (over and above water charges).

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In the submissions received from Te Runanga o Ngāti Whakaue ki Maketu, Mokopuna Tia me Hei, Ngapeke 6C Ahu Whenua Trust, and Ngāti Pūkenga Ki Tauranga generally supported a joint Council WSCCO. Key considerations in the development of a WSCCO need to include partnership with and representation of Tangata Whenua, hapu and iwi, the importance of Te Ao Māori, the careful selection of partner Councils, and a focus on all communities (not just towns and cities).

Ngāti Pūkenga Ki Tauranga also submitted their Te Mana o Te Wai Statement. This statement sets out their expectations on the importance of the wai in their rohe, how to give effect to their Treaty Settlement, the Ngāti Pūkenga Claims Settlement Act 2013 and Te Tiriti o Waitangi.

## Assurance and adoption of the Plan

### Assurance and adoption of the Plan

The underlying information that forms the basis of the required information disclosed in the WSDP has been taken from verified sources including the audited Long-term Plan 2024-34, Infrastructure Strategy 2024-54, Financial Strategy 2024-34, funding and financing policies, asset management plans and current asset valuations.

The financial modelling demonstrated that the multi-CCO will be financial sustainable by 30 June 2028. Material risks and assumptions are detailed in the additional information section. Mitigation and management of these risks will be undertaken as appropriate by the joint working group and/or shareholder councils and/or proposed establishment board and CEO. A more detailed risk register for the establishment of the multi-CCO is being developed.

Assurance processes have been utilised to verify the information included in the Plan. This includes a review of the capital investment programmes (undertaken by BECA), financial analysis and modelling developed by MartinJenkins to support Council's decision-making process and community consultation.

WBOPDC staff have also worked collaboratively with staff from TCC and TCDC with this collaboration expected to continue as outlined in the Commitment Agreement between the three Councils. As part of the implementation of the plan it is proposed to appoint a Programme Director and an independent Chairperson. Also, as noted above a period of due diligence is proposed, covering a range of matters, to provide further assurance to each of the partner Council.

### Council resolution to adopt the Plan

The Water Services Delivery Plan was adopted by Western Bay of Plenty District Council at the meeting of 5 August 2025.

A copy of the resolution is attached as Appendix 7. A copy of the agenda item and non-verified minutes can be found [here](#).

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Certification of the Chief Executive of Western Bay of Plenty District Council	
I certify that this Water Services Delivery Plan:	
<ul style="list-style-type: none"><li>• complies with the Local Government (Water Services Preliminary Arrangements) Act 2024, and</li><li>• the information contained in the Plan is true and accurate.</li></ul>	
<p><b>This certification is specific to all information that relates to Tauranga City Council. The information that relates to Western Bay of Plenty District Council and Thames Coromandel District Council has been received from those entities, and the truth and accuracy of that information will be subject to a due diligence process by Tauranga City Council over the coming months.</b></p>	
Signed:	_____
Name:	Miriam Taris
Designation:	Chief Executive Officer
Council:	Western Bay of Plenty District Council
Date:	xx August 2025

Sensitivity: General

## Part B: Network performance

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

#### Investment required in water services

##### Serviced population

##### Water Supply

Western Bay of Plenty has 18,527 connections to Council's water supply, and approximately 65% of the population is connected to Council supply. This percentage is seen to remain relatively constant over the next 10 years but slightly increases thereafter due to increasing densities and greater commercial/industrial demand.

Council's water supply networks service the following water supply zones:

**Western Supply Zone (WSZ):** Waihi Beach, Bowentown, Athenree, Tanners Point, Ongare Point, Kauri point, Aongatete and Katikati areas.

**Central Supply Zone (CSZ):** Te Puna, Minden, Pahoia and Omokoroa areas.

**Eastern Supply Zone (ESZ):** Te Puke urban and surrounding rural areas and smaller settlements east of Te Puke including Waitangi, Rangioru, Paengaroa, Maketu, Pukehina Beach and Pongakawa.

However, rural areas located at higher elevations above these serviced settlements such as rural Katikati, Kaimai, Kopurererua, Waiorohi, and Kaitemako, generally do not have access to reticulated water supply. This is primarily due to the high cost of extending infrastructure to these locations and the technical challenges in delivering a reliable water supply that meets the required levels of service, particularly in terms of pressure and flow. The population of these areas not connected to Council water supply is approximately 21,608.

Projected serviced population – Water Supply	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Serviced population	39,290	40,423	41,401	42,419	43,414	44,351	45,286	46,149	46,794	47,357
Total residential connections	12,829	13,264	13,628	14,006	14,397	14,756	15,110	15,438	15,691	15,899
Total non-residential connections	5,698	5,722	5,742	5,763	5,784	5,804	5,823	5,841	5,855	5,866

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**Source:** Ozone July 2025 Water Meter Data

– 2024 LTP population &amp; Dwelling Projections

**Assumptions:**

- **Population Growth Serviced by Reticulated Network**

All forecast population growth will be serviced by the reticulated water supply network.

- **Residential and Non-Residential Connection Split**

The proportion of residential to Commercial and Industrial connections is expected to remain constant over time. As the population increases, the number of connections in each of these connection categories will grow proportionally in line with the current split.

- **Serviced Population**

Serviced residential population is calculated based the number of residential and lifestyle connections multiplied by the average occupancy rate (people per dwelling) which is derived from 2024 LTP population and dwelling projection data.

**Wastewater**

Western Bay of Plenty has 11,308 wastewater connections. Council provides wastewater reticulation and treatment to residents in seven urban communities: Waihi Beach, Katikati, Omokoroa, Te Puke, Maketu/Little Waihi, Te Puna West, Te Puna Commercial Village and Ongare Point. These connections service approximately 24,294. The population of the district that are not connected to Council's wastewater scheme is approximately 36,604.

Projected serviced population – Wastewater	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Serviced population	24,294	25,295	26,141	27,026	27,899	28,785	29,670	30,485	31,091	31,603
Total residential connections	10,574	10,976	11,306	11,651	12,009	12,352	12,690	13,004	13,242	13,431
Total non-residential connections	734	750	763	776	791	804	817	830	839	847

**Source:** Ozone July 2025 Wastewater connection data

– 2024 LTP population &amp; Dwelling Projections

**Assumptions:**

- **Population Growth Serviced by Reticulated Network**

Only growth occurring within existing wastewater serviced areas is included in the connection projections.

- **Residential and Non-Residential Connection Split**

The proportion of residential to Commercial connections is expected to remain constant over time. As the population increases, the number of connections in each of these connection categories will grow proportionally in line with the current split.

- **Serviced Population**

Serviced residential population is calculated based the number of residential connections multiplied by the average occupancy rate (people per dwelling) which is derived from 2024 LTP population and dwelling projection data.

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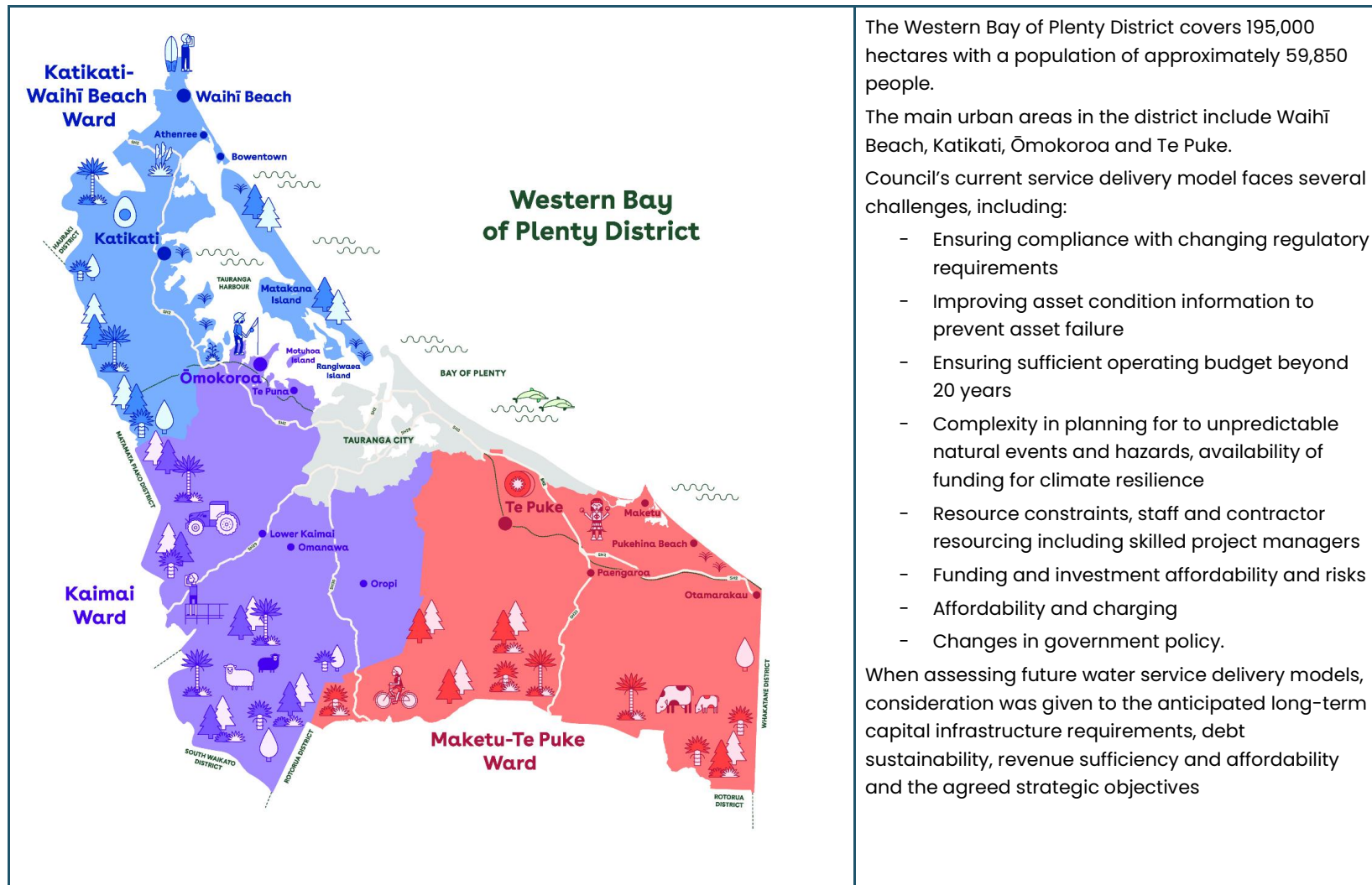
**Stormwater**

Western Bay of Plenty has 13,688 stormwater connections and the current serviced population is 27,687. This is mainly provided for within the urban growth nodes. Approximately 33,210 residents are not connected to stormwater services; this is mostly comprised of rural residents.

Projected serviced population – Stormwater	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Serviced population	27,687	28,756	29,670	30,623	31,554	32,467	33,380	34,220	34,843	35,376
Total residential connections	12,635	13,053	13,399	13,761	14,134	14,485	14,831	15,151	15,396	15,596
Total non-residential connections	1,053	1,088	1,117	1,147	1,178	1,207	1,236	1,263	1,283	1,300

**Serviced areas**

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A joint WSO was identified as the preferred option due to:

- Ability to meet the new and signalled legislative requirements regarding the future delivery of water services.
- This option has the strongest alignment with Council's agreed strategic objectives for deciding on a future model of water service delivery.
- The provision of Governance provided by a competency-based Board of Directors.
- Multi council CCO's objectives and performance expectations agreed by Council.
- Increased economies of scale, efficiencies and access to shared expertise.
- Lower cost to consumers than remaining with the current model.
- Covenants provided by the LGA provided higher ratios of debt to revenue which will create investment capacity.
- Increased balance sheet capacity with increased borrowing capacity for Council to consider other investments that the community may support e.g. community facilities, transport.
- Greater investment ensures compliance with national standards, improved resilience, and better service outcomes for the community.
- Legal protections would be in place to prevent privatisation.
- Coordinated and long-term strategic approach to infrastructure requirements and better alignment with planning for growth and urban development.
- Regular reporting, audits, and compliance with statutory objectives will provide accountability and support effective service delivery.

Creates opportunity to consider regional-based climate investment, including potential to strengthen interface with regional council flood management.

### **Water Supply**

Council's water supply networks service the following water supply zones:

**Western Supply Zone:** Waihi Beach, Bowentown, Athenree, Tanners Point, Ongare Point, Kauri point, Aongatete and Katikati areas.

**Central Supply Zone:** Te Puna, Minden, Pahoia and Omokoroa areas.

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**Eastern Supply Zone:** Te Puke urban and surrounding rural areas and areas east of Te Puke, Waitangi, Rangiora, Paengaroa, Maketu, Pukehina Beach and Pongakawa.

Areas within the District outside of the reticulated water supply zones include Matakana Island, Kaimai, Kopurererua, Waiorohi and Kaitemako.

Providing for growth

Urban areas have a greater concentration of people requiring access to water supply with most demand in Waihi Beach, Katikati, Ōmōkoroa and Te Puke. Waihi Beach has a significant impact on peak demand due to the high number of holiday homes and water consumption increase during summer.

The proportion of the population connected to the reticulated network is expected to remain relatively steady over the next decade, with a gradual increase projected as urban intensification and commercial development continue in existing serviced areas. WBoPDC has undertaken modelling to ensure the water supply network can respond to this growth. Capacity upgrades are planned in a staged and flexible manner, allowing for adjustment based on the actual pace of development.

Demand management is a key part of the strategy, with a focus on reducing water losses and improving network efficiency. WBoPDC Water Conservation Strategy, first adopted in 2010 and updated in 2015 and 2020, supports this approach. To ensure reliable water provision in growth areas, Council's Structure Plans identify new water supply infrastructure, including network upgrades, additional storage reservoirs, and trunk mains, with these assets reflected in the Water Supply Asset Management Plan. Further detail on growth forecasts, modelling outcomes, and investment timing is provided in the Water Asset Management Plan (AMP).

Currently, about 28% of Council's water mains are aging asbestos cement (AC) pipes which are programmed for renewal over the next 15 years, mainly in the Western and Eastern Supply zones. Significant other renewals include electrical and communication components, monitoring and treatment plant, pump stations, reservoirs and tanks, bridge and stream crossings, control valves, metering and backflow prevention. A strong water main renewals plan will continue across the district, focusing on AC and aged water main and connection replacements. The renewals plan is structured to prioritise and progressively renew these mains to avoid a 'bow wave' of renewals in later years.

There are several new water sources (bores), treatment plant upgrades, reservoirs and trunk mains included in structure plans to increase water production capacities to meet growing demand from development and growth, particularly for Ōmōkoroa and in the Eastern Supply Zone, during the next decade.

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Current LTP levels of services and performance measures:

What we do	How we track progress		2025	2026	2027	2028-30	2031-34
Provide potable water of an appropriate standard and quality to meet the needs of consumers within the three supply zones.	Ability of reservoirs to provide a minimum of 24-hour daily demand.		100%	100%	100%	100%	100%
Sustainably manage our water resource, water supply infrastructure and consumer use of water across the three supply zones.	Percentage of year where reservoirs are maintained at a minimum of 50% full for 80% of the time, in accordance with Ministry of Health guidelines.		99%	100%	100%	100%	100%
We will provide good quality potable water to service growth within the three supply zones.							
We will monitor sustainable delivery and effectively manage the risks associated with the quality and quantity of the public water supply.	Compliance with the Drinking Water Quality Assurance Rules: Bacterial compliance (B), Protozoal compliance (P) and Microbiological monitoring (M).	<b>Distribution Zones (Yes or No)</b>	<b>BPM</b>	<b>BPM</b>	<b>BPM</b>	<b>BPM</b>	<b>BPM</b>
		Athenree	NNY	NNY	YYY	YYY	YYY
		Katikati	NNY	YYY	YYY	YYY	YYY
		Ōmokoroa Minden	NNY	NNY	NNY	YYY	YYY
		Pongakawa	NNY	YYY	YYY	YYY	YYY
		Te Puke	YYY	YYY	YYY	YYY	YYY
	The percentage of real water loss from Council's networked reticulation system. To be monitored through the water metering system.		<22%	<22%	<20%	<20%	<20%
	The average consumption of drinking water per day per resident within Council's district.		<220 litres	<220 litres	<220 litres	<190 litres	<180 litres

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What we do	How we track progress	2025	2026	2027	2028-30	2031-34
We will respond to customers issues with the water supply.	Where Council attends a callout in response to a fault or unplanned interruption to its networked reticulation system, the following median response times are measured: Attendance for callouts: from the time Council receives notification to the time service personnel reach the site.	Urgent callouts <60 mins	Urgent callouts <60 mins	Urgent callouts <60 mins	Urgent callouts <60 mins	Urgent callouts <60 mins
		Non-urgent callouts <24 hours	Non-urgent callouts <24 hours	Non-urgent callouts <24 hours	Non-urgent callouts <24 hours	Non-urgent callouts <24 hours
	Resolution of callouts from the time Council receives notification to the time service personnel confirm resolution of the fault or interruption.	Urgent callouts < 5 hours	Urgent callouts < 5 hours	Urgent callouts < 5 hours	Urgent callouts < 5 hours	Urgent callouts < 5 hours
		Non-urgent callouts <28 hours	Non-urgent callouts <28 hours	Non-urgent callouts <28 hours	Non-urgent callouts <28 hours	Non-urgent callouts <28 hours
	Total number of complaints received by Council about any of the following: - Drinking water clarity - Drinking water taste - Drinking water odour - Drinking water pressure or flow - Continuity of supply and - Council's response to any of these issues. Expressed per 1,000 connections to Council's networked reticulation system.	<30	<30	<30	<30	<30

**Wastewater**

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Council provides wastewater reticulation and treatment to residents to the main urban centres, Waihi Beach, Katikati, Omokoroa, Te Puke, Maketu/Little Waihi.

Council provides wastewater reticulation and treatment to several rural communities, including Ongare Point, Te Rereatukahia, Fairview Estate, Te Puna West, Tutereinga Marae, and the Te Puna Village Commercial Zone. These networks were installed in response to degrading on-site effluent treatment systems in these areas and the associated risk to surrounding land and waterways.

Apart from the areas mentioned above areas outside of urban areas typically use on-site septic tanks which are regulated by the Bay of Plenty Regional Council through the Operative On-Site Effluent Treatment Regional Plan 2006 (OSET). This includes Matakana Island, Plummers Point, Kauri Point, Tuapiro Point, Kaimai, Pukehina, Paengaroa, Pongakawa.

#### Providing for growth

Wastewater from serviced areas is conveyed by means of pipes and pump stations to one of five Wastewater Treatment Plants (WWTP) owned and operated by Western Bay of Plenty District Council. Wastewater from Omokoroa and Te Puna is an exception as it is pumped by the Omokoroa transfer pipeline where treatment is undertaken by Tauranga City Council.

Council's Structure Plans for growth areas such as Ōmokoroa, Te Puke, and Katikati identify the need for new wastewater pump stations, rising mains, network extensions and upgrades to support increased demand from development.

Also Council is implementing demand management strategies in Ōmokoroa to ensure capacity of the main pumpstation which pumps wastewater to Tauranga does not compromise volume limits with Tauranga City Council. This includes a sealed wastewater system in stage 3 Ōmokoroa and infiltration investigations and repairs.

Council's most significant projects in the wastewater activity include the Te Puke wastewater treatment plant replacement, that is required to meet environment standards and support growth in Te Puke and the Rangiuru Business Park. As well as upgrades at the Waihi Beach WWTP to meet consent conditions and add resilience.

Council is also implementing the outcomes from the Future Direction Working Group regarding the long-term solution for the Katikati outfall. This work focuses on developing an implementation pathway for the preferred option, in collaboration with the Katikati community and iwi stakeholders, to minimise the negative effects of the existing outfall's deteriorating performance.

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In the next ten years an additional \$1.2million per year has been budgeted for OPEX. This is a direct result of consequential OPEX which is the cost of maintaining and operating new or upgraded assets which have been constructed or vested in Council.

Western Bay of Plenty District Council, in conjunction with Tauranga City Council, has also been investigating a long-term sludge management strategy for the region. The outcome of this work is still to be confirmed.

Current LTP levels of services and performance measures:

What we do	How we track progress		2025	2026	2027	2028-30	2031-34
All areas in our District served by Council's reticulated wastewater disposal systems meet acceptable health, safety and environmental standards.	Percentage compliance with resource consents for each wastewater scheme:	Katikati	>90%	>90%	>90%	>93%	>95%
		Maketu/Little Waihi	>94%	>96%	>96%	>98%	>99%
		Te Puke	>90%	>90%	>90%	>93%	>95%
		Waihi Beach	>97%	>97%	>97%	>97%	>98%
		Ongare Point	>95%	>95%	>95%	>95%	>95%
Maintain wastewater systems and have capacity to meet demand.	The number of dry weather sewage overflows from Council's sewerage system, expressed per 1000 sewerage connections to that sewerage system. Not: only applies when 1mm of rain has fallen in a 24 hour period.		<2	<2	<2	<2	<2
	Compliance with resource consents for discharge from the sewerage systems received by Council in relation to those resource consents measured by the number of:	Abatement notices	0	0	0	0	0
		Infringement notices	0	0	0	0	0
		Enforcement notices	0	0	0	0	0
		Convictions	0	0	0	0	0

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What we do	How we track progress		2025	2026	2027	2028-30	2031-34
Provide wastewater services that meet customer need.	Where Council attends to sewage overflows resulting from a blockage or other fault in the Council's sewerage system, the following median response times measured:	<b>Attendance time:</b> From the time Council receives notification to the time that service personnel reach the site. <b>Resolution time:</b> From the time Council receives notification to the time that service personnel confirm resolution of the blockage or other fault.	<60 minutes  <5 hours	<60 minutes  <5 hours	<60 minutes  <5 hours	<60 minutes  <5 hours	<60 minutes  <5 hours
	The total number of complaints received by Council about any of the following: - Sewerage odour - Sewerage system faults - Sewerage system blockages - Council's response to issues with the sewerage system. Expressed per 100 connections to the Council's sewerage system.		<40	<40	<40	<40	<40

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**Stormwater**

Stormwater is considered in three broad stormwater management areas:

- Urban growth nodes
- Small settlements
- Rural settlements

Urban growth nodes are the main urban areas within the district that are planned for future development and expansion, and have significant stormwater infrastructure. Currently four communities fall under urban growth nodes:

- Waihi Beach (including Pio Shores and Athenree)
- Katikati
- Ōmokoroa
- Te Puke

Small settlements are the small urban settlements that have some stormwater infrastructure, generally of a low capital value when compared to the infrastructure in urban growth nodes. Prioritisation for renewals and upgrades is based on flood risk, as well as cultural and environmental impact. Currently eight communities fall under small settlements:

- Tanners Point
- Kauri Point
- Ongare Point
- Minden
- Te Puna
- Maketu
- Pukehina Beach
- Paengaroa

Rural settlements include land zoned rural, as well as rural villages that have fewer than 50 residential dwellings. These areas are provided for by the stormwater infrastructure that is supplied as part of the road system only. Currently seven communities fall under rural settlements:

- All rural areas
- Tuapiro

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- Plummers Point
- Te Kahika
- Little Waihi
- Pongakawa
- Rogers Road

#### Providing for growth

Stormwater demand is primarily driven by urban growth, particularly the increase in impervious surfaces that accompany new development. While indirectly linked to population growth, the need for stormwater infrastructure is more directly influenced by changes in land use, intensification, climate-related shifts in rainfall patterns, and evolving regulatory requirements aimed at improving the quality of stormwater discharges.

Under the National Policy Statement for Urban Development (NPS-UD) 2020, both Ōmokoroa and Te Puke are classified as Tier 1 Urban Environments. This classification allows for greater urban intensification, which in turn increases stormwater runoff and places additional demand on existing infrastructure.

To respond to this growth and ensure infrastructure keeps pace, Council has developed detailed Structure Plans and Catchment Management Plans across key growth areas, including Ōmokoroa, Te Puke, Katikati, and Waihi Beach. These plans identify the stormwater infrastructure required to support development, such as ponds, wetlands, and network upgrades, and set a framework for delivery.

In Ōmokoroa, Council has identified a network of ponds and supporting infrastructure required over the next 10 years, with assets expected to be vested progressively. In Te Puke, updated catchment modelling undertaken jointly with Bay of Plenty Regional Council has identified six new ponds to be delivered in the next five years, with one already completed and others currently in design. Similar planning work in Katikati and Waihi Beach has identified infrastructure such as wetlands and attenuation areas needed to manage stormwater effects from growth.

Consequential operating costs are also factored into Council's budgets, including provisions in the Long Term Plan (LTP) for routine maintenance and asset management. Overall, Council's approach ensures stormwater infrastructure is proactively planned, appropriately funded, and managed to meet the demands of a growing district while protecting communities and the environment from adverse stormwater effects.

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Current LTP levels of services and performance measures:

What we do	How we track progress	2025	2026	2027	2028-30	2031-34
We use an integrated catchment based management approach to provide a stormwater network that minimises risks of flooding events.	The number of times per annum flooding occurs outside identified flood-prone areas during a one-in-50 year or less storm event.	<3	<3	<3	<3	<3
	The number of flooding events that occur within the Western Bay of Plenty District. For each flooding event (district-wide), the number of habitable floors affected (expressed per 1000 properties connected to Council's stormwater system).	<30 (3%) per event	<30 (3%) per event	<30 (3%) per event	<30 (3%) per event	<30 (3%) per event
	For a one-in-ten year flooding event, the number of habitable floors affected (expressed per 1000 properties connected to Council's stormwater system).	Per event				
	Waihī Beach Kaitikati Ōmokoroa Te Puke Maketu	<60 (6%) <10 (1%) <10 (1%) <30 (3%) <30 (3%)	<60 (6%) <10 (1%) <10 (1%) <30 (3%) <30 (3%)	<60 (6%) <10 (1%) <10 (1%) <30 (3%) <30 (3%)	<60 (6%) <10 (1%) <10 (1%) <30 (3%) <30 (3%)	<60 (6%) <10 (1%) <10 (1%) <30 (3%) <30 (3%)

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What we do	How we track progress		2025	2026	2027	2028-30	2031-34
<p>We use an integrated catchment based management approach to provide a stormwater network that avoids impacts on water quality.</p> <p>We will carry out compliance and monitoring activities in a balanced way to ensure best practice.</p>	<p>Compliance with Council's resource consents for discharge from our stormwater system measured by the number received by Council in relation to those resource consents.</p>	Abatement notices	0	0	0	0	0
		Infringement notices	0	0	0	0	0
		Enforcement notices	0	0	0	0	0
		Convictions	0	0	0	0	0
We will be responsive to customer's stormwater issues.	The median response to attend a flooding event, measured from the time that Council receives the notification to the time that service personnel reach the site.		<120 minutes	<120 minutes	<120 minutes	<120 minutes	<120 minutes
	Urgent		<60 mins	<60 mins	<60 mins	<60 mins	<60 mins
	Non-urgent		<24 hours	<24 hours	<24 hours	<24 hours	<24 hours
	The number of complaints received by Council about the performance of its stormwater system, expressed per 1000 properties connected to the Council's stormwater system.		<30	<30	<30	<30	<30

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Serviced areas (by reticulated network)	Water supply # schemes	Wastewater #schemes	Stormwater # catchments
<b>Residential areas</b> (If more than one, identify separately)	Western – 5,338 Central – 2,607 Eastern – 4,205	Waihi Beach – 2,793 Katikati – 2,311 Omokoroa – 2,172 Te Puke – 2,683 Maketu – 564 Te Puna – 130 Ongare – 54	Western – 5,502 Omokoroa – 2,461 Central – 131 Eastern – 4,272
<b>Non-residential areas</b> (If more than one, identify separately)	Western – 2,079 Central – 2,006 Eastern – 1,323	Waihi Beach – 54 Katikati – 141 Omokoroa – 10 Te Puke – 198 Maketu – 7 Te Puna – 4	Western – 496 Omokoroa – 41 Central – 13 Eastern – 473
<b>Mixed-Use rural drinking water schemes</b> (where these schemes are not part of the council's water services network)	n/a	n/a	n/a
<b>Areas that do not receive water services</b> (If more than one, identify separately)	Western – 792 Central – 2,113 Eastern – 4,366		
<b>Proposed growth areas</b> <ul style="list-style-type: none"> <li>Planned (as identified in district plan)</li> <li>Infrastructure enabled (as identified and funded in LTP)</li> </ul>	Waihi Beach, Katikati, Omokoroa, Minden Lifestyle Zone, Te Puna Spring and Business Park, Te Puke, Rangiora Business Park		

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**Assessment of the current condition and lifespan of the water services network**

Parameters	Drinking supply	Wastewater	Stormwater
<b>Average age of Network Assets</b>	27 years	23 years	24 years
<b>Critical Assets</b>			
<b>Above ground assets</b>			
• Treatment plant/s	8	5	10 pump stations
• Percentage or number of above ground assets with a condition rating	100%		
• Percentage of above -ground assets in poor or very poor condition	15%		
<b>Below ground assets</b>			
• Total Km of reticulation	915km	307.8km	231km
• Percentage of network with condition grading			
• Percentage of network in poor or very poor condition	4%		

**Asset Condition**

Council's current Asset Management Information System (AMIS), Infor, does not hold any asset condition data against individual assets. Asset condition is instead recorded informally through work orders, and the most recent formal condition database dates back to 2021, prior to the implementation of Infor. As such, Council has a low level of confidence in the accuracy and completeness of existing condition data.

Renewal planning is currently based on asset age and operational feedback from Network and Treatment Plant staff, rather than condition, based evidence. While this provides some level of practical insight, it limits Council's ability to take a proactive, data-driven approach to asset renewals.

Council is currently progressing the implementation of a new AMIS, which will support improved asset condition monitoring, enhance confidence in asset data, and enable more robust renewal forecasting.

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**Water Supply**

Average age of water supply pipes is 27 years, with 4% of these in poor or very poor condition. Water assets vary in age and condition, from new to 65-70 years across the district. The age, performance, frequency of failure, and the cost of repair of an asset, all contribute to renewals planning. Generally, most water assets are in good or better condition and perform reliably to deliver required levels of service. A number of water supply assets will be near the end of their useful life within the next 30 years. Renewals work over this time includes water mains, bore pumps, 7 large reservoirs and multiple smaller tanks and all customer meter sets and backflow protection across the district. Currently, about 28% of Council's water mains are aging asbestos cement (AC) pipes which are programmed for renewal over the next 15 years, mainly in the Western and Eastern Supply zones.

**Wastewater**

50% of Council's total wastewater pipes are less than 20 years old, and 4% of the pipes are over 50 years old. Wastewater assets are considered relatively young however there have been recent issues with the Katikati outfall where sections of the pipe are failing earlier than anticipated. This highlights the need to ensure asset condition data continues to be monitored.

While there is no identified need to increase the number of wastewater treatment plants, there will be the need to continually upgrade the capacity of existing plants to cope with future growth and increased requirements of the quality of discharge to be met under the National Policy Statement (NPS).

The Katikati outfall pipe is a critical asset for Council and has started failing prematurely. Future disposal options are currently being investigated in conjunction with iwi and the community. This will inform the infrastructure requirements and future budgets. The current LTP allowance is for a pipe replacement.

Council currently has low confidence in how asset criticality has been assigned within the Asset Management Information System (AMIS). Drawing on staff knowledge and operational experience, the following wastewater assets have been identified as having high criticality:

- Waihi Beach Wastewater Treatment Plant
- Katikati Wastewater Treatment Plant and associated Outfall
- Wills Road Pump Station
- Ōmokoroa Main Pump Station and associated rising main
- Te Puke Wastewater Treatment Plant and the incoming Bulk Main

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- Maketū Wastewater Treatment Plant and the two inlet mains
- Ongare Point Treatment Plant

These critical assets are exposed to a range of risks, and failure can result in outcomes ranging from minor service disruptions to significant environmental impacts, including sewer overflows and prolonged inability to treat wastewater, leading to contamination of receiving environments.

Key risks identified include:

- Structural failure of treatment plants
- High inflows from widespread flooding or stormwater infiltration
- Pump station failures
- Earthquake-induced structural damage
- Flooding or damage from tsunami events

Further details are provided in the Risk Vulnerability Analysis in the AMP.

To address current gaps, Council has identified the need to develop a criticality assessment framework tailored to wastewater reticulation assets. These works are currently underway, this framework will align with Council's broader risk management approach but will be specific to the unique nature of wastewater infrastructure. It will inform a risk-based renewal strategy by integrating factors such as criticality, condition, material type, performance, and serviceability. This initiative has been included in the Planned Improvement Programme in the AMP.

The criticality framework will also help focus future condition assessments on the most important assets, ensuring that inspection and renewal efforts are prioritised where they will have the greatest impact. This targeted approach will help build confidence in asset condition and performance data, supporting more informed decision-making and long-term planning.

### **Stormwater**

Reticulated stormwater assets are relatively young with 85% of stormwater pipes being less than 30 years old. The average life expectancy is between 80 and 100 years. 62% of Council's total stormwater pipes are less than 20 years old, with only 7% of the pipes over 50 years of age or older. Following a number of extreme weather events in early 2023, WBOPDC is currently reviewing district wide levels of service and the need for any further investment. The current level of service focus on flooding of habitable floor levels, there is a need to consider whether personal safety be included in the service level.

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Council has low confidence in how asset criticality has been assigned within the Asset Management Information System (AMIS). Drawing on staff knowledge and operational insight, the following stormwater assets have been identified as having high criticality:

- Waihi Beach earth dam
- Stormwater treatment and storage ponds
- Stormwater pump stations and associated rising mains
- One-Mile Creek
- Darley Drain outlet
- Two-Mile Creek
- Otāwhiwi Drain

These assets play a vital role in protecting communities, managing flood risk, and safeguarding receiving environments. Their failure could result in significant service disruption, environmental harm, or public safety risks.

To improve the robustness of stormwater asset management, Council has identified the need to develop a stormwater-specific criticality framework that aligns with the organisation's overarching risk management approach. This work is currently underway and is essential for developing a strategy to assess the condition of both above- and below-ground stormwater assets. The aim is to inform a risk-based renewal programme that considers criticality, material type, serviceability, performance, and other key factors.

The criticality framework will also help focus future condition assessments on the most important assets, ensuring that inspection and renewal efforts are prioritised where they will have the greatest impact. This targeted approach will help build confidence in asset condition and performance data, supporting more informed decision-making and long-term planning.

#### **Asset management approach**

##### **Existing approach**

Council's existing approach to asset management is based on asset management plans (AMPs). These are in place for all activities including water supply, wastewater and stormwater. The plans have been prepared based on standard industry practice and are used to forecast expenditure needed to operate, maintain and renew assets. The financial forecasts in AMPs are a result of analysing asset requirements based on three key assumptions:

- The future service level being delivered to the community,

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- The future demand for the service, and
- The age, performance and life of the asset.

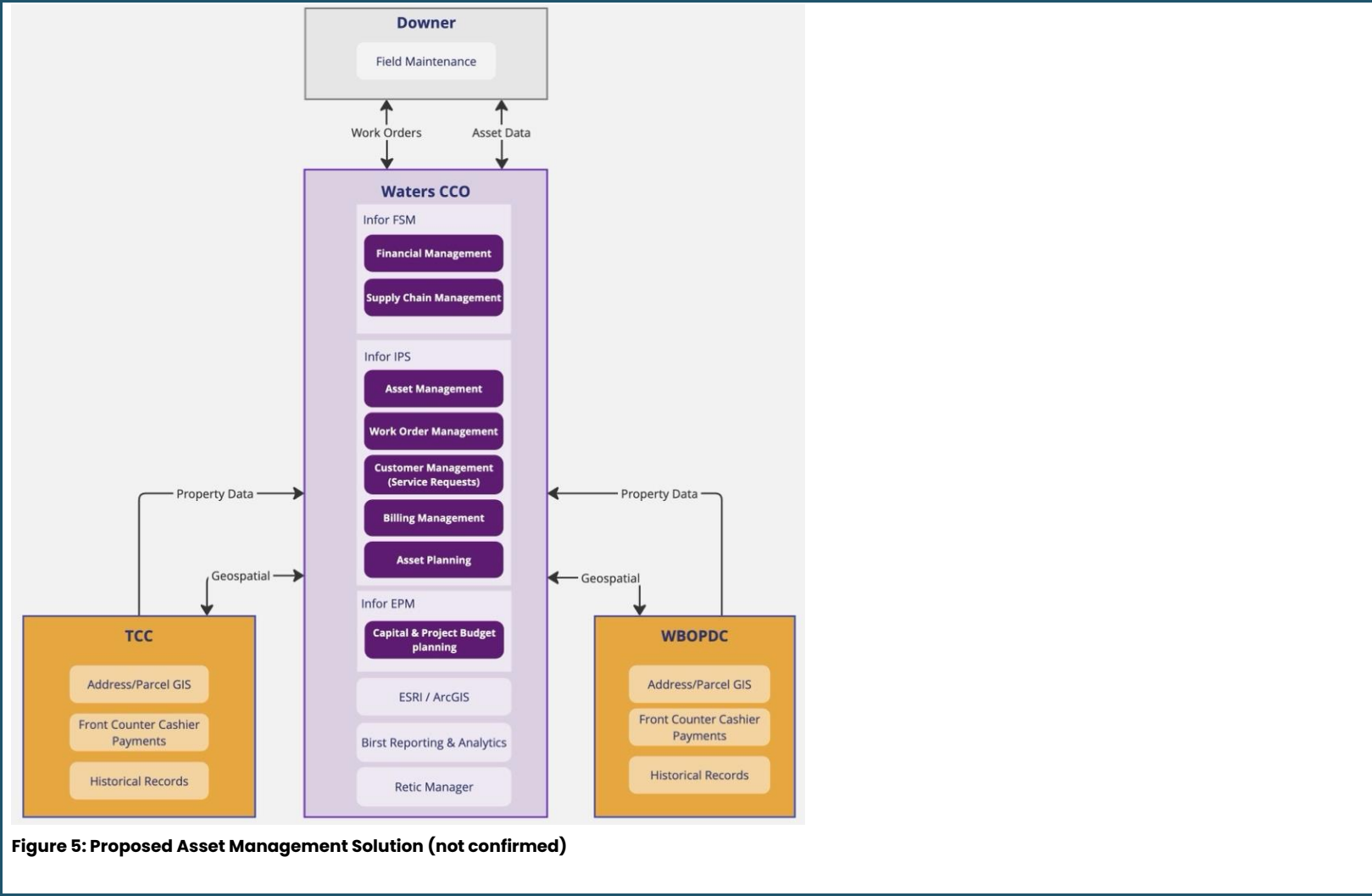
Council has a renewal and upgrade programme to replace assets before they fail or do not have sufficient capacity to service demand. When considering the renewals programme, Council looks at both the condition and performance of the asset, taking into account the level of service being delivered and whether the asset is still fit for purpose. The aim is to get the best possible use of an asset from when it is constructed to the point when it is no longer usable. This includes the servicing and maintenance of assets to extend the asset life and gain additional service benefits. Renewals continue across the next 30 years with peaks in the water and wastewater activities to reflect water bore and reticulation renewals, the Te Puke wastewater treatment plant replacement and management of the Katikati wastewater outfall pipe.

WBOPDC adopts a hybrid approach to funding depreciation and asset replacement directly from rates collected to project fund year on year. The approach has enabled Council to match rate funding to operating expenses inclusive of depreciation and is consistent with the balanced budget benchmark in the Local Government (Financial Reporting and Prudence) Regulations 2014.

#### **Proposed approach**

The proposed approach to asset management is being considered as part of a separate (but aligned) workstream with the establishment of a WSCCO. Due to the requirement to exit the services currently provided by Watercare, and to support the creation of a new waters specific CCO, investment in a new integrated Asset Management system is proposed. This new solution will be focused on the Waters industry and comply to the latest National Asset Data Standards (NADS). The asset solution will be pre-integrated with finance, consent & compliance, planning, customer and billing capabilities. The core asset management component (Infor IPS) is a simplified and refreshed version of the current Watercare system, also incorporating learnings from the central governments previous water initiative led by the DIA. A simplified component diagram illustrating integration with the TCC/WBOPDC and our joint maintenance partner (Downer NZ Ltd) is illustrated below. The cost of an asset management system is significant and the WSCCO will unlock this opportunity and make it more affordable. It also opens up opportunities for other Councils/CCO's to utilise the same system and thereby further reducing costs. There are no proposed changes in the modelling & SCADA domains.

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It is intended that the proposed approach to asset management will enable a stronger strategic approach on decisions for new and existing infrastructure requirements across the areas managed by the WSCCO. It will also provide greater capability and capacity when considering options to respond to natural hazards and develop resilient infrastructure. Also, as part of the WSCCO we expect to develop higher levels of asset management maturity (noting that we currently have a core level of asset management maturity).

#### **Capital expenditure required to deliver water services and ensure that water services comply with regulatory requirements**

##### Water

Council is currently upgrading all its treatment plants to meet recently introduced protozoa requirements. Significant work has been done to improve bore security and upgrades are underway to add UV treatment to meet the Taumata Arowai quality requirements and LTP performance targets. These projects will be delivered over the next financial year. Full compliance will be achieved once these upgrades are complete.

Work is also underway to explore new water sources for the Eastern and Central supply zones. The driver for this is to meet growth expectations, improve resilience and sufficiency.

##### Wastewater

The Te Puke WWTP needs to be upgraded to meet new consent conditions and future growth aspirations. This is a significant project for Council and will unlock residential growth in Te Puke as well as industrial growth in the Rangiora Business Park. The project is currently underway, and construction is likely to start late in 2025.

The Katikati Outfall pipe has reached the end of its asset life and started failing. Council does not hold a consent to discharge effluent into the harbour and there is a risk of legal action if a long-term solution is not found and breaks keep on occurring. The breaks and release of treated effluent into the harbour is a significant concern to iwi. Work is underway in conjunction with iwi to investigate alternative disposal options. This work focuses on developing an implementation pathway for the preferred option, in collaboration with the Katikati community and iwi stakeholders, to minimise the negative effects of the existing outfall's deteriorating performance.

This work will be concluded in a future direction report that will inform the strategic direction. The LTP budget has been set on a replacement pipe as that was seen as a worst-case scenario. Scope, budget clarity and timeframes will become clear as the project progress through the future directions setting and consenting process. The planning and consenting will progress over the next couple of years with construction to

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happen to the end of the LTP period. There is also a possibility to phase the solution which will result in delaying some of the expenditure into the next LTP.

Discussions are underway with Tauranga City Council to explore sustainable long-term solutions for sludge disposal. The implementation of the investigation is not currently funded.

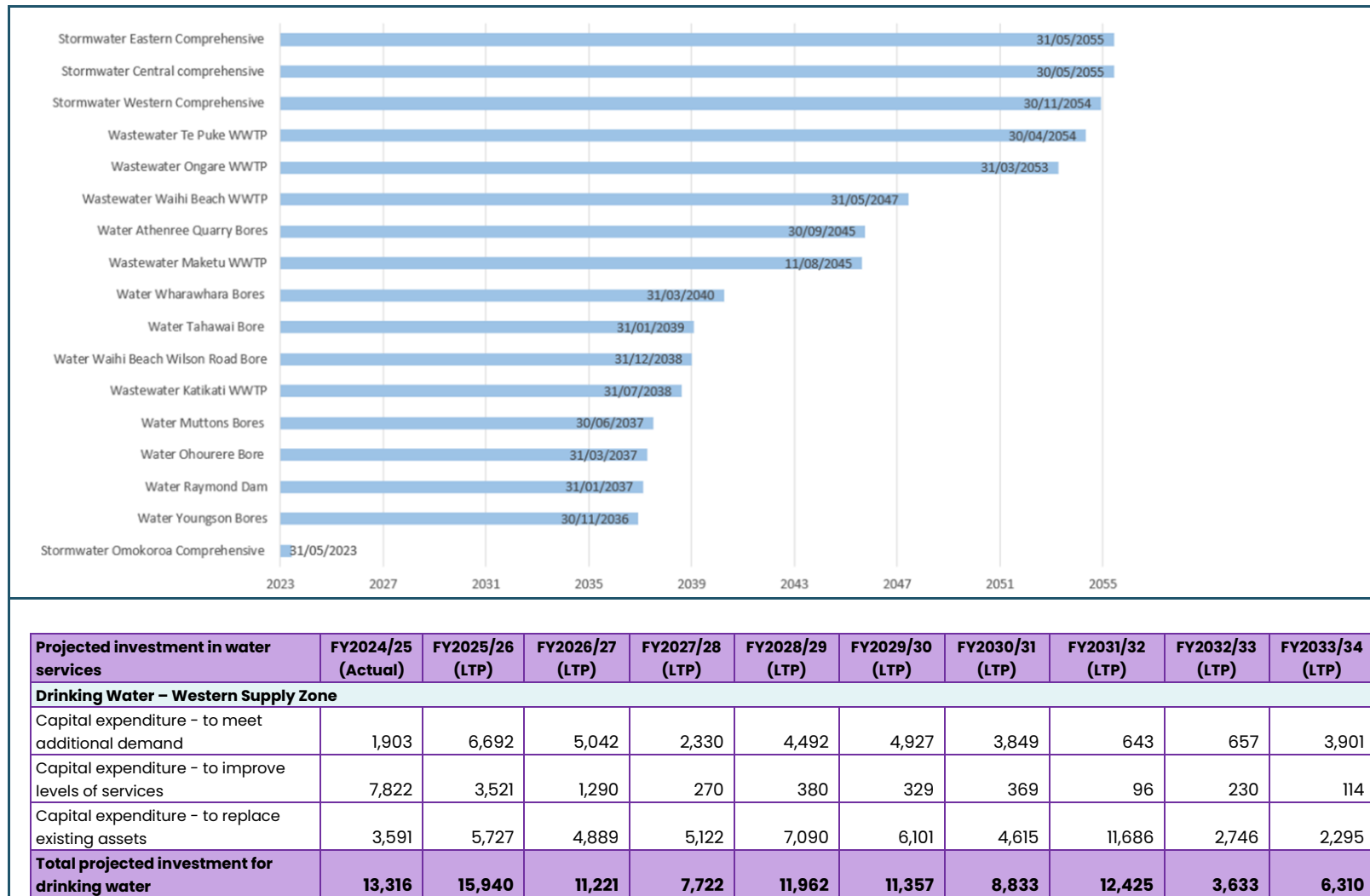
#### Stormwater

The Waihi Beach community is being flooded on a regular basis and the frequency is likely to increase with global warming. The LTP performance targets are being met in terms of habitable floor being flooded but community view is that Council should address the flooding. Flooding can be improved in some areas but the economic viability of some of the proposed upgrades are questionable. A service level review is required to determine the strategic direction and investment profile. The current level of service is focused on protecting habitable floors and not personal safety and this also needs to be explored as part of the service level review.

#### RMA Compliance

The majority of Council's key consents are expiring outside the current LTP period, ranging from 2036 to 2055. See detail below the below table and appendix 3. The exception is the Omokoroa Comprehensive Stormwater consent that is currently being considered by the Regional Council.

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<b>Wastewater</b>										
Capital expenditure - to meet additional demand	-	2,621	10,114	2,001	-	454	843	2,057	-	6,151
Capital expenditure - to improve levels of services	11,965	30,513	31,802	9,332	1,698	80	504	142	132	148
Capital expenditure - to replace existing assets	1,880	2,456	2,517	25,115	25,762	19,911	1,203	1,586	1,285	1,081
<b>Total projected investment for wastewater</b>	<b>13,845</b>	<b>35,590</b>	<b>44,433</b>	<b>36,448</b>	<b>27,460</b>	<b>20,445</b>	<b>2,550</b>	<b>3,785</b>	<b>1,417</b>	<b>7,380</b>
<b>Stormwater</b>										
Capital expenditure - to meet additional demand	10,672	5,943	4,315	1,641	49	610	-	-	-	-
Capital expenditure - to improve levels of services	1,013	3,341	2,968	2,387	1,607	2,008	1,774	1,403	866	1,575
Capital expenditure - to replace existing assets	1,990	6,028	13,490	968	94	259	165	149	170	56
<b>Total projected investment for stormwater</b>	<b>13,675</b>	<b>15,312</b>	<b>20,773</b>	<b>4,996</b>	<b>1,750</b>	<b>2,877</b>	<b>1,939</b>	<b>1,552</b>	<b>1,036</b>	<b>1,631</b>
<b>Total projected investment in water services</b>	<b>40,836</b>	<b>66,842</b>	<b>76,427</b>	<b>49,166</b>	<b>41,172</b>	<b>34,679</b>	<b>13,322</b>	<b>17,762</b>	<b>6,086</b>	<b>15,321</b>
<b>Historical delivery against planned investment</b>										
<b>Delivery against planned investment</b>	<b>Renewals investment for water services</b>				<b>Total investment in water services</b>					
	<b>FY2024/25</b>	<b>FY21/22 - FY23/24</b>	<b>FY18/19 - FY20/21</b>	<b>Total</b>	<b>FY2024/25</b>	<b>FY21/22 - FY23/24</b>	<b>FY18/19 - FY20/21</b>	<b>Total</b>		
Total planned investment (set in the relevant LTP)	7,461	32,412	16,171	56,044	40,836	79,630	48,557	169,023		
Total actual investment	7,461	18,183	13,747	39,391	40,836	49,303	25,011	115,150		
<b>Delivery against planned investment (%)</b>	100%	56.1%	85.0%	70.3%	100.0%	61.9%	51.5%	68.1%		
<p>Budget data has been used for the total actual investment for the 2024/25 financial year, however as of May 2025 this was forecast at 94% delivery against planned investment. The planned capital works programme is larger than historically achieved. There are risks outside of Council's control that can impact on the ability to deliver regardless of the size of the programme. Risks outside of Council's control include</p>										

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availability of contractors, supply chain disruptions, legislative change, resource consent delays and further project investigation exposing unanticipated issues. While historically Council has overestimated delivery capacity the 2024/25 Financial Year confirms a new focus and the ability for Council to achieve against the plan and to a significantly higher programme level.

The 2024/25 results emphasised the importance of a dedicated team with governance oversight to achieve project outcomes and capital delivery. This has set the platform for future year performance. There are still procurement opportunities that can be explored through a CCO that will give the contracting market certainty and improve their capability to respond to the increased delivery requirements. A CCO will have the ability to plan over a longer period and bundle work to create design and construction efficiencies.

The capital expenditure has peaks in the Water and Wastewater budgets due to significant projects that need to be delivered. Budgets become more balanced once these growth and service levels projects has been delivered. The focus then moves to asset replacement that is balanced and spread out over future years.

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## Part C: Revenue and financing arrangements

### Revenue and charging arrangements

Revenue and charging arrangements
<b>Charging and billing arrangements</b>
<b>Current charging and billing arrangements</b> <ul style="list-style-type: none"><li>• Council’s Revenue and Financing Policy sets out how water services are currently charged. A copy of the policy is available online <a href="#">LTP Final Doc 2024-34 – Chapter 5 – Overall Revenue and Financing Policy.pdf</a>. Further details for the charging determination of the water, wastewater and stormwater are set out below.</li><li>• Billing for volumetric water consumption is driven by water meters (where properties are connected) and sent to consumers via a separate waters invoice. Final reading charges for example when consumers move properties gets sent on a separate waters invoice.</li><li>• Some fees and charges, for example connection charges, are sent via sundry invoicing.</li><li>• All other water services charges are sent out via the rates invoice.</li></ul> <p>We expect that by having volumetric charging already in place that this will create an easier transition to the proposed WSCCO.</p> <b>Water Supply</b> <p>Water rates are charged using a metered or unmetered Uniform Targeted Rate (UTR). Our policy on water meters is that all properties connected to Council’s water supply should be metered. In establishing the criteria for water metering we recognised the environmental benefits that would result from water conservation if all users were metered and balanced that against the cost of installing meters on all properties and the affordability of such a strategy. Meters also enable us to identify high volume users and system leaks. This is important for predicting future demand and to measure losses from the network. Water metering for all customers is an important part of our water supply activity and allows for the installation of backflow protection devices to all connections for the protection of customers in the event of a loss of pressure in the water main network. Water conservation helps to ensure that sufficient water is available for all current users and provides for future generations.</p> <p>Where meters are in use charges are as follows:</p> <ul style="list-style-type: none"><li>• Each property will be charged the metered Uniform Targeted Water Rate for the first meter, and</li><li>• An additional Uniform Targeted Rate will be charged for every additional meter on the property. This covers the costs of reading, billing, maintenance, and future meter replacement.</li><li>• Connections larger than 20mm will be charged additional UTRs in proportion to the capacity of the connection.</li></ul>

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- A charge based on water consumption per m<sup>3</sup> is also levied. This volumetric charge is recorded as a targeted rate. Where unmetered connections are in place a single annual charge is levied. This charge is higher than the metered water annual charge to take into account water usage.

Supplying drinking water for the purpose of domestic, commercial, industrial and livestock use is a high priority within our water management strategy. In drought or emergency situations we may require certain customer groups to reduce their usage to ensure adequate domestic supplies are available.

This also enables cross-boundary supply with Tauranga City subject to suitable agreements being in place through the WSO.

The fixed connection charge ensures equity, while metered billing encourages efficient water usage.

Where a rating unit has the ability to access but is not connected to the water supply an availability rate is charged. The factor of these charges is also dependant on the size of the available connection to the property and in some cases the specific location within the zone. This availability charge will continue under the jurisdiction of the WSO and will be calculated as part of the implementation phase of this plan.

In addition to the metered connections, availability charge, and metered consumption charges the Council has eight targeted rates based on specific location of supply where the provision or availability of water supply services provided by Council is charged on all rating units in these specific areas of benefit. In the 2025/26 Annual Plan these targeted rates were charged to a total of 44 rating units. These charges will continue under the jurisdiction of the WSO and will be calculated as part of the implementation phase of this plan. WBOPDC may also choose to reduce the number of rating units through a rating review in advance of the establishment of the WSO, and if that is undertaken will be passed through to the WSO.

### **Wastewater**

Our policy on wastewater charges is: Uniform Targeted Rate: All properties connected or available to be connected (within 30 metres of a public wastewater drain) will be charged a Uniform Targeted Wastewater Rate.

Multiple connection charges: We have a policy for charging properties with more than one toilet. It applies to all wastewater schemes.

- Each residential household will pay one standard connection charge to the wastewater scheme regardless of the number of toilets in the dwelling. This charge covers fixed and variable costs. Additional dwellings on a property will be liable for the multiple pan charge.

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- Non-residential properties with more than one toilet are liable for the multiple pan charge for each consecutive toilet. Our intention is to achieve a fair allocation of the costs of the wastewater scheme based on the usage of capacity in the system. We acknowledge that in some instances additional toilets may be installed in non-residential properties for convenience which may not result in an increase in total usage. The Council has a multiple pan remission policy to address instances where ratepayers / organisations would be charged unduly high amounts by the application of this policy.

Although the Rating Powers (Special Provision for Certain Rates for Educational Establishments) Amendment Act 2001 was repealed, schools are charged for sewage disposal on the same basis as that envisaged by the Act but as a targeted rate for each individual school in our District. This is because schools by and large have accepted the levies charged.

#### **Stormwater**

Stormwater services are charged through the general rates (including the UAGC) and targeted rates where beneficiaries of the service can be identified.

The Waihi Drainage Society has been appointed to operate, maintain and administer the Waihi Drainage Scheme within approved annual plans and budgets. While the Society is appointed to act as its agent, Council still retains overall control of and responsibility of the drainage scheme.

#### **Proposed charging arrangement for water services**

The proposed charging arrangements for water services are the subject of further discussions between the partner Councils of the proposed Water Services Council Controlled Organisation. These arrangements will reflect the legislative requirements signalled in the Local Government (Water Services) Bill.

#### **Any changes between current and future charging mechanisms**

There are likely to be changes between the current and future charging mechanisms. These mechanisms will reflect the legislative requirements signalled in the Local Government (Water Services) Bill.

We expect that invoices for water supply will continue to be on a volumetric basis driven by water meters. Discussions will be required to determine an appropriate split between a fixed charge versus the volumetric rate.

A specific approach for charging for wastewater is still to be determined. This is likely to be influenced by approaches to debt, and the timing and approach to price harmonisation.

A specific approach to charging for stormwater is still to be determined. This will be influenced by the assets and services that the WSCCO provides and the service level agreements it will have in place with Council.

#### **How the revenue from water services will be separated from the council's other functions and activities**

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Water and wastewater will be separated as part of the process in forming the WSCCO. This may be completed as a shared service provided by Council to the WSCCO or completed by the WSCCO itself or a combination of the two. The separation of stormwater will be determined following agreements on asset transfer and service level agreements and in alignment with legislative requirements. Council has also begun to consider the implications for the remaining Council activities when water, wastewater and stormwater are removed.

#### Water services revenue requirements and sources

**Notes 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 Long-Term-Plan, with some adjustments to ensure conservatism in the forecasts, including: Taumata Arowai and Commerce Commission levies; incremental costs associated with a WSO including audit, board and management costs; establishment costs associated with the WSO (debt funded); changes in financing cost assumptions to align with current LGFA rates. A summary of modelling assumptions can be found in Appendix 8.

As outlined in the prior section, revenues will transfer to the WSO from 1 July 2027, at which point a new pricing or tariff structure may be introduced (further details are outlined below). However, it is expected that the Council will continue to collect water revenues on behalf of the WSO under a service level agreement for a period.

#### Forecast revenue requirements

Based on current forecasts, the Council anticipates water services operating expenses (excluding depreciation) of \$418.7 million over the 10-year WSDP period, against \$522 million in operating revenues, generating \$103.3 million in operating funding surpluses.

As the Council is transitioning water services to a joint WSO, the WSO will be required to meet the LGFA's financial covenants, including FFO-to-debt and interest coverage ratios, with the participating Councils setting a target capital structure that maintains an FFO-to-debt ratio of at least 10%<sup>1</sup>, compared to the LGFA covenant of 8%. The FFO-to-debt ratio for WBOP-related revenues and debt is projected to fall below the 8% covenant for in the WSO establishment year only (FY28) however as discussed further below the FFO-to-debt ratio for the WSO is projected to fall below the 8% covenant in FY28, as the water services and associated debt are transferred and the WSO and moves toward the target capital structure. The LGFA has acknowledged that transition periods of up to five years may be necessary during this process.

By moving to this capital structure, the WSO will not need to fund depreciation from cash / revenue in the same way as the Council, instead the WSO will use debt to finance investment to ensure equitable sharing of costs over time, while maintaining borrowing within prudent limits as determined by the board of the WSO in line with LGFA limits and agreed Council support arrangements.

**Table 2: 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
<b>Sources of operating funding</b>										
General rates	780	1,020	802	806	811	815	819	823	827	832
Targeted rates	32,848	38,383	41,739	48,314	55,090	62,666	60,063	60,496	57,036	54,405
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0

<sup>1</sup> LGFA covenants enable the WSO to achieve an 8% FFO-to-debt.

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Local authorities fuel tax, fines, infringement fees and other receipts	2,000	0	0	0	0	0	0	0	0	0
Fees and charges	52	58	59	61	62	64	65	66	68	69
<b>Total operating funding</b>	<b>35,680</b>	<b>39,462</b>	<b>42,600</b>	<b>49,181</b>	<b>55,963</b>	<b>63,544</b>	<b>60,947</b>	<b>61,385</b>	<b>57,931</b>	<b>55,306</b>
<b>Applications of operating funding</b>										
Payments to staff and suppliers	17,526	20,676	20,571	21,756	22,572	22,879	23,016	23,110	23,276	23,401
Finance costs	6,629	6,749	8,604	13,778	14,956	15,411	15,015	14,214	13,311	12,368
Internal charges and overheads applied	6,976	7,413	7,826	7,897	7,799	7,883	8,031	8,196	8,346	8,491
Other operating funding applications	0	0	0	0	0	0	0	0	0	0
<b>Total applications of operating funding</b>	<b>31,131</b>	<b>34,837</b>	<b>37,001</b>	<b>43,432</b>	<b>45,328</b>	<b>46,173</b>	<b>46,061</b>	<b>45,519</b>	<b>44,933</b>	<b>44,261</b>
<b>Surplus/(deficit) of operating funding</b>	<b>4,549</b>	<b>4,624</b>	<b>5,600</b>	<b>5,750</b>	<b>10,635</b>	<b>17,372</b>	<b>14,885</b>	<b>15,866</b>	<b>12,998</b>	<b>11,046</b>
<b>Sources of capital funding</b>										
Subsidies and grants for capital expenditure	1,506	1,249	1,216	0	0	0	0	0	0	0
Development and financial contributions	11,686	22,954	24,357	15,967	16,497	15,285	16,201	13,305	14,266	15,291
Increase/(decrease) in debt	9,308	26,294	39,490	23,084	13,250	5,585	1,489	19,839	26,376	43,554
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
<b>Total sources of capital funding</b>	<b>22,500</b>	<b>50,497</b>	<b>65,062</b>	<b>39,051</b>	<b>29,747</b>	<b>20,870</b>	<b>17,690</b>	<b>33,144</b>	<b>40,642</b>	<b>58,845</b>
<b>Applications of capital funding</b>										
Capital expenditure - to meet additional demand	12,576	15,255	19,468	5,970	4,540	5,966	4,654	2,634	6	9,560
Capital expenditure - to improve levels of services	20,800	37,375	36,061	11,989	3,685	2,407	2,613	1,600	1,181	1,747
Capital expenditure - to replace existing assets	7,461	14,211	20,896	31,206	32,946	26,162	5,909	13,088	4,045	3,263
Increase/(decrease) in reserves	(13,788)	(11,721)	(5,763)	(6,165)	(790)	3,707	19,420	31,688	47,781	55,320
Increase/(decrease) in investments	0	0	0	1,800	0	0	0	0	0	0
<b>Total applications of capital funding</b>	<b>27,049</b>	<b>55,121</b>	<b>70,662</b>	<b>44,800</b>	<b>40,382</b>	<b>38,242</b>	<b>32,575</b>	<b>49,010</b>	<b>53,640</b>	<b>69,891</b>
<b>Surplus/(deficit) of capital funding</b>	<b>(4,549)</b>	<b>(4,624)</b>	<b>(5,600)</b>	<b>(5,750)</b>	<b>(10,635)</b>	<b>(17,372)</b>	<b>(14,885)</b>	<b>(15,866)</b>	<b>(12,998)</b>	<b>(11,046)</b>
<b>Funding balance</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>0</b>

**Sources of revenue**

The Council sources most operating revenue from targeted rates, except for stormwater which includes a general rate component of 10%. Council is currently reviewing its Revenue and Financing policy and its approach to, specifically, stormwater revenue collection and is likely to shift away from the general rate source prior or during the shift of water services to the WSCCO. A small amount of revenue is derived from fees and charges. Individual Funding Impact Statements in [Part E](#) set out the projected level of revenue by expected source.

Capital revenues are a combination of development contributions and debt. The information above in Table 2Error! Reference source not found., above, identifies sources revenue. Individual Funding Impact Statements in [Part E](#) set out the projected level of capital revenue by expected source.

**A note on financial contributions**

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Currently Council forecasts and collects Financial Contributions to fund the portion of assets that funds growth. Included in the applications of capital funding in these forecasts are a significant level of direct contributions from a developer for their share of funding of the Rangiuru Business Park development. These are not a Financial Contribution *per se* but have been treated as such for the purpose of forecasting capital funding. The below table highlights that \$44.5m has been purposefully included in the financial contributions revenue line for the purposes of this report. This has had the prudent impact on the FFO calculations of only recording this capital income at 75%. Further analysis and forecasting to ensure collectability of this revenue in the periods that are forecast will be completed during the due diligence process with WSO partners. More accuracy in value and timing will be gained during the period prior to 1 July 2027 as this project moves forward with its development.

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	Total
Wastewater		(3,727)	(12,530)	(13,160)	(3,952)	0	0	0				(33,369)
Water		0	0	0	0	(3,612)	(3,696)	(3,780)				(11,088)
<b>Sub Total Capital contributions</b>		<b>(3,727)</b>	<b>(12,530)</b>	<b>(13,160)</b>	<b>(3,952)</b>	<b>(3,612)</b>	<b>(3,696)</b>	<b>(3,780)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(44,457)</b>

#### **Future sources of revenue**

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

As outlined earlier, it is intended that the WSO will directly charge and invoice customers in the future with the timing of billing transition to be determined through the establishment and transition planning stage. There may also be changes to tariff arrangements for individual customer groups and this will occur in line with establishment guidance and consistent with the anticipated regulatory regime. [Part E](#), below outlines the forecast split of sources of operating and capital revenues for each water service. Foundational principles of the charging framework are expected to ensuring transparency and equity in charging. The framework aligns with the principles of cost recovery, water conservation and affordability. In parallel, the Council expects that it will need to undertake a financial review of the rest of Council from a financial sustainability perspective including looking at the financial contribution approach generally.

#### **Existing and projected commercial and industrial users' charges**

The current charging and collection methodology for water services – for residential and non-residential consumers is included in the information above. The current charging for residential and non-residential water consumers does not have a distinction through a classification grouping. Higher water users will pay a higher charge through a higher volumetric charge, along with those on a higher connection or available charge size.

#### **The affordability of projected water services charges for communities**

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**Affordability**

Affordability was a key concern raised through public consultation on the preferred service delivery model and a key driver of the Council's decision to join a WSO. As part of this decision-making process, the participating Councils commissioned MartinJenkins to examine the potential impact on affordability a joint WSO would have, based on an agreed set of assumptions (which can be found in Appendix 8). Through the realisation of efficiencies and a move to an alternative capital structure, costs average costs per connection were expected to improve under a WSO, even after accounting for potential establishment costs and additional operational costs associated with a WSO. This included maintaining a cost-to-serve principle within district boundaries and differentiated prices between districts.

Based on these assumptions for Western Bay water users, under the WSO, average water related charges per connection are projected to increase from around \$2,400 in 2025 to approximately \$3,450 in 2034 (in nominal terms), representing an average annual increase of 4.6%. This compares with LTP projections of around \$6,240 per connection in FY34. More information on the supporting analysis and comparative information between councils can be found in this report [here](#).

Water charges as a percentage of median household income in Western Bay are forecast to range between 2.5% and 3.7% over the ten-year period, with affordability improving following the transition to a WSO. The table below shows declining affordability through to FY30, at 3.7%, before improving to around 2.6% by FY34 as the benefits from economies of scale and greater efficiency begin to kick in.

Average charge per connection including GST (\$nominal)	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)	750	808	842	911	935	1,086	1,074	1,250	1,207	1,175
Average wastewater bill (including GST)	1,302	1,659	1,752	2,038	2,441	2,710	2,530	2,320	2,138	1,994
Average stormwater bill (including GST)	344	357	393	452	482	510	451	398	338	287
Average charge per connection including GST	2,396	2,824	2,987	3,400	3,858	4,306	4,055	3,969	3,682	3,456
<b>Water services charges as % of household income</b>	<b>2.5%</b>	<b>2.8%</b>	<b>2.9%</b>	<b>3.2%</b>	<b>3.5%</b>	<b>3.7%</b>	<b>3.4%</b>	<b>3.2%</b>	<b>2.9%</b>	<b>2.6%</b>

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## Funding and financing arrangements

Funding and financing arrangements										
Water services financing requirements and sources										
<b>Borrowing requirements and limits</b>										
Over the forecast period, the water services in WBOPDC are forecast to require \$359.9 million in capital investment to meet regulatory, growth, and service level obligations. To support this investment, borrowing of approximately \$87 million is required, with the remaining funding to come from water services revenue and financial contributions. The table below identifies net debt by individual water service, with the net debt associated with each water services to be confirmed and its transfer, in part or in totality, to the WSO determined during the due diligence process.										
Debt to revenue by water service (\$000s, nominal)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Drinking water – net debt	24,288	37,187	45,529	52,213	58,485	62,095	62,973	67,781	64,193	63,166
Wastewater – net debt	67,037	82,825	105,579	129,578	143,720	148,105	135,712	125,414	113,870	108,534
Stormwater – net debt	69,713	79,042	93,198	91,765	85,389	79,273	72,857	66,497	60,225	54,820
It is expected that the WSO will arrange its 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 parties. In doing so, the expectation is the water organisation will be required to comply with two key LGFA financial covenants:										
<ol style="list-style-type: none"> <li><b>FFO-to-debt ratio:</b> The ratio of FFO- to-debt must remain above 8%. This metric incorporates 75% of Financial Contribution (or Development Contributions of partner Council(s)) revenues in the FFO calculation, based on LGFA guidance.</li> <li><b>Interest coverage ratio (ICR):</b> The ICR must be maintained above 1.5x, based on LGFA covenants.</li> </ol>										
Financial projections for the WSO indicate that both covenants will be comfortably met over the planning horizon targeting a 10% FFO-to-debt ratio against the LGFA covenant of 8% and an interest coverage ratio above the 1.5x covenant.										
However, the FFO-to-debt ratio for WBOP-related revenues and debt is projected to fall below the 8% covenant in FY28, as WBOP transitions water services and associated debt to the WSO and moves toward the target capital structure. The LGFA has acknowledged that transition periods of up to five years may be necessary during this process. The ICR covenant is not breached at any point, with the weakest position in FY28 at 2.29x.										
As part of its broader financial governance, the Council will continue to adhere to its LGFA financial covenants which sets a whole-of-Council borrowing limit of 280% net-debt-to-revenue, with the Council's <a href="#">Treasury Policy</a> maintaining an internal ceiling of 200% net-debt-to-revenue. The transfer of water supply and wastewater to the WSO is expected to improve Council's position against this benchmark, creating additional headroom for future non-water investments. Further information is outlined in <b>Part D</b> – Error! Reference source not found., below.										
<b>Debt Repayment Strategy (WSO)</b>										
It is expected that the WSO will utilise debt financing for long-lived capital expenditure, such as infrastructure upgrades and compliance-driven projects. Short-term liquidity needs may also be met										

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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 WSO's forecasts are structured to show debt aligned with investment needs, rather than explicitly modelling principal repayments, the debt strategy assumes the use of FFO as the primary mechanism for managing debt over time.

In practice, this means we expect that the WSO will treat its debt portfolio as a flexible facility to support ongoing investment, while using excess operational cashflows to manage debt within overall LGFA covenant limits and shareholder expectations. The focus will be on maintaining liquidity, servicing interest costs comfortably, and ensuring that debt levels remain aligned with long-term revenue capacity, infrastructure need, and intergenerational equity.

By maintaining debt within its borrowing limits and targeting FFO, we expect that the WSO can manage its debt exposure without prematurely constraining its investment programme or placing undue burden on current ratepayers. The WSO will prepare its own Treasury Management Policy, including its policies for managing liquidity and interest rate risks, and will put appropriate transactional banking, working capital and loan facilities in place. This will be identified as a key activity within transition and establishment arrangements.

#### **Internal borrowing arrangements**

While it is expected that the WSO will arrange its borrowings through the LGFA, internal borrowing is currently applied within the water services activities and Council uses different types of internal loans to allocate these funds efficiently including financial contribution loans, renewal loans, new capital expenditure, and rating loans.

Internal borrowings arrangements are to be assumed to be used going forward pre and post 1 July 2027 within Council and with the WSO to keep debt for individual water areas separate. This is expected to occur in a similar manner within each organisation. The method of internal borrowing for both Council and WSO achieves the ringfencing requirements as all loans are specific to a type of water and all balances are easily identified and separated.

We expect this approach to be finalised as part of a more detailed due diligence phase and as part of the transition and establishment work.

#### **Determination of debt attributed to water services**

Council borrows from LGFA directly and allocates that borrowing to the respective activities within Council. Internal loans are used as described in the Internal Loans section, the loans have been tracked within Council for each water service.

The debt allocated to each of Water Supply, Wastewater and Stormwater is readily available and has been included in the relevant forecasts.

Actual year end closing balances will be used to help determine opening balances in support of the transfer of assets and liabilities following the completion of the 2024/25 financial year and preparation of Council's Annual Report.

#### **Insurance arrangements**

##### Current Insurance Cover

Western Bay of Plenty District Council (WBOPDC) currently owns the three waters assets and has insurance in place through the assistance of Aon. TCC and TCDC also utilise Aon as their insurance broker this is considered positive for bringing policies together in a WSO.

The council's current insurance cover includes:

- Buildings and above-ground infrastructure (like treatment plants, pump stations, and reservoirs)

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- Business interruption
- Construction works
- Liability cover (such as public liability and professional indemnity)

#### Annual Insurance Review

Insurance cover is reviewed every year as part of Council's annual insurance renewal process with Aon. The most recent full review was completed in October 2024.

Council's asset information is maintained in its asset system, and this is used to update insurance cover each year.

#### How Risks Are Assessed

When Council reviews insurance each year, it also assesses the types of risks that could cause damage – such as earthquakes, flooding, or mechanical failure – and what the potential financial losses might be. These assessments are supported by loss modelling work provided by Aon, which helps estimate the likely cost of damage under different hazard scenarios.

Both above ground and underground water assets are included in this process. While underground assets are more complex to assess, they are covered under the Council's material damage insurance programme and are valued using replacement cost estimates. Risk information is updated annually and used to inform insurance limits, deductibles, and reinsurance arrangements.

#### Level of Insurance Cover and How It's Calculated

Council uses the latest asset valuations to determine how much insurance cover is needed. These valuations are updated annually. The amount of cover is based on how much it would cost to replace the assets (either fully or optimally), and inflation is also taken into account when adjusting cover each year.

### **Insurance Management Approach**

#### Review Process and Asset Identification

Council has an internal policy for how insurance is managed. This includes identifying which assets are insured, reviewing policies each year, and keeping the insured asset register up to date.

#### Main Risks and How They're Managed

Key risks include natural disasters (like earthquakes and flooding), fires, vandalism, and equipment failures. Council takes a low-risk approach to critical water services and reduces these risks by maintaining backup systems (e.g. spare pumps and generators), regular maintenance, and service contracts.

#### Connection to Council's Emergency Planning

Council's disaster planning and emergency procurement systems are closely tied to its insurance approach. This ensures services can be restored quickly after a major event.

#### Who Oversees Insurance

The General Manager Corporate Services alongside the CFO are responsible for insurance decisions. The Risk / Finance team look after day-to-day management. Council's Audit, Risk and Finance Committee reviews the programme each year, and any major changes or claims are reported up to the Executive Team and to Council where needed.

### **Future insurance arrangements**

Transfer of insurance arrangement has been identified as a workstream within the transition and establishment plans. The water services organisation will arrange and carry appropriate insurance policies from the date of assuming responsibility and ownership.

TCC and TCDC also utilise Aon as their insurance broker this is considered positive for bringing policies together in a WSO.

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Part D: Financial sustainability assessment

Confirmation of financially sustainable delivery of water services

Financially sustainable water services provision
<p><b>Confirmation of financially sustainable delivery of water services by 30 June 2028</b></p> <p><b>Note to the reader:</b> Unless explicitly stated otherwise, all figures pertain solely to WBOPDC. Any references to the WSO are limited to WBOPDC’s contributions.</p> <p>The Council confirms that the Water Services Delivery Plan is expected to achieve financially sustainable delivery of water services by 30 June 2028 by transitioning to a joint WSO from 1 July 2027, subject to undertaking further due diligence and work as part of the establishment of a WSO.</p> <p>WBOPDC has incorporated financials provided by TCC and TCDC (excluding their Stormwater financials for TCDC) in Part E2, and places reliance on the robustness of those Councils respective financial preparation and approval processes.</p> <p>Financial sustainability tests for the combined multi-council CCO are achieved, based on the financial information provided by each of the Councils.</p> <p>In creating a combined CCO, due diligence will be an important step of the process. Due diligence forms part of the Implementation Plan</p> <p><b>Revenue sufficiency</b></p> <p>WBOPDC revenues are sufficient to achieve financial sustainability by 30 June 2028.</p> <p>Based on projections using the best available Council information, water services are expected 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 target capital structure generating sufficient revenues over the forecast period, with a cumulative operating cash surplus ratio of 43%, indicating sufficient revenues to meet expenses. Operating cashflow surpluses over the 10-year period are forecast at \$273.1 million, providing headroom to meet interest costs and liquidity needs.</p> <p>The WSDP price path that ensures water services generate sufficient revenue to meet the full cost of service delivery over time:</p> <ul style="list-style-type: none"><li>• Projected revenue increases to meet costs: Average charges per connection are forecast to rise from approximately \$2,400 in FY25 to \$3,450 in FY34 (nominal terms) to ensure there is adequate revenues to cover costs, including:<ul style="list-style-type: none"><li>○ Operating expenditure</li><li>○ Depreciation</li><li>○ Financing costs</li></ul></li><li>• Positive operating cash flows are expected throughout the WSDP period, supporting debt servicing and liquidity.</li><li>• Revenue forecasts are consistent with ringfencing and financial reporting requirements under the Local Water Done Well framework.</li></ul> <p>It is acknowledged a portion of Free Funds from Operations calculation includes capital revenue from financial contributions (FinCos). In line with LGFA guidance, up to 75% of FinCos included in the FFO may come from such sources where the WSO has greater than 50,000 water connections. The Council</p>

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acknowledges this risk and will reassess FinCo revenue assumptions as part of the WSO due diligence process.

#### **Investment sufficiency**

WBOPDC investment is sufficient to achieve financial sustainability by 30 June 2028.

Capital investment has been planned to meet required levels of service, comply with regulatory standards, and support growth. Key aspects include:

- Early investment to address renewal backlogs, compliance requirements (including environmental and health standards), and growth.
- Capital expenditure is forecast to taper in the later years of the LTP to reflect realistic deliverability and reduce cost pressure.
- Investment supports:
  - Drinking water safety and resilience
  - Wastewater and stormwater compliance
  - Moderate growth-related infrastructure

The investment programme has been informed by asset management planning and is targeted to deliver long-term value while remaining achievable within current market and delivery constraints. The Council engaged Beca to undertake a review of the investment programme using Three Water Asset Management Plans that were updated in June 2024. Their report observed:

- Levels of service and renewals investment is concentrated in the first half of the 10 year programme. As projects progress the timing and cost estimates will be refined and are likely to need to be spread over a longer period.
- Growth requirements are identified, informed by structure plans and modelling.
- Investment is planned to allow drinking water quality standards and rules to be met by 2028 with implementation of UV and infrastructure improvements.
- Wastewater resource consent compliance investment is planned to address non-compliances by 2028. Water take consents are expected to be compliant. On-going monitoring for the comprehensive stormwater consents will confirm any additional requirements for water quality improvements to continue compliance.
- The increased level of capex programme delivery is supported by project management systems, project control groups and increased internal resources. External resources are also used to support major project delivery.
- Risks associated with the delivery of the compliance projects should be discussed in the WSDP including projects which require land purchase.
- Renewal requirements are identified, and funding of on-going collection of asset condition information and modelling is required to continue developing and prioritising the renewals programme of work.
- AMP improvements are planned to improve asset data, understanding of condition and criticality and future demand requirements

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Councils AMPs are allowing for investment to achieve regulatory compliance and growth aspirations as well as for asset replacement.

Investment is planned to achieve regulatory compliance by 2028. That includes UV upgrades to achieve drinking water compliance as well as wastewater treatment plants upgrades to achieve consent conditions. Growth requirements have been identified and is informed by structure plans and modelling. The Water renewals have cyclic peaks to align with growth and will need updating to verify the timing of growth. Capital expenditure drops considerably after the 10 year AMP for Wastewater and then has a renewal focus after that. Tighter requirements to overflows may need further investment in future AMP's. The stormwater capital expenditure peaks are mostly driven by growth related projects in Omokoroa.

#### **Financing sufficiency**

WBOPDC funding and financing arrangements are sufficient to meet investment requirements by 30 June 2028.

Over the WSDP period, over \$359 million of capital investment is forecast, with approximately \$89 million (net) of this expected to be debt funded, with total debt reaching around \$289 million in FY30, before reducing to around \$227 million in FY34.

The proposed revenue and debt track keep the WSO within prudent borrowing levels, maintain access to affordable debt, and meet LGFA covenant expectations. Key elements include:

- Ringfencing of water debt from general Council borrowing in preparation for the WSO transition.
- Forecast debt levels for water remain within Council's financial strategy and broadly align with LGFA limits for WSOs (expect in FY28, discussed later).
- FFO-to-debt ratio:
  - Temporarily dips to 6.5% in FY28 due to investment profile and the preference to avoid pricing shocks to customers.
  - Recovers to 8% in FY29, meeting the LGFA covenant and 30 June 2028 timeline under the Local Government (Water Services Preliminary Arrangements) Act 2024.
  - Achieves a more sustainable target of 10% by FY30, reflecting a steadier state.
- Debt is primarily used to fund investment and support intergenerational equity.

The Council considers this trajectory consistent with LGFA guidance which allows a transition period of up to five years for WSOs to achieve full covenant compliance and financial sustainability by 30 June 2028. Nonetheless, the Council is proposing to review its revenue track as part of the establishment and transition process for the WSO.

A period will be agreed on a bespoke basis with each WSO with interim targets in place to encourage an improving trend in ratios over time.

LGFA indicated in April 2025 that it will allow a period of up to five years (from establishment) for the bespoke financial covenants negotiated with the water CCO to apply. Any request for a period longer than five years would need to be considered by the LGFA Board.

Noting potential risks, the Council has outlined proposed actions to ensure financial sustainability by 30 June 2028.

#### **Actions required to achieve financially sustainable delivery of water services**

To ensure the financial sustainability of water service delivery by 30 June 2028, the Council is progressing the transition of water services to a joint WSO. This shift enables the ringfencing of water

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operations, targeted investment, and a clear pathway toward long-term cost recovery, affordability, and intergenerational equity.

#### **Additional actions**

In addition to the measures already outlined in the Implementation Plan, the Council recognises that further steps will be required to ensure financial sustainability by 30 June 2028.

- Review of capital revenue assumptions and cost estimates to confirm the robustness of the revenue projections particularly relating to FinCos.
- Seek confirmation from LGFA that the proposed glidepath to meeting financial covenants, particularly the FFO-to-debt track, is acceptable.
- A full review of the capital expenditure programme, including the phasing of projects, when combined with capital expenditure programme of other Councils, to ensure that priority compliance outcomes are achieved while managing the debt track and deliverability

The Council will also undertake a detailed review of the forecast and historical collection levels of FinCos and associated debt, noting past under-collection. The Council acknowledges that it may be necessary to phase the transfer of water-related FinCo debt to the WSO over a longer period to remain within financial covenant thresholds. This option will be further explored as part of the WSO establishment process and detailed due diligence with partner councils.

#### **Risks and constraints to achieving financially sustainable delivery of water services**

While the Water Services Delivery Plan sets a path to financial sustainability by 30 June 2028, there are several risks that could affect this:

#### **Decision making**

The Local Water Done Well reforms create project continuity risk through potential policy reversals following council elections. New elected members across multiple Councils may modify or cancel water decisions. This political transition and coordination risk may result in project delays, contract variations, and strategic realignments that impact delivery timelines and cost certainty. The fact that TCC is not facing an election transition provides a degree of project resilience to these risks.

#### **Cost escalation**

There is a risk that actual costs, particularly for large projects, may exceed estimates. Factors contributing to this include rising construction costs, increased material and labour prices, and changes in project scope due to unforeseen asset conditions.

#### **Inflation and interest rate volatility**

Higher-than-forecast inflation or adverse interest rate movements may increase the cost of borrowing, placing upward pressure on water charges. Rapid rate increases or extended high-rate environments could affect financial sustainability and constrain future capital investment or lead to price increases.

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***Revenue constraints and affordability pressure***

Projected price paths are designed to balance cost recovery with community affordability. However, sustained increases in charges may encounter public resistance, particularly among fixed-income households. Any delays or political adjustments to planned price increases could create funding shortfalls. Forecast financial contributions are also a significant revenue source for investment, at \$165 million over the WSDP period (compared with operating revenues of \$522 million). This forecast level does have risks. As noted above included in the applications of capital funding are a significant level of direct contributions from a developer for their share of funding of the Rangiuru Business Park development. These are not a Financial Contribution per se but have been treated as such for the purpose of forecasting capital funding.

***Regulatory or compliance shocks***

New or revised drinking water, wastewater, or stormwater regulations could trigger additional unplanned investment. More stringent compliance measures introduced within the forecast period could impact both operating costs and capital priorities.

***Supply chain and delivery constraints***

Availability of skilled staff, contractors, engineers, and materials could impact the Council's and WSO's ability to deliver the capital programme on time. This has already been observed during past weather and pandemic events. Delays can lead to cost inflation and deferment of service improvements.

***Incomplete or evolving asset data***

Investment decisions are based on the best available asset condition data, but gaps or outdated information could lead to misalignment between investment timing and actual asset needs. This could result in inefficient allocation of capital or emergency spending.

***Transition and governance risks***

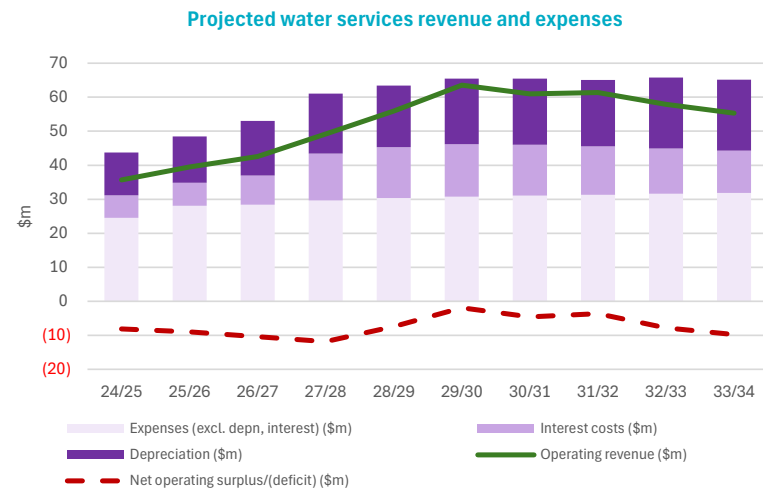
The establishment of a new WSO involves changes in governance, systems, and accountability. Any delays or misalignment in these transitions, particularly around financial systems or staffing, could temporarily affect delivery capacity or financial controls.

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## Financial sustainability assessment – revenue sufficiency

### Assessment of revenue sufficiency

Projected water services revenues cover the projected costs of delivering water services



### Average projected charges for water services over FY2024/25 to FY2033/34

Projected average charge per connection / rating unit (including GST)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Drinking water	750	808	842	911	935	1,086	1,074	1,250	1,207	1,175
Wastewater	1,302	1,659	1,752	2,038	2,441	2,710	2,530	2,320	2,138	1,994
Stormwater	344	357	393	452	482	510	451	398	338	287
<b>Average charge per connection / rating unit</b>	<b>2,396</b>	<b>2,824</b>	<b>2,987</b>	<b>3,400</b>	<b>3,858</b>	<b>4,306</b>	<b>4,055</b>	<b>3,969</b>	<b>3,682</b>	<b>3,456</b>
Increase in average charge	11.8%	17.9%	5.8%	13.9%	13.5%	11.6%	-5.8%	-2.1%	-7.2%	-6.1%
<b>Water services charges as % of median household income</b>	<b>2.5%</b>	<b>2.8%</b>	<b>2.9%</b>	<b>3.2%</b>	<b>3.5%</b>	<b>3.7%</b>	<b>3.4%</b>	<b>3.2%</b>	<b>2.9%</b>	<b>2.6%</b>

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**Projected operating surpluses/(deficits) for water services**

Operating surplus ratio (whether revenues cover costs)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Operating surplus/(deficit) excluding capital revenues – combined water services	(8,097)	(9,031)	(10,396)	(11,849)	(7,425)	(1,919)	(4,549)	(3,679)	(7,824)	(9,810)
Operating revenue – combined water services	35,680	39,462	42,600	49,181	55,963	63,544	60,947	61,385	57,931	55,306
<b>Operating surplus ratio</b>	<b>(22.7%)</b>	<b>(22.9%)</b>	<b>(24.4%)</b>	<b>(24.1%)</b>	<b>(13.3%)</b>	<b>(3.0%)</b>	<b>(7.5%)</b>	<b>(6.0%)</b>	<b>(13.5%)</b>	<b>(17.7%)</b>

**Operating surpluses and deficits (accounting)**

Modest to moderate operating deficits are projected in prior to the establishment of the WSO, with the position improving until FY33 where modest operating losses continue through the WSDP period. From FY29 onwards, increasing operating deficits are forecast, peaking at \$8.1 million in FY30.

These accounting deficits are primarily driven by the inclusion of full depreciation expenses in operating costs. While this is standard under Council accounting practices, these costs are typically debt-funded under a WSO model. As such, these figures do not reflect a cash deficit but rather an accounting treatment difference. It is noted that operating deficits are less than the level of depreciation expense recorded in the WSDP.

**Depreciation recovery policy**

Council currently funds depreciation on water services assets through operating revenues, being Rates. The Council balances long-term asset renewal requirements with short-term affordability. A WSO is not expected to fully recover depreciation expense, provided sufficient funding is available to invest maintain and renew assets consistent with the investment sufficiency requirement. The WSO will cash-fund a lower portion of depreciation, especially for long-lived assets. It will use debt to fund renewals and repay the debt over time. This approach is more sustainable and aligns the cost of infrastructure with the lifespan of the assets and to the users of those assets. By funding the renewals through borrowing, the WSO will maintain intergenerational equity, ensuring future users pay for the portion of the assets they benefit from.

**Use of surpluses**

Where operating surpluses are generated, they will be retained within the water activity to support the renewal of existing infrastructure and reduce reliance on borrowing. Any surpluses generated through efficiency gains are expected to be shared with consumers through price reductions.

**Rationale for operating deficits**

Operating deficits are considered appropriate given the following:

- Depreciation is included in costs, but not fully funded in cash terms, reflecting transitional funding policies between the Council and WSO
- The WSO's capital structure includes debt funding for major asset renewals to spread costs fairly across generations, in line with the intergenerational equity principle.

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- Planned deficits are within prudent levels and are supported by sufficient forecast liquidity and borrowing capacity.

#### Projected operating cash surpluses for water services

Operating cash ratio (whether revenues cover costs)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Operating surplus/(deficit) + depreciation + interest costs – capital revenues	11,177	11,373	14,203	19,528	25,592	32,782	29,900	30,080	26,309	23,414
Operating revenue – combined water services	35,680	39,462	42,600	49,181	55,963	63,544	60,947	61,385	57,931	55,306
<b>Operating cash ratio</b>	<b>31.3%</b>	<b>28.8%</b>	<b>33.3%</b>	<b>39.7%</b>	<b>45.7%</b>	<b>51.6%</b>	<b>49.1%</b>	<b>49.0%</b>	<b>45.4%</b>	<b>42.3%</b>

#### Operating cashflows

The projected operating cash ratio for combined water services (water supply, wastewater, stormwater) remains positive throughout the forecast period, ranging from 28.8% to 51.6%, with total surpluses amounting to around \$224.4 million. This shows operating activities are forecast to generate strong, sustained cash surpluses each and every year and are projected to range from a beginning \$35.7 million in FY2024/25 to a \$63.5 million peak in FY2030. These figures reflect the underlying cash-generating strength of the water services activity, even where accounting-based operating deficits occur due to non-cash depreciation charges.

#### Application of cash surpluses

Cash surpluses generated from operating activities will primarily be applied to:

- Renewals and upgrades** of critical water infrastructure, reducing the reliance on new debt.
- Servicing and repaying existing debt**, especially where renewals have been funded through borrowing in prior years.
- Maintaining resilience** by supporting contingency and asset management provisions in the face of regulatory change, growth, or climate-related risks.

#### Sufficiency of operating cashflows

Projected operating cashflows are sufficient to meet:

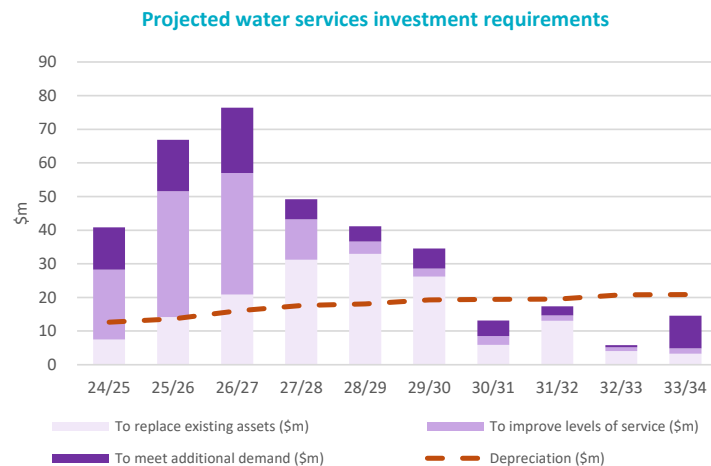
- Scheduled renewals** requirements, particularly for network and plant assets nearing the end of their useful life.
- Debt servicing obligations**, including interest and principal repayments, ensuring compliance with Treasury policy limits and maintaining financial sustainability.
- Operating cost** requirements.
- Maintenance of required financial covenants**.

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## Financial sustainability assessment – investment sufficiency

### Assessment of investment sufficiency

**Projected water services investment is sufficient to meet levels of service, regulatory requirements and provide for growth**



### Renewals requirements for water services

Asset sustainability ratio	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Capital expenditure on renewals – all water services assets	7,461	14,211	20,896	31,206	32,946	26,162	5,909	13,088	4,045	3,263
Depreciation – all water services assets	12,645	13,655	15,996	17,599	18,061	19,291	19,434	19,545	20,822	20,856
<b>Asset sustainability ratio</b>	<b>(41.0%)</b>	<b>4.1%</b>	<b>30.6%</b>	<b>77.3%</b>	<b>82.4%</b>	<b>35.6%</b>	<b>(69.6%)</b>	<b>(33.0%)</b>	<b>(80.6%)</b>	<b>(84.4%)</b>

The proposed levels of renewals investment have been developed through an evidence-based planning process, underpinned by the technical expertise and operational insights of senior engineering staff. This approach ensures that investment decisions are grounded in a practical understanding of asset condition, performance trends, and service delivery risks.

Engineering judgement has been applied alongside asset data and lifecycle modelling to determine what investments are required and when. This ensures that the timing and scale of renewals are both technically justified and operationally viable.

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Sensitivity: General

The proposed renewals investment profile is directly aligned with the Council's Long-Term Plan, Infrastructure Strategy and Asset Management Plan. This alignment reflects the Council's planning methodology, which prioritises the development of a robust ten-year plan as the foundation for long-term infrastructure decision-making. While there may be some mismatch between depreciation expense and planned renewals in any given year, this is largely due to the relatively young age of much of the asset base, which is not yet due for replacement. A review of the underlying capital programme in the WSDP by BECA noted that there is opportunity to improve the capital programme and its treatment of renewals. In particular, improvements in asset condition data and long-term projections for wastewater and stormwater will help to better understand upcoming renewals peaks and inform prioritisation. A copy of this report can be found in Appendix 5.

#### ***Rationale for renewals investment below depreciation***

The projected levels of renewals investment are around 10% lower than the projected depreciation over the planning period. This is considered appropriate for a number of reasons:

- **Classification of investment:** Some capital investments classified as level-of-service improvements may also contain a renewals component. This makes precise categorisation challenging. In aggregate, total capital expenditure is approximately 38.6% higher than depreciation across the planning horizon, with some years significantly higher, as reflected in supporting financial tables.
- **Timing of renewals:** The renewals investment profile is weighted toward the FY27-FY30.

#### **Total water services investment required over 10 years**

Asset investment ratio	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Total capital expenditure – all water services assets	40,837	66,842	76,425	49,165	41,171	34,535	13,155	17,322	5,859	14,570
Depreciation – all water services assets	12,645	13,655	15,996	17,599	18,061	19,291	19,434	19,545	20,822	20,856
<b>Asset investment ratio</b>	<b>222.9%</b>	<b>389.5%</b>	<b>377.8%</b>	<b>179.4%</b>	<b>128.0%</b>	<b>79.0%</b>	<b>(32.3%)</b>	<b>(11.4%)</b>	<b>(71.9%)</b>	<b>(30.1%)</b>

The asset investment ratio varies across the period, reflecting the planned timing of major renewal and upgrade projects. While some years show investment below depreciation levels, this is offset by significantly higher levels of investment between FY25 and FY30 and total capital investment representing twice that of depreciation.

Sensitivity: General

**Average remaining useful life of network assets**

Asset consumption ratio	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Book value of water infrastructure assets	514,103	593,371	653,800	717,935	741,046	793,204	786,925	823,082	808,119	841,243
Replacement value of water infrastructure assets	788,602	895,444	971,869	1,069,434	1,110,606	1,200,449	1,213,604	1,290,101	1,295,960	1,373,714
<b>Asset consumption ratio</b>	<b>65.2%</b>	<b>66.3%</b>	<b>67.3%</b>	<b>67.1%</b>	<b>66.7%</b>	<b>66.1%</b>	<b>64.8%</b>	<b>63.8%</b>	<b>62.4%</b>	<b>61.2%</b>

The WSDP proposes a sustained programme of capital investment in the district's water network. Over the forecast period, the book value of water infrastructure assets increases from \$514 million to \$841.2 million, while the replacement value grows from \$788.6 million to \$1.374 billion. This reflects both ongoing investment and anticipated revaluation of the asset base (incorporating assumed inflation as well as additions).

The asset consumption ratio declines gradually from 65.2% to 61.2% over the ten years. This trend reflects that, while renewals are occurring, some key asset groups are partway through their lifecycle and are not yet due for major replacement. The modest decline in the ratio is not considered materially adverse given current and projected asset lives and current assessed asset condition.

- This timing reflects when a significant portion of the network reaches key renewal thresholds, allowing Council to efficiently target expenditure where it delivers the most benefit.
- The WSO is expected to review this investment profile and adjust it as needed in future years, particularly as it develops its first regional water services strategy for water supply and wastewater

Continued investment beyond FY34 will be required to maintain service levels and manage asset consumption over the longer term, and Council expects the WSO to incorporate this into its long-term plans.

Sensitivity: General

## Financial sustainability assessment – financing sufficiency

### Assessment of financing sufficiency

#### Confirmation that sufficient funding and financing can be secured to deliver water services

##### **Council borrowing limits**

Projected total Council borrowings, including those relating to water services, remain within the Council's borrowing limits. As a rated local authority and a member of the LGFA, WBOP maintains a whole-of-Council borrowing cap of 280% net debt-to-revenue, with an internal policy limit of 200%. Following the establishment of a joint WSO in FY28, the Council's balance sheet will be significantly deleveraged, with net-debt-to-revenue peaking at 59% in FY34, compared with a peak of 187% in FY28 if services were retained.

##### **Water services borrowing limits**

Borrowing requirements to meet investment needs and meet financial covenants over the forecast period are around \$132 million. Water services borrowings will remain within the LGFA covenants for both the Council and WSO as outlined below in detail.

##### **Access to borrowings**

The WSO will borrow through the LGFA, with the participating Councils providing an appropriate form of support (guarantee or uncalled capital, with the final form of this support to be agreed between the parties prior to entering into a Transfer Agreement). Based on current LGFA guidance and financial covenants:

- FFO-to-debt ratios for the WSO will remain above 8% (financial projections target 10%) from FY29, in line with LGFA covenants, and council remaining below its 280% debt-to-revenue covenant, and internal policy limit of 200%.
- The ICR for the WSO is projected to remain above the minimum threshold of 1.5x from FY29.

##### **Financing sufficiency test**

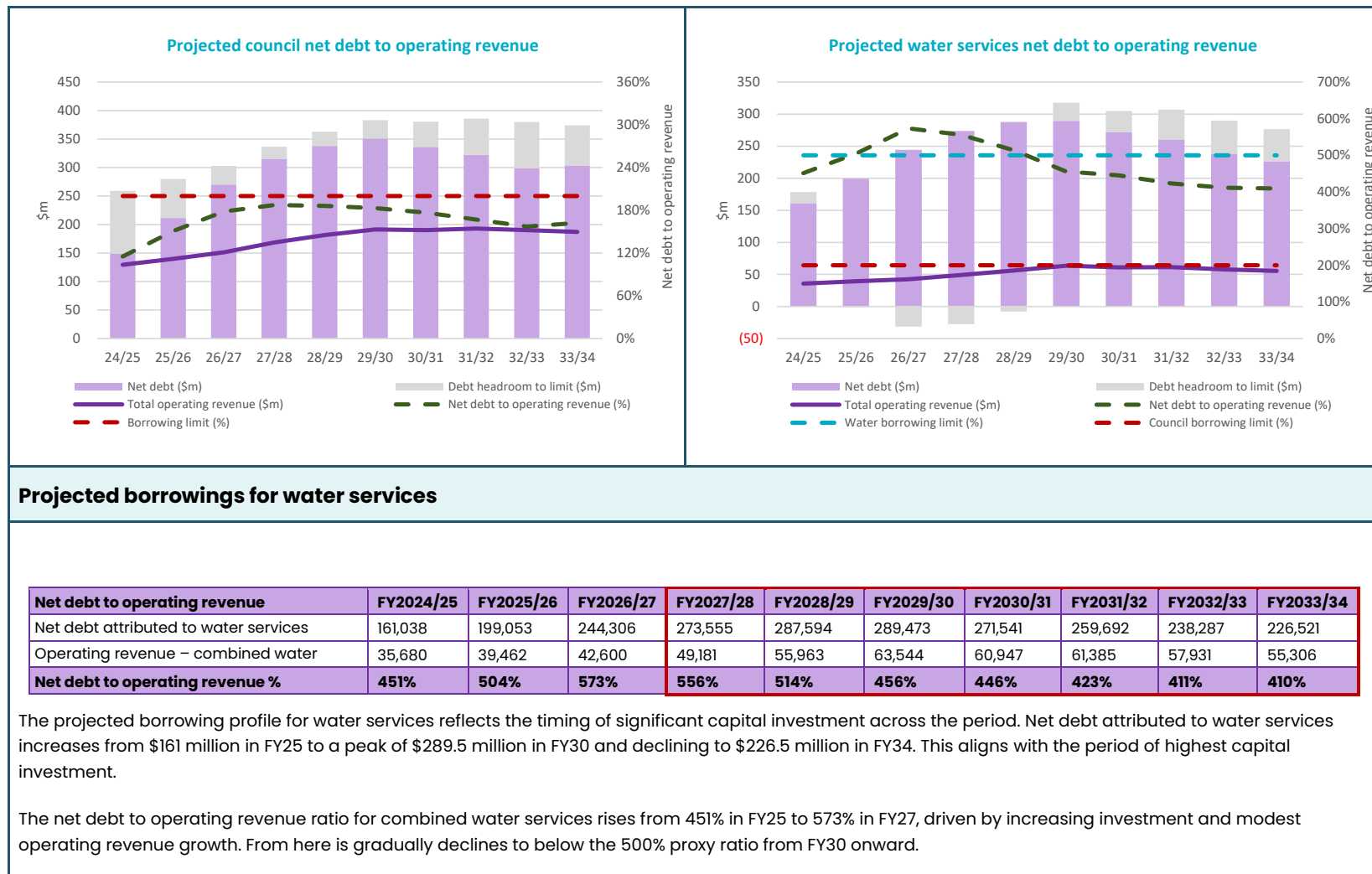
On the basis of the above, WBOPDC confirms that the WSDP satisfies the financing sufficiency test:

- Total Council and water services organisation borrowings are projected to be within the relevant borrowing limits.
- Borrowing capacity exists to meet forecast capital investment, with allowance for additional headroom to provide for unforeseen contingencies.
- Operating surpluses and financial covenants remain robust and sustainable over the forecast period, with the ability to further increase revenues if required.

Sensitivity: General

<p>The proposed financing approach provides the necessary flexibility, liquidity, and resilience to support full delivery of the water services programme while maintaining compliance with fiscal and risk management parameters.</p> <p>This part sets out performance against the relevant metrics, and where appropriate provides distinct statements for the WSO (water supply and wastewater) and stormwater, as it will be retained by Council.</p>	
<p><b>Projected <u>council</u> borrowings against borrowing limits</b></p>	<p><b>Projected <u>water services</u> borrowings against borrowing limits</b></p>

Sensitivity: General



Sensitivity: General

Council confirms that:

- All water-related borrowing remains within Council's financial strategy limits for water services.
- These debt levels are considered prudent and sustainable, given the long-life nature of infrastructure assets and the intergenerational equity of funding renewals through debt.
- Borrowing is closely tied to capital programme timing and is aligned with asset condition, service risk, and delivery capacity considerations.
- The WSO is expected to adopt its own prudent debt policies and manage borrowing requirements in accordance with its statutory funding framework from FY28 onward, based on LGFA covenants.

Council will continue to monitor debt servicing capacity and revenue sufficiency throughout the WSDP period to ensure the financial sustainability of both retained and transferred water assets.

#### Borrowing headroom/(shortfall) for water services

Borrowing headroom/(shortfall) against limit	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Operating revenue	35,680	39,462	42,600	49,181	55,963	63,544	60,947	61,385	57,931	55,306
Debt to revenue limit for water services (%)	500%	500%	500%	500%	500%	500%	500%	500%	500%	500%
<b>Maximum allowable net debt at borrowing limit</b>	<b>178,400</b>	<b>197,308</b>	<b>213,002</b>	<b>245,907</b>	<b>279,816</b>	<b>317,722</b>	<b>304,734</b>	<b>306,927</b>	<b>289,654</b>	<b>276,531</b>
Projected net debt attributed to water services	161,038	199,053	244,306	273,555	287,594	289,473	271,542	259,692	238,287	226,521
<b>Borrowing headroom/(shortfall) against limit</b>	<b>17,362</b>	<b>(1,746)</b>	<b>(31,304)</b>	<b>(27,648)</b>	<b>(7,778)</b>	<b>28,249</b>	<b>33,193</b>	<b>47,234</b>	<b>51,367</b>	<b>50,010</b>

The Council has used 500% debt-to-revenue limit as a proxy for 10% FFO-to-debt. Under Council projections, water services were expected to breach this limit, as illustrated by the table above, in FY26 and FY27. However, as the Council transitions water services to a WSO, the position improves, with headroom generated by FY30. Headroom continues to grow as efficiencies are realised, and an alternative capital structure is implemented.

From FY30 all water services activities remain well within borrowing limits, with no projected shortfalls against the indicative 500% threshold:

Sensitivity: General

- Headroom from FY30 gradually increases from \$28.2 million to \$50 million in FY34. This provides a buffer to manage delivery risks, timing variations, or cost escalation in the capital programme.

### Free funds from operations

Free funds from operations	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Projected net debt attributed to water services	161,038	199,053	244,306	273,555	287,594	289,473	271,542	259,692	238,287	226,521
Projected free funds from operations – water services	14,819	23,088	25,083	17,725	23,008	28,835	27,036	25,845	23,698	22,514
<b>Free funds from operations to net debt ratio (including 75% FinCo revenue)</b>	<b>9.2%</b>	<b>11.6%</b>	<b>10.3%</b>	<b>6.5%</b>	<b>8.0%</b>	<b>10.0%</b>	<b>10.0%</b>	<b>10.0%</b>	<b>9.9%</b>	<b>9.9%</b>

FFO-to-debt is considered a more appropriate indicator of financial sustainability for water services than the traditional net debt-to-revenue ratio used by councils. This is because it more directly reflects the cash-generating capacity of the water services operations relative to its debt servicing burden, which aligns with the LGFA's covenant framework for WSOs. As the Council prepares for the structural and financial transition to a WSO, this measure provides a clearer view of long-term affordability and resilience.

The projected FFO-to-net-debt ratio for WBOP water services reflects a deliberate transition toward sustainable financial settings in anticipation of joining a WSO from 1 July 2027. The FFO-to-debt ratio is projected to increase from 9.2% in FY25 to a steady 9.9% by FY34, following a temporary dip to 6.5% in FY28.

The projected dip below the LGFA's 8% covenant in FY28 is expected, given the Council's current investment programme and associated debt levels leading into WSO formation. It is also noted that the interest coverage ratio is forecast to fall below the LGFA covenant of 1.5x in that year (at 1.28x), reflecting transitional funding pressure. However, the Council's modelling shows a recovery from 29, with the FFO-to-debt ratio reaching 10% by FY30 and remaining stable thereafter. This aligns with the target agreed by WSO partner Councils, which allows for financial flexibility while maintaining long-term sustainability.

The Council is also mindful of the role that financial contributions (FinCos) play in the FFO calculation. In line with LGFA guidance, up to 75% of total FFO may be derived from FinCo revenue, which is reflected in the projections. While this is within allowable limits, the Council acknowledges that reliance on development-driven capital revenues introduces some risk and will be monitored as part of ongoing financial management.

Sensitivity: General

Despite possible transitional challenges, the Council is comfortable with the projected FFO-to-debt pathway. It is consistent with LGFA's guidance, which explicitly allows up to five years for WSOs to achieve covenant compliance. The Council considers this approach to be financially prudent and consistent with its broader strategy for water services and is committed to working with the LGFA to agree the proposed transitional pathway.

Sensitivity: General

## Part E1: WBOPDC Projected financial statements for water services

This Water Service Delivery Plan sets out the financial position for Western Bay of Plenty District Council along with some combined financial summaries to support a multi council WSO model for Western Bay of Plenty District Council, Tauranga City Council, and Thames Coromandel District Council. This has been identified as the preferred option by the WBOPDC and these partner Councils. However, we are mindful that the decision-making process across independent Councils does create risk that an alternative scenario may need to be contemplated.

These councils have committed to work together with a preference to establish a Multi owned CCO. Under this preferred model WBOPDC will transfer responsibility for the delivery of drinking water, wastewater and stormwater services to a water services organisation. Tauranga City Council are adopting a similar model to WBOPDC; however, a recent Council decision indicates Thames Coromandel District Council will retain ownership and delivery of stormwater services.

Changes to finances since the adoption of 2024 – 34 Long Term Plans have impacted all three Councils. These changes have impacted both the planned operational spend, and the capital programme. Therefore, the Water Services Delivery Plan financial models have, in general, been based on the 2025/2026 Annual Plan and factored in allowances for achieving modest efficiencies in future years.

This plan for WBOPDC is showing financial information that is ring-fenced. This ring fencing was a key assumption provided in community consultation a decision of Council would be required before transitioning to any form of pricing alignment and/or ring-fencing removal occurs.

Furthermore, this WSDP reflects the asset information and financial position of WBOPDC only in parts B, C and D. Part A shares a common implementation plan with other named councils. Part E (1) provides WBOPDC numbers only, and Part E2 provides a set of combined financials for the three councils. Due to the ring-fencing of finances, it is appropriate for each council to submit separate plans, and to each show consolidated figures in Part E2.

Part E (2) is based on numbers supplied from TCC on 04 July 2025, and TCDC on 27 June 2025 that have been combined. **There has been no due diligence undertaken on the numbers supplied by TCC or TCDC.** The due diligence process will commence once a Commitment Agreement is signed by all Councils. Therefore, we have not had the opportunity to fully verify the multi CCO sustainability. The financial information from TCDC will have minor changes made subsequent to the finalisation of this WSDP for WBOPDC. The TCDC financials used are the best and latest information at the time of finalisation of this document. These TCDC changes are not expected to be significant and anticipated to have minimal impact to the combined financials, related measures and the conclusions drawn from them in this report. However, the MartinJenkins modelling undertaken in early 2025, fully supports the benefits of a multi-CCO. This modelling also included alternative options should each Council not maintain sufficient support through the decision-making process.

What has been modelled supports that the proposed CCO will have access to the funding and financing arrangements to meet financial sustainability. This will be further refined via the proposed due diligence process as the councils work towards separating from parent councils and financing the proposed multi owned CCO.

**Projected financial statements – for drinking water, wastewater, stormwater and combined water services**
**Projected funding impact statement**

<b>Projected funding impact statement – Total Water Services (WBOPDC)</b>										
<b>(\$'000's)</b>	<b>FY2024/25</b>	<b>FY2025/26</b>	<b>FY2026/27</b>	<b>FY2027/28</b>	<b>FY2028/29</b>	<b>FY2029/30</b>	<b>FY2030/31</b>	<b>FY2031/32</b>	<b>FY2032/33</b>	<b>FY2033/34</b>
<b>Sources of operating funding</b>										
General rates	780	1,020	802	806	811	815	819	823	827	832
Targeted rates	32,848	38,383	41,739	48,314	55,090	62,666	60,063	60,496	57,036	54,405
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	2,000	0	0	0	0	0	0	0	0	0
Fees and charges	52	58	59	61	62	64	65	66	68	69
<b>Total sources of operating funding</b>	<b>35,680</b>	<b>39,462</b>	<b>42,600</b>	<b>49,181</b>	<b>55,963</b>	<b>63,544</b>	<b>60,947</b>	<b>61,385</b>	<b>57,931</b>	<b>55,306</b>
<b>Applications of operating funding</b>										
Payments to staff and suppliers	17,526	20,676	20,571	21,756	22,572	22,879	23,016	23,110	23,276	23,401
Finance costs	6,629	6,749	8,604	13,778	14,956	15,411	15,015	14,214	13,311	12,368
Internal charges and overheads applied	6,976	7,413	7,826	7,897	7,799	7,883	8,031	8,196	8,346	8,491
Other operating funding applications	0	0	0	0	0	0	0	0	0	0
<b>Total applications of operating funding</b>	<b>31,131</b>	<b>34,837</b>	<b>37,001</b>	<b>43,432</b>	<b>45,328</b>	<b>46,173</b>	<b>46,061</b>	<b>45,519</b>	<b>44,933</b>	<b>44,261</b>
<b>Surplus/(deficit) of operating funding</b>	<b>4,549</b>	<b>4,624</b>	<b>5,600</b>	<b>5,750</b>	<b>10,635</b>	<b>17,372</b>	<b>14,885</b>	<b>15,866</b>	<b>12,998</b>	<b>11,046</b>
<b>Source of capital funding</b>										
Subsidies and grants for capital expenditure	1,506	1,249	1,216	0	0	0	0	0	0	0
Development and financial contributions	11,686	22,954	24,357	15,967	16,497	15,285	16,201	13,305	14,266	15,291
Increase/(decrease) in debt	9,308	26,294	39,490	23,084	13,250	5,585	1,489	19,839	26,376	43,554
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
<b>Total sources of capital funding</b>	<b>22,500</b>	<b>50,497</b>	<b>65,062</b>	<b>39,051</b>	<b>29,747</b>	<b>20,870</b>	<b>17,690</b>	<b>33,144</b>	<b>40,642</b>	<b>58,845</b>
<b>Applications of capital funding</b>										
Capital expenditure – to meet additional demand	12,576	15,255	19,468	5,970	4,540	5,966	4,634	2,634	633	9,560
Capital expenditure – to improve levels of services	20,800	37,375	36,061	11,989	3,685	2,407	2,613	1,600	1,181	1,747
Capital expenditure – to replace existing assets	7,461	14,211	20,896	31,206	32,946	26,162	5,909	13,088	4,045	3,263
Increase/(decrease) in reserves	(13,788)	(11,721)	(5,763)	(6,165)	(790)	3,707	19,420	31,688	47,781	55,320
Increase/(decrease) in investments	0	0	0	1,800	0	0	0	0	0	0
<b>Total applications of capital funding</b>	<b>27,049</b>	<b>55,121</b>	<b>70,662</b>	<b>44,800</b>	<b>40,382</b>	<b>38,242</b>	<b>32,575</b>	<b>49,010</b>	<b>53,640</b>	<b>69,891</b>
<b>Surplus/(deficit) of capital funding</b>	<b>(4,549)</b>	<b>(4,624)</b>	<b>(5,600)</b>	<b>(5,750)</b>	<b>(10,635)</b>	<b>(17,372)</b>	<b>(14,885)</b>	<b>(15,866)</b>	<b>(12,998)</b>	<b>(11,046)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Projected funding impact statement – Water Supply (WBOPDC)										
(\$'000's)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
<b>Sources of operating funding</b>										
General rates	0	0	0	0	0	0	0	0	0	0
Targeted rates	12,145	13,284	14,057	15,450	16,118	19,001	19,084	22,568	22,123	21,878
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	0	0	0	0	0	0	0	0	0	0
Fees and charges	0	0	0	0	0	0	0	0	0	0
<b>Total sources of operating funding</b>	<b>12,145</b>	<b>13,284</b>	<b>14,057</b>	<b>15,450</b>	<b>16,118</b>	<b>19,001</b>	<b>19,084</b>	<b>22,568</b>	<b>22,123</b>	<b>21,878</b>
<b>Applications of operating funding</b>										
Payments to staff and suppliers	7,669	8,739	8,997	9,191	9,446	9,520	9,622	9,836	9,657	9,719
Finance costs	1,491	1,770	2,402	3,778	4,006	4,193	4,165	4,188	4,384	4,283
Internal charges and overheads applied	3,271	3,488	3,686	3,717	3,685	3,727	3,796	3,876	3,941	4,008
Other operating funding applications	0	0	0	0	0	0	0	0	0	0
<b>Total applications of operating funding</b>	<b>12,431</b>	<b>13,997</b>	<b>15,086</b>	<b>16,686</b>	<b>17,136</b>	<b>17,440</b>	<b>17,583</b>	<b>17,899</b>	<b>17,982</b>	<b>18,010</b>
<b>Surplus/(deficit) of operating funding</b>	<b>(286)</b>	<b>(713)</b>	<b>(1,028)</b>	<b>(1,236)</b>	<b>(1,018)</b>	<b>1,561</b>	<b>1,501</b>	<b>4,668</b>	<b>4,140</b>	<b>3,868</b>
<b>Source of capital funding</b>										
Subsidies and grants for capital expenditure	1,506	1,249	1,216	0	0	0	0	0	0	0
Development and financial contributions	1,944	2,505	2,691	2,887	6,709	6,140	6,399	2,806	3,008	3,224
Increase/(decrease) in debt	5,849	5,938	4,043	1,566	881	(1,178)	868	7,388	4,364	8,678
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
<b>Total sources of capital funding</b>	<b>9,299</b>	<b>9,692</b>	<b>7,950</b>	<b>4,454</b>	<b>7,590</b>	<b>4,961</b>	<b>7,268</b>	<b>10,193</b>	<b>7,372</b>	<b>11,902</b>
<b>Applications of capital funding</b>										
Capital expenditure - to meet additional demand	1,903	6,692	5,041	2,329	4,492	4,920	3,830	622	650	3,741
Capital expenditure - to improve levels of services	7,822	3,521	1,290	270	380	325	358	83	215	85
Capital expenditure - to replace existing assets	3,591	5,727	4,889	5,122	7,090	6,065	4,591	11,577	2,695	2,240
Increase/(decrease) in reserves	(4,303)	(6,961)	(4,299)	(5,118)	(5,391)	(4,788)	(10)	2,580	7,953	9,705
Increase/(decrease) in investments	0	0	0	614	0	0	0	0	0	0
<b>Total applications of capital funding</b>	<b>9,013</b>	<b>8,979</b>	<b>6,922</b>	<b>3,217</b>	<b>6,571</b>	<b>6,522</b>	<b>8,769</b>	<b>14,862</b>	<b>11,513</b>	<b>15,770</b>
<b>Surplus/(deficit) of capital funding</b>	<b>286</b>	<b>713</b>	<b>1,028</b>	<b>1,236</b>	<b>1,018</b>	<b>(1,561)</b>	<b>(1,501)</b>	<b>(4,668)</b>	<b>(4,140)</b>	<b>(3,868)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Projected funding impact statement – Wastewater (WBOPDC)										
(\$'000's)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
<b>Sources of operating funding</b>										
General rates	0	0	0	0	0	0	0	0	0	0
Targeted rates	13,995	18,250	19,726	23,484	28,796	32,722	31,261	29,347	27,675	26,418
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	2,000	0	0	0	0	0	0	0	0	0
Fees and charges	52	58	59	61	62	64	65	66	68	69
<b>Total sources of operating funding</b>	<b>16,047</b>	<b>18,307</b>	<b>19,785</b>	<b>23,545</b>	<b>28,858</b>	<b>32,785</b>	<b>31,326</b>	<b>29,413</b>	<b>27,742</b>	<b>26,488</b>
<b>Applications of operating funding</b>										
Payments to staff and suppliers	8,294	10,086	9,711	10,669	11,184	11,401	11,360	11,302	11,757	11,878
Finance costs	2,707	2,502	3,274	5,754	6,810	7,417	7,431	6,852	6,127	5,563
Internal charges and overheads applied	2,644	2,820	2,980	2,997	2,953	2,984	3,039	3,101	3,165	3,221
Other operating funding applications	0	0	0	0	0	0	0	0	0	0
<b>Total applications of operating funding</b>	<b>13,644</b>	<b>15,409</b>	<b>15,965</b>	<b>19,420</b>	<b>20,947</b>	<b>21,802</b>	<b>21,829</b>	<b>21,254</b>	<b>21,049</b>	<b>20,662</b>
<b>Surplus/(deficit) of operating funding</b>	<b>2,403</b>	<b>2,898</b>	<b>3,820</b>	<b>4,125</b>	<b>7,911</b>	<b>10,983</b>	<b>9,497</b>	<b>8,159</b>	<b>6,694</b>	<b>5,825</b>
<b>Source of capital funding</b>										
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	7,036	16,904	17,858	8,993	5,407	5,029	5,390	5,773	6,191	6,635
Increase/(decrease) in debt	2,660	13,943	22,560	22,139	15,572	7,814	(1,946)	4,510	8,871	15,008
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
<b>Total sources of capital funding</b>	<b>9,697</b>	<b>30,847</b>	<b>40,418</b>	<b>31,133</b>	<b>20,978</b>	<b>12,843</b>	<b>3,444</b>	<b>10,284</b>	<b>15,062</b>	<b>21,643</b>
<b>Applications of capital funding</b>										
Capital expenditure - to meet additional demand	0	2,620	10,114	2,001	0	445	823	2,035	0	5,984
Capital expenditure - to improve levels of services	11,965	30,513	31,802	9,332	1,698	77	493	128	116	117
Capital expenditure - to replace existing assets	1,880	2,456	2,517	25,115	25,762	19,874	1,178	1,473	1,224	1,024
Increase/(decrease) in reserves	(1,746)	(1,845)	(195)	(1,859)	1,429	3,430	10,447	14,808	20,415	20,343
Increase/(decrease) in investments	0	0	0	669	0	0	0	0	0	0
<b>Total applications of capital funding</b>	<b>12,099</b>	<b>33,745</b>	<b>44,238</b>	<b>35,258</b>	<b>28,889</b>	<b>23,826</b>	<b>12,940</b>	<b>18,443</b>	<b>21,755</b>	<b>27,468</b>
<b>Surplus/(deficit) of capital funding</b>	<b>(2,403)</b>	<b>(2,898)</b>	<b>(3,820)</b>	<b>(4,125)</b>	<b>(7,911)</b>	<b>(10,983)</b>	<b>(9,497)</b>	<b>(8,159)</b>	<b>(6,694)</b>	<b>(5,825)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Projected funding impact statement – Stormwater (WBOPDC)										
(\$'000's)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
<b>Sources of operating funding</b>										
General rates	780	1,020	802	806	811	815	819	823	827	832
Targeted rates	6,708	6,850	7,956	9,380	10,176	10,943	9,717	8,581	7,238	6,109
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	0	0	0	0	0	0	0	0	0	0
Fees and charges	0	0	0	0	0	0	0	0	0	0
<b>Total sources of operating funding</b>	<b>7,488</b>	<b>7,870</b>	<b>8,758</b>	<b>10,187</b>	<b>10,987</b>	<b>11,758</b>	<b>10,537</b>	<b>9,404</b>	<b>8,066</b>	<b>6,940</b>
<b>Applications of operating funding</b>										
Payments to staff and suppliers	1,564	1,850	1,863	1,896	1,943	1,957	2,035	1,972	1,861	1,804
Finance costs	2,431	2,477	2,927	4,246	4,141	3,801	3,419	3,174	2,800	2,523
Internal charges and overheads applied	1,062	1,105	1,160	1,183	1,161	1,172	1,196	1,220	1,240	1,262
Other operating funding applications	0	0	0	0	0	0	0	0	0	0
<b>Total applications of operating funding</b>	<b>5,056</b>	<b>5,432</b>	<b>5,950</b>	<b>7,326</b>	<b>7,244</b>	<b>6,931</b>	<b>6,649</b>	<b>6,366</b>	<b>5,902</b>	<b>5,588</b>
<b>Surplus/(deficit) of operating funding</b>	<b>2,432</b>	<b>2,439</b>	<b>2,808</b>	<b>2,861</b>	<b>3,743</b>	<b>4,828</b>	<b>3,887</b>	<b>3,038</b>	<b>2,164</b>	<b>1,352</b>
<b>Source of capital funding</b>										
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	2,706	3,545	3,808	4,086	4,382	4,116	4,412	4,726	5,067	5,432
Increase/(decrease) in debt	799	6,414	12,887	(622)	(3,203)	(1,051)	2,567	7,941	13,141	19,868
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
<b>Total sources of capital funding</b>	<b>3,505</b>	<b>9,959</b>	<b>16,695</b>	<b>3,464</b>	<b>1,179</b>	<b>3,066</b>	<b>6,979</b>	<b>12,667</b>	<b>18,208</b>	<b>25,300</b>
<b>Applications of capital funding</b>										
Capital expenditure - to meet additional demand	10,673	5,943	4,314	1,641	48	601	0	0	0	0
Capital expenditure - to improve levels of services	1,013	3,341	2,968	2,387	1,607	2,005	1,742	1,367	842	1,379
Capital expenditure - to replace existing assets	1,990	6,028	13,490	968	94	223	140	38	118	
Increase/(decrease) in reserves	(7,739)	(2,915)	(1,270)	812	3,172	5,065	8,983	14,301	19,412	25,273
Increase/(decrease) in investments	0	0	0	517	0	0	0	0	0	0
<b>Total applications of capital funding</b>	<b>5,936</b>	<b>12,397</b>	<b>19,503</b>	<b>6,325</b>	<b>4,922</b>	<b>7,893</b>	<b>10,866</b>	<b>15,705</b>	<b>20,372</b>	<b>26,652</b>
<b>Surplus/(deficit) of capital funding</b>	<b>(2,432)</b>	<b>(2,439)</b>	<b>(2,808)</b>	<b>(2,861)</b>	<b>(3,743)</b>	<b>(4,828)</b>	<b>(3,887)</b>	<b>(3,038)</b>	<b>(2,164)</b>	<b>(1,352)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Projected statement of comprehensive revenue and expense**

<b>Projected statement of comprehensive revenue and expenses – Total Water Services (WBOPDC)</b>										
<b>(\$'000's)</b>	<b>FY2024/25</b>	<b>FY2025/26</b>	<b>FY2026/27</b>	<b>FY2027/28</b>	<b>FY2028/29</b>	<b>FY2029/30</b>	<b>FY2030/31</b>	<b>FY2031/32</b>	<b>FY2032/33</b>	<b>FY2033/34</b>
<b>Revenue</b>										
Operating revenue	35,680	39,462	42,600	49,181	55,963	63,544	60,947	61,385	57,931	55,306
Other revenue	13,192	24,203	25,572	15,967	16,497	15,285	16,201	13,305	14,266	15,291
<b>Total revenue</b>	<b>48,872</b>	<b>63,664</b>	<b>68,173</b>	<b>65,148</b>	<b>72,460</b>	<b>78,829</b>	<b>77,148</b>	<b>74,690</b>	<b>72,197</b>	<b>70,598</b>
<b>Expenses</b>										
Operating expenses	17,526	20,676	20,571	21,756	22,572	22,879	23,016	23,110	23,276	23,401
Finance costs	6,629	6,749	8,604	13,778	14,956	15,411	15,015	14,214	13,311	12,368
Overheads and support costs	6,976	7,413	7,826	7,897	7,799	7,883	8,031	8,196	8,346	8,491
Depreciation & amortisation	12,645	13,655	15,996	17,599	18,061	19,291	19,434	19,545	20,822	20,856
<b>Total expenses</b>	<b>43,777</b>	<b>48,493</b>	<b>52,997</b>	<b>61,030</b>	<b>63,388</b>	<b>65,463</b>	<b>65,496</b>	<b>65,065</b>	<b>65,755</b>	<b>65,116</b>
<b>Net surplus/(deficit)</b>	<b>5,095</b>	<b>15,172</b>	<b>15,176</b>	<b>4,118</b>	<b>9,072</b>	<b>13,366</b>	<b>11,652</b>	<b>9,626</b>	<b>6,442</b>	<b>5,481</b>
<b>Revaluation of infrastructure assets</b>	<b>0</b>	<b>26,081</b>	<b>0</b>	<b>32,569</b>	<b>0</b>	<b>36,914</b>	<b>0</b>	<b>38,380</b>	<b>0</b>	<b>39,410</b>
<b>Total comprehensive income</b>	<b>5,095</b>	<b>41,253</b>	<b>15,176</b>	<b>36,687</b>	<b>9,072</b>	<b>50,279</b>	<b>11,652</b>	<b>48,006</b>	<b>6,442</b>	<b>44,891</b>
<b>Cash surplus/(deficit) from operations (ex non-cash items)</b>	<b>17,740</b>	<b>28,827</b>	<b>31,172</b>	<b>21,716</b>	<b>27,132</b>	<b>32,656</b>	<b>31,086</b>	<b>29,171</b>	<b>27,264</b>	<b>26,337</b>

<b>Projected statement of comprehensive revenue and expenses – Water Supply (WBOPDC)</b>										
<b>(\$'000's)</b>	<b>FY2024/25</b>	<b>FY2025/26</b>	<b>FY2026/27</b>	<b>FY2027/28</b>	<b>FY2028/29</b>	<b>FY2029/30</b>	<b>FY2030/31</b>	<b>FY2031/32</b>	<b>FY2032/33</b>	<b>FY2033/34</b>
<b>Revenue</b>										
Operating revenue	12,145	13,284	14,057	15,450	16,118	19,001	19,084	22,568	22,123	21,878
Other revenue	3,450	3,754	3,907	2,887	6,709	6,140	6,399	2,806	3,008	3,224
<b>Total revenue</b>	<b>15,595</b>	<b>17,038</b>	<b>17,964</b>	<b>18,337</b>	<b>22,827</b>	<b>25,140</b>	<b>25,483</b>	<b>25,373</b>	<b>25,131</b>	<b>25,103</b>
<b>Expenses</b>										
Operating expenses	7,669	8,739	8,997	9,191	9,446	9,520	9,622	9,836	9,657	9,719
Finance costs	1,491	1,770	2,402	3,778	4,006	4,193	4,165	4,188	4,384	4,283
Overheads and support costs	3,271	3,488	3,686	3,717	3,685	3,727	3,796	3,876	3,941	4,008
Depreciation & amortisation	5,596	5,957	6,585	6,740	6,824	7,335	7,446	7,521	8,013	8,039
<b>Total expenses</b>	<b>18,027</b>	<b>19,954</b>	<b>21,671</b>	<b>23,426</b>	<b>23,961</b>	<b>24,775</b>	<b>25,029</b>	<b>25,420</b>	<b>25,996</b>	<b>26,049</b>
<b>Net surplus/(deficit)</b>	<b>(2,432)</b>	<b>(2,916)</b>	<b>(3,707)</b>	<b>(5,089)</b>	<b>(1,134)</b>	<b>365</b>	<b>455</b>	<b>(47)</b>	<b>(865)</b>	<b>(946)</b>
Revaluation of infrastructure assets	0	8,888	0	9,890	0	10,687	0	11,244	0	11,805
<b>Total comprehensive income</b>	<b>(2,432)</b>	<b>5,972</b>	<b>(3,707)</b>	<b>4,801</b>	<b>(1,134)</b>	<b>11,053</b>	<b>455</b>	<b>11,196</b>	<b>(865)</b>	<b>10,858</b>
<b>Cash surplus/(deficit) from operations (ex non-cash items)</b>	<b>3,164</b>	<b>3,041</b>	<b>2,878</b>	<b>1,651</b>	<b>5,690</b>	<b>7,700</b>	<b>7,900</b>	<b>7,474</b>	<b>7,148</b>	<b>7,093</b>

<b>Projected statement of comprehensive revenue and expenses – Wastewater (WBOPDC)</b>										
<b>(\$'000's)</b>	<b>FY2024/25</b>	<b>FY2025/26</b>	<b>FY2026/27</b>	<b>FY2027/28</b>	<b>FY2028/29</b>	<b>FY2029/30</b>	<b>FY2030/31</b>	<b>FY2031/32</b>	<b>FY2032/33</b>	<b>FY2033/34</b>
<b>Revenue</b>										
Operating revenue	16,047	18,307	19,785	23,545	28,858	32,785	31,326	29,413	27,742	26,488
Other revenue	7,036	16,904	17,858	8,993	5,407	5,029	5,390	5,773	6,191	6,635
<b>Total revenue</b>	<b>23,083</b>	<b>35,211</b>	<b>37,643</b>	<b>32,538</b>	<b>34,264</b>	<b>37,814</b>	<b>36,716</b>	<b>35,187</b>	<b>33,933</b>	<b>33,123</b>
<b>Expenses</b>										
Operating expenses	8,294	10,086	9,711	10,669	11,184	11,401	11,360	11,302	11,757	11,878
Finance costs	2,707	2,502	3,274	5,754	6,810	7,417	7,431	6,852	6,127	5,563
Overheads and support costs	2,644	2,820	2,980	2,997	2,953	2,984	3,039	3,101	3,165	3,221
Depreciation & amortisation	5,014	5,522	7,016	8,391	8,728	9,282	9,289	9,308	9,914	9,915
<b>Total expenses</b>	<b>18,658</b>	<b>20,931</b>	<b>22,980</b>	<b>27,811</b>	<b>29,675</b>	<b>31,084</b>	<b>31,119</b>	<b>30,562</b>	<b>30,963</b>	<b>30,577</b>
<b>Net surplus/(deficit)</b>	<b>4,425</b>	<b>14,280</b>	<b>14,662</b>	<b>4,728</b>	<b>4,589</b>	<b>6,730</b>	<b>5,597</b>	<b>4,625</b>	<b>2,970</b>	<b>2,546</b>
Revaluation of infrastructure assets	0	9,693	0	13,351	0	16,339	0	17,005	0	17,139
<b>Total comprehensive income</b>	<b>4,425</b>	<b>23,973</b>	<b>14,662</b>	<b>18,079</b>	<b>4,589</b>	<b>23,069</b>	<b>5,597</b>	<b>21,630</b>	<b>2,970</b>	<b>19,685</b>
<b>Cash surplus/(deficit) from operations (ex non-cash items)</b>	<b>9,439</b>	<b>19,802</b>	<b>21,678</b>	<b>13,119</b>	<b>13,317</b>	<b>16,012</b>	<b>14,887</b>	<b>13,933</b>	<b>12,884</b>	<b>12,461</b>

<b>Projected statement of comprehensive revenue and expenses – Stormwater (WBOPDC)</b>										
<b>(\$'000's)</b>	<b>FY2024/25</b>	<b>FY2025/26</b>	<b>FY2026/27</b>	<b>FY2027/28</b>	<b>FY2028/29</b>	<b>FY2029/30</b>	<b>FY2030/31</b>	<b>FY2031/32</b>	<b>FY2032/33</b>	<b>FY2033/34</b>
<b>Revenue</b>										
Operating revenue	7,488	7,870	8,758	10,187	10,987	11,758	10,537	9,404	8,066	6,940
Other revenue	2,706	3,545	3,808	4,086	4,382	4,116	4,412	4,726	5,067	5,432
<b>Total revenue</b>	<b>10,194</b>	<b>11,415</b>	<b>12,566</b>	<b>14,273</b>	<b>15,369</b>	<b>15,875</b>	<b>14,949</b>	<b>14,130</b>	<b>13,133</b>	<b>12,372</b>
<b>Expenses</b>										
Operating expenses	1,564	1,850	1,863	1,896	1,943	1,957	2,035	1,972	1,861	1,804
Finance costs	2,431	2,477	2,927	4,246	4,141	3,801	3,419	3,174	2,800	2,523
Overheads and support costs	1,062	1,105	1,160	1,183	1,161	1,172	1,196	1,220	1,240	1,262
Depreciation & amortisation	2,035	2,176	2,395	2,468	2,508	2,673	2,699	2,716	2,895	2,902
<b>Total expenses</b>	<b>7,092</b>	<b>7,607</b>	<b>8,345</b>	<b>9,794</b>	<b>9,752</b>	<b>9,604</b>	<b>9,348</b>	<b>9,082</b>	<b>8,796</b>	<b>8,490</b>
<b>Net surplus/(deficit)</b>	<b>3,102</b>	<b>3,808</b>	<b>4,221</b>	<b>4,479</b>	<b>5,617</b>	<b>6,271</b>	<b>5,600</b>	<b>5,048</b>	<b>4,337</b>	<b>3,881</b>
Revaluation of infrastructure assets	0	7,500	0	9,328	0	9,887	0	10,131	0	10,466
<b>Total comprehensive income</b>	<b>3,102</b>	<b>11,308</b>	<b>4,221</b>	<b>13,807</b>	<b>5,617</b>	<b>16,158</b>	<b>5,600</b>	<b>15,180</b>	<b>4,337</b>	<b>14,347</b>
<b>Cash surplus/(deficit) from operations (ex non-cash items)</b>	<b>5,137</b>	<b>5,984</b>	<b>6,616</b>	<b>6,947</b>	<b>8,125</b>	<b>8,944</b>	<b>8,299</b>	<b>7,764</b>	<b>7,232</b>	<b>6,784</b>

**Projected statement of cashflows**

<b>Projected statement of cashflows – Total Water Services (WBOPDC)</b>										
<b>(\$'000's)</b>	<b>FY2024/25</b>	<b>FY2025/26</b>	<b>FY2026/27</b>	<b>FY2027/28</b>	<b>FY2028/29</b>	<b>FY2029/30</b>	<b>FY2030/31</b>	<b>FY2031/32</b>	<b>FY2032/33</b>	<b>FY2033/34</b>
<b>Cashflows from operating activities</b>										
Cash surplus/(deficit) from operations	17,740	28,827	31,172	21,716	27,132	32,656	31,086	29,171	27,264	26,337
Other items	0	0	0	0	0	0	0	0	0	0
<b>Net cashflows from operating activities</b>	<b>17,740</b>	<b>28,827</b>	<b>31,172</b>	<b>21,716</b>	<b>27,132</b>	<b>32,656</b>	<b>31,086</b>	<b>29,171</b>	<b>27,264</b>	<b>26,337</b>
<b>Cashflows from investing activities</b>										
Capital expenditure – infrastructure assets	(40,837)	(66,842)	(76,425)	(49,165)	(41,171)	(34,535)	(13,155)	(17,322)	(5,859)	(14,570)
Other items				(1,800)						
<b>Net cashflows from investing activities</b>	<b>(40,837)</b>	<b>(66,842)</b>	<b>(76,425)</b>	<b>(50,965)</b>	<b>(41,171)</b>	<b>(34,535)</b>	<b>(13,155)</b>	<b>(17,322)</b>	<b>(5,859)</b>	<b>(14,570)</b>
<b>Cashflows from financing activities</b>										
New borrowings	23,096	38,015	45,253	29,249	14,039	1,878	0	0	0	0
Repayment of borrowings	0	0	0	0	0	0	(17,931)	(11,849)	(21,405)	(11,767)
<b>Net cashflows from financing activities</b>	<b>23,096</b>	<b>38,015</b>	<b>45,253</b>	<b>29,249</b>	<b>14,039</b>	<b>1,878</b>	<b>(17,931)</b>	<b>(11,849)</b>	<b>(21,405)</b>	<b>(11,767)</b>
<b>Net increase / (decrease) in cash and cash equiv.</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Cash and cash equivalents at beginning of year	0	0	0	0	0	0	0	0	0	0
<b>Cash and cash equivalents at end of year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Projected statement of cashflows – Water Supply (WBOPDC)</b>										
<b>(\$'000's)</b>	<b>FY2024/25</b>	<b>FY2025/26</b>	<b>FY2026/27</b>	<b>FY2027/28</b>	<b>FY2028/29</b>	<b>FY2029/30</b>	<b>FY2030/31</b>	<b>FY2031/32</b>	<b>FY2032/33</b>	<b>FY2033/34</b>
<b>Cashflows from operating activities</b>										
Cash surplus/(deficit) from operations	3,164	3,041	2,878	1,651	5,690	7,700	7,900	7,474	7,148	7,093
Other items	0	0	0	0	0	0	0	0	0	0
<b>Net cashflows from operating activities</b>	<b>3,164</b>	<b>3,041</b>	<b>2,878</b>	<b>1,651</b>	<b>5,690</b>	<b>7,700</b>	<b>7,900</b>	<b>7,474</b>	<b>7,148</b>	<b>7,093</b>
<b>Cashflows from investing activities</b>										
Capital expenditure – infrastructure assets	(13,316)	(15,940)	(11,220)	(7,721)	(11,962)	(11,310)	(8,779)	(12,282)	(3,560)	(6,066)
Other items	0	0	0	(614)	0	0	0	0	0	0
<b>Net cashflows from investing activities</b>	<b>(13,316)</b>	<b>(15,940)</b>	<b>(11,220)</b>	<b>(8,335)</b>	<b>(11,962)</b>	<b>(11,310)</b>	<b>(8,779)</b>	<b>(12,282)</b>	<b>(3,560)</b>	<b>(6,066)</b>
<b>Cashflows from financing activities</b>										
New borrowings	10,152	12,898	8,342	6,684	6,272	3,610	878	4,808	0	0
Repayment of borrowings	0	0	0	0	0	0	0	0	(3,589)	(1,027)
<b>Net cashflows from financing activities</b>	<b>10,152</b>	<b>12,898</b>	<b>8,342</b>	<b>6,684</b>	<b>6,272</b>	<b>3,610</b>	<b>878</b>	<b>4,808</b>	<b>(3,589)</b>	<b>(1,027)</b>
<b>Net increase/(decrease) in cash and cash</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Cash and cash equivalents at beginning of year	0	0	0	0	0	0	0	0	0	0
<b>Cash and cash equivalents at end of year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Projected statement of cashflows – Wastewater (WBOPDC)</b>										
<b>(\$'000's)</b>	<b>FY2024/25</b>	<b>FY2025/26</b>	<b>FY2026/27</b>	<b>FY2027/28</b>	<b>FY2028/29</b>	<b>FY2029/30</b>	<b>FY2030/31</b>	<b>FY2031/32</b>	<b>FY2032/33</b>	<b>FY2033/34</b>
<b>Cashflows from operating activities</b>										
Cash surplus/(deficit) from operations	9,439	19,802	21,678	13,119	13,317	16,012	14,887	13,933	12,884	12,461
Other items	0	0	0	0	0	0	0	0	0	0
<b>Net cashflows from operating activities</b>	<b>9,439</b>	<b>19,802</b>	<b>21,678</b>	<b>13,119</b>	<b>13,317</b>	<b>16,012</b>	<b>14,887</b>	<b>13,933</b>	<b>12,884</b>	<b>12,461</b>
<b>Cashflows from investing activities</b>										
Capital expenditure – infrastructure assets	(13,845)	(35,590)	(44,433)	(36,448)	(27,460)	(20,396)	(2,494)	(3,636)	(1,340)	(7,125)
Other items	0	0	0	(669)	0	0	0	0	0	0
<b>Net cashflows from investing activities</b>	<b>(13,845)</b>	<b>(35,590)</b>	<b>(44,433)</b>	<b>(37,117)</b>	<b>(27,460)</b>	<b>(20,396)</b>	<b>(2,494)</b>	<b>(3,636)</b>	<b>(1,340)</b>	<b>(7,125)</b>
<b>Cashflows from financing activities</b>										
New borrowings	4,406	15,788	22,754	23,998	14,143	4,384	0	0	0	0
Repayment of borrowings	0	0	0	0	0	0	(12,393)	(10,297)	(11,544)	(5,335)
<b>Net cashflows from financing activities</b>	<b>4,406</b>	<b>15,788</b>	<b>22,754</b>	<b>23,998</b>	<b>14,143</b>	<b>4,384</b>	<b>(12,393)</b>	<b>(10,297)</b>	<b>(11,544)</b>	<b>(5,335)</b>
<b>Net increase / (decrease) in cash and cash</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Cash and cash equivalents at beginning of year	0	0	0	0	0	0	0	0	0	0
<b>Cash and cash equivalents at end of year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Projected statement of cashflows – Stormwater (WBOPDC)</b>										
<b>(\$'000's)</b>	<b>FY2024/25</b>	<b>FY2025/26</b>	<b>FY2026/27</b>	<b>FY2027/28</b>	<b>FY2028/29</b>	<b>FY2029/30</b>	<b>FY2030/31</b>	<b>FY2031/32</b>	<b>FY2032/33</b>	<b>FY2033/34</b>
<b>Cashflows from operating activities</b>										
Cash surplus/(deficit) from operations	5,137	5,984	6,616	6,947	8,125	8,944	8,299	7,764	7,232	6,784
Other items	0	0	0	0	0	0	0	0	0	0
<b>Net cashflows from operating</b>	<b>5,137</b>	<b>5,984</b>	<b>6,616</b>	<b>6,947</b>	<b>8,125</b>	<b>8,944</b>	<b>8,299</b>	<b>7,764</b>	<b>7,232</b>	<b>6,784</b>
<b>Cashflows from investing activities</b>										
Capital expenditure – infrastructure	(13,676)	(15,312)	(20,772)	(4,996)	(1,749)	(2,828)	(1,883)	(1,404)	(960)	(1,379)
Other items	0	0	0	(517)	0	0	0	0	0	0
<b>Net cashflows from investing</b>	<b>(13,676)</b>	<b>(15,312)</b>	<b>(20,772)</b>	<b>(5,513)</b>	<b>(1,749)</b>	<b>(2,828)</b>	<b>(1,883)</b>	<b>(1,404)</b>	<b>(960)</b>	<b>(1,379)</b>
<b>Cashflows from financing activities</b>										
New borrowings	8,538	9,329	14,156	0	0	0	0	0	0	0
Repayment of borrowings	0	0	0	(1,434)	(6,376)	(6,116)	(6,416)	(6,360)	(6,272)	(5,404)
<b>Net cashflows from financing</b>	<b>8,538</b>	<b>9,329</b>	<b>14,156</b>	<b>(1,434)</b>	<b>(6,376)</b>	<b>(6,116)</b>	<b>(6,416)</b>	<b>(6,360)</b>	<b>(6,272)</b>	<b>(5,404)</b>
<b>Net increase / (decrease) in cash and</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Cash and cash equivalents at	0	0	0	0	0	0	0	0	0	0
<b>Cash and cash equivalents at end of</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Projected statement of financial position**

<b>Projected statement of financial position – Total Water Services (WBOPDC)</b>										
<b>(\$'000's)</b>	<b>FY2024/25</b>	<b>FY2025/26</b>	<b>FY2026/27</b>	<b>FY2027/28</b>	<b>FY2028/29</b>	<b>FY2029/30</b>	<b>FY2030/31</b>	<b>FY2031/32</b>	<b>FY2032/33</b>	<b>FY2033/34</b>
<b>Assets</b>										
Cash and cash equivalents	0	0	0	0	0	0	0	0	0	0
Other current assets	0	0	0	0	0	0	0	0	0	0
Infrastructure assets	514,103	593,371	653,800	717,935	741,046	793,204	786,925	823,082	808,119	841,243
Other non-current assets	0	0	0	1,800	1,800	1,800	1,800	1,800	1,800	1,800
<b>Total assets</b>	<b>514,103</b>	<b>593,371</b>	<b>653,800</b>	<b>719,735</b>	<b>742,846</b>	<b>795,004</b>	<b>788,725</b>	<b>824,882</b>	<b>809,919</b>	<b>843,043</b>
<b>Liabilities</b>										
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	161,038	199,053	244,306	273,555	287,594	289,473	271,541	259,692	238,287	226,521
Other non-current liabilities	0	0	0	0	0	0	0	0	0	0
<b>Total liabilities</b>	<b>161,038</b>	<b>199,053</b>	<b>244,306</b>	<b>273,555</b>	<b>287,594</b>	<b>289,473</b>	<b>271,541</b>	<b>259,692</b>	<b>238,287</b>	<b>226,521</b>
<b>Net assets</b>	<b>353,065</b>	<b>394,318</b>	<b>409,494</b>	<b>446,180</b>	<b>455,252</b>	<b>505,531</b>	<b>517,184</b>	<b>565,190</b>	<b>571,632</b>	<b>616,523</b>
<b>Equity</b>										
Revaluation reserves	0	26,081	26,081	58,651	58,651	95,564	95,564	133,945	133,945	173,354
Other reserves	353,065	368,236	383,412	387,530	396,601	409,967	421,619	431,245	437,687	443,168
<b>Total equity</b>	<b>353,065</b>	<b>394,318</b>	<b>409,494</b>	<b>446,180</b>	<b>455,252</b>	<b>505,531</b>	<b>517,184</b>	<b>565,190</b>	<b>571,632</b>	<b>616,523</b>

<b>Projected statement of financial position – Water Supply (WBOPDC)</b>										
<b>(\$'000's)</b>	<b>FY2024/25</b>	<b>FY2025/26</b>	<b>FY2026/27</b>	<b>FY2027/28</b>	<b>FY2028/29</b>	<b>FY2029/30</b>	<b>FY2030/31</b>	<b>FY2031/32</b>	<b>FY2032/33</b>	<b>FY2033/34</b>
<b>Assets</b>										
Cash and cash equivalents	0	0	0	0	0	0	0	0	0	0
Other current assets	0	0	0	0	0	0	0	0	0	0
Infrastructure assets	175,396	194,266	198,901	209,773	214,911	229,574	230,906	246,911	242,457	252,289
Other non-current assets	0	0	0	614	614	614	614	614	614	614
<b>Total assets</b>	<b>175,396</b>	<b>194,266</b>	<b>198,901</b>	<b>210,387</b>	<b>215,525</b>	<b>230,187</b>	<b>231,520</b>	<b>247,525</b>	<b>243,071</b>	<b>252,903</b>
<b>Liabilities</b>										
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	24,288	37,187	45,529	52,213	58,485	62,095	62,973	67,781	64,193	63,166
Other non-current liabilities	0	0	0	0	0	0	0	0	0	0
<b>Total liabilities</b>	<b>24,288</b>	<b>37,187</b>	<b>45,529</b>	<b>52,213</b>	<b>58,485</b>	<b>62,095</b>	<b>62,973</b>	<b>67,781</b>	<b>64,193</b>	<b>63,166</b>
<b>Net assets</b>	<b>151,108</b>	<b>157,080</b>	<b>153,373</b>	<b>158,174</b>	<b>157,040</b>	<b>168,092</b>	<b>168,547</b>	<b>179,743</b>	<b>178,878</b>	<b>189,737</b>
<b>Equity</b>										
Revaluation reserves	0	8,888	8,888	18,779	18,779	29,466	29,466	40,709	40,709	52,514
Other reserves	151,108	148,192	144,484	139,395	138,261	138,626	139,081	139,034	138,169	137,223
<b>Total equity</b>	<b>151,108</b>	<b>157,080</b>	<b>153,373</b>	<b>158,174</b>	<b>157,040</b>	<b>168,092</b>	<b>168,547</b>	<b>179,743</b>	<b>178,878</b>	<b>189,737</b>

<b>Projected statement of financial position – Wastewater (WBOPDC)</b>										
<b>(\$'000's)</b>	<b>FY2024/25</b>	<b>FY2025/26</b>	<b>FY2026/27</b>	<b>FY2027/28</b>	<b>FY2028/29</b>	<b>FY2029/30</b>	<b>FY2030/31</b>	<b>FY2031/32</b>	<b>FY2032/33</b>	<b>FY2033/34</b>
<b>Assets</b>										
Cash and cash equivalents	0	0	0	0	0	0	0	0	0	0
Other current assets	0	0	0	0	0	0	0	0	0	0
Infrastructure assets	191,148	230,909	268,326	309,734	328,466	355,919	349,123	360,456	351,882	366,231
Other non-current assets	0	0	0	669	669	669	669	669	669	669
<b>Total assets</b>	<b>191,148</b>	<b>230,909</b>	<b>268,326</b>	<b>310,403</b>	<b>329,135</b>	<b>356,588</b>	<b>349,792</b>	<b>361,125</b>	<b>352,551</b>	<b>366,900</b>
<b>Liabilities</b>										
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	67,037	82,825	105,579	129,577	143,720	148,104	135,712	125,414	113,870	108,534
Other non-current liabilities	0	0	0	0	0	0	0	0	0	0
<b>Total liabilities</b>	<b>67,037</b>	<b>82,825</b>	<b>105,579</b>	<b>129,577</b>	<b>143,720</b>	<b>148,104</b>	<b>135,712</b>	<b>125,414</b>	<b>113,870</b>	<b>108,534</b>
<b>Net assets</b>	<b>124,111</b>	<b>148,084</b>	<b>162,747</b>	<b>180,825</b>	<b>185,415</b>	<b>208,483</b>	<b>214,081</b>	<b>235,711</b>	<b>238,681</b>	<b>258,366</b>
<b>Equity</b>										
Revaluation reserves	0	9,693	9,693	23,044	23,044	39,383	39,383	56,388	56,388	73,527
Other reserves	124,111	138,392	153,054	157,782	162,371	169,101	174,698	179,323	182,293	184,839
<b>Total equity</b>	<b>124,111</b>	<b>148,084</b>	<b>162,747</b>	<b>180,825</b>	<b>185,415</b>	<b>208,483</b>	<b>214,081</b>	<b>235,711</b>	<b>238,681</b>	<b>258,366</b>

Projected statement of financial position – Stormwater (WBOPDC)										
(\$'000's)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
<b>Assets</b>										
Cash and cash equivalents	0	0	0	0	0	0	0	0	0	0
Other current assets	0	0	0	0	0	0	0	0	0	0
Infrastructure assets	147,558	168,195	186,572	198,429	197,670	207,712	206,896	215,715	213,780	222,723
Other non-current assets	0	0	0	517	517	517	517	517	517	517
<b>Total assets</b>	<b>147,558</b>	<b>168,195</b>	<b>186,572</b>	<b>198,946</b>	<b>198,187</b>	<b>208,229</b>	<b>207,413</b>	<b>216,232</b>	<b>214,297</b>	<b>223,240</b>
<b>Liabilities</b>										
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	69,713	79,042	93,198	91,765	85,389	79,273	72,857	66,497	60,225	54,820
Other non-current liabilities										
<b>Total liabilities</b>	<b>69,713</b>	<b>79,042</b>	<b>93,198</b>	<b>91,765</b>	<b>85,389</b>	<b>79,273</b>	<b>72,857</b>	<b>66,497</b>	<b>60,225</b>	<b>54,820</b>
<b>Net assets</b>	<b>77,845</b>	<b>89,153</b>	<b>93,374</b>	<b>107,181</b>	<b>112,798</b>	<b>128,956</b>	<b>134,556</b>	<b>149,736</b>	<b>154,072</b>	<b>168,420</b>
<b>Equity</b>										
Revaluation reserves	0	7,500	7,500	16,828	16,828	26,716	26,716	36,847	36,847	47,313
Other reserves	77,845	81,653	85,874	90,353	95,969	102,240	107,840	112,888	117,225	121,107
<b>Total equity</b>	<b>77,845</b>	<b>89,153</b>	<b>93,374</b>	<b>107,181</b>	<b>112,798</b>	<b>128,956</b>	<b>134,556</b>	<b>149,736</b>	<b>154,072</b>	<b>168,420</b>

Sensitivity: General

## Part E2: Combined Councils Projected financial statements for water services

This section is a combination of financials of our Council and numbers supplied from TCC on 04 July 2025, and TCDC on 27 June 2025. **There has been no due diligence undertaken on the numbers supplied by TCC or TCDC.** The due diligence process will commence once a Commitment Agreement is signed by all Councils. Therefore, we have not had the opportunity to fully verify the multi CCO sustainability. The financial information from TCDC will have minor changes made subsequent to the finalisation of this WSDP for WBOPDC. The TCDC financials used are the best and latest information at the time of finalisation of this document. These TCDC changes are not expected to be significant and anticipated to have minimal impact to the combined financials, related measures and the conclusions drawn from them in this report. However, the MartinJenkins modelling undertaken in early 2025, fully supports the benefits of a multi-CCO. What has been modelled supports that the proposed CCO will have access to the funding and financing arrangements to meet financial sustainability. This will be further refined via the proposed due diligence process as the councils work towards separating from parent councils and financing the proposed multi owned CCO.

Projected funding impact statement – Total Water Services Combined Councils										
(\$'000's)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
<b>Sources of operating funding</b>										
General rates	30,387	34,106	35,109	36,452	38,988	42,303	44,459	48,625	52,454	56,934
Targeted rates	160,084	182,490	203,759	204,300	229,516	245,969	263,098	273,067	296,512	322,622
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	4,562	1,761	1,531	1,614	1,855	2,328	3,102	3,773	4,631	,5,794
Fees and charges	3,326	3,785	4,084	4,749	5,678	8,075	8,398	9,965	11,663	13,675
<b>Total sources of operating funding</b>	<b>198,359</b>	<b>222,142</b>	<b>244,482</b>	<b>247,115</b>	<b>276,037</b>	<b>298,676</b>	<b>319,057</b>	<b>335,431</b>	<b>365,260</b>	<b>399,024</b>
<b>Applications of operating funding</b>										
Payments to staff and suppliers	92,861	102,943	105,316	108,778	111,008	113,122	119,723	117,779	120,335	122,238
Finance costs	42,979	44,553	50,439	59,368	67,805	75,771	83,018	90,996	101,830	115,248
Internal charges and overheads applied	23,991	26,136	26,098	26,305	26,699	28,041	28,422	29,232	29,667	30,136
Other operating funding applications	0	0	0	0	0	0	0	0	0	0
<b>Total applications of operating funding</b>	<b>159,831</b>	<b>173,632</b>	<b>181,854</b>	<b>194,451</b>	<b>205,512</b>	<b>216,935</b>	<b>231,163</b>	<b>238,007</b>	<b>251,831</b>	<b>267,621</b>
<b>Surplus/(deficit) of operating funding</b>	<b>38,528</b>	<b>48,511</b>	<b>62,628</b>	<b>52,664</b>	<b>70,525</b>	<b>81,741</b>	<b>87,894</b>	<b>97,424</b>	<b>113,429</b>	<b>131,403</b>
<b>Source of capital funding</b>										
Subsidies and grants for capital expenditure	1,890	5,692	6,761	1,593	2,024	1,500	735	734	752	773
Development and financial contributions	40,374	52,891	58,437	56,532	53,642	52,269	51,951	42,361	40,824	41,237
Increase/(decrease) in debt	49,120	49,505	91,381	113,492	126,630	142,826	131,349	183,141	187,855	205,546
Gross proceeds from sales of assets	1,316	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0
<b>Total sources of capital funding</b>	<b>92,700</b>	<b>108,087</b>	<b>156,579</b>	<b>171,617</b>	<b>182,296</b>	<b>196,595</b>	<b>184,035</b>	<b>226,236</b>	<b>229,431</b>	<b>247,556</b>

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Sensitivity: General

<b>Applications of capital funding</b>										
Capital expenditure - to meet additional demand	72,416	71,026	96,491	96,680	75,477	78,727	92,728	74,246	167,664	180,228
Capital expenditure - to improve levels of services	45,985	57,077	74,103	60,002	57,532	56,368	55,028	103,070	109,964	105,820
Capital expenditure - to replace existing assets	50,049	58,214	95,631	112,484	126,081	100,836	88,718	78,283	68,331	66,881
Increase/(decrease) in reserves	(37,222)	(29,719)	(47,017)	(48,220)	(6,269)	42,406	35,456	68,059	(3,100)	26,029
Increase/(decrease) in investments	0	0	0	3,336	0	0	0	0	0	0
<b>Total applications of capital funding</b>	<b>131,228</b>	<b>156,598</b>	<b>219,207</b>	<b>224,281</b>	<b>252,822</b>	<b>278,336</b>	<b>271,929</b>	<b>323,659</b>	<b>342,860</b>	<b>378,959</b>
<b>Surplus/(deficit) of capital funding</b>	<b>(38,528)</b>	<b>(48,511)</b>	<b>(62,628)</b>	<b>(52,664)</b>	<b>(70,525)</b>	<b>(81,741)</b>	<b>(87,894)</b>	<b>(97,424)</b>	<b>(113,429)</b>	<b>(131,403)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Sensitivity: General

<b>Projected statement of comprehensive revenue and expenses– Total Water Services Combined Councils</b>										
<b>(\$'000's)</b>	<b>FY2024/25</b>	<b>FY2025/26</b>	<b>FY2026/27</b>	<b>FY2027/28</b>	<b>FY2028/29</b>	<b>FY2029/30</b>	<b>FY2030/31</b>	<b>FY2031/32</b>	<b>FY2032/33</b>	<b>FY2033/34</b>
<b>Revenue</b>										
Operating revenue	198,359	222,142	244,482	247,115	276,037	298,676	319,057	335,431	365,260	399,024
Other revenue	43,580	58,582	65,198	58,125	55,666	53,769	52,686	43,095	41,576	42,010
<b>Total revenue</b>	<b>241,939</b>	<b>280,725</b>	<b>309,680</b>	<b>305,240</b>	<b>331,703</b>	<b>352,445</b>	<b>371,743</b>	<b>378,526</b>	<b>406,837</b>	<b>441,034</b>
<b>Expenses</b>										
Operating expenses	92,861	102,943	105,316	108,778	111,008	113,122	119,723	117,779	120,335	122,238
Finance costs	42,979	44,553	50,439	59,368	67,805	75,771	83,018	90,996	101,830	115,248
Overheads and support costs	23,991	26,136	26,098	26,305	26,699	28,041	28,422	29,232	29,667	30,136
Depreciation & amortisation	68,577	73,338	79,193	84,517	90,194	95,301	98,525	102,016	108,213	112,254
<b>Total expenses</b>	<b>228,408</b>	<b>246,970</b>	<b>261,047</b>	<b>278,968</b>	<b>295,705</b>	<b>312,236</b>	<b>329,689</b>	<b>340,023</b>	<b>360,045</b>	<b>379,876</b>
<b>Net surplus/(deficit)</b>	<b>13,531</b>	<b>33,755</b>	<b>48,633</b>	<b>26,272</b>	<b>35,998</b>	<b>40,209</b>	<b>42,054</b>	<b>38,502</b>	<b>46,792</b>	<b>61,158</b>
Revaluation of infrastructure assets	55,157	71,840	69,403	82,702	80,247	96,321	90,740	106,560	101,742	116,718
<b>Total comprehensive income</b>	<b>68,688</b>	<b>105,595</b>	<b>118,037</b>	<b>108,974</b>	<b>116,244</b>	<b>136,530</b>	<b>132,795</b>	<b>145,063</b>	<b>148,534</b>	<b>177,876</b>
<b>Cash surplus/(deficit) from operations (ex non-cash items)</b>	<b>82,107</b>	<b>107,093</b>	<b>127,826</b>	<b>110,789</b>	<b>126,191</b>	<b>135,510</b>	<b>140,580</b>	<b>140,519</b>	<b>155,005</b>	<b>173,413</b>

Sensitivity: General

Projected statement of cashflows – Total Water Services Combined Councils										
(\$'000's)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
<b>Cashflows from operating activities</b>										
Cash surplus/(deficit) from operations	87,540	110,584	131,142	113,748	128,920	138,181	143,340	143,377	157,931	176,373
<b>Net cashflows from operating activities</b>	<b>87,540</b>	<b>110,584</b>	<b>131,142</b>	<b>113,748</b>	<b>128,920</b>	<b>138,181</b>	<b>143,340</b>	<b>143,377</b>	<b>157,931</b>	<b>176,373</b>
<b>Cashflows from investing activities</b>										
Capital expenditure – infrastructure assets	(168,450)	(186,317)	(266,224)	(269,166)	(259,091)	(235,931)	(236,473)	(255,600)	(345,960)	(352,929)
Other items	0	0	0	(3,336)	0	0	0	0	0	0
<b>Net cashflows from investing activities</b>	<b>(168,450)</b>	<b>(186,317)</b>	<b>(266,224)</b>	<b>(272,502)</b>	<b>(259,091)</b>	<b>(235,931)</b>	<b>(236,473)</b>	<b>(255,600)</b>	<b>(345,960)</b>	<b>(352,929)</b>
<b>Cashflows from financing activities</b>										
New borrowings	79,109	76,392	146,837	180,946	167,104	151,268	145,105	174,071	267,811	277,047
<b>Net cashflows from financing activities</b>	<b>79,109</b>	<b>76,392</b>	<b>146,837</b>	<b>180,946</b>	<b>167,104</b>	<b>151,268</b>	<b>145,105</b>	<b>174,071</b>	<b>267,811</b>	<b>277,047</b>
<b>Net increase/(decrease) in cash and cash</b>	<b>(1,801)</b>	<b>658</b>	<b>11,755</b>	<b>22,192</b>	<b>36,934</b>	<b>53,519</b>	<b>51,972</b>	<b>61,849</b>	<b>79,782</b>	<b>100,490</b>
Cash and cash equivalents at beginning of	73,961	72,160	72,819	84,574	106,766	143,699	197,218	249,190	311,039	390,821
<b>Cash and cash equivalents at end of year</b>	<b>72,160</b>	<b>72,819</b>	<b>84,574</b>	<b>106,766</b>	<b>143,699</b>	<b>197,218</b>	<b>249,190</b>	<b>311,039</b>	<b>390,821</b>	<b>491,312</b>

Sensitivity: General

Projected statement of financial position – Total Water Services Combined Councils										
(\$'000's)	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
<b>Assets</b>										
Cash and cash equivalents	72,160	72,819	84,574	106,765	143,699	197,218	249,190	311,039	390,822	491,318
Other current assets	13,321	12,265	12,265	12,265	12,265	12,265	12,265	12,265	12,265	12,265
Infrastructure assets	3,834,677	3,965,378	4,271,860	4,588,071	4,890,354	5,181,942	5,451,085	5,749,483	6,120,923	6,539,576
Other non-current assets	115,757	121,825	105,581	101,065	93,222	96,920	99,351	103,164	103,483	104,786
<b>Total assets</b>	<b>4,035,915</b>	<b>4,172,287</b>	<b>4,474,280</b>	<b>4,808,166</b>	<b>5,139,540</b>	<b>5,488,345</b>	<b>5,811,892</b>	<b>6,175,951</b>	<b>6,627,493</b>	<b>7,147,945</b>
<b>Liabilities</b>										
Borrowings – current portion	0	0	0	0	0	0	0	0	0	0
Other current liabilities	6,017	12,371	12,371	12,371	12,371	12,371	12,371	12,371	12,371	12,371
Borrowings – non-current portion	901,333	968,307	1,100,403	1,272,903	1,431,893	1,586,863	1,734,660	1,913,035	2,182,493	2,462,264
Other non-current liabilities	0	0	0	0	0	0	0	0	0	0
<b>Total liabilities</b>	<b>907,350</b>	<b>980,678</b>	<b>1,112,774</b>	<b>1,285,274</b>	<b>1,444,264</b>	<b>1,599,234</b>	<b>1,747,031</b>	<b>1,925,406</b>	<b>2,194,864</b>	<b>2,474,635</b>
<b>Net assets</b>	<b>3,128,565</b>	<b>3,191,609</b>	<b>3,361,506</b>	<b>3,522,892</b>	<b>3,695,276</b>	<b>3,889,111</b>	<b>4,064,861</b>	<b>4,250,545</b>	<b>4,432,629</b>	<b>4,673,310</b>
<b>Equity</b>										
Revaluation reserves	2,272,841	2,309,535	2,479,294	2,639,700	2,813,066	2,998,314	3,167,556	3,347,642	3,534,257	3,776,587
Other reserves	855,724	882,075	882,213	883,192	882,210	890,797	897,305	902,903	898,372	896,722
<b>Total equity</b>	<b>3,128,565</b>	<b>3,191,609</b>	<b>3,361,506</b>	<b>3,522,892</b>	<b>3,695,276</b>	<b>3,889,111</b>	<b>4,064,861</b>	<b>4,250,545</b>	<b>4,432,629</b>	<b>4,673,310</b>

Sensitivity: General

## **Water Services Delivery Plan: additional information and appendices**

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Sensitivity: General

## Appendix 1 – Significant capital projects

### Significant capital projects

#### Significant capital projects – drinking water

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
<b>Projects to meet additional demand</b>										
Western Supply Zone – Additional Water Source	\$–	\$–	\$172	\$–	\$722	\$1,232	\$–	\$–	\$–	\$–
Water – Central Additional Reservoir	\$1,600	\$4,137	\$–	\$235	\$–	\$–	\$25	\$–	\$–	\$–
Water – Omokoroa Structure Plan	\$2,023	\$1,218	\$–	\$–	\$–	\$–	\$–	\$–	\$–	\$1,889
Water – Central Additional Bore	\$–	\$–	\$1,260	\$–	\$–	\$–	\$–	\$644	\$658	\$2,013
Water – Eastern Supply New Water Source (no.2 Road)	\$200	\$56	\$1,088	\$1,293	\$–	\$–	\$–	\$–	\$–	\$–
Water – Eastern Rangioru Business Park new pipeline	\$–	\$–	\$–	\$–	\$3,612	\$3,696	\$3,780	\$–	\$–	\$–
Water – Eastern Alternative Supply	\$500	\$1,784	\$1,718	\$–	\$–	\$–	\$–	\$–	\$–	\$–
Other projects	-\$2,420	-\$502	\$806	\$803	\$158	-\$1	\$44	-\$1	-\$1	-\$1
<b>Total investment to meet additional demand</b>	<b>\$1,903</b>	<b>\$6,692</b>	<b>\$5,042</b>	<b>\$2,330</b>	<b>\$4,492</b>	<b>\$4,927</b>	<b>\$3,849</b>	<b>\$643</b>	<b>\$657</b>	<b>\$3,901</b>
<b>Projects to improve levels of services</b>										
Western UV Treatment All Plants	\$2,007	\$1,776	\$–	\$–	\$–	\$–	\$–	\$–	\$–	\$–
Water – Western TMP Plants Renewals and Improvements	\$1,925	\$708	\$–	\$–	\$–	\$113	\$44	\$–	\$26	\$27
Other projects	\$3,890	\$1,037	\$1,290	\$270	\$380	\$216	\$325	\$96	\$204	\$87
<b>Total investment to meet improve levels of services</b>	<b>\$7,822</b>	<b>\$3,521</b>	<b>\$1,290</b>	<b>\$270</b>	<b>\$380</b>	<b>\$329</b>	<b>\$369</b>	<b>\$96</b>	<b>\$230</b>	<b>\$114</b>
<b>Projects to replace existing assets</b>										
Water – Western Reticulation Capital Improvements	\$150	\$748	\$326	\$874	\$2,630	\$2,186	\$1,293	\$405	\$230	\$423
Water – Central Reticulation Improvements	\$745	\$1,684	\$1,626	\$1,622	\$1,984	\$1,172	\$790	\$1,208	\$622	\$440
Water – Eastern Reticulation Improvements	\$1,612	\$1,722	\$2,482	\$2,230	\$2,055	\$2,532	\$2,249	\$1,565	\$1,598	\$1,063
ESZ – Reservoir Imps	\$280	\$479	\$294	\$259	\$253	\$65	\$107	\$8,391	\$112	\$114
Other projects	\$804	\$1,093	\$160	\$139	\$168	\$145	\$176	\$116	\$184	\$255
<b>Total investment to replace existing assets</b>	<b>\$3,591</b>	<b>\$5,727</b>	<b>\$4,889</b>	<b>\$5,122</b>	<b>\$7,090</b>	<b>\$6,101</b>	<b>\$4,615</b>	<b>\$11,686</b>	<b>\$2,746</b>	<b>\$2,295</b>
<b>Total investment in drinking water assets</b>	<b>\$ 13,316</b>	<b>\$ 15,940</b>	<b>\$ 11,221</b>	<b>\$ 7,722</b>	<b>\$ 11,962</b>	<b>\$ 11,357</b>	<b>\$ 8,833</b>	<b>\$ 12,425</b>	<b>\$ 3,633</b>	<b>\$ 6,310</b>

Sensitivity: General

Significant capital projects – wastewater										
Significant capital projects – wastewater	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
<b>Projects to meet additional demand</b>										
Waihi Beach Treatment Plant Upgrade	500	4,223	8,893	-	-	-	-	-	-	-
Katikati Wastewater Network Upgrades	-	-	-	-	-	379	575	1,761	-	-
Omokoroa Structure Plan – Wastewater	3,003	1,565	-	-	-	-	-	-	-	5,883
Wastewater – Te Puke Structure Plan	150	957	277	411	-	75	269	297	-	268
Other projects	-3,653	-4,124	944	1,590	-	-	-	-	-	-
<b>Total investment to meet additional demand</b>	<b>-</b>	<b>2,621</b>	<b>10,114</b>	<b>2,001</b>	<b>-</b>	<b>454</b>	<b>843</b>	<b>2,057</b>	<b>-</b>	<b>6,151</b>
<b>Projects to improve levels of services</b>										
Katikati WWTP Upgrades	4,798	340	397	-	-	-	-	-	-	-
Te Puke Wastewater Treatment Plant Upgrade	8,668	29,138	30,604	9,191	-	-	-	-	-	-
Wastewater – Te Puke Network Upgrades	-	-	-	118	1,324	68	504	129	132	134
Other projects	1,501	1,035	801	24	374	12	-	13	1	14
<b>Total investment to meet improve levels of services</b>	<b>11,965</b>	<b>30,513</b>	<b>31,802</b>	<b>9,332</b>	<b>1,698</b>	<b>80</b>	<b>504</b>	<b>142</b>	<b>132</b>	<b>148</b>
<b>Projects to replace existing assets</b>										
Wastewater – Waihi Beach Treatment Pump Station Renewal	138	227	228	235	188	240	228	194	179	169
Katikati Ocean Outfall or Alternative Discharge	300	558	1,145	23,500	24,080	18,480	-	-	-	-
Maketu Wastewater Pump Station Renewals	300	335	344	353	361	370	302	310	322	357
Other projects	1,142	1,337	801	1,027	1,132	821	672	1,082	784	555
<b>Total investment to replace existing assets</b>	<b>1,880</b>	<b>2,456</b>	<b>2,517</b>	<b>25,115</b>	<b>25,762</b>	<b>19,911</b>	<b>1,203</b>	<b>1,586</b>	<b>1,285</b>	<b>1,081</b>
<b>Total investment in wastewater assets</b>	<b>13,845</b>	<b>35,590</b>	<b>44,433</b>	<b>36,448</b>	<b>27,460</b>	<b>20,445</b>	<b>2,550</b>	<b>3,785</b>	<b>1,417</b>	<b>7,380</b>

Sensitivity: General

Significant capital projects – stormwater										
Significant capital projects – stormwater	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
<b>Projects to meet additional demand</b>										
Omokoroa Structure Plan – Stormwater Industrial	12,772	2,977	-	-	-	-	-	-	-	-
Stormwater – Te Puke Area 3 Structure Plan	120	1,447	2,176	1,081	-	-	-	-	-	-
Katikati Structure Plan Utilities Stormwater	100	1,892	1,685	-	48	609	-	-	-	-
Other projects	- 2,320	- 373	454	560	1	1	-	-	-	-
<b>Total investment to meet additional demand</b>	<b>10,672</b>	<b>5,943</b>	<b>4,315</b>	<b>1,641</b>	<b>49</b>	<b>610</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Projects to improve levels of services</b>										
Stormwater – Comprehensive Stormwater Consents	250	279	275	235	301	308	315	322	329	336
Paengaroa Upgrades Halls Rd stg 1 & 2	-	-	-	-	566	838	-	785	300	898
Other projects	763	3,062	2,693	2,152	740	862	1,459	296	237	342
<b>Total investment to meet improve levels of services</b>	<b>1,013</b>	<b>3,341</b>	<b>2,968</b>	<b>2,387</b>	<b>1,607</b>	<b>2,008</b>	<b>1,774</b>	<b>1,403</b>	<b>866</b>	<b>1,575</b>
<b>Projects to replace existing assets</b>										
Stormwater, Waihi Beach, Brighton Road Diversion and Darley Drain Outlet Improvements	100	558	2,290	-	-	-	-	-	-	-
Waihi Beach Earth Dam	150	3,345	8,416	-	-	-	-	-	-	-
Other projects	1,740	2,126	2,784	968	94	259	165	149	170	56
<b>Total investment to replace existing assets</b>	<b>1,990</b>	<b>6,028</b>	<b>13,490</b>	<b>968</b>	<b>94</b>	<b>259</b>	<b>165</b>	<b>149</b>	<b>170</b>	<b>56</b>
<b>Total investment in stormwater assets</b>	<b>13,675</b>	<b>15,312</b>	<b>20,773</b>	<b>4,996</b>	<b>1,750</b>	<b>2,877</b>	<b>1,939</b>	<b>1,552</b>	<b>1,036</b>	<b>1,631</b>

### Capital Delivery

The assumptions in the Councils Long Term Plan 2024–34 have continued to be applied to the delivery of the significant waters capital projects tabled above. Council will deliver and fund 80% of its planned capital works programme expenditure in 2024/2025, 90% in 2025/2026 and 100% in 2026/2027. As these projects are not broken down into sub-projects the overall planned delivery less than 100% has been recorded above as negative amounts in the other projects category.

Sensitivity: General

## Appendix 2 – Risks and assumptions

### Risks and constraints to achieving financially sustainable delivery of water services

While the Water Services Delivery Plan sets a path to financial sustainability by 30 June 2028, there are several risks that could affect this:

#### **Decision making**

The Local Water Done Well reforms create project continuity risk through potential policy reversals following council elections. New elected members across multiple Councils may modify or cancel water decisions. This political transition and coordination risk may result in project delays, contract variations, and strategic realignments that impact delivery timelines and cost certainty. The fact that TCC is not facing an election transition provides a degree of project resilience to these risks. 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, increases in costs of capital projects or emergency spending.

#### **Impacts on capital programme**

There is a risk that the capital and service improvement programme see significant delays or cost escalations. Those risks can be caused by shortages of skilled staff and contractors, such as engineers, or shortages in construction materials.

This risk is particularly in the first 4 years of the period. Headroom is built into borrowing for the WSO from FY30 and gradually increasing out to FY34. A move to a Joint WSO may result in an optimisation of the capital programme to better manage that risk. The risk is more effectively managed within the joint WSO than it is on a stand-alone basis.

#### **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.

The WSO will prepare its own Treasury Policy, including its policies for managing liquidity and interest rate risks, and will put appropriate transactional banking, working capital and loan facilities in place.

#### **Revenue constraints and affordability pressure**

Projected price paths are designed to balance cost recovery with community affordability. However, sustained increases in charges may encounter public resistance, particularly among fixed-income households. Any delays or political adjustments to planned price increases could create funding shortfalls.

Sensitivity: General

#### Risks and constraints to achieving financially sustainable delivery of water services

##### **Financial contribution risks**

Forecast financial contribution (FinCo) revenue is a significant source for investment, representing a significant proportion in capital contributions over the WSDP period. LGFA guidance sets out that up to 75% of Free Funds from Operations may be derived from FinCo revenue, which is reflected in the projections set out in this WSDP. Projected FinCo is within the LGFA allowable limits, however relying on future development contributions is risky and changes to population growth forecasts can have a material impact on the funding available.

##### **Regulatory or compliance shocks**

New or revised drinking water, wastewater, or stormwater regulations could trigger additional unplanned investment. More stringent compliance measures introduced within the forecast period could impact both operating costs and capital priorities. Further, legislation on infrastructure standards is yet to be confirmed.

The WSO's approach to regulatory compliance is set out in this WSDP and will adapt as required to an evolving regulatory environment.

##### **Transition and governance risks**

The establishment of a new WSO involves changes in governance, systems, and accountability. Any delays or misalignment in these transitions, particularly around financial systems, billing systems, contract management or staffing, could temporarily affect delivery capacity, financial controls and may have a financial cost. An example of this risk is in the transition away from the current GIS system and Watercare system (as these will no longer be supported by Watercare). These issues will be specifically identified within the transition plan.

##### **Climate change and resilience**

Climate change poses increasing risks to water services through more frequent extreme weather events, rising sea levels, and changing rainfall patterns. These impacts can damage assets, raise costs, and disrupt service delivery. Natural disasters, whether or not related to climate change, could put fiscal pressure on the WSO.

Building resilience into planning and asset management will help avoid unplanned costs and protect service reliability. Further, this WSDP sets out the proposed approach to insurance.

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Disclosure of risks and material assumptions for water services delivery		
Parameters	Risks and Significant Assumptions	
Key risks		
Future water service delivery	<p><b>Risk:</b> Failure to establish the WSO or find appropriate directors.</p> <p><b>Assumption:</b> The Local Government (Water Services) Bill does not change materially through the legislative process and no significant regulatory changes.</p>	
Network performance	<p><b>Risk:</b> Cost escalation beyond estimates due to rising construction costs, increased material and labour prices, and changes in project scope, including due to unforeseen asset conditions.</p>	
Regulatory compliance	<p><b>Risk:</b> New or revised drinking water, wastewater, or stormwater regulations could trigger additional unplanned investment.</p> <p><b>Assumption:</b> Compliance with regulatory standards as set out in this WSDP</p>	
Delivery of Capital Programme	<p><b>Risk:</b> Supply chain constraints, including labour and materials creates delivery delays.</p> <p><b>Assumption:</b> Continued investment beyond the 10-year forecast will be required to maintain service levels and maintain assets over the longer term. WSO to work on prioritising the future capital programme.</p>	
Providing for growth	<p><b>Risk:</b> Growth is expected to be moderate in the area (approx. 2% per year). As with all population forecasts, there is a risk that this growth path is an under or over estimation.</p> <p><b>Assumption:</b> The WSO will have a greater ability to respond to population growth and increasing demand, including if current forecasts are an underestimation.</p>	
Climate change	<p><b>Risk:</b> Severe weather events damage water assets beyond modelled scenarios.</p> <p><b>Assumption:</b> The WSO will be responsible for ongoing climate modelling, and investing in, and maintaining, water assets accordingly.</p>	
Asset Management System	<p><b>Risk:</b> The current Asset Management System is provided as a service to TCC and WBOPDC by Watercare. The contract ends in September 2026 and is not going to be renewed by Watercare.</p> <p><b>Assumption:</b> An extension of the Watercare Contract until July 2027 is yet to be confirmed however this will not include support for the Geographic Information System (GIS). A new Asset Management System will be required.</p>	

Significant assumptions are based on the strategic assumptions contained within the WBOPDC Long Term Plan 2024–34.

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## Appendix 3 – Consents

### Consents include:

#### Water Supply

Consent No	Consent	Purpose	Consent Status	Expiry Date
<b>24995</b>	Western; right to discharge chlorinated water to land, Athenree Water Treatment Plant	For the purpose of carrying out reservoir maintenance at the municipal water treatment station at Westwood Road, Athenree.	Current	31-Oct-32
<b>50244</b>	Eastern; Stabilise intake weir, Katikati Water Treatment Plant	To improve & stabilise intake for water supply, Uretara Stream	Current	3-Aug-28
<b>50391</b>	Eastern; construct/maintain Structures for water intake, Te Puke Water Treatment Plant	Upgrade existing water supply intake, Waiari Stream	Current	30-Jun-29
<b>50602</b>	Eastern; maintain existing water supply intake, Te Puke Water Treatment Plant	Construct and maintain 3 structures in the bed of the Waiari Stream, Te Puke	Current	30-Jun -30
<b>50639</b>	Eastern; right to thrust water pipe under Stream, Te Puke	Thrust water main under Ohineangaanga Stream, 5 Barrow Pl, Te Puke	Current	30-Sept-25
<b>61169</b>	Place and use a Structure on the bed of the Whataroa Stream, Dam and take water from the Whataroa Stream for Municipal Water Supply, discharge water over spillway to the Whataroa Stream.	For the purpose of damming the Whataroa Stream by placing and using a concrete arch dam structure on the bed of the stream and taking water from the dam impoundment for the municipal water supply of Te Puke, and discharge excess water from dam impoundment	Current	31-Jan-37
<b>61246</b>	Place, use and alter a dam structure in a watercourse	To reconstruct the Grantee's existing water supply intake. (Waihi Stream)	Current	30-Jun-30
<b>61431 and 61431-1</b>	Take water from a Bore Field for Municipal Water Supply (Youngson Road)	For the purpose of taking water from a bore field at Youngson Road, Omokoroa, for Municipal Water Supply.	Current	30-Nov-36

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Consent No	Consent	Purpose	Consent Status	Expiry Date
	Bore Field Youngson Road			
<b>61527 and 61527-1</b>	Take Water from a Bore Field for Municipal Water Supply (Ohourere)  Bore Field Crawford Road	For the purpose of taking water from a bore field at Crawford Road, Ohourere, for municipal water supply.	Current	31-Mar-37
<b>61738</b>	Place and use a watermain pipe bridge, and to retrospectively authorise the placement and use of a temporary water supply pipeline over the bed of the Uretara Stream.	For the purpose of placing a pipe bridge to carry a 200mm diameter watermain over the Uretara Stream; and to retrospectively authorise the placement and use of a temporary water supply pipeline installed over the bed of the Uretara Stream.	Current	31-Aug-37
<b>62045 and 62045-1</b>	Take Water from a Bore to Supplement Municipal Water Supply to the Waihi beach Community	For the Purpose of providing supplementary water to the Waihi Beach Community water supply during the summer months, and upon occasion throughout the year.	Current	31-Dec-38
<b>62428</b>	Take water from a bore field for Municipal Water Supply (Tahawai)	For the purpose of taking water from a bore field located at Tahawai, adjacent to State Highway 2, Katikati, for a municipal water supply.	Current	31-Jan-39
<b>62621</b>	Take Water from a Bore Field for Municipal Water Supply (Wharawhara)	For the purpose of taking water from a bore field located at Wharawhara Road, Katikati, for Municipal water supply.	Current	31-Mar-40
<b>62962</b>	Place a Structure over the Uretara Stream	For the purpose of attaching water mains pipework to the Wharawhara Bridge over the Uretara Stream	Current	28-Feb-40
<b>65637</b>	Take water from the Waiari Stream	For the purpose of authorising the take and use of water from the Waiari Stream for municipal supply. (Joint with TCC)	Current	31-Jul-44
<b>66439</b>	Take and use water from Two Bores for Municipal supply	For the purpose of providing municipal supply of water to the Athenree, Waihi Beach and Tanners Point areas from bores, located at Westwood Road, off State Highway 2, Athenree.	Current	30-Sep-45

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Consent No	Consent	Purpose	Consent Status	Expiry Date
<b>RM21-0054</b>	Take and use groundwater	Take and use of groundwater from bore BN-3702 for municipal supply. (Muttons Bores)	Current	30-Jun-37
<b>RM24-0653</b>	Take and use of groundwater	take and use of groundwater from bore BN-10919 for municipal supply at Maniatutu Road, Pongakawa.	Current	31-Jan-60

Wastewater

Consent No	Consent	Purpose	Consent Status	Expiry Date
<b>RC66950</b>	Waihi Beach Wastewater Scheme	Discharge Wastewater to water	Current	31-May-47
<b>RC66279</b>	Waihi Beach Wastewater Scheme	Discharge of Biosolids to Land	Expired	30-Jun-25
<b>RM16-0165</b>	Waihi Beach Wastewater Scheme	Discharge to air	Current	31-May-47
<b>RM16-0206-DC.02</b>	Katikati Wastewater Scheme	Coastal Discharge	Current	31-Jul-38
<b>RM16-0206-DC.01</b>	Katikati Wastewater Scheme	Discharge - To Air	Current	31-Jul-53
<b>RM16-0204-DC.04</b>	Te Puke Wastewater Scheme	Discharge - To Land	Current	30-Apr-54
<b>RM16-0204-DC.01</b>	Te Puke Wastewater Scheme	Discharge - To Air	Current	30-Apr-54
<b>RM16-0204-BC.02</b>	Te Puke Wastewater Scheme	Construction/Earthworks	Current	30-Apr-54
<b>66314</b>	Maketu Wastewater Treatment Plant	Discharge - To Air	Current	19-Aug-45
<b>65977</b>	Maketu Wastewater Treatment Plant	Discharge - Wastewater	Current	11-Aug-45
<b>RM17-0362-DC.01</b>	Ongare Point Wastewater Treatment Plant	Discharge - To Air	Current	31-Mar-53
<b>RM17-0362-DC.02</b>	Ongare Point Wastewater Treatment Plant	Discharge - To Land	Current	31-Mar-53

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Consent No	Consent	Purpose	Consent Status	Expiry Date
<b>RM21-0712</b>	Maketu Wastewater Treatment Plant - Vermicomposting	Discharge contaminants to air from composting	Current	11-Aug-45

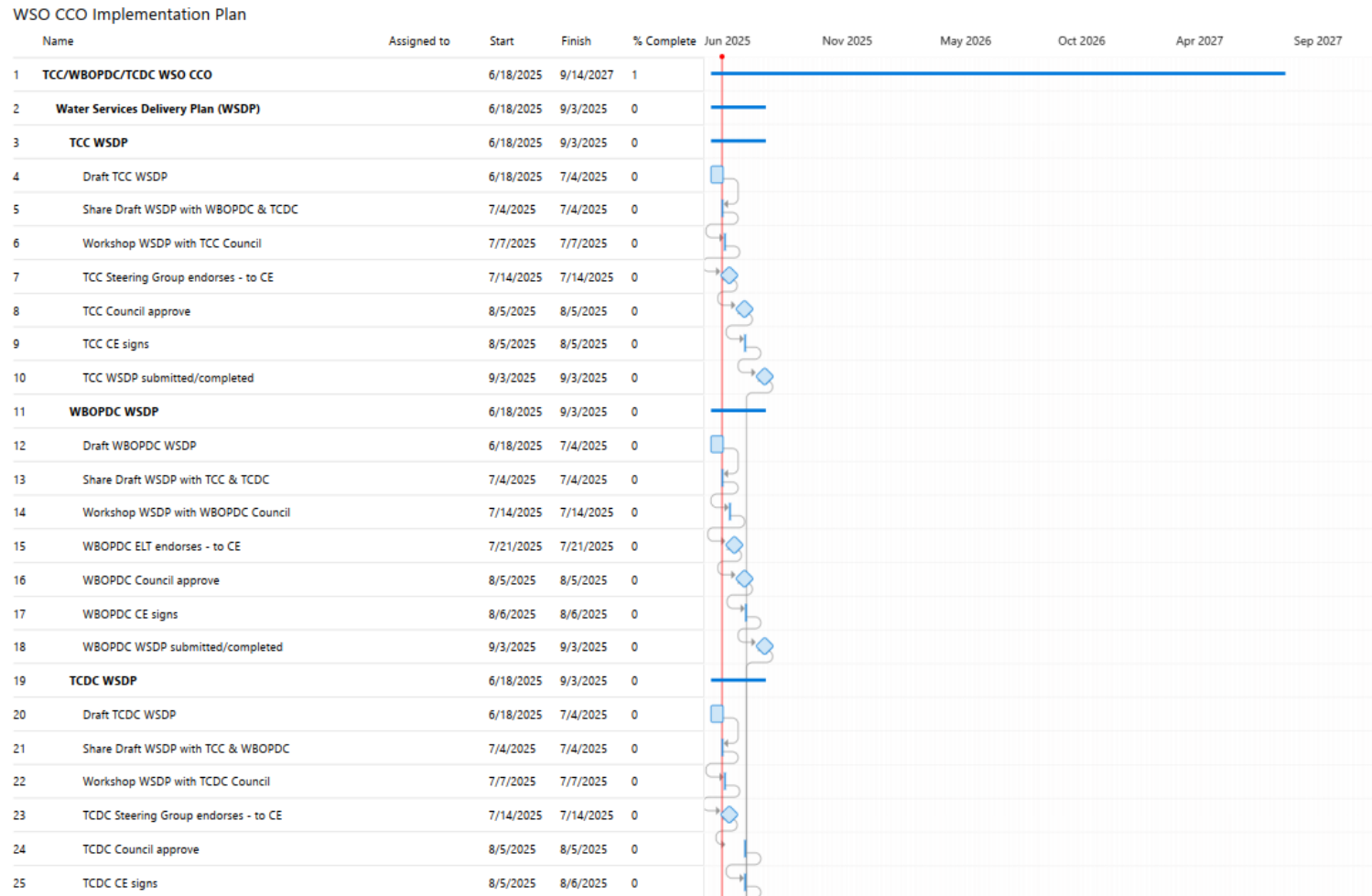
Stormwater

Council holds four different Comprehensive Stormwater Consents:

Consent No	Consent	Consent Status	Expiry Date
<b>RC61768</b>	Ōmokoroa	Expired – New application submitted November 2022	31-May-23
<b>RC67093</b>	Western	Current	30-Nov-54
<b>RC67481</b>	Eastern	Current	31-May-55
<b>RM17-0121</b>	Central	Current	30-May-55

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## Appendix 4 – Joint Implementation Plan – Gantt Chart



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## WSO CCO Implementation Plan

Name	Assigned to	Start	Finish	% Complete	Jun 2025	Nov 2025	May 2026	Oct 2026	Apr 2027	Sep 2027
26	TCDC WSDP submitted/completed	9/3/2025	9/3/2025	0						
27	All WSDP completed	9/3/2025	9/3/2025	0						
28	<b>Tangata Whenua Partnership</b>	10/31/2025	7/1/2026	0						
29	DRAFT Tangata Whenua governance & engagement principles	10/31/2025	10/31/2025	0						
30	Develop Tangata Whenua partnership plan	11/3/2025	7/1/2026	0						
31	<b>Scoping/Commercial Set Up</b>	6/18/2025	2/12/2026	5						
32	<del>Establishment Principles DRAFT document completed</del>	6/20/2025	6/20/2025	100						
33	<b>Commitment Agreements (Cost Sharing, Shareholding and Voting)</b>	6/18/2025	8/5/2025	12						
34	Draft nominations for Council Executive Group, Project Steering Group & Project Team	6/18/2025	7/4/2025	5						
35	Draft standard commitment agreement	6/23/2025	7/4/2025	75						
36	<b>TCC Commitment Agreement</b>	7/7/2025	8/5/2025	0						
37	Review/revise - to Final Draft	7/7/2025	7/11/2025	0						
38	TCC Steering Group/CE confirmation	7/23/2025	7/23/2025	0						
39	TCC Council approve	8/5/2025	8/5/2025	0						
40	TCC Commitment Agreement completed	8/5/2025	8/5/2025	0						
41	<b>WBOPDC Commitment Agreement</b>	6/18/2025	8/5/2025	0						
42	Review/revise - to Final Draft	6/18/2025	7/11/2025	0						
43	WBOPDC ELT/CE confirmation	7/14/2025	7/14/2025	0						
44	WBOPDC Council approve	8/5/2025	8/5/2025	0						
45	WBOPDC Commitment Agreement completed	8/5/2025	8/5/2025	0						
46	<b>TCDC Commitment Agreement</b>	6/18/2025	8/5/2025	0						
47	Review/revise - to Final Draft	6/18/2025	7/11/2025	0						
48	TCDC Steering Group/CE confirmation	7/14/2025	7/14/2025	0						
49	TCDC Council approve	7/14/2025	7/14/2025	0						
50	TCDC Commitment Agreement completed	8/5/2025	8/5/2025	0						

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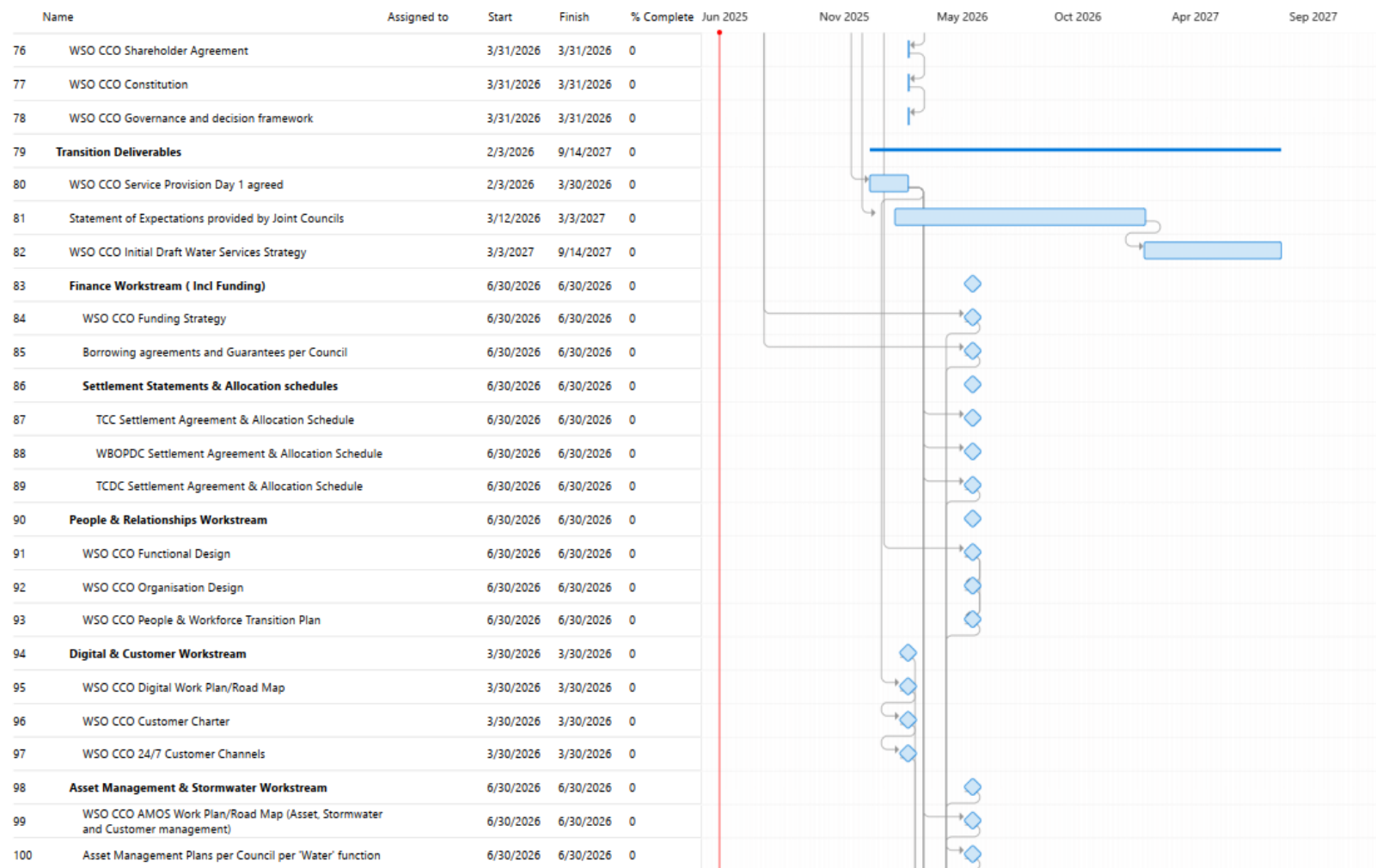
## WSO CCO Implementation Plan

Name	Assigned to	Start	Finish	% Complete	Jun 2025	Nov 2025	May 2026	Oct 2026	Apr 2027	Sep 2027
51	All Commitment Agreements completed	8/5/2025	8/5/2025	0						
52	Project Charter	8/6/2025	9/30/2025	0						
53	DRAFT Project Runway & assoc early plans	9/30/2025	9/30/2025	0						
54	<b>Establish project governance/team for WSO CCO</b>	8/5/2025	12/19/2025	0						
55	CE Group (L1) (Appoint, ToR, Logistics)	8/5/2025	8/7/2025	0						
56	Project Management Steering Group (L2) Appoint, ToR, Logistics)	8/8/2025	8/14/2025	0						
57	Project Team/Workstream Leads (L3) Appoint, ToR, Logistics)	8/15/2025	9/11/2025	0						
58	Activate the five workstreams	9/12/2025	10/9/2025	0						
59	Appoint WSO CCO Programme Director	10/10/2025	10/10/2025	0						
60	WSO CCO Governance and Project team established	10/9/2025	10/10/2025	0						
61	Establish Shareholder Council (TCC/WBOPDC/TCDC)	12/19/2025	12/19/2025	0						
62	Appoint Independent (Interim) Chair	12/19/2025	2/12/2026	0						
63	Scoping/Commercial Set Up completed	2/12/2026	2/12/2026	0						
64	<b>Project Foundation Plans</b>	10/10/2025	2/2/2026	0						
65	Project Transition Plan (Runway) - to confirm scope	10/10/2025	1/30/2026	0						
66	Project Change Management Plan	2/2/2026	2/2/2026	0						
67	Project Communications Strategy & Initial Plan	2/2/2026	2/2/2026	0						
68	Project Risk Management framework	2/2/2026	2/2/2026	0						
69	Confirm WSO CCO phased transition budget	2/2/2026	2/2/2026	0						
70	Discovery RFIs (Asset, Finance, Staff, Contracts)	1/30/2026	2/2/2026	0						
71	Initial position agreed re Council/CCO service provision	2/2/2026	2/2/2026	0						
72	<b>WSO CCO Creation</b>	2/4/2026	3/31/2026	0						
73	Recruit/appoint WSO CCO Board of Directors	2/4/2026	3/31/2026	0						
74	Recruit Interim WSO CCO CEO, CFO, CDO	3/31/2026	3/31/2026	0						
75	WSO CCO Name	3/31/2026	3/31/2026	0						

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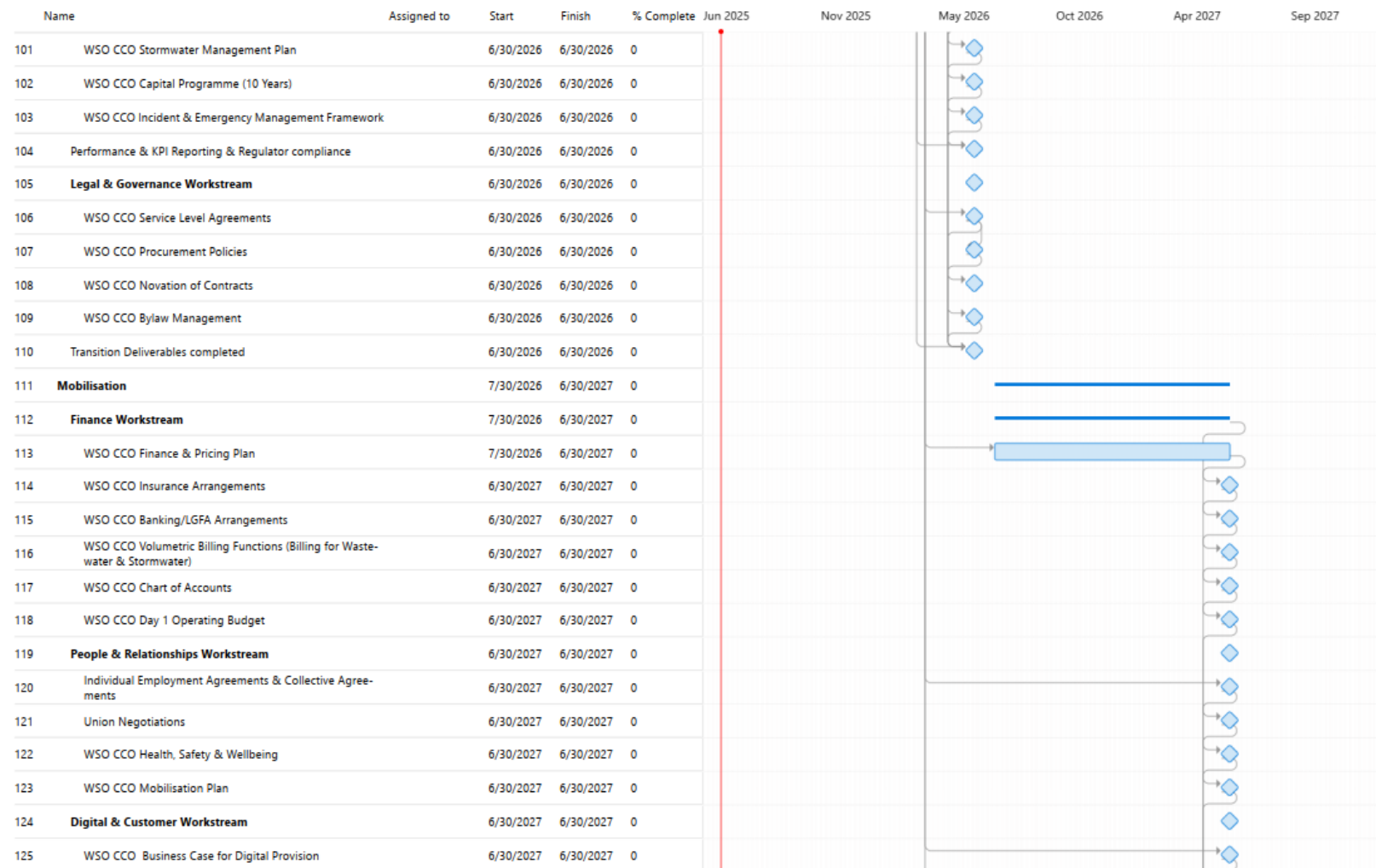
## WSO CCO Implementation Plan



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## WSO CCO Implementation Plan



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## WSO CCO Implementation Plan

Name	Assigned to	Start	Finish	% Complete	Jun 2025	Nov 2025	May 2026	Oct 2026	Apr 2027	Sep 2027
126	WSO CCO Digital Day 1 Road Map	6/30/2027	6/30/2027	0						
127	<b>Asset Management &amp; Stormwater Workstream</b>	6/30/2027	6/30/2027	0						
128	Asset Management Plan	6/30/2027	6/30/2027	0						
129	Asset Register	6/30/2027	6/30/2027	0						
130	Emergency Management Plans	6/30/2027	6/30/2027	0						
131	Laboratory Services established	6/30/2027	6/30/2027	0						
132	Resource Consent Management Process (consents & conditions)	6/30/2027	6/30/2027	0						
133	Quality Management Systems	6/30/2027	6/30/2027	0						
134	Finalise Performance KPI & Regulator compliance reporting	6/30/2027	6/30/2027	0						
135	Customer KPI management	6/30/2027	6/30/2027	0						
136	<b>Legal &amp; Governance Workstream</b>	6/30/2027	6/30/2027	0						
137	Transfer Agreement	6/30/2027	6/30/2027	0						
138	WSO CCO Operational	6/30/2027	6/30/2027	0						
139	WSO CCO Go Live	6/30/2027	7/1/2027	0						

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## Appendix 5 – Three Waters – High Level Capital Programme Review

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## Three Waters – High Level Capital Programme Review

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Western Bay of Plenty District Council  
Report - May 2025



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- 2. Review Findings | 6
- 3. Summary | 17



# 1 | Introduction

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# Key elements of Local Water Done Well

*The Government’s Local Water Done Well policy will significantly change the operating environment for water services in New Zealand.*

*Section 13 of the Local Government (Water Services Preliminary Arrangements) Act 2024 requires Councils to outline in their Waste Services Delivery Plan details of the capital and operational expenditure required:*

*(i) to deliver the water services and*

*(ii) to ensure that water services comply with regulatory requirements.*

*The Act also requires an explanation of what the territorial authority proposes to do to ensure that the delivery of water services will be financially sustainable by 30 June 2028*

## WATER SERVICES PLANS

Plans will need to show how councils will meet water quality and infrastructure rules, while being financially sustainable.

Plans need to include asset and financial information, investment required and proposed service delivery arrangements.



## NEW STRUCTURAL AND FINANCING TOOLS

Future legislation, expected to come into effect mid 2025, will provide for a range of structural and financing tools, including a new type of financially independent council-owned water organisation.



## FINANCIAL SUSTAINABILITY

Plans will need to show that:

- Water revenue is sufficient to cover maintenance, financing costs and depreciation.
- Planned capital investment is sufficient to meet regulatory requirements and provide for growth.
- Available financing does not constrain investment required to support service delivery.



## NEW REGULATION

Legislation will set out long-term requirements for financial sustainability and provide for economic regulation. This will include requirements for councils to ring-fence their water services from other council activities and will include new information disclosure and reporting requirements.

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## Scope of Work

- Confirm that the capital programme in the 2024-2034 Long Term Plan (LTP) can meet the investment sufficiency test, including the provision to meet current and potential future regulatory requirements as it applies to Local Water Done Well policies.
- Confirm Bay of Plenty Regional Council resource consent and Taumata Arowai (Water Services Authority) compliance requirements are included with sufficient provision for capital and operating spend allowances in the 2024-2034 LTP/2026 AP.
- Document assumptions that have been considered (or not considered) by WBoPDC associated with potential wastewater regulatory change as it applies to Local Done Well policies.
- Alignment with three waters asset management plans.
- Projects are sequenced in a reasonable order and with realistic timeframes and if appropriate recommendations to prioritise investment.
- Proposed cost estimates, including associated operating costs are reasonable at a high level (based on the information provided by WBoPDC).
- Other considerations which may be relevant to include in the Water Service Delivery Plan, such as provision for resilience and climate change.

## 2 | Review Findings

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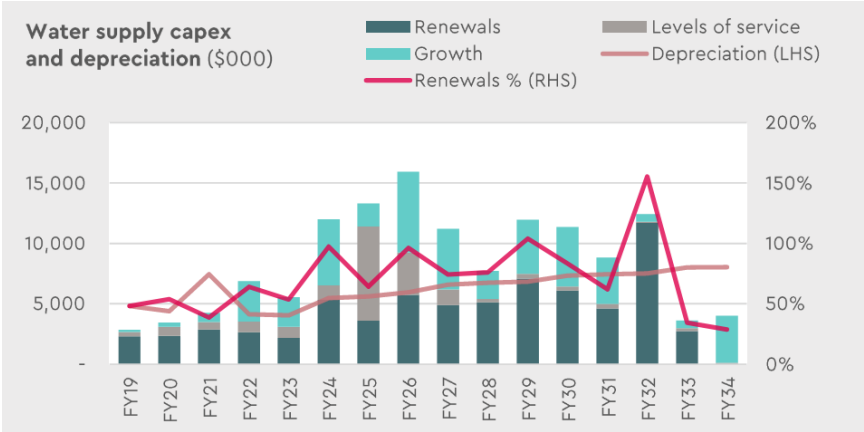
# 2024-2034 LTP Capital Programme

## Water

All water treatment plants have significant improvements planned, such as UV treatment, to meet compliance requirements and improve supply resilience.

Renewals have peaks that reflect water bore and reticulation renewals. Renewals are targeting AC water pipes that have a shorter expected life.

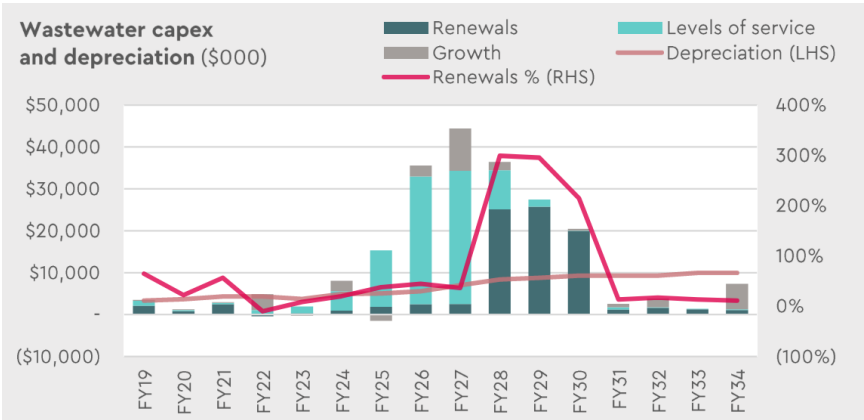
The capital profile shows a sustained period of high annual investment peaking in FY26 and reducing from FY33.



## Wastewater

Renewals have peaks that reflect the Te Puke wastewater treatment plant replacement and the Katikati wastewater discharge replacement. Council faces challenges at Maketu as grinder pumps failing at a faster rate than expected requiring replacement and telemetry system renewals have been allowed for.

The capital profile shows a steep increase in annual investment to peak in 2026-28, before falling back to historical levels by 2031. Growth investment is allowed for with a peaks in 2027 and in 2034.



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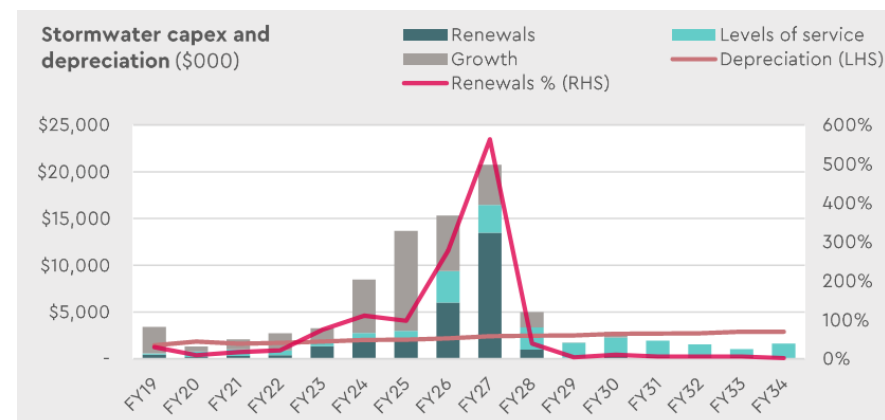
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# 2024-2034 LTP Capital Programme

## Stormwater

A large increase in activity in the coming few years are planned, driven first by growth investment and then by the Waihi Beach and Te Puke stormwater improvements/renewal projects to address flooding issues. By 2029 the capital profile shows a fall back to the long-term levels of annual capital investment. There is currently uncertainty around how much investment will be required to address stormwater quality issues. Further monitoring under the comprehensive stormwater consents will identify areas where improvements are likely required.

Growth in stormwater assets is expected to continue due to development mainly in Te Puke and Ōmokoroa.



**Planned levels of service and renewals investment is concentrated in the first half of the 10 year programme. As projects progress the timing and cost will be refined and are likely to shift out to later years. Investment for growth is identified.**

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# Three Waters Asset Management Plans

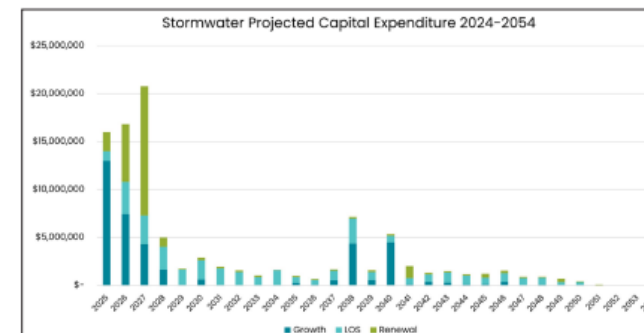
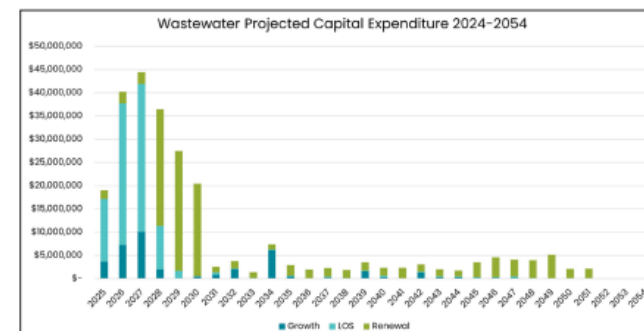
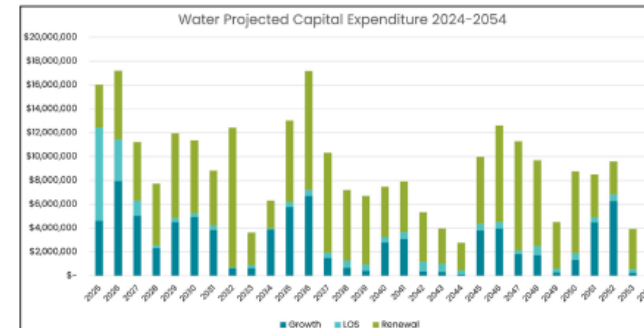
The Three Waters Asset Management Plans were updated in June 2024. Looking outside the 10 year AMP period the following are noted:

Water: Cyclical peaks every approximately every 5 years. Peaks in growth projects 2035-36, 2040-42, 2045-46 and 2051-52, mainly due to reticulation improvements or storage capacity for growth (particularly in Omokoroa). These timings will need to be updated over time to reflect growth forecasts. Water renewals are focused on AC pipes due to expected failures.

Wastewater: Capital expenditure drops considerably after the 10 year AMP period, with mainly renewals projects. With tighter requirements for overflows expected over time, additional levels of service projects may be required over the 30 year period. Collecting condition information and keeping models up to date will be important.

Stormwater: Peaks in capital expenditure for Growth projects during 2038 -2040 are for Omokoroa structure plan works. Renewals are low due to the age profile of the stormwater network.

It is difficult to clearly separate out the renewals projects within the current AMP documents. A consistent identification of renewals projects and longer term projections for wastewater and stormwater (30 years plus) will help understand upcoming renewals peaks and identify how renewals can be prioritised.



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# Asset Management Plans Improvements

The following improvement actions have been identified as part of the 3W AMP Improvement programs

- Asset data improvements with ongoing training of staff to fully utilise the Infor system capabilities
- Maintenance data capture
- On-going condition inspections of bridge crossings, pump stations and reservoirs
- Water model calibration and updates and development of pressure management zones
- Regular review water demand forecasts
- Condition rating of wastewater reticulation which has passed the design life
- Wastewater network modelling, infiltration analysis, capacity of WW networks and summary into AMP
- Review of wastewater treatment plant capacities
- Develop WWTP master plans and input into AMPs
- Review and update Stormwater data Gap Analysis
- Review Open Drain Safety Issues Capital Programme
- Review/Develop a criticality framework that aligns with councils' overall risk management framework

Additional improvement tasks recommended are:

- Include wastewater pond de-sludging programme information
- Clear linkage of major projects to driver and split between renewals, LoS and growth
- Update renewals programme to cover 30 years using criticality and condition to smooth out renewals expenditure
- Identify the operational projects required for good practice asset management e.g. CCTV, model updates, treatment plant and pump station condition assessment, leak detection.
- Resilience and climate change - consider wider climate change implications e.g. water demand

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## DWQAR Compliance Requirements

Substantial progress has been made to identify new groundwater sources within the Eastern (Te Puke, Maketu, Paengaroa and Pukehina areas) and Central (Omokoroa, Te Puna and Minden areas) supply zones, which are experiencing expansion. These production bores are anticipated to be working in 2024/2025 and will enhance the water supply capacity for these regions.

Water Safety Plans have been submitted to Taumata Arowai, for each of the District's 5 water supply systems (Athenree, Katikati, Omokoroa, Te Puke, Pongakawa). These plans guide operational activities, risks and inform future improvements.

While current water supplies are not compliant with the protozoa requirements, capital investment is planned to bring these supplies in line with the updated rules by 2028. Any risks to implementing the required projects should be identified (e.g. securing additional land).

The water supply non compliances are summarised below:

- Omokoroa - Bacterial and Protozoal non compliant – pending infrastructure upgrades and UV installation
- Athenree - Protozoal Treatment non compliant – pending UV installation
- Waihi Beach – Bacterial and Protozoal non compliant – pending infrastructure upgrades and UV installation
- Tahawai - Bacterial and Protozoal non compliant – pending infrastructure upgrades and UV installation
- Katikati – Protozoal Treatment non compliant – pending UV installation
- Pongakawa - Bacterial and Protozoal non compliant – pending infrastructure upgrades and UV installation

Funding allocation for the following projects, specific to meeting the drinking standards or government requirements include:

- Athenree and Wharawhara WTP Fluoridation in 2025
- Western and Eastern UV Treatment all plants 2005 and 2026. Central WTPs UV treatment plants 2027.

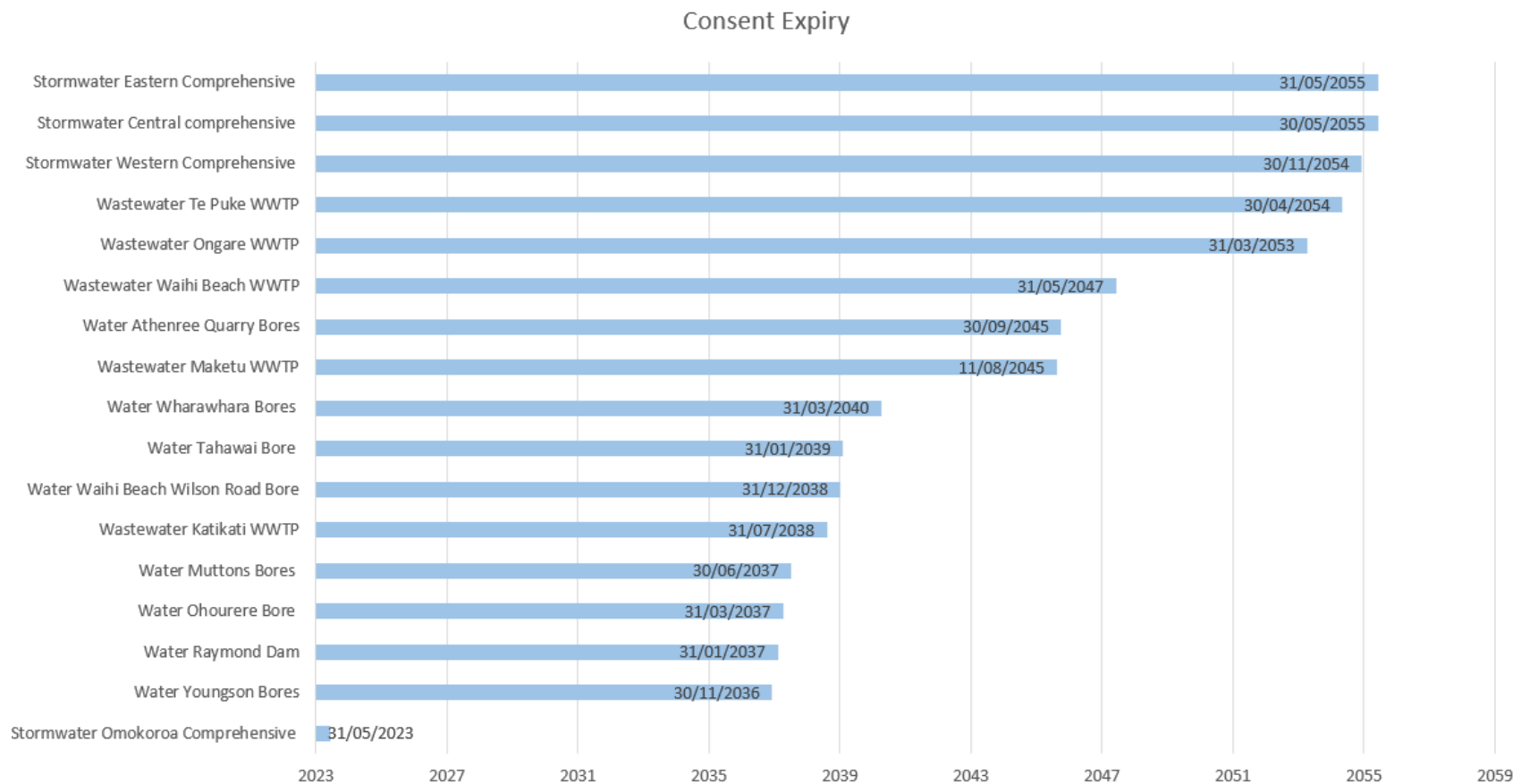
**Investment is planned to allow water quality standards and rules to be met by 2028 with implementation of UV and infrastructure improvements**

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## Regional Consent Expiry

The following graph shows the key waters consents held by WBoPDC. The principal water take consents are still current for 10-15yrs. The key consents for wastewater treatment plants (WWTPs) are mostly very recent staying current for another 25-30yrs. The earliest due is Katikati in 2038. Omokoroa Comprehensive stormwater consent is currently operating under Section 124 protection - discharge to water and land use consent (exp 05/2023). The consent application was lodged November 2022 and further information has been provided.



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# Resource Consent Requirements

## Current non-compliances/consent renewals:

### Water take:

Raymond Dam – Significant non-compliance – July 2024 due to scour valve inoperable. This has been reduced to low risk (September 2024) as the risk of an emergency event has been reduced.

Youngston Bores – Low risk non-compliance – April 2024

Waihi Beach Willson Road Bore – Low risk non-compliance – April 2024, Verification overdue, waiting for bore upgrades to be completed.

### Wastewater discharge

Maketu WWTP – Moderate non-compliance – January 2025 due to effluent runoff suspected. Additional funding allocated FY26.

Waihi Beach WWTP – Low risk non-compliance – January 2025 due to suspended solids exceedance. Additional funding allocated FY26.

Te Puke WWTP – Low risk non-compliance – January 2025. New WWTP currently being procured as design/build. The existing consent condition requirement for improved discharge quality may not be met by the required date. Discussions are underway with Regional Council to revise the date in the condition to avoid non-compliance.

### Stormwater discharge

Exceedances at K2 site within the Western Comprehensive Stormwater consent and continuous flow recorders not installed within the Eastern Comprehensive stormwater consent have triggered Moderate non-compliances in 2024. Monitoring required under the consents will inform any water quality improvements required and if further allocation of budget is required.

**Wastewater resource consent compliance investment is planned to address non-compliances by 2028. Water take consents are expected to be compliant. Comprehensive stormwater consents monitoring will confirm any additional requirements for water quality improvements.**

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# Wastewater Regulatory Change Assumptions

The proposed discharge to water and land standards are expected to supersede any regional plan requirements and will likely come into force as Regulations in mid 2025. This will give more certainty on what can discharge to specific environments. Total Nitrogen, Total Phosphorus, Ammonia and E coli concentrations are most likely to be controlled for discharge to water.

There is more limited international guidance on standards for discharge to land. Key considerations for discharge of treated wastewater to land are risks to downstream water users (groundwater or surface water), recreational users and sensitive environments. For discharge to land application nutrient loads are likely to be limited based on soil type, depth to groundwater, and vegetation. Requirements for rapid infiltration systems are not included in the standards currently.

WBoPDC does not have any wastewater discharge consents expiring in the next 10 years so WW standards are not likely to impact the capex programme in the short to medium term if the current discharge types are maintained. For the Katikati treated wastewater discharge system, the wastewater standards will inform the likely requirements for the alternative receiving environments being considered.

In the longer term, consideration of a consenting strategy at least 5 years before consent expiry is recommended as it is expected that the wastewater standards would need to be met when the consent is granted (i.e. no provision for implementation period for any required upgrades and requirements such a mixing are complex).

# Project Timelines

Individual project business cases have not been reviewed but the following high level comments are provided:

- As the planned capital works programme is much larger than historic expenditure, there are risks inside and outside of Council's control that can impact on the ability to deliver. Risks outside of Council's control include availability of development timing, contractors, supply chain disruptions, legislative change, resource consent delays and further project investigation exposing unanticipated issues. Council has an improved level of resourcing for managing projects compared to last few years and also uses external resources when needed.
- For larger projects, construction is generally spread over several years with less funding in the first 1-2 years which would cover the investigation, design and procurement stage. Projects which require land purchase and/or designation may need 3+ years of funding upfront of major capex. The current capex spread for the larger projects is tight and a more conservative assessment of likely construction timing for the larger projects is recommended.
- Council prepares business cases for larger projects and project control groups monitor progress during the project delivery phase.
- Renewals can be managed as a programme of work and budgets considered as an overall pool spread over time to minimise the risks associated with scope and timing. Managing renewals as a programme also allows better project coordination – for example W/WW/SW below ground renewals in Te Puke may need to be considered as an integrated project to minimise disruption to the community.
- To support the renewals programme and further development of the AMP, funding of operational projects is required e.g. condition assessments, CCTV, modelling, and master plans. Funding for these activities is required in the 10 year programme but has been reduced for FY25.

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## Cost Estimates

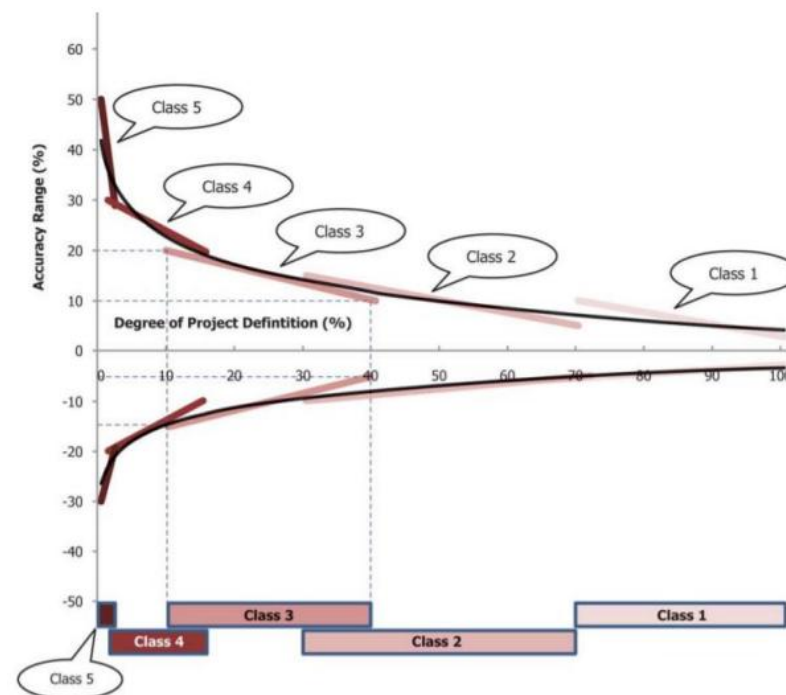
We have not reviewed the source of estimates used in the LTP.

Typically the following factors are applied to the direct asset cost for Class 5 concept level estimates:

- Preliminary & General costs 20-25%
- Investigations and Design 8-10%
- Construction Management and Supervision 2-3%
- Council Internal costs 5-8%
- Contingency 20-30%

Concept level estimates generally have an accuracy of -30% to +50%. A P95 estimate is recommended to be used at the earlier stages of a major project where scope is uncertain. As the design process progresses, the range of the cost estimate narrows. Whole of project cost estimates and construction programme should be reviewed post concept design, post detailed design and following construction contract(s) award. A new cost estimate guideline has been developed due to historic under-pricing of larger projects.

Consequential opex is outlined in the AMPs for major WW pump station and wastewater treatment plant upgrades and new stormwater assets. Consequential opex is not mentioned in the Water AMP but we understand the additional operating costs associated with UV and fluoridation have been allowed for. Vested assets have the potential to add significantly to Council's asset base and maintenance/renewal requirements.



## 3 | Summary

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# Capital programme high level review summary

We have noted the following from our review of Council's Three Waters investment programme :

- Levels of service and renewals investment is concentrated in the first half of the 10 year programme. As projects progress the timing and cost estimates will be refined and are likely to need to be spread over a longer period.
- Growth requirements are identified, informed by structure plans and modelling.
- Investment is planned to allow drinking water quality standards and rules to be met by 2028 with implementation of UV and infrastructure improvements.
- Wastewater resource consent compliance investment is planned to address non-compliances by 2028. Water take consents are expected to be compliant. On-going monitoring for the comprehensive stormwater consents will confirm any additional requirements for water quality improvements to continue compliance.
- The increased level of capex programme delivery is supported by project management systems, project control groups and increased internal resources. External resources are also used to support major project delivery.
- Risks associated with the delivery of the compliance projects should be discussed in the WSDP including projects which require land purchase.
- Renewal requirements are identified and funding of on-going collection of asset condition information and modelling is required to continue developing and prioritising the renewals programme of work.
- AMP improvements are planned to improve asset data, understanding of condition and criticality and future demand requirements.

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## Appendix 6 – Commitment Agreement

*Attached post the Council meeting*

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## Appendix 7 – Council resolution – xx August 2025

*Attached post the Council meeting*

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## Appendix 8 – Key assumptions for WSDP development

This note sets out the key assumptions that will be used to model the WSO WSDP financials.

### Base assumptions

Assumption	Commentary	Basis of assumption / source
<b>Financing</b>	LGFA has indicated that for multi-council WSOs the borrowing margin would be based on the weighted average borrowing margin of the participating councils.  <b>Shareholding council borrower margins + 5bps</b>	LGFA
<b>Target covenant</b>	LGFA guidance suggests that the WSO would have FFO-to-debt floor of 8%. <b>We propose targeting 10% in the first instance, and reassessing based on indicative outputs.</b>  <b>75% of DC revenues are included in this calculation.</b>	LGFA
<b>Inflation</b>	Each Council will have created their FIS with potentially different inflation rates. We rely on nominal inputs and do not attempt to normalise. <b>Real figures can be produced, but this would be a coarse assessment, normalising using the BERL LGCI.</b>	BERL LGCI
<b>Governance costs</b>	WSOs will have a board of directors. We have assumed that the board will be comprised of <b>5 members</b> , with the following assumptions: <ul style="list-style-type: none"> <li>• <b>Chair = \$108,000 pa</b></li> <li>• <b>Other board members = \$54,000 pa</b></li> <li>• <b>Meeting costs = \$10,000 pa</b></li> </ul>	Watercare Services Limited (base)
<b>Management costs</b>	<ul style="list-style-type: none"> <li>• <b>CEO = \$400,000 pa</b></li> <li>• <b>CFO = \$300,000 pa</b></li> <li>• <b>Other management costs are assumed to be captured within existing opex figures</b></li> </ul>	Relative to council salaries

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<b>Establishment costs (one-off)</b>	There are a series of capital costs associated with establishing an entity (fit out, staff IT equipment/networks etc.). Starting assumption of <b>\$9 million</b> .	<i>Note: We assume that operating costs associated with establishment will be debt funded.</i>
<b>Stormwater</b>	Stormwater to be <b>included</b> for the purposes of the modelling.	Agreed by Councils
<b>Price harmonisation</b>	No price harmonisation	Agreed by Councils
<b>Establishment date</b>	WSO is operational from 1 July 2027.	Agreed by Councils

### Allocation approach for incremental opex and establishment costs

Proposed that the average is used across the following (*note, this has no bearing or reference to potential shareholders – it is to support the equitable distribution of incremental costs in the draft financial statements*)

Allocation methodology	TCC	WBOP	TCDC
<b>Total connections</b>	61%	17%	22%
<b>Population</b>	63%	23%	13%
<b>Operating revenue</b>	62%	18%	20%
<b>Operating expenditure</b>	63%	19%	18%
<b>Asset book value</b>	70%	14%	16%
<b>Asset replacement value</b>	64%	15%	21%
<b>Average</b>	<b>64%</b>	<b>18%</b>	<b>18%</b>

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Efficiencies

We have examined international experience where water utilities have been merged into larger public entities. Evidence suggests that efficiencies are largely driven by scale and the agglomeration benefits of a metro. For the scale of the WSO, we propose the following:

Proposed assumptions	
Opex efficiencies p.a.	1.40% p.a.
Capex efficiencies p.a.	1.25% p.a.
Efficiency ramp	Efficiencies begin to develop two years after establishment, continuing to build over the next two years. The efficiency frontier is reached 15 years later.
Commentary	Some scope for operational efficiencies and capex efficiencies.
The above efficiencies represent a MartinJenkins view of reasonable efficiency assumptions that could be applied to support financial assessment of alternative options. The assumption should be applied on a compound (diminishing rate) basis from year 2 (ex-establishment) onwards, with full efficiencies reached in FY46.	

**10.2.1 TABLED ITEM 2 – COMMITMENT AGREEMENT**

**File Number:** A6886251

**Author:** Ariell King, Strategic Advisor: Legislative Reform and Special Projects

**Authoriser:** Adele Henderson, General Manager Corporate Services

**EXECUTIVE SUMMARY**

As outlined in Report 10.2 of the CL25-10 agenda, the Commitment Agreement was not available at the time of the agenda publication. This information is now attached as **Tabled Item 2**.

**ATTACHMENTS**

1. **Tabled Item 2 – Commitment Agreement**  

Final draft: 1 August 2025

# Commitment Agreement

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## **PARTIES**

Tauranga City Council

Western Bay of Plenty District Council

Thames-Coromandel District Council

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**AGREEMENT** dated

2025

**PARTIES**

Tauranga City Council  
Western Bay of Plenty District Council  
Thames-Coromandel District Council  
(together, the "**Councils**")

**INTRODUCTION**

- A. The Councils have agreed to proceed with the planning for a joint operating model between the Councils in respect of each Council's service area.
- B. The Councils are each required to submit a Water Services Delivery Plan ("**WSDP**") to the Secretary for Local Government (Department of Internal Affairs) by 3 September 2025 on how water services will be delivered in the Council's district as required under the Local Governance (Water Services Preliminary Arrangements) Act 2024. Each Council's WSDP will include an implementation plan (jointly developed by the Councils) and a description of the proposed joint operating model.
- C. The Councils commit to working together, including on the preparation of a detailed joint implementation plan, to:
  - (a) develop a joint operating model for the delivery of water services for each Council's community through the Water Organisation;
  - (b) undertake a due diligence process on each Council's water and wastewater assets, debts, obligations and arrangements, covering financial, cultural, legal and condition assessment, to inform decision-making by Councils;
  - (c) agree the shareholding and governance arrangements for the Water Organisation; and
  - (d) establish the Water Organisation for the joint operating model in accordance with each Council's accepted WSDP, with the intention that the Water Organisation will take over the water services obligations from the Councils with effect from 1 July 2027.
- D. Each Council agrees to undertake the activities and responsibilities allocated to it in this agreement to achieve the Objectives.
- E. The Council have entered into this agreement to record the terms of their commitment to achieve the joint operating model and Objectives.

**SIGNATURES****SIGNED** for and on behalf of**TAURANGA CITY COUNCIL**

By:

\_\_\_\_\_  
Signature of Authorised Signatory\_\_\_\_\_  
Signature of Authorised Signatory\_\_\_\_\_  
Name of Authorised Signatory\_\_\_\_\_  
Name of Authorised Signatory\_\_\_\_\_  
Date\_\_\_\_\_  
Date**WESTERN BAY OF PLENTY DISTRICT  
COUNCIL**

By:

\_\_\_\_\_  
Signature of Authorised Signatory\_\_\_\_\_  
Signature of Authorised Signatory\_\_\_\_\_  
Name of Authorised Signatory\_\_\_\_\_  
Name of Authorised Signatory\_\_\_\_\_  
Date\_\_\_\_\_  
Date**THAMES-COROMANDEL DISTRICT  
COUNCIL**

By:

\_\_\_\_\_  
Signature of Authorised Signatory\_\_\_\_\_  
Signature of Authorised Signatory\_\_\_\_\_  
Name of Authorised Signatory\_\_\_\_\_  
Name of Authorised Signatory\_\_\_\_\_  
Date\_\_\_\_\_  
Date

**SCHEDULE 1****Agreement Details**

<b>Commencement Date</b> <i>(Clause 6.1, Schedule 2)</i>	The date on which this agreement has been signed by all parties.
<b>Expiry Date</b> <i>(Clause 6.1, Schedule 2)</i>	This agreement expires on the date on which the parties agree to terminate this agreement under clause 6.2.
<b>CEO Governance Group</b> <i>(Clause 4, Schedule 2)</i>	<p><b>Members:</b> The members of the CEO Governance Group will be the following persons (or such other persons as are nominated by the relevant Council from time to time):</p> <ul style="list-style-type: none"> <li>• Tauranga City Council member: The Chief Executive of Tauranga City Council</li> <li>• Western Bay of Plenty District Council member: Chief Executive of Western Bay of Plenty District Council</li> <li>• Thames-Coromandel District Council member: Chief Executive of Thames-Coromandel District Council</li> <li>• An independent chair, who may be appointed (and removed or replaced) by the other members of the CEO Governance Group by unanimous agreement. The independent chair (if any) will not have a vote on any matter to be determined by the Council Executive Group.</li> </ul> <p><b>Meetings:</b> The Council Executive Group will meet monthly or at such other times or frequency as they determine from time to time.</p>
<b>Project Steering Group</b> <i>(Clause 4, Schedule 2)</i>	<p><b>Members:</b> The members of the Project Steering Group will be the following persons (or such other persons as are nominated by the relevant Council from time to time):</p> <ul style="list-style-type: none"> <li>• Tauranga City Council member: [Insert member name (one member per Council)]</li> <li>• Western Bay of Plenty District Council member: [Insert member name (one member per Council)]</li> <li>• Thames-Coromandel District Council member: [Insert member name (one member per Council)]</li> </ul>

	<p><b>Meetings:</b> The Project Steering Group will meet fortnightly or at such other times or frequency as they determine from time to time.</p>	
<p><b>Project Team</b> (clause 4 and 5.3, Schedule 2)</p>	<p><b>Members:</b> The members of the Project Team will be up to 2 persons nominated by each Council from time to time, with the members of the Project Team as at the Commencement Date being as follows:</p> <ul style="list-style-type: none"> <li>• Tauranga City Council members: [insert name(s)]</li> <li>• Western Bay of Plenty District Council members: [insert name(s)]</li> <li>• Thames-Coromandel District Council members: [insert name(s)]</li> </ul> <p>Additional persons may be nominated by Councils to join the Project Team from time to time in addition to the nominated members.</p> <p><b>Meetings:</b> The Project Team will meet weekly or at such other times or frequency as they determine from time to time.</p>	
<p><b>Address for notices</b> (clause 10, Schedule 2)</p>	<p><b>Tauranga City Council</b></p>	<p><b>Western Bay of Plenty District Council</b></p>
	<p>21 Devonport Road Tauranga, 3143 Private Bag 12022, Tauranga 3143 Email: [Insert details] Attention: [Insert details]</p>	<p>1484 Cameron Road Barkes Corner, Greerton, Tauranga, 3112 Private Bag 12803 Tauranga Mail Centre Tauranga 3143 Email: [Insert details] Attention: [Insert details]</p>
	<p><b>Thames-Coromandel District Council</b></p>	
	<p>515 Mackay Street Thames, 3500 Private Bag 1001,</p>	

Thames, 3540

Email: [Insert details]

Attention: [Insert details]

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**SCHEDULE 2****Agreement Terms and Conditions****1. DEFINITIONS AND INTERPRETATION****1.1 Definitions:** In this agreement the following definitions apply:

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

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

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

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

- (a) all information of a confidential nature (reasonably determined) obtained by one Council from another Council under or in connection with this agreement;
- (b) all information relating to the operations and affairs of another Council; and
- (c) all information obtained by a Council in respect of all activities or information undertaken, produced or discussed under the umbrella of the Project.

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

**"Due Diligence Plan"** means a plan setting out the due diligence exercise that the Councils will undertake on the water and wastewater assets, debts, obligations and arrangements of each Council that would be expected to transfer from that Council to the Water Organisation, which plan will set out:

- (d) the scope of the due diligence, and any specific exclusions;
- (e) the timeframes within which the due diligence is to be carried out and completed; and
- (f) the outputs from this exercise that will be provided to all Councils for consideration;

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

- (a) owned by, or licensed to, that Council prior to the date of this agreement; or
- (b) developed independently from this agreement by that Council, and that are not developed, commissioned or created under or in connection with this agreement.

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

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

- (a) patents, trade marks, service marks, copyright, registered designs, trade names, symbols and logos;
- (b) patent applications and applications to register trade marks, service marks and designs; and
- (c) formulae, methods, plans, data, drawings, specifications, characteristics, equipment, designs, inventions, discoveries, improvements, know-how, experience, software products, trade secrets, price lists, costings, brochures and other information used by that person.

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

**"LG(WS) Bill"** means Local Government (Water Services) Bill.

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

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

**"Project "** means giving effect to the Objectives in the manner contemplated by this agreement.

**"Project Budget"** has the meaning given to that term in clause 5.2.

**"Project Plan"** has the meaning given to that term in clause 4.7(a).

**"Water Organisation"** means the Council Controlled Organisation that is proposed to be jointly owned by the Councils, that will be a water organisation once established under the LG (WS) Bill once it is in force.

**"Water Services Delivery Plan"** or **"WSDP"** has the meaning given to that term in paragraph B of the Introduction section of this agreement.

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

- (a) headings are for convenience only and do not affect interpretation;
- (b) the singular includes the plural and vice versa, and a gender includes other genders;
- (c) another grammatical form of a defined word or expression has a corresponding meaning;
- (d) reference to a party, person or entity includes:
  - (i) an individual, firm, company, trust, partnership, joint venture, association, corporation, body corporate, estate, state, government or any agency thereof, municipal or local authority and any other entity, whether incorporated or not (in each case whether or not having a separate legal personality); and
  - (ii) an employee, agent, successor, permitted assign, executor, administrator or other representative of such party, person or entity.

- (e) a reference to dollars or \$ is to New Zealand currency and excludes every tax and duty;
- (f) a reference to a clause or schedule is to a clause or schedule of this agreement;
- (g) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (h) references to the word 'include' or 'including' are to be construed without limitation;
- (i) references to any form of law is to New Zealand law, including as amended or re-enacted;
- (j) a reference to a document or instrument includes reference to that document or instrument as novated, altered, supplemented, or replaced from time to time;
- (k) "written" and "in writing" include any means of reproducing words, figures or symbols in a tangible and visible form;
- (l) any obligation falling due for performance on or by a day other than a Business Day shall be performed on or by the Business Day immediately following that day; and
- (m) an obligation not to do something includes an obligation not to allow or cause that thing to be done.

## 2. PROJECT OVERVIEW

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

- (a) for the Councils to continue to work closely, collaboratively and successfully to develop and plan their separate WSDPs that meet each Council's needs and objectives for their respective communities and that are aligned with each other Council's WSDPs;
- (b) to provide each Council with sufficient information as to each other Council's water assets and obligations, through the carrying out of due diligence in accordance with the Due Diligence Plan, to facilitate each Council's decision making processes;
- (c) to facilitate the Councils making decisions in a timely manner to ensure the joint operating model can progress in a timely way to meet the requirements for submissions of each Council's WSDP and other requirements under the LG(WSPA) Act and the LG(WS) Bill (once enacted);
- (d) to enable the Councils to consider how they would operate together in a way that facilitates an effective and efficient use of the Councils' resources, providing optimum benefit to the parties' ratepayers;
- (e) to determine how the Water Organisation will uphold Ti Tiriti obligations and commitments, existing formal relationships, and maintain open engagement through support of established Iwi and Hapū collectives; and

- (f) to agree the process (including timetable, key terms, allocation of responsibilities and budget) for the establishment of the Water Organisation for the joint operating model in accordance with the accepted WSDP,

in each case, in accordance with the establishment principles set out in Attachment 1 to this agreement (**Principles**). The CGG may update and amend the Principles from time to time.

**2.2 Key Documents and Outcomes:** The key documents to be developed under or in alignment with this agreement are as follows:

- (a) the Project Plan, which will be prepared by the Project Team and approved by the PSG;
- (b) the Project Budget, which will be developed and maintained by the Project Team for each phase of the Project (as set out in the Project Plan) and approved by the PSG;
- (c) the Due Diligence Plan, which will be prepared by the Project Team and approved by the PSG;
- (d) a WSDP, which will be developed and approved by each Council individually; and
- (e) the structure, governance and transfer arrangements, in relation to the Water Organisation, which will be developed by the Project Team and approved by the PSG, with a final approval step of the CGG or the Councils as appropriate.

**2.3 Relationship principles:** The Councils will:

- (a) work together collaboratively and in good faith;
- (b) ensure communication between them is open, proactive, transparent and inclusive, to avoid any surprises;
- (c) make every effort to understand the other Council's needs and objectives for the joint operating model, and make all reasonable endeavours to ensure the joint operating model meets such needs and objectives;
- (d) raise any issues that arise in connection with this agreement at the earliest opportunity, for joint resolution;
- (e) resolve disagreements between them promptly and amicably; and
- (f) as a courtesy and in the interest of clear and consistent communication, consult with the other Councils before commenting publicly on the joint operating model or this agreement.

**3. KEY ACTIVITIES**

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

- (a) work with the other Councils to:

- (i) develop and document the Council's financial, technical, operational, legal and other requirements for the joint operating model ("**Requirements**") and to agree reasonable and realistic timeframes for delivery of the joint operating model; and
    - (ii) plan and design the joint operating model to meet the Requirements, including at such time(s) required by the other Councils;
  - (b) make decisions in relation to matters for the Project, within the indicative timeframes listed in the Project Plan;
  - (c) provide subject matter experts where relevant to assist with the development and design of the joint operating model;
  - (d) provide a dedicated single point of contact for that Council for the management of the Project delivery (who will also be the person authorised to make decisions (for example, approvals of proposed public comments on the Project) on behalf of that Council);
  - (e) provide a dedicated and senior level 'sponsor' for the Project, who will be the representative of that Council on the PSG;
  - (f) attend those meetings agreed by the Councils as appropriate or necessary for the effective governance of and/or the delivery of the joint operating model;
  - (g) where there are any changes in Government policy or direction, which affects the purposes and activities of this agreement, inform the other Councils of those changes at the earliest possible opportunity thereafter, and the Councils agree to renegotiate, where necessary, any aspects of this agreement that has been or will be affected by this policy change.
  - (h) fund and provide resources to undertake the Project under this agreement; and
  - (i) be responsible for complying with any requirements to undertake consultation or reporting in respect of its own council and local government processes.
- 3.2 **Council individual responsibilities not affected:** Each Council acknowledges that the Councils' commitment to the obligations under this agreement does not limit or pre-empt each Council's own obligations as local government authorities at law, including in respect of decision-making responsibility, funding, prudent financial management and public consultation obligations.
- 3.3 **Project management, advisory and administration:**
- (a) The PSG will determine what project management, advisory, and other administrative resources are required for the Project, and approve the arrangements in relation to engaging such resources.
  - (b) The Councils agree that Tauranga City Council will have responsibility for the following:
    - (i) managing Project expenditure, including paying amounts incurred in respect of the Project and seeking reimbursement from the Councils in

accordance with clause 5, and tracking against the Project Budget (once agreed);

- (ii) entering into agreements for the benefit of the Project, where approved by the PSG as contemplated by clause 3.3(a), on the basis that all costs incurred by Tauranga City Council in relation to such arrangements will be treated as Project costs.
- (c) The Councils may agree that one of the other Councils will take the role set out in clause 3.3(b), after which time, the relevant Council will assume those responsibilities under this Agreement.

**3.4 Development expectations and timelines:**

- (a) Each Council acknowledges that the other Councils will be providing funding and resources to develop and design the joint operating model, and has an interest in ensuring a consistency of approach in the development and design of the joint operating model.
- (b) Accordingly, any Council may submit a request to the other Councils, for consideration and agreement by all the Councils, to:
  - (i) adjust expected timelines and/or reprioritise resources allocated to the development and design of the joint operating model as necessary to manage resource and funding constraints, subject to not compromising the achievement of the Objectives; and/or
  - (ii) change the Requirements that are not reasonably viable in order for a Council to meet its own needs, and the Councils will work together to agree and implement any agreed change to the joint operating model, including any consequential changes to the Requirements for that joint operating model.

- 3.5 Project communications:** The Councils agree to jointly develop a communication plan relating to all aspects of the Project (including media releases, public announcements and public disclosures, communications with Tangata Whenua, internal communications with affected staff of each Council, as well as Council meetings relating to the Project and engagement with Department of Internal Affairs), and each Council will comply with that communication plan once agreed by all Councils.

**4. PROJECT GOVERNANCE**

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

- (a) CEO Governance Group ("**CGG**");
- (b) Project Steering Group ("**PSG**"); and
- (c) Project Team.

- 4.2 Terms of Reference:** Each of the CGG, the PSG and the Project Team will develop its own terms of reference to align with the Objectives and its role under this agreement.

- 4.3 **Decisions made by the governance groups:**
- (a) Each Council will be responsible for their own decision-making using the Project Team's advice and assistance.
  - (b) The CGG, PSG, and Project Team will make decisions on a consensus basis.
  - (c) Where consensus is not possible, decisions will be made by the majority, or alternatively escalated to the next governance level, with final decisions to be made by the Council members of the CGG.
- 4.4 **Meeting administration:** Each of the governance meetings will be scheduled by the Council appointed under clause 3.3, who will circulate agenda items and decisions to be discussed ahead of the meeting date.
- 4.5 **CEO Governance Group:** The CGG shall be responsible for:
- (a) establishing a governance group comprising elected Council representatives that the CGG will report to and seek direction from;
  - (b) overseeing the executive direction of the Project;
  - (c) addressing issues that have been escalated to it by the PSG;
  - (d) keeping informed on the Project by information provided from the Project Team; and
  - (e) referring issues raised by the PSG to their respective Councils for consideration and approval where relevant.
- 4.6 **Project Steering Group:** The PSG shall be responsible for:
- (a) providing strategic directions and decisions on the Project;
  - (b) ensuring that progress against the Project Plan and associated timelines are monitored and the activities set out in the Project Plan are delivered;
  - (c) identifying and managing risks, and escalating any such risks where appropriate;
  - (d) identifying the issues that require consideration and decision-making by Councils, and referring those issues to the CGG;
  - (e) addressing issues that have been escalated to it by the Project Team;
  - (f) reviewing and approving any proposed changes the direction of the Project;
  - (g) appointing members to the Project Team;
  - (h) ensuring the strategic direction of the Project continues to align with the Objectives and each Council's obligations under this agreement; and
  - (i) approving the Project Budget and any changes to the Project Budget.
- 4.7 **Project Team:** The Project Team shall be responsible for:

- (a) preparing a detailed scope of work and project plan (including timeline and project milestones) to deliver on the Objectives ("**Project Plan**"), which will be developed based on the draft transition plan set out in Attachment 2 to this agreement and will incorporate the due diligence and negotiations processes set out in the diagram in Attachment 3 to this agreement. The Project Plan and progress against the Project Plan will be reported to the PSG and CGG on a monthly basis;
- (b) preparing and implementing the Due Diligence Plan, and reporting to the PSG and CGG on a weekly basis against that Due Diligence Plan;
- (c) developing an initial Project Budget for approval by the PSG, and then maintaining that Project Budget (including any recommendations to the PSG to increase the Project Budget);
- (d) developing such term sheets, guidance notes and documents as are required in order to formalise the way in which the joint operating model is proposed to be established, governed and operated, for review and approval by the Councils;
- (e) engaging external expertise as required;
- (f) preparing stakeholder/engagement framework ensuring all appropriate parties are included on an ongoing basis;
- (g) preparing and attending workshops with the Councils' elected members as required to achieve the Objectives;
- (h) preparing consultation packs in collaboration with individual Councils to support each Council's required consultation processes;
- (i) running and/or supporting consultation processes as required;
- (j) approving payments from the Project Budget up to a level set by the PSG; and
- (k) any of matters required under a terms of reference agreed for the Project Team.

## 5. COST SHARING

- 5.1 **Cost sharing principles:** The Councils agree to fund the costs of the Project in accordance with the amounts and frequency of cost contributions agreed by the PSG under clause 5.2. All such Project costs will be shared between the Councils as follows: Tauranga City Council 64%, Thames-Coromandel District Council 20% and Western Bay of Plenty District Council 16%.
- 5.2 **Project funding:** By no later than 30 Business Days after the date of this agreement, the Councils will (through the Project Team) prepare a Project budget for approval by the PSG, that covers:
  - (a) the contribution by the Councils for the costs of the Project, including the project management and administration costs that will be incurred by the Council carrying out the responsibilities set out in clause 3.3(a); and
  - (b) costs for any internal and external consultants (preapproved by the PSG in each instance),

(together, the "**Project Budget**"). The Councils acknowledge their intention that all costs borne by the Councils under this agreement relating to the Project will (if the Water Organisation is established and becomes operational) be treated as an advance by each Council to the Water Organisation and will be reimbursed by the Water Organisation accordingly. These costs will be ring-fenced from the costs incurred by each Council as contemplated by clause 5.5.

- 5.3 **Project Team delegation:** The Project Team will have delegated authority to spend up to the approved Project Budget, subject to any limits set (as contemplated by clause 4.7(j)). Costs that exceed the approved Project Budget will require approval by the PSG.
- 5.4 **Council Exit:** If a Council exits this agreement, that Council remains responsible for their share of all costs incurred up to that date, including any committed costs which cannot be mitigated by the remaining participating Councils.
- 5.5 **Council Costs:** The Councils acknowledge and agree that any costs relating to the preparation of their individual WSDPs and internal work in relation to the proposed joint operating model (and any advice they obtain for their sole benefit) will be their own cost and will not form part of the Project Budget.
6. **TERM**
- 6.1 **Term:** This agreement commences on the Commencement Date and continues until the Expiry Date, unless terminated earlier by all Councils in accordance with clause 6.2.
- 6.2 **Termination by agreement:** This agreement may be terminated at any time with immediate effect by agreement of all current Councils to this agreement for any reason, including if there is a material change of law or policy direction that affects the Councils' obligations under the LG(WSPA) Act and LG(WS) Bill (once enacted).
- 6.3 **Council withdrawal:**
- (a) Subject to clauses 5 and 6.3(b), any Council may withdraw its participation in this agreement at any time immediately by giving written notice to the other Councils. The parties acknowledge that a Council's decision to withdraw may be as a result of the outcomes of the due diligence exercise to be undertaken in accordance with the Due Diligence Plan.
  - (b) Before a Council exercises its withdrawal right under subclause (a), that Council must use reasonable endeavours to:
    - (i) provide as early as possible notification to the other Councils that the Council is considering, or intending to withdraw from the Project, including to provide the other Councils with sufficient time to respond to and agree on any public releases in accordance with clause 3.5; and
    - (ii) provide the other Councils an explanation for the withdrawing Council's reason(s) for the withdrawal.
  - (c) Where any Council breaches a material obligation, or persistently does not perform its obligations, under this agreement, then the other Councils may request that

such Council withdraws its participation from this agreement, in which case the parties will promptly discuss the next steps following such request.

- 6.4 **Effect of termination:** In addition to any other rights, powers or remedies a Council may have under this agreement or at law:
- (a) if this agreement ends or is terminated, the following will apply:
    - (i) each Council is released from its obligations under this agreement, except clauses 5, 6, 7, 8 and 9 that shall survive expiry or termination of this agreement;
    - (ii) each Council retains the rights and obligations it has accrued under this agreement as at the date of expiry or termination; and
    - (iii) each Council must return any Confidential Information of another Council in its possession to that other Council or, if requested by the other Council, destroy the Confidential Information, except to the extent that it is required to retain the Confidential Information in order to meet its legal, contractual and governance obligations.
  - (b) if a Council withdraws its participation in this agreement or otherwise exits this agreement:
    - (i) clause 6.4(a) will apply only in respect of that Council;
    - (ii) that Council will not have any rights to any new Intellectual Property Rights as contemplated by clause 9.2; and
    - (iii) this agreement continues in force as between the remaining Councils.

## 7. DISPUTE RESOLUTION

- 7.1 **Notice in writing:** If a Council claims that a dispute has arisen, that Council must give written notice to the other Councils. The written notice must specify the nature of the dispute.
- 7.2 **Negotiation:**
- (a) On receipt of a notice delivered in accordance with clause 7.1 and before any Council may refer a dispute to mediation, the Representatives must, in good faith and acting reasonably, do their best to resolve the dispute quickly and efficiently through negotiation.
  - (b) If any Representative considers that the dispute is not being resolved in a timely manner, such Representative may serve written notice on the other parties' Representatives to escalate the dispute to the Chief Executives or equivalent (where the Representatives are not the Chief Executive or equivalent) of the applicable Councils for resolution.
  - (c) If the dispute has not been resolved within 20 Business Days (or within such other period as agreed by the Councils) of the date of the notice referred to in clause 7.2, any Council may submit the dispute to mediation.

**7.3 Mediation:**

- (a) If the Councils do not resolve the dispute by negotiation, the Councils must, in good faith and acting reasonably, do their best to resolve the dispute by participating in mediation with an independent mediator.
- (b) If the Councils do not agree on a mediator, then the mediator will be appointed by the New Zealand Dispute Resolution Centre.
- (c) The Councils must mediate the dispute in accordance with principles agreed between them or, if no agreement can be reached, the New Zealand Dispute Resolution Centre Mediation Rules.
- (d) Unless the Councils agree otherwise, the mediator's fee and any other costs of the mediation itself (such as for venue hire or refreshments) will be shared equally between the parties, but the parties will each pay their own costs of preparing for and participating in the mediation (such as for travel and legal representation).

**7.4 Arbitration**

- (a) If the dispute has not been resolved within 40 Business Days (or within such other period as agreed by the parties) of the dispute being referred to mediation, any Council (the "**Initiating Council**") may refer such dispute to binding arbitration by issuing a written notice ("**Arbitration Notice**") to the other Council(s) (together with the Initiating Council, the "**Disputing Council(s)**") for final resolution in accordance with the provisions of this clause 7.4 and in accordance with the provisions of the Rules of Arbitration of the New Zealand Dispute Resolution Centre, as amended or modified from time to time ("**NZDRC Rules**").
- (b) The arbitral panel shall consist of one arbitrator. The arbitrator will be appointed by the agreement of the Disputing Councils or, failing agreement within 10 Business Days of the date of the Arbitration Notice, in accordance with the NZDRC Rules.
- (c) The seat of arbitration shall be Tauranga, New Zealand and the arbitration shall be conducted in the English language.
- (d) The award of the arbitration shall be in writing and must include reasons for the decision.
- (e) The award of the arbitration shall be final and binding on the Councils. No Council may appeal to the High Court under Clause 5 of the Second Schedule of the Arbitration Act 1996 on any question of law arising out of an award.
- (f) The award shall allocate or apportion the costs of the arbitration as the arbitrator deems fair.
- (g) Neither the existence of any dispute nor the fact that any arbitration is pending hereunder shall relieve any of the Councils of their respective obligations under this agreement.

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

- 7.6 **Rights and obligations during a dispute:** During a dispute, each Council must continue to perform its obligations under this agreement.
- 7.7 **Interlocutory relief and right to terminate:** This clause does not restrict or limit the right of a Council to obtain interlocutory relief, or to immediately terminate this agreement where this agreement provides such a right.

## 8. CONFIDENTIALITY AND INFORMATION DISCLOSURE

- 8.1 **Confidentiality:** Each Council will keep confidential and secure all Confidential Information, and no Council shall disclose the other Councils' Confidential information to any person, or use the other Councils' Confidential Information, other than:
- (a) to the extent that use or disclosure is necessary for the purposes of giving effect to or exercising the rights and benefits of this agreement (which for the purpose of each Council, may involve disclosure to that council's elected members and staff);
  - (b) if the discloser of the information has obtained the prior written approval of the providing Council to the use or disclosure;
  - (c) if the use or disclosure is required by law including under the Local Government Official Information and Meetings Act 1987 ("**LGOIMA**"), or the Local Government Act 2002, provided that prior to that Council making a disclosure, that Council will use reasonable endeavours to promptly consult in good faith with the other Councils:
    - (i) regarding the requirement under which that Council is required to disclose the Confidential Information; and
    - (ii) so that the other Councils are informed to arrive at a view on whether those Councils would also be required to make such disclosure if a request is made of them; or
  - (d) in relation to disclosure, if the information has already become public, other than through a breach of the obligation of confidentiality by one of the Councils.
- 8.2 **LGOIMA:** Each Council acknowledges that the other Councils are subject to the LGOIMA. Accordingly, notwithstanding anything else in this agreement, each Council agrees to cooperate fully in providing the other Councils with any documents or other information that the other Council is required to provide pursuant to a request made under the LGOIMA.

## 9. INTELLECTUAL PROPERTY RIGHTS

- 9.1 **Existing Intellectual Property Rights:** Notwithstanding any of the provisions of this agreement, each Council or its licensors retain ownership of all Intellectual Property Rights, including in Existing Material belonging to that Council or its licensors at the Commencement Date ("**Existing Intellectual Property Rights**").
- 9.2 **New Intellectual Property Rights:** Any new Intellectual Property Rights which are created as a result of, or in connection with, the provision of the Services or Deliverables, or

otherwise in connection with this agreement, shall be jointly owned by the Councils, unless otherwise agreed by the parties.

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

## 10. NOTICES

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

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

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

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

- (a) If it is delivered, when it is left at the relevant address.
- (b) If it is sent by post, five Business Days after it is posted.
- (c) If it is sent by email, when it is received in readable form addressed in the manner specified above.

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

## 11. GENERAL

- 11.1 **No partnership, joint venture:** Nothing in this agreement shall create or evidence any partnership, joint venture, agency, trust or employer/employee relationship between any of the Councils, and a Council may not make, or allow to be made, any representation that any such relationship exists between any of the Councils. A Council shall not have authority to act for, or to incur any obligation on behalf of, any other Shareholder, except as expressly provided for in this agreement.
- 11.2 **No privity:** Other than as expressly provided for in this agreement, this agreement is not intended to confer a benefit on any person or class of persons who is not a party to it.

- 11.3 **Counterparts:** This agreement is deemed to be signed by a Council if that Council has signed or attached that Council's signature to any of the following formats of this agreement:
- (a) an original;
  - (b) a photocopy; or
  - (c) an electronic copy,
- and if every Council has signed or attached that Council's signature to any such format and delivered it to the other Councils, the executed formats shall together constitute a single binding agreement between the Councils.
- 11.4 **Entire agreement:** This agreement contains everything the parties have agreed in relation to the subject matter it deals with. No Council can rely on an earlier written agreement or anything said or done by or on behalf of another Council before this agreement was executed.
- 11.5 **Severance:** If any provision of this agreement is, or becomes unenforceable, illegal or invalid for any reason it shall be deemed to be severed from this agreement without affecting the validity of the remainder of this agreement and shall not affect the enforceability, legality, validity or application of any other provision of this agreement.
- 11.6 **Further assurance:** Each Council shall make all applications, execute all documents and do or procure all other acts and things reasonably required to implement and to carry out its obligations under, and the intention of, this agreement.
- 11.7 **Variation:** No variation of this agreement will be of any force or effect unless it is in writing and signed by each Council to this agreement.
- 11.8 **Assignments and transfer:** A Council must not assign or transfer any of its rights or obligations under this agreement without the prior written consent of the other Council(s).
- 11.9 **Costs:** Except as otherwise set out in this agreement, each Council must pay its own costs and expenses, including legal costs and expenses, in relation to preparing, negotiating, executing and completing this agreement and any document related to this agreement.
- 11.10 **Waivers:**
- (a) A waiver of any right, power or remedy under this agreement must be in writing signed by the Council granting it. A waiver only affects the particular right, obligation or breach for which it is given. It is not an implied waiver of any other right, obligation or breach or an implied waiver of that right, obligation or breach on any other occasion.
  - (b) The fact that a Council fails to do, or delays in doing, something the Council is entitled to do under this agreement does not amount to a waiver.
- 11.11 **Governing law:** This agreement is governed by the laws of New Zealand and the Councils submit to the non-exclusive jurisdiction of the courts of New Zealand in respect of any dispute or proceeding arising out of this agreement.

**Attachment 1 – Establishment Principles****1. PURPOSE**

This document presents draft establishment principles, criteria, and safeguard mechanisms. These would apply to any joint or multi-WSO to ensure beneficial arrangements between councils are able to be identified and implemented.

These principles are enduring and will apply wherever additional Water Service Providers (Councils) seek to join the multi-WSO. Principles will be upheld by Council, and any amendments will be managed through resolution of Council, consistent with legislation and delegations.

**Key Strategic Principles (Approved by Councils)**

- |    |                                |   |
|----|--------------------------------|---|
| 1. | Affordability                  | The WSO is operated in a way that ensures water services are affordability focused and equitable for all communities, balancing cost-effectiveness with long-term service quality and sustainability        |
| 2. | Transparency                   | The WSO will operate with transparency and accountability to its shareholder councils and communities, ensuring clear, timely, and accessible information to build trust and support informed participation |
| 3. | Safe and resilient             | The WSO will deliver water services that are safe, reliable, and resilient—protecting public health and adapting to changing environmental, infrastructure, and community needs over time                   |
| 4. | Environmental Wellbeing        | The WSO has a kaitiaki role caring for the health and wellbeing of water for the benefit of the environment, communities, and future generations  |
| 5. | WSO is set up to be successful | The shareholder councils are committed to establishing the joint waters WSO with the right governance, capabilities, and direction to enable long-term operational success and public value from day one    |
| 6. | Iwi Hapū                       | The WSO will uphold Ti Tiriti obligations and commitments, existing formal relationships, and maintain open engagement through support of established Iwi and Hapū collectives.                             |

## CORE GUIDELINES AND CRITERIA THAT WOULD BE APPROVED BY ELECTED MEMBERS

Group (1) – Key Establishment Considerations	
Financial Transition	
<b>Independent verification of key data</b>	<p>In summary - by agreement, an independent advisor assesses key financial data and other key information to ensure:</p> <ul style="list-style-type: none"> <li>• Debt transfer</li> <li>• outstanding revenue and liabilities,</li> <li>• financing arrangements and reserves</li> <li>• asset valuations and transfer,</li> <li>• asset condition,</li> <li>• risk registers.</li> <li>• capital programme and prioritisation</li> </ul> <p><i>Further detail and linkage to guidelines below.</i></p>
<b>Appropriate debt transfer</b>	<p>The amount of debt that each council transfers to the new water entity will have a major bearing on the financial health of both the water service entity and each council. Ensuring the ability to agree to a fair and equitable debt level arrangement Councils will;</p> <ul style="list-style-type: none"> <li>• Demonstrate that the debt value transferred from the council to the WSO is appropriate and sustainable and genuinely relates to the water asset</li> <li>• Financing arrangements are fair and equitable in relation to the remaining council operations</li> <li>• Financial reserves are considered as part of total debt and transferred as appropriate (including depreciation and financial instruments) and special purpose reserves (e.g. biosolids)</li> </ul> <p>A peer review of data and history may be engaged.</p> <p>Activities surrounding debt and direct costs of renewing, improving, operating and maintaining the network of each partnering Council should be ring-fenced so that communities fund their fair portion of services, and apply their fair share of debt brought to the arrangement.</p>
<b>Equitable asset transfer</b>	<p>The valuation of assets must have been revalued in the last 2 years, consistent within benchmarking rates.</p> <p>Asset management plans reflect the asset value, condition, performance and age.</p> <p>Assets that have high amenity value for the community (e.g. stormwater reserves) should stay with the councils to enable the focus to be on recreation management.</p>
<b>Growth pays for growth</b>	<p>Capital expenditure associated with enabling or supporting growth will be attributed to and funding by those who have caused or benefit from that investment.</p>

	The WSO will look to maximise all available sources of external funding in order to minimise the financial impacts of investment on ratepayers and customers.
<b>Capital programme</b>	Ring fencing of new debt and a prioritization approach to capital programme. A capital programme prioritization framework to be agreed and applied across a combined programme.
<b>Equitable allocation of guarantee</b>	Allocation of guarantee of debt and other liability will be ring fenced, but in the event of that approach changing, in the first instance the guarantee will relate to the jurisdiction area where the investment occurred. If this is not possible to achieve, then the guarantee will be proportional to the value of the assets,
<b>Equitable share allocation</b>	Jointly explore and assess options for share allocation to achieve a mutually agreed allocation which is proportional and fair, both at the commencement of the multi-WSO and overtime when and when scale and membership of the business changes.
<b>“In flight” transaction at transition date</b>	In flight transactions to be agreed with the transferring council the arrangements for transferring of any outstanding operational and business process matters.
<b>Revenue and Pricing</b>	The WSO will set pricing appropriate to deliver water services (affordability of services) aligned to the objectives through the Statement of Expectation (SOE). The pricing models will: <ul style="list-style-type: none"> <li>• avoid customer price shocks</li> <li>• reasonably reflect operation costs, in the year they occur (i.e. a balanced budget)</li> <li>• reasonably reflect customer segmentation and requirements</li> <li>• maintain financial sustainability.</li> </ul> This relates to ring fenced operations unless Council make decision to harmonise.
<b>Harmonisation of pricing</b>	Initially, there will be ring fenced pricing aligning with the principles above. Any shift to equalisation/harmonisation would be a transitional process. All Councils agree, through their Statement of Expectation, that annual reports to Council will be provided identifying efficiencies, alongside the WSO position on any future harmonisation or tariffing structures.
<b>Sustainability</b>	
<b>Wellbeing of Water</b>	The WSO recognises the vital importance of wai (water) as a taonga and upholds its responsibility as a kaitiaki. In partnership with Iwi and Hapū the Board will ensure that all decisions recognise the importance of the health and wellbeing of water, for the benefit of the environment, communities, and future generations.

<b>Environmental stewardship</b>	<p>Sustainable use of natural resources across all three waters should support the approach to efficient infrastructure investment. The WSO will comply with environmental requirement set through legislation or Government policy statements.</p> <p>Ensure management of all conditions of resource consents held by WSO.</p>
<b>Workforce</b>	
<b>Fair process and equal opportunity</b>	<p>Staff transition processes are underpinned by procedural; fairness that gives staff from all organisations equal opportunity to apply for roles in the new WSO (excluding board appointments)</p>

## Attachment 2 – Transition Plan

Key Activities and Decisions <sup>1</sup>	Approximate timeframes
(1) Enter into Commitment Agreement ("CA") and establishment of governance groups mentioned within CA (i.e. Councils Executive Group, Project Steering Group and Project Team)	By end of August 2025 following approval by respective Councils (to align with Council meetings)
(2) Agree on process for engaging with each Council's elected members for input on key commercial documents (and other key cross-Council negotiations) including thresholds that will require full Council input	By end of August
(3) Appointment of "hands on" working group(s) (i.e. the dedicated staff who will be assisting the Project Team members)	By end of August 2025
(4) Finalise Water Services Delivery Plans and submit to Government (each Council to submit their own WSDP, but each will speak to the proposed 3 Council Water Organisation)	By 3 September 2025 (statutory date)
(5) NOTE: "Interregnum" period for WBOPDC and TCDC	August to November 2025
(6) Testing of joint CCO model, including: <ul style="list-style-type: none"> <li>a. Workshopping on draft key CCO documents including CCO Shareholders Agreement, CCO Constitution, CCO Financing Agreement (including for transitional financing arrangements and working capital) and CCO Template Transfer Agreement ("CCO Constitutional Documents")</li> <li>b. Each Council's assessment of its own process for transferring water operations from its own Council into CCO</li> <li>c. Assessment CCO partners (including external assessments where relevant) of water operations (i.e. financial, cultural, legal and infrastructure due diligence on of CCO members)</li> </ul>	Mid to late 2025
(7) Final negotiations of CCO Constitutional Documents	Early 2026
(8) Decide on process for recruiting CCO board and executive team (including potential interim roles ahead of operational roles)	Early 2026
(9) Execute CCO Constitutional Documents, establish CCO (including shareholding council/shareholding representative forum)	By 31 March 2026
(10) Recruitment of CCO board (potentially partial and/or interim board) and appointment of CCO Chief Executive (potentially interim)	1 April 2026 to 30 June 2026
(11) Draft template operational documents and policies for CCO	Mid 2026 to early 2027
(12) Each Council to identify process for undertaking transfer of assets / obligations / staff etc into CCO	Mid to late 2026

<sup>1</sup> More detailed project program(s) will be prepared in due course. The purpose of this document is simply to capture the timing of very key milestones.

Key Activities and Decisions <sup>1</sup>	Approximate timeframes
(13) Enter agreements to transfer assets /obligations / staff from Councils to CCO (with “settlement date” of 1 July 2027)	Early to mid-2027
(14) Likely recruitment of operational CCO board and operational CCO executive team	Early to mid-2027
(15) Settlement date and date that CCO becomes fully operational Waters Organisation	1 July 2027

## Attachment 3 – Due Diligence and Negotiation Process

