

Water Infrastructure Reform planning.

Assessment Potential of:

Potential benefits from a Masterton, Carterton, South Wairarapa, Tararua combined council area - Multi council Water services CCO.

Prepared for:

Carterton District Council

Masterton District Council

South Wairarapa District Council

Tararua District Council

Date: August 2024

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Trading as: Water Infrastructure Reform Planning

Background

New policy places Councils at a junction point

Wholesale water reform has not gone away. Water reforms are now under the direction of the new coalition Government comprised of National/Act/NZ First who have signalled a different approach for delivering acceptable water services to New Zealanders.

This new Government within its first 100 Days repealed the '3 waters / Affordable waters reform' program are now standing behind new policy called 'Local Waters Done Well'.

The major directive for 'Local Waters Done Well' is to confirm Local Government retaining control and accountability of water services and not being managed by centralised entities.

Councils are required to make their own decisions and then produce a 'Water Services Delivery Plan'. These will be due to be presented to the Minister of Local Government within 12 months after the "Council Controlled Organisation (CCO) enabling" Legislation is passed July 2024.

Production of a 'Water Services Delivery Plan' will be mandatory and will require:

- Councils to demonstrate they can both deliver water services in ways that are financially sustainable and that meet regulated quality standards
- To make transparent each council's plans for water services, which will make it easier for local communities to hold their councils to account for performance.

Councils will be free to produce standalone water services plans but are being urged by the Minister of Local Government to work towards forming multi council water services CCO's in order to unlock efficiencies and to pool credit risk to maximise the borrowing leverage which could be made available.

The analysis contained in this report utilises as its base the financial/pricing model created and invested in by Department of Internal Affairs for conducting the then 3 waters/Affordable waters reform program.

The financial/pricing model was created by Department of internal affairs, checked and validated through an external accounting firm – Deloitte.

It was the financial/pricing model utilised for the production of Organisation A Water services delivery plan, and subsequently scrutinised by the Commerce Commission, the NZ Treasury, MBIE, Audit NZ, LGFA and WICS (Water Industry Commission Scotland).

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1. Exec Summary

This report

The intention of this report is to provide the contributing Councils with an assessment of how their Local Waters Done Well services would need to be priced were they to be delivered on a Stand-Alone basis, **and then** compare the prices if they to be delivered from a combined Multi council water services CCO operating at its optimum.

This assessment is in the setting of the newly enacted legislation, which is 'a potentially unrecognisable' environment for Councils as there is now the addition of legislated economic and environmental regulators as well as a new suite of legislated financing tools at the water service organisations disposal.

This report provides a cost estimate of each councils' network investment which is needed in order to meet both the newly enacted legislated standards for water quality and the signalled anticipated standards due to be enacted for wastewater and storm resilience.

Investment is highly correlated to pricing. Where the new reforms would require a catch up or increase in investment there will typically also be a required catch up or increase in the prices charged to households for these services.

However

Some of the enabling legislative changes for these reforms will:

- Facilitate the use of more appropriate financing tools to allow a closer alignment of debt and debt servicing to the infrastructure being invested in, and
- Enable councils to aggregate with neighbouring councils. This will provide the potential to unlock operational and capital investment efficiencies
- Align debt and debt servicing to the credit worthiness of the organisation, pooling of credit risk between councils to support a more confident credit risk profile and thereby unlocking even greater levels of finance availability.

These two drivers of enabling legislation can be utilised to **minimise bill shock** or **hold off the eventual upward adjustments in household prices** associated with the required network investment.

An assessment of the financing tools and mechanisms which become available to water infrastructure CCO's has been conducted for each four of the Wairarapa's and Tararua's 'standalone business units (or single council CCO's) and **then** to a 'Wairarapa-Tararua multi-Council water services CCO' utilising S&P's corporate methodology for ratios and adjustments as **this provides the best proxy** of the "prudential credit considerations' criteria for LGFA borrowing allowance of **up to** 500 percent of revenue.

An estimation of the operational and back-office, capital investment, CCO set up cost, and efficiency savings which could be gained through aggregation has also been produced.

The assessments when applied in their financial settings produce the following outtakes:

In a Wairarapa-Tararua 4 Council Water Services CCO, all residents will receive compliant water services from efficiently operating water infrastructure and pay 25% less while **than they would if** the Councils formed Stand-alone business units. While non-residents (businesses) would pay 20% less.

Other considerations

The considerations to own, manage and deliver local water services through a standalone business unit, a single council CCO or even an aggregated multi council water services CCO will be wide ranging for elected members to contend with on behalf of their constituents.

There is the need to balance up many other different factors and stakeholder perspectives which are outside of the scope of this report.

Finding the right structure to enable councils to be able to unlock any, some or the maximum potential of the financing tools made available from enabling legislation and LGFA will be critical for Council decision making as will deciding whether to form too small a single council CCO or too large an aggregated multi council CCO.

This report is therefore only intended to aid in this decision-making by answering the question on behalf of households –

What is the value of the price premium households will need to pay for certain structural decisions?

Network

Robust and sustainable water infrastructure is essential for public health, economic prosperity and environmental sustainability. Some or most of the network infrastructure across the entirety of New Zealand are near capacity. This, in conjunction with historical under investment in water infrastructure, mean councils should need to increase investment to ensure quality, capacity and security of water services for now and into the future.

The Wairarapa Tararua regions are no different to the rest of New Zealand.

The proposals currently being consulted within LTP's across NZ, should, but may not always be up to a level which will satisfy the new water standards being set in Legislation.

A new feature resulting from the Governmental water reforms is an environmental regulator with further wide-ranging legislative powers and a range of consequences who will be tasked with enforcing that owners of water infrastructure DO meet minimum standards.

An assessment of the investment which may be required for Local Waters Done Well compliance underpins this report and is supported by a recommended and costed project-by-project list, these are detailed in the Appendix.

The projects and investments have been selected to be completed or started within the first 10 years of the water services delivery plan and will satisfy the following attributes:

- Ensure at a minimum the legislated levels of service of water quality for New Zealanders are satisfied. (i.e. no enforcement fines will be issued).
- Address end of service life renewals, and an acceleration of renewals and replacements and monitoring technology where there is a demonstratable future operating cost foregone. (spend to replace before spending to repair, to make the network cheaper to operate).
- Address capacity constraints. Spend on infrastructure growth such that the regions can continue to attract residents and businesses.

The indicative totals of projects for the Council regions have been estimated to be:

	10 years of projects (\$millions)		House Holds	Actual Dollars
	Real 2024 Dollars	Nominal (delivered with Inflation)		Nominal 10 yr capital Spend per household
Masterton	\$135.90	\$171.61	9,684	\$17,721
Tararua	\$148.99	\$187.50	6,552	\$28,615
Carterton	\$97.11	\$122.62	3,486	\$35,177
SWDC	\$177.94	\$224.69	4,007	\$56,073
Wairarapa-Tararua Region	\$559.94	\$706.41	23,729	\$29,770

Balance Sheet Separation - Potential

One of the tools the Government is currently legislating for will provide the ability to perform ‘balance sheet separation’. This is the ability to decouple the water infrastructure assets, management and pricing, from the council environment such that it can operate at a higher geared leverage than councils are currently rated and legislated at.

Balance sheet separation (or access to more financing) will not be a binary tool which allows every water service CCO in NZ to operate up to the same level of leverage, again LGFA stipulates that prudential credit criteria will apply.

Leverage will be of a graduated nature which will be impacted by:

- The stand-alone nature of the ownership, delivery, management and pricing of the water services decoupled from influence from other Council activities and control.
- The status of Council actual and implied guarantee support of the organisation
- Dilution of Council ownership
- Increasing population bases to be supported by the infrastructure
- Extent of economic regulator’s powers and the nature of its specific regulation
- and the success of water entities operating through regulatory cycles (3-5 yrs. each)
- Credit rating metric analysis

An assessment of the credit variables for Council scenarios for delivering water services through a Standalone business unit (STABU) / Single council CCO’s or an aggregated multi council CCO are detailed in the body of this report.

Utilisation of S&P’s “Corporate methodology Criteria” for calculating Stand Alone Credit Ratings (SACR) would support a BBB+ credit rating, when the range of Free Funds from Operations (FFO) as a percentage of the overall operating level of debt is between:

- 17%-22% when councils operate as a Stand-alone business unit Single council CCO’s
- Between 10% -12.5% with a mid-point of 11.25 % when operating as a multi council CCO
- An 11.25% FFO to debt in this financial setting equates to a borrowing of 431% revenue

BBB+ is the target anchor credit rating providing a sufficient shield above the threshold of investment grade and provides access to international capital markets and competitive interest rates.

The lower the FFO to debt percentage - the more leverage and borrowing being available.

Aggregation efficiencies available to the multi–Council Water Services CCO

Efficiencies in both capital and operational spend should become available when a single focussed organisation is established for water services and the economic regulator applies its legislative authority to the efficient operations of water services delivery.

This is in comparison to current delivery, operating in a wider council setting with financial constraints and in a self-regulated environment.

These efficiencies will be specific and have been estimated based on a range of observations from achievements in best international practice, as well as an econometric analysis of the current operating costs from within the New Zealand water infrastructure region.

Care has been taken to ensure that any regulatory reform efficiencies, which have been observed overseas, are not dominating nor being unrealistically applied to a New Zealand context where they do not fit, nor ignore New Zealanders specific and cultural appetite for the state of their environment.

There should be no efficiency sought or intended for at least the first 3 years. This is to recognise the transitional nature of establishing a Water Services Organisation.

The estimations indicate that, with

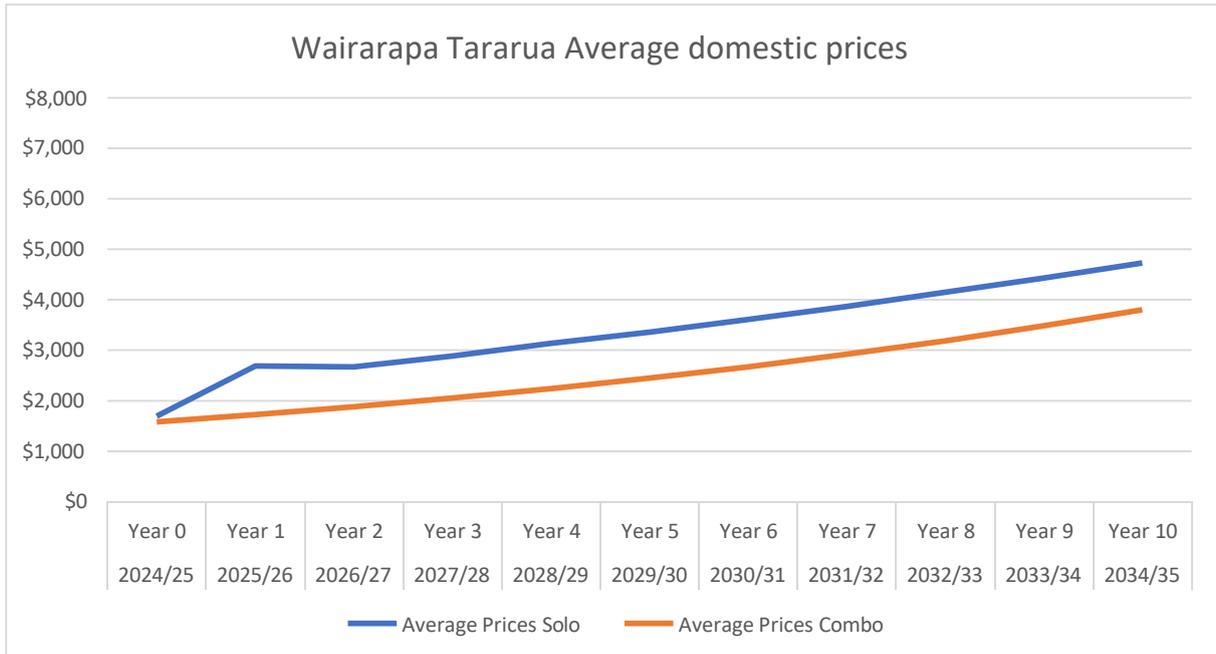
- the single focus of the water services delivery organisation
- the increase in capital investment conducted on the network and
- establishment of an economic regulator with specific regulation,

the combined Council CCO could unlock **2.17%** worth of operational cost savings cumulative per annum (when compared to sum of individual council costs), capping out after a 15-year period at **28%**.

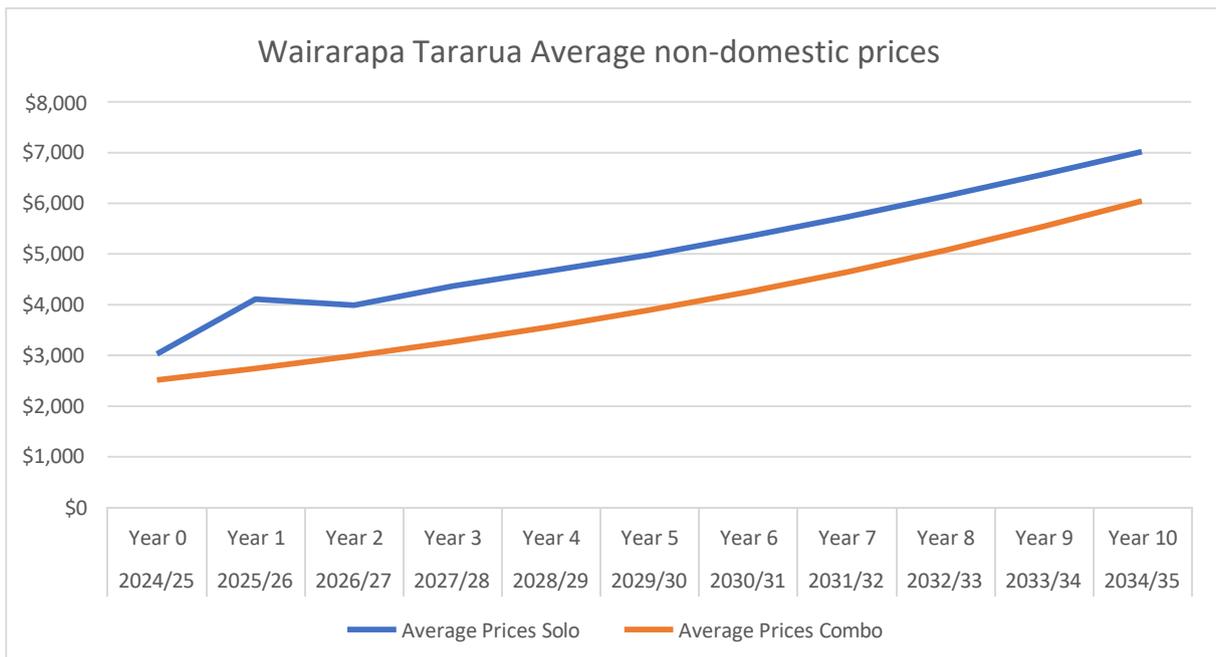
Indications as to how this efficiency was calculated and could be generated are described in the body of this report.

Balance sheet separation and efficiency translate to pricing

For the same levels of investment which will be required for Local Waters Done Well compliance, the residents of the participating Councils will face the following average price paths under the two bookend scenarios:



A reduction of 25% in Domestic Wairarapa Tararua regional average pricing.



And a reduction of 20.04% in non-domestic (Business) Wairarapa Tararua regional average pricing.

Sharing the benefits

Should councils agree to proceed utilising an aggregated multi council CCO then this report recognises that councils will join or vest assets and debt and household obligations into the organisation from unequal financial states. The financial states refer to existing water debt which still needs to be repaid, and the future investment requirements which still need to be addressed.

A suggested approach for addressing any potential constituents concerns of the unevenness of council’s financial states from aggregation has been provided.

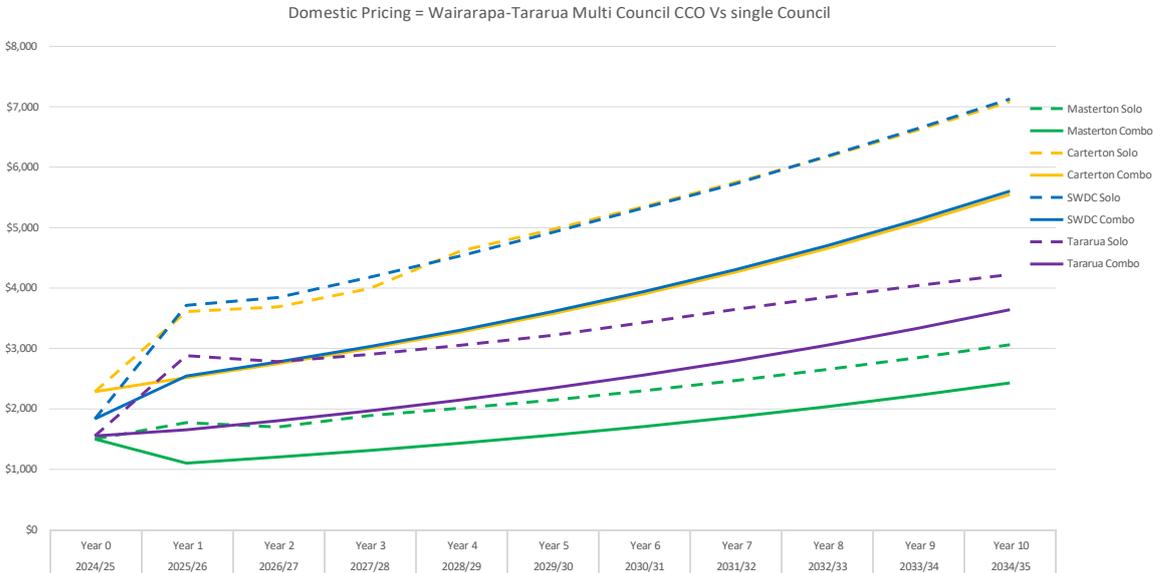
There are many ways in which the participating councils may engage in distributing the aggregation benefits across the wide pool of constituent’s water services pricing. This suggested approach is just a suggestion and calculates adjustments (premiums and discounts) to each council regions starting average households’ prices. This suggestion attempts to recognise the debt and capital investment needed between the different council groups – and is explained in the body of this report.

The resulting suggested pricing is displayed as follows:

Domestic Connections

Domestic Water Services Prices									
	Starting Prices			Price after 10 years			Total 10 yr variance		
	Single council	Multi Council	Variance	Single council	Multi Council	Variance			
Carterton Council	\$3,611	\$2,519	(\$1,092)	\$7,084	\$5,550	(\$1,535)	\$51,839	\$38,571	-25.6%
Masterton Council	\$1,772	\$1,102	(\$669)	\$3,060	\$2,429	(\$632)	\$22,853	\$16,880	-26.1%
South Wairarapa District Council	\$3,714	\$2,544	(\$1,171)	\$7,129	\$5,604	(\$1,524)	\$52,189	\$38,949	-25.4%
Tararua	\$2,880	\$1,652	(\$1,228)	\$4,224	\$3,640	(\$584)	\$34,022	\$25,301	-25.6%
							\$160,903	\$119,699	-25.6%

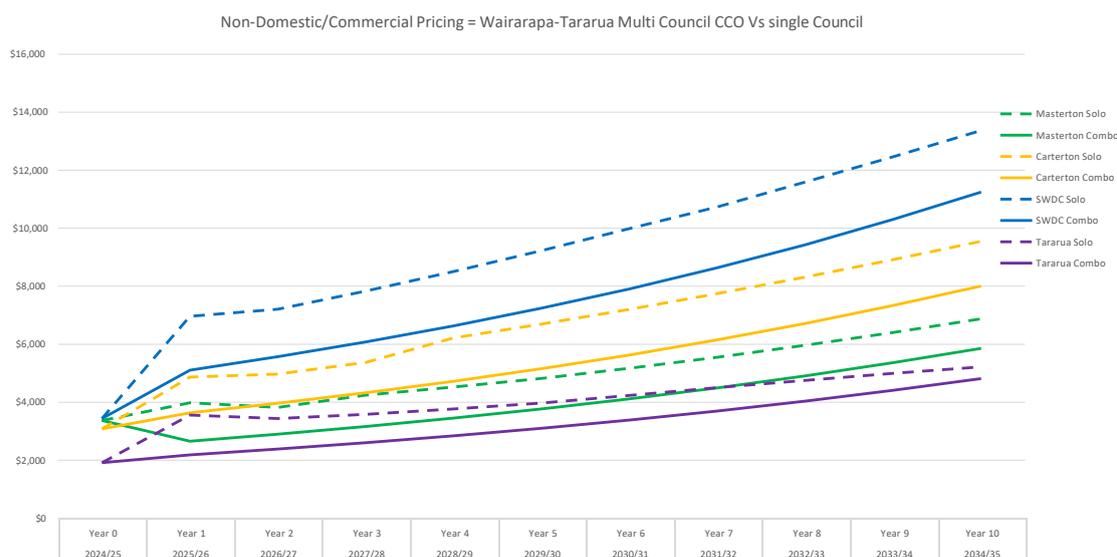
The graphical representation of this pricing output is detailed in the following graph.



Non-Domestic Connections

Non - Domestic Water Services Prices									
	Starting Prices			Price after 10 years			Total 10 yr variance		
	Single council	Multi Council	Variance	Single council	Multi Council	Variance			
Carterton Council	\$4,866	\$3,634	(\$1,232)	\$9,546	\$8,006	(\$1,540)	\$69,852	\$55,644	-20.3%
Masterton Council	\$3,982	\$2,657	(\$1,324)	\$6,878	\$5,855	(\$1,023)	\$51,363	\$40,693	-20.8%
South Wairarapa District Council	\$6,966	\$5,104	(\$1,863)	\$13,370	\$11,245	(\$2,125)	\$97,881	\$78,149	-21.0%
Tararua	\$3,559	\$2,186	(\$1,373)	\$5,220	\$4,817	(\$403)	\$42,041	\$33,478	-20.4%
							\$261,137	\$207,964	-20.4%

The graphical representation of this pricing output is detailed in the following graph.



Next Steps

This report provides a financing and funding assessment for the four councils in the Wairarapa-Tararua region to consider. It demonstrates the impact on their constituents pricing obligations between the options of remaining on a siloed solo path or aggregating the four councils water infrastructure assets into a single multi council CCO.

Should the Councils agree to proceed in an aggregated multi council water services CCO then as part of producing a Water Services Delivery Plan, the participating Councils will need to at least conduct the following:

- a negotiation of the debt to be vested in, agreeing principles and calculations
- a Prioritisation of the capital investment envelope to form a region wide agreed Asset Management Plan
- an agreement of aspects of the operations in the business plan:
- a process of due diligence which will enable these numbers to be converted into bottom-up budgets

These will be amongst a range of other workstreams to progress through, comprising but not limited to:

- Legal - Shareholder and subscription agreements and CCO constitutions
- HR transition and hiring

- IT capability – or contracting some or all the overhead functions to a Wellington or Dunedin CCO shared services supplier who will be building an expensive telco grade billing and asset management capability
- Governance arrangements
- Treasury functions – if borrowing overseas instead of from LGFA

Then the suggested starting price realignment can be negotiated, but in a wider body of work which looks at the impact of each individual household price.

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2. Investment required in the Network

This section addresses the question: what needs to be funded?

2.1 Level of Investment

A review of the levels of investment indicated in the participating Council regions has considered the new standards for water infrastructure which would be required (Local Waters Done Well compliance). The water standards are governed by the Water Services Act 2021 which was legislated to establish Taumata Arowai, then subsequent secondary legislation was introduced for water services within the “Drinking Water Standards for NZ” regulations 2022.

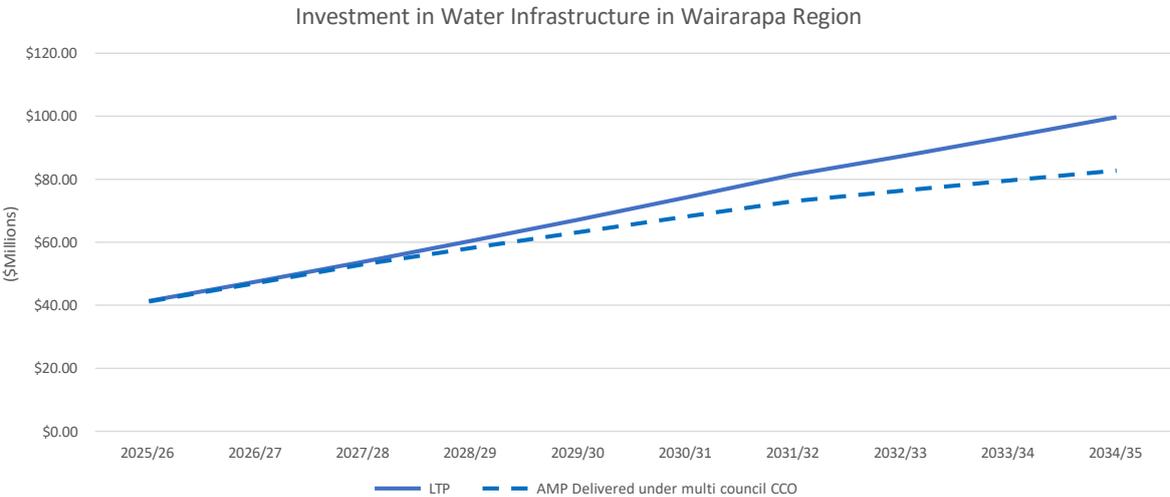
Taumata Arowai have released an 87 Page document specifying the application of these standards (available since July 2022), Standards for Wastewater and Storm Water are soon to be formalised.

The following table totals the first 10 years (of 30) investment per region estimated (but yet to be workshopped) to achieve Local Waters Done Well compliance.

	10 years of projects (\$millions)		House Holds	Actual Dollars
	Real 2024 Dollars	Nominal (delivered with Inflation)		Nominal 10 yr capital Spend per household
Masterton	\$135.90	\$171.61	9,684	\$17,721
Tararua	\$148.99	\$187.50	6,552	\$28,615
Carterton	\$97.11	\$122.62	3,486	\$35,177
SWDC	\$177.94	\$224.69	4,007	\$56,073
Wairarapa-Tararua Region	\$559.94	\$706.41	23,729	\$29,770

Note that the sum of the Investment requirements amounts to **\$706m** (Nominal = with inflation) over the first 10 years of 30 Years.

In a Water organisation operating with obligations to both Environmental and Economic regulators (supported by Price Quality Legislation) it is estimated that the same levels of projects would be delivered for **\$642m**.

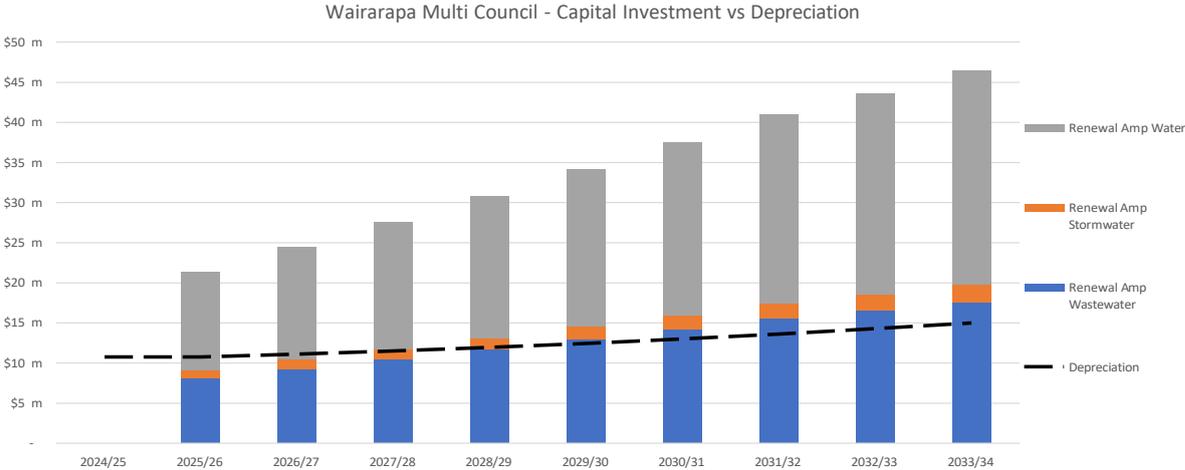


Note the capital investment envelope has been initially set to gradually increase over time. This is designed to provide strong long-term demand signals for the market who can plan ahead and tool up their operations to deliver long term supply. The composition and activity and timing of the total estimated capital spend budget for the multi council CCO is displayed in the following table.

AMP allocation (nominal dollars)		2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	Total 10 Yrs
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Wastewater	Growth	\$0.52	\$0.59	\$0.66	\$0.72	\$0.76	\$0.80	\$0.84	\$0.86	\$0.87	\$0.87	\$7.48
Wastewater	Level of service	\$6.98	\$7.97	\$8.99	\$9.67	\$10.29	\$10.85	\$11.35	\$11.56	\$11.72	\$11.82	\$101.21
Wastewater	Renewal	\$8.11	\$9.27	\$10.46	\$11.68	\$12.92	\$14.21	\$15.52	\$16.55	\$17.61	\$18.71	\$135.03
Total Wastewater		\$15.61	\$17.82	\$20.11	\$22.07	\$23.97	\$25.86	\$27.71	\$28.97	\$30.20	\$31.40	\$243.73
Stormwater	Growth	\$0.05	\$0.06	\$0.06	\$0.07	\$0.07	\$0.08	\$0.08	\$0.08	\$0.08	\$0.08	\$0.73
Stormwater	Level of service	\$1.09	\$1.24	\$1.40	\$1.51	\$1.61	\$1.69	\$1.77	\$1.81	\$1.83	\$1.85	\$15.80
Stormwater	Renewal	\$1.01	\$1.15	\$1.30	\$1.45	\$1.61	\$1.77	\$1.93	\$2.06	\$2.19	\$2.33	\$16.81
Total Storm Water		\$2.15	\$2.45	\$2.77	\$3.03	\$3.29	\$3.54	\$3.78	\$3.95	\$4.11	\$4.26	\$33.34
Water	Growth	\$5.10	\$5.82	\$6.57	\$7.07	\$7.52	\$7.94	\$8.30	\$8.45	\$8.57	\$8.64	\$73.99
Water	Level of service	\$6.00	\$6.86	\$7.74	\$8.32	\$8.85	\$9.34	\$9.77	\$9.95	\$10.09	\$10.17	\$87.08
Water	Renewal	\$12.28	\$14.03	\$15.83	\$17.68	\$19.56	\$21.50	\$23.49	\$25.05	\$26.66	\$28.31	\$204.39
Total Drinking Water		\$23.38	\$26.71	\$30.13	\$33.07	\$35.94	\$38.78	\$41.55	\$43.45	\$45.31	\$47.13	\$365.46
Total Growth		\$5.67	\$6.47	\$7.30	\$7.86	\$8.36	\$8.82	\$9.22	\$9.39	\$9.52	\$9.60	\$82.20
Total Level of Service		\$14.07	\$16.07	\$18.13	\$19.51	\$20.75	\$21.89	\$22.89	\$23.32	\$23.64	\$23.84	\$204.09
Total Renewals		\$21.41	\$24.45	\$27.58	\$30.81	\$34.09	\$37.48	\$40.93	\$43.66	\$46.47	\$49.35	\$356.23
Total		\$41.14	\$46.99	\$53.02	\$58.17	\$63.20	\$68.18	\$73.04	\$76.37	\$79.62	\$82.79	\$642.52

The investment requirements have been prioritised on their merits and result in a ratio of:

- 31% of the proposed envelope focussed on achieving the required levels of service legislated for, this overlaps with renewals:
- 56% of the capital investment envelope will be focussing on catching up and maintaining a renewal programme of the network which will ensure that the network is up to date and able to operate as it is designed to and eliminating any costly future network failures, note this investment amounts to 217% of the network depreciation.
- 13% of the capital envelope (AMP) is categorised as spend to enable new network capacity as well as capacity upgrades to existing infrastructure to allow increases to populations.



An under invested network, can still operate, but faces a much higher risk of costly wastage and inconveniently timed expensive fault fixing. The Capital investment envelope this analysis supports incorporates a targeted renewal programme which over time will make the network more resilient and cheaper to operate.

Next Steps

There is a risk that the New Zealand Marketplace may not be able to supply the intended capital investment programmes, particularly as there will be demand across the entire country's water infrastructure in the same 10-year time frame.

Should the Councils decide and agree to form a multi council water services CCO then as part of producing a Water Services Delivery Plan, will need to:

Firstly, workshop the LTP and the list and costing of projects in this investment programme with a view to reassessing the value of investment needed to achieve compliance with the Local Waters Done Well reforms.

Then create a unified asset management plan (AMP) which will a) incorporate all the project outcomes, b) stage out projects and investment based on an agreed needs/prioritisation assessment, and c) seek out leverage opportunities, d) identify staged projects dependencies e) engage suppliers to assess delivery and secure future supply discounts.

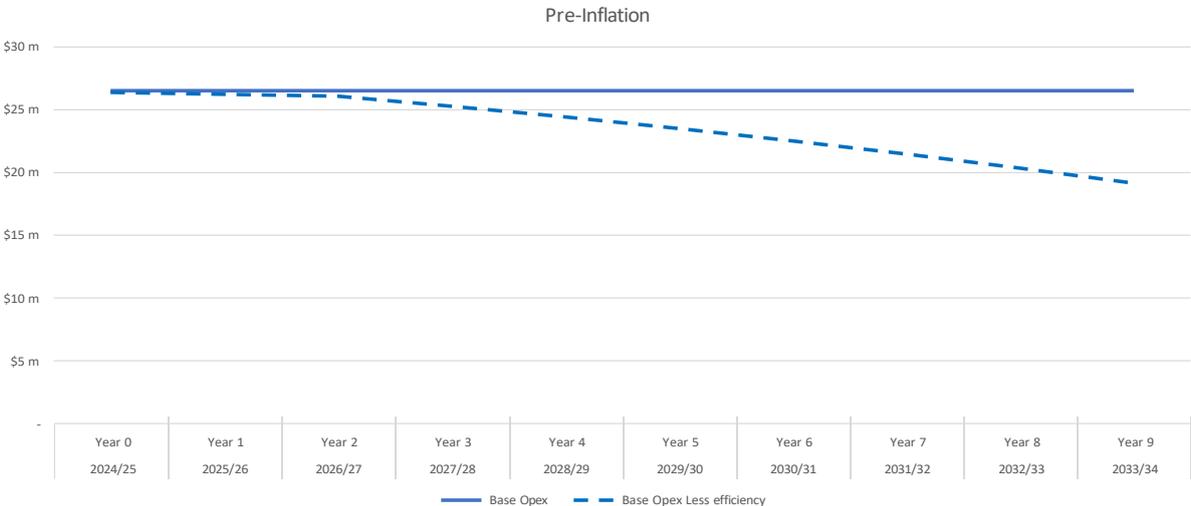
3. Opex, and overhead back-office expenses

This section addresses the question: what expenses are now needed to deliver water services?

3.1 Cost of operations

Network expenses

The operational expense estimates to manage and operate water service infrastructure utilise a high trust model as they were sourced direct from council provided funding impact statements (FIS).



As investment is performed on a network there will be less faults to fix, less breakage, and less wastage. The faults which still occur become easier to locate and fix, bespoke technology becomes standardised which become cheaper to buy, warehouse and replace.

The above graph demonstrates how efficient the operating cost of multi council CCO network becomes as this investment programme progresses and realises 2.17% efficiency compounding per year after yr. 3. (NB excludes inflation).

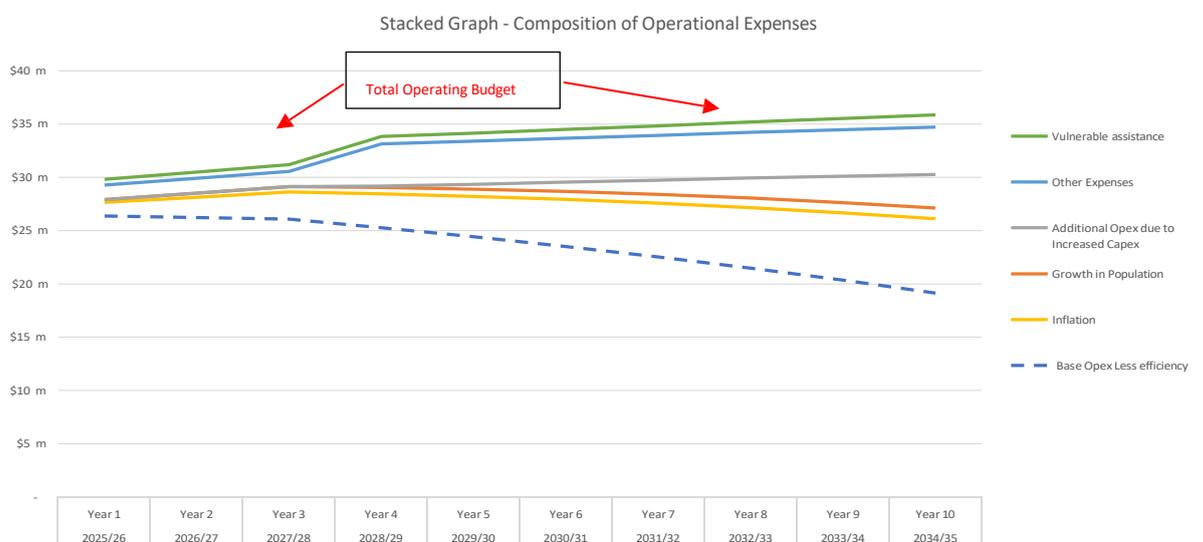
3.2 Overhead back-office Expenses

Inflation, CCO specific and Local Water Done Well Specific Expenses

In order to provide a 10-year operational expense forecast the following financial dynamics have been added to the Councils STABU/ single council CCO scenarios and the multi-council CCO.

- Ongoing budgeted inflation,
- Proportional budget increases for operational expenses due from population increases

- Increases in Opex due from the increased investment in more assets
- A budget for the proportion of Regulatory levies payable (levy applied to industry to support the regulators)
- A budget for Community and stakeholder consultation activities
- A budget for vulnerable customer assistance
- Directors’ fees and Chief Executives salary - For a CCO scenario
- Additional budget Head count to satisfy additional regulatory and business operations requirements



The second ‘stacked line’ chart above then displays the other operational expenditure effects and items making up the total operational expense’s envelope for the potential multi council CCO.

Additional expenses (and inflation) have then been added to the (first graph) uninflated network cost thereby increasing the overall total budget with the expenses where efficiencies are not applicable. The jump in year three of the other expenses represents the second regulatory cycle with a ramp up in deliverables and expenses.

General contribution to overhead

Within the operational expenses provided from the FIS statements there is an additional element of contribution to overhead loading. This is to account for all the IT, payroll, HR, property and finance functions. This been retained in the operational forecast to, in part, reflect the overhead nature of operating a standalone organisation.

Scenario specified overhead

The following table provides an indication of the nature of the additional overhead which will be required to fund and to run and operate each of the organisation's scenario configurations.

	Stand Alone Business Unit	Single Council CCO	Multi Council CCO
Chief Executive	No	Yes	Yes
Board of Directors	No	Yes	Yes
CFO	No	Yes	Yes
Treasury Function	No	No	Perhaps
Annual Credit rating	No	No	Perhaps
Annual Reports	Yes	Yes	Yes
Additional Financial and Regulatory Reporting Staff	Yes	Yes	Yes
Separate building	No	Yes/no	Yes
Staff Transitioned	No	Yes	Yes

The cost estimates between the different scenarios are detailed in the assumptions Section of the Appendix.

The following table provides a summary of the estimated overhead costs for each of the scenarios.

(Millions)	As Stand Alone Business Units				Multi Council CCO
	SWDC	Masterton	Carterton	Tararua	
Current Council Allocation	\$0.84 m	\$2.72 m	\$2.41 m	\$1.41 m	\$7.38 m
Added to recognise a SABU	\$0.84 m	\$0.84 m	\$0.84 m	\$0.84 m	\$2.24 m
Total	\$1.68 m	\$3.56 m	\$3.25 m	\$2.25 m	\$9.62 m

[Perspective Check](#)

# staff at Circa \$100k	8.4	17.8	16.3	11.2	48.1
Plus: Annual Non staff overhead Opex spend	\$0.84 m	\$1.78 m	\$1.63 m	\$1.12 m	\$4.81 m
Reflects IT capability, Building, Security, audit					

A perspective check on the overhead expenses to run the organisation has been provided. This is performed by identifying how many staff are funded at circa \$100k p.a. each with a 100% loading to reflect all the IT, systems and building.

The perspective check suggests that in a Multi Council CCO there will be an additional 48 staff classed as Overhead staff only (not maintenance and operating staff) and a \$4.8m Opex p.a. budget for IT systems and building. expenses. (notes: need to workshop through the stranded or straddled overheads between water and other council activities).

Next Steps

The operational expenses estimated in this section are a top-down estimation.

A full bottom-up scoping Business plan including an organisation chart (board approved GM structure), and IT capability will need to be produced, assessing whether this top-down operating expenses envelope is fit for purpose.

4. Balancing Funding and Financing

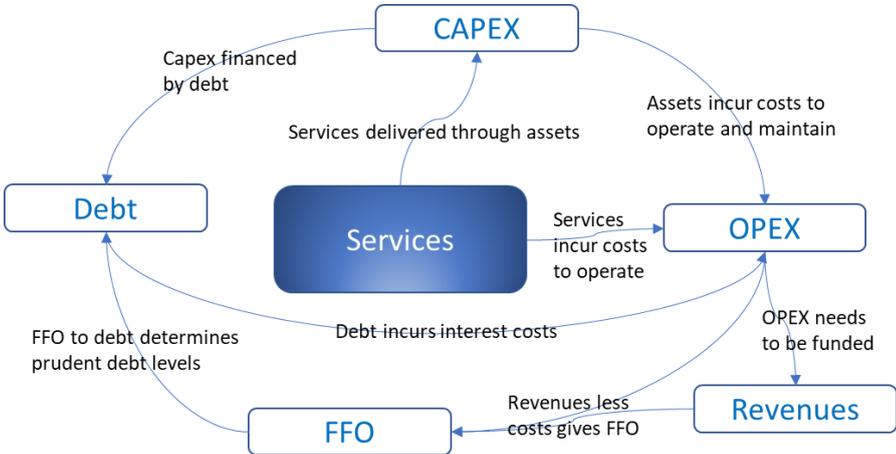
This section addresses the question: what is the right level of financing and funding?

4.1 Funding and Financing

There is a wide range of possible funding and financing tools available to meet the costs of delivering water services, with the appropriate source and its use being determined by the nature of the costs and the outcomes being sought.

Ultimately, all costs need to be funded in some way, but where appropriate the funding may be deferred or spread through financing. A good example of this is borrowing, where it is deemed appropriate to spread the funding over a period to match where benefits are accessed over time.

The following diagram shows the general interplay between the components of funding, financing, and costs to deliver services in a very simplistic way. It indicates the careful balancing needed when determining capital expenditure (to create assets), operational costs to run the organisation, revenues (through charges and fees) and debt (to finance long term assets), and how no one component exists in isolation.



The debt created by borrowing from others creates a long-term obligation. As a financing tool, it spreads the funding requirement from the current year to a number of future years, usually to better match the service being provided by a long-term asset.

A key consideration is not just current borrowing levels, but also future expectations based off capital expenditure programmes, revenue levels and overall market movements, including leaving room for additional borrowing for unexpected events.

4.2 Paying back debt

These CCO’s are not expected nor legislated to derive a profit or pay a dividend but any which do would be subject to Commerce Commission guidance and input methodology. Any free cash which is made available from efficiencies will be used to **both** reduce debt **and** reduce prices of the services in a ratio which allows the organisation to retain its target credit rating and or banking covenants.

5. Financial Sustainability

This section addresses the question: what does financial sustainability mean?

5.1 Defined in the Bill

The model utilised for this analysis creates a plan that satisfies the criteria of being financially sustainable as best required under the bill, there are no explicit metrics provided allow for the widest range of business proposals to be adopted and latitude has been preserved for future Commerce Commission revenue setting and intervention capability.

At this stage the direction adhered to is that the model determines the level of revenue - which is needed in order to be operating at target levels of leverage metrics. These metrics are assessed at a level which can sustain a credit rating that which a credit rating agency would support uninhibited investment grade access to debt markets and efficient interest rates.

The following excerpts of the bill are provided which have been used to support this rationale.

PART 1 (of the bill) - PRELIMINARY PROVISIONS - 5 Interpretation

financially sustainable means, in relation to a territorial authority's delivery of water services, that—

- a) the revenue applied to the authority's delivery of those water services is sufficient to ensure the authority's long-term investment in delivering water services; and
- b) the authority is financially able to meet all regulatory standards and requirements for the authority's delivery of those water services

The two main recurring, intersecting and overlapping themes in the legislation are the compliant network and financial sustainability (with affordability not mentioned), Councils will need to access the risk of a non-network compliant Water Service Delivery Plan being deemed not financially sustainable.

PART 2 (of the bill) - SUBPART 1 -Water services delivery plans

8 Territorial authorities must prepare water services delivery plan

- (1) Each territorial authority must prepare a water services delivery plan that—
 - a) identifies the current state of the authority's water services; and
 - b) demonstrates publicly its commitment to deliver water services in a way that—
 - i. ensures that the territorial authority will meet all relevant regulatory quality standards for its stormwater network, wastewater network, and water supply network; and
 - ii. is financially sustainable for the territorial authority; and
 - iii. ensures that the territorial authority will meet all drinking water quality standards; and
 - iv. supports the territorial authority's housing growth and urban development, as specified in the territorial authority's long-term plan.

Further clarity for the financial sustainability definition criteria is provided by the legislation in the bill pertaining to Watercare's charter and business plan.

PART 4- WATERCARE SERVICES LIMITED - 62 Role of Crown monitor

- (1) The role of the Crown monitor is to—

- a) prepare a charter for Watercare (*see* section 63); and
- b) review, and provide comments on, Watercare's business plan (*see* section 67); and
- c) monitor, and report on, Watercare's performance against the charter (*see* sections 71 and 72); and
- d) take action to address any failure by Watercare to comply with the charter (*see* sections 76 to 81).

64 Content of Part 1 of Watercare charter

Minimum service quality standards

(1) Minimum service quality standards contained in Part 1 of a Watercare charter may relate to 1 or more of the following:

- a) services provided by Watercare to consumers:
- b) the performance of Watercare's water supply network:
- c) the performance of Watercare's wastewater network
- d) the delivery of Watercare's capital investment.

Financial performance objectives

(2) Financial performance objectives contained in Part 1 of a Watercare charter may include 1 or more of the following:

- a) the maximum amount of revenue that Watercare may earn on water supply services and wastewater services:
- b) the approach that Watercare must use to recover the cost of its infrastructure through infrastructure growth charges:
- c) efficiency targets that Watercare must achieve:
- d) the minimum credit rating that Watercare must maintain.

69 Effect of charter

After the Crown monitor makes Part 2 of the Watercare charter, the charter is binding on Watercare during the time period to which it applies.

The commercial modelling detailed in this report has been performed conservatively and addresses ALL the financial performance objectives in the Watercare charter.

The report notes the recent guidance provided by the minister and LGFA and notes that LGFA would facilitate borrowing up to 500% of revenue subject to prudent credit criteria. In the absence of detailed guidance from LGFA the report relies on the S&P approach as being the best proxy for LGFA's prudential credit criteria and assumes that the constitution and accountability framework guidelines have been adhered to.

6. Debt (Leverage and Financing)

This section addresses the question: how much debt is available?

6.1 Vested Debt into the CCO

Utilising the Councils publicly available FIS Statements, an estimation of the existing waters Debt which is likely to be vested into or ringfenced (along with the assets) and need to be covered by future water pricing is:

	House Holds	Estimated Water Debt Vested in	Estimated Debt per household \$Actual
Masterton	9,684	\$54.30 m	\$5,607
Carterton	3,486	\$22.66 m	\$6,501
Tararua	6,552	\$55.24 m	\$8,431
SWDC	4,007	\$36.07 m	\$9,001
Wairarapa-Tararua Region	23,729	\$168.27 m	\$7,091

6.2 Balance Sheet Separation

The cost of the borrowings imposed by lenders will ultimately be determined by the price that those lenders place on the borrowings, driven by perceived risk within the current financial environment. A key guide to the risk of an organisation is the credit rating that it is given by credit rating agencies.

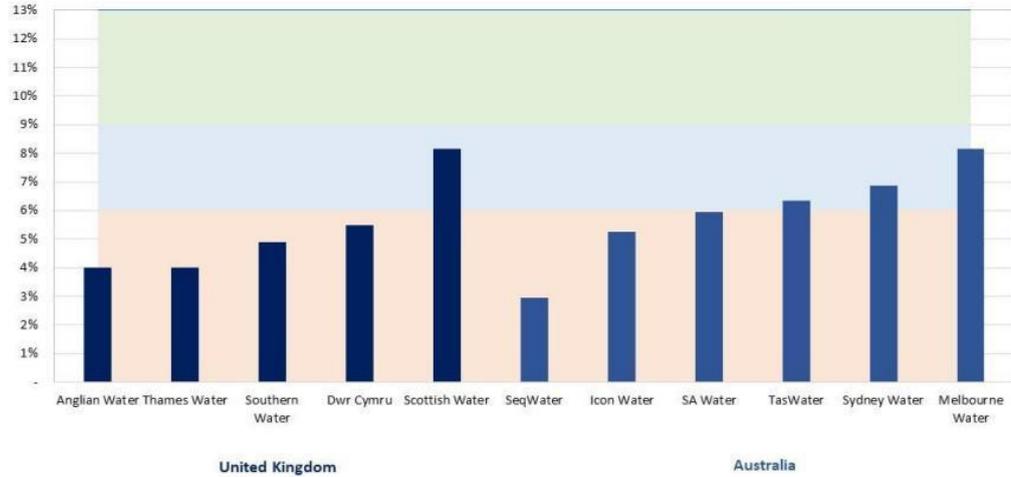
The primary metric used by the capital markets and credit rating agents to assess the capital structure of an organisation like a Water Services CCO is the ratio of funds from operations (FFO) to debt. This ratio gives an indication of the percentage of debt that could theoretically be repaid in a year.

FFO is similar to and is near enough to being the cash equivalent of EBITDA, with the exception that it relies on cashflows only as its basis thereby eliminating non-cash accounting adjustments of accrual, valuation, provision and depreciation and other non-cash adjustments subject to accounting practitioners' skill and judgement.

Analysis of international regulated water organisations shows credit rating agencies view stand-alone Water Service Providers which have established regulatory environments and track record of operating through at least 3 regulatory cycles and above 500k households, to hold an investment grade of BBB for their Stand Alone Credit Profile (SACP) this means they can operate with FFO to debt ratios of between 3% to 8%, and have unencumbered access to the international debt markets to trade with efficient and competitive interest rates.

For comparative purposes a sample of best practise international FFO to Debt ratios are displayed in the following table.

Funds from operations (FFO) to debt



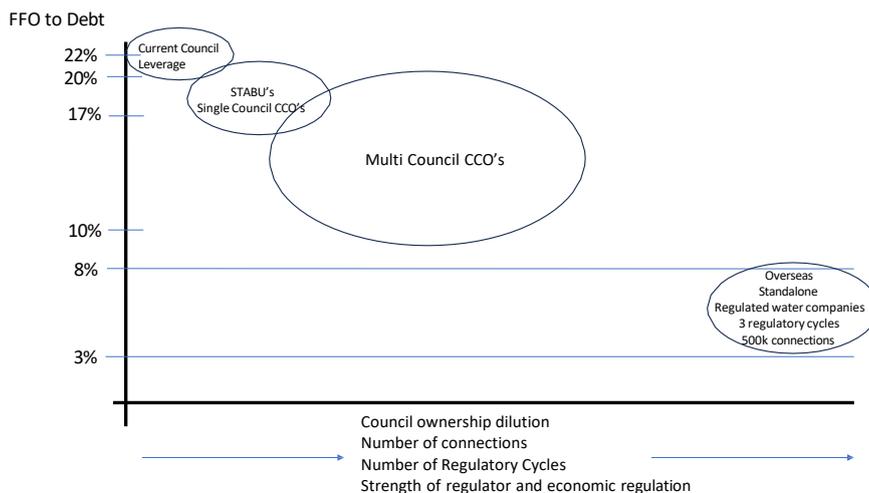
The extent of how much leverage will be afforded to a water services CCO by a rating agency’s criteria is dependent on a number of factors, and in particular **how closely it can align to being like** the successful overseas standalone regulated water infrastructure companies.

6.3 Leverage scope and potential

The main factors contributing to higher available leverage are in the qualitative assessment of the standalone nature of the Organisation from council:

- the extent to which the water Organisation is less controlled by a Council and governed by its own board being free to make debt decisions.
- The extent to which the Water Organisation can make its own revenue decisions under the control of a water regulator.
- The status of guarantee of the Water Organisation from councils
- Greater population base to which to extract economic efficiencies from.
- Greater dilution of ownership

This effect is demonstrated in the following illustration.



When assessing whether to finance from LGFA or from open markets, it is important to note the following lines of legislation which were added to the Bill Two enabling legislation. This

provided Watercare with sufficient financial decoupling from Auckland Council so that Watercare could operate in a similar standalone environment to overseas water companies and be able to trade to its maximum leverage potential.

Local Government (Water Services Preliminary Arrangements) Bill
PART 4 Watercare Services Limited
Section 56SA Limits on Auckland Council

Legislated financial freedom for Water Care

A Standalone business unit

A "Single" council CCO

A "multi" council CCO

Standalone	Limits on Auckland Council					
	(1)	(a)	Has no right, title, or interest (legal or equitable) in the assets, security, debts, or liabilities of an Auckland water organisation.			
		(b)	Must not receive any equity return, directly or indirectly, from an Auckland Water organisation; and			
		(c)	Must not give and Auckland Water organisation any financial support or capital; and		Favourable internal trading or trading terms.	
		(d)	must not lend money or provide credit to an Auckland water organisation; and			
		(e)	must not give any person any guarantee, indemnity, or security in relation to the performance of any obligation by an Auckland water organisation; and		could be viewed as implied	
		(f)	must not direct an Auckland water organisation in relation to any borrowing of any sort by that organisation			
	Equity Returns					
	(2)	(a)	no Profits of an Auckland Water organisation	Regulation will ensure any free cash is released to households as price drops and debt repayments, in the ratio to remain at target credit rating.		
		(b)	Distributions from an Auckland Water organisation; or	Regulation will ensure any free cash is released to households as price drops and debt repayments, in the ratio to remain at target credit rating.		
	(c)	any benefit derived, directly or indirectly from an Auckland Water organisation	Regulation will ensure any free cash is released to households as price drops and debt repayments, in the ratio to remain at target credit rating.			
Section 57A						
Auckland water organisation must repay debt to Auckland Council						
(1)		If, on the date on which this section comes into force, an Auckland water organisation owes a debt to the Auckland Council in respect of water services infrastructure, the Auckland water organisation must repay that debt, including any interest payable				

A colour coded traffic light has been added to illustrate how, (when the underlying principles behind these lines of legislation are stood up against the potential range of Water services delivery business models), the councils' standalone scenarios are likely to be viewed by the rating agencies.

6.4 S&P Credit Rating

When utilising the S&P corporate methodology (S&P Corporate Methodology: Ratios and Adjustments Criteria: Published April 2019) and in light of the rationale behind the above principles in the bill 2 legislation, the following indicative assessments have been made:

A Water services Delivery organisation which takes the form of a stand-alone business unit ringfenced within each respective council would operate at 20% FFO to Debt, this translates to similar leverage currently afforded to each Council and translates to a Revenue to debt ratio of circa 275%.

A Water services Delivery organisation which takes the form of a Multi council CCO - operates with prudential credit criteria, (and adheres to the constitution and accountability framework provided by LGFA) would operate at between 10% - 12.5% having a mid-point average of 11.25% FFO to Debt, this translates to a Revenue to debt ratio of 430%.

Category	Assessment
Core - Cash Flow Leverage ratios	Aggressive "+"
Supplementary - Interest ratios	Modest "-"
Supplementary - Payback Ratios	Intermediate "+"
Financial risk Score	Aggressive "+"
Business risk Score (Needs to be:)	Strong to Excellent
	NB: To be above Satisfactory

This Financial risk score requires an estimate of FFO to Debt to be at or above **10% to 12.5%** with a midpoint set at **11.25%**.

These ratios yield a financial risk score of “Aggressive +” which is sufficient for the corresponding business risk score to reside within the range of “Strong” to “Excellent”, providing a shield to account for any additional modifiers and thereby allowing it to trade with a target Stand Alone Credit Profile (SACP) of circa BBB+, which will result in an Issuer Credit rating of A-.

Business risk considers a range of factors spanning an assessment of Country risk, industry risk, and competitive position. Note after 36 years of trading Watercare’s business risk was last assessed as ‘excellent’ in 2018.

Modifiers consider a range of other factors - assessment of portfolio diversification, capital structuring liquidity and hedge, Management team /Governance appointments and arrangements and ownership composition.

A FFO to debt ratio suggests that **11.25%** of debt could be repaid in any one year, or alternatively in simple terms the current debt balance could be fully repaid in around 9 years.

In order to apply a level of confidence to these estimations a secondary (triangulation) piece of analysis has been conducted to align the financial metrics and proposed business structures to a sample of existing businesses already rated with a BBB+.

A third piece of analysis (triangulation) to provide confidence in these estimations has been to align differently calculated financial metrics against LGFA revenue settings.

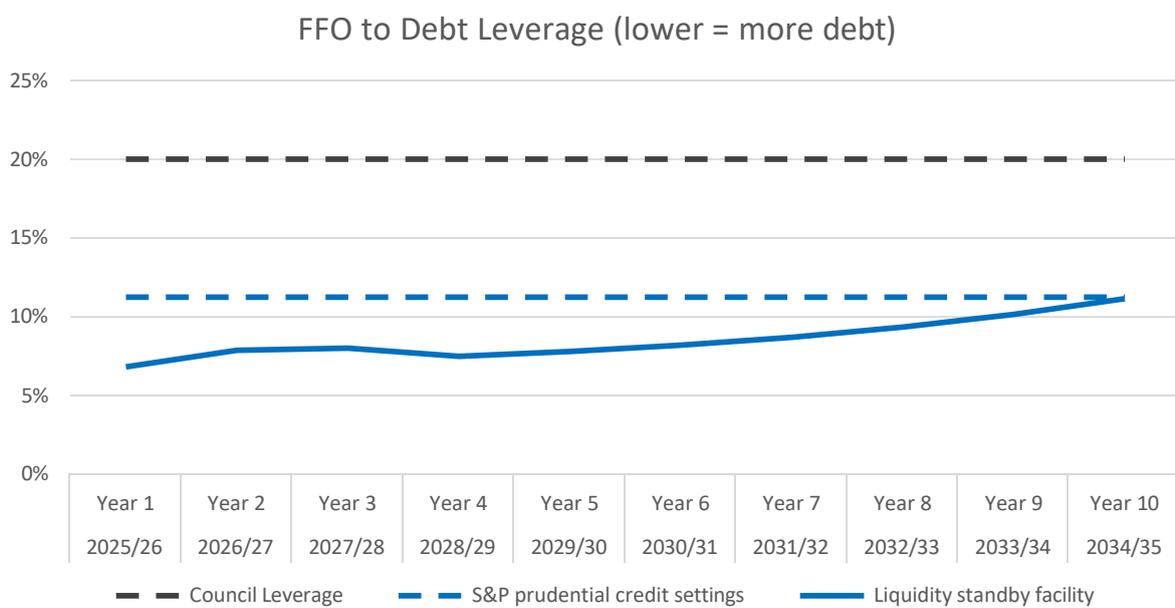
6.5 Accessing LGFA Standby facility

LGFA have provided a constitutions and accountability framework guidance for the preferred structuring of the Multi-council CCO this is to optimise access to their range of support funding.

LGFA have also reported to the NZX that the Crown is a 20% shareholder in LGFA and currently extends a NZ\$ 1.5 billion liquidity facility to LGFA.

The liquidity facility when utilised will provide the LGFA the latitude to support a multi council CCO to trade up to its target credit rating and prudential credit metric settings over a specified period of time.

Utilising the liquidity facility in order to trade up to the entities target credit rating prudential credit metric settings, means that revenue sufficiency will not need to be stringent on day one, and therefore household prices will not need a large day on increase, but rather an equivalent annual increase.



Note this analysis assumes that the future structuring of the CCO will conform to the LGFA guidance to optimise their support and therefore demonstrates what financing is possible and the downward impact on household pricing.

Next Steps

A full credit assessment will need to be conducted in light of the final composition of the CCO - its operating links to their respective Councils – its conformity to constitution and governance framework guidelines, and/or alternatively ongoing discussions with LGFA as business planning advances.

7. Economic Efficiency

This section addresses the question: how much economic efficiency can be obtained and released to those who are paying to use the network?

7.1 Sources of Efficiency

Efficiencies in both capital and operational spend will be made available and will be specific to the combination of the participating Councils and have been calculated based on observations from achievements in best international practice, as well as an econometric analysis of the current operating costs from within the New Zealand water infrastructure region.

Care has been taken to ensure that regulatory reform efficiencies, which have been observed overseas, are not dominating nor being unrealistically applied to a New Zealand context where they do not fit, nor ignore New Zealanders specific and cultural appetite for the state of their environment.

To this end the econometric efficiency model determines a distributed statistical weighting of efficiency across - the back-office functions and - the operating functions and also across – the Capital investment envelope.

The total levels of efficiency and the distributed weightings of this efficiency are based on changes observed from a) changes in other NZ industries when they were regulated b) the immediate potential of operational cost efficiency observed in other operating council settings today, (recognising the mix of councils with rural to urban ratios) and c) the KPI based cost structures of international regulated water companies, reflecting an adjustment for NZ council groupings being at lower scales.

The estimations indicate that this Regional Multi Council CCO could unlock **2.17%** worth of operational cost savings cumulative per annum, capping out after a 15-year period at **28%**.

There should be no efficiency sought or intended for at least the first 3 years. This is to recognise and reflect the transitional nature of establishing a Multi Council Water Services CCO.

The following describes the nature of the additional efficiencies which could be obtained through a multi-Council CCO.

Capital Investment efficiency

Longer term Capital investment planning and procurement planning.

Ability to make bigger more regional leveraged decision making.

Filling in down time with the smaller projects

Operational Opex efficiency

Centralised depots and reuse of overhead equipment

Increase in monitoring assessment technology providing predictive planning

better use of downtime with funds available for proactive maintenance

Corporate Opex Savings

Shared use of IT, payroll, accounting, billing platforms

Economic Regulator

Information disclosure requirements will ensure that the delivery of capital projects is being scrutinised and the CCO will be held to account for delivery and closing out stated projects, thereby ensuring less slippage of capital projects and investment.

Proactive maintenance

Utilise additional cash availability from balance sheet expansion for accelerated proactive maintenance to forego the cost and number of future fixes.

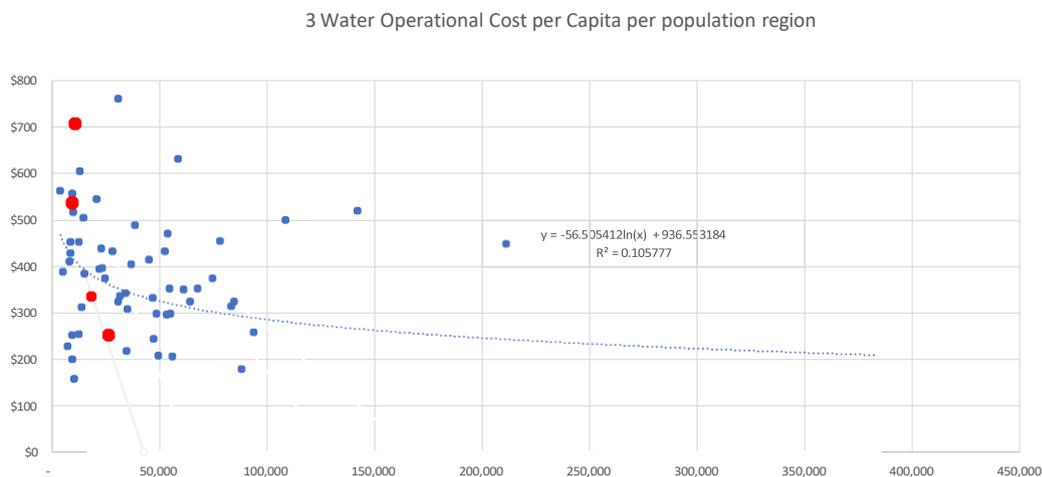
Automated monitoring and detection systems, less eyes needed over more network

Use of AI based proactive fault diagnostics

Standardisation of field and plant equipment

7.2 Carterton/Masterton/South Wairarapa/Tararua councils

The following Graph displays the cost of operations per household per annum per council (excluding overheads), and then ordered (scattered) across the number of households per council.



There is a noted slight trend for the cost of water network operations for NZ councils to trend lower when there is a larger number of households in those councils.

This data does not adjust for the current state of the networks - which is where any historic under investment in networks would see higher operating costs, and any historically high invested in networks being cheaper to operate.

The red data point represents the participating Councils who will embark on an increase in investment of their network.

Incorporating the costs per capita per NZ Council population region into the econometric modelling along with:

- A reflection of Council proximity - Overheads and operations
- Similar composition of urban/rural household mix
- An existing network provider with a lower operating cost to lead the way

- Increased capital investment programme with renewals and proactive maintenance

The estimations indicate that this multi-Council CCO could unlock **2.17%** worth of operational cost savings cumulative per annum, capping out after a 15-year period at **28%**.

Important to Note there is no operational saving factored in for the first 3 years allowing time for staff to become engaged, staff hirings, its data sources to become cleansed and suppliers to readjust to working with the new organisation.

Next Steps

This efficiency is limited to being a statistical estimation of the potential cost efficiency which could be achieved and distributed back to households through lower prices.

It will be at the discretion of the councils / CCO's to set and own their cost efficiency targets - noting a direct correlation between lower targeted efficiencies equalling higher household prices.

It is anticipated that the first regulatory cycle (3 to 5 years) will see the economic regulator enforcing information disclosure requirements on the CCO, this typically involves the regulator obtaining/sectioning information to hold the CCO to account for project and cost delivery and any other specific legislative requirements

In the background the economic regulator will utilise the information obtained through information disclosure to build up and test their economic model, typically called a 'Regulatory Asset Base Model' (RAB), which will be used to produce estimates of the CCO's efficiency potential and cost, this will be in lock step with a nationwide water services cost model and supported by international experience of regulating water entities.

The second regulatory cycle will typically see the regulator setting the CCO's revenues and the pricing which the CCO can charge its households 'Maximum Allowable Revenue' (MAR) which is calculated off the RAB and utilises an input methodology agreed by the Commerce Commission and all the other regulated networks in NZ.

The pricing will be based on the (to be) Legislated Water Services Price Quality Regulation which are typically drafted to set pricing on behalf of consumers based on an efficient network, this will take the economic regulators view of the efficiency potential into account.

Again - **it will be at the discretion of the councils / CCO to set and own their starting cost efficiency targets** - noting a direct correlation between these efficiency targets and household prices.

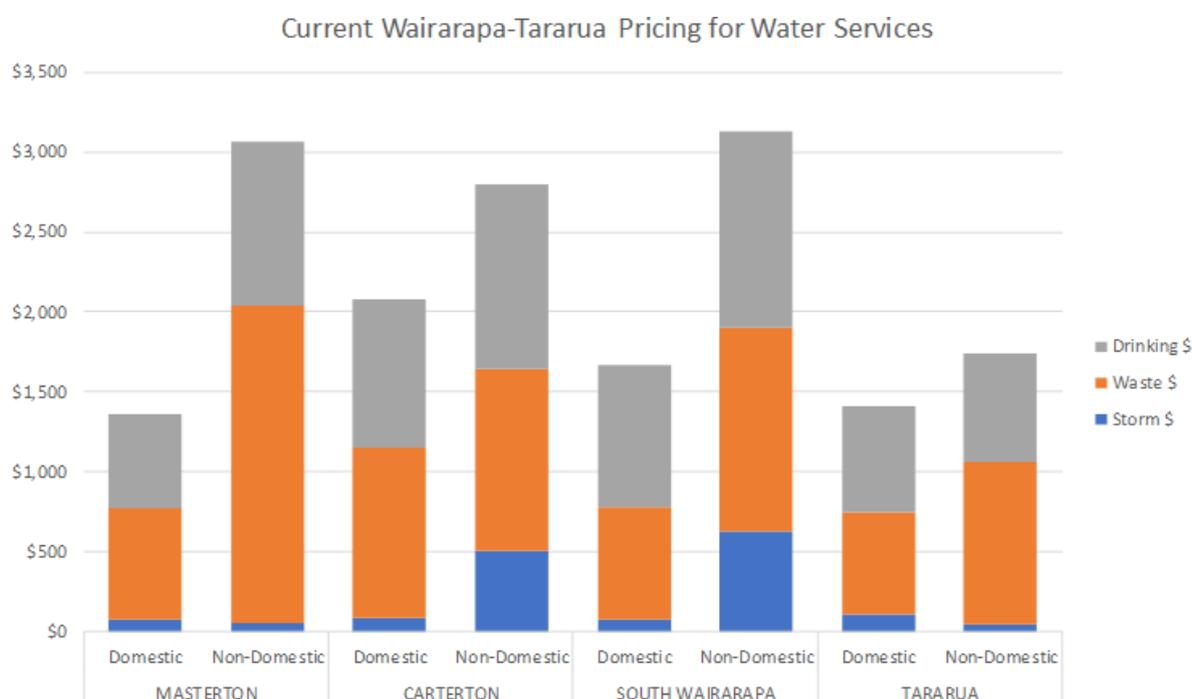
This report attempts to pre-empt the work that the Commerce Commission as the economic regulator will undertake, in order to demonstrate the revenues and prices which will be set for end users and what these set revenues will mean for the financial running of the CCO.

8. Prices consumers will pay for their water services (Funding)

This section addresses the question: what prices will consumers pay for these water services?

8.1 Day one starting Prices

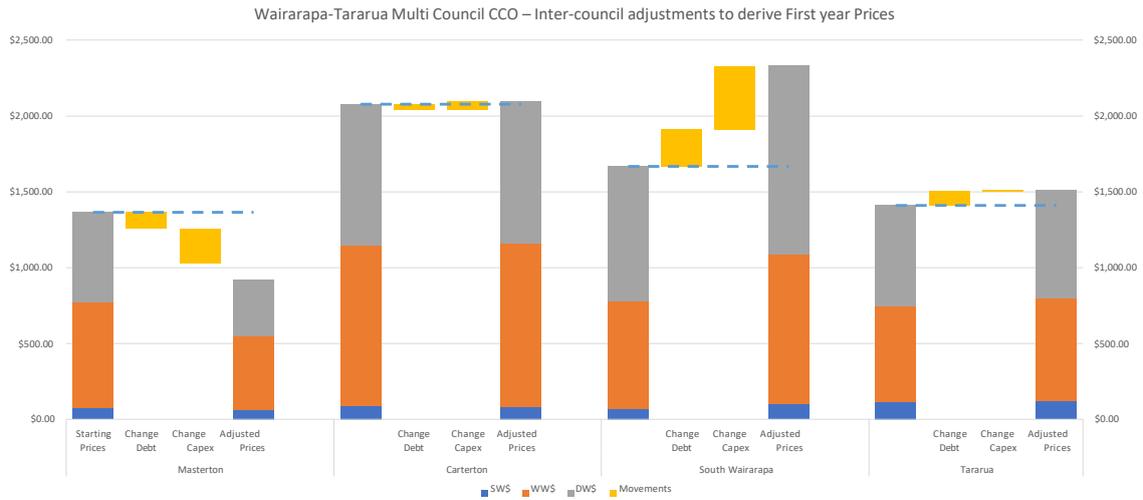
Investment is highly correlated to pricing. Where the new reforms will require a catch up or increase in investment there will typically also be a required catch up or increase in the prices charged to households for these services.



This report utilises average prices as such they are averages – an average is a number which represents a range of individual different household prices, in instances this span can be quite wide.

The year one pricing has been calculated within the CCO’s financial settings so will provide a good estimation of the average price households will need to pay on day one and towards year 10.

An estimation of “one bill to two bill” price parity has not been conducted and is outside the scope of this report. Councils may not be in a position to perform an exact carve out of water services delivery prices from current total council bill, as there may be stranded assets and operations to remain in council and be recompensed for.



Non-Domestic or Business

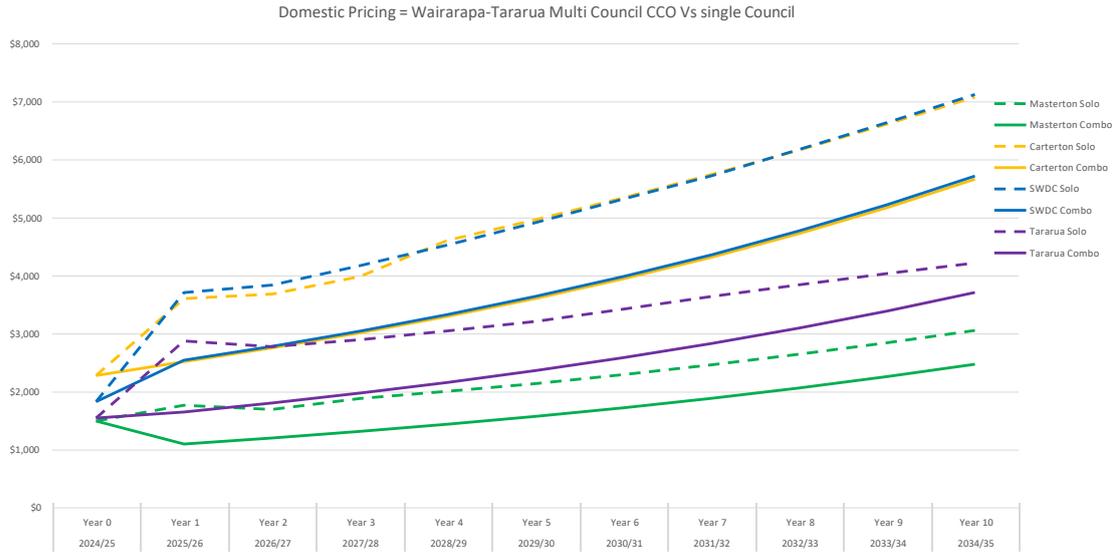
Activity	Houses	STARTING PRICES		DEBT VESTING IN			AMP INVESTMENT REQUIRED			NON-DOMESTIC PRICE CHANGES		
		Non-Domestic	Prices	Debt (\$'000)	Debt per House (Actual \$)	% from weighted Average	Estimated Capital Investment (AMP) required	AMP per house (Actual \$)	% from weighted Average	Change in Day 1 prices due to Debt	Change in Day 1 prices due to Capex	New Non-Domestic Prices
Masterton		9,684	\$3,067.24	54,301	\$5,607.40	-21.03%	162,238.23	\$16,753.48	-42.02%	-\$295.65	-\$558.40	\$2,213.19
Carterton		3,486	\$2,800.05	22,660	\$6,500.61	-8.43%	120,678.65	\$34,620.29	19.92%	\$206.16	\$322.80	\$3,329.01
South Wairarapa		4,007	\$3,127.41	36,069	\$9,001.15	26.83%	217,905.33	\$54,379.66	88.43%	\$611.33	\$936.64	\$4,675.38
Tararua		6,552	\$1,743.09	\$8,431.11		18.79%	183,632.03	\$28,024.97	-2.94%	\$418.24	\$313.63	\$2,474.96
Total		23,729		168,273.86	\$7,091.43		684,454.24	\$28,844.41				

The resulting comparator price paths are displayed below.

Domestic Connections

	Domestic Water Services Prices								
	Starting Prices			Price after 10 years			Total 10 yr variance		
	Single council	Multi Council	Variance	Single council	Multi Council	Variance			
Carterton Council	\$3,611	\$2,524	(\$1,087)	\$7,084	\$5,667	(\$1,418)	\$51,839	\$39,072	-24.6%
Masterton Council	\$1,772	\$1,105	(\$667)	\$3,060	\$2,480	(\$580)	\$22,853	\$17,099	-25.2%
South Wairarapa District Council	\$3,714	\$2,549	(\$1,165)	\$7,129	\$5,722	(\$1,406)	\$52,189	\$39,454	-24.4%
Tararua	\$2,880	\$1,656	(\$1,225)	\$4,224	\$3,717	(\$507)	\$34,022	\$25,629	-24.7%
Total							\$160,903	\$121,254	-24.6%

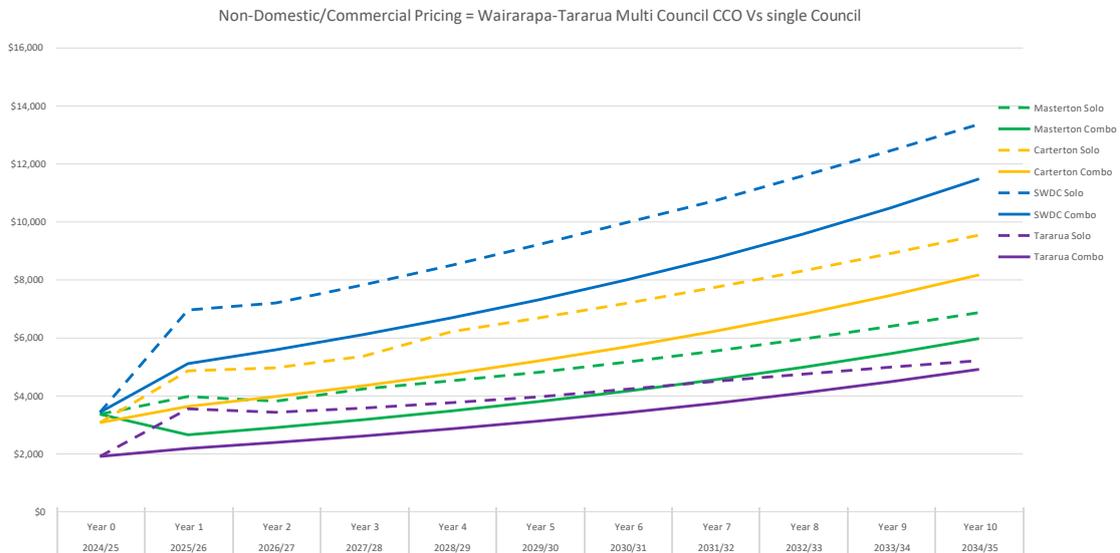
The graphical representation of this pricing output is detailed in the following graph.



Non-Domestic Connections

Non - Domestic Water Services Prices									
	Starting Prices			Price after 10 years			Total 10 yr variance		
	Single council	Multi Council	Variance	Single council	Multi Council	Variance			
Carterton Council	\$4,866	\$3,642	(\$1,224)	\$9,546	\$8,175	(\$1,371)	\$69,852	\$56,367	-19.3%
Masterton Council	\$3,982	\$2,663	(\$1,319)	\$6,878	\$5,979	(\$899)	\$51,363	\$41,221	-19.7%
South Wairarapa District Council	\$6,966	\$5,115	(\$1,852)	\$13,370	\$11,482	(\$1,888)	\$97,881	\$79,164	-21.0%
Tararua	\$3,559	\$2,191	(\$1,368)	\$5,220	\$4,919	(\$301)	\$42,041	\$33,912	-19.3%
							\$261,137	\$210,665	-19.3%

The graphical representation of this pricing output is detailed in the following graph.



Next Steps

Should the Councils agree to proceed in an aggregated multi council water services CCO then as part of producing a Water Services Delivery Plan, the participating Councils will need to conduct the following:

- A negotiation of the Debt to be vested in agreeing principles and calculations
- A Prioritisation of the capital investment envelope to form an agreed upon Asset Management Plan
- An agreement of aspects of the operations of the business plan:
- as well as a process of due diligence will enable these numbers to be converted into bottom-up budgets.

These will be amongst a range of other workstreams to progress through

- Legal - Shareholder and subscription agreements and CCO constitutions
- HR transition and hiring
- IT capability – or contracting some or all the overhead functions to a Wellington CCO shared services supplier who will be building an expensive telco grade billing and asset management capability
- Governance arrangements
- Treasury functions

Then the suggested starting price realignment can be negotiated, but in a wider body of work which looks at the impact of each individual household price.

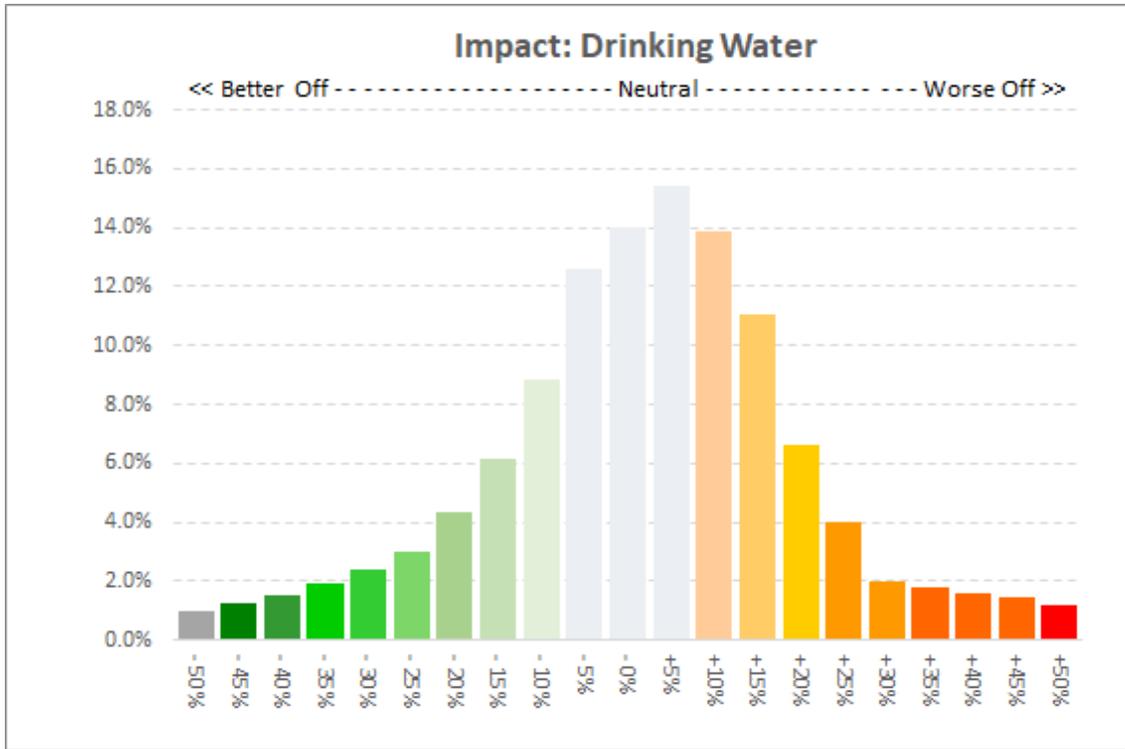
This is a good opportunity to also look at realigning all the tariffs to search for the ability to make a series of minor changes and reduce the overall number of unique tariffs, thereby yielding lower processing requirements and a cheaper cost of back-office operations.

A snapshot of some of the current tariffs is displayed below.

WATER SERVICES PRICING TARIFFS FOR WAIRARAPA & TARARUA DISTRICTS								
(Prices and Revenues GST Exclusive, Examples are 2022/23 Annual Plans)								
TA NAME	Category	Description	Quantity	Existing Pricing		Proposed Pricing		
				Price	Rev (\$000)	Price	Rev (\$000)	
Tararua	Water	\$/Rating Unit - All extraordinary users - quarterly minimum charge	9,618	\$131.01	\$1,260.0	\$0.00	\$0.00	
Tararua	Water	\$/Rating Unit - Pongaroa Water targeted rate	679	\$74.32	\$50.5	\$0.00	\$0.00	
Tararua	Water	\$/Rating Unit - Urban Water targeted rate - half charge	199	\$227.23	\$45.2	\$0.00	\$0.00	
Tararua	Water	\$/Rating Unit - water metered rates / large Industrial and intake line charges - quarter	0	\$131.01	\$0.0	\$0.00	\$0.00	
Tararua	Water	\$/SUIPs - Urban Water targeted rate - full charge	5,066	\$454.45	\$2,302.3	\$0.00	\$0.00	
Tararua	Water	\$/Vol - All extraordinary users - meter fee cubic metre above 80m3 over three months	0	\$2.174	\$0.0	\$0.00	\$0.00	
Tararua	Water	\$/Vol - water metered rates / large Industrial and intake line charges - large Industrial	0	\$1.3043	\$0.0	\$0.00	\$0.00	
Tararua	Wastewater	\$/Rating Unit - Urban wastewater - educational establishments and multi-unit Residen	0	\$566.41	\$0.0	\$0.00	\$0.00	
Tararua	Wastewater	\$/Rating Unit - Urban wastewater targeted differential rate - for connected multiple us	319	\$188.78	\$60.2	\$0.00	\$0.00	
Tararua	Wastewater	\$/Rating Unit - Urban wastewater targeted differential rate - half charge	174	\$283.20	\$49.3	\$0.00	\$0.00	
Tararua	Wastewater	\$/SUIPs - Urban wastewater targeted differential rate - full charge	5,365	\$566.41	\$3,038.8	\$0.00	\$0.00	
Tararua	Stormwater	\$/Rating Unit - Urban stormwater targeted rate	4,981	\$116.70	\$581.2	\$0.00	\$0.00	
Masterton	Water	\$/Connection - Rural targeted services rates - Tinui Water Supply	31	\$421.74	\$13.0	\$0.00	\$0.00	
Masterton	Water	\$/Connection - urban (metered) Water supply on metered properties - minimum charg	0	\$58.26	\$0.0	\$0.00	\$0.00	
Masterton	Water	\$/Connection - urban Water supply charge - connected	9,846	\$106.96	\$1,053.0	\$0.00	\$0.00	
Masterton	Water	\$/CV - Sewerage supplied to Carterton properties	0	\$0.001840	\$0.0	\$0.00	\$0.00	
Masterton	Water	\$/CV - urban Water supply rate charged on connected and serviceable - estimated per	4,269,230,772	\$0.000565	\$2,413.0	\$0.00	\$0.00	
Masterton	Water	\$/CV - urban Water supply rate charged on connected and serviceable - estimated per	651,538,462	\$0.001130	\$736.5	\$0.00	\$0.00	
Masterton	Water	\$/LV - Rural targeted services rates - Opaki Water Race	44,758,318	\$0.001385	\$62.0	\$0.00	\$0.00	
Masterton	Water	\$/Vol - urban (metered) Water supply on metered properties - per cubic metre for bet	0	\$1.417	\$0.0	\$0.00	\$0.00	
Masterton	Water	\$/Vol - urban (metered) Water supply on metered properties - per cubic metre for cons	0	\$1.826	\$0.0	\$0.00	\$0.00	
Masterton	Water	\$/Rating Unit - Uniform Water charge to Carterton properties	0	\$106.96	\$0.0	\$0.00	\$0.00	

There is capability within this model to analyse a new set of proposed changes to each individual tariff as in the above column green, to achieve the model’s revenue sufficiency and average price analysis goals.

Then access the positive negative impact on each individual household.



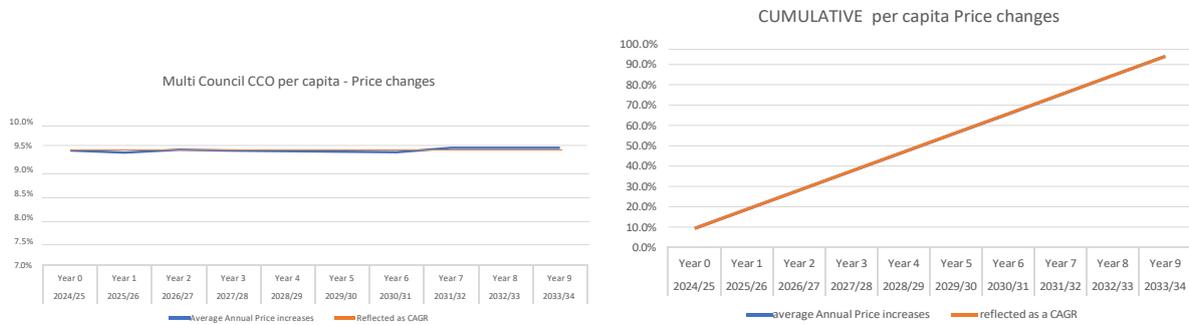
9. Risk

This section addresses the question: What should be the biggest focus or risk at this stage?

% price changes

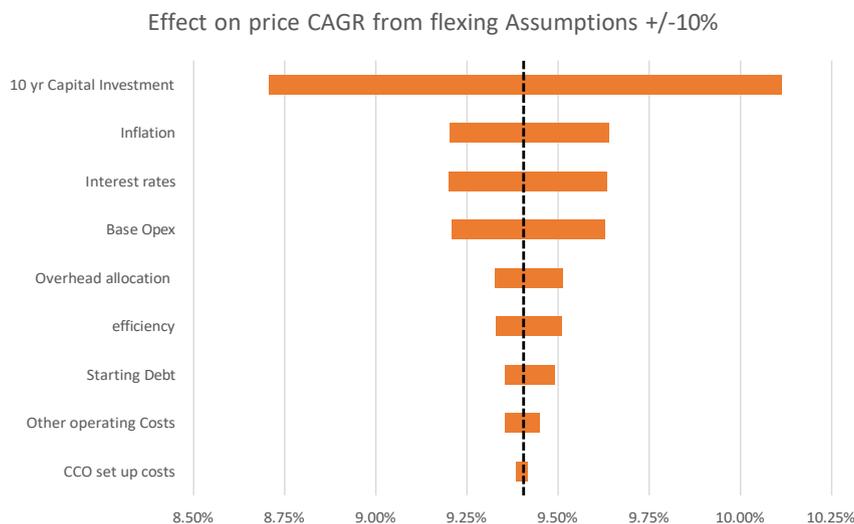
The annual per capita price changes required in the Single council CCO are displayed in the following graph.

These annual per capita changes are also reflected by their CAGR which is the average annual compounding price change. A CAGR distils a series of annual prices into its the cumulative compounding average price increase, The CAGR is 9.4% over 10 years.



Tornado Graph

An assessment of the greatest impact to the overall pricing households will need to pay is displayed in the following Tornado graph, whereby each variable underpinning this model has been flexed +/- 10% then ranked in descending order of its impact on the CAGR % price increase.



The reason a Tornado analysis is performed is because financial forecasting is risky and requires the use of inputs and assumptions.

A risk assessment of this form allows the financial practitioners to understand how much risk is attributable to each assumption of input and then dedicate the right amount of time cost and effort to qualifying each input.

10. Financial Assumptions

This section documents all the assumptions used to model

The significant forecasting assumptions and estimates used to develop this 10-year forecast are identified.

With estimates and assumptions comes uncertainty. Where there is a high level of uncertainty, the reason for the uncertainty and an estimate of the potential effects on the financial forecasts is stated.

The level of uncertainty for each assumption refers to the difficulty of predicting outcomes because of limited knowledge. Some of the variables that affect future outcomes are outside any forecasts control, such as the wider economy, changes in legislation, and climate.

- Low level of uncertainty – information available to the organisation point to a high likelihood of the assumption being accurate and/or most of the variables are under the organisation’s control.
- Moderate level of uncertainty – the organisation has most of the information available on the assumption but variables outside the organisation’s control may still affect the accuracy of the assumption.
- High level of uncertainty – the organisation has some of the information on the assumption but there is a high likelihood that variables outside the organisation’s control will impact on the accuracy of the assumption

Major Assumption	Estimates applied	Level of Uncertainty
Start Date	The start date of the CCO has been set for the purpose of this report to be 1 June 2025.	
Set up Costs	There are budgets of \$1m per council to set up their CCO/STABU water delivery organisations. And a combined \$3m for the setup of Multi-council CCO. These can be borrowed back to Council from the “settled up” Organisation on day one when Assets and debt is transferred/vested into the Multi Council CCO.	
Population and development growth	Population growth and the consequential demand for residential housing will be a driver for the CCO’s Asset Management Plan (AMP). Population projections are used to forecast the level and location of development growth (the number of dwellings and floor space area) and therefore infrastructure requirements. The population projections information has been sourced from Statistics NZ (Stats NZ). The Stats NZ predictions are based on census data collected every five years. The current projections are based on the 2018 census data. It is recognised that the Stats NZ data may provide a conservative view of growth, as the projections do not consider the potential impact of planned development and changes to land use within the organisation area.	Uncertainty: Low

Major Assumption	Estimates applied	Level of Uncertainty
	<p>The average household occupancy is assumed to remain constant over the period at 2.9 people per household. No specific provision has been made for the potential impact of housing intensification on the average household size and infrastructure capacity requirements.</p> <p>Connected properties as a proportion of the total population is assumed to remain constant.</p>	
Starting Prices	<p>The average prices are averages as such there are a number which is to represent range of individual different household prices, sometimes this can be a wide range.</p> <p>Council accounting and the financial treatment of back-office costs and general rates may have underestimated these starting day-one prices which are being representative of the portion of the current bill carved out to pay for water services delivery.</p> <p>This report relies on an estimation of current council charging, however the year one pricing has been calculated within the CCO’s financial settings so will provide a good estimation of the prices household will need to pay on day one and towards year 10. This may mean that the increases estimated for year one could be either overstated or understated, to this end it is important to pay careful observation to the comparative changes in pricing between the aggregation vs solo options as any overstatement or understatement will be the same in each option.</p>	Uncertainty: Low
Services Charged for	<p>Only users of a Drinking or Wastewater will be charged for the service.</p> <p>Storm water is forecast to be a service of the CCO and is charged across all households in the territorial authority.</p>	
Fees and charges pricing	<p>Fees and charges have been assumed to increase 20% to reflect a change in the market price of fees and services</p>	Uncertainty: Low
Water Infrastructure Contributions (WICs) - Pricing	<p>Water Infrastructure contribution prices would need to be calculated on the cost of growth-related capital expenditure set out in an asset management plan, divided by the projected Development Unit Equivalent (DUE) growth over the estimated capacity life of assets (or groups of assets). Future DUEs are projected for domestic and non-domestic growth to calculate the total expected DUE’s.</p> <p>For the purposes of this model all current Water Infrastructure Contribution (WIC’s) charged by Councils have been increased by 20% to reflect a proxy for a growth pays for growth policy.</p>	Uncertainty: High
Base Operational Expenditure	<p>The base operational expenditure is from updated budgets in local authorities’ 2024/25 Annual Plans. The base operational expenditure is then adjusted for inflation using the BERL LCGI Opex inflation and population growth over the 10 years of the plan. Base operational expenditure is subject to Opex efficiency.</p>	Uncertainty: Low

Major Assumption	Estimates applied	Level of Uncertainty								
Additional WSE Operational Expenditure	<p>Additional WSE operational expenditure has been added to reflect new expenses incurred because of reform. Reform costs which apply to all entities across the country have been allocated based on a proportional basis using a percentage of the national population.</p> <p>Reform costs are adjusted by BERL Opex inflation and population growth per year. The additional WSE operational expenditure is not subject to any efficiency.</p>	Uncertainty: Moderate								
Vulnerable Customer assistance	<p>Additional operational expenditure is allowed for vulnerable consumer assistance. This allowance is 1% of total domestic service revenue each year. This expense is not subject to any efficiency.</p>	Uncertainty: Low								
Consequential Opex	<p>Additional operation expenses are allowed for the increase in costs associated with new capital works. Consequential Opex has been forecast at 1.5% of the delta between the LTP planned capital expenditure for growth and level of service assets and the AMP capital expenditure for growth and level of service assets. This is a cumulative expense each year.</p> <p>The additional consequential Opex expense is subject to operation expenses efficiency.</p>	Risk: Moderate								
CCO paying rates back to council	<p>In the previous 3 waters legislation the Water entities were legislated to pay rates back to Councils (based on land value not the capital portion).</p> <p>That was with a different policy and the business vehicle was to be a Water services organisation which was to be completely separate from councils.</p> <p>This policy is to form a CCO which is closer to councils.</p> <p>There is a case where the Auckland council took Watercare to court to pay the council rates for the water network.</p> <p>In Watercare’s constitution it is stipulated that Watercare would not pay a dividend back to council, (any free cash results in dropped pricing to households).</p> <p>Watercare was successful in getting the courts to agree that paying a rate back to council (as a CCO) would constitute a dividend and would contravene the Water care constitution.</p> <p>Therefore, in this analysis the Multi Council CCO is assumed to not have to pay rates back to Council.</p>									
Interest rates	<p>The interest rates on borrowings used in this forecast are:</p> <table border="1" data-bbox="392 1839 775 2042"> <thead> <tr> <th data-bbox="392 1839 584 1895">Year</th> <th data-bbox="584 1839 775 1895">Interest rates</th> </tr> </thead> <tbody> <tr> <td data-bbox="392 1895 584 1939">2024/25</td> <td data-bbox="584 1895 775 1939">5.08%</td> </tr> <tr> <td data-bbox="392 1939 584 1984">2025/26</td> <td data-bbox="584 1939 775 1984">4.92%</td> </tr> <tr> <td data-bbox="392 1984 584 2042">2026/27</td> <td data-bbox="584 1984 775 2042">4.93%</td> </tr> </tbody> </table>	Year	Interest rates	2024/25	5.08%	2025/26	4.92%	2026/27	4.93%	Uncertainty: Low
Year	Interest rates									
2024/25	5.08%									
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Major Assumption	Estimates applied	Level of Uncertainty																								
	<table border="1" data-bbox="392 304 775 651"> <tr><td>2027/28</td><td>4.93%</td></tr> <tr><td>2028/29</td><td>4.93%</td></tr> <tr><td>2029/30</td><td>4.92%</td></tr> <tr><td>2030/31</td><td>4.92%</td></tr> <tr><td>2031/32</td><td>4.92%</td></tr> <tr><td>2032/33</td><td>4.92%</td></tr> <tr><td>2033/34</td><td>4.92%</td></tr> </table> <p data-bbox="392 674 1217 734">These rates assume that a S&P Global SACR Borrowing rate for a Borrowing organisation at BBB+ Credit rating.</p> <p data-bbox="392 770 1217 831">Borrowing through LGFA may result in lower interest rates and will also incur the margin on the liquidity standby facility.</p>	2027/28	4.93%	2028/29	4.93%	2029/30	4.92%	2030/31	4.92%	2031/32	4.92%	2032/33	4.92%	2033/34	4.92%											
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Capitalised Interest	This plan assumes that no interest is capitalised.	Uncertainty: low																								
Inflation	<p data-bbox="392 1043 1225 1104">Separate inflation rates have been used for the operational and capital budgets due to the different cost drivers that impact these types of cost.</p> <p data-bbox="392 1140 1225 1361">Business and Economic Research Ltd (BERL) are contracted on behalf of the local government sector to provide inflation forecasts for budgeting and planning purposes. These forecasts are related to the types of costs that the local government sector and water services entities are likely to incur. The BERL Local Government Cost Index (LGCI) rates for Opex as the operational expenses inflation and Water, Sewer, Drainage, and Waste Services for capital expenditure inflation have been used.</p> <p data-bbox="392 1397 1034 1429">Inflation rates assumed in financial forecasts are as follows:</p> <table border="1" data-bbox="392 1458 884 2033"> <thead> <tr> <th>Year</th> <th>Operating inflation - Council (LGCI OPEX)</th> <th>Capital inflation</th> </tr> </thead> <tbody> <tr><td>2024/25</td><td>2.70%</td><td>3.60%</td></tr> <tr><td>2025/26</td><td>2.20%</td><td>2.50%</td></tr> <tr><td>2026/27</td><td>2.20%</td><td>2.70%</td></tr> <tr><td>2027/28</td><td>2.20%</td><td>2.60%</td></tr> <tr><td>2028/29</td><td>2.10%</td><td>2.50%</td></tr> <tr><td>2029/30</td><td>2.00%</td><td>2.30%</td></tr> <tr><td>2030/31</td><td>2.00%</td><td>2.30%</td></tr> </tbody> </table>	Year	Operating inflation - Council (LGCI OPEX)	Capital inflation	2024/25	2.70%	3.60%	2025/26	2.20%	2.50%	2026/27	2.20%	2.70%	2027/28	2.20%	2.60%	2028/29	2.10%	2.50%	2029/30	2.00%	2.30%	2030/31	2.00%	2.30%	Uncertainty: Low
Year	Operating inflation - Council (LGCI OPEX)	Capital inflation																								
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Major Assumption	Estimates applied			Level of Uncertainty														
	2031/32	1.90%	2.20%															
	2032/33	1.90%	2.10%															
	2033/34	1.90%	2.10%															
<p>Opening Assets</p>	<p>The opening assets have been rolled forward from the Annual Plan 2022/23 closing asset position, plus LTP projected capex for FY24, less depreciation at 2% for FY24 to get the opening asset position on 1 July 2025.</p> <p>The opening assets are:</p> <table border="1" data-bbox="392 712 855 958"> <thead> <tr> <th>Asset Type</th> <th>Value on 1 July 2024</th> </tr> </thead> <tbody> <tr> <td>Wastewater</td> <td>\$247.7m</td> </tr> <tr> <td>Stormwater</td> <td>\$38.5m</td> </tr> <tr> <td>Water</td> <td>\$227.4m</td> </tr> <tr> <td>Total</td> <td>\$564.1m</td> </tr> </tbody> </table>			Asset Type	Value on 1 July 2024	Wastewater	\$247.7m	Stormwater	\$38.5m	Water	\$227.4m	Total	\$564.1m	<p>Uncertainty: Low</p>				
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Wastewater	\$247.7m																	
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Water	\$227.4m																	
Total	\$564.1m																	
<p>Borrowings</p>	<p>It is assumed that the CCO will have the facilities to secure funding as required.</p> <p>The opening borrowings assumptions used for financial modelling are:</p> <table border="1" data-bbox="392 1205 1106 1552"> <thead> <tr> <th>Asset Type</th> <th>Value on 1 July 2025</th> </tr> </thead> <tbody> <tr> <td>Wastewater</td> <td>\$82.5m</td> </tr> <tr> <td>Stormwater</td> <td>\$2.9m</td> </tr> <tr> <td>Water</td> <td>\$33.7m</td> </tr> <tr> <td>Start Up Costs</td> <td>\$3m</td> </tr> <tr> <td>Estimated additions to Debt</td> <td>\$45m</td> </tr> <tr> <td>Total</td> <td>\$168.4m</td> </tr> </tbody> </table>			Asset Type	Value on 1 July 2025	Wastewater	\$82.5m	Stormwater	\$2.9m	Water	\$33.7m	Start Up Costs	\$3m	Estimated additions to Debt	\$45m	Total	\$168.4m	<p>Uncertainty: Moderate – Relied on roll forward calculations</p>
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Estimated additions to Debt	\$45m																	
Total	\$168.4m																	
<p>Capital cost projections</p>	<p>Cost projections for individual capital projects are based on the best available information at the time of planning and will be subject to ongoing refinement – with major changes expected in the finalisation of the combined regional AMP and business planning alongside potential vendors.</p>			<p>Uncertainty: Moderate</p>														
<p>Business efficiency</p>	<p>The Opex efficiency target is applied to base operational expenses and consequential Opex.</p> <p>The Capex efficiency target is applied to growth and level of service capital expenditure spend.</p> <p>Savings will be achieved without changing the services the community receives.</p>			<p>Uncertainty: Moderate</p>														

Major Assumption	Estimates applied	Level of Uncertainty																										
Asset revaluations	Assumes assets are not revalued. All assets are shown at a book value of cost less depreciation.	Uncertainty: Low																										
Useful life of asset additions	<p>The useful lives of significant assets with the appropriate depreciation rates are shown in the table below.</p> <p>It is also assumed that:</p> <ul style="list-style-type: none"> the useful lives will remain the same throughout the 10-year planning period. that assets will be replaced at the end of their useful lives. assets are depreciated on a straight-line basis over their useful lives with annual depreciation expense included in the total costs for each service. <table border="1" data-bbox="392 824 1027 1469"> <thead> <tr> <th>Asset Class</th> <th>Estimated useful life (years)</th> </tr> </thead> <tbody> <tr> <td>Infrastructure</td> <td></td> </tr> <tr> <td>Water</td> <td>55</td> </tr> <tr> <td>Wastewater</td> <td>70</td> </tr> <tr> <td>Stormwater</td> <td>100</td> </tr> <tr> <td>Other infrastructure</td> <td>Out of Scope</td> </tr> <tr> <td>Operational</td> <td></td> </tr> <tr> <td>Land</td> <td>Out of Scope</td> </tr> <tr> <td>Buildings</td> <td>Out of Scope</td> </tr> <tr> <td>Other operational assets</td> <td>Out of Scope</td> </tr> <tr> <td>Intangible assets</td> <td></td> </tr> <tr> <td>Computer software</td> <td>Out of Scope</td> </tr> <tr> <td>Other intangible assets</td> <td>Out of Scope</td> </tr> </tbody> </table>	Asset Class	Estimated useful life (years)	Infrastructure		Water	55	Wastewater	70	Stormwater	100	Other infrastructure	Out of Scope	Operational		Land	Out of Scope	Buildings	Out of Scope	Other operational assets	Out of Scope	Intangible assets		Computer software	Out of Scope	Other intangible assets	Out of Scope	Uncertainty: Low
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Remaining useful life of any other assets transferred	<p>The remaining weighted useful life of assets to be transferred are assumed to be:</p> <table border="1" data-bbox="392 1585 1027 2027"> <thead> <tr> <th>Asset Class</th> <th>Estimated useful life (years)</th> </tr> </thead> <tbody> <tr> <td>Infrastructure</td> <td></td> </tr> <tr> <td>Water</td> <td>50</td> </tr> <tr> <td>Wastewater</td> <td>50</td> </tr> <tr> <td>Stormwater</td> <td>50</td> </tr> <tr> <td>Other infrastructure</td> <td>Out of Scope</td> </tr> <tr> <td>Operational</td> <td></td> </tr> <tr> <td>Land</td> <td>Out of Scope</td> </tr> <tr> <td>Buildings</td> <td>Out of Scope</td> </tr> </tbody> </table>	Asset Class	Estimated useful life (years)	Infrastructure		Water	50	Wastewater	50	Stormwater	50	Other infrastructure	Out of Scope	Operational		Land	Out of Scope	Buildings	Out of Scope	Uncertainty: Moderate								
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Major Assumption	Estimates applied		Level of Uncertainty
	Other operational assets	Out of Scope	
	Intangible assets		
	Computer software	Out of Scope	
	Other intangible assets	Out of Scope	
Vested assets	<p>Vested assets are assets transferred from developers to the CCO to meet their obligations under building and resource consent conditions or infrastructure contribution agreements.</p> <p>Vested asset income is inconsistent from year-to-year and therefore is difficult to forecast. It has therefore not been forecast.</p> <p>Vested asset income has no cash impact therefore any financial risk is low. No allowance is made to increase the network asset value from the addition of vested assets.</p>		Uncertainty: Moderate
Average drinking water consumption per capita	Average drinking water consumption per capita is assumed to be stable and consistent across all local authorities where applicable.		Uncertainty: Low
Average volume of wastewater as a percentage of water consumption	Average wastewater discharge per capita is assumed to be stable and consistent across all local authorities where applicable.		Level of uncertainty: Low
Levels of service	<p>For this forecast, assumed that:</p> <ul style="list-style-type: none"> the current demand for water services and customer expectations regarding business-as-usual levels of service will not change during the planning period there is no other significant impact from external pressures on asset requirements or operating expenditure, beyond what is specifically planned for in this 10-year plan 		Uncertainty: Low
Climate and natural hazards	<p>The ability to deliver planned levels of service to the community may be affected if climate change occurs faster or with greater impact, such as what we are already experiencing with recent flooding and effects of Cyclone Gabrielle.</p> <p>If this occurs, unbudgeted emergency work may need to be carried out. Additional costs may also be incurred to mitigate impacts, such as improving protection of critical infrastructure or increasing maintenance.</p>		Uncertainty: High

Major Assumption	Estimates applied	Level of Uncertainty
	No contingency is assumed in the model.	
Resource Management Reforms	<p>The Resource Management Act 1991 (RMA) is the main law governing how people interact with natural resources. The Government plans to repeal the RMA and enact new laws to create a resource management (RM) system that will safeguard the wellbeing of current and future generations.</p> <p>The information that has been made available through the proposed Natural and Built Environment Bill and Spatial Planning Bill suggests that the potential risk to materially impact this forecast is high. However, we cannot anticipate the impact of future legislative changes as a result of the select committee process and their timing. Therefore, this plan has been developed based on current legislation, regulations, and policy.</p>	Uncertainty: High
Income Tax	It is assumed that the organisation is a public purpose Crown-controlled organisation under the Income Tax Act 2007 for income tax purposes and is therefore not liable to pay income tax.	Uncertainty: Low

The following table represents to salary estimates and expenses which should be needed in the three scenarios.

	Stand Alone Business Unit	Single Council CCO	Single Council CCO
Chief Executive	-	400,000	400,000
Board of Directors	-	210,000	210,000
CFO	-	350,000	350,000
Treasury Function	-	-	300,000
Annual Credit rating	-	-	500,000
Annual Reports	-	100,000	100,000
Additional Financial an	840,000	840,000	840,000
Regulatory fees	429,193	429,193	429,193
Separate building	-	250,000	250,000
Staff Transitioned	-	-	-

Note that these assumptions and risks are not an exhaustive list of the assumptions and risks. These contain risks and assumptions that are more specific in nature.

11. Financial Outputs

This section Displays the PAndL, Balance sheet and Cash flow statements underpinning these reports financial analysis

Masterton Single Council Water Services CCO/STABU

Summary sheet (\$000's)	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	Total
	Prior year	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Domestic Connections	9,588	9,636	9,684	9,732	9,779	9,813	9,847	9,881	9,916	9,950	9,970	9,991	
Revenue													
Domestic Service Charges	14,038	-	14,038	14,038	14,038	14,038	14,038	14,038	14,038	14,038	14,038	14,038	154,416
Non-Domestic Service Charges	-	-	-	-	-	-	-	-	-	-	-	-	0
Water Infrastructure Contributions	2,285	-	2,742	2,742	2,742	2,742	2,742	2,742	2,742	2,742	2,742	2,742	29,705
Fees	1,077	-	1,293	1,293	1,293	1,293	1,293	1,293	1,293	1,293	1,293	1,293	14,007
Revenue Gap	-	-	2,694	2,091	3,983	5,227	6,568	8,138	9,838	11,706	13,678	15,779	79,702
Total Revenue	17,400	-	20,767	20,164	22,056	23,300	24,640	26,211	27,910	29,779	31,751	33,852	277,830
													CAGR
Total Revenue % change			19.3%	-2.9%	9.4%	5.6%	5.8%	6.4%	6.5%	6.7%	6.6%	6.6%	6.9%
Total Revenue per cap % change			18.8%	-3.4%	8.9%	5.3%	5.4%	6.0%	6.1%	6.3%	6.4%	6.4%	
Total Domestic Rev % Change			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Total Domestic Rev per cap % Change			-1.0%	-0.5%	-0.5%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.2%	-0.2%	
Total Domestic and gap Rev per cap % Change			18.0%	-4.1%	11.2%	6.5%	6.6%	7.3%	7.3%	7.5%	7.4%	7.4%	6.7%
Opex	0	(7,653)	(7,893)	(9,129)	(9,614)	(10,119)	(10,678)	(11,244)	(11,881)	(12,535)	(13,237)	(13,983)	(103,983)
Total Expenses	0	(7,653)	(7,893)	(9,129)	(9,614)	(10,119)	(10,678)	(11,244)	(11,881)	(12,535)	(13,237)	(13,983)	(103,983)
EBITDA	-	13,114	12,271	12,927	13,685	14,522	15,533	16,666	17,897	19,216	20,615	22,116	156,447
EBITDA % of Revenue		63%	61%	59%	59%	59%	59%	60%	60%	61%	61%	61%	
Depreciation	(4,938)	(4,938)	(5,448)	(5,624)	(5,820)	(6,421)	(6,660)	(6,920)	(7,634)	(7,938)	(8,263)	(8,623)	(70,604)
Interest	0	(2,594)	(2,629)	(2,728)	(2,865)	(3,039)	(3,244)	(3,475)	(3,729)	(4,002)	(4,294)	(4,600)	(32,600)
NPAT	-	4,938	5,582	4,194	4,575	5,000	5,061	5,629	6,271	6,535	7,276	8,058	53,243
Capex													
Stormwater	0	(928)	(1,065)	(1,193)	(1,322)	(1,451)	(1,582)	(1,714)	(1,846)	(1,979)	(2,114)	(2,250)	(15,192)
Wastewater	0	(5,104)	(5,858)	(6,560)	(7,271)	(7,982)	(8,704)	(9,429)	(10,154)	(10,887)	(11,627)	(12,372)	(83,577)
Water	0	(3,876)	(4,449)	(4,982)	(5,522)	(6,062)	(6,610)	(7,160)	(7,711)	(8,267)	(8,830)	(9,400)	(63,469)
SUM	0	(9,908)	(11,372)	(12,735)	(14,115)	(15,494)	(16,897)	(18,303)	(19,710)	(21,133)	(22,571)	(24,022)	(162,238)
Network Value													
Wastewater	134,559	139,662	150,748	143,135	154,838	161,814	159,941	167,517	181,858	174,171	189,097	189,097	189,097
Stormwater	41,587	42,515	45,919	42,842	46,364	47,607	46,999	48,358	52,477	49,292	53,525	53,525	53,525
Water	69,909	73,785	79,696	77,096	83,457	88,797	87,956	93,726	101,863	99,334	107,883	107,883	107,883
SUM	246,054	255,962	276,363	263,073	284,659	298,218	294,896	309,601	336,197	322,797	350,505	350,505	350,505
Cash flows													
Operating Inflows	0	16,544	17,471	19,159	20,455	21,788	23,340	25,029	26,883	28,847	30,937	33,179	230,453
Operating Outflows	0	(7,024)	(7,873)	(9,027)	(9,574)	(10,077)	(10,632)	(11,197)	(11,829)	(12,481)	(13,179)	(13,919)	(102,895)
Investing Inflows	0	2,517	2,742	2,742	2,742	2,742	2,742	2,742	2,742	2,742	2,742	2,742	27,195
Investing Outflows	0	(9,093)	(11,252)	(12,623)	(14,002)	(15,381)	(16,781)	(18,188)	(19,595)	(21,016)	(22,453)	(23,905)	(160,383)
Financing Inflows	0	(349)	1,540	2,478	3,244	3,967	4,575	5,090	5,527	5,911	6,247	6,527	38,231
Financing Outflows	0	(2,594)	(2,629)	(2,728)	(2,865)	(3,039)	(3,244)	(3,475)	(3,729)	(4,002)	(4,294)	(4,600)	(32,600)
check	0	0	0	0	0	0	0	0	0	0	0	0	0
FFO													
Operational and Investing Inflows	0	19,060	20,213	21,901	23,197	24,530	26,082	27,771	29,625	31,589	33,679	35,889	230,453
Investing Outflows	0	(7,024)	(7,873)	(9,027)	(9,574)	(10,077)	(10,632)	(11,197)	(11,829)	(12,481)	(13,179)	(13,919)	(102,895)
Financing outflows	0	(2,594)	(2,629)	(2,728)	(2,865)	(3,039)	(3,244)	(3,475)	(3,729)	(4,002)	(4,294)	(4,600)	(32,600)
Capital Investment	0	(9,093)	(11,252)	(12,623)	(14,002)	(15,381)	(16,781)	(18,188)	(19,595)	(21,016)	(22,453)	(23,905)	(160,383)
FFO (\$)	-	9,442	9,711	10,145	10,758	11,414	12,206	13,098	14,067	15,105	16,206	17,389	112,071
Total Debt	42,682	54,301	53,953	55,493	57,971	61,215	65,182	69,757	74,847	80,375	86,285	92,532	
Credit Assessment (Millions)													
Core Ratios													
FFO / Debt (%)		17.5%	17.5%	17.5%	17.6%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%
Debt / EBITDA (x)		4.1	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5
Debt to revenue percentage		260%	275%	263%	263%	265%	266%	268%	270%	272%	273%	273%	273%
Supplementary coverage ratios													
FFO interest cover (x)		4.6	4.7	4.7	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8
EBITDA / interest (x)		5.1	4.7	4.7	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8

South Wairarapa District Council Single Council Water Services CCO/STABU

Summary sheet (\$000's)	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	Total
	Prior year	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Domestic Connections	3,959	3,983	4,007	4,031	4,055	4,068	4,082	4,096	4,109	4,123	4,133	4,143	
Revenue													
Domestic Service Charges	9,414	-	9,414	9,414	9,414	9,414	9,414	9,414	9,414	9,414	9,414	9,414	103,554
Non-Domestic Service Charges	-	-	-	-	-	-	-	-	-	-	-	-	0
Water Infrastructure Contributions	400	-	480	480	480	480	480	480	480	480	480	480	5,200
Fees	371	-	445	445	445	445	445	445	445	445	445	445	4,823
Revenue Gap	-	-	9,879	10,660	12,547	14,499	16,614	18,859	21,075	23,612	26,180	28,773	182,797
Total Revenue	10,185	-	20,218	21,000	22,886	24,838	26,953	29,198	31,414	33,951	36,519	39,212	296,374
													CAGR
Total Revenue % change			98.5%	3.9%	9.0%	8.5%	8.5%	8.3%	7.6%	8.1%	7.6%	7.4%	14.4%
Total Revenue per cap % change			97.3%	3.2%	8.3%	8.2%	8.2%	8.0%	7.2%	7.7%	7.3%	7.1%	
Total Domestic Rev % Change			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Total Domestic Rev per cap % Change			-1.2%	-0.6%	-0.6%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.2%	-0.2%	
Total Domestic and gap Rev per cap % Change			102.5%	3.4%	8.8%	8.3%	8.5%	8.3%	7.5%	8.0%	7.5%	7.3%	13.1%
Opex	0	(9,512)	(9,774)	(10,054)	(10,309)	(10,582)	(10,885)	(11,208)	(11,566)	(11,950)	(12,369)		(108,209)
Total Expenses	0	(9,512)	(9,774)	(10,054)	(10,309)	(10,582)	(10,885)	(11,208)	(11,566)	(11,950)	(12,369)		(108,209)
EBITDA	-	10,707	11,226	12,832	14,528	16,372	18,314	20,206	22,385	24,569	26,843		177,981
EBITDA % of Revenue		53%	53%	56%	58%	61%	63%	64%	66%	67%	68%		
Depreciation	(1,850)	(1,850)	(2,201)	(2,431)	(2,689)	(3,170)	(3,489)	(3,839)	(4,459)	(4,873)	(5,319)		(36,170)
Interest	0	(1,831)	(2,064)	(2,352)	(2,665)	(3,003)	(3,361)	(3,741)	(4,140)	(4,555)	(4,987)		(32,698)
NPAT	-	1,850	7,026	6,960	8,049	9,174	10,199	11,464	12,626	13,785	15,142	16,537	109,112
Capex													
Stormwater	0	(142)	(163)	(185)	(208)	(231)	(255)	(280)	(306)	(332)	(360)		(2,462)
Wastewater	0	(8,915)	(10,232)	(11,490)	(12,772)	(14,061)	(15,379)	(16,710)	(18,051)	(19,416)	(20,805)		(147,832)
Water	0	(3,915)	(4,494)	(5,093)	(5,713)	(6,349)	(7,009)	(7,689)	(8,386)	(9,108)	(9,856)		(67,611)
SUM	0	(12,972)	(14,890)	(16,768)	(18,693)	(20,641)	(22,643)	(24,679)	(26,742)	(28,856)	(31,020)		(217,905)
Network Value													
Wastewater	29,906	38,820	42,384	49,447	54,128	67,127	68,026	82,137	90,782	99,258	109,015		109,015
Stormwater	23,852	23,994	25,917	23,715	25,659	25,805	25,420	25,589	27,721	25,394	27,550		27,550
Water	47,168	51,084	55,316	55,074	59,834	65,482	65,330	71,530	78,291	78,586	85,930		85,930
SUM	100,926	113,898	123,617	128,236	139,621	158,415	158,775	179,255	196,794	203,238	222,495		222,495
Cash flows													
Operating Inflows	0	18,116	20,455	22,251	24,197	26,300	28,534	30,752	33,263	35,828	38,511		278,206
Operating Outflows	0	(8,730)	(9,752)	(10,031)	(10,288)	(10,559)	(10,860)	(11,182)	(11,537)	(11,918)	(12,334)		(107,192)
Investing Inflows	0	441	480	480	480	480	480	480	480	480	480		4,761
Investing Outflows	0	(11,906)	(14,732)	(16,614)	(18,535)	(20,480)	(22,479)	(24,512)	(26,573)	(28,662)	(30,842)		(215,350)
Financing Inflows	0	3,910	5,614	6,266	6,811	7,263	7,686	8,203	8,507	8,847	9,173		72,279
Financing Outflows	0	(1,831)	(2,064)	(2,352)	(2,665)	(3,003)	(3,361)	(3,741)	(4,140)	(4,555)	(4,987)		(32,698)
check	0	0	0	0	0	0	0	0	0	0	0		0
FFO													
Operational and Investing Inflows	0	18,557	20,935	22,731	24,677	26,780	29,014	31,232	33,743	36,308	38,991		
Investing Outflows	0	(8,730)	(9,752)	(10,031)	(10,288)	(10,559)	(10,860)	(11,182)	(11,537)	(11,918)	(12,334)		
Financing outflows	0	(1,831)	(2,064)	(2,352)	(2,665)	(3,003)	(3,361)	(3,741)	(4,140)	(4,555)	(4,987)		
Capital Investment	0	(11,906)	(14,732)	(16,614)	(18,535)	(20,480)	(22,479)	(24,512)	(26,573)	(28,682)	(30,842)		
FFO (\$)	-	7,996	9,119	10,348	11,724	13,217	14,793	16,309	18,065	19,835	21,669		
Total Debt	22,261	36,069	39,979	45,592	51,858	58,669	65,932	73,618	81,820	90,328	99,175	108,348	
Credit Assessment (Millions)													
Revenue	-	20.22	21.00	22.89	24.84	26.95	29.20	31.41	33.95	36.52	39.21		
Operating Expenditure	-	9.51	9.77	10.05	10.31	10.58	10.88	11.21	11.57	11.95	12.37		
EBITDA	-	10.71	11.23	12.83	14.53	16.37	18.31	20.21	22.38	24.57	26.84		
Interest expense	-	1.83	2.06	2.35	2.66	3.00	3.36	3.74	4.14	4.55	4.99		
Development Contributions	-	0.48	0.48	0.48	0.48	0.48	0.48	0.48	0.48	0.48	0.48		
Funds from operations (FFO)	-	8.00	9.12	10.35	11.72	13.22	14.79	16.31	18.07	19.83	21.67		
Capital Expenditure	-	11.91	14.73	16.61	18.54	20.48	22.48	24.51	26.57	28.68	30.84		
Free operating cash flow (FOCF)	-	3.91	5.61	6.27	6.81	7.26	7.69	8.20	8.51	8.85	9.17		
Debt	-	39.98	45.59	51.86	58.67	65.93	73.62	81.82	90.33	99.18	108.35		
Core Ratios													
FFO / Debt (%)		20.0%	20.0%	20.0%	20.0%	20.0%	20.1%	19.9%	20.0%	20.0%	20.0%		
Debt / EBITDA (x)		3.7	4.1	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0		
Debt to revenue percentage		198%	217%	227%	236%	245%	252%	260%	266%	272%	276%		
Supplementary coverage ratios													
FFO interest cover (x)		5.4	5.4	5.4	5.4	5.4	5.4	5.4	5.4	5.4	5.3		
EBITDA / interest (x)		5.8	5.4	5.5	5.5	5.5	5.4	5.4	5.4	5.4	5.4		

Tararua Single Council Water Services CCO/STABU

Summary sheet (\$000's)	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	Total	
	Prior year	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10		
Domestic Connections	6,512	6,532	6,552	6,573	6,593	6,604	6,614	6,624	6,634	6,644	6,644	6,644		
Revenue														
Domestic Service Charges	12,209	-	12,209	12,209	12,209	12,209	12,209	12,209	12,209	12,209	12,209	12,209	134,299	
Non-Domestic Service Charges	-	-	-	-	-	-	-	-	-	-	-	-	0	
Water Infrastructure Contributions	254	-	305	305	305	305	305	305	305	305	305	305	3,302	
Fees	303	-	472	472	472	472	472	472	472	472	472	472	5,109	
Revenue Gap	-	-	10,598	9,882	10,908	12,148	13,496	15,233	17,033	18,682	20,246	21,705	149,931	
Total Revenue	12,856	-	23,584	22,867	23,894	25,134	26,481	28,218	30,018	31,667	33,231	34,691	292,641	
Total Revenue % change			83.4%	-3.0%	4.5%	5.2%	5.4%	6.6%	6.4%	5.5%	4.9%	4.4%	CAGR 10.4%	
Total Revenue per cap % change			82.9%	-3.3%	4.2%	5.0%	5.2%	6.4%	6.2%	5.3%	4.9%	4.4%		
Total Domestic Rev % Change			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
Total Domestic Rev per cap % Change			-0.6%	-0.3%	-0.3%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%	0.0%	0.0%		
Total Domestic and gap Rev per cap % Change			85.6%	-3.4%	4.3%	5.2%	5.4%	6.6%	6.4%	5.5%	5.1%	4.5%	9.5%	
Opex			0	(8,885)	(9,092)	(9,321)	(9,537)	(9,834)	(10,167)	(10,512)	(10,865)	(11,214)	(11,572)	(101,000)
Total Expenses	0	(8,885)	(9,092)	(9,321)	(9,537)	(9,834)	(10,167)	(10,512)	(10,865)	(11,214)	(11,572)	(11,572)	(101,000)	
EBITDA	-	14,699	13,775	14,572	15,597	16,648	18,051	19,506	20,802	22,017	23,118	24,119	178,785	
EBITDA % of Revenue		62%	60%	61%	62%	63%	64%	65%	66%	66%	66%	67%		
Depreciation		(3,025)	(3,025)	(3,448)	(3,660)	(3,900)	(4,442)	(4,738)	(5,063)	(5,742)	(6,104)	(6,471)	(49,618)	
Interest		0	(2,638)	(2,678)	(2,793)	(2,953)	(3,157)	(3,397)	(3,670)	(3,942)	(4,186)	(4,403)	(33,816)	
NPAT	-	3,025	9,035	7,650	8,119	8,744	9,049	9,916	10,773	11,117	11,728	12,244	95,350	
Capex														
Stormwater		0	(625)	(717)	(803)	(890)	(977)	(1,065)	(1,154)	(1,162)	(1,171)	(1,179)	(9,741)	
Wastewater		0	(4,425)	(5,079)	(5,721)	(6,379)	(7,045)	(7,730)	(8,427)	(8,544)	(8,663)	(8,782)	(70,795)	
Water		0	(6,338)	(7,275)	(8,227)	(9,209)	(10,210)	(11,248)	(12,311)	(12,532)	(12,758)	(12,988)	(103,096)	
SUM	0	(11,388)	(13,071)	(14,750)	(16,477)	(18,232)	(20,043)	(21,891)	(22,239)	(22,591)	(22,949)	(23,949)	(183,632)	
Network Value														
Wastewater		53,965	58,389	63,195	62,841	68,224	74,583	74,322	81,268	88,265	87,842	94,834	94,834	
Stormwater		23,599	24,224	26,163	24,528	26,546	27,395	27,061	27,988	30,306	28,548	30,863	30,863	
Water		76,918	83,257	90,057	89,591	97,223	106,309	105,914	115,859	125,768	125,213	135,120	135,120	
SUM	0	154,482	165,870	179,415	176,960	191,993	208,287	207,298	225,115	244,339	241,603	260,817	260,817	
Cash flows														
Operating Inflows		0	21,365	22,621	23,505	24,727	26,066	27,771	29,565	31,227	32,798	34,266	273,911	
Operating Outflows		0	(8,155)	(9,075)	(9,303)	(9,519)	(9,809)	(10,140)	(10,484)	(10,836)	(11,186)	(11,543)	(100,049)	
Investing Inflows		0	280	305	305	305	305	305	305	305	305	305	3,023	
Investing Outflows		0	(10,452)	(12,933)	(14,612)	(16,335)	(18,087)	(19,894)	(21,739)	(22,210)	(22,562)	(22,920)	(181,746)	
Financing Inflows		0	(401)	1,759	2,898	3,776	4,683	5,355	6,023	5,457	4,831	4,295	38,677	
Financing Outflows		0	(2,638)	(2,678)	(2,793)	(2,953)	(3,157)	(3,397)	(3,670)	(3,942)	(4,186)	(4,403)	(33,816)	
check		0												
FFO														
Operational and Investing Inflows		0	21,645	22,926	23,809	25,032	26,370	28,076	29,870	31,532	33,103	34,571		
Investing Outflows		0	(8,155)	(9,075)	(9,303)	(9,519)	(9,809)	(10,140)	(10,484)	(10,836)	(11,186)	(11,543)		
Financing outflows		0	(2,638)	(2,678)	(2,793)	(2,953)	(3,157)	(3,397)	(3,670)	(3,942)	(4,186)	(4,403)		
Capital Investment		0	(10,452)	(12,933)	(14,612)	(16,335)	(18,087)	(19,894)	(21,739)	(22,210)	(22,562)	(22,920)		
FFO (\$)	-	10,852	11,174	11,714	12,560	13,404	14,539	15,716	16,753	17,731	18,624	19,522		
Total Debt	43,342	55,244	54,844	56,603	59,501	63,277	67,960	73,315	79,338	84,795	89,627	93,922		
Credit Assessment (Millions)														
Revenue		-	23.58	22.87	23.89	25.13	26.48	28.22	30.02	31.67	33.23	34.69		
Operating Expenditure		-	8.88	9.09	9.32	9.54	9.83	10.17	10.51	10.87	11.21	11.57		
EBITDA		-	14.70	13.78	14.57	15.60	16.65	18.05	19.51	20.80	22.02	23.12		
Interest expense		-	2.64	2.68	2.79	2.95	3.16	3.40	3.67	3.94	4.19	4.40		
Development Contributions		-	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30		
Funds from operations (FFO)		-	10.85	11.17	11.71	12.56	13.40	14.54	15.72	16.75	17.73	18.62		
Capital Expenditure		-	10.45	12.93	14.61	16.34	18.09	19.89	21.74	22.21	22.56	22.92		
Free operating cash flow (FOCF)		-	0.40	1.76	2.90	3.78	4.68	5.36	6.02	5.46	4.83	4.30		
Debt		-	54.84	56.60	59.50	63.28	67.96	73.32	79.34	84.80	89.63	93.92		
Core Ratios														
FFO / Debt (%)			19.8%	19.7%	19.7%	19.8%	19.7%	19.8%	19.8%	19.8%	19.8%	19.8%		
Debt / EBITDA (x)			3.7	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1		
Debt to revenue percentage			233%	248%	249%	252%	257%	260%	264%	268%	270%	271%		
Supplementary coverage ratios														
FFO interest cover (x)			5.1	5.2	5.2	5.3	5.2	5.3	5.3	5.2	5.2	5.2		
EBITDA / interest (x)			5.6	5.1	5.2	5.3	5.3	5.3	5.3	5.3	5.3	5.3		

Carterton Single Council Water Services CCO/STABU

Summary sheet (\$000's)	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	Total
	Prior year	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Domestic Connections	3,445	3,465	3,486	3,506	3,527	3,540	3,554	3,568	3,581	3,595	3,605	3,615	
Revenue													
Domestic Service Charges	6,957	-	6,704	6,704	6,704	6,704	6,704	6,704	6,704	6,704	6,704	6,704	73,997
Non-Domestic Service Charges	-	-	-	-	-	-	-	-	-	-	-	-	-
Water Infrastructure Contributions	249	-	299	299	299	299	299	299	299	299	299	299	3,237
Fees	468	-	562	562	562	562	562	562	562	562	562	562	6,084
Revenue Gap	-	-	4,417	4,723	5,730	7,733	8,902	10,145	11,479	12,890	14,370	15,924	96,314
Total Revenue	7,674	-	11,982	12,287	13,295	15,297	16,466	17,710	19,043	20,454	21,934	23,489	179,632
Total Revenue % change			56.1%	2.6%	8.2%	15.1%	7.6%	7.6%	7.5%	7.4%	7.2%	7.1%	CAGR 11.8%
Total Revenue per cap % change			55.2%	2.0%	7.6%	14.6%	7.2%	7.1%	7.1%	7.0%	6.9%	6.8%	
Total Domestic Rev % Change			-3.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Total Domestic Rev per cap % Change			-4.8%	-0.6%	-0.6%	-0.4%	-0.4%	-0.4%	-0.4%	-0.4%	-0.3%	-0.3%	
Total Domestic and gap Rev per cap % Change			58.0%	2.1%	8.2%	15.7%	7.7%	7.6%	7.5%	7.4%	7.2%	7.1%	10.8%
Opex													
Opex	0	(5,749)	(5,909)	(6,116)	(7,275)	(7,512)	(7,512)	(7,747)	(8,000)	(8,266)	(8,538)	(8,823)	(73,935)
Total Expenses	0	(5,749)	(5,909)	(6,116)	(7,275)	(7,512)	(7,747)	(8,000)	(8,266)	(8,538)	(8,823)	(9,106)	(73,935)
EBITDA	-	6,233	6,379	7,179	8,022	8,954	9,962	11,043	12,189	13,396	14,666	16,000	98,023
EBITDA % of Revenue		52%	52%	54%	52%	54%	56%	58%	60%	61%	62%	62%	
Depreciation	(941)	(941)	(1,132)	(1,262)	(1,409)	(1,675)	(1,857)	(2,057)	(2,405)	(2,643)	(2,902)	(3,188)	(19,223)
Interest	0	(1,136)	(1,255)	(1,408)	(1,581)	(1,773)	(1,982)	(2,207)	(2,446)	(2,699)	(2,966)	(3,246)	(19,452)
NPAT	-	941	4,156	3,992	4,509	5,032	5,506	6,124	6,779	7,338	8,055	8,799	59,348
Capex													
Stormwater	0	(66)	(76)	(86)	(97)	(108)	(119)	(131)	(143)	(155)	(168)	(181)	(1,148)
Wastewater	0	(3,851)	(4,420)	(4,980)	(5,555)	(6,136)	(6,735)	(7,344)	(7,962)	(8,595)	(9,244)	(9,908)	(64,823)
Water	0	(3,162)	(3,639)	(4,115)	(4,618)	(5,134)	(5,671)	(6,223)	(6,790)	(7,378)	(7,988)	(8,619)	(54,708)
SUM	0	(7,079)	(8,126)	(9,181)	(10,270)	(11,378)	(12,524)	(13,698)	(14,895)	(16,128)	(17,400)	(18,717)	(120,679)
Network Value													
Stormwater	16,584	20,435	22,270	24,974	27,313	32,959	33,333	39,492	43,635	47,011	51,680	56,800	51,680
Wastewater	11,100	11,167	12,080	11,055	11,978	12,048	11,886	11,966	12,981	11,894	12,920	12,920	12,920
Water	24,128	27,289	29,590	30,781	33,510	38,127	38,250	43,316	47,615	49,355	54,129	58,920	54,128
SUM	51,812	58,891	63,940	66,810	72,801	83,134	83,469	94,775	104,231	108,260	118,729	128,740	118,729
Cash flows													
Operating Inflows	0	10,723	11,964	12,913	14,834	16,071	17,309	18,635	20,040	21,514	23,062	24,683	167,063
Operating Outflows	0	(5,277)	(5,895)	(6,099)	(7,180)	(7,493)	(7,728)	(7,979)	(8,244)	(8,515)	(8,799)	(9,088)	(73,210)
Investing Inflows	0	274	299	299	299	299	299	299	299	299	299	299	2,963
Investing Outflows	0	(6,497)	(8,040)	(9,095)	(10,180)	(11,287)	(12,430)	(13,601)	(14,796)	(16,027)	(17,296)	(18,605)	(119,248)
Financing Inflows	0	1,913	2,928	3,390	3,809	4,182	4,533	4,853	5,147	5,428	5,700	5,965	41,883
Financing Outflows	0	(1,136)	(1,255)	(1,408)	(1,581)	(1,773)	(1,982)	(2,207)	(2,446)	(2,699)	(2,966)	(3,246)	(19,452)
check	0	0	0	0	0	0	0	0	0	0	0	0	0
FFO													
Operational and Investing Inflows	0	10,723	11,964	12,913	14,834	16,071	17,309	18,635	20,040	21,514	23,062	24,683	167,063
Investing Outflows	0	(5,277)	(5,895)	(6,099)	(7,180)	(7,493)	(7,728)	(7,979)	(8,244)	(8,515)	(8,799)	(9,088)	(73,210)
Financing outflows	0	(1,136)	(1,255)	(1,408)	(1,581)	(1,773)	(1,982)	(2,207)	(2,446)	(2,699)	(2,966)	(3,246)	(19,452)
Capital Investment	0	(6,497)	(8,040)	(9,095)	(10,180)	(11,287)	(12,430)	(13,601)	(14,796)	(16,027)	(17,296)	(18,605)	(119,248)
FFO (\$)	-	4,310	4,813	5,406	6,073	6,806	7,599	8,449	9,350	10,300	11,297	12,390	118,729
Total Debt	14,943	22,660	24,573	27,501	30,891	34,699	38,881	43,414	48,267	53,415	58,843	64,543	64,543
Credit Assessment (Millions)													
Revenue	-	11.98	12.29	13.29	15.30	16.47	17.71	19.04	20.45	21.93	23.49	25.11	26.84
Operating Expenditure	-	5.75	5.91	6.12	7.28	7.51	7.75	8.00	8.27	8.54	8.82	9.10	9.38
EBITDA	-	6.23	6.38	7.18	8.02	8.95	9.96	11.04	12.19	13.40	14.67	16.00	17.46
Interest expense	-	1.14	1.26	1.41	1.58	1.77	1.98	2.21	2.45	2.70	2.97	3.24	3.51
Development Contributions	-	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Funds from operations (FFO)	-	4.31	4.81	5.41	6.07	6.81	7.60	8.45	9.35	10.30	11.30	12.30	13.30
Capital Expenditure	-	6.50	8.04	9.09	10.18	11.29	12.43	13.60	14.80	16.03	17.30	18.60	19.90
Free operating cash flow (FOCF)	-	2.19	3.23	3.69	4.11	4.48	4.83	5.15	5.45	5.73	6.00	6.27	6.54
Debt	-	24.57	27.50	30.89	34.70	38.88	43.41	48.27	53.41	58.84	64.54	70.48	76.62
Core Ratios													
FFO / Debt (%)		17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%
Debt / EBITDA (x)		3.9	4.3	4.3	4.3	4.3	4.4	4.4	4.4	4.4	4.4	4.4	4.4
Debt to revenue percentage		205%	224%	232%	227%	236%	245%	253%	261%	268%	275%	282%	290%
Supplementary coverage ratios													
FFO interest cover (x)		4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8
EBITDA / interest (x)		5.5	5.1	5.1	5.1	5.1	5.1	5.0	5.0	5.0	5.0	4.9	4.9

Multi Council Water Services CCO

Summary sheet (\$000's)	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	Total
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Domestic Connections	23,729	23,842	23,954	24,026	24,097	24,169	24,240	24,312	24,353	24,394	
Revenue											
Domestic Service Charges	42,365	42,365	42,365	42,365	42,365	42,365	42,365	42,365	42,365	42,365	466,266
Non-Domestic Service Charges	-	-	-	-	-	-	-	-	-	-	0
Water Infrastructure Contributions	3,826	3,826	3,826	3,826	3,826	3,826	3,826	3,826	3,826	3,826	41,444
Fees	2,771	2,771	2,771	2,771	2,771	2,771	2,771	2,771	2,771	2,771	30,023
Revenue Gap	4,703	9,347	14,480	20,006	26,059	32,692	39,959	48,005	56,711	66,256	318,219
Total Revenue	53,665	58,309	63,442	68,967	75,021	81,654	88,921	96,967	105,673	115,218	855,952
											CAGR
Total Revenue % change	11.5%	8.7%	8.8%	8.7%	8.8%	8.8%	8.9%	9.0%	9.0%	9.0%	9.1%
Total Revenue per cap % change	11.0%	8.1%	8.3%	8.4%	8.5%	8.5%	8.6%	8.7%	8.8%	8.8%	
Total Domestic Rev % Change	-0.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Total Domestic Rev per cap % Change	-1.5%	-0.5%	-0.5%	-0.3%	-0.3%	-0.3%	-0.3%	-0.2%	-0.2%	-0.2%	
Total Domestic and gap Rev per cap % Change	9.4%	9.4%	9.4%	9.4%	9.4%	9.4%	9.4%	9.5%	9.5%	9.4%	9.4%
Opex	(29,817)	(30,500)	(31,200)	(33,831)	(34,143)	(34,496)	(34,822)	(35,197)	(35,522)	(35,859)	(335,387)
Total Expenses	(29,817)	(30,500)	(31,200)	(33,831)	(34,143)	(34,496)	(34,822)	(35,197)	(35,522)	(35,859)	(335,387)
EBITDA	23,847	27,810	32,242	35,136	40,879	47,158	54,099	61,770	70,151	79,359	472,450
EBITDA % of Revenue	44%	48%	51%	51%	54%	58%	61%	64%	66%	69%	
Depreciation	(10,754)	(12,247)	(13,011)	(13,874)	(15,776)	(16,805)	(17,915)	(20,222)	(21,466)	(22,762)	(175,586)
Interest	(8,710)	(10,014)	(11,492)	(13,127)	(14,883)	(16,677)	(18,476)	(20,206)	(21,792)	(23,190)	(158,568)
NPAT	4,383	5,549	7,739	8,136	10,220	13,676	17,708	21,341	26,893	33,406	138,297
Capex											
Stormwater	(2,149)	(2,455)	(2,770)	(3,034)	(3,289)	(3,541)	(3,785)	(3,948)	(4,107)	(4,259)	(33,336)
Wastewater	(15,606)	(17,824)	(20,111)	(22,068)	(23,974)	(25,863)	(27,706)	(28,969)	(30,202)	(31,402)	(243,725)
Water	(23,384)	(26,707)	(30,134)	(33,073)	(35,936)	(38,777)	(41,549)	(43,453)	(45,315)	(47,128)	(365,457)
SUM	(41,140)	(46,986)	(53,015)	(58,175)	(63,199)	(68,181)	(73,040)	(76,370)	(79,623)	(82,790)	(642,518)
Network Value											
Wastewater	250,950	271,290	265,606	287,615	309,468	306,702	330,027	358,090	351,839	380,670	380,670
Stormwater	105,168	113,671	105,901	114,641	117,486	115,949	119,004	128,969	120,650	130,727	130,727
Water	238,388	257,985	263,003	284,991	317,862	315,972	350,910	380,914	385,609	416,602	416,602
SUM	594,506	642,946	634,510	687,247	744,816	738,623	799,941	867,972	858,098	928,000	928,000
Cash flows											
Operating Inflows	45,743	54,102	59,195	64,688	70,698	77,283	84,498	92,480	101,132	110,608	760,426
Operating Outflows	(27,367)	(30,444)	(31,143)	(33,615)	(34,117)	(34,467)	(34,795)	(35,166)	(35,496)	(35,831)	(332,440)
Investing Inflows	3,511	3,826	3,826	3,826	3,826	3,826	3,826	3,826	3,826	3,826	37,942
Investing Outflows	(37,759)	(46,505)	(52,520)	(57,751)	(62,786)	(67,771)	(72,641)	(76,097)	(79,356)	(82,530)	(635,714)
Financing Inflows	24,582	29,035	32,134	35,979	37,262	37,807	37,589	35,163	31,686	27,118	328,354
Financing Outflows	(8,710)	(10,014)	(11,492)	(13,127)	(14,883)	(16,677)	(18,476)	(20,206)	(21,792)	(23,190)	(158,568)
check	0	0	0	0	0	0	0	0	0	0	
FFO											
Operational and Investing Inflows	49,254	57,927	63,020	68,513	74,524	81,109	88,324	96,305	104,957	114,433	
Investing Outflows	(27,367)	(30,444)	(31,143)	(33,615)	(34,117)	(34,467)	(34,795)	(35,166)	(35,496)	(35,831)	
Financing outflows	(8,710)	(10,014)	(11,492)	(13,127)	(14,883)	(16,677)	(18,476)	(20,206)	(21,792)	(23,190)	
Capital Investment	(37,759)	(46,505)	(52,520)	(57,751)	(62,786)	(67,771)	(72,641)	(76,097)	(79,356)	(82,530)	
FFO (\$)	13,177	17,470	20,386	21,772	25,524	29,964	35,052	40,933	47,670	55,412	
Total Debt	192,952	221,987	254,121	290,100	327,361	365,168	402,757	437,920	469,606	496,724	
Core Ratios											
FFO / Debt (%)	6.83%	7.87%	8.02%	7.51%	7.80%	8.21%	8.70%	9.35%	10.15%	11.16%	
Debt / EBITDA (x)	8.1	8.0	7.9	8.3	8.0	7.7	7.4	7.1	6.7	6.3	
Supplementary coverage ratios											
FFO / cash interest (x)	1.5	1.7	1.8	1.7	1.7	1.8	1.9	2.0	2.2	2.4	
EBITDA / interest (x)	2.7	2.8	2.8	2.7	2.7	2.8	2.9	3.1	3.2	3.4	
Supplementary payback ratios											
CFO / debt (%)	6.8%	7.9%	8.0%	7.5%	7.8%	8.2%	8.7%	9.3%	10.2%	11.2%	
FOCF / debt (%)	-14.5%	-13.3%	-12.8%	-12.5%	-11.5%	-10.5%	-9.4%	-8.1%	-6.8%	-5.5%	
Estimated Credit Ratings											
Standalone Credit Rating	BBB	BBB+									

12. Council AMPs - Project by Project

This section Displays the composition of the AMP Project by Project

Masterton District Council (Actual Dollars, Real)

Project / Program Name	Short Description	Driver	Total 10 years
Stormwater renewal & upgrade	Maintenance and renewal work is required to ensure current level	Level of Service	7,092,600
Stopbank - associated pipe work upgrade	Improve flood protection works for protecting our assets	Level of Service	2,203,000
Stormwater consent	To comply with compliance requirements	Level of Service	167,700
Stormwater treatment	To improve the level of Service	Environmental	1,902,400
Urbanisation of Millard Avenue	Development of Millard Avenue	Level of Service	435,200
Improve flood protection	Improve flood protection works for protecting our assets	Level of Service	456,750
Stormwater Solution	Creation of SW system to relieve ground water issues in area.	Level of Service	5,000,000
Sewer reticulation renewals	Based on condition assessments from CCTV work, and Service req	Level of Service	22,642,000
Homebush plant & equipment renewals	Renewal of equipment i.e. pumps, scada upgrade, ventrac mower	Growth	1,149,400
Homebush plant & equipment renewal extension	Pipes extension for Homebush irrigation	Level of Service	2,520,000
Homebush consent renewal & plant upgrade	Homebush consent renewal & plant upgrade	Renewals	39,160,000
Urbanisation of Millard Avenue	Development of Millard Avenue (Sewer Extension)	Level of Service	1,414,400
Castlepoint sewerage plant renewals	Castlepoint sewerage plant renewals	Growth	192,130
Riversdale Beach scheme renewals	Riversdale Beach scheme renewals	Growth	354,630
WTP Consent Renewal - take	Consent year 2 but work start year 1	Renewals	115,400
WTP - plant & equipment renewals	WTP - plant & equipment renewals	Growth	1,392,940
WTP - building renewals	WTP - building renewals	Level of Service	266,420
Raw water storage dams	Raw water storage dams	Environmental	8,370,000
Reseal Access Road WTP	Reseal of the Access Road - WTP	Level of Service	17,625
WTP - plant & equipment upgrades	WTP - plant & equipment upgrades	Level of Service	920,320
Filter Refurbishment	Filter Refurbishment	Growth	602,000
Water mains renewals (reticulation)	Water mains renewals (reticulation)	Renewals	27,088,766
Water connections replacements	Water meters issues	Level of Service	904,250
Reservoir upgrades	This is now part of the 3 water projects	Environmental	7,910,000
Water meters project completion	Water meters project completion	Growth	200,000
Urbanisation of Millard Avenue	May be brought forward to year 1 see after delbrations	Level of Service	863,002
Water main - CBD	Reduced by renewals	Renewals	2,174,445
Wainuioru water supply renewals	Wainuioru water supply renewals	Growth	354,180
Tinui water supply upgrades	Tinui water supply upgrades	Level of Service	30,030
			135,899,588

South Wairarapa District Council (Actual Dollars, Real)

Activity	Project Name	Capital Category	Inflation Type	10 Year (Real)
Water Supply	Greytown WTP Upgrades Stage 3	Level of Service	Water, sewer, drainage, & waste	3,000,000
Water Supply	Renewals DW - Condition rated renewals	Renew	Pipelines	24,256,400
Water Supply	Annually Recurring Projects	Renew	Water, sewer, drainage, & waste	6,800,000
Water Supply	FSTN Water Main Renewals	Renew	Pipelines	8,200,000
Water Supply	Waiohine WP Filtration	Renew	Water, sewer, drainage, & waste	1,150,000
Water Supply	Boar Bush PW Trunk Main	Renew	Pipelines	10,150,000
Water Supply	SWDC VHCA Reservoir Water Quality Renewals	Renew	Water, sewer, drainage, & waste	150,000
Stormwater	Annually Recurring Projects	Renew	Pipelines	1,950,000
Wastewater	Annually Recurring Projects	Renew	Pipelines	4,200,000
Wastewater	Renewals WW - Condition rated renewals	Renew	Pipelines	22,680,000
Wastewater	FSTN WWTP Consent renewal	Level of Service	Water, sewer, drainage, & waste	16,800,000
Wastewater	FSTN Pressure Wastewater system - Stage 1	Level of Service	Water, sewer, drainage, & waste	7,400,000
Wastewater	FSTN WWTP Long-term Consent Stage 2 and Major Plant Upgrade 2	Level of Service	Water, sewer, drainage, & waste	4,500,000
Wastewater	MTB WWTP Compliance Upgrades - Stage 2a Land Irrigation	Level of Service	Water, sewer, drainage, & waste	26,400,000
Wastewater	MTB WWTP Compliance Upgrades - Stage 2b Winter Storage	Level of Service	Water, sewer, drainage, & waste	15,500,000
Wastewater	WWTP H&S Fencing Upgrades	Level of Service	Other	-
Wastewater	GTN WWTP Compliance Upgrades - Stage 2a Land Irrigation	Level of Service	Water, sewer, drainage, & waste	21,300,000
Wastewater	GTN Papawai Rd Wastewater Upgrade Stage 2	Grow	Water, sewer, drainage, & waste	3,500,000
				177,936,400

Tararua Council (Actual Dollars, Real)

	Total
Wastewater	
Growth	
Manawatu wastewater network development (extension)	991,000
Pahiatua Wastewater Network Development (extension)	268,200
Woodville Wastewater Network Development (extension)	619,200
Development and extension of Wastewater Network	2,059,200
Total Capital Expenditure for Growth	3,937,600
LOS	
Districtwide - Rawlins etc	329,000
District Wastewater Security Systems	1,668,000
Wastewater Three Wastes, Generators & Emergency	427,000
Sludge Disposal Pahiatua	350,000
Canawhite Wastewater Treatment Plant Upgrade (Siphon, pipes off route)	5,000,000
Canawhite land purchase	3,359,000
Norsewood Waste Water Treatment Plant Design	123,000
Norsewood Waste Water Treatment Plant	788,000
DVK Waste Water Treatment Plant Upgrade	5,000,000
Pahiatua Wetland Development	566,000
Sludge Disposal Facility	3,700,000
Pahiatua Wetland Design	45,000
Woodville Wetland Design	83,000
Woodville Wetland Resource Consent	20,000
Pahiatua WW pipeline from plant to wetland	70,000
Canawhite Land Irrigation Investigation	55,000
DVK Land Irrigation Consent	283,000
WDV Waste Water Treatment Plant Design	114,000
WDV Waste Water Treatment Plant Upgrade	3,120,000
Ormondville Wastewater Discharge Resource Consent	330,000
Ormondville Wastewater Wetland consent	127,000
Ormondville wetland land purchase	67,000
Ormondville wetland Design	29,000
Ormondville Wetland Development	183,000
Pongaka Wetland Design	28,000
Pongaka Wetland Land Purchase	135,000
Woodville Wetland Development	520,000
Norsewood Wetland Land purchase	58,000
Norsewood Wetland Resource Consent	55,000
Norsewood Wetland Design	29,000
Norsewood Wetland Development	238,000
Ekatahuna Wastewater Treatment Plant Upgrade	2,000,000
Ormondville Wastewater Treatment Plant Design	127,000
Ormondville Wastewater Treatment Upgrade	487,000
Pahiatua Wastewater Treatment Plant Upgrade	2,300,000
Pongaka Treatment Plant Upgrade	246,000
Pongaka Treatment Plant Design	131,000
Ormondville Wetland Investigation	27,000
Pongaka Wetland Development	237,000
Pongaka Wetland Consent	55,000
Pongaka Wetland Investigation	27,000
Woodville Pipeline to Wetland	55,000
Total Capital Expenditure for LOS	27,100,000
Renewal	
Districtwide Wastewater Infiltration Networks	315,000
Woodville Road 2 Line Replacement	123,000
SCADA - Wastewater	547,000
Districtwide Manhole Replacements	470,000
Infiltration and Inflow Strategy Implementation	1,850,000
Pump Station Renewals	595,000
Wastewater Network Renewals	21,476,000
District STP Preliminary Safety Funding around ponds	300,000
Canawhite Wastewater Discharge Consent	1,135,000
Total Capital Expenditure for Renewal	28,221,000
Total Capital Expenditure for Wastewater	57,293,200
Water Supplies	
Growth	
Canawhite Water network Development (extension)	1,826,382
Ekatahuna Water Network Development (extension)	1,245,000
Norsewood Pressure Management for upper and lower network	15,000
Pahiatua Water Network Development (extension)	2,639,172
Woodville Water Network Development (extension)	2,027,252
Total Capital Expenditure for Growth	7,752,806
LOS	
MSL Interim (g) Service networks to town/urban towns	125,000
Norsewood Water Network Upgrade - accountants backflow etc	20,500
Woodville Alternate Water Source Resource Consent	1,205,000
Universal Metering Strategy and Implementation	4,306,075
Concrete tank farm - end of life (including security & safety)	72,000
Intake & WTP - siphon maintenance stabilisation	75,000
Canawhite Backwash Water Resource Consent	50,000
Renewable Energy Systems for Treatment Plant	1,266,000
Water - Three Wastes, Generators & Emergency	504,000
Ekatahuna Backwash Water Resource Consent	50,000
Norsewood Backwash Water Resource Consent	50,000
Pahiatua Backwash water resource consent	50,000
Pahiatua Bone Re-Development	450,000
Pahiatua Dam and Diversion Consent	25,000
Pahiatua Erosion Control Consent	25,000
Pahiatua Sediment Discharge Permit	25,000
Dam Construction Water Permit	65,000
Woodville Backwash Water Resource Consent	50,000
Backflow Strategy and Devices	826,845
Norsewood alternate water source	250,000
District Water Security Systems	84,000
District Bulkline Continuity - Generators or Battery Stores - DWWS	103,000
Pressure Management - Reducing Values	520,000
Retention Water Leakage Strategy	375,000
DVK Treated Water Resource	500,000
Pongaka 3 Day Treated Storage	100,000
HAZNO Compliance	63,000
Ekatahuna New Bone Resource Consent	40,000
Pongaka Water Network Upgrade - accountants backflow valves etc	75,000
Total Capital Expenditure for LOS	11,350,428
Renewal	
Woodville Source Water Consent	40,000
SCADA - Water	547,000
Canawhite Unpounded Supply	5,400,000
Canawhite Fluctuation	50,000
Canawhite Inflow flow meter	200,000
District P line	1,402,000
Ekatahuna Reservoirs replacement	825,000
Infiltration Gallery rehabilitation	1,75,000
Membrane Replacement 10 yearly	300,000
Pahiatua Old Reservoir Rehabilitation	250,000
Pahiatua Source Water Consent	40,000
Pahiatua WTP Rising Main Renewal	1,000,000
Woodville Reservoirs - Catchment Assessment Renewal	3,270,000
Rural Main Line - Stage 2 - Reservoir 2 to Town	6,805,731
Unplanned Renewals - Rehabilitation	315,000
District Water General Renewals - Health and Safety	187,000
District Water Retention Main Renewals	34,486,613
District Water Unplanned Renewals	630,000
Pahiatua Water Take Bone Resource Consent	83,000
Pongaka Water take Reservoir Consent	83,000
Pahiatua Weir & Infiltration Gallery Investigation, Design and Renewal	1,365,000
Canawhite Water Take Resource Consent	79,000
Canawhite Gregg St Booster Pump Sdn	350,000
Rural Main Line - Stage 1 - Plant to Reservoir 2	7,171,990
Total Capital Expenditure for Renewal	63,828,534
Total Capital Expenditure for Water Supplies	52,230,456
Storm Water	
LOS	
District Stormwater Network Development (extension)	750,000
District Stormwater Networks (extension)	7,421,258
Total Capital Expenditure for LOS	8,171,258
Total Capital Expenditure for Water Supplies	140,294,995

Carterton Council (Actual Dollars, Real)

Water Supply	
Mains Renewals / Replacement	22,176,240
Replace Pumps at Plimsoll St Pressure station	108,000
Reactive Work / Renewals	865,500
Boundary backflow devices upgrade	530,400
Kaipatangata Trunk main seismic resilience	571,500
Kaipatangata Stream weir and level sensor replacement	-
Asset Conditions Assessments	1,325,394
Kaipatangata water treatment plant - bag fillers	230,800
Kaipatangata Water treatment plant - filler media	-
Replacement tank liners	406,400
Fredrick St WTP - Ph correction	-
Water Treatment plants - SCADA and Telemetry Upgrades	102,000
Site Security (Treatment Plants)	44,400
Nitrate Management	7,491,000
Kaipatangata WTP - Surface take consent renewal	166,500
Additional Investment	5,000,000
Additional Renewals Growth	5,000,000
Total	44,018,134
Check	
Wastewater	
Renewals / Replacements	26,018,950
Hydraulic Modelling - Stage 1	-
Hydraulic Modelling - Stage 2	-
Hydraulic Modelling - Stage 3	25,500
Hydraulic Modelling - Stage 4	20,400
Asset Condition assessments	1,072,581
Reactive work renewals	980,900
Pump Replacements (17 Stations)	921,000
Oxidation ponds - Dissolved oxygen	27,000
Headworks Upgrade - Stage 1	2,550,000
Headworks Upgrade - Stage 2	9,150,000
Oxidation ponds sludge removal staged	1,125,000
Site Security (Treatment Plants)	44,400
Oxidation Ponds Aerators replacement	262,800
Wetlands Replanting	61,200
Electrical Switch room upgrade - Stage 2	-
Soil Monitoring stations - Replacement	12,700
Future new irrigation.	5,000,000
Additional Renewals Growth	5,000,000
Total	52,272,431
Check	
Storm Water	
Stormwater Discharge Consent Renewal	
Network Renewals	499,500
Hydraulic Modelling	
Total	814,500
Check	
Total	97,105,065