Water Services Delivery Plan

Joint Taranaki Water Services Council Controlled Organisation (WSCCO)

April 2025

This is an incomplete working draft

Contents

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

Statement that water services delivery is financially sustainable

Statement that water services delivery is financially sustainable

Financially sustainable water services provision

Financial Sustainability Statement

The Stratford District Council (SDC), South Taranaki District Council (STDC) and New Plymouth District Council (NPDC) have undertaken the financial sustainability tests of **Revenue Sufficiency**; **Investment Sufficiency** and **Financing Sufficiency** and confirm that we meet the financial sustainability requirements.

- We have modelled and tested our revenue sufficiency and confirm that:
  - Projected revenues are sufficient to cover the costs (including servicing debt) of water services delivery;
  - Projected revenues are sufficient to finance the required level of investment; and
  - Projected revenues have been assessed as meeting the 'revenue sufficiency' test.
- **Our investment in infrastructure assets is sufficient to cover future needs of our 3-waters services and comply with regulatory requirements**. We have modelled and tested our investment sufficiency and confirm that:
  - Proposed level of investment is sufficient to meet levels of service, regulatory requirements and provide for growth;
  - Proposed level of investment is fully funded by projected revenues and access to financing; and
  - Projected levels of investment have been assessed as meeting the 'revenue sufficiency' test.
- **There is sufficient financing available and in place to meet the investment required for our infrastructure assets**. We have modelled and tested our investment sufficiency and confirm that:
  - Projected total council borrowings are within council borrowing limits;
  - Projected water services borrowings are within the council-determined limit for water services borrowing;
  - Required levels of borrowings can be sourced; and
  - The Plan meets the 'financing sufficiency' test.

Proposed delivery model

Proposed model to deliver financially sustainable water services

The proposed model to deliver water services

In preparation for this Plan SDC, STDC and NPDC undertook a comprehensive investigation into which water service delivery option provided the most value (benefits) to their communities. The approach was undertaken in three parts:

1. **Problem definition and Investment Logic Map** – Councils defined the current state of water service delivery, identifying problems within the current state and also opportunities and aspirations under Local Water Done Well.

Optioneering – Councils identified all possible options for water service delivery under Local Water Done Well.

Analysis - Councils completed a multi-criteria analysis that looked at financial sustainability, wider economic benefits, risks and Council's business needs, to determine which option provided the best value to each council and the community.

Options considered a range of delivery models. Detailed analysis was undertaken for three options, and the following options were consulted with the community.

1. Internal Business Unit (IBU), and;
2. New Plymouth CCO (NPDC only)
3. Joint Council/ Taranaki CCO

The Joint Council CCO model is proposed for the future delivery of water services.

Implementation plan

Implementation plan

Implementing the proposed service delivery model

The following actions will be completed to ensure the delivery of water services is financially sustainable by 30 June 2028:

- Joint Committee appointments and Constitution development
- WSCCO governance establishment
- Service level agreements established with councils
- People change – Recruitment requirements, contracts (including Union engagement), facilities/location and delegations
- Development of a three-early water services strategy.

Once this plan is accepted, it is anticipated that the above will be actioned within 12 months (with the exception of the Waters Services Strategy due for completion prior to 1 July 2027), with full transition completed within a further three-year period.

Taranaki Councils will have therefore completed establishment by 1 January 2027.

Consultation and engagement

Consultation and engagement

Consultation and engagement undertaken

The Councils, since the inception of Local Water Done Well, have kept Elected Members, Treaty Partners, key Stakeholders and the community informed in a number of ways through:

- Council websites;
- Social media updates;
- Council Workshops and meetings;

- Coverage in weekly newspaper inserts; and
- Key Stakeholder Engagement meetings
- Iwi/mana whenua engagement workshop, PSGE representative at monthly steering group meetings, Pou Taiao at Technical Working Group meetings, and regular updates to Iwi Chairs

New Plymouth, South Taranaki and Stratford District Councils consulted with the community on 2 possible options (3 options for NPDC with the additional single council-owned WSCCO model) for delivering water services, including an in-house business unit option and a joint delivery option with neighbouring councils.
The consultation documentation was developed in parallel by all three councils and executed at the same time.

A Communication Plan for the Water Services Delivery for Taranaki Project is attached as an appendix.

This draft WSDP has been produced to allow the Councils will consult with the community on the possible options for delivering water services, and this section will be updated at the completion of this engagement.

Assurance and adoption of the Plan

Assurance and adoption of the Plan

The Act requires that each Plan that is submitted to the Secretary for Local Government for acceptance must include a certification, made by the Chief Executive of the council(s) to which the Plan relates, that:

- *The Plan complies with the Act; and*
- *The information contained in the Plan is true and accurate.*

While the Act does not require Plans to be verified independently, to ensure that the information is true and accurate, Councils may wish to either seek independent advice to verify the accuracy of information provided in the Plan or assess their Plan in-house. While not a mandatory requirement, we recommend considering the matters set out below when certifying the Plan.

When certifying the Plan, the Chief Executive of the council(s) may include commentary on:

- *The levels of confidence in the underlying information included in the Plan. This could include comment on the level of confidence in regulatory compliance, asset condition, investment requirements, asset valuations or certainty around financial projections.*
- *Any material risks or constraints that may impact on the delivery of water services, the ability to implement the Plan or to achieve financially sustainable water services provision by 30 June 2028.*
- *Any assurance processes undertaken to verify the accuracy of information included in the Plan.*

Council resolution to adopt the Plan

This Water Services Delivery Plan was adopted by the Council at the

Ordinary Meeting of Stratford District Council on 8 July 2025;
Extraordinary Meeting of New Plymouth District Council on 22 July 2025; and
Extraordinary Meeting of South Taranaki District Council on 28 July 2025.

A copy of each resolution is attached in Appendix xxx.

Certification of the Chief Executive of ***Stratford, South Taranaki and New Plymouth District Councils***

I certify that this Water Services Delivery Plan:

- complies with the Local Government (Water Services Preliminary Arrangements) Act 2024, and
- the information contained in the Plan is true and accurate.

Signed: _____

[Approved by]
Sven Hanne
Chief Executive, Stratford District Council

Date: _____

Signed: _____

[Approved by]
Fiona Aitken
Chief Executive, South Taranaki District Council

Date: _____

Signed: _____

[Approved by]
Gareth Green
Chief Executive, New Plymouth District Council

Date: _____

Part B: Network performance

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

Investment required in water services

Serviced population

79% of the population in the Taranaki region receive reticulated water services and 71% of the population receive reticulated wastewater. These ratio's are expected to remain roughly the same over the next 10 years.

In addition to the residential population there are also a number of significant industrial and agricultural customers connected to the some of the scheme's particularly Inaha, Waimate West, Eltham, Kapuni and New Plymouth.

Water Supply

Water- Projected serviced population	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Serviced population	104,074	105,310	106,871	108,156	109,463	110,775	111,752	113,002	113,860	114,632
Un-serviced population	27,135	26,995	26,545	26,393	26,237	26,074	26,213	26,021	26,132	26,224
Total residential connections	42,095	42,569	43,049	43,541	44,040	44,541	45,035	45,513	45,964	46,386
Total non-residential connections	3,804	3,846	3,887	3,930	3,973	4,016	4,061	4,105	4,149	4,195

Wastewater

Wastewater - Projected serviced population	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Serviced population	94,380	95,542	97,010	98,218	99,446	100,680	102,510	103,697	104,510	105,239
Unserviced population	36,829	36,763	36,406	36,331	36,253	36,169	35,455	35,326	35,482	35,616
Total residential connections	37,345	37,691	38,042	38,399	38,763	39,125	39,841	40,180	40,490	40,768
Total non-residential connection	3,568	3,594	3,621	3,648	3,675	3,703	3,731	3,760	3,788	3,816

Serviced areas

The proposed entity will manage 17 water schemes and 12 wastewater schemes initially with this reducing to 11 wastewater schemes when the Urenui and Onaero Domain Schemes are amalgamated into one. There are a number of smaller towns that are not serviced and, with the exception of Urenui and Onaero, are not planned to be serviced at this stage.

All regions have planned growth areas, for which the infrastructure required to service them has been allowed for within the capital program.

Table 1: Regional Serviced Areas

Item	Serviced areas (by reticulated network)	Water supply # schemes	Wastewater #schemes
1	**Residential areas** (If more than one identify separately)	• Stratford - 2753 • Midhirst - 108 • Toko - 33 • New Plymouth - 26,976 • Inglewood - 1,683 • Oakura - 778 • Okato – 282 • Eltham - 1036 • Kaponga (Waimate West) - 166 • Kapuni - 5514 • Manaia (Waimate West) - 482 • Opunake - 818 • Patea – 691 • Rahotu - 110 • Wai inu Beach - 83 • Waverley – 485 • Waverley Beach – 95	• Stratford – 2500 • New Plymouth - 27,690 • Urenui Domain - 140 • Onaero Domain – 20 • Eltham (Partial treated then transferred to Hawera for final treatment) - 896 • Hawera - 4352 • Kaponga - 164 • Manaia - 476 • Opunake - 797 • Patea - 625 • Wai inu Beach - 80 • Waverley - 447
2	**Non-residential areas** (If more than one identify separately)	• Stratford - 191 • Midhirst - 27 • Toko - 13 • New Plymouth - 2,316 • Inglewood – 140 • Inglewood, Dudley Rd User Group (non-potable) – 2 • Oakura - 33 • Okato – 45 • Waimate West – 834 • Inaha – 178	• Stratford - 265 • New Plymouth - 2,195
3	**Mixed-Use rural drinking water schemes** (where these schemes are not part of the council's water services network)	• N/A	• N/A
4	**Areas that do not receive water services** (If more than one identify separately)	• Whangamomona - 63 • Douglas - 231 • Egmont Village - 129 • Tongaporutu - 50 • STDC - 918 • Rural areas across the region	• Whangamomona - 63 • Douglas - 231 • Toko - 489 • Midhirst - 99 • Egmont Village - 129 • Lepperton - 139 • Okato - 254 • Onaero - 60 • Urenui - 170 • Tongaporutu - 50 • Rural areas across the region
5	**Proposed growth areas** • Planned (as identified in district plan)	• Proposed Flint Road Subdivision - 80 • Structure Plan Development Areas (SPDA):	• Proposed Flint Road Subdivision – 80 • Structure Plan Development Areas (SPDA):

	• Infrastructure enabled (as identified and funded in LTP)	• Puketapu SPDA – 647 • Carrington SPDA - 231 • Patterson SPDA – 165 • Junction SPDA – 79 • Johnston SPDA – 135 • South Taranaki Business Park – 92 industrial/commercial (64 Vacant). • CJ Business Park – 73 Residential sections, 31 commercial sections. • Possible Glover Road/Larlin Drive Area – 1400 residential sections.	• Puketapu SPDA – 647 • Carrington SPDA - 231 • Patterson SPDA – 165 • Junction SPDA – 79 • Johnston SPDA – 135 • South Taranaki Business Park – 92 industrial/commercial (64 Vacant). • CJ Business Park – 73 Residential sections, 31 commercial sections. • Possible Glover Road/Larlin Drive Area – 1400 residential sections.

Of the 11 DIA level of service indicators, SDC met 9, STDC and NPDC met 6. The key parameters not achieved were:

- Non-compliance with the drinking water standards, which were either minor non-compliances or for which projects are underway or planned to address the issues
- High leakage and per capita water consumption. This is expected to be addressed by universal water metering for all areas.

Table 2: DIA Level of Service Indicators - 2023/24 Performance

DIA Level of Service (LoS) indicators		SDC	STDC	NPDC
Water				
Compliance with Drinking Water Standards NZ for Protozoa	**Result**	**Achieved**	**Not Achieved**	**Not Achieved**
	Target	Full compliance	Full compliance	Full compliance
	Actual	Full compliance	8 supplies of 10 compliant[1,2]	3 supplies of 4 compliant[3]
Compliance with Drinking Water Standards NZ for Bacteria	**Result**	**Achieved**	**Not Achieved**	**Not Achieved**
	Target	Full compliance	Full compliance	Full compliance
	Actual	Full compliance	7 supplies of 10 compliant[1,4]	3 supplies of 4 compliant[5]
The percentage of real water loss from the local authority's networked reticulation system	**Result**	**Achieved**	**Not Achieved**	**Achieved**
	Target	<25%	<12%	<20%
	Actual	10.6%	15.7%	18%
Total number of complaints per 1000 customers	**Result**	**Achieved**	**Achieved**	**Achieved**
	Target	<32	<20	<16

	Actual	1.65	10.75	14.5
Average consumption of water (L/p/day)	**Result**	**Not Achieved**	**Not Achieved**	**Achieved**
	Target	<275	<370	<300
	Actual	297	372.5	295
Response and Resolution times	**Result**	**Achieved**	**Achieved**	**Achieved**
	Target	Various	Various	Various
Number of abatement, infringement notices, enforcement orders and convictions	**Result**	**N/A**	**N/A**	**Achieved**
	Target	**N/A**	**N/A**	None
	Actual	**N/A**	**N/A**	None
Wastewater				
Total number of complaints per 1000 connections	**Result**	**Not Achieved**	**Achieved**	**Achieved**
	Target	<5	Various	<13
	Actual	8.54		3.82
The number of dry weather sewerage overflows per 1,000 connections to the wastewater systems	**Result**	**Achieved**	**Achieved**	**Achieved**
	Target	<5	≤1	<1.5
	Actual	0	0	0.19
Response and Resolution times	**Result**	**Achieved**	**Not Achieved**	**Achieved**
	Target	Various	Various	Various
Number of abatement, infringement notices, enforcement orders and convictions	**Result**	**Achieved**	**Achieved**	**Not Achieved**
	Target	None	≤1 abatement notice, no others	None
	Actual	None	None	1 infringement notice

[1]*Patea treatment consistently fails due to high levels of ammonia in the source water (bores), there is no option to use chlorine because of hazardous by products at higher than maximum allowable limits, STDC is trialling a biological treatment plant which is currently working well. The network zone partially demonstrated bacterial compliance although fails on chlorine residual disinfection in some parts on the network*

[2]*Achieved 93.5% (342/365 days) of the time for Rahotu due to air entrainment in the sample water causing elevated turbidity. Not expected to have affected water quality but can not be proven. System has been reset and has been compliant since.*

[3]*Achieved 99.5% (364/366 days) of the time for New Plymouth due to achieving a 3.5 log removal as opposed to a 4 log removal. Previous standards required a 3 log removal. The programming has been updated to ensure 4 log removal is obtained moving forwards.*

[4]*Inaha treatment Plant consistently fails to demonstrate chlorine contact time due to the lack of instrumentation (chlorine and pH monitoring). The installation of instruments is dependent on treatment plant upgrades, both are scheduled to be complete in early 2026. The network zone demonstrates compliance. Eltham failed for 6 days across the year due to insufficient chlorine contact time at the treatment plant. The upgrades to address this are scheduled for completion in 2027.*

[5] *Not achieved for Inglewood due to a power outage temporarily shutting the plant for <2 hrs. Not considered a risk to water quality as the plant was shut down over this time and all water in the reticulation had been fully treated.*

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

The average age, condition and critical assets for the entity are given in the table below. The work has not been completed to date to determine the average age or condition of the Network assets at an entity scale. Therefore, the numbers provided below represent the range across the three councils.

The definition of critical assets varies significantly between the councils (for example NPDC and SDC) have a similar number of critical assets for water despite the NPDC network being significantly larger. Once the entity is created reviewing and aligning the definition for criticality will be required.

All three councils undertake CCTV inspection to understand the condition of their assets and the coverage of this varies between the councils. For more information refer to the respective AMP's.

Table 3: Asset Information

Item	Parameters	Drinking supply Assets	Wastewater Assets
1	**Average age of Network Assets**	7 - 41 years	15-56 years
2	**Critical Assets**	238	119
3	**Above ground assets** • Treatment plant/s • Percentage or number of above ground assets with a condition rating • Percentage of above – ground assets in poor or very poor condition	#17 75%-100% 2.8% - 27%	#10 67%-100% 7% - 38%
4	**Below ground assets** • Total Km of reticulation • Percentage of network with condition grading • Percentage of network in poor or very poor condition	1,808 km 90% - 100% 13% - 25%	965 km 86% - 100% 16% - 40%

Asset management approach

All three councils follow the IIMM and ISO55000 series of asset management standards. All three councils have a number of systems and processes to support their asset management activities including but not limited to Asset management Systems, drawing databases, SCADA systems, GIS, hydraulic modelling programs etc.

Upon establishment of the entity, it is expected that most of these will continue to be in operation, with amalgamation of these systems and processes and underlying data occurring over the following 3 years.

Statement of regulatory compliance

The entity's compliance with regulatory requirements and resource consents is summarised in the table 4 and 5 below.

Table 4 shows that compliance with the drinking water standards is relatively good with the following 2 exceptions:

- Patea treatment consistently fails due to high levels of ammonia in the source water (bores), there is no option to use chlorine because of hazardous by products at higher than maximum allowable limits, STDC is trialling a biological treatment plant which is currently working well. The network zone partially demonstrated bacterial compliance although fails on chlorine residual disinfection in some parts on the network.

- Inaha treatment Plant consistently fails to demonstrate chlorine contact time due to the lack of instrumentation (chlorine and pH monitoring). The installation of instruments is dependent on treatment plant upgrades, both are scheduled to be complete in early 2026. The network zone demonstrates compliance.

Noting that the New Plymouth supply was non-complaint for protozoa and the Inglewood supply for bacteria in 23/24 but that both issues have been resolved.

Table 5 shows that the entity will have **78** significant resource consents and **59** consents expiring within the next 10 years. Compliance with consents is relatively good with only **5** current issues as detailed below:

- An abatement notice has been issued regarding the need to install fish screens on the water supply intakes at Lake Mangamahoe. Work is underway to address this and is expected to be completed in 2026
- Ōpunake and Waimate West WTP's were non-compliant for discharge volume due to high flow conditions in the Waiaua River. Work is ongoing to resolve this issue.

Achieving compliance with the voluntary code of practice for firefighting (SNZ PAS 4509:2008) is considered impractical for most if not all water supplies in New Zealand due to cost and water quality implications and difficulties with measuring compliance. Therefore the commentary in the table does not relate to compliance with the standards, but rather with a councils internal measure of "sufficiency".

Table 2: Water Supply Parameters

Item	Water Supply Schemes	Water Supply Parameters							
		Bacterial compliance (E.coli)	Protozoa compliance	Chemical compliance	Boiling water notices in place	Fluoridation	Average consumption of drinking water	Water restrictions in place (last 3 years	Firefighting sufficiency
1	Stratford	No (1 sample failed)	Y	Y	0	Y	317 L/pp/day	Y	Y
2	Midhirst	Y	Y	Y	0	N	134 L/pp/day	Y	Y
3	Toko	Y	Y	Y	0	N	102 L/pp/day	Y	Y
4	STDC	Y(80%)	Y (90%)	Y	2	Y	372 L/pp/day	Y	N (Normanby-area of concern)
5	New Plymouth	Y	Y	Y	0	Y	300 l/pp/day	Y	90% >=FW2
6	Inglewood	Y	Y	Y	0	N	300 l/pp/day	Y	90% >=FW2
7	Oakura	Y	Y	Y	0	N	300 l/pp/day	Y	90% >=FW2
8	Okato	Y	Y	Y	0	N	300 l/pp/day	Y	90% >=FW2
	Total	**13/17**	**15/17**	**17/17**		**3/17**		**17/17**	

Table 3: Resource Management Compliance

	Parameters	Resource Management							
		Water Supply				Wastewater			
		NPDC	SDC	STDC	Regional Total	NPDC	SDC	STDC	Regional Total
1	Significant consents	8	6	23	**37**	23	4	10	**41**
2	Expire in the next 10 years	11	5	17	**33**	14	3	9	**26**
3	Non-compliance:								**0**
a	Significant risk non-compliance	0	0	0	**0**	0	0	0	**0**
b	Moderate risk non-compliance	0	0	0	**0**	0	0	0	**0**
c	Low risk non-compliance	1	0	0	**1**	0	0	0	**0**
4	Active resource consent applications	0	1	10	**1**	0	1	1	**2**
5	Compliance actions (last 24 months)								**0**
a	Warning	0	0	0	**0**	0	0	0	**0**
b	Abatement notice	2	0	0	**2**	2	1	0	**3**
c	Infringement notice	0	0	0	**0**	1	2	0	**3**
d	Enforcement order	0	0	0	**0**	0	0	0	**0**
e	Convictions	0	0	0	**0**	0	0	0	**0**

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

As outlined above the proposed entities systems are predominantly compliant with the regulatory requirements and where they are not projects are underway to address these issues. To ensure they remain compliant the significant projects shown in **Tables 6 and 7** have been identified and budgeted for over the 10yrs covered by this plan. The resultant capital expenditure is summarised in **Table 8**.

Table 4: Significant Projects - Water Supply

Item	Water Supply Projects	10-year spend ($) from 2024/45
	SDC	
1	Universal Water Metering	1,593,851
2	W street work ridermains	300,000
3	Automated Reticulation Modelling	486,000
4	W reticulation modelling	215,750
5	New Reservoir and bore for Stratford and Toko	9,423,250
6	W New 30mm second trunk main south	244,320
7	Infrastructure renewal	3,435,445

8	Stratford Grit Tanks	4,120,000
9	Fluoride Plant Upgrade	300,000
10	New Patea crossing	4,937,200
	STDC	
11	Pipework capital upgrades	144,498
12	Demand management	830,953
13	Water filling stations	97,103
14	Scott Street generator & pump	687,700
15	Normanby resilience	5,620,120
16	Eltham flushing enhancements	157,973
17	Universal water metering	4,328,010
18	Urban Water Treatment Capital LTP21-31	787,743
19	Pātea WTP treatment enhancement WSP action	654,600
20	Opunake reservoir 2	1,955,620
21	Kapuni borehole 2	2,896,521
22	Waverley reservoir 2	1,686,987
23	Opunake Coag Optimisation	1,506,161
24	Reservoir ladders - Urban	167,850
25	Urban - WS - Treatment - Waverley Beach bore 2 tie-in	212,400
26	Eltham Taste & Odour Plant required for DWS Aesthetic	527,850
27	Eltham Reservoir	2,078,749
28	Trunk main duplication	4,318,918
29	Pipe bridge structural condition assessments-Waimate West	163,552
30	Replace WW reservoir 1	10,777,803
31	Backwash pond sludge disposal as per WSP	1,110,430
32	Process resilience improvements project	112,466
	NPDC	
33	Water Conservation (nearly complete):	6,299,450
34	NPWTP Upgrades:	29,505,000
35	Supplementary Water Source:	7,600,000
36	Central and Eastern feeder:	8,450,000
37	Smart Rd Reservoir and Trunk main:	1,680,000
38	Carrington Rd Trunk Main:	5,290,000
39	Oakura Trunk Main:	5,940,000
40	Renewals 2024-2034:	77,348,454
41	Puketapu Development Area	2,310,000
	Total	**210,302,727**

Table 5: Significant Projects - Wastewater

Item	Wastewater Projects	10-year spend ($)
	SDC	
1	Pipework capacity increase	217,065
2	West Extension	604,450
3	New Discharge point	6,410,790
4	WW treatment design	478,580
5	WW Safety renewals	1,465,793
6	Treatment Plant upgrade	562,500
7	Pipe at Swansea Rd Bridge	1,152,485
8	Infiltration Renewals	2,386,600
9	Desludging Pond	3,240,000
	STDC	
10	Hawera WWTP Transformer Upgrade	308,405
11	Wastewater Network Model Development	95,097
12	Wastewater Health and Safety Improvements	169,609
13	Wastewater pump station upgrades (Tranche 1 funded)	51,800
14	Waverly Tertiary WWTP	1,321,473
15	Opunake wetland soakage field enhancements	495,208
16	Hawera tertiary WWTP	343,021
17	Patea tertiary WWTP	773,016
18	Kaponga tertiary WWTP	1,819,390
19	Manaia tertiary WWTTP	1,819,390
20	Mechanical aeration at Opunake WWTP	355,562
21	Generator Switch Over Points	67,950
	NPDC	
22	Waitara Network Upgrades:	8,620,000
23	Renewals 2024-2034:	96,460,500
24	West Quay Pump Station	2,750,000
25	Waimea Valley Sewer Extension	4,400,000
26	Urenui & Onaero Sewer System	33,100,000
27	Upgrading of Huatoki Valley Sewer Main	1,210,000
28	Wastewater Model Build and Update	4,575,000
29	Eastern Sewer Network Realignment	9,000,000
30	TDF Crown Infrastructure funded	15,040,000
31	NPWWTP Septage Reception	1,100,000
32	Bell Block Trunk Sewer - Capacity Upgrade	6,160,000
33	Mangati SPS Emergency Storage	6,000,000
34	Inglewood Oxidation Ponds and Pump Station Upgrade Project	8,250,000
35	Sutherland Patterson Sewer Main	960,000
36	NPWWTP Master Plan and Buffer Storage	10,400,000
37	Parklands Ave Extension Puketapu Sewer Main	2,500,000
38	Smart Road Growth Sewer	6,000,000
39	Junction Street Growth Area Sewer PS	1,550,000
40	Inglewood Wastewater Overflows	11,850,000
41	Main Control and Laboratory Building Replacement	16,540,000
	Total	**270,603,684**

Table 6: Regional Total Projected Investment

Projected investment in water services	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Drinking Water										
Capital expenditure - to meet additional demand	6,203	4,691	5,200	5,270	6,211	2,440	640	2,510	4,330	5,230
Capital expenditure - to improve levels of services	6,798	12,572	8,899	8,883	9,261	11,576	12,532	13,727	8,703	12,753
Capital expenditure - to replace existing assets	18,932	19,477	19,003	16,074	13,729	14,504	15,955	18,931	19,400	25,353
Total projected investment for drinking water	**31,933**	**36,740**	**33,102**	**30,227**	**29,201**	**28,520**	29,127	35,168	32,433	43,336
Wastewater										
Capital expenditure - to meet additional demand	7,249	3,996	3,381	7,861	11,433	9,785	6,685	7,075	5,360	7,440
Capital expenditure - to improve levels of services	17,950	21,330	5,819	13,307	16,644	8,435	7,103	18,214	26,762	11,356
Capital expenditure - to replace existing assets	14,664	18,782	20,274	20,959	24,519	24,269	18,620	16,577	17,481	17,024
Total projected investment for wastewater	**39,863**	**44,108**	**29,474**	**42,127**	**52,596**	**42,489**	32,408	41,866	49,604	35,820

Historical delivery against planned investment

Collectively the councils that will form the new entity have delivered between 91% and 93% of their overall capital program and renewals program over the previous two 3 yr LTP cycles. Maintaining and improving on this history of delivery will be a key focus of the entity once created.

This table can't be finalised until 2024/25 results are prepared.

Table 7: Historical Delivery Against Planed Investment

Delivery against planned investment	Renewals investment for water services				Total investment in water services			
	FY2024/25	FY21/22 - FY23/24	FY18/19 - FY20/21	Total	FY2024/25	FY21/22 - FY23/24	FY18/19 - FY20/21	Total
Total planned investment (set in the relevant LTP)	$35,768	$69,274	$52,149	$157,191	$81,565	$194,287	$105,541	$381,393
Total actual investment	xxx	$64,166	$48,209	xxx	xxx	$176,265	$96,143	xxx
Delivery against planned investment (%)	xxx	93%	92%	xxx	xxx	91%	91%	xxx

Note: Although this table includes stormwater figures, its purpose is to reflect the combined capacity of the three Councils to deliver, based on historical performance.

Part C: Revenue and financing arrangements

Revenue and charging arrangements

Revenue and charging arrangements

Charging and billing arrangements

Current Water Services Charges

The current charging mechanism for water services are included in detail in each councils Long Term Plan 2024-34 in the Revenue and Financing Policy. Below is the summary of 2024/25 financial year charges.

- **Stratford District council**
    - Wastewater (Sewerage)
    - Targeted Rate - SUIP basis
    - Non-commercial properties pay $380 per SUIP and $190 for serviceable properties
    - Commercial properties are rated separately based on number of toilets and serviceable are not charged
    - Base charge of $379 per SUIP
    - Differentials for 2 toilets and more are charged from 150% to 325% of the base rate per SUIP
    - Water Supply
    - Targeted Rate – SUIP basis
    - Properties connected are charged $634 per rating unit and $317 per serviceable units
    - Extra ordinary user of the water supply are charged by per cubic meter rate - $2.26 per cubic meter
- **South Taranaki District Council**
    - Wastewater
    - Targeted Rates – per SUIP
    - Connected $874 per SUIP
    - Serviceable $437 per SUIP
    - Water Supply
    - Urban Supply
    - Non-metered
    - Targeted Rates – per SUIP
    - Connected $684.25 per SUIP
    - Serviceable $342.13 per SUIP
    - Metered Connection – per cubic meter
    - Town $2.97
    - Extra high User - $3.16
    - Rural supply
    - Metered connection $1.16 per cubic meter
    - Fixed Charges for metered connection
    - <= 32 mm connection $150
    - <=32 mm connection with backflow $260

- <=40mm connection $175
- <=40mm connection with backflow $325
- <=50mm connection with backflow $460
- >50mm connection with backflow $630

- **New Plymouth District Council**
  - Wastewater
  - Targeted rate per SUIP (other than commercia/industrial rating units and schools) $646.09
  - Serviceable $323.04
  - Commercial/Industrial and Schools
  - Differentials from 2 to 21 or more – scale of charges of $646.09 from One to two and 21 or more from $323.04.
  - How the revenue from water services will be separated from the council's other functions and activities.

Possible Charges under Regional WSCCO

- **Wastewater**

  The financial model is prepared on recovering wastewater rates revenue through price harmonisation within the three Taranaki Councils areas over 10-15 years' time frames from the establishment of the Regional WSCCO.

  The differential charges based on number of toilets will continue as per current basis for Stratford and New Plymouth as well as introducing similar charging regime for the South Taranaki communities as well.

  The trade waste charges will continue the current charging regime.

  - **Changes from the current charging mechanism**

    The main changes as mentioned above will be to harmonised wastewater targeted rates within the three Taranaki councils.

  Introducing differential charges in South Taranaki based on number of toilets.

- **Water Supply**

  The financial model is based on recovering Water Supply activity rates by universal water metering, harmonised within the three Taranaki Council region over the 10-15 years' timeframe once the Regional WSCCO is established. Charges via a combination of fixed and volumetrics.

  - **Changes from the current charging regime**

    The water supply rates are projected to be recovered through universal water metering (per cubic meter) rates instead of current mechanism of fixed charges and volumetric charging.

Water services revenue requirements and sources

Funding impact statement ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Sources of operating funding										
General rates	1,890	2,160	2,280	2,570	2,740	3,050	3,300	3,530	3,690	3,890
Targeted rates	67,608	75,992	82,931	90,913	95,728	104,109	110,909	117,011	122,580	129,215
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	455	467	478	487	501	507	515	522	528	535
Fees and charges	4,812	4,917	5,028	5,147	5,264	5,369	5,476	5,583	5,696	5,803
Total operating funding	**74,765**	**83,536**	**90,717**	**99,117**	**104,233**	**113,035**	**120,200**	**126,646**	**132,494**	**139,443**

- Collected by individual councils for the first 1-3 years, review from there with the intent that the Regional WSCCO will collects its own charges.
- Recovering water supply activity charges by universal water metering (per cubic meter) rates instead of current mechanisms of fixed charges and volumetric charges.
- Wastewater charges will be based on fixed charges per connection with additional revenue under the trade waste charges and pan tax.

Existing and projected commercial and industrial users' charges

- Wastewater – Large industries currently pay as per trade waste agreements for trade waste discharge and will continue under the regional WSCCO on the same basis. Pan tax will also be applied to commercial organisations with more than one toilet.
- Water – Under a higher portion of income being collected under volumetric charging, this will mean commercial and industrial will be subject to user pays and pay for what they use.

Refer to individual WSDP's for further info.

The affordability of projected water services charges for communities

According to international standards, 2-3% median household income is considered "affordable" for water user charges. As shown in graph below, the 30-year projection will cost between 1.4% and 2.2% of the median household income, well within affordability limits.

There are two key changes proposed – SDC will experience significant year on year rates increases due to price harmonisation, and STDC rural ratepayer may experience a higher experience due to price harmonisation. More information to become available after consultation – feedback will guide statement of affordability.

Funding and financing arrangements

Funding and financing arrangements

Water services financing requirements and sources

Councils in Taranaki region incurs debt to help pay for infrastructure. In addition to debt councils use funded depreciation, development/financial contributions, external contributions, capital contributions, and special reserves.

- Total (net) borrowing requirements will increase from $280m (371% of revenue) in 2025/26 to $463m (315% of revenue) in 2034/35. This is within the legislated (LGFA) borrowing limit of 500%, but exceeds the self-imposed limit of 300%.
- Capital Investment for Levels of Service and Growth will continue to be funded by debt and operational expenditure and renewals will continue to be funded within balanced budget principles.
- Debt repayments will be in line with current council policies, and to ensure that net debt as a percentage of revenue allows for room for capital investment (hence the internal limit of 300%).
- A WSCCO Treasury Policy and Revenue and Financing Policy are yet to be developed but will be able to provide further guidance in due course.

Internal borrowing arrangements
Not applicable to WSCCO – council's internal debt in relation to water services currently will be converted to external debt to the WSCCO.
Determination of debt attributed to water services
Not applicable to WSCCO
Insurance arrangements
Insurance arrangements for the three district councils in Taranaki region includes above ground and underground assets. NPDC and STDC has developed an insurance framework which is reviewed every three years or earlier if needed. The primary objective of the Insurance Framework is to ensure that the Council is effectively positioned to return in a timely manner to its pre-event state (or as close to it as possible), regardless of the scale of the event. To that end, this framework provides a structure for future decision making about how we use insurance to provide cover for financial risks that, if realised, the Council and the community would be unable to absorb. In developing the framework, a key consideration is defining alternative sources to rates to fund the restoration of community assets after damaging events. When considering the amount of risk to retain, the Council aims to minimise the cost of insurance while ensuring adequate cover is in place for mitigating risks to the achievement of the organisation's objectives as set out in the Long-Term Plan. The framework, therefore, considers the Council's ability to, and appetite for, absorbing a level of risk that matches the ability of the organisation's balance sheet to absorb financial losses from a damaging event. Furthermore, decisions relating to cover and deductibles will be informed by sound knowledge of our assets and their likely performance during such an event. Decisions are also based on advice provided by insurance specialists. The framework is reviewed every three years to ensure that it remains fit for purpose in the context of changes in the insurance market, Council assets and activities, and the environment. The insurance programme that flows from the framework is renewed each year and is adjustable to meet the needs of the Council as identified during any given insurance year and as part of the three-yearly review. **Above Ground Assets** Taranaki councils purchase insurance through brokers Marsh as a collective group including the New Plymouth District Council (NPDC), Stratford District council (SDC) and the Taranaki Regional Council (TRC). The group undertakes an annual review process of its insurance portfolios. The assets are formally valued for insurance purposes every alternative year. As part of the renewal process in 2023/24, the STDC agreed to self-insure part of it's above the ground assets insurance portfolio worth of $136m. Some of the above ground assets of the three waters activities are also included within the self-insurance part of the portfolio.

Underground Assets

The underground assets (excludes Roading assets) are covered through the Council's membership of the Local Authority Protection Programme. NPDC, STDC and SDC are member of the LAPP.

The Local Authority Protection Programme Disaster Fund (LAPP) is a mutual pool created by local authorities to cater for the replacement of infrastructure following catastrophic damage by natural disaster. Membership of LAPP is restricted to local authorities although in some circumstances CCOs (Council Controlled Organisations) may also qualify for admission.

The Fund is registered as a charitable trust under the Charitable Trust Act 1957 and the functions of the Fund are overseen by six trustees appointed by local government agencies. Current membership stands at 22 local authorities.

The trustees require as a condition of Fund membership that all member authorities undergo a full risk management assessment programme. As a result, high risk exposures are identified and remedial action taken to help reduce the potential drain on the Fund and to minimise the impact on communities.

Members' contributions to the Fund are set annually and are assessed on a risk based actuarial formula which considers the replacement value of each member's infrastructural assets adjusted to recognize geographical exposures to risk such as floods, storms, volcanic eruptions and earthquakes.

Working with bodies such as the Institute of Geological and Nuclear Sciences, the National Institute of Water and Atmospheric Research and Lifeline groups, the Fund Risk Managers have established sophisticated asset and risk profiles for each Fund member.

Excess of Loss reinsurance protection is purchased to enhance the Fund balance. The level of this protection will depend on the capacity available from worldwide reinsurance markets from time to time and the price required to purchase that capacity.

Loss Modelling Analysis

The loss modelling Analysis are undertaken by LAPP together with AON Global Risk Consulting (New Zealand) on an annual basis as per the insurance renewal cycle and Probable Maximum Loss (PML) cover limit is adjusted as a result.

The Regional WSCCO will continue to follow the current process to manage insurance programme.

Part D: Financial sustainability assessment

Confirmation of financially sustainable delivery of water services

Financially sustainable water services provision

Confirmation of financially sustainable delivery of water services by 30 June 2028

The regional WSCCO will be financially sustainable from day 1, from the establishment of the entity. Confirmation of financial sustainability include the following;

- The regional WSCCO will have sufficient revenue, including servicing of debt, to deliver water services required in the 30-year capital works programme.

  The 30-year capital programme include sufficient investment to meet current and projected level of service, regulatory requirements and provide for growth.
- The regional WSCCO will have additional headroom for unexpected and unknown expenditure.

Actions required to achieve financially sustainable delivery of water services

All three councils are currently achieving financial sustainability, and this will remain from day 1 of the establishment of the regional WSCCO. The concept of harmonising charges over the next 10-15 years will achieve greater equality and financial sustainability going forward.

As demonstrated by the graphs later, the WSCCO will remain well below the legislated net debt to revenue limit. The debt headroom within the next ten years increases from $107m to $269m.

Risks and constraints to achieving financially sustainable delivery of water services

The following situations may provide challenges in achieving financial sustainability going forward

- Risk - Capital works programme is materially different from projection.

  Mitigation - All councils in Taranaki have Asset Management Plans (AMPs), which are reviewed on an annual basis, adjustments are made on an annual basis to capital works programme.
- Risk - Inflation being higher than projected

  Mitigation – the budget is reviewed and adjusted on an annual basis
- Risk – Harmonisation of charges are unachievable or takes longer than anticipated.

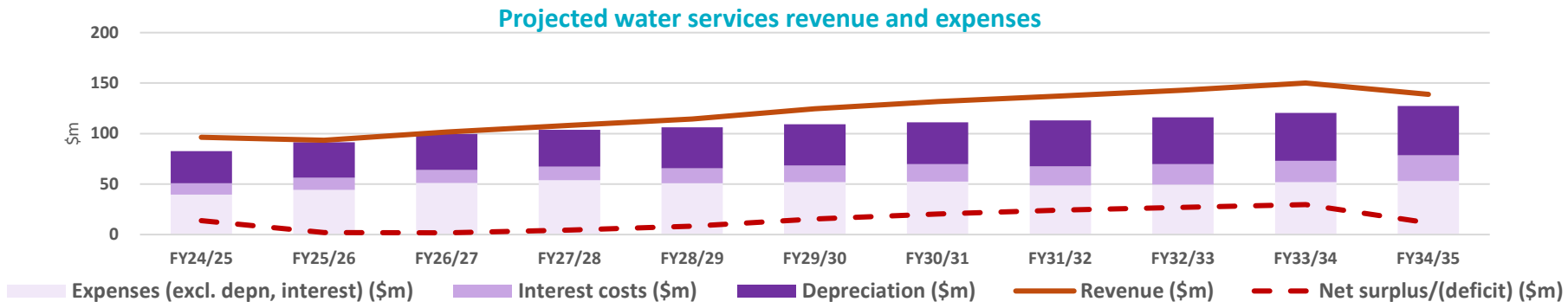
  Mitigation – All affected communities will be consulted during this process and the debt headroom can be used to extend the period of harmonisation.
- Risk - Legislation particularly in relation to infrastructure standards yet to be confirmed

  Mitigation – Councils are working with central government to be prepared for incoming legislation.
- Risk - Total destruction scenario due to natural disaster could put fiscal pressure
- Mitigation – The borrowing headroom and insurance cover will minimise the impact of this.

Financial sustainability assessment - revenue sufficiency

Assessment of revenue sufficiency

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



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

We have assumed total number of connections being the total of each districts water supply connections. The total number of connections are projected to increase from 43,854 to 52,410 (2% per annum on average) and median household income projected to increase from $113,987 to $136,225 (2% increase per annum on average).

Sustainability measures: Revenue sufficiency	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Average charge per connection including GST	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Average drinking water bill (including GST)	1,058	1,184	1,295	1,352	1,317	1,342	1,350	1,371	1,409	1,441
Average wastewater bill (including GST)	903	963	991	1,097	1,208	1,343	1,449	1,520	1,556	1,618
Average charge per connection including GST	1,961	2,148	2,287	2,449	2,525	2,685	2,799	2,891	2,965	3,060
Increase in average charge		9.5%	6.5%	7.1%	3.1%	6.3%	4.3%	3.3%	2.6%	3.2%
Water services charges as % of household income	1.7%	1.8%	1.9%	2.0%	2.0%	2.1%	2.2%	2.2%	2.2%	2.2%

Projected operating surpluses/(deficits) for water services

This ratio is an indicator of whether operating revenue is sufficient to cover operating expenses.

The following table is shown in $000

Operating surplus ratio	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating surplus/(deficit) excluding capital revenues	(7,811)	(7,999)	(9,013)	(4,702)	(2,094)	3,862	8,939	13,539	16,443	19,027
Total operating revenue	74,765	83,536	90,717	99,117	104,233	113,035	120,200	126,646	132,494	139,443
Operating surplus ratio	(10.4%)	(9.6%)	(9.9%)	(4.7%)	(2.0%)	3.4%	7.4%	10.7%	12.4%	13.6%

- The projected operating revenues generate deficit for the first 5 years and then surpluses for the remaining periods. The deficits will be funded by debt and will be rapid by surpluses going forward.
- The operating deficit is because of transitional costs to setup the regional WSCCO which are later recovered by the savings generated by various efficiencies. The model is based smoothing the direct impacts.

Projected operating cash surpluses for water services

This ratio is an indicator of whether cash surpluses are generated from operations to pay interest, fund investment and repay debt.

The following table is shown in $000.

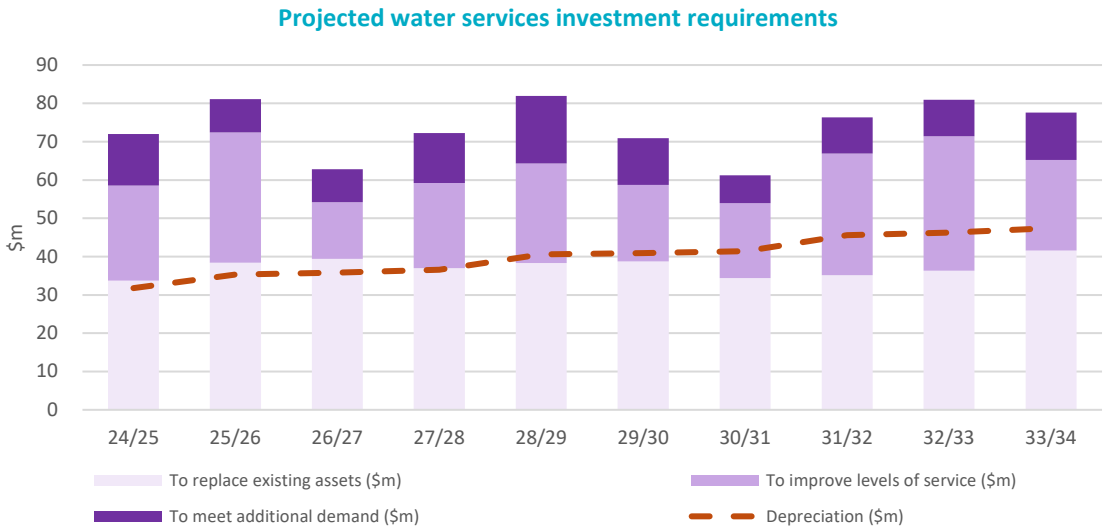
Operating cash ratio	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating surplus/(deficit) + depreciation + interest costs - capital revenue	35,257	39,284	39,567	45,332	53,345	61,132	67,743	78,105	82,940	87,511
Total operating revenue	74,765	83,536	90,717	99,117	104,233	113,035	120,200	126,646	132,494	139,443
Operating cash ratio	47.2%	47.0%	43.6%	45.7%	51.2%	54.1%	56.4%	61.7%	62.6%	62.8%

- Operating cash surpluses are generated over the next ten years
- The cash surpluses will be applied to renewal investment, loan repayments, and debt servicing.
- Projected operating cashflows are sufficient to meet renewals investment requirements and scheduled debt repayments.

Financial sustainability assessment - investment sufficiency

Assessment of investment sufficiency

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



Renewals requirements for water services

This ratio assesses whether projected renewals investment is more or less than projected depreciation and is an indicator as to whether the renewals programme is replacing network assets in line with the rate of asset deterioration. Where the ratio is positive, this means that there is more projected renewals investment than projected depreciation. Where this ratio is negative, this means that projected renewals investment is less than projected depreciation.

The following table is shown in $000.

Asset sustainability ratio	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Capital expenditure on renewals	33,742	38,407	39,424	37,026	38,356	38,713	34,390	35,144	36,330	41,542
Depreciation	31,770	35,276	35,782	36,556	40,572	40,947	41,434	45,613	46,237	47,413
Asset sustainability ratio	6.2%	8.9%	10.2%	1.3%	(5.5%)	(5.5%)	(17.0%)	(23.0%)	(21.4%)	(12.4%)

The proposed renewals investment has been determined by using the figures from the LTP 2024-34, and associated Infrastructure Strategy and AMPs. Some minor changes have been made to capture update asset information.

There is a negative ratio from 2028/29 onwards and it is believed that this is due to the quality of the asset database in forecasting renewal expenditure.

Total water services investment required over 10 years

This ratio compares total investment to projected depreciation. Where the ratio is positive, this means that there is more projected investment than projected depreciation. Where this ratio is negative, this means that projected investment is less than projected depreciation.

The following table is shown in $000.

Asset investment ratio	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Capital expenditure	71,989	81,101	62,782	72,277	81,956	70,879	61,187	76,355	80,928	77,573
Depreciation	31,770	35,276	35,782	36,556	40,572	40,947	41,434	45,613	46,237	47,413
Asset investment ratio	126.6%	129.9%	75.5%	97.7%	102.0%	73.1%	47.7%	67.4%	75.0%	63.6%

The proposed levels of investment have been determined by using the figures from the LTP 2024-34, and associated Infrastructure Strategy and AMPs. Some minor changes have been made to capture update asset information.

Average remaining useful life of network assets

This ratio compares the book value of water infrastructure assets to total replacement value of water infrastructure assets. The ratio percentage represents the average remaining useful life of network assets. If this ratio materially reduces over time, then this means that the burden on future consumers to replace network assets is increasing.

The following is shown in $000.

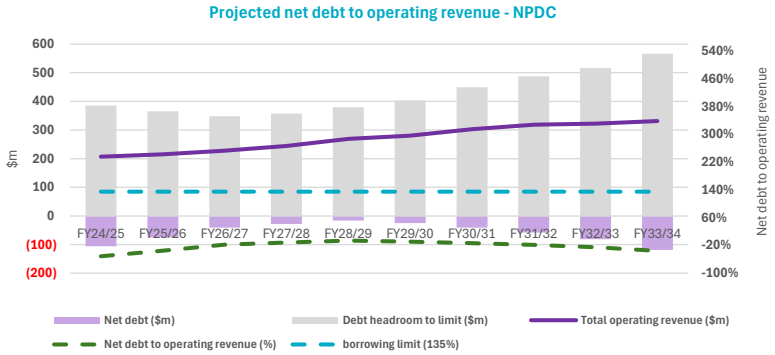
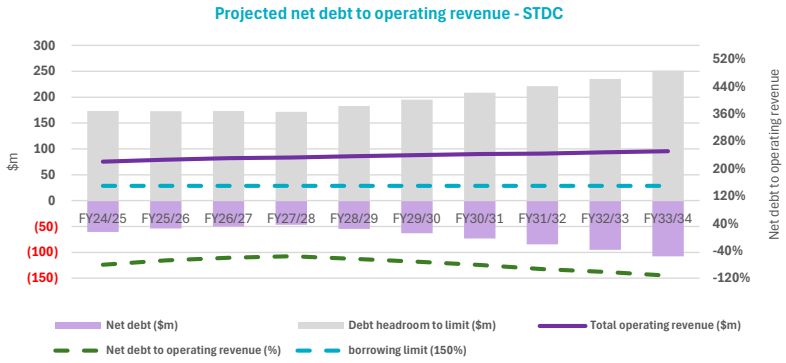
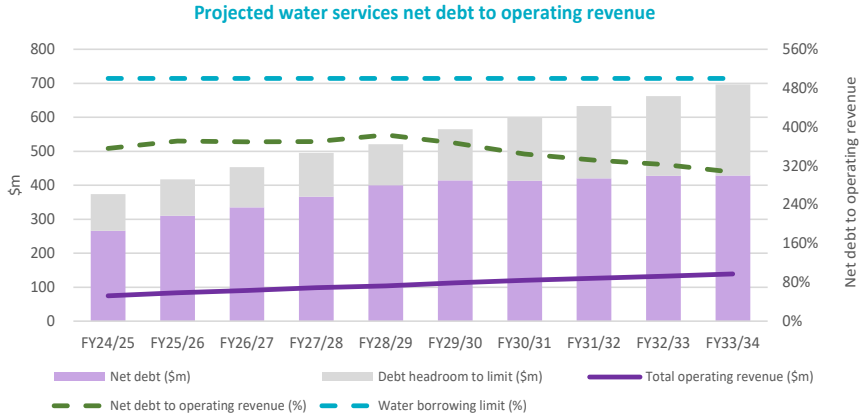
Asset consumption ratio	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Book value of infrastructure assets	1,209,274	1,279,284	1,331,870	1,394,228	1,463,497	1,522,699	1,572,906	1,635,106	1,702,499	1,766,709
Total estimated replacement value of infrastructure assets	2,157,001	2,244,198	2,286,865	2,322,043	2,357,006	2,408,610	2,441,921	2,477,524	2,522,149	2,588,000
Asset consumption ratio	56.1%	57.0%	58.2%	60.0%	62.1%	63.2%	64.4%	66.0%	67.5%	68.3%

The proposed level of investment results in increased average remaining useful life of network assets over the 10-year period; demonstrated above by increase in Asset consumption ratio from 56.1% to 68.3%.

Financial sustainability assessment - financing sufficiency

Assessment of financing sufficiency

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

Projected <u>council</u> borrowings against borrowing limits	**Projected <u>water services</u> borrowings against borrowing limits**
Projected council net debt to operating revenue **New Plymouth District Council (NPDC)**  **South Taranaki District Council (STDC)**  	Include the following chart – “Projected water services net debt to operating revenue”. This chart can be generated in the Financial Template. It is recommended that an appropriate borrowing limit is set for water services that reflects the levels of investment proposed, whilst ensuring that council stays within its borrowing covenants. 

Projected borrowings for water services

This ratio compares projected borrowings (minus cash and cash equivalents) to projected operating revenues. The following table is shown in $000.

Net debt to operating revenue	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Total net debt (gross debt less cash)	266,218	310,178	335,470	366,796	399,978	414,603	413,951	420,464	428,192	428,686
Operating revenue	74,765	83,536	90,717	99,117	104,233	113,035	120,200	126,646	132,494	139,443
Net debt to operating revenue	356%	371%	370%	370%	384%	367%	344%	332%	323%	307%

Councils should comment on:

- The profile of borrowings required is based on the levels of investment required over the next 10 years.
- The projected net debt to operating revenue calculation is within the legislated debt limit but the regional WSCCO debt limit overtime will be subjected to self-imposed limit of 300% beyond the 10 year period.

Borrowing headroom/(shortfall) for water services

This measure determines whether projected borrowings are within borrowing limits, as well as the ability to borrow for unforeseen events. A positive number equates to the additional amount of borrowings that could be taken on without exceeding borrowing limits. A negative number means borrowings exceed the borrowing limit.

The following table is shown in $000.

Borrowings headroom/(shortfall) against limit	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating revenue	74,765	83,536	90,717	99,117	104,233	113,035	120,200	126,646	132,494	139,443
Debt to revenue limit (legislated)	500%	500%	500%	500%	500%	500%	500%	500%	500%	500%
Maximum allowable net debt	373,825	417,680	453,583	495,585	521,164	565,173	601,002	633,231	662,471	697,216
Total net debt	266,218	310,178	335,470	366,796	399,978	414,603	413,951	420,464	428,192	428,686
Borrowing headroom/ (shortfall) against limit (500%)	107,607	107,502	118,112	128,789	121,185	150,569	187,050	212,767	234,279	268,530

*although the above table shows calculation against 500% limit, the regional WSCCO's intention is to transition to self-imposed limit of 300% of the revenue within the next 30 years.

The borrowing headroom shows a significant capacity for unexpected circumstances, increasing from $108m to $257m.

Free funds from operations

This ratio measures the percentage of debt balance that is generated in free cash flow each year and is key leverage indicator for financiers.

The following table is shown in $000.

Free funds from operations (FFO) to debt ratio	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Projected net debt	266,218	310,178	335,470	366,796	399,978	414,603	413,951	420,464	428,192	428,686
Projected free funds from operations	23,959	27,277	26,769	31,854	38,478	44,809	50,373	59,152	62,680	66,440
FFO to debt ratio	9.0%	8.8%	8.0%	8.7%	9.6%	10.8%	12.2%	14.1%	14.6%	15.5%

Part E: Projected financial statements for water services

Projected financial statements – for drinking water, wastewater, stormwater and combined water services

Projected funding impact statement

Funding impact statement ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Sources of operating funding										
General rates	1,890	2,160	2,280	2,570	2,740	3,050	3,300	3,530	3,690	3,890
Targeted rates	67,608	75,992	82,931	90,913	95,728	104,109	110,909	117,011	122,580	129,215
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	455	467	478	487	501	507	515	522	528	535
Fees and charges	4,812	4,917	5,028	5,147	5,264	5,369	5,476	5,583	5,696	5,803
Total operating funding	**74,765**	**83,536**	**90,717**	**99,117**	**104,233**	**113,035**	**120,200**	**126,646**	**132,494**	**139,443**
Applications of operating funding										
Payments to staff and suppliers	23,416	26,338	31,617	33,596	30,331	31,079	31,825	29,594	30,467	32,792
Finance costs	11,298	12,007	12,798	13,478	14,867	16,323	17,370	18,953	20,260	21,071
Internal charges and overheads applied	16,092	17,914	19,533	20,189	20,556	20,824	20,632	18,947	19,087	19,141
Other operating funding applications	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	**50,806**	**56,259**	**63,948**	**67,263**	**65,755**	**68,226**	**69,827**	**67,494**	**69,814**	**73,003**
Surplus/(deficit) of operating funding	**23,959**	**27,277**	**26,769**	**31,854**	**38,478**	**44,809**	**50,373**	**59,152**	**62,680**	**66,440**
Sources of capital funding										
Subsidies and grants for capital expenditure	16,430	3,000	2,650	0	0	0	0	0	0	0
Development and financial contributions	5,239	6,864	8,071	9,098	10,296	11,445	11,466	10,690	10,520	10,640
Increase/(decrease) in debt	41,660	43,897	25,122	33,203	39,049	22,998	12,372	19,889	21,821	17,397
Gross proceeds from sales of assets	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	**63,329**	**53,761**	**35,843**	**42,301**	**49,345**	**34,443**	**23,838**	**30,579**	**32,341**	**28,037**
Applications of capital funding										
Capital expenditure - to meet additional demand	13,481	8,703	8,600	13,106	17,678	12,208	7,277	9,473	9,516	12,385
Capital expenditure - to improve levels of services	24,766	33,991	14,758	22,145	25,922	19,958	19,521	31,738	35,082	23,647
Capital expenditure - to replace existing assets	33,742	38,407	39,424	37,026	38,356	38,713	34,390	35,144	36,330	41,542
Increase/(decrease) in reserves	15,299	(63)	(171)	1,878	5,867	8,373	13,024	13,376	14,093	16,903
Increase/(decrease) in investments	0	0	0	0	0	0	0	0	0	0
Total applications of capital funding	**87,288**	**81,038**	**62,611**	**74,155**	**87,823**	**79,252**	**74,211**	**89,731**	**95,021**	**94,476**
Surplus/(deficit) of capital funding	**(23,959)**	**(27,277)**	**(26,768)**	**(31,854)**	**(38,478)**	**(44,809)**	**(50,373)**	**(59,152)**	**(62,680)**	**(66,439)**
Funding balance	**0**	**(0)**	**1**	**(1)**	**(0)**	**(0)**	**(0)**	**0**	**0**	**0**

Projected statement of comprehensive revenue and expense

Statement of comprehensive revenue and expense ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating revenue	74,765	83,536	90,717	99,117	104,233	113,035	120,200	126,646	132,494	139,443
Other revenue	21,669	9,864	10,721	9,098	10,296	11,445	11,466	10,690	10,520	10,640
Total revenue	**96,434**	**93,400**	**101,438**	**108,215**	**114,529**	**124,480**	**131,666**	**137,336**	**143,014**	**150,083**
Operating expenses	23,416	26,338	31,617	33,596	30,331	31,079	31,825	29,594	30,467	32,792
Finance costs	11,298	12,007	12,798	13,478	14,867	16,323	17,370	18,953	20,260	21,071
Overheads and support costs	16,092	17,914	19,533	20,189	20,556	20,824	20,632	18,947	19,087	19,141
Depreciation & amortisation	31,770	35,276	35,782	36,556	40,572	40,947	41,434	45,613	46,237	47,413
Total expenses	**82,576**	**91,535**	**99,730**	**103,819**	**106,327**	**109,173**	**111,261**	**113,107**	**116,051**	**120,416**
Net surplus / (deficit)	**13,858**	**1,865**	**1,708**	**4,396**	**8,202**	**15,307**	**20,405**	**24,229**	**26,963**	**29,667**
Revaluation of infrastructure assets	22,923	24,185	25,586	26,637	27,885	29,270	30,454	31,458	32,702	34,050
Total comprehensive income	**36,781**	**26,050**	**27,293**	**31,033**	**36,086**	**44,576**	**50,859**	**55,687**	**59,665**	**63,717**
Cash surplus / (deficit) from operations (excl depreciation)	**45,628**	**37,141**	**37,490**	**40,952**	**48,774**	**56,254**	**61,839**	**69,842**	**73,200**	**77,080**

Projected statement of cashflows

Statement of cashflows ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Cashflows from operating activities										
Cash surplus / (deficit) from operations	45,628	37,141	37,490	40,952	48,774	56,254	61,839	69,842	73,200	77,080
[other items]										
Net cashflows from operating activities	**45,628**	**37,141**	**37,490**	**40,952**	**48,774**	**56,254**	**61,839**	**69,842**	**73,200**	**77,080**
Cashflows from investment activities										
[other items]										
Capital expenditure	(71,989)	(81,101)	(62,782)	(72,277)	(81,956)	(70,879)	(61,187)	(76,355)	(80,928)	(77,573)
Net cashflows from investment activities	**(71,989)**	**(81,101)**	**(62,782)**	**(72,277)**	**(81,956)**	**(70,879)**	**(61,187)**	**(76,355)**	**(80,928)**	**(77,573)**
Cashflows from financing activities										
New borrowings	41,660	43,897	25,122	33,203	39,049	22,998	12,372	19,889	21,821	17,397
Repayment of borrowings										
Net cashflows from financing activities	**41,660**	**43,897**	**25,122**	**33,203**	**39,049**	**22,998**	**12,372**	**19,889**	**21,821**	**17,397**
Net increase/(decrease) in cash and cash equivalents	**15,299**	**(63)**	**(170)**	**1,877**	**5,867**	**8,373**	**13,024**	**13,376**	**14,093**	**16,903**
Cash and cash equivalents at beginning of year	**(15,027)**	**272**	**209**	**39**	**1,916**	**7,783**	**16,156**	**29,180**	**42,556**	**56,649**
Cash and cash equivalents at end of year	**272**	**209**	**39**	**1,916**	**7,783**	**16,156**	**29,180**	**42,556**	**56,649**	**73,552**

Projected statement of financial position

Statement of financial position ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Assets										
Cash and cash equivalents	272	209	39	1,916	7,783	16,156	29,180	42,556	56,649	73,552
Other current assets	0	0	0	0	0	0	0	0	0	0
Infrastructure assets	1,209,274	1,279,284	1,331,870	1,394,228	1,463,497	1,522,699	1,572,906	1,635,106	1,702,499	1,766,709
Other non-current assets	0	0	0	0	0	0	0	0	0	0
Total assets	**1,209,546**	**1,279,493**	**1,331,908**	**1,396,145**	**1,471,280**	**1,538,854**	**1,602,085**	**1,677,662**	**1,759,148**	**1,840,261**
Liabilities										
Borrowings - current portion	0	0	0	0	0	0	0	0	0	0
Other current liabilities	0	0	0	0	0	0	0	0	0	0
Borrowings - non-current portion	266,490	310,387	335,509	368,712	407,761	430,759	443,131	463,020	484,841	502,238
Other non-current liabilities	0	0	0	0	0	0	0	0	0	0
Total liabilities	**266,490**	**310,387**	**335,509**	**368,712**	**407,761**	**430,759**	**443,131**	**463,020**	**484,841**	**502,238**
Net assets	**943,056**	**969,106**	**996,399**	**1,027,433**	**1,063,519**	**1,108,095**	**1,158,954**	**1,214,642**	**1,274,307**	**1,338,023**
Equity										
Revaluation reserve	61,121	85,306	110,892	137,529	165,414	194,684	225,138	256,596	289,298	323,348
Other reserves	881,935	883,800	885,508	889,903	898,105	913,412	933,817	958,046	985,009	1,014,676
Total equity	**943,056**	**969,106**	**996,399**	**1,027,433**	**1,063,519**	**1,108,095**	**1,158,954**	**1,214,642**	**1,274,307**	**1,338,023**

Water Services Delivery Plan: additional information

Significant capital projects

Please note that the significant future capital projects for NPDC only incudes projects totalling **$5 millio**n or more over the ten-year period. For STDC, the list only incudes projects totalling **$2 million** or more over the ten-year period. For SDC, the list only incudes projects totalling **$500,000** or more over the ten-year period.

Significant capital projects

Significant capital projects – drinking water

Significant capital projects – drinking water ($000)	Council	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Projects to meet additional demand											
Central and Eastern Feeder Renewal	NPDC	-	-	-	-	-	81	458	2265	3729	3799
Universal Water Metering (WMP)	NPDC	4,477	1,816	-	-	-	-	-	-	-	-
Carrington Zone Water Supply Improvements (Growth)	NPDC	281	2,474	2,533	-	-	-	-	-	-	-
Oakura water supply new trunk main (Growth)	NPDC	-	-	582	2,978	3,043	-	-	-	-	-
Total investment to meet additional demand		4,758	4,290	3,115	2,978	3,043	81	458	2,265	3,729	3,799
Projects to improve levels of services											
Midhirst Resource consent	SDC	50	-	-	-	-	-	-	-	-	-
Toko Resource consent	SDC	-	-	-	-	-	-	-	-	-	-
Alternative power supply for Midhirst and Toko	SDC	50	-	-	-	-	-	-	-	-	-
Reticulation modelling	SDC	-	103	-	113						
Automated reticulation modelling	SDC	-	-	-	486						
Midhirst generator hook up	SDC	-	-	-	-	-	-	-	-	-	-
Street work ridermains	SDC	100	-	-	-	-	-	-	-	-	-
Fuel tank for generator	SDC	-	41	-	-	-	-	-	-	-	-
Stratford bore	SDC	-	103	-	540						
Stratford new reservoir	SDC	-	-	-	8,615						
Toko new reservoir	SDC	-	-	-	166						
New 30mm second trunkmain south	SDC	-	-	-	244						
Toko storage tank	SDC	20	-	-	5,663						
Universal water metering	SDC	1,594	-	-	-	-	-	-	-	-	-
Replace WW reservoir 1	STDC	-	-	-	-	-	1,435	4,543	4,800	-	-
Normanby resilience	STDC	-	-	-	-	-	-	166	2,699	2,754	-
Universal water metering	STDC	-	-	-	-	-	-	-	-	2,141	2,187
Trunk main duplication	STDC		65	2,100	2,154	-	-	-	-	-	-
Kapuni borehole 2	STDC	-	-	-	-	1,432	1,465	-	-	-	-
Eltham Reservoir	STDC	373	832	874	-	-	-	-	-	-	-
NPWTP Major Upgrades	NPDC	103	526	1,132	2,206	5,551	7,618	7,379	5,729	-	-
Supplementary Water Source	NPDC	-	-	2,157	2,207	-	-	-	-	638	2,601

Total investment to meet improve levels of services		2,290	1,670	6,263	<< 75,532 >>						
Projects to replace existing assets											
Street work ridermains	SDC	200	-	-	-	-	-	-	-	-	-
Fluoride plant upgrade	SDC	300	-	-	-	-	-	-	-	-	-
Stratford grit tanks	SDC	2,070	2,050	-	-	-	-	-	-	-	-
Hydrants	SDC	-	27	-	116						
Water renewals	SDC	-	103	105	811						
Laterals	SDC	50	-	53	174						
Meter renewal	SDC	-	-	-	508						
Reservoir cleaning	SDC	60	-	-	68						
Infrastructure general	SDC	-	51	53	405						
Membranes	SDC	160	-	-	695						
New Patea crossing for old trunkmain	SDC	-	-	-	4,937.1						
Urban Water Treatment Renewals	STDC	299	2,498	2,567	2,632	2,698	2,759	2,883	2,886	2,945	3,009
Urban Water Supply Reticulation Renewals	STDC	1,073	2,204	2,26	2,322	2,380	2,434	2,490	2,546	2,598	2,654
Waimate West/Inaha Retic Renewals	STDC	-	743	742	741	740	739	739	739	737	737.
Waimate West Ttmt Plant Renewals	STDC	83	537	551	565	580	593	606	620	633	646
Backwash recycling & filter renewal	STDC	1,198	1,274	1,309	-	-	-	-	-	-	-
Resource Consent Renewals - Urban	STDC	78	84	180	493	189	209	215	512	207	211
Water Customer Equipment Renewals	NPDC	636	650	666	681.0	696	707	719	730	741	752
Water Reticulation Renewals Budget	NPDC	3,513	5,690	7,675	6,001	4,833	4,918	5,004	8,879	9,016	9,145
Water P&E Renewals WTP - Programmed (Medium)	NPDC	827	1,779	1,368	780	169	172	175	177	180	183
Total investment to replace existing assets		10547	17690	15269	<< 111,059 >>						
Total investment in drinking water assets		**17,595**	**23,650**	**24,647**	**<< 202,944 >>**						

Significant capital projects – wastewater

Significant capital projects – wastewater	Council	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2033/34
Projects to meet additional demand											
South Taranaki Business Park wastewater	STDC	2,524	1,370	-	-	-	-	-	-	-	-
Eastern Sewer Network Realignment	NPDC	-	-	-	-	564	575	2,350	2,397	2,445	2491
NPWWTP Master Plan and Buffer Storage - PROGRAMME	NPDC	-	-	-	-	5,636	5754	-	-	-	-
Smart Road Growth Sewer	NPDC	-	-	-	-	-	-	-	2,397	2,445	2,491
Total investment to meet additional demand		2,524	1,370	-	-	6,200	6,329	2,350	4,794	4,890	4,982
Projects to improve levels of services											
Treatment upgrade	SDC	50	513	-	-	-	-	-	-	-	-
Pipe at Swansea Road bridge	SDC	-	-	158	695						
New discharge point	SDC	-	-	-	6,411						
West extension	SDC	-	-	-	605						
Pipework capacity increase	SDC	100	-	-	-	-	-	-	-	-	-
Hawera tertiary WWTP	STDC	-	343	-	-	-	-	1,285	14,631	15,405	-
Patea tertiary WWTP	STDC	-	-	-	-	-	-	-	800	3,375	3,556
Hawera WWTP - Desludge Anerobic Lagoon	STDC	2072	2124	2182	-	-	-	-	-	-	-

Urenui & Onaero Sewer System	NPDC	1,741	2,895	2,965	11,028	11,271	3,654	3,731	-	-	-
TDF Crown Infrastructure funded Thermal	NPDC	13,287	9,959	-	-	-	-	-	-	-	-
Bell Block Trunk Sewer - Capacity Upgrade	NPDC	-	-	-	-	3,471	3,544	-	-	-	-
Inglewood Oxidation Ponds and Pump Station Upgrade Project	NPDC	-	-	-	-	-	-	411	839	4,890	3,896
Mangati SPS Emergency Storage	NPDC	773	4737	809							
Inglewood Wastewater Overflows - PROGRAMME	NPDC	206	632	1,294	1,323	902	276	141	144	147	174
Total investment to meet improve levels of services		18,229	21,203	7,408	<< 96,605 >>						
Projects to replace existing assets											
Pipe at Swansea Road bridge	SDC	300	-	-	-	-	-	-	-	-	-
Reticulation remodelling	SDC	50	-	-	117						
Infiltration renewals	SDC	350	205	211	1,621						
Bulk discharge renewals	SDC	-	-	-	34						
Treatment design	SDC	-	-	-	479						
Safety renewals	SDC	-	102.5	10	811						
Campervan discharge facility	SDC	-	-	11	12						
Desludging Ponds	SDC	-	-	-	3,240						
Routine step/aerate renewals	SDC	35	36	37	284						
Wastewater Reticulation Rehabilitation (place holder only)	STDC	899	2,025	2,081	2,134	2,187	2,237	2,289	2,340	2,388	2,082
CCTV Programme	STDC	518	159	164	168	172	176	180	184	188	192
Wastewater Treatment Renewals budgetholder	STDC	266	179	184	188	193	197	202	206	211	215
Sewer Lining & Rehab of Pipes	NPDC	657	671	687	703	719	734	749	764	779	794
Wastewater Reticulation Renewals Budget	NPDC	4,635	4,737	7,007	7,168	7,326	7,480	7,638	7,790	7,946	8097
Wastewater Treatment Plant & Equipment Renewals	NPDC	902	639	482	428	703	1,103	1,291	592	1,256	713
Inglewood Wastewater Overflows - PROGRAMME	NPDC	206	632	1,294	1,323	902	276	141	144	147	174
Main Control and Laboratory Building Replacement	NPDC	-	-	216	993	7,878	7,710	2,056	-	-	-
Wastewater P&E Reticulation Renewals	NPDC	824	842	862	882	902	921	940	959	978	997
Total investment to replace existing assets		9,642	10,226	13,246	<< 118,023 >>						
Total investment in wastewater assets		**30,395**	**32,801**	**20,654**	**<<244,173>>**						

Risks and assumptions

Disclosure of risks and material assumptions for water services delivery

Key Risks

Parameters	Drinking supply	Wastewater	Stormwater
Future water service delivery	• Data quality issues could impact the ability to effectively plan for renewals. • Natural disasters could disrupt the capital programme (eruptions, earthquakes). • Ageing infrastructure		
Network performance	• If we are unable to reduce leakage and loss our available water capacity will be limited. • Critical asset failure could impact capital delivery. • Accident or malicious action resulting in service delivery failure • Implementation of Te Mana o te Wai principles could require reduction of allowable water take for supply • Inability to obtain resource consent(s) for an additional water source	• If we are unable to reduce I&I it will constrain development. • Critical asset failure could impact service delivery. • Reduced operating efficiency due to illegal dumping or high volumes of trade waste	• More frequent storms and rainfall events may requirement more investment then planned. • Lack of understanding of the stormwater network, flood risk and stream health • Insufficient planning for growth • Delays and increased cost due to lack of systems, processes, and competence for increased
Regulatory compliance	• Ongoing legislation reform could create future standards changes.	• Ongoing legislation reform could create future standards changes.	• Risk that stormwater also undergoes legislation reform.
	Prosecution due to non-compliance with Health and Safety at Work (Hazardous Substances) Regulations		
Financial Sustainability	• Harmonisation of rates requires significant targeted rate for some communities. There is a risk that these increases are unachievable. • Assumptions in the plan are materially different from reality.		
Delivery of Capital Programme	• Supply chain issues impact the timing and delivery of the capital programme. • Scarce resources and availability may impact the delivery of the capital programme (e.g., contractors). • Inflationary pressure may result in prioritisation of the capital programme.		
Organisational capacity	• Losing three water talent to the other regions (high demand).		
Long term issues e.g. providing for growth, climate change	• Damage caused to facilities and assets by natural hazard events (including climate change). • Significant and unplanned for growth may require increased investment into growth projects. • Climate change could increase levels of investment needed, particularly for coastal communities.		

Significant assumptions

Parameters	Drinking supply	Wastewater	Stormwater
• Future water service delivery • Network performance • Regulatory compliance • Delivery of Capital Programme • Organisational capacity • Long term issues e.g. providing for growth, climate change	• Growth projections • Ability to adapt to changing legislation without significant funding or process changes • Accuracy of modelling • Climate change	• Growth projections • Ability to adapt to changing legislation without significant funding or process changes • Accuracy of modelling • Climate change	• Growth projection • Ability to adapt to changing legislation without significant funding or process changes • Accuracy of modelling • Climate change